

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6099-01
Bill No.: Perfected HB 2331
Subject: Food; Elderly; Public Assistance; Health and Senior Services Department
Type: Original
Date: April 5, 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	\$0	(\$110,024)	(\$98,774)
Total Estimated Net Effect on General Revenue	\$0	(\$110,024)	(\$98,774)

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 7 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

* Grant income and expenditures exceed \$450,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	0	2	2
Total Estimated Net Effect on FTE	0	2	2

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

For the original fiscal note **Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. For that fiscal note Oversight assumed Department of Health and Senior Services (DHSS) costs would be similar to the costs estimated by the Department of Social Services (DSS), Family Support Division (FSD) in response to HB 1841/LR# 4281-01 from the current session. DSS, FSD had assumed costs to the General Revenue fund of approximately \$65,000 annually and income and expenses to Federal funds of over \$500,000 annually. Federal fund income and expenditures netted to \$0. DSS, FSD had also assumed one FTE, split 50/50 GR/Federal. Oversight has since received a response from DHSS and has incorporated that response in this fiscal note.

Officials from the **Department of Health and Senior Services (DHSS)** state in calculating the fiscal impact, the DHSS assumes that the United States Department of Agriculture (USDA) will open their funding opportunity (currently closed) to allow Missouri to amend its state plan and apply for a grant under the Senior Farmer's Market Nutrition Program. Based on information from the USDA, the earliest possibility of funding would be Federal Fiscal Year (FFY) 2017 (beginning October 1, 2017).

Based on information available on the USDA website for the Senior Farmers' Market Nutrition Program (SFMNP), the average grant in FFY 2015 was \$454,954 (excluding tribal grants). The grant allows for states to use 10 percent of the total award towards administrative costs to support the program with the rest of the administrative cost to be covered by the state as in-kind match. For purposes of this fiscal note, DHSS estimates 10 percent of the grant funds would be used for administrative costs with the remainder of administrative costs covered by general revenue. The remaining \$409,459 ($\$454,954 \times 10\% = \$45,495$; $\$454,954 - \$45,495 = \$409,459$) would be used for vouchers. 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. DHSS assumes the vouchers will be similar to those currently utilized by the DHSS Women, Infant and Children (WIC) program.

DHSS assumes information will be mailed to eligible seniors to announce the availability of the vouchers. Since funding is limited, DHSS 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, DHSS will operate the program under a "first come, first serve" basis. DHSS 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. However, the first 11,699 to apply for the program are estimated to be served.

ASSUMPTION (continued)

DHSS estimates 27,814 announcements would be sent to eligible seniors in the targeted counties at a cost of \$12,516 (27,814 x \$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 X \$0.59). The total annual postage cost is estimated to be \$28,926.

Based on information received from other states and previous administration of the program, the DHSS feels that the following staff would be needed to administer this program in Missouri:

- One full-time Health Program Representative III (\$38,928 annually) to develop the State Plan, conduct outreach, train farmers (vendors), conduct monitoring of the farmers and provide program oversight.
- One full-time Health Program Representative I (\$30,984 annually) to oversee vendor agreements, participant applications, arrange for printing and distribution of the vouchers, oversee payment of the vouchers in collaboration with the current WIC banking staff, and track banking and compliance information.
- One H&I (Hourly & Intermittent) to assist with mailing out program announcements, receipt of applications, data entry from participant files to SFMNP vendor voucher, distribution of materials for qualified vendors, and to answer phone calls regarding the program from participants and vendors. DHSS assumes this staff person will be needed during program preparations and the initial months of the SFMNP voucher use. The H&I staff will work 26 weeks x 40 hours per week, based on the average hourly rate for an Office Support Assistant (state contract for temporary services) at \$10.75 per hour for a total of \$11,180 (26 weeks x 40 hours/week x \$10.75/hour).

Solutran is currently the banking contractor for the Missouri WIC program and also for Senior Farmers' Market Nutrition programs in other states. The contract with Solutran would be amended to include the SFMNP. In February 2016, Solutran provided a total estimated cost of \$17,256 for 11,699 participants comprised of the following:

- Cost of processing the checks \$6,600 (12,000 vouchers X 5 checks/voucher x \$0.11)
- Cost of returned vouchers \$975 (estimated 650 vouchers x \$1.50)
- Base and set up fee- \$2000
- Voucher printing- 12,000 sheets with logs - \$220.85 per thousand sheets - \$2,650
- Postage of \$0.43 x 11,699 participants (if mailing vouchers)- \$5,031

Oversight assumes the DHSS will not need rental space for two additional staff.

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.

ASSUMPTION (continued)

Officials from the **Missouri Department of Agriculture** and the **Department of Social Services, Family Support Division** and **Division of Legal Services** each assume the proposal would not fiscally impact their respective agencies.

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.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE FUND			
<u>Income</u> - Administrative Federal Funds	\$0	\$45,495	\$45,495
<u>Costs</u> - DHSS (\$208.285)			
Personal service	\$0	(\$70,611)	(\$71,317)
Fringe benefits	\$0	(\$39,475)	(\$39,668)
Equipment and expense	<u>\$0</u>	<u>(\$45,433)</u>	<u>(\$33,284)</u>
Total <u>Costs</u> - DHSS	<u>\$0</u>	<u>(\$155,519)</u>	<u>(\$144,269)</u>
FTE Change - DHSS	0 FTE	2 FTE	2 FTE
 ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	 <u>\$0</u>	 <u>(\$110,024)</u>	 <u>(\$98,774)</u>
 Estimated Net FTE Change on the General Revenue Fund	 0 FTE	 2 FTE	 2 FTE

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2017 (10 Mo.)	FY 2018	FY 2019
FEDERAL FUNDS			
<u>Income - DHSS (\$208.285)</u>			
Grant income	\$0	\$454,954	\$454,954
<u>Costs - DHSS (\$208.285)</u>			
Administrative costs	\$0	(\$45,495)	(\$45,495)
Vouchers	\$0	(\$409,459)	(\$409,459)
Total <u>Costs - DHSS</u>	<u>\$0</u>	<u>(\$454,954)</u>	<u>(\$454,954)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<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

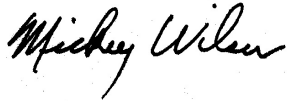
The bill establishes the Missouri Senior Farmers' Market Nutrition Program. The Department of Health and Senior Services, through a federal grant program with the USDA Senior Farmers' Market Nutrition Program, will provide low-income seniors at least 60 years of age or older with vouchers from county 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.

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SOURCES OF INFORMATION

Missouri Department of Agriculture
Department of Health and Senior Services
Department of Social Services -
 Family Support Division
 Division of Legal Services
Joint Committee on Administrative Rules
Office of Secretary of State



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April 5, 2016

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