

HF3563 - 1A - Child Support Gross Income Calculation

Chief Author: **Rena Moran**
 Committee: **Health & Human Services Finance Division**
 Date Completed: **5/6/2020 11:05:20 AM**
 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	FY2019	FY2020	FY2021	FY2022	FY2023
Human Services Dept						
General Fund	-	-	123	25	25	
State Total						
General Fund	-	-	123	25	25	
Total	-	-	123	25	25	
Biennial Total			123		50	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Human Services Dept					
General Fund	-	-	-	-	-
Total	-	-	-	-	-

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Carlos Guereca **Date:** 5/6/2020 11:05:20 AM
Phone: 651-2846541 **Email:** carlos.guereca@lbo.leg.mn

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		FY2019	FY2020	FY2021	FY2022	FY2023
Human Services Dept						
General Fund		-	-	123	25	25
Total		-	-	123	25	25
Biennial Total				123		50
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Human Services Dept						
General Fund		-	-	123	25	25
Total		-	-	123	25	25
Biennial Total				123		50
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

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	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	123	25	25	
Total	-	-	123	25	25	
Biennial Total			123		50	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Carlos Guereca **Date:** 5/6/2020 8:54:24 AM
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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		FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	123	25	25	
Total		-	-	123	25	25
Biennial Total				123		50
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	123	25	25	
Total		-	-	123	25	25
Biennial Total				123		50
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

This bill makes changes to the guidelines table for basic child support, deductions for nonjoint children, and the way the self-support reserve (SSR) for child support is calculated and minimum order is applied (allowing the SSR to apply after all nonjoint child deductions and exempting the minimum order when the parenting expense adjustment results in an order below minimum).

Assumptions

This bill will require system resources to implement. Changes are required to the PRISM GUWD worksheets and MN Child Support Online Web-Calculator. These systems changes are estimated to require 4,318 hours of work, take approximately 9 months to complete, and cost of a total of \$360,812 for initial development.

This estimate includes the following assumptions:

- The estimated duration and earliest completion date of the proposed project(s) assumes the work is prioritized relative to other legislative and ongoing IT work. If enacted, the completion date of the proposed project(s) will be dependent on the totality of enacted legislative IT work and ongoing IT work.
- The total hours assumed in this fiscal note include the projected time required to complete systems work and a 20% contingency assumption to account for unforeseen business requirements in the development and implementation process.
- In addition to the initial development costs cited above, the systems changes required in this bill will result in increased ongoing maintenance and operations costs, estimated annually at 20% of the total initial development cost.

PRISM system costs receive 66% federal financial participation. The state share is 34%.

Expenditure and/or Revenue Formula

Systems Costs

MNIT System/Contract Vendor				
PRISM	2020	2021	2022	2023
Cost by System	\$0	\$360,812	\$0	\$0
Operational Cost	\$0	\$0	\$72,162	\$72,162
Total Cost	\$0	\$360,812	\$72,162	\$72,162

State Share @ 34%	\$0	\$122,676	\$24,535	\$24,535

Summary Costs

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2020	FY2021	FY2022	FY2023
GF	11	System Costs PRISM (state Share @ 34%	0	123	25	25
		Total Net Fiscal Impact	0	123	25	25

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

MNIT@DHS

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HF3563 - 1A - Child Support Gross Income Calculation

Chief Author: **Rena Moran**
 Committee: **Health & Human Services Finance Division**
 Date Completed: **5/6/2020 11:05:20 AM**
 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	FY2019	FY2020	FY2021	FY2022	FY2023
Total	-	-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Adam Blom **Date:** 5/6/2020 10:57:33 AM
Phone: 651-284-6542 **Email:** adam.blom@lbo.leg.mn

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	FY2019	FY2020	FY2021	FY2022	FY2023	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

HF3563-1A modifies provisions related to child support calculations; modifies nonjoint children deduction provisions; modifies the basic support guidelines chart; and modifies the self-support reserve calculation.

This bill requires the court-ordered child support or spousal maintenance payments for a nonjoint child or former spouse to be deducted from the obligor’s gross income before calculating a support obligation for the child of the pending case. If no court order exists for a nonjoint child, the court will use the basic support guidelines table to calculate the deduction.

This bill changes the nonjoint deduction from 50 percent of the guideline amount to 75 percent of the guideline amount. This bill raises the combined parental income for determining child support cap (PICS) from \$15,000 to \$20,000. This bill sets an effective date of August 31, 2021 for the changes to the PICS.

This bill requires the obligee to exchange child care provider information with the obligor and provide the obligor with itemized child care expenditures of the prior year by February 1st of each year, unless there is a protective or restraining order issued by the court regarding the parties, and for the obligee to notify both the public authority and the obligor when child care expenses have ended. T

his bill requires the court to decrease the child care support obligation as of the effective date the child care expenses ended.

This bill amends the dollar amounts for the minimum basic support amount and provides clarification for applying an exception.

This bill creates a new subdivision for allowing the court to deviate from the presumptive child support obligation in a modification action when certain statutory elements are met.

Assumptions

This bill clarifies the duty of the obligee to provide documentation to the obligor regarding the name of the child care provider, and by February 1st of each year provide the obligor with a document from the child care provider showing itemized expenditures for the previous year. It is assumed the exchange of this information may not be voluntarily forthcoming by some parties, and may lead to the obligor filing a motion for contempt.

This bill modifies the child support guidelines chart by lowering the basic child support obligation amounts. This bill delays the effective date for the changes to the child support guidelines until August 31, 2021. It is assumed that some litigants will file motions based on this bill’s changes to the basic child support amounts.

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(j) provides the following: An enactment, amendment, or repeal of law constitutes a substantial change in the circumstances for purposes of modifying a child support order when it meets the standards for modification in this section.

It is assumed this bill may impact filings, hearing times, and order writing time of judicial officers.

Expenditure and/or Revenue Formula

We are unable to quantify how many new case filings may result from requests to modify child support orders or motions for contempt.

Furthermore, we are unable to quantify how many of these new case filings may result in further court involvement, such as court hearings and the issuance of court orders.

It is not possible to estimate with any accuracy the impact on the number of filings, hearing times, and order writing time of judicial officers.

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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