

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	See below		See below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

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

LB1416 creates the Child Care Capacity Building and Workforce Act, declares findings, sets definitions and eligibility under the act.

LB1416 creates the Child Care Capacity Building and Workforce Grant Program, which does the following:

- Requires the Department of Economic Development to contract with an organization to administer the program and provide technical assistance to any grant recipient. Up to 5% of the money appropriated to the Department each year may be used for this technical assistance;
- Requires the statewide organization to do the following:
 - o Prescribe an application form;
 - o Review applications and identify potential recipients;
 - o Provide technical assistance to grant recipients;
 - o Coordinate with DHHS and NDE to determine if the grant request will help meet the child care needs of the eligible applicant.
- Requires the Department of Economic Development to do the following:
 - o Award grants to eligible recipients across the state and in urban and rural areas to the fullest extent possible;
 - o Award a grant to an eligible recipient based upon a list of the potential grant recipients that are identified by the statewide organization; and
 - o Lists applicant prioritization.
- To be eligible under the act to receive a grant an applicant must complete the application prescribed by the statewide organization and provide a one-to-one match. The act lists the requirements for the application;
- Lists eligible uses of financial support under the grant;
- Authorizes the Department of Economic Development to request the grant recipient to repay any grant funds used in ways other than provided;
- Authorizes the Department of Economic Development to request return of grant funds should a recipient falsify information;
- Allows for an appeal process under grant repayment requests;
- Requires the Department of Economic Development to submit a report to the Legislature annually beginning on July 1, 2025 and describes the required report contents.

LB1416 creates the Family Child Care Home Grant Program which does the following:

- Places the administration of the program within the Department of Economic Development;
- Requires the Department to provide grants to new and existing family child care centers that are licensed to serve up to 12 children, or "regional facilitator hubs";
- LB1416 describes the eligible use of funds under the program; and
- Requires the Department to submit a report to the Legislature annually beginning on July 1, 2025 and lists report requirements.

LB1416 creates the Child Care Capacity Building and Workforce Cash Fund and which shall be used to fund the purposes of the Child Care Capacity Building and Workforce Act.

The Department is required under the act to contract with a statewide organization which will administer the Child Care Capacity Building and Workforce Grant Program. LB1416 also provides that up to 5% of the appropriation to the agency be set aside for technical assistance by the contractor, we assume this will be in addition to the contract for service. The Department is required to administer the grant program from the point of award and onward which will require some administrative cost.

The Family Child Care Home Grant Program requires the Department to provide grants to eligible entities listed within Sec. 10. However, there is no prescribed grant formula or amount. As such our office cannot provide an estimate on the necessary appropriation to fulfill the duties of the Department under this section as the grant formulas and amounts will need to be promulgated by the department.

Because we cannot estimate a total cost of the program, it is impossible to accurately estimate the contract amount and the 5% set-back for technical assistance. We disagree with the agency's interpretation that the 5% of appropriation to the agency set aside for technical assistance is the contract cost. It is our interpretation that the agency shall contract with a firm and that the 5% of the set-aside of the appropriation for technical assistance is in addition to and separate from the contracting requirement. The appropriation must be sufficient to accommodate a contract with a state-wide service provider that meets the eligibilities of the act.

We assume the following requirements for operations outside of aid:

	2024-25	2025-26
Economic Development Manager	\$69,180	\$70,564
Economic Development Business Consultant II	\$52,718	\$53,772
IT Data/Database Analyst	\$62,400	\$63,648
PSL	\$184,298	\$187,984
Benefits	\$60,814	\$63,035
Software	\$3,500	
Office	\$7,500	
Contract	Indeterminate	Indeterminate
Set-aside	Based upon total appropriation	Based upon total appropriation

Please complete ALL (5) blanks in the first three lines.

2024

LB⁽¹⁾ 1416

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Economic Development

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 1/29/2024 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB1416 would create the Child Care Capacity Building and Workforce Act (act) administered by DED, and two new grant programs under the act, the Child Care Capacity Building and Workforce Grant Program, and the Family Child Care Home Grant Program.

Under the Child Care Capacity Building and Workforce Program, DED would be required to contract with a statewide organization that provides support to children and families to assist in administering the program by assisting DED in program administration and providing technical support to qualified city and/or county applicants. The contractor may use up to 5% to provide technical assistance of the annual appropriation for providing technical assistance. DED would grant awards to qualified city/county applicants—based on prioritizing potential grant recipients identified by the contractor—, distribute the grants on a reimbursement basis, monitor the grantees and annually report various outcomes of the program.

The second grant program that would be created by the act is the Family Child Care Home Grant Program. This program would require DED to provide grants to new and existing family child care centers that are licensed to serve up to 12 children, or “regional facilitator” hubs—nonprofit organizations or community foundations—that provide administrative and technical support to family child care home programs.

LB1416 would also create a new cash fund, the Child Care Capacity Building and Workforce Cash Fund, in DED to support the act. However, the bill does not contain any intent-to-appropriate language.

Because the bill as drafted contains no appropriation, costs are contingent upon funding. The bill provides that the contractor may use up to 5% of the annual appropriation for admin. Besides the 5% for the contractor, the provisions of LB1416 would require the services of an Economic Development Manager, to manage the act, an Economic Development Business Consultant II to administer the two grant programs, an IT Data/Database Analyst to create the applications and reports, and an Accountant III to pay out the grants. DED expects that at a minimum, the cost to implement would be approximately \$322,000 and \$318,000 in the two year, respectively.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2024-25	2025-26
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____