

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5168-02
Bill No.: Perfected SCS for SB 787
Subject: Agriculture Department; Elderly; Food; Public Assistance
Type: Original
Date: February 27, 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	(\$94,973)	(\$66,742)	(\$68,508)
Total Estimated Net Effect on General Revenue	(\$94,973)	(\$66,742)	(\$68,508)

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

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 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	1	1
Total Estimated Net Effect on FTE	1	1	1

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 - Missouri Senior Farmers' Market Nutrition Program

Officials from the **Department of Agriculture (AGR)** state this proposal would require the Department to hire one FTE to administer the program, a Marketing Specialist I (\$37,620 annually). The FTE will be responsible for coordinating the voucher program, monitoring the grant budget, completing the required reports, coordinating efforts with local service providers (e.g. MO Area Agencies on Aging (AAAs); MO Community Action Network (CAN)), and coordinating efforts with Farmers' Markets across the state. The fiscal note also factors in 10% of a Program Manager's time (additional \$5,700 per year). Normal equipment and expenses (E&E) costs are also necessary to support the ongoing operation of the program. The following additional costs are also essential to the program's operation:

Solutran - \$20,000

- Cost of processing checks
- Cost of returned vouchers
- Base, setup and deposit fee
- Voucher printing
- Postage
- Solutran Online Accounting Report
 - Range Reporting
 - Issuance log

3rd Party Agency - \$14,000

- Missouri AAAs or Missouri CAN
- Targeted areas based on population density and poverty levels: St. Louis, Kansas City, Greene County, and Southeast Missouri
- Perform nutrition education to participants
- Track and issue checks/vouchers to individuals
- Collect public applications and ensure qualification of each person that received Senior Farmer's Market Nutrition Program (SFMNP) assistance

Outreach/Advertising/Printing/Informational - \$10,000

- Outreach and recruitment to farmers and farmers' markets in the specific areas
- Printing and signage of the qualified vendor's booth and at the qualified farmers' market
- Website and social media outreach

ASSUMPTION (continued)

- Printing and distribution of contracts with 3rd party agencies, farmers' markets, roadside stands, CSAs (Community Supported Agriculture) and farmers
- Create and distribute an informational flier
- Creation of a map outlining the service area and proximity of the farmers, roadside stands, CSAs and farmers' markets
- Creating, printing, and distributing of brochures/flyers for 3rd party agencies to use to recruit individuals
- Printing and distribution of annual certifications
- Creating of compliance document to be used to monitor compliance
- Printing of policies to be distributed to 3rd party agencies, farmers' markets, roadside stands, CSAs and farmers

Training - \$5,000

- Design of program training for 3rd party agencies, farmers' markets, roadside stands, CSAs and farmers
- Travel involved with conducting the training, annually
- Implementation of the program training
- Printing of program training materials
- Costs of conducting annual, on-site monitoring of at least 10% of all approved outlets
- Costs of conducting annual reviews of the 3rd party agency sites
- Cost of conducting independent audits of all entities involved.

The AGR estimates the fiscal impact of this proposal to the General Revenue Fund (GR) to be \$101,471 for FY 2019; \$120,326 for FY 2020; and \$122,170 for FY 2021 for 1.1 FTE before the application of grant funds (10% of grant funds or \$23,889 annually). Net costs to GR are, therefore, estimated to be \$77,582 for FY 2019; \$96,437 for FY 2020; and \$96,281 for FY 2021.

Oversight has, for fiscal note purposes only, changed the starting salary for the Marketing Specialist I to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Oversight notes from the previous version of this proposal, the Department of Health and Senior Services stated, based on information available on the USDA website for the SFMNP, the average grant in Federal Fiscal Year (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.

ASSUMPTION (continued)

Oversight assumes the AGR would receive the average grant (\$457,079 for FFY 2017) and further assumes that 10% of the total grant, or approximately \$45,708, would be applied towards the administrative costs of the AGR to operate the program. It is assumed the remainder of the grant funds would be distributed as vouchers to qualifying seniors. Oversight will reflect a reduction in the AGR's costs of the federal grant administrative funds of \$47,708 for fiscal note purposes and the distribution of the remaining grant funds ($\$457,079 - \$47,708 = \$411,371$) as vouchers to qualifying seniors.

In addition, Oversight assumes the AGR will assign the duties of this program to a current Program Manager and will not incur additional costs except for the Marketing Specialist I FTE. However, for fiscal note purposes, Oversight assumes this cost would be allocated to the grant and be considered part of the state's in-kind match.

Officials from the **Department of Health and Senior Services**, 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> - AGR (§208.285)			
Personal service	(\$31,046)	(\$37,628)	(\$38,004)
Fringe benefits	(\$19,110)	(\$23,042)	(\$23,154)
Solutran	(\$16,667)	(\$20,500)	(\$21,013)
3rd Party Agency	(\$11,667)	(\$14,350)	(\$14,709)
Outreach / Printing	(\$8,333)	(\$10,250)	(\$10,506)
Training	(\$4,167)	(\$5,125)	(\$5,253)
Equipment and expense	<u>(\$3,983)</u>	<u>(\$1,555)</u>	<u>(\$1,577)</u>
Total <u>Costs</u> - AGR	<u>(\$94,973)</u>	<u>(\$112,450)</u>	<u>(\$114,216)</u>
FTE Change - AGR	1 FTE	1 FTE	1 FTE
 ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	 <u>(\$94,973)</u>	 <u>(\$66,742)</u>	 <u>(\$68,508)</u>
 Estimated Net FTE Change on the General Revenue Fund	 1 FTE	 1 FTE	 1 FTE
 FEDERAL FUNDS			
<u>Income</u> - AGR (§208.285)			
Grant income	\$0	\$457,079	\$457,079
<u>Costs</u> - AGR (§208.285)			
Administrative costs	\$0	(\$45,708)	(\$45,708)
Vouchers	<u>\$0</u>	<u>(\$411,371)</u>	<u>(\$411,371)</u>
Total <u>Costs</u> - AGR	<u>\$0</u>	<u>(\$457,079)</u>	<u>(\$457,079)</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 Agriculture 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 Agriculture
Department of Health and Senior Services
Department of Social Services
Joint Committee on Administrative Rules
Office of Secretary of State

Ross Strope



Acting Director
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