

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4890-03  
Bill No.: Truly Agreed To and Finally Passed HCS for SCS for SB 680  
Subject: Public Assistance; Crime and Punishment  
Type: Original  
Date: June 3, 2014

Bill Summary: This proposal changes the laws regarding public assistance benefits.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	Could be less than \$129,807 to (Greater than \$2,708,193)	Could be less than \$301,091 to (Greater than \$2,536,909)	Could be less than \$297,045 to (Greater than \$2,540,955)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>Could be less than \$129,807 to (Greater than \$2,708,193)</b>	<b>Could be less than \$301,091 to (Greater than \$2,536,909)</b>	<b>Could be less than \$297,045 to (Greater than \$2,540,955)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Various Other State Funds	Unknown, greater than \$750,936	Unknown, greater than \$901,123	Unknown, greater than \$901,123
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Unknown, greater than \$750,936</b>	<b>Unknown, greater than \$901,123</b>	<b>Unknown, greater than \$901,123</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 21 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
Federal	(Unknown, greater than \$45,342)	(Unknown, greater than \$6,300)	(Unknown, greater than \$6,300)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(Unknown, greater than \$45,342)</b>	<b>(Unknown, greater than \$6,300)</b>	<b>(Unknown, greater than \$6,300)</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §208.018 - SNAP Pilot Project

Officials from the **Department of Social Services (DSS) - Family Support Division (FSD)** state the use of food stamp benefits at farmers' markets is currently supported by the federal government and Missouri follows that policy. Establishing a pilot program within the DSS is subject to appropriations in this legislation. The food stamp program is entirely federally funded.

Farmers' markets are not uniquely identifiable in the Fidelity Information Services (FIS) ebtEDGE system, all retailers are the same. FIS cannot identify what the cardholder bought at the farmers' market. Location and amount are captured in the EBT system, but there is no mechanism to capture individual items purchased. Receipts would need to be submitted from each participant. State staff would review the receipts and determine the dollar match. Once approved, the FSD would notify FIS. To automatically trigger a match, FIS would need funding up front.

FIS will have to program to identify the authorized markets, monitor the transactions at those specific markets, and determine the amount of funds the cardholders should receive as a reimbursement, move the funds to the cardholder, and collect that amount from the state. In addition, system updates would be needed to add a new fund code to accept the state dollar-for-dollar match.

The FSD anticipates additional costs associated with FIS, similar to the Summer Electronic Benefit Transfer for Children (SEBTC) program. Initial start up costs to do the SEBTC program were \$34,785. Benefit authorizations would need to be manually entered through the ebtEdge (administrative terminal) system by FSD staff during the pilot program. If fully implemented, batch processes to transmit to Missouri's EBT contractor, FIS, will need to be created by the Family Assistance Management Information System (FAMIS) very similar to what is used today for Food Stamps (SNAP) and Temporary Assistance (TA).

The greatest populated urban area in Missouri has 56,664 households receiving food stamps. The smallest populated rural area has 97 households receiving food stamps. Using the assumption that this program would run for 20 weeks at ten dollars per week for each household, each household would get an additional \$200 in benefits to use at the farmers market. If even 25% of these populated areas take advantage of the pilot program the FSD would need

ASSUMPTION (continued)

approximately \$2,838,000 in appropriations [(25% x 56,664 urban households = 14,166 participating urban households) + (25% x 97 rural households = 24 rural households, rounded down) = 14,190 households x \$200 extra benefits/year = \$2,838,000].

In the 6045-03 (HCS for HB 1861) version, FSD did not include any staff to manage this new program; however, after further review, the FSD would need additional staff, but feels the need could be met with temporary staff hired through the Statewide Professional Service Contract for Temporary Personnel. The FSD anticipates additional costs for temporary full-time staff at the rate of 1 temporary clerical staff for every 150 participants to determine the individual is an active Food Stamp participant, receive the receipts, determine if the items purchased qualify for the match, determine the dollar amount of qualifying purchases, authorize the match payment, and inform participants of any denied payments. The FSD also has a need for 1 staff at the level of an Executive I or above to oversee the program. The FSD anticipates these staff will work 20 weeks at 40 hours per week from May through September. Through the Statewide Contract, the average hourly rate for an Executive I is \$14.85/hour and the average hourly rate for an Office Support Assistant (OSA) is \$9.90. Using the same methodology above, if even 25% of these populated areas take advantage of the pilot program, the FSD would need \$11,880 for the Exec 1 (40 hours X 20 weeks X \$14.85 = \$11,880) and \$752,400 for the OSAs [(14,190 households/ 150 households per OSA = 95 OSAs (rounded up)) X 40 hours/week X 20 weeks X \$9.90/hour = \$752,400]; total temporary staff cost = \$764,280 (\$11,880 Exec 1 + \$752,400 OSA).

Therefore, the cost to the FSD for section 208.018 is unknown, but greater than \$2,838,000 million annually.

**Oversight** notes from discussions with DSS staff, that FSD assumed there is approximately a 20-week growing season in Missouri each year in which farmers' markets will be open and recipients may purchase fresh fruits and vegetables.

**Oversight** notes the provisions of the proposal are subject to appropriations. Therefore, pilot project costs will be ranged, \$0 to Unknown, greater than \$2,838,000.

Officials from the **DSS** provided the response for the **Office of Administration (OA) - Information Technology Services Division (ITSD)/DSS**. OA-ITSD states the Family Assistance Management Information System (FAMIS) is gradually being shut down and will eventually be transitioned over to the Missouri Eligibility Determination and Enrollment System (MEDES). MEDES is a multi-year implementation and replacement of FAMIS. The cost to implement this proposal in MEDES is currently unknown. SNAP is due to be implemented in MEDES by October 2015.

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ASSUMPTION (continued)

The EBT system would create a new program to take in the Food and Nutritional Services (FNS) numbers and store the information in the database.

Another program will search the EBT Transaction history file for qualifying purchases. The qualifying purchases file would be passed back to FAMIS.

EBT estimate is 400 hours per program = 800 hours X \$63.04/hour = \$50,432 cost.

FAMIS would create a program to reload the EBT card for recipients up to the \$10 amount. This file would be merged with their daily EBT on a weekly basis.

FAMIS estimate is 400 hours X \$63.04/hour = \$25,216 cost.

§208.024 - TANF and SNAP Transactions

Officials from the **DSS-FSD** state while current law and procedure is in place for Temporary Assistance for Needy Families (TANF or TA) to prohibit transactions in restricted locations, if an establishment is an authorized Food and Nutritional Services (FNS) retailer, a participant can use their food stamps to purchase FNS qualifying items. Food Stamp EBT cards do not allow the purchase of liquor, tobacco, and/or lottery tickets. However, there is no way to block ineligible TANF purchases of liquor, tobacco, and/or lottery tickets at non-restricted EBT retailers such as gas stations, grocery or convenience stores.

Federal law established restricted locations where the TA EBT card cannot be used. The FSD has established blocking of TANF EBT purchases at establishments by Merchant Category Code (MCC). FSD has created a claims process and procedures are in place if eligible TA participants make an EBT purchase in violation of section 208.024.

The FSD reasonably anticipates that there could be sanctions imposed by the United States government for not complying with federal laws regarding food stamps. These sanctions could include a disallowance of some or all of the federal Food Stamp program funding.

Subsection 3 - Out-of-state Usage

This section applies to both Temporary Assistance for Needy Families (TANF) and Food Stamp (Supplemental Nutrition Assistance Program or SNAP) benefits and would require recipients of these programs to use their card in the state of Missouri at minimum once in a ninety day period.

## ASSUMPTION (continued)

### Food Stamps

Federal regulations provide that SNAP benefits can be used in any State by a household to purchase food at a retail food store or wholesale food concern approved under the Food and Nutrition Act of 2008 (7 CFR 274.8(b)(10)). Application of this legislation to the food stamp program would be in violation of federal regulations. The FSD anticipates that there could be sanctions imposed by the United States government for not complying with federal laws regarding food stamps. These sanctions could include a disallowance of some or all of the federal Food Stamp program funding.

### TANF

The FSD has policy in place for out-of-state visits. TA participants may visit out-of-state for up to 60 days without interruption of benefits. It is the claimant's responsibility to notify FSD of absence, temporary address, and intended time of return.

If the participant has not contacted FSD at the planned time of return, a notice of case action is sent to the last known address. If the FSD determines that a recipient is no longer a Missouri resident, all public benefits are closed. This is policy currently in place.

Reports would be needed to monitor the out of state usage for Temporary Assistance. These are provided by FIS, the current EBT contractor. FIS/eFunds estimates a one-time fee of \$2,500 to create this report for FSD.

Additional technology is available through FIS/eFunds which would provide an alert to assist FSD with identifying TANF participants with only out of state EBT transactions for more than 90 days. This technology would allow FSD to identify these individuals sooner than using a monthly report after the month has ended. However, this technology is estimated to cost \$525 per month plus \$2.50 for every alert generated. The FSD is unable to determine how many alerts would be received per month. If FSD received 3,200 alerts per month, the costs for this technology would exceed \$102,300 (3,200 alerts x \$2.50 per alert = \$8,000 monthly alert cost + \$525 monthly base cost = \$8,525/month x 12 months).

### Subsection 4 - In-State Usage

Participants, who have not used their card within the state of Missouri within a sixty day timeframe, will get a notice that their benefits will be suspended within thirty days after the date of the notice. There will be programming and mailing costs to this section. The FSD assumes these programming costs will be included in the coding changes to suspend the TANF cash benefits. The bulk postage cost is 41 cents. The FSD is unable to determine how many households would receive a notice.

ASSUMPTION (continued)

To allow FSD to suspend TANF cash benefits when a person is disqualified under this legislation, FIS/eFunds estimates a one-time cost of \$2,500 for coding changes to their system.

The FSD can reasonably expect a reduction of TANF spending on cash assistance as a result of this legislation. However, this reduction would not result in a savings in TANF or the general revenue maintenance of effort (MOE) funding because all TANF/MOE must be spent on one of the four purposes of the TANF program:

1. To provide assistance to needy families;
2. To end dependence of needy parents by promoting job preparation, work and marriage;
3. To prevent and reduce out-of-wedlock pregnancies; and
4. To encourage the formation and maintenance of two-parent families.

Therefore the impact of Section 208.024 Subsection 3 and 4 to the FSD is unknown, but greater than \$107,300 (\$2,500 for the monthly report + \$2,500 for the suspension technology + \$102,300 for the alert technology) for the first year and unknown but greater than \$102,300 ongoing for the alert technology.

**Oversight** notes based on discussions with DSS staff that FSD does not currently receive any alerts from FIS for TANF recipients making out-of-state electronic benefit transfer transactions. Therefore, FSD does not have an “alert” history to support their assumption that they would receive 3,200 alerts a month. In addition, it is Oversight’s understanding that FSD is assuming they would receive an alert for every out-of-state electronic transaction, not just alerts for those TANF recipients that have made electronic transactions for 90 days exclusively out-of-state.

Therefore, Oversight assumes FSD’s costs for FY15 would be “unknown, greater than \$11,300 [\$2,500 for monthly report + \$2,500 for the suspension technology + \$6,300 base cost of technology (\$525/month X 12 months) + unknown alert costs (\$2.50 per alert)]. FY16 and FY17 costs are assumed to be “unknown, greater than \$6,300” (\$525/month technology cost = \$6,300 + \$2.50/alert cost).

Officials from the **DSS** provided the response for the **OA-ITSD/DSS**.

Section 208.024 - Use of EBT card  
Subsection 1 - Purchase of Alcohol

The FAMIS system would need to add a sanction code for TANF recipients and change one program to look for this code and an expiration date.

ASSUMPTION (continued)

**Estimate:**

20 hours Analysis  
40 hours Modify Program Module to look for new sanction code  
40 hours Modify Screen to accept new sanction code  
40 hours Testing  
140 hours X \$63.04/hour = \$8,826 (rounded)

*Subsection 3 - Out-of-State Usage*

FAMIS does not track the usage of funds; this is tracked by the vendor in Wisconsin, FIS/eFunds. DSS receives a transaction file from the EBT vendor daily. This file is used for fraud investigations currently.

A new program will be written to process the transaction files to identify offenders. A new technical eligibility factor will be built in FAMIS to track the usage of funds. Analysis, Design, Testing, and Construction would take 400 hours (both the new eligibility factor, related table values, and additional new screens/processes at 200 hours per functionality and this will also depend on the business rules regarding the 'temporary suspension'. There is already an eligibility factor to verify if the participant is a Missouri resident and the system should be able to reuse it. The estimated cost is \$25,216.

**Oversight** notes that FSD and OA-ITSD/DSS assume the costs of the proposal will come exclusively from federal TANF block grant monies. The TANF block grant funds are a set amount and no additional funds can be obtained. Any reductions in TANF cash assistance payments will be used for other TANF program purposes. For purposes of this fiscal note, Oversight is presenting the costs of this proposal as costs to federal funds with no reimbursement for the expenditures.

*Subsection 4 - In-State Usage*

A new notice would need to be developed for this potential suspension. The new notice would take approximately 200 hours X \$63.04/hour = \$12,608 cost, to implement.

§208.027 - Administrative Hearings

Officials from the **DSS - Division of Legal Services (DLS)** state the DLS anticipates a decrease in administrative hearings. However, it is not possible to estimate the decrease in the number of such hearings because at this time all such hearings are mandatory. It is not possible to estimate how many individuals will elect to have a hearing once the mandatory hearing requirement is removed. DLS believes that it will take approximately two hours to conduct each hearing. This



ASSUMPTION (continued)

will include hearing preparation, the actual hearing and the writing and reviewing of the hearing. DLS assumes that hearing officers can hold approximately 900 hearings per year. Therefore, once the number of potential hearings can be estimated it will be possible to determine the fiscal impact.

DLS assumes an "Unknown, less than \$100,000" savings, annually, as result of this proposal. The General Revenue (GR)/Federal match for these expenditures is 27%/73%.

Officials from the **DSS-FSD** state section 208.027 has no fiscal impact on the FSD.

§208.141 - Reimbursement for donor breast milk

Officials from the **DSS** assume this proposal would require the MO HealthNet Division to reimburse hospitals for medically necessary human breast milk for critically-ill infants who are in the neonatal intensive care unit of a hospital. Currently, under the MO HealthNet Managed Care program, MO HealthNet reimburses health plans for all of the services for infants who are in the neonatal intensive care unit with a lump sum payment called a Neonatal Intensive Care Unit (NICU) payment. Then, the health plan pays the hospital. If the physician orders the human breast milk and it is determined to be medically necessary, it would be included in the NICU payment. Therefore, there is no fiscal impact to the MO HealthNet Managed Care program from this legislation.

For the fee-for-service population, MO HealthNet bases hospital reimbursement for a given year on the fourth prior year cost report. Since this bill would be effective August 28, 2014, any additional cost would begin to be reflected in 2014 cost reports. MO HealthNet would use 2014 cost reports to establish reimbursement for SFY18. Therefore, there would not be a fiscal impact to the MO HealthNet Division for FY15, FY16, and FY17 but starting FY18 there could be a additional costs, but the amount is unknown.

§208.238 - Automated Eligibility Verification System

Officials from the **DSS-FSD** state current technology does not allow FSD the ability to ensure individuals applying for or receiving program benefits are eligible. Current technology only indicates individuals may be eligible based on the best information available.

Technology does exist to verify and authenticate an individual's identity during the application process. Additionally, once individuals are initially determined eligible for benefit programs, periodic checks can be made for indicators that the individual may no longer be eligible for

ASSUMPTION (continued)

assistance. The FSD estimates this technology would cost \$2,085,000 to implement. However, FSD estimates that such technology would result in savings of \$6,104,340 because this technology would assist FSD with identifying individuals ineligible for the MO HealthNet programs. This results in an overall savings of \$4,019,340. Additional savings may be possible for other programs; however, the amount of additional savings is unknown at this time.

Due to federal rules for the Food Stamp program, the FSD would be required to request a waiver to implement this process for Food Stamp applicants. If the waiver is not approved by the federal Food and Nutrition Services, the FSD reasonably anticipates there could be sanctions imposed by the United State government if this process were implemented without an approved waiver. These sanctions could include a disallowance of some or all of the federal Food Stamp program funding.

**Oversight** assumes implementation of an automated process to ensure applicants applying for benefit programs are eligible to receive benefits could have significant additional savings to the DSS, potentially reducing the number of staff needed to investigate allegations of potential fraud and abuse by recipients and staff needed to pursue collection and restitution of claim overpayments. These potential savings may be outside the scope of this fiscal note. The potential savings are unknown.

**Oversight** assumes costs and savings for DSS-FSD for FY15 to be for 10 months. Oversight assumes FY16 and FY17 savings for the fraud detection process could exceed the amount provided by DSS-FSD.

§208.247 - Food Stamps for Felons:

Officials from the **DSS-FSD** state based on the number of new releases from the Missouri Department of Corrections (DOC), overall recidivism rate, known factors within the Family Assistance Management Information System (FAMIS) and application rate, it is assumed that there will be a potential of 1,143 new cases for the Food Stamp Program. According to information from the DOC, the overall recidivism rate has been decreasing, which increases the number of potential new cases for the Food Stamp Program.

Funding Requirements based on Staffing Needs

Due to the change in organizational structure and the new eligibility system and enrollment system (MEDES), the FSD assumes existing staff will be able to maintain the increased caseload size and process these applications.

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ASSUMPTION (continued)

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

Other Funding Requirements

There will be increased Electronic Benefit Transfer (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.

The cost of EBT services to process each Food Stamp case is \$0.59 per month. Since it is projected that 1,143 new cases would be added each year over a period of five years, the estimated increased cost for EBT is:

FY15:  $1,143 \text{ cases} \times 10 \text{ months} \times \$0.59 = \$6,744$  (rounded)  
FY16:  $2,286 (1,143 + 1,143) \text{ cases} \times 12 \text{ months} \times \$0.59 = \$16,185$  (rounded)  
FY17:  $3,429 (2,286 + 1,143) \text{ cases} \times 12 \text{ months} \times \$0.59 = \$24,277$  (rounded)  
FY18:  $4,572 (3,429 + 1,143) \text{ cases} \times 12 \text{ months} \times \$0.59 = \$32,370$  (rounded)  
FY19:  $5,715 (4,572 + 1,143) \text{ cases} \times 12 \text{ months} \times \$0.59 = \$40,462$  (rounded)

Match rates are assumed to be 50% Federal/50% General Revenue.

Officials from the **DSS-DLS** state DLS currently conducts administrative hearings for individuals who are denied food stamps because the person has pled guilty, or has been found guilty under federal or state law of a felony involving possession or use of a controlled substance. In FY 13, the DLS administrative hearing unit held 42 hearings for convicted drug felons being denied Food Stamp benefits. By eliminating the prohibition of convicted drug felons receiving Food Stamp benefits, it is assumed this legislation will initially reduce the number of hearings involving convicted drug felons. Assuming 42 hearings held in FY 13 were reduced to zero, this would lead to a reduction by less than one percent in the total number of DLS administrative hearings. A DLS administrative hearing officer's caseload is presumed to be 900 hearings per year. A DLS administrative hearing officer is presumed to hold twenty (20) hearings per week. There are eighteen (18) hearing officers. The presumed effect of this legislation will be to eliminate approximately two hearing per year for each hearing officer.

However, since the proposed legislation requires individuals to comply with treatment requirements in order to obtain Food Stamps, it is anticipated that an unknown number of administrative hearings will be held to determine whether the individuals have complied with the

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ASSUMPTION (continued)

terms of the proposed legislation. It is not possible to estimate the number of such hearings or whether these hearings will exceed the number of Food Stamp disqualification hearings that will no longer be held.

Based on the assumption that 1% of the 1,143 new cases would appeal, there would be an additional 11 hearings. Neither the decrease in hearings discussed above, nor the increase due to caseload growth, would significantly impact staff workload.

Officials from the **DSS** provided the response for the **OA-ITSD/DSS**. Based on discussions with FSD's Program and Policy staff, FAMIS would need to be modified to support Food Stamp client eligibility policy changes that would result from passage of this bill.

<u>Function</u>	<u>Work Effort (hours)</u>
Analysis and Design	100 hours
Create/Update Specification Documents	40 hours
Update Data Model (OCCR)	60 hours
Modify Eligibility Determination Process	40 hours
Modify Sanction/DQ Screen	80 hours
Create New Compliance Screen	160 hours
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)	<u>60 hours</u>
TOTAL:	<u>900 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;

ASSUMPTION (continued)

5. There will be no impact after FY14 so projecting no costs beyond the first year; and,
6. Contract Staff would be required for this effort at \$90.00/hr.

Match rates for FAMIS are 50% GR and 50% Federal.

Cost from General Revenue Funds = \$ 40,500

Cost from Federal Funds = \$ 40,500

Bill as a Whole:

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

Officials from the **Department of Mental Health (DMH)** state they assume 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 the proposal would have no fiscal impact to the department.

In response to the previous version of this proposal, officials from the **Office of Secretary of State (SOS)** stated 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 **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 Agriculture** and the **Department of Health and Senior Services** assume the proposal would not fiscally impact their agency.

ASSUMPTION (continued)

Officials from the **Office of Administration - Information Technology Services Division** defer to the Department of Social Services for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the following **hospitals**: Barton County Memorial Hospital, Bates County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Hospital, Excelsior Springs Medical Center, Putnam County Memorial Hospital, and Washington County Memorial Hospital did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE FUND</b>			
<u>Savings - DSS-DLS (\$208.027)</u>			
Reduction in administrative hearing costs	Unknown, less than \$22,500	Unknown, less than \$27,000	Unknown, less than \$27,000
<u>Savings - DSS-FSD/MHD (\$208.238)</u>			
Reduction in program benefit payments, staff, and other expenses	<u>Unknown, greater than \$1,126,403</u>	<u>Unknown, greater than \$1,351,684</u>	<u>Unknown, greater than \$1,351,684</u>
Total <u>Savings - DSS</u>	<u>Unknown, greater than \$1,126,403</u>	<u>Unknown, greater than \$1,351,684</u>	<u>Unknown, greater than \$1,351,684</u>

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE FUND (cont.)</b>			
<u>Costs - DSS-FSD (§208.018)</u>			
Pilot project costs	\$0 to (Unknown, greater than \$2,838,000)	\$0 to (Unknown, greater than \$2,838,000)	\$0 to (Unknown, greater than \$2,838,000)
<u>Costs - DSS-FSD (§208.238)</u>			
Contract costs for fraud detection	(Unknown, greater than \$868,250)	(Unknown, could exceed \$1,042,500)	(Unknown, could exceed \$1,042,500)
<u>Costs - DSS-FSD (§208.247)</u>			
Increase in food stamp expenditures	(\$3,372)	(\$8,093)	(\$12,139)
<u>Costs - OA-ITSD-DSS (§§208.018 and 208.024)</u>			
Programming and system changes	(Unknown, greater than \$84,474)	\$0	\$0
<u>Costs - OA-ITSD-DSS (§208.247)</u>			
Programing and system changes	(\$40,500)	\$0	\$0
Total <u>All</u> Costs	<u>(\$996,596 to exceeding \$3,834,596)</u>	<u>(\$1,050,593 to exceeding \$3,888,593)</u>	<u>(\$1,054,639 to exceeding \$3,892,639)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>Could be less than \$129,807 to (Greater than \$2,708,193)</u></b>	<b><u>Could be less than \$301,091 to (Greater than \$2,536,909)</u></b>	<b><u>Could be less than \$297,045 to (Greater than \$2,540,955)</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>OTHER STATE FUNDS (various)</b>			
<u>Savings - DSS-FSD/MHD (§208.238)</u>			
Reduction in program benefit payments, staff, and other expenses	<u>Unknown, greater than \$750,936</u>	<u>Unknown, greater than \$901,123</u>	<u>Unknown, greater than \$901,123</u>
<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>	<b><u>Unknown, greater than \$750,936</u></b>	<b><u>Unknown, greater than \$901,123</u></b>	<b><u>Unknown, greater than \$901,123</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income - DSS-FSD (§208.238)</u>			
Program reimbursements for fraud detection contract	Unknown, greater than \$868,250	Unknown, could exceed \$1,042,500	Unknown, could exceed \$1,042,500
<u>Income - DSS-FSD (§208.247)</u>			
Increase in program reimbursements	\$3,372	\$8,093	\$12,139
<u>Income - OA-ITSD-DSS (§208.247)</u>			
Programming and system changes	\$40,500	\$0	\$0
<u>Savings - DSS-DLS (§208.027)</u>			
Reduction in administrative hearing costs	Unknown, less than \$60,833	Unknown, less than \$73,000	Unknown, less than \$73,000
<u>Savings - DSS-FSD (§208.238)</u>			
Reduction in program benefit payments, staff, and other expenses	<u>Unknown, greater than \$3,209,611</u>	<u>Unknown, greater than \$3,851,533</u>	<u>Unknown, greater than \$3,851,533</u>
Total <u>All</u> Income and Savings	<u>Unknown, greater than \$4,121,733</u>	<u>Unknown, greater than \$4,902,126</u>	<u>Unknown, greater than \$4,906,172</u>



<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>FEDERAL FUNDS (cont.)</b>			
<u>Costs - DSS-FSD (§208.024)</u>			
Contract modification, report, and alert notification costs	(Unknown, greater than \$11,300)	(Unknown, greater than \$6,300)	(Unknown, greater than \$6,300)
<u>Costs - OA-ITSD/DSS (§208.024)</u>			
Computer modification and update costs	(\$34,042)	\$0	\$0
<u>Costs - DSS-FSD (§208.238)</u>			
Fraud detection contract costs	(Unknown, greater than \$868,250)	(Unknown, could exceed \$1,042,500)	(Unknown, could exceed \$1,042,500)
<u>Costs - DSS-FSD (§208.247)</u>			
Increase in program expenditures	(\$3,372)	(\$8,093)	(\$12,139)
<u>Costs - OA-ITSD-DSS (§208.247)</u>			
Programming and system changes	(\$40,500)	\$0	\$0
<u>Loss - DSS-DLS (§208.027)</u>			
Reduction in reimbursements for administrative hearing costs	(Unknown, less than \$60,833)	(Unknown, less than \$73,000)	(Unknown, less than \$73,000)
<u>Loss - DSS-FSD (§208.238)</u>			
Reduction in reimbursements for program benefit payments, staff, and other expenses	<u>(Unknown, greater than \$3,209,611)</u>	<u>(Unknown, greater than \$3,851,533)</u>	<u>(Unknown, greater than \$3,851,533)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>(Unknown, greater than \$45,342)</u></b>	<b><u>(Unknown, greater than \$6,300)</u></b>	<b><u>(Unknown, greater than \$6,300)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

§208.018 - This proposal could have a positive fiscal impact on small business farmers and farmers' markets.

§208.238 - This proposal could impact a wide variety of small businesses that provide goods and services to public assistance recipients if those recipients are deemed to be ineligible for public assistance before they receive benefits rather than after they receive benefits. It is assumed this proposal will have a negative impact on small businesses.

§208.247 - Additional Missouri residents will be eligible for food stamp benefits and will use those benefits to purchase food items at Missouri retailers.

FISCAL DESCRIPTION

SNAP FARMERS' MARKETS PILOT PROJECT (Section 208.018)

Subject to appropriations, this act requires the Department of Social Services to establish a pilot program for the purpose of providing Supplemental Nutrition Assistance Program (SNAP) participants with access and the ability to afford fresh food when purchasing fresh food at farmers' markets. There shall be pilot programs in at least one rural and one urban area.

Under the pilot program, such participants shall be able to purchase fresh fruit, vegetables, meat, fish, poultry, eggs, and honey with SNAP benefits with an electronic benefit transfer (EBT) card and receive a dollar-for-dollar match for every SNAP dollar spent at a participating farmer's market or vending agricultural zone in an amount up to ten dollars per week whenever the participant purchases fresh food with an EBT card.

In addition, purchases of approved fresh food by SNAP participants under this act shall automatically trigger matching funds reimbursement into the central vendor accounts by the Department.

The Department shall be required to promulgate rules setting forth the procedures and methods of implementing this act. This program shall sunset on August 28, 2020.

FISCAL DESCRIPTION (continued)

EBT USE BY TANF AND SNAP RECIPIENTS IN CERTAIN ESTABLISHMENTS (Section 208.024.1 AND 2)

This act amends the prohibition on the use of Temporary Assistance for Needy Families (TANF) benefits on EBT cards in specified establishments to prohibit EBT use at any place for the purchase of alcoholic beverages, lottery tickets, or tobacco products or for any item the Department of Social Services determines by rule is primarily marketed for or used by adults 18 or older and is not in the best interests of the child or household is prohibited. Owners or proprietors of specified businesses are prohibited from adopting any policy that encourages, permits, or acquiesces in its employees knowingly accepting EBT cards for prohibited purchases. This provision shall also include SNAP benefits.

OUT-OF-STATE USE OF EBT CARDS (Section 208.024.3 and 4)

This act also requires recipients of TANF and SNAP benefits who do not make at least one transaction in the state during a 90 day period to have his or her benefit payments to the EBT account temporarily suspended, pending an investigation by the Department of Social Services to determine if he or she no longer is a Missouri resident. If the department finds that the recipient is no longer a Missouri resident, it shall close the recipient's case. A recipient may appeal the closure of his or her case to the director. A recipient who does not make an EBT transaction within the state for 60 days shall be given notice of the possibility of suspension of funds.

DRUG TESTING OF TANF RECIPIENTS (Section 208.027)

This act repeals the provision requiring an automatic administrative hearing after an applicant or recipient of temporary assistance for needy families benefits tests positive for a controlled substance or refused to submit to a test. The applicant may request a administrative hearing, and shall receive such hearing upon request.

MO HEALTHENT DONOR MILK (Section 208.141)

This act requires the Department of Social Services to reimburse hospitals under the MO HealthNet program for donor human milk provided to critically ill infants under three months of age in the neonatal intensive care unit, if the physician orders the milk and the Department determines it is medically necessary. Such donor milk shall be obtained from a donor bank that meets the Department's guidelines.

FISCAL DESCRIPTION (continued)

**AUTOMATIC ELIGIBILITY VERIFICATION PROCESS FOR BENEFIT PROGRAMS  
(Section 208.238)**

Under this act, the Department of Social Services is required to implement an automated process to ensure an applicant is eligible to apply for a public assistance benefit program. The automated process shall be designed to periodically review any current beneficiary to ensure he or she is still eligible for any benefit he or she is receiving. The system shall check applicant and recipient information against multiple sources of information through an automated process.

**AMENDING THE SNAP BENEFITS BAN FOR DRUG FELONS (Section 208.247)**

This act 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: (1) Successfully participates in, is accepted for treatment and is on a waiting list for, or has satisfactorily completed a substance abuse treatment program approved by the Division of Alcohol and Drug Abuse; (2) Has been determined by a division-certified treatment provider to not need substance abuse treatment; or (3) Complies with all obligations imposed by the court, Division of Alcohol and Drug Abuse and the Division of Probation and Parole; and (4) Does not have an additional controlled substance felony offense one year after release from custody or, if not committed to custody, such person does not have an additional controlled substance felony offense one year after the date of conviction.

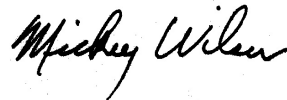
The exemption under this act shall not apply to individuals who have had two subsequent felony offenses involving possession or use of a controlled substance after the date of the first controlled substance felony conviction.

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 Agriculture  
Department of Mental Health  
Department of Corrections  
Department of Health and Senior Services  
Department of Social Services -  
    Family Support Division  
    Division of Legal Services  
Joint Commission on Administrative Rules  
Office of Administration -  
    Information Technology Services Division/DSS  
Office of Secretary of State



Mickey Wilson, CPA  
Director  
June 3, 2014

Ross Strobe  
Assistant Director  
June 3, 2014