

## Department of Planning and Budget 2016 Fiscal Impact Statement

**1. Bill Number:** HB828

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

**2. Patron:** Torian

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

**4. Title:** TANF eligibility; drug-related felonies.

**5. Summary:** Provides that a person who is otherwise eligible to receive Temporary Assistance for Needy Families (TANF) benefits shall not be denied such benefits solely because he has been convicted of a felony offense of possession of a controlled substance, provided that he is not using illegal drugs, complies with all obligations imposed by the criminal court and the Department of Social Services, and is actively engaged in or has completed substance abuse treatment.

**6. Budget Amendment Necessary:** No

**7. Fiscal Impact Estimates:**

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2016	-	-	-
2017	\$133,650	-	nongeneral funds
2018	\$241,650	-	nongeneral funds
2019	\$241,650	-	See Item 8
2020	\$241,650	-	See Item 8
2021	\$241,650	-	See Item 8
2022	\$241,650	-	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 \$133,650 the first year and \$241,650 each year thereafter. To assess the fiscal impact of this bill, the cost of drug testing applicants and the impact on TANF benefits were considered. In FY 2015, 399 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, 263 (399 x 66 percent) of

individuals who were previously ineligible for TANF due to a felony possession of a controlled substance conviction could become eligible for benefits as a result of this bill.

**Drug Testing Impact:** Under this legislation the applicant cannot be engaged in the use of illegal drugs to be eligible for benefits, so consequently drug testing of each applicant will be necessary. It is assumed that there will be a cost to the state to drug test each eligible felon who is applying for benefits. The administrative time and cost associated with the results of the drug tests would be minimal and could be absorbed by the agency. 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.

Given that this legislation does not require substance abuse screening by local department of social services workers to more accurately determine which applicants might abuse illegal drugs, it is assumed that this population would be drug tested semi-annually. This will ensure that the newly qualified population will remain eligible under this bill. If 263 newly eligible individuals underwent drug testing at a cost of \$50 per person two times per year, there would be an additional cost of \$26,300 ( $263 \times \$50 \times 2$ ) annually.

While it is not known how many individuals would test positive for illegal drug use, it is assumed that 5 percent or 13 applicants ( $5 \text{ percent} \times 263$ ) would test positive or fail to take the initial drug test. Therefore, these 13 applicants would not take the second annual drug test creating a savings of \$650. Consequently, there is an annual net drug testing cost of \$25,650 ( $\$26,300 - \$650$ ).

**Benefits Impact:** As mentioned above, it is assumed that 13 applicants would test positive for illegal drugs or fail to take the drug test. These applicants would not be eligible for TANF benefits. The average increase in the TANF assistance payment is \$72 per month for an additional person. Therefore, the net increase in TANF benefits for this newly eligible population would be \$216,000 [ $(263-13) \times 12 \times \$72$ ]. A gradual increase in the caseload is assumed in the first year at a cost of \$108,000.

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 balances in FY 2017 and FY 2018 that are 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.

**9. Specific Agency or Political Subdivisions Affected:** Department of Social Services, local Departments of Social Services

**10. Technical Amendment Necessary:** No

**11. Other Comments:**