

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	9,169,776		9,169,776	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	9,169,776		9,169,776	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill increases the earned income disregard from 20% of earned income to 50% of earned income for families qualifying for Aid to Dependent Children (ADC). The amount of the monthly maintenance payment is reduced one dollar for every dollar of income the family receives, unless state or federal law allows the income to be disregarded. Disregarded income is not subtracted from the amount provided to the family. Families who leave ADC due to earnings would continue to receive assistance longer with a higher disregard. Disregarded income also does not count towards eligibility. Increasing the amount of the disregard would also increase the number of families qualifying for assistance.

There are 763 families who are employed. Based on an average of \$148 a month being disregarded at the higher level, ADC payments would increase by \$1,355,088 a year. There are also 4,582 families eligible for Medicaid but not for ADC because their incomes are too high to qualify. With the higher disregard, those families likely would qualify for a grant. At an average cost of \$142 month, the cost would be \$7,296,528.

Approximately 680 families leave ADC per month due to earnings. Assuming half of these families earn less than the increased disregarded amount, they would continue to receive payments longer. At an average of \$127 each month, the increased cost would be \$518,160 annually.

Federal assistance for ADC is funded through the Temporary Assistance to Needy Families (TANF) block grant. Nebraska's amount was \$57,769,382 last year. The state must also meet a state maintenance of effort (MOE) requirement. Nebraska's MOE is \$28,501,559. The state has been and anticipates exceeding the MOE. As eligibility increases or decreases, the federal amount is not adjusted. When the state under spends the block grant, the state may hold the unspent funds in reserve. If the state exceeds the federal allocation, state funds or federal "rainy day" funds are required to cover costs above the amount available from the annual block grant amount. There is not sufficient funding in the "rainy day" fund to cover these additional costs, so all costs would be paid from general funds.