

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			\$63,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$63,000	

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

LB 489 authorizes the board of trustees of the Early Childhood Education Endowment to issue grants to early childhood education programs which enter into agreements with child care providers, if the provider enrolls in the quality rating and improvement system in the Step Up to Quality Child Care Act prior to the beginning of the initial grant period. Providers must obtain a step three or higher rating within three years of the beginning of the initial grant and must maintain the rating in order to continue to receive funding. School districts involved in these programs must employ or contract with a program coordinator holding a teaching certificate.

The bill will not result in any increase in expenditures for grants by the Early Childhood Education Endowment since the funding for the grant program is not changed. However, the bill will increase expenditures by the Department of Health and Human Services if early childhood education programs enter into agreements with child care providers pursuant to the bill. Child care providers that participate in the Step Up to Quality Child Care Act and achieve a step three or above rating will be eligible for higher child care subsidies, which are paid pursuant to current law. Providers attaining a step four or five rating are eligible for a 5% increase over the amount received at a step three level.

The Department of Health and Human Services (HHS) estimates a fiscal impact of \$62,956 of general funds in FY16 to provide higher child care subsidies (step three) for providers of early childhood education programs that may receive a grant from the Early Childhood Education Endowment and enroll in the Step Up to Quality Child Care Act. The estimate assumes 1% of eligible providers will be provided a grant pursuant to the bill. HHS estimates that 5% of eligible providers will receive grants in FY17 at an estimated cost of \$314,784 for child care subsidies for providers. The estimates are based upon actual subsidies paid to providers of infant and toddler programs in FY15. Federal funds for child care subsidies are fully allocated, so any increase in subsidies will be paid with general funds.

The number of actual grants awarded by the endowment to child care providers are unknown as is the timing of such grants. The Step Up to Quality Child Care Act is in the initial stages of implementation and very few early childhood programs have reached step three in the rating system. Since the effective date of the bill will be sometime in September of 2015, it is possible there could be one or more grants awarded by the endowment to child care providers in FY16. However, it is assumed the providers will not reach step three in the rating system for at least another year, possibly up to three years. This fiscal note assumes that 1% of eligible child care providers will receive a grant and reach step three in FY17 and 2% will receive grants and reach step three in FY18. If so, the fiscal impact for increased child care subsidies will be about \$63,000 of general funds in FY17 and \$127,600 of general funds in FY18.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB:489	AM:	AGENCY/POLT. Department of Health and Human Services
REVIEWED BY: James Van Bruggen	DATE: 2/26/2015	PHONE: 471-4179
COMMENTS: No basis upon which to disagree with the Department's analysis.		

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Prepared by: (3) Mike Mason

Date Prepared:(4) 12-26-15

Phone: (5) 471-0676

	<u>FY 2015-2016</u>		<u>FY 2016-2017</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$62,957		\$314,784	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$62,957	\$0	\$314,784	\$0

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

Explanation of Estimate:

LB 489 changes provisions of the Early Childhood Education Endowment Cash Fund in 79-1104.02 by permitting the board of trustees to issue grants to early childhood education programs entering into agreements with child care providers, if the child care provider enrolls in the quality rating and improvement system described in the Step Up to Quality Child Care Act. Child care providers in programs receiving grants must obtain a step 3 rating or higher within a specified time. Establishes staffing requirements for school districts entering into agreements under the grant program.

There is no Impact to the Public Health Division of Department of Health and Human Services (DHHS).

There is a fiscal impact to the Division of Children and Family Services (CFS) of DHHS. This bill is expected to increase the proportion of providers participating in the Step up to Quality program. Providers participating in the Child Care Subsidy Program are reimbursed at higher rates if they have achieved the Step 3 Level in the Step up to Quality Program. This rate is equal to the nationally accredited rate per DHHS regulation 392-000-203. In addition, providers that reach Step 4 and 5 Levels are eligible for incremental 5% reimbursement increases above the Step 3 Level. However, there are currently no providers receiving child care subsidies that are accredited at Step 4 or 5 Level. Due to the multiyear accreditation process in achieving these levels, it is assumed that no providers would reach these levels by the end of SFY17.

It is estimated that 1% of eligible providers in SFY16 will be certified at the Step 3 level. Based on child care claims data for Infant and Toddler care in the first half of SFY15, the estimated fiscal impact is \$62,957 of general funds in SFY16.

It is estimated that 5% of eligible providers in SFY17 will be certified at the Step 3 level. Based on child care claims data for Infant and Toddler care in the first half of SFY15, the estimated fiscal impact is \$314,784 of general funds in SFY17.

The Child Care Subsidy Program is partially funded by a federal block grant. This grant is fully allocated in SFY16 and SFY17 so all increases in expenditures are expected to be paid from general funds.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2015-2016	2016-2017
	15-16	16-17	EXPENDITURES	EXPENDITURES

Benefits.....		
Operating.....		
Travel.....		
Capital Outlay.....		
Aid.....	\$62,957	\$314,784
Capital Improvements.....		
TOTAL.....	\$62,957	\$314,784

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2015

LB⁽¹⁾ 489

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Dept. of Education

Prepared by: ⁽³⁾ Melody Hobson

Date Prepared: ⁽⁴⁾ 1/27/15

Phone: ⁽⁵⁾ 402-471-0263

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	0	0	0	0
CASH FUNDS	0	0	0	0
FEDERAL FUNDS	0	0	0	0
OTHER FUNDS	0	0	0	0
TOTAL FUNDS	0	0	0	0

Explanation of Estimate:

This bill is estimated to have no fiscal impact on either NDE or on political subdivisions.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16 EXPENDITURES</u>	<u>2016-17 EXPENDITURES</u>
	<u>15-16</u>	<u>16-17</u>		
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				