

PREPARED BY: Mikayla Findlay
 DATE PREPARED: January 17, 2023
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LB 510

Revision: 00

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				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

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

This bill requires the Department of Health and Human Services (DHHS) to include a cost-of-living adjustment (COLA) in all child welfare rates annually. LB 510 does not specify how the annual COLA will be determined therefore it would be up to the discretion of the agency. DHHS would need to establish standard methodology. Children and Family Services (CFS) would be required to review and update child welfare contracts and make changes in NFOCUS. DHHS indicates that establishing the methodology, updating contracts, and modifying NFOCUS could be accomplished within current agency resources.

It is assumed that the bill would increase appropriations of general funds to CFS for the actual rate increase through the fund source is not specified. Assuming a 5% COLA for 2023-2024, DHHS estimates the fiscal impact would be an increase of \$6,140,489 in State General funds in FY23-24. Approximately \$988,005 of this could be offset with additional federal IV-E claiming. Assuming a compounded 5% COLA for FY24-25, there is an additional funding increase of \$6,447,514 in State General funds with an estimated \$1,037,405 of that being offset with additional federal IV-E claiming. The bill would require additional funds for each subsequent year.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB:	510	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman	DATE:	3-3-2023	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 3-3-2023

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

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

Explanation of Estimate:

LB 510 requires the Department of Health and Human Services (DHHS) to include an annual cost-of-living adjustment (COLA) to all child welfare rates. It would increase appropriations to Children and Family Services (CFS) and increase the usage of state general funds. It would require CFS to update or amend the affected child welfare contracts which will increase staff time to make the necessary updates to contracts and NFOCUS for FY23-24.

LB 510 does not specify how the increase in rates will be funded. If the intent is this will be funded through state general funds, there will be a significant increase state general fund spending associated with child welfare rates. Additionally, it does not specify how the annual COLA will be determined, if there is an established methodology, or if this is left to the discretion of DHHS. CFS would need to establish standard methodology to determine cost of living increases.

The development of methodology and contract amendments will increase Program Specialist staff hours to re-draft or update the affected 2023-2024 child welfare service contracts. This will increase procurement staff's time to review, evaluate, and approve all 2023-2024 child welfare services contracts. In addition, CFS Contract Monitoring Resource Development (CMRD) staff will need to update rates within NFOCUS. CFS Billing & Payment will need to update NFOCUS service authorizations, address back payment issues caused by the rate increases, and update the service rates available on the internet. The increase in staff hours will be absorbed by current staff.

The language in LB 510 "all child welfare rates" is broad. Assuming a 5% COLA for 2023-2024, the estimated fiscal impact would be an increase of \$6,140,489 in State General funds in FY23-24. Approximately \$988,005 of this could be offset with additional federal IV-E claiming. Assuming a compounded 5% COLA for FY24-25, there is an additional funding increase of \$6,447,514 in State General funds with an estimated \$1,037,405 of that being offset with additional federal IV-E claiming. Any future year increase would require additional funds in future bienniums.

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2023-2024	2024-2025
	23-24	24-25	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL				