

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0055-01
Bill No.: SB 34
Subject: Public Assistance; Crime and Punishment
Type: Original
Date: April 20, 2009

Bill Summary: This legislation modifies the eligibility requirements for food stamp assistance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Unknown but Greater than \$290,535)	(Unknown but Greater than \$617,008)	(Unknown but Greater than \$929,607)
Total Estimated Net Effect on General Revenue Fund	(Unknown but Greater than \$290,535)	(Unknown but Greater than \$617,008)	(Unknown but Greater than \$929,607)

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 7 pages.

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

* Income and costs of approximately Unknown but Greater than \$290,535 in FY10, Unknown but Greater than \$617,008 in FY11 and Unknown but Greater than \$929,607 in FY12 would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	4.5 FTE	9 FTE	13.5 FTE
Federal	4.5 FTE	9 FTE	13.5 FTE
Total Estimated Net Effect on FTE	9 FTE	18 FTE	27 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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 208.247:

Officials from the **Department of Health and Senior Services** and the **Department of Mental Health** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Department of Social Services** state the proposal could add up to a total of 16,807 cases to the Food Stamp caseloads. The Family Support Division (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%). FSD assumes 10% will not qualify. FSD arrived at this number in this manner: There are currently 19,696 persons known to the Family Assistance Management Information System (FAMIS) as having a felony drug conviction. This information was gathered during the application process and these persons were denied food stamp services. Even though they themselves are not receiving food stamps, 2,889 are currently included in an active Food Stamp case; therefore, FSD would not require additional FTE for these individuals.

$19,696 - 2,889 = 16,807 \times 15\% = 2,521$ new cases added each year over a period of five years. Not all individuals will qualify for Food Stamps under this new bill.

The FSD expects to procure a private vendor to administer its drug testing program. At a minimum, the contractor would provide the following services: collection of samples, testing, transmitting results, program evaluation, and retention of urine samples. Utilizing information from a current Department of Corrections contract, the average cost per drug test is \$75.

FSD will randomly drug test 5% of the participants each month. This equals 126 participants each month. ($2,521 \times 5\% = 126$) Monthly cost for drug testing: $126 \times \$75 = \$9,450$. Annual cost for the first year: $\$113,400$ ($\$9,450 \times 12 = \$113,400$). If more than 5% were tested the cost would increase, therefore, the fiscal impact is unknown but greater than \$113,400 for the first year.

The cost for random drug testing would increase each year as more participants are added at the rate of 2,521 new cases each year. Second year cost would be: $2,521 + 2,521 = 5,042$ cases. $5,042 \times 5\% = 252$ per month. $252 \times \$75 = \$18,900$ per month. $\$18,900 \times 12 = \$226,800$ per year. Third year cost: $2,521 + 2,521 + 2,521 = 7,563$ cases. $7,563 \times 5\% = 378$ per month. $378 \times \$75 = \$28,350$ per month. $\$28,350 \times 12 = \$340,200$ per year. Fourth year cost: $2,521 + 2,521 + 2,521 + 2,521 = 10,084$ cases. $10,084 \times 5\% = 504$ per month. $504 \times \$75 = \$37,800$ per month.

ASSUMPTION (continued)

$\$37,800 \times 12 = \$453,600$ per year. Final cost for the fifth year total would be: $2,521 + 2,521 + 2,521 + 2,521 + 2,521 = 12,605$ cases $\times 5\% = 630$ tested per month. $630 \times \$75 = \$47,250$ per month. Annual cost: $\$47,250 \times 12 = \$567,000$. If more than 5% were tested the cost would increase, therefore, the fiscal impact is unknown but greater than $\$567,000$ after five years.

FSD has no way to determine how many of those tested will test positive and no longer be eligible to participate in the Food Stamp program.

Funding Requirements based on Staffing Needs

The FSD estimates a total of 7 new Eligibility Specialists would be needed each year to maintain the increased caseload size and take applications. This is based on a caseload standard of 350 ($2,521/350 = 7.20$, rounded down to 7).

On a 10-1 ratio, Eligibility Specialist to Eligibility Supervisor, FSD would need 1 new Eligibility Supervisors ($7/10 = 0.70$, rounded up to 1).

On a ratio of 6-1 Eligibility Specialist/Eligibility Supervisor to Professional Staff, we would need an additional 1 professional staff. ($7 + 1 = 8/6 = 1.33$, rounded down to 1. $1 \times 75\% = 1$ OSA).

Total new FTE: $7 + 1 + 1 = 9$ per year $\times 5$ years = 45 new staff total.

FSD assumes existing Central Office Program Development Specialists in the Policy Unit will be able to complete necessary policy and/or forms changes.

FAMIS estimates $\$30,000$ would be needed to make necessary programming changes to accommodate the changes made by this legislation.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
<u>Costs - Department of Social Services</u>			
Personal Service - FSD	(\$109,641)	(\$271,141)	(\$418,912)
Fringe Benefits - FSD	(\$53,318)	(\$131,856)	(\$203,717)
Equipment and Expense - FSD	<u>(Unknown but Greater than \$127,576)</u>	<u>(Unknown but Greater than \$214,011)</u>	<u>(Unknown but Greater than \$306,978)</u>
<u>Total Costs - DSS</u>	<u>(Unknown but Greater than \$290,535)</u>	<u>(Unknown but Greater than \$617,008)</u>	<u>(Unknown but Greater than \$929,607)</u>
FTE Change - DSS	4.5 FTE	9 FTE	13.5 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown but Greater than \$290,535)</u>	<u>(Unknown but Greater than \$617,008)</u>	<u>(Unknown but Greater than \$929,607)</u>
Estimated Net FTE Change for General Revenue Fund	4.5 FTE	9 FTE	13.5 FTE

FEDERAL FUNDS

Income - Department of Social Services

Federal Assistance	Unknown but Greater than \$290,535	Unknown but Greater than \$617,008	Unknown but Greater than \$929,607
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Costs - Department of Social Services

Personal Service - FSD	(\$109,641)	(\$271,141)	(\$418,912)
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<u>Total Costs - DSS</u>	<u>(Unknown but Greater than \$290,535)</u>	<u>(Unknown but Greater than \$617,008)</u>	<u>(Unknown but Greater than \$929,607)</u>
FTE Change - DSS	4.5 FTE	9 FTE	13.5 FTE

**ESTIMATED NET EFFECT ON
 FEDERAL FUNDS**

\$0 \$0 \$0

Estimated Net FTE Change for Federal Funds	4.5 FTE	9 FTE	13.5 FTE
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<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

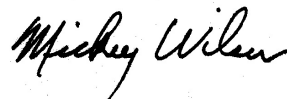
Section 208.247:

The proposed legislation provides that pursuant to the option granted under the federal Personal Responsibility and Work Opportunity Act of 1996, an individual who has a felony conviction under federal or state law involving possession or use of a controlled substance shall be eligible for food stamp benefits if such person, as determined by the department of social services, successfully participates in or has satisfactorily completed a substance abuse treatment program approved by the Division of Alcohol and Drug Abuse or complies with all obligations imposed by the court, Division of Alcohol and Drug Abuse and the Division of Probation and Parole. In addition, the individual shall be subject to random drug testing. Such individual shall be permanently disqualified for such benefits following any positive drug test, except for those controlled substances validly prescribed by a licensed health care provider. The individual must all meet all other factors for foods stamps 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 Mental Health
Department of Health and Senior Services
Department of Social Services



Mickey Wilson, CPA
Director
April 20, 2009