

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0821H.01I
 Bill No.: HB 269
 Subject: Children And Minors; Public Assistance
 Type: Original
 Date: January 5, 2021

Bill Summary: This proposal creates the "Hand-Up Program".

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue*	(\$32,011) to (\$45,202)	Up to (\$1,271,559)	Up to (\$1,303,118)
Total Estimated Net Effect on General Revenue	(\$32,011) to (\$45,202)	Up to (\$1,271,559)	Up to (\$1,303,118)

* High end of range represents no CARES Act funding and 19% of program disbursements paid from General Revenue.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenses could range from \$5.4 to \$6.7 million annually beginning in FY22 and net to \$0 depending on the availability of Federal funds.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	0 FTE to 0.19 FTE	0 FTE to 0.19 FTE	0 FTE to 0.19 FTE
Federal Funds	0.81 FTE to 1 FTE	0.81 FTE to 1 FTE	0.81 FTE to 1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

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 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§208.053 - "Hand-Up Program"

Officials from the **Department of Social Services (DSS), Children's Division (CD), Family Support Division (FSD)** and **Division of Legal Services (DLS)** provide the following information:

Officials from **CD** state the program, subject to appropriations, is to be implemented by July 1, 2022 as a pilot in three counties (Jackson County, Clay County, and Greene County) with varying populations, as defined in the legislation, to be called "Hand-Up Program."

Provisions of this legislation also requires the division to track the number of recipients in the program and provide an annual report to the general assembly beginning September 1, 2022 and annually thereafter on September 1st. These provisions would result in additional fiscal impact on the division.

To develop, implement and oversee the program once implemented a full time Program Development Specialist (PDS) (\$42,654 annually) would be needed beginning in FY22. The full time PDS would be needed to draft program policy, regulations, and contract amendments for child care providers in the defined counties, coordinate system changes with ITSD, calculate data required by the provisions and write an annual report for the general assembly. The estimated cost for 1 FTE salary, fringe and expenses for FY22 totals \$73,328; FY23 costs total \$79,116; and FY24 costs total \$79,881 (up to 19% General Revenue; 81% or up to 100% Federal).

Oversight assumes CD would not need additional rental space for 1 new FTE for this single proposal. However, Oversight notes, depending on the number of proposals passed during the legislative session that, cumulatively, CD may need additional rental space or capital improvements as determined by the Office of Administration, Facilities Management, Design and Construction.

CD assumes all eligible children will have access to the program. The costs for FY22 would include personnel and systems changes due to the program implementation date of July 1, 2022. The cost for implementation in FY23 results in an increase of \$6,456,831 (19% or \$1,226,798 General Revenue and 81% or \$5,230,033 Federal) for subsidy payments. Calculation is based on the number of children rejected per level of transitional child care multiplied by the transitional level rate and then annualized.

Currently, DSS is providing a transitional benefit to this population funded through the CARES Act.

ASSUMPTION (continued)

The availability of future additional federal funds is unknown. Therefore, the fiscal impact is a range for General Revenue and Federal Funds.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by DSS/CD.

Officials from **FSD** state the pilot program allows applicants in the program to receive transitional child care benefits without having to be first eligible for full childcare benefits with three different tiers with income maximums of 165% FPL, 190% FPL, and 215% FPL.

The individuals who would be eligible for the pilot program in the areas listed were determined by identifying the individuals in these areas who applied for Child Care Subsidy in State Fiscal Year 2020 with household incomes exceeding 138% FPL, but less than 215% FPL.

FSD determined there would be 1,744 individuals eligible for the Hand Up program if the provisions of this bill are enacted as proposed.

FSD arrived at 1,744 individuals in this manner:

In SFY 2020, the FSD rejected 995 children with household income between 138% FPL and 165% FPL; 523 children with household income between 166% FPL and 190% FPL; and 226 children with household income between 191% FPL and 215% FPL.

Tier One Children – 75% of maximum base rate for child care assistance: 995

Tier Two Children – 50% of maximum base rate for child care assistance: 523

Tier Three Children – 25% of maximum base rate for child care assistance: 226

Total Children eligible for Hand Up program: 1,744

FSD determines eligibility for child care assistance. FSD assumes existing staff will be able to complete necessary additional eligibility work because of this proposal.

FSD further assumes the Office of Administration (OA), Information Technology Services Division (ITSD)/DSS (OA-ITSD) will include the FAMIS programming costs for the system changes as well as the system-generated notice needed to implement provisions of this bill in their response.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the no fiscal impact assumed by FSD for fiscal note purposes.

ASSUMPTION (continued)

Officials from **DLS** state they do not foresee a fiscal impact as a result of this legislation. FSD estimates that approximately 1,744 children would be added to the child care rolls as a result of SB 206. DLS would be able to handle any additional advisory or regulatory work resulting from this legislation with its currently-available resources. Since the legislation results in less applicants being rejected for child care assistance, it could cause a decrease in the number of administrative hearings conducted for that program. At the same time, a long-term increase in participation in the program could gradually cause an increase in hearings. Considering both possibilities, this proposal would not have a significant impact on the overall number of hearings conducted by DLS.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the no fiscal impact assumed by DLS for fiscal note purposes.

DSS officials provided the response for the **OA-ITSD/DSS**. ITSD states FAMIS already has a process in place to determine eligibility for Transitional Child Care Eligibility Units. The system already caters to Transitional Child Care 1, 2, and 3 (TCC1, TCC2, and TCC3) based on the specified income guidelines. The current functionality within the TCC Program Eligibility Determination is to fail a participant/family if the income exceeds the specified limit.

The proposed functionality is to allow recipients to continue to receive benefits should their income rise above the maximum allowable monthly income for persons to receive full child care benefits if the recipient pays a premium that is applied only to the portion of the recipients income above such maximum allowable monthly income for the receipt of full child care benefits. The system needs to stop failing them and instead move them to a new program called the "Hand-Up Program".

This will involve screen changes, eligibility determination changes, forms notice changes in addition to any new processes that may be needed. There could be changes on the data warehouse programs as well.

ITSD assumes that every new IT project/system will be bid out because all ITSD resources are at full capacity. The current contract rate for IT consultants is \$95 per hour. It is assumed FAMIS changes will require 673.92 contract hours. Therefore, FY 2022 costs are estimated to be:

<u>Fund Affected</u>	<u>FY 2022</u>
General Revenue	\$32,011
Federal Funds	<u>\$32,011</u>
Total Costs	<u>\$64,022</u> (673.92 hours * \$95)

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by OA-ITSD/DSS.

ASSUMPTION (continued)

Officials from the **Department of Revenue** have stated the proposal would not have a direct fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this organization.

Oversight notes the provisions of this proposal only apply to Clay, Greene and Jackson counties. Clay and Greene Counties have not provided contacts to review proposed legislation. Officials from Jackson County did not respond to Oversight's request for a statement of fiscal impact. Therefore, Oversight assumes the proposal will have no fiscal impact on these counties.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State** notes 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 certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Costs - DSS (\$208.053)</u>	Up to...	Up to...	Up to...
Personal service p. 3	(\$6,754)	(\$8,185)	(\$8,267)
Fringe benefits p. 3	(\$4,461)	(\$5,380)	(\$5,407)
Equipment and expense p. 3	(\$1,976)	(\$526)	(\$539)
Increases in “Hand-up” childcare disbursements p. 3	\$0	(\$1,257,468)	(\$1,288,905)
Total Costs – DSS	Up to (\$13,191)	Up to (\$1,271,559)	Up to (\$1,303,118)
FTE Change – DSS	0 FTE to 0.19 FTE	0 FTE to 0.19 FTE	0 FTE to 0.19 FTE
<u>Costs - OA-ITSD/DSS (\$208.053)</u>			
FAMIS programming/IT costs p. 5	(\$32,011)	\$0	\$0
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND*	(\$32,011) to (\$45,202)	Up to (\$1,271,559)	Up to (\$1,303,118)
Estimated Net FTE Change on the General Revenue Fund	0 FTE to 0.19 FTE	0 FTE to 0.19 FTE	0 FTE to 0.19 FTE
* High end of range represents no CARES Act funding and 19% of program disbursements paid from General Revenue.			

<u>FISCAL IMPACT – State Government - (continued)</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
FEDERAL FUNDS			
<u>Income - DSS (\$208.053)</u>			
Increase in program reimbursements p. 3	\$56,135 to \$69,303	\$5,420,857 to \$6,692,417	\$5,555,396 to \$6,858,514
<u>Income - OA-ITSD/DSS (\$208.053)</u>			
Increase in program reimbursements p. 5	\$32,011	\$0	\$0
<u>Costs - DSS (\$208.053)</u>			
Personal service p. 3	(\$28,791 to \$35,545)	(\$34,895 to \$43,081)	(\$35,244 to \$43,511)
Fringe benefits p. 3	(\$19,018 to \$23,479)	(\$22,936 to \$28,316)	(\$23,052 to \$28,459)
Equipment and expense p. 3	(\$8,326 to \$10,279)	(\$2,242 to \$2,768)	(\$2,297 to \$2,836)
Increase in “Hand-up” child care disbursements p. 3	\$0	(\$5,360,784 to \$6,618,252)	(\$5,494,803 to \$6,783,708)
Total Costs – DSS	(\$56,135 to \$69,303)	(\$5,420,857 to \$6,692,417)	(\$5,555,396 to \$6,858,514)
FTE Change – DSS	0.81 FTE to 1 FTE	0.81 FTE to 1 FTE	0.81 FTE to 1 FTE
<u>Costs - OA-ITSD/DSS (\$208.053)</u>			
FAMIS programming/IT costs p. 5	(\$32,011)	\$0	\$0
ESTIMATED NET EFFECT ON FEDERAL FUNDS*	\$0	\$0	\$0
Estimated net FTE Change on the General Revenue Fund	0.81 FTE to 1 FTE	0.81 FTE to 1 FTE	0.81 FTE to 1 FTE
* High end of range represents 100% Federal funding.			

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	\$0	\$0	\$0

FISCAL IMPACT – Small Business

This proposal may impact small business child care centers (§208.053).

FISCAL DESCRIPTION

Subject to appropriations, this bill reauthorizes, and makes changes to, the Hand-Up Program which is a pilot program intended to more effectively transition persons receiving state-funded child care subsidy benefits. The Pilot Program would begin on July 1, 2022 and would only be implemented in Jackson, Greene and Clay counties. The Program would allow recipients to qualify for transitional child care benefits without having to qualify for full child care benefits.

The Children's Division within the Department of Social Services must track recipients of the Hand-Up Program and report statistics on the Program to the General Assembly by September 1, 2022 and annually on September first thereafter. These provisions shall sunset three years after the effective date (§208.053).

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

L.R. No. 0821H.011

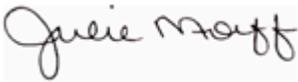
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SOURCES OF INFORMATION

Department of Revenue
Department of Social Services
Joint Committee on Administrative Rules
Office of the Secretary of State



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January 5, 2021



Ross Strobe
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January 5, 2021