

Department of Planning and Budget 2020 Fiscal Impact Statement

1. **Bill Number:** HB1371

House of Origin Introduced Substitute Engrossed

Second House In Committee Substitute Enrolled

2. **Patron:** Bourne

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

4. **Title:** TANF; diversionary cash assistance.

5. **Summary:** Imposes a minimum threshold of \$1,500 on Temporary Assistance for Needy Families (TANF) diversionary cash assistance. The bill provides that any person who receives TANF diversionary cash assistance waives his eligibility for TANF for the number of days for which assistance is granted multiplied by 1.33.

6. **Budget Amendment Necessary:** No. Funding was provided in the Governor's introduced budget.

7. **Fiscal Impact Estimates:**

7a. **Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2020	-	-
2021	\$5,428	General fund
	\$117,947	Nongeneral fund
2022	\$5,428	General fund
	\$117,947	Nongeneral fund
2023	\$5,428	General fund
	\$117,947	Nongeneral fund
2024	\$5,428	General fund
	\$117,947	Nongeneral fund
2025	\$5,428	General fund
	\$117,947	Nongeneral fund
2026	\$5,428	General fund
	\$117,947	Nongeneral fund

8. **Fiscal Implications:** This legislation increases the amount of cash a family can receive through the Temporary Assistance for Needy Families (TANF) Diversionary Assistance program. Diversionary assistance is used to divert a family from receiving ongoing TANF cash benefits by providing assistance for one-time emergencies. Currently, Virginia allows TANF-eligible applicants who meet certain criteria to receive, at one time, the maximum TANF cash assistance that the applicant would otherwise receive for a period up to four

months. Consequently, an individual who receives diversionary assistance waives his or her eligibility for TANF for a period of up to 160 days.

This legislation will increase the diversionary assistance award from up to 120 days of assistance to up to 120 days or \$1,500 of assistance, whichever is greater. The bill then requires any person who receives TANF diversionary assistance to waive his or her eligibility for TANF for the number of days for which assistance is granted, multiplied by 1.33. Currently, recipients are required to waive eligibility for up to 160 days.

In state fiscal year 2019, there were 470 cases of diversionary assistance for amounts less than \$1,500. The average payment for these cases was \$1,080. Therefore, based on FY 2019 data, it is estimated that 470 cases will need diversionary assistance, for an increased cost of \$197,400 (470 x [\$1,500 - \$1,080]). However, due to the required period of ineligibility for recipients, the Department of Social Services assumes half these cases will stay on ongoing assistance, reducing the diversionary assistance caseload by an estimated \$74,025 ([470 cases/2]*\$315 average monthly TANF payment). The total cost of this legislation is \$123,375 (\$197,400 - \$74,025) split between TANF federal funds (\$117,947) and general fund (\$5,428).

The general fund portion of the request is for the Unemployed Parent (UP) program, as any changes made to the TANF are applied to the UP program.

- 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.