



# LB 35: INVESTING IN THE WORKFORCE BY SUPPORTING AFFORDABLE CHILD CARE

**Working parents and caregivers need stable child care arrangements to be able to go to work and provide for their families.**

Investments in affordable child care help to meet workforce needs and support employees full participation in the workforce while increasing economic stability for families and communities.

<b>WHY IS AFFORDABLE CHILD CARE IMPORTANT?</b>	
 <p>The average annual cost of infant care in <b>Nebraska</b> is</p> <p><b>\$12,571</b></p>	 <p>The average annual cost of child care for a four-year-old in <b>Nebraska</b> is</p> <p><b>\$11,420<sup>1</sup></b></p>
<p>The U.S. Department of Health and Human Services <b>considers child care affordable if it costs no more than 7% of a family's income.</b> According to this standard, <b>ONLY 6% OF NEBRASKA FAMILIES CAN AFFORD INFANT CARE.</b><sup>2</sup></p>	
<p>When asked about the <b>most influential factor keeping primary caregivers out of the workforce</b>, <b>46%</b> responded citing the <b>HIGH COST OF CHILD CARE.</b><sup>3</sup></p>	<p>Over 16% of single parents and 12.5% of working parents went from <b>FULL-TIME to PART-TIME employment due to child care challenges.</b><sup>4</sup></p>

**LB 35 seeks to maintain the child care subsidy eligibility levels at the rates they are now until October 2026.**

<b>WHY IS IT IMPORTANT TO MAINTAIN CURRENT ELIGIBILITY LEVELS?</b>	
<p><b>LB 35 will maintain the affordability of child care for working families.</b></p> <p>By maintaining the initial eligibility level at 185% of the Federal Poverty Limit (FPL) instead of 130%, <b>more working families can qualify and receive child care assistance.</b> By increasing eligibility for this program, families who are working their way toward greater financial security can gain financial support, which also helps employers by ensuring a more dependable workforce.</p>	<p><b>LB 35 will ensure that working families are better able to afford the cost of child care when they lose assistance.</b></p> <p><b>Child care costs can easily outweigh the paychecks offered by low-wage work, resulting in parents declining pay increases, promotions or extra hours.</b> This is often referred to as the public assistance "cliff effect." On average, 11.6% of single parents and 9.6% of married parents turn down a promotion for child care-related reasons.<sup>5</sup> No parent should have to choose between advancing at work and being able to pay the bills. Keeping the child care assistance eligibility levels as they are now will allow families to build more financial security before having to bear the full cost of child care on their own.</p>

LB 35 aligns with the Women's Fund values of: **Bold Impact** and **Equity**. To learn more about our mission, vision and values, visit [www.OmahaWomensFund.org](http://www.OmahaWomensFund.org).



## HOW DOES THE CHILD CARE SUBSIDY WORK?

Nebraska's child care subsidy program provides payment for child care to help caregivers afford a safe place for their children to be while they are at work or school.

Eligibility for child care assistance is based upon a family's income. The initial level determines if a family is eligible to receive assistance, and a higher threshold level determines when a family is no longer eligible to receive assistance if their income increases while being in the program. It is also important to note that families in the program with higher income levels share the cost of child care by making co-payments to their child care provider that is equal to 7% of their family income.

In the early 2000s, Nebraska made significant cuts to the child care assistance program, leaving many working parents without financial support. The state has only recently regained ground from those cuts through the two-year pilot program that was implemented in 2021. However, in October 2023, Nebraska's eligibility levels are set to return to the levels prior to the pilot program and be lower than they were in the early 2000s.



NO PARENT OR CAREGIVER SHOULD HAVE TO CHOOSE BETWEEN ADVANCING AT WORK AND BEING ABLE TO PAY THE BILLS.

**WITHOUT LB 35, a caregiver in a two-person household would need to cut their annual wage by \$9,583 to qualify for child care assistance.<sup>6</sup>**

ELIGIBILITY LEVELS



In every county and city across Nebraska, a family needs an income above 200% of the FPL to adequately afford their basic needs (housing, food, child care, transportation, health care and other necessities.<sup>7</sup> LB 35 is a step in the right direction to continue to ensure that more working families can access the affordable child care they need.

In 2019, 37 states offered child care assistance to families with an income level above 150% of the FPL.<sup>8</sup>

Nebraska was not one of them, and if the state returns to lower eligibility levels after October 2023, Nebraska's child care subsidy program will continue to fall behind in comparison to other states and hurt working families in need of the support.

<sup>1</sup> Economic Policy Institute. (October 2020). "Child Care Costs in the United States: Nebraska." <https://www.epi.org/child-care-costs-in-the-united-states/#/NE>  
<https://www.childcareaware.org/wp-content/uploads/2020/09/PUTP-Appendices-FINAL-9-18-20.pdf>

<sup>2</sup> Ibid.

<sup>3</sup> Gallup, Inc. (2016). "Women in America: Work and Life Well-Lived." <https://www.gallup.com/workplace/238070/women-america-work-life-lived-insights-business-leaders.aspx>

<sup>4</sup> University of Nebraska Lincoln, College of Business, Bureau of Business Research. (August 2020). "The Bottom Line: Economic Impacts of Inadequate Child Care Access in Nebraska." [https://www.firstfivebraska.org/wp-content/uploads/2021/07/Bottom\\_Line\\_Report-FINAL.pdf](https://www.firstfivebraska.org/wp-content/uploads/2021/07/Bottom_Line_Report-FINAL.pdf)

<sup>5</sup> Ibid.

<sup>6</sup> Calculations based on income eligibility reduction from 185% of 2021 FPL to 130% of 2021 FPL. <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines/prior-hhs-poverty-guidelines-federal-register-references/2021-poverty-guidelines>

<sup>7</sup> Schulman, K. National Women's Law Center. (October 2019). "Early Progress: State Child Care Assistance Policies in 2019." <https://nwlc.org/wp-content/uploads/2019/11/NWLC-State-Child-Care-Assistance-Policies-2019-final.pdf>

<sup>8</sup> Ibid.