

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: House Bill 906

SHORT TITLE: Child Support for Children

SPONSOR(S): Rep. Ellis et. al.

FISCAL IMPACT: Expenditures: Increase ( ) Decrease ( )  
Revenues: Increase ( ) Decrease (x)  
No Impact ( )  
No Estimate Available ( )

FUNDS AFFECTED: General Fund ( ) Highway Fund ( ) Local Fund ( )  
Other Fund (x)

BILL SUMMARY: Provides that operating costs of the Debt Set-off program in the Department of Revenue shall not be deducted from child support collections; permits the Department of Revenue spreads the operating costs across other users of the Debt Set-off system.

EFFECTIVE DATE: July 1, 1993

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: Approximately 100 state agencies that use the Debt Set-Off program.

FISCAL IMPACT

	<u>FY</u> 93-94	<u>FY</u> 94-95	<u>FY</u> 95-96	<u>FY</u> 96-97	<u>FY</u> 97-98
EXPENDITURES					
RECURRING					
NON-RECURRING					
REVENUES/RECEIPTS					
RECURRING	(\$217,599)	(\$217,59)	(\$217,599)	(\$217,599)	(\$217,599)
NON-RECURRING					

POSITIONS:

ASSUMPTIONS AND METHODOLOGY: The administrative fees (7.55%) levied by the Department of Revenue upon Debt Set-off collections in FY 1991-92 totaled \$548,482. Of that sum, \$217,599 was charged to child support set-offs. Under this legislation, the administrative fee could no longer be levied upon child support set-offs. Instead, the costs of administering the Set-off program would be recovered from other users. The rate charged other users would rise from 7.55% to 12.52%, and net receipts to those users would fall by \$217,599.

Agency-by-agency collections information is not immediately available. It appears, however that the five largest users of the system are the

Administrative Office of the Courts, UNC Hospitals, UNC Physicians and Associates, the East Carolina School of Medicine Medical Faculty Practice Plan, and the State Education Assistance Authority. These agencies would be most affected by the revision in administrative charges.

**SOURCES OF DATA:** Department of Revenue, Department of Human Resources

**TECHNICAL CONSIDERATIONS:**

**FISCAL RESEARCH DIVISION**

**733-4910**

**PREPARED BY:** Lynn Muchmore

**APPROVED BY:** TOM COVINGTON **TOMC**

**DATE:** May 14, 1993

**[FRD#003]**



**Signed Copy Located in the NCGA Principal Clerk's Offices**