

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 requires the maximum payment level for monthly assistance for the Aid to Dependent Children (ADC) program to be calculated and tied to the annual inflation factor beginning September 10, 2025. The bill removes reference to Neb. Rev. Stat. § 43-513 which establishes a standard of need. The bill does not specify what parameters ought to be taken into account in the calculation of the new maximum payment level. 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)
- Increased maximum payments for Refugee Resettlement Program (RRP)
- 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 fiscal impact is indeterminable due to lack of clarity in how the new maximum payment will be calculated. The most recent DHHS Indicators Report cites 2,849 ADC families and \$1,573,755 ADC expenditures in January 2025. Average FY25 ADC cases through January amounted to 3,014 families. The average ADC family count in FY24 was 3,024 and total ADC expenditures in FY24 were \$19,853,120. The fiscal impact depends on the extent of the change to maximum payment level. DHHS notes administrative expenses can be absorbed within agency appropriations.

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

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**FY 2025-2026****FY 2026-2027**

	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>				
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	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:**

LB588 would require the Department of Health and Human Services (DHHS) to change the maximum payment level determination for the Aid to Dependent Children (ADC) program from using 55% of the Standard of Need (SON) as outlined in the Neb. Rev. Stat. § 43-513 to being calculated and tied to the annual inflation factor effective September 10<sup>th</sup>, 2025. Moreover, this bill would mandate the Temporary Assistance for Needy Families (TANF) State Plan to be amended and approved in order to reflect the changes in how the maximum ADC payment amounts are determined.

Enactment of this bill would impact other Office of Economic Assistance (OEA) programs which utilize the ADC payment standards. This would include an impact on the Emergency Assistance (EA) program which determines the maximum payment amount based on three times the maximum ADC payment amount for the household size and an impact on the Refugee Resettlement Program (RRP) which also utilizes the ADC rules in order to determine payment standards. Furthermore, it would have an impact on a family's Supplemental Nutrition Assistance Program (SNAP) benefits and a family's Low-Income Home Energy Assistance Program (LIHEAP) benefits as both of these programs consider ADC Cash grant as unearned income.

A complete fiscal impact is indeterminable until further clarification or additional details are provided on how to calculate and tie the payment level to the annual inflation factor as the bill does not specifically state what inflation factor the Department shall use or what the base level of payment will be. Currently, there are approximately 3,336 ADC recipients who could potentially be impacted by changing the calculation for the maximum payment level.

Implementation of this bill would require the Department's eligibility system, Nebraska Family Online Client User System (N-FOCUS) to be updated to reflect how the ADC payment amount is determined in the code tables and complete a mass update to all the ADC payments. This would require 1 Expert Technical Analyst at pay rate of \$100 per hour for total of 10 hours and 1 Business Analyst at pay rate of \$80 per hour for a total of 30 hours. The total Information Systems & Technology (IS&T) cost to make the updates would be \$3,400. Current staff will absorb this work.

If the change to the calculation increases the maximum payment level, this will affect the overall TANF funds available. The current TANF plan forecasts the excess TANF balance being expended within fiscal year 2028. Any increased spending on the ADC program could move that date earlier creating a need for state general funds.

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