

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0294H.02I
Bill No.: HB 419
Subject: Adoption; Children And Minors; Children's Division
Type: Original
Date: January 20, 2021

Bill Summary: This proposal limits the out-of-pocket legal expenses for adopting a child to \$1,000.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue*	\$0 to \$1,410,991	\$0 to \$1,693,189	\$0 to \$1,693,189
Total Estimated Net Effect on General Revenue	\$0 to \$1,410,991	\$0 to \$1,693,189	\$0 to \$1,693,189

*High end of range represents the upper estimate of reductions in adoption expenditure reimbursements.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Savings and losses could exceed approximately \$716,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS)** state adoption allows people to expand their families, however at a personal cost of time and resources. Currently, the Children's Division (CD) covers the cost of nonrecurring adoption expenses which could provide the financial support families need to adopt a child in foster care. The proposed legislation would put a \$1,000 cost to families seeking to adopt and would financially impact both Missouri families and the State in very different ways. The proposed bill has the potential to save the State \$2,409,205 in expenditures for children being adopted and place the \$1,000 financial responsibility on the anticipated adoptive family. However, the possible lack of reimbursement could delay adoptions because of financial restraints, causing the offset of saving by kids staying in care longer. Currently, the State will reimburse potential adoptive parents up to \$3,500 in nonrecurring cost associated with adoption process. The average amount in FY20 that was spent on nonrecurring expenses related to adoption was \$1,262.

Officials from **DSS, Children's Division** state this bill creates a new section, §453.085, which would require CD to reimburse an adoptive parent for "all reasonable nonrecurring adoption expenses", except for \$1,000 dollars, which would now be the responsibility of the adoptive parent(s).

This bill provides that nonrecurring adoption expenses would include, but not be limited to, attorney's fees, court costs, and other litigation costs associated with the adoption.

It is unclear about the use of the terms "reasonable, nonrecurring expenses" and the use of the term "but not limited to" in this provision. It is also unclear if reimbursing expenses outside legal expenses are included in this provision.

CD's current Code of Regulations (13 CSR 35-38) provides a definition for "nonrecurring expenses" as "One (1)-time expenses directly related to the adoption or legal guardianship of a special needs child. Nonrecurring expenses include, but are not limited to, the following: legal fees, private agency fees, and nonrecurring placement related expenses including, but not limited to, pre-placement transportation, lodging and meal expenses, expenses for adoption studies, health and psychological examinations, and supervision of the adoptive placement prior to the finalization of the adoption up to a maximum amount provided in this regulation;"

In the Social Security Act - section 473; The Tax Reform Act of 1986 (P.L. 99-514) - ACYF-CB-PIQ-89-02 (5/23/89), the term "nonrecurring adoption expenses" is defined as the reasonable and necessary adoption fees, court costs, attorney fees and other expenses which are directly related to the legal adoption of a child with special needs, which are not incurred in violation of State or Federal law, and which have not been reimbursed from other sources or funds. Federal financial participation is available at the matching rate of fifty percent (50%) for State expenditures up to \$2,000 for each adoptive placement with a maximum of \$3,500.

The provisions of this bill appear to remove any upper limit to the amount of nonrecurring expenses CD would be required to reimburse and shall only apply to the adoption of children who are in the custody of the Children's Division.

In FY 2020, under the current policy and regulations, CD paid \$3,502,673 in nonrecurring expenses for 2,795 children. Some of these children had nonrecurring expenses less than \$1,000, while others exceeded \$1,000. Since this legislation requires the adoptive parents to cover the first \$1,000, the Children's Division could see a reduction of up to \$2,409,205 (\$1,693,189 GR and \$716,016 Federal) in adoption expenditures.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by CD.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State** notes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
Savings – DSS (\$453.085) Reduction of reimbursements for nonrecurring adoption expenses	\$0 to \$1,410,991	\$0 to \$1,693,189	\$0 to \$1,693,189
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$0 to</u> <u>\$1,410,991</u>	<u>\$0 to</u> <u>\$1,693,189</u>	<u>\$0 to</u> <u>\$1,693,189</u>

<u>FISCAL IMPACT – State Government (continued)</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
FEDERAL FUNDS			
Savings – DSS (§453.085) Reduction in expenditures for nonrecurring adoption expenses	\$0 to \$596,680	\$0 to \$716,016	\$0 to \$716,016
Losses – DSS (§453.085) Reduction in expenditure reimbursement for nonrecurring adoption expenses	\$0 to (\$596,680)	\$0 to (\$716,016)	\$0 to (\$716,016)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<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.

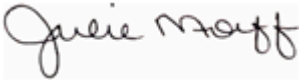
FISCAL DESCRIPTION

This bill requires CD within DSS to reimburse an adoptive parent for all reasonable nonrecurring adoption expenses, including attorney's fees, court costs, and other litigation costs, except for \$1,000 which is the responsibility of the adopting parent (§453.085).

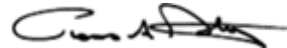
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services
Joint Committee on Administrative Rules
Office of the Secretary of State



Julie Morff
Director
January 20, 2021



Ross Strobe
Assistant Director
January 20, 2021