

PREPARED BY: Liz Hruska
 DATE PREPARED: February 12, 2019
 PHONE: 402-471-0053

LB 607

Revision: 00

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 | | | | |
| CASH FUNDS | 24,297 | 11,300 | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | 24,297 | 11,300 | | |

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

This bill establishes new credentials under the Uniform Credentialing Act for temporary body art facilities, guest body artist, and apprentice nail technology salons.

Cost would be for development of rules and regulations and modifications of systems and processes. The estimated cost in FY 20 would be \$24,297 from cash funds. The fees would be assessed based on the formula under the Uniform Credentialing Act. The revenue estimate is \$11,300 in FY 20. The shortfall would be made up by the pool of funding from other professions. Ongoing costs would be minimal.

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| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | |
| LB: 607 AM: | AGENCY/POLT. SUB: Department of Health and Human Services (DHHS) | |
| REVIEWED BY: Elton Larson | DATE: 2/11/2019 | PHONE: (402) 471-4173 |
| COMMENTS: No basis to disagree with DHHS estimate of fiscal impact to the agency. | | |

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 1-24-19

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 | \$24,297 | \$11,300 | \$0 | \$0 |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | \$24,297 | \$11,300 | \$0 | \$0 |

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

Explanation of Estimate:

LB 607 establishes new credentials for Temporary Body Art Facilities, Guest Body Artists, and Apprentice Nail Technology Salons and re-defines the activities that qualify as a Nail Technician.

The estimate includes cost to create new applications, add credentials to the existing licensure software, provide electronic notifications of changes, and update the Department’s website. The current national examination is available in four (4) languages: English, Korean, Spanish, and Vietnamese. Translated results are provided to the Department of Health and Human Services. Other requested languages would require translation services. The cost of additional translation services has not been included.

The estimate also includes the average cost to make minor changes to existing rules and regulations as follows:

| <u>Title</u> | <u>Hours</u> | <u>Hourly Cost</u> | <u>Total Cost</u> |
|--------------------|--------------|--------------------|-------------------|
| Director | 1 | 72.115 | \$ 72 |
| Deputy Director | 1 | 51.923 | \$ 52 |
| Administrator I | 1 | 29.354 | \$ 29 |
| Program Specialist | 2 | 21.466 | \$ 43 |
| Program Analyst | 4 | 20.869 | \$ 83 |
| Attorney III | 10 | 32.213 | \$322 |
| Total Cost | | | \$602 |

Revenue and expenditures are based upon the estimated number of new applicants as shown below:

- 100 – Licenses for manicurists and pedicurists that would meet the new definition of nail technician
- 10 – Licenses issued for a temporary body art facility, and
- 20 – Registrations for a guest body artist

It is expected that the bulk of new applications will be submitted during the first year of enactment. This new work will require additional staff time to process applications and issue licensing in the first year.

Total costs for FY2019-2020 include startup costs and personnel costs required to handle the additional workload created by the initial round of applicants as follows:

1. An IT Business Systems Analyst to add Temporary Body Art Facilities, Guest Body Artists and Apprentice Nail Technology Salons to the electronic credentialing system for eighty (80) hours.

2. A Health Licensing Specialist to create, electronically distribute media, and update the Licensure Unit website regarding the new credentialing requirements for eighty (80) hours plus three hundred ninety (390) hours to process all new applications.
3. A Health Licensing Coordinator to manage startup project and serve as liaison between the Board of Cosmetology and Licensure Unit for eighty (80) hours plus one hundred four (104) hours to review all new applications with the Board of Cosmetology.

The estimated annual operating costs for FY2020-2021 and thereafter due to LB 607, should have minimal impact on the Licensure Unit and would be absorbed by existing staff.

Revenue Estimate

All expenses and revenues would be subject to the Uniform Credentialing Act's specified methodology for establishing fees. The Department pools base costs of credentialing (costs common to all UCA professions) and adds these to variable costs for credentials (e.g. individual board costs) to develop fees. The current base cost for a credential is approximately \$80-95 over two years.

| | |
|--|--------------|
| Estimated number of Nail Technicians licensed by June 30, 2020 is 100 | |
| Current biennial credentialing fee is \$95 each | \$9,500 |
| Estimated number of Temporary Body Art Facilities is 10 | |
| Credentialing fee TBD – estimate \$30 | \$ 300 |
| Estimated number of Apprentice Nail Technology Salons is 5 | |
| Credentialing fee TBD – estimate is \$300 each to match the current biennial credentialing fee for Apprentice Cosmetology Salons | |
| Biennial revenue estimate | \$11,300 |

| MAJOR OBJECTS OF EXPENDITURE | | | | |
|--|---------------------|-------|-----------------|--------------|
| PERSONAL SERVICES: | | | | |
| POSITION TITLE | NUMBER OF POSITIONS | | 2019-2020 | 2020-2021 |
| | 19-20 | 20-21 | EXPENDITURES | EXPENDITURES |
| IT Business systems Analyst | .04 | 0 | \$2,036 | \$0 |
| Health Licensing Specialist | .23 | 0 | \$7,454 | \$0 |
| Health Licensing Coordinator | .09 | 0 | \$3,588 | \$0 |
| Rules and Regulation Changes (see above for breakdown) | .01 | 0 | \$602 | \$0 |
| Benefits..... | | | \$4,643 | \$0 |
| Operating..... | | | \$5,973 | \$0 |
| Travel..... | | | | |
| Capital Outlay..... | | | | |
| Aid..... | | | | |
| Capital Improvements..... | | | | |
| TOTAL..... | | | \$24,297 | \$0 |