

Department of Planning and Budget

2018 Fiscal Impact Statement

1. Bill Number: SB192

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

2. Patron: Peake**3. Committee:** Finance**4. Title:** Virginia Lottery; interception of lottery prizes

5. Summary: Requires that if the winner of a Virginia Lottery prize of \$25,000 or greater has received cash assistance through the Temporary Assistance for Needy Families (TANF) program in the immediately preceding five years, the Department of Social Services shall be credited the amount of such assistance from the prize. The Department of Social Services shall use any such credited funds for programs aimed at assisting low-income Virginians in their efforts to become self-sufficient. The bill authorizes the Director of the Virginia Lottery to adopt rules or regulations to implement the provisions of the bill.

6. Budget Amendment Necessary: No.**7. Fiscal Impact Estimates:** Preliminary – see Item 8.

8. Fiscal Implications: According to the Virginia Lottery (Lottery), there were approximately 400 winners of prizes \$25,000 or greater during fiscal year 2017; however, it is unknown how many of those winners are TANF recipients. According to the Department of Social Services (DSS), since winners of prizes totaling \$25,000 or more who are TANF recipients is estimated to be a small percentage of the lottery winners and the current monthly TANF benefit is only \$346.62 per month, the amount of TANF money collected is projected to be minimal. However, any repayment that DSS would receive as a result of this bill will be used to further the program as required by legislation.

The proposed legislation would require an additional setoff verification prior to paying any prize of \$25,000 or greater. The priority of deductions for lottery prizes would be federal and state tax withholdings, Commonwealth Setoff Debt Collection Act deductions, and Social Services TANF and TANF-Unemployed Parent (UP) deductions. The proposed legislation indicates that once a TANF recipient has a prize setoff, if that prize setoff is not sufficient to cover the full value of TANF assistance received, the recipient is not responsible for paying any additional amount above the amount of the lottery prize available. Therefore, the offset of lottery prize would occur only once for a TANF recipient.

The Lottery would require DSS to periodically provide an electronic file of TANF and TANF-UP recipients for the previous five years to include recipient name, social security number, and total applicable value of benefits received during the five-year lookback period. In order to meet these requirements, DSS will need to make systems changes to the Virginia Case Management System (VaCMS). These changes would involve a hosted web service that Lottery can call, allowing a search for a lottery winner which would return relevant data about the winner as appropriate under this bill. The changes to VaCMS are projected to cost between \$180,000 and \$240,000 and can be funded with 100 percent federal funds through TANF grant balances. Any administrative costs could be absorbed within the agency's current appropriation.

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

10. Technical Amendment Necessary: No.

11. Other Comments: The Lottery cannot provide any estimate of offset collections that would result from the enactment of the proposed legislation. Under the Commonwealth Setoff Debt Collection Act, the Lottery collected just over \$2 million from prizes subject to Setoff, presented to the Lottery for payment. This includes setoffs from subject child support obligors to reimburse TANF.

The fiscal impact statement was revised to include the estimated cost, provided by DSS, to implement changes to VaCMS.