

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3879S.01I
Bill No.: SB 685
Subject: Children and Minors; Courts; Domestic Relations; Family Law; Licenses - Driver's; Licenses - Miscellaneous, Licenses - Motor Vehicle; Professional Registration and Licensing; Department of Social Services
Type: Original
Date: January 24, 2022

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 2023	FY 2024	FY 2025
General Revenue*	Could exceed (\$250,132)	Could exceed (\$266,668)	Could exceed (\$269,250)
Total Estimated Net Effect on General Revenue	Could exceed (\$250,132)	Could exceed (\$266,668)	Could exceed (\$269,250)

*Oversight ranged the fiscal impact from the low end (10 new FTE) of Department of Social Services' estimate of additional FTE needed to implement the changes in the proposal. The high estimate is 27 FTE (or roughly \$700,000 General Revenue cost).

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Federal Funds*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and expenses exceed \$518,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue (DSS)	Could exceed 3.4 FTE	Could exceed 3.4 FTE	Could exceed 3.4 FTE
Federal Funds (DSS)	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 2023	FY 2024	FY 2025
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.

The **DSS Family Support Division (FSD)** suspended issuing notices of intent to suspend on driver's licenses in response to the COVID pandemic and this suspension remains in place. Because FSD is not currently issuing Notices of Intent to Suspend Licenses, the most recent fiscal year to give an accurate representation of the number of notices issued and hearings held is FY 2020. In FY 2020, 5,473 Notices of Intent to Suspend License were successfully served on obligors for failure to pay child support. In FY 2020, 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 more factors (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 7 hearing officers** handling 588 cases each.

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

FSD Child Support (CS) 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 FSD CS program stopped all license suspension activities in April, 2020 due to the COVID–19 pandemic. Therefore, the FY 2020 license suspension actions taken by FSD CS are used in determining the impact of this legislation.

If the FSD CS program resumed license suspension activities, the CS program assumes the data from FY 2020 would be applicable.

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 CS program to amend the Notice of Intent to Suspend License to include the additional factors the court or director are to consider when determining if license suspension is appropriate as stated in proposed 454.1005.4. 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. In December, 2020, 65 FSD staff spent 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 BPT (Benefit Program Technicians)** 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 10 (3 hearings officers + 7 Benefit Program Technicians) to 27 (7 Hearings Officers + 20 Benefit Program Technicians) 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 \$227,775 in FY 2023; could exceed \$275,642 in FY 2024; and could exceed \$277,976 in FY 2025 (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 \$356,833 in FY 2023; could exceed \$431,497 in FY 2024; and could exceed \$434,829 in FY 2025 (split 34% GR; 66% Federal).

Officials from the **Office of Administration (OA), Information Technology Services Division (ITSD)/DSS** stated 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 261.36 hours for a cost of \$24,829 (261.36 * \$95), split 34% GR; 66% Federal.

Therefore, the total MACSS upgrades will cost \$24,829 (\$8,442 GR; \$16,387 Federal) in FY 2023 exclusively.

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 **Department of Commerce and Insurance**, the **Department of Revenue**, the **Office of Administration (OA)**, the **OA, Administrative Hearing Commission (AHC)** 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.

<u>FISCAL IMPACT - State Government (continued)</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
FEDERAL FUNDS			
<u>Income</u> - DSS (<u>§454.1005</u>)	Could exceed...	Could exceed...	Could exceed...
Increase in program reimbursements	\$469,163	\$517,649	\$522,662
<u>Income</u> - OA, ITSD/DSS (<u>§454.1005</u>)			
MACSS changes	\$16,387	\$0	\$0
<u>Costs</u> - DSS (<u>§454.1005</u>)			
Personal service (DLS)	(\$95,517)	(\$115,767)	(\$116,924)
Personal service (FSD)	(\$136,287)	(\$165,179)	(\$166,831)
Fringe benefits	(\$154,037)	(\$185,766)	(\$186,696)
Equipment and expense	(\$83,322)	(\$50,937)	(\$52,211)
Total Costs - DSS	(\$469,163)	(\$517,649)	(\$522,662)
FTE Change – DSS pp. 4-5	Could exceed 6.6 FTE	Could exceed 6.6 FTE	Could exceed 6.6 FTE
<u>Costs</u> – OA, ITSD/DSS (<u>§454.1005</u>)			
MACSS changes p. 5	(\$16,387)	\$0	\$0
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 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act 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

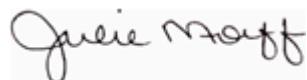
Department of Commerce and Insurance

Department of Revenue

Department of Social Services

Office of Administration - Administrative Hearing Commission

Office of State Courts Administrator



Julie Morff
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January 24, 2022



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