

Fiscal Note & Local Impact Statement

122nd General Assembly of Ohio

BILL: H.B. 100

DATE: February 18, 1997

STATUS: As Introduced

SPONSOR: Rep. Kasputis

LOCAL IMPACT STATEMENT REQUIRED: No — Permissive

CONTENTS: Authorizes the establishment of Individual Development Accounts (IDA) for TANF recipients.

State Fiscal Highlights

STATE FUND	FY 1997	FY 1998	FUTURE YEARS
General Revenue Fund			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential Indeterminate Increase	Potential Indeterminate Increase	Potential Indeterminate Increase

- The bill allows the state Department of Human Services to establish and contribute funds into an IDA for TANF recipients. The state is not obligated to match recipient contributions, but if they do so, their expenditures will increase accordingly.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 1997	FY 1998	FUTURE YEARS
Counties			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential Indeterminate Increase	Potential Indeterminate Increase	Potential Indeterminate Increase

- The bill allows counties to establish and contribute funds into an IDA for TANF recipients. The county is not obligated to match the recipient contributions, but if they do so, their expenditures will increase accordingly.



Detailed Fiscal Analysis

The bill permits the state Department of Human Services (ODHS), a county department of human services (CDHS) in conjunction with a non-profit organization, or a nonprofit organization to establish an Individual Development Account (IDA) for TANF recipients. The IDA works as a tool to accumulate assets in a manner that does not jeopardize the eligibility of the TANF family. The bill would allow TANF recipients with earned income to make deposits into an IDA and permit (but not mandate) the organization that established the IDA (ODHS, CDHS, etc.) to match the recipient's deposits. All assets in an IDA would be exempt from consideration in determination of eligibility and amount of aid for which the TANF family is eligible. The account balance of an IDA is not allowed to exceed \$5,000 at any time. Withdrawals from an IDA may only be used for educational expenses, a first home purchase, or business capitalization.

The Personal Responsibility and Work Opportunity Act (PRWOA), which created the TANF block grant, allows states to establish IDAs for TANF recipients. The TANF program only allows monies in an IDA to be used for the three purposes this bill designates. Furthermore, TANF allows state block grant funds to be used for the state's contribution to an IDA.

The most recent report on JOBS participation indicates that on average 13,183 JOBS participants were employed in a given month. If every one of these recipients established an IDA and contributed the maximum amount, with the public or private entity providing the match dollar for dollar, the total cost to the state, county, or nonprofit organization would be approximately \$40 million. However, according to ODHS it is highly unlikely the counties or the state would be able to contribute funds at this level considering how tight funding will be under TANF. Complicating the determination of the impact of this bill is the fact that there will be more participants in work as a result of TANF, how many more is indeterminate. Then there is the question of how many TANF recipients will be in a position to set money aside, rather than using it for day to day expenses.

Undoubtedly some TANF recipients will want to establish an IDA. However it is unknown how many IDAs will be established as a result of this bill and how much money TANF recipients will divert to the IDAs. Furthermore, how much if any the various organizations could contribute to an IDA is in question. One this is certain, if a county or the state establish IDAs and is the agency providing the match, expenditures will increase for that agency.

□ *LBO staff: Grant Paullo Economist/Policy Analyst*

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