



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2021 Biennium

Bill # HB0378

Title: Require workfare participation for SNAP recipients

Primary Sponsor: Webb, Peggy

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
Expenditures:				
General Fund	\$8,244,919	\$7,943,793	\$7,944,840	\$7,945,903
State Special Revenue	\$49,124	\$47,805	\$47,888	\$47,971
Federal Special Revenue	\$1,296,189	\$985,140	\$986,836	\$988,560
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$1,296,189	\$985,140	\$986,836	\$988,560
Net Impact-General Fund Balance:	<u>(\$8,244,919)</u>	<u>(\$7,943,793)</u>	<u>(\$7,944,840)</u>	<u>(\$7,945,903)</u>

Description of fiscal impact: HB 378 creates a new workfare program in which a recipient of supplemental nutrition assistance program (SNAP) benefits earns a portion of the recipient's allotted benefits for each hour of work performed.

FISCAL ANALYSIS

Assumptions:

Department of Public Health and Human Services (DPHHS)

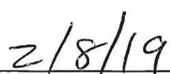
1. The average SNAP population is 117,000 individuals. Of the 117,000 individuals, 17,576 are required to meet work registration, which is 15% of the SNAP population.
2. In a workfare program, a client must report workfare hours to receive their prorated benefits. Workfare cases would require monthly review to process monthly benefits.

3. A total of 25 client service coordinators are required to support the additional work load in monthly case processing. (15 minutes per case x 17,576 = 4,394 hours per month / 172 average hours = 25 FTE)
4. The client service coordinator's salary and benefits are estimated at \$60,243 in FY 2020, \$61,271 in FY 2021, \$61,377 in FY 2022 and \$61,484 in FY 2023.
5. A Policy Specialist will be required to implement the program statewide and ensure compliance with federal regulations and perform reporting. The policy specialist salary and benefits are estimated at \$54,387 in FY 2020, \$54,947 in FY 2021, \$55,053 in FY 2022 and \$55,160 in FY 2023.
6. Operating costs associated with the new FTE are estimated at 3% of personal service costs.
7. One-time computer equipment and office furniture in FY2020 is estimated at \$72,800.
8. Additional space for the 25 Client Service Coordinators would require an additional 9,600 square feet at \$17.14 per square foot. (9,600 x \$17.14 = \$164,544).
9. Workfare participants require workers compensation coverage paid by DPHHS, which is estimated to cost \$158,755 per month or \$1,905,060 per year.
10. HCSD would be required to reimburse participants for actual costs of transportation and other actual costs. Reimbursable costs are ones that are reasonably necessary and directly related to participation in the program but do not to exceed \$25 in the aggregate per month as stated in 7 U.S. Code 2029 (d) (3). Based at 17,576 individuals at \$25/month this would amount to \$439,400/month or \$5,272,800 annually.
11. There will be one-time computer system enhancements to the eligibility system (CHIMES) to increase the functionality, which includes new screen elements to capture workfare participation details, eligibility rules to identify the population required to participate and adjust the SNAP benefit amount based on participation hours, correspondence and reports on this population.
12. The design, development, testing, and implementation is estimated to take 3,785 hours at a rate of \$150 an hour. (3,785 x \$150 = \$567,750).
13. Funding for the client service coordinators would be 34.53% general fund, 3.03% state special, and 62.44% federal funds.
14. Funding for the policy specialist wages and operating costs, workers' compensation, and reimbursement of travel costs is estimated at 100% general fund as there is no guaranteed opportunity from the federal government for 50/50 funding.
15. CHIMES updates would be funded with 50% general fund and 50% federal funds.

	<u>FY 2020 Difference</u>	<u>FY 2021 Difference</u>	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>
<u>Fiscal Impact:</u>				
FTE	26.00	26.00	26.00	26.00
<u>Expenditures:</u>				
Personal Services	\$1,560,464	\$1,586,732	\$1,589,476	\$1,592,262
Operating Expenses	\$8,029,768	\$7,390,006	\$7,390,088	\$7,390,172
TOTAL Expenditures	<u>\$9,590,232</u>	<u>\$8,976,738</u>	<u>\$8,979,565</u>	<u>\$8,982,434</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$8,244,919	\$7,943,793	\$7,944,840	\$7,945,903
State Special Revenue (02)	\$49,124	\$47,805	\$47,888	\$47,971
Federal Special Revenue (03)	\$1,296,189	\$985,140	\$986,836	\$988,560
TOTAL Funding of Exp.	<u>\$9,590,232</u>	<u>\$8,976,738</u>	<u>\$8,979,565</u>	<u>\$8,982,434</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$1,296,189	\$985,140	\$986,837	\$988,560
TOTAL Revenues	<u>\$1,296,189</u>	<u>\$985,140</u>	<u>\$986,837</u>	<u>\$988,560</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$8,244,919)	(\$7,943,793)	(\$7,944,840)	(\$7,945,903)
State Special Revenue (02)	(\$49,124)	(\$47,805)	(\$47,888)	(\$47,971)
Federal Special Revenue (03)	\$0	\$0	\$1	\$0

Technical Notes:

1. According to information provided by USDA Food and Nutrition Services there are no additional federal funds available for a workfare program.
2. At this time, DPHHS cannot determine any potential decline in SNAP enrollment nor the potential savings to the State of Montana resulting from a decrease in SNAP payments. As a result, only direct costs associated with implementation of this bill are reflected in this fiscal note.

			
<i>Sponsor's Initials</i>	<i>Date</i>	<i>Budget Director's Initials</i>	<i>Date</i>