

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1323-02  
Bill No.: HB 683  
Subject: Children and Minors; Family Law; Family Services Division  
Type: Original  
Date: April 12, 2005

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$0	(\$25,728,985 - \$102,789,222)	(\$26,342,238 - \$105,714,282)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>(\$25,728,985 - \$102,789,222)</b>	<b>(\$26,342,238 - \$105,714,282)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Department of Social Services (DOS)- Family Support Division (FSD)** state this proposal would increase the income eligibility guidelines from the 2004 level of 112% of the FPL to 130% of the FPL, thus allowing additional eligible families access to services. Additionally, the proposal would allow families already accessing services to maintain eligibility until their incomes reach 185% of the FPL. For eligible families whose incomes reach 130% of the FPL, the amount of child care assistance will be reduced at a proportionate rate until their incomes reach the income eligibility ceiling of 185% of the FPL.

This proposal affects only those families whose eligibility is based on need and income. Children's Services children who are in Alternative Care and Adoption Subsidy programs will not be affected by this legislation.

FSD states the methodology used for this fiscal note is based on a family of four whose yearly household income at 112% of the FPL which equals \$21,168 (Based on 2004 Poverty Guideline). Data from the United States Census Bureau and the Department of Social Services Monthly Management Report for Child Care Block Grant is used in determining the number of potential children and the average cost of care per child.

ASSUMPTION (continued)

--The yearly income for a family of four at 130% of the FPL equals \$24,508 (Based on 2004 Poverty Guideline).

--The United States Census reports Missouri has approximately 42,735 children age 0-13, whose families' income is between 112% and 130% of the FPL.

--The Administration for Children and Families reports that 14% of eligible families in Missouri access child care assistance.

--14% of 42,735 equals 5,983 additional children who could potentially access child care assistance.

--Current caseload projections indicate an approximate 7% caseload growth per year. This would mean that for FY 06, the anticipated number of additional children would need to factor in the 7% caseload growth equaling a potential total of 6,402 additional children.

--The DOS Managed Reporting for Child Care reports an average of 26,559 children whose eligibility was either lost or lapsed during FY 2004 with the assumption that their families' eligibility income exceeded the current guidelines.

--The DOS projects the average cost per child in FY06 will be \$313.00 per month.

--The projected annual cost for this proposal would be \$24,045,912 (6,402 children x \$313.00 average cost per child per month = \$2,003,826 x 12 months = \$24,045,912) to raise the income eligibility to 130% of the FPL.

--FSD assumes that 75% of the children currently losing or lapsing eligibility will remain eligible with the income guidelines increasing to 185% of the FPL. The projected annual cost for these children to maintain eligibility to 185% of the FPL is \$74,815,764 (26,559 x 75% = 19,919 x \$313 = \$6,234,647 x 12 = \$74,815,764).

When a families' income increases above the 130% of the FPL, this legislation requires the amount of child care benefits provided by the state proportionately decrease and the amount of child care costs provided by the parents' to proportionately increase. Currently, the FSD does not know how the sliding scale would be implemented for families with incomes between 130% and 185% of the FPL. For this reason, the projected \$74.8 million cost for children to maintain child care eligibility to 185% of the FPL is assumed to be at the high end, therefore, the FSD is providing a range as the fiscal impact.

ASSUMPTION (continued)

Staffing:

Current caseload standards indicate an average of 220 child care cases are managed for one FTE. Based on the number of new children becoming eligible, the number of potential cases to be managed is 3,557 (6,402 children divided by 1.8 average children per household). Based on the current child care caseload standard, this legislation will require an additional 16 Caseworker FTE's (3,557 divided by 220).

In addition, 2 IM Supervisor I's ( $16 \div 10 = 1.6$  or 2) will be needed based on the 10:1 ratio of IM Caseworkers to IM Supervisor I's.

16 new Caseworkers + 2 IM Supervisor I's = 18 professional staff. The ratio of professional staff to office support staff is 6:1, therefore 3 Office Support Assistants ( $18 \div 6$ ) will also be needed to support the 18 professional staff.

FSD states variables that cannot be factored into this projection are the fluctuation in caseload growth and average cost per child. In addition, there will be cost associated to required programming changes to the FAMIS automated computer system. Another factor that could help slightly mitigate cost is the level of payment required by the parent.

The methodology used to calculate this impact was based on FY06, because these are the best numbers we were able to project at this time. An inflation factor was used for FY07 and FY08.

Due to the FSD currently not knowing how the sliding scale provision in this legislation would be implemented and to other assumptions being made, the FSD is providing a range for the fiscal impact.

**Oversight** has, for fiscal note purposes only, changed the starting salary for the DOS positions to the first step for FY 06 and the second step for subsequent years to correspond to comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>GENERAL REVENUE</b>			
<u>Costs</u> - Department of Social Services - Family Support Division			
Personal Service ( 21 FTE)	\$0	(\$537,473)	(\$550,910)
Fringe Benefits	\$0	(\$229,286)	(\$235,018)
Expense and Equipment	\$0	(\$194,937)	(\$46,002)
Program costs	<u>\$0</u>	<u>(\$24,767,289 - \$101,827,526)</u>	<u>(\$25,510,308 - \$104,882,352)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0</u></b>	<b><u>(\$25,728,985 - \$102,789,222)</u></b>	<b><u>(\$26,342,238 - \$105,714,282)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<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

This proposal changes the income eligibility guidelines for receiving child care subsidy benefits. A child care provider will receive full child care subsidy benefits for children whose family income based on the number of dependents is 130% of the federal poverty limit. A family income between 130% and 185% of the federal poverty limit is entitled to a subsidy reduced in proportion to their income in excess of 130%. Incomes in excess of 185% of the federal poverty level are not entitled to a subsidy benefit.

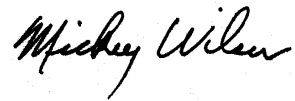
The Children's Division within the Department of Social Services will develop rules to become effective July 1, 2006, modifying the income eligibility criteria.

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 Social Services

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial "M".

Mickey Wilson, CPA  
Director  
April 12, 2005