

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 339**

Introduced by Hallstrom, 1.

Read first time January 16, 2025

Committee: Health and Human Services

- 1 A BILL FOR AN ACT relating to the federal Child Care Subsidy program; to
- 2 amend section 68-1206, Revised Statutes Cumulative Supplement, 2024;
- 3 to require the Department of Health and Human Services to provide a
- 4 report as prescribed; and to repeal the original section.
- 5 Be it enacted by the people of the State of Nebraska,

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

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

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

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

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

20 (ii) A licensed child care program that employs a member of an  
21 eligible household shall make reasonable accommodations so that the  
22 eligible applicant or adult household member is not a primary caregiver  
23 to such applicant's or adult household member's child. If reasonable  
24 accommodation cannot be made, the department shall allow the applicant or  
25 adult household member to receive child care assistance for the  
26 applicant's or adult household member's child including when the  
27 applicant or adult household member is the primary caregiver for such  
28 child.

29 (iii) A licensed child care provider eligible for the child care  
30 subsidy may enroll the household member's child in a child care program  
31 other than the household member's child care program to receive child

1 care assistance.

2 (iv) Subdivisions (2)(b)(ii) and (2)(b)(iii) of this section shall  
3 become operative on July 1, 2025. The department shall promulgate rules  
4 and regulations consistent with these subdivisions.

5 (c) For the period beginning July 1, 2021, through September 30,  
6 2026, funds provided to the State of Nebraska pursuant to the Child Care  
7 and Development Block Grant Act of 1990, 42 U.S.C. 9857 et seq., as such  
8 act and sections existed on January 1, 2023, shall be used to pay the  
9 costs to the state resulting from the income eligibility changes made in  
10 subdivisions (2)(a) and (b) of this section by Laws 2021, LB485. If the  
11 available amount of such funds is insufficient to pay such costs, then  
12 funds provided to the state for the Temporary Assistance for Needy  
13 Families program established in 42 U.S.C. 601 et seq. may also be used.  
14 No General Funds shall be used to pay the costs to the state, other than  
15 administration costs, resulting from the income eligibility changes made  
16 in subdivisions (2)(a) and (b) of this section by Laws 2021, LB485, for  
17 the period beginning July 1, 2021, through September 30, 2026.

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

26 (3) In determining the rate or rates to be paid by the department  
27 for child care as defined in section 43-2605, the department shall adopt  
28 a fixed-rate schedule for the state or a fixed-rate schedule for an area  
29 of the state applicable to each child care program category of provider  
30 as defined in section 71-1910 which may claim reimbursement for services  
31 provided by the federal Child Care Subsidy program, except that the

1 department shall not pay a rate higher than that charged by an individual  
2 provider to that provider's private clients. The schedule may provide  
3 separate rates for care for infants, for children with special needs,  
4 including disabilities or technological dependence, or for other  
5 individual categories of children. The schedule may also provide tiered  
6 rates based upon a quality scale rating of step three or higher under the  
7 Step Up to Quality Child Care Act. The schedule shall be effective on  
8 October 1 of every year and shall be revised annually by the department.

9 (4) No later than February 1 of each year, for each licensed  
10 provider reimbursed through the federal Child Care Subsidy program in the  
11 previous calendar year, the department shall provide a summary report of  
12 claims reimbursed in the previous calendar year. The report shall  
13 include: (a) The number of paid day units by month for children younger  
14 than six years of age; (b) the number of paid day units by month for  
15 children six years of age and older; (c) the number of paid partial day  
16 units by month for children younger than six years of age; (d) the number  
17 of paid partial day units by month for children six years of age and  
18 older; (e) the aggregate reimbursement for children younger than six  
19 years of age; and (f) the aggregate reimbursement for children six years  
20 of age and older.

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