

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2094-05  
Bill No.: Perfected SS for SCS for SBs 551, 410, 539, 528, and 296  
Subject: Revises Grandparents as Foster Parents Program, increases foster care reimbursement rates and allows for additional members on the Children's Trust Fund Board.  
Type: Original  
Date: April 12, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$0 to \$4,758,006	\$0 to (\$3,524,731)	\$0 to (\$9,155,796)
<b>Total Estimated Net Effect on All State Funds*</b>	<b>\$0 to \$4,758,006</b>	<b>\$0 to (\$3,524,731)</b>	<b>\$0 to (\$9,155,796)</b>

**\* TANF and Subsidized Guardianship expenditures subject to appropriation.**

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Total Estimated Net Effect on All Federal Funds*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**\* Revenues and expenditures net to \$0.**

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Administration - Children's Trust Fund (CTF)** state there would be no fiscal impact. The CTF states that expenses incurred by the four additional members to attend board meetings and conduct other CTF business would be covered by existing CTF funds.

Officials from the **Office of State Courts Administrator** stated the proposed legislation results in no cost to the Courts.

Officials from the **Department of Social Services (DOS) - Division of Child Support Enforcement (CSE)** stated the proposed legislation would not fiscally impact the CSE.

Officials from the **Department of Social Services (DOS) - Division of Youth Services (DYS)** stated the DOS projects the United States Department of Agriculture (USDA) will set the foster care reimbursement rate at \$596 per month by FY 06. Currently, the DYS reimburses foster care at the rate of \$378 per month. Using the minimum assumptions that the USDA rate and the number of DYS youth requiring foster care services will remain constant, the DYS could see an increase of \$107,256 per year [ $(\$596 - \$378) \times 41 \text{ youth (4 yr. avg.)} \times 12 \text{ months} = \$107,256$ ] by 2007.

Officials from the **DOS - Division of Family Services (DFS) - Income Maintenance Unit (IMU)** stated that they assume that once GAFP funds are obligated, any new individuals determined eligible for the program would be placed on a waiting list until funding was available.

The IMU stated that the Grandparents as Foster Parents Program (GAFP) is paid using Temporary Assistance for Needy Family (TANF) funds at the same rate as the Foster Care Maintenance rates. It is assumed that all costs will be to the General Revenue Fund since all TANF monies are obligated. Based on the program's current anticipated growth rate, the following projections reflect the number of cash eligible children per month: FY 02 - 5,197; FY 03 - 6,934; FY 04 - 8,091; FY 05 - 8,767; and FY 06 - 9,132. In addition, based on the 1990 U.S. Census Data, 59.2% of Missouri households 50 years of age and older have an income below 200% of the Federal Poverty Level. Since there are currently no income limits for GAFP eligibility, it is assumed that 59.2% of the above anticipated cash eligible children would remain eligible. The anticipated cash eligible children would reduce to: FY 02 - 3,077 ( $5,197 \times 59.2\%$ ); FY 03 - 4,105 ( $6,934 \times 59.2\%$ ); FY 04 - 4,790 ( $8,091 \times 59.2\%$ ); FY 05 - 5,190 ( $8,767 \times 59.2\%$ ); and FY 06 - 5,406 ( $9,132 \times 59.2\%$ ). The number of children no longer eligible for the GAFP are estimated at: FY 02 - 2,120 ( $5,197 - 3,077$ ); FY 03 - 2,829 ( $6,934 - 4,105$ ); FY 04 - 3,301 ( $8,091 - 4,790$ ); FY 05 - 3,577 ( $8,767 - 5,190$ ); and FY 06 - 3,726 ( $9,132 - 5,406$ ).

ASSUMPTION (continued)

The IMU assumes the decreased number of eligible families will reduce the overall supportive services costs. Cost savings are estimated to be \$83.60 for each child no longer eligible.

The IMU assumes that the average cost per child in the GAFP will remain constant at \$275.33 per month. This rate reflects a Foster Care Maintenance rate increase of 5.0% for FY 01.

It is assumed that grandparents no longer eligible for the GAFP will become eligible for either Temporary Assistance as a Non-Parent Caretaker Relative who is not needy, or Subsidized Guardianship. Approximately 25% of the children currently receiving GAFP would be eligible for Subsidized Guardianship through Children's Services. The remaining 75% would be eligible for Temporary Assistance.

The average GAFP household has 1.8 children. The Temporary Assistance grant for a two person household is \$234.00. As all Federal TANF funds are obligated, Temporary Assistance payments for grandparents shifting from the GAFP will come from General Revenue. No staff were appropriated upon passage of the GAFP legislation in 1999; therefore, no staff reduction is anticipated as a result of this legislation.

The anticipated cost savings of this legislation, by year, subject to appropriations would be:

FY 02	\$0 - \$6,650,779
FY 03	\$0 - \$5,556,482
FY 04	\$0 - \$6,483,522

Officials from the **DOS - Division of Family Services (DFS) - Children's Services Unit (CSU)** stated the proposed legislation would fiscally impact their organization. The CSU stated that with fewer grandparents and relatives able to receive comparable benefits through the Grandparents As Foster Parents (GAFP), more would apply for Subsidized Guardianship. As a result, there would be a fiscal impact on the Adoption Subsidy funds.

The CSU officials stated there are 2,461 children receiving GAFP benefits. Of that number, 618 children have previously been in the custody of the DFS; 612 of those children live with grandparents; the remaining six children live with unspecified relatives. Therefore, approximately 25% ( $612 / 2,461 = 24.8\%$ ) of the children receiving GAFP benefits would also be eligible for Subsidized Guardianship.

The CSU estimates the fiscal impact of the Subsidized Guardianship Program to the General Revenue Fund would be, subject to appropriations, \$0 - \$1,892,773 for FY 02 (10 months); \$0 - \$3,030,476 for FY 03; and \$0 - \$3,536,138 for FY 04.

ASSUMPTION (continued)

HW-C:LR:OD (12/00)

The CSU also stated that per the USDA, the cost of raising children in 1999 was \$408.33 per month for children aged 0 - 5; \$453.33 per month for children aged 6 - 12; and \$494.58 per month for teenagers. The CSU estimated the USDA rates for 2006 by applying a 2.7% COLA per year. The anticipated additional fiscal impact of this legislation, by year, subject to appropriations, would be \$0 to the numbers provided below:

<u>Year</u>	<u>Foster Care</u>	<u>Adoption</u>	<u>Total</u>
FY 03	\$ 4,568,476	\$ 7,050,649	\$11,619,125
FY 04	\$ 9,136,953	\$14,101,297	\$23,238,250
FY 05	\$13,705,429	\$21,151,946	\$34,857,375
FY 06	\$18,273,906	\$28,202,959	\$46,476,500

FISCAL IMPACT - State Government

FY 2002  
(10 Mo.)

FY 2003

FY 2004

**GENERAL REVENUE FUND**

HW-C:LR:OD (12/00)

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<u>Program Savings - Department of Social Services - Division of Family Services - Income Maintenance Unit</u>			
Maintenance Cost Savings	\$0 to \$7,004,395	\$0 to \$9,346,903	\$0 to \$10,906,372
Support Services Cost Savings	\$0 to \$2,126,784	\$0 to \$2,838,053	\$0 to \$3,311,563
Total <u>Savings</u> - Department of Social Services	\$0 to \$9,131,179	\$0 to \$12,184,956	\$0 to \$14,217,935
<u>Costs - Department of Social Services - Division of Youth Services</u>			
Foster Care Reimbursement Increases		\$0 to (\$28,447)	\$0 to (\$58,601)
<u>Costs - Department of Social Services - Division of Family Services - Income Maintenance Unit</u>			
Foster Care Reimbursement Increases		\$0 to (\$3,318,154)	\$0 to (\$3,871,853)
Movement from GAFP to TANF	\$0 to (\$2,480,400)	\$0 to (\$3,310,320)	\$0 to (\$3,862,560)
Total <u>Costs</u> - Income Maintenance Unit	\$0 to (\$2,480,400)	\$0 to (\$6,628,474)	\$0 to (\$7,734,413)
<u>Costs - Department of Social Services - Division of Family Services - Children's Services Unit</u>			
Subsidized Guardianship Expenditures	\$0 to (\$1,892,773)	\$0 to (\$3,030,476)	\$0 to (\$3,536,138)
Maintenance Increases	_____	\$0 to (\$6,022,290)	\$0 to (\$12,044,579)
Total <u>Costs</u> - Children's Services Unit	\$0 to (\$1,892,773)	\$0 to (\$9,052,766)	\$0 to (\$15,580,717)

Total Costs - Department of Social

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
Services	<u>\$0 to</u> (\$4,373,173)	<u>\$0 to</u> (\$15,709,687)	<u>\$0 to</u> (\$23,373,731)

**- SUBJECT TO APPROPRIATION -**

<b>NET ESTIMATED EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$0 to</u></b> <b><u>\$4,758,006</u></b>	<b><u>\$0 to</u></b> <b><u>(\$3,524,731)</u></b>	<b><u>\$0 to</u></b> <b><u>(\$9,155,796)</u></b>
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<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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**FEDERAL FUNDS**

Income - Department of Social Services

Maintenance Increases

	\$0 to \$5,596,835	\$0 to \$11,193,670
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Costs - Department of Social Services -  
Division of Family Services -  
Children's Services Unit

Maintenance Increases

	<u>\$0 to</u> <u>(\$5,596,835)</u>	<u>\$0 to</u> <u>(\$11,193,670)</u>
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**ESTIMATED NET EFFECT ON  
FEDERAL FUNDS**

	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

DESCRIPTION

HW-C:LR:OD (12/00)

This act modifies the law relating to children and families.

The Grandparents as Foster Parents Program is revised. Section 208.029, RSMo, currently outlines the Program and its requirements. This act makes the Program subject to appropriations and adds a 200 percent of the federal poverty level income restriction to Program eligibility. Finally, Program duties become discretionary rather than mandatory in subsection 4. (Section 208.029)

Currently, Sections 210.536 and 453.073, RSMo, require the Division of Family Services to pay for the cost of foster care and to grant adoption subsidies. Beginning in fiscal year 2003, new language in both sections requires the incremental increase of the foster care reimbursement rate and the adoption subsidy rate over four years. Both rates shall be increased until they meet or exceed rates established by the United States Department of Agriculture. The increases in the foster care reimbursement rates are subject to appropriation. This portion of the act is similar to SB 410 (Sections 210.536 and 453.073).

This legislation provides for a possible four additional members to the Children's Trust Fund Board; the Board will be composed of seventeen, but not more than twenty-one members. The additional four members may be appointed by the Governor with the advice and consent of the Senate.

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 State Courts Administrator  
Office of Administration - Children's Trust Fund



Jeanne Jarrett, CPA  
Director

April 12, 2001