

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 238 (Senator Stoltzfus)
Finance

Referred to Appropriations

Aid to Families with Dependent Children - Application for
Child Support Services - Eligibility

This amended bill requires individuals to apply for child support services at the time of application for Aid to Families with Dependent Children (AFDC).

Fiscal Summary

State Effect: General fund revenues could increase by \$161,700 in FY 1997. General fund expenditures could decrease by \$500,000. Future year revenue increases and expenditure decreases reflect annualization.

(In dollars)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	\$161,700	\$216,300	\$216,300	\$216,300	\$216,300
GF Expenditures	(500,000)	(1,100,000)	(1,100,000)	(1,100,000)	(1,100,000)
Net Effect	\$661,700	\$1,316,300	\$1,316,300	\$1,316,300	\$1,316,300

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: None.

Fiscal Analysis

State Revenues: It is estimated that approximately \$365,000 in additional child support payments could be collected in the first year. This estimate is based on DHR collecting child support payments two months earlier. Under current law DHR begins to collect child support payments only after an individual becomes eligible for AFDC. This bill requires DHR to start child support enforcement services at the time an individual applies for AFDC. AFDC related child support collections are distributed as follows:

State Share	42%
Federal Share	37%
Local Incentives	5%
AFDC Family Bonus	<u>16%</u>
Total	100%

Accordingly, State general fund revenues could increase by \$161,700 in fiscal 1997 and by \$216,300 on an annualized basis.

State Expenditures: AFDC assistance payments could decrease by \$1 million in fiscal 1997, of which \$500,000 are State general funds and \$500,000 are federal funds. AFDC cost savings result from individuals not cooperating with Child Support Enforcement officials, thereby becoming ineligible for AFDC benefits. Under current law, individuals become eligible and begin receiving AFDC benefits before they have to start cooperating with Child Support Enforcement officials. Anticipated AFDC cost savings are based on the following:

- 3,624 new cases become eligible for AFDC each month;
- 1% (36) of these cases would become ineligible for AFDC due to non-cooperation, which results in a \$373 a month savings;
- 6% (217) of these cases would result in one adult being removed from the AFDC grant, which results in a \$81 a month savings;
- Sanctions would last for approximately 6 months; and
- AFDC cost savings are shared 50/50 by the State and federal government.

Future year expenditures could decrease by \$2.2 million annually thereafter, of which \$1.1 million are State general funds and \$1.1 million are federal funds.

The Department of Fiscal Services advises that the bill's requirements could be handled with existing staff of the Child Support Enforcement Administration.

Information Source(s): Department of Human Resources, Department of Fiscal Services

Fiscal Note History: First Reader - February 6, 1996

ncs Revised - Senate Third Reader - April 5, 1996

Analysis by: Hiram L. Burch Jr.

Direct Inquiries to:

Reviewed by: John Rixey

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710