

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2341-01
Bill No.: SB 458
Subject: Children and Minors; Courts; Domestic Relations; Family Law; Licenses -
Driver's; Licenses - Misc.; Licenses - Motor Vehicles; Professional Registration
and Licensing; Social Services Department
Type: Original
Date: April 12, 2019

Bill Summary: This proposal modifies provisions relating to the suspension of licenses for failure to comply with a child support order.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	Could exceed (\$259,558)	Could exceed (\$291,920)	Could exceed (\$294,982)
Total Estimated Net Effect on General Revenue	Could exceed (\$259,558)	Could exceed (\$291,920)	Could exceed (\$294,982)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Federal Funds*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenses exceed \$400,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	Could exceed 4	Could exceed 4	Could exceed 4
Federal Funds	Could exceed 6	Could exceed 6	Could exceed 6
Total Estimated Net Effect on FTE	Could exceed 10	Could exceed 10	Could exceed 10

☒ 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 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§454.1005 - Failure to pay child support

Officials from the **Department of Social Services (DSS)**, **MO HealthNet Division (MHD)** state the proposal would have the following impact:

The proposed legislation will have a negative fiscal impact on the **Division of Legal Services (DLS)**. This proposal adds additional factors that will have to be considered in a hearing on license suspension. These new factors are related to the obligors' ability to pay and whether the suspension would cause significant hardship. The consideration of these additional factors means that more obligors will be able to successfully challenge license suspension as an enforcement remedy.

In fiscal year 2018, 9,141 Notices of Intent to Suspend License were successfully served on obligors for failure to pay child support. In fiscal year 2018, the **Family Support Division (FSD)** received 261 hearing requests. Under the proposed legislation, a hearing is much more likely to be successful than under the current version of these statutes which only allow a challenge to be made on the issues of identity of the obligor, whether the arrearage was greater than or equal to three months of support payments or two thousand five hundred dollars, whichever is less, and whether the obligor had entered into a payment plan. The additional factors regarding financial hardship and ability to pay are much more subjective and are more likely to lead to the denial of a license suspension.

DLS would expect that since there are greater and more subjective factors on which to successfully challenge the license suspension, that more obligors would request a hearing. FSD could receive up to 8,880 more hearing requests (9,141 minus 261). FSD estimates that 25% to 75% of people with suspended licenses may request hearings (2,220 to 6,660 hearings). To handle the additional cases, DLS would need **4-12 hearing officers** handling 544 cases each (4 hearing officers * 544 cases = 2,176 cases; 12 hearing officers * 544 cases = 6,528 cases).

Section 454.1005

Proposed 454.1005.3 requires hearing requests to be processed timely. **FSD** child support already has policy and procedures in place to process hearing requests and processing of the requests will be handled by the additional staff requested below. DLS or the court, rather than FSD, will schedule the hearing that complies with due process to determine if suspension of the obligor's license is appropriate considering all relevant factors.

ASSUMPTION (continued)

The Notice of Intent to Suspend Licenses notifies the obligor of the right to request an administrative hearing. There is no requirement in this proposed legislation for the FSD child support program to amend the Notice of Intent to Suspend License to include information regarding the additional factors included in proposed 454.1005.4. that the court or director are to consider in determining whether license suspension is appropriate. However, FSD child support assumes more obligors will request a hearing as a result of the additional factors in proposed §454.1005.4. During State Fiscal Year (SFY) 2018, there were 9,141 Notice of Intent to Suspend Licenses successfully served on obligors. In SFY 2018, FSD received 261 license suspension hearing requests. Under this proposed legislation, FSD anticipates receiving new license suspension hearing requests on 25% to 75% of the 8,880 (9,141 minus 261) Notice of Intent to Suspend licenses served upon obligors for 2,220 to 6,660 potential additional hearings. Currently 74 FSD staff spend approximately 10% of their time handling enforcement hearings which converts to 7.4 (74 x 10%) full time staff working enforcement hearing requests. In SFY 2018, FSD staff handled 2,595 enforcement hearings. 2,595 hearings/7.4 staff equals 351(rounded up) hearings/cases handled by each existing staff. FSD would need **6-19 new FTE (Child Support Specialists)** staff to handle the 2,220 to 6,660 potential additional license suspension hearing actions under this proposed legislation (2,220/351 = 6.3 FTE; 6,660/351 = 19.0 FTE).

FSD will comply with 454.1005.5 as it is not appropriate for FSD to suspend an obligor's license if the court or director, after hearing, determines the obligor has failed to comply with the monthly support obligation and an arrearage exists in excess of two thousand five hundred dollars for good cause.

DSS estimates the fiscal impact of this proposal to have the following range:

	FY 2020	FY 2021	FY 2021
General Revenue	\$259,558 - \$799,090	\$291,920 - \$897,711	\$294,982 - \$907,117
Federal Funds	<u>\$369,489 - \$1,271,382</u>	<u>\$409,589 - \$1,271,382</u>	<u>\$413,890 - \$1,284,738</u>
Total	\$629,047 - \$2,070,472	\$701,509 - \$2,169,093	\$708,872 - \$2,191,855
	10 FTE - 31 FTE	10 FTE - 31 FTE	10 FTE - 31 FTE

Until the FY 20 budget is final, the Department cannot identify specific appropriations.

Oversight notes DSS officials indicated that the proposed legislation does not require FSD to include information regarding the additional factors to be considered when making a decision whether to suspend a license for non-payment of child support. Oversight contacted DSS officials regarding the range (25% to 75%) of cases where the obligor might request a hearing.

ASSUMPTION (continued)

Officials indicated this is a “best guess” based on past experience and what they have seen happening in other states. As “obligors” will not be informed of the additional factors to be considered in suspension hearings, Oversight assumes, for fiscal note purposes, costs for DLS and FSD could exceed the lower limit of the range provided above.

Oversight notes that the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Revenue**, the **Office of Administration, Administrative Hearing Commission** and the **Office of State Courts Administrator** have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Costs</u> - DSS (\$454,1005)	Could exceed...	Could exceed...	Could exceed...
Personal service (DLS)	(\$71,203)	(\$86,298)	(\$87,161)
Personal service (FSD)	(\$53,169)	(\$64,441)	(\$65,085)
Fringe benefits	(\$80,777)	(\$97,387)	(\$97,846)
Equipment and expense	(\$54,409)	(\$43,794)	(\$44,890)
Total <u>Costs</u> - DSS	<u>Could exceed</u> <u>(\$259,558)</u>	<u>Could exceed</u> <u>(\$291,920)</u>	<u>Could exceed</u> <u>(\$294,982)</u>
FTE Change - DSS	Could exceed 4 FTE	Could exceed 4 FTE	Could exceed 4 FTE
ESTIMATE NET EFFECT ON THE GENERAL REVENUE FUND	<u>Could exceed</u> <u>(\$259,558)</u>	<u>Could exceed</u> <u>(\$291,920)</u>	<u>Could exceed</u> <u>(\$294,982)</u>
Estimated Net FTE Change on the General Revenue Fund	Could exceed 4 FTE	Could exceed 4 FTE	Could exceed 4 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
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FEDERAL FUNDS

<u>Income</u> - DSS (§454.1005)	Could exceed...	Could exceed...	Could exceed...
Increase in program reimbursements	\$369,489	\$409,589	\$413,890
<u>Costs</u> - DSS (§454.1005)	Could exceed...	Could exceed...	Could exceed...
Personal service (DLS)	(\$68,411)	(\$82,914)	(\$83,742)
Personal service (FSD)	(\$103,211)	(\$125,091)	(\$126,342)
Fringe benefits	(\$114,512)	(\$138,042)	(\$138,676)
Equipment and expense	(\$83,355)	(\$63,542)	(\$65,130)
Total <u>Costs</u> - DSS	<u>Could exceed</u> <u>(\$369,489)</u>	<u>Could exceed</u> <u>(\$409,589)</u>	<u>Could exceed</u> <u>(\$413,890)</u>
FTE Change - DSS	Could exceed 6 FTE	Could exceed 6 FTE	Could exceed 6 FTE

**ESTIMATED NET EFFECT ON
FEDERAL FUNDS**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on Federal Funds	Could exceed 6 FTE	Could exceed 6 FTE	Could exceed 6 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This could impact small businesses if employers/employees who owe child support do not lose licenses for nonpayment of child support.

FISCAL DESCRIPTION

This act provides that the hearings to determine whether the suspension of a business, occupational, professional, recreational, or other license is appropriate when an obligor is not in compliance with a child support order shall comply with due process and shall consider all relevant factors, including the obligor's current and past ability to pay the support, his or her need for transportation, and his or her need for the license for continued employment. If the court or the Director of the Family Support Division, after the hearing, determines that the obligor has not made the required payments for good cause, then the court or Director shall not issue an order suspend the license or, if an order is in place, shall stay such order.

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

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Department of Revenue
Department of Social Services
Office of Administration -
 Administrative Hearing Commission
Office of State Courts Administrator



Kyle Rieman
Director
April 12, 2019

Ross Strobe
Assistant Director
April 12, 2019