

Revised to correct a number

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	427,626		772,848	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	427,626		772,848	

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

This bill would require varying income disregards to be applied in the child care subsidy program at eligibility redetermination after twelve months of continuous eligibility. Seven percent of the household's gross income would be disregarded after 12 months and 15 percent after 24 months. At 36 months, income shall be treated the same as at initial eligibility.

The cost projections are based on the assumption 20% of the children who lose child care eligibility due to income would continue because of the income disregards required under this bill. An additional assumption is made that 20% who lose eligibility due to income have received the subsidy for 12 months. The costs are projected at the average monthly rate of child care payments. First year costs are phased-in as the eligibility redeterminations are made. Estimated costs are \$418,626 GF in FY 14 and \$772,848 GF in FY 15.

One-time programming costs are \$9,000 GF.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 359	AM:	AGENCY/POLT. SUB: DHHS	
REVIEWED BY: Elton Larson		DATE: 2/13/2013	PHONE: 471-4173
<p>COMMENTS: LB 359 requires that income disregards be applied upon child care subsidy eligibility redetermination after 12 months of continuous eligibility. The DHHS fiscal note assumes that 20% of participants would meet the 12 month continuous participation requirement. The DHHS fiscal note also assumes that 20% of the group that meets the 12 month continuous participation requirement would also retain eligibility due to the LB 359 income disregards. The DHHS fiscal note, then, is based on the assumption that 4% of current program participants (or about 13 children per month) would remain eligible for the child care subsidy with the income disregards and the 12 month continuous eligibility standard contained in LB 359. The 4% of participants retaining eligibility with the first year 7% gross income disregard, at an average cost of \$413/month, translates into the \$427,629 General Fund impact for FY14 and \$772,848 General Fund impact for FY15. If more than 4% of child care subsidy eligibles benefit from the provisions of LB 359 the costs could be higher. If fewer than 4% of child care subsidy eligibles benefit from the provisions of LB 359 the costs could be lower. The DHHS fiscal note also includes an estimated \$9,000 for FY14 for computer programming changes necessary to implement LB 359.</p>			

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Prepared by: (3) Willard Bouwens

Date Prepared:(4) 2-12-13

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	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$427,629		\$772,848	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$427,629*		\$772,848*	

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

Explanation of Estimate:

LB359 would provide in Sec.1 Section 68-1206 (2) that the Department of Health and Human Services:

“In determining ongoing eligibility for this program at redetermination, seven percent of a household's gross earned income shall be disregarded after twelve months on the program and fifteen percent of a household's gross earned income shall be disregarded after twenty-four months on the program. After thirty-six months on the program, a household's gross income shall be treated the same as at initial eligibility for the program.”

*A fiscal impact to the Department of Health and Human Services would result from some child care participants continuing to receive child care subsidy who might have otherwise lost eligibility due households exceeding current income standards. The eligibility group in the Nebraska Child Care program that would be affected by LB359 is the Low Income Sliding Fee (LC) eligibility group which currently has an income limitation set at 120% of the Federal Poverty level. A current four-month average of participants in this eligibility group that lose eligibility due to income exceeding standards is 317 per month. It is unknown how many of these participants were on continuous twelve-month participation or how many were in families falling within the adjusted seven percent gross income disregard guideline but assuming 20% of the households (and participants) met each condition then the estimated number of participants who might continue to receive child care subsidy would be 13 per month (317 * 20% * 20%). Using the current monthly average of \$412.85 per LC participant the estimated monthly increase in Child Care Subsidy expenditures would be \$5,367 (GF) (\$412.85 * 13) for each month of new redeterminations. Assuming that the first year under the revised income disregard guidelines would have a phased in group of participants each month the estimated increase in child care subsidy for the first year would be \$418,626 (GF). The second year costs would be higher at \$772,848 (GF). It is unknown how many participants would still be qualified after twenty-four months at an even lower revised income disregard guideline.

Programming costs associated with making changes to NFOCUS to provide for income disregards in Child Care cases are estimated at 60 hours of technical time and 60 hours of business analysis time at \$75/hour for an estimated cost of \$9,000 (GF).

The total estimated cost to the Department of Health and Human Services is \$427,629 (GF) for SFY14 and \$772,848 (GF) for SFY15.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2013-2014	2014-2015
		13-14	14-15	EXPENDITURES	EXPENDITURES

Benefits.....		
Operating.....	\$9,000	
Travel.....		
Capital Outlay.....		
Aid.....	\$418,626	\$772,848
Capital Improvements.....		
TOTAL.....	\$427,629*	\$772,848*