

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0498-09
Bill No.: Perfected SS #2 for SCS for SB 24
Subject: Family Services Division; Public Assistance
Type: Original
Date: February 17, 2015

Bill Summary: This proposal modifies provisions of law relating to the Temporary Assistance for Needy Families program and Supplemental Nutrition Assistance Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$323,863)	\$121,221	\$121,221
Total Estimated Net Effect on General Revenue	(\$323,863)	\$121,221	\$121,221

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 18 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenses in FY 2016 net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
	0	0	0
Total Estimated Net Effect on FTE	0	0	0

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 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS), Family Support Division (FSD)** provide the following:

§208.026.2 - Work Activities Definition and Employment Database

Work activities are defined to have the same meaning as defined in 42 U.S. C. Section 607 (d). In addition, a provision is included for FSD and the Department of Labor and Industrial Relations (DOLIR) to create a method for Temporary Assistance for Needy Families (TANF) participants to utilize the employment database jobs.mo.gov, and to track the results.

FSD assumes this requirement could be completed with a memorandum of understanding between DSS and DOLIR. Some costs may be associated with implementing a tracking method. FSD defers to the Office of Administration (OA), Information Technology Services Division (ITSD) for the potential fiscal impact of this provision.

§208.026.3 - Work Activities Prior to Eligibility for Benefits

This section requires applicants of the temporary assistance program to engage in work activities before becoming eligible for benefits, unless the individual is exempt from the work requirement.

13 CSR 40-2.370 and 40.2.315 (1) will need to be updated to reflect that the applicant must be engaged in work activities as defined in 42 U.S. C. Section 607 (d) prior to becoming eligible for benefits.

FSD would utilize the Missouri Work Assistance (MWA) contracted entities to determine compliance with face-to-face requirements and work activities for applicants; therefore, case management system changes (MWA system) would be required and additional funding to contracted entities to work with applicants would be necessary. This would also require eligibility system changes in FAMIS (Family Assistance Management Information System).

In October 2014, 3,295 temporary assistance applications were received. There were 20,716 temporary assistance (TA) participants subject to work requirements in October 2014, and 4,497 met exemptions/exclusions from work participation requirements ($4,497 / 20,716 = 21.7\%$). Since 21.7% of the TANF population subject to work requirements are exempt/excluded, FSD assumes approximately 21.7% of applicants would also be exempt/excluded from participating in work activities ($3,295 \times 21.7\% = 715$). Therefore, 2,580 applicants per month would be subject to work activities (3,295 applicants – 715 exempt/excluded applicants).

ASSUMPTION (continued)

The MWA contracts total \$22,268,652 per fiscal year or approximately \$1,855,721/month (\$22,268,652 /12 months). The average cost per TA participant per month would be \$114 [\$1,855,721 average monthly cost/ 16,219 participants (20,716 TA participants subject to work requirements - 4,497 exempt/excluded TA participants = 16,219) = \$114.42 (rounded down)]. Using the average cost for TA participants as the base for implementing this section would result in an average monthly cost of \$294,120 (\$114 average cost X 2,580 applicants) for TA applicants to engage in work activities prior to becoming eligible for benefits.

MWA Contracts per fiscal year	\$22,268,652
Cost per month	\$1,855,721
Individuals per month	16,219
Cost per participant	\$114
Applicants per month	<u>2,580</u>
Cost per month:	<u>\$294,120</u>

Since the MWA program meets the criteria for one of the four purposes of the TANF program (see §208.026.4 for list of purposes), this cost could be covered with the savings from the reduction in cash assistance benefits as a result of other requirements in Sections 208.026 and 208.040.

§208.026.4 - Non Cooperation with Work Activity Requirements

FSD states this section requires an investigation to determine that a person is not cooperating with work requirements. A representative of the department shall attempt to meet with the participant face-to-face to explain the ramifications of the impending sanction if it is determined they are not meeting the work requirement. After such, the participant shall have six weeks to comply with the work activity requirement during which no sanction is imposed. If compliance is not met, 50% of the amount of TANF benefits will be sanctioned for a maximum of ten weeks. During the ten week period, the case remains in sanction status and a representative of the department must attempt to meet face-to-face with the person to explain the imposed sanction and how to cure the sanction. In order to cure the sanction during that ten week period, the person must participate a minimum average of thirty hours per week for one month as described in 45 CFR 261.31(d). If the person does not comply, the case is closed.

In October 2014, there were 8,996 participants sanctioned for not meeting the work requirements. Of these participants, 1,469 would be removed from TANF due to implementation of the 48 month lifetime limit in Section 208.040.5(5). The remaining 7,527 (8,996 - 1,469) sanctioned participants could lose 50% of their grant for a maximum of ten weeks.

ASSUMPTION (continued)

There would be a savings from this 10 week sanction period of \$2,145,195 [7,527 sanctioned participants x \$114 (half of the average temporary assistance grant) x 2.5 months]. However, it is reasonable to assume that some participants will attempt to cure the sanction by complying with the work requirements before the entire case closes. Using a six month average, approximately 4% of sanctioned participants per month currently comply with Missouri Work Assistance and meet work requirements. Therefore, FSD assumes that 301 (7,527 x 4%) of these individuals would comply prior to the end of the ten week period of the 50% benefit reduction sanction being imposed. FSD assumes the remaining 7,226 (7,527 - 301) cases would close for the remaining 9.5 months of the year for non-compliance with the work requirements. This savings would amount to \$15,582,696 [7,226 sanctioned participants x \$227 (the average temporary assistance grant) x 9.5 months]. Total annual savings would be \$17,727,981 [\$2,145,195 (savings from 50% reduction) + \$ 15,582,696 (savings from non-compliant participants after 10 weeks)].

FSD assumes the MWA providers will meet with participants to discuss ramifications of potential sanctions and how to cure any sanctions imposed.

MWA system changes would be needed to track the six week period to become compliant with work requirements and FAMIS system changes would be needed to sanction 50% of the grant amount for ten weeks while the participant remains on the caseload in sanction status, as currently the grant is reduced by 25%.

Missouri currently reduces the temporary assistance grant by 25%. This legislation proposes closing the entire case after up to ten weeks of a 50% grant reduction. This would result in a reduction of TANF spending on cash assistance, but not 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.

FSD anticipates a shift in spending from cash grants to eligible families to other purposes of the TANF program.

Officials from the **DSS, Division of Legal Services (DLS)** state they anticipate that additional administrative hearings may be requested resulting from non-compliance with the work requirements. Using October 2014 as a reference, 8,996 participants were sanctioned in the

ASSUMPTION (continued)

month. Of those, FSD projects 1,469 participants will be removed from TA due to implementation of the 48 month lifetime limit. The remaining 7,527 participants per month could be sanctioned with a fifty percent reduction of their TANF grants for a maximum of ten weeks. Assuming ten (10%) percent of those participants request a hearing, DLS anticipates that the legislation would result in at least 753 additional hearing requests annually. DLS believes that it will take approximately two hours to conduct each hearing required by this bill. This will include hearing preparation, the actual hearing and the writing and reviewing of the hearing decision. The hearings should not require complex evidence or facts. DLS assumes hearing officers can hold approximately 900 hearings per year. This would result in the need for 0.8 additional hearing officers ($753/900 = 0.84$ FTE).

Additionally, any who did not comply will have their TANF case closed after the fifty percent reduction of their TANF grant. This will provide for another opportunity to request another hearing. 7,527 participants could have their TANF grants closed. Assuming ten (10%) percent of those participants request a hearing, DLS anticipates that the legislation would result in at least 753 additional hearing requests annually. DLS believes that it will take approximately two hours to conduct each hearing required by this bill. This will include hearing preparation, the actual hearing and the writing and reviewing of the hearing decision. The hearings should not require complex evidence or facts. DLS assumes hearing officers can hold approximately 900 hearings per year. This would result in the need for 0.8 additional hearing officers ($753/900 = 0.84$ FTE).

This cost would be absorbed utilizing the savings from TANF.

§208.026.5 –Returning to the TANF Program:

This section states after having been sanctioned and the case closing, the person must complete a minimum average of thirty hours per week within one month of the eligibility interview.

There are no changes or fiscal impact as a result of this section, as the same method used to implement section 208.026.3 would be utilized.

FSD submitted the Office of Administration (OA), Information Technology Services Division's (ITSD) response for all sections of this legislation. ITSD staff state this section (§208.026) of the proposal will require changes to the FAMIS and MWA systems.

FAMIS has technical eligibility factors in place to verify sanctions and person declarations. Based on the requirements listed under this topic, the ideal scenario to keep the existing functionality isolated from any new development would be to create a new technical eligibility factor. In addition to analysis/design/construction/testing, this also involves updating/adding new codes/rules table values and possibly a new screen for data capture.

ASSUMPTION (continued)

Contract costs changed from \$90 to \$75 per hour and added Project Management hours. ITSD estimates a cost of **\$84,240** (1,123.2 contractor hours X \$75/hour) to General Revenue (GR).

§208.040.5 (5) and (5)a – Reduction of Lifetime Eligibility Limit

This section modifies the eligibility for the TANF program to reduce the lifetime eligibility limit from five years to four years for heads of households who are not minor children.

FSD provides that as of January 2015, there were 31,320 active TANF cases, of which 21,077 cases are subject to the current five year lifetime eligibility limit. Of those subject to the lifetime limit, 2,443 have received TANF longer than 48 months and would lose eligibility under this section. This would result in a reduction in TANF spending on cash assistance, but not a cost 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.

Savings resulting from this reduction would equal \$6,654,732 (2,443 cases x \$227 average monthly temporary assistance grant x 12 months). FSD anticipates a shift in spending from cash grants for eligible families to other purpose of the TANF program.

§208.040.5 (5)b – Exemptions, Exclusions and Hardships

This section states that of the entire TANF population, only 20% or less can take advantage of extensions to the time limit for TANF.

Currently, FSD determines whether a work eligible recipient or applicant, meets an exemption or exclusion to current work requirements during the existing sixty month lifetime limit. After the lifetime limit is reached, the FSD determines if a recipient meets a hardship extension reason.

For the purposes of this legislation, the FSD assumes the sponsor's intent is to follow the life-time limit exceptions set forth in 42 U.S.C. Section 608(a)(7)(c).

In state fiscal year 2013, there were a total of 40,654 families receiving TANF. Only 132 participants received hardship extensions, which is less than one percent of this population.

In state fiscal year 2014, there were a total of 35,271 families receiving TANF. Only 136 participants received hardship extensions, which is also less than one percent of this population.

Therefore, there is no fiscal impact to this section of the legislation, as the FSD feels it can maintain this percentage.

ASSUMPTION (continued)

DLS officials anticipate that additional administrative hearings may be requested to contest the termination of benefits. As of January 2015, there are 21,647 active TANF cases, of which 21,077 cases are subject to the current five year lifetime eligibility limit. Of those subject to the lifetime limit, 2,443 have received TANF longer than 48 months and would lose eligibility under this section. Using the figure of 2,443 participants having already received 48 months of TANF and assuming ten (10%) percent of those participants request a hearing, DLS anticipates that the legislation would result in at least 243 additional hearing requests in the first 90 days of implementation. DLS anticipates that additional administrative hearings may be requested resulting from non-compliance with this proposed legislation. DLS believes that it will take approximately two hours to conduct each hearing required by this bill. This will include hearing preparation, the actual hearing and the writing and reviewing of the hearing decision. The hearings should not require complex evidence or facts. DLS assumes hearing officers can hold approximately 900 hearings per year. This would result in the need for 0.27 additional hearing officers ($243/900 = 0.27$ FTE).

This cost would be absorbed utilizing the savings from TANF.

§208.040.5 (6) – Cash Diversion Program

This section requires the agency to implement a cash diversion program. This section adds job referrals or referrals to career centers for those who have good cause and are eligible for the diversion program. Good cause is defined by the department and may include certain loss of employment, catastrophic illnesses, domestic violence, or any other situation that renders an employed family member unable to care for the basic needs of the family.

FSD is unsure how many temporary assistance participants would opt to participant in a cash diversion program in lieu of cash assistance. This would result in a reduction in TANF spending on cash assistance due to some participants receiving only 3 months as a lump sum instead of 12 months of cash assistance.

From November 2014 through January 2015, an average of 1,839 TANF applications were approved. Assuming 10% of these households would opt to receive the cash diversion, 184 recipients per month ($184 \text{ recipients/month} \times 12 \text{ months} = 2,208$ annually) would opt to take the cash diversion program. Assuming an average grant of \$227 per month the on-going annual savings would be \$4,510,944 ($2,208 \times 9 \text{ months of savings} \times \227). However, for the first year there would be a pro-rated net savings of \$1,754,256 of implementing this program until the full number of recipients (2,208) have signed up for the program.

This would result in a reduction of TANF spending on cash assistance, but not a cost 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.

ASSUMPTION (continued)

There will be programming costs in order to implement a diversion program in the FAMIS eligibility system. See ITSD response.

ITSD states this section requires changes to FAMIS in the lifetime limit coding. Total costs are estimated to be **\$15,228 GR** (203.04 contractor hours X \$75/hr).

ITSD also states that programming is required to implement a diversion program in the FAMIS eligibility system. ITSD will add a new lump-sum payment plan instead of monthly payments. This will require changes to multiple screens and tables. (2,203.2 Contractor hours x \$75/hr = **\$165,240 GR**).

§208.040.5 (7) – Standardized Program Orientation

The FSD would also be required to develop a standardized program orientation to inform participants of their rights and the rules of the temporary assistance for needy families program.

FSD would use various means of media to develop a standardized program orientation. These means would include, but not limited to, pod casts, videos, social networking, written materials and face to face meetings. This can be accomplished with existing staff.

§208.244.1 – Waiver of the Work Requirements for SNAP

This section removes the waiver of the work requirements for the Supplemental Nutrition Assistance Program (SNAP), or Food Stamp (FS) program. It also terminates the provisions of this subsection after three calendar years.

FSD states that section 208.025 provides if the department does not to accept, renew or apply for any waiver regarding Able-Bodied Adults Without Dependents (ABAWD), then based on participation as of January 31, 2015, 47,260 individuals could lose Food Stamp benefits. The current ABAWD waiver expires January of 2016.

Food Stamp benefits are paid by the federal government and are not included in FSD's appropriations. The FSD anticipates loss of Food Stamp benefits based on the January 2015 average value of monthly benefits per ABAWD individual as follows: \$176 X 47,260 = \$8,317,760

There would be 3 months of loss in FY2016 or \$24,953,280 (\$8,317,760 monthly reduction X 3 months = \$24,953,280).

ASSUMPTION (continued)

In the subsequent fiscal years it is anticipated that as new ABAWD individuals would come on the program and have eligibility limited to 3 months, there would be nine (9) months of lost benefits per year or \$74,859,840 ($\$8,317,760$ monthly benefits X 9 months = $\$74,859,840$).

Applying work requirement policy is labor intensive for staff and would require staff training. FSD assumes the training will be provided online. FSD would absorb the costs of the development of the training and the additional duties for field staff to verify the work requirement is met for participants subject to the work requirement.

Appropriate notices concerning the policy must be mailed to all participants notifying them of the reinstatement of work requirement policy at a cost of \$160,963.13 (rounded up).

Food Stamp households	392,593
X postage rate	<u>\$0.41</u>
Total cost	<u>\$160,964</u> (split 50/50 GR and Federal)

The FSD anticipates savings in electronic benefit transfer (EBT) services. The cost for EBT for Food Stamp households is \$.57 per month. 47,260 of the ABAWD population are single person households. The FSD assumes that the 10,034 multiple person households would remain eligible for EBT services without the ABAWD receiving benefits. After the waiver has expired, the ABAWD population is eligible to receive food stamp benefits for 3 months maximum while not meeting the work requirement. The FSD anticipates 47,260 single person ABAWD households would receive benefits for three months from January - March, 2016. There would be 3 months of savings for FY2016 (April - June) $47,260 \times \$0.57 = \$26,938 \times 3$ months = $\$80,814$. In the subsequent fiscal years it is anticipated that as new ABAWD individuals would come on the program and have eligibility limited to 3 months, there would be nine (9) months of savings per year or \$242,442 ($\$26,938$ monthly savings X 9 months = $\$242,442$ per year).

Total anticipated EBT savings 1st year:	\$80,814 (50/50 GR/Federal)
On-going EBT savings annually:	\$242,442 (50/50 GR/Federal)

Programming is required to implement the policy. Work requirement data currently in FAMIS must be removed. The appropriate path to enter work requirement data must be activated in the system. Alerts detailing 3 month time limit without meeting the work requirement must be activated.

ASSUMPTION (continued)

DLS anticipates that additional administrative hearings may be requested resulting from non-compliance with this proposed legislation. Using 47,260 as the number of participants that would be subjected to the work requirement, and assuming 5% percent of those participants, request a hearing, DLS anticipates that the legislation would result in at least 2,363 additional hearing requests. DLS believes that it will take approximately two hours to conduct each hearing required by this bill. This will include hearing preparation, the actual hearing and the writing and reviewing of the hearing decision. The hearings should not require complex evidence or facts. DLS assumes hearing officers can hold approximately 900 hearings per year. This would result in the need for three (3) additional hearing officer ($2,363/900 = 2.62$ FTE). DLS anticipates that the need for the additional resources will be concentrated in the first three years after the legislation is implemented because once the current recipients cases have worked through the system they will no longer be eligible.

ITSD states this involves changing a technical determination module in FAMIS as well as related rules table value changes related to waiver counties. The estimated cost is **\$12,960** (172.8 contractor hours X \$75/hr. (50/50 Federal/State split)

§208.244.2 – Savings Due to Modifications to the SNAP or TA programs:

This section states that any cost savings due to modifications in the SNAP or Temporary Assistance programs shall be used to provide child care assistance for single parent households, education assistance and job training.

FSD provides that under section 208.244.1, if fewer individuals receive food stamp benefits, there may be a reduction in the program's administrative costs long term. Any savings could be redirected to other programs as required in 208.244.2, with the exception of child care assistance. In the short term, administrative costs are expected to increase due to training, administrative complexity of the work requirement policy, systems requirements and mass mailing.

As stated under 208.026 and 208.040, any cost savings resulting from these modifications in the temporary assistance program must be spent on one of the four purposes of the TANF program.

ITSD states from the limited information provided, this appears like a one-time adjustment process that might have to happen in FAMIS. Costs are estimated to be **\$29,160** (388.8 contractor hours x \$75/hr). (50/50 Federal/State split)

ASSUMPTION (continued)

§208.244.3 – Report to the Joint Committee on Government Accountability:

This section states that FSD will provide an annual report to the Joint Committee on Government Accountability on the progress of implementing this legislation.

FSD believes this can be accomplished with existing staff. Therefore, this section will have no fiscal impact.

DSL officials state the total new hearing officers resulting from this legislation is four (4) within the first three years after implementation, which would also require two (2) additional clerical positions plus office space and resources to accommodate those positions. These costs will be absorbed with anticipated TANF savings.

In addition, the proposed legislation requires the department to promulgate rules in two different sections and will require the Department to review and amend current regulations to be consistent with the new statute. See sections 208.026.6 and 208.040.5(6) of the proposal. Department attorneys will need to draft these rules to ensure compliance with state and federal law. The department estimates that drafting these two rules will require 0.2 FTE attorney time. These costs will be absorbed with anticipated TANF savings.

ITSD states this would require 21.6 hours of information gathering/analysis/design/development/testing and implementation. Costs are estimated to be **\$1,620** (21.6 contractor hours X \$75/hr). (100% GR).

In summary, this legislation will have the following fiscal impact on the General Revenue Fund:

OA-ITSD:

<u>Section</u>	<u>Cost</u>	<u>Contract Hours @\$75/hour</u>
208.026	\$84,240	1,123.2 hours
208.040	\$180,468	2,406.24 hours
208.044*	<u>\$36,540</u>	<u>487.2 hours</u>
Total OA-ITSD	<u>\$301,248</u>	<u>4,016.64 hours</u>

* Some costs split 50/50 between GR and Federal funds (\$19,080 GR; \$17,460 Federal).

DSS, FSD:

<u>Section</u>	<u>Savings (EBT)</u>	<u>Cost (Mailing)</u>
208.244	\$80,814 (50/50 split)	<u>\$80,482</u>
Total all GR costs		<u>\$364,270</u>

ASSUMPTION (continued)

Oversight notes all program costs related to recipient benefits under the TANF and SNAP/FS programs are 100 % federally funded. Only the administrative costs associated with implementing the program changes resulting from this proposal are costs to the state.

Senate Amendment #3

Officials from the **Department of Economic Development (DED), Workforce Development Division (WD)** state section 208.026 would initially require one (1) FTE to dedicated approximately 50% of their time for set up, training, running reports and maintaining information regarding TANF on jobs.mo.gov. This section would also require ITSD to have an initial investment of time with an ongoing charge for server(s).

DED-WD estimates the impact of this proposal on Federal Funds (excluding ITSD costs) would be \$41,346 for FY 2016; \$43,684 for FY 2017; and \$44,163 for FY 2018.

Oversight assumes the DED, WD would not hire a half FTE and would assign the job duties to existing staff. Oversight further assumes ITSD costs for this proposal could be accomplished with existing resources. However, if the requirements of the proposal cannot be fulfilled with existing resources, DED, WD and ITSD could request additional resources through the appropriations process.

Officials from the **Department of Labor and Industrial Relations** defer to the Department of Economic Development for the potential fiscal impact of this amendment on the proposal.

Bill as a Whole:

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.

ASSUMPTION (continued)

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.

Officials from the **Joint Committee on Administrative Rules** assume the proposal would not fiscally impact their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
<u>Savings - DSS-FSD</u>			
Reduction in EBT transaction fees (3 months for FY 2016; 9 months 2017 and beyond) (§208.244)	\$40,407	\$121,221	\$121,221
<u>Costs - OA-ITSD</u>			
Programming and system changes (§208.026)	(\$84,240)	\$0	\$0
Programming and system changes (§208.040)	(\$180,468)	\$0	\$0
Programming and system changes (§208.244)	(\$19,080)	\$0	\$0
Total <u>Costs</u> - OA-ITSD	<u>(\$283,788)</u>	<u>\$0</u>	<u>\$0</u>
<u>Costs - DSS- FSD</u>			
Postage and mailing costs (§208.244)	(\$80,482)	\$0	\$0
Total <u>Costs</u> - DSS-FSD	<u>(\$80,482)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$323,863)</u>	<u>\$121,221</u>	<u>\$121,221</u>

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
FEDERAL FUNDS (\$208.244)			
<u>Income</u> - DSS-FSD			
Increase in program reimbursements	\$80,482	\$0	\$0
<u>Income</u> - OA-ITSD			
Increase in administrative reimbursements	\$17,460	\$0	\$0
<u>Savings</u> - DSS-FSD			
Reduced EBT transaction fees (3 months for FY 2016; 9 months for FY 2017 and beyond)	<u>\$40,407</u>	<u>\$121,221</u>	<u>\$121,221</u>
Total <u>All</u> Income and Savings	<u>\$138,349</u>	<u>\$121,221</u>	<u>\$121,221</u>
<u>Costs</u> - DSS-FSD			
Increase in program expenditures	(\$80,482)	\$0	\$0
<u>Costs</u> - OA-ITSD			
Increase in administrative expenditures	(\$17,460)	\$0	\$0
<u>Losses</u> - DSS-FSD			
Reduction in reimbursements for EBT transaction fees	<u>(\$40,407)</u>	<u>(\$121,221)</u>	<u>(\$121,221)</u>
Total <u>All</u> Costs and Losses	<u>(\$138,349)</u>	<u>(\$121,221)</u>	<u>(\$121,221)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2016 (10 Mo.)	 FY 2017	 FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

If small businesses are Missouri Work Assistance contractors, they could be positively impacted because TANF applicants would be expected to participate in work activities before becoming eligible for TANF. However, small retail businesses may be negatively impacted if recipients lose TANF funds for not complying with work criteria.

FISCAL DESCRIPTION

This proposal, known as the "Strengthening Missouri Families Act," modifies provision of the Temporary Assistance for Needy Families (TANF) program and the Supplemental Nutrition Assistance Program (SNAP).

FULL FAMILY IMMEDIATE SANCTION (Section 208.026)

This proposal requires the Department of Social Services to conduct an investigation and determine if a person is cooperating with a work activity requirement under the TANF program. If the person is non-compliant, a representative of the Department shall conduct a face-to-face meeting and explain the potential sanction of TANF benefits, as well as the requirements to cure such a sanction. The TANF recipient shall then have six weeks to comply with the work activity requirement. Failure to do so will result in a sanction consisting of a 50% reduction of benefits for a maximum of ten weeks. During that period of sanctions, the person shall remain on the caseload in sanction status and the Department shall attempt to meet face-to-face with the person concerning the work activity requirements. To cure a sanction, the person shall perform work activities for a minimum average of 30 hours per week for one month. If the person does not cure the sanction, the case shall be closed. This proposal allows for the person to reapply for benefits by completing work activities for a minimum average of 30 hours per week within one month of the eligibility interview.

LIFE-TIME LIMITS, CASH DIVERSION, WORK REQUIREMENT, PROGRAM ORIENTATION (208.026.2 & 208.040.5)

Beginning January 1, 2016, the following changes shall be made to the TANF program:

- (1) The life-time limit for TANF shall be 48 months. This limit shall not apply to minors and those families qualifying for a hardship exemption;
- (2) The Department shall implement a cash diversion program that grants eligible TANF benefits recipients lump-sum cash grants for short-term needs, as well as job referrals or referrals to career centers, in lieu of signing up for the long-term monthly cash assistance program upon a showing of good cause. This lump sum benefit shall not apply toward the life-time TANF benefits limit. Good cause may include loss of employment, excluding a voluntary quit or dismissal due to poor job performance; catastrophic illness; domestic violence; or other

FISCAL DESCRIPTION (continued)

emergencies rendering a family member unable to care for the basic needs of the family. The lump-sum maximum limit shall be set at three times the family size allowance and for use once in a 12-month period and for only five instances in a lifetime;

(3) The Department shall develop a standardized program orientation for TANF applicants that informs applicants of the program's rules and work requirements, as well as the consequences if the work requirements are not met. The Department shall not issue a case without receiving confirmation that TANF applicants have signed a participation agreement; and

(4) Persons seeking benefits will be required to engage in work activities before becoming eligible.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (208.244.1)

The Supplemental Nutrition Assistance Program allows states with a certain level of unemployment to seek a waiver of the work requirement for assistance. Missouri currently has such a waiver. Beginning January 1, 2016, this proposal removes the waiver and reinstates the work requirements.

APPLICATION OF SAVINGS (208.244.2)

Any savings resulting from the changes to TANF and SNAP under this proposal shall be used to provide child care assistance for single parents, education assistance, transportation assistance, and job training for individuals receiving benefits under the programs as allowable under law.

ANNUAL REPORT (208.244.3)

The Department of Social Services shall make an annual report to the Joint Committee on Government Accountability on the progress of implementation and include specified data. The Joint Committee shall meet at least once a year to review the report and make recommendations to the President Pro-Tempore of the Senate and the Speaker of the House.

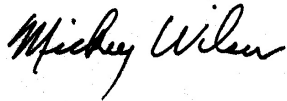
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Department of Labor and Industrial Relations

SOURCES OF INFORMATION (continued)

Department of Social Services -
 Family Support Division
 Division of Legal Services
Joint Committee on Administrative Rules
Office of Administration -
 Information Technology Support Division
Office of Secretary of State



Mickey Wilson, CPA
Director
February 17, 2015

Ross Strobe
Assistant Director
February 17, 2015