

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4915-01
Bill No.: HB 2070
Subject: Children and Minors: Family Law
Type: Original
Date: April 8, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	0*	\$68,756	\$197,750
Total Estimated Net Effect on <u>All</u> State Funds	\$0*	\$68,756	\$197,750

*Does not include costs of \$346,372 which would be paid from funds included in Division of Child Support Enforcement's budget request for FY 2003.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
DCSE Funds	0*	\$133,467	\$383,869
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0*	\$133,467	\$383,869

*Does not include costs of \$672,408 which would be paid from funds included in Division of Child Support Enforcement's budget request for FY 2003.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **State Courts Administrator**, noting that the Division of Child Support Enforcement would enforce the fee which would be imposed by this proposal, stated that they would not anticipate any effect on the budget of the judiciary.

Officials of the **Department of Social Services' Division of Child Support Enforcement (DCSE)** stated that the proposal would allow DCSE to collect fees from non-custodial parents (NCPs) obligated to pay child support on judicial or administrative orders issued or modified after July 1, 2003. The fee could only be collected on orders where all current and past due child support, spousal support and state debt on IV-D orders had been paid in full.

DCSE receives 66% of its funding from the federal government and would share 66% of collections with the federal government.

Officials state that they could collect fees on only about 10% of orders. Uncollected fees on orders with arrearages (90% of orders) would accrue as monthly judgements against those obligated to pay.

DCSE officials estimated uncollected fees for FY 2004:

Uncollected IV-D fees	\$1,820,367
State share (34%)	\$618,925

and FY 2005:

Uncollected IV-D fees	\$5,235,695
State share (34%)	\$1,780,136

DCSE could impose fees of \$15/month or 10% of the current payment to be collected under the support order, whichever is less. Officials estimate 82% would pay the \$15 fee and 18% would pay the 10% at an average of \$9/month.

Officials estimate the number of support orders which could be assessed IV-D fees would increase 3% per year and would be 22,354 in FY 2004 and 23,025 in FY 2005.

DCSE officials phased in the orders issued in a fiscal year over twelve months and assumed 82% of the affected orders would be assessed the \$15/month fee and 18% the average \$9/month fee.

ASSUMPTION (continued)

FY 2004 projected assessed IV-D service fees	\$2,022,590
FY 2005 projected assessed IV-D service fees	\$5,817,314

However, only 10% of orders have no arrearages. Therefore DCSE will collect the service fee on only 10% of the orders modified or issued after July 1, 2003.

FY 2004 projected collections of IV-D service fees	\$202,223
State share (34%)	\$ 68,756

FY 2005 projected collections of IV-D service fees	\$581,619
State share (34%)	\$197,750

Implementation of the fee would require substantial changes to the Missouri Automated Child Support System (MACSS). Officials note that the FY 2003 budget includes a transfer of \$1.9 million from the MACSS appropriation core the DCSE administration core. DCSE would use those monies to absorb costs for system modifications.

DCSE would pay a third party contractor to make needed changes to the MACCS. Cost estimates are:

Contract Sr. Developer @ \$105/hour x 5,520 hours = \$579,600
 Contract Developer @ \$90/hour x 4,880 hours = \$439,200
 Total costs for Third Party Contractor \$1,018,800

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
GENERAL REVENUE FUND			
<u>Income</u> - Department of Social Services			
State Share of IV-D fees	\$0	\$68,756	\$197,750
<u>Cost</u> - Department of Social Services			
Third Party Contractor for MACCS	\$0*	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0*</u>	<u>\$68,756</u>	<u>\$197,750</u>

***Does not include costs of \$346,372 which would be paid from funds included in Division of Child Support Enforcement's budget request for FY 2003.**

FEDERAL FUNDS

Income - Department of Social Services

Federal Share of IV-D fees	\$0	\$133,467	\$383,869
<u>Cost - Department of Social Services</u>			
Third Party Contractor for MACCS	\$0*	\$0	\$0
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0*</u>	<u>\$133,467</u>	<u>\$383,869</u>

***Does not include costs of \$672,408 which would be paid from funds included in Division of Child Support Enforcement's budget request for FY 2003.**

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small business would be expected as a result of this proposal.

DESCRIPTION

This proposal would allow the Division of Child Support Enforcement to collect a monthly processing fee for child support cases. The fee would be \$15 or 10% of the child support payment, whichever is less, and would be collected from the party owing child support. Money received by the family support payment center would not be used to pay any processing fees until all current and past due child support and state debts had been paid in full.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This legislation would affect Total State Revenue.

SOURCES OF INFORMATION

Department of Social Services - Division of Child Support Enforcement
 State Courts Administrator



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