

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4535-01  
Bill No.: HB 1068  
Subject: Public Assistance; Drugs and Controlled Substances; Social Services Department  
Type: Original  
Date: March 20, 2014

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Bill Summary: This proposal allows certain felons to be eligible for food stamp program benefits.

**FISCAL SUMMARY**

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

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

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

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

\* Income and expenditures net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## 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 1,143 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 1,143 new cases would be added each year over a period of five years, the estimated increased cost for EBT is:

FY15: 1,143 cases x 10 months x \$0.59 = \$6,744 (rounded)  
FY16: 2,286 (1,143 + 1,143) cases x 12 months x \$0.59 = \$16,185 (rounded)  
FY17: 3,429 (2,286 + 1,143) cases x 12 months x \$0.59 = \$24,277 (rounded)  
FY18: 4,572 (3,429 + 1,143) cases x 12 months x \$0.59 = \$32,370 (rounded)  
FY19: 5,715 (4,572 + 1,143) cases x 12 months x \$0.59 = \$40,462 (rounded)

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

Officials from the **DSS- Division of Legal Services (DLS)** state the proposal will have an unknown fiscal impact on the DLS. DLS currently conducts administrative hearings for individuals who are denied food stamps because the individuals have pled guilty or have been found guilty under federal or state law of a felony involving possession or use of a controlled

ASSUMPTION (continued)

substance. In FY13, the DLS administrative hearing unit held forty-two (42) hearings for convicted drug felons denied Food Stamp benefits. By eliminating the prohibition of convicted drug felons receiving Food Stamp benefits, it is assumed this proposed legislation will initially reduce the number of hearings involving convicted drug felons. Assuming the forty-two (42) hearings held in FY13 are 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. In FY 13, there were eighteen (18) hearing officers. The presumed effect of this legislation will eliminate approximately two hearing per year for each hearing officer.

However, since the proposed legislation requires individuals to comply with treatment requirements in order to obtain Food Stamps, it is anticipated that an unknown number of administrative hearings will be held to determine whether the individuals have complied with the terms of the proposed legislation. It is not possible to estimate the number of such hearings or whether these hearings will exceed the number of Food Stamp disqualification hearings that will no longer be held. Based on the assumption that 1% of the 1,143 new cases would appeal, there would be an additional 11 hearings. Neither the decrease in hearings discussed above, nor the increase due to caseload growth, would significantly impact staff workload. Therefore, DLS anticipates there will be no fiscal impact.

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 - Food Stamp Assistance for Certain Felons:

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

1. The Sanction/Disqualification screen would require modifications;
2. The eligibility determination algorithm for Food Stamps 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);
4. New reports would need to be created in the FAMIS Managed Reporting system to facilitate compliance tracking;

ASSUMPTION (continued)

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; and,
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.

<u>Function</u>	<u>Work Effort (hours)</u>
Analysis and Design	100 hours
Create/Update Specification Documents	40 hours
Update Data Model (OCCR)	60 hours
Modify Eligibility Determination Process	40 hours
Modify Sanction/DQ Screen	80 hours
Create New Compliance Screen	160 hours
Data Warehouse Extracts Modifications	80 hours
Reports Programming-Modify Existing/Create New	80 hours
Notices Extract Programming	80 hours
AFP Programming for Notices	80 hours
Sanctioned Individuals Report (one-time execution)	40 hours
Testing/Coordination (Unit and System)	<u>60 hours</u>
TOTAL:	<u>900 hours</u>

Assumptions:

1. Proof of participation in a DMH approved drug/alcohol abuse program will be in the form of documentation provided by the client. No additional, automated interface with Department of Mental Health will be required;
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; and,
6. Contract Staff would be required for this effort at \$90.00/hr.

ASSUMPTION (continued)

Total Cost: 900 hours X \$90.00/hr = \$ 81,000

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

Cost from General Revenue Funds = \$40,500

Cost from Federal Funds = \$40,500

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 Corrections (DOC)** state passage of this proposal would not have a direct fiscal impact for the DOC, although it would affect certain offenders in various treatment programs in the community, as outlined within 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 Mental Health (DMH)** assume those eligible for food stamps and subject to this legislation will be placed on waiting lists for substance abuse treatment and provided such treatment as openings become available. The DMH further assumes there would be no fiscal impact to DMH as a result of this proposal.

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
<b>GENERAL REVENUE FUND</b>			
<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>(\$40,500)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$43,866)</u></b>	<b><u>(\$8,079)</u></b>	<b><u>(\$12,118)</u></b>
<b>FEDERAL FUNDS</b>			
<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	\$40,500	\$0	\$0
<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>(\$40,500)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<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 benefits and will use those benefits to purchase food items at Missouri retailers.

### FISCAL DESCRIPTION

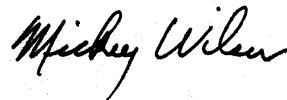
This proposal specifies that, pursuant to the option granted the state by 21 U.S.C. Section 862a(d) under the federal Personal Responsibility and Work Opportunity Act of 1996, an individual who has pled guilty to or is found guilty under federal or state law of a felony involving the possession or use of a controlled substance must be eligible for federal food stamp program benefits if the person, as determined by the Department of Social Services: (1) Is successfully participating in, is accepted for treatment but on a waiting list, or has satisfactorily completed a substance abuse treatment program approved by the Division of Alcohol and Drug Abuse within the Department of Mental Health; or (2) Is successfully complying with or has already complied with all obligations imposed by a court, the Division of Alcohol and Drug Abuse, and the Division of Probation and Parole within the Department of Corrections.

Eligibility must be based upon documentary or other evidence satisfactory to the Department of Social Services and the individual must also meet all other factors for food stamp program eligibility.

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 -  
Division of Legal Services  
Family Services Division  
Joint Committee on Administrative Rules  
Office of Secretary of State



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March 20, 2014



L.R. No. 4535-01  
Bill No. HB 1068  
Page 9 of 9  
March 20, 2014

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March 20, 2014