

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2360-03
Bill No.: SS for HCB 3
Subject: Elderly; Disabilities; Treasurer, State; Administration, Office of
Type: #Corrected
Date: May 9, 2017
#Corrected with Oversight assumption

Bill Summary: This proposal would assign revenues from the General Revenue Fund to the Missouri Senior Services Protection Fund and allow the transfer of an equal amount from other state funds to the General Revenue Fund.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
#General Revenue Fund	\$0 or (Up to \$35,400,000)	\$0	\$0
#Total Estimated Net Effect on General Revenue	\$0 or (Up to \$35,400,000)	\$0	\$0

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 13 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Missouri Senior Services Protection Fund	\$35,400,000	\$0	\$0
#Other State Funds	\$0 or (Up to \$35,400,000)	\$0	\$0
#Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or Up to \$35,400,000	\$0	\$0

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

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
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration (OA) - Division of Budget and Planning (B&P)** assumed a previous version of this proposal would not impact Total State Revenues nor would it have an impact on the constitutional revenue limit calculation. B&P officials did not provide an estimate of fiscal impact for the proposal.

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services (DHSS)** assumed a previous version of this proposal could have an unknown negative impact on the following funds:

Fund 0276 Health Access Incentive
Fund 0293 Mammography
Fund 0298 Missouri Public Health Services
Fund 0646 DHSS Document Services
Fund 0658 DHSS Donated
Fund 0742 Brain Injury
Fund 0780 Putative Father Registry
Fund 0824 Organ Donor
Fund 0873 Champ W. Smith and Mary C. Smith Memorial Endowment Trust
Fund 0893 Missouri Lead Abatement Loan
Fund 0899 Childhood Lead Testing
Fund 0924 Governor's Council on Physical Fitness
Fund 0950 Children's Special Health Care Needs

DHSS officials assume the proposed legislation would exclude the following funds from the transfer to General Revenue:

Fund 0271 Nursing Facility Quality Care
Fund 0296 Elderly Home-Delivered Meals Trust
Fund 0565 Professional and Practical Nursing Student Loan and Nurse Loan Repayment
Fund 0915 Breast Cancer Awareness Trust

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** stated a previous version of this proposal could have a fiscal impact to the department, contingent on potential future actions of the Commissioner of Administration. While the fiscal impact is unknown, the sweeping of non-exempted department regulatory funds (State Committee of Interpreters Fund, Board of Geologist Registration Fund, Endowed Care Cemetery Audit Fund, Athletic Fund, Athlete Agents Fund, Residential Mortgage Licensing Fund, Division of Savings and Loan Fund, Finance Fund, Credit Unions Fund, Consumer Restitution Fund, DIFP Administrative Fund, Insurance Examiners Fund, and Insurance Dedicated Fund) would have a negative impact on the regulatory functions of the department.

ASSUMPTION (continued)

Officials from the **Department of Elementary and Secondary Education (DESE)** provided an estimated negative impact for a previous version of this proposal to their organization of \$14,641,970 for potential transfers from DESE funds to the General Revenue Fund.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assumed a previous version of this proposal could have a negative impact on those funds under which are used in DOLIR operations as shown in the following table.

Fund #	Fund Name
0438	MLKJR Celebration Commission Fund
0622	Tort Victims' Compensation Fund*
0652	Workers' Compensation Administration Fund*
0653	Workers' Compensation-Second Injury Fund*
0736	War on Terror Unemployment Compensation Fund
0753	Debt Offset Escrow
0757	Basic Legal Services Fund
0826	Child Labor Enforcement
0878	Kids' Chance Scholarship Fund
0895	Workers' Memorial Fund
0939	Line of Duty Compensation Fund
0949	Special Employment Security Fund*
0953	Unemployment Automation Fund
0973	Mine Inspection Fund

* There is concern on the part of the Department of Labor and Industrial Relations (DOLIR) regarding a sweep of these funds that would be authorized by this bill.

ASSUMPTION (continued)

Officials from the **Missouri Lottery Commission (Lottery)** assumed a previous version of this proposal would allow the Commissioner of Administration to sweep unexpended fund balances by June 30, 2018 from most state funds in order to fund the Missouri Senior Services Protection Fund. Lottery officials noted the State Lottery Fund does not appear to be exempt from the legislation.

Lottery officials stated that money received by the Lottery Commission from the sale of lottery tickets and all other sources is deposited into the State Lottery Fund. The unexpended balance in the fund at any point in time would depend on the timing of prize payouts, payments to vendors for lottery games, and monthly transfer amounts to the Lottery Proceeds Fund to fund public education. Lottery officials provided an estimate of an unknown negative impact to the State Lottery Fund.

Officials from the **Department of Public Safety - Office of the Director (DPS)** assumed a previous version of this proposal would create a new Senior Services Protection Fund, and the state would transfer \$35.4 million into the new fund from General Revenue at the beginning of FY 2018. To repay General Revenue, the state would then transfer \$35.4 million from a variety of other funds during FY 2018. From the way those other funds are described, DPS - Highway Patrol assumes it could be any of the funds for which the Patrol maintains sole responsibility (Vehicle/Aircraft Revolving, Criminal Records System, HP Inspection, Water Patrol, etc.), as well as funds for which the Patrol is at least a major participant (Federal, DNA Profiling, Drug Forfeiture, etc.).

DPS officials assumed this could have a significant impact on the Patrol. The total cash balance of all these miscellaneous funds was approximately \$160 million on June 30, 2016. It is not clear whether the state would hand pick the funds from which to draw the \$35.4 million or whether it would draw a pro-rated amount from each one. Of the \$160 million, approximately \$20 million was in the funds for which the Patrol has sole responsibility. Theoretically, the state could take none of that, all of that, or it could take a pro-rated amount from each. \$20 million is 12.5% of \$160 million. If the state took a pro-rated amount, it could take \$4.4 million from these funds (\$35.4 million x 12.5%).

Including the funds for which the Patrol is at least a major participant brings the total up to approximately \$24 million. Again, the state could take none, all of that, or a pro-rated amount. \$24 million is 15% of \$160 million. If the state took a pro-rated amount, it could take \$5.3 million from these funds (\$35.4 million x 15%).

ASSUMPTION (continued)

As a result, the Patrol assumed the potential impact would be a loss of funding in the range of zero (if the state took nothing from any Patrol fund) to \$24 million (if the state took the entire balance of every fund for which the Patrol is at least a major participant).

DPS officials provided the detail for that 'worst case' scenario; the individual fund balances as of June 30, 2016, were as follows:

\$7.4 million = Vehicle/Aircraft Revolving
\$3.5 million = Criminal Records System
\$3.3 million = Federal
\$2.7 million = DNA Profiling
\$2.6 million = HP Inspection
\$2.5 million = Water Patrol
\$1.0 million = Drug Forfeiture
\$1.0 million = Other (Criminal Justice Revolving, Traffic Records, HP Academy, etc.)
\$24 million = Total

Officials from the **Department of Corrections (DOC)** assumed the fund sweep authorized by a previous version of this proposal could have an unknown negative impact on the following funds.

Fund 0405-Inmate Canteen Fund
Fund 0510-Working Capital Revolving Fund
Fund 0540-Inmate Revolving Fund
Fund 0828-Inmate Incarceration Reimbursement Act Fund
Fund 0853-Corrections Substance Abuse Earnings Fund
Fund 0925-Institutions Gift Trust Fund

Officials from the **Missouri State Employees Retirement System (MOSERS)** assumed a previous version of the proposed legislation would create the "Missouri Senior Services Protection Fund" within the state treasury. The Commissioner of Administration would, by June 30, 2018, transfer into the General Revenue Fund thirty-five million four hundred thousand dollars from the unexpended balance remaining from all fees, funds and money from whatsoever source received by any department, board, bureau, commission, institution, official, or agency of the state government by virtue of any law or rule or regulation made in accordance with any law, with several exclusions of funds that would be subject to this transfer. This provision would expire on July 1, 2018.

ASSUMPTION (continued)

MOSERS officials stated they could not determine if the Missouri State Employees' Retirement System (MOSERS) is subject to the provisions of this section.

Officials from the **MoDOT & Patrol Employees' Retirement System (MPERS)** assumed a previous version of the proposed legislation would, if enacted, require the Commissioner of Administration to transfer into the General Revenue Fund \$35.4 million from the unexpended balance remaining from all fees, funds and moneys from whatsoever source received by any department, board, bureau, commission, institution, official, or agency of the state government by virtue of any law or rule or regulation made in accordance with any law, with some exclusions.

MPERS officials stated they could not determine whether or not the transfer would apply to their funds, and if the proposed legislation is enacted and applied to MPERS, would have an unknown fiscal impact on their funds.

Officials from the **Department of Revenue** stated a previous version of this legislation would direct the Commissioner of Administration to transfer \$35.4 million into the General Revenue Fund from the unexpended balance remaining from all fees, funds and money from whatsoever source received by the Department. DOR officials assume the only Department fund that may be impacted by this legislation is the Motor Vehicle Commission Fund. DOR officials stated although there is a biennial sweep of the funds already, this legislation may completely drain the fund, which would have a negative impact on the Department's dealer program.

ASSUMPTION (continued)

Officials from the **Department of Social Services (DSS)** deferred to the Office of Administration - Division of Budget and Planning for an estimate of the fiscal impact for a previous version of this proposal.

DSS officials assumed the legislation is not applicable to funds outside of the State Treasury. There may be an unknown negative impact on the following DSS funds:

Uncompensated Care Fund (0108)
Pharmacy Rebates Fund (0114)
Third Party Liability Fund (0120)
Intergovernmental Transfer Fund (0139)
Family Services Donations Fund (0167)
Child Support Enforcement Fund (0169)
Health Care Technology fund (0170)
Ground Emergency Medical Transportation Fund (0422)
DSS Administrative Trust Fund (0545)
DSS Educational Improvement Fund (0620)
Long-Term Support UPL Fund (0724)
Coordinating Board for Early Childhood (0773)
Missouri Rx Fund (0779)
Premium Fund (0885)
Blindness Education Screening Fund (0892)
Alternative Care Trust Fund (0905)
Recovery Audit and Compliance Fund (0974)
Foster Care and Adoptive Parent Fund (0979)
MO HealthNet Provider Enrollment Fund (0990)

Officials from the **Department of Transportation** assume a previous version of this proposal would have an unknown negative impact on their organization up to \$35.4 million.

Officials from the **Missouri Consolidated Health Care Plan** assumed their trust fund would be exempt from the transfers proposed in a previous version of this proposal; however, they stated if those funds are subject to transfer there would be an unknown negative fiscal impact up to \$35.4 million.

Officials from the **Joint Committee on Administrative Rules** stated previous version of this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

ASSUMPTION (continued)

Officials from the **Missouri Gaming Commission** assumed a previous version of this proposal would have no fiscal impact on their organization or on the Gaming Fund.

Officials from the **Joint Committee on Public Employee Retirement** assumed a previous version of this proposal would not affect plan benefits.

Officials from the **Office of the Lieutenant Governor**, the **Department of Conservation**, the **Office of the Secretary of State**, the **Office of Administration - Administrative Hearing Commission**, the **Department of Public Safety - State Emergency Management Agency**, the **State Tax Commission**, and the **Department of Public Safety - Missouri Veterans Commission** assumed a previous version of this proposal would have no fiscal impact on their organizations.

Oversight notes the proposal does not authorize or require additional expenditures and will not include budgeted expenditures from the Missouri Senior Services Protection Fund in this fiscal note.

Oversight does not have any information on the projected balances for individual state funds as of the date transfers could be made, but we assume there would be amounts available totaling \$35.4 million in various state funds and the Commissioner of Administration would make the transfers allowed in this proposal, and will indicate a negative fiscal impact of \$35.4 million for Other State Funds in FY 2018.

#Oversight notes the language in the bill to transfer the moneys from various state funds into the General Revenue fund is a “may”. Also, there is currently no appropriation authority to make the appropriate transfers back to the General Revenue Fund to fulfil subsection 208.1050.3. Therefore, Oversight will reflect this transfer as \$0 or Up to \$35,400,000.

Oversight notes this proposal includes an emergency clause.

<u>FISCAL IMPACT - State Government</u>	FY 2018	FY 2019	FY 2020
GENERAL REVENUE FUND			
<u>#Transfer in</u> - from Other State Funds	\$0 or Up to \$35,400,000	\$0	\$0
<u>Revenue Assigned to</u> - Missouri Senior Services Protection Fund	<u>(\$35,400,000)</u>	<u>\$0</u>	<u>\$0</u>
#ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0 or (Up to \$35,400,000)</u>	<u>\$0</u>	<u>\$0</u>
OTHER STATE FUNDS			
<u>#Transfer out</u> - General Revenue Fund	\$0 or (Up to \$35,400,000)	\$0	\$0
#ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>\$0 or (Up to \$35,400,000)</u>	<u>\$0</u>	<u>\$0</u>
MISSOURI SENIOR SERVICES PROTECTION FUND			
<u>Revenue Assigned from</u> - to General Revenue Fund	<u>\$35,400,000</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON MISSOURI SENIOR SERVICES PROTECTION FUND	<u>\$35,400,000</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2018	FY 2019	FY 2020
	<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 proposal would, in FY 2018, assign \$35.4 million in revenue from the General Revenue Fund to the Missouri Senior Services Protection Fund, and would allow the transfer of an equal amount from other state funds to the General Revenue Fund.

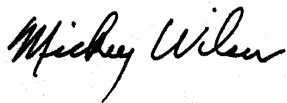
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Lieutenant Governor
Office of the Secretary of State
Joint Committee on Administrative Rules
Joint Committee on Public Employee Retirement
Office of Administration
 Administrative Hearing Commission
 Division of Budget and Planning
Department of Conservation
Department of Corrections
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Insurance, Financial Institutions, and Professional Registration
Department of Labor and Industrial Relations

SOURCES OF INFORMATION (continued)

Department of Public Safety
 Office of the Director
 State Emergency Management Agency
 Missouri Veterans Commission
Department of Revenue
Department of Social services
Department of Transportation
Missouri Gaming Commission
Missouri Lottery Commission
State Tax Commission
Missouri State Employees Retirement System
MoDOT & Patrol Employees' Retirement System
Missouri Consolidated Health Care Plan



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