

## Department of Planning and Budget 2013 Fiscal Impact Statement

**1. Bill Number:** HB 1998

House of Origin    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
 Second House    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Sickles, Mark D.

**3. Committee:** Health, Welfare and Institutions

**4. Title:** Food stamps; updates obsolete references to program

**5. Summary:** The proposed legislation requires the State Board of Social Services, to the extent authorized by federal law and regulation, establish broad-based categorical eligibility for supplemental nutrition assistance under the Supplemental Nutrition Assistance Program (SNAP). In addition, the bill updates obsolete references to food stamps.

**6. Budget Amendment Necessary:** Yes

**7. Fiscal Impact Estimates:** Preliminary

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2013	-	-
2014	\$4,248,180 \$6,108,918	General Nongeneral
2015	\$3,976,718 \$5,688,973	General Nongeneral
2016	\$3,976,718 \$5,688,973	General Nongeneral
2017	\$3,976,718 \$5,688,973	General Nongeneral
2018	\$3,976,718 \$5,688,973	General Nongeneral
2019	\$3,976,718 \$5,688,973	General Nongeneral

\*Expenditure impact does not include a required local match of \$1,849,910 in the first year and \$1,723,084 in subsequent years.

**8. Fiscal Implications:** The Supplemental Nutrition Assistance Program (SNAP) provides benefits to low-income, eligible households on an electronic benefit transfer (EBT) card; benefits can then be exchanged for food at authorized retailers. Federal SNAP law provides two basic pathways for financial eligibility to the program: (1) meeting federal eligibility requirements, or (2) being automatically or “categorically” eligible for SNAP based on being eligible for other specified low-income assistance programs. In its traditional form, categorical eligibility conveys SNAP eligibility through the receipt of cash assistance from

Supplemental Security Income (SSI) or the Temporary Assistance for Needy Families (TANF) block grant. However, since the 1996 welfare reform law, states have been able to expand categorical eligibility as SNAP allows states to convey categorical eligibility based on receipt of a TANF “benefit,” not just TANF cash assistance. Since TANF block grant funds can be used by states for purposes that are not means tested, such as strengthening two parent families and preventing out of wedlock births, categorical eligibility can be conveyed through a wide range of benefits and services.

In total, 43 other states have implemented some form of what the U.S. Department of Agriculture (USDA) calls “broad-based” categorical eligibility. These states have used categorical eligibility to make all households with incomes below a state-determined income threshold eligible for SNAP benefits. States do this by providing households with a low-cost TANF-funded benefit or service that does not have an income requirement. For example, some states simply provide a brochure aimed at strengthening two parent families to confer the broad based SNAP eligibility.

The proposed legislation requires that Virginia implement broad-based categorical eligibility for SNAP to the extent authorized by federal law and regulation. The federal maximum income limit currently allowed for SNAP broad-based categorical eligibility is 200 percent of the federal poverty limit when certain conditions are met. Currently, the income limit for SNAP eligibility in Virginia is 130 percent of the federal poverty limit and the asset limit is \$2,000 (\$3,250 for households with elderly or disabled individuals). Therefore, it is assumed that the proposal would require the Board of Social Services to implement a broad-based categorical eligibility at the maximum federal income limit of 200 percent of poverty. The Department of Social Services would then implement a low-cost TANF service, such as an informational brochure, to convey SNAP eligibility.

In FY 2012, the department had 33,216 cases that were denied due to the applicants having excess income or resources. Because this legislation mandates that, “the Board shall to the extent authorized by federal law and regulations, establish broad-based categorical eligibility for supplemental nutrition assistance,” it is assumed that the maximum income limit will be increased to 200 percent of the federal poverty limit and the asset test eliminated. Based on experiences from other states that have similar legislation, it is likely that most, if not all of those denied applicants, would be eligible for SNAP as a result of this bill. Assuming 95 percent of the denied applicants are now categorically eligible for SNAP and meet the increased maximum income limit, there would be an additional 31,555 (.95\*33,216) SNAP cases annually.

The increase in cases would impact the workload of local departments of social services. Based on workload measures from the Hornsby-Zeller study, local eligibility workers should have a caseload of 224 cases. In order to keep up with the increased demand from an additional 31,555 cases, localities would need the equivalent of 141 (31,555 / 224) new local eligibility workers and 17.6 new benefit program supervisors, at a ratio of one benefit program supervisor for every eight workers. Based on average annual salaries of \$43,014 for local eligibility workers and \$55,483 for benefit program supervisors, the new staffing costs are estimated at \$11,934,902 in the first year and \$11,116,668 each year thereafter. The

staffing estimates include annual operating costs of \$7,995 per staff member for items such as supplies, telephone, rent, and personal computer costs as well as one-time cubicle costs of \$5,163 per worker in the first year. General fund staff expenses will be \$4,117,541 in the first year and \$3,835,250 in FY 2015 and each year thereafter. The totals also include a local match of \$1,849,910 the first year and \$1,723,084 each subsequent year.

The additional caseload would also increase administrative costs for the vendor's services in running the SNAP electronic benefits transfer program. Under the current contract, each SNAP case costs \$.69 per month. Adding 31,555 cases would increase annual vendor costs by \$261,277 ( $$.69 * 31,555 * 12$ ) with the expenses being split evenly between federal and general fund dollars.

Under the proposed legislation, the department would also incur costs of \$10,829 annually for printing the TANF pamphlets to give to each applicant however; it may be possible to decrease printing costs if there is a way to provide this information to online applicants through the customer portal. The TANF block grant is expected to have a one-time \$2.8 million balance in FY 2014. The anticipated balance is sufficient to cover the estimated first year costs of the pamphlets. However, projections of TANF revenue and spending for FY 2015 and beyond indicate that general fund resources would be necessary to support this legislation, as sufficient TANF balances are not expected.

**9. Specific Agency or Political Subdivisions Affected:**

Department of Social Services

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None

**Date:** 1/28/13

**Document:** G:\2013 Fiscal Year\2013 GA Session\EFIS\HB1998.docx