

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

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DESCRIPTION	FY 2005 ACTUAL	FY 2006 ESTIMATE	FY 2007 JLBC
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	839.8	863.8	863.8
Personal Services	17,615,700	20,754,200	20,754,200
Employee Related Expenditures	5,980,100	7,516,400	7,516,400
Professional and Outside Services	5,303,200	4,447,000	4,447,000
Travel - In State	33,200	37,000	37,000
Other Operating Expenditures	3,367,400	3,383,300	3,383,300
Equipment	591,500	591,500	591,500
<b>OPERATING SUBTOTAL</b>	<b>32,891,100</b>	<b>36,729,400</b>	<b>36,729,400</b>
<b>SPECIAL LINE ITEMS</b>			
Genetic Testing	335,100	723,600	723,600
Central Payment Processing	2,136,600	3,275,700	3,275,700
County Participation	5,053,800	6,845,200	6,845,200
Attorney General Legal Services	6,796,000	8,523,500	8,523,500
<b>PROGRAM TOTAL</b>	<b>47,212,600</b>	<b>56,097,400</b>	<b>56,097,400</b>
<b>FUND SOURCES</b>			
General Fund	4,557,500	5,453,800	5,453,800
<u>Other Appropriated Funds</u>			
Child Support Enforcement Administration Fund	10,120,300	13,197,800	13,197,800
SUBTOTAL - Other Appropriated Funds	10,120,300	13,197,800	13,197,800
<b>SUBTOTAL - Appropriated Funds</b>	<b>14,677,800</b>	<b>18,651,600</b>	<b>18,651,600</b>
<u>Expenditure Authority Funds</u>			
Federal Funds	32,534,800	37,445,800	37,445,800
SUBTOTAL - Expenditure Authority Funds	32,534,800	37,445,800	37,445,800
<b>SUBTOTAL - Appropriated/Expenditure Authority Funds</b>	<b>47,212,600</b>	<b>56,097,400</b>	<b>56,097,400</b>
<b>TOTAL - ALL SOURCES</b>	<b>47,212,600</b>	<b>56,097,400</b>	<b>56,097,400</b>

**CHANGE IN FUNDING SUMMARY**

	FY 2006 to FY 2007 JLBC	
	\$ Change	% Change
General Fund	0	0.0%
Other Appropriated Funds	0	0.0%
Expenditure Authority Funds	0	0.0%
Total Appropriated/Expenditure Authority Funds	0	0.0%
Total - All Sources	0	0.0%

**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 Actual	FY 2004 Actual	FY 2005 Actual	FY 2007 JLBC
• Total IV-D collections (\$ in millions)	256.6	273.5	291.9	275.0
• Ratio of current IV-D support collected and distributed to current IV-D support due	45.6	41.5	43.8	42.0

**RECOMMENDED CHANGES FROM FY 2006**

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:

<b>Table 1</b>	
<b>CSEA Fund</b>	<b>FY 2007</b>
<i>Sources</i>	
State Share of Retained Earnings	\$10,839,900
Federal Incentive Payments	5,419,900
Fees	<u>791,200</u>
<b>Total</b>	<b>\$17,051,000</b>
<i>Uses</i>	
DCSE Administration	\$13,197,800
Administration (Non-Appropriated)	<u>3,853,200</u>
<b>Total</b>	<b>\$17,051,000</b>

**Operating Budget**

The JLBC recommends \$36,729,400 for the operating budget in FY 2007. This amount consists of:

	<b>FY 2007</b>
General Fund	\$4,262,800
CSEA Fund	8,100,100
Federal Expenditure Authority	24,366,500

These amounts are unchanged from FY 2006.

**Special Line Items**

**Genetic Testing**

The JLBC recommends \$723,600 for Genetic Testing in FY 2007. This amount consists of:

General Fund	72,400
Federal Expenditure Authority	651,200

These amounts are unchanged from FY 2006.

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 2007. This amount consists of:

General Fund	444,700
CSEA Fund	1,573,800
Federal Expenditure Authority	1,257,200

These amounts are unchanged from FY 2006.

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 2007. This amount consists of:

CSEA Fund	1,384,100
Federal Expenditure Authority	5,461,100

These amounts are unchanged from FY 2006.

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 \$8,523,500 and 145 FTE Positions for Attorney General Legal Services in FY 2007. This amount consists of:

General Fund	673,900
CSEA Fund	2,139,800
Federal Expenditure Authority	5,709,800

These amounts are unchanged from FY 2006. 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 shares of retained earnings, fees and federal incentives above \$13,197,800 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 President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Senate and House of Representatives Appropriations Committees and the Director of the Joint Legislative Budget Committee and the Director of the Governor's Office of Strategic Planning and Budgeting.

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**SUMMARY OF FUNDS - SEE AGENCY SUMMARY**

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