

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2007-01  
Bill No.: HB 870  
Subject: Revises Grandparents as Foster Parents Program.  
Type: Original  
Date: March 13, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$7,729,004	\$9,807,742	\$11,444,222
<b>Total Estimated Net Effect on <u>All</u> State Funds*</b>	<b>\$7,729,004</b>	<b>\$9,807,742</b>	<b>\$11,444,222</b>

\* **Grandparents As Foster Parents Program 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 <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<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 5 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Social Services (DOS) - Division of Family Services (DFS) - Children's Services Unit (CSU)** stated the proposed legislation would not fiscally impact their organization at the present time. However, if because of lesser reimbursements and fewer services provided, grandparents and relatives apply for and become eligible for Subsidized Guardianship, there will be an impact upon Adoption Subsidy funds.

The CSU officials stated that in FY 02, it is estimated that 5,197 children will receive Grandparents As Foster Parents (GAFP) benefits. The proposed legislation would result in 2,120 children losing eligibility. Of that number, the CSU estimates that 527 (25%) would have previously been in the custody of the DFS and would remain eligible for Subsidized Guardianship.

The CSU estimates the fiscal impact of the proposed legislation to the General Revenue Fund to be \$1,892,773 for FY 02 (10 months); \$3,030,476 for FY 03; and \$3,536,138 for FY 04.

Officials from the **DOS - DFS - Income Maintenance Unite (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. 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; and FY 04 - 8,091. 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 limits for the GAFP eligibility, the IMU assumed that 59.2% of the above anticipated cash eligible children would remain eligible. The anticipated cash eligible children per month would be reduced to: 3,077 (5,197 x 59.2%) for FY 02; 4,105 (6,934 x 59.2%) for FY 03; and 4,790 (8,091 x 59.2%) for FY 04. The number of children no longer eligible per month for the GAFP are estimated at: 2,120 (5,197 - 3,077) for FY 02; 2,829 (6,934 - 4,105) for FY 03; and 3,301 (8,091 - 4,790) for FY 04.

The IMU also assumes the average cost of maintenance per child in the program will remain constant at \$275.33 per month. The maintenance reimbursement is tied to the Foster Care Maintenance Payment Rate. Therefore, the reduction of the reimbursement to 75% would reduce the maintenance cost to \$206.50 per month per child. Cost savings are estimated to be \$68.83 (\$275.33 - \$206.50) per month for each child no longer eligible.

The current rate of maintenance is \$275.33 per month per child, regardless of the number of children in the household. This legislation requires the DFS to establish a reduced cash benefit for households providing care for three or more children. The criteria the DFS would use  
ASSUMPTION (continued)

consists of reducing the GAFP payment for the third and subsequent children in the household to no less than the Temporary Assistance grant amount for one person. The current rate is \$136.00 per month.

Based on data supplied by the DOS Research and Evaluation Unit, 16.5% of the children currently receiving benefits will receive a reduced grant. The reduced grant shall be no less than \$136.00 per child. The IMU estimates costs savings to be \$70.50 (\$206.50 - \$136.00) per child. The IMU assumes the decreased number of eligible families will reduce the overall supportive services costs. The estimated cost savings for reduced supportive services is estimated to be \$83.60 for each child no longer eligible.

Currently all GAFP children are eligible for child care assistance regardless of household income. The GAFP households would need to meet child care income guidelines to be eligible under this legislation, thereby reducing support services costs.

The IMU assumes 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 the 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 GFAP 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 the proposed legislation. Therefore, the IMU has estimated the annual costs as a result of children moving from the GAFP to TANF to be \$2,480,400 for FY 02 (10 months); \$3,310,320 for FY 03; and \$3,862,560. Estimated savings as a result of reductions in non-eligible children for annual maintenance cost savings, annual maintenance costs savings for reduction in maintenance payments, annual maintenance cost savings for reductions in maintenance payments for multiple children, and support service costs saving for non-eligible children are estimated to be \$12,102,177 for FY 02 (10 months); \$16,148,538 for FY 03; and \$18,842,920 for FY 04.

FISCAL IMPACT - State Government

FY 2002  
(10 Mo.)

FY 2003

FY 2004

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>GENERAL REVENUE FUND</b>			
<u>Program Savings - Department of Social Services - Division of Family Services - Income Maintenance Unit</u>			
Maintenance Cost Savings - Non-Eligible Children	\$7,004,395	\$9,346,903	\$10,906,372
Maintenance Cost Savings - Reduction in Maintenance Payments	\$2,541,479	\$3,390,565	\$3,956,349
Maintenance Cost Savings - Reduction in Maintenance Payments - Multiple Children	\$429,519	\$573,017	\$668,636
Support Services Cost Savings	<u>\$2,126,784</u>	<u>\$2,838,053</u>	<u>\$3,311,563</u>
Total <u>Savings</u> - Department of Social Services	<u>\$12,102,177</u>	<u>\$16,148,538</u>	<u>\$18,842,920</u>
<u>Costs - Department of Social Services - Division of Family Services - Income Maintenance Unit</u>			
Movement from GAFP to TANF	(\$2,480,400)	(\$3,310,320)	(\$3,862,560)
<u>Costs - Department of Social Services - Division of Family Services - Children's Services Unit</u>			
Subsidized Guardianship Expenditures	<u>(\$1,892,773)</u>	<u>(\$3,030,476)</u>	<u>(\$3,536,138)</u>
Total <u>Costs</u> - Department of Social Services	<u>(\$4,373,173)</u>	<u>(\$6,340,796)</u>	<u>(\$7,398,698)</u>

**- SUBJECT TO APPROPRIATION -**

<b>NET ESTIMATED EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$7,729,004</u></b>	<b><u>\$9,807,742</u></b>	<b><u>\$11,444,222</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<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

The proposed legislation would provide that a grandparent will be able to participate in the Grandparents as Foster Parents Program if the grandparent has an annual household of less than two hundred percent of the federal poverty level. The Division of Family Services is to annually review the eligibility of the grandparents participating in the program. Subject to appropriations, the Grandparents as Foster Parents Program will reimburse up to seventy-five percent of the current foster care rate to eligible grandparents. The division will also establish criteria for the reduction in cash benefits received if the grandparent is providing care for three or more grandchildren. The provisions of this legislation are not to be construed to create an entitlement for participants.

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



Jeanne Jarrett, CPA  
Director

March 13, 2001