

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2360-03
Bill No.: Truly Agreed To and Finally Passed SS for HCB 3
Subject: Elderly; Disabilities; Treasurer, State; Administration, Office of
Type: Original
Date: June 5, 2017

Bill Summary: This proposal would assign revenues 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.

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 17 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)** assume this proposal would not impact Total State Revenues (TSR) and would not impact the constitutional revenue limit calculation.

B&P officials noted this proposal would create the "Missouri Senior Service Protection Fund" (SSPF). On or before September 1, 2017, this proposal would require the State Treasurer to deposit \$35.4 million into the SSPF that would have otherwise been deposited into the General Revenue Fund (GR). The proposal would also allow the Commissioner of Administration to transfer \$35.4 million into GR from various other funds. B&P officials also noted an appropriation is required to make transfers between funds and there is no authorization in any of the FY 2018 appropriation bills to make those transfers. Since there is no guarantee that the General Assembly will appropriate such transfers by June 30, 2018, B&P officials assume the impact to GR would be (\$35.4 million).

ASSUMPTION (continued)

Officials from the **Office of Administration - Administrative Hearing Commission (AHC)** assume this proposal could allow the transfer of funds from the Educational Due Process Hearing Fund, which is used to provide special education due process hearings for the Department of Elementary and Secondary Education. The AHC did not provide an estimate of the potential transfer, but noted the balance in the fund was currently \$64,392.

Officials from the **Office of Administration - Division of Facilities Management, Design and Construction (FMDC)** provided information regarding fund 0501 - State Facility Maintenance and Operation Fund that could be affected. FMDC officials did not provide information regarding the balance in the fund but noted the fund is used as startup cash for the new fiscal year to cover payroll, and fuel and utility payments.

Officials from the **Office of Administration - Office of the Commissioner** and the **Department of Economic Development** deferred to the Office of Administration - Division of Budget and Planning for an estimate of the fiscal impact of the proposal.

Officials from the **Department of Health and Senior Services (DHSS)** assume 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

ASSUMPTION (continued)

DHSS officials assume the legislation would exclude the following funds from the proposed transfers 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 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.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the following funds could be subject to transfers to the General Revenue Fund and provided an estimated negative impact of \$7,757,669 for potential transfers from these funds to the General Revenue Fund.

0284 Independent Living fees
0601 Children's' Trust
0618 MDDS Trust
0651 DESE Revolving
0743 MCDHH Grants
0920 MSB Trust Fund
0922 MSD Trust Fund

ASSUMPTION (continued)

Officials from the **Missouri Lottery Commission (Lottery)** assume 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 assume the proposal could have an unknown negative impact to the State Lottery Fund.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume this proposal could have an unknown negative impact on those funds 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 |

ASSUMPTION (continued)

Officials from the **Department of Public Safety - Office of the Director (DPS)** assume 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 officials assume it could be any of the funds for which the Missouri Highway Patrol (Patrol) maintains sole responsibility (Vehicle/Aircraft Revolving, Criminal Records System, HP Inspection, Water Patrol, etc.).

The total cash balance of all these 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.

DPS officials assume the potential impact to the Patrol would be a loss of funding in the range of zero (if the state took nothing from any Patrol fund) to approximately \$20 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 individual fund balances as of June 30, 2016.

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

DPS officials also provided a list of other funds which they believe could be impacted.

0281 Peace Officer Standards and Training
0591 State Forensic Laboratory
0592 Services to Victims
0671 Criminal Records System
0681 Crime Victims Compensation
0759 Antiterrorism
0867 MODEX

ASSUMPTION (continued)

Officials from the **Department of Public Safety - State Emergency Management Agency** noted their organization has one fund which could be subject to transfers to the General Revenue Fund if this proposal was enacted. If that is the case the proposal would have an unknown negative fiscal impact on their organization.

Officials from the **Department of Public Safety - Missouri Veterans Commission** assume their organization does not have funds that would be subject to transfers to the General Revenue Fund if this proposal was enacted; therefore, the proposal would have no fiscal impact on their organization.

Officials from the **Department of Corrections (DOC)** assume the fund sweep authorized by 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)** assume 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 funds exempted from the proposed transfers. This provision would expire on July 1, 2018.

MOSERS officials stated they could not determine if the Missouri State Employees' Retirement System (MOSERS) funds would be subject to the proposed transfers.

Officials from the **MoDOT & Patrol Employees' Retirement System (MPERS)** assume the proposed legislation would not have a fiscal impact on their organization.

ASSUMPTION (continued)

Officials from the **Department of Higher Education** assume the proposal would affect their organization by sweeping any remaining funds from the Department's proprietary certification fund, student aid program funds, and the out-of-state program fund but did not provide an estimate of potential fiscal impact.

Officials from the **Missouri Gaming Commission** assume this proposal would have no fiscal impact on their organization or on the Gaming Fund.

Officials from the **Department of Mental Health (DMH)** assume this proposal would create the Missouri Senior Services Protection Fund that would be funded by 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. Moneys in the fund could be used solely for services for low-income seniors and people with disabilities. There could be an unknown negative impact as the result of this fund sweep.

DMH officials assume the following DMH funds could be impacted:

0288 Mental Health Earnings Fund
0435 Habilitation Center Room and Board
0901 ICF/DD Allowance Fund
0926 Mental Health Trust Fund

DMH officials also noted the language in the proposal would exclude certain state funds from the transfer to the General Revenue Fund. The excluded funds are Federal Reimbursement Allowance (FRA) funds:

190.818 - Ambulance Service Reimbursement Allowance
198.418 - Nursing Facility Reimbursement Allowance
208.465 - Federal Reimbursement Allowance
338.535 - Pharmacy Reimbursement Allowance

DMH officials assume the intent of the proposal was to exclude all FRA's from the transfer to the general revenue fund; however the listed exclusions did not include the Intermediate Care Facility Intellectually Disabled (ICF/ID) Reimbursement Allowance Fund.

ASSUMPTION (continued)

Officials from the **Department of Agriculture (MDA)** noted the amount to be allocated to individual dedicated funds for transfer to the General Revenue Fund is unknown at this time, and provided a list of department funds they believe could be negatively impacted.

Ag Protection Fund – 0970
Grain Inspection Fees – 0647
State Fair Fees – 0410
Petroleum Inspection Fund – 0662
Wine and Grape Fund – 0787
Land Survey Fund – 0668
Animal Care Reserve Fund – 0295
Land Survey Revolving Services Fund – 0426
Milk Inspection Fees – 0645
Animal Health Lab Fees – 0292
Ag Business Development Fund – 0683
Institution Gift Trust Fund – 0925
AgriMissouri Fund – 0897
Commodity Council Merchandising Fund – 0406
Puppy Protection Fund – 0985
Wine Marketing & Research Fund – 0855
Agricultural Development Fund – 0904
Large Carnivore Fund – 0988
Boll Weevil Suppression & Eradication Fund – 0823
Single Purpose Animal Facility Loan Program Fund – 0408
Ag Business Product Utilization Fund – 0411
Pet Spay/Neuter Fund – 0747
Livestock Brands – 0299
Livestock Sales & Market Fees – 0581
Aquaculture Marketing Development – 0573
Apple Merchandising – 0615
State Fair Trust – 0951

MDA officials stated these funds are the primary source of funding (73% of all operating revenues) for the programs and services provided by their organization and stated such transfers could reduce their ability to obtain certain federal dollars using state matching funds.

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 this proposal.

DSS officials assume the legislation is not applicable to funds outside of the State Treasury and 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 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 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.

ASSUMPTION (continued)

Officials from the **Department of Revenue (DOR)** assume this proposal would have no impact on their organization. DOR officials noted the Motor Vehicle Commission Fund may be impacted and stated there is a biennial sweep of the funds already, but this legislation could completely drain the fund, which would have a negative impact on the Department's dealer program.

Officials from the **Department of Natural Resources (DNR)** stated this proposal would authorize the Commissioner of Administration to, by June 30, 2018, transfer \$35.4 million from the unexpended balance remaining from all fees, funds and moneys, excluding the department's constitutional fee funds, federal funds, and funds which at least 70% of moneys is derived from an appropriation from General Revenue.

DNR officials noted if the department is left with insufficient fund balances to support approved appropriations, it would impact both directly and indirectly the operation of numerous department activities. A delay in activities would be necessary in order for revenues to accumulate such that appropriations are supported by cash.

DNR officials also stated that many federal grants require match from fees which might be impacted by this proposal. If the department is unable to meet the matching requirements for a grant, the department could not apply.

Officials from the **Joint Committee on Administrative Rules** assume this legislation would not have a fiscal impact to their organization.

Officials from the **Office of the State Auditor** assume this proposal would have an unknown impact on their organization.

Officials from the **Missouri Office of Prosecution Services** assume this proposal would have an unknown negative fiscal impact on their organization.

Officials from the **Joint Committee on Public Employee Retirement** assume this proposal would not affect plan benefits.

Officials from the **Office of the Lieutenant Governor** assume this proposal would have a negative impact on their organization that would not exceed \$60,000.

ASSUMPTION (continued)

Officials from the **Department of Conservation**, the **Department of Public Safety - Capitol Police**, the **State Tax Commission**, and the **Missouri Ethics Commission** assume this proposal would have no fiscal impact on their organizations.

Officials from the **Office of State Courts Administrator** assume this proposal could have an impact on their organization, and stated they could not estimate the potential impact.

Officials from the **Office of the Secretary of State** assume this proposal would have no fiscal impact on their organization.

Officials from the **Missouri House of Representatives** noted the House Revolving Fund could be subject to the proposed transfers to the General Revenue Fund and assumed the potential impact to that fund is unknown.

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 at least \$35.4 million in various state funds. Oversight also notes the language in the bill allows but does not require the transfers from various state funds into the General Revenue Fund.

Further, the Office of Administration - Division of Budget and Planning has notified Oversight Division that the appropriation authority required to make the transfers to the General Revenue Fund in the proposal does not currently exist. Therefore, Oversight will reflect the total amount of transfers as \$0 or Up to \$35,400,000.

| <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 | <u>\$0 or (Up to \$35,400,000)</u> | <u>\$0</u> | <u>\$0</u> |
| 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> - 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, on or before September 1, 2017, 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 by June 30, 2017.

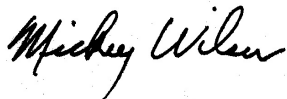
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Lieutenant Governor
Office of the Secretary of State
Office of the State Auditor
Office of the State Courts Administrator
Missouri House of Representatives
Joint Committee on Administrative Rules
Joint Committee on Public Employee Retirement
Office of Administration
 Office of the Commissioner
 Administrative Hearing Commission
 Division of Budget and Planning
 Division of Facilities Management, Design and Construction
Department of Agriculture
Department of Conservation
Department of Corrections
Department of Economic Development
Department of Elementary and Secondary Education

SOURCES OF INFORMATION (continued)

Department of Health and Senior Services
Department of Higher Education
Department of Insurance, Financial Institutions, and Professional Registration
Department of Labor and Industrial Relations
Department of Mental Health
Department of Natural Resources
Department of Public Safety
 Office of the Director
 Capitol Police
 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
Missouri Office of Prosecution Services



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