

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4200H.03C
Bill No.: HCS for HB 2032
Subject: Children and Minors; Sexual Offenses; Crimes and Punishment; Children's Division; Law Enforcement Officers and Agencies; Department of Social Services
Type: Original
Date: March 2, 2022

Bill Summary: This proposal establishes and modifies provisions relating to child trafficking.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2026)
General Revenue	(\$365,313)	(\$519,855)	(\$621,559)	(\$763,174)
Total Estimated Net Effect on General Revenue	(\$365,313)	(\$519,855)	(\$621,559)	(\$763,174)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2026)
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2026)
Federal Funds*	\$0	\$0	\$0	\$0
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0	\$0

*Income and expenses estimated at \$140,000 annually nets to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2026)
General Revenue	3.52 FTE	3.52 FTE	3.52 FTE	4.52 FTE
Federal	1.48 FTE	1.48 FTE	1.48 FTE	1.48 FTE
Total Estimated Net Effect on FTE	5 FTE	5 FTE	5 FTE	6 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	Fully Implemented (FY 2026)
Local Government	\$0	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§573.024 and 573.206 – Child trafficking

Officials from the **Department of Corrections (DOC)** state this proposal establishes and modifies provisions relating to child trafficking.

Sections 573.024 and 573.206 create two new class C felonies. The DOC estimates eight people will be sentenced to prison and 12 to probation. The average sentence for a class C felony offense is 6.9 years, of which 3.7 years will be served in prison with 2.1 years to first release. The remaining 3.2 years will be on parole. Probation sentences will be 3 years.

The cumulative impact on the department is estimated to be 30 additional offenders in prison and 54 additional offenders on field supervision by FY 2028.

Change in prison admissions and probation openings with legislation-Class C Felony

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
New Admissions										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	8	8	8	8	8	8	8	8	8	8
Probation										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	12	12	12	12	12	12	12	12	12	12
Change (After Legislation - Current Law)										
Admissions	8	8	8	8	8	8	8	8	8	8
Probations	12	12	12	12	12	12	12	12	12	12
Cumulative Populations										
Prison	8	16	24	30	30	30	30	30	30	30
Parole				2	10	18	26	26	26	26
Probation	12	24	36	36	36	36	36	36	36	36
Impact										
Prison Population	8	16	24	30	30	30	30	30	30	30
Field Population	12	24	36	38	46	54	62	62	62	62
Population Change	20	40	60	68	76	84	91	91	91	91

Section 573.024 also creates a new class E felony. For each new sex or child abuse related class E felony, the department estimates three people will be sentenced to prison and three to probation. The average sentence for a sex or child abuse related class E felony offense is 3.5 years, of which 2.9 years will be served in prison with 2.6 years to first release. The remaining 0.6 years will be on parole. Probation sentences will be 5 years.

The cumulative impact on the department is estimated to be 9 additional offenders in prison and 9 additional offenders on field supervision by FY 2025.

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Change in prison admissions and probation openings with legislation

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
New Admissions										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	3	3	3	3	3	3	3	3	3	3
Probation										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	3	3	3	3	3	3	3	3	3	3
Change (After Legislation - Current Law)										
Admissions	3	3	3	3	3	3	3	3	3	3
Probations	3	3	3	3	3	3	3	3	3	3
Cumulative Populations										
Prison	3	6	9	9	9	9	9	9	9	9
Parole				2	2	2	2	2	2	2
Probation	3	6	9	12	15	15	15	15	15	15
Impact										
Prison Population	3	6	9	9	9	9	9	9	9	9
Field Population	3	6	9	14	17	17	17	17	17	17
Population Change	6	12	18	23	26	26	26	26	26	26

Combined Cumulative Estimated Impact

The impact of two new class C felonies and a new class E felony on the department is estimated to be 39 additional offenders in prison and 52 on field supervision by FY2026.

Change in prison admissions and probation openings with legislation

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
New Admissions										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	11	11	11	11	11	11	11	11	11	11
Probation										
Current Law	0	0	0	0	0	0	0	0	0	0
After Legislation	15	15	15	15	15	15	15	15	15	15
Change (After Legislation - Current Law)										
Admissions	11	11	11	11	11	11	11	11	11	11
Probations	15	15	15	15	15	15	15	15	15	15
Cumulative Populations										
Prison	11	22	33	39	39	39	39	39	39	39
Parole	0	0	0	4	12	20	28	28	28	28
Probation	15	30	45	48	51	51	51	51	51	51
Impact										
Prison Population	11	22	33	39	39	39	39	39	39	39
Field Population	15	30	45	52	63	71	79	79	79	79
Population Change	26	52	78	91	102	110	117	117	117	117

	# to prison	Cost per year	Total Costs for prison	Total cost			Grand Total - Prison and Probation (includes 2% inflation)
				Change in for probation & parole officers	# to parole	probation & parole	
Year 1	11	(\$8,255)	(\$75,671)	0	\$0	15	(\$75,671)
Year 2	22	(\$8,255)	(\$185,242)	0	\$0	30	(\$185,242)
Year 3	33	(\$8,255)	(\$283,421)	0	\$0	45	(\$283,421)
Year 4	39	(\$8,255)	(\$341,651)	1	(\$79,810)	52	(\$421,461)
Year 5	39	(\$8,255)	(\$348,484)	1	(\$71,897)	63	(\$420,381)
Year 6	39	(\$8,255)	(\$355,453)	1	(\$72,673)	71	(\$428,126)
Year 7	39	(\$8,255)	(\$362,562)	1	(\$73,460)	79	(\$436,023)
Year 8	39	(\$8,255)	(\$369,814)	1	(\$74,255)	79	(\$444,069)
Year 9	39	(\$8,255)	(\$377,210)	1	(\$75,060)	79	(\$452,270)
Year 10	39	(\$8,255)	(\$384,754)	1	(\$75,873)	79	(\$460,627)

If this impact statement has changed from statements submitted in previous years, it could be due to an increase/decrease in the number of offenders, a change in the cost per day for institutional offenders, and/or an increase in staff salaries.

If the projected impact of legislation is less than 1,500 offenders added to or subtracted from the department's institutional caseload, the marginal cost of incarceration will be utilized. This cost of incarceration is \$22.616 per day or an annual cost of \$8,255 per offender and includes such costs as medical, food, and operational E&E. However, if the projected impact of legislation is 1,500 or more offenders added or removed to the department's institutional caseload, the full cost of incarceration will be used, which includes fixed costs. This cost is \$88.12 per day or an annual cost of \$32,162 per offender and includes personal services, all institutional E&E, medical and mental health, fringe, and miscellaneous expenses. None of these costs include construction to increase institutional capacity.

DOC's cost of probation or parole is determined by the number of P&P Officer II positions that are needed to cover its caseload. The DOC average district caseload across the state is 51 offender cases per officer. An increase/decrease of 51 cases would result in a cost/cost avoidance equal to the salary, fringe, and equipment and expenses of one P&P Officer II. Increases/decreases smaller than 51 offender cases are assumed to be absorbable.

In instances where the proposed legislation would only affect a specific caseload, such as sex offenders, the DOC will use the average caseload figure for that specific type of offender to calculate cost increases/decreases.

Oversight does not have any information contrary to that provided by DOC. Therefore, Oversight will reflect DOC's estimated impact for fiscal note purposes.

Officials from the **Missouri Office of Prosecution Services (MOPS)** assume the proposal will have no measurable fiscal impact on MOPS. The enactment of a new crime (573.024 and 573.206) creates additional responsibilities for county prosecutors and the circuit attorney which may, in turn, result in additional costs, which are difficult to determine.

In response to a previous version (HB 2032), officials from the **Office of the State Public Defender (SPD)** stated the proposed legislation creates new offenses under Section 573.024 of facilitating sexual exploitation of a child and under Section 573.206 of patronizing sexual performance by a child and therefore, could increase the number of persons who are eligible for representation by State Public Defender (SPD). The fiscal impact of this legislation on SPD is unknown as the number of additional cases eligible for representation as the result of the legislation is unknown, but it is anticipated that any increase would be less than \$250,000.

Oversight notes in FY22 the SPD was appropriated moneys for 53 additional FTE. Oversight assumes this proposal will create a minimal number of new cases and that the SPD can absorb the additional caseload required by this proposal with current staff and resources. Therefore, Oversight will reflect no fiscal impact to the SPD for fiscal note purposes. However, if multiple bills pass which require additional staffing and duties, the SPD may request funding through the appropriation process.

§210.1505 – Statewide Council on Sex Trafficking and Sexual Exploitation of Children

Officials from the **Missouri House of Representatives (MHR)** assume the proposal will have no fiscal impact on their organization. The MHR will absorb any reasonable expenses of the members serving on the council.

Officials from the **Missouri Senate (SEN)** state this proposal establishes the Statewide Council on Sex Trafficking and Sexual Exploitation of Children. The council is comprised of 2 Senators, 2 Representatives, 5 Department Directors, and 6 general public members.

The SEN assumes meetings will be held in Jefferson City during the interim. The average of the total round trip miles for current sitting senators is 34 miles and the current mileage rate, as set by the Office of Administration, is 49 cents per mile. Therefore, the SEN estimates a total cost for senator mileage of \$256 per meeting.

Oversight does not have any information to the contrary. Oversight notes extrapolating the SEN's anticipated expenses to the entire council (15 individuals) would total approximately \$1,920 per meeting. Oversight assumes the council will meet quarterly or four meetings per year for a total of \$7,680. As this is not a material amount, Oversight will not reflect this in the fiscal note; however, if additional councils are added in other proposals, additional appropriation authority may be needed. Oversight notes the council expires on December 31, 2023.

Bill as a Whole

Officials from the **Department of Social Services (DSS)** state the following:

DLS

The Division of Legal Services (DLS) estimates that it will require an additional one (1) full-time employee in the form of a litigation or permanency attorney to implement this litigation.

According to Global Orphan Prevention, relying upon data accessed from the U.S. Department of State, child sex trafficking impacts more than 17,000 young people every year. This is believed to be a low estimate. It is approximated that 2% of these young people are in Missouri, meaning that approximately 340 (17,000 x .02), prostitute victims under the age of 18 annually.

Prior to 9/22/17, the child abuse and neglect hotline used a code for incidents of prostitution. These were allegations of sexual abuse victims under 18. On 9/22/17, the prostitution code was replaced by a code for human trafficking. (HT = Reports of a child determined to be both a victim of sexual abuse and sex trafficking.) The HT code would include allegations related to prostitution as well as other types of human trafficking as well.

The chart below shows the children picked up using the HT code for FY19, FY 20 and FY21. Of the total of those years 755, 46 children entered foster care in the first 30 days, or about 6%.

**MISSOURI DEPARTMENT OF SOCIAL SERVICES
FY19-21 NUMBER OF HT KIDS AND THOSE ENTERED FOSTER CARE**

	NUMBER OF KIDS WITH HTCODE	NUMBER OF HT KIDS ENTERED FOSTER CARE IN 30 DAYS
FY19	260	14
FY20	244	11
FY21	251	21
TOTAL	755	46

If this percentage holds true, 340 new cases annually would result in about 20 children entering care yearly.

Assuming that an additional 20 children enter foster care, it is assumed that there would be a need of one additional full-time attorney to assist with additional needs that would result from permanency and adoption issues that may result.

CD

Three hundred and forty additional reports a year works out to 28 investigations or assessments per month, requiring two (2) FTE investigator/assessors.

The Children's Division would also require two (2) FTE Program Development Specialists to provide administrative support and to serve as the point for the committee to arrange meetings dates and locations, and to collaborate with all council members to;

- Collect and analyze data relating to sex trafficking and sexual exploitation of children;
- Collect feedback from stakeholders, practitioners, and leadership throughout the state in order to develop best practices and procedures regarding the response to sex trafficking and sexual exploitation of children; and
- Generate and submit a report of the council's activities to the governor and general assembly and the joint committee on child abuse and neglect including statutory or regulatory changes relating to the response to sex trafficking and sexual exploitation of children and services for child victims.

Oversight notes the one (1) DLS FTE is 100 percent General Revenue funded and the four (4) CD FTE are split 63% GR; 37% Federal. Oversight does not have any information contrary to that provided by DSS. Therefore, Oversight will reflect DSS's impact for fiscal note purposes.

Officials from the **Office of State Courts Administrator (OSCA)** state there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with its core budget. Therefore, the SOS reserves 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.

Officials from the **Attorney General's Office**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, the **Department of Health and Senior Services**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Public Safety – (Capitol Police, Office of the Director, and Missouri Highway Patrol)**, the **Missouri Department of Conservation**,

the **Office of the Governor**, the **City of Claycomo**, the **City of Kansas City**, the **City of Springfield**, the **Kansas City Police Department**, the **St. Joseph Police Department**, the **St. Louis County Police Department**, the **Phelps County Sheriff's Department**, the **Hermann Area Hospital District**, and **Missouri State University** 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.

Officials from the **Office of Administration** did not respond to **Oversight's** request for fiscal impact for this proposal.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities, counties, schools, hospitals, colleges and universities, and local law enforcement were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT</u> <u>– State</u> <u>Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2026)
GENERAL REVENUE FUND				
<u>Cost</u> – DOC - (§§573.024 and 573.206) Increase in P&P officers (p. 3-5)				
Personal service	\$0	\$0	\$0	(\$39,927)
Fringe benefits	\$0	\$0	\$0	(\$27,467)
Equipment and expense	\$0	\$0	\$0	(\$12,416)
<u>Total cost</u> - DOC	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$79,810)</u>
FTE Change - DOC	0 FTE	0 FTE	0 FTE	1 FTE
<u>Cost</u> – DOC (p. 3- 5) (§§573.024 and 573.206) Increased incarceration costs	(\$75,671)	(\$185,242)	(\$283,421)	(\$341,651)
<u>FISCAL IMPACT</u> <u>– State</u> <u>Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2026)
<u>Cost</u> – DSS-DLS (§§210.1500, 210.1505, 211.031, 567.020, 573.010, 573.024, 573.206, 589.414) (p. 7-8)				
Personal service	(\$51,667)	(\$62,620)	(\$63,246)	(\$63,879)
Fringe benefits	(\$25,087)	(\$30,312)	(\$30,522)	(\$30,734)
Equipment and expense	(\$11,294)	(\$7,053)	(\$7,229)	(\$7,408)
<u>Total cost</u> - DSS	<u>(\$88,048)</u>	<u>(\$99,985)</u>	<u>(\$100,997)</u>	<u>(\$102,021)</u>

FTE Change - DSS	1 FTE	1 FTE	1 FTE	1 FTE
<u>Cost</u> – DSS-CD (§§210.1500, 210.1505, 211.031, 567.020, 573.010, 573.024, 573.206, 589.414) (p. 7-8)				
Personal service	(\$99,725)	(\$120,867)	(\$122,075)	(\$123,296)
Fringe benefits	(\$64,502)	(\$77,803)	(\$78,208)	(\$78,617)
Equipment and expense	(\$37,367)	(\$35,958)	(\$36,858)	(\$37,779)
<u>Total cost</u> - DSS	<u>(\$201,594)</u>	<u>(\$234,628)</u>	<u>(\$237,141)</u>	<u>(\$239,692)</u>
FTE Change - DSS	2.52 FTE	2.52 FTE	2.52 FTE	2.52 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$365,313)</u>	<u>(\$519,855)</u>	<u>(\$621,559)</u>	<u>(\$763,174)</u>
Estimated Net FTE Change for the General Revenue Fund	3.52 FTE	3.52 FTE	3.52 FTE	4.52 FTE
FEDERAL FUNDS				
<u>Income</u> – DSS-CD (§§210.1500, 210.1505, 211.031, 567.020, 573.010, 573.024, 573.206, 589.414) (p. 7-8)	\$126,685	\$137,797	\$139,273	\$140,771

Program reimbursement				
<u>Cost – DSS-CD</u> (§§210.1500, 210.1505, 211.031, 567.020, 573.010, 573.024, 573.206, 589.414) (p. 7-8)				
Personal service	(\$58,569)	(\$70,985)	(\$71,695)	(\$72,412)
Fringe benefits	(\$37,882)	(\$45,694)	(\$45,932)	(\$46,172)
Equipment and expense	(\$30,234)	(\$21,118)	(\$21,646)	(\$22,187)
<u>Total cost – DSS</u>	<u>(\$126,685)</u>	<u>(\$137,797)</u>	<u>(\$139,273)</u>	<u>(\$140,771)</u>
FTE Change – DSS	1.48 FTE	1.48 FTE	1.48 FTE	1.48 FTE
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change to Federal Funds	1.48 FTE	1.48 FTE	1.48 FTE	1.48 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2026)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This proposal modifies provisions relating to child trafficking.

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 Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Health and Senior Services
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Public Safety
Department of Social Services
Office of the Governor
Missouri Department of Conservation
Missouri House of Representatives
Missouri Office of Prosecution Services
Office of the State Courts Administrator
Missouri Senate
Office of the Secretary of State
Office of the State Public Defender
City of Claycomo
City of Kansas City
City of Springfield
Kansas City Police Department
St. Joseph Police Department
St. Louis County Police Department
Phelps County Sheriff's Department
Hermann Area Hospital District
Missouri State University

NOT RESPONDING

Office of Administration



Julie Morff
Director
March 2, 2022



Ross Strope
Assistant Director
March 2, 2022