

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	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 expands the eligibility for Child Care Subsidy to both apprentices of all types and certain qualifying semiconductor workers. Semiconductor workers would be subject to an income limit of 200% of the Federal Poverty Level whereas the apprentices would not be subject to the income limit. Federal funding is fully expended on current eligible child care uses so any added cost would be from State General funds. DHHS notes that the provisions of this bill would put the State out of compliance with federal regulations for the Child Care Development Fund putting those funds at risk and further increase the General Fund impact.

System updates to NFOCUS would be needed to accommodate the new eligibility category. The cost to update systems is \$36,800. DHHS does not anticipate a large number of workers who fall into this category therefore does not include additional staff in this estimate. More staff would be needed if there becomes a high number of applicants.

The average monthly cost to the state of childcare is \$1,151. If only 50 newly eligible households utilize the program the aid cost would amount to \$690,600. DHHS utilizes an estimate of 50 semi-conductor workers and 261 apprentices. The estimate for apprentices is 10% of the current total of active apprenticeships in Nebraska. If 500 newly eligible households utilize the program the aid cost would amount to \$6,906,000 and there would be additional administrative costs in the form of salaries and benefits for the staff. If 500 semi-conductor workers and all 2,612 apprentices take advantage of the program then the total aid cost would be \$42,982,944.

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

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Date Prepared 2-20-2024

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	<u>FY 2024-2025</u>		<u>FY 2025-2026</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$4,332,332		\$4,295,532	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$4,332,332	\$0	\$4,295,532	\$0

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

Explanation of Estimate:

LB1280 proposes to provide child-care assistance to all qualified apprentices with no income eligibility limitation. Nebraska currently has 2,612 active apprenticeships. Assuming 10% utilization would result in 261 individuals receiving child-care assistance.

LB1280 also proposes to provide child-care assistance to semiconductor workers whose income is below 200% of the Federal Poverty Level (FPL). This would put the CCDF program out of federal compliance with 45 C.F.R. §98.21(b)(1) which requires lead agencies to provide a graduated phase-out by implementing a two-tiered eligibility threshold, with the second tier of eligibility to be used at the time of eligibility redetermination. Being out of compliance with federal requirements could result in a loss of federal funds. The 200% FPL that this bill is proposing is currently the second tier for eligibility redetermination. This would mean that this bill would remove a two-tiered eligibility requirement, for this population, at redetermination. Each household that is eligible for this will need to be tracked on a case-by-case basis, which will result in an extensive amount of staff time. Additionally, the Department of Health and Human Services (DHHS) would be required to submit an amendment to the state plan.

Implementation of LB1280 would require DHHS to develop a new application process specific to this population. The eligibility determination will require staff to verify that individuals are meeting the requirements of being in a qualified apprenticeship or that they meet the qualifications of working in the semiconductor industry. In addition, Title 392 Nebraska Administrative Code will need to be updated to include updated needs for service and to have a different initial income level for these households.

System updates would be needed to create fields within NFOCUS to identify the type of application and processing rules for these households with a different initial income guideline than other households who are currently set at 185% FPL for an initial application. The updates to NFOCUS system, system testing, and training may take longer than 90 days to implement. The work involved includes the following:

1. New Expert System window/task to collect information related to tracking of person’s status in an apprenticeship or semiconductor worker.
2. Changes in ES verification task.
3. Wording changes for ES Notice of Action including batch style sheet changes.
4. N-FOCUS Child Care program eligibility determination/budget rules modified to account for the higher income test for this population.
5. Gen Benefit Summary updates.

To make the necessary updates DHHS would require the following:

- Expert System Technical Analyst: \$100/hour for total of 110 hours = \$11,000

- General Technical Analyst: 100/hour for total of 24 hours = \$2,400
- Batch Technical Analyst: \$100/hour for a total of 130 hours = \$13,000
- Business Analyst: \$80/hour for a total of 130 hours = \$10,400

Total Cost = \$36,800

DHHS believes the work could be absorbed by current staff. If there is a high number of applicants, that apply and are eligible, there could be a need for additional staff to meet the requirements of this bill in the future.

Currently, there are approximately 9,000 households receiving child-care assistance. This would add new households to the program that have a higher initial income limit of 200% FPL and allow for creating a new need for services category for the program. Federal funding is already utilized so any added cost would be from State General funds.

The average monthly household amount, less the family fee, is \$1,151. This fiscal note assumes 50 semi-conductor workers and 261 apprentices would receive child-care assistance. The increased cost to State General funds would be \$4,295,532.

MAJOR OBJECTS OF EXPENDITURE				
PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2024-2025 EXPENDITURES	2025-2026 EXPENDITURES
	24-25	25-26		
Benefits.....				
Operating.....			\$36,800	\$0
Travel.....				
Capital Outlay.....				
Aid.....			\$4,295,532	\$4,295,532
Capital Improvements.....				
TOTAL.....			\$4,332,332	\$4,295,532