

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5345-01
Bill No.: HB 1914
Subject: Children and Minors; Family Law; Higher Education
Type: Original
Date: April 10, 2012

Bill Summary: This proposal changes the laws regarding child support for higher education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(\$19,179)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(\$19,179)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Federal	(\$37,731)	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	(\$37,731)	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Courts Administrator** assume the proposal would not fiscally impact the courts.

Officials from the **Department of Higher Education** state the proposal would have no direct, foreseeable fiscal impact on their agency.

Officials from the **Department of Social Services** state the proposed legislation would require the Family Services Division's (FSD) child support program to change its policy, procedures and forms. These changes could be accomplished with existing staff.

However, FSD states they would incur an estimated cost of \$31,374 (\$10,667 state share) for mailing approximately 81,916 one-time notices to child support obligees and obligors for whom the division would cease collection of current child support for children age 17 or older within one year of August 28, 2012.

The Information Technology Services Division (ITSD - DOS) states the Missouri Automated Child Support System (MACSS) would require modifications.

1.	Analysis/Code/Test changes to Termination of Support program	250 hours
2.	Analysis/Code/Test changes related to creation of new debt type	150 hours
3.	New program to generate letter to affected custodial parents	200 hours

DOS' assumptions:

1. All changes will be made by ITSD staff.
2. Current rate for ITSD staff averages \$42.56 per hour.
3. Match rates for MACSS is 33.33% GR and 66.67% Federal.

State Staff \$42.56/hr x 600 hours = \$ 25,536 (\$8,512 General Revenue and \$17,024 Federal).

Oversight assumes ITSD - DOS is provided with core funding to handle a certain amount of activity each year. Oversight assumes ITSD - DOS could potentially absorb the costs related to this proposal; however, Oversight will reflect the potential cost as estimated.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE			
<u>Costs</u> - DOS mailing notifications	(\$10,667)	\$0	\$0
<u>Costs</u> - ITSD - DOS for system modifications	<u>(\$8,512)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$19,179)</u>	<u>\$0</u>	<u>\$0</u>
FEDERAL			
<u>Costs</u> - DOS mailing notifications	(\$20,707)	\$0	\$0
<u>Costs</u> - ITSD - DOS for system modifications	<u>(\$17,024)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$37,731)</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<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 proposal changes the laws regarding child support for higher education. In its main provisions, the proposal:

- (1) Allows a court to order either or both parents owing a duty of support to provide for the educational expenses of their child whether he or she is of minor or majority age. The court cannot be prevented from requiring the child to be responsible for a portion of his or her educational expenses;
- (2) Specifies that an application for educational expenses be made before or within 120 days of graduation from high school or completion of an equivalent program or upon reaching 18 years of age, whichever is later;
- (3) Specifies that the provisions of the bill only apply to educational expenses for periods of college education or vocational or other training after graduation from high school. The bill specifies the educational expenses that may be included;
- (4) Specifies the requirements that a child must meet to remain eligible for continued educational parental support and allows an exception for a child with a developmental disability;
- (5) Requires the court to determine the cost of higher education based upon undergraduate in-state public tuition costs including the reasonable costs for only necessary postsecondary education expenses;
- (6) Specifies the factors that the court must consider when determining the amount of educational support for each parent or the minor child; and
- (7) Requires any amount contributed by the child or received by the child from scholarships or other specified financial aid to be deducted prior to determining the amount of the parents' responsibility.

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

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SOURCES OF INFORMATION

Department of Social Services
Department of Higher Education
Office of the State Courts Administrator

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, slightly slanted style.

Mickey Wilson, CPA
Director
April 10, 2012