

## Department of Planning and Budget 2020 Fiscal Impact Statement

**1. Bill Number:** SB187-E

<b>House of Origin</b>	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Favola

**3. Committee:** Passed the Senate

**4. Title:** TANF; time limitations.

**5. Summary:** Removes the time limitations on Temporary Assistance for Needy Families (TANF) that limited Virginia Initiative for Education and Work (VIEW) participants to receiving TANF for a maximum of 24 consecutive months.

An enactment clause prevents provisions of this bill from becoming effective unless appropriation for the purposes of this bill is included in the 2020 Appropriation Act, as passed by the General Assembly, and becomes law.

**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>
2020	-	-	-
2021	772,472	-	Nongeneral funds
2022	682,472	-	Nongeneral funds
2023	682,472	-	Nongeneral funds
2024	682,472	-	Nongeneral funds
2025	682,472	-	Nongeneral funds
2026	682,472	-	Nongeneral funds

**8. Fiscal Implications:** Under this legislation, a TANF VIEW participant could receive 60 months of uninterrupted TANF benefits and VIEW services (when meeting eligibility criteria during the annual eligibility determination process). Current regulations also have 60 months of TANF eligibility, but require a break in service after 24 months of TANF/VIEW plus 12 months of VIEW Transitional services. This cycle repeats again after a 12-month break. The recipient is then eligible for a final year of TANF/VIEW and an additional year of VIEW transitional services. Before each new cycle, the participant must go through the full eligibility determination process for new clients. The table below (Table One) illustrates the current and proposed TANF VIEW cycles.

Table One	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Current	TANF/VIEW W	TANF/VIEW	VIEW Transition	-	TANF/VIEW	TANF/VIEW	VIEW Transition	-	TANF/VIEW	VIEW Transition
SB 187	TANF/VIEW W	TANF/VIEW	TANF/VIEW	TANF/VIEW	TANF/VIEW	VIEW Transition	-	-	-	-

**Assumptions:**

- Average annual TANF cash assistance (\$3,816) and VIEW services (\$2,064) payments total \$5,880
- Average VIEW transitional services payments total \$2,064
- Seventy percent of VIEW clients also receive VIEW Child Care
- Average annual cost of a VIEW Child Care case is \$14,424
- Average annual cost of a VIEW Transitional Child Care case is \$13,226

TANF/VIEW Table Two	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total Costs
Current	\$ 5,880	\$ 5,880	\$ 2,064	\$ -	\$ 5,880	\$ 5,880	\$ 2,064	\$ -	\$ 5,880	\$ 2,064	\$ 35,592
SB 187	\$ 5,880	\$ 5,880	\$ 5,880	\$ 5,880	\$ 5,880	\$ 2,064	\$ -	\$ -	\$ -	\$ -	\$ 31,464
(Increase)/Decrease	\$ -	\$ -	\$ (3,816)	\$ 5,880	\$ -	\$ (3,816)	\$ 2,064	\$ -	\$ 5,880	\$ 2,064	\$ 4,128

VIEW Child Care Table Three	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total Costs
Current	\$ 14,424	\$ 14,424	\$ 13,226	\$ -	\$ 14,424	\$ 14,424	\$ 13,226	\$ -	\$ 14,424	\$ 13,226	\$111,798
SB 187	\$ 14,424	\$ 14,424	\$ 14,424	\$ 14,424	\$ 14,424	\$ 13,226	\$ -	\$ -	\$ -	\$ -	\$ 85,346
(Increase)/Decrease	\$ -	\$ -	\$ (1,198)	\$ (14,424)	\$ -	\$ 1,198	\$ 13,226	\$ -	\$ 14,424	\$ 13,226	\$ 26,452

The total calculated client savings and expenses in this analysis are averaged over a 10 year time period, given that the current TANF/VIEW 60-month limit is spread over 10 years. By using an average per year cost, the analysis accounts for the regular client churn as TANF VIEW participants enter and exit the program.

In 2019, approximately 430 TANF VIEW participants dropped off the program at 24 months and 210 participants dropped off when they reached the end of their 60-month program eligibility period. Under this legislation, the Department of Social Services (DSS) projects that after the first 24 months only two-thirds (67 percent) of the cases from the previous year would continue in the program each year and one-third (33 percent) of the participants would exit the program. As a result of this bill, TANF VIEW participants will continue to receive uninterrupted benefits and workforce assistance for up to the 60-month federal limit. Because benefits and workforce assistance will become continuous under this legislation, DSS assumes that fewer TANF VIEW participants will need TANF VIEW assistance for the entirety of the 60-month limit. It is assumed that continuous workforce assistance will allow participants to find employment more quickly than under the current structure that creates interruptions in services. By the sixth year, DSS assumes that only 129 TANF VIEW participants will have received benefits and assistance for the maximum 60 consecutive months.

As illustrated in Table Four below, from year three to year five, 610 (288 + 193 + 129) additional TANF/VIEW payments at \$5,880 each and 427 (202 + 135 + 90) additional VIEW child care payments at \$14,424 each will be needed to implement this legislation. Total costs

for these additional cases are \$9.7 million ( $610 \times \$5,880 + 427 \times \$14,424$ ). The average cost per year increase is \$974,585 over the 10-year period.

Table Four	Participants			
	VIEW	Transitional VIEW	VIEW Child Care	Transitional Child Care
Year 1	430	-	301	-
Year 2 (100% Continue)	430	-	301	-
Year 3 (67% Continue)	288	142	202	99
Year 4 (67% Continue)	193	95	135	67
Year 5 (67% Continue)	129	64	90	45
Year 6 (Transitional)	-	129	-	90

Furthermore, for each of the 129 TANF VIEW participants who remain in the program for the full 60-month eligibility period, the legislation will save an average of \$4,128 in TANF VIEW transitional costs and an additional \$26,452 in VIEW transitional child care payments for the approximately 70 percent of VIEW recipients who also receive a child care subsidy. These savings are due to the elimination of two years of transitional services for both VIEW and VIEW child care (years 7 and 10 in Table One) that are no longer needed under the proposed VIEW program schedule. Assuming 129 participants would continue the program for the full 60 months, DSS would save a total of \$2.9 million ( $\$2,064 \times 2 \text{ yrs} \times 129 + \$13,226 \times 2 \text{ yrs} \times 129 \times 70\%$ ) over a 10-year period. Average savings per year are \$292,113.

### **Eligibility Determination**

The amount of time eligibility workers spend on each case will decrease with the passage of this bill. Currently eligibility workers spend an average of 90 minutes on TANF eligibility, two hours completing an employability assessment for VIEW (three times over the lifetime of the case), plus time spent on annual case reviews. With the passage of this legislation, eligibility workers would spend less time on initial eligibility determination over the course of the TANF case, which would shift their time and focus to other eligibility or case management work. However, eligibility workers will see an initial increase in the number of TANF renewals as a result of the assumed cases continuing for the full 60 months, instead of dropping off the program rolls after 24 months.

### **One-time Systems Costs**

This legislation will require \$90,000 in TANF nongeneral funds for one-time costs to modify the Virginia Case Management System (VaCMS) in FY 2021.

### **Total Fiscal Impact**

The total average annual cost of this bill is estimated at \$772,472 ( $\$974,585 - \$292,113 + \$90,000$ ) in FY 2021 and \$682,472 ( $\$974,585 - \$292,113$ ) in FY 2022 and each year thereafter. Based on the introduced budget, the TANF block grant and Child Care and Development Block Grant (CCDBG) are expected to have balances that are sufficient to cover the costs of this legislation. While surpluses may be available in future years, these balances cannot be assumed. Moreover, it should be noted that this statement estimates the fiscal impact of this bill versus the introduced budget; it does not account for other legislative proposals that impact TANF or CCDBG funds.

The Governor's introduced budget transfers the CCDBG grant to the Department of Education (DOE) effective July 1, 2021.

**9. Specific Agency or Political Subdivisions Affected:** Department of Social Services, local departments of social services, Department of Education (effective July 1, 2021)

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.