

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5168-01
Bill No.: SB 787
Subject: Elderly; Food; Health and Senior Services Department; Public Assistance
Type: Original
Date: January 19, 2018

Bill Summary: This proposal establishes the Missouri Senior Farmers' Market Nutrition Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(\$73,795)	(\$121,969)	(\$129,345)
Total Estimated Net Effect on General Revenue	(\$73,795)	(\$121,969)	(\$129,345)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Grant income and expenditures beginning in FY20 exceed \$450,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	1	2	2
Total Estimated Net Effect on FTE	1	2	2

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§208.285 - Senior Farmers' Market Nutrition Program

Officials from the **Department of Health and Senior Services (DHSS)** state in calculating the fiscal impact, the DHSS assumes that the United States Department of Agriculture (USDA) will open their funding opportunity (currently closed) to allow Missouri to submit a Senior Farmers' Market Nutrition Program State Plan and apply for a grant under the Senior Farmer's Market Nutrition Program (SFMNP). The next SFMNP State Plans are due to the USDA by November 15, 2018. Based on information from the USDA, the earliest possibility of funding would be Federal Fiscal Year (FFY) 2020 (beginning October 1, 2019).

Based on information available on the USDA website for the SFMNP, the average grant in FFY 2017 was \$457,079 (excluding tribal grants). 7 CFR 249.12 allows for states to use 10 percent of the total award towards administrative costs to support the program with the rest of the administrative cost to be covered by the state as in-kind match. The State Agency must submit a detailed budget showing Federal and non-Federal funding used for SFMNP in our state plan. For purposes of this fiscal note, DHSS estimates 10 percent of the grant funds would be used for administrative costs with the remainder of administrative costs covered by General Revenue (GR). The remaining \$411,390 ($\$457,079 \times 10\% = \$45,708$; $\$457,059 - \$45,708 = \$411,371$, rounded up to \$411,390 for whole voucher purposes) would be used for vouchers. The voucher may not be less than \$20 per year and no more than \$50 per year. Assuming an average benefit of \$35 per participant ($\$20 + \$50 = \$70 / 2 = \35), an estimated 11,754 ($\$411,390 / \35) seniors could receive benefits from this program. DHSS assumes the vouchers will be similar to those currently utilized by the DHSS Women, Infant and Children (WIC) program.

7 CFR 249.4(a)(9) requires State agencies to submit a plan to target areas of the state with high concentrations of eligible persons and access to farmers' markets. According to the USDA, there are 257 Farmers' Markets in Missouri. DHSS would target counties with the highest population percentage of seniors receiving Food Stamps, with the greatest access to Farmers' Markets. In November 2017, 69,570 SNAP (Supplemental Nutrition Assistance Program) recipients were age 60 and over and would have been eligible for the SFMNP. Due to limited funding, DHSS will operate the program under a "first come, first serve" basis. DHSS assumes that counties where there is access to farmers' markets and at least 10% of the total population are age of 60 and over and are receiving Food Stamps would be targeted for this program. These 47 counties represent both rural and urban areas. By targeting these counties, 21,790 seniors would be eligible to participate. However, the first 11,754 to apply for the program are estimated to be served.

ASSUMPTION (continued)

DHSS estimates 21,790 applications would be sent to seniors age 60 and over receiving Food Stamps in the targeted counties. DHSS estimates postage costs to mail these applications is \$10,678 (21,790 X \$0.49). 7 CFR 249.6 requires that the certification process be at no cost to the seniors and determination of eligibility sent to the seniors within 15 day of receipt of application. The mailed application will include a return postage paid envelope to allow seniors to return their information. DHSS estimates the business reply envelopes at a cost of \$902 (\$41 per box of 1,000 envelopes X 22 boxes). DHSS will process the applications, notify applicants of their eligibility within the required fifteen (15) days, and mail vouchers to eligible participants or mail an ineligibility determination and Fair Hearing procedures when appropriate. DHSS estimates 11,754 participants will be sent approval notices and vouchers through the mail, with postage costs of \$8,228 (\$0.70 X 11,754 participants). DHSS estimates 10,036 applicants will be sent ineligibility notices and Fair Hearing procedures, with postage costs of \$4,918 (\$0.49 X 10,036 ineligible participants). The total annual postage cost is estimated to be \$24,726 (\$10,678+\$902+\$8,228+\$4,918).

7 CFR 249.10 requires State agencies to establish criteria to authorize Farmers' Markets; enter into a written agreement with each farmer/Farmer's Market which includes a description of sanctions for noncompliance with SFMNP requirements; conduct training for each farmer/Farmer's Market prior to start-up of the program; and conduct covert and overt monitoring of the farmers/Farmers' Markets. Each State agency is responsible for monitoring ten percent (10%) of farmers and ten percent (10%) of Farmers' Markets annually.

Based on information received from other states and previous administration of the program, DHSS assumes that the following staff would be needed beginning September 1, 2018, to administer this program in Missouri:

- One full-time Program Coordinator (\$50,112 annually) to develop the SFMNP State Plan for submission by November 15, 2018 and provide program oversight. The State Plan is an extensive document that provides detailed information about the program operations and procedures. The State Plan is submitted annually. Approval or denial of the State Plan is received within 30 days, but is not a guarantee of funding. Assuming funding is approved to begin an SFMNP in FFY 2020, the Program Coordinator will complete the following tasks during FFY 2019 (October 1, 2018 through September 30, 2019):
 - Development and award of a Request For Proposal (RFP) to obtain a banking service provider for SFMNP benefit processing;
 - Development of delivery method and materials for SFMNP nutrition education services;
 - Development of all training materials for the farmers' markets, roadside stands and CSA (Community Supported Agriculture) programs.

ASSUMPTION (continued)

After the development of the program, the Program Coordinator will assist the Health Program Representative III in distributing nutrition education materials for participants (7 CFR 249.9), conducting outreach, training farmers (vendors) and conduct monitoring of the farmers. The Program Coordinator will also provide program oversight to oversee vendor agreements, participants' applications, payment of the vouchers, and tracking banking and compliance information. The position will also compile the annual report as required in the state plan.

Beginning October 1, 2019, to administer this program in Missouri, the following is needed:

- One full-time Health Program Representative III (\$39,708 annually) to assist the Program Coordinator and distribute nutrition education materials for participants (7 CFR 249.9), conduct outreach, train farmers (vendors), conduct monitoring of the farmers and track compliance and sanctions, reconcile redeemed vouchers in collaboration with the banking contractor, provide program oversight; to oversee vendor agreements, participant applications, arrange for printing and distribution of the vouchers, oversee payment of the vouchers, submitting participant information to banking contractor for the SFMNP vouchers, and track banking and compliance information.

Beginning March 1, 2020, the following is needed:

- One Project Specialist (Hourly & Intermittent (H&I) employee) to assist with mailing program announcements, receiving participant applications and farmers' market applications, notifying applicants of eligibility, entering data from participant and farmer applications into the system, processing farmer applications, distributing materials for qualified vendors, and answering phone calls regarding the program from participants and vendors. The H&I staff will work 40 hours per week for 20 weeks in FY 2020 and 26 weeks in FY 2021, based on the average hourly rate for an Office Support Assistant (state contract for temporary services) at \$11.97 per hour. (FY 2020 = 20 weeks X 40 hours/week X \$11.97/hr = \$9,576; FY 2021 = 26 weeks x 40 hours/week x \$11.97/hour = \$12,449).

Solutran is the current banking contractor for the Missouri WIC program and also for Senior Farmers' Market Nutrition Programs in other states. The current contract with Solutran ends December 2018. In January 2017, Solutran provided a total estimated cost and suggested a fifteen percent increase to that estimate for services beginning in June 2020. The estimated cost is \$16,469 for 11,754 participants based on the following:

- Cost of processing the vouchers \$9,750 (65,000 vouchers x \$0.15)
- Cost of returned vouchers \$1,125 (estimated 650 vouchers x \$1.73)
- Base, set up and programming fee \$2,476
- Voucher printing- 12,000 sheets without logs - \$259.81 per thousand sheets - \$3,118

ASSUMPTION (continued)

DHSS estimates \$2,000 will be needed for printed materials that will be used to provide the participant nutrition education as required by the federal regulations of the SFMP. DHSS also estimates another \$500 will be needed for printed materials/manual used in training the authorized farmers' markets.

Oversight assumes DHSS would not need additional rental space for the single new FTE in 2019. Oversight also assumes the DHSS will not need additional rental space for the new FTE and part-time temporary employee that begin in FY 2020. However, Oversight notes, depending on the number of proposals passed during the legislative session, that cumulatively, DHSS may need additional rental space or capital improvements as determined by the Office of Administration, Facilities Management, Design and Construction.

Officials from the **Department of Social Services** and the **Joint Committee on Administrative Rules** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** state 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 \$2,500. 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 the 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
<u>Income</u> - Administrative Federal Funds	\$0	\$45,708	\$45,708
<u>Costs</u> - DHSS (§208.285)			
Personal service	(\$41,760)	(\$90,268)	(\$104,074)
Fringe benefits	(\$21,393)	(\$45,689)	(\$52,486)
Equipment and expense	(\$10,642)	(\$31,720)	(\$18,493)
Total <u>Costs</u> - DHSS	<u>(\$73,795)</u>	<u>(\$167,677)</u>	<u>(\$175,053)</u>
FTE Change - DHSS	1 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$73,795)</u>	<u>(\$121,969)</u>	<u>(\$129,345)</u>
Estimated Net FTE Change on the General Revenue Fund	1 FTE	2 FTE	2 FTE
<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
FEDERAL FUNDS			
<u>Income</u> - DHSS (§208.285)			
Grant income	\$0	\$457,078	\$457,048
<u>Costs</u> - DHSS (§208.285)			
Administrative costs	\$0	(\$45,708)	(\$45,708)
Vouchers	<u>\$0</u>	<u>(\$411,370)</u>	<u>(\$411,370)</u>
Total <u>Costs</u> - DHSS	<u>\$0</u>	<u>(\$457,078)</u>	<u>(\$457,078)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would be expected to have a positive fiscal impact on small business farmers' markets and roadside stands.

FISCAL DESCRIPTION

This act establishes the Missouri Senior Farmers' Market Nutritional Program by requiring the Department of Health and Senior Services to apply for a federal grant to provide low-income seniors with vouchers that may be exchanged for eligible foods at farmers' markets, roadside stands, and community-supported agriculture programs. Eligible seniors shall receive vouchers from designated distribution sites in their counties of residence and also be provided with a list of participating farmers, farmers' markets, roadside stands, and community-supported programs.

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 Health and Senior Services
Department of Social Services
Joint Committee on Administrative Rules
Office of Secretary of State

Ross Strobe



Acting Director
January 19, 2018