

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	\$15,193,190			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$15,193,190		See below	

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

This bill states legislative intent to increase the reimbursement rates for Child Welfare service providers by 5% in FY26. This includes the Department of Health and Human Services (DHHS) Program 354 Child Welfare Aid and the Supreme Court Program 437 Juvenile Justice. The bill clarifies that this increase is intended to be in addition to any other increase provided by law.

Within DHHS the bill specifies that this includes providers of Group Home Services, Out -of-Home Care Services, Out-of-Home Maintenance, Agency-Supported Foster Care, Emergency Shelter Center Care, Agency-Supported Respite Care, Drug Testing, In-Home Family Support, Out-of-Home Family Support, Supervised Visitation, In-Home Safety, Family Finding, Options Education, Kinship Navigation, Home Studies, Travel Time and Distance, Intensive Family Preservation, Intensive Family Reunification Service, and any other service presently contracted for by DHHS that is intended to meet the needs of children and families in Nebraska.

DHHS estimates the cost of the rate increases to amount to \$12,501,586 in aid in FY26. DHHS indicates no federal dollars would be applicable due to offsetting federal participation decreases to Title IV-E eligible child welfare rates.

The Supreme Court estimates the cost of the rate increases to Program 437 Juvenile Justice is \$2,691,604 in General Funds each year.

DHHS and the Supreme Court offer differing interpretations of the legislative intent of the bill – Supreme Court assumes the rate increases would continue into FY27 whereas DHHS assumes rates would decrease back to the previous level in FY27.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB:	359	AM:	AGENCY/POLT. SUB: Nebraska Supreme Court	
REVIEWED BY:	Ann Linneman	DATE:	3-6-2025	PHONE: (402) 471-4180
COMMENTS: The Nebraska Supreme Court's assessment of fiscal impact seems reasonable given the assumptions used.				

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB:	359	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	3-7-2025	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 3-63-25

Phone: (5) 471-6719

	FY 2025-2026		FY 2026-2027	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$12,501,586			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$12,501,586	\$0	\$0	\$0

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

Explanation of Estimate:

LB359 intends to appropriate funds to the Department of Health and Human Services (DHHS) to implement a 5% increase for fiscal year 2025-26 to reimbursement rates for all Child Welfare service providers under Program 354, Child Welfare Aid. LB359 states that the 5% increase is for FY 2025-26; Children and Family Services (CFS) interpreted this to mean rates would need to be backdated to July 1, 2025, the start of the state fiscal year. CFS would need to amend current agreements to implement rate increases. Some of the current contracts start July 1st and some start October 1st. For October 1st contracts, they would have to be amended to increase rates as of July 1st.

LB359 only intends to appropriate funds in fiscal year 2026 and thus would not become a part of the base budget for program 354. Reimbursement rates would need to be reduced back to current levels starting July 1, 2026, for fiscal year 2027.

As written, LB359 includes every service that is currently provided to children and families in Program 354 which encompasses approximately 303 agreements. The 5% increase will result in a total estimated \$12,501,586 in additional spending for FY2025-26. \$12,360,340 of the above total is the anticipated need for Program 354. Increasing foster care rates also affects rates for the Bridge to Independence program (Program 359). The anticipated need for Program 359 is \$141,246.

The Nebraska Federal Medical Assistance Percentage (FMAP) went down from 58.6% in FFY24 to 57.52% in FFY25. This results in Nebraska paying a larger percentage of IV-E eligible claims. Increasing rates for some services also increases the amount of federal claiming or reimbursement, however this is offset by the lower FMAP rate. DHHS will be able to recoup about \$1,899,821 fewer federal IV-E dollars than in the previous year. The difference will need to be made up by state fund expenditures. The state fund expenditures amount includes the 5% required increase to services including those that receive flat federal funding; increases in those contracts would not result in additional federal funding so all expenditures would be state funds.

The exact number of agreements that will need updated/amended is unknown but estimated to be about one hundred. Procurement staff will require 3.5 hours per agreement (approximately 350 total hours), Administrative Programs Officer I will require 0.5 - 1 hour per agreement (50 – 100 total hours). Updating rates in the Nebraska Family On-Line Credit User System (NFOCUS) as well as updating service authorizations and service rates on the internet will require the following hours: Contract Monitoring Resource Developer (50 hours) and Billing & Payment staff (100 hours). The department will absorb the cost of these hours.

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.....	\$12,501,586	
Capital Improvements.....		
TOTAL.....	\$12,501,586	\$0

State Agency OR Political Subdivision Name: ⁽²⁾ 05 Supreme Court

Prepared by: ⁽³⁾ Eric Asboe

Date Prepared: ⁽⁴⁾ 3/5/25

Phone: ⁽⁵⁾ 402-326-9215

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

Estimated General Fund impact to provide & sustain a 5% rate increase for Program 437, Juvenile Justice, services:

FY24-26	2,691,604
FY25-27	2,691,604

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				