

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1747-01
Bill No.: SB 376
Subject: Energy, Political Subdivisions; Public Service Commission; Social Services
 Department; Utilities
Type: Original
Date: April 15, 2011

Bill Summary: This proposal modifies laws relating to the provision of natural gas utility service.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(Up to \$18,403,353)	(Up to \$22,084,024)	(Up to \$22,084,024)
Total Estimated Net Effect on General Revenue Fund	(Up to \$18,403,353)	(Up to \$22,084,024)	(Up to \$22,084,024)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
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 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Public Service Commission** and **Office of Public Counsel** state this proposal will have no fiscal impact on their respective divisions.

According to officials from the **Department of Social Services - Family Support Division (DOS - FSD)**, §660.122 allows for households who have paid or attempted to pay their utility bills to receive assistance under the Utilicare program, provided they meet current eligibility guidelines. Currently, the state administers a crisis program within the federally-funded Low Income Home Energy Assistance Program (LIHEAP) that mandates that individuals must have their utility service disconnected or be in receipt of a shutoff notice in order to qualify. The state currently uses the same guidelines for determining eligibility for crisis funding for both LIHEAP and Utilicare.

DOS-FSD assumes this proposal does not change the income-related eligibility guidelines for receiving assistance (households at or below 135% of federal poverty level), but the proposal would expand the potential pool of applicants for Utilicare crisis funds by allowing households who have paid or attempted to pay their utility bills to be eligible for funding as long as they meet existing eligibility income requirements. The rate of expenditure of Utilicare funds would potentially increase depending on the number of newly eligible households who are awarded funding. DOS-FSD assumes Utilicare funding is subject to appropriation, thus the increase in eligible household would not mandate an increase in funding. The proposed changes to Utilicare would have no impact on the state's current crisis eligibility guidelines or funding levels for LIHEAP.

As a result of this proposed legislation, Utilicare crisis payments would have a definition of crisis separate from the LIHEAP crisis program. The agencies that administer the current program would have to implement an additional application mechanism to track Utilicare crisis-eligible clients versus LIHEAP crisis-eligible ones.

ASSUMPTION (continued)

The potential number of new families who may be able to apply for crisis funding if the current definition of crisis is expanded is estimated as follows:

Income-to-Poverty Ratio in 2010	
Totals	1,589,000
Below 135%	250,000

Source: U.S. Census Bureau - Subset: State: MO
Current Population Survey, Annual Social and Economic Supplement, 2010

It is estimated that there are 250,000 primary families at or below 135% of federal poverty level. According to Missouri's Federal Fiscal Year 2010 LIHEAP Household Report, 115,224 households received crisis funding. Based on these figures, expanding the eligibility for crisis beyond households who have had utilities shut off or received notices of service termination to all households who meet the income criteria could potentially increase the pool of eligible households to 134,776. The number could possibly be greater depending on the number of households at 135% or below the poverty rate at a given time.

DOS-FSD states 168,826 households received non-crisis energy assistance in FFY09. Assuming the difference between those households and the 115,224 households who received crisis funding represents a minimum of additional households who may receive crisis funding under the proposed legislation, 53,602 families who received non-crisis benefits would become eligible for Utilicare crisis funds. The average benefit amount of \$412. It is unknown how many of these families would access crisis funding.

DOS-FSD assumes Utilicare funding is subject to appropriation. If enacted, this proposed legislation would increase the number of eligible households, so the numbers of households served would be in part determined by the level of appropriation and in part by the size of individual utility payments. DOS-FSD is providing a cost of (Unknown but Greater than \$100,000).

Oversight calculates the potential cost by multiplying the 53,602 eligible families by the average benefit cost of \$412 for an annual cost to General Revenue of (Up to \$22,084,024). The prorated cost for 10 months of FY 2012 would be (Up to \$18,403,353).

ASSUMPTION (continued)

Officials from **Kansas City** and **St Louis County** state this proposed legislation will have no fiscal impact on their respective subdivisions.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE			
<u>Cost</u> - Department of Social Services - Family Support Division - Increased Utilicare disbursements (§660.122)	(Up to <u>\$18,403,353</u>)	(Up to <u>\$22,084,024</u>)	(Up to <u>\$22,084,024</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Up to \$18,403,353)</u>	<u>(Up to \$22,084,024)</u>	<u>(Up to \$22,084,024)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

§660.122

This proposed legislation specifies that any attempt to pay, or an actual payment of, a utility bill will not adversely affect the assistance that an otherwise eligible household would receive through the Utilicare Program and removes the requirement that a household must have its service disconnected for failure to pay its bill before being eligible for assistance.

Electric or gas companies must allow a customer who has not yet been disconnected and who incurs an arrearage during the cold weather rule period to retain service by paying one-third of the arrearage, plus the current bill, in each of the three months following the cold weather rule period.

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 Economic Development
Public Service Commission
Office of Public Counsel
Department of Social Services
Cities and Counties
St Louis County
Kansas City



Mickey Wilson, CPA
Director
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