

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2796-01
BILL NO.: SB 681
SUBJECT: Allows Suspension of TANF Benefits to Families of Truant Children
TYPE: Original
DATE: January 3, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>All</u> State Funds*	(Unknown)	(Unknown)	(Unknown)

* Unknown additional costs to fund the school foundation formula likely to exceed savings from sanctions.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Federal	\$103,575	\$136,279	\$134,574
Total Estimated Net Effect on <u>All</u> Federal Funds	\$103,575	\$136,279	\$134,574

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Administrative Hearing Commission** assume the proposal would result in no fiscal impact to their agency.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume there may be an increase in the amount of funds necessary to fully fund the foundation formula. The amount is unknown as it is not possible to predict the attendance of children of needy families receiving public assistance. **Oversight** cannot determine the amount of revenue a school district could realize as a result of an increase in student attendance since it cannot be determined how many absent students would return to the classroom, and how this would impact the local school districts. As a result, Oversight has shown an unknown amount of revenue and costs for the local funds (school districts) and an unknown amount of costs for the General Revenue Fund to fully fund the Foundation Formula. Oversight further assumes that the costs will exceed the savings that result from sanctioned assistance benefits.

Officials from the **Department of Social Services - Division of Family Services (DFS), Income Maintenance Section** did not respond to our request for fiscal impact. However, for a similar proposal from the prior session the DFS indicated the proposal would impact their section. The DFS indicated there are 48,805 school age children residing in TANF households in the state. In addition, each school district has its own policy for determining truancy. The DFS anticipates more hearings in the Administrative Hearing Unit, a need for more staff due to increased demand on staff's time and increased costs for certified mailings if this proposal were enacted. The DFS stated the fiscal impact cannot be projected due to inadequate parameters for enacting the proposal as periodic checks is not defined, unacceptable attendance is not defined and the types of any consequences that could be imposed is not defined. However, they did provide the following assumptions and costs based on their projections and estimates:

- 1) unacceptable attendance is 3 days a week or 5 days a month,
- 2) the DFS performs 3 matches (between TANF rolls and school attendance) a school year,
- 3) each school district reports attendance to the DESE,
- 4) sanctions imposed against households are performed as stated in the proposal (a typical sanction is \$58 per 3 person household),
- 5) 7,320 children will be considered truant during a typical year. Ten % of 48,805 TANF children on the first match (4,880 children), one-third of those children (1,627) are included on the second match and one-half of those children (813 children) are truant on the third match report,
- 6) twenty percent of the households subject to penalty will want a hearing which equates to 1,464 additional hearings (976 for the first, 325 for the second, and 163 for the third match).

ASSUMPTION (continued)

The DFS did not indicate a potential savings due to the sanctions of benefits from households with children who do not attend school. **Oversight** has calculated a potential savings based on the sanction and other information the DFS provided. Based on the information provided, the DFS could save approximately \$613,234 per year on benefits that will not be provided due to sanctions. The savings for FY 01 were prorated over 10 months and the savings for FY 02 and FY 03 were not adjusted.

The DFS estimated that based on the assumptions above, they will require .5 FTE for a program development specialist to receive truancy matches from DESE, ensuring matches are distributed to the appropriate county offices, collect case-action reports and answer questions from the caseworkers, coordinate with the Administrative Hearings Unit, and develop information collecting/reporting systems and write policy for the enacted proposal. **Oversight** assumes existing resources could be used to perform this work.

The DFS estimates that based on the assumptions above, they will require 5 FTE for caseworkers to respond to the increased workload if this proposal is enacted. The DFS assumes one and a quarter hours per case will be needed for the 7,320 mailings anticipated for the school year. This equates to 9,150 caseworker hours (7,320 X 1.25). The DFS also assumes the proposal will increase the number of hearings. The DFS assumes the average hearing will take one and one-half hours of caseworker time. This will require 2,196 caseworker hours for the additional hearings. Assuming that each caseworker can work 2,112 hours per year, the DFS will require 5 FTE for caseworkers (9,150 hours for mailing plus 2,196 hours for hearings equals 11,346 hours divided by 2,112 hours per caseworker per year equals 5 FTE). Costs for FY 01 were prorated over 10 months.

The DFS indicated certified mailings cost \$1.67 each and with 7,320 required mailings, costs would total \$12,224 each year. The cost for FY 01 was prorated for 10 months and costs for FY 02 and FY 03 were increased from the base year costs.

Officials from the **Department of Social Services - Division of Legal Services (DLS)** did not respond to our request for fiscal impact. However, for a similar proposal from the prior session the DLS assumed that based on assumptions made by DFS, they would have approximately 7,324 cases and 20% of the cases would request a hearing. This would result in approximately 1,464 hearings per year. One Hearing Officer could conduct five hearings per day, times 22 days per month, times 12 months, for a total of 1,320. Therefore, they assume DLS would need one additional Hearing Officer and one half FTE clerical employee. **Oversight** assumes the DLS could enact this proposal with existing resources.

FISCAL IMPACT - State Government FY 2001 FY 2002 FY 2003
(10 Mo.)

GENERAL REVENUE

Savings - Department of Social Services -
Division of Family Services (DFS)

Sanctioned Benefits \$342,389 \$410,867 \$410,867

Costs - Department of Social Services - DFS

Personal Service (3.35 FTE) (\$70,604) (\$86,878) (\$89,050)

Fringe Benefits (21,104) (25,968) (26,617)

Expense and Equipment (34,809) (14,434) (14,868)

Mailings (7,434) (9,192) (9,467)

Total Costs- DFS (\$133,951) (\$136,472) (\$140,002)

Costs - Department of Elementary
and Secondary Education

Fully-Funded Foundation Formula (Unknown) (Unknown) (Unknown)

ESTIMATED NET EFFECT

ON GENERAL REVENUE FUND* **(Unknown)** **(Unknown)** **(Unknown)**

*** Unknown costs to fully fund the foundation formula likely will exceed the savings resulting from sanctioned assistance benefits.**

FEDERAL FUNDS

Savings - Department of Social Services - DFS

Sanctioned Benefits \$168,639 \$202,367 \$202,367

Costs - Department of Social Services - DFS

Personal Service (1.65 FTE) (\$34,775) (\$42,790) (\$43,860)

Fringe Benefits (10,394) (12,790) (13,110)

Expense and Equipment (17,146) (7,108) (7,321)

Mailings (2,749) (3,400) (3,502)

Total Costs - DFS (\$65,064) (\$66,088) (\$67,793)

ESTIMATED NET EFFECT

ON FEDERAL FUNDS **\$103,575** **\$136,279** **\$134,574**

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
SCHOOL DISTRICTS			
<u>Income - School Districts</u>			
Fully-Funded Foundation Formula	Unknown	Unknown	Unknown
<u>Costs - School Districts</u>			
Instructional and Support Services	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal would require the Director of the Division of Family Services to periodically check the attendance records of any child of school age whose family receives Temporary Assistance to Needy Families (TANF). If the child does not attend school, the Director shall formally notify the parents. TANF aid shall be suspended, for progressively longer periods as specified in the proposal, if the child is not attending school upon subsequent attendance checks.

The Director may establish, by the rulemaking procedures of Chapter 536, RSMo, an appeals process for review of any such suspension of TANF benefits.

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

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SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Social Services
Office of Administration

NOT RESPONDING: St. Louis Public Schools and Kansas City Public Schools



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Director
January 3, 2000