

## Department of Planning and Budget 2008 Fiscal Impact Statement

**1. Bill Number:** HB 1257

House of Origin      X   Introduced               Substitute               Engrossed  
Second House               In Committee           Substitute               Enrolled

**2. Patron:**        Marsden

**3. Committee:** Health, Welfare and Institutions

**4. Title:**        Child Support Enforcement; Establishing Intensive Case Monitoring Pilot Programs

**5. Summary:** This legislation would authorize the Department of Social Services (DSS) to establish, in four jurisdictions, intensive case monitoring pilot programs for child support enforcement to reduce jail overcrowding, provide less costly child support enforcement alternatives, and maximize the potential for child support payments. Non-custodial parents (NCP) for whom routine enforcement processes have proven ineffective would be referred to this program by judges in four courts or by voluntary participation.

**6. Fiscal Impact Estimate:**

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2008	-	-	-
	\$49,960		General
2009	\$34,020	-	Special
	\$163,020		Federal
	(\$29,130)		General
2010	\$102,060	-	Special
	\$141,570		Federal
	(\$97,170)		General
2011	\$170,100	-	Special
	\$141,570		Federal
	(\$165,210)		General
2012	\$238,140	-	Special
	\$141,570		Federal
	(\$233,250)		General
2013	\$306,180	-	Special
	\$141,570		Federal
	(\$301,290)		General
2014	\$374,220	-	Special
	\$141,570		Federal

**6b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2008	-	-	-
2009	\$34,020	-	Special
2010	\$102,060	-	Special
2011	\$170,100	-	Special
2012	\$238,140	-	Special
2013	\$306,180	-	Special
2014	\$374,220	-	Special

**7. Budget Amendment Necessary:** Yes. Item 340

- 8. Fiscal Implications:** This legislation provides courts an alternative to ordering a jail sentence for non-payment of child support. The intensive case monitoring program would offer training and work opportunities to the NCP in an effort to generate income and subsequently make child support payments. Moreover, it is anticipated that having this program an option for sentencing would generate some local cost avoidance associated with placing the impact NCPs in jail.

Jail Cost Avoidance

In FY 2006, there were 7,234 jail placements related to the failure to pay child support in the thirty-two judicial districts throughout the Commonwealth. Since the program will be piloted in four judicial districts only, it is estimated that this will impact approximately 900 NCPs. The average jail sentence served is 55 days for non-payment of child support. The exact number of NCPs who would be placed in this program cannot be determined. However, if half of these NCPs (450) avoided jail sentences by entering this program, the Commonwealth would realize a cost avoidance of \$198,000 (450 NCPs x \$8 x 55 days).

Revenue

This purpose of this bill is to increase collections and payments to non-custodial parents. On Temporary Assistance for Needy Families (TANF) cases, the department is permitted to retain the state share of collections. Disregards are also paid out of the state share of these collections. The remaining amount, net retained state revenue, may be used as the state share of match for program expenses. Therefore, to the extent the program is successful in increasing collections, and a portion of those collections are on TANF cases, revenue is generated that will help to offset the general fund share of program expenses.

Collections/revenue assumptions:

- The average child support obligation for an incarcerated NCP is \$142 per month. For this analysis it was assumed that the average monthly payment would be \$100.
- TANF debts amount to approximately forty-two percent of total debts owed by incarcerated NCPs.
- Disregards will equal \$50 each month.
- The disregard is only paid if collections are for current support orders, not for arrearages owed. Using current data, an estimated forty percent of these NCPs will have current support orders.
- It is assumed that 450 new inmates will be assisted each year.

- However it will take 12 months to reach this figure for each new annual cohort of inmates. Therefore 225 is the assumed figure for the first year of each new cohort.

The calculation of Net Retained State Revenue for each year is summarized as follows:

**Collections and Revenue Calculations**

	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Estimate the State Share of TANF Collections</b>						
Total inmates in pilot program districts	900	1,350	2,250	3,150	4,050	4,950
% Inmates participating & employed	50%	50%	50%	50%	50%	50%
Inmates employed*	225	675	1,125	1,575	2,025	2,475
Avg mo collection per incarcerated NCP	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
Total annual collections	\$ 270,000	\$ 810,000	\$ 1,350,000	\$ 1,890,000	\$ 2,430,000	\$ 2,970,000
% of cases which are TANF	42%	42%	42%	42%	42%	42%
TANF Case Collections	\$ 113,400	\$ 340,200	\$ 567,000	\$ 793,800	\$ 1,020,600	\$ 1,247,400
State % of TANF Collections	50%	50%	50%	50%	50%	50%
<b>State Share of TANF Collections</b>	<b>\$ 56,700</b>	<b>\$ 170,100</b>	<b>\$ 283,500</b>	<b>\$ 396,900</b>	<b>\$ 510,300</b>	<b>\$ 623,700</b>
<b>Estimate Disregard Payout</b>						
% of inmates with current orders	40%	40%	40%	40%	40%	40%
Monthly Disregard per order	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
<b>Less Est. Annual Disregard Payout *</b>	<b>\$ (22,680)</b>	<b>\$ (68,040)</b>	<b>\$ (113,400)</b>	<b>\$ (158,760)</b>	<b>\$ (204,120)</b>	<b>\$ (249,480)</b>
<b>Net Retained State Revenue</b>	<b>\$ 34,020</b>	<b>\$ 102,060</b>	<b>\$ 170,100</b>	<b>\$ 238,140</b>	<b>\$ 306,180</b>	<b>\$ 374,220</b>
*6 months assumed in year of each annual cohort						

**Expenses**

The proposed legislation authorizes an intensive case monitoring program in four judicial districts within the state. The Department of Social Services estimates that five additional positions (one-coordinator, four-intensive case monitoring specialists) would be needed to establish these programs. The department projects that salaries would be \$40,000 for the program coordinator and \$35,000 for three of the specialists. Typically, the average salary in northern Virginia is higher than the statewide average. The salary of the specialist in the northern Virginia office would be \$40,000. Total salaries would be \$185,000 per year. Funds to cover the routine operating costs of postage, travel, supplies, telephone, and PC seat costs are estimated at \$29,500. One-time costs totaling \$32,500 are included in the first year for office furniture and equipment. Personnel, equipment, and support costs for the contract

staff totals \$247,000 (\$83,980 general fund and \$163,020 federal fund) in FY 2009 and \$214,500 (\$72,930 general fund and \$141,570 federal fund) each year thereafter.

NOTE: The proposed legislation does not specify the duration and/or the intended scope of the pilot programs. Therefore, the fiscal impact assumes the program would continue into perpetuity. However, should the pilot project be ended by sunset or departmental action the costs/savings would also cease in the same fiscal year with no cost since wage employees are assumed. Moreover, it is assumed the costs/savings associated with the bill would be scalable depending on the number of pilot sites operated. The table below summarizes the total fiscal impact of this legislation.

### Cost Summary

<b>Expenses</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
Salaries and Benefits	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000
Operating Costs	\$ 29,500	\$ 29,500	\$ 29,500	\$ 29,500	\$ 29,500	\$ 29,500
One-time Equipment	\$ 32,500	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Cost</b>	<b>\$ 247,000</b>	<b>\$ 214,500</b>	<b>\$ 214,500</b>	<b>\$ 214,500</b>	<b>\$ 214,500</b>	<b>\$ 214,500</b>
General Fund	\$ 83,980	\$ 72,930	\$ 72,930	\$ 72,930	\$ 72,930	\$ 72,930
Federal Fund	\$ 163,020	\$ 141,570	\$ 141,570	\$ 141,570	\$ 141,570	\$ 141,570
<b>Revenue</b>						
<b>Net Retained State Revenue</b>	<b>\$ 34,020</b>	<b>\$ 102,060</b>	<b>\$ 170,100</b>	<b>\$ 238,140</b>	<b>\$ 306,180</b>	<b>\$ 374,220</b>
<b>Additional General Fund Needed</b>	<b>\$ 49,960</b>	<b>\$ (29,130)</b>	<b>\$ (97,170)</b>	<b>\$ (165,210)</b>	<b>\$ (233,250)</b>	<b>\$ (301,290)</b>

### 9. Specific Agency or Political Subdivisions Affected:

Department of Social Services  
Courts

### 10. Technical Amendment Necessary: No

### 11. Other Comments: None

**Date:** 2/4/2008

**Document:** G:\2008 Fiscal Year\08 Session\FIS\HB1257.Doc

cc: Secretary of Health and Human Resources