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FISCAL IMPACT REPORT

ORIGINAL DATE 2/12/09

SPONSOR Lujan, B. LAST UPDATED _____ HJM 14

SHORT TITLE Expand NM Food Stamp Enrollment SB _____

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$0.1	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Joint Memorial 14 urges and encourages the HSD to:

- to develop and implement additional outreach efforts to encourage all eligible low-income New Mexicans to apply for food stamp benefits; and
- to increase the use of community partners and organizations to assist with food stamp enrollment, including applying for and using available federal funding for outreach to support such outreach efforts; and
- to implement the expanded federal categorical eligibility options; and
- to increase the use of telephone eligibility interviews and further simplify the enrollment process for food stamps; and
- to provide information to all low-income comprehensive tax rebate recipients about food stamp eligibility and how to apply for food stamps in English and Spanish and to target additional outreach efforts for low-income New Mexicans; and

The HSD is also required to report to the legislative Health and Human Services Committee by its November 2009 meeting on the department's efforts and plans to enroll more food stamp clients and the results it has seen from such efforts;

FISCAL IMPLICATIONS

The DFA comments that the activities HSD is "urged" to undertake would require a commitment of significant resources. The dissemination of information to all recipients of low-income tax rebates would require an expenditure of about \$20.0 for the preparation and the delivery of a mailed notice. Likewise, telephone eligibility interviews might require the addition of staff dedicated to this purpose. Additional marketing activities for outreach and recruitment represent an additional coat. A conservative estimate is that the activities described in the Memorial would cost HSD an additional \$200.0 to fully implement. Given projected funding constraints, this could be very difficult for the agency. If additional federal funds are forthcoming for the program and federal regulations allow for the expenditure of federal funds for the purposes listed in the Memorial, the Department would be able to implement the described activities without drawing upon already scarce resources.

The HSD states that:

No appropriation is included in HJM 14; however, HSD would incur additional administrative costs for fulfilling some of the recommendations, including outreach, monitoring, and modification to the HSD automated eligibility system (ISD2) to implement some of the food stamp program changes.

HJM 14 indicates HSD be urged to implement the expanded categorical eligibility options. Printing of forms and other materials would require an estimated \$30,000 (3 million brochures at the cost of 1 cent each)

The potential cost of modifying ISD2 to incorporate the expanded federal categorical eligibility options would range anywhere from \$225,000 to \$275,000 dependent on the complexity of the rules and categories involved. This is based on a estimate of 1500 to 2500 hours that it could take to modify the system.

SIGNIFICANT ISSUES

- Low-income New Mexicans are encouraged to apply for food stamps not only to improve nutrition for New Mexico families, but also because food stamp benefits have a positive impact on New Mexico's economy.
- The federal government funds all food stamp benefits and in October 2008 alone, New Mexico's one hundred four thousand three hundred twenty-six food stamp cases generated over twenty-seven million dollars (\$27,000,000) in the local economy.
- Many low-income New Mexicans who are eligible for food stamps are not currently enrolled.
- More New Mexicans would benefit if New Mexico joined Arizona, Texas and a growing number of other states that are implementing the expanded federal categorical eligibility options; and
- Community partners and organizations can assist with food stamp enrollment.
- The New Mexico collaboration to end hunger, the food stamp working group and the governor's poverty reduction task force have set a goal of increasing participation in the food stamp program to include eighty percent of all eligible low-income New Mexicans.

The HSD states:

HJM 14 identifies activities for Food Stamp Program (FSP) participation enrollment that the department has begun to research and implement. Some of the additional recommendations would increase food stamp enrollment; and thus, bring additional federal dollars into the state. However, these recommendations to require additional administrative and fiscal costs and no appropriation is included with HJM 14.

In April 2008, the HSD Income Support Division implemented a targeted FSP outreach plan in which certain local Income Support Division County Offices were identified as having low FSP participation and a high poverty rate. These offices developed a local outreach plan to increase FSP enrollment by identifying the methods of outreach and target populations to receive special focus. The offices participating are NW Bernalillo County, Luna County, Taos County and San Juan County. Since December 2007, these four counties have experienced an immense caseload growth. The percentage increase is as follows:

NW Bernalillo County:	23.2%
Luna County:	27.5%
Taos County:	26.8%
San Juan County:	14%

Other HSD Income Support Division County offices have experienced similar growth. For example:

NE Bernalillo County:	53%
Santa Fe County:	33.9%
McKinley County:	33.9%
Sandoval County:	32.1%

The United States Department of Agriculture Food and Nutrition Services (USDA/FNS) issued the “Food Stamp Program State Activity Report for Federal Fiscal Year 2006” in February 2008. The USDA/FNS reported New Mexico’s food stamp participation rate as 71% of the eligible population in Federal Fiscal Year 2006. This percentage is based on 244,672 individuals and 99,499 cases. Data from the HSD Monthly Statistical Report (MSR) reports 268,400 individuals and 109,069 cases in December 2008. The percentage increase is 9.6% increase in both individuals and cases.

The MSR also reports the FSP caseload has increased 18.5% over the caseload in December 2007. During December 2008 the caseload was 109,069 cases or 268,400 individuals issuing \$29,000.0 in Food Stamp benefits.

HJM 14 identifies that HSD Income Support Division increase the use of community partners and organizations to assist with the food stamp enrollment. HSD is attentive to the need for increased knowledge and training of agencies continues to provide access to the FSP to New Mexican’s. However, HSD must ensure the proper training regarding the Food Stamp Program is provided. In January 2008, HSD Income Support Division provided training to the New Mexico State University Cooperative Extension nutrition educators to promote food stamp participation. The educators were trained on basic FSP

rules such as the application process, income and resource guidelines and continued eligibility. The educators were also notified when promoting food stamp participation, they are not acting as agents of the HSD and they are not to provide eligibility determinations. The Code of Federal Regulations at 7 CFR 272.4(a)(1) & (2) State agency personnel used in the certification process shall be employed in accordance with the current standards for a merit system of personnel administration or any standards later prescribed by the U.S. Civil Service Commission under section 208 of the Intergovernmental Personnel Act of 1970 and state agency employees meeting the standards shall perform the interviews required to certify or recertify households. Volunteers and other non-State agency employees shall not conduct certification interviews or certify food stamp applicants.

HJM 14 also indicates that solely federal funds are used for outreach activities which are incorrect. Outreach activities are matched by the federal government at a 50% rate. An increase in outreach activities would result in the need for further state general fund appropriations to match the 50% federal funds. Again, HJM 14 does not contain an appropriation. In SFY 08 HSD spent \$42,000 in outreach activities. Note: For example, an increase in outreach costs of \$30,000 equals \$15,000 in state general fund.

HJM 14 indicates HSD be urged to implement the expanded categorical eligibility options. HSD has agreed to study the feasibility of implementing an expanded categorical eligibility within the FSP. HSD currently has expanded categorical eligibility to households who are recipients of Temporary Assistance to Needy Families (TANF), TANF Child Care Assistance, the Transition Bonus Program as all of these programs are paid for with a minimum of 50% TANF or Maintenance of Effort (MOE) money. State agencies also have the option to further expand categorical eligibility to households receiving a non-cash benefit from programs wherein more than 50 % of the funding comes from TANF or MOE sources as long as the household's gross income does not exceed 200% of the poverty level.

The request in HJM 14 would expand categorical eligibility by eliminating the resource test for all households who are recipients of a TANF support service referral program. USDA/FNS allow states to establish or eliminate the federal resource test and adjust the gross income test up to 200% of the Federal Poverty Limit (FPL). In other words, through the expanded categorical eligibility option, the food stamp gross income limit would increase from 130% to up to 200% and no assets or resources would be considered when determining their eligibility. HSD has identified the implementation of an expanded categorical eligibility program that both increases the income eligibility limits and eliminates the resource test will require modifications to the ISD2 system, resulting in costs ranging anywhere from \$225,000 to \$275,000 dependent on the complexity of the rules and categories involved. This can be accomplished through the development of a "Support Service Referral Program" that is funded with over 50% TANF or MOE money. The program would involve providing each applicant a brochure listing support service programs. Receiving this brochure would deem the household as categorically eligible to participate in the FSP. HSD could implement an expanded categorical eligibility program that only eliminates the resource test but does not expand the income eligibility limit. This would require only minor modifications to the ISD2 system; and thus would not be very costly.

With respect to New Mexico State Food Stamp Supplement, the HSD states that:

Implementing extended categorical eligibility at 130% FPL we would qualify 8623 QMB

households for the New Mexico State Food Stamp Supplement Program at a state general fund cost of \$1,293.5 annually and 5,273 SLIMB/Q11 households to the New Mexico State Food Stamp Supplement Program with a state general fund cost \$678.0 to the state general fund, for a total \$1,917.5 annually at a minimum and up to double the amount. An additional \$4,000.0 in state general fund would need to be appropriated to the New Mexico State Food Stamp Supplement to serve these households. To limit the general fund impact the Department could exclude the elderly and disable population participating in this program from the expanded categorical eligibility program.

HJM 14 indicates HSD be urged to increase the use of telephone eligibility interviews and further simplify the FSP enrollment process. Effective August 1, 2008, HSD promulgated regulations to increase the households eligible for a telephone interview at the time of eligibility. The regulation located at 8.139.110.11D(2) NMAC states the initial office interview can be waived if requested by any household that is unable to appoint an authorized representative and who lives in a location not served by a certification office. Further 8.139.110D(3) NMAC states the office interview for food stamp households may be waived at initial application if the applicant is one of the following;

- over the age of 60;
- disabled;
- employed 20 or more hours per week;
- has a dependent child under the age of 6;
- has transportation difficulties;
- illness;
- care of a household member;
- resides in a rural area;
- prolonged severe weather;
- other hardship identified as situations warrant; as authorized by the county director.

HSD provides continued training to staff to inform applicants this option is available. HSD is also in the process of modifying the application documents to better educate applicants of this option. HSD's new regulations has resulted in an increase in the use of telephonic interviews, and the Department continues to look for additional ways to support the use of this option.

HSD has an approved USDA/FNS Waiver from USDA/FNS to conduct certain recertification interviews telephonically. HSD has operated under this waiver since February 2007.

HJM 14 also encourages HSD to provide all LICTR recipients information about food stamp eligibility and how to apply for food stamps in English and Spanish. HSD and the Taxation and Revenue Department (TRD) are proposing legislation for the 2009 Legislative Session that would allow TRD to provide information about these households to HSD for outreach purposes. Currently, TRD mails information about the FSP, including where to apply, to all New Mexicans who receive a tax refund. The information is provided in English and Spanish. HSD has to provide a flyer to TRD who inserts them in all refunds since the January of 2006. During the 2007 tax season over 300,000 flyers were distributed.

OTHER SUBSTANTIVE ISSUES

The HSD notes that it provided a response to a letter from the Food Stamp Working Group to the

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Welfare Reform Oversight Committee on October 28, 2008 regarding these same requests.
GH/mc