

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$20,072,434		\$26,763,245	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$20,072,434</b>		<b>\$26,463,245</b>	

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

This bill directs the Department of Health and Human Services to amend the child care subsidy state plan to pay providers based on a child's enrollment rather than a child's attendance.

In April, Governor Ricketts issued an executive order allowing child care providers to bill based on enrollment rather than attendance. Prior to the executive order the average monthly number of cases was 15,918. The average monthly cost per case was \$513 or \$8,165,775 total per month. The average number of cases declined to 12,583 during the pandemic. The average monthly cost increased to \$653 or a total of \$10,396,045 per month while the executive order was in effect. Assuming the number of cases return to the pre-pandemic level of 15,918 and using the monthly average cost per child while the executive order was in effect, the monthly cost difference is \$2,230,270. For three quarters of FY 2022, the cost would be \$20,072,434 and for a full year in FY 2023, the cost would be \$26,763,245.

The federal child care block grant is fully allocated and general funds are used to supplement the program. The costs would be from General Funds.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 68	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY: Ann Linneman	DATE: 2-8-2021	PHONE: (402) 471-4180	
COMMENTS: No basis to disagree with the Nebraska Department of Health & Human Services' assessment 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) Mike Michalski

Date Prepared 2-5-2021

Phone: (5) 471-6719

	<u>FY 2021-2022</u>		<u>FY 2022-2023</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$26,137,068		\$26,137,068	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$26,137,068		\$26,137,068	

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

**Explanation of Estimate:**

LB 68 would require the Department of Health and Human Services (DHHS) to pay child care providers based on a child's enrollment rather than on a child's attendance.

Title 392 Child Care Subsidy Program regulations were updated on September 15, 2020, now allowing child care providers to bill up to 5 absence days per child per month. Prior to this passing, regulations only allow for providers to bill based on attendance. Due to the COVID-19 pandemic, Governor Ricketts issued an executive order on April 16, 2020 to temporarily allow providers to bill based on authorized enrollment rather than attendance. In the 12 months prior to the executive order, DHHS child care had an average 15,918 cases with an average cost of \$512.99 per month (total costs \$8,165,775 per month). In the 4 months after the executive order, DHHS had an average of 12,583 cases with an average cost of \$653.10 per month (total costs \$8,217,957 per month). The average difference between the two billing practices was \$140.11 per month.

Due to system limitations, DHHS is unable to identify if the provider is billing based on enrollment rather than attendance. For this fiscal note, DHHS is assuming that child care goes back to levels prior to the pandemic (15,918 cases per month) at the \$653.10 per month. The costs per month would be \$10,396,046. The difference between current costs and estimated costs would be \$2,178,089 per month or a total of \$26,137,068 per year. Because DHHS has already obligated all federal funds to the child care program, the ongoing costs would need to be paid with general fund dollars. Any increase to rates or cases above the pre-COVID amounts would require additional general funds be appropriated to the budget.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:	NUMBER OF POSITIONS		2021-2022 EXPENDITURES	2022-2023 EXPENDITURES
	21-22	22-23		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$26,137,068	\$26,137,068
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$26,137,068</b>	<b>\$26,137,068</b>