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FISCAL IMPACT REPORT

SPONSOR Rawson DATE TYPED 02/05/05 HB _____

SHORT TITLE Deduct Child Support from Workers' Comp SB 366

ANALYST Weber

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)
 Attorney General Office (AGO)
 Workers' Compensation

SUMMARY

Synopsis of Bill

SB 366 amends the Workers' Compensation Act to direct the Workers' Compensation Administration to notify the human services department of the names of all persons determined to be eligible for workers' compensation benefits so that child support can be deducted or withheld from the Workers' Compensation payments.

Significant Issues

The Human Services Department comments.

SB 366 amends the Workers' Compensation Act to direct the Workers' Compensation Administration to notify the human services department of the names of persons determined to be eligible for workers' compensation benefits. The Administration will then deduct and withhold child support from Workers' Compensation payments. New Section I. requires the Human Services Department (HSD) to reimburse the Administration for administrative costs incurred in performing the child support enforcement. Significant issues by section are:

1. Section D(1) would permit the deduction of child support from workers' compensation amounts "specified in an agreement between the person the and child support enforcement division." The Child Support Enforcement Division (CSED) is only authorized to enforce child support pursuant to judgments (as specified in section D(2) of this amendment). CSED does not enforce "agreements" between parties, unless such agreements are included in a court-ordered judgment or order for support. The sentence should rather state, "specified in a judgment or order for support entered against an obligor by a court in a case enforced by the department pursuant to Title IV-D of the Social Security Act." Any "agreement" (or "stipulation") would have to be filed in District Court in order for CSED to enforce, and this situation would probably be included in Section D(2). In addition, the correct citation is U.S. Social Security Act, 42 U.S.C. Section 651 et seq., and should be cited throughout the amendment in all references to the U.S. Social Security Act.

2. Section I states that the Human Services Department shall reimburse the Workers Compensation Administration for administrative costs associated with child support enforcement deductions. The amendment implies that there would be an automated data match between agencies, and that there would need to be a joint powers agreement to memorialize an agreement on costs of reimbursement. There is no appropriation contained in the amendment and yet the Child Support Enforcement Division would incur costs both to set-up the match on its side and to pay Workers' Compensation for its administrative costs.

3. Section H should be deleted, as redundant.

PERFORMANCE IMPLICATIONS

The following performance measures for Human Services could be affected.

- Amount of child support collected, in millions of dollars.
- Percent of current support owed that is collected.

Workers' Compensation income withholding to pay child support is currently done manually. An automated match would likely increase child support collections by an unknown amount.

FISCAL IMPLICATIONS

Human Services anticipates CSED would incur costs to set up a data match with Workers' Compensation and to reimburse Workers' Compensation for their administrative costs (as described above in detail).

The CSED computer system (Child Support Enforcement System or CSES) would need some programming changes in order to have the existing interface capability function automatically. The cost to do this is estimated at a one-time appropriation of \$400,000.00. The other administrative costs of sending notices out to non-custodial parents can be absorbed in the existing budget and with existing staff.

TECHNICAL ISSUES

The Attorney General adds.

Section E is unclear. It appears that the intent of Section E is that the amount withheld is considered payment of workers' compensation to the claimant and may intend that the amount paid to HSD is to satisfy claimant's child support obligations. However, SB 366 does not expressly provide that HSD will pay the amount withheld to the person to whom the child support is owed

Also, Human Services indicates the federal citation is incorrect.

New Section (D)(1) contains a citation of the U. S. Social Security Act (“454(20)(B)(i)”) that does not exist. The citation should be U.S. Social Security Act (42 U.S.C. Section 651 et seq.).

MW/sb