

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 8005

BILL NUMBER: HB 1590

DATE PREPARED: Apr 29, 1999

BILL AMENDED: Apr 29, 1999

SUBJECT: Child support enforcement, pilot project for collection of child support.

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FUNDS AFFECTED: **GENERAL**
DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (CCR Amended) The bill makes income withholding orders applicable to all categories of worker's compensation payments. The bill also specifies that the state's parent locator service applies to a parent who owes child support in addition to a parent who has abandoned or deserted a child. The bill allows for the attachment of an insurance claim or settlement if the purpose is to fulfill a child support obligation. The bill requires incentive funds to be used for Title IV-D program activities. It makes changes to bring Indiana into compliance with the Uniform Interstate Family Support Act.

This bill makes income withholding orders applicable to all categories of worker's compensation payments. The bill applies the chain of custody requirements in paternity testing to genetic testing. It specifies that the state's parent locator service applies to a parent who owes child support in addition to a parent who has abandoned or deserted a child. The bill also allows for the attachment of an insurance claim or settlement if the purpose is to fulfill a child support obligation. It requires incentive funds to be used for Title IV-D program activities.

This bill requires the Child Support Bureau of the Division of Family and Children to establish a program to allow a prosecuting attorney to contract with a private organization to provide child support enforcement services. The bill provides that the Child Support Bureau is not liable for any costs related to a contract between a prosecuting attorney and a private organization for child support enforcement services that are disallowed for reimbursement by the federal government. It requires the Child Support Bureau to treat costs incurred by a prosecuting attorney in contracting with a private organization for child support enforcement services as administrative costs of the prosecuting attorney. It requires the record of marriage form to contain the Social Security numbers of each marriage applicant, unless the applicant objects.

This bill requires the record of marriage form to specify that a marriage applicant is not required by law to reveal the applicant's Social Security number for the marriage application. The bill requires that before a child support order may be issued or modified, the child's Social Security number must be provided. It

requires that the Social Security numbers that are obtained in the above-described manner shall be kept confidential and used only to carry out the purposes of the Title IV-D program. The bill also provides that the unauthorized disclosure of a marriage applicant's Social Security number is a Class A infraction. It specifies that the Child Support Bureau shall contract with a prosecuting attorney, or a private attorney if a contract cannot be entered into with the prosecuting attorney under certain circumstances, for the modification of child support orders.

Effective Date: (Amended) July 1, 1999; October 1, 1999.

Explanation of State Expenditures: (Revised) *Pilot project for collection of child support:* This bill requires the Child Support Bureau to develop a program to allow a county to contract with a private organization to provide child support enforcement services. Any costs to the Child Support Bureau in setting up the program can be absorbed within the existing budget.

County prosecutors are currently reimbursed 4.5% of their cost of collecting unpaid child support under the federal Title IV-D program. The Title IV-D program shares the cost of reimbursement between the federal and state government at a 66% federal and 34% state share. This bill would allow a county to use Title IV-D incentive payments it currently receives from the federal government to pay for the a contract with a private organization to collect child support payments. The bill states that the Child Support Bureau is not responsible for any costs that are disallowed for reimbursement by the federal government under the Title IV-D program.

Both of the provisions of this bill may increase the amount of child support collected. To the extent that child support payments are increased at certain marginal levels of income, some custodial families may be prevented from going onto the Temporary Assistance for Needy Families (TANF) program or may be aided in coming off the TANF program. The TANF program is a cost-shared program with the federal share being 63%, the state share being 22%, and the local share being 15%. TANF eligibility also guarantees eligibility for Medicaid (shared 61.31% by the federal government and 38.69% by the state).

Secondly, to the extent that these actions lead to an increased recovery of child support payments by the state when payments have been assigned to the state by the application for assistance under TANF, there could be positive impacts on federal, state, and local governments.

Explanation of State Revenues: (Revised) *Child support enforcement:* This bill creates a class A infraction for the unauthorized disclosure of a marriage applicant's Social Security number. If additional court cases occur, revenue to the state General Fund may increase if infraction judgments and court fees are collected. The maximum judgment for a Class A infraction is \$10,000 which is deposited in the state General Fund. If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed. 70% of the court fee would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

Pilot program for collection of child support: To the extent that these actions lead to increased recovery of child support payments by the state when payments have been assigned to the state by application for assistance under TANF, there could be a positive impact on federal, state, and local governments.

Explanation of Local Expenditures: (Revised) *Child support enforcement:* This bill contains a provision that requires federal Title IV- D incentive funds be used only for the collection of child support. This provision is needed to comply with new federal law. Lack of such a provision could result in loss of federal

funding to the state for administration of child support collection. The state currently receives approximately \$20 million in administrative funding from the federal government. This provision could have a fiscal impact on those county prosecutors that currently use the incentive funds to pay for programs other than those programs associated with the collection of child support. It is not known how many counties use incentive funds for purposes other than child support collection activities. The amount of funds used is also not known. This provision may require a county fiscal body to determine whether programs currently funded by federal Title IV-D incentive funds should be funded by county tax dollars.

Explanation of Local Revenues: (Revised) *Child support enforcement:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$70 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund.(2) A \$3 fee would be assessed, and if collected would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed, and if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Family and Social Services Administration, State Department of Health.

Local Agencies Affected: County Prosecutors, trial courts, local law enforcement agencies, counties.

Information Sources: Steve Johnson, Prosecuting Attorney's Council, 232-1836, Jim Hmurovich, FSSA, 232-4705, Lauren Polite, FSSA, 232-1149.