

Department of Economic Security
Child Support Enforcement

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DESCRIPTION	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	839.8	839.8	863.8
Personal Services	16,558,900	20,289,400	20,858,400
Employee Related Expenditures	5,498,300	6,521,200	6,914,700
Professional and Outside Services	6,343,700	5,876,800	4,447,000
Travel - In State	19,600	101,300	114,100
Other Operating Expenditures	3,939,000	3,031,800	3,193,800
Equipment	422,400	0	76,800
OPERATING SUBTOTAL	32,781,900	35,820,500	35,604,800
SPECIAL LINE ITEMS			
Genetic Testing	307,300	723,600	723,600
Central Payment Processing	2,140,800	3,275,700	3,275,700
County Participation	5,457,400	6,845,200	6,845,200
Attorney General Legal Services	6,182,400	7,086,200	7,734,200
PROGRAM TOTAL	46,869,800	53,751,200	54,183,500
FUND SOURCES			
General Fund	4,680,400	5,214,300	5,194,500
<u>Other Appropriated Funds</u>			
Child Support Enforcement Administration Fund	9,942,200	12,666,000	12,778,300
SUBTOTAL - Other Appropriated Funds	9,942,200	12,666,000	12,778,300
SUBTOTAL - Appropriated Funds	14,622,600	17,880,300	17,972,800
<u>Expenditure Authority Funds</u>			
Federal Funds	32,247,200	35,870,900	36,210,700
SUBTOTAL - Expenditure Authority Funds	32,247,200	35,870,900	36,210,700
SUBTOTAL - Appropriated/Expenditure Authority Funds	46,869,800	53,751,200	54,183,500
TOTAL - ALL SOURCES	46,869,800	53,751,200	54,183,500

CHANGE IN FUNDING SUMMARY

	FY 2005 to FY 2006 JLBC	
	\$ Change	% Change
General Fund	(19,800)	(0.4%)
Other Appropriated Funds	112,300	0.9%
Expenditure Authority Funds	339,800	0.9%
Total Appropriated/Expenditure Authority Funds	432,300	0.8%
Total - All Sources	432,300	0.8%

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 2003	FY 2004	FY 2005	FY 2006
	Actual	Actual	Estimate	JLBC
• Total IV-D collections (\$ in millions)	256.6	273.5	260.0	275.0
• % of IV-D caseload with a IV-D collection	37.8	37.1	40.0	--
• Ratio of current IV-D support collected and distributed to current IV-D support due	45.6	41.5	46.6	42.0
• % of IV-D court ordered cases with a collection during the year	61.9	59.7	62.9	--
• % of IV-D children in the paternity function for whom paternity was established during the year	20.5	21.5	21.5	--
• % of cases in the establishment function for which orders were established during the year	24.9	25.6	25.9	--

RECOMMENDED CHANGES FROM FY 2005

The JLBC recommendation for DCSE 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 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 2006
Sources	
State Share of Retained Earnings	\$10,560,200
Federal Incentive Payments	5,280,100
Fees	791,200
Total	\$16,631,500
Uses	
DCSE Administration	\$12,778,300
Administration (Non-Appropriated)	3,853,200
Total	\$16,631,500

Operating Budget

The JLBC recommends \$35,604,800 for the operating budget in FY 2006. This amount consists of \$4,195,000 from the General Fund, \$7,761,400 from the CSEA Fund, and \$23,648,400 in Federal Expenditure Authority. These amounts would fund the following adjustments:

Standard Changes	OF	FY 2006
	EA	169,800

The JLBC recommends an increase of \$286,700 in FY 2006 for standard changes. This amount consists of \$116,900 from the CSEA Fund and \$169,800 in Federal Expenditure Authority.

Yavapai and Santa Cruz Counties	GF	(170,700)
Base Modification	EA	(331,700)

The JLBC recommends a decrease of \$(502,400) in FY 2006 for a base realignment associated with child support programs in Yavapai and Santa Cruz counties. This amount consists of \$(170,700) from the General Fund and \$(331,700) in Federal Expenditure Authority. The child support programs in these 2 counties were previously administered through private vendor contracts and are now administered by DES. As a result, the JLBC recommends shifting \$444,100 from the division's operating budget to the Attorney General Legal Services line item and \$58,300 to the DES Administration budget. (See Attorney General Legal Services for additional information.)

As a result of the division's increased responsibilities, the agency has shifted monies between operating line items to pay for new staff. The JLBC also recommends adding 16 FTE Positions to handle the increased workload. The \$58,300 shifted to the Administration budget will pay for increased rent costs associated with the new staff.

Special Line Items

Genetic Testing

The JLBC recommends \$723,600 for Genetic Testing in FY 2006. This amount consists of \$72,400 from the General Fund and \$651,200 in Federal Expenditure Authority. These amounts are unchanged from FY 2005.

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 JLBC recommends \$3,275,700 for Central Payment Processing in FY 2006. 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. These amounts are unchanged from FY 2005.

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 JLBC recommends \$6,845,200 for County Participation in FY 2006. This amount consists of \$1,384,100 from the CSEA Fund and \$5,461,100 in Federal Expenditure Authority. These amounts are unchanged from FY 2005.

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 JLBC recommends \$7,734,200 and 145 FTE Positions for Attorney General Legal Services in FY 2006. This amount consists of \$482,400 from the General Fund, \$2,059,000 from the CSEA Fund, and \$5,192,800 in Federal Expenditure Authority. These amounts would fund the following adjustments:

Standard Changes	OF	(4,600)
	EA	208,500

The JLBC recommends an increase of \$203,900 in FY 2006 for standard changes. This amount consists of \$(4,600) from the CSEA Fund and \$208,500 in Federal Expenditure Authority.

Yavapai and Santa Cruz Counties	GF	150,900
Base Modification	EA	293,200

The JLBC recommends an increase of \$444,100 and 8 FTE Positions in FY 2006 for a base realignment associated with child support programs in Yavapai and Santa Cruz counties. This amount consists of \$150,900 and 2.7 FTE Positions from the General Fund and \$293,200 and 5.3 FTE Positions in Federal Expenditure Authority.

The child support programs in these 2 counties were previously operated through private vendor contracts and are now administered by DES. As a result, the JLBC recommends shifting \$444,100 from the DCSE operating budget to the Attorney General Legal Services line item. (See Operating Budget section for additional information.)

Monies in this line item are used to contract for Attorney General representation.

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JLBC RECOMMENDED FORMAT — Operating Lump Sum with Special Line Items by Program

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

All state share of retained earnings, fees and federal incentives above \$12,778,300 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.

SUMMARY OF FUNDS - SEE AGENCY SUMMARY

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