

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 15, 2005

TO: Honorable Will Hartnett, Chair, House Committee on Judiciary

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB1238 by Paxton (Relating to distribution of certain child support payments by the state disbursement unit.), **Committee Report 1st House, Substituted**

Depending upon the passage of the bill, the state could experience a significant loss of federal funds that are directly correlated with compliance of federal standards.

The bill would provide that a court could appoint an individual or entity for the purpose of receiving, disbursing, and monitoring child support payments. In addition, the state disbursement unit shall, after making deductions distribute the payment to the appointed individual or entity from which that individual or entity could deduct any amount of an authorized fee from the payment and then disburse the remainder of the amount to the Title IV-D agency or obligee. The bill would take effect September 1, 2005.

The Office of the Attorney General's (OAG) Child Support Division must maintain an approved State Plan demonstrating the agency's compliance with federal laws and regulations in order to receive federal funds from the federal Office of Child Support Enforcement. As written, the bill would require the OAG's Child Support Division to disburse child support collections to an individual or entity if so ordered by the court, instead of the custodial parent as directed by federal law. Given the conflict, the child support program would be out of compliance with federal law which could jeopardize the state's Temporary Assistance to Needy Families (TANF) block grant.

During the 2006-2007 biennium, the OAG's Child Support Division expects to receive approximately \$414 million in federal matching funds and performance incentives that could be jeopardized by the bill as written. In addition, the state's TANF block grant may be put in jeopardy since a state can only receive TANF funding if it operates a child support program with an approved state plan.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General

LBB Staff: JOB, LB, MS