

Department of Planning and Budget

2008 Fiscal Impact Statement

1. Bill Number: SB 404

House of Origin ___ Introduced ___ Substitute X Engrossed
 Second House ___ In Committee ___ Substitute ___ Enrolled

2. Patron: Puckett

3. Committee: -

4. Title: Drug Screening for Applicants and Recipients of Public Assistance.

5. Summary: This bill requires the Department of Social Services (DSS) in conjunction with the Department of Mental Health, Mental Retardation, and Substance Abuse Services (DMHMRSAS) to develop a standardized screening instrument for illegal drug use. The bill requires local departments of social services to screen all Virginia Initiative for Employment not Welfare (VIEW) applicants and participants for the use of illegal drugs. Periodic screenings must be performed no more than every six months. The bill provides that, when a screening indicates reasonable cause to believe an applicant or recipient is using illegal drugs, the applicant or recipient must undergo a formal substance abuse assessment, which may include drug testing. If an assessment indicates that a person is or has been using illegal drugs, the person must be referred to a treatment program licensed by DMHMRSAS and the person becomes ineligible to receive Temporary Assistance for Needy Families (TANF) payments until the treatment program is completed. Any individual who fails or refuses to participate in a screening, assessment, or rehabilitation program, or fails to complete a rehabilitation program will be ineligible to receive TANF for a period of twelve months; however, the individual will be given one opportunity to comply with the screening, assessment, or treatment requirements and be reinstated once during the twelve month period.

6. Fiscal Impact Estimates:

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars*</i>	<i>Positions</i>	<i>Fund</i>
2008	-	-	-
2009	\$199,156	-	General
2009	\$263,473	-	Nongeneral
2010	\$184,141	-	General
2010	\$242,088	-	Nongeneral
2011	\$184,141	-	General
2011	\$242,088	-	Nongeneral
2012	\$184,141	-	General
2012	\$242,088	-	Nongeneral
2013	\$184,141	-	General
2013	\$242,088	-	Nongeneral
2014	\$184,141	-	General
2014	\$242,088	-	Nongeneral

*Does not include local match of \$91,882 in FY 2009 and \$82,782 each year thereafter.

7. Budget Amendment Necessary: Yes, Item 339.

- 8. Fiscal Implications:** There will be a cost associated with providing substance abuse screenings, assessments, and drug testing of VIEW applicants and participants. The administrative effort required to process and screen applications will increase the local staff workload. For this analysis it is assumed that applicants would apply for TANF; it would be determined whether they are required to participate in VIEW; and they would then be screened for substance abuse. To determine the fiscal impact, the additional staff required to process new applications was determined, as well as the staff required to screen participants on an ongoing basis.

Assumptions:

- 35 percent of those receiving TANF will participate in VIEW. Based on data in the Virginia Independence Program Monthly Report for November 2007, there were 28,914 TANF cases, of which 10,065 (35 percent) were enrolled in VIEW.
- It will take 30 minutes to administer and review the screening for each applicant/participant.
- Ten percent of the individuals screened will be referred for formal assessment and/or drug testing. The number of applicants and recipients that would be referred for formal assessment is unknown, so a conservative approach of assuming ten percent was used.
- The cost of a formal drug assessment/test is estimated at \$50. Due to the level of expertise needed to collect, evaluate, and determine evidence of illegal drug use the department will contract with local Community Service Boards (CSB) or other professional vendors to perform the formal assessments, and the drug tests. Currently the test cost approximately \$50 per individual.

New Applicant Screenings:

There were 2,132 new applicants approved for TANF in November 2007. It is estimated that 746 of these (2,132 applicants * 35 percent) would participate in VIEW and thus be screened each month. At 30 minutes per screening, it will take 373 hours per month to screen new applicants, or 4,476 hours per year. Using the average productive hours per worker of 1500 hours, three additional eligibility workers will be required. (4476 / 1500)

Annual Screenings:

Periodic screenings are required for all VIEW participants, no more than once every six months. Since participation in VIEW cannot exceed two years, it is assumed that each participant would be screened annually. Based on the VIEW participants in November 2007, 10,065 individuals would be screened each year. At 30 minutes per screening, it will take 5,033 hours per year to screen participants. Using the average productive hours per worker of 1500 hours, four additional eligibility workers will be required. (5033 / 1500)

A total of seven additional workers will be required to complete a total of 19,017 screenings statewide. At an average yearly salary of \$35,000 for eligibility workers, the total cost for additional local staff is \$459,411 the first year and \$413,911 each year thereafter. This

includes operating cost of \$7,570 per worker for items such as supplies, telephone, PC seat costs, and rent, and one-time costs of \$6,500 the first year for office furnishings and equipment. This does not include any cost for additional supervisory staff.

In addition to staffing, there will also be a cost for those individuals that require a formal substance abuse assessment. If ten percent or 1,902 of the total screened population were sent for drug testing, at a cost of \$50 per person, the total cost would be \$95,100 annually. Thus, the total estimated cost for screenings, assessments, and drug testing is \$554,511 the first year and \$509,011 each year thereafter. This includes local match of \$91,882 in FY 2009 and \$82,782 each year thereafter. This does not include any impact on benefits, as there is no way to accurately predict how many individuals would test positive for illegal drug use.

9. Specific Agency or Political Subdivisions Affected:

Department of Social Services

Local Departments of Social Services

Department of Mental Health, Mental Retardation and Substance Abuse Services

Department of Health Professions

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 2/13/2008

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cc: Secretary of Health and Human Resources