

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2112-01
Bill No.: HB 913
Subject: Children and Minors; Public Assistance; Social Services Department
Type: Original
Date: April 8, 2013

Bill Summary: This proposal requires the Children’s Division to verify, on a monthly basis, the employment status of any person whose eligibility for receipt of transitional child day care services is based on employment.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$815,663)	(\$799,925)	(\$809,696)
Total Estimated Net Effect on General Revenue Fund	(\$815,663)	(\$799,925)	(\$809,696)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	14.29	14.29	14.29
Federal	12.71	12.71	12.71
Total Estimated Net Effect on FTE	27	27	27

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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Information Technology Services Division (ITSD)/Department of Social Services (DSS)** state changes to section 208.044 would result in the Family Assistance Management Information System (FAMIS) needing to be modified to generate a monthly letter to the client asking them to send verification to the eligibility specialist that they are employed. If the client fails to provide verification after receiving the notice, the eligibility specialist will enter this information into FAMIS screen which will run the eligibility determination and close the case.

Activities	Estimated Hours
Business Requirements Validation	40
New Screen	80
Modifications to Eligibility Determination Process	80
Create New Program to set Triggers for New Monthly Letter	160
Update/Create Printed Documents for New Monthly Letter	120
Table Changes and Migrations(4)	40
Create and Schedule New Monthly Job	20
Testing	160
Total	700 hrs

Total Cost: 700hrs X \$63.04/hr = \$ 44,128

100% General Revenue

Officials from the **Department of Social Services (DSS) - Family Support Division (FSD)** provide the following:

§ 208.044.3 - Eligibility based on employment:

Subsection 1 would increase the amount of time FSD Eligibility Specialists spend working on Child Care Assistance program cases. In state fiscal year 2012, 21,310 households in Missouri received Child Care Assistance benefits based on employment. This section would require Eligibility Specialists (ES) to verify employment on a monthly basis, which would require additional staff to manage the additional verifications. The FSD assumes that each Eligibility

ASSUMPTION (continued)

Specialist could manage approximately 1,000 cases as the cases would require monthly entries into the Family Assistance Management Information System (FAMIS) computer system, but would not require new applications. Therefore, the FSD estimates 27 new staff would be needed.

The FSD estimates 21 Eligibility Specialists (ES) would be needed. ($21,310 \text{ cases} / 1,000 \text{ cases per ES} = 21.3$, rounded down).

On a ratio of 10 ES staff to 1 supervisor, the FSD estimates 2 Family Support Eligibility Supervisors would be needed. ($21 \text{ new ES staff needed} / 10 \text{ ES per supervisor} = 2.1$, rounded down)

On a ratio of 6 staff to 1 office support staff, the FSD estimates 4 new office support assistant (OSA) staff are needed ($21 \text{ ES} + 2 \text{ supervisors} = 23 / 6 = 3.8$, rounded up to 4) with 3 OSA and 1 Senior Office Support Assistant (SOSA). ($4 \times .75 = 3 \text{ OSA}$; $4 - 3 = 1 \text{ SOSA}$)

There would be additional mailing/postage costs as a result of this section. However, the FSD defers to the Children's Division for these costs.

There would be costs relating to computer system changes needed to implement this section. However, the FSD defers to OA-ITSD for these costs.

Costs will receive federal matching funds. The fund split is estimated to be approximately 53% General Revenue (GR)/47% Federal Funds.

FSD estimates FY 14 costs of \$1,293,471 (\$684,246 GR/\$609,225 Federal); FY 15 costs of \$1,327,005 (\$701,986 GR; \$ 625,020 Federal); and FY 16 costs of \$ 1,341,774 (\$ 709,799 GR; \$ 631,976 Federal).

Officials from the **DSS - Children's Division (CD)** state in SFY 2012, there were an average of 21,310 households per month receiving Child Care Assistance due to employment. Based on this scenario:

- **Recipient Verification**

A minimum of one (1) letter each (\$2.52 per ream/500 pages per ream = \$0.005) in one (1) envelope (\$30.00 per case/500 envelopes per case = \$0.06 per envelope) each must be printed (\$240 per printer cartridge/21,000 maximum pages per cartridge= \$.011) and mailed (\$0.46 postage per letter) to each of the 21,310 individual households receiving Child Care Assistance due to employment each month to verify continued employment: $21,310 \text{ households} \times \$0.005 \text{ per letter} \times \$0.06 \text{ per envelope} \times \$0.011 \text{ for printing} \times \$0.46 \text{ postage} = \$11,422.60 \text{ per month.}$

ASSUMPTION (continued)

- **File copy of recipient verification**

A minimum of one (1) (\$240 per printer cartridge/21,000 maximum pages per cartridge = \$0.011) of each letter (\$2.52 per ream/500 pages per ream = \$0.005 per page) mailed to each of the 21,310 individual households receiving Child Care Assistance due to employment each month to verify continued employment: 21,310 households X \$0.005 per copy X \$0.011 (copier toner per page) = \$340.96 per month.

- **Adverse Action Letters**

Assuming that a minimum of 10% of the total 255,720 SFY 2012 households receiving Child Care Assistance do not respond to the request of employment verification, CD and FSD staff must print (\$240 per printer cartridge/21,000 maximum pages per cartridge = \$0.011) and mail (\$0.46 postage per letter) envelopes (\$30.00 per case/500 envelopes per case = \$0.06 per envelope) and Adverse Action Notices (\$2.52 per ream/500 pages per ream = .005) to 2,131 households per month notifying them of the intent to close their Child Care Assistance case: (2,131 households X \$0.011 toner X \$0.46 postage X \$0.06 per envelope X \$0.005 per letter) = \$1,142.22 per month.

- **File copy of Adverse Action Letters**

A minimum of one (1) copy (\$240 per printer cartridge/21,000 maximum pages per cartridge = \$0.011) of each Adverse Action Notice (\$2.52 per ream/500 pages per ream = \$0.005 per page) mailed to each of the 2,131 households receiving Child Care Assistance that did not respond to the request for employment verification: 2,131 households X \$0.011 for copier ink X \$0.005 per page = \$34.10 per month.

Federal matching funds are available for these costs. It is assumed the match rate will be 67.5% GR/32.5% Federal. DSS-CD estimates total supplies, mailing and postage costs for FY 14 to be \$129,394 (\$87,289 GR; \$42,105 Federal); FY 15 costs of \$145,180 (\$97,939 GR; \$47,242 Federal); and FY 16 costs of \$148,084 (\$99,897 GR; \$48,187 Federal).

Officials from the **DSS - Division of Legal Services (DLS)** state there is no fiscal impact anticipated as a result of this proposal. DLS defers to the other divisions of the department for a determination of fiscal impact on their specific divisions.

Officials from the **Office of 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 Secretary of State's office is provided with core funding to handle a

ASSUMPTION (continued)

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 this is a small amount and does not expect that additional funding would be required to meet these costs. However, it is also recognized 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 within its 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.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Department of Labor and Industrial Relations** assume the proposal would not fiscally impact their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE FUND			
(§ 208.044)			
<u>Costs - OA-ITSD/DSS</u>			
System programming expenditures	(\$44,128)	\$0	\$0
<u>Costs - DSS-FSD</u>			
Personal service	(\$340,693)	(\$413,086)	(\$417,217)
Fringe benefits	(\$172,885)	(\$209,620)	(\$211,716)
Equipment and expense	(\$170,668)	(\$79,280)	(\$80,866)
<u>Total Costs - DSS-FSD</u>	<u>(\$684,246)</u>	<u>(\$701,986)</u>	<u>(\$709,799)</u>
FTE Change - DSS	14.29 FTE	14.29 FTE	14.29 FTE
<u>Costs - DSS-CD</u>			
Supplies, mailing and postage costs	(\$87,289)	(\$97,939)	(\$99,897)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUNDS	<u>(\$815,663)</u>	<u>(\$799,925)</u>	<u>(\$809,696)</u>
Estimated Net FTE Change on the General Revenue Fund	14.29 FTE	14.29 FTE	14.29 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
FEDERAL FUNDS			
<u>Income - DSS-FSD</u>			
Program reimbursements	\$609,225	\$625,020	\$631,976
<u>Income - DSS-CD</u>			
Program reimbursements	\$42,105	\$47,242	\$48,187
<u>Costs - DSS-FSD</u>			
Personal service	(\$303,339)	(\$367,794)	(\$371,472)
Fringe benefits	(\$153,930)	(\$186,638)	(\$188,504)
Equipment and expense	<u>(\$151,956)</u>	<u>(\$70,588)</u>	<u>(\$72,000)</u>
<u>Total Costs - DSS-FSD</u>	<u>(\$609,225)</u>	<u>(\$625,020)</u>	<u>(\$631,976)</u>
FTE Change - DSS	12.71 FTE	12.71 FTE	12.71 FTE
<u>Costs - DSS-CD</u>			
Supplies, mailing and postage program expenditures	<u>(\$42,105)</u>	<u>(\$47,242)</u>	<u>(\$48,187)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on Federal Funds	12.71 FTE	12.71 FTE	12.71 FTE
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<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.

FISCAL DESCRIPTION

This proposal changes the laws regarding child day care services to a person who meets the specified qualifications of the federal Family Support Act of 1998. The proposal specifies that for persons whose eligibility for receiving child day care assistance is based on employment the Children's Division within the Department of Social Services must, on a monthly basis, verify the employment status of the persons and immediately terminate the child day care assistance for any person for whom the division is unable to verify employment and who is not otherwise eligible for the assistance. The division must establish by rule the method of monthly verification of employment for the persons.

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

Office of Administration -
Information Technology Services Division/Department of Social Services
Department of Labor and Industrial Relations
Department of Social Services -
Children's Division
Division of Legal Services
Family Support Division
Joint Committee on Administrative Rules
Office of Secretary of State



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April 8, 2013