

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 186 - <REVISED>

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

Increases amount of monthly child support passed through to families participating in temporary assistance for needy families program.

Government Unit(s) Affected:

Counties, Department of Human Services, Department of Justice, District Attorneys, Judicial Department

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Analysis:

<Revised to include additional information.>

The measure increases the amount of monthly child support payments that are disbursed to families receiving Temporary Assistance for Needy Families (TANF) to include all child support payments collected during the month it becomes due. Under current law, child support payments collected and disbursed to families receiving TANF by the Department of Justice (DOJ) Division of Child Support (DCS) are limited to \$50 for each child, up to \$200 per family each month; also known as pass-through payments. Child support collections over the pass-through amount are retained by the state and the federal government as recoupment of public assistance dollars. The state’s portion is retained as Other Funds and used to fund the administration duties of the child support program within DCS.

In addition, the measure excludes any child support pass-through payments as income for TANF eligibility. The measure is effective on January 1, 2024 and would apply prospectively to child support payments that are collected on or after the effective date of the measure.

Department of Human Services

DHS estimates the total fiscal impact of the measure to be \$11 million and 31 positions (23.25 FTE) for the 2023-25 biennium and \$18.5 million and 31 positions (31.00 FTE) for the 2025-27 biennium. DHS anticipates there will be approximately 1,000 additional TANF cases which would require additional staff to handle the associated workload, including 14 Case Managers, two Human Services Supervisor 2, one Program Analyst 1, one Social Services Specialist 2, three Human Services Specialists 3, one Human Services Specialist 4, one Human Services Specialist 1, one Training and Development Specialist 2, six Office Specialists 2, and one Administrative Specialist 2.

Department of Justice

The fiscal impact for DOJ is indeterminate; however, the measure is expected to have a material General Fund and Other Funds expenditure limitation impact on the DCS. The increase in the amount of child support payments going directly to families would reduce the amount of recoupment that is split between Other Funds revenue retained by the division for payment of a portion of the division’s administrative expenses and the federal government’s share to recoup public assistance. DCS will also have to modify administrative rules, update processing forms, provide training, and update the division’s information technology application.

DCS has initially estimated the measure's impact for 18 months of the 2023-25 biennial to be \$10.1 million General Fund, of which \$5.7 million General Fund would replace the federal government's portion and \$4.4 million General Fund would be used to backfill the DCS's administrative expenses. The 2023-25 current service level budget for the DCS includes \$4.4 million in Other Fund expenditure limitation for administrative costs, which would be eliminated under this measure due to the backfill of a General Fund appropriation. The 2025-27 biennium cost of the measure for 24 months of the biennium has been initially estimated by DCS to be \$13.5 million General Fund and a reduction of \$5.9 million in Other Funds expenditure limitation. The amount to be paid the federal government is based on the 2024 Federal Medical Assistance Percentage rate of 59.31%.

The portion of child support payments owed to the federal government by DCS may occur as a reduction in the federal funds disbursed to DCS (i.e., does not require Other Funds expenditure limitation). There exists the possibility that the DCS could apply for, and receive, a federal waiver that would eliminate the state's obligation to reimburse the federal government for its share of the family-retained child support payment.

The indeterminacy of fiscal impact on DCS is based on the complexity of determining the TANF caseload, the number of child support cases, the number of child support court orders, and actual child support collections, which can vary due to a number of factors, including a paying parent's ability to pay, and whether the portion of child support payments owed to the federal government is a reduction in the federal funds disbursed to DCS or as a revenue transfer to back to the federal government. The prospect of the submission and approval of a federal waiver is also indeterminate at this time.

This measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact on the State's General Fund.