

PREPARED BY: Mikayla Findlay  
 DATE PREPARED: January 03, 2024  
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**LB 874**

Revision: 00

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

| <b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates) |                   |         |                   |         |
|---|-------------------|---------|-------------------|---------|
|   | <b>FY 2024-25</b> |         | <b>FY 2025-26</b> |         |
|   | EXPENDITURES      | REVENUE | EXPENDITURES      | REVENUE |
| GENERAL FUNDS   |                   |         |                   |         |
| CASH FUNDS  |                   |         |                   |         |
| FEDERAL FUNDS   |                   |         |                   |         |
| OTHER FUNDS   |                   |         |                   |         |
| TOTAL FUNDS   |                   |         |                   |         |

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

This bill modifies requirements for child care licensing and child care facilities to note that no license shall be prohibited from obtaining a dual license for the purpose of complying with attendance requirements. Modifying rules and regulations will require staff time which can be absorbed within current agency appropriations. No fiscal impact.

|  |                 |  |  |
|--|-----------------|--|--|
| <b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>       |                 |  |  |
| LB: 874  | AM:             | AGENCY/POLT. SUB: Nebraska Department of Health & Human Services |  |
| REVIEWED BY: Ann Linneman  | DATE: 2-13-2024 | PHONE: (402) 471-4180  |  |
| COMMENTS: Concur 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) John Meals

Date Prepared 2-13-2024

Phone: (5) 471-6719

|                      | <u>FY 2024-2025</u> |                | <u>FY 2025-2026</u> |                |
|----------------------|---------------------|----------------|---------------------|----------------|
|                      | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| <b>GENERAL FUNDS</b> |                     |                |                     |                |
| <b>CASH FUNDS</b>    |                     |                |                     |                |
| <b>FEDERAL FUNDS</b> |                     |                |                     |                |
| <b>OTHER FUNDS</b>   |                     |                |                     |                |
| <b>TOTAL FUNDS</b>   | \$0                 | \$0            | \$0                 | \$0            |

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

**Explanation of Estimate:**

LB 874 changes requirements for childcare licensing, prohibits the use of blankets in cribs at childcare facilities, adds reporting requirements for the Department of Health and Human Services (DHHS); the State Fire Marshal; and municipalities, and provides a property tax exemption for childcare facilities that are owned or operated by a non-profit organization.

LB 874, Sec. 3, 71-1911, (5) allows a childcare licensee to obtain a dual license for the purpose of complying with attendance requirements. DHHS would incur additional cost associated with tracking dual licensees for inspection and compliance purposes. As of July 1, 2023, there were over 2,800 licensed childcare locations in Nebraska. Since the number of licenses that would request a dual license cannot be determined, additional costs cannot be estimated. If necessary, any additional cost would be incorporated into licensing fees.

LB 874, Sec. 4, 71-1911.03 states that an applicant must provide proof of liability insurance coverage for the hours that applicant is operating and providing care. There is no fiscal impact to DHHS for this change.

LB 874, Sec. 5, 71-1912, (5)(c) is interpreted as assigning responsibility to DHHS for providing criminal history record information for employees or prospective employees to an applicant or licensee, whom then must provide the documentation to the individual for a specific amount of time. Paragraph (5)(f) specifies that background checks can be portable between childcare providers. As of July 1, 2023, there were over 10,000 childcare staff. It is unclear as to whether the current practice of providing the applicant or licensee with a Letter of Eligibility for the proposed employee(s) meets the requirements of this section. This estimate is based on no additional work beyond the current practice being required. However, there could be a negative impact should the intended details of this legislation conflict with the background check requirements of the Child Care Development Block Grant.

LB 874, Sec. 6 prohibits the use of blanks in cribs at any childcare facility. There is no fiscal impact to DHHS for this addition.

LB 874, Sec. 8 requires DHHS to provide copies of all licensing, zoning, ordinances, and regulations relating to childcare to the Legislature Health and Human Services Committee every five years. This estimate is based on DHHS providing a copy of all childcare licensing rules and regulations. DHHS does not create nor enforce its own or any political subdivision's enacted zoning or ordinances. There is no fiscal impact to DHHS for this addition.

LB 874 will require DHHS to modify existing rules and regulations. The cost impact of this work is being deferred from a formal request at this time and is estimated as follows:

| Title                     | Hour(s) | Hourly Cost | Absorbed Cost |
|---------------------------|---------|-------------|---------------|
| <i>Director</i>           | 1       | \$ 77       | \$ 77         |
| <i>Deputy Director</i>    | 1       | \$ 56       | \$ 56         |
| <i>Administrator I</i>    | 1       | \$ 31       | \$ 31         |
| <i>Program Specialist</i> | 2       | \$ 23       | \$ 47         |
| <i>Program Analyst</i>    | 4       | \$ 23       | \$ 91         |
| <i>Attorney III</i>       | 10      | \$ 35       | \$ 345        |
| <i>Total Costs</i>        |         |             | \$ 647        |

**MAJOR OBJECTS OF EXPENDITURE**

**PERSONAL SERVICES:**

| POSITION TITLE            | NUMBER OF POSITIONS |       | 2024-2025<br>EXPENDITURES | 2025-2026<br>EXPENDITURES |
|---------------------------|---------------------|-------|---------------------------|---------------------------|
|                           | 24-25               | 25-26 |                           |                           |
| Benefits.....             |                     |       |                           |                           |
| Operating.....            |                     |       |                           |                           |
| Travel.....               |                     |       |                           |                           |
| Capital Outlay.....       |                     |       |                           |                           |
| Aid.....                  |                     |       |                           |                           |
| Capital Improvements..... |                     |       |                           |                           |
| <b>TOTAL.....</b>         |                     |       | <b>\$0</b>                | <b>\$0</b>                |