

Department of Planning and Budget

2003 Fiscal Impact Statement

1. Bill Number HB2405

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Oder, G.

3. Committee Courts of Justice

4. Title Division of Child Support Enforcement Policy Changes

5. Summary/Purpose: This legislation provides policy changes for the Division of Child Support Enforcement (DCSE) as follows:

1. Clarifies that a court may issue a show cause order or capias for failure to pay child or spousal support,
2. Codifies the Division of Child Support Enforcement's authority to publish a list of the ten most wanted delinquent parents,
3. Allows the Commissioner of the Department of Social Services to request and receive information held by criminal justice agencies in locating and serving delinquent obligors, and
4. Clarifies and protects the authority of the Department to place an alien on personal injury and wrongful death awards, and gives priority over other liens, excluding medical and attorney fees.

6. Fiscal impact estimates are preliminary. (see item 8)

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04	\$3,130,458*	-	NGF
2004-05	\$3,130,458*	-	NGF

**Dollars represent additional payments to custodial parents.*

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Position</i>	<i>Fund</i>
2003-04	\$3,130,458**	-	NGF
2004-05	\$3,130,458**	-	NGF

***Dollars represent additional collections by the Division of Child Support Enforcement.*

7. Budget amendment necessary: Yes, Item 359, Public Assistance Child Support Collections (46302) and Non -Public Assistance Child Support Collections (46303).

8. Fiscal implications: Section 34-5 of the Code of Virginia protects spousal and child support liens, but § 34-28.1 of the Code does not specify where a child support liability would fall in relation to other creditors when personal injury and wrongful death claims are awarded. The

passage of SB 1206 would grant statutory authority for the courts to allow child support liens to be placed on personal injury and wrongful death awards after medical bills and attorneys' fees are satisfied. Also, the State's child support interstate lien would be statutorily required to be honored by another state which would assist in collecting an interstate lien.

The Department recently entered into an agreement with the Child Support Lien Network (CSLN) whose objective is to perform data matching to increase support collection through interception of insurance claim settlements before they are sent to a claimant who owes past due child support. This bill would assist in increasing the amount of collections DCSE will receive from the CSLN, eliminate litigation over whether we can claim these proceeds, and give the insurance industry some comfort knowing that DCSE can legally attach these personal injury and wrongful death proceeds.

In FY 2002, DCSE collected \$104,348,616 in child support payments from 16,476 liens that were in place. With the passage of SB 1206, it is estimated that the amount of collections from personal injury and wrongful death awards would increase collections approximately \$3.1 million (\$104,348,616 * 3 percent). All collections are included in DCSE's revenue and all payments pass through to the custodial parent.

9. Specific agency or political subdivisions affected:

Virginia Courts

Virginia Department of Social Services – Division of Child Support Enforcement

10. Technical amendment necessary: No

11. Other comments: This legislation is a companion to SB 1206.

Date: 01/15/03/kwm

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cc: Secretary of Health and Human Resources