

# Child advocates decry change to care subsidy

■ State officials say LB 464 is needed to help reduce the budget shortfall, but an opponent calls it a “domino to disaster.”

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WORLD-HERALD BUREAU

LINCOLN — Saving money by removing a floor on state child care subsidies could come at the cost of children’s futures, lawmakers were told Monday.

John Cavanaugh, executive director of Omaha’s Building Bright Futures program, outlined the possible consequences to the Legislature’s Appropriations Committee.

Without the floor — now at 60 percent of market rates — the doors to quality child care could close for children from low-income families.

Without high-quality care in their early years, more children would enter school unprepared, Cavanaugh said. They would struggle academically, fall behind and ultimately join the ranks of high school dropouts.

“This is the first domino to disaster,” he said, “when we do not address the needs of children in terms of brain development in the first three years of life.”

He said studies by Building Bright Futures, which aims to improve educational achievement in the Omaha area, found that inequality of opportunity during a child’s first three years of life is the top cause of academic failure later.

But state officials said Legislative Bill 464 is needed to help the state solve its \$943 million budget shortfall. The measure would save an estimated \$5.6 million during the two-year budget period beginning July 1.

“This is not the magic or silver bullet to balance the budget, but it is one avenue,” said Todd Reckling, children and family services director for the Department of Health and Human Services.

Current Nebraska law requires HHS to pay child care providers between 60 percent and 75 percent of market rates.

The law also requires the state to survey the market every two years and adjust the rates.

Gov. Dave Heineman has recommended removing the rate floor and freezing payment rates for the next two years.

State Sen. Kathy Campbell of Lincoln, who introduced the bill for the governor, offered an amendment on behalf of the Health and Human Services Committee. The amendment would freeze rates for two years but leave the floor in place for the future.

That would force the state to play catch up on rates in 2013, Campbell acknowledged.

But she expressed hope that an improved economy would al-

low the state to work on improving the quality of child care.

Daemon Stevenson, the owner of a South Omaha child care center, urged the committee to kill the bill and let the latest rate adjustment take effect.

“We don’t want this bill to pass at all,” he said. “It should die where it lays.”

He and Gale Henderson, the owner of three Omaha child care centers, said removing the floor could force child care providers to close or to limit the number of children on subsidies that they take.

The current state payment rates make it difficult for a center to survive, Henderson said. But she said she takes those children because she is invested in the community.

The state provides child care subsidies for working parents who make up to 120 percent of the federal poverty level, or \$22,236 for a family of three.

Families making the transition off welfare can get temporary subsidies at up to 185 percent of the poverty level.

The Appropriations Committee took no immediate action on LB 464. The bill has been named as a committee priority.

But Sen. Danielle Conrad of Lincoln made it clear that not all committee members supported that priority designation.

“I have a real problem with balancing the budget on the backs of Nebraska kids,” she said.

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