

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

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



TO: RECIPIENTS OF THE MAY 2012 REVISION OF THE
2012-13 GOVERNOR'S BUDGET

FROM: KIM SHARP, Budget Officer
Budget and Procurement Branch

DATE: May 14, 2012

SUBJECT: LOCAL ASSISTANCE ESTIMATES

This memorandum transmits the May 2012 Revision to the 2012-13 Governor's Budget local assistance estimates for the California Department of Child Support Services (DCSS).

The May 2012 Revision updates the DCSS local assistance budget for State Fiscal Year (SFY) 2011-12 and SFY 2012-13. It provides estimates of the administrative costs for the local child support agencies and a detailed methodology for each estimate. The total administrative costs for local assistance are estimated to be \$865.0 million (\$269.1 million State General fund (SGF)) for SFY 2011-12 and \$842.8 million (\$261.7 million SGF) for SFY 2012-13.

The estimate for child support distributed collections and miscellaneous revenues for SFY 2011-12 and SFY 2012-13 is also updated. Total child support distributed collections and revenues are projected to be \$2.3 billion (\$244.8 million SGF) for SFY 2011-12 and \$2.3 billion (\$247.9 million SGF) for SFY 2012-13.

Also included is an Auxiliary Tables section that consists of charts reflecting historical and projected data on child support collections, federal performance measures, State Disbursement Unit transactions, and the federal alternative penalty. For convenience, a list of acronyms is included in the Premise Methodologies section.

The material contained in the May 2012 Revision package will also be available on the DCSS website: <http://www.childsup.ca.gov>. Should you have any questions, please contact the Budget and Procurement Branch at (916) 464-5177.

**CHILD SUPPORT PROGRAM
COST COMPARISONS**

TABLE OF CONTENTS

CURRENT YEAR COMPARISONS:

Table 1. 2011-12 Appropriation to 2011-12 May Revise	App CY – May CY
Table 2. 2011-12 November Estimate to 2011-12 May Revise	Nov CY – May CY

BUDGET YEAR COMPARISONS:

Table 3. 2011-12 May Revise to 2012-13 May Revise	May CY – May BY
Table 4. 2012-13 Governor's Budget to 2012-13 May Revise.....	Gov BY – May BY

TABLE NUMBER 1
COST COMPARISON OF
2011-12 APPROPRIATION TO 2011-12 MAY REVISION
(in thousands)

Budget Item 5175-101	2011-12 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2011-12 MAY REVISE				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	866,627	582,265	270,762	13,600	0	-1,661	0	-1,661	0	0	864,966	582,265	269,101	13,600	0
a Local Assistance Child Support Services *	659,754	375,392	270,762	13,600	0	-1,738	-77	-1,661	0	0	658,016	375,315	269,101	13,600	0
b Child Support Collections Recovery Fund *	206,873	206,873	0	0	0	77	77	0	0	0	206,950	206,950	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	762,804	513,743	235,461	13,600	0	-1,661	0	-1,661	0	0	761,143	513,743	233,800	13,600	0
3 Local Child Support Agency Basic Costs	758,713	513,739	231,374	13,600	0	0	0	0	0	0	758,713	513,739	231,374	13,600	0
a Administration	660,967	435,963	225,004	0	0	0	0	0	0	0	660,967	435,963	225,004	0	0
b Federal Performance Basic Incentives	39,011	39,011	0	0	0	0	0	0	0	0	39,011	39,011	0	0	0
c 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
d 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 (for emancipated minors only)	7	4	3	0	0	0	0	0	0	0	7	4	3	0	0
5 Deficit Reduction Act - Mandatory Fee	4,084	0	4,084	0	0	-1,661	0	-1,661	0	0	2,423	0	2,423	0	0
6 CHILD SUPPORT AUTOMATION 10.03	103,823	68,522	35,301	0	0	0	0	0	0	0	103,823	68,522	35,301	0	0
7 California Child Support Automation System - SDU	19,446	12,833	6,613	0	0	0	0	0	0	0	19,446	12,833	6,613	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)	19,151	12,638	6,513	0	0	0	0	0	0	0	19,151	12,638	6,513	0	0
8 California Child Support Automation System - CSE	84,377	55,689	28,688	0	0	0	0	0	0	0	84,377	55,689	28,688	0	0
a CSE - STATE	46,352	30,593	15,759	0	0	0	0	0	0	0	46,352	30,593	15,759	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.

TABLE NUMBER 2
COST COMPARISON OF
2011-12 NOVEMBER ESTIMATE TO 2011-12 MAY REVISION
(in thousands)

Budget Item 5175-101	2011-12 NOVEMBER ESTIMATE					ADJUSTMENTS/DIFFERENCES					2011-12 MAY REVISE				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	864,966	582,265	269,101	13,600	0	0	0	0	0	0	864,966	582,265	269,101	13,600	0
a Local Assistance Child Support Services *	647,841	365,140	269,101	13,600	0	10,175	10,175	0	0	0	658,016	375,315	269,101	13,600	0
b Child Support Collections Recovery Fund *	217,125	217,125	0	0	0	-10,175	-10,175	0	0	0	206,950	206,950	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	761,143	513,743	233,800	13,600	0	0	0	0	0	0	761,143	513,743	233,800	13,600	0
3 Local Child Support Agency Basic Costs	758,713	513,739	231,374	13,600	0	0	0	0	0	0	758,713	513,739	231,374	13,600	0
a Administration	660,967	435,963	225,004	0	0	0	0	0	0	0	660,967	435,963	225,004	0	0
b Federal Performance Basic Incentives	39,011	39,011	0	0	0	0	0	0	0	0	39,011	39,011	0	0	0
c 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
d 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 (for emancipated minors only)	7	4	3	0	0	0	0	0	0	0	7	4	3	0	0
5 Deficit Reduction Act - Mandatory Fee	2,423	0	2,423	0	0	0	0	0	0	0	2,423	0	2,423	0	0
6 CHILD SUPPORT AUTOMATION 10.03	103,823	68,522	35,301	0	0	0	0	0	0	0	103,823	68,522	35,301	0	0
7 California Child Support Automation System - SDU	19,446	12,833	6,613	0	0	0	0	0	0	0	19,446	12,833	6,613	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)	19,151	12,638	6,513	0	0	0	0	0	0	0	19,151	12,638	6,513	0	0
8 California Child Support Automation System - CSE	84,377	55,689	28,688	0	0	0	0	0	0	0	84,377	55,689	28,688	0	0
a CSE - STATE	46,352	30,593	15,759	0	0	0	0	0	0	0	46,352	30,593	15,759	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.

TABLE NUMBER 3
COST COMPARISON OF
2011-12 MAY REVISION TO 2012-13 MAY REVISION
(in thousands)

Budget Item 5175-101	2011-12 MAY REVISE					ADJUSTMENTS/DIFFERENCES					2012-13 MAY REVISE				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	864,966	582,265	269,101	13,600	0	-22,127	-14,699	-7,428	0	0	842,839	567,566	261,673	13,600	0
a Local Assistance Child Support Services *	658,016	375,315	269,101	13,600	0	-24,787	-17,359	-7,428	0	0	633,229	357,956	261,673	13,600	0
b Child Support Collections Recovery Fund *	206,950	206,950	0	0	0	2,660	2,660	0	0	0	209,610	209,610	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	761,143	513,743	233,800	13,600	0	-14,706	-9,803	-4,903	0	0	746,437	503,940	228,897	13,600	0
3 Local Child Support Agency Basic Costs	758,713	513,739	231,374	13,600	0	-14,706	-9,803	-4,903	0	0	744,007	503,936	226,471	13,600	0
a Administration	660,967	435,963	225,004	0	0	-14,420	-9,517	-4,903	0	0	646,547	426,446	220,101	0	0
b Federal Performance Basic Incentives	39,011	39,011	0	0	0	-286	-286	0	0	0	38,725	38,725	0	0	0
c 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
d 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 (for emancipated minors only)	7	4	3	0	0	0	0	0	0	0	7	4	3	0	0
5 Deficit Reduction Act - Mandatory Fee	2,423	0	2,423	0	0	0	0	0	0	0	2,423	0	2,423	0	0
6 CHILD SUPPORT AUTOMATION 10.03	103,823	68,522	35,301	0	0	-7,421	-4,896	-2,525	0	0	96,402	63,626	32,776	0	0
7 California Child Support Automation System - SDU	19,446	12,833	6,613	0	0	-4,480	-2,955	-1,525	0	0	14,966	9,878	5,088	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)	19,151	12,638	6,513	0	0	-4,480	-2,955	-1,525	0	0	14,671	9,683	4,988	0	0
8 California Child Support Automation System - CSE	84,377	55,689	28,688	0	0	-2,941	-1,941	-1,000	0	0	81,436	53,748	27,688	0	0
a CSE - STATE	46,352	30,593	15,759	0	0	-2,941	-1,941	-1,000	0	0	43,411	28,652	14,759	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.

TABLE NUMBER 4
COST COMPARISON OF
2012-13 GOVERNOR'S BUDGET TO 2012-13 MAY REVISE
(in thousands)

Budget Item 5175-101	2012-13 GOVERNOR'S BUDGET					ADJUSTMENTS/DIFFERENCES					2012-13 MAY REVISE				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	860,486	579,576	267,310	13,600	0	-17,647	-12,010	-5,637	0	0	842,839	567,566	261,673	13,600	0
a Local Assistance Child Support Services *	634,865	353,955	267,310	13,600	0	-1,636	4,001	-5,637	0	0	633,229	357,956	261,673	13,600	0
b Child Support Collections Recovery Fund *	225,621	225,621	0	0	0	-16,011	-16,011	0	0	0	209,610	209,610	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	761,143	514,009	233,534	13,600	0	-14,706	-10,069	-4,637	0	0	746,437	503,940	228,897	13,600	0
3 Local Child Support Agency Basic Costs	758,713	514,005	231,108	13,600	0	-14,706	-10,069	-4,637	0	0	744,007	503,936	226,471	13,600	0
a Administration	660,186	435,448	224,738	0	0	-13,639	-9,002	-4,637	0	0	646,547	426,446	220,101	0	0
b Federal Performance Basic Incentives	39,792	39,792	0	0	0	-1,067	-1,067	0	0	0	38,725	38,725	0	0	0
c 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
d 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 (for emancipated minors only)	7	4	3	0	0	0	0	0	0	0	7	4	3	0	0
5 Deficit Reduction Act - Mandatory Fee	2,423	0	2,423	0	0	0	0	0	0	0	2,423	0	2,423	0	0
6 CHILD SUPPORT AUTOMATION 10.03	99,343	65,567	33,776	0	0	-2,941	-1,941	-1,000	0	0	96,402	63,626	32,776	0	0
7 California Child Support Automation System - SDU	14,966	9,878	5,088	0	0	0	0	0	0	0	14,966	9,878	5,088	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)	14,671	9,683	4,988	0	0	0	0	0	0	0	14,671	9,683	4,988	0	0
8 California Child Support Automation System - CSE	84,377	55,689	28,688	0	0	-2,941	-1,941	-1,000	0	0	81,436	53,748	27,688	0	0
a CSE - STATE	46,352	30,593	15,759	0	0	-2,941	-1,941	-1,000	0	0	43,411	28,652	14,759	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.

**CHILD SUPPORT PROGRAM
REVENUE AND COLLECTIONS COMPARISONS**

TABLE OF CONTENTS

CURRENT YEAR COMPARISONS:

Table 1. 2011-12 Appropriation to 2011-12 May Revise	App CY – May CY
Table 2. 2011-12 November Estimate to 2011-12 May Revise	Nov CY – May CY

BUDGET YEAR COMPARISONS:

Table 3. 2011-12 May Revise to 2012-13 May Revise	May CY – May BY
Table 4. 2012-13 Governor’s Budget to 2012-13 May Revise	Gov BY – May BY

TABLE NUMBER 1
REVENUE AND COLLECTIONS COMPARISON OF
2011-12 APPROPRIATION TO THE 2011-12 MAY REVISION
(in thousands)

	2011-12 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2011-12 MAY 2012 REVISE				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,313,405	214,463	256,320	0	1,842,622	-49,453	-7,513	-11,480	0	-30,460	2,263,952	206,950	244,840	0	1,812,162
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,320,407	224,653	253,132	0	1,842,622	-49,934	-7,931	-11,543	0	-30,460	2,270,473	216,722	241,589	0	1,812,162
3 Child Support Assistance Collections	543,911	224,653	253,132	0	66,126	-27,195	-7,931	-11,543	0	-7,721	516,716	216,722	241,589	0	58,405
4 Basic Collections	459,085	215,858	218,802	24,425	0	-19,754	-8,111	-9,857	-1,786	0	439,331	207,747	208,945	22,639	0
5 County Collections Shift	0	0	25,418	-25,418	0	0	0	-1,467	1,467	0	0	0	23,951	-23,951	0
6 Disregard Payments to Families	33,915	0	0	0	33,915	-685	0	0	0	-685	33,230	0	0	0	33,230
7 Collections for Other States - Assistance	10,515	0	0	0	10,515	-2,073	0	0	0	-2,073	8,442	0	0	0	8,442
8 Miscellaneous Collections - Assistance	21,696	0	0	0	21,696	-4,963	0	0	0	-4,963	16,733	0	0	0	16,733
9 Revenue Stabilization Adjustment- Assistance	18,700	8,795	8,912	993	0	280	180	-219	319	0	18,980	8,975	8,693	1,312	0
10 Child Support NonAssistance Collections	1,776,496	0	0	0	1,776,496	-22,739	0	0	0	-22,739	1,753,757	0	0	0	1,753,757
11 Basic Collections	1,576,939	0	0	0	1,576,939	-22,658	0	0	0	-22,658	1,554,281	0	0	0	1,554,281
12 Collections for Other States - NonAssistance	85,363	0	0	0	85,363	1,533	0	0	0	1,533	86,896	0	0	0	86,896
13 Miscellaneous Collections - NonAssistance	1,494	0	0	0	1,494	203	0	0	0	203	1,697	0	0	0	1,697
14 Revenue Stabilization Adjustment- NonAssistance	112,700	0	0	0	112,700	-1,817	0	0	0	-1,817	110,883	0	0	0	110,883
15 REVENUES AND TRANSFERS	-7,002	-10,190	3,188	0	0	481	418	63	0	0	-6,521	-9,772	3,251	0	0
16 Foster Parent Training Fund Transfer	-3,000	0	-3,000	0	0	3,000	0	3,000	0	0	0	0	0	0	0
17 Title IV-E Child Support Collections Recovery Fund	-10,190	-10,190	0	0	0	418	418	0	0	0	-9,772	-9,772	0	0	0
18 Never Assisted Cases Fee Recovery	6,188	0	6,188	0	0	-2,937	0	-2,937	0	0	3,251	0	3,251	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
2011-12 NOVEMBER ESTIMATE TO THE 2011-12 MAY REVISION
(in thousands)

	2011-12 NOVEMBER ESTIMATE					ADJUSTMENTS/DIFFERENCES					2011-12 MAY 2012 REVISE				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,298,834	217,125	253,716	0	1,827,993	-34,882	-10,175	-8,876	0	-15,831	2,263,952	206,950	244,840	0	1,812,162
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,308,835	227,377	253,465	0	1,827,993	-38,362	-10,655	-11,876	0	-15,831	2,270,473	216,722	241,589	0	1,812,162
3 Child Support Assistance Collections	541,702	227,377	253,465	0	60,860	-24,986	-10,655	-11,876	0	-2,455	516,716	216,722	241,589	0	58,405
4 Basic Collections	461,862	218,402	219,314	24,146	0	-22,531	-10,655	-10,369	-1,507	0	439,331	207,747	208,945	22,639	0
5 County Collections Shift	0	0	25,458	-25,458	0	0	0	-1,507	1,507	0	0	0	23,951	-23,951	0
6 Disregard Payments to Families	34,447	0	0	0	34,447	-1,217	0	0	0	-1,217	33,230	0	0	0	33,230
7 Collections for Other States - Assistance	8,857	0	0	0	8,857	-415	0	0	0	-415	8,442	0	0	0	8,442
8 Miscellaneous Collections - Assistance	17,556	0	0	0	17,556	-823	0	0	0	-823	16,733	0	0	0	16,733
9 Revenue Stabilization Adjustment- Assistance	18,980	8,975	8,693	1,312	0	0	0	0	0	0	18,980	8,975	8,693	1,312	0
10 Child Support NonAssistance Collections	1,767,133	0	0	0	1,767,133	-13,376	0	0	0	-13,376	1,753,757	0	0	0	1,753,757
11 Basic Collections	1,566,981	0	0	0	1,566,981	-12,700	0	0	0	-12,700	1,554,281	0	0	0	1,554,281
12 Collections for Other States - NonAssistance	87,559	0	0	0	87,559	-663	0	0	0	-663	86,896	0	0	0	86,896
13 Miscellaneous Collections - NonAssistance	1,710	0	0	0	1,710	-13	0	0	0	-13	1,697	0	0	0	1,697
14 Revenue Stabilization Adjustment- NonAssistance	110,883	0	0	0	110,883	0	0	0	0	0	110,883	0	0	0	110,883
15 REVENUES AND TRANSFERS	-10,001	-10,252	251	0	0	3,480	480	3,000	0	0	-6,521	-9,772	3,251	0	0
16 Foster Parent Training Fund Transfer	-3,000	0	-3,000	0	0	3,000	0	3,000	0	0	0	0	0	0	0
17 Title IV-E Child Support Collections Recovery Fund	-10,252	-10,252	0	0	0	480	480	0	0	0	-9,772	-9,772	0	0	0
18 Never Assisted Cases Fee Recovery	3,251	0	3,251	0	0	0	0	0	0	0	3,251	0	3,251	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
2011-12 MAY REVISION TO THE 2012-13 MAY REVISION
(in thousands)

	2011-12 MAY 2012 REVISE					ADJUSTMENTS/DIFFERENCES					2012-13 MAY 2012 REVISE				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,263,952	206,950	244,840	0	1,812,162	9,255	2,660	3,047	0	3,548	2,273,207	209,610	247,887	0	1,815,710
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,270,473	216,722	241,589	0	1,812,162	9,329	2,734	3,047	0	3,548	2,279,802	219,456	244,636	0	1,815,710
3 Child Support Assistance Collections	516,716	216,722	241,589	0	58,405	6,092	2,734	3,047	0	311	522,808	219,456	244,636	0	58,716
4 Basic Collections	439,331	207,747	208,945	22,639	0	5,781	2,734	-4,946	7,993	0	445,112	210,481	203,999	30,632	0
5 County Collections Shift	0	0	23,951	-23,951	0	0	0	7,993	-7,993	0	0	0	31,944	-31,944	0
6 Disregard Payments to Families	33,230	0	0	0	33,230	110	0	0	0	110	33,340	0	0	0	33,340
7 Collections for Other States - Assistance	8,442	0	0	0	8,442	67	0	0	0	67	8,509	0	0	0	8,509
8 Miscellaneous Collections - Assistance	16,733	0	0	0	16,733	134	0	0	0	134	16,867	0	0	0	16,867
9 Revenue Stabilization Adjustment- Assistance	18,980	8,975	8,693	1,312	0	0	0	0	0	0	18,980	8,975	8,693	1,312	0
10 Child Support NonAssistance Collections	1,753,757	0	0	0	1,753,757	3,237	0	0	0	3,237	1,756,994	0	0	0	1,756,994
11 Basic Collections	1,554,281	0	0	0	1,554,281	3,073	0	0	0	3,073	1,557,354	0	0	0	1,557,354
12 Collections for Other States - NonAssistance	86,896	0	0	0	86,896	161	0	0	0	161	87,057	0	0	0	87,057
13 Miscellaneous Collections - NonAssistance	1,697	0	0	0	1,697	3	0	0	0	3	1,700	0	0	0	1,700
14 Revenue Stabilization Adjustment- NonAssistance	110,883	0	0	0	110,883	0	0	0	0	0	110,883	0	0	0	110,883
15 REVENUES AND TRANSFERS	-6,521	-9,772	3,251	0	0	-74	-74	0	0	0	-6,595	-9,846	3,251	0	0
16 Foster Parent Training Fund Transfer	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Title IV-E Child Support Collections Recovery Fund	-9,772	-9,772	0	0	0	-74	-74	0	0	0	-9,846	-9,846	0	0	0
18 Never Assisted Cases Fee Recovery	3,251	0	3,251	0	0	0	0	0	0	0	3,251	0	3,251	0	0

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

TABLE NUMBER 4
REVENUE AND COLLECTIONS COMPARISON OF
2012-13 GOVERNOR'S BUDGET TO THE 2012-13 MAY REVISION
(in thousands)

	2012-13 GOVERNOR'S BUDGET					ADJUSTMENTS/DIFFERENCES					2012-13 MAY 2012 REVISE				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,340,536	225,621	263,635	0	1,851,280	-67,329	-16,011	-15,748	0	-35,570	2,273,207	209,610	247,887	0	1,815,710
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,350,938	236,274	263,384	0	1,851,280	-71,136	-16,818	-18,748	0	-35,570	2,279,802	219,456	244,636	0	1,815,710
3 Child Support Assistance Collections	564,417	236,274	263,384	0	64,759	-41,609	-16,818	-18,748	0	-6,043	522,808	219,456	244,636	0	58,716
4 Basic Collections	480,678	227,299	220,161	33,218	0	-35,566	-16,818	-16,162	-2,586	0	445,112	210,481	203,999	30,632	0
5 County Collections Shift	0	0	34,530	-34,530	0	0	0	-2,586	2,586	0	0	0	31,944	-31,944	0
6 Disregard Payments to Families	37,312	0	0	0	37,312	-3,972	0	0	0	-3,972	33,340	0	0	0	33,340
7 Collections for Other States - Assistance	9,204	0	0	0	9,204	-695	0	0	0	-695	8,509	0	0	0	8,509
8 Miscellaneous Collections - Assistance	18,243	0	0	0	18,243	-1,376	0	0	0	-1,376	16,867	0	0	0	16,867
9 Revenue Stabilization Adjustment- Assistance	18,980	8,975	8,693	1,312	0	0	0	0	0	0	18,980	8,975	8,693	1,312	0
10 Child Support NonAssistance Collections	1,786,521	0	0	0	1,786,521	-29,527	0	0	0	-29,527	1,756,994	0	0	0	1,756,994
11 Basic Collections	1,585,390	0	0	0	1,585,390	-28,036	0	0	0	-28,036	1,557,354	0	0	0	1,557,354
12 Collections for Other States - NonAssistance	88,520	0	0	0	88,520	-1,463	0	0	0	-1,463	87,057	0	0	0	87,057
13 Miscellaneous Collections - NonAssistance	1,728	0	0	0	1,728	-28	0	0	0	-28	1,700	0	0	0	1,700
14 Revenue Stabilization Adjustment- NonAssistance	110,883	0	0	0	110,883	0	0	0	0	0	110,883	0	0	0	110,883
15 REVENUES AND TRANSFERS	-10,402	-10,653	251	0	0	3,807	807	3,000	0	0	-6,595	-9,846	3,251	0	0
16 Foster Parent Training Fund Transfer	-3,000	0	-3,000	0	0	3,000	0	3,000	0	0	0	0	0	0	0
17 Title IV-E Child Support Collections Recovery Fund	-10,653	-10,653	0	0	0	807	807	0	0	0	-9,846	-9,846	0	0	0
18 Never Assisted Cases Fee Recovery	3,251	0	3,251	0	0	0	0	0	0	0	3,251	0	3,251	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**

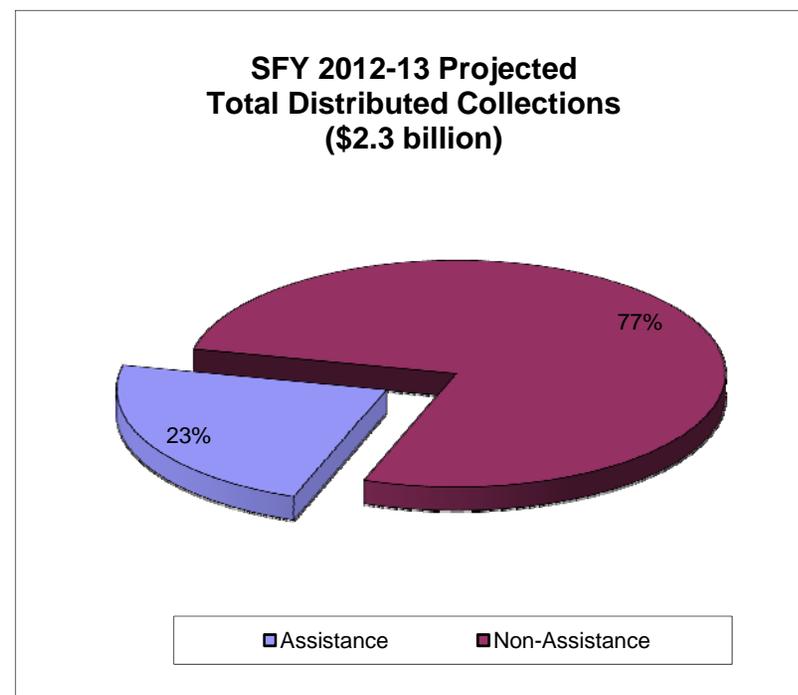
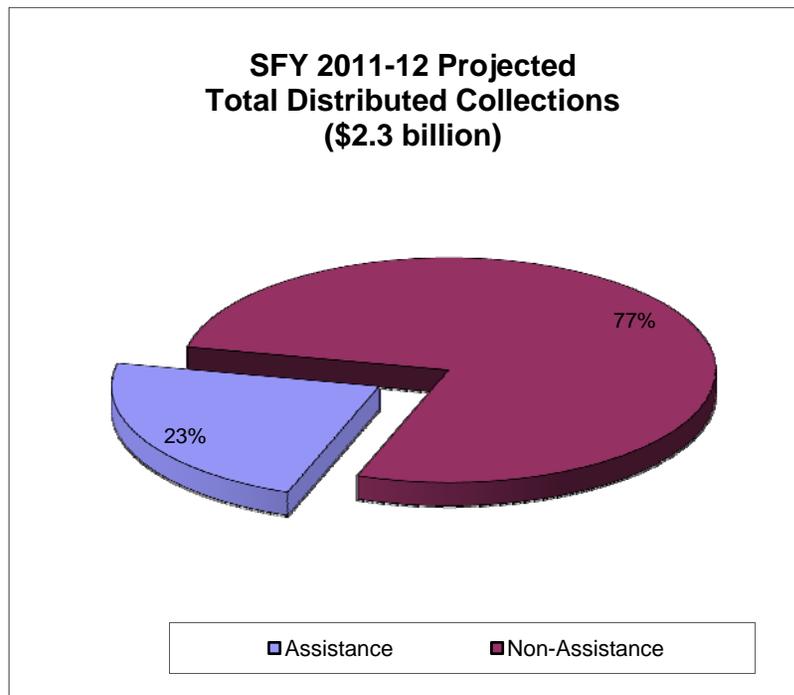
TABLE OF CONTENTS

Total Projected Distributed Collections for State Fiscal Years 2011-12 and 2012-13	A-1
Total Distributed Collections for State Fiscal Years 2001-02 through 2012-13	A-2
Total Distributed Collections for Federal Fiscal Years 2001 through 2011	A-3
Basic Assistance Trend Collections Forecast Comparison	A-4
Basic Assistance Collections Trend Line	A-5
Basic Non-Assistance Trend Collections Forecast Comparison	A-6
Basic Non-Assistance Collections Trend Line	A-7
Total Collections Received by Source for State Fiscal Year 2010-11	A-8
Historical Total Collections Received by Source	A-9
State Disbursement Unit Credit Card and Help Desk Trend Lines.....	A-10
State Disbursement Unit Collections, Disbursements and Postage Trend Lines.....	A-11
Historical Incentive Performance Measures	A-12
Alternative Federal Penalty	A-13

TOTAL PROJECTED DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2011-12 and 2012-13

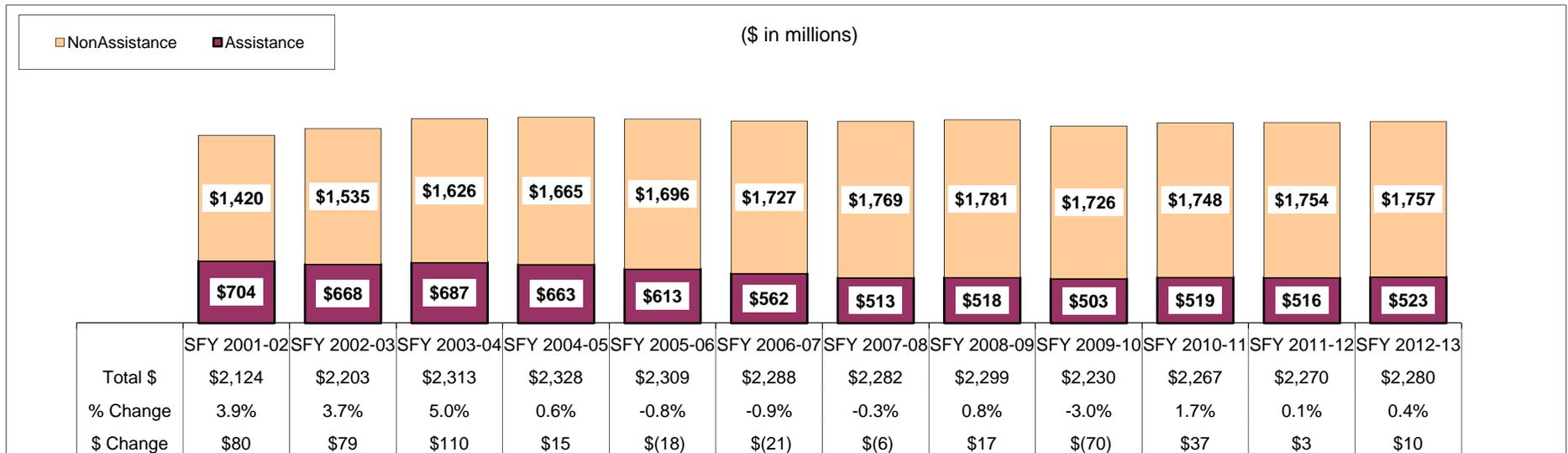
The charts below display California's projected State Fiscal Year (SFY) 2011-12 (\$2.3 billion) and SFY 2012-13 (\$2.3 billion) child support total collections that are distributed to the federal, state and county government as revenue (**Assistance**) and directly to families (**Non-Assistance**).

- **Assistance Collections (\$516.7 million SFY 2011-12, \$522.8 million SFY 2012-13)** are revenue to government entities which reflects basic collections and other collections. Basic Collections (\$439.3 million SFY 2011-12, \$445.1 million SFY 2012-13) are the ongoing efforts of the Local Child Support Agencies (LCSAs) to collect child support payments from non-custodial parents. Other Collections (\$77.4 million SFY 2011-12 and \$77.7 million SFY 2012-13) 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 (\$1.8 billion SFY 2011-12, \$1.8 billion SFY 2012-13)** are collections that are made on behalf of families and sent directly to them. These collections are comprised of Basic Collections (\$1.6 billion SFY 2011-12, \$1.6 billion SFY 2012-13) and Other Collections (\$199.5 million SFY 2011-12, \$199.6 million SFY 2012-13).



TOTAL DISTRIBUTED COLLECTIONS ^{1/} FOR STATE FISCAL YEARS 2001-02 through 2012-13

Total child support distributed collections have grown from \$2.1 billion in State Fiscal Year (SFY) 2001-02 to a projected level of \$2.3 billion in SFY 2012-13. 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.

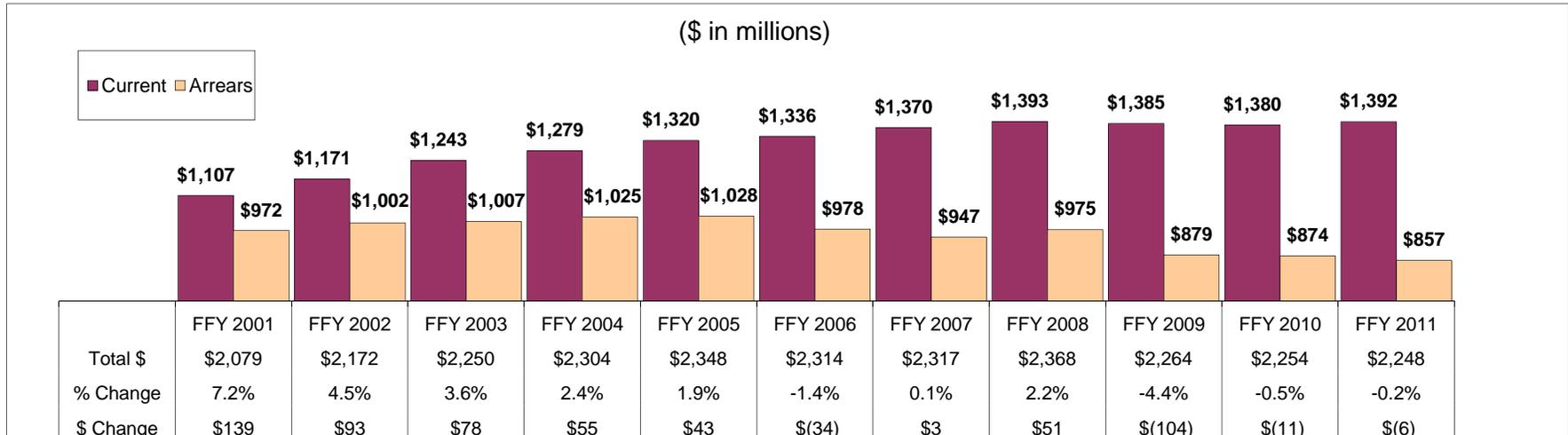


Source: The collections data for SFY 2001-02 are from the CS 800 and 820 reports.
The collections data for SFY 2002-03 through SFY 2010-11 are from the CS 34 and CS 35 reports.
CS 800 and 820 reports were revised into CS 34 and CS 35 reports.
The SFY 2011-12 and SFY 2012-13 projections are based on the 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 ^{1/} FOR FEDERAL FISCAL YEARS 2001 through 2011

Total child support distributed collections have grown from \$2.1 billion in Federal Fiscal Year (FFY) 2001 to \$2.2 billion in FFY 2011. 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 2011 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 ^{1/} FORECAST COMPARISON

The current estimate is forecasting a decrease of 0.8% for State Fiscal Year (SFY) 2011-12 and an increase of 0.5% for SFY 2012-13 over SFY 2010-11 actual collections. This is based on the most current 12 months of actual data.

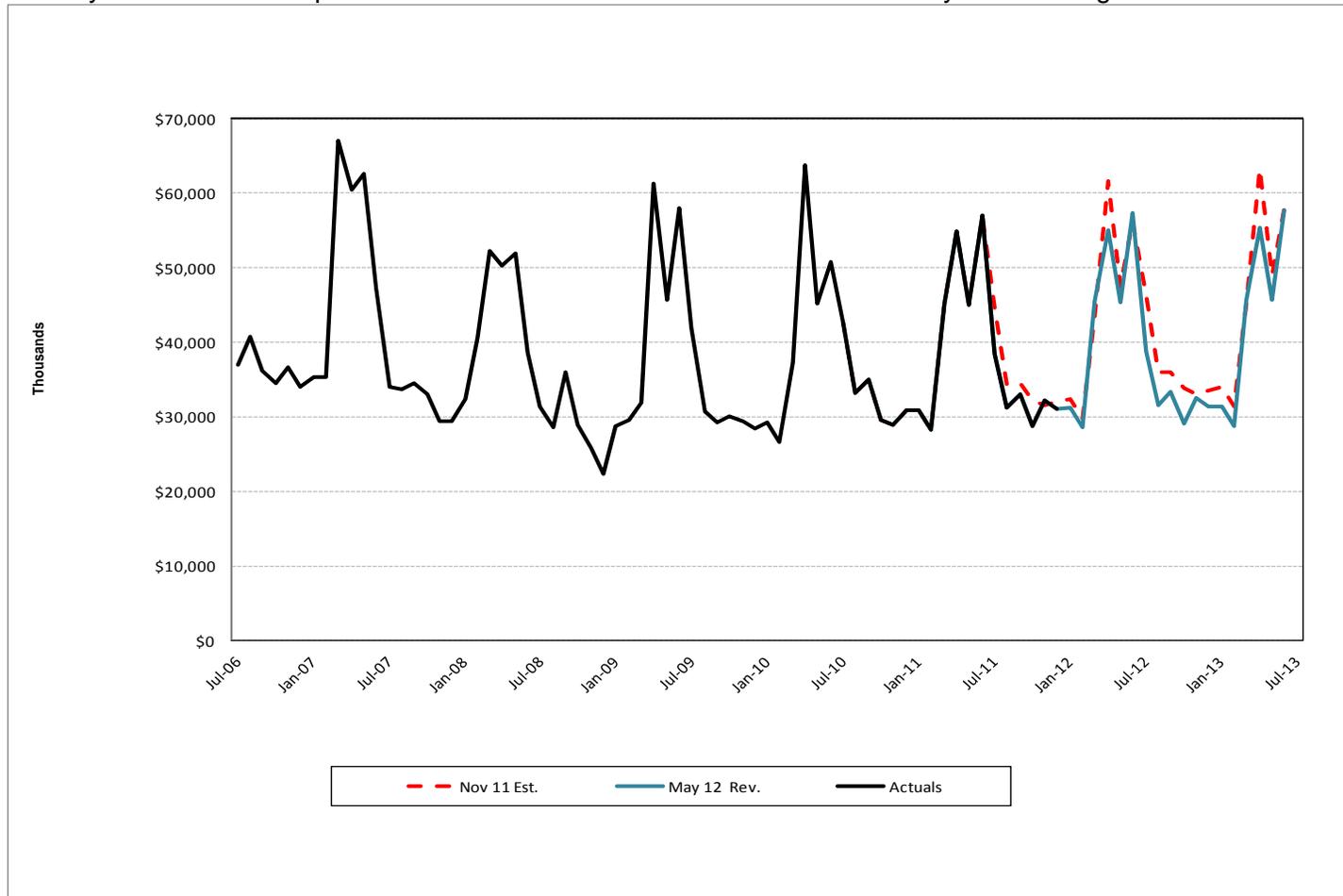
	SFY 2010-11	Forecast SFY 2011-12	Forecast SFY 2012-13
Actual	\$443,064		
May 2012 Revision		\$439,331	\$445,112
Difference from Actual		-0.8%	0.5%
November 2011 Estimate		\$461,862	\$480,678
Difference from Prior Forecast		-4.9%	-7.4%

(\$ in thousands)

^{1/} 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 May 2012 forecast depicted below used 12 months of actual data: January 2011 through December 2011.



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 ^{1/} FORECAST COMPARISON

The current estimate is forecasting an increase of 0.4% for State Fiscal Year (SFY) 2011-12 and an increase of 0.6% for SFY 2012-13 over SFY 2010-11 actual collections. This is based on the most current 24 months of actual data.

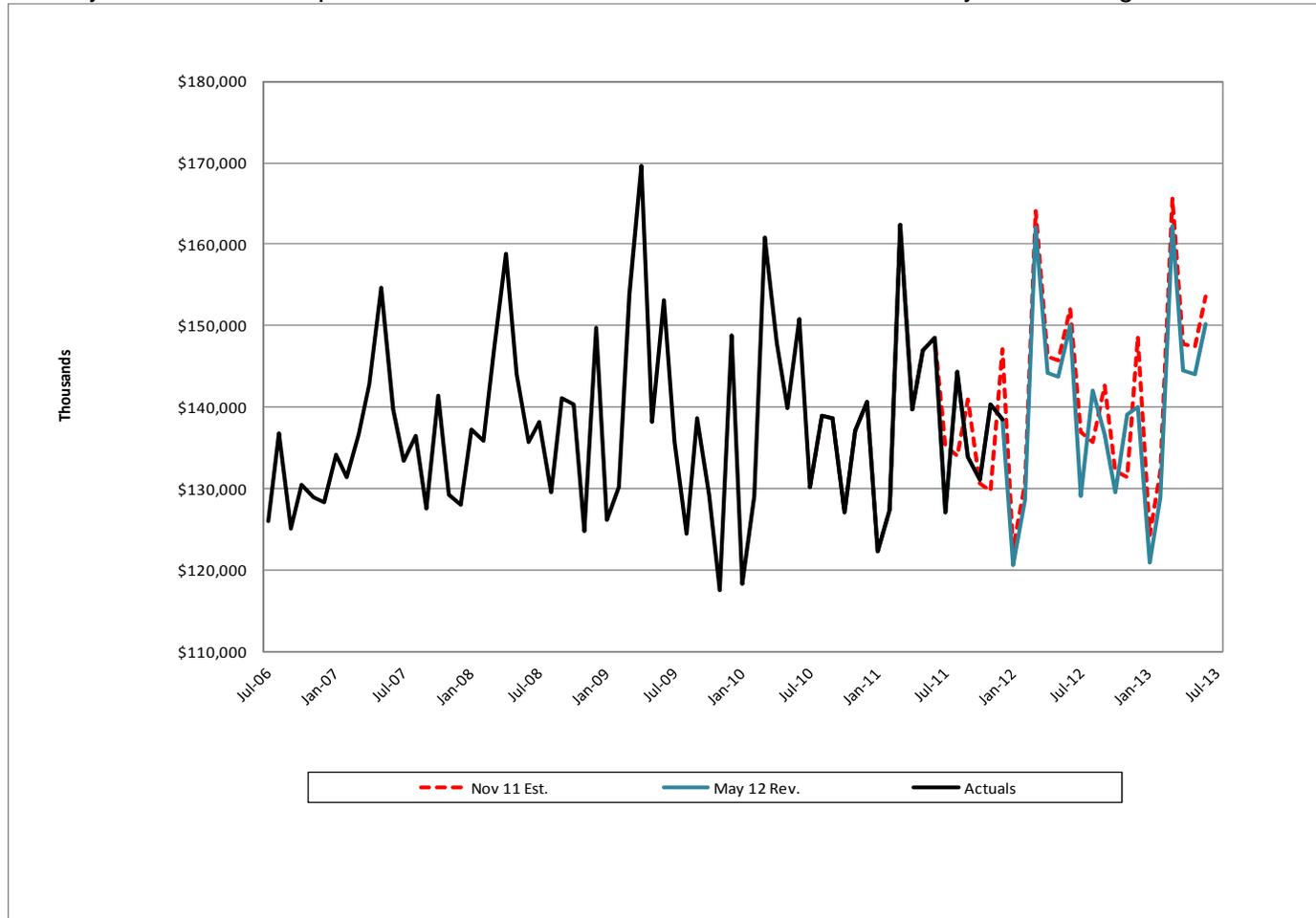
	SFY 2010-11	Forecast SFY 2011-12	Forecast SFY 2012-13
Actual	\$1,548,589		
May 2012 Revision		\$1,554,281	\$1,557,354
Difference from Actual		0.4%	0.6%
November 2011 Estimate		\$1,566,981	\$1,585,390
Difference from Prior Forecast		-0.8%	-1.8%

(\$ in thousands)

^{1/} 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

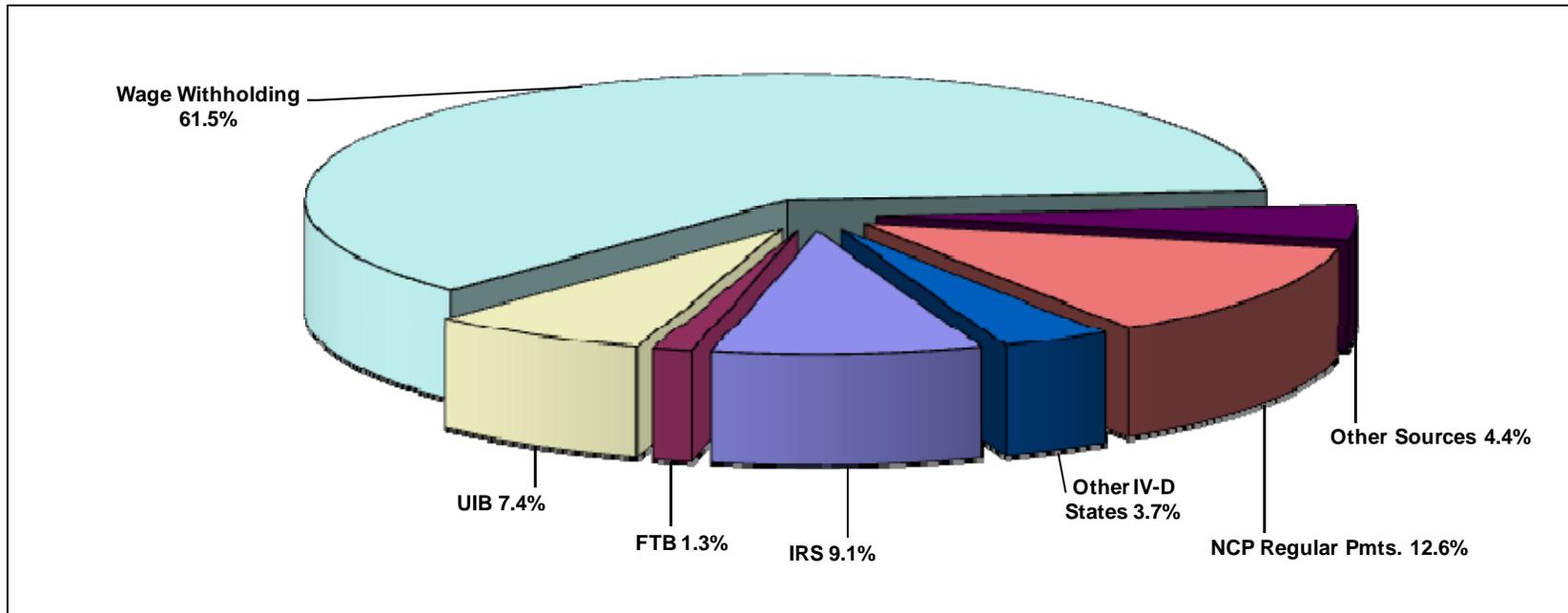
The May 2012 forecast depicted below used 24 months of actual data: January 2010 through December 2011.



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 2010-11

For State Fiscal Year (SFY) 2010-11, the total collections received were \$2.3 billion. Wage Withholding continues to be the most effective way of collecting child support at 61.5 percent (\$1.4 billion) of the total collections received. The Internal Revenue Service (IRS) Federal income tax refund offsets totaled 9.1 percent (\$205 million), and the Franchise Tax Board's (FTB) State income tax refund offsets totaled 1.3 percent (\$30 million). The Unemployment Insurance Benefits (UIB) offsets totaled 7.4 percent (\$168 million), and 3.7 percent (\$83 million) represents the collections received from other IV-D states. Non-Custodial Parents (NCP) Regular Payments totaled 12.6 percent (\$285 million). The remaining 4.4 percent (\$99.6 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.

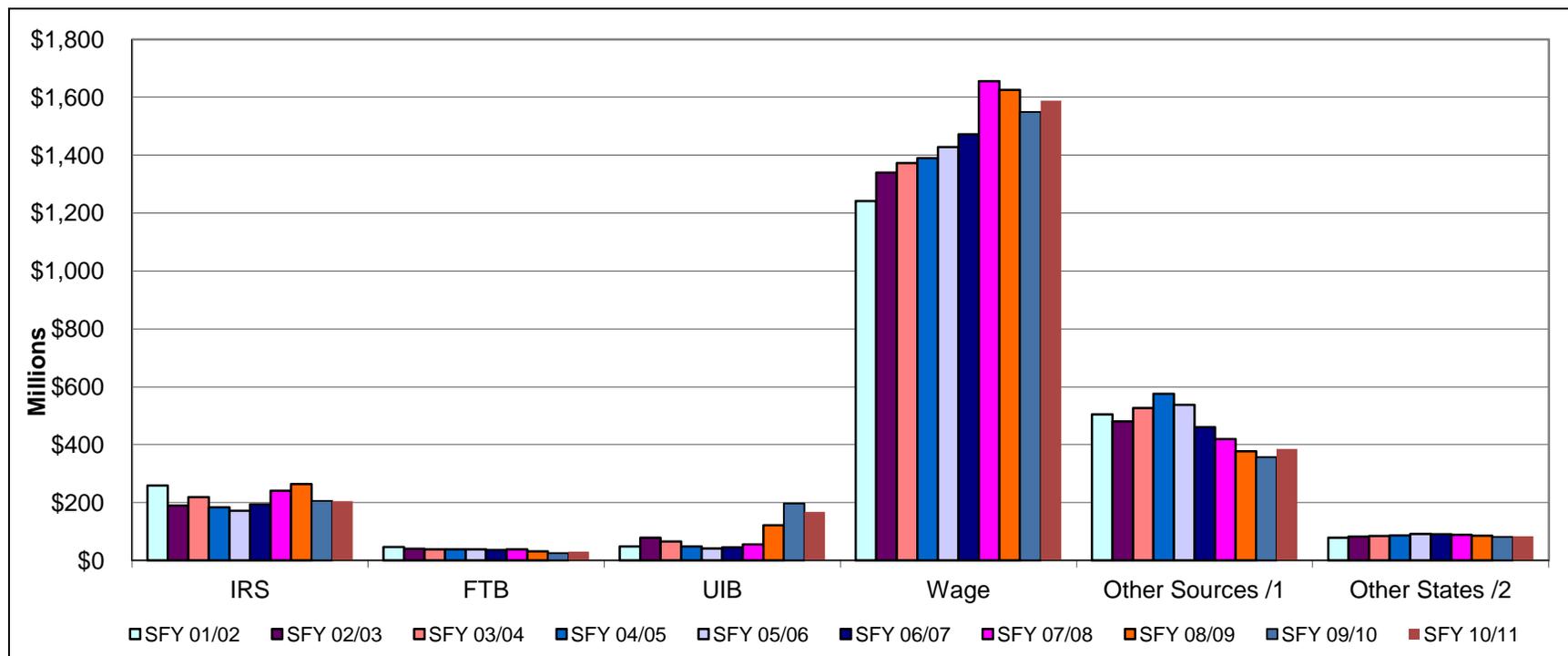


Source: CS 34 and CS 35 reports.

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 2010-11. The year-to-year change from SFY 2009-10 to SFY 2010-11 for Internal Revenue Service (IRS) intercepts was a decrease of 0.4%; Franchise Tax Board (FTB) intercepts increased 16.8%; Unemployment Insurance Benefits (UIB) intercepts decreased 14.7%; Wage Withholdings (which include Non-IV-D collections) increased 2.7%; Other Sources (including direct payments) increased 4.7%; Other IV-D States increased 1.7%.



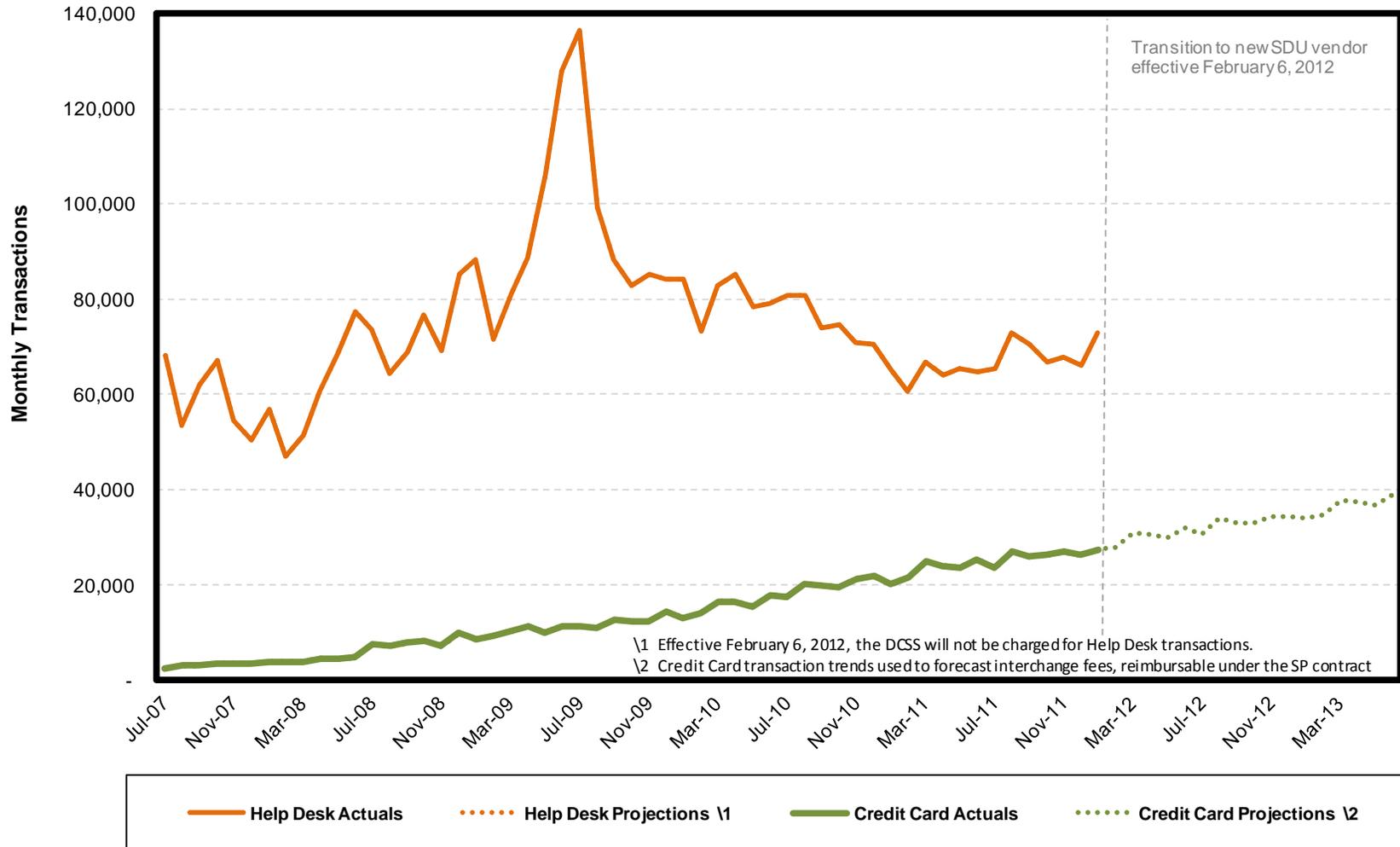
Source: For SFY 2001-02 CS 820 Section A; For SFY 2002-03 through SFY 2010-11 CS 34 and CS 35 reports.

/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.

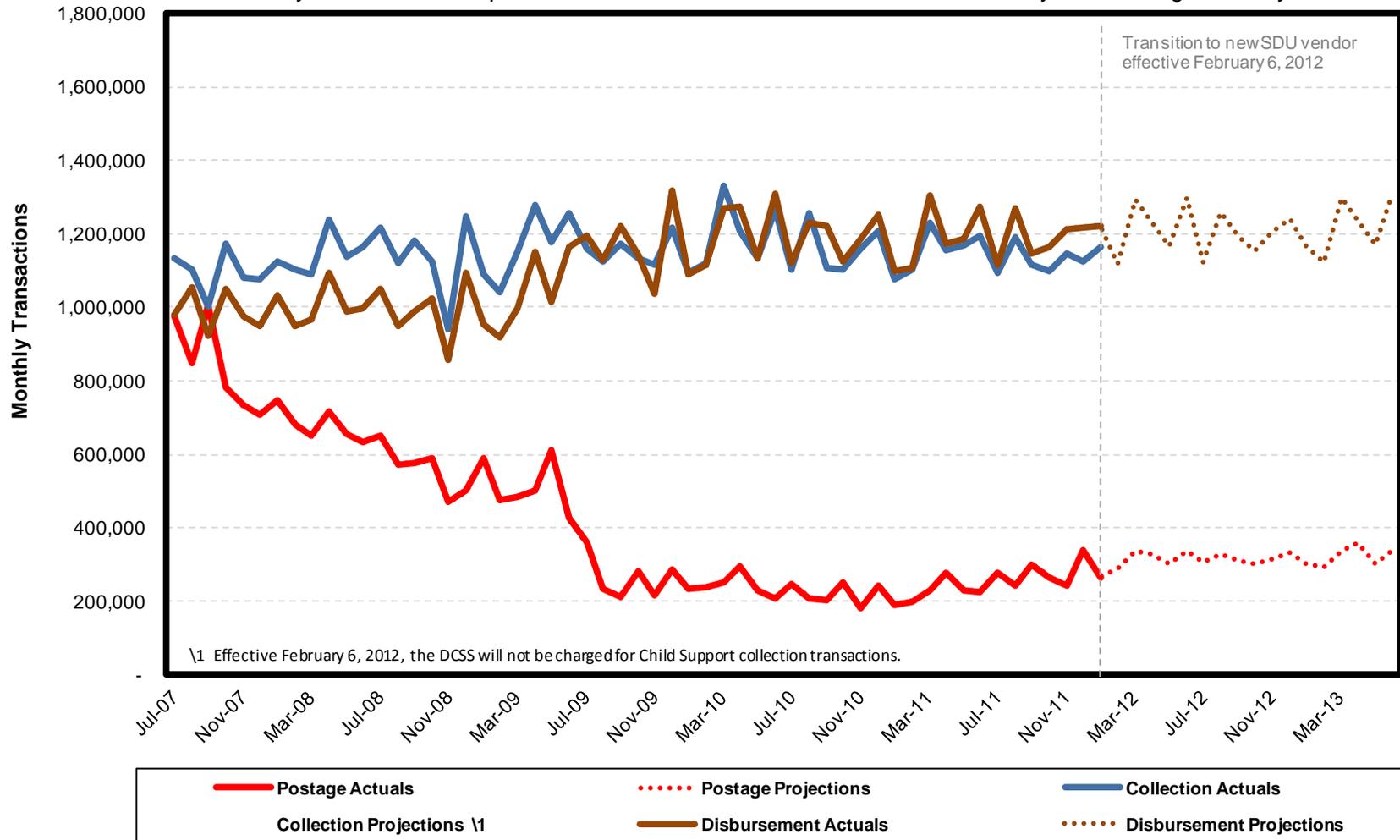
State Disbursement Unit Credit Card and Help Desk Trend Lines

The May 2012 forecast depicted below used 24-months of actual data; February 2010 through January 2012.



State Disbursement Unit Collections, Disbursement and Postage Trend Lines

The May 2012 forecast depicted below used 24 months of actual data; February 2010 through January 2012.



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) 2005 to FFY 2011.

Performance Measure	Federal Minimum 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	FFY 2010 California Performance Level	FFY 2011 California Performance Level
Paternity establishment percentage (IV-D caseload), or	50.0%	NA	NA	NA	NA	NA	NA	N/A
Paternity establishment percentage (statewide PEP)	50.0%	106.5%	109.9%	106.7%	101.4%	103.4%	102.6%	107.0%
Percent of cases with orders	50.0%	80.3%	80.6%	82.1%	80.2%	78.8%	82.6%	85.8%
Percent of current support collected	40.0%	49.3%	50.4%	51.5%	52.8%	53.4%	56.0%	58.6%
Percent of cases with arrearage collections	40.0%	56.0%	56.5%	57.1%	59.1%	59.4%	60.3%	61.6%
Cost-effectiveness	\$2.00	\$2.15	\$2.03	\$2.01	\$1.96 ^{1/}	\$2.10	\$2.38	\$2.29

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

^{1/} 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 ^{1/}	1997-98	4%	299,101,576	actual	11,964,063	11,964,063
1999 ^{1/}	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 ^{2/}	2004-05	30%	710,873,859	actual	213,262,158	967,310,218
2006 ^{3/ 4/}	2005-06	30%	715,011,565	actual	214,503,470	1,181,813,688
2007 ^{5/}	2006-07	30%	744,382,899	actual	0	
2008 ^{4/}	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.

TABLE OF CONTENTS

TABLE OF CONTENTS.....	1
LOCAL CHILD SUPPORT AGENCY BASIC COSTS	3
FEDERAL PERFORMANCE BASIC INCENTIVES.....	5
LOCAL CHILD SUPPORT AGENCY REVENUE STABILIZATION.....	9
IRS INTERCEPT FEES (FOR EMANCIPATED MINORS ONLY)	11
DEFICIT REDUCTION ACT – MANDATORY FEES	13
CALIFORNIA CHILD SUPPORT AUTOMATION SYSTEM – SDU.....	15
CALIFORNIA CHILD SUPPORT AUTOMATION SYSTEM – CSE.....	17
CHILD SUPPORT COLLECTIONS RECOVERY FUND	19
CHILD SUPPORT PROGRAM - BASIC COLLECTIONS	21
DISREGARD PAYMENTS TO FAMILIES	25
FOSTER PARENT TRAINING FUND TRANSFER	27
TITLE IV-E CHILD SUPPORT COLLECTIONS RECOVERY FUND.....	29
NEVER ASSISTED CASES FEE RECOVERY.....	31
DISCONTINUED PREMISES	33
APPENDIX A - FEDERAL MEDICAL ASSISTANCE PERCENTAGE (FMAP).....	35
APPENDIX B - LIST OF ACRONYMS.....	37

This page intentionally left blank.

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) 2011-12 and SFY 2012-13.
- LCSA Basic Costs – Administration is reduced for SFY 12/13 by \$14,706,000 total funds (\$5,000,000 State General Fund) as a May 2012 Revision solution due to lower than expected State General Fund revenues.

METHODOLOGY:

Basic Costs:

Basic costs are the sum of administration, 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 2011-12 and \$685,272,000 for SFY 2012-13. From this base, federal incentives are removed to calculate administration.

Federal Performance Basic Incentives:

Federal Performance Basic Incentive funds of \$39,011,000 for SFY 2011-12 and \$38,725,000 for SFY 2012-13 are included in LCSA Basic Costs. These numbers reflect 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 2011-12 and SFY 2012-13, the budget is \$40,000,000 (\$26,400,000 federal funds and \$13,600,000 county funds).

Revenue Stabilization:

SFY 2011-12 and SFY 2012-13 includes LCSA Basic Costs for revenue stabilization. For details, refer to the Revenue Stabilization premise description.

FUNDING:

Funding for Administration is 34 percent SGF, 66 percent Federal Financial Participation (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 NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

In SFY 2012-13, LCSA Basic Costs – Administration is reduced for SFY 12/13 by \$14,706,000 total funds (\$5,000,000 SGF) as a May 2012 Revision solution to lower than expected SGF revenues.

Additionally, the amount of federal performance basic incentives earned is projected to decrease in SFY 2012-13. This results in a decrease in federal funds of \$97,000 which is offset by an increase in SGF of \$97,000.

EXPENDITURES:

(in 000's)

	2011-12	2012-13
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$758,713	\$744,007
Federal	513,739	503,936
State	231,374	226,471
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-12).

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, former and Medicaid assistance cases and adds Never Assisted collections to make up the state's collection base. Federal fiscal year distributed collections were taken from the Office of Child Support Enforcement Quarterly Report of Collection reports. The formula is as follows:

$$2 \times (\text{Current Assistance Collections} + \text{Former Assistance Collections} + \text{Medicaid Assistance}) + \text{Never Assisted Collections} + \text{Collections for Other Countries} + \text{Fees Retained by Other States} = \text{State's Collection Base}$$

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 (FFY) through 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 FFY:

- | | | | |
|------------|---------------|------------|-----------------------------|
| • FFY 2000 | \$422,000,000 | • FFY 2007 | \$471,000,000 |
| • FFY 2001 | \$429,000,000 | • FFY 2008 | \$483,000,000 |
| • FFY 2002 | \$450,000,000 | • FFY 2009 | \$504,000,000 |
| • FFY 2003 | \$461,000,000 | • FFY 2010 | \$504,000,000 |
| • FFY 2004 | \$454,000,000 | • FFY 2011 | \$514,000,000 ^{1/} |
| • FFY 2005 | \$446,000,000 | • FFY 2012 | \$524,000,000 ^{1/} |
| • FFY 2006 | \$458,000,000 | • FFY 2013 | \$534,000,000 ^{1/} |

^{1/} FFY 2011, 2012 and 2013 are based on the Policy Studies Inc. estimate.

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 \$39,011,000 federal incentives in State Fiscal Year (SFY) 2011-12 and \$38,725,000 in SFY 2012-13.

FUNDING:

Funding for Federal Performance Basic Incentives is 100 percent federal funds.

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The forecast has been updated based on the most recent actual information.

EXPENDITURES:

(in 000's)

	2011-12	2012-13
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total Incentives	\$39,011	\$38,725

This page intentionally left blank.

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 LCSAs were able to retain 239 caseworker staff with Revenue Stabilization funding.
- For State Fiscal Year (SFY) 2010-11, the marginal return on collections per caseworker for assistance cases was \$84,819.
- For SFY 2010-11, the marginal return on collections per caseworker for non-assistance cases was \$464,666.
- The county share of collections is suspended for both SFY 2011/12 and SFY 2012/13.

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 \$18,735,000 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 239 caseworkers were multiplied by the marginal return on collections per assistance case to compute additional assistance collections of \$18,980,000 (\$8,693,000 SGF) in SFY 2011-12 and SFY 2012-13. The 239 caseworkers were multiplied by the marginal return on collections per non-assistance case to compute additional non-assistance collections of \$110,883,000.

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 NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in 000's)

	2011-12	2012-13
	<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)

	2011-12	2012-13
	<u>Collections</u>	<u>Collections</u>
Assistance Total	\$18,980	\$18,980
Federal	8,975	8,975
State	10,005	10,005
County	0	0
Other	0	0
Non-Assistance	\$110,883	\$110,883
Total Collections	\$129,863	\$129,863

IRS Intercept Fees (For Emancipated Minors Only)

DESCRIPTION:

This premise reflects the additional cost for Internal Revenue Service tax intercepts for emancipated minors only.

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 State Fiscal Year (SFY) 2011-12 and SFY 2012-13. 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 NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in 000's)

	2011-12	2012-13
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$7	\$7
Federal	4	4
State	3	3
County	0	0
Reimbursements	0	0

This page intentionally left blank.

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 disbursed annually on their behalf. Fees may be recovered from the custodial party, the noncustodial parent or the State (using state funds). California opted to pass the fee to the custodial party and began collecting 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 Child Support Automation System Child Support Enforcement began tracking fees on October 1, 2010 and started assessing and collecting fees on October 1, 2011. Custodial parties began paying the fees in State Fiscal Year 2011-12.

METHODOLOGY:

- The number of never-assisted cases assessed the fee 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 NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in 000's)

	2011-12	2012-13
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$2,423	\$2,423
Federal	0	0
State	2,423	2,423
County	0	0
Reimbursements	0	0

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 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, as well as costs for transition activities to the new contract vendor.

METHODOLOGY:

- Resource estimates are based on workload required to support the CCSAS SDU.
- Costs are based on the most recent SDU contract amendment for the current SP vendor, the new SP contract effective April 1, 2011, 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 Financial Participation (FFP) 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 FFP. Therefore, the SP contract has been adjusted to reflect 100% SGF for the processing of payments related to these cases.

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The SDU costs are forecasted to decrease in SFY 2012-13, primarily due to the new SDU contract. SDU activities will fully transition to the new SP vendor effective February 2012.

EXPENDITURES:

(in 000's)

	2011-12	2012-13
	<u>CS Automation</u>	<u>CS Automation</u>
Total	\$19,446	\$14,966
Federal	12,833	9,878
State	6,613	5,088
County	0	0
Reimbursements	0	0

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 parties. 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 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.

METHODOLOGY:

This premise reflects funding for CCSAS CSE as reported in the May 2011 Annual Advance Planning Document Update.

This premise is reduced for SFY 12/13 by \$2,941,000 total funds (\$1,000,000 State General Fund (SGF)) as a May 2012 Revision solution due to lower than expected SGF revenues.

FUNDING:

- All project costs are funded with 66 percent Federal Financial Participation funds and 34 percent SGF.

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

This premise is reduced for SFY 12/13 by \$2,941,000 total funds (\$1,000,000 SGF) as a May 2012 Revision solution due to lower than expected SGF revenues.

EXPENDITURES:

(in 000's)

	2011-12	2012-13
	<u>CS Automation</u>	<u>CS Automation</u>
Total	\$84,377	\$81,436
Federal	55,689	53,748
State	28,688	27,688
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) premise only reflects Title IV-A 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) 2011-12 and SFY 2012-13, 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 NOVEMBER:

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 2012-13 is due to the projected increase in assistance collections.

REVENUES:

(in 000's)

	2011-12	2012-13
	<u>Revenues</u>	<u>Revenues</u>
Total	\$206,950	\$209,610
Federal	206,950	209,610
State	0	0
County	0	0
Reimbursements	0	0

This page intentionally left blank.

Child Support Program - Basic Collections

DESCRIPTION:

This premise reflects distributed child support collections that go directly to families and assistance recoupment 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 parents paying support. 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, payments directly from parents paying support, compromise of arrears program, and full collections program. Disregard payments to families and collections attributable to Revenue Stabilization Augmentation funding are reflected in separate premises.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare & Institutions (W&I) Code Section 11477 and W&I Code Section 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 Distributions (CS 35).
- 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.
- The county share of collections is suspended and shifted to the State per W&I Code 11487 for State Fiscal Year (SFY) 2011-12. This shift has been extended and continues for SFY 2012-13, and is reflected in this premise and in the tables on the County Collections Shift line.
- The amount estimated for Assistance Basic Collections for SFY 2012-13 has been increased to reflect the elimination of disregards paid for cases that shift from California Work Opportunity and Responsibility for Kids (CalWORKs) to Child Maintenance.

METHODOLOGY:

- Actual assistance distributed collections are reported monthly on the CS 34 and CS 35 Reports. These were used to construct a 12-month trend from January 2011 through December 2011. Seasonal adjustments were made to the data by using monthly dummy variables in the linear regression model. This trend was increased by \$2,316,868 to reflect the impact of CalWORKs redesign in SFY 2012-13.
- Actual non-assistance distributed collections are reported monthly on the CS 34 and CS 35 Reports. Actuals from the January 2010 through December 2011 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 2011-12 and SFY 2012-13, the trend forecast rates of change for assistance basic collections were applied to the SFY 2010-11 actual collections to arrive at the SFY 2011-12 and SFY 2012-13 forecasts.
- Non-Assistance Collections for Other States are reported on the CS 34 and CS 35 Reports. For SFY 2011-12 and SFY 2012-13, the trend forecasts growth of non-assistance basic collections were applied to the SFY 2010-11 actual collections to arrive at the SFY 2011-12 and SFY 2012-13 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 2011-12 and SFY 2012-13, the trend forecasts rate of change for assistance basic collections were applied to SFY 2010-11 actual collections to arrive at the Assistance Miscellaneous Collections for SFY 2011-12 and SFY 2012-13.
- The Non-Assistance Miscellaneous Collections consist of Non-Assistance Medical Support which is reported on the CS 34 Report. For SFY 2011-12 and SFY 2012-13, the trend forecasts growth of non-assistance basic collections were applied to the SFY 2010-11 actual collections to arrive at the forecasted Non-Assistance Miscellaneous Collections for SFY 2011-12 and SFY 2012-13.

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 NOVEMBER:

The estimate has been updated to reflect the forecasted collections based on the most recent trend data.

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate has been updated to reflect the forecasted collections based on the most recent trend data.

COLLECTIONS:

(in 000's)

	2011-12 <u>Collections</u>	2012-13 <u>Collections</u>
Assistance Total	\$439,331	\$445,112
Federal	207,747	210,481
State	231,584	234,631
County	0	0
Other	0	0
Non-Assistance	1,554,281	1,557,354
Collections For Other States		
Assistance	8,442	8,509
Non-Assistance	86,896	87,057
Miscellaneous Collections		
Assistance	16,733	16,867
Non-Assistance	1,697	1,700
Grand Total ^{1/}	\$2,107,380	\$2,116,599

1/ Grand Total does not include disregard to families or other collections described in separate premise items, such as the Revenue Stabilization Adjustment and the County Collections Shift associated with the county share of collections attributable to the Revenue Stabilization Adjustment.

This page intentionally left blank.

Disregard Payments to Families

DESCRIPTION:

In addition to the California Work Opportunity and Responsibility to Kids (CalWORKs) grant, the custodial party receiving support also receives the first \$50 of the current month's child support payment collected from the non-custodial parent. Forwarding the disregard portion of the collection to the family, instead of retaining it as revenue, results in reduced collection revenues for the state and federal governments. 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.

This premise has been updated to reflect the Governor's proposal to reduce general fund support for CalWORKs. Under the proposal, the CalWORKs program would be replaced by a three-part system, consisting of two CalWORKs subprograms (CalWORKs Basic and CalWORKs Plus) and a new Child Maintenance program.

IMPLEMENTATION DATE:

- This premise was implemented in State Fiscal Year (SFY) 1984-85.
- The FDRA federal participation provision was implemented October 1, 2008.
- The CalWORKs Redesign proposal will be implemented in April 2013.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code Section 17504.
- The child support payment data for disregard payments to families is based on the Child Support Monthly Report of Collections and Distributions (CS 34), and the Supplement to Monthly Report of Collections and Distributions (CS 35).
- Federal Financial Participation (FFP) is available for disregard payments of federally eligible collections.
- Disregards will not be paid by fifty-three percent of the CalWORKs caseload. Half of the fifty-three percent of cases will shift to Child Maintenance in April 2013, with the remaining shifting over the next 12 months.

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 January 2010 through December 2011.

- The FFP in disregard was calculated by computing federally eligible disregard collections and multiplying these by 50 percent.
- The cost is counted toward the State’s Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE) requirement.
- Fifty-three percent of CalWORKs cases will move to the Child Maintenance program. After an adjustment to account for CalWORKs Two-Parent Families, we assume that forty-six percent of the CalWORKs case load will not pay disregards. Half of the forty-six percent will shift to the Child Maintenance program in April 2013, with the remaining shifting over the next 12 months. This reduces disregards estimated to be paid by \$2,316,868 in SFY 2012-13.

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.
- Beginning in April 2013, some child support cases will stop paying disregard due to the Governor’s proposal to redesign the CalWORKs program.

CHANGE FROM NOVEMBER:

The estimate for SFY 2011-12 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 2012-13 was updated to reflect the latest forecast based on the latest available actual 24 months of trend data, and also reflects the implementation of the Governor’s proposal to redesign the CalWORKs Program beginning in April 2013.

COLLECTIONS:

(in 000’s)

	2011-12 <u>Collections</u>	2012-13 <u>Collections</u>
Total	\$33,230	\$33,340
Federal	0	0
State	0	0
County	0	0
Other	33,230	33,340

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, and is suspended for SFY 2011-12 and SFY 2012-13.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 903.7(b).
- 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).
- There will be no transfer in SFY 2011-12 and SFY 2012-13.

METHODOLOGY:

- For SFY 2011-12, there will be no transfer.
- For SFY 2012-13, there will be no transfer.

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 NOVEMBER:.

The line item now reflects a transfer of zero dollars because the transfer will not occur in SFY 2011-12.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

REVENUES:

(in 000's)

	<u>2011-12</u> <u>Revenues</u>	<u>2012-13</u> <u>Revenues</u>
Total	\$0	\$0
Federal	0	0
State	0	0
County	0	0
Reimbursements	0	0

Title IV-E Child Support Collections Recovery Fund

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 Supplement to the CS 34 Monthly Report of Collections and Distributions (CS 35) reports for January 2010 through December 2011.
- 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 December 31, 2011.

METHODOLOGY:

- For State Fiscal Year (SFY) 2011-12, the FC share of collections percentage was applied to the estimated collections. The FMAP rate was then applied to determine the federal share of FC collections, which resulted in a forecast of \$9,772,000.
- For SFY 2012-13, the FC share of collections percentage was applied to the estimated collections. The FMAP rate was then applied to determine the federal share of FC collections, which resulted in a forecast of \$9,846,000.

FUNDING:

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

CHANGE FROM NOVEMBER:

For SFY 2011-12, the offset decreased as a result of updating the assistance collection forecasts and the percentage of federally eligible foster care collections.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase in SFY 2012-13 reflects the forecasted increase in FC collections.

REVENUES:

(in 000's)

	2011-12	2012-13
	<u>Revenues</u>	<u>Revenues</u>
Total	-\$9,772	-\$9,846
Federal	-9,772	-9,846
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 disbursed annually on their behalf. Fees may be recovered from the custodial party, the noncustodial parent or the State (using state funds). California opted to pass the fee to the custodial party and began collecting 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 began tracking fees on October 1, 2010 and began assessing and collecting fees on October 1, 2011.

METHODOLOGY:

- The number of never-assisted cases assessed the fee 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:

There is no change.

EXPENDITURES:

(in 000's)

	2011-12	2012-13
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$3,251	\$3,251
Federal	0	0
State	3,251	3,251
County	0	0

This page intentionally left blank.

Discontinued Premises

CHILD SUPPORT PROGRAM COSTS:

- **None.**

CHILD SUPPORT PROGRAM COLLECTIONS:

- **None.**

This page intentionally left blank.

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 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%		

<u>ASSISTANCE:</u>	July 2012 – June 2013
Federal	50.00%
State	50.00%
County	0.00%

<u>ASSISTANCE:</u> <u>Nonfederal</u>	July 2012 – June 2013
State	100.00%
County	0.00%

<u>FOSTER CARE:</u>	July 2012 – June 2013
Federal	50.00%
State	50.00%
County	0.00%

<u>FOSTER CARE:</u> <u>Nonfederal</u>	July 2012 – June 2013
State	100.00%
County	0.00%

<u>KinGAP:</u>	July 2012 – June 2013
Federal	50.00%
State	50.00%
County	0.00%

<u>KinGAP:</u> <u>Nonfederal</u>	July 2012 – June 2013
State	100.00%
County	0.00%

Appendix B - List of Acronyms

APDU	Advance Planning Document Update
ARRA	American Recovery and Reinvestment Act of 2009
CalWORKs	California Work Opportunity and Responsibility to Kids
CCSAS	California Child Support Automation System
CGF	County General Funds
CS 34	Child Support Monthly Report of Collections and Distributions
CS 35	Supplement to Monthly Report of Collections and Distributions
CSE	Child Support Enforcement
CSCRF	Child Support Collections Recovery Fund
DCSS	Department of Child Support Services
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
KinGAP	Kinship Guardianship Assistance Payment
LCSA	Local Child Support Agency
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
SP	Service Provider
TANF/MOE	Temporary Assistance for Needy Families/Maintenance of Effort
UIB	Unemployment Insurance Benefits
W & I	Welfare and Institutions

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 December 2011 were used to forecast the annual Non IV-D collections amounts for SFY 2011-12 of \$201,339,000 and \$203,962,000 for SFY 2012-13. 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 NOVEMBER:

The change reflects updated projections using the most recent actual 30 months of data.

REASON FOR YEAR-TO-YEAR CHANGE:

The 30 month data trend is projecting an increase in SFY 2012-13.

COLLECTIONS:

(in 000's)

	2011-12	2012-13
	<u>Collections</u>	<u>Collections</u>
Total	\$201,339	\$203,962
Federal	0	0
State	0	0
County	0	0
Other	201,339	203,962

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

		2011-12 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2011-12 MAY REVISE				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2011-12 APPROPRIATION TO 2011-12 MAY REVISE																
1	Non IV-D CHILD SUPPORT COLLECTIONS	200,876	0	0	0	200,876	463	0	0	0	463	201,339	0	0	0	201,339
		2011-12 NOVEMBER ESTIMATE					ADJUSTMENTS/DIFFERENCES					2011-12 MAY REVISE				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2011-12 NOVEMBER ESTIMATE TO 2011-12 MAY REVISE																
2	Non IV-D CHILD SUPPORT COLLECTIONS	198,931	0	0	0	198,931	2,408	0	0	0	2,408	201,339	0	0	0	201,339
		2011-12 MAY REVISE					ADJUSTMENTS/DIFFERENCES					2012-13 MAY REVISE				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2011-12 MAY REVISE TO 2012-13 MAY REVISE																
3	Non IV-D CHILD SUPPORT COLLECTIONS	201,339	0	0	0	201,339	2,623	0	0	0	2,623	203,962	0	0	0	203,962
		2012-13 GOVERNOR'S BUDGET					ADJUSTMENTS/DIFFERENCES					2012-13 MAY REVISE				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2012-13 GOVERNOR'S BUDGET TO 2012-13 MAY REVISE																
4	Non IV-D CHILD SUPPORT COLLECTIONS	200,750	0	0	0	200,750	3,212	0	0	0	3,212	203,962	0	0	0	203,962

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.