

Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Kwame R. Brown
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: April 25, 2012

SUBJECT: Fiscal Impact Statement – “Temporary Assistance for Needy Families
Time Limit Amendment Act of 2012”

REFERENCE: Bill Number 19-704 – As Introduced

Conclusion

Funds are not sufficient in the proposed FY 2013 through FY 2016 budget and financial plan to implement the bill. The bill is estimated to cost approximately \$12.2 million in FY 2013 and \$24.3 million over the four-year financial plan period.

Background

The bill amends current law to replace the current graduated system of reductions of benefits for those who have received Temporary Assistance for Needy Families (TANF) benefits for more than 60 months with a “simple 60-month time limit policy” after October 1, 2013. In calculating a recipient’s 60-month time period, the new 60-month policy does not include months in which an individual was:

- A minor child and not the head of an assistance unit or married to the head of an assistance unit;
- A minor parent enrolled in school;
- More than 6 months pregnant;
- A parent or caretaker who is providing care for a child under one year old;
- Determined to be a victim of domestic violence or family violence and receiving relevant support counseling or services;
- A parent or caretaker who is severely disabled for more than 6 months but no longer than 12 months and can provide medical documentation; unless, the parent has a pending Supplemental Security Income (SSI) application;

- A parent or caretaker who is providing care for an ill or incapacitated adult who is receiving SSI or has a pending SSI application and can provide medical documentation;
- A parent or caretaker who is providing care for a child for whom home care is deemed medically necessary; or
- A parent or caretaker who is 60 years of age or older.

The bill also allows a 24-month extension from the 60-month time limit for individuals enrolled in an accredited postsecondary education program or a Department of Employment Services approved job training program. It also requires the Department of Human Services (DHS), within 12 months prior to the elimination of benefits, to reevaluate an individual's exemption status and current barriers to employment and complete an updated Individual Responsibility Plan to assist with the transition off of TANF.

Finally, the bill repeals the graduated reductions in the cash assistance payment for recipients with over 60 months, which is currently scheduled to begin in FY 2013. In FY 2011, TANF benefits for individuals who exceeded the 60-month time limit were reduced by 20 percent, lowering the average benefit to \$299 from \$375.¹ Under current law, benefits for this population will be reduced by another 25 percent in FY 2013, 41.7 percent in FY 2014, and after FY 2015 benefits will no longer be paid out to individuals who exceed the 60-month time limit.

Repealing the scheduled reduction for FY 2013 and reversing the 20 percent reduction for FY 2013 will restore the full cash assistance payment for all recipients over the 60-month time limit to the average of \$374 for one fiscal year. Starting in FY 2014, the simple 60-month time limit policy will become effective, and benefits for all recipients over the 60-month time limit will be terminated, unless they qualify for one of the exemptions or extensions established in this bill. Benefits for those that qualify for an exemption or extension will continue until they no longer qualify.

Financial Plan Impact

Funds are not sufficient in the proposed FY 2013 through FY 2016 budget and financial plan to implement the bill. The bill is estimated to cost approximately \$12.2 million in FY 2013 and \$24.3 million over the four-year financial plan period.

Repealing the scheduled reduction in benefits and restoring benefits to the pre-20 percent reduction level will increase the average cash assistance payment to \$374 from \$224. This will result in additional cash assistance payments of \$11.7 million in FY 2013. In FY 2014, there will be savings of \$3.1 million in cash assistance payments because the new 60-month policy will become effective, reducing the number of TANF recipients over the 60-month limit by approximately 75 percent.² However, in subsequent years, the annual cost of continuing to provide benefits for the exempt population is expected to cost approximately \$7.1 million. Under current law, benefits for this population will be phased out completely by FY 2015.

In addition to the increased cash assistance payments, DHS will incur administrative costs of approximately \$586,225 in FY 2013 and \$1.6 million over the four year financial plan period to implement the new 60-month policy. The new program rules will require DHS to reprogram their

¹ The Fiscal Year 2011 Supplemental Budget Support Act of 2010, effective April 8, 2011 (D.C. Law 18-370; D.C. Official Code § 4-205.52).

² It is estimated that approximately 25 percent of the total 6,500 cases over 60 months will qualify for one of the exemption or extensions.

systems to track the exempt population by the start of FY 2013. DHS will also need to hire additional case managers and a supervisor to manage and assess over 2,000 TANF recipients that fall into one or more of the exemption and extension categories and can qualify for the exemptions or extension at any point. The bill will require DHS to assess and track all recipients that fall into one of the categories, regardless of whether they are over the 60-month limit, so that they are aware of their status and when they reach the 60-month limit.

The total costs are detailed in the table below.

Estimated Fiscal Impact of B19-704, Temporary Assistance for Needy Families Time Limit Amendment Act of 2012, FY 2013 - FY 2016					
	FY 2013	FY 2014	FY 2015	FY 2016	4-Year Total
Cash Assistance Payments Under B19-704					
Cases over 60 Months ^a	6,500	1,584	1,584	1,584	-
Average Monthly TANF Cash Assistance Pre-20% Reduction	\$374	\$374	\$374	\$374	-
Annual Expenditure Under B19-704	\$29,152,500	\$7,102,625	\$7,102,625	\$7,102,625	\$50,460,376
Cash Assistance Payments Under Current Law					
Cases over 60 Months	6,500	6,500	0	0	-
Average Monthly TANF Cash Assistance ^b	\$224	\$131	0	0	-
Annual Expenditure Under Current Law	\$17,472,000	\$10,218,000	\$0	\$0	\$27,690,000
Change in Cash Assistance Payments	(\$11,680,500)	\$3,115,375	(\$7,102,625)	(\$7,102,625)	(\$22,770,376)
DHS Administrative Costs					
Programming ^c	(\$262,677)	\$0	\$0	\$0	(\$262,677)
DPO staff needs ^d	(\$323,548)	(\$333,254)	(\$343,252)	(\$353,550)	(\$1,353,604)
Total Administrative Costs	(\$586,225)	(\$333,254)	(\$343,252)	(\$353,550)	(\$1,616,281)
TOTAL FISCAL IMPACT	(\$12,266,725)	\$2,782,120	(\$7,445,877)	(\$7,456,175)	(\$24,386,658)

Table Notes:

^a Caseload data on recipients over the 60-month time limit and the exempt population provided by DHS. ORA made adjustments to account for underreporting and estimate the number of recipients that qualified for an exemption or extension and were also over the 60-month time limit, as their data are not currently tracked.

^b Under current law, cash assistance payments will be reduced by 25 percent in FY 2013 and another 41.7 percent in FY 2014. No payments would be made after FY 2015.

^c DHS anticipates requiring 24 programming staff at the Grade 12 and 13 levels to implement the system over a 2-month time period. This estimate is based on programming costs incurred to implement the graduated 60-month reduction schedule. The tracking of recipients based on the multiple exemptions is expected to require more complicated programming changes.

^d DHS requires 6 case managers (Grade 9) and 1 supervisor (Grade 13) to manage the additional 2,271 cases annually.