

February 28, 2014

The Honorable Connie O'Brien, Chairperson
House Committee on Children and Seniors
Statehouse, Room 187-N
Topeka, Kansas 66612

Dear Representative O'Brien:

SUBJECT: Fiscal Note for HB 2462 by House Committee on Children and Seniors

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2462 is respectfully submitted to your committee.

HB 2462 would amend the Kansas Family Law Code and the Kansas Income Withholding Act with regard to child support, custody, residency and parenting time. The bill begins with a preamble regarding the "constitutional dimension to the right of parents who direct the upbringing of their children." The bill would create the Joint Committee on Kansas Child Support Guidelines, assigning control of child support guidelines to the Kansas Legislature. This function is currently performed by a committee of the Supreme Court with members from the Kansas Department for Children and Families, the Kansas Bar Association, parents, judges, and the Kansas Legislature. The Committee would be required to submit a written report on proposed guidelines based on certain criteria to the Speaker of the House and the President of the Senate by January 12, 2015, and would consist of nine members enumerated in the bill.

Among the provisions of HB 2462 includes an amendment to the state debt setoff law that would require the Office of Judicial Administration to maintain a registry of debtors, including child support debt, to intercept gaming prizes. In addition, the bill would require jury trials for any termination of parental rights or modification of custody or parenting time if requested by the parent, guardian, or custodian. The bill would also impose a fine of no more than \$500 for persons found guilty of indirect contempt of court; and change the standard used to determine if a child is a "child in need of care."

The Department for Children and Families (DCF) indicates that Kansas is required to have certain laws and procedures in place for the operation of a child support program, and is required to represent that those laws are in place in its annual state plan. DCF indicates that the provisions of HB 2462 would prevent the Child Support Services (CSS) Program from meeting the following federal requirements:

1. To prohibit the retroactive modification of support;
2. To require all support payments to be made to the Kansas Payment Center;
3. To require income withholding orders for all new or modified child support; and
4. To allow the CSS Program to report delinquencies to credit bureaus, place liens on a debtor's property, and require bonds from certain debtors.

Since failure to meet these requirements would result in the inability to obtain federal approval for the child support state plan, DCF indicates that HB 2462 would result in a reduction in annual revenues of approximately \$143.6 million beginning in FY 2015. This estimate includes \$101.9 million from the federal Temporary Assistance for Needy Families (TANF) Block Grant, \$27.8 million from federal Title IV-D Child Support Enforcement administrative funds, and \$13.9 million from the state's share of child support collections.

DCF estimates the loss of Title IV-D administrative funds and the TANF Block Grant would necessitate the cancellation of CCS contracts and agreements with private vendors for a total reduction in annual expenditures of \$136.0 million beginning in FY 2015. This estimate includes \$40.1 million in child support administrative activities; \$70.8 million in TANF expenditures for programs such as cash assistance, foster care, family preservation, and the Governor's Reading Roadmap; and \$25.1 million in TANF expenditures for other services such as child care and development, the Social Services Block Grant, and substance abuse case management.

The Department indicates that HB 2462 would also eliminate annual child support collections of approximately \$182.2 million beginning in FY 2015. Of the total, \$165.4 million is distributed to Kansas families and \$16.8 million is sent to other states. DCF estimates the loss of an additional \$32.2 million in child support collections would be lost as a result of the passage of this bill, of which \$13.9 million is retained by the state as noted above.

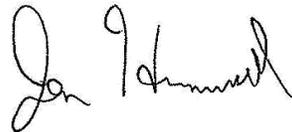
The Office of Judicial Administration (OJA) indicates that the provision of HB 2462 which would require district judges to hear expedited motions regarding visitation and parenting time would increase the expenditures of the Judicial Branch by \$839,505 from the State General Fund to compensate five district judges. OJA indicates that these cases are currently heard by hearing officers at a cost of \$490,714 from federal Title IV-D child support administration funds provided by DCF. OJA indicates State General Fund support would be required to compensate the judges since Title-IV-D funding cannot be used to pay for judicial salaries. OJA estimates the provision in HB 2462 which would require a jury trial or evidentiary hearing regarding custody or residency of a child; termination of parental rights; or the modification of custody, residency, or parenting time would increase the expenditures of the Judicial Branch by \$3,204 for each additional trial. The OJA indicates it would also incur costs to establish a child support registry for offset by lottery gaming facilities and other facilities. The OJA indicates that it is not likely that the passage of this bill would result in the collection of additional domestic docket fee revenue. However, until the courts have had an opportunity to operate with the provisions of HB

2462 in place, a precise fiscal effect of the expenditures or revenues of the Judicial Branch cannot be determined.

The Kansas Legislature estimates that HB 2462 would increase its expenditures by \$6,807 per two-day meeting for mileage, per diem, subsistence and other costs incurred to compensate legislators and administrative staff of the Joint Committee on Kansas Child Support Guidelines. However, the Legislature indicates it is unable to anticipate how many times the committee may meet before it submits its report January 15, 2015. The Kansas Lottery indicates that it anticipates no new expenditures as a result of the enactment of HB 2462 and can provide no independent estimate of the amount of revenue that may be realized.

Any fiscal effect associated with HB 2462 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Hummell". The signature is written in a cursive style with a large initial "J" and "H".

Jon Hummell,
Interim Director of the Budget

cc: Jackie Aubert, DCF
Mary Rinehart, Judiciary
Steve Neske, Revenue
Jeff Russell, LAS
Stephen Durrell, Lottery