

Department of Planning and Budget 2018 Fiscal Impact Statement

1. **Bill Number:** HB1280

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

2. **Patron:** LaRock

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

4. **Title:** Application for public assistance; eligibility; review of records.

5. **Summary:** Requires entities processing applications for medical assistance and other public assistance to conduct a review of death records and records relating to incarceration status, employment status, and income of the applicant to determine whether the applicant is eligible for assistance and to review the records of the Virginia Lottery to determine whether the applicant has received any winnings from the Virginia Lottery that may constitute income or resources for purposes of determining eligibility for medical assistance or public assistance.

6. **Budget Amendment Necessary:** Yes.

7. **Fiscal Impact Estimates:**

7a. **Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2018	-	-	-
2019	\$59,106	-	General
	\$76,676	-	Nongeneral
2020	\$44,106	-	General
	\$61,676	-	Nongeneral
2021	\$44,106	-	General
	\$61,676	-	Nongeneral
2022	\$44,106	-	General
	\$61,676	-	Nongeneral
2023	\$44,106	-	General
	\$61,676	-	Nongeneral
2024	\$44,106	-	General
	\$61,676	-	Nongeneral

* Expenditure impact does not include a required annual local match of \$17,569 beginning in FY 2019.

- 8. Fiscal Implications:** This legislation requires a review of death records, incarceration records, employment status, income, and Virginia Lottery records to determine eligibility and resources prior to receiving public assistance. It will impact the Department of Social Services (DSS) and local departments of social services (LDSS) by requiring a change to the Department's information systems, the development and execution of a new maintenance of assistance (MOA) agreement between DSS and Virginia Lottery, and an increase in the amount of time required for LDSS staff to process an application for public assistance. Local departments currently have access to death records, incarceration records, employment status, and income, so for the purpose of this impact statement, only the cost of accessing lottery records is considered.

The Department can meet the requirements of this legislation using the Systems Partnering in a Demographic Repository (SPIDeR). SPIDeR is a DSS web-based system which facilitates communication between systems applications. Other benefits include: minimizing fraud by providing a customer's comprehensive profile; increasing productivity by streamlining screening, intake and inquiry processes; detecting and reporting errors; and assigning a Master Customer ID (MCID) to identify an individual across all systems, programs, and cases.

To facilitate the requirements of this legislation, a new design, screen layout, and method of interface would be needed for the SPIDeR system at an estimated one-time cost of \$30,000 in FY 2019, split 50 percent general fund and 50 percent nongeneral funds. A similar level of design, layout, and interface would likely be necessary for all the other partnering agencies to accomplish the requirements of the legislation.

Furthermore, there would be costs associated with creating an MOA between DSS and the Virginia Lottery in order to share relevant information. Although various factors can affect the cost of a particular MOA, a conservative estimate of \$10,000 is used in this analysis. These DSS MOA costs would be ongoing annual costs that are split 50 percent general fund and 50 percent nongeneral funds.

Lastly, this legislation requires that LDSS staff follow up on an applicant's match to lottery winnings. While there will only be a moderate amount of applications affected, it is important to recognize that even a minimal increase in time can affect the workloads of local staff, considering the large volume of applications processed annually. It is estimated that applications which will need to be verified with the Virginia Lottery total approximately 4,500 each year based on 2016 data from the Virginia Lottery. The Department has assumed a 15-minute increase in the time required to process an application as a result of this legislation. Increasing the time to process this number of applications by fifteen minutes creates an additional 1,125 ($4,500 \times 15/60$) hours of work for local staff. At 1,500 productive annual hours per employee, the equivalent of an additional .75 ($1,125 / 1,500$) full-time employees (FTE) will be needed to check lottery winnings. Based on average annual salaries, benefits, and nonpersonal services costs of \$75,567 for local workers, the new staffing costs are estimated at \$56,675 ($\$75,567 \times .75$) annually. It is further estimated that it will take local staff a small amount of time to follow up on all earning records from the Social Security

Administration and unearned income from Internal Revenue Service. This time is also projected at the equivalent of .75 FTE across all LDSS, for a total local staffing cost of \$113,351 ($\$75,567 \times .75 \times 2$). These costs are split 34.5 percent general fund (\$39,106), 50 percent federal funds (\$56,676), and 15.5 percent local match funds (\$17,569).

Total costs of this legislation are \$153,351 ($\$113,351 + \$30,000 + \$10,000$) in FY 2019 and \$123,351 ($\$113,351 + \$10,000$) in FY 2020 and each year thereafter.

The Virginia Lottery believes that its fiscal impact is indeterminate without additional information about prize thresholds and project scope.

9. Specific Agency or Political Subdivisions Affected: Department of Social Services, local Departments of Social Services, and the Virginia Lottery.

10. Technical Amendment Necessary: No.

Other Comments: None.