

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4439-02
Bill No.: SCS for SB 474
Subject: Social Services Dept.; Public Assistance
Type: Original
Date: February 20, 2012

Bill Summary: Requires the Department of Social Services to take steps to mandate the use of photo identification for the food stamp program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(Unknown, greater than \$1,227,435)	(Unknown, greater than \$1,029,705)	(Unknown, greater than \$1,029,705)
Total Estimated Net Effect on General Revenue Fund	(Unknown, greater than \$1,227,435)	(Unknown, greater than \$1,029,705)	(Unknown, greater than \$1,029,705)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
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 2013	FY 2014	FY 2015
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures greater than \$1.0 million and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
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 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Mental Health** and **Department of Health and Senior Services** assume the proposal will have no fiscal impact on their organizations.

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.

Officials from the **Department of Revenue (DOR)** state it is their understanding that the Department of Social Services does not plan to use DOR photos for food stamp identification cards. Therefore, this proposal will have no impact on the DOR.

Officials from the **Office of 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 Secretary of State's office 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 this is a small amount and does not expect that additional funding would be required to meet these costs.** However, it is also recognized 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 within its 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.**

Officials from the **Office of Administration (OA) - Information Technology Services Division (ITSD) - Department of Social Services (DSS)** provide the following assumptions:

Section 208.1000

Passage of SB 474 would require a rewrite of the current EBT system to handle additional information and photos passed to the EBT vendor.

EBT System rewrite estimates:

Function		Work Effort (hours)
Batch Programs	(60 programs @ 80 hours each)	4,800 hours
CICS Programs	(5 programs @ 80 hours each)	400 hours
JCL Proc Changes	(13JCL @ 40 hours each)	<u>520 hours</u>
TOTAL:		<u>5,720 hours</u>

ASSUMPTION (continued)

Two virtual server databases will be created to store photo ID information (DCN, Case Id, address, photo, date, etc). One database will be for Production with the second database mirroring the first as a High Availability Disaster Recovery solution. Both servers will require at least 500 gb of storage initially. Cost is estimated at \$32,710 (1000gb dasd * \$32.71/gb = \$32,710).

Web Cameras:

Web camera would be purchased for each interview room and resource center available to Family Support Division (FSD) workers entering Food Stamp applications. Pictures would be taken during the FAMIS control flow intake process.

860 possible interview rooms + 12 resource centers = 872 cameras X \$32 each = \$27,904.

FAMIS would require modifications to add the following functions related to providing photo ID's on EBT cards and distributing cards to additional members of the household:

1. The Supercase Member Clearance screen would require modifications.
2. The Supercase Address/Supercase Transfer screen would require modifications.
3. The Person Detail screen would require modifications.
4. The Eligibility Unit Transfer screen would require modifications.
5. The Authorized Rep Address screen would require modifications.
6. A new screen would need to be added to the control flow to track members of the household needing an EBT card and take the photo.
7. Program to remove or close a Food Stamp Case would require modifications.
8. Program to add member to Food Stamp Case would require modifications.
9. Program to close expired Food Stamp EU's would require modifications.
10. Extract photo id information and store in the data warehouse for reports.
11. Add photo information to existing Food Stamps reports.
12. FAMIS correspondence to the head of the household of each Food Stamp eligibility unit via a onetime mass mailing with instructions regarding the photo id EBT card.

FAMIS Assumptions:

1. Photo ID on the EBT card is not required for eligibility determination for Food Stamp benefits, per phone conversation with Program and Policy.
2. A new screen will be added to the control flow for taking the required photos.
3. Each FSD caseworkers PC will require a web camera.
4. Estimates for programming to generate notices to recipients assume state staff will code the one time notice.

ASSUMPTION (continued)

5. Estimates for extract of photo id info to data warehouse and modify WebFOCUS reports will be completed by state staff.
6. Estimate includes one fourth of the initial cost for yearly maintenance after FY13, approximately \$175,000.
7. Estimate includes print cost of the one time mailing regarding photo ID's. Program and Policy has included postage in their estimate.
8. Current rate for IT consultants for the FAMIS project averages \$90.00 per hour. Rate given by FAMIS staff.
9. Current rate for ITSD staff averages \$42.56 per hour.
10. Match rates for FAMIS Food Stamps is 50% GR and 50% Federal.

One time Letter Cost: The price per foot for simplex print is \$0..03098. So the price for this one time job will be 440,881 pages * 11 inches divided by 12 = 404,141 feet * \$0.03098 = approx. \$12,520.

FAMIS estimates:

<u>Function</u>	<u>Work Effort (hours)</u>
Analysis and Design	1680 hours
Create/Update High Level Design Documents	620 hours
Create/Update Specification Documents	1680 hours
Update Data Model (OCCR)	160 hours
Coding and Unit Testing 5 On-Line Programs	760 hours
Coding and Unit Testing Batch Programs	520 hours
Notice to client regard Photo ID (one-time execution)	160 hours
Data Warehouse Extracts Modifications	120 hours
Reports Programming-Modify Existing/Create New	120 hours
Testing/Coordination (Unit and System)	<u>1680 hours</u>
Total:	7500 hours

Based on assumptions listed above, state staff will perform 560 hours of the effort and contract staff will complete the remaining 6,940 hours.

$(560\text{hours} \times \$42.56/\text{hr}) + (6940 \text{ hours} \times \$90.00/\text{hr}) = \mathbf{\$648,433.60}$

Total Cost:

EBT System rewrite	\$243,443
Two database servers	\$ 32,710
Web camera	\$ 27,904
One time letter	\$ 12,520
FAMIS Costs	<u>\$648,434</u>
TOTAL COSTS:	<u>\$965,011</u>

ASSUMPTION (continued)

Officials from the **DSS - Division of Legal Services (DLS)** state the proposal has no fiscal impact on the DLS. There is a fiscal impact on the Family Support Division (FSD) that will be included in the their response.

Officials from the **DSS - Family Services Division (FSD)** provide the following assumptions:

Section 208.182:

This section requires the FSD to request a waiver to mandate the use of photo identification for continued eligibility in the Food Stamp program. Upon approval of the waiver, the FSD would be required to issue a photo identification card to each eligible household member age sixteen or older. The FSD understands it is the intent of the sponsor of this bill to have the photo identification placed on the electronic benefits transfer card issued to each Food Stamp recipient household. While the photo would provide proof of identification, it does not provide proof of Food Stamp eligibility.

Subsection 1 of the bill would require a separate EBT card be issued to all eligible household members age sixteen or older and/or the household's authorized representative with a photo of the individual included on the card. This would require the FSD to obtain photos for all household members age sixteen or older and all authorized representatives. The FSD estimates the cost to implement the provisions of this option to be greater than \$1,489,857 for the first year and greater than \$1,851,700 for the second and subsequent years.

First year costs:

The implementation of placing a photo on the EBT cards for Food Stamp recipients will require a change to the current EBT contract and the systems. The FSD estimates the costs for these changes would be as follows:

Development & Implementation	\$342,604
Notification to TPPs, Networks & EBT Processors	\$ 53,750
Card Re-Design	\$ 1,000
Card Vendor Programming for Photos	\$ 3,900
Insert Printing	<u>\$ 17,166*</u>
Sub-Total	\$418,420

*Note: This cost was inadvertently left off the fiscal note response for fiscal note 4439-01 for Senate Bill 474.

ASSUMPTION (continued)

In addition, testing costs of \$110 per hour would be needed. At this time it is unknown how many hours of testing would be needed.

The FSD estimates a cost of \$1.50 per card to issue an initial EBT card with a photo to all household members age sixteen or older. As of October 2011, there are 586,260 individuals age sixteen or older receiving Food Stamp benefits in 440,881 households. This would result in an initial cost of \$879,390 ($\$1.50 \text{ per card} \times 586,260 \text{ cards}$) to issue EBT cards with photos to all current FS recipients.

The FSD estimates a card destruction cost of \$23,190 to destroy cards on hand at the time of transition to the new design of EBT cards with photo. This cost is calculated using a cost of \$200 per 1,000 cards for the cost of the unusable cards on hand as well as a cost of \$0.0319 per card for the physical destruction. Using an estimate of 100,000 cards on hand, the cost of the cards would be \$20,000 ($100,000 / 1,000 \times \200) + \$3,190 ($100,000 \times \0.0319).

The FSD would need to mail at least one notice to each household notifying them to report to an FSD office to have a photograph taken. At a cost of \$0.383 per notice, the FSD would incur mailing costs of \$168,857 ($440,881 \text{ households} \times \0.383 per notice) to mail one notice to each household. This cost will increase if multiple notices are needed to ensure each household complies with the photo requirement.

Additional costs would be incurred for programming changes to the FSD's FAMIS and EBT computer systems under either option. The FSD defers to OA-ITSD to determine and include these costs in their response.

First year costs: $\$418,420 + \$879,390 + \$23,190 + \$168,857 = \text{unknown but greater than } \$1,489,857$.

Ongoing Costs:

After the initial card issuance, there would be ongoing yearly costs for new card issuance on new cases, card replacement of lost, stolen, or damaged EBT cards and help desk call support. These costs are per case per month. The FSD estimates the cost per case per month would increase by \$0.35 per case per month. Therefore, the FSD estimated an increase in ongoing yearly costs of \$1,851,700 ($\$0.35 \text{ per case} \times 12 \text{ months} \times 440,881 \text{ cases}$).

Oversight notes administrative costs receive a 50% federal match; 50% will be General Revenue costs.

HWC:LR:OD

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE FUND			
<u>§208.182</u>			
<u>Costs - Department of Social Services -</u>			
<u>Information Technology Services</u>			
<u>Division</u>			
Programming, equipment and supplies	(\$482,506)	(\$103,855)	(\$103,855)
<u>Costs - Department of Social Services -</u>			
<u>Family Support Division</u>			
Expense and Equipment	<u>(Unknown, greater than \$744,929)</u>	<u>(Unknown, greater than \$925,850)</u>	<u>(Unknown, greater than \$925,850)</u>
ESTIMATED NET EFFECT ON			
GENERAL REVENUE FUND			
	<u>(Unknown greater than \$1,227,435)</u>	<u>(Unknown, greater than \$1,029,705)</u>	<u>(Unknown, greater than \$1,029,705)</u>
FEDERAL FUNDS			
<u>§208.182</u>			
<u>Income - Department of Social Services -</u>			
<u>Information Technology Services</u>			
<u>Division</u>			
Federal Assistance	\$482,506	\$103,855	\$103,855
<u>Income - Department of Social Services -</u>			
<u>Family Support Division</u>			
Federal Assistance	<u>Unknown, greater than \$744,929</u>	<u>Unknown, greater than \$925,850</u>	<u>Unknown, greater than \$925,850</u>
Total <u>Income</u> - DSS	<u>Unknown, greater than \$1,227,435</u>	<u>Unknown, greater than \$1,029,705</u>	<u>Unknown, greater than \$1,029,705</u>

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
FEDERAL FUNDS (continued)			
<u>Costs - Department of Social Services - Information Technology Services Division</u>			
Programming, equipment and supplies	(\$482,506)	(\$103,855)	(\$103,855)
<u>Costs - Department of Social Services - Family Support Division</u>			
Expense and Equipment	<u>(Unknown greater than \$744,929)</u>	<u>(Unknown greater than \$925,850)</u>	<u>(Unknown greater than \$925,850)</u>
Total <u>Costs</u> - DSS	<u>(Unknown, greater than \$1,277,435)</u>	<u>(Unknown, greater than \$1,029,705)</u>	<u>(Unknown, greater than \$1,029,705)</u>

**ESTIMATED NET EFFECT ON
 FEDERAL FUNDS** **\$0** **\$0** **\$0**

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<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.

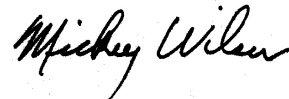
FISCAL DESCRIPTION

This proposal requires the Department of Social Services to seek a waiver from the federal government to mandate the use of photo identification for continued eligibility in the food stamp program administered in Missouri. Upon one year after approval by the federal government, the department shall issue a photo identification card to each eligible household member who is sixteen years of age or older. Upon request, a household member, or the household's authorized representative, shall present the photo identification card at issuance points, retail food stores, or meal services when exchanging benefits for eligible food.

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 -
Information Technology Services Division, Department of Social Services
Department of Mental Health
Department of Health and Senior Services
Department of Revenue
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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Director
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