

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$842,891		\$1,123,855	
CASH FUNDS				
FEDERAL FUNDS	\$5,640,889		\$7,521,185	
OTHER FUNDS				
TOTAL FUNDS	\$6,483,780		\$8,645,040	

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

This bill changes the maximum payment level for monthly assistance for the Aid to Dependent Children (ADC) program from 55% of the standard of need to 85%. The Department of Health and Human Services (DHHS) indicates that this bill would impact the funding available to other current and future Temporary Assistance for Needy Families (TANF) grant funded programs. The impact of increasing the ADC standard of need percentage on other Economic Assistance programs include

- Increased maximum payments for Emergency Assistance (EA)
- Decrease in Supplemental Nutritional Assistance Program (SNAP) payments
- Decrease in Low-Income Home Energy Assistance Program (LIHEAP) payments
- Increase in Employment First Program participants

The current standard of need is \$601 for an individual and \$140 for each additional individual. Based on the 55% standard of need, the current maximum payment is \$331 for an individual. If the ADC payment level is increased to 85% of the standard of need, the new payment would be \$511 for an individual. In Federal Fiscal Year 2022 the total ADC expenditure was \$15,672,885 (Federal fund \$13,591,379 and General fund \$2,081,506). Using the Federal Fiscal Year 2022 ADC case counts, the bill would increase payments issued by \$6,483,780 in FY 2024 (\$5,640,889 Federal Funds and \$842,891 General Funds) and \$8,645,040 in FY25 (Federal funds \$7,521,185 and General funds \$1,123,855). LB 310 does not change eligibility standards, therefore DHHS does not anticipate a need for additional staff. If the increased payments result in a substantial increase in applications, an FTE request may be needed. Updates to the eligibility system would be absorbed within current agency resources.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB:	310	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	3-6-2023	PHONE: (402) 471-4180
COMMENTS: The Nebraska Department of Health and Human Services' analysis and estimate of fiscal impact to the department appears reasonable.				

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 3-3-2023

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$842,891		\$1,123,855	
CASH FUNDS				
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OTHER FUNDS				
TOTAL FUNDS	\$6,483,780		\$8,645,040	

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

Explanation of Estimate:

LB 310 would increase the maximum Aid to Dependent Children (ADC) payment level from 55 percent to 85 percent of the standard of need effective September 10, 2023. It would impact the funding available to other current programs and the ability to fund future programs. Additionally, it would increase the number of households eligible for some programs while decreasing eligibility for other programs.

Currently, the state expends 29 percent of its annual \$56 million TANF block grant on ADC cash assistance. The increase in TANF expenditures on ADC will affect the funding available for other TANF-funded programs and future planned programs to assist low-income families.

LB 310 could result in more families applying for assistance due to the ADC payment increase. The current standard of need is \$601 for an individual and \$140 for each additional individual. Based on the standard of need, the current maximum payment is \$331 for an individual. If the ADC payment level is increased from 55 percent to 85 percent of the standard of need, the new payment would be \$511 for an individual. This would make Nebraska the 6th highest ADC payment. In FFY2022 the total ADC expenditure was \$15,672,885 (Federal fund \$13,591,379 and General fund \$2,081,506). Using the FFY2022 ADC case counts, this would increase the payments issued annually by \$6,483,780 in FY 2024 (\$5,640,889 Federal Funds and \$842,891 General Funds) and \$8,645,040 in FY25(Federal funds \$7,521,185 and General funds \$1,123,855). This assumes that payments are issued at the maximum amount of the ADC grant based on household size. LB 310 does not change eligibility standards, so the Department of Health and Human Services (DHHS) does not anticipate a need for additional staff. However, should LB 310 result in a substantial increase in applications, an FTE request may be needed.

LB 310 will impact other DHHS Economic Assistance programs. The Emergency Assistance (EA) program payment maximum is based on three times the ADC payment maximum for household size. This could substantially increase the maximum amount per payment. In State Fiscal Year 2022, EA had a total expenditure of \$45k which is below the program allocation of \$250k per year. This program is funded by 100% TANF funds. The family's Supplemental Nutritional Assistance Program (SNAP) and Low-Income Home Energy Assistance Program (LIHEAP) assistance would decrease as the ADC payment increases. SNAP and LIHEAP consider the ADC payment as unearned income when determining eligibility. Additionally, an increase in the ADC payment may also impact the family's assistance for other income-based assistance programs not administrated by DHHS.

LB 310 could increase the number of participants in the Employment First Program (Nebraska's mandatory Welfare-to-Work Program). Increased participants would result in increased costs awarded to the Employment First Coordinator to provide the service. The bill would also require DHHS to draft new regulations and update Nebraska's TANF State Plan to reflect the increase in the ADC payment amount.

DHHS would require the Department's eligibility system, N-FOCUS to be updated to implement the ADC payment increase proposed by September 10, 2023. Due to the amount of technical work required to implement the change, it may not be possible to meet the effective date as currently listed in the bill. The following estimated additional hours will be required to make N-FOCUS system updates, 1 IT Business Analyst (BA) for 30 hours at \$80 hourly rate and 1 Technical Analyst Expert (TA) for 10 hours at \$100 hourly rate. The total IS&T estimate for tasks relating to LB310 is \$3,400. The Department will absorb these IT costs.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2023-2024 EXPENDITURES	2024-2025 EXPENDITURES
	23-24	24-25		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$6,483,780	\$8,645,040
Capital Improvements.....				
TOTAL.....			\$6,483,780	\$8,645,040