

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: SB 872

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

2. Patron: Ticer, P.

3. Committee: Rehabilitation and Social Services

4. Title: Eligibility for TANF and food stamps if convicted of drug-related felonies

5. Summary/Purpose: The purpose of Senate Bill 872 is to provide for the receipt of Temporary Assistance for Needy Families (TANF) for persons who have been convicted of a felony offense for drug possession pursuant to the Code of Virginia §18.2-250 as long as the individual is in compliance with criminal court orders and actively engaged in or have completed a substance abuse treatment program. This bill mirrors the authorized federal exemption already granted for food stamp applicants. Currently, all drug felons who comply with these requirements are eligible to receive Food Stamp benefits but are ineligible to receive TANF.

6. Fiscal impact estimates are preliminary. (See item 8)

7. Budget Amendment Necessary: Yes. (See item 8)

8. Fiscal Implications: This will expand the service population for TANF to include applicants previously ineligible due to a drug-related felony. Adding individuals to the TANF population will increase the benefit costs of TANF. The Department of Social Services estimates that approximately \$60,588 the first year and \$111,672 each year thereafter would be needed to support the costs associated with this bill.

The TANF block grant currently has a surplus that was chiefly generated due to the department's efforts to discover annual unspent TANF revenues over the last ten years. However, much of this extra one-time funding has already been utilized to account for savings actions and an anticipated caseload rise. The remaining TANF balance is all one-time funding that is being held as a reserve against future caseload uncertainty and will not be available in subsequent biennia. Therefore, while there is technically sufficient TANF dollars to cover the initial cost of this legislation, this bill will require general fund support in succeeding years.

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 for the additional person, or \$792 annually, then it would cost the department \$111,672 ($141 * \$66 * 12$) annually to provide TANF assistance to this population. The first year cost (\$60,588) reflects a gradual increase in the TANF caseload.

This fiscal impact estimate assumes that the majority 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.

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.

9. Specific agency or political subdivision affected:

Department of Social Services
Local Departments of Social Services

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 1/21/2009

Document: G:\2009 Fiscal Year\EFIS\SB872.Doc