

Revised

Consolidated Fiscal Note

2015-2016 Legislative Session

HF2889 - 1E - "Child Support Mod; Parenting Exp Adj"

Chief Author: **Kim Norton**
 Committee: **Health and Human Services Finance**
 Date Completed: **04/13/2016**
 Lead Agency: **Human Services Dept**
 Other Agencies:
 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
Human Services Dept						
General Fund	-	-	149	-	-	-
State Total						
General Fund	-	-	149	-	-	-
Total	-	-	149	-	-	-
Biennial Total			149			-

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

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: Travis Bunch Date: 04/13/2016
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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		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
Human Services Dept						
General Fund		-	-	149	-	-
	Total	-	-	149	-	-
	Biennial Total			149		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Human Services Dept						
General Fund		-	-	149	-	-
	Total	-	-	149	-	-
	Biennial Total			149		-
2 - Revenues, Transfers In*						
Human Services Dept						
General Fund		-	-	-	-	-
	Total	-	-	-	-	-
	Biennial Total			-		-

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

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	149	-	-	-
Total	-	-	149	-	-	-
Biennial Total			149			-

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

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: Travis Bunch Date: 4/12/2016 2:06:59 PM
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State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	149	-	-
Total	-	-	149	-	-
Biennial Total			149		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	149	-	-
Total	-	-	149	-	-
Biennial Total			149		-
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

The changes in this bill relate to the parenting expense adjustment when determining child support. The bill is based on work done by the Child Support Work Group which was created in 2015 by the legislature to review the child support parenting expense adjustment. This adjustment allows a percentage reduction in the child support payment based on the amount of time the parent (without custody of the child) spent with the child in a month.

Section 1 amends M.S. §518.175, subd. 5 and instructs the court to modify the parenting plan in order to determine parenting time when a parenting plan or parenting time order does not clearly provide the amount of time a child spends with each parent.

Section 2 amends M.S. §518A.26, subd. 14 to add new language related to the definition of an obligor to presume that a parent with more than 55 percent parenting time will not be ordered to pay child support to the other parent, unless other factors outlined in the bill can be shown to override this presumption.

Section 3 amends M.S. §518A.34 to clarify that the child support obligation is determined after a parenting expense adjustment.

Section 4 amends M.S. §518A.36 to replace the current formula for calculating a parenting expense adjustment with a formula that determines the child support obligor and the child support obligation according to the parenting time schedule.

Section 5 amends M.S. 2015 Statutes Supplement §518A.39, subd. 2 to add a new provision that states that if child support was established by applying a parenting expense adjustment or presumed equal parenting time calculation under previously existing guidelines, and there is no parenting plan or order from which overnights or overnight equivalents can be determined, there is a presumption that the established adjustment or calculation shall continue after modification, so long as modification is not based on a change in parenting time.

Assumptions

The changes in this bill significantly alter guidelines for computation of child support in Minnesota. Extensive and complex changes to the Child Support Guidelines Web Calculator and PRISM (the federally mandated computer system for child support and collection), as well as many child support guideline worksheets and court documents, would be required to accurately implement the modified guidelines and ensure all stakeholders understand the changes.

This Child Support Guidelines Calculator is based on the Minnesota child support guidelines statute and is used to

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estimate the amount of child support that the court may order on a case. The calculator is for informational and educational use only and is not a substitute for the child support guidelines. The court has the final authority to determine the amount of a child support order.

This fiscal estimate also assumes that a new Child Support Parenting Time on-line calculation tool would be developed and integrated with the Child Support Guidelines Web Calculator. These tools help family law attorneys and the public to understand changes in child support and parenting time adjustments under the new provisions in this bill.

MN.IT staff at DHS estimate that 5,919 total hours of systems work will be necessary to implement the requirements of this bill, including time for the following:

- collection and documentation of business requirements;
- analysis and design;
- technical development; and
- testing.

The work detailed above must be sequenced and cannot be performed simultaneously. A full analysis of the existing system would first be required to determine where system changes would be needed to carry out the requirements of the bill. Once business requirements are fully documented and analysis and design are complete, technical development could begin utilizing the limited resources available within the MN.IT team at DHS with the experience to work independently in a complex, legacy mainframe system such as PRISM. Based on historical data on previous efforts to re-write child support computation guidelines that had an average duration of 18-24 months and the magnitude of system changes required by the bill, MN.IT staff at DHS estimate August 1, 2018, as the earliest possible implementation date.

Based on the estimated time to complete the systems work necessary to implement this legislation, we assume an implementation date of August 1, 2018. The bills author has been informed of the estimated implementation timeline and resulting assumptions. The accuracy of the estimates in this fiscal note are dependent upon the bill's effective date being amended to match the assumed implementation date in the fiscal note.

Note that the cumulative effect of all changes resulting from the legislative session may affect when this change can actually be implemented. The Department will evaluate system changes and implementation dates for the omnibus package and work with legislative staff to prioritize the new initiatives and ensure that enacted effective dates and associated fiscal estimates coincide with the time needed to implement the entirety of the omnibus package changes.

Expenditure and/or Revenue Formula

This estimate was provided by MN.IT staff.

One-time costs to update the current Minnesota Child Support Online Calculator are estimated at \$375,504, of which the state share is \$127,671.

One-time costs to develop the new parenting time calculator are estimated at \$64,059, of which the state share is \$21,780.

Fiscal Summary (\$000s)						
Description	Fund	BACT	FY2016	FY2017	FY2018	FY2019
Operations (PRISM)	GF	11	0	149	0	0
Total Net Fiscal Impact	GF	11	0	149	0	0

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Fiscal Summary (\$000s)						
Full Time Equivalents			0	0	0	0

Long-Term Fiscal Considerations

Costs are one-time.

Local Fiscal Impact

References/Sources

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 Agency: **Supreme Court**

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Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		
		X

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Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Total	-	-	-	-	-

Executive Budget Officer's Comment

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

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State Cost (Savings) Calculation Details

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Total	-	-	-	-	-
Biennial Total			-		-
2 - Revenues, Transfers In*					
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

H2889-1E changes the formula for calculating the parenting expense adjustment for purposes of establishing and modifying child support obligations. This bill instructs the court to modify the parenting plan or the provisions for parenting time to clearly set forth the amount of overnights or overnight equivalents the joint child has with each parent. This bill further:

-

Creates a presumption that a parent having more than 55% of parenting time shall not be ordered to pay child support, unless statutory factors are met to rebut the presumption

-

Clarifies the parenting expense adjustment formula is applied to determine the obligors basic support obligation

-

Adds a new provision that defines split custody and instructs how to calculate child support when parents have split custody of the joint children

-

Replaces the current formula used for calculating a parenting expense adjustment with a formula that determines who is the obligor and the child support obligation according to the parenting time schedule

-

Adds a new provision setting forth that when support is modified and the current order includes a parenting expense adjustment or presumed equal parenting time calculation and does not have a parenting plan or provisions for overnights or overnight equivalents, the established parenting expense adjustment shall continue after modification, so long as the modification is not based on a change in parenting time. This provision further provides a formula for the court to use for calculating the support obligation.

Assumptions

Child support obligations may be established and modified by the court in dissolution, custody, support, and paternity case types. Parenting time issues may be addressed in dissolution, custody, and paternity case types. Parents may request a

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parenting plan to be created in lieu of an order for child custody and parenting time. Decrees and orders setting forth parenting time may include schedules, percentages of time the child is to spend with each parent, reserve the issue of parenting time, provide for reasonable parenting time, or deny parenting time. There is a rebuttable presumption that a parent is entitled to receive at least 25% of the parenting time of a joint child. When a decree or order for parenting time does not clearly set forth the amount of time a joint child is to spend with a parent, the rebuttable presumption of 25% may be used when calculating the parenting expense adjustment.

Minn. Stat. § 518A.36 sets forth a formula for calculating a parenting expense adjustment. The parenting expense adjustment is applied when calculating a child support obligation. The Minnesota Department of Human Services (DHS), Child Support Enforcement Division has created an online child support calculator to assist parents, attorneys, and the court with calculating child support obligations. This bill presumes DHS will create a new online calculator that contains the new formula for calculating both the parenting expense adjustment and child support obligations.

A parent who seeks to modify parenting time must serve upon all parties and file a motion with the court. A hearing on the motion is required. This bill requires the court to modify the parenting plan or parenting time provisions of the order when a parent seeks relief from the court and the underlying order does not clearly establish the number of overnights or overnight equivalents the joint child has with each parent. The number of dissolution decrees, custody orders, and paternity orders that do not provide for the number of overnights or overnight equivalents is not known. Accurate data on the number of requests for modifications to parenting time or a parenting plan is not available.

It is assumed that parties will file post-decree motions to modify parenting time or parenting plans. The impact on trial court caseloads is unknown.

Expenditure and/or Revenue Formula

It is not possible to estimate how many requests to modify parenting time or parenting plans will be filed and the impact on caseloads as the court does not maintain that data.

Long-Term Fiscal Considerations

Unknown

Local Fiscal Impact

None

References/Sources

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