

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5812H.011
Bill No.: HB 2803
Subject: Department of Social Services; Office of Administration; Contracts and
Contractors; Education, Elementary and Secondary
Type: Original
Date: March 8, 2024

Bill Summary: This proposal creates new provisions for contracting and purchasing by the Department of Social Services and the Department of Elementary and Secondary Education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

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

Numbers within parentheses: () indicate costs or losses.

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

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

§§161.1150 & 660.830 – Contract Provisions

Officials from the **Department of Social Services (DSS)** assume the proposed new section 660.830 establishes provisions prohibiting entities that contract with the department for the purpose of disbursing funds through partnerships to community programs that provide human services from collecting fees in excess of five percent, if the amount of funds received from the department is under one million dollars or three percent if the amount of funds received from the department is one million dollars or more.

The administrative funding for programs fully funded by General Revenue could be implemented as outlined in this legislation. However, programs utilizing federal awards must adhere to 2 CFR 200.414(f) which permits a non-federal entity receiving a federal award to claim a ten percent de Minimis indirect cost rate. To comply with the federal regulations, the department would be required to allow an entity to claim up to ten percent for administrative costs. If the department were to restrict the administrative funding to three or five percent as outlined in this legislation, there is a risk of being noncompliant with federal regulations. It is unknown how this would affect DSS's federal funding. Therefore, the fiscal impact to FSD unknown.

Oversight assumes the proposed language is permissive; therefore, Oversight assumes DSS will continue to comply with federal regulations and adhere to 2 CFR 200.414(f) should this proposal potentially put DSS in non-compliance with federal regulations. Oversight will reflect a zero impact in the fiscal note.

Officials from the **Office of Administration** and the **Department of Elementary and Secondary Education** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

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 (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with its core budget. Therefore, the SOS reserves 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 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</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

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

FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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

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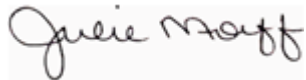
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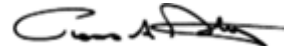
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SOURCES OF INFORMATION

Office of Administration
Department of Elementary and Secondary Education
Joint Committee on Administrative Rules
Office of the Secretary of State
Department of Social Services



Julie Morff
Director
March 8, 2024



Ross Strobe
Assistant Director
March 8, 2024