

Department of Economic Security
Child Support Enforcement

A.R.S. § 41-1954

		FY 2001	FY 2002	FY 2003
		Actual	Estimate	Approved
OPERATING BUDGET				
Full Time Equivalent Positions	(GF)	31.7	28.0	26.6
	(TF)	735.2	732.2	730.8 ^{1/2/3/}
Personal Services	(GF)	1,236,800	1,084,000	1,133,100
	(TF)	15,056,100	16,801,400	17,656,400
Employee Related Expenditures	(GF)	191,900	241,300	258,800
	(TF)	3,684,700	4,604,900	5,230,100
Professional and Outside Services	(GF)	2,281,400	1,920,300	1,883,900
	(TF)	8,071,100	6,346,500	6,310,100
Travel - In State	(GF)	5,600	33,000	33,000
	(TF)	68,000	101,300	101,300
Other Operating Expenditures	(GF)	716,800	931,300	931,300
	(TF)	3,543,600	3,101,700	3,133,700
Equipment	(GF)	57,900	0	0
	(TF)	224,300	55,200	0
Lump Sum Reduction	(GF)	0	0	(176,200)
	(TF)	0	0	(518,200)
<i>Operating Subtotal</i>	(GF)	4,490,400	4,209,900	4,063,900
	(TF)	30,647,800	31,011,000	31,913,400 ^{3/}
Genetic Testing	(GF)	35,400	36,000	72,400
	(TF)	308,900	687,200	723,600
Central Payment Processing	(GF)	444,700	444,700	444,700
	(TF)	2,681,300	3,088,600	3,275,700
County Participation	(GF)	0	0	1,000,000 ^{4/}
	(TF)	8,543,300	10,066,300	11,598,900
Attorney General Legal Services	(GF)	58,700	56,900	59,300
	(TF)	4,144,500	5,213,300	5,491,800
TOTAL APPROPRIATIONS	(GF)	5,029,200	4,747,500	5,640,300
	(TF)	46,325,800	50,066,400	53,003,400^{5/}
FUND SOURCES				
General Fund		5,029,200	4,747,500	5,640,300 ^{6/}
<u>Other Appropriated Funds</u>				
Child Support Enforcement				
Administration Fund		9,793,300	11,297,500	12,046,000 ^{6/}
Federal Funds		31,503,300	34,021,400	35,317,100
<i>Subtotal - Other Appropriated Funds</i>		41,296,600	45,318,900	47,363,100
TOTAL APPROPRIATIONS		46,325,800	50,066,400	53,003,400

1/ The Child Support Enforcement Administration Fund contains State Share of Retained Earnings (SSRE) from child support collections, federal incentives, and fees, as outlined in A.R.S. § 46-406. The following chart displays the Total Funds Expenditures Authority (TF) of this division, not including monies expended in the Administration cost center.

2/ Includes 37.7 OF and 111 TF FTE Positions funded from Special line Items in FY 2003.

3/ All state share of retained earnings and federal incentives above \$11,189,500 in FY 2003 received by the Division of Child Support Enforcement are appropriated for operating expenditures. New full-time equivalent positions may be authorized with the increased funding. The Division of Child Support Enforcement shall report the intended use of the monies to the Speaker of the House of Representatives, the President of the Senate, the Chairmen of the Senate and House Appropriations Committees and the Directors of the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting. (General Appropriation Act footnote, as adjusted for statewide allocations)

COST CENTER DESCRIPTION — *The Division of Child Support Enforcement (DCSE) program provides intake services; locates absent parents; assists in establishing paternity; establishes the legal obligation for the amount of child support payments; and evaluates the absent parent's ability to pay. The program also collects, enforces, investigates and works with the courts to review and adjust child support orders. In addition, the program, through a contract with a private vendor, operates a central payment clearinghouse for all child support payments in the state, including those enforced by private parties.*

PERFORMANCE MEASURES	FY 1999	FY 2000	FY 2001	FY 2002-03
	Est./Actual	Est./Actual	Est./Actual	Estimate
• Total IV-D collections (\$ in millions)	171.5/189.2	208.0/214.9	235.0/238.0	258.0/284.0
• % of IV-D caseload with a IV-D collection	NA/27.9	NA/34.5	39.5/37.9	44.4/49.5
• Ratio of current IV-D support collected and distributed to current IV-D support due	NA/42.2	NA/44.2	45.2/45.7	47.2/49.2
• % of IV-D court ordered cases with a collection during the year	NA/61.9	NA/63.7	65.9/63.6	69.4/72.8
• % of IV-D children in the paternity function for whom paternity was established during the year	NA/8.0	NA/12.4	17.4/18.5	20.2/22.8
• % of cases in the establishment function for which orders were established during the year	NA/16.1	NA/20.6	25.1/28.7	29.5/31.0

Total Funds Expenditure Authority — The division's budget is appropriated on a Total Funds (TF) expenditure authority basis. In addition to the General Fund (GF), the division receives other appropriated funds from several sources:

- State Share of Retained Earnings (SSRE): comes from child support owed to the state while the custodial parent received Temporary Assistance for Needy Families (TANF) Cash Benefits.
- Federal Incentive Payments: associated with the division's performance on a series of federally-set performance measures.
- Fees: paid by non-custodial parents for posting payments to the central payment clearinghouse.

Revenues from these 3 streams are deposited into the Child Support Enforcement Administration (CSEA) Fund.

The GF and Other Funds (OF) appropriations are matched by federal grants totaling \$35,317,100 in FY 2003. In general, the federal government matches every \$0.34 of state funds with \$0.66 of federal monies.

Table 1 details the sources and uses of the CSEA Fund:

<u>CSEA Fund</u>	<u>FY 2002</u>	<u>FY 2003</u>
Sources		
State Share of Retained Earnings	\$ 9,655,800	\$10,444,300
Federal Incentive Payments	4,330,200	4,416,800
Fees	808,200	856,500
Total	\$14,794,200	\$15,717,600
Uses		
DCSE Administration	\$ 11,297,500	\$12,046,000
Administration (Non-Appropriated)	3,496,700	3,671,600
Total	\$14,794,200	\$15,717,600

Postage — The approved amount includes an increase of \$10,900 OF and \$32,000 TF above FY 2002 for increased postage costs related to clearinghouse caseloads increased central payment (*Please see the **Central Payment Processing** discussion below for further information on increases in that line item.*)

Special Line Items

Genetic Testing — This line item funds DNA testing and blood testing for the estimated 50% of child support cases subject to the establishment of paternity through testing. The lower amount in FY 2002 reflects DES' allocation of a lump sum reduction. The division currently receives an enhanced match rate of 90% from the federal government to fund these genetic tests.

4/ The appropriation for the County Participation Special Line Item includes \$1,000,000 of state General Fund monies to administer the child support program in a county with a population of more than 500,000 persons but less than 1,000,000 persons according to the most recent decennial census. If that county notifies the department in writing by June 1, 2002 that it will administer the child support program in its own county, the department shall pass through the \$1,000,000 to the county to administer the program. If that county does not notify the department in writing by June 1, 2002 that it will administer the child support program in its own county, the department may use the \$1,000,000 to administer the child support program in that county. (General Appropriation Act footnote)

5/ General Appropriation Act (Laws 2002, Chapter 327) funds are appropriated as an Operating Lump Sum with Special Line Items for the Program.

6/ These amounts represent direct appropriations. All other expenditures are a part of total expenditure authority.

Central Payment Processing — This line item funds administration of the central payment clearinghouse through which all child support payments in the state are directed. The line item primarily funds 2 areas: vendor payments for processing non-Title-IV-D case payments and losses due to NSF checks, custodial parent overpayments, and forgery and fraud. These losses are the department's responsibility; the department pays for these losses with no federal match.

The approved amount of \$444,700 GF, \$1,573,800 OF, and \$3,275,700 TF reflects an increase of \$96,600 OF and \$187,100 TF above FY 2002.

- Vendor Charges: Includes an increase of \$46,600 OF and \$137,100 TF above FY 2002 for increased caseloads and increased per-case payments to the clearinghouse vendor.
- "Misapplied" Expenditures: Includes an increase of \$50,000 OF and \$50,000 TF above FY 2002 to reflect expected misapplied payment losses.

*(Please see the **Postage** discussion above for further details on additional funding for clearinghouse-related costs.)*

County Participation — The division contracts with several Arizona counties to operate child support programs in those counties. As a result, a portion of SSRE and federal incentives are passed through to those counties, along with the 66% federal match, which matches SSRE and incentive pass-through monies as well as county appropriations.

This line item reflects contracting counties' SSRE and federal incentives as well as expenditure authority for the federal match. The approved amount, \$11,598,900 TF, reflects changes associated with 2 separate issues:

- Pima County: The approved amount reflects an increase of \$1,000,000 GF and \$1,000,000 TF associated with administration of Pima County's child support program. A footnote requires that the \$1,000,000 be given to Pima County to continue to administer its own child support program. If, however, Pima County did not notify the department by June 1, 2002 that it would administer its own program, the department could use the \$1,000,000 to take over administration of the program. Pima County did not notify the department by June 1, 2002 and, as a result, the division will take over administration of child support in Pima County.
- Program Growth: The approved amount reflects an increase of \$123,100 OF and \$532,600 TF above FY 2002 associated with an expected increase in CSEA revenues from SSRE and incentives.

After the division assumes responsibility of Pima County's child support program, 5 counties will continue to administer their own child support program as of July 1, 2002: Cochise, Gila, La Paz, Navajo, and Pinal counties.

Attorney General Legal Services — Monies in this line item are used to contract for Attorney General representation. The approved amount includes \$59,300 GF, \$1,791,300 OF, and \$5,491,800 TF. This line item includes 111 FTE Positions, 37.7 of which are funded from Other Funds.

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