

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2601 - SB 2686

February 12, 2018

SUMMARY OF BILL: Requires the director or manager of the county or area office of the Department of Human Services (DHS) who determines that a person eligible for food stamp assistance is a state employee, to notify the employee's appointing authority. Requires the person's appointing authority to raise the person's compensation, within 60 days, to a level such that the person is ineligible for food stamps.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$7,803,800

Increase Federal Expenditures – \$867,100

Other Fiscal Impact – The provisions of this legislation conflict with federal laws governing the state's participation and operation of the Supplemental Nutrition Assistance Program (SNAP). Pursuant to 7 C.F.R. 272.1(c), program participant information can only be disclosed in specified limited circumstances. The federal funding for this program is approximately \$1,600,000,000 and will be in jeopardy in FY18-19 and subsequent years.

Assumptions:

- In order to determine Supplemental Nutrition Assistance Program (SNAP) benefit financial eligibility, detailed information on a household is required. This includes household size, household demographics (if any members are elderly or disabled), all/other sources of income and the amount of various deductions.
- Without this detailed household information, it is not possible to determine exactly how many state employees' salaries would need to be raised as required by this legislation.
- Based on an average family size of three people, a person whose gross monthly income does not exceed \$2,213 would be eligible for SNAP benefits.
- In order to generate an approximation of the increase in payroll costs, state employee salaries were compared to \$2,213 per month income limit for SNAP benefits.
- Based on information provided by the Department of Human Resources (DOHR), there are currently 2,251 state employees who make below the \$2,213 monthly income threshold.

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- It is estimated that each employee would have to earn an average of \$321 more per month in order to become ineligible for SNAP benefits.
- The total increase in expenditures associated with raising these state employees' salaries above the SNAP income threshold is estimated to be \$8,670,852 (2,251 employees x \$321 x 12 months).
- An unknown portion of such increase would be funded by federal funds, as many state positions receive a federal match. It is reasonably assumed that ten percent of total funding would be federal.
- The total increase in state expenditures is estimated to be \$7,803,767 (\$8,670,852 x 90.0%).
- The total increase in federal expenditures is estimated to be \$867,085 (\$8,670,852 x 10.0%).
- The SNAP program is entirely federally funded and is dependent on the DHS' compliance with all federal program requirements.
- Any savings from raising such state employees' salaries so they are no longer eligible for SNAP would be automatically utilized for other individuals that would qualify for the program.

CERTIFICATION:

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



Krista M. Lee, Executive Director

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