

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1064S.01I
Bill No.: SB 317
Subject: Children and Minors; Courts; Domestic Relations; Family Law; Licenses - Driver's; Licenses - Miscellaneous, Licenses - Motor Vehicle; Professional Registration and Licensing; Social Services, Department of
Type: Original
Date: March 5, 2021

Bill Summary: This proposal modifies provisions relating to the suspension of licenses for failure to comply with a child support order.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue*	Could exceed (\$241,929)	Could exceed (\$259,010)	Could exceed (\$261,516)
Total Estimated Net Effect on General Revenue	Could exceed (\$241,929)	Could exceed (\$259,010)	Could exceed (\$261,516)

*Oversight ranged the fiscal impact from the low end of Department of Social Services' estimate of additional FTE needed to implement the changes in the proposal.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
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 2022	FY 2023	FY 2024
Federal Funds*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and expenses exceed \$503,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	Could exceed 3.4 FTE	Could exceed 3.4 FTE	Could exceed 3.4 FTE
Federal	Could exceed 6.6 FTE	Could exceed 6.6 FTE	Could exceed 6.6 FTE
Total Estimated Net Effect on FTE	Could exceed 10 FTE	Could exceed 10 FTE	Could exceed 10 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 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§454.1005 - Hearing provision for suspension of license for delinquent child support

Officials from the **Department of Social Services (DSS)** state the proposed legislation will have fiscal impact on the **Division of Legal Services (DLS)**. This proposal adds additional factors that will have to be considered in a hearing on license suspension. These new factors are related to the obligors' ability to pay and whether the suspension would cause significant hardship. The consideration of these additional factors means that more obligors will be able to successfully challenge license suspension as an enforcement remedy.

In FY 2020, 5,473 Notices of Intent to Suspend License were successfully served on obligors for failure to pay child support. In fiscal year 2020, the DSS Family Support Division (FSD) received 139 hearing requests. Under the proposed legislation, a hearing is much more likely to be successful than under the current version of these statutes which only allow a challenge to be made on the issues of identity of the obligor, whether the arrearage was greater than or equal to three months of support payments or two thousand five hundred dollars, whichever is less, and whether the obligor had entered into a payment plan. The additional factors regarding financial hardship and ability to pay are much more subjective and are more likely to lead to the denial of a license suspension.

DLS would expect that since there are greater and more subjective factors on which to successfully challenge the license suspension, that more obligors would request a hearing. Under this proposed legislation, FSD anticipates receiving new license suspension hearing requests on 25% to 75% of the 5,334 (5,473 minus 139) Notice of Intent to Suspend licenses served upon obligors for 1,334 to 4,000 potential additional hearings. To handle the additional cases, DLS would need **3 to 8 hearing officers** handling 544 cases each.

Oversight does not have information to the contrary and therefore, Oversight will reflect the FTE estimates as provided by DLS.

FSD states proposed 454.1005.3 requires hearing requests to be processed timely. FSD child support already has policies and procedures in place to process hearing requests and processing of the requests will be handled by the additional staff requested below. Division of Legal Services (DLS) or the court, rather than FSD, will schedule the hearing that complies with due process to determine if suspension of the obligor's license is appropriate considering all relevant factors.

The Notice of Intent to Suspend Licenses notifies the obligor of the right to request an administrative hearing. There is no requirement in this proposed legislation for the FSD child

support program to amend the Notice of Intent to Suspend License to include information regarding the additional factors included in proposed 454.1005.4 that the court or director are to consider in determining whether license suspension is appropriate. However, FSD child support assumes more obligors will request a hearing as a result of the additional factors in proposed 454.1005.4. During FY 2020, there were 5,473 Notice of Intent to Suspend Licenses successfully served on obligors. In FY 2020, FSD received 139 license suspension hearing requests. Under this proposed legislation, FSD anticipates receiving new license suspension hearing requests on 25% to 75% of the 5,334 (5,473 minus 139) Notice of Intent to Suspend licenses served upon obligors for 1,334 to 4,001 potential additional hearings. Currently 65 FSD staff spend approximately 20% of their time handling enforcement hearings which converts to 13 (65 x 20%) full time staff working enforcement hearing requests. In FY 2020, FSD staff handled 2,569 enforcement hearings. 2,569 hearings/13 staff equals 198 (rounded up) hearings/cases handled by each existing staff. FSD would need **7-20 new FTE (Child Support Specialists)** staff to handle the 1,334 to 4,001 potential additional license suspension hearing actions under this proposed legislation (1334/198 and 4,001/198).

Oversight does not have information to the contrary and therefore, Oversight will reflect the FTE estimates as provided by FSD.

FSD will comply with 454.1005.5 as it is not appropriate for FSD to suspend an obligor's license if the court or director, after hearing, determines that for good cause the obligor has failed to comply with the monthly support obligation and/or has an arrearage in excess of two thousand five hundred dollars.

Oversight notes DSS officials indicated that the proposed legislation does not require FSD to include information regarding the additional factors to be considered when making a decision whether to suspend a license for non-payment of child support. Oversight contacted DSS officials regarding the range (25% to 75%) of cases where the obligor might request a hearing.

DSS officials indicated this is an assumption based on past experience. As "obligors" will not be informed of the additional factors to be considered in suspension hearings, **Oversight** assumes, for fiscal note purposes, costs for DLS and FSD could exceed the lower limit of the range 11 (3 hearings officers + 7 Child Support Specialists) to 28 (8 Hearings Officers + 20 Child Support Specialists) provided above.

Oversight will reflect a range of DLS FTE as "could exceed" 3 FTE. Therefore, Oversight assumes DLS FTE costs (salary + fringe) could exceed \$220,104 in FY 2022; could exceed \$266,344 in FY 2023; and could exceed \$268,585 in FY 2024 (split 34% GR; 66% Federal). Oversight will also reflect a range of FSD FTE as "could exceed" 7 FTE. Therefore, Oversight assumes FSD FTE costs could exceed \$335,921 in FY 2022; could exceed \$418,274 in FY 2023; and could exceed \$421,473 in FY 2024 (split 34% GR; 66% Federal).

Officials from the **Office of Administration (OA), Information Technology Services Division (ITSD)/DSS** state updates to the Missouri Automated Child Support System (MACSS) would be required.

OA, ITSD/DSS assumes every new IT project/system will be bid out because all ITSD resources are at full capacity. IT contract rates for MACSS are estimated at \$95/hour. It is assumed changes to hearings screens and applications, changes to hearings forms and correspondence modifications will require 203.04 hours for a cost of \$19,289 ($203.04 * \95), split 34% GR; 66% Federal.

Therefore, the total MACSS upgrades will cost \$19,289 (\$6,558 GR; \$12,731 Federal) in FY 2022 exclusively.

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

Officials from the **Office of Administration (OA), Administrative Hearing Commission (AHC)** state the OA/AHC anticipates this legislation will not significantly alter its caseload. However, if similar bills pass resulting in more cases, there will be a fiscal impact.

Oversight assumes OA/AHC is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA/AHC could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA/AHC could request funding through the appropriation process. Officials from the OA/AHC assume the proposal will have no fiscal impact on their organization.

Officials from **Department of Revenue (DOR)** state it is unclear if this legislation will result in a decrease in the number of orders to suspend driver licenses received by DOR, and if so, how much of a decrease it will result in. If this legislation does result in a decrease in the number of orders to suspend driver licenses received by DOR, the Department anticipates that decrease to be minimal, and will result in a minimal decrease in reinstatement fees. Reinstatement fees are distributed 75% Highway 15% Cities and 10% Counties. DOR assumes no fiscal impact.

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

Oversight notes the **Department of Commerce and Insurance** and the **Office of State Courts Administrator** 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.

KP:LR:OD

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023
FEDERAL FUNDS			
<u>Income</u> - DSS (§454.1005)	Could exceed...	Could exceed...	Could exceed...
Increase in program reimbursements	\$456,899	\$502,785	\$507,649
<u>Income</u> - OA, ITSD/DSS (§454.1005) MACSS changes	\$12,731	\$0	\$0
<u>Costs</u> - DSS (§454.1005)	Could exceed...	Could exceed...	Could exceed...
Personal service (DLS)	(\$91,714)	(\$111,157)	(\$112,268)
Personal service (FSD)	(\$130,877)	(\$158,623)	(\$160,209)
Fringe benefits	(\$150,986)	(\$182,068)	(\$182,961)
Equipment and expense	(\$83,322)	(\$50,937)	(\$52,211)
Total Costs - DSS	<u>Could exceed</u> <u>(\$456,899)</u>	<u>Could exceed</u> <u>(\$502,785)</u>	<u>Could exceed</u> <u>(\$507,649)</u>
FTE Change – DSS	Could exceed 6.6 FTE	Could exceed 6.6 FTE	Could exceed 6.6 FTE
<u>Costs</u> – OA, ITSD/DSS (§454.1005) MACSS changes	<u>(\$12,731)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on Federal Funds	Could exceed 6.6 FTE	Could exceed 6.6 FTE	Could exceed 6.6 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

This could impact small businesses if employers/employees who owe child support do not lose licenses for nonpayment of child support.

FISCAL DESCRIPTION

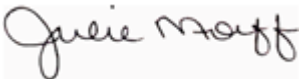
This act provides that the hearings to determine whether the suspension of a business, occupational, professional, recreational, or other license is appropriate when an obligor is not in compliance with a child support order shall comply with due process and shall consider all relevant factors, including the obligor's current and past ability to pay the support, his or her need for transportation, and his or her need for the license for continued employment.

The court or the Director of the Family Support Division shall consider and issue written findings of fact and conclusions of law within 30 days of the hearing. If the court or the director, after the hearing, determines that the obligor has not made the required payments for good cause, then the court or Director shall not issue an order suspending the license or, if an order is in place, shall stay such order (§454.1005).

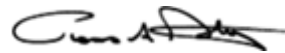
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements. This proposal would require additional rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance
Department of Revenue
Department of Social Services
Office of Administration - Administrative Hearing Commission
Office of State Courts Administrator



Julie Morff
Director
March 5, 2021



Ross Strobe
Assistant Director
March 5, 2021