

Department of Planning and Budget 2017 Fiscal Impact Statement

1. Bill Number: SB810

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

2. Patron: Favola

3. Committee: Rehabilitation and Social Services

4. Title: Food stamp program; categorical eligibility.

5. Summary: Requires the State Board of Social Services to establish broad-based categorical eligibility for the food stamp program, exempting families that already qualify for certain public assistance programs from an additional financial eligibility determination for food stamp benefits.

6. Budget Amendment Necessary: Yes.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

7a. Expenditure Impact:

Fiscal Year	Dollars	Positions	Fund
2017	-	-	-
2018	3,373,050	-	General
	4,838,186	-	Nongeneral
2019	3,164,645	-	General
	4,536,150	-	Nongeneral
2020	3,164,645	-	General
	4,536,150	-	Nongeneral
2021	3,164,645	-	General
	4,536,150	-	Nongeneral
2022	3,164,645	-	General
	4,536,150	-	Nongeneral
2023	3,164,645	-	General
	4,536,150	-	Nongeneral

* Expenditure impact does not include an estimated required local match of approximately \$1,465,136 the first year, and \$1,371,505 each year thereafter.

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, forty-two 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 the period of June 2016 through September 2016, local departments of social services (LDSS) averaged 2,273 SNAP cases per month 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. Using an average of 2,273 cases per month, an annual number of denied applications of 27,276 ($2,273 \times 12$) is assumed. Assuming that 95 percent of the denied applicants are now categorically eligible for SNAP and meet the increased maximum income limit, there would be an additional 25,912 ($27,276 \times .95$) SNAP cases annually.

The increase in cases would impact the workload of local departments of social services.

The current local effort dedicated to the SNAP program is equivalent to 1,487 SNAP workers based on local Random Moment Sampling (RMS) statistics. Each of these workers manages approximately 254 cases. In order to keep up with the increased demand from an additional 25,912 cases, localities would need the equivalent of 102 ($25,912 / 254$) new local eligibility workers and 15 new benefit program supervisors, at a ratio of one benefit program supervisor for every seven workers. Based on average annual salary and benefits of \$63,956 for local eligibility workers and \$83,192 for benefit program supervisors, the new staffing costs are estimated at \$9,452,490 in the first year and \$8,848,419 each year thereafter. The staffing estimates include annual operating costs of \$9,205 per staff member for items such as supplies, telephone, rent, and personal computer costs as well as one-time costs of \$5,163 per worker in the first year. General fund staff expenses will be \$3,261,109 in the first year and \$3,052,705 in FY 2019 and each year thereafter. The totals also include a local match of \$1,465,136 the first year and \$1,371,505 each subsequent year. The additional caseload also would increase administrative costs for the vendor's services in running the SNAP electronic benefits transfer program. Under the current contract, each SNAP case costs \$.72 per month. Adding 25,912 cases would increase annual vendor costs by \$223,880 ($$.72 \times 25,912 \times 12$) with the expenses being split evenly between federal and general fund dollars.

Under the proposed legislation, the department would also incur costs of approximately \$10,000 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 anticipated TANF balance is sufficient to cover the estimated costs of the pamphlets; however, projections of TANF revenue and spending for FY 2022 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, local departments of social services

10. Technical Amendment Necessary: No.

11. Other Comments: