

## Department of Planning and Budget 2014 Fiscal Impact Statement

**1. Bill Number:** HB 1068

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

**2. Patron:** Orrock, Robert D. Sr.

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

**4. Title:** Eligibility for TANF; drug-related felonies

**5. Summary:** The proposed legislation provides that a person who is otherwise eligible to receive Temporary Assistance for Needy Families (TANF) assistance shall not be denied assistance solely because he has been convicted of a felony offense for the possession of a controlled substance provided he complies with all obligations imposed by the court, has completed or is engaged in substance abuse treatment, and participates in drug screenings. Any person who fails or refuses to participate in periodic testing or tests positive for the use of illegal substances shall be ineligible to receive TANF payments for a period of 12 months; however, an individual has one opportunity during the subsequent 12-month period to comply with the testing requirements and be reinstated to eligibility for TANF benefits.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates are preliminary.**

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2014	-	-	-
2015	\$128,168	-	Nongeneral Funds
2016	\$221,576	-	Nongeneral Funds
2017	\$221,576	-	See Item 8
2018	\$221,576	-	See Item 8
2019	\$221,576	-	See Item 8
2020	\$221,576	-	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 \$128,168 the first year and \$221,576 each year thereafter.

To assess the fiscal impact of this bill, the following costs were considered: the administrative cost of drug screening applicants; the cost of drug testing applicants; and the impact on TANF benefits. In FY 2013, 430 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, 284 ( $430 \times 66$  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 periodic drug screenings. It is assumed that these drug screenings would be performed annually and would take local department staff 15 minutes to complete each screening. Based on this, HB 1068 would require 71 ( $284/4$ ) additional work hours each year. 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 \$139, creating a one-time first year expense of \$16,680 ( $\$139 \times 120$  localities).

**Drug Testing Impact:** In addition, it is assumed that there will be a cost to the state for those individuals who require a drug test. It is also assumed that ten percent or 28 ( $284 \times .10$ ) of the applicants screened will be referred for drug testing. Clinical urine toxicology tests could range from \$25 up to \$100, depending on what specific drugs and how many drugs for which a urine sample is tested. An average cost of \$50 is assumed. It should be noted that the cost estimates are impacted by the fact that TANF benefits are considered to be entitlements. It is also assumed that the data gathered in the drug test would have to be treated as legal evidence and procedures followed that would meet standards for chain of evidentiary custody. If 28 newly eligible individuals underwent drug testing at a cost of \$50 per person, there would be an additional minimal cost of \$1,400 annually.

**Benefits Impact:** It is not known how many individuals would test positive for illegal drug use. Based on their drug screening results and prior history with illegal substances, it is assumed that 50% or 14 ( $.50 \times 28$ ) of those referred for drug testing would test positive for illegal drug use or fail to take the drug test. It is further assumed that 50% or 7 ( $.50 \times 14$ ) of those testing positive or failing to take the drug test would subsequently agree to comply with the legislation and remain eligible for assistance. The remaining fifty percent or 7 of those testing positive would drop out of the program. The average increase in the TANF assistance payment is \$66 per month for an additional person. Therefore, the net increase in TANF benefits for this newly eligible population would be \$219,384 [ $(284-7) \times 12 \times \$66$ ]. A gradual increase in the caseload is assumed in the first year at a cost of \$109,692.

Of the seven that dropped out the TANF program, it is also assumed that ten percent or approximately one individual would subsequently comply with the legislation and be reinstated in the TANF program. It is estimated that the individual reinstated would receive benefits for an average of six months in the first year. Benefits for the individual reinstated are estimated at \$396 in the first year and \$792 each year thereafter.

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 one-time balance in the 2014-2016 biennium that is sufficient to cover the first year 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