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FISCAL IMPACT STATEMENT

LS 6868

BILL NUMBER: HB 1481

NOTE PREPARED: Dec 27, 2010

BILL AMENDED:

SUBJECT: Duty to Support a Child.

FIRST AUTHOR: Rep. Kirchhofer

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that the duty to support a child ceases when the child becomes 19 years of age. (Current law provides that the duty to support a child ceases when the child becomes 21 years of age.)

Effective Date: July 1, 2011.

Explanation of State Expenditures: This bill can (1) decrease the number of individuals who owe child support in the state, (2) decrease the number of children an individual has a duty to pay child support for (to the extent individuals currently owe child support for children between the ages of 19 and 21), and (3) decrease the number of cases of unpaid child support or child support arrears in the state.

If this bill reduces the number of individuals in the state who owe child support and who owe child support arrears, the workload of the Bureau of Child Support will decrease. Actual decreases in workload will depend on the number of individuals who (1) currently pay and who would have paid child support and (2) currently owe child support arrears or would owe child support arrears for children between the ages of 19 and 21.

Additionally, if this bill decreases the number of individuals who owe child support arrears in excess of \$15,000 (either a Class C or Class D felony, depending on previous offenses of unpaid child support), state expenditures may decrease to hold individuals in state facilities. Actual decreases in local expenditures are unknown.

Background Information: Using a one-day count of Department of Correction (DOC) facilities from CY 2009, there were a total of 227 adults who had been admitted to state correctional facilities for Class C and Class D felony unpaid child support. According to the Bureau of Child Support, there are currently 346,337 open IV-D cases, of which 59,759 have child support arrears of \$15,000 or more (which represents a reduction from the 60,537 with arrears of \$15,000 or more from October of 2009). It is unknown how many of these 59,759 individuals owe child support to children between the ages of 19 and 21.

Penalty Provision: A Class D felony is punishable by a prison term ranging from six months to three years or reduction to Class A misdemeanor depending upon mitigating and aggravating circumstances. A Class C felony is punishable by a prison term ranging from two to eight years depending upon mitigating and aggravating circumstances. Assuming offenders can be housed in existing facilities with no additional staff, the marginal cost for medical care, food, and clothing is approximately \$4,818 annually, or \$13.20 daily, per prisoner. However, any additional expenditures are likely to be small. The average length of stay in DOC facilities for all Class C felony offenders is approximately two years and for all Class D felony offenders, approximately ten months.

Explanation of State Revenues: By decreasing the duty to pay child support age from 21 to 19, the bill may reduce an individual's duration of paying child support and, in cases where an individual is delinquent in child support payments, may decrease the total arrearage amount an individual may owe. DCS confirmed the provisions of this bill will potentially increase federal IV-D funding the state receives by decreasing the amount of arrears in the state. According to DCS, parents in Indiana often discontinue child support payments when the child reaches 18 years of age. This results in unpaid child support debts accumulating, thereby decreasing the state's arrearage performance level and negatively impacting federal IV-D funds the state receives. A lower arrearage rate can result in Indiana being more competitive with other states for IV-D incentive funds.

If this bill decreases the number of individuals who commit Class C and Class D felony unpaid child support, state revenue will decrease from court fees these individuals would have paid. The decrease in court fees and number of individuals who commit Class C and Class D felony unpaid child support is indeterminable, but expected to be small. A reduction in Class C and Class D felony unpaid child support cases would result in less revenue distributed to both the Common School Fund (from criminal fines) and the state General Fund (from court fees). The maximum fine for a Class C and Class D felony is \$10,000. However, any reduction in revenue would likely be small.

To the extent this bill decreases the number of individuals held in contempt of court (see *Explanation of Local Expenditures*, below), state revenue from contempt of court fines may decrease. Any decrease in revenue is indeterminable, but expected to be small. [The penalty for contempt of court is a fine or a term of incarceration, or both. Fines collected for indirect contempt of court are deposited in the state General Fund.]

Background Information: Indiana is currently one of approximately three states that have an emancipation age of 21 rather than 19. The federal IV-D program consists of a static amount of performance-based grants awarded to states (on a competitive basis) depending on performance regarding specified metrics. These metrics include: (1) paternity-establishment performance level, (2) support order enforcement performance level, (3) current payment performance level, (4) arrearage performance level, and (5) cost-effectiveness performance level.

Indiana's most recent performance rankings under the IV-D funding metrics for FFY 2009 are as follows: (1) 19th in paternity establishment, (2) 39th in support order establishment, (3) 36th in current support collections, (4) 24th in cases paying on arrears, and (5) 6th in cost-effectiveness. The first three metrics have more weight than the last two metrics when calculating the IV-D funding a state receives. In FFY 2008, Indiana received \$11,310,522 in IV-D funding, which was an increase from FFY 2007 (\$2,185,000).

Explanation of Local Expenditures: This bill can potentially decrease (1) court caseload for formal child support adjustments and unpaid child support cases, (2) the number of defendants held in county jails prior to court hearings for unpaid child support, and (3) the number of individuals found in contempt of court for refusal to pay child support. Actual decreases are unknown. The average daily cost of incarceration in a county jail is about \$44 a day.

Explanation of Local Revenues: If there is a reduction in Class C and Class D felony unpaid child support convictions, local governments would receive less revenue from court fees. However, the amounts would likely be small.

State Agencies Affected: DCS, DOC.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Brady Brookes, DCS; Cynthia Longest, Bureau of Child Support.

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