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 DATE PREPARED: February 05, 2025
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Revision: 01

Revised to correct the timing of the fiscal impact

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$0		\$10,743,449	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$0		\$10,743,449	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

This bill changes provisions of the Child Care Subsidy program, removing the October 1, 2026 sunset on the eligibility cap of 185% of the Federal Poverty Level (FPL). The bill also removes the October 1, 2026 sunset on eligibility for transitional Child Care Subsidy of 200% FPL. Currently, the income cap would revert to the threshold of 130% FPL for regular subsidy and 185% for transitional subsidy.

The Department of Health and Human Services (DHHS), the administering agency, cites internal data that a total of 4,858 families qualified under expanded eligibility since August 2021 following the passage of [LB485](#). DHHS indicates an average of 2,033 families claim subsidy each month. The average monthly subsidy expense per family is \$587.17 or \$7,046.04 annually. Without accounting for annual growth this amounts to \$14,324,599 in increased aid expenditures. The FY27 impact represents 75% of the state fiscal year as the agency is responsible for implementation of the expanded eligibility through the first quarter of FY27.

Unlike in previous fiscal years, DHHS does not have federal funds available to offset the added costs of maintaining the expanded eligibility. In 2023, DHHS noted in the fiscal note for [LB227](#), which most recently extended the expanded Child Care Subsidy eligibility provisions: “if federal grant funding changes, general funds may be needed to cover a portion or the totality of this aid cost.” At this point in time, expenses for the Child Care Subsidy program exceed the amount of federal funds available therefore any additional aid costs would necessitate additional General Funds.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB:	304	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	2-5-2025	PHONE: (402) 471-4180
COMMENTS: Concur with the Nebraska Department of Health and Human Services' assessment of fiscal impact.				

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Prepared by: (3) John Meals

Date Prepared 2-3-25

Phone: (5) 471-6719

	<u>FY 2025-2026</u>		<u>FY 2026-2027</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$14,326,996		\$14,326,996	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$14,326,996	\$0	\$14,326,996	\$0

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

Explanation of Estimate:

LB304 changes the provisions relating to the Child Care Subsidy assistance. It removes the sunset date of October 1st, 2026, and extends it indefinitely while keeping the initial eligibility determination and transitional/redetermination the same. This bill does not require any further regulations updates.

With the enactment and implementation of LB485 in August 2021, which temporarily changed the Child Care Subsidy initial eligibility income limits from 130% Federal Poverty Level (FPL) to 185% FPL and the redetermination/transitional eligibility income limits from 185% FPL to 200% FPL, the sunset date was scheduled to end October 1, 2023. However, in 2023, with the passing of LB227, the sunset date was extended to October 1st, 2026. LB304 proposes to remove that sunset date which would leave the eligibility income limits as they are now.

Since the inception of LB485, 4,858 families have become eligible for child care subsidy with the expanded eligibility. There has been an average of 2,033 families that have billed each month. The average monthly child care cost of each newly eligible family is \$587.17 per month. The annual cost of this is \$14,326,996 assuming no annual growth.

The Department of Health and Human Services (DHHS) utilized American Rescue Plan Act (ARPA) funding to pay for the increased costs for LB485 (2021) and LB227 (2023) through the expiration of that funding on September 30, 2024. Current child care subsidy costs exceed the annual value of the child care grants. Since available federal funds are already being utilized, state general funds will need to be appropriated to cover the cost of this program moving forward.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	NUMBER OF POSITIONS		2025-2026 EXPENDITURES	2026-2027 EXPENDITURES
	POSITION TITLE	26-26		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$14,326,996	\$14,326,996
Capital Improvements.....				
TOTAL.....			\$14,326,996	\$14,326,996