

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: House Bill 560

SHORT TITLE: Divorce Education

SPONSOR(S): Representative Alexander, Et Al

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1997-98</u>	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>
<i>AOC PERSONNEL COSTS:</i>					
Program Administrator:					
Salary & Benefits					
Recurring:	\$54,501	\$54,501	*	*	*
Half-Time Secretary:					
Salary & Benefits					
Recurring:	\$14,663	\$14,663	*	*	*
TOTAL COSTS:	\$69,164	\$69,164			
<i>AOC ADMINISTRATIVE COSTS:</i>					
Program Administrator					
Recurring:	\$11,563	\$11,214	*	*	*
Nonrecurring:	\$9,294				
Half-Time Secretary					
Nonrecurring:	\$7,640		*	*	*
TOTAL COSTS:	\$28,497	\$11,214			
<i>ADVISORY COMMITTEE COSTS:</i>					
Recurring:	\$3,600	\$2,700	*	*	*
TOTAL COSTS:	\$3,600	\$2,700			
TOTAL PERSONNEL & ADVISORY COMMITTEE COSTS:					
	\$101,261	\$83,078			
* Note: Costs for positions and for administrative needs have not been carried into the years beyond the pilot project.					
Costs Continued on Next Page.					
	<u>FY 1997-98</u>	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>

**ALTERNATIVE PROGRAM
FORMATS:**

**Option #1-Adjunct to
Custody Mediation Program**

Recurring:	\$13,800*	\$27,600
Nonrecurring:	\$13,975	

TOTAL COSTS: \$27,775 \$27,600

(Program Fees of **\$18** per person would pay for this program option over the course of a year.)

* Note: Includes only first six months of the project

Option #2-Contractual Providers

Recurring:	\$34,170*	\$68,340
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TOTAL COSTS: \$34,170 \$68,340

(Program Fees of **\$30** per person would pay for this program option over the course of a year.)

* Note: Includes only first six months of the project

**Option #3-Existing Video
Presentation**

Nonrecurring:	\$9,925	
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TOTAL COSTS: \$9,925

(Program Fees of **\$4** per person would pay for this program option over the course of a year.)

**Option #4-Multi-Site
Teleconference**

Nonrecurring:	\$13,315	
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TOTAL COSTS: \$13,315

(Program Fees of **\$5** per person would pay for this program option over the course of a year.)

POSITIONS: 1.5 positions (1 Program Administrator; .5-Half-Time Secretary)

**PRINCIPAL DEPARTMENT(S) &
PROGRAM(S) AFFECTED:** District court judges, clerks, possibly custody mediation programs

EFFECTIVE DATE: When it becomes law.

BILL SUMMARY:

**DIVORCE EDUCATION. DIRECTING THE ADMINISTRATIVE OFFICE OF THE COURTS
TO DEVELOP AN EDUCATIONAL PROGRAM FOR PARENTS WHO ARE PARTIES TO A**

CUSTODY OR VISITATION ACTION. As title indicates. Program must include (1) a course in which parties to a custody or visitation action may attend voluntarily, or be ordered to attend by a court; (2) information on the impact of separation, custody, or visitation on the children, parents' relationship with one another, the family's relationship, and the couple's financial responsibility for the children; and (3) information about community resources available to address these issues. AOC must provide an administrative plan for implementing the program in at least four judicial districts, and it must make the program operational in those districts by Jan. 1, 1998. Plan must include (1) provisions to ensure the program will be financially self-sustaining in each district, (2) estimates of fees, (3) methods for evaluation, and (4) identification of course providers with whom AOC would contract. Provides that court must order participation in program if significant parental conflict has adversely affected the children and the children's best interests would be served by parties' participation in the course. Requires AOC to report to General Assembly by March 1, 1999 on development of program. (Changes in committee substitute are underlined.) (*Daily Bulletin*, Institute of Government, UNC-Chapel Hill, Vol: 1997, No 30).

ASSUMPTIONS AND METHODOLOGY:

Bill Components

In order to assess the fiscal impact of this bill, it is useful to break the bill into the following five components.

- (1) Provision of an educational course that parties to a custody or visitation action may attend, with the goal of educating separated or divorcing couples with children about the needs of their children during and after the separation and divorce process;
- (2) Development of an administrative plan for the implementation of the educational program in at least four judicial districts by January 1, 1998;
- (3) Identification of course providers;
- (4) Consultation with persons experienced in assisting families through the divorce process, to help with program development; and,
- (5) Preparation of a report to the General Assembly by March 1, 1999.

The Judicial Branch has addressed the components of this bill based on personnel cost, advisory committee cost, program cost, evaluation cost, and indigent person cost. An overview of each of these costs are provided below.

Administrative Personnel: The administrative tasks set out above will require a program administrator and a half-time secretary in the AOC. The cost of the program administrator position would be \$75,358 in the first year, including salary, fringe benefits, office furniture and equipment, travel, supplies, and other miscellaneous expenses. The salary is \$46,000 (Grade 23). This salary is based on positions in the Department of Public Instruction and the Judicial Branch that have similar responsibilities that this coordinator will have. Second year costs would be \$65,715. The cost of the half-time secretary position would be \$22,303 in the first year. Second year cost would be \$14,663. Total personnel and administrative costs would total \$97,661 in the first year and \$80,378. (1996-97 salary levels.)

Advisory Committee: An advisory committee may be the best vehicle by which the AOC could ensure the development of a program by persons who have experience in assisting families through and after the divorcing process. In calculating costs for the advisory committee, the Judicial Branch assumes there will be eight members attending eight meetings during the first year and six meetings during the second year of the pilot project. Members will be from representative parts of the State, traveling an average of 140 miles each trip at 31.5 cents per mile. Including expenses for parking, lunch, and a break, each meeting will cost approximately \$450. The eight, first year meetings will cost \$3,600, and the six, second year meetings will cost \$2,700.

Program Costs: The remaining costs of this bill will depend on the type of educational program selected and the districts in which the pilot programs are implemented. For purposes of providing a fiscal estimate, the Judicial Branch assumes implementation of the program in the following districts and counties: District 4 (Duplin, Jones, Onslow, and Sampson), District 12 (Cumberland), District 19B (Montgomery and Randolph only), and District 26 (Mecklenburg). These sites have been tentatively selected because the custody mediation programs in these districts may aid in the implementation of the pilot divorce education programs. The AOC outlines four options for programs. Each of these options are highlighted in detail in the fiscal note.

Optional Costs

Funding participation by persons who are indigent: The bill specifies that the AOC is to identify a method for waiving participant fees in cases of severe financial hardship. There are various ways payment of course fees for those who are special fund that is used to pay for the course for those whose fee is waived. North Carolina could establish a similar fund. The AOC estimates that approximately 20% (684 over 18 months) would be dependent on the program format chosen and its fee per person. For example, if the per-person fee needed to cover costs were \$20, payments of an additional \$5 into the special fund by the other 80% would cover the fees for the 20%. Likewise, if the fee needed were \$40, \$10 in addition could be charged to go into the special fund to cover the fees for persons who are indigent. In the alternative, the General Assembly could appropriate some money for such a purpose. An appropriation of \$28,000 would cover fees up to \$45 per person for the 684 parents estimated to need assistance. If the fee were \$30, a \$21,000 appropriation would be needed.

Program Evaluation: The bill states that the administrative plan for the implementation of the program shall include “methods for evaluating the courses to ensure effectiveness.” Costs of evaluation are dependent on the evaluation method chosen. Most programs reporting have relied on simple paper-and-pencil post-class evaluations completed by the parents taking the course. Presumably, this level of evaluation could be accomplished at little or no cost, with the AOC compiling the results.

The table below highlights each of the program costs that have been previously mentioned. It, specifically, presents the costs for each one of the programs options recommended by the Judicial Branch, including the estimated fees to offset the cost for each program option/format.

<u>Alternative Program Formats</u>	Up-Front Costs¹	Cost of Presenters²	Cost of Presenters (2nd Year)	Estimated Fee³
1. Custody mediation adjunct	\$13,975	\$13,800	\$27,600	\$18
2. Contractual providers	-0-	\$34,170	\$68,340	\$30
3. Existing video presentation	\$9,925	-0-	-0-	\$4
4. Multi-Site Teleconference	\$13,315	-0-	-0-	\$5

Optional Costs⁴

Funds for Indigent Persons

\$0-\$28,000

Funds for Evaluation

Can be administered within existing AOC resources.

Statistical Data

According to 1995 data from the State Center for Health Statistics (North Carolina Vital Statistics, Volume 1-1995), there were 7,354 divorces and annulments in these eight counties. Annulments are comparatively infrequent, so the Judicial Branch assumes divorces make up the bulk of this number. (Data for 1996 are not yet available.) The difficulty in estimating the number of people who might be eligible for the educational program arises from determining the number of cases that concerns custody or visitation action, and estimating how often parents would voluntarily attend or how often the court would order them to do so. The best data we have for making such estimations comes from case referral data for the Child Custody and Visitation Mediation Program in the AOC. During 1995-96, in the four districts specified above, there were 1,452 cases referred to the mediation programs. Of that number 826 were mediated. The Judicial Branch estimates that the numbers of persons actually attending the divorce

¹ The "up-front" costs itemized here indicate expenses for which the Administrative Office of the Courts (AOC) would need an appropriation in order to get the program started. As fees are paid during the course of the first 18 months of the program, these costs could be recovered and returned to the General Fund.

² If the program were an adjunct of the custody mediation program, the costs for program presenters would also need to be appropriated to the AOC. With the fee set at \$18, the expenses for the presenters' time would be returned to the General Fund over the course of the first 18 months of the program. (These presenters would already be employed by the AOC as part-time mediators.) If contractual providers were used to provide the divorce education, no funds for presenters would need to be appropriated; program participants would pay the contractual providers directly. The remaining costs for presenters are listed as \$0 because for these options, there are no presenters per se. However, there may be additional staff costs required for programmatic tasks such as setting up equipment, taking attendance, issuing certificates of completion, etc.

³ These fees have been set to recover all up-front costs (excluding AOC administrative costs) within 18 months from implementation if all those attending paid the full fee. If the fees were set high enough to cover the costs of the estimated 20% of the parents who are indigent, these fees would need to be 25% higher. Theoretically, fees charged in all but the contractual provider option could be reduced in subsequent years.

⁴ If the other program participants were charged an additional fee to pay for those who are indigent, no appropriation would be needed. If the General Assembly were to appropriate funds for this purpose, up to \$28,000 would be needed, depending on the program fee. As for evaluation, its cost will be determined by the type of evaluation done.

education classes will be somewhere in between these figures.⁵ An average of the two figures produces an estimate of 1,139 cases (2,278 parents) in a year's period that are either voluntarily referred or mandated to attend divorce education classes. The type of program offered in the pilot districts determines the requirements and costs for the classes for these 3,417 parents (over the 18 month project). (All cost figures assume the local programs will be implemented by January 1, 1998 and operate through June 30, 1999.)

Program Options:

1. Adjunct to Custody Mediation Program - As an adjunct to the custody mediation program, a divorce education component can be developed within a relatively quick time-frame. Adding a two-hour presentation to the custody mediation orientation session in the four districts, presented by mediators, would create a need for 246 sessions (involving 321 mediated hours). Cost would be \$5,520 in the first six months, and \$11,040 in the following fiscal year at a rate of \$25.79 per mediator hour (including fringes).⁶ Adding an additional three hours per mediator per session for preparation time, paperwork, and program assistance before and after the session brings the cost to \$13,800 in the first six months and \$27,600 in the following fiscal year.

In addition, there would be various "up-front" costs for the program. Some programs across the country center around video presentations. Each video would cost approximately \$200; 16 videos (2 per site) would be \$3,200. Each county may need a TV/VCR unit, which, along with a cart, power strip, and taxes, would cost approximately \$775 per unit. The custody mediation programs in three counties already have such units. \$4,650 would provide six more units. The up-front costs of the videos, TV/VCR units, and accompanying program manuals (approximately \$1.75 per person, or \$6,125 for 3,500 manuals) would be approximately \$13,975. If the fee were to cover the total cost of the program, including mediators' time, videos, equipment, manuals, etc., it would need to be no more than \$18. As stated earlier, excluding administrative costs, \$27,775 in the first year and \$27,600 in the

⁵ There are several reasons why referred cases are sometimes not mediated. In some cases, the mediator may determine that the case was inappropriate (e.g., allegations of domestic violence). The parties may choose not to mediate after going through the orientation session. In some cases, one or both parties fail to appear for mediation. Sometimes one of the parties may be deployed for military action. Some cases are exempted because a party resides more than 50 miles from the courthouse, and some cases settle before the first session, either through a consent agreement or by reconciliation. Some of the above reasons have relevance for determining the number who might attend divorce education, and some do not. For example, if the judge ordered the parties to attend, choosing not to attend would no longer be an option without consequences. Therefore, for the estimate of those both eligible for and attending divorce education, we average the cases referred and cases mediated figures to arrive at an estimate between the two.

⁶ The estimates of the number of sessions needed for these parents were calculated by examining the current distribution of custody mediation cases across the four pilot districts. That distribution was applied to the number of parents potentially attending classes to determine the likely number in each district. Then the number of classes needed in each district was determined, using a standard of no more than 20 per class. If the number in one class were projected to be above 20, additional classes were added. If the number were above 13, but less than or equal to 20, an additional facilitator was added to assist with the session. Using these standards, the Judicial Branch estimates the following needs for classes and facilitators: District 4 - 38 classes, 1 facilitator per class; District 12 - 50 classes, 2 facilitators per class; District 19B - 26 classes, 1 facilitator per class; and, District 26 - 50 classes, 1 facilitator per class. Budgeted at the midpoint (\$43,818) of Grade 21 for a mediator position, the hourly cost for a mediator, including salary and fringes, is \$25.79.

second year is needed to begin a program with this format. **Over the course of a year, program fees would pay for the program.**

- 2. Contractual Providers:** Another option used by some programs across the country is the hiring of contractual providers to prepare and present the classes, which the AOC could accomplish within a relatively quick time frame. One article reviewing divorce education programs reports that in just over 50% of counties reporting, the programs had contracted with nonprofit, private, and/or public agencies to provide the classes. Of programs reviewed, session length ranged from one to eight hours, with fees ranging from none to \$100. In 95% of the programs, the fee was \$50 or less. In Charlotte, a divorce education program produced by United Family Services is four hours long and costs \$40 per person. On the assumption that the contractual provider would handle all logistics and paperwork, and that the fee charged would cover the costs of the program, there should be no additional up-front expenses, except for the administrative costs of identifying and contracting with the contractual providers. The Judicial Branch assumes the program would be two hours, and that the contractual providers would receive a fee of **\$30** per person. At this rate, classes for all the parents for the first 18 months would cost \$102,510 (\$34,170 in the first year and \$68,340 in the second year). Excluding the appropriation for AOC administrative costs, this option would not require an appropriation, since those attending the divorce education class would pay the fee directly to the provider.
- 3. Videotaped Presentation** - A program could consist of using an existing videotaped presentation, with the videotapes available for viewing at local libraries, community colleges, the courthouse, etc. Duplicating multiple copies of the video would cost around \$10 per video. Each district will vary in the number of sites where the video is shown. Three videos with 19 duplicates would cost \$190 (Based on need in the three largest counties, and 2 in the other 5 counties). The cost for 19 copies of the existing video would be \$3,800. The AOC does not itemize the purchasing of additional TV/VCR units because they assume locations that already have the necessary equipment may be chosen as viewing sites. One issue concerns the number of staff needed to collect fees, hand out evaluation forms, issue certificates of completion, and handle other paperwork would need to be worked out in each district. The districts could perhaps use the services of librarians, local volunteers, or deputy clerks. Larger districts may need a part-time staff person to handle these logistical issues; however, the AOC does not estimate these costs at this time. A videotaped program would be non-interactive (i.e., no staff available for questions and no discussion following). The fee for the existing video program could be as low as **\$4**, assuming additional funds were not needed to provide staffing to handle the logistical issues mentioned above. **These fees would be used to reimburse the appropriation of \$9,925 needed to implement this alternative.**
- 4. Multi-Site Teleconference** - A related program possibility is the production of a multi-site teleconference, which would also be videotaped for later viewing. The format would involve a one-hour presentation, followed by a one-half to one-hour time for questions. The up-front costs would be approximately \$7,000 for the two-hour teleconference (depending on the number of sites and other logistical issues). The cost of reproducing multiple copies of the videotapes for viewing at a later time would be about \$10 per videotape (or \$190 for 19

copies). The teleconference itself would be an interactive format for the groups who participated in it. For those viewing it at a later time on videotape, the program would obviously be non-interactive. The program would face the same logistical issues re fee collection, certificate completion, etc., as identified above for those programs showing a videotape. The AOC estimates that they could develop the teleconference program in about three months. To reimburse the costs of this program, including manuals (\$6,125), the AOC would set a fee around **\$5**, assuming there is no need for funds to handle the logistical issues mentioned above. \$13,315 would implement this option.

- 5. Other Options:** The Judicial Branch highlighted two other options: Videodisk Program and a New Videotape Presentation. These two options are not included in the note because they cannot be developed and implemented within the 18 month time-frame of the pilot project.

Manuals:

The AOC estimates that manuals to be used by program participants would cost about \$1.75 per person. For the 3,500 projected participants, the cost would be approximately \$6,125. This cost has been built into the program fees quoted above. (The AOC assumes that contractual providers will provide their own manuals.)

CONCLUSIONS/SUGGESTIONS:

Based on the information received from the Judicial Branch, Fiscal Research staff believes the most cost effective method of implementing this educational program in the four highlighted districts would be a combination of the Custody Mediation format and the Existing Video Presentation format. Both of these programs can be developed and implemented within a relatively quick time-frame. The Custody Mediation program includes the use of a video presentation. The use of the existing video and the addition of three more hours per custody mediation orientation session would allow for the parameters of the bill to be met. Each of the costs for these options will be recovered through fees collected from participants.

SOURCES OF DATA: AOC's automated civil indexing system, AOC's Custody Mediation Program, North Carolina Vital Statistics - Volume 1 - 1995, Utah Administrative Office of the Courts, Department of Administration's Agency for Public Telecommunications, various articles on divorce education.

TECHNICAL CONSIDERATIONS: None.

FISCAL RESEARCH DIVISION

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