



# **CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES**



**SFY 2011-2012  
BUDGET**

**BUDGET CHANGE PROPOSALS**

**AND**

**LOCAL ASSISTANCE  
ADMINISTRATIVE COSTS AND  
COLLECTIONS ESTIMATES**

**CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES**

P.O. Box 419064, Rancho Cordova, CA 95741-9064



**TO:** RECIPIENTS OF THE DEPARTMENT OF CHILD SUPPORT SERVICES 2011-12 GOVERNOR'S BUDGET

**FROM:** KIM SHARP, Budget Officer  
Budgets and Contract Services Branch

**DATE:** January 10, 2011

**SUBJECT:** LOCAL ASSISTANCE ESTIMATES

This memorandum transmits the 2011-12 Governor's Budget local assistance estimates for the California Department of Child Support Services (DCSS). The Governor's Budget includes the State Fiscal Year (SFY) 2011-12 Budget Change Proposal and the November 2010 Estimate of local assistance administrative costs and collections estimates.

The November 2010 Estimate presents the SFY 2011-12 DCSS local assistance budget and provides an update to the SFY 2010-11 appropriation. The estimates of the administrative costs for the local child support agencies, as well as the detailed methodology for each estimate, are included. It also provides the estimate of the child support collections and miscellaneous revenue to the State General Fund (SGF). The total distributed child support collections and revenues are projected to be \$2.2 billion (\$212.2 million SGF) for SFY 2010-11 and \$2.2 billion (\$246.7 million SGF) for SFY 2011-12.

This package includes an Auxillary Tables section that consists of charts reflecting historical data on child support collections, federal performance measures, and the federal alternative penalty. For convenience, a list of acronyms is included under the Premise Methodologies section. Also included in the Premise Methodologies section is the Discontinued Premises page.

The material contained in the November 2010 Estimate package will also be available on the DCSS website: <http://www.childsup.ca.gov>. Should you have any questions, please contact the Budgets and Contract Services Branch at (916) 464-5177.

**CHILD SUPPORT PROGRAM  
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**TABLE NUMBER 1**  
**COST COMPARISON OF**  
**2010-11 APPROPRIATION TO 2010-11 NOVEMBER ESTIMATE**  
(in thousands)

Budget Item 5175-101	2010-11 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2010-11 NOVEMBER ESTIMATE				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
<b>1 CHILD SUPPORT PROGRAM COSTS</b>	<b>906,280</b>	<b>614,932</b>	<b>277,748</b>	<b>13,600</b>	<b>0</b>	<b>0</b>	<b>-324</b>	<b>324</b>	<b>0</b>	<b>0</b>	<b>906,280</b>	<b>614,608</b>	<b>278,072</b>	<b>13,600</b>	<b>0</b>
a Local Assistance Child Support Services *	759,296	467,948	277,748	13,600	0	-56,169	-56,493	324	0	0	703,127	411,455	278,072	13,600	0
b Child Support Collections Recovery Fund *	146,984	146,984	0	0	0	56,169	56,169	0	0	0	203,153	203,153	0	0	0
<b>2 CHILD SUPPORT ADMINISTRATION 10.01</b>	<b>762,899</b>	<b>520,308</b>	<b>228,991</b>	<b>13,600</b>	<b>0</b>	<b>0</b>	<b>-324</b>	<b>324</b>	<b>0</b>	<b>0</b>	<b>762,899</b>	<b>519,984</b>	<b>229,315</b>	<b>13,600</b>	<b>0</b>
3 Local Child Support Agency Basic Costs	758,713	520,209	224,904	13,600	0	0	-324	324	0	0	758,713	519,885	225,228	13,600	0
a Administration	586,349	386,715	199,634	0	0	1,324	874	450	0	0	587,673	387,589	200,084	0	0
b Backfill for Incentives Lost FFP	55,588	36,688	18,900	0	0	-370	-244	-126	0	0	55,218	36,444	18,774	0	0
c Federal Match on Performance Incentives	19,850	19,850	0	0	0	-504	-504	0	0	0	19,346	19,346	0	0	0
d Federal Performance Basic Incentives	38,191	38,191	0	0	0	-450	-450	0	0	0	37,741	37,741	0	0	0
e County Match for Administration	40,000	26,400	0	13,600	0	0	0	0	0	0	40,000	26,400	0	13,600	0
f Revenue Stabilization	18,735	12,365	6,370	0	0	0	0	0	0	0	18,735	12,365	6,370	0	0
4 IRS Intercept Fees	7	4	3	0	0	0	0	0	0	0	7	4	3	0	0
5 Partnership to Strengthen Families Federal Grant	95	95	0	0	0	0	0	0	0	0	95	95	0	0	0
6 Deficit Reduction Act- Mandatory Fee	4,084	0	4,084	0	0	0	0	0	0	0	4,084	0	4,084	0	0
<b>7 CHILD SUPPORT AUTOMATION 10.03</b>	<b>143,381</b>	<b>94,624</b>	<b>48,757</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>143,381</b>	<b>94,624</b>	<b>48,757</b>	<b>0</b>	<b>0</b>
8 California Child Support Automation System - SDU	26,629	17,568	9,061	0	0	0	0	0	0	0	26,629	17,568	9,061	0	0
a SDU - LCSA	295	195	100	0	0	0	0	0	0	0	295	195	100	0	0
b SDU - Service Provider (SP)	26,334	17,373	8,961	0	0	0	0	0	0	0	26,334	17,373	8,961	0	0
c reappropriation SDU SP 1/	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 California Child Support Automation System - CSE	116,752	77,056	39,696	0	0	0	0	0	0	0	116,752	77,056	39,696	0	0
a CSE - STATE	78,727	51,960	26,767	0	0	0	0	0	0	0	78,727	51,960	26,767	0	0
b CSE - LCSA	5,126	3,383	1,743	0	0	0	0	0	0	0	5,126	3,383	1,743	0	0
c CSE - M & O	32,899	21,713	11,186	0	0	0	0	0	0	0	32,899	21,713	11,186	0	0

\* Denotes a non-add item, which is displayed for information purposes only.

1/ Reappropriation reflects unexpended program and project funds from prior years for the benefit of the CCSAS project pursuant to Provisions 1 & 2 of the Budget Acts of 2007-08 & 2008-09.

**TABLE NUMBER 2**  
**COST COMPARISON OF**  
**2010-11 APPROPRIATION TO THE 2011-12 GOVERNOR'S BUDGET**  
(in thousands)

Budget Item 5175-101	2010-11 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2011-12 GOVERNOR'S BUDGET				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
<b>1 CHILD SUPPORT PROGRAM COSTS</b>	<b>906,280</b>	<b>614,932</b>	<b>277,748</b>	<b>13,600</b>	<b>0</b>	<b>-22,129</b>	<b>-21,282</b>	<b>-847</b>	<b>0</b>	<b>0</b>	<b>884,151</b>	<b>593,650</b>	<b>276,901</b>	<b>13,600</b>	<b>0</b>
a Local Assistance Child Support Services *	759,296	467,948	277,748	13,600	0	-82,018	-81,171	-847	0	0	677,278	386,777	276,901	13,600	0
b Child Support Collections Recovery Fund *	146,984	146,984	0	0	0	59,889	59,889	0	0	0	206,873	206,873	0	0	0
<b>2 CHILD SUPPORT ADMINISTRATION 10.01</b>	<b>762,899</b>	<b>520,308</b>	<b>228,991</b>	<b>13,600</b>	<b>0</b>	<b>-95</b>	<b>-6,740</b>	<b>6,645</b>	<b>0</b>	<b>0</b>	<b>762,804</b>	<b>513,568</b>	<b>235,636</b>	<b>13,600</b>	<b>0</b>
3 Local Child Support Agency Basic Costs	758,713	520,209	224,904	13,600	0	0	-6,645	6,645	0	0	758,713	513,564	231,549	13,600	0
a Administration	586,349	386,715	199,634	0	0	-897	-592	-305	0	0	585,452	386,123	199,329	0	0
b Backfill for Incentives Lost FFP	55,588	36,688	18,900	0	0	20,442	13,492	6,950	0	0	76,030	50,180	25,850	0	0
c Federal Match on Performance Incentives	19,850	19,850	0	0	0	-19,850	-19,850	0	0	0	0	0	0	0	0
d Federal Performance Basic Incentives	38,191	38,191	0	0	0	305	305	0	0	0	38,496	38,496	0	0	0
e County Match for Administration	40,000	26,400	0	13,600	0	0	0	0	0	0	40,000	26,400	0	13,600	0
f Revenue Stabilization	18,735	12,365	6,370	0	0	0	0	0	0	0	18,735	12,365	6,370	0	0
4 IRS Intercept Fees	7	4	3	0	0	0	0	0	0	0	7	4	3	0	0
5 Partnership to Strengthen Families Federal Grant	95	95	0	0	0	-95	-95	0	0	0	0	0	0	0	0
6 Deficit Reduction Act- Mandatory Fee	4,084	0	4,084	0	0	0	0	0	0	0	4,084	0	4,084	0	0
<b>7 CHILD SUPPORT AUTOMATION 10.03</b>	<b>143,381</b>	<b>94,624</b>	<b>48,757</b>	<b>0</b>	<b>0</b>	<b>-22,034</b>	<b>-14,542</b>	<b>-7,492</b>	<b>0</b>	<b>0</b>	<b>121,347</b>	<b>80,082</b>	<b>41,265</b>	<b>0</b>	<b>0</b>
8 California Child Support Automation System - SDU	26,629	17,568	9,061	0	0	0	0	0	0	0	26,629	17,568	9,061	0	0
a SDU - LCSA	295	195	100	0	0	0	0	0	0	0	295	195	100	0	0
b SDU - Service Provider (SP)	26,334	17,373	8,961	0	0	0	0	0	0	0	26,334	17,373	8,961	0	0
c reappropriation SDU SP 1/	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 California Child Support Automation System - CSE	116,752	77,056	39,696	0	0	-22,034	-14,542	-7,492	0	0	94,718	62,514	32,204	0	0
a CSE - STATE	78,727	51,960	26,767	0	0	-24,140	-15,932	-8,208	0	0	54,587	36,028	18,559	0	0
b CSE - LCSA	5,126	3,383	1,743	0	0	0	0	0	0	0	5,126	3,383	1,743	0	0
c CSE - M & O	32,899	21,713	11,186	0	0	2,106	1,390	716	0	0	35,005	23,103	11,902	0	0

\* Denotes a non-add item, which is displayed for information purposes only.

1/ Reappropriation reflects unexpended program and project funds from prior years for the benefit of the CCSAS project pursuant to Provisions 1 & 2 of the Budget Acts of 2007-08 & 2008-09.

**TABLE NUMBER 3**  
**COST COMPARISON OF**  
**2010-11 NOVEMBER ESTIMATE TO 2011-12 GOVERNOR'S BUDGET**  
(in thousands)

Budget Item 5175-101	2010-11 NOVEMBER ESTIMATE					ADJUSTMENTS/DIFFERENCES					2011-12 GOVERNOR'S BUDGET				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
<b>1 CHILD SUPPORT PROGRAM COSTS</b>	<b>906,280</b>	<b>614,608</b>	<b>278,072</b>	<b>13,600</b>	<b>0</b>	<b>-22,129</b>	<b>-20,958</b>	<b>-1,171</b>	<b>0</b>	<b>0</b>	<b>884,151</b>	<b>593,650</b>	<b>276,901</b>	<b>13,600</b>	<b>0</b>
a Local Assistance Child Support Services *	703,127	411,455	278,072	13,600	0	-25,849	-24,678	-1,171	0	0	677,278	386,777	276,901	13,600	0
b Child Support Collections Recovery Fund *	203,153	203,153	0	0	0	3,720	3,720	0	0	0	206,873	206,873	0	0	0
<b>2 CHILD SUPPORT ADMINISTRATION 10.01</b>	<b>762,899</b>	<b>519,984</b>	<b>229,315</b>	<b>13,600</b>	<b>0</b>	<b>-95</b>	<b>-6,416</b>	<b>6,321</b>	<b>0</b>	<b>0</b>	<b>762,804</b>	<b>513,568</b>	<b>235,636</b>	<b>13,600</b>	<b>0</b>
3 Local Child Support Agency Basic Costs	758,713	519,885	225,228	13,600	0	0	-6,321	6,321	0	0	758,713	513,564	231,549	13,600	0
a Administration	587,673	387,589	200,084	0	0	-2,221	-1,466	-755	0	0	585,452	386,123	199,329	0	0
b Backfill for Incentives Lost FFP	55,218	36,444	18,774	0	0	20,812	13,736	7,076	0	0	76,030	50,180	25,850	0	0
c Federal Match on Performance Incentives	19,346	19,346	0	0	0	-19,346	-19,346	0	0	0	0	0	0	0	0
d Federal Performance Basic Incentives	37,741	37,741	0	0	0	755	755	0	0	0	38,496	38,496	0	0	0
e County Match for Administration	40,000	26,400	0	13,600	0	0	0	0	0	0	40,000	26,400	0	13,600	0
f Revenue Stabilization	18,735	12,365	6,370	0	0	0	0	0	0	0	18,735	12,365	6,370	0	0
4 IRS Intercept Fees	7	4	3	0	0	0	0	0	0	0	7	4	3	0	0
5 Partnership to Strengthen Families Federal Grant	95	95	0	0	0	-95	-95	0	0	0	0	0	0	0	0
6 Deficit Reduction Act- Mandatory Fee	4,084	0	4,084	0	0	0	0	0	0	0	4,084	0	4,084	0	0
<b>7 CHILD SUPPORT AUTOMATION 10.03</b>	<b>143,381</b>	<b>94,624</b>	<b>48,757</b>	<b>0</b>	<b>0</b>	<b>-22,034</b>	<b>-14,542</b>	<b>-7,492</b>	<b>0</b>	<b>0</b>	<b>121,347</b>	<b>80,082</b>	<b>41,265</b>	<b>0</b>	<b>0</b>
8 California Child Support Automation System - SDU	26,629	17,568	9,061	0	0	0	0	0	0	0	26,629	17,568	9,061	0	0
a SDU - LCSA	295	195	100	0	0	0	0	0	0	0	295	195	100	0	0
b SDU - Service Provider (SP)	26,334	17,373	8,961	0	0	0	0	0	0	0	26,334	17,373	8,961	0	0
c reappropriation SDU SP 1/	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 California Child Support Automation System - CSE	116,752	77,056	39,696	0	0	-22,034	-14,542	-7,492	0	0	94,718	62,514	32,204	0	0
a CSE - STATE	78,727	51,960	26,767	0	0	-24,140	-15,932	-8,208	0	0	54,587	36,028	18,559	0	0
b CSE - LCSA	5,126	3,383	1,743	0	0	0	0	0	0	0	5,126	3,383	1,743	0	0
c CSE - M & O	32,899	21,713	11,186	0	0	2,106	1,390	716	0	0	35,005	23,103	11,902	0	0

\* Denotes a non-add item, which is displayed for information purposes only.

1/ Reappropriation reflects unexpended program and project funds from prior years for the benefit of the CCSAS project pursuant to Provisions 1 & 2 of the Budget Acts of 2007-08 & 2008-09.

**CHILD SUPPORT PROGRAM  
REVENUE AND COLLECTIONS COMPARISONS**

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**CURRENT YEAR COMPARISONS:**

Table 1. 2010-11 Appropriation to 2010-11 November Estimate..... App CY – Nov CY

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Table 2. 2010-11 Appropriation to 2011-12 Governor's Budget ..... App CY – Gov BY

Table 3. 2010-11 November Estimate to 2011-12 Governor's Budget..... Nov CY – Gov BY

**TABLE NUMBER 1**  
**REVENUE AND COLLECTIONS COMPARISON OF**  
**2010-11 APPROPRIATION TO THE 2010-11 NOVEMBER ESTIMATE**  
(in thousands)

	2010-11 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2010-11 NOVEMBER ESTIMATE				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
<b>1 CS REVENUES, TRANSFERS AND COLLECTIONS</b>	<b>2,194,344</b>	<b>173,675</b>	<b>212,174</b>	<b>22,027</b>	<b>1,786,468</b>	<b>10,788</b>	<b>29,478</b>	<b>42</b>	<b>1,928</b>	<b>-20,660</b>	<b>2,205,132</b>	<b>203,153</b>	<b>212,216</b>	<b>23,955</b>	<b>1,765,808</b>
<b>2 CHILD SUPPORT PROGRAM COLLECTIONS</b>	<b>2,206,024</b>	<b>182,479</b>	<b>215,050</b>	<b>22,027</b>	<b>1,786,468</b>	<b>11,325</b>	<b>29,891</b>	<b>166</b>	<b>1,928</b>	<b>-20,660</b>	<b>2,217,349</b>	<b>212,370</b>	<b>215,216</b>	<b>23,955</b>	<b>1,765,808</b>
<b>3 Child Support Assistance Collections</b>	<b>467,159</b>	<b>182,479</b>	<b>215,050</b>	<b>22,027</b>	<b>47,603</b>	<b>46,334</b>	<b>29,891</b>	<b>166</b>	<b>1,928</b>	<b>14,349</b>	<b>513,493</b>	<b>212,370</b>	<b>215,216</b>	<b>23,955</b>	<b>61,952</b>
4 Basic Collections	400,192	173,439	205,743	21,010	0	32,649	30,136	561	1,952	0	432,841	203,575	206,304	22,962	0
5 Disregard Payments to Families	28,190	0	0	0	28,190	3,321	0	0	0	3,321	31,511	0	0	0	31,511
6 Collections for Other States - Assistance	10,559	0	0	0	10,559	-622	0	0	0	-622	9,937	0	0	0	9,937
7 Miscellaneous Collections - Assistance	8,854	0	0	0	8,854	11,650	0	0	0	11,650	20,504	0	0	0	20,504
8 Revenue Stabilization Adjustment- Assistance	19,364	9,040	9,307	1,017	0	-664	-245	-395	-24	0	18,700	8,795	8,912	993	0
<b>9 Child Support NonAssistance Collections</b>	<b>1,738,865</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,738,865</b>	<b>-35,009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-35,009</b>	<b>1,703,856</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,703,856</b>
10 Basic Collections	1,555,935	0	0	0	1,555,935	-50,269	0	0	0	-50,269	1,505,666	0	0	0	1,505,666
11 Collections for Other States - NonAssistance	79,752	0	0	0	79,752	4,307	0	0	0	4,307	84,059	0	0	0	84,059
12 Miscellaneous Collections - NonAssistance	1,253	0	0	0	1,253	178	0	0	0	178	1,431	0	0	0	1,431
13 Revenue Stabilization Adjustment- NonAssistance	101,925	0	0	0	101,925	10,775	0	0	0	10,775	112,700	0	0	0	112,700
<b>14 REVENUES AND TRANSFERS</b>	<b>-11,680</b>	<b>-8,804</b>	<b>-2,876</b>	<b>0</b>	<b>0</b>	<b>-537</b>	<b>-413</b>	<b>-124</b>	<b>0</b>	<b>0</b>	<b>-12,217</b>	<b>-9,217</b>	<b>-3,000</b>	<b>0</b>	<b>0</b>
15 Foster Parent Training Fund Transfer	-2,876	0	-2,876	0	0	-124	0	-124	0	0	-3,000	0	-3,000	0	0
16 Title IV-E Child Support Collections Recovery Fund	-8,804	-8,804	0	0	0	-413	-413	0	0	0	-9,217	-9,217	0	0	0
17 Never Assisted Cases Fee Recovery	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1/ Other reflects collections that are paid to families and collections made in California on behalf of other states.



**TABLE NUMBER 2**  
**REVENUE AND COLLECTIONS COMPARISON OF**  
**2010-11 APPROPRIATION TO THE 2011-12 GOVERNOR'S BUDGET**  
(in thousands)

	2010-11 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2011-12 GOVERNOR'S BUDGET				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
<b>1 CS REVENUES, TRANSFERS AND COLLECTIONS</b>	<b>2,194,344</b>	<b>173,675</b>	<b>212,174</b>	<b>22,027</b>	<b>1,786,468</b>	<b>1,342</b>	<b>33,198</b>	<b>34,573</b>	<b>-22,027</b>	<b>-44,402</b>	<b>2,195,686</b>	<b>206,873</b>	<b>246,747</b>	<b>0</b>	<b>1,742,066</b>
<b>2 CHILD SUPPORT PROGRAM COLLECTIONS</b>	<b>2,206,024</b>	<b>182,479</b>	<b>215,050</b>	<b>22,027</b>	<b>1,786,468</b>	<b>-4,132</b>	<b>33,788</b>	<b>28,509</b>	<b>-22,027</b>	<b>-44,402</b>	<b>2,201,892</b>	<b>216,267</b>	<b>243,559</b>	<b>0</b>	<b>1,742,066</b>
<b>3 Child Support Assistance Collections</b>	<b>467,159</b>	<b>182,479</b>	<b>215,050</b>	<b>22,027</b>	<b>47,603</b>	<b>55,944</b>	<b>33,788</b>	<b>28,509</b>	<b>-22,027</b>	<b>15,674</b>	<b>523,103</b>	<b>216,267</b>	<b>243,559</b>	<b>0</b>	<b>63,277</b>
4 Basic Collections	400,192	173,439	205,743	21,010	0	40,934	34,033	27,911	-21,010	0	441,126	207,472	233,654	0	0
5 Disregard Payments to Families	28,190	0	0	0	28,190	4,656	0	0	0	4,656	32,846	0	0	0	32,846
6 Collections for Other States - Assistance	10,559	0	0	0	10,559	-625	0	0	0	-625	9,934	0	0	0	9,934
7 Miscellaneous Collections - Assistance	8,854	0	0	0	8,854	11,643	0	0	0	11,643	20,497	0	0	0	20,497
8 Revenue Stabilization Adjustment- Assistance	19,364	9,040	9,307	1,017	0	-664	-245	598	-1,017	0	18,700	8,795	9,905	0	0
<b>9 Child Support NonAssistance Collections</b>	<b>1,738,865</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,738,865</b>	<b>-60,076</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-60,076</b>	<b>1,678,789</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,678,789</b>
10 Basic Collections	1,555,935	0	0	0	1,555,935	-73,021	0	0	0	-73,021	1,482,914	0	0	0	1,482,914
11 Collections for Other States - NonAssistance	79,752	0	0	0	79,752	1,993	0	0	0	1,993	81,745	0	0	0	81,745
12 Miscellaneous Collections - NonAssistance	1,253	0	0	0	1,253	177	0	0	0	177	1,430	0	0	0	1,430
13 Revenue Stabilization Adjustment- NonAssistance	101,925	0	0	0	101,925	10,775	0	0	0	10,775	112,700	0	0	0	112,700
<b>14 REVENUES AND TRANSFERS</b>	<b>-11,680</b>	<b>-8,804</b>	<b>-2,876</b>	<b>0</b>	<b>0</b>	<b>5,474</b>	<b>-590</b>	<b>6,064</b>	<b>0</b>	<b>0</b>	<b>-6,206</b>	<b>-9,394</b>	<b>3,188</b>	<b>0</b>	<b>0</b>
15 Foster Parent Training Fund Transfer	-2,876	0	-2,876	0	0	-124	0	-124	0	0	-3,000	0	-3,000	0	0
16 Title IV-E Child Support Collections Recovery Fund	-8,804	-8,804	0	0	0	-590	-590	0	0	0	-9,394	-9,394	0	0	0
17 Never Assisted Cases Fee Recovery	0	0	0	0	0	6,188	0	6,188	0	0	6,188	0	6,188	0	0

1/ Other reflects collections that are paid to families and collections made in California on behalf of other states.

**TABLE NUMBER 3**  
**REVENUE AND COLLECTIONS COMPARISON OF**  
**2010-11 NOVEMBER ESTIMATE TO THE 2011-12 GOVERNOR'S BUDGET**  
(in thousands)

	2010-11 NOVEMBER ESTIMATE					ADJUSTMENTS/DIFFERENCES					2011-12 GOVERNOR'S BUDGET				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
<b>1 CS REVENUES, TRANSFERS AND COLLECTIONS</b>	<b>2,205,132</b>	<b>203,153</b>	<b>212,216</b>	<b>23,955</b>	<b>1,765,808</b>	<b>-9,446</b>	<b>3,720</b>	<b>34,531</b>	<b>-23,955</b>	<b>-23,742</b>	<b>2,195,686</b>	<b>206,873</b>	<b>246,747</b>	<b>0</b>	<b>1,742,066</b>
<b>2 CHILD SUPPORT PROGRAM COLLECTIONS</b>	<b>2,217,349</b>	<b>212,370</b>	<b>215,216</b>	<b>23,955</b>	<b>1,765,808</b>	<b>-15,457</b>	<b>3,897</b>	<b>28,343</b>	<b>-23,955</b>	<b>-23,742</b>	<b>2,201,892</b>	<b>216,267</b>	<b>243,559</b>	<b>0</b>	<b>1,742,066</b>
<b>3 Child Support Assistance Collections</b>	<b>513,493</b>	<b>212,370</b>	<b>215,216</b>	<b>23,955</b>	<b>61,952</b>	<b>9,610</b>	<b>3,897</b>	<b>28,343</b>	<b>-23,955</b>	<b>1,325</b>	<b>523,103</b>	<b>216,267</b>	<b>243,559</b>	<b>0</b>	<b>63,277</b>
4 Basic Collections	432,841	203,575	206,304	22,962	0	8,285	3,897	27,350	-22,962	0	441,126	207,472	233,654	0	0
5 Disregard Payments to Families	31,511	0	0	0	31,511	1,335	0	0	0	1,335	32,846	0	0	0	32,846
6 Collections for Other States - Assistance	9,937	0	0	0	9,937	-3	0	0	0	-3	9,934	0	0	0	9,934
7 Miscellaneous Collections - Assistance	20,504	0	0	0	20,504	-7	0	0	0	-7	20,497	0	0	0	20,497
8 Revenue Stabilization Adjustment- Assistance	18,700	8,795	8,912	993	0	0	0	993	-993	0	18,700	8,795	9,905	0	0
<b>9 Child Support NonAssistance Collections</b>	<b>1,703,856</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,703,856</b>	<b>-25,067</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-25,067</b>	<b>1,678,789</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,678,789</b>
10 Basic Collections	1,505,666	0	0	0	1,505,666	-22,752	0	0	0	-22,752	1,482,914	0	0	0	1,482,914
11 Collections for Other States - NonAssistance	84,059	0	0	0	84,059	-2,314	0	0	0	-2,314	81,745	0	0	0	81,745
12 Miscellaneous Collections - NonAssistance	1,431	0	0	0	1,431	-1	0	0	0	-1	1,430	0	0	0	1,430
13 Revenue Stabilization Adjustment- NonAssistance	112,700	0	0	0	112,700	0	0	0	0	0	112,700	0	0	0	112,700
<b>14 REVENUES AND TRANSFERS</b>	<b>-12,217</b>	<b>-9,217</b>	<b>-3,000</b>	<b>0</b>	<b>0</b>	<b>6,011</b>	<b>-177</b>	<b>6,188</b>	<b>0</b>	<b>0</b>	<b>-6,206</b>	<b>-9,394</b>	<b>3,188</b>	<b>0</b>	<b>0</b>
15 Foster Parent Training Fund Transfer	-3,000	0	-3,000	0	0	0	0	0	0	0	-3,000	0	-3,000	0	0
16 Title IV-E Child Support Collections Recovery Fund	-9,217	-9,217	0	0	0	-177	-177	0	0	0	-9,394	-9,394	0	0	0
17 Never Assisted Cases Fee Recovery	0	0	0	0	0	6,188	0	6,188	0	0	6,188	0	6,188	0	0

1/ Other reflects collections that are paid to families and collections made in California on behalf of other states.

**CHILD SUPPORT PROGRAM  
AUXILIARY CHARTS**

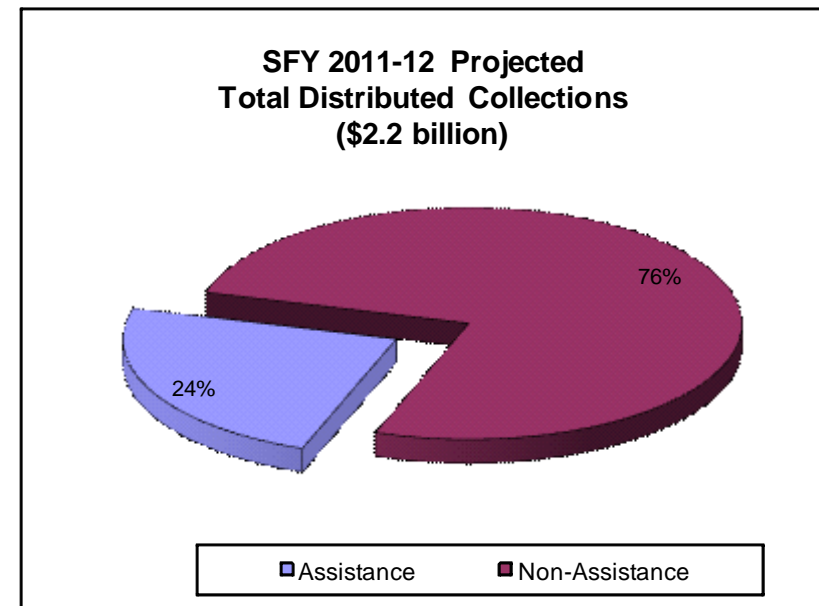
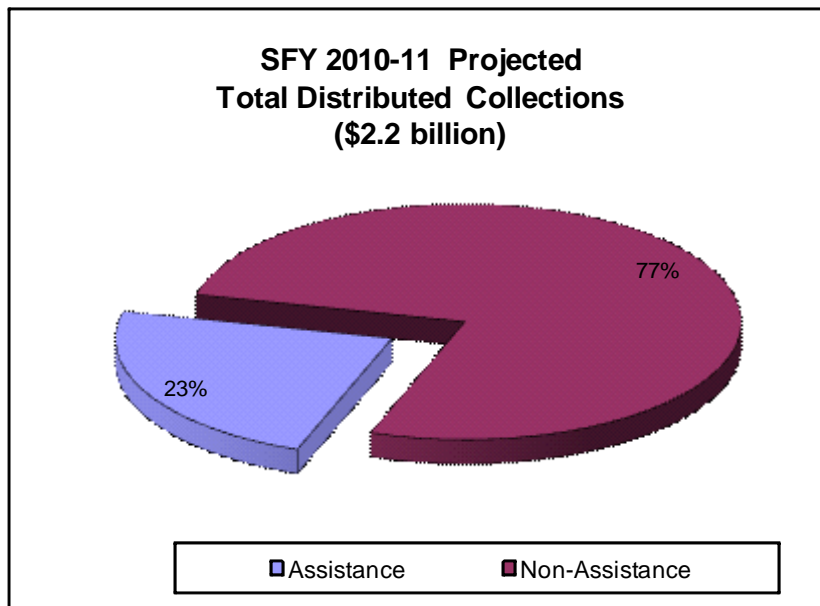
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## TOTAL PROJECTED DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2010-11 and 2011-12

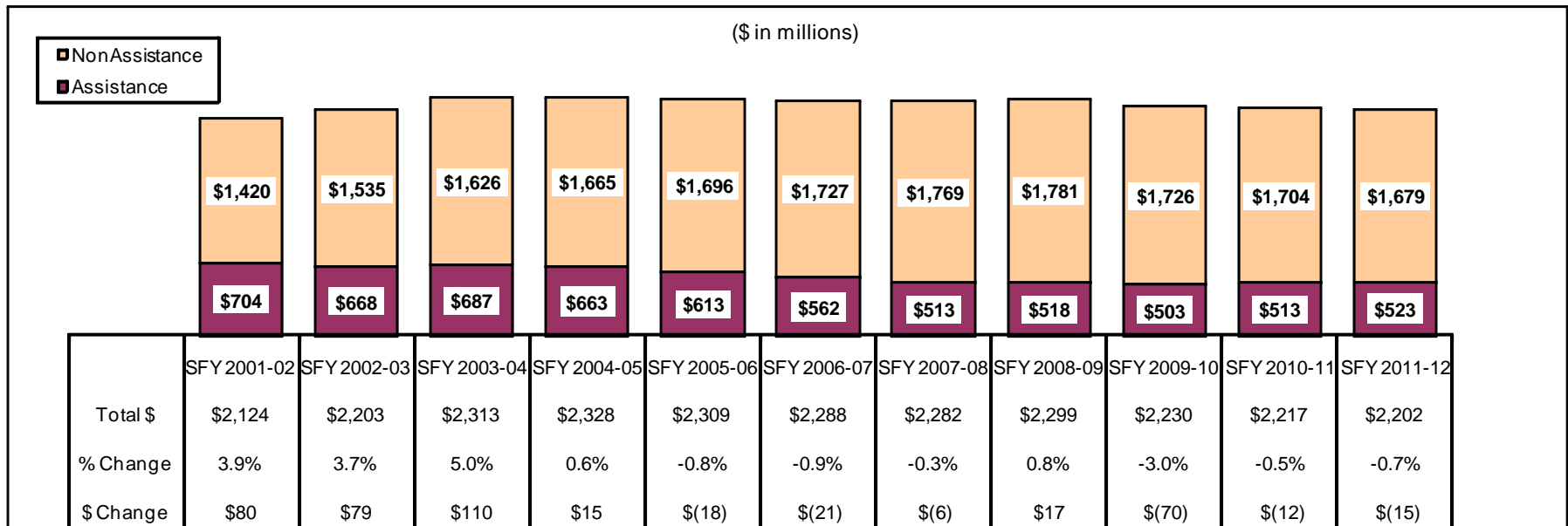
The charts below display California's projected State Fiscal Year (SFY) 2010-11 (\$2.2 billion) and SFY 2011-12 (\$2.2 billion) child support total collections that are distributed to the federal, state and county government as revenue (**Assistance**) and directly to families (**Non-Assistance**).

- **Assistance Collections (\$513.5 million SFY 2010-11, \$523.1 million SFY 2011-12)** are revenue to government entities which reflects basic collections and other collections. Basic Collections (\$432.8 million SFY 2010-11, \$441.1 million SFY 2011-12) are the ongoing efforts of the Local Child Support Agencies (LCSAs) to collect child support payments from non-custodial parents. Other Collections (\$80.7 million SFY 2010-11 and \$82.0 million SFY 2011-12) are those collections that are associated with new or other enforcement activities that are above the basic ongoing functions of the LCSA, such as the \$50 Disregard, Collections for Other States, and miscellaneous collections.
- **Non-Assistance Collections (\$1.7 billion SFY 2010-11, \$1.7 billion SFY 2011-12)** are collections that are made on behalf of families and sent directly to them. These collections are comprised of Basic Collections (\$1.5 billion SFY 2010-11, \$1.5 billion SFY 2011-12) and Other Collections (\$198.2 million SFY 2010-11, \$195.9 million SFY 2011-12).



### TOTAL DISTRIBUTED COLLECTIONS <sup>1/</sup> FOR STATE FISCAL YEARS 2001-02 through 2011-12

Total child support distributed collections have grown from \$2.1 billion in State Fiscal Year (SFY) 2001-02 to a projected level of \$2.2 billion in SFY 2011-12. Internal Revenue Service Economic Stimulus intercepts due to the Economic Stimulus Act of 2008 are included from May 2008 – January 2009. Economic Recovery Payment intercepts due to the American Recovery and Reinvestment Act of 2009 are included from May 2009 – September 2009.

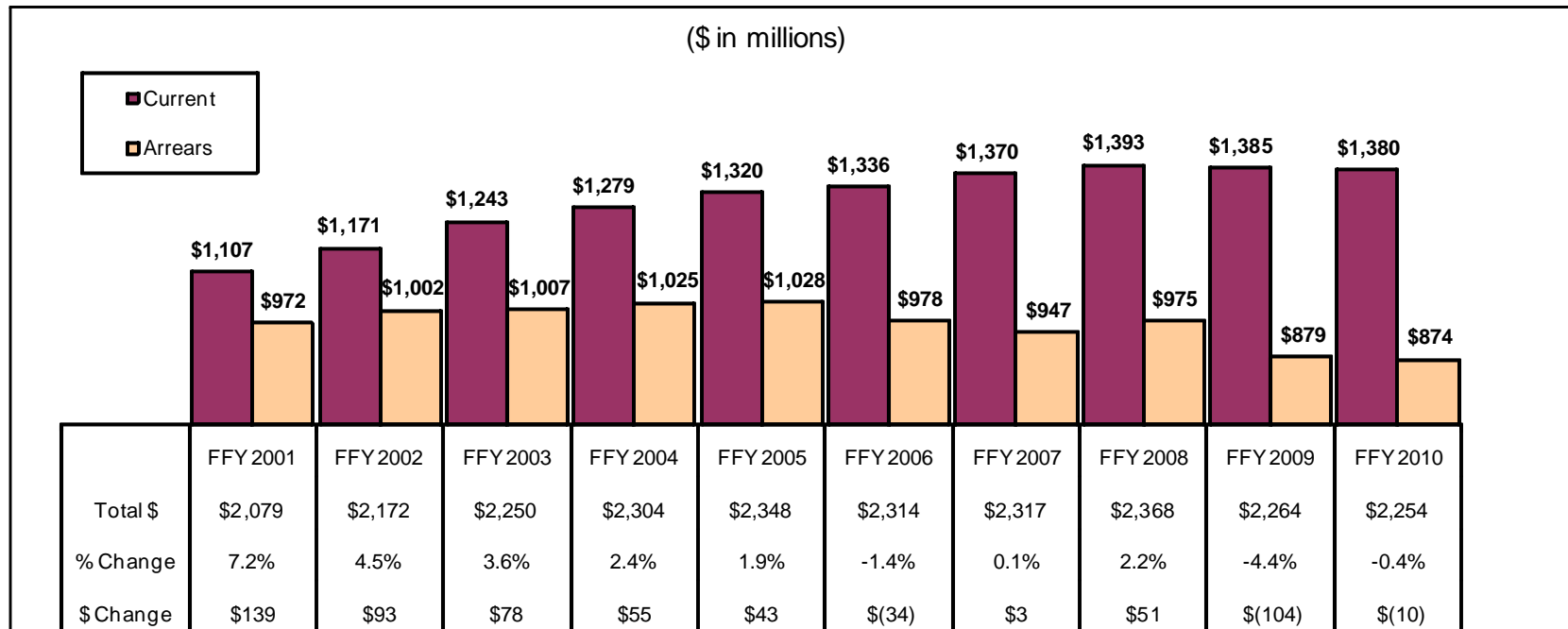


Source: The collections data for SFY 2001-02 are from the CS 800 and 820 reports.  
The collections data for SFY 2002-03 through SFY 2009-10 are from the CS 34 and CS 35 reports.  
CS 800 and 820 reports were revised into CS 34 and CS 35 reports.  
The SFY 2010-11 and SFY 2011-12 projections are based on the current trend analysis.

1/ The chart reflects actual and projected Total Distributed Collections for Assistance and Non-Assistance and the year-to-year change by State Fiscal Year.

### TOTAL DISTRIBUTED COLLECTIONS <sup>1/</sup> FOR FEDERAL FISCAL YEARS 2001 through 2010

Total Child Support distributed collections have grown from \$2.1 billion in Federal Fiscal Year (FFY) 2001 to \$2.3 billion in FFY 2010. This represents an 8 percent overall growth rate. Internal Revenue Service Economic Stimulus intercepts due to the Economic Stimulus Act of 2008 are included from May 2008 – January 2009. Economic Recovery Payment intercepts due to the American Recovery and Reinvestment Act of 2009 are included from May 2009 – September 2010.



Source: The collections data for FFY 2001 through FFY 2010 are from the Office of Child Support Enforcement Annual Data Report (OCSE-157) line 25 (Total Support Distributed as Current Support During the Fiscal Year) and line 27 (Total Support Distributed as Arrears during the Fiscal Year).

1/ The chart reflects Total Distributed Collections as Current and Arrears Support by Federal Fiscal Year.

## BASIC ASSISTANCE TREND COLLECTIONS <sup>1/</sup> FORECAST COMPARISON

The current estimate is forecasting an increase of 2.0% for State Fiscal Year (SFY) 2010-11, and an increase of 3.9% for SFY 2011-12 over SFY 2009-10 actual collections. This is based on the most current 24 months of actual data.

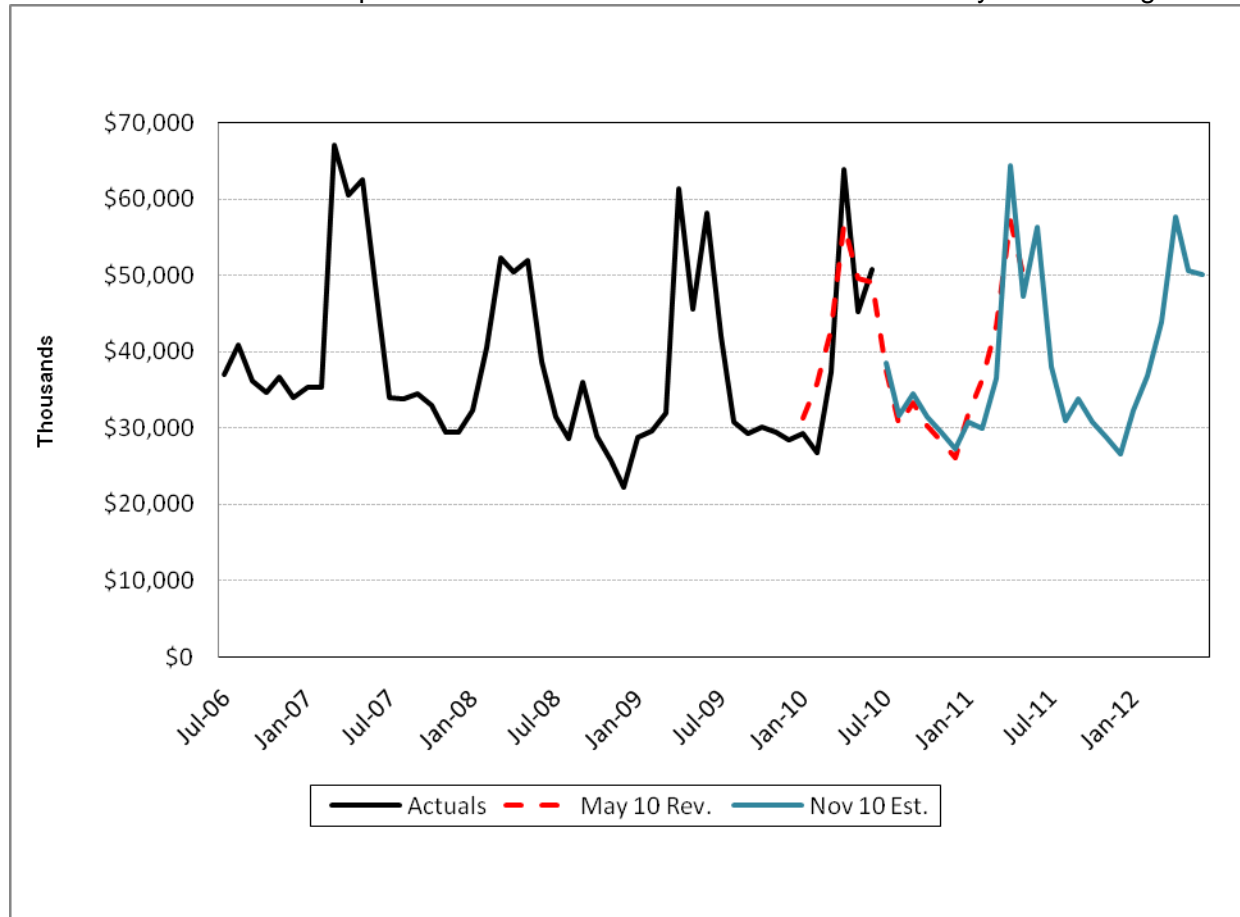
	SFY 2009-10	Forecast SFY 2010-11	Forecast SFY 2011-12
<b>Actual</b>	\$424,562		
<b>November 2010 Estimate</b>		\$432,841	\$441,126
<b>Difference from Actual</b>		2.0%	3.9%
<b>May 2010 Revision</b>	\$411,574	\$400,192	
<b>Difference from Prior Forecast</b>	-3.1%	8.2%	

(\$ in thousands)

<sup>1/</sup> Basic Assistance Collections include Full Collections Program and Compromise of Arrears Program Collections. Basic Collections do not include one-time collections such as Internal Revenue Service Economic Stimulus intercepts due to the Economic Stimulus Act of 2008 and Economic Recovery Payments due to the American Recovery and Reinvestment Act of 2009.

## BASIC ASSISTANCE COLLECTIONS TREND LINE

The November 2010 forecast depicted below used 24 months of actual data: July 2008 through June 2010.



Note: Basic Assistance Collections include Full Collections Program and Compromise of Arrears Program Collections. Basic Collections do not include one-time collections such as Internal Revenue Service Stimulus intercepts due to the Economic Stimulus Act of 2008 and Economic Recovery Payments due to the American Recovery and Reinvestment Act of 2009.



## BASIC NON-ASSISTANCE TREND COLLECTIONS <sup>1/</sup> FORECAST COMPARISON

The current estimate is forecasting a decrease of 1.5% for State Fiscal Year (SFY) 2010-11 and a decrease of 3.0% for SFY 2011-12 over SFY 2009-10 actual collections. This is based on the most current 24 months of actual data.

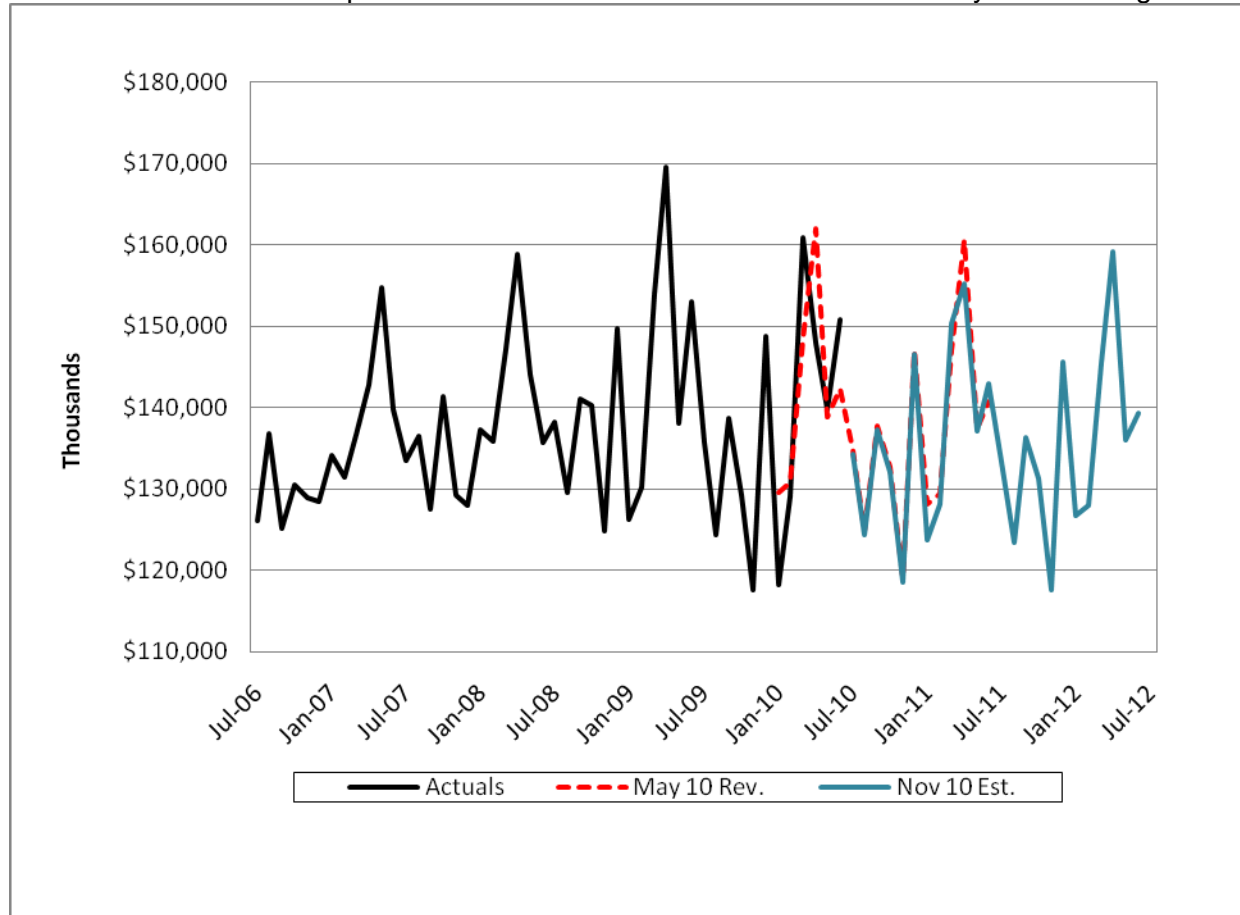
	SFY 2009-10	Forecast SFY 2010-11	Forecast SFY 2011-12
<b>Actual</b>	\$1,528,396		
<b>November 2010 Estimate</b>		\$1,505,666	\$1,482,914
<b>Difference from Actual</b>		-1.5%	-3.0%
<b>May 2010 Revision</b>	\$1,557,175	\$1,555,935	
<b>Difference from Prior Forecast</b>	-1.8%	-3.2%	

(\$ in thousands)

<sup>1/</sup> Basic Non-Assistance Collections include Full Collections Program. Basic Collections do not include one-time collections such as the Internal Revenue Service Stimulus intercepts due to the Economic Stimulus Act of 2008 and Economic Recovery Payments due to the American Recovery and Reinvestment Act of 2009.

## BASIC NON-ASSISTANCE COLLECTIONS TREND LINE

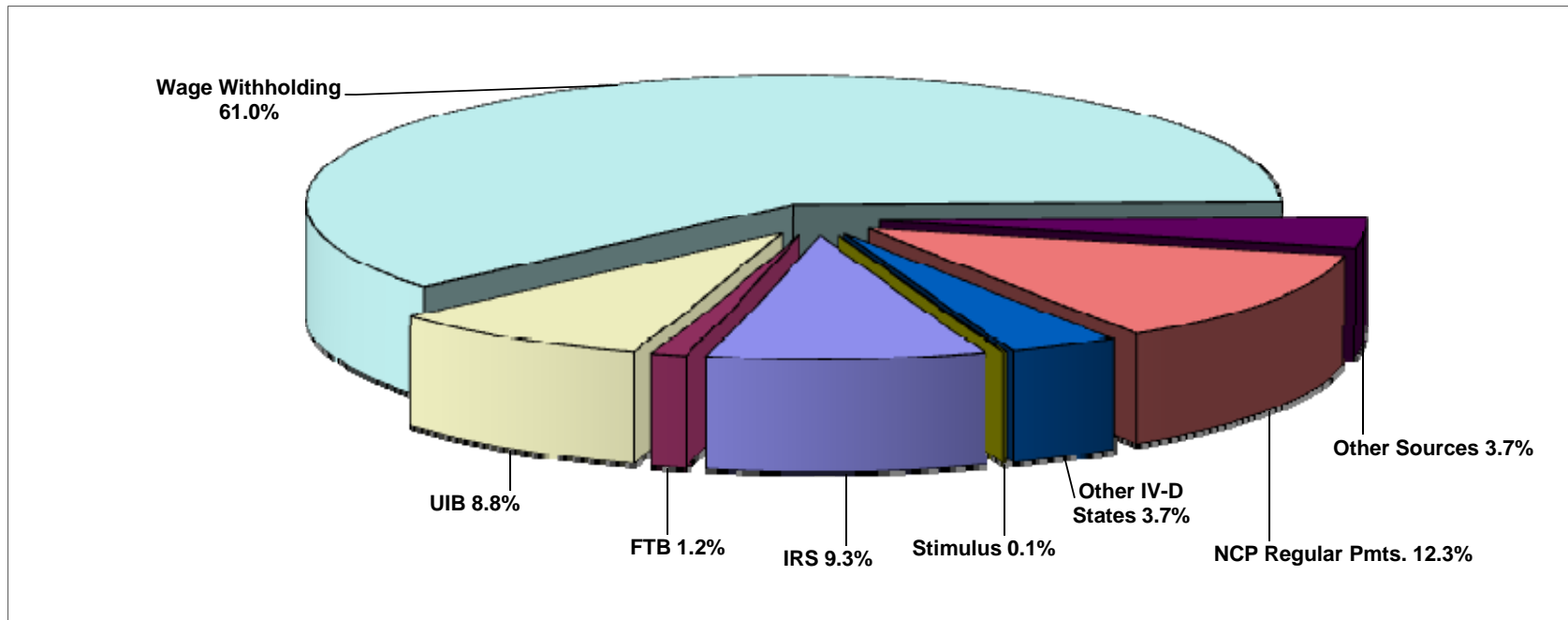
The November 2010 forecast depicted below used 24 months of actual data: July 2008 through June 2010.



Note: Basic Non-Assistance Collections include Full Collections Program. Basic Collections do not include one-time collections such as the Internal Revenue Service Stimulus intercepts due to the Economic Stimulus Act of 2008 and Economic Recovery Payments due to the American Recovery and Reinvestment Act of 2009.

### TOTAL COLLECTIONS RECEIVED BY SOURCE FOR STATE FISCAL YEAR 2009-10

For State Fiscal Year (SFY) 2009-10, the total collections received were \$2.2 billion. Wage Withholding continues to be the most effective way of collecting child support at 61.0 percent (\$1.4 billion) of the total collections received. The Internal Revenue Service (IRS) Federal income tax refund offsets totaled 9.3 percent (\$206 million), and the Franchise Tax Board's (FTB) State income tax refund offsets totaled 1.2 percent (\$26 million). The Unemployment Insurance Benefits (UIB) offsets totaled 8.8 percent (\$196 million), and 3.7 percent (\$82 million) represents the collections received from other IV-D states. Stimulus payments total 0.1 percent (\$2.2 million) of collections received due to the Economic Stimulus Act of 2008 and the American Recovery and Reinvestment Act of 2009. The Non-Custodial Parents (NCP) Regular Payments offsets totaled 12.3 percent (\$252 million). The remaining 3.7 percent (\$83.2 million) are from all Other Sources received, which includes, but is not limited to, Liens, Workers' Compensation, Disability Insurance Benefits (DIB) offsets, California Insurance Intercepts (CIIP), and Full Collections Program without wage levies.

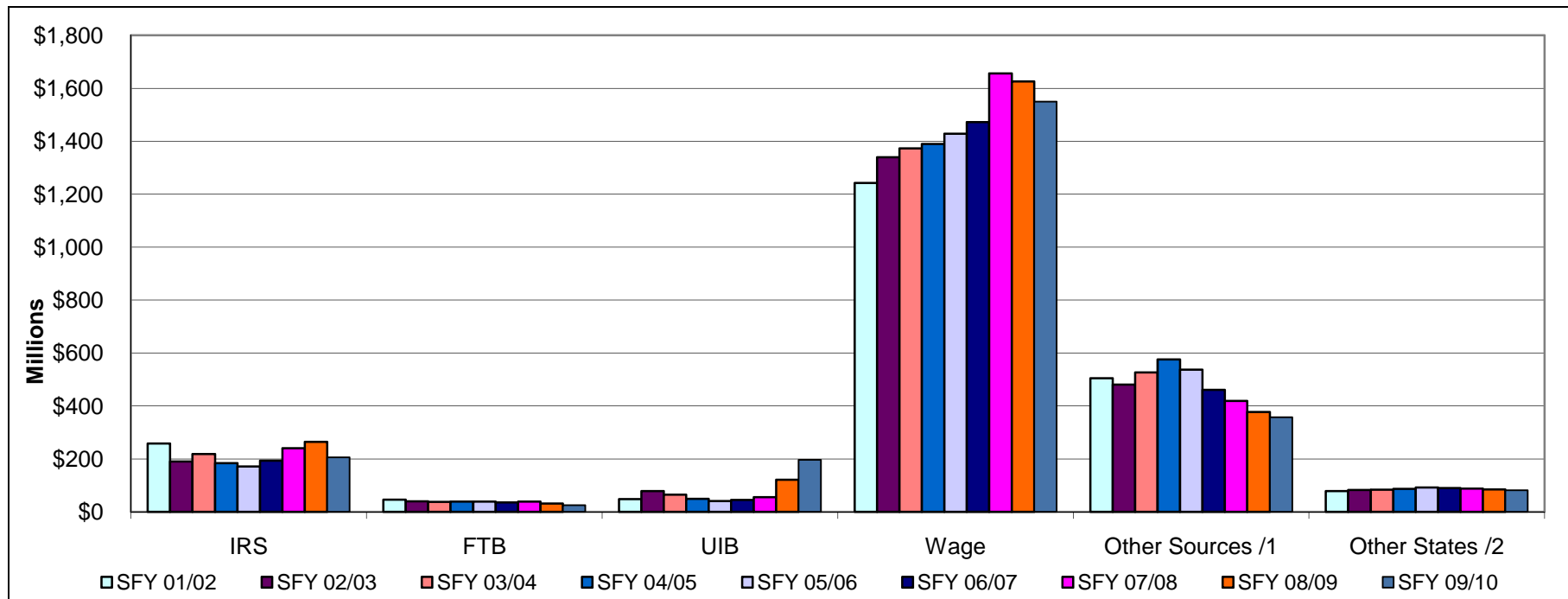


Source: CS 34 and CS 35 reports.

Note: NCP Regular Payments (i.e., direct payments from non-custodial parents) were reported in the Other Sources category on Table A-8 until the November 2010 Estimate.

### HISTORICAL TOTAL COLLECTIONS RECEIVED BY SOURCE

The chart below reflects the Total Collections Received by Source from State Fiscal Year (SFY) 2001-02 through SFY 2009-10. The year-to-year change from SFY 2008-09 to SFY 2009-10 for Internal Revenue Service (IRS) intercepts decreased 22.2% when including the IRS stimulus payments received in SFY 2008-09 due to the Economic Stimulus Act of 2008. However, when the IRS stimulus payments are excluded, IRS intercepts increased by 4.9%. Franchise Tax Board (FTB) intercepts decreased 19.6%; Unemployment Insurance Benefits (UIB) intercepts increased 62.0%; Wage Withholdings (which include Non-IV-D collections) decreased 4.7%; Other Sources (including direct payments) declined 5.8%; Other IV-D States decreased 4.0%.



Source: For SFY 2001-02 CS 820 Section A; For SFY 2002-03 through SFY 2009-10 CS 34 and CS 35 reports.

/1 Other Sources includes, but is not limited to non-custodial parent regular payments, Liens, Workers' Compensation, Disability Insurance Benefits, California Insurance Intercept Program, and Full Collections Program without wage levies.

/2 Other States is IV-D Collections received from other states.

### HISTORICAL INCENTIVE PERFORMANCE MEASURES

Federal incentive payments are based on the state's performance in five measures plus annual data reliability compliance. (See Federal Performance Basic Incentives premise description.) The chart below displays the minimum levels a state must meet in each performance measure to receive at least partial incentive payments. It also displays California's performance level from Federal Fiscal Year (FFY) 2003 to FFY 2009.

Performance Measure	Federal Minimum Performance Level	FFY 2003 California Performance Level	FFY 2004 California Performance Level	FFY 2005 California Performance Level	FFY 2006 California Performance Level	FFY 2007 California Performance Level	FFY 2008 California Performance Level	FFY 2009 California Performance Level
Paternity establishment percentage (IV-D caseload), or	50.0%	NA	NA	NA	NA	NA	NA	NA
Paternity establishment percentage (statewide PEP)	50.0%	105.9%	117.8%	106.5%	109.9%	106.7%	101.4%	103.4%
Percent of cases with orders	50.0%	76.4%	78.1%	80.3%	80.6%	82.1%	80.2%	78.8%
Percent of current support collected	40.0%	45.2%	48.0%	49.3%	50.4%	51.5%	52.8%	53.4%
Percent of cases with arrearage collections	40.0%	55.4%	54.9%	56.0%	56.5%	57.1%	59.1%	59.4%
Cost-effectiveness	\$2.00	\$2.31	\$2.12	\$2.15	\$2.03	\$2.01	\$1.96 <sup>1/</sup>	\$2.10

Source: Office of Child Support Enforcement Annual Data Report (OCSE-157).

<sup>1/</sup> The actual FFY 2008 statewide total for Cost Effectiveness is \$2.04. Due to a reporting error, cost effectiveness was reported as \$1.96. The federal government is aware of California's true cost effectiveness performance.

### ALTERNATIVE FEDERAL PENALTY

The chart below reflects the alternative federal penalty amount paid from Federal Fiscal Year (FFY) 1998 through FFY 2006 to the federal government due to the absence of a single statewide automated child support system.

Federal Fiscal Year	State Fiscal Year	Penalty Rate	Federal Share of Admin Cost	Actual/Estimate	Penalty Amount	Cumulative Penalty
1998 <sup>1/</sup>	1997-98	4%	299,101,576	actual	11,964,063	11,964,063
1999 <sup>1/</sup>	1998-99	8%	336,853,927	actual	26,948,314	38,912,377
2000	1999-00	16%	406,251,058	actual	65,000,169	103,912,546
2001	2000-01	25%	443,987,454	actual	110,996,864	214,909,410
2002	2001-02	30%	524,839,706	actual	157,451,912	372,361,322
2003	2002-03	30%	632,054,354	actual	189,616,306	561,977,628
2004	2003-04	30%	640,234,774	actual	192,070,432	754,048,060
2005 <sup>2/</sup>	2004-05	30%	710,873,859	actual	213,262,158	967,310,218
2006 <sup>3/ 4/</sup>	2005-06	30%	715,011,565	actual	214,503,470	1,181,813,688
2007 <sup>5/</sup>	2006-07	30%	744,382,899	actual	0	
2008 <sup>4/</sup>	2007-08			actual	-193,053,123	988,760,565

1/ California paid FFY 1998 and FFY 1999 penalty in SFY 1999-00, once the federal government determined the final amounts.

2/ The federal government allowed the State to defer the FFY 2005 penalty payment until September 2005, which is in SFY 2005-06.

3/ The federal government allowed the State to defer the FFY 2006 penalty payment until September 2006, which is in SFY 2006-07.

4/ In FFY 2008, a penalty refund of \$193,053,123, which was 90% of the FFY 2006 penalty of \$214,503,470, was received by California for successful certification of the Alternative System Configuration.

5/ In FFY 2007, no penalty was paid. \$223,314,870 was temporarily held in abeyance until certification was successful.

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## Local Child Support Agency Basic Costs

### DESCRIPTION:

This premise reflects funding for the Local Child Support Agency (LCSA) basic costs. LCSA administration costs include salaries and benefits of county staff as well as operating costs. LCSA duties include case intake, court preparation to establish paternity and support obligations, and the enforcement of support obligations, including locating absent parents.

### KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code (FC) Section 17704(b), FC Section 17710(a), and Welfare and Institutions Code Section 10085(a).
- The LCSA non-federal share of administration costs is adjusted by the level of federal performance basic incentives estimated in State Fiscal Year (SFY) 2010-11 and SFY 2011-12.
- The availability of Federal Financial Participation (FFP) matching funds on federal performance basic incentives which were temporarily restored for two federal fiscal years (October 1, 2008 thru September 30, 2010) under provisions of the American Recovery and Reinvestment Act of 2009 (ARRA) ended September 30, 2010. In order to maintain the current funding level for LCSA administrative funding, general fund backfill is included for nine months of SFY 2010-11 and all of SFY 2011-12.

### METHODOLOGY:

#### **Basic Costs:**

Basic costs are the sum of administration, federal match on performance incentives, federal performance basic incentives, county match for administration, and revenue stabilization.

#### **Administration:**

LCSA administration costs are funded at the base of \$699,978,000 for SFY 2010-11 and SFY 2011-12. From this base, federal incentives and the federal match on incentives are removed to calculate administration.

#### **Federal Match on Performance Basic Incentives:**

Beginning October 1, 2007, the Federal Deficit Reduction Act of 2005 (FDRA) eliminated states' ability to utilize FFP matching funds on federal performance basic incentives. This ability was temporarily restored under provisions of ARRA for two federal fiscal years beginning October 1, 2008. This premise assumes the ARRA provision providing federal matching funds on Federal Performance Basic Incentives ended September 30, 2010, and that general fund backfill funding will be utilized to maintain current LCSA administrative funding levels. FFP matching funds are assumed available for the first quarter of SFY 2010-11. FFP matching funds are assumed to not be available for the last three quarters of SFY 2010-11 and all four quarters of SFY 2011-12. Therefore, general fund backfill funding is assumed for these quarters to maintain LCSA administrative funding levels.

**Federal Performance Basic Incentives:**

Federal Performance Basic Incentive funds of \$37,741,000 for SFY 2010-11 and \$38,496,000 for SFY 2011-12 are included in LCSA Basic Costs as it reflects the amount of estimated federal incentive funds available to cover LCSA administration costs. For details, refer to the Federal Performance Basic Incentives premise description.

**County Match for Administration:**

Included in LCSA Basic Costs are county match funds for those LCSAs that elect to supplement the program with local matching funds. For SFY 2010-11 and SFY 2011-12, the budget is \$40 million (\$26.4 million FFP and \$13.6 million county funds).

**Revenue Stabilization:**

SFY 2010-11 and SFY 2011-12 includes LCSA Basic Costs for revenue stabilization. For details, refer to the Revenue Stabilization premise description.

**FUNDING:**

Funding for Administration is 34 percent State General Fund (SGF), 66 percent FFP matching funds and federal incentives.

Counties may supplement their funding by using County General Fund (CGF) in lieu of SGF. CGF and the matching FFP are called County Match for Administration. County Match for Administration is funded 34 percent CGF and 66 percent FFP matching funds.

**CHANGE FROM APPROPRIATION:**

The estimated incentives and corresponding FFP were updated.

**REASON FOR YEAR-TO-YEAR CHANGE:**

Federal Performance Basic Incentives and their corresponding federal match are forecasted to be higher in SFY 2011-12 than in SFY 2010-11 based on the most recent actual data.

**EXPENDITURES:**

(in 000's)

	2010-11	2011-12
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$758,713	\$758,713
Federal	519,885	513,564
State	225,228	231,549
County	13,600	13,600
Reimbursements	0	0

## Federal Performance Basic Incentives

### DESCRIPTION:

This premise reflects the Federal Performance Basic Incentives. Pursuant to the Child Support Performance and Incentive Act of 1998, the federal incentives passed onto local child support agencies (LCSAs) are to be based on the five performance measures and Data Reliability Audit compliance. California's historical performance is displayed in the Auxiliary Tables section of this document on the Historical Incentive Performance Measures chart (Chart A-10).

### IMPLEMENTATION DATE:

The federal performance incentive methodology was implemented October 1, 1999 and phased in over three years.

### KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code Section 17704, Public Law (PL) 105-200.
- The federal government pays incentives based on PL 105-200 using the following criteria:

1. The State's Collection Base

The federal incentive methodology gives a weight of "2" for all distributed collections made in current and former assistance cases and adds Never Assisted collections to make up the state's collection base. Federal fiscal year distributed collections were used from the Child Support Enforcement (CSE) Program Quarterly Report of Collections (OCSE 34) reports. The formula is as follows:

$$2 \times (\text{Current Support Collections} + \text{Former Assistance Collections}) + \text{Never Assisted Collections} = \text{State's Collection Base}$$

The state's incentive amount earned is based on the calculation of each performance measure level multiplied against the state's collection base.

2. Performance Factors

The federal incentive methodology considers program performance in five areas to determine each performance level:

- Paternity Established (Statewide Paternity Establishment Percentage) =  
$$\frac{\text{Out-of-Wedlock Children w/Paternity}}{\text{Total Out-of-Wedlock Children, Last Fiscal Year}}$$
- Support Orders Established =  
$$\frac{\text{Total Cases w/Support Orders}}{\text{Total Number of Cases}}$$

## KEY DATA/ASSUMPTIONS (continued):

- Current Support Collected =  
Total Current Support Collected ÷ Total Current Support Owed

(The previous three performance factors may each earn up to a performance level of 100 percent of the collection base.)

- Cases Paying on Arrears =  
Total Cases Paying Arrears ÷ Cases with Total Arrears Due

- Cost-Effectiveness =  
Total Collections ÷ Total Expenditures

(The above two performance factors may each earn up to a performance level of 75 percent of the collection base.)

### 3. Data Reliability Audit

The five performance measures data that the state reports annually is required to be determined complete and reliable through an audit. State data must meet a 95 percent standard of reliability. Failure to meet the data reliability standard in a given performance measure by a state would result in a reduction of federal incentives and the potential issuance of a performance penalty.

### 4. The Incentive Base Amount

Each performance level is multiplied by the collection base for each performance factor which results in an incentive base amount.

### 5. Comparison with Other States

The estimated maximum base for California is divided by the estimated maximum base for all states to determine California's share of the available federal incentive pool.

### 6. The Available Federal Incentive Pool

PL 105-200 established a set pool of available incentive funds for each federal fiscal year through Federal Fiscal Year (FFY) 2008. After FFY 2008, the available pool of federal incentive funds will be determined using the Consumer Price Index. Following are the statutorily set pool amounts for each federal fiscal year:

- |            |               |            |                             |
|------------|---------------|------------|-----------------------------|
| • FFY 2000 | \$422,000,000 | • FFY 2006 | \$458,000,000               |
| • FFY 2001 | \$429,000,000 | • FFY 2007 | \$471,000,000               |
| • FFY 2002 | \$450,000,000 | • FFY 2008 | \$483,000,000               |
| • FFY 2003 | \$461,000,000 | • FFY 2009 | \$504,000,000               |
| • FFY 2004 | \$454,000,000 | • FFY 2010 | \$504,000,000               |
| • FFY 2005 | \$446,000,000 | • FFY 2011 | \$514,080,000 <sup>1/</sup> |
| • FFY 2006 | \$458,000,000 | • FFY 2012 | \$524,361,600 <sup>1/</sup> |

<sup>1/</sup> FFY 2011 and 2012 are based on the Policy Studies Inc. estimate.

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**KEY DATA/ASSUMPTIONS (continued):**

7. Determining the State's Incentive Entitlement

California's percentage of the available pool, as determined in number five, is multiplied by the available federal incentive pool to determine California's entitlement to federal incentives.

**METHODOLOGY:**

The federal incentives are estimated using the methodology under PL 105-200. Based on recent information available, it is estimated that California will be entitled to \$37,741,000 federal incentives in State Fiscal Year (SFY) 2010-11 and \$38,496,000 in SFY 2011-12.

**FUNDING:**

The federal incentives earned reduce the LCSA Basic Administration State General Fund need by this same amount.

**CHANGE FROM APPROPRIATION:**

The current forecast is lower, reflecting updated performance incentives, based on the most recent information available.

**REASON FOR YEAR-TO-YEAR CHANGE:**

The forecast was updated, based on the most recent actual information.

**EXPENDITURES:**

(in 000's)

	2010-11	2011-12
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total Incentives	\$37,741	\$38,496

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## Local Child Support Agency Revenue Stabilization

### DESCRIPTION:

This premise reflects a permanent ongoing augmentation of \$18,735,000 (\$6,370,000 State General Fund (SGF)) for Local Child Support Agencies (LCSAs) in order to stabilize caseworker staffing and avoid a projected loss in child support collections.

In order to receive an allocation of revenue stabilization funds, LCSAs were required to develop and submit early intervention plans including the development of early intervention strategies that would be ready for implementation by July 1, 2009. Early Intervention provides for a proactive approach to establish consistent and reliable payments of current support for families by engaging the customer early in the child support enforcement process.

### IMPLEMENTATION DATE:

This premise was implemented July 1, 2009.

### KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code (FC) Section 17704(b), FC Section 17710(a), and Welfare and Institutions Code Section 10085(a).
- The effective date is July 1, 2009.
- The LCSAs were able to retain 245 caseworker staff with Revenue Stabilization funding.
- For SFY 2009-10, the marginal return on collections per caseworker for assistance cases was \$81,314.
- For SFY 2009-10, the marginal return on collections per caseworker for non-assistance cases was \$459,883.

### METHODOLOGY:

- The base administration allocation of \$696,400,000 was used to calculate the inflationary increase needed to maintain a full administration allocation. The Consumer Price Index of 2.7 percent was applied to the base allocation resulting in an additional \$18,700,000 needed to fully fund administrative activities.
- A linear regression of collections and caseworker staffing was used to determine the marginal return on collections per caseworker.
- The 245 caseworkers were multiplied by the marginal return on collections per assistance case to compute additional assistance collections of \$18,700,000 (\$8,912,000 SGF). The 245 caseworkers were multiplied by the marginal return on collections per non-assistance case to compute additional non-assistance collections of \$112,700,000.

**FUNDING:**

- Funding for this premise consists of 34 percent SGF and 66 percent Federal Financial Participation matching funds.
- Collections for assistance families are retained and serve as recoupment of past welfare costs. Collections made on behalf of non-assistance families are forwarded directly to custodial parties.
- The assistance collections are shared based on the Federal Medical Assistance Percentage and the non-federal sharing ratios. See Appendix A for detail.

**CHANGE FROM APPROPRIATION:**

The current year reflects an increase in the marginal return on collections per caseworker, and the retention of more caseworker staff than originally projected.

**REASON FOR YEAR-TO-YEAR CHANGE:**

There is no change.

**EXPENDITURES:**

(in 000's)

	2010-11	2011-12
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$18,735	\$18,735
Federal	12,365	12,365
State	6,370	6,370
County	0	0
Reimbursements	0	0

**COLLECTIONS:**

(in 000's)

	2010-11	2011-12
	<u>Collections</u>	<u>Collections</u>
Assistance Total	\$18,700	\$18,700
Federal	8,795	8,795
State	8,912	9,905
County	993	0
Other	0	0
Non-Assistance	\$112,700	\$112,700
Total Collections	\$131,400	\$131,400



## IRS Intercept Fees

### DESCRIPTION:

This premise reflects the additional cost for Internal Revenue Service (IRS) tax intercepts for non-minor children.

### IMPLEMENTATION DATE:

This premise was implemented October 1, 2007.

### KEY DATA/ASSUMPTIONS:

- Authorizing statute: Title IV-D of the Social Security Act and 5 United States Code § 5514 (A)(a)(i).

### METHODOLOGY:

- The non-minor intercepts were forecasted by using the average number of intercepts for March 2008 through October 2008. A full year of intercepts was forecasted for SFY 2010-11 and SFY 2011-12. The projected numbers of intercepts were then multiplied by the offset fee of \$14.75 to calculate fees associated with the non-minor intercepts.

### FUNDING:

Funding for this premise consists of 34 percent State General Fund and 66 percent Federal Financial Participation matching funds.

### CHANGE FROM APPROPRIATION:

There is no change.

### REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

### EXPENDITURES:

(in 000's)

	2010-11	2011-12
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$7	\$7
Federal	4	4
State	3	3
County	0	0
Reimbursements	0	0

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## Partnership to Strengthen Families Grant

### DESCRIPTION:

This premise reflects the funds for the Partnership to Strengthen Families Federal Grant. The project will support partnerships among state child support program and Temporary Assistance for Needy Families (TANF) agencies and university scholars and researchers. Research and data analysis will be performed to improve coordination between the state child support program and TANF agencies.

The child support program and TANF program serve many of the same customers and share a program goal of family self sufficiency. Cross organizational partnerships can support improved efficiency and effectiveness by bringing together program experts to evaluate policy making and to assess processes that cross both organizations. The policy choices of each program can have a significant impact on the other. Isolated decision making is not in the best interest of the child support program nor the TANF program. This demonstration grant will serve as the foundation for an integrated and more effective communication between programs.

This partnership will benefit both the child support and TANF programs with the help of university faculty and scholars to design and support data exchanges, store and analyze data, and conduct special studies or evaluations of program policies or practices. Additionally, the steering committee for the partnership will also involve local child support and TANF welfare directors so that all elements of the program leadership are included. A collaborative effort is expected to add substantial value to otherwise independent planning and actions by these organizations in isolation.

### IMPLEMENTATION DATE:

This premise was implemented September 30, 2009.

### KEY DATA/ASSUMPTIONS:

- Authorizing statute: Section 1115(a)(2), 1115(b) and 1115(b)(3) of the Social Security Act [42 United States Code 1315].
- This grant is effective from September 30, 2009 through February 28, 2011.
- The total project cost consists of Section 1115 grant funds, a required 5 percent state match, and federal financial participation. The 5 percent state match will be funded through redirection of existing resources.
- The most substantial efforts will be conducted in State Fiscal Year (SFY) 2010-11.

### METHODOLOGY:

- The Federal Administration for Children and Families approval letter, dated September 25, 2009, contains the funding for the grant.
- Funding for SFY 2010-11 will be \$95,000.

**FUNDING:**

The cost is funded 66 percent federal matching funds, 29 percent federal Section 1115 grant, and 5 percent State General Fund (SGF). The 5 percent SGF will be funded through redirection of existing resources.

**CHANGE FROM APPROPRIATION:**

This is no change.

**REASON FOR YEAR-TO-YEAR CHANGE:**

The grant ends on February 28, 2011.

**EXPENDITURES:**

(in 000's)

	2010-11	2011-12
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$95	\$0
Federal	95	0
State	0	0
County	0	0
Reimbursements	0	0

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## Deficit Reduction Act – Mandatory Fees

### **DESCRIPTION:**

One of the provisions of the Federal Deficit Reduction Act (FDRA) of 2005 requires the state to pay the federal government a \$25 annual fee for families that have never received Temporary Assistance for Needy Families if at least \$500 is collected annually on their behalf. Fees may be recovered from the custodial party, the noncustodial parent or the State (using state funds). California has opted to pass the fee to the custodial party and will begin to collect the fee October 1, 2011.

### **IMPLEMENTATION DATE:**

This premise was implemented January 1, 2008.

### **KEY DATA/ASSUMPTIONS:**

- Authorizing statute: Public Law 109-171, FDRA of 2005.
- California will not collect fees until the California Child Support Automation System (CCSAS) Child Support Enforcement (CSE) system is capable of automated fee tracking, the population subject to the fee has been legally noticed, and child support forms and reports have been updated. Therefore, California will pay the federal share of estimated fees for SFY 2010-11.
- CCSAS CSE will begin tracking fees on October 1, 2010 and begin assessing and collecting fees on October 1, 2011. Therefore, the custodial parties will begin to pay the fees for SFY 2011-12.

### **METHODOLOGY:**

- The number of never-assisted cases with a collection is multiplied by \$25 to compute the total fees.
- The total fees to be collected are multiplied by 66 percent to determine the federal share.

### **FUNDING:**

These costs represent the 66 percent Federal Financial Participation to be paid from the State General Fund.

### **CHANGE FROM APPROPRIATION:**

There is no change.

### **REASON FOR YEAR-TO-YEAR CHANGE:**

There is no change.

**EXPENDITURES:**

(in 000's)

	2010-11	2011-12
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$4,084	\$4,084
Federal	0	0
State	4,084	4,084
County	0	0
Reimbursements	0	0

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## California Child Support Automation System – SDU

### DESCRIPTION:

The State Disbursement Unit (SDU) is one of two components of the single statewide child support system. The Child Support Enforcement (CSE) component provides the case management system for the statewide automated system. The SDU complements the CSE component by providing services to collect and distribute child support obligation payments for both the IV-D and Non IV-D populations, and to prepare collection payment transactions for processing by the CSE system.

Chapter 479 of the Statutes of 1999 required the Franchise Tax Board (FTB) to procure the California Child Support Automation System – State Disbursement Unit (CCSAS-SDU). This premise provides the funds necessary to support the SDU Service Provider (SP) contract and the local child support agency (LCSA) staff assigned to the CCSAS-SDU project as subject matter experts.

### IMPLEMENTATION DATE:

This premise was implemented September 1999.

### KEY DATA/ASSUMPTIONS:

- Authorizing statute(s): Welfare & Institutions Code Section 10080 and Family Code Section 17309.
- This premise reflects costs for the SP contract to perform statewide collection and distribution activities.
- For the current year, the SP plans to continue outreach activities for the purpose of increasing Non IV-D participation and encouraging the use of electronic funds transfers over paper checks.

### METHODOLOGY:

- Resource estimates are based on workload required to support the CCSAS SDU.
- SP costs are based on the SDU Post Implementation Evaluation Report and related Economic Analysis Worksheets, the most recent SDU contract amendment, and updated trends using the most recent actual data.

### FUNDING:

- The funds to support LCSA staff and the SP contract are funded at 66 percent federal funds and 34 percent State General Fund (SGF).
- Cases not subject to Title IV-D (Non IV-D) and filed prior to 1994 do not receive federal financial participation. Therefore, the SP contract has been adjusted to reflect 100% SGF for the processing of payments related to these cases.

**CHANGE FROM APPROPRIATION:**

There is no change.

**REASON FOR YEAR-TO-YEAR CHANGE:**

There is no change.

**EXPENDITURES:**

(in 000's)

	2010-11	2011-12
	<u>CS Automation</u>	<u>CS Automation</u>
Total	\$26,629	\$26,629
Federal	17,568	17,568
State	9,061	9,061
County	0	0
Reimbursements	0	0



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## California Child Support Automation System – CSE

### **DESCRIPTION:**

Federal law mandates that each state create a single statewide child support automation system that meets federal certification. There are two components of the statewide system. The first is the Child Support Enforcement (CSE) system and the second is the State Disbursement Unit (SDU). The CSE component contains tools to manage the accounts of child support recipients and to locate and intercept assets from non-custodial parents who are delinquent in their child support payments. The SDU provides services to collect child support payments from non-custodial parents and to disburse these payments to custodial parents. The Department of Child Support Services (DCSS) achieved full implementation of the California Child Support Automation System (CCSAS) in November 2008.

This premise reflects the contract services for the CCSAS, Local Child Support Agency (LCSA) staff assigned full-time to the CCSAS project as subject matter experts (SME) for child support program business practices and CSE system functionality, and funds for Electronic Data Processing maintenance and operations for both the CSE system and the LCSAs.

### **IMPLEMENTATION DATE:**

This premise was implemented September 1999.

### **KEY DATA/ASSUMPTIONS:**

- Authorizing statute: Welfare & Institutions Code Section 10080.
- Contract Services costs include the International Business Machines Alliance Business Partner (BP) contract.
- DCSS has contracted with LCSAs to provide SMEs to support the CCSAS-CSE project.

### **METHODOLOGY:**

This premise reflects a decrease for the Maintenance & Operations (M&O) of CCSAS as reflected in the April 2010 Annual Advance Planning Document Update (APDU), the related Special Project Report #15, and DCSS Budget Change Proposal 1 for SFY 2011-12.

### **FUNDING:**

- All project costs are funded with 66 percent federal funds and 34 percent State General Fund.

### **CHANGE FROM APPROPRIATION:**

There is no change.

**REASON FOR YEAR-TO-YEAR CHANGE:**

This premise reflects a decrease in SFY 2011-12 for continued M&O and the procurement of services following the expiration of the existing BP contract.

**EXPENDITURES:**

(in 000's)

	2010-11	2011-12
	<u>CS Automation</u>	<u>CS Automation</u>
Total	\$116,752	\$94,718
Federal	77,056	62,514
State	39,696	32,204
County	0	0

## Child Support Collections Recovery Fund

### DESCRIPTION:

This premise reflects the estimated federal share of Title IV-A child support collections, which are utilized to fund the federal share of local assistance administration funds to local child support agencies.

The Child Support Collections Recovery Fund (CSCRF) includes Title IV-A and Title IV-E child support collections. The Title IV-E share of the CSCRF is reflected in the California Department of Social Services' Local Assistance budget.

### IMPLEMENTATION DATE:

This premise was implemented July 2001.

### KEY DATA/ASSUMPTIONS:

Authorizing statute: Family Code Section 17702.5.

### METHODOLOGY:

For State Fiscal Year (SFY) 2010-11 and SFY 2011-12, the CSCRF is based on the estimated sum of the federal share of child support assistance collections less the estimated sum of the federal share of foster care collections.

### FUNDING:

This premise is funded as the federal share of the Title IV-A child support collections in the Child Support Revenues, Transfers and Collections tables.

### CHANGE FROM APPROPRIATION:

This estimate was updated to reflect updated forecasts of assistance child support collections using the most recent actual data.

### REASON FOR YEAR-TO-YEAR CHANGE:

The increase in SFY 2011-12 is due to the projected increase in assistance collections.

### REVENUES:

(in 000's)

	2010-11	2011-12
	<u>Revenues</u>	<u>Revenues</u>
Total	\$203,153	\$206,873
Federal	203,153	206,873
State	0	0
County	0	0
Reimbursements	0	0

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## Child Support Program - Basic Collections

### DESCRIPTION:

This premise reflects the various sources of basic distributed child support collections that go directly to families. In addition, it reflects the amount of revenue collected on behalf of federal, state, or county governments for the recoupment of past welfare costs.

Basic collections represent the ongoing efforts of the local child support agency to collect child support payments from non-custodial parents and distribute those payments either directly to families or to federal, state, and county governments to repay past welfare costs. Besides child support payment data, significant factors that affect basic collections include minimum awards, wage assignments, and intercepts. Disregard Payments to Families are reflected as separate premises. Basic Collections include, but are not limited to, collections from the following sources: wage assignments, federal and state tax refund intercepts, unemployment insurance benefit intercepts, lien intercepts, bank levies, and payments directly from non-custodial parents, compromise of arrears program, and full collections program.

### KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare & Institutions Code Sections 11477 and 11487
- The child support payment data for assistance and non-assistance collections is based on the Child Support Monthly Report of Collections and Distributions (CS 34), and the Supplement to Monthly Report of Collections and Distribution (CS 35) for the period of July 2008 through June 2010.
- The child support collections to other states and miscellaneous collections data are based on actual data. The data is reported monthly on the CS 34 and CS 35 Reports.

### METHODOLOGY:

- Actual assistance distributed collections are reported monthly on the CS 34 and CS 35 Reports. These were used to construct a 24-month trend from July 2008 through June 2010. Seasonal adjustments were made to the data by using monthly dummy variables in the linear regression model.
- Actual non-assistance distributed collections are reported monthly on the CS 34 and CS 35 Reports. Actuals from the July 2008 through June 2010 CS 34 and CS 35 Reports were used to construct a 24-month trend. Seasonal adjustments were made to the data by using monthly dummy variables in the linear regression model.
- Assistance Collections for Other States are reported on the CS 34 and CS 35 Reports. For SFY 2010-11 and SFY 2011-12, the trend forecast rates of change for assistance collections were applied to the SFY 2009-10 actual collections to arrive at the SFY 2010-11 and SFY 2011-12 forecasts.

- Non-Assistance Collections for Other States are reported on the CS 34 and CS 35 Reports. For SFY 2010-11 and SFY 2011-12, the trend forecasts growth of non-assistance collections were applied to the SFY 2009-10 actual collections to arrive at the SFY 2010-11 and SFY 2011-12 forecasts.
- Assistance Miscellaneous Collections consists of Assistance Medical Support, Pass-On, and Excess Collections. Pass-On and Excess Collections are reported on the CS 35 Report. Medical Support is reported on the CS 34 Report. For SFY 2010-11 and SFY 2011-12, the trend forecasts rate of change for assistance collections were applied to SFY 2009-10 actual collections to arrive at the Assistance Miscellaneous Collections for SFY 2010-11 and SFY 2011-12.
- The Non-Assistance Miscellaneous Collections consist of Non-Assistance Medical Support which is reported on the CS 34 Report. For SFY 2010-11 and SFY 2011-12, the trend forecasts growth of non-assistance collections were applied to the SFY 2009-10 actual collections to arrive at the forecasted Non-Assistance Miscellaneous Collections for SFY 2010-11 and SFY 2011-12.

#### **FUNDING:**

- Collections made on behalf of non-assistance families are forwarded directly to custodial parties.
- Collections made on behalf of other states are forwarded directly to other states for distribution.
- Collections for assistance families are retained and serve as recoupment of past welfare costs.
- The assistance collections are shared between federal, state and local governments based on the Federal Medical Assistance Percentage and the non-Federal sharing ratios. See Appendix A for detail.

#### **CHANGE FROM APPROPRIATION:**

The November 2010 Estimate for SFY 2010-11 is based on 24 months of trend data from the period of July 2008 through June 2010. In addition, the methodology for the impact of disregard payments on the federal share of collections has been updated.

#### **REASON FOR YEAR-TO-YEAR CHANGE:**

The estimate for SFY 2011-12 is based on 24 months of trend data from the period of July 2008 through June 2010. Effective in SFY 2011-12, trailer bill language is proposed to amend Welfare and Institutions Code Section 11487 to shift the county share of recoupment to the State.

**COLLECTIONS:**

(in 000's)

	2010-11 <u>Collections</u>	2011-12 <u>Collections</u>
Assistance Total	\$432,841	\$441,126
Federal	203,575	207,472
State	206,304	233,654
County	22,962	0
Other	0	0
Non-Assistance	1,505,666	1,482,914
Collections For Other States		
Assistance	9,937	9,934
Non-Assistance	84,059	81,745
Miscellaneous Collections		
Assistance	20,504	20,497
Non-Assistance	1,431	1,430
Grand Total <sup>1/</sup>	\$2,054,438	\$2,037,646

1/ Grand Total does not include disregard to families or other collections described in separate premise items.

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## Disregard Payment to Families

### DESCRIPTION:

In addition to the California Work Opportunity and Responsibility to Kids grant, custodial parents also receive the first \$50 of the current month's child support payment collected from the absent parent. Forwarding the disregard portion of the collection to the family, instead of retaining it as revenue to the State, results in reduced collection revenues. Effective October 1, 2008, the Federal Deficit Reduction Act (FDRA) of 2005 allows the federal government to share in the cost of additional support collections passed-through to families.

### IMPLEMENTATION DATE:

- This premise was implemented in State Fiscal Year (SFY) 1984-85.
- The FDRA federal participation provision was implemented October 1, 2008.

### KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code Section 17504.
- The child support payment data are based on monthly Child Support Services Supplement to the CS 34 Monthly Report of Collections and Distributions (CS 35) reports, beginning with July 2008 through June 2010.
- Federal Financial Participation (FFP) is available for disregard payments of federally eligible collections.

### METHODOLOGY:

- The cost of the current \$50 disregard is reported monthly on the CS 35 reports. The disregard is paid when the current monthly child support collection is distributed.
- The forecast was generated utilizing 24 months of data from the CS 35 reports, from July 2008 through June 2010.
- The FFP in disregard was calculated by computing federally eligible disregard collections and multiplying these by 50 percent. SFY 2010-11 and SFY 2011-12 reflect full years of federal funding.
- The cost is counted toward the State's Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE) requirement.

### FUNDING:

- Beginning October 1, 2008, the federal participation in disregard became 50 percent.
- The costs are reflected in the California Department of Social Services budget as additional TANF/MOE expenditures.

- Funding source for these costs are reflected in the Department of Child Support Services collections table as “Other” to display the amount of collections paid to the families.

**CHANGE FROM APPROPRIATION:**

The estimate for SFY 2010-11 was updated to reflect the latest forecast based on the latest available actual 24 months of trend data.

**REASON FOR YEAR-TO-YEAR CHANGE:**

The estimate for SFY 2011-12 was updated to reflect the latest forecast based on the latest available actual 24 months of trend data.

**COLLECTIONS:**

(in 000's)

	2010-11 <u>Collections</u>	2011-12 <u>Collections</u>
Total	\$31,511	\$32,846
Federal	0	0
State	0	0
County	0	0
Other	31,511	32,846

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## Foster Parent Training Fund Transfer

### DESCRIPTION:

This premise reflects the Foster Parent Training Fund Transfer. Welfare and Institutions (W&I) Code Section 903.7(b) provides that the difference between the net state share of the estimated child support Foster Care (FC) collections and the base level of the FC estimated state share of total child support collections be transferred to the Foster Children and Parent Training Fund. The transfer amount is capped to not exceed \$3,000,000.

The program is administered by the community colleges, in consultation with the California State Foster Parents Association and California Department of Social Services.

### IMPLEMENTATION DATE:

This premise was implemented July 1, 1981.

### KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 903.7(b).
- The FC estimated state share of collections, based on the sum of the estimated state share of basic assistance distributed collections and the state share of all of the child support assistance collections premises, is \$7,465,771 for State Fiscal Year (SFY) 2010-11, and \$7,599,440 for SFY 2011-12.
- The FC state share of collections base level cannot exceed \$3,750,000 each year based on the W&I Code Section 903.7(b).
- Effective SFY 2002-03, the amount to be transferred to the Foster Children and Parent Training Fund in a state fiscal year cannot exceed \$3,000,000 pursuant to Assembly Bill 444 (Chapter 1022, Statutes of 2002).

### METHODOLOGY:

- The Foster Parent Training Fund Transfer estimate is the difference between the net state share of the estimated FC collections and the base level of the FC estimated state share of total collections. The total estimated state share of FC collections is \$7,465,771 for SFY 2010-11 and \$7,599,440 for SFY 2011-12. Using actual collection data from SFY 2009-10, FC collections comprise about 6.5 percent of Assistance Child Support Collections. Approximately 64 percent of FC collections were federally funded at 50 percent.

**METHODOLOGY (continued):**

- For SFY 2010-11, the net state share of FC collections, which is \$7,338,698, is the result of deducting the estimated state share of FC incentives, \$127,073, from the estimated state share of total FC collections. The base level of \$3,750,000 is then subtracted from the net share of FC collections to identify the amounts eligible for transfer to the Foster Parent Training Fund, \$3,588,698.
- For SFY 2011-12, the net state share of FC collections, which is \$6,923,329, is the result of deducting the estimated state share of FC incentives, \$676,111, from the estimated state share of total FC collections. The base level of \$3,750,000 is then subtracted from the net share of FC collections to identify the amounts eligible for transfer to the Foster Parent Training Fund, \$3,173,329.

**FUNDING:**

The amount transferred to the Foster Children and Parent Training Fund is derived from the state share of FC collections which is 100 percent State General Fund.

**CHANGE FROM APPROPRIATION:**

The estimated state share of FC collections was updated.

**REASON FOR YEAR-TO-YEAR CHANGE:**

There is no increase projected.

**REVENUES:**

(in 000's)

	2010-11 <u>Revenues</u>	2011-12 <u>Revenues</u>
Total	-\$3,000	-\$3,000
Federal	0	0
State	-3,000	-3,000
County	0	0
Reimbursements	0	0

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## Title IV-E Child Support Collections Offset

### DESCRIPTION:

This premise reflects the estimated federal share (Title IV-E) of Foster Care (FC) child support collections as determined by the Department of Child Support Services (DCSS). The DCSS is responsible for remitting to the Child Support Collection Recovery Fund (CSCRF) the federal share of FC collections as reported to the federal government. The FC child support collections offset the Title IV-E share of FC expenditures.

### IMPLEMENTATION DATE:

This premise was implemented July 1, 2000.

### KEY DATA/ASSUMPTIONS:

- Authorizing statute: Social Security Act Section 457 (6)(e)(1).
- Based on actual collection data reported on the Monthly Report of Collections and Distributions (CS 34) and the Child Support Services Supplement to the CS 34 Monthly Report of Collections and Distributions (CS 35) reports for July 2008 through June 2010, it is assumed that 6.54 percent of the total assistance child support distributed collections are FC collections and 64.17 percent of the FC collections are federally eligible.
- Effective October 1, 2003, both the current and former Title IV-E Child Support Collections reduce the federal share of FC expenditures based on federal Office of Child Support Enforcement Action Transmittal letter 03-04, dated September 26, 2003.
- The Federal Medical Assistance Percentage (FMAP) rate is assumed to be 50 percent for the period of July 1, 2009 through June 30, 2011.

### METHODOLOGY:

- For SFY 2010-11, the FC share of collections percentage (6.54 percent) was applied to the estimated collections. The result was multiplied by the federal participation rate of 64.17 percent for each premise. The FMAP rate was then applied to determine the federal share of FC collections, which resulted in a forecast of \$9,217,000.
- For SFY 2011-12, the FC share of collections percentage (6.54 percent) was applied to the estimated collections. The result was multiplied by the federal participation rate of 64.17 percent for each premise. The FMAP rate was then applied to determine the federal share of FC collections, which resulted in a forecast of \$9,394,000.

### FUNDING:

This premise identifies the Title IV-E funds remitted to the CSCRF.

**CHANGE FROM APPROPRIATION:**

For SFY 2010-11, the offset increased as a result of updating assistance collections and the percentage of federally eligible foster care collections.

**REASON FOR YEAR-TO-YEAR CHANGE:**

The increase in SFY 2011-12 reflects the forecasted decrease in FC collections.

**REVENUES:**

(in 000's)

	2010-11	2011-12
	<u>Revenues</u>	<u>Revenues</u>
Total	-\$9,217	-\$9,394
Federal	-9,217	-9,394
State	0	0
County	0	0
Reimbursements	0	0

## Never Assisted Cases Fee Recovery

### DESCRIPTION:

One of the provisions of the Federal Deficit Reduction Act (FDRA) of 2005 requires the state to pay the federal government a \$25 annual fee for families that have never received Temporary Assistance for Needy Families if at least \$500 is collected annually on their behalf. Fees may be recovered from the custodial party, the noncustodial parent or the State (using state funds). California has opted to pass the fee to the custodial party and will begin to collect the fee October 1, 2011.

### IMPLEMENTATION DATE:

This premise will be implemented October 1, 2011.

### KEY DATA/ASSUMPTIONS:

- Authorizing statute: Public Law 109-171, FDRA of 2005.
- CCSAS will begin tracking fees on October 1, 2010 and begin assessing and collecting fees on October 1, 2011.

### METHODOLOGY:

- The number of never-assisted cases with a collection is multiplied by \$25 to compute the total fees. Fees collected will be remitted to the State General Fund.

### FUNDING:

The amount reflects 100% of the \$25 annual fee estimated to be collected.

### CHANGE FROM NOVEMBER:

There is no change.

### REASON FOR YEAR-TO-YEAR CHANGE:

DCSS will begin to assess the fee to the custodial parties in SFY 2011-12.

### EXPENDITURES:

(in 000's)

	2010-11	2011-12
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$0	\$6,188
Federal	0	0
State	0	6,188
County	0	0

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## Discontinued Premises

### CHILD SUPPORT PROGRAM COSTS:

- **Dispute Resolution Grant**  
This premise is being discontinued as the grant ended in State Fiscal Year 2009-10.
- **Unallocated Legislative Reduction to California Child Support Automation System (CCSAS)**  
This premise is being discontinued as there is no unallocated legislative reduction to CCSAS in SFY 2010-11 or SFY 2011-12.
- **Reappropriation Child Support Enforcement (CSE)**  
This premise is being discontinued, as there is no CSE reappropriation budgeted for SFY 2010-11 or SFY 2011-12.

### CHILD SUPPORT PROGRAM COLLECTIONS:

- **Federal Financial Participation in Disregard**  
This premise is being discontinued, and the impact of disregard on federal and state recoupment funds will be reflected on the Disregard Payment to Families line.
- **Internal Revenue Service Stimulus Rebate**  
This premise is being discontinued as the receipt of stimulus rebates ended in September 2009.

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## Appendix A - Federal Medical Assistance Percentage (FMAP)

The assistance collections are shared based on the FMAP and the nonfederal sharing ratios. These percentages are reflected below:

<u>ASSISTANCE:</u>	July 2010 – June 2011	<u>ASSISTANCE:</u> <u>Nonfederal</u>	July 2010 – June 2011
Federal	50.00%	State	95.00%
State	47.50%	County	5.00%
County	2.50%		

<u>FOSTER CARE:</u>	July 2010 – June 2011	<u>FOSTER CARE:</u> <u>Nonfederal</u>	July 2010 – June 2011
Federal	50.00%	State	40.00%
State	20.00%	County	60.00%
County	30.00%		

<u>KinGAP:</u>	July 2010 – June 2011	<u>KinGAP:</u> <u>Nonfederal</u>	July 2010 – June 2011
Federal	50.00%	State	50.00%
State	25.00%	County	50.00%
County	25.00%		

<u>ASSISTANCE:</u>	July 2011 – June 2012	<u>ASSISTANCE:</u> <u>Nonfederal</u>	July 2011 – June 2012
Federal	50.00%	State	100.00%
State	50.00%	County	0.00%
County	0.00%		
<u>FOSTER CARE:</u>	July 2011 – June 2012	<u>FOSTER CARE:</u> <u>Nonfederal</u>	July 2011 – June 2012
Federal	50.00%	State	100.00%
State	50.00%	County	0.00%
County	0.00%		
<u>KinGAP:</u>	July 2011 – June 2012	<u>KinGAP:</u> <u>Nonfederal</u>	July 2011 – June 2012
Federal	50.00%	State	100.00%
State	50.00%	County	0.00%
County	0.00%		

## Appendix B - List of Acronyms

APDU	Advance Planning Document Update
ARRA	American Recovery and Reinvestment Act of 2009
BP	Business Partner
CalWORKs	California Work Opportunity and Responsibility to Kids
CCSAS	California Child Support Automation System
CGF	County General Funds
CSE	Child Support Enforcement
CIIP	California Insurance Intercept Project
CSCRF	Child Support Collections Recovery Fund
DCSS	Department of Child Support Services
ERP	Economic Recovery Payment
FC	Family Code / Foster Care
FDRA	Federal Deficit Reduction Act of 2005
FFP	Federal Financial Participation
FFY	Federal Fiscal Year
FMAP	Federal Medical Assistance Percentage
FTB	Franchise Tax Board
HR	House of Representatives
IRS	Internal Revenue Service
KinGAP	Kinship Guardianship Assistance Payment
LCSA	Local Child Support Agency
M&O	Maintenance and Operations
OCSE	Office of Child Support Enforcement
PEP	Paternity Establishment Percentage
PL	Public Law
SDU	State Disbursement Unit

SGF	State General Fund
SFY	State Fiscal Year
SME	Subject Matter Expert
SP	Service Provider
TANF/MOE	Temporary Assistance for Needy Families/Maintenance of Effort
UIB	Unemployment Insurance Benefits
W & I Code	Welfare and Institutions Code

## Non IV-D Child Support Collections

### DESCRIPTION:

Pursuant to Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 requires that Department of Child Support Services establish and operate a State Disbursement Unit (SDU) for the collection and disbursement of payments for: 1) orders in IV-D cases, and 2) orders in Non IV-D cases for which the support order was initially issued on or after January 1, 1994, and in which the income of the non-custodial parent is subject to withholding.

This premise reflects the estimated Non IV-D child support collections collected through the California Child Support Automation System (CCSAS)-SDU. Non IV-D child support collections are cases with court-ordered wage assignments that are not being served by the Local Child Support Agencies.

### IMPLEMENTATION DATE:

This premise was implemented as part of the CCSAS–SDU, effective July 2006.

### KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 10080, Family Code Section 17309, and Code of Civil Procedure Section 706.030 (6).
- It is assumed that Non IV-D child support collections collected through court-ordered wage withholding orders will be processed through the SDU and distributed to the families.
- This Non IV-D child support payment data is based on the Child Support Monthly Report of Collections and Distributions (CS 34).

### METHODOLOGY:

- Actual Non IV-D collections are reported monthly on the CS 34 report. Actual Non IV-D collections from July 2009 through June 2010 were used to forecast the annual Non IV-D collections amounts for SFY 2010-11 of \$199,080,000 and \$202,866,000 for SFY 2011-12. Seasonal adjustments were made to the data by using monthly dummy variables in the linear regression model.

### FUNDING:

- Non IV-D collections are distributed 100 percent to the families.

**CHANGE FROM APPROPRIATION:**

The change reflects updated projections using the most recent actual 24 months of data.

**REASON FOR YEAR-TO-YEAR CHANGE:**

The 24 month data trend is projecting an increase in SFY 2011-12.

**COLLECTIONS:**

(in 000's)

	2010-11	2011-12
	<u>Collections</u>	<u>Collections</u>
Total	\$199,080	\$202,866
Federal	0	0
State	0	0
County	0	0
Other	199,080	202,866

**TABLE COMPARISON**  
**Non IV-D CHILD SUPPORT COLLECTIONS 1/**  
(in thousands)

		2010-11 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2010-11 NOV ESTIMATE				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
<b>2010-11 APPROPRIATION TO 2010-11 NOV ESTIMATE</b>																
1	Non IV-D CHILD SUPPORT COLLECTIONS	217,713	0	0	0	217,713	-18,633	0	0	0	-18,633	199,080	0	0	0	199,080
		2010-11 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2011-12 GOVERNOR'S BUDGET				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
<b>2010-11 APPROPRIATION TO 2011-12 GOVERNOR'S BUDGET</b>																
2	Non IV-D CHILD SUPPORT COLLECTIONS	217,713	0	0	0	217,713	-14,847	0	0	0	-14,847	202,866	0	0	0	202,866
		2010-11 NOV ESTIMATE					ADJUSTMENTS/DIFFERENCES					2011-12 GOVERNOR'S BUDGET				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
<b>2010-11 NOVEMBER ESTIMATE TO 2011-12 GOVERNOR'S BUDGET</b>																
3	Non IV-D CHILD SUPPORT COLLECTIONS	199,080	0	0	0	199,080	3,786	0	0	0	3,786	202,866	0	0	0	202,866

1/ Non IV-D Child Support Collections are from court ordered wage assignment cases paid to the families, which are not handled through the local child support agencies but rather through the State Disbursement Unit.

2/ Other reflects collections that are paid to families.