

## Department of Planning and Budget 2021 Fiscal Impact Statement

**1. Bill Number:** SB1462-E

House of Origin	<input type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input checked="" type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

**2. Patron:** Mason

**3. Committee:** Passed the Senate

**4. Title:** Virginia Digital Equity Pilot Program and Fund.

**5. Summary:** Requires the Department of Social Services to establish a pilot program to provide a fixed reimbursement for the costs of broadband services to households currently participating in the Supplemental Nutrition Assistance Program. The bill has a sunset provision of July 1, 2024.

An enactment clause prevents provisions of this bill from becoming effective unless appropriation for the purposes of this bill is included in the 2021 Appropriation Act, as passed by the General Assembly, and becomes law.

**6. Budget Amendment Necessary:** Yes. Item 349 (program administration) and Item 355 (program)

**7. Fiscal Impact Estimates:** See Item 8.

**8. Fiscal Implications:** This legislation would create the Virginia Digital Equity Pilot Program to provide a fixed reimbursement, which shall not exceed \$15 monthly, for broadband service costs for select households currently participating in the Supplemental Nutrition Assistance Program (SNAP). The total amount of the program shall not exceed \$5,000,000 annually. A special fund would be created by legislation. The fund would be known as the Virginia Digital Equity Pilot Program Fund and shall be used solely for the purposes intended within this legislation. The bill allows up to ten percent of moneys in the Fund to be used to pay the expenses of the Department of Social Services (DSS) to administer the program.

SNAP is a program that allows individuals and families that are income and resource eligible to receive a supplemental food benefit monthly. The current SNAP caseload includes 377,487 households. This legislation would not expand the service population, as program participants would already be SNAP clients.

According to DSS, the agency will be able to implement this program within the ten percent administrative cap; however, the nature of the pilot will vary based on the amount of funding appropriated to the newly established Fund.

If the agency is provided an annual administrative appropriation under \$350,000, DSS believes it will need issue a Request for Proposal (RFP) to contract with a broadband provider to perform all functions of this pilot. In this scenario, program participants would be required to use the services of the winning broadband provider in order to participate in the pilot program.

DSS contends that it will require an annual administrative appropriation of \$350,000 or greater in order to run the pilot program internally. However, given the costs below, which were provided in part by the agency and in part using estimates for prior changes proposed by the agency, it appears that the agency could run the pilot internally for under \$350,000 annually, except for in year one, which would depend on the final cost of systems updates and a targeted PR campaign.

To administer the pilot internally, DSS believes it would need one program analyst to (i) establish program guidelines to govern eligibility participation; (ii) administer disbursements to program participants; (iii) annually verify, assist with selection, and review broadband service plans; (iv) lead and facilitate meetings for the purpose of sharing information directed at alleviating the financial burden and improving effectiveness of the Program; (v) collect and analyze data regarding the usage of broadband among Program participants and (vi) report to the Governor's Office and General Assembly before October 1, 2024 on the results and effectiveness of the Program. Because of the potential amount of work (iii) above could create, it is possible that the agency would need at least one additional program analyst to assist with implementing and administering the program. The annual estimated salary, benefits, and nonpersonal services for one program analyst is estimated to be \$110,000. Because this is a pilot program, it is assumed that positions would either be restricted, or filled by contractors.

Funding will also be needed for other operating costs such as systems development and/or changes, printing, postage, and a public relation campaign to inform SNAP recipients about the pilot. Depending on the extent of the systems changes required to operate the program, systems change costs could be between \$10,000 and \$100,000 one-time. These costs are based on prior systems change estimates for the Virginia Case Management System (VaCMS). A public relations campaign would be targeted in scope to the SNAP population. Because this population is already serviced by the agency, a PR campaign could be limited to a mailing to applicable households.

Additionally, the agency says that the \$15 monthly benefit would be paid by DSS directly to the participant's broadband service provider, which would require some amount of participation and data exchange from a participant's service provider. However, the legislation says that disbursements from the Fund are to be administered to program participants.

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

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** If this legislation passes, DSS would need to have another subprogram created in program 451 (Item 355) for the appropriation of program funds.