

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3974H.02C  
 Bill No.: HCS for HB 2227  
 Subject: Children and Minors; Children's Division; Department of Social Services; Crimes and Punishment; Criminal Procedure  
 Type: Original  
 Date: February 21, 2024

Bill Summary: This proposal modifies provisions relating to the protection of children.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	Unknown, up to (\$6,566,982)	Unknown, up to (\$6,566,982)	Unknown, up to (\$6,566,982)
<b>Total Estimated Net Effect on General Revenue</b>	<b>Unknown, up to (\$6,566,982)</b>	<b>Unknown, up to (\$6,566,982)</b>	<b>Unknown, up to (\$6,566,982)</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*	\$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 are estimated to be “Unknown, up to \$2.7 million annually 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

#### §210.560 - Money held by the Children's Division for the benefit of a child

Officials from the **Department of Social Services (DSS), Children's Division (CD)** state this bill requires CD to determine whether a child coming into the custody of the Division is eligible for or receiving U.S. Railroad Retirement Board, Social Security, or Veterans Administration benefits within 60 days of entering the Division's legal custody.

The Division is required to apply for such benefits on the child's behalf if he or she is eligible, and shall only serve as a representative payee if no other candidate is suitable.

CD is required to annually review cases of children in the division's custody to determine whether a child may have become eligible for benefits after the division's initial assessment.

Currently, money in the child's accounts may be used by CD to pay for care or services for the child.

Under this act, such money shall not be used to pay for care or services for the child. However, U.S. Railroad Retirement Board, Social Security, or Veterans Administration benefits may be used by the Division for the child's unmet needs beyond what the Division is otherwise obligated to pay.

Finally, the accounts in which the child's benefits shall be placed shall be established in a manner consistent with federal and state asset and resource limits.

Research on August 2, 2023 for month of July 2023 showed the following:

- 676 youth in foster care receive Supplemental Security Income (SSI);
- 663 youth in care receive Old-Age, Survivors and Disability Insurance (OASDI); and
- 87 youth in care receive both types of benefit

Currently, KIDS accounts (money held by others for benefit of a child) include both SSI and OASDI benefit types. In FY 2023, CD had expenditures in the amount of \$9,338,712 using KIDS accounts on foster care maintenance and services for the child. These funds would need to be replaced to pay for the care of the child. Some of the costs could be eligible for federal match from other programs such as Title IV-E and TANF. The expected federal match rate overall is 29.68%. The impact due to the loss of these revenues based on the current earnings rate would be as follows:

\$6,566,982 GR  
+\$2,771,730 Federal  
**\$9,338,712 Total**

However, over the past three years, the revenues and expenditures from the Social Security and KIDS Account has decreased. With the emphasis of placing youth with relatives, DSS would expect this to continue to decrease. Additionally, the Department's federal earning rate of 29.68% could increase with the decrease of SSI and OASDI benefits.

Therefore, for the impact of reduction of SSI and OASDI revenues, the Department is projecting **unknown but up to \$9,338,712 cost.**

Children's Division can set up ABLE (Achieving a Better Life Experience) accounts for children in care, when CD is the payee. However, the Children's Division does not have staff in place to supervise the continuing management of these accounts when they leave CD custody. Therefore additional resources would be needed to establish accounts where CD is not the payee and to manage the ABLE accounts.

The bill, as drafted, requires CD to annually review cases of kids in care to determine if they are eligible for benefits, and to apply for benefits on behalf of the child if CD determines that the child is eligible. The Department of Social Services and the Children's Division do not have sufficient staff and resources to implement the statute as written. DSS has determined that it would need to enter into contracts with qualified lawyers and/or companies to effectively implement this proposed statute.

There are lawyers and private companies that handle these types of cases on behalf of children and adults. They have the training, experience and staff to handle these cases. If the program is structured properly they will also be able to ensure that there is continuity of assistance and representation if the child is discharged from CD custody or ages out of the system. Therefore, DSS would need to enter into contracts to administer this program.

The Division does not know yet how this contract would be structured. Therefore, the cost to implement is unknown.

**Since the estimate of lost revenues is most likely high, and the cost to implement is unknown, the Department is providing an impact of unknown, but cost could be up to \$9,338,712 (\$6,566,982 GR; \$2,771,730 Federal), which is the highest amount of estimated potential lost revenues.**

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

Officials from the **Office of Administration - Budget and Planning** defer to DSS for the potential fiscal impact of this proposal.

Responses regarding the proposed legislation as a whole

Officials from the **Administrative Hearing Commission**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety - Missouri Highway Patrol**, the **Department of Revenue**, the **Office of Administration**, the **Office of the State Treasurer**, the **Phelps County Sheriff’s Department**, the **Kansas City Police Department**, the **St. Louis County Police Department**, **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.

In response to a previous version, officials from the **Office of the State Courts Administrator** and the **Missouri State University** each assumed the proposal would 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.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other circuit clerks, public administrators, schools, colleges and local law enforcement agencies were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>GENERAL REVENUE FUND</b>			
<u>Costs – DSS, CD (§210.560) Program Implementation p. 3-4</u>	(Unknown)	(Unknown)	(Unknown)
<u>Losses - DSS, CD (§210.560) Reduction of SSI and OASDI revenues p. 3-4</u>	Up to (\$6,566,982)	Up to (\$6,566,982)	Up to (\$6,566,982)
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>Unknown, up to (\$6,566,982)</u></b>	<b><u>Unknown, up to (\$6,566,982)</u></b>	<b><u>Unknown, up to (\$6,566,982)</u></b>

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>FEDERAL FUNDS</b>			
<u>Income</u> – DSS, CD (§210.560) Reimbursement for Program Implementation p. 3-4	Unknown	Unknown	Unknown
<u>Savings</u> - DSS, CD (§210.560) Reduction of SSI and OASDI disbursements p. 3-4	Up to \$2,771,730	Up to \$2,771,730	Up to \$2,771,730
<u>Costs</u> – DSS, CD (§210.560) Program Implementation p. 3-4	(Unknown)	(Unknown)	(Unknown)
<u>Losses</u> - DSS, CD (§210.560) Reduction of SSI and OASDI revenues p. 3-4	Up to <u>(\$2,771,730)</u>	Up to <u>(\$2,771,730)</u>	Up to <u>(\$2,771,730)</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 (10 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

This bill provides that in the case of benefits administered by the Railroad Retirement Board, the Social Security Administration, or the Veterans Administration, the Children's Division is required to determine whether a child in custody of the Division is receiving or otherwise eligible to receive such benefits within 60 days after placement into custody.

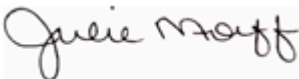
The Division is to apply for benefits on behalf of the child, if the child is deemed to be eligible, and if benefits are already being received before placement into the Division's custody or the Division applies for benefits on behalf of the child, the Division is responsible for identifying a representative payee and shall apply to become such if no other suitable candidate is available.

Any moneys received by the Division and in the account of a child are prohibited from being expended by the Division for certain services or care. However, this bill provides that the Division may use the benefits administered by the Railroad Retirement Board, the Social Security Administration, or the Veterans Administration for the child's unmet needs, as are defined in the bill, beyond what the Division is required or agrees to pay. (§210.560)


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

Administrative Hearing Commission  
Budget and Planning  
Department of Elementary and Secondary Education  
Department of Higher Education and Workforce Development  
Department of Labor and Industrial Relations  
Department of Public Safety - Missouri Highway Patrol  
Department of Revenue  
Department of Social Services  
Office of Administration  
Office of the State Courts Administrator  
Office of the State Treasurer  
Phelps County Sheriff's Department  
Kansas City Police Department  
St. Louis County Police Department  
Missouri State University  
Northwest Missouri State University  
University Of Central Missouri



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