

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0424-01
Bill No.: HB 156
Subject: Public Assistance; Department of Social Services
Type: Original
Date: February 18, 2009

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

The provisions of the legislation will expire August 28, 2011.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$2,847,080)	(\$2,751,120)	(\$458,520)
Total Estimated Net Effect on General Revenue Fund	(\$2,847,080)	(\$2,751,120)	(\$458,520)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services** and the **Office of Administration-Administrative Hearing Commission** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Department of Mental Health (DMH)** assume it has clients that would benefit from this proposal, but the number of clients are 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)** states the level of effort to make changes to the Legacy portion of the system would be about 320 hours for analysis, coding, unit testing and user-accept testing. FAMIS continues to be under development by contract staff. Cost for contract staff blended rate is about \$89 per hour.

320 hours * \$89/hour = \$28,480 (This would be a one time expense.)

Officials from the **Department of Social Services (DSS) - Family Support Division (FSD)** state the FSD would be required 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. There would need to be changes made to EBT and FAMIS.

Estimated Number of Eligible Households

One individual household aged 65 or more - 12,504
Two individual household both aged 65 or more - 822
Recouped to zero households - 11
Total - 13,337

ASSUMPTION (continued)

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

One individual household aged 65 or more - 251
Two individual household both aged 65 or more - 19
Total - 270

Estimated Cost

With the implementation of this proposal, FSD will be required to pay 100% of the start-up computer enhancement costs, rather than receive a 50/50 match from the Food and Nutrition Service. However, once the program is implemented, FSD will not have to bear a larger share of the eligibility determination costs than it currently does.

The total estimated 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.

SFY10 (based on the estimated number of eligible households for 10 months):

One individual household aged 65 or more - \$1,978,730
Two individual household both aged 65 or more - \$262,610
Recouped to zero households - \$2,360
*Projected increase - \$48,900 (see below explanation)
Total benefits without start-up costs - \$2,292,600
Start-up costs - \$263,000 (for system changes - see detailed explanation below)
Total - \$2,555,600

SFY11 (based on the estimated number of eligible households for 12 months):

One individual household aged 65 or more - \$2,374,476
Two individual household both aged 65 or more - \$315,132
Recouped to zero households - \$2,832
*Projected increase - \$58,680 (see explanation below)
Total benefits - \$2,751,120

SFY12 (based on the estimated number of eligible households for 2 months):

One individual household aged 65 or more - \$395,746
Two individual household both aged 65 or more - \$52,522
Recouped to zero households - \$472
*Projected increase - \$9,780 (see explanation below)
Total benefits - \$458,520

ASSUMPTION (continued)

***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 access rate for FFY2006 was 83.15%. This is the most recent data supplied by FNS for the Food Stamp Program, in September 2008. 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 16,040 households would be eligible for the Federal Food Stamp Program that would also be eligible for this Program. FSD estimates 13,337 are currently receiving food stamps. Not all eligible households will apply. If approximately 2,703 households are eligible for benefits (16,040-13,337), but only 10% of them apply, there could be an increase of 270 households (2,703 x 10%). Because we are unaware of the benefit amounts the household is eligible to receive from the Federal allotment, the maximum amount the household could receive will be based on the state supplemental benefit (\$16 for "one individual households" and \$46 for "two individual households"). The dollar amounts for these individuals are estimated as follows:

SFY10 (10 months):

One individual household aged 65 or more - 251 households - \$40,160 (251 x 10 months x \$16)
Two individual household both aged 65 or more - 19 households - \$8,740 (19 x 10 months x \$46)
Total - \$48,900

SFY11 (12 months):

One individual household aged 65 or more - 251 households - \$48,192 (251 x 12 months x \$16)
Two individual household both aged 65 or more - 19 households - \$10,488 (19 x 12 months x \$46)
Total - \$58,680

SFY12(2 months):

One individual household aged 65 or more - 251 households - \$8,032 (251 x 2 months x \$16)
Two individual household both aged 65 or more - 19 households - \$1,748 (19 x 2 months x \$46)
Total - \$9,780

ASSUMPTION (continued)

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. EBT - \$13,000; FAMIS - \$250,000; Total - \$263,000

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 270 statewide) and the Division would absorb any increase in workload.

Because the potential for supplemental benefits legislation passing is speculative, **Oversight** has not included those cost in the fiscal note. If a fiscal impact were to result, the DSS may request additional funding through the appropriations process.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
<u>Costs - Department of Social Services</u>			
Program Cost ITSD (320 Hours)	(\$28,480)	\$0	\$0
Program Cost FSD	<u>(\$2,818,600)</u>	<u>(\$2,751,120)</u>	<u>(\$458,520)</u>
Total Costs - DSS	<u>(\$2,847,080)</u>	<u>(\$2,751,120)</u>	<u>(\$458,520)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$2,847,080)</u>	<u>(\$2,751,120)</u>	<u>(\$458,520)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<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

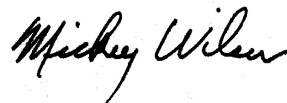
The proposed legislation authorizes the Family Support Division within the Department of Social Services to assist elderly individuals who qualify for the federal Food Stamp Program in obtaining supplemental food stamps. Subject to appropriations, households of one or two elderly individuals who are 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 the legislation will expire August 28, 2011.

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-Administrative Hearing Commission
Department of Mental Health
Department of Health and Senior Services
Department of Social Services



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