

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2848S.01I  
Bill No.: SB 973  
Subject: Food; Public Assistance; Department of Social Services  
Type: Original  
Date: December 20, 2023

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
General Revenue	(\$59,263)	(\$18,000)	(\$18,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$59,263)</b>	<b>(\$18,000)</b>	<b>(\$18,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Federal*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income and expenses are estimated at \$59,000 in FY 25, \$18,000 in FY 26 and \$18,000 in FY 27 and net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### § 208.031 - Establishes a "Restaurant Meals Program" as part of SNAP

Officials from **Department of Social Services (DSS)** state [Title IV: Nutrition Subtitle A SNAP](#) (Sec. 4002), requires participating retail food stores to: (1) offer perishable goods in at least three staple food categories, and (2) provide adequate electronic benefit transfer (EBT) service. It requires participating retail food stores (including restaurants participating in a state option restaurant program intended to serve the elderly, disabled, and homeless), with certain exceptions, to pay 100% of the costs of acquiring and arranging for the implementation of EBT point-of-sale equipment and supplies. It exempts from such requirement farmers' markets and other direct-to-consumer markets, military commissaries, nonprofit food buying cooperatives, and certain establishments, organizations, programs, or group living arrangements.

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 182,527 households will be eligible to participate in the Restaurant Meals Program. FSD determined this in the following manner:

As of October 31, 2022, there were 30,160 homeless households and 152,367 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, 182,527 (30,160 + 152,367) households would be eligible to use their Electronic Benefit Transfer (EBT) card at participating retailers in the Restaurant Meals Program.

[7 CFR 278.1\(d\)\(3\)](#) 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).

FSD currently utilizes a third party vendor to administer SNAP benefits. The current EBT vendor estimates the necessary programming changes will cost approximately \$27,308 to implement and approximately \$3,000 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 for §208.031 of \$57,308 EBT Vendor expenses (\$27,308 implementation + (\$3,000\*10 months maintenance = \$30,000) = \$57,308) in SFY 26 and \$36,000 (\$3,000 \* 12 months maintenance = \$36,000) 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 **OA, ITSD/DSS** state updates to the Family Assistance Management Information Systems (FAMIS) and the Missouri Eligibility Determination and Enrollment System (MEDES) would be required.

The proposed 'Restaurant Meals Program' enables some participants to redeem SNAP benefits for meals at reduced prices at specific businesses having a contract with DSS.

The payment disbursement is handled by a third party vendor (FIS Global), and FAMIS currently provides the data to the EBT team. The direct interface is between FIS Global and the EBT team and in return, FAMIS receives data from the EBT team such as the check issuance number, date, etc. This information is then updated in the system.

At this time, the file layout between the EBT team and FIS Global does **not** include data elements that identify if a participant is differently abled or elderly. Relationship information such as spouse or parent to the card holder is not identified. The homeless population is already identified because the participant address information is currently included in the file layout.

The fiscal impact estimate for FAMIS includes changes to the interface for the data exchange, any downstream impacts such as reports and the monthly/daily payroll process which makes use of this data and will need changes.

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 \$105/hour. It is assumed the necessary modifications will require 352.08 hours for a cost of \$36,968 (352.08 \* \$105), split 50% GR; 50% Federal, in FY 25 exclusively.

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). Functions of the overall solution are in various phases ranging from design to systems integration testing (SIT). The pilot phase is currently anticipated to begin in August 2024 with full production implementation to occur in December 2024.

The SNAP program is being implemented in MEDES by eSystems. A change order and Project Assessment Quotation (PAQ) will be needed as the SNAP project is currently in the development and SIT phases. The functional design document for the electronic benefit transfer (EBT) interface has been finalized and accepted with the exception of two files. Effort will be needed for design, development and testing activities to implement the new requirements.

§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 the 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. The estimated total cost of the necessary updates is \$24,250 in FY 25 exclusively. The federal match rate will be 50%.

Therefore, the total MEDES upgrades will be split \$12,125 GR; \$12,125 Federal in FY 25 exclusively.

**Oversight** does not have any information to the contrary. Oversight notes that in response to similar legislation from the previous year (SB 313), OA, ITSD/DSS provided an estimate for changes to FAMIS with ongoing costs. At that time, the project implementation timeline provided by OA, ITSD/DSS for SNAP to be moved into MEDES was earlier with implementation anticipated to occur in February 2024 rather than December 2024. Oversight also notes that with implementation in MEDES planned for completion in 2024, ongoing costs

for FAMIS should end in 2024. Therefore, Oversight will reflect total ITSD/DSS costs of \$61,218 (\$30,609 GR; \$30,609 Federal) in FY 2025 exclusively.

Officials from the **Department of Economic Development** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

**Oversight** notes the following information from the USDA website updated December 5, 2023:

***Restaurant Meals Program:** Currently 9 states (Arizona, California, Illinois, Maryland, Massachusetts, Michigan, New York, Rhode Island and Virginia) are the only states eligible to participate. The SNAP Restaurant Meal Program is a special state-run program that allows elderly, homeless, and disabled SNAP recipients to purchase food at SNAP authorized restaurants using their SNAP EBT cards. Under the Restaurant Meals Program, participating restaurants must offer meals at concessional prices.*

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>GENERAL REVENUE FUND</b>			
<u>Costs – DSS/FSD (§208.031) p. 3-4</u>			
EBT Contract changes	(\$13,654)	\$0	\$0
EBT Monthly maintenance fees	(\$15,000)	(\$18,000)	(\$18,000)
<b>Total <u>Costs</u> – DSS/FSD</b>	<b>(\$28,654)</b>	<b>(\$18,000)</b>	<b>(\$18,000)</b>
<u>Costs - OA, ITSD/DSS (§208.031) p. 4-6</u>			
FAMIS system updates	(\$18,484)	\$0	\$0
MEDES system updates	(\$12,125)	\$0	\$0
<b>Total <u>Costs</u> – OA, ITSD/DSS</b>	<b>(\$30,609)</b>	<b>\$0</b>	<b>\$0</b>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$59,263)</u></b>	<b><u>(\$18,000)</u></b>	<b><u>(\$18,000)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income – DSS/FSD (§208.031)</u>			
Reimbursement for EBT changes p. 3-4	\$28,654	\$18,000	\$18,000
<u>Income - OA, ITSD/DSS (§208.031)</u>			
Reimbursement for FAMIS & MEDES system updates p. 4-6	\$30,609	\$0	\$0
<u>Costs – DSS/FSD (§208.031) p. 3-4</u>			
EBT Contract changes	(\$13,654)	\$0	\$0
EBT Monthly maintenance fees	(\$15,000)	(\$18,000)	(\$18,000)
<b>Total <u>Costs</u> – DSS/FSD</b>	<b>(\$28,654)</b>	<b>(\$18,000)</b>	<b>(\$18,000)</b>
<u>Costs - OA, ITSD/DSS (§208.031) p. 4-6</u>			
FAMIS system updates	(\$18,484)	\$0	\$0
MEDES system updates	(\$12,125)	\$0	\$0
<b>Total <u>Costs</u> – OA, ITSD/DSS</b>	<b>(\$30,609)</b>	<b>\$0</b>	<b>\$0</b>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<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 (§ 208.031).

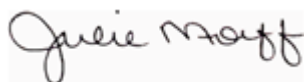
FISCAL DESCRIPTION

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).

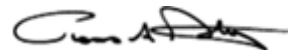
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services  
Department of Economic Development



Julie Morff  
Director  
December 20, 2023



Ross Strobe  
Assistant Director  
December 20, 2023