

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1595H.08C  
 Bill No.: HCS for SS for SB 327  
 Subject: Family Law; Children and Minors; Adoption; Guardians; Taxation and Revenue -  
 Income; Children's Division; Health and Senior Services, Department of; Social  
 Services, Department of; Vital Statistics  
 Type: Original  
 Date: May 3, 2021

Bill Summary: This proposal modifies provisions relating to the protection of children.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>          |                                     |   |   |
|--|-------------------------------------|---|---|
| FUND AFFECTED  | FY 2022                             | FY 2023   | FY 2024   |
| General Revenue*   | Could exceed<br>(2,896,466)         | Could exceed<br>(\$3,859,899 to<br>\$10,147,209)          | Could exceed<br>(\$3,886,864 to<br>\$10,174,174)          |
| <b>Total Estimated Net<br/>Effect on General<br/>Revenue</b> | <b>Could exceed<br/>(2,896,466)</b> | <b>Could exceed<br/>(\$3,859,899 to<br/>\$10,147,209)</b> | <b>Could exceed<br/>(\$3,886,864 to<br/>\$10,174,174)</b> |

\*The range in the fiscal impact is dependent upon the increased utilization of the Adoption Tax Credit Program.

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>                       |            |            |            |
|--|------------|------------|------------|
| FUND AFFECTED  | FY 2022    | FY 2023    | FY 2024    |
|  |            |            |            |
| <b>Total Estimated Net<br/>Effect on <u>Other</u><br/>Stated Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

Numbers within parentheses: () indicate costs or losses.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2022    | FY 2023    | FY 2024    |
| Federal *   | \$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 range from \$483,000 to \$1.3 million in FY 22, then \$70,000 annually and net to \$0.

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |                 |                 |                 |
|---|-----------------|-----------------|-----------------|
| FUND AFFECTED   | FY 2022         | FY 2023         | FY 2024         |
| General Revenue   | 30.15 FTE       | 30.15 FTE       | 30.15 FTE       |
| Federal   | 0.35 FTE        | 0.35 FTE        | 0.35 FTE        |
| <b>Total Estimated Net Effect on FTE</b>                  | <b>30.5 FTE</b> | <b>30.5 FTE</b> | <b>30.5 FTE</b> |

- 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.

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |            |            |            |
|--|------------|------------|------------|
| FUND AFFECTED                              | FY 2022    | FY 2023    | FY 2024    |
| <b>Local Government</b>                    | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Administration – Budget & Planning Division (B&P)** stated this proposed legislation may reduce Total State Revenues (TSR) by \$5,216,478 to \$5,536,248 once SB 509 (2014) has fully implemented.

B&P states this proposed legislation will impact the calculation under Article X, Section 18(e).

#### §37.710 - Adds provisions to the Office of Child Advocate statutes

Officials from the **Department of Social Services (DSS), Children’s Division (CD)** state this section adds provisions that the Office of Administration (OA), Office of Child Advocate (OCA) shall have access to information pertaining to all children in protective services, treatment or other programs under the jurisdiction of the Children’s Division, Department of Mental Health, and the Juvenile Court. It lists what the office has access to and shall have the authority of including communicating with any child under protective services and anyone working with the a child, access to court records, working in conjunction with the juvenile office, and filing proceedings. It also adds other duties, responsibilities and restrictions of the office.

There is no fiscal impact to CD as this language applies to the Office of Child Advocate and the State Technical Assistance Team.

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

#### §37.717 - Office of Administration to create a safety reporting system for DSS

Officials from **OA, OCA** state this section requires them to create a safety reporting system that will allow employees of the Department of Social Services (DSS), Children’s Division (CD) to report concerns about the safety of children served by CD, as well as the safety of CD’s employees. Any criminal act reported to OCA through this system must be reported to the appropriate authorities by OCA.

OCA assumed these provisions will result in an unknown increase in concerns regarding the safety of children that are reported to OCA. OCA believes existing staff can handle the increase in incoming reports regarding child safety; however, should the increase be greater than expected, additional staff could be required.

Reviewing the safety concerns of Children’s Division employees is a new responsibility for OCA, which would require a new complaint process, database changes, and increased

investigative responsibilities. OCA believes it will take two (2) Senior Social Services Specialists (\$40,000 annual salary plus fringe benefits each) to implement and maintain this new responsibility.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by OA, OCA.

Officials from **OA, ITSD** state their calculations for this proposal are based on 12 weeks of effort by two staff to develop safety reporting system in §37.717.1 along with additional ongoing support to handle the maintenance of the new application; and two weeks effort by one staff to develop method for electronic exchange of data between DSS and OA in §210.652 with ongoing maintenance included to support that process going forward.

OA, ITSD assumes every new IT project/system will be bid out because all ITSD resources are at full capacity. IT contract rates for the safety reporting system and data exchange are estimated at \$95/hour. It is assumed the necessary modifications will require 1,123.20 hours for a cost of \$106,704 (1,123.20 \* \$95) in FY22. Ongoing support and maintenance costs are estimated to be \$23,516 in FY23 and \$24,063 in FY24; 100% GR.

Officials from **DSS, CD** state this section provides **OCA** create a safety reporting system in which employees of the Children's Division may report information regarding the safety of those served by the Children's Division and the safety of such employees. It describes what the system shall include.

There is no fiscal impact to CD as this statute is established under the Office of Child Advocate.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for Children's Division for this section.

#### §§135.325, 135.326, 135.327 & 135.335 – Adoption Tax Credit

Officials from **B&P** state these sections would rename the Special Needs Adoption Tax Credit to the Adoption Tax Credit. In addition, these sections would allow any person residing in the state who proceeds with the adoption of a child on or after January 1, 2022, regardless of whether such child is a special needs child, to receive a tax credit of up to \$10,000 for nonrecurring adoption. This proposal would also increase the redemption cap from \$2M to \$6M starting FY22.

Therefore, B&P estimates this provision may reduce TSR and GR by \$4M annually, beginning in FY22.

**Oversight** notes the current proposal as amended, the bill will no longer allow this credit to be increased by appropriations and sets the cap at \$6 million annually. Therefore, increased

participation in the program could reduce General Revenue (GR) and TSR by an amount up to \$6 million annually.

Officials from the **Missouri Department of Revenue (DOR)** stated, currently, a tax credit is available for taxpayers who adopt a special needs child in an amount up to \$10,000 for nonrecurring adoption expenses. A business entity that provides funds to an employee to enable the employee to adopt a special needs child can also receive a tax credit up to \$10,000 for nonrecurring expenses paid.

These sections, starting January 1, 2022, would remove the restriction that this tax credit be only for the adoption of special needs children and will allow for the adoption of any child.

The current cap is set at \$2 million annually but can be adjusted based on appropriation by the General Assembly. An amendment to this bill will no longer allow this credit to be subject to appropriations and sets the cap at \$6 million annually.

These sections would allow the adoption credit for any child, not just special needs children. DOR provides the following information on what has been redeemed each of the last few fiscal years.

| Year          | Total Redeemed        |
|---------------|-----------------------|
| FY 2020       | \$29,404.00           |
| FY 2019       | \$19,185.00           |
| FY 2018       | \$88,706.00           |
| FY 2017       | \$127,211.00          |
| FY 2016       | \$231,367.00          |
| FY 2015       | \$380,715.00          |
| FY 2014       | \$718,495.00          |
| FY 2013       | \$744,155.00          |
| FY 2012       | \$1,036,226.00        |
| <b>TOTALS</b> | <b>\$3,375,464.00</b> |

DOR assumes expanding the number of adopted children that qualify for this program may increase participation in this program. DOR notes that increasing the annual cap from \$2 million to \$6 million will have an additional fiscal impact of \$4 million annually.

DOR notes these sections add language that requires the taxpayers who adopted a resident special needs child be given priority in receiving the tax credit. It is noted that this is an apportioned tax credit, in which the credit upon reaching the cap is apportioned amongst all filers in the same proportion. Giving priority to certain taxpayers over others and apportioning the

credit equally among the filers appears contradictory and DOR is not sure, at this time, how this could be implemented without specific language regarding how to prioritize, or if there would be additional costs from this language.

These sections add the definition of a child which will include children over the age of 18 that cannot care for themselves. This could add additional parents that may be eligible for this tax credit, which were not included in the calculations previously. DOR assumes no additional impact from these sections as the credit will be apportioned equally among all filers.

DOR requires one (1) FTE Associate Customer Service Representative (\$24,360 annual salary and \$24,244 fringe benefits (Year 2) for every 4,000 apportioned credits redeemed, one (1) FTE Associate Customer Service Representative for every 4,000 tax credit transfers with CISCO phone licenses, and one (1) FTE Associate Customer Service Representative for every 7,600 errors/correspondence generated.

**Oversight** notes DOR anticipates the need for three (3) FTE Associate Customer Service Representatives as a result of this proposed legislation.

**Oversight** notes the minimum number of taxpayers that would claim this tax credit annually could be as low as 600 (\$6,000,000 / \$10,000).

Therefore, **Oversight** assumes DOR can continue to administer this tax credit program with existing resources. Should DOR experience the number of redemptions, transfers, and/or errors generated to justify additional FTE, DOR may seek additional FTE through the appropriation process.

Officials from the **Missouri Department of Commerce and Insurance (DCI)** stated this proposed legislation could cause a potential unknown decrease of premium tax revenues (up to the tax credit limit established in the bill) as a result of the change to the “Adoption Tax Credit Act” tax credit. Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic Stock Property and Casualty Companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts throughout the state. County Stock Funds are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located. It is unknown how each of these funds may be impacted by tax credits each year and which insurers will qualify for the tax credit proposed.

DCI will require minimal contract computer programming to add this new tax credit to the premium tax database and can do so under existing appropriation. However, should multiple bills pass that would require additional updates to the premium tax database, the department may need to request more expense and equipment appropriation through the budget process.

**Oversight** notes DCI assumes the programming changes required as a result of this proposed legislation can be done so under existing appropriation.

**Oversight** notes these sections change the name of the Special Needs Adoption Tax Credit to Adoption Tax Credit.

Currently, the Special Needs Adoption Tax Credit is limited to adoptions of special needs children who are residents or wards of residents of Missouri at the time the adoption is initiated.

These sections remove the requirements that such child being adopted be a special needs child or a resident or ward of a resident of Missouri. Therefore, a tax credit may be awarded to residents of this stated who adopt any child or to a business who provides the funds necessary for an employee to adopt any child.

Theses sections stated that priority shall be given to applications to claim the tax credit for special needs children who are residents or wards of residents of this stated at the time the adoption is initiated.

**Oversight** notes these sections add a definition of “Child”. The definition of “Child” includes “any individuals who: has not attained an age of at least eighteen (18) years; or is eighteen (18) years of age or older but is physically or mentally incapable of caring for himself or herself”.

**Oversight** notes the definition of “Special Needs Child” is modified. The current definition of “Special Needs Child” is “a child for whom it has been determined by the children’s division, or by a child-placing agency licensed by the stated, or by a court of competent jurisdiction to be a child: that cannot or should not be returned to the home of his or her parents; and who has a specific factor or condition such as ethnic background, age, membership in a minority or sibling group, medical condition, or handicap because of which it is reasonable to conclude that such child cannot be easily placed with adoptive parents”.

These sections modify the definition of “Special Needs Child” to be “a child for whom it has been determined by the children’s division, or by a child-placing agency licensed by the stated, or by a court of competent jurisdiction to be a child: that cannot or should not be returned to the home of his or her parents; and who has a specific factor or condition such as age, membership sibling group, medical condition or diagnosis, or disability because of which it is reasonable to conclude that such child cannot be easily placed with adoptive parents”.

**Oversight** notes the definition of “Handicap” is modified to become the definition of “Disability”.

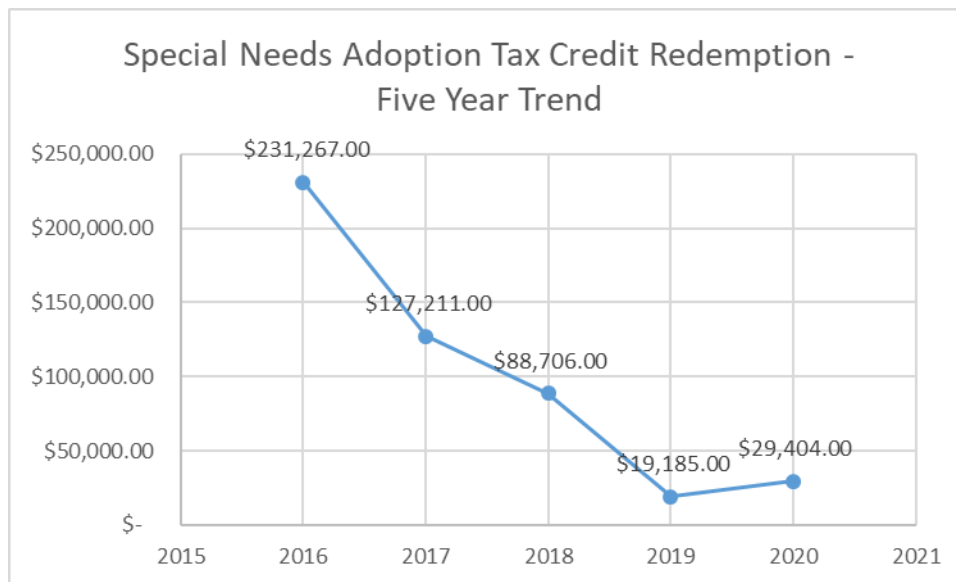
**Oversight** notes the current tax credit program has a cap of \$2 million. This section increases the tax credit cap to \$6 million beginning on July 1, 2021 (Fiscal Year 2022).

**Oversight** assumes participation in the tax credit program under these sections could increase as a result of the change in requirements needed to receive the tax credit and the increase in the cumulative tax credit cap from \$2 million to \$6 million.

**Oversight** notes, per the Tax Credit Analysis submitted to Oversight by the Missouri Department of Revenue, the Special Needs Adoption Tax Credit had the following activity as it is currently administered:

| Special Needs Adoption Tax Credit | FY 2018 ACTUAL | FY 2019 ACTUAL | FY 2020 ACTUAL | FY 2021 (year to date) | FY 2021 (Full Year – est.) | FY 2022 (Budget Year – est.) |
|-----------------------------------|----------------|----------------|----------------|------------------------|----------------------------|------------------------------|
| Amount Redeemed                   | \$88,706       | \$19,185       | \$29,404       | \$0                    | \$45,000                   | \$45,000                     |

**Oversight** notes, based on information provided to Oversight by DOR, the three (3) year average amount of Special Needs Adoption Tax Credit claimed and allowed on tax returns totals \$45,765. Oversight further notes the five (5) year average amount of Special Needs Adoption Tax Credit claimed and allowed on tax returns totals \$99,155. Below is a visualization showing the five year redemption trend for the Special Needs Adoption Tax Credit:



**Oversight** assumes much of the downward trend shown above is a result of [Senate Bill\(s\) 20, 15, and 19 of the 2013 Regular Session](#) which modified the Special Needs Adoption Tax Credit program by prohibiting the Special Needs Adoption Tax Credit for the adoption of non-resident children.

**Oversight** assumes, if passed, these sections would likely cause an upward trend in tax credit redemptions.

**Oversight** notes, per DOR, the estimated amount of Special Needs Adoption Tax Credit that will be claimed and allowed on tax returns during Fiscal Year 2022 totals \$45,000. Oversight notes the modifications to the Special Needs Adoption Tax Credit would begin July 1, 2021.



Therefore, for purposes of this fiscal note, **Oversight** will show a reduction to GR equal to a range, beginning at \$0 (participation in the tax credit program does not change) to the difference between the increased tax credit cap of \$6 million and the estimated Fiscal Year 2022 redemption amount, as estimated by DOR ( $\$6,000,000 - \$45,000 = \$5,955,000$ ).

**Oversight** notes the tax credit cap is increased for all fiscal year(s) beginning on or after July 1, 2021 (Fiscal Year 2022). Oversight notes this is in the middle of Tax Year 2021. Individuals will not file their Tax Year 2021 tax returns until after January 1, 2022 (Fiscal Year 2022).

However, **Oversight** notes the additional modifications to the Adoption Tax Credit Program (expansion of) would not occur until Tax Year 2022. Oversight notes individuals would not file their Tax Year 2022 tax returns until after January 1, 2023 (Fiscal Year 2023). Oversight assumes, based on DOR's estimated Special Needs Adoption Tax Credit redemption amount for Fiscal Year 2022 (\$45,000), and since the additional modifications to the tax credit program (expansion of) does not occur until Tax Year 2022, the increase in the cap will **not** result in a fiscal impact during Fiscal Year 2022.

Officials from **OA, ITSD/DSS** stated §135.327 would require them to build process to send affidavits to all of the foster parents along with the months that they had placements.

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 FACES are estimated at \$95/hour. It is assumed the necessary modifications will require 1,631.14 hours for a cost of \$154,958 ( $1,631.14 * \$95$ ), split 50% GR; 50% Federal in FY22. Ongoing support and maintenance costs are estimated to be \$26,801 in FY23 and \$27,470 in FY24, split 50% GR; 50% Federal.

**Oversight** notes OA. ITSD DSS did not present costs for §135.327 in similar legislation (SS for SCS for HCS for HB 429) from the current session. Oversight does not have any information to the contrary. Therefore, Oversight will reflect the costs provided by ITSD/DSS.

**Oversight** notes the provisions of these sections were approved by the Governor on April 22, 2021 under SS for SCS for HCS for HB 429 and SS for SCS for HCS for HB 430. Because these sections were included in this proposal before the provisions were signed into law, the information for these sections is being presented as it was in previous versions of the proposal.

#### §135.800 – Tax Credit Accountability Act

Officials from **DOR** state this section updates the name of the Adoption tax credit program in statutes. This will not fiscally impact DOR.

**Oversight** notes this section modifies the references to “Special Needs Adoption Tax Credits” to “Adoption Tax Credits”. Oversight does not anticipate a fiscal impact as it relates to the modification to the aforementioned references. Therefore, Oversight will not report a fiscal impact as it relates to this section.

**Oversight** notes the provisions of these sections were approved by the Governor on April 22, 2021 under SS for SCS for HCS for HB 429 and SS for SCS for HCS for HB 430. Because these sections were included in this proposal before the provisions were signed into law, the information for these sections is being presented as it was in previous versions of the proposal.

§143.1170 – Foster Care Deduction

Officials from **B&P** state this section would grant foster parents an income tax deduction for the costs incurred related to providing care as a foster parent, beginning with Tax Year 2022. The total amount that may be granted is \$5,000 per foster care home, if such individuals have been a foster parent for at least six (6) months during the tax year. Individuals who have been foster parents for less than six (6) months will be granted a pro rata portion of the maximum deduction. The following table shows the value of the tax deduction based on the length of fostering during a tax year.

| Length of Fostering | Deduction |
|---------------------|-----------|
| 1 month             | \$833     |
| 2 months            | \$1,667   |
| 3 months            | \$2,500   |
| 4 months            | \$3,333   |
| 5 months            | \$4,167   |
| 6 months or more    | \$5,000   |

Based on information provided by the Missouri Department of Social Services, there are 13,875 children currently placed in 6,338 foster or relative home placements. There are 4,077 two (2) parent foster homes and 2,261 one parent foster homes. For the purpose of this fiscal note, B&P assumes that two (2) parent foster homes will file as married and one parent foster homes will file as single. Therefore, B&P estimates that 64.3% of foster homes are married filing joint and 35.7% are single.

Based on additional information provided by the Missouri Department of Social Services, there are currently 1,881 foster homes with placements less than six (6) months. There are 4,457 foster homes with placements longer than six (6) months.

Using the information and estimates above on the percent that are single versus married, B&P estimates that approximately 671 single individuals and 1,210 married individuals would qualify for a portion of the maximum deduction. B&P further estimates that approximately 1,590 single and 2,867 married foster parents will qualify for the maximum deduction.

B&P does not have information on the length of placements for foster homes that have operated for less than six (6) months. Therefore, B&P will show a range where all foster parents qualify for one (1) month of the deduction (\$833) and where all foster parents qualify for five (5) months

of the deduction (\$4,167). The following table shows the total estimated deductions that may be claimed during a tax year.

| Foster Homes                            | Total Deduction     |                     |
|---|---------------------|---------------------|
|   | Low                 | High                |
| Number Fosters < 6 months               | \$1,567,500         | \$7,837,500         |
| Number Fosters > 6 months               | \$22,285,000        |                     |
| <b>Total Estimated Deduction Claims</b> | <b>\$23,852,500</b> | <b>\$30,122,500</b> |

However, deductions do not reduce revenues on a dollar for dollar basis, but rather in proportion to the top tax rate applied. Therefore, B&P will show the estimated impacts throughout the implementation of the tax rate reductions from SB 509 (2014).

| Tax Rate      | 5.4%        | 5.3%        | 5.2%        | 5.1%        |
|---------------|-------------|-------------|-------------|-------------|
| Low Estimate  | \$1,288,035 | \$1,264,183 | \$1,240,330 | \$1,216,478 |
| High Estimate | \$1,626,615 | \$1,596,493 | \$1,566,370 | \$1,536,248 |

Officials from **DOR** state, for all tax years beginning on or after January 1, 2022, a taxpayer shall be allowed a deduction for expenses incurred directly by the taxpayer in providing care as a foster parent to one or more children in this stated. The deduction cannot exceed \$5,000 per tax return for singles and married filing joint returns, and \$2,500 for married filing separate returns for those children in the taxpayer’s custody for more than 6 months. The deduction amount shall be on a pro rata basis determined by DOR in the child is placed for less than 6 months.

DOR notes that if at 6 months a person gets the full \$5,000 as a filer then the proportional share would be approximately \$833 per month the child is in the home. DOR assumed the monthly amounts as follows:

|          | Filer   |
|----------|---------|
| 1 month  | \$833   |
| 2 months | \$1,667 |
| 3 months | \$2,500 |
| 4 months | \$3,333 |
| 5 months | \$4,167 |
| 6 month  | \$5,000 |

The Missouri Department of Social Services provided the following information regarding the foster care program:

- The total number of kids in foster care as of 11/30/2020 were 13,875.

- The number of kids in a foster home or relative placement for more than 6 months were 6,087
- The number of kids in a foster home or relative placement for less than 6 months were 4,950
- The number of foster homes or relative homes serving those kids were 6,338
- Number of single person foster homes were 2,261
- Number of two person foster homes were 4,077
- Number of foster homes that served kids less than 6 months were 1,881
- Number of foster homes that served kids more than 6 months were 4,457

Using the information provided by the Missouri Department of Social Services, DOR was able to make the following assumptions to calculate the impact.

This section begins with the tax year starting January 1, 2022. The first returns filed claiming the deduction would start being received January 2023 (Fiscal Year 2023).

A deduction is not a reduction of tax on a dollar for dollar basis but on a proportional basis based on the Individual Income Tax rate.

Using the number of foster homes, DOR was able to apportion the number of kids in the foster homes over/under six months to each taxpayer filing category.

| Foster Homes              | Number |
|---------------------------|--------|
| Number Fosters < 6 months | 1,881  |
| Number Fosters > 6 months | 4,457  |

Since this section allows taxpayers who have fosters kids more than 6 months to claim the maximum amount (\$5,000), DOR was able to determine that the 4,457 filers could claim \$22,285,000 (4,457 \* \$5,000). Since foster homes that have kids less than 6 months can claim a deduction in a proportional amount, DOR had to estimate a range for these filers. DOR estimated an impact for the filers of \$1,567,500 (1 month) to \$7,837,500 (for 5 months).

This results in a combined loss \$23,852,500 to \$30,122,500. Applying the 5.3% tax rate would result in a loss to GR of \$1,264,183 to \$1,596,493.

| Fiscal Year | Low Loss to GR | High Loss to GR |
|-------------|----------------|-----------------|
| 2022        | \$0            | \$0             |
| 2023        | (\$1,264,183)  | (\$1,596,493)   |
| 2024        | (\$1,264,183)  | (\$1,596,493)   |

DOR anticipates the need for one (1) FTE Associate Customer Service Representative for every 14,700 errors created, one (1) FTE Associate Customer Service Representative for every 5,700 pieces of correspondence generated, one (1) part time employee for the new line item on tax forms, and a one-time cost of \$2,000 for forms and programming changes.

**Oversight** notes DOR anticipates the need for two (2) FTE Associate Customer Service Representatives, one (1) part time employee, and a one-time cost of \$2,000 for forms and programming changes.

Based on the estimates provided by DOR, the maximum number of returns in which the deduction would be claimed on totals 6,338. This is significantly less than the 14,700 errors needed to justify additional FTE. Oversight further assumes not every return will cause correspondence to be generated.

Therefore, for purposes of this fiscal note, **Oversight** assumes DOR can absorb the responsibilities associated with this new deduction with existing resources. Should DOR experience the number of errors and/or correspondence to justify additional FTE, DOR may seek additional FTE through the appropriation process.

**Oversight** notes this section creates an Individual Income Tax deduction for the expenses directly incurred by a taxpayer for providing care as a foster parent to one or more children in this stated.

The Individual Income Tax deduction created is for all tax years beginning on or after January 1, 2022 and shall be equal to the amount of expenses directly incurred for providing care as a foster parent, but may not exceed \$5,000 for individuals who file single or file as married filing combined and \$2,500 for individuals who file married filing separately, provided the taxpayer provides care as a foster parent for at least six (6) months during the tax year. Should a taxpayer provide care as a foster parent for less than six (6) months during the tax year, the deduction shall equal a pro-rata amount which will be calculated using the maximum deduction(s) of \$5,000 or \$2,500.

**Oversight** notes the Missouri Department of Revenue and the Missouri Department of Social Services are to collaborate to establish and implement the procedures necessary to verify that a taxpayer is a foster parent.

**Oversight** notes pre-tax deductions do not reduce revenue(s) on a dollar-for-dollar basis. The estimated amount of deduction must be multiplied by the applicable tax rate to estimate the impact to stated revenue(s).

The current Individual Income Tax rate is subject to be reduced by one-tenth of one percent (0.1%) three (3) more times pursuant to [SB 509 \(2014\)](#). A reduction in the rate of tax shall only occur if the amount of net general revenue collected in the previous fiscal year exceeds the highest amount of net general revenue collected in any of the three fiscal years prior to such fiscal year by at least \$150 million.

The Individual Income Tax rate for Tax Year 2021 is 5.4%

**Oversight** anticipates the Individual Income Tax rate will be reduced from 5.4% to 5.3% for Tax Year 2022. This assumption is largely based on the extended tax filing due date for Tax Year 2019 which pushed revenues that would have normally be recognized in Fiscal Year 2020 into Fiscal Year 2021.

Once the tax rate is reduced from 5.4% to 5.3%, two (2) more rate reductions could occur in future, but separate, tax years, pursuant to SB 509 (2014).

**Oversight** does not anticipate the **fiscal years reported in this fiscal note** will be impacted by **additional** rate reductions. Therefore, for purposes of this fiscal note, the impact for **each** fiscal year reported, as it relates to this section, will be reported using an Individual Income Tax Rate of 5.3%.

For purposes of this fiscal note, **Oversight** will report the fiscal impact (range), as a result of the tax deduction, as stated by B&P and DOR, beginning in Fiscal Year 2023.

**Oversight** notes the provisions of this section were approved by the Governor on April 22, 2021 under SS for SCS for HCS for HB 429. Because this section was included in this proposal before the provisions were signed into law, the information for this section is being presented as it was in previous versions of the proposal.

#### §160.261 - Provisions relating to school district personnel; reports of abuse

In response to a similar proposal (HCS HB 673) **CD** stated school districts retain a small percentage of reports that fall under §160.261. The communication and documentation **CD** currently completes to coordinate compliance with §160.261 would approximate the workload anticipated by the changes. The Children's Division does not anticipate a fiscal impact.

**Oversight** notes the deleted portions of §160.261 included school administration responsibilities in conjunction with **CD**'s role in investigating and reporting on abuse and misconduct reports. Because the provisions under Chapter 210 already contained **CD**'s guidelines for investigations, their workload is largely unchanged by the provisions of this section. Therefore, **Oversight** will reflect the no fiscal impact assumed by **CD** for this section for fiscal note purposes.

#### §160.263 – Seclusion & Restraint

In response to similar proposals this year (HB 387), officials from the Department of Elementary and Secondary Education (DESE) estimated a one-time expense of \$62,400 and yearly maintenance of \$5,000 thereafter to securely collect and compile the data. The initial \$62,400 cost includes \$38,400 in development, and \$24,000 project management costs.

In response to a similar proposal (HB 119), officials from the **Fordland School District** assumed no fiscal impact from this section of the proposal.

**Oversight** assumes schools districts already using restraint have policies requiring training for employees performing such duties, and will be able to absorb any additional duties this proposal may require.

§191.975 – Adoption Awareness Law

Officials from the **Children’s Division** state CD is responsible for a campaign for foster adoption awareness. This campaign is subject to appropriation, and the cost will depend on the amount appropriated.

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

Officials from **DOR** stated this section updates the name of the Adoption tax credit program in statutes. This will not fiscally impact DOR.

**Oversight** notes this section modifies the references to “Special Needs Adoption Tax Credits” to “Adoption Tax Credits”. Oversight does not anticipate a fiscal impact as it relates to the modification to the aforementioned references. Therefore, Oversight will not report a fiscal impact as it relates to this section.

**Oversight** notes the provisions of this section were approved by the Governor on April 22, 2021 under SS for SCS for HCS for HB 429 and SS for SCS for HCS for HB 430. Because this section was included in this proposal before the provisions were signed into law, the information for this section is being presented as it was in previous versions of the proposal.

§§193.075 and 210.156 - Modifies provisions relating to child protection

Officials from the **Department of Health and Senior Services (DHSS)** stated §210.156 requires stated registrar of vital statistics to provide birth record information to the Department of Social Services (DSS), when a child is born to an individual whose identifying information has been provided by DSS and whose parental rights have been terminated or who has pled guilty or has found guilty of certain offenses when the victim is under the age of 18 years old.

Per information provided by DSS, an average of 2,185 parents have their rights terminated each year in Missouri. The number of parental terminations processed by DSS and provided to DHSS that were the result of a guilty plea or the person has been found guilty of the offenses described in §210.156 is unknown. Therefore, based on 2,185 data requests, the Division of Community and Public Health (DCPH), Bureau of Vital Statistics, assumes it will take one (1) Research/Data Analyst (average salary \$46,651) 1,040 hours to match the list of individuals whose identifying information was provided by DSS and/or a court to DHSS databases through complex programming queries and working with other units to ensure linkage of information across entities in an accurate manner. Based on 2,080 working hours this would require 0.5 FTE (2,080 hours / 1,040 hours) to assume these duties for an estimated personal services cost of \$23,326 (46,651 x 0.5 FTE) for FY 2022.

In response to similar legislation (HB 432), **Oversight** contacted DHSS staff regarding changes to staffing and ITSD costs provided for similar provisions found in HCS HB 2216 (2020). In that fiscal note response, DHSS assumed 1 FTE Public Health Data Technician I (\$29,448) would be needed to maintain a list of individuals whose identifying information was provided by the DSS, searching for the information and documentation, and processing the vital record information for submission to DSS. In addition, approximately \$41,040 in ITSD costs for changes to the electronic vital record keeping system was going to be required.

**DHSS** officials stated that, after further research for the current proposal, it was determined the task required by this proposal could be accomplished by having a research analyst use a linkage process the Bureau of Vital Records already has the capability of performing (thus, no ITSD costs), rather than someone having to go through each record manually. However, the work would be done by a different bureau and would require a higher skilled position to perform the process (complex programming queries).

Generally, **Oversight** assumes departments have the ability to absorb limited increases in duties by existing staff. However, DHSS officials stated the DCPH does not currently have the capacity to absorb even 0.5 FTE of a Data/Research Analyst. Therefore, for fiscal note purposes, Oversight will present DHSS' request for 0.5 FTE Research/Data Analyst in the Division of Community and Public Health (\$46,651) as of January 1, 2021. However, Oversight assumes 0.5 FTE would not be provided fringe benefits (health insurance, sick leave, vacation, etc.) and the stated would only pay Social Security and Medicare benefits of 7.65 percent. In addition, Oversight assumes the DHSS would not need additional rental space for 0.5 FTE. However, if multiple proposals pass during the legislative session requiring additional FTE, cumulatively the effect of all proposals passed may result in the DHSS needing additional rental space.

Officials from the **Department of Social Services (DSS), Children's Division (CD)** state §210.156 of this proposal would fiscally impact the Division as an additional two (2) full time Investigative Children's Service Workers, one (1) Alternative Care Children's Service Worker, one (1) Family Centered Services Children's Service Worker, one (1) full time Children's Services Supervisor, and two (2) clerical staff would be needed to fulfill the requirements of this bill.



Based on the requirements of the bill, the number of Termination of Parental Rights (TPRs) was determined to be 530 from February 2020 to March 1, 2021. Of those 530 TPRs, CD estimated a potential 75% had the required preponderance of evidence (POE) finding, which was determined to be 398 cases. As further required in the bill, looking at the numbers over a ten year period, it brings the calculation to 3,975 cases.

Per the current census, women of child bearing age (ages 18-40), totaled 1,735,000 women. Based on that population, there were 72,000 live births in Missouri (obtained from the DHSS website). Based on these numbers, 4% (72,000 live births/1,735,000 women) of the population would have a child this year. 3,975 cases times 4% birth rate, equals an initiation of 165 additional contacts per year (rounded).

By dividing 365 days by the 45 day statute requirement that a report be concluded, and the twelve (12) investigations per worker ratio, a total of approximately 97 investigations per year would result from this legislation. This creates a requirement for **two (2) additional FTE caseworkers for the initial contact**.

It is estimated that this legislation may result in additional opening of Family Centered Services (FCS) cases. If 25% of the 165 initiated contacts result in a FCS case divided by the caseload ratio of 20 cases per caseload, it would result in **two (2) additional FTE case workers for family centered services** being needed.

There is the assumption that this legislation could result in additional need for funding for Alternative Care. Assuming 10% of the 165 initial reports (that would not have otherwise come into alternative care) resulted in an alternative care case being opened (17, rounded) divided by the 15 case ratio per worker, would result in an **additional FTE case worker needed for alternative care case management**.

An additional supervisor and one clerical would be needed as well.

When projecting of potential additional alternative care costs, 165 initiations multiplied by 10% of children that could come into care that potentially would not have, it would be approximately 17 children. That multiplied by the maintenance amount equals the state cost for foster care at \$4,393 per youth (per the General Assembly Report for Foster Care Case Management Child Welfare) for a potential total cost of \$74,681.

The Division of Legal Services will need **one Special Counsel for the additional cases**.

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

Officials from **OA, ITSD/DSS** stated this proposal would require them to build a new interface with DHSS based on the current Missouri's Family Care Safety Registry (FCSR) process that

would allow DHSS to query the Family and Children Electronic System (FACES) based on a Departmental Client Number (DCN) that has been entered. The new process will be similar but have additional edits and queries to check for TPRs and guilty verdicts.

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 FACES are estimated at \$95/hour. It is assumed the necessary modifications will require 649.73 hours for a cost of \$61,724 (649.73 \* \$95), split 50% GR; 50% Federal in FY22. Ongoing support and maintenance costs are estimated to be \$12,652 in FY23 and \$12,970 in FY24, split 50% GR; 50% Federal.

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

**Oversight** notes the provisions of these sections were approved by the Governor on April 22, 2021 under SS for SCS for HCS for HB 429. Because these sections were included in this proposal before the provisions were signed into law, the information for these sections is being presented as it was in previous versions of the proposal.

#### §210.305 – Child placement provisions

Officials from **DSS, CD** state this section changes the language to “diligent search” and adds additional language around placement with grandparents “or relatives” when doing initial placements of children. These changes are updated to state Children’s Division shall document in writing the reason for denial of placement with grandparent “or relative”. Language is also added that “...children’s division shall continue the search for other relatives until placement is either identified and located or the court excuses further search”.

This section also changes definitions of “diligent efforts” to “diligent search” and defines diligent search.

This language is reflective of current Children’s Division policy expectations, statute and requirements under the federal “Adoption and Safe Families Act”. Therefore, the Children’s Division does not anticipate a fiscal impact.

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

#### §210.127 – Attempts to find an absent parent when a child is removed from a home

**CD** states this section states the Children’s Division shall utilize diligent search efforts “immediately following the removal of the child. CD, or any entity under contract with the division, shall use all sources of information, including the known parent and relatives, to attempt to locate any absent parent”.

This section aligns with CD's policy and federal Adoption and Safe Families Act requirements regarding diligent search, therefore, the Children's Division does not anticipate a fiscal impact.

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

§210.1263 – Background checks on employees, volunteers, etc. at the home

Officials from the **Department of Public Safety (DPS), Missouri Highway Patrol (MHP)** anticipates no fiscal impact as the result of this proposal.

**Oversight** notes in response to a similar proposal from the current session (HCS for HBs 557 and 560), DPS, MHP stated new facilities will be enrolled into the Volunteer and Employee Criminal History Service (VECHS) program. The fiscal impact would vary depending on the number of facilities and the number of employees at each facility.

Fingerprint fiscal impact to the Criminal Justice Information Services (CJIS) Division's Criminal Record Systems Fund depends on the number of fingerprint criminal record checks conducted.

**Oversight** also notes that FBI approved Missouri statutes that authorize entities to conduct both state and FBI fingerprint criminal record checks would require fees to be collected. As DPS, MHP stated, the fiscal impact to the CJIS Division's Criminal Record Systems Fund (0671) depends on the number of fingerprint criminal record checks conducted. The fingerprint fee structure is outlined below.

The state fee for a fingerprint based criminal record check is \$20.00 per request. The federal fee for a fingerprint based criminal record check is \$13.25 per request, of which, the CJIS Division retains \$2.00 of the federal fee. This equates to \$22.00 of the total state and federal fingerprint background check fee that is retained in the Criminal Record System Fund per request.

The authorized entity may choose to utilize the Missouri Automated Criminal History System (MACHS) and have fingerprinting completed by the state fingerprinting vendor. If this avenue is chosen, an additional fee of \$8.50 will be required by the vendor.

**State and Federal Fingerprint Fee Schedule**

State Fee = \$20.00

Federal Fee = \$13.25

Total State and Federal fee = \$33.25

Vendor Fee (if applicable) = \$8.50

Total State and Federal with Vendor fee = \$41.75

Total Retained in the Criminal Record System Fund = \$22.00

**Oversight** notes that currently, the number of residential children’s homes operating in Missouri and the number of individuals employed by them are unknown. Therefore, Oversight will reflect an unknown income amount to the Criminal Records System Fund (0671).

§210.1265 – Child residential homes to comply with specified inspections

In response to similar legislation from the current session (HCS for HBs 557 and 560), officials from the **Columbia/Boone County Public Health & Human Services (PHHS)** stated the proposed §210.1265 requires child residential homes to comply with all fire, safety, health, and sanitation inspections required under §210.252. PHHS currently performs inspections under §210.252 for childcare facilities. These inspections are performed under contract from the Missouri Department of Health and Human Services (DHSS). If PHHS will be expected to perform the inspections of the child residential homes, that will represent an unknown cost because they have no way of knowing how many such homes there are, nor whether DHSS will reimburse PHHS for the inspections, nor whether the reimbursement will cover the entire cost of the inspection.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the negative unknown estimates as provided by the PHHS.

§210.1271 – Injunctive relief to cease the operation of a residential care facility when...

Officials from the **Attorney General’s Office (AGO)** stated they do not anticipate an impact from this legislation.

**Oversight** notes that in response to similar legislation from the current session (HCS for HBs 557 and 560), officials from the **AGO** stated this section requires the AGO to represent DSS in proceedings related to injunctions of restraining orders against child residential homes. It is unknown the number of cases that could be brought to the AGO by DSS where representation would be required. Currently the AGO does not participate in these types of cases and therefore would need to hire at least one attorney with experience in these matters. However, if the number of cases is substantial, the need for additional Assistant Attorneys General is likely. The AGO anticipates the fiscal impact would be \$93,221 to unknown per full fiscal year beginning in FY22.

Because the language in this proposal is very similar to HCS for HBs 557 and 560, **Oversight** will reflect the estimates as provided by the AGO for that proposal as follows:

- FY22: Could exceed (\$93,221)
- FY23: Could exceed (\$94,033)
- FY24: Could exceed (\$94,853)

§§210.143-210.1286 – Residential Care Facilities for children

Officials from the **Department of Social Services (DSS), Children's Division (CD)** state §210.143 states that the Children's Division, law enforcement, including State Technical Assistance Team (STAT), and prosecuting attorney may petition the circuit court for an order directing an exempt from licensure residential facility that is subject of an investigation of child abuse or neglect to present the child at a place and time designated by the court to the Children's Division worker for an assessment of the child's healthy, safety, and well-being. It lists that a court may issue an order under certain conditions. It adds other conditions for petitioning, filing, and ordering for the juvenile. Court is allowed to expedite all proceedings to ensure the safety of the child, the preservation of relevant evidence that the child abuse and neglect investigations may be completed within statutory time frames and that due process is provided to the parties involved. The time frames for the Children's Division to complete its investigation and notify the alleged perpetrator of its decision shall be tolled from the date the Division files a petition for a subpoena until the information is produced in full, until such subpoena is withdrawn, or until a court of competent jurisdiction quashes such subpoena.

This legislation could have a small fiscal impact for CD. The legislation allows DLS (for CD) to get court orders to produce children at license-exempt facilities for CD to assess a child's health, safety, and well-being (and if they find reason to suspect child abuse or neglect), to produce the rest of the kids in the facility. Potential fiscal impacts for CD: It may be used for court-ordered CACs. CD would have to staff the child safety assessments, and CD may have to testify at some of these hearings.

**Oversight** notes that CD did not indicate specific costs for §210.143. Therefore, for purposes of this fiscal note, Oversight assumes CD can absorb the responsibilities associated with these provisions with existing resources. Should CD experience a higher number than expected for child safety assessments or hearings to justify additional FTE, CD may seek additional FTE through the appropriation process.

§210.493 requires background screenings for all staff of licensed residential care facilities and licensed child placing agencies. It further adds DSS shall be responsible for the background checks for residential care facilities or child placing agencies that apply for licensure, renewal of licensure or for license monitoring. DSS shall provide the results of the background checks to the applicant on eligibility and may not reveal to the residential facility or agency any disqualifying offense or other related information regarding the applicant.

§210.1268 adds that when DSS is advised or has reason to believe that any residential care facility is operating without proper notification in accordance with §§210.1250 to 210.1286, it shall give the director of the residential care facility written notice by certified mail that such person shall file notification in accordance with §§210.1250 to 210.1286 within thirty days after receipt of such notice, or the department may request a court injunction as provided under §210.1271.

§210.1271.1 states that notwithstanding any other remedy, and under certain violations, DSS, the prosecuting attorney of the county where the facility is located, or the attorney general may seek

injunctive relief to cease the operation of the residential care facility and provide for the appropriate removal of the children from the residential care facility and placement in the custody of the parent or legal guardian, or any other appropriate individual or entity in the discretion of the court, or refer the matter to the juvenile officer of the appropriate county for appropriate proceedings under Chapter 211.

§210.1280 states DSS shall maintain a list of all residential care facilities in compliance with sections 210.1250 to 210.1286, and the list shall be provided upon request. The list shall also include information regarding how a person may obtain information about the nature and disposition of any substantiated child abuse or neglect reports at or related to the residential care facility, as provided in section 210.150.

**CD** does anticipate a potential fiscal impact if these parts of the bill are passed. Due to the number of child residential homes being unknown in the State of Missouri, it is difficult to project how the passing of this bill would fiscally impact programming. CD sees the potential need for four (4) additional full-time employees (FTEs) in the Residential Program Unit (RPU) as there would be additional work requirements within this unit with this bill's addition of the child residential homes.

Allegations of abuse and neglect would be investigated by the Children's Division's Out of Home Investigation Unit (OHI). Due to the potential of increased reporting, the Children's Division OHI Unit proposes the need for two (2) additional staff. There would also be a potential need for clerical and supervisory staff.

This is a total of six (6) additional Children's Service Workers, one (1) FTE supervisory position and one (1) FTE clerical position, for a total of (8) Children's Division FTEs.

There will also be a fiscal impact on the Children's Division as the responsibility of background checks will be placed with CD. The Children's Division anticipates the needs of an additional unit of five (5) FTEs with a supervisory position and a clerical position.

**Oversight** notes the costs of the additional FTEs requested by CD is as follows:

- (1) Children's Service Workers with a starting salary of \$40,794 each, and will cost approximately \$751,883 per year in personal service and fringe benefit costs.
- (2) Administrative Support Assistant with a starting salary of \$31,238 each, and will cost approximately \$111,264 per year in personal service and fringe benefit costs.
- (2) Social Service Unit Supervisor with a starting salary of \$55,584 each, and will cost approximately \$176,083 per year in personal service and fringe benefit costs.

The **DSS, Division of Legal Services (DLS)** anticipates this bill will increase the need for DLS services in litigation and require significant special counsel hours to interpret the bill, draft regulations, and draft policy in concert with CD. DLS anticipates this proposal will require one (1) FTE special counsel.

DLS also anticipates this proposal will also require at least two (2) FTE litigation attorneys to advise and represent CD in child-welfare production proceedings; injunctive proceedings to halt operations at residential care facilities and for the removal and placement of children; to defend additional Children's Division findings of child abuse or neglect in the circuit courts; and to defend CD determinations of eligibility to be present or employed at licensed residential care facilities and child placing agencies and to be present or employed at license-exempt residential care facilities subject to the Act's notification requirements under §210.493

Each of these positions have a starting salary of \$60,000 and, together, will cost approximately \$281,760 per year in personal service and fringe benefit costs to CD.

CD will also need one (1) FTE in hearings for CD determinations of eligibility to be present or employed at licensed residential care facilities and child placing agencies and to be present or employed at license-exempt residential care facilities subject. This position has a starting salary of \$55,584 and will cost approximately \$88,042 per year in personal service and fringe benefit costs to CD.

**Oversight** does not have information to the contrary. Oversight notes that DSS presented their fiscal impact as best estimates, and may adjust their impact based on further review. Oversight assumes DSS may seek additional appropriations if the proposal results in a significant increase in costs. Therefore, Oversight will reflect the estimates as provided by DSS.

Officials from **OA, ITSD/DSS** stated §210.143 of this proposal would require them to build a new .NET application in FACES for CD workers usage to privately submit their concerns or issues.

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 FACES are estimated at \$95/hour. It is assumed the necessary modifications will require 1,121.14 hours for a cost of \$106,508 (1,121.14 \* \$95), split 50% GR; 50% Federal in FY22. Ongoing support and maintenance costs are estimated to be \$26,801 in FY23 and \$27,470 in FY24, split 50% GR; 50% Federal.

**Oversight** notes OA. ITSD DSS did not present costs for §210.143 in similar legislation (HCS for HBs 557 and 560) from the current session. Oversight does not have any information to the contrary. Therefore, Oversight will reflect the costs provided by ITSD/DSS.

In response to similar legislation from the current session (HCS for HBs 557 and 560), officials from the **Florissant Valley Fire Protection District** stated, while there may be some impact, they do not believe that this proposal has a significant financial impact.

**Oversight** assumes the costs incurred by the Florissant Valley Fire Protection District related to this proposal can be absorbed within current resource levels.

In response to similar legislation from the current session (HCS for HBs 557 and 560), officials from the **Department of Public Safety, Division of Fire Safety** and the **Office of Administration** each assumed the previous proposal would 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.

§210.152 – OCA may release findings about any member of the multidisciplinary team

Officials from the **Children’s Division** state this section adds language that nothing in the section shall preclude the Office of Child Advocate from releasing findings regarding the professional performance of any individual member of the multidisciplinary team as described in §660.520.

CD does not anticipate a fiscal impact at this time.

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

§210.489 - Allows a child to reenter foster care under certain circumstances

Officials from **DSS** state this section adds that a child who is in the foster care system shall not be required to leave foster care or be ineligible for support or maintenance solely by reason of the child’s age while the state is under a state of emergency in response to the COVID-19 pandemic or until September 30, 2021, whichever is later.

In response to similar legislation from the current session (HB 1335), DSS calculated the fiscal impact by looking at youth turning 21 (aging out of care) from February 2020 to September 2021, and the level of care the youth were receiving. Then, the cost for that level of care was taken into account.

DSS assumed that a range of youth in other levels of care would request to remain in care. DSS estimated that 20% to 100% of youth in Foster Care, Independent Living or Transitional Living may request to remain in care.

For maintenance costs, the federal government has allowed Chafee funds to cover youth receiving extended care during the pandemic. These funds are 100% federal funds. This results in a range from \$283,444 to \$1,139,772 Federal funds.

When youth in Residential and Mental Health placements require continued care after they age out of the Children’s Division they transition to the Department of Mental Health and are already covered by Medicaid so there would be no additional cost.

**Oversight** does not have information to the contrary. Oversight notes, according to the United States Department of Health and Human Services, under 42 USC 677, the John H. Chafee Foster



Care Program for Successful Transition to Adulthood program provides assistance to help youth currently and formerly in foster care achieve self-sufficiency by providing grants to States that submit an approvable plan. The COVID-19 Response and Relief Supplemental Appropriations Act appropriated \$400,000,000 for federal fiscal year 2021, to carry out 42 USC 677, in addition to any amounts otherwise made available for such purpose without requiring matching state funds. Therefore, Oversight will reflect the estimates as provided by DSS.

In response to similar legislation from the current session (HB 1335), officials from the **Office of the State Courts Administrator** assumed 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.

§§211.447, 453.014, 453.030, 453.040, & 453.070 – Parental Rights and Adoption

Officials from **DOR** have deferred to the Missouri Department of Social Services as it relates to the fiscal impact of these sections.

**Oversight** notes DSS does not anticipate these sections of this proposed legislation will cause a fiscal impact on their organization. Therefore, Oversight will not report a fiscal impact as it relates to these sections.

**Oversight** notes the provisions of these sections were approved by the Governor on April 22, 2021 under SS for SCS for HCS for HB 429. Because these sections were included in this proposal before the provisions were signed into law, the information for these sections is being presented as it was in previous versions of the proposal.

Responses regarding the proposed legislation as a whole

In response to a previous version (HCS for SB 327), officials from the **Office of State Courts Administrator (OSCA)** stated there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

**Oversight** does not have any information to the contrary. Therefore, Oversight assumes the OSCA will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the OSCA for fiscal note purposes. Oversight also assumes OSCA may seek additional appropriations if the proposal results in a significant increase in costs.

Officials from the **Fruitland Area Fire Protection District** state they expect a positive impact for the protection of children and special populations. The verbiage in this proposal appears appropriate and the penalties are clear in the case of non-compliance.

**Oversight** does not have any information to the contrary. Oversight notes that no specific fiscal impacts were indicated in this agency's response. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Officials from the **Department of Corrections**, the **Department of Higher Education and Workforce Development**, the **Department of Mental Health**, the **Missouri House of Representatives**, the **Missouri Office of Prosecution Services**, the **Missouri Senate**, the **Office of the Governor**, the **State Public Defender's Office**, the **State Tax Commission**, the **Crawford County 911 Board**, the **Hermann Area Hospital District**, the **Kansas City Health Department**, the **Kansas City Police Department**, the **Newton County Health Department**, the **St. Joseph Police Department**, the **St. Louis County Health Department** and the **St. Louis County Police Department** each 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.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other county health departments, counties, circuit clerks, sheriffs, police departments, fire protection districts, ambulance districts, school districts and hospitals were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

#### 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** notes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize 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 their office can sustain with their core budget. Therefore, they reserve 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.

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| <u>ISCAL IMPACT – State Government</u>  | FY 2022              | FY 2023                           | FY 2024                           |
|---|----------------------|-----------------------------------|-----------------------------------|
| <b>GENERAL REVENUE</b>  |                      |                                   |                                   |
| <u>*Revenue Reduction – (\$135.327)</u><br>Increased Participation In Adoption Tax Credit Program pp. 4-9 | \$0                  | \$0 to<br>(\$5,955,000)           | \$0 to<br>(\$5,955,000)           |
| <u>*Revenue Reduction – (\$143.1170)</u><br>Income Tax Deduction for Child Foster Care Services pp. 10-14 | \$0                  | (\$1,264,183) to<br>(\$1,596,493) | (\$1,264,183) to<br>(\$1,596,493) |
| <u>Costs - OA, OCA (\$37.717) pp. 3-4</u>   |                      |                                   |                                   |
| Personal service  | (\$80,000)           | (\$80,800)                        | (\$81,608)                        |
| Fringe benefits   | (\$50,880)           | (\$51,150)                        | (\$51,423)                        |
| Equipment and expense   | (\$5,464)            | \$0                               | \$0                               |
| <u>Total Costs - OA, OCA</u>  | <u>(\$136,344)</u>   | <u>(\$131,950)</u>                | <u>(\$133,031)</u>                |
| FTE Changes OA, OCA   | 2 FTE                | 2 FTE                             | 2 FTE                             |
| <u>Costs - OA, ITSD (§§37.717 and 210.652) Safety reporting and data exchange p. 3-4</u>                  | (\$106,704)          | (\$23,516)                        | (\$24,063)                        |
| <u>Costs – DESE (§160.263) IT expenses pp. 14-15</u>  | (\$62,400)           | (\$5,000)                         | (\$5,000)                         |
| <u>*Costs - OA, ITSD/DSS (§135.327)</u><br>FACES system changes p. 9                                      | (\$77,479)           | (\$13,400)                        | (\$13,735)                        |
| <u>Costs – DSS (§§210.143-210.1286)</u>   |                      |                                   |                                   |
| Personal service pp. 20-23  | (\$857,962)          | (\$866,541)                       | (\$875,206)                       |
| Fringe benefits   | (\$551,069)          | (\$553,910)                       | (\$556,780)                       |
| Equipment and expense   | (\$163,056)          | (\$168,778)                       | (\$172,997)                       |
| <u>Total Costs – DSS</u>  | <u>(\$1,572,087)</u> | <u>(\$1,589,229)</u>              | <u>(\$1,604,983)</u>              |
| FTE Change – DSS  | 19 FTE               | 19 FTE                            | 19 FTE                            |
| <u>Costs - OA, ITSD/DSS (§210.143)</u><br>FACES system changes p. 23                                      | (\$53,254)           | (\$13,400)                        | (\$13,735)                        |
|   |                      |                                   |                                   |
|   |                      |                                   |                                   |
|   |                      |                                   |                                   |

| <u>FISCAL IMPACT – State Government</u><br>(continued)  | FY 2022   | FY 2023  | FY 2024  |
|---|---|--|--|
| <u>Costs – AGO</u> (§210.1271)  | Could exceed...   | Could exceed...  | Could exceed...  |
| Personal service p. 20  | (\$60,770)  | (\$61,378)   | (\$61,991)   |
| Fringe benefits   | (\$32,450)  | (\$32,655)   | (\$32,862)   |
| <u>Total Costs – AGO</u>  | <u>Could exceed</u><br><u>(\$93,221)</u>                | <u>Could exceed</u><br><u>(\$94,033)</u>   | <u>Could exceed</u><br><u>(\$94,853)</u>   |
| FTE Change – AGO  | Could exceed<br>1 FTE                                   | Could exceed<br>1 FTE  | Could exceed<br>1 FTE  |
| <u>*Costs - DHSS</u> (§210.156)   |   |  |  |
| Personal service pp. 15-16  | (\$23,326)  | (\$23,559)   | (\$23,794)   |
| Fringe benefits   | (\$1,784)   | (\$1,802)  | (\$1,820)  |
| Equipment and expense   | (\$11,350)  | (\$2,948)  | (\$3,022)  |
| <u>Total Costs - DHSS</u>   | <u>(\$36,460)</u>                                       | <u>(\$28,309)</u>  | <u>(\$28,636)</u>  |
| FTE Changes DHSS  | 0.5 FTE   | 0.5 FTE  | 0.5 FTE  |
| <u>*Costs - OA, ITSD/DSS</u> (§§193.075 and 210.156) FACES system changes p. 17-18            | (\$30,862)  | (\$6,326)  | (\$6,485)  |
| <u>*Costs – DSS</u> (§210.156)  |   |  |  |
| Personal service pp. 16-17  | (\$345,624)   | (\$349,080)  | (\$352,571)  |
| Fringe benefits   | (\$221,938)   | (\$223,082)  | (\$224,239)  |
| Equipment & expense   | (\$111,332)   | (\$68,634)   | (\$70,350)   |
| Foster care   | (\$48,762)  | (\$49,756)   | (\$51,000)   |
| <u>Total Costs - DSS</u>  | <u>(\$727,655)</u>                                      | <u>(\$690,552)</u>   | <u>(\$698,160)</u>   |
| FTE Change  | 7.65 FTE  | 7.65 FTE   | 7.65 FTE   |
| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>  | <b><u>Could exceed</u></b><br><b><u>(2,896,466)</u></b> | <b><u>Could exceed</u></b><br><b><u>(\$3,859,899 to</u></b><br><b><u>\$10,147,209)</u></b> | <b><u>Could exceed</u></b><br><b><u>(\$3,886,864 to</u></b><br><b><u>\$10,174,174)</u></b> |
| Estimated Net FTE Change on the General Revenue Fund  | 30.15 FTE   | 30.15 FTE  | 30.15 FTE  |
| *These items are included in SS for SCS for HCS for HB 429 and SS for SCS for HCS for HB 430. |   |  |  |
|   |   |  |  |
|   |   |  |  |

| <u>FISCAL IMPACT – State Government</u><br>(continued)  | FY 2022                     | FY 2023               | FY 2024               |
|---|-----------------------------|-----------------------|-----------------------|
| <b>CRIMINAL RECORDS SYSTEM FUND (0671)</b>  |                             |                       |                       |
| <u>Income</u> – MHP (§210.1263) Fees Collected From Background Checks p. 19                     | <u>Unknown</u>              | <u>Unknown</u>        | <u>Unknown</u>        |
| <b>ESTIMATED NET EFFECT ON THE CRIMINAL RECORDS SYSTEM FUND</b>                                 | <b><u>Unknown</u></b>       | <b><u>Unknown</u></b> | <b><u>Unknown</u></b> |
| <b>FEDERAL FUNDS</b>  |                             |                       |                       |
| <u>*Income</u> - OA, ITSD/DSS (§135.327) FACES system changes p. 9                              | \$77,479                    | \$13,400              | \$13,735              |
| <u>*Income</u> - OA, ITSD (§§193.075 and §210.156) Reimbursement for FACES system changes p. 17 | \$30,862                    | \$6,326               | \$6,485               |
| <u>Income</u> - OA, ITSD/DSS (§210.143) FACES system changes p. 23                              | \$53,254                    | \$13,400              | \$13,735              |
| <u>*Income</u> – DSS (§210.156) Program reimbursement pp. 16-17                                 | \$38,050                    | \$38,615              | \$39,368              |
| <u>Income</u> – DSS/CD (§210.489) Reimbursement for One-time cost for care for youth p. 24      | \$283,444 to<br>\$1,139,772 | \$0                   | \$0                   |
| <u>Costs</u> - OA, ITSD/DSS (§135.327) FACES system changes p. 9                                | (\$77,479)                  | (\$13,400)            | (\$13,735)            |
| <u>*Costs</u> - OA, ITSD/DSS (§§193.075 and §210.156) FACES system changes p. 17                | (\$30,862)                  | (\$6,326)             | (\$6,485)             |
| <u>Costs</u> - OA, ITSD/DSS (§210.143) FACES system changes p. 23                               | (\$53,254)                  | (\$13,400)            | (\$13,735)            |

| <u>FISCAL IMPACT – State Government</u><br>(continued)   | FY 2022                                     | FY 2023           | FY 2024           |
|--|---|-------------------|-------------------|
| <u>*Costs – DSS (§210.156)</u>   |   |                   |                   |
| Personal service pp. 16-17   | (\$7,464)                                   | (\$7,539)         | (\$7,614)         |
| Fringe benefits  | (\$4,931)                                   | (\$4,955)         | (\$4,980)         |
| Equipment & expense  | (\$1,384)                                   | (\$1,243)         | (\$1,274)         |
| Foster care  | (\$24,271)                                  | (\$24,878)        | (\$25,500)        |
| <b>Total Costs - DSS</b>   | <b>(\$38,050)</b>                           | <b>(\$38,615)</b> | <b>(\$39,368)</b> |
| FTE Change - DSS   | 0.35 FTE                                    | 0.35 FTE          | 0.35 FTE          |
| <u>Costs - DSS/CD (§210.489)</u><br>Reimbursement for One-time cost for<br>care for youth pp. 24 | <u>(\$283,444 to</u><br><u>\$1,139,772)</u> | <u>\$0</u>        | <u>\$0</u>        |
| <b>ESTIMATED NET EFFECT ON<br/>FEDERAL FUNDS</b>   | <b><u>\$0</u></b>                           | <b><u>\$0</u></b> | <b><u>\$0</u></b> |
| Estimated Net FTE Change on Federal<br>Funds   | 0.35 FTE                                    | 0.35 FTE          | 0.35 FTE          |
| *These items are included in SS for SCS for HCS for HB 429 and SS for SCS for HCS for HB 430.    |   |                   |                   |

| <u>FISCAL IMPACT – Local<br/>Government</u>  | FY 2022          | FY 2023          | FY 2024          |
|--|------------------|------------------|------------------|
| <b>LOCAL GOVERNMENTS –County<br/>Health Departments</b>                                  |                  |                  |                  |
| Costs – County Health Departments<br>(§210.1265) Facility inspections                    | (Unknown)        | (Unknown)        | (Unknown)        |
| <b>ESTIMATED NET EFFECT ON<br/>LOCAL GOVERNMENTS -<br/>COUNTY HEALTH<br/>DEPARTMENTS</b> | <b>(Unknown)</b> | <b>(Unknown)</b> | <b>(Unknown)</b> |

### FISCAL IMPACT – Small Business

This proposed legislation could positively impact any small business that provides the necessary funds to an employee to proceed with the adoption of a child in which, under current law, would not qualify for the Special Needs Adoption Tax Credit as the small business could utilize the tax credit to reduce or eliminate the small business's stated tax liability.

**Department of Social Services** officials state this proposal requires previously unregulated license-exempt residential care facilities to register with DSS, conduct criminal background checks, and comply with certain health and safety inspections. DSS is unsure of how many of these entities exist; how many already comply with these health and safety regulations or already conduct the prescribed background screening requirements. These new requirements may impact small business residential children's homes (§§210.143, 210.1250, 210.1253, 210.1256, 210.1259, 210.1262, 210.1263, 210.1264, 210.1265, 210.1268, 210.1271, 210.1274, 210.1280, 210.1283 and 210.1286).

### FISCAL DESCRIPTION

#### ADOPTION TAX CREDITS

This bill renames and alters the current "Special Needs Adoption Tax Credit Act" to the "Adoption Tax Credit Act".

Currently, any person residing in this stated who proceeds in good faith with the adoption of a special needs child who is a resident or ward of a resident of this stated is eligible for a \$10,000 nonrefundable tax credit for nonrecurring adoption expenses for each child. Additionally, any business entity providing funds to an employee to enable that employee to proceed in good faith with the adoption of a special needs child is eligible to receive a tax credit of up to \$10,000 for nonrecurring adoption expenses for each child, except that only one \$10,000 credit is available for each special needs child that is adopted.

Beginning January 1, 2022, this bill removes the special needs and residency requirements for adoptions to be eligible for the tax credit. Priority will be given to applications to claim the tax credit for special needs children who are residents or wards of residents of this stated at the time the adoption is initiated. The House Committee Substitute changes the bills definition of "handicap" to "disability" and modifies the definition of "special needs child". The perfected bill defines a "child" as any individual under 18 years old or over 18 but is physically or mentally incapable of caring for themselves.

Beginning on January 1, 2022, a taxpayer will be allowed a tax deduction for expenses incurred directly by the taxpayer in providing care as a foster parent to one or more children in this stated.



The amount of the deduction will be equal to the amount of expenses directly incurred by the taxpayer in providing such care; provided that:

If the taxpayer provides care as a foster parent for at least six months during the tax year, the total amount of the deduction claimed under this bill will not exceed \$5,000 or \$2,500 for individuals filing married filing separate; and

If the taxpayer provides care as a foster parent for less than six months during the tax year, the maximum deduction limits described will still apply, but the limits will be reduced on a pro rata basis.

The Department of Revenue will collaborate with the Children's Division of the Department of Social Services in order to establish and implement a procedure to verify that a taxpayer claiming the deduction is a foster parent.

Each taxpayer claiming the deduction must file an affidavit with their income tax return. The affidavit will affirm that they are a foster parent and that they are entitled to the deduction in the amount claimed on their tax return (§§135.325, 135.326, 135.327 & 135.335).

#### PROVISIONS RELATING TO SECLUSION AND RESTRAINT IN PUBLIC SCHOOLS

This bill defines "restraint" and "seclusion" and requires school districts, charter schools, or publicly contracted private providers to include in policy a prohibition on the use of restraint and seclusion, including "prone restraint" as defined by the bill, for any purpose other than situations or conditions in which there is imminent danger of physical harm to self or others. Any incident requiring restraint or seclusion shall be monitored by school personnel with written observation

The bill requires that before July 1, 2022 each school district, and charter school, or publicly contracted private providers policy shall include:

- (1) When to remove a child from restraint, seclusion, or isolation;
- (2) Requirement for annual mandatory training;
- (3) Reporting requirements for any occurrence of restraint, seclusion or isolation as outlined in the bill, including the reporting requirements for parental notification and providing a copy of each report to the Department of Elementary and Secondary Education (DESE);
- (4) Notification requirement for each occurrence of a restraint, seclusion, or isolation incident to parents or guardians within one hour after the end of school on the day the incident occurs.
- (5) Protections for individuals that report or provide information about violations of policy under this section (§160.263).

#### PROVISIONS RELATING TO CHILD PROTECTION

Under this act, the Children's Division shall make available to the Stated Registrar the identifying information of certain individuals whose parental rights have been terminated due to child abuse or neglect, individuals who pled or were found guilty of murder or manslaughter when the victim was a child, and individuals who pled guilty or were found guilty of certain sexual offenses against a child. The Stated Registrar shall provide to the Division the birth record information of children born to such individuals. The Division shall verify the identity of the parent and if that identity is verified, the Division shall provide the appropriate local office with information regarding the birth of the child. Appropriate local Division personnel shall initiate contact with the family, or make a good faith effort to do so, to determine if the parent or family has a need for services and provide such voluntary and time-limited services as appropriate. The Division shall document the results of such contact and services provided, if any, in the Division's information system. Identifying information and records created and exchanged under this act shall be closed records and shall only be used as specified in the act (§§193.075; 210.150 and 210.156).

This bill adds a process by which "child residential homes" as defined are required to notify DSS of their existence and compliance with provisions that protect the safety of the children in residence. These include; fire and safety inspections, local health department inspections, medical records for all residents, and information about schools serving the children.

It also specifies that the homes must conduct background checks of all employees and volunteers at the home and details the background check findings that will exclude people from working or volunteering in the home. When there are allegations of abuse or neglect in the home, the bill outlines how DSS can petition a court for an order for a home to present a child that is the subject of a child abuse investigation. The bill specifies that any case in which a referral is made to a juvenile officer for removal of a child, a referral will also be made to the Attorney General.

The bill further details that failure to comply with these provisions may result in fines, misdemeanor charges for failure to conduct background checks, and potential removal of children (§§210.143, 210.1250, 210.1253, 210.1256, 210.1259, 210.1262, 210.1263, 210.1264, 210.1265, 210.1268, 210.1271, 210.1274, 210.1280, 210.1283, and 210.1286).

#### TERMINATION OF PARENTAL RIGHTS

This act modifies the definition of an abandoned infant or abandoned child, in cases of termination of parental rights, to mean a child three years of age or under instead of one year or under in current law.

This act modifies provisions relating to the circumstances under which the juvenile officer or Children's Division has the discretion to file a petition to terminate parental rights to change the determination of an "abandoned" child to mirror changes made under the provisions for mandatory termination of parental right proceedings, as well as modifies determinations of parental unfitness to include circumstances when the child has been under the jurisdiction of the juvenile court for at least 15 of the 22 months prior to the filing of the petition (§211.447).

## ADOPTION REGULATIONS

This act modifies provisions granting, under current law, the Department of Social Services and the Department of Health and Senior Services regulatory authority for placing a child for adoption to instead grant such authority to the Children's Division and to repeal such authority from the Department of Health and Senior Services (§§453.014, 453.030, and 453.070).

## ADOPTION PROCEEDINGS

Under current law, prospective adoptive parents or the child-placing agency shall pay reasonable attorney fees incurred by the birth parent throughout the adoption process, unless the court determines the adoptive parents are unable to pay such fees. This act repeals this provision, while retaining the provision guaranteeing the birth parent the right to legal representation.

Finally, this act modifies the circumstances in which a parent's consent to adoption is not required to reflect the changes made to identifying "abandoned" children (§§453.030 and 453.040).

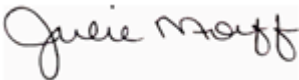
This proposal contains an emergency clause for all sections.

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

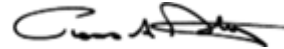
## SOURCES OF INFORMATION

Attorney General's Office  
Department of Commerce and Insurance  
Department of Corrections  
Department of Elementary and Secondary Education  
Department of Health and Senior Services  
Department of Higher Education and Workforce Development  
Department of Mental Health  
Department of Public Safety  
    Division of Fire Safety  
    Missouri State Highway Patrol  
Department of Revenue  
Department of Social Services  
Joint Committee on Administrative Rules  
Missouri House of Representatives  
Missouri Office of Prosecution Services  
Missouri Senate  
Office of Administration  
    Budget and Planning

Office of Child Advocate  
Office of the Governor  
Office of State Courts Administrator  
Office of the Secretary of State  
State Public Defender's Office  
State Tax Commission  
Columbia/Boone County Public Health & Human Services  
Crawford County 911 Board  
Florissant Valley Fire Protection District  
Fordland School District  
Fruitland Area Fire Protection District  
Hermann Area Hospital District  
Kansas City Health Department  
Kansas City Police Department  
Newton County Health Department  
St. Joseph Police Department  
St. Louis County Health Department  
St. Louis County Police Department



Julie Morff  
Director  
May 3, 2021



Ross Strobe  
Assistant Director  
May 3, 2021