

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 21, 2009
POSITION: Support
SPONSOR: CA Department of Child Support Services

BILL NUMBER: SB 578
AUTHOR: R. Wright

BILL SUMMARY: Child Support Interest

This bill, which would become operative January 1, 2011, would amend state law to permit the suspension of interest accrual on child support arrears for obligors who meet their monthly child support obligation. Under this measure, interest accrual would resume once an obligor subsequently fails to meet their monthly child support obligation.

FISCAL SUMMARY

This bill would result in a one-time cost of \$1 million (\$340,000 General Fund) in 2010-11 associated with changes to the California Child Support Automation System (CCSAS). Specifically, the CCSAS would require modifications to allow for suspension and reactivation of interest accrual. The Department of Child Support Services reports it would either leverage unspent prior year reappropriation funds or utilize CCSAS maintenance funds within the department's base to cover all costs associated with this bill.

This bill would result in an ongoing collections revenue increase of approximately \$4.5 million (\$2 million General Fund) beginning in 2011-12.

COMMENTS

This is an Administration sponsored bill. Finance is supportive of this bill for the following reasons:

- This bill would result in an ongoing collections revenue increase of approximately \$4.5 million (\$2 million General Fund) beginning in 2011-12.
This bill would positively impact California's rating in the federal performance measure for Arrears Collection by suspending interest accrual on specified arrears balances and slowing California's arrears growth rate. Improved performance in this area could result in additional performance incentive grants from the federal government.
This bill would provide a major financial incentive for obligors to remain current in their child support by allowing the temporary suspension of interest accrual on arrears. This incentive is directed at obligors who have fallen behind in their child support payments in the past and are likely to fall behind again.

Analyst/Principal Date Program Budget Manager Date
(0513) J. Wordlaw Lisa Ann L. Mangat

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

**BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)****Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

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SB 578

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2008-2009	FC	2009-2010	FC	2010-2011	
5175/ChildSupport	SO	No		--		--	B	\$340	0001
5175/ChildSupport	SO	No		--		--	B	\$660	0890
1614/Misc Revenue	RV	No		--		--	U	\$994	0001
1614/Misc Revenue	RV	No		--		--	U	\$1,233	0890

<u>Fund Code</u>	<u>Title</u>
0001	General Fund
0890	Trust Fund, Federal