

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

This bill establishes the Child Support for College Savings Act. This bill allows a non-custodial parent to apply child support arrearages to a college savings account held by the State Treasurer. The non-custodial parent must make his or her full monthly payment before any contribution to the college savings plan. For every dollar contributed to a college savings plan, two dollars of arrearages owed the state through the Aid to Dependent Children Program would be forgiven.

The Department of Health and Human Services (HHS) may need an additional child support worker depending on the number of cases where the non-custodial parent chooses to contribute to the a college savings account. The cost would be \$57,650 (\$28,825 GF and FF) each year. The CHARTS (Children Have a Right to Support) tracing system would need to be reprogrammed. The cost is estimated at \$135,000 (\$45,900 GF and \$89,100 FF) in FY 16.

The State Treasurer indicates that if the HHS is the account owner, there would not be a fiscal impact for that office; otherwise the Treasurer would need a part-time staff person. For purposes of this fiscal note, it is assumed that HHS would be the owner.

There would be a loss of child support offset in the Aid to Dependent Children Program. The amount of the lost offsets is unknown.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 281	AM:	AGENCY/POLT. SUB: Dept. of Health and Human Services	
REVIEWED BY: Gary Bush		DATE: 3/5/15	PHONE: 471-4161
COMMENTS: The estimate of impact to the department appears to be reasonable given the assumptions used. Agree that the state would have to write-off debt owed to the state from individuals who are in arrears on child support payments.			

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 281	AM:	AGENCY/POLT. SUB: State Treasurer	
REVIEWED BY: Gary Bush		DATE: 1/28/15	PHONE: 471-4161
COMMENTS: The estimate of impact to the Treasurer appears to be reason given the assumptions used.			

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Mike Mason

Date Prepared:(4) 3-4-15

Phone: (5) 471-0676

	<u>FY 2015-2016</u>		<u>FY 2016-2017</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$ 80,345		\$34,445	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$123,545		\$34,445	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$203,891	\$0	\$68,891	\$0

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

**Explanation of Estimate:**

LB 281, Adopt the Child Support for College Savings Act, establishes a program for a noncustodial parent (NCP) to make contributions to a 529 College Savings account, in order to reduce or eliminate specific types of arrearages. The applicable arrearages are identified as only the debt owed to the state, pursuant to the unreimbursed amounts incurred when a custodial parent (CP) receives cash assistance through Nebraska's Aid to Dependent Children (ADC) program.

To be eligible to participate, the NCP owing these type of arrears must first make the current monthly support payment in full. This would allow the NCP to open and make contributions to an account for any of their children under 18 years of age. The owner of the account must be the State of Nebraska, with the beneficiary(s) being the child(ren) of the NCP.

The bill mandates that for every dollar contributed by the NCP into the college savings account, the department shall forgive two dollars of state debt. NDHHS would need to develop a mechanism (and program staff) to monitor the funding of such accounts

The DHHS operational workload of implementing and maintaining the program would require an additional 1.0 FTE Child Support Enforcement Worker at an estimated cost of \$68,891 (\$34,445 GF; \$34,445 FF) in FY16 and \$68,891 (\$34,445 GF; \$34,445 FF) in FY17. Additionally, significant changes to the CHARTS (Children Have A Right To Support) system would be required at an estimated cost of \$135,000 (\$45,900 GF; \$89,100 FF).

Once implemented, there would be a potential loss of revenue to DHHS in a reduction of collected applicable arrears, assigned to the state. Because no data exists to estimate the amount of state debt potentially eligible for forgiveness, no loss of revenue fiscal impact could be determined.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:	NUMBER OF POSITIONS		2015-2016	2016-2017	
	POSITION TITLE	15-16	16-17	EXPENDITURES	EXPENDITURES
C73681 Child Support Enforcement Worker		1.00	1.00	\$34,692	\$34,692
Benefits.....				\$12,429	\$12,429
Operating.....				\$156,770	\$21,770
Travel.....					



Please complete ALL (5) blanks in the first three lines.

**2015**

**LB<sup>(1)</sup> 281**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Nebraska State Treasurer

Prepared by: <sup>(3)</sup> Jason Walters

Date Prepared: <sup>(4)</sup> January 27, 2015

Phone: <sup>(5)</sup> 402-471-2793

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$46,292		\$46,292	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<u>\$46,292</u>		<u>\$46,292</u>	

**Explanation of Estimate:**

The State Treasurer's Office assumes that Health and Human Services will be the Account Owner and be responsible for managing the accounts, along with marketing the program. If that is correct, then there is no fiscal impact on the State Treasurer's Office.

However, if that assumption isn't correct, and the State Treasurer's Office does have to be the Account Owner and manage the accounts and/or market the program, there will be a fiscal impact to the Treasurer's Office. In this situation, a .5 FTE employee would be hired. The costs included in this fiscal note are for that person's salary, benefits and office equipment (desk, chair, computer and licenses, etc.) along with marketing costs (printing, postage, supplies, etc.).

Salary of \$25,000 for a .5 FTE – with health insurance (assuming family plan, \$18,000 per year), retirement benefits (\$156.02/month) and employer taxes (\$159.39/month). Also included is \$1,000 for desk, phone and office chair; \$1,600 for computer with dual monitors and \$300 for software licenses; \$5,000 for promotional materials; \$2,500 for phone, postage and other misc. expenses

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Program assistant	.5 FTE	.5 FTE	\$25,000	\$25,000
Benefits.....			\$10,892	\$10,892
Operating.....			\$10,400	\$10,400
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<u>\$46,292</u>	<u>\$46,292</u>