

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 3535 - B**Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office**Only Impacts on Original or Engrossed
Versions are Considered Official**Prepared by: Kim To
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Date: 5/14/2015**Measure Description:**

Modifies temporary assistance for needy families program to promote employment and financial stability for families at risk of qualifying for or who qualify for temporary assistance for needy families or who become ineligible for temporary assistance to needy families aid due to employment.

Government Unit(s) Affected:

Department of Human Services (DHS), Oregon Employment Department (OED)

Summary of Expenditure Impact:

	2015-17 Biennium	2017-19 Biennium
¹ Increase Flexibility in Support Services	2,900,000	2,900,000
² TANF Transition	3,115,125	4,984,200
³ Expanding Care Taker Relative Definition	376,500	720,000
⁴ Removal of Deprivation Requirement	2,604,903	5,001,414
Total General Fund	\$8,996,528	\$13,605,614

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

House Bill 3535 with the – A2 amendment modifies eligibility and amount of aid determinations for the temporary assistance for needy families (TANF) program by:

- Increasing flexibility in providing support services for transportation, housing or other costs to prevent the loss of employment and TANF entry.
- Providing transition payments for up to three consecutive months to families exiting TANF under certain circumstances.
- Expanding the definition of “caretaker relative” to allow additional relatives to care for children, in the absence of a parent.
- Removing the requirement that a child must be deprived of parental support based on the parental absence, incapacity, or under/unemployment to be eligible to receive aid.

The bill also allows the Department of Human Services (DHS), in coordination with workforce agencies and stakeholders, to operate a 12-month program to pilot alternative ways to operate the JOBS Plus program; and directs DHS to include in its annual report the status of this program. In addition, the bill modifies the membership and scope of the Family Services Review Commission.

Department of Human Services (DHS)

The fiscal impact of this bill to the DHS is anticipated to be \$8,996,528 General Fund for the 2015-17 biennium, and \$13,605,614 for the 2017-19 biennium, based on an April 2016 implementation date, and the following assumptions and calculations:

1. Increasing flexibility in providing support services for transportation, housing or other costs to prevent the loss of employment and TANF entry: Based on supplemental payments issued through the JOBS program, DHS TANF stakeholder group derived an amount of \$2,900,000 as a feasible reinvestment to support clients with expenses such as housing, transportation, tools, and work clothing/
2. Providing transition payments for up to three consecutive months to families exiting TANF under certain circumstances: Extrapolating average placements for the TANF program, DHS assumes an average of 925 additional cases per month with this modification in transition payments. At an average cost per case of \$225, DHS projects the cost of providing transition payments to be \$3,115,125 General Fund for the 2015-17 biennium; and \$4,984,200 for the 2017-19 biennium.
3. Expanding the definition of “caretaker relative” to allow additional relatives to care for children, in the absence of a parent: Based on the number of cases closed when the definition of caretaker relative was restricted, DHS projects this expansion will result in 84 additional cases a month for the 2015-17 biennium, and 100 for the 2017-19 biennium. At \$300 cost per case, DHS projects the fiscal impact of this change to be \$376,500 General Fund for the 2015-17 biennium; and \$720,000 General Fund for the 2017-19 biennium.
4. Removing the requirement that a child must be deprived of parental support based on the parental absence, incapacity, or under/unemployment: Based on closed and denied cases from October 2013 through October 2014, DHS projects the number of additional average cases per month to be 397 for the 2015-17 biennium, and 477 for the 2017-19 biennium. Based on a cost per case of \$437.29, DHS estimates the cost of removing the deprivation requirement to be \$2,604,903 General Fund for the 2015-17 biennium; and \$5,001,414 General Fund for the 2017-19 biennium.

Because this bill along with policy option packages 101 and 113 in the DHS 2015-17 Governor’s Budget, represents continuing efforts to reform and reinvest in the state TANF program, budgetary action to address the fiscal impact of this bill will be included in the agency’s 2015-17 budget appropriation bill.

Oregon Employment Department (OED)

Passage of this bill is anticipated to have minimal impact on the Office of Administrative Hearings (OAH). OED predicts that this proposed legislation could cause slight increase in hearings related to the TANF program that can be absorbed using existing resources.

OED receives \$16 million in federal Wagner-Peyser administrative grant funds to operate employment related labor exchange service. Federal guidance requires that all exchange participants have the opportunity to receive the same level of service. If this bill is interpreted to require that OED prioritize services to TANF or JOBS participants, this funding could be at risk. Any additional services to a group of clients needs to be provided on contract/fee-for-service basis. OED has historically had such a contractual arrangement in place for clients of DHS and other community organizations, and has limitation in its 2015-17 recommendation to continue this arrangement.