

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|---|---------------------|----------------|---------------------|----------------|
| | FY 2022-23 | | FY 2023-24 | |
| | 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 establishes a targeted transfer pilot program for individuals who age out of the Bridge to Independence Program (B2I). The pilot program would begin on January 1, 2023, and end on December 31, 2026. Individuals who age out of the B2I Program before December 31, 2024, would be eligible to receive \$1,000 a month through December 2026. The Department of Health and Human Services is required to work with at least one independent research-based institution to complete an evaluation. The department may accept contributions, including financial and mentorship services. The bill states legislative intent to use federal Coronavirus State and Federal Recovery funding under the American Rescue Plan Act.

For the purposes of this fiscal note, it is assumed there would be maximum participation by all young adults who exist the B2I Program on or before December 2024. It is estimated there would be 750 young adults eligible to receive the \$1,000 a month payment at the beginning of the program on January 1, 2023. An additional 10 youth a month would be added through December 31, 2024 when entry into the program ends. Payments would be made from January 1, 2023 through December 31, 2026. The aid costs by state fiscal year are below:

| | Eligible | |
|----------------------|---------------------|-----------------------|
| | Young Adults | Total Payments |
| FY 2023 (six months) | 810 | \$ 4,710,000 |
| FY 2024 | 870 | \$ 10,500,000 |
| FY 2025 | 870 | \$ 11,730,000 |
| FY 2026 | 870 | \$ 11,880,000 |
| FY 2027 (six months) | 870 | \$ 5,940,000 |
| Total Aid | | \$ 44,760,000 |

The bill requires the department to contract with an independent research-based institution to conduct an evaluation. The department estimates the cost to be \$250,000 each year. The cost could be higher or lower depending on variables desired in evaluating the program. This would be a newly created program. A program specialist would be needed to implement and monitor the program and work with the independent evaluator. The cost for salary, benefits and operations would be \$74,506 in FY 2023 and each subsequent year through the end of the program in FY 2027. One-time costs for systems changes would be \$12,550 in FY 2023. The department estimates the need for additional Children and Family Services Specialists. The bill does not require case management to be provided. For this reason it is assumed in this fiscal note that those services would not be part of the program.

The bill directs the use of a portion of American Rescue Plan Act (ARPA) funding available under the Coronavirus State and Local Fiscal Recovery Funds (SLFRF).

The following are the allowed uses of SLFRF funds:

- **Replace lost public sector revenue**, using this funding to provide government services up to the amount of revenue lost due to the pandemic
- **Respond to the far-reaching public health and negative economic impacts of the pandemic**, by supporting the health of communities, and helping households, small businesses, impacted industries, nonprofits, and the public sector recover from economic impacts
- **Provide premium pay for essential workers**, offering additional support to those who have and will bear the greatest health risks because of their service in critical sectors
- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, to support vital wastewater and storm water infrastructure, and to expand affordable access to broadband internet

| | | | |
|---|--------------|--------|--|
| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | |
| LB: | 1113 | AM: | AGENCY/POLT. SUB: Nebraska Department of Health and Human Services |
| REVIEWED BY: | Ann Linneman | DATE: | 2-4-2022 |
| | | PHONE: | (402) 471-4180 |
| COMMENTS: No basis to disagree with the Nebraska Department of Health and Human Services' analysis and estimate 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 2-4-2022

Phone: (5) 471-6719

| | <u>FY 2022-2023</u> | | <u>FY 2023-2024</u> | |
|----------------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | | | | |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | \$ 6,955,877 | | \$ 13,765,681 | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | \$ 6,955,877 | \$ 0 | \$ 13,765,681 | \$ 0 |

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

Explanation of Estimate:

LB1113 requires the Department of Health and Human Services (DHHS) to administer a pilot project targeted at young adults who age-out of the Bridge to Independence Program before December 31, 2024 providing a monthly unconditional cash payment of \$1,000 per month from January 1, 2023 through December 31, 2026. LB1113 intends that the payments be considered a gift and not be considered as taxable income. However, federal law would consider this to be unearned income as these payments are monthly and reoccurring. The gifts shall not be considered income or resources for purposes of determining eligibility to receive certain state and federal aid.

Due to the vague language of the bill, anyone who aged out at 21 prior to December 31, 2024 would be eligible for the program. There have been 750 participants who will have aged out between the beginning of Bridges to Independence (SFY 2014) to the beginning of the program (January 2023). It is estimated that an additional 120 new young adults would age out each year and qualify (10 per month). The fiscal aid impact would increase each month through December 2024 and then flatten out for the remainder of the period. It is assumed that payments would continue through December 2026. The aid amount would be \$4,710,000 in SFY2023, \$10,500,000 in SFY2024, \$11,730,000 in SFY2025, \$11,880,000 in SFY2026, and \$5,940,000 in SFY2027. The total aid costs would be \$44,760,000 over the entirety of the pilot project.

The Department will be required to work with an independent research-based institution to evaluate the pilot project. The estimate cost is a minimum of \$250,000 per year, but could be higher depending on the Request for Proposal (RFP) agreement.

DHHS will need to hire coordinators to inform the participants of the impact of their participation in the pilot program as well as some ongoing case management. Increased number of recipients will require the Department to hire additional staff by October 2022. The Department will need to hire 32 Child and Family Services Specialists by October 2022 and hire five additional Specialists in SFY2024. A Program Specialist will need to be hired in July 2022 to develop the RFP, work with the evaluator, collect data and write an annual evaluation report for the Health and Human Services Committee of the Legislature and the Nebraska Children’s Commission. The staff costs would be \$1,983,327 in SFY2023, \$3,015,681 in each year from SFY2024, through SFY2027. The total costs for additional staff would be \$ 14,046,051 over the entirety of the pilot project.

An NFOCUS system update will be needed and 125 hours of Technical Analyst work would cost \$11,250 and 20 hours of Business Analyst work would cost \$1,300.

All expenditures shall be paid with federal funds allocated to the State of Nebraska from the federal Coronavirus State Fiscal Recovery Fund. These funds must be obligated by December 31, 2024.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

| POSITION TITLE | NUMBER OF POSITIONS | | 2022-2023 | 2023-2024 |
|--------------------------------------|---------------------|-------|--------------|--------------|
| | 22-23 | 23-24 | EXPENDITURES | EXPENDITURES |
| Child and Family Services Specialist | 24 | 37 | \$ 1,169,925 | \$ 1,803,635 |
| DHHS Program Specialist | 1 | 1 | \$ 47,540 | \$ 47,540 |

| | | | | |
|---------------------------|--|--|---------------------|----------------------|
| Benefits..... | | | \$ 322,385 | \$ 490,192 |
| Operating..... | | | \$ 706,027 | \$ 924,314 |
| Travel..... | | | | |
| Capital Outlay..... | | | | |
| Aid..... | | | \$ 4,710,000 | \$ 10,500,000 |
| Capital Improvements..... | | | | |
| TOTAL..... | | | \$ 6,955,877 | \$ 13,765,681 |