COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1141S.01I
Bill No.: SB 82
Subject: Public Assistance; Department of Social Services; Medicaid/Mo Healthnet; Children and Minors; Health Care; Department of Elementary and Secondary Education; Disabilities; Elderly; Department of Revenue; Taxation and Revenue - Income
Type: Original
Date: February 1, 2023

Bill Summary: This proposal modifies provisions relating to public assistance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2024	FY 2025	FY 2026	Fully Implemented (FY 2027)
General Revenue	Could significantly exceed ($1,011,961,253 to $1,060,689,479)	Could significantly exceed ($1,016,609,368 to $1,061,065,269)	Could significantly exceed ($1,016,730,383 to $1,061,191,756)	Could significantly exceed ($1,016,891,919 to $1,061,358,847)
Total Estimated Net Effect on General Revenue*	**Could significantly exceed ($1,011,961,253 to $1,060,689,479)**	**Could significantly exceed ($1,016,609,368 to $1,061,065,269)**	**Could significantly exceed ($1,016,730,383 to $1,061,191,756)**	**Could significantly exceed ($1,016,891,919 to $1,061,358,847)**

*Range based on waiver approvals for various programs.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2024	FY 2025	FY 2026	Fully Implemented (FY 2027)
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2024	FY 2025	FY 2026	Fully Implemented (FY 2027)
Federal	$0	$0	$0	$0
Total Estimated Net Effect on All Federal Funds*	**$0**	**$0**	**$0**	**$0**

*Income and expenses are estimated to range from $900,000 to $44 million in FY 24, then $400,000 to $1.4 million annually and net to $0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2024	FY 2025	FY 2026	Fully Implemented (FY 2027)
General Revenue	134 FTE	134 FTE	134 FTE	135 FTE
Federal	9 FTE	9 FTE	9 FTE	9 FTE
Total Estimated Net Effect on FTE	**143 FTE**	**143 FTE**	**143 FTE**	**143 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 2024	FY 2025	FY 2026	Fully Implemented (FY 2027)
Local Government	**$0**	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints relative to the complexity of this proposal, **Oversight** has performed limited analysis of agency responses. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Oversight will continue to review to determine if an updated fiscal note should be prepared.

§208.035 - Transitional benefits program for TANF, SNAP & housing assistance recipients

Officials from the **Department of Social Services (DSS, Family Support Division (FSD)** state the proposed legislation would require DSS to develop and implement a transitional benefits program for Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP) and low-income housing assistance, including those offered under Section 8.

Supplemental Nutrition Assistance Program (SNAP):

Currently, 7 CFR 273.26 and 7 CFR 273.27(a) provides states the option to provide transitional SNAP benefits to households when they become ineligible for TANF and SNAP benefits simultaneously due to excessive earned income. At this time, SNAP Transitional Benefit Alternative (TBA) could be explored for up to five months at a level equal to the SNAP benefit amount received at the time of their TANF grant termination with adjustment for the loss of the TANF income. SNAP TBA would also require an amendment to the State Plan, which would require at least 6 months for implementation.

However, the provisions of the proposed legislation creates a transitional program for all SNAP participants whose income exceeds the income maximum and requires DSS to apply for a waiver. The maximum gross income limit for SNAP eligibility is currently 130% of the Federal Poverty Level (FPL). SNAP participants become ineligible when their total gross income exceeds the 130% FPL for their household size.

FSD determined that there would be approximately 10,197 SNAP households per year eligible for transitional benefits. FSD made this determination in the following manner:

During SFY 22, there were 10,197 SNAP cases that closed due to income over 130% FPL.

The provisions of this legislation require DSS to gradually step down the beneficiary's monthly benefit proportionate to the increase in the beneficiary's income. The determination for a beneficiary's transitional benefit shall decrease by 1% for each 1% over the program's maximum allowable income, up to 300 % FPL. FSD assumes this means that for each 1% over the 130% FPL, the monthly SNAP benefits will decrease by 1% of the amount that the household was receiving at the time the household lost SNAP eligibility due to income above 130% FPL. The amount of SNAP benefits households receive when reporting income increases over 130% FPL depend on what their last verified income and household was size at the last eligibility determination.

Additionally, it is unknown how much each household that reports increases in income over 130% FPL will be over the income maximum. To determine the potential fiscal impact, FSD used the average SNAP benefit amount in SFY 2022 of $359 per household and determined that a 1% increase over 130% FPL would result in an average SNAP benefit of $355 ($359 * 0.01 = $3.59) ($359 – $3.59 = $355.41, rounded down) per month and a 99% increase over 130% FPL would result in an average SNAP benefit of $4 ($359 * 0.99 = $355.41)($359 - $355.41 = $3.59, rounded up) per month. Therefore, FSD determined that the total transitional SNAP benefits per month could range from $40,788 ($10,197 * $4 = $40,788) to $3,619,935 (10,197 * $355 = $3,619,935). **Annually, the total transitional SNAP benefits is estimated to be $489,456 ($40,788 * 12 = $489,456) to $43,439,220 ($3,619,935 * 12 = $43,439,220)**.

Because the provisions of this legislation do not outline income reporting requirements, FSD assumes individuals will be required to complete case reviews at regular intervals. FSD assumes this would result in up to four notices per year per household. Sending out additional notices to these households will result in additional mailing costs. The mailing cost at the bulk mailing rate is $0.52 per notice.

FSD estimates that the additional mailing costs will be up to $21,210 (10,197 *4 * $0.52 = $21,209.76, rounded up) per year.

Therefore, FSD estimates potential fiscal impact for §208.035 for SNAP is $510,666 ($489,456 + $21,210 = $510,666) to $43,460,430 ($43,429,220 + $21,210 = $43,460,430) in SFY 24. This legislation does not outline any time restrictions to receive the transitional benefits. Therefore, FSD assumes that the population could continue to grow each year. The growth of the population is unknown. **Therefore, the fiscal impact beginning in SFY 25 is estimated to be $510,666 – unknown.**

Temporary Assistance for Needy Families (TANF):

Currently, DSS administers a state funded transitional program for TANF cases closed for excessive earned income. This program is named the Transitional Employment Benefit (TEB). Participants can receive TEB for up to six months as long as they remain working during that time. This is authorized under the approved TANF state plan by the Administration for Children and Families (ACF). FSD assumes if the provisions of this legislation are enacted, the new transitional program will replace the TEB program.

However, the provisions of the proposed legislation creates a transitional program for all TANF participants whose income exceeds the income maximum and requires DSS to apply for a waiver.

TANF eligibility is not based on the FPL. TANF eligibility is determined by applying an income test based on a Consolidated Standard Expense. The maximum gross income for TANF is 185% of the Consolidated Standard Expense.

FSD determined there would be approximately 2,026 TANF households per year eligible for transitional benefits. FSD made this determination in the following manner:

During SFY 22, there were 2,026 TANF cases that closed due to income over the Consolidated Standard Expense.

The provisions of this legislation require DSS to gradually step down the beneficiary's monthly benefit proportionate to the increase in the beneficiary's income. The determination for a beneficiary's transitional benefit shall decrease by 1% for each 1% over the program's maximum allowable income, up to 300 % FPL. FSD assumes this means that for each 1% over the Consolidated Standard Expense for a TANF household size, the TANF benefits will decrease by 1% of the amount that the household was receiving at the time the household lost TANF eligibility due to income above the Consolidated Standard Expense. The amount of TANF benefits households receive when reporting income increases over the Consolidated Standard Expense depend on what their last verified income and household size was at the last eligibility determination.

Additionally, it is unknown how much each household that reports increases in income over the Consolidated Standard Expense will be over the income maximum. To determine the potential fiscal impact, FSD used the average TANF benefit amount in SFY 2022 of $224 per household and determined that a 1% increase over the Consolidated Standard Expense would result in an average TANF benefit of $222 ($224 * 0.01 = $2.24) ($224 – $2.24 = $221.76, rounded up) per month and a 99% increase over the Consolidated Standard Expense would result in an average TANF benefit of $2 ($224 * 0.99 = $221.76) ($224 - $221.76 = $2.24, rounded down) per month.

Therefore, FSD determined the total transitional TANF benefits per month could range from $4,052 ($2,026 * $2 = $4,052) to $449,772 (2,026 * $222 = $449,772). **Annually, the total transitional TANF benefits is estimated to be $48,624 ($4,052 * 12 = $48,624) to $5,397,264 ($449,772 *12 = $5,397,264).**

Because the provisions of this legislation do not outline income reporting requirements, FSD assumes individuals will be required to complete case reviews at regular intervals. FSD assumes that this would result in up to four notices per year per household. Sending out additional notices to these households will result in additional mailing costs. The mailing cost at the bulk mailing rate is $0.52 per notice. **FSD estimates the additional mailing costs will be up to $4,214 (2,026 *4 * $0.52 = $4,214.08, rounded down) per year.**

Therefore, FSD estimates potential fiscal impact for §208.035 for TANF is $52,838 ($48,624 + $4,214 = $52,838) to $5,401,478 ($5,397,264 + $4,214 = $5,401,478) in SFY 24. This legislation does not outline any time restrictions to receive the transitional benefits. Therefore, FSD assumes the population could continue to grow each year. The growth of the population is unknown. **Therefore, the fiscal impact beginning in SFY 25 is estimated to be $52,838 – unknown.**

SNAP and TANF:

FSD will require additional FTE to process case reviews at regular intervals as a result of the implementation of the transitional SNAP and TANF programs. FSD assumes regular intervals is defined as two case reviews per year. For the purposes of this fiscal note, FSD makes the assumption that those eligible for the SNAP transitional program that also had been receiving TANF, would also be eligible for the TANF transitional program and the reviews would be completed at the same time. FSD estimates it takes approximately 30 minutes to complete a case review for a total of 1 hour per case per year. Therefore, FSD estimates it will take 10,197 hours per year to complete case reviews of the transitional cases. Based on 2,080 working hours annually, **5 Benefit Program Technicians** (10,197/2,080 = 4.9, rounded up), **1 Benefit Program Supervisor** (5/10 = 0.5, rounded up), and **1 Program Coordinator** (1/10 = 0.1, rounded up), for a **total of up to 7 FTE** (5 + 1 + 1 = 7) are needed to implement the provisions of §208.035.

FSD currently utilizes a third party vendor to administer SNAP and TANF benefits. The current EBT vendor estimates the necessary programming changes will cost approximately $8,000 per year.

There are currently no state plan options for SNAP or TANF that would allow the state to implement the provisions of this legislation. DSS would request waivers from the Food and Nutrition Services (FNS) for SNAP and ACF for TANF. FSD assumes that if the waiver requests are not approved by the federal partners, the provisions of this legislation will not be implemented. **If it is determined that the provisions of this legislation will be implemented without waiver approval, an appropriation of General Revenue (GR) will be required to fund the program**.

FSD does not currently administer any low-income housing assistance. If FSD were to administer a transitional low-income housing assistance program as outlined in this legislation, an appropriation of General Revenue (GR) will be required to fund the program.

FSD determined the cost of administering this program in the following manner. According to the Center on Budget and Policy Priorities Missouri Federal Rental Assistance Fact Sheet, there were 96,000 Missouri households that received federal rental assistance in 2019. The state of Missouri received a total of $605 million in federal rental assistance programs in 2020. Based on this data, it is estimated that the average amount received per household was $525 ($605,000,000 total annual assistance/96,000 households/12 months = $525.17, rounded down). Because it is unknown how many households would lose eligibility for low-income housing due to increased income, FSD made the assumption that up to 20% would be eligible for a transitional low-income housing program for a total of up to 19,200 (96,000*.2). If the benefit was reduced by 2/3, the average benefit amount would be $173. The annual cost of benefits in this scenario is estimated to be $0 - $39,859,200 (19,200*173*12). However, if the benefit amount or number of individuals receiving benefits changed, this amount could change substantially.

FSD will require additional FTE to administer the transitional low-income housing assistance program. An eligibility system will be required to administer the program. FSD assumes that collaboration with housing owners, the recipients of the transitional low-income housing assistance, and agencies that administered the low-income housing assistance that was lost due to income by the recipient. It is unknown to FSD what the average amount of time spent per household to administer this program as it is not currently administered by FSD. FSD estimates that an average of 2 hours per household would be required for a total of 38,400 hours per year. Based on 2,080 working hours annually, 19 Benefit Program Specialists (38,400/2,080 = 18.46, rounded up), 2 Benefit Program Supervisors (19/10 = 1.9, rounded up), and 1 Program Coordinator (2/10 = .2, rounded up), for a total of up to 22 FTE (19=2=1 = 22) are needed to implement a transitional low-income housing assistance program.

This legislation does not outline any time restrictions to receive the transitional benefits. FSD also assumes that the population could continue to grow each year. The growth of the population is unknown. <u>There are multiple factors that are difficult to project at this time or are unknown, therefore, for fiscal purposes, we are providing an impact of $0 to (Unknown).</u>

FSD defers to OA- ITSD for system changes necessary to implement the provisions of this section.

Therefore, the total fiscal impact to FSD for the provisions in §208.035 for SNAP and TANF is $571,504 ($510,666 + $52,838 + $8,000 = $571,504) to $48,869,908 ($43,460,430 + $5,401,478 + $8,000 = $48,869,908) and 7 FTE in SFY 24. This legislation does not outline any time restrictions to receive the transitional benefits.

Therefore, FSD assumes the population could continue to grow each year. The growth of the population is unknown. Therefore, the fiscal impact beginning in SFY 25 is estimated to be $571,504 – unknown.

FSD assumes an impact of $0 to (Unknown) for the fiscal impact of creating a transitional housing benefit program.

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

Officials from the **Department of Social Services (DSS), Division of Legal Services (DLS)** state, because DLS conducts administrative hearings for the public assistance programs, the creation of new transitional programs for temporary assistance for needy families (TANF) and the supplemental nutrition assistance program (SNAP) will require additional resources for the administrative hearings unit. Based on the enrollment for these transitional programs anticipated by the Family Support Division, DLS will require one additional hearing officer to implement this legislation. This result is reached by taking FSD's enrollment estimate (5099 new cases), assuming ten percent of those cases will require an administrative hearing at some point (510 additional administrative hearings), and comparing that to a hearing officer's standard annual caseload (544 hearings each year).

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

Officials from the **Office of Administration (OA), Information Technology Services Division (ITSD)/DSS** state updates to the Family Assistance Management Information Systems (FAMIS) would be required for this section.

To include transitional benefits for the SNAP program would involve changes to the core eligibility determination process and also involve changes to the payroll process. The system needs to change the way case closings are handled today and this not only impacts the benefits processing modules, but also the downstream functionalities like Forms & Notices processes currently in place. Significant income eligibility determination changes are needed to implement the requirement to "gradually step down the beneficiary's monthly benefit proportionate to the increase in the beneficiary's income".

The same change above for the TANF program is simpler than that for SNAP and involves changing the existing transitional benefits rules.

The necessary system changes regarding transitional housing benefits are unknown. Therefore, any additional required system changes for transitional housing are not included in the current FAMIS estimate for this section.

OA, ITSD/DSS assumes every new IT project/system will be bid out because all ITSD resources are at full capacity. IT contract rates for FAMIS are estimated at $95/hour. It is assumed the necessary modifications for SNAP and TANF will require 583.20 hours for a cost of $55,404 (583.20 * $95), split 50% GR; 50 % Federal.

Therefore, the total FAMIS upgrades will cost $55,404 ($27,702 GR; $27,702 Federal) in FY 24 and ongoing costs are estimated at $11,358 ($5,679 GR; $5,679 Federal) in FY 25; $11,642 ($5,821 GR; $5,821 Federal) in FY 26 and $11,934 ($5,966 GR; $5,966 Federal) in FY 27.

Oversight does not have any information to the contrary. Because the current OA, ITSD/DSS estimate does not include the transitional housing benefit changes, Oversight will reflect the costs presented by OA, ITSD/DSS as the current estimate "..to (Unknown)" for OA, ITSD/DSS for fiscal note purposes.

§208.053 - Changes to child care and transitional child care benefits

Officials from the **Department of Elementary and Secondary Education (DESE)** state the Child Care and Development Fund (CCDF) requires that families meet the eligibility requirements as stated in 45 CFR 98.21 in order to qualify to receive child care benefits. Implementation of this bill would conflict with these regulations and would therefore require the department to use other funds (e.g. general revenue) to pay for this child care subsidy benefit.

Based on the 2020 census:

- There are approximately 217,943 children between the ages of 0 to 2 years; 149,635 children ages 3 to 4 years; and 690,022 children ages 5 to 13 years in Missouri;
- 66% of MO children have all parents in the household that work meaning that there is a need for care.

The base rate for child care in MO is:

- Children ages 0 to 2 years = $31.42/day
- Children ages 3 to 4 years = $23.18/day
- Children ages 5 to 13 years = $18.89/day

Income eligibility for Transitional Child Care Level 1 (TCC1) shall be 151 percent of poverty but not to exceed 185 percent of poverty. The Applicant shall be responsible for paying the sliding fee to the provider. DESE shall fund 80 percent of the remaining state base rate.

Income eligibility for Transitional Child Care Level 2 (TCC2) shall be 186 percent of poverty but not to exceed 215 percent of poverty. The Applicant shall be responsible for paying the sliding fee to the provider. DESE shall fund 60 percent of the remaining state base rate.

Income eligibility for Transitional Child Care Level 3 (TCC3) shall be 216 percent of poverty but not to exceed 242 percent of poverty. The Applicant shall be responsible for paying the sliding fee to the provider. DESE shall fund 50 percent of the remaining state base rate.

Methodology:
The number of children within an age range (base rate * 23 days/month) * 12 months = 100% of cost. The portion of care provided at each level is calculation based on:

TCC1: 100% of cost * 66% need for care * 10% of population (based on poverty) of children in age range * 80% portion that the state covers for care = total cost to State of Missouri

TCC2: 100% of cost * 66% need for care * 10% of population (based on poverty) of children in age range * 60% portion that the state covers for care = total cost to State of Missouri
TCC3: 100% of cost * 66% need for care x 20% of population (based on poverty) of children in age range * 50% portion that the state covers for care = total cost to State of Missouri

Traditional State Funded Subsidy	
TCC1	
Age range	
0 – 2 years	1.8B x .66 x .10 x .80 = 95M
3 – 4 years	954,000,000 x .66 x .10 x .80 = 50M
5 – 14 years	3.6B x .66 x .10 x .80 = 190M
	Total = $335M Annually
TCC2	
0 – 2 years	1.8B x .66 x .10 x .60 = 71M
3 – 4 years	954,000,000 x .66 x .10 x .60 = 38M
5 – 14 years	3.6B x .66 x .10 x .60 = 143M
	Total = $252M Annually
TCC3	
0 – 2 years	1.8B x .66 x .20 x .50 = 119M
3 – 4 years	954,000,000 x .66 x .20 x .50 = 63M
5 – 14 years	3.6B x .66 x .20 x .50 = 238M
	Total = $420M Annually
	TCC1 + TCC2 + TCC3 = $1B Annually

Adding another level of transition could more than double the number of children being served. In order to manage the increase in applications, payments and reporting for services, the Office of Childhood would need a minimum of 21 additional staff:

- Twelve (12) additional Benefit Program Technicians.
- Two (2) Administrative Support Assistants.
- Four (4) Program Coordinators.
- Two (2) Program Managers.
- One (1) data collection staff person to manage the increase in applications, payments, and reporting for services.

DESE notes there would be ongoing costs each year in order to provide the additional services. Depending on the number of families applying for the expanded subsidy services, DESE assumes there will be variations in the number served and thus the total costs of the program. The department would need at least three (3) years of data to be able to document a baseline and ongoing costs for this expanded program.

While this proposal expands access to the child care subsidy program, the lack of workforce in the child care industry has short- and long-term implications on the ability for the department to implement the increased access. Without adequate child care facility staff to work in child care programs, there will likely be waiting lists for families to receive care.

Oversight does not have information to the contrary. DESE submitted a range of FTE in their fiscal impact:

- 10 - 12 additional Benefit Program Technicians.
- 1 - 2 Administrative Support Assistants.
- 3 - 4 Program Coordinators.
- 1 - 2 Program Managers.
- 1 data collection staff person to manage the increase in applications, payments, and reporting for services.

Oversight notes there may be a shortfall of supply in relation to the demand of child care services created by this proposal, thereby limiting the overall size of the program. Therefore, Oversight will reflect the low end of the range for staffing estimates as provided by DESE as: “Could exceed ($1,435,811)” in FY 2024; “Could exceed ($1,298,060)” in FY 2025; “Could exceed ($1,319,035)” in FY 2026 and “Could exceed ($1,340,377)” in FY 2027.

Officials from the **Office of Administration (OA), Information Technology Services Division (ITSD)/DESE** state updates to the Child Care Data System (CCDS) would be required.

This bill proposal includes childcare subsidy and substantial changes to be known as "Low-Wage Trap Elimination Act" and as "Hand-Up Program", and transitional childcare benefit calculations and allowances, as well as the "state base rate". The Office of Childhood, which is part of DESE, would be affected.

OA, ITSD/DESE makes the following assumptions:

- The Office of Childhood has the jurisdiction and ability to calculate childcare subsidy benefits and rates.

- The systems and applications needed to allow the Office of Childhood to make such benefits possible, are in place and in working order according to laws and governance.

- The Missouri Department of Revenue and Missouri Department of Social Services are able to meet their requirements in the proposal, not limited to the sharing of necessary data, securely and timely. As many of the Office of Childhood systems and applications are in the process of being stood-up, it is unknown where this functionality and/or changes fit best.

- One of the many applications/systems being built for the Office of Childhood, covers the basis of the childcare subsidy program including qualifications, award, and redeterminations. These programs would be new to that application/system, currently in the vendor procurement process - Child Care Data System (CCDS).

OA, ITSD/DESE assumes every new IT project/system will be bid out because all ITSD resources are at full capacity. IT contract rates for CCDS are estimated at $95/hour. It is assumed the necessary modifications will require 1,188 hours for a cost of $112,860 (1,188 * $95) in FY 2024. Ongoing support is estimated at $23,136 in FY 2025; $23,714 in FY 2026 and $24,307 in FY 2027.

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

<u>§208.066 - One page combined application for SNAP, TANF, Child Care and MO HealthNet</u>

Officials from the **DSS, Family Support Division (FSD)** state §208.066 adds a requirement that DSS limit any application for the Supplemental Nutrition Assistance Program (SNAP), the Temporary Assistance for Needy Families program (TANF), the child care assistance program, or MO HealthNet to a one-page form that is easily accessible on the DSS website. In addition, DSS is required to cooperate with the Department of Revenue (DOR) to allow any renewal for SNAP, TANF, child care assistance, or MO HealthNet to be attached to the Missouri state tax form.

FSD administers eligibility for SNAP, TANF, Child Care Subsidy, and MO HealthNet programs. Department of Elementary and Secondary Education (DESE) administers the development of applications for the Child Care Subsidy program. FSD develops applications for the remaining programs.

FSD could create one-page applications for the SNAP and TANF programs. These forms would functionally preserve an application filing date only, as a one-page form would not capture all of the information federally required to determine eligibility for these programs. FSD would need to follow up with each applicant to obtain the required information to determine eligibility.

The federal Medicaid program has developed a single streamlined application that states are required to utilize or, subject to federal approval per 42 CFR 435.907, states may develop an alternative application that require CMS approval. The current applications for MO HealthNet programs are CMS approved alternative applications that exceed one page in length. Based on the approval process for the current applications, FSD assumes CMS would not provide approval for a one-page application for MO HealthNet programs.

DSS has consulted with a contractor to implement a combined simplified application process in Missouri for the programs identified in this legislation. This application is subject to approval and has not been approved by federal partners at this time. Upon implementation, this application will be available on the DSS website and if the provisions of this legislation are enacted, DSS will make this available for posting on the DOR website.

FSD will continue to make SNAP, TANF, Child Care Subsidy, and MO HealthNet applications available on the DSS website, as required in this legislation.

42 CFR 435.916 requires that FSD must send a pre-populated review form to all MAGI based MO HealthNet households that contains all eligibility information regarding the recipients that is known to FSD. Therefore, based on federal guidelines, MAGI based MO HealthNet review forms could not be made available on either DSS or DOR websites as required in this legislation due to the confidential information included in each pre-populated form. In addition, 42 CFR 435.916 requires that FSD must make a redetermination of eligibility without requiring information from the individual if able to do so based on available information to the agency. Before sending the pre-populated review forms to MO HealthNet participants, FSD accesses electronic data sources to attempt to complete the annual review from available information. If FSD is able to make a redetermination of eligibility based on available information, the eligibility determination is completed without requiring information from the participant and the pre-populated form is not sent out to participants. However, DSS could make a fillable MAGI review form available on the DSS and DOR websites for participants.

The Child Care Subsidy program does not allow for a periodic review of eligibility to be completed to continue eligibility. Participants **must** complete a new application at the end of the certification period.

SNAP periodic eligibility reviews are completed through a mid-certification review in the middle of the certification period. Mid-certification reviews are completed at 6 months for non-elderly and disabled households with a 12 month certification period and at 12 months for elderly and disabled households with a 24 month certification period.

TANF periodic eligibility review forms are completed once every 12 months, based on the most recent approval date.

DSS will coordinate with DOR to allow any renewal for SNAP, TANF and MO HealthNet to be attached to the Missouri state tax form. Based on discussions with DOR, FSD assumes that this legislation would apply only to mail in tax forms. FSD renewal forms will continue to be available on the DSS website for individuals to print and submit in paper form to the DOR. FSD will coordinate with DOR to receive any renewal forms that are submitted with the Missouri tax form.

Although much of the same information is collected for each program, periodic reviews for each program are based on the most recent approval date for the individual program type and are not always due at the same time. This legislation allows individuals to submit a renewal form if it is due at the same time as their state tax return. However, any individual could submit a renewal form through the process established in this legislation. Therefore, FSD may receive an additional influx of renewal forms when the periodic eligibility review form is not due. Any additional review forms received outside of the periodic eligibility review would require review of the data for any programs the individual participates in. For the periodic review forms that are due when submitted with the state tax form, DSS assumes the processing time allotted to DSS employees will lessen due to the time it will take for DOR to receive the forms, identify them, and forward them to DSS. FSD will need additional FTE to process additional review forms received with less time to complete the eligibility determination.

It is unknown how many SNAP, TANF, and MO HealthNet participants may submit the periodic eligibility review form with their Missouri state tax form. According to DOR, for the tax filing year 2021, 13% of Missouri tax filers submitted their returns via mail. For the purposes of this fiscal note, FSD applied this percentage to the total current Missouri SNAP, TANF, and Medicaid caseload as of October 2022 of 856,744 cases and estimated approximately 111,377 (856,744 * 0.13 = 111,376.72, rounded up) of the Missouri public assistance cases file tax returns by mail. FSD calculated the monthly average of 9,281 (111,377/12 = 9,281.4166, rounded down). FSD assumes individuals will submit these forms from January through April 15th of each year. Therefore, it is estimated that 0 to 32,484 (9,281 * 3.5 = 32,483.5, rounded up) may submit their periodic eligibility review form with their taxes.

For the up to 32,484 cases identified, FSD estimates it will take an average of 30 minutes per case, for a total of 16,242 hours (30 minutes * 32,484 cases = 974,520 minutes/60 minutes = 16,242 hours). Based on 2,080 working hours annually, **8 Benefit Program Technicians** (16,242/2,080 = 7.8, rounded up), **1 Benefit Program Supervisor** (8/10 = 0.08, rounded up), and **1 Program Coordinator** (1/10 = 0.1, rounded up), for a total of **up to 10 FTE** (8 + 1 + 1 =10) needed to implement the provisions of this legislation.

FSD assumes a one-time mailing cost will be incurred for a notice of changes to SNAP, TANF, and MO HealthNet programs as outlined in this response. **The mailing costs for a one-time notice for each case at the bulk mailing rate of $0.52 would be $445,507** (856,744 * $0.52 = $445,506.88, rounded up).

FSD estimates the fiscal impact will be the one-time mailing costs of $445,507 in SFY 2024 and up to 10 FTE if the provisions of this legislation are enacted.

Oversight does not have information to the contrary. Oversight notes FSD must also meet the federal regulations regarding timeliness of application and renewal processing under 7 CFR 273.2(g) for normal SNAP application/renewal processing; 7 CFR 273.2(i) for expedited SNAP application processing; and 45 CFR 201.10(a)(3) for TANF application/renewal processing. Therefore, Oversight will reflect the estimates as provided by DSS/FSD. Given the potential increased submission of applications and renewals over a brief time and the federal rules regarding timely processing, Oversight will reflect the FTE estimates and one-time mailing costs as provided by DSS/FSD.

Officials from **OA, ITSD/DSS** state updates to the FAMIS application would be required for this section.

There is no change in FAMIS for the one page initial application on the DSS website. However, there is no interface in place currently to allow a review form to be submitted with a tax return. FAMIS might have to factor in time for system changes to build a data exchange functionality with the Department of Revenue (or) this must be linked with the above one page initial application.

OA, ITSD/DSS assumes every new IT project/system will be bid out because all ITSD resources are at full capacity. IT contract rates for FAMIS are estimated at $95/hour. It is assumed the necessary modifications for this section will require 436.32 hours for a cost of $41,450 (436.32 * $95), split 50% GR; 50 % Federal.

Therefore, the FAMIS upgrades for this section will cost $41,450 ($20,725 GR; $20,725 Federal) in FY 24 and ongoing costs are estimated at $8,496 ($4,248 GR; $4,248) in FY 25; $8,710 ($4,355 GR; $4,355 Federal) in FY 26 and $8,928 ($4,464 GR; $4,464 Federal) in FY 27.

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 Revenue (DOR)** state this proposal requires the Department of Social Services (DSS) to make the initial application that clients complete to receive benefits under the SNAP, TANF, child care assistance or medical assistance or health insurance programs a one-page application form. This provision will not fiscally impact the Department of Revenue (DOR) and we defer to DSS to determine if this one page form is possible.

This proposal in Section 208.066.2 requires DSS to also make the periodic eligibility review forms for those same programs a one page form. Additionally, these one page periodic eligibility review forms are to be put on DOR's website. Adding these forms to our website will not have a fiscal impact. DOR defers to DSS to determine if this one page form is possible.

This proposal also allows the DSS clients receiving benefits under the previously listed programs to mail their periodic eligibility review forms as an attachment to their Missouri state tax form. In discussions with DSS, DOR was made aware that the periodic eligibility review forms are currently multiple pages each and that several attachments are required to be provided to DSS by the clients. Much of the information on the forms is required by the federal government. DOR notes that even if DSS makes these a one page review form, the attachments may still be required to be submitted. For purposes of the fiscal note, we will assume 3 pages for each form received (1 application page + 2 supporting document pages).

These forms are due annually when a client needs to renew their benefits as well as throughout the year if the clients have had a change in their circumstances. Per information on the DSS website, the SNAP renewal must be done 6 months after initial applications and annually thereafter, generating additional potential forms.

DSS informed us they have approximately 856,744 unique cases that receive benefits from DSS. Many of those cases have participants that receive benefits from more than one DSS programs (such as SNAP and MO HealthNet). Therefore we have the potential of receiving more than the 856,744 forms annually. We estimate that up to 5,140,464 pages of forms could potentially be sent to DOR. (856,744 clients * 3 supporting documents per renewal* 2 programs per client)

This proposal says the DSS client can attach their review form to their Missouri state tax return. DOR notes it has numerous tax forms, including individual income tax returns, withholding tax forms, individual consumer's use tax forms, sales tax refund claims, and numerous other tax forms relating to a variety of taxes. DOR assumes for fiscal note purposes only, the clients will only be allowed to submit their review forms with their individual income tax return. Should they be allowed to attach to any of our other forms this will result in additional costs not identified in this fiscal note.

This proposal implies that DOR would receive these review statements on behalf of clients and then give them to DSS. However, due to the rules established by the IRS regarding taxpayer private information and due to the confidentiality laws under Section 32.057, any documents received with a tax return are considered confidential and DOR is prohibited from sharing. It is unclear how DOR could provide these review documents to DSS or what DOR is to do with them.

Regardless of the confidentiality question, DOR will provide the fiscal impact of processing and providing these forms to DSS, for determining the fiscal impact only.

DOR receives over 3.2 million individual income tax returns annually. DOR notes that approximately 90% of those individual income tax returns are received electronically or on a scannable paper return. The Department assumes we would need to convert the DSS forms to an electronic format so we can continue to receive our documents electronically. This is estimated to cost $10,000 per form type.

Additionally, DOR will need to notify our electronic filing vendors of the need to upgrade their systems to allow for the DSS forms and attachments to be submitted. Plus DOR will need to upgrade our computer system and scanners to read these new forms. DOR's costs are estimated at $100,000 for all the upgrades.

If a customer were to attach the DSS document to an electronically filed tax return, DOR would be required to locate and print the documents out of our electronic filing system. The search would need to be done manually by a DOR employee who would have to review each page of the return in the system, looking for the DSS attachments. Then they would need to manually print off the DSS documents to be transferred to DSS. During the busy tax filing season of February to May, we would estimate needing 96 additional temporary staff ($12,750) to locate and print these documents. This would increase our annual salary costs for temps by $1,224,000 annually. Additionally, DOR would need tables ($250 each), chairs ($719 each) and computers ($1,531 each) for this staff as well as office space.

For customers who file their tax return on paper, DOR anticipates that our processing staff will pull these documents out as they open and sort the mail. This will require an increase in our average temporary staffing needs as the mail opening process will be slowed down to look through each document to discover the DSS forms and separate them for transfer to DSS. DOR estimates an additional 8 temporary mailing ($12,750) opening staff. This would increase our annual costs for temps by $102,000 annually. Additionally, DOR would need tables ($250 each), chairs ($719 each) and computers ($1,531 each) for this staff as well as office space.

We note that should taxpayers stop electronically filing their tax return and send them by paper in order to file their DSS forms, we would transfer the temporary staff to handle the load. DOR will need another 5 Associate Customer Service Representatives ($31,200) to supervise and assist the temporary employees and to handle the volume of returns once the temporary employees leave. DOR will also need computers ($1,531), chairs ($719), desks ($601) and space to put all this staff.

Additionally, we will need printers, paper and ink to print the documents for DSS. DOR contracts out for printers and ink. We are in the process of renegotiating our current contracts. We estimate the need for several more printers to handle this proposal. Additionally, we will need the paper to print all these documents. We purchase them at $41 per case based on the price of a truckload. We buy paper 840 cases at a time. Therefore this will have an estimated impact of $34,440 (840 cases * $41 per case).

DOR notes that while this proposal appears to help the clients of DSS to save postage with mailing all their state owed documents to one place, it has the potential to do more harm to the state and clients. Allowing these forms to go to DOR before DSS, will not only increase our processing times for individual income tax returns but it will slow down our issuing of refunds. Sending the documents to DOR first, may potentially result in the forms not being received by DSS prior to the constituent's benefits expiring, which would negatively impact the clients. Additionally, when the processing of the returns is slowed down, the refunds are slowed down and the potential for increased interest payments is greater. All taxpayers could be negatively impacted by delayed refund payments.

This proposal has the potential to increase confusion as to where a DSS client's forms are. Clients may call DOR's call center looking for their forms, when they have been transferred to DSS. This could impact our ability to help our taxpayers, if this generates additional calls and wait times. Additionally, should DOR be required to mail copies of the periodic review forms to taxpayers who request them from our call center staff, then we will have mailing costs. Those costs are unknown at this time.

Based on current hiring trends we anticipate difficulties in hiring the number of temporary staff needed to perform these functions. If the staffing cannot be hired then all return processing will slow down, which will delay refund processing and increase the interest payments made.

Oversight does not have information to the contrary. Oversight assumes delayed refund processing could result in a minimum of $100,000 in interest payments. Therefore, Oversight will reflect the estimates as provided by the DOR with an additional "Unknown to could exceed $100,000" annually in expenditures for this section of the proposal.

§208.247 Changes to SNAP eligibility for controlled substance felonies

Officials from **DSS, FSD** state 21 U.S.C. Section 862a(d) provides states the option to exempt any or all individuals from prohibition of SNAP eligibility required under 21 U.S.C. Section 862a. Currently, Missouri exercises the option to exempt some individuals allowed under 21 U.S.C. Section 862a(d) in 208.247 RSMo, which provides exemptions for individuals who have been convicted of a felony for drug possession or drug use if they meet certain exemption requirements. Missouri could exercise the option to exempt individuals from prohibition of SNAP eligibility based on the provisions of this legislation for those individuals convicted of any drug related felony.

The number of individuals who would be eligible for SNAP under the provisions of this legislation is unknown. Therefore, for the purposes of this fiscal note, FSD estimates an increase in SNAP benefits in the following manner:

In SFY 22, there were 163 individuals who applied for and were found ineligible for SNAP due to a drug-related felony. As of November 30, 2022, there was a total of 1,685 permanently disqualified due to a drug related felony, who are a member of a household actively receiving SNAP benefits.

In SFY 22, the average monthly SNAP benefit was $176 per person. Therefore, the FSD estimates an annual increase in SNAP benefits of $0 to $3,902,976 [1,848 (1,685 + 163) * $176 * 12 = $3,902,976].

There will be increased EBT costs to process the additional SNAP payments to recipients. The cost of EBT services to process each new SNAP case is $0.43 per month. Since the 1,685 individuals permanently disqualified are members of a household actively receiving SNAP benefits, there would not be additional costs for EBT services for these individuals. The cost would only apply to the 163 individuals who applied and were found ineligible. Therefore, the additional cost for EBT services would be $0 to $841 (163 * $0.43 monthly * 12 months = $841.08, rounded down). At this time, the additional cost for EBT services to process each new SNAP case can be absorbed in the FSD EBT Core Appropriation.

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

FSD defers to OA- ITSD for the system changes necessary to implement the provisions of this section.

Because SNAP benefits are 100% federally appropriated and funded and the cost for EBT services can be absorbed into the current appropriation, FSD will not experience a fiscal impact due to any additional SNAP benefits that may result from this legislation.

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

Officials from **OA, ITSD/DSS** state updates to the FAMIS application would be required for this section.

FAMIS has controlled substance functionality in place for the TANF program and the same infrastructure could be developed for the SNAP Program. This again is likely a major change in FAMIS. Though TANF has some of the functionality, what is being proposed now for SNAP has considerably more programs to track, more court actions to consider, more treatment options, and more recipient tracking.

Considering the level of changes involved, OA, ITSD/DSS recommends considering this change in the new system when FAMIS SNAP transitions over to MEDES, but this estimate will reflect updating FAMIS.

OA, ITSD/DSS assumes every new IT project/system will be bid out because all ITSD resources are at full capacity. IT contract rates for FAMIS are estimated at $95/hour. It is assumed the necessary modifications for this section will require 734.40 hours for a cost of $69,768 (734.40 * $95), split 50% GR; 50 % Federal.

Therefore, the FAMIS upgrades for this section will cost $69,768 ($34,884 GR; $34,884 Federal) in FY 24 and ongoing costs are estimated at $14,302 ($7,151 GR; $7,151) in FY 25; $14,660 ($7,330 GR; $7,330 Federal) in FY 26 and $15,026 ($7,513 GR; $7,513 Federal) in FY 27.

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

<u>§§570.400 and 570.404 Changes to unlawful receipt/transfer of public assistance benefits</u>

Officials from the **Department of Corrections (DOC)** state this proposal modifies provisions relating to public assistance. This bill modifies provisions to the unlawful receipt and transfer of public assistance benefits by means of sale for consideration.

The unlawful receipt of public assistance benefits is a class A misdemeanor. It is a class E felony if the face value of the benefits is $750 or more or if it is the second offense of receiving benefits of less than $750. Two or more violations is a class D felony.

The unlawful transfer of public assistance benefits is a class A misdemeanor. It is a class E felony if the face value of the benefits is $750 or more. Two or more violations is a class D felony. Any person found guilty of felony unlawful transfer of public assistance shall serve no less than 120 days in the Department of Corrections.

The bill intends to create two class E and two class D felonies.

Operational Impact

The misdemeanor offenses do not fall under the purview of DOC.

For 2 new nonviolent class E felonies, the Department estimates two people could be sentenced to prison and four to probation. The average sentence for a nonviolent class E felony offense is 3.4 years of which, 2.1 years could be served in prison with 1.4 years to first release. The remaining 1.3 years could be on parole. Probation sentences could be 3 years.

The cumulative impact on the Department is estimated to be 4 additional offenders in prison and 15 additional offenders on field supervision by FY 2027.

Change in prison admissions and probation openings with legislation-Class E Felony (nonviolent)

	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
New Admissions										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	2	2	2	2	2	2	2	2	2	2
Probation										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	4	4	4	4	4	4	4	4	4	4
Change (After Legislation - Current Law)										
Admissions	2	2	2	2	2	2	2	2	2	2
Probations	4	4	4	4	4	4	4	4	4	4
Cumulative Populations										
Prison	2	4	4	4	4	4	4	4	4	4
Parole			2	3	3	3	3	3	3	3
Probation	4	8	12	12	12	12	12	12	12	12
Impact										
Prison Population	2	4	4	4	4	4	4	4	4	4
Field Population	4	8	14	15	15	15	15	15	15	15
Population Change	**6**	**12**	**18**	**19**	**19**	**19**	**19**	**19**	**19**	**19**

For 2 new nonviolent class D felonies, the Department estimates six people could be sentenced to prison and ten to probation. The average sentence for a nonviolent class D felony offense is 5 years of which, 2.8 years could be served in prison with 1.7 years to first release. The remaining 2.2 years could be on parole. Probation sentences could be 3 years.

The cumulative impact on the Department is estimated to be 17 additional offenders in prison and 43 additional offenders on field supervision by FY 2028.

Change in prison admissions and probation openings with legislation-Class D Felony (nonviolent)

	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
New Admissions										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	6	6	6	6	6	6	6	6	6	6
Probation										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	10	10	10	10	10	10	10	10	10	10
Change (After Legislation - Current Law)										
Admissions	6	6	6	6	6	6	6	6	6	6
Probations	10	10	10	10	10	10	10	10	10	10
Cumulative Populations										
Prison	6	12	17	17	17	17	17	17	17	17
Parole			1	7	13	13	13	13	13	13
Probation	10	20	30	30	30	30	30	30	30	30
Impact										
Prison Population	6	12	17	17	17	17	17	17	17	17
Field Population	10	20	31	37	43	43	43	43	43	43
Population Change	**16**	**32**	**48**	**54**	**60**	**60**	**60**	**60**	**60**	**60**

The combined cumulative impact is estimated to be 21 additional offenders in prison and 58 additional offenders on field supervision by FY 2029, with a net population change of 79 new offenders.

Change in prison admissions and probation openings with legislation

	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
New Admissions										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	8	8	8	8	8	8	8	8	8	8
Probation										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	14	14	14	14	14	14	14	14	14	14
Change (After Legislation - Current Law)										
Admissions	8	8	8	8	8	8	8	8	8	8
Probations	14	14	14	14	14	14	14	14	14	14
Cumulative Populations										
Prison	8	16	21	21	21	21	21	21	21	21
Parole	0	0	3	10	16	16	16	16	16	16
Probation	14	28	42	42	42	42	42	42	42	42
Impact										
Prison Population	8	16	21	21	21	21	21	21	21	21
Field Population	14	28	45	52	58	58	58	58	58	58
Population Change	22	44	66	73	79	79	79	79	79	79

	# to prison	Cost per year	Total Costs for **prison**	Change in probation & parole officers	Total cost for **probation and parole**	# to probation & parole	Grand Total - Prison and Probation (includes 2% inflation)
Year 1	8	($9,499)	(63,327)	0	$0	14	(63,327)
Year 2	16	($9,499)	($155,024)	0	$0	28	($155,024)
Year 3	21	($9,499)	($207,538)	0	$0	45	($207,538)
Year 4	21	($9,499)	($211,689)	1	($87,582)	52	($299,271)
Year 5	21	($9,499)	($215,922)	1	($79,747)	58	($295,670)
Year 6	21	($9,499)	($220,241)	1	($80,603)	58	($300,844)
Year 7	21	($9,499)	($224,646)	1	($81,467)	58	($306,113)
Year 8	21	($9,499)	($229,139)	1	($82,344)	58	($311,483)
Year 9	21	($9,499)	($233,721)	1	($83,228)	58	($316,950)
Year 10	21	($9,499)	($238,396)	1	($84,124)	58	($322,520)

* If this impact statement has changed from statements submitted in previous years, it could be due to an increase/decrease in the number of offenders, a change in the cost per day for institutional offenders, and/or an increase in staff salaries.

If the projected impact of legislation is less than 1,500 offenders added to or subtracted from the department's institutional caseload, the marginal cost of incarceration will be utilized. This cost of incarceration is $26.024 per day or an annual cost of $9,499 per offender and includes such costs as medical, food, and operational E&E. However, if the projected impact of legislation is 1,500 or more offenders added or removed to the department's institutional caseload, the full cost of incarceration will be used, which includes fixed costs. This cost is $87.46 per day or an annual cost of $31,921 per offender and includes personal services, all institutional E&E, medical and mental health, fringe, and miscellaneous expenses. None of these costs include construction to increase institutional capacity.

DOC's cost of probation or parole is determined by the number of P&P Officer II positions that are needed to cover its caseload. The DOC average district caseload across the state is 51 offender cases per officer. An increase/decrease of 51 cases would result in a cost/cost avoidance equal to the salary, fringe, and equipment and expenses of one P&P Officer II. Increases/decreases smaller than 51 offender cases are assumed to be absorbable.

In instances where the proposed legislation would only affect a specific caseload, such as sex offenders, the DOC will use the average caseload figure for that specific type of offender to calculate cost increases/decreases.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DOC.

Officials from **DSS, FSD** state these sections are amended to include the sale for consideration in the definition of unlawfully receiving or transferring public assistance benefits or EBT cards.

The provisions of this legislation does not alter the eligibility criteria for any programs FSD administers. If the provisions of this legislation are enacted, FSD will cooperate with law enforcement.

Therefore, there is no fiscal impact to FSD.

Officials from **DSS, DLS** state changes for this section are not anticipated to result in a fiscal impact to DLS. The investigations unit does investigate welfare fraud-related activities and refers appropriate cases for prosecution, but the actions criminalized by these provisions are already prosecutable under other statutory provisions. Therefore, no additional resources would be required due to these changes.

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

<u>Responses regarding the proposed legislation as a whole</u>

Officials from the **Office of Administration - Budget & Planning (B&P)** state this bill has no direct impact on B&P or on general and total state revenues. The B&P states it will not impact the calculation pursuant to Article X, Section 18(e).

Officials from the **Department of Health and Senior Services (DHSS)** defer to the DSS for the potential fiscal impact of this proposal.

Oversight notes DHSS's deferral to DSS for a statement of fiscal impact; for fiscal note purposes, Oversight assumes no fiscal impact for DHSS.

Officials from the **Department of Economic Development**, the **Department of Mental Health**, the **Office of Administration (OA), and OA, Administrative Hearing Commission** 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.

<u>Rule Promulgation</u>

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 (SOS)** note 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 $5,000. 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 its 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.

FISCAL IMPACT – State Government	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2027)
GENERAL REVENUE				
Costs – DSS, FSD (§208.035) Transitional Benefits				
Personal service p. 7	($144,725)	($175,407)	($177,161)	($178,932)
Fringe benefits	($98,255)	($118,539)	($119,179)	($119,826)
Equipment and expense	($59,950)	($39,183)	($40,162)	($41,166)
SNAP additional	($10,605)	($10,605)	($10,605)	($10,605)

annual mailings p. 5				
TANF additional mailings p.7	($4,214)	($4,214)	($4,214)	($4,214)
SNAP transitional benefits pp. 4-5	$0 or Up to ($489,456 to $43,439,220)	$0 or Up to ($510,666 to Could exceed $43,439,220)	$0 or Up to ($510,666 to Could exceed $43,439,220)	$0 or Up to ($510,666 to Could exceed $43,439,220)
TANF transitional benefits pp. 5-7	Up to ($48,624 to $5,397,264)	($5,397,264 to Unknown)	($5,397,264 to Unknown)	($5,397,264 to Unknown)
EBT vendor costs p. 7	($4,000)	($4,000)	($4,000)	($4,000)
Transitional housing benefits	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
Total Costs – DSS, FSD	Could significantly exceed ($859,829 to $49,158,233)	Could significantly exceed ($5,749,212 to $49,699,098)	Could significantly exceed ($5,752,585 to $49,702,471)	Could significantly exceed ($5,756,007 to $49,705,893)
FTE Changes	3.5	3.5	3.5	3.5
FISCAL IMPACT – State Government	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2027)
Costs – DSS, DLS (§208.035) p. 9				
Personal service	($30,410)	($36,857)	($37,225)	($37,598)
Fringe benefits	($17,588)	($21,238)	($21,373)	($21,508)
Equipment and expense	($6,164)	($5,597)	($5,737)	($5,881)
Total Costs – DSS, DLS	($54,162)	($63,692)	($64,335)	($64,987)
FTE Changes	0.5	0.5	0.5	0.5
Costs – OA, ITSD/DSS	($27,702)	($5,679)	(5,821)	(5,967)

(§208.035) FAMIS updates for SNAP and TANF pp. 9-10				
Costs – DESE, Office of Childhood (§208.053) pp. 11-12	Could exceed…	Could exceed…	Could exceed…	Could exceed…
Personal service	($677,664)	($691,217)	($705,042)	($719,143)
Fringe benefits	($502,890)	($507,960)	($513,132)	($518,356)
Equipment and expense	($255,257)	($98,883)	($100,861)	($102,878)
Total Costs - DESE, Office of Childhood	Could exceed ($1,435,811)	Could exceed ($1,298,060)	Could exceed ($1,319,035)	Could exceed ($1,340,377)
FTE Changes	16 FTE	16 FTE	16 FTE	16 FTE
FISCAL IMPACT – State Government	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2027)
Costs – DESE, Office of Childhood (§208.053) Child Care Subsidy Distributions pp. 11-12	($1,007,000,000)	($1,007,000,000)	($1,007,000,000)	($1,007,000,000)
Cost – OA, ITSD/DESE p. (§208.053) Changes to CCDS pp. 12-13	($112,860 to Unknown)	($23,136 to Unknown)	($23,714 to Unknown)	($24,307 to Unknown)

Costs – DSS/FSD (§208.066) pp. 15-16	Up to…	Up to…	Up to…	
Personal service	($203,720)	($246,909)	($249,378)	($251,872)
Fringe benefits	($139,259)	($168,002)	($168,903)	($169,813)
Equipment and expense	($86,843)	($55,975)	($57,375)	($58,809)
Costs - DSS (§208.066) One-time mailing costs p. 16	($222,754)	$0	$0	$0
Total Costs - DSS/FSD	Up to ($429,822)	Up to ($470,886)	Up to ($475,656)	Up to ($480,494)
FTE Change - DSS/FSD	5	5	5	5
Costs – OA, ITSD/DSS (§208.066) FAMIS interface updates p. 16	($20,725)	($4,248)	($4,355)	($4,464)
FISCAL IMPACT – State Government	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2027)
Costs – DOR (§208.066) pp. 17-19				
Personal service (FTE)	($130,000)	($159,120)	($162,302)	($165,548)
Fringe benefits (FTE)	($113,577)	($137,460)	($138,650)	($139,865)
Equipment and expense (FTE)	($16,584)	($2,851)	($2,908)	($2,966)
Personal service (Temps)	($1,105,000)	($1,352,520)	($1,379,571)	($1,407,162)

Social Security and Medicare benefits (Temps)	($401,893)	($491,916)	($501,755)	($511,790)
Equipment and expense (Temps)	($296,199)	($59,299)	($60,484)	($61,695)
Forms and system updates pp. 17-19	($160,000)	$0	$0	$0
Paper p. 18	($28,700)	($35,129)	($35,831)	($36,548)
Printers p. 19	(Unknown)	(Unknown)	(Unknown)	(Unknown)
Postage pp. 18-19	(Unknown)	(Unknown)	(Unknown)	(Unknown)
Interest p. 19	(Unknown to could exceed $100,000)	(Unknown to could exceed $100,000)	(Unknown to could exceed $100,000)	(Unknown to could exceed $100,000)
Total Costs – DOR	(Unknown to could exceed $2,351,953)	(Unknown to could exceed $2,338,295)	(Unknown to could exceed $2,381,501)	(Unknown to could exceed $2,425,574)
FTE Change – DOR	109 FTE	109 FTE	109 FTE	109 FTE
FISCAL IMPACT – State Government	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2027)
Costs – OA, ITSD/DSS (§208.247) FAMIS felony tracking p. 20	($34,884)	($7,151)	($7,330)	($7,513)
Cost – DOC p. (§§ 570.400 and 570.404) Increase in P&P officers pp. 21-24				
Personal service	$0	$0	$0	($43,015)
Fringe benefits	$0	$0	$0	($32,151)

Equipment and expense	$0	$0	$0	($12,416)
Increased incarceration costs	($63,327)	($155,024)	($207,538)	($211,689)
Total cost - DOC	($63,327)	($155,024)	($207,538)	($299,271)
FTE Change - DOC	0 FTE	0 FTE	0 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	Could significantly exceed ($1,011,961,253 to $1,060,689,479)	Could significantly exceed ($1,016,609,368 to $1,061,065,269)	Could significantly exceed ($1,016,730,383 to $1,061,191,756)	Could significantly exceed ($1,016,891,919 to $1,061,358,847)
Estimated Net FTE Change on the General Revenue Fund	134	134	134	135
FISCAL IMPACT – State Government	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2027)
FEDERAL FUNDS				
Income – DSS, FSD (§208.035) Transitional benefits program reimbursements pp. 4-7	Could significantly exceed $806,991 to $43,756,755	Could significantly exceed $347,734 to 858,400	Could significantly exceed $351,107 to 861,773	Could significantly exceed $354,529 to $865,195
Income – DSS, DLS (§208.035) Transitional benefits	$54,162	$63,692	$64,335	$64,987

program reimbursements p. 9				
Income – OA, ITSD/DSS (§208.035) FAMIS updates for SNAP and TANF pp. 9-10	$27,702 to Unknown	$5,679 to Unknown	$5,821 to Unknown	$5,967 to Unknown
Income – DSS, FSD (§208.066) Program reimbursements pp. 15-16	Up to $652,576	Up to $470,886	Up to $475,656	Up to $480,494
Income – OA, ITSD/DSS (§208.066) Reimbursement for FAMIS interface updates p. 16	$20,725	$4,248	$4,355	$4,464
FISCAL IMPACT – State Government	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2027)
Income – OA, ITSD/DSS (§208.247) FAMIS felony tracking p. 20	$34,884	$7,151	$7,330	$7,513
Costs – DSS, FSD (§208.035) Transitional Benefits				
Personal service p. 7	($144,725)	($175,407)	($177,161)	($178,932)
Fringe benefits	($98,255)	($118,539)	($119,179)	($119,826)
Equipment and expense	($59,950)	($39,183)	($40,162)	($41,166)

SNAP additional annual mailings p. 5	($10,605)	($10,605)	($10,605)	($10,605)
SNAP transitional benefits pp. 4-5	$0 or Up to ($489,456 to $43,439,220)	$0 or Up to ($510,666 to Unknown)	$0 or Up to ($510,666 to Unknown)	$0 or Up to ($510,666 to Unknown)
EBT vendor costs p. 7	($4,000)	($4,000)	($4,000)	($4,000)
Total Costs – DSS, FSD	(Could significantly exceed $806,991 to $43,756,755)	(Could significantly exceed $347,734 to 858,400)	(Could significantly exceed $351,107 to 861,773)	(Could significantly exceed $354,529 to $865,195)
FTE Changes	3.5	3.5	3.5	3.5
FISCAL IMPACT – State Government	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2027)
Costs – DSS, DLS (§208.035) p. 9				
Personal service	($30,410)	($36,857)	($37,225)	($37,598)
Fringe benefits	($17,588)	($21,238)	($21,373)	($21,508)
Equipment and expense	($6,164)	($5,597)	($5,737)	($5,881)
Total Costs – DSS, DLS	($54,162)	($63,692)	($64,335)	($64,987)
FTE Changes	0.5	0.5	0.5	0.5
Costs – DSS/FSD	Up to…	Up to…	Up to…	

(§208.066) pp. 15-16				
Personal service	($203,720)	($246,909)	($249,378)	($251,872)
Fringe benefits	($139,259)	($168,002)	($168,903)	($169,813)
Equipment and expense	($86,843)	($55,975)	($57,375)	($58,809)
Costs - DSS (§208.066) One-time mailing costs p. 16	($222,754)	$0	$0	$0
Total Costs - DSS/FSD	Up to ($652,576)	Up to ($470,886)	Up to ($475,656)	Up to ($480,494)
FTE Change - DSS/FSD	5	5	5	5
Costs – OA, ITSD/DSS (§208.066) FAMIS interface updates p. 16	($20,725)	($4,248)	($4,355)	($4,464)
FISCAL IMPACT – State Government	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2027)
Costs – OA, ITSD/DSS (§208.247) FAMIS felony tracking p. 20	($34,884)	($7,151)	($7,330)	($7,513)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	**$0**	**$0**	**$0**	**$0**

FISCAL IMPACT – Local Government	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2027)
	$0	**$0**	**$0**	**$0**

FISCAL IMPACT – Small Business

There could be positive impact to small business child care facilities due to possible increased in enrollment in the child care subsidy.

FISCAL DESCRIPTION

This act establishes, subject to appropriations, a transitional benefits program for Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP), and low-income housing assistance, including Section 8 housing assistance through the U.S. Department of Housing and Urban Development. The transitional benefits offered shall provide for a transition to self-sufficiency while incentivizing work and financial stability. Such transitional benefits shall be designed to assist recipients of such programs whose income has exceeded the maximum allowable income for program eligibility to continue receiving reduced benefits, as described in the act. Recipients of transitional benefits shall comply with all requirements of each program for which they are eligible, including work requirements. Transitional benefits received under this act shall not be included in the lifetime limit for TANF benefits.

This act modifies provisions relating to transitional child care benefits by expanding the Hand-Up pilot program statewide for individuals whose incomes exceed the maximum allowable amount for the full child care subsidy benefit. Transitional child care benefits shall be reduced benefits determined on a sliding scale as the recipient's income increases, with the recipient paying the remainder of the fee to the child care provider. Additionally, this act removes the expiration date of the Hand-Up program.

Under this act, the Department of Social Services shall limit any initial application for SNAP, TANF, child care assistance, or any medical assistance or health insurance program to a concise, non-duplicative, and easily accessible form on the Department's website. Program participants who are required to complete a periodic eligibility review form may submit such form as an attachment to their Missouri state tax return if the eligibility review form is due at the same time as the tax return. Such eligibility forms shall also be made accessible on the Department of Revenue's website.

This act repeals provisions of law allowing for individuals convicted of certain drug offenses to participate in SNAP only if certain conditions are met. Under this act, individuals convicted of a state or federal felony drug offense shall not be excluded from SNAP for such conviction.

Finally, this act makes the unlawful receipt by sale or transfer by sale of public assistance benefits or electronic benefits transfer (EBT) cards illegal by modifying existing provisions relating to the offenses of unlawful receipt or unlawful transfer of public assistance benefits or EBT cards.

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

SOURCES OF INFORMATION

Department of Corrections
Department of Economic Development
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Mental Health
Department of Revenue
Department of Social Services
Joint Committee on Administrative Rules
Office of Administration
    Administrative Hearing Commission
    Budget & Planning
Office of the Secretary of State

Julie Morff
Director
February 1, 2023

Ross Strope
Assistant Director
February 1, 2023