

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3090-01  
Bill No.: SB 625  
Subject: Children and Minors; Family Law; Family Support Division; Department of Social Services  
Type: Original  
Date: February 15, 2010

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Bill Summary: This legislation modifies provisions on child care subsidies.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	\$0	(\$8,047,500)	(\$8,047,500)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>(\$8,047,500)</b>	<b>(\$8,047,500)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<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 2011</b>	<b>FY 2012</b>	<b>FY 2013</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 FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

### ASSUMPTION

#### ***Section 208.046:***

Officials from the **Office of the 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 SOS 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 that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 with the 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.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Social Services-Children's Division** state for the projection of fiscal impact, the Division is providing the following:

Assumptions used to calculate/estimate the fiscal impact for the groups.

- This estimate/methodology is based on the eligibility limit of a family of four whose yearly household income cannot exceed 127% of the FPL.
- Every year, in the early part of the Calendar Year (CY) the Federal Poverty Limit is adjusted upwards.
- The cost to increase eligibility per percentage points is based on eligibility increases the past few years. The average cost per percentage point incurred by these increases was \$580,000. However, at some point there will be a substantial increase in the cost per percentage point. The exact level at which the cost will increase is unknown. For this fiscal note, the Children's Division is using \$580,000 per percentage point increase.
- The Administration for Children and Families reports that 12.4% of eligible families in Missouri access child care assistance.

ASSUMPTION (continued)

Transitional group- individuals receiving child care whose income increases and places them between the annual appropriation level and up to 45% above. These individuals would receive benefits at a proportionately reduced rate.

- The following transitional benefit structure will be used to calculate costs.
  - Eligibles from the annual appropriation level up to 20% above will receive 75% of the benefit.
  - Eligibles from 21% above the annual appropriation level up to 45% above will receive 50% of the benefit.
- CD projects a cost of \$6,525,000 for the group up to 20% above the annual appropriation level. This is based on the \$580,000 reduced by 25% to \$435,000 (based on the fact that only individuals who were receiving benefits can maintain a benefit at above 20% above the annual appropriation level) times a benefit rate of 75%. (\$326,250 per percentage point x 20)
- CD projects a cost of \$5,437,500 for the group from 21% to 45% above the annual appropriation level. This is based on the \$580,000 reduced by 25% to \$435,000 (based on the fact that only individuals who were receiving benefits can maintain a benefit from 21% to 45% above the annual appropriation level) times a benefit rate of 50%. (\$217,500 per percentage point x 25)
- CD currently funds transitional benefits up to 12% above the annual appropriation level. This existing funding of \$3,915,000 is backed out of the fiscal impact for this group. This is based on the \$580,000 reduced by 25% to \$435,000 (based on the fact that only individuals who were receiving benefits can maintain a benefit at above 20% above the annual appropriation level) times a benefit rate of 75%. (\$326,250 per percentage point x 12)
- Projected fiscal impact for this group for FY2012 is \$8,047,500 (\$6,525,000 + \$5,437,500 - \$3,915,000).

The staffing need to initiate an increased eligibility would be minimal, therefore could be absorbed with existing staff.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>GENERAL REVENUE FUND</b>			
<u>Costs - Department Social Services</u>			
Program Costs	<u>\$0</u>	<u>(\$8,047,500)</u>	<u>(\$8,047,500)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>(\$8,047,500)</u></b>	<b><u>(\$8,047,500)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

If the annual appropriation level rises then there is potential to see an increase in state subsidized children. With the higher income levels more providers may be willing to accept DSS subsidy.

FISCAL DESCRIPTION

**Section 208.046:**

The proposed legislation provides that the Children's Division within the Department of Social Services shall develop rules to become effective by July 1, 2010, modifying the income eligibility criteria for any person receiving state-funded child care assistance, either through vouchers or direct reimbursement to child care providers.

Eligible child care recipients under state law and regulation may pay a fee based on gross income and family size unit based on a child care sliding scale fee established by the Children's Division, which is subject to appropriations. However, a person receiving state-funded child care assistance whose income surpasses the annual appropriation level may continue to receive reduced subsidy benefits on a scale established by the Children's Division until such person's income reaches 45 percent above such annual appropriation level, at which time such person will have assumed the full cost of the maximum base child care subsidy benefits. "Annual

FISCAL DESCRIPTION (continued)

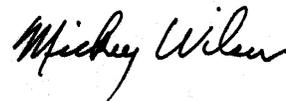
appropriation level" is defined as the percentage of the federal poverty level for the applicable family size necessary to be eligible for the child care subsidy as determined by annual appropriation.

The sliding scale fee may be waived for children with special needs as established by the Division. The maximum payment by the Division shall be the applicable rate minus the applicable fee.

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 the Secretary of State



Mickey Wilson, CPA  
Director  
February 15, 2010