

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill changes the reimbursement rates for child care. Currently child care reimbursement rates are adjusted every odd-numbered year at a rate not less than the 60th percentile or more than the 75th percentile of the market rate survey. Under this bill, a child care provider who is a qualified licensed child care provider would be paid at the current rate beginning on January 1, 2013. For those who are not qualified licensed providers, the rate range would be between the 50th and 75th percentile. A qualified licensed child care provider is defined as a provider who or which obtains a minimum of 24 clock hours of in-service training in the preceding 12 months of which at least 12 hours are in-person training. The provision applies to those who complete the required hours on or before December 31, 2012 or within the first 12 months after becoming licensed, whichever is later.

Based on current statute, there would either be no additional cost to the child care subsidy program if rates remained at the 60th percentile or could potentially save general funds, if rates for child care providers were reduced to the 50th percentile. The savings would be \$1,802,406 in FY 12 and potentially \$1,351,804 in FY 13, assuming 25% of child care providers are qualified for payments at the 50th percentile.

Development of the training requirements to be a qualified licensed child care provider could be handled within existing resources. The Department of Health and Human Services indicates a need for an additional Community Resource Development Specialist to verify training. It would depend on the number of providers who seek to become qualified. Assuming 25%, this position could be half-time at a cost of \$16,928 (\$8,464 GF and FF) in FY 13.

There would be additional costs to develop a database to track in-service hours. The cost is unknown. The department has put a placeholder amount of \$75,000 (\$37,500 GF and FF). These costs would be incurred in FY 13.

The Governor introduced LB 464 which removes the requirement that rates be adjusted to the between the 60th and 75th percentile. The preliminary recommendation of the Appropriations Committee does not contain the increase. For rates to be paid at the 60th percentile, an increase of \$2,808,923 is required. For rates to be paid at the 50th percentile, \$1,006,517 in additional funding is needed.

If LB 464 passes in its current form, the cost of LB 601 would be \$1,006,517 in FY 12. Continuing to pay all providers at the 50th percentile through the middle of FY 13, the cost for a half year of payments would be \$503,258. For the second half of the fiscal year, assuming 25% of the all child care providers meet the requirements to be a qualified licensed child care provider, the costs would be \$728,559. The total cost for rates in FY 13 would be \$1,231,817. All child care cost would be paid from the General Fund.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS

DEPARTMENT OF HEALTH AND HUMAN SERVICES: Agency estimates appear reasonable.