

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: HB1129

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

2. Patron: Kory

3. Committee: Health, Welfare and Institutions

4. Title: Department of Social Services; annual review of payments made to TANF recipients and indexing of CPI.

5. Summary: Requires the Department of Social Services (the Department) to develop and implement a process for annually reviewing the amount of assistance paid to eligible recipients through the Temporary Assistance for Needy Families (TANF) program and adjusting the amount of such payments based on the percentage change in the Consumer Price Index (CPI) for the year immediately preceding the year in which the review occurs to compensate for inflation. The bill requires the Department to report to the Governor and the General Assembly on its progress in implementing the provisions of the bill no later than December 1, 2016.

6. Budget Amendment Necessary: Yes

7. Fiscal Impact Estimates:

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2016	-	-	-
2017	\$406,228	-	nongeneral funds
2018	\$2,202,570	-	nongeneral funds
2019	\$4,038,431	-	See Item 8
2020	\$5,914,681	-	See Item 8
2021	\$7,832,208	-	See Item 8
2022	\$9,385,693	-	See Item 8

8. Fiscal Implications: The proposed legislation requires the Department of Social Services to annually adjust the amount of TANF benefit payments by the percentage change in the CPI for the preceding year. According to the latest Consumer Price Index Summary provided by the United States Bureau of Labor Statistics (November 2015), the CPI increased by 0.5 percent over the last twelve months (November 2014 – November 2015). The expected TANF cash assistance costs in FY 2017 and FY 2018 are \$81,245,661, as appropriated in the introduced budget. Assuming an implementation date of July 1, 2016, a 0.5 percent increase in benefits as required by the proposal would increase TANF benefits by \$406,228

(\$81,245,661 x .005) in FY 2017. The annual average movement in the CPI over the last ten years (between 2005 and 2014) is an increase of 2.2 percent. Therefore, that percentage increase is expected in FY 2018 and each year thereafter for a FY 2018 impact of \$1,796,342 $((\$81,245,661 + \$406,228) \times .022)$ or a cumulative impact of \$2,202,570 $(\$406,228 + \$1,796,342)$ over the FY 2018 base budget. The current monthly statewide average benefit is \$266.81; as such, these CPI adjustments would raise the average monthly benefit to \$268.14 in FY 2017 and to \$274.04 in FY 2018.

Increasing benefits would also increase the income eligibility threshold so more families could potentially become eligible for benefits; however, the Department does not estimate that such an increase would be significant.

Based on the introduced budget, the TANF block grant is expected to have balances in FY 2017 and FY 2018 sufficient to cover the cost of this legislation. While a TANF surplus may be available in future years, this balance cannot be assumed. Moreover, it should be noted that this statement estimates the fiscal impact of this bill only; it does not account for other legislative proposals that impact TANF funds. To the extent that the obligations created by this bill (and others) exceed the pool of available TANF funds, general fund appropriation may be necessary to fulfill these requirements.

9. Specific Agency or Political Subdivisions Affected: Department of Social Services

10. Technical Amendment Necessary: No

11. Other Comments: