

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6261
BILL NUMBER: SB 327

NOTE PREPARED: Nov 23, 2021
BILL AMENDED:

SUBJECT: TANF Eligibility.

FIRST AUTHOR: Sen. Ford Jon
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill sets the income eligibility requirements for the Temporary Assistance for Needy Families (TANF) program at a specified percentage of the federal income poverty level.

It requires the Division of Family Resources (DFR) to amend the state TANF plan or take any other action necessary to implement the income requirements. The bill authorizes emergency rulemaking concerning the payments.

The bill increases certain payment amounts under the TANF program. It also requires the payments to be annually adjusted using the Social Security cost of living adjustment rate, but provides that the total adjustment in a year must be reduced to the extent the adjustment would result in the transfer to the Child Care and Development Fund grant program being less than the maximum allowable transfer under federal law.

It repeals language regarding:

- (1) payments for a child born more than 10 months after a family qualifies for assistance;
- (2) the adoption of rules authorizing certain vouchers;
- (3) eligibility for child support enforcement services;
- (4) encouraging a family that receives assistance to receive family planning counseling; and
- (5) requiring the DFR to apply a percentage reduction to the total needs of TANF applicants and recipients in computing TANF benefits.

The bill makes conforming changes.

Effective Date: January 1, 2022 (retroactive); July 1, 2022; July 1, 2023.

Explanation of State Expenditures: *Summary* - The bill potentially increases the basic assistance paid to TANF recipients beginning in FY 2024. Any increase may be mitigated by the Family and Social Services Administration (FSSA) establishing income eligibility and benefit amounts lower than the maximums provided in the bill. Additionally, the number of individuals eligible for assistance may increase with the elimination of certain restrictions on participation.

Additional Information - The bill limits maximum household income eligibility at up to 16% of the federal poverty level (FPL). Currently, the maximum amount of need is a fixed dollar amount set in statute that equates to between 13% and 16% of FPL depending on household size. The bill also increases the maximum benefit award by 160%. The maximum benefit award set in statute would update annually with COLA adjustments. In current law, the TANF benefit payable is the amount of need determined with a 90% reduction applied. The basis for the amount of cash assistance award is not specified in the bill, and the 90% reduction is repealed.

With the repeal of certain exclusions, the number of individuals in the TANF caseload could increase. Between September 2019 and September 2020, there were about 600 individuals a year denied benefits under these exclusions.

TANF Caseload: Eligibility criteria other than income eligibility, such as applicant job search requirements and lifetime limits on benefits, impact the total number of families participating in TANF cash benefits. In Indiana, the number of households receiving TANF decreased from 2014 to 2019, as had the number of applications that were approved. However, beginning in 2020, the TANF caseload grew during the COVID-19 pandemic. The extent to which these increases will remain and could impact total caseloads is yet unknown. Due to lifetime limits, increases in caseloads now may not translate to continued increases over the long-run.

Explanation of State Revenues: *Use of TANF Block Grant and State Maintenance of Effort:* Under TANF rules, states have the authority to transfer up to 30% of any grant to the Social Security Block Grant or the CCDF. The transfer of TANF funds to the CCDF would take precedence over any future increase in cash assistance. [Indiana transfers federal TANF Block Grant money to the CCDF before any other expenditures are made. In recent years, this transfer has been at the maximum amount allowable, or \$61.8 M in 2020.]

The federal block grant may be carried forward for use in another year. The state is required to spend a certain amount for maintenance-of-effort in order to receive the federal block grant. Spending that exceeds the available federal block grant would come from state funds.

Table 1 - Estimated amount of federal TANF funding available to Indiana: 2020

TANF Federal Block Grant to Indiana	\$206.1 M
State Maintenance of Effort	121.7 M
Carryover	<u>37.5 M</u>
Total	<u>365.3 M</u>
Less: Funds Used and Obligated	<u>346.7 M</u>
Federal Funds Available	\$18.6 M

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources: <https://fas.org/sgp/crs/misc/RL32748.pdf>; <https://fas.org/sgp/crs/misc/RL32760.pdf>; <https://www.acf.hhs.gov/ofa/resource/tanf-financial-data-fy-2020>; Hamilton Smith, FSSA.

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