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April 27, 1999

MEMORANDUM

TO: Mr. Tommy Higdon, President
State Court Clerks Association

Mr. John Ferguson, Commissioner
Department of Finance and Administration

Ms. Natasha Metcalf, Commissioner
Department of Human Services

Ms. Libby Sykes, Acting Director
Administrative Office of the Courts

FROM: Richard V. Norment 
Assistant to the Comptroller

SUBJECT: Study of the Actual Costs of Activities by Clerks of Court for Child and Spousal Support Cases and Determination of Actual Costs for Reimbursement by the Department of Human Services - Revised Report of Study Dated November 18, 1998

As required by Chapter 1048, Public Acts of 1998, our office conducted a study of the actual costs of activities by clerks of court for child and spousal support cases. This study included a determination of the funds generated by the collection of the fee (5% commission) on the collection of child support, in accordance with Section 8-21-403, *Tennessee Code Annotated*.

Chapter 1048, Public Acts of 1998, requires that the Department of Human Services reimburse the clerks of court according to federal law and regulations for the actual costs of providing services for child and spousal support cases. This public chapter further requires that actual costs be set according to the determination by the Comptroller of the Treasury.

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Before beginning the study required by this act, we met with court clerks, personnel of the Department of Human Services, and federal officials. These meetings were for the purpose of determining which of the clerks' activities would be eligible for reimbursement and what would be the best method of reimbursing clerks for their actual costs. We determined that the method of reimbursement should be one that could be easily administered by both clerks of court and the Department of Human Services. With this in mind, we developed and mailed a survey, dated September 18, 1998, to all clerks of court who might be handling child and spousal support cases. We mailed the survey to 235 clerks of court and received 141 responses (a return rate of 60%). Fifteen of the responses were either incomplete or indicated that the official had opted out of handling child support cases.

After conducting the survey, we met with court clerks and officials with the Department of Human Services on numerous occasions to determine the most appropriate method of reimbursing court clerks for their actual costs. We have studied several methods of reimbursing the court clerks and have found that most methods would be extremely difficult to administer due to the lack of verifiable information. We have determined that the most appropriate method of reimbursing the court clerks would be on a fee for services basis.

We determined from the information provided from the surveys that the average hourly wage of a deputy in a court clerk's office was \$10.40. We also analyzed information from the audit reports for a randomly selected number of court clerks to determine an overhead rate for the clerk's salary and office expenses. The overhead rate for the court clerk's salary was 22.23% and the overhead rate for office expenses, such as supplies and equipment, was 30.73%. We also established a rate of 24.5% for fringe benefits. Using these calculations, we then established a total hourly rate for determining the fee of \$18.46. The following table reflects the calculations that established this rate:

Average Hourly Rate for a Deputy	\$10.40
Overhead Rate for Court Clerk's Salary (22.23% x \$10.40)	2.31
Overhead Rate for Office Expenses (30.73% x \$10.40)	3.20
Overhead Rate for Fringe Benefits (24.5% x \$10.40)	<u>2.55</u>
Total Hourly Rate for Determining Fee	<u>\$18.46</u>

For Non-IV-D child support cases, the Department of Human Services established three types of services that the court clerks will be providing for the department. These services are 1) entries to the case registry, 2) entry of an order, and 3) updates, such as a change of address. The Department of Human Services has determined that each of these services would take approximately five minutes, which is one-twelfth of an hour. The hourly rate of \$18.46 divided by one-twelfth would equal to a fee of \$1.55 for each of these services for a Non IV-D child support case. For example, in a Non IV-D case without income assignment the clerk would enter information in the case registry and would receive a fee of \$1.55 for their service to the Department of Human Services. In a non IV-D case with income assignment, a court clerk would receive \$1.55 for entering information in the case registry and \$1.55 for entering the order. The clerk would also receive \$1.55 for each update to the order.

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In addition to the reimbursement to the court clerks of these fees for their services, the Department of Human Services, except for those cases involving paupers oath, will pay for all statutorily authorized court costs for filing IV-D cases and for any enforcement actions involving IV-D cases.

The clerks of court who responded to this survey indicated that there were approximately 166,000 child support cases filed in their courts and that they received commissions of \$6,445,000 during the 1997-98 year for child support.

If you have any questions about our determination of costs and fees for court clerks, please contact this office.