

## Department of Planning and Budget 2014 Fiscal Impact Statement

**1. Bill Number:** HB 38

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

**2. Patron:** Kory, Kaye

**3. Committee:** Health, Welfare and Institutions

**4. Title:** Department of Social Services required to annually review, indexing of payments

**5. Summary:** The proposed legislation requires the Department of Social Services (DSS) 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 in an amount equal to 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 further requires the department to report to the Governor and the General Assembly on its progress in implementing the provisions of the act no later than December 1, 2014.

**6. Budget Amendment Necessary:** No

**7. Fiscal Impact Estimates:** Preliminary

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2014	-	-
2015	-	-
2016	\$1,129,423	Nongeneral
2017	\$3,415,376	See Item 8
2018	\$5,756,191	See Item 8
2019	\$8,153,187	See Item 8
2020	\$10,607,709	See Item 8

\*Assumes that the first benefit increase will occur in the year after the initial annual review is conducted.

**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 CPI summary provided by the United States Bureau of Labor Statistics (November 2013), the CPI increased by 1.2 percent over the last twelve months (November 2012 – November 2013). The expected TANF cash assistance cost in FY 2015 is \$94,118,604 as appropriated in the introduced budget. A 1.2 percent increase on those benefits, as required by the proposal, would increase TANF benefits by \$1,129,423 in FY 2016. The current monthly statewide average benefit is \$257.48; as such,

this 1.2 percent increase would raise the average monthly benefit to \$260.57. The annual average movement in the CPI over the last ten years (between 2003 and 2012) has been an increase of 2.4 percent.

While the income eligibility threshold also grows with the CPI and therefore more families could potentially become eligible for benefits; the department does not expect that such an increase would be significant.

**Availability of nongeneral funds:** Based on the introduced budget, the TANF block grant is expected to have a one-time balance in 2014-2016 biennium that is sufficient to cover the first year 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 versus the introduced budget; 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 would be necessary to fulfill these requirements.

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

**10. Technical Amendment Necessary:** None

**11. Other Comments:** This bill is a companion to SB 132.

**Date:** 1/15/14