

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 681** HLS 17RS 1432
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.: **HB 177**

Date: June 2, 2017 7:34 AM	Author: MORENO
Dept./Agy.: Children & Family Services	Analyst: Patrice Thomas
Subject: Removes Restrictions on Drug Felons Receiving SNAP	

PUBLIC ASSISTANCE RE +\$26,755 GF EX See Note Page 1 of 2
 Eliminates restrictions on eligibility for certain public assistance for persons with prior drug convictions

Proposed law removes the one-year ban on individuals convicted of a drug-related felony (possession, use, or distribution) from receiving Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) benefits. Proposed law requires the Department of Children & Family Services (DCFS) to drug test recipients that receive TANF and SNAP benefits under this proposed law. Proposed law becomes effective on October 1, 2017.

EXPENDITURES	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$26,755	\$2,340	\$2,340	\$2,340	\$2,340	\$36,115
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$30,128	\$6,837	\$6,837	\$6,837	\$6,837	\$57,476
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$56,883	\$9,177	\$9,177	\$9,177	\$9,177	\$93,591
REVENUES	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

This legislation is anticipated to increase expenditure by \$56,883 in FY 18 and \$9,177 in future fiscal year as the result of removing an existing one-year ban on individuals convicted of a drug-related felony from receiving Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) benefits. The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 imposed a lifetime ban on individuals convicted of a drug-related felony (possession, use, or distribution) from receiving TANF and SNAP benefits. The lifetime ban is imposed only on individuals with drug felonies but not on individuals with other felony convictions. The federal law gives states the ability to opt-out of the lifetime ban or modify the period of the ban. Presently, Louisiana has a one-year ban.

Programming Changes to IT Systems. The proposed legislation authorizes the state to opt-out of the lifetime ban; thus, removing the current one-year ban. Therefore, an individual with a drug-related felony will become immediately eligible for TANF and SNAP benefits if all the other eligibility factors are met. The Department of Children and Family Services (DCFS) estimates a one-time cost of \$50,000 to update the LA Automated Management Information (LAMI) and CAFÉ (Common Access Front End) computer systems. DCFS anticipates the programming changes to the LAMI and CAFÉ systems will be accomplished utilizing funding allocated to two separate existing IT contracts with Ciber, Inc. (LAMI) and the Office of Technology Services (OTS). The funding allocated to Ciber and OTS are used for maintenance of the LAMI and CAFÉ systems. To the extent that allocated funding under these two existing contracts are redirected to mitigate the cost of this measure and the balance is not adequate to complete maintenance of the Ciber and CAFE systems, additional funding may be required. The match rate is 50% SGF and 50% federal.

There are approximately 6,000 individuals convicted of drug felonies per year. The fiscal analysis assumes that 3,000 individuals will apply for and be eligible for SNAP benefits and 60 individuals will apply for and be eligible for TANF benefits. Any workload increases as a result of this measure depend on the number of newly eligible individuals that apply for TANF and SNAP. DCFS has indicated that any workload increase can be absorbed with existing staff. DCFS averages over 432,000 TANF and SNAP cases per month. For illustrative purposes, if half of the 6,000 individuals apply for TANF and/or SNAP benefits, the number of DCFS intake cases statewide would increase by 250 cases per month (3,000 divided 12 months).

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REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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Staff Director

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CONTINUED EXPLANATION from page one:

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CONTINUED EXPENDITURE EXPLANATION from Page 1

Drug Testing. This legislation requires all applicants with a drug-related felony that would have been prohibited under the one-year ban to be drug tested before receiving TANF and SNAP benefits. The U.S. Department of Agriculture (USDA) does not allow states to use drug testing in determining eligibility for SNAP. Section 5(b) of the Food and Nutrition Act, codified in 7 U.S.C. §2014(b), states "No plan of operation submitted by a State agency shall be approved unless the standards of eligibility meet those established by the Secretary, and no State agency shall impose any other standards of eligibility as a condition for participating in the program". This fiscal analysis does not include drug testing the anticipated 3,000 individuals with a drug-related felony that are projected to apply for and be eligible for SNAP benefits. However, if drug testing SNAP applicants were allowed, the cost associated with drug testing a projected 3,000 individuals is anticipated to be \$234,000 for a full year and \$175,500 for nine months in FY 18.

Presently, the department has an existing interview screening process to detect the use of illegal drugs, and if necessary drug testing, education, and rehabilitation. All recipients of TANF benefits through the Family Independence Temporary Assistance Program (FITAP) must complete the interview screening process. The drug testing would be in addition to the existing interview screening process. Therefore, beginning October 1, 2017, DCFS is anticipated to drug test approximately 60 individuals that were convicted of a drug felony once they apply for TANF benefits. The Legislative Fiscal Office (LFO) assumes using the same testing protocol and methods used by the Office of Behavioral Health (OBH) within the LA Department of Health (LDH). Information provided by OBH indicates \$39 for a urine drug screen test. Drug testing 60 individuals with a drug-related felony that apply for TANF benefits is anticipated to cost \$2,340 SGF (60 individuals x \$39 per urine drug screen test) for a full year and \$1,755 SGF for nine months in FY 18. For purposes of simplicity, the drug testing cost in subsequent fiscal years is anticipated to remain constant because the number of individuals being released out from prison with a drug-related felony is estimated to remain constant. However, inflationary increases may materialize in subsequent fiscal years.

Substance Abuse Treatment. Present law, R.S. 46:460.10, requires DCFS and LDH/OBH to provide a program of education and rehabilitation for recipients identified as illegal drug users as verified by positive test results. Currently, according to DCFS, all FITAP recipients receive a screening interview (DAST - Drug Abuse Screening Test) or an assessment interview (ASI - Addiction Severity Index) to identify alcohol and/or drug problems upon initial application or re-application for FITAP cash benefits. Recipients that are identified as having an alcohol and/or drug problem are referred to OBH clinicians for further assessment. This fiscal analysis assumes that any recipients that have a positive drug test will not be part of the existing FITAP recipients already being referred to treatment as a result of the existing ASI assessments and interviews performed by OBH licensed clinicians in DCFS offices.

According to the *2015 National Survey on Drug Use and Health* from the Substance Abuse and Mental Health Services Administration (SAMHSA) within the U.S. Department of Health and Human Services, 10.1% of individuals age 12 or older in the United States used illicit drugs in the past month. Based on national data, it is anticipated that 606 individuals who take the urine drug screen test will fail. Based on historical information from OBH, only 52.4% referred to substance abuse treatment actually attend treatment. Therefore, of the 6 applicants estimated to fail the urine drug screen test, 3 recipients (6 X 52.4%) will attend substance abuse treatment. The fiscal note assumes an average substance abuse treatment cost of \$2,279. The total cost to treat the 3 recipients, the 52.4% who comply, is \$6,837 Federal funds (3 individuals x \$2,279 average treatment cost) for a full year and \$5,128 Federal funds for nine months in FY 18.

This fiscal analysis does not include the number or percentage of individuals (non-completers) that does not finish substance abuse treatment. In subsequent fiscal years, the Legislative Fiscal Office assumes that at least 25% of the individuals who initially complied with treatment will continue to need treatment. Based on this assumption, the minimum treatment cost in subsequent fiscal years will be \$570 (\$2,279 x 25%) for these individuals. Subsequent fiscal years do not include the treatment cost for those individuals who initially did not comply with treatment but accepted the treatment at a later time nor does it include the cost for any additional individuals who are identified through subsequent drug testing.

	<u>FY 18</u> <u>Nine Months</u>	<u>Future FY</u> <u>Full Year</u>	<u>Means of Financing</u> <u>50% SGF/50% FED</u>
IT PROGRAMMING	\$50,000	\$0	100% SGF
DRUG TESTING - TANF only	\$1,755	\$2,340	100% FED
TREATMENT	\$5,128	\$6,837	
TOTAL	\$56,883	\$9,177	

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
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