

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1340H.01I
Bill No.: HB 451
Subject: Public Assistance; Children and Minors; Social Services, Department of
Type: Original
Date: March 23, 2021

Bill Summary: This proposal requires a parent, caretaker relative, putative father, or identified noncustodial parent to cooperate with the child support program to be eligible for SNAP.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	(\$490,155)	(\$524,220)	(\$528,180)
Total Estimated Net Effect on General Revenue	(\$490,155)	(\$524,220)	(\$528,180)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Federal Funds*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income, savings, costs and losses are estimated at \$1.02 million annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	5.78 FTE	5.78 FTE	5.78 FTE
Federal Funds	11.22 FTE	11.22 FTE	11.22 FTE
Total Estimated Net Effect on FTE	17 FTE	17 FTE	17 FTE

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§208.245 - "Child Poverty Reduction Act of 2021"; SNAP suspended due to delinquent child support

Officials from the **Department of Social Services (DSS), Family Support Division (FSD), and Division of Legal Services (DLS)** provide the following:

FSD officials' state, under this proposed legislation, income maintenance (IM) must refer all custodial parents and caretaker relatives of a child under 19 receiving SNAP benefits to the child support program. However, federal guidelines only allow for the provisions of this legislation for children under the age of 18. The FSD/Child Support (CS) program must open an IV-D case if an open case for the parties does not already exist. Per the FSD/IM SNAP program, there are 21,044 dependents under the age of 18 receiving SNAP benefits that are not living in a two-parent household and are not currently receiving Temporary Assistance for Needy Families (TANF) or MO Health Net (MHN) benefits. Of the 21,044 dependents currently receiving SNAP benefits, the FSD/CS program determined 6,317 dependents are currently active on 4,776 open child support cases for a ratio of 1.32 children per case. Of the 21,044 dependents receiving SNAP benefits, 14,727 (21,044 – 6,317) are not on an open IV-D child support case. Using the 1.32 children-to-case ratio, the FSD/CS program projects that it will open approximately **11,134** (14,727/1.32265) new child support cases as a result of receiving referrals from FSD/IM for custodial parents and caretaker relatives of a child under 18 receiving SNAP benefits.

As of November 2020, there were 298,430 paternity, establishment and enforcement cases in the child support caseload. In July 2020, there were 409 child support specialists working the child support caseload for an average caseload size per specialist of 730 (298,430/409). Based on a caseload size of 730, the FSD/CS program estimates it will need an additional 15 child support specialists (11,134/730) and one (1) additional child support supervisor (based on ratio of specialists to supervisors of 10 to 1, rounded down) to handle the caseload increase of 11,134.

Oversight notes FSD is requesting a total of 17 additional FTE (15 Child Support Specialists + one (1) child Support Supervisor and one (1) Hearings Officer) split 34% GR; 66% Federal, as a result of this proposal. Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the FSD.

FSD further says states are required to impose an annual \$35 fee for each never-assistance case for which the state collects \$550 during the federal fiscal year. Under 13 CSR 40-110.030, FSD/CS currently attempts to collect \$17.50 from the obligor and \$17.50 from the obligee. Under 45 CFR 302.33(e)(3), FSD cannot collect the fee from an individual who is required to

cooperate with the IV-D program as a condition of food stamp eligibility as defined in 7 CFR 273.11(o) and (p). Therefore, under this proposed bill, FSD/CS will not be able to collect the \$17.50 fee from a custodial parent or from the noncustodial parent if the parent is receiving SNAP benefits. In Federal FY20, 13,716 custodial parents and 6,112 noncustodial parents on cases assessed the annual federal fee were receiving SNAP benefits. FSD/CS could potentially see up to a \$240,030 decrease in fee collections from custodial parents and up to a \$106,960 decrease in fee collections from noncustodial parents for a total decrease in collections of \$346,990. The fee, whether collected or not, is considered program income and must be shared with the federal government on a 34% GR; 66% Federal split. Under this proposed legislation, the state share of the decrease in fee collections could be up to \$117,977 ($\$346,990 \times 34\%$).

FSD/CS currently sends out notices to obligors assessed the annual federal fee by first class mail. Since the cooperation requirement for receiving SNAP benefits removes FSD/CS's ability to collect the \$17.50 from the noncustodial parent, the fee notice will no longer be sent to those noncustodial parents. If this bill becomes law, FSD/CS would see mailing cost savings of \$2,812 ($6,112 \text{ notices} \times 0.46$) of noncustodial parents who will no longer meet the criteria to receive a notice. As qualifiable IV-D expenditures are federally reimbursed at a rate of 66%, the postage cost savings to the state would be 34% of the total postage savings. The postage savings would be \$956 ($\$2,812 \times 34\%$).

Under proposed Section 208.245.3, a putative father or noncustodial parent would be ineligible to participate in SNAP if FSD/CS determines (s)he has failed to cooperate without good cause. Since the statute does not define "cooperation" or "good cause", the child support program must promulgate regulations to define both "cooperation" and "good cause" as it applies to putative fathers and noncustodial parents. 13 CSR 40-100.030 (FSD's existing regulation related to cooperation requirements) includes cooperation requirements for applicants or recipients of public assistance benefits and addresses how an applicant for or recipient of public assistance may claim good cause for failure to cooperate with the FSD child support program. However, 13 CSR 40-100.030 does not define the cooperation requirements for a putative father or noncustodial parent or the circumstances of when a putative father or noncustodial parent can claim good cause.

FSD/CS will notify individuals whether or not they are cooperating in good faith using existing staff. FSD/CS will update the Missouri Automated Child Support System (MACSS) when an individual is not cooperating and provide the information to FSD/IM SNAP on a file. If the individual starts cooperating, FSD/CS staff will update MACSS and provide the information on a file sent to FSD/IM SNAP.

FSD/IM SNAP must send FSD/CS a file of the individuals who must cooperate with the child support program. Programming changes will be necessary to accept and process the file from FSD/IM SNAP. The child support program must provide FSD/IM with a file to report non-cooperative parties on child support cases. FSD/CS will also need programming to add fields to MACSS to record noncooperation and good cause for putative fathers and noncustodial parents (existing fields can be utilized for custodial parties). FSD/CS will also need programming

changes to stop billing noncustodial parents for the fee and to stop collecting the fee from custodial parents who are receiving SNAP benefits. The FSD child support program defers to ITSD for these programming costs.

FSD's fiscal impact for this legislation includes:

- 15 child support specialists and 1 child support supervisor - FTE cost
- Negative fees = \$117,977 state share (federal share \$229,013)
- Positive mailing = \$956 state share (federal share \$1,856)

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by FSD.

DLS states that administrative hearings will see an increase in three parts: a caseload increase, custodial parent non-cooperation, and non-custodial parent non-cooperation.

First, the Administrative Hearings Section (AHS) of DLS will have a caseload increase because Child Support will have an additional 11,134 cases. Of the 11,134 cases, approximately 2% will request a hearing. (The percentage was determined by dividing the total number of child support hearings requested in FY20 (5,821) by the monthly average number of child support cases in FY20 (310,414) or 1.9%). This means that approximately 223 new cases will request a hearing. Each Hearings Officer can handle 544 cases per year.

For custodial parents, FSD/IM has stated that there are 11,638 households who receive SNAP benefits and 21,044 dependents who parents or caretaker would be required to cooperate with the child support program to remain eligible to receive SNAP. (This number has deducted the number of TANF or MHD households because they are already required to cooperate. This number also deducted the two parent households from the number). FSD/CS has stated that there is an average of 1.3 children on each child support case. This means that child support will have an additional 16,188 cases who will be subject to the new cooperation requirement in order to remain eligible for SNAP. (21,044 divided by 1.3 = 16,188 (rounded)). FSD/IM had a non-cooperation rate of 7.1% on its TANF cases in FY20. (There were 9,390 TANF cases and 664 were recorded as receiving sanctions for failure to cooperate with child support). DLS assumes that the non-cooperation rate for the proposed legislation will also be approximately 7.1%. This means that of the 16,188 child support cases where the custodial parent or caretaker must cooperate with child support to remain eligible for SNAP, 7.1% will not cooperate or 1149 (rounded) cases will not cooperate. Of those who do not cooperate, approximately 1% will request a hearing, or 12 child support cases where the custodial parent or caretaker is receiving SNAP will request an ineligibility hearing. (Based on FY20 ratio of hearings to cases, 1800 SNAP hearings divided by 328,199 average monthly SNAP case.)

The proposed legislation also requires non-custodial parents or putative fathers to cooperate with the child support program to remain eligible for SNAP benefits. Child support identified 1,326 alleged fathers (putative fathers) and 28,914 non-custodial parents who receive SNAP benefits and who will be required to cooperate with child support if this proposed legislation passes.

Using the same cooperation rate (7.1%) from the TANF cases as listed above, there will be approximately 1,983 cases where the non-custodial parent or alleged father does not cooperate with CS. (1,326 alleged fathers + 28,914 noncustodial parents * 7.1% = 2,147 (rounded)). Of the 2,147, IM estimates that 1% will request a hearing on the ineligibility determination, or 22 cases. (Based on FY20 ratio of hearings to cases, 2,008 SNAP hearings divided by 328,963 average monthly SNAP cases.).

The total hearings increase will be $223 + 12 + 22 = 257$. Therefore, one additional hearings officer will be needed.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the costs provided by DLS for fiscal note purposes.

Officials from the **Office of Administration (OA), Information Technology Services Division (ITSD)/DSS** state the Family Assistance Management Information System (FAMIS) will need to be updated for the SNAP portion of the system changes.

In addition, it is assumed changes for the Missouri Automated Child Support System (MACSS) will be required.

MACSS establishes and manages ongoing Child Support program functions. MACSS will need to have: new batch programs to process incoming and outgoing files; modifications to multiple screens to record SNAP and non-custodial parent information; and new business data reports.

OA, ITSD/DSS assumes every new IT project/system will be bid out because all ITSD resources are at full capacity. IT contract rates for FAMIS are estimated at \$95/hour. It is assumed FAMIS modifications will require 172.80 hours for a cost of \$16,416 (\$5,581 GR; \$10,835 Federal) in FY22 exclusively.

IT contract rates for MACCS are estimated at \$95/hour. It is assumed MACSS modifications will require 311.04 hours for a cost of \$29,549 (\$10,047 GR; \$19,502 Federal) in FY22; a cost of \$6,058 (\$2,060 GR; \$3,998 Federal) in FY23; and a cost of \$6,209 (\$2,111 GR; \$4,098 Federal) in FY24.

Therefore, total FAMIS and MACSS system upgrades will cost \$45,965 in FY22; \$6,058 in FY23 and \$6,209 in FY24, split 34% GR; 66% Federal.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the costs provided by OA, ITSD/DSS for fiscal note purposes.

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<u>FISCAL IMPACT – State Government –</u> (continued)	FY 2022 (10 Mo.)	FY 2023	FY 2024
FEDERAL FUNDS			
<u>Income</u> - DSS (§208.245) Increase in program reimbursements pp. 3-6	\$731,842	\$786,446	\$794,033
<u>Income</u> - OA, ITSD/DSS (§208.245) FAMIS and MACCS system changes p. 6	\$30,337	\$3,998	\$4,098
<u>Savings</u> – DSS (§208.245) Mail cost avoidance p. 4-5	\$1,547	\$1,856	\$1,856
<u>Savings</u> - DSS (§208.245) Fee reimbursements pp. 3-5	\$190,844	\$229,013	\$229,013
<u>Costs</u> - DSS (§208.245) pp. 3-6			
Personal service	(\$336,079)	(\$407,327)	(\$411,401)
Fringe benefits	(\$242,658)	(\$292,525)	(\$293,875)
Equipment and expense	(\$153,105)	(\$86,594)	(\$88,757)
Total <u>Costs</u> - DSS	(\$731,842)	(\$786,446)	(\$794,033)
FTE Change - DSS	11.22 FTE	11.22 FTE	11.22 FTE
<u>Costs</u> - OA, ITSD/DSS (§208.245) p. 6			
FAMIS system changes	(\$10,835)	\$0	\$0
MACSS system changes	(\$19,502)	(\$3,998)	(\$4,098)
Total <u>Costs</u> - OA, ITSD/DSS	(\$30,337)	(\$3,998)	(\$4,098)
<u>Losses</u> – DSS (§208.245) Mail cost avoidance p. 4-5	(\$1,547)	(\$1,856)	(\$1,856)
<u>Losses</u> - DSS (§208.245) Lost Fees pp. 3-5	(\$190,844)	(\$229,013)	(\$229,013)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on Federal Funds	11.22 FTE	11.22 FTE	11.22 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

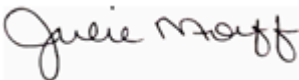
FISCAL DESCRIPTION

This bill requires a parent, caretaker relative, putative father, or identified noncustodial parent to cooperate with the child support program to be eligible for Supplemental Nutrition Assistance Program benefits (§208.245).

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements, but would require additional rental space.

SOURCES OF INFORMATION

Department of Social Services



Julie Morff
Director
March 23, 2021



Ross Strobe
Assistant Director
March 23, 2021