

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5297-01
Bill No.: SB 1186
Subject: Federal-State Relations; Immigration, Public Assistance
Type: Original
Date: March 4, 2008

Bill Summary: This legislation requires applicants to prove citizenship, permanent residence, or lawful presence in order to receive state or local public benefits.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$870,377)	(\$1,022,007)	(\$1,052,668)
Total Estimated Net Effect on General Revenue Fund	(\$870,377)	(\$1,022,007)	(\$1,052,668)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Unemployment Insurance Federal Fund	\$0 or (\$34,000,000)	\$0 or (\$34,000,000)	\$0 or (\$34,000,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 or (\$34,000,000)	\$0 or (\$34,000,000)	\$0 or (\$34,000,000)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	21 FTE	21 FTE	21 FTE
Total Estimated Net Effect on FTE	21 FTE	21 FTE	21 FTE

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 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Courts Administrator, Linn State Technical College, Office of Administration, Department of Revenue, Department of Public Safety, Office of the Secretary of State, Metropolitan Community College, Department of Social Services** and the **Department of Insurance, Financial Institutions & Professional Registration** each assume the proposal would have no fiscal impact on their respective agencies.

In response to a similar proposal from this year (SB751), officials from the **Lincoln University** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Mental Health (DMH)** state the DMH does not knowingly serve persons who are not citizens or permanent residents of the United States. On occasion, a person that is not a citizen or permanent resident may be court ordered into the care and custody of the DMH for a competency evaluation. DMH does notify authorities when this happens. DMH assumes this proposal would have no fiscal impact on DMH.

In response to a similar proposal from this year (SB 751), officials from the **Office of the Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

In response to a similar proposal from this year (SB751), officials from the **Missouri State University** assume no major financial impact on their agency. Students pay out of state tuition and are generally not eligible for aid. The cost of monitoring would be minimal.

In response to a similar proposal from this year (SB751), officials from the **Truman State University** states that Truman State University is unable to determine a fiscal impact.

Oversight assumes the Truman State University could absorb the additional caseload that may result from this proposal within existing resources.

In response to a similar proposal from this year (SB751), officials from the **University of Central Missouri (UCM)** assume the proposal would have a fiscal impact of \$51,984 in order to hire 2 office professionals to screen applicants. This new staffing would be necessary in order to adequately screen all applicants to the University; UCM's current system is already set up to screen before financial aid is granted, but not before scholarships, graduate assistantship or other aid resulting solely from the application process, is awarded.

ASSUMPTION (continued)

Oversight assumes the UCM could absorb the additional caseload that may result from this proposal within existing resources. Therefore, oversight assumes the UCM could absorb two FTE.

In response to a similar proposal from this year (SB751), officials from the **University of Missouri (UM)** assume to require each applicant to the UM to submit the proofs of citizenship would not be possible. International students do not get their verification for admission to the United States until after they have been accepted at a college or university. UM currently check all of our international students to make sure they have the proper documentation, but this is done when they arrive on campus.

Adding proof of citizenship to the application processing will cause a decrease in our yield of enrolled students because it will increase processing time and because the requirement will be viewed as intrusive. Further, UM will no longer be able to accept electronic applications. Some individuals will not want to mail documents such as a birth certificate or passport.

UM estimates the cost to the UM for a significant decrease in enrollment and cost of processing to be over \$40,000,000.

UMC – new employees (3) – 2 @ 20,000 plus benefits = \$51,600
1 @ 18,000 plus benefits = \$23,220

UMKC – new employees (3) – 2 @ 20,000 plus benefits = \$51,600
1 @ 18,000 plus benefits = \$23,220

UMR – new employees (3) – 2 @ 20,000 plus benefits = \$51,600
1 @ 18,000 plus benefits = \$23,220

UMSL – new employees (3) – 2 @ 20,000 plus benefits = \$51,600
1 @ 18,000 plus benefits = \$23,220

Material usage \$6,730

Oversight assumes, because the potential for a decrease in student enrollment is speculative, that the UM will not incur significant costs related to this proposal. If a fiscal impact were to result, the UM may request additional funding through the appropriations process.

ASSUMPTION (continued)

Oversight assumes the UM could absorb the additional caseload that may result from this proposal within existing resources. Therefore, oversight assumes the UM could absorb the requested FTE.

Officials from the **Department of Health and Senior Services (DHSS)** state this proposal requires applicants to prove citizenship, permanent residence, or lawful presence in order to receive state or local public benefits. The DHSS has four General Revenue funded programs, Alternatives to Abortion, State Only In-Home Program, Non-MO HealthNet Eligible (Non-Medicaid) Program, and the Naturally Occurring Retirement Communities Program, that would be impacted by this legislation. The Department assumes the program contractors will be required to verify lawful presence to all recipients prior to administering services, therefore there is no impact to the department.

Officials from **Department of Economic Development (DED)** assume the proposal would require Missouri Housing Development Commission (MHDC) to use SAVE to verify the status of people receiving a benefit from the Missouri Housing Trust Fund (MHTF). MHTF does not make grants to individuals, but it does make grants to nonprofits that in turn pass the grant onto individuals. If MHDC would have to pay to use SAVE to verify the end recipient (or pay its grantees to do so), it would result in some cost to the MHTF. The same costs could apply to end recipients of other MHDC programs, which lay outside the state Treasury and are not addressed in this fiscal note.

To determine the cost of using SAVE to verify status of individuals receiving a benefit from the Missouri Housing Trust Fund (MHTF), the projected number of individuals served per year (11,900) was multiplied by the per verification cost of SAVE (\$0.26 or \$0.74). These costs were found on the SAVE program page on the U.S. Citizenship and Immigration Services website (www.uscis.gov). The cost per verification of the web-based system is \$0.26 or \$0.74 if verification requires more than the basic information. It is unknown how many would need the additional verification, so a range was calculated: $(11,900 \times \$0.26)$ to $(11,900 \times \$0.74) = \$3,094$ to $\$8,806$.

Oversight has, for fiscal note purposes only, assumed the \$3,904 to \$8,806 expense to the Department is a minimal amount that could be absorbed by the DED.

ASSUMPTION (continued)

Officials from the **Department of Higher Education (DHE)** assume the proposal would prohibit aliens unlawfully present in the U.S. from receiving state grants and scholarships, and would require applicants for grants and scholarships to provide affirmative proof of citizenship/permanent resident status at the time they apply for financial aid. Each year, 45,000 to 50,000 Missouri students receive state grants and scholarships; each of these students would be required to provide affirmative proof of their citizenship. The state's public colleges and universities would likely be responsible for collecting the verifying information described in this proposal. In addition, the DHE would likely be asked to provide general guidance in implementing the proposal, as well as specific guidance about particular cases. The DHE currently does not have anyone on staff who is trained in reviewing immigration documents; the agency's General Counsel and/or staff in the Grants and Scholarships Program would likely have to receive additional training.

Oversight assumes the Missouri DHE could absorb any additional caseload that may result from this proposal with existing resources. Oversight assumes any significant increase in the workload of the Missouri DHE would be reflected in future budget request.

Officials from the **Department of Labor and Industrial Relations** assume the proposed legislation would have a significant impact on the Division of Employment Security (DES) in the form of extra responsibilities relating to the verification of legal status of applicants for benefits. This proposal would require verification that the applicant is lawfully present in the United States to be eligible for unemployment benefits. Based on claims filed in the federal fiscal year that ended September 30, 2007, this proposal would increase the number of applicants to be verified to roughly 370,000. This would require the DES to hire additional employees. The DES estimates it would need an additional 21 claims technicians at an average annual salary of \$31,424. The DES does not have federal funds available to hire an additional 21 employees. These employees would need to be funded through General Revenue or another source.

The payment of unemployment benefits could be delayed for each applicant until the DES receives and reviews each applicant's documents. Delay will prevent timely payment of benefits as required by the U.S. Department of Labor (USDOL). This will result in reduced funding for DES.

The federal government and state governments are jointly responsible for administering the unemployment insurance (UI) system. State laws must meet certain federal requirements for the state agency to receive administrative grants needed to operate its UI program and employers to qualify for certain tax credits.

ASSUMPTION (continued)

This proposal may jeopardize the certification of the state's UI program. If the program fails to be certified, Missouri would lose \$34 million in federal funds the state receives to administer the UI program.

The Federal Unemployment Tax Act (FUTA) imposes a 6.2% payroll tax on employers. Most employers never actually pay the total 6.2% due to credits they receive for the payment of state unemployment taxes and for paying reduced rates under an approved experience rating plan. FUTA allows employers tax credits up to a maximum of 5.4% against the payroll tax if the state UI law is approved by the Secretary of Labor. The proposed legislation may cause Missouri's program to fail certification. As a result, Missouri employers could lose approximately \$977 million annually in FUTA credits.

Oversight assumes it is unclear whether the state would lose its Unemployment Insurance Federal Funds. Oversight has shown the potential loss as \$0 or \$34,000,000.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Cost - Department of Labor and Industrial Relations</u>			
Personal Services	(\$566,418)	(\$700,092)	(\$721,095)
Fringe Benefits	(\$250,470)	(\$309,581)	(\$318,868)
Expense and Equipment	<u>(\$53,489)</u>	<u>(\$12,334)</u>	<u>(\$12,705)</u>
<u>Total Costs - DOLIR</u>	<u>(\$870,377)</u>	<u>(\$1,022,007)</u>	<u>(\$1,052,668)</u>
FTE Change - DOLIR	21 FTE	21 FTE	21 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$870,377)</u>	<u>(\$1,022,007)</u>	<u>(\$1,052,668)</u>
Estimated Net FTE Change for General Revenue Fund	21 FTE	21 FTE	21 FTE

**UNEMPLOYMENT INSURANCE
 FEDERAL FUNDS**

Loss - Department of Labor and Industrial
 Relations

Unemployment Insurance Payments	<u>\$0 to</u> <u>(\$34,000,000)</u>	<u>\$0 to</u> <u>(\$34,000,000)</u>	<u>\$0 to</u> <u>(\$34,000,000)</u>
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**ESTIMATED NET EFFECT ON
 UNEMPLOYMENT INSURANCE
 FEDERAL FUNDS**

<u>\$0 to</u> <u>(\$34,000,000)</u>	<u>\$0 to</u> <u>(\$34,000,000)</u>	<u>\$0 to</u> <u>(\$34,000,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<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

Under federal law, unlawfully present aliens are not eligible for state or local public benefits with certain exceptions. This legislation reiterates federal law stating that such aliens are ineligible and the exceptions.

Applicants for benefits shall provide proof of citizenship, residency, or lawful presence in order to receive benefits. If applicants cannot provide such proof they can sign an affidavit attesting to their status and shall be eligible to receive temporary benefits until their status can be determined.

If an applicant is an alien, the applicant shall not receive benefits until lawful presence is verified by the federal government.

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 the Attorney General
Department of Higher Education
Office of Administration
Office of the State Courts Administrator
Department of Economic Development
Department of Insurance, Financial Institutions & Professional Registration
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety
Office of the Secretary of State
Linn State Technical College
Missouri State University
Truman State University
University of Central Missouri
Metropolitan Community College
Department of Social Services
University of Missouri
Department of Health and Senior Services
Lincoln University
Department of Mental Health



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Director
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