

## Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. **Bill Number:** HB1426-H1

**House of Origin**     Introduced     Substitute     Engrossed  
**Second House**     In Committee     Substitute     Enrolled

2. **Patron:** Glass

3. **Committee:** Appropriations

4. **Title:** Social services; Dynamic Benefit Adjustment System.

5. **Summary:** Establishes a Dynamic Benefit Adjustment System that gradually reduces public assistance benefits in response to beneficiaries' earned income. The bill requires the Department of Social Services to establish the formula for the system, collect and analyze data on the System, and make regular reports on the System's performance to the General Assembly.

6. **Budget Amendment Necessary:** No.

7. **Fiscal Impact Estimates:** Preliminary. Indeterminate, see Item 8.

8. **Fiscal Implications:** The bill tasks the Department of Social Services (DSS) with developing a formula with considerations for minimum wage, inflation, and cost of living indexes and determining a ratio by which to reduce public assistance benefits gradually in response to increases in beneficiaries' earned income. This bill is a Section 1 bill and therefore it is assumed that it applies to all public assistance benefits programs including: Temporary Assistance for Needy Families (TANF), TANF Unemployed Parents (TANF UP), Supplemental Nutrition Assistance Program (SNAP), Low-Income Household Energy Assistance Program (LIHEAP), Medicaid, and more.

There are several factors to consider when calculating the gradual reduction of public assistance benefits in response to increases in beneficiaries' earned income. The formula has not been developed yet, so it is unknown what impact the state's minimum wage, inflation rates and cost of living indexes will have. Without a formula or a ratio, a reasonable impact to the state's public assistance benefits programs and the agencies that administer them cannot be determined. In addition, many benefits programs administered by the agencies in the Commonwealth are regulated by the federal government, which may prevent eligibility and payment standards from being changed at the state level. Therefore, the fiscal impact of this bill is indeterminate.

Input from the Department of Medical Assistance Services is currently unavailable. If that changes, this fiscal impact will be updated.

**9. Specific Agency or Political Subdivisions Affected:** Department of Social Services, local departments of social services, Department of Medical Assistance Services

**10. Technical Amendment Necessary:**

**11. Other Comments:**