

# Department of Planning and Budget

## 2006 Fiscal Impact Statement

**1. Bill Number** HB 583

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed

**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron**            Watts, Vivian E.

**3. Committee**      Health, Welfare and Institutions

**4. Title**              Temporary Assistance for Needy Families; person not ineligible due to drug possession conviction

**5. Summary/Purpose:** Provides that a person shall not be ineligible for Temporary Assistance for Needy Families (TANF) benefits solely as the result of a felony drug possession conviction.

**6. Fiscal impact is preliminary**

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2006-07	\$112,838	-	General
	\$65,313	-	Federal
2007-08	\$207,317	-	General
	\$119,556	-	Federal
2008-09	\$207,317	-	General
	\$119,556	-	Federal
2009-10	\$207,317	-	General
	\$119,556	-	Federal
2010-11	\$207,317	-	General
	\$119,556	-	Federal
2011-12	\$207,317	-	General
	\$119,556	-	Federal

\*The estimated cost does not include the increase to local departments of social services of approximately 10 percent of child care subsidies, or \$13,063 the first year and \$23,911 each year thereafter.

**7. Budget amendment necessary:** Yes, Item 334

**8. Fiscal implications:** This legislation will expand the service population for TANF to include applicants previously ineligible due to a drug-related felony. This will increase the benefit costs of TANF and child care programs. The Department of Social Services determined that approximately \$178,151 (\$112,838 GF) the first year and \$326,873 (\$207,317 GF) each year thereafter would be needed to support this bill. General fund support would be required because all TANF block grant dollars have been fully allocated. This does not include an additional \$13,063 the first year and \$23,911 each year thereafter that the local departments will be required to provide in matching funds.

### Benefits Impact:

Beginning July 1, 2005 drug felons convicted of possession became eligible to receive food stamps. To determine the impact this legislation will have on TANF assistance payments, the department identified all cases participating in the Food Stamp program where an individual in the household was a convicted drug felon. All single person households were eliminated because the household must have an eligible child to receive TANF. Assuming all households with more than one person contained at least one child, and eliminating those households with income above 25 percent of poverty (TANF income limitation), 141 individuals would be eligible for TANF each month if the bill were to pass. Assuming these 141 individuals applied for and received TANF, and the average increase in the assistance payment is \$66 per month, or \$792 annually, then it would cost the department \$111,672 (141\*\$66\*12) GF annually to provide TANF assistance to this population.

Newly eligible TANF recipients would also qualify for Virginia Initiative for Employment not Welfare (VIEW) child care services, thereby increasing the costs of child care benefits. Approximately 33 percent or 47 TANF recipients are mandatory VIEW clients. Of these, 69 percent would receive VIEW child care services. Assuming, on average, 1.7 children per child care case and the average monthly child care payment is \$369, then it would cost the department an additional \$215,201 (\$95,645 general fund and \$119,556 federal) to provide child care subsidies to these clients. In addition to the department's cost, local departments will be required to provide \$23,911 in matching dollars. It should be noted that some households may already have one parent in the VIEW program and, thus, already be receiving child care. However, no information is available to estimate how many cases this would involve.

### Administrative Impact:

House Bill 583 would require local workers to determine and monitor client compliance. However, in July 2005, the department implemented these same provisions for the food stamp program with no noticeable administrative cost increase. Therefore, the time and cost involved with implementation of this legislation will be minimal.

### **Cost Summary**

<u>Benefits</u>	Year 1**			
	General	Federal	Local	Total
TANF Assistance	\$60,588			\$60,588
Child Care	52,250	65,313	13,063	130,626
<b>Total Benefits Year 1:</b>	<b>\$112,838</b>	<b>\$65,313</b>	<b>\$13,063</b>	<b>\$191,214</b>
<u>Benefits</u>	Year 2			
	General	Federal	Local	Total
TANF Assistance	\$111,672			\$111,672
Child Care	95,645	119,556	23,911	239,112
<b>Total Benefits Year 2:</b>	<b>\$207,317</b>	<b>\$119,556</b>	<b>\$23,911</b>	<b>\$350,784</b>

\*\* DSS is assuming a gradual increase in the TANF and Child Care caseloads the first year

### **9. Specific agency or political subdivisions affected:**

Department of Social Services

### **10. Technical amendment necessary: No**

**11. Other comments:** This bill is a companion to SB 240.

**Date:** 01/30/06

**Document:** G:\2006 Fiscal Year\2006 Ga Session\Efis 2006\Hb583.Doc

cc: Secretary of Health and Human Resources  
Secretary of Public Safety