

DSS ID #

AGENCY FISCAL ESTIMATE OF PROPOSED REGULATIONS

AGENCY SUBMITTING REGULATION Department of Social Services DATE November 7, 2013

SUBJECT MATTER OF REGULATION Arrearage Adjustment in Child Support

REGULATION SECTION NO. 17b-179-1 to 17b-179-3 STATUTORY AUTHORITY 17b-27a

OTHER AGENCIES AFFECTED Judicial Department

EFFECTIVE DATE USED IN COST ESTIMATE January 1, 2014

ESTIMATE PREPARED BY Marsha Goldberg

QUESTIONS SHOULD BE ADDRESSED TO Michael Gilbert TELEPHONE 860-424- 5841

SUMMARY OF STATE COST AND REVENUE IMPACT OF PROPOSED REGULATION

Agency Department of Social Services Fund Affected General

	SFY 2014	SFY 2015
Number of Positions		
Personal Services		
Other Expenses		
Equipment		
Grants (Medicaid)		
Total Costs (Savings)	see below	see below
Estimated Federal Share		
Estimated State Share		

STATE IMPACT OF REGULATION:

This proposed regulation seeks to amend the Child Support Arrearage Adjustment Program regulations to provide a greater incentive for fathers to contribute to the financial and emotional welfare of their children.

Under current regulations, a non-custodial parent must meet several restrictive requirements in order to be granted a 15% reduction in his/her arrearage amount. The absentee parent must be 100% compliant in the current child support order for 10 of 12 months in order to receive a 15% adjustment after a year. For each year of compliance, the arrearage is again reduced by 10%.

Under these proposed regulations: 1) a non-custodial parent would be eligible regardless of payment history; 2) he/she must pay 50% or more of current child support order to receive a monthly adjustment; and 3) he/she must maintain payment of 50% in current support payments in order to continue the monthly adjustment. By doing this, an arrearage adjustment of 50% of current support payments would apply.

The proposed regulation offers an incentive in the form of state arrearage forgiveness, which is contingent on the non-custodial parent (obligor) paying current support to the custodial parent. Through this incentive, DSS anticipates an increase in obligors paying current support, potentially reducing the number of families on state funded programs.

FINANCIAL IMPACT:

It is uncertain as to how many non-custodial parents (obligors) will participate in this program or how much arrearage will be forgiven. The DSS Fatherhood program works with non-custodial fathers and will encourage their clients to participate. This will be done within their current contract allocations. The Department's target for participation is fifty in the first year of the program.

If those fifty non-custodial fathers begin to pay child support as a result of the incentive at an order of \$71 per week (based on minimum wage), this would result in \$3,550 in weekly current support paid directly to families. This will result in an annual amount of \$184,600 paid to families. Currently, payments are posted to current support orders first, and then any additional funds are posted to arrearages.

Under this proposal, assuming those fifty non-custodial fathers had arrearages due to the state, a total of \$1,775 weekly or \$92,300 annually would be adjusted off those arrearages due the state. The amount of child support arrearages is currently \$1.2 billion. Collections were \$176.3 million in FFY 2013.

As a result of this incentive, non-custodial parents (obligors) continue to pay current orders. There is a strong likelihood that the custodial parent will need less state support and families that are on assistance will be able to move toward self-sufficiency. Studies conducted in the early 2000's showed an 18% drop in welfare caseloads when custodial parents received \$1,000 in child support in the previous year. It is not known how much additional current support will be collected as a result of this change. There is potential savings to the State but we are unable to quantify an amount at the present time. There is a potential for an increase in State revenue for collections of current support for families receiving state assistance. This amount is not quantifiable at this time.

EXPLANATION OF MUNICIPAL IMPACT OF REGULATION: None.

SMALL BUSINESS IMPACT : None