

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0864S.02C
 Bill No.: SCS for SB 138
 Subject: Food; Public Assistance; Social Services, Department Of
 Type: Original
 Date: March 4, 2021

Bill Summary: This proposal modifies the law relating to work requirements for participants in the Supplemental Nutrition Assistance Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue*	(\$358,847)	(\$368,935)	(\$372,620)
Total Estimated Net Effect on General Revenue	(\$358,847)	(\$368,935)	(\$372,620)

*Oversight notes the Department of Social Services revised their response regarding the work requirements for SNAP. Therefore, the fiscal note changed from the introduced version to this committee substitute.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other State Funds</u>	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Federal Funds*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenses estimated at \$350,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	4.5 FTE	4.5 FTE	4.5 FTE
Federal Funds	4.5 FTE	4.5 FTE	4.5 FTE
Total Estimated Net Effect on FTE	9 FTE	9 FTE	9 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§208.246 - Supplemental Nutrition Assistance Program (SNAP) work requirements

Officials from the **Department of Social Services (DSS), Family Support Division (FSD)** state in November 2020, 36,171 individuals aged 16-59, who would be subject to the work requirements as proposed in this legislation, are employed and meeting the work requirements. However, the individuals' employment does not provide earnings to promote self-sufficiency.

FSD determined that in November 2020:

- There were 46,889 Head of Households (HOH) (age 16-59) receiving SNAP benefits that would not meet an exemption and would be mandated to comply with work requirements.
- There was an additional 4,820 other household members (age 16-59) that would also be mandated to comply with work requirements.
- There were an additional 13,451 household members (age 16-59) that would be mandated to comply with work requirements; however the head of household would not be mandated to comply with work requirements, due to an exemption or exclusion.
 - The average individual received \$183.27 in SNAP benefits per month.

FSD assumes 35% of the 65,160 (46,889 + 4,820 + 13,451) individuals will comply with work requirements. FSD made this determination based on the average work participation rate of the mandatory work requirements for Temporary Assistance, which in FY19 had an average work participation rate of 25% and the goal is to increase the compliance rate with SNAP participants.

Based on a 35% compliance rate, FSD determined 42,354 ($65,160 * 0.65$) individuals will be affected if the provisions of this bill are enacted.

- 42,354 ($65,160 * 0.65$) individuals who will be disqualified for noncompliance with work requirements, which will result in a reduction in SNAP benefits of \$7,762,218 ($42,354 * \$183.27 = \$7,762,217.58$, rounded up) per month which is consistent for any disqualification period as a result of this legislation. FSD assumes an increase in:
 - Applications if individuals are disqualified for noncompliance. The individual will be required to reapply once the disqualification has expired.
 - FSD estimates approximately a 5% increase in hearing requests a year, with the implementation of this bill.

In FY20, approximately 1,619 SNAP hearings were conducted. FSD assumes approximately 5% of the HOH or individuals, who are disqualified from SNAP benefits, will request hearings which will increase hearings by 2,118 ($42,354 * 0.05$), which could increase total number of SNAP hearings to approximately 3,737 yearly ($1,619 + 2,118$).

FSD determined an additional five (5) Benefit Program Technicians will be needed to complete the additional work necessary to implement this legislation. Staff will be required to impose and remove disqualifications timely based on an individual's cooperation with the requirements of this bill. FSD estimates this would require approximately 15 minutes per individual for a total of 10,589 hours of additional work resulting from this legislation ($15 \text{ minutes} * 42,354 \text{ individuals who will be disqualified} = 635,310 \text{ minutes}/60 \text{ minutes} = 10,589 \text{ hours}$). Based on 2,080 hours of work per FTE annually, FSD would require 5 additional FTE ($10,589/2,080 = 5.09$, rounded down).

FSD may need to request additional federally appropriated funding from Food and Nutrition Service (FNS) and additional state appropriation authority to spend federal funds (in the MO Work Assistance Unit section) to serve the additional individuals that will need to comply with this work requirement in order to not be disqualified. The existing work and training program administered by FSD for SNAP participants meets federal guidelines and is available to the population that would be subject to the work requirements in this bill. In addition, FSD currently uses existing available Temporary Assistance funds in the Missouri Work Assistance Program for work programs for SNAP able-bodied adults with children.

The FSD assumes OA-ITSD will include the Family Assistance Management Information System (FAMIS) programming costs for the system changes as well as the system generated notice needed to implement provisions of this bill in their response.

Because SNAP benefits are 100% federally appropriated and funded, FSD will not experience a fiscal impact due to any reduction in SNAP benefits that may result from this legislation. FSD may need to request additional federally appropriated funding from FNS and additional state appropriation authority to spend federal funds (in the MO Work Assistance Unit section) to serve the additional individuals that will need to comply with this work requirement in order to not be disqualified.

However, FSD will have a fiscal impact of 5 FTE (Benefit Program Technicians).

Oversight notes adding five (5) additional Benefit Program Technicians with a starting salary of \$33,994, will cost approximately \$298,768 (\$149,384 GR; 149,384 Federal) per year in personal service and fringe benefit costs. Oversight will reflect the estimates as provided by FSD.

Officials from **DSS, Division of Legal Services (DLS)** estimate it will require four additional hearing officers to implement this legislation. This need stems from a likely increase in administrative appeals associated with the bill's new requirements. FSD estimated this bill would result in 2,118 individuals requesting hearings regarding their eligibility for SNAP benefits.

Given the hearing officer's case load of 544 hearings, four (4) additional hearing officers will be needed to absorb this increase in hearings (2,118/544).

Oversight notes adding four (4) hearing officers with a starting salary of \$55,584, will cost approximately \$355,126 (\$177,563 GR; \$177,563 Federal) per year in personal service and fringe benefit costs. Oversight will reflect the estimates as provided by DLS.

Officials from **OA, ITSD/DSS** state changes to FAMIS will be required. These changes will include screen changes, eligibility determination changes, forms and notice changes and new online/batch interface programs to obtain data if it has to be from any external sources. For purposes of a level of effort, ITSD is breaking this into smaller portions; these are high level estimates based on available information at this time.

FAMIS will need to make changes to the existing eligibility determination process to disqualify a participant for non-compliance without a good cause based on the business rules for 3/6 months and later reject for the third non-compliance. Changes will be needed to reinstate a participant based on the new rules.

It is assumed that every new IT project/system change will be bid out because all ITSD resources are at full capacity. Costs are estimated at a contract rate of \$95/hour for 745.2 hours; therefore, FY22 costs are estimated to total \$70,794 (\$35,397 GR; \$35,397 Federal funds). On-going maintenance and support costs are estimated to be \$14,514 (\$7,257 GR; \$7,257 Federal) in FY23 and \$14,876 (\$7,438 GR; \$7,438 Federal) in FY24.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by OA, ITSD/DSS.

Oversight notes DSS did not include these costs in the previous version of this proposal. In discussions with DSS officials, DSS indicated that, after further review, these costs should have been included in the estimates for the previous version as the drivers of the costs are the same in both versions. Therefore, Oversight will reflect the estimates as provided by DSS and OA, ITSD/DSS.

Oversight notes the **Department of Economic Development**, the **Department of Higher Education and Workforce Development** and the **Office of Administration** has stated the proposal would not have a direct fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State** notes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize 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 our office can sustain with our core budget. Therefore, they reserve 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.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Costs - DSS (\$208.246)</u>			
Personal service	(\$163,461)	(\$198,115)	(\$200,096)
Fringe benefits	(\$106,818)	(\$128,832)	(\$129,488)
Equipment and expense	(\$53,171)	(\$34,731)	(\$35,598)
<u>Total Costs</u>	<u>(\$323,450)</u>	<u>(\$361,678)</u>	<u>(\$365,182)</u>
FTE Change – DSS	4.5 FTE	4.5 FTE	4.5 FTE
<u>Costs - OA, ITSD (\$208.246) FAMIS system changes</u>			
	(\$35,397)	(\$7,257)	(\$7,438)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$358,847)</u>	<u>(\$368,935)</u>	<u>(\$372,620)</u>
Estimated Net FTE Change on the General Revenue Fund	4.5 FTE	4.5 FTE	4.5 FTE

<u>FISCAL IMPACT – State Government - continued</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
FEDERAL FUNDS			
<u>Income - DSS (§208.246) Increase in program reimbursements</u>	\$323,450	\$361,678	\$365,182
<u>Income - OA, ITSD (§208.246) Reimbursement for FAMIS system changes</u>	\$35,397	\$7,257	\$7,438
<u>Costs - DSS (§208.246)</u>			
Personal service	(\$163,461)	(\$198,115)	(\$200,096)
Fringe benefits	(\$106,818)	(\$128,832)	(\$129,488)
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FTE Change - DSS	4.5 FTE	4.5 FTE	4.5 FTE
<u>Costs - OA, ITSD (§208.246) FAMIS system changes</u>	<u>(\$35,397)</u>	<u>(\$7,257)</u>	<u>(\$7,438)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimate Net FTE Change on Federal Funds	4.5 FTE	4.5 FTE	4.5 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

This proposal could have a direct, negative fiscal impact on small business grocery and retail establishments that take SNAP benefits if recipients lose benefits because of not meeting the work requirements of the proposal. Yet it also may help small businesses that are looking for qualified applicants to fill vacant employment positions.

FISCAL DESCRIPTION

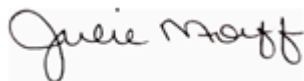
This act requires individuals participating in the Supplemental Nutrition Assistance Program (SNAP) to comply with the work requirements described in federal statute and regulations. Any nonexempt participant who refuses or fails without good cause to comply with the work requirements shall be ineligible to participate in the program for the duration of the applicable disqualification period based on the number of occurrences of noncompliance.

A household disqualified under this act may reestablish eligibility if the head of the household leaves the household, a new and eligible head of the household joins the household, or the head of the household becomes exempt from the SNAP work requirements during the disqualification period. If a disqualified head of the household joins another household during the disqualification period, that household shall be ineligible for the remaining disqualification period. (§208.246).

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

SOURCES OF INFORMATION

Department of Economic Development
Department of Higher Education and Workforce Development
Department of Social Services
Joint Committee on Administrative Rules
Office of Administration
Office of Secretary of State



Julie Morff
Director
March 4, 2021



Ross Strobe
Assistant Director
March 4, 2021