

Revised based on new information

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	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. From January 2013 to February 2015, the number of families on the program decreased every month, except for one. The total number of families that decreased by 1,322 families during this period of time. This fiscal note assumes caseloads will remain constant at the Year-to-Date average of 6,200 families. 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 \$ 68.9 million. In the following years the costs would increase because of the higher percentage of the standard of need in the bill and because the standard of need is adjusted every other year.

The chart on the next page shows the annual revenue from the block grant and the annual estimated expenditures projected through the end of FY 19:

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.			

Total Available TANF grant as of Sept 30, 2014	68,933,229
FFY 15 TANF Grant Award	56,833,778
Estimated Expenditures	(61,383,200)
Rainy Day Funds	68,933,229
FFY15 TANF Balance - Sept 30, 2015	64,383,807
FFY 16 TANF Grant Award	56,833,778
Child Care drawdown	(8,000,000)
Estimated Expenditures	(67,600,000)
Rainy Day Funds	64,383,807
FFY16 TANF Balance - Sept 30, 2016	45,617,585
FFY 17 TANF Grant Award	56,833,778
Estimated Expenditures	(67,581,400)
Rainy Day Funds	45,617,585
FFY17 TANF Balance - Sept 30, 2017	34,869,963
FFY 18 TANF Grant Award	56,833,778
Estimated Expenditures	(71,427,200)
Rainy Day Funds	34,869,963
FFY18 TANF Balance - Sept 30, 2018	20,276,541
FFY 19 TANF Grant Award	56,833,778
Estimated Expenditures	(67,395,400)
Rainy Day Funds	20,276,541
FFY19 TANF Balance - June 30, 2019	9,714,919

**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
<b>GENERAL FUNDS</b>				
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$10,487,048		\$10,487,048	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$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		2015-2016 EXPENDITURES	2016-2017 EXPENDITURES
		15-16	16-17		
Benefits.....					
Operating.....					

Travel.....		
Capital Outlay.....		
Aid.....	\$10,487,048	\$10,487,048
Capital Improvements.....		
<b>TOTAL.....</b>	<b>\$10,487,048</b>	<b>\$10,487,048</b>