

PREPARED BY: Mikayla Findlay
 DATE PREPARED: February 03, 2023
 PHONE: 402-471-0062

LB 561

Revision: 01

Revised due to additional information submitted by an agency

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

This bill adopts the Cosmetology Licensure Compact which would facilitate interstate practice and regulation of cosmetology and create reciprocity among participant states. Additional work would be required by the Department of Health and Human Services within Program 178 – Professional Licensure however the costs can be absorbed by the current appropriation. Minimal fiscal impact to DHHS.

Applicants under the Compact, cosmetology licensees from other states, would be subject to criminal background check by Nebraska State Patrol. The current rate for a criminal background check by fingerprinting is \$45.25. If required, the fee would be paid by the applicant. The fiscal impact to NSP operations to process background checks depends on utilization of the program which is currently unknown.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	561	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services
REVIEWED BY:	Ann Linneman	DATE:	2-1-2023
		PHONE:	(402) 471-4180
COMMENTS: The Nebraska Department of Health and Human Services' analysis and estimate of fiscal impact to the department appears reasonable.			

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Prepared by: (3) John Meals

Date Prepared 1-31-2023

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$0	\$0	\$0	\$0
CASH FUNDS	\$0	\$0	\$0	\$0
FEDERAL FUNDS	\$0	\$0	\$0	\$0
OTHER FUNDS	\$0	\$0	\$0	\$0
TOTAL FUNDS	\$0	\$0	\$0	\$0

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

Explanation of Estimate:

LB561 creates the Cosmetology Licensure Compact to facilitate interstate practice and regulation of cosmetology by establishing a regulatory framework for a new multistate licensing program.

This new multistate licensing program will require applicants to pay an additional fee, currently \$45.25, for the fingerprint background check. These fees are paid to Nebraska State Patrol for criminal background checks that are run through the FBI. There are currently 6,805 active licenses in Nebraska as of January 18th, 2023.

An IT Business Systems Analyst will require 80 hours to update the License Information System (LIS) to differentiate between the two types of licenses, 'single-state' and 'multi-state', and transfer data to the Commission's Data Bank. The department will absorb these costs.

Title	Rate	Hours	Total
IT Business Systems Analyst	\$25.18	80.0	\$2,015

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	23-24	24-25	2023-2024 EXPENDITURES	2024-2025 EXPENDITURES
Benefits.....			\$0	\$0
Operating.....			\$0	\$0
Travel.....			\$0	\$0
Capital Outlay.....			\$0	\$0
Aid.....			\$0	\$0
Capital Improvements.....			\$0	\$0
TOTAL.....			\$0	\$0

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2023

LB⁽¹⁾ 561

FISCAL NOTE

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

Prepared by: ⁽³⁾ Carol Aversman Date Prepared: ⁽⁴⁾ 02-1-2023 Phone: ⁽⁵⁾ 402-471-4545

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$384,839		\$335,957	
CASH FUNDS	\$307,926	\$307,926	\$45,250	\$45,250
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$692,765</u>	<u>\$307,926</u>	<u>\$381,207</u>	<u>\$45,250</u>

Explanation of Estimate:

LB 561 adopts the Cosmetology Licensure Compact. In order to join the Compact, and to maintain eligibility as a Member State, a State must complete several requirements as specified in Article III, Section A of the bill. One of these requirements (Article III (A)(5)) is to implement procedures for considering one or more of the following categories of information from applicants for licensure: criminal history; disciplinary history; or Background Check. Such procedures may include the submission of information by applicants for the purpose of obtaining an applicant's Background Check.

The bill defines a Background Check as the submission of information for an applicant for the purpose of obtaining that applicant's criminal history record information, as further defined in 28 C.F.R. §20.3(d), from the Federal Bureau of Investigation and the agency responsible for retaining State criminal or disciplinary history in the applicant's Home State.

If the procedure the State chooses to implement to comply with Article III (A) (5) consists of a criminal history or a Background Check, these duties fall under the responsibility of the Nebraska State Patrol. While it is unknown which option will be chosen, for purposes of completing the fiscal note, it has been assumed that it will be either a criminal history or a Background Check.

There are currently 6,805 licensed cosmetologists in the State, plus additional new licensees, that would need to undergo this requirement in the first year of the biennium. Due to the large volume of criminal history or Background Checks that would need to be performed by the Criminal Identification Division of the State Patrol, it is has been estimated that 6 additional full-time FTE's and 1 IT contractor will be needed in order to process these. Total salaries are estimated at \$252,028 per year, with benefits of \$95,770. The IT contractor is estimated at a cost of \$200,304 per year. Ongoing OCIO charges for laptop leases and support fees total \$18,030 per year. Office supplies have been estimated at approximately \$1,050 per year. One-time costs for equipment and office furniture total \$35,417. Lastly, fees charged by the FBI total \$90,166 (\$13.25 per applicant).

In the second year of the biennium and ongoing thereafter, it has been estimated that at least 1,000 new licensees will need to undergo a background check. The cosmetology industry has been quoted as a high growth occupation per the U.S. Bureau of Labor Statistics. The State Patrol estimates that the additional staffing needs for the second year of the biennium total 4 additional full-time employees with wages totaling \$184,062 and benefits totaling \$69,943. The cost for the IT contractor is estimated at 50%, as only 6 months will be needed in the second year (\$100,152). The ongoing OCIO charges and office supplies total \$13,800 in the second year. Fees charged by the FBI total \$13,250 (\$13.25 per applicant).

Revenues have been estimated at \$307,926 in the first year of the biennium which will be deposited in the Nebraska State Patrol Cash Fund (\$45.25 per applicant for 6,805 applicants). Revenues for the second year of the biennium are estimated at \$45,250 (\$45.25 per applicant for 1,000 applicants). Note that the revenues received by the Cash Fund do not cover the full cost of the expenses. Therefore, the shortfall has been reflected as General Fund costs.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2023-24	2024-25
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
IT Application Developer/Sr.	1	1	\$66,984	\$66,984
State Patrol Program Manager	1	1	\$51,482	\$51,482
Administrative Technician	3	1	\$101,950	\$33,984
Office Specialist	1	1	\$31,612	\$31,612
Benefits.....			\$95,770	\$69,943
Operating.....			\$309,550	\$127,202
Travel.....				
Capital outlay.....			\$35,417	
Aid.....				
Capital improvements.....				
TOTAL.....			\$692,765	\$381,207