

## Department of Planning and Budget 2020 Fiscal Impact Statement

1. **Bill Number:** HB1371-ER

**House of Origin**     Introduced     Substitute     Engrossed

**Second House**     In Committee     Substitute     Enrolled

2. **Patron:** Bourne

3. **Committee:** Passed Both Houses

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.

The engrossed bill also requires the Board of Social Services to adopt regulations to enable TANF-eligible applicants meeting certain criteria to receive a TANF emergency assistance payment of up to \$1,500 to prevent eviction or to address needs resulting from a fire or natural disaster.

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	\$6,441	General fund
	\$139,935	Nongeneral fund
2022	\$6,441	General fund
	\$139,935	Nongeneral fund
2023	\$6,441	General fund
	\$139,935	Nongeneral fund
2024	\$6,441	General fund
	\$139,935	Nongeneral fund
2025	\$6,441	General fund
	\$139,935	Nongeneral fund
2026	\$6,441	General fund
	\$139,935	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. Additionally, the engrossed version of the bill increases the maximum amount of TANF Emergency Assistance from \$500 to \$1,500 to prevent eviction or to address needs resulting from a fire or natural disaster.

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 ( $470 \times [\$1,500 - \$1,080]$ ). 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 ( $[470 \text{ cases}/2] \times \$315 \text{ average monthly TANF payment}$ ). The total Diversionary Assistance cost is \$123,375 ( $\$197,400 - \$74,025$ ) split between general fund (\$5,429) and TANF federal funds (\$117,947).

Based on the previous five years of data for TANF Emergency Assistance, the agency estimates that there will be approximately 23 clients who would benefit from an increased assistance rate. Increasing the maximum Emergency Assistance payment from \$500 to \$1,500 will result in an additional \$1,000 payment per client for a total of \$23,000 ( $23 \times \$1,000$ ) annually, split between general fund (\$1,012) and TANF federal funds (\$21,988).

The total cost of this legislation is \$146,376 split between TANF federal funds (\$139,935) and general fund (\$6,441).

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.