

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4641-01
Bill No.: SB 1106
Subject: Children and Minors; Department of Social Services; Boards, Commissions, Committees
Type: Original
Date: March 31, 2008

Bill Summary: This legislation modifies provisions relating to child abuse investigations.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	\$0	(\$13,587,139)	(\$15,687,139)
Total Estimated Net Effect on General Revenue Fund	\$0	(\$13,587,139)	(\$15,687,139)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services, Missouri State Highway Patrol, Office of the State Courts Administrator, Department of Corrections** and the **Department of Public Safety** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Office of the Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

In response to a similar proposal from this year (SB 776), officials from the **Department of Social Services (DSS)** state for the projection of fiscal impact, the Children's Division (CD) is breaking the additional eligibles into the following groups:

- a) Recipients up to 130%. These individuals would receive full benefits.
- b) Transitional group. Individuals currently receiving child care whose income increases and puts them between 130% and 160% of the Federal Poverty Level (FPL). These individuals would receive benefits at a proportionately reduced rate.

Assumptions used to calculate/estimate the fiscal impact for the groups:

- This estimate/methodology is based on the eligibility limit of a family of four whose yearly household income can not exceed 127% of the FPL.
- Every year, in the early part of the calendar year the FPL is adjusted upwards.
- The cost to increase eligibility per percentage points is based on eligibility increases the past few years. The average cost per percentage point incurred by these increases was \$580,000. However, at some point there will be a substantial increase in the cost per percentage point. The exact level at which the cost will increase is unknown. For this fiscal note, the CD is using \$580,000 per percentage point increase.
- The Administration for Children and Families reports that 14% of eligible families in Missouri access child care assistance.

Eligibility Group A: Recipients up to 130% (additional recipients due to increasing the eligibility level to 130% with full benefits):

Based on previous increases, the cost to maintain income guidelines at 127% (for a family of four) is \$2,134,639. CD is projecting the cost to increase from 127% to 130% of the FPL point will be approximately \$1,740,000. ($\$580,000/\% \text{ Point} \times 3 = \$1,740,000$).

Projected fiscal impact for this group is \$3,874,639 ($\$2,134,639 + \$1,740,000$).

ASSUMPTION (continued)

Eligibility Group B: Transitional group (individuals currently receiving child care whose income increases and puts them between 130% and 160% of the FPL):

Eligibles from 130% to 140% will receive 75% of the benefit and eligibles from 140% to 160% will receive 50% of the benefit.

CD projects a cost of \$3,262,500 for the group from 130% to 140%. This is based on the \$580,000 reduced by 25% to \$435,000. \$435,000 times 10 percentage points totals \$4,350,000 times a benefit rate of 75%.

CD projects a cost of \$4,350,000 for the group from 140% to 160%. This is based on the \$580,000 reduced by 25% to \$435,000. \$435,000 times 20 percentage points totals \$8,700,000 times a benefit rate of 50%.

Projected fiscal impact for this group is \$7,612,500 (\$3,262,500 + \$4,350,000).

Additional Costs:

Since every year the federal poverty guidelines are increased it will cost approximately \$2,100,000 to maintain the guidelines at these levels (based on previous years).

Total Fiscal Impact:

Based on the above the total, subsidy cost for FY10 will be \$13,587,139 [\$3,874,639 (up to 130%) + \$7,612,500 (transitional group up to 160%) + \$2,100,000 (maintaining cost)].

The fiscal impact for FY11 will be \$15,687,139 [\$13,587,139 (FY10 cost) + \$2,100,000 (maintaining cost)].

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
 GENERAL REVENUE FUND			
<u>Costs - Department of Social Services</u>			
Program Costs	<u>\$0</u>	<u>(\$13,587,139)</u>	<u>(\$15,687,139)</u>
 ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	 <u>\$0</u>	 <u>(\$13,587,139)</u>	 <u>(\$15,687,139)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Additional children will qualify for child care allowing providers to see an increase in state subsidized children. With the higher income levels more providers may be willing to accept Department of Social Services subsidy.

FISCAL DESCRIPTION

The proposed legislation provides that the Children's Division within the Department of Social Services, shall develop rules to become effective by July 1, 2009, modifying the income eligibility criteria for any person receiving state-funded child care assistance, either through vouchers or direct reimbursement to child care providers.

Persons receiving state-funded child care assistance with family incomes of less than 130 percent of the federal poverty level shall receive child care subsidy benefits, less a sliding scale fee established by the Division based on family size and income.

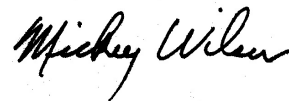
A person receiving state-funded child care assistance and whose income surpasses 130 percent of the federal poverty level may continue to receive reduced subsidy benefits on a scale established by the Division until such person's income reaches 160 percent of the federal poverty level. At such time, the person will have assumed the full cost of the maximum base child care subsidy rate established by the children's division and shall no longer be eligible for child care subsidy benefits.

If appropriations in a given fiscal year are insufficient to provide the subsidy established under this legislation for all eligible recipients, the Division shall establish a waiting list and promulgate rules for the prioritization of eligible recipients on the waiting list. The sliding fee scale may be waived for children with special needs.

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

Office of the Attorney General
Office of the State Courts Administrator
Department of Corrections
Department of Health and Senior Services
Department of Social Services
Department of Public Safety
Missouri State Highway Patrol



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Director
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