

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	1,482,373		1,959,858	
OTHER FUNDS				
TOTAL FUNDS	1,482,373		1,959,858	

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

This bill continues eligibility for transitional child care as long as the family continues to be eligible for the subsidy until the family income exceeds 85% of the State Median Income (SMI). The bill also removes the 24-month cap on transitional child care.

On average 36 cases a month are closed due to income. For purposes of this fiscal note, it is assumed that all cases are below the SMI. The average monthly cost for child care transitional cases is \$716. The annual cost will be \$1,959,858. The effective date of the bill is October 2019. The aid costs in FY 20 would be \$1,469,893. There would be a one-time cost of \$12,480 in FY 20 for modifications to NFOCUS.

This change is required for compliance to receive federal Child Care Development Block Grant funds. The block grant allotment for Nebraska has been increased by \$12.4 million to address compliance issues. The additional costs will be paid from federal block grant funds. Non-compliance would result in an annual loss of \$1,116,987.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 341 AM:	AGENCY/POLT. SUB: Department of Health and Human Services (DHHS)	
REVIEWED BY: Elton Larson	DATE: 2/4/2019	PHONE: (402) 471-4173
COMMENTS: No basis to disagree with DHHS estimate of fiscal impact to the agency.		

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Prepared by: (3) Michael Michalski

Date Prepared:(4) 1-22-19

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	<u>FY 2019-2020</u>		<u>FY 2020-2021</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	\$992,409		\$1,959,858	
OTHER FUNDS				
TOTAL FUNDS	\$992,409	\$0	\$1,959,858	\$0

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

Explanation of Estimate:

LB 341 will allow families eligible for transitional child care (TCC), eligibility through remainder of their eligibility period so long as their income does not exceed 85% State Median Income (SMI). This bill also eliminates the 24 month time limit for transitional child care.

A fiscal impact to the Department of Health and Human Services (DHHS) would result from some transitional child care participants continuing to receive child care subsidy who might have otherwise lost eligibility due to households exceeding current income standards.

The estimated annual aid for TCC cases closed due to income eligibility is \$1,959,858 (Federal Fund). The expected implementation date is Jan 2020. The additional one time estimated cost of \$12,480 (Federal Fund) for technology/Nebraska Family Online Client User System (NFOCUS) changes and partial estimated aid cost of \$979,929 (Federal Fund) for TCC cases closed due to income eligibility is included in FY2020. The number of affected cases and the cost is based upon historical data from June, 2017 to May, 2018. For transitional child care the average cost per case was \$716 with an average 1154 TCC cases per month. On an average 36 TCC cases were closed each month due to income eligibility. It is assumed these cases were closed during 12 months period due to income redetermination that exceeded 185% federal poverty level (FPL). It is also assumed that their income did not exceed 85% SMI.

All Child Care and Development Fund (CCDF) federal funds are fully expended on existing child care services. Children and Family Services (CFS) will receive an additional funding of \$12 million from federal funding partners for the FFY19 grant. These additional federal funds will be used to cover the costs of TCC. By not implementing this federal requirement, 4% of Child Care and Development Block Grant (CCDBG) discretionary funds will be subject to penalty. This equates to an estimate of \$1,116,987 for FFY18 discretionary allotment.

Simple Weighted Model methodology is used to calculate the estimated TCC cost for cases closed due to income eligibility as the actual remainder period of closed cases is unknown. The estimated Cumulative Cost is calculated based on assumption that cases closed in Jun-17 are open for all remainder period till May-18 i.e. for 12 months. Cases closed in Jul-17 are open for all remainder period i.e. for 11 months and so on. Below is the historical data from Jun-17 to May-18.

	Cost Per Case	Total TCC Cases	
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Month		Closed Due to Income	Total TCC Cases
Jun-2017	\$780	32	1076
Jul-2017	\$769	32	1116
Aug-2017	\$750	30	1138
Sep-2017	\$666	36	1092
Oct-2017	\$717	47	1115
Nov-2017	\$689	24	1146
Dec-2017	\$663	37	1173
Jan-2018	\$714	43	1143
Feb-2018	\$654	34	1140
Mar-2018	\$732	32	1280
Apr-2018	\$693	57	1246
May-2018	\$769	32	1182
Average	\$716	36	1154

The total fiscal impact of increased cost of \$992,409 (Federal Fund) is estimated for FY20 and \$1,959,858 (Federal Fund) thereafter.

DHHS will be required to complete a minor rule and regulation change as a result of LB 341. DHHS will absorb the estimated costs listed below to complete this regulation change.

Title	Hour(s)	Hourly Cost	Absorbed Cost
Director	1	72.115	\$ 72
Deputy Director	1	51.923	\$ 52
Administrator I	1	29.354	\$ 29
Program Specialist	2	21.466	\$ 43
Program Analyst	4	20.869	\$ 83
Attorney 3	10	32.213	\$ 322
Total Costs	19		\$ 602

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2019-2020 EXPENDITURES	2020-2021 EXPENDITURES
	19-20	20-21		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$979,929	\$1,959,858
Capital Improvements.....			\$12,480	
TOTAL.....			\$992,409	\$1,959,858