

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4053-01
Bill No.: HB 1238
Subject: Public Assistance; Drugs and Controlled Substances; Social Services Dept.
Type: Updated
Date: March 20, 2012
Updated information provided by agency.

Bill Summary: Specifies that certain felons must be eligible for food stamp program benefits.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue#	(\$34,856 to \$109,462)	(Up to \$166,841)	(Up to \$247,875)
Total Estimated Net Effect on General Revenue Fund	(\$34,856 to \$109,462)	(Up to \$166,841)	(Up to \$247,875)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 11 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Federal*#	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Revenues and expenditures up to \$247,875 and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General#	Up to 1.5	Up to 3	Up to 4.5
Federal#	Up to 1.5	Up to 3	Up to 4.5
Total Estimated Net Effect on FTE	3	6	9

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 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 208.247:

Officials from the **Department of Health and Senior Services** assume the proposal will have no fiscal impact on their organization.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Department of Mental Health (DMH)** assume that the DMH will treat the applicant or recipient and also pay for the services. The DMH also assumes those eligible for food stamps and subject to this legislation will be placed on waiting lists for substance abuse treatment and provided such treatment as openings become available. Therefore, the DMH assumes there would be no fiscal impact to the DMH as a result of this legislation.

Officials from the **Department of Corrections (DOC)** state the passage of this proposal would not have a direct fiscal impact on the DOC although it would affect certain offenders in various treatment programs in the community as outlined within the proposal. Food stamps for these individuals could help them sustain their commitment to their treatment programs which may prove to be a catalyst against recidivism.

Officials from the **Office of Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. **The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect that additional funding would be required to meet these costs.** However, it is also recognized that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain within its core budget. **Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.**

Officials from the **Department of Social Services (DSS) - Division of Legal Services (DLS)** state the proposal will have no fiscal impact on the DLS. There is a fiscal impact on the Family Support Division (FSD) that will be included in the response from the FSD.

ASSUMPTION (continued)

Officials from the **DSS - Information Technology Services Division (ITSD)** state:

The following changes would be needed in the Family Assistance Management Information System:

1. The Sanction/Disqualification screen would require modifications.
2. The eligibility determination algorithm for Food Stamps would have to be modified to include individuals that would no longer meet sanction or disqualification criteria.
3. A new screen would need to be created to track compliance (offenders may be in treatment, completed treatment or be on a waiting list).
4. New reports would need to be created in the FAMIS Managed Reporting system to facilitate compliance tracking.
5. FAMIS correspondence to clients would need to be modified with language regarding disqualifications associated with a drug felony conviction and requirements to participate in a drug/alcohol treatment program to re-qualify.
6. Some clients that are currently sanctioned may be enrolled or have completed a treatment program. Would need to generate a report listing these individuals so eligibility specialists can re-evaluate eligibility for this population.

<u>Function</u>	<u>Work Effort (hours)</u>
Analysis and Design	60 hours
Create/Update Specification Documents	40 hours
Update Data Model (OCCR)	80 hours
Modify Eligibility Determination Process	40 hours
Modify Sanction/DQ Screen	80 hours
Create New Compliance Screen	160 hours
Data Warehouse Extracts Modifications	80 hours
Reports Programming-Modify Existing/Create New	80 hours
Notices Extract Programming	80 hours
AFP Programming for Notices	80 hours
Sanctioned Individuals Report (one-time execution)	40 hours
Testing/Coordination (Unit and System)	<u>60 hours</u>
Total:	<u>880 hours</u>

Assumptions:

1. Proof of participation in a DMH approved drug/alcohol abuse program will be in the form of documentation provided by the client. No additional, automated interface with Department of Mental Health will be required.
2. Estimates for programming to generate notices to recipients assume that contract staff will code the extracts and state staff will code the Advanced Function Printing (AFP) modules.

ASSUMPTION (continued)

3. Estimate for Managed Reporting function assumes that consultants will complete the changes for the data warehouse extract programming and existing state staff will complete the programming for the WebFOCUS reports.
4. Estimate for identifying currently sanctioned individuals and listing them on a report for eligibility evaluation assumes work will be completed by state staff.
5. There will be no impact after FY12 so projecting no costs beyond the first year.
6. Based on the above assumptions, state staff will perform 200 hours of the effort and contract staff will complete the remaining 680 hours.

Current rate for IT consultants for the FAMIS project averages \$90.00 per hour. Current rate for ITSD staff averages \$42.56 per hour. Total Cost: $(200 \text{ hours} \times \$42.56/\text{hr}) + (680 \text{ hours} \times \$90.00/\text{hr}) = \$ 69,712$.

Match rates for FAMIS are 50% GR and 50% Federal. Cost from General Revenue Funds = \$34,856; Cost from Federal Funds = \$34,856; Total Cost = \$69,712.

Officials from the **DSS - Family Support Division (FSD)** assume this legislation could add up to a total of 25,478 cases to the Food Stamp caseloads. The FSD anticipates these to phase in over a period of time, with 15% receiving the first year, and 15% each year for five years (75%). The FSD arrived at this number in this manner: There are currently 29,945 persons known to FAMIS as having a felony drug conviction. Of these persons, 4,467 are already known to the FSD as they are currently on an active Food Stamp case, however, not receiving Food Stamps due to a felony drug conviction.

$29,945 - 4,467 = 25,478 \times 15\% = 3,822$ new cases added each year over a period of five years. Not all individuals will qualify for Food Stamps under this new legislation.

Funding Requirements based on Staffing Needs

The FSD estimates a total of 13 new Eligibility Specialists would be needed each year to maintain the increased caseload size and take applications. This is based on an average caseload standard of 300 ($3,822/300 = 12.74$, rounded up to 13).

On a 10-1 ratio, Eligibility Specialist to Eligibility Supervisor, the FSD would need 1 new Eligibility Supervisor ($12/10 = 1.2$, rounded down to 1).

On a ratio of 6-1 Eligibility Specialist/Eligibility Supervisor to Professional Staff, the FSD would need an additional 2 professional staff. ($13 + 1 = 14/6 = 2.3$, rounded down to 2. $2 \times 75\% = 1.5$, rounded up to 2 OSA).

Total new FTE: $13 + 1 + 2 = 16$ per year $\times 5$ years = 80 new staff total.

ASSUMPTION (continued)

The FSD assumes existing Central Office Program Development Specialists in the Policy Unit will be able to complete necessary policy and/or forms changes.

The FSD assumes OA-ITSD will include the FAMIS programming costs needed to implement the provisions of this bill in their fiscal note response.

Other Funding Requirements

There will be increased EBT costs to process the additional Food Stamp payments to recipients. In the past, the increased EBT costs could have been absorbed with core funding, however caseloads have grown significantly and there is no longer sufficient funds available to absorb this increase in caseloads.

The cost of EBT services to process each Food Stamp case will be \$0.59 per month. Since it is projected that 3,822 new cases would be added each year over a period of five years, the estimated increased cost for EBT is:

FY13: $3,822 \text{ cases} \times 10 \text{ months} \times \$0.59 = \$22,550$
FY14: $7,644 (3,822 + 3,822) \text{ cases} \times 12 \text{ months} \times \$0.59 = \$54,120$
FY15: $11,466 (7,644 + 3,822) \text{ cases} \times 12 \text{ months} \times \$0.59 = \$81,179$
FY16: $15,288 (11,466 + 3,822) \text{ cases} \times 12 \text{ months} \times \$0.59 = \$108,239$
FY17: $19,110 (15,288 + 3,822) \text{ cases} \times 12 \text{ months} \times \$0.59 = \$135,299$

In summary, the FSD assumes this proposal will have a total fiscal impact of \$774,780 (\$387,390 GR/\$387,390 Federal) for FY 13; \$1,728,940 (\$864,470 GR/\$864,470 Federal) for FY 14; and \$2,567,565 (\$1,283,783 GR/\$1,283,783 Federal) for FY 15. Current match rates are 50% GR/50% Federal for administrative costs.

DSS - FSD officials provide the following updated information for Section 208.247:

Based on the number of new releases from the Department of Corrections, overall recidivism rate, known factors within the FAMIS system and application rate, it is assumed there will be a potential of 1,045 new cases for the Food Stamp Program each year.

Funding Requirements based on Staffing Needs

The FSD estimates a total of 3 new Eligibility Specialists would be needed each year to maintain the increased caseload size and take applications. This is based on an average caseload standard of 300 ($1,045/300 = 3.48$, rounded down to 3).

ASSUMPTION (continued)

Total new FTE: 3 per year X 5 years = 15 new staff total.

The FSD assumes existing Central Office Program Development Specialists in the Policy Unit will be able to complete necessary policy and/or form changes.

The FSD assumes OA-ITSD will include the FAMIS programming costs needed to implement the provisions of this proposal in their fiscal note response.

Other Funding Requirements

There will be increased EBT costs to process the additional Food Stamp payments to recipients. In the past, the increased EBT costs could have been absorbed with core funding, however caseloads have grown significantly and there is no longer sufficient funds available to absorb this increase in caseloads.

The cost of EBT services to process each Food Stamp case will be \$0.59 per month. Since it is projected that 1,045 new cases would be added each year over a period of five years, the estimated increased cost for EBT is:

FY13: 1,045 cases x 10 months x \$0.59 = \$6,166
FY14: 2,090 (1,045 + 1,045) cases x 12 months x \$0.59 = \$14,797
FY15: 3,135 (2,090 + 1,045) cases x 12 months x \$0.59 = \$22,196
FY16: 4,180 (3,135 + 1,045) cases x 12 months x \$0.59 = \$29,594
FY17: 5,225 (4,180 + 1,045) cases x 12 months x \$0.59 = \$36,993

In summary, the FSD assumes this proposal will have a total fiscal impact of \$149,212 (\$74,606 GR/\$74,606 Federal) for FY 13; \$333,682 (\$166,841 GR/\$166,841 Federal) for FY 14; and \$495,750 (\$247,875 GR/\$247,875 Federal) for FY 15. Current match rates are 50% GR/ 50% Federal for administrative costs.

Oversight assumes, because the amount of increase in food stamp cases is speculative, that the FSD might not require the full number of FTE asked for in the FSD fiscal impact response. Therefore, for fiscal note purposes only, **Oversight** has added "Up to" to the fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE FUND			
<u>§208.247</u>			
<u>Costs - Department of Social Services-</u>			
<u>Information Technology Services</u>			
<u>Division</u>			
Programming Costs	<u>(\$34,856)</u>	<u>\$0</u>	<u>\$0</u>
 <u>Costs - Department of Social Services</u>			
Personal Service - FSD	(Up to \$35,731)	(Up to \$86,646)	(Up to \$131,256)
Fringe Benefits - FSD	(Up to \$18,916)	(Up to \$45,870)	(Up to \$69,487)
Equipment and Expense - FSD	(Up to \$19,959)	(Up to \$34,325)	(Up to \$47,132)
Total <u>Costs</u> - FSD	<u>(Up to \$74,606)</u>	<u>(Up to \$166,841)</u>	<u>(Up to \$247,875)</u>
 FTE Change - DSS-FSD	 Up to 1.5 FTE	 Up to 3 FTE	 Up to 4.5 FTE
 ESTIMATED NET EFFECT ON			
GENERAL REVENUE FUND			
	<u>(\$34,856 to</u>	<u>(Up to</u>	<u>(Up to</u>
	<u>\$109,462)</u>	<u>\$166,841)</u>	<u>\$247,875)</u>
 Estimated Net FTE Change for General Revenue Fund	 Up to 1.5 FTE	 Up to 3 FTE	 Up to 4.5 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
FEDERAL FUNDS			
<u>§208.247</u>			
<u>Income - Department of Social Services-</u>			
<u>Information Technology Services</u>			
<u>Division</u>			
Federal Assistance	<u>\$34,856</u>	<u>\$0</u>	<u>\$0</u>
 <u>Income - Department of Social Services-</u>			
<u>Family Support Division</u>			
Federal Assistance	<u>Up to \$74,606</u>	<u>Up to \$166,841</u>	<u>Up to \$247,875</u>
 <u>Costs - Department of Social Services-</u>			
<u>Information Technology Services</u>			
<u>Division</u>			
Programming Costs	<u>(\$34,856)</u>	<u>\$0</u>	<u>\$0</u>
 <u>Costs - Department of Social Services</u>			
Personal Service - FSD	(Up to \$35,731)	(Up to \$86,646)	(Up to \$131,256)
Fringe Benefits - FSD	(Up to \$18,916)	(Up to \$45,870)	(Up to \$69,487)
Equipment and Expense - FSD	<u>(Up to \$19,959)</u>	<u>(Up to \$34,325)</u>	<u>(Up to \$47,132)</u>
Total <u>Costs</u> - FSD	<u>(Up to \$74,606)</u>	<u>(Up to \$166,841)</u>	<u>(Up to \$247,875)</u>
FTE Change - DSS-FSD	Up to 1.5 FTE	Up to 3 FTE	Up to 4.5 FTE
 ESTIMATED NET EFFECT ON			
FEDERAL FUNDS			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change for Federal Funds	Up to 1.5 FTE	Up to 3 FTE	Up to 4.5FTE
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Section 208.247:

Additional Missouri residents will be eligible for Food Stamp benefits and will be using those benefits to purchase food at Missouri retailers.

FISCAL DESCRIPTION

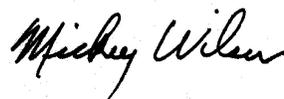
This proposal specifies that, pursuant to the option granted by 21 U.S.C. Section 862a(d) under the federal Personal Responsibility and Work Opportunity Act of 1996, an individual who has pled guilty to or is found guilty under federal or state law of a felony involving the possession or use of a controlled substance must be eligible for federal food stamp program benefits if, as determined by the Department of Social Services: (1) The person is successfully participating in, is accepted for treatment but on a waiting list, or has satisfactorily completed a substance abuse treatment program approved by the Division of Alcohol and Drug Abuse within the Department of Mental Health; (2) The person is successfully complying with or has already complied with all obligations imposed by a court, the Division of Alcohol and Drug Abuse, and the Division of Probation and Parole within the Department of Corrections; (3) The person has demonstrated sobriety through voluntary urinalysis testing paid for by the participant; or (4) It has been more than four years since the conviction for a drug related felony.

The individual must also meet all other factors for food stamp program eligibility.

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

SOURCES OF INFORMATION

Department of Mental Health
Department of Corrections
Department of Health and Senior Services
Department of Social Services
Joint Committee on Administrative Rules
Office of Secretary of State



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Director
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