

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4439-01
Bill No.: SB 474
Subject: Social Services Dept.; Public Assistance
Type: Original
Date: January 10, 2012

Bill Summary: Requires the Department of Social Services to take steps to mandate the use of photo identification for the food stamp program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(Greater than \$1,345,947)	(Greater than \$1,479,404)	(Greater than \$1,479,404)
Total Estimated Net Effect on General Revenue Fund	(Greater than \$1,345,947)	(Greater than \$1,479,404)	(Greater than \$1,479,404)

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

* Income and expenditures greater than \$1.4 million and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
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 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

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 Revenue (DOR)** state it is their understanding that the Department of Social Services does not plan to use DOR photos for food stamp identification cards. Therefore, this proposal will have no impact on the DOR.

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 **Office of Administration (OA) - Information Technology Services Division (ITSD) - Department of Social Services (DSS)** provide the following assumptions:

Section 208.1000

Passage of SB 474 would require a rewrite of the current EBT system to handle additional information and photos passed to the EBT vendor.

Two virtual server databases will be created to store photo ID information (DCN, Case Id, address, photo, date, etc). One database will be for Production with the second database mirroring the first as a High Availability Disaster Recovery solution. Both servers will require at least 500 gb of storage initially.

ASSUMPTION (continued)

Web Cameras:

- **Option 1:** Web cameras would be purchased for each Family Support Division (FSD) worker entering Food Stamp applications at \$41.55 each. Pictures would be taken during the FAMIS control flow intake process.

- **Option 2:** At least one dedicated PC and Web camera per office would be required for all FSD workers to share for taking photos. This option requires the worker to enter the Food Stamp Application at one PC, then move to another PC to take the photos. Business PC \$521.00 + Web Camera \$41.55 = \$562.55 each.

FAMIS would require modifications to add the following functions related to providing photo ID's on EBT cards and distributing cards to additional members of the household:

1. The Supercase Member Clearance screen would require modifications.
2. The Supercase Address/Supercase Transfer screen would require modifications.
3. The Person Detail screen would require modifications.
4. The Eligibility Unit Transfer screen would require modifications.
5. The Authorized Rep Address screen would require modifications.
6. A new screen would need to be added to the control flow to track members of the household needing an EBT card and take the photo.
7. Program to remove or close a Food Stamp Case would require modifications.
8. Program to add member to Food Stamp Case would require modifications.
9. Program to close expired Food Stamp EU's would require modifications.
10. Extract photo id information and store in the data warehouse for reports.
11. Add photo information to existing Food Stamps reports.
12. FAMIS correspondence to the head of the household of each Food Stamp eligibility unit via a onetime mass mailing with instructions regarding the photo id EBT card.

Assumptions:

1. Photo ID on the EBT card is not required for eligibility determination for Food Stamp benefits, per phone conversation with Program and Policy.
2. A new screen will be added to the control flow for taking the required photos.
3. Each FSD caseworkers PC will require a web camera.
4. Estimates for programming to generate notices to recipients assume state staff will code the one time notice.
5. Estimates for extract of photo id info to data warehouse and modify WebFOCUS reports will be completed by state staff.
6. Estimate includes one fourth of the initial cost for yearly maintenance after FY13, approximately \$175,000.

ASSUMPTION (continued)

7. Estimate includes print cost of the one time mailing regarding photo ID's. Program and Policy has included postage in their estimate.
8. Current rate for IT consultants for the FAMIS project averages \$90.00 per hour. Rate given by FAMIS staff.
9. Current rate for ITSD staff averages \$42.56 per hour.
10. Match rates for FAMIS Food Stamps is 50% GR and 50% Federal.

Estimates common to all options:

EBT System rewrite estimates:

<u>Function</u>	<u>Work Effort (hours)</u>
Batch Programs (60 programs @ 80 hours each)	4800 hours
CICS Programs (5 programs @ 80 hours each)	400 hours
JCL Proc Changes (13 JCL @ 40 hours each)	<u>520 hours</u>
Total:	5720 hours

State Staff \$42.56/hr * 5720 hours = \$ 243,443.20

Web cameras: See options above: Number to purchase unknown

Two virtual server databases with 500gb dasd each: 1000gb dasd * \$32.71/gb = \$32,710.

One time Letter Cost: The price per foot for simplex print is \$0.03098. So the price for this one time job will be 440,881 pages * 11 inches divided by 12 = 404,141 feet * \$0.03098 = approx. \$12,520.

Total Common Costs: \$ 288,673.20

208.1000.2 (1) - Issue separate photo identification cards to other eligible household members or the household's authorized representative.

FAMIS estimates:

<u>Function</u>	<u>Work Effort (hours)</u>
Analysis and Design	1680 hours
Create/Update High Level Design Documents	620 hours
Create/Update Specification Documents	1680 hours
Update Data Model (OCCR)	160 hours
Coding and Unit Testing 5 On-Line Programs	760 hours

HWC:LR:OD

ASSUMPTION (continued)

Coding and Unit Testing Batch Programs	520 hours
Notice to client regard Photo ID (one-time execution)	160 hours
Data Warehouse Extracts Modifications	120 hours
Reports Programming-Modify Existing/Create New	120 hours
Testing/Coordination (Unit and System)	<u>1680 hours</u>
Total:	7500 hours

Based on assumptions listed above, state staff will perform 560 hours of the effort and contract staff will complete the remaining 6,940 hours.

$$(560\text{hours} \times \$42.56/\text{hr}) + (6940 \text{ hours} \times \$90.00/\text{hr}) = \mathbf{\$648,433.60}$$

$$\mathbf{\text{Total Cost (1)} = \$ 288,673.20 + \$648,433.60 = \underline{\mathbf{\$937,106.80}}$$

208.1000.2 (2) - List such additional persons on the photo identification card issued to the eligible household.

<u>Function</u>	<u>Work Effort (hours)</u>
Analysis and Design	1000 hours
Create/Update High Level Design Documents	320 hours
Create/Update Specification Documents	1000 hours
Update Data Model (OCCR)	160 hours
Coding and Unit Testing On-Line Programs	160 hours
Coding and Unit Testing Batch Programs	520 hours
Notice to client regard Photo ID (one-time execution)	160 hours
Data Warehouse Extracts Modifications	120 hours
Reports Programming-Modify Existing/Create New	120 hours
Testing/Coordination (Unit and System)	<u>1000 hours</u>
Total:	4560 hours

Based on assumptions listed above, state staff will perform 560 hours of the effort and contract staff will complete the remaining 4,000 hours.

$$(560\text{hours} \times \$42.56/\text{hr}) + (4000 \text{ hours} \times \$90.00/\text{hr}) = \mathbf{\$383,833.60}$$

$$\mathbf{\text{Total Cost (2)} = \$ 288,673.20 + \$ 383,833.60 = \underline{\mathbf{\$672,506.80}}$$

ASSUMPTION (continued)

Officials from the **DSS - Division of Legal Services (DLS)** anticipate that the DLS will have to provide legal advice and consultation to the Family Services Division (FSD) on the implementation of the law if it is enacted. This can be done with existing resources. The proposal has no fiscal impact to the DLS; however, there is a fiscal impact to the FSD that will be included in the response from FSD.

Officials from the **DSS - Family Services Division (FSD)** provide the following assumptions:

Section 208.1000:

This section requires the FSD issue a photo identification card to each eligible household as proof of food stamp eligibility. The FSD understands it is the intent of the sponsor of this proposal to have the photo identification placed on the electronic benefits transfer card issued to each Food Stamp recipient household. While the photo would provide proof of identification, it does not provide proof of Food Stamp eligibility.

Two options are allowed under the proposal to meet the photo identification requirement.

Sub-division (2) of sub-section 2 of the proposal would require one EBT card per household that contains a photo and a list of eligible household members. The FSD has determined that this option is not feasible. After placing a photo on the front of the EBT card, the remaining space on the card to list household members in addition to the card holder's name is limited and would require a font so small that it would render the names unreadable. In addition, each time an individual moved from one household to another (such as joint custody children), a new card would have to be issued to each household.

Sub-division (1) of subsection 2 of the proposal would require a separate EBT card be issued to all eligible household members and/or the household's authorized representative with a photo of the individual included on the card. This option would require the FSD to obtain photos for all household members, including children, and all authorized representatives. The FSD estimates the cost to implement the provisions of this option to be greater than \$2,019,389 for the first year and greater than \$2,751,097 for the second and subsequent years.

First year costs:

The implementation of placing a photo on the EBT cards for Food Stamp recipients will require a change to the current EBT contract and the systems. The FSD estimates the costs for these changes would be as follows:

HWC:LR:OD

ASSUMPTION (continued)

Development & Implementation	\$342,604
Notification to TPPs, Networks & EBT Processors	\$ 53,750
Card Re-Design	\$ 1,000
Card Vendor Programming for Photos	<u>\$ 3,900</u>
Sub-Total	\$401,254

In addition, testing costs of \$110 per hour would be needed. At this time it is unknown how many hours of testing would be needed.

The FSD estimates a cost of \$1.50 per card to issue cards to all household members. As of October 2011, there are 950,725 individuals receiving Food Stamp benefits in 440,881 households. This would result in an initial cost of \$1,426,087.50, rounded to \$1,426,088 (\$1.50 per card x 950,725 cards) to issue EBT cards with photos to all current FS recipients.

The FSD estimates a card destruction cost of \$23,190 to destroy cards on hand at the time of transition to the new design of EBT cards with photo. This cost is calculated using a cost of \$200 per 1,000 cards for the cost of the unusable cards on hand as well as a cost of \$0.0319 per card for the physical destruction. Using an estimate of 100,000 cards on hand, the cost of the cards would be \$20,000 (100,000 / 1,000 x \$200) + \$3,190 (100,000 x \$0.0319).

The FSD would need to mail at least one notice to each household notifying them to report to an FSD office to have a photograph taken. At a cost of \$0.383 per notice, the FSD would incur mailing costs of \$168,857 (440,881 households x \$0.383 per notice) to mail one notice to each household. This cost will increase if multiple notices are needed to ensure each household complies with the photo requirement.

Additional costs would be incurred for programming changes to the FSD's FAMIS and EBT computer systems under either option. The FSD defers to OA-ITSD to determine and include these costs in their response.

First year costs: \$401,254 + \$1,426,088 + \$23,190 + \$168,857 = unknown but greater than \$2,019,389.

Ongoing Costs:

After the initial card issuance, there would be ongoing yearly costs for new card issuance on new cases, card replacement of lost, stolen, or damaged EBT cards and help desk call support. These costs are per case per month. The FSD estimates the cost per case per month would increase by \$0.52 per case per month. Therefore, the FSD estimates an increase in ongoing yearly costs of \$2,751,097 (\$0.52 per case x 12 months x 440,881 cases).

Oversight notes administrative costs receive a 50% federal match; 50% will be General Revenue costs.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE FUND			
<u>§208.1000</u>			
<u>Costs - Department of Social Services - Information Technology Services Division</u>			
Programming Costs	(Greater than \$336,253)	\$0	\$0
On-going storage and consultation costs	\$0	(\$103,855)	(\$103,855)
Total <u>ITSD</u> Costs	(Greater than \$336,253)	(\$103,855)	(\$103,855)
<u>Costs - Department of Social Services - Family Support Division</u>			
Expense and Equipment	(Greater than \$1,009,694)	(Greater than \$1,375,549)	(Greater than \$1,375,549)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
	<u>(Greater than \$1,345,947)</u>	<u>(Greater than \$1,479,404)</u>	<u>(Greater than \$1,479,404)</u>
FEDERAL FUNDS			
<u>§208.1000</u>			
<u>Income - Department of Social Services - Information Technology Services Division</u>			
Federal Assistance	Greater than \$336,253	\$103,855	\$103,855
<u>Income - Department of Social Services - Family Support Division</u>			
Federal Assistance	Greater than \$1,009,694	Greater than \$1,375,549	Greater than \$1,375,549
Total <u>Income</u> - DSS	Greater than \$1,345,947	Greater than \$1,479,404	Greater than \$1,479,404

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
FEDERAL FUNDS (continued)			
<u>Costs - Department of Social Services - Information Technology Services Division</u>			
Programming Costs	(Greater than \$336,253)	\$0	\$0
On-going storage and consultation costs	\$0	(\$103,855)	(\$103,855)
Total <u>ITSD</u> Costs	<u>(Greater than \$336,253)</u>	<u>(\$103,855)</u>	<u>(\$103,855)</u>
<u>Costs - Department of Social Services - Family Support Division</u>			
Expense and Equipment	<u>(Greater than \$1,009,694)</u>	<u>(Greater than \$1,375,549)</u>	<u>(Greater than \$1,375,549)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<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

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

FISCAL DESCRIPTION

This proposal requires the Department of Social Services to request the federal Department of Agriculture, Food and Nutrition Service (FNS) to mandate the use of photo identification for continued eligibility in the food stamp program administered in Missouri. Upon six months after approval of the request by FNS, the department shall issue a photo identification card to each eligible household as proof of food stamp eligibility.

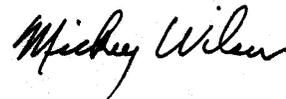
FISCAL DESCRIPTION (continued)

The department shall adopt rules for the use of photo identification cards required under this proposal, including rules for whether the department shall: (1) issue separate photo identification cards to other eligible household members or the household's authorized representative; or (2) list such additional persons on the photo identification card issued to the eligible household.

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



Mickey Wilson, CPA
Director
January 10, 2012