

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$72,071		\$83,130	
CASH FUNDS	\$300,000		\$300,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$372,071		\$383,130	

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

LB 236 would create an individual development accounts pilot project at the Department of Labor.

The bill proposes to appropriate \$300,000 from funds available under the federal Temporary Assistance to Needy Families (TANF) program to the Department of Labor to establish a pilot program creating individual development accounts. The pilot project may last no more than five years.

The pilot project is to do the following:

- Provide individuals and families an opportunity and incentive to accumulate assets;
- Promote investments in education, home ownership, and microenterprise development;
- Demonstrate household saving strategies;
- Utilize and build comprehensive community partnerships that support asset building in low-wealth communities.

The Department of Labor, in conjunction with the Department of Health and Human Service, is to establish the pilot project. Funds provided to the project are to serve as matching funds at a ratio of 2 to 1, with an annual cap of \$720 and a total cap of \$3,000. The matching funds may be used by the participant for first-time home purchase, investment in a business or self-employment, or postsecondary education or training. Only savings from earned income qualify for state matching funds.

Eligibility for participation includes income and asset qualifications, including household income of or less than 200% of the federal poverty level and assets of \$25,000 or less.

The Department of Labor may enter into contracts to carry out its duties under the bill.

200% of the federal poverty level for one person is \$22,980; for a household of three persons it is \$39,060.

The Department of Labor has estimated that the cost to implement the provisions of LB 236 at \$181,487 for FY2013-14 and \$180,991 for FY2014-15 and each fiscal year thereafter that the program is active. Included in their estimate is \$10,000 for training and technical assistance for each year, \$35,000 for evaluation in FY2014-15, and three positions and their related operating expenses of \$171,487 for FY2013-14 and \$135,991 for FY2014-15. The three positions are to assist in the development of the individual's skills when handling personal finances.

The Department of Health and Human Services has advised the Department of Labor that TANF funds cannot be used for administrative costs and, therefore, the positions described above will require a General Fund appropriation.

We disagree with the Department of Labor regarding the need for three positions and 2.0 FTE. Given the requested appropriation in LB 236, the size and scope of the proposed pilot project will be limited and in our opinion only require one position and 1.0 FTE. The PSL for this position is \$38,489 for FY2013-14 and \$39,336 for FY2014-15.

The Department of Health and Human Services has indicated that currently obligations above the full annual TANF block grant are currently being expended. Obligations above the annual TANF block grant are met by drawing down TANF rainy day funds. The Department estimates that they will need 0.5 FTE for a Program Specialist to participate in the creation of the pilot program and to provide ongoing administrative support to the Department of labor, as well as monitor the use of TANF funds.

We disagree with the Department of Health and Human Services regarding the need for 0.5 FTE; the bill states that the Department of Labor in conjunction with the Department of Health and Human Services will establish the pilot program described above but does not provide any specifics duties or responsibilities for DHHS. Therefore, we believe DHHS can absorb any costs and duties with current resources and personnel.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 236	AM:	AGENCY/POLT. SUB: Dept of Labor	
REVIEWED BY: Elton Larson		DATE: 3/14/2013	PHONE: 471-4173
COMMENTS: Concur with DOL estimates and analysis concerning use of TANF funds to finance LB 236 is not sustainable.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 236-revised	AM:	AGENCY/POLT. SUB: HHS	
REVIEWED BY: Elton Larson		DATE: 3/6/2013	PHONE: 471-4173
COMMENTS: HHS analysis and estimate of fiscal impact to the agency appear reasonable.			

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2013

LB⁽¹⁾ 236 FISCAL NOTE

State Agency OR Political Subdivision Name: (2) Nebraska Department of Labor

Prepared by: (3) Debbie Kay Ward Date Prepared: (4) 3/1/2013 Phone: (5) 402-471-2492

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$181,487		\$180,991	
CASH FUNDS				
FEDERAL FUNDS	\$300,000		\$300,000	
OTHER FUNDS				
TOTAL FUNDS	\$481,487		\$480,991	

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

Explanation of Estimate: LB236 would require the Department of Labor (DOL) to establish a pilot project to create individual development accounts to assist working families. The pilot project would not last more than 5 years.

DOL estimates the cost to implement LB236 would be \$181,487 for FY2014 and \$180,991 for FY2015 and for each fiscal year that the pilot program is active. Included in this estimate is \$10,000 for training and technical assistance for each year, \$35,000 for evaluation purposes in FY2015, and three positions and related operating expenses of \$171,487 for FY2014 and \$135,991 for FY2015. These three positions will assist in the development of the individual's skills when the handling of their personal finances.

HHS has advised DOL that Temporary Assistance to Needy Families (TANF) funds cannot be used for administrative costs. While individual development accounts is a permitted use of the TANF Block Grant funds, HHS advised that additional allocations of TANF funds are not sustained.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Job Training Program Coordinator	0.5	0.5	\$20,576	\$21,039
Workforce Coordinator	1.5	1.5	\$51,319	\$52,474
Benefits.....			\$33,056	\$35,512
Operating.....			\$46,536	\$71,966
Indirect Costs.....				
Capital outlay.....			\$30,000	
Aid.....			\$300,000	\$300,000
Capital improvements.....				
TOTAL.....			\$481,487	\$480,991

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Willard Bouwens

Date Prepared:(4) 2-4-13

Phone: (5) 471-8072

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$43,889		\$43,889	
CASH FUNDS				
FEDERAL FUNDS	\$300,000		\$300,000	
OTHER FUNDS				
TOTAL FUNDS	\$343,889		\$343,889	

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

Explanation of Estimate:

LB 236 appropriates \$300,000 TANF funds to the Department of Labor to create Individual Development Accounts (IDAs). The Department currently expends more than the annual TANF block grant allocation each year. A .5 FTE Program Specialist is needed to participate in the creation of the pilot program and to provide ongoing administrative support to the Department of Labor, as well as monitor the use of TANF funds.

Four bills introduced this session (LB 236, LB 368, LB 555, and LB 508) contain new appropriations of TANF block grant funds totaling \$7,683,314 in SFY14 and \$8,683,314 in SFY15. Obligations above the full annual TANF Block Grant are currently being expended. Obligations above the annual TANF Block Grant are met by drawing down TANF rainy day funds. If these bills are enacted, it is estimated the TANF block grant and balances will be depleted by June 30, 2015. This will result in the need for increased General Fund appropriations of \$5,444,204 for FY2015-16 and \$26,380,603 for FY2016-17 to finance TANF programs.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2013-2014	2014-2015
		13-14	14-15	EXPENDITURES	EXPENDITURES
	DHHS Program Specialist	.5	.5	\$21,182	\$21,182
	Benefits.....			8,473	8,473
	Operating.....			14,234	14,234
	Travel.....				
	Capital Outlay.....				
	Aid.....			300,000	300,000
	Capital Improvements.....				
	TOTAL.....			\$343,889	\$343,889