

PREPARED BY: Mikayla Findlay  
 DATE PREPARED: January 04, 2024  
 PHONE: 402-471-0062

**LB 904**

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 would amend Neb. Rev. Stat. § 43-536, which directs how the Department of Health and Human Services (DHHS) calculates child care reimbursement rates. The bill eliminates the provision requiring DHHS to conduct a market rate survey and inserts an alternate provision directing DHHS to assess the rates and costs for provision of services of child care providers in the state utilizing an approved methodology in accordance with federal code as it exists as of January 1, 2024.

DHHS notes that conducting the market rate survey is currently a federal requirement however there is no federal requirement to use the findings. This bill grants DHHS discretion to use an alternate methodology. As such, there is no fiscal impact due to no required changes. DHHS reports that if an alternate methodology is utilized, then new rates would be effective July 1, 2025 as Neb. Rev. Stat. § 43-536 requires the agency to adjust rates every odd-numbered year.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>				
LB:	904	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	2-12-2024	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 2-9-2024

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:**

LB904 proposes to set rates at no less than the 75th percentile of the current market rate based on an approved methodology in accordance with 45 C.F.R. 98. 45 section which existed as of January 1, 2024. It is at the state’s discretion should an alternative method be conducted and used to set rates. Current rates are set at the 75th percentile through FY2025 per current statute. This bill creates the ability to utilize alternate methods, if alternative methods were utilized there may be cost to implement. The Department of Health and Human Services (DHHS) would submit an amendment to the state plan, should and alternate method be pursued.

Currently, a Market Rate Survey is underway, which includes a narrow cost analysis. Conducting a narrow cost analysis is a federal requirement; however, there is no federal requirement to use the findings. Current statute prohibits DHHS from using an alternative methodology, such as a narrow cost analysis, outside of the Market Rate Survey. This bill would grant discretion to do so.

While this bill allows the Department to have an alternative methodology, it would not require the department to use the alternative methodology. If an alternative methodology was utilized, new rates would be effective July 1, 2025, per Neb. Rev. Stat. § 43-536 requiring DHHS to adjust rates every odd-numbered year.

**MAJOR OBJECTS OF EXPENDITURE**

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