

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3974H.02P
 Bill No.: Perfected HCS for HB 2227
 Subject: Children and Minors; Children's Division; Department of Social Services; Crimes and Punishment; Criminal Procedure
 Type: Original
 Date: March 12, 2024

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	Unknown, up to (\$6,798,444)	Unknown, up to (\$6,566,982)	Unknown, up to (\$6,566,982)
Total Estimated Net Effect on General Revenue	Unknown, up to (\$6,798,444)	Unknown, up to (\$6,566,982)	Unknown, up to (\$6,566,982)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
State Road Fund (0320)*	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown

*Oversight assumes incomes and losses could exceed \$250,000 annually.
 Numbers within parentheses: () indicate costs or losses.

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

* Income and expenses to DSS are estimated to be “Unknown, up to \$2.7 million annually and net to \$0.

** Potential federal losses to DOR for HA1 to HA1 are estimated to at \$0 to Unknown, but could exceed \$250,000.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 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.

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

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

§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.

In response to a previous version, officials from the **Office of Administration - Budget and Planning** defer to DSS for the potential fiscal impact of this proposal.

Officials from the **Department of Revenue (DOR)** state the proposal allows the DSS Children's Division to apply for certain benefits (e.g. Social Security) on behalf of a child, and requires the Division to annually review eligibility for such benefits. The proposal newly prohibits the Division from expending money it receives in the name of the child for the care or services for the child, except that the Division can use the earlier-mentioned certain benefits (e.g. Social Security) for the child's unmet needs beyond what the Division is required or agrees to pay. The proposal clarifies the financial account established by the Division for a child may include an ABL account, among other accounts. No direct impact on DOR.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for DOR for this section.

In response to a previous version, officials from the **Office of Administration**, the **Office of the State Courts Administrator**, the **St. Louis County Police Department**, the **Missouri State University** and **Northwest Missouri State University** each assumed 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.

House Amendment 1 – Department of Revenue fee offices

§§136.055, 302.178 and 302.181

Officials from the **Department of Revenue (DOR)** assume the following regarding this proposal:

Administrative Impact – Driver License Bureau

To implement the proposed change, the Department would be required to:

- Complete business requirements and design documents to modify the Missouri Electronic Driver License (MEDL) issuance system, MEDL central applications and supporting systems to remove the fee for a nondriver for homeless child, youth, or an intermediate for emancipated youths.
- Complete programming and user acceptance testing of the Missouri Electronic Driver License (MEDL) issuance system;

- OA-ITSD Test the file generation and secure transfer process to ensure all required data elements and signature are sent as required;
- Obtain format and procedure approvals from Secretary of State and others as applicable;
- Update policies, procedures, and the Uniform License Issuance Manual (ULIM);
- Update forms, manuals, and the Department website;
- Complete training as required.

FY 2025 – Driver License Bureau

Research/Data Assistant 360hrs. @ \$19.38 per hr. =\$6,976

Research/Data Analyst 400hrs. @ \$28.89 per hr. =\$11,556

Administrative Manager 80 hrs. @ \$31.36 per hr. =\$2,508

FY 2025 – Personnel Services Bureau

Associate Research/Data Analyst 20 hrs. @ \$23.15 per hr. =\$463

Associate Research/Data Analyst 10 hrs. @ \$23.15 per hr. =\$231

Total Costs = **\$21,734**

Administrative Impact – Motor Vehicle Bureau

To implement the proposed legislation, the Department will be required to:

- Update the Missouri titling manual;
- Make changes to procedures, correspondence letters, forms, and the Department website;
- Provide License Offices and stakeholders these changes as applicable; and
- Train staff

FY 2025 - Motor Vehicle Bureau

Associate Research/Data Analyst 40 Hrs @ \$25.22 = \$1,009

Lead Admin Assistant 20 Hrs @ \$18.54 = \$371

Research/Data Analyst 10 Hrs @ \$27.00 = \$270

Administrative manager 5 Hrs @ \$29.31 = \$146

FY 2025 Strategy and Communications Office

Associate Research/Data Analyst 10 Hrs @ \$21.64 = \$216

Total Costs = **\$2,012**

The Department anticipates that they will be able to absorb these costs and that there will be minimal impact. If multiple bills are passed that require department resources, FTE may be requested through the appropriations process.

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated.

DOR also notes OA-ITSD services will be required at a cost of **\$61,462** in FY 2025 (585.35 hours * \$105 per hour).

Oversight does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will reflect DOR's OA-ITSD costs on the fiscal note.

Fusion Integration Impact

DOR notes, this may disrupt work already developed/tested and require rework/re-test. The vendor recommends a July 2025 implementation date to reduce impact.

Vendor estimated:

- 400 hours (200 hours of development and 200 hours of testing)

Implementation Consultant 400 hrs. @ \$250 per hr. = **\$100,000**

The costs associated with these legislative changes may be outside of the current contract and identified programming work for DOR's incoming integrated system. As such, the department has included the potential costs associated with making the changes to the integrated system by the department's current vendor.

The fiscal impact estimated above is based on changes in the current Department's Motor Vehicle and Driver Licensing system environment. The implementation of this legislation will be coordinated with the integration of the Department's Motor Vehicle and Driver Licensing software system approved and passed by the General Assembly in 2020 (SB 176). To avoid duplicative technology development and associated costs to the state, it is recommended a delayed effective date be added to this bill to correlate with the installation of the new system.

Oversight does not have information to the contrary and therefore, Oversight will reflect the implementation consultant costs as provided by DOR.

Revenue Impact

DOR notes during FY 22 there were a total of 113,014 new nondriver licenses issued. During FY 23 there were a total of 44,141 new nondriver licenses issued. We do not have statistics to determine of this count how many potential annual applicants may be eligible for a fee waiver under the proposed provisions, therefore the total impact to State and Local Revenue is unknown; however, anticipates to be less than 100,000 applicants.

For each fee waiver eligible non-driver license issued pursuant to this proposed language in

§302.181 there would be a loss to General Revenue of \$6.00.

During FY 2022 there were a total of 52,348 intermediate driver licenses issued. During FY 2023 there were a total of 54,028 new intermediate licenses issued. It is unknown how many potential applicants may be eligible for a fee waiver under the proposed provisions, therefore the total impact to state and local revenue is unknown; however, anticipates to be less than 100,000 applicants.

For each fee waiver eligible intermediate driver license issued pursuant to this proposed language in §302.178 there would be a loss of fees distributed to the Highway Fund and Local Funds for cities and counties as follows:

Hwy Fund Loss (75%) = \$3.75
Cities Fund Loss (15%) = \$0.75
Counties Fund Loss (10%) = \$0.50

For each issued document, DOR would be required to pay fees to the card vendor for printing and postage costs of \$2.5571 per card.

There would also be a loss to Highways, Cities and Counties for office processing fees which would have been collected for nondriver or intermediate license transactions issued in State license offices eligible for waiver of fees pursuant to the proposed language in §136.055. An estimated volume of eligible applicants applying in State branch office is unknown; however, anticipates to be less than 100,000 applicants.

Office Processing Fee each New Non-driver License: \$12.00

Office Processing Fee for each Intermediate License: \$ 6.00

Oversight notes, according to the National Conference of State Legislatures (NCSL), as of January 2019, 6,179 individuals of all ages were homeless in Missouri. Of these, 1,359 were under the age of 18. Among the homeless youth and young adults, 477 were unaccompanied by an adult.

If all 1,359 of these homeless youth applied for a non-driver license or intermediate driver license, the loss would amount to approximately \$8,154 (1,359 * \$6). Oversight assumes there will be a minimal loss of revenue from this proposal; therefore, Oversight will not reflect a material loss of revenue to the Highway Fund or local political subdivisions.

In response to similar legislation from the current session (HB 1775), officials from the **Missouri Department of Transportation** deferred to the DOR for the potential fiscal impact of this proposal.

House Amendment 1 to House Amendment 1 – Intermediate driver's licenses

§302.178

Officials from the **Department of Revenue (DOR)** state this amendment changed from age 16 to age 15 those eligible to get an intermediate driver license. Currently a driver can obtain a permit at age 15, has to hold that permit for a minimum of 6 months and accrue at least 40 hours of driving training, and can apply for a driver license at age 16. This amendment completely changes the age in which a driver can obtain an intermediate driver license from 16 to 15. This creates not only public safety concerns, but also numerous statutory conflicts.

Below are the statutes this would conflict with.

- 302.060
- 302.080
- 302.130
- 302.132
- 302.178
- 302.250
- 302.400
- 302.410

Due to the short turn-around time of reviewing the amendment, DOR is unable to determine if this would put any of their federal funding at risk due to the conflicting age with the federal regulation. Impact to federal funds is unknown but potentially significant.

DOR would need to revise their current computer programs at a cost of at least \$20,000. DOR is in the process of upgrading the entire MVDL systems into an integrated system. The costs associated with these legislative changes may be outside the current contract and be considered a change order. It is estimated to result in an additional cost of \$50,000.

Since another provision in statutes requires drivers to have a permit for at least 6 months prior to the receipt of the intermediate license, DOR estimates that only about half of the 15-year-olds will receive the license sooner than the age of 16. Since these kids under current law would actually receive an intermediate driver license this proposal would not change the amount of funding the state receives from the issuance of the license, but would shift the revenue stream from the license into a different fiscal year.

Oversight does not have information to the contrary and therefore, Oversight will reflect the unknown fiscal impact estimate as provided by the DOR. Oversight assumes the fiscal impact to federal funds could range from \$0 to unknown losses which could exceed \$250,000 annually due to the conflict with federal age regulations. Oversight also assumes an unknown negative to an unknown positive fiscal impact which could exceed \$250,000 annually to the State Road Fund (0320) due to the age shift in eligibility criteria.

Responses regarding the proposed legislation as a whole as amended

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 **Office of the State Treasurer**, the **Phelps County Sheriff's Department**, the **Branson Police Department**, the **Kansas City Police Department** 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other circuit clerks, 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
GENERAL REVENUE FUND			
<u>Cost</u> – DSS, CD (§210.560) Program Implementation p. 3-4	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> – DOR, OA-ITSD (§§136.055, 302.178 and 302.181) Services p. 7	(\$61,462)	\$0	\$0
<u>Cost</u> – DOR (§§136.055, 302.178 and 302.181) Fusion implementation consultant p. 7	(\$100,000)	\$0	\$0
<u>Cost</u> – DOR, OA-ITSD (§302.178) p. 9			
Computer program revisions	(\$20,000)	\$0	\$0
MVDL system change order	(\$50,000)	\$0	\$0
Total <u>Cost</u> – DOR, OA-ITSD	(\$70,000)	\$0	\$0
<u>Losses</u> - DSS, CD (§210.560) Reduction of SSI and OASDI revenues p. 3-4	<u>Up to</u> <u>(\$6,566,982)</u>	<u>Up to</u> <u>(\$6,566,982)</u>	<u>Up to</u> <u>(\$6,566,982)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>Unknown, up to (\$6,798,444)</u>	<u>Unknown, up to (\$6,566,982)</u>	<u>Unknown, up to (\$6,566,982)</u>
STATE ROAD FUND (0320)			
<u>Cost</u> – MoDOT (§302.178) Age change for intermediate driver licenses HA1 to HA1 p. 9	<u>(Unknown) to Unknown</u>	<u>(Unknown) to Unknown</u>	<u>(Unknown) to Unknown</u>
ESTIMATED NET EFFECT TO THE STATE ROAD FUND (0320)	<u>(Unknown) to Unknown</u>	<u>(Unknown) to Unknown</u>	<u>(Unknown) to Unknown</u>

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
FEDERAL FUNDS			
<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 (\$2,771,730)	Up to (\$2,771,730)	Up to (\$2,771,730)
<u>Losses</u> - DOR (§302.178) Conflicting age with the federal regulation HA1 to HA1 p. 9	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small contract license offices could be impacted as a result of this proposal. (§§136.055, 302.178 and 302.181)

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 proposal waives certain driver's license fees for homeless children or youth or unaccompanied youth. (§§136.055, 302.178 and 302.181)

The proposal reduces the age a person can be issued an intermediate driver's license from sixteen years of age to fifteen.

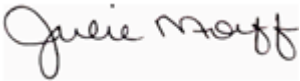
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

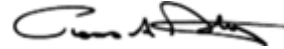
Administrative Hearing Commission
Budget and Planning
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Labor and Industrial Relations
Department of Public Safety - Missouri Highway Patrol
Department of Revenue
Department of Social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

L.R. No. 3974H.02P
Bill No. Perfected HCS for HB 2227
Page **14** of **14**
March 12, 2024

St. Louis County Police Department
Missouri State University
Northwest Missouri State University
University of Central Missouri



Julie Morff
Director
March 12, 2024



Ross Strobe
Assistant Director
March 12, 2024