

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	(\$7,400,000))			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	(\$7,400,000)			

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

This bill would delay by one year the implementation of the child care market rate survey.

Current statute requires a child care subsidy payment rates to be adjusted based on the market rate survey every odd-numbered year. The rates are to be set between the 60th and 75th percentile. This bill would suspend the requirement in 2017. The Administration of Children and Families which oversees the federal Child Care Block Grant states that the market rate survey must be used at least every three years to determine rates. The federal Child Care Block Grant is a capped amount that pays for child care. Increases over the capped amount are paid from state general funds.

The Department of Health and Human Services contracted the market rate survey. Preliminary results are anticipated to be done February 3rd and the final report by the end of March. Estimated one-time savings based on past adjustments is \$7.4 million.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 335	AM:	AGENCY/POLT. SUB: DHHS
REVIEWED BY: Elton Larson	DATE: 1/24/2017	PHONE: (402) 471-4173
COMMENTS: I concur with fiscal impact identified by DHHS. Governor’s recommendation for 2017 – 2019 biennium includes the reductions indicated in the DHHS fiscal note.		

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Prepared by: (3) Pat Weber

Date Prepared:(4) 1-13-17

Phone: (5) 471-6351

	<u>FY 2017-2018</u>		<u>FY 2018-2019</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	(\$7,432,169)		(\$7,432,169)	
CASH FUNDS				
FEDERAL FUNDS	(\$282,880)		(\$282,880)	
OTHER FUNDS				
TOTAL FUNDS	(\$7,715,049)		(\$7,715,049)	

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

Explanation of Estimate:

LB 0335 excludes 2017 from the requirement that the Department of Health and Human Services (DHHS) adjust the reimbursement rate for child care providers every odd-numbered year, based on the results of a market rate survey. The past four market rate surveys (2009, 2011, 2013, and 2015) have resulted in an average annual increase of \$7,715,049 (\$7,432,169 GF, \$282,880 FF). Eliminating the requirement for DHHS to adjust child care rates in 2017 will result in a cost avoidance of this amount. It should be noted that these funds are not included in the DHHS budget request for SFY18 or SFY19.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2017-2018	2018-2019
		17-18	18-19	EXPENDITURES	EXPENDITURES
Benefits.....					
Operating.....					
Travel.....					
Capital Outlay.....					
Aid.....				(\$7,715,049)	(\$7,715,049)
Capital Improvements.....					
TOTAL.....				(\$7,715,049)	(\$7,715,049)