

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6115H.03P
 Bill No.: Perfected HCS for HB 2610
 Subject: Courts; Contracts and Contractors; Department of Social Services; Children's
 Division; Children and Minors
 Type: Original
 Date: March 11, 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 \$1,155,202)	(Could exceed \$1,340,283)	(Could exceed \$1,346,141)
Total Estimated Net Effect on General Revenue	(Could exceed \$1,155,202)	(Could exceed \$1,340,283)	(Could exceed \$1,346,141)

*Transfers to the Legal Expense Fund to pay claims/final judgments for foster care case management services or residential services contractors. Individual judgements for a single cause is limited to \$1 million but it is assumed there could be more than one judgment. The 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
Legal Expense*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Transfers-in, savings 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 – The State Legal Expense Fund

In response to a previous version, HB 2610 (2026), officials from the **Attorney General's Office (AGO)** stated 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 AGO for staff to handle the increased workload but assumes the impact to the LEF will exceed \$1 million annually (maximum payout for a single cause).

Officials from the **Office of Administration (OA)** §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 up to \$1 million but would be subject to judicial construction; therefore, the cost is unknown.

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 (§105.711.8) under contract with the state up to \$1 million for all claims arising out of and judgments based upon the same act (s) alleged in a single cause. Although this legislation limits a single claim to \$1 million, there may be more than one claim or judgment against the State. Oversight assumes an unknown cost which could exceed \$1 million to the LEF. Oversight will show the cost to the LEF with equivalent transfers-in from General Revenues.

House Amendment (HA) 1

Oversight notes HA 1 removes the provision in §105.711.2(3)(b) that limited payments from the LEF to a maximum of \$1 million for judgments based on a single cause against any physician. Therefore, Oversight assumes no impact for this section.

Officials from the **Department of Commerce and Insurance** and **Department of Social Services** 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, HB 2610 (2026), officials from the **Office of the State Courts Administrator** assumed the proposal would have no fiscal impact on their organization.

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

<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>	<u>\$0</u>	<u>\$0</u>
<u>Total Costs - AGO</u>	<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 or (Could exceed <u>\$833,333</u>)	\$0 or (Could exceed <u>\$1,000,000</u>)	\$0 or (Could exceed <u>\$1,000,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Could exceed <u>\$1,155,202</u>)	(Could exceed <u>\$1,340,283</u>)	(Could exceed <u>\$1,346,141</u>)
Estimated Net FTE Change on General Revenue	3 FTE	3 FTE	3 FTE
LEGAL EXPENSE FUND			
<u>Transfer In – From General Revenue (\$105.711) For increase in payouts related to claims against contractors of foster care case management or residential services p.3</u>	\$0 or Could exceed <u>\$833,333</u>	\$0 or Could exceed <u>\$1,000,000</u>	\$0 or Could exceed <u>\$1,000,000</u>
<u>Cost - (\$105.711) Payouts related to claims against contractors of foster care case management or residential services p.3</u>	\$0 or (Could exceed <u>\$833,333</u>)	\$0 or (Could exceed <u>\$1,000,000</u>)	\$0 or (Could exceed <u>\$1,000,000</u>)
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

Currently, moneys in the Legal Expense Fund are available for the payment of claims or other amounts required by any final judgment rendered against any physician licensed to practice medicine in this state who is employed by or under contract with a city or county health department.

This bill makes moneys in the Legal Expense Fund available for the payment of claims or other amounts required by any final judgment rendered against any entity that provides foster care case management or residential services under contract or subcontract, including members, officers, and employees of the an entity. However, in the case of any claim or judgment arising, the aggregate of payments from the fund is limited to a maximum of \$1 million.

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
 Department of Commerce and Insurance
 Department of Social Services
 Office of Administration
 Office of the State Courts Administrator



Julie Morff
 Director
 March 11, 2026



Jessica Harris
 Assistant Director
 March 11, 2026