

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
	FY2025-2026	0	0	0	0
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	0	0	0	0
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0

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

This bill reduces the time limit on Aid to Dependent Children (ADC) Cash Assistance program from the current limit of 60 months of eligibility to 36 months. Additionally, the bill would eliminate the hardship allowance for families that lack resources to meet the costs of basic needs of food, clothing and housing and newly permits reduction of assistance to families due to failure to encourage school attendance. The bill also excludes uncles, aunts, cousins, and grandparents living in the home in the determination of family size and lowers the limit of eligibility for minor parents who live with their parents from 300% of the federal poverty limit (FPL) to 200%. The bill also strikes language regarding the Transitional Medical Assistance and Transitional Child Care programs within ADC. To implement the bill the Department of Health and Human Services, who administers the ADC program with federal Temporary Assistance to Needy Families (TANF) funds and state General Funds, would be required to update state plans, regulations, IT systems, and training materials.

DHHS estimates savings in the ADC program in Public Assistance Program 347 associated with the provisions of the bill and recognized that the changes could potentially increase the number of child neglect cases, which may result in increased expenditures in the Child Welfare Program 354. The estimated savings of \$1,239,063 represents 12.5% of the total ADC expenditures of \$9,951,762 annually which includes General Funds and TANF. DHHS indicates the impact to Child Welfare as a result of increased calls to the hotline and child removals is indeterminable. In FY25 Nebraska spent \$282.5m total funds on Child Welfare, which includes state General Funds and federal IV-E funds. A 1% increase to Child Welfare expenditures would necessitate \$2.8m. The fiscal impact of the bill is indeterminable, though it is reasonable to assume the bill will result in decreased cost to Public Assistance and increased cost in Child Welfare and potentially increased costs to the state courts.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB: 926	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services		
REVIEWED BY:	Ann Linneman	DATE:	2-3-2026	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 2-3-2026

Phone: (5) 471-6719

	<u>FY 2026-2027</u>	<u>FY 2027-2028</u>
	EXPENDITURES	REVENUE
GENERAL FUNDS	(\$683,932)	(\$683,932)
CASH FUNDS		
FEDERAL FUNDS	(\$555,131)	(\$555,131)
OTHER FUNDS		
TOTAL FUNDS	(\$1,239,063)	(\$1,239,063)

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

Explanation of Estimate:

LB926 would amend the Nebraska Revised Statute §68-1724 to require the Department of Health and Human Services (DHHS) to reduce the time limit on Aid to Dependent Children (ADC) Cash Assistance program from 60 months to 36 months of eligibility. The bill would eliminate the hardship allowance, a federally approved waiver, which could potentially increase the number of child neglect cases for the Children and Family Services (CFS) Protection and Safety (PS) division (CFS-PS). Additionally, this bill would reduce a family's ADC grant if parents, guardians, or caretakers do not encourage their child to attend school and it also revises the list of relatives with whom a dependent child can reside with in order to qualify for assistance. This change will significantly reduce child-only ADC cases, which are currently funded with State General Funds. Finally, the bill removes the language regarding Transitional Medical Assistance (TMA) and Transitional Child Care assistance. Families would still remain eligible for TMA for 12 months after employment under Nebraska Revised Statute § 68-1713 and Transitional Child Care under § 68-1206(2)(a). These changes will reduce the number of families qualifying for assistance and shorten the time available for work-eligible participants. As a result, this will lead to cost savings for the program. The agency shall promulgate the new regulations to enforce the provisions of this bill.

Implementation of the bill would require Office of Economic Assistance (OEA) to modify existing regulations, guidance documents, and training materials to reflect the new eligibility requirements. Changes will also be necessary to the Department's eligibility system, Nebraska Family Online Client User System (NFOCUS) and the ACF-199-209 electronic federal report. Furthermore, OEA must also update the Temporary Assistance for Needy Families (TANF) section of the Nebraska Workforce Innovation and Opportunity Act (WIOA) Combined State Plan and submit the plan to the Administration for Children and Families (ACF) for approvals.

In State Fiscal Year (SFY) 2025, the average number of ADC families with a work-eligible individual subject to the time limit and with an active EF case for both State General Funds (GF) and Federal Funds (FF) was 1,781. The new time limit of 36 months would decrease the average number of work-eligible individuals subject to the time limit and with an active EF case from 1,781 to 1,592 per month. A decrease in active cases would result in a decrease in the amount of ADC Cash payments issued and a reduction in the EF administrative costs.

In SFY2025 the total amount expended for ADC Program Cases with active EF case was \$9,951,762. The total expenditure under 36 months' time limit expended was \$8,712,699 (\$4,316,363 FF and \$4,396,336 GF). The total expenditures with 37+ months' time limit were \$1,239,063 (\$555,131 FF and \$683,932 GF). Establishment of this bill would reduce the total costs by \$1,239,063 from the total \$9,951,762.

Furthermore, the bill eliminates relatives with whom a dependent child may reside with in order to receive ADC assistance. As a result, there may be an influx of incoming inquiries to CFS-PS Child and Adult Abuse/Neglect

Hotline. CFS-PS may see an increase in out-of-home maintenance payments for children previously supported through relative ADC. CFS is unable to determine the fiscal impact of this possibility.

All staff time required to make the necessary adjustments will be absorbed by current staff.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-2027</u>	<u>2027-2028</u>
	<u>26-27</u>	<u>27-28</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			(\$1,239,063)	(\$1,239,063)
Capital Improvements.....				
TOTAL.....			(\$1,239,063)	(\$1,239,063)