



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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**22 VAC 40-295 – Temporary Assistance for Needy Families**  
**Department of Social Services**  
January 23, 2015

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### **Summary of the Proposed Amendments to Regulation**

The Board of Social Services (Board) proposes to increase the time periods that individuals will be barred from receiving temporary assistance for needy families (TANF) benefits if they are found to have received more benefits than they qualify for because they fraudulently gave wrong information or deliberately failed to update information when required to.

### **Result of Analysis**

Benefits likely outweigh costs for these proposed changes.

### **Estimated Economic Impact**

Currently, individuals who are found to have committed an intentional TANF program violation are excluded from receiving benefits for six months for their first violation and twelve months for their second violation. Individuals who commit a third violation are excluded from the program permanently. The Board now proposes to increase the exclusion period for first time offenders from six months to twelve months and the exclusion period for second time offenders from twelve months to twenty four months. Board staff reports that, in fiscal year 2013, 166 individuals went through the administrative disqualification hearing process and that 32 of those individuals were found to have committed an intentional violation and had their TANF benefits suspended. In fiscal year 2014, 134 individuals went through the administrative disqualification hearing process and, again, 32 of those individuals had their benefits suspended. Board staff further reports that the average monthly benefit lost for each person who has his/her benefits suspended is \$123.96.

Doubling the exclusion period will double the aggregate benefit denied to individuals found to have fraudulently received more money from the TANF fund than they would have received had they reported accurate information to the Department of Social Services (DSS). Doubling the exclusion period will also double the money saved by the state on account of not paying benefits for a time to individuals who are found to have defrauded the TANF fund. Board staff estimates that that the state will save an average of \$29,760 per year on account of these proposed changes. Increasing the exclusion period will also likely serve as a greater deterrent to individuals who are contemplating giving incorrect information on their application for benefits, or who are contemplating deliberately withholding information when relevant circumstances change. This deterrent effect may decrease the number of fraud cases the Board must deal with each year thus saving some administrative costs.

### **Businesses and Entities Affected**

This proposed regulation will affect all individuals who are receiving TANF benefits and who will have been found to commit fraud to increase their benefits (or to keep their benefits from decreasing due to a change in circumstances). Board staff reports that 32 individuals in each of the last two fiscal years were found to have committed an intentional violation and lost benefits. Board staff further reports that the total current TANF population comprises 59,800 individuals.

### **Localities Particularly Affected**

No localities will likely be disproportionately affected by this proposed regulatory change.

### **Projected Impact on Employment**

This regulatory action will likely have no impact on employment in the Commonwealth.

### **Effects on the Use and Value of Private Property**

This regulatory action will likely have no impact on the use or value of private property.

### **Small Businesses: Costs and Other Effects**

No small businesses are likely to be affected by this proposed regulation.

## Small Businesses: Alternative Method that Minimizes Adverse Impact

No small businesses are likely to be affected by this proposed regulation.

## Real Estate Development Costs

This regulatory action will likely have no effect on real estate development costs in the Commonwealth.

## Legal Mandate

**General:** The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia and Executive Order Number 17 (2014). Section 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to:

- the projected number of businesses or other entities to whom the proposed regulation would apply,
- the identity of any localities and types of businesses or other entities particularly affected,
- the projected number of persons and employment positions to be affected,
- the projected costs to affected businesses or entities to implement or comply with the regulation, and
- the impact on the use and value of private property.

**Small Businesses:** If the proposed regulation will have an adverse effect on small businesses, § 2.2-4007.04 requires that such economic impact analyses include:

- an identification and estimate of the number of small businesses subject to the proposed regulation,
- the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents,
- a statement of the probable effect of the proposed regulation on affected small businesses, and
- a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.

Additionally, pursuant to § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules (JCAR) is notified at the time the proposed regulation is submitted to the *Virginia Register of Regulations* for publication. This analysis shall represent DPB's best estimate for the purposes of public review and comment on the proposed regulation.

AMH

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