

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	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 addresses the handling of social security benefits for children in foster care. The bill limits the amount of the benefits that may be used to reimburse the state for the cost of care. The bill directs processes and procedures for applying for benefits, accounting for the payments and notifying the child and the child’s guardian ad litem of the benefits and amounts received. The Department of Health and Human Services (DHHS) is required to adopt and promulgate rules and regulations on or before October 1, 2026, to carry out the provisions of the bill. DHHS indicates the changes required by this legislation would require extensive changes, the impact of some are indeterminable.

The state currently is allowed to retain the amount over \$1,000 in social security benefits a child receives. This bill increases the amount the child may retain to \$2,000 and reduces the amount the state may use for the cost of care. General funds are needed to replace the funding. The amount is \$3,479,694 annually. Assuming implementation begins on October 1, 2026, the cost for nine months in FY26 would be \$2,609,771. Additionally, DHHS indicates increased costs to contracts to annually screen for social security eligibility is estimated to be \$801,600. One-time cost for system changes would be \$175,500. To ensure proper accounting and meeting the reporting requirements, additional resources will be needed. The department indicates the need for 1.5 full time social service worker and 1 fulltime accountant. The cost of the additional staff would be \$154,330 in FY26 and \$216,060 in FY27.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB:	275	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	3-10-2025	PHONE: (402) 471-4180
COMMENTS: Concur with the Nebraska Department of Health and 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 3-10-25

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	<u>FY 2025-2026</u>		<u>FY 2026-2027</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	See Below	See Below	See Below

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

Explanation of Estimate:

LB275 requires the Department of Health and Human Services (DHHS) to conduct additional screening and implement new procedures surrounding notification of social security benefits. This would require significant changes to Children and Family Services (CFS) processes and procedures related to Social Security Administration (SSA) payments and expenditures for child beneficiaries.

Section 1(3)(a) requires DHHS to screen all children in DHHS custody for social security benefit eligibility within 60 days after the date the child enters DHHS custody. This is currently done through a contract with Maximus. Section 1 (3)(c) requires DHHS to annually re-screen children if they were initially determined to be ineligible for social security benefits. A functional assessment would need to be completed each year for each child who was previously denied or determined for benefits. This would require DHHS to amend the current contract to add additional terms and funds to encompass the re-screen process. If a functional assessment is needed for each youth, there would be an estimated \$801,600 increase to the current Maximus contract to complete a functional assessment of every child entering custody and to rescreen every child each year.

Section 1 (5)(a) requires DHHS to manage, use, and conserve SSA benefit payments consistent with federal law. This section of the bill also requires DHHS to use SSA payments for the child’s care only when other funding is unavailable. DHHS currently utilizes SSA funding to reimburse foster care costs as federally allowed. In State Fiscal Year 2024 DHHS reimbursed \$3,479,694.07 in foster care costs. As written, this bill would require DHHS to either show that other funding is not available or absorb foster care costs for the youth that were previously covered through their SSA payment. Additionally, section 1 (5)(d) requires DHHS to conserve a specific percentage of benefits beginning at age 14 and increasing periodically thereafter. It specifically states, “...in the following percentages: (i) For child beneficiaries fourteen years of age or older, no less than forty percent; (ii) for child beneficiaries sixteen years of age or older, no less than sixty percent; (iii) for child beneficiaries seventeen years of age or older, no less than eighty percent; and (iv) for child beneficiaries eighteen years of age or older, one hundred percent.” Based on this information State General Fund expenditures could increase up to the \$3,479,694.07 amount listed above.

Section 1 (5)(c)(i-v) will require DHHS to hold funds in a trust account or one of the following specified accounts: Plan for Achieving Self-Support (PASS), Achieving a Better Life Experience (ABLE), Individual Development Account (IDA), a Special Needs (SNT), or a dedicated account. These accounts have costs associated with them and monthly bank charges associated with them. The estimated cost for each Trust Account is \$15 to \$300 a month, depending on the number of transactions and balance maintained in the account. There is a potential expense if an ABLE account vendor were to be utilized similarly to other states. Each ABLE Account has a \$50.00 annual account fee. (\$40 with electronic delivery option and a program management fee of .40%).

A new report will need to be created and pulled monthly that contains the required elements of this bill. The costs associated with these technology requirements are listed below:

Resource	Rate	Hours	Cost
Gen Technical Analyst	\$100/hr	483	\$48,300
Batch Technical Analyst	\$100/hr	1080	\$108,000
Business Analyst	\$80/hr	240	\$19,200
Total		1,803	\$175,500

LB275 creates additional points in time at which notifications must be sent to a child beneficiary and their guardian ad litem. The creation and mailing of notifications will require approximately 275–300 additional hours of staff time annually. The department would absorb these hours.

This bill would require Finance and Accounting to hire 1.0 FTE Accountant II, costing \$64,355 in FY 25-26 and \$90,096 in FY 26-27. CFS would need 1.5 FTE Program Specialists, costing \$89,975 in FY 25-26 and \$125,964 in FY 26-27. These expenditures would come from State General Funds.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2025-2026 EXPENDITURES	2026-2027 EXPENDITURES
	25-26	26-27		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			See Above	See Above