

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill removes the family cap on payments to families on Aid to Dependent Children (ADC). The family cap refers to a cap on payments to families for a child born in a family after the initial ten month participation in the ADC program.

The family cap currently applies to 700 cases. The additional payment a family would receive would be \$71 per month. Child support or other payments to the family would reduce this amount. Assuming 10% of the families had other payments that would negate the increase, the increase in the cost of the program would be \$536,760 (630 X \$71 X 12).

Federal assistance for ADC is funded through the Temporary Assistance to Needy Families (TANF) block grant. Nebraska's amount was \$57,769,382 last year. The state must also meet a state maintenance of effort (MOE) requirement. Nebraska's MOE is \$28,501,559. The state has been and anticipates exceeding the MOE. As eligibility increases or decreases, the federal amount is not adjusted. When the state under spends the block grant, the state may hold the unspent funds in reserve. If the state exceeds the federal allocation, state funds or federal "rainy day" funds are required to cover costs above the amount available from the annual block grant amount. "Rainy day" funds have traditionally been used to handle increases in utilization or for downturns in state revenue. The governor in his budget recommendation is proposing using \$10 million from the balance to reduce general funds expenditures in the ADC Program. The "rainy day" funds could be used for the costs associated with this bill in the short term. Once the balance is depleted, state general funds would be required to cover the costs. Using the "rainy day" funds would also reduce the amount available in the future to cover increases in eligible families or to replace general fund appropriations.