

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1736-01
Bill No.: SB 332
Subject: Elderly; Social Services Department
Type: Original
Date: March 4, 2015

Bill Summary: This proposal establishes the Missouri Senior Farmers' Market Nutrition Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$0 or (\$115,858)	\$0 or (\$119,283)	\$0 or (\$119,625)
Total Estimated Net Effect on General Revenue	\$0 or (\$115,858)	\$0 or (\$119,283)	\$0 or (\$119,625)

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 7 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

* Federal grant revenues and expenditures will net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	0 or 0.75	0 or 0.75	0 or 0.75
Federal	0 or 0.25	0 or 0.25	0 or 0.25
Total Estimated Net Effect on FTE	0 or 1	0 or 1	0 or 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), Family Support Division (FSD)** provide that section 208.285 establishes the Missouri Senior Farmers' Market Nutritional Program within the DSS. This requires the DSS to apply for a grant under the USDA to provide vouchers to seniors that will be exchanged for fresh produce at designated farmers' markets, roadside stands and Community Supported Agriculture (CSA) programs.

§208.285.3 - The vouchers will be provided to seniors at designated distribution sites in their county of residence.

FSD assumes these sites would include area agencies on aging and FSD resource centers. Seniors will be provided a list of participating farmers' markets, roadside stands and CSA programs. DSS will provide this listing to all county area agencies on aging. FSD assumes that there is no fiscal impact due to this section.

§208.285.5 - The department will promulgate rules to implement this legislation.

Based on information available on the USDA website for the Senior Farmers' Market Nutrition Program (SFMNP), the average grant in Federal Fiscal Year (FFY) 2014 was \$403,637 (\$20,585,494 total grant/51 participating entities). Since 10% of the grant may be used for state's administrative costs to support the program, DSS estimates \$40,364 ($\$403,637 \times 10\%$) would be available for administrative costs and \$363,273 ($\$403,637 - \$40,364$) would be given to low income seniors in voucher benefits. The voucher may not be less than \$20 per year and no more than \$50 per year. Assuming an average benefit of \$35 per participant ($\$20 + \$50 = \$70 / 2 = \35), an estimated 10,379 ($\$363,273 / \35) seniors could receive benefits from this program.

FSD assumes the vouchers will be similar to those currently utilized by the Department of Health and Senior Services (DHSS) in the Women, Infant and Children (WIC) program.

FSD assumes information will be mailed to eligible seniors to announce the availability of the vouchers. Since funding is limited, FSD would target counties with the highest population percentage of seniors receiving Food Stamps. In November 2014, 63,012 SNAP (Supplemental Nutrition Assistance Program) recipients were over age 60 and would have been eligible for the SFMNP. Due to limited funding, FSD will operate the program under a "first come, first served" basis. FSD assumes that counties where at least 2% of the total population over the age of 60 and receiving Food Stamps would be targeted for this program. These counties represent both rural and urban areas. Targeting these counties, 15,776 seniors would be eligible to participate.

ASSUMPTION (continued)

However, the first 10,400 to apply for the program are estimated to be served. FSD estimates 15,776 announcements would be sent to eligible seniors in the targeted counties at a cost of \$6,468 (15,776 x \$0.41 per mailing) and a return postage paid envelope would be included to allow seniors to return their information at a cost of \$7,572 (15,776 X \$0.48). The total annual postage cost is estimated to be \$14,040.

Based on information received from Nebraska, the DSS feels that the following staff would be needed to administer this program in Missouri. The FSD will need one full time Program Development Specialist (PDS) to develop the grant program plan, enroll and train vendors, arrange for printing and distribution of the vouchers and to provide program oversight, monitoring and compliance activities. One PDS position with salary, fringe and expense and equipment (E&E) would cost \$62,174.

DSS will also need temporary full-time staff to implement this program. FSD assumes temporary clerical staff is needed to assist with mailing of program announcements, receipt of applications for the SFMNP, data entry from participant file to SFMNP voucher vendor, distribution of materials for qualified farmers' markets, roadside stands and CSA's, and to answer phone calls regarding the program from participants and vendors. FSD assumes these staff will be needed during program preparations and the initial months of SFMNP voucher use. FSD estimates 6 staff will be needed beginning in January through June. The clerical staff will work for 24 weeks at 40 hours per week at a cost of \$63,474. Based on the statewide contract for temporary services, the average hourly rate for an Office Support Assistant is \$11.02 per hour (40 hours x 24 weeks x \$11.02 = \$10,579 x 6 staff = \$63,474).

Solutran currently operates the Missouri WIC program and also Senior Farmers' Market programs in other states. Solutran provided a total estimated cost of \$19,012 comprised of:

- cost of processing the checks/vouchers approximately \$8,188
- printing booklets of 5 checks each \$2,858
- cost of mail file, formatting, matching check number to envelopes, etc. \$3,494
- postage of \$0.43 x 10,400 participants = \$4,472

States may only use up to 10% of the total grant awarded for their administrative costs. Therefore, if the state were awarded \$403,637 (average) in grant funds, administrative costs over \$40,364 must be funded by the state. Based on FSD's estimates to administer this program, an additional \$118,336 in general revenue funding (\$158,700 - \$40,364) would be needed. The number of seniors serviced and cost will change based on the grant amount received. However, if Missouri would receive the grant amount estimated of \$403,637:

- \$363,273 would be given to low income seniors in voucher benefits, and
- Administrative costs of \$158,700 (\$14,040 in postage costs + \$62,174 for a full time PDS position + \$63,474 for temporary staff + \$19,012 for contracted services) would be needed to implement and manage the program.

ASSUMPTION (continued)

Officials from the **DSS, Division of Legal Services (DLS)** do not anticipate an immediate fiscal impact on DLS/Litigation. If the grant was approved then DLS would work with the assigned DSS agency, presumably FSD, to assist in promulgating rules under the statute. DLS estimates that the work would take about 20 hours of attorney time to complete. A full-time employee has 2,080 available work hours during a year (52x40), not including holidays and vacation time. Therefore, DLS estimates that compliance with the regulation would require .01 FTE. DLS anticipates that it will be able to handle the work utilizing current resources.

Oversight notes in paragraph 2 of the proposal, the provisions state “upon receipt of any grant monies under subsection 1 of this section, the program shall supply Missouri-grown fresh produce to senior participants...”. It is unknown whether the DSS would receive a grant and if the grant would be sufficient to cover DSS, FSD’s administrative expenses. Therefore, Oversight will range costs from “\$0 to \$118,336 ”.

In addition, per discussions with DSS staff, if DSS is awarded a grant, the grant amount will not change from one year to the next. Therefore, as costs increase due to inflation, the General Revenue (GR) share of costs will increase. Upon initial award of the grant, the 10% of grant funds that can be used for administrative costs would equate to approximately a 25%/75% Federal/GR split in costs.

Oversight assumes the DSS will not need rental space for one FTE. Rental space costs allocated to the grant, should it be received, would be used to reduce other costs incurred by the state in excess of the grant amount.

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.

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 **Department of Agriculture**, the **Department of Health and Senior Services** and the **Joint Committee on Administrative Rules** each assume the proposal would not fiscally impact their respective agencies.

FISCAL IMPACT - Local Government

FY 2016
(10 Mo.)

FY 2017

FY 2018

\$0

\$0

\$0

FISCAL IMPACT - Small Business

This proposal would be expected to have a positive fiscal impact on small business farmers' markets and roadside stands.

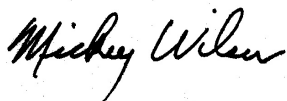
FISCAL DESCRIPTION

This proposal establishes the Missouri Farmers' Market Nutritional Program by requiring the Department of Social Services to apply for a federal grant to provide low-income seniors with vouchers that may be exchanged for eligible foods at farmers' markets, roadside stands, and community supported agriculture programs.

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 Health and Senior Services
Department of Social Services -
 Family Support Division
 Division of Legal Services
Joint Committee on Administrative Rules
Office of Secretary of State



Mickey Wilson, CPA
Director
March 4, 2015

Ross Strobe
Assistant Director
March 4, 2015