

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0253-03
Bill No.: SCS for SB 94
Subject: Children and Minors; Family Law; Department of Social Services
Type: Original
Date: March 19, 2009

Bill Summary: This legislation modifies provisions on child care subsidies.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	\$0	(\$8,272,031)	(\$8,240,386)
Total Estimated Net Effect on General Revenue Fund	\$0	(\$8,272,031)	(\$8,240,386)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	0 FTE	4 FTE	4 FTE
Total Estimated Net Effect on FTE	0 FTE	4 FTE	4 FTE

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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of 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 act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the 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 the office can sustain with the core budget. Therefore, the 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Social Services** state for the projection of fiscal impact, the Children's Division (CD) is providing the following:

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 (CY) the Federal Poverty Limit 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 Children's Division is using \$580,000 per percentage point increase.
- The Administration for Children and Families reports that 11.3% of eligible families in Missouri access child care assistance.

Transitional group- individuals receiving child care whose income increases and places them between the annual appropriation level and up to 45% above. These individuals would receive

benefits at a proportionately reduced rate.

ASSUMPTION (continued)

- The following transitional benefit structure will be used to calculate costs.
 - Eligibles from the annual appropriation level up to 20% above will receive 75% of the benefit.
 - Eligibles from 21% above the annual appropriation level up to 45% above will receive 50% of the benefit.
- CD projects a cost of \$6,525,000 for the group up to 20% above the annual appropriation level. This is based on the \$580,000 reduced by 25% to \$435,000 (based on the fact that only individuals who were receiving benefits at above 20% above the annual appropriation level) times a benefit rate of 75%
- CD projects a cost of \$5,437,500 for the group from 21% to 45% above the annual appropriation level. This is based on the \$580,000 reduced by 25% to \$435,000 (based on the fact that only individuals who were receiving benefits can maintain a benefit from 21% to 45% above the annual appropriation level) times a benefit rate of 50%
- CD currently funds transitional benefits up to 12% above the annual appropriation level. This existing funding of \$3,915,000 is backed out of the fiscal impact for this group. This is based on the \$580,000 reduced by 25% to \$435,000 (based on the fact that only individuals who were receiving benefits can maintain a benefit at above 20% above the annual appropriation level) times a benefit rate of 75%.
- Projected fiscal impact for this group for FY2011 is \$8,047,500 (\$6,525,000 + \$5,437,500 - \$3,915,000).

Additional Staff: The eligibility increase will be effective July 1, 2010 (FY 2011).

Additional staff is calculated based on the following assumptions:

- The number of additional children affected with transitional benefit per percentage point is 109 (145 times 75%)
- Worker need for child care cases is calculated at 1 worker to 223 cases.
- Family Support Eligibility Specialists annual salary is \$28,596 at the 3rd step of range 17.
- Family Support Eligibility Supervisor annual salary is \$33,420 at the 3rd step of range 21, and 1 supervisor is needed per 10 Specialists.
- Office Support Assistants (OSA) and Senior Office Support Assistants (SOSA) have annual salaries of 21,984 and 24,576 at the 3rd step of ranges 9 and 12, respectively. One office support staff is needed per 6 professional staff at a ratio of 75% OSA and 25% SOSA.

ASSUMPTION (continued)

12 Additional FTE needed are calculated as follows:

- 9 Family Support Eligibility Specialists
 - 109 children * 33 percentage points (45%-12%) = 3,597 children
 - 3,597 total children / 1.8 children per case = 1,998 cases / 223 cases per specialist = 9 specialists
- 1 Family Support Eligibility Supervisors
 - 9 Specialists / 10 supervisors per specialist = 1 supervisor
- 2 Office Support Assistants
 - 10 specialists & supervisors / 6 professional staff per support * .75 ratio = 2 OSAs

Fiscal year totals for additional staff including fringe and E&E, as explained on the attached spreadsheet, are:

FY 10	\$0
FY 11	\$708,048
FY 12	\$614,114

Oversight assumes DSS could absorb 7 Family Support Eligibility Specialists FTE and 1 Office Support Assistant FTE. Oversight assumes any significant increase in the workload of the DSS would be reflected in future budget request.

FISCAL IMPACT - State Government FY 2010 FY 2011 FY 2012
 (10 Mo.)

GENERAL REVENUE FUND

Costs - Department of Social Services

Personal Service	\$0	(\$119,453)	(\$123,037)
Fringe Benefits	\$0	(\$58,090)	(\$59,833)
Equipment and Expense	\$0	(\$46,988)	(\$10,016)
Program Costs	\$0	(\$8,047,500)	(\$8,047,500)
Total Costs - DSS	\$0	(\$8,272,031)	(\$8,240,386)
FTE Change - DSS	0 FTE	4 FTE	4 FTE

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND **\$0** **(\$8,272,031)** **(\$8,240,386)**

Estimated Net FTE Change for General Revenue Fund	0 FTE	4 FTE	4 FTE
---	-------	-------	-------

FISCAL IMPACT - Local Government FY 2010 FY 2011 FY 2012
 (10 Mo.)

\$0 **\$0** **\$0**

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

Section 208.046:

The proposed legislation provides that the Children's Division within the Department of Social Services shall develop rules to become effective by July 1, 2010, modifying the income eligibility criteria for any person receiving state-funded child care assistance, either through

vouchers or direct reimbursement to child care providers.

FISCAL DESCRIPTION (continued)

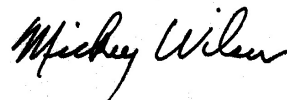
Eligible child care recipients under state law and regulation may pay a fee based on gross income and family size unit based on a child care sliding scale fee established by the Children's Division, which is subject to appropriations. However, a person receiving state-funded child care assistance whose income surpasses the annual appropriation level may continue to receive reduced subsidy benefits on a scale established by the Children's Division until such person's income reaches 45 percent above such annual appropriation level, at which time such person will have assumed the full cost of the maximum base child care subsidy benefits. "Annual appropriation level" is defined as the percentage of the federal poverty level for the applicable family size necessary to be eligible for the child care subsidy as determined by annual appropriation.

The sliding scale fee may be waived for children with special needs as established by the Division. The maximum payment by the Division shall be the applicable rate minus the applicable fee.

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

Department of Social Services
Office of the Secretary of State



Mickey Wilson, CPA
Director
March 19, 2009