

Revised to include provisions of AM 2429

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			\$717,237	
CASH FUNDS				
FEDERAL FUNDS			\$732,283	
OTHER FUNDS				
TOTAL FUNDS			\$1,449,520	

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

As amended, this bill requires the Department of Health and Human Services (DHHS), beginning July 1, 2027, to pay the recipients Aid to Dependent Children (ADC) current child support collected pursuant to the assignment or adopt a child support pass-through policy not to exceed \$100/month for one child or for a family with two or more children \$200. The bill also requires DHHS to disregard all child support income for purposes of calculating a recipient’s eligibility for ADC. [As of 2020](#), 26 of the 52 states and territories (including DC and Guam) pass-through and disregard (for the purpose of income eligibility calculations) at least a portion of child support.

Child Support Pass-Through

DHHS may still be required to return the federal share of offsets as detailed in Sec 457 [42 U.S.C. 657] (6) Distribution of Collected Child Support. The social security act allows states to disregard a portion of child support when the option is selected to pass through payment to the individual for purposes of calculating the share due to the federal government. The amount disregarded is defined as \$100 per month for a single child family and \$200 per month for family with 2 children or more. Any collections of child support above these disregarded amounts would have a portion due to the federal government split at the FMAP. The bill specifies that DHHS is to pass-through current child support. Using this description, the fiscal impact of the pass-through is \$587,432 state share of collections that would no longer be used to offset state aid costs beginning in FY28.

Child Support Income Disregard

The bill requires DHHS to disregard child support in calculating eligibility for ADC. The fiscal impact to ADC and Employment First programming is \$1,951,021 annually, 90% federal funds (\$1,755,919) and 10% General Funds (\$195,102) beginning in FY28. The total aid cost starting in FY28 is approximately \$2,538,453 annually, \$782.534 General Funds and \$1,755,919 Federal Funds.

System Updates and Child Support Enforcement Funding Considerations

DHHS indicates updates to the Child Support Program, specifically extensive changes to the CHARTS system, amount to a total of \$4,305,600 with 66% federal contribution and 34% state obligation. Based on information provided by other states implementing similar measures and accounting for inflation, an adjusted estimate of cost for system updates is \$2,152,800 split over two years for a total of \$1,076,400 in FY26 and FY27. During the period in which updates are occurring, DHHS estimates the state will be obligated to pay \$340,000 annually toward child support enforcement (CSE) as a matching amount toward the regular child support grant because the state will be ineligible for federal incentive dollars each year. Depending on the cost ratio the CSE portion may be less however the amount is included in the fiscal impact for FY26 and FY27 for planning purposes. Additionally, updates to Nebraska’s eligibility system, NFOCUS would amount to \$33,120 which would also qualify for 66% federal match and be completed within one year.

	Fiscal Year 2026 Starting July 1, 2025		Fiscal Year 2027 Starting July 1, 2026		Fiscal Year 2028 Starting July 1, 2027	
	General Fund	Federal Fund	General Fund	Federal Fund	General Fund	Federal Fund
Pass through - Aid					\$587,432	
Disregard - Aid					\$195,102	\$1,755,919
Enforcement - Ops	\$340,000		\$340,000			
CHARTS update - Ops	\$365,976	\$710,424	\$365,976	\$710,424		
NFOCUS- Ops	\$11,261	\$21,859				
Total by Fund Source	\$717,237	\$732,283	\$705,976	\$710,424	\$782,534	\$1,755,919
Total by Fiscal Year	\$1,449,520		\$1,416,400		\$2,538,453	