

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$544,437		\$680,746	
CASH FUNDS				
FEDERAL FUNDS	\$544,438		\$680,747	
OTHER FUNDS				
TOTAL FUNDS	\$1,088,875		\$1,361,493	

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

This bill changes the provisions relating to the Supplemental Nutrition Assistance Program (SNAP). The bill extends the current threshold for SNAP gross income eligibility of 165% of the Federal Poverty Level (FPL) to be ongoing as opposed to the current statute which sunsets the increase and reverts back to a 130% FPL beginning October 1, 2023. The net income eligibility, money earned after deductions such as taxes, insurance premiums, and retirement contributions, remains limited to 100% FPL. LB 84 also repeals sections referring to legislative intent to fund the administrative costs with American Rescue Plan Act (ARPA) Funds. The bill requires a report by the Department of Health and Human Services (DHHS) evaluating the TANF-funded program to be submitted annually to the Health and Human Services Committee and Legislative Fiscal Analyst. Currently, DHHS is required to implement the 165% FPL gross income limit through the first three months of FY24, or until September 30, 2023.

SNAP benefit amounts are 100% federally funded; however, the Federal Government (Food and Nutrition Services) and the Department of Health and Human Services (DHHS) share administrative expenses at 50/50 split of federal funds and state general funds. DHHS would need to continue the funding for processing additional applications and administering aid. The increase of gross income eligibility to 165% which originated in [LB108](#) was assumed to bring 14,714 applicants calculated to cost \$443,339 in FY23 all of which were federal fund expenditures due to usage of ARPA funds. Those costs would continue into FY24 onward under this bill. DHHS estimates a 5% increase in both FY24 (\$465,506) and FY25 (\$488,780) as well as the need to contribute 50% general funds. This yields a need for \$232,753 in federal funds and general funds in FY24 and \$244,390 in federal funds and general funds in FY25 to cover the estimate of 14,714.

Since the policy was enacted, DHHS has experienced higher than projected increase in SNAP applications. Using the monthly average from application data from July 2021 through January 2023, DHHS calculated a more realistic figure of increased applications is expected be 23,250, or 8,536 more applications than estimated in the fiscal note for LB108, 14,714. The following analysis applies to the additional 8,536 applicants using the following assumptions:

- Each application needs 2 hours of initial review (17,072 hours)
- 25% of applications qualify for SNAP benefits (2,134 qualify)
- Each SNAP beneficiary requires an additional 3 hours of casework each year (6,402 hours)

The total is 23,474 hours for 8,536 applicants which necessitates 11 additional FTEs (each FTE works 2,080 hours per year) at the Social Service Worker level designation. For such an addition, DHHS would also need to hire a team lead, a supervisor, and an office specialist. The cost for the added staff, salary, benefits, and operating costs, starting in October 2023, exclusively for the additional 8,536 applications would be \$623,369 in FY24 and \$872,713 in FY25.

The total cost using the combined methodology of is \$1,088,875 in FY24 and \$1,361,493 in FY25. The components are as follows:

	Applications method applies to	FY24	FY25
LB108 methodology	14,714	\$465,506	\$488,780
New methodology	8,536	\$623,369	\$872,713
Total	23,250	\$1,088,875	\$1,361,493

	FY24	FY25
General Funds	\$544,437	\$680,746
Federal Funds	\$544,438	\$680,747
Total	\$1,088,875	\$1,361,493

Using the new methodology alone for the entire 23,250 applicants would yield a significantly higher cost:

- Each application needs 2 hours of initial review (46,500 hours)
- 25% of applications qualify for SNAP benefits (11,625 qualify)
- Each SNAP beneficiary requires an additional 3 hours of casework each year (34,875 hours)

This methodology applied to the whole 23,250 applicants would necessitate 81,375 work hours or 39 FTE Social Service Workers thus necessitating at least 3 team leads, 3 supervisors, and 3 office specialists. This would cost more than \$1.9m in FY24 \$2.6m in FY25.

This new methodology averages to approximately \$80.43 in FY24 and \$112.60 in FY24. The old methodology applied to the fiscal note for LB108 which averages to \$31.63 per application recognized that not all of the SNAP denials would be new Social Service Worker work time as denials for multiple programs are only issues one denial if the applications are in the same month. As such, only the time for the new beneficiaries was considered as added need, 3,476 beneficiaries needing a total of 10,428 work hours or five Social Service Workers.

Though DHHS has been compliant with the amount of funding appropriated under LB108, operational considerations including use over overtime make it so that the combined methodological approach will better meet the needs of the agency while recognizing that the work has already been done with less resources than the new method alone indicates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB:	84	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services		
REVIEWED BY:	Ann Linneman	DATE:	2-28-2023	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) John Meals

Date Prepared 2-28-2023

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	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$544,437		\$680,746	
CASH FUNDS				
FEDERAL FUNDS	\$544,438		\$680,747	
OTHER FUNDS				
TOTAL FUNDS	\$1,088,875		\$1,361,493	

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

Explanation of Estimate:

LB 84 will continue the Supplemental Nutrition Assistance Program (SNAP) gross income eligibility limit increase to 165% of the Federal Poverty Level (FPL) from 130% of the FPL but would not increase the net income eligibility limit of 100% of the FPL. LB 108 (passed in 2021) created a temporary pilot to increase SNAP eligibility until the sunset date of 9/30/2023. These costs were paid with one-time federal dollars that required no state match. SNAP benefit amounts are 100% federally funded; however, the Federal Government (Food and Nutrition Services) and the Department of Health and Human Services (DHHS) share administrative expenses at 50/50 split of federal funds and state general funds. LB 84 will permanently change the gross income eligibility limit to 165% FPL. Any increase in SNAP participation will increase the administrative costs.

The Department and the legislative fiscal office used an estimate of 14,714 new applications for the fiscal note in LB108. Annualizing a monthly average from July 2021 through January 2023, the department experienced an increase in applications of 23,250. The resulting difference of 8,536 applications requires an average of 2 hours of work by an SSW per application resulting in an estimated total of 17,072 SSW hours. In addition, the LB 108 fiscal note assumed that 25% of the additional applications (2,134) would be eligible for SNAP and thus would require an average of 3 additional hours of work by an SSW per year. This results in 6,402 annual hours by an SSW. The total additional hours required above the LB 108 estimates are 23,474. With 2,080 hours per year, this resulted in a shortage of approximately 11 SSW FTEs. The department also estimates an additional team lead, manager, and case aide for this group of SSW FTEs. The costs are paid 50/50 between federal SNAP administrative funds and state general funds.

In addition, due to the funding sunset for LB108 at 9/30/23, all administrative costs will be funded 50/50 between SNAP administrative federal funds and state general funds. This includes the original amount funded by LB108. The Department was appropriated \$443,339 of federal funds in FY23. Projecting a 5% increase in FY24 and a 5% increase in FY25, the total fund cost would be \$465,506 in FY24 (\$232,753 federal funds and state general funds) and \$488,780 in FY25 (\$244,390 federal funds and state general funds). Both state and federal appropriations would need adjusted to account for this. These amounts were added to operating expenses for the purposes of this fiscal note.

The FTE shortage is an immediate need for the Department, but LB 84 does not include an emergency clause so the funding estimate assumes a start date of 10/1/2023.

The Departments budget request for FY24-25 and the Governor's recommendation removes the federal appropriation from LB 108 due to its sunset on 9/30/23. This fiscal note assumes the need to request that federal funding again.

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2023-2024	2024-2025
	23-24	24-25	EXPENDITURES	EXPENDITURES
Social Services Worker	8.25	11	\$298,430	\$417,801
Social Services Worker Supervisor	0.75	1	\$34,205	\$47,886
Social Services Lead Worker	0.75	1	\$29,166	\$40,832
Office Specialist	0.75	1	\$23,709	\$33,192
Benefits.....			\$134,928	\$188,899
Operating.....			\$568,437	\$632,883
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$1,088,875	\$1,361,493