

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0897-01
Bill No.: HB 1283
Subject: Public Assistance; Department of Social Services; Federal-State Relations
Type: Original
Date: March 26, 2015

Bill Summary: This proposal requires the Department of Social Services to allow the state's current supplemental nutrition assistance program work requirement waiver to expire.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$40,075)	\$121,221	\$121,221
Total Estimated Net Effect on General Revenue	(\$40,075)	\$121,221	\$121,221

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Savings and losses exceed \$100,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS), Family Support Division (FSD)** state if the department were allowed to let the current waiver regarding Able-Bodied Adults Without Dependents (ABAWD) expire, then based on participation as of January 31, 2015, 47,260 individuals could lose Food Stamp benefits. The current ABAWD waiver expires January 2016.

Food Stamp benefits are paid by the federal government and are not included in FSD's appropriations. The FSD anticipates loss of Food Stamp benefits based on the January 2015 average value of monthly benefits per ABAWD individual as follows: $\$176 \times 47,260$ individuals = $\$8,317,760$.

There would be 3 months of loss in FY 2016 or $\$24,953,280$ ($\$8,317,760 \times 3$ months). In the subsequent fiscal years it is anticipated that as new ABAWD individuals would come on the program and have eligibility limited to 3 months, there would be nine (9) months of lost benefits per year, $\$8,317,760 \times 9$ months = $\$74,859,840$.

Applying work requirement policy is labor intensive for staff and would require staff training. FSD assumes the training will be provided online. FSD would absorb the costs of the development of the training and the additional duties for field staff to verify the work requirement is met for participants subject to the work requirement.

Appropriate notices concerning the policy must be mailed to all participants notifying them of the reinstatement of work requirement policy at a cost of $\$160,964$ (rounded up).

Food Stamp households (392,593) x postage rate ($\$0.41$)
Total cost $\$160,964$ (50/50 federal/state split or $\$80,482$ each)

The FSD anticipates savings in electronic benefit transfer (EBT) services. The cost for EBT for Food Stamp households is $\$0.57$ per month. 47,260 of the ABAWD population are single person households. The FSD assumes that the 10,034 multiple person households would remain eligible for EBT services without the ABAWD receiving benefits. After the waiver has expired, the ABAWD population is eligible to receive food stamp benefits for 3 months maximum while not meeting the work requirement. The FSD anticipates 47,260 single person ABAWD households would receive benefits for three months from January - March, 2016. There would be 3 months of savings for FY16 (April - June) $47,260$ single households $\times \$0.57 = \$26,938 \times 3$ months = $\$80,814$. In the subsequent fiscal years it is anticipated that as new ABAWD individuals would come on the program and have eligibility limited to 3 months, there would be nine (9) months of savings per year, $\$26,938 \times 9$ months = $\$242,442$ per year.

ASSUMPTION (continued)

Total anticipated EBT savings 1st year: \$80,814
 On-going EBT savings annually: \$242,442

These savings would be split 50/50 federal/state (\$40,407 first year savings each; \$121,221 subsequent year savings, each).

DSS-FSD provided the response for **Office of Administration (OA), Information Technology Services Division (ITSD)** states Work Requirements is a technical factor for SNAP in the Family Assistance Management Information System (FAMIS) and this technical eligibility determination factor has several business rules build in including logic involving multiple rules table values.

This will require changes to FAMIS for both program logic and the rules tables. These changes will require contract IT consultants 172.8 hours at \$75/ hour or \$12,960 to complete. These costs will be split 50/50 state/federal or \$6,480 each. It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Oversight assumes the ITSD can absorb the minimal number of hours and costs associated with this proposal within existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND (§208.025)			
<u>Savings</u> - DSS-FSD			
Reduced EBT costs	\$40,407	\$121,221	\$121,221
<u>Costs</u> - DSS-FSD			
Postage costs	<u>(\$80,482)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$40,075)</u>	<u>\$121,221</u>	<u>\$121,221</u>

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
FEDERAL FUNDS (\$208.025)			
<u>Income - DSS-FSD</u>			
Program expenditure reimbursements	\$80,482	\$0	\$0
<u>Savings - DSS-FSD</u>			
Reduction in EBT expenditures	\$40,407	\$121,221	\$121,221
<u>Costs - DSS-FSD (\$208.244.1)</u>			
Program expenditures	(\$80,482)	\$0	\$0
<u>Loss - DSS-FSD</u>			
Reduction in reimbursements for EBT expenditures	<u>(\$40,407)</u>	<u>(\$121,221)</u>	<u>(\$121,221)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2016 (10 Mo.)	 FY 2017	 FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small business retailers could be negatively impacted when the SNAP waiver expires and certain recipients only receive food stamp benefits for three months.

FISCAL DESCRIPTION

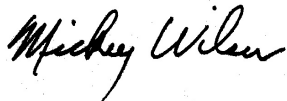
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (208.025)

The Supplemental Nutrition Assistance Program allows states with a certain level of unemployment to seek a waiver of the work requirement for assistance. Missouri currently has such a waiver. Beginning January 1, 2016, this proposal removes the waiver and reinstates the work requirements.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services -
 Family Support Division
Office of Administration -
 Information Technology Services Division



Mickey Wilson, CPA
Director
March 26, 2015

Ross Strobe
Assistant Director
March 26, 2015