

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0498-15
Bill No.: CCS for HCS for SS No. 2 for SCS for SB 24
Subject: Family Services Division; Public Assistance
Type: Original
Date: April 15, 2015

Bill Summary: This proposal modifies provision 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	(Could exceed \$401,088)	Less than \$47,695 to (Unknown)	Less than \$46,959 to (Unknown)
Total Estimated Net Effect on General Revenue	(Could exceed \$401,088)	Less than \$47,695 to (Unknown)	Less than \$46,959 to (Unknown)

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 22 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Federal	(\$32,400)	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	(\$32,400)	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	1	1	1
Total Estimated Net Effect on FTE	1	1	1

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)** state sections 208.026, 208.040 and 208.244 shall be know as “Strengthening Missouri Families Act” and provide the following assumptions:

208.026.2 - Work Activities

This section defines work activities to have the same meaning as defined in 42 U.S.C. Section 607(d). In addition, it includes a provision for the Family Support Division (FSD) and the Department of Economic Development 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. This section also adds what job search and readiness assistance will include.

FSD assumes this requirement could be completed with a memorandum of understanding between DSS and the Department of Economic Development (DED). Some costs may be associated with implementing a tracking method.

208.026.3 - Work Activities Prior to Eligibility for Benefits

This section requires applicants for the temporary assistance (TA) 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) would be required and additional funding to contracted entities to work with applicants would be necessary.

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

ASSUMPTION (continued)

The MWA contracts total \$22,268,652 per fiscal year. Using the average cost for temporary assistance participants as the base for implementing this section, this results in an average cost of \$294,120 per month for temporary assistance applicants to engage in work activities prior to becoming eligible for benefits. [$\$22,268,652 / 12 \text{ months} = \$1,855,721 \text{ per month} / 16,219 \text{ individuals} (20,716 \text{ TA participants subject to work activities} - 4,497 \text{ exempt individuals}) = \$114 \text{ per participant. } \$114 \times 2,580 \text{ applicants per month} = \$294,120 \text{ per month}$]. Since the MWA program meets the criteria for one of the four purposes of the TANF program, 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.

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	2,580
Cost per month:	\$294,120

208.026.4 - Non Cooperation with Work Activity Requirements

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 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 January 2015, there were 8,732 participants sanctioned for not meeting the work requirements. Of these participants, 1,817 would be removed from TANF due to implementation of the 45 month lifetime limit in Section 208.040.5(5). The remaining 6,915 sanctioned participants (8,732 sanctioned participants - 1,817 at life-time limit) 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 \$1,970,775 [6,915 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 277 (6,915 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 6,638 (6,915 sanctioned participants -277 complying with work requirements) cases would close for the remaining 9.5 months of the year for non-compliance with the work requirements. This savings would amount to \$14,314,847 [6,638 sanctioned participants x \$227 (the average temporary assistance grant) x 9.5 months] Total annual savings would be \$16,285,622 (\$1,970,775 10-week sanction period savings + \$14,314,847 closed case savings).

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 Family Assistance Management Information System (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.

The **Division of Legal Services (DLS)** anticipates that additional administrative hearings may be requested resulting from non-compliance with the work requirements. Using January 2015 as a reference, 8,732 participants were sanctioned in the month. Of those, FSD projects 1,817 participants will be removed from TA due to implementation of the 45 month lifetime limit. The

ASSUMPTION (continued)

remaining 6,915 participants per month could be sanctioned for 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 692 additional hearing requests annually. DLS believes that it will take approximately two hours to conduct each hearing required by this proposal. 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 0.77 additional hearing officers ($692/900 = .77$). This additional need will be absorbed within existing resources.

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. 6,915 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 691 additional hearing requests annually. DLS believes that it will take approximately two hours to conduct each hearing required by this proposal. 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 0.77 additional hearing officers ($691/900 = .77$). This additional need will be absorbed within existing resources.

DSS provided the **Office of Administration (OA), Information Technology Services Division (ITSD)** response. ITSD state it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

ITSD states section 208.026.3 and .4 would require changes to the FAMIS system. It is estimated that contract IT consultants will require 378 hours to make the changes at the contract rate of \$75/ hour. Therefore, estimated General Revenue (GR) costs for this section is \$28,350.

In addition, FSD would utilize MWA contractors to determine compliance with work activities for applicants. Therefore, case management system changes would be required and additional funding to contractors to work with applicants would be necessary. This would also require eligibility system changes in FAMIS. These MWA-related changes are expected to require 367.2 hours contract IT consultants X \$75 or \$27,540 in GR funds.

208.026.5 - Returning to 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.

This will have no impact on FSD or DLS.

ASSUMPTION (continued)

208.026.6 - Eligibility for Other Social or Support Services

Supportive services would be allowed for those who are sanctioned for failure to comply with the work requirement.

This will have no impact on FSD or DLS.

ITSD states the screen mentioned under subsection 1 can be reused for this requirement. If that gets too complex, then a new screen will have to be designed for this and new processes should be included in the technical determination - and this should only be for those TANF recipients who got sanctioned off.

It is estimated this should have no cost, but if changes are necessary it would require 378 hours contract IT consultant time X \$75/ hour or \$28,350 to the GR fund.

208.026.7 - Once-in-a-lifetime Benefit for Two-parent Families

This section disregards the income and assets of a new spouse of a TA recipient for six months.

In January 2015, there were 26,382 single parent temporary assistance households and 3,206 were married. ($3,206 / 26,382 = 12\%$).

The FSD believes there will be an increased cost to continue to cover some of these families, at most this cost would be \$4,366,572 ($\$227 \times 3,206 \times 6$ months). This cost would be offset by savings in other sections. FSD anticipates the cost to be less than the maximum of \$4,366,572.

ITSD states the changes to FAMIS as a result of these provisions will require 172.8 contract IT Consultant hours X \$75/hour or \$12,960 in GR.

208.040.5(2) - Lifetime Eligibility Limit

This section modifies the language in subsection 5 of this section regarding work activities and recipients, to reflect the reduction of the temporary assistance to needy families (TANF) lifetime eligibility limit from five years to 45 months.

208.040.5(5) and (5)a - Reduction of Lifetime Eligibility Limit

This section modifies the eligibility for the temporary assistance to needy families (TANF) program to reduce the lifetime eligibility limit from five years to 45 months for heads of households who are not minor children.

ASSUMPTION (continued)

As of January 2015, there are 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, 3,155 have received TANF longer than 45 months and would lose eligibility under this section. 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.

Savings as a result of this reduction would equal \$8,594,220 (3,155 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.

DLS anticipates that additional administrative hearings may be requested to contest the termination of benefits. As of January 2015, there are 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, 3,155 have received TANF longer than 45 months and would lose eligibility under this section. Using this figure, DLS would normally assume ten percent (10%) of those participants would request a hearing. However, in this case, DLS believes FSD would have time

ASSUMPTION (continued)

to educate individuals about the change thereby reducing the number of hearings as people have time to accept the new reality. In addition, DLS believes the number of hearings would be further reduced because a certain number of the participants who have already received 45 months of TANF would qualify for an exception from the lifetime limit just as a certain number currently qualify for an exception to the current 60 month limit. Accordingly, DLS assumes only a two percent (2%) hearing request rate resulting from this legislation. Assuming two percent (2%) of the participants request a hearing, DLS anticipates that the legislation could result in at least 63 additional hearing requests in the first 90 days of implementation. DLS believes that it will take approximately two hours to conduct each hearing required by this proposal. 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 0.07 additional hearing officers ($63/900 = .07$). This additional need will be absorbed within existing resources.

ITSD states the provisions of this section is a change in the lifetime limit and requires a Code table change and testing. In addition, it adds that dependent children under age 19 will receive another 24-month life-time limit upon reaching age 19. These changes will require 203.04 hour of contract consultant time X \$75/ hour or \$15,228 in GR funds.

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 participate 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 (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 ($2,208 \times 9$ months of savings x \$227). However, for the first year there would be a pro-rated net savings of \$1,754,256 in implementing this program until the full number of recipients (2,208) have signed up for the program.

ASSUMPTION (continued)

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.

ITSD states the provisions of this section requires changes to multiple screens and tables. Contract IT consultants would need 2,203.2 hours at \$75/ hour to make these changes. The total cost to GR is estimated at \$165,240.

208.040.5(7) - Standardized Program Orientation for Participants

The FSD would 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, including but not limited to, pod casts, videos, social networking, written materials and face to face meetings. This can be accomplished with existing staff.

208.067.1 and (1) - TANF Funding Set-aside

DSS would be required to set aside at least 2% of the TANF federal funding received to fund the alternatives-to-abortion services program and alternatives-to-abortion public awareness program. DSS would contract for these services, giving preference to not-for-profit entities that promote one or more of the four purposes of TANF.

208.067.1(2) - TANF Funding Set-aside

DSS would be required to set aside at least 2% of the TANF federal funding received to fund healthy marriage promotion activities and activities promoting responsible fatherhood. DSS would contract for these services, giving preference to not-for-profit entities that promote one or more of the four purposes of TANF.

208.067.2 - TANF Funding to Supplement Other Sources

The intent of the general assembly is to supplement existing sources of funding for the above services rather than supplant current funding sources.

ASSUMPTION (continued)

DSS is required to utilize TANF funding in a manner that meets one of the four purposes of TANF:

1. provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
2. end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
3. prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
4. encourage the formation and maintenance of two-parent families.

In order to receive TANF funding, contractors would be required to provide services that meet one of the four purposes described above and meet TANF block grant requirements.

The annual TANF block grant is \$217,051,740. DSS would be required to set aside \$4,341,035 for the alternatives-to-abortion services and awareness programs, and \$4,341,035 for activities promoting healthy marriage and responsible fatherhood. ($\$217,051,740 \times 2\% = \$4,341,034.80$ rounded up).

TANF block grant funding is federal funding, therefore, there is no fiscal impact as a result of these sections. DSS assumes that the savings in other sections would off-set any increased expenditures from this section.

208.244.1 - Waiver of Work Requirement for Supplemental Nutrition Assistance Program (SNAP)

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

If the department were 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 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: $\$176 \times 47,260$ individuals = \$8,317,760.

ASSUMPTION (continued)

There would be 3 months of loss in FY2016 or \$24,953,280 ($\$8,317,760 \times 3$ months). 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, $\$8,317,760 \times 9$ 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 \$160,964 (rounded up).

Food Stamp households (392,593) x postage rate (\$0.41)
Total cost \$160,964 (50/50 federal/state split or \$80,482 each)

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 FY16 (April - June) $47,260$ single households \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, $\$26,938 \times 9$ months = \$242,442 per year.

Total anticipated EBT savings 1st year: \$80,814
On-going EBT savings annually: \$242,442

These savings would be split 50/50 federal/state (\$40,407 first year savings each; \$121,221 subsequent year savings, each).

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 five (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

ASSUMPTION (continued)

required by this proposal. 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 ($2,363/900 = 2.62$ rounded down). 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. These costs will be offset with savings to the TANF program from other areas.

ITSD states the waiver of the work requirement for SNAP under subsection (o) of 7 U.S.C. Section 2015 shall no longer apply to individuals seeking benefits in this state. This involves changing a technical determination module in FAMIs as well as related rules table value changes related to waiver counties. These changes will require contract IT consultants 172.8 hours at \$75/ hour or \$12,960 to complete. These costs will be split 50/50 state/federal or \$6,480 each.

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.

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 that from the limited information provided, this appears like a one-time adjustment process that might have to happen in FAMIS. It is estimated that contract IT consultants would require 388.8 hours at \$75/hour to make this change or \$29,160. This cost will be split 50/50 between federal and state funds, or \$14,580 each.

In addition, ongoing savings from a reduction in state expenditures due to modifications of the SNAP program or TANF shall be used to provide child care assistance for single parent households, education assistance, and job training for individuals receiving benefits under such

ASSUMPTION (continued)

programs. From the limited information provided, this appears like a one-time adjustment process that might have to happen in FAMIS. It is estimated that it will take contract IT consultants 22 hours at \$75/ hour or \$1,620 to GR to complete these changes.

ITSD contract consultant costs are summarized as follows:

<u>Section</u>	<u>Hours</u>	<u>Rate</u>	<u>Total GR</u>	<u>Total Federal</u>
208.026.3 and .4	378	\$75	\$28,350	\$0
208.026.3 and .4	367	\$75	\$27,540	\$0
208.026.5 and .6	378	\$75	\$28,350	\$0
208.026.7	173	\$75	\$12,960	\$0
208.040.5	203	\$75	\$15,228	\$0
208.040.5(6)	2,203	\$75	\$165,240	\$0
208.244.1	173	\$75	\$6,480	\$6,480
208.244.2	389	\$75	\$14,580	\$14,580
208.244.2	<u>22</u>	\$75	<u>\$1,620</u>	<u>\$0</u>
Total	<u>4,289</u>		<u>\$300,348</u>	<u>\$21,060</u>

ITSD notes that if the changes required under 208.026.3 and .4 are implemented together, costs can be reduced by 68 hours X \$75 or \$6,300. However, for fiscal note purposes, ITSD was asked to separate the fiscal note into each section. Each section is assumed to be implemented separately.

For fiscal note purposes, **Oversight** will present ITSD costs as "Up to \$300,348" to the General Revenue Fund since some savings may be obtained if all of the changes are made at one time.

208.244.3 - Report to the Joint Committee on Government Accountability

The section states that the FSD will provide an annual report to the joint committee on Government Accountability on the progress of implementing this legislation.

The FSD feels this can be accomplished with existing staff. Therefore, this section has no fiscal impact.

DLS officials state this legislation would affect the DLS hearings unit. The total of new hearings officers resulting from this legislation is five (5) within the first three (3) years after implementation, which would also require one (1) additional clerical position plus office space and re sources to accommodate those positions. These costs will be absorbed with anticipated TANF savings.

ASSUMPTION (continued)

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. 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.

Officials from the **Department of Economic Development (DED), Division of Workforce Development (DWD)** states section 208.026 would initially require one FTE to dedicate 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 the Information Technology Services Division to have an initial investment of time with an ongoing charge for servers.

Oversight assumes DED-DWD would not hire 0.5 FTE Workforce Development Specialist and would delegate the additional duties to existing staff.

DED-DWD provided the response for the **Office of Administration (OA), Information Technology Services Division (ITSD)**. ITSD states it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity. It is assumed that it will take IT consultants 432 hours at the contract rate of \$75/hour to make modifications to the Toolbox system. Changes would meet the need for providing services to track individual performance, creating records for outcome evaluation, generating reports and securely transferring data between agencies. The total costs for this proposal would be \$32,400 charged to Federal Funds.

Officials from the **Department of Elementary and Secondary Education (DESE)** state a mandatory TANF work requirement would certainly increase referrals to Vocational Rehabilitation (VR) for service. Without further information on how many individuals with disabilities would generate a referral, the cost is unknown. VR would also need to establish a protocol to report shared client TANF participants confirming participation in work activities.

Officials from the **OA, Commissioner's Office** state currently, OA does not receive any FTE for the administration of the Alternatives-to-Abortion (A2A) program. However, due to the increased complexity and amount of A2A invoices, it is likely that OA will require 1 FTE to manage the program. OA estimates that this position would be similar to a Program Coordinator (47,892 annually). In addition to approving the invoices, the Program Coordinator would be responsible for site-visits and audits of A2A contractors.

FY 2016 costs to the General Revenue (GR) Fund are estimated to be \$60,665; FY 2017 costs are estimated to be \$73,526; and FY 2018 costs are estimated to be \$74,262.

ASSUMPTION (continued)

Officials from the **Department of Labor and Industrial Relations** and **Joint Committee on Administrative Rules** each assume the proposal would not fiscally impact their respective agencies.

In response to the previous version of this proposal, officials from the **Office of the 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 SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Savings - DSS-FSD (§208.244.1)</u>			
Reduced EBT costs	\$40,407	\$121,221	\$121,221
<u>Costs - DESE (§208.026)</u>			
Increase in vocational rehabilitation services	(Unknown)	(Unknown)	(Unknown)
<u>Costs - OA (§208.067)</u>			
Personal service	(\$39,910)	(\$48,371)	(\$48,855)
Fringe benefits	<u>(\$20,755)</u>	<u>(\$25,155)</u>	<u>(\$25,407)</u>
Total <u>Costs - OA</u>	<u>(\$60,665)</u>	<u>(\$73,526)</u>	<u>(\$74,262)</u>
FTE Change - OA	1 FTE	1 FTE	1 FTE
<u>Costs - DSS-FSD (§208.244.1)</u>			
Postage costs	(\$80,482)	\$0	\$0
<u>Costs - OA-ITSD (§§208.026, 208.040 and 208.244)</u>			
IT contract costs	<u>(Up to \$300,348)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND			
	<u>(Could exceed \$401,088)</u>	<u>Less than \$47,695 to (Unknown)</u>	<u>Less than \$46,959 to (Unknown)</u>
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
FEDERAL FUNDS			
<u>Income - DSS-FSD (\$208.244.1)</u>			
Program expenditure reimbursements	\$80,482	\$0	\$0
<u>Income - OA-ITSD (\$208.244)</u>			
Program expenditure reimbursements	\$21,060	\$0	\$0
<u>Savings - DSS-FSD (\$208.244.1)</u>			
Reduction in EBT expenditures	<u>\$40,407</u>	<u>\$121,221</u>	<u>\$121,221</u>
Total <u>Income and Savings</u>	<u>\$141,949</u>	<u>\$121,221</u>	<u>\$121,221</u>
<u>Costs - DED/OA-ITSD (\$208.026)</u>			
IT consultant costs	(\$32,400)	\$0	\$0
<u>Costs - DSS-FSD (\$208.244.1)</u>			
Program expenditures	(\$80,482)	\$0	\$0
<u>Costs - OA-ITSD (\$208.244)</u>			
	(\$21,060)	\$0	\$0
<u>Loss - DSS-FSD</u>			
Reduction in reimbursements for EBT expenditures	<u>(\$40,407)</u>	<u>(\$121,221)</u>	<u>(\$121,221)</u>
Total <u>Costs and Losses</u>	<u>(\$174,349)</u>	<u>(\$121,221)</u>	<u>(\$121,221)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>(\$32,400)</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. In addition, small business retailers could be negatively impacted when the SNAP waiver expires and certain recipients only receive food stamp benefits for three months.

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.

Language has been added to encourage 2 parent families. When a TANF recipient marries, the spouses income and assets will be disregarded for six months. This is a once-in-a lifetime benefit.

FISCAL DESCRIPTION (continued)

LIFE-TIME LIMITS, CASH DIVERSION, WORK REQUIREMENT, PROGRAM ORIENTATION (208.026.2 and 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 45 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 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.

TANF FUNDING SET-ASIDE (208.067)

Of moneys received by the state under the TANF block grant during each fiscal year, the Department of Social Services shall set aside a minimum of two percent to fund the alternatives to abortion services program and the alternatives to abortion public awareness program. The department shall give preference to contracting with not-for-profit entities that promote one or more of the four purposes established for the block grant.

In addition, two percent of the moneys will be set aside to fund healthy marriage promotion activities and activities promoting responsible fatherhood. The department shall give preference to contracting with not-for-profit entities that promote one or more of the four purposes established for the block grant.

FISCAL DESCRIPTION (continued)

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 act 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 act 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 Elementary and Secondary Education
Department of Labor and Industrial Relations
Department of Social Services -
 Family Support Division
 Division of Legal Services
Joint Committee on Administrative Rules
Office of Administration -
 Commissioner's Office
 Information Technology Services Division
Office of Secretary of State



Mickey Wilson, CPA
Director
April 15, 2015

Ross Strobe
Assistant Director
April 15, 2015