

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0738-01
Bill No.: HB 509
Subject: Public Assistance; Crimes and Punishment
Type: Original
Date: March 29, 2011

Bill Summary: This legislation specifies that certain felons must be eligible for food stamp program benefits.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(\$52,981 to \$377,366)	(Up to \$844,641)	(Up to \$1,255,038)
Total Estimated Net Effect on General Revenue Fund	(\$52,981 to \$377,366)	(Up to \$844,641)	(Up to \$1,255,038)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and cost would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	Up to 7.5 FTE	Up to 15 FTE	Up to 22.5 FTE
Federal	Up to 7.5 FTE	Up to 15 FTE	Up to 22.5 FTE
Total Estimated Net Effect on FTE	Up to 15 FTE	Up to 30 FTE	Up to 45 FTE

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 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 208.247:

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)** states the legislation allows persons with drug convictions to obtain food stamps if they are successfully involved in, or have completed, or are on a waiting list for a drug treatment program approved by the DMH, Division of Alcohol and Drug Abuse (ADA). DMH assumes 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. DMH assumes there would be no fiscal impact to the DMH as a result of this legislation.

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 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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Corrections (DOC)** assume passage of this proposal would not have direct fiscal impact for the DOC although it would affect certain offenders in various treatment programs in the community as outlined within the legislation. Food stamps for these individuals could help them sustain their commitment to their treatment programs which may prove to be a catalyst against recidivism.

ASSUMPTION (continued)

In response to a similar proposal from this year (HB 74), officials from the **Department of Social Services-Division of Legal Services (DLS)** states during FY10, the hearing unit conducted 72 hearings on the issue of convicted drug felons being prohibited from receiving Food Stamp benefits. There were 11,836 total hearing requests in FY10. By eliminating the prohibition of convicted drug felons receiving Food Stamp benefits, this would only reduce the number of hearings by .006%. This would have no fiscal impact.

Litigation does not anticipate any fiscal impact. The legislation will expand the number of additional food stamp recipients and it is, therefore, not expected to generate any litigation.

DLS will defer to the Family Support's Division of the fiscal impact of the legislation on the Family Support Division.

In response to a similar proposal from this year (HB 74), officials from the **Department of Social Services-Information Technology Services Division (ITSD)** states the following changes would be needed in the Family Assistance Management Information System:

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.
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.
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	60 hours
Create/Update Specification Documents	40 hours
Update Data Model (OCCR)	80 hours
Modify Eligibility Determination Process	40 hours
Modify Sanction/DQ Screen	80 hours
Create New Compliance Screen	160 hours

ASSUMPTION (continued)

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)	60 hours
<u>Total:</u>	<u>880 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 FY12 so projecting no costs beyond the first year.
6. Based on the above assumptions, state staff will perform 200 hours of the effort and contract staff will complete the remaining 680 hours.

Current rate for IT consultants for the FAMIS project averages \$90.00 per hour. Current rate for ITSD staff averages \$42.56 per hour. Total Cost: (200 hours X \$42.56/hr) + (680 hours X \$90.00/hr) = \$ 69,712.

Match rates for FAMIS are 76% GR and 24% Federal. Cost from General Revenue Funds = \$52,981.12; Cost from Federal Funds = \$16,730.88; Total Cost = \$69,712.

Officials from the **Department of Social Services-Family Support Division (FSD)** assumes this legislation could add up to a total of 23,239 cases to the Food Stamp caseloads. The FSD anticipates these to phase in over a period of time, with 15% receiving the first year, and 15% each year for five years (75%). The FSD arrived at this number in this manner: There are currently 27,448 persons known to FAMIS as having a felony drug conviction. Of these persons, 4,209 are already known to the FSD as they are currently on an active Food Stamp case, however not receiving Food Stamps due to a felony drug conviction.

SEC:LR:OD (12/02)

ASSUMPTION (continued)

$27,448 - 4,209 = 23,239 \times 15\% = 3,486$ new cases added each year over a period of five years.
Not all individuals will qualify for Food Stamps under this new legislation.

The FSD estimates a total of 12 new Eligibility Specialists would be needed each year to maintain the increased caseload size and take applications. This is based on an average caseload standard of 300 ($3,486/300 = 11.62$, rounded up to 12).

On a 10-1 ratio, Eligibility Specialist to Eligibility Supervisor, the FSD would need 1 new Eligibility Supervisors ($12/10 = 1.2$, rounded down to 1).

On a ratio of 6-1 Eligibility Specialist/Eligibility Supervisor to Professional Staff, the FSD would need an additional 2 professional staff. ($12 + 1 = 13/6 = 2.2$, rounded down to 2. $2 \times 75\% = 1.5$, rounded up to 2 OSA).

Total new FTE: $12 + 1 + 2 = 15$ per year $\times 5$ years = 75 new staff total.

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 bill in their fiscal note response.

There will be increased 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.

In FY12, the cost of EBT services to process each Food Stamp case will be \$1.53 per month. Since it is projected that 3,486 new cases would be added each year over a period of five years, the estimated increased cost for EBT is:

FY12: $3,486 \text{ cases} \times 10 \text{ months} \times \$1.53 = \$53,336$

FY13: $6,972 (3,486 + 3,486) \text{ cases} \times 12 \text{ months} \times \$1.53 = \$128,006$

FY14: $10,458 (6,972 + 3,486) \text{ cases} \times 12 \text{ months} \times \$1.53 = \$192,009$

Oversight assumes, because the amount of increase in food stamp cases is speculative, that the FSD might not require the full number of FTE asked for in the FSD fiscal impact response. Therefore, for fiscal note purposes only Oversight has added "Up to" to the fiscal impact.

SEC:LR:OD (12/02)

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE FUND			
<u>Costs</u> - Department of Social Services- Information Technology Services Division			
Programming Costs	<u>(\$52,981)</u>	<u>\$0</u>	<u>\$0</u>
<u>Costs</u> - Department of Social Services			
Personal Service - FSD	(Up to \$175,155)	(Up to \$424,745)	(Up to \$643,489)
Fringe Benefits - FSD	(Up to \$91,676)	(Up to \$222,312)	(Up to \$336,802)
Equipment and Expense - FSD	(Up to \$110,535)	(Up to \$197,584)	(Up to \$274,747)
<u>Total Costs</u> - DSS	(Up to \$377,366)	(Up to \$844,641)	(Up to \$1,255,038)
FTE Change - DSS	Up to 7.5 FTE	Up to 15 FTE	Up to 22.5 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$52,981 to \$377,366)</u>	<u>(Up to \$844,641)</u>	<u>(Up to \$1,255,038)</u>
Estimated Net FTE Change for General Revenue Fund	Up to 7.5 FTE	Up to 15 FTE	Up to 22.5 FTE
FEDERAL FUNDS			
<u>Income</u> - Department of Social Services- Information Technology Services Division			
Federal Assistance	<u>\$16,731</u>	<u>\$0</u>	<u>\$0</u>
<u>Income</u> - Department of Social Services- Family Support Division			
Federal Assistance	<u>Up to \$377,366</u>	<u>Up to \$844,641</u>	<u>Up to \$1,255,038</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2012 (10 Mo.)	FY 2013	FY 2014
<u>Costs - Department of Social Services-</u> <u>Information Technology Services</u> <u>Division</u>			
Programming Costs	<u>(\$16,731)</u>	<u>\$0</u>	<u>\$0</u>
<u>Costs - Department of Social Services</u>			
Personal Service - FSD	(Up to \$175,155)	(Up to \$424,745)	(Up to \$643,489)
Fringe Benefits - FSD	(Up to \$91,676)	(Up to \$222,312)	(Up to \$336,802)
Equipment and Expense - FSD	(Up to \$110,535)	(Up to \$197,584)	(Up to \$274,747)
<u>Total Costs - DSS</u>	(Up to <u>\$377,366</u>)	(Up to <u>\$844,641</u>)	(Up to <u>\$1,255,038</u>)
FTE Change - DSS	Up to 7.5 FTE	Up to 15 FTE	Up to 22.5 FTE

ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change for Federal Funds	Up to 7.5 FTE	Up to 15 FTE	Up to 22.5 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Section 208.247:

Additional Missouri residents will be eligible for Food Stamp benefits, and will be using those benefits to purchase food at Missouri retailers.

FISCAL IMPACT - Small Business (continued)

In addition, Missouri substance abuse treatment centers/programs could see an increase in participants who are complying with this Statute in order to receive Food Stamp benefits.

FISCAL DESCRIPTION

Section 208.247:

The proposed legislation specifies that, pursuant to the option granted 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:

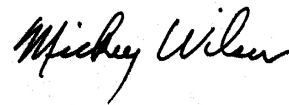
- (1) The person, as determined by the Department of Social Services, is successfully participating in, is accepted for treatment but on a waiting list, or has satisfactorily completed a substance abuse treatment program approved by the Division of Alcohol and Drug Abuse within the Department of Mental Health;
- (2) A Division-certified treatment provider determines that the person does not need substance abuse treatment; or
- (3) The person 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.

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

Department of Corrections
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Office of the 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
March 29, 2011