

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5448H.02C  
 Bill No.: HCS for HB 2614  
 Subject: Political Subdivisions; Mental Health  
 Type: Original  
 Date: April 11, 2022

Bill Summary: This proposal creates provisions to reduce homelessness.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue Fund*	Could exceed (\$49,120) to (Unknown)	Could exceed (\$93,295) to (Unknown)	Could exceed (\$94.865) to (Unknown)
<b>Total Estimated Net Effect on General Revenue</b>	<b>Could Exceed (\$49,120) to (Unknown)</b>	<b>Could Exceed (\$93,295) to (Unknown)</b>	<b>Could Exceed (\$94,865) to (Unknown)</b>

\***Oversight** notes the lower range simply represents the cost of the estimated FTE needed by the Department of Economic Development (DED) and Department of Mental Health (DMH). Additional costs (unknown) would include construction of short-term housing, grants to local political subdivisions to construct short-term housing. FY 2023 estimated costs represents 6 Mo in expenses for DED and DMH organizations as the proposal delays the implementation until January 1, 2023.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
<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.

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
General Revenue Fund – DED	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>

- 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Economic Development (DED)** assume the changes to Section 67.2300 create a housing program to be funded from funds raised by the state or federal funds received by the state for housing or homelessness. The HCS removes DED from being responsible for providing 10% bonus payments, and changes the language to "The department shall provide performance payments of up to 10% for such programs." Requires the Department of Mental Health to maintain an information system.

However, DED will require one FTE (Economic Development Specialist at \$53,447 annually) to administer the program.

**Oversight** notes Section 37.2300. 4. notes "The department shall provide up to twenty-five percent of the base allocation of such funds as performance payments to political subdivisions or not-for-profit organizations providing such services as rewards for meeting predetermined goals on reductions of:

- (a) Days unhoused;
- (b) Days in jail or prison; and
- (c) Days hospitalized, with the weights of such days to be determined by the department."

Additionally, 67.2300 1. (1) notes the term "Department", any department authorized to allocate funds raised by the state or federal funds received by the state for housing or homelessness.

**Oversight** notes the DED, Missouri Housing Development Commission, is currently responsible for issuing tax credits for Low Income Housing.

**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 as specified in the proposal.

**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:

<b>Total Funded by Grant Type</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
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
<b>Total</b>	<b>\$ 3,199,000</b>	<b>\$ 3,069,087</b>	<b>\$3,228,485</b>

<b>Total Funded By Regions</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
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
<b>Total</b>	<b>\$ 3,199,000</b>	<b>\$ 3,069,087</b>	<b>\$3,228,485</b>

Source: [http://mhdc.com/housing\\_trust\\_fund/documents/FY2021/2021%20MHTF%20Funding%20Approvals.pdf](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
<b>St. Louis Metropolitan Area:</b> Franklin, Jefferson, Lincoln, St. Charles, St. Louis City, St. Louis County, and Warren Counties	20%
<b>South Region:</b> 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%
<b>Kansas City Metropolitan Area:</b> Caldwell, Cass, Clay, Clinton, Jackson, Lafayette, Platte, and Ray Counties	15%
<b>Central Region:</b> 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%
<b>North Region:</b> 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

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

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](#), there are 39 State Parks throughout Missouri which have running water, showers, bathroom, and access to electricity and, therefore, 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 a time and excludes the owners, or people who maintain the sites, from various regulations.

**Oversight** notes the HCS removes the requirement where DED is not allowed to disburse any funds to local political subdivisions or non-profit companies constructing 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 persons, 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 of previous bill (\$55,000) to construct such a housing, DED would need \$58.52M to construct temporary housing just for the chronic homeless population. However, the HCS removes the \$55,000 cap; therefore, the cost could be

higher just to house the chronically homeless. Consequently, **Oversight** will note an Unknown negative cost to the general revenues, but exceeding the minimum of \$250,000.

Officials from the **Department of Mental Health (DMH)** assume this proposal creates provisions relating to homelessness. Section 67.2300 adds requirements for state funded construction of short-term housing for the homeless. It includes guidelines for parking areas, camping facilities, individual shelters, and congregate shelters. This bill makes engaging in "unauthorized sleeping" on state-owned land a class C misdemeanor. The proposal also adds a requirement for the Department of Mental Health (DMH) to maintain a homelessness management information system.

This proposal requires mental health and substance use evaluation only apply to individuals in camping settings, not the other living circumstances. If the assessments are going to be required, DMH recommends the evaluation should apply to the entire population, not just a subset based on location. While there is no indication who is responsible for developing or following up on the evaluation, DMH assumes the department would be involved in the development of an evaluation tool and follow up services through community providers.

Currently, the U.S. Department of Housing and Urban Development (HUD) mandates the Homeless Management Information System (HMIS) be managed by Continuums of Care (CoCs) throughout the state. If DMH is to maintain the HMIS, it may conflict with the federal mandate in place. DMH Housing Unit staff have access to HMIS and use it routinely for data entry for all of our HUD Continuum of Care participants and coordinated entry. Coordinated Entry includes the assessment process for all individuals experiencing homelessness who "touch" the system. There are numerous agencies which use this coordinated entry assessment around the state outside of DMH and our providers. This assessment process is also governed by the CoCs. DMH assumes this language requires the department to maintain a separate homelessness management system for the various agencies which may result in creating a homeless management system and continued maintenance. Total cost would be unknown as it would be based on how many new users would be needed.

DMH anticipates a fiscal impact of \$0 to Unknown for the proposed legislation.

**Oversight** notes the proposal, Section 67.2300 2. (4) requires that the DMH maintain a homelessness management information system and Section 67.2300 2. (2) (b) requires that the Department potentially provides the homeless population with mental health and substance use evaluations.

**Oversight** notes the DMH assumes the proposal will have a direct fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a range from zero to Unknown impact in the fiscal note.

Officials from the **Department of Corrections (DOC)** assume a misdemeanors do not fall under the purview of the DOC, those will not have a fiscal impact on the department.

**Oversight** notes that any violation of this subsection is a class C misdemeanor; however, for the first offense such individual shall be given a warning, and no citation shall be issued unless that individual refuses to move to any offered services or shelter. Therefore, **Oversight** will reflect a zero impact in the fiscal note.

Officials from the **Attorney General's Office**, the **Department of Health and Senior Services**, the **Department of Social Services**, the **Missouri Office of Prosecution Services**, the **Office of the State Courts Administrator**, the **Department of Public Safety – Fire Safety**, and the **Missouri Department of Conservation** each assume the proposal will have no fiscal impact on their 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 **City of Kansas City** and the **City of O'Fallon** both 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.

**Oversight** notes the HCS removes the requirement, from previous version of the bill, that local police departments and Department of Social Services personal create homeless outreach teams to deal with homeless enforcement. Therefore, **Oversight** will not note reduction in local political revenues.

#### Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

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.



<u>FISCAL IMPACT – State Government</u>	FY 2023 (6 Mo.)	FY 2024	FY 2025
<b>GENERAL REVENUE FUND</b>			
<u>Cost – DED – Section 67.2300 Homeless Program Implementation (p.3)</u>			
Salary	(\$26,724)	(\$54,516)	(\$55,607)
Fringe Benefits	(\$16,356)	(\$33,071)	(\$33,436)
Equipment & Expense	(\$6,040)	(\$5,708)	(\$5,822)
<b>Total Cost - DED</b>	<b>(\$49,120)</b>	<b>(\$93,295)</b>	<b>(\$94,865)</b>
FTE change - DED	1 FTE	1 FTE	1 FTE
<u>Cost – DMH – Section 67.2300 – FTE - requires mental health and substance use evaluations (p.7)</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost – funds for construction of housing for homeless population</u>	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$49,120) to (Unknown)</u></b>	<b><u>(\$93,295) to (Unknown)</u></b>	<b><u>(\$94,865) to (Unknown)</u></b>
Estimated Net FTE Change to the General Revenue Fund	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (6 Mo.)	FY 2024	FY 2025
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

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 (no more than two years) 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 of this subsection is a class C misdemeanor; however, for the first offense, such individual shall be given a warning and no citation shall be issued unless the individual refuses to move to any offered services or shelter. No state funds shall be allocated to any political subdivision or not-for-profit agency for the construction of short-term housing which does not maintain 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 Mental Health 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.

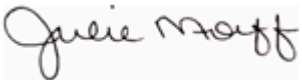
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

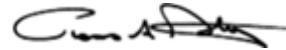
Attorney General's Office  
Department of Health and Senior Services  
Department of Social Services  
Missouri Office of Prosecution Services  
Missouri Department of Conservation  
Department of Mental Health

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Department of Corrections  
Department of Public Safety – Fire Safety  
Office of the State Courts Administrator  
Joint Committee on Administrative Rules  
Office of the Secretary of State



Julie Morff  
Director  
April 11, 2022



Ross Strobe  
Assistant Director  
April 11, 2022