

Fiscal Note

BILL # HB 2502

TITLE: SNAP; mandatory employment; training

SPONSOR: Biasiucci

STATUS: House Engrossed

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Description

The bill, as engrossed by the House, would require able-bodied adults under 60 years old that receive Supplemental Nutrition Assistance Program (SNAP) benefits to participate in the state's employment and training (E&T) program. The bill exempts certain SNAP recipients from this requirement.

Estimated Impact

We estimate that the bill would likely increase the state and federal costs of the state's E&T program. The magnitude of the increase would depend on the number of new participants and the average cost of each participant. The average cost of each participant would also depend on the design of the expanded program, which we cannot determine without a specific proposal from the agency.

We estimate that the bill could potentially result in an additional 130,600 individuals participating in the state's E&T program. However, because federal law prohibits states from disenrolling an individual from the SNAP program if the individual has good cause for not meeting work requirements such as E&T participation, the actual increase would likely be lower.

We also estimate that while there may be a decline in SNAP caseloads as a result of this bill, any caseload savings would accrue to the federal government as SNAP benefits are 100% federally funded. These savings would offset, at least partially, the federal costs of the expanded E&T program.

The Department of Economic Security (DES), which administers the state's SNAP and E&T programs, has not yet responded to our request for its estimate of the bill's fiscal impact. There may be additional administrative costs associated with implementing the requirements of the bill.

Analysis

SNAP, formerly referred to as "Food Stamps," provides low-income households with a monthly benefit that can be used toward purchasing food. SNAP benefits are funded 100% at the federal level, while the administrative costs of the program are funded 50% at federal level and 50% at the state level.

States are required to implement an E&T program that is available to SNAP recipients. These programs can offer services such as job search training, supervised job search, basic skills instruction, and career or technical education to assist recipients in finding work and moving off of SNAP. Arizona's E&T program is referred to as the SNAP Career Advancement Network, or "SNAP CAN."

While implementation of an E&T program is required by federal law, states have flexibility in determining which SNAP recipients, if any, are required to participate. The Arizona SNAP CAN program is currently entirely voluntary. However,

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under this bill, participation in SNAP CAN would be required for able-bodied adults under 60 years old. Exceptions to this requirement include those that follow existing work registration requirements, parents or guardians of a child under 6 years old or an incapacitated person, and certain students.

Approximately 9,400 individuals annually participate in SNAP CAN according to DES' state plan for the program. The current level of services administered to these participants through DES' contracted providers costs \$11.2 million, or approximately \$1,200 per participant. Additionally, as required by federal law, DES provides reimbursements for activities associated with participating in the E&T program such as child care and transportation. We estimate DES annually reimburses approximately 3,100 participants for these activities at a cost of \$2.8 million. In total, we estimate the current level of services and reimbursements costs \$14.1 million, or approximately \$1,500 per participant.

We estimate that due to the new requirements, the bill could result in SNAP CAN participation increasing by as many as 130,600 individuals. This assumes that 15% of the current SNAP caseload of 933,000 participates. This figure also backs out the 9,400 individuals currently participating in SNAP CAN. The 15% assumption is based on federal estimates of the overall proportion of work registrants within SNAP.

However, the actual increase would likely be lower than 130,600 depending on the number of individuals that have good cause for non-participation. Federal law prohibits states from disenrolling an individual from SNAP if the individual has good cause for not meeting work requirements, which includes E&T program participation. Examples of good cause include illness, household emergency, lack of transportation, or other circumstances beyond the person's control. Because SNAP CAN is voluntary, DES does not currently make good cause determinations for the purposes of participation in the program. Under this bill, however, DES would be required to begin performing these determinations.

Additionally, because federal regulators broadly provide states flexibility in designing their E&T programs, the fiscal impact will depend on how DES implements SNAP CAN under this bill. As evidence of this, the cost of mandatory E&T programs that several other states have implemented vary significantly, both in total costs and per-participant costs. *Table 1* provides details on several states that to some extent mandate participation in their E&T program.

For example, Utah is able to operate a low-cost program by focusing on supervised job search services delivered in a virtual setting. Utah's program costs \$378,600 in total with a per-participant cost of \$153. Another example is Florida, which focuses on providing basic skills instruction via online classes to those who lack literacy or numeracy and computer skills in addition to supervised job search. Florida's program serves 154,065 participants at a cost of \$68 per participant.

State	Participants	E&T Costs ^{1/}	Per-Participant Cost
Arizona ^{2/}	9,354	\$14,086,700	\$1,506
Florida	154,065	10,434,300	68
Ohio	92,466	72,104,100	780
Texas	23,814	24,057,700	1,010
Utah	2,478	378,600	153

^{1/} Includes the cost of E&T services and participant reimbursements.
^{2/} Arizona's E&T program is currently voluntary.

SOURCE: E&T Program State Plans submitted for Federal Fiscal Year (FFY) 2024.

There may be additional administrative costs associated with implementing the requirements of the bill, but we cannot estimate the magnitude of these costs. Based on an analysis in Tennessee on a similar bill, there may be administrative costs for funding additional staff and notifying SNAP recipients of the new SNAP CAN participation requirements.

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We also estimate there may be SNAP caseload savings as a result of this bill. Caseload declines could result from recipients either 1) failing to meet SNAP CAN participation requirements without good cause, which would result in their disenrollment from SNAP, or 2) increasing their income as a result of their participation in SNAP CAN, rendering them ineligible for SNAP. However, any caseload savings would accrue to the federal government as SNAP benefits are 100% federally funded. To the extent that there are savings, this would offset, at least partially, the federal costs of the expanded E&T program.

Local Government Impact

None

3/21/24