

## Department of Planning and Budget

### 2011 Fiscal Impact Statement

**1. Bill Number:** HB 2154

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

**2. Patron:** Cline, Benjamin L.

**3. Committee:** Health, Welfare and Institutions

**4. Title:** Substance abuse screening and assessment of public assistance applicants and recipients

**5. Summary:** This bill requires local departments of social services to screen each VIEW program participant to determine whether probable cause exists to believe the participant is engaged in the use of illegal drugs. The bill provides when a screening indicates reasonable cause to believe a participant is using illegal drugs, the local department of social services shall 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 TANF payments for a period of one year unless he enters into and maintains full compliance in a drug treatment program.

**6. Budget Amendment Necessary:** Yes, item 327.

**7. Fiscal Impact Estimates:** Preliminary

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2011	-	-	-
2012	\$1,757,093	11.0	General Fund
	(\$276,408)	-	Nongeneral Fund
2013	\$1,709,103	11.0	General Fund
	(\$552,816)	-	Nongeneral Fund
2014	\$1,709,103	11.0	General Fund
	(\$552,816)	-	Nongeneral Fund
2015	\$1,709,103	11.0	General Fund
	(\$552,816)	-	Nongeneral Fund
2016	\$1,709,103	11.0	General Fund
	(\$552,816)	-	Nongeneral Fund
2017	\$1,709,103	11.0	General Fund
	(\$552,816)	-	Nongeneral Fund

**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 when applicants 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 legislation, the additional staff required to process new applications was determined, as well as the costs associated with screening and testing participants on an ongoing basis. In addition, the overall impact on TANF benefit payments was estimated.

#### Assumptions

- Forty-four percent of those receiving TANF will participate in VIEW. Based on data in the Virginia Independence Program Monthly Report for October 2010, there were 36,554 TANF cases, of which 16,050 (44 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 assumption of ten percent was used.
- Fifty percent of those tested will test positive and agree to enter into a drug treatment program.
- 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 2,953 new applicants approved for TANF in October 2010. It is estimated that 1,299 of these (2,953 applicants \* 44 percent) would participate in VIEW and thus be screened each month. At 30 minutes per screening, it will take 650 hours per month to screen new applicants, or 7,800 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 2010, 16,050 individuals would be screened each year. At 30 minutes per screening, it will take 8,025 hours per year to screen participants.

Based on the above assumptions, local departments of social services will be required to complete approximately 31,638 screenings (15,588 new applicant screenings plus 16,050 annual screenings) each year. Using the average productive hours per worker of 1,500 hours, approximately 11 additional staff would be needed. Based on an average annual salary of \$41,379 for self-sufficiency specialists, the total cost for additional local staff is estimated at \$787,589 in the first year and \$730,796 each year thereafter. This includes annual operating costs of \$7,715 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 will also be a cost for those individuals that require a formal substance abuse assessment. If ten percent or 3,164 of the total screened population were sent for drug testing at a cost of \$345 per person, the total cost would be \$1,091,580 annually. Thus, the total estimated cost for screenings, assessments, and drug testing is \$1,879,169 the first year and \$1,822,376 each year thereafter. This includes local match of \$122,076 the first year and \$113,273 each year thereafter.

It is impossible to determine the number of VIEW participants that might test positive for illegal drug use. 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 2009 was 8.7 percent. Based on this, it is assumed that 8.7 percent of those tested, would test positive. As such, it is assumed that 1,396 VIEW participants (16,050 VIEW participants as of October 2010 x .087) would test positive; fifty percent of those testing positive would agree to enter a drug treatment program and, therefore, remain eligible for assistance. 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 \$552,816 (1,396x .50 x 792) annually for those who test positive for illegal drug use and do not comply with a drug treatment program. 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 \$276,408 in the first year and \$552,816 each year thereafter.

<b>Cost Summary</b>	<b>FY 2012</b>	<b>FY 2013</b>
Salaries and Benefits	645,931	645,931
Operating Costs	84,865	84,865
One-time Equipment	56,793	-
Drug Testing	1,091,580	1,091,580
Benefits	(276,408)	(552,816)
<b>Total Cost</b>	<b>1,602,761</b>	<b>1,269,560</b>

<b>Funding Breakdown</b>	<b>FY 2012</b>	<b>FY 2013</b>
General Fund	1,757,093	1,709,103
Local Matching Funds	122,076	113,273
Federal	(276,408)	(552,816)

The TANF block grant is fully allocated in the introduced budget; therefore budget action will be required to fund this legislation. Either currently budgeted TANF resources need to be diverted from other programs or the additional costs will have to be supported with general fund dollars as assumed in this statement.

**9. Specific Agency or Political Subdivisions Affected:**

Department of Social Services

Department of Behavioral Health and Developmental Services

Department of Health Professionals

**10. Technical Amendment Necessary:** No

**11. Other Comments:** This bill is a companion to SB 781.

**Date:** 1/20/11

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