

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE

Senate Bill 385 (Senator Mitchell. *et al.*)

Finance

Temporary Cash Assistance - Right to Child Support

This bill requires that child support payments accrued on behalf of a child for whom a child-specific Temporary Cash Assistance (TCA) benefit is sought be assigned to the family rather than retained by the State. The bill provides that these support payments will be considered as unearned income when determining child-specific benefits, meaning that, the child-specific benefits will decrease by the amount of child support received.

Fiscal Summary

State Effect: Special fund revenues and expenditures each decrease by \$244,200 in FY 2001. The entire amount of child support collected on behalf of child-specific TCA benefit recipients is passed on to recipients. Combined general/federal fund expenditures increase by \$1,055,800 in FY 2001 as expenditures for computer system changes necessitated by the bill (\$1.3 million) are partially offset by reductions in child-specific benefit payments. General fund expenditures increase by \$244,200 in FY 2001 for payment to the federal government for 50% of collections which are now passed through to the family. The FY 2001 estimate reflects the bill's October 1, 2000, effective date and a one-time computer system modification. Future year estimates reflect decreasing TCA caseloads.

in millions	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Rev.	\$0	\$0	\$0	\$0	\$0
SF Rev.	(244,200)	(309,320)	(293,900)	(279,200)	(265,200)
GF Exp	244,200	309,320	293,900	279,200	265,200
GF/ FF Exp.	1,055,800	309,320	293,900	279,200	265,200
SF Exp.	(244,200)	(309,320)	(293,900)	(279,200)	(265,200)
Net Eff.	(\$1,300,000)	\$0	\$0	\$0	\$0

Note: () = decrease; GF / FF= combined general funds and federal funds; SF = special funds; - =indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: None of the child support collected on behalf of TCA recipients is passed on to the custodial parent or guardian. Federal law allows a state to pass through the state's share of child support payments, but requires the federal share of collections be passed on to the federal government. Child support is calculated as unearned income when determining TCA eligibility. A recipient who is ineligible for a cash assistance increment may still receive child-specific benefits which are generally given as vouchers to be used for the child (or children) only.

Background: Child support collected on behalf of children receiving TCA is retained by the State and split evenly with the federal government. The State's share is recognized in the budget as special funds and used to offset general fund TCA costs. This bill requires the State to collect child support for a family on child-specific TCA benefits and turn over (pass-through) all the support funds to the custodial family. It would also allow child support payments to be received by a single custodial parent who is otherwise ineligible for an increment in cash benefits. When determining child-specific benefits for a recipient ineligible for an increment in cash benefits, the Department of Human Resources is to consider the child support payments passed through under this bill. The amount of the child-specific benefit which the family will receive will be reduced by the amount of child support payments which they receive.

State Fiscal Effect: Special fund revenues and expenditures decline by \$244,000 because the State's share of child support collections for families receiving a child-specific TCA benefit are passed through directly to the family rather than recognized as special funds and used to cover TCA costs. General fund expenditures rise by \$244,000 because the State is required to pass the federal share of collections on to the families, but must also continue to reimburse the federal government for the federal share of collections. Pooled federal/general fund expenditures increase by \$1,055,800 in fiscal 2001 as the cost of one-time computer system changes (\$1.3 million) is partially offset by reductions in the amount of the child-specific benefits (\$244,000). The loss of special fund revenues and expenditures does not produce an increase in general/federal fund spending due to a concomitant reduction in the amount of the child-specific benefit. Future year estimates reflect annualization and a 5% per year decline to reflect the decreasing TCA caseload trend.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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