

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	17,470,205		17,660,743	
CASH FUNDS				
FEDERAL FUNDS	28,185,983		27,995,445	
OTHER FUNDS				
TOTAL FUNDS	45,656,188		45,656,188	

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

This bill changes the payment for families qualifying for the Aid to Dependent Children Program from an amount not to exceed \$300 a month for a two-person family plus an additional \$75 per month for each additional family member to a payment based on a percent of the standard of need. The percentages are: 60% for FY 16 and FY 17; 65% for FY 18 and FY 19 and not less than 70% for FY 20 and thereafter. The operative date is July 1, 2015.

This bill increases the payment to ADC families, but does not change the qualifications of the program. The current payment is \$293 plus \$71 for each additional person. Using the FY 14 monthly average with the assumption of a 5% caseload increase to account for new eligible families and current families staying on assistance longer, the number of covered families is estimated to be 6,850. The increase to 60% of the standard of need would increase the average payment by \$100 a month. The annual increase in costs would be \$9,500,648 in FY 16 and FY 17. Temporary Assistance to Needy Families funding would cover the costs. The TANF balance as of September 30, 2014 was \$52,596,459 million. In the following years the costs would increase because of the higher percentage of the standard of need that would apply and because the standard of need is adjusted every other year.

The eligibility for those qualifying under the Medically Needy category would also increase. The Medically Needy standard is 133 and 1/3 percent of the ADC payment. The Medically Needy Program covers parents and caretaker relatives who spenddown income on medical care to the ADC eligibility level. Assuming 7% who qualify under the Medically Needy category would have their share of costs reduced or eliminated, the cost to Medicaid would be \$35,950,574 (\$17,367,722 GF and \$18,582,852 FF in FY 16; and \$17,558,260 GF and 18,392,314 FF) FY 17.

Three additional social service workers would be needed to process applications. The cost would be \$204,966 (\$102,483 GF and FF) annually.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 89	AM:	AGENCY/POLT. SUB: HHS	
REVIEWED BY: Elton Larson		DATE: 2/4/2015	PHONE: 471-4173
COMMENTS: HHS analysis and estimate of fiscal impact to the department appear 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) Mike Mason

Date Prepared:(4) 1-29-15

Phone: (5) 471-0676

	<u>FY 2015-2016</u>		<u>FY 2016-2017</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$17,470,205		\$17,660,743	
CASH FUNDS				
FEDERAL FUNDS	\$28,185,983		\$27,995,445	
OTHER FUNDS				
TOTAL FUNDS	\$45,656,188		\$45,656,188	

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

Explanation of Estimate:

LB 89 would increase the amount of Aid to Dependent Children (ADC) cash assistance received by families based on the standard of need. The standard of need is adjusted every two years with an adjustment to be made by July 1, 2015. For fiscal years 2015-16 and 2016-17 the payment level would be based on 60% of the standard of need. There are also changes made to income disregards. Initial eligibility would include a disregard of 20% of a family's earned income. After eligibility is established an earned income disregard of 50% would be utilized.

The standard of need change for July 1, 2015 has not yet been determined, so using 60% of the current standard of need would result in an average payment increase per case of approximately \$100 per month. Using the State Fiscal Year 2014 average monthly number of ADC cases of 6,524, with a 5% caseload increase to 6,850 to account for an increase in new clients as well as existing clients remaining eligible longer, the increased cost of ADC payments would be \$791,721 per month, \$9,500,648 annually, all federal funds. There is a possibility that some families who become employed will remain on assistance longer with a 50% disregard of earned income. The proposed earned income disregard will likely increase the amount of cash assistance a household with earned income is eligible to receive.

For Medicaid, any increase to the payment levels for ADC would require an increase in the income levels for the Medically Needy (MN) eligibility category. Per 42 CFR 435.1007 (c) and (d), the income standard for Medically Needy must be 133 1/3% of the ADC payment. Individuals currently paying a Share of Cost (SOC) could have their SOC reduced or eliminated altogether if the MN income level should increase. Those individuals paying a SOC would then have their costs covered by Medicaid, which would increase the costs of assistance. An increase in the MN income level would expand Medicaid eligibility. Based on State Fiscal Year 2014 paid expenditures, an estimated 7% increase in MN eligibles and lost SOC would cost approximately \$35,950,574 in total funds annually (\$17,367,722 GF, \$18,582,852 FF in SFY16 and \$17,558,260 GF, \$18,392,314 FF in SFY17). Additional eligibility staff of 3 Social Services Workers would be required at a cost of \$204,965 total funds annually (\$102,482 GF, \$102,483 FF).

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2015-2016	2016-2017
	15-16	16-17	EXPENDITURES	EXPENDITURES
Social Services Worker	3	3	\$104,077	\$104,077
Benefits.....			\$36,118	\$36,118
Operating.....			\$64,770	\$64,770
Travel.....				
Capital Outlay.....				
Aid.....			\$45,451,222	\$45,451,222
Capital Improvements.....				
TOTAL.....			\$45,656,188	\$45,656,188