

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: SB1145-ER

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

2. Patron: Favola

3. Committee: Passed Both Houses

4. Title: Virginia Initiative for Employment Not Welfare (VIEW); transitional child care.

5. Summary: Allows VIEW participants whose Temporary Assistance for Needy Families financial assistance is terminated to receive child care assistance for up to 12 months after termination if the individual is enrolled in an accredited public institution of higher education or other postsecondary school licensed or certified by the Board of Education or the State Council of Higher Education for Virginia and is taking courses as part of a curriculum that leads to a postsecondary credential, such as a degree or an industry-recognized credential, certification, or license. Under current law, such child care assistance is only available if it enables the individual to work.

6. Budget Amendment Necessary: Yes.

7. Fiscal Impact Estimates: See Item 8.

7a. Expenditure Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Fund</i> |
|--------------------|----------------|-------------|
| 2019 | - | - |
| 2020 | \$39,689 | General |
| | \$1,026,389 | nongeneral |
| 2021 | \$79,379 | General |
| | \$1,719,105 | See Item 8 |
| 2022 | \$79,379 | General |
| | \$1,719,105 | See Item 8 |
| 2023 | \$79,379 | General |
| | \$1,719,105 | See Item 8 |
| 2024 | \$79,379 | General |
| | \$1,719,105 | See Item 8 |
| 2025 | \$79,379 | General |
| | \$1,719,105 | See Item 8 |

*\$17,832 in FY 2020 and \$35,663 in FY 2021 of local matching funds are required as a result of this bill.

8. Fiscal Implications: This legislation expands the number of Temporary Assistance for Needy Families (TANF) recipients receiving up to 12 months of child care assistance after termination of their TANF benefits to include individuals who are enrolled in an educational

or credentialing program as defined by the bill. Currently, a TANF recipient whose financial assistance is terminated can receive child care assistance only if it enables the individual to work.

Approximately 1,736 children per month received transitional child care services in 2018. Effective October 1, 2018, the federal government changed eligibility rules for child care. Now, eligibility for child care subsidies will not be re-determined until 12 months after child care was last been approved. For purposes of this analysis, it is assumed that an increase of 25 percent, or 434 ($1,736 \times .25$), additional children will receive transitional child care annually, as a result of this federal change. This results in a monthly average of 2,170 ($1,736 + 434$) children in transitional child care with 12 months of eligibility. This legislation will expand the service population, but it is unknown how many children will participate in the TANF Transitional Education & Training Child Care program. It is assumed that an additional 10 percent, or 217 children, will enroll in the program each year. The average cost of each child in care is \$616 per month or \$7,392 annually. It is further assumed that the families participating in this program will be phased in as their TANF assistance payment are terminated throughout FY 2020; as such, a gradual increase in children receiving services is assumed in the first year at a rate of 1/12 of the total new enrollment, each month. First year child care costs are estimated to be \$868,868 in FY 2020, and annual ongoing costs are projected to be \$1,604,064 ($\$7,392 \times 217$ children) beginning in FY 2021.

Based on Random Moment Sampling (RMS) statistics, there are the equivalent of approximately 266 local department of social services' (LDSS) child care workers, each of whom handles an average of 67 children in care per month. Therefore, funding for approximately 3 (217 children/67 children per worker) additional full-time equivalent positions is needed to support local effort. The average annual cost, including salary, benefits, and nonpersonal services of employing a local child care worker used for this analysis is \$76,694. The cost of three positions is estimated at \$230,082 (\$79,379 general fund; \$115,041 nongeneral funds; \$35,663 local match) in FY 2021 and each year thereafter. It is assumed that first year costs will be phased in as workload increases, for a total cost of \$115,041 (\$39,689 general fund; \$57,521 nongeneral funds; \$17,832 local match) in FY 2020.

In addition, the Virginia Case Management System (VACMS) will need modifications in such modules as data collection and eligibility in order to distinguish this new category of cases. The system created reports will also need to reflect these changes. One-time funding of \$100,000 in FY 2020 is required to incorporate the provisions of this legislation. This amount can be fully funded with nongeneral funds.

Total costs of this legislation are \$1,083,909 ($\$868,868 + \$115,041 + \$100,000$) in FY 2020 and \$1,834,146 ($\$1,604,064 + \$230,082$) annually, beginning in FY 2021.

Based on the introduced budget, the TANF block grant and the Child Care and Development Fund (CCDF) block grant are expected to have balances in FY 2020 that are sufficient to cover the federal portions of the cost of this legislation. While TANF and/or CCDF 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 CCDF funds. To the extent that the obligations created by this bill (and others) exceed the pool of available TANF or CCDF funds, general fund appropriation would be necessary to fulfill these requirements.

9. Specific Agency or Political Subdivisions Affected: Department of Social Services, local departments of social services

10. Technical Amendment Necessary: No.

11. Other Comments: None.