

Revised to include provisions adopted in AM 2510 and AM 2544

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$10,053,366		\$10,074,712	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$10,053,366		\$10,074,712	

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

This bill creates a new category of eligibility for Nebraska’s Child Care Subsidy program within the Department of Health and Human Services (DHHS). If an adult household member, for at least 20 hours weekly, is legitimately employed or self-employed at a licensed child care program or employed at a Head Start or Early Head Start program, the earned and unearned income of the household is excluded for purposes of eligibility determination for the child care subsidy program. Kentucky initiated such an income exclusion for child care workers in 2022. Various other states (Arizona, Rhode Island, Oklahoma, Maine, Washington, and Iowa) have implemented pilots programs based on the Kentucky model in 2023.

As amended, the bill limits the total expenditure on this program to \$10 million. This additional aid would need to be General Funds as the existing federal funds available for Child Care Subsidy is fully expended annually along with approximately \$111 million in state funds. The amendments to the bill also institute a sunset for the program which would terminate on October 1, 2026.

The fund cap on this program means if demand for the program exceeds the allowance, DHHS would have to either deny applications or terminate subsidy for households midway through the year. In their fiscal note response, the agency indicates the program would be run on a first-come-first-serve basis. Based on the average monthly cost of \$1,351, the cap would allow 617 newly eligible households to take part in the program year-round. If 1,234 newly eligible households apply the first month the program is offered then the funds would run out halfway through the year.

DHHS estimates needing \$53,366 in FY25 and \$74,712 for FY26 for one new Social Service Workers starting in October 2024 to process the number of new applications for this program. The agency would also need to modify NFOCUS before implementing the provisions, the cost of which can be absorbed by the Agency. There is no basis to disagree with the estimate of operational expenses.

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

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Date Prepared 2-29-2024

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	<u>FY 2024-2025</u>		<u>FY 2025-2026</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$10,053,366		\$10,074,712	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$10,053,366	\$0	\$10,074,712	\$0

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

Explanation of Estimate:

LB856 AM2510 will exclude all earned and unearned income for a household from its eligibility determination if the applicant or adult household member is:

1. Self-employed at a licensed childcare program or employed at a licensed childcare program as described in section 71-1911 or employed at a Federal Head Start program as described in 42 U.S.C. 9831 et seq. or employed at an Early Head Start program as described in 42 U.S.C. 9840a.
2. Verified for a minimum of 20 hours of employment per week.
3. Listed in the Nebraska Early Childhood Professional Record System as described in section 71-1962.

Child Care programs with an eligible household shall make reasonable accommodations so that the eligible applicant or adult household member is not a primary caregiver to such applicant's or adult household member's child. If reasonable accommodation cannot be made, the department shall allow the applicant or adult household member to receive childcare assistance for the applicant's or adult household member's child including when the applicant or adult household member is the primary caregiver for such child.

An eligible household may enroll the household member's child in a childcare program other than the household member's childcare program to receive childcare assistance. Nothing in subdivision (2)(b)(ii) shall preclude a household from meeting additional eligibility requirements of the Federal Child Care Subsidy program. The Department of Health and Human Services (DHHS) shall submit a report electronically to the Legislature on December 1st of each year that includes the monthly number of enrolled children and households by county and program type for household eligible pursuant to subdivision (2) (b) (ii).

LB856 AM2544 states no more than \$10 million dollars shall be spent annually for enrolled children under subdivisions (2) (b) (ii) through (vi). Subdivisions (2) (b) (ii) through (vi) shall terminate effective October 1st, 2026. This will require the department to utilize funds on a first-come-first-serve basis and potentially pause the program during the fiscal year if funds are not sufficient.

If FFY23, households averaged \$1,351 in childcare assistance each month, or \$16,212 annually. The \$10 million limit would mean an additional 617 families would be served with these funds. The department would require one additional FTE Social Service Worker to address the increased caseload, monitoring, and oversight of the program.

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2024-2025	2025-2026
	24-25	25-26	EXPENDITURES	EXPENDITURES
C72172 – Social Services Worker	0.75	1.0	\$31,200	\$43,680

Benefits.....			\$10,920	\$15,288
Operating.....			\$11,246	\$15,744
Travel.....				
Capital Outlay.....				
Aid.....			\$10,000,000	\$10,000,000
Capital Improvements.....				
TOTAL.....			\$10,053,366	\$10,074,712