

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 95**

Introduced by Fredrickson, 20.

Read first time January 10, 2025

Committee:

- 1 A BILL FOR AN ACT relating to the federal child care subsidy program; to
- 2 amend section 68-1206, Revised Statutes Cumulative Supplement, 2024;
- 3 to provide for a pilot program; to require a report; and to repeal
- 4 the original section.
- 5 Be it enacted by the people of the State of Nebraska,

1           **Section 1.** Section 68-1206, Revised Statutes Cumulative Supplement,  
2 2024, is amended to read:

3           68-1206 (1) The Department of Health and Human Services shall  
4 administer the program of social services in this state. The department  
5 may contract with other social agencies for the purchase of social  
6 services at rates not to exceed those prevailing in the state or the cost  
7 at which the department could provide those services. The statutory  
8 maximum payments for the separate program of aid to dependent children  
9 shall apply only to public assistance grants and shall not apply to  
10 payments for social services.

11           (2)(a) As part of the provision of social services authorized by  
12 section 68-1202, the department shall participate in the federal child  
13 care assistance program under 42 U.S.C. 9857 et seq., as such sections  
14 existed on January 1, 2023, and provide child care assistance to families  
15 with incomes up to (i) one hundred eighty-five percent of the federal  
16 poverty level prior to October 1, 2026, or (ii) one hundred thirty  
17 percent of the federal poverty level on and after October 1, 2026.

18           (b)(i) As part of the provision of social services authorized by  
19 this section and section 68-1202, the department shall participate in the  
20 federal Child Care Subsidy program. A child care provider seeking to  
21 participate in the federal Child Care Subsidy program shall comply with  
22 the criminal history record information check requirements of the Child  
23 Care Licensing Act. In determining ongoing eligibility for this program,  
24 ten percent of a household's gross earned income shall be disregarded  
25 after twelve continuous months on the program and at each subsequent  
26 redetermination. In determining ongoing eligibility, if a family's income  
27 exceeds one hundred eighty-five percent of the federal poverty level  
28 prior to October 1, 2026, or one hundred thirty percent of the federal  
29 poverty level on and after October 1, 2026, the family shall receive  
30 transitional child care assistance through the remainder of the family's  
31 eligibility period or until the family's income exceeds eighty-five

1 percent of the state median income for a family of the same size as  
2 reported by the United States Bureau of the Census, whichever occurs  
3 first. When the family's eligibility period ends, the family shall  
4 continue to be eligible for transitional child care assistance if the  
5 family's income is below two hundred percent of the federal poverty level  
6 prior to October 1, 2026, or one hundred eighty-five percent of the  
7 federal poverty level beginning on and after October 1, 2026. The family  
8 shall receive transitional child care assistance through the remainder of  
9 the transitional eligibility period or until the family's income exceeds  
10 eighty-five percent of the state median income for a family of the same  
11 size as reported by the United States Bureau of the Census, whichever  
12 occurs first. The amount of such child care assistance shall be based on  
13 a cost-shared plan between the recipient family and the state and shall  
14 be based on a sliding-scale methodology. A recipient family may be  
15 required to contribute a percentage of such family's gross income for  
16 child care that is no more than the cost-sharing rates in the  
17 transitional child care assistance program as of January 1, 2015, for  
18 those no longer eligible for cash assistance as provided in section  
19 68-1724.

20 (ii) The department shall create a pilot program to provide child  
21 care assistance for the child care workforce as part of the federal Child  
22 Care Subsidy program. The pilot program shall begin on October 1, 2025,  
23 and terminate on September 30, 2028.

24 (iii) For the pilot program, eligible households shall:

25 (A) Have a household income equal to or less than eighty-five  
26 percent of the state median income for a household of the same size as  
27 reported by the United States Bureau of the Census at the time of  
28 eligibility determination;

29 (B) Have an applicant or household member who is listed in the  
30 Nebraska Early Childhood Professional Record System as described in  
31 section 71-1962 and who, for a minimum of twenty hours per week:

1       (I) Is self-employed at a licensed child care program as described  
2 in section 71-1911;

3       (II) Is employed at a licensed child care program as described in  
4 section 71-1911;

5       (III) Is employed at a federal Head Start program as described in 42  
6 U.S.C. 9831 et seq.; or

7       (IV) Is employed at an Early Head Start program as described in 42  
8 U.S.C. 9840a; and

9       (C) Meet all non-income eligibility requirements of the federal  
10 Child Care Subsidy program.

11       (iv) Eligible households receiving child care assistance as part of  
12 the pilot program shall remain eligible for twelve continuous months  
13 without a cost-share obligation if an applicant or household member  
14 maintains employment in accordance with subdivision (2)(b)(iii)(B) of  
15 this section.

16       (v) The department shall electronically submit an annual report to  
17 the Legislature on December 1 of each year beginning December 1, 2026,  
18 through December 1, 2028, that describes participation in the pilot  
19 program. The report shall include:

20       (A) The monthly number of enrolled children and households by county  
21 and type of employment described in subdivision (2)(b)(iii)(B) of this  
22 section;

23       (B) The annual total of enrolled applicants or household members as  
24 described in subdivision (2)(b)(iii)(B) of this section that are employed  
25 in the child care industry for less than two months prior to enrollment  
26 in the pilot program;

27       (C) The annual total of enrolled applicants or household members as  
28 described in subdivision (2)(b)(iii)(B) of this section that are employed  
29 in the child care industry for more than two months prior to enrollment  
30 in the pilot program; and

31       (D) Program expenditures, including aid disbursed each month and

1 average monthly household cost.

2        (vi) ~~(ii)~~ A licensed child care program that employs a member of an  
3 eligible household shall make reasonable accommodations so that the  
4 eligible applicant or adult household member is not a primary caregiver  
5 to such applicant's or adult household member's child. If reasonable  
6 accommodation cannot be made, the department shall allow the applicant or  
7 adult household member to receive child care assistance for the  
8 applicant's or adult household member's child including when the  
9 applicant or adult household member is the primary caregiver for such  
10 child.

11        (vii) ~~(iii)~~ A licensed child care provider eligible for the child  
12 care subsidy may enroll the household member's child in a child care  
13 program other than the household member's child care program to receive  
14 child care assistance.

15        (viii) ~~(iv)~~ Subdivisions (2)(b)(v) ~~(2)(b)(ii)~~ and (2)(b)(vi) ~~(2)(b)~~  
16 ~~(iii)~~ of this section shall become operative on July 1, 2025. The  
17 department shall promulgate rules and regulations consistent with these  
18 subdivisions.

19        (c) For the period beginning July 1, 2021, through September 30,  
20 2026, funds provided to the State of Nebraska pursuant to the Child Care  
21 and Development Block Grant Act of 1990, 42 U.S.C. 9857 et seq., as such  
22 act and sections existed on January 1, 2023, shall be used to pay the  
23 costs to the state resulting from the income eligibility changes made in  
24 subdivisions (2)(a) and (b) of this section by Laws 2021, LB485. If the  
25 available amount of such funds is insufficient to pay such costs, then  
26 funds provided to the state for the Temporary Assistance for Needy  
27 Families program established in 42 U.S.C. 601 et seq. may also be used.  
28 No General Funds shall be used to pay the costs to the state, other than  
29 administration costs, resulting from the income eligibility changes made  
30 in subdivisions (2)(a) and (b) of this section by Laws 2021, LB485, for  
31 the period beginning July 1, 2021, through September 30, 2026.

1 (d) The Department of Health and Human Services shall collaborate  
2 with a private nonprofit organization with expertise in early childhood  
3 care and education for an independent evaluation of the income  
4 eligibility changes made in subdivisions (2)(a) and (b) of this section  
5 by Laws 2021, LB485, if private funding is made available for such  
6 purpose. The evaluation shall be completed by July 1, 2024, and shall be  
7 submitted electronically to the department and to the Health and Human  
8 Services Committee of the Legislature.

9 (3) In determining the rate or rates to be paid by the department  
10 for child care as defined in section 43-2605, the department shall adopt  
11 a fixed-rate schedule for the state or a fixed-rate schedule for an area  
12 of the state applicable to each child care program category of provider  
13 as defined in section 71-1910 which may claim reimbursement for services  
14 provided by the federal Child Care Subsidy program, except that the  
15 department shall not pay a rate higher than that charged by an individual  
16 provider to that provider's private clients. The schedule may provide  
17 separate rates for care for infants, for children with special needs,  
18 including disabilities or technological dependence, or for other  
19 individual categories of children. The schedule may also provide tiered  
20 rates based upon a quality scale rating of step three or higher under the  
21 Step Up to Quality Child Care Act. The schedule shall be effective on  
22 October 1 of every year and shall be revised annually by the department.

23 **Sec. 2.** Original section 68-1206, Revised Statutes Cumulative  
24 Supplement, 2024, is repealed.