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 DATE PREPARED: January 03, 2024
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LB 882

Revision: 00

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$725,260		\$823,364	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$725,260		\$823,364	

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

This bill creates a new requirement that the Department of Health and Human Services (DHHS) use state funds for delivery fees for federal Supplemental Nutrition Assistance Program (SNAP) recipients utilizing benefits through online ordering. If federal funds become available for this purpose, state funding would no longer be necessary for this purpose. No other states currently pay for online Electronic Benefit Transfer (EBT) purchase delivery fees with general funds.

It is unknown how many deliveries would be covered by the new provisions. For the purpose of this fiscal note, DHHS estimates 4,000 SNAP households get delivery once a month at a cost of \$10 totaling \$480,000 in new aid. Federal Regulations at 7 CFR 271.2 detail the allowable usages for SNAP funds. Delivery fees on groceries are not a permissible usage of SNAP funds therefore state general funds would be needed for this purpose.

DHHS details administrative concerns that would need to be considered in administering the program. The additional work that the new program requires would necessitate additional staff, 5 FTEs, to process reimbursement claims for delivery fees. DHHS indicates the administrative costs of the staff would not be eligible for federal funding and would require general funds.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 882	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY: Ann Linneman	DATE: 2-20-2024	PHONE: (402) 471-4180	
COMMENTS: Concur with the Nebraska Department of Health & Human Services' assessment of fiscal impact.			

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 2-20-2024

Phone: (5) 471-6719

	<u>FY 2024-2025</u>		<u>FY 2025-2026</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$725,260		\$823,364	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$725,260	\$0	\$823,364	\$0

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

Explanation of Estimate:

LB882 would require Department of Health and Human Services (DHHS) to provide state funds for delivery fees for Supplemental Nutrition Assistance Program (SNAP) recipients utilizing benefits through online ordering unless federal funds become available for reimbursement of such fees. Currently, no other states are paying for online Electronic Benefit Transfer (EBT) purchase delivery fees with general funds.

Federal Regulations at 7 CFR 271.2 detail the allowable usages for SNAP funds. Delivery fees on groceries are not a permissible usage of SNAP funds. This means the state funding for delivery fees cannot be issued to a SNAP EBT card. Online purchases can include both SNAP and non-SNAP items under the same order, DHHS would need to be able to differentiate or pro-rate the delivery fees to account for this. If the Department cannot differentiate between SNAP and non-SNAP purchases, the Department will potentially reimburse households for non-SNAP items purchased along with SNAP items. The Department often sees returns or cancellations of online purchases. This bill could allow clients to make a purchase, get DHHS to reimburse the fee, and then return the SNAP items, or cancel the order and keep the reimbursement. Furthermore, funds cannot be prepaid to a household as there is no way to estimate how much would be spent monthly on the delivery fees or whether the household would utilize grocery delivery. This would require a household to submit a claim to reimburse the delivery fees. Estimating a fiscal impact is difficult as households may place one or multiple delivery orders monthly, and the fees vary from company to company. As claims are submitted for reimbursement, the Department will need to ensure additional fees, such as app usage fees and tips for the driver, are not being charged. Currently, the Nebraska online SNAP EBT retailers include:

1. Aldi
2. Amazon
3. Baker's Plus
4. HyVee
5. Safeway
6. Sam's Club
7. Target
8. Walmart
9. Whole Foods

In the month of December 2023, there were delivery purchases made by 8,407 households and many of those had multiple deliveries throughout the month. Some retailers do not charge delivery fees, so it is difficult to determine the exact number with delivery fees. Assuming at least half include deliveries, there would be over 4,000 additional monthly claims for reimbursement. This would significantly increase the number of authorizations and claims processed. Over 8,000 SNAP households make online delivery purchases monthly. With the estimate of 4,000 additional claims and an estimated average delivery fee of \$10, the estimated annual impact is a potential \$480,000 in claims for reimbursement for deliveries.

Implementation of LB882 would require DHHS to update Title 475 NAC with new sections to address the reimbursement of delivery fees. The regulations would need to detail how to submit a claim, what fees are allowable for reimbursement, potential appeals, and timeframes for submitting claims. This would require the department to develop new processes and procedures to issue funds to reimburse the online delivery fees. This will involve additional costs for system updates to track and process the reimbursement claims. It also includes adding a new service type for the SNAP program related to Online Delivery fees, updating the claim validation to set fund code to State only and create daily reports of service authorizations for tracking purposes.

Additionally, the department would need to modify its contract with the EBT card vendor, Fidelity National Information Services, Inc. (FIS), or secure another card vendor to issue the state funds. There would be administrative costs to set up and administer the program. FIS charges program set-up and ongoing fees if the Department were to utilize them for the process. Nebraska does not currently offer any cash on the SNAP EBT cards. To offer reimbursement through DHHS directly, without including FIS in the process, there would be administrative costs to hire staff to monitor and process the reimbursement claims and to set up the program. To administer this an additional 3 Social Services Workers would be needed to create service authorizations and an additional 2 Office Specialists to process the claims. Due to the need for additional staff, office space will be needed to accommodate staff. This would be a state general fund cost as this is not an allowable SNAP expenditure and could not be covered with federal funding. Updates to N-FOCUS would also be required, as the Department needs a way to accept, track, and process claims for reimbursement. It is estimated that it would require 46 hours from a General Technical Analyst, 120 hours from a Batch Technical Analyst, and 103 hours from a Business Analyst to make the necessary updates to N-FOCUS.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	NUMBER OF POSITIONS		2024-2025	2025-2026	
	POSITION TITLE	24-25	25-26	EXPENDITURES	EXPENDITURES
C72172 – Social Service Worker		2.25	3	\$93,600	\$131,040
S01012 – Office Specialist		1.50	2	\$49,789	\$69,705

Benefits.....			\$50,186	\$70,261
Operating.....			\$51,685	\$72,358
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....			\$480,000	\$480,000
TOTAL.....			\$725,260	\$823,364