

1

Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: JUL 10 2007

SUBJECT: Fiscal Impact Statement: "Child Support Compliance Amendment Act of 2007"

REFERENCE: Draft Bill – No Number Assigned

Conclusion

Funds are not sufficient in the proposed FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. It is estimated that the proposed legislation would result in unfunded expenditures of approximately \$295,000 over the FY 2008 to FY 2011 period. The Office of the Attorney General (OAG), Child Support Services Division (CSSD) would require additional staffing and automation to meet the federally required three year review and adjustment process mandated by the Deficit Reduction Act of 2005 (DRA).¹

Background

The proposed legislation would implement new federal requirements applied to the District's child support program pursuant to the Deficit Reduction Act of 2005 (DRA). The DRA requires states, among other things, to enact laws that mandate the implementation of enhanced procedures for the establishment of medical support and require the review and modification of child support orders every three years in public assistance cases where there has been an assignment of child support rights.

¹ Approved February 8, 2006 (120 Stat. 147; Pub. L. 109-171). If the Council does not implement the law, the District will be out of compliance with federal requirements, and federal funding for the program will be jeopardized. All states and the District are required to implement the provisions of the Deficit Reduction Act.

The proposed legislation would amend Title 16 of the District of Columbia Official Code and the Medical Support Establishment and Enforcement Amendment Act of 2005,² to incorporate these new federal requirements into District law.

The intent of the proposed legislation is to continue funding for the District's child support program and Temporary Assistance for Needy Families (TANF) block grants, which depends on the District's timely compliance with federal child support requirements.³

To satisfy federal time frames, this legislation must be enacted and the associated procedures implemented by April 1, 2008.

Financial Plan Impact

Funds are not sufficient in the proposed FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. It is estimated that the proposed legislation would result in unfunded expenditures of approximately \$295,000 over the FY 2008 to FY 2011 period. The Office of the Attorney General (OAG), Child Support Services Division (CSSD) would require additional staffing and automation to meet the responsibilities associated with the three year review and adjustment required by the DRA.

Additional staff required to implement the proposed legislation include three Support Enforcement Specialists in the Enforcement Unit and an additional paralegal in the Legal Services Section. The Enforcement Specialists would be tasked with reviewing child support orders and the current salary and asset information of the custodial and non-custodial parents. If the financial information has changed enough to warrant an increase in child support payments, the Enforcement Specialists would submit paperwork to the Legal Services Section requesting a modification. An additional paralegal in the Legal Services Section would be needed to prepare the request to modify a child support order for court.

As shown in the table below, costs increase significantly in FY 2009 as OAG anticipates that at that time they will implement an automated review and adjustment process, which will have a start-up cost of \$250,000 (34% of that being the District's net cost after federal reimbursement). This would enable OAG to reduce the number of Enforcement Specialists from 3 to 1 beginning in FY 2009, which would result in lower out-year costs after FY 2009.

Implementation of the proposed legislation may generate future savings for the District. The OCFO will prepare a briefing note on this topic and will submit it to the Council by the week of July 16, 2007.

² Effective March 30, 2004. D.C. Law 15-130; D.C. Official Code § 46-251.01 *et seq.*)

³ See 45 CFR § 305.61 and 305.63.

Estimated Impact to the Financial Plan					
	FY 2008	FY 2009	FY 2010	FY 2011	4-Year Total
Additional Costs*	\$80,240	\$128,874	\$42,527	\$43,731	\$295,372

* Additional costs listed in this table only represent the District's portion of the net cost, *after* taking into account federal reimbursements. For example, the *total* cost (federal plus District) of additional employees in FY 2008 would be \$236,000, and the District's portion would be 34% of that amount (\$80,240). However, the District would need budget authority for the federal portion as well. Federal reimbursements (66% of the total) would be made on a quarterly basis. Costs for each employee include an additional 18% for benefits, and include an additional 3% annually for inflation.