

Department of Planning and Budget

2008 Fiscal Impact Statement

1. Bill Number: SB 629

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

Second House ☒ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Ticer

3. Committee: Courts of Justice

4. Title: Child support; exemptions from presumptive minimum monthly obligation

5. Summary: This bill allows a parent ordered to pay child support, who is incarcerated for a period of at least six months, to petition the court or request an administrative review for a determination that the obligation to pay be tolled during the term of incarceration. The court or Department of Social Services (DSS) shall enter such an order unless the parent has the financial ability to pay the child support obligation. The obligation to pay under a new order establishing support under the above-mentioned conditions may also be tolled. Arrearages will accrue and payments resume upon release. Upon release, the court or DSS must also determine the amount of support arrearage and include a plan for the payment of the arrearage in the support order. As amended, this bill has an enactment clause which provides that it shall not become effective unless a general fund appropriation is provided by the 2008 General Assembly.

6. Fiscal Impact Estimate:

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2008	-	-	-
2009	\$402,284	-	General
	\$300,656	-	Federal
2010	\$375,084	-	General
	\$247,856	-	Federal
2011	\$375,084	-	General
	\$247,856	-	Federal
2012	\$375,084	-	General
	\$247,856	-	Federal
2013	\$375,084	-	General
	\$247,856	-	Federal
2014	\$375,084	-	General
	\$247,856	-	Federal

7. Budget Amendment Necessary: Yes. Item 340. Note: The amended bill has an enactment clause which provides that the bill shall not become effective unless general fund is appropriated.

8. Fiscal Implications:

Department of Social Service (Division of Child Support Enforcement)

The implementation of this bill will result in an increased number of petitions/requests for reviews of child support orders. Per 2007 data, there were 8,491 child support cases for incarcerated non-custodial parents (NCP), of which 6,321 are obligated. The term of incarceration for these NCPs varies from a few months to a few years. The department does not have data indicating how many of these NCPs have been sentenced to incarceration for at least six months. For this analysis, it is assumed that half of the obligated cases or 3,161 ($6,321 \times 50\%$) are for NCPs incarcerated for terms of six months or more. Since there would be no penalty to request the courts or DSS for a review for toll, it is assumed that 90 percent (2,845) of these NCPs will ask for a review.

Division of Child Support Enforcement Administrative Costs:

The increased requests for review will create additional work for department staff. Administrative orders (ASO) are support orders that have been set by the DSS Division of Child Support. Court orders are support orders which are set by the courts. On average, sixty percent of child support orders are administrative orders and forty percent are court orders. The average ASO takes two hours for a specialist to process the review. In addition, the average court order takes two hours for a courts' specialist and one hour for an attorney to process the review. A total of 6,828 hours of additional work will be required to process the additional requests for review:

- Court specialist time = $1,138 \times 2 \text{ hours} = 2,276 \text{ hours}$
- Attorney time = 1,138 hours
- Specialist time = $1,707 \times 2 = 3,414 \text{ hours}$

In addition, when a parent whose payments were tolled is released from prison, the bill requires the court or DSS to:

- order that support payments resume
- compute the arrearages that accrued during incarceration, and
- include in the order a plan for the payment of arrearages

Determining arrearage payments is a new function for DSS staff. It is estimated that it will require two hours of a specialist's time to compute the arrearages that accrued during incarceration and make financial adjustments on the case for court orders or ASOs. This represents another 5,690 hours of staff time ($2,845 \times 2 \text{ hours} = 5,690 \text{ hours}$).

A total of 12,518 additional hours of attorney and specialist time will be required if this bill is passed. When spread over the 22 district offices statewide, this amounts to 517 hours (13 weeks) or approximately one-quarter specialist per office and approximately 52 hours (1 1/3 weeks) attorney time per office. The department would handle this additional work by hiring contract staff instead of full time classified positions. The average cost of contract staff specialists and court specialists is \$23/hour. The average contract attorney cost is \$100/hour. This will cost a total of \$375,540 for the initial reviews as well as the reviews upon release.

Information System Costs:

There would be additional costs to modify the child support system, APECS. Systems cost would involve a data match with the Department of Corrections and programming to turn off and on the charging of the obligation at the beginning and at the end of the term of

incarceration. It is estimated that it would take 800 hours, at \$100 per hour, to develop, program, and test the required system changes.

The total costs if this bill is passed would be \$455,540 for FY 2009 and \$375,540 each year thereafter. The federal IV-D grant would match sixty-six percent of expenditures. Total general fund needed would be \$154,884 in year one and \$127,684 each year thereafter.

Summary of Social Services Impact

	FY 2009		FY 2010	
Incarcerated NCPs With Obligated Orders	6321		6321	
Six-Month or More Sentence (estimated)	50%	3161	50%	3161
Total NCPs Requesting Review	90%	2845	90%	2845
ASOs	60%	1707	60%	1707
Courts Orders	40%	1138	40%	1138
<u>Processing Time - Initial Review</u>	<u>Hours</u>		<u>Hours</u>	
Specialist (ASOs)	2.0	3414	2.0	3414
Court Specialist (court orders)	2.0	2276	2.0	2276
Attorney (court orders)	1.0	1138	1.0	1138
<u>Processing time - After Release</u>				
Specialist (all orders)	2.0	5690	2.0	5690
<u>Contract Staff Costs – All Processing</u>	<u>Costs</u>		<u>Costs</u>	
Specialist (all orders)	\$23	\$209,392	\$23	\$209,392
Court Specialist	\$23	\$52,348	\$23	\$52,348
Attorney	\$100	\$113,800	\$100	\$113,800
Programming Costs		\$80,000		-
Total Costs		\$455,540		\$375,540
General Fund	34%	\$154,884	34%	\$127,684
Federal Fund	66%	\$300,656	66%	\$247,856

Courts

Court system records do not indicate how many parents under a court order to pay child support are sentenced to a term of incarceration and, thus, can petition the court to have the support obligation tolled. The Department of Social Services estimates that 1,138 incarcerated obligor parents will seek court review of these cases. Those parents would be subject to a proceeding upon release to re-establish the obligations, so that each incarcerated obligor parent generates two court proceedings. While those two proceedings may well not occur during the same year, if the number of incarcerated obligor parents remains constant, so that a comparable number of obligor parents enter and exit these proceedings each year, it will still be necessary to double this number to determine the number of new hearings generated for the courts, 2,276 (1,138 X 2). Since there is also the possibility of hearings for the establishment of support obligations for to-be incarcerated parents, it is estimated that this

legislation will generate a total of 2,500 new hearings per year, mostly in juvenile and domestic relations district court.

The court system estimates that each hearing will last 15 minutes and, with time required to prepare and review the file, will require a total of a half-hour each of a judge's time and a clerk's time, for a total cost of \$247,400 ((((\$168.86/judge-hour x .5) + (\$29.05/clerk-hour x .5)) x 2,500).

9. Specific Agency or Political Subdivisions Affected:

Department of Social Services
Courts

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 2/20/2008

Document: G:\2008 Fiscal Year\08 Session\FIS\SB629es1.Doc

cc: Secretary of Health and Human Resources