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PREPARED BY: Liz Hruska
DATE PREPARED: February 02, 2012
PHONE: 471-0053

LB 1015

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	2,020,906			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	2,020,906			

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill requires child care subsidy rates to be increased beginning July 1, 2012. The rates would be set within the range of the 60th and 75th percentile of the most recent market rate survey. Currently the maximum that rates are paid is at the 50 percentile.

In the 2011 Session, LB 464 lowered the maximum payment in which child care providers are required to be paid for the FY 12 – 13 biennium. Rates are set at a maximum of the 50th percentile based on the results of the market rate survey. Except for the FY 12 and FY 13 biennium, child care rates are required to be set within the range of the 60th to the 75th percentile. The savings from lowering the payments to the 50th percentile saved \$1,802,406 each year. Since the market rate survey was conducted in 2010, expenditures excluding the rate increase are up by 12%. An additional 218,500 would be needed to accommodate the increase in the number of children eligible and the utilization increase.

Beginning in the next biennium and thereafter, state statute requires the rates to be set within the 60th and 75th percentile, so the fiscal impact of this bill is only for FY 13.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Elton Larson	DATE	2/2/12	PHONE	471-2526
COMMENTS					
DEPARTMENT OF HEALTH AND HUMAN SERVICES: Agency estimates are consistent with results of market survey, legislative action in 2011 and program experience.					

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FEB 2 2012

LEGISLATIVE FISCAL

LB(1) 1015

FISCAL NOTE

2012

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Willard Bouwens

Date Prepared:(4) 2-2-12

Phone: (5) 471-8072

FY 2012-2013

FY 2013-2014

	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$2,072,766		\$2,072,766	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$2,072,766		\$2,072,766	

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

When the Child Care Market Rate Survey was completed by the Department of Health and Human Services (DHHS) prior to SFY11 the estimated cost to set rates at the 60th percentile level beginning July 1, 2011 was \$2,808,923. LB464 AM1130 from the 1st Session of the 102nd Legislative Session was passed and set rates beginning July 1, 2011 to be at the 50th percentile level. The Market Rate Survey estimated the cost to set rates at this level was \$1,006,517 and funds for this rate increase were granted in this amount. The incremental estimated cost to set rates at the 60th percentile over the rates set at the 50th percentile was \$1,802,406. The base for the survey estimate was SFY10 expenditures however, since that time there has been a 15% increase in Child Care expenditures resulting from increased population and utilization. In order to take this increase into account an additional \$270,360 has been added to the \$1,802,406 estimate to bring the total estimated cost to DHHS to increase Child Care Rates to the 60th percentile level beginning July 1, 2012 to \$2,072,766 (GF).

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2012-2013	2013-2014
		12-13	13-14	EXPENDITURES	EXPENDITURES
Benefits.....					
Operating.....					
Travel.....					
Capital Outlay.....					
Aid.....				\$2,072,766	\$2,072,766
Capital Improvements.....					
TOTAL.....				\$2,072,766	\$2,072,766