

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: HB 1694

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Athey

3. Committee: -

4. Title: Driver's License; suspension for failure to pay child support

5. Summary: The proposed legislation, as amended in the nature of a substitute, increases the minimum payment a noncustodial parent must make pursuant to an agreement with the Department of Social Services (DSS) to avoid suspension or obtain renewal of their driver's license from 5 percent of the child support delinquency or \$500 (whichever is greater) to five percent of child support delinquency or \$600 (whichever is greater). In addition, the bill requires that in the event of default of the initial agreement:

- A minimum payment of five percent or \$1,200 of the child support delinquency (whichever is greater) along with a second payment agreement be made by the noncustodial parent to avoid suspension or obtain renewal of their driver's license;
- For subsequent agreements, a minimum payment of five percent or \$1,800 of the child support delinquency (whichever is greater) be made by the noncustodial parent to avoid suspension or obtain renewal of their driver's license; and
- The above agreements must not exceed 10 years.

This legislation requires DSS to certify to the Department of Motor Vehicles (DMV) receipt of payments made pursuant to the above either electronically or via the telephone on the same work day the payment is made. Upon receipt of the certification, the DMV shall issue or reinstate the noncustodial parent's driver's license.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimate: Preliminary

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2011	-	-	-
2012	(4,132)	-	General
	27,261	-	Federal
2013	(18,176)	-	General
2014	(18,176)	-	General
2015	(18,176)	-	General
2016	(18,176)	-	General
2017	(18,176)	-	General

7b. Revenue Impact*:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2011	-	-
2012	577,000	Special
2013	577,000	Special
2014	577,000	Special
2015	577,000	Special
2016	577,000	Special
2017	577,000	Special

*Of the \$577,000 collected annually, \$18,176 is returned to Federal government, \$18,176 is retained by the state, and \$540,648 is passed along to the custodial parent for non-TANF cases.

8. Fiscal Implications:**Department of Social Services**

Noncustodial parents (NCPs) are currently required to establish a payment agreement and pay five percent of arrearages or \$500, whichever is greater, in order to avoid suspension or obtain a renewal of a driver's license. As amended, the proposed bill increases the minimum payment amount required to five percent of arrearages or \$600, whichever is greater.

In FY 2010, 4,544 NCPs entered into a Standard Payment Agreement (SPAY) with the department based on current law to avoid suspension or obtain a renewal of their driver's license. Of the total agreements, 4,370 NCPs made at least the minimum payment of \$500. Based on this, the department collected approximately \$2,185,000 of revenue as a result of this enforcement tool. The department assumes that the number of NCPs signing a SPAY and making the minimum payment will remain constant in future years. Given this assumption, it is estimated that revenue from child support enforcement collections will increase by approximately \$437,000 ($4,370 \times \100) due to the increased minimum payment required for initial payment agreements as a result of this bill.

In addition, this legislation requires NCPs that default on the initial SPAY to make a minimum payment of five percent of arrearages or \$1,200, whichever is greater, in order to avoid suspension or obtain a renewal of their driver's license. In FY 2010 there were 600 noncustodial parents who defaulted on a SPAY. The department assumes that there will be the same number of defaults in future years and that 33 percent of the defaulting NCPs will reinstate their SPAY agreement and make the increased minimum payment required. Currently, NCPs must make a minimum payment of five percent of their arrearages or \$500 (whichever is greater) for subsequent payment agreements. Based on the above, the department estimates increased child support collections of \$140,000 ($200 \times \700) as a result of the increase in the minimum payment of arrearages required for NCPs who default on the initial SPAY and enter into a second SPAY. It cannot be determined at this time how much collections would increase based on the minimum payment of arrearages required for subsequent agreements. The department estimates that total child support collections will increase by approximately \$577,000 ($\$437,000 + \$140,000$) annually based on the provisions of the bill.

In FY 2010, approximately 6.3 percent of the total child support collected was related to TANF child support cases. Of the revenue collected on TANF child support cases, 50

percent is retained by the state and 50 percent is returned to the federal government. Child support collected on non-TANF cases is passed along to the custodial parent.

Automated Program to Enforce Child Support Enforcement (APECS) is the statewide case management and financial management system for the child support enforcement program. A system modification will be required to capture the different minimum arrearage payment requirements for the payment agreements in the APECS system. These modifications are estimated to cost \$41,304. These costs are split 66 percent federal funds and 34 percent general fund.

Department of Motor Vehicles

The bill has no direct impact on DMV systems or operations. The Department of Social Services, through an agreement with DMV, enters suspension notices onto the records, and adds compliance information once the payment is made or a payment agreement has been reached. However, there may be an unknown impact on DMV revenues, depending on the number of persons placed on second and subsequent license suspensions. To the extent that this bill may make it more difficult for some persons to meet the higher payment threshold, there may be an decrease in the number of suspended license compliances, which would reduce the number of reinstatements and license renewals.

9. Specific Agency or Political Subdivisions Affected:

Department of Social Services

Department of Motor Vehicles

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 2/2/11

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