



Legislative
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FISCAL NOTE

Drafting Number: LLS 19-0916
Prime Sponsors: Rep. Singer
 Sen. Crowder

Date: March 13, 2019
Bill Status: House Public Health
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Bill Topic: CHILD SUPPORT COMMISSION RECOMMENDATIONS

- Summary of Fiscal Impact:**
- State Revenue
 - State Expenditure
 - State Transfer
 - TABOR Refund
 - Local Government (*minimal*)
 - Statutory Public Entity

The bill makes changes to income determination and payment guidelines for calculating child support payments; allows the state child support agency to issue a notice of administrative lien and levy to any financial institution; and requires the Colorado Child Support Commission to meet every four years to update policies. The bill will increase state expenditures and state and local workload on an ongoing basis.

Appropriation Summary: In FY 2019-20, the bill requires an appropriation of \$533,152 to the Department of Human Services.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 19-1215

		FY 2019-20	FY 2020-21
Revenue		-	-
Expenditures	General Fund	\$181,272	-
	Federal Funds	\$351,880	-
	Total	\$533,152	-
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

This bill makes changes to income determination and payment guidelines for calculating child support payments; allows the state's child support agency to issue a notice of administrative lien and levy to any financial institution; and requires the Colorado Child Support Commission to meet every four years to update policies, as discussed below:

Child support calculation. This bill makes several changes to how child support payments are calculated, including:

- changing the income determination for a non-custodial parent who is voluntarily unemployed or underemployed and removing the requirement that child support orders be based on the current minimum wage if there is an absence of reliable information;
- reducing the number of months after birth that the custodial parent has before having his or her income imputed from 30 months to 24 months;
- modifying the exemption from potential income for incarcerated parents to 180 days down from 365 days;
- creating a new \$10 minimum child support order amount when an obligor's income is under \$650;
- creating new child support orders for obligors with incomes between \$650 to \$1,500;
- adjusting child support order amounts for parents with a combined, adjusted gross income up to \$3,450;
- creating a percentage reduction in a child support order based on the number of overnights for a parent with fewer than 183 overnights; and
- clarifying that public school mandatory school fees must be divided between parents in proportion to their adjusted gross income.

In addition, the bill requires the non-custodial parent to notify the custodial party if they receive disability insurance under the federal Old-Age, Survivors, and Disability Insurance Act or receives employer-paid retirement benefits from the federal government. Within 60 days of receiving notice, the custodial parent must then apply for the dependent benefits for the child.

Financial liens. The bill also allows the Division of Child Support Services in the state Department of Human Services (DHS) to issue a notice of administrative lien and levy to any financial institution holding an obligor's account, when an obligor is past due on child support obligations. The notice to the financial institution may be served by first class mail or by electronic means if mutually agreed upon, and a copy must be provided to the obligor. These requirements apply to all past due child support obligations regardless of when the order was entered.

Child Support Commission. Finally, the bill requires the Colorado Child Support Commission to review child support guidelines at least every four years.

State Expenditures

In FY 2019-20 only, this bill will increase state expenditures in the DHS by \$530,706, as shown in Table 2 and discussed below. In addition, starting in FY 2019-20, workload will increase to the Judicial Department and the Department of Corrections (DOC), as described below.

Table 2
Expenditures Under HB 19-1215

	FY 2019-20	FY 2020-21
Department of Human Services		
IT System Modifications	\$496,080	-
Operating Costs	\$11,852	-
Contractor Costs	\$25,220	-
Total Cost	\$533,152	-
<i>General Fund</i>	\$181,272	-
<i>Federal Funds</i>	\$351,880	-

Department of Human Services. Costs in the DHS will increase by \$533,152 for computer programming costs and to hire a contractor in FY 2019-20 only, as described below.

IT system modifications. Costs in the DHS will increase by \$496,080 to update the child support guideline calculator in the Automated Child Support Enforcement System with the updated formulas established by the bill. The fiscal note assumes that 4,680 hours of programming at \$106 per hour is necessary. This work will be conducted by the Office of Information Technology using reappropriated funds.

Operating costs. Costs in the DHS will increase by \$11,852 to house OIT staff and to provide standard capital outlay and telephone costs while they work on the Automated Child Support Enforcement System.

Contractor costs. Costs in the DHS will increase by \$25,220 to hire an expert to assist in identifying policy implications, formulate business rules, test and revise guidelines, and to develop and implement training to county child support offices. This cost is based on previous contractors hired by the department.

Liens. Finally, workload in the DHS will increase to issue notices of administrative lien and levy to any financial institution. It is assumed that this workload can be accomplished within existing appropriations.

Judicial Department. Costs and workload in the Judicial Department will increase to update software to calculate child support, and to the extent there are more court filings, to hold more hearings. It is assumed that this increase can be accomplished within existing appropriations.

Department of Corrections. Workload will increase in the DOC to update the policies of the Inmate Bank in the department. It is assumed this workload can be handled within existing appropriation.

Local Government

Starting in FY 2019-20, workload will increase for county department of human services to attend training on child support guideline changes and to update internal policies. Overall, the bill will have a minimal impact to the operations of county child support offices.

Effective Date

The bill takes effect and applies to orders entered on or after August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2019-20, the bill requires an appropriation of \$533,152 to the Department of Human Services as follows:

- \$181,272 from the General Fund; and
- \$351,880 in federal funds.

From the appropriation above, the Office of Information Technology requires a reappropriation of \$496,080.

State and Local Government Contacts

Corrections
Information Technology

Counties
Judicial

Human Services
Sheriffs