

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

LR No.: 3644-01  
Bill No.: HB 1272  
Subject: Secretary of State: Publications, State Departments  
Type: Original  
Date: February 17, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
General Revenue	(\$178,530 to Unknown)	(\$539,994 to Unknown)	(\$288,358 to Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$178,530 to Unknown)</b>	<b>(\$539,994 to Unknown)</b>	<b>(\$288,358 to Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
Other Funds DOH	(\$18,044)	(\$18,585)	(\$19,143)
Guaranty Agency Operations	(\$1,770,000)	(\$1,770,000)	(\$1,770,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$1,788,044)</b>	<b>(\$1,788,585)</b>	<b>(\$1,789,143)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Federal	(\$85,310)	(\$87,608)	(\$89,976)
Unemployment Compensation Administrative	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(\$85,310 to Unknown)</b>	<b>(\$87,608 to Unknown)</b>	<b>(\$89,976 to Unknown)</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

**The following Departments, Offices, Agencies, and Commissions assume no fiscal impact:**

**Office of Governor, Office of State Auditor, Office of Public Defender, Office of Administration, House of Representatives, Department of Mental Health, Department of Economic Development- Public Service Commission, Missouri Ethics Commission, Department of Revenue- State Tax Commission, Department of Insurance, Department of Public Safety**

Officials of the **Department of Public Safety - Veterans Commission** assume they would have fiscal impact. Officials assume the amount of impact is unknown.

Officials of the **Office of Lt. Governor** assume fiscal impact. Amount of fiscal impact is unknown.

ASSUMPTION (continued)

Officials of the **Department of Conservation** assume this proposal would have negative minimal fiscal impact. Officials stated that impact would be due to administrative time, and expense to comply.

In response to almost identical legislation of this session, (Fiscal Note # 3181-02), officials of the **Department of Agriculture** assume this proposal would have fiscal impact. Officials stated the cost allocation of, not to exceed one-quarter of one percent of any individual grant program, would cost the department \$2,500 annually assuming they would continue to be able to offer \$1,000,000 in Missouri Value Added Grants annually. Officials assume cost would begin in FY 05.

Officials of the **Office of Secretary of State - State Library** stated this proposal would require a web-based catalog which would be created by staff from the Office of Secretary of State. The two divisions which would be involved are the Missouri State Library Reference Services and Information Technology. The Reference Services staff would develop a systematic approach to determine the domestic assistance provided by all state agencies and departments, and would gather information from each agency and department of state government for each piece of domestic assistance provided using the guidelines of this proposal. The staff would also work with the Information Technology (IT), staff to move information into the Mo. Catalog of Domestic Assistance. The Information Technology staff would develop a web application which would include: 1) the development of a database where the information would be cataloged; 2) a staff user interface to the database which would allow for entry of information into the catalog.

Officials assume they would need a total of 4 FTE. Officials estimate they would need 3 CIT III, and 1 Librarian. Officials assume cost would begin in FY 2005. Officials estimate Personal Services cost in FY 05 at \$126,455; and \$73,489 in FY 06. Oversight assumes they would need only 1 CIT III in FY 06. Fringe Benefit costs in FY 05 is estimated to be \$51,176; and \$29,741 in FY 06. Equipment costs in FY 05 are estimated at \$119,350; and \$0 in FY 06. Expenses are estimated to be \$60,540 in FY 05 and \$540 in FY 06

Officials of the **Department of Revenue - Division of Taxation, Department of Social Services, and the Department of Natural Resources** assume they would have apportioned cost and would pay their share of maintenance costs. Cost is unknown.

ASSUMPTION (continued)

Officials of the **Office of State Treasurer** assume based on programs listed in 28.752, that both the linked and general time deposit program might qualify under the definitions of “direct loans” (6). If this is correct there would be a negative unknown fiscal impact for the cost allocation program based on the money available.

Officials of the **Office of State Courts Administrator** stated that if the Judiciary were to be included in “state agencies,” there would be an estimated costs of \$5,000 and could be as little as several hundred dollars.

In response to almost identical legislation of this session, (Fiscal Note # 3181-02), officials of the **Department of Transportation** assume they would have unknown costs to the State General Revenue Fund, Highway Fund, and to Federal Funds. Officials did not explain the costs. **Oversight assumes the DOT officials are referring to the Department’s share of cost allocation to maintain the catalog.**

Officials of the **Department of Elementary and Secondary Education** stated that they currently offer an automated grant application system on the internet, along with information. Officials assume that because of the amount of money which flows through DESE to school districts, the cost allocation percentage and dollar amount would be substantial. Officials stated costs would be an unknown negative.

Officials of the **Department of Health and Senior Services** stated that programs funded through General Revenue would also be included in the catalog and therefore, would incur costs to pay that portion of the cost allocation. The maximum amount that could be cost allocated to the Secretary of State for this program is .0025 of any individual grant program. The DHSS appropriated funding for FY 04 is \$81,863,107 General Revenue; \$318,438,264 Federal Funds; and, \$72,177,669 Other Funds. For the purposes of this fiscal note, the Department assumes that 90% of all funding is direct program dollars. Therefore, the maximum amount allowable for the cost allocation portion of this legislation would be: \$20,466 General Revenue; \$76,610 Federal Funds; and \$18,044 All Other Funds.

Officials stated that expenses to collect, submit, and update for the catalog would also be incurred. Officials assume that the Division of Administration would have the responsibility for these activities. Officials assume that they would require 1 FTE, Executive I, to coordinate, track, and report the necessary data to the Secretary of State. Standard expense and equipment would also be required.

ASSUMPTION (continued)

Officials of the **Department of Labor and Industrial Relations** assumes there would be some conformity issues. Officials assume there would be costs associated with compilation of information. Officials assume costs could be paid by the Unemployment Compensation Administrative Fund. Officials assume costs are unknown.

Officials stated that the language in this bill appears to conflict with United States Department of Labor (USDOL) policy with respect to cost allocation. General Administration Letter (GAL) 4-91 provides information on the Department of Labor's position with respect to cost allocation. It refers to Attachment A of OMB Circular A-87 on Cost Principles for State, Local, and Indian Tribal Governments (This circular applies to all Federal grants to states, local governments, and Indian tribes.). Consistent with what is included in GAL 4-91, the most recent update to this circular indicates that "a cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received" (1995). Since the allocation of costs is based on the percentage of funds and is not based on "benefits received," this bill raises a federal issue.

**Oversight** assumes that any loss of federal funds would depend upon determination of a nonconformity/noncompliance and the imposition of sanctions by the United States Department of Labor. The likelihood of such sanctions would be speculative. For fiscal note purposes, unknown impact to federal funds has been reflected.

Officials of the **Department of Higher Education ( DHE)** assume the requirements of this bill could result in a significant but unquantifiable negative fiscal impact on the DHE. Significant administrative budget cuts have greatly impacted the DHE, and therefore this legislation may require an FTE (minimum of 1.0 FTE) to participate on the task team (28.750.2) and complete the related duties including compiling and maintaining DHE's catalog submission. In addition, the DHE will have costs for each program in the catalog as related to the resources fund established in Section 28.750.7. According to Section 28.752, the DHE may be required to submit several programs for inclusion in the catalog including, but not limited to, the Teacher Quality Grant, GEAR UP, state scholarship programs, and proprietary school information. The DHE student loan program may also be required for inclusion in the catalog. Using the provisions contained in Section 28.750.7, the DHE could be assessed the following costs: \$104,626 (GR), \$8,700 (federal), and \$1,770,000 (other), for a total cost of \$1,883,326.

	FY 2005 (10 Mo.)	FY 2006	FY 2007
<b><u>FISCAL IMPACT - State Government</u></b>			
<b>GENERAL REVENUE FUND</b>			
<b><u>Cost</u> to Secretary of State</b>			
Personal Services (4 FTE)	\$0	(\$126,455)	(\$73,489)
Fringe Benefits	\$0	(\$51,176)	(\$29,741)
Equipment	\$0	(\$119,350)	\$0
Expense	<u>\$0</u>	<u>(\$60,540)</u>	<u>(\$540)</u>
<b><u>Total Costs</u> to Secretary of State</b>	<b><u>\$0</u></b>	<b><u>(\$357,521)</u></b>	<b><u>(\$103,770)</u></b>
<b><u>Cost</u> to Department of Health and Senior Services</b>			
Personal Services (1) FTE	(\$26,312)	(\$32,363)	(\$33,173)
Fringe Benefits	(\$9,649)	(\$11,868)	(\$12,165)
Equipment	(\$6,885)	\$0	\$0
Expense	(\$10,592)	(\$12,536)	(\$12,912)
Cost Allocation	<u>(\$20,466)</u>	<u>(\$21,080)</u>	<u>(\$21,712)</u>
<b><u>Total Cost</u> to Dept. of Health and Senior Services</b>	<b><u>(\$73,904)</u></b>	<b><u>(\$77,847)</u></b>	<b><u>(\$79,962)</u></b>
<b><u>Cost</u> to Department of Higher Education cost allocation</b>	<b><u>(\$104,626)</u></b>	<b><u>(\$104,626)</u></b>	<b><u>(\$104,626)</u></b>
<b><u>Total Cost</u> to Higher Education from GR</b>	<b><u>(\$104,626)</u></b>	<b><u>(\$104,626)</u></b>	<b><u>(\$104,626)</u></b>
<b><u>Cost</u> to Veterans Commission, Department of Conservation, Agriculture, Department of Revenue- Div. of Taxation, Office of State Treasurer, Department of Transportation, Department of Elementary and Secondary Education from cost allocation</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<b>ESTIMATED NET EFFECT TO GENERAL REVENUE FUND</b>	<b><u>(\$178,530 to Unknown)</u></b>	<b><u>(\$539,994 to Unknown)</u></b>	<b><u>(\$288,358 to Unknown)</u></b>

## FEDERAL FUNDS

<b><u>Cost</u></b> to Department of Higher Education	<b>(\$8,700)</b>	<b>(\$8,700)</b>	<b>(\$8,700)</b>
<b><u>Cost</u></b> to Unemployment Compensation Administrative Fund Dept. of Labor and Industrial Relations			
Cost Allocation/ other issues **	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>
<b><u>Cost</u></b> to Dept. of Health and Senior Services			
Cost Allocation	<u>(\$76,610)</u>	<u>(\$78,908)</u>	<u>(\$81,276)</u>
<b>ESTIMATED NET EFFECT TO FEDERAL FUNDS</b>	<b><u>(\$85,310 to Unknown)</u></b>	<b><u>(\$87,608 to Unknown)</u></b>	<b><u>(\$89,976 to Unknown)</u></b>

## ALL OTHER FUNDS

<b><u>Cost</u></b> to Department of Higher Education Allocation Cost	<b>(\$1,770,000)</b>	<b>(\$1,770,000)</b>	<b>(\$1,770,000)</b>
<b><u>Cost</u></b> to Department of Health and Senior Services			
Cost Allocation	<u>(\$18,044)</u>	<u>(\$18,585)</u>	<u>(\$19,143)</u>
<b>ESTIMATED NET EFFECT TO ALL OTHER FUNDS</b>	<b><u>(\$1,788,044)</u></b>	<b><u>(\$1,788,585)</u></b>	<b><u>(\$1,789,143)</u></b>

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**Oversight assumes that any loss of federal funds would depend upon determination of a nonconformity/noncompliance and the imposition of sanctions by the United States Department of Labor. The likelihood of such sanctions would be speculative. For fiscal note purposes, unknown impact to federal funds has been reflected.**

<b><u>FISCAL IMPACT - Local Government</u></b>	<b>FY 2005 (10 Mo.)</b>	<b>FY 2006</b>	<b>FY 2007</b>
	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### DESCRIPTION

This act requires the Secretary of State to develop a Missouri Catalog of Assistance Programs to serve as the repository of information for public assistance programs. The catalog must be available in a printed form and in an electronic form that is accessible over the Internet. A task team consisting of one person from each state agency is established to facilitate information gathering for the development of the catalog. The task team must submit a report to the Governor, members of the General Assembly, and the Chief Justice of the Missouri Supreme Court proposing a plan to standardize the application for state assistance. The catalog must be operational by June 30, 2005, and provide a notice of funding availability. The act specifies information that must be included in the catalog about each program that is listed.

The act creates the Missouri Catalog of Assistance Programs Resource Fund, to be administered by the Secretary of State. The fund consists of costs assessed to state agencies based on the percentage of funds the agency represents during each state fiscal year.

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

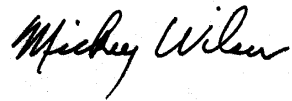
Office of the Governor  
Office of Secretary of State  
Office of State Auditor  
Office of State Treasurer  
Office of Administration  
Office of Public Defender  
Office of Lt. Governor  
Office of State Courts Administrator  
Department of Mental Health  
Department of Economic Development- Public Service Commission  
Department of Revenue - State Tax Commission  
Department of Insurance  
Department of Public Safety - All Divisions  
Department of Conservation  
Department of Agriculture  
Department of Transportation

RWB:LR:OD (12/02)



SOURCES OF INFORMATION continued

Department of Elementary and Secondary Education  
Department of Health and Senior Services  
Department of Labor and Industrial Relations  
Department of Higher Education  
Department of Social Services  
Department of Natural Resources

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
February 17, 2004