



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	SB0206	Title:	Establish limits on the supplemental nutrition assistance program
Primary Sponsor:	Thomas, Fred	Status:	As Introduced

- | | | |
|---|---|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>
Expenditures:				
General Fund	\$1,131,031	\$577,394	\$319,618	\$324,412
State Special Revenue	\$43,500	\$39,990	\$40,590	\$41,199
Federal Special Revenue	\$1,374,984	\$760,294	\$505,261	\$512,840
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$1,374,984	\$760,294	\$505,261	\$512,840
Net Impact-General Fund Balance:	<u><u>(\$1,131,031)</u></u>	<u><u>(\$577,394)</u></u>	<u><u>(\$319,618)</u></u>	<u><u>(\$324,412)</u></u>

Description of fiscal impact: SB 206 requires the Department of Public Health and Human Services (DPHHS) to seek a waiver from the United States Department of Agriculture (USDA) in order to establish limits on food and beverage items purchased by recipients of Supplemental Nutrition Assistant Program (SNAP) Benefits. Technology Services Division (TSD) would incur expenses as enhancements would be required to the Electronic Benefit Transfer (EBT) transaction methodology for statewide approved retailers who process SNAP benefits. In addition, the state would incur costs associated with making changes to the Combined Healthcare Information and Montana Eligibility System (CHIMES) system related to SNAP eligibility.

FISCAL ANALYSIS

Assumptions:

Department of Public Health and Human Services (DPHHS)

1. The Supplemental Nutrition Assistance Program (SNAP) is an entitlement program based on federal regulations for eligibility. Any waiver for limitations, or from work requirements, would require the approval of the USDA Food and Nutrition Services (FNS).
2. Administrative rules changes will be required to implement the requirements of this bill. The Secretary of State's office charges \$50 per page for the publication of administrative rules. Approximately 40 pages of rules necessary to enact the requirements of this bill will cost \$2,000 (40 page x \$50). This is a one-time only cost.
3. SNAP administrative costs are funded at 50% general funds and 50% federal funds.
4. Assuming the USDA FNS grants the state a waiver of limitations, changes within the SNAP eligibility system would be required as well as the creation of a new industry product offering within the closed loop system utilizing SNAP operational business rules, and WIC-like transaction authorization rules with standard card/pin authentication rules.
5. These changes within the current SNAP eligibility system would be minimal and would be included under the existing maintenance and operations services contract.
6. The creation of a new industry product offering by a vendor would require significant programming of business rules, authentication rules, and transaction authorization rules. This amount of in-depth programming work is outside the scope of the maintenance and operations services contract. The State's new EBT vendor, Solustran, estimated the cost for this work would be between \$1,900,000 and \$2,100,000.
7. This would be a one-time only cost for the development and implementation, and once the functionality is implemented, maintenance would fall under the existing maintenance and operation services contract.
8. The programming work would take an estimated 18 months to be completed, tested, accepted and implemented.
9. The cost to make the eligibility related changes in the CHIMES system is approximately \$45,000 from maintenance and operations for 350 hours of CHIMES programming.
10. The additional time to process each SNAP application is estimated to be 30 minutes in regards to resource evaluations and determinations, requesting documentation, explaining the elimination of Able Bodied Adult Without Dependents' (ABAWD) exemptions to additional applicants, etc. The department processes approximately 56,000 applications per year. The additional hours will require the equivalent of 13.5 additional Client Service Coordinators. (Salary and benefits of \$51,172 x 13.5 FTE or \$690,822 for FY 2016 and 2017). A 1.5% inflationary adjustment is applied in FY 2018 and FY 2019.
11. Of the approximately 56,000 households who receive SNAP, about one half of those will have resources that need evaluation based on the change to impose a resource test. An average of three resource related documents per household is expected to increase the time spent by centralized document processing unit staff in processing these additional documents. The additional hours will require the equivalent of approximately 1.00 additional Client Service Technician. (Salary and benefits of \$48,086 for FY 2016 and 2017). A 1.5% inflationary adjustment is applied in FY 2018 and FY 2019.
12. An estimated 33%, or 18,480, of SNAP applicants will call the DPHHS with questions or request clarification on SNAP requirements, estimated at approximately 5 minutes per call. The additional hours will require the equivalent of .75 additional Client Service Coordinators. (Salary and benefits of \$51,172 x .75 FTE or \$38,379 for FY 2016 and 2017). A 1.5% inflationary adjustment is applied in FY 2018 and FY 2019.
13. A one-time only office-setup and computer purchase is needed in FY 2016, for a total of \$46,000 (\$1,600 office set-up + \$1,275 computer = \$2,875 x 16 employees= \$46,000).
14. Annual SITSD and phone services for 16.00 employees will cost \$22,688 (\$1,112 SITSD + \$306 phone = \$1,418 x 16 = \$22,688) in FY 2016. For FY 2017 this cost will be \$17,792 (\$1,112 x 16= \$17,792). A 1.5% inflationary adjustment is applied in FY 2018 and FY 2019.
15. Annual rent for 16.00 employees will cost \$57,600 (\$3,600 per year x 16= \$57,600) for FY 2016. For FY 2017-2019 the rent cost will be \$57,600 (\$3,600 per year x 16= \$57,600). A 1.5% inflationary adjustment is applied in FY 2018 and FY 2019.

16. The cost to notify applicants in FY 2016 of the new SNAP related restrictions and updated requirements would be \$23,940 (60,000 pieces of mail to each SNAP household x \$0.399 per piece in presort rate postage).
17. Human and Community Service Division expenditures would be funded with 36.93% General Fund, 4.69% State Special Revenue and 58.38% Federal Special Revenue.

	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	15.25	15.25	15.25	15.25
<u>Expenditures:</u>				
Personal Services	\$777,287	\$777,287	\$788,946	\$800,780
Operating Expenses	\$1,772,228	\$600,392	\$76,523	\$77,671
TOTAL Expenditures	<u>\$2,549,515</u>	<u>\$1,377,679</u>	<u>\$865,469</u>	<u>\$878,451</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$1,131,031	\$577,394	\$319,618	\$324,412
State Special Revenue (02)	\$43,500	\$39,990	\$40,590	\$41,199
Federal Special Revenue (03)	\$1,374,984	\$760,294	\$505,261	\$512,840
TOTAL Funding of Exp.	<u>\$2,549,515</u>	<u>\$1,377,678</u>	<u>\$865,469</u>	<u>\$878,451</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$1,374,984	\$760,294	\$505,261	\$512,840
TOTAL Revenues	<u>\$1,374,984</u>	<u>\$760,294</u>	<u>\$505,261</u>	<u>\$512,840</u>

<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$1,131,031)	(\$577,394)	(\$319,618)	(\$324,412)
State Special Revenue (02)	(\$43,500)	(\$39,990)	(\$40,590)	(\$41,199)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Long-Term Impacts:

DPHHS

1. The number of eligible SNAP recipients will decrease due to a combination of the following:
 - a. Implementation of a resource test;
 - b. Reduction of the gross monthly income test limit federal poverty level;
 - c. Increased number of individuals subject to ABAWD requirements due to reduction of ABAWD exempt counties and parts of different tribal reservations.
2. The number of SNAP purchases will decrease due to implementation of a requirement for retailers to check a valid Montana ID at the time of purchase. (See technical note for violation of the federal Food and Nutrition Act of 2008 (As amended through P.L. 113-128, enacted July 22, 2014).
3. The number of SNAP benefits will decrease due to restrictions on the type of purchases SNAP benefits cover. (See technical note for violation of the federal law).

Technical Notes:

DPHHS

1. The federal Food and Nutrition Act of 2008 (As amended through P.L. 113-128, enacted July 22, 2014) prohibits compliance with Section 1 of this bill in regards to additional limitations on SNAP purchases.
2. Food and Nutrition Services (FNS) will deny any waiver Montana submits, as required by Section 1 of this bill, until Congress makes a change in the federal legislation regarding what are allowed SNAP purchases.
3. The federal Food and Nutrition Act of 2008 (As amended through P.L. 113-128, enacted July 22, 2014) prohibits compliance with Section 4 of this bill requiring retailers to check for a valid Montana ID at the time of purchase with an EBT card. Applicants can use SNAP benefits nationwide and there is no requirement for any type of identification at time of purchase.
4. This bill would not allow Montana to use the option of calculating counties’ regional unemployment rate for ABAWD exemption at a factor of 20% above the national unemployment (UI) rate. Limiting ABAWD exemptions to only counties/reservations with a 10% state unemployment rate reduces the number of exempt ABAWD counties/reservations and impacts SNAP recipients within those boundaries.
5. Montana may only share SNAP information if it is specifically related to the administration of the SNAP program. Section 8 does not appear to meet that criteria.

Department of Labor and Industry (DLI)

1. The methodology for determining “unemployment rate for the previous 12-month period” is not defined in the bill. If this is determined to be an annual unemployment rate, the DLI could perform the evaluation of area eligibility annually with existing staff, and little additional expenses would be incurred. However, if the 12-month period is interpreted to be a rolling evaluation timeframe, areas would have to be reevaluated for eligibility every time a new monthly unemployment rate was released. In this instance, the department could incur significant additional costs, as staff would have to re-establish eligibility monthly for each area using the most recent 12-month period.

Sponsor’s Initials

Date

Budget Director’s Initials

Date