

Transcript Prepared by Clerk of Legislature Transcribers Office
Health and Human Services Committee February 8, 2019

HOWARD: Good afternoon, and welcome to the Health and Human Services Committee. This year we're conducting a series of educational briefings for the committee and for our colleagues in the Legislature. And so we will start with a, with a briefing today on Child Care and Development Fund program overview. Before we get started I would like to invite my colleagues to introduce ourselves. We've been rushing a little bit. I'm Senator Sara Howard. I represent District 9 in midtown Omaha and I serve as Chair of this committee. And we'll start with introductions on my right.

ARCH: John Arch, Sarpy County: Papillion-La Vista.

WILLIAMS: Matt Williams, Legislative District 36. I live in Gothenburg, and it's Dawson, Custer, and the north portion of Buffalo Counties.

HOWARD: And we're joined by our committee clerk, Sherry Shaffer, and our legal counsel, Jennifer Carter. And with that, I will invite Director Wallen to give a brief introduction.

MATT WALLEN: Thank you, Chairperson Howard and members of the committee. I appreciate the opportunity to come in and provide a little briefing and update today. Much like yesterday, I'm going to, I'm going to be very brief in my introduction, and then I'm going to turn it over to Nicole Vint, who is our childcare administrator. So Nicole we'll have a much more detailed presentation around our Child Care and Development Fund. So I would just briefly-- you know, yesterday we talked a little bit about ACCESSNebraska and some of the public assistance programs that we have. ACCESSNebraska is also used to determine the childcare eligibility. We use that team, as well, to provide ongoing case management for subsidy-eligible families. And, and we work very closely, as well, with our Division of Public Health and the licensing side of things. So when it comes to childcare subsidy, we, we essentially administer the program and the Child Care Subsidy Program. We work very closely with our divisional partners in Public Health, and they handle a lot of the licensing side of things. So we have the block grant, we have the 392 regs, and then we have, kind of really, the, the team that goes out and does the compliance monitoring of the childcare centers. So with that, I'll turn it over to Nicole and she'll be able to get into a lot more detail, and, and we'll leave, this time we'll leave some time for questions at the end. So thank you again for the opportunity to be here today.

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HOWARD: Thank you. Good afternoon.

NICOLE VINT: Good afternoon, members of the Health and Human Services Committee. I want to first thank you for this opportunity to provide you an overview of the Child Care and Development Fund program. As Director Wallen said, my name is Nicole Vint and I administer the Childcare and Development program with the Department of Health and Human Services-Division of Children and Family Services. The Child Care and Development Block Grant, also referred to as the Child Care and Development Funds, or CCDF, is administered by the U.S. Department of Health and Human Services to provide childcare services, health and safety monitoring, and quality activities for low-income children. The Department of Health and Human Services is the lead agency to administer this block grant, and our mission when administering this block grant is to ensure equal access and quality childcare for low-income families, to assist these families towards self-sufficiencies, to set health and safety standards by monitoring providers, doing background checks on providers, and providing trainings-- also just to improve the quality of childcare. The department submits a state plan, which is essentially our applications for the continuation of fund with this block grant. We submit the state plan every three years, and our current plan cycle started October 1, 2018, and will run through September 30, 2021. Childcare subsidy is a support to help families become self-sufficient by providing the parent and/or caretaker assistance with the cost of childcare while they provide, while they work, attend school, such as high school, college, or job trainings, and/or participating with Employment First, with the TANF and ADC program. In state fiscal year 2018, we served 18,612 children with childcare subsidy. We have four eligibility categories for childcare subsidy. First, the gross income limit is 130 percent federal poverty level to enter into the program. We identify families with the current family, which are those families who are current ADC and TANF recipients. We have our low-income households, which their federal poverty level is between 0-100 percent. These families do not have a family fee or any financial responsibility towards the childcare. We then have our low-income, sliding-fee population, which is 100-130 percent of the federal poverty level. These families do pay a portion of their childcare, which is based 7 percent of their gross income. And then we have our transitional childcare category, which is 130-185 percent of the federal poverty level. We will talk more about this one later, but these families, as it is right now, contribute 7 percent, towards their family fee, of their gross income. And currently transitional

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childcare is time-limited to 24 months. Parents and caretakers are able to choose any childcare provider who accepts subsidy. If they find a provider who does not accept childcare subsidy, they can be referred to the department and we will enter into an agreement after doing background checks and signing an agreement with them. We have different provider types. We have license-exempt providers who typically consist of your family, friend, or neighbor population. These providers do not have a license. A license-exempt, in-home provider provides care in the child's home. In order for a family to be eligible for in-home childcare, they must meet one of three criteria: either have three or more children; work nontraditional hours, the evenings and/or weekends; or have a child or children with special needs. They then are eligible to have a provider come into their home and provide services in their home. We also have a license-exempt childcare provider who provides childcare in their own home. Since they are license-exempt, they are allowed to have three children from separate families or up to six children from the same family. Our resource development workers within CFS are the ones who monitor and inspect those providers on an annual basis. We then have various licensing types. Family childcare homes are operated in the place of residence for the provider and can have a range of eight to ten children, just depending upon the ages. Family childcare home IIs can operate inside or outside of their home and can have up to 12 children. They are required to have a staff member, as well. Childcare centers have the capacity of 13 or greater children. It just depends on the square footage of their location, as well as having appropriate staff and child ratios. Childcare licensing and public health monitors inspects all licensed childcare providers, and the chart above is reflective of numbers from January. But that illustrates how many providers we have in Nebraska and how many of those accept childcare subsidy. Our childcare rates are established by conducting a market-rate survey. This is a federal requirement, as well as a state requirement. We collect data every two years from licensed providers. The data we look at is: the type of provider, whether a family childcare home or a childcare center; their geographical location, whether they're located in a rural or an urban setting; the age of the child, whether it's an infant, toddler, preschool, or school-age. The report then produces the market rate or the average private-paying rate of childcare. Rates are adjusted every odd year-- or every odd-number year-- and they are set to be no less than 60 percent of the market-rate survey. We are actively conducting our 2019 market-rate survey. We've contracted with the Buffett Early Childhood Institute, along with the bureau logical-- or the Bureau of

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Sociological Research. These rates will go into effect July 1, 2019. In November of 2014, the Child Care and Development Block Grant was reauthorized. This made significant changes to the program relating to: promoting family engagement and consumer education, providing stable childcare assistance, ensuring equal access to childcare, health and safety monitoring and inspections, and the continuation of quality improvement. The department has been working on making changes to come into compliance. Our Web site was revised to be a strong resource and consumer education for parents, providers, and communities. Monitoring and inspection reports for licensed and license-exempt providers are now on line. Our emergency preparedness plan is near completion as it's specific to childcare. First aid and CPR is a new requirement for all CCDF and subsidy providers to complete. Letters were sent out in October of 2018, informing all CCDF subsidy providers of these new requirements. They will be given through March of 2019 to complete the pediatric first aid CPR for all staff working with the children in the centers. The department acknowledged that this is a larger expense for childcare centers, due to having several staff, so as an incentive, the department's reimbursing those childcare centers 50 percent of the costs of first aid CPR. Health and safety orientation is our second phase of the first-- or the health and safety requirements. We are in the process of creating an on-line training, which will last approximately two hours, and it will be free for all those who are required. This will go over all of the federally required health and safety topics and this should be rolled out beginning of March. The childcare and, the childcare subsidy state regulations have been completely revised. We're currently in the final review of our department, of our department's legal review. Provisions include changes to get us into compliance with the federal requirements. Some of these changes include: 12-month authorizations, which really eliminates some of the reasons we can terminate childcare subsidies during the 12-month eligibility period; increasing job search from two months to three months; allowing childcare providers to bill for absence days if the child is ill; health and safety training requirements for license-exempt and subsidy providers; and only being able to increase family fees while the family is in the transitional category, so that would eliminate us from increasing those family fees during the 100-130 percent federal poverty category. There are two changes that are needing to be made in state statute to become in federal compliance. The first relates to criminal background checks, being able to complete FBI fingerprint checks on all providers, childcare subsidy and licensed providers, as well as staff and household members

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age 18 and older. We currently do complete various background checks on all of our providers. We just, at this time, are not doing the FBI fingerprint checks. The second change we need to make to statute is in regards to the transitional childcare, or graduated phaseout, as it's federally referred. Currently, a child can only receive transitional childcare for up to 24 months and it's, in the, that time limit needs to be eliminated. Once a family has been determined eligible for transitional childcare, their income is 130 percent or greater, they are to remain eligible for the remainder of their certification period so long as their income remains under 85 percent state median income. At the next redetermination, if they are under 185 percent of the federal poverty level, which is our second income eligibility threshold, they remain eligible for another 12 months, again, so long as their income would remain under that 85 percent SMI. And this can continue to happen at every redetermination. As you can see in the chart above, 80, 85 percent SMI is a federal requirement and is substantially higher than some of the federal poverty levels that we're used to seeing. The regulation changes that the department has been working on will provide greater support to families, increase health and safety requirements, monitoring for providers, and better billing practices for childcare providers, which is more comparable to what the families who are privately paying endure. Childcare subsidies also support an array of activities that focus on quality and resources for low-income children's and families' childcare providers who provide care for those low-income children and resources to the community. On the slide there is a list of activities that we actively support with our CCDF funds. The first is we provide provider grants. We assist providers in starting up a childcare and/or expanding a childcare. We do have an application process, and we will fund up to \$5,000 if it's a home setting and up to \$10,000 if it's a center setting. We also have quality enhancement, enhancement grants and emergency grants. We also support Nurturing Healthy Behavior grants, and we are in three communities. We support the Beyond School Bells network which is the Nebraska Afterschool network. We have Early Head Start Infant/Toddler Quality Initiatives [SIC], and we're in four communities for that. We work with the Department of Health funding-- or the Department of Education's Early Childhood department [SIC] and support an array of activities. We support Step Up to Quality, which is Nebraska's quality improved, quality rating improvement system. And we also support Sixpence childcare partnerships with our 3 percent infant/toddler childcare funds. Looking towards the future, we were recently awarded a Preschool Development Grant Birth through Five, which was a \$4.1 million grant. We are working with a strong

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collaboration of both public and private partners. And this partnership will conduct a statewide birth-through-five needs assessment, develop a statewide strategic plan, maximize parental choice and knowledge, share our best practices among early childhood professionals, and overall, improve the quality of early childhood and education. We also will have the opportunity later this year to apply for a continuation grant. I want to thank you for the opportunity to share about the Child Care and Development program. And I welcome any questions you may have.

HOWARD: Thank you, Ms. Vint-- perfect timing, excellent work. Are there questions? Senator Cavanaugh.

CAVANAUGH: Thank you. Thank you for being here today. On the grants-- you said that you have emergency grants?

NICOLE VINT: Correct.

CAVANAUGH: What would that cover?

NICOLE VINT: So it would be for a licensed provider. If Licensing were to go into the facility and identify that maybe they needed to repair their linoleum or they needed a fence, we could support up to \$2,000 to assist with that.

CAVANAUGH: OK, great. I have other questions, if that's OK.

HOWARD: Sure, go ahead.

CAVANAUGH: When-- and maybe you said it and I just didn't catch it-- when will the childcare rates for this year-- I know they go into effect July 1-- but when will those be available?

NICOLE VINT: We're anticipating preliminary data to be available the beginning of March.

CAVANAUGH: OK.

NICOLE VINT: And then we will produce a report to follow, and then we'll have those rates in effect July 1st.

CAVANAUGH: I think that was it for me.

HOWARD: For the rates, what percentage are we at?

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NICOLE VINT: Right now we're-- the minimum would be 60th percentile. But we range from 60th to 75th. The last market-rate survey produced numbers that were greater than what we had previously. So--

HOWARD: Um-hum.

NICOLE VINT: --we did not decrease any numbers to stay with the 60, but we did bring some people up to the 60th percentile.

HOWARD: All right. Great, thank you. Other questions? Senator Arch.

ARCH: Do you, do you find difficult to find providers at the rate that this program pays?

NICOLE VINT: You know I, I, we do have quite a few pro, providers. I know there will always be those providers who say that we're not paying enough, but we also have providers that have rates lower than us. And we can review those annually when we do our annual subsidy agreements with them.

ARCH: So access issues for those that qualify for this subsidy, are there access issues to finding quality providers for those individuals?

NICOLE VINT: Not that it, not that I'm aware of. We work with providers through ACCESSNebraska, and there are some of our resource development teams to help them find qualities-- or quality providers within their community.

ARCH: OK, thank you.

NICOLE VINT: Um-hum.

HOWARD: Other question? Senator Cavanaugh.

CAVANAUGH: I found my other question.

HOWARD: Oh, good.

CAVANAUGH: For my colleagues, on page 5 you have the provider types and the list, licensed providers and subsidy providers. And I just kind of want to call attention 'cause this is something we've discussed before. Under in-home and license-exempt, you don't actually have a number; you only have a number for the subsidy. And I'm

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assuming, but I'll let you answer, that this is because these are unlicensed--

NICOLE VINT: Correct.

CAVANAUGH: --and so it's hard to track. So your number for the subsidy are those that you are able to track.

NICOLE VINT: Correct. They do not have a license, so they're not part of the licensing system. But those are providers that we will enter into a subsidy agreement with, and support them. Typically they are the family, friend, or the neighbor population.

CAVANAUGH: Um-hum.

NICOLE VINT: So we do, we are able to monitor them on a regular, an annual basis but they're not captured in licensing.

CAVANAUGH: And kind of a follow-up to Senator Arch's question, those provider rates where you said that sometimes they're lower than a rate.

NICOLE VINT: Um-hum.

CAVANAUGH: With that, I guess I'd be interested to know under which category did those predominantly fall. Are they the in-home and the license-exempt, or is it across the board?

NICOLE VINT: The in-home and the license-exempt rates are different. They're not calculated in the market-rate survey. For in-home providers, we do pay the minimum wage.

CAVANAUGH: OK.

NICOLE VINT: The, what we've seen with providers who charge a lower rate, it's mainly the rural communities just have a lower rate than sometimes what our subsidy standards are.

CAVANAUGH: Thank you.

NICOLE VINT: Um-hum.

HOWARD: I wanted to ask about the page 7 and some of the, the regulatory changes that you're working on right now. Can you just

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remind me for the 12-month authorizations, that's what we're working on today? And then what is the three-month job search?

NICOLE VINT: So currently we offer a two-month job search. So if a family or an individual indicates that they're currently without employment and they'd like childcare so they could actively seek employment, we're authorizing two months. Federally we're required to authorize three months, so we'll need to change that out of our regulations.

HOWARD: Okay, thank you.

NICOLE VINT: Um-hum.

HOWARD: Are there, is there any-- well, and I suppose this is a better question for Director Wallen-- are any of these in, in statute or are they all in regulations?

NICOLE VINT: They're all in regulations except for the ones on page 8, which would be the criminal background checks and the transitional childcare.

HOWARD: OK.

NICOLE VINT: Everything else we've either been able to make some internal process changes by adding additional requirements to our subsidy agreement and/or we have it in our draft regulations for Title 392.

HOWARD: All right, perfect. All right. Any final questions? Seeing none, thank you for visiting with us today; we really appreciate it.

NICOLE VINT: Thank you very much.

HOWARD: All right. And we'll start our hearing at 1:30.

[BREAK]

HOWARD: [RECORDER MALFUNCTION] Committee. My name is Senator Sara Howard and I represent the 9th Legislative District in midtown Omaha. I serve as Chair of the Health and Human Services Committee. I'd like to invite the members of the Committee to introduce themselves, starting on my right with Senator Arch.

ARCH: John Arch, District 14: Papillion-La Vista, in Sarpy County.

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CAVANAUGH: Machaela Cavanaugh District 6: west-central Omaha, Douglas County.

B. HANSEN: Senator Ben Hansen, District 16: Washington, Burt, and Cuming Counties.

HOWARD: And we are joined by our legal counsel, Jennifer Carter, and our committee clerk, Sherry Shaffer, and our committee pages, Maddy and Erika. A few notes about our policies and procedures. Please turn off or silence your cell phones. This afternoon we will be hearing four bills, and we'll be taking them in the order listed on the agenda outside the room. On each of the tables near the doors to the hearing room you will find green testifier sheets. If you are planning on testifying today, please fill one out and hand it to Sherry when you come up to testify. This will help us keep an accurate record of the hearing. If you are not testifying at the microphone, but want to go on record as having a position on a bill being heard today, there are white sign-in sheets at each entrance where you may leave your name and other pertinent information. Also, I would note if you are not testifying but have written testimony to submit, this committee's policy is that all letters for the record must be received by the committee by 5:00 p.m. the day prior to the hearing. Any handouts submitted by testifiers will also be included as part of the record as exhibits. This committee needs ten copies, and we ask that if you have multiple items, that you collate them for us in advance. Otherwise we might not get them by the time you're testifying. We do use a light system in this committee. Each testifier gets five minutes. You'll get four minutes with a green light, one minute with a yellow, and then when the light turns red, we'll be asking you to wrap up your final thoughts. When you come up to testify, please begin by stating your name clearly into the microphone, and then please spell both your first and last name. The hearing on each bill will begin with the introducer's opening statement. After the opening statement we'll hear from supporters, then opponents, and anyone wishing to speak in a neutral capacity. The introducer will then be given an opportunity to make closing statements if they wish to do so. We do have a strict no-prop policy in this committee. And with that, we'll begin today's hearing with LB459. And I will pass it over to my very capable Vice Chair, Senator Arch.

ARCH: Thank you. Senator Howard is introducing this bill. And when you're ready, you may begin.

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HOWARD: Ah, Senator Arch, I was born ready.

ARCH: All right.

HOWARD: OK, all right. Good afternoon, Vice Chair Arch and members of the Health and Human Services Committee. For the record, my name is Senator Sara Howard, H-o-w-a-r-d, and I represent District 9 in midtown Omaha. Today I'm bring you LB459, a bill changing requirements for criminal history information checks under the Child Care Licensing Act. This is a Health and Human Services Committee bill, so all of you have seen it before. I introduce it at the request of the department. The bill authorized the, authorizes the department to require FBI fingerprint background checks for all licensed family childcare home II providers, childcare centers, and school-age-only centers. The bill provides a two-year phase-in for these providers to meet statutory obligations. LB459 excludes childcare I providers and license-exempt providers. These providers include family members residing in the home to care for children. The reason for this legislation is to allow the department to further comply with provisions of the Child Care and Development Block Grant Act. And full inflammation, implementation of these provisions were actually due by September 30, 2018; and Nebraska will be placed on a corrective action plan to meet these obligations. Nebraska will have time to create an implementation plan to provide for, provide for a phase-in for all fingerprints. DHHS estimates that at least 12,500 checks will need to be completed, and checks will need to be resubmitted every five years. The licensed childcare providers are anticipated to pay the fees associated with the background checks at a cost of \$42.25 per check. We did have one revision come up today, a concern from Boys Town, and if you look at the green copy, it's just a clear, a clarification. But if you look at the green copy, on page 5 it would change, on line 14, an "or" to an "and" to make sure that, if you have a childcare facility within a larger organization, that the background checks would be for the people who are working specifically within that childcare center, as opposed to every employee in the building. So with that, I'm happy to try to answer any questions, although I do know that the department is behind me and can probably expand more if you are curious about anything else in this bill.

ARCH: Do you have any questions for Senator Howard? All right, thank you very much.

HOWARD: Thank you.

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ARCH: Are you planning to stay for the close?

HOWARD: You know, I think I will.

ARCH: OK.

HOWARD: Thank you.

ARCH: Thank you. All right. Proponents for this bill? Welcome to the committee.

MATT WALLEN: Thank you. Good afternoon, Vice Chairman Arch and members of the Health and Human Services Committee. My name is Matt Wallen, M-a-t-t W-a-l-l-e-n, and I serve as the director of the Division of Children and Family Services in the Department of Health and Human Services. I'm here to testify in support of LB459. I especially thank the committee for introducing this important bill. LB459 is a result of the Child Care and Development Block Grant, CCDBG, reauthorization signed into federal law in November 2014. CCDBG is also referred to as the Child Care and Development Fund, which is the primary funding mechanism from the federal government to provide childcare subsidies, support for childcare licenses, and activities that improve childcare quality. Nebraska utilizes these funds for an array of activities supporting quality childcare. Activities include: childcare subsidy; health and safety monitoring of licensed and nonlicensed childcare providers; professional development and trainings; and other quality initiatives for low-income children. As part of the reauthorization, states receiving CCDF funds must ensure federal background checks are completed for childcare staff members. By updating state statute, LB459 will allow Nebraska to come into further compliance with federal mandate. LB459 authorizes DHHS to require FBI fingerprint background checks for all licensed family childcare home II providers, childcare centers, and school-age-only centers. Additionally LB459 provides a two-year phase-in for these childcare providers in order to meet the statutory compliance. Thank you for the opportunity to testify before you today. Thank you again to Chairperson Howard for introducing this bill. And I believe LB459 will help DHHS continue in our mission of helping people have better lives. I will try to answer any questions that the committee may have.

ARCH: OK, thank you very much.

MATT WALLEN: Thank you.

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ARCH: Questions from the committee? Senator Hansen.

B. HANSEN: Thanks for being here, Director. Quick question-- Nebraska utilizes these funds for an array of activities supporting quality childcare. One of them includes health and safety monitoring. What is that?

MATT WALLEN: Just making sure that as far as, I guess, health, health and, health and safety areas that, that certain areas are clean and kept away, certain chemicals are locked in the closet, certain-- just different activities don't take place around where the child, children are being cared for.

B. HANSEN: Does that require somebody going to the home or the, the health, the childcare facility and monitor it?

MATT WALLEN: Yep, just making sure that, that things are, things are kept safe and that children are in a safe situation when they're in the homes--

B. HANSEN: OK.

MATT WALLEN: --in the centers.

B. HANSEN: Thank you.

ARCH: Other questions? I have one--

MATT WALLEN: Yes.

ARCH: --or two--

MATT WALLEN: OK.

ARCH: --perhaps. On, on page 3 of the bill, line 11, it indicates that the submission to the criminal history record information check is prior to employment.

MATT WALLEN: Yes.

ARCH: Does, does there, is there, is there any requirement that the results be received prior to employment? Or is it simply that they have to submit, submit their information prior to employment?

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MATT WALLEN: Right, that's one of the areas where they have to, they have to submit the information prior to employment.

ARCH: That's the requirement.

MATT WALLEN: That's the timeliness. We've been working to make sure we get these back in a timely fashion so it doesn't delay the employment--

ARCH: Right.

MATT WALLEN: --or the start date.

ARCH: 'Cause it could--

MATT WALLEN: It could.

ARCH: --if they're backlogged or whatever.

MATT WALLEN: That, that, that's correct.

ARCH: So you're not, you're not saying don't-- they can't start work, but they must submit before employment.

MATT WALLEN: You know, I'll have to double-check if there's a little bit of a grace period in there. I'm not sure if there is, right off the top of my head.

ARCH: OK, that'd be helpful if you could--

MATT WALLEN: Yep, I will check that.

ARCH: --if you could clarify that.

MATT WALLEN: Yep.

ARCH: Another, another question on page 4, line 6. So it indicates that the childcare staff member shall also submit to the following background checks at his or her expense. That language wouldn't preclude the employer paying the cost, would it?

MATT WALLEN: I don't know.

ARCH: OK, OK. Those are the only questions that I have.

MATT WALLEN: Great, thank you.

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ARCH: Any other questions from the committee? OK, thank you very much.

MATT WALLEN: Great, thank you.

ARCH: Other proponents? Welcome to Health and Human Services Committee.

ADAM FESER: Thank you for having me, Vice Chairman Arch, Health and Services, Health and Human Services Committee members. My name is Adam Feser, A-d-a-m F-e-s-e-r. I represent First Five Nebraska. I'm here to submit testimony in support of LB459. Our organization is committed to working with policymakers to find practical and fiscally responsible solutions for closing the achievement gap affecting young children in need. When children enter kindergarten developmentally behind their peers, they often struggle to catch up, even with the benefit of school-age interventions. In fact, research indicates that these children typically continue to fall further behind as they progress through the K-12 system. The Child Care and Development Fund, or CCDF, is instrumental to Nebraska's efforts to close the achievement gap. Therefore, it is imperative that Nebraska maintain good standing in its partnership with the federal Administration for Children and Families' Office of Child Care. LB459 can help us do so by bringing our state into compliance with federal regulations. The Child Care and Development Block Grant, as you've heard, is the law that authorizes CCDF. And I won't go back into the background of why we have to do this; you've, you've heard all of this before. I just want to say that we think it's important that we come into compliance with reauthorization so that we don't risk the 5 percent penalty that we could realize if we do not. We want to applaud, applaud this committee for its ongoing work to promote the health and well-being of all Nebraskans, especially our youngest children. We also commend Nebraska's Child Care and Development Fund administrator, Nicole Vint, for her efforts to ensure Nebraska does not incur unnecessary fiscal penalties for noncompliance with CCDBG reauthorization. We hope you will see fit to move LB459 to General File. With that, if there are any questions, I'll do my best to answer.

ARCH: Any questions? Seeing none, thank you very much.

ADAM FESER: Thank you.

ARCH: Other proponents? Welcome to Health and Human Services Committee.

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NICK JULIANO: Thank you. Good afternoon, Vice Chair Arch, members of the Health and Human Services Committee. My name is Nick Juliano, N-i-c-k J-u-l-i-a-n-o. I'm here today as president of the Children and Family Coalition of Nebraska. And I appreciate the opportunity to testify on behalf of LB459 which proposes changes to the criminal background check provisions of the Child Care Licensing Act. CAFCON members want to thank Senator Howard for bringing this forward, and we do support the state's efforts to ensure appropriate and effective background checks for individuals responsible for the care and supervision of children and youth. Our agencies take very seriously the obligation to ensure that our staff are able to meet the physical well-being, safety, and protection standards that accompany state rules, regulations, as well as the licensing and accreditation standards that our members are subject to. However, there are several unintended consequences associated with LB459 and LB460, which will be heard later, which we'd like to provide to the committee today to be considered during future discussions. First of all, LB459, as written, represents an, an unfunded mandate for childcare workers and providers. The bill states, "A child care staff member being screened shall pay the actual cost of the fingerprinting and national criminal history record information check." And while your question did clarify with Director Wallen that that would not preclude an employer from paying that, then that unfunded mandate becomes the responsibility of an employer. So it's unreasonable that the employer or prospective childcare worker would pay this cost. And it is reasonable that the Nebraska Department of Health and Human Services could assume all, or a portion, of this cost by having the Nebraska State Patrol bill the agency for fingerprinting and background check costs, or another arrangement. Second, there's no restriction to limit the cost charged to employees or agencies for the background checks. So currently the payment to the Nebraska State Patrol for fingerprinting is \$45.25 per employee. This represents a 65 percent increase in these fees since 2016, when the fees were \$27.45. As written, LB459 allows HHS and the Nebraska State Patrol the sole authority to change the fees at any time. Effectively, this mandate holds HHS and the State Patrol harmless, while childcare workers and/or their agencies who may assume those costs are forced to bear the full burden of these increases. Third, fingerprinting creates unnecessary delays in hiring childcare staff. As we discussed, there is no timely standards for completion of fingerprinting and background checks, and our experience as agencies with the current system shows us delays in confirming applicant checks can last weeks and sometimes months. Given the uncertainty of delays and the costs associated with training staff, agencies will likely

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delay hiring staff until confirmation of checks are complete. In many cases, the prospective employee, unable to wait for a hiring offer, will seek employment elsewhere, which further exacerbates the current shortage of high-quality childcare staff in our state. Furthermore, there is no indication that the Nebraska State Patrol has expanded capacity to handle the significant increase in the requests for fingerprints pursuant to this bill and LB460. So as fingerprinting and expanded background checks become the norm for staff employed in childcare agencies and other agencies contracting with HHS, it's imperative that we address these unintended consequences. Agencies and staff should not be expected to pay for unfunded mandates that may further erode the financial positions of agencies whose rates do not currently pay the full cost of the services they provide. With that, I'm happy to answer any questions.

ARCH: Questions for Mr. Juliano? I have one.

NICK JULIANO: OK.

ARCH: Maybe you could just enlighten me and, if you can't, I'll, I'll, I'll find someone else that can do that. The cost of fingerprinting, the \$45.25, or previously \$27.45 in 2016, is that the cost for running the prints? Or is that for actually obtaining the prints and running the prints? Do they-- in other words, does, does a childcare agency have to have their own fingerprinting ability, capability, or is that included in that fee? Do you happen to know?

NICK JULIANO: A childcare agency would not have to have that technology, although I think some may adopt that approach in the future because, as many people know, there was a time that fingerprinting for childcare agencies was very rare and background checks were common. Fingerprinting is becoming more common, as this bill shows, and I think the conversations that LB460 will show. So we're reaching a point where this is becoming the norm, so agencies may invest in their technology. That's very costly so the majority of agencies now rely on the technology available to Nebraska State Patrol and pay that fee, and they're processed that way.

ARCH: So they get fingerprinting and, and it's, and the background check is run, as well.

NICK JULIANO: Yeah, that's my understanding.

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ARCH: OK.

NICK JULIANO: Yeah.

ARCH: All right. Any other questions? Ok, thank you very much.

NICK JULIANO: Thank you.

ARCH: Any other proponents? OK. We did receive a couple of letters: from Wendy Patterson, the National Association of Social Workers, the Nebraska chapter; and Dr. Richard Azizkhan, Children's Hospital and Medical Center. And we'll put those into the record. And do we have any opponents? Seeing none, do we have anyone that wants to testify in a neutral position? OK, I don't see any there. Senator Howard, if you would like, your closing comments.

HOWARD: Thank you, Senator. Arch. I would just note-- and my staff was kind enough to point this out to me-- that the Nebraska State Patrol is actually moving to a higher-tech method of fingerprinting which we anticipate will hopefully assist with costs. There were just some articles in the news that I'll send out to you where they have a mobile fingerprint devices, so that should make it quite a lot quicker for them to be able to get those fingerprints and get those background checks done for providers. With that, I just want to remind the committee that if we do not do this bill we will be out of compliance, and we will be put on a corrective action plan, which could jeopardize future funding under this block grant, which I'm certain none of us would like to see happen. So with that, I'm happy to try to answer any further questions you may have.

ARCH: Do you have any questions? OK, thank you very much.

HOWARD: Thank you.

ARCH: That closes LB459.

HOWARD: All right. We'll now open the hearing for LB329, Senator Bolz's bill, to change provisions relating to childcare assistance and licensure. Good afternoon.

BOLZ: Good afternoon. I am Senator Kate Bolz; that's K-a-t-e B-o-l-z. And today I bring LB329 for your consideration. LB329 is one pathway for how we could use an additional \$12.4 million to, provided to us from the federal level for use as related to our childcare program. The bill would: remove a 24-month limit for families below 200 percent

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of federal poverty level, a change needed for federal compliance; revise the requirements for background checks to meet compliance with federal regulations; as well as increase the financial threshold for childcare assistance eligibility from 130 percent of the federal poverty line to 165 percent of the federal poverty line, and extend eligibility, after 12 months, to 200 percent of the federal poverty level. I'm going to let the testifiers speak to the merits of the bill and, instead, focus on some of the technicalities: compliance; appropriate use; and the fiscal impact. So first, compliance. \$12.4 million was provided to us for purposes related to the childcare program. I'm happy to provide the committee with some additional details, from the federal level, about some of those expenditures. But Nebraska currently has a couple of issues related to federal compliance, specifically the background checks and the 24-month limit I mentioned. It only makes sense to use these funds for such purposes. I understand there may be some differences of legal opinion about exactly how to do that. But the bill is drafted-- in large part references federal law. And I'm working, I'm happy to work as hard as I can to get the language precisely correct. Second, related to use of the funds, LB329 is basically a plan for using the new federal dollars. We did reach out to the Department of Health and Human Services this fall, and again this winter, to try to learn more about their plans. But at the time and including after, after bill drop, we were simply told that that plan has not been fully put into place. So this is one vision for, for putting those dollars to use. This plan argues that some of the funds should be used to increase eligibility. Our eligibility limit used to be 185 percent of the federal poverty line but was knocked down, in practice essentially, in 2002, in response to some budget challenges. I would argue that it's time to reach the, raise the eligibility level again. One central argument I would make is that, as the legislative branch, it's our responsibility to listen to our constituents. You will hear from multiple stakeholders today about how important childcare assistance is to their lives and their families. Other initiatives that might be brought up this afternoon, like billing improvements, might be useful, but they, they don't make the impact on people's lives the way that access to childcare assistance might. Through the budget process, we haven't heard of any of those needs as of yet. And so I think using these dollars for eligibility increases is appropriate. The last thing I want to address is the fiscal note. If you have your gadget with you, or even materials in front of you, you might notice that there have been a couple of different drafts of this bill. It's been a challenge for both the legislative fiscal staff and the department

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fiscal staff to think through all the moving parts of this bill, and that's perfectly understandable. I appreciate everybody's hard work. Liz Hruska, in particular, has worked really hard on this bill. She asked me to share with you a memo, that I believe has been circulated, that reflects a recent change in the fiscal note, indicating a higher fiscal impact of the eligibility change. The biggest difference between the legislative fiscal note and the department fiscal note is the underlying assumptions about the participating population and the monthly cost of care. The legislative fiscal note uses some projections based on the percentage of families who participate in both Medicaid and the childcare subsidy, and uses some of those participation rates to inform how we look forward to how eligibility might be changed under LB329. In other words, some of the patterns in participation that we can connect the dots between the Medicaid eligibility and childcare participation can be applied to LB329 to get us to a potential population that might use this new opportunity. The legislative fiscal note also assumes that families would be at the higher end of the income sliding scale, so the cost to the state would be a little bit lower because we're assuming those families have a little bit more earned income to contribute to the childcare expenses. At the end of the day, I would say that this piece of legislation is-- envisions a way to achieve multiple goals in our childcare program, including compliance and including better serving and prioritizing families. And I would ask for your careful consideration of the legislation. Thank you.

HOWARD: Thank you. Are there questions? Senator Cavanaugh.

CAVANAUGH: Thank you, Chairwoman Howard. Senator Bolz, thank you for bringing this bill. So you want to increase the, the level. What would be the-- and I'm sure that's on here somewhere-- but the family income? Oh, a family of four, their income at, at 165 percent is \$42,000--

BOLZ: Sure. So there's--

CAVANAUGH: --which would assume that two children would be in childcare.

BOLZ: So there's a little chart on page 2 of one of the many handouts I think you've gotten. But currently, say you look at a family of three, say one adult with two children. The 130 percent of the federal poverty line is \$27,000. One sixty-five would be \$34,000. Some of the

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testifiers today will talk to you. Well, Senator Cavanaugh, I'm sure you're familiar.

CAVANAUGH: Right.

BOLZ: Some of the testifiers today will talk to you about how expensive childcare is.

CAVANAUGH: Yes, I was looking at this and, as everyone at this table knows and you know, that our salary is \$12,000 a year. And I have three children in childcare, and that costs me over \$3,000 a month. And I have very reasonably priced childcare; it's high quality at not that big of an expense. So every month that I am serving in the Legislature, it's actually costing my family \$2,000.

BOLZ: Wow.

CAVANAUGH: So-- and we don't qualify at any of these levels. So I really appreciate what you're trying to do here because I do understand how challenging the cost of childcare is and how important it is. So thank you.

BOLZ: My pleasure, and thank you and your family for your service.

HOWARD: Other questions? Seeing none, are you, will you be staying to close?

BOLZ: I'll stick around.

HOWARD: Fantastic. We'll now open up to our first proponent testifier. Good afternoon.

TIFFANY SEIBERT JOEKEL: Good afternoon, Chairperson Howard, members of the committee. My name is Tiffany Seibert Joekel, T-i-f-f-a-n-y S-e-i-b-e-r-t J-o-e-k-e-l, and I'm here to testify today in support of LB329 on behalf of the Women's Fund of Omaha. I want to just clarify a couple of things. So LB329 really attempts to accomplish three things, as Senator Bolz outlined, two of which are dealing with compliance. I think the department's gave, given a great overview of what's attempting to be done here. So I would say LB329 shares the intent of coming into compliance on background checks. It shares the intent of Senator Arch's bill--that'd be LB341-- to come in, come into compliance on the time limits and the federal changes that have resulted from the change to the regs in 2014. What LB329 does that is different, and I think that is really important, as Senator Bolz

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highlighted, is it expands eligibility for the childcare assistance program, both at the front end and at the back end. So we currently have a two-tiered structure, which means to be initially eligible for the program, you have to be under 130 percent of the federal poverty level. I've included a spreadsheet, because I love spreadsheets, as the second page of my testimony that color codes current eligibility levels in blue and the proposed eligibility levels in green. And these are based on 2018 federal poverty guidelines. I've given to, to you annual salaries, monthly calculations based on that, and then, roughly, hourly calculations. Please note that the hourly calculations assume full-time, 40 hours a week, 52 hour-- or 52 weeks a year. And as we know, that is really not the reality of low-income work, but in an effort to give you some baseline to sort of see what we're trying to do here. So LB329, what it does is it increases our initial eligibility from 130 percent to 165 percent. So you would see, currently to be eligible for the program, a single mother with one child would need to make under \$21,398 to be eligible for the program; that's roughly \$10.29 per hour, full-time, 52 weeks a year. We're proposing that, LB329 proposes that that initial eligibility increase to about \$27,000 for a single mom, single mom and one child. We are also proposing an eligibility increase on the back end. This is to try to soften what we call the cliff effect, which is a small increase in wages would result in dropping off an eligibility, eligibility cliff. So the minute you cross that eligibility level, you're no longer eligible to receive childcare assistance. So a family, a single mom with one child at the top end of our current eligibility limit, at 185 percent, is probably contributing, based upon the copay schedule of the department, about \$173 a month for their childcare. If they, upon their reeligibility determination, cross that 185 percent threshold, they go from paying \$173 a month for childcare to that full cost of childcare. And I think what you'll hear testifiers behind me say is you find a lot of families having to strategize. Can I afford to take that raise? That, that 25 cent-an-hour raise for full-time work equals \$40 more a month. That puts me over the eligibility level. All of a sudden I have to make that decision because I took a \$40-a-month raise, I now lose all of that childcare assistance and I'm responsible for the full cost. So we think childcare is critical. It is one of the most cited reasons why women do not stay in the work force. For the high cost of childcare, they simply can't afford to work. We also know that it is a barrier to taking raises and to working extra hours which, I think, is contrary to what we want our financial assistance programs in this state to accomplish. It's critically important to low-income women in our state. Low-income women represent about 70

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percent of the low-wage work force. Without childcare they can't work. And so I'm asking this committee to consider using these new federal dollars, this opportunity that we've been given, to help working families stay in the work force and work their way back to economic stability. And with that, I'd be happy to answer any questions.

HOWARD: Thank you. Are there questions? Seeing none, thank you for your testimony today.

TIFFANY SEIBERT JOEKEL: Thank you.

HOWARD: Our next proponent testifier. Good afternoon.

MIKE HORNACEK: Good afternoon. Dear Chairwoman Howard and members of the Health and Human Services Committee, my name is Mike Hornacek, M-i-k-e H-o-r-n-a-c-e-k. I'm an Omaha resident and president and CEO for Together, a social service agency that has served the Omaha community for the past 44 years. Our mission is to prevent and end homelessness in our community. It is because of our mission, and my experience as an employer, I am here representing our organization in support of LB329. Our goal is an ambitious one, and it requires a holistic and comprehensive view of the causes and consequences of homelessness. Our pursuit of this mission brings us into direct contact with the cliff effect issue that LB329 is attempting to solve. Last year we helped 25 individuals and 41 families find housing through our intensive case management program, had 700 diversion meetings focusing on immediate problem-solving for people needing help, and experienced over 29,000 visits to our food pantry. We can provide all of the immediate mediation, case management, material resources, and financial assistance in the world, and we will still be impeded in our mission because of the barriers to self-sufficiency presented by the cliff effect. This is particularly and painfully true for the families that we serve who cannot build the stability they desire with a higher paying job because they cannot afford to immediately lose the help they receive for childcare. As the head of a close-knit and passionate team at Together, I hear the hundreds of stories from our case managers about the barriers faced by their clients when it comes to childcare. Getting out of homelessness is enormously hard work, and it is time-consuming. The families that come to us in crisis need help, not only finding housing, but keeping that housing. This means they need a stable income and access to childcare. If they do not receive childcare assistance already, our case managers will help them apply. And if they do receive childcare assistance, then our case managers have to negotiate the minefield that is the

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cliff effect in order to stabilize their income, maintain their housing, and start building self-sufficiency. Part of that work entails working with our income stability specialist, who helps them apply for jobs and/or find job training with the intent of securing employment and increasing income. This work resulted in 39 people finding 47 jobs last year, at an average hourly wage of \$12.63. I was recently made aware that she, too, must negotiate this childcare cliff effect. She could not be here today to tell her story because of childcare issues, and so I have attached her story to the copy of my own testimony distributed to you. She has a baby on the way and, in order to afford childcare and remain on the childcare assistance she needs, she would have to take a 25 percent pay cut from our organization. I would rather give her a raise, but my desire to reward her for incredible work would cause more harm than good, given the current income eligibility limits. As a nonprofit organization, I believe we have a responsibility to practice what we preach. A number of our employees started with us by volunteering at Together through state-funded work force initiatives aimed at building job skills. They then earned opportunities to grow further as we hired them to fill entry-level positions. Of course, some of these individuals earned even more opportunities and grew within the organization to leadership positions. During this process, at almost every stage, we have to negotiate the cliff effect as these hardworking individuals work to become self-sufficient. I am encouraged by LB329 because it demonstrates that we are working as a state to address the very real needs and realities of our work force so that hardworking and passionate employees like mine do not need to make the difficult decision of staying in the job that they love or providing for their children. LB329 also shows that we care about some of our most vulnerable Nebraskans who just need a little bit of time to find stability. Those we serve are already doing the hard work of coming out of poverty. The cliff effect discourages progress when we should be celebrating and encouraging their growth. I encourage you to support LB329, and I thank you for your time. Happy to answer any questions.

HOWARD: Thank you, Mr. Hornacek. Are there questions? Oops, Senator Cavanaugh.

CAVANAUGH: Thank you, Chairwoman. Thank you for being here today and sharing your story and Bobbi Jo's story. How long have you been working in this, in Together or this just general area?

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MIKE HORNACEK: 2010.

CAVANAUGH: Since 2010.

MIKE HORNACEK: So about eight years.

CAVANAUGH: OK. So previously Senator Bolz had said that we went back in 2002, because of budget cuts we low, we went back to 130 percent. So for the past 17 years, we've been operating under this. For people like Bobbi Jo and others that you serve, do you think that this would be-- we've talked about-- I think yesterday there was a testifier, perhaps from your organization, who quoted somebody saying that the system's built to keep me in the system. If we went up to this, there'd still eventually be a cliff effect, but would you surmise that fewer of your clients would stay in the system as a result of this shift?

MIKE HORNACEK: Absolutely. I think if you use Bobbi Jo as a specific example, it almost creates a decision where she would take a 25 percent pay cut, for example--

CAVANAUGH: Um-hum.

MIKE HORNACEK: --to be able to be eligible, to continue to be eligible for that childcare assistance. But then also because of that, she would become eligible for other resources to be able to continue to be sustainable by doing that. Really it costs us, as a state, a lot more resources--

CAVANAUGH: Sure.

MIKE HORNACEK: --to be able to her, for her to be able to continue to support her children and her family.

CAVANAUGH: Um-hum.

MIKE HORNACEK: So by raising the eligibility limit, it gives her and a lot of other people exactly like her the ability to provide childcare, take care of her family, and continue to be able to work.

CAVANAUGH: Right. And to a previous testifier's point about women leaving the work force just because of the cost of childcare, children do eventually enter school, and that cost of childcare is not completely gone, but significantly reduced at that point in time. So someone like Bobbi Jo, if she didn't have to take this 25 percent pay

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cut, but stayed at her pay or was getting a salary increase, would be contributing more, in theory, to our revenue. Would you like to speak to that?

MIKE HORNACEK: Well, I think, you know, as she, if using me and Together and our organization as a specific example, if she doesn't have to take the pay cut, obviously then I could give her the raise that she deserves and the promotion that she deserves, and she'd continue, could continue to work up through, through the organization. And it gives her the opportunity to have an on-ramp, if, if you will, from an illustration perspective.

CAVANAUGH: Um-hum, great. Thank you.

HOWARD: Senator Hansen.

B. HANSEN: Thank you for coming. I do appreciate your goals to try to address homelessness and everything that's about your organization; I do appreciate that. And I feel like I have to mention this because I think you mentioned the term "cliff effect" 20 times in your speech.

MIKE HORNACEK: Yes.

B. HANSEN: So I feel like we'd bring it up, you know? And maybe it's something Senator Bolz can maybe mention, too, a little bit. But effectively we're not really getting rid of the cliff effect, are we? We're just kind of moving it a little different direction, because we mention this in speeches about we're going to address the cliff effect, we're going to fix the cliff effect, but it seems like we're not really fixing it; we're just kind of moving it farther down the road, right? So there's still an ability, once somebody reaches a certain threshold, to be scared to go off of something, albeit this is better than the SNAP program. At least we have some kind of graduated decrease, I know, where the SNAP program is like here and done, you know. So this is at least some kind of step-off a little bit, which I like, but in your own words, like do you feel like we're addressing, really addressing it and fixing it? Or are we just kind of moving it to, down, down the income ladder?

MIKE HORNACEK: I don't know the exact, specific technical parts of the bill, so I don't know if I'm the best one to answer that. I know some is better than nothing, but I would probably have some of the speakers coming behind me--

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B. HANSEN: That's fine.

MIKE HORNACEK: --address that.

B. HANSEN: No biggie. Just wanted to ask you, so--

MIKE HORNACEK: No, that's fine.

B. HANSEN: --appreciate it anyway.

HOWARD: Other questions? Senator Murman.

MURMAN: Yeah, thanks a lot for coming in. The, the level that was reduced in 2012, was that because of federal budget cuts?

MIKE HORNACEK: I don't--

MURMAN: Because-- well, the reason I'm asking-- I guess, if it was state budget cuts-- this is, these are federal funds, so I'm a little confused there.

MIKE HORNACEK: Right. I couldn't speak to that; I don't--

MURMAN: Well, thanks a lot. Maybe, maybe we'll get an answer a little bit later.

HOWARD: That may be a good question for Director Wallen if he chooses to testify on this bill. All right. Any other questions? Seeing none, thank you for your testimony today.

MIKE HORNACEK: Thank you.

HOWARD: Our next proponent. Good afternoon.

ROBERT PATTERSON: Good afternoon. Good afternoon, Chair Howard and members of the committee. My name is Robert Patterson, P-a-t-t-e-r-s-o-n, and I am here to express my support for LB329. I am currently the CEO of Kids Can Community Center, a nonprofit organization in Omaha. And our mission is to educate, engage, and inspire children through early childhood care and out-of-school experiences. This organization has been a staple of our community, originally founded as Social Settlement Association in 1908. So last year we celebrated 110 years of serving children and families in Omaha. All of our programs for children ages 18 months up to 13 years are state licensed. Personally, I also celebrated my 20th anniversary with the organization last year, so I can attest to how families truly

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depend on childcare subsidies. Senator Cavanaugh, I was around in 2002 when the, it was dropped from one 185 percent to 120 percent. So at that time we had parents that either needed to freeze their pay, move their jobs to part-time status, or sometimes just quit their jobs in order to make ends meet. So I remember it was kind of havoc at the time for a lot of our families during that immediate transition period. Seventeen years is a long time for that eligibility status to not move, and it's time, it's time for that. It makes more sense to move it to a more reasonable place. In fact, a lot of those kids at that time that were affected could very well be parents now that are in the system. I wanted to share some data with you from our organization. You can kind of see my crude graphic and, and the cliff effect there. I'll show you how this eligibility will change and will possibly affect our families. So currently about 43 percent of our Kids Can families are eligible for childcare subsidies, and only 6 percent would be considered self-sufficient. And that leaves about 51 percent of that fall into that cliff. On the second page you'll see, with the new proposal, we estimate about 64 percent of these same families would be eligible for childcare subsidies, leaving about 31 percent in the gap. So that bridge would greatly increase the number of families reaching self-sustainability-- Senator Hansen, and you had mentioned that. Is this the fix? No, this is not eliminating the cliff at all, but is to me-- I see it as a bridge to getting more families towards self-sustainability. These numbers only tell part of the story, but I know these are hardworking parents, parents. Many are working to make jobs, two jobs to make ends meet, and they're there to create the very best life they can for their family. Their goals are simple; it's to have a safe environment, quality care, and furthered education for their children. I want to share the story of one of those parents. Felicia is a mother of three boys: Brayden in second grade, Braxton in first, and Jaxson is just two years old. Felicia has been using Kids Can as her primary care for children, but she recently accepted a raise at work, so she lost all of her childcare subsidies completely. And she wanted me to share this statement: I'm a mom of three boys. I started at \$10 an hour and was offered the assistant manager position, which for me is more experience, and we all strive to make more money. I lost my assistance with that raise. Without some help I receive from Kids Can, most of my income would go to daycare. I basically would not have the money I would need to feed my family. And I will repeat that: I basically would not have the money I would need to feed my family. And to me, that's what this bill is all about. Felicia's story is just one of many that I personally encounter at our organization. Everything we do at Kids Can is based, based on the

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belief that every child, no matter where they live, the color of their skin, their family situation, their household income, every child deserves to have the opportunity for a successful and enjoyable life. There will be already be enough obstacles stacked against these kids, and parents like Felicia, but LB329 will help create a better pathway for them and a bridge over the current cliff effect. Thank you for your time, and I'd be happy to answer any questions.

HOWARD: Thank you. Are there questions? Senator Cavanaugh.

CAVANAUGH: Thank you, Chairwoman. Thank you for your testimony. And I know you're not a research institution, but you have the information about the kids, the families that are, are eligible currently that are considered self-sufficient and that are falling through. And then you have who would then be eligible and kind of, to Senator Hansen's question previously, those that, the increasing of that, that creating that bridge. In your nonstatistical assumptions, would that then eventually lead to that 6 percent of self-sufficiency, that number growing over time?

ROBERT PATTERSON: I believe so. To me this is kind of a snapshot of where these families are, as with, the, the entire intent of these funds is to make sure, get families towards self-sufficiency as, as quickly and efficiently as possible. So the more that we can kind of get on that bridge, the easier it is to make. So when some of these time allotments are elongated, it's easier for families to kind of graduate to that system and kind of gives it a little bit more time, as opposed to kind of having immediate cutoffs and not too much time to kind of make up kind of anything that they may have lost along the way or begin to anticipate that they're going to have to pay for full childcare or find some other options.

CAVANAUGH: Thank you.

HOWARD: Other questions? Seeing none, thank you for your testimony today.

ROBERT PATTERSON: Thank you.

HOWARD: Good afternoon.

CHRIS TOINTON: Good afternoon, Madam Chair and members of the Health and Human Services Committee. My name is Chris Tointon, C-h-r-i-s T-o-i-n-t-o-n, and I'm the CEO of the YMCA of Greater Omaha. On behalf

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of the Nebraska State Alliance of YMCAs, I'm here to speak to you to the importance of LB329, authored by Senator Bolz, and to register our support. The Y is a leading nonprofit committed to strengthening communities through youth development, healthy living, and social responsibility. We've been a presence in Nebraska for 152 years. And through the work of 14 Ys with 16 branches, we provide programs and services in over 300 Nebraska communities. The Y has been a leader in the childcare field for over four decades and are vested in the well-being of our state's children from first steps of a toddler to crossing the stage at graduation. Over 50 percent of our Y members and program participants, participants are under the age of 18. They participate in youth sports, camping, childcare, after-school program, after-school enrichment, teen outreach, and leadership programs designed to keep kids and children and teens safe, engaged, and encouraged to discover who they are. LB329 is a critical bill that will address the needs of hardworking, low-income families to access affordable childcare. Imagine a single parent or even a couple working full-time, making \$9-\$12 an hour and trying to afford quality childcare for their two children so they're safe and learning during the day, while also trying to afford a safe place to take them home to at night. Thankfully, last year Congress nearly doubled the funding, every state, to provide subsidized childcare through the Child Care and Development Block Grant. LB329 will implement this significant federal investment by expanding eligibility for families to access to care on a sliding-scale fee basis, require background checks to ensure children in our care are safe, and update reimbursement rates for childcare providers which will provide much needed stability to find, to the field to ensure greater access. This bill is a solution for tremendous unmet need. For every child receiving childcare subsidy, five more children have been on the waiting list. High-quality childcare programs can help lift a child out of poverty by providing early education at the most critical time in their development. The right start that includes early learning, enrichment, and fostering social and emotional well-being ensures their academic readiness for kindergarten, an early investment that will fuel brighter futures. All parents, regardless of income, deserve to know with the confidence that, while they are at work each day, their children are safe and thriving in a quality childcare program. Subsidized childcare can also play a role in lifting a hardworking family out of poverty by helping them keep on working during the children's early years and provide the ability to make ends meet at the end of the month. The Y is committed to doing our part so more children can reach their potential and more

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families can thrive. I thank you for your time and respectfully ask for your support of LB329.

HOWARD: Thank you. Are there questions? Seeing none, thank you for your testimony today.

CHRIS TOINTON: Thank you.

HOWARD: Our next proponent? Good afternoon.

TAYLOR GIVENS-DUNN: Good afternoon, Senator Howard and members of the Health and Human Services Committee. My name is Taylor Givens-Dunn, G-i-v-e-n-s-hyphen-D-u-n-n, and I'm here today on behalf of Voices for Children in Nebraska to express my support for LB329. Nebraskans value hard work and family, and parents need to know that their children are in a safe and enriching environment while they are working. The childcare subsidy program helps put childcare costs within reach for working parents who are struggling to make ends meet. But current policy prevents many Nebraskan parents from accessing it. While hard work should be enough to provide for those you love, too often families are forced to make tough decisions as wages stagnate and the cost of raising a family increases. Childcare costs can easily outweigh the paychecks offered by low-wage work, sometimes resulting in parents declining pay increases or extra hours, as you've heard today. In listening sessions we held across Nebraska, many parents expressed feelings of being trapped in a cycle of poverty that forces them toward bad outcomes at every turn. A young mother we spoke to in Lincoln said: The system is designed not to advance you but to keep you stuck, and you're just backtracking because as soon as you're starting to get ahead, you find out that your income exceeds standards for this, this, or this. When faced with the loss of childcare assistance, several parents made difficult decisions that allowed them to make ends meet in the short term, like cutting back on hours, taking on debt, or declining raises at work, but brought little long-term benefits to their families. One woman said: I don't want to lose benefits, but I want to work more; while another shared that, after realizing she would lose her subsidy with a small increase in her wages, she returned to her boss and told him: I don't want that raise; don't give me a raise. Another single mom, one mother faced with losing her subsidy, made the decision to start working part-time, knowing she would be unable to afford childcare on her full-time wages without assistance: I wanted my son to be in a better environment, especially if I was going to be away from him for nine hours a day. I wanted him to be in an environment where he was really taken care of.

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Raising the initial income eligibility level to be in line with a wage that is family-sustaining ensures that parents are not forced to choose between advancing in work and affording safe and quality childcare. These stories illustrate the overwhelming barriers that working parents in our state face as they struggle to find affordable care for them, for their children while they work. Policy changes that support parents in accessing childcare as they work toward a better future for their children is good for kids, it's good for communities, and it's good for the state of Nebraska. We respectfully urge you to advance LB329. And thank you, Senator Bolz, for your commitment to supporting kids and families, and this committee for your time and consideration. You have before you today a written copy of my testimony, a new report that Voices for Children just published on childcare, and documents, fact sheets on childcare and income in your respective districts. I welcome any questions today. Thank you.

HOWARD: Thank you.

TAYLOR GIVENS-DUNN: Um-hum.

HOWARD: Are there questions? Senator Cavanaugh.

TAYLOR GIVENS-DUNN: Yes.

CAVANAUGH: I'm going to ask this question--

TAYLOR GIVENS-DUNN: Of course.

CAVANAUGH: --to give a heads-up to others that might actually-- you may, you might have the answer--

TAYLOR GIVENS-DUNN: Oh.

CAVANAUGH: --but you have that we're at 130 percent of the federal poverty level and that we are currently one of the lowest in the country.

TAYLOR GIVENS-DUNN: Hmm.

CAVANAUGH: And yesterday we asked the question, when we were talking about SNAP benefits, about what surrounding states are at.

TAYLOR GIVENS-DUNN: Hmm.

CAVANAUGH: So you probably don't have that information.

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TAYLOR GIVENS-DUNN: Yeah.

CAVANAUGH: But now that I'm putting it out there, maybe somebody else after you will.

TAYLOR GIVENS-DUNN: Yeah, that is an excellent question, and I don't have the answer readily available.

CAVANAUGH: OK.

TAYLOR GIVENS-DUNN: But I'm hoping that it will be answered today.

CAVANAUGH: Thank you.

TAYLOR GIVENS-DUNN: And if it's not, we can certainly look into that and get that information back to you.

CAVANAUGH: Thank you.

TAYLOR GIVENS-DUNN: Yeah, of course.

HOWARD: All right. Other questions? All right, seeing none, thank you for your testimony today.

TAYLOR GIVENS-DUNN: Thank you.

HOWARD: Our next proponent testifier? Good afternoon.

EMILY KOOPMANN: Hi. My name is Emily Koopmann, E-m-i-l-y K-o-o-p-m-a-n-n, and I am here on behalf of Civic Nebraska and the Campbell Elementary Community Learning Center, here at Lincoln Public Schools, to support LB329. I do apologize for my less-than-casual look; it's fitness Friday at Campbell Elementary School. At our after-school program, we serve about 175 students in our free after-school clubs, but we also have about 90 students who attend our extended CLC program, which is fee-based and allows for before-school care, starting at 7:00 a.m., and extends the after-school care till 6:00 p.m. Our school day runs from 9:00 a.m. to 3:38 p.m. Our program is on site at the school and provides high-quality programming that allows for critical connections to the safe and supportive environment of the school building and school staff relationships. Unfortunately, there are many families who cannot use our Community Learning Center extended CLS option for childcare, but instead refer their students to a neighbor, a family friend, or another free option, as their work schedule permits. This is a lost opportunity to improve the life of a

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child through academic and extracurricular activity, enrichment opportunities. At the Campbell CLC, we are offering various expanded learning opportunities, including specific, continuous improvement plans set by the district and our school administration. Specifically at Campbell, our goals are to increase literacy this year, and other academic needs of our students; and that's happening in those after-school hours that students are attending. Childcare opportunities at Lincoln CLCs, like this one, are directly connected to academic needs of students in our more, in our most vulnerable public schools. Twenty-six of our schools here in Lincoln are Community Learning Center sites, and they are all Title 1 buildings. Due to program needs, there has to be a fee associated with some of these opportunities, specifically in our elementary school programs, as our extended, our extended hours and our ratios for adults who need to be with our students. In situations where a family cannot afford the fee, Civic Nebraska, the organization I work for, is offering scholarships, but I know that that opportunity is not available across all nonprofits that are in CLCs or available to all families throughout the district. So currently, we have 55 students out of our 90 extended students who are using subsidies. About 20 of those are subsidies that are approved through the state currently on what they are allowed to, what they've met, as far as the requirements. But over half of those then, 30 of those then, are subsidies Civic Nebraska is, is using and is a way that we try to help families and honor what they can contribute and how we can support them through scholarships we have if they aren't, if they don't qualify and if they can't afford our program. I know that that's, that only scratches the surface of what is needed. There are 650 students at our K, that are in K-5 at Campbell, and we are over 60 percent free-and-reduced lunch. LB321--LB329 would provide critical academic and community supports for our students and families, and I urge you to support this legislation. If there are any questions, I would be happy to answer those.

HOWARD: Any other questions? All right, go back to fitness Friday.

EMILY KOOPMANN: Yeah, I've got a kickball game to win, so excuse me.

HOWARD: Good luck.

EMILY KOOPMANN: Thank you.

HOWARD: Our next proponent testifier? Good afternoon.

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JAMES GODDARD: Good afternoon. My name is James Goddard; that's J-a-m-e-s G-o-d-d-a-r-d. I'm the director of the economic justice program at Nebraska Appleseed. I'm happy today to be here in support of this legislation. I just have a few comments to make, and I think it's already been said, but this is a really unique opportunity to invest in this program in a way that we haven't seen in a long time. It's a chance to support people to pursue education, to work, or to get a new job. And there is additional funding to actually do that. I think the intent and the goal with this legislation is to calibrate it so that it fits within those additional dollars, that \$12.4 million or less. And I certainly can say Appleseed and others will do everything we can to calibrate it in that way. Senator Hansen, I will attempt to try and speak to your cliff effect question with this bill. And I would call it, here, more of a graduated phaseout. Part of the reason that is, is that it's, it's set at 200 percent of poverty. At that level, families are much closer to a living wage and not needing a certain level of support, so we're already talking at a higher income. But the other factor is that, in this program, there are co-pays so that, if you're over the poverty limit or 100 percent of poverty, as your income increases you have to pay more and more out of pocket. So as you approach 200 percent, you're already paying quite a bit more than folks would be, who are at the lower end of the scale. So there's more of a gradual phaseout because families are paying more out of pocket. And it's not that there wouldn't be any sort of bump or challenge when a family might hit 200 percent, but it's, you know, it's nothing like where we, you know, are in the SNAP program that we were talking about yesterday. As far as the, the surrounding states, Senator Cavanaugh, several of them have higher eligibility levels: Colorado is 163 percent; Kansas 183 percent; Iowa 143 percent; South Dakota is all the way at 180 percent. So a lot of the states around us have higher eligibility levels. To Senator Murman's question about how we ended up here at this, this level, it was back in 2002. It actually wasn't cut to 130 percent, it was cut to 120 percent. And we now have it at 130 percent because of some changes, but it was the result of state budget issues and it was actually done through a line-item veto by the governor at the time, who I believe was Johanns. I'll conclude with just saying we spoke to four different parents about trying to encourage them to get to this hearing, and sit where I'm sitting now, and talk to you about why this is an important issue for them. And all of them really wanted to do it, but the reality is that they couldn't come because they were either working or they had childcare issues. And I passed around a letter from one of them, and you can see in that letter the challenges that people face with this, and people asking

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that this policy be moved forward. So with that, I will conclude and encourage the committee to support the legislation.

HOWARD: Thank you. Are there questions? Senator Murman.

MURMAN: Yeah. Now I'm really confused. These are federal funds that we're talking about, so why would state budget cuts make, make us cut back on eligibility, just to save some administrative costs?

JAMES GODDARD: So that the, this, there is a certain level of flexibility with this program so that states can set different eligibility levels, and the state has to put in a share of its own, own dollars.

MURMAN: Oh, yeah.

JAMES GODDARD: So if, you know, if you want to-- in my opinion unwisely-- save some money, you can cut back eligibility, and that's what happened in 2002; and that's why that happened. But I mean, in putting it in perspective, we were at 185 percent of poverty way back in 2002. Right now we're at 130 percent. We have a long way to go just to get back to where we were back in the early 2000s.

MURMAN: So, so it is a cost-share program.

JAMES GODDARD: There is, there's something called a maintenance of effort with this program, where the state, in order to draw down the block grant, the state has to put in some of the funding for it.

MURMAN: OK. Thank you.

HOWARD: Other questions?

MURMAN: Excuse me.

HOWARD: Oh sure, go ahead.

MURMAN: Sorry about that.

HOWARD: Go ahead.

MURMAN: Approximately how much does the state have to-- and maybe that'll be answered later, but--

JAMES GODDARD: I can't tell you that off the top of my head.

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MURMAN: OK.

JAMES GODDARD: The department might have that figure.

MURMAN: Thanks.

HOWARD: Other questions? Seeing none, thank you for--

JAMES GODDARD: Thank you.

HOWARD: --your testimony today. Our next proponent testifier? Seeing none, we do have some letters for the record: Penny Parker from Completely KIDS in Omaha; Sheena Helgenberger, self; Amy Bennett, YWCA, YWCA-Grand Island; Deborah Levitov, self; Mary Bahney, National Association of Social Workers-Nebraska Chapter; and Megan Addison, Collective for Youth. Is there anyone wishing to testify in opposition? Good afternoon.

MATT WALLEN: Good afternoon, Chairperson Howard and members of the Health and Human Services Committee. My name is Matt Wallen, M-a-t-t W-a-l-l-e-n, and I'm the director of the Division of Children and Family Services in the Department of Health and Human Services. I'm here to testify in opposition to LB329, which amends state statute by raising the initial gross eligibility limit for childcare subsidy from 130 percent of the federal poverty level to 165 percent of the federal poverty level. In addition, LB329 changes the gross income eligibility limit for transitional childcare from 185, 80, 185 percent of federal poverty level to 200 percent of federal poverty level and eliminates the 24-month time limit for transitional childcare. Transitional childcare is an eligibility category that provides childcare subsidy recipients childcare assistance as their income increases. The reauthorization of the Child Care and Development Block Grant Act of 2014 required states to implement a graduated phaseout for childcare subsidy recipients. Furthermore, it mandated states to provide a graduated phaseout for families whose income has increased, yet does not exceed, the federal income limit of 85 percent of state median income. During the active eligibility, eligibility period, childcare subsidy cannot close if the household income increases but remains under 85 percent of that state median income. States may establish a second income eligibility threshold for redetermination, however, this must be higher than the eligibility threshold for families when first applying for assistance. In Nebraska this threshold is currently 130 percent of federal poverty level but less than 85 percent of state median income. Raising the income limit to qualify for childcare

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subsidy at 165 percent of federal poverty level and transitional childcare limit to 200 percent of federal poverty level would require a tremendous amount of state dollars to implement. DHHS believes there would be an estimated increase of 9,513 additional households eligible for childcare subsidy. Serving this new population of subsidy recipients would require an additional 41 new SSWs. The addition of approximately 19,000 eligible children would result in an estimated fiscal impact of \$63 million in fiscal year '19 and \$108 million in fiscal year 2020, of annual subsidy costs. The Department of Health and Human Services adamantly believes that quality childcare plays an important role in children's development while providing vital assistance to support families. That said, DHHS cannot support legislation that will cost tens of millions of dollars, of state dollars, for implementation and not have a sustainable funding stream into the future. I'd be happy to answer any questions you might have.

HOWARD: Questions?

B. HANSEN: Um-- oh.

HOWARD: Senator Hansen.

B. HANSEN: Sorry. So we got the, the block grant, the \$4.1 million, right? Maybe Senator Bolz can answer that. She brought that up and I just wrote that down. Maybe I should wait and ask her about that. This pertains to how we're going to pay for some of this stuff. It was kind of one of the things she was mentioning about. We got the extra money from a fund or a grant-- I can't remember for sure-- and that's now-- that was some of the rationale to help pay for some of this stuff, so I'll ask Senator Bolz that.

MATT WALLEN: I, I, I, if I can address it for you--

B. HANSEN: Um-hum.

MATT WALLEN: We received some additional funds, some additional discretionary funds that came into the CCDF block grant that we received.

B. HANSEN: Maybe that's it, yeah.

MATT WALLEN: OK. So that, that's what. And the \$12 million that we, that we received is, is basically one-time funding that will help us get into compliance, so help us get, get into regulatory compliance with the 2014 requirements and to help us enact, you know, the

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two-tiered graduated phaseout that we're talking about today. So it's intended to help states basically get into compliance with the new federal mandate. When it came down originally, there was no funding associated with it. So now they've provided \$12 million in federal fiscal year '18, and they provided \$12 million in federal, federal fiscal year '19, as well.

HOWARD: Keep going, Senator Hansen.

B. HANSEN: OK. So I've got one more question here. And so part, part of it, staying in compliance, is that the fingerprinting, as well?

MATT WALLEN: Yes, yes.

B. HANSEN: I was, I was a little surprised [INAUDIBLE] the fiscal note from the State Patrol, like how much they were estimating it would cost to start fingerprinting everybody.

MATT WALLEN: For the fingerprint, for the fingerprints?

B. HANSEN: It seemed like a lot of money.

MATT WALLEN: Yes.

B. HANSEN: I don't know if you can comment on that, or if that's just-- you know, they said for just first year, it's going to cost \$1.6 million.

MATT WALLEN: Right. And I can't really address too much of the State Patrol fiscal note, but I know-- I mean it's, it's one of those things when we have these federal mandates that require FBI fingerprint checks, we have to pass a statute, and the State Patrol has to, has to run those, send those for, for the FBI, for the fingerprint checks and then receive those back.

B. HANSEN: OK.

MATT WALLEN: So--

B. HANSEN: Assume you won't--

MATT WALLEN: And it, and I--

B. HANSEN: [INAUDIBLE] and--

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MATT WALLEN: My understanding is a part of their fee is basically to cover, recover their costs of sending that on and processing those, so--

B. HANSEN: OK, thank you.

MATT WALLEN: Yeah.

HOWARD: Senator Cavanaugh.

CAVANAUGH: Thank you, Chairwoman. Thank you, Director Wallen, again for being here. OK, so writing my notes here. In 2002 we were at 185 percent. We went down to 120, then up to 130 percent. What Senator Bolz's bill does here is not even bring us up to 185 percent but 165 percent. And your fiscal note is, is substantial.

MATT WALLEN: Um-hum.

CAVANAUGH: And I guess my question is, is this how much we were saving 17 years ago when we made this cut, which was actually even a greater cut than we are proposed to increase? And are these numbers based on what we did in 2002? Was that taken into account, the money that was recouped for the state at that point? That's question one.

MATT WALLEN: OK. I guess for me to approach this, when we look, when we talk about the childcare program, right?

CAVANAUGH: Um-hum.

MATT WALLEN: It's about \$105 million program, and \$66 million of that is state General Funds,

CAVANAUGH: Um-hum.

MATT WALLEN: And about \$39 million or \$40 million of that is federal funds. So that's what the program is made up of. We, we have anywhere from 18,000 to 20,000 recipients.

CAVANAUGH: Um-hum.

MATT WALLEN: Changing that eligibility category that Senator Bolz's bill does essentially doubles the number of eligible children to receive childcare subsidy. So because we fully spend out all of our federal funds on the existing clients and population that we serve now--

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CAVANAUGH: Um-hum.

MATT WALLEN: --and we supplement that with, with significant state General Funds by, by that increase, our calculation is that we're essentially doubling the childcare subsidy population. So it's essentially doubling the cost of the program. So that's why you see a pretty significant fiscal note associated with that. So we received some additional discretionary block grant funds from the federal government, \$12 million--

CAVANAUGH: Um-hum.

MATT WALLEN: --to implement the new requirements from 2014, but, but clearly we'll talk about the bill later today. But I mean, so there's a way to implement and meet those federal requirements--

CAVANAUGH: Um-hum.

MATT WALLEN: --to get that transitional childcare and that two-tier in the 85 percent of state median income without, you know, opening that front door wide open that increases the population that essentially increases our expenses.

CAVANAUGH: OK.

MATT WALLEN: Does that makes sense?

CAVANAUGH: It does.

MATT WALLEN: OK.

CAVANAUGH: So the background checks though, Senator, the way Senator Bolz's bill is written, that, that is not an expense that would be accrued by the state. That's, they, that the providers would be paying for those background checks, the way that it is written.

MATT WALLEN: That's, that's correct. The, the providers are, the providers are--

CAVANAUGH: So that \$12 million that we're talking about in the black, block grant wouldn't be going towards the background checks.

MATT WALLEN: No.

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CAVANAUGH: And so, and then we're removing, we have to remove the 24-month limit.

MATT WALLEN: Yes we do.

CAVANAUGH: And then we have to increase eligibility. No, we don't have to increase eligibility; sorry. We are increasing eligibility in this, in this--

MATT WALLEN: This bill--

CAVANAUGH: --bill, right.

MATT WALLEN: --increases eligibility. The, the hearing later today is a way to--

CAVANAUGH: So what is the \$12 million going towards? It's not going towards, it's the 24-month limit? Is that sucking up the \$12 million?

MATT WALLEN: That, that is absorbing a portion of that \$12 million. And it's, it's those regulatory requirements that we, we, we talked about earlier--

CAVANAUGH: Um-hum.

MATT WALLEN: --where we're moving, you know, we're paying for job search from two months to three months. We talked a little bit about the, the health and safety, and a lot of those are additional training requirements.

CAVANAUGH: OK.

MATT WALLEN: So that's the preservice orientation training. That's, you know, CPR training, those types of additional requirements. There's an emergency preparedness type training--

CAVANAUGH: Um-hum.

MATT WALLEN: --and a, an emergency preparedness plan. So there are a number of different regulatory requirements that have to be implemented that have a cost associated with them, that we'll be, we'll be using that \$12 million for.

CAVANAUGH: OK. And perhaps my last question, but I'm not sure. Offsets-- so does this fiscal note take into account the offsets that would happen if we made this increase? We heard testifiers talking

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about employees taking pay cuts when they have an additional child so that they can continue to qualify for the childcare subsidy. But then they now qualify for additional things, such as what we were discussing yesterday, SNAP, these additional benefits that are costing the state money because they're taking a pay cut. And then the offsets of the income tax that we're-- well, probably that, that's not a good example; they're probably not paying income tax. But the offsets that we, we're having from increasing this. Is that taken into account in this fiscal note?

MATT WALLEN: I'm not following you on what offsets you--

CAVANAUGH: So--

MATT WALLEN: So--

CAVANAUGH: If we increase what, what the state revenue or expenditures are for increasing to 200 percent, that means that we have fewer people in the work force, refusing to take a pay cut, refuse, which would then make them eligible for additional state services such as SNAP. So are those offsets represented here?

MATT WALLEN: What is represented in our fiscal note is, is the expense--

CAVANAUGH: OK.

MATT WALLEN: --associated with adding the additional population to this, so I--

CAVANAUGH: So no--

MATT WALLEN: You know, other benefits that go beyond--

CAVANAUGH: Right.

MATT WALLEN: --that we've talked about a little bit today--

CAVANAUGH: Um-hum.

MATT WALLEN: I'm not sure how I would reflect those in a fiscal note.

CAVANAUGH: OK, so it's probably not, it's fair to say it's not currently reflected in the fiscal note but there would be offsets.

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MATT WALLEN: It would have to be a savings to the childcare program to be reflected.

CAVANAUGH: OK, thank you.

MATT WALLEN: Yep.

HOWARD: Senator Murman.

MURMAN: Thanks a lot for coming in again. This is a complicated question, but I'm truly thankful for all the groups that have been here today that have the programs to help truly needy families and, and also families that, to enhance what they do to take care of their children. But I do feel that in some way, you know, our society is paying for children to not be at home with their parents as much as we would like. And all of these programs, at least in some way, may be, or at least in, sometimes in some ways, probably disincentivize families to keep their children at home and, and at least one of the parents stay at home with the children. Do you have any ideas of-- and, and I do feel this is a tremendous cost to our society. You know we can't just think about the economic gains by having both parents work. We've got, also have to think about the cost to society of not keeping children at home. Do you have any ideas of how we could incentivize children to stay at home and parents to stay at home with their children if that is at all possible? It's a complicated question.

MATT WALLEN: Right, right. And I mean, I think I'd like to think on that one a little bit, but it certainly, certainly is important. And I think the, the role that, that childcare subsidy plays with making sure families have the, that, the appropriate underlying support of childcare so they can, you know, get to more predictable employment and sustainable type of employment, employment with predictable hours, you know, a 9:00 to 5:00-type, type job instead of, you know, multiple part-time jobs, because that time, outside of a predictable work time period, gives them time to spend with their families and, and gives them some of that important time together and that bonding time to raise their children. So I think it, childcare plays an important role but I certainly agree that, that that family time and time together is real, vitally, is as important.

MURMAN: Yeah, thanks a lot. I'm especially concerned with extremely young children, you know--

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MATT WALLEN: Um-hum.

MURMAN: --a few months old to, to five or so.

MATT WALLEN: Sure.

MURMAN: You know, these programs do do a lot of good things for education and so forth with those, with that population. But I just would like to get the word out that I think it's important-- and we haven't talked a lot about, you know, how can we keep those children home with their parents. And I realize, you know, it would really help if parents had a lot higher-paying jobs, so--

MATT WALLEN: Yeah.

MURMAN: But, but I do think there at least is some incentive, even with parents that can afford it, to, to not be with their children as much as they should be. So thanks a lot.

MATT WALLEN: Thank you.

MURMAN: Yeah.

HOWARD: Other questions? So I just have a few things I want to clarify for the record.

MATT WALLEN: Sure.

HOWARD: So are we fully in compliance with the 2014 reauthorization? We're not.

MATT WALLEN: We're not.

HOWARD: And then what are our penalties associated with that?

MATT WALLEN: There's, there's a there's a certain percentage penalty we have for not being in compliance, and it's generally around--I believe it was about 5 percent for not being in compliance with that.

HOWARD: So we lose 5 percent of our block grant?

MATT WALLEN: We would be penalized up to 5 percent of a certain percentage of our block grant. And I have the--

HOWARD: So do we return it or do we just not receive it?

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MATT WALLEN: We would not receive it.

HOWARD: OK.

MATT WALLEN: And, and we were not in compliance last year--

HOWARD: OK.

MATT WALLEN: --and they did not penalize us for not being in compliance.

HOWARD: OK, because they didn't give you any money to [INAUDIBLE].

MATT WALLEN: Right. So I think, I think we still have a little bit of a grace period. It's a 4 percent for not being in compliance, it's a 4 percent of our discretionary funds, which equates to about \$1.1 million.

HOWARD: OK. And then-- so you mentioned that we spend down our, our childcare block grant entirely every year.

MATT WALLEN: Yes.

HOWARD: And then my understanding is that we're still allowed to take about 20 percent of our TANF, if there's leftover, and put it back into our childcare. Are we still doing that?

MATT WALLEN: We do. We have historically, I believe it's about 30 percent of our TANF goes into that.

HOWARD: Rolls into our childcare.

MATT WALLEN: Yeah. It was about, I believe, \$17 million.

HOWARD: OK. And then for the \$12.4 million--

MATT WALLEN: Um-hum.

HOWARD: --that we're talking about, in additional funds. So your interpretation is that we're supposed to use it for compliance, to bring us into compliance?

MATT WALLEN: Yes.

HOWARD: And so my understanding was that we were meant to improve access with those funds, but, but maybe they're not mutually

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exclusive, that if we have better compliance, then we'll see better access to programs?

MATT WALLEN: Well, we'll--

HOWARD: To this program?

MATT WALLEN: The funds are, are to, to implement the requirements that the states have not done. So they're pretty clear that those funds have to be used to implement the new requirements. As part of, you know, the expenditure of those funds is we want to implement those, those new regulatory requirements but, as part of that, we want to make sure that we assure appropriate access to childcare. We want to assure quality. It's a fairly complicated funding formula, but we have certain [INAUDIBLE]. You know, 5 percent of our funding has to go for quality, and this percent for that. So as we increase our discretionary fund, that \$12 million, that also increases those percentage increases that we have to hit for accessibility and quality and those types of things, as well. So they'll go into those, those required formulas, as well, so--

HOWARD: Are we using any of the \$12.4 million for the market-rate study?

MATT WALLEN: Yes. The-- we're, we're, we're using some of that money to actually pay for the study itself.

HOWARD: OK.

MATT WALLEN: And then we'll-- we've identified a certain amount of that money to fund the results of the study. What we anticipate is, will be the, the rate increases.

HOWARD: They'll be going up, OK.

MATT WALLEN: Yes.

HOWARD: How much are we spending on my market-rate survey this year?

MATT WALLEN: It's about, I think it's about \$65,000.

HOWARD: OK. Just trying to think back on our previous debates on the market-rates study, because we've, we've tangled before on this one.

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MATT WALLEN: Right, and we've just, we've, we've already started to put together the appropriate documentation and start the procurement process for the one that's coming due in '21.

HOWARD: OK.

MATT WALLEN: So--

HOWARD: Oh, perfect.

MATT WALLEN: With the last two we've been a little bit behind the eightball--

HOWARD: Um-hum.

MATT WALLEN: --and had to rush. And that's why we've really had to push our vendor to have a product by the end of February or early March. We've already started the procurement process for '21; we will not be behind on '21.

HOWARD: Fantastic. I love, I love hearing that; thank you. Are we allowed to use the \$12.4 million for the market-rate study even though it's already required, and the \$12.4 million is for compliance or new access?

MATT WALLEN: Yes, 'cause it's discretionary funding.

HOWARD: OK. So if it's discretionary, so if it's, so if it's discretionary, are-- we could use it for anything?

MATT WALLEN: I, I mean it's discretionary, so we have significant flexibility with how we use it. The, the intention is that it was provided to states to get into regulatory compliance. It was not to-- you can't swap out state funds and say now I'm going to swap in \$12 million in--

HOWARD: So if we're already investing General Funds, we couldn't trade out?

MATT WALLEN: We cannot reduce our amount of General Fund investment based on the additional discretionary funds that we received.

HOWARD: OK.

MATT WALLEN: You cannot.

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HOWARD: So-- and we've generally used General Funds for the market-rate study.

MATT WALLEN: Yes.

HOWARD: OK.

MATT WALLEN: Oh, for the market-rate study?

HOWARD: Um-hum. Are we-- yeah. No, we've used General Funds for that.

MATT WALLEN: Yes, we generally have.

HOWARD: So we're, so we're not using the \$12.4 million to replace the, the General Fund.

MATT WALLEN: No.

HOWARD: We're just not going to use General Funds for it this year because you're able, because \$12.4 million is discretionary.

MATT WALLEN: That's where, that's where we've carved it out. Yes, that's discretionary money.

HOWARD: Thank you for your patience.

MATT WALLEN: Sure. No--

HOWARD: I'm trying to figure, figure it out.

MATT WALLEN: I'm happy to.

HOWARD: Are there other questions? Seeing none, thank you for your testimony today.

MATT WALLEN: Thank you for the opportunity.

HOWARD: Our next opposition testifier? Seeing none, is there anyone wishing to testify in a neutral capacity? Seeing none, Senator Bolz, you are welcome to close.

BOLZ: Thank you, Chairman Howard. Just a couple of things that I might try to clarify and answer any final questions. The first is, I think there's maybe a little bit of gray area, but I wouldn't describe these funds as one-time. They are in the Appropriations bill and they're expected to continue. If that were a concern of the Health and Human

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Services Committee, we could certainly make this bill applicable contingent, applicable contingent upon the continuation of the federal funds. But the information I have is that those, those funds are expected to continue as an ongoing appropriation. The second thing I would offer is that-- and I'll maybe pass these on to the legal counsel-- I have two, two references here from the Federal Funds Information for States that talks about how these funds can be used. And as Director Wallen said, they are discretionary. I do think it's appropriate, and that's why we both wrote the bill this way, to appropriate some of these funds for compliance purposes. But as I read the federal information, it can be used for eligibility purposes, and the information that I have available to me is that Colorado and Maryland are two states that are using these discretionary funds for eligibility-related purposes. The third thing I would say is that we did get some information in the Appropriations Committee about potentially using these federal funds for the market-rate study. That's about \$2 million per year; at least those are our initial estimates. If you added in some of the compliance issues, the, the back-end eligibility and some additional staffing, that gets, that gets you to around \$4 million or \$5 million dollars a year, which leaves us, of course, with about \$7 million or \$8 million to, of course, use in a discretionary manner. And I would use my discretion to say that eligibility is a really great purpose for those discretionary funds. I do think it's appropriate. And, and I've asked multiple times, and I'll, I'll ask again on, on the microphone, for the record and for Director Wallen's response, we've been asking since the fall what the plan for the use of these funds are. If there is, if there are important, important regulatory and compliance-related purposes for these funds, I think it's only fair that we know what those purposes are and we're able to articulate how those purposes do or don't fit with the legislative priorities and views on this subject. So once again, I think that that's, that's an important request and I'll ask, ask again that the plan for the use of these funds, I think, is important information to share. If we are not moving forward with the bill as introduced, what will the purposes for the funds be? And how did they improve access and eligibility and quality as they were intended to be? So I'm sorry; I'm talking too much. I'll wrap it up and answer any final questions.

HOWARD: Any, any questions?

B. HANSEN: I just have one final question.

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HOWARD: Oh, Senator Hansen.

B. HANSEN: Maybe you mentioned this in your opening statement, but I was just kind of reading through some of this a little bit more. There's a, we now are going to, per your bill or per federal requirements now we are required to-- HHS is now required to investigate applicants of childcare provider licenses, whereas before they were permissible. What does that mean? Are we going to be doing background checks on people just applying for jobs now or the ones that we've hired? Like--

BOLZ: I'm going to-- you're looking at page 4 of the bill? Or perhaps look, look at page 4 of the bill.

B. HANSEN: OK.

BOLZ: The change says the Department shall investigate the character of applicants and licensees. Any member of the applicant's or licensee's household and staff, employees, and prospective staff of programs, so I can get you a technical, technical definition of what exactly prospective staff means. But I would take it to mean as someone who's at least filled out the application process and is being considered for employment, not just anyone who happens to walk in the door.

B. HANSEN: Yeah, that's what I was wondering, 'cause I'm wondering who pays for that then. Would that be probably the employer who would pay for that, the background checks and all that stuff then?

BOLZ: I think that's what the bill contemplates.

B. HANSEN: OK, yeah, 'cause I just wanted to make sure. Thanks.

BOLZ: Thank you.

HOWARD: Other questions? May I ask, as you've spent more time with the budget than I have, and so do you know how, in the budget, how we're, how it's proposed to utilize this \$12.4 million?

BOLZ: To his credit, Director Wallen met with me this week. And, and I asked sort of the questions of how are these dollars expected to be used. And at that point, that information was not available. I was, I was a little surprised at that because, in my budget-- so the first place I would look for that information is in the September agency budget request, which is published on-line every biennial year. And

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usually when, when things related to compliance or to billing or processing, or any increase in funding, is being requested by the Department, that's the first place that it shows up. Occasionally we'll have issues that also come up in our budget briefing documents. And actually that's where the market-rate study information came up this year as we've been working through the preliminary budget. And we have worked through all of the agencies now, so we, we should have as much information that is available now. And so that's how I know that at least the, the costs for the market-rate study are on our radar screen. But I was surprised that-- because this is a use of federal funds, I was surprised that that didn't show up in the agency budget request. Even though they're federal funds, typically the Appropriations Committee has to approve the use of those federal funds, whether it's Health and Human Services or the Department of Environmental Quality. I don't pretend to say I know that, in every case and every scenario, that is always the example; I'll give Director Wallen the benefit of the doubt. But the typical situation is, when we have these kinds of circumstances, that information is provided.

HOWARD: And when you talk about the market-rate study is costing-- what is it, \$2 million? I think you said \$2 million, \$2 million?

BOLZ: The estimate provided from the Legislative Fiscal Office is that we should, at least in the preliminary budget, estimate \$2.1 million for the update to the--

HOWARD: Not for the study, but for an update to the rates.

BOLZ: --market-rate study. Correct, um-hum. Yeah. Sorry, should have been more clear.

HOWARD: All right. Any, any other questions? All right. Seeing none--

BOLZ: Thank you for your kind attention.

HOWARD: --this will close the hearing for LB329. And we're going to take a five-minute break. So we will reconvene at 3:10.

[BREAK]

HOWARD: [RECORDER MALFUNCTION]-- reconvene, and this will open the hearing for LB590, Senator Briese's bill to provide for reporting of

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staff training for early childhood education. Good afternoon and welcome, Senator Briese.

BRIESE: Oh, good afternoon. And thank you, Chairman Howard and members of the Health and Human Services Committee. My name is Tom Briese, T-o-m B-r-i-e-s-e, and I represent the 41st District, which is nine counties in northeastern and central Nebraska. Today I'm offering LB590, a bill which was brought to me by several folks with a concerted interest in bringing the positive benefits of early childhood education to all Nebraskans. My office and I have been working most closely with this on First Five Nebraska, and I believe that I'll be followed by a representative of that group who may have more expert answers to some of the technical questions you may have, although I am always happy to answer any questions I know the answers to. As legislatures, legislators, we're obligated to make the best possible use of the public resources available to us. That means embracing opportunities to make systems work more efficiently and effectively, wherever possible. LB590 offers just such an opportunity to bring a much greater degree of efficiency to a key aspect of Nebraska's child licensing process. Each year the Nebraska, the Nebraska Department of Health and Human Services verifies that licensed childcare staff meet the training and professional education requirements for license status. This is a way for DHHS to confirm that these programs measure up to the state's core standards for the safety and well-being of the children in their care. Currently, this process requires DHHS to conduct in-person visits to childcare programs to collect and record hard-copy documentation on the early-learning professionals employed there. For perspective, 23 childcare licensing staff conducted more than 6,000 total visits to Nebraska childcare providers in 2017. It's not difficult to see that this method of record collection and verification is both burdensome to childcare professionals and state agency personnel and an inefficient use of taxpayer dollars. It is also disruptive to providers, who must allocate limited staff resources for these site visits while still attending to the children in their care. Fortunately, LB590 offers a way to streamline this process for everyone involved. The Nebraska Early Childhood Professional Record System, or NECPRS, is an existing, web-based system, created in 2014 and administered by the Nebraska Department of Education. This on-line platform enables early childhood professionals to create individual user profiles that can be continually updated as they participate in trainings and build their credentials as caregivers and educators. In effect, NECPRS captures and catalogues the same kinds of information

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now being collected manually for childcare licensing purposes. Section 1 of this bill authorizes the department to use the NECPRS system in verifying training requirements. This would eliminate redundancy by integrating this process directly into the childcare licensing process. The bill, as originally drafted, required childcare programs and their employees to establish and maintain user profiles in the NECPRS, NECPRS system. I've passed out an amendment to you. And this amendment takes out this requirement of providers, leaving it voluntary. But to the extent the providers utilize this, it will be beneficial to both providers and the department. And let me clarify that this is not a new process, nor is it unfamiliar to Nebraska's early childhood work force. Eight thousand seven hundred thirty-seven professional profiles already exist in NECPRS and, for the state, utilizing NECPRS in this verification process can greatly reduce the number of staff hours spent on in-person site visits, as well as the burden of manual recordkeeping for both DHHS and childcare providers. LB590 stand on, stands on its own merits as a way of streamlining a labor-intensive but necessary process. It also provides a clear example of how multiple state agencies can work together more efficiently. In our work in the Legislature, it is very rare for us to encounter simple, practical, and cost-neutral solutions like that offered by LB590. I very much hope you will recognize the value of this bill by advancing it out of committee into General File. Thank you, and I would be happy to answer any questions of the committee.

HOWARD: Thank you. Are there questions? Senator Cavanaugh.

CAVANAUGH: Thank you, Chairwoman. Thank you, Senator Briese. I just want to make sure that I'm clear that this is a system that's currently managed by NDE?

BRIESE: Yes.

CAVANAUGH: And so we have childcare, which kind of falls under DHHS.

BRIESE: Um-hum.

CAVANAUGH: This system's managed by NDE. And the entities are OK with that, sort of?

BRIESE: Yes, my understanding they are. Yes, yes.

CAVANAUGH: Thank you.

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BRIESE: And, and again, just for clarification, the original bill required this of our providers, and we got some negative feedback on that, thinking or suggesting that some of the providers might not approve of that, appreciate that, you know. Some of the folks might not be real keen on the idea. So we did put the-- offer that amendment to strike Section 2 and make it voluntary. I, I don't know. I'm kind of torn on the issue myself, but it will be up to the committee, committee to decide which route you want to go on that. But for now, I guess, you know, my proposal is to make that voluntary as per the providers.

HOWARD: Other questions? Seeing none, will you be staying to close?

BRIESE: Yes, I will.

HOWARD: Thank you so much.

BRIESE: You bet; thank you.

HOWARD: Our first proponent testifier. Good afternoon.

ADAM FESER: Good afternoon. Thank you for having me. Madam Chair and members of the Health and Human Services Committee, on behalf of First Five Nebraska, I would like to submit our testimony in support of LB590 and its amendment, AM240. As you know, childcare license, licensing is an important, but labor-intensive factor in verifying that providers meet core standards set by Nebraska DHHS for ensuring the health and well-being of children in their care.

HOWARD: Would you spell your name?

ADAM FESER: Adam Feser, A-d-a-m F-e-s-e-r-- apologies. Currently this process requires providers and state agency personnel to manually maintain and coordinate hard-copy records of professional training and credentials. This is a necessary process but one we can do more efficiently and with greater accountability for public dollars. LB590 and its amendment are designed to make that possible. As amended, LB590 offers a way to integrate the NECPRS system into the state's childcare licensing verification process. As an on-line system, it offers an alternative to making on-site visits to providers to check and coordinate hard-copy records of staff credentials and trainings. It also reduces hours spent tracking down replacement records when that documentation goes missing. A problem that has required Nebraska's Early Childhood Training Center to revise its own policies

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on the amount of time it spends on these requests. And that's something we hear from providers frequently, is: I feel bad; I lose my records; what do I do. NECPRS is a way they can address that. With AM240 in place, LB590 allows providers the choice to adopt NECPRS as the preferred method for managing professional records to meet licensing requirements or continue using the existing paper-based system. However, NECPRS can greatly simplify the recordkeeping process and minimize the time providers must spend in meeting with DHHS personnel to check hard-copy documentation. That means providers can focus more of their attention where it matters most, on guiding the healthy development of children in their care. Our best estimates suggest that well over half of Nebraska's childcare providers are already registered in NECPRS. We're confident that, as providers encounter the benefits of this system through the childcare licensing process, more will adopt it as their preferred method for coordinating professional records with the Department of Health and Human Services. As the momentum grows, we believe they will become more engaged in it to, using it to manage their career pathways and professional development and strengthen a critically important sector of Nebraska's statewide work force. We appreciate Senator Briese's leadership in introducing this legislation, as well as the state agency personnel whose insight provided crucial context for this issue. We believe LB590 exemplifies the principles of fiscal responsibility and administrative efficiency we should expect out of public policies, especially those which directly affect the early care and development of young children. We hope you'll advance LB590, as amended, to General File. And with that, if there are any questions, I'll do my best to answer them.

HOWARD: Are there questions? Senator Hansen.

B. HANSEN: Thank you. So would you prefer or not prefer to have the amendment--

ADAM FESER: I think--

B. HANSEN: --if it was your choice?

ADAM FESER: Our original intent was to not have the amendment, but we understand-- and this was the only concern that was given to us by when we would, you know, take this policy out there-- is that perhaps there will be some that won't have access to Internet or just plain won't want to; and we understand that. And so I think if we're-- this is going to be a service for providers where they'll have the choice.

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And I do think-- we feel strongly that NECPRS is a great system that will have a lot of benefits for providers. We think, over time, most providers will recognize that and join into the NECPRS system to recognize those benefits, but as a transition, we think it makes sense to make it a choice. So we're, you know, doing something for providers, especially as, as everyone knows childcare providers aren't adequately paid. They face a lot of stress, and we're entrusting them with the care of our youngest and the most important resource, so giving them an option actually, you know, I think we've, we decided that it does make sense.

B. HANSEN: OK, cool. Thank you; appreciate it.

ADAM FESER: Thanks for the question, Senator.

HOWARD: Other questions? Seeing none, thank you for your testimony today.

ADAM FESER: Thank you.

HOWARD: Our next proponent testifier?

DARRELL KLEIN: Good afternoon, Chairperson Howard--

HOWARD: Good afternoon.

DARRELL KLEIN: --and members of the committee. And I want to extend my thanks to both of you for your time, and to Senator Briese for introducing, and, and for the amendment to the bill. I am Darrell Klein, D-a-r-r-e-l-l. I'm deputy director for licensure for the Department of Health and Human Services. And I'm here to testify that the department supports the efforts to improve licensure services to our early childhood providers by using the early childhood professional record system when providers are voluntarily using the system to support their education and training. And by first examining existing state records, it lessens, lessens the administrative burden on those providers. And prior to being a deputy, I prosecuted administrative actions against childcare providers for five years, and I know recordkeeping, having the records handy upon a visit from the childcare licensing specialist, is a recurring problem. So you don't have to keep track of the records physically if they're in the system, so I think that would be a great benefit. And the agency does oppose implementing a system that is a mandate on all child, early childhood care providers to use this recordkeeping system, even though,

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admittedly, it would benefit, it would be more convenient for the state and save a little bit of time. If the provider would prefer paper recordkeeping, we believe the provider should have the option to do that under the law. And DHHS would be happy to provide the option of electronic reporting and through the ECPRC [PHONETIC] and also help in training interested individuals and providers in its use, but we don't support imposing a mandate. For some childcare providers, one more state mandate might be the difference between renewing their license or just closing. And mandates that don't have a value for the individual provider, instead of helping them, adds unnecessary complications to running their business. And we hope to avoid those unintended consequences by giving them the enhanced opportunity for electronic recordkeeping to meet the existing state requirements, but to not mandate how they choose to meet our existing requirements. So we're in support of the, of the bill, as amended. And with that, if you have any questions, I'll do my best to answer them.

ARCH: Any questions? Seeing none, thank you very much.

DARRELL KLEIN: Thank you; thank you for your time.

ARCH: Any other proponents? Welcome.

MELODY HOBSON: Thank you.

ARCH: [INAUDIBLE] proceed.

MELODY HOBSON: Vice Chairperson Arch and members of the Health and Human Services Committee, my name is Melody Hobson, M-e-l-o-d-y H-o-b-s-o-n. I'm the administrator for the Office of Early Childhood Education at the Nebraska Department of Education. And on behalf of the Nebraska State Board of Education, I'm here to support LB590. As you know, the Nebraska Department of Education Office of Early Childhood does operate with the NECPRS system; we have since 2014. It was originally created to be a part of the, the back end of Step Up to Quality. I do have a little bit of updated information. As of yesterday, there were 8,772 providers that were in the system. We also have 649 childcare programs that have their profiles already in the, the program, in the NECPRS system. One of the reasons that we feel this is so important is because, from our perspective as Mr. Feser had, has already, has already kind of alluded to, it has been a godsend for us at the Early Childhood Training Center. We would have a number of individuals who did lose a paper copy of their, of their training, and then they need to show it to licensing. And they know

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that they went to training sometime last year, they know that the person to provide the training was really nice and she was blonde. But do you have a record of it for us? And so now we have this opportunity. And literally, we would have staff who try, trying to be helpful, would, would go through all of our records of all trainings and staff. That's not really feasible very often. And so now we say, you know, having a, having an account in NECPRS, you can always have this at your, you know, just at your fingertips. And we've found that, that individual providers really, really like this. We've also found that, that programs that are putting their profile in, and are beginning down the Step Up to Quality road, really also like this, as well, because it's a way for them to be able to keep their, their employee information right where they need it. So it also, you know, as, as it's a way to streamline information and as a way for providers to kind of simplify the way they get training, we believe that it also does align with the State Board of Education's strategic goal, Goal 4.3, which states that by 2026, 95 percent of Nebraska elementary schools would be able to identify at least one high-quality early childhood educational program accessible to all the schools' resident preschool population. So for these reasons, the State Board does support the passage of LB590. And I'd be happy to answer any questions, if you have any.

ARCH: Thank you. Do you have questions? Senator Cavanaugh.

CAVANAUGH: Thank you, Vice Chair Arch. Thank you for being here today. First I'd like to brag because my children go to a five-star Step Up to Quality--

MELODY HOBSON: Ooh, good.

CAVANAUGH: --facility in Omaha, and it's excellent. And I've spent a lot of time talking to the director through that process, over the last couple of years. And so I, I appreciate the work that you're doing. I do have questions. So when, when somebody goes through training--

MELODY HOBSON: Um-hum.

CAVANAUGH: --and I have a little bit of familiarity with that-- but do the trainers currently have access to the, like the entities that are providing the training to input that into your system or do you--

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MELODY HOBSON: Many of them.

CAVANAUGH: --share that with you? And then I guess-- can you just tell me how that's simplified for people?

MELODY HOBSON: Especially for our license-required trainings. There-- we have at an on-line training calendar.

CAVANAUGH: Um-hum.

MELODY HOBSON: And so providers can put the information on the on-line training calendar and then, when, when providers take that, that training, then at the end they do get a paper copy.

CAVANAUGH: Right.

MELODY HOBSON: But they also-- it'll also automatically be uploaded. If they have their, their provider number, it'll [INAUDIBLE] automatically be uploaded to their profile.

CAVANAUGH: OK.

MELODY HOBSON: And so, as a department, we're doing a lot of work, going out to talk at conferences and places like that and helping people. While we don't necessarily think it's all that difficult, we're used to the system.

CAVANAUGH: Right.

MELODY HOBSON: But we also know that there, there can be a fair amount of trepidation. So we're-- we go out and we try to help the individuals at conferences and say, you know: here, you can come over here, we'll walk you through the process. And they can get-- every provider has a number. And so that's kind of how things are tracked.

CAVANAUGH: Um-hum.

MELODY HOBSON: So-- but you can also upload college credit, you know, from a university, so--

CAVANAUGH: Great. Well, I know from previous experience-- I have a senior colleague who's sitting back there, Lauri Cimino--

MELODY HOBSON: Um-hum.

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CAVANAUGH: --at some of these trainings, so I know that you're working very closely with the providers, so thank you.

MELODY HOBSON: And to answer your previous question that you-- about with Health and Human Services, we do work very closely. As you, as you know, Step Up to Quality is coadministered by both the Department of Health and Human Services and the Department of Education. So we do have a very close working relationship with them.

CAVANAUGH: Great, thank you.

ARCH: Any other questions? OK, seeing none, thank you very much.

MELODY HOBSON: Thank you.

ARCH: Other proponents? Seeing none, there are some letters, and I'll read the names here: Cathy Martinez, on behalf of herself; Holly Clouse, herself; Jennifer Lee Baumann, herself; Kim Chase, self; and Lori Retzlaff, on her, on her behalf, her own self. Any opponents? Seeing none, any neutral? OK. Seeing none, Senator Briese, would you like to close?

BRIESE: Very-- thank you, Vice Chairman Arch. Very briefly, I don't really have anything to add to what we've heard here. I think the case has been made for the importance of this bill. And the utility of this bill, I think, was made very-- everybody's made a compelling case for it. But I'd be happy to answer any questions if anybody has anything.

ARCH: Don't see any questions. Thank you very much.

BRIESE: You bet, thank you.

ARCH: And that will close the hearing. Can you chair this one?

WILLIAMS: Yeah. We will now open the public hearing on LB341, to change provisions relating to a determination of ongoing eligibility for a childcare subsidy, and invite Senator Arch to open.

ARCH: Good afternoon, and thank you, Senator Williams and members of the Health and Human Services Committee. For the record, my name is John Arch, J-o-h-n A-r-c-h. I represent the 14th Legislative District in Sarpy County, and I'm here this afternoon to introduce LB341 at the request of the Department of Health and Human Services. LB341 would change provisions relating to transitional childcare in order for the state to comply with the federal Child Care and Development Block

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Grant Act, enacted in 2014, and we've heard quite a bit about that already. The federal law requires states to provide families receiving childcare subsidies, and whose income has increased, a gradual phaseout in order to avoid a cliff effect when they lose eligibility. In order to comply, two things have to happen: First, the maximum threshold to qualify for transitional childcare has to be raised; and second, our current 24-month eligibility limitation has to be eliminated. Currently, a family initially qualifies for a childcare subsidy if the household income is below 130 percent of the federal poverty level, or FPL. This is an annual income of about \$27,000 for a family of three. The family is eligible for a 12-month period and then a new application must be filed. At renewal time, if the household income remains below 130 percent of the, of the poverty level, the family continues to be eligible for the subsidy. However, if at renewal time the household income has risen and is between 130 percent and 185 percent of the FPL, the household only continues to receive transitional childcare for a maximum of 24 months or until the household income is above 185 percent, whichever occurs first. Under LB341, the 24-month limitation is removed and the process is streamlined. A family initially qualifies if the household income is 130 percent below the poverty rate, just as it is today. However, at the 12-month renewal period, if their income has increased but is still below 185 percent of the FPL, the family continues to receive the subsidy without a time limitation. A household is no longer eligible only when the household income is above 185 percent at renewal time. Additionally, LB341 provides more eligibility leeway if the household income changes during the 12-month eligibility period between renewal periods. Under current law, let's assume someone in the family got a new job prior to the renewal period, and the household income rose above 185 percent of the FPL. That family is no longer eligible for the subsidy. Under LB8-- under LB341, in that same situation, if the household income is over 185 percent of the FPL, which is approximately \$38,000 for a family of three, but below 85 percent of the state median income, which is \$57,000 for that same family, the family will continue to qualify until the renewal period. Adding the upper level of the state median income, or SMI, and eliminating the 24-month month cutoff time allows families moving toward self-sufficiency to do so gradually and steadily. And I know that we've had discussions within this committee previously about this cliff effect. And this is, this is an attempt to reduce that cliff effect and simply have this, have this eligibility period extend under certain conditions. It allows a greater stability so a family isn't essentially taking two steps forward and one step back by the

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additional financial burden of childcare. I know this could be confusing, but good news-- the director of Child and Family Services, Matt Wallen, is here and should be able to provide more explanation and answer questions. He will also be distributing a fact sheet that includes a flow chart. I encourage you to study the chart. I should probably address the fiscal note. This is based on the anticipated number of families remaining qualified for the subsidy and staying eligible for a longer period of time. According to the department, Nebraska will be receiving an extra \$12 million allocation from the Child Care and Development Fund, and a portion of this will be used to offset the increased cost of implementing LB341. I also need to mention that failure to enact the federal mandate subjects Nebraska to losing some of its federal funding. With that, I will conclude my opening and encourage you to advance LB341. I might be able to answer some questions on this. I would suggest, perhaps, waiting for Mr. Wallen to come, and he can answer the more detailed questions.

WILLIAMS: Thank you, Senator Arch. Are there questions? Senator Cavanaugh.

CAVANAUGH: Thank you. Senator Arch, I would just like for the record to state that you have said that it's your, your assumption that I will be asking Director Wallen questions, so he can thank you for that.

ARCH: Yes.

CAVANAUGH: OK.

ARCH: That is my suggestion.

CAVANAUGH: So Director Wallen--

ARCH: Yeah, OK.

CAVANAUGH: Go, go see Senator Arch after the hearing.

WILLIAMS: Are there any additional questions?

ARCH: He may suggest somebody else, but we'll see. OK.

CAVANAUGH: Thank you.

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WILLIAMS: No additional questions, thank you. We'll invite the first proponent. Thank you, Director, for being here.

MATT WALLEN: Thank you. Good afternoon, members of the Health and Human Services Committee. My name is Matt Wallen, M-a-t-t W-a-l-l-e-n, and I serve as the director of the Division of Children and Family Services in the Department of Health and Human Services. I'm here to testify in support of LB341 today. I would like to thank Senator Arch for introducing LB341 for us. LB341 is the result of the Child Care and Development Block Grant reauthorization signed into federal law in November of 2014. The CCDBG, also referred to as the Child Care and Development Fund, is the primary funding mechanism for the federal government to provide childcare subsidies, support for childcare licenses, and activities that improve childcare quality. As part of the reauthorization, all states that receive CCDF dollars are required to provide a graduated phaseout for families receiving childcare subsidy assistance. States are required to provide a two-tiered eligibility threshold. The first tier is the lead agency's initial eligibility threshold. States are allowed to adopt a second tier of eligibility set at either 85 percent state median income for a family of the same size, or an amount lower than 85 percent of the state median income for a family of the same size but above the lead agency's initial eligibility threshold. LB341 adopts the second option, building upon the already established two-tiered approach of transitional childcare which was introduced and passed during the 2015 legislative session. Currently, initial childcare eligibility for a family is from 0-130 percent of federal poverty level. Once eligibility-- once eligible, if a family's income exceeds 130 percent of the federal poverty level, they then become eligible to receive transitional childcare for up to 24 months or until their income exceeds 185 percent of the federal poverty level. LB341 revises the current two-tiered approach in statute by eliminating the 24-month time limit. Further, once it has been determined that a family's income exceeds 130 percent of the federal poverty level, the family shall receive transitional childcare assistance through the remainder of the family's eligibility period or until the family income exceeds 85 percent of the state median income, whichever occurs first. Under LB341, at the end of the family's eligibility period, the family shall continue to be eligible for transitional childcare assistance if the family's income remains below 185 percent of the federal poverty level. The family shall receive transitional childcare assistance through the remainder of the transitional eligibility period or until the family income exceeds 85 percent of the state median income,

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whichever occurs first. Nebraska is currently out of compliance with the federal law, specific to the Child Care and Development Block Grant. Not passing LB341 may result in the agency receiving up to a 4 percent penalty of discretionary CCDF monies, approximately \$1.1 million. Thank you for the opportunity to testify before you today. I believe LB341 will help DHHS continue in our mission of helping people live better lives. I'll stand ready for any questions that you might have. Thank you.

WILLIAMS: Thank you, Director Wallen. Questions for the director? Senator Cavanaugh.

CAVANAUGH: Thank you. Thank you, Director Wallen, again, for being here today and for testifying. So this bill and LB329 have some similarities. Could you maybe explain to us what the differences that you're supporting this bill and with an opposition to the other bill?

MATT WALLEN: Sure. This bill is the department's bill, and this bill really addresses the transitional childcare component of it. So it really, it addresses that 24-month limitation--

CAVANAUGH: Um-hum.

MATT WALLEN: --that's in current state statute. And that's, it makes the adjustment from 185 percent of the federal poverty level and adds 85 percent of the state median income, which is, which is a higher threshold over that 185 percent. So those are the two primary things that this legislation does. What the previous bill we talked about that also folded in the fingerprints and it, it folded in different eligibility where this, this keeps the current eligibility threshold at 130 percent--

CAVANAUGH: Um-hum.

MATT WALLEN: --of federal poverty level. The previous bill raises that to 165 percent.

CAVANAUGH: So-- but we do need the fingerprint element to be compliant?

MATT WALLEN: We do. That's why we have the, the other, 4, LB459, So we've broken--

CAVANAUGH: Oh, sorry. Yeah.

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MATT WALLEN: --we've broken our approach--

CAVANAUGH: OK.

MATT WALLEN: --out into two, two bills--

CAVANAUGH: OK.

MATT WALLEN: --where the 320, LB329--

CAVANAUGH: So the--

MATT WALLEN: --included it in a one bill.

CAVANAUGH: --the compliance, bringing us into compliance would be enacting LB459 and LB341.

MATT WALLEN: That is correct.

CAVANAUGH: OK. I have another question, if that's OK. So this came up at the end with, when Senator Bolz was closing, about the, the \$12 million block grant.

MATT WALLEN: Yes.

CAVANAUGH: She indicated that it is something that could continue annually. And you had indicated that it was a one-time thing.

MATT WALLEN: Well, right, right now, I mean, I'm going on federal guidance.

CAVANAUGH: OK.

MATT WALLEN: And we received it for federal fiscal year '18.

CAVANAUGH: Um-hum.

MATT WALLEN: And we received it for federal fiscal year '19.

CAVANAUGH: OK.

MATT WALLEN: There is no clear indication. I mean there are, there are-- I think Senator Bolz submitted FFIS and some other reports.

CAVANAUGH: Um-hum.

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MATT WALLEN: There's, there's I don't have anything solid that I would base a sustainable budget on to say this is going to continue in perpetuity.

CAVANAUGH: But-- right. So it's not--

MATT WALLEN: So we know it will cover this biennium which will cover--

CAVANAUGH: But the--

MATT WALLEN: --this fiscal year.

CAVANAUGH: --opportunity to seek those funds still exists. So we, we can still request the, the block grant, which it's not guaranteed that we would receive the block grant.

MATT WALLEN: We're, we're just not guaranteed that we'll receive that additional \$12 million.

CAVANAUGH: OK. The-- OK, I see.

MATT WALLEN: So our block grant funding for discretionary funding is generally around, over-- or if you look at it historically, it goes from \$13 million to \$15 million.

CAVANAUGH: OK.

MATT WALLEN: So we got it, we received an additional \$12 million to get into compliance. I can't say if the federal government will say: OK, we gave the states two years' worth of funds, they're all in compliance, now we're going to go back to regular spending levels. I--

CAVANAUGH: I see.

MATT WALLEN: I'm not sure.

CAVANAUGH: I got that; thank you.

MATT WALLEN: And If I could just add, there was discussed a little bit about a spending plan for this \$12 million.

CAVANAUGH: Yes, that was going to be my next question.

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MATT WALLEN: I plan, and I will submit early next week-- Monday, Tuesday at the latest-- kind of the outline and when, what we have for the spending plan for that \$12 million. It's--

CAVANAUGH: So there is a plan.

MATT WALLEN: There is a plan, and it's really just been in draft and, and some different phases. I haven't finalized it. The one component, I will say, that is finalized in that spending plan is the market-rate survey component that was discussed--

CAVANAUGH: Um-hum.

MATT WALLEN: --and included in the governor's budget request.

CAVANAUGH: Um-hum. That's the \$2.1 million?

MATT WALLEN: That's the \$2 million for the market-rate survey.

CAVANAUGH: OK.

MATT WALLEN: But again that's why we're--

CAVANAUGH: Not the \$65 million for the, in doing the survey.

MATT WALLEN: Now again, that's, that's why we're doing the market-rate survey, because we don't know; that is our best-guess estimate of--

CAVANAUGH: Sure.

MATT WALLEN: --what we think will be required. So--

CAVANAUGH: OK.

MATT WALLEN: I, I will, I will provide that plan early next week for the committee and for the Appropriations, as well.

CAVANAUGH: Thank you. I won't ask any more--

WILLIAMS: Additional questions--

CAVANAUGH: --questions.

WILLIAMS: --for the director.

B. HANSEN: I've got one.

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WILLIAMS: Senator Hansen.

B. HANSEN: Oh, thank you. Between LB459 and LB341, is there anywhere in there that it tells us we have to do a background check on prospective staff like that was in Senator Bolz's bill? I was under the impression that it was something we had to do. I didn't see it in either one of your bills that it says that we have to do a background check on prospective staff, like even if they apply for the job, we have to do a background check. That seems like a kind of a significant-- it's not a burden, but expense by the employer. If they have five people apply for a job and they're interested in doing it, they have to do five background checks or they can just narrow it down to one person they're going to hire and then do a background check?

MATT WALLEN: Right. In, in, in the legislation, LB459, it, it says all prospective childcare staff members shall submit to a national criminal history record information check prior to employment. So--

B. HANSEN: Where, where's that at?

MATT WALLEN: We're going, we're going back. That's, that's in the previous bill that we talked about.

B. HANSEN: Yeah, LB459?

MATT WALLEN: In LB459, on page three, line eleven. So it's actually, it, it is prior to--

B. HANSEN: OK, got you. All prospective childcare staff [INAUDIBLE].

MATT WALLEN: Yeah. And during that hearing, you know, the-- Senator Arch had asked me if, if there is a grace period. And because these people will have direct time, unsupervised time, supervising children--

B. HANSEN: Um-hum.

MATT WALLEN: --we have to have those background checks back before they are actually hired, prior to hiring.

B. HANSEN: Sure, which makes sense.

MATT WALLEN: Yes.

B. HANSEN: Yeah, just-- but that is a requirement that we have to do?

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MATT WALLEN: That, that is, that is the federal requirement--

B. HANSEN: Good.

MATT WALLEN: --to be in compliance.

B. HANSEN: Yeah. Can I have one more question? What happens if we just don't decide to do any of this stuff? Will we still get the \$12 million?

MATT WALLEN: Well, we will, we'll still get it, 'cause that would, that, we've received that \$12 million. What will happen is, we are subject to, up to a 4 percent penalty, if you will, on our discretionary, our larger chunk--

B. HANSEN: Um-hum.

MATT WALLEN: --of discretionary funds. So what it will, what it will come down to is we have not received that penalty last year or this year for not being in compliance. They have provided federal funding to get into compliance. So I, I would guess that, at some point, they will come back and say: we are going to deduct the amount of your discretionary funds by 4 percent for not being in compliance.

B. HANSEN: I like the intent of, you know, if we, if we get, if it's feasible, if it's, you know, some way to fall, expanding this and bringing some more people into this, if we get paid for it. So I think, if you say if we don't do this they'll charge us 4 percent, which is \$1.1 million--

MATT WALLEN: Um-hum.

B. HANSEN: --that how much we're spending on actually doing all this kind of stuff is even more than that.

MATT WALLEN: Yes. So, so again, that's, that's, that's a question and we're-- for us--

B. HANSEN: I'm not saying we do that.

MATT WALLEN: Right, right.

B. HANSEN: I'm looking at expenses, and I'm like, well, it's actually cheaper to not do it.

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MATT WALLEN: Right. It, it, it's costing more to actually implement it than, than what the potential penalty would be.

B. HANSEN: OK.

MATT WALLEN: But because we're going to be implementing it with federal funds, it's essentially not, not costing the state anything in state General Funds, whereas if we start to receive a 4 percent penalty where we're going to lose that federal funds, and if we're going to keep serving the same population, we're going to have to supplement that loss with state General Funds.

B. HANSEN: Thank you.

WILLIAMS: Additional questions? I have one. And again, I apologize. I was in Revenue Committee, so I missed some of the earlier testimony that we had on the previous bills and may not have been tuned in to this as well as I could. But Senator Arch talked about the fact that this, the main impetus behind this is addressing the cliff effect so that we can cover more of those things. Yesterday we had a bill addressing the cliff effect on SNAP benefits, slightly reducing that to address the cliff effect. That bill had a fiscal note, and at that time your testimony was in opposition, based solely on the fiscal note. Can you square those two things with me?

MATT WALLEN: So, so yesterday-- I mean yesterday's fiscal note to add the additional SNAP benefits-- and those SNAP benefits come through from the federal government directly to the SNAP EBT cards, if you will. So our cost is, is basically the administrative cost to this, the processing the applications and the outgoing case management. So, you know, I look at it in terms of its-- people benefit from having food in the fridge and people benefit from, you know, the additional food, food, the food stamps, if you will. For, for these programs that we're talking about today, and in particular childcare, we call it maybe not so much a cliff effect, it's the same thing with the graduated phaseout, if you will. It's to provide additional benefit on the back end, as income increases for families, to, to better be able to, you know, meet the burden of childcare. But on the front end, because this is not 100 percent federal-funded program, there, there's significant state General Funds included in this program. So if we want to continue to add, you know, additional clients on the front by increasing that eligibility and increasing, you know, the, the phaseout on the back end, that's fine. But again, it's a question of,

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do you want to, do you want to utilize state General Funds to meet the needs of those, those other potential clients, if you will?

WILLIAMS: OK.

MATT WALLEN: We're, we're-- I mean SNAP is 100 percent federal funds, so we're on the hook for 50 percent of the administrative. This is-- the program benefit is both state General Funds and federal funds.

WILLIAMS: OK, thank you. Any additional questions for the director? Thank you for your testimony.

MATT WALLEN: Thank you for the opportunity.

WILLIAMS: Are there additional proponents?

ADAM FESER: Senator Williams, Health and Human Services Committee members, thank you for listening to me one more time. My name is Adam Feser, A-d-a-m F-e-s-e-r, and on behalf of First Five Nebraska, I'd like to submit our testimony in support of LB341. As I previously mentioned, our organization works to effect sustainable and fiscally responsible solutions for closing the achievement gap affecting young children in need. Child-- CCDF plays a vital role in this effort, and childcare subsidy supports families who are working, looking for jobs, or continuing their education to improve their futures and meet-- and they also meet specific income guidelines. These are the families who have children in need. It's important that we do not create obstacles for these families to prevent them from working more hours or making more money. LB341 supports this goal by implementing a graduated phaseout, removing the 24-month limit on transitional assistance, and change in the, it also changes the ceiling within an eligibility year to 85 percent of the state median income. These changes help implement the grades, graduated phaseout, as required by federal regulations. And LB, LB341 will bring Nebraska into compliance. And it's crucial, as a failure to do so will result in a 4 percent penalty. I know we, Director Wallen mentioned the 4 percent penalty for graduated phaseout. The penalty for finger, not coming in compliance with the fingerprinting is 5 percent. And I would recommend asking Nicole Vint, who earlier presented, but I believe those stack, and you can see whether they're ongoing or not, but flat, so it would be 9 percent for not doing anything. And I think-- I would talk to her to verify, but I believe that might be ongoing. So anyway, just to clarify that. So this graduated phaseout is also important in supporting high quality, early childhood education because it promotes continuity of care,

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which is a necessary ingredient of high-quality, early childhood care. So I know in speaking with Nicole, the 85 percent SMI, state median income, within a, within an eligibility year is so that you don't get a raise, go past that level, and then not sustain your care. Eighty-five percent SMI is a higher level, so it's keeps that continuity alive. So you're working with the same childcare providers, which is an important component of high-quality care. And I know you've heard a lot of this stuff so I won't repeat all of it. It's been a long hearing already. First Five Nebraska is grateful to the committee for its work in supporting the well-being of Nebraska's youngest children. We commend Nebraska's Child Care and Development Fund administrator, Nicole Vint, for her efforts to ensure Nebraska does not incur unnecessary fiscal penalties, penalties for noncompliance with the Child Care and Development Block Grant reauthorization. We hope you'll see fit to move LB341 to General File. And with that, I'll do my best to answer any questions you might have.

WILLIAMS: Questions for Mr. Feser? Senator Cavanaugh.

CAVANAUGH: Thank you, Senator. I'm sorry because you've been in front of us a couple times today. I've lost track. Did you testify for LB329?

ADAM FESER: I did not.

CAVANAUGH: OK. So is, is bringing the-- us up to the federal regulations the priority for First Five Nebraska?

ADAM FESER: I think, we think-- well, bringing us into compliance--

CAVANAUGH: Right.

ADAM FESER: --is a priority. And we've had meetings with different partners about a lot of these issues, what to do with the-- and ultimately, it's, they're not our dollars to decide what to do with it-- but what to do with the increase in CCDBG funds. I know we want it to be fiscally sustainable. There is no guarantee that it's ongoing. And I know there are other things that we would prioritize with the subsidy to encourage high-quality providers to accept it, to remove some of the barriers that keep providers from doing it. And in conversations with Nicole, I know there are different things that-- other things that will come up that we need to come into compliance with that we think will support quality, that we want to ensure we're able to fund. And you know, it's always been our stance that it's

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important that it's high-quality early learning for this population, that we get the best results from high quality. So just expanding access without any components of quality and without concern to those other things, we thought this was the legislation we would support. But obviously we're sympathetic to supporting as many people as we can.

CAVANAUGH: Thank you for that.

WILLIAMS: Any additional questions? Seeing none, thank you for your testimony.

ADAM FESER: Thank you, Senator.

WILLIAMS: Additional proponents? Seeing none, is there anyone here to testify in opposition? Seeing none, is there anyone here to testify in a neutral capacity? Seeing none, Senator Arch, you're asked to close.

ARCH: The only thing I would say in closing is that, as you can, as you can tell, there's a lot of technical pieces to coming into compliance with this, and we have spent additional time reviewing together the language of this. We probably are going to have some, an amendment that we will bring to the committee that would be clarifying language, just to make sure there's no, no question as to exactly the intent and what's expected for compliance. So you may see, you may see, at a later date, an amendment that will come, as well. Other than that, I would encourage the committee to pass on LB341.

WILLIAMS: Any additional questions for the senator? Seeing none, that will close the public hearing on LB341 and close our Friday of hearings. Thank you all for being here.