

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$17,272		\$17,272	
CASH FUNDS				
FEDERAL FUNDS	\$33,528		\$33,528	
OTHER FUNDS				
TOTAL FUNDS	\$50,800		\$50,800	

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

This bill specified that a judgement or order for payment of child support or spousal support which is current and not delinquent or in arrears creates no lien upon the real or personal property of the judgment debtor. For the purposes of this section a current certified copy of the support order payment history from the Department of Health and Human Services (DHHS) that such payments are in fact current is valid for 30 days after the date of certification. DHHS indicates the bill would necessitate IT staff time to make updates to the Children Have a Right to Support (CHARTS) system amounting to \$101,600 which would be split over the biennium and covered by 66% federal funds as a component of Child Support Enforcement.

DHHS indicates the bill would result in Children and Family Services (CFS) being out of compliance with the current State Plan until such time that system enhancements are completed, implemented, and approved by the Federal Office of Child Support Enforcement (CSE). It would also result in CFS being out of compliance with Uniform Interstate Family Support Act. Additionally, DHHS indicates LB 720 would make it difficult to utilize liens as an effective enforcement tool in collecting payments.

LB 720 would allow a payor to dispose of property upon receiving a child support judgment if a lien was not attached immediately. This would prevent collection on child support orders that become delinquent or in arrears. The Department of Health and Human Services (DHHS) and custodial parties would lose an important enforcement mechanism of collecting payment on support orders. As judgment creditors, the Department and custodial parents should have the same ability to enforce judgments as other judgment creditors who are owed money. Language in LB 720 appears to conflict with Neb. Rev. Stat. §42-358.02(2) as it relates to the definition of delinquent.

The Supreme Court indicates that this bill will have minimal fiscal impact in the form of additional judicial education which can be absorbed within current agency resources.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 720	AM:	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services (025)	
REVIEWED BY: Joe Wilcox	DATE: 03/22/2023	PHONE: (402) 471-4178	
COMMENTS: No basis to dispute the Nebraska Department of Health and Human Services (DHHS) estimate of Potential Fiscal Impact to the Agency from LB 720.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 720	AM:	AGENCY/POLT. SUB: Nebraska Supreme Court (005)	
REVIEWED BY: Joe Wilcox	DATE: 03/20/2023	PHONE: (402) 471-4178	
COMMENTS: No disagreement with the Nebraska Supreme Court estimate of Minimal Fiscal Impact to Agency from LB 720, with no additional resources required.			

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Prepared by: (3) John Meals

Date Prepared 3-22-2023

Phone: (5) 471-6719

	<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$17,272		\$17,272	
CASH FUNDS				
FEDERAL FUNDS	\$33,528		\$33,528	
OTHER FUNDS				
TOTAL FUNDS	\$50,800		\$50,800	

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

Explanation of Estimate:

LB 720 proposes to create an exemption to disallow liens to real or personal property for a child or spousal support judgment when the support is current and not delinquent. It would result in Children and Family Services (CFS) being out of compliance with the current State Plan until such time that system enhancements are completed, implemented, and approved by the Federal Office of Child Support Enforcement (CSE). It would also result in CFS being out of compliance with Uniform Interstate Family Support Act. Additionally, LB 720 would make it difficult to utilize liens as an effective enforcement tool in collecting payments.

LB 720 would allow a payor to dispose of property upon receiving a child support judgment if a lien was not attached immediately. This would prevent collection on child support orders that become delinquent or in arrears. The Department of Health and Human Services (DHHS) and custodial parties would lose an important enforcement mechanism of collecting payment on support orders. As judgment creditors, the Department and custodial parents should have the same ability to enforce judgments as other judgment creditors who are owed money. Language in LB 720 appears to conflict with Neb. Rev. Stat. §42-358.02(2) as it relates to the definition of delinquent.

The Federal Certification of the Children Have a Right to Support (CHARTS) system was granted based upon the language currently in Neb. Rev. Stat. §42-371, which automatically creates a lien at the time a child or spousal support judgment is entered. If modified under LB 720, it would require significant system updates to the CHARTS system so that liens will not be created for a child or spousal support judgments until the judgment becomes delinquent or accrues arrears. Implementing this exemption could risk the prior Federal Certification of the CHARTS system. Changes to the existing lien processing in CHARTS will require federal approval, including possible recertification of the CHARTS system. System modifications needed to implement LB 720 could be completed no earlier than December 2024.

CHARTS modifications include being able to determine what judgments qualify for a lien based on the existence of an open CSE case. If the case closes or the judgment is paid current, the system will need to produce documents to remove the lien. If the lien was released because the judgment is current, the system will need to monitor for arrears to accrue and start the process over when it qualifies. These modifications would require two CHARTS system releases to complete, with implementation anticipated in August 2024.

The following estimated additional hours will be required to make the CHARTS system updates: Business Analysts Team: 520 hours @ \$80.00/hour = \$41,600, Technical Analysts Team: 600 hours @ \$100.00/hour = \$60,000. Total hours of 1120 and total amount of \$101,600. The CSE program is funded with 66% federal match.

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2023-2024	2024-2025
	23-24	24-25	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....			\$50,800	\$50,800
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$50,800	\$50,800

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2023

LB⁽¹⁾ 720

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ 05 Supreme Court

Prepared by: ⁽³⁾ Eric Asboe Date Prepared: ⁽⁴⁾ 3/19/2023 Phone: ⁽⁵⁾ 402-326-9215

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Minimal fiscal impact to provide judicial education. A reasonable determination of the impact on judicial and court staff workload cannot be made at this time, but is not estimated to be significant. No additional resources required.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____