

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 110 – SB 550

March 26, 2019

**SUMMARY OF BILL:** Creates the *Employment Opportunities for Parents Act*. Requires the Department of Human Services (DHS) to create a workfare program pursuant to 7 U.S.C. § 2029 and assign recipients of Supplemental Nutrition Assistance Program (SNAP) benefits who are not exempt from the general work requirements, are not participating in an employment and training program (E&T), and are not considered able-bodied adults without dependents (ABAWD) to a workfare program.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$591,200/One-Time  
\$225,343,200/Recurring**

**Other Fiscal Impact – Federal funding may be available for a portion of the increase in state expenditure. SNAP Admin Funding requires a state agency to justify any increase over five percent of the previous year’s funding level. Additional funding is not guaranteed to be awarded.**

Assumptions:

*Current SNAP Work Requirements*

- Pursuant to 7 CFR 273.7(a), individuals between the ages of 18 and 59 years old who do not meet an exemption are required to register for work, participate in an E&T program if offered, accept a bona fide offer of suitable employment, and are prohibited from voluntarily quitting a job without good cause, in order to be eligible to receive SNAP benefits.
- A subset of these individuals known as able-bodied adults without dependents (ABAWD) face more stringent work requirements to be eligible for SNAP benefits. ABAWDs between the ages of 18 and 49 years old are only eligible to receive three months of SNAP benefits in a 36-month time period unless they work an average of at least 20 hours a week, earn the equivalent of working 20 hours a week at the minimum wage, participate in an E&T program for 20 hours a week, have received an exemption, or live in an area that has received a waiver from the work requirements because of high unemployment or insufficient work.
- Anyone 60 years of age or older, pregnant women, caretakers of children younger than six and people with disabilities are exempt from the work requirements.

- Failure to meet these requirements results in disqualification from SNAP benefits for one month for the first instance, three months for the second, and six months for the third.

*Proposed SNAP Work Requirements*

- Passage of the proposed legislation would expand work requirements to all abled-bodied adults between the ages of 18 and 59 years old, requiring each recipient to work an average monthly minimum of 20 hours a week or earn the equivalent of working 20 hours a week at the federal minimum wage to be eligible for SNAP benefits. Recipients who are unable to meet the work requirements are required to either participate in an E&T program or be assigned to a workfare program by the DHS.
- Anyone 60 years of age or older, pregnant women, caretakers of children younger than six and people with disabilities remain exempt from the work requirements.
- Recipients have one month to comply with the proposed work requirements or be excluded from SNAP benefits for 12 months or until they come into compliance or become exempt from the work requirement. Recipients who fall out of compliance a second time would be excluded from SNAP benefits for 36 months or until they come into compliance or receive an exemption.

*Creation of Workfare Program*

- The proposed legislation will require the DHS to establish and administer a workfare program.
- Pursuant to 7 CFR 273.7(m), a state agency operating a workfare program is responsible for establishing and monitoring job sites, interviewing and assessing eligible recipients, assigning eligible recipients to appropriate job sites, monitoring participant compliance, making initial determinations of good cause for household compliance as well as meeting other requirements pursuant to this section.
- Pursuant to 7 CFR 273.7(m)(6)(iii), the operating agency is required to reimburse participants for transportation and other costs that are reasonably necessary and directly related to participation in the workfare program. These costs may include the cost of child care, or the cost of personal safety items or equipment required for performance of work if these items are also purchased by regular employees.
- Based on information provided by the DHS, the workfare program requirements, penalties, and operations are not directly comparable to the current SNAP benefit E&T program or the Temporary Assistance for Needy Families (TANF) work requirements and associated Employment and Case Management Services (ECMS) operating in this state.
- While these existing programs are not directly comparable to the administration and operation of the workfare program, they are public assistance programs with work requirements and associated employment-related services.
- The E&T and TANF programs provide case management, employment training, employment referral services, transportation services and other support services. The average cost per client per month in the E&T program is \$45. The average cost per client per month in the TANF ECMS program is \$200. For this fiscal analysis, it is assumed the average cost per client per month in the new workfare program will be \$123 [(\$45 + \$200) / 2].

- There are currently 150,762 SNAP recipients who meet the provisions of the proposed legislation and would be required to comply with a workfare program to continue to qualify for benefits.
- The total recurring increase in expenditures associated with the operation and administration of a workfare program is estimated to be \$222,524,712 [(150,762 x \$123) x 12 months].

#### *System Modifications*

- The DCS will need to make system modifications to the Automated Client Certification Eligibility Network for Tennessee (ACCENT) in order to implement the requirements of the new SNAP work requirements.
- It is estimated 4,360 hours will be required to complete all system modifications to administer the workfare program.
- The total one-time increase in state expenditures for updating the ACCENT is estimated to be \$288,514.

#### *Appeals and Termination of Benefits*

- Passage of the proposed legislation and the creation of a workfare program will result in an increase in appeals from termination of SNAP benefits for recipients who fail to meet the new work requirements.
- The current average monthly termination of benefits rate for ABAWD clients is 11.52 percent. The monthly termination of SNAP benefits for workfare program participants is estimated to be 17,368 cases (150,762 x 11.52%).
- Of the monthly 17,368 terminations, it is assumed that 5 percent or 868 will appeal their termination.
- Based on current DHS staffing structure for appeals and hearings, it is estimated that 53 new positions will be required to handle the increase in appeals caseloads.
- The recurring increase in expenditures associated with the 53 new positions is estimated to be \$2,818,518.
- Any savings from termination of SNAP benefits would be automatically utilized for other individuals that qualify for the program.

#### *Other Operational Costs*

- The DHS is required to notify SNAP benefit recipients of changes. Based on the cost of previous mass mailings by the DHS, the one-time increase in state expenditures is estimated to be \$281,000.
- The DHS will train Family Assistance staff on the provisions of the proposed legislation. The one-time increase in state expenditures associated with the training is estimated to be \$21,700.
- The total one-time increase in state expenditures is estimated to be \$591,214 (\$288,514 + \$281,000 + \$21,700).
- The total recurring increase in state expenditures is estimated to be \$225,343,230 (\$222,524,712 + \$2,818,518).
- Based on information provided by the DHS, federal funding may be available for a portion of these costs. SNAP Admin Funding requires a state agency to justify any

increase over five percent of the previous year's funding level. Additional funding is not guaranteed to be awarded.

**CERTIFICATION:**

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

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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