

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 3701 - SB 3662

March 1, 2010

SUMMARY OF BILL: Requires all state agencies and political subdivisions to verify the lawful presence and eligibility of all individuals 18 years of age or older before providing public benefits by using the federal “system alien verification for entitlements” (SAVE).

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$834,700/One-Time
\$10,065,300/Recurring**

Increase Federal Expenditures - \$84,100/Recurring

Increase Local Expenditures – Exceeds \$175,000/Recurring*

Other Fiscal Impact - Any decrease in state expenditures as a result of prohibiting the delivery of certain public benefits to illegal immigrants is unquantifiable because it is unknown how many illegal immigrants currently receive such benefits. The process to determine immigrant status will lengthen the application process for many programs within state and local government. This may generate some offsetting costs. Such costs are unquantifiable. The Department of Health indicates that limiting participation in the WIC Program jeopardizes approximately \$127,951,705 in federal funds to the state. The Department of Children’s Services indicates that limiting participation in Departmental Programs may jeopardize \$89,326,500 in federal funds to the state.

Assumptions:

- The federal status verification system (SAVE) will charge a \$25 fee per month for system access. Each query of the system will then be subject to a fee of approximately \$0.25.
- No fiscal impact to TennCare because they must conform to federal eligibility requirements under current law.
- Benefits under the Cover Tennessee program are not federally mandated and as a result will be subject to the provisions of the bill.
- The Cover Tennessee program will require two additional positions at a recurring cost of \$156,600 to comply with the verification provisions of the bill.

- The Department of Human Services (DHS) contracts with local government, agencies and non-profit organizations to operate several programs. It is estimated that the verification requirements will increase the administrative duties of the agencies. With a one percent increase in administrative costs, DHS will incur an increase in state expenditures of \$469,700.
- In 2007, there were approximately 1,064,936 encounters with persons over 18 in county health departments.
- The Department of Health estimates that each of the 89 rural county health departments will need two Public Health Office Assistants for verification and determination of qualified individuals. Nine Public Health Rep. 2 positions will be needed for the early detection and treatment of increased communicable diseases. Such is estimated to increase recurring state expenditures by \$6,340,600 for salary and benefits (\$5,134,200), travel (\$27,000), printing and duplication (\$20,000), supplies (\$130,900), rentals and insurance (\$766,700) and communication and technology services (\$261,800). There will be a one-time increase in expenditures of \$729,300 for office set-up and supplies.
- The Department of Health also contracts for services with six metro health offices. There will be 16 additional positions to provide verification and determination of qualified individuals which is estimated to increase recurring expenditures by \$432,300.
- The Department of Mental Health and Developmental Disabilities (MHDD) will require 25 new positions to accommodate the increased workload required by immigration status verification. The recurring cost for these positions is estimated to be \$1,254,300 (\$1,003,400 for salary and benefits and \$250,900 for operational expenses).
- MHDD will incur a \$342,600 $[(5 + 701 + 436) \times 12 \text{ months} \times \$25 = \$342,600]$ annual expenditure for SAVE access at the five Regional Mental Health Institutes statewide and 701 community mental health provider sites and the 436 community alcohol and drug sites.
- MHDD will incur annual expenditures of approximately \$16,625 $(66,500 \times \$0.25)$ for an average of approximately 66,500 SAVE inquires.
- The Secretary of State will require a SAVE access terminal at an annual cost of \$300 and be required to do approximately 945 inquiries annually, at a cost of approximately \$200. This would be required at the Tennessee Library for the Blind and Physically Handicapped. The total increase in state expenditures for the Secretary of State is estimated to be \$500.
- The Tennessee Student Assistance Corporation (TSAC) will require access to a SAVE terminal at an annual cost of \$300. There will also be a recurring increase in state expenditures of approximately \$5,000 for an estimated 20,000 inquiries annually. TSAC will also incur a one-time cost of \$12,600 to make systems changes.
- The Tennessee Higher Education Commission indicates that it will need 23 additional clerical staff members at schools across the state to verify eligibility. The recurring increase in state expenditures for these positions is estimated to be \$770,500 (23 positions with a salary of \$25,000 each and benefits of \$8,500 each). The one-time increase in state expenditures for office furnishings, computers, etc. is estimated to be \$76,000.
- The Department of Environment and Conservation will need approximately \$5,000 to comply with the provisions of the bill. This is for SAVE access and inquires, additional postage costs, and additional printing costs.

- The Department of Labor and Workforce Development will require one additional Clerk III position with a salary of \$19,800, benefits of \$6,700, and recurring operational costs of \$8,400. Two additional Labor Standards Inspectors will be needed at a salary of \$26,400, benefits of \$9,000, and recurring operational expenditures of \$8,400 per position. Total recurring expenditures associated with these three new positions will be \$122,500. Total one-time costs of \$16,800 (office supplies and equipment, computers and software).
- The Department of Labor and Workforce Development will require a SAVE access terminal at an annual cost of \$300 and be required to do approximately 5,000 inquiries annually, at a cost of approximately \$1,250. Total recurring expenditures to the Department will be approximately \$124,100.
- The Department of Children's Services (DCS) will need four additional positions to comply with the verification provisions of the bill. The total recurring cost for the positions is \$231,300. These positions would be funded through both state and federal funds.
- Of the \$231,300, seven percent (\$16,191) will be Title IV-E Federal funds; 45 percent (\$104,085) will be through TennCare; and \$111,024 in state funds.
- Of the TennCare funds, \$36,172 are state funds at a 34.752 percent match rate and \$67,913 are federal funds at a 65.248 percent match rate.
- The total increase in expenditures for DCS is estimated at \$147,196 in state funds and \$84,104 in federal funds.
- Many benefit programs administered at the local level are subject to federal immigration status requirements. Many of the ones that are not subject to federal requirements are administered in conjunction with the state therefore much of the cost of this legislation will be borne by the state. However, local governments will be required to do some verification. The estimated increase in expenditures by local governments statewide is estimated to exceed \$175,000.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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