

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 5:00 p.m. on March 17, 1997.

Chairman Kerr asked if this information could be put in writing and was advised that Mr. Haskins would not be in that position but that he could get the written information from the Office of Congressional Research.

Chairman Kerr asked about the amount of flexibility the State of Kansas had in the bill to be enacted. Mr. Haskins advised that after working with the states for two years, the federal government has produced very specific guidelines and that states do not have any real flexibility.

Chairman Kerr inquired about actions of other states. Mr. Haskins advised that he was not aware of any state who had definitely passed these requirements. Oklahoma did have a problem when an assertion was made that the wording "state required child support orders" meant that every case would be a government case. Mr. Haskins told Chairman Kerr this is simply not true, that it is estimated 1/3 to 1/2 of all cases will not be a part of this system.

Chairman Kerr also asked what type of information would be required from an employer. There are three requirements: name, employer address, and social security number. All of that information is provided on the W-4 form. The difference is that it must be provided every 20 days rather than quarterly.

When asked about the deadline for passing a bill like **SB 140**, Mr. Haskins told Chairman Kerr he was unsure but thought it was the first day of the first quarter after the end of the legislative session. He believed that to be July 1 for Kansas.

The Chairman recognized Senator Bleeker who inquired from Max Smith of any flexibility for the states. Mr. Smith advised he believed the flexibility would be only to the extent that it complied with the congressionally passed mandate. Mr. Smith advised if he would make a recommendation, it would have to be in compliance with the federal legislation. Mr. Smith advised that their office has been working on this legislation for two years, therefore, states have been aware of this and some states have passed some elements of this required legislation.

Jamie Corkhill, SRS, responded to questions from various legislators regarding the financial consequences of **SB 140** (Attachment 1).

Senator Salisbury moved, Senator Ranson seconded, that **SB 140** be approved favorable for passage. The motion carried on a roll call vote.

Chairman Kerr adjourned the meeting at 6:20 p.m.

The next meeting is scheduled for March 18, 1997.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Administration for Children and Family
Region VII

Room 276, Federal Office Building
801 East 12th Street
Kansas City, Missouri 64108

March 11, 1997

Mr. James A. Robertson, Administrator
Child Support Enforcement Unit
Department of Social and Rehabilitation
Services
P.O. Box 497
Topeka, Kansas 66601-0497

COPY

Dear Jim:

This is in response to your request regarding the estimated amount of Federal funding Kansas could anticipate losing if their IV-D State Plan were found to be out of compliance.

Kansas received approximately \$4.2 million in performance related child support incentive payments and approximately \$25.3 million in Title IV-D funding for the administration of its child support program in Federal fiscal year 96 (October 1, 1995 through September 30, 1996).

As you know, PL 104-193 introduced several new child support enforcement requirements which, pursuant to 454 and 466 of the Social Security Act, must be reflected in State law in order for a State to maintain an approved Title IV-D State Plan. If a State fails to enact any of the required State laws or procedures under Section 466, or otherwise fails to comply with any State plan requirement under Section 454, they are at the risk of having their State plan disapproved and of losing all Federal IV-D funding.

If you have any further questions or need further assistance, please contact Sharan Lesmeister at 816-426-3584, extension 158.

Sincerely,

Max W. Smith
Director, Office of
State and Tribal Operations

Senate Ways and Means Committee

Date 3-17-97 (B)PM

Attachment # /

Set 1 - Sen. Hensley**1. What is the absolute deadline for implementing these requirements?**

Please see Attachment A. Except as otherwise specified in an individual section of the federal Act or as allowed by the grace period for state legislative or constitutional changes, the federal provisions that require changes to state laws and IV-D state plans took effect October 1, 1996.

For Kansas, the grace period ends July 1, 1997, and covers only deadlines that occur before that date.

Specific federal Act deadlines for the provisions included in SB 140:

What	PRWORA Section	Due Date
State Directory of New Hires - creation and operation (SB 140, sec. 1)	313, amending Title IV-D by adding Sec. 453A	October 1, 1997 (453A(a)(1)(A))
State Directory of New Hires - interface with State case registry (SB 140, sec. 1)	313, amending Title IV-D by adding Sec. 453A	May 1, 1998 (453A(f))
Official amendments to UIFSA (Uniform Interstate Family Support Act) (SB 140, sec. 35 - 63)	321	January 1, 1998
Enhanced Privacy Safeguards (SB 140, sec. 74)	303	October 1, 1997

2. Have other states declined to implement these requirements and lost a portion of their federal funding?

According to the latest information available to the Kansas City Regional Office of Child Support Enforcement, no state needing state legislative or constitutional changes has yet reached the end of its grace period and failed to enact any requirement due as of that date. Consequently, no state has, to date, lost federal funding for that reason.

3. What parts of the SRS budget will be impacted if we do not implement these requirements?

CSE revenues are deposited in the SRS Fee Fund. Currently, the following programs and commissions depend upon the SRS Fee Fund at least in part: Child Support Enforcement, Medical Assistance (\$32.3 million budgeted), Cash Assistance (\$3.5 million budgeted), and Children & Family Services, which has used \$3.5 million so far this year.

If the measures in SB 140 are not implemented, CSE's projected new revenues (collections and federal incentive payments) from SB 140 would not be realized. New state revenues from SB 140 are projected to be \$303,604 for FY98 and \$947,065 for FY99 and subsequent years.

To receive federal funds under title IV-D, a state must operate a CSE Program that meets federal requirements. Part D of Title IV, Social Security Act, section 451. If the IV-D state plan were found out of compliance on its face, the IV-D grant for CSE administrative costs and the federal incentives earned on the existing level of collections would not be paid as of the beginning of the next federal quarter. At present levels, the loss would be approximately \$29.5 million per year or \$7,375,000 per quarter. If SRS curtailed CSE activities to absorb loss of IV-D federal funds, the state revenues from CSE collections would decline over time. Presently, state revenues from CSE collections total \$11.0 (not including federal incentives) per year. Such severe loss of funding would also affect SRS' ability to maintain contracts with district court trustees and entities in the private sector for IV-D services.

To be eligible for a TANF (Temporary Assistance to Needy Families) block grant, the state must certify that it operates a title IV-D CSE program in compliance with federal laws and regulations.

- Complete noncompliance with this requirement could result in forfeiture of the TANF block grant, currently estimated to be \$101.9 million per year. Personal Responsibility and Work Opportunity Act, Title I, Part A, sec. 402(a)(B)(2).
- A finding of substantial noncompliance with IV-D requirements reduces the TANF block grant by 1 to 5 percent (\$1 to \$5.1 million) – 1 to 2% for the first finding, 2 to 3% for the second consecutive finding, and 3 to 5% for the third and subsequent consecutive findings. These reductions are applied to each succeeding quarter and must be replaced by state funds. PRWORA, Title I, Part A, sec. 409(a)(8)(A).

A decline in CSE collections would reduce CSE's cost-avoidance effect – the ability of children's families to become or remain independent of cash assistance due to income from child support. This would affect CSE families currently receiving public assistance and low-income families receiving IV-D Non-AFDC

services, making it more likely for them to need (or need more) public assistance if their other income sources decline or fail.

4. Is it absolutely certain that we will lose the Title IV-D federal moneys if these changes are not implemented?

Any withholding of IV-D federal funds requires a formal finding of noncompliance by the U.S. Department of Health and Human Services. HHS customarily reviews the State's IV-D state plan as soon as possible after each requirement's due date (or the expiration of a grace period) to determine whether, on its face, the plan meets federal requirements.

In the past, states have had federal IV-D sanctions imposed. Ohio, for example, failed consecutive IV-D performance audits and was sanctioned a percentage of its AFDC funding.

5. What is the fiscal impact on the entities that are required to provide information on individuals they serve (i.e., financial institutions, public utilities, cable television companies, employers, law enforcement, Department of Revenue)?

It is difficult for SRS to surmise what costs other entities might incur, since their labor, automation, and communications costs vary widely and the options available to them under SB 140 also vary. Nothing in SB 140 exempts CSE from lawful fees or charges, although such costs would increase the State's IV-D administrative costs.

It is anticipated that the major cost to the Department of Revenue (DOR) will be data collection for the New Hires Directory (NHD). CSE anticipates bearing the lion's share of costs for establishing and operating the NHD, regardless of where it is located, and included such costs as could be identified in the fiscal note for SB 140 (page 2, Attachment B). It should be noted that NHD programming costs may be lessened by incorporating the design into DOR's current automation project.

It has not yet been determined how or at what level (state or local) CSE access to law enforcement locate networks will be handled, but CSE expects only to seek information on a case-by-case basis when there is reason to believe useful information is available. It is anticipated that costs could be addressed in any interagency agreement and, within the parameters of federal law, would be eligible for IV-D FFP (federal financial participation).

CSE expects to seek information from financial institutions, utility, or cable TV companies only on a case-by-case basis when there is reason to believe useful information is available. It is assumed that data matches with the New Hires Directory will prevent the need for such requests in many cases. SB 140 gives

financial institutions the option of contracting with SRS to do quarterly data matches, which they would choose to do only if cost-effective from their perspective. SB 140 specifically authorizes such an agreement to address costs.

Employers of obligors are already subject to disclosure of wage, benefit, and locate information under K.S.A. 23-4,108(a). CSE does not plan to change how such inquiries are made, so no increase in employer costs is expected. Also, employers are already required to prepare W-4 forms; the costs of submitting the W-4 information to the New Hires Directory are estimated to be under \$1 per report for making a duplicate and mailing it (less, if they are able to fax the original toll-free). Employers who retain a payroll services company may not incur any additional cost if this function is already part of the standard services.

6. Does the bill need to be passed in its entirety, or can implementation be phased in without the loss of Title IV-D moneys?

With the exception of the amendments to UIFSA (Uniform Interstate Family Support Act), all of the elements in SB 140 that are due after July 1, 1997, and before the 1998 Session are specifically delayed until the related federal deadline; please see the response to Question 1 above. The amendments to UIFSA have not been delayed until the federal due date of January 1, 1998, because they codify existing practices.

7. Which sections of the bill will impact federal funding if they are not implemented?

All of the sections relate to the federal requirements. Please see column 2 of Attachment C.

Set 2 - Sen. Pugh

A. Financial questions

- A1. What is the average amount of child support in arrears for 1996 and each of the previous four years?**

This information is not available. Although the Office of Judicial Administration collects certain domestic relations statistics from local courts, the courts in counties not served by district court trustees do not calculate or maintain arrearage balances. SRS does not maintain information about non-IV-D cases. [Note: Past attempts to estimate non-IV-D data by extrapolating IV-D data have proven unsatisfactory.]

- A2. Of the yearly amount in question 1, what was the average amount of child support that was under the jurisdiction of SRS under then current law for collection? How many separate cases were involved?**

Please see Attachment D.

- A3. For the years noted in questions 1 and 2, how much did SRS expend in collection efforts - personnel, expenses, etc.? How many SRS employees spent 50% or more of their time on collection efforts for these years? How many SRS employees currently spend 50% or more of their time on child support matters?**

Please see Attachment E. The FTE (full time equivalent) positions on the chart are all SRS staff and do not include IV-D contractor's staff involved in IV-D work (for example, district court trustees). All SRS' CSE staff members work only on child support matters.

Work done by SRS' CSE staff is not segregated between establishment and enforcement functions. Even in areas served by contractors who handle enforcement legal work, there are supporting functions and administrative enforcement tasks that are performed by CSE staff.

- A4. For the years noted in questions 1 and 2, how much did SRS collect? How many cases did this amount represent?**

Please see Attachment D.

- A5. SRS representatives have talked about federal dollars that will be cut off if 140 is not enacted. Please list each amount, when the cutoff would occur, and the statutory authority for the feds to take such action.**

Please see the response to Question 3 (from Sen. Hensley) and Attachment F.

To receive federal funds under title IV-D, a state must operate a CSE Program that meets federal requirements. Part D of Title IV, Social Security Act, section 451. 45 C.F.R. 301.13 sets out general procedures for HHS approval or disapproval of a IV-D state plan, including finding that a previously approved plan no longer meets the requirements for approval. 45 C.F.R. 301.15 covers payment of quarterly grants authorized by 42 U.S.C. 655 to states "with approved plans" for the state's IV-D administrative costs. If federal IV-D funding were suspended, the Department of HHS would withhold the next quarterly grant for IV-D administrative costs.

A state is eligible to receive incentives based on IV-D collections. 42 U.S.C. 658. 45 C.F.R. 304.12 addresses how incentives are to be paid to a state based on collections in IV-D cases. Each quarter, under current procedures, the state calculates the federal share of support collections retained for reimbursement of assistance, then reduces the federal share by the estimated incentives due the state for that quarter. The state retains that amount. Adjustments are made at the end of the federal fiscal year by HHS. If a state were no longer entitled to receive incentives, the full federal share of collections would need to be transmitted the following quarter. Any adjustment for the year owed to the federal government would have to be paid by the state at the end of the federal fiscal year.

A6. What will be the cost to the state for hardware/software (including contractor support) to install the employment registry?

Please see Attachment B. The fiscal note includes costs of establishing and operating the State New Hires Directory (NHD); it is assumed that the costs will be about the same whether the NHD is operated in-house or contracted out. The costs of hardware and installation are included in the estimated start-up costs of \$80,000 (gross; est'd state share: \$27,200). The costs of software (system development) for the NHD itself cannot be estimated at present. The cost of software (system development) for the interface between the NHD and SRS is estimated to be \$171,200 (gross; est'd state share: \$71,904).

It is unknown whether the amendments to section 1 increase or reduce the costs of automation.

A7. What will be the yearly costs to the state to operate and maintain the employment registry? Provide both dollar costs and FTE costs.

Please see Attachment B. It is assumed that the costs will be about the same whether the NHD is operated in-house or contracted out. The total is estimated to be \$462,000 per year (gross), of which \$364,000 represents personnel costs (8 FTE). Because there is not yet a cost-allocation formula among the programs and agencies allowed to use NHD data, the state share cannot be projected reliably. Annual processing costs for the interface with SRS are estimated at

\$57,500 (gross; est'd state share: \$24,150), based on a daily batch run.

A8. What will be the costs to the state for hardware/software (including contractor support) to install the state case registry?

The CSE automated system (KAECSES) exists and is in operation for management of the CSE caseload; it is believed to include all the elements for the state case registry required by the new federal Act. Until October 1998, the state case registry only needs to include the CSE caseload. SB 140 therefore meets the *immediate* requirement by specifying that the existing IV-D computer system contains the state case registry.

CSE may incur costs to develop a report (extract) to meet HHS specifications for the National Case Registry, but there is insufficient information available at the present time to estimate the cost.

A9. What will be the yearly costs to the state to operate and maintain the state case registry? Provide both dollar costs and FTE costs.

As noted in the response to Question A8, the state case registry will be an integral part of the existing CSE automated system (KAECSES), so no additional cost will be incurred for its maintenance. It is assumed that CSE will incur some processing costs for transmitting data to the National Case Registry, but HHS has not yet indicated how often such transmissions will be required (a major element in determining the related cost).

A10. What will be the costs to employers statewide to comply with the employment registration requirements? Express in terms of cost per registration and total annual cost. [page 2, line 32]

Please see the fifth paragraph in the response to Question 5 (from Sen. Hensley) above.

If an employer reports by mailing a photocopy of the W-4, the additional cost (including labor) is estimated to be \$1 per report. The number of new hires reports is projected to be 361,000 per year; at \$1 per report, the total added cost for a full year's reports by all employers would be \$361,000. For FY99, the first full year of the interface between CSE and the New Hires Directory, the corresponding increase in collections is expected to be \$3,069,000 (gross; state revenues: \$598,642).

A11. What will be the annual cost to employers to comply with the requirement to open their records to state inspection? [page 4, line 9]

Please see the response to Question 5 (from Sen. Hensley) above.

A12. What will be the cost impact be to implement the “fair hearing” system? Provide both dollar costs and FTE costs.

Please see page 6 of Attachment B.

B. Citations - Please see column 2 of Attachment C.

B1. State employment registry and reporting requirement to the feds. [page 2, line 32]

PRWORA, section 313.

B2. Administrative enforcement system with court-equivalent powers. For each power (subpoena, order paternity tests, liens, attach property, etc.) specify federal dictate.

Section of SB 140	Topic	Section(s) of PRWORA
16	Administrative subpoena	325(c)(1)(B)
17	Genetic testing	325(c)(1)(A) and 331
18	Administrative order for minimum payments to defray arrearages	325(c)(1)(F)
19 through 21	Administrative income withholding	325(c)(1)(F)
22	Seizure of bank accounts	325(c)(1)(G)(ii) and 325(c)(1)(G)(iii)
23	Administrative order to change payee	325(c)(1)(E)
24	Administrative order of execution (authority to seize and sell property) (NOTE: Any actual sale would be authorized and supervised by the court)	325(c)(1)(G)(iv) and 368
34	Liens on personal property	325(c)(1)(G) and 368
76	Liens on real property	368

B3. Revoke/sanctions against professional, occupational, and drivers licenses.

PRWORA, section 369.

B4. Defining SRS as a law enforcement agency for enforcement investigations.
[page 63, line 17]

Access to "any system used by the State to locate an individual for purposes relating to motor vehicles or law enforcement" is required by PRWORA, section 315. Information furnished by HHS prior to enactment of PRWORA, sharing "best practices" from other states, noted that assigning the IV-D agency status as a law enforcement agency for the purpose of accessing such law enforcement systems was recommended by states having such access.

B5. Creation of the state case registry. Specify exactly what federal law requires to be contained in the state case registry. [page 62, line 40]

PRWORA, section 311. Required contents:

For IV-D CSE cases	AFTER OCTOBER 1998 For non-IV-D support orders issued or modified after that date (not covered by SB 140)
Standardized data elements for both parents - <i>names, social security numbers, other uniform identification numbers, dates of birth, case identification numbers</i> - and such other information (such as case status) as the Secretary [of HHS] may require.	Standardized data elements for both parents - <i>names, social security numbers, other uniform identification numbers, dates of birth, case identification numbers</i> - and such other information (such as case status) as the Secretary [of HHS] may require.
Payment records, including amount(s) due, amounts collected, how amounts were distributed, the child(ren)'s birth date(s), and the amount of any lien (i.e., the total arrearages due).	Not applicable.

B6. Retention of employment registry data. [page 2, line 15]

PRWORA, section 313, requires creation of the State New Hires Directory. The federal Act does not address retention or disposal of data; HHS has indicated that they intend to purge data after 8 quarters (2 years).

Set 3 - Sen. Bleeker

1. **Does the Federal Welfare Reform Act mandate implementing the new hires data base, or does it “effectually mandate” it by withholding money?**

PRWORA, in section 313, adds new section 453A to Title IV-D of the Social Security Act. The new section provides, in part:

“[N]ot later than October 1, 1997, each State shall establish an automated directory (to be known as the ‘State Directory of New Hires’) which shall contain information supplied in accordance with subsection (b) by employers on each newly hired employee.”

The penalty for being found out of compliance with this requirement is the loss of federal funding as noted in the response to Question 3 (from Sen. Hensley).

2. **If so, where in the “IV D” child support section, does it say this?**

Please see the response to the preceding question.

3. **Where does the federal statute refer to the losses equaling the 29 M we incur, if we do not comply?**

Please see the response to Question 3 (from Sen. Hensley) and Attachment F.

4. **If mentioned, would that be money Kansas already receives, or additional money we would refuse, if we non comply?**

The loss of federal funds would be prospective, i.e., the Department of HHS would not pay Kansas the next quarterly grant for IV-D administrative costs. It should be noted that the SRS budget for the current fiscal year is based on the assumption that such funds will be received each quarter. Please see the response to Question 3 (from Sen. Hensley) concerning the impact such loss of funding would have on other SRS programs.

5. **Does “IV D” section, direct that states give the SRS secretary concurrent jurisdiction? The ability to attach bank accounts, enact liens against property, confiscate property, subpoena records, all without a hearing?**

PRWORA, section 325, adds to the existing list of required state laws:

“Procedures which give the State agency the authority to take the following actions relating to establishment of paternity or to establishment, modification, or enforcement of support orders, without the necessity of obtaining an order from any other judicial or administrative tribunal....”
[emphasis added]

Although it does not specify that such powers be concurrent with judicial powers, it is clear that the State IV-D agency must have authority to take the actions independently.

It should be noted that agency actions related to property are only allowed to occur *post* judgment. Post judgment rules of due process, in either judicial or administrative enforcement actions against property, are slightly different from pre judgment rules. This is because the judgment debtor has already been given notice and an opportunity for hearing concerning the duty to pay. Even in post judgment enforcement actions, the debtor is entitled to notice and an opportunity for hearing, just in case the property does not belong to the debtor or the debt is no longer owed. Furthermore, the administrative review provided to a person aggrieved by an administrative action may be appealed into district court and, ultimately, to appellate courts.

6. How much will it cost to implement the data directory, including the central disbursement system?

Please see the response to Questions A6 and A7 (from Sen. Pugh) concerning the costs of the State New Hires Directory and to Questions A8 and A9 (from Sen. Pugh) concerning the State Case Registry. Also, Attachment B contains information concerning anticipated revenues.

It is not possible at this time to project the costs of the central disbursement system (central collections and disbursement unit), as insufficient information is available. It is not part of SB 140, and Kansas is not required to implement such a unit until October 1999.

7. What dollar amount and percentage of delinquent child support are we expected to recoup?

Please see Attachment D for historical collection data. Over time, CSE expects to continue increasing the percentage of current support collected and to increase the amount and percentage of arrearages collected. To date, HHS has not established specific dollar or percentage requirements for collections by the states.

1 under paragraph (1) as necessary to ensure that no State
2 is allotted less than—

3 “(A) \$50,000 for fiscal year 1997 or 1998; or

4 “(B) \$100,000 for any succeeding fiscal year.

5 “(d) NO SUPPLANTATION OF STATE EXPENDITURES FOR
6 SIMILAR ACTIVITIES.—A State to which a grant is made under
7 this section may not use the grant to supplant expenditures by
8 the State for activities specified in subsection (a), but shall use
9 the grant to supplement such expenditures at a level at least
10 equal to the level of such expenditures for fiscal year 1995.

11 “(e) STATE ADMINISTRATION.—Each State to which a
12 grant is made under this section—

13 “(1) may administer State programs funded with the
14 grant, directly or through grants to or contracts with
15 courts, local public agencies, or nonprofit private entities;

16 “(2) shall not be required to operate such programs on
17 a statewide basis; and

18 “(3) shall monitor, evaluate, and report on such pro-
19 grams in accordance with regulations prescribed by the
20 Secretary.”.

21 Subtitle J—Effective Dates and 22 Conforming Amendments

23 SEC. 393. EFFECTIVE DATES AND CONFORMING AMEND- 24 MENTS.

25 (a) IN GENERAL.—Except as otherwise specifically pro-
26 vided (but subject to subsections (b) and (c))—

27 (1) the provisions of this title requiring the enactment
28 or amendment of State laws under section 466 of the So-
29 cial Security Act, or revision of State plans under section
30 454 of such Act, shall be effective with respect to periods
31 beginning on and after October 1, 1996; and

32 (2) all other provisions of this title shall become effec-
33 tive upon the date of the enactment of this Act.

34 (b) GRACE PERIOD FOR STATE LAW CHANGES.—The pro-
35 visions of this title shall become effective with respect to a
36 State on the later of—

1 (1) the date specified in this title, or
 2 (2) the effective date of laws enacted by the legislature
 3 of such State implementing such provisions,
 4 but in no event later than the 1st day of the 1st calendar quar-
 5 ter beginning after the close of the 1st regular session of the
 6 State legislature that begins after the date of the enactment of
 7 this Act. For purposes of the previous sentence, in the case of
 8 a State that has a 2-year legislative session, each year of such
 9 session shall be deemed to be a separate regular session of the
 10 State legislature.

11 (c) GRACE PERIOD FOR STATE CONSTITUTIONAL AMEND-
 12 MENT.—A State shall not be found out of compliance with any
 13 requirement enacted by this title if the State is unable to so
 14 comply without amending the State constitution until the ear-
 15 lier of—

16 (1) 1 year after the effective date of the necessary
 17 State constitutional amendment, or

18 (2) 5 years after the date of the enactment of this Act.

19 (d) CONFORMING AMENDMENTS.—

20 (1) The following provisions are amended by striking
 21 "absent" each place it appears and inserting
 22 "noncustodial":

23 (A) Section 451 (42 U.S.C. 651).

24 (B) Subsections (a)(1), (a)(8), (a)(10)(E),
 25 (a)(10)(F), (f), and (h) of section 452 (42 U.S.C. 652).

26 (C) Section 453(f) (42 U.S.C. 653(f)).

27 (D) Paragraphs (8), (13), and (21)(A) of section
 28 454 (42 U.S.C. 654).

29 (E) Section 455(e)(1) (42 U.S.C. 655(e)(1)).

30 (F) Section 458(a) (42 U.S.C. 658(a)).

31 (G) Subsections (a), (b), and (c) of section 463
 32 (42 U.S.C. 663).

33 (H) Subsections (a)(3)(A), (a)(3)(C), (a)(6), and
 34 (a)(8)(B)(ii), the last sentence of subsection (a), and
 35 subsections (b)(1), (b)(3)(B), (b)(3)(B)(i), (b)(6)(A)(i),
 36 (b)(9), and (e) of section 466 (42 U.S.C. 666).



KANSAS DEPARTMENT OF SOCIAL
AND REHABILITATION SERVICES

915 SW HARRISON STREET, TOPEKA, KANSAS 66612

ROCHELLE CHRONISTER, SECRETARY

February 12, 1997

Gloria M. Timmer, Director
Division of the Budget
State Capitol, Room 152-E
Topeka, KS 66612

COPY

Dear Ms. Timmer:

The following information is in response to your request concerning the fiscal impact of Senate Bill 140.

Analysis. This bill consists of measures related to child support enforcement. These provisions have been mandated by recent enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Pub. Law 104-193), commonly referred to as welfare reform.

The components most likely to have fiscal impact on SRS are:

- State new hires directory;
- Temporary support in paternity actions;
- Administrative procedures for seizing cash assets;
- Administrative procedures for income withholding and application of income withholding to workers compensation;
- Access to information held by private entities; and
- Liens against judgments, settlements, and lump sum workers compensation payments.

Overall effect on SRS. This measure will benefit SRS' Title IV-D Child Support Enforcement Program (CSE) by bringing the IV-D state plan into compliance with federal law and preventing federal sanctions. It will produce increases in support collections, resulting in additional revenue for the State and additional household income for families participating in the CSE program who may be at risk of drawing public assistance. It will also benefit SRS' public assistance programs by permitting early detection of certain types of fraud.

Significant costs for automation are anticipated, though they will be spread over a multi-year period. The investment in automation will not only allow the agency to meet anticipated federal automation requirements, it will enable the agency to realize the maximum potential of new procedures and remedies.

Attachment B, Part 1

Automation costs:

New Hires Directory (partial estimate) -

- NHD operations - Start up costs ... \$80,000 (state share, est'd: \$27,200)
- NHD operations - System development ... Unknown (insufficient information)
- NHD operation - Ongoing costs ... \$462,000 (state share unknown)
- SRS interface - Development ... \$171,200 (state share, est'd: \$71,904)
- SRS interface - Processing ... \$57,500 (state share, est'd: \$24,150)
- Data transfer to national NHD ... Unknown (insufficient information)
- Interface with DHR - development ... Unknown (insufficient information)
- Interface with DHR - processing ... Unknown (insufficient information)

The automation costs for the remainder of the bill cannot be estimated at present due to insufficient information.

Impact upon receipts and expenditures.

Federal penalties: Loss of all IV-D federal funds, totaling \$29.3 million per year (\$7.3 million per quarter). Potential loss of at least a portion of TANF block grant.

Revenues: The total new collections for SFY 1998 are estimated to be \$1,567,110 (gross) yielding state revenues of \$303,604. With a full year's benefit from the New Hires Directory and administrative levy, as noted in section 6 below, total new collections for SFY 1999 and subsequent years are estimated to be \$4,888,448 per year (gross), or \$947,065 in state revenues per year.

Cost avoidance: Based on the estimated new collections projected for SFY 1998, cost avoidance is estimated to total \$46,612 (gross), of which \$19,311 represents the state share of such cash grants. For FY 1998, savings from fraud and overpayment prevention will total \$200,000 per year (state share at 41% is \$82,000 per year). In SFY 1999, cost avoidance should increase to \$145,400 per year (gross), of which \$60,239 represents the state share of such cash grants. Prevention of fraud and overpayments is expected to continue at FY 1998 levels.

Premise(s) for estimate. *Federal Penalties.* To receive federal funds under Title IV-D, Kansas must operate a child support enforcement program that meets federal requirements. If Kansas' IV-D state plan were found to be inadequate, all federal funding under Title IV-D would be subject to immediate termination. Based on figures from FY 1996, loss of all IV-D federal funds for one year would total \$29.3 million (approximately \$7.3 million per quarter).

In addition to losing IV-D federal funding, failure to operate an acceptable IV-D program would jeopardize the State's TANF block grant (Temporary Assistance to Needy Families). It is not clear whether federal law still permits the Secretary of Health & Human Services to impose

graduated penalties, ranging from 1 to 5% of the TANF block grant under such circumstances. If this is the case, the State would be required to use state funds to replace the amount of the penalty. A 1% penalty would be approximately \$1 million, based on current TANF funding. If graduated penalties are no longer possible, the State would not be eligible for any TANF funds, at a cost of \$25 million per quarter.

Revenues. Material increases in revenues are expected from the state New Hires Directory (NHD); temporary support orders in paternity cases; access to new address sources (utilities and cable television records); income withholding procedures; administrative levy (seizure of cash assets); and liens against judgments, settlements, and lump sum workers compensation payments. Other measures in the bill are expected to have beneficial effects but are unlikely to have material, identifiable fiscal impact.

New Hires Directory.

A 10% match rate between IV-D caseload and New Hires Directory (NHD) has been typical in states having such directories. It is assumed that Kansas will also match at the 10% rate. Existing statistics do not adequately measure new hires in Kansas, but based on Missouri's experience and the Dept. of Human Resources' general estimate of how Kansas compares with Missouri, it is assumed that 361,000 new hires per year would be reported. Of that number 10% (36,000) are likely to match with the IV-D caseload.

Of the matched names it is assumed (based on national statistics) that about half (18,000) will not yet have an order established. It is estimated that about 10% of these matches (1800) will result in establishment of an order earlier than would otherwise be expected. As a result of earlier establishment, it is assumed that an average of 2 months' extra support will be collected in each case (1800 x 2 x 110/mo), or \$396,000 (gross) per year.

Of the remaining matches with orders in place (18,000), it is assumed (based on national statistics) that 50% (9000) would have no arrearages and would not produce new collections. Of the remainder (9000), it is assumed that 10% (900) would have been located as quickly through other sources, but that 40% (8100) would benefit from the early identification of employment via the NHD. The NHD would produce employment information within 30 days of hire; current systems can only identify new employment 4 to 6 months after the hiring date. It is estimated that each case would generate an average of 3 months additional collections due to faster transfer or implementation of income withholding (8100 x 3 x 110/mo), or \$2,673,000 (gross) per year.

Because the deadline for implementing the interface between the NHD and the IV-D caseload is May 1998, the full impact on collections is not expected until SFY 1999. At that time the total increase in IV-D support collections is projected to be \$3,069,000 (gross), of which state revenues would be \$598,642 (state share of collections plus federal incentives). For SFY 1998,

the increase in collections after May 1998 would be at least \$255,000 (gross), for state revenues of \$49,000. If the interface is implemented before May 1998, each full month would gain approximately the same amount.

Temporary support orders in contested paternitys.

Most court cases involving paternity are resolved by default (failure to respond) or by agreed order, but it is estimated that 1,000 cases per year are contested. CSE field attorneys report that paternity is often contested primarily to delay entry of the support order, not because there is a genuine dispute over paternity. If the defendant's parentage is strongly indicated by the pleadings or evidence, this bill permits entry of a temporary support order, negating any value in delaying resolution of the case. It is estimated that an average of 2 months' additional support would be collected in 20% of the contested cases (200 x 2 x \$110/order/month), or \$44,000 (gross) per year. State revenues would be \$8,524 per year.

Administrative income withholding and income withholding on workers compensation.

The experience of states that use administrative procedures for income withholding is that issuance and adjustment of withholding orders tends to occur slightly more rapidly; judicial procedures tend to be "bottle necked" by the limited number of attorneys and judges available to process paperwork. Also, collections from periodic workers compensation payments are presently limited to 25% of the payment; the income withholding act provides for a specific amount (covering current plus an arrearage installment) not to exceed limits set by the consumer credit protection act (50 to 65%). The higher cap will result in slightly higher arrearage collections overall. It is assumed that the result of both these effects will be a 1% increase in arrearage collections, or \$349,985 (gross) per year, producing state revenues of \$67,804 per year.

Administrative levy on cash assets.

States, such as Massachusetts, which administratively attach cash assets held by financial institutions report that the technique produces significant collection increases, particularly when automated batch processing is possible. It is assumed that batch processing would take time to establish and that during the first fiscal year of implementation only 54% of the full potential would be seen.

IRS 1099 information, which cannot be disclosed even to court personnel without first being independently verified by the IV-D agency, is a valuable source of asset information that the CSE Program needs to begin using. The strict federal interpretation of IRS disclosure rules renders 1099 asset information nearly useless under current procedures.

It is estimated that, of CSE's 141,000 cases, about 57,000 have Kansas court orders with accrued arrearages. It is estimated that absent parents in 65% of those orders (36,900) maintain cash assets in Kansas. Of that group, it is assumed that only 50% (18,450) would have cash assets

during a one-year period that could be attached (i.e., generating sufficient income to be reported as a 1099 asset or, if discovered through other means, at least \$25 in value). Because cash assets will fluctuate (particularly checking accounts), it is conservatively assumed that these 18,450 cases would result in attachments averaging \$60 per year per case, or \$1,107,000 (gross) per year (\$214,465 in state revenues). The adjusted estimate for SFY 1998 is \$599,662 gross, yielding \$116,176 in state revenues.

Access to locate information (utilities, cable television).

Other states have found that utility and cable television customer records produce excellent address information about absent parents. The actual street address is needed to initiate utility services, and individuals tend to immediately obtain such services whenever they change residence. Assuming that automated matches are not feasible upon enactment, manual processing will limit the potential benefits. It is assumed therefore that this measure would result in useful locate information in .5% of the 90,000 cases needing some locate work, and that an additional 1 month's support would be collected in each case on average (.005 x 90,000 x \$41/case/month), or \$18,450 per year (gross). State revenues from these collections would be \$3,574 per year.

Liens on judgments, settlements, and lump sum workers compensation.

Although current law permits an involuntary assignment of 40% of lump sum workers compensation benefits, CSE field attorneys report that such opportunities are sometimes missed because funds are disbursed before they are able to obtain and serve the court order for involuntary assignment. The same is true for settlements and judgments awarded to absent parents; timing the delivery of an order of garnishment is extremely difficult and collection opportunities are often missed. This bill, by allowing an ongoing lien on proceeds to be perfected by a notice that can be quickly produced and served, will reduce such missed opportunities and result in new collections.

Because the occurrence and amount of such lump sum payments, judgments and settlements are irregular by nature, it is assumed that such liens will produce an average of \$1,000 per year per worker caseload, or approximately \$300,000 per year (gross), for \$58,121 in state revenues.

The SRS Administrative Appeals Section will receive additional requests for review of CSE actions, which will place additional demands on their staff. The experience of other states indicates that the caseload increase would be moderate in relation to the total CSE caseload (141,000) and would quickly stabilize or decrease. Based on the experience of other states, it is estimated that 600 simple and 200 complex CSE cases per year would be added to the SRS Appeals Section caseload.

Staffing and operational requirements, if enacted. CSE does not anticipate any need for additional CSE headcount to implement this bill.

As noted, however, SRS Administrative Appeals Section will face an increase in caseload. Based on existing staffing patterns for the expected number of appeals and the mixture of simple and complex cases, the following resources will be used by the SRS Appeals Section:

SFY 1998:

<i>Gross Salary (with fringes)</i>	
1 FTE Attorney I (Range 28)	\$ 41,745
1 FTE Attorney II (Range 31)	47,813
1.5 FTE Secretary II (Range 15)	35,496
0.25 FTE Law Clerk (Range 15)	<u>5,916</u>
TOTAL:	\$ 130,970
State share (34%):	44,529

OOE (other operating expenses) + capital outlay

1 FTE Attorney I	\$ 11,513
1 FTE Attorney II	12,030
1.5 FTE Secretary II	16,570
0.25 FTE Law Clerk	<u>2,761</u>
TOTAL:	\$ 42,874
State share (34%):	14,577

SFY 1999:

<i>Gross Salaries (with fringes) (3.5% increase assumed)</i>	
TOTAL:	\$ 135,553-
State share (34%):	46,088

OOE (other operating expenses)

1 FTE Attorney I	\$ 4,803
1 FTE Attorney II	4,803
1.5 FTE Secretary II	4,954
0.25 FTE Law Clerk	<u>825</u>
TOTAL:	\$ 15,385
State share (34%):	5,230

Gloria M. Timmer
Senate Bill 140
February 12, 1997
Page 7

Please contact me or my staff if additional information is needed.

Sincerely,

Rochelle Chronister

Rochelle Chronister
Secretary

RC:JLC

c: John Badger, SRS General Counsel

Fiscal Impact of S.B. 140
(Updated 3/17/97)

	FY 1998	FY 1999 etc.
Federal Penalties: (potential)	\$ 29.3 million (CSE) ¹ \$1.0 to 2.0 million (TANF) ²	\$ 29.3 million (CSE) \$2.0 to 3.0 million (TANF)
Revenues: Gross collections, state revenues	\$ 1.5 million (gross) \$ 303,000 (state rev.)	\$ 4.9 million (gross) \$ 947,000 (state rev.)
Cost Avoidance: IV-A cases closed; IV-A fraud prevented	\$ 246,612 (gross) \$ 101,311 (state savings)	\$ 345,400 (gross) \$ 142,239 (state savings)
Staffing Costs: Appeals Section; includes capital outlay in FY'98	\$ 173,844 (gross) \$ 59,106 (state cost)	\$ 150,938 (gross) \$ 51,318 (state cost)
Automation Costs: Partial estimate for New Hires Directory only; insufficient information for most automation needs	At least \$770,700 (estimated ³ state share = at least \$350,000)	At least \$519,500 (estimated state share = at least \$250,000)

¹ The CSE (Title IV-D) state plan must conform on its face to federal requirements; if it does not, the state is subject to immediate termination of all federal funding for the IV-D program.

² The TANF (Temporary Assistance to Needy Families, formerly AFDC) block grant must be reduced if the state certifies that it operates a IV-D program but HHS finds substantial noncompliance with IV-D requirements. The amount of the penalty must be *replaced* by an equivalent amount of state funding (on top of any required "maintenance of effort" spending). The amounts are:

- 1 finding not less than 1%, not more than 2%
- 2 consecutive findings not less than 2%, not more than 3%
- 3 or more consecutive findings not less than 3%, not more than 5%.

To be eligible for a TANF block grant, the state must certify that it operates a IV-D program.

³ The state share of costs for the New Hires Directory can only be roughly estimated because there is not yet a cost-allocation formula among agencies/programs that will be using the data in the New Hires Directory. A higher percent of the start-up costs are expected to qualify for CSE's higher FFP rate, as compared with ongoing operating costs.

Sect. No.	PRWOR A S	Statute Amended	Area	Topic (Keywords)
1	313		New Hires Reporting	Creation, function of directory
2	331		Paternity	KDHE providing "paternity svcs"
3	369		License (drivers, professional) sanctions	If an outstanding subpoena or warrant
4	325(c) (1)(D)(ii); (2)		Access to information; private records	Individuals in case registry; empl'rs; pub.util & cable; fin.inst'n; immun.; part of Art7, Ch39
5	372		Financial Institutions	Agreements for data matches
6	317		License applic'ns	Occupational, professional, & marriage licenses; record SSN
7	351		Modification of support in IV-D cases	When ct. must presume chg of circumstances (3-yr cycle of review)
8	325		Administrative Procedures: General	Severability; sovereign immun.; KSA placement
9	325; 314		Admin Proc: General	Definitions
10	325		Admin Proc: General	Subject matter jurisdiction; powers of sec'y; authorized agents
11	325		Admin Proc: General	Jurisdiction over persons; service
12	325		Admin Proc: General	Option to waive rights
13	325		Admin Proc: General	Admin. orders; corrections

Item No.	PRWOR A S	Statute Amended	Area	Topic (if necessary)
14	325		Admin Proc: General	Jud. Enforcement; 2 yr limit on some
15	325		Admin Proc: General	Request for Fair Hearing; specifics
16	325(c) (1)(B)		AdP - Subpoena	When; service; compliance; FF&Cr
17	325(c) (1)(A); 331		AdP - Genetic test	Ordering tests; exceptions & set-aside; when mandatory; results
18	325(c) (1)(H)		AdP - Order for Minimum Paymts	Order for min. payments
19	325(c) (1)(F)		AdP - IWO	Initiating Admin. Inc. Withholding; notice to court
20	325(c) (1)(F)		AdP - AIW	Modification; termination; notice to ct.
21	325(c) (1)(F)		AdP - AIW	Stay of AIWO; fair hearing
22	325(c) (1)(G) (ii) & (iii)		AdP - Levy	When; effect (attachmt); notices; order to disburse; agrmnts
23	325(c) (1)(E)		AdP - Chg payee	Supplement NoA; bulk changes; limits & enf. of other states' order
24	325(c)(1)(G) (iv); 368		AdP - Order of execution	When; x-ref to writ of execution
25	371	23-4,101	Int'l	Int'l reciproc.
26	314	23-4,106	Inc. W'holding	Definitions
27	324;325	23-4,107	Inc. W'holding	Order; when; service; notice

Sect. No	PRWOR A S	Statute Amended	Area	Topic (filename)
28	314	23-4,108	Inc. W'holding	Payor duties
29	321	23-4,109	Inc. W'holding	Priority; multi
30	325	23-4,110	Inc. W'holding	Motion to stay
31	325	23-4,111	Inc. W'holding	Modification
32	325	23-4,129	Interstate IWA	Regn or AIW req'd
33	325	23-4,133	Interstate IWA	X-ref to IWA
34	325(c) (1)(G); 368	23-4,146	Liens - pers. property	Liens by op. of law; judmts & settlmts, workers compensation
Rev- isor's copy (§§ 1-29)	321	23-9,101 et seq.	Uniform Interstate Family Support Act	Changes adopted by Uniform Laws Commissioners
35	369	32-930	Recreational license sanctions	Lifetime licenses; not issued if IV-D arrears or warrant/ subpoena; release
P-1	331	38-1113	Parentage	How estab'd; unrevoked vol ack
P-2	331	38-1115	Parentage	Action; revocation (60 days; proof)
P-3	331	38-1119	Parentage	Evidence; test experts; bills
P-4	331	38-1131	Parentage	Correct "blood test" reference; temporary support
P-5	331	38-1138	Parentage	Acknowledgment forms; disclosures (1 yr; minors; 60 days); oral disclos.
36	325	39-702	SRS	Definitions - add "Title IV-D"
37	311	39-753	CSE	CSE powers; clean ups; "state case registry"

ect. No.	PRWOR A S	Statute Amended	Area	Topic (if name)
38	325; 315	39-758	Locating parents	Gov't agency cooperation; access to law enforcmt & revenue records
39	303	39-759	CSE	Unauthorized disclosure; safeguarding info
40	314	44-514	Workers Comp	Exc'n for income w'holding & liens
41	368	60-2202	Liens -REAL property	Add interstate (FF&Cr)
42	325(c) (1)(G)(iv)	60-2401	Execution	Auth'ze SRS to issue "writs" to Sheriffs; rest of process works just like court's writs
43	369		Licensing bodies	Add sanctions for subpoena or warrant
44	369		Licensing bodies	Notice; actions upon receiving notice; release
45	325(c) (1)	75-3306	SRS Fair Hearings	Access - FDSO & where specifically permitted by law [MAY add a clean-up for medical providers (App. §)]
46	325(c) (1)(D) (i)(II)	79-3234	Revenue Dept.	Access to records

JLC: Legis 97 Bill Draft 008ILL-1.017

LB-1

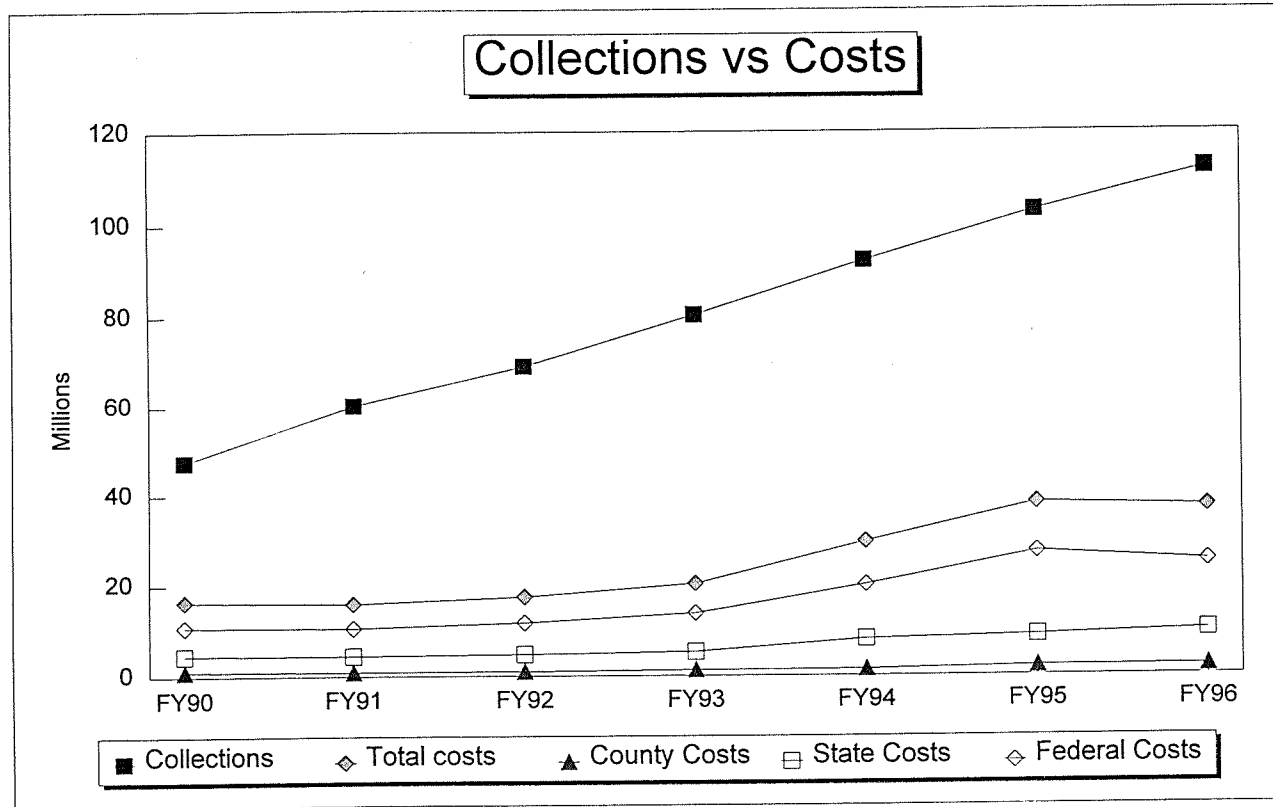
Child Support Owed and Collected

State Fiscal Year	# of Support Orders	Current Support Due	Current Support Collected
FY90	44,526	59,170,914	25,905,611
FY91	50,355	70,743,732	33,115,810
FY92	54,777	80,987,053	40,063,928
FY93	61,520	91,774,896	46,872,281
FY94	68,263	104,194,252	55,576,726
FY95	74,464	113,928,180	62,836,656
FY96	79,538	121,020,369	67,411,078

Arrears Due	Arrears Collected	Total Collected	Average # Paying Cases/Mo.
202,707,931	21,539,774	47,445,385	18,378
232,304,350	27,139,337	60,255,147	22,972
261,972,744	28,924,614	68,988,542	26,893
296,315,097	33,434,363	80,306,644	30,667
333,198,009	36,506,803	92,083,529	38,194
377,136,292	31,116,140	102,921,139	43,120
418,227,456	35,355,013	112,067,897	46,287

The decrease in Arrears Collected in FY95 was due to the receipt of Federal Income Tax Refund Intercepts early enough to be distributed in FY 94.

Chart #2



	Collection	Total Costs	County Costs	State Costs	Federal Costs	FTE
FY90	47,445,385	16,381,326	1,078,956	4,532,289	10,770,081	270.0
FY91	60,255,147	15,895,665	919,324	4,492,454	10,483,887	301.5
FY92	68,988,542	17,452,323	991,252	4,818,086	11,642,985	255.5
FY93	80,306,644	20,274,149	1,267,361	5,264,986	13,741,802	375.0
FY94	92,083,529	29,563,403	1,424,236	8,072,819	20,066,348	499.0
FY95	102,921,139	38,204,846	2,076,644	8,804,233	27,323,970	488.5
FY96	112,067,897	37,355,751	2,081,604	9,966,909	25,307,238	486.3

Costs include those paid for contracted services as well as SRS direct costs.

1-28



Room 276, Federal Office Building
601 East 12th Street
Kansas City, Missouri 64108

March 11, 1997

Mr. James A. Robertson, Administrator
Child Support Enforcement Unit
Department of Social and Rehabilitation
Services
P.O. Box 497
Topeka, Kansas 66601-0497

Dear Jim:

This is in response to your request regarding the estimated amount of Federal funding Kansas could anticipate losing if their IV-D State Plan were found to be out of compliance.

Kansas received approximately \$4.2 million in performance related child support incentive payments and approximately \$25.3 million in Title IV-D funding for the administration of its child support program in Federal fiscal year 96 (October 1, 1995 through September 30, 1996).

As you know, PL 104-193 introduced several new child support enforcement requirements which, pursuant to 454 and 466 of the Social Security Act, must be reflected in State law in order for a State to maintain an approved Title IV-D State Plan. If a State fails to enact any of the required State laws or procedures under Section 466, or otherwise fails to comply with any State plan requirement under Section 454, they are at the risk of having their State plan disapproved and of losing all Federal IV-D funding.

If you have any further questions or need further assistance, please contact Sharan Lesmeister at 816-426-3584, extension 158.

Sincerely,

Max W. Smith
Director, Office of
State and Tribal Operations

National Governors' Association

MEMORANDUM

To: Rochelle Chronister
From: Susan Golonka
Date: March 11, 1997
Re: Penalties for non-compliance in child support

I have not been able to reach Bob Harris, Associate Deputy Director, at the Office of Child Support Enforcement but I have talked to others at HHS and NCSL.

It appears that if a state's child support program is not in compliance with the federal law a state could be subject to the following:

1. reduction of TANF grant for substantial noncompliance in its child support program;
 2. penalties under the child support program deriving from audit findings;
 3. disapproval of a state's child support plan which could mean no federal child support dollars.
- This could also result in no funding for TANF because in order for the Secretary to certify a state's TANF plan as complete, a state must certify it will conduct a child support program under the state plan approved under IV-D.

How far the federal government goes in enforcing the above potential sanctions and penalties may depend on how important the administration views the provision. It's my sense that the state directory of new hires is considered to be fairly critical. On the other hand, I've never heard of a state losing all its child support funds either—I think that in the past, HHS and a non-compliant state have generally worked out a plan to bring the state into compliance. (This may be difficult to do however if compliance requires state legislation to be passed.)

I wish the information was more definitive. If I learn anymore, I'll let you know.

18.1

Preliminary Estimate of Impact of Federal Welfare Reform on CSE

Effect on Revenues		FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
			Begin Admin. Process	Pay Center 10/98	Incentive Changes 10/99	Distribution Change			
		End \$50 Pass-thru 10/96	New Hire Registry 10/97						
#1	New support collections from all remedies; etc.		6.2	12.8	20.8	30.7	42.8	57.4	75.0
#2	Net increase in State revenues from collections		1.1	2.2	3.6	5.3	7.3	9.8	12.9
#3	End \$50 pass-thru, net state revenue increase	0.8	1.4	1.8	2.0	2.1	2.2	2.4	
#4	Net gain (loss) from change of incentives				-0.8	-1.1	-1.6	-2.1	-2.7
#5	Distribution change; state revenue (loss)					-9.5	-9.5	-9.5	-9.5
#6	Overall effect on state revenues (#2+#3+#4+#5)	0.8	2.5	4.0	2.8	-3.2	-1.6	0.6	0.7

Dollar figures are in millions

#2 State/federal share of collections continue at 40/60 (Medicaid rate). Does not take into account the effect of caseload shift (FY 00) from "assistance" to " non-assistance" as families reach 60th month, change in distribution of arrearage collections (FY 00).

#3 Does not take into account effect of caseload shift at 60th month (FY 00).

#4 Because the paternity and overall performance standards are unknown, it cannot be determined whether or to what extent Kansas will be awarded any incentive payments ; zero is assumed.

#5 Does not take into account the effect of the hold harmless provision.