

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0364S.02T
 Bill No.: Truly Agreed To and Finally Passed SS for SB 35
 Subject: Children and Minors; Family Law; Courts; Domestic Relations; Licenses - Driver's; Licenses - Miscellaneous; Licenses - Motor Vehicle; Professional Registration and Licensing; Department of Social Services
 Type: Original
 Date: May 31, 2023

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 2024	FY 2025	FY 2026
General Revenue*	Could exceed (\$301,481)	Could exceed (\$325,745)	Could exceed (\$329,044)
Total Estimated Net Effect on General Revenue	Could exceed (\$301,481)	Could exceed (\$325,745)	Could exceed (\$329,044)

*Oversight ranged the fiscal impact from the low end (10 new FTE) of Department of Social Services' estimate of additional FTE needed to implement the changes in the proposal. The high estimate is 23 FTE (or roughly \$1.2 million General Revenue cost).

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
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 2024	FY 2025	FY 2026
Federal Funds*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and expenses could exceed \$585,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue (DSS)	Could exceed 3.4 FTE	Could exceed 3.4 FTE	Could exceed 3.4 FTE
Federal Funds (DSS)	Could exceed 6.6 FTE	Could exceed 6.6 FTE	Could exceed 6.6 FTE
Total Estimated Net Effect on FTE	Could exceed 10 FTE	Could exceed 10 FTE	Could exceed 10 FTE

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 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§452.375 - Provisions relating to child custody arrangements

Officials from the **Department of Social Services (DSS), Family Support Division (FSD), Child Support (CS)** state 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) 2022, there were 3,258 new judicial support orders entered in the Missouri Automated Child Support System (MACSS). FSD's caseload for state fiscal year 2022 was 294,592 cases of which 4,164 (or 1.4%) were TANF cases. Therefore, of the 3,258 new judicial orders entered in MACSS in SFY 2022, FSD assumes 1.4% or 46 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 2022 was \$148,796. With an average annual accrual per order amount of \$3,235 (\$148,796/46).

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 \$148,796

per year which results in \$50,591 [$\$148,796 * 34\%$ (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 \$50,591 (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 \$50,591.

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.

§454.1005 - Hearing provision for suspension of license for delinquent child support

Officials from the **Department of Social Services (DSS), Division of Legal Services (DLS)** state the proposed legislation will have a fiscal impact on the Division of Legal Services (DLS) in administrative hearings of **three (3) new FTE DLS Hearing Officers** when the Family Support Division-Child Support (FSD-CS) resumes issuing driver's license suspension notices. DLS estimates an increase of between 1,334 and 4,000 new hearings / 588 cases for each hearing officer. The estimated 25% to 75% increase in the number of driver's license suspension hearing requests was based on past experience and the additional issues that must be addressed by the DLS administrative hearing unit. DLS defers to the FSD-CS for the fiscal impact on FSD-CS upon the resumption of driver's license suspension.

Oversight does not have information to the contrary and therefore, Oversight will reflect the FTE estimates as provided by DLS.

DSS' FSD Child Support (CS) states proposed §454.1005.3 requires hearing requests to be processed timely. FSD CS 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. Division of Legal Services (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.

The FSD CS program stopped all license suspension activities in April, 2020 due to the COVID-19 pandemic. Therefore, the FY 2020 license suspension actions taken by FSD CS are used in determining the impact of this legislation.

If the FSD CS program resumed license suspension activities, the CS program assumes the data from FY 2020 would be applicable.

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 CS

program to amend the Notice of Intent to Suspend License to include the additional factors the court or director are to consider when determining if license suspension is appropriate as stated in proposed 454.1005.4. However, FSD Child Support assumes more obligors will request a hearing as a result of the additional factors in proposed §454.1005.4.

During FY 2020, there were 5,473 Notice of Intent to Suspend Licenses successfully served on obligors. In FY 2020, FSD received 139 license suspension hearing requests. Under this proposed legislation, FSD anticipates receiving new license suspension hearing requests on 25% to 75% of the 5,334 (5,473 minus 139) Notice of Intent to Suspend licenses served upon obligors for 1,334 ($5,334 * 0.25$) to 4,001 ($5,334 * 0.75$) potential additional hearings. In December, 2020, 65 FSD staff spent approximately 20% of their time handling enforcement hearings which converts to 13 ($65 * 20\%$) full time staff working enforcement hearing requests. In FY 2020, FSD staff handled 2,569 enforcement hearings. 2,569 hearings/13 staff equals 198 (rounded up) hearings/cases handled by each existing staff. FSD would need **7-20 new FTE BPT (Benefit Program Technicians)** staff to handle the 1,334 to 4,001 potential additional license suspension hearing actions under this proposed legislation (1,334/198 and 4,001/198).

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 the hearing, determines that for good cause the obligor has failed to comply with the monthly support obligation and/or has an arrearage in excess of two thousand five hundred dollars (\$2,500).

Therefore, the total fiscal impact to FSD is \$0 - \$50,591 and 7 – 20 FTE.

Oversight does not have information to the contrary and therefore, Oversight will reflect the FTE estimates as provided by FSD.

Oversight notes 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.

As “obligors” will not be informed of the additional factors to be considered in suspension hearings, **Oversight** assumes, for fiscal note purposes, costs for FSD could exceed the lower limit of the range of 7 Benefit Program Technicians to 20 Benefit Program Technicians provided above.

Oversight will reflect a range of FSD FTE as “could exceed” 7 FTE. Therefore, Oversight assumes FSD FTE costs could exceed \$537,038 in FY 2024; could exceed \$576,057 in FY 2025; and could exceed \$581,902 in FY 2026 (split 34.995% GR; 66.005% Federal).

Oversight notes the projected FTE costs for this proposal is higher than the amounts DSS presented for the previous version (introduced bill). DSS states the estimates presented for this version of the proposal are the most current. Oversight does not have information to the contrary and therefore, Oversight will reflect the FTE cost estimates as provided by DSS, FSD.

Officials from the **Office of Administration (OA), Information Technology Services Division (ITSD)/DSS** state updates to the Missouri Automated Child Support System (MACSS) would be required.

These changes include:

- Changes to license suspension programming
- Changes to hearing screens and programming
- Changes to hearing forms
- Changes to MACSS reports

OA, ITSD/DSS assumes every new IT project/system will be bid out because all ITSD resources are at full capacity. IT contract rates for MACSS are estimated at \$95/hour. It is assumed the necessary modifications will require 261.36 hours for a cost of \$24,829 (261.36 * \$95), split 33.995% GR; 66.005% Federal.

Therefore, the total MACSS upgrades will cost \$24,829 (\$8,441 GR; \$16,388 Federal) in FY 24 exclusively.

Oversight notes OA, ITSD/DSS did not present a fiscal impact for the previous version of this proposal. DSS officials indicated that, after further review, system changes would be required to fulfill the requirements of this proposal. Oversight does not have any information to the contrary. Therefore, Oversight will reflect the costs provided by ITSD/DSS for fiscal note purposes.

Responses regarding the proposed legislation as a whole

Officials from the **Office of State Courts Administrator (OSCA)** state there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the OSCA will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the OSCA for fiscal note purposes. Oversight also assumes OSCA may seek additional appropriations if the proposal results in a significant increase in costs.

Officials from the **Department of Commerce and Insurance, the Department of Elementary and Secondary Education, the Department of Health and Senior Services, the Department of Revenue, the Missouri Office of Prosecution Services, the Office of Administration (OA) and OA, Administrative Hearing Commission** assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE FUND			
<u>Costs - DSS (§454.1005) pp. 4-5</u>	Could exceed...	Could exceed...	Could exceed...
Personal service (DLS)	(\$62,027)	(\$75,177)	(\$75,929)
Personal service (FSD)	(\$79,861)	(\$96,792)	(\$97,760)
Fringe benefits	(\$95,915)	(\$115,719)	(\$116,346)
Equipment and expense	(\$55,237)	(\$38,057)	(\$39,009)
Total Costs – DSS	(\$293,040)	(\$325,745)	(\$329,044)
FTE Change – DSS pp. 4-5	Could exceed 3.4 FTE	Could exceed 3.4 FTE	Could exceed 3.4 FTE
<u>Costs – OA, ITSD/DSS (§454.1005) MACSS updates p. 6</u>	(\$8,441)	\$0	\$0
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>Could exceed</u> <u>(\$301,481)</u>	<u>Could exceed</u> <u>(\$325,745)</u>	<u>Could exceed</u> <u>(\$329,044)</u>
Estimated Net FTE Change on the General Revenue Fund	Could exceed 3.4 FTE	Could exceed 3.4 FTE	Could exceed 3.4 FTE
FEDERAL FUNDS			
<u>Income - DSS (§454.1005) pp. 4-5</u>	Could exceed...	Could exceed...	Could exceed...
Increase in program reimbursements	\$568,950	\$632,444	\$638,848
<u>Income – OA, ITSD/DSS (§454.1005) MACSS updates p. 6</u>	\$16,388	\$0	\$0
<u>Costs - DSS (§454.1005) pp. 4-5</u>			
Personal service (DLS)	(\$120,424)	(\$145,954)	(\$147,413)
Personal service (FSD)	(\$155,047)	(\$187,917)	(\$189,796)
Fringe benefits	(\$186,229)	(\$224,680)	(\$225,899)
Equipment and expense	(\$107,250)	(\$73,893)	(\$75,740)
Total Costs - DSS	(\$568,950)	(\$632,444)	(\$638,848)
FTE Change – DSS pp. 4-5	Could exceed 6.6 FTE	Could exceed 6.6 FTE	Could exceed 6.6 FTE

<u>FISCAL IMPACT – State Government (continued)</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
<u>Costs – OA, ITSD/DSS (§454.1005) MACSS updates p. 6</u>	<u>(\$16,388)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on Federal Funds	Could exceed 6.6 FTE	Could exceed 6.6 FTE	Could exceed 6.6 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<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

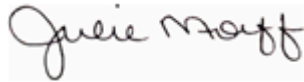
This act adds a rebuttable presumption when determining child custody arrangements that an award of equal or approximately equal parenting time to each parent is in the best interests of the child (§452.375).

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 (§454.1005).

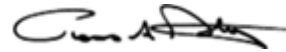
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements. This proposal would require additional rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Revenue
Department of Social Services
Missouri Office of Prosecution Services
Office of Administration - Administrative Hearing Commission
Office of State Courts Administrator



Julie Morff
Director
May 31, 2023



Ross Strobe
Assistant Director
May 31, 2023