

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6085-01
Bill No.: HB 1879
Subject: Public Assistance; Agriculture and Animals; Social Services Department
Type: Original
Date: February 21, 2014

Bill Summary: This proposal establishes a SNAP food stamps pilot project to encourage purchases of fresh fruit and vegetables.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	\$0 to (Unknown, greater than \$100,000)	\$0 to (Unknown, greater than \$100,000)	\$0 to (Unknown, greater than \$100,000)
Total Estimated Net Effect on General Revenue Fund	\$0 to (Unknown, greater than \$100,000)	\$0 to (Unknown, greater than \$100,000)	\$0 to (Unknown, greater than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS) - Family Support Division (FSD)** state the use of food stamp benefits at farmer's markets is currently supported by the federal government and Missouri follows that policy. Establishing a pilot program within the DSS is subject to appropriations in this legislation. The food stamp program is entirely federally funded. This legislation proposes a dollar for dollar match with SNAP benefits for every SNAP dollar spent in an amount up to ten dollars per week.

Farmers' markets are not uniquely identifiable in the Fidelity Information Services (FIS) ebtEDGE system, all retailers are the same. FIS cannot identify what the cardholder bought at the farmers market. Location and amount are captured in the EBT system, but there is no mechanism to capture individual items purchased. Receipts would need to be submitted from each participant. State staff would review the receipts and determine the dollar match. Once approved, the FSD would notify FIS. To automatically trigger a match, FIS would need funding up front.

FIS will have to program to identify the authorized markets, monitor the transactions at those specific markets, and determine the amount of funds the cardholders should receive as a reimbursement, move the funds to the cardholder, and collect that amount from the state. In addition, system updates would be needed to add a new fund code to accept the state dollar for dollar match.

The FSD anticipates additional costs associated with FIS, similar to the Summer Electronic Benefit Transfer for Children (SEBTC) program. Initial start up costs to do the SEBTC program were \$34,785. Benefit authorizations would need to be manually entered through the ebtEdge (administrative terminal) system by FSD staff during the pilot program. If fully implemented, batch processes to transmit to Missouri's EBT contractor, FIS, will need to be created by the Family Assistance Management Information System (FAMIS) very similar to what is used today for Food Stamps (SNAP) and Temporary Assistance (TA).

In December 2013, there were 413,953 households in Missouri receiving food stamps. Using the assumption that this program would run for 20 weeks at ten dollars per week for each household, even if only 327 households take advantage of the pilot program, appropriations needed are greater than \$100,000 (327 households x \$10 x 20 weeks = \$65,400 benefits) (\$65,400 benefits + \$34,785 start up costs = \$100,185).

ASSUMPTION (continued)

The appropriations needed to fund this program are unknown, but greater than \$100,000 (General Revenue).

Oversight notes from discussions with DSS staff, that FSD assumed there is approximately a 20-week growing season in Missouri each year in which farmers' markets will be open and recipients may purchase fresh fruits and vegetables.

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 Agriculture** assume the proposal would not fiscally impact their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Costs - DSS-FSD (\$208.018)</u>			
Start up and pilot project costs	<u>\$0 to</u> <u>(Unknown,</u> <u>greater than</u> <u>\$100,000)</u>	<u>\$0 to</u> <u>(Unknown,</u> <u>greater than</u> <u>\$100,000)</u>	<u>\$0 to</u> <u>(Unknown,</u> <u>greater than</u> <u>\$100,000)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND			
	<u>\$0 to</u> <u>(Unknown,</u> <u>greater than</u> <u>\$100,000)</u>	<u>\$0 to</u> <u>(Unknown,</u> <u>greater than</u> <u>\$100,000)</u>	<u>\$0 to</u> <u>(Unknown,</u> <u>greater than</u> <u>\$100,000)</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could have a positive fiscal impact on small business farmers and farmers' markets.

FISCAL DESCRIPTION

This proposal specifies that the Department of Social Services must establish a pilot program for the purpose of providing Supplemental Nutrition Assistance Program (SNAP) participants with access and the ability to afford fresh fruit and vegetables when purchasing fresh produce at farmers' markets. Participants must be able to: (1) Purchase fresh produce with SNAP benefits with an electronic benefit transfer (EBT) card; and (2) Receive a dollar-for-dollar match for every SNAP dollar spent at a participating farmers' market in an amount up to \$10 per week whenever the participant purchases fresh produce with an EBT card. Purchases of approved fresh produce by SNAP participants must automatically trigger matching funds reimbursement into the vendor accounts by the department. The funding of this pilot program is subject to appropriation. In addition to appropriations from the General Assembly, the department may apply for available grants and is authorized to accept other gifts, grants, and donations to develop and maintain the program.

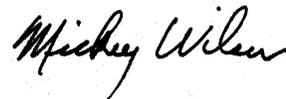
FISCAL DESCRIPTION (continued)

The provisions of this section will sunset automatically six years after the effective date of these provisions.

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 Social Services -
 Family Support Division
Joint Commission on Administrative Rules
Office of Secretary of State



Mickey Wilson, CPA
Director
February 21, 2014

Ross Strobe
Assistant Director
February 21, 2014