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**BILL: SB 186 Imposes Fee Upon Obligor Each Time Employer Withholds
Income For Payment of Support For Child**

NEVADA STATE WELFARE DIVISION

**CONTACT: LELAND SULLIVAN, CHIEF, SUPPORT ENFORCEMENT
PROGRAM**

PHONE: 684-0705

Good morning Chairman Anderson and members of the committee. I am Leland Sullivan, Child Support Enforcement Program Chief of the State Welfare Division. I am here to support SB 186, which will provide revenue to the state and county partners through imposition of a two-dollar increase in the income withholding fee paid by non-custodial parents.

Under current law, employers may deduct an additional \$3.00 for each income withholding to cover their administrative costs. Passage of SB 186 would add an additional \$2.00 to each withholding and employers would be required to forward the new fee to the Nevada State Treasurer. This fee would then be distributed between the counties participating in the child support program and the state to assist in paying the costs associated with administering the program.

The cost in issuing a check to a custodial parent as a result of income withholding is \$1.74. The revenue from the new two-dollar fee will offset that cost. It should be noted that orders for income withholding are issued by courts for non-custodial parents who fail to voluntarily pay their child support.

With the fees being paid to the Treasurer's Office, the fee revenue does not have to be shared with the federal government. Under federal rules, program income must be shared with the federal government, dramatically reducing the state retained share. With the fees being returned as general fund dollars through the Treasurer's Office, the Child Support program would receive 100% of the revenue.

Child support is an integral part of financial stability for many families. For low-income families receiving child support payments, it is a crucial component in achieving and maintaining self-sufficiency. In SFY 02 the program distributed \$16 million in support payments to former Nevada public assistance recipients and in excess of \$6 million to families receiving cash assistance.

The Nevada program is a strong partnership between the state and county district attorney's offices participating in the program. The program provides services to Nevada families at no cost upon receipt of an application for services. Services are also provided to families in other states when the non-custodial parent resides in Nevada. In SFY 02 the program distributed in excess of \$115 million dollars to these families.

ASSEMBLY JUDICIARY

DATE: 5/1/03 ROOM: 3138 EXHIBIT C

SUBMITTED BY: Leland Sullivan

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The Nevada Child Support Enforcement Program operates under Title IV-D of the Social Security Act. By participating in the program the federal government reimburses the Nevada Child Support Enforcement Program for 66% of eligible expenditures. The difference in federal reimbursement and state/county expenditures is covered by county general fund and state retained child support collects (Exhibit A).

In recent years federal changes have increased state responsibilities without a corresponding increase in program funding. With the conversion of NOMADS, the state assumed full financial responsibility for a statewide automation system allowing counties to retire use of their existing systems. NOMADS also resulted in the state experiencing a substantial increase in correspondence and mail costs due to centralized collections.

In August 2000, federal regulations required the state introduction of the State Collections and Disbursement Unit (SCaDU) for centralized collection and distribution of child support collections. SCaDU eliminated a function previously accomplished by each county; thus, making it a state business activity supported by state funds. Last, in 2002 the federal government reduced the state share of retained funding from 50% to 48%.

Passage of SB 186 enhances the fiscal stability of the Nevada Child Support Program, both state and county, through equal distribution of revenue collected. Using historical income withholding information we suggest this initiative could generate approximately a million dollars in revenue each state fiscal year, which will be split 50/50 between the state and county child support programs.

With increasing caseloads and the many changes facing the program, this additional revenue would greatly assist the program in providing services to Nevada's families. Exhibit B shows services provided by the program. In the last two years the district attorney's offices in Lander and Esmerelda have dropped out of the program due to fiscal issues. Services for these families are now being provided by the state and the district attorney's office in Elko County.

Our costs in the program continue to grow and this bill will help us meet those ever increasing expenses. I encourage your support of SB 186, thereby, providing a stable revenue source for state and county Child Support Enforcement programs.

I would be pleased to answer any questions the committee may have.

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Exhibit A

Child Support Enforcement Program
Expenditure
Gov Rec SFY 04

| | |
|----------------------------|----------------|
| A. Total Expenditures | \$46.6 million |
| B. County Expenditures | \$29.2 million |
| 1. Federal Funding | \$22 million |
| 2. County General Fund | \$7.2 million |
| C. State Expenditures | \$17.4 million |
| 1. Federal Funding | \$10.7 million |
| 2. State Share Collections | \$4.2 million |
| 3. State General Fund | \$2.5 million |

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Program Services

A. Families Receiving Services – January 2003

1. Public Assistance – 53,525
Children receiving cash grants, Medicaid, and foster care
2. Non Assistance – 42,155

Custodian of the children submits application to the county district attorney's office. No fee is charged for services.
3. Interstate Cases – 19,597

Non custodial parent resides in Nevada and the family resides in another state.
4. Total Caseload – 115,277

B. Non Custodial Parents

- | | |
|------------------------------------|--------|
| 1. With Orders | 61,353 |
| 2. Current in paying child support | 5,200 |

C. Services Provided

1. Location of NCP
2. Paternity Establishment
3. Obligation Establishment
4. Enforcement

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D. Payment Processing

All payments receiving program services must have child support payments go through the State Central Collection and Disbursement Unit. It currently costs the state \$1.74 to issue a check to the family.

| | |
|-----------------------------------|----------------------|
| SFY 02 Distributed Payments | \$115 million |
| Collections by Income withholding | \$69.6 million (61%) |
| Other Collections | \$45.4 million (39%) |

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