

Revised to include new information

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS			1,000,000	
OTHER FUNDS				
TOTAL FUNDS			1,000,000	

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

This bill creates the Subsidized Employment Pilot Program. The bill requires the Department of Health and Human Services to establish a partnership between a contracted entity that provides case management services to Aid to Dependent Children recipients and a non-profit or the Department of Labor. Either a non-profit or the Department of Labor is required to establish an application process for employers to participate in the pilot program. Subsidies provided in the pilot are capped at the prevailing wage for no more than 40 hours a week for six months. The act terminates on June 30, 2018. Legislative intent is stated to provide \$1 million per fiscal year from federal Temporary Assistance for Needy Families funding beginning in FY 2015.

For purposes of this fiscal note, it is assumed the prevailing wage is the federal minimum wage of \$7.25 an hour. The full subsidy per individual would be \$4,640. Contractual costs would be \$63,000 per 60 individuals served. At this amount, approximately 180 individuals could receive the subsidy. If the prevailing wage is greater than the federal minimum wage, fewer individuals would be able to receive the full subsidy. The contractual costs would be \$189,000

The amount from TANF funds for the grant program would draw down the balance. The projected balance at the end of FFY 16 is \$21.9 million. With this bill, the projected balance would be \$18.9 million.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 368	AM:	AGENCY/POLT. SUB: DHHS	
REVIEWED BY: Elton Larson		DATE: 2/19/2013	PHONE: 471-4173
COMMENTS: The DHHS fiscal note estimate assumes the legislative statement of intent to appropriate funds has a 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) Willard Bouwens

Date Prepared:(4) 2-15-13

Phone: (5) 471-8072

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS			\$1,000,000	
OTHER FUNDS				
TOTAL FUNDS			\$1,000,000	

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

Explanation of Estimate:

The bill provides that it is the intent of the Legislature to appropriate \$1,000,000 of Nebraska's TANF grant per year, beginning July 1, 2014, to create and operate the subsidized employment pilot program. The program is to end July 1, 2018. This appropriation would be used to develop, implement and maintain the program. The remaining funds would be used to pay the wage subsidies. It would be necessary to contract for program development, case management, and preparation of the required reports. Because we are limited to \$1,000,000 per year, it is likely that fewer than 200 clients would be allowed to participate in the program each year.

Four bills introduced this session (LB 236, LB 368, LB 555, and LB 508) contain new appropriations of TANF block grant funds totaling \$7,683,314 in SFY14 and \$8,683,314 in SFY15. Obligations above the full annual TANF Block Grant are currently being expended. Obligations above the annual TANF Block Grant are met by drawing down TANF rainy day funds. If these bills are enacted, it is estimated the TANF block grant and balances will be depleted by June 30, 2015. This will result in the need for increased General Fund appropriations of \$5,444,204 for FY2015-16 and \$26,380,603 for FY2016-17 to finance TANF programs.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2013-2014	2014-2015
		13-14	14-15	EXPENDITURES	EXPENDITURES
Benefits.....					
Operating.....					
Travel.....					
Capital Outlay.....					
Aid.....					\$1,000,000
Capital Improvements.....					
TOTAL.....					\$1,000,000