

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 277 – SB 549

March 14, 2019

SUMMARY OF BILL: Creates the *Child Support Cooperation Act*. Requires the Department of Human Services (DHS) to impose child support cooperation requirements as a condition of eligibility for the Supplemental Nutrition Assistance Program (SNAP).

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$157,900/One-Time
\$6,382,000/Recurring**

**Increase Federal Expenditures – \$237,200/One-Time
\$7,884,100/Recurring**

Assumptions:

- Based on information provided by the DHS, the state does not currently impose child support requirements in order to be eligible for SNAP benefits.
- It is estimated there will be an increase in caseloads for the Child Support Division of at least 149,000 cases to meet the requirements of the proposed legislation.
- The DHS currently contracts out child support enforcement. Based on current Child Support Enforcement contractor staffing models, it is estimated that 226 new positions will be required to handle the increase in caseloads. The projected recurring contractor child support costs are estimated to be \$11,945,543.
- The \$11,945,543 for the 226 new positions will be split between 66 percent child support enforcement funds and 34 percent state appropriations, resulting in \$7,884,058 (\$11,945,543 x 66.0%) in federal child support enforcement funds and \$4,061,485 (\$11,945,543 x 34.0%) in state appropriations.
- The federal government currently requires states to centralize the collection and disbursement of certain child support orders and requires a \$25 annual user fee on individuals utilizing the centralized system, unless such individuals have received assistance under the Temporary Assistance for Needy Families (TANF) program.
- The user fee is to be assessed after \$500 is collected in child support during a federal fiscal year.
- Beginning October 1, 2018, the \$25 user fee was increased to \$35.
- Passage of the proposed legislation will no longer allow the DHS to maintain the Child Support program by utilizing the \$35 fee that is currently recorded as service revenue.

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- In FY18-19, the DHS collected \$1,657,503 in user fees. The projected amount in user fees to be collected in FY19-20 due to the \$10 increase is estimated to be \$2,320,500.
- The recurring increase in state expenditures for maintaining the Child Support program is estimated to be \$2,320,500.
- The DHS will need to make system modifications to the Automated Client Certification Eligibility Network for Tennessee (ACCENT) and Tennessee Child Support Enforcement Services (TCSES) systems in order to implement the requirements of the proposed legislation. It is estimated 11,228 contractor hours will be required to complete all system modifications which include developing system requirements.
- The total one-time expenditures for updating the ACCENT and TCSES systems are estimated to be \$395,020 for the 11,228 hours needed to complete system modifications.
- Of the \$395,020 for system modifications, \$147,240 will be split 50 percent to SNAP and 50 percent in state appropriations, resulting in \$73,620 ($\$147,240 \times 50.0\%$) to SNAP and \$73,620 ($\$147,240 \times 50.0\%$) in state appropriations. The remaining \$247,780 will be split between 66 percent child support enforcement funds and 34 percent state appropriations, resulting in \$163,535 ($\$247,780 \times 66.0\%$) in federal child support enforcement funds and \$84,245 ($\$247,780 \times 34.0\%$) in state appropriations.
- The total one-time increase in state expenditures is estimated to be \$157,865 ($\$73,620 + \$84,245$).
- The total recurring increase in state expenditures is estimated to be \$6,381,985 ($\$4,061,485 + \$2,320,500$).
- The total one-time increase in federal expenditures is estimated to be \$237,155 ($\$73,620 + \$163,535$).
- The total recurring increase in federal expenditures is estimated to be \$7,884,058.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

/vlh