

HF451 - 1E - "Family Law Modifications"

Chief Author: **Carolyn Laine**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **04/13/2015**  
 Lead Agency: **Supreme Court**  
 Other Agencies:  
     Human Services Dept                      Public Defense Board  
     Sentencing Guidelines Comm

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Human Services Dept</b>						
<b>General Fund</b>	-	145	16	16	16	16
<b>State Total</b>						
<b>General Fund</b>	-	145	16	16	16	16
	<b>Total</b>	<b>-</b>	<b>145</b>	<b>16</b>	<b>16</b>	<b>16</b>
	<b>Biennial Total</b>			<b>161</b>		<b>32</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Human Services Dept</b>					
General Fund	-	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Lead Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Jim King                      Date: 04/13/2015  
 Phone: 651 201-8033                      Email jim.king@state.mn.us

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>
<b>Human Services Dept</b>						
General Fund	-	145	16	16	16	16
<b>Total</b>	<b>-</b>	<b>145</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
	<b>Biennial Total</b>		<b>161</b>			<b>32</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
Human Services Dept						
General Fund	-	145	16	16	16	16
<b>Total</b>	<b>-</b>	<b>145</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
	<b>Biennial Total</b>		<b>161</b>			<b>32</b>
<b>2 - Revenues, Transfers In*</b>						
Human Services Dept						
General Fund	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Biennial Total</b>		<b>-</b>			<b>-</b>

HF451 - 1E - "Family Law Modifications"

Chief Author: **Carolyn Laine**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **04/13/2015**  
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
<b>Local Fiscal Impact</b>		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	145	16	16	16	16
<b>Total</b>	<b>-</b>	<b>145</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>Biennial Total</b>			<b>161</b>			<b>32</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Brian McLafferty      Date: 4/8/2015 1:50:12 PM  
 Phone: 651 201-8037      Email Brian.McLafferty@state.mn.us

### State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	145	16	16	16	16
<b>Total</b>		<b>-</b>	<b>145</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>Biennial Total</b>				<b>161</b>		<b>32</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	145	16	16	16	16
<b>Total</b>		<b>-</b>	<b>145</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>Biennial Total</b>				<b>161</b>		<b>32</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biennial Total</b>				<b>-</b>		<b>-</b>

### Bill Description

This bill makes changes to family law statutes by modifying recognition of parentage under Minn. Stat. § 257.75, and by modifying the recognition form. The bill modifies the definition for obligor under Minn. Stat. § 518A.26, and changes the methods for determining potential income under Minn. Stat. § 518A.32. The bill also establishes debt reporting by a public authority to a consumer agency under newly-created Minn. Stat. § 518A.685.

No effective date is specified.

### Assumptions

Section 1 of the bill make changes to the effect of the recognition of parentage form, granting sole custody to the mother until a permanent or temporary custody order is entered, and allowing the court to award temporary custody or parenting time once an action to establish custody is started.

Section 2 requires changes to the recognition of parentage form to include new notice requirements.

Sections 1 and 2 require program and system changes to update forms, videos, and instructional materials. Total cost is estimated at \$76,526 in fiscal year 2016, of which \$26,019 is the state share.

Section 3 removes the presumption that a person with primary physical custody is not the obligor for child support. Under current law, the custodial parent with primary physical custody is presumed to not be an obligor for child support. This would be a change in how custodial parents are viewed when calculating child support.

Section 4 changes one of the options to calculate income by using 30 hours instead of 40 hours and 100 percent of the minimum wage instead of 150 percent.

Section 5 allows a deviation from guidelines support when a significant income disparity exists between parties and a party has between 10 45 percent parenting time.

Sections 3 5 require program and systems changes to implement modifications in how potential income is calculated. Included are costs to update the public web site, legal documents, policy and procedures, and the online guidelines calculator. Total cost is estimated at \$165,920 in fiscal year 2016, of which \$56,413 is the state share and ongoing maintenance costs of \$19,488, of which the state share is \$6,626.

Section 6 adds a new provision that would require that the public authority, the local unit of government responsible for child support enforcement, report information to a consumer reporting agency when an obligor has not paid the current monthly support obligation plus any arrearage payment for three consecutive months. Currently Minnesota reports this information based on the obligors total qualifying obligations. This bill would change how reporting is done and require monthly reporting to the consumer reporting agency.

This section would require program and systems changes to update policies and procedures, change how cases are selected for reporting and provide automated notices as required in the bill. Total cost is estimated at \$184,503 in fiscal year 2016, of which \$62,731 is the state share and ongoing maintenance costs of \$27,540, of which the state share is \$9,364.

It is estimated that the systems changes in sections 1 through 5 would require nine months to complete, and would be effective 3/1/2016. Section 6 would require 12 months and would be effective 7/1/2016.

Systems estimates have been provided by MN.IT@DHS staff.

Note that the cumulative effect of all changes resulting from the legislative session will affect when this change can actually be completed. The Department will evaluate system changes and implementation dates for the omnibus package and will provide revised implementation dates based on the complete package.

**Expenditure and/or Revenue Formula**

Summary State Share of costs

(thousands)

State Fiscal Year	2016	2017	2018	2019
Changes to Recognition of Parentage (Sections 1 & 2)	\$26	\$0	\$0	\$0
Income Changes (Sections 3-5)	56	7	7	7
Consumer Reporting (Section 6)	63	9	9	9
<b>Total</b>	<b>\$145</b>	<b>\$16</b>	<b>\$16</b>	<b>\$16</b>

  

Fiscal Tracking Summary (\$000s)						
Fund	BACT	Description	FY2016	FY2017	FY2018	FY2019
GF	11	Finance & Management Operations	86	16	16	16
GF	12	Children & Families Operations (Child Support)	59	0	0	0
		<b>Total Net Fiscal Impact</b>	<b>145</b>	<b>16</b>	<b>16</b>	<b>16</b>
		<b>Full Time Equivalents</b>				

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

**Agency Contact:** Jenny Ehrnst 651-431-3831

**Agency Fiscal Note Coordinator Signature:** Don Allen

**Phone:** 651 431-2932

**Date:** 4/7/2015 3:05:30 PM

**Email:** Don.Allen@state.mn.us

HF451 - 1E - "Family Law Modifications"

Chief Author: **Carolyn Laine**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **04/13/2015**  
 Agency: **Public Defense Board**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Total</b>	-	-	-	-	-

**Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Jim King      Date: 3/26/2015 11:42:33 AM  
 Phone: 651 201-8033      Email jim.king@state.mn.us

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-
<b>2 - Revenues, Transfers In*</b>						
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-

**Bill Description**

**Assumptions**

The bill does not appear to have an impact on caseloads or workload.

**Expenditure and/or Revenue Formula**

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

**Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Kevin Kajer

**Phone:** 651 296-4783

**Date:** 3/26/2015 11:40:23 AM

**Email:** Kevin.kajer@pubdef.state.mn.us



HF451 - 1E - "Family Law Modifications"

Chief Author: **Carolyn Laine**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **04/13/2015**  
 Agency: **Supreme Court**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Total</b>	-	-	-	-	-

**Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Jim King      Date: 3/30/2015 3:23:08 PM  
 Phone: 651 201-8033      Email jim.king@state.mn.us

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

**Bill Description**

HF451-1E amends various provisions of the recognition of parentage statute; making changes to the contents of the recognition of parentage form; changes the definition of obligor; and establishes a requirement for the Department of Human Services to report arrearage to a consumer reporting agency. The bill clarifies the mother of a child born out of wedlock has sole custody until a temporary or permanent order is entered granting custody to either parent. The bill lowers one of the methods used when determining potential income from full time at 150 percent of the current federal or state minimum wage (whichever is higher) to 30 hours per week at 100 percent of the current federal or state minimum wage (whichever is higher). The bill clarifies the court may deviate from the presumptive child support guidelines and elect not to order a party who has between 10 and 45 percent parenting time to pay basic support when there is a significant disparity in income.

**Assumptions**

Current law establishes the mother of a child born out of wedlock is the custodial parent until the court issues a custody order that grants custody to another person. This bill clarifies that the execution of a Recognition of Parentage (ROP) provides a father with standing to seek custody and parenting time, and that the court may grant custody and parenting time on a temporary or permanent basis to either parent. Execution of an ROP also provides the basis for seeking a child support obligation against the father of the child.

It is noted that technical amendments to Minn. Stat. § 257.75, subdivision 3(c) and Minn. Stat. § 518.17, subdivision 2(c) should be considered for consistency purposes as § 257.75, subdivision 3(b) uses the terminology of granting custody as opposed to awarding custody. It is further noted that section 257.75, subd. 5(b) uses the term award.

This bill sets forth the specific notice provisions that must be included on the ROP form, including that there is no presumption for or against joint physical custody, except when domestic abuse has occurred between the parties. It is assumed this bill sets forth the same presumption as for married parents.

In determining an obligors presumptive basic support obligation, the court first determines the gross income of each parent. If a parent is unemployed, underemployed, employed less than full-time, or there is no information regarding income or work history, the court must determine a parents potential income by using one of three statutory methods. This bill modifies one of those methods by using a 30 hour work week at 100% of the current federal or state minimum wage, whichever is higher.

Minnesotas minimum wage is \$8.00 an hour and is higher than the federal minimum wage of \$7.25. Current law provides that a 40 hour work at week at 150% of Minnesotas minimum wage may be used when determining potential income available for child support. When calculating a child support obligation, the court must also consider the obligors ability to

pay the obligation. A minimum self-support amount, based on 120% of the federal poverty guidelines, is subtracted from the gross monthly income for each parent, and the result provides the income available for child support. The current self-support reserve amount for 2015 is \$1,177.00.

Monthly imputed income based on 150% of the current Minnesota minimum wage of \$8.00 an hour is approximately \$2,080 per month ( $\$8.00 \times 150\% = \$12.00 \times 40 \text{ hours} = \$480.00 \times 52 \text{ weeks} = \$24,960 \div 12 \text{ months} = \$2,080$ ). This August, 2015, Minnesotas minimum wage increases to \$9.00 an hour. A decrease to 30 hours a week and at 100% of minimum wage of \$9.00 an hour would decrease imputed monthly income to approximately \$1,170 ( $\$9.00 \times 30 \text{ hours} = \$270.00 \times 52 \text{ weeks} = \$14,040 \div 12 \text{ months} = \$1,170$ ). This amount is less than the mandated self-support reserve of \$1,177 per month. When the income available for child support is less than the self-support reserve, support for 1 or 2 children will be a \$50 minimum order

The standard for modifying child support requires a showing of a substantial change in circumstances that makes the current child support obligation unreasonable and unfair. It is presumed that there has been a substantial change if application of the child support guidelines results in a support obligation that is at least 20% and at least \$75 per month higher or lower than the current support obligation.

Minn. Stat. § 518A.39, subd. 2(i) provides the following: Except as expressly provided, an enactment, amendment, or repeal of law does not constitute a substantial change in the circumstances for purposes of modifying child support. Despite this statute, when Minnesota implemented a change in how child support was calculated (the Income Shares Model), which included a parenting time expense adjustment that reduced an obligors basic child support amount, there was an initial spike in the number of modification motions filed. In 2009, the Minnesota Court of Appeals held that a change in the law alone was a sufficient basis to seek a modification of child support. See *Rose v. Rose*, 765 N.W. 2d 142 (Minn. App. 2009). What is not clear is whether this bill will allow obligors to seek modifications of their support obligations based on a change in the law alone or whether obligors must be able to show some other type of substantial change in circumstances.

It is assumed this bill will meet these factors for some obligors who currently have support obligations based on imputed income at 40 hours a week and at 150% of minimum wage who may seek modification of their child support obligation. It is further assumed this bill will only impact this sub-set of obligors who have support obligations based on imputed income based on 150% of minimum wage. It is further assumed this bill will have a short-lived impact in modification motion filings and will level out over time.

Assuming the bill is clarified that a change in the law is not a basis for seeking a modification of child support, there will be minimal impact to the courts.

The bill creates a duty of the public authority to report information to a consumer reporting agency, as defined in Minn. Stat. § 13C.001, subd. 4 and 15 U.S.C. § 1681a(f). The public authority must provide written notice to obligors of the intent to report nonpayment of monthly child support obligations and arrears, and obligors have the right to request an administrative review on limited grounds to prevent the reporting to the agency. This bill limits the administrative review to issues of mistaken identity, a pending legal action involving the arrears, or an incorrect arrears balance. This bill is not clear on whether an obligor may seek review of an administrative decision to report the information to a consumer reporting agency. It is assumed this bill may require the court to become involved if an obligor wishes to contest the outcome of the administrative review, and therefore, will have a minimal impact to the court.

### **Expenditure and/or Revenue Formula**

The court does not maintain data on how many current child support orders are based on imputed income at 150% of minimum wage, making it difficult to quantify exactly what the impact may be at this time.

It is not certain if the district court is to be involved with any review process should an obligor seek review of an administrative decision, making it difficult to quantify the impact to the court at this time.

### **Long-Term Fiscal Considerations**

None

**Local Fiscal Impact**

None

**References/Sources**

**Agency Contact:** Janet Marshall

**Agency Fiscal Note Coordinator Signature:** Janet Marshall

**Phone:** 651 297-7579

**Date:** 3/30/2015 3:06:35 PM

**Email:** Janet.marshall@courts.state.mn.us

**HF451 - 1E - "Family Law Modifications"**

Chief Author: **Carolyn Laine**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **04/13/2015**  
 Agency: **Sentencing Guidelines Comm**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Total</b>	-	-	-	-	-

**Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Jim King      Date: 3/26/2015 2:07:41 PM  
 Phone: 651 201-8033      Email jim.king@state.mn.us

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-
<b>2 - Revenues, Transfers In*</b>					
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-

**Bill Description**

This bill makes changes to family law statutes by modifying recognition of parentage under Minn. Stat. § 257.75, and by modifying the recognition form. The bill modifies the definition for obligor under Minn. Stat. § 518A.26, and changes the methods for determining potential income under Minn. Stat. § 518A.32. The bill also establishes debt reporting by a public authority to a consumer agency under newly-created Minn. Stat. § 518A.685.

It is assumed that the 1st Engrossment reflects the bill in its form as introduced, but amended by amendment H0451A3-1

No effective date is specified.

**Assumptions**

This bill contains no new or amended crimes.

The bill might impact prosecutions for nonsupport of a spouse or child under Minn. Stat. 609.375, but since it is unclear what the effect may be, MSGC has not estimated any impact on correctional resources. In the last five years, 40 offenders have been sentenced for felony nonsupport, and none received an executed prison sentence. The 1E version does not contain any changes that affect the estimated impact on state or local resources.

**Expenditure and/or Revenue Formula**

None.

**Long-Term Fiscal Considerations**

MSGC has no information relevant to the impact on other state agencies. Because there are no criminal penalties, there will be no impact on state prison beds.

**Local Fiscal Impact**

MSGC has no information relevant to the impact on local government agencies. Because there are no criminal penalties, there will be no impact on local jail beds.

**References/Sources**

None.

**Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Anne Wall

**Phone:** 651 757-1721

**Date:** 3/26/2015 2:04:48 PM

**Email:** Anne.Wall@state.mn.us