

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3972H.02C  
 Bill No.: HCS for HB 2148  
 Subject: Children and Minors; Courts; Domestic Relations  
 Type: Original  
 Date: April 24, 2024

Bill Summary: This proposal specifies that a parent's obligation to pay child support terminates when the child turns 18 or graduates from high school with certain exceptions.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General	(\$40,869) to (\$76,680)	(\$8,378) to (\$79,999)	(\$8,588) to (\$80,209)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$40,869) to (\$76,680)</b>	<b>(\$8,378) to (\$79,999)</b>	<b>(\$8,588) to (\$80,209)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
Federal Funds*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income and expenses estimated at \$79,000 in FY 2025; \$16,000 annually beginning in FY 2026 and net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§210.854, 452.340 and 454.470 – Termination of a parent's obligation to pay child support

Officials from the **Department of Social Services (DSS), Family Support Division (FSD)** state proposed §452.340.3 provides that the child support obligation terminates when a child reaches age 18 or receives a high school diploma, whichever is later, unless the child support order specifically extends the obligation because the child is physically or mentally incapacitated pursuant to §452.340.4. The provisions of proposed §452.340.3 shall become effective for all future court orders issued on or after January 1, 2025.

Proposed §452.340.11 states that the child support obligation shall terminate without further judicial or administrative process when the child reaches age eighteen or receives a high school diploma, whichever occurs later, unless the court extends the obligation because the child is physically or mentally incapacitated. The provisions of proposed §452.340.11 shall become effective for all future court orders issued on or after January 1, 2025.

The proposed language in §452.340.3 (5) makes the provision applicable only to orders issued on or after January 1, 2025. The proposed addition of the language in §452.340.3(5) and the removal of language that currently exists in §§452.340.3(6), 452.340.5 and 452.340.11(1) that allows support to continue past age 18, appears as written, to eliminate the termination of support statute for orders entered prior to January 1, 2025, except for §452.340.3 subdivisions (1) through (4) which terminates support if a child dies, marries, enters active duty military or becomes self-supporting.

The Family Support Division (FSD) child support (CS) program interprets that the intent of the bill is to continue applying the existing §452.340 when determining whether current support remains due for dependents on orders entered prior to January 1, 2025, and then apply the proposed termination of support change on new or modified court orders entered on or after January 1, 2025. However, based on the current proposed bill language, the FSD CS program would not be able to do so.

The FSD CS program interprets the language in §§452.340.3 and 452.340.11 regarding provisions being effective for all “future court orders” issued on or after January 1, 2025, to include both newly established support orders and modification orders entered after January 1, 2025. The language “all future court orders” excludes administrative child support orders as §454.460 defines court order as any judgment, decree, or order of any court which orders payment of a set or determinable amount of support money. The FSD CS establishes and modifies CS orders on IV-D cases through an administrative process.

Proposed §452.340.10 provides that if the court awards support on or after January 1, 2025, there shall be a rebuttable presumption in cases where the court awards joint physical custody where the child(ren) spend equal or substantially equal time with both parents that the child support calculations begin with a 50% credit for overnight visitation or custody below the basic child support amount authorized by the child support guidelines.

Missouri's IV-D state plan is required to have in place child support guidelines in accordance with [45 CFR 302.56](#). Existing §452.340.8 grants the Missouri Supreme Court the specific rulemaking authority to establish child guidelines by which any award of child support is made in judicial and administrative proceedings.

[Supreme Court Rule 88.01](#) states that there is a rebuttable presumption that the amount of child support calculated pursuant to [Civil Procedure Form No. 14](#) is the correct amount of child support to be awarded in any judicial or administrative proceeding. The directions for the Form 14 currently allow a 34% visitation credit for a parent who has 181-183 overnight visits with his/her child (i.e., 50/50 visitation) and up to a 50% credit if the court determines the 34% credit is unjust and inappropriate based upon the circumstances of the parties. A 50% visitation credit may result in a \$0 obligation.

[Supreme Court Rule 41.02](#) provides that all rules promulgated by the Supreme Court supersede all statutes and existing court rules that are inconsistent with the rules. If this bill becomes law and it is determined that the statute changes the court rule, the FSD CS program would see a fiscal impact under the changes to §452.340.10.

Under proposed §452.340.10, the Form 14 calculations would begin with a 50% credit in cases in which the courts awards equal or substantially equal parenting time. Pursuant to §452.375.2, there is a rebuttable presumption that an award of equal or approximately equal parenting time to each parent is in the best interests of the child. Giving obligors a 50% visitation credit when equal or substantially equal parenting time s awarded by the court may reduce the child support obligations in Missouri judicial orders.

Since support amounts are assigned to the state when a parent and child receive Temporary Assistance for Needy Families (TANF), and all new orders may be reduced by 50% visitation credit, the state's ability to recoup TANF payments will be reduced. The state retains approximately 34% of all assigned collections in the Child Support Enforcement (CSEC) Fund; a reduction in the ability to recoup TANF expenditures will reduce the amount of assigned collections deposited into the CSEC fund that help fund the Child Support program.

In state fiscal year (SFY) 2023, there were 2,998 new judicial support orders entered in the Missouri Automated Child Support System (MACSS). FSD's caseload for SFY 2023 was 284,718 cases of which 3,395 (or 1.2%) were TANF cases. Therefore, of the 2,998 new judicial orders entered in MACSS in SFY 2023, FSD assumes 1.2% or 36 were on TANF cases and the judicial current support obligations were assigned to the state. The total assigned support that accrued on those orders for SFY 2023 was \$210,651.

Assuming the number of TANF recipients remains static, FSD estimates the amount of support assigned to the state for the recoupment of TANF benefits could be reduced by up to \$210,651 per year which results in \$71,621 [ $\$210,651 * 34\%$  ([The Federal FMAP rate](#))] less that the state could potentially collect and retain as CSEC revenues.

The impact on CSEC revenues will be a range of \$0 (no change in the obligation) up to \$71,621 (if a 50% visitation credit results in a \$0 obligation). This funding will need a general revenue pickup to keep the Child Support program at the same level.

The changes to §452.340 would require the division to change its procedures and forms used to determine if a child meets requirements for continued support. FSD CS believes that the intent of the bill is to apply different termination of support criteria contingent on the date of the order or modification being prior to or after January 1, 2025. Based on that assumption, FSD CS would need to be able to differentiate between the requirements for each. The changes to §452.340.10 may also require the division to update form instructions for providing visitation credit. These changes can be accomplished with existing staff.

The FSD child support program defers to ITSD for the costs of the termination of support programming and form changes in the Missouri Automated Child Support System that would be necessary under this proposed legislation.

The total fiscal impact to FSD CS under this proposed legislation is up to \$71,621 reduced CSEC collections under the 50% visitation credit changes included in §452.340.11.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DSS, FSD as \$0 to (\$35,811) in FY 2025 to reflect 6 months of reduced CSEC collections; and \$0 to (\$71,621) in FY 2026 and FY 2027.

Officials from the **Office of Administration (OA), Information Technology Services Division (ITSD)/DSS** state updates to the Missouri Automated Child Support System (MACSS) would be required.

MACSS currently emancipates children at age 21 depending on the circumstances. The proposed changes of this bill would involve new logic to derive emancipation eligibility based upon whether the order was issued before or on/after January 1, 2025. The current set of emancipation eligibility will apply for orders issued before this date and a newly coded set of emancipation eligibility will apply for orders issued on or after this date. A new set of forms for the new eligibility set is also anticipated.

The following system changes would need to be made:

- The Termination of Support program and subprograms will have to be altered in order to terminate a dependent on an order when they turn 18 instead of 21.
- Code changes on existing data tables.
- Changes would have to be completed on several child support forms.

- Updates/changes to several automated processes.

OA, ITSD/DSS assumes every new IT project/system will be bid out because all ITSD resources are at full capacity. IT contract rates for MACSS are estimated at \$105/hour. It is assumed the necessary modifications will require 1,144.80 hours for a cost of \$120,204 (1,144.80 \* \$105), split 34% GR; 66% Federal.

Therefore, the total MACSS upgrades will cost \$120,204 (\$40,869 GR; \$79,335 Federal) in FY 25 with ongoing expenses of \$24,642 (\$8,378 GR; \$16,264 Federal) in FY 26 and \$25,258 (\$8,588 GR; \$16,670 Federal) in FY 27.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the costs provided by ITSD/DSS for fiscal note purposes.

Officials from the **University of Missouri System (UM)** state the proposed legislation could have a financial impact on the University of Missouri if applicants qualify for more awards/grants (Pell Promise, etc.) due to the tax dependency exemption. Since UM has no way of knowing how many current or future students this would impact, the impact amount cannot be determined.

**Oversight** assumes the impact described by the UM system would not be a direct fiscal impact.

Officials from the **Office of State Courts Administrator (OSCA)** state there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

**Oversight** does not have any information to the contrary. Therefore, Oversight assumes OSCA will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the OSCA for fiscal note purposes. Oversight also assumes OSCA may seek additional appropriations if the proposal results in a significant increase in costs.

Officials from the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, **Missouri State University**, **Northwest Missouri State University** and the **University Of Central Missouri** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (6 Mo.)	FY 2026	FY 2027
<b>GENERAL REVENUE</b>			
<u>Costs – DSS, FSD (\$452.340)</u> Reduced CSEC Collections p. 5	<u>\$0 to (\$35,811)</u>	<u>\$0 to (\$71,621)</u>	<u>\$0 to (\$71,621)</u>
<u>Costs – OA, ITSD/DSS (\$452.340)</u> MACSS updates p. 5-6	<u>(\$40,869)</u>	<u>(\$8,378)</u>	<u>(\$8,588)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$40,869) to (\$76,680)</u></b>	<b><u>(\$8,378) to (\$79,999)</u></b>	<b><u>(\$8,588) to (\$80,209)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income – OA, ITSD/DSS (\$452.340)</u> Reimbursement for MACSS updates p. 5-6	\$79,335	\$16,264	\$16,670
<u>Costs – OA, ITSD/DSS (\$452.340)</u> MACSS updates p. 5-6	<u>(\$79,335)</u>	<u>(\$16,264)</u>	<u>(\$16,670)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (6 Mo.)	FY 2026	FY 2027
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT – Small Business

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

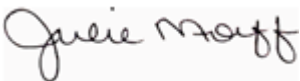
FISCAL DESCRIPTION

Currently, a parent's obligation to pay child support terminates when the child reaches 18 years of age unless the child is enrolled in and attending a secondary school program of instruction and other specified criteria are met, in which case the support obligation terminates when the child reaches 21 years of age. This bill specifies that a parent's obligation to pay child support terminates when a child reaches 18 years of age or receives a high school diploma or certificate of graduation, unless the child is physically or mentally incapacitated from supporting himself or herself and insolvent and unmarried. (§452.340)

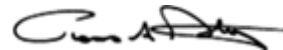
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Department of Higher Education and Workforce Development  
Department of Social Services  
Office of the State Courts Administrator  
University of Missouri System  
Missouri State University  
Northwest Missouri State University  
University Of Central Missouri



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