

Revised to include provisions of AM 1126

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	\$0		\$958,512	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$0		\$958,512	

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

This bill addresses 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 which is current practice. 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. As amended the bill specifies percentages of social security benefit payments to be conserved based on the age of the youth: for children 14 and older at least 20%, for 16 and older at least 30%, for 17 and older at least 40% and for 18 and older at least 50%. The provision requiring annual rescreening for eligibility was removed in AM 1126 and youth are currently screened for eligibility upon intake in the status quo. 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.

The state currently is allowed to retain the amount over \$1,000 in social security benefits a child receives. This bill reduces the amount the state may use for the cost of care. General funds are needed to replace the money that currently subsidizes aid expenses. The amount is \$838,887 annually. Assuming implementation begins on October 1, 2026, the aid cost for nine months in FY27 would be \$629,165. The aid cost in FY28 would increase to \$838,887.

One-time cost for system changes would be \$175,500. DHHS indicates ability to absorb expenses associated with mailing out notifications. 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 including benefits and starting in October 2026 would be \$153,847 in FY27 and \$200,384 in FY28. This staff cost includes \$25,000 operational expenses in the first year and \$20,000 in subsequent years compared to the Department’s estimated operational expenses of \$114,383 the first year and \$124,576 the second year.

The total estimated cost is \$958,512 in FY27 and \$1,039,271 in FY28.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB:	275	AM:	1126	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services
REVIEWED BY:	Ann Linneman	DATE:	5-1-2025	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 5-1-25

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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	\$1,257,617		\$1,143,847	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$1,257,617	\$0	\$1,143,847	\$0

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

Explanation of Estimate:

LB275 AM1126 requires the Department of Health and Human Services (DHHS) to implement new procedures surrounding notification of social security benefits. LB275 AM1126 also specifies certain percentages of payments to be conserved, and the dollars conserved are not eligible to reimburse the state; the percentages conserved are based on the child’s age. This would require changes to Children and Family Services (CFS) 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. Because this is already done through a contract with Maximus there would be no additional fiscal impact pertaining to this section of the bill.

Section 1 (5)(a) requires DHHS to manage, use, and conserve SSA benefit payments consistent with federal law. 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. 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 twenty percent; (ii) for child beneficiaries sixteen years of age or older, no less than thirty percent; (iii) for child beneficiaries seventeen years of age or older, no less than forty percent; and (iv) for child beneficiaries eighteen years of age or older, fifty percent.”

By using the average monthly SSI Payment amounts the department estimates at least \$838,887.48 annually will be conserved and ineligible to be reimbursed, and the difference must be covered by State Funds. The bill also states that the department shall seek to maximize federal Title IV-E funding prior to utilizing General Funds whenever possible. The department already does this and the reimbursement cost that was IV-E eligible in FY 2024 was minimal.

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 AM1126 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. This expenditure would come from State General Funds. LB275 AM1126 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.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	NUMBER OF POSITIONS		2025-2026	2026-2027
	25-26	26-27	EXPENDITURES	EXPENDITURES
POSITION TITLE				
Accountant II	0.75	1.00	\$39,799	\$55,718
DHHS Program Specialist	1.13	1.50	\$55,643	\$77,900
Benefits.....			\$33,405	\$46,766
Operating.....			\$289,883	\$124,576
Travel.....				
Capital Outlay.....				
Aid.....			\$838,887	\$838,887
Capital Improvements.....				
TOTAL.....			\$1,257,617	\$1,143,847