

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3133-01
Bill No.: SB 914
Subject: Children and Minors; Family Services Division; Social Services Department
Type: Original
Date: January 27, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General	(\$7,481,918)	(\$14,457,479)	(\$21,433,040)
Total Estimated Net Effect on General Revenue Fund	(\$7,481,918)	(\$14,457,479)	(\$21,433,040)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Federal*			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and costs of approximately \$7,000,000 to \$20,000,000 annually would net to \$0.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DOS)** did not respond to our fiscal note request. In a similar proposal from the 2001 session the DOS responded as follows:

Officials from the **Department of Social Services - Division of Family Services - Children's Services Unit (DFS-CSU)** stated that per the USDA, the cost of raising children in 1999 was \$408.33 per month for children aged 0-5 years; \$453.33 per month for children aged 6-12 years; and \$494.58 per month for teenagers. The DFS-CSU officials estimated the USDA rates for 2005 by applying a 2.7% COLA per year. The DFS-CSU officials provided an extensive calculation of the additional costs which cannot be re-produced in the fiscal note, however, they anticipate the additional fiscal impact of this legislation, by year, to be:

	<u>Foster Care</u>	<u>Adoption</u>	<u>Total</u>
FY 03	\$ 5,592,251	\$ 8,907,590	\$14,499,841
FY 04	\$10,993,922	\$17,024,448	\$28,018,370
FY 05	\$16,395,593	\$25,141,306	\$41,536,899

The costs were split between state and federal funds at a rate of 51.6% state and 48.2% federal.

ASSUMPTION (continued)

Oversight notes that the Department of Social Services-Children's Division now administers the foster care program and the adoption program. **Oversight** assumes the number of foster children and adoptive children has changed since 2001. **Oversight** assumes the USDA rate of raising a child has changed since 2001. In addition the 2001 proposal increased rates over three years and the current proposal increases it over four years. **Oversight** also assumes the state and federal percentages have changed since 2001. However, in the absence of any information provided by the DOS, **Oversight** is using the same fiscal cost calculation that were used in 2001.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE FUND			
<u>Costs - Department of Social Services - Children's Division</u>			
Increased Foster Care Reimbursements	(\$2,885,602)	(\$5,672,864)	(\$8,460,126)
Increased Adoption Subsidies	(\$4,596,316)	(\$8,784,615)	(\$12,972,914)
<u>Total Costs - Department of Social Services-Children's Division</u>	<u>(\$7,481,918)</u>	<u>(\$14,457,479)</u>	<u>(\$21,433,040)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$7,481,918)</u>	<u>(\$14,457,479)</u>	<u>(\$21,433,040)</u>
FEDERAL FUNDS			
Income - Department of Social Services	\$7,017,923	\$13,560,891	\$20,103,859
<u>Costs - Department of Social Services - Children's Division</u>			
Increased Foster Care Reimbursements	(\$2,706,649)	(\$5,321,058)	(\$7,935,467)
Increased Adoption Subsidies	(\$4,311,274)	(\$8,239,833)	(\$12,168,392)
<u>Total Costs - Department of Social Services-Children's Division</u>	<u>(\$7,017,923)</u>	<u>(\$13,560,891)</u>	<u>(\$20,103,859)</u>
ESTIMATED EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<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 requires the incremental increase of the foster care reimbursement rate and the adoption subsidy rate over four years beginning in the 2005 fiscal year. Both rates shall be increased until they meet or exceed rates established by the United States Department of Agriculture.

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

NOT RESPONDING: Department of Social Services



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Director
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