

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** House Bill 1261

**PRINTER'S NO.** 3884

**AMOUNT**

Savings of \$173.0 Million

**FUND**

General Fund

**DATE INTRODUCED**

April 1, 2011

**PRIME SPONSOR**

Representative Quigley

**HISTORY OF BILL**

Referred to HEALTH, April 1, 2011

Reported as committed, April 5, 2011

First consideration, April 5, 2011

Laid on the table, April 5, 2011

Removed from table, April 6, 2011

Second consideration, April 11, 2011

Re-committed to APPROPRIATIONS, April 11, 2011

(Remarks see House Journal Page 579-580), April 11, 2011

Re-reported as committed, April 12, 2011

Third consideration and final passage, April 12, 2011 (166-34)

(Remarks see House Journal Page 607-611), April 12, 2011

In the Senate

Referred to PUBLIC HEALTH AND WELFARE, April 25, 2011

Reported as amended, June 5, 2012

First consideration, June 5, 2012

Second consideration, June 6, 2012

Re-referred to APPROPRIATIONS, June 6, 2012

Re-reported as amended, June 29, 2012

**DESCRIPTION AND PURPOSE OF BILL**

House Bill 1261 amends the Public Welfare Code to require Department of Public Welfare (DPW) to calculate public assistance amounts based on a person's eligibility and need in their county of permanent residence, eliminates the general assistance cash benefit program on August 1, 2012, expands the 100 hour per month work requirement for Medical Needy program in Medical Assistance, reauthorizes the nursing home assessment until June 30, 2016, requires applicants for Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) to apply for three jobs each week, modifies public assistance sanctions on non-compliance, establishes the Human Services Block Grant and extends child welfare services to children ages 18 to 21.

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The bill requires DPW to determine eligibility based upon the applicant's permanent legal residence. In addition, redeterminations will be based on the applicant's permanent legal residence regardless of where the application is made.

The bill eliminates the general assistance cash benefit program on August 1, 2012. This is a state only funded program that paid a cash benefit to individuals that do not qualify for TANF or Supplemental Security Income (SSI).

The bill expands the 100 hours per month work requirement for Medical Needy program in Medical Assistance to include adults (age 21 to 58 years of age) with a dependent child under 21 years of age that lives with them. This 100 hours of work per month requirement has already been in place for adults (age 21 to 58 years of age) without children or the children are not living with them.

The bill extends the sunset date of the Nursing Facilities Assessment from June 30, 2012 to June 30, 2016.

The bill requires applicants for TANF and SNAP to apply for three jobs each week to continue to receive benefits until employment of 20 hours per week is secured. This job search requirement is consistent with Pennsylvania's new job search requirement for Unemployment Compensation. Currently, there are 21 other states that require an applicant to seek employment either before or while the application for TANF is being processed.

The bill modifies public assistance sanctions on non-compliance. The current law has a three-tiered graduated sanction policy for TANF recipients who do not comply with the work or training requirements. The current language has no end time period; therefore, a recipient who is in non-compliance could remain in the same status indefinitely and continue to receive partial payments indefinitely. The revised language establishes a maximum amount of time that a TANF recipient can continue to receive a reduced benefit while willfully not being in compliance with the requirements of the program.

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Current Law		
Sanction	First 24 Months- Partial	Post 24 Months - Full Budget
First	At least 30 days or until compliance	At least 30 days or until compliance
Second	At least 60 days or until compliance	At least 60 days or until compliance
Third	Permenanent program termination	Permenanent program termination

Proposed	
Sanction	While receiving assistance
First	Partial sanction of at least 30 days or until compliance. If after 90 days the adult is not in compliance, a full budget sanction is imposed.
Second	Partial sanction of at least 60 days or until compliance. If after 60 days the adult is not in compliance, a full budget sanction is imposed.
Third	Permanent program elimination (full budget)

The bill creates the Human Services Block Grant Pilot Program (HSBG) which will allow DPW spending flexibility for participating counties under the following appropriations: Human Services Development Block Grant, Mental Health Community Programs, Behavioral Health Services, Intellectual Disabilities – Community Based Programs, County Child Welfare, Homeless Assistance and Medical Assistance – Outpatient (Act 152 payments for drug and alcohol treatment). The pilot program is limited to only 20 counties. There is a phase-in approach to the block grant which will require the counties to spend 80% of the their categorical allocations in year one (FY 2012-2013), 75% in year two (FY 2013-2014), 50% in year three (FY 2015-2016), 25% in year four (FY 2016-2017) and full flexibility of block grant funding in year five (FY 2017-2018) or if a county requests and has a minimum funding allocation waiver approved. There are provisions in the bill to ensure that a county does not eliminate a needed program. The county is required to have a public review of their block grant budget and that budget must be submitted and approved by DPW.

The bill changes the Adoption Opportunities and Kinship Care sections within the Public Welfare Code by creating a Subsidized Permanent Legal Custodianship Program and expanding the definition of child up to age 21. This permits an adoption subsidy or a subsidized permanent legal custodianship to continue for a child as long as they are:

1. under the age of 21,
2. 13 years of age before the adoption assistance agreement or subsidized permanent legal custodianship agreement became effective, and
3. Either pursuing additional education or training, employed for at least 80 hours a month, or incapable of doing either due to a medical or behavioral health condition.

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### **FISCAL IMPACT:**

House Bill 1261 is projected to achieve an anticipated total state savings of \$173.0 million included in the General Fund budget for the Department of Public Welfare for FY 2012-2013. This savings includes a net savings of \$149.0 million for the elimination of the General Assistance Cash Program, \$19.5 million for the expansion of the 100 hour per week work requirement, and \$4.5 million in savings from additional Federal Title IV-E revenue for the extension of child welfare services to youth 18 to 21.

Within the Cash Grant appropriation in FY 2012-2013, a monthly average of 64,868 consumers were projected to receive a monthly payment of \$208.96 which would result in a state cost of \$162.7 million. This amount was reduced by the restitution collections of \$12.7 million. With the elimination of this state-only program, the appropriation was reduced by a net \$150.0. \$1.0 million is added to the Information Systems appropriation to make the necessary system changes for cash payments and eligibility criteria changes for medical assistance benefits through General Assistance program.

The total savings of \$19.5 million for the work requirement on the Medical Needy program reduces the Medical Assistance Capitation appropriation by \$12.3 million, the Medical Assistance Outpatient appropriation by \$2.1 and the Medical Assistance Inpatient appropriation by \$5.1 million.

The County Child Welfare appropriation in FY 2012-2013 is reduced by \$4.5 million. This reduction is offset by an increase of \$5.0 million in Federal Title IV-E revenue and a decrease in \$1.5 million county match. DPW will drawdown this additional Federal money for some child welfare services that were previously paid using only state and local funding.