

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5254-01
Bill No.: HB 1905
Subject: Elderly; Public Assistance; Social Services Department
Type: Original
Date: March 8, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue*	(\$2,969,942)	(\$3,071,668)	(\$513,038)
Total Estimated Net Effect on General Revenue Fund*	(\$2,969,942)	(\$3,071,668)	(\$513,038)

*Subject to appropriations

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services (DOH)** assume this proposal would not fiscally impact the operations of the DOH. DOH states if a fiscal impact were to result, funds to support the program would be sought through the appropriations process.

Officials from the **Department of Mental Health (DMH)** state the number of clients served by DMH who would receive food stamp assistance is unknown. DMH defers to the Department of Social Services for the clients impacted as they maintain the state's food stamp program. DMH states the increase in food stamp assistance would be beneficial to the clients served by DMH but would not fiscally impact DMH.

Officials from the **Department of Social Services - Family Support Division (FSD)** state this phis program is subject to appropriations, so funding would have to be recommended before the program could be implemented.

Estimated Number of eligible households

The number of "one individual eligible households" and "two individual eligible households" is based on the number of eligibles from the most current month available (January 2006).

ASSUMPTION (continued)

One individual household aged 65 or more - 12,330
Two individual household both aged 65 or more - 1,146
Recouped to zero households - 64
Total - 13,540

*Projected increase in the number of eligible households (see below for explanation)

One individual household aged 65 or more - 392
Two individual household both aged 65 or more - 36
Total - 428
Estimated Cost

Loss in Federal Earnings - unknown

With the implementation of this bill, FSD will lose federal earnings reimbursed by the Federal government for administrative costs related to serving this new population. The amount of FSD's loss in federal earnings is unknown. Currently, the USDA Food Nutrition Services (FNS) has been talking with the Office of Management and Budget (OMB) regarding Missouri's administrative costs of this proposed supplemental benefit program. Missouri can request a waiver of the additional administrative costs related to the administration of this program, however it is unknown at this time whether the waiver would be approved.

The total estimated cost, including benefits, and projection of caseload increase are listed below. The costs are based on the number of eligible households as of January 2006. The cost for the amount of supplemental food stamps "one individual", "two individual" and "recouped to zero" households would receive have been reduced by the households' current federal benefits earned under the Federal Food Stamp Program as of January 2006.

SFY07 (based on the current number of eligible households for 10 months)

One individual household aged 65 or more - \$2,115,170
Two individual household both aged 65 or more - \$347,060
Recouped to zero households - \$1312
*Projected increase - \$96,400 (see below explanation)
Total benefits without start-up costs - \$2,559,942
Start-up costs - \$410,000 (for system changes - see detailed explanation below)
Total - \$2,969,942

ASSUMPTION (continued)

SFY08 (based on the current number of eligible households for 12 months)

One individual household aged 65 or more - \$2,538,204
Two individual household both aged 65 or more - \$416,472
Recouped to zero households - \$1312
*Projected increase - \$115,680 (see explanation below)
Total benefits - \$3,071,668

SFY09 (based on the current number of eligible households for 2 months)

One individual household aged 65 or more - \$423,034
Two individual household both aged 65 or more - \$69,412
Recouped to zero households - \$1312
*Projected increase - \$19,280 (see explanation below)
Total benefits - \$513,038

*Projected Increase

If the supplemental benefits legislation passes, some households who are eligible to receive low Federal food stamp allotments may decide to apply.

Missouri's Food Stamp Program participation rate for FFY2003 was 76%. This is the most recent data supplied by FNS for the Food Stamp Program, in November 2005. This number is determined by taking the number of individuals who appear to be eligible for food stamp benefits in Missouri, based on Census data, and figuring the number of people actually receiving benefits.

Based on this, approximately 17,816 households would be eligible for the Federal Food Stamp Program. Currently, 13,540 are actually receiving. Not all eligible households will apply. If approximately 4,276 households are eligible for benefits, but only 10% of them apply, there could be an increase of 428 households. Because we don't know the amount of benefits the household is eligible for the Federal allotment, the maximum amount (\$20 for "one individual households" and \$50 for "two individual households") they could receive with the state supplemental benefit will be used. The dollar amounts for these individuals are estimated as follows:

SFY07 (10 months)

One individual household aged 65 or more - 392 households - \$78,400 (392 x 10 months x \$20)
Two individual household both aged 65 or more - 36 households - \$18,000 (36 x 10 months x \$50)
Total - \$96,400

CM:LR:OD (12/02)

ASSUMPTION (continued)

SFY08 (12 months)

One individual household aged 65 or more - 392 households - \$94,080 (392 x 12 months x \$20)
Two individual household both aged 65 or more - 36 households -\$21,600 (36 x 12 months x \$50)
Total - \$115,680

SFY09 (2 months)

One individual household aged 65 or more - 392 households - \$15,680 (392 x 2 months x \$20)
Two individual household both aged 65 or more - 36 households -\$3,600 (36 x 2 months x \$50)
Total - \$19,280

System Changes

There will be system changes required to Legacy, EBT, and FAMIS.

Projected costs are:

Legacy - \$150,000
EBT - \$10,000
FAMIS - \$250,000
Total - \$410,000

Caseload Impact

There should be very little caseload impact. The supplemental benefits will be an automatic issuance by FAMIS for eligible individuals approved for the Federal Food Stamp Program. The eligibility specialist does not have to take another application and any changes to the Federal food stamp benefit will automatically adjust the state supplemental benefit. The eligibility specialist will see a slight increase in workload from the "projected increase" (see above), however it would be minimal (estimated at 428) and the Division would absorb any increase in workload.

FISCAL IMPACT - State Government

FY 2007
(10 Mo.)

FY 2008

FY 2009

CM:LR:OD (12/02)

GENERAL REVENUE

Costs - Department of Social Services - Family Support Division

Program costs	(\$2,559,942)	(\$3,071,668)	(\$513,038)
Start up costs	<u>(\$410,000)</u>	<u>\$0</u>	<u>\$0</u>

ESTIMATED NET EFFECT ON GENERAL REVENUE*

*Subject to appropriations

<u>(\$2,969,942)</u>	<u>(\$3,071,668)</u>	<u>(\$513,038)</u>
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FISCAL IMPACT - Local Government

FY 2007
(10 Mo.)

FY 2008

FY 2009

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal authorizes the Family Support Division within the Department of Social Services to assist elderly individuals who qualify for the Federal Food Stamp Program in obtaining supplemental food stamps. Subject to appropriation, households comprised of one or two elderly individuals who are at least 65 years of age will be entitled to receive supplemental assistance.

Qualified households consisting of one eligible elderly individual will receive supplemental assistance; however, the benefit combined with aid the individual receives under the federal program cannot exceed \$30 per month. Qualified households of two eligible elderly individuals cannot receive combined assistance exceeding \$60 per month.

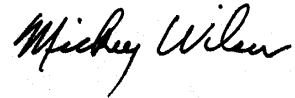
The provisions of the bill will expire August 28, 2008.

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

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Department of Mental Health
Department of Health and Senior Services
Department of Social Services

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 8, 2006