

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6072-04
Bill No.: HCS for HB 1925
Subject: State Departments
Type: Original
Date: April 1, 2014

Bill Summary: This proposal prohibits any state agency or department from engaging in biometric analysis of photographs and digital data.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Unknown greater than \$116,332)	(Unknown greater than \$117,609)	(Unknown greater than \$118,900)
Total Estimated Net Effect on General Revenue Fund	(Unknown greater than \$116,332)	(Unknown greater than \$117,609)	(Unknown greater than \$118,900)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Federal Funds	\$0 or (\$59,200,000)	\$0 or (\$59,200,000)	\$0 or (\$59,200,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 or (\$59,200,000)	\$0 or (\$59,200,000)	\$0 or (\$59,200,000)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	3 FTE	3 FTE	3 FTE
Total Estimated Net Effect on FTE	3 FTE	3 FTE	3 FTE

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Oversight notes this proposal prohibits a state agency, department or political subdivision from engaging in, contracting for, or cooperating with any other agency in the biometric analysis of any photographic or digital data.

Officials at the **Office of Administration's Information Technology Services Division (ITSD)** assume this proposal would no longer allow ITSD to utilize thumb readers as one form of identification for authorized ITSD employees to gain access to the state data center. It is assumed that this would no longer be allowed. To keep security at the current level, ITSD would employee security guards to provide access to the data center. A total of 3 FTE would be required to provide access on a 24 hour basis.

Officials at the **Missouri Highway Patrol (MHP)** assume this legislation would limit the Patrol's ability to share information with other government entities including the federal government. It will reduce the number of background checks requested which, in turn, will reduce the amount of staff needed. However, at this time, the exact fiscal impact is unknown.

Oversight will reflect an unknown savings from the reduction in staff and an unknown loss of the collection of the background fee.

Officials at the **Department of Social Services's Division of Family Support Services (FSD)** assume the Federal and state laws and the Title IV–D State Plan require FSD's child support program to take action to establish paternity for children born out of wedlock. Inability to conduct genetic tests for paternity determination purposes will result in a noncompliant IV–D State Plan. Title IV–D State Plan noncompliance results in a loss of federal funding for the child support program (\$59.2 million for FY 2013). In order to keep the Child Support Program running at its current level, General Revenue funding would be needed to replace the loss of federal funding. Having an approved Title IV–D State Plan is a condition of eligibility for a TANF block grant under Title IV–A of the Social Security Act, so IV–D noncompliance also affects Missouri's TANF funding (\$217 million).

Officials at the **FSD** assume this proposal would not impact the drug testing of TANF recipients and therefore, this program would not be fiscally impacted.

Oversight will reflect the potential loss of \$59.2 million for the Child Support Program.

ASSUMPTION (continued)

Officials at the **Department of Social Services's Children's Division, Human Resources, MoHealthNet Division, Division of Legal Services, Division of Missouri Medicaid Audit Compliance Unit, Division of Youth Services, Research and Evaluation and State Technical Assistance Team** each assume this proposal would not fiscally impact them.

In response to the previous version of this proposal, officials at the **Department of Revenue (DOR)** assume this proposal will have a minimal fiscal impact DOR. However, it could be interpreted to prevent state agencies from conducting background checks on potential employees via the use of fingerprint checks with the Missouri State Highway Patrol. The Department does not fingerprint employees unless the name-based criminal history checks are inconclusive and fingerprints are needed to determine the identity and criminal history of an applicant. This same case goes for those seeking employment in the local license offices and applicants applying for a dealer license with the Department. However, other state departments may require finger-print based background checks. This proposal would prohibit these checks.

Officials at the **University of Missouri** assume that biometric data such as fingerprints, retina images, etc, is a valuable, and increasingly utilized, access control mechanism and is currently being used in several departments. Replacing those systems, as well as avoiding purchasing or implementing any future products with those features, would certainly have a fiscal impact on the University although it would be very difficult to quantify.

Officials at the **Department of Corrections (DOC)** assume this legislation establishes a penalty provision for any individual or state agency, department or subdivision that violates section 1.220.5, ranging from a class A misdemeanor to a class C felony. This legislation will also have a major impact on the Inspector General's Office and possibly other DOC operations. It prohibits the retention of biometric data by a state agency, not just the biometric analysis of data, unless the retention falls under subsection 1.220.3. There may be times when the DOC needs to analyze or retain biometric data in carrying out its constitutional and statutory duties, and this bill would conflict with those duties and potentially subject DOC personnel to criminal prosecution.

The potential exists for additional violations followed by incarceration and/or supervision. Currently, the DOC cannot predict the number of new commitments which may result from the modification of the law outlined in this proposal. An increase in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in direct offender cost either through

ASSUMPTION (continued)

incarceration (FY13 average of \$18.014 per offender, per day, or an annual cost of \$6,575 per inmate) or through supervision provided by the Board of Probation and Parole (FY13 average of \$5.07 per offender, per day or an annual cost of \$1,851 per offender.)

In summary, it is Unknown what the potential fiscal impact for the DOC may be for each year pursuant to passage of this resolution.

Oversight will reflect the unknown costs to the Department of Corrections.

In response to the previous version of this proposal, officials at the **Cole County Sheriff Department** assume the cost would be significant but it is unknown. If this eliminates fingerprints, photograph, or iris scans, the County is unsure how to comply with federal law. The County would need to trash hundreds of thousands of dollars of equipment. The County cannot submit fingerprints as this is now done, and analyzed, digitally, much less iris or facial recognition.

Officials at the **Northwest Missouri State University** assume this could have a chilling effect in some academic disciplines and could have significant negative impacts on teaching and research. This act could also impede the sharing of information that could significantly inhibit our implementation of proper security protocols with respect to on campus and electronic activities.

In response to the previous version of this proposal, officials at the **Fulton School District** assume this proposal will invalidate our food service lunch line recording equipment and procedures. This will make \$25,000 of equipment illegal and cost an additional \$35,000 in payroll costs.

Officials at the **Office of Prosecution Services (OPS)** assume this has no measurable impact on OPS. The creation of a new crime creates additional responsibilities for county prosecutors which may in turn result in additional costs which are difficult to determine.

Officials at the **Springfield Police Department** assume no impact to the Department.

In response to the previous version of this proposal, officials at the **St. Louis County Police Department** assume an unknown negative impact.

Officials at the **City of Ashland** responded to Oversight's request for impact but did not indicate a fiscal impact.

ASSUMPTION (continued)

Oversight assumes this proposal may require additional administrative costs for local political subdivisions. Oversight will reflect the impact as \$0 to Unknown.

Oversight assumes this proposal may result in local political subdivisions no longer receiving federal funds. Oversight will reflect the impact as \$0 to Unknown.

Officials at the **Department of Elementary and Secondary Education** assume there is no state cost to the foundation formula associated with this proposal. Should the new crimes and amendments to current law result in additional fines or penalties, DESE cannot know how much additional money might be collected by local governments or the DOR to distribute to schools. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to schools increases the deduction in the foundation formula the following year. Therefore the affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

Officials at the **City of Columbia**, the **City of Kansas City**, the **Department of Agriculture**, the **Department of Conservation**, the **Department of Economic Development**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Labor and Industrial Relations**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Public Safety's Fire Safety**, the **Department of Public Safety's Division of Alcohol and Tobacco Control**, the **Department of Public Safety's Capitol Police**, the **Missouri Department of Transportation**, the **Missouri Gaming Commission**, the **Missouri State University**, the **Missouri Veterans Commission**, the **Office of the Secretary of State**, the **Office of the State Auditor**, the **Office of State Courts Administrator**, the **Platte County Board of Election Commission**, the **State Emergency Management Agency**, the **University of Central Missouri** each assume there is no fiscal impact from this proposal.

In response to the previous version of this proposal, officials at the **City of Jefferson City**, the **Department of Corrections**, the **Department of Health and Senior Services**, the **Linn State Technical College**, the **Missouri National Guard**, the **Missouri Western State University**, the **Office of the State Public Defender**, the **Office of State Treasurer**, and the **University of Central Missouri** each assume there is no fiscal impact to their respective organizations from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE			
<u>Savings</u> - Missouri Highway Patrol - elimination of some AFIS staff	Unknown	Unknown	Unknown
<u>Loss</u> - Missouri Highway Patrol - collection of background check fee	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - Office of Administration - ITSD			
Personal Service	(\$72,072)	(\$72,793)	(\$73,521)
Fringe Benefits	(\$36,760)	(\$37,128)	(\$37,499)
Equipment and Expenses	<u>(\$7,500)</u>	<u>(\$7,688)</u>	<u>(\$7,880)</u>
<u>Total Costs</u> - OA-ITSD	<u>(\$116,332)</u>	<u>(\$117,609)</u>	<u>(\$118,900)</u>
FTE Change - OA- ITSD	3 FTE	3 FTE	3 FTE
<u>Cost</u> - Department of Corrections	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Unknown greater than <u>\$116,332</u>)	(Unknown greater than <u>\$117,609</u>)	(Unknown greater than <u>\$118,900</u>)
Estimated Net FTE Change on General Revenue	3 FTE	3 FTE	3 FTE
FEDERAL FUNDS			
<u>Loss</u> - Dept Social Services Family Support Division	\$0 or <u>(\$59,200,000)</u>	\$0 or <u>(\$59,200,000)</u>	\$0 or <u>(\$59,200,000)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	\$0 or <u>(\$59,200,000)</u>	\$0 or <u>(\$59,200,000)</u>	\$0 or <u>(\$59,200,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost</u> - additional administrative costs	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Loss</u> - potential loss of federal funding	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL IMPACT - Small Business

Small business that collect this data would be impacted.

FISCAL DESCRIPTION

This bill prohibits any state or local agency or department from engaging in, contracting for, or cooperating with any agency in the biometric analysis of photographs and digital data. Biometric analysis includes facial characteristics, voice data comparisons, iris recognition data, retinal scans, fingerprints, palm prints, hand geometry, eye spacing, characteristic gait, DNA, and keystroke dynamics.

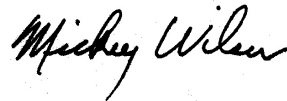
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

City of Ashland
City of Columbia
City of Jefferson City
City of Kansas City
Cole County Sheriff Department
Department of Agriculture
Department of Conservation
Department of Corrections
Department of Economic Development
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Labor and Industrial Relations
Department of Mental Health
Department of Natural Resources
Department of Public Safety
 Division of Alcohol and Tobacco Control
 Capitol Police
 Fire Safety
Department of Revenue
Department of Social Services
 Children's Division
 Division of Legal Services
 Division of Youth Services
 Family Support Division
 Human Resources Division
 MoHealthNet Division
 State Technical Assistance Team
 MO Medicaid Audit Compliance Unit
Fulton School District
Linn State Technical College
Missouri Department of Transportation
Missouri Gaming Commission
Missouri National Guard
Missouri State University
Missouri Veterans Commission
Missouri Western State University
Northwest Missouri State University
Office of Prosecution Services
Office of the Secretary of State

SOURCES OF INFORMATION (continued)

Office of the State Auditor
Office of State Courts Administrator
Office of the State Public Defender
Office of State Treasurer
Springfield Police Department
State Emergency Management Agency
St. Louis County Police Department
University of Central Missouri
University of Missouri



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