PREPARED BY:	Liz Hruska
DATE PREPARED:	March 17, 2015
PHONE:	471-0053

LB 89

Revision: 02

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised to include an agency fiscal note and new information

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

	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	10,487,048		10,487,048	
OTHER FUNDS				
TOTAL FUNDS	10,487,048		10,487,048	

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 $112 a month. The annual increase in costs would be $10,487,048 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 Department of Health and Human Services showed an impact on the Medicaid Program. The Department assumed that the income standard for those qualifying under the Medically Needy SSI-related coverage would increase because it was tied to the payment under the Aid to Dependent Children Program which is paid for with TANF. The Department's fiscal note assumed the income standard would be 133 and 1/3 of the ADC payment.

The Centers for Medicare and Medicaid in Kansas City in response to an inquiry by the Legislative Fiscal Office on the relationship between the ADC payment and Medicaid MN income standard was provided the following information:

The same medically needy income limits (dollar amounts by family size as specified on pages 8 and 9 of Supplement 1 to Attachment 2.6-A of NE's state plan) are used for both the AFDC-related and SSI-related medically needy. NE's approved state plan pages for the MNIL date from 11/1/1991, so they haven't changed since then. TANF isn't mentioned on those pages as the basis for the MNIL. The state's increased TANF payment standard would only be relevant for the medically needy income limits if it was used as the state's income limit for 1931 eligibility, since the MNIL is capped at 133 1/3 percent of the 1931 income limit. But the state doesn't use its TANF payment standards for 1931 eligibility.

Because of how Nebraska chose to establish the Medically Needy income limits in our approved state plan, there isn't a link between the ADC payment and Medicaid. The only impact of this bill is income maintenance payment increase.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 89 -Revised	AM:	AGENCY/POLT. SUB: HHS
REVIEWED BY: Elton Larson	DATE: 3/11/2015	PHONE: 471-4173
COMMENTS: HHS analysis and estimate of fiscal impact appear reasonable.		

LB(1) 89 - Revised FISCAL NOTE 2015

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

	FY 2015-2016		FY 2016-2017	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	$10,487,048		$10,487,048	
OTHER FUNDS				
TOTAL FUNDS	$10,487,048		$10,487,048	

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 had not yet been determined when this fiscal note was written, 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.

The new standard of need that will be effective July 1, 2015 has been calculated and based on this, the average payment increase per case is $112 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 $873,921 per month, $10,487,048 annually, all federal funds.

With this increase in Temporary Assistance of Needy Families (TANF) spending, it is estimated that the TANF block grant and balances will be depleted as early as federal fiscal year 2018, and would either need to be replaced with additional general funds or would require a reduction in benefits.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS 15-16	NUMBER OF POSITIONS 16-17	2015-2016 EXPENDITURES	2016-2017 EXPENDITURES

Benefits...

Operating..

Travel		
Capital Outlay		
Aid	$10,487,048	$10,487,048
Capital Improvements		
TOTAL	$10,487,048	$10,487,048