

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	\$10,000,000	\$10,000,000		
FEDERAL FUNDS	\$10,000,000			
OTHER FUNDS				
TOTAL FUNDS	\$20,000,000	\$10,000,000	See Below	

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

This bill appropriates \$10 million in FY 2023 to the Department of Health and Human Services for Program 175 – Rural Health Provider Incentive Program from Coronavirus State Fiscal Recovery Fund under the American Rescue Plan Act (ARPA). The funds would be used for repayment of qualified educational debts owed by eligible health professionals under the Rural Health Systems and Professional Incentive Act. The bill contains an emergency clause.

Although the funds are appropriated in FY 2023, in this fiscal note it is assumed the funds would be used over several fiscal years. Loan repayment contracts cover three years. This time frame aligns with the requirement of Coronavirus State and Local Recovery Fund (SLFRF) must be committed by December 31, 2024 and expended by December 31, 2026.

The bill only appropriated funds for the loan repayment program. The department would need two staff, a Program Manager and Administrative Technician to execute the contracts, process the payments and ensure compliance with state law and federal requirements. The costs would be \$164,211 each year through FY 2025. Although the bill only appropriates funds for the loan repayments, for the purposes of this fiscal note, it is assumed the administrative costs are incorporated within the \$10 million appropriation. Administrative costs would be appropriated to Program 033.

Loan repayments require a 50% local match that are paid to the state. An increase of \$10 million in cash funds would be generated and expended over the course of the three year contracts.

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: 1269 AM: AGENCY/POLT. SUB: Nebraska Department of Health and Human Services

REVIEWED BY: Ann Linneman DATE: 2-17-2022 PHONE: (402) 471-4180

COMMENTS: No basis to disagree with the Nebraska Department of Health and Human Services' assessment of fiscal impact.
The maximum funding available under the federal Coronavirus State Fiscal Recovery Fund is \$1.04 billion, of which only \$520 million is currently available. Appropriation of these funds must be balanced in aggregate in order to avoid over obligation.

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 2-16-2022

Phone: (5) 471-6719

	<u>FY 2022-2023</u>		<u>FY 2023-2024</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$164,211	\$0	\$164,211	\$0
CASH FUNDS	\$10,000,000	\$10,000,000	\$0	\$0
FEDERAL FUNDS	\$10,000,000	\$0	\$0	\$0
OTHER FUNDS				
TOTAL FUNDS	\$20,164,211	\$10,000,000	\$164,211	\$0

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

Explanation of Estimate:

LB1269 appropriates \$10,000,000 for FY2022-23 to Program 175 – Rural Health Provider Incentive Program to be used for the loan repayment program as described under Nebraska §71-5661 (1) (c) for eligible health care professional providers as described by Nebraska §71-5662 (3). These funds are to be appropriated from the American Rescue Plan Act (ARPA), State and Local Fiscal Recovery Funds (SLFRF).

Loan repayment recipients must execute a 3 year agreement with the State of Nebraska and with the local entity which employs them. The local entity provides 50% of the loan repayment amount directly to the Department of Health and Human Services (DHHS) on an annual basis. DHHS contributes the remaining 50% and makes payments directly to the recipient on a quarterly basis using both provider fund sources and DHHS fund sources. Therefore, in order to properly implement LB1269, an additional matching appropriation needs to be made to Program 175 for Cash Funds to allow the spending of funds received from providers and would need to be spread across the fiscal years covered by the agreements, most likely until the December 31, 2026 expenditure deadline associated with using the American Rescue Plan Act (ARPA), State and Local Fiscal Recovery Funds (SLFRF).

Based upon the loan repayment limitations specified in Nebraska §71-5663 (3), the current number of health care providers participating in the loan repayment program is approximately 200. LB1269 would accommodate approximately 1,000 additional health care providers. The administrative burden to accomplish the issuance and tracking of 1,000 additional loan repayment contracts with recipients would require an additional 2.0 FTEs. This includes 1.0 FTE Program Manager I to assist with promotion of the program and to process the additional applications and contracts; and 1.0 FTE Administrative Technician as support staff to handle the influx of payment processing and provide assistance to the Program Manager I. Program administrative costs would need to be allocated to Program 033 – Administration. These costs are listed above as General Funds, but may be eligible to use Federal ARPA, SLFRF funds instead.

For clarity, the additional appropriated Cash Funds are being shown above as a lump sum for FY 2022-2023. In reality, these amounts should be spread across several years or allowed to be carried over or reappropriated as, necessary. Program administrative costs are expected to be incurred beginning July 1, 2022 up until December 31, 2026.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2022-2023	2023-2024
		22-23	23-24	EXPENDITURES	EXPENDITURES
	DHHS Program Manager I	1.0	1.0	\$58,248	\$58,248
	Administrative Technician	1.0	1.0	\$36,733	\$36,733

Benefits.....	\$32,512	\$32,512
Operating.....	\$36,718	\$36,718
Travel.....		
Capital Outlay.....		
Aid.....	\$20,000,000	\$0
Capital Improvements.....		
TOTAL.....	\$20,164,211	\$164,211