

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
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 creates the Nebraska Knowing is Doing Something pilot program within the Department of Health and Human Services (DHHS), the goal of which is to support recipients of Temporary Assistance for Needy Families (TANF) remove barriers to employment and education. The program is to provide \$15 million in block grants over five years, or \$3,000,000 annually, to no more than two nonprofit organizations. The organizations need to be located in a qualified census tract of a city of the metropolitan class that serves (TANF) recipients in public schools, private schools, and homeless shelters as of July 1, 2024. The pilot program will be subject to third-party and academic review.

The bill specifies that the nonprofit organizations are to provide the following services:

- a) Youth development,
- b) Adult education,
- c) Mental and behavioral health,
- d) Access to weekend food,
- e) Basic needs support, and
- f) Job training program for youths.

DHHS is to award the grants for the pilot program no later than December 31, 2024.

Certain language in the bill conflicts with federal TANF requirements, and some of the services listed in LB 677 are not TANF eligible expenses. Additionally, the pilot program intended under LB677 allows for mental health and behavioral services, however these would not be allowable TANF expenditures per Section 408(a)(6) of the Social Security Act (42 U.S.C. §608[a][6]). TANF recipients would be eligible for Medicaid to cover mental health services.

LB 677 could potentially decrease the funding available for other TANF programs and future programs being considered to assist families. The pilot program must ensure the service does not extend to a family for more than four months. Per TANF federal regulations (45 CFR §260.31), when a family receives basic needs (e.g., food, clothing, shelter, utilities, household goods, personal care items, and general, incidental expenses) more than four consecutive months, it would be considered “assistance”; When a family receives assistance, they must meet the work requirements, and the assistance they receive would count toward the lifetime 60-month time limit for TANF assistance.

DHHS indicates that if the intent of the bill is not to serve families receiving ADC (Aid to Dependent Children or the TANF cash assistance program), the bill would need to be amended to clarify who are considered TANF recipients. If the bill intent is to include other families besides ADC families, then an income level for eligibility would be required to meet Federal TANF criteria for needy families.

DHHS report the need for additional administrative staff starting in October 2023 to oversee and monitor the funds of the pilot program: 1.0 FTE Program Coordinator, 0.25 FTE Administrator, 0.25 Federal Aid Admin II. The cost of the personnel would be \$92,546 in FY24 and \$129.565 in FY25.

Technical notes:

- 1. The bill does not define qualified census tract.
- 2. It is not clear which fund the \$15 million for the program should be appropriated from.
- 3. The bill states when the grants are to be awarded by but not when the program is to begin.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB:	677	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services		
REVIEWED BY:	Ann Linneman	DATE:	3-7-2023	PHONE:	(402) 471-4180
COMMENTS: The Nebraska Department of Health and Human Services' analysis and estimate of fiscal impact to the department appears reasonable.					

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 3-6-2023

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	\$92,546		\$3,129,565	
OTHER FUNDS				
TOTAL FUNDS	\$92,546		\$3,129,565	

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

Explanation of Estimate:

LB 677 requires the Department of Health and Human Services (DHHS) to create a "Nebraska Knowing is Doing Something" pilot program by December 31st, 2024. Two non-profits will be awarded \$15 million in Temporary Assistance for Needy Families (TANF) funds over five years to provide pilot services to TANF families in a qualified census tract of a city of a metropolitan class. It would expend \$3,000,000 annually in TANF federal funds for the years FY2024-2028 for a total of \$15,000,000. If the TANF surplus funds are spent down, the funds allocated to the pilot program would expend 5.3% of the state's annual \$56,627,234 TANF grant award.

The target population for the pilot includes TANF recipients in public schools, private schools, and homeless shelters. The pilot program will provide the following services:

1. Youth development;
2. Adult education;
3. Mental and behavioral health;
4. Access to weekend food;
5. Basic needs support; and,
6. Job training for youth.

Certain language in the bill conflicts with federal TANF requirements, and some of the services listed in LB 677 are not TANF eligible expenses. Additionally, the pilot program intended under LB677 allows for mental health and behavioral services, however these would not be allowable TANF expenditures per Section 408(a)(6) of the Social Security Act (42 U.S.C. §608(a)(6)). TANF recipients would be eligible for Medicaid to cover mental health services.

LB 677 could potentially decrease the funding available for other TANF programs and future programs being considered to assist families. The pilot program must ensure the service does not extend to a family for more than four months. Per TANF federal regulations (45 CFR §260.31), when a family receives basic needs (e.g., food, clothing, shelter, utilities, household goods, personal care items, and general, incidental expenses) more than four consecutive months, it would be considered "assistance." When a family receives assistance, they must meet the work requirements, and the assistance they receive would count toward the lifetime 60-month time limit for TANF assistance.

If the intent is not to serve families receiving ADC (TANF cash assistance), the bill would need to be amended to clarify who are considered TANF recipients. If the bill intent is to include other families besides ADC families, then an income level for eligibility would be required to meet Federal TANF criteria for needy families.

To oversee and monitor the funds of the pilot program, additional administrative staff would be required. DHHS would require 1 DHHS Program Coordinator, 0.25 FTE DHHS Admin I, 0.25 DHHS Federal Aid Admin II.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2023-2024	2024-2025
	23-24	24-25	EXPENDITURES	EXPENDITURES
V73260 - DHHS Program Coordinator	0.75	1.00	\$37,234	\$52,128
G78801 - DHHS Administrator I	0.19	0.25	\$11,677	\$16,348
K19612 - Federal Aid Administrator II	0.19	0.25	\$8,322	\$11,651
Benefits.....			\$20,032	\$28,044
Operating.....			\$15,281	\$21,394
Travel.....				
Capital Outlay.....				
Aid.....				\$3,000,000
Capital Improvements.....				
TOTAL.....			\$92,546	\$3,129,565