

FISCAL NOTE

Bill #: HB0425

Title: Maintenance of effort funds for Education for TANF participants

Primary

Sponsor: Gay Ann Masolo

Status: As Introduced

Sponsor Signature

Date

Chuck Swysgood, Budget Director

Date

Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
General Fund	\$6,082,430	\$6,010,430
Federal Special Revenue	<u>(2,655,936)</u>	<u>(2,655,936)</u>
TOTAL	\$3,426,494	\$3,354,494
Net Impact on General Fund Balance:	(\$6,082,430)	(\$6,010,430)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

Department of Public Health and Human Services

1. It is estimated that 10 percent of the current Temporary Assistance to Needy Families (TANF) caseload would participate in the Parents as Scholars Program, resulting in 464 participants. Costs are based on each participant having 2 children that require day care.
2. The assistance payment for participants in this program would be \$477 per month, equal to the family of three current assistance amount. With 464 participants, total assistance cost is projected at \$2,655,936 per year. The payments will be from the general fund and classified as Maintenance of Effort (MOE) funding.
3. The current cash assistance payments for these participants are made from prior year TANF block grant federal funds. The general fund (MOE) expenditure for this program would replace the federal funding now being spent from prior year federal TANF funds. (See #9 below)
4. All participants would need day care for their children.

5. Because of the limit on work requirements, participants would not qualify for Child Care Block Grant Funding. All day care would come from the general fund MOE.
6. Individual day care needs are based on 2 hours of day care per hour of semester credit (12 credit hours) plus 15 hours per month for work activity, for 1,332 hours per child per participant per year. The average rate of a day of day care is \$15.01 per each 6-hour day, or \$2.50 per hour. The yearly day care cost for two children is \$6,660. Total day care costs for 464 participants would be \$3,090,240 per year general fund.
7. A similar pilot project to that addressed in the new Section 3(2)(b) was implemented by the Department of Public Health and Human Services (DPHHS) in the FY2001 biennium to provide training for high paying jobs (training for highway construction jobs) and the cost was approximately \$250,000 per year.
8. Cost for assessments to determine eligibility is two hours per participant at an hourly rate of \$15.36 per hour. Total cost for assessment is \$14,254.
9. Separate state programs require substantial reporting requirements. The Economic Assistance Management System (TEAMS) would require changes for eligibility determination and reporting purposes. It is estimated that 1,200 hours of programming will be necessary at a cost of \$60 per hour, for a total of \$72,000 in FY 2002.
10. The federal TANF funds have two segments: a) the funds from the current year grant; and b) the funds from prior grant years. The current year funds have flexibility in the services provided; prior year funds can only be used for benefit applications.
11. The cost of this program is general fund and is in addition to historical TANF MOE general fund expenditures. If TANF MOE general funds are to be used for the purpose of this bill instead of historical purposes, the services once provided by these MOE funds would need to be funded with general fund, as has been assumed by this fiscal note, or be eliminated. The option to fund the previous MOE-funded services with federal TANF funds from either the current year or previous year grants is not available. The services previously funded with general fund and designated as MOE are not benefits and ineligible for federal spending from prior year TANF funds. If these previously MOE funded services were to be paid by current grant year TANF funds there would be a corresponding reduction in TANF ongoing services.

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$336,254	\$ 264,254
Benefits	<u>3,090,240</u>	<u>3,090,240</u>
TOTAL	\$3,426,494	\$3,354,494
<u>Funding:</u>		
General Fund (01)	\$ 6,082,430	\$6,010,430
Federal Special Revenue (03)	<u>(2,655,936)</u>	<u>(2,655,936)</u>
TOTAL	\$3,426,494	\$3,354,494

Net Impact to Fund Balance (Revenue minus Expenditures):

General Fund (01)	(\$6,082,430)	(\$6,010,430)
Federal Special Revenue (03)	\$2,655,936	\$2,655,936

TECHNICAL NOTES:

1. A separate state program would have to be added to the state plan to implement this legislation. Separate state programs have significant reporting requirements. Technology costs associated with monitoring and reporting count towards a 15 percent administration cap.
2. Two tribes, the Fort Belknap Indian Community and the Salish and Kootenai could not participate because each operates its own TANF plan.
3. Enforcement provisions for the program requirements of section 3.4(d) are unclear.
4. In Section 3, the bill provides a separate State program to provide "public assistance", not "financial assistance", to people engaged in secondary or post-secondary education who meet the four criteria listed in (2)(c) of the bill. "Public assistance" is broadly defined in Section 53-2-101 of the Code as "any type of monetary or other assistance furnished under this title to a person by a state or county agency, regardless of the original source of the assistance." The use of the broader term "public assistance" means that people who meet the four criteria and are engaged in secondary or post-secondary education could receive benefits besides financial assistance. It is not clear from Section 3 whether cash assistance or medical assistance is required.
5. The language in Section 3(2)(d) is confusing when compared to the language in Section 3(4)(e). It appears the intent of the bill is to limit the program to people seeking their first baccalaureate degree and no more; Section 3(2)(d) indicates the program is open to anyone seeking a baccalaureate degree. Section 3(2)(d) specifies one vocational training program, but does not similarly limit the baccalaureate degree language. Section 3(2)(d) should be clarified.