

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3689S.03C
Bill No.: SCS for SB 839
Subject: Children and Minors; Courts; Domestic Relations; Family Law
Type: Original
Date: April 20, 2022

Bill Summary: This proposal modifies provisions relating to child custody arrangements.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	0	0	0

- ☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§452.375, 452.415 – Child Custody Arrangements

Officials from the **Department of Social Services (DSS)** state the following:

Division of Legal Services:

The proposed legislation will not have any fiscal impact on the Division of Legal Services (DLS) because this bill does not increase the need for DLS services by special counsels or in litigation, hearings, human resources, or investigations. DLS defers to the Family Support Division (FSD-CS) for the fiscal impact of this proposed legislation on the Family Support Division as it could result in a reduction to assigned arrears to the state, resulting in a negative fiscal impact to the Family Support Division.

Income Maintenance (IM):

The Family Support Division (FSD) has policies and procedures in place regarding custody arrangements in determining eligibility for all public assistance programs FSD administers. The provisions of this bill do not alter the eligibility criteria for any public assistance programs FSD administers. Therefore, there is no fiscal impact to FSD IM.

Child Support (CS):

The proposed section 452.375.2 requires courts to award parents' equal parenting time (i.e., 50/50 visitation) unless the presumption is rebutted by preponderance of the evidence. Under proposed 452.375.4, the general assembly encourages the court to enter a temporary parenting plan as early as practicable in a proceeding under Chapter 452, consistent with the provisions of subsection 2 of this section, when determining custody arrangements.

FSD child support assumes that if this bill passes most judicial orders will include equal parenting time for each parent. The directions for the Civil Procedure Form No. 14 allow a 34% visitation credit for a parent who has 181-183 overnight visits with his/her child (i.e., 50/50 visitation) up to 50% credit if the court determines the credit is unjust and inappropriate. A 50% visitation credit may result in a \$0 obligation. Today, courts may enter no parenting time up to equal parenting time. Likewise, the court may order no credit for visitation or credit up to 50% based on the circumstances of the party. Awarding equal parenting time in all orders and giving obligors a 34% to 50% visitation credit may reduce the child support obligations in Missouri judicial orders.

Since support amounts are assigned to the state when a parent and child receive Temporary Assistance for Needy Families (TANF), and all new orders may be reduced by a 34% up to 50% visitation credit, the state's ability to recoup TANF payments will be reduced. The state retains approximately 34% of all assigned collections in the Child Support Enforcement (CSEC) Fund; a reduction in the ability to recoup TANF expenditures will reduce the amount of assigned collections deposited into the CSEC fund that help fund the Child Support program.

In state fiscal year (SFY) 2021, there were 3,296 new judicial support orders entered in the Missouri Automated Child Support System (MACSS). FSD's caseload for state fiscal year 2021 was 304,525 cases of which 3,734 (or 1.2%) were TANF cases. Therefore, of the 3,296 new judicial orders entered in MACSS in SFY 2021, FSD assumes 1.2% or 40 were on TANF cases and the judicial current support obligations were assigned to the state. The total assigned support that accrued on those orders for SFY 2021 was \$150,892. With an average annual accrual per order amount of \$3,772 ($\$150,892/40$).

Assuming the number of TANF recipients remains static, FSD estimates the amount of support assigned to the state for the recoupment of TANF benefits could be reduced by up to \$150,892 per year which results in \$51,303 [$\$150,892 \times 34\%$ (The Federal FMAP rate)] less that the state could potentially collect and retain as CSEC revenues.

The impact on CSEC revenues will be a range of \$0 (no change in the obligation) up to \$51,303 (assuming equal parenting time results in a \$0 obligation). This funding will need a general revenue pickup to keep the Child Support program operational. Therefore, the total fiscal impact to FSD CS is \$0 to \$51,303.

The proposed change to 452.375.5 (5) (a) allows the court to award custody, temporary custody or visitation to a person or persons deemed suitable and able to provide an adequate and stable environment for the child when the court finds the parents unfit or unable to be a custodian and it is in the best interests of the child. The court is required to give consideration first to any relatives related within the second degree of consanguinity or familial relationship such as stepparent or adult who have resided with the child for a period of six months or longer. If the court finds the relative or person with a familial relationship is not suitable, or it is not in the child's best interests to be placed with the person, the court may award custody or visitation to another suitable person.

FSD child support already provides services to third-party custodians. Giving priority to a person related by consanguinity or familial relationship to the child when determining which third-party custodian receives custody or visitation will not increase the number of persons needing child support services. There is no fiscal impact to the child support program under proposed 452.375.5.

Oversight considers the fiscal impact estimated by DSS to be more of a potential indirect fiscal impact, depending upon the judgements of the courts, the current custody agreements of the parents, and the financial status of the parties. Therefore, Oversight will assume that the proposal will not have a direct fiscal impact on the state.

Officials from the **Department of Health and Senior Services** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

In response to a previous version, officials from the **Office of the State Courts Administrator** assumed the proposal will have no fiscal impact on their organization for \$452,375. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<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.

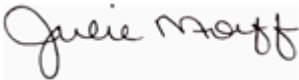
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

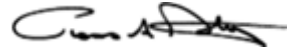
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services
Department of Health and Senior Services
Office of the State Courts Administrator

A handwritten signature in cursive script, appearing to read "Julie Morff", written in black ink on a light-colored background.

Julie Morff
Director
April 20, 2022

A handwritten signature in cursive script, appearing to read "Ross Strobe", written in black ink on a light-colored background.

Ross Strobe
Assistant Director
April 20, 2022