

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: HB 925

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

2. Patron: Bell, Robert B.

3. Committee: Health, Welfare and Institutions

4. Title: VIEW; screening and assessment for use of illegal substances

5. Summary: The proposed legislation requires local departments of social services to screen each Virginia Initiative for Employment not Welfare (VIEW) program participant to determine whether probable cause exists to believe the participant is engaged in the use of illegal drugs. This bill provides that, when a screening indicates reasonable cause to believe a participant is using illegal drugs, the department must require a formal substance abuse assessment of the participant, which may include drug testing. Any person who fails or refuses to participate in a screening or assessment without good cause or who tests positive for the use of illegal drugs shall be ineligible to receive Temporary Assistance for Needy Families (TANF) payments for a period of one year.

6. Fiscal Impact Estimates: Preliminary

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars*</i>	<i>Positions</i>	<i>Fund</i>
2010	-		
2011	\$1,509,777	-	General
	(\$455,004)		Federal
2012	\$1,469,702	-	General
	(\$910,008)		Federal
2013	\$1,469,702	-	General
	(\$910,008)		Federal
2014	\$1,469,702	-	General
	(\$910,008)		Federal
2015	\$1,469,702	-	General
	(\$910,008)		Federal
2016	\$1,469,702	-	General
	(\$910,008)		Federal

*Does not include local match of \$102,531 in FY 2011 and \$95,179 each year thereafter.

7. Budget Amendment Necessary: Yes, items 327 and 328.

8. Fiscal Implications: There would be a cost associated with providing substance abuse screenings, assessments, and drug testing of VIEW applicants and participants for this legislation. 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 of this bill, the additional staff required to process new applications was determined; the staff required to screen participants on an ongoing basis (the equivalent of nine additional staff) was determined; and the cost of drug testing was determined as well.

Assumptions:

- Forty percent of those receiving TANF will participate in VIEW. Based on data in the Virginia Independence Program Monthly Report for October 2009, there were 35,894 TANF cases, of which 14,358 (40 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 actually be referred for formal assessment is unknown, so a conservative approach of assuming ten percent was used.
- Per the Department of Behavioral Health and Developmental Services, the cost of a formal drug assessment/test is estimated at \$345 (\$300 for the assessment / \$45 for a urine screening). 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.

Analysis:

There were 2,750 new applicants approved for TANF in October 2009. It is estimated that 1,100 of these (2,750 applicants *40 percent) would participate in VIEW and thus be screened each month. At 30 minutes per screening, it will take 550 hours per month to screen new applicants, or 6,600 hours per year. In addition, 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 October 2009, 14,358 individuals would be screened each year. At 30 minutes per screening, it will take 7,179 hours per year to screen participants.

Based on the above assumptions, this bill would require local departments of social services to complete approximately 27,558 screenings (13,200 new applicant screenings plus 14,358 annual screenings) each year. Using the average productive hours per worker of 1,500 hours, the equivalent of nine additional staff would be needed. Based on an average annual salary of \$41,831 for employment service workers, the total cost for additional local staff is estimated at \$661,488 in the first year and \$614,061 each year thereafter. This includes annual operating costs of \$7,895 per worker for items such as supplies, telephone, rent, and personal computer costs as well as one-time cubicle costs of \$5,163 per worker in the first year.

In addition to staffing, there would also be a cost for those individuals that require a formal substance abuse assessment. If ten percent or 2,756 of the total screened population were sent for drug testing at a cost of \$345 per person, the total cost would be \$950,820 annually.

Thus, the total estimated cost for screenings, assessments, and drug testing is \$1,612,308 the first year and \$1,564,881 each year thereafter. This includes local match of \$102,531 the first year and \$95,179 each year thereafter.

It is impossible to determine the number of VIEW participants that might test positive for illegal drug use and thus be deemed ineligible to receive TANF benefits. The National Survey on Drug Use and Health (NSDUH) has reported that the overall rate of illicit drug use among persons age 12 or older in 2008 was eight percent. This rate has remained stable since 2002. Based on this, it is assumed that eight percent of those tested, would test positive. As such, it is assumed that 1,149 VIEW participants (14,358 VIEW participants as of October 2009 x .08) would become ineligible to receive TANF benefits as a result of this bill. Given the average increase in the TANF assistance payment for one additional person of \$66 per month or \$792 annually, it is estimated that expenditures for TANF benefits would decrease by \$910,008 (1,149 x 792) annually for those who test positive for illegal drug use. For purposes of this analysis, a gradual (50 percent) decrease in benefits is assumed in the first year. As such, TANF benefits would decrease by \$455,004 in the first year and \$910,008 each year thereafter.

The TANF block grant is currently projected to have a \$9.7 million structural deficit in FY 2012. Since there are no available TANF funds, the cost of this bill would have to be funded with general fund while the savings would be limited federal funds.

9. Specific Agency or Political Subdivisions Affected:
Department of Social Services

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 1/25/2010

Document: G:\2010 Fiscal Year\10 General Assembly\2010 EFIS\HB925.Doc