

ONE HUNDRED NINTH LEGISLATURE

SECOND SESSION

**LEGISLATIVE RESOLUTION 412**

Introduced by Spivey, 13.

PURPOSE: The purpose of this resolution is to propose an interim study to examine the ways in which the Legislature can take a more coordinated, proactive, and intentional policy role in understanding the impact of child care financing models that create or expand state-funded subsidies and federal child care subsidies to increase access, affordability, and expand coverage for working families in Nebraska.

The objective of this study is to evaluate the Step Up to Quality Child Care Act's tiered funding model, financial eligibility thresholds, provider reimbursement systems, and educational outcomes related to supplementing federal child care subsidies with state resources, and to develop findings and recommendations to guide future legislation on early childhood education and child care.

The study shall include, but not be limited to:

(1) Reviewing the current funding allocations supporting child care assistance in Nebraska, including state General Fund contributions administered by the Department of Health and Human Services;

(2) Quantifying the impact of quality affordable child care availability on Nebraska businesses relative to other states, including compensation, productivity, operational costs, competitiveness, and reimbursement rates;

(3) Evaluating current eligibility requirements for child care subsidies, including income thresholds, copayment structures, phase-out cliffs, and the effect on participation rates among eligible working families;

(4) Analyzing other state models that provide supplemental child care subsidies, not including federal eligibility limits such as sliding-scale systems, tiered eligibility expansions, and service cliff smoothing policies

designed to reduce benefit loss as income increases;

(5) Examining reimbursement rate structures for child care providers, including rate setting methodologies, alignment with market rates, and the impact of the Step Up to Quality Child Care Act tiered subsidy levels on provider participation, workforce stability, and child care supply;

(6) Reviewing federal and state funding streams that support child care assistance, including Title XX Social Services Block Grant Program funding, and opportunities to maximize federal matching funds, draw down additional federal resources, and structure state investments to increase total system capacity;

(7) Evaluating the fiscal impact of expanding state-funded child care subsidies, including cost projections under various eligibility expansion scenarios, anticipated economic impacts on workforce participation, and potential long-term return on investment;

(8) Identifying best practices from other states that have implemented expanded child care subsidy models, including states that have extended eligibility above federal thresholds; and

(9) Examining administrative structures, data systems, and interagency coordination necessary to effectively implement expanded child care subsidy programs, including oversight, accountability, and reporting mechanisms.

In conducting this interim study, the Executive Board of the Legislative Council may confer with the Department of Health and Human Services, the Department of Labor, the Department of Economic Development, child care providers, early childhood education experts, business and workforce stakeholders, labor economists, advocates, working families, and other relevant stakeholders.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED NINTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Executive Board of the Legislative Council shall be designated to conduct an interim study to carry out the purposes of this resolution.

2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council

or Legislature.