

Schuerer
Harper
Miller

SSB-1019
Human Resources
Succeeded By
SE HF 430

SENATE/HOUSE FILE
BY (PROPOSED DEPARTMENT OF HUMAN
SERVICES BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to reimbursement of retailers participating in
2 the electronic benefits transfer program through the
3 department of human services.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 234.12A, subsection 1, paragraphs b and
2 c, Code 2001, are amended to read as follows:

3 b. A retailer providing electronic funds transfer system
4 equipment for transactions pursuant to the program shall be
5 reimbursed fifteen five cents for each approved transaction
6 pursuant to the program utilizing the retailer's equipment.

7 c. A retailer that provides electronic funds transfer
8 system equipment for transactions pursuant to the program and
9 who makes cash disbursements pursuant to the program utilizing
10 the retailer's equipment shall be paid a fee of fifteen five
11 cents by the department for each cash disbursement transaction
12 by the retailer.

13 EXPLANATION

14 This bill reduces the reimbursement fee to retailers who
15 participate in the electronic benefits transfer program
16 relating to programs offered through the department of human
17 services from 15 cents per each approved transaction or each
18 cash disbursement transaction to five cents per transaction.

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1019



THOMAS J. VILSACK, GOVERNOR
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
JESSIE K. RASMUSSEN, DIRECTOR

JAN 2 2001

TO: Members of the General Assembly

FROM: Karla Fultz McHenry

The Iowa Department of Human Services (DHS) is proposing legislation relating to: The retailer fee in Section 234.12A Subsection 1, b and c, Code 2001. The proposal is to reduce the fifteen cent authorized food stamp retailer fee to five cents.

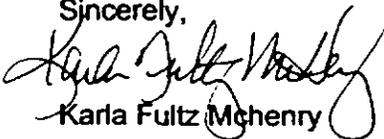
This proposed change is needed for two reasons. The department must implement an Electronic Benefit Transfer (EBT) system for the issuance of food stamp benefits by October 1, 2002. The system must be cost effective in relation to the cost of issuing food stamps because federal participation is limited to the cost of issuing food stamps. The federal government will only match up to the established cost cap for food stamp issuance.

Procurement of a vendor is currently in process. When the system is complete adequate funds must be available to pay the authorized food stamp retailer transaction fees and the vendor case month fees for the EBT issuance of benefits.

Reducing the legislated fifteen-cent authorized food stamp retailer fee to five cents would decrease the FY'02 budget need from \$222,464 to \$74,154.

For additional information regarding this proposal, or other questions, please contact Karla McHenry, Legislative Liaison, at 281-4848 or e-mail at kmchenr@dhs.state.ia.us.

Sincerely,


Karla Fultz McHenry

Referred back H-4/5/01 Human Res

FILED MAR 13 '01

SENATE FILE 430

BY COMMITTEE ON HUMAN RESOURCES

(SUCCESSOR TO SSB 1019)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to reimbursement of retailers participating in
2 the electronic benefits transfer program through the
3 department of human services.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 430

1 Section 1. Section 234.12A, subsection 1, paragraphs b and
2 c, Code 2001, are amended to read as follows:

3 b. A retailer providing electronic funds transfer system
4 equipment for transactions pursuant to the program shall be
5 reimbursed ~~fifteen~~ seven cents for each approved transaction
6 pursuant to the program utilizing the retailer's equipment.

7 c. A retailer that provides electronic funds transfer
8 system equipment for transactions pursuant to the program and
9 who makes cash disbursements pursuant to the program utilizing
10 the retailer's equipment shall be paid a fee of ~~fifteen~~ seven
11 cents by the department for each cash disbursement transaction
12 by the retailer.

13 EXPLANATION

14 This bill reduces the reimbursement fee to retailers who
15 participate in the electronic benefits transfer program
16 relating to programs offered through the department of human
17 services from 15 cents per each approved transaction or each
18 cash disbursement transaction to seven cents per transaction.

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**SENATE FILE 430
FISCAL NOTE**

A fiscal note for **Senate File 430** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 430 amends Section 234.12A, Subsection 1, Paragraphs b and c, Code of Iowa, relating to the reimbursement fee paid to retailers who participate in the Electronic Benefits Transfer (EBT) Program within the Department of Human Services. The current fee of \$.15 per transaction is reduced to \$.07 per transaction by the Bill. Retailers who currently participate in EBT are not receiving any reimbursement.

ASSUMPTIONS

1. Eighty percent of food stamp transactions occur at 20.0% of the large supermarkets which are equipped to accept debit cards.
2. The average transaction used was \$27.40 to determine the number of transactions contained in the monthly benefit issuance.
3. Participation into EBT will be a phased in throughout FY 2002. By the end of FY 2002, it is estimated that 51,500 average monthly Food Stamp cases will participate in EBT.
4. The reimbursement fees paid to retailers who participate in EBT are projected to be 100.0% State costs without any federal funding.
5. There is a federal fund cap associated with Food Stamp issuance. Costs incurred at or below this cap receive federal participation. Costs incurred above this cap receive no federal funding.

FISCAL IMPACT

The fiscal impact of Senate File 430 will result in a total cost of approximately \$205,000 for FY 2002 and \$290,000 for FY 2003 in the Family Investment Program. The total cost will require 100.0% State funding.

SOURCE

Department of Human Services

(LSB 1082SV, SJL)

FILED MARCH 19, 2001

BY DENNIS PROUTY, FISCAL DIRECTOR