

LB1107

Codify the current internal regulation allowing child care providers to bill for up to 5 absences per month per child utilizing the Child Care Subsidy.

Child Care Development Block Grant (CCDBG)

Child care is crucial for working parents to maintain employment, yet the high cost of child care often places it out of reach for low and middle income families. The Child Care Development Block Grant is the federal law that authorizes the Child Care and Development Fund, which is administered at the state level. After the passage of LB485 in 2021, the state's income eligibility limit for the Child Care Subsidy Program is 185 percent of the federal poverty level, which equals \$33,874 for a single parent and child, or \$68,802 for a family of four.

Statewide, Nebraska child care providers are struggling. An industry already known for small operating margins and high expenses has been severely harmed by the economic effects of COVID-19. The majority of providers (51%) reported that without financial assistance they will likely close if the pandemic continues or worsens [1]. Almost two thirds of child care providers are small businesses serving less than 75 total children [2].

LB1107 better aligns the state Child Care Subsidy with the goals of the CCDBG, while allowing future regulatory flexibility

The 2014 CCDBG Reauthorization and 2016 Final Rule declares that state plans should provide “an assurance that the State will, to the extent practicable, implement enrollment and eligibility policies that support the fixed costs of providing child care services by delinking provider reimbursement rates from an eligible child's occasional absences due to holidays or unforeseen circumstances such as illness.”[3] The rule clarifies that states should attempt to create a subsidy program that keeps children using the subsidy competitive with those not in the subsidy program.

Nebraska DHHS has complied with this rule by allowing providers to bill for up to five absences per month, per child in the Child Care Subsidy Program. Codifying this regulation would provide greater stability for child care providers, while leaving future flexibility under 45 C.F.R. 98.45 to expand access, if DHHS were to select to do so at a future date.

LB1107 Intent/Fiscal Note Clarification

The intent of LB1107 is to codify the current internal regulation that would provide reimbursement for up to five days of absences for those in the Child Care subsidy program. As noted on the back page of the fiscal note, *“If the intent for LB1107 is for DHHS to follow regulations to pay at the current 5 absent days in place, the fiscal note impact would be \$0.”*

45 C.F.R. 98.45 allows for multiple options of child care provider reimbursement, including changing from attendance to enrollment based reimbursement. The intent of LB1107 is to codify the current five day days of absences, while leaving flexibility to select future options -- not to force DHHS to change the number of days currently reimbursed.

[1] <https://buffettinstitute.nebraska.edu/news-and-events/news/nebraska-survey-finds-child-care-providers-need-help-during-pandemic>

[2] <https://hbr.org/2021/04/childcare-is-a-business-issue>

[3] <https://www.federalregister.gov/documents/2016/09/30/2016-22986/child-care-and-development-fund-ccdf-program>