

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5441-01
Bill No.: SB 1230
Subject: Children and Minors; Family Law; Social Services Department
Type: Original
Date: April 25, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(\$21,651,250 to \$93,247,200)	(\$21,291,595 to \$96,044,616)	(\$21,933,272 to \$98,925,954)
Total Estimated Net Effect on General Revenue Fund	(\$21,651,250 to \$93,247,200)	(\$21,291,595 to \$96,044,616)	(\$21,933,272 to \$98,925,954)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. SOS is provided with core funding to handle a certain amount of normal activity resulting from each years legislative session. The fiscal impact for Administrative Rules is less than \$1,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Social Services - Children's Division (CD)** state CD provides child care assistance to low income families and those who are transitioning to self sufficiency. The program is based on need for care, which includes employment, education, job training and other work participation activities. Families must meet eligibility guidelines in order to access services. CD states Missouri's income eligibility is currently at approximately 34% of

ASSUMPTION (continued)

the state median income level which equals to 112% of the Federal Poverty Level (FPL) for a family of four.

CD states this proposal would increase the income eligibility guidelines from the current level of 112% of the FPL to 130% of the FPL, thus allowing additional eligible families access to services. Additionally, this proposal will allow families already accessing services, assuming that the term "recipients" means families already receiving assistance, to maintain eligibility until their incomes reach 185% of the FPL. CD states for eligible families whose incomes reach 130% of the FPL, the amount of child care assistance will be reduced at a proportionate rate until their incomes reach 185% of the FPL.

CD assumes this proposal will not affect CD's children who are in Alternative Care and Adoption Subsidy programs.

CD states the methodology used is based on a family of four whose yearly household income at 112% of the FPL which equal \$23,339 by April 2008. Data from the United States Census Bureau and the Department of Social Services monthly management report for Child Care Block Grant is used in determining the number of potential children and the average cost of care per child.

CD states the yearly income for a family of four at 130% of the FPL in April 2008 is projected at \$27,089. The United States Census reports Missouri has approximately 42,735 children age 0-13, whose families' income is between 112% and 130% of the FPL. The Administration for Children and Families reports that 14% of eligible families in Missouri access child care assistance. 14% of 42,735 equals 5,983 additional children who could potentially access child care assistance. The DOS assumes an average of 26,559 children whose eligibility was either lost or lapsed during FY 2004 (DOS assumes that a majority of families lost eligibility due to exceeding the current income guidelines). However the range incorporates households that may have closed for reasons other than excessive income.

The DOS monthly management report for Child Care Block Grant reports the average cost per child, based on income eligibility, for FY 05 was \$300 per month. The projected annual cost for this proposal would be \$21,538,800 (5,983 children x \$300 average cost per child per month = \$1,794,900 x 12 months = \$21,538,800) to raise the income eligibility to 130% of the FPL.

DOS assumes that 75% of the children currently losing or lapsing eligibility will remain eligible with the income guidelines increasing to 185% of the FPL. The projected annual cost for these

ASSUMPTION (continued)

children to maintain eligibility to 185% of the FPL is \$71,708,400 ($26,559 \times 75\% = 19,919 \times \$300 = \$5,975,700 \times 12 = \$71,708,400$).

The total projected annual program cost in FY07 for this proposal is (\$21,538,800-\$94,134,751). The projected cost does not include any cumulative costs for year two and three which is difficult to predict at this time.

Staffing:

Current caseload standards indicate an average of 220 child care cases are managed for one FTE. Based on the number of new children becoming eligible, the number of potential cases to be managed is 3,323 (5,983 children divided by 1.8 average children per household). Based on the current child care caseload standard, this legislation will require an additional 15 Caseworker FTE's (3,323 divided by 220).

In addition, 2 IM Supervisor I's ($15 \div 10 = 1.5$ or 2) will be needed based on the 10:1 ratio of IM Caseworkers to IM Supervisor I's.

15 new Caseworkers + 2 IM Supervisor I's = 17 professional staff. The ratio of professional staff to office support staff is 6:1, therefore 3 Office Support Assistants ($17 \div 6=2.83$) will also be needed to support the 17 professional staff.

Oversight has, for fiscal note purposes only, changed the starting salary for the DOS positions to correspond to the first step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Variables that cannot be factored into this projection are the fluctuation in caseload growth and average cost per child. In addition, there will be cost associated to required programming changes to the FAMIS automated computer system. Another factor that could help slightly mitigate cost is the level of payment required by the parent.

FISCAL IMPACT - State Government FY 2007 FY 2008 FY 2009
 (10 Mo.)

GENERAL REVENUE

Costs- Department of Social Services - Children's Division

Personal Service (20 FTE)	(\$424,850)	(\$511,323)	(\$524,106)
Fringe Benefits	(\$187,189)	(\$225,289)	(\$230,921)
Expense and equipment	(\$207,758)	(\$50,027)	(\$51,528)
Child care subsidy	<u>(\$20,651,250 to</u>	<u>(\$21,291,595 to</u>	<u>(\$21,933,272 to</u>
	<u>\$93,247,200)</u>	<u>\$96,044,616)</u>	<u>\$98,925,954)</u>

ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$21,471,047 to</u>	<u>(\$22,078,234 to</u>	<u>(\$22,739,827 to</u>
	<u>\$94,066,997)</u>	<u>\$96,831,255)</u>	<u>\$99,732,509)</u>

FISCAL IMPACT - Local Government FY 2007 FY 2008 FY 2009
 (10 Mo.)

\$0 \$0 \$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

The Children's Division within the Department of Social Services shall develop rules to become effective by July 1, 2007, modifying the income eligibility criteria for receipt of child care subsidy benefits for a child care provider. A child care provider will receive the following benefits:

- full child care subsidy benefits for children whose family income based on the number of dependents is one hundred and thirty percent of the federal poverty level;
- for family incomes between 130 percent and 185 percent of the federal poverty level, child care provider shall receive subsidy benefits reduced proportionately based on income in excess of 130 percent of the federal poverty level for the applicable family size;

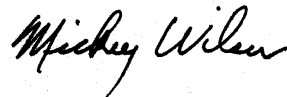
DESCRIPTION (continued)

-No subsidy benefit for incomes in excess of 185 percent of the federal poverty level.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Secretary of State
Department of Social Services



Mickey Wilson, CPA
Director
April 24, 2006