

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4281-01
Bill No.: HB 1841
Subject: Elderly; Public Assistance; Social Services Department; Food
Type: Original
Date: January 7, 2016

Bill Summary: This proposal establishes the Missouri Senior Farmers' Market Nutrition Program to provide low-income seniors with fresh Missouri-grown produce.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(\$61,013)	(\$65,032)	(\$65,699)
Total Estimated Net Effect on General Revenue	(\$61,013)	(\$65,032)	(\$65,699)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Federal *	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Expenditures and reimbursements exceed \$500,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	0.5	0.5	0.5
Federal	0.5	0.5	0.5
Total Estimated Net Effect on FTE	1	1	1

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS), Family Support Division (FSD)** provide that section 208.285 establishes the Missouri Senior Farmers' Market Nutritional Program within the DSS. This requires the DSS to apply for a grant under the USDA to provide vouchers to seniors that will be exchanged for fresh produce at designated farmers' markets, roadside stands and Community Supported Agriculture (CSA) programs.

§208.285.3 - The vouchers will be provided to seniors at designated distribution sites in their county of residence.

FSD assumes these sites would include area agencies on aging and FSD resource centers. Seniors will be provided a list of participating farmers' markets, roadside stands and CSA programs. DSS will provide this listing to all county area agencies on aging. FSD assumes that there is no fiscal impact due to this section.

§208.285.5 - The department will promulgate rules to implement this legislation.

Based on information available on the USDA website for the Senior Farmers' Market Nutrition Program (SFMNP), the average grant in Federal Fiscal Year (FFY) 2015 was \$454,954 (excluding tribal grants). Since 10% of the grant may be used for states' administrative costs to support the program, DSS estimates \$45,495 ($\$454,954 \times 10\%$) would be available for administrative costs and \$409,459 ($\$454,954 - \$45,495$) would be given to low income seniors in voucher benefits. The voucher may not be less than \$20 per year and no more than \$50 per year. Assuming an average benefit of \$35 per participant ($\$20 + \$50 = \$70 / 2 = \35), an estimated 11,699 ($\$409,459 / \35) seniors could receive benefits from this program.

FSD assumes the vouchers will be similar to those currently utilized by the Department of Health and Senior Services (DHSS) in the Women, Infant and Children (WIC) program.

FSD assumes information will be mailed to eligible seniors to announce the availability of the vouchers. Since funding is limited, FSD would target counties with the highest population percentage of seniors receiving Food Stamps. In November 2015, 64,773 SNAP (Supplemental Nutrition Assistance Program) recipients were over age 60 and would have been eligible for the SFMNP. Due to limited funding, FSD will operate the program under a "first come, first serve" basis. FSD assumes that counties where at least 8% of the total population over the age of 60 and receiving Food Stamps would be targeted for this program. These counties represent both rural and urban areas. Targeting these counties, 27,814 seniors would be eligible to participate.

ASSUMPTION (continued)

However, the first 11,699 to apply for the program are estimated to be served. (DSS notes that the percentage used to identify counties with higher elderly populations has increased from prior year fiscal notes. This is due to using population figures based upon individuals receiving SNAP benefits rather than households receiving SNAP benefits. This better represents the number of seniors receiving Food Stamps in the state of Missouri.)

FSD estimates 27,814 announcements would be sent to eligible seniors in the targeted counties at a cost of \$12,516 ($27,814 \times \0.45 per mailing) and a return postage paid envelope would be included to allow seniors to return their information at a cost of \$16,410 ($27,814 \times \0.59). The total annual postage cost is estimated to be \$28,926.

Based on information received from Nebraska, the DSS feels that the following staff would be needed to administer this program in Missouri.

- The DSS will need one full time Program Development Specialist (PDS) to develop the grant program plan, enroll and train vendors, arrange for printing and distribution of the vouchers and to provide program oversight, monitoring and compliance activities. One PDS position with salary, fringe and expense and equipment (E&E) would cost \$69,253.
- DSS will also need temporary full-time staff to implement this program. FSD assumes temporary clerical staff is needed to assist with mailing of program announcements, receipt of applications for the SFMNP, data entry from participant file to SFMNP voucher vendor, distribution of materials for qualified farmers' markets, roadside stands and CSA's, and to answer phone calls regarding the program from participants and vendors. FSD assumes these staff will be needed during program preparations and the initial months of SFMNP voucher use. FSD estimates 6 staff will be needed beginning in January through June. The clerical staff will work for 24 weeks at 40 hours per week at a cost of \$61,920. Based on the statewide contract for temporary services, the average hourly rate for an Office Support Assistant is \$10.75 per hour ($40 \text{ hours} \times 24 \text{ weeks} \times \$10.75 = \$10,320 \times 6 \text{ staff} = \$61,920$).

Solutran currently operates the Missouri WIC program and also Senior Farmers' Market programs in other states. In December 2014, Solutran provided a total estimated cost of \$21,298 comprised of:

- cost of processing the checks/vouchers approximately \$8,988
- printing booklets of 5 checks each \$3,118 ($\$259.82 \text{ per thousand} \times 12$)
- cost of mail file, formatting, matching check number to envelopes, etc. \$4,032 ($12,000 \times \0.336)
- postage of $\$0.43 \times 10,400 \text{ participants} = \$5,150$ ($12,000 \times \$0.43$)

ASSUMPTION (continued)

States may only use up to 10% of the total grant awarded for their administrative costs. Therefore, if the state were awarded \$454,954 (average) in grant funds, administrative costs over \$45,495 must be funded by the 50/50 split provided for by SNAP. The number of seniors serviced and cost will change based on the grant amount received. However, if Missouri would receive the grant amount estimated of \$454,954, then \$409,459 would be given to low-income seniors in voucher benefits.

FSD estimates the General Revenue costs of this program to be \$62,430 for FY 2017; \$66,775 for FY 2018; and \$67,485 for FY 2019.

Oversight assumes the DSS will not need rental space for one FTE. In addition, **Oversight** notes if Missouri does not receive an award, reimbursement of anticipated federal costs of \$515,967 for FY 2017; \$519,986 for FY 2018; and \$520,653 for FY 2019 would not be received.

Officials from the **DSS, Division of Legal Services (DLS)** do not anticipate an immediate fiscal impact on DLS/Litigation. If the grant was approved then DLS would work with the assigned DSS agency, presumably FSD, to assist in promulgating rules under the statute. DLS estimates that the work would take about 20 hours of attorney time to complete. A full-time employee has 2,080 available work hours during a year (52x40), not including holidays and vacation time. Therefore, DLS estimates that compliance with the regulation would require .01 FTE. DLS anticipates that it will be able to handle the work utilizing current resources.

However, if Missouri receives the grant and implements the program, DLS anticipates that there will be a cost to FSD to administer the program. DLS defers to FSD to analyze the fiscal impact of the program.

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 **Office of the 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 SOS 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 that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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

ASSUMPTION (continued)

office can sustain with the 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Missouri Department of Agriculture** and the **Department of Health and Senior Services** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE FUND			
<u>Costs - DSS (\$208,285)</u>			
Personal service	(\$16,825)	(\$20,392)	(\$20,902)
Fringe benefits	(\$8,802)	(\$10,617)	(\$10,756)
Equipment and expense	<u>(\$35,386)</u>	<u>(\$34,023)</u>	<u>(\$34,041)</u>
Total <u>Costs - DSS</u>	<u>(\$61,013)</u>	<u>(\$65,032)</u>	<u>(\$65,699)</u>
FTE Change - DSS	0.5 FTE	0.5 FTE	0.5 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$61,013)</u>	<u>(\$65,032)</u>	<u>(\$65,699)</u>
Estimated Net FTE Change on the General Revenue Fund	0.5 FTE	0.5 FTE	0.5 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
FEDERAL FUNDS			
<u>Income - DSS (\$208.285)</u>			
Program reimbursements	\$515,967	\$519,986	\$520,653
<u>Costs - DSS (\$208.285)</u>			
Personal service	(\$16,825)	(\$20,392)	(\$20,902)
Fringe benefits	(\$8,802)	(\$10,617)	(\$10,756)
Equipment and expense	(\$80,881)	(\$79,518)	(\$79,536)
Vouchers	<u>(\$409,459)</u>	<u>(\$409,459)</u>	<u>(\$409,459)</u>
Total <u>Costs - DSS</u>	<u>(\$515,967)</u>	<u>(\$519,986)</u>	<u>(\$520,653)</u>
FTE Change - DSS	0.5 FTE	0.5 FTE	0.5 FTE
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change for Federal Funds	0.5 FTE	0.5 FTE	0.5 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2017 (10 Mo.)	 FY 2018	 FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would be expected to have a positive fiscal impact on small business farmers' markets and roadside stands.

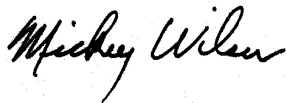
FISCAL DESCRIPTION

The bill establishes the Missouri Senior Farmers' Market Nutrition Program. The Department of Social Services, through a federal grant program with the USDA Senior Farmers' Market Nutrition Program, will provide low-income seniors at least 60 years of age or older with vouchers from county designated distribution sites that may be exchanged for eligible foods at farmers' markets, roadside stands, and community supported agricultural programs.

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

Missouri Department of Agriculture
Department of Health and Senior Services
Department of Social Services
Joint Committee on Administrative Rules
Office of Secretary of State

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

Mickey Wilson, CPA
Director
January 7, 2016

Ross Strobe
Assistant Director
January 7, 2016