

2A:17-56.26

LEGISLATIVE HISTORY CHECKLIST
Compiled by the NJ State Law Library

"Child Support Collection Reform Act"

NJSA: 2A:17-56.26
LAWS OF: 1993 **CHAPTER:** 110
BILL NO: S1033
SPONSOR(S) Bassano and others
DATE INTRODUCED: June 30, 1992
COMMITTEE: **ASSEMBLY:** Appropriations
SENATE: Women's Issues
AMENDED DURING PASSAGE: No **Committee Substitute enacted**
DATE OF PASSAGE: **ASSEMBLY:** March 1, 1993
SENATE: January 25, 1993
DATE OF APPROVAL: April 29, 1993

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes
COMMITTEE STATEMENT: **ASSEMBLY:** Yes
SENATE: Yes
FISCAL NOTE: No
VETO MESSAGE: No
MESSAGE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

REPORTS: No
HEARINGS: No

See newspaper clippings--attached:

"For the children..." 4-30-93 Star-Ledger.

"Florino approves private pursuit of deadbeat dads," 4-30-93. Bergen Record.

KBG:pp

SENATE COMMITTEE SUBSTITUTE FOR

SENATE, No. 1033

STATE OF NEW JERSEY

ADOPTED DECEMBER 10, 1992

Sponsored by Senator BASSANO

1 AN ACT concerning child support enforcement and supplementing
2 Chapter 17 of Title 2A of the State of New Jersey Statutes

3

4 BE IT ENACTED *by the Senate and General Assembly of the*
5 *State of New Jersey:*

6 1. This act shall be known and may be cited as the "Child
7 Support Collection Reform Act."

8 2. The Legislature finds and declares that:

9 a. There is a direct correlation between children receiving
10 AFDC benefits and non-payment of child support obligations.

11 b. Based on the 1992 Kids Count Report for New Jersey
12 evidencing the increased number of children on welfare and living
13 in poverty, it is necessary to make child support collections a
14 major priority and expedite these collections through more
15 efficient means.

16 c. The number of AFDC cases and the number of those cases
17 that can benefit from expedited and more efficient child support
18 collection is about 31,500.

19 d. It is the intent of this legislation that the State establish a
20 pilot project whereby private collection agencies would be
21 responsible for collecting outstanding child support in order to
22 study the possibility that this method of collection may be the
23 more effective way for the State to deal with the problem of
24 delinquent child support.

25 3. a. The Commissioner of Human Services shall establish a
26 pilot project in three counties whereby the county probation
27 department shall enter into a contract with a private collection
28 agency for the purpose of collecting from an obligor, any
29 arrearage of child support owed to a custodial parent that has not
30 been paid for the past six months. Cases forwarded to the
31 private collection agency shall include those whose arrearages
32 have been outstanding for at least 18 months, but not more than
33 10% of the cases shall be delinquent for more than 18 months.

34 b. The obligor parent shall be responsible for payment of the
35 private collection agency fee, which fee shall be a percentage of
36 the amount collected in the contract.

37 c. Once an obligor parent becomes current on his child
38 support payment and has established a regular payment schedule
39 for at least four months, the case shall be referred back to the
40 county probation department.

41 d. The county probation department shall be required to
42 provide a listing of all outstanding cases of child support to the
43 private collection agency under contract to collect the
44 arrearage. Any arrearage collected by the private collection

1 agency shall be forwarded to the county probation department for
2 disbursement to the custodial parent. The disbursement shall not
3 exceed 10 calendar days from the date of receipt by the
4 probation department. The contract shall be made and awarded
5 pursuant to the provisions of the "Local Public Contracts Law,"
6 P.L.1971, c.198 (C.40A:11-1 et seq.).

7 4. The pilot project shall be established in Camden, Essex and
8 Hudson counties. The commissioner shall monitor and evaluate
9 the pilot project during the first year after its establishment and
10 determine whether the use of private collection agencies should
11 be used throughout the State. The commissioner shall also
12 evaluate the feasibility of establishing a centralized data base
13 which would coordinate the activities of the Department of
14 Human Services and the Administrative Office of the Courts.

15 5. The Administrative Office of the Courts, in consultation
16 with the Department of Human Services, shall adopt standards
17 concerning the qualifications and responsibilities of private
18 collection agencies that may enter into contracts with the
19 probation departments and the contract provisions, including
20 maximum fees that can be charged. The contracts shall comply
21 with all applicable federal program requirements.

22 6. The Department of Human Services shall apply for any
23 waivers from the federal government which are necessary for
24 approval and implementation of this act.

25 7. The Department of Human Services, in conjunction with the
26 Administrative Office of the Courts, shall submit an annual
27 report to the Governor and the Legislature by December 31 of
28 each year about the pilot project. This report shall contain, but
29 not be limited to:

30 a. The number of cases referred by the probation departments
31 to the collection agency;

32 b. The dollar amount of the each outstanding case;

33 c. The number of cases in which an arrearage was collected
34 and the dollar amount collected;

35 d. The number of uncollected cases and the dollar amount
36 represented by those cases; and

37 e. An assesement of the success of the pilot project and the
38 feasibility of establishing the use of private collection agencies
39 Statewide.

40 8. This act shall take effect immediately.

41

42

43

44

45 _____
Designated the "Child Support Collection Reform Act."

SENATE, No. 1033
STATE OF NEW JERSEY

INTRODUCED JUNE 30, 1992

By Senators BASSANO, Bubba, Brown and Rice

1 AN ACT concerning child support enforcement and supplementing
2 P.L.1985, c.278 (C.2A:17-56.26 et al.).

3

4 BE IT ENACTED *by the Senate and General Assembly of the*
5 *State of New Jersey:*

6 1. A county probation department shall enter into a contract
7 with a private collection agency for the purpose of collecting
8 from an obligor, any arrearage of child support owed to a
9 custodial parent who is not a recipient of Aid to Families with
10 Dependent Children that has not been paid for the past three
11 months. The county probation department shall also be required
12 to provide a listing of those outstanding cases of child support to
13 the private collection agency under contract to collect the
14 arrearage. The contract shall be made and awarded pursuant to
15 the provisions of the "Local Public Contracts Law," P.L.1971,
16 c.198 (C.40A:11-1 et seq.).

17 2. The obligor parent shall be responsible for payment of the
18 private collection agency fee which fee shall be a percentage of
19 the amount collected in the contract. Any arrearage collected by
20 the private collection agency shall be forwarded to each county
21 probation department for disbursement to the custodial parent.

22 3. The Administrative Office of the Courts, in consultation
23 with the Department of Human Services, shall adopt standards
24 concerning the qualifications and responsibilities of private
25 collection agencies that may enter into contracts with the
26 probation departments and the contract provisions, including
27 maximum fees that can be charged.

28 4. Nothing in this act shall be construed to permit the adoption
29 of provisions in the contracts that may be prohibited by
30 applicable State and federal laws.

31 5. This act shall take effect immediately.

32

33

34

STATEMENT

35

36 This bill requires county probation departments to contract
37 with a private collection agency to collect any outstanding child
38 support payment from the obligor owed to a custodial parent not
39 receiving Aid to Families with Dependent Children that has not
40 been paid for three months. Under the provisions of the bill,
41 payment for the fees of the collection agency would be the
42 responsibility of the obligor parent and contingent on the
43 agency's ability to collect the arrearage of child support. The
44 bill would also require the Administrative Office of the Courts
45 and the Department of Human Services to adopt standards

1 concerning the contracts negotiated between the county
2 probation departments and the collection agencies.

3

4

5

6

7 _____
8 Requires county probation departments to contract with private
agencies to collect delinquent child support payments.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR

SENATE, No. 1033

STATE OF NEW JERSEY

DATED: FEBRUARY 22, 1993

The Assembly Appropriations Committee reports favorably Senate Bill No. 1033 (SCS).

Senate Bill No. 1033 (SCS) requires the Department of Human Services to set up a pilot project whereby county probation departments would contract with a private collection agency to collect outstanding child support payments owed to custodial parents. Cases forwarded to the collection agency would include those in which payments have been outstanding for at least six months. Once the parent pays the child support due and establishes a regular payment schedule for four months, the case would be referred back to the county probation department. The child support payments collected by the agency would be forwarded to the probation departments for disbursement to the custodial parents.

The pilot project would be established in Camden, Essex and Hudson counties and the department would monitor and evaluate the programs during the first year of operation. The department would also evaluate the feasibility of a centralized data base which would coordinate the activities of the department and the Administrative Office of the Courts.

The department, in conjunction with the Administrative Office of the Courts, would be required to report annually to the Governor and the Legislature by December 31 of each year. The report would include:

- a. The number of cases referred by the probation departments to the collection agency;
- b. The dollar amount of the each outstanding case;
- c. The number of cases in which an arrearage was collected and the dollar amount collected;
- d. The number of uncollected cases and the dollar amount represented by those cases; and
- e. An assesement of the success of the pilot project and the feasibility of establishing the use of private collection agencies Statewide.

This bill is identical to Assembly Bill No. 1952 (ACS).

FISCAL IMPACT

In a fiscal estimate prepared by the Office of Legislative Services (OLS) on February 1, 1993, OLS noted that the Department of Human Services, the Administrative Office of the Courts, and the Office of Management and Budget have not provided any fiscal information concerning this bill.

OLS is not able to determine what, if any, additional child support collections would be realized on behalf of AFDC and non-AFDC cases. While several other states use private collection agencies to a limited extent, their experience would not serve as a guide to determine how successful a private collection agency would be in New Jersey because of significantly different

administrative structures related to child support enforcement and child support collection efforts. In theory, child support collections should increase because a private collection agency may be more aggressive and resourceful in securing such payments. The bill's requirement that the private collection agency would have to obtain its fee from the parent who owes the child support may reduce the amount of child support that is collected since the agency would attempt to ensure collection of its fee first.

OLS is not able to estimate any additional administrative costs to the Department of Human Services, though the department may be entitled to federal reimbursement for approximately 66 percent of any additional costs. As the department already maintains a centralized child support data base, OLS does not anticipate any new costs associated with the requirement that the department and the Administrative Office of the Courts coordinate their activities in this area.

SENATE WOMEN'S ISSUES, CHILDREN
AND FAMILY SERVICES COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 1033

STATE OF NEW JERSEY

DATED: DECEMBER 10, 1992

The Senate Women's Issues, Children and Family Services Committee favorably reports Committee Substitute No. 1033.

The substitute requires the Department of Human Services to set up a pilot project whereby county probation departments would contract with a private collection agency to collect any outstanding child support payment from the obligor owed to a custodial parent that has not been paid for six months. Cases forwarded to the collection agency would also include those arrearages that have been outstanding for at least 18 months, but not more than 10% of the cases shall be outstanding for more than 18 months. The obligor parent would be responsible for payment of the private collection agency fee. Once the obligor has paid the arrearage and established a regular payment schedule for four months, the case would be referred back to the county probation department. The county probation departments would also be required to provide a listing of outstanding cases to the private collection agency and any arrearage collected would be forwarded to the probation department for disbursement to the custodial parent. The disbursement would be made within 10 calendar days from receipt by the county probation department.

The substitute requires the pilot project to be established in Camden, Essex and Hudson counties and the Commissioner of Human Services would be required to monitor and evaluate the programs during the first year after their establishment. The Commissioner would also evaluate the feasibility of a centralized data base which would coordinate the activities of the Department and the Administrative Office of the Courts.

The substitute also requires that Administrative Office of the Courts and the Department of Human Services adopt standards concerning the contracts negotiated between the county probation departments and the collection agencies.

Another provision of the substitute requires the department, in conjunction with the Administrative Office of the Courts, to report annually to the Governor and the Legislature by December 31 of each year on the pilot projects. The report would include:

- a. The number of cases referred by the probation departments to the collection agency;
- b. The dollar amount of the each outstanding case;
- c. The number of cases in which an arrearage was collected and the dollar amount collected;
- d. The number of uncollected cases and the dollar amount represented by those cases; and

e. An assesement of the success of the pilot project and the feasibility of establishing the use of private collection agencies Statewide.

Based on statistics which show that approximately 31,500 of a total 126,000 AFDC cases (representing 245,00 children) are owed some type of child support, it is necessary for the State to make the collection of child support obligations a major priority and expediate collection through more efficient means.

974.901

661



OFFICE OF THE GOVERNOR NEWS RELEASE

CN-001
Contact:

TRENTON, N.J. 08625
Release:

Jon Shure
Audrey Kelly
609/777-2600

Thursday
April 29, 1993

GOVERNOR SIGNS LAW CRACKING DOWN ON DEADBEAT DADS **Pilot Program Will Enlist Private Collection Efforts**

Giving the state another tool to protect children, Governor Jim Florio today signed a law which requires county probation departments to recruit private agencies to track down delinquent child support payments.

"For the parents who have chosen to abandon their children by neglecting to pay their child support, our new law sends a simple message: you can run, but you can't hide. Because if hardworking single parents with a job can raise their kids, divorced parents with a job can pay their share," said Governor Florio. "By making deadbeat dads support their kids, we're doing more than enforcing the law. We're lifting children out of poverty. We're giving single parents -- good parents -- struggling to make ends meet, something to fall back on."

"Today, we're acting on behalf of a group of people who don't have the ability to speak out on their own behalf. We're here for the children, because they are precious and important, and we can't afford to lose even one of them because an adult isn't ready to live up to his or her responsibility," said Governor Florio. "Our children are our future and there is just about nothing you can do that's worse than failing them. Quite frankly, government can't be a parent to children, but we can use the full force of the law to stop deadbeat dads from abandoning their children."

The tab for delinquent child support payments stands at more than \$1 billion, according to the state Department of Human Services. The new law, which establishes a pilot program in Camden, Essex and Hudson Counties, would require cases more than six months delinquent to be assigned to a private collection agency to try to recoup back payments. The legislation is similar to a bill signed by the Governor last year, which authorizes the state Department of Treasury to contract with private collection agencies for tax collection services.

Any back support payments recouped by the agency are required to be forwarded to the custodial parent in most cases within 10 days after collection. For parents receiving assistance from Aid to Families with Dependent Children (AFDC), the

delinquent funds would be forwarded to the county welfare agency for disbursement. The delinquent parent would be required to pay any fee charged by the private collection agency once the overdue debt is satisfied.

Last year, the state collected \$400 million overall in child support from absent parents, freeing 12,000 New Jersey families from welfare. The new law is the latest in the state's steps to crackdown on deadbeat dads and secure delinquent child support payments for families. In February, 1992, the state Department of Human Services took the unprecedented step of freezing settlement funds awarded to 192 New Jersey plaintiffs who took part in a class action legal suit against USX Corp. The plaintiffs were also identified in department records as delinquent dads and through its efforts, the Department recouped nearly \$1.2 million in back support payments.

"In the 1980's, government unwittingly made it too easy for deadbeat dads to escape their responsibilities. Too often, just as government officials got close, the non-paying parents would change their jobs or move away," said Governor Florio. "In the '90s, we've been closing those easy exits."

In September, 1990, Governor Florio signed a law that requires automatic withholding from paychecks. In December, 1990, the Department of Human Services began notifying three national credit information agencies -- TRW Information, CBI Equifax and Transunion -- of parents who were delinquent in child support payments.

"We're putting a new emphasis on self-reliance. It's why we changed a welfare system that was a trap of dependency into a ladder of opportunity. What we're saying to people is that we're willing to help you, but you've got to help yourself," said Governor Florio. "By taking responsibility, we can take back our future for our kids. We want to give them a future not of hurt, but of hope, not of pain, but of possibility."

S 1033/A 1952 was sponsored by Senator Louis Bassano and Assemblyperson Priscilla Anderson.

#