



February 12, 2020

SUMMARY OF BILL: Requires, by January 1, 2021, the Department of Human Services (DHS) to double the standard amount of cash assistance awarded, as of that date, to recipients who qualify for childcare assistance from programs administered by DHS. Requires that there be no restrictions on how recipients spend the increased cash assistance over the standard amount determined.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Increasing the maximum benefit for eligible Temporary Assistance for Needy Families (TANF) recipients will increase federal TANF expenditures for the Department of Human Services (DHS) by approximately \$28,400,000 in FY20-21 and \$56,800,000 in FY21-22 and subsequent years; however, these expenditures can be absorbed within the DHS’s existing TANF block grant. To the extent the annual benefit amounts increase to levels exceeding the annual funding amount, DHS will draw from the TANF reserve funds.

Passage of this legislation could jeopardize a portion or all of the federal funding for the Temporary Assistance for Needy Families.

Assumptions:

- DHS administers the state’s Temporary Assistance for Needy Families (TANF) program, to assist eligible families in need through temporary cash assistance, transportation, child care assistance, educational supports, job training, employment activities, and other support services, in order to help those families gain self-sufficiency through employment.
- The TANF program is the only state program that offers benefits in the form of temporary cash assistance benefits.
- Based on information provided by DHS, the total amount of cash assistance benefits for FY19-20 is estimated to be \$56,800,000. For the purposes of this fiscal analysis, it is assumed that the amount of cash assistance awarded in FY19-20 is representative of the amount that would be awarded under current law in FY20-21 and subsequent years.
- Doubling this payment to existing TANF recipients will result in a recurring increase in federal TANF expenditures of \$56,800,000. It is assumed that the increase will be implemented on January 1, 2021; therefore, the first-year impact (FY20-21) is estimated to be 50 percent of the full-year impact, or \$28,400,000 (\$56,800,000 x 50%).

- According to a memo prepared for the Joint TANF Working Group by the Comptroller of the Treasury on December 17, 2019, the recurring annual amount the state receives from the federal government per the TANF block grant is approximately \$191,000,000. Additionally, DHS has the authority to draw from TANF reserve funds, the balance of which is currently estimated to be approximately \$732,000,000.
- Increasing the maximum benefit per assistance group will increase federal TANF expenditures for the DHS; however, these expenditures can be absorbed within the DHS's existing TANF block grant.
- There will not be an increase in state expenditures as the DHS is only required to meet TANF maintenance of effort requirements, which the DHS does on an annual basis under current law.
- To the extent the annual benefits increase to levels exceeding the annual funding amount, DHS will draw from the TANF reserve funds.
- Pursuant to 45 C.F.R. § 264.60, states are required to implement policies and practices to prevent TANF funds from being used in any liquor store, casino, gambling establishment.
- Removing the restrictions on how TANF recipients use their benefits could jeopardize a portion of federal TANF funds of approximately \$191,000,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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