

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

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



TO: RECIPIENTS OF THE DEPARTMENT OF CHILD SUPPORT SERVICES 2014-15 GOVERNOR'S BUDGET

FROM: MATHEW MACY, Budget Manager
Budget Support Section

DATE: January 10, 2014

SUBJECT: LOCAL ASSISTANCE ESTIMATES

This memorandum transmits the 2014-15 Governor's Budget local assistance estimates for the Department of Child Support Services (DCSS). The Governor's Budget includes the State Fiscal Year (SFY) 2014-15 November 2013 Estimate of local assistance administrative costs and collections.

The November 2013 Estimate presents the SFY 2014-15 DCSS local assistance budget and provides an update to the SFY 2013-14 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). Total distributed child support collections and revenues are projected to be \$2.4 billion (\$201.6 million SGF) for both SFY 2013-14 and SFY 2014-15.

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 your convenience, a list of acronyms is included in the Premise Methodologies section.

The material contained in the November 2013 Estimate package will also be available on the DCSS website: <http://www.childsup.ca.gov>. Should you have any questions, please contact the Budget Support Section at (916) 464-5020.

**CHILD SUPPORT PROGRAM
COST COMPARISONS**

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Table 3. 2013-14 November Estimate to 2014-15 Governor’s Budget..... Nov CY – Gov BY

TABLE NUMBER 1
COST COMPARISON OF
2013-14 APPROPRIATION TO 2013-14 NOVEMBER ESTIMATE
(in thousands)

Budget Item 5175-101	2013-14 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2013-14 NOVEMBER ESTIMATE				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	857,947	578,087	266,260	13,600	0	-7	0	-7	0	0	857,940	578,087	266,253	13,600	0
a Local Assistance Child Support Services	655,727	375,867	266,260	13,600	0	11,805	11,812	-7	0	0	667,532	387,679	266,253	13,600	0
b Child Support Collections Recovery Fund	202,220	202,220	0	0	0	-11,812	-11,812	0	0	0	190,408	190,408	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	761,895	514,692	233,603	13,600	0	-7	0	-7	0	0	761,888	514,692	233,596	13,600	0
3 Local Child Support Agency Basic Costs	758,713	514,181	230,932	13,600	0	-2,206	-1,456	-750	0	0	756,507	512,725	230,182	13,600	0
a Administration	659,665	435,103	224,562	0	0	-2,206	-1,456	-750	0	0	657,459	433,647	223,812	0	0
b Federal Performance Basic Incentives	40,313	40,313	0	0	0	0	0	0	0	0	40,313	40,313	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	7	4	3	0	0	2,206	1,456	750	0	0	2,213	1,460	753	0	0
5 Deficit Reduction Act - Mandatory Fee	2,668	0	2,668	0	0	-7	0	-7	0	0	2,661	0	2,661	0	0
6 Section 1115 Grant (NCP Employment Demo Project)	507	507	0	0	0	0	0	0	0	0	507	507	0	0	0
7 CHILD SUPPORT AUTOMATION 10.03	96,052	63,395	32,657	0	0	0	0	0	0	0	96,052	63,395	32,657	0	0
8 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
9 California Child Support Automation System - CSE	81,086	53,517	27,569	0	0	0	0	0	0	0	81,086	53,517	27,569	0	0

TABLE NUMBER 2
COST COMPARISON OF
2013-14 APPROPRIATION TO THE 2014-15 GOVERNOR'S BUDGET
(in thousands)

Budget Item 5175-101	2013-14 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2014-15 GOVERNOR'S BUDGET				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	857,947	578,087	266,260	13,600	0	-4,502	-3,008	-1,494	0	0	853,445	575,079	264,766	13,600	0
a Local Assistance Child Support Services	655,727	375,867	266,260	13,600	0	7,310	8,804	-1,494	0	0	663,037	384,671	264,766	13,600	0
b Child Support Collections Recovery Fund	202,220	202,220	0	0	0	-11,812	-11,812	0	0	0	190,408	190,408	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	761,895	514,692	233,603	13,600	0	-128	-121	-7	0	0	761,767	514,571	233,596	13,600	0
3 Local Child Support Agency Basic Costs	758,713	514,181	230,932	13,600	0	-2,206	-1,456	-750	0	0	756,507	512,725	230,182	13,600	0
a Administration	659,665	435,103	224,562	0	0	-2,206	-1,456	-750	0	0	657,459	433,647	223,812	0	0
b Federal Performance Basic Incentives	40,313	40,313	0	0	0	0	0	0	0	0	40,313	40,313	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	7	4	3	0	0	2,206	1,456	750	0	0	2,213	1,460	753	0	0
5 Deficit Reduction Act - Mandatory Fee	2,668	0	2,668	0	0	-7	0	-7	0	0	2,661	0	2,661	0	0
6 Section 1115 Grant (NCP Employment Demo Project)	507	507	0	0	0	-121	-121	0	0	0	386	386	0	0	0
7 CHILD SUPPORT AUTOMATION 10.03	96,052	63,395	32,657	0	0	-4,374	-2,887	-1,487	0	0	91,678	60,508	31,170	0	0
8 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
9 California Child Support Automation System - CSE	81,086	53,517	27,569	0	0	-4,374	-2,887	-1,487	0	0	76,712	50,630	26,082	0	0

TABLE NUMBER 3
COST COMPARISON OF
2013-14 NOVEMBER ESTIMATE TO 2014-15 GOVERNOR'S BUDGET
(in thousands)

Budget Item 5175-101	2013-14 NOVEMBER ESTIMATE					ADJUSTMENTS/DIFFERENCES					2014-15 GOVERNOR'S BUDGET				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	857,940	578,087	266,253	13,600	0	-4,495	-3,008	-1,487	0	0	853,445	575,079	264,766	13,600	0
a Local Assistance Child Support Services	667,532	387,679	266,253	13,600	0	-4,495	-3,008	-1,487	0	0	663,037	384,671	264,766	13,600	0
b Child Support Collections Recovery Fund	190,408	190,408	0	0	0	0	0	0	0	0	190,408	190,408	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	761,888	514,692	233,596	13,600	0	-121	-121	0	0	0	761,767	514,571	233,596	13,600	0
3 Local Child Support Agency Basic Costs	756,507	512,725	230,182	13,600	0	0	0	0	0	0	756,507	512,725	230,182	13,600	0
a Administration	657,459	433,647	223,812	0	0	0	0	0	0	0	657,459	433,647	223,812	0	0
b Federal Performance Basic Incentives	40,313	40,313	0	0	0	0	0	0	0	0	40,313	40,313	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	2,213	1,460	753	0	0	0	0	0	0	0	2,213	1,460	753	0	0
5 Deficit Reduction Act - Mandatory Fee	2,661	0	2,661	0	0	0	0	0	0	0	2,661	0	2,661	0	0
6 Section 1115 Grant (NCP Employment Demo Project)	507	507	0	0	0	-121	-121	0	0	0	386	386	0	0	0
7 CHILD SUPPORT AUTOMATION 10.03	96,052	63,395	32,657	0	0	-4,374	-2,887	-1,487	0	0	91,678	60,508	31,170	0	0
8 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
9 California Child Support Automation System - CSE	81,086	53,517	27,569	0	0	-4,374	-2,887	-1,487	0	0	76,712	50,630	26,082	0	0

**CHILD SUPPORT PROGRAM
REVENUE AND COLLECTIONS COMPARISONS**

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TABLE NUMBER 1
REVENUE AND COLLECTIONS COMPARISON OF
2013-14 APPROPRIATION TO THE 2013-14 NOVEMBER ESTIMATE
(in thousands)

	2013-14 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2013-14 NOVEMBER ESTIMATE				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,361,659	190,408	201,592	28,036	1,941,623	-11	0	-11	0	0	2,361,648	190,408	201,581	28,036	1,941,623
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,366,269	198,427	198,183	28,036	1,941,623	0	0	0	0	0	2,366,269	198,427	198,183	28,036	1,941,623
3 Child Support Assistance Collections	476,791	198,427	198,183	28,036	52,145	0	0	0	0	0	476,791	198,427	198,183	28,036	52,145
4 Basic Collections	405,734	189,590	189,357	26,787	0	0	0	0	0	0	405,734	189,590	189,357	26,787	0
5 Disregard Payments to Families	29,993	0	0	0	29,993	0	0	0	0	0	29,993	0	0	0	29,993
6 Collections for Other States - Assistance	6,700	0	0	0	6,700	0	0	0	0	0	6,700	0	0	0	6,700
7 Miscellaneous Collections - Assistance	15,452	0	0	0	15,452	0	0	0	0	0	15,452	0	0	0	15,452
8 Revenue Stabilization Adjustment- Assistance	18,912	8,837	8,826	1,249	0	0	0	0	0	0	18,912	8,837	8,826	1,249	0
9 Child Support NonAssistance Collections	1,889,478	0	0	0	1,889,478	0	0	0	0	0	1,889,478	0	0	0	1,889,478
10 Basic Collections	1,683,248	0	0	0	1,683,248	0	0	0	0	0	1,683,248	0	0	0	1,683,248
11 Collections for Other States - NonAssistance	91,675	0	0	0	91,675	0	0	0	0	0	91,675	0	0	0	91,675
12 Miscellaneous Collections - NonAssistance	1,925	0	0	0	1,925	0	0	0	0	0	1,925	0	0	0	1,925
13 Revenue Stabilization Adjustment- NonAssistance	112,630	0	0	0	112,630	0	0	0	0	0	112,630	0	0	0	112,630
14 REVENUES AND TRANSFERS	-4,610	-8,019	3,409	0	0	-11	0	-11	0	0	-4,621	-8,019	3,398	0	0
15 Title IV-E Child Support Collections Recovery Fund	-8,019	-8,019	0	0	0	0	0	0	0	0	-8,019	-8,019	0	0	0
16 Never Assisted Cases Fee Recovery	3,409	0	3,409	0	0	-11	0	-11	0	0	3,398	0	3,398	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
2013-14 APPROPRIATION TO THE 2014-15 GOVERNOR'S BUDGET
(in thousands)

	2013-14 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2014-15 GOVERNOR'S BUDGET				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,361,659	190,408	201,592	28,036	1,941,623	-11	0	-11	0	0	2,361,648	190,408	201,581	28,036	1,941,623
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,366,269	198,427	198,183	28,036	1,941,623	0	0	0	0	0	2,366,269	198,427	198,183	28,036	1,941,623
3 Child Support Assistance Collections	476,791	198,427	198,183	28,036	52,145	0	0	0	0	0	476,791	198,427	198,183	28,036	52,145
4 Basic Collections	405,734	189,590	189,357	26,787	0	0	0	0	0	0	405,734	189,590	189,357	26,787	0
5 Disregard Payments to Families	29,993	0	0	0	29,993	0	0	0	0	0	29,993	0	0	0	29,993
6 Collections for Other States - Assistance	6,700	0	0	0	6,700	0	0	0	0	0	6,700	0	0	0	6,700
7 Miscellaneous Collections - Assistance	15,452	0	0	0	15,452	0	0	0	0	0	15,452	0	0	0	15,452
8 Revenue Stabilization Adjustment- Assistance	18,912	8,837	8,826	1,249	0	0	0	0	0	0	18,912	8,837	8,826	1,249	0
9 Child Support NonAssistance Collections	1,889,478	0	0	0	1,889,478	0	0	0	0	0	1,889,478	0	0	0	1,889,478
10 Basic Collections	1,683,248	0	0	0	1,683,248	0	0	0	0	0	1,683,248	0	0	0	1,683,248
11 Collections for Other States - NonAssistance	91,675	0	0	0	91,675	0	0	0	0	0	91,675	0	0	0	91,675
12 Miscellaneous Collections - NonAssistance	1,925	0	0	0	1,925	0	0	0	0	0	1,925	0	0	0	1,925
13 Revenue Stabilization Adjustment- NonAssistance	112,630	0	0	0	112,630	0	0	0	0	0	112,630	0	0	0	112,630
14 REVENUES AND TRANSFERS	-4,610	-8,019	3,409	0	0	-11	0	-11	0	0	-4,621	-8,019	3,398	0	0
15 Title IV-E Child Support Collections Recovery Fund	-8,019	-8,019	0	0	0	0	0	0	0	0	-8,019	-8,019	0	0	0
16 Never Assisted Cases Fee Recovery	3,409	0	3,409	0	0	-11	0	-11	0	0	3,398	0	3,398	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
2013-14 NOVEMBER ESTIMATE TO THE 2014-15 GOVERNOR'S BUDGET
(in thousands)

	2013-14 NOVEMBER ESTIMATE					ADJUSTMENTS/DIFFERENCES					2014-15 GOVERNOR'S BUDGET				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,361,648	190,408	201,581	28,036	1,941,623	0	0	0	0	0	2,361,648	190,408	201,581	28,036	1,941,623
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,366,269	198,427	198,183	28,036	1,941,623	0	0	0	0	0	2,366,269	198,427	198,183	28,036	1,941,623
3 Child Support Assistance Collections	476,791	198,427	198,183	28,036	52,145	0	0	0	0	0	476,791	198,427	198,183	28,036	52,145
4 Basic Collections	405,734	189,590	189,357	26,787	0	0	0	0	0	0	405,734	189,590	189,357	26,787	0
5 Disregard Payments to Families	29,993	0	0	0	29,993	0	0	0	0	0	29,993	0	0	0	29,993
6 Collections for Other States - Assistance	6,700	0	0	0	6,700	0	0	0	0	0	6,700	0	0	0	6,700
7 Miscellaneous Collections - Assistance	15,452	0	0	0	15,452	0	0	0	0	0	15,452	0	0	0	15,452
8 Revenue Stabilization Adjustment- Assistance	18,912	8,837	8,826	1,249	0	0	0	0	0	0	18,912	8,837	8,826	1,249	0
9 Child Support NonAssistance Collections	1,889,478	0	0	0	1,889,478	0	0	0	0	0	1,889,478	0	0	0	1,889,478
10 Basic Collections	1,683,248	0	0	0	1,683,248	0	0	0	0	0	1,683,248	0	0	0	1,683,248
11 Collections for Other States - NonAssistance	91,675	0	0	0	91,675	0	0	0	0	0	91,675	0	0	0	91,675
12 Miscellaneous Collections - NonAssistance	1,925	0	0	0	1,925	0	0	0	0	0	1,925	0	0	0	1,925
13 Revenue Stabilization Adjustment- NonAssistance	112,630	0	0	0	112,630	0	0	0	0	0	112,630	0	0	0	112,630
14 REVENUES AND TRANSFERS	-4,621	-8,019	3,398	0	0	0	0	0	0	0	-4,621	-8,019	3,398	0	0
15 Title IV-E Child Support Collections Recovery Fund	-8,019	-8,019	0	0	0	0	0	0	0	0	-8,019	-8,019	0	0	0
16 Never Assisted Cases Fee Recovery	3,398	0	3,398	0	0	0	0	0	0	0	3,398	0	3,398	0	0

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

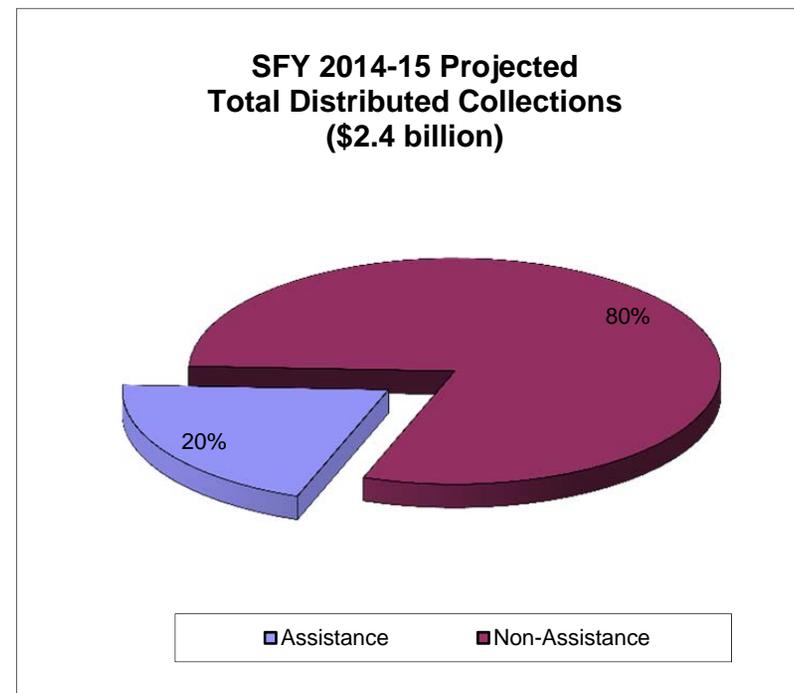
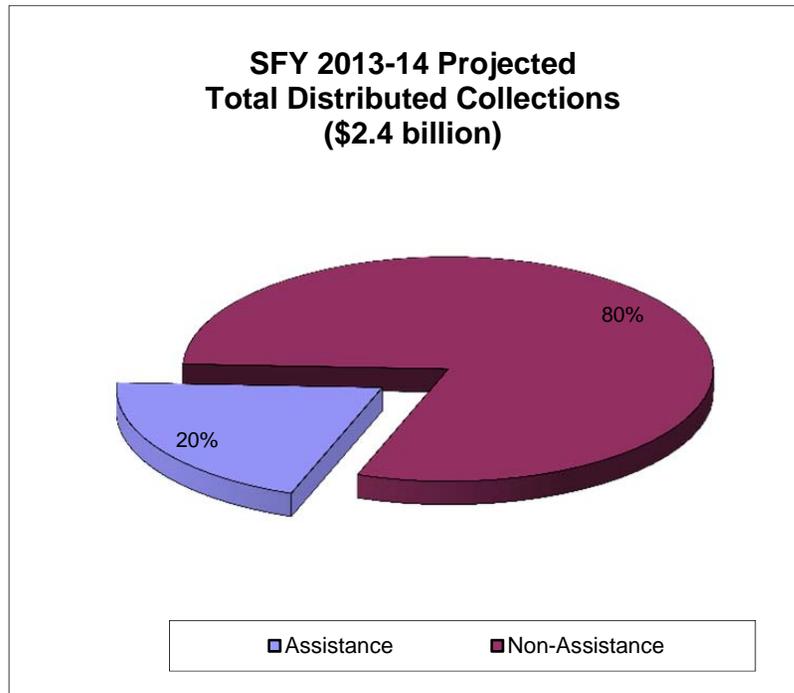
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TOTAL PROJECTED DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2013-14 and 2014-15

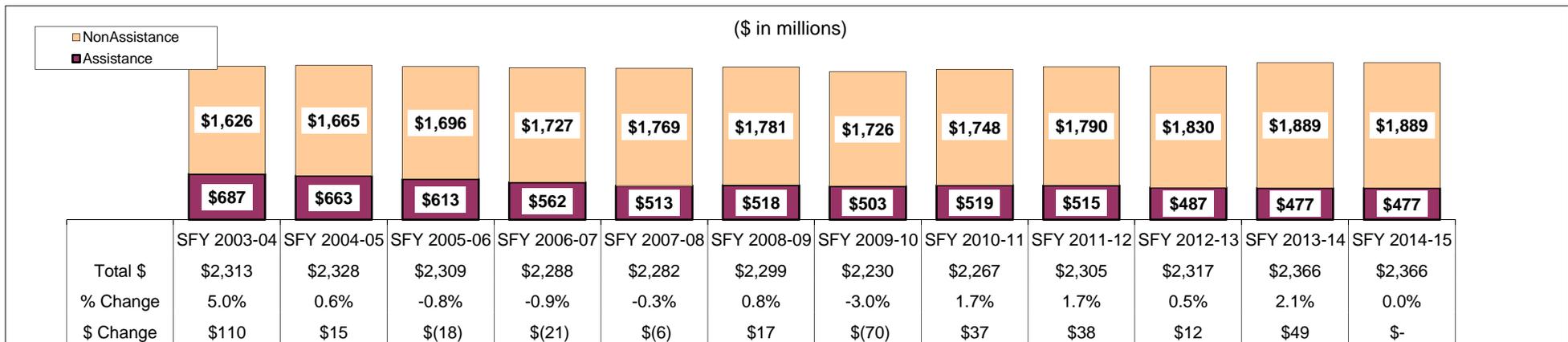
The charts below display California's projected State Fiscal Year (SFY) 2013-14 (\$2.4 billion) and SFY 2014-15 (\$2.4 billion) child support total collections that are distributed to the federal, state and county government as revenue (**Assistance**) and directly to families (**Non-Assistance**).

- **Assistance Collections (\$476.8 million SFY 2013-14 and SFY 2014-15)** are revenue to government entities which reflects basic collections and other collections. Basic Collections (\$405.7 million SFY 2013-14 and SFY 2014-15) are the ongoing efforts of the Local Child Support Agencies (LCSAs) to collect child support payments from non-custodial parents. Other Collections (\$71.1 million SFY 2013-14 and SFY 2014-15) 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 (\$1.9 billion SFY 2013-14 and SFY 2014-15)** are collections that are made on behalf of families and sent directly to them. These collections are comprised of Basic Collections (\$1.7 billion SFY 2013-14 and SFY 2014-15) and Other Collections (\$206.2 million SFY 2013-14 and SFY 2014-15).



TOTAL DISTRIBUTED COLLECTIONS ^{1/} FOR STATE FISCAL YEARS 2003-04 through 2014-15

Total child support distributed collections have grown from \$2.3 billion in State Fiscal Year (SFY) 2003-04 to a projected level of \$2.4 billion in SFY 2014-15. 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.

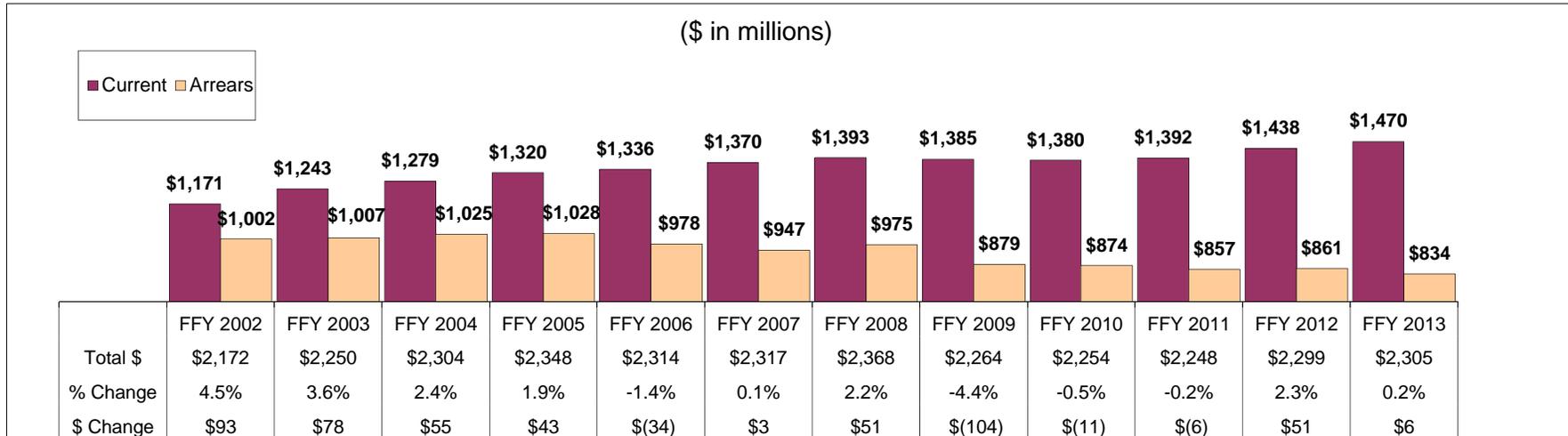


Source: The collections data for SFY 2003-04 through SFY 2012-13 are from the CS 34 and CS 35 reports. The SFY 2013-14 and SFY 2014-15 projections are based on the current trend analysis.

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 2002 through 2013

Total child support distributed collections have grown from \$2.2 billion in Federal Fiscal Year (FFY) 2002 to \$2.3 billion in FFY 2013. 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 2002 through FFY 2013 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 based on 24 months of actual data is forecasting a increase of 1.2% for State Fiscal Year (SFY) 2013-14 and SFY 2014-15 over the SFY 2012-13 actual collections.

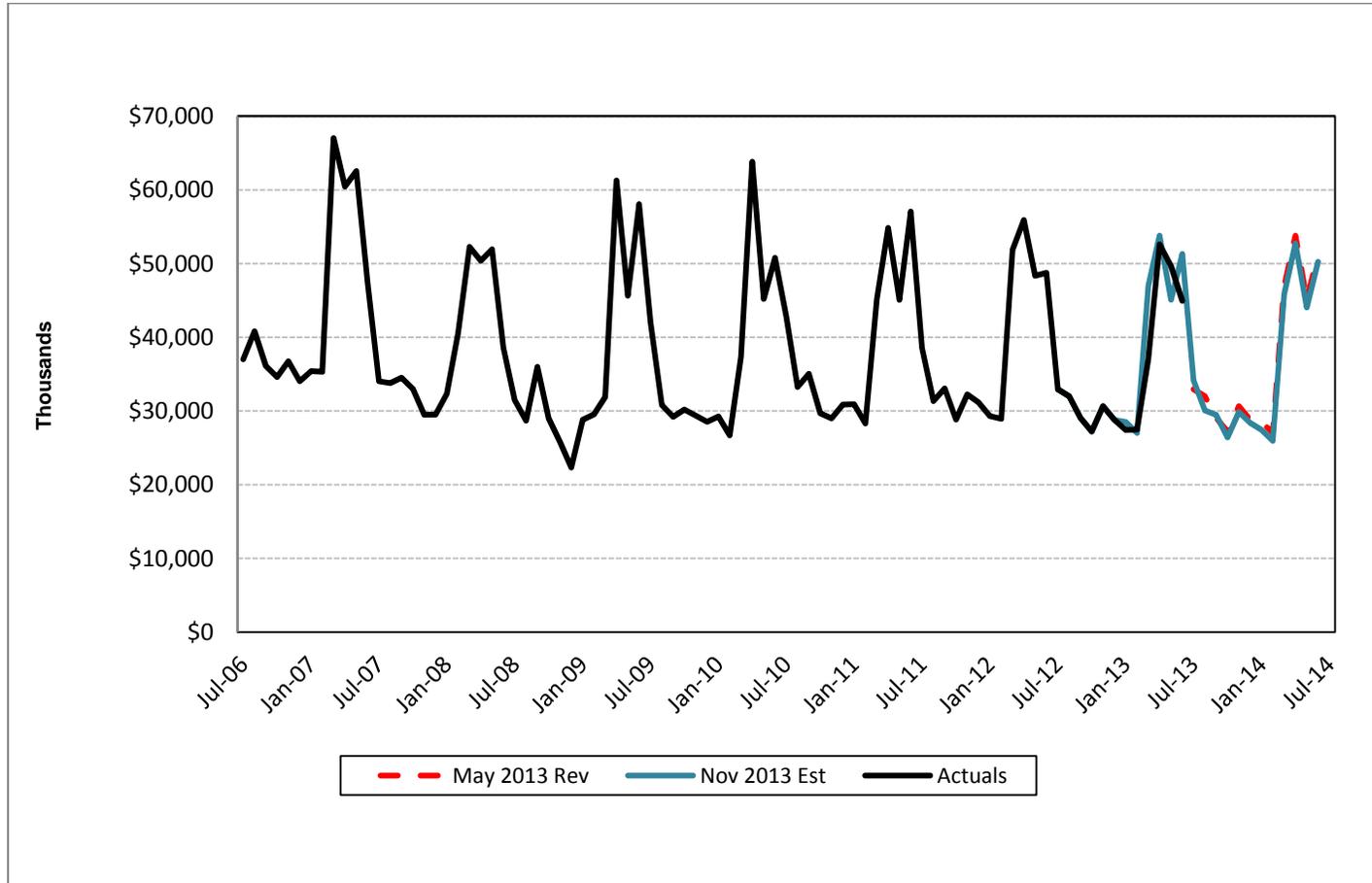
	SFY 2012-13	Forecast SFY 2013-14	Forecast SFY 2014-15
Actual	\$400,868		
November 2013 Revision		\$405,734	\$405,734
Difference from Actual		1.2%	1.2%
May 2013 Revision	\$414,414	\$405,734	
Difference from Prior Forecast	3.4%	0.0%	

(\$ 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 November 2013 forecast depicted below is based on the 24 month trend estimate in the May 2013 Revision.



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 based on 24 months of actual data is forecasting an increase of 4.5% for State Fiscal Year (SFY) 2013-14 and SFY 2014-15 over SFY 2012-13 actual collections.

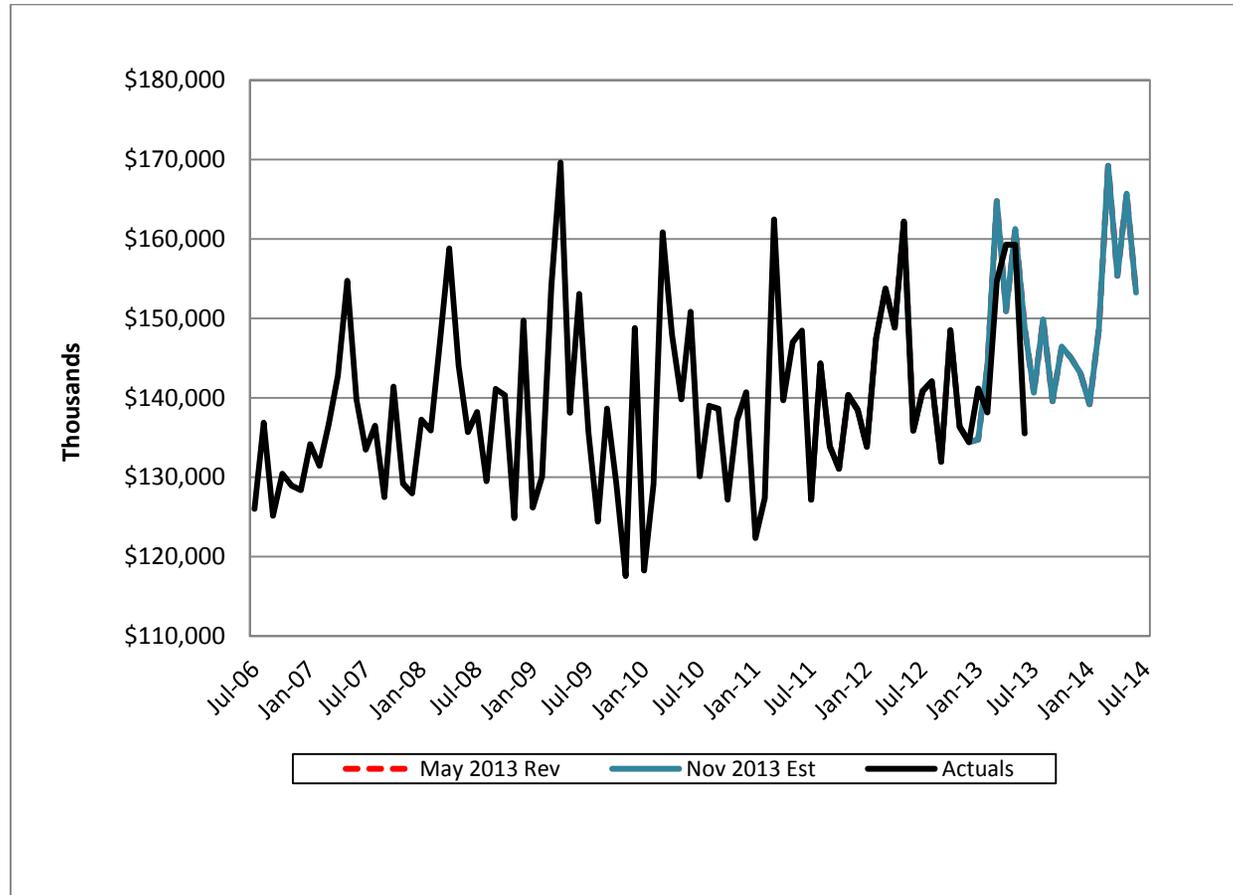
	SFY 2012-13	Forecast SFY 2013-14	Forecast SFY 2014-15
Actual	\$1,611,273		
November 2013 Estimate		\$1,683,248	\$1,683,248
Difference from Actual		4.5%	4.5%
May 2013 Revision	\$1,626,082	\$1,683,248	
Difference from Prior Forecast	-0.9%	0.0%	

(\$ 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

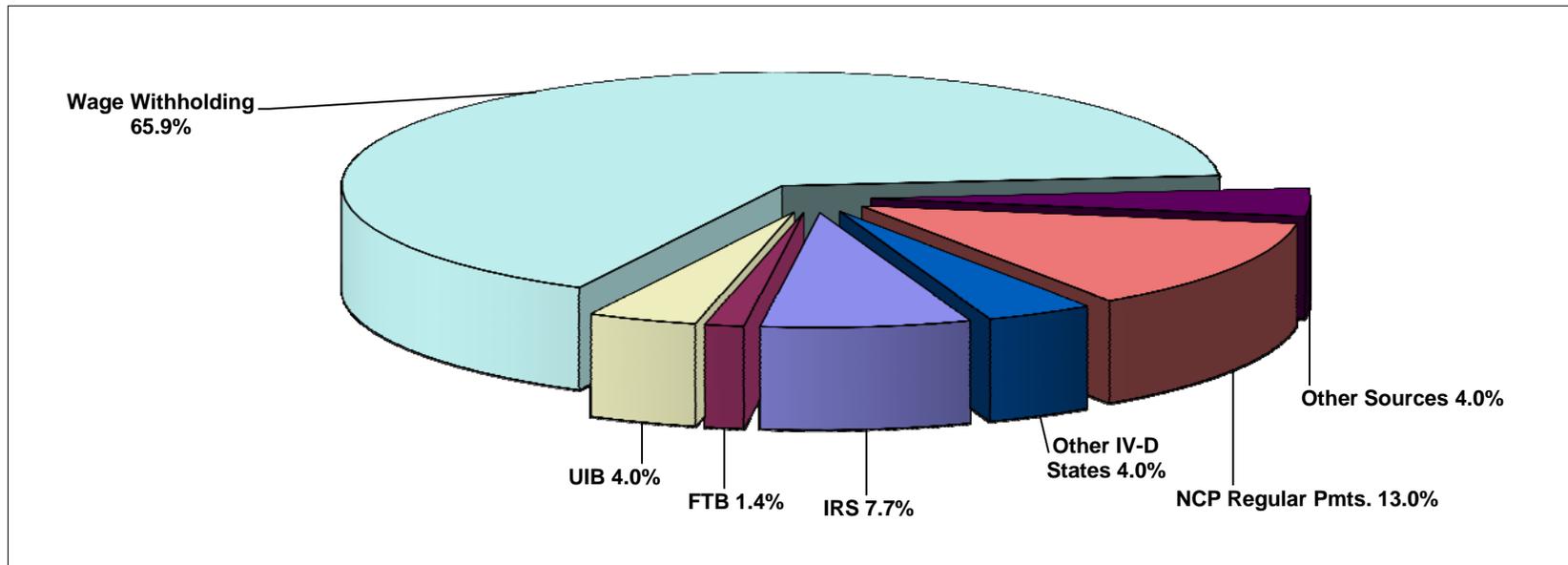
The November 2013 forecast depicted below is based on the 24 month trend estimate in the May 2013 Revision.



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 2012-13

For State Fiscal Year (SFY) 2012-13, the total collections received were \$2.3 billion. Wage Withholding continues to be the most effective way of collecting child support at 65.94 percent (\$1.5 billion) of the total collections received. The Internal Revenue Service (IRS) Federal income tax refund offsets totaled 7.7 percent (\$176 million), and the Franchise Tax Board's (FTB) State income tax refund offsets totaled 1.4 percent (\$33 million). The Unemployment Insurance Benefits (UIB) offsets totaled 4.0 percent (\$92 million), and 4.0 percent (\$91 million) represents the collections received from other IV-D states. Non-Custodial Parents (NCP) Regular Payments totaled 13 percent (\$298 million). The remaining 4.0 percent (\$90.3 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.

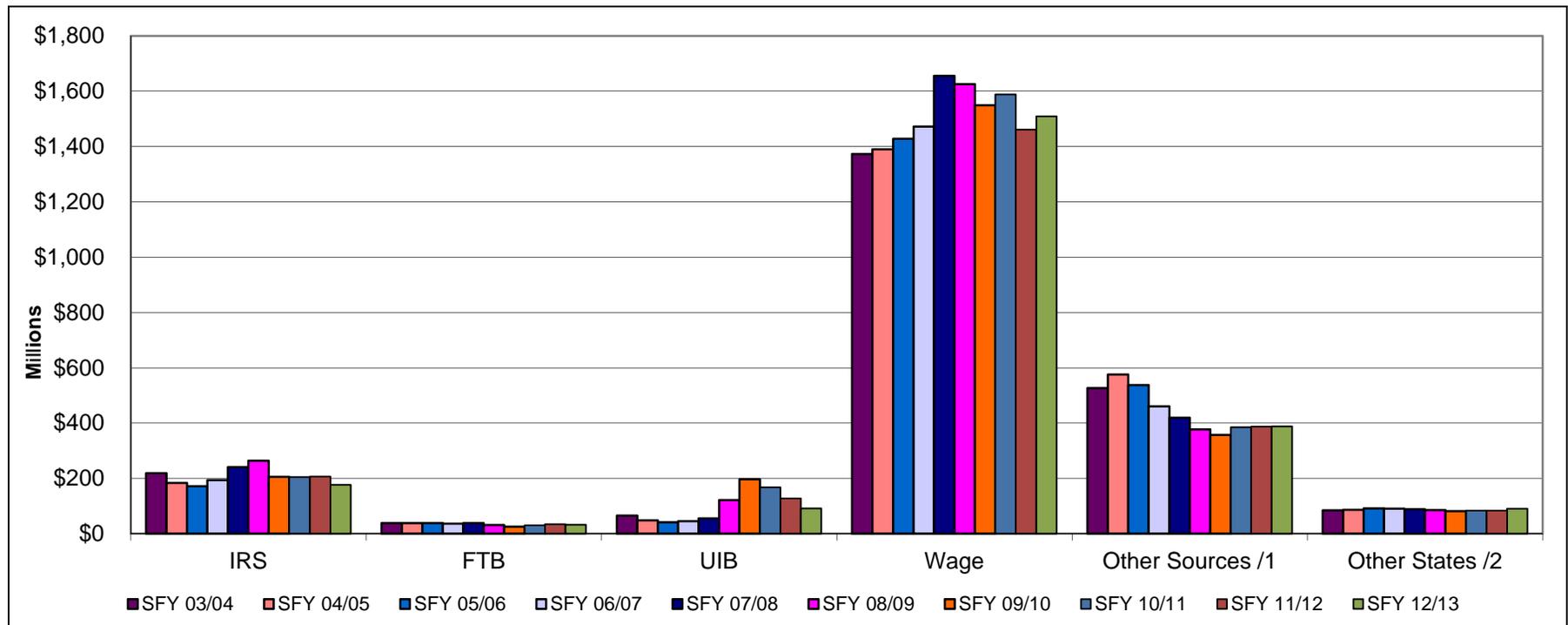


Source: CS 34 and CS 35 reports.

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) 2003-04 through SFY 2012-13. The year-to-year change from SFY 2011-12 to SFY 2012-13 for Internal Revenue Service (IRS) intercepts was a decrease of 14.77%; Franchise Tax Board (FTB) intercepts decreased 3.46%; Unemployment Insurance Benefits (UIB) intercepts decreased 28.19%; Wage Withholdings (which include Non-IV-D collections) increased 3.3%; Other Sources (including direct payments) increased 1.3%; Other IV-D States increased 4.8%.



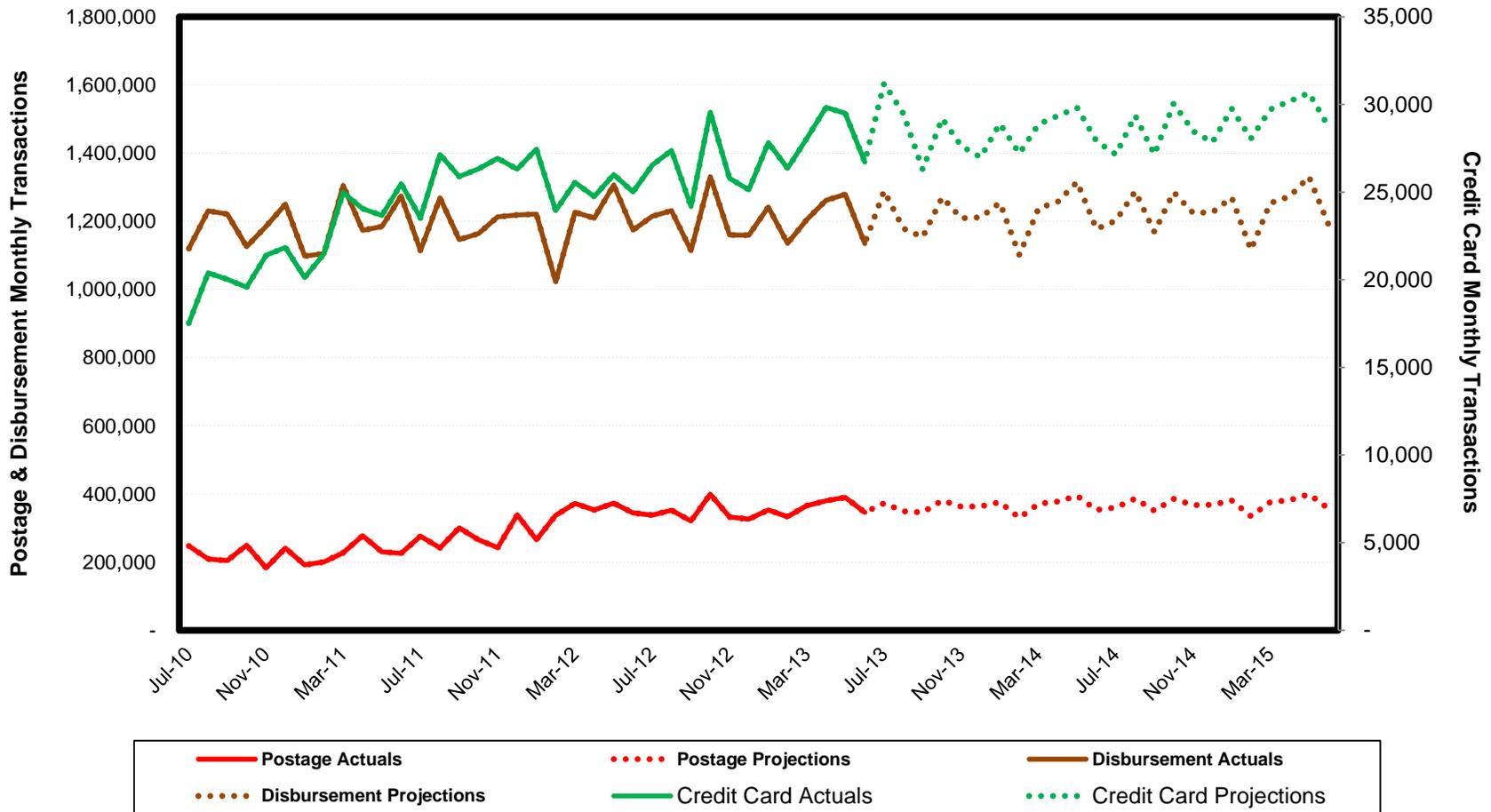
Source: CS 34 and CS 35 reports.

/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 Collections, Disbursement and Postage Trend Lines

The November 2013 forecast depicted below used 24 months of actual data; July 2011 through June 2013.



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) 2007 to FFY 2013.

Performance Measure	Federal Minimum 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	FFY 2012 California Performance Level	FFY 2013 California Performance Level
Paternity establishment percentage (IV-D caseload), or	50.0%	NA	NA	NA	NA	N/A	NA	NA
Paternity establishment percentage (statewide PEP)	50.0%	106.7%	101.4%	103.4%	102.6%	107.0%	101.6%	98.6%
Percent of cases with orders	50.0%	82.1%	80.2%	78.8%	82.5%	85.8%	87.9%	89.0%
Percent of current support collected	40.0%	51.5%	52.8%	53.4%	56.0%	58.6%	61.4%	63.3%
Percent of cases with arrearage collections	40.0%	57.1%	59.1%	59.4%	60.3%	61.6%	63.5%	65.1%
Cost-effectiveness	\$2.00	\$2.01	\$1.96 ^{1/}	\$2.10	\$2.38	\$2.29	\$2.47	\$2.54

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.

Federal Performance Measures in a Nutshell

DCSS implemented the incentive funding system based on program performance as required by The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). The Child Support Performance and Incentive Act of 1998 enacted significant changes in the way federal incentives are paid to states. The methodology changed from being based on cost-effectiveness only, to five federal performance measures implemented over a three year period, beginning October 1, 1999. The federal Office of Child Support Enforcement's (OCSE) Action Transmittal 01-01, dated January 3, 2001 contains the federal regulations that govern the system. Since Federal Fiscal Year (FFY) 2000, states are evaluated for federal incentive funds based on five performance measures:

1. Paternity Establishment Percentage

- The "IV-D Paternity Establishment Percentage" (PEP) measures the total number of children in the IV-D caseload in the fiscal year who have been born out-of-wedlock and for whom paternity has been established, compared to the total number of children in the IV-D caseload as of the end of the preceding fiscal year who were born out of wedlock, expressed as a percent;
 OR
- The "Statewide Paternity Establishment Percentage" measures the total number of children born out-of-wedlock for whom paternity was acknowledged or established in the fiscal year compared to the total number of children in the state born out-of-wedlock during the preceding fiscal year, expressed as a percentage.

IV-D PEP

Minimum threshold: 50% + 2-6% increase annually if under 90%

California's Performance:

FFY 2012	98.4%	FFY 2009	97.3%	FFY 2006	90.3%	FFY 2003	87.0%
FFY 2011	92.2%	FFY 2008	94.2%	FFY 2005	86.0%	FFY 2002	77.5%
FFY 2010	88.6%	FFY 2007	91.3%	FFY 2004	87.6%		

Statewide PEP

Minimum threshold: 50% + 2-6% increase annually if under 90%

California's Performance:

FFY 2012	101.6%	FFY 2009	103.4%	FFY 2006	109.9%	FFY 2003	105.9%
FFY 2011	107.0%	FFY 2008	101.4%	FFY 2005	106.5%	FFY 2002	108.7%
FFY 2010	102.6%	FFY 2007	106.7%	FFY 2004	117.8%		

2. Percent of Cases with a Child Support Order

This data element measures cases with support orders as compared with the total caseload. Support orders are broadly defined as all legally enforceable orders, including orders for medical support only, and zero support orders, expressed as a percentage.

Minimum threshold: 50% or 5% increase annually

California's Performance:

FFY 2012	87.9%	FFY 2009	78.8%	FFY 2006	80.6%	FFY 2003	76.4%
FFY 2011	85.8%	FFY 2008	80.2%	FFY 2005	80.3%	FFY 2002	75.3%
FFY 2010	82.5%	FFY 2007	82.1%	FFY 2004	78.1%		

3. Current Collections Performance

This performance standard measures the amount of current support collected as compared to the total amount of current support owed, expressed as a percentage.

Minimum threshold: 40%

California's Performance:

FFY 2012	61.4%	FFY 2009	53.4%	FFY 2006	50.4%	FFY 2003	45.2%
FFY 2011	58.6%	FFY 2008	52.8%	FFY 2005	49.3%	FFY 2002	42.4%
FFY 2010	56.0%	FFY 2007	51.5%	FFY 2004	48.0%		

4. Arrearage Collections Performance

This performance standard measures the number of cases with child support arrearage collections as compared with the number of cases owing arrearages during the federal fiscal year, expressed as a percentage.

Minimum threshold: 40%

California's Performance:

FFY 2012	63.5%	FFY 2009	59.4%	FFY 2006	56.5%	FFY 2003	55.4%
FFY 2011	61.6%	FFY 2008	59.1%	FFY 2005	56.0%	FFY 2002	54.9%
FFY 2010	60.3%	FFY 2007	57.1%	FFY 2004	54.9%		

5. Cost Effectiveness Performance Level

This measure compares the total amount of distributed collections to the total amount of expenditures for the fiscal year, expressed as distributed collections per dollar of expenditure.

Minimum threshold: \$2.00

California's Performance:

FFY 2012	\$2.47	FFY 2009	\$2.10	FFY 2006	\$2.03	FFY 2003	\$2.31
FFY 2011	\$2.29	FFY 2008	\$1.96	FFY 2005	\$2.15	FFY 2002	\$2.23
FFY 2010	\$2.38	FFY 2007	\$2.01	FFY 2004	\$2.12		

**The actual FFY 2008 statewide total for cost effectiveness is \$2.04. Due to a reporting error it had been reported as \$1.96.*

Data Reliability

In addition to meeting these performance goals, for purposes of incentives and penalties, data must meet a 95 percent standard of reliability beginning in the fiscal year 2001. Reliable data means the most recent data available found by the Secretary to be reliable for the purposes of computing each of the Federal performance measures. Data must be found to be sufficiently complete and error free to be convincing for their purpose and context. Federal auditors are required to conduct audits to assess completeness, reliability, and security of the data, and the accuracy of the reporting systems used in calculating performance indicators.

Failure to meet the five federal performance standards or the 95 percent data reliability standard puts California at risk of losing eligibility for incentive funds and incurring significant penalties if no improvement is made during the year.

Penalties

The penalty system is used to penalize states that fail to perform at acceptable levels or fail to submit complete and reliable data. If the state falls below one or more of the performance measures, or does not meet the data reliability criteria, an automatic corrective action period of one year will ensue. If not corrected during that period, a penalty will be imposed at the end of the year. For example, the corrective action period for the data reliability audit done for FFY 2012 ends September 30, 2013. If the state fails the FFY 2012 audit and also fails the FFY 2013 audit, a penalty could be imposed. The penalty level by which payments will be reduced is one to two percent of the Temporary Assistance for Needy Families (TANF) grant for the first finding; two to three percent for the second consecutive finding; and three to five percent for the third and subsequent consecutive findings. Total penalties may not exceed 25 percent of the TANF grant.

Federal Performance Measures Preliminary National Ranking Data – FFY 2012

IV-D PEP		Statewide PEP		Cases with Support Orders		Current Support Paid		Cases Paying on Arrears		Cost Effectiveness							
Arizona	130.3%	1	Oklahoma	115.0%	1	Wyoming	92.9%	1	Pennsylvania	84.0%	1	Pennsylvania	83.4%	1	South Dakota	\$ 12.05	1
Wyoming	118.6%	2	Montana	108.2%	2	South Dakota	92.6%	2	North Dakota	75.1%	2	Wyoming	71.4%	2	Texas	\$ 11.11	2
Nevada	117.2%	3	Colorado	106.7%	3	Washington	90.5%	3	Iowa	72.8%	3	Minnesota	70.5%	3	Mississippi	\$ 10.03	3
South Dakota	108.9%	4	Alaska	106.1%	4	Alaska	90.3%	4	Wisconsin	71.6%	4	Iowa	70.5%	4	Wyoming	\$ 7.79	4
North Dakota	108.8%	5	Virginia	103.3%	5	Pennsylvania	89.9%	5	Minnesota	71.3%	5	Vermont	70.0%	5	Missouri	\$ 7.43	5
Montana	107.6%	6	Connecticut	102.5%	6	Utah	89.6%	6	Nebraska	69.9%	6	Colorado	69.7%	6	Ohio	\$ 7.31	6
Pennsylvania	107.5%	7	California	101.6%	7	Maine	89.2%	7	South Dakota	69.3%	7	Nebraska	69.1%	7	Tennessee	\$ 7.20	7
New Hampshire	107.3%	8	Texas	100.4%	8	North Dakota	89.1%	8	Vermont	69.1%	8	Alaska	68.7%	8	Idaho	\$ 7.17	8
Utah	106.8%	9	Utah	99.9%	9	Montana	88.8%	9	Massachusetts	69.0%	9	North Dakota	68.7%	9	Virginia	\$ 7.02	9
Maine	106.7%	10	South Carolina	98.8%	10	Kentucky	88.7%	10	Wyoming	67.5%	10	Indiana	67.7%	10	Georgia	\$ 6.83	10
Indiana	106.2%	11	Nebraska	98.0%	11	Vermont	88.7%	11	Ohio	66.6%	11	Arkansas	66.7%	11	Wisconsin	\$ 6.64	11
Vermont	105.6%	12	Missouri	97.7%	12	West Virginia	88.3%	12	New York	66.5%	12	Montana	66.6%	12	North Dakota	\$ 6.63	12
West Virginia	104.2%	13	Florida	96.6%	13	Virginia	88.1%	13	Michigan	65.9%	13	Georgia	66.4%	13	Utah	\$ 6.37	13
Wisconsin	103.8%	14	Georgia	96.5%	14	California	87.9%	14	West Virginia	65.7%	14	South Dakota	66.3%	14	Indiana	\$ 6.26	14
Minnesota	102.5%	15	Hawaii	96.4%	15	Iowa	87.9%	15	Maryland	65.7%	15	New Mexico	66.3%	15	Michigan	\$ 5.96	15
Georgia	101.6%	16	Iowa	95.9%	16	Idaho	87.2%	16	North Carolina	65.5%	16	Texas	65.3%	16	Iowa	\$ 5.91	16
Washington	101.3%	17	New Jersey	95.6%	17	Colorado	86.8%	17	New Jersey	65.1%	17	New Hampshire	64.9%	17	Arizona	\$ 5.90	17
Kansas	101.0%	18	Oregon	94.8%	18	Wisconsin	86.8%	18	Texas	65.0%	18	North Carolina	64.7%	18	Kentucky	\$ 5.90	18
Arkansas	99.7%	19	New Hampshire	94.7%	19	Georgia	86.6%	19	Washington	64.5%	19	Maryland	64.4%	19	Massachusetts	\$ 5.90	19
North Carolina	99.1%	20	Kansas	94.6%	20	Minnesota	86.5%	20	Virginia	63.4%	20	Wisconsin	64.0%	20	Florida	\$ 5.88	20
New Mexico	98.9%	21	Ohio	94.0%	21	New Hampshire	86.4%	21	Montana	63.1%	21	Ohio	63.8%	21	Nebraska	\$ 5.80	21
California	98.4%	22	Wyoming	93.7%	22	Missouri	86.3%	22	New Hampshire	62.9%	22	California	63.5%	22	Pennsylvania	\$ 5.76	22
Iowa	98.2%	23	Michigan	93.6%	23	Arkansas	86.2%	23	Arkansas	62.8%	23	Kansas	63.1%	23	Oregon	\$ 5.48	23
Maryland	97.9%	24	Tennessee	93.2%	24	Nebraska	85.8%	24	Colorado	62.7%	24	New Jersey	62.2%	24	Hawaii	\$ 5.42	24
Idaho	97.9%	25	Pennsylvania	92.9%	25	Ohio	85.1%	25	Hawaii	62.7%	25	Virginia	62.1%	25	Louisiana	\$ 5.21	25
Tennessee	97.8%	26	Massachusetts	90.8%	26	Arizona	84.9%	26	Georgia	61.7%	26	Utah	62.0%	26	Arkansas	\$ 5.05	26
Massachusetts	97.8%	27	Maryland	90.8%	27	Massachusetts	83.5%	27	Utah	61.4%	27	West Virginia	61.3%	27	Washington	\$ 5.05	27
Missouri	97.6%	28	New York	90.7%	28	Maryland	83.4%	28	California	61.4%	28	Oklahoma	61.1%	28	West Virginia	\$ 4.99	28
Nebraska	97.5%	29	Dist. Of Columbia	90.0%	29	Kansas	82.9%	29	Dist. Of Columbia	60.9%	29	Illinois	60.4%	29	Rhode Island	\$ 4.94	29
Virginia	97.4%	30	West Virginia	88.0%	30	Alabama	82.9%	30	Indiana	60.7%	30	Washington	60.4%	30	New York	\$ 4.88	30
Kentucky	96.3%	31	Illinois	87.4%	31	North Carolina	82.9%	31	Idaho	60.0%	31	Massachusetts	59.8%	31	Alabama	\$ 4.83	31
Colorado	96.1%	32	Idaho	67.3%	32	Texas	82.6%	32	Delaware	59.7%	32	Florida	59.7%	32	South Carolina	\$ 4.66	32
Connecticut	95.4%	33	Alabama	NA		New Mexico	81.7%	33	Rhode Island	59.6%	33	Mississippi	59.5%	33	North Carolina	\$ 4.63	33
South Carolina	95.2%	34	Arizona	NA		Nevada	81.6%	34	Alaska	59.6%	34	Connecticut	59.5%	34	New Hampshire	\$ 4.63	34
Alaska	93.3%	35	Arkansas	NA		Illinois	81.0%	35	Oregon	59.6%	35	Kentucky	59.4%	35	Montana	\$ 4.60	35
Ohio	93.1%	36	Delaware	NA		Indiana	81.0%	36	Illinois	59.1%	36	Missouri	59.4%	36	Oklahoma	\$ 4.53	36
Rhode Island	92.5%	37	Guam	NA		New York	80.2%	37	Maine	59.1%	37	Idaho	58.8%	37	Illinois	\$ 4.41	37
Alabama	91.8%	38	Indiana	NA		Oklahoma	78.4%	38	Connecticut	57.8%	38	Louisiana	58.3%	38	New Jersey	\$ 4.27	38
Mississippi	91.6%	39	Kentucky	NA		Louisiana	77.7%	39	Kentucky	57.7%	39	Michigan	58.1%	39	Colorado	\$ 4.26	39
New Jersey	90.7%	40	Louisiana	NA		Michigan	77.0%	40	Missouri	57.4%	40	Tennessee	57.9%	40	Maryland	\$ 4.18	40
Louisiana	90.6%	41	Maine	NA		New Jersey	76.8%	41	Louisiana	56.9%	41	Oregon	57.5%	41	Nevada	\$ 4.05	41
Michigan	90.3%	42	Minnesota	NA		Oregon	76.6%	42	Kansas	56.0%	42	New York	57.4%	42	Alaska	\$ 3.99	42
Florida	89.0%	43	Mississippi	NA		Connecticut	75.2%	43	Nevada	55.6%	43	Maine	57.2%	43	Connecticut	\$ 3.77	43
New York	85.9%	44	Nevada	NA		Nevada	74.9%	44	Oklahoma	55.6%	44	Nevada	57.1%	44	Kansas	\$ 3.76	44
Texas	85.0%	45	New Mexico	NA		Florida	73.7%	45	Tennessee	55.0%	45	Alabama	57.0%	45	Maine	\$ 3.71	45
Illinois	77.9%	46	North Carolina	NA		South Carolina	71.6%	46	Mississippi	54.8%	46	Rhode Island	56.7%	46	Vermont	\$ 3.50	46
Oklahoma	77.5%	47	North Dakota	NA		Dist. Of Columbia	68.9%	47	New Mexico	54.2%	47	Delaware	55.8%	47	Minnesota	\$ 3.50	47
Delaware	76.9%	48	Puerto Rico	NA		Hawaii	67.9%	48	Arizona	52.3%	48	Arizona	54.5%	48	New Mexico	\$ 3.02	48
Dist. Of Columbia	68.3%	49	Rhode Island	NA		Rhode Island	67.1%	49	South Carolina	52.2%	49	South Carolina	53.4%	49	California	\$ 2.47	49
Guam	NA		South Dakota	NA		Delaware	66.6%	50	Alabama	51.3%	50	Dist. Of Columbia	51.9%	50	Dist. Of Columbia	\$ 1.98	50
Hawaii	NA		Vermont	NA		Mississippi	61.7%	51	Florida	51.0%	51	Hawaii	45.0%	51	Delaware	\$ 1.73	51
Oregon	NA		Virgin Islands	NA		Guam	NA		Guam	NA		Guam	NA		Guam	NA	
Puerto Rico	NA		Washington	NA		Puerto Rico	NA		Puerto Rico	NA		Puerto Rico	NA		Puerto Rico	NA	
Virgin Islands	NA		Wisconsin	NA		Virgin Islands	NA		Virgin Islands	NA		Virgin Islands	NA		Virgin Islands	NA	
Weighted Avg/Total	94.6%		86.9%			82.0%			63.1%			62.4%			\$ 5.16		

Preliminary/informal data based on unaudited OCSE 157 data provided to Maximus/PSI. Subsequent revisions to OCSE 157 data provided to OCSE but not provided to Maximus/PSI are not reflected here.

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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) 2013-14 and SFY 2014-15.
- LCSA Basic Costs – Administration is updated to move funding for Internal Revenue Service (IRS) intercept fees from the Local Child Support Agency Basic Costs line to the IRS Intercept Fees line formerly named the IRS Intercept Fees (for emancipated minors only).

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 \$697,772,000 for SFY 2013-14 and SFY 2014-15. From this base, federal incentives are removed to calculate administration.

Federal Performance Basic Incentives:

Federal Performance Basic Incentive funds of \$40,313,000 for both SFY 2013-14 and SFY 2014-15 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 2013-14 and SFY 2014-15, the budget is \$40,000,000 (\$26,400,000 federal funds and \$13,600,000 county funds).

Revenue Stabilization:

SFY 2013-14 and SFY 2014-15 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 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 APPROPRIATION:

LCSA Basic Costs – Administration is updated to move funding for Internal Revenue Service (IRS) intercept fees from the Local Child Support Agency Basic Costs line to the IRS Intercept Fees line formerly named the IRS Intercept Fees (for emancipated minors only).

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in 000's)

	2013-14	2014-15
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$756,507	\$756,507
Federal	512,725	512,725
State	230,182	230,182
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-11).

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 2008	\$483,000,000
• FFY 2001	\$429,000,000	• FFY 2009	\$504,000,000
• FFY 2002	\$450,000,000	• FFY 2010	\$504,000,000
• FFY 2003	\$461,000,000	• FFY 2011	\$513,000,000
• FFY 2004	\$454,000,000	• FFY 2012	\$527,000,000 ^{1/}
• FFY 2005	\$446,000,000	• FFY 2013	\$538,000,000 ^{1/}
• FFY 2006	\$458,000,000	• FFY 2014	\$549,000,000 ^{1/}
• FFY 2007	\$471,000,000	• FFY 2015	\$560,000,000 ^{1/}

^{1/} FFY 2012 through 2015 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 \$40,313,000 federal incentives in State Fiscal Year (SFY) 2013-14 and SFY 2014-15.

FUNDING:

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

CHANGE FROM APPROPRIATION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in 000's)

	2013-14	2014-15
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total Incentives	\$40,313	\$40,313

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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 LCSAs were able to retain 233.5 caseworker staff in State Fiscal Year (SFY) 2011-12 with Revenue Stabilization funding.
- For SFY 2011-12, the marginal return on collections per caseworker for assistance cases was \$86,371.
- For SFY 2011-12, the marginal return on collections per caseworker for non-assistance cases was \$482,347.

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 233.5 caseworkers were multiplied by the marginal return on collections per assistance case. This quotient was reduced by \$1,255,770 (to account for disregards) to compute additional net assistance collections of \$18,912,000 (\$8,826,000 SGF) in SFY 2013-14 and SFY 2014-15. The 233.5 caseworkers were multiplied by the marginal return on collections per non-assistance case to compute additional non-assistance collections of \$112,630,000.

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:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in 000's)

	2013-14	2014-15
	<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)

	2013-14	2014-15
	<u>Collections</u>	<u>Collections</u>
Assistance Total	\$18,912	\$18,912
Federal	8,837	8,837
State	8,826	8,826
County	1,249	1,249
Other	0	0
Non-Assistance	\$112,630	\$112,630
Total Collections	\$131,542	\$131,542

IRS Intercept Fees

DESCRIPTION:

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

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) 2013-14 and SFY 2014-15. The projected numbers of intercepts were then multiplied by the offset fee of \$14.75 to calculate fees associated with the non-minor intercepts.
- The federal tax intercepts were forecasted based on the actuals collected in SFY 2011-12. The federal tax intercept fee is \$14.65 per offset and the administrative fee is \$16.00 for SFY 2013-14 and \$15.00 in SFY 2014-15.

FUNDING:

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

CHANGE FROM APPROPRIATION:

This premise is updated to move the funding for Internal Revenue Service (IRS) intercept fees from the Local Child Support Agency Basic Costs premise to the IRS Intercept Fees (for emancipated minors only) premise and renamed the premise IRS Intercept Fees.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in 000's)

	2013-14	2014-15
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$2,213	\$2,213
Federal	1,460	1,460
State	753	753
County	0	0
Reimbursements	0	0

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 APPROPRIATION:

The forecast has been updated based on actual assessment data for Federal Fiscal Year 2013.

REASON FOR YEAR-TO-YEAR CHANGE:

The forecast has been updated based on actual assessment data for Federal Fiscal Year 2013.

EXPENDITURES:

(in 000's)

	2013-14	2014-15
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$2,661	\$2,661
Federal	0	0
State	2,661	2,661
County	0	0
Reimbursements	0	0

Section 1115 Grant (NCP Employment Demonstration Project)

DESCRIPTION:

This premise reflects the funds for the Non-Custodial Parent Employment Demonstration Project Federal Grant. The grant is for a five year period with the first year devoted to development of the program. Services will occur during years two through four and the fifth year will be dedicated to evaluation and sustainability work.

IMPLEMENTATION DATE:

This premise was implemented September 30, 2012.

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].
- The grant is effective from September 30, 2012 through September 29, 2017.
- Section 1115 grant funds awarded to each project will represent 34 percent of the total project costs. The grant funds will be treated as state expenditures under Title IV-D that, for purposes of the demonstration project, will be reimbursed by the regular Title IV-D federal financial participation (FFP) match of 66 percent. The total approved cost of the project is the sum of the Administration for Children and Families (ACF) grant award under Section 1115 and regular FFP. Grantees do not need to provide matching funds.

METHODOLOGY:

- The Federal ACF approval letter, dated September 28, 2012, contains the funding for this grant.
- Funding for State Fiscal Year (SFY) 2013-14 is \$507,000 and \$386,000 for SFY 2014-15.

FUNDING:

- The cost is funded 66 percent federal matching funds and 34 percent Section 1115 grant funds. No State General Fund match is required.

CHANGE FROM APPROPRIATION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The premise is updated to reflect the budgeted amount for SFY 2014-15.

EXPENDITURES:

(in 000's)

	2013-14	2014-15
	<u>CS Administration</u>	<u>CS Administration</u>
Total	\$507	\$386
Federal	507	386
State	0	0
County	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.

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.

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 APPROPRIATION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in 000's)

	2013-14	2014-15
	<u>CS Automation</u>	<u>CS Automation</u>
Total	\$14,966	\$14,966
Federal	9,878	9,878
State	5,088	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 latest Annual Advance Planning Document Update, and the Department of Child Support Services Budget Change Proposal DCSS-1, CCSAS Information Technology (IT) Contract Staff Reduction.

FUNDING:

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

CHANGE FROM APPROPRIATION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The decrease in SFY 2014-15 is due to a reduction in IT contract staff.

EXPENDITURES:

(in 000's)

	2013-14	2014-15
	<u>CS Automation</u>	<u>CS Automation</u>
Total	\$81,086	\$76,712
Federal	53,517	50,630
State	27,569	26,082
County	0	0

Child Support Collections Recovery Fund

DESCRIPTION:

This premise reflects the estimated federal share of Title IV-A child support collections, which is utilized to fund a portion of 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) 2013-14 and SFY 2014-15, 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:

There is no change.

REVENUES:

(in 000's)

	2013-14	2014-15
	<u>Revenues</u>	<u>Revenues</u>
Total	\$190,408	\$190,408
Federal	190,408	190,408
State	0	0
County	0	0
Reimbursements	0	0

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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 the 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 are 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 the CS 34 and CS 35 reports.

METHODOLOGY:

- Assistance distributed collections are reported monthly on the CS 34 and CS 35 Reports. These were used to construct a 24-month trend for Basic Collections based on data from January 2011 through December 2012. Seasonal adjustments were made to the data by using monthly dummy variables in the linear regression model.
- Non-assistance distributed collections are reported monthly on the CS 34 and CS 35 Reports. These were used to construct a 24-month trend for Basic Collections based on data from January 2011 through December 2012. Seasonal adjustments were made to the data by using monthly dummy variables in the linear regression model.
- Assistance distributed collections for Other States are reported on the CS 34 and CS 35 Reports. These were used to construct a 24-month trend based on data from January 2011 through December 2012. Seasonal adjustments were made to the data by using monthly dummy variables in the linear regression model.
- Non-Assistance distributed collections for Other States are reported on the CS 34 and CS 35 Reports. These were used to construct a 24-month trend based on data from January 2011 through December 2012. Seasonal adjustments were made to the data by using monthly dummy variables in the linear regression model.

- 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 2012-13 and SFY 2013-14, the trend forecast rates of change for assistance Basic Collections were applied to SFY 2011-12 actual collections to arrive at the Assistance Miscellaneous Collections for SFY 2013-14 and SFY 2014-15.
- The Non-Assistance Miscellaneous Collections consist of Non-Assistance Medical Support which is reported on the CS 34 Report. For SFY 2013-14 and SFY 2014-15, the trend forecast rates of change for non-assistance Basic Collections were applied to the SFY 2011-12 actual collections to arrive at the forecasted Non-Assistance Miscellaneous Collections for SFY 2013-14 and SFY 2014-15.

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:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

COLLECTIONS:

(in 000's)

	2013-14 <u>Collections</u>	2014-15 <u>Collections</u>
Assistance Total	\$405,734	\$405,734
Federal	189,590	189,590
State	189,357	189,357
County	26,787	26,787
Other	0	0
Non-Assistance	1,683,248	1,683,248
Collections For Other States		
Assistance	6,700	6,700
Non-Assistance	91,675	91,675
Miscellaneous Collections		
Assistance	15,452	15,452
Non-Assistance	1,925	1,925
Grand Total ^{1/}	\$2,204,734	\$2,204,734

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

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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.

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 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.

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 actual data from the CS 35 reports from January 2011 through December 2012.
- 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.

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:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

COLLECTIONS:

(in 000's)

	2013-14	2014-15
	<u>Collections</u>	<u>Collections</u>
Total	\$29,993	\$29,993
Federal	0	0
State	0	0
County	0	0
Other	29,993	29,993

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 2011 through December 2012.
- 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, 2012 through June 30, 2014.

METHODOLOGY:

- For SFY 2013-14 and SFY 2014-15, 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 \$8,019,000.

FUNDING:

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

CHANGE FROM APPROPRIATION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

REVENUES:

(in 000's)

	2013-14	2014-15
	<u>Revenues</u>	<u>Revenues</u>
Total	-\$8,019	-\$8,019
Federal	-8,019	-8,019
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 was 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:

This reflects the amount of the \$25 annual fee estimated to be collected.

CHANGE FROM APPROPRIATION:

The current year forecast is based on actual assessment data.

REASON FOR YEAR-TO-YEAR CHANGE:

The budget year forecast is based on actual assessment data.

EXPENDITURES:

(in 000's)

	2013-14	2014-15
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$3,398	\$3,398
Federal	0	0
State	3,398	3,398
County	0	0

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Discontinued Premises

CHILD SUPPORT PROGRAM COSTS:

- None.

CHILD SUPPORT PROGRAM COLLECTIONS:

- None.

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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 2013 – June 2014	<u>ASSISTANCE:</u> <u>Nonfederal</u>	July 2013 – June 2014
Federal	50.00%	State	95.00%
State	47.50%	County	5.00%
County	2.50%		

<u>FOSTER CARE:</u>	July 2013 – June 2014	<u>FOSTER CARE:</u> <u>Nonfederal</u>	July 2013 – June 2014
Federal	50.00%	State	00.00%
State	0.00%	County	100.00%
County	50.00%		

<u>KinGAP:</u>	July 2013 – June 2014	<u>KinGAP:</u> <u>Nonfederal</u>	July 2013 – June 2014
Federal	50.00%	State	79.00%
State	39.50%	County	21.00%
County	10.50%		

<u>ASSISTANCE:</u>	July 2014 – June 2015	<u>ASSISTANCE:</u> <u>Nonfederal</u>	July 2014 – June 2015
Federal	50.00%	State	95.00%
State	47.50%	County	5.00%
County	2.50%		
<u>FOSTER CARE:</u>	July 2014 – June 2015	<u>FOSTER CARE:</u> <u>Nonfederal</u>	July 2014 – June 2015
Federal	50.00%	State	0.00%
State	0.00%	County	100.00%
County	50.00%		
<u>KinGAP:</u>	July 2014 – June 2015	<u>KinGAP:</u> <u>Nonfederal</u>	July 2014 – June 2015
Federal	50.00%	State	79.00%
State	39.50%	County	21.00%
County	10.50%		

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
NCP	Non-Custodial Parent
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 January 2011 through December 2012 were used to forecast the annual Non IV-D collections amounts for SFY 2013-14 and SFY 2014-15 of \$220,963,000.. 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:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

COLLECTIONS:

(in 000's)

	2013-14	2014-15
	<u>Collections</u>	<u>Collections</u>
Total	\$220,963	\$220,963
Federal	0	0
State	0	0
County	0	0
Other	220,963	220,963

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

		2013-14 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2013-14 NOV ESTIMATE				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2013-14 APPROPRIATION TO 2013-14 NOV ESTIMATE																
1	Non IV-D CHILD SUPPORT COLLECTIONS	220,963	0	0	0	220,963	0	0	0	0	0	220,963	0	0	0	220,963
		2013-14 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2014-15 GOVERNOR'S BUDGET				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2013-14 APPROPRIATION TO 2014-15 GOVERNOR'S BUDGET																
2	Non IV-D CHILD SUPPORT COLLECTIONS	220,963	0	0	0	220,963	0	0	0	0	0	220,963	0	0	0	220,963
		2013-14 NOV ESTIMATE					ADJUSTMENTS/DIFFERENCES					2014-15 GOVERNOR'S BUDGET				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2013-14 NOVEMBER ESTIMATE TO 2014-15 GOVERNOR'S BUDGET																
3	Non IV-D CHILD SUPPORT COLLECTIONS	220,963	0	0	0	220,963	0	0	0	0	0	220,963	0	0	0	220,963

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.