

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

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

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

This bill requires the Department of Health and Human Services (DHHS) to opt into provisions of the Consolidated Appropriations Act of 2023 to permanently authorize the Summer Electronic Benefits Transfer (Summer EBT) program which grants qualifying families with school age children \$40 per month for the three months of summer. Currently, children who are eligible for National School Lunch Program (NSLP) and/or School Breakfast Program (SBP) lose access to free and reduced-price meals during summer.

DHHS estimates the program would benefit 133,000 students' families in Nebraska, yielding \$15,960,000 in aid. If Summer EBT recipients total to 150,000, as alternate estimates project, the bill would result in \$18,000,000 in aid. All aid is funded with federal contributions. Administrative expenses are covered with 50% federal funds and 50% state general funds.

Summer EBT is modeled on Pandemic EBT (P-EBT), administered by DHHS in coordination with the Department of Education (NDE). Though there are similarities to P-EBT, Summer EBT has new rules and is authorized in perpetuity. DHHS has effectively absorbed costs of administering P-EBT within existing appropriations and indicate the need for new funding to implement this ongoing program. An additional difference between P-EBT and Summer EBT is the cost per EBT card – P-EBT cards cost \$1.45 each and guidance indicates Summer EBT cards will cost \$4.35.

Though the bill does not name NDE or require NDE to participate in administration through data sharing, nothing in statute would prevent coordination between two agencies as they have coordinated the previous three years in administering P-EBT. The central benefit of coordination is that NDE has systems in place to track NSLP and SBP eligibility. If DHHS is to administer the program without coordination with NDE, significant costs would need to be incurred to recreate systems that exist at NDE to track eligibility. Per the DHHS fiscal note, the cost for system updates with NDE involvement is a small fraction (7%) of the expenses without NDE involvement. DHHS would also require an additional 4 FTE Social Service Workers to administer the program without coordination with NDE.

With coordination between DHHS and NDE, administration costs for DHHS would amount to \$847,977 in FY25. This is composed of 1 Program Coordinator, 1 Program Specialist, 1 Office Specialist, \$248,800 for systems updates (first year only), \$348,000 to activate 80,000 EBT cards, and a \$15,000 EBT card set-up fee (first year only). The 4 new Social Service Worker positions would not be needed. The administrative costs in FY26, \$595,986, includes ongoing salaries and benefits for the 3 FTEs, plus the cost of the cards, and is more in line with actual expenditures on the P-EBT program in prior years (approximately \$500,000).

	DHHS estimate assuming total responsibility of administration	Alternate Estimate of DHHS admin cost assuming coordination with NDE*
FY25	\$4,314,275	\$847,977
FY26	\$894,836	\$595,986

The total cost to DHHS assuming coordination with NDE and 150,000 recipients is:
 \$18,847,977 in FY25 (\$423,988 GF and \$18,423,989 FF) and
 \$18,595,986 in FY26 (\$297,993 GF and \$18,297,993 FF)

*Note that the alternate estimate does not represent the full cost of the administering the bill because it does not account for any increased costs to NDE.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 952 AM: AGENCY/POLT. SUB: Nebraska Department of Health & Human Services

REVIEWED BY: Ann Linneman DATE: 1-30-2024 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 1-29-2024

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	<u>FY 2024-2025</u>		<u>FY 2025-2026</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$2,157,137		\$454,918	
CASH FUNDS				
FEDERAL FUNDS	\$18,117,138		\$16,414,918	
OTHER FUNDS				
TOTAL FUNDS	\$20,274,275	\$0	\$16,869,836	\$0

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

Explanation of Estimate:

LB952 would require the Department of Health and Human Services (DHHS) to indefinitely participate in the Summer Electronic Benefits Transfer (EBT) program. This bill has an emergency clause effective 07/01/2024. It would require DHHS to develop an entirely new program for Summer EBT as the eligibility requirements are different from the Supplemental Nutrition Assistance Program (SNAP). DHHS would need to create a Summer EBT application available to children attending a National School Lunch Program (NSLP) or School Breakfast Program (SBP) school who have not been certified as eligible for free or reduced-price school meals through a school meals application, categorical eligibility, or direct certification or those who become eligible during the summer operational period. Requirements for the application are located at 7 CFR 245.6(a).

Currently, children who attend a school with NSLP or SBP lose access to free and reduced-price meals when school is not in session during the summer. The eligibility criteria for NSLP/SBP is determined by the Nebraska Department of Education (NDE). DHHS would need to work with NDE to obtain eligible students' data received from schools through NDE's secure portal. NDE also maintains the card vendor's contract with Fidelity National Information Services Inc. (FIS). However, the department does not maintain the NSLP/SBP student eligibility data. Additional data-sharing agreements and a process to verify student eligibility with the schools will need to be developed. Summer EBT benefits would be issued retrospectively based on the schools' summer periods and operating schedules. Summer EBT eligibility for each student is determined based on their NSLP eligibility or participation.

It is estimated that the Summer EBT program would provide EBT benefits to approximately 133,000 students in Nebraska. The 2024 Summer EBT benefit amount is \$40 monthly per child or \$120 for the three-month summer period. Summer EBT benefits are 100% federal funds. The current 2024 benefit amount is projected to be \$40.00 per month per eligible child over three summer months. This results in a total federal fund cost of \$15,960,000 per fiscal year.

The NFOCUS eligibility system will need to be updated to add the new program and accept applications for Summer EBT. The Summer EBT program will require setting up a new benefit code and system changes with FIS to correspond with the new program established in NFOCUS. There is a cost associated with these changes. This may also affect the cost structure with the EBT vendor. Summer EBT funds have a four-month expiration/expungement date if not used. Procedures will also need to be set in place for households who are denied participation in Summer EBT to have a conference with the department to provide an opportunity for fair hearing.

The Summer EBT program is modeled after the Pandemic EBT (P-EBT) program. When the Department was operating P-EBT, it was done in coordination with NDE as NDE has established processes related to NSLP and SBP. Food and Nutrition Services (FNS) recognizes it may take more than one State agency to operate Summer EBT and requests States to name a coordinating or lead agency and a partnering agency. The bill as

written does not include NDE therefore increasing the administrative burden to the Department making the Department the sole entity to implement the program.

If NDE is included, they would remain responsible for the NSLP and SBP student eligibility data. This would include the development of the Summer EBT application and the processing of applications. NDE would determine the summer period each year and provide the Department with eligible students for benefit issuance. The Department would maintain the contract with FIS and issue benefits to eligible students.

The cost per case per month for Summer EBT cards is \$4.35. Assuming approximately 80,000 EBT cards or cases are needed, the price is \$348,000. In addition to the EBT card costs, there is an anticipated set-up fee of \$15,000.

NFOCUS and iServe updates would include new windows for Summer EBT issuance separate from SNAP, new application and processing queues specific to Summer EBT, new benefit summary windows, new correspondence, new program case creation, a new application developed through iServe portal, a new interface with NDE for student eligibility data, and other technical work related to rule-setting and new tasks in NFOCUS.

The iServe application updates would include the iServe Project Manager. The Project Manager would spend approximately 10 hours per week working with the Summer EBT application. If NDE is included, the NFOCUS and iServe updates will not be needed. If NDE were co-responsible for this program, they would be the logical agency to establish the application process along with the NSLP and SBP.

Creating a Summer EBT program would require a new Program Coordinator and a Program Specialist. They would be needed to coordinate the program's implementation and ongoing management of the program. In addition, the Issuance and Collection team would require one new Office Specialist to assist with monitoring, reporting, and handling returned cards. The Accounting and Finance Manager and Accountant III would each spend 20 hours per month during the implementation and then 5 hours per month for monitoring and reporting.

Social Service Workers (SSW) would also be needed to process the Summer EBT applications. The processing of applications is different from any other Economic Assistance benefits program, as the processing of applications follows the NSLP rules for verification. SSW will need to add the Summer EBT case to NFOCUS, ensuring the application is complete, and the attested income is below the income limit. Verifications will only be requested when information is determined to be questionable. SSWs will need to assist with the verification of eligible children in a sample of household Summer EBT applications approved for the summer. The sample size must be equal to 3% of all applications approved from the start of the instructional year through April 1 of the school year immediately preceding the summer operational period. It is estimated that an additional 4 SSW will be needed for the Summer EBT program. Office or cubicle space will be needed for the new staff. Should NDE be involved with the application process, the SSW positions would not be needed.

The hearing office would need to be involved with Summer EBT hearing requests. It is unknown at this time how many potential hearings may be requested. In addition to a fair hearing, the federal rules would give Summer EBT applicants whose applications are denied an opportunity for a conference with the Department, but it is unknown how many conferences would be conducted or the amount of time to prepare and attend conferences.

Administrative costs for Summer EBT must be covered with 50% federal funds and 50% state funds.

NFOCUS and iServe Costs would be the following:

Resource	Rate	Hours With NDE Involvement	Cost With NDE Involvement	Hours Without NDE Involvement	Cost Without NDE Involvement
Gen Technical Analyst	\$100	684	\$68,400	768	\$76,800
Batch Technical Analyst	\$100	900	\$90,000	1200	\$120,000
Expert System Technical Analyst	\$100	300	\$30,000	1000	\$100,000
Business Analysts (2 to 3 depending on NDE involvement)	\$80	755	\$60,400	1,271	\$101,680
iServe API SA	\$200	0	\$0	50	\$10,000
iServe QA	\$200	0	\$0	2000	\$400,000
iServe API PO	\$200	0	\$0	50	\$10,000
iServe API	\$200	0	\$0	50	\$10,000
iServe DEV	\$200	0	\$0	5000	\$1,000,000
iServe BA	\$200	0	\$0	1000	\$200,000
iServe PM	\$200	0	\$0	10	\$2,000
iServe PO	\$200	0	\$0	4000	\$800,000
I Serve UX	\$200	0	\$0	1500	\$300,000
iServe Tech Lead	\$200	0	\$0	1500	\$300,000
Total		2,639	\$248,800	19,399	\$3,430,480

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2024-2025 EXPENDITURES	2025-2026 EXPENDITURES
	24-25	25-26		
V73260 – DHHS Program Coordinator	1	1	\$54,735	\$57,472
C73210 – DHHS Program Specialist	1	1	\$48,491	\$50,916
K01012 – Office Specialist	1	1	\$34,852	\$36,595
C72172 – Social Services Worker	4	4	\$166,400	\$174,720
Benefits.....			\$106,568	\$111,896
Operating.....			\$3,903,229	\$478,237
Travel.....				
Capital Outlay.....				
Aid.....			\$15,960,000	\$15,960,000
Capital Improvements.....				
TOTAL.....			\$20,274,275	\$16,869,836