

Fiscal Impact Review 2017 General Assembly Session

Date: February 2, 2017

Bill number: HB 2092; Application for public assistance; eligibility; review of records.

Review requested by: Delegate Orrock, Chair, House Health, Welfare and Institutions

JLARC Staff Fiscal Estimates

JLARC staff do not concur with the fiscal impact statement for HB 2092, and estimate that the fiscal impact would be smaller, approximately \$150,000 (\$75,000 general funds and \$75,000 non-general funds) in FY18 and \$110,000 (\$55,000 general funds and \$55,000 non-general funds) in subsequent years. The bill requires a review of death records, correctional status, employment status, income, and Virginia Lottery records in determining eligibility for public assistance. Although most of these verifications are already in place, the additional verifications would cause a small increase in workload for staff of local departments of social services.

An explanation of the JLARC staff review is included on the pages that follow.

Authorized for release:



Hal E. Greer, Director

Bill summary: HB 2092 would require review of additional data sources in determining eligibility for public assistance. (Public assistance includes Medicaid, the Supplemental Nutrition Assistance Program, the Low-Income Home Energy Assistance Program, and Temporary Assistance for Needy Families.) The purpose of reviewing these data sources is to detect fraud and underreporting of income and resources by verifying applicant identity and financial information.

HB 2092 would require staff of local departments of social services (LDSS) to check six types of information:

1. death records from the Social Security Administration (SSA);
2. correctional status from the Central Criminal Records Exchange;
3. employment status from the Virginia Employment Commission (VEC);
4. earned income from SSA;
5. unearned income from the Internal Revenue Service (IRS); and
6. lottery winnings from the Virginia Lottery.

Discussion of fiscal implications: Most of the fiscal impact would be due to an increase in LDSS staff time to review applications that receive a “hit” from one of the new data sources. Additional costs would be incurred for changes to the data systems used in the eligibility determination process.

Increased staff time

According to VDSS, LDSS staff already automatically verify three of the six types of information listed in the bill. The eligibility determination process currently includes automatic checks of death records and correctional status from the State Verification Exchange System, and employment status and earnings from VEC. Unearned income from SSA is also verified automatically. Two other verifications are not automatic, but LDSS staff can choose to review earnings information from SSA and unearned income from IRS records. All of this information is readily available through VDSS’s SPIDeR system. However, LDSS staff do not currently have access to information about lottery winnings.

HB 2092 would change the current eligibility determination process by

- requiring checks of earnings information from SSA (now optional);
- requiring checks of unearned income from IRS records (now optional); and
- adding a new requirement to check Virginia Lottery records.

Although these checks would be automated, LDSS staff time would be required to follow up on matches found in these additional sources. For example, if a check of the Virginia Lottery database found that an applicant had lottery winnings in the past 12 months, an eligibility worker would follow up with the applicant to verify the winnings. The increase in staff time from the additional matches would depend on the number of additional matches and the time required to follow up on each match.

Earnings information from SSA. A substantial proportion of adult applicants are likely to have earnings records in SSA, but earnings for the vast majority of these individuals will already be identified through self-reports and through existing verification through VEC earnings data. Further, SSA earnings data are not as current as VEC data. For these reasons, earnings data from SSA will be of limited value and will probably not require much follow up by eligibility workers.

Unearned income from IRS records. This additional check of unearned income reported to IRS is not likely to add much work for LDSS staff, primarily because the current eligibility process includes automatic checking of unearned income from SSA. The vast majority of unearned income for public assistance recipients is from SSA, either supplemental security income or disability income. The proportion of applicants who have substantial unearned income from sources other than Social Security is likely to be extremely small.

Lottery records. Checking for lottery winnings could add to staff workload. Virginia Lottery staff reported that approximately 25,000 individuals won \$600 or more in calendar year 2016. (Lottery does not collect identifying information for individuals who win less than \$600.) Assuming one in six adults in Virginia receives public assistance, and public assistance recipients are as likely as other Virginians to play the lottery, then approximately 4,500 public assistance applicants might have lottery winnings above \$600 in a 12-month period. Further assuming that eligibility workers would take about 15 minutes on average to follow up on a match to lottery winnings, the estimated total additional workload would be about 1,100 hours per year, or about 0.75 FTEs.

In many cases, lottery winnings would not affect eligibility for public assistance. If an individual spends lottery winnings before applying for public assistance, the winnings do not affect the individual's eligibility.

Allowing for a small amount of staff time for following up on earnings records from SSA and unearned income from IRS, in addition to the 0.75 FTE needed to check lottery winnings, the total additional LDSS staff time due to HB 2092 is likely to be less than 1.5 FTEs. Based on salary and benefits information provided by VDSS, the cost of this staff time would be approximately \$110,000 annually, half of which would be general funds.

Data systems changes

Adding the Virginia Lottery as a data source to LDSS's eligibility reviews would require a modification to the VDSS and Lottery data systems. The Department of Planning and Budget estimated a total one-time cost of \$40,000 (half of which would be general funds) for changes to data systems:

- \$30,000 (estimated one-time cost) for modification of VDSS and Lottery data systems; and
- \$10,000 (estimated one-time cost) to develop one Memorandum of Agreement for data sharing with the Virginia Lottery.

Summary of fiscal impact

JLARC staff estimate an impact of \$150,000 (\$75,000 general funds and \$75,000 non-general funds) for FY18, and \$110,000 (\$55,000 general funds and \$55,000 non-general funds) in subsequent years.

Budget amendment necessary? Yes, a budget amendment would be necessary to cover the additional staffing and systems cost.

Agencies affected: State and local Departments of Social Services, Virginia Lottery

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