

Department of Economic Security
Child Support Enforcement

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DESCRIPTION	FY 2003 ACTUAL	FY 2004 ESTIMATE	FY 2005	
			OSPB	JLBC
OPERATING BUDGET				
<i>Full Time Equivalent Positions</i>	713.8	839.8	0.0	839.8
Personal Services	16,897,200	19,659,700	0	19,659,700
Employee Related Expenditures	4,738,800	6,040,400	0	6,040,400
Professional and Outside Services	5,232,900	5,876,800	0	5,876,800
Travel - In State	41,600	101,300	0	101,300
Other Operating Expenditures	3,221,200	3,031,800	0	3,031,800
Equipment	41,000	0	0	0
OPERATING SUBTOTAL	30,172,700	34,710,000	0	34,710,000
SPECIAL LINE ITEMS				
Genetic Testing	200,000	723,600	0	723,600
Central Payment Processing	2,178,700	3,275,700	0	3,275,700
County Participation	4,798,600	6,845,200	0	6,845,200
Attorney General Legal Services	6,449,600	6,869,700	0	6,869,700
PROGRAM TOTAL	43,799,600	52,424,200	0	52,424,200
FUND SOURCES				
General Fund	2,980,400	5,161,600	0	5,161,600
<u>Other Appropriated Funds</u>				
Child Support Enforcement Administration Fund	10,858,400	12,263,400	0	12,263,400
SUBTOTAL - Other Appropriated Funds	10,858,400	12,263,400	0	12,263,400
SUBTOTAL - Appropriated Funds	13,838,800	17,425,000	0	17,425,000
<u>Expenditure Authority Funds</u>				
Federal Funds	29,960,800	34,999,200	0	34,999,200
SUBTOTAL - Expenditure Authority Funds	29,960,800	34,999,200	0	34,999,200
SUBTOTAL - Appropriated/Expenditure Authority Funds	43,799,600	52,424,200	0	52,424,200
TOTAL - ALL SOURCES	43,799,600	52,424,200	0	52,424,200

CHANGE IN FUNDING SUMMARY

FY 2004 to FY 2005 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	FY 2003	FY 2004	FY 2005
	Appropriation	Actual	Appropriation	Recommend.
• 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

RECOMMENDED CHANGES FROM FY 2004

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 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:

CSEA Fund	FY 2005
<i>Sources</i>	
State Share of Retained Earnings	\$ 9,749,600
Federal Incentive Payments	4,874,500
Fees	724,800
Total	\$15,348,900
<i>Uses</i>	
DCSE Administration	\$12,263,400
Administration (Non-Appropriated)	3,085,500
Total	\$15,348,900

Operating Budget

The JLBC recommends \$34,710,000 for the operating budget in FY 2005. This amount includes \$4,322,400 from the General Fund, \$6,839,000 from the Child Support Enforcement Administration (CSEA) Fund, and \$23,548,600 in Federal Expenditure Authority. These amounts are unchanged from FY 2004.

Special Line Items

Genetic Testing

The JLBC recommends \$723,600 for Genetic Testing in FY 2005. This amount includes \$72,400 from the General Fund and \$651,200 in Federal Expenditure Authority. This 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 JLBC recommends \$3,275,700 for Central Payment Processing in FY 2005. This amount includes \$444,700 from the General Fund, \$1,573,800 from the CSEA Fund and \$1,257,200 in Federal Expenditure Authority. This 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 JLBC recommends \$6,845,200 for County Participation in FY 2005. This amount includes \$2,000,400 from the CSEA Fund and \$4,844,800 in Federal Expenditure Authority. This 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 JLBC recommends \$6,869,700 for Attorney General Legal Services in FY 2005. This amount includes \$322,100 from the General Fund, \$1,850,200 from the CSEA Fund, and \$4,697,400 in Federal Expenditure Authority. These amounts are unchanged from FY 2004.

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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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 \$12,263,400 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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