



The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES

SPONSOR'S REBUTTAL TO FISCAL NOTE

House Bill Number: HB 0290

Date Prepared: 01/31/2019

Short Title: Require child support cooperation for food stamp eligibility

Sponsor: Webb, Peggy

Generally, why do you disagree with the fiscal note?

The fiscal note does not account for savings generated by the bill and conflicts the experiences of states that have already implemented this reform.

See attached for more detail.

Specifically, what in the fiscal note do you feel is flawed?

The fiscal note does not account for the fact that child support collections will increase, more families will move off of food stamps, and lower caseloads will reduce administrative costs. The fiscal note does not reflect the experiences in other states adopting this reform.

See attached for more detail.

What is your estimate of the fiscal impact?

The bill will not result in any significant changes to administrative costs and can be absorbed within existing resources.

Sponsor Signature: _____

Peggy Webb

The fiscal note assumes 100 percent compliance.

The fiscal note assumes all parents subject to the new requirement will comply and that child support caseworkers would need to open and actively work all 12,483 new cases. However, this estimate does not reflect actual experiences in other states or Montana's experience with child support cooperation requirements TANF. Some individuals, for example, will self-select out of the program by choosing not to comply with the new requirement. Other individuals will cycle out of the program due to increased collections.

The fiscal note assumes cumulative enrollment growth.

The fiscal note assumes that all changes in enrollment reflect a cumulative increase in enrollment. The Department estimates that 4,800 new cases will be opened each year, but does not provide any estimate of the number of cases *closed* each year. As cases are closed, caseworkers previously assigned to closed cases can work on new cases opened. For example, if 500 new cases are opened in January, but 500 old cases are closed, there would be no net change in cases. But the fiscal note assumes that caseworkers would need to manage both the 500 closed cases as well as the 500 new cases.

The fiscal note does not account for administrative savings.

The fiscal note provides only for "direct costs" of the proposed legislation, intentionally omitting all administrative savings. At the end of the fiscal note, the Department admits that higher child support collections will allow families to move off the program, but it made no attempts to quantify savings from those lower caseloads, despite the fact that the savings would offset the department's reported costs.

Based on the experiences of other states, Montana could expect a caseload decline of between 1,500 and 2,000 per year as a result of the reform. Because administrative costs are driven primarily by caseloads, this would have the net result of reducing administrative costs by up to \$303,000 annually.

The fiscal note does not account for savings to other state-funded programs.

Increasing child support collections would also have spillover effects on other state-funded welfare programs, including Medicaid. According to federal data, single-parent families who receive no child support are nearly 50 percent more likely to receive Medicaid than families who receive the full amount of what is owed. Increasing collections would move more families out of Medicaid, generating general fund savings.

Administrative costs have not increased in other states.

States that have adopted this option do not have higher administrative costs than states that have not. Better still, state experiences show that the reform can be adopted within existing resources, with no need for additional administrative funds at all.

When Kansas adopted the reform, for example, the Department for Children and Families indicated that the agency would be able to absorb any administrative costs of the policy change within its existing budget. Likewise, South Dakota officials determined that the reform could be implemented within existing resources and would not result in any significant changes to ongoing administrative costs.