

Department of Planning and Budget

2006 Fiscal Impact Statement

1. Bill Number SB 32

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Miller, Yvonne B.

3. Committee Rehabilitation and Social Services

4. Title Social services; time limit on receipt of TANF

5. Summary/Purpose: Allows the children of Virginia Initiative for Employment not Welfare (VIEW) participants to continue receiving Temporary Assistance for Needy Families (TANF) financial assistance beyond the initial 24-month period if the parent no longer has legal custody of the child, a relative has legal custody and the child meets all of the TANF eligibility requirements.

6. Fiscal impact is preliminary

Expenditure Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|--------------|
| 2006-07 | \$178,308 | - | General Fund |
| 2007-08 | \$507,492 | - | General Fund |
| 2008-09 | \$507,492 | - | General Fund |
| 2009-10 | \$507,492 | - | General Fund |
| 2010-11 | \$507,492 | - | General Fund |
| 2011-12 | \$507,492 | - | General Fund |

7. Budget amendment necessary: Yes. Item 356.

8. Fiscal implications: Currently, when a VIEW participant is in the 24-month period of ineligibility, the participant's child does not qualify for TANF assistance. This legislation would increase TANF assistance payments by allowing a child of a VIEW participant to continue receiving TANF financial assistance during the 24-month period if specific criteria are met. This change will increase TANF assistance payments by \$178,308 general fund the first year and \$507,492 general fund each year thereafter. Note: General fund dollars indicated since the federal TANF grant has been fully allocated.

The Department of Social Services does not have adequate data to precisely estimate the population impacted by this legislation. However, the following methodology was used to project the number of children that would receive TANF payments and thereby determine a fiscal impact. When a family is receiving TANF, the child is eligible for Medicaid. If a child is sent to live with a relative after the family reaches the 24-month period of ineligibility, the child's Medicaid case is closed then re-opened with a new number. The department does not track the number of TANF children whose relatives have legal custody; however, data is

available on the number of new Medicaid cases for those children who are in the period of ineligibility. Therefore, to determine the increase in TANF assistance payments, the department compared the number of children in the 24-month period of ineligibility (10,825) to the number of those children who had a Medicaid case opened during the same 2 year period (319).

Based on this information, 319 children in the 24-month period of ineligibility were placed with a relative between November 2003 and November 2005 although no financial incentive was provided by the state. It is not known whether legal custody was transferred or just physical custody. Therefore, it is assumed that at least 319 children would be placed with a relative and legal custody would be transferred in order to continue receiving TANF financial assistance.

On average, there are 1.5 children per TANF case meaning there would be an increase of at least 9 (319/24/1.5) cases per month. Assuming a gradual increase in cases over a 24-month period, and a payment of \$254 per case, the increase in TANF assistance would be \$178,308 in the first year and \$507,492 each year thereafter.

| <u>Year</u> | <u>Month</u> | <u>Cases</u> | <u>Payment based on Size of Assistance Unit</u> | <u>Additional Needed</u> |
|-------------|--------------|--------------|---|--------------------------|
| 1 | 1 | 9 | \$ 254 | \$ 2,286 |
| | 2 | 18 | 254 | 4,572 |
| | 3 | 27 | 254 | 6,858 |
| | 4 | 36 | 254 | 9,144 |
| | 5 | 45 | 254 | 11,430 |
| | 6 | 54 | 254 | 13,716 |
| | 7 | 63 | 254 | 16,002 |
| | 8 | 72 | 254 | 18,288 |
| | 9 | 81 | 254 | 20,574 |
| | 10 | 90 | 254 | 22,860 |
| | 11 | 99 | 254 | 25,146 |
| | 12 | 108 | 254 | 27,432 |
| | | 702 | | 178,308 |
| 2 | 13 | 117 | \$ 254 | 29,718 |
| | 14 | 126 | 254 | 32,004 |
| | 15 | 135 | 254 | 34,290 |
| | 16 | 144 | 254 | 36,576 |
| | 17 | 153 | 254 | 38,862 |
| | 18 | 162 | 254 | 41,148 |
| | 19 | 171 | 254 | 43,434 |
| | 20 | 180 | 254 | 45,720 |
| | 21 | 189 | 254 | 48,006 |
| | 22 | 198 | 254 | 50,292 |
| | 23 | 207 | 254 | 52,578 |
| | 24 | 216 | 254 | 54,864 |
| | | 1,998 | | \$ 507,492 |

9. Specific agency or political subdivisions affected:
Department of Social Services

10. Technical amendment necessary: No

11. Other comments: None

Date: 01/17/06

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cc: Secretary of Health and Human Resources