

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0256-01  
Bill No.: HB 0252  
Subject: Children and Minors; Education, Elementary and Secondary; Licenses - Drivers;  
 Revenue Department  
Type: Original  
Date: January 26, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Highway Funds	(\$14,559)	(\$12,687)	(\$11,814)
General Revenue Fund	(\$251,373 to \$29,944,273)	(\$247,678 to \$30,831,365)	(\$253,956 to \$31,755,154)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$265,932 to \$29,9 58,832)</b>	<b>(\$260,365 to \$30,844,052)</b>	<b>(\$265,770 to \$31,766,968)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Federal	(\$147,187)	(\$120,220)	(\$123,259)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(\$147,187)</b>	<b>(\$120,220)</b>	<b>\$123,259</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>(\$14,251,510)</b>	<b>(\$14,676,699)</b>	<b>(\$15,117,499)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 9 pages.

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## FISCAL ANALYSIS

### ASSUMPTIONS

Officials from the **Department of Public Safety, Division of Highway Safety, and Highway Patrol, and Department of Health**, in response to a similar proposal in the prior session, assume the proposal would result in no fiscal impact to their agency.

Officials from the **Office of State Courts Administrator**, in response to a similar proposal in the prior session, indicated they anticipate one or more cases to test the parameter of the law. There could be a slight increase in the number of criminal cases filed. They would not expect the proposal to have a significant impact on the workload of the courts.

Officials from the **Department of Revenue**, Drivers License Bureau (DOR) assume the schools will furnish documentation of enrollment status on a form which has been provided by the Department of Revenue. This assumption is necessary to ensure all data relative for license withdrawal/reinstatement is received.

DOR has obtained information from the Department of Education that in FY 97/98 8,524 persons aged sixteen and seventeen years withdrew from school. Statistics are not available on how many of the students who withdraw from school are licensed drivers; however, the DOR assumes 90%.

The reinstatement requirements are presenting documentation of resuming regular attendance to DOR along with a \$20 reinstatement fee. When the individual reaches the age of 18, only the \$20 reinstatement fee will be required.

### REVENUE IMPACT

DOR assumes there will be 3,326 individuals who will remit the \$20 reinstatement fee.

FY 01

$$3,326 \times \$20 = \$66,520$$

$$\$66,520 : 12 = \$5,543 \times 10 \text{ months} = \$55,433$$

$$\$55,433 \times 75\% = \$41,575 \text{ Highway Fund}$$

$$\$55,433 \times 15\% = \$ 8,315 \text{ Municipalities}$$

$$\$55,433 \times 10\% = \$ 5,543 \text{ CART}$$

SS:LR:OD (12/00)

ASSUMPTIONS - continued

FY 02 and 03

\$66,520 x 75% = \$49,890 Highway Fund

\$66,520 x 15% = \$ 9,978 Municipalities

\$66,520 x 10% = \$ 6,652 CART

COST IMPACT

The Drivers License Bureau will require one (1) Clerk Typist II with associated equipment and expenses to process correspondence, suspensions, reinstatements, reinstatement fee accounting, telephone inquiries and walk-in customer assistance required as a result of the provisions contained in Section 302.176. In addition, the provisions of this proposal will require forms and postage costs in the amount of \$6,501 in FY 01, \$7,165 in FY 02 and \$7,277 in FY 03.

The provisions of this proposal require the custodial parent or legal guardian to approve the application for a driver's license or permit. This will require a programming change to the purchased drivers license system. The verification sheet and issuance screen must be modified to include the parent/guardian approval and must also contain an age edit. The contractor estimates it will cost \$21,250 (170 programming hours at \$125 per hour contract rate) to complete this change.

Officials from the **Department of Transportation** concur with the Department of Revenue's estimate.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the following there may be an increase in the cost to fully fund the foundation formula due to an increase in attendance of students between the ages of 16 and 18. Based on the 1990 census, there would be approximately 13,000 students affected by increasing the compulsory attendance age to 18. The increased cost to fully fund the foundation formula is estimated as follows:

13,000 students x \$4,000 (approximate average cost per pupil) x 50% (assumed percent of students that will stay in school to get or keep their driver's license) = \$26,000,000

DESE also assumes there may be an increase in the cost to fully fund the foundation formula due to an increase in attendance of students between the ages of 16 and 18. Based on the 1990 census, there would be approximately 13,000 students affected by increasing the compulsory attendance age to 18. Support services cost about \$1,730 per student. Therefore, the added cost for keeping 13,000 high school students in school with no decrease in spending per student for the 2000-2001 school year would be:

SS:LR:OD (12/00)

ASSUMPTIONS - continued

[13,000 students x (\$4,000 + \$1,730) approximate average cost per pupil and support services cost) x 50% (assumed percent of students that would stay in school to get or keep their driver's license) = \$37,245,000.

DESE officials assume some of these costs would be paid through increased state aid. For example, increased foundation formula funds (if the formula is fully funded) and redistribution of Proposition C, Fair Share and Free Textbook funds would help pay a portion of the increased local cost. On average, state aid (including Proposition C) accounts for 53% of school district revenues available for annual operating costs. DESE assumes that the formula would be fully funded and would provide income to the districts.

Therefore, the FY 2002 estimated net impact on school districts assuming 100% formula funding would be  $\$37,245,000 - \$26,000,000 = \$11,245,000$ .

DESE also assumed there would be a cost to school districts for the provision of "verification of enrollment status" forms. The legislation requires the Department of Revenue to provide the forms. DESE officials assume that districts could supply these forms with current resources.

**Oversight** assumes, based on FY 97-98 DESE data used by DOR, that 8,524 persons aged sixteen and seventeen years dropped out of school. Furthermore, it was assumed from DOR's information that 90% of the students would stay in or return to school in order to qualify for a driver's license and because of compulsory school attendance. Oversight ranged the following calculations from zero, since 90% of dropouts would be considered the maximum increase in attendance resulting from the proposal.

Increase in Foundation Formula

8,524 dropouts x \$4,000 (average state cost per pupil) x 90% (attendance) = \$29,606,400

Total Costs to School Districts

8,524 dropouts x (\$4,000 + \$1,730) x 90% (attendance) = \$43,958,268

ASSUMPTIONS - continued

Officials from the **Department of Social Services**, Division of Youth Services (DYS) assume that in FY 1999 36 youth under the age of 16 were committed to the DHS for truancy (an increase from 30 in FY 98). The annual high school dropout rate for the 1997-98 school year was 5.3%, or approximately 13,363 dropouts, according to Kids Count Missouri. With the additional period of 2 years, 16-18 years, the division estimates that between 15-50 youth ages 16 to 17 years could be committed annually to DHS. According to the 1997 Missouri Juvenile Court Statistics report there were 5,055 referrals for truancy made to the juvenile courts involving youth under the age of 16 years. The division believes that the courts will act on referrals between the ages of 16-17 years. DHS further assumes little action would be taken by the courts on the truancy referrals where the youth is 17 years or older. The division's assumption is based on the state statute 211.021, RSMo, that a youth becomes an adult at age 17 years.

**Oversight** assumes that DHS would not incur any new costs related to providing day treatment for 15-50 youths. It was assumed that the youths would not be placed at one facility, but could be placed at any one of the 33 facilities that currently provide educational programs for DHS.

Furthermore, it was assumed that DHS would obtain state aid through the state foundation formula based on the number of students and their attendance records. Assuming full funding of the state foundation formula, an average instructional cost of \$4,000 per student, and that DESE's estimate to fully fund the foundation formula included costs for DHS, no additional costs were included for DHS. **Oversight** has shown the DHS portion of DESE's costs separately based on 50 students receiving \$5,730 per student for a total of \$286,500. The cost is ranged from zero, since \$286,500 would be the maximum.

The **Department of Social Services**, Division of Family Services (DFS) assumes that it would be fiscally impacted by this proposal. DFS assumes that requiring children to attend school until age 18 would result in children ages 16 and 17 being reported to the Child Abuse/Neglect (CA/N) Hotline for educational neglect since a parent's failure to send a child to school is a reportable condition.

To project the fiscal impact, the following staffing formulas and caseload standards for field staff were used:

17 per month CA/N Investigations per Children's Services Worker  
12 Family-centered Services cases per Children's Services Worker  
1 Supervisor I for every 7 Children's Services Workers  
1 Supervisor III for every 3 Supervisor Is  
1 Clerk-typist for every 3 professional staff

ASSUMPTIONS - continued

To estimate the number of additional educational neglect reports that would result from the proposal, DFS used data from CY 1999. There were 3,686 reports of educational neglect. Of those, approximately 1179 involved children from 14 or 15 years of age. They assumed they would have the same number of hotlines on 16 and 17 year old children. Approximately 35% of hotline calls resulted in a need for family-centered services, indicating approximately 413 dispositions would indicate a need for family-centered services.

DFS assumes they would need the following staff to implement the proposed legislation:

5.8 Children's Services Workers (1179 hotlines/17 hotlines per month/12 months per year)

21.7 Children's Services Workers (assuming 41% of cases would be open 4 months, 27.6% open 8 months, and 31.2% would be open for 12 months - using 413 cases as the baseline = 3136 case months) 3136 case months/12 cases per month/12 months per year).

27.5 (5.8 + 21.7) Children Services Workers (to investigate and assess CA/N reports and work with families to improve their parenting skills to an acceptable level of child care)

3.9 Supervisors I (to supervise Children's Services Workers)

1.3 Supervisor III (to supervise Children's Services Workers)

10.9 Clerk-typists (support for professional staff)

**Oversight** assumes, consistent with similar legislation from the prior year and an insignificant change in workload, that a total of 5 Children's Services Workers, 2.29 Clerk Typists and 1.1 Supervisor would be needed as a result of this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>HIGHWAY FUNDS</b>			
<u>Income</u> - Department of Revenue (DOR)			
Reinstatement fees	\$41,575	\$49,890	\$49,890
<u>Cost</u> - Department of Revenue			
Personal Service (1 FTE)	(\$17,060)	(\$20,984)	(\$21,508)
Fringe Benefits	(\$5,686)	(\$6,994)	(\$7,169)
Office Expense and Equipment	(\$11,888)	(\$9,225)	(\$9,399)
Custom programming	<u>(\$21,500)</u>	<u>\$0</u>	<u>\$0</u>
Total costs - DOR	<u>(\$56,134)</u>	<u>(\$37,203)</u>	<u>(\$38,076)</u>

FISCAL IMPACT - State Government

FY 2002  
(10 Mo.)

FY 2003

FY 2004

**ESTIMATED NET EFFECT ON  
HIGHWAY FUNDS**

**(\$14,559)**

**(\$12,687)**

**(\$11,814)**

**GENERAL REVENUE FUND**

Cost-Department of Elementary and  
Secondary Education (DESE)

Fully Funded Foundation Formula  
Related to Increased Attendance (less  
DYS portion at \$4,000 per student)

(\$0 to  
\$29,406,400)

(\$0 to  
\$30,288,592)

(\$0 to  
\$31,197,250)

Cost-Department of Social Services  
Division of Youth Services

Instructional Costs-Foundation Formula  
plus support costs (\$5,730 per student)

(\$0 to  
\$286,500)

(\$0 to  
\$295,095)

(\$0 to  
\$303,948)

Cost-Department of Social Services  
Division of Family Services

Personal Service (5.62 FTE)  
Fringe Benefits  
Expense and Equipment  
Total Cost-DFS

(\$143,356)  
(\$44,082)  
(\$63,935)  
(\$251,373)

(\$176,355)  
(\$54,229)  
(\$17,094)  
(\$247,678)

(\$180,764)  
(\$55,585)  
(\$17,607)  
(\$253,956)

**ESTIMATED NET EFFECT ON  
GENERAL REVENUE FUND**

**(\$251,373 to  
\$29,944,273)**

**(\$247,678 to  
\$30,831,365)**

**(\$253,956 to  
\$31,755,154)**

**FEDERAL FUNDS**

Cost-Department of Social Services  
Division of Family Services (DFS)

Personal Services (2.77 FTE)  
Fringe Benefits  
Expense and Equipment  
Total Cost-DFS

(\$70,608)  
(\$21,712)  
(\$24,867)  
(\$147,187)

(\$86,862)  
(\$26,710)  
(\$6,648)  
(\$120,220)

(\$89,034)  
(\$27,378)  
(\$6,847)  
(\$123,259)

**ESTIMATED NET EFFECT ON  
FEDERAL FUNDS**

**(\$147,187)**

**(\$120,220)**

**(\$123,259)**

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<u>Income - Cities</u>			
Reinstatement fees	\$8,315	\$9,978	\$9,978
<u>Income - Counties</u>			
Reinstatement fees	\$5,543	\$6,652	\$6,652
<u>Income - School Districts</u>			
Funds from Foundation Formula for Increased Attendance	\$29,406,400	\$30,288,592	\$31,197,250
<u>Cost-School Districts</u>			
Increased Attendance	(\$43,671,768)	(\$44,981,921)	(\$46,331,379)
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENT</b>	<b><u>(\$14,251,510)</u></b>	<b><u>(\$14,676,699)</u></b>	<b><u>(\$15,117,499)</u></b>

FISCAL IMPACT - Small Business

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

DESCRIPTION

The proposal would raise the age of compulsory school attendance from sixteen years old to eighteen years old. Beginning January 1, 2002, schools would be required to report to the state literacy hot line the name, mailing address and telephone number of students eighteen years of age or older who drop out of school (currently reporting students sixteen years of age or older).

The proposal would allow persons with temporary instruction permits for driving to be accompanied by an instructor who is at least twenty-one years old, in addition to parents.

The legislation would add to the driver's license requirements that an applicant less than eighteen years of age and not an emancipated minor would be required to obtain the approval of a custodial parent or legal guardian to receive a driver's license.

DESCRIPTION - continued

The proposal would require driver's license applicants less than eighteen years old to present to the Director of Revenue a certificate of graduation from high school, or documentation that the applicant is currently enrolled in high school. The superintendent of schools would provide verification of enrollment status on a form provided by the Department of Revenue to any student sixteen years of age or older. When a student sixteen years of age or older withdraws from school, the school would be required to notify the Department of Revenue within thirty days of the withdrawal. The Department of Revenue could charge a reinstatement fee. Submission of false information would be a class C misdemeanor.

The driver's license requirements would become effective January 1, 2002.

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

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Department of Revenue  
Department of Transportation  
Department of Social Services  
Department of Public Safety  
Office of State Courts Administrator  
Department of Health



Jeanne Jarrett, CPA  
Director  
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