

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0992S.06P
 Bill No.: Perfected SS for SCS for SB 129
 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: April 13, 2023

Bill Summary: This proposal modifies provisions relating to child custody and child support enforcement.

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 \$750,000 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

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

§452.375 – Provisions relating to child custody arrangements

In response to a similar proposal from the current session (Perfected SS for SB 35), officials from the **Department of Social Services (DSS)** stated the following:

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) 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 [$\$148,796 \times 34\%$ (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 \$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.

In response to a similar proposal from the current session (Perfected SS for SB 35), officials from the **Department of Health and Senior Services** assumed 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 for this section of the proposal.

In response to a similar proposal from the current session (Perfected SS for SB 35), officials from the **Office of the State Courts Administrator** assumed 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 for this section of the proposal.

SA 1 - §454.1005 - Hearing provision for suspension of license for delinquent child support

In response to similar legislation from this year, Perfected SS for SB 35, officials from the **Department of Social Services (DSS), Division of Legal Services (DLS)** stated 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.

In response to similar legislation from this year, Perfected SS for SB 35, **FSD Child Support (CS)** stated proposed §454.1005.3 states if the court or the director receives a timely request for hearing, a hearing shall be scheduled that complies with due process to determine if a suspension is appropriate after considering all relevant factors, including those factors listed in subsection 4.

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 Licenses 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 to 4,001 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).

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.

In response to similar legislation from this year, Perfected SS for SB 35, officials from the **Office of Administration (OA), Information Technology Services Division (ITSD)/DSS** stated 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.

Oversight notes in responses to the underlying Senate Substitute,

In response to similar legislation from this year, Perfected SS for SB 35, **Oversight** notes the **Department of Commerce and Insurance**, the **Department of Elementary and Secondary Education**, the **Department of Revenue**, and the **Office of Administration (OA)** have stated the provision in the underlying proposal would not have a direct 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 organizations.

In response to similar legislation from this year, Perfected SS for SB 35, the **Missouri Office of Prosecution Services** and the **Office of State Courts Administrator** each assumed 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. 4-6</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) |
| <u>Total Costs – DSS</u> | <u>(\$293,040)</u> | <u>(\$325,745)</u> | <u>(\$329,044)</u> |
| FTE Change – DSS pp. 4-6 | Could exceed 3.4 FTE | Could exceed 3.4 FTE | Could exceed 3.4 FTE |
| <u>Costs – OA, ITSD/DSS (§454.1005) MACSS updates pp. 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 |
| | | | |
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| | | | |
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| <u>FISCAL IMPACT – State Government (continued)</u> | FY 2024 (10 Mo.) | FY 2025 | FY 2026 |
|--|-------------------------|-------------------------|-------------------------|
| FEDERAL FUNDS | | | |
| <u>Income</u> - DSS (§454.1005) pp. 4-6 | Could exceed... | Could exceed... | Could exceed... |
| Increase in program reimbursements | \$568,950 | \$632,444 | \$638,848 |
| <u>Income</u> – OA, ITSD/DSS (§454.1005) MACSS updates pp. 6 | \$16,388 | \$0 | \$0 |
| <u>Costs</u> - DSS (§454.1005) | | | |
| 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. 3-4 | Could exceed 6.6 FTE | Could exceed 6.6 FTE | Could exceed 6.6 FTE |
| <u>Costs</u> – OA, ITSD/DSS (§454.1005) MACSS updates pp. 6 | (\$16,388) | \$0 | \$0 |
| 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

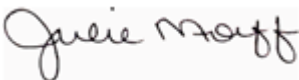
This act provides that the hearings to determine whether the suspension of a business, occupational, professional, recreational, or other license is appropriate when an obligor is not in compliance with a child support order shall comply with due process and shall consider all relevant factors, including 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 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 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
April 13, 2023



Ross Strobe
Assistant Director
April 13, 2023