

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3592H.011
Bill No.: HB 1771
Subject: Children and Minors; Domestic Relations; Family Law
Type: Original
Date: January 27, 2022

Bill Summary: This proposal provides that the court shall not order a parent to pay child support to the other parent for reasonable or necessary expenses of the child if the parents are awarded equal time with the child.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	\$0 or up to (\$75,726)	\$0 or up to (\$75,726)	\$0 or up to (\$75,726)
Total Estimated Net Effect on General Revenue	\$0 or up to (\$75,726)	\$0 or up to (\$75,726)	\$0 or up to (\$75,726)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>Other State Funds</u>	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS)** state the new proposed subsection 452.340.14 provides that if the court awards each parent equal periods of time with the child, the court shall not order a parent to pay child support to the other parent for reasonable or necessary expenses of the child. The Family Support Division (FSD) child support assumes that the intent of this proposed legislation is that the court will not order a child support obligation when equal parenting time is awarded to the parents. FSD child support also assumes based on emerging trends that courts will increasingly order equal parenting time in judicial orders.

Since this bill precludes the court from entering child support obligations when the parties receive an award of equal parenting time, FSD will not be able to provide services (establishment or modification of an order or enforcement) to parents subject to judicial orders that do not include a child support obligation.

Since support amounts are assigned to the state when a parent and child receive Temporary Assistance for Needy Families (TANF) and new orders with equal parenting time will not include support obligations, the state's ability to recoup TANF payments will be reduced. The state retains approximately 34% of all assigned collections in the Child Support Enforcement (CSEC) Fund; a reduction in the ability to recoup TANF expenditures will reduce the amount of assigned collections deposited into the CSEC fund that help fund the Child Support program.

In state fiscal year (SFY) 2021, there were 3,296 new judicial support orders entered in the Missouri Automated Child Support System (MACSS) on IV-D cases. FSD's caseload for state fiscal year 2021 was 304,525 cases of which 12,488 (or 4%) were TANF cases. Therefore, of the 3,296 new IV-D judicial orders entered in MACSS in SFY 2021, FSD assumes 4% or 132 were TANF cases and the judicial current support obligations were assigned to the state. The total assigned support that accrued on those orders for SFY 2021 was \$150,892 with an average annual accrual per order amount of \$1,143 ($\$150,892/132$).

Assuming that this bill will eliminate current support obligations on newly entered judicial orders and the number of TANF recipients remains static, FSD estimates the amount of support assigned to the state for the recoupment of TANF benefits could be reduced by up to \$150,892 per year resulting in \$51,303 ($\$150,892 \times 34\%$ FMAP) reduced TANF collections that the state could potentially retain as CSEC revenues.

Additionally, in calendar year 2021 thus far, Missouri has retained \$205,374 in \$10 non-IV-D (NIVD) fees which are collected on any NIVD order receiving payments during the calendar year. NIVD orders can be mandated or non-mandated based on the method of payment collection. From this total, \$85,830 (42%) was collected on mandated orders and \$119,544 (58%) was collected from non-mandated orders. Passage of this legislation would reduce the

amount that Missouri collects annually from NIVD fees. In calendar year 2021 thus far, 3,379 new NIVD orders were added in MACSS, all of which would be eligible for the fee if any payments are processed on the order. This represents a potential annual reduction of \$33,790 (3,379 x \$10 fee amount) in NIVD fees annually, of which \$14,192 (33,790 x .42) would be collected from mandated orders and \$19,598 (33,790 x .58) from non-mandated orders. The mandated order NIVD fee collections must be shared with the federal government at 66% federal/34% state share. The 34% share retained by the state would be \$4,825 (\$14,192 x .34). The state is not required to share the non-mandated order NIVD fee collections with the federal government so the state would retain the entire \$19,598 of the non-mandated order fees. Therefore, the total reduction in NIVD fee collections retained by the state would be \$24,423 (\$4,825 + \$19,598).

The impact on the FSD child support program will be a range of \$0 (no change in the obligation) up to (\$75,726) (\$51,303 reduced TANF collections retained + \$24,423 reduced NIVD fees if all new orders did not contain an obligation). Therefore, the total fiscal impact to FSD is \$0 to (\$75,726). This reduced funding impacts CSEC revenues and will; therefore, need a general revenue pickup to keep the Child Support program operational.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DSS to the General Revenue Fund.

Officials from the **Office of the State Courts Administrator (OSCA)** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for OSCA.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE			
<u>Loss – DSS</u>			
Reduction of fees collected for TANF & NIVD	\$0 or up to <u>(\$75,726)</u>	\$0 or up to <u>(\$75,726)</u>	\$0 or up to <u>(\$75,726)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	\$0 or up to <u>(\$75,726)</u>	\$0 or up to <u>(\$75,726)</u>	\$0 or up to <u>(\$75,726)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

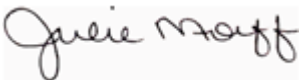
FISCAL DESCRIPTION

This bill specifies that, if a court-ordered custody agreement awards equal periods of custody, neither parent will be ordered to pay child support.

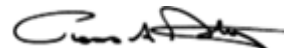
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services
Office of the State Courts Administrator



Julie Morff
Director
January 27, 2022



Ross Strobe
Assistant Director
January 27, 2022