

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5448H.01I
 Bill No.: HB 2614
 Subject: Political Subdivisions; Mental Health
 Type: Original
 Date: March 21, 2022

Bill Summary: This proposal creates provisions to reduce homelessness.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue Fund*	(\$201,075) to (Unknown)	(\$369,444) to (Unknown)	(\$373,951) to (Unknown)
Total Estimated Net Effect on General Revenue	(\$201,075) to (Unknown)	(\$369,444) to (Unknown)	(\$373,951) to (Unknown)

***Oversight** notes the lower range of (approximately \$370,000) simply represents the cost of the estimated FTE needed by the Department of Economic Development (DED) and the Department of Social Services (DSS). Additional costs (unknown) would include construction of short-term housing, grants to local political subdivisions to construct short-term housing as well as ongoing maintenance at a basic level of habitability, etc. FY 2023 estimated costs represents 6 Mo in expenses for DED and DSS organizations as the proposal delays the implementation until January 1, 2023.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue Fund – DED	1 FTE	1 FTE	1 FTE
General Revenue Fund - DSS	3 FTE	3 FTE	3 FTE
Total Estimated Net Effect on FTE	4 FTE	4 FTE	4 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 Political Subdivisions*	(Unknown)	(Unknown)	(Unknown)
Local Government	(Unknown)	(Unknown)	(Unknown)

***Oversight** notes that local political subdivisions will need funds to comply with the reporting and enforcement of various sections stemming from the proposal.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development (DED)** assume the proposal appears to create a short-term housing construction program for the homeless to be funded from state funds. DED is required to provide bonuses of up to ten percent for such programs that meet guidelines as established by the department. This proposal also requires the department to promulgate rules and regulations. The fiscal impact is unknown at this time.

DED requires one FTE (Economic Development Specialist at \$51,741 annually) to administer the program.

Oversight assumes DED request for additional FTE is probable, providing the Department must access and compile all necessary data from various institution within state and outside of the agency to ensure compliance within the proposal. Oversight does not have any information to the contrary. Therefore, Oversight will reflect DED's estimated impact in the fiscal note.

Oversight notes the proposal states that any construction of short-term housing for the homeless that is funded using state funds, including parking areas, camping facilities, and shelters, shall comply with certain requirements including:

Rule on allocation of funds:

- a) the State agency shall not allocate any money to local political subdivisions or non-profit organizations for the construction of any short-term housing that costs more than fifty-five thousand dollars per bed to construct (excluding the cost of the land), and shall not cost more than \$20,000 annually to maintain at a basic level of habitability.
- b) No homelessness assistance funding shall be allocated to any political subdivision or not-for-profit organization in any city that shows an increase in unsheltered homeless individuals of at least fifty individuals for two consecutive years and which refuses to enforce laws prohibiting unauthorized camping.
- c) A political subdivision may allocate up to twenty-five percent of the funds it receives from the state through grants for public safety to the creation of homeless outreach teams. These teams shall be composed of both police officers and social service professionals

Rules regarding collection of data:

- a) Organizations receiving such funds shall survey homeless individuals living within the area in which the agency operates, including local hospitals, jails, and other shelter systems to,
- b) Calculate the combined days that such homeless individuals spend unhoused or in shelters in the year preceding the survey date; in any state or federal correctional facility or hospital.

Oversight notes that the Missouri Housing Trust Fund, currently maintains a grant program helping the homeless, or the near homeless population in the State. **Oversight** notes the Trust Fund provided disbursement as follows:

Total Funded by Grant Type			
	2019	2020	2021
Housing Assistance	\$ 988,313	\$ 917,767	\$ 934,302
Emergency Assistance	\$ 1,069,520	\$ 1,097,248	\$1,206,525
Operating Funds	\$ 633,267	\$ 497,004	\$ 416,877
Home Repair/ Modification	\$ 410,400	\$ 430,950	\$ 325,000
Construction / Rehabilitation	\$ 97,500	\$ 126,121	\$ 103,000
Administration	\$ -	\$ -	\$ 242,781
Total	\$ 3,199,000	\$ 3,069,087	\$3,228,485

Total Funded By Regions			
	2019	2020	2021
North	\$ 543,830	\$ 521,745	\$ 516,558
Central	\$ 639,800	\$ 613,817	\$ 613,412
South	\$ 895,720	\$ 859,344	\$ 903,975
Kansas City	\$ 447,860	\$ 460,364	\$ 516,558
St. Louis	\$ 671,790	\$ 613,817	\$ 677,982
Total	\$ 3,199,000	\$ 3,069,087	\$3,228,485

Source: http://mhdc.com/housing_trust_fund/documents/FY2021/2021%20MHTF%20Funding%20Approvals.pdf

Oversight notes that the Missouri Housing Trust Fund distributes \$3.165M, on average, in grant funds annually to combat homelessness. Additionally, there are 40 to 45 non-profit companies receiving funds annually to assist the affected population.

Allocation Area of Grant Money	Distribution Percentage
St. Louis Metropolitan Area: Franklin, Jefferson, Lincoln, St. Charles, St. Louis City, St. Louis County, and Warren Counties	20%
South Region: Barry, Barton, Butler, Carter, Cedar, Christian, Dade, Dallas, Dent, Douglas, Dunklin, Greene, Hickory, Howell, Jasper, Laclede, Lawrence, McDonald, Mississippi, New Madrid, Newton, Oregon, Ozark, Pemiscot, Polk, Reynolds, Ripley, Scott, Shannon, Stoddard, Stone, Taney, Texas, Vernon, Wayne, Webster, and Wright Counties	28%
Kansas City Metropolitan Area: Caldwell, Cass, Clay, Clinton, Jackson, Lafayette, Platte, and Ray Counties	15%
Central Region: Audrain, Bates, Benton, Bollinger, Boone, Callaway, Camden, Cape Girardeau, Cole, Cooper, Crawford, Gasconade, Henry, Howard, Iron, Johnson, Madison, Maries, Miller, Moniteau, Montgomery, Morgan, Osage, Perry, Pettis, Phelps, Pulaski, Saline, St. Clair, St. Francois, Ste. Genevieve, and Washington Counties	20%
North Region: Adair, Andrew, Atchison, Buchanan, Carroll, Chariton, Clark, Daviess, DeKalb, Gentry, Grundy, Harrison, Holt, Knox, Lewis, Linn, Livingston, Macon, Marion, Mercer, Monroe, Nodaway, Pike, Putnam, Ralls, Randolph, Schuyler, Scotland, Shelby, Sullivan, and Worth Counties	17%

Oversight notes the above table provides a regional breakdown of the funds.

Oversight notes that DED currently does not provide any guidance or tax credit affecting the overall funding above. The proposal suggest a new program funded by State or Federal moneys that are not currently associated with any particular funding of any agency in Missouri.

For informational purposes, **Oversight** will show the United States Interagency on Homelessness (USICH) statistics of the Missouri homeless population in 2016-2019 period as shown below in the Table 1:

Table 1. Homeless statistics

Homeless Statistics Missouri State	2017	2018	2019	3 Year Average
Total Homeless Population	6,037	5,883	6,179	6,033
Total Family Households Experiencing Homelessness	765	706	707	726
Veterans	538	507	488	511
Chronic Homeless Persons	1,087	1,043	1,062	1,064
Unaccompanied Young Adults (age 18-24)	548	534	477	520
Students/FY	2017	2018	2019	Average
Total # of Homeless Students	32,133	36,006	34,029	34,056
Total # of Unaccompanied Students	3,944	4,254	4,241	4,146
Nighttime Residence - Unsheltered	578	611	643	611
Nighttime Residence - Sheltered	2,827	2,752	2,396	2,658
Nighttime Residence - Hotels/motels	2,021	2,409	1,921	2,117
Nighttime Residence Doubled up	26,707	30,234	26,069	27,670

Source: [https://www.usich.gov/homelessness-statistics/mo/#:~:text=As%20of%20January%202020%2C%20Missouri,and%20Urban%20Development%20\(HUD\)](https://www.usich.gov/homelessness-statistics/mo/#:~:text=As%20of%20January%202020%2C%20Missouri,and%20Urban%20Development%20(HUD))

Oversight notes that Table 1 shows there are on average 1064 chronically homeless persons and 34,056 homeless students at any given time throughout the 2017-2019 period and prior 2020 Census. The proposal allows for individuals experiencing homelessness access to Missouri campgrounds and their respective facilities.

Oversight notes according to the Department of Natural Resources website, [Missouri State Parks](#), Oversight was able to find 39 State Parks throughout Missouri which has running water, showers, bathroom, and access to electricity possibly able to support the homeless. The proposal also allows for such an individual to use the sites for a maximum of six months at the time and excludes the owners, or people who maintain the sites, from various regulations.

Oversight notes Section 67.2300.5 states DED is not allowed to disburse any funds to local political subdivisions or non-profit companies constructing of any short-term housing that costs more than fifty-five thousand dollars per bed to construct, excluding the price of land, or that costs more than twenty thousand dollars a year to maintain at a basic level of habitability.

Oversight notes there are currently an estimated 1,064 chronic homeless person on average, in any given year, in need of sustainable and habitable housing. By taking the population and multiplying it by the allowable maximum level of funding (\$55,000) to construct such a housing, DED would need \$58.52M to construct temporary housing just for the chronic homeless

population. Therefore, **Oversight** will note an Unknown negative cost to the general revenues, but exceeding the minimum of \$250,000.

Officials from the **Department of Social Services (DSS)** states that they cannot clearly identify how many political subdivisions will be involved in the implementation of this bill and does not currently have the data required to implement 67.2300.7. To meet the requirements of the bill, the Department will need one attorney, one program specialist, and one lead administrative support assistant at a minimum. The upper range of what could happen is unknown.

The Department's response is therefore three staff to an unknown impact.

Oversight notes Section 67.2300.7 states “[a] political subdivision may allocate up to twenty-five percent of the funds it receives from the state through grants for public safety to the creation of homeless outreach teams.” “These teams shall be composed of both police officers and social service professionals.”

Oversight notes this proposal allows for appropriate DSS personal serve on the homeless team ensuring public safety and compliance with the proposal, thus posing a direct impact on the organization. Oversight does not have any information to the contrary. Therefore, **Oversight** will reflect DSS's FTEs impact in the fiscal note.

Officials from the **Department of Health and Senior Services**, the **Department of Mental Health**, the **Department of Health and Senior Services** and the **Missouri Department of Conservation** each assume the proposal will have no fiscal impact on their organization. **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 **City of Springfield** anticipates a negative fiscal impact due to the costs of conducting the survey required by the bill and possible costs of clean up on public right-of-way if camp grounds are not well managed.

Officials from the **St. Joseph Police Department** assume the proposal could possibly cause a negative fiscal impact due to not having enough officers, as it is now to work their regular duty assignments. This may require officers to work overtime in a patrol capacity or otherwise in order to cover staffing required in this statute for the homeless teams

Officials from the above local political subdivisions assume the proposal will have a direct fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect an Unknown negative impact to local governments in the fiscal note.

Officials from the **City of Claycomo**, the **City of Kansas City**, the **City of O'Fallon**, the **City of Saint Louis Budget Division**, the **Kansas City Police Department**, the **Saint Louis County Police Department** and the **Hermann Area Hospital District** each assume the proposal will

have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, **Oversight** will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (6 Mo.)	FY 2024	FY 2025
GENERAL REVENUE FUND			
<u>Cost – DED – Section 67.2300 Homeless Program Implementation (p.3)</u>			
Salary	(\$25,871)	(\$52,776)	(\$53,832)
Fringe Benefits	(\$16,070)	(\$32,487)	(\$32,841)
Equipment & Expense	(\$8,838)	(\$5,708)	(\$5,822)
<u>Total Cost - DED</u>	<u>(\$50,779)</u>	<u>(\$90,971)</u>	<u>(\$92,495)</u>
FTE change - DED	1 FTE	1 FTE	1 FTE
<u>Cost – DSS – Section 67.2300 7. Support for the local political subdivisions (p.7)</u>			
Salary	(\$70,918)	(\$143,255)	(\$144,687)
Fringe Benefits	(\$45,967)	(\$92,410)	(\$92,890)
Equipment & Expense	(\$33,411)	(\$42,808)	(\$43,879)
<u>Total Cost - DSS</u>	<u>(\$150,296)</u>	<u>(\$278,473)</u>	<u>(\$281,456)</u>
FTE change - DSS	3 FTE	3 FTE	3 FTE
<u>Cost – construction of housing for homeless population</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$201,075) to (Unknown)</u>	<u>(\$369,444) to (Unknown)</u>	<u>(\$373,951) to (Unknown)</u>
Estimated Net FTE Change to the General Revenue Fund	4 FTE	4 FTE	4 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (6 Mo.)	FY 2024	FY 2025
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost – Section 67.2300 – implementation and enforcement (p.7)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill provides that any construction of short-term housing for the homeless which is funded using state funds, including parking areas, camping facilities, and shelters, shall comply with certain requirements as provided in the bill.

Any person that owns or operates a camping facility is immune from liability for all civil claims, except claims of intentional or grossly negligent conduct, arising out of the operation of the facility and such camping facilities shall not be subject to building codes or other ordinances of a political subdivision. Any political subdivision or not-for-profit in an area with above average per-capita homeless receiving state funding for providing services for the homeless shall survey homeless individuals and identify those individuals with the greatest number of combined days of being unhoused, incarcerated, or hospitalized and shall use state funds otherwise used to construct permanent housing to assist such individuals. A political subdivision or not-for-profit may use state grants for permanent housing to conduct such surveys, but these expenses shall not exceed 10% of the total grant amount. This bill provides that no person shall be permitted to use state-owned lands for unauthorized sleeping or long-term shelters. Any violation shall be a class C misdemeanor. No state funds shall be allocated to any political subdivision or not-for-profit agency for the construction of any short-term housing that costs more than \$55,000 per bed to construct or that costs more than \$20,000 a year to maintain at a basic level of habitability.

No state funds shall be allocated to any political subdivision or not-for-profit agency for the construction of any short-term housing that costs more than \$55,000 per bed to construct or that costs more than \$20,000 a year to maintain at a basic level of habitability.

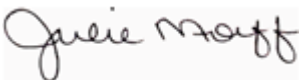
A political subdivision may allocate up to 25% of funds it receives from the state through grants for public safety to the creation of homeless outreach teams as provided in the bill. Any political subdivision with a higher per-capita homelessness rate than the state average and that refuses to enforce ordinances prohibiting unauthorized camping shall receive no further state funding through grants awarded for public safety until the Department of Social Services determines the political subdivision has a lower homelessness rate than the state average or it enforces ordinances prohibiting unauthorized camping.

The provisions of this bill have a delayed effective date and shall be effective on January 1, 2023.

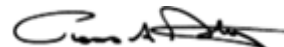
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Department of Social Services
Department of Health and Senior Services
Department of Mental Health
Department of Health and Senior Services
Missouri Department of Conservation
Saint Joseph Police Department
City of Springfield
City of Claycomo
City of Kansas City
City of O'Fallon
City of Saint Louis Budget Division
Kansas City Police Department
Saint Louis County Police Department
Hermann Area Hospital District



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