

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$3,405,203		\$403,183	
CASH FUNDS				
FEDERAL FUNDS	\$100,493,000			
OTHER FUNDS				
TOTAL FUNDS	\$103,898,203		\$403,183	

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

LB1203 appropriates \$100,493,000 in FY 2023 from the federal Coronavirus State Fiscal Recovery Fund. The appropriations are for both the Department of Health and Human Services and the Department of Education for child care and early childhood education programs and activities. The allocations and purposed are listed below:

- \$5,000,000 to the Department of Health and Human Services to assist families and waive copayments for child care subsidy and cover lost income of child care providers.
- \$2,900,000 to the Department of Health and Human Services to support the Nebraska Early Childhood Collaborative’s Teen and Young Parent Program.
- \$500,000 to the Department of Health and Human Services to contract with an outside organization to support the Child Care Referral Network for an additional three years.
- \$250,000 to the Department of Health and Human Services to contract with an outside organization to provide licensing materials, guidance and support to help unlicensed and potential child care providers fulfill state licensing requirements.
- \$150,000 to the Department of Health and Human Services to contract with an outside organization to help family child care home providers achieve National Association for Family Child Care Accreditation.
- \$300,000 to the Department of Health and Human Services to contract with an outside organization to increase statewide access to All Our Kin.
- \$19,000,000 to the Department of Health and Human Services to contact with an outside organization to increase child care capacity in areas of need.
- \$12,518,000 to the Department of Health and Human Services to extend the preschool development grant.
- \$1,000,000 to the Department of Health and Human Services to extend state funding for fingerprinting and background checks for license-exempt providers, child care providers, staff, volunteers and household members in licensed child care programs.
- \$50,000,000 to the Department of Health and Human Services for retention and recruitment bonuses for child care professionals.
- \$400,000 to the Department of Education to support the Nebraska Early Childhood Professional Record System.
- \$480,000 to the Department of Education to contract with an outside organization for an early childhood mental health and education consultation service.
- \$750,000 to the Department of Education to coordinate with the Department of Health and Human Services to translate licensing and Step Up to Quality materials into Spanish.
- \$3,580,000 to the Department of Education to support the Child Care WAGES Nebraska program.
- \$165,000 to the Department of Education to support the department’s scholarship program to help child care providers cover the costs of professional development requirements.
- \$3,500,000 to the Department of Education to support the T.E.A.C.H Early Childhood Nebraska program.

The funding is appropriated in FY 2023 but for the purposes of this fiscal note it is assumed the expenditures would be spread over several fiscal years. The Department of Health and Human Services indicates the need for five staff and operating expenses of \$3 million for contractual services based on nine new contracts that would require monitoring and reporting. Since all the funds in the bill are fully allocated, it is assumed the administrative costs would be from General Funds. The estimated costs are \$3,405,203 in FY 2023 and \$403,183 in FY 2024.

The bill directs the use of a portion of American Rescue Plan Act (ARPA) funding available under the Coronavirus State and Local Fiscal Recovery Funds (SLFRF).

The following are the allowed uses of SLFRF funds:

- **Replace lost public sector revenue**, using this funding to provide government services up to the amount of revenue lost due to the pandemic
- **Respond to the far-reaching public health and negative economic impacts of the pandemic**, by supporting the health of communities, and helping households, small businesses, impacted industries, nonprofits, and the public sector recover from economic impacts
- **Provide premium pay for essential workers**, offering additional support to those who have and will bear the greatest health risks because of their service in critical sectors
- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, to support vital wastewater and storm water infrastructure, and to expand affordable access to broadband internet

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	1203	AM:	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services
REVIEWED BY:	Ann Linneman	DATE:	2-25-2022
			PHONE: (402) 471-4180
COMMENTS: No basis to disagree with the Nebraska Department of Health and Human Services' analysis and estimate of fiscal impact. The maximum funding available under the federal Coronavirus State Fiscal Recovery Fund is \$1.04 billion, of which only \$520 million is currently available. Appropriation of these funds must be balanced in aggregate in order to avoid over obligation. Technical Note: The language in LB 1203 does not provide the level of detail necessary to enact the appropriation intended.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	1203	AM:	AGENCY/POLT. SUB: Nebraska Department of Education
REVIEWED BY:	Ann Linneman	DATE:	1-28-2022
			PHONE: (402) 471-4180
COMMENTS: No basis to disagree with the Nebraska Department of Education's 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) John Meals

Date Prepared 2-24-2022

Phone: (5) 471-6719

	<u>FY 2022-2023</u>		<u>FY 2023-2024</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$3,405,203		\$403,183	
CASH FUNDS				
FEDERAL FUNDS	\$91,618,000			
OTHER FUNDS				
TOTAL FUNDS	\$95,023,203	\$0	\$403,183	\$0

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

Explanation of Estimate:

LB1203 appropriates state American Rescue Plan [ARP] Act funds to Department of Health and Human Services [DHHS] for child care and early childhood activities. \$91,618,000 will be appropriated to DHHS in fiscal year 2022-2023 from the federal Coronavirus State Fiscal Recovery Fund pursuant to the federal American Rescue Plan Act of 2021, Public Law 117-2, Subtitle M, Sec. 9901.

\$5,000,000 will be allocated to waive co-payments for subsidy families. Currently, families whose income is over 100% of the Federal Poverty Level [FPL] are required to pay an out of pocket co-payment [or family fee] to their child care provider. As of January 2022 there was approximately 2,378 subsidy families with a co-pay. The total co-payment for the month of January 2022 was \$411,567. Currently, there are 1,114 Supplemental Nutrition Assistance Program [SNAP] recipients who utilize out-of-pocket child care co-payment as an expense in the budget which may potentially decrease their allotment if they are eligible for the waiver.

\$2,900,000 would be allocated to DHHS to support the Nebraska Early Childhood Collaborative’s [NECC] Teen and Young Parent Program.

\$500,000 would be allocated to DHHS to support the Child Care Referral Network [CCRN] for an additional 3 years.

\$250,000 would be allocated to DHHS to contract with an outside entity to provide support to child care licensing process and supporting licensing materials.

\$150,000 would be allocated to DHHS to contract with an outside entity to provide support to help family child care home providers achieve National Association for Child Care Accreditation.

\$300,000 would be allocated to DHHS to contract an outside entity to increase statewide access to All Our Kin, business course for family child care providers.

\$19,000,000 would be allocated to DHHS to contract with an outside entity to increase child care capacity in areas of need.

\$12,518,000 would be allocated to DHHS to extend the work of the Preschool Development Grant [PDG] which will end in 2023.

\$1,000,000 would be allocated to DHHS to support the costs of fingerprinting for all child care providers, staff, and applicable household members in licenses child care programs

\$50,000,000 would be allocated to DHHS to pay monthly allowances of \$350 for one year to child care professionals. This would also have an impact on Economic Assistance benefits [SNAP].

DHHS would need to post a Request for Proposal [RFP] at an estimated minimum cost of \$3,000,000 for fiscal year 2022-2023. DHHS would create and issue up to 9 RFA and 9 new contracts/subawards. 2 CCDF Program Specialists and 1 CCDF Office Specialist will be needed in order to carry out these functions. DHHS would need general funds to pay for

these positions. The approximate annual cost per Procurement Contracts Officer [PCO] is \$87,638. Two PCO's would be needed to complete the necessary required work.

NFOCUS changes will need to be made in order to waive the co-payments. It is estimated this will require estimated of 23 hours of work with an estimated costs of \$2,020. DHHS would need general funds to pay for the NFOCUS changes.

Below is the summary of all aid appropriations for DHHS.

Section #	Allocation	Grant
Sec. 2	\$5,000,000	Child Care
Sec. 3	\$2,900,000	Nebraska Early Childhood Collaborative Teen Young Parent
Sec. 4	\$500,000	Child Care
Sec. 5	\$250,000	Child Care
Sec. 6	\$150,000	Child Care
Sec. 7	\$300,000	Child Care
Sec. 10	\$19,000,000	Child Care
Sec. 11	\$12,518,000	Pre-School Development [PDG]
Sec. 14	\$1,000,000	Child Care Fingerprinting
Sec.17	\$50,000,000	Child Care
Total	\$91,618,0000	

For questions regarding the content of this note, contact Prav Pavuluri at 471-6074.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2022-2023	2023-2024
	22-23	23-24	EXPENDITURES	EXPENDITURES
DHHS Program Specialist	2.0	2.0	\$95,081	\$95,081
Office Specialist	1.0	1.0	\$32,542	\$32,542
Procurement Contracts Officer	2.0	2.0	\$114,192	\$114,192
Benefits.....			\$71,215	\$71,215
Operating.....			\$3,092,173	\$90,153
Travel.....				
Capital Outlay.....				
Aid.....			\$91,618,000	
Capital Improvements.....				
TOTAL.....			\$95,023,203	\$403,183

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2022

LB⁽¹⁾ 1203

FISCAL NOTE

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

Prepared by: ⁽³⁾ Melody Hobson Date Prepared: ⁽⁴⁾ 1/25/2022 Phone: ⁽⁵⁾ 402-860-4055

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	<u>8,875,000</u>	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u><u>8,875,000</u></u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Explanation of Estimate:

This is the total amount of federal funds. Of this, 8,875,000 would come to the Nebraska Department of Education.

The NDE would grant out 7,560,000 to entities in Nebraska capable of doing the work directed by the bill as follows:

480,000 granted to an entity to provide behavioral health services

3,500,000 to provide Nebraska TEACH Early Childhood scholarships.

3,580,000 to provide Nebraska Wage\$ stipends to eligible early childhood providers.

The remaining 1,315,000 would be used for operating expenses, including contracts for translation of materials and for trainers to provide training on the topics required by Nebraska Child Care Licensing, allowing childcare providers to take them at no cost, and .5 fte of a program specialist to initiate and track grant expenditures.

The following table shows the breakdown of the money that would be directed to the NDE.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Program Specialist	<u>.5</u>	_____	<u>29,543</u>	_____
Benefits.....	_____	_____	<u>18,390</u>	_____
Operating.....	_____	_____	<u>1,264,507</u>	_____
Travel.....	_____	_____	<u>2,560</u>	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	<u>7,560,000</u>	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	<u><u>8,875,000</u></u>	_____