

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5196-09
Bill No.: SCS for HCS No. 2 for HB 1323
Subject: Children and Minors; Social Services Dept.; Health Dept.
Type: Original
Date: May 14, 2012

Bill Summary: Establishes Sam Pratt's Law which authorizes the Department of Health and Senior Services to prohibit unlicensed child care providers from continuing to provide services if there are pending criminal charges.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(\$52,272 to \$62,998)	(\$48,102 to \$69,555)	(\$48,825 to \$70,278)
Total Estimated Net Effect on General Revenue Fund	(\$52,272 to \$62,998)	(\$48,102 to \$69,555)	(\$48,825 to \$70,278)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
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 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator**, the **Department of Mental Health**, the **Department of Revenue**, the **Department of Public Safety (DPS) - Division of Fire Safety**, the **DPS - Missouri State Highway Patrol**, and the **Office of Prosecution Services** and assume the proposal will have no fiscal impact on their organizations.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

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

Officials from the **Office of 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 Secretary of State's office 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 this is a small amount and does not expect that additional funding would be required to meet these costs.** However, it is also recognized 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 within its 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.**

Officials from the **Office of Administration (OA) - Division of Budget and Planning (BAP)** states the proposed legislation should not result in additional costs or savings to the BAP.

Child Care Penalty

The additional penalty provision in section 210.245, RSMo, will impact total state revenue, but not 18e, by an unknown amount.

Hand-Up Program Pilot Program

This measure would allow families to continue to receive child care benefits after the family's income increases above the maximum eligibility level, subject to appropriation. The family would pay a premium to maintain childcare after losing eligibility; this premium would be 44% of the excess adjusted gross income over the maximum allowable monthly income. The

ASSUMPTION (continued)

premium would continue until it is equal to the total childcare costs. The measure would create a fund which will consist of premiums collected, out of which the cost of administering the program will be paid.

The premiums would not impact total state revenue. Impact on general and total state revenue is unclear; however, any potential impact on general revenue would be on expenditures. BAP defers to the Department of Social Services to determine any specific program costs.

Officials from the **OA - Administrative Hearing Commission** anticipate this legislation will not significantly alter its caseload. However, if similar bills pass, resulting in more cases, there will be a fiscal impact.

Officials from the **Department of Corrections (DOC)** state the penalty provisions for violations, the component of the bill to have a potential fiscal impact for DOC, is for a class A misdemeanor. Currently, the DOC cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost through supervision provided by the Board of Probation and Parole (FY 11 average of \$5.12 per offender, per day, or an annual cost of \$1,869 per offender).

The DOC assumes supervision by the DOC through probation would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **Department of Elementary and Secondary Education (DESE)** state there is no anticipated state cost to the foundation formula associated with this proposal. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to school districts increases the deduction in the foundation formula the following year. Therefore, the affected districts will see an equal decrease in the amount of funding received through the formula the following year unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

ASSUMPTION (continued)

Oversight assumes any increase or decrease in fine or penalty revenues generated cannot be determined. Therefore, the fiscal note does not reflect any fine or penalty revenues for the local school districts.

Officials from the **Department of Social Services (DSS) - Children's Division (CD)** provided the following information:

It is assumed that 37 families in the metropolitan area and 9 families in the rural area would be at risk of losing child care due to an increase in household wages. It is further assumed that the family income exceed the eligibility level by \$1 per hours.

The fiscal impact of this legislation ranges from a net cost to General Revenue depending upon the participate rates of clients, reductions due to delinquent payments, etc.

If 75% (34 families) of those households participate in the Hand-Up Program and pay a monthly premium of \$76.12 and taxes of \$10.38 with a 4% delinquency on premium payments, the net cost to general revenue is \$52,272 for FY 13; \$48,103 for FY 14; and \$48,825 for FY 15.

If 25% (11 families) of those households participate in the Hand-Up Program and pay a monthly premium of \$76.12 and taxes of \$10.28 with a 4% delinquency on premium payments, the net cost to general revenue is \$62,998 for FY 13; \$69,555 for FY 14; and \$70,728 for FY 15.

There are no federal funds to support the Hand-Up Program. Additional General Revenue is needed to support the program as premiums alone cannot support the Hand-Up Program

It should be noted that 210.025 RSMo affords provisions to prohibit license exempt family home child care providers from participating in the Child Care Subsidy program if they (the provider) or any member of their household age 17 or older have a criminal background with specified convictions, or a child abuse/neglect finding of substantiated, probable cause, or preponderance of the evidence.

Section 210.135 and Section 210.145 Child Abuse Investigations

Section 210.135.3 - The division now has a process in place in which to offer assistance to staff in cases where it might be likely that staff are traumatized. Staff may now be removed from duties, when appropriate, at the direction of the Division Director.

No fiscal impact to the Division.

HWC:LR:OD

ASSUMPTION (continued)

Section 210.145.6 - Currently both initial and repeat calls undergo the same screening process at the child abuse neglect hotline, which is based on statutory definition and criteria. This legislation would not change screen criteria and would not create a fiscal or programmatic impact for the Division.

In Section 210.145.6 - The Child Abuse/Neglect Unit screening process contains scripted language to instruct callers to contact 911 in instances where the child may be in immediate danger.

Currently Division workers use their own judgment on when it is appropriate to leave documentation on attempted visits; however it is common practice not to leave documentation. The Division would agree that number 1, 2 and 4 are reasonable criteria for not leaving documentation. Number 3 "the alleged perpetrator will be alerted regarding the attempted visit" would be more difficult to assess or control. There are situations where it makes more sense to leave documentation for families to contact the Division as soon as possible, such as in situations where we are trying to locate a victim who may need medical treatment. Currently in such a case the threat to a child who does not receive needed medical treatment would be weighed against the likelihood that the perpetrator may be alerted and the surrounding circumstances that put the child at risk.

The Division would not however anticipate a fiscal or programmatic impact with respect to this provision.

Currently the Children's Division uses the CS-24, Description of the Investigation Process, to comply with 210.183 RSMo., which provides that "At the time of the initial investigation of a report of child abuse or neglect, the Division employee conducting the investigation shall provide the alleged perpetrator with a written description of the investigation process." The CS-24 provides the alleged perpetrator with a description of the investigation process, the alleged perpetrator appeal process and a statement of consumer rights which includes a Legal representation at all stages of the investigation and subsequent proceedings.

This written material may require minor modification to accommodate the provisions of this bill as well as modification to Division policy; however the Division would not anticipate a fiscal impact.

In response to earlier versions of this proposal, the **Department of Health and Senior Services** assumed the proposal would have no fiscal impact on their organization.

Officials from the **Office of State Public Defender** and **Office of State Treasurer** did not respond to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE FUND			
<u>Costs - Department of Social Services - Children's Division (\$208.053)</u>			
Pilot project	(\$52,272 to \$62,998)	(\$48,102 to \$69,555)	(\$48,825 to \$70,728)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$52,272 to \$62,998)</u>	<u>(\$48,102 to \$69,555)</u>	<u>(\$48,825 to \$70,728)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal could impact small business child care providers that are prohibited from providing child care services as a condition of release pending final disposition of a case.

FISCAL DESCRIPTION

This proposal, to be known as the "Low-Wage Trap Elimination Act", requires the Children's Division within the Department of Social Services, subject to appropriations, to implement a child care subsidy benefit pilot program in at least one rural county and in at least one urban child care center that serves at least 300 families by January 1, 2013, to be known as the "Hand-Up Program".

The premium shall be 44 percent of the recipient's excess adjusted gross income over the maximum allowable monthly income for the applicable family size for the receipt of child care benefits. The premium shall be paid on a monthly basis by the participating recipient. The Division shall develop a payroll deduction program in conjunction with the Department of Revenue, and shall promulgate rules for the payment of premiums owed under the Hand-Up Program. Participating recipients who fail to pay the premium owed shall be removed permanently from the Program after 60 days of non-payment. Participating recipients may be eligible to receive child care service benefits at income levels all the way up to the level at which a person's premium equals the value of the child care service benefits received by the recipient.

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FISCAL DESCRIPTION (continued)

Only those recipients who currently receive child care benefits as of joining the Program and who had been receiving child care service benefits continuously on or before August 28, 2012, shall be eligible to participate in the Program. Only those recipients who agree to the terms of the Hand-Up Program during a 90 day sign-up period shall be allowed to participate in the Program. A participating recipient shall be allowed to opt out of the Program at any time, but such person shall not be allowed to participate in the program a second time.

The "Hand-Up Program Premium Fund", is created and shall consist of premiums collected under this proposal. All premiums received under the Program shall be deposited in the fund out of which the cost of administering the hand-up program shall be paid, as well as the necessary payments to the federal government, if required by federal law, and to the state general revenue fund. Child care benefits provided under the Hand-Up Program shall continue to be paid for as under the existing state child care assistance program.

This act contains a three-year sunset provision.

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

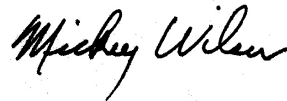
Office of Attorney General
Office of Administration -
 Administrative Hearing Commission
 Division of Budget and Planning
Office of State Courts Administrator
Department of Elementary and Secondary Education
Department of Mental Health
Department of Corrections
Department of Health and Senior Services
Department of Revenue
Department of Social Services -
 Children's Division
Department of Public Safety -
 Division of Fire Safety
 Missouri State Highway Patrol
Joint Committee on Administrative Rules
Office of Prosecution Services

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SOURCES OF INFORMATION (continued)

Office of Secretary of State

NOT RESPONDING: Office of State Public Defender and Office of State Treasurer

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
May 14, 2012