

Revised based on amendments adopted through 3-7-14

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	446,193		595,807	
CASH FUNDS				
FEDERAL FUNDS	467,569		560,431	
OTHER FUNDS				
TOTAL FUNDS	913,762		1,246,238	

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

This bill renames the Young Adult Voluntary Services and Support Act to the Bridge to Independence Program. The bill delineates the duties to the independence coordinators and the role of the courts in permanency reviews.

The changes clarify rather than change the roles and responsibilities of the Department and the courts. There is no fiscal impact.

The agency fiscal note refers to the appropriation contained in LB 216A and states the belief that the program is underfunded by \$5,156,830. The reference to LB 216A is not relevant to the changes contained in LB 853. To date the agency has not submitted a deficit request.

As amended by AM 2266, the Child Protection Act is renamed to the Child Protection and Family Safety Act. The bill requires the Department of Health and Human Services to implement an alternative response process initially in five demonstration locations with up to five additional sites added on or after January 1, 2016. Alternative response is a comprehensive assessment of the risk of subsequent child abuse or neglect, family strengths and needs and the provision of necessary services. Alternative response is not to be used for situations where knowing or intentional child abuse or neglect is alleged. The department is required to contract with an independent entity for an evaluation.

This department recently received approval for a Title IV-E waiver. Under the waiver, the department more flexibility is provided for the use of federal funding, specifically prevention services. This bill conforms to the alternative response portion of the waiver. The department estimates that alternative response will be implemented beginning October 1, 2014, in the five initial locations.

Ongoing training costs are estimated to be \$50,000 (\$25,000 GF and FF) in FY 15 and FY 16. The department anticipates serving 486 families in FY 15 and 1,000 in FY 16. Service costs are estimated to be \$313,762 (\$141,193 GF and \$172,539 FF) in FY 15 and \$646,238 (\$290,807 GF and \$355,431 FF). The average length of service is estimated to be 60 days. The evaluation costs are estimated to be \$540,000 (\$270,000 GF and FF) each year in the first two years. The evaluation costs will continue and increase in future years. The department will also increase funding to the Child Advocacy Centers and family organizations by \$10,000 GF each year to assist with the implementation of alternative response.

The department has indicated that half of the training costs will be paid from federal funds. All other funds will be from General Funds.

Under the IV-E waiver, the department has a set amount of federal funds with certain adjustments such as triggers if more children are served than projected in the waiver. The state may accelerate the drawdown of funds, if the state

chooses to do so. The waiver states that waiver funding will be used to serve Title IV-E eligible children in alternative response cases. If alternative response is successful in keeping children out of the child welfare system and maintained safely with their families, over time child welfare costs will be lower. It is unclear why federal funds are not being shown as available for services for children who qualify as IV-E eligible in the department's fiscal note. In this fiscal note, federal funds are used with 45% from General Funds and 55% from federal funds.

An extensive evaluation is required as a condition of the waiver. The waiver agreement states: "The costs approved for evaluation activities may be charged to title (sic) IV-E administrative costs without cost allocation so that the state may claim a full 50 percent of these costs as Title IV-E administrative costs." The evaluation costs are outside of the cost-neutrality calculation which is a condition of the waiver. It is unclear why federal funds are not being shown as matched for the evaluation. In this fiscal note the fund mix is 50% General and Federal and the costs have been increased to show the projected amount of the evaluation costs in the first two years.

**LB₍₁₎ 0853 AM1937
& AM2266**

FISCAL NOTE

2014

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

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Date Prepared:(4) 3-18-14

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	FY 2014-2015		FY 2015-2016	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$618,762		\$901,534	
CASH FUNDS				
FEDERAL FUNDS	\$295,000		\$295,000	
OTHER FUNDS				
TOTAL FUNDS	\$913,762		\$1,196,534	

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

Explanation of Estimate:

LB853 changes and renames the Young Adult Voluntary Services and Support Act as the Young Adult Bridge to Independence Act.

The funding provided for youth eligible for Program 359 (Young Adult Voluntary Services and Support Act) was less than the amounts originally estimated by the Department of Health and Human Services (Department) for the program and, further, assumed that over half of the funds would be federal funds if the program was approved for Title IV-E funding.

LB 216A only provided \$2,276,273 in funding for the program consisting of \$1,465,572 for services and \$810,701 for PSL and Benefits. Allowing for the funds already provided for Program 359, and assuming that no additional federal funds would be available, the Department estimates Program 359 is still underfunded by \$5,156,830 (GF) representing a shortfall of \$3,220,173 (services), \$992,418 (PSL and Benefits), and \$944,239 (Operations).

There is no fiscal impact to the Department of Health and Human Services for LB853, however the Department still considers the program to be underfunded.

AM1937 amends LB853 to provide that guardians and adoptive parent or parents shall ensure that any guardianship or adoption assistance funds provided by the department and received by the guardian or adoptive parent shall be used for the benefit of the young adult. The department shall adopt and promulgate rules and regulations defining services and support encompassed by such benefit.

There is no fiscal impact to the Department resulting from AM1937.

AM2266 amends LB853 by renaming the Child Protection Act as the Child Protection and Family Safety Act and describes an Alternative Response (AR) process.

The bill amends various child abuse and neglect related statutes to provide for what is called Alternative Response (AR), defined as a comprehensive assessment of the risk of subsequent child abuse and neglect, family strengths and needs the provision of necessary services. There is no "investigation" and no determination about whether child abuse has occurred. The definition of assessment also includes child safety. AR can be used for situations where knowing or intentional child abuse or neglect is not alleged. Investigation is defined to mean fact gathering related to child safety, and risk of subsequent abuse or neglect, a determination of abuse or neglect occurred, and whether or not services are needed.

Because AR is part of Nebraska's approved Title IV-E Waiver, an independent and rigorous evaluation is required. This five-year evaluation contract has an estimated cost of \$2,700,000, 50% of which will be reimbursed by Administration for Children & Families (ACF) leaving the total cost to the Department at \$540,000 between FY 2014-15 and FY 2015-16.

The majority of the training related to AR will be implemented prior to July 1, 2014. These costs will be reimbursed at 50% under DHHS' approved Developmental Cost Plan with ACF. Ongoing training will be required past July 1, 2014 and this is currently estimated to cost \$100,000 over two years, 50% of which will be reimbursed by ACF leaving the total cost to the Department at \$50,000 between FY 2014-15 and FY 2015-16.

Assuming an October 1, 2014 implementation of AR, the Department expects to serve 486 families in home with an average length of service of 60 days in FY 2014-15 for a total service cost of \$313,762. The Department expects to serve 924 families in home with an average length of service of 60 days in FY 2015-16 for a total service cost of \$646,238. The reason that the service costs are higher in FY 2015-16 is because this amendment allows for the Department to expand AR in up to five additional locations on or after January 1, 2016.

In addition, the Department estimates adding additional funding to Child Advocacy Centers (CAC) and Family Organization contracts for oversight at a cost of \$10,000 in both FY 2014-15 and FY 2015-16.

The combined fiscal impact to the Department of Health & Human Services for LB853, amendments 1937 and 2266 is \$913,762 for FY2014-15 and \$1,196,534 for FY2015-16.

MAJOR OBJECTS OF EXPENDITURE				
PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2014-2015 EXPENDITURES	2015-2016 EXPENDITURES
	14-15	15-16		
Benefits.....				
Operating.....			\$600,000	\$600,000
Travel.....				
Capital Outlay.....				
Aid.....			\$313,762	\$596,534
Capital Improvements.....				
TOTAL.....			\$913,762	\$1,196,534