

Revised based on new information

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

| <b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b> |                     |                |                     |                |
|---|---------------------|----------------|---------------------|----------------|
|   | <b>FY 2020-21</b>   |                | <b>FY 2021-22</b>   |                |
|   | <b>EXPENDITURES</b> | <b>REVENUE</b> | <b>EXPENDITURES</b> | <b>REVENUE</b> |
| GENERAL FUNDS   |                     |                |                     |                |
| CASH FUNDS  |                     |                |                     |                |
| FEDERAL FUNDS   | \$173,218           |                | \$173,218           |                |
| OTHER FUNDS   |                     |                |                     |                |
| <b>TOTAL FUNDS</b>  | <b>\$173,218</b>    |                | <b>\$173,218</b>    |                |

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

This bill directs the Department of Health and Human Services to maximize federal funding to cover the cost of criminal background checks of child care providers and their staff members. If federal funds are not available the cost would continue to be paid by the child care providers or staff members.

Federal Child Care and Development Block Grant (CCDBG) funds can be used to cover the criminal background checks. Background checks are required every five years for providers and their staff members or when there is a break in service. On February 20, 2020, the Department issued a press release announcing that child care providers and their staff employed before October 1, 2019 would have their background checks covered by the Department with federal CCDBG funds. The press release states more than \$500,000 will be used for this purpose. The cost of criminal background checks are \$45.25. Five hundred thousand dollars will pay for 11,050 checks. .

Based on the information in the press release, the majority of providers and workers who are currently required to be fingerprinted will have their fees paid for without this legislation. Those that would be covered by this bill are those hired after October 1, 2019. The department estimates the turnover is 25% of child care workers or 3,828 staff members. The estimated costs in FY 2021 would be \$173,218 federal funds. The CCDBG award was increased by \$3.3 million in FFY 20 and the president’s budget recommendation continues this increase into FFY 2021, so it is likely federal funds will continue to be available in FY 2022.

The Department’s fiscal note indicates the need for an additional staff assistant to assure proper payments are made to the State Patrol. Their fiscal note shows this position would be paid from General Funds as their CCDBG administrative cap is fully utilized. Based on the processing of over 11,000 payments as indicated in the Department’s press release that will be handled without requesting additional staff, an additional full-time staff assistant would not be needed to process the estimated 3,828 payments for workers hired after October, 1, 2019.

|  |   |                       |
|--|---|-----------------------|
| <b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b> |   |                       |
| LB: 837 AM:  | AGENCY/POLT. SUB:) Department of Health and Human Services (DHHS) |                       |
| REVIEWED BY: Elton Larson  | DATE: 2/20/2020   | PHONE: (402) 471-4173 |
| COMMENTS: No basis to disagree with DHHS analysis and estimate of fiscal impact.                 |   |                       |

**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 1-10-2020

Phone: (5) 471-6719

|                      | <u>FY 2020-2021</u> |                | <u>FY 2021-2022</u> |                |
|----------------------|---------------------|----------------|---------------------|----------------|
|                      | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| <b>GENERAL FUNDS</b> | \$54,951            |                | \$65,941            |                |
| <b>CASH FUNDS</b>    |                     |                |                     |                |
| <b>FEDERAL FUNDS</b> | \$643,953           |                |                     |                |
| <b>OTHER FUNDS</b>   |                     |                |                     |                |
| <b>TOTAL FUNDS</b>   | \$698,904           |                | \$65,941            |                |

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

**Explanation of Estimate:**

LB837 proposes to amend the Child Care Licensing Act and Children’s Residential Facilities and Placing Licensure Act to assist childcare providers and childcare staff members with the costs of the fingerprinting and national criminal history record information check.

The staff time required to complete the documentation necessary for the background checks would require 1 FTE Staff Assistant II for Child Care Licensing estimated to start in October 2020. The costs associated will be paid with General Funds (GF).

LB837 requires the Department of Health and Human Services (DHHS) to maximize federal funding that will assist child care providers and child care staff members with the costs of fingerprinting and national criminal history record information checks.

Fingerprints are required once every 5 years or if there has been a break in child care employment for over 180 days. Each fingerprint and background check costs \$45.25 per check.

In total, there is an estimated 14,231 fingerprint checks (Family Child Care I and II, Pre-School Centers, Child Care Centers and School Age Centers Providers) that will be reimbursed at a total federal fund impact of \$643,953 in SFY 2021. These expenses will utilize 100% Child Care Discretionary Funds (CCDF) for reimbursement. There are an estimated 1,081 fingerprint checks (Residential Child Caring Institutions) that will be ineligible for CCDF reimbursement. The total cost is \$48,915. These cost will be incurred by the providers. The estimated fingerprint checks were developed by Public Health Licensing, which shows the number of licensed providers and the number of estimated staff or household members in each site type who would need fingerprints.

According to the Nebraska Early Childhood Workforce Commission, teacher turnover is approximately 25% in early care and education settings. DHHS assumes 25% of all 15,312 fingerprints will need to be done each year. The aid impact could be \$173,218 in SFY 2022 and beyond if federal funds are available; however, if federal funding is not available, it is assumed that providers will incur the costs.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:

| POSITION TITLE            | NUMBER OF POSITIONS |       | 2020-2021        | 2021-2022       |
|---------------------------|---------------------|-------|------------------|-----------------|
|                           | 20-21               | 21-22 | EXPENDITURES     | EXPENDITURES    |
| Staff Assistant II        | 1                   | 1     | \$30,878         | \$37,053        |
|                           |                     |       |                  |                 |
|                           |                     |       |                  |                 |
|                           |                     |       |                  |                 |
| Benefits.....             |                     |       | \$10,563         | \$12,676        |
| Operating.....            |                     |       | \$13,510         | \$16,212        |
| Travel.....               |                     |       | \$0              | \$0             |
| Capital Outlay.....       |                     |       | \$0              | \$0             |
| Aid.....                  |                     |       | \$643,953        | \$0             |
| Capital Improvements..... |                     |       | \$0              | \$0             |
| <b>TOTAL.....</b>         |                     |       | <b>\$698,904</b> | <b>\$65,941</b> |