

Revised based on amendments adopted through 4-15-21

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	\$457,176		\$443,339	
OTHER FUNDS				
TOTAL FUNDS	\$457,176		\$443,339	

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

This bill increases the gross income limit for the Supplemental Nutrition Assistance Program (SNAP). The gross income limit would be increased to 165% of the Federal Poverty Limit (FPL) but the net income eligibility limit of 100% of FPL remains the same. The bill requires the Department of Health and Human Services to evaluate the TANF-funded program or policy created contained in the bill and report to the Health and Human Services Committee and Legislative Fiscal Office on or before December 31, 2022 regarding the gross eligibility limit and whether it maximizes the number of Nebraska residents being served. The department is directed to make a recommendation regarding the gross eligibility limit and the availability of federal funding. The bill contains the emergency clause.

Eligibility for SNAP must meet a two-pronged gross and net income test. The current gross income eligibility limit for households is 130% FPL. This bill would increase it to 165%, but the current net income eligibility limit is retained. This would allow individuals and households with higher incomes to qualify for SNAP, if they also have higher allowable expenses which are deducted from gross income. Examples of income deductions are shelter costs, child care expenses and child support payments.

Based on the U. S. Census, the potential pool of additional eligible individuals and families would increase by 58,855 households. The department estimates that approximately 25% or 14,714 of these households would apply. In SFY 2019, the department issued 22,234 denials to households applying for SNAP, LIHEAP or the child care subsidy due to exceeding the 130% of FPL income limit. (Applications for multiple programs that were denied count as one denial, if in the same month.) The current number of households applying but not qualifying exceeds the department’s current estimate of 14,714 households that would apply but not be eligible. The department estimates that of the household that apply, 3,476 would meet the net income limit after applying deductions for allowable expenses. Assuming the department’s estimate that an ongoing SNAP case takes an additional three hours of processing a year (five hours total less two hours of initial eligibility determination), the total number of processing hours would be 10,428. Six social service workers, one case aide and one supervisor would be needed. The costs would be \$124,200 for two months in SFY 2021; \$441,176 in SFY 2022 and \$443,339 in SFY 2023.

The American Rescue Plan of 2021 which was signed on March 11, 2021. It includes additional funding “. . . for the costs of State administrative expenses associated with carrying out this section and administering the supplemental nutrition assistance program established under the Food and Nutrition Act of 200.” Federal guidance issues on March 13, 2021, also states, the Act allocates funds “. . . for State administrative expenses associated with carrying out Section 1101(b)* and administering SNAP established under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 20 et seq.)” No additional qualifiers or exceptions were made in the guidance. Further guidance has been requested by the Legislative Fiscal Office from the USDA Food and Nutrition Service on whether ARPA administrative funds can be used to fund the administrative costs from the eligibility increase contained in LB 108. The Regional Grants Manager Branch Chief in Denver stated more detailed guidance will be released shortly. While waiting for additional guidance, based on the language in the ARPA, it is assumed federal funds will be available to cover the cost of this bill. If federal guidance states the costs are ineligible, the administrative costs would be funded with 50% General Funds and 50% Federal Funds.

The additional funding is available through September 30, 2023, and does not require a state match. The estimated additional funding for Nebraska is \$3 million. The available funding by federal fiscal year is \$1,170,000 in FFY 2021 and FFY 2022 and \$660,000 in FFY 2023. Federal funds will cover the cost of this bill through the next biennium. Beginning in the second quarter of SFY 2024 the state share of the administrative costs is 50%. On an annual basis the costs will be approximately \$600,000 (\$300,000 General Funds and \$300,000 Federal Funds).

*(Section 1101(b) refers to increased pandemic aid through September 2021.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 108	AM: 975	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services	
REVIEWED BY: Ann Linneman	DATE: 4-21-2021	PHONE: (402) 471-4180	
COMMENTS: The Nebraska Department of Health and Human Services' analysis and estimate of fiscal impact to the department appears 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 Michalski

Date Prepared 4-21-2021

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	<u>FY 2021-2022</u>		<u>FY 2022-2023</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$586,419		\$779,557	
CASH FUNDS				
FEDERAL FUNDS	\$586,419		\$779,557	
OTHER FUNDS				
TOTAL FUNDS	\$1,172,838		\$1,559,114	

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

Explanation of Estimate:

LB108 AM975 changes the gross income eligibility determination in the Department of Health and Human Services (DHHS) Supplemental Nutrition Assistance Program (SNAP) from 130% to 165% federal poverty level (FPL). However, the net income limit determination will remain at 100% FPL. SNAP is a dual income test program. An individual must first meet the gross income eligibility limit and if the individual's income is below the gross income guidelines then the individual's deductions may be considered in order to reach the net income limit of 100%.

Based on US Census Bureau estimates of Nebraska population by FPL for 2019, it is estimated that there are 128,669 living between 130%-165% FPL. In SFY2020 the total number of individuals who received SNAP was 158,328 and the number of SNAP cases were 72,422 which averages 2.19 individuals per case. If there are 128,669 potential clients between 130%-165% FPL then there would be 58,855 potential cases. It is assumed that 25% of these cases, or 14,714, would apply for SNAP benefits. Of those 14,714 who apply, it is assumed that 11,238 applicants would be denied due to the dual income requirements. It becomes more difficult for individuals at a higher FPL to be eligible due to the dual income test. It takes 2 hours processing time by Social Service Workers (SSW) to handle these applications, or 22,476 hours annually. The remaining 3,476 applicants would be new ongoing eligible SNAP cases. Eligible SNAP cases take 5 hours of annual processing time to recertify and update various information as changes occur. These new eligible SNAP cases would require 17,380 SSW hours annually. Therefore, the administrative hours required for this new population would be 39,856 annual hours.

The Department of Health and Human Services would require 20 additional new Social Service Workers, 2 Social Services Supervisors and 2 Case Aides starting October 1, 2021 in order to carry out the additional duties required in LB108.

SNAP benefits are paid directly by the federal government and administrative costs are 50/50 split between state and federal funding.

Additional SNAP funding will be awarded to Nebraska as a result of the newly signed American Rescue Plan Act (ARPA). States have not received final federal rules that would allow these funds to be used for the purposes of expanding SNAP beyond the current eligibility amount of 130% FPL. The limited federal guidance given for the use of these funds is for ongoing costs associated with increased SNAP households due to COVID-19 at current income levels, not to expand eligibility through an income limit increase. Without the final federal rules to accompany the use of these funds, it is irresponsible to obligate the funds at this time. A misuse of federal funds that do not meet the final federal rules will result in a 100% payback to the federal government.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2021-2022	2022-2023
	21-22	22-23	EXPENDITURES	EXPENDITURES
C72172 Social Services Worker	11.3	20	\$558,574	\$744,765
S72110 Case Aide	1.1	2	\$39,293	\$52,391
V72174 Social Service Supervisor	1.1	2	\$70,422	\$93,895

Benefits.....			\$239,582	\$319,441
Operating.....			\$264,967	\$348,622
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$1,172,838	\$1,559,114