2007 Regular Legislative Session FISCAL ANALYSIS OF PROPOSED LEGISLATION Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 865 STATUS: A-Engrossed

SUBJECT: Directs the Department of Human Services to seek a federal waiver in order to disregard annual cost-of-living adjustments for monthly Social Security and Supplemental Security Income benefits when determining a recipient's food stamp benefits

GOVERNMENT UNIT AFFECTED: Department of Human Services

PREPARED BY: John F. Borden **REVIEWED BY:** Sheila Baker

DATE: May 2, 2007

EXPENDITURES:	2007-2009	<u>2009-2011</u>	
Department of Human Services Special Payments – Federal Funds (Nonlimited)	\$ 31,754,560	\$ 44,857,022	
REVENUES: U.S. Department of Agriculture – Food Stamps Federal Funds	\$ 31,754,560	\$ 44,857,022	
POSITIONS / FTE:	0/0.00	0/0.00	

EFFECTIVE DATE: On passage

GOVERNOR'S BUDGET: This bill is not anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: This measure directs the Department of Human Services (DHS) to seek approval from the U.S. Department of Agriculture (USDA), Food and Nutrition Service to allow DHS to enter into a demonstration project allowing Oregon to disregard cost-of-living adjustments (COLA) for Social Security and Supplemental Security Income benefits when determining a recipient's food stamp benefits. Upon USDA approval of the demonstration project, as well as federal approval of the associated increase in federal funding, DHS is to adopt temporary rules for the project. DHS is to submit the first demonstration project request to the USDA by October 1, 2007. DHS is directed to seek annual renewal of the project.

Under this measure, for each \$1 COLA adjustment the recipient would remain eligible for \$1 in food stamp benefits. Existing food stamp recipients would retain the same level of benefits that otherwise would have been lost due to higher income levels associated with COLAs.

The DHS fiscal impact assumes USDA approves both the demonstration project and the additional Federal Funds allotment prior to January 1, 2008, which it assumes would be when increased payments would begin for eligible food stamp recipients. Based on data from December 2006, DHS states that there are 74,144 food stamp recipients that received some form of Social Security payments. These recipients average monthly food stamp benefit was \$728. At an annual COLA of 3.2%, that benefit

would increase by \$23.30 per month. The total fiscal impact is therefore estimated to be \$31.8 million for 18-months of the 2005-2007 biennium and \$44.9 million for the 24-months of the 2007-2009 biennium. Food stamp benefits are 100% Federal Funds (NonLimited). The DHS fiscal impact assumes no increase in caseloads related to new applicants who may qualify for food stamps based upon their eligibility at higher levels of Social Security income.

The total amount for both biennia would be paid out to eligible food stamp recipients. DHS would retain none of the Federal Funds for program or other administrative expenses. DHS states that it would absorb the cost to redesign the Department's food stamp information system and the program that matches food stamp recipients with Social Security recipients as well as any administrative costs for the program. DHS made no estimate of the costs it would absorb. Such costs are funded with 50% General Fund and 50% Federal Funds.

This measure does not require a subsequent referral to the Joint Committee on Ways and Means. This is due to the fact that the expenditures detailed in this fiscal impact are Nonlimited Federal Funds. The Department of Administrative Services has the statutory authority to increase Nonlimited limitation for Executive Branch state agencies without legislative approval.