

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1250-02  
Bill No.: HB 713  
Subject: Public Assistance; Children and Minors; Social Services Department  
Type: Original  
Date: February 27, 2017

---

Bill Summary: This proposal establishes a pilot program within the Department of Social Services to provide additional child care assistance for low-income working families.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
General Revenue	\$0	\$0 or (Unknown greater than \$181,847)	\$0 or (Unknown greater than \$175,240)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0 or (Unknown greater than \$181,847)</b>	<b>\$0 or (Unknown greater than \$175,240)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Children and Low-Income Families Future Program*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Appropriations from General Revenue Fund and grants to Greene, Jefferson and Pemiscot counties net to \$0.

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	0	1	1
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>1</b>	<b>1</b>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income and expenditures net to \$0.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Social Services (DSS), Children's Division (CD)** and **Division of Legal Services (DLS)** state this program is very similar to the Children's Division's transitional child care (TCC) assistance program (section 208.044, RSMo), as authorized through the Child Care and Development Block Grant.

The **CD** provides that this legislation adds section 208.257, RSMo, which requires the DSS to develop the CLIFF program (Children and Low-Income Families Future) to allow participants to receive child care assistance while sharing the cost of such assistance if their income exceeds the eligibility limit. DSS shall implement this pilot program in Greene, Jefferson, and Pemiscot counties.

DSS is required to enter into a Memorandum of Understanding (MOU) with each county to govern the implementation of the pilot program, including the county's criteria for participation. Each county shall receive a grant, with no more than 3% of the moneys being used for administrative costs.

The provisions of this proposal creates the Children and Low-Income Families Future Program (CLIFF) Fund within the state treasury. Moneys appropriated to this fund shall be used solely for the administration of this section.

DSS shall promulgate rules to implement the administration of the grant program, and shall determine the amount of the grant and how the grants shall be distributed.

Each participating county shall design their pilot program to address the county's specific community needs. The county may limit participation to children under 3 years of age. The county shall provide child care assistance for up to 2 years for participants receiving child care assistance and whose income exceeds the county adopted income eligibility limits. The parent shall pay a series of incremental increases on a scheduled basis upon a formula established by the county, except that no assistance shall be provided if such income exceeds the maximum level of eligibility for services set by federal law. The county shall assist participating families to transition off of child care assistance over a 2 year period. Each county shall set its own parental fee schedule.

The pilot shall begin July 1, 2018, and operate for 5 years. DSS shall collect all data on the pilot program annually and evaluate and report to the general assembly using measurable outcomes. DSS shall compile data submitted by the counties and submit a report and recommendations to the general assembly by Oct. 1, 2023. The specific contents of the report are listed.

ASSUMPTION (continued)

The CLIFF program sunsets 6 years after the effective date unless reauthorized by the General Assembly. If reauthorized, it will sunset 12 years after the effective date.

Currently the DSS has three levels of transitional child care (TCC) that allows families to continue to receive child care assistance as their incomes grow. A family of 3 with monthly income of up to \$2,318 will qualify for traditional child care assistance. The transitional level-one income guideline is \$2,319-\$2,772, level-two is \$2,773-\$3,192, and level-three is \$3,193-\$3,612. Transitional child care level-one pays a 75% benefit, level-two pays a 50% benefit and level-three pays a 25% benefit.

The below table shows how many families/children in each of the proposed counties receive child care assistance and at each level during the most recent month.

COUNTY	TCC Level	ELIGIBLE FAMILIES	ELIGIBLE CHILDREN	EXPENDITURES
GREENE	N	908	1,711	\$271,772.95
GREENE	1	36	60	\$7,768.01
GREENE	2	8	12	\$535.73
GREENE	3	3	4	\$77.86
JEFFERSON	N	657	1,213	\$239,974.75
JEFFERSON	1	31	43	\$6,296.17
JEFFERSON	2	11	16	\$1,325.76
JEFFERSON	3	2	3	\$131.69
PEMISCOT	N	68	161	\$14,137.57

Key: N - Not in Transitional Care Program

There are currently no families on transitional child care in Pemiscot County and a limited number in Jefferson and Greene counties.

Because this pilot program is limited to just three counties, federal funding from the Child Care and Development Block Grant could not be used for this program due to the equal access provisions within the federal regulation. Because the funds will be appropriated to support the grants being distributed to the counties, the impact to the Children's Division for the CLIFF program, based on the chart above would \$0 > \$100,000 and subject to appropriation authority.

ASSUMPTION (continued)

The fiscal impact also includes (1 FTE) Program Development Specialist for oversight of the program. It is not known at this time how many children and families will be eligible for CLIFF and how much funding will be available. The department will be responsible for promulgating rules and determining how the grants will be distributed. Because of these factors, the DSS has a range of fiscal impact for this legislation.

FY19 \$0 > \$100,000

FY20 \$0 > \$100,000

**Family Support Division (FSD)** officials state the provisions of this legislation do not alter eligibility for any public assistance program administered by FSD nor does it require FSD to implement or oversee the program. Therefore, there is no fiscal impact to FSD.

**Division of Legal Services (DLS)** officials state this legislation requires CD to promulgate regulations; therefore DLS's assistance will be required. DLS anticipates that such assistance could be provided at current staffing levels. DLS defers to Children's Division as to the costs of administering the pilot program.

**Oversight** assumes appropriations for the CLIFF Program to be transferred through grants to counties would be at least \$100,000 annually. Oversight also assumes the counties' administrative expenses and grant expenditures for child care would net to \$0.

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 **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.

ASSUMPTION (continued)

Officials from the **Office of State Treasurer** assume the proposal would not fiscally impact their agency.

Officials from the counties of: **Greene, Jefferson** and **Pemiscot** did not respond to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>GENERAL REVENUE FUND</b>			
<u>Costs - DSS (\$208.057)</u>		\$0 or...	\$0 or...
Personal service	\$0	(\$41,596)	(\$42,012)
Fringe benefits	\$0	(\$22,695)	(\$22,819)
Equipment and expense	\$0	(\$17,556)	(\$10,409)
Total <u>Costs - DSS</u>	\$0	(\$81,847)	(\$75,240)
FTE Change - DSS	0 FTE	1 FTE	1 FTE
<u>Transfer-Out - to the Children and Low-Income Families Future Program Fund</u>	\$0	\$0 or (Unknown greater than \$100,000)	\$0 or (Unknown greater than \$100,000)
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<u>\$0</u>	<u>\$0 or (Unknown greater than \$181,847)</u>	<u>\$0 or (Unknown greater than \$175,240)</u>
Estimated Net FTE Change on the General Revenue Fund	0 FTE	1 FTE	1 FTE

FISCAL IMPACT - State Government

FY 2018  
 (10 Mo.)

FY 2019

FY 2020

**CHILDREN AND LOW-INCOME  
 FAMILIES FUTURE PROGRAM  
 FUND**

Transfer-In - from General Revenue

Appropriations for CLIFF Program

\$0	\$0 or Unknown greater than \$100,000	\$0 or Unknown greater than \$100,000
-----	---	---

Transfers-Out - Counties

Grant funds

<u>\$0</u>	<u>\$0 or (Unknown greater than \$100,000)</u>	<u>\$0 or (Unknown greater than \$100,000)</u>
------------	--	--

**ESTIMATED NET EFFECT ON THE  
 CHILDREN AND LOW-INCOME  
 FAMILIES FUTURE PROGRAM  
 FUND**

<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>
-------------------	-------------------	-------------------

FISCAL IMPACT - Local Government

FY 2018  
(10 Mo.)

FY 2019

FY 2020

**LOCAL GOVERNMENTS -  
 COUNTIES OF GREENE,  
 JEFFERSON AND PEMISCOT**

Transfer-In - from Children and Low-  
 Income Families Future Program Fund

\$0	\$0 or Unknown greater than \$100,000	\$0 or Unknown greater than \$100,000
-----	---	---

Costs - Counties

Administrative costs (capped at 3% of  
 grant funds received)

\$0	\$0 or (Unknown)	\$0 or (Unknown)
-----	---------------------	---------------------

Transitional child care grant  
 expenditures

<u>\$0</u>	<u>\$0 or</u> <u>(Unknown)</u>	<u>\$0 or</u> <u>(Unknown)</u>
------------	-----------------------------------	-----------------------------------

Total Costs - Counties

<u>\$0</u>	<u>\$0 or (Unknown</u> <u>greater than</u> <u>\$100,000)</u>	<u>\$0 or (Unknown</u> <u>greater than</u> <u>\$100,000)</u>
------------	--	--

**ESTIMATED NET EFFECT ON  
 LOCAL GOVERNMENTS -  
 COUNTIES OF GREENE,  
 JEFFERSON AND PEMISCOT**

<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 bill requires the Department of Social Services to develop and oversee the “Children and Low-Income Families Future” (CLIFF) program in which the child care assistance program is modified to allow participants who wish to participate in the pilot program to continue to receive child care assistance while sharing in the cost of such assistance if their income exceeds the income eligibility limit. The pilot program must initially be implemented in the counties of



FISCAL DESCRIPTION (continued)

Greene, Jefferson, and Pemiscot. The bill requires the department to enter into a memorandum of understanding with each participating county. The memorandum must govern the implementation of the pilot program in such county including how the county decides which and how many families can participate in the pilot program.

The bill requires each participating county to receive a grant under the provisions of the bill. Grant moneys may be used, at the county's discretion, to cover the administrative costs of participating in the pilot program and the costs of providing continued benefits to families participating in the pilot program. Administrative costs of participating in the program are capped at 3% of the amount of grant moneys received.

The bill creates the "Children and Low-Income Families Future Program Fund," in the state treasury consisting of any moneys that may be appropriated to the fund. Funds appropriated under these provisions must be used to provide grants to participating counties. The bill requires the state treasurer to be custodian of the fund and the fund must be managed as specified in the bill.

The bill requires that each participating county have the flexibility to design the pilot program in a manner that best addresses the county's specific community needs. In developing the pilot program for the county, the county may limit participation to a reasonable percentage of the county's caseload for the child care assistance program. A county may also limit participation in the pilot program to families who enter the child care assistance program with children who are 36 months of age or younger. A participating county must continue to provide child care assistance for a period of up to two years for a group of participants who have been receiving child care assistance from the county and whose income exceeds the county-adopted income eligibility limit for the county's child care assistance program. The county must require a parent who is receiving extended child care assistance to pay a series of incremental increases in the portion of the parental share of the child care costs on a scheduled basis based upon a formula established by the county; except that, assistance cannot be provided if such income exceeds the maximum level of eligibility for services set by federal law for a family of the same size. The county must assist participating families to achieve a gradual transition off of the child care assistance over a two-year period and each county must set its own parental fee schedule and may consult with the department on setting the parental fee schedule.

The bill requires the pilot program to begin July 1, 2018. A county must operate the pilot program for at least five years. Each participating county is required to identify the families participating in the pilot program in that county. The department must collect all data on the pilot program annually and must evaluate and report to the General Assembly annually on the pilot program using measurable outcomes.

FISCAL DESCRIPTION (continued)

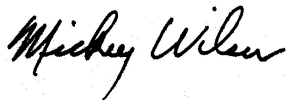
The bill requires the department to compile the data submitted by the counties and submit a report on the pilot program with the department's findings and recommendations to the General Assembly by October 1, 2023, and must make the report available to the public on its website and through other electronic means. The department's report must include specified information.

The bill contains a sunset provision.

This legislation is not federally mandated, appears to duplicate another Federal program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services -  
    Children's Division  
    Division of Legal Services  
Joint Committee on Administrative Rules  
Office of Secretary of State  
Office of State Treasurer



Mickey Wilson, CPA  
Director  
February 27, 2017

Ross Strobe  
Assistant Director  
February 27, 2017