

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1580-02  
Bill No.: HCS for HB 624  
Subject: Public Assistance  
Type: Original  
Date: March 16, 2015

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Bill Summary: This proposal changes the laws regarding non-medical public assistance.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$180,468)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$180,468)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Social Services (DSS)** provide the following assumptions:

#### Section 208.040.5 (2) - Lifetime Eligibility Limit

This section modifies the language in subsection 5 of this section regarding work activities and recipients to reflect the reduction of the temporary assistance to needy families (TANF) lifetime eligibility limit from five years to 30 months.

#### Section 208.040.5(5) and (5)a - Reduction of Lifetime Eligibility Limit

This section modifies the eligibility for the temporary assistance to needy families (TANF) program to reduce the lifetime eligibility limit from five years to 30 months for heads of households who are not minor children.

The **Family Support Division (FSD)** provides that as of January 2015, there are 31,320 active TANF cases, of which 21,077 cases are subject to the current five year lifetime eligibility limit. Of those subject to the lifetime limit, 7,519 have received TANF longer than 30 months and would lose eligibility under this section. This would result in a reduction of TANF spending on cash assistance, but not a cost savings in TANF or the general revenue maintenance of effort (MOE) funding because all TANF/MOE must be spent on one of the four purposes of the TANF program.

Savings as a result of this reduction would equal \$20,481,756 (7,519 cases x \$227 average monthly temporary assistance grant x 12 months). FSD anticipates a shift in spending from cash grants for eligible families to other purpose of the TANF program.

#### Section 208.040.5 (5)(a) and (b) - Exemptions, Exclusions and Hardships

Any family to which the state has granted an exemption for reasons of hardship or if the family includes an individual who has been battered or subjected to extreme cruelty, provided that the average monthly number of such families in a fiscal year shall not exceed twenty percent of the average monthly number of families to which temporary assistance for needy families is provided during the fiscal year or the immediately preceding fiscal year

Currently, FSD determines whether a work eligible recipient or applicant, meets an exemption or exclusion to current work requirements during the existing sixty month lifetime limit. After the lifetime limit is reached, FSD determines if a recipient meets a hardship extension reason.

ASSUMPTION (continued)

For the purposes of this legislation, the FSD assumes the sponsor's intent is to follow the life-time limit exceptions set forth in 42 U.S.C. Section 608(a)(7)(c).

In state fiscal year 2013, there were a total of 40,654 families receiving TANF. Only 132 participants received hardship extensions, which is less than one percent of this population.

In state fiscal year 2014, there were a total of 35,271 families receiving TANF. Only 136 participants received hardship extensions, which is also less than one percent of this population.

Therefore, there is no fiscal impact to this section of the legislation, as FSD feels it can maintain this percentage.

**Division of Legal Services (DLS)** officials state the DLS anticipates that additional administrative hearings may be requested to contest the termination of benefits. As of January 2015, there are 31,320 active TANF cases, of which 21,077 cases are subject to the current five year lifetime eligibility limit. Of those subject to the lifetime limit, 7,519 have received TANF longer than 30 months and would lose eligibility under this section. Using this figure, DLS would normally assume ten percent (10%) of those participants would request a hearing. However, in this case, DLS believes FSD would have time to educate individuals about the change thereby reducing the number of hearings as people have time to accept the new reality. In addition, DLS believes the number of hearings would be further reduced because a certain number of the participants who have already received 30 months of TANF would qualify for an exception from the lifetime limit just as a certain number currently qualify for an exception to the current 60 month limit. Accordingly, DLS assumes only a two percent (2%) hearing request rate resulting from this legislation. Assuming two percent (2%) of the participants request a hearing, DLS anticipates that the legislation could result in at least 92 additional hearing requests in the first 90 days of implementation. DLS believes that it will take approximately two hours to conduct each hearing required by this bill. This will include hearing preparation, the actual hearing and the writing and reviewing of the hearing decision. The hearings should not require complex evidence or facts. DLS assumes hearing officers can hold approximately 900 hearings per year. This would result in the need for 0.10 additional hearing officers ( $92/900 = .10$ ). This additional need will be absorbed within existing resources.

Section 208.040.5 (6) - Cash Diversion Program

This section states that beginning January 1, 2016, the department shall implement a cash diversion program that grants eligible temporary assistance for needy families benefits recipients lump-sum cash grants for short-term needs, as well as job referrals or referrals to career centers, in lieu of signing up for the long-term monthly cash assistance program upon a showing of good cause as determined by the department.

ASSUMPTION (continued)

FSD is unsure how many temporary assistance participants would opt to participate in a cash diversion program in lieu of cash assistance. This would result in a reduction in TANF spending on cash assistance due to some participants receiving only 3 months as a lump sum instead of 12 months of cash assistance.

From November 2014 through January 2015 an average of 1,839 TANF applications were approved. Assuming 10% of these households would opt to receive the cash diversion, 184 recipients per month (2,208 annually) would opt to take the cash diversion program. Assuming an average grant of \$227 per month the on-going annual savings would be \$4,510,944 (2,208 x 9 months of savings x \$227). However, for the first year there would be a pro-rated net savings of \$1,754,256 of implementing this program until the full number of recipients (2,208) have signed up for the program.

This would result in a reduction of TANF spending on cash assistance, but not a cost savings in TANF or the general revenue maintenance of effort (MOE) funding because all TANF/MOE must be spent on one of the four purposes of the TANF program.

DSS officials provided the response for **Office of Administration (OA), Information Technology Services Division (ITSD)**. ITSD states that it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity. ITSD provides that change in lifetime limit is a Code table change and that testing will be required. It is estimated this change will require 203 contract IT consultant hours at \$75/ hour or \$15,228.

In addition changes to the Family Assistance Management Information System (FAMIS) for the cash diversion program giving lump-sum payments in lieu of monthly payments, adding a new lump-sum payment plan instead of monthly payments; changes various screens and tables; and providing for “good cause” for loss of employment will require an estimated 2,203 contract IT consultant hours at \$75 or \$165,240.

Therefore, total IT contract costs are estimated to be \$180,468 (\$15,228 + \$165,240) to the General Revenue Fund.

Section 208.040.5 (7)- Standardized Program Orientation for Participants

The FSD would also be required to develop a standardized program orientation to inform participants of their rights and the rules of the temporary assistance for needy families program.

FSD would use various means of media to develop a standardized program orientation, including but not limited to, pod casts, videos, social networking, written materials and face to face meetings. This can be accomplished with existing staff.

ASSUMPTION (continued)

Officials from the **Joint Committee on Administrative Rules** assume the proposal would not fiscally impact their agency.

Officials from the **Office of Secretary of State** did not respond to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE FUND</b>			
<u>Costs - OA-ITSD</u>			
Contract consultant costs	<u>(\$180,468)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$180,468)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal specifies that beginning January 1, 2016, the life-time limit for participation in the Temporary Assistance for Needy Families Program is 30 months, along with other changes.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services -  
    Family Support Division  
    Division of Legal Services  
Joint Committee on Administrative Rules  
Office of Administration -  
    Information Technology Services Division

**Not Responding:**

Office of Secretary of State



Mickey Wilson, CPA  
Director  
March 16, 2015

Ross Strobe  
Assistant Director  
March 16, 2015