

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

A.R.S. § 41-1954

JLBC Analyst: Kim Hohman

	<b>FY 2003 Actual</b>	<b>FY 2004 Estimate</b>	<b>FY 2005 Approved</b>
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	713.8	839.8	839.8 <sup>1/2/</sup>
Personal Services	16,897,200	19,659,700	20,289,400
Employee Related Expenditures	4,738,800	6,043,900	6,506,100
Professional and Outside Services	5,232,900	5,876,800	5,876,800
Travel - In State	41,600	101,300	101,300
Other Operating Expenditures	3,221,200	3,031,800	3,031,800
Equipment	41,000	0	0
<b>OPERATING SUBTOTAL</b>	<b>30,172,700</b>	<b>34,713,500</b>	<b>35,805,400<sup>2/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Genetic Testing	200,000	723,600	723,600
Central Payment Processing	2,178,700	3,275,700	3,275,700
County Participation	4,798,600	6,845,200	6,845,200
Attorney General Legal Services	6,449,600	6,870,500	7,082,900
<b>PROGRAM TOTAL</b>	<b>43,799,600</b>	<b>52,428,500</b>	<b>53,732,800<sup>3/</sup></b>
<b>FUND SOURCES</b>			
General Fund	2,980,400	5,165,900	5,195,900
<u>Other Appropriated Funds</u>			
Child Support Enforcement Administration Fund	10,858,400	12,263,400	12,666,000
SUBTOTAL - Other Appropriated Funds	10,858,400	12,263,400	12,666,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>13,838,800</b>	<b>17,429,300</b>	<b>17,861,900</b>
<u>Expenditure Authority Funds</u>			
Federal Funds	29,960,800	34,999,200	35,870,900
SUBTOTAL - Expenditure Authority Funds	29,960,800	34,999,200	35,870,900
<b>SUBTOTAL - Appropriated/Expenditure Authority Funds</b>	<b>43,799,600</b>	<b>52,428,500</b>	<b>53,732,800</b>
<b>TOTAL - ALL SOURCES</b>	<b>43,799,600</b>	<b>52,428,500</b>	<b>53,732,800</b>

**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.

<sup>1/</sup> Includes 6.2 GF, 37.7 OF and 93.1 EA FTE Positions funded from Special line Items in FY 2005.

<sup>2/</sup> All state share of retained earnings, fees and federal incentives above \$12,666,000 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)

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

PERFORMANCE MEASURES	FY 2003	FY 2003	FY 2004	FY 2005
	Appropriation	Actual	Appropriation	Appropriation
• Total IV-D collections (\$ in millions)	284.0	256.6	274.0	260.0
• % of IV-D caseload with a IV-D collection	49.5	37.8	43.2	40.0
• Ratio of current IV-D support collected and distributed to current IV-D support due	49.2	45.6	46.4	46.6
• % of IV-D court ordered cases with a collection during the year	72.8	61.9	62.7	62.9
• % of IV-D children in the paternity function for whom paternity was established during the year	22.8	20.5	23.2	21.5
• % of cases in the establishment function for which orders were established during the year	31.0	24.9	32.1	25.9

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 Federal Expenditure Authority (EA) for DCSE. The federal monies received by DCSE generally match state funds at a ratio of 66% federal to 34% state.

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

Table 1	
CSEA Fund	FY 2005
<b>Sources</b>	
State Share of Retained Earnings	\$10,005,300
Federal Incentive Payments	5,002,400
Fees	743,800
<b>Total</b>	<b>\$15,751,500</b>
<b>Uses</b>	
DCSE Administration	\$12,666,000
Administration (Non-Appropriated)	3,085,500
<b>Total</b>	<b>\$15,751,500</b>

### Operating Budget

The budget provides \$35,805,400 for the operating budget in FY 2005. This amount consists of \$4,350,600 from the General Fund, \$7,644,500 from the CSEA Fund, and \$23,810,300 in Federal Expenditure Authority. These amounts include an increase for statewide salary and other adjustments. (Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)

### Special Line Items

#### Genetic Testing

The budget provides \$723,600 for Genetic Testing in FY 2005. This amount consists of \$72,400 from the General Fund and \$651,200 in Federal Expenditure Authority. The approved amount is unchanged from FY 2004.

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.

#### Central Payment Processing

The budget provides \$3,275,700 for Central Payment Processing in FY 2005. This amount consists of \$444,700 from the General Fund, \$1,573,800 from the CSEA Fund and \$1,257,200 in Federal Expenditure Authority. The approved amount is unchanged from FY 2004.

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.

#### County Participation

The budget provides \$6,845,200 for County Participation in FY 2005. This amount consists of \$1,384,100 from the CSEA Fund and \$5,461,100 in Federal Expenditure Authority. The approved amount is unchanged from FY 2004.

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.

**Attorney General Legal Services**

The budget provides \$7,082,900 for Attorney General Legal Services in FY 2005. This amount consists of \$328,200 from the General Fund, \$2,063,600 from the CSEA Fund, and \$4,691,100 in Federal Expenditure Authority. These amounts include an increase for statewide salary and other adjustments.

Monies in this line item are used to contract for Attorney General representation. This line item includes 137 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 Expenditure Authority.

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