

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

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



TO: RECIPIENTS OF THE DEPARTMENT OF CHILD SUPPORT SERVICES 2016-17 GOVERNOR'S BUDGET

FROM: MATHEW MACY, Budget Manager
Budget Support Section

DATE: January 8, 2016

SUBJECT: DEPARTMENT OF CHILD SUPPORT SERVICES ESTIMATES

This memorandum transmits the 2016-17 Governor's Budget estimates for the Department of Child Support Services (DCSS). The Governor's Budget includes the State Fiscal Year (SFY) 2016-17 November 2015 Estimate of DCSS administrative costs and collections.

The November 2015 Estimate presents the SFY 2016-17 DCSS budget and provides an update to the SFY 2015-16 enacted budget. 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 (\$168 million SGF) for SFY 2015-16 and \$2.4 billion (\$172.1 million SGF) for SFY 2016-17.

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

The material contained in the November 2015 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
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COST TABLE 1
Comparison of the 2015-16 Enacted Budget to the 2016-17 November Estimate for CY (2015-16)
(in thousands)

	2015-16 ENACTED BUDGET					ADJUSTMENTS					2016-17 NOVEMBER ESTIMATE CY				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
CHILD SUPPORT PROGRAM COSTS¹	1,014,727	687,435	313,569	13,600	123	2,233	1,487	746	0	0	1,016,960	688,922	314,315	13,600	123
1 STATE OPERATIONS³	165,843	115,149	50,571	0	123	2,243	1,487	756	0	0	168,086	116,636	51,327	0	123
Item 5175-001	89,615	60,476	29,016	0	123	2,184	1,442	742	0	0	91,799	61,918	29,758	0	123
Item 5175-002 - Internal & External Contracts	76,228	54,673	21,555	0	0	59	45	14	0	0	76,287	54,718	21,569	0	0
2 LOCAL ASSISTANCE	848,884	572,286	262,998	13,600	0	-10	0	-10	0	0	848,874	572,286	262,988	13,600	0
Child Support Services	698,649	422,051	262,998	13,600	0	-23,268	-23,258	-10	0	0	675,381	398,793	262,988	13,600	0
Child Support Collections Recovery Fund ²	150,235	150,235	0	0	0	23,258	23,258	0	0	0	173,493	173,493	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	762,117	515,019	233,498	13,600	0	-10	0	-10	0	0	762,107	515,019	233,488	13,600	0
Local Child Support Agency Basic Costs	756,507	512,805	230,102	13,600	0	0	0	0	0	0	756,507	512,805	230,102	13,600	0
Administration	657,222	433,490	223,732	0	0	0	0	0	0	0	657,222	433,490	223,732	0	0
Federal Performance Basic Incentives	40,550	40,550	0	0	0	0	0	0	0	0	40,550	40,550	0	0	0
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
Revenue Stabilization	18,735	12,365	6,370	0	0	0	0	0	0	0	18,735	12,365	6,370	0	0
Internal Revenue Services Intercept Fees	2,213	1,460	753	0	0	0	0	0	0	0	2,213	1,460	753	0	0
Deficit Reduction Act - Mandatory Fee	2,643	0	2,643	0	0	-10	0	-10	0	0	2,633	0	2,633	0	0
Section 1115 Grant (NCP Employment Demo Project)	313	313	0	0	0	0	0	0	0	0	313	313	0	0	0
Section 1115 Grant (Dedicated Daddies Make a Difference)	441	441	0	0	0	0	0	0	0	0	441	441	0	0	0
2b LOCAL ASSISTANCE AUTOMATION	86,767	57,267	29,500	0	0	0	0	0	0	0	86,767	57,267	29,500	0	0
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
California Child Support Automation System - CSE	71,801	47,389	24,412	0	0	0	0	0	0	0	71,801	47,389	24,412	0	0

Notes:
¹ Child Support Program Total Costs minus county funds equals total enacted budget.
² Child Support Collections Recovery Fund total for the 2015-16 enacted budget is based on the November 2014 Estimate. Due to a technical error it was not updated to reflect the 2015 May Revise.
³ State Operations Administration adjustments reflect augmentations for Employee Compensation and Retirement.

COST TABLE 2
Comparison of the 2015-16 Enacted Budget to the 2016-17 November Estimate for BY (2016-17)
(in thousands)

	2015-16 ENACTED BUDGET					ADJUSTMENTS					2016-17 NOVEMBER ESTIMATE BY				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
CHILD SUPPORT PROGRAM COSTS¹	1,014,727	687,435	313,569	13,600	123	3,000	2,398	602	0	0	1,017,727	689,833	314,171	13,600	123
1 STATE OPERATIONS³	165,843	115,149	50,571	0	123	6,616	4,584	2,032	0	0	172,459	119,733	52,603	0	123
Item 5175-001	89,615	60,476	29,016	0	123	6,557	4,539	2,018	0	0	96,172	65,015	31,034	0	123
Item 5175-002 - Internal & External Contracts	76,228	54,673	21,555	0	0	59	45	14	0	0	76,287	54,718	21,569	0	0
2 LOCAL ASSISTANCE	848,884	572,286	262,998	13,600	0	-3,616	-2,186	-1,430	0	0	845,268	570,100	261,568	13,600	0
Child Support Services	698,649	422,051	262,998	13,600	0	-24,688	-23,258	-1,430	0	0	673,961	398,793	261,568	13,600	0
Child Support Collections Recovery Fund ²	150,235	150,235	0	0	0	19,765	19,765	0	0	0	170,000	170,000	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	762,117	515,019	233,498	13,600	0	-250	36	-286	0	0	761,867	515,055	233,212	13,600	0
Local Child Support Agency Basic Costs	756,507	512,805	230,102	13,600	0	0	276	-276	0	0	756,507	513,081	229,826	13,600	0
Administration	657,222	433,490	223,732	0	0	-811	-535	-276	0	0	656,411	432,955	223,456	0	0
Federal Performance Basic Incentives	40,550	40,550	0	0	0	811	811	0	0	0	41,361	41,361	0	0	0
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
Revenue Stabilization	18,735	12,365	6,370	0	0	0	0	0	0	0	18,735	12,365	6,370	0	0
Internal Revenue Services Intercept Fees	2,213	1,460	753	0	0	0	0	0	0	0	2,213	1,460	753	0	0
Deficit Reduction Act - Mandatory Fee	2,643	0	2,643	0	0	-10	0	-10	0	0	2,633	0	2,633	0	0
Section 1115 Grant (NCP Employment Demo Project)	313	313	0	0	0	-240	-240	0	0	0	73	73	0	0	0
Section 1115 Grant (Dedicated Daddies Make a Difference)	441	441	0	0	0	0	0	0	0	0	441	441	0	0	0
2b LOCAL ASSISTANCE AUTOMATION	86,767	57,267	29,500	0	0	-3,366	-2,222	-1,144	0	0	83,401	55,045	28,356	0	0
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
California Child Support Automation System - CSE	71,801	47,389	24,412	0	0	-3,366	-2,222	-1,144	0	0	68,435	45,167	23,268	0	0

Notes:

¹ Child Support Program Total Costs minus county funds equals total enacted budget.

² Child Support Collections Recovery Fund total for the 2015-16 enacted budget is based on the November 2014 Estimate. Due to a technical error it was not updated to reflect the 2015 May Revise.

³ State Operations Administration adjustments reflect augmentations for Employee Compensation, Retirement, 14-15 BCP #1, and SWCAP.

COST TABLE 3
Comparison of the 2016-17 November Estimate for CY (2015-16) and BY (2016-17)
(in thousands)

	2016-17 NOVEMBER ESTIMATE CY					ADJUSTMENTS					2016-17 NOVEMBER ESTIMATE BY				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
CHILD SUPPORT PROGRAM COSTS¹	1,016,960	688,922	314,315	13,600	123	767	911	-144	0	0	1,017,727	689,833	314,171	13,600	123
1 STATE OPERATIONS³	168,086	116,636	51,327	0	123	4,373	3,097	1,276	0	0	172,459	119,733	52,603	0	123
Item 5175-001	91,799	61,918	29,758	0	123	4,373	3,097	1,276	0	0	96,172	65,015	31,034	0	123
Item 5175-002 - Internal & External Contracts	76,287	54,718	21,569	0	0	0	0	0	0	0	76,287	54,718	21,569	0	0
2 LOCAL ASSISTANCE	848,874	572,286	262,988	13,600	0	-3,606	-2,186	-1,420	0	0	845,268	570,100	261,568	13,600	0
Child Support Services	698,649	422,051	262,998	13,600	0	-24,688	-23,258	-1,430	0	0	673,961	398,793	261,568	13,600	0
Child Support Collections Recovery Fund	173,493	173,493	0	0	0	-3,493	-3,493	0	0	0	170,000	170,000	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	762,107	515,019	233,488	13,600	0	-240	36	-276	0	0	761,867	515,055	233,212	13,600	0
Local Child Support Agency Basic Costs	756,507	512,805	230,102	13,600	0	0	276	-276	0	0	756,507	513,081	229,826	13,600	0
Administration	657,222	433,490	223,732	0	0	-811	-535	-276	0	0	656,411	432,955	223,456	0	0
Federal Performance Basic Incentives	40,550	40,550	0	0	0	811	811	0	0	0	41,361	41,361	0	0	0
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
Revenue Stabilization	18,735	12,365	6,370	0	0	0	0	0	0	0	18,735	12,365	6,370	0	0
Internal Revenue Services Intercept Fees	2,213	1,460	753	0	0	0	0	0	0	0	2,213	1,460	753	0	0
Deficit Reduction Act - Mandatory Fee	2,633	0	2,633	0	0	0	0	0	0	0	2,633	0	2,633	0	0
Section 1115 Grant (NCP Employment Demo Project)	313	313	0	0	0	-240	-240	0	0	0	73	73	0	0	0
Section 1115 Grant (Dedicated Daddies Make a Difference)	441	441	0	0	0	0	0	0	0	0	441	441	0	0	0
2b LOCAL ASSISTANCE AUTOMATION	86,767	57,267	29,500	0	0	-3,366	-2,222	-1,144	0	0	83,401	55,045	28,356	0	0
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
California Child Support Automation System - CSE	71,801	47,389	24,412	0	0	-3,366	-2,222	-1,144	0	0	68,435	45,167	23,268	0	0

Notes:

¹ Child Support Program Total Costs minus county funds equals total enacted budget.

² State Operations Administration adjustments reflect augmentations for Employee Compensation, Retirement, 14-15 BCP #1, and SWCAP.

**CHILD SUPPORT PROGRAM
REVENUE AND COLLECTIONS COMPARISONS**

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(in thousands)

	2015-16 ENACTED BUDGET					ADJUSTMENTS/DIFFERENCES					2016-17 NOVEMBER ESTIMATE CY				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,330,563	165,308	167,927	22,248	1,975,080	33,847	8,185	172	716	24,774	2,364,410	173,493	168,099	22,964	1,999,854
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,332,917	171,138	164,451	22,248	1,975,080	34,282	8,623	169	716	24,774	2,367,199	179,761	164,620	22,964	1,999,854
3 Child Support Assistance Collections	402,177	171,138	164,451	22,248	44,340	6,096	8,623	169	716	-3,412	408,273	179,761	164,620	22,964	40,928
4 Basic Collections	348,046	162,862	163,636	21,548	0	10,234	8,774	705	755	0	358,280	171,636	164,341	22,303	0
5 Disregard Payments to Families	26,379	0	0	0	26,379	-2,837	0	0	0	-2,837	23,542	0	0	0	23,542
6 Non Maintenance of Effort	-7,895	0	-7,500	-395	0	0	0	0	0	0	-7,895	0	-7,500	-395	0
7 Collections for Other States - Assistance	5,791	0	0	0	5,791	-22	0	0	0	-22	5,769	0	0	0	5,769
8 Miscellaneous Collections - Assistance	12,170	0	0	0	12,170	-553	0	0	0	-553	11,617	0	0	0	11,617
9 Revenue Stabilization Adjustment- Assistance	17,686	8,276	8,315	1,095	0	-726	-151	-536	-39	0	16,960	8,125	7,779	1,056	0
10 Child Support NonAssistance Collections	1,930,740	0	0	0	1,930,740	28,186	0	0	0	28,186	1,958,926	0	0	0	1,958,926
11 Basic Collections	1,714,212	0	0	0	1,714,212	15,119	0	0	0	15,119	1,729,331	0	0	0	1,729,331
12 Non Maintenance of Effort	7,895	0	0	0	7,895	0	0	0	0	0	7,895	0	0	0	7,895
13 Collections for Other States - NonAssistance	92,724	0	0	0	92,724	-66	0	0	0	-66	92,658	0	0	0	92,658
14 Miscellaneous Collections - NonAssistance	2,176	0	0	0	2,176	204	0	0	0	204	2,380	0	0	0	2,380
15 Revenue Stabilization Adjustment- NonAssistance	113,733	0	0	0	113,733	12,929	0	0	0	12,929	126,662	0	0	0	126,662
16 REVENUES AND TRANSFERS	-2,354	-5,830	3,476	0	0	-435	-438	3	0	0	-2,789	-6,268	3,479	0	0
17 Title IV-E Child Support Collections Recovery Fund	-5,830	-5,830	0	0	0	-438	-438	0	0	0	-6,268	-6,268	0	0	0
18 Never Assisted Cases Fee Recovery	3,476	0	3,476	0	0	3	0	3	0	0	3,479	0	3,479	0	0

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

REVENUES AND COLLECTIONS TABLE 2
Comparison of the 2015-16 Enacted Budget to the 2016-17 November Estimate for BY (2016-17)
(in thousands)

	2015-16 ENACTED BUDGET					ADJUSTMENTS/DIFFERENCES					2016-17 NOVEMBER ESTIMATE BY				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,330,563	165,308	167,927	22,248	1,975,080	74,635	4,692	4,132	630	65,181	2,405,198	170,000	172,059	22,878	2,040,261
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,332,917	171,138	164,451	22,248	1,975,080	74,866	4,926	4,129	630	65,181	2,407,783	176,064	168,580	22,878	2,040,261
3 Child Support Assistance Collections	402,177	171,138	164,451	22,248	44,340	5,923	4,926	4,129	630	-3,762	408,100	176,064	168,580	22,878	40,578
4 Basic Collections	348,046	162,862	163,636	21,548	0	2,516	5,077	-2,835	274	0	350,562	167,939	160,801	21,822	0
5 Disregard Payments to Families	26,379	0	0	0	26,379	-2,837	0	0	0	-2,837	23,542	0	0	0	23,542
6 Non Maintenance of Effort	-7,895	0	-7,500	-395	0	7,895	0	7,500	395	0	0	0	0	0	0
7 Collections for Other States - Assistance	5,791	0	0	0	5,791	-138	0	0	0	-138	5,653	0	0	0	5,653
8 Miscellaneous Collections - Assistance	12,170	0	0	0	12,170	-787	0	0	0	-787	11,383	0	0	0	11,383
9 Revenue Stabilization Adjustment- Assistance	17,686	8,276	8,315	1,095	0	-726	-151	-536	-39	0	16,960	8,125	7,779	1,056	0
10 Child Support NonAssistance Collections	1,930,740	0	0	0	1,930,740	68,943	0	0	0	68,943	1,999,683	0	0	0	1,999,683
11 Basic Collections	1,714,212	0	0	0	1,714,212	61,346	0	0	0	61,346	1,775,558	0	0	0	1,775,558
12 Non Maintenance of Effort	7,895	0	0	0	7,895	-7,895	0	0	0	-7,895	0	0	0	0	0
13 Collections for Other States - NonAssistance	92,724	0	0	0	92,724	2,298	0	0	0	2,298	95,022	0	0	0	95,022
14 Miscellaneous Collections - NonAssistance	2,176	0	0	0	2,176	265	0	0	0	265	2,441	0	0	0	2,441
15 Revenue Stabilization Adjustment- NonAssistance	113,733	0	0	0	113,733	12,929	0	0	0	12,929	126,662	0	0	0	126,662
16 REVENUES AND TRANSFERS	-2,354	-5,830	3,476	0	0	-231	-234	3	0	0	-2,585	-6,064	3,479	0	0
17 Title IV-E Child Support Collections Recovery Fund	-5,830	-5,830	0	0	0	-234	-234	0	0	0	-6,064	-6,064	0	0	0
18 Never Assisted Cases Fee Recovery	3,476	0	3,476	0	0	3	0	3	0	0	3,479	0	3,479	0	0

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

REVENUES AND COLLECTIONS TABLE 3
Comparison of the 2016-17 November Estimate for CY (2015-16) and BY (2016-17)
(in thousands)

	2016-17 NOVEMBER ESTIMATE CY					ADJUSTMENTS/DIFFERENCES					2016-17 NOVEMBER ESTIMATE BY				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,364,410	173,493	168,099	22,964	1,999,854	40,788	-3,493	3,960	-86	40,407	2,405,198	170,000	172,059	22,878	2,040,261
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,367,199	179,761	164,620	22,964	1,999,854	40,584	-3,697	3,960	-86	40,407	2,407,783	176,064	168,580	22,878	2,040,261
3 Child Support Assistance Collections	408,273	179,761	164,620	22,964	40,928	-173	-3,697	3,960	-86	-350	408,100	176,064	168,580	22,878	40,578
4 Basic Collections	358,280	171,636	164,341	22,303	0	-7,718	-3,697	-3,540	-481	0	350,562	167,939	160,801	21,822	0
5 Disregard Payments to Families	23,542	0	0	0	23,542	0	0	0	0	0	23,542	0	0	0	23,542
6 Non Maintenance of Effort	-7,895	0	-7,500	-395	0	7,895	0	7,500	395	0	0	0	0	0	0
7 Collections for Other States - Assistance	5,769	0	0	0	5,769	-116	0	0	0	-116	5,653	0	0	0	5,653
8 Miscellaneous Collections - Assistance	11,617	0	0	0	11,617	-234	0	0	0	-234	11,383	0	0	0	11,383
9 Revenue Stabilization Adjustment- Assistance	16,960	8,125	7,779	1,056	0	0	0	0	0	0	16,960	8,125	7,779	1,056	0
10 Child Support NonAssistance Collections	1,958,926	0	0	0	1,958,926	40,757	0	0	0	40,757	1,999,683	0	0	0	1,999,683
11 Basic Collections	1,729,331	0	0	0	1,729,331	46,227	0	0	0	46,227	1,775,558	0	0	0	1,775,558
12 Non Maintenance of Effort	7,895	0	0	0	7,895	-7,895	0	0	0	-7,895	0	0	0	0	0
13 Collections for Other States - NonAssistance	92,658	0	0	0	92,658	2,364	0	0	0	2,364	95,022	0	0	0	95,022
14 Miscellaneous Collections - NonAssistance	2,380	0	0	0	2,380	61	0	0	0	61	2,441	0	0	0	2,441
15 Revenue Stabilization Adjustment- NonAssistance	126,662	0	0	0	126,662	0	0	0	0	0	126,662	0	0	0	126,662
16 REVENUES AND TRANSFERS	-2,789	-6,268	3,479	0	0	204	204	0	0	0	-2,585	-6,064	3,479	0	0
17 Title IV-E Child Support Collections Recovery Fund	-6,268	-6,268	0	0	0	204	204	0	0	0	-6,064	-6,064	0	0	0
18 Never Assisted Cases Fee Recovery	3,479	0	3,479	0	0	0	0	0	0	0	3,479	0	3,479	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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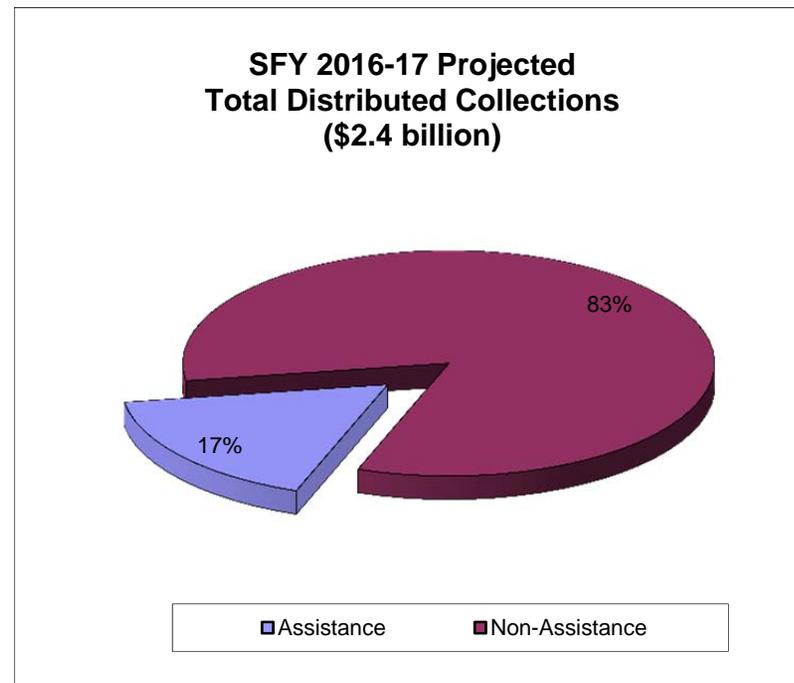
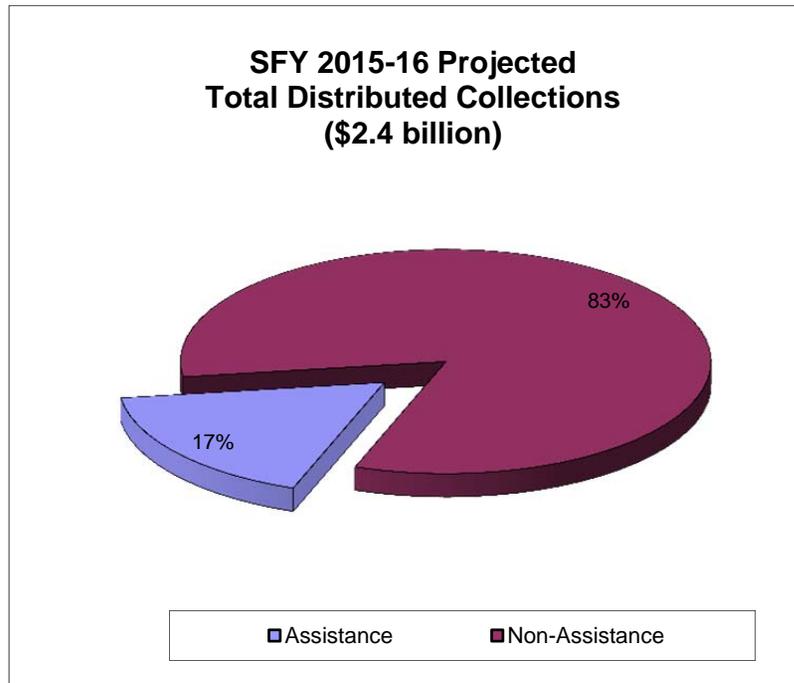
TOTAL PROJECTED DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2015-16 and 2016-17

The charts below display California's total projected child support collections.

- **Assistance Collections (\$408.3 million State Fiscal Year (SFY) 2015-16 and \$408.1 million SFY 2016-17)** are revenue distributed to government entities. They include Basic Collections (\$358.3 million SFY 2015-16 and \$350.6 million SFY 2016-17) and other collections (\$50 million SFY 2015-16 and \$57.5 million SFY 2016-17).
- **Non-Assistance Collections (\$2 billion SFY 2015-16 and \$2 billion SFY 2016-17)** are collections that are received on behalf of families and sent directly to custodial parents. They include Basic Collections (\$1.7 billion SFY 2015-16 and \$1.8 billion SFY 2016-17) and Other Collections (\$230 million SFY 2015-16 and \$224.1 million SFY 2016-17).

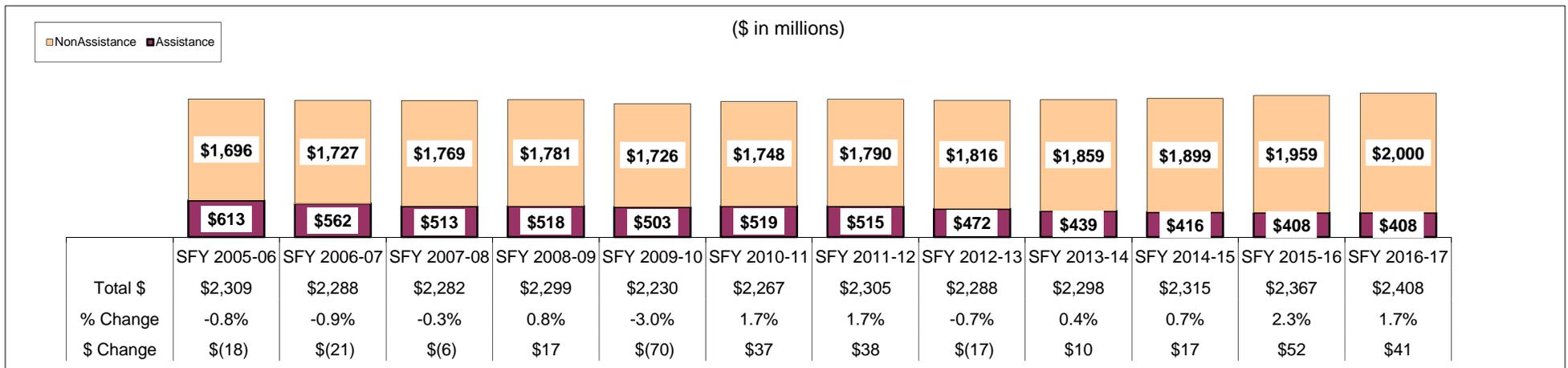
Basic Collections – Child support collections attained through the regular ongoing efforts of the Local Child Support Agencies (LCSAs).

Other Collections – Collections associated with new or other enforcement activities that are above the basic ongoing functions of the LCSA, such as Disregard, Collections for Other States, Miscellaneous Collections, and Revenue Stabilization. Other collections also include the Non Maintenance of Effort technical adjustment for SFY 2015-16.



TOTAL DISTRIBUTED COLLECTIONS ^{1/} FOR STATE FISCAL YEARS 2005-06 through 2016-17

Child support distributed collections are projected to total \$2.4 billion in State Fiscal Year (SFY) 2016-17. 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.

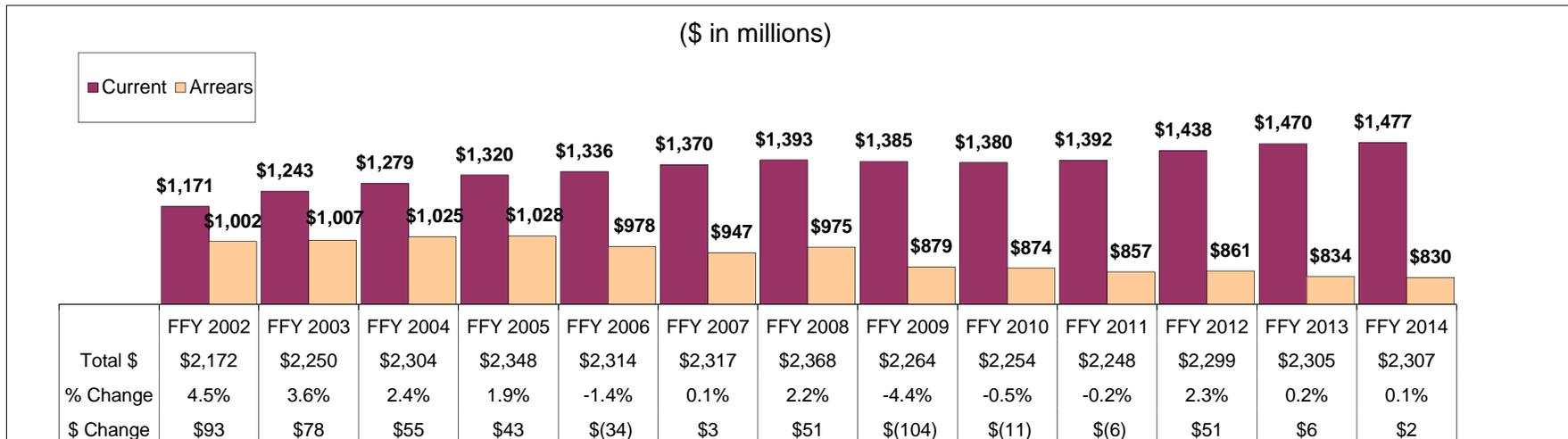


Source: The collections data for SFY 2005-06 through SFY 2014-15 are from the Child Support 34 and Child Support 35 reports. The SFY 2015-16 through SFY 2016-17 projections are based on the most recent data.

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 2014

Total child support distributed collections have grown from \$2.2 billion in Federal Fiscal Year (FFY) 2002 to \$2.3 billion in FFY 2014. 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 2014 is 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 FFY.

BASIC ASSISTANCE TREND COLLECTIONS FORECAST COMPARISON

The current forecast, based on 24 months of actual collection data, reflects a decrease of 1.9 percent for State Fiscal Year (SFY) 2015-16 and a decrease of 4 percent for SFY 2016-17 compared to the SFY 2014-15 actual collections.

(\$ in thousands)

	SFY 2014-15	Forecast SFY 2015-16	Forecast SFY 2016-17
Actual	\$365,266		
November 2015 Estimate		\$358,280	\$350,562
Difference from Actual		-1.9%	-4%
May 2015 Revision		\$348,046	
Difference from Prior Forecast		2.9%	

BASIC NON-ASSISTANCE TREND COLLECTIONS FORECAST COMPARISON

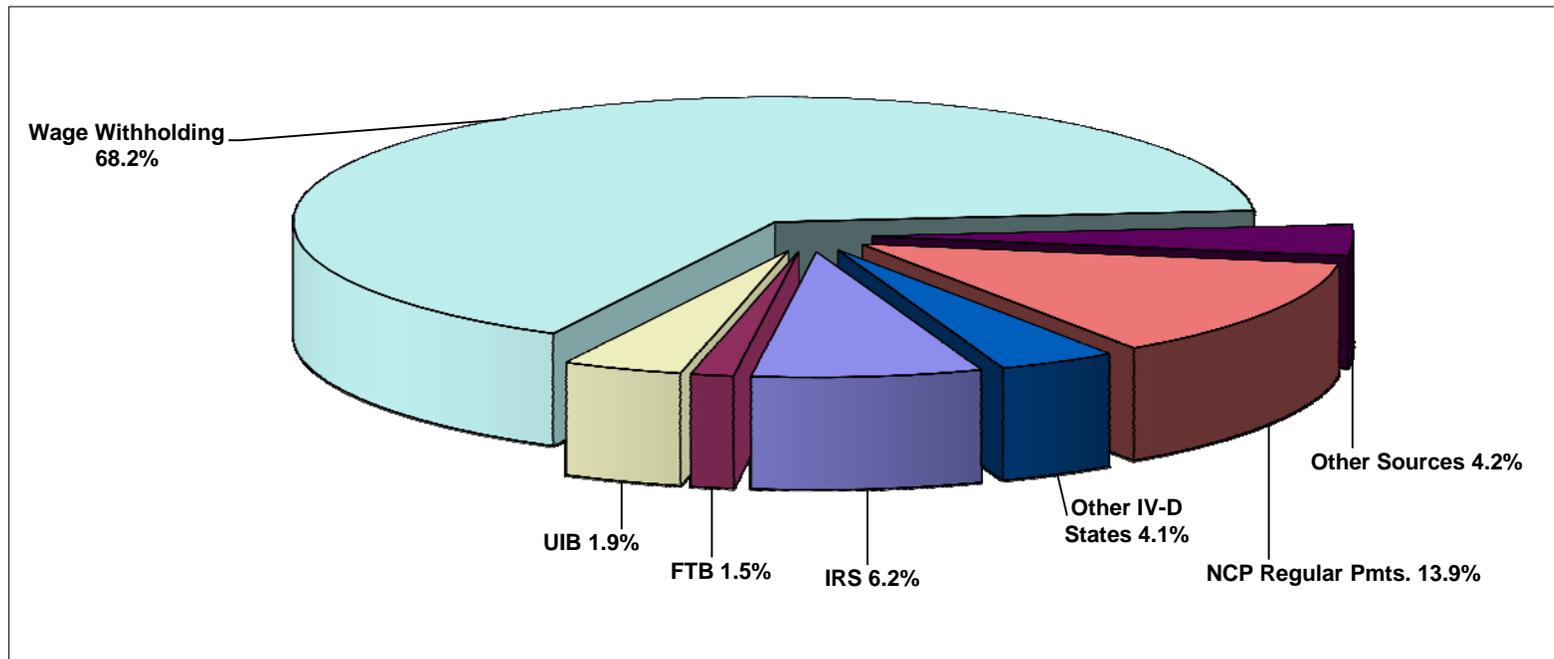
The current forecast, based on 24 months of actual collection data, reflects an increase of 2 percent for State Fiscal Year (SFY) 2015-16 and an increase of 4.7 percent SFY 2016-17 compared to SFY 2014-15 actual collections.

(\$ in thousands)

	SFY 2014-15	Forecast SFY 2015-16	Forecast SFY 2016-17
Actual	\$1,696,075		
November 2015 Estimate		\$1,729,331	\$1,775,558
Difference from Actual		2%	4.7%
May 2015 Revision		\$1,714,212	
Difference from Prior Forecast		0.9%	

TOTAL COLLECTIONS RECEIVED BY SOURCE FOR STATE FISCAL YEAR 2014-15

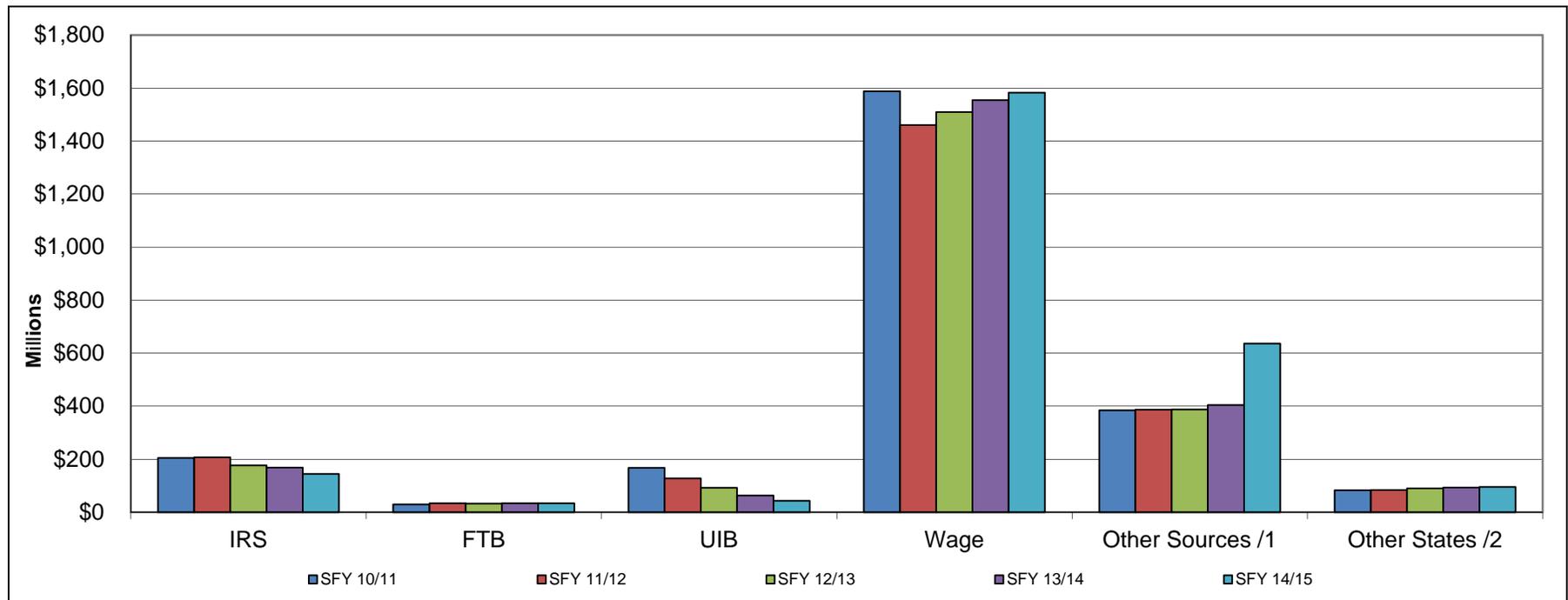
For State Fiscal Year (SFY) 2014-15, the total collections received were \$2.3 billion. Wage Withholding continues to be the most effective way of collecting child support at 68.2 percent (\$1.6 billion) of the total collections received. The Unemployment Insurance Benefits (UIB) offsets totaled 1.9 percent (\$43.5 million). The Franchise Tax Board's (FTB) State income tax refund offsets totaled 1.5 percent (\$33.9 million), and the Internal Revenue Service (IRS) Federal income tax refund offsets totaled 6.2 percent (\$144.3 million). Collections received from other IV-D States totaled 4.1 percent (\$95.5 million), and Non-Custodial Parents (NCP) Regular Payments totaled 13.9 percent (\$321.5 million). The remaining 4.2 percent (\$96.8 million) are from all Other Sources received, which includes, but is not limited to, Liens, Workers' Compensation, Disability Insurance Benefits offsets, California Insurance Intercepts, and Full Collections Program without wage levies.



Source: Child Support 34 and Child Support 35 reports.

HISTORICAL TOTAL COLLECTIONS RECEIVED BY SOURCE

The chart below reflects the Total Collections Received by Source from State Fiscal Year (SFY) 2010-11 through SFY 2014-15. The year-to-year change from SFY 2013-14 to SFY 2014-15 for Internal Revenue Service (IRS) intercepts was a decrease of 14.3 percent ; Franchise Tax Board (FTB) intercepts increased 1.3 percent; Unemployment Insurance Benefits (UIB) intercepts decreased 30.3 percent; Wage Withholdings increased 1.8 percent; Other Sources (including direct payments) increased 57.4 percent; and Other States increased 2.6 percent.



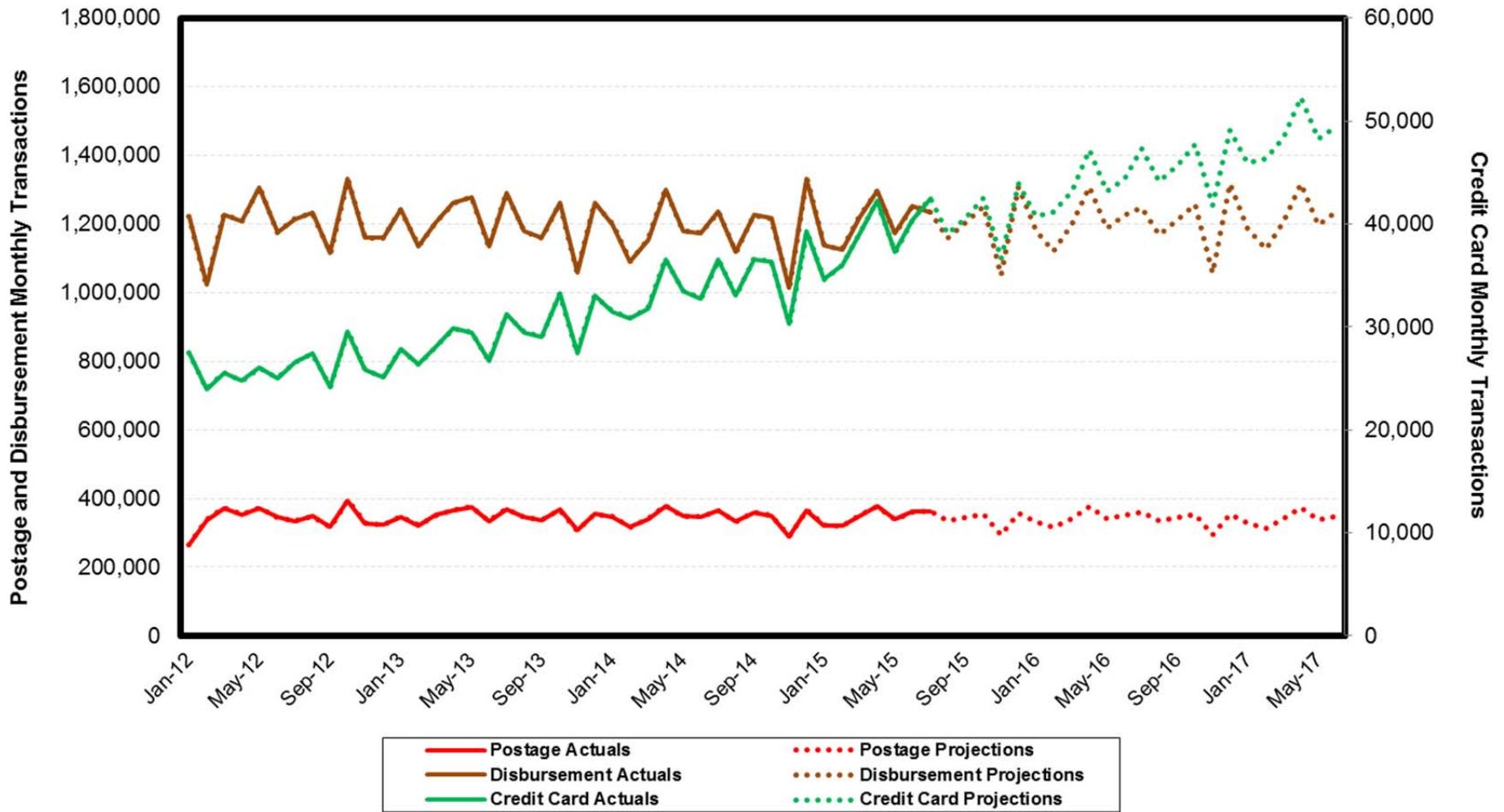
Source: Child Support 34 and Child Support 35 reports.

/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 are IV-D Collections received from other states.

State Disbursement Unit Transactions by Type

The November 2015 forecast utilizes 24 months of actual data: August 2013 through July 2015.



Federal Performance Measures

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. On October 1, 1999, the methodology changed from a cost-effectiveness basis only, to five federal performance measures implemented over a three year period. The federal Office of Child Support Enforcement's (OCSE) Action Transmittal 01-01, dated January 3, 2001 contains the federal regulations that govern the incentive funding system. Since Federal Fiscal Year (FFY) 2000, states are evaluated on an annual basis for federal incentive funds based on the following 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 federal 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 federal 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 federal fiscal year compared to the total number of children in the state born out-of-wedlock preceding federal fiscal year, expressed as a percentage.

IV-D PEP

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

California's Performance:

FFY 2014	101.2%	FFY 2010	88.6%	FFY 2006	90.3%	FFY 2002	77.5%
FFY 2013	100.5%	FFY 2009	97.3%	FFY 2005	86.0%		
FFY 2012	98.4%	FFY 2008	94.2%	FFY 2004	87.6%		
FFY 2011	92.2%	FFY 2007	91.3%	FFY 2003	87.0%		

Statewide PEP

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

California's Performance:

FFY 2014	98.2%	FFY 2010	102.6%	FFY 2006	109.9%	FFY 2002	108.7%
FFY 2013	98.6%	FFY 2009	103.4%	FFY 2005	106.5%		
FFY 2012	101.6%	FFY 2008	101.4%	FFY 2004	117.8%		
FFY 2011	107.0%	FFY 2007	106.7%	FFY 2003	105.9%		

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 2014	89.2%	FFY 2010	82.5%	FFY 2006	80.6%	FFY 2002	75.3%
FFY 2013	89.0%	FFY 2009	78.8%	FFY 2005	80.3%		
FFY 2012	87.9%	FFY 2008	80.2%	FFY 2004	78.1%		
FFY 2011	85.8%	FFY 2007	82.1%	FFY 2003	76.4%		

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 2014	64.9%	FFY 2010	56.0%	FFY 2006	50.4%	FFY 2002	42.4%
FFY 2013	63.3%	FFY 2009	53.4%	FFY 2005	49.3%		
FFY 2012	61.4%	FFY 2008	52.8%	FFY 2004	48.0%		
FFY 2011	58.6%	FFY 2007	51.5%	FFY 2003	45.2%		

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 2014	65.8%	FFY 2010	60.3%	FFY 2006	56.5%	FFY 2002	54.9%
FFY 2013	65.1%	FFY 2009	59.4%	FFY 2005	56.0%		
FFY 2012	63.5%	FFY 2008	59.1%	FFY 2004	54.9%		
FFY 2011	61.6%	FFY 2007	57.1%	FFY 2003	55.4%		

5. Cost Effectiveness Performance Level

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

Minimum threshold: \$2.00

California's Performance:

FFY 2014	\$2.43	FFY 2010	\$2.38	FFY 2006	\$2.03	FFY 2002	\$2.23
FFY 2013	\$2.54	FFY 2009	\$2.10	FFY 2005	\$2.15		
FFY 2012	\$2.47	FFY 2008	\$1.96	FFY 2004	\$2.12		
FFY 2011	\$2.29	FFY 2007	\$2.01	FFY 2003	\$2.31		

**The actual FFY 2008 statewide total for cost effectiveness was \$2.04. Due to a reporting error it was 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. 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 data reliability standard puts states at risk of losing eligibility for incentive funds and incurring significant penalties if improvements are not made during the year.

Penalties

States that fail to perform at acceptable levels or fail to submit complete and reliable data may be penalized. If a 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, if a state failed two consecutive annual audits, 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 2014

IV-D PEP		Statewide PEP		Cases with Support Orders		Current Support Paid		Cases Paying on Arrears		Cost Effectiveness							
Wyoming	138.0%	1	Oklahoma	114.8%	1	Wyoming	94.6%	1	Pennsylvania	83.5%	1	Texas	\$11.34	1			
Arizona	134.6%	2	Alaska	110.2%	2	Maine	94.4%	2	North Dakota	74.2%	2	Vermont	71.6%	2	South Dakota	\$11.08	2
Nevada	116.5%	3	Colorado	107.4%	3	South Dakota	93.3%	3	Iowa	73.9%	3	Iowa	71.1%	3	Mississippi	\$9.62	3
New Mexico	110.7%	4	Iowa	104.3%	4	North Dakota	93.2%	4	Wisconsin	73.0%	4	Minnesota	71.0%	4	Wyoming	\$8.20	4
Utah	107.3%	5	Virginia	101.9%	5	Washington	92.6%	5	Minnesota	72.5%	5	Wyoming	70.8%	5	Tennessee	\$7.74	5
North Dakota	107.1%	6	Texas	101.8%	6	Indiana	92.3%	6	Nebraska	71.0%	6	Indiana	70.3%	6	Missouri	\$7.73	6
West Virginia	106.9%	7	Oregon	99.9%	7	Alaska	91.2%	7	Vermont	70.9%	7	Colorado	69.8%	7	Georgia	\$7.65	7
Pennsylvania	106.8%	8	Hawaii	99.2%	8	Kentucky	90.7%	8	Massachusetts	69.4%	8	Maryland	69.3%	8	Ohio	\$7.34	8
New Hampshire	106.7%	9	New Jersey	99.1%	9	Pennsylvania	89.8%	9	South Dakota	69.0%	9	Nebraska	69.1%	9	Idaho	\$7.28	9
South Dakota	106.2%	10	Connecticut	99.0%	10	Virginia	89.8%	10	Michigan	68.9%	10	Arkansas	67.9%	10	Virginia	\$6.93	10
Wisconsin	105.4%	11	Utah	98.2%	11	Iowa	89.6%	11	Ohio	68.0%	11	North Dakota	66.4%	11	Utah	\$6.47	11
Montana	105.0%	12	California	98.2%	12	Vermont	89.5%	12	Wyoming	67.9%	12	Alaska	66.3%	12	Wisconsin	\$6.46	12
Georgia	104.0%	13	Nebraska	97.9%	13	Georgia	89.4%	13	Maryland	67.8%	13	Wisconsin	66.0%	13	Kentucky	\$6.45	13
Indiana	103.6%	14	Pennsylvania	96.5%	14	Utah	89.4%	14	North Carolina	65.8%	14	California	65.8%	14	North Dakota	\$6.37	14
Maine	102.8%	15	Wyoming	96.4%	15	Arkansas	89.3%	15	New York	65.7%	15	South Dakota	65.7%	15	Michigan	\$6.26	15
Vermont	102.1%	16	Tennessee	95.3%	16	California	89.2%	16	New Jersey	65.4%	16	Montana	65.6%	16	Kansas	\$5.99	16
California	101.2%	17	Ohio	94.8%	17	Montana	89.2%	17	West Virginia	65.4%	17	North Carolina	65.4%	17	Arizona	\$5.87	17
Minnesota	100.4%	18	Missouri	94.4%	18	Ohio	88.3%	18	Texas	65.0%	18	Georgia	65.2%	18	Florida	\$5.75	18
Idaho	100.1%	19	South Carolina	94.3%	19	Missouri	88.2%	19	California	64.9%	19	Ohio	65.1%	19	Indiana	\$5.69	19
Maryland	99.3%	20	Georgia	94.2%	20	Minnesota	88.0%	20	Washington	64.6%	20	New Mexico	65.1%	20	Iowa	\$5.58	20
Kansas	99.0%	21	Michigan	93.7%	21	Colorado	87.4%	21	Virginia	64.0%	21	Texas	64.4%	21	Rhode Island	\$5.57	21
North Carolina	98.6%	22	New Hampshire	93.5%	22	West Virginia	87.2%	22	New Hampshire	63.8%	22	Utah	64.2%	22	Pennsylvania	\$5.48	22
Arkansas	98.6%	23	Massachusetts	91.5%	23	Wisconsin	87.0%	23	Colorado	63.6%	23	New Hampshire	64.0%	23	Louisiana	\$5.44	23
Tennessee	98.3%	24	New York	91.2%	24	Nebraska	86.9%	24	Indiana	63.3%	24	New Jersey	63.2%	24	Massachusetts	\$5.40	24
Nebraska	97.9%	25	Kansas	90.7%	25	Arizona	86.8%	25	Montana	62.8%	25	Virginia	62.2%	25	Nebraska	\$5.37	25
Virginia	97.9%	26	Dist. Of Columbia	90.0%	26	North Carolina	85.9%	26	Arkansas	62.8%	26	Tennessee	61.4%	26	Oregon	\$5.18	26
Iowa	97.8%	27	Illinois	88.8%	27	Massachusetts	85.8%	27	Utah	62.6%	27	Oklahoma	61.3%	27	New York	\$5.10	27
Washington	97.2%	28	Florida	88.4%	28	New Hampshire	85.5%	28	Idaho	62.3%	28	West Virginia	60.6%	28	Hawaii	\$5.07	28
Missouri	96.5%	29	West Virginia	88.3%	29	Nevada	85.4%	29	Hawaii	61.7%	29	Michigan	60.4%	29	West Virginia	\$5.03	29
Ohio	96.4%	30	Montana	78.8%	30	Maryland	85.2%	30	Dist. Of Columbia	61.5%	30	Washington	60.4%	30	North Carolina	\$4.98	30
Massachusetts	96.3%	31	Idaho	70.3%	31	Alabama	85.1%	31	Illinois	61.0%	31	Illinois	60.4%	31	Colorado	\$4.90	31
Kentucky	94.6%	32	Alabama	NA	32	Idaho	84.6%	32	Georgia	60.9%	32	Kansas	60.1%	32	Alabama	\$4.85	32
Alabama	94.4%	33	Arizona	NA	33	Texas	83.2%	33	Oregon	60.6%	33	Massachusetts	60.1%	33	Oklahoma	\$4.81	33
Alaska	94.3%	34	Arkansas	NA	34	Kansas	82.5%	34	Rhode Island	60.3%	34	Nevada	60.1%	34	Illinois	\$4.61	34
New Jersey	94.2%	35	Delaware	NA	35	New York	82.1%	35	Nevada	59.5%	35	Kentucky	59.6%	35	Washington	\$4.56	35
Colorado	93.7%	36	Guam	NA	36	Illinois	81.6%	36	Maine	58.9%	36	Missouri	59.5%	36	South Carolina	\$4.53	36
Rhode Island	93.2%	37	Indiana	NA	37	Oklahoma	81.6%	37	Florida	58.4%	37	Maine	59.3%	37	Arkansas	\$4.50	37
Connecticut	92.6%	38	Kentucky	NA	38	Tennessee	81.4%	38	Connecticut	58.3%	38	Connecticut	59.0%	38	Montana	\$4.40	38
Mississippi	90.4%	39	Louisiana	NA	39	Florida	81.4%	39	Delaware	58.2%	39	Florida	58.6%	39	New Jersey	\$4.25	39
Louisiana	90.2%	40	Maine	NA	40	Connecticut	81.1%	40	Missouri	57.9%	40	South Carolina	58.5%	40	Maryland	\$4.21	40
South Carolina	89.1%	41	Maryland	NA	41	New Mexico	81.0%	41	Alaska	57.8%	41	Idaho	57.9%	41	Nevada	\$4.00	41
Oklahoma	87.3%	42	Minnesota	NA	42	New Jersey	80.9%	42	Kentucky	57.2%	42	Alabama	57.8%	42	New Hampshire	\$3.97	42
New York	85.2%	43	Mississippi	NA	43	Louisiana	80.2%	43	Tennessee	56.9%	43	Oregon	57.6%	43	Alaska	\$3.82	43
Texas	84.1%	44	Nevada	NA	44	Michigan	79.6%	44	Louisiana	56.4%	44	Mississippi	57.1%	44	Maine	\$3.59	44
Michigan	81.6%	45	New Mexico	NA	45	South Carolina	79.4%	45	Oklahoma	54.9%	45	New York	56.7%	45	Minnesota	\$3.58	45
Delaware	78.5%	46	North Carolina	NA	46	Oregon	76.9%	46	Arizona	54.7%	46	Rhode Island	56.1%	46	New Mexico	\$3.37	46
Illinois	77.3%	47	North Dakota	NA	47	Hawaii	73.9%	47	New Mexico	54.5%	47	Louisiana	55.6%	47	Connecticut	\$3.33	47
Dist. Of Columbia	69.2%	48	Puerto Rico	NA	48	Mississippi	72.3%	48	Kansas	54.0%	48	Delaware	55.5%	48	Vermont	\$3.04	48
Florida	67.2%	49	Rhode Island	NA	49	Rhode Island	71.3%	49	Mississippi	53.2%	49	Dist. Of Columbia	55.2%	49	California	\$2.43	49
Guam	NA		South Dakota	NA	50	Delaware	70.5%	50	South Carolina	52.8%	50	Arizona	55.1%	50	Dist. Of Columbia	\$1.99	50
Hawaii	NA		Vermont	NA	51	Dist. Of Columbia	68.3%	51	Alabama	52.4%	51	Hawaii	43.8%	51	Delaware	\$1.81	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 National Average/Total	93.1%		95.9%		84.8%		64.3%		62.9%		\$5.22						

Note: Preliminary data based on OCSE 157 data submitted by each state to OCSE and provided to MAXIMUS. Subsequent revisions to OCSE 157 data provided to OCSE but not provided to MAXIMUS are not reflected here. 4/2/2015

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Local Child Support Agency Basic Costs

DESCRIPTION:

This premise reflects funding for the Local Child Support Agency (LCSA) basic costs.

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) 2015-16 and SFY 2016-17.

METHODOLOGY:

Basic Costs:

Basic Costs are the sum of administration, federal performance basic incentives, county match for administration, and revenue stabilization. The forecast for Basic Cost is \$756,507,000 for both SFY 2015-16 and SFY 2016-17.

Administration:

LCSA administration costs include salaries and benefits of county staff as well as operating costs. LCSA are responsible for case intake, court preparation to establish paternity and support obligations, and the enforcement of support obligations, including locating absent parents. LCSA administration costs are funded at \$657,222,000 for SFY 2015-16 and \$656,411,000 for SFY 2016-17.

Federal Performance Basic Incentives:

Federal Performance Basic Incentive funds of \$40,550,000 for SFY 2015-16 and \$41,361,000 for SFY 2016-17 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 2015-16 and SFY 2016-17, the budget is \$40,000,000 (\$26,400,000 federal funds and \$13,600,000 county funds).

Revenue Stabilization:

SFY 2015-16 and SFY 2016-17 includes an \$18,735,000 augmentations for Revenue Stabilization. For details, refer to the Revenue Stabilization premise description.

FUNDING:

Funding for Administration and Revenue Stabilization is 34 percent State General Fund (SGF) and 66 percent Federal Financial Participation (FFP) matching funds. Funding for Federal Performance Basic Incentives is 100 percent Federal Funds. County Match for

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

CHANGE FROM ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

Based on the Federal Fiscal Year 2014 performance incentives calculator estimate provided by Policy Studies Institute, the Federal Performance Basic Incentives are forecasted to increase in SFY 2016-17. This results in a decrease of \$276,000 SGF which is offset by an increase of \$276,000 federal funds.

EXPENDITURES:

(in thousands)	2015-16	2016-17
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$756,507	\$756,507
Federal	512,805	513,081
State	230,102	229,826
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 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 Federal Performance Measures (Chart A-9 through 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 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 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 | \$526,000,000 |
| • FFY 2005 | \$446,000,000 | • FFY 2013 | \$538,000,000 |
| • FFY 2006 | \$458,000,000 | • FFY 2014 | \$547,000,000 ^{1/} |
| • FFY 2007 | \$471,000,000 | • FFY 2015 | \$559,000,000 ^{1/} |
| • FFY 2008 | \$483,000,000 | • FFY 2016 | \$571,000,000 ^{1/} |

^{1/} FFY 2014 through 2016 are based on the Policy Studies Institute 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 current information available, it is estimated that California will be entitled to \$40,550,000 federal incentives in State Fiscal Year (SFY) 2015-16 and \$41,361,000 in SFY 2016-17.

FUNDING:

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

CHANGE FROM ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

Based on the FFY 2014 performance incentives calculator estimate provided by Policy Studies Institute, the Federal Performance Basic Incentives are updated to reflect California's estimated share of the national federal incentive pool.

EXPENDITURES:

(in thousands)

	2015-16	2016-17
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Federal Performance Basic Incentives	\$40,550	\$41,361
Federal	40,550	41,361
State	0	0
County	0	0
Reimbursements	0	0

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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) to stabilize caseworker staffing and avoid a potential 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 226 caseworker staff in State Fiscal Year (SFY) 2014-15 with Revenue Stabilization funding.
- For SFY 2014-15, the marginal return on collections per caseworker for assistance cases was \$77,594.
- For SFY 2014-15, the marginal return on collections per caseworker for non-assistance cases was \$560,451.

METHODOLOGY:

- In SFY 2009-10, 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.
- An analysis of actual collections and caseworker staffing levels was used to estimate the marginal return on collections per caseworker.
- The 226 caseworkers were multiplied by the marginal return on collections per assistance case. This quotient was reduced by \$576,585 (to account for disregards) to compute additional net assistance collections of \$16,960,000 (\$7,779,000 SGF) in SFY 2015-16 and SFY 2016-17. The 226 caseworkers were multiplied by the marginal return on collections per non-assistance case to compute additional non-assistance collections of \$126,662,000.

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 received 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 the sharing ratios.

CHANGE FROM ENACTED BUDGET:

The estimate has been updated to reflect the latest projection on the marginal return on collections per caseworker.

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate has been updated to reflect the latest projection on the marginal return on collections per caseworker.

EXPENDITURES:

(in thousands)

	2015-16	2016-17
	<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 thousands)

	2015-16	2016-17
	<u>Collections</u>	<u>Collections</u>
Assistance Total	\$16,960	\$16,960
Federal	8,125	8,125
State	7,779	7,779
County	1,056	1,056
Other		
Non-Assistance	\$126,662	\$126,662
Total Collections	\$143,622	\$143,622

Internal Revenue Service 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 federal tax intercepts were forecasted based on the actuals collected in State Fiscal Year 2014-15.
- Based on the September 8, 2015 Federal Offset Eflash email #15-51, the federal tax intercept fee is \$14.65 per offset, and the administrative fee is \$15.00.

FUNDING:

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

CHANGE FROM ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2015-16	2016-17
	<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

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Deficit Reduction Act – Mandatory Fees

DESCRIPTION:

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 non-custodial parent or the State (using state funds). California opted to pass the annual fee to the custodial party and began collecting the fee October 1, 2011. Annually, via the automated child support system, qualifying cases are assessed the \$25 fee. As required by FDRA 2005, 66 percent of the total fees collected are remitted to the federal government. The remaining 34 percent is retained by the state.

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 ENACTED BUDGET:

The premise is updated to reflect the budgeted amount for State Fiscal Year 2015-16.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2015-16	2016-17
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$2,633	\$2,633
Federal	0	0
State	2,633	2,633
County	0	0
Reimbursements	0	0

Section 1115 Grant Employment Demonstration Project

DESCRIPTION:

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

The goal of this demonstration project is to improve the reliable payment of child support, thereby improving the child's well-being and avoiding public costs. A successful demonstration program will include child support-led employment programs for non-custodial parents that consist of several key components: 1) case management; 2) employment-oriented services that include job placement and retention services; 3) fatherhood/parenting activities using peer support; and 4) child support procedures including the review and appropriate adjustment of child support orders and programs to reduce child support debt owed to the state.

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 federal 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) 2015-13 is \$313,000 and \$73,529 for SFY 2016-17.

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 ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The premise is updated to reflect the budgeted amount for SFY 2016-17.

EXPENDITURES:

(in thousands)

	2015-16	2016-17
	<u>CS Administration</u>	<u>CS Administration</u>
Total	\$313	\$73
Federal	313	73
State	0	0
County	0	0

Section 1115 Grant Dedicated Daddies Make a Difference

DESCRIPTION:

This premise reflects the funds for the Behavioral Interventions for Child Support Services Dedicated Daddies Make a Difference Federal Grant. The Dedicated Daddies Program targets non-custodial parent fathers with default judgments in the lowest performing areas of Sacramento and San Joaquin counties to improve their willingness and ability to pay child support. The grant program will test the targeted population using wrap around services vested in positive fatherhood involvement, proactive case management and referrals to community partners; employment, health care and mental health services, parenting time and child care.

The grant is currently in year two of the five year performance period. The first year was devoted to start-up and development of the program design, interventions will be tested for years two through four, and the final year will be dedicated to evaluation and close-out of the project.

IMPLEMENTATION DATE:

This premise was implemented September 30, 2014.

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, 2014 through September 29, 2019.
- 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 federal 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 Notice of Award dated September 26, 2014, contains the funding for this grant.
- Funding for State Fiscal Year (SFY) 2015-16 is \$441,000 and SFY 2016-17 is \$441,000.

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 ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2015-16	2016-17
	<u>CS Administration</u>	<u>CS Administration</u>
Total	\$441	\$441
Federal	441	441
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 California Child Support Automated System (CCSAS). 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.

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 current SDU SP contract.

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 ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2015-16	2016-17
	<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 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, 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 California Department of Child Support Services' 2015 Annual Advance Planning Document Update.

FUNDING:

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

CHANGE FROM ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The decrease in State Fiscal year (SFY) 2016-17 is due to a reduction in CCSAS IT contract staff, as approved in DCSS' SFY 2014-15 BCP #1.

EXPENDITURES:

(in thousands)

	2015-16	2016-17
	<u>CS Automation</u>	<u>CS Automation</u>
Total	\$71,801	\$68,435
Federal	47,389	45,167
State	24,412	23,268
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) 2015-16 and SFY 2016-17, 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 ENACTED BUDGET:

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

REASON FOR YEAR-TO-YEAR CHANGE:

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

REVENUES:

(in thousands)

	2015-16	2016-17
	<u>Revenues</u>	<u>Revenues</u>
Total	\$173,493	\$170,000
Federal	173,493	170,000
State	0	0
County	0	0
Reimbursements	0	0

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Child Support Program - Basic Collections

DESCRIPTION:

This premise reflects child support collections distributed 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 regular ongoing efforts of the local child support agency to collect child support payments. Miscellaneous Collections consists of Medical Support, Pass-On, and Excess Collections. Collections for other states are collections made on behalf of other states and forwarded directly to other states for distribution. Basic, miscellaneous, and other state's 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, Non Maintenance of Effort, and collections attributable to Revenue Stabilization augmentation funding are reflected in separate premises.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare & Institutions Code Section 11477.
- 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:

- Basic distributed collections (assistance and non-assistance), collections for other states (assistance and non-assistance), and miscellaneous collections (assistance and non-assistance) are reported monthly on the CS 34 and CS 35 reports.
- Actual basic distributed collection data from July 2013 through June 2015 was used to construct a linear regression model to forecast basic collections for State Fiscal Year (SFY) 2015-16 and 2016-17.
- For collections for other states and miscellaneous collections, the forecast rates of change for basic collections were applied to SFY 2014-15 actual collections to arrive at the SFY 2015-16 and 2016-17 estimates.

FUNDING:

- Assistance collections 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.

- Collections received on behalf of non-assistance families are forwarded directly to custodial parties.
- Collections received on behalf of other states are forwarded directly to other states for distribution.

CHANGE FROM ENACTED BUDGET:

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

REASON FOR YEAR-TO-YEAR CHANGE:

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

COLLECTIONS:

(in thousands)

	2015-16 <u>Collections</u>	2016-17 <u>Collections</u>
Assistance Total	\$358,280	\$350,562
Federal	171,636	167,939
State	164,341	160,801
County	22,303	21,822
Other	0	0
 Non-Assistance Total	 \$1,729,331	 \$1,775,558
Other	1,729,331	1,775,558
 Collections For Other States Total	 \$98,427	 \$100,675
Assistance	5,769	5,653
Non-Assistance	92,658	95,022
 Miscellaneous Collections Total	 \$13,977	 \$13,824
Assistance	11,617	11,383
Non-Assistance	2,380	2,441
 Grand Total ^{1/}	 \$2,087,611	 \$2,126,120

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 Non Maintenance of Effort technical 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 July 2013 through June 2015.
- 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 ENACTED BUDGET:

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

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

COLLECTIONS:

(in thousands)

	2015-16	2016-17
	<u>Collections</u>	<u>Collections</u>
Total	\$23,542	\$23,542
Federal	0	0
State	0	0
County	0	0
Other	23,542	23,542

Non-Maintenance of Effort

DESCRIPTION:

The Department of Social Services created two new aid codes (3F and K1) for adults who exceeded the CalWORKs 48 month time limit (Safety Net) or drug and fleeing felons cases to reduce penalties associated with the state's work participation rate. Assistance for 3F and K1 cases is solely state funded and considered Non Maintenance of Effort (MOE). Child support cases with solely state funded aid are considered formerly assisted and their collections are not recoupable by federal, state, or county governments. As a result, a technical adjustment was necessary to shift associated collections from assistance to non-assistance for State Fiscal Years (SFY) 2014-15 and 2015-16.

IMPLEMENTATION DATE:

- Effective April 1, 2014, drug and fleeing felon cases were moved to Non MOE aid codes.
- Effective March 1, 2015, Safety Net cases were moved to Non MOE aid codes.
- Effective April 1, 2015, the drug felon cases were moved back to MOE aid codes.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare & Institutions Code Section 11477.

METHODOLOGY:

- To determine the estimated general fund impact, the number of qualifying cases being moved to the new aid codes was multiplied by the average child support collection amount.

FUNDING:

The assistance for Non MOE cases is funded solely by the general fund.

CHANGE FROM ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The Non MOE technical adjustment was not applied in SFY 2016-17 because 10 months of the actual collection data used to forecast future collections was already reflected in the non-assistance basic collections line item. In addition, drug and fleeing felon cases were moved from Non MOE to MOE aid codes in April 2015.

ASSISTANCE COLLECTIONS:

(in thousands)

	2015-16	2016-17
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$-7,895	\$0
Federal	0	0
State	-7,500	0
County	-395	0
Other	0	0

NON-ASSISTANCE COLLECTIONS:

(in thousands)

	2015-16	2016-17
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$7,895	\$0
Federal	0	0
State	0	0
County	0	0
Other	7,895	0

Title IV-E Child Support Collections Recovery Fund

DESCRIPTION:

This premise reflects the estimated federal share of Title IV-E Foster Care (FC) child support collections as determined by the Department of Child Support Services (DCSS). The DCSS is responsible for remitting the federal share of FC collections to the Child Support Collection Recovery Fund (CSCRF). The federal FC share of child support collections is used by the Department of Social Services to 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 July 2013 through June 2015.
- 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 50 percent for the period of July 1, 2015 through June 30, 2016 (See Appendix A).

METHODOLOGY:

- The federal FC share of collections percentage was applied to the total estimated assistance collections. The FMAP rate was then applied to determine the federal share of FC collections, which resulted in a forecast of \$6,268,000 for State Fiscal year (SFY) 2015-16 and \$6,064,000 for SFY 2016-17.

FUNDING:

The federal FC share of child support collections is used by the Department of Social Services to offset the Title IV-E share of FC expenditures.

CHANGE FROM ENACTED BUDGET:

The estimate for SFY 2015-16 reflects the forecasted increase in FC collections.

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate in SFY 2016-17 reflects the forecasted decrease in FC collections.

REVENUES:

(in thousands)

	2015-16	2016-17
	<u>Revenues</u>	<u>Revenues</u>
Total	-\$6,268	-\$6,064
Federal	-6,268	-6,064
State	0	0
County	0	0
Other	0	0

Never Assisted Cases Fee Recovery

DESCRIPTION:

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. Annually, via the automated child support system, qualifying cases are assessed the \$25 fee. The Department retains 34 percent of total fees collected. As required by FDRA 2005, the Department remits the remaining 66 percent to the federal government.

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:

The \$25 mandatory fee is paid by the custodial party. The federal portion (66 percent) of the recovered fees is remitted to the federal government.

CHANGE FROM ENACTED BUDGET:

The forecast is based on actual assessment data.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2015-16	2016-17
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$3,479	\$3,479
Federal	0	0
State	3,479	3,479
County	0	0
Other	0	0

Discontinued Premises

CHILD SUPPORT PROGRAM COSTS:

- None.

CHILD SUPPORT PROGRAM COLLECTIONS:

- None.

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Appendix A - Federal Medical Assistance Percentage

The assistance collections are shared based on the Federal Medical Assistance Percentage and the nonfederal sharing ratios. These percentages are reflected below:

<u>ASSISTANCE:</u>	July 2015 – June 2016	<u>ASSISTANCE:</u> <u>Nonfederal</u>	July 2015 – June 2016
Federal	50.00%	State	95.00%
State	47.50%	County	5.00%
County	2.50%		

<u>FOSTER CARE:</u>	July 2015 – June 2016	<u>FOSTER CARE:</u> <u>Nonfederal</u>	July 2015 – June 2016
Federal	50.00%	State	00.00%
State	0.00%	County	100.00%
County	50.00%		

<u>KinGAP:</u>	July 2015 – June 2016	<u>KinGAP:</u> <u>Nonfederal</u>	July 2015 – June 2016
Federal	50.00%	State	79.00%
State	39.50%	County	21.00%
County	10.50%		

<u>ASSISTANCE:</u>	July 2016 – June 2017	<u>ASSISTANCE:</u> <u>Nonfederal</u>	July 2016 – June 2017
Federal	50.00%	State	95.00%
State	47.50%	County	5.00%
County	2.50%		

<u>FOSTER CARE:</u>	July 2016 – June 2017	<u>FOSTER CARE:</u> <u>Nonfederal</u>	July 2016 – June 2017
Federal	50.00%	State	0.00%
State	0.00%	County	100.00%
County	50.00%		

<u>KinGAP:</u>	July 2016 – June 2017	<u>KinGAP:</u> <u>Nonfederal</u>	July 2016 – June 2017
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
CP	Custodial Parent
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
MOE	Maintenance of Effort
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
SSA	Social Security Administration
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 federal 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: Welfare and Institutions 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 2013 through June 2015 were used to construct a 24 month linear regression model to forecast the annual Non IV-D collections amounts for SFY 2015-16 and SFY 2016-17.

FUNDING:

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

CHANGE FROM ENACTED BUDGET:

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

REASON FOR YEAR-TO-YEAR CHANGE:

The 24 month trend is projecting an increase in SFY 2016-17.

COLLECTIONS:

(in thousands)

	2015-16	2016-17
	<u>Collections</u>	<u>Collections</u>
Total	\$219,662	\$220,799
Federal	0	0
State	0	0
County	0	0
Other	219,662	220,799

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

		2015-16 ENACTED BUDGET					ADJUSTMENTS					2016-17 NOVEMBER ESTIMATE CY				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2015-16 ENACTED BUDGET TO 2016-17 NOVEMBER EST. CY																
1	Non IV-D CHILD SUPPORT COLLECTIONS	221,548	0	0	0	221,548	-1,886	0	0	0	-1,886	219,662	0	0	0	219,662
2015-16 ENACTED BUDGET TO 2016-17 NOVEMBER EST. BY																
2	Non IV-D CHILD SUPPORT COLLECTIONS	221,548	0	0	0	221,548	-749	0	0	0	-749	220,799	0	0	0	220,799
2016-17 NOVEMBER EST. CY TO 2016-17 NOVEMBER EST. BY																
3	Non IV-D CHILD SUPPORT COLLECTIONS	219,662	0	0	0	219,662	1,137	0	0	0	1,137	220,799	0	0	0	220,799

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.