

Department of Planning and Budget 2015 Fiscal Impact Statement

1. Bill Number: SB 819

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

2. Patron: Favola, Barbara A.

3. Committee: Rehabilitation and Social Services

4. Title: TANF eligibility; drug-related felonies

5. Summary: The proposed legislation provides that a person who is otherwise eligible to receive Temporary Assistance for Needy Families benefits shall not be denied such benefits solely because he has been convicted of a felony offense of possession of a controlled substance, provided he is not using illegal drugs, complies with all obligations imposed by the criminal court and the Department of Social Services, is actively engaged in or has completed substance abuse treatment, and participates in drug screenings. The provisions of the bill are contingent on funding in a general appropriation act.

6. Budget Amendment Necessary: Yes. The provisions of the bill are contingent on federal funding and inclusion in a general appropriation act.

7. Fiscal Impact Estimates: Preliminary

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2015	-	-	-
2016	\$98,568	-	Nongeneral Funds
2017	\$164,736	-	See Item 8
2018	\$164,736	-	See Item 8
2019	\$164,736	-	See Item 8
2020	\$164,736	-	See Item 8
2021	\$164,736	-	See Item 8

8. Fiscal Implications: This bill expands the service population for TANF to include applicants previously ineligible due to possession of a controlled substance felony conviction. Adding these individuals to the TANF population will increase the TANF program's cost by approximately \$98,568 the first year and \$164,736 each year thereafter.

To assess the fiscal impact of this bill, the following costs were considered: the administrative cost of drug screening applicants and the impact on TANF benefits. In FY 2014, 421 individuals were deemed ineligible for TANF due to either identifying themselves as: a drug felon, violating parole, or fleeing a felony. The department does not have more specific information about into which of these categories each individual fell. However, it is

assumed that most of the individuals in this population are associated with drug felony convictions. Therefore, it is further assumed that two-thirds of the exclusions are related to the identification of a felony drug conviction. As such, 278 (421*66 percent) individuals who were previously ineligible for TANF due to a felony possession of a controlled substance conviction could become eligible for TANF benefits as a result of this bill.

Administrative Impact: This bill would require local workers to determine and monitor client compliance by performing quarterly drug screenings that are assumed to take 15 minutes to complete. It is also assumed that only 75 percent or 208 (278*75 percent) newly eligible individuals would comply with the quarterly screenings and thus be eligible for TANF benefits. Based on this, 208 (208 individuals * 4 times per year *.25 hours) additional work hours each year would be needed. The administrative time and cost associated with providing the screenings would be minimal and could be absorbed by the department. A screening start-up kit, which includes a screening user guide, manual, scoring key and 25 questionnaires, is required for each locality at a cost of \$135, creating a one-time first year expense of \$16,200 (\$135 x 120 localities).

Benefits Impact: The average increase in the TANF assistance payment is \$66 per month for an additional person. Therefore, the increase in TANF benefits for this newly eligible population would be \$164,736 (208 * 12 * \$66). A gradual increase in the caseload is assumed in the first year at a cost of \$98,568.

This fiscal impact estimate assumes that most of the individuals being added to the TANF caseload currently have active cases for their children and are participating in Virginia Initiative for Employment not Welfare (VIEW); however, their needs have been omitted from the grant because of their drug possession conviction. As a result, there will be minimal costs associated with increased child care.

Availability of nongeneral funds: Based on the introduced budget, the TANF block grant is expected to have a balance in FY 2016 that is sufficient to cover the cost of this legislation. While a TANF surplus may be available in future years, this balance cannot be assumed. Moreover, it should be noted that this statement estimates the fiscal impact of this bill versus the introduced budget; it does not account for other legislative proposals that impact TANF funds. To the extent that the obligations created by this bill (and others) exceed the pool of available TANF funds, general fund appropriation would be necessary to fulfill these requirements.

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

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 1/16/15