

PREPARED BY: Mikayla Findlay
 DATE PREPARED: February 28, 2025
 PHONE: 402-471-0062

LB 319

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

This bill would expand eligibility for the Supplemental Nutrition Assistance Program (SNAP) to any person convicted of a felony involving the possession, use or distribution of a controlled substance if the person has completed their sentence for the felony offense or is on parole, probation or post-release supervision for the felony. SNAP benefits are paid with 100% federal funds.

In the last three years, 1,056 cases were denied or closed due to drug felonies. DHHS indicates 75% of ineligible members are part of an existing SNAP household. As such, 792 ineligible people may potentially need to be added on to an existing household. DHHS estimates an increase of up to 158 participants annually under this bill. System updates and any additional volume of work can be handled within existing agency resources. Minimal fiscal impact.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB:	319	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	2-28-2025	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 2-28-25

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>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$0		\$0

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

Explanation of Estimate:

LB319 changes the Supplemental Nutrition Assistance Program (SNAP) eligibility requirements for individuals with drug felony convictions. The bill strikes the language in Neb. Rev. Stat. §68-1017.02(4)(b) where it prohibits individuals with felony convictions for selling, distributing, or intent to sell or distribute a controlled substance from receiving SNAP benefits. As a result of this change, individuals with drug felony convictions would now be eligible for SNAP benefits if the individual has completed their sentence for such felony or is serving a term of parole, probation, or post-release supervision for such felony.

Enactment of this bill would also remove the requirement for individuals with one or two felony drug convictions from completing or participating in an approved drug treatment program after conviction. Furthermore, it would allow individuals with three or more felony convictions to remain eligible for SNAP. The Department of Health and Human Services (DHHS) would need to complete and update the State Plan and regulation changes as this bill would expand eligibility for SNAP to all drug felons which would increase the number of SNAP cases. Increasing the number of individuals eligible to participate in the SNAP program, may also increase the number of individuals volunteering to participate in the SNAP Next Step Employment and Training (E&T) program.

Implementation of this bill would require the department to notify Food and Nutrition Services (FNS) that Nebraska took this option. Furthermore, updates need to be made to the Title 475 NAC Supplemental Nutrition Assistance Program. Chapter 1, 008.04 would need to be updated to remove the language where it states individuals convicted of drug felons are disqualified and Chapter 3, 001.07 would also need to be updated to remove the exclusion of a household member with a drug felony when determining benefit levels. Moreover, training updates would be required and provided to eligibility operations. Consequently, the department's eligibility system, Nebraska Family Online Client User System (N-FOCUS) will need to be updated in order to modify the denial and closure reasons and notices. System updates would take 1 IT Business Analyst (BA) with a pay rate of \$80 per hour for 43 hours and 1 Technical Analyst (TA) with a pay rate of \$100 per hour for 35 hours. The total estimated cost to update N-FOCUS system would be \$6,940. The system updates would be absorbed by current staff.

Currently, SNAP benefits are paid 100% with Federal Funds and the administrative costs are 50/50 match between State General Funds and Federal Funds. In the past three years, DHHS has denied or closed an average of 1,056 SNAP participants related to drug felonies. Data shows that 75% of ineligible participants are part of an existing SNAP household. This results in 792 ineligible participants who potentially would need to be added to an existing household.

DHHS estimates an increase of 15% to account for individuals who have never applied for benefits but may under this new provision, resulting in an additional 158 potential participants per year. This equates to approximately 513 hours of work per year or 0.25 FTE. The department can absorb the additional workload within existing staff. Should the additional workload prove to be much larger, the department may need additional FTE.

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.....				
Capital Improvements.....				
TOTAL.....			\$0	\$0