

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6115H.011
 Bill No.: HB 2610
 Subject: Courts; Contracts and Contractors; Department of Social Services; Children's
 Division; Children and Minors
 Type: Original
 Date: February 9, 2026

Bill Summary: This proposal modifies provisions regarding the state legal expense fund.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 |
|--|-----------------------------------|-------------------------------------|-------------------------------------|
| General Revenue* | (Could exceed \$737,869) | (Could exceed \$840,283) | (Could exceed \$846,141) |
| Total Estimated Net Effect on General Revenue | Could exceed \$737,869 | (Could exceed \$840,283) | (Could exceed \$846,141) |

*Transfers to the Legal Expense Fund to pay claims/final judgments for foster care case management services or residential services contractors could exceed \$500,000 annually. Estimated impact includes cost for 3 FTE for the AGO.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 |
|---|-------------------------|-------------------------|-------------------------|
| Other State | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |
| Legal Expense* | \$0 | \$0 | \$0 |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |

*Transfers-in and payouts net to \$0.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 |
|---|------------|------------|------------|
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

| FUND AFFECTED | FY 2027 | FY 2028 | FY 2029 |
|--|--------------|--------------|--------------|
| General Revenue | 3 FTE | 3 FTE | 3 FTE |
| | | | |
| Total Estimated Net Effect on FTE | 3 FTE | 3 FTE | 3 FTE |

- 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 2027 | FY 2028 | FY 2029 |
|-------------------------|------------|------------|------------|
| | | | |
| | | | |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

§105.711 – Provisions Regarding the State Legal Expense Fund

Officials from the **Attorney General's Office (AGO)** state this proposal will increase personnel costs. It is assumed two (2) Assistant Attorney Generals I and one (1) Paralegal will be necessary to handle the increased caseload. The AGO also anticipates a major impact to the Legal Expense Fund, very likely in excess of \$500,000 annually, with settlements, judgements and other payouts.

Oversight has no information to the contrary. Therefore, Oversight will present the fiscal impact of this proposal as provided by the AGO. Oversight will present a transfer of "Could exceed \$500,000" from General Revenue to the Legal Expenses Fund. Legal Expense Fund transfers-in and expenses are assumed to net to \$0.

Officials from the **Office of Administration (OA)** state §105.711.8 of this legislation adds a provision that moneys in the State Legal Expense Fund (LEF) shall be available for payment of foster care case management services or residential services pursuant to Chapter 210. This has the potential to increase costs to the LEF but would be subject to judicial construction; therefore, the cost is unknown.

Officials from the **Office of Administration - Budget and Planning (B&P)** state §105.711 provides that that the State Legal Expense Fund shall be used to pay claims or final judgments against any entity, including its members, officers, or employees, that provides foster care case management services or residential services under a contract with the state. The State Legal Expend Fund has no sources of revenue other than transfers in from the state's General Revenue Fund, federal funds, or other state funds. These provisions appear to allow and perhaps require that expenditure of the State Legal Expense Fund to reimburse foster care case management or residential services contractors or subcontractors. Any State Legal Expense Fund costs for the implementation of this legislation will, therefore, be paid for by transfers from the state's General Revenue Fund, assuming no other suitable funding sources can be found, resulting in an unknown cost to the General Revenue Fund for the costs of implementing this legislation.

Oversight notes this bill provides that moneys in the State Legal Expense Fund will be available to pay claims or final judgments against entities that provide foster care management cases or residential services under contract with the state. Oversight will show a cost to the LEF with equivalent transfers-in from General Revenue and Other State Funds. Oversight assumes the impact to LEF could exceed \$500,000 annually.

Officials from the **Department of Social Services** and **Office of the State Courts Administrator** 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 2027 (10 Mo.) | FY 2028 | FY 2029 |
|---|--|--|--|
| GENERAL REVENUE | | | |
| <u>Cost – AGO (§105.711) p.3</u> | | | |
| Personal service | (\$170,833) | (\$209,100) | (\$213,282) |
| Fringe benefits | (\$107,950) | (\$131,183) | (\$132,859) |
| Equipment and supplies | <u>(\$43,086)</u> | \$0 | \$0 |
| Total Costs - AGO | <u>(\$321,869)</u> | <u>(\$340,283)</u> | <u>(\$346,141)</u> |
| FTE Change - AGO | 3 FTE | 3 FTE | 3 FTE |
| <u>Transfer-out – To Legal Expense Fund (§105.711) For increase in payouts related to claims against contractors of foster care case management or residential services p.3</u> | \$0 to (Could exceed \$416,000) | \$0 to (Could exceed \$500,000) | \$0 to (Could exceed \$500,000) |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>(Could exceed \$737,869)</u> | <u>(Could exceed \$840,283)</u> | <u>(Could exceed \$846,141)</u> |
| Estimated Net FTE Change on General Revenue | 3 FTE | 3 FTE | 3 FTE |
| OTHER STATE FUNDS | | | |
| <u>Transfer-out – To Legal Expense Fund (§105.711) For increase in payouts related to claims against contractors of foster care case management or residential services p.3</u> | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |
| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> |
| | | | |
| | | | |

| <u>FISCAL IMPACT – State Government</u> | FY 2027 (10 Mo.) | FY 2028 | FY 2029 |
|---|------------------------------------|------------------------------------|------------------------------------|
| LEGAL EXPENSE FUND | | | |
| <u>Transfer In</u> – From General Revenue (§105.711) For increase in payouts related to claims against contractors of foster care case management or residential services p.3 | \$0 or Could exceed \$416,000 | \$0 or Could exceed \$500,000 | \$0 or Could exceed \$500,000 |
| <u>Transfer-In</u> – From Other State Funds (§105.711) For increase in payouts related to claims against contractors of foster care case management or residential services p.3 | \$0 or Unknown | \$0 or Unknown | \$0 or Unknown |
| <u>Cost</u> - (§105.711) Payouts related to claims against contractors of foster care case management or residential services p.3 | \$0 or (Could exceed \$416,000) | \$0 or (Could exceed \$500,000) | \$0 or (Could exceed \$500,000) |
| ESTIMATED NET EFFECT ON THE LEGAL EXPENSE FUND | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT – Local Government</u> | FY 2027 (10 Mo.) | FY 2028 | FY 2029 |
|---|---------------------|-------------------|-------------------|
| | | | |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act provides that the State Legal Expense Fund shall be used to pay claims or final judgments against any entity, including its members, officers, or employees, that provides foster care case management services or residential services under a contract with the state.

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

Attorney General's Office
Office of Administration - Budget and Planning
Department of Social Services
Office of Administration
Office of the State Courts Administrator

Julie Morff
Director



Jessica Harris
Assistant Director
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