Fiscal Note & Local Impact Statement

122 nd General Assembly of Ohio

BILL: **Sub. H.B. 352** DATE: **July 28, 1997**

STATUS: **As Passed by the House** SPONSOR: **Rep. Winkler**

LOCAL IMPACT STATEMENT REQUIRED: **No** **Federal Mandate**

CONTENTS: **Makes changes necessary for Ohio law to comply with the Federal Responsibility and Work Opportunity Reconciliation Act of 1996, which requires numerous changes governing child support enforcement and the establishment of paternity.**

State Fiscal Highlights

STATE FUND	FY 1997	FY 1998	FUTURE YEARS
General Revenue Fund			
Revenues	- 0 -	Indeterminate gain	Indeterminate gain
Expenditures	- 0 -	Indeterminate increase	Indeterminate increase
Administrative Fee Fund			
Revenues	-0-	Gain of around $18 million	Gain of around $18 million
Expenditures	-0-	Increase of up to or around $18 million	Increase of up to or around $18 million
Wildlife Fund			
Revenues	- 0 -	Potential loss of federal funding	Potential loss of federal funding
Expenditures	- 0 -	Minimum $25,000 increase	Minimum $25,000 increase
Federal Revenue Fund			
Revenues	- 0 -	Indeterminate gain	Indeterminate gain
Expenditures	- 0 -	Indeterminate increase	Indeterminate increase

- Failure to comply with the federal changes to the child support enforcement could result in Ohio losing the federal share of the Child Support Enforcement program, which is nearly $106 million each year, plus $17 million in child support performance related incentives.

- Failure to have an approved Child Support Enforcement plan could put Ohio's annual $727 million Temporary Assistance to Families in Need (TANF) funding in jeopardy.

- By requiring the Department of Human Services to establish an automated data processing system operational in all 88 counties of the state, there will be no increase in expenditures or gain in federal revenue because the Department has been involved in the development and implementation of such a system for nearly ten years.

- The bill creates the Administrative Fee Fund to be used by the state to deposit the processing charge that was formerly known as poundage and program income, which consists of certain amounts imposed on obligors

for failure to provide up-to-date information about the obligor. LBO estimates that deposits made to this fund could easily exceed $18 million annually.

- Once the support order is converted to the automatic data processing system and the Division of Child Support Enforcement authorizes centralized collection and disbursement of the support amounts under the support order, there will be increased revenue generated by the state due to the processing fee, which was once collected by the CSEAs.

- By requiring the Department of Human Services' Division of Child Support to establish a case registry containing information that includes the names and social security numbers of obligors and obligees under support orders being administered in Ohio, the tracking of child support cases would be more efficient and would assist the department in monitoring such cases.

- By requiring the Department of Human Services' Division of Child Support to establish a birth registry containing information that includes the names and social security numbers of parents of a child, the tracking of paternity establishment would be centralized and would assist the department in meeting federal performance standards in this activity of child support.

- By adding to the number of professional and business licenses or permits that may be suspended, revoked, or refused issuance or renewal due to the holder of such licenses or permits being in default under a child support order, there could be an increase in the amount of child support collected. Thus, there could be a decrease in the number of families that need public assistance such as TANF and Medicaid.

- By including certain recreational licenses in the scope of licenses and permits that may be suspended, revoked, or refused issuance or renewal due to the holder of such licenses or permits being in default under a child support order, there could be an increase in the amount of child support collected. Thus, there could be a decrease in the number of families that need public assistance such as TANF and Medicaid.

- Division of Wildlife would incur a minimal increase of $25,000 for quarterly mailings to 2400 license vendors plus unknown administrative expenses related to maintaining a list of persons who have recreational licenses and are in default under a child support order.

- Potential loss of approximately $6-$11 million annually in Federal Fish and Wildlife Restoration Act funds due to use of funds for purposes other than those specified. It is unknown at this time whether this would occur or not.

- Potential negligible increase in revenues if the division charges $25 for the issuance or to end the suspension of a license for an individual who is no longer in default under a child support order.

- Total expenditure estimates range from $157,000 to $637,000 in the first year for 3 additional Department of Health staff persons, equipment and a storage system, and about $106,000 in subsequent years for staff salary and fringes (this assumes that a storage system is fully in place). The bill permits the department to adopt rules, which are expected to be an initial expense with a minimal fiscal effect.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 1997	FY 1998	FUTURE YEARS
Counties			
Revenues	- 0 -	Minimal gain	Minimal gain
Expenditures	- 0 -	Indeterminate increase	Indeterminate increase
Other Local Governments			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Potential minimal increase	Potential minimal increase

- Once the support order is converted to the automatic data processing system and the Division of Child Support Enforcement authorizes centralized collection and disbursement of the support amounts under the support order, the CSEAs will be relieved of this duty; thereby resulting in savings to the CSEAs and increasing the number of hours that the CSEA can more actively involved in enforcement activities.

- By giving the CSEAs the authority to complete such enforcement activities that include: administrative liens, administrative foreclosures, administrative contempt for failure to comply with an administrative support order, the ability of the CSEA to actually collect child support is enhanced and could result in an increase in child support collections.

- By centralizing collections, some county CSEAs will lose the interest earned on depository accounts used for child support.

- The new compliance standards that the courts are required to comply with should increase the timeliness in which paternity is established; thereby increasing the likelihood of financial support for the child.

- Requiring the CSEA to investigate whether the new employer provides health insurance coverage when the child parents change jobs, could result in fewer families needing to rely on Medicaid to provide health insurance coverage.

- New duties for the registrars of vital statistics could minimally increase expenditures for local county and city departments of health.

Detailed Fiscal Analysis

The Federal Responsibility and Work Opportunity Reconciliation Act of 1996 requires a number of changes governing child support enforcement and the establishment of paternity. It mandates that states receiving federal child support enforcement dollars comply with these changes. Ohio is one of the states and H.B. 352 makes the changes necessary for Ohio law to comply with new federal mandates.

If Ohio fails to comply with these federal changes; it could jeopardize the federal reimbursement it receives for the administration of the Child Support Enforcement Program. Currently, the federal government reimburses Ohio 66 percent for every dollar spent on this program. If Ohio loses this reimbursement, it would have to replace nearly $106,920,000 to make up the difference. According to the Department of Human Services, the total expenditures for the program amount to $162,000,000 a year.

In addition, the state could also lose the federal incentives it earns by meeting certain child support performance standards. It could also lose its total $728 million Temporary for Needy Family (TANF) allocation for failing to comply with the new federal law.

Centralized Collection and Disbursement of Support Amounts

This bill requires the 88 county child support enforcement agencies (CSEAs) to continue to collect and disburse child support payments; to collect the administrative fee; to collect other amounts; and to perform certain duties with respect to a child support order until the support order is converted to the automatic data processing system and the Division of Child Support Enforcement of the Department of Human Services authorizes centralized collection and disbursement of the support amounts under the support order. This assumes that the Department will centralize the actual collection and disbursement duties, allowing the counties to concentrate on parent location and the establishment of paternity and support orders.

The automated data processing system referred to in this bill is the Child Support Enforcement Tracking System, more commonly referred to as SETS. The bill requires that all support orders are to be converted to SETS and that the Division of Child Support is to grant authorization for centralized collection and disbursement before July 1, 1999.

The Department of Human Services has been involved in the development and implementation of SETS since 1984. A spokesperson for the department maintains that the overall projected cost of SETS from 1984 through 1997 will be nearly $170 million. The federal government, through an enhanced reimbursement rate of 90 percent, will have provided the bulk of the funding for the project. The department maintains that SETS will be operational in all 88 counties by October 1997.

Under current law, each CSEA is responsible in the county it serves for the collection of payments due under child support orders. CSEAs must also perform administrative duties related

to the collection of those payments. Employers and other wage or asset sources subject to withholding or deduction orders are required to pay all support amounts due from an obligor under a support order to the CSEA. Each CSEA has the duty of disbursing the amounts collected to the custodial parent. Currently, support amounts collected must be placed in a separate account maintained by the CSEA before the disbursement to the custodial parent.

By giving the Department of Human Services until July 1, 1999 to have all support orders converted and the authorization for centralization of collections and disbursement, LBO assumes that there should be no additional cost to the state or the counties. Costs associated with the conversion of child support cases and orders were originally included in the development and implementation of SETS.

However, the Department of Human Services maintains that with centralized collection there is a saving to the state in terms of amount of equipment and the number of staff hours that are needed to process and to disburse collections.

Poundage/Processing Charge

As part of its duties collecting support amounts, a CSEA must also collect poundage fees. A poundage fee is the greater of 2 percent of the support amount that is collected or $1 per month. Poundage must be paid with every current support payment and with every payment on arrearages.

If the noncustodial parent fails to pay the fee, the CSEA must maintain a separate account for the amount not paid. The CSEA cannot deduct the unpaid fee from any support due the custodial parent. CSEA cannot apply the payment for poundage towards any arrearages.

County Commissioners must budget and appropriate the poundage amount to the CSEA and all federal money payable to the county on the basis of its success in collecting child support. Under the bill, poundage fee changes to "processing charge" and it prohibits courts and CSEAs from referring to it as a poundage fee.

Once the support orders have been converted to SETS and the Division of Child Support Enforcement authorizes centralized collection and disbursement of the support amounts under the support order, the CSEAs will no longer be collecting this processing charge. The counties have historically used these dollars as program income to support the child support enforcement program. The counties therefore stand to lose some of the interest earned on this revenue, but will also lose the cost associated with collection and disbursement.

Administrative Fee Fund

The bill creates the Administrative Fee Fund to be used by the state to deposit the processing charge that was formerly known as poundage and program income, which consists of certain amounts imposed on obligors for failure to provide up-to-date information about the obligor. LBO estimates that deposits made to this fund could easily exceed $18 million annually.

This version of the bill required the Division to distribute all of the processing charge amounts collected to the CSEAs on a quarterly basis. It requires the Department of Human Services to conduct a cost-benefit study with respect to the continued imposition of the charge

and file the results with the Governor, the speaker of the House, and the President of the Senate by July, 1998.

Posters for Delinquent Obligors

The bill permits the CSEAs to establish a program that publishes and distributes a series of posters displaying noncustodial parents who are delinquent in their child support payments. Each poster must display photographs of, and information about, ten parents who are delinquent in their child support obligation and whose whereabouts are unknown to the CSEA.

This program, established with the enactment of Am. Sub. S. B. 10 of the 119th General Assembly, effective July 1992, 1996, permitted the creation of county and statewide programs that featured noncustodial parents in default on posters. S. B. 10 included a sunset clause retroactively repealing the program. However, recent legislation removed this repeal so that the programs could continue. Due to several technical errors, the programs were unintentionally repealed again. This bill corrects these mistakes. As such, this provision has no fiscal effect.

In-Hospital Acknowledgement Program

Under current law, hospitals and CSEAs have the main duty of attempting to obtain acknowledgments of paternity from parents of a child. The Department of Human Services is required to enter into an agreement with the Department of Health that requires each hospital to provide a staff person to meet with the unmarried women who give birth in or en route to the hospital. The contract must reimburse the hospital for administrative costs of providing the staff person. The staff person's duties focus on trying to obtain an acknowledgement of paternity. The bill now removes this provision for payment.

In addition, CSEAs are required to ask whether the mother and the alleged father wish to sign an acknowledgement of paternity. If an acknowledgement is obtained, the administrative officer may issue an order finding paternity.

Under the bill, the requirement that CSEAs attempt to obtain an acknowledgement is eliminated and gives each local registrar of vital statistics new duties concerning acknowledgements.

Reimbursement to Financial Institutions

This bill requires the Department of Human Services to adopt rules to provide that financial institutions that provide information to the Division of Child Support for data matching purposes be reimbursed for actual, reasonable costs of providing information. The cost associated with this provision is unknown at this time. However, LBO assumes that they will be minimal.

Department of Health

The bill requires the Division of Child Support in the Department of Human Services (HUM) to send acknowledgment affidavits to the Department of Health (DOH), to be stored by the Vital Statistics Unit. According to a spokesperson from DOH, this is likely to involve about

40,000 additional documents for the unit per year. To process and store the documents, update the birth records with new information and retrieve the affidavits upon request, approximately 3 full time employees will be needed, as well as additional office space and an interactive storage system. Expenditures for the first year would be approximately $137,000, which includes salary, fringes and equipment for three clerical positions. In subsequent years, expenditures would be approximately $106,000 for salary and fringes. This analysis assumes that additional office space can be found within the existing area. A system to organize the affidavits for retrieval and to connect them with birth record information could cost anywhere from approximately $20,000 to $500,000, depending on whether manual or computerized methods are implemented. Total expenditure estimates therefore range from $157,000 to $637,000 in the first year for additional staff, equipment and a storage system, and about $106,000 in subsequent years for staff salary and fringes (this assumes that the storage system is fully in place).

The bill also permits DOH to adopt rules in accordance with Ohio's administrative procedure act governing the method of storage of acknowledgments. This is expected to be an initial expense and to have a minimal fiscal effect.

The new version of the bill requires the Department of Human Services to enter into an agreement regarding expenses incurred by the Department of Health in comparing acknowledgement of paternity affidavits to birth records and storage of such items.

The bill also provides for new duties for the local registrars of vital statistics, which includes the notarization of the affidavits and sending them, upon request, to the Department of Health. The local registrars must also provide the affidavit to any person that requests it. According to a spokesperson from HUM, they will provide any additional training that the registrars require. Since most of the affidavits are expected to come from the hospitals, with a relatively small portion coming from the local registrars, any additional expenses are expected to be minimal.

Filing Paternity Acknowledgements

The bill eliminates all probate court involvement with respect to acknowledgements of paternity entered into after is effective date and requires all acknowledgements to be filed with the Division of Child Support. It eliminates the provision permitting the CSEA to file an acknowledgement and replaces it with a provision allowing a local registrar of vital statistics to file an acknowledgement.

Under the bill, all acknowledgements of paternity will have to be made using the new acknowledgement affidavit. Under current law, any document can serve as an acknowledgement as long as it states that the man who signs it acknowledges paternity and assumes duty of the child's support. No longer are both parents required to sign the acknowledgement before two witnesses. Instead, under the bill both the mother and the father are required to sign the new form and have their signatures notarized.

Once the new form is filed, the Division of Child Support must enter the acknowledgement in the birth registry. Afterwards, the Division must send it to the Department of Health. Health must store the affidavits.

Under the bill, an acknowledgement becomes final and enforceable without ratification by a court when all of the following have occurred.

- the acknowledgement has been filed;
- the information on the acknowledgement is entered in the birth registry;
- the acknowledgment has not been rescinded;
- and more than 30 days have elapsed since the date of the last signature on the acknowledgement.

Once an acknowledgement has been finalized, the Division of Child Support must notify the Department of Health and it must prepare a new birth record consistent with the acknowledgement and replace the original record with the new one.

New Paternity Establishment Procedures

Under current law, before a person may bring a court action to determine paternity, the person must ask the CSEA to make an administrative determination of paternity. The CSEA must try to obtain an acknowledgement of paternity or an agreement to be bound by genetic testing from the parties involved. Failing that, the CSEA may order the parties to submit to genetic testing.

The bill establishes a new paternity establishment procedure that contains many aspects of the current one, plus some new requirements. The bill eliminates the current requirement that the CSEA attempt to obtain an acknowledgement or an agreement to be bound by genetic testing. The bill permits the parties involved to do that, but eliminates the CSEAs duty to attempt to obtain it.

The bill provides that if the alleged father willfully fails to submit to genetic testing or willfully fails to submit the child for the tests, the CSEA must issue an order stating that the father is the alleged father of the child. If the natural mother willfully fails to submit to genetic testing or the natural mother or any other person who is the custodian of the child willfully fails to submit the child to the tests, the CSEA must issue an order determining that it is inconclusive whether the alleged father is the natural father of the child. The CSEA must provide notice to the parties that they may object to the determinations by bringing a court action to determine the existence or nonexistence of a parent and child relationship.

The bill requires a court or CSEA to file the following with the Division of Child Support Enforcement: a court determination of paternity; an administrative determination of paternity that has become final and enforceable; and an acknowledgement of paternity entered on a probate court's journal under former law. On the filing of the order or acknowledgement, the Division must enter the information on the birth registry. Each CSEA, and each court in the county served by the CSEA that issues an order establishing the existence or nonexistence of a parent and child relationship, must enter into an agreement requiring the court to give copies of each order issued prior to the effective date of this bill to the CSEA. The CSEA must send copies of the orders and acknowledgements to the Division.

Compliance Standards for the Courts

Under current law, courts that have jurisdiction to issue support orders must meet certain time limit requirements concerning the administration of those cases. The bill eliminates these standards and replaces them with new ones. The bill requires courts to issue support orders or orders establishing the existence or nonexistence of a parent child relationship to establish rules of court to ensure that the following requirements concerning all actions to establish the existence or nonexistence of a parent and child relationship or to establish or modify a support order are met:

- At least 75 percent of all actions are completed within six months after they are initially filed;

- At least 90 percent of all actions are completed within 12 months after they are initially filed.

License Revocation and Suspension for Failure to Pay Support

Under current law, if a court or CSEA makes a final determination that an individual is in default under a child support order, the CSEA administering the order may determine whether the person holds, has applied for, or is likely to apply for a professional or occupational license or any type of driver's license. If it is determined that the person is a license holder, has applied for, or is likely to apply for such a license, it may notify the licensing board or Registrar of Motor Vehicles, as appropriate. The board or the Registrar, on receipt of the notice and after determining the person holds or has applied for a license and the individual is the person named in the notice, must refuse to issue or renew the license and must suspend any valid license. If the Registrar determines that the person does not hold a license, it must maintain the names of such persons and prevent the issuance of a license to them in the future until the board or Registrar receives notice that the obligor is not in default.

Current law provides two notices to the person in default of child support before taking action concerning licenses. When the CSEA initiates an investigation of apparent default and sends the advance notice, it must include a notice describing the professional, occupational, and driver's license removal provisions that may be applied to the person if the court or CSEA makes a final determination that he is in default under a child support order. The CSEA must also send a notice to such a person by first class mail after being found in default that a notice may be sent to the licensing board or Registrar notifying it of the default and that the licensing board or Registrar will take action to revoke, suspend, or not issue or renew his or her license.

The suspension must be lifted and the license issued or renewed if the CSEA determines that the person is not in default or has taken action to pay the arrearage owed. The CSEA is required to notify the board or the Registrar if the person is determined not to be in default or has cured the fault. A licensing board may charge up to $50 to issue, renew, or end the suspension of a license. The Registrar is permitted to charge up to $25.

Examples of professional and occupational licenses that may be affected are those needed for beekeeping, commercial fishing, promoting or participating in boxing, or to be an architect, teacher, doctor, nurse, or pharmacist. Licenses issued by the Registrar that may be affected are driver's licenses, commercial diver's licenses, commercial driver's temporary instruction permits, temporary instruction permits, and motorcycle operator's licenses and endorsements. With respect to commercial driver's licenses and commercial driver's temporary instruction permits, the

law became effective May 15, 1997. With respect to drivers' licenses, motorcycle operators' licenses or endorsements, and temporary instruction permits, the law affecting their revocation, suspension, refusal to be issued or renewed does not become effective until the later of: November 15, 1997 or the date that the Support Enforcement Tracking System becomes operational in all 88 counties.

This bill adds to the licenses governed by the child support law concerning those in default of their child support payments. The bill adds additional professional, occupational and business licenses that may be revoked, suspended or the issuance or renewal refused. See LSC's listing.

The bill also adds the revocation, and suspension of recreational licenses to the list of licenses to be governed by the child support law. However, this provision does not become effective until the later of November 15, 1997 or the date that SETS is fully implemented in all the counties of the state. It adds the following licenses: hunting licenses and tourist's small game hunting licenses; furtakers permits; wetlands habitat stamps to hunt ducks, geese, brant; and fishing licenses.

The bill would require the Division of Wildlife to maintain a list of individuals who are in default under a child support order and do not have a recreational license. The division must attempt to determine whether the individual holds or has applied for a recreational license. The division would be required to mail this list to its 2400 license vendors on a quarterly basis or as it is updated. The division estimates that it would cost a minimum of $25,000 in mailing costs alone. There would be unknown additional costs associated with administrative support to maintain this list. It is unknown whether the Division's federal funding from the Federal Fish and Wildlife Restoration Acts would be jeopardized if monies were used for this purpose. The federal government reimburses the division for between $6-$11 million in annual expenditures. The division would be allowed to charge a $25 fee to issue or end the suspension of a license.

The bill requires the removal of recreational licenses for failure to pay child support in the same manner as that required for professional and occupational licenses only if the following conditions are met: the Division of Wildlife has implemented a computer system that maintains license numbers, the names of persons to whom licenses are issued, and the social security numbers to whom licenses are issued; a method has been devised to eliminate the risk that social security numbers provided to the Division could be used for purposes other than those permitted by federal law.

The bill requires that occupational, professional, business, recreational, and all the driver's licenses, as well as liquor permits, not be issued or renewed and that they be suspended or revoked under current law and the applicable provisions of the bill, if a person who holds or has applied for the license fails to comply with a subpoena or warrant issued by the court or a CSEA with respect to a proceeding to enforce a child support order. Licenses or permits under current law and this bill may not be issued or renewed, and must be revoked or suspended until the entity that issues the license or permit receives a notice from the CSEA that the person that was in default has now complied with the order.

Medical/Health Insurance Support Orders

The bill requires the court or CSEA, when issuing a child support order, to make a determination of a parent responsible for the health care of children. It eliminates the requirement that the court or CSEA issue a separate order for the provision of health insurance coverage for children. Such orders issued prior to the effective date of this bill are to remain in effect and are to be considered as part of the child support order to which the children are subject.

The bill makes many procedural changes that the CSEAs, the courts, and employers are required to follow in order to ensure that children, who are subject to a child support order, are provided health insurance coverage from either the noncustodial parent or the custodial parent, or the responsibility for providing it is shared between both parents.

The administrative procedures required by this bill could increase the workload of the courts and the CSEAs. However, to the extent that the state and the counties avoid having to provide medical coverage for such children through Medicaid, there are savings to the Medicaid program. Thus, the cost of these new procedures could be offset by the savings that the state and the counties accrue by avoiding Medicaid Program support expenditures.

Fraudulent Transfers

Under Ohio's Uniform Fraudulent Transfer Act, a custodial parent under a support order may bring an action to obtain any relief that the circumstances may require against the noncustodial parent who makes a fraudulent transfer of assets or enters into a fraudulent obligation to avoid payment under the support order. Relief may include avoidance of the transfer or obligation to the extent needed to satisfy the noncustodial parent's claim. If permitted by the court the custodial parent may levy execution on the assets transferred or its proceeds after obtaining judgement.

The bill provides that if a court or CSEA knows that a noncustodial parent has transferred property or incurred an obligation that may be in violation of the fraudulent transfers act, the CSEA must determine whether the custodial parent has made an assignment of support because of their receipt of public assistance. If so, the CSEA must institute an action under the fraudulent transfers act to void the transfer or obligation to the extent needed to satisfy the support obligation, or obtain a settlement with the noncustodial parent in the best interest of the child. In addition, if permitted by the court, the CSEA may levy execution on the assets transferred or the proceeds after obtaining judgement.

If the CSEA determines that an assignment of support has not been made, the CSEA must notify the custodial parent that the noncustodial parent has transferred property or incurred an obligation that may be in violation of the fraudulent transfers act and that they may consent to the CSEA taking action.

This provision adds to the number of activities that the CSEA may use to collect child support. As such, it enhances the CSEAs' ability to collect such support.

Lien Establishment

The bill provides that if a court or CSEA makes a final and enforceable determination that a noncustodial parent is in default under a child support enforcement order, the CSEA

administering the order must determine whether the custodial parent has made an assignment of support because of its receipt of public assistance. If so, the CSEA may assert a lien on real and personal property of the noncustodial parent located in the state. If the CSEA determines that an assignment has not been made, it must notify the custodial parent that the noncustodial parent is in default under the child support order and that they may consent to the filing of an lien against them. The custodial parent may consent, by requesting in writing, that the CSEA assert a lien.

Under the bill, a CSEA is entitled to have, and may cause real and personal property subject to a lien established to be sold. To obtain a sale of property subject to a lien, the CSEA must file with the appropriate court of the county in which the property is located.

The proceeds from any sale made under the bill are to be paid out in the following order to the extent proceeds remain: first, to satisfy all liens, mortgages, security interests, or other encumbrances on the property that arose before the date of the lien was filed, second, to reimburse the CSEA for costs of the seizure and sale; third, to satisfy the child support arrearage that is the basis of the lien; and finally, to satisfy all liens, mortgages, security interests, or other encumbrances on the property that arose after the date the lien was filed. If any proceeds remain after paying the aforementioned, they are to be refunded to the noncustodial parent.

Under this bill, a CSEA may release the lien on all or any part of the property of the noncustodial parent or return seized property without liability, at any time, if assurance of payment is deemed adequate by the CSEA or the release will facilitate the collection of the arrearage that is the basis for the lien. The release will not prevent future action to collect arrearage.

The bill provides that when the CSEA initiates an investigation of apparent default and sends the advance notice, it must include a notice describing the lien provisions described above that may be applied to the noncustodial parent if the court or CSEA determines that the obligor is in default under the child support order.

This provision adds to the number of activities that the CSEA may use to collect child support. As such, it enhances the CSEAs' ability to collect such support.

Consumer Reporting Agencies

Under current law, for fee a CSEA must provide information to a consumer reporting agency that has requested information regarding a noncustodial parent who has defaulted on his child support payment. In addition, the CSEA is permitted to contact any consumer reporting agency and provide such information. A CSEA that provides information not requested by a consumer reporting agency is not permitted to charge a fee.

The law provides procedures for notifying a consumer reporting agency when the noncustodial parent is no longer in default. The Department of Human Services is permitted to provide information about persons subject to support orders from the alphabetical index of court and administrative orders it maintains.

This bill requires the CSEAs to contact at least one consumer reporting agency in Ohio regarding a custodial parent who is in default under a child support order.

The bill, like current law, prohibits the imposition of a fee on consumer reporting agencies to which the CSEAs give information without it being requested by such agencies. It also makes provision for notifying these agencies when the noncustodial parent is no longer in default. The provisions of the bill concerning notification of consumer reporting agencies is to take effect January 1, 1998.

This provision adds to the number of activities that the CSEA may use to collect child support. As such, it enhances the CSEAs' ability to collect such support.

Use of Collection Agencies

Under current law, CSEAs are permitted to enter into contracts with public or private vendors for the collection of amounts due under child support orders. CSEAs are permitted to contract with a collection agent for the collection of arrearages owed under a child support order. A CSEA that enters into such a contract cannot give a child support order for collection unless the custodial parent agrees. The CSEA may collect from the person in default a standardized collection cost of no more than 30 percent of the arrearage amount plus interest at the rate provided under law. Amounts collected are to be paid to the CSEA.

The bill eliminates the provision that permitted the Division to collect a standardized collection cost of no more than 30 percent of the arrearage and any interest imposed on the arrearage. According to a spokesperson with the Division, the federal government disapproved of a vendor being paid from the child support collected, thereby reducing the income going to the family. Such collection vendors must be paid from processing charges.

Participation in the Work Activity Program and Seek-Work Orders

The bill requires a CSEA that cannot issue a withholding or deduction notice against a noncustodial parent under an administrative support order to issue an administrative order requiring such a person to seek employment or participate in a work activity to which a recipient of Temporary Assistance to Needy Families (TANF) may be assigned. The CSEA may include in the order a requirement that such a person notify the CSEA on obtaining employment or income, ownership of any asset with a value of $500 or more. The CSEA may issue such an order regardless of whether the custodial parent to whom the noncustodial parent owes support is a recipient of public assistance.

A CSEA that orders such a person to participate in a work activity must oversee their participation in accordance with rules adopted by the Department of Human Services. The CSEA may contract with one or more persons or government entities to carry out some or all of its oversight duties.

If an obligor fails to comply with the administrative order to participate in the work activity program, the CSEA must ask a court to either issue a seek work order, or issue an order requiring such a person to participate in the work activity program. The court is required to issue the appropriate order upon receipt of the request. The bill also permits a court to issue an order requiring a noncustodial parent to participate in a work activity program if no withholding or deduction notice or cash bond requirement may be issued against such a person. When the court

issues an order for participation in a work activity, the CSEA of the county in which the noncustodial parent lives must oversee their participation in the program.

Under current law, if a withholding or deduction notice cannot be issued because the noncustodial parent is unemployed and has no income or account in a financial institution, the court must issue an order requiring this person to seek work. The bill gives the court additional authority to issue such an order with respect to administrative support if the CSEA requests issuance because the obligor fails to comply with an administrative work activity order. Such orders may be issued regardless of whether the custodial parent to whom the noncustodial parent owes support is a recipient of public assistance.

This provision adds to the number of activities that the CSEA may use to collect child support. As such, it enhances the CSEAs' ability to collect such support.

Date for Beginning Withholding & Time for Forwarding Withheld Amounts

The bill changes the current provision requiring wage withholding to begin no later than the first pay period that occurs after 14 days following the date the withholding notice was mailed. The bill changes this to require that withholding to begin no later than 14 days following the date the notice was mailed.

Current law requires that the amounts withheld or deducted under support orders be forwarded to the CSEA immediately, but not later than ten days after the date of withholding or deduction. The bill changes ten days to seven days.

These increased timeframes expedite the time in which money is withheld from the noncustodial parent and given to the custodial parent. Thus, they increase the efficiency of these collection mechanisms.

Fines and Lump Sum Payments

Under current law, the noncustodial parent who fails to notify the CSEA of a change of employment or the availability of another income source or to provide certain locator information is subject to a fine. This fine must be paid to the CSEA administering the child support order to which the noncustodial parent is subject. Any amounts collected must be paid to the custodial parent to pay arrearages that exist under the child support order and any amount remaining is to be kept by the CSEA to fund support enforcement activities.

The bill requires the fine amounts instead to be paid to the Division. The fine amount that exceeds the arrearages is to be treated as an administrative fee and placed in the administrative fee fund.

Current law provides that if the noncustodial parent is due to receive a lump-sum payment in an amount that exceeds $500 and an arrearage is owed, it must be held for 30 days by the person paying it and must be forwarded to the CSEA for distribution to the custodial parent. If no arrearage is owed, the lump-sum payment is made to the noncustodial parent.

The bill eliminates the $500 minimum amount and requires that any lump-sum payment must be held to determine whether an arrearage is owed. The bill requires that this amount to be forwarded to the Division for distribution.

Reimbursement to the Department of Taxation

The bill authorizes the Division of Child Support to have access to information concerning the residential address, employer, income, and assets of taxpayers, if that information

is contained in the state records maintained by the Department of Taxation. Child Support is authorized to have such access for the following reasons:

- Establishment of paternity;
- Establishment, modification, and enforcement of support orders; and
- Location of absent parents.

Child Support must reimburse Taxation for the cost of access to, and obtainment of, the aforementioned information. The amount that Taxation would have to be reimbursed is unknown at this time. However, LBO assumes that it would be comparable to or less than reimbursement currently provided to the Ohio Bureau of Employment Services (OBES) for such information. A spokesperson with the Department of Human Services maintains that the cost would be minimal if it is comparable to what is paid to OBES. OBES is paid 0.03 cents per inquiry record.

INTERSTATE SUPPORT ENFORCEMENT

Ohio adopted the Uniform Reciprocal Enforcement of Support Act (URESA) in 1951. The act created an interstate procedure for the enforcement of support obligations by permitting certain actions to enforce such obligations against a noncustodial parent who has left the state in which the dependents under the support order reside. The bill repeals Ohio's URESA provisions and, in its place, enacts the Uniform Interstate Family Support Act (UIFSA). In general, UIFSA does what URESA did. Although the mechanisms differ, the requirements placed on Ohio should not create additional costs and should be absorbed within the current system. In addition, this should enhance the ability of Ohio and all other states to collect arrearages from obligors who have left the state.

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