

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1379 – SB 1325

May 13, 2011

SUMMARY OF AMENDMENT (007713): Deletes the original bill. Authorizes state and local government agencies to verify the eligibility of applicants 18 years of age or older who apply for public benefits unless prohibited by federal law, provided such verifications can be accomplished within existing resources. Defines verification of eligibility as requiring an applicant to provide documentation of citizenship or qualified alien status, requiring an applicant to execute an affidavit under penalty of perjury that the applicant is a citizen or qualified alien, or verifying that an applicant is a qualified alien using the Systematic Alien Verification for Entitlements (SAVE) program. Applicants who knowingly make fraudulent claims in the affidavit are civilly liable under the False Claims Act. Requires any funds collected under the False Claims Act be deposited to the agency filing the complaint of violation. Effective upon becoming law for the purposes of promulgating rules and regulations; effective October 1, 2011 for all other purposes.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures –

\$425,100/One-Time/General Fund
\$3,600/One-Time/Environmental Protection Fund
\$5,769,600/Recurring/General Fund
\$57,100/Recurring/Environmental Protection Fund

Other Fiscal Impact – There will be a decrease in state expenditures resulting from unauthorized aliens no longer receiving certain benefits. A portion of the decrease in state expenditures on unauthorized aliens will be offset by an increase in state expenditures on citizens and qualified aliens. Based on available information, the precise amount of the decrease in state expenditures on unauthorized aliens and the increase in expenditures on citizens and qualified aliens cannot be reasonably determined.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – Government agencies are authorized under current law to verify that recipients of public benefits meet eligibility requirements. Agencies that do not currently verify eligibility but implement the verification of eligibility specified in this bill as amended, or that alter their current verifications to comply with this bill as amended, will increase state expenditures by \$1,436,200. Authorizing an agency to perform a new function

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or an existing function in a different manner to the extent the function can be performed within existing resources does not eliminate the fiscal impact of performing the new function since a new function that has a cost will reduce the agency's reversion or will require creation of additional positions to perform duties of existing staff who have been redirected to the new function.

Assumptions applied to amendment:

- In order for a person to violate the False Claims Act by filing a fraudulent affidavit, the individual would be an unauthorized alien claiming to have qualified presence. Revenue from civil penalties assessed on this group will be not significant.
- Based on information provided by various departments, current law does not prohibit an agency from verifying that applicants meet eligibility requirements to receive benefits.
- According to the Department of Labor and Workforce Development, applicants claiming to be qualified aliens are verified using SAVE under the current practices of the Department, an option for verification authorized by this bill as amended. Requiring all applicants to submit an affidavit would increase state expenditures by an amount exceeding \$200,000. Due to the requirement that implementation be done within existing resources, it is assumed that the Department will not change the current practices for verification of eligibility.
- According to the Department of Mental Health, implementation of the authorizations in this bill as amended would require \$2,400 in increased state expenditures to access SAVE each year, \$45,400 for an additional staff person in the central office, and \$11,400 for operational costs. A total increase in recurring state expenditures of \$59,200.
- According to the Department of Intellectual and Developmental Disabilities, federal law requires citizenship to receive the benefits administered by the Department. Access to SAVE will increase expenditures to the Department, reducing available funds by \$300 per year. Verification of 500 applicants submitting affidavits claiming qualified alien residence would increase state expenditures by \$250. Total expenditures will be \$550 per year. Funding for any additional verification will come from existing grant funding.
- Based on information from the Department of Health, current requirements and policies do not require the verification of an applicant's immigration status in order to qualify for benefits. The cost of implementation of a verification of immigrant status for all state and six metro health offices would be up to \$707,000 per year.
- The Department of Human Services has indicated that implementation of a verification process for all programs that do not currently have one in place would increase state expenditures by \$469,400. All available funding is currently used for existing programs.
- The total permissive increase in recurring state expenditures is estimated to be \$1,436,200 (\$200,000 + \$59,200 + \$550 + \$707,000 + \$469,400).
- According to the Department of Environment and Conservation, there will be no changes to the current requirements for eligibility for licenses issued by the Department; the fiscal impact of this bill as amended will be not significant.
- According to the Department of Commerce and Insurance, this bill as amended will not impact the existing programs or policies of the Department and therefore will not have a significant fiscal impact on the Department.

- Any decrease in state expenditures resulting from ineligible applicants no longer receiving benefits will be offset by an increase in state expenditures for benefits to be paid to eligible applicants. The precise amount of any such decrease and resulting increase cannot be reasonably determined.
- Directing an agency to use existing resources to perform a new function does not eliminate the fiscal impact of performing the new function since a new function that has a cost will reduce the agency's reversion or will require creation of additional position to perform duties of staff who have been redirected to the new function.

CERTIFICATION:

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



James W. White, Executive Director

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