

Department of Planning and Budget 2006 Fiscal Impact Statement

1. Bill Number HB 840

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Frederick, Jeffrey M.

3. Committee Courts of Justice

4. Title Child support; allows an obligor to prepay child support obligations

5. Summary/Purpose: Allows an obligor to prepay child support obligations. Creates a special fund to administer prepayment and requires the obligor to acknowledge that his obligation may change and that the Department of Social Services is not responsible for any interest on moneys returned.

6. Fiscal impact is preliminary

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2006-07	\$75,845	0.3	General Fund
2006-07	\$147,229	0.7	Nongeneral Fund
2007-08	\$18,800	0.3	General Fund
2007-08	\$36,494	0.7	Nongeneral Fund
2008-09	\$18,800	0.3	General Fund
2008-09	\$36,494	0.7	Nongeneral Fund
2009-10	\$18,800	0.3	General Fund
2009-10	\$36,494	0.7	Nongeneral Fund
2010-11	\$18,800	0.3	General Fund
2010-11	\$36,494	0.7	Nongeneral Fund
2011-12	\$18,800	0.3	General Fund
2011-12	\$36,494	0.7	Nongeneral Fund

7. Budget amendment necessary: Yes, Item 336.

8. Fiscal implications: As specified in this bill, the department will need to establish a special fund – “the Fund” to collect prepaid child support obligations. In addition, the department will need to make the following changes to the child support enforcement’s procedures and the automated system (APECS) to implement this legislation:

- Create a new form for generation from APECS for the non-custodial parent.
- Modify APECS to have an indicator for cases with the signed document and advance payments.
- Modify APECS to track changes in orders on advance payment cases to appropriately manage collections.
- Modify APECS to route the advance payments to the Fund and track payments.

- Create automated reports to identify and release payments when they come due for the Commissioner's signature.
- Modify APECS to withdraw the correct amount from the Fund and appropriately distribute and disburse payments, and to ensure that disbursement activity is reported to the federal government appropriately and meets the requirements of data reliability audits.

The department estimates that it will require one programmer (\$69,120), one functional analyst (\$46,080), and one policy analyst (\$46,080) about 1,200 hours over 30 weeks to make the necessary modifications to the APECS system. Thus, there would be a one-time programming cost of \$161,280, of which 66 percent would be covered with federal dollars.

The Department will also need to add a position to monitor the Fund and process all financial transactions and reports related to advance payments of child support. Using a mid-range salary of \$33,865 in pay band 3, total salaries and benefits would be \$47,724 per year. Funds to cover the routine operating costs of postage, office, travel, supplies, telephone, and rent are estimated at \$7,570. One-time costs totaling \$6,500 are included in the first year for office furniture and equipment. Personnel, equipment, and support costs for the additional staff totals \$61,794 in FY 2007 and \$55,294 each year thereafter. Again, federal funds would cover 66 percent of this cost.

	FY 2007	FY 2008
Salaries and Benefits	47,724	47,724
Operating Costs	7,570	7,570
One-time Equipment	6,500	-
Programming Costs	161,280	-
Total Cost	223,074	55,294

Federal (66%)	147,229	36,494
General Fund (34%)	75,845	18,800

9. Specific agency or political subdivisions affected:

Department of Social Services

10. Technical amendment necessary: No

11. Other comments: None

Date: 01/24/06

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cc: Secretary of Health and Human Resources