

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3888-01  
Bill No.: HB 1349  
Subject: Children and Minors; Family Law; Family Services Division  
Type: Original  
Date: February 3, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(\$390,257 to Unknown)	(\$132,023 to Unknown)	(\$135,671 to Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	(\$390,257 to Unknown)	(\$132,023 to Unknown)	(\$135,671 to Unknown)

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Road	(Unknown)	(Unknown)	(Unknown)
Highway	(Unknown)	(Unknown)	(Unknown)
Conservation	Unknown	Unknown	Unknown
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 10 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
Federal	(\$730,713 to Unknown)	(\$223,918 to Unknown)	(\$230,176 to Unknown)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(\$730,713 to Unknown)</b>	<b>(\$223,918 to Unknown)</b>	<b>(\$230,176 to Unknown)</b>

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

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

Officials from the **Office of Administration – Division of Budget and Planning, – Missouri Ethics Commission, – Administrative Hearing Commission, Department of Economic Development, Highway and Transportation Employees’ and Highway Patrol Retirement System, Department of Corrections, Department of Health and Senior Services, Department of Labor and Industrial Relations, Department of Public Safety – Missouri State Highway Patrol, – Division of Fire Safety, – State Emergency Management Agency, – Division of Alcohol and Tobacco Control, – Capitol Police, – Missouri Veterans Commission, – Missouri Gaming Commission, Missouri Consolidated Health Care Plan, Office of the Governor, Department of Insurance, Missouri House of Representatives, Office of the Lieutenant Governor, State Auditor’s Office, Missouri Senate, Office of the State Public Defender, State Treasurer’s Office, State Tax Commission, Central Missouri State University, Linn State Technical College, and the Public School and Non-Teacher School Employee Retirement Systems of Missouri** assume the proposal would have no fiscal impact on their agencies.

ASSUMPTION (continued)

Officials from the **Coordinating Board for Higher Education (CBH)** assume the proposal would have no fiscal impact on their agency, assuming “privilege” does not include state grants and scholarships. CBH would have administrative costs relating to this proposal if state grants and scholarships are deemed a “privilege.”

Officials from the **Office of State Courts Administrator (CTS)** assume this legislation has the potential for creating a very significant burden on the courts and/or the Division of Child Support Enforcement (DCSE). Since DCSE or the new family support division is not involved in 25% of the cases, CTS assume that in those cases the clerk would be responsible, and the court would hold the hearing. Since CTS is dealing with 114 circuit clerks plus the city of St. Louis, sending names to numerous sheriff’s offices, professional licensing boards, Department of Revenue, and others, there would be a tremendous amount of work for the courts. While CTS is unable to exactly quantify the workload involved, (among other things, CTS does not now know how many obligors owe over \$5,000, nor how many individuals possess a license that would be affected by this legislation) CTS assumes it may carry a fiscal impact of over \$100,000 in any given year.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume they cannot estimate the number of potential hearings and resulting revocations, suspensions, or limitations that may result from this proposal. Based upon hearing costs spanning the 2003 hearing year, DESE calculates an average hearing cost of \$79.31. However, the proposal does not indicate who may be responsible for the hearing costs. DESE assumes the cost of the proposal to be \$0 to Unknown per fiscal year.

Officials from the **Department of Transportation (MoDOT)** assume this legislation would require a court issuing a child support order or the state agency responsible for child support enforcement to certify any person who owes child support arrearages in excess of \$5,000 to the agencies and licensing boards for the purpose of revoking, suspending, or limiting licenses and limiting privileges issued by the state to that person. Depending on the interpretation of this legislation, outdoor advertising permits, junkyard permits, overweight/over-dimension permits, property carrier registration, common carrier certificates, contract carrier permits, interstate permits, International Fuel Tax Agreements (IFTA) licenses, International Registration Plan (IRP) licenses, house mover licenses, regulatory vehicle licenses and disadvantaged business enterprise (DBE) certificates could be construed to be “privileges” that the department shall withhold from an individual who owes child support arrearages in excess of \$5,000.

ASSUMPTION (continued)

Federal law requires many of the state statutes and regulations from which the above permits and licenses arise. For instance, MoDOT could not withhold DBE certificates for the reasons specified in this legislation, as DBE is a federal program and the MoDOT could lose federal funding if it withheld certification for reasons other than reasons specified by the federal regulations as violations. Federal law also requires states to effectively control billboards and provides for the reduction in federal highway funds for the failure to do so. IFTA and IRP are both agreements mandated by the federal government. By denying these privileges under IFTA and IRP due to child support arrearages, MoDOT would be violating those agreements and thereby potentially would affect the MoDOT's ability to collect fuel taxes and license registration fees.

This legislation could potentially impact MoDOT employees with child support arrearages in excess of \$5,000 that are required to drive department vehicles or have certain certifications or licenses, as required for their position at MoDOT. The number of employees that are in violation currently or may be in violation in the future is unknown.

The fiscal impact on MoDOT is unknown. The use of the term "privilege" could allow almost anything to fall within the language of this legislation. Depending on the interpretation, this legislation could require additional administrative costs associated with keeping track of the persons to whom the department should deny privileges.

Officials from the **Department of Natural Resources** assume it is unknown how many department permit or certification recipients owe more than \$5,000 in child support. Therefore, the fiscal impact from this proposal is Unknown.

Officials from the **Department of Public Safety – Missouri State Water Patrol** assumes the number of employees, if any, that could or would be impacted by the passage of this legislation is unknown.

Officials from the **Department of Conservation (MDC)** assume the proposed legislation would have a minimal, but positive, impact on MDC funds due to fewer privileges being revoked. MDC currently revokes privileges at \$2,500 in arrearage.

ASSUMPTION (continued)

Officials from the **Department of Social Services (DOS) – Division of Family Services, Child Support Enforcement (FSD/CSE)** would expect a significant fiscal impact from this legislation. A query of the Missouri Automated Child Support System (MACSS) reveals that approximately 162,539 cases have an order with arrears greater than \$5,000 and would be affected by this legislation. FSD/CSE estimates there will be costs for postage, paper products, staff time and MACSS enhancements.

FSD/CSE expects postage for required mailings (notice of certification, hearing request form, hearing packets), some of which will need to be mailed as certified, return receipt mail, to exceed \$700,000 in FY 2005. Paper supply expenses for the above listed mailings are estimated at almost \$6,000 in FY 2005.

FSD/CSE expects additional staff time of 20,260 man-hours. This includes additional time the CSE technicians may spend on phone calls and correspondence with the affected non-custodial parents, time needed to prepare and participate in hearings and time needed to maintain supervisory and office assistant ratios. The estimated cost of these additional man-hours exceeds \$300,000 in FY 2005.

Finally, FSD/CSE expects an unknown cost for MACSS enhancements exceeding \$100,000 in FY 2005. Since information would have to be shared with all possible state agencies that issue any kind of certificate, permit or license, costs for MACSS enhancements will be related to the variance in type of technology across these agencies and the number of formats into which MACSS data would need to be converted.

For FY 2006 and FY 2007, FSD/CSE estimates a case certification volume of 25% of the first year number of cases affected by this legislation. Therefore, costs for postage, paper supplies and staff time are reduced by 25% for FY 2005 and FY 2006. MACSS enhancements are only included in the first year costs.

FSD/CSE is unable to estimate the child support collection benefits of this legislation. There are numerous unknown factors, such as how many non-custodial parents would enter into a payment agreement to avoid certification, how large their payments would be and whether the payments would be applied to arrearages owed to the custodial parent or to the State of Missouri.

FSD/CSE assumes the total cost of the proposal would be Unknown, but more than \$1,050,305 in FY 05 (\$357,104 General Revenue and \$693,201 Federal Funds); \$272,784 in FY 06 (\$92,746 General Revenue and \$180,037 Federal Funds); and \$280,540 in FY 07 (\$95,384 General Revenue and \$185,156 Federal Funds).

ASSUMPTION (continued)

Officials from the **Department of Social Services – Division of Legal Services (DLS)** assumes an estimate of 682 hearings to be requested by the recipients of 88,656 Notices of Intent to Suspend. This is based upon the number of hearings generated by 13,000 Notices of Intent to Suspend that were previously sent. DLS notes that this estimate is conservative for several reasons. An additional 682 hearings would require DLS to add 1 full FTE Attorney (at \$36,312 per year) and .5 FTE Senior Office Support Assistant (each at \$20,100 per year). DLS assumes the total cost of the proposal would be \$70,666 in FY 05 (\$33,157 General Revenue and \$37,512 Federal); \$38,157 in FY 06 (\$39,277 General Revenue and \$43,880 Federal); and \$85,306 in FY 07 (\$40,287 General Revenue and \$45,019 Federal).

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
<b>GENERAL REVENUE FUND</b>			
<u>Costs – Department of Social Services – FSD/CSE</u>			
Personal Service	(\$82,555)	(\$20,488)	(\$21,001)
Fringe Benefits	(\$34,475)	(\$8,556)	(\$8,770)
Equipment and Expense	(\$206,073)	(\$63,702)	(\$65,613)
MACSS Development	<u>(More than \$34,000)</u>	<u>\$0</u>	<u>\$0</u>
<u>Total Costs – FSD/CSE</u>	(More than \$357,103)	(\$92,746)	(\$95,384)
<u>Costs – Department of Social Services – DLS</u>			
Personal Service (1.5 FTE)	(\$19,282)	(\$23,726)	(\$24,319)
Fringe Benefits	(\$8,052)	(\$9,908)	(\$10,156)
Equipment and Expenses	<u>(\$5,820)</u>	<u>(\$5,643)</u>	<u>(\$5,812)</u>
<u>Total Costs – DLS</u>	(\$33,154)	(\$39,277)	(\$40,287)
<u>Costs – Various State Agencies</u>			
Revocation Costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$390,257 to Unknown)</u></b>	<b><u>(\$132,023 to Unknown)</u></b>	<b><u>(\$135,671 to Unknown)</u></b>

## FEDERAL FUNDS

### Costs – Department of Social Services – FSD/CSE

Personal Service	(\$160,254)	(\$39,772)	(\$40,766)
Fringe Benefits	(\$66,922)	(\$16,609)	(\$17,024)
Equipment and Expenses	(\$400,025)	(\$123,657)	(\$127,367)
MACSS Development	<u>(More than \$66,000)</u>	<u>\$0</u>	<u>\$0</u>

<u>Total Costs</u> – FSD/CSE	(More than \$693,201)	(\$180,038)	(\$185,157)
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### Costs – Department of Social Services – DLS

Personal Service (1.5 FTE)	(\$20,303)	(\$24,983)	(\$25,607)
Fringe Benefits	(\$8,479)	(\$10,433)	(\$10,694)
Equipment and Expense	<u>(\$8,730)</u>	<u>(\$8,464)</u>	<u>(\$8,718)</u>
<u>Total Costs</u> – DLS	(\$37,512)	(\$43,880)	(\$45,019)

### Costs – Department of Transportation Administrative Costs

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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### ESTIMATED NET EFFECT ON FEDERAL FUNDS

<u>(\$730,713 to Unknown)</u>	<u>(\$223,918 to Unknown)</u>	<u>(\$230,176 to Unknown)</u>
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## ROAD FUND

### Costs – Department of Transportation Administrative Costs

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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### ESTIMATED NET EFFECT ON ROAD FUND

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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## **HIGHWAY FUNDS**

### Costs – Department of Transportation

Administrative Costs

(Unknown)

(Unknown)

(Unknown)

### **ESTIMATED NET EFFECT ON HIGHWAY FUNDS**

**(Unknown)**

**(Unknown)**

**(Unknown)**

## **CONSERVATION FUND**

### Savings – Department of Conservation

Decreased revocations

Unknown

Unknown

Unknown

### **ESTIMATED NET EFFECT ON CONSERVATION FUND**

**Unknown**

**Unknown**

**Unknown**

### FISCAL IMPACT - Local Government

FY 2005  
(10 Mo.)

FY 2006

FY 2007

**\$0**

**\$0**

**\$0**

### FISCAL IMPACT - Small Business

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



## DESCRIPTION

The proposed legislation would require a court issuing a child support order or the state agency responsible for child support enforcement to certify any individual who owes child support arrearages in excess of \$5,000 to state agencies and licensing boards for the purpose of revoking, suspending, or limiting licenses and privileges issued by the state to that person. Those licenses and privileges could include professional licenses, hunting and fishing licenses, and driver's licenses. The individual would be given notice of the proposed certification and may contest it by requesting a hearing within 30 days of the receipt of the notice. The obligor could only assert mistake of fact as a defense at the hearing. Mistake of fact would mean an error in the amount of arrearages or the obligor's identity. The obligor would have the burden of proof, and the court or state agency may not certify the obligor until after a final decision has been reached.

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 Administration

- Division of Budget and Planning
- Missouri Ethics Commission
- Administrative Hearing Commission

Coordinating Board for Higher Education

Office of State Courts Administrator

Department of Economic Development

Department of Elementary and Secondary Education

Department of Transportation

Highway and Transportation Employees' and Highway Patrol Retirement System

Department of Health and Senior Services

Department of Labor and Industrial Relations

Department of Social Services

Department of Natural Resources

SOURCES OF INFORMATION (continued)

Department of Public Safety

- Missouri State Highway Patrol
- Division of Fire Safety
- State Emergency Management Agency
- Division of Alcohol and Tobacco Control
- Capitol Police
- Missouri State Water Patrol
- Missouri Veterans Commission
- Missouri Gaming Commission

Missouri Consolidated Health Care Plan

Office of the Governor

Department of Insurance

Department of Conservation

Missouri House of Representatives

Office of the Lieutenant Governor

State Auditor's Office

Missouri Senate

Office of the State Public Defender

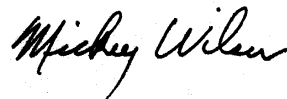
State Treasurer's Office

State Tax Commission

Central Missouri State University

Linn State Technical College

Public School and Non-Teacher School Employee Retirement Systems of Missouri



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February 3, 2004