

**Department of Economic Security**  
**Child Support Enforcement**

A.R.S. § 41-1954

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		<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
		<b>Actual</b>	<b>Estimate</b>	<b>Approved</b>
<b>OPERATING BUDGET</b>				
Full Time Equivalent Positions	(GF)	28.0	9.6	34.9
	(TF)	732.2	713.8	839.8 <sup>1/2/</sup>
Personal Services	(GF)	1,142,800	770,600	1,235,700
	(TF)	15,726,100	17,226,600	19,659,700
Employee Related Expenditures	(GF)	197,200	160,400	290,500
	(TF)	4,107,900	5,114,300	5,568,800
Professional and Outside Services	(GF)	1,620,000	1,583,100	1,707,900
	(TF)	4,798,500	5,752,000	5,876,800
Travel - In State	(GF)	4,400	33,000	33,000
	(TF)	55,900	101,300	101,300
Other Operating Expenditures	(GF)	961,100	931,300	1,057,200
	(TF)	3,803,600	3,133,700	3,503,400
Equipment	(GF)	46,300	0	0
	(TF)	146,900	0	0
<b>OPERATING SUBTOTAL</b>	<b>(GF)</b>	<b>3,971,800</b>	<b>3,478,400</b>	<b>4,324,300</b>
	<b>(TF)</b>	<b>28,638,900</b>	<b>31,327,900</b>	<b>34,710,000<sup>2/</sup></b>
<b>SPECIAL LINE ITEMS</b>				
Genetic Testing	(GF)	24,300	72,400	72,400
	(TF)	242,200	723,600	723,600
Central Payment Processing	(GF)	423,800	444,700	444,700
	(TF)	2,485,300	3,275,700	3,275,700
County Participation	(GF)	0	1,000,000	0
	(TF)	8,163,600	11,598,900	6,845,200
Attorney General Legal Services	(GF)	52,100	51,000	320,200
	(TF)	5,154,900	5,483,500	6,869,700
<b>PROGRAM TOTAL</b>	<b>(GF)</b>	<b>4,472,000</b>	<b>5,046,500</b>	<b>5,161,600</b>
	<b>(TF)</b>	<b>44,684,900</b>	<b>52,409,600</b>	<b>52,424,200<sup>3/</sup></b>
<b>FUND SOURCES</b>				
General Fund		4,472,000	5,046,500	5,161,600
<u>Other Appropriated Funds</u>				
Child Support Enforcement Administration Fund		9,331,200	12,046,000	12,263,400
SUBTOTAL - Other Appropriated Funds		9,331,200	12,046,000	12,263,400
<u>Other Expenditure Authority Funds</u>				
Federal Funds		30,881,700	35,317,100	34,999,200 <sup>4/</sup>
SUBTOTAL - Other Expenditure Authority Funds		30,881,700	35,317,100	34,999,200
<b>PROGRAM TOTAL</b>		<b>44,684,900</b>	<b>52,409,600</b>	<b>52,424,200</b>

1/ Includes 6.2 GF, 37.7 OF and 137 TF FTE Positions funded from Special line Items in FY 2004.

2/ All state share of retained earnings and federal incentives above \$11,329,600 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)

3/ General Appropriation Act funds are appropriated as Operating Lump Sum with Special Line Items by Program.

4/ These amounts are included in total expenditure authority.

**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 2002	FY 2002	FY 2003	FY 2004
	Appropriation	Actual	Appropriation	Appropriation
• Total IV-D collections (\$ in millions)	258.0	254.0	284.0	274.0
• % of IV-D caseload with a IV-D collection	44.4	40.3	49.5	43.2
• Ratio of current IV-D support collected and distributed to current IV-D support due	47.2	45.7	49.2	46.4
• % of IV-D court ordered cases with a collection during the year	69.4	62.7	72.8	62.7
• % of IV-D children in the paternity function for whom paternity was established during the year	20.2	19.5	22.8	23.2
• % of cases in the establishment function for which orders were established during the year	29.5	29.1	31.0	32.1

**Technical Adjustments** — The FY 2004 approved amounts include technical adjustments for Employee Related Expenditures, Other Fund health and dental insurance changes, and Other Fund retirement changes. *(Please see the General Provisions section at the end of this Appropriations Report for further details on these changes.)*

The approved amount also includes a General Fund and Total Funds increase of \$124,800 above FY 2003 for other technical realignments in the department. *(Please see the Summary section for further details.)*

**Funding Sources** — The approved amount includes direct appropriations from the following 4 fund sources:

- General Fund (GF);
- State Share of Retained Earnings (SSRE) from child support owed to the state while the custodial parent received Temporary Assistance for Needy Families (TANF) Cash Benefits;
- Federal incentives associated with child support collections; and
- Fees from non-custodial parents for posting payments to the central payment clearinghouse.

The last 3 fund sources are deposited in the Child Support Enforcement Administration (CSEA) Fund and appropriated as an Other Appropriated Fund (OF). In addition to the GF and CSEA Fund appropriations, the approved amount also includes Total Fund (TF) expenditure authority for DCSE. The TF expenditure authority consists of the appropriations for the fund sources above plus the federal monies DCSE receives, which generally match state funds at a ratio of 66% federal to 34% state.

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

<b>CSEA Fund</b>	<b>FY 2003</b>	<b>FY 2004</b>
<b>Sources</b>		
State Share of Retained Earnings	\$ 10,444,300	\$10,003,200
Federal Incentive Payments	4,416,800	3,349,100
Fees	<u>856,500</u>	<u>803,700</u>
<b>Total</b>	<b>\$15,717,600</b>	<b>\$14,156,000</b>
<b>Uses</b>		
DCSE Administration	\$ 12,046,000	\$12,263,400
Administration (Non-Appropriated)	<u>3,671,600</u>	<u>1,892,600</u>
<b>Total</b>	<b>\$15,717,600</b>	<b>\$14,156,000</b>

**County Assistance Base Modification** — The approved amount includes a shift of \$725,800 GF, \$2,783,100 CSEA Fund, and \$3,508,900 TF from the County Participation line item to the division's operating budget. These monies were appropriated in FY 2003 to provide assistance to Pima County for its child support program. Pima County has since notified the division that it will no longer operate a child support program; these responsibilities are now performed by DES. In addition to transferring General Fund and CSEA Fund monies from the County Participation line item, the approved amount includes an increase of 19.1 GF and 100 TF FTE Positions to the division's operating budget to reflect these new responsibilities.

**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 division currently receives an enhanced match rate of 90% from the federal government to fund these genetic tests. The approved amount is unchanged from FY 2003

and includes \$72,400 GF, \$651,200 Federal Funds, and \$723,600 TF.

**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 is unchanged from FY 2003 and includes \$444,700 GF, \$2,831,000 OF, and \$3,275,700 TF.

**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 includes the transfer of \$(1,000,000) GF, \$(3,753,700) Federal Funds, and \$(4,753,700) TF from this line item to the division's operating budget and Attorney General Legal Services line item to shift responsibility for the child support program in Pima County to DES. The approved amount consists of \$2,000,400 CSEA Fund, \$4,844,800 Federal Funds, and \$6,845,200 TF.

**Attorney General Legal Services** — Monies in this line item are used to contract for Attorney General representation. The approved amount includes \$326,100 GF, \$1,788,500 OF, and \$6,869,700 TF. These amounts reflect the shift of \$274,200 GF, \$970,600 CSEA Fund, and \$1,244,800 TF from the County Participation line item to allow the department to assume responsibility for the Pima County child support program in FY 2004. This line item includes 137 Total Funds FTE Positions, of which 6.2 are funded from the General Fund, 37.7 are funded from the CSEA Fund, and 93.1 are funded from Federal Funds. This includes an increase of 6.2 GF and 26 TF FTE Positions associated with assuming responsibility for the Pima County child support program.

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