

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	\$1,115,052		\$1,574,693	
CASH FUNDS				
FEDERAL FUNDS	\$1,115,053		\$1,574,694	
OTHER FUNDS				
TOTAL FUNDS	\$2,230,105		\$3,149,387	

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

This bill modifies provisions of the Supplemental Nutrition Assistance Program (SNAP) administered by the Department of Health and Human Services (DHHS). Subsection 5 prevents DHHS from seeking work requirement waivers or exercising optional work requirement exemptions. Subsection 6 specifies six categories of individuals who would maintain exemption from work requirements.

DHHS notes that there are currently seven basic work requirement exemptions and four Able-Bodied Adults Without Dependents (ABAWD) exemptions under 7 CFR 273.7(b). Nebraska does not have any ABAWD waivers but does exercise ABAWD discretionary exemptions for individuals in rural counties (359 individuals in FFY24). In total, DHHS anticipates 800 SNAP recipients statewide would need Employment and Training (E&T) services to comply with the provisions of the bill. The estimated annual cost of E&T per individual is \$621 resulting in an increased aid cost of \$496,800.

Additionally, DHHS anticipates needing 35 additional staff (16 Workforce Coordinators, 2 Program Coordinators, 15 Social Service Workers, and 2 Program Specialists) to administer program screenings and other associated workload. The state's benefit system NFOCUS would require updates to reflect the program changes.

E&T expenses and staff costs are considered qualifying SNAP administration costs and eligible for 50% federal funds. The provisions of the bill may decrease overall SNAP aid due to increased earnings of clients and disqualifications. SNAP benefits are 100% federally funded. The estimated decrease to aid is indeterminable and not considered in the impact to federal funds.

DHHS indicates there may be issues meeting the operational date of January 1, 2026 as the changes require federal approval of a modified SNAP E&T State Plan prior to implementation.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB:	656	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	2-25-2025	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 2-24-25

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	<u>FY 2025-2026</u>		<u>FY 2026-2027</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$1,115,052		\$1,574,693	
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Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB656 changes the work requirements under the Supplemental Nutrition Assistance Program (SNAP). The Department of Health and Human Services (DHHS) would need to assign all individuals at least 16 years of age and less than 60 who do not meet a basic work requirement exemption to participate in the State’s existing SNAP Employment and Training (E&T) program such as those through the Department of Labor and the Workforce Innovation and Opportunity Act (WIOA) unless the individual is:

- Individuals complying with work registration under Title IV of the Social Security Act or an unemployment compensation system.
- A parent or another member of a household with responsibility for the care of a dependent child under six years of age or an incapacitated person,
- A student enrolled at least half-time in any recognized institution of higher education,
- A regular participant in a drug or alcohol treatment and rehab program,
- Employed 30 hours per week (or earns equivalent to 30 hours times the federal minimum wage) or
- Individuals under 18 (not heads of household) attending school or training at least half-time.

Additionally, the department must implement a disqualification penalty for work requirements and ineligibility from SNAP participation under 7 CFR 273.7(f)(2) for failure to comply with the E&T program and cannot seek waivers or use discretionary exemptions for Able-Bodied Adults Without Dependents (ABAWD). There are currently seven basic work requirement exemptions and four ABAWD exemptions under 7 CFR 273.7(b). If this bill is enacted, Title 475 of the SNAP regulations will need to be revised to reflect that participation in the E&T program is mandatory. The SNAP E&T State Plan also requires updates and approval from Food and Nutrition Services (FNS) prior to implementation. The Office of Economic Assistance (OEA) cannot guarantee federal approval before the January 1, 2026, operational date, as regulation processes can take over 12 months to complete.

Nebraska does not have statewide waivers for ABAWD or work requirements. If this bill is passed, it would prevent the Department from applying for future waivers. Currently, the state uses ABAWD discretionary exemptions for individuals in specific counties due to job scarcity and lack of transportation. In the fourth quarter of the Federal Fiscal Year 2024 (FFY), 359 participants received these exemptions. Without the discretionary exemptions, serving the highly rural areas of Nebraska will be challenging.

Implementing this mandatory Employment and Training (E&T) program will increase DHHS's workload. However, this can be alleviated by partnering with Third-Party Partners, utilizing existing employment, and training programs statewide. In State Fiscal Year (SFY) 2024, there was an average of 10,895 participants subject to basic and ABAWD work requirements, with only 320 slots currently available for the SNAP Next Step E&T program. Expanding this capacity to include an additional eight hundred participants across all

ninety-three counties in Nebraska would require additional staff to manage referrals, recruit third-party partners, and develop new processes.

The department must develop processes for Workforce Coordinators and Third-Party Partners to allow exemptions for mandatory participants who cannot comply due to a lack of available slots. Participants granted exemptions will lose them once a slot opens. Typically, Workforce Coordinators manage a caseload of fifty participants due to FNS requirements. Implementing this bill would require an additional 16 Workforce Coordinators and 2 Program Coordinators for supervision, with locations determined based on need and regularly evaluated for coverage across the state.

A mandatory program may increase enrollment for partner organizations, potentially reaching their maximum capacity. OEA would need to provide additional training for partners to report new measures, increasing administrative costs. This could also deter Third-Party Partners concerned about sanctioning SNAP benefits, limiting their capacity to serve participants.

Currently, OEA lacks the capacity for a full mandatory SNAP (E&T) program. Efforts are underway to expand services. The fluctuation of mandatory participants in SNAP due to sanctions for non-compliance would strain eligibility staff who manage sanctions and reinstatements. An additional 15 Eligibility Operation Workers and 2 Program Specialists would be necessary to assist with screening, provider determinations, referrals, and sanctions. This could decrease the amount of SNAP benefits issued, as sanctions may cause individuals to become ineligible due to increased earnings from program participation.

SNAP benefits are 100% Federally funded, whereas SNAP E&T is funded at 50% Federal Funding and 50% State General Funding with a limited amount of 100% Federal Funding for administrative costs. Additional funding requests are approved as they are available, and the State would need to increase state general funds to match. As part of the SNAP E&T program, there is a required component for Supportive Services for participants to ensure they have transportation, clothing for interviews, tuition, or training costs, etc. when participating. On average, OEA estimates that \$621 is spent on each participant annually and is available for 50/50 reimbursement. The maximum that can be spent on supportive services per participant is \$5,400 annually.

Finally, the Nebraska Family Online Client User System (N-FOCUS) system would need to be updated, including but not limited to adding an E&T window or section to the work requirement window, adding new sanction reasons for non-cooperation, removing the discretionary exemption reasons, notice updates, and interfacing capability between Neworks system and N-FOCUS. System changes and enhancements would also be needed to accommodate the additional data collection. The total cost of updating the Information & System Technology (IS&T) would be \$87,000, which is approximately 950 hours of technical work.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	NUMBER OF POSITIONS		2025-2026	2026-2027
	26-26	26-27	EXPENDITURES	EXPENDITURES
POSITION TITLE				
C70130 – Workforce Coordinator	12	16	\$540,434	\$756,607
C73260 – DHHS Program Coordinator	1.5	2	\$79,757	\$111,659
C72172 – Social Service Worker	11.25	15	\$477,360	\$668,304
C73210 – DHHS Program Specialist	1.5	2	\$74,190	\$103,867
Benefits.....			\$410,109	\$574,153
Operating.....			\$399,855	\$437,997
Travel.....				
Capital Outlay.....				
Aid.....			\$248,400	\$496,800
Capital Improvements.....				
TOTAL.....			\$2,230,105	\$3,149,387