

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0915-01
Bill No.: HB 454
Subject: Elderly; Family Services Division; Social Services Department
Type: Original
Date: January 31, 2007

Bill Summary: This proposal authorizes the Family Support Division to assist certain elderly individuals who qualify for the federal Food Stamp Program in obtaining supplemental food stamps.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|---------------------------------------|---------------------------------------|-------------------------------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| General Revenue | (Greater than \$2,852,942) | (Greater than \$3,101,668) | (Greater than \$543,038) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (Greater than \$2,852,942) | (Greater than \$3,101,668) | (Greater than \$543,038) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| | | | |
| | | | |
| 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 2008 | FY 2009 | FY 2010 |
| Federal | (\$30,000) | (\$30,000) | (\$30,000) |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | (\$30,000) | (\$30,000) | (\$30,000) |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------|----------|----------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| | | | |
| | | | |
| 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 2008 | FY 2009 | FY 2010 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

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

Officials from the **Department of Mental Health (DMH)** assume DMH has clients that would benefit from this proposal, but the number of clients is unknown. DMH assumes 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 (DSS) - Information Technology Services Division (ITSD)** state programming will be required in the Claims and Restitution system to allow eligibility workers to process claims for those instances where a Food Stamp household received the \$30 or \$60 supplemental benefit and was not eligible for the benefit. The Claims and Restitution System allows workers to process and track claims and restitution payments from Food Stamp recipients that have received an overpayment through error or fraud.

The ITSD assumes this proposal would have a fiscal impact on their agency. The fiscal impact estimate includes the following:

- Add new program code to the Claims and Restitution's (CARS) Discovery system. Includes programming logic and edits for discovery processing in batch and on-line processes. Estimated number of hours = 480 for analysis, coding, testing and implementation.
- Add program logic and edits for recoupment prioritization. Estimated number of hours = 240 for analysis, code, test and implementation.
- Write programs to generate additional CARS reports specific to the supplemental benefit. Estimated number of hours = 80.

Total effort = 800 hours. Current resource levels dictate the need for contract staff to enable project completion by September, 2007. Current contract rates are \$75.00 per hour for applications development under the Statewide Contract for IT Consulting Services.

Total Fiscal Estimate: 800 hours X \$75.00 per hour = \$60,000.

ASSUMPTION (continued)

Officials from the **Department of Social Services (DSS) - Family Support Division (FSD)** state this proposal would require FSD to establish a supplemental food stamp program for individuals sixty-five years of age or older who qualify for food stamps under the Federal Food Stamp Program who live in a household with one or two eligible elderly individuals. A Missouri household with one eligible elderly individual could receive up to \$30 per month, less such member's current federal benefit earned under the Federal Food Stamp Program. A Missouri household composed of two eligible elderly individuals could receive supplemental assistance up to \$60 per month, less the household's current federal benefit earned under the Federal Food Stamp Program.

This proposal would require changes to be made to EBT and FAMIS.

This proposed program is subject to appropriations, so funding would have to be recommended before the program could be implemented.

This proposal shall expire August 28, 2009.

Estimated Number of Eligible Households

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 explanation)
One individual household aged 65 or more – 392
Two individual household both aged 65 or more – 36
Total – 428

ASSUMPTION (continued)

Estimated Cost

With the implementation of this proposal, FSD will lose federal earnings reimbursed by the Federal government for administrative costs related to serving this new population. This amount would need to be replaced with General Revenue funds. The amount of FSD's loss in federal earnings is unknown. Therefore, the amount of General Revenue funds that is needed 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 General Revenue cost, including benefits, and projection of caseload increase are listed below. 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.

SFY08 (based on the estimated 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 – \$1,312

Projected increase – \$96,400 (*See below explanation)

Total benefits without start-up costs – \$2,559,942

System changes start-up costs – \$263,000 (**See below explanation)

Total Fiscal Estimate SFY '08 – \$2,822,942

SFY09 (based on the estimated 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 – \$1,312

Projected increase – \$115,680 (*See below explanation)

Total Fiscal Estimate SFY '09 – \$3,071,668

ASSUMPTION (continued)

SFY10 (based on the estimated 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 – \$1,312

Projected increase – \$19,280 (*See below explanation)

Total Fiscal Estimate SFY '10 – \$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. FSD estimates 13,540 are currently receiving food stamps. Not all eligible households will apply. If approximately 4,276 households are eligible for benefits (17,816-13,540), but only 10% of them apply, there could be an increase of 428 households (4,276 x 10%). Because FSD does not know the amount of benefits the household is eligible for the Federal allotment, the maximum amount (\$20, assuming they are already eligible for \$10, for "one individual households" and \$50, assuming they are already eligible for \$10 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:

SFY08 (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

SFY09 (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

SFY10 (1 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. OA-ITSD will need to provide costs for the changes to Legacy. The estimated projected cost are:

EBT: \$13,000

FAMIS: \$250,000

Total: \$263,000

SEC:LR:OD (12/06)

ASSUMPTION (continued)

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", however it would be minimal (estimated at 428) and the Division would absorb any increase in workload.

| <u>FISCAL IMPACT - State Government</u> | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
|---|---------------------|---------|---------|
|---|---------------------|---------|---------|

GENERAL REVENUE FUND

Costs - Department of Social Services

| | | | |
|-----------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|
| Program Cost ITSD (800 Hours) | (\$30,000) | (\$30,000) | (\$30,000) |
| Program Cost FSD | (\$2,822,942) | (\$3,071,668) | (\$513,038) |
| Replacement of Lost Federal Funds | (Unknown) | (Unknown) | (Unknown) |
| <u>Total Costs - DSS</u> | <u>(Greater than \$2,852,942)</u> | <u>(Greater than \$3,101,668)</u> | <u>(Greater than \$543,038)</u> |

**ESTIMATED NET EFFECT ON
GENERAL REVENUE FUND**

| | | |
|---------------------------------------|---------------------------------------|-------------------------------------|
| <u>(Greater than \$2,852,942)</u> | <u>(Greater than \$3,101,668)</u> | <u>(Greater than \$543,038)</u> |
|---------------------------------------|---------------------------------------|-------------------------------------|

FEDERAL FUNDS

Costs - Department of Social Services

| | | | |
|-------------------------------|------------|------------|------------|
| Program Cost ITSD (800 Hours) | (\$30,000) | (\$30,000) | (\$30,000) |
|-------------------------------|------------|------------|------------|

**ESTIMATED NET EFFECT ON
FEDERAL FUNDS**

| | | |
|-------------------|-------------------|-------------------|
| <u>(\$30,000)</u> | <u>(\$30,000)</u> | <u>(\$30,000)</u> |
|-------------------|-------------------|-------------------|

FISCAL IMPACT - Local Government

FY 2008
(10 Mo.)

FY 2009

FY 2010

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This legislation 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.

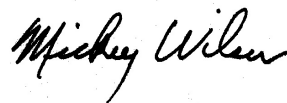
Qualified households consisting of one eligible elderly individual will receive supplemental assistance. However, the benefit combined with the aid the individual receives under the federal program cannot exceed \$30 per month. Qualified households of two eligible elderly individuals cannot receive combined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

The provisions of this legislation will expire August 28, 2009.

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



Mickey Wilson, CPA
Director

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