



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0891.01: Provide subpoena powers to the office of inspector general

Primary Sponsor: Bill Mercer Status: As Introduced

☐ Included in the Executive Budget ☒ Needs to be included in HB 2 ☐ Significant Local Gov Impact
☐ Significant Long-Term Impacts ☐ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

| | <u>FY 2026 Difference</u> | <u>FY 2027 Difference</u> | <u>FY 2028 Difference</u> | <u>FY 2029 Difference</u> |
|-----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Expenditures | | | | |
| General Fund (01) | \$4,500 | \$4,500 | \$4,500 | \$4,500 |
| Revenues | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| Net Impact | <u>(\$4,500)</u> | <u>(\$4,500)</u> | <u>(\$4,500)</u> | <u>(\$4,500)</u> |
| General Fund Balance | | | | |

Description of fiscal impact

HB 891 establishes authority for the Department of Public Health and Human Services (DPHHS), Office of Inspector General (OIG) to issue subpoenas. Subpoenas will be delivered through local law enforcement if available. When law enforcement is unable to deliver the subpoena, OIG will utilize a physical process server, resulting in general fund costs to DPHHS.

FISCAL ANALYSIS

Assumptions

- OIG considered instances during FY 2024 that would have benefited from a subpoena. Supplemental Nutrition Assistance Program Quality Control (SNAP QC) estimates 90 cases that would have benefited from the use of a subpoena. Recipient Fraud Investigations estimates 150 cases that would have benefited from the use of a subpoena. The most common reason recipient fraud investigations were closed were to do: employers not submitting payroll or employment dates; landlords not submitting lease or household composition information.
- Subpoenas will allow the collection of pertinent information resulting in an estimate of 240 additional cases completed. (90 SNAP QC cases + 150 Recipient Fraud Investigations = 240)
- OIG assumes that 50% of local law enforcement counties may charge a fee for delivery services, an average of \$15.00 amongst the counties. This results in an estimated \$2,100 in delivery costs (120 subpoenas x \$15.00 = \$2,100)
- OIG estimates 24 subpoenas (10% of 240) will require private process servers due to law enforcement staffing limitations.
- Process servers have various fees for initial attempt, follow up attempts, out of town delivery. The average is \$100. OIG estimates \$2,400 in process server fees (\$100 * 24 = \$2,400)
- OIG anticipates an additional \$4,500 in costs, annually (\$2,100 in delivery costs + \$2,400 in process server fees).

7. Funding for the additional would be 100% general funding.
8. OIG assumes the increased case completions will result in an increase in public assistance overpayment collections. During SFY2024, approximately \$290,000 in SNAP overpayments were established due to a determination of fraud and \$120,000 collected as fraud overpayments. OIG expects to see an increase of 10% established (\$29,000) and 10% collected (\$12,000). These figures do not represent all SNAP overpayment types (Fraud, Client Error and Agency Error), nor all overpayment types (SNAP, TANF, Medicaid, LIEAP, etc). Additional collections will result from the outcome of recipient fraud investigations, but DPHHS is unable to estimate the amount of revenue.

Fiscal Analysis Table

| | <u>FY 2026</u> <u>Difference</u> | <u>FY 2027</u> <u>Difference</u> | <u>FY 2028</u> <u>Difference</u> | <u>FY 2029</u> <u>Difference</u> |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <u>Fiscal Impact</u> | | | | |
| <u>Expenditures</u> | | | | |
| Operating Expenses | \$4,500 | \$4,500 | \$4,500 | \$4,500 |
| TOTAL Expenditures | \$4,500 | \$4,500 | \$4,500 | \$4,500 |
| <u>Funding of Expenditures</u> | | | | |
| General Fund (01) | \$4,500 | \$4,500 | \$4,500 | \$4,500 |
| TOTAL Funding of Expenditures | \$4,500 | \$4,500 | \$4,500 | \$4,500 |
| <u>Revenues</u> | | | | |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u> | | | | |
| General Fund (01) | (\$4,500) | (\$4,500) | (\$4,500) | (\$4,500) |



Sponsor's Initials

4/2/25

Date



Budget Director's Initials

4/1/2025

Date