

## LEGISLATIVE BILL 304

Approved by the Governor April 14, 2026

Introduced by DeBoer, 10; Cavanaugh, J., 9; Clouse, 37; Dungan, 26; Fredrickson, 20; Hallstrom, 1; Quick, 35; Spivey, 13; Strommen, 47; Conrad, 46; Rountree, 3; Raybould, 28; Hunt, 8; Guereca, 7; Juarez, 5; Wordekemper, 15; Brandt, 32; DeKay, 40; Ballard, 21.

A BILL FOR AN ACT relating to the federal Child Care Subsidy program; to amend sections 68-1206 and 68-1724, Revised Statutes Cumulative Supplement, 2024; to eliminate a sunset date; to state legislative intent; and to repeal the original sections.

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

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

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

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

(b)(i) As part of the provision of social services authorized by this section and section 68-1202, the department shall participate in the federal Child Care Subsidy program. A child care provider seeking to participate in the federal Child Care Subsidy program shall comply with the criminal history record information check requirements of the Child Care Licensing Act. In determining ongoing eligibility for this program, ten percent of a household's gross earned income shall be disregarded after twelve continuous months on the program and at each subsequent redetermination. In determining ongoing eligibility, if a family's income exceeds one hundred eighty-five percent of the federal poverty level ~~prior to October 1, 2026, or one hundred thirty percent of the federal poverty level on and after October 1, 2026,~~ the family shall receive transitional child care assistance through the remainder of the family's eligibility period or until the family's income exceeds eighty-five percent of the state median income for a family of the same size as reported by the United States Bureau of the Census, whichever occurs first. When the family's eligibility period ends, the family shall continue to be eligible for transitional child care assistance if the family's income is below two hundred percent of the federal poverty level ~~prior to October 1, 2026, or one hundred eighty-five percent of the federal poverty level on and after October 1, 2026.~~ The family shall receive transitional child care assistance through the remainder of the transitional eligibility period or until the family's income exceeds eighty-five percent of the state median income for a family of the same size as reported by the United States Bureau of the Census, whichever occurs first. The amount of such child care assistance shall be based on a cost-shared plan between the recipient family and the state and shall be based on a sliding-scale methodology. A recipient family may be required to contribute a percentage of such family's gross income for child care that is no more than the cost-sharing rates in the transitional child care assistance program as of January 1, 2015, for those no longer eligible for cash assistance as provided in section 68-1724.

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

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

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

(c) For the period beginning July 1, 2021, through September 30, 2026, funds provided to the State of Nebraska pursuant to the Child Care and Development Block Grant Act of 1990, 42 U.S.C. 9857 et seq., as such act and sections existed on January 1, 2023, shall be used to pay the costs to the

state resulting from the income eligibility changes made in subdivisions (2)(a) and (b) of this section by Laws 2021, LB485. If the available amount of such funds is insufficient to pay such costs, then funds provided to the state for the Temporary Assistance for Needy Families program established in 42 U.S.C. 601 et seq. may also be used. It is the intent of the Legislature that, beginning October 1, 2026, the Nebraska Health Care Cash Fund shall be used to pay the costs to the state resulting from the income eligibility changes made in subdivisions (2)(a) and (b) of this section by this legislative bill. No General Funds shall be used to pay the costs to the state, other than administration costs, resulting from the income eligibility changes made in subdivisions (2)(a) and (b) of this section by Laws 2021, LB485, for the period beginning July 1, 2021, through September 30, 2026.

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

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

**Sec. 2.** Section 68-1724, Revised Statutes Cumulative Supplement, 2024, is amended to read:

68-1724 (1) Cash assistance shall be provided for a period or periods of time not to exceed a total of sixty months for recipient families with children subject to the following:

(a) If the state fails to meet the specific terms of the self-sufficiency contract developed under section 68-1719, the sixty-month time limit established in this section shall be extended;

(b) The sixty-month time period for cash assistance shall begin within the first month of eligibility;

(c) When no longer eligible to receive cash assistance, assistance shall be available to reimburse work-related child care expenses even if the recipient family has not achieved economic self-sufficiency. The amount of such assistance shall be based on a cost-shared plan between the recipient family and the state which shall provide assistance up to two hundred percent of the federal poverty level. It is the intent of the Legislature that, beginning October 1, 2026, the Nebraska Health Care Cash Fund shall be used to pay the costs to the state resulting from the income eligibility changes made in this section by this legislative bill. ~~prior to October 1, 2026, or one hundred eighty-five percent of the federal poverty level on and after October 1, 2026.~~ A recipient family may be required to contribute up to twenty percent of such family's gross income for child care. It is the intent of the Legislature that transitional health care coverage be made available on a sliding-scale basis to individuals and families with incomes up to one hundred eighty-five percent of the federal poverty level if other health care coverage is not available; and

(d) The self-sufficiency contract shall be revised and cash assistance extended when there is no job available for adult members of the recipient family. It is the intent of the Legislature that available job shall mean a job which results in an income of at least equal to the amount of cash assistance that would have been available if receiving assistance minus unearned income available to the recipient family.

The department shall develop policy guidelines to allow for cash assistance to persons who have received the maximum cash assistance provided by this section and who face extreme hardship without additional assistance. For purposes of this section, extreme hardship means a recipient family does not have adequate cash resources to meet the costs of the basic needs of food, clothing, and housing without continuing assistance or the child or children are at risk of losing care by and residence with their parent or parents.

(2) Cash assistance conditions under the Welfare Reform Act shall be as follows:

(a) Adults in recipient families shall mean individuals at least nineteen years of age living with and related to a child eighteen years of age or younger and shall include parents, siblings, uncles, aunts, cousins, or grandparents, whether the relationship is biological, adoptive, or step;

(b) The payment standard shall be based upon family size;

(c) The adults in the recipient family shall ensure that the minor children regularly attend school. Education is a valuable personal resource. The cash assistance provided to the recipient family may be reduced when the parent or parents have failed to take reasonable action to encourage the minor children of the recipient family ages sixteen and under to regularly attend

school. No reduction of assistance shall be such as may result in extreme hardship. It is the intent of the Legislature that a process be developed to insure communication between the case manager, the parent or parents, and the school to address issues relating to school attendance;

(d) Two-parent families which would otherwise be eligible under section 43-504 or a federally approved waiver shall receive cash assistance under this section;

(e) For minor parents, the assistance payment shall be based on the minor parent's income. If the minor parent lives with at least one parent, the family's income shall be considered in determining eligibility and cash assistance payment levels for the minor parent. If the minor parent lives independently, support shall be pursued from the parents of the minor parent. If the absent parent of the minor's child is a minor, support from his or her parents shall be pursued. Support from parents as allowed under this subdivision shall not be pursued when the family income is less than three hundred percent of the federal poverty guidelines; and

(f) For adults who are not biological or adoptive parents or stepparents of the child or children in the family, if assistance is requested for the entire family, including the adults, a self-sufficiency contract shall be entered into as provided in section 68-1719. If assistance is requested for only the child or children in such a family, such children shall be eligible after consideration of the family's income and if (i) the family cooperates in pursuing child support and (ii) the minor children of the family regularly attend school.

**Sec. 3.** Original sections 68-1206 and 68-1724, Revised Statutes Cumulative Supplement, 2024, are repealed.