

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3174S.02P
Bill No.: Perfected SS for SB 798
Subject: Food; Public Assistance; Department of Social Services
Type: Original
Date: April 26, 2022

Bill Summary: This proposal establishes a "Restaurant Meals Program" as part of the Supplemental Nutrition Assistance Program (SNAP).

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	(\$27,370)	(\$3,000)	(\$3,000)
Total Estimated Net Effect on General Revenue	(\$27,370)	(\$3,000)	(\$3,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenses are estimated at \$3,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	0	0	0

- ☐ 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 2023	FY 2024	FY 2025
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§208.031 - Establishes A "Restaurant Meals Program" As Part of SNAP

Officials from **Department of Social Services (DSS)** state this section establishes a “Restaurant Meals Program” as part of the Supplemental Nutrition Assistance Program (SNAP). Under the restaurant meals program, households containing elderly or disabled members, and their spouses, as defined in 7 U.S.C. Section 2012 (j), or homeless individuals, as defined in 7 U.S.C. Section 2012 (1), shall have the option, in accordance with 7 U.S.C. Section 2012 (k), to redeem their SNAP benefits at private establishments that contract with the department to offer meals for eligible persons at concessional prices, subject to 7 U.S.C Section 2018 (h).

Officials from **DSS, Family Support Division (FSD)** state the proposed legislation requires DSS to allow homeless and elderly/disabled individuals receiving SNAP benefits to participate in the “Restaurant Meals Program” to redeem their SNAP benefits at private establishments that contract with the United States Department of Agriculture (USDA) to offer meals for eligible individuals at concessional prices.

FSD estimates that approximately 182,681 households will be eligible to participate in the Restaurant Meals Program. FSD determined this in the following manner:

As of October 31, 2021, there were 21,077 homeless households and 161,604 elderly/disabled households receiving SNAP benefits that could utilize the Restaurant Meals Program. Due to system limitations, FSD is not able to differentiate the elderly/disabled individuals and their spouses from the other members of the household. FSD assumes all members of these households would be eligible. Therefore, 182,681 (21,077 + 161,604) households would be eligible to use their Electronic Benefit Transfer (EBT) card at participating retailers in the Restaurant Meals Program.

7 CFR 273.11(o) allows states the option to participate in the Restaurant Meals Program. Prior to implementation, FSD will need to complete a State Plan Amendment (SPA). FSD estimates that it will take approximately six months to obtain approval from the Food and Nutrition Services (FNS). Therefore, implementation is anticipated to begin February 1, 2023.

FSD currently utilizes a third party vendor to administer SNAP benefits. The current EBT vendor estimates the necessary programming changes will cost approximately \$31,240 to implement and approximately \$500 per month to maintain. DSS will be charged a surcharge per customer service representative (CSR) call received if the total Missouri monthly call volume increases by 10% or more over the average call volume for the preceding three months leading up to the implementation of this project. However, FSD assumes the call volume will not

increase by 10% due to participant education. In addition, FSD staff will also answer participants/applicants questions in regards to the Restaurant Meals Program.

FSD assumes existing staff will be able to complete the necessary work to implement the provisions of this legislation.

FSD defers to the Office of Administration (OA), Information Technology Services Division (ITSD)/DSS for system changes necessary to implement the provisions of this legislation.

Therefore, FSD estimates a total fiscal impact of \$33,740 (\$31,240 implementation + (\$500 * 5 months maintenance = \$2,500) = \$33,740) in FY 23 and \$6,000 (\$500 * 12 months maintenance = \$6,000) per year ongoing. Total costs each year will be split 50% GR/50% Federal funds.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the costs provided by DSS/FSD for fiscal note purposes.

Officials from the **DSS, Division of Legal Services (DLS)** state this bill would not result in a fiscal impact to DLS. Though DLS administers eligibility-related hearings for the Supplemental Nutrition Assistance Program (SNAP), this legislation would only broaden the number of places such benefits, after eligibility is determined, could be redeemed. It does not broaden the SNAP eligibility requirements or allow additional recipients into the program relative to existing standards. Thus, no additional resources would be required in the hearings, litigation, or investigation units. DLS defers to FSD as to the cost of administering a restaurant meals program from an operational standpoint.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for **DSS, DLS**.

Officials from **DSS, Procurement** state §208.031 requires the development of a “Restaurant Meals Program” which includes contracting between DSS and vendors willing to accept SNAP benefits as payment for food. DSS utilizes a contracted third party vendor to work with the vendor community and develop the relationships to accept the SNAP funding. The contract is between the vendor and the third party contractor. This process is included in the contract with the third party contractor.

From a procurement perspective, this legislation should not have a fiscal impact on DSS.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for **DSS, Procurement**.

Officials from **OA, ITSD/DSS** state updates to the Missouri Eligibility Determination and Enrollment System (MEDES) would be required.

MEDES currently provides eligibility determinations and case management functions for family MO HealthNet programs and the Children's Health Insurance Program (CHIP) administered by the DSS Family Support Division using the Modified Adjusted Gross Income (MAGI) criteria established under the Patient Protection and Affordable Care Act of 2010 (ACA). The implementation project for the Supplemental Nutrition Assistance Program (SNAP) is in the analysis phase with design to begin in January, 2022. Implementation is anticipated to occur at the end of January 2023.

The SNAP program is being implemented in MEDES by eSystems. A change order and Project Assessment Quotation (PAQ) will be needed because the design phase is scheduled to conclude by April 2022 which is prior to the end of the legislative session and potential enactment of the bill. Effort will be needed for design, development and testing activities to implement the new requirements.

Section 208.031 allows homeless individuals and households containing elderly or disabled individuals and their spouses to purchase food at restaurants with their SNAP benefit. These transactions occur via an electronic benefits (EBT). The EBT system will need to know if the household meets the homeless/elderly or disabled criteria at the time of the transaction to know whether to cover or reject the transaction. While there are requirements in the eSystems contract to identify homeless, elderly and disabled individuals, there is no requirement to transmit this information to the EBT system. MEDES will use a batch interface file to update the EBT system on the amount of SNAP benefits that households should receive on specific payroll dates. A change order to extract and transmit this information through the existing EBT system interface would be needed.

OA, ITSD/DSS's cost estimates are based on the Project Assessment Quotation (PAQ) rates specified in eSystems contract and the mix of resource types that eSystems would use to make the changes.

Hourly IT costs under this contract vary by position title and work type. The cost for ongoing support is nil as these changes become part of the final product and will be supported under the maintenance and operations requirements specified in the base contract. It is estimated to take 168 hours for a total cost of \$21,000 in FY 23 exclusively. The federal match rate will be 50%.

Therefore, the total MEDES upgrades will be split \$10,500 GR; \$10,500 Federal in FY 23 exclusively.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the costs provided by ITSD/DSS for fiscal note purposes.

Officials from the **Department of Economic Development** and the **Missouri Department of Agriculture** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight notes according to an article by the National Conference of State Legislatures (NCSL) regarding SNAP food assistance flexibility during COVID-19 (April 27, 2020)

***Restaurant Meals Program:** Only Arizona and 11 counties in California operate a restaurant meals program option. Rhode Island and Florida are operating pilot projects at a limited number of restaurants and [Illinois](#) is working with the USDA to implement the program. Typically, SNAP benefits cannot be used to purchase prepared foods. The restaurant meals program allows the elderly, people with disabilities, and homeless individuals to purchase prepared meals at pre-approved retailers. This program can provide those without access to food storage or kitchen facilities, or those who cannot safely prepare meals at home, the ability to purchase ready-to-eat foods. During the coronavirus pandemic, this option can assist populations that have been cut off from typical meal options like congregate meal sites for seniors or soup kitchens for the homeless due to social distancing restrictions.*

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 20234	FY 20245
GENERAL REVENUE FUND			
<u>Costs – DSS/FSD (§208.031) p. 3-4</u>			
EBT Contract changes	(\$15,620)	\$0	\$0
EBT Monthly maintenance fees	(\$1,250)	(\$3,000)	(\$3,000)
Total <u>Costs – DSS/FSD</u>	(\$16,870)	(\$3,000)	(\$3,000)
<u>Costs - OA, ITSD/DSS (§208.031)</u>			
MEDES system changes p. 4-5	(\$10,500)	\$0	\$0
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$27,370)</u>	<u>(\$3,000)</u>	<u>(\$3,000)</u>
FEDERAL FUNDS			
<u>Income – DSS/FSD (§208.031)</u>			
Reimbursement for EBT changes	\$16,870	\$3,000	\$3,000
<u>Income - OA, ITSD/DSS (§208.031)</u>			
Reimbursement for MEDES system updates	\$10,500	\$0	\$0
<u>Costs – DSS/FSD (§208.031) p. 3-4</u>			
EBT Contract changes	(\$15,620)	\$0	\$0
EBT Monthly maintenance fees	(\$1,250)	(\$3,000)	(\$3,000)
Total <u>Costs – DSS/FSD</u>	(\$16,870)	(\$3,000)	(\$3,000)
<u>Costs - OA, ITSD/DSS (§208.031)</u>			
MEDES system changes p. 4-5	(\$10,500)	\$0	\$0
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 20234	FY 20245
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

This legislation may impact participating small businesses that offer prepared foods. The proposal could increase a business' customer base, but could also reduce a business' profits due to the "concessional prices" provision.

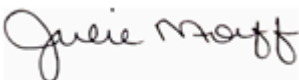
FISCAL DESCRIPTION

This act requires DSS to establish a "Restaurant Meals Program" as part of SNAP. Under this program, households containing certain elderly, disabled, or homeless individuals shall have the option, in accordance with federal law, to redeem their SNAP benefits at private establishments that contract with the Department to offer meals, including hot food and meals intended for immediate consumption, for eligible persons at concessional prices (§208.031).

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 Social Services
Missouri Department of Agriculture



Julie Morff
Director
April 26, 2022



Ross Strobe
Assistant Director
April 26, 2022