

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0686-01  
Bill No.: HB 170  
Subject: Employees - Employers; Public Assistance; Crimes and Punishment  
Type: Original  
Date: February 23, 2015

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Bill Summary: This proposal specifies that a person applying for state employment, public assistance, or state housing assistance cannot be required to disclose any prior nonviolent felony plea or conviction with certain exceptions.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$131,262)	(\$130,616)	(\$132,093)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$131,262)</b>	<b>(\$130,616)</b>	<b>(\$132,093)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Federal Funds (\$208.008)	(\$0 to \$251,250,000)	(\$0 to \$251,250,000)	(\$0 to \$251,250,000)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(\$0 to \$251,250,000)</b>	<b>(\$0 to \$251,250,000)</b>	<b>(\$0 to \$251,250,000)</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
General Revenue	3	3	3
<b>Total Estimated Net Effect on FTE</b>	<b>3</b>	<b>3</b>	<b>3</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Corrections (DOC)** state that they currently devote a substantial amount of their employment application to recording any and all arrests, pleas, and convictions. This is because applicants for certain positions within the DOC, such as Corrections Officer positions, must not have any felony convictions or domestic violence convictions. The DOC terminates active employees for pleas and/or convictions for felony offenses.

The DOC has a consolidated Corrections Officer I (CO I) hiring process in the department's personnel section that handles CO I hiring for the entire department. It consists of an online application, a 3-hour video test, a physical agility test, an in-person interview, and the provision of a writing sample. All of the processes must be scored or witnessed in order for an applicant to be hired. Once these processes are complete, an extensive background check is conducted on each applicant. The current online CO I application rejects applicants who indicate that they have a felony conviction and prevents them from going further in the CO I hiring process. Removing this question from the online application would allow a significant number of additional persons to go through the CO I pre-employment process who are currently not going through the process; therefore, the DOC would need 3.00 additional Senior Office Support Assistant positions to assist with the video testing, regional one-stop hiring, processing backgrounds, etc. The initial costs for the three additional positions including salary, fringe benefits, and expense and equipment would be approximately \$160,000.

This legislation would require the DOC to change the following current job applications:

- Department Application for Employment
- Online Corrections Officer I Application
- Online Volunteer Student/Intern Application

It will cost approximately \$2,016 (200 packages of 100 @ \$10.08 per package) to restock the department application form.

In summary, the fiscal impact of this legislation is \$131,262 in the first year, \$130,616 in the second year, and \$132,093 in the third year.

Officials from the **Office of Administration - Division of Personnel** state that currently criminal record information is captured in both the Electronic Application System (EASe) application pages and Management Application Information Resource System (MAIRS) application screens for all applicants who apply through EASe. Some employment positions require disclosure of criminal records by law; the Division assumes it would continue to collect

ASSUMPTION (continued)

criminal record information for those positions, but would be prohibited from collecting nonviolent felony convictions for other positions. Therefore, ITSD would have to convert and store existing data by job classification rather than by application. The cost to convert the system by job classification rather than by application would cost \$10,950 and take approximately 146 work hours to complete (146 hours x \$75 per contract hour = \$10,950).

**Oversight** assumes Office of Administration - Division of Personnel can absorb the IT costs associated with this proposal within their current appropriations.

Officials from the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety - Office of Adjutant General**, the **Department of Public Safety - Division of Fire Safety**, the **Department of Public Safety - Missouri Gaming Commission**, the **Department of Public Safety - Missouri Highway Patrol**, the **Department of Public Safety - Missouri Veterans Commission**, the **Office of the Governor**, the **Joint Committee on Administrative Rules**, the **Joint Committee on Public Retirement**, the **Legislative Research**, the **Missouri Lottery Commission**, the **Missouri Consolidated Health Care Plan**, the **Missouri Department of Conservation**, the **Missouri Ethics Commission**, the **Missouri House of Representatives**, the **Missouri Lieutenant Governor**, the **Department of Transportation**, the **Office of Prosecution Services**, the **MoDOT and Patrol Employees Retirement System**, the **Administrative Hearing Commission**, the **Office of the State Courts Administrator**, the **Office of the State Auditor**, the **Missouri Senate**, the **Office of the Secretary of State**, the **Office of the State Public Defender**, and the **State Tax Commission** each assume the current proposal would not fiscally impact their respective agencies.

Officials from the **Office of Administration - Budget and Planning** defers to Office of Administration - Division of Personnel for any department impacts related to the Chapter 105 changes in the proposal.

Section 208.008

Officials from the **Department of Social Services (DOSS) - Family Support Division (FSD)** state this section is in conflict with federal law for the Food Stamp and Temporary Assistance programs administered by FSD.

ASSUMPTION (continued)

Federal law prohibits individuals with certain drug-related felony convictions from receiving Food Stamp (FS) and/or Temporary Assistance for Needy Families (TANF) benefits (21 U.S.C. 862a). 13 CSR 40-2.305 states that individuals with a felony drug conviction as defined in 21 U.S.C. 802(6) are permanently disqualified from Temporary Assistance for Needy Families. FSD would be prohibited from establishing eligibility on this factor.

Federal law prohibits individuals with convictions relating to trafficking Food Stamp benefits of \$500 or more from receiving Food Stamp benefits (7 U.S.C. 2015). In addition, federal law found at 7 U.S.C. 2015 (Food Stamps) and 42 U.S.C. 608 (Temporary Assistance for Needy Families) prohibits individuals who meet the following conditions from receiving benefits:

- a. those who have convictions relating to fraudulent statements or misrepresentation of identity or residence for the purpose of receiving FS/TANF in two or more places at the same time;
- b. those who are fleeing to avoid prosecution, or custody or confinement after conviction for a crime, or an attempt to commit a crime, which is a felony under the laws of the place from which the individual is fleeing; and
- c. those who are violating a condition of probation or parole.

Since federal law prohibits the above individuals from receiving assistance, FSD is required to ask applicants to disclose these convictions at every application for Food Stamps and/or Temporary Assistance.

If FSD is allowed to continue to ask applicants to disclose convictions as required under federal law, there would be no fiscal impact to the FSD as a result of this bill.

However, since this legislation prohibits FSD from asking applicants to disclose convictions as required under federal law, FSD would be out of compliance with federal law, which would result in monetary penalties. Although the legislation would allow FSD to conduct criminal background checks on applicants, federal regulation found at 7 C.F.R. 273.2 does not allow the FSD to impose additional application processing requirements, such as criminal background checks for the Food Stamp program.

FSD reasonably anticipates that there could be sanctions imposed by the United States government for not complying with federal law. These sanctions could include a disallowance of some or all of the federal Food Stamp and Temporary Assistance program funding. The FFY14 SNAP Administrative federal funds were \$34.25 million and the Temporary Assistance block grant was \$217 million.

ASSUMPTION (continued)

In order to continue these services in Missouri, any loss in federal funding would have to be replaced with general revenue. Since it is unknown what monetary sanctions the federal government would impose, FSD estimates the loss of federal funds that would have to be replaced with general revenue is \$0 to \$251.25 million.

**Oversight** assumes in order to continue the same level of benefits for the program if a loss of federal funds occurs, supplemental funding may have to occur out of the General Revenue Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE FUND</b>			
<u>Costs - DOC</u>			
Salaries	(\$64,570)	(\$78,259)	(\$79,041)
Fringe Benefits	(\$33,580)	(\$40,699)	(\$41,105)
Equipment & Expenses	(\$33,112)	(\$11,658)	(\$11,947)
<u>Total Costs - DOC</u>	<u>(\$131,262)</u>	<u>(\$130,616)</u>	<u>(\$132,093)</u>
FTE Change - DOC	3 FTE	3 FTE	3 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$131,262)</u></b>	<b><u>(\$130,616)</u></b>	<b><u>(\$132,093)</u></b>
Estimated Net FTE Change on the General Revenue Fund	3 FTE	3 FTE	3 FTE

**FEDERAL FUNDS**

<u>Loss - DOSS-FSD - Potential loss of funding for noncompliance with federal law (§208.008)</u>	(\$0 to <u>\$251,250,000)</u>	(\$0 to <u>\$251,250,000)</u>	(\$0 to <u>\$251,250,000)</u>
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<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>(\$0 to \$251,250,000)</u></b>	<b><u>(\$0 to \$251,250,000)</u></b>	<b><u>(\$0 to \$251,250,000)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<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 specifies that a person applying for state employment, public assistance, or state housing assistance cannot be required to disclose any prior nonviolent felony pleas or convictions, except for felony pleas or convictions for sexual offenses. These provisions cannot be construed as creating any liability for an applicant who does not disclose any prior nonviolent felony pleas or convictions under these provisions or prohibiting any employer, public assistance agency, or state housing assistance agency from conducting a criminal background check on an applicant.

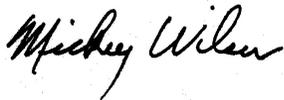
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services  
Department of Agriculture  
Department of Economic Development  
Department of Elementary and Secondary Education  
Department of Higher Education  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Mental Health  
Department of Natural Resources  
Department of Corrections  
Department of Labor and Industrial Relations  
Department of Revenue  
Department of Public Safety  
Office of the Governor  
Joint Committee on Administrative Rules

SOURCES OF INFORMATION (continued)

Joint Committee on Public Retirement  
Legislative Research  
Missouri Lottery Commission  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation  
Missouri Ethics Commission  
Missouri House of Representatives  
Missouri Lieutenant Governor  
Department of Transportation  
Office of Prosecution Services  
MoDOT and Patrol Employees Retirement System  
Administrative Hearing Commission  
Office of Administration - Budget and Planning  
Office of Administration - Division of Personnel  
Office of the State Courts Administrator  
Office of the State Auditor  
Missouri Senate  
Office of the Secretary of State  
Office of the State Public Defender  
State Tax Commission



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