

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	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 removes the asset test for the Aid to Dependent Children Program (ADC) and the Supplemental Nutrition Assistance Program.

Based on the average monthly number of ADC cases that are denied due to excess assets, there would be an increase of approximately 207 a year. Using the average monthly payment of \$401, the cost would be \$996,084 annually. The Temporary Assistance to Needy Families (TANF) balance at the end of September 2017, was \$56.9 million and based on current projections would be exhausted during FY 2025. The Department of Health and Human Services indicated annual expenditures of \$298,355 from General Funds with the balance of \$697,729 from federal funds. In FY 2017-18 the increase for nine months would be \$747,063 (\$223,766 GF and \$523,297 FF). An agreement on the ADC increase contained in LB 89 in the 2015 Legislative Session was to preserve the federal fund balance through FY 2025. If the cost is allocated drawing down approximately \$700,000 annually from TANF funds, General funds would need to pick up the costs beginning in FY 2024. Based on the agreement on LB 89, the ADC increases in is bill would need to be from General Funds.

The average monthly number of SNAP cases that have been closed due to excess resource limits is 95 annually. The average monthly allotment \$255. This would increase SNAP expenditures by \$290,700 annually paid from federal funds.

If more families qualify for ADC, the cost for Transitional Medicaid would increase. Transitional Medicaid covers parents and caretaker relatives for twelve months when they no longer qualify for the ADC grant due to earnings. Based on the average annual cost of Medicaid for an ADC adult of \$3,362, the costs would be \$156,333 (\$75,039 GF and \$81,294 FF) for nine months in FY 18; and \$208,444 (\$100,053 GF and \$108,391 FF) in FY 19.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 224 Revised	AM:	AGENCY/POLT. SUB: Dept. of Health and Human Services (DHHS)
REVIEWED BY: Elton Larson	DATE: 2/22/2017	PHONE: (402) 471-4173
COMMENTS: DHHS 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) Pat Weber

Date Prepared:(4) 2-16-17

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	<u>FY 2017-2018</u>		<u>FY 2018-2019</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$298,355		\$298,001	
CASH FUNDS				
FEDERAL FUNDS	\$1,196,671		\$1,197,025	
OTHER FUNDS				
TOTAL FUNDS	\$1,495,026		\$1,495,026	

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

Explanation of Estimate:

LB 224 eliminates the resource requirements for the Aid to Dependent Children (ADC) and Supplemental Nutrition Assistance (SNAP) programs, with the exception of net worth exceeding \$1 million. The Department is unable to determine the exact fiscal impact of this bill. There is no data available to calculate the number of families with large liquid resources, that would have a low enough income to be eligible for these programs, as most of these people would not have applied for assistance in the past, or would be over income for the program regardless of the resource limit.

Using the following assumptions: In calendar year 2016, 207 ADC cases were closed or denied due to excess resources. With 207 additional ADC cases and an average monthly ADC grant amount of \$400.75, ADC aid expenditures would increase \$82,955.72 per month, or \$995,468.61 (\$199,093.72 GF, \$796,374.89 FF) annually. During this same time frame, 95 SNAP cases were closed or denied due to excess resources. With 95 additional SNAP cases and an average monthly SNAP allotment of \$255.36, SNAP expenditures would increase \$24,259.40 per month, or \$291,112.80 annually, all federal funds. Total expenditure increase for Program 347 is \$1,286,581.41 (\$199,093.72 GF, \$1,286,581.41 FF) annually.

LB 224 results in increased Aid to Dependent Children (ADC) spending financed out of the federal Temporary Assistance for Needy Families (TANF) block grant. Current and projected TANF expenditures exceed the annual block grant award, resulting in TANF financed programs not being sustainable with TANF funds. Increases in ADC will quicken the exhaustion of existing TANF balances, known as “rainy day funds,” and will result in the need for increased General Fund appropriations to finance TANF programs.

Under the rules of the Affordable Care Act (ACA), there are no resource limits for the eligibility categories affected by this bill. However, if there are more ADC enrollees as assumed above, there could also be an increase in Transitional Medical Assistance (TMA) enrollees when their ADC grant is lost due to earned income. The impact of LB 224 upon TMA enrollment is unknown. If 30% of the annual 207 ADC cases above have one enrollee in TMA per year, and those 62 enrollees are at an average annual cost of \$3,362 per ADC adult, the total increase in expenditures could be approximately \$208,444 total funds (\$99,261 GF, \$109,183 FF) in SFY18 and \$208,444 total funds (\$98,907 GF, \$109,537 FF) in SFY19. This estimate is an approximation of a 30% increase of the potential annual cases – actual costs to Program 348 will vary depending on the amount of TMA enrollment affected.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2017-2018 EXPENDITURES	2018-2019 EXPENDITURES
	17-18	18--19		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$1,495,026	\$1,495,026
Capital Improvements.....				
TOTAL.....			\$1,495,026	\$1,495,026