

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 14 (Senator Munson)
Judicial Proceedings

Child Support Enforcement - Fees

This bill requires the Child Support Enforcement Administration to assess an obligor: (1) any fees charged to an obligee to cover child support enforcement services; or (2) funds for child support enforcement services deducted from payments made to an obligee. The State Comptroller is required to withhold the fees (in addition to child support arrearages) from the obligor's income tax refunds in the amount certified by the Department of Human Resources.

The bill's provisions do not apply to amounts deducted to defray the cost of providing child support enforcement services under the federal tax refund offset program.

Fiscal Summary

State Effect: Expenditures could increase by an estimated \$643,700 (of which 50% is general funds and 50% is federal funds) in FY 1998 on a one-time-only basis for Child Support Enforcement System (CSES) computer program modification. Revenues would not be affected.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	321,850	0	0	0	0
FF Expenditures	321,850	0	0	0	0
Net Effect	(\$643,700)	\$0	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: None. The bill would not directly affect small businesses because the CSES contractor is not a small business.

Fiscal Analysis

State Revenues: The bill's effect is to require the Child Support Enforcement Administration to shift from obligees to obligors any support enforcement service fees assessed against obligees; therefore, state revenues would not be affected.

State Expenditures: Child Support Enforcement Administration general fund expenditures could increase by an estimated \$643,700 for Child Support Enforcement System (CSES) computer program modification. That amount reflects 6,437 hours of contractual services programming time at a cost of \$100 per hour. Program modification will consist of establishing a separate line item for obligors' fees and would include a fee calculation and marking the line item as an account payable.

The CSES replaces multiple existing systems in place at the local level with a single statewide automated child support computer system which meets federal requirements. The Department of Human Resources has contracted with Andersen Consulting Inc. to provide system enhancements and management support for the CSES project. Federal funds have provided at least 50% of CSES development and implementation costs to date, so the Department of Fiscal Services assumes that 50% of the program modification costs necessitated by the bill's requirements would be supported with federal funds.

In addition, Fiscal Services notes that it is possible that special funds could be used to underwrite all or part of the State's portion of program modification costs. Chapter 490 of the Acts of 1995 authorized establishment of a Child Support Reinvestment Fund. One of the fund's purposes is to be used for improving and expanding the administration's automation capabilities.

Additional Comments: Under current law, the administration is authorized to charge non-public assistance obligees certain expenses to defray the cost of providing support enforcement services: (1) an initial application fee of up to \$25; and (2) deduct up to \$10 from child support payment under the State intercept program. For illustrative purposes, \$181,500 was collected in fiscal 1995 from fees charged to non-public assistance obligees to defray support enforcement services. Of that amount, \$111,800 came from initial application fees and \$69,700 came from the State tax intercept program.

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

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