



HOUSE BILL 1047: Welfare Reform/Food and Nutrition Benefits.

2016-2017 General Assembly

Committee:		Date:	June 10, 2016
Introduced by:	Reps. Jones, Blackwell, Hager	Prepared by:	Theresa Matula
Analysis of:	Second Edition		Committee Staff

SUMMARY: *House Bill 1047 requires the NC Lottery Commission to provide information on certain lottery winnings to the Division of Social Services, Department of Health and Human Services (DHHS); requires DHHS to review, on at least a monthly basis, the lottery winners and to crosscheck that information with applicants for or recipients of food and nutrition services (FNS) benefits; requires the LRC to study a limitation on categorical eligibility for FNS; and requires the Department to implement specified disqualification periods for noncompliance with work requirements for FNS benefits.*

CURRENT LAW/ SUPPLEMENTAL INFORMATION

G.S. 18C-114 outlines the powers and duties of the North Carolina State Lottery Commission

G.S. 18C-132 provides the procedures for drawings and claiming prizes; payment of prizes; protection of information concerning certain prize winners.

Food and Nutrition Services (FNS) is a federal program that provides food assistance to low-income households. Benefits are issued on Electronic Benefit Transfer (EBT) cards. Eligibility includes consideration of age and disability and is based on the following criteria: income, household composition, citizenship/immigration status, and resources. The following link provides additional information on income and resource limits: <http://www.ncdhhs.gov/assistance/low-income-services/food-nutrition-services-food-stamps>. In general, FNS recipients are certified every 6-12 months and are required to report by the 10th of the month following a month in which there is an increase in household income that causes it to exceed the 130% maximum allowable gross income limit for its household at certification. Lottery winnings would generally be considered a non-recurring lump-sum payment and the amount available is counted as a resource.

If an FNS unit member fails to comply with a work requirement, the individual is disqualified from the FNS Program for a period of time. Title 7 of the Code of Federal Regulations (CFR) § 273.7 provides work provisions related to FNS.

G.S. 108A-51 provides that the Department of Health and Human Services is the State agency responsible for supervision of the FNS program. Boards of County Commissioners through county departments of social services are responsible for administration and operation of the program.

BILL ANALYSIS: **Section 1** requires the North Carolina State Lottery Commission to report certain cash lottery winnings information to the Department of Health and Human Services, Division of Social Services, who must crosscheck that information with applicants for or recipients of food and nutrition benefits.

- **Section 1(a)** amends G.S. 18C-114(a) to require the Lottery Commission to provide information to the Department of Health and Human Services (DHHS), Division of Social Services (DSS),

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Legislative Analysis
Division
919-733-2578

House Bill 1047

Page 2

regarding persons claiming cash prizes in the amount of \$2,250 or more.

- **Section 1(b)** adds section, G.S. 18C-176, to require the Commission to provide the name, prize amount, and any other available identifying information for persons claiming a cash prize of \$2,250 or more. The information must be provided on a monthly basis to DHHS, DSS, in order to allow a crosscheck of the information with applicants for or recipients of food and nutrition benefits. An exception is granted under G.S. 18C-132(k) for a prize winner who submits to the Commission a protective order or a valid Address Confidentiality Program Authorization card, in those situations the prize winner's identifying information is treated as confidential information.
- **Section 1(c)** adds a new section, G.S. 108A-52.1, to Part 5, Article 2 of Chapter 108A, pertaining to Food and Nutrition Services requiring the Department of Health and Human Services (DHHS) to review, at least monthly, the cash lottery prize winners as provided by the Lottery Commission. DHHS is specifically required to crosscheck the information with applicants for or recipients of food and nutrition benefits. If DHHS determines that an applicant or recipient has not reported lottery winnings that exceed \$2,250, the Department is required to conduct further review to determine possible fraudulent misrepresentation.

Section 2 requires the Legislative Research Commission (LRC) to study a limitation on categorical eligibility for FNS benefits based on noncash, in-kind, or other benefit unless expressly required by federal law. Section 2 of the bill as introduced contained an amendment to G.S. 108A-52 to limit categorical eligibility, Section 2 now requires a study of this issue. The LRC is required to report findings and any proposed legislation to the 2017 Regular Session of the 2017 General Assembly.

Section 3 adds a new section, 108A-52.2, to require the DHHS to implement the following disqualification periods for noncompliance with work requirements under 7 CFR §273.7 unless prohibited by federal law:

- A three month, full household disqualification period for the first instance of noncompliance.
- A six month, full household disqualification period for the second instance of noncompliance.
- A permanent disqualification period for the third instance of noncompliance. If a recipient is subject to disqualification under this subdivision, the recipient's full household is subject to a six month disqualification period.

Federal regulations require non-exempt individuals to meet work requirements to qualify for FNS benefits. There are minimum disqualification periods under federal law for those who don't comply with work requirements but states have the option to increase the penalties for noncompliance. Section 3 increases the disqualification penalties for noncompliance with work requirements. The section further provides that a recipient of FNS benefits will also be subject to disqualification from receiving FNS benefits for failure to comply with the requirements of any other federal, State or local means-tested public assistance programs unless prohibited by federal law. The Social Services Commission is authorized to adopt rules to implement the section.

Section 4 requires the Lottery Commission to begin providing information under Section 1(b) one month after the act becomes effective.

Section 5 provides that any savings resulting from this bill may be reallocated to the DHHS for services to individuals identified as autistic, mentally ill, intellectually or developmentally delayed, or substance addicted.

EFFECTIVE DATE: Sections 2 (LRC Study) and 6 (Effective Date) of the bill become effective when the bill becomes law, the remainder of the bill is effective six months after it becomes law.

Deborah Landry, Fiscal Analyst, contributed to this summary.