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H.B. 198
(I_133_1007-1)
133rd General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 198's Bill Analysis](#)

Version: In House Civil Justice

Primary Sponsor: Rep. Liston

Local Impact Statement Procedure Required: No

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Highlights

- The Ohio Department of Job and Family Services (ODJFS) will be required to pass through all child support collections from Ohio Works First (OWF) recipients, which was about \$21.7 million in FY 2018. In addition, ODJFS will be required to reimburse the federal government for the federal share of these collections, roughly \$13.3 million in FY 2018. This will reduce the funds available to make cash assistance payments.
- ODJFS will spend \$3.0 million to \$5.0 million over two years to make information technology changes relating to the bill's provisions.

Detailed Analysis

Current law requires an assistance group receiving OWF cash assistance to assign the child support it receives to ODJFS. Support revenues collected are deposited into the Child Support Collections Fund (Fund 4A80). Deposited moneys are used to make cash assistance payments to OWF participants and are counted toward the Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE) spending. The bill instead requires that all child support collections be passed through to the assistance group. The bill also requires a portion of the amount passed through (\$100 per month for a one child assistance group and \$200 per month for a two or more child assistance group) be disregarded from that assistance group's income when determining OWF eligibility. In FY 2018, about \$21.7 million was deposited into Fund 4A80 from assigned child support collections;¹ under the bill, this amount would have passed through the assistance groups. It is possible that counting a portion of the child support as income when applying for OWF may reduce the number of assistance groups that qualify.

¹ In FY 2016, this amount was \$22.4 million and in FY 2017 this amount was about \$21.1 million.

Under federal law, as stated above, states are allowed to retain child support revenues, up to the amount of the child support order, to reimburse themselves and the federal government for payments to the family. According to the National Conference of State Legislatures, the collections are shared between the federal and state governments. The amount owed to the federal government is equal to the state's Medicaid federal matching rate.² If all of the child support collections were passed through, ODJFS would need to provide the federal government with approximately \$13.3 million based on FY 2018 collections.³ If the entire amount of the child support collections are passed through, ODJFS will have to pay the federal portion using other available funds. Depending on the amounts passed through in any given year, it is possible that this could impact TANF MOE.

Finally, ODJFS estimates it will spend \$3.0 million to \$5.0 million to make information technology changes to implement the bill that will take about two years to complete.

Background

TANF provides federal grant funds to states to provide families with financial assistance and related support services. States have flexibility to determine how funding will be used, but TANF resources must first be used to provide cash assistance payments, administered as OWF. In order to receive the full TANF amount, states must spend enough to meet MOE requirements. Ohio's annual federal TANF Block Grant award is about \$725.7 million with an MOE of \$416.8 million. If the state does not meet the MOE, the block grant amount for the next federal fiscal year will be reduced by the amount of the shortage, and the state will be required to increase its TANF spending by an amount equal to the penalty.

Synopsis of Fiscal Changes

The substitute bill (I_133_1007-1) requires that all child support collections be passed through to the assistance group. It also requires a portion of the amount passed through (\$100 per month for a one child assistance group and \$200 per month for a two or more child assistance group) be disregarded from that assistance group's income when determining OWF eligibility. Under the As Introduced version of the bill, \$100 per month for a one child assistance group and \$200 per month for a two child assistance group was required to be passed through and disregarded when determining OWF eligibility, with any remaining amounts used to make cash assistance payments. As a result of these changes, the entire amount of child support revenue collected in Fund 4A80 will pass through. In FY 2017 and FY 2018, this was about \$21.1 million and \$21.7 million, respectively. Additionally, ODJFS will likely have to pay the amount owed to the federal government from these collections (\$13.3 million in FY 2017 and \$13.6 million in FY 2018) using other available funds. Depending on the amount passed through and the amount owed, this could impact MOE in future years. Lastly, allowing assistance groups to retain the entire portion could result in a reduction in the number of assistance groups that qualify for OWF.

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² <http://www.ncsl.org/research/human-services/enforcement-collecting-and-distributing-support.aspx>.

³ Total child support collections multiplied by Ohio's current federal matching rate.