

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1325-01  
Bill No.: SB 277  
Subject: Banks and Financial Institutions; Children and Minors; Social Services  
 Department  
Type: Original  
Date: February 25, 2019

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Bill Summary: This proposal modifies provisions relating to child support enforcement.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$3,192)	(\$3,831)	(\$3,831)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$3,192)</b>	<b>(\$3,831)</b>	<b>(\$3,831)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Child Support Enforcement Collections (#0169)*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income and transfers-out less than \$10,000 annually and net to \$0.

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Federal Funds*	\$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 less than \$25,000 annually and net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</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 \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§454.507 and 513.460 - Child support enforcement

Officials from the **Department of Social Services (DSS)** state §454.507.3 requires financial institutions to enter into data match agreements with the Family Support Division (FSD). FSD expects an additional 171 financial institutions to participate in the in-state financial institution data match (FIDM) program. (424 financial institutions in Missouri - 63 federally chartered and required to participate = 361 subject to participation - 190 currently participating = 171 institutions to be added to the FIDM program).

In SFY1 2018, FSD completed 5,780 financial liens to encumber obligors' assets from the 190 financial institutions currently participating in the FIDM program. An average of 30 liens were issued per financial institution (5,780/190). Therefore, FSD can expect to issue an additional 5,130 liens to encumber obligors' assets from the 171 additional financial institutions (171 x 30) participating in the FIDM program as a result of this legislation. There are 19 child support enforcement offices (including Prosecuting Attorney offices) that currently issue financial liens. Each enforcement office could potentially issue an additional 270 liens annually (5,130/19). The additional duties associated with the increase in liens issued can be absorbed by existing FSD staff as the cost would be less than \$10,000.

**Oversight** does not have any information to the contrary. Therefore, Oversight assumes the DSS has sufficient staff and resources to complete the additional work issuing liens required by this legislation.

**DSS** officials state in SFY 2018, FSD collected approximately \$276,332 from in-state financial liens from the 190 financial institutions participating in the in-state FIDM program. The average collection per participating financial institution was \$1,454 (\$276,332/190). Assuming the same average collection for the additional 171 financial institutions, the FSD estimates the increased FIDM collections from the data match expansion to be \$248,634 annually (171 x \$1,454). In SFY 2018, 91% of the \$276,332 collections were distributed to families and 9% were retained by the state. Therefore, FSD projects that \$22,377 (\$248,634 x 9%) of the anticipated future FIDM collections will apply to TANF. The state is required to split assigned support collections on current and former TANF cases with the federal government. The federal portion is approximately 65% and the remaining 35% is deposited into the Child Support Enforcement Collections (CSEC) fund used to fund Missouri's IV-D program. The state share of the increased collections would be \$7,832 (\$22,377 x 35%).

ASSUMPTION (continued)

FSD pays \$13.50 each month for each financial institution with a signed and complying agreement. The cost for the additional 171 financial institutions projected to sign an agreement is \$27,702 (171 x \$13.50 x 12 months). FSD also pays a fee of \$75 per quarter to each financial institution that requests reimbursement. In SFY 2018, 24 of the 190 financial institutions requested quarterly reimbursement for a percentage of 13% (24/190). Therefore, FSD assumes that 22 of the 171 additional financial institutions will request reimbursement (171 x 13%) for a projected annual cost to FSD of \$6,600 (22 x \$75 x 4 quarters). The total projected cost to FSD under this proposed legislation to operate the expanded data match program is \$34,302 (\$27,702 + \$6,600). Qualifying IV-D expenditures are federally reimbursed at a rate of 66%. The cost for the state share would be 34% of the total cost, or \$11,663 annually (\$34,302 x 34%). The federal portion would be \$22,639 (\$34,302 \* 66%).

The estimated increased collections to the state offsets a portion of the GR cost to FSD for operating the expanded data match program within the child support program. The net GR cost to FSD is \$3,831 annually (\$11,663 GR costs - \$7,832 in TANF collections (TANF collections go into the CSEC fund)). The federal portion would remain \$22,639.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the costs provided by DSS for fiscal note purposes.

**Oversight** notes that the **Department of Insurance, Financial Institutions and Professional Registration** and **Department of Revenue** have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
<b>GENERAL REVENUE FUND</b>			
<u>Transfer-in</u> from Child Support Enforcement Collections Fund (\$454.507)			
Increase in child support collections	\$6,527	\$7,832	\$7,832
<u>Costs - DSS (\$454.507)</u>			
Reimbursements to financial institutions	( <u>\$9,719</u> )	( <u>\$11,663</u> )	( <u>\$11,663</u> )
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$3,192)</u></b>	<b><u>(\$3,831)</u></b>	<b><u>(\$3,831)</u></b>
<b>CHILD SUPPORT ENFORCEMENT COLLECTIONS FUND (#0169)</b>			
<u>Income - DSS (\$454.507)</u>			
Increase in child support collections	\$6,527	\$7,832	\$7,832
<u>Transfer-out</u> to General Revenue Fund			
Increase in child support collections	( <u>\$6,527</u> )	( <u>\$7,832</u> )	( <u>\$7,832</u> )
<b>ESTIMATED NET EFFECT ON THE CHILD SUPPORT ENFORCEMENT COLLECTIONS FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income - DSS (\$454.507)</u>			
Increase in child support collections	\$18,866	\$22,639	\$22,639
<u>Costs - DSS (\$454.507)</u>			
Increase in federal share of child support collections	( <u>\$18,866</u> )	( <u>\$22,639</u> )	( <u>\$22,639</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 2020 (10 Mo.)	FY 2021	FY 2022
	<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

This act modifies several provisions relating to child support enforcement. First, this act modifies the definition of "account" with reference to accounts in financial institutions maintained by a non-custodial parent to include traditional individual retirement accounts (IRAs) and Roth IRAs. Additionally, traditional IRAs and Roth IRAs shall not be exempt from attachment or execution for child support enforcement.

This act requires the Family Support Division within the Department of Social Services to enter into an agreement with each financial institution within the state to develop and operate a data match system for child support enforcement, unless such institution does business in 2 or more states and enters into an agreement with the federal Office of Child Support Enforcement for a data match.

Current law requires the Division or IV-D agency to notify by mail a non-custodial parent account holder of the issuance of a lien on the account at a financial institution. This act provides that if the account is jointly owned, such interests are presumed equal unless proven otherwise within 30 days of the mailing of the notice to the non-custodial parent.

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

Department of Insurance, Financial Institutions and Professional Registration  
Department of Revenue  
Department of Social Services



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Director

Ross Strobe  
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