

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2509 - SB 2797

March 1, 2020

SUMMARY OF BILL: Requires the Department of Human Services (DHS) to maintain a reserve of funds from the Temporary Assistance for Needy Families (TANF) program in an amount determined appropriate by the Comptroller of the Treasury (COT), and to disclose the amount of the reserve funds including any balance over the amount required in DHS's budget documents presented to the General Assembly.

Requires DHS to annually spend or dedicate 100 percent of available TANF funds that are not allocated to the Department's administrative costs or part of the requisite reserve in allotments to each county based on the number of individuals living in households with incomes at or below the federal poverty level as determined by the COT. Requires funds be allocated to each county through new or existing programs or through proposals from non-profit and governmental entities. Establishes that if DHS is unable to spend or dedicate the funds allocated to a county then the Department is required to reserve the unallocated funds for up to three years to be spent in that county. Requires DHS to use TANF funds for any additional administrative costs incurred as a result of the proposed legislation, to the extent permitted by federal law.

For FY20-21, requires DHS to: (1) dedicate \$75,000,000 from the Department's existing surplus reserve of TANF funds to the Department of Health (DOH) for the provision of evidence-based home visiting services, over a period of three years; (2) dedicate \$100,000,000 from the existing reserve of TANF funds for school childcare services; and (3) use TANF funds that are not included in the \$100,000,000 dedication to contract with a qualified, third-party evaluator to design and implement an evaluation of programs to include an analysis of outcomes, including literacy outcomes for children and families served as well as costs per outcome for each program.

Requires DOH to: (1) use TANF funds that are allocated for DOH's administration, and not included in the \$75,000,000 to contract with a qualified third-party evaluator to design and implement an evaluation of all home visiting programs; and (2) request and consider grant proposals and make grant awards to qualified providers for evidence-based models, and innovations on evidence-based models, such as those using telehealth interventions and strategies for families with newborns.

Requires DHS and DOH to compile a report and make a joint presentation to various committees of the General Assembly by January 31, 2021, and each January 31 thereafter, detailing all of the costs, allotments, balances, and outcomes of the programs required in this legislation.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – Exceeds \$75,000,000/FY20-21/Department of Health

Increase State Expenditures –

Exceeds \$25,000,000/FY20-21/Department of Health

Exceeds \$25,000,000/FY21-22/Department of Health

Exceeds \$25,000,000/FY22-23/Department of Health

Other Fiscal Impact – Passage of the proposed legislation will increase federal Temporary Assistance for Needy Families (TANF) expenditures for the Department of Human Services (DHS) by an amount exceeding \$175,000,000 in FY20-21; however, these expenditures can be absorbed within the DHS’s existing TANF block grant.

There will be a recurring increase in federal TANF expenditures in FY20-21 and subsequent years for the DHS to spend or dedicate 100 percent of available TANF funds. However, due to multiple unknown factors, the amount of such expenditures in those fiscal years cannot be quantified with reasonable certainty.

Passage of this legislation could jeopardize a portion or all of the federal funding for the Temporary Assistance for Needy Families.

Assumptions:

- The COT can accommodate the provisions of the proposed legislation within existing resources.
- According to a memo prepared for the Joint TANF Working Group by the Comptroller of the Treasury on December 17, 2019, the recurring annual amount the state receives from the federal government per the TANF block grant is approximately \$191,000,000. Additionally, DHS has the authority to draw from TANF reserve funds, the balance of which is currently estimated to be approximately \$732,000,000
- Requiring the DHS to dedicate \$100,000,000 for school childcare services and \$75,000,000 to the DOH for evidence-based home visiting services will result in an increase in federal TANF expenditures of \$175,000,000 in FY20-21. DHS and DOH will use additional TANF funds, not included in the \$175,000,000 dedications, to contract with third-party evaluators to accomplish the evaluation requirements of this legislation. The exact increase in TANF expenditures associated with such contracts is unknown. However, expenditures exceeding \$175,000,000 can be absorbed within DHS’s existing TANF block grant.
- An increase in state revenue exceeding \$75,000,000 to the DOH in FY20-21.
- The proposed legislation requires DOH to expend such funds for the provision of evidence-based home visiting services over a period of three years. It is assumed that

DOH's expenditures will be equal in each of those years and will exceed \$25,000,000 in FY20-21, FY21-22, and FY22-23.

- There will be a recurring increase in federal TANF expenditures in FY20-21 and subsequent years for the DHS to spend or dedicate 100 percent of available TANF funds. The amount of available funds that will be spent in those years is dependent upon multiple unknown variables, such as the level of reserves determined appropriate by COT and DHS' administrative costs, and cannot be quantified with reasonable certainty.
- Based on information provided by the DHS, federal guidelines prohibit the use of TANF funds for medical services. Requiring the DOH to use TANF funding for telehealth services could jeopardize a portion of federal TANF funds of approximately \$191,000,000.
- The DHS and the DOH can compile and submit the required report utilizing existing resources; therefore, any fiscal impact is estimated to be not significant.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

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