

Revised to include a new agency response

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS	\$457,176		\$443,339	
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$457,176</b>		<b>\$443,339</b>	

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

This bill increases the gross income limit for the Supplemental Nutrition Assistance Program (SNAP). The gross income limit would be increased to 165% of the Federal Poverty Limit (FPL) but the net income eligibility limit of 100% of FPL remains the same. The increased eligibility would be in effect through September 30, 2023. The bill states legislative intent that the administrative costs would be paid from federal funds provided under the American Rescue Plan Act. Administrative funds would not be paid from General Funds. The bill as amended also requires all households not otherwise exempt from work requirements to be referred to the SNAP Next Step Program if the program’s services are available in the county where the household resides. The bill requires the Department of Health and Human Services to evaluate the TANF-funded program or policy created contained in the bill and report to the Health and Human Services Committee and Legislative Fiscal Office on or before December 31, 2022 regarding the gross eligibility limit and whether it maximizes the number of Nebraska residents being served. The department is directed to make a recommendation regarding the gross eligibility limit and the availability of federal funding. The bill contains the emergency clause.

Eligibility for SNAP must meet a two-pronged gross and net income test. The current gross income eligibility limit for households is 130% FPL. This bill would increase it to 165%, but the current net income eligibility limit is retained. This would allow individuals and households with higher incomes to qualify for SNAP, if they also have higher allowable expenses which are deducted from gross income. Examples of income deductions are shelter costs, child care expenses and child support payments.

Based on the U. S. Census, the potential pool of additional eligible individuals and families would increase by 58,855 households. The department estimates that approximately 25% or 14,714 of these households would apply. In SFY 2019, the department issued 22,234 denials to households applying for SNAP, LIHEAP or the child care subsidy due to exceeding the 130% of FPL income limit. (Applications for multiple programs that were denied count as one denial, if in the same month.) The current number of households applying but not qualifying exceeds the department’s current estimate of 14,714 households that would apply but not be eligible. The department estimates that of the household that apply, 3,476 would meet the net income limit after applying deductions for allowable expenses. Assuming the department’s estimate that an ongoing SNAP case takes an additional three hours of processing a year (five hours total less two hours of initial eligibility determination), the total number of processing hours would be 10,428. Six social service workers, one case aide and one supervisor would be needed. The costs would be \$124,200 for two months in SFY 2021; \$441,176 in SFY 2022 and \$443,339 in SFY 2023.

The American Rescue Plan of 2021 which was signed on March 11, 2021. It includes additional funding “. . . for the costs of State administrative expenses associated with carrying out this section and administering the supplemental nutrition assistance program established under the Food and Nutrition Act of 200.” Federal guidance issued on March 13, 2021, also states, the Act allocates funds “. . . for State administrative expenses associated with carrying out Section 1101(b) and administering SNAP established under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 20 et seq.)” Further guidance was requested by the Legislative Fiscal Office from the USDA Food and Nutrition Service on whether ARPA administrative funds can be used to fund the administrative costs from the eligibility increase contained in LB 108. The Regional Grants Manager Branch Chief in Denver confirmed in an email that the federal funds under the ARPA are allowed. The email stated, “. . . the funds can be used just as you would normally use SNAP SAE. We feel Nebraska’s desire to utilize the administrative fund from the American Rescue Plan Act to cover administrative costs associated with temporarily expanding the SNAP population in Nebraska to 165% FPL for the gross income test is something we would see as normal use of SAE funds. Assuming Nebraska is not changing the program that confers categorical eligibility for SNAP other than to increase the gross income limit for that program, no further scrutiny is necessary on behalf of FNS. If, however, Nebraska is making substantive changes to that program or to the funding of that program, FNS will need additional information about those changes. The additional

funding is available through September 30, 2023, and does not require a state match. The estimated additional funding for Nebraska is \$3 million. The available funding by federal fiscal year is \$1,170,000 in FFY 2021 and FFY 2022 and \$660,000 in FFY 2023. Federal funds will cover the cost of this bill through the next biennium.

The bill as amended requires those qualifying under the provisions of this bill to be referred to the SNAP Next Program under the Department of Labor if they are not otherwise exempt from work requirements and the services are available in their county of residence. The SNAP Next Step Program is administered by the Department of Labor (DOL) and funded with federal funds. The fiscal note from DOL indicates all federal funding is allocated and the new referrals would require General Funds. It is unclear if there is a General Fund impact. It depends on the meaning of "and services are available." It is reasonable to assume that if services are at capacity, they are not available. The language could also be interpreted to mean that DOL is to provide the service by expanding capacity to make the service available. Additional information is needed. Some clients are referred back to the Department of Health and Human Services for additional support services. Those additional services have a minimal fiscal impact.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 108	AM: 1082,1196	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services	
REVIEWED BY: Ann Linneman	DATE: 5-10-2021	PHONE: (402) 471-4180	
COMMENTS: The Nebraska Department of Health and Human Services' analysis and estimate of fiscal impact to the department appears reasonable.			

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 108	AM: 1082,1196	AGENCY/POLT. SUB: Nebraska Department of Labor	
REVIEWED BY: Ann Linneman	DATE: 5-7-2021	PHONE: (402) 471-4180	
COMMENTS: No basis to disagree with The Nebraska Department of Labor's 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) Mike Michalski

Date Prepared 5-10-21

Phone: (5) 471-6719

	<u>FY 2021-2022</u>		<u>FY 2022-2023</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>	\$6,200		\$6,200	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$1,637,970		\$1,634,470	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	<b>\$1,644,170</b>		<b>\$1,640,670</b>	

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

**Explanation of Estimate:**

LB108 AM975 changes the gross income eligibility determination in the Department of Health and Human Services (DHHS) Supplemental Nutrition Assistance Program (SNAP) from 130% to 165% federal poverty level (FPL). However, the net income limit determination will remain at 100% FPL. SNAP is a dual-income test program. An individual must first meet the gross income eligibility limit and if the individual's income is below the gross income guidelines then the individual's deductions may be considered in order to reach the net income limit of 100%. This change would require additional eligibility system updates and additional workload and training to eligibility staff.

Based on US Census Bureau estimates of Nebraska population by FPL for 2019, it is estimated that there are 128,669 living between 130%-165% FPL. In SFY2020 the total number of individuals who received SNAP was 158,328 and the number of SNAP cases was 72,422 which averages 2.19 individuals per case. If there are 128,669 potential clients between 130%-165% FPL then there would be 58,855 potential cases. It is assumed that 25% of these cases, or 14,714, would apply for SNAP benefits. Of those 14,714 who apply, it is assumed that 11,238 applicants would be denied due to the dual-income requirements. It becomes more difficult for individuals at a higher FPL to be eligible due to the dual-income test. It takes 2 hours processing time by Social Service Workers (SSW) to handle these applications, or 22,476 hours annually. The remaining 3,476 applicants would be new ongoing eligible SNAP cases. Eligible SNAP cases take 5 hours of annual processing time to recertify and update various information as changes occur. These new eligible SNAP cases would require 17,380 SSW hours annually. Therefore, the administrative hours required for this new population would be 39,856 annual hours.

The Department of Health and Human Services would require 20 additional new Social Service Workers, 2 Social Services Supervisors, and 2 Case Aides. It is estimated to take 10 hours of IT time to update NFocus at \$35 per hour for a total cost of \$3,500.

SNAP benefits are paid directly by the federal government.

AM1082 allows additional SNAP funding of the Federal American Rescue Plan Act (ARPA) to be utilized through September 30<sup>th</sup>, 2023. After this date, the SNAP gross income limit will return to 130% FPL. The ARPA funds can be used towards administrative costs associated with temporarily expanding the SNAP gross income eligibility to 165% FPL. Once ARPA is fully utilized, any additional expenditures incurred will utilize the General Fund and Federal Fund for SNAP Administration.

AM1196 states that any SNAP recipient whose income is between 131% - 165% FPL until September 30<sup>th</sup>, 2023 shall be referred by DHHS to the Department of Labor (DOL) for SNAP Next Step Program as long as all program requirements are met by the individual. SNAP Next Step Program is a partnership program between

the DHHS and DOL to assist under-employed and unemployed recipients of SNAP benefits in finding self-sufficient employment. Approximately 14% of SNAP recipients are eligible for SNAP Next Step requirements (work requirements, residential county) or an estimated 1,066 individuals. Of the 1,066, it is estimated that 1.5% of the individuals would fully enroll in the program (16 total people per year) for an average of \$155 per month and 5 months of enrollment (based on the current program). This would mean an estimated aid expense of \$12,400 per year. SNAP Employment and Training is paid with 50% GF and 50% FF. ARPA funds would not be available for these new benefits. DHHS would also need to hire 1 additional Work Force Coordinator to handle the increased amount of cases and the referral work necessary for the program. This position would be paid with 100% FF (non-ARPA). The cost per year would be \$69,157 per year.

As there is an emergency clause for LB 108, all staff will be hired by July 1, 2021.

<b>MAJOR OBJECTS OF EXPENDITURE</b>				
<b>PERSONAL SERVICES:</b>				
POSITION TITLE	NUMBER OF POSITIONS		2021-2022	2022-2023
	21-22	22-23	EXPENDITURES	EXPENDITURES
C72172 Social Services Worker	20	20	\$744,765	\$744,765
S72110 Case Aide	2	2	\$52,391	\$52,391
V72174 Social Service Supervisor	2	2	\$93,895	\$93,895
C70130 Workforce Coordinator	1	1	\$39,524	\$39,524
Benefits.....			\$333,610	\$333,610
Operating.....			\$367,585	\$364,085
Travel.....				
Capital Outlay.....				
Aid.....			\$12,400	\$12,400
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$1,644,170</b>	<b>\$1,640,670</b>

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2021

LB<sup>(1)</sup> 108, AM1082 & AM1196

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Labor

Prepared by: <sup>(3)</sup> Katie Thurber Date Prepared: <sup>(4)</sup> 5-4-2021 Phone: <sup>(5)</sup> 402-471-9912

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$3,419,405		\$4,415,206	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$3,419,405</u>		<u>\$4,415,206</u>	

Explanation of Estimate: AM1196 requires any recipient of Supplemental Nutrition Assistance Program benefits whose household income is between one hundred thirty-one and one hundred sixty-five percent of the federal Office of Management and Budget income poverty guidelines who is not exempt from work participation requirements to be referred to the Nebraska Department of Labor (NDOL) for enrollment in the SNAP Next Step Program. The SNAP Next Step Program is a partnership between the Nebraska Department of Health and Human Services (NDHHS), NDOL, and the local workforce development area under the Workforce Innovation and Opportunity Act (WIOA). Once a referral from NDHHS is made to the applicable local area, the individual is assigned a case manager. The case manager discusses WIOA Title I program eligibility with them. If interested, the individual is then provided information on applicable training programs and career resources. If enrolled in WIOA Title 1 program, the individual is co-managed by both NDHHS and the applicable local area program staff. The funding for WIOA Title 1 participation is federal funding through WIOA.

Nebraska currently has three local areas under WIOA: Greater Nebraska; Greater Lincoln; and Greater Omaha. Greater Nebraska is administered by the Nebraska Department of Labor and Greater Lincoln and Greater Omaha are administered by the cities of Lincoln and Omaha, respectively. Each local area would be responsible for case management and the cost of training programs for participants in their local area through WIOA Title I funds distributed through NDOL.

NDOL and NDHHS currently serve 138 individuals under this program. It is estimated under the expanded eligibility requirements that approximately 1,066 additional individuals would be required to participate in the program. One full-time employee can absorb a caseload of 45 participants on the program. If all 1,066 individuals participated in the program, 24 new employees would be needed between the three local areas. NDOL estimates their individual employee costs at \$60,000 per employee. Assuming a similar cost for all local areas, staffing costs would be \$1,440,000. Twenty-five percent of this is identified as 6.0 FTE's for Greater Nebraska shown on the following page plus an additional \$18,000 for related equipment.

Additionally, the SNAP Next Step Program has the option for participation in a training program. The average cost of a training program is \$5,582. Currently, 50% of all SNAP Next Step program participants are enrolled in a training program. If 50% of new participants enroll in training programs, approximately 533 new training enrollees for the three local area training programs. This would be a total estimated training cost of \$2,975,206. The training programs are coordinated through the local area WIOA provider and paid in full through WIOA. The training costs would be part of each local area's WIOA budget. Between the three local areas, training program costs would increase by \$2,975,206. WIOA is a federally funded program, and allotments for the 2021 Program Year beginning July 1, 2021 have already been established. Nebraska's total statewide funds available for PY21 for all three local areas are approximately \$7,800,000.

The total costs for one year of administering this program at LB 108 proposed levels is approximately \$4,415,206 for all three local areas. NDOL is specifically responsible for staffing Greater Nebraska. The difference between the grand total and the \$360,000 for Greater Nebraska staffing is \$4,055,206, which is available for Aid. The program will not begin until October of

the first year.

NDOL does not have the authority to require local areas to enroll SNAP Next Step Program participants over other eligible WIOA Title I participants. All three local areas fully expended WIOA Title I adult funds for PY20 and are currently utilizing WIOA Title I dislocated funds to continue services for eligible adults. The costs for LB 108 SNAP Next Step Program expansion would need to be funded through state general funds. NDOL has broadly estimated the local area costs based on Greater Nebraska levels. Greater Lincoln and Greater Omaha staffing costs may vary.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Reemployment Services Coordinators	6.0	6.0	\$255,705	\$255,705
Benefits.....			62,829	62,829
Operating.....			41,466	41,466
Travel.....				
Capital outlay.....			18,000	
Aid.....			3,041,405	4,055,206
Capital improvements.....				
<b>TOTAL.....</b>			<b>\$3,419,405</b>	<b>\$4,415,206</b>