

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1789-01
Bill No.: HB 838
Subject: Public Assistance; Drugs and Controlled Substances; Social Services Department
Type: Original
Date: April 19, 2013

Bill Summary: This proposal specifies that certain felons must be eligible for the supplemental nutrition assistance program (SNAP) benefits.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Unknown, could exceed \$43,866)	(\$8,079)	(\$12,118)
Total Estimated Net Effect on General Revenue Fund	(Unknown, could exceed \$43,866)	(\$8,079)	(\$12,118)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS) - Family Support Division (FSD) - Income Maintenance Unit** state based on the number of new releases from the Missouri Department of Corrections (DOC), overall recidivism rate, known factors within the Family Assistance Management Information System (FAMIS) and application rate, it is assumed that there will be a potential of 1,141 new cases for the Food Stamp Program in FY 14. According to information from the DOC, the overall recidivism rate has been decreasing, which increases the number of potential new cases for the Food Stamp Program.

Due to the change in organization structure and the requested new eligibility system, the FSD assumes existing staff will be able to maintain the increased caseload size and take applications.

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 proposal in their fiscal note response.

There will be increased Electronic Benefit Transfer (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 is \$0.59 per month. Since it is projected that 1,141 new cases would be added each year over a period of five years, the estimated increased cost for EBT is:

FY14: 1,141 cases x 10 months x \$0.59 = \$6,732 (rounded)
FY15: 2,282 (1,141 + 1,141) cases x 12 months x \$0.59 = \$16,157 (rounded)
FY16: 3,423 (2,282 + 1,141) cases x 12 months x \$0.59 = \$24,235 (rounded)
FY17: 4,564 (3,423 + 1,141) cases x 12 months x \$0.59 = \$32,313 (rounded)
FY18: 5,705 (4,564 + 1,141) cases x 12 months x \$0.59 = \$40,391 (rounded)

Match rates are assumed to be 50% Federal/50% General Revenue.

Officials from the **DSS - Division of Legal Services (DLS)** state the DLS conducts administrative hearings for individuals who are denied food stamps because the person has pled guilty, or has been found guilty under federal or state law of a felony involving possession or use

ASSUMPTION (continued)

of a controlled substance. In FY 11, the DLS administrative hearing unit held 14,199 hearing requests. Only forty (40) hearings involved hearings on convicted drug felons being denied Food Stamp benefits. By eliminating the prohibition of convicted drug felons receiving Food Stamp benefits, it is assumed this legislation will reduce the number of hearings involving convicted drug felons. Assuming the forty (40) hearings held in FY 11 were reduced to zero, this would lead to a reduction by less than one percent in the total number of DLS administrative hearings. A DLS administrative hearing officer's caseload is presumed to be 900 hearings per year. A DLS administrative hearing officer is presumed to hold twenty (20) hearings per week. There are eighteen (18) hearing officers. The presumed effect of this legislation will be to eliminate approximately two hearing per year for each hearing officer. Therefore, based on these assumptions, it is concluded that this legislation will not have a fiscal impact on DLS at this time.

The new legislation has specific criteria for receiving Food Stamp benefits post felony drug conviction. An application may be denied not simply for having a felony drug conviction but by failing to meet any one of those criteria in 208.247.1.

The Family Support Division estimates that there will be 1,141 new cases for the Food Stamp Program because of this proposed legislation. However, it is not possible to estimate what percentage of these new Food Stamp cases will result in additional administrative hearings, if any. Therefore, it is not possible to estimate whether these hearings will exceed the number of Food Stamp disqualification hearings that will no longer be held.

Oversight assumes the DLS can absorb the additional hearings that may result from this legislation, if any. However, if the number of hearings increases substantially, the DSS may seek additional appropriations through the appropriations process.

Officials from the **Office of Administration - Information Technology Services Division (ITSD)/Department of Social Services (DSS)** provide the following assumptions for this proposal:

§ 208.247 - Supplemental Nutrition Assistance Program (SNAP) for Certain Felons:

The following changes would need to be made to Family Assistance Management Information System (FAMIS):

1. The Sanction/Disqualification screen would require modifications.
2. The eligibility determination algorithm for SNAP 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).

ASSUMPTION (continued)

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.

Activities	Estimated Hours
Analysis and Design	300
Create/Update Specification Documents	80
Update Data Model (OCCR)	80
Modify Eligibility Determination Process	160
Modify Sanction/DQ Screen	80
Create New Compliance Screen	160
Data Warehouse Extracts Modifications	100
Reports Programming—Modify Existing/Create New	100
Notices Extract Programming	120
AFP Programming for Notices	120
Sanctioned Individuals Report (one-time execution)	40
Testing/Coordination (Unit and System)	180
Total	1520 hrs

Assumptions:

1. Proof of participation in an approved drug/alcohol abuse program will be in the form of documentation provided by the client.
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.
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 FY14 so projecting no costs beyond the first year.

ASSUMPTION (continued)

6. State staff costs are \$63.04/hr
7. Contract Staff would be required for this effort at \$90.00/hr.

Total Cost: (220hrs X \$63.04/hr) + (1300hrs X \$90.00/hr) = \$ 130,868 (rounded)

Match rates for FAMIS are 50% GR and 50% Federal.

Cost from General Revenue Funds = \$ 65,434

Cost from Federal Funds = \$ 65,434

ISSUE: All of the changes mentioned on this proposal for FAMIS would potentially be implemented on top of the proposed MAGI implementation scheduled for the end of this year. Costs become unknown as the technology and application used are unknown at this time.

Oversight notes this legislation is similar to HB 529 from the current session which had a cost of \$81,000 (\$40,500 General Revenue (GR); \$40,500 Federal Funds). Due to the unknown impact of the possible Modified Adjusted Gross Income (MAGI) implementation scheduled for the end of this year, Oversight will present an unknown, could exceed \$81,000 impact for ITSD (\$40,500 GR; \$40,500 Federal) for FY 14.

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 **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 those eligible for the supplemental nutrition assistance program and subject to this legislation will be placed on waiting lists for substance abuse treatment and provided such treatment as openings become available. DMH assumes there will be no fiscal impact to the department as a result of this legislation.

ASSUMPTION (continued)

Officials from the **Department of Corrections (DOC)** state passage of this proposal would not have a direct fiscal impact of the DOC although it would affect certain offenders in various treatment programs in the community as outlined in 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 **Department of Health and Senior Services** assume the proposal would not fiscally impact their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE FUND			
<u>Costs - DSS-FSD</u>			
Increase in food stamp expenditures	(\$3,366)	(\$8,079)	(\$12,118)
<u>Costs - OA-ITSD-DSS</u>			
Programming and system changes	<u>(Unknown could exceed \$40,500)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(Unknown, could exceed \$43,866)</u>	<u>(\$8,079)</u>	<u>(\$12,118)</u>
FEDERAL FUNDS			
<u>Income - DSS-FSD</u>			
Increase in program reimbursements	\$3,366	\$8,079	\$12,118
<u>Income - OA-ITSD-DSS</u>			
Increase in program reimbursements	Unknown, could exceed \$40,500	\$0	\$0

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
FEDERAL FUNDS (cont.)			
<u>Costs - DSS-FSD</u>			
Increase in program expenditures	(\$3,366)	(\$8,079)	(\$12,118)
<u>Costs - OA-ITSD-DSS</u>			
Increase in program reimbursements	<u>(Unknown, could exceed \$40,500)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Additional Missouri residents will be eligible for food stamp/SNAP benefits and will using those benefits to purchase food items at Missouri retailers.

FISCAL DESCRIPTION

This proposal changes the law regarding the Supplemental Nutrition Assistance Program (SNAP). An individual who has pled guilty to or is found guilty under federal or state law of a felony involving possession or use of a controlled substance must be exempt from the prohibition against eligibility for SNAP benefits for the convictions if the Department of Social Services determines that the individual meets at least one of the following conditions: (1) He or she is currently successfully participating in a substance abuse treatment program approved by the Division of Alcohol and Drug Abuse within the Department of Mental Health; (2) He or she is currently accepted for treatment in and participating in a substance abuse treatment program approved by the division but is on a wait list to receive the treatment and the individual enrolls in and enters the treatment program at the first available opportunity; (3) He or she has satisfactorily completed a substance abuse treatment program approved by the division; (4) He or she is

FISCAL DESCRIPTION (continued)

successfully complying with or has complied with all obligations imposed by the court, the Division of Alcohol and Drug Abuse, and the Division of Probation and Parole within the Department of Corrections; (5) He or she has demonstrated sobriety through voluntary urinalysis testing paid for by the participant; or (6) It has been over four years since the drug-related felony conviction.

Eligibility must be based upon documentary or other evidence deemed satisfactory by the Department of Social Services and the applicant must meet all other eligibility requirements. The department, in consultation with the Division of Alcohol and Drug Abuse, must create rules to carry out the provisions of the proposal, including the criteria for determining active participation in and completion of a substance abuse treatment program.

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

Office of Administration -
Information Technology Services Division/Department of Social Services
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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