

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 71**

Introduced by DeBoer, 10; Quick, 35.

Read first time January 09, 2025

Committee: Health and Human Services

1 A BILL FOR AN ACT relating to the federal Child Care Subsidy program; to  
2 amend section 71-1961, Reissue Revised Statutes of Nebraska, and  
3 sections 43-536 and 68-1206, Revised Statutes Cumulative Supplement,  
4 2024; to change requirements for child care rates paid by the  
5 Department of Health and Human Services relating to the Step Up to  
6 Quality Child Care Act; and to repeal the original sections.

7 Be it enacted by the people of the State of Nebraska,

1           **Section 1.** Section 43-536, Revised Statutes Cumulative Supplement,  
2 2024, is amended to read:

3           43-536 In determining the rate of reimbursement for child care, the  
4 Department of Health and Human Services shall assess the market rates and  
5 costs for provision of services of the child care providers in the state,  
6 utilizing an approved methodology in accordance with 45 C.F.R. 98.45, as  
7 such section existed on January 1, 2024. The department shall adjust the  
8 reimbursement rate for child care every odd-numbered year at a rate not  
9 less than the seventy-fifth percentile of the current market rate, except  
10 that (1) nationally accredited child care providers may be reimbursed at  
11 higher rates and (2) an applicable child care or early childhood  
12 education program, as defined in section 71-1954, that is participating  
13 in the quality rating and improvement system and has received a rating of  
14 step two ~~three~~ or higher under the Step Up to Quality Child Care Act may  
15 be reimbursed at higher rates based upon the program's quality scale  
16 rating under the quality rating and improvement system.

17           **Sec. 2.** Section 68-1206, Revised Statutes Cumulative Supplement,  
18 2024, is amended to read:

19           68-1206 (1) The Department of Health and Human Services shall  
20 administer the program of social services in this state. The department  
21 may contract with other social agencies for the purchase of social  
22 services at rates not to exceed those prevailing in the state or the cost  
23 at which the department could provide those services. The statutory  
24 maximum payments for the separate program of aid to dependent children  
25 shall apply only to public assistance grants and shall not apply to  
26 payments for social services.

27           (2)(a) As part of the provision of social services authorized by  
28 section 68-1202, the department shall participate in the federal child  
29 care assistance program under 42 U.S.C. 9857 et seq., as such sections  
30 existed on January 1, 2023, and provide child care assistance to families  
31 with incomes up to (i) one hundred eighty-five percent of the federal

1 poverty level prior to October 1, 2026, or (ii) one hundred thirty  
2 percent of the federal poverty level on and after October 1, 2026.

3 (b)(i) As part of the provision of social services authorized by  
4 this section and section 68-1202, the department shall participate in the  
5 federal Child Care Subsidy program. A child care provider seeking to  
6 participate in the federal Child Care Subsidy program shall comply with  
7 the criminal history record information check requirements of the Child  
8 Care Licensing Act. In determining ongoing eligibility for this program,  
9 ten percent of a household's gross earned income shall be disregarded  
10 after twelve continuous months on the program and at each subsequent  
11 redetermination. In determining ongoing eligibility, if a family's income  
12 exceeds one hundred eighty-five percent of the federal poverty level  
13 prior to October 1, 2026, or one hundred thirty percent of the federal  
14 poverty level on and after October 1, 2026, the family shall receive  
15 transitional child care assistance through the remainder of the family's  
16 eligibility period or until the family's income exceeds eighty-five  
17 percent of the state median income for a family of the same size as  
18 reported by the United States Bureau of the Census, whichever occurs  
19 first. When the family's eligibility period ends, the family shall  
20 continue to be eligible for transitional child care assistance if the  
21 family's income is below two hundred percent of the federal poverty level  
22 prior to October 1, 2026, or one hundred eighty-five percent of the  
23 federal poverty level on and after October 1, 2026. The family shall  
24 receive transitional child care assistance through the remainder of the  
25 transitional eligibility period or until the family's income exceeds  
26 eighty-five percent of the state median income for a family of the same  
27 size as reported by the United States Bureau of the Census, whichever  
28 occurs first. The amount of such child care assistance shall be based on  
29 a cost-shared plan between the recipient family and the state and shall  
30 be based on a sliding-scale methodology. A recipient family may be  
31 required to contribute a percentage of such family's gross income for

1 child care that is no more than the cost-sharing rates in the  
2 transitional child care assistance program as of January 1, 2015, for  
3 those no longer eligible for cash assistance as provided in section  
4 68-1724.

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

14 (iii) A licensed child care provider eligible for the child care  
15 subsidy may enroll the household member's child in a child care program  
16 other than the household member's child care program to receive child  
17 care assistance.

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

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

1 in subdivisions (2)(a) and (b) of this section by Laws 2021, LB485, for  
2 the period beginning July 1, 2021, through September 30, 2026.

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

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

25 **Sec. 3.** Section 71-1961, Reissue Revised Statutes of Nebraska, is  
26 amended to read:

27 71-1961 Quality rating and improvement system incentives and support  
28 under the Step Up to Quality Child Care Act shall include, but not be  
29 limited to:

30 (1) Tiered child care subsidy reimbursements as provided in section  
31 68-1206 based upon quality scale ratings of step two ~~three~~ or higher that

1 reflect the cost of higher quality programs and promote affordability of  
2 high-quality child care and early childhood education programs for all  
3 families;

4 (2) Incentive bonuses given to providers of child care and early  
5 childhood education programs upon completion of specific requirements of  
6 step two ratings or higher to improve quality based upon the quality  
7 rating criteria established pursuant to sections 71-1956 and 71-1958;

8 (3) Professional development, training, and scholarships developed  
9 in collaboration with community-based organizations, postsecondary  
10 education representatives, and other stakeholders;

11 (4) Support that expands family engagement in and understanding of  
12 high-quality early childhood education in ways that are inclusive and  
13 respectful of diversity of families and children with special needs; and

14 (5) Other incentives as necessary to carry out the Step Up to  
15 Quality Child Care Act.

16 **Sec. 4.** Original section 71-1961, Reissue Revised Statutes of  
17 Nebraska, and sections 43-536 and 68-1206, Revised Statutes Cumulative  
18 Supplement, 2024, are repealed.