



NORTH CAROLINA GENERAL ASSEMBLY

2025 Session

Legislative Fiscal Note

Short Title: The Citizens Support Act.
Bill Number: House Bill 690 (Third Edition)
Sponsor(s):

SUMMARY TABLE

FISCAL IMPACT OF H.B. 690, V.3 (\$ in millions)

	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>
State Impact					
General Fund Revenue	-	-	-	-	-
<u>Less Expenditures</u>	<u>0.4</u>	<u>(1.2)</u>	<u>(1.2)</u>	<u>(1.2)</u>	<u>(1.2)</u>
General Fund Impact	(0.4)	1.2	1.2	1.2	1.2
NET STATE IMPACT	(0.4)	1.2	1.2	1.2	1.2
Local Impact					
Local Revenue	-	-	-	-	-
<u>Less Local Expenditures</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>
NET LOCAL IMPACT	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)

FISCAL IMPACT SUMMARY

House Bill 690 would require the Department of Health and Human Services (DHHS), the Department of Commerce (Commerce), the Housing Finance Agency (HFA), local housing authorities, The University of North Carolina System (UNC System), and the North Carolina Community College System (NCCCS) to stop providing State-funded benefits to noncitizens and to verify the immigration status of applicants prior to disbursing benefits.

DHHS anticipates a one-time cost of \$1.6 million to update the HIV Medication Assistance Program information technology system to be able to verify immigration status, a cost this analysis assumes would be incurred in FY 2025-26. This cost would be partially offset by ongoing State General Fund savings estimated at approximately \$1.2 million per year for the monthly assistance payments made to the caretakers of noncitizen minors in foster care. It is assumed that these costs



would instead be borne solely by counties, thereby shifting an average of \$1.2 million in costs from the State to the counties each year.

The bill has no anticipated fiscal impact on Commerce, HFA, or local housing authorities. It also has no fiscal impact on the UNC System or NCCCS.

FISCAL ANALYSIS

Part I. Department of Health and Human Services

Part I directs DHHS to stop providing State-funded benefits to noncitizens residing in the United States (US) illegally; review and update the eligibility criteria for all publicly funded benefits to ensure noncitizens residing in the US illegally are not eligible for benefits; and, develop a method for verifying the immigration status of applicants for publicly funded benefits who are noncitizens prior to disbursing benefits.

DHHS administers several programs that provide State-funded benefits to the public, many of which will not be impacted by the bill for the following reasons: legal status is already verified, the State is required by federal law to provide the benefit regardless of citizenship, or the cost to comply is negligible and can be absorbed by the existing budget.

The following programs already verify legal status:

- Temporary Assistance for Needy Families (Work First)
- Adoption Assistance
- Refugee Assistance
- Low Income Energy Assistance
- Work First Cash Assistance
- Food and Nutrition Services Employment and Training
- State-County Special Assistance
- Child Care Subsidy
- Vocational Rehabilitation Services
- Medicaid
- Independent Living Rehabilitation Services and Independent Living - Older Blind Program

The following programs are required by federal law or regulation to be provided to the public regardless of citizenship or legal status:

- Early Intervention Services
- Housing assistance provided through Emergency Solutions Grant funds
- Home and Community Care Block Grant
- Senior Community Service Employment Program



The following programs would require minor adjustments that could be absorbed into the existing budget:

- Project Care (Caregiver Support)
- Independent Living Services for Persons with Disabilities
- Medication Assistance Program

Single-stream funding and inpatient psychiatric hospital services (3-way bed contracts) would require changes to contracts with local management entities/managed care organizations (LME/MCOs). These changes would have no anticipated fiscal impact to DHHS. However, they may result in additional costs to the four LME/MCOs that co-ordinate and manage these services across their catchment areas.

DHHS identified an anticipated fiscal impact on the HIV Medication Assistance Program (HMAP) and on foster care assistance payments.

HIV Medication Assistance Program

DHHS anticipates that compliance with the bill would require significant adjustments to the HMAP information technology system, as legal status is not currently verified for this program. Modifying the system, which is in the process of being replaced, so that it could accommodate the requirements of the bill would add an estimated \$1.6 million in nonrecurring project costs for contractual services. This estimate is based off a percentage of current project costs and the level of changes that would be needed.

Foster Care Assistance

In North Carolina, noncitizens residing in the US illegally cannot become licensed foster parents and therefore are already ineligible to receive foster care assistance payments.

In cases where a noncitizen minor residing in the US illegally enters foster care, the monthly maintenance payments paid out to their caretakers are currently funded equally by the State and by the county the child resides in. Under House Bill 690, the State would stop contributing its 50% share of foster care maintenance payments, leaving the full cost to the counties. Using available data, it is estimated that North Carolina counties would collectively see an impact of approximately \$1.2 million more in annual costs, and the State would see annual savings of an equal amount. This estimate is based on the following information and assumptions:

- Based on available sources, an estimated 78 noncitizen minors residing in North Carolina without legal permission enter foster care per year.
- Existing information indicates that the average time spent in foster care custody is approximately 24 months, meaning that, during any given year, there are 156 noncitizen minors residing in North Carolina without legal permission in foster care.
- DHHS reports that the average monthly foster care assistance payment in North Carolina was \$1,264 from June 2024 to May 2025.
- Therefore, the estimated annual cost of providing foster care assistance payments for noncitizen minors equals \$2.4 million.
- The State's share of these estimated costs, \$1.2 million, would be shifted to counties.



Part II. Department of Commerce, Housing Finance Agency, and Local Housing Authorities

Part II directs Commerce, HFA, and local housing authorities established under Chapter 157 of the General Statutes to stop providing publicly funded housing benefits to noncitizens residing in the US illegally; review and update the eligibility criteria for all publicly funded housing benefits to ensure noncitizens residing in the US illegally are not eligible for benefits; and, develop a method for verifying the immigration status of applicants for publicly funded housing benefits who are noncitizens prior to disbursing benefits.

Commerce

Commerce administers publicly funded housing benefits through the federal Community Development Block Grant (CDBG) program. Commerce has stated that the required plan development and implementation align with the current duties of existing CDBG staff and would require a small increase in workload for these staff. Because existing staff can accommodate the workload required to develop and implement the plan, there is no fiscal impact to Commerce from this section.

Housing Finance Agency and Local Housing Authorities

The Housing Finance Agency (HFA) provides a variety of homeowner and renter assistance programs throughout the State. HFA has stated that there will be no increased costs to the State to implement Part II of this bill, as the verification requirement is either already implemented or could be performed by current staff for each program. Similarly, applicants to local housing authorities often verify their legal status through their Social Security Number (SSN) or Green Card number.

Part III. The University of North Carolina System and the North Carolina Community College System

Part III directs The University of North Carolina System (UNC System) and North Carolina Community College System (NCCCS) to adopt and implement a policy, to the extent allowed by federal law, to verify that all applicants for enrollment are legally authorized to reside in the United States for determining eligibility for in-State tuition and financial aid.

Per G.S. 116-143.1, an individual shall not be classified as a resident for tuition purposes until they are confirmed as a legal State resident. This verification is assessed by a centralized residency determination process known as the Residency Determination Service (RDS), which is administered by the North Carolina State Education Assistance Authority. RDS is also used to determine eligibility for State-funded financial aid programs. Since the existing higher education residency determination process already verifies residency, there is no fiscal impact to the UNC System or NCCCS.

Part IV. Unemployment Compensation

Part IV directs the Division of Employment Security (DES) within the Department of Commerce to verify that all applicants for unemployment benefits are authorized to reside legally in the United States. DES must already verify that all applicants for unemployment benefits are legally eligible to work in the United States. Therefore, this section has no fiscal impact.



TECHNICAL CONSIDERATIONS

Section 4 of Part I in House Bill 690 prohibits child care subsidy programs from serving noncitizens determined to be residing in the United States without legal permission. Should House Bill 690 become law, this would contradict SL 2023-134, Section 9D.3(i), 2023 Appropriations Act, which allows noncitizen families who are residing in North Carolina illegally but are otherwise eligible for subsidized child care to receive subsidy services under certain conditions. While one of the named exceptions is required under federal regulations, the other two are optional. Eliminating these two optional exceptions would result in no fiscal impact to the State but may result in fewer people on waitlists for subsidized child care services.

DATA SOURCES

DEPARTMENT OF HEALTH AND HUMAN SERVICES;

DEPARTMENT OF COMMERCE;

PROFILE OF THE UNAUTHORIZED POPULATION: NORTH CAROLINA (THE MIGRATION POLICY INSTITUTE, 2019); SARAH CATHERINE WILLIAMS, RACHEL ROSENBERG, AND VALERIE MARTINEZ, *STATE-LEVEL DATA FOR UNDERSTANDING CHILD WELFARE IN THE UNITED STATES* (CHILD TRENDS, INC., FEBRUARY 2024); YOUNGMIN YI, FRANK R EDWARDS, AND CHRISTOPHER WILDEMAN, *CUMULATIVE PREVALENCE OF CONFIRMED MALTREATMENT AND FOSTER CARE PLACEMENT FOR US CHILDREN BY RACE/ETHNICITY, 2011–2016* (AMERICAN JOURNAL OF PUBLIC HEALTH, 2020 MAY) 110(5):704-709.

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

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