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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Sedillo Lopez/Nibert</u>	<b>LAST UPDATED</b> <u>2/21/23</u> <b>ORIGINAL DATE</b> <u>2/9/23</u>
<b>SHORT TITLE</b> <u>Child Support Schedule Changes</u>	<b>BILL NUMBER</b> <u>Senate Bill 223/aSHPAC</u>
<b>ANALYST</b> <u>Esquibel</u>	

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>HSD and AOC child support guideline schedule IT. Software, and website costs</b>		Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.  
 \*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

Responses Received From  
 Administrative Office of the Courts (AOC)  
 Human Services Department (HSD)

## SUMMARY

### Synopsis of SHPAC Amendment to Senate Bill 223

The Senate Health and Public Affairs Committee amendment to SB223 clarifies the Human Services Department shall establish the basic child support schedule by rule using the recommendations of the Child Support Guidelines Review Commission as the initial proposed rules.

### Synopsis of Original Senate Bill 223

Senate Bill 223 (SB223) would remove the detailed child support guideline schedule from state statute and move it to the New Mexico Administrative Code (NMAC).

Senate Bill 223 (SB223) would amend the child support guidelines (40-4-11.1 NMSA 1978) to

- Remove the child support table and instead require the Human Services Department to update the child support tables by rule;
- Require the Human Services Department to promulgate a new table when the department

determines it is necessary to update the table, based on the factors in the child support guidelines;

- Require the Human Services Department to consider certain factors when updating the child support schedule, including all income of the noncustodial parent, basic subsistence needs of a low-income noncustodial parent, economic data on the costs of raising children, labor market data, and regional and national trends in child support guidelines;
- Require specific considerations for the initial child support schedule promulgated by the Human Services Department including, not decreasing the yearly basic support obligation for any level of combined parental income by more than the dollar change in the federal poverty guidelines for one person since 2018, not increasing the yearly support obligation by more than one and one-half times the change in the consumer price index since 2018, and requiring any increase in the child support obligation that is larger than the increase in the consumer price index from 2018 to be supported by economic considerations;
- Require posting the promulgated child support tables on the Supreme Court's website and the Human Services website, with the first update to be published no later than January 1, 2024;
- Enact these changes July 1, 2024.

## FISCAL IMPLICATIONS

The bill does not contain an appropriation.

The Human Services Department (HSD) reports, because the detailed schedule in statute is out-of-date with actual child support schedule recommendations, New Mexico is at risk of losing \$160.4 million in federal matching funds, including the \$122.6 million federal block grant funds for the Temporary Assistance for Needy Families (TANF) program and \$37.8 million in federal matching funds for the state's child support program.

The Administrative Office of the Courts reports the bill would require the New Mexico Supreme Court and Human Services Department to publish the updated child support tables but does not provide funding for website maintenance or support. Also, under the provisions of the bill, the child support tables would require modifications in child support software on a regular interval, including the Administrative Office of the Court's child support calculator. This would require additional Judicial Information Division staff time, as well as the work of individual court's staff in updating the internal software to allow for quick child support calculations during hearings.

## SIGNIFICANT ISSUES

The Human Services Department (HSD) notes, because the current statute includes the detailed child support schedule, it requires updates at least every four years based on a federally required review of economic data and the recommendations of the New Mexico Child Support Commission. Historically, it has been challenging to update the statute every four years, which has resulted in prior noncompliance with federal child support regulations in New Mexico. In 2021, the Legislature passed (and the governor signed) Senate Bill 140 to update the child support schedule to comply with federal rules.

The Administrative Office of the Courts notes the bill's provisions allowing the Human Services Department to modify by rule the child support table and make changes to child support

guideline calculations would make child support calculations more reflective of actual costs of raising children and actual economic realities of custodial and noncustodial parents. Rulemaking processes can be more responsive to changing economic realities than can changes to the child support guidelines and calculations through enacting statutory changes.

HSD notes SB223 is supported by the judiciary and the New Mexico 2022 Child Support Guidelines Review Commission.

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