

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

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

This bill requires the child care reimbursement rates to be set at no less than the 75th percentile of the market rate survey for FY 2023 and FY 2024. The bill states legislative intent to appropriate federal funds from the Coronavirus State Fiscal Recovery Fund under the American Plan Amendment for the child care subsidy program for FY 2023. It is assumed the one-time appropriation in the intent language would be expanded over both fiscal years.

The current child care subsidy reimbursement is set at the 60th percentile. This bill would increase the rates to the 75th percentile for FY2023 and FY 2024. The annual cost in both fiscal years would be \$2,372,215. The rate setting would return to the current requirement that reimbursement rates be set between the 60th and 75th percentile of the market rate survey.

The bill directs the use of a portion of American Rescue Plan Act (ARPA) funding available under the Coronavirus State and Local Fiscal Recovery Funds (SLFRF).

The following are the allowed uses of SLFRF funds:

- **Replace lost public sector revenue**, using this funding to provide government services up to the amount of revenue lost due to the pandemic
- **Respond to the far-reaching public health and negative economic impacts of the pandemic**, by supporting the health of communities, and helping households, small businesses, impacted industries, nonprofits, and the public sector recover from economic impacts
- **Provide premium pay for essential workers**, offering additional support to those who have and will bear the greatest health risks because of their service in critical sectors
- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, to support vital wastewater and storm water infrastructure, and to expand affordable access to broadband internet

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 865	AM:	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services	
REVIEWED BY: Ann Linneman	DATE: 2-8-2022	PHONE: (402) 471-4180	
COMMENTS: No basis to disagree with the Nebraska Department of Health and Human Services' analysis and estimate of fiscal impact. The maximum funding available under the federal Coronavirus State Fiscal Recovery Fund is \$1.04 billion, of which only \$520 million is currently available. Appropriation of these funds must be balanced in aggregate in order to avoid over obligation. Technical Note: The language in LB 865 does not provide the level of detail necessary to enact the appropriation intended.			

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 2-4-2022

Phone: (5) 471-6719

	<u>FY 2022-2023</u>		<u>FY 2023-2024</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	\$2,372,215		\$2,372,215	
OTHER FUNDS				
TOTAL FUNDS	\$2,372,215		\$2,372,215	

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

Explanation of Estimate:

LB865 would increase the Child Care Subsidy provider rates from the 60th percentile of the Market Rate Survey to the 75th percentile for SFY 2023 and 2024 beginning July 1, 2022.

Currently, child care subsidy rates are adjusted every odd number year based on results of the biennial Market Rate Survey (MRS). Current child care subsidy rates are set at no less than the 60th percentile and are scheduled to run through July 30th, 2023 with the current rate. It is estimated that one year of moving the child care rates from the 60th percentile to the 75th percentile would cost \$2,372,215.

This proposed bill could potentially impact all licensed child care providers and programs. There are approximately 1,400 licensed child care subsidy providers. If the provider's rate for the public is lower than the Department's maximums, the Child Care Subsidy rate paid to the provider will not be more than the provider's rate charged to the public. Therefore, not every child care provider would be eligible for an increase rate to the 75th percentile.

This bill proposes to use funds allocated to the State of Nebraska from the federal Coronavirus State Fiscal Recovery Fund pursuant to the Federal American Rescue Plan Act of 2021.

There is no end date for this bill. This would keep all Child Care rates at the 75th percentile in perpetuity. As the American Rescue Plan Funds have a defined end date, there would be no federal funds available in the future to pay for child care rates at the 75th percentile. General Funds would be required in a future biennium.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	NUMBER OF POSITIONS		2022-2023 EXPENDITURES	2023-2024 EXPENDITURES
	POSITION TITLE	22-23		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$2,372,215	\$2,372,215
Capital Improvements.....				
TOTAL.....			\$2,372,215	\$2,372,215