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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/21/19

SPONSOR Tallman LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Individual Development Act Appropriation SB 94

ANALYST Klundt

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$500.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$50.0	\$50.0	\$100.0	Recurring (see fiscal impact)	General

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Senate Bill 86

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Workforce Solutions Department (WSD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 94 appropriates \$500 thousand from the general fund to the Workforce Solutions Department (WSD) to carry out provisions of the Individual Development Account Act.

### FISCAL IMPLICATIONS

The appropriation of \$500 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY20 shall revert to the general fund.

WSD has served as the administrator of the state Individual Development Accounts (IDA) in the past. WSD reported the administration was labor intensive and required a significant amount of staff time and engagement. The agency proposed 10 percent of the appropriation be used for an additional FTE to administer the program.

## **SIGNIFICANT ISSUES**

Individual Development Accounts (IDA) originate out of a federally-funded program that requires a non-federal match. This state appropriation supports the program by contributing funds that constitute this non-federal match. The goal of the IDA program is to help eligible individuals and families move towards self-sufficiency through the establishment of savings plans that are matched by private and public funds. Saved funds can then be used for certain allowed purposes, including:

- Attending post-secondary or vocational education;
- Buying a first home;
- Major home repairs;
- Starting or expanding a business; and
- Buying vehicle for work.

The following administrative functions were performed by WSD as required under previous legislation: develop an annual report; convene and provide administrative support to an IDA council; conduct monitoring reviews of programs and administrative processes including ensuring single audits are completed; complete request for proposals for allocation of funds; prepare statistical and program reports as requested. WSD staff carried out all these functions. The agency reported administrative support previously was not sufficient cover the cost of staff time devoted to this project.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Senate Bill 86 appropriates \$500 thousand from the general fund to the Workforce Solutions Department (WSD) to carry out provisions of the Individual Development Account Act. However, unlike SB 94, SB 86 includes non-reverting fund language.

## **ALTERNATIVES**

WSD proposed the following alternatives:

- 1) Since the appropriation supports the program by contributing funds that constitute the non-federal match of the federal program, DWS could serve as a pass through for the IDA appropriation with modifications made to the required administrative functions as follows: DWS administrative function would be limited to allocating the state general fund appropriation to the IDA program administrators with the remaining administrative functions (outlined above under “administrative implications” passed on to the IDA program administrators that receive the state general fund; OR
- 2) Allow a minimum of 10 percent of the grant to fund a .50 FTE to support required administrative and program functions.