

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: House Bill 825 (First Edition)

SHORT TITLE: Child Support Collection Fee/Non-TANF Family.-AB

SPONSOR(S): Representative Goodwin

FISCAL IMPACT					
	Yes (x)	No ()	No Estimate Available ()		
	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>
REVENUES					
State	\$149,965	\$149,965	\$149,965	\$149,965	\$149,965
County	\$470,535	\$470,535	\$470,535	\$470,535	\$470,535
EXPENDITURES	\$80,625				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Health and Human Services, Division of Social Services, Child Support Enforcement Program					
EFFECTIVE DATE: This act is effective when it becomes law.					

BILL SUMMARY:

This legislation authorizes the Department of Health and Human Services to implement a federally required mandatory fee of \$25 for successful child support collection for families that have never received assistance from North Carolina’s Temporary Assistance for Needy Families (TANF) program. The fee must be used to support the ongoing operation of the Child Support Enforcement Program.

ASSUMPTIONS AND METHODOLOGY:

The proposed legislation will generate annual revenue that must be used to support the ongoing operation of the Child Support Enforcement Program. The proposed legislation will also result in two one-time costs and one recurring cost for the Division of Social Services of the Department of Health and Human Services.

Revenues:

The \$25 fee will be collected from child support cases that have never received cash assistance from North Carolina’s TANF program. This annual fee will be collected after \$500 of support is paid to a family in a federal fiscal year. The Division of Social Services estimates that 73,000 child

support cases would be affected by the fee requirement. Current data indicates that the number of cases affected by the mandatory fee will not increase over the next five years. Therefore, a constant 73,000 caseload was used in the revenue estimate.

The federal government will receive 66% of the fees collected and the county or State will retain 34% of the fees collected depending on if the local child support program is county or State operated. There are 72 county operated child support offices and the remainder are served by State operated offices.

Total Revenue Generated by \$25 Fee

	Year 1	Year 2	Year 3	Year 4	Year 5
Federal Share	\$1,204,500	\$1,204,500	\$1,204,500	\$1,204,500	\$1,204,500
State Share	\$149,965	\$149,965	\$149,965	\$149,965	\$149,965
County Share	\$470,535	\$470,535	\$470,535	\$470,535	\$470,535
Total	\$1,825,000	\$1,825,000	\$1,825,000	\$1,825,000	\$1,825,000

Expenditures:

1. Anticipated costs of collections between \$501 and \$525 – There could be situations where the absent parent has paid an amount between \$501 and \$525. If this occurs, the State will be responsible for paying the remainder of the \$25 fee. While this is likely to be a recurring cost, the Division of Social Services is unable to provide an estimate of the number of cases per year that may fall into this category.
2. Estimated cost to modify the Child Support Enforcement Program’s automated collection and tracking system (ACTS) - The Division of Information Resource Management of the Department of Health and Human Services estimates that it will take 1330 man hours to make the modifications needed to ACTS to implement the \$25 fee. The hourly rate is \$80 for a total estimated cost of \$106,400. The federal government will provide a 66% match for this cost. The state’s remaining share of the total cost is \$36,176.
3. Estimated implementation costs – To implement the \$25 fee, the Division of Social Services estimates that there will be several one time costs associated with training, client notification, and advertising. These one-time costs are detailed in the table below. The federal government will also provide a 66% match for these costs. The state’s remaining share of the total cost is \$44,449.

Implementation Costs

	Year 1 Costs
Training	\$25,047
Client Notification	\$55,686
Advertising	\$50,000
Total	\$130,733

SOURCES OF DATA: Department of Health and Human Services, Division of Social Services

TECHNICAL CONSIDERATIONS: None

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