

Health and Human Services Committee
LB 335
January 25, 2017

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Division of Children and Family Services
Department of Health and Human Services

Good afternoon Senator Riepe and members of the Health and Human Services Committee. My name is Doug Weinberg (D-O-U-G W-E-I-N-B-E-R-G). I am the Director of the Division of Children and Family Services in the Department of Health and Human Services. I am here to testify in support of LB 335, which was offered by my division as a budget modification to the biennial budget. The Governor has included this modification and has accounted for it in his budget recommendation to the Legislature.

LB 335 proposes to eliminate the implementation of any rate changes in 2017 for child care providers as a result of the Child Care and Development Fund (CCDF) Market Rate Survey. The Child Care Market Rate survey is a federally required survey by the CCDF of providers inquiring about their rates for private clients. Current state statute requires DHHS to adjust the reimbursement rate paid to child care subsidy providers every two years based upon the market rate survey. LB 335 would exempt the department from having to adjust rates to take effect on July 1, 2017 for the upcoming biennium budget period (SFY 2017/18 and SFY 2018/19).

Based on the average of rate adjustments resulting from the prior four market rate surveys, failure to enact LB 335 could result in additional annual costs to the department of \$7.4 million in state general funds in each of the next two years. The LFO fiscal note indicates cost avoidance in only SFY 2017/18. The Department disagrees. Unlike current state statute, federal regulations do not require a rate adjustment based on the market rate survey. As a result, delaying a child care subsidy rate adjustment until July 1, 2019 is in compliance with federal regulations and will produce two years of cost avoidance.

I urge your advancement of LB 335. I'm happy to answer any questions you may have.