DepartmentofSocialServices
2003FiscalImpactStatement

1. **BillNumber**   SB1312

   HouseofOrigin   ☐ Introduced   ☒ Substitute   ☐ Engrossed

   SecondHouse   ☐ InCommi ttee   ☐ Substitute   ☐ Enrolled

2. **Patron**   Quale,F.

3. **Committee**   CourtsofJustice

4. **Title**   ChildSupportGuidelines

5. **Summary/Purpose:**SenateBill1312,asamended,   enactsane wChildSupportScheduleof MonthlyObligationsandmodifiesotherprovisionstothechildsupportGuideline.In addition,thebillincludesseveralotherprovisionsrelatedtocalculationofchildsupport awards:

   - clarificationandexpansionofthecompon   entsofincomethatmaybeconsideredin rebuttingthepresumptionsestablishedbytheGuideline,specificallyincomefrom overtimeorasecondjob;
   - adetailedlistofthekeyeconomicassumptionsandfactorsuponwhichtheSchedule isbased;
   - aself -supportreserveaspartoftheSchedulethatlimitsthechildsupportobligations oflow -incomenoncustodialparents;
   - clarificationthatgrossincomeexcludessecondaryemploymentincomethatthepayor parentearnedinagoodfaithefforttopayoffchildsuppor   tarrearagesforthechildren atissue;
   - explainationofwhatservicesmaybeincludedasuninsuredmedicalanddental expensesinexcessof$250perchildperyear;and,
   - providesnewthresholdsforcalculatingtheamountofchildcarecostsincurreddueto employmentthatshouldbeaddedtothebasicchildsupportobligation,specifically factoringinthechildcaretaxcredit.

6. **Fiscalimpactestimatesarepreliminary**

   ExpenditureImpact:

FiscalYear	Dollars	Positions	Fund
2003-04	$495,000	-	NGF
2004-05	$495,000	-	NGF

7. **Budgetamendmentnecessary:**   Yes.Item359.

8. **Fiscalimplications:**   Thereare238,000childsupportordersinVirginia.Approximately30 percentor71,400arecourtorderedanddonotpassthroughDivisionofChild   Support Enforcement(DCSE),theremaining166,600ordersareadministrative.Undercurrentlaw, thereare14,640requestsforreviewandadjustmentofanorderevery year;30percentof theserequestsareforcourtordersonly;theremaining70percent(10,248)areadministrative

orders. Each request for review of an administrative order entails preparation of detailed paperwork prepared by DCSE's court specialists. DCSE currently employs 44 court specialists at a total cost of approximately $3.3 millio   n per year.

SB1312 as amended does not contain a clause forbidding retroactive review based on the new guidelines. The original bill included a clause to prohibit retroactive reviews unless the financial circumstances of the parties have materially cha   nged. The lack of such a clause essentially means all of the 166,600 orders would be eligible for review immediately upon the effective date of the legislation resulting in fiscal impact of $495,000 to as much as $3.3 million.

It is estimated that the   time to prepare court documentation would increase on average a minimum of 15 percent the above current levels for the foreseeable future. Given the additional number of potentially reviewable cases, 156,352 [166,600   -(14,640*0.7)], it is believed tha t a 15 percent increase in workload is conservative. Currently, each of the 22 DCSE district offices has two court specialists dedicated to the review and adjustment of cases. Salaries and fringe benefits for the court specialists average $67,800, which   including 10% for support costs (such as supplies, rent, equipment, etc.) results in an annual expense of approximately $3.3 million. Staffing to meet a 15 percent increase in workload would cause a minimum increase in expenses of $495,000 in FY2004 and   each year thereafter.

Note: If 25 percent of the possible retroactive reviews are requested, the courts and the Division of Child Support Enforcement will have thousands of requests for review causing a backlog for court dockets, necessitating the need   for additional court and Division personnel. If the agency were to fully staff for such an influx of review requests, the costs of the court specialist function could easily double from $3.3 million annually to $6.6 million annually.

9. **Specific agency o r political subdivisions affected:**
Department of Social Services
Courts

10. **Technical amendment necessary:** None

11. **Other comments:** None

Date: 02/05/03/kwm
Document: G:\2003 Fiscal Year \FIS\SB1312es1.Doc

cc: Secretary of Health and Human Resources