

Revised to include an agency response.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	309,960		787,968	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	309,960		787,968	

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% after 24 months. At 36 months, income shall be treated the same as at initial eligibility.

The four-month average of participants in the Low-Income Sliding Fee eligibility group that lose eligibility due to earnings is 317 per month. 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. It is estimated that 13 children per month would continue to receive child care services at an average cost per month of \$420.93 in FY 14 and FY 15. First year costs are phased-in as the eligibility redeterminations are made and covers 10 months, assuming an implementation date of September 2014. Estimated costs are \$300,960 GF in FY 15 and \$787,968 GF in FY 15.

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

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:(4) 12-9-13

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	<u>FY 2014-2015</u>		<u>FY 2015-2016</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$309,960		\$787,968	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$309,960*		\$787,968*	

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 \$420.93 per LC participant the estimated monthly increase in Child Care Subsidy expenditures would be \$5,472 (GF) (\$420.93 * 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 \$300,960 (GF) for ten months of SFY14-15. The second year costs would be higher at \$787,968 (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 \$435,816 (GF) for SFY15 and \$787,968 (GF) for SFY16.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2014-2015	2015-2016
		14-15	15-16	EXPENDITURES	EXPENDITURES

Benefits.....		
Operating.....	\$9,000	
Travel.....		
Capital Outlay.....		
Aid.....	\$300,960	\$787,968
Capital Improvements.....		
TOTAL.....	\$309,960*	\$787,968*

Estimated number children in LC-Low Income Sliding Fee cases that are closed per month due to "Income Exceeds Standards"

Oct 2012-Jan 2013		1,268	
Estimated number children		317	
Estimated % on continuously for 12 months (20%)	20%	63	
Estimated % with incomes just above 120% that would be closed due to income limitation	20%	13	
Avg cost per child per month for LC	\$ 412.85	\$	5,367
	12	64,404	772,848
	11	59,037	
	10	53,670	
	9	48,303	
	8	42,936	
	7	37,569	
	6	32,202	
	5	26,835	
	4	21,468	
	3	16,101	
	2	10,734	
	1	5,367	
		418,626	

Oct 2012-Jan 2013		1,268	
Estimated number children		317	
Estimated % on continuously for 12 months (20%)	20%	63	
Estimated % with incomes just above 120% that would be closed due to income limitation	20%	13	
Avg cost per child per month for LC	\$ 420.93	\$	5,472
	12	65,664	787,968
	11	60,192	

10	54,720	
9	49,248	
8	43,776	
7	38,304	
6	32,832	
5	27,360	
4	21,888	
3	16,416	
2	10,944	
1	5,472	
	426,816	
	8,190	15,120
	9000	
	435,816	