

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4831-01
Bill No.: SB 610
Subject: Children and Minors; Domestic Relations; Food; Public Assistance; Social Services Department
Type: Original
Date: January 16, 2018

Bill Summary: This proposal prohibits an individual from participating in the supplemental nutrition assistance program if he or she is delinquent in child support.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(\$240,539)	(\$264,436)	(\$267,118)
Total Estimated Net Effect on General Revenue	(\$240,539)	(\$264,436)	(\$267,118)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenses exceed \$200,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	4.18	4.18	4.18
Federal	3.32	3.32	3.32
Total Estimated Net Effect on FTE	7.5	7.5	7.5

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 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§208.246 - No participation in SNAP if delinquent in child support

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

FSD:

Section 208.248. 1 states that an individual shall not be eligible to participate in the supplemental nutrition assistance program (SNAP) during any month that the individual is delinquent in any payment due under a court order for the support of a child of the individual. Since the statute does not define what constitutes an individual to be delinquent in any payment, the FSD child support program must promulgate a regulation that defines what constitutes an individual to be delinquent in any payment.

For purposes of determining the fiscal impact for this bill, the FSD child support program defined delinquent as any individual in the Missouri Automated Child Support System (MACSS) on an IV-D case who has an arrearage due under a support order for a child of the individual. The FSD child support program excluded individuals with an active income withholding order or an active payment agreement where a payment was distributed within the past 30 days.

Section 208.248.3(3) requires exclusion of individuals that DSS determines has good cause for non-support. Since the statute does not define good cause for non-support, the child support program must promulgate a regulation that defines "good cause" as it applies to obligors. 13 CSR 30-8.010 (FSD's existing regulation related to cooperation requirements) addresses how an applicant for or recipient of public assistance may claim good cause for failure to cooperate with the Family Support Division, child support program. 13 CSR 30-8.010 does not address the circumstances of when an individual who fails to make child support payments can claim good cause.

Programming changes will be necessary to develop a monthly file to report delinquent obligors to SNAP. Programming will also be needed to add a "good cause" field for obligors to the MACSS. The FSD child support program defers to the Office of Administration (OA), Information Technology Services Division (ITSD)/DSS for these programming costs.

The child support program has no fiscal impact from this proposed bill.

ASSUMPTION (continued)

Income Maintenance (IM):

Section 208.248.1 proposes SNAP recipients who are delinquent in court ordered child support be ineligible for SNAP in any month they are delinquent unless they have good cause.

For the purposes of this bill, FSD defines delinquent as any individual in the MACSS on a IV-D case who has an arrearage due under a support order for a child of the individual. The FSD child support program excluded individuals with an active income withholding order or an active payment agreement where a payment was distributed within the past 30 days.

Based on the definition of delinquent above, the FSD determined that 11,885 individuals would become disqualified if the provisions of this bill are enacted in this manner:

In November 2017 there were 91,007 delinquent child support cases. Of these, there were 10,082 households receiving SNAP benefits.

The average SNAP benefits per person per month are \$119.61. If 11,885 individuals lose SNAP eligibility, federal SNAP benefits will decrease by \$1,421,565 per month (11,885 * \$119.61).

FSD IM assumes FSD Children's Services (CS) will define delinquent and provide IM a daily report of delinquent obligors who do not meet good cause. IM will then take action to either close the SNAP case or remove the individual from the active SNAP case.

When FSD IM is informed via daily report that a child support obligor is delinquent, it can take from 20 - 90 days to impose the disqualification. 7 CFR 273.13 requires FSD IM to give a ten day advanced notice which includes hearing rights when decreasing or closing any SNAP case. The Federal Food and Nutrition Services (FNS) Handbook 501, sections 5160 and 5161 state that the entire process from the date the adverse action notice is sent until action is taken shall not exceed twenty days. However, before imposing the disqualification, FSD IM would have to manually compare each individual to the daily report received from FSD CS in order to determine if the individual remains delinquent. If the individual has requested a hearing, FSD IM cannot impose the disqualification until a hearing decision has been made, which could take up to 90 days (7 CFR 273.15 (g) Fair Hearings).

FSD assumes manual tracking and budget adjustments due to the sanctions will increase work processing for current staff. FSD will develop processing procedures to implement this new requirement, however will need 5 full-time Family Support Eligibility Specialists (\$30,576 annually, each).

ASSUMPTION (continued)

The FSD assumes OA-ITSD will include the system programming costs for reports that will be generated as well as generated notices needed to implement provisions of this bill in their response.

Because SNAP benefits are 100% federally funded, FSD will not experience a fiscal impact due to any reduction in SNAP benefits that may result from any delinquent child support orders. Therefore, the only fiscal impact to FSD is the addition of the 5 full-time staff.

DLS:

It takes 3-6 months for a household to be disqualified. The household will be required to reapply once the disqualification has expired. FSD estimates approximately a 10% increase in hearing requests a year, with the implementation of this bill.

In FY17, approximately 2,200 SNAP hearings were conducted. FSD assumes that approximately 10% of the Head- Of-Household (HOH) or individuals (total of 11,885 X 10% = 1,186) who are disqualified from SNAP benefits, will request hearings which will increase hearings by 1,100 (total 2,200 + 1,100 = 3,300 hearings annually).

In FY 17, the Hearing Unit handled 10,076 requests for benefit hearings. There are 18.5 FTE to conduct the hearings. Each Benefit Hearing Officer handled 544 hearings. An increase of 1,100 SNAP hearings in a year would require 2.5 additional FTE (1,100/544=2.02 rounded up).

Officials from the **Office of Administration (OA), Division of Facilities Management, Design and Construction (FMDC)** state additional space in leased facilities for additional staff in the Cole County area is estimated at 230 sq. ft. per FTE times \$17.50 per sq. ft., or \$4,025 annually per FTE. These costs are building lease cost, fuel and utilities, and janitorial services. The assumption for the need for larger space and/or in other regions of the state, or possible new construction space, would be a higher cost per sq. ft. (estimated at \$24.50 per sq. ft.).

Oversight notes the DSS used a lease cost for the additional rental space needed for seven (7) new FTE of \$21 per square foot. This is an average of the lease rates for the various regions in the state. Since it is unknown where the seven FTE will be located, Oversight is reducing DSS' estimated lease costs by utilities and janitorial and trash services as these costs are included in building lease costs.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
<u>Costs - DSS (\$208.248)</u>			
Personal service	(\$119,002)	(\$144,231)	(\$145,673)
Fringe benefits	(\$72,653)	(\$87,607)	(\$88,035)
Equipment and expense	<u>(\$48,884)</u>	<u>(\$32,598)</u>	<u>(\$33,410)</u>
Total <u>Costs - DSS</u>	<u>(\$240,539)</u>	<u>(\$264,436)</u>	<u>(\$267,118)</u>
FTE Change - DSS	4.18 FTE	4.18 FTE	4.18 FTE
 ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	 <u>(\$240,539)</u>	 <u>(\$264,436)</u>	 <u>(\$267,118)</u>
 Estimated Net FTE Change on the General Revenue Fund	 4.18 FTE	 4.18 FTE	 4.18 FTE
 FEDERAL FUNDS			
<u>Income - DSS (\$208.248)</u>			
Increase in program reimbursements	\$192,243	\$214,113	\$212,241
 <u>Costs - DSS (\$208.248)</u>			
Personal service	(\$94,198)	(\$114,168)	(\$115,310)
Fringe benefits	(\$58,093)	(\$70,048)	(\$70,387)
Equipment and expense	<u>(\$39,952)</u>	<u>(\$25,897)</u>	<u>(\$26,544)</u>
Total <u>Costs - DSS</u>	<u>(\$192,243)</u>	<u>(\$210,113)</u>	<u>(\$212,241)</u>
FTE Change - DSS	<u>3.32 FTE</u>	<u>3.32 FTE</u>	<u>3.32 FTE</u>
 ESTIMATED NET EFFECT ON FEDERAL FUNDS	 <u>\$0</u>	 <u>\$0</u>	 <u>\$0</u>
 Estimated Net FTE Change on Federal Funds	 3.32 FTE	 3.32 FTE	 3.32 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Under this act, an individual shall be ineligible to participate in the Supplemental Nutrition Assistance Program (SNAP) during any month such individual is delinquent in any child support payment. A disqualification under this act will only apply to the individual and not to the entire household. An individual who is delinquent in child support may be exempted from the provisions of this act if: (1) a court has allowed the individual to delay payment; (2) the individual is complying with a payment plan; or (2) the Department of Social Services determines the individual has good cause for non-support.

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

SOURCES OF INFORMATION

Department of Social Services -
Family Support Division
Division of Legal Services
Office of Administration -
Facilities Management, Design and Construction

Ross Strobe



Acting Director
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