

Department of Planning and Budget

2007 Fiscal Impact Statement

1. Bill Number SB 835

House of Origin ☐ Introduced ☐ Substitute ☒ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patrons Davis and Ticer

3. Committee Pending

4. Title TANF; eligibility for food stamps if convicted of drug-related felonies

5. Summary/Purpose: Provides exemption to receive Temporary Assistance for Needy Families (TANF) benefits for persons who have been convicted of a felony drug offense pursuant to §18.2-250 and comply with criminal court orders and treatment programs, as permitted by federal law. As amended, this legislation would not become effective unless general fund support is provided by the 2007 Session of the General Assembly.

6. Fiscal impact estimates are preliminary.

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2007	-	-	-
2008	\$124,868	-	General
	\$ 80,351		Federal
2009	\$229,910	-	General
	\$147,798		Federal
2010	\$229,910	-	General
	\$147,798		Federal
2011	\$229,910	-	General
	\$147,798		Federal
2012	\$229,910	-	General
	\$147,798		Federal
2013	\$229,910	-	General
	\$147,798		Federal

*The estimated cost does not include the increase to local departments of social services of approximately 10 percent of child care subsidies, or \$16,070 the first year and \$29,560 each year thereafter.

7. Budget amendment necessary: Yes. Item 334. However, this legislation would not become effective unless general fund support is provided by the 2007 Session of the General Assembly.

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 the TANF and child care programs. The Department of Social Services determined

that approximately \$205,219 (\$124,868 general fund) the first year and \$377,708 (\$229,910 general fund) each year thereafter would be needed to support this bill. General fund support would be required because all TANF block grant funds have been fully allocated. This does not include an additional \$16,070 the first year and \$29,560 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) general fund 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 36 percent or 51 TANF recipients are mandatory VIEW clients. Of these, 72 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 \$391, then it would cost the department an additional \$295,596 (\$118,238 general fund and \$147,798 federal) to provide child care subsidies to these clients. In addition to the department's cost, local departments will be required to provide \$29,560 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:

This bill 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.

<u>Benefits</u>	Year One**			
	General	Federal	Local	Total
TANF Assistance	\$60,588			\$60,588
Child Care	64,280	80,351	16,070	160,701
Total Benefits Year One:	\$124,868	\$80,351	\$16,070	\$221,289

<u>Benefits</u>	Year Two			
	General	Federal	Local	Total
TANF Assistance	\$111,672			\$111,672
Child Care	118,238	147,798	29,560	295,596
Total Benefits Year Two:	\$229,910	\$147,798	\$29,560	\$407,268

** 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 incorporated SB 934 and is similar to HB 2612.

Date: 02/02/07

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cc: Secretary of Health and Human Resources