

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0166-01  
Bill No.: HB 32  
Subject: Administration, Office of; Insurance - General; Public Assistance  
Type: Original  
Date: February 22, 2005

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue *	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue Fund *</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\* Subject to appropriation, expected to exceed \$100,000.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Various *	(Unknown)	(Unknown)	(Unknown)
Unemployment Compensation Administration	(\$40,000,000)	(\$40,000,000)	(\$40,000,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds *</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\* Subject to appropriation, expected to exceed \$100,000.

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 10 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Various *	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds *</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\* Subject to appropriation, expected to exceed \$100,000.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTIONS

Officials from the **Department of Economic Development, Public Services Commission, the Department of Public Safety, State Emergency Management Agency, the Department of Revenue**, assume this proposal would have no impact on their organization.

Officials from the **Office of the Secretary of State (SOS)** assume this proposal would result in a cost of approximately \$190,000 to the Elections Division, assuming full funding of HAVA, the Help America Vote Act of 2002 (Public Law 107-252). The SOS Records Services group assumes the proposal would result in a cost of approximately \$10,000 to the Local Records Grants program, \$2,000 to the State Documents Fund, and \$5,000 to Federal Funds. The State Library estimates the proposal would result in a cost of approximately \$10,000 to the General Revenue fund and \$8,233 to federal funds.

Officials from the **Office of State Courts Administrator** assume the proposal would result in additional costs from \$500 to \$5,000 per year to their organization.

ASSUMPTIONS (continued)

Although they did not respond to our request for information, officials from the **Office of the State Treasurer** (STO) responded to a similar proposal in the previous session. STO assumed that both the linked and general time deposit program might qualify under the definitions of "direct loans". If this is correct there would be a negative unknown fiscal impact for the cost allocation program based on the money available.

Officials from the **Office of Administration, Division of Information Technology** (OIT), assume this proposal would have no direct fiscal and/or administrative impact to OIT, however, the estimated net effect this proposed legislation would have on the General Revenue Fund or other state funds is significant and could not be absorbed within existing state resources.

OIT would be responsible for administering the catalog of assistance programs and therefore defers implementation and operation costs to the Office of Administration budget officer. The proposal would have a significant fiscal and administrative impact on all public governmental bodies required to submit program information to the statewide system or have existing grant application programs that must become compliant with the statewide system.

The OIT assumes its Chief Information Officer would participate on the "Catalog of State Assistance Programs Task Team" functioning in an advisory and oversight role recommending policies and strategies, including standards and technology consistent with the state's enterprise architecture, and e-government methodology, which provides a framework for promoting the delivery of government services to citizens and business partners through the Internet. No fiscal impact would result from functioning in this capacity.

The OIT response includes only two FTE for the Information Technical Support and not the gathering of data or developing procedures and guidelines for state agencies. Initial development of the application is expected to require two FTE but ongoing maintenance and is expected to require one FTE. OIT assumes that a new fund would be established and the program cost would be collected and paid into this fund.

ASSUMPTIONS (continued)

Officials from the **Office of Administration, Office of the Deputy Commissioner** (OADC) assume the Commissioner or the Commissioner's designee would chair the task team for the preparation and issuance of the "Missouri Catalog of Assistance Programs". OADC also assumes the Office of Administration would administer the "Missouri Catalog of State Assistance Programs Resources Fund", develop a cost allocation plan, assess the costs, and initiate an interagency billing process. OADC assumes two FTE would be needed to sit on the Catalog of State Assistance Programs Task Team, work with coordinating information from all state agencies, and work with the Division of Information Services to get information on the website. One Senior Office Support Assistant-Keyboarding would help facilitate printing the annual report, data entry, recording minutes of the task team meetings, etc. OADC estimated total costs of \$88,847 for FY 2006, \$93,503 for FY 2007, and \$95,848 for FY 2008.

Officials from the **Department of Elementary and Secondary Education** (DESE) assume the cost to implement such a program, while unknown, would be substantial, probably multi-million dollars.

Officials from the **Department of Health and Senior Services** (DHSS) assume the proposal would impact DHSS operations. It would require DHSS to assist in the development of the catalog of assistance programs; assist in writing a report to submit to the General Assembly, Governor, and Chief Justice, proposing a strategic plan to standardize state assistance programs for all state agencies; and assist in the ongoing maintenance of the catalog. The legislation would require proposal or application packets be posted in the catalog sixty days prior to the deadline for application for assistance.

DHSS administers many programs and therefore the amount of information to submit to the Office of Administration (OA) would be vast. The allocation of costs and the preparation of information for the catalog would require additional resources or funding ranging from a minimum of \$71,914 to a maximum of \$841,837 in FY06; a minimum of \$65,907 to a maximum of \$1,026,879 in FY07; and a minimum of \$67,604 to a maximum of \$1,052,615 in FY08.

### ASSUMPTIONS (continued)

In a similar bill last year (FN3181-05N, SB937), the costs shown for the fund established to maintain the catalog were \$185,002 in FY05, \$195,368 in FY06, and \$200,257 in FY07. In addition, the Office of Administration, Office of Information Technology assumed costs for hardware, software, and infrastructure would be \$450,000 in the first year, and \$22,500 in the following two years. If the costs have not changed and are accurate, then DHSS assumes the allocated costs are unknown but the minimum cost could be the department's percentage of the state's total budget, 2.48%, multiplied by the total costs provided in the prior fiscal note, which would be \$15,748 for FY06, \$5,403 for FY07, and \$5,524 for FY08. The maximum costs would not exceed one quarter of one percent (.0025) of any individual program. By using the total program dollars for DHSS from the FY04 Schedule of Federal Awards and the available FY05 program appropriation authority for General Revenue and Other Funds, the maximum charges should not exceed \$785,671 in FY06, \$966,375 in FY07, and \$990,535 in FY08.

**Department Cost:** Officials assume that preparation of the information for the catalog would require additional resources/funding. Expenses to collect, submit, and update the data would be incurred. DHSS assumes that this bill would require 1.00 FTE (Executive I) to coordinate, track, and report the data to the Office of Administration. Standard expense and equipment costs would also be required. An appropriation to cover the cost of preparation and the cost allocated by the OA would be requested once the costs were determined.

Officials from the **Department of Higher Education** (DHE) assume this proposal could have a significant negative effect on their organization. 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. While it is difficult to determine possible costs of this proposal, DHE could be assessed the following costs: \$104,233 (GR), \$8,619 (federal), and \$2,202,500 (other), for a total cost of \$2,315,352.

Officials from the **Department of Insurance** (DOI) assume the proposal would that certain DOI programs would be considered assistance programs, such as the Senior Counseling Program, and has tax credits which would need to be included in the catalog. The High Risk Pool is administered by a board but would also probably need to be included. DOI assumes the cost of serving on the Task Team would be minimal. The information required in the proposal is not currently included on the DOI website nor are there the required links to federal sites. The web design and interface with other sites would require unknown additional costs to create and maintain. Additional costs due to allocation are unknown. The estimated fiscal impact is unknown but is expected to exceed \$50,000.

### ASSUMPTIONS (continued)

Officials from the **Department of Labor and Industrial Relations** (DOLIR) assume this proposal would include the unemployment compensation (UC) program under the definition of "direct payments with unrestricted use". Based on this assumption, the UC program would be included in the catalog and would be liable for the charges associated with the catalog as provided in the proposal.

The language in the proposal appears to conflict with United States Department of Labor (USDOL) policy with respect to cost allocation. UC grant funds may be used only if they are necessary for the "proper and efficient administration" of the state UC law, and the costs allocable to the UC grant (and other federal grants) must be determined in accordance with the Office of Management and Budget (OMB) Circular A-87.

Since the proposal would allocate costs based on the percentage of funds, its allocation would not be based on "benefits received." USDOL requires, as a condition for certification for administrative grants, that Title III funds be expended "solely for the purposes and in the amounts found necessary by the (United States) Secretary of Labor for the proper and efficient administration of" a state's UC law.

DOLIR indicated a fiscal impact of \$40 million per year to the Unemployment Compensation Administration Fund due to the potential loss of federal administrative grant funds from the USDOL.

The **Department of Transportation** (MODOT) assumes the proposal would create the Missouri Catalog of Assistance Programs to serve as the state's single repository of information on public assistance programs. It appears that the legislation could apply to several activities performed by MODOT. The costs for administering the proposal would be assessed against each state agency based on the percentage of total assistance funds included in the catalog attributed to the agency during the state fiscal year. It appears that all costs would originally be borne by the office of the Secretary of State, and each agency would be billed their pro-rata share.

We could not accurately determine the fiscal impact on the road fund. There are numerous programs that could be considered for inclusion in the catalog, depending upon how the legislation is interpreted. Also, some federal programs will not allow the administrative fee to be assessed against program funds; in those instances, it is assumed that the Road fund would be responsible for absorbing the additional cost.

ASSUMPTIONS (continued)

However, the portion of administrative costs assessed by the Secretary of State's office for assistance programs funded from the road fund could be considered an unconstitutional diversion of state revenues derived from highway users. If assessing the costs of the catalog to the Road Fund is determined to be unconstitutional, then the fiscal impact on the Road Fund would be zero. However, if the Road Fund is required to bear a share of the costs, we estimate the fiscal impact to be greater than \$100,000.

Officials from the **Department of Natural Resources (DNR)** assume this proposal would require DNR to submit pass through grant or loan information to the Office of Administration. The department would be charged for the actual cost of operations, not to exceed one-quarter of one percent of the total funds the department represents in the catalog during each state fiscal year. Although the actual costs for the Office of Administration to maintain the catalog are unknown, for purposes of this fiscal note, DNR projects the maximum transfer would be \$701,505. This was calculated by taking FY 04 actual grants and loans passed through to subgrantees for our department (\$280,602,022) and multiplying that total by the maximum .25% allowed for in this proposal.

DNR indicated an unknown cost to the General Revenue Fund, Dedicated Fee Funds, and Local Funds.

Officials from the **Department of Social Services, Division of Budget and Finance (DBF)**, assume DBF would provide the Departmental support for this program including the member on the "Catalog of State Assistance Programs Task Team". We believe we could absorb the additional requirements of reporting the programs. However, there may be substantial cost to support the implementation of this legislation at the Office of Administration (OA), which OA is authorized to allocate to the programs reporting. The Department of Social Services share of OA allocated cost could be into the millions of dollars. This cannot be determined at this time.

FISCAL IMPACT - State Government

FY 2006  
(10 Mo.)

FY 2007

FY 2008

**GENERAL REVENUE FUND**

Cost - Administrative Transfer \*

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT ON  
GENERAL REVENUE FUND \***

**(Unknown)**

**(Unknown)**

**(Unknown)**

\* Subject to appropriation, expected to  
exceed \$100,000.

**OTHER STATE FUNDS**

Cost - Administrative Transfer \*

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT ON  
OTHER STATE FUNDS \***

**(Unknown)**

**(Unknown)**

**(Unknown)**

\* Subject to appropriation, expected to  
exceed \$100,000.

**FEDERAL FUNDS**

Cost - Administrative transfer \*

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT ON  
FEDERAL FUNDS \***

**(Unknown)**

**(Unknown)**

**(Unknown)**

\* Subject to appropriation, expected to  
exceed \$100,000.



<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>UNEMPLOYMENT COMPENSATION ADMINISTRATION FUND</b>			
<u>Revenue reduction - federal grants</u>	<u>(\$40,000,000)</u>	<u>(\$40,000,000)</u>	<u>(\$40,000,000)</u>
<b>ESTIMATED NET EFFECT ON UNEMPLOYMENT COMPENSATION ADMINISTRATION FUND</b>	<b><u>(\$40,000,000)</u></b>	<b><u>(\$40,000,000)</u></b>	<b><u>(\$40,000,000)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Small Business</u>			

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

#### DESCRIPTION

This proposal would create the Missouri Catalog of Assistance Programs. The catalog would serve as the state's single repository of information for public assistance programs and would be available in an electronic format for access over the Internet. A task team would be created to gather information and submit a report that would propose a strategic plan to standardize the application process across state agencies and allow for submission of applications on one automated grant application system.

A fund would be created in the State treasury to be administered by the Office of Administration, which would be used to collect assessments of program cost from state agencies. Implementation of the plan would be subject to appropriations for that purpose.

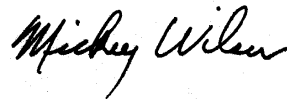
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State  
Office of Administration  
    Office of the Deputy Commissioner  
    Division of Information Services  
Department of Economic Development  
    Public Service Commission  
Department of Elementary and Secondary Education  
Department of Health and Senior Services  
Department of Higher Education  
Department of Insurance  
Department of Labor and Industrial Relations  
Department of Natural Resources  
Department of Public Safety  
    State Emergency Management Agency  
Department of Revenue  
Department of Social Services  
    Division of Budget and Finance  
Department of Transportation  
Office of State Courts Administrator

NOT RESPONDING

**Office of the State Treasurer**



Mickey Wilson, CPA  
Director  
February 22, 2005