

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1730-05
Bill No.: Truly Agreed to and Finally Passed HCS for SCS for SB 313
Subject: Federal - State Relations; Treasurer, State
Type: Original
Date: March 20, 2009

Bill Summary: Creates two separate funds within the state treasury to receive and retain funds provided under the American Recovery and Reinvestment Act of 2009

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Senate** assume there will be no fiscal to their agency or minimal costs which can be absorbed by present appropriations.

Officials from the **Governor's Office, Office of Administration - Division of Accounting, Division of Budget & Planning, Capitol Police, Department of Corrections, Missouri House of Representatives, Department of Agriculture, Department of Public Safety - Division of Fire Safety, Attorney General's Office, Department of Health and Senior Services, Department of Revenue, Office of State Courts Reporter, Department of Economic Development, Missouri Veteran's Commission, Missouri Office of Prosecution Services and Secretary of State's Office** assume there should be no additional cost to their agency.

In response to SB 313, officials from the **Department of Mental Health & Senior Services (DMH)** assume this proposal creates the "Federal Budget Stabilization Fund", which shall consist of money received due to the temporary increase of the Medicaid Federal Medical Assistance Percentage (FMAP), and the "Federal Stimulus Fund", which shall consist of all monies received pursuant to the American Recovery and Reinvestment Act of 2009 as enacted by the 111th United States Congress which are not otherwise allocable to the federal budget stabilization fund under section 30.1010. The state treasurer shall be custodian of the funds and may approve disbursements from the funds in accordance with sections 30.170 and 30.180, RSMo. This proposal does not appear to create any additional material duty or responsibility for the Department of Mental Health.

Any administrative costs to DMH associated with the creation, use, or tracking of these funds would be absorbed with existing resources. No fiscal impact.

Officials from the **Department of Social Services (DSS)** assume this bill sets up two new funds in the state treasury.

The Federal Budget Stabilization Fund is set up for deposit of money received due to the temporary increase of the Medicaid Federal Medical Assistance Percentage (FMAP) as authorized by the American Recovery and Reinvestment Act of 2009.

The Federal Stimulus Fund is established for deposit of all monies received pursuant to the American Recovery and Reinvestment Act of 2009 which are not otherwise allocable to the Federal Budget Stabilization Fund above.

ASSUMPTION (continued)

The Division of Finance and Administrative Services reviewed the bill and said there would be no fiscal impact to DSS. DSS defers to the State Treasurer's Office and the Office of Administration to determine the costs to set up and administer the fund. Even though the Federal Budget Stabilization Fund relates to FMAP and DSS, there are other departments, Department of Mental Health for instance, that benefit from FMAP. Therefore, DSS assumes the Office of Administration will take the lead in administering the fund.

In response to SB 313, officials from the **Department of Transportation (MoDOT)** assume this bill creates two funds in the State Treasury which are to be used for federal funds received by the state due to the American Recovery and Reinvestment Act of 2009. The first fund, the “Federal Budget Stabilization Fund”, will be the receptacle for money received due to the temporary increase of the Medicaid Federal Medical Assistance Percentage (and will not impact MoDOT).

The second fund, the “Federal Stimulus Fund”, is to be the receptacle for “all monies received pursuant to the American Recovery and Reinvestment Act of 2009 as enacted by the 111th United States Congress which are not otherwise allocable to the federal budget stabilization fund under section 30.1010.” This would seemingly include any money Missouri receives for transportation projects.

MoDOT will receive its federal stimulus monies for transportation projects on a reimbursement basis. MoDOT will spend money from the State Road Fund (SRF) for those projects and typically deposits reimbursements from the federal government directly into the SRF. The creation of this new Federal Stimulus Fund will require two transfers of any federal reimbursement money—it would be first deposited into the Federal Stimulus Fund, and then would have to be deposited into the SRF, and this transfer would have to be timely to ensure MoDOT does not experience cash flow issues.

The creation of these two funds would create a fiscal impact to MoDOT. The billing process to the Federal Highway Administration (FHWA) and the accounting for billing in SAMII is via an interface. The expenditures created in our contractor payments database are via an interface. The interfaces are designed for our existing funds. There is no time before the implementation of this proposal to make modifications and to test the interface changes. The dollars associated with interface changes would be significant. To utilize the funds established by the bill, would require manual intervention of the interfaces and because of the complexity of the billing system and volume of transactions, each expenditure, as well as each cash receipt, associated with the American Recovery and Reinvestment Act (ARRA) have to be monitored and manually coded to ensure all payments made are properly reimbursed. This will also ensure that the fund doesn't go into a negative cash balance.

ASSUMPTION (continued)

The funds established by the bill would also require monitoring of the application of federal funds to ensure they are obligated prior to the expenditures occurring. In addition, continual monitoring through the project life to determine the impact of change orders, both increases and decreases, on the reimbursement of federal funds.

Both the accounting and the funds management for the newly created funds will be complex and time consuming. In order to implement this proposal, MoDOT would need an additional 6 FTE's, a salary grade 15, (4 Senior Financial Services Specialists and 2 Senior Resource Management Analysts) and related benefits therefore increasing our payroll.

MoDOT will receive its ARRA monies on a reimbursement basis. We planned to spend money from the State Road Fund and typically, we would deposit the reimbursements from the Economic Recovery Act directly into the State Road Fund. To deposit it into another fund, would require a transfer to the State Road Fund in a timely manner to ensure MoDOT did not experience cash flow issues. In addition, Organizational Results is working on a mini-Tracker that will include a variety of measures to show the impact of the dollars received as well as the dollars appropriated, obligated and spent.

Oversight assumes the creation of these two funds would not create a significant dollar fiscal impact to the Department of Transportation. Although there may be some accounting issues with the creation of the two funds **Oversight** assumes the fiscal impact could be accomplished with current state appropriations.

Officials from the **Department of Labor and Industrial Relations** assume there will be no fiscal impact to their agency.

The **Joint Committee on Public Employee Retirement (JCPER)** has reviewed this proposal and has determined an actuarial study is not needed under the provisions of section 105.660, subdivision (5).

Officials from the **State Treasurer's Office, Department of Elementary & Secondary Education and Department of Insurance, Financial Planning and Professional Registration** assume there will be no fiscal impact to their agencies.

Officials from the **Department of Natural Resources** assume we this proposal would create two separate funds within the state treasury to receive and retain funds provided under the American Recovery and Reinvestment Act of 2009.

ASSUMPTION (continued)

The DNR would not anticipate a direct fiscal impact from this proposal.

Officials at the **Office of the Secretary of State (SOS)** 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 not to Secretary of State's office for Administrative Rules is less than \$2,500. 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 give year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they 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.

Officials from the **Department of Conservation (MDC)** assume this proposal would not appear to have fiscal impact on MDC funds, since the department does not anticipate directly receiving any stimulus funds. However, MDC may receive some funds indirectly through projects with federal partners, but these projects will be administered in the same manner as any other federal funded projects.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<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 act creates two separate funds within the state treasury to receive and retain funds provided under the American Recovery and Reinvestment Act of 2009.

This act contains an emergency clause.

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

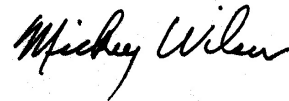
SOURCES OF INFORMATION

Missouri Senate
Governor's Office
Office of Administration -
 Division of Accounting
 Division of Budget & Planning
 Capitol Police
Department of Corrections
Missouri House of Representatives
Department of Agriculture
Department of Public Safety -
 Division of Fire Safety
Attorney General's Office
Department of Health & Senior Services
Department of Mental Health
Department of Social Services
Department of Natural Resources
Secretary of State's Office
Department of Transportation
Joint Committee on Public Employee Retirement
Department of Labor and Industrial Relations
State Treasurer's Office
Department of Elementary and Secondary Education
Department of Insurance, Financial Planning &
 Professional Registration
Department of Revenue
Office of State Courts Administrator
Department of Corrections
Office of Secretary of State

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SOURCES OF INFORMATION (continued)

Department of Economic Development
Department of Conservation
Missouri Veteran's Commission
Missouri Office of Prosecution Services



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