

Department of Economic Security
Child Support Enforcement

A.R.S. § 41-1954

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	FY 2006 Actual	FY 2007 Estimate	FY 2008 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	863.8	863.8	863.8 ^{1/}
Personal Services	20,847,100	22,998,700	26,166,300
Employee Related Expenditures	7,438,100	8,734,500	9,883,100
Professional and Outside Services	5,900,100	4,410,600	4,447,000
Travel - In State	45,700	38,000	51,100
Other Operating Expenditures	3,272,400	3,141,300	3,729,000
Equipment	1,221,800	664,400	1,427,100
OPERATING SUBTOTAL	38,725,200	39,987,500	45,703,600^{2/}
SPECIAL LINE ITEMS			
Genetic Testing	242,700	723,600	360,000
Central Payment Processing	2,382,000	3,275,700	3,275,700
County Participation	5,285,800	6,845,200	6,845,200
Attorney General Legal Services	7,936,400	9,270,000	9,672,500
PROGRAM TOTAL	54,572,100	60,102,000	65,857,000^{3/}
FUND SOURCES			
General Fund	5,371,400	5,718,500	9,120,000
<u>Other Appropriated Funds</u>			
Child Support Enforcement Administration Fund	11,939,300	14,287,200	15,119,600
SUBTOTAL - Other Appropriated Funds	11,939,300	14,287,200	15,119,600
SUBTOTAL - Appropriated Funds	17,310,700	20,005,700	24,239,600
<u>Expenditure Authority Funds</u>			
Federal Funds	37,261,400	40,096,300	41,617,400
SUBTOTAL - Expenditure Authority Funds	37,261,400	40,096,300	41,617,400
SUBTOTAL - Appropriated/Expenditure Authority Funds	54,572,100	60,102,000	65,857,000
TOTAL - ALL SOURCES	54,572,100	60,102,000	65,857,000

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.

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2008 Approved
PERFORMANCE MEASURES				
• Total IV-D collections (\$ in millions)	273.5	291.9	307.3	330.0
• Ratio of current IV-D support collected and distributed to current IV-D support due	41.5	43.8	44.7	45.0

^{1/} Includes 8.9 GF, 37.7 OF and 98.4 EA FTE Positions funded from Special Line Items in FY 2008.

^{2/} All state share of retained earnings, fees and federal incentives above \$15,119,600 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 President of the Senate, the Speaker of the House of Representatives, the Chairpersons 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. (General Appropriation Act footnote, as adjusted for statewide allocations)

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

Overview

The DCSE budget 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	
FY 2008 CSEA Fund Sources and Uses	
<i>Sources</i>	
State Share of Retained Earnings	\$12,704,600
Federal Incentive Payments	5,443,500
Fees	<u>1,018,000</u>
Total	\$19,166,100
<i>Uses</i>	
DCSE Administration	\$15,119,600
Administration (Non-Appropriated)	<u>4,046,500</u>
Total	\$19,166,100

Operating Budget

The budget provides \$45,703,600 and 718.8 FTE Positions for the operating budget in FY 2008. These amounts consist of:

	FY 2008
General Fund	\$7,727,300
CSEA Fund	9,736,600
Federal Expenditure Authority	28,239,700

These amounts fund the following adjustments:

Statewide Adjustments

The budget provides an increase of \$1,074,800 in FY 2008 for statewide adjustments. This amount consists of:

General Fund	107,900
CSEA Fund	247,300
Federal Expenditure Authority	719,600

(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)

Deficit Reduction Act Backfill

The budget provides an increase of \$3,141,300 from the General Fund in FY 2008 to backfill lost Federal Expenditure Authority associated with the federal Deficit Reduction Act of 2006 (DRA). As of October 1, 2007, Federal Incentive Payments can no longer be used as a source of state matching funds to draw down federal monies. The appropriated amount will allow the division to maintain the level of its operating budget for FY 2008. This amount will also allow the division to meet additional case review requirements implemented by the DRA. Backfill amounts for rent costs were also appropriated to the Administration Division. *(See the Deficit Reduction Act Backfill Discussion in the Administration Division for more information).*

CSEA Fund Escalator Continuation

The budget provides an increase of \$1,500,000 in FY 2008 to continue new initiatives begun in FY 2007. This amount consists of:

CSEA Fund	500,000
Federal Expenditure Authority	1,000,000

A footnote in the General Appropriation Act allows the division to spend monies received above the appropriated amount from State Share of Retained Earnings, Federal Incentive Payments and Fees, after reporting the intended use to the Legislature and Governor. In FY 2007, the division reported that an additional \$500,000 was collected. This amount, along with a federal match of \$1,000,000, was used to make IT improvements, increase training, and provide additional staff for customer service and collections. This increase continues funding for those new initiatives.

Special Line Items

Genetic Testing

The budget provides \$360,000 for Genetic Testing in FY 2008. This amount consists of:

General Fund	122,400
Federal Expenditure Authority	237,600

These amounts fund the following adjustments:

Deficit Reduction Act Backfill

The budget provides a decrease of \$(363,600) in FY 2008 to reflect changes associated with the federal Deficit Reduction Act of 2006. This amount consists of:

General Fund	50,000
Federal Expenditure Authority	(413,600)

The DRA reduced the federal match rate for genetic testing from 90% to the standard 66%. For the past several years, DES has underspent this appropriation. Accordingly, DES indicates that the program will be fully maintained by backfilling the lost Federal Funds with only \$50,000 of state monies.

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.

Central Payment Processing

The budget provides \$3,275,700 for Central Payment Processing in FY 2008. 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 2007.

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 2008. These amounts consist of:

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

These amounts are unchanged from FY 2007.

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 \$9,672,500 and 145 FTE Positions for Attorney General Legal Services in FY 2008. These amounts consist of:

General Fund	825,600
CSEA Fund	2,425,100
Federal Expenditure Authority	6,421,800

These amounts fund the following adjustments:

Statewide Adjustments

The budget provides an increase of \$402,500 in FY 2008 for statewide adjustments. This amount consists of:

General Fund	102,300
CSEA Fund	85,100
Federal Expenditure Authority	215,100

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