

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: SB 802

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

2. Patron: Favola, Barbara A.

3. Committee: Rehabilitation and Social Services

4. Title: TANF; State Board of Social Services to review annually

5. Summary: The proposed legislation requires the State Board of Social Services 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 indexing the amount of such payments in an amount equal to the percentage change in the Consumer Price Index for the year immediately preceding the year in which the review occurs. Payments made to eligible recipients after January 1, 2016 must reflect an adjustment equal to the percentage change in the CPI for 2014. This legislation further requires the State Board of Social Services to report to the Governor and the General Assembly on its progress in implementing the provisions of this act no later than December 1, 2015. The provisions of this bill will not become effective unless federal funds are appropriated in the 2015 Appropriation Act for this purpose.

6. Budget Amendment Necessary: Yes. The provisions of the bill are contingent on federal funding and inclusion in a general appropriation act.

7. Fiscal Impact Estimates: Preliminary

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2015	-	-	-
2016	\$553,569	-	Nongeneral Funds
2017	\$2,610,803	-	See Item 8
2018	\$4,717,411	-	See Item 8
2019	\$6,874,577	-	See Item 8
2020	\$9,083,515	-	See Item 8
2021	\$10,791,898	-	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 2014), the CPI increased by 1.3 percent over the last twelve months (November 2013 – November 2014). The expected TANF cash assistance cost in FY 2016 is \$85,164,511, as appropriated in the introduced

budget. Assuming an implementation date of January 1, 2016, a 1.3 percent increase in benefits as required by the proposal would increase TANF benefits by \$553,569 ($\$85,164,511 \times .013 \times .50$) in FY 2016. The current monthly statewide average benefit is \$260.79; as such, this 1.3 percent increase would raise the average monthly benefit to \$264.18. The annual average movement in the CPI over the last ten years (between 2004 and 2013) has been an increase of 2.4 percent.

Increasing the 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 a balance in FY 2016 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 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: No

11. Other Comments: None

Date: 1/15/14