

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

Legislative Fiscal Note

BILL NUMBER: House Bill 1047 (Third Edition)
SHORT TITLE: Welfare Reform/Food and Nutrition Benefits.
SPONSOR(S): Representatives Jones, Blackwell, and Hager

FISCAL IMPACT					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
State Impact	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
General Fund Revenues:	\$375,572	\$35,686	\$35,686	\$35,686	\$35,686
General Fund Expenditures:	\$602,433	\$57,241	\$57,241	\$57,241	\$57,241
NET STATE IMPACT	(\$226,861)	(\$21,555)	(\$21,555)	(\$21,555)	(\$21,555)

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Division of Social Services, Food and Nutrition Services Program, Lottery Commission

EFFECTIVE DATE: Sections 2 and 6 when bill becomes law. Remainder of bill effective 6 months after bill becomes law.

TECHNICAL CONSIDERATIONS:
 Yes - See Technical Considerations Section

BILL SUMMARY:

The bill amends G.S. 18C-114(a) to allow the Lottery Commission (Commission) to provide specified information to the Department of Health and Human Services (DHHS), Division of Social Services (Division), regarding persons claiming cash prizes of \$2,250 or more.

The bill also enacts a new G.S. 18C-176, which requires the Commission to report the name, prize amount, and other available identifying information of a person claiming a cash prize of \$2,250 or more to the Division to cross check such information with applicants for, or recipients of, Food and Nutrition Services benefits. The bill requires the reporting of this information on at least a monthly basis.

Enacts a new G.S. 108A-52.1, directing DHHS to review the information received from the Lottery Commission on monthly basis and crosscheck it with applicants for, or recipients of, food and nutrition benefits. It establishes procedures and processes when an applicant or recipient hasn't report correctly excess winnings above the amount allowed for the resource limit for Food and Nutrition Services. DHHS is allowed to conduct a further review concerning fraudulent misrepresentation. Information submitted to DHHS from the Commission is confidential.

Section 2 requires the Legislative Research Commission to study the determination of eligibility and the limitation on categorical eligibility as provided in G.S. 108A and House Bill 1047. The

Legislative Research Commission is to report its findings to the 2017 Regular Session of the 2017 General Assembly upon its convening.

Enacts a new G.S. 108A-52.2, which requires disqualification for noncompliance with work requirements for food and nutrition benefits, setting out recipient disqualification periods as follows:

- 3 months for the first instance of noncompliance,
- 6 months for the second instance of noncompliance, and,
- Permanent disqualification for the third instance of noncompliance.

Noncompliance with work requirements of other federal, state, or local means-tested assistance programs disqualifies a recipient from receiving food and nutrition benefits in the same time periods as set above.

The Social Services Commission is authorized to adopt rules to implement these changes.

The Commission is required to begin providing the information required by this act one month after it becomes effective.

Savings resulting from this act can be reallocated to DHHS for services to individuals who are identified as autistic.

Finally, the bill directs DHHS to report on or before January 1, 2018 to the Joint Legislative Oversight Committee on Health and Human Services regarding:

- The number of lottery prize winners that received food and nutrition benefits,
- The number of lottery prize winners who had food and nutrition benefits eliminated as a result of this act,
- The number of benefit terminations due to lottery winnings one year prior to the effective date of the act and one year following the effective date of the act, and,
- The amount of federal savings resulting from the termination of benefits,

ASSUMPTIONS AND METHODOLOGY:

Lottery Commission

According to the Lottery Commission, there were 8,216 prizes claimed in CY 2015 that were \$2,250 or greater. Since the Lottery Commission currently collects and distributes similar information required in this bill for prizes of \$600 or greater for tax withholding purposes, this analysis assumes that there is no fiscal impact on the Lottery Commission.

Department of Health and Human Services

The fiscal impact included in this analysis is for costs to changes to the NC FAST automation system. NC FAST is the eligibility information system for the Food and Nutrition Services program. The estimated number of hours to implement the changes to NC FAST is 5,350. The Division of Social Services (DSS) reports the following assumptions:

- 1) This is a high level estimate.

- 2) Only Lottery cash prizes have been considered. Merchandise prizes were not considered for this estimate.
- 3) Given the current complexity of this update DSS estimated that they would be able to implement this in the NC FAST production system within 6 months of enactment.
- 4) The total time to implement this change is estimated to be 12 months. This includes the time needed for the rule making process, policy development, training and other business related changes. This estimated timeframe includes the 6 months referenced in item number 3 above.

SOURCES OF DATA: Lottery Commission, Division of Social Services

TECHNICAL CONSIDERATIONS: The Food and Nutrition Services benefits to recipients are 100% federally funded, therefore, any savings due to disqualifications, or due to terminations from recipients being over the resource limit for Food and Nutrition Services will accrue to the federal government and not the State. Since the savings will accrue to the federal government, there will be no savings that can be redirected to services for individuals identified as autistic.

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