

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1622-02
Bill No.: HCS for SB 373
Subject: Elderly; Food; Health and Senior Services Department; Public Assistance
Type: Original
Date: May 4, 2017

Bill Summary: This proposal changes the laws regarding the elderly.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	\$0	(\$24,272)	(\$33,035)
Total Estimated Net Effect on General Revenue	\$0	(\$24,272)	(\$33,035)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Federal *	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Grant income and expenditures beginning in FY19 exceed \$450,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	0	1	1
Total Estimated Net Effect on FTE	0	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 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§67.990 - Senior Services Fund in St. Louis

Officials from the **City of St. Louis** did not respond to **Oversight's** request for a statement of fiscal impact.

Oversight assumes this is a technical language change which will have no direct fiscal impact.

§208.285 - Senior Farmers' Market Nutrition Program

Officials from the **Department of Health and Senior Services (DHSS)** state in calculating the fiscal impact, the DHSS assumes that the United States Department of Agriculture (USDA) will open their funding opportunity (currently closed) to allow Missouri to amend its state plan and apply for a grant under the Senior Farmer's Market Nutrition Program (SFMNP). Based on information from the USDA, the earliest possibility of funding would be Federal Fiscal Year (FFY) 2019 (beginning October 1, 2018).

Information and costs for DHSS are as follows:

Based on information available on the USDA website for the SFMNP, the average grant in FFY 2015 was \$454,954 (excluding tribal grants). 7 CFR 249.12 allows for states to use 10 percent of the total award towards administrative costs to support the program with the rest of the administrative cost to be covered by the state as in-kind match. The State Agency must submit a detailed budget showing Federal and non-Federal funding used for SFMNP in our state plan. For purposes of this fiscal note, DHSS estimates 10 percent of the grant funds would be used for administrative costs with the remainder of administrative costs covered by General Revenue. The remaining \$409,459 ($\$454,954 \times 10\% = \$45,495$; $\$454,954 - \$45,495 = \$409,459$) would be used for vouchers. 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 ($\$20 + \$50 = \$70 / 2 = \35), an estimated 11,699 ($\$409,459 / \35) seniors could receive benefits from this program. DHSS assumes the vouchers will be similar to those currently utilized by the Missouri Women, Infant and Children (WIC) program.

7 CFR 249.4(a)(9) requires State agencies to submit a plan to target areas of the state with high concentrations of eligible persons and access to farmer's markets. According to the US Department of Agriculture (USDA), there are 256 Farmers Markets in Missouri. DHSS would target counties with the highest population percentage of seniors receiving Food Stamps, with the greatest access to Farmer's Markets. In November 2016, 66,470 SNAP (Supplemental Nutrition Assistance Program) recipients were age 60 and over and would have been eligible for the SFMNP. Due to limited funding, DHSS will operate the program under a "first come, first serve" basis. DHSS assumes that counties where at least 9% of the total population are age of 60

ASSUMPTION (continued)

and over and are receiving Food Stamps would be targeted for this program. These seventy-eight (78) counties represent both rural and urban areas. Targeting these counties, 29,269 seniors would be eligible to participate. However, the first 11,699 to apply for the program are estimated to be served.

DHSS estimates 29,269 announcements would be sent to the Area Agencies on Aging (AAA) and Community Action Agencies serving the targeted counties. DHSS will deliver the applications to these agencies to distribute to eligible seniors. 7 CFR 249.6 requires that the certification process be at no cost to the seniors and determination of eligibility sent to the seniors within 15 days of receipt of application. The application will include a return postage paid envelope to allow seniors to return their information at a cost of \$17,855 (29,269 X \$0.61). DHSS will process the applications, notify applicants of their eligibility within the required fifteen (15) days, and mail vouchers to eligible participants or ineligibility determination and Fair Hearing procedures when appropriate. DHSS estimates 11,699 participants will be sent vouchers through the mail, with postage costs of \$5,733 (\$0.49 X 11,699 participants). The total annual postage cost is estimated to be \$23,588.

7 CFR 249.10 requires State agencies to establish criteria to authorize Farmer's Markets; enter into a written agreement with each farmer/Farmer's Market which includes a description of sanctions for noncompliance with SFMNP requirements; conduct training for each farmer/Farmer's Market prior to start-up of the program; conduct covert and overt monitoring of the farmers/Farmer's Market. Each State agency is responsible for monitoring ten (10) percent of farmers and ten (10) percent of Farmer's Markets annually.

Based on information received from other states and previous administration of the program, the DHSS assumes that the following staff would be needed beginning October 1, 2018, to administer this program in Missouri:

- One full-time Health Program Representative III (\$39,708 annually) to develop the State Plan, collaborate with DHSS nutritionists to develop the required nutrition education for participants (7 CFR 249.9), conduct outreach, train farmers (vendors), conduct monitoring of the farmers and track compliance and sanctions, reconcile redeemed vouchers in collaboration with the banking contractor, and provide program oversight.
- One H&I (Hourly & Intermittent) to assist with mailing out program announcements, receiving participant applications and farmer applications, notify applicants of eligibility, entering data from participant and farmer applications into the system, submitting participant information to banking contractor for the SFMNP vouchers, processing farmer applications, distributing materials for qualified vendors, and answering phone calls regarding the program from participants and vendors. The H&I staff will work 26 weeks x 40 hours per week each fiscal year, based on the average hourly rate for an Office Support Assistant (state contract for temporary services) at \$11.97 per hour for a total of \$12,449 (26 weeks x 40 hours/week x \$11.97/hour).

ASSUMPTION (continued)

Solutran is the current the banking contractor for the Missouri WIC program and also for Senior Farmers' Market Nutrition programs in other states. The contract with Solutran would be amended to include the SFMNP. In January 2017, Solutran provided a total estimated cost of \$14,162 for 11,699 participants comprised of the following:

- Cost of processing the vouchers \$8,450 (65,000 vouchers X \$0.13)
- Cost of returned vouchers \$975 (estimated 650 vouchers x \$1.50)
- Base, set up and deposit fee \$2,025
- Voucher printing - 12,000 sheets with logs - \$225.92 per thousand sheets - \$2,712

Oversight assumes DHSS would not need additional rental space for 1 new FTE for this single proposal. However, Oversight notes, depending on the number of proposals passed during the legislative session, that cumulatively, DHSS may need additional rental space or capital improvements as determined by the Office of Administration.

Bill as a whole

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

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.

Officials from the **Department of Public Safety, Missouri State Highway Patrol**, the **Department of Social Services** and the **Springfield Police Department** each assume the proposal would not fiscally impact their respective agencies.

ASSUMPTION (continued)

In response to similar legislation from the current session (HCS HBs 551 & 919), officials from the **Missouri Office of Prosecution Services** assumed the proposal would have no fiscal impact on their organization.

Officials from the following **law enforcement agencies**: the Ashland Police Chief, Boone County Sheriff's Department, Buchanan County Sheriff's Department, Cass County Sheriff's Office, Clark County Sheriff's Department, Cole County Sheriff's Department, Columbia Police Department, Independence Police Department, Jackson County Sheriff's Department, Jefferson City Police Department, Platte County Sheriff's Department, St. Charles Police Department, St. Joseph Police Department, St. Louis County Police Department, the St. Louis Metropolitan Police Department and St. Louis County Justice Services did not respond to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE FUND			
<u>Income</u> - Administrative Federal Funds	\$0	\$45,495	\$45,495
<u>Costs</u> - DHSS (\$208.285)			
Personal service	\$0	(\$30,079)	(\$40,506)
Fringe benefits	\$0	(\$16,689)	(\$22,371)
Equipment and expense	\$0	(\$22,999)	(\$15,653)
<u>Total Costs</u> - DHSS	\$0	(\$69,767)	(\$78,530)
FTE Change - DHSS	0 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$0</u>	<u>(\$24,272)</u>	<u>(\$33,035)</u>
Estimated Net FTE Change on the General Revenue Fund	0 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
FEDERAL FUNDS			
<u>Income</u> - DHSS (§208.285)			
Grant income	\$0	\$454,954	\$454,954
<u>Costs</u> - DHSS (§208.285)			
Administrative costs	\$0	(\$45,495)	(\$45,495)
Vouchers	\$0	<u>(\$409,459)</u>	<u>(\$409,459)</u>
Total <u>Costs</u> - DHSS	<u>\$0</u>	<u>(\$454,954)</u>	<u>(\$454,954)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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 act establishes the Missouri Senior Farmers' Market Nutritional Program by requiring the Department of Health and Senior 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. Eligible seniors shall receive vouchers from designated distribution sites in their counties of residence and also be provided with a list of participating farmers, farmers' markets, roadside stands, and community-supported programs.

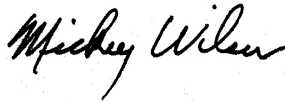
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Public Safety -
 Missouri State Highway Patrol
Department of Social Services
Joint Committee on Administrative Rules
Missouri Office of Prosecution Services
Office of Secretary of State
Springfield Police Department

NOT RESPONDING

City of St. Louis



Mickey Wilson, CPA
Director
May 4, 2017

Ross Strobe
Assistant Director
May 4, 2017