Department of Planning and Budget
2020 Fiscal Impact Statement

1. **Bill Number:** HB82

   House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

   Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron:** Cole, M.L.

3. **Committee:** Courts of Justice

4. **Title:** Child and spousal support; net income, imputation of income.

5. **Summary:** Changes the child support guidelines to establish net income, defined in the bill, as the basis for establishing a child support obligation and provides that a periodic award of spousal support shall not be more than the payor's net income. The bill removes consideration of earning capacity of a party in determining spousal support and removes the earning capacity and imputation of income of a party as a means to rebut the child support presumption.

   This bill has an enactment clause that defines the application of this bill to child support suits that are commenced on or after July 1, 2020.

6. **Budget Amendment Necessary**: No.

7. **Fiscal Impact Estimates:** Indeterminate – See Item 8.

8. **Fiscal Implications:** This legislation requires that the Department of Social Services (DSS) use a child support payor's net income when determining child and spousal payments. Currently, DSS uses the payor's gross income and earning capacity. DSS would need one-time funding totaling $48,100 (66 percent federal funds, 24 percent special funds, and 10 percent general fund) to change income calculations within the Department's information systems ($3,100) and to contract with economic experts for the research and data needed to recalculate the current child support guidelines using net income as the basis ($45,000). These costs can be absorbed within the agency's current appropriation. Once the economic experts recalculate the current child support guidelines based on the assumption of net income, then DSS recommends that the guideline table set out in Virginia Code §20-108.2 be amended to reflect the recalculated guidelines.

   Under this legislation, if the guideline table is not amended, child support collections are projected to decrease as a result of the guidelines for child support payments starting from a lower income amount, using the net versus gross income. At this time, DSS is unable to estimate the magnitude of the reduction without additional economic research and data.

These reductions would be expected in both the public assistance (Temporary Assistance for Needy Families – TANF) and non-public assistance collections.

The federal government allows Virginia to retain 50 percent of child support payments collected from TANF cases. The Department of Social Services uses the state funding share, including retained TANF collections, as a match to obtain federal child support funds at an approximately two-to-one federal/state match rate. For every dollar of state funds, the state is entitled to receive two dollars in federal funds. Consequently, any reduction in the TANF payments will also decrease the amount of federal child support funding received by DSS. Therefore, if the child support guidelines remain the same, DSS will need general fund appropriation to backfill the lost TANF collection revenue, in order to maintain the same child support service levels, operations, and collection levels.

9. **Specific Agency or Political Subdivisions Affected:** Department of Social Services, Courts

10. **Technical Amendment Necessary:** See Item 11.

11. **Other Comments:** The Department of Social Services suggests a delayed enactment until July 1, 2021, in order for the agency to amend the child support guideline table. This will allow the agency to continue to collect the same amount of revenue.