

# OFFICE OF FISCAL ANALYSIS

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sHB-7104

AN ACT CONCERNING PROGRAMS TO MITIGATE THE BENEFITS CLIFF.

## ***OFA Fiscal Note***

### ***State Impact:***

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Social Services, Dept.; Office of Early Childhood	GF - Cost	See Below	See Below

Note: GF=General Fund

***Municipal Impact:*** None

### ***Explanation***

**Section 1** requires the Department of Social Services (DSS) to disregard certain income for purposes of eligibility for the Temporary Family Assistance (TFA) program. The bill requires DSS to disregard financial assistance associated with a family member's participation in (1) an approved pilot program that has developed a plan to study and evaluate the impact and potential benefits of direct cash transfers, and (2) a job training program approved by DSS. This income is disregarded during a client's participation in the program or up to 60 months under the pilot or 36 cumulative months under the job training program. To the extent this income would have otherwise impacted benefit amounts or eligibility for program participants, DSS will incur related TFA costs. For context, the average TFA cost per case is approximately \$730 per month.

**Section 2** results in a cost to DSS and the Office of Early Childhood (OEC) related to establishing a benefits cliff pilot program. The program must implement the recommendations of the benefits cliff study report

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Reviewer: RW

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required by Special Act 24-8.

The benefits of cliff pilot cost analysis provides a framework through which different design parameters can be analyzed. The study presents three pilot models to assist 200 families, resulting in costs from between \$3 million and \$7 million over a three or four-year period. The study suggests the stable benefit pilot design as the best fit to maximize family supports. This is anticipated to result in annual costs of approximately \$1.4 million, \$1.7 million, \$1.9 million, and \$1.7 million if continued in year four. Approximately 62% of annual costs reflect benefit payments with the remaining funds used to support operation costs. Actual costs depend on the final pilot design, related federal funding and timeframe in which it is operational.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to the structure of and benefits provided under the pilot program.