

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



MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Yesim Yilmaz
Office of Revenue Analysis

DATE: September 16, 2013

SUBJECT: Revised Fiscal Impact of Subtitle (V)(N) of the FY 2014 Budget Support Act (Temporary Assistance for Needy Families Time Limit Amendment Act of 2013)

The Office of Revenue Analysis (ORA) has revised its cost projections for Subtitle (V)(N) of the FY 2014 Budget Support Act (Temporary Assistance for Needy Families Time Limit Amendment Act of 2013, or the "Act."). This revision is based on new information made available by the Department of Human Services (DHS) after the Council's second vote for the Budget Support Act on June 26, 2013. Given this new information, the funding set aside for the subtitle is no longer sufficient to implement Section 5153(c)(6) of the Act.

The Act provides an exemption from the 60-month time limit requirement for six different groups of TANF recipients; one of these groups is the recipients enrolled in a certified training or education program (section 5153(c)(6) of the FY 2014 Budget Support Act). DHS initially reported that approximately 1,500 TANF clients would be included in this group, and ORA used this information to develop a cost estimate for the subtitle. Based on the ORA estimates, the Council set aside \$3.7 million in FY 2014 and \$20.4 million over the four-year financial plan to support the subtitle.

After the final vote on the Act, DHS revised the enrollment figures from 1,500 up to 4,543 based on their most recent assessment of 13,000 cases. The FY 2014 funding for the subtitle includes approximately \$1 million for the cost of paying for the exemptions for those enrolled in a certified training or education program. With the revised enrollment figures, ORA now estimates that the cost associated with this group is at least \$3.4 million in FY 2014. With this increase in enrollment figures, the \$1 million in funding set aside to implement Section 5153(c)(6) of the Act is no longer sufficient. To be fiscally sufficient, this provision of the subtitle must either be funded or its implementation must be made subject to appropriations.

All other groups that would receive an exemption (identified under Sections 5153(c)(1) through (5)) are not affected by this revision, and the exemptions can be implemented as planned.

The Honorable Phil Mendelson
 Revised Fiscal Impact of Subtitle (V)(N) of the FY 2014 Budget Support Act (Temporary Assistance for Needy Families Time Limit Amendment Act of 2013)

Revised Fiscal Impact of Subtitle V(N) - Temporary Assistance for Needy Families Time Limit Amendment Act of 2013 (\$ in thousands)					
	FY 2014	FY 2015	FY 2016	FY 2017	4-Year Total
Total available funding	\$3,685	\$4,666	\$6,023	\$6,093	\$26,143
Revised cost estimate based on the new recipient numbers	\$6,154	\$8,366	\$11,452	\$11,538	\$37,509
Funding shortfall for Section 5153(c)(6)	(\$2,469)	(\$3,700)	(\$5,429)	(\$5,445)	(\$11,366)

Additionally, an amendment offered on the dais to the same subtitle moved all TANF recipients who would be eligible for a TANF extension into the POWER program. The amendment was intended to mitigate administrative barriers DHS raised regarding their ability to stop the clock under the TANF program by October 1, 2013, but the intent was for DHS to continue leverage federal funds for the under-60-month group and the work-exempt population.

Recently, DHS raised additional concerns that the Council should be aware of. According to DHS, under the amended subtitle, they will no longer be able to use or leverage federal funds for the work eligible group which would have to be fully moved to the locally funded POWER program. If this is indeed the case, the District would have to pay for the cash benefits for work-eligible TANF recipients through local funds regardless of how many month these clients have been in the program. The work-eligible recipients who are enrolled in an education or training program, but paid under POWER, may no longer be reported to the federal government as a part of the work participation rate calculation—an important metric of success for the District’s TANF program. According to DHS, this could result in penalties and reduction to the District’s federal grants. Finally, DHS contends that the District can no longer use federal funds for case management or other subsidies for this group (such as child care and transportation subsidies).

If you have any questions on this matter please feel free contact me at (202) 741-8695.

Enclosures

Honorable Jim Graham, Chairman, Committee on Human Services
 Jennifer Budoff, Budget Director, D.C. Council
 Eric Goulet, Budget Director, Mayor’s Office of Budget and Finance
 David Berns, Director, Department of Human Services
 All councilmembers