

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 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	509,553		205,853	
CASH FUNDS	637,016	626,442	624,295	594,269
FEDERAL FUNDS	1,482,373		1,959,858	
OTHER FUNDS				
TOTAL FUNDS	2,628,942	626,442	2,790,006	594,269

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

This bill requires all employees of residential child-care agencies who are 18 years of age or older to submit to a national criminal background check not less than once every five years. The employees also shall submit to these additional checks: national sex offender registry and the state criminal, sex offender and child abuse and neglect registries. The cost of the background checks are the responsibility of the employee.

The bill conforms state statute to the federal Family First Prevention Services Act. Non-compliance would place the state at risk of losing up to \$39 million in federal Title IV-E funding. The State Patrol will have increased expenses and increased revenue. The agency estimates that 1,094 individuals would need to be screened in the first year. Thereafter, it is assumed that turnover would be approximately 35% resulting in 383 additional checks. The Patrol will need a fingerprint technician and equipment. The cost in FY 2019-20 would be \$60,078. In FY 2020-21, the ongoing cost for the fingerprint technician is \$45,357. Revenue is projected to be \$49,504 in FY 2019-20 and \$17,331 in FY 2020-21.

LB 341: This bill as amended incorporates LB 341 which continues eligibility for transitional child care as long as the family continues to be eligible for the subsidy until the family income exceeds 85% of the State Median Income (SMI). The bill also removes the 24-month cap on transitional child care.

On average 36 cases a month are closed due to income. For purposes of this fiscal note, it is assumed that all cases are below the SMI. The average monthly cost for child care transitional cases is \$716. The annual cost will be \$1,959,858. The effective date of the bill is October 2019. The aid costs in FY 20 would be \$1,469,893. There would be a one-time cost of \$12,480 in FY 20 for modifications to NFOCUS.

This change is required for compliance to receive federal Child Care Development Block Grant funds. The block grant allotment for Nebraska has been increased by \$12.4 million to address compliance issues. The additional costs will be paid from federal block grant funds. Non-compliance would result in an annual loss of \$1,116,967.

LB 459: This bill as amended incorporates LB 459 which requires a national criminal records checks for all child care providers and prospective child care staff member or provider. Child care providers and employees are responsible for cost of the check. Approximately 12,750 child care providers would need the criminal background checks. The State Patrol conducts the checks. The cost per check is \$45.25. The State Patrol would have increased revenue of approximately \$578,938 annually. Due to the anticipated volume, the Patrol will need to hire 14 additional staff, purchase additional scanners and equipment and rent additional space, costs are expected to exceed revenue by \$509,553 in FY 2020 and \$205,853 in FY 2021. The General Fund would pay the costs that exceeds revenue. This bill is required to meet compliance for receipt of federal Child Care Development Block Grant funds. Some additional costs for the State Patrol not reflected in this fiscal note will be covered from an additional allotment from the federal block grant. Failure to comply could result in the loss of all or a portion of the block grant funding. Nebraska receives over \$30 million annually.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 460	AM: 1396	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services (025)
REVIEWED BY: Joe Wilcox	DATE: 05/15/2019	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the Nebraska Department of Health and Human Services estimate of potential Fiscal Impact to the Agency from LB 460, as amended by Senator Howard's AM 1396.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 460	AM: 1211 and AM 1396	AGENCY/POLT. SUB: Nebraska State Patrol (064)
REVIEWED BY: Joe Wilcox	DATE: 05/08/2019	PHONE: (402) 471-4178
COMMENTS: No disagreement with the Nebraska State Patrol estimate of potential Fiscal Impact to the Agency from LB460, as amended by the Health and Human Services Committee Amendment – AM 1211, and by Senator Howard’s Amendment – AM 1396.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 460	AM: 1211	AGENCY/POLT. SUB: University of Nebraska (051)
REVIEWED BY: Joe Wilcox	DATE: 04/29/2019	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the University of Nebraska estimate of potential Fiscal Impact to the University from LB460, as amended by the Health and Human Services Committee Amendment to the bill – AM 1211.		

LB⁽¹⁾ 460
AM1211 AM1396

FISCAL NOTE

2019

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Prepared by: (3) Mike Michalski

Date Prepared 4-24-19

Phone: (5) 471-6719

	<u>FY 2019-2020</u>		<u>FY 2020-2021</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	\$992,409		\$1,959,858	
OTHER FUNDS				
TOTAL FUNDS	\$992,409		\$1,959,858	

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

Explanation of Estimate:

LB 460, as amended, is a bill that impacts the Division of Children and Family Services (CFS) in the Department of Health and Human Services (DHHS).

LB 460 keeps CFS in compliance with the federal Family First Prevention Services Act (FFPSA). Any individual employed in a residential child-caring agency that is licensed under the Child Care Licensing Act will be required to be fingerprinted and submit a national criminal background check at least once every 5 years. The individual will be required to pay the cost of the fingerprinting and background check unless DHHS can apply funding to the costs of the checks if funding is available.

If the Department does not comply with FFPSA, the State of Nebraska could be at risk of losing up to \$39,000,000 in Federal Title IV-E funding.

LB 460 will allow families eligible for transitional child care (TCC), eligibility through remainder of their eligibility period so long as their income does not exceed 85% State Median Income (SMI). This bill also eliminates the 24 month time limit for transitional child care.

The estimated annual aid costs for TCC cases closed due to income eligibility is \$1,959,858 (Federal Funds). The expected implementation date of this change is January 2020. In SFY 2020, one time estimated costs of \$12,480 (Federal Funds) for technology changes and partial estimated aid cost of \$979,929 (Federal Fund) for TCC cases closed due to income eligibility is included in SFY2020. The number of affected cases and the cost is based upon historical data from June, 2017 to May, 2018. For transitional child care the average cost per case was \$716 with an average 1154 TCC cases per month. On an average 36 TCC cases were closed each month due to income eligibility. It is assumed these cases were closed during 12 months period due to income redetermination that exceeded 185% federal poverty level (FPL). It is also assumed that their income did not exceed 85% SMI.

Additional federal funds provided in the Federal Fiscal Year 2019 CCDF Grant will be used to cover the costs of TCC. By not implementing this federal requirement, 4% of Child Care and Development Block Grant (CCDBG) discretionary funds will be subject to penalty. This equates to an estimate of \$1,116,987 for FFY18 discretionary allotment.

Simple Weighted Model methodology is used to calculate the estimated TCC cost for cases closed due to income eligibility as the actual remainder period of closed cases is unknown. The estimated Cumulative Cost is calculated based on assumption that cases closed in Jun-17 are open for all remainder period till May-18 i.e. for 12 months. Cases closed in Jul-17 are open for all remainder period i.e. for 11 months and so on. Below is the historical data from Jun-17 to May-18.

Month	Cost Per Case	Total TCC Cases Closed Due to Income	Total TCC Cases
Jun-2017	\$780	32	1076
Jul-2017	\$769	32	1116
Aug-2017	\$750	30	1138
Sep-2017	\$666	36	1092
Oct-2017	\$717	47	1115
Nov-2017	\$689	24	1146
Dec-2017	\$663	37	1173
Jan-2018	\$714	43	1143
Feb-2018	\$654	34	1140
Mar-2018	\$732	32	1280
Apr-2018	\$693	57	1246
May-2018	\$769	32	1182
Average	\$716	36	1154

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2019-2020 EXPENDITURES	2020-2021 EXPENDITURES
	19-20	20-21		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$979,929	\$1,959,858
Capital Improvements.....			\$12,480	
TOTAL.....			\$992,409	\$1,959,858

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2019

LB⁽¹⁾ 460, AM1211, AM1395

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska State Patrol

Prepared by: ⁽³⁾ Carol Aversman Date Prepared: ⁽⁴⁾ 5-7-2019 Phone: ⁽⁵⁾ 402-471-4545

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$509,553		\$205,853	
CASH FUNDS	\$637,016	\$626,442	\$624,295	\$594,269
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$1,146,569	\$626,442	\$830,148	\$594,269

Explanation of Estimate:

LB 460 requires any individual eighteen years of age or older employed by a residential child-caring agency to undergo a national criminal history record information check not less than once during each five-year period. The individuals are required to submit a complete set of fingerprints to the State Patrol, who is required to transmit a copy to the Federal Bureau of Investigation for a national criminal history record information check. The State Patrol is required to issue a report to the department (DHHS) that includes the information collected from the national criminal history record information check concerning the individual. The individual being screened is required to pay the cost of the fingerprinting (\$45.25 per individual). The State Patrol estimates that it will be required to process fingerprints and background checks for 1,094 individuals during the first year of the biennium. This estimate encompasses all existing employees at such agencies. Thereafter, the required processing was estimated based on an assumed 35% turnover rate in employees at residential child-caring agencies, resulting in 383 individuals requiring processing. The State Patrol estimates that it would need one additional fingerprint technician in order to process the additional volume. Operating costs include the fees charged by the FBI (\$13.25 per record check). Capital outlays include a desktop pc, scanner, monitors, and a desk/workstation for the additional FTE, with costs incurred only in the first year of the biennium.

This bill as amended incorporates LB459 which requires national criminal records checks for all child care providers and prospective child care staff members or providers. Child care providers and employees are responsible for the cost of the check. Approximately 12,750 child care providers would need the criminal background checks. The State Patrol conducts the checks. The cost per check is \$45.25. The State Patrol would have increased revenue of approximately \$578,938 annually. Due to the anticipated volume, the Patrol will need to hire 14 additional staff, purchase additional scanners and equipment and rent additional space. Costs are expected to exceed revenue by \$509,553 in FY 2020 and \$205,853 in FY 2021. The General Fund would pay the costs that exceeds revenues.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
State Patrol Criminal Identification Records Technician	7	7	\$189,878	\$189,878
State Patrol Records Analysis Supervisor	1	1	\$45,816	\$45,816
Staff Assistant I	5	5	\$152,672	\$152,672
IT Infrastructure Support Analyst	1	1	\$46,263	\$46,263
IT Business Systems Analyst/Coordinator	1	1	\$51,397	\$51,397

Benefits		\$170,109	\$170,109
Operating		\$193,434	\$174,013
Travel			
Capital outlay		\$97,000	
Aid			
Capital improvements		\$200,000	
TOTAL		\$1,146,569	\$830,148

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2019

LB⁽¹⁾ 460 AM 1211

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ University of Nebraska

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ April 26, 2019 Phone: ⁽⁵⁾ 402-472-7109

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	<u>16,000</u>	_____	<u>8,000</u>	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>16,000</u>	_____	<u>8,000</u>	_____

Explanation of Estimate:

The amendment requires further background checks for workers at a licensed child care provider and adds finger printing. The bill allows for costs to be charged to the employees, but given the wage level of these employees it is likely the employer will need to cover the cost or risk not being able to attract workers.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20 EXPENDITURES</u>	<u>2020-21 EXPENDITURES</u>
	<u>19-20</u>	<u>20-21</u>		
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	<u>16,000</u>	<u>8,000</u>
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	<u>16,000</u>	<u>8,000</u>