

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2025-26</b>		<b>FY 2026-27</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
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 would reduce the total number of months for cash assistance, specifically for the Aid to Dependent Children (ADC) program, from the current limit of 60 months to 24 months. The implementation date is assumed to be three months following adjournment. This fiscal note assumes implementation by July 1, 2025. The Department of Health and Human Services (DHHS) who administers ADC notes that additional statutes that relate to work activities requirements would need to be modified to harmonize program elements.

ADC is primarily funded with Temporary Assistance for Needy Families (TANF) federal block grant funding. TANF funds are restricted use to qualifying recipients. Nebraska also offers two separate state program and a solely state program both of which are funded by General Funds. The separate state programs are for qualifying parents and caretakers in limited circumstances and parents pursuing post-secondary education in lieu of work. The solely state program exempts incapacitated individuals or those determined to have significant barriers to work participation from work requirements or the federal time limit. The separate state programs count toward TANF Maintenance of Effort (MOE) requirements and the solely state programs do not count toward the TANF MOE. DHHS indicates the decreased General Fund expenditures associated with limiting the maximum time limit would not jeopardize the TANF MOE.

The current average number of ADC families with a work-eligible individual subject to time limit with an active Employment First (EF) case is 1,798. The agency analysis estimates the provisions of the bill would reduce the count of families to 1,494. Reduction in case count would reduce expenditures in direct aid to individuals and EF. The agency’s estimated fiscal impact of restricting aid to 24 months is a total of \$2,021,921 (\$1,039,131 FF and \$982,790 GF) however there is reason to disagree with the agency estimate.

This estimate assumes all ADC would be limited to the 24-month cap. Currently the solely state programs are not subject to the 60-month limit however DHHS assumes all ADC would be subject to the new 24-month limitation. There is no indication that the solely state programs would begin limiting assistance as a function of the legislation. The solely state program is exclusively funded with general funds. The general funds savings would be less that what is presented by the agency to account for solely state ADC program aid expenditures however the degree to which it is less is indeterminable at this time.

Administrative costs include modifications to NFOCUS, nominal staff training expenses, revisions to the TANF State Plan, and updates to procedures and documentation. DHHS notes potential savings in personnel associated with case management.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>				
LB:	379	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	2-25-2025	PHONE: (402) 471-4180
COMMENTS: Concur with the Nebraska Department of Health and Human Services’ assessment 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 2-24-25

Phone: (5) 471-6719

	<u>FY 2025-2026</u>		<u>FY 2026-2027</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>	(\$982,790)		(\$982,790)	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	(\$1,039,131)		(\$1,039,131)	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	(\$2,021,921)	\$0	(\$2,021,921)	\$0

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

**Explanation of Estimate:**

LB379 would require the Department of Health and Human Services (DHHS) to reduce the time limit on Aid to Dependent Children (ADC) Cash Assistance for dependent families with children to 24 months of eligibility. This bill alters the Neb. Rev. Stat. §68-1724, reducing the time limit from 60 months to 24 months. The Nebraska’s revised statute 68-1721(7) currently states that to meet an applicant’s work activity requirement, they shall be allowed to engage in vocational training that leads to an associate degree, diploma, or certificate for a minimum of 20 hours per week for up to 36 months, which conflicts with the changes proposed in LB379. Furthermore, the Temporary Assistance for Needy Families (TANF) grant requires the state meet a \$28 million Maintenance of Effort (MOE) annually. Enactment and implementation of this bill would lower the amount of MOE that can be claimed for those families whose ADC grant is funded utilizing State General Funds only. The department reported \$29.6 million in MOE for FFY24 and expects to still meet this requirement with the implementation of this bill.

The Office of Economic Assistance (OEA) would need to update the existing regulations in Title 468 (468 NAC 4-011 and 468 NAC 4-011.01) to reflect the reduction in the duration of ADC for families from 60 months to 24 months of eligibility as part of meeting the bill requirements. Consequently, changes in maximum time limits for ADC must also be updated for the TANF section of the Nebraska Workforce Innovation Act (WIOA) Combined State Plan. This revised plan needs to be submitted to the Administration for Children and Families (ACF) for review and approval of the amendment.

The number of families currently eligible for the ADC program will be reduced as they have maximized the time limit for receiving assistance. This adjustment impacts both the ADC program and parents or caretakers who are classified as work-eligible and are required to participate in the Employment First (EF) program which is Nebraska’s mandatory welfare-to-work initiative. This means that families who participate in the EF program will be eligible for the services for a shorter duration of time. As a result, the reduction in participants will subsequently lower the fund needs for the program as it would reduce the time for the contractor to provide these services as well as shorter time period to receive the services.

In State Fiscal Year (SFY) 2024, the average number of ADC families with a work-eligible individual subject to the time limit and with an active EF case for both State General Funds (GF) and Federal Funds (FF) was 1,798. With the implementation of this bill the new time limit would result in a decrease in the average number of work-eligible individuals subject to the time limit and with an active EF case from 1,798 to 1,494 per month. A decrease in active cases would result in a decrease to the amount of ADC Cash payments issued and a reduction in the EF administrative costs.

In SFY2024, the total amount expended for ADC Program Cases with active EF case was \$10,219,198. The total expenditures under 25 months’ time limit expended was \$8,197,277 (\$4,193,400 FF and \$4,003,877 GF). The total expenditures with 25+ months’ time limit were \$2,021,921 (\$1,039,131 FF and \$982,790 GF). Establishment of this bill would reduce the total costs by \$2,021,921 from the total \$10,219,198.

The department's eligibility system, Nebraska Family Online Client User System (N-FOCUS) would require updates to the EF Tracking window, narrative heading and the ACF-199-209 electronic federal report in order to ensure effective implementation of this bill. Information Systems & Technology (IS&T) must change the N-FOCUS budgeting hard stop from 56 months to 20 months. In addition, the N-FOCUS Tracking window and the narrative will need to be updated to reflect the 24-month time limit estimated at \$15,200. The department will absorb this cost. No additional staff will be required to make these updates, resulting in potential staff savings as the number of families eligible for the program decreases. Moreover, the OEA's eligibility operational staff, along with the EF contractor staff, will need training regarding the new maximum time limit for ADC cash assistance. Additionally, guidance documents for OEA and EF contractor staff must be updated to reflect these changes.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2025-2026	2026-2027
	26-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			(\$2,021,921)	(\$2,021,921)
Capital Improvements.....				
<b>TOTAL.....</b>			<b>(\$2,021,921)</b>	<b>(\$2,021,921)</b>