

BILL # HB 2386

TITLE: TANF; duration of assistance

SPONSOR: Loredo, et al.

STATUS: As Introduced

REQUESTED BY: House

PREPARED BY: Stefan Shepherd

FISCAL YEAR

2001

2002

2003

EXPENDITURES

General Fund or Federal Temporary Assistance for Needy Families (TANF) Block Grant	\$-0-	Minimal	Minimal
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FISCAL ANALYSIS

Description

The bill would make any month in which child support payments on behalf of a welfare recipient exceed or are equal to the recipient’s TANF cash benefit exempt from the 24-out-of-60 month time limit on cash benefits. Under current law, welfare recipients may only receive TANF cash benefits for 24 months out of a 60-month period.

Estimated Impact

The JLBC Staff believes the fiscal impact of the bill will be minimal. The number of clients estimated to immediately claim additional TANF cash benefits as a result of immediate exemption from the 24-out-of-60 month time limit could be as low as 4. The fiscal impact of future clients receiving TANF cash benefits for a longer period of time as a result of this exemption is also expected to be minimal.

JLBC Staff would note, however, that if the provision is retroactive, our cost estimate would be higher than “minimal.”

Assumptions

The Department of Economic Security (DES) operates the state’s welfare program, providing cash benefits and support services to eligible clients. DES’ Division of Child Support Enforcement (DCSE) operates the state’s child support program and is required to enforce child support cases for TANF clients. Under current law, if a welfare client receives TANF cash benefits for more than 24 months in any 60-month period, the client’s cash benefit will be reduced by the amount attributable to the client. In other words, the client would receive a cash grant for the children but not for him- or herself.

The bill would state that any month in which the amount of child support collected on behalf of a TANF client exceeds or is equal to the amount of TANF cash benefits the client receives is not subject to the 24-out-of-60-month time limit.

According to DES, there were 847 parents with 1,443 children who had at least 1 month in which the amount of child support exceeded or was equal to the TANF cash grant in FY 2000. As a percentage of the total caseload, this figure is approximately 2.5% of the average monthly caseload of 34,211 in FY 2000. This percentage likely overstates the occurrence of child support payments exceeding TANF cash grants in the TANF population because the 847-parent figure reflects the total number of parents for whom this occurred at any point during the year whereas the monthly caseload figure reflects an average monthly figure.

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Assumptions (Continued)

DES data indicates that on average 155 clients were subject to the 24-month time limit for TANF cash benefits in FY 2000. If we assume the distribution of clients with child support exceeding cash benefits is the same in this 24-month time-limited population as in the general TANF population, then at most 2.5%, or 4, of these clients would qualify immediately for exemption from the 24-month time limit for at least one month. Since the maximum benefit for the excluded recipient is \$71 per month, the total fiscal impact of these particular clients is minimal, especially compared to the total amount of TANF cash benefits paid out yearly (more than \$100 million).

We would note that at most 2.5% of the rest of the TANF population not currently subject to time limits could also have some of their months not counted toward the 24-month time limit. This means that some clients could lose their benefits for the 24-month time limit later than they would in the absence of this bill. Since relatively few clients ever reach this point, however, we believe that any future impact of this provision will also be minimal.

We have assumed that programming costs of this provision could be absorbed within the DES budget.

JLBC Staff would note, however, that the bill is not clear if the exemption from the time limit is retroactive. If the bill's provisions are retroactive, and DES has to recalculate potential benefit increases for certain clients dating back to the implementation of the 24-month time limit in 1995, the fiscal impact upon TANF cash benefits could be more than minimal.

Local Government Impact

None

2/7/01