

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

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



TO: RECIPIENTS OF THE MAY 2009 REVISION OF THE
2009-10 GOVERNOR'S BUDGET

FROM: LINDA ADAMS, Budget Officer
Budgets and Contract Services Branch

DATE: May 19, 2009

SUBJECT: LOCAL ASSISTANCE ESTIMATES

This memorandum transmits the 2009 May Revision to the 2009-10 Governor's Budget local assistance estimates for the California Department of Child Support Services (DCSS).

The 2009 May Revision updates the DCSS local assistance budget for state fiscal years (SFYs) 2008-09 and 2009-10. It provides the estimates of the administrative costs for the local child support agencies, as well as the detailed methodology for each estimate. The total administrative costs for local assistance are estimated to be \$945.2 million (\$274.1 million State General fund (SGF)) for SFY 2008-09 and \$828.2 million (\$227.5 million SGF) for SFY 2009-10.

The estimate for the child support collections and miscellaneous revenues for the SFYs 2008-09 and 2009-10 were updated. The total distributed child support collections and revenues are projected to be \$2.3 billion (\$222.4 million SGF) for SFY 2008-09, and \$2.3 billion (\$182.1 million SGF) for SFY 2009-10.

The May Revision binder also includes an Auxiliary Chart section that consists of charts reflecting historical data on child support collections, federal performance measures, and the federal alternative penalty. For convenience, a list of acronyms has been added under the Premises Methodologies section.

The material contained in the May 2009 Revision binder will also be available on the DCSS website: <http://www.childsup.ca.gov>. Should you have any questions, please contact the Budgets and Contract Services Branch at (916) 464-5150.

cc: Mark Beckley, Deputy Director, Administrative Services Division

**CHILD SUPPORT PROGRAM
COST COMPARISONS**

TABLE OF CONTENTS

CURRENT YEAR COMPARISONS:

Table 1. 2008-09 Appropriation to 2008-09 May Revise	App CY – May CY
Table 2. 2008-09 November Estimate to 2008-09 May Revise	Nov CY – May CY

BUDGET YEAR COMPARISONS:

Table 3. 2008-09 May Revise to 2009-10 May Revise	May BY – May BY
Table 4. 2009-10 Governor’s Budget to 2009-10 May Revise	Gov BY – May CY
Table 5. 2009-10 Enacted Budget to 2009-10 May Revise	Gov BY – May CY

TABLE NUMBER 1
COST COMPARISON OF
2008-09 APPROPRIATION TO 2008-09 MAY REVISION
(in thousands)

Budget Item 5175-101	2008-09 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2008-09 MAY REVISE				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	942,846	635,423	293,823	13,600	0	2,312	21,998	-19,686	0	0	945,158	657,421	274,137	13,600	0
a Local Assistance Child Support Services *	757,334	449,911	293,823	13,600	0	-3,046	16,640	-19,686	0	0	754,288	466,551	274,137	13,600	0
b Child Support Collections Recovery Fund *	185,512	185,512	0	0	0	5,358	5,358	0	0	0	190,870	190,870	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	775,723	525,175	236,948	13,600	0	984	21,000	-20,016	0	0	776,707	546,175	216,932	13,600	0
3 Local Child Support Agency Basic Costs	740,599	504,165	222,834	13,600	0	0	20,351	-20,351	0	0	740,599	524,516	202,483	13,600	0
a Administration	655,393	432,559	222,834	0	0	-59,855	-39,504	-20,351	0	0	595,538	393,055	202,483	0	0
b Federal Match on Performance Incentives	0	0	0	0	0	62,282	62,282	0	0	0	62,282	62,282	0	0	0
c Federal Performance Basic Incentives	45,206	45,206	0	0	0	-2,427	-2,427	0	0	0	42,779	42,779	0	0	0
d 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
e Revenue Stabilization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 IRS Intercept Fees	881	582	299	0	0	984	649	335	0	0	1,865	1,231	634	0	0
5 Dispute Resolution Grant	455	455	0	0	0	0	0	0	0	0	455	455	0	0	0
6 Deficit Reduction Act- Mandatory Fee	3,526	0	3,526	0	0	0	0	0	0	0	3,526	0	3,526	0	0
7 CSE - M & O	33,707	22,247	11,460	0	0	0	0	0	0	0	33,707	22,247	11,460	0	0
reappropriation CSE M & O 1/	-3,445	-2,274	-1,171	0	0	0	0	0	0	0	-3,445	-2,274	-1,171	0	0
8 CHILD SUPPORT AUTOMATION 10.03	167,123	110,248	56,875	0	0	1,328	998	330	0	0	168,451	111,246	57,205	0	0
9 California Child Support Automation System - SDU	24,503	16,027	8,476	0	0	1,328	998	330	0	0	25,831	17,025	8,806	0	0
a SDU - LCSA	295	195	100	0	0	0	0	0	0	0	295	195	100	0	0
b SDU - Service Provider (SP)	24,208	15,832	8,376	0	0	1,328	998	330	0	0	25,536	16,830	8,706	0	0
reappropriation SDU SP 1/	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 California Child Support Automation System - CSE	142,620	94,221	48,399	0	0	0	0	0	0	0	142,620	94,221	48,399	0	0
a CSE - STATE	123,551	81,544	42,007	0	0	17,919	11,826	6,093	0	0	141,470	93,370	48,100	0	0
b CSE - LCSA	3,319	2,191	1,128	0	0	0	0	0	0	0	3,319	2,191	1,128	0	0
c CSE - M & O	21,208	13,997	7,211	0	0	7,785	5,139	2,646	0	0	28,993	19,136	9,857	0	0
d CSE- Onetime	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
e reappropriation CSE 1/	-5,458	-3,511	-1,947	0	0	-25,704	-16,965	-8,739	0	0	-31,162	-20,476	-10,686	0	0

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

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

TABLE NUMBER 2
COST COMPARISON OF
2008-09 NOVEMBER ESTIMATE TO 2008-09 MAY REVISION
(in thousands)

Budget Item 5175-101	2008-09 NOVEMBER ESTIMATE					ADJUSTMENTS/DIFFERENCES					2008-09 MAY REVISE				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	944,807	636,824	294,383	13,600	0	351	20,597	-20,246	0	0	945,158	657,421	274,137	13,600	0
a Local Assistance Child Support Services *	756,319	448,336	294,383	13,600	0	-2,031	18,215	-20,246	0	0	754,288	466,551	274,137	13,600	0
b Child Support Collections Recovery Fund *	188,488	188,488	0	0	0	2,382	2,382	0	0	0	190,870	190,870	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	776,304	525,558	237,146	13,600	0	403	20,617	-20,214	0	0	776,707	546,175	216,932	13,600	0
3 Local Child Support Agency Basic Costs	740,599	504,165	222,834	13,600	0	0	20,351	-20,351	0	0	740,599	524,516	202,483	13,600	0
a Administration	655,393	432,559	222,834	0	0	-59,855	-39,504	-20,351	0	0	595,538	393,055	202,483	0	0
b Federal Match on Performance Incentives	0	0	0	0	0	62,282	62,282	0	0	0	62,282	62,282	0	0	0
c Federal Performance Basic Incentives	45,206	45,206	0	0	0	-2,427	-2,427	0	0	0	42,779	42,779	0	0	0
d 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
e Revenue Stabilization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 IRS Intercept Fees	1,462	965	497	0	0	403	266	137	0	0	1,865	1,231	634	0	0
5 Dispute Resolution Grant	455	455	0	0	0	0	0	0	0	0	455	455	0	0	0
6 Deficit Reduction Act- Mandatory Fee	3,526	0	3,526	0	0	0	0	0	0	0	3,526	0	3,526	0	0
7 CSE - M & O	33,707	22,247	11,460	0	0	0	0	0	0	0	33,707	22,247	11,460	0	0
reappropriation CSE M & O 1/	-3,445	-2,274	-1,171	0	0	0	0	0	0	0	-3,445	-2,274	-1,171	0	0
8 CHILD SUPPORT AUTOMATION 10.03	168,503	111,266	57,237	0	0	-52	-20	-32	0	0	168,451	111,246	57,205	0	0
9 California Child Support Automation System - SDU	25,883	17,045	8,838	0	0	-52	-20	-32	0	0	25,831	17,025	8,806	0	0
a SDU - LCSA	295	195	100	0	0	0	0	0	0	0	295	195	100	0	0
b SDU - Service Provider (SP)	25,588	16,850	8,738	0	0	-52	-20	-32	0	0	25,536	16,830	8,706	0	0
reappropriation SDU SP 1/	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 California Child Support Automation System - CSE	142,620	94,221	48,399	0	0	0	0	0	0	0	142,620	94,221	48,399	0	0
a CSE - STATE	141,470	93,370	48,100	0	0	0	0	0	0	0	141,470	93,370	48,100	0	0
b CSE - LCSA	3,319	2,191	1,128	0	0	0	0	0	0	0	3,319	2,191	1,128	0	0
c CSE - M & O	28,993	19,136	9,857	0	0	0	0	0	0	0	28,993	19,136	9,857	0	0
d CSE- Onetime	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
e reappropriation CSE 1/	-31,162	-20,476	-10,686	0	0	0	0	0	0	0	-31,162	-20,476	-10,686	0	0

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

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

TABLE NUMBER 3
COST COMPARISON OF
2008-09 MAY REVISION TO 2009-10 MAY REVISION
(in thousands)

Budget Item 5175-101	2008-09 MAY REVISE					ADJUSTMENTS/DIFFERENCES					2009-10 MAY REVISE				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	945,158	657,421	274,137	13,600	0	-116,956	-70,270	-46,686	0	0	828,202	587,151	227,451	13,600	0
a Local Assistance Child Support Services *	754,288	466,551	274,137	13,600	0	-75,228	-28,542	-46,686	0	0	679,060	438,009	227,451	13,600	0
b Child Support Collections Recovery Fund *	190,870	190,870	0	0	0	-41,728	-41,728	0	0	0	149,142	149,142	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	776,707	546,175	216,932	13,600	0	-13,052	-1,611	-11,441	0	0	763,655	544,564	205,491	13,600	0
3 Local Child Support Agency Basic Costs	740,599	524,516	202,483	13,600	0	18,735	19,684	-949	0	0	759,334	544,200	201,534	13,600	0
a Administration	595,538	393,055	202,483	0	0	-21,527	-14,208	-7,319	0	0	574,011	378,847	195,164	0	0
b Federal Match on Performance Incentives	62,282	62,282	0	0	0	21,266	21,266	0	0	0	83,548	83,548	0	0	0
c Federal Performance Basic Incentives	42,779	42,779	0	0	0	261	261	0	0	0	43,040	43,040	0	0	0
d 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
e Revenue Stabilization	0	0	0	0	0	18,735	12,365	6,370	0	0	18,735	12,365	6,370	0	0
4 IRS Intercept Fees	1,865	1,231	634	0	0	-1,378	-910	-468	0	0	487	321	166	0	0
5 Dispute Resolution Grant	455	455	0	0	0	-412	-412	0	0	0	43	43	0	0	0
6 Deficit Reduction Act- Mandatory Fee	3,526	0	3,526	0	0	265	0	265	0	0	3,791	0	3,791	0	0
7 CSE - M & O	33,707	22,247	11,460	0	0	-33,707	-22,247	-11,460	0	0	0	0	0	0	0
reappropriation CSE M & O 1/	-3,445	-2,274	-1,171	0	0	3,445	2,274	1,171	0	0	0	0	0	0	0
8 CHILD SUPPORT AUTOMATION 10.03	168,451	111,246	57,205	0	0	-103,904	-68,659	-35,245	0	0	64,547	42,587	21,960	0	0
9 California Child Support Automation System - SDU	25,831	17,025	8,806	0	0	-5,440	-3,581	-1,859	0	0	20,391	13,444	6,947	0	0
a SDU - LCSA	295	195	100	0	0	0	0	0	0	0	295	195	100	0	0
b SDU - Service Provider (SP)	25,536	16,830	8,706	0	0	-5,440	-3,581	-1,859	0	0	20,096	13,249	6,847	0	0
reappropriation SDU SP 1/	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 California Child Support Automation System - CSE	142,620	94,221	48,399	0	0	-98,464	-65,078	-33,386	0	0	44,156	29,143	15,013	0	0
a CSE - STATE	141,470	93,370	48,100	0	0	-87,070	-57,466	-29,604	0	0	54,400	35,904	18,496	0	0
b CSE - LCSA	3,319	2,191	1,128	0	0	1,807	1,192	615	0	0	5,126	3,383	1,743	0	0
c CSE - M & O	28,993	19,136	9,857	0	0	3,284	2,167	1,117	0	0	32,277	21,303	10,974	0	0
d CSE- Onetime	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
e reappropriation CSE 1/	-31,162	-20,476	-10,686	0	0	-16,485	-10,971	-5,514	0	0	-47,647	-31,447	-16,200	0	0

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

TABLE NUMBER 4
COST COMPARISON OF
2009-10 GOVERNOR'S BUDGET TO 2009-10 MAY REVISION
(in thousands)

Budget Item 5175-101	2009-10 GOVERNOR'S BUDGET					ADJUSTMENTS/DIFFERENCES					2009-10 MAY REVISE				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	882,360	595,388	273,372	13,600	0	-54,158	-8,237	-45,921	0	0	828,202	587,151	227,451	13,600	0
a Local Assistance Child Support Services *	738,897	451,925	273,372	13,600	0	-59,837	-13,916	-45,921	0	0	679,060	438,009	227,451	13,600	0
b Child Support Collections Recovery Fund *	143,463	143,463	0	0	0	5,679	5,679	0	0	0	149,142	149,142	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	762,910	516,577	232,733	13,600	0	745	27,987	-27,242	0	0	763,655	544,564	205,491	13,600	0
3 Local Child Support Agency Basic Costs	759,334	516,530	229,204	13,600	0	0	27,670	-27,670	0	0	759,334	544,200	201,534	13,600	0
a Administration	655,393	432,559	222,834	0	0	-81,382	-53,712	-27,670	0	0	574,011	378,847	195,164	0	0
b Federal Match on Performance Incentives	0	0	0	0	0	83,548	83,548	0	0	0	83,548	83,548	0	0	0
c Federal Performance Basic Incentives	45,206	45,206	0	0	0	-2,166	-2,166	0	0	0	43,040	43,040	0	0	0
d 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
e 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	480	317	163	0	0	487	321	166	0	0
5 Dispute Resolution Grant	43	43	0	0	0	0	0	0	0	0	43	43	0	0	0
6 Deficit Reduction Act- Mandatory Fee	3,526	0	3,526	0	0	265	0	265	0	0	3,791	0	3,791	0	0
7 CSE - M & O	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
reappropriation CSE M & O 1/	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 CHILD SUPPORT AUTOMATION 10.03	119,450	78,811	40,639	0	0	-54,903	-36,224	-18,679	0	0	64,547	42,587	21,960	0	0
9 California Child Support Automation System - SDU	19,958	13,146	6,812	0	0	433	298	135	0	0	20,391	13,444	6,947	0	0
a SDU - LCSA	295	195	100	0	0	0	0	0	0	0	295	195	100	0	0
b SDU - Service Provider (SP)	19,663	12,951	6,712	0	0	433	298	135	0	0	20,096	13,249	6,847	0	0
reappropriation SDU SP 1/	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 California Child Support Automation System - CSE	99,492	65,665	33,827	0	0	-55,336	-36,522	-18,814	0	0	44,156	29,143	15,013	0	0
a CSE - STATE	36,589	24,149	12,440	0	0	17,811	11,755	6,056	0	0	54,400	35,904	18,496	0	0
b CSE - LCSA	0	0	0	0	0	5,126	3,383	1,743	0	0	5,126	3,383	1,743	0	0
c CSE - M & O	62,903	41,516	21,387	0	0	-30,626	-20,213	-10,413	0	0	32,277	21,303	10,974	0	0
d CSE- Onetime	72,700	47,982	24,718	0	0	-72,700	-47,982	-24,718	0	0	0	0	0	0	0
e reappropriation CSE 1/	-72,700	-47,982	-24,718	0	0	25,053	16,535	8,518	0	0	-47,647	-31,447	-16,200	0	0

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

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

TABLE NUMBER 5
COST COMPARISON OF
2009-10 ENACTED BUDGET TO 2009-10 MAY REVISION ESTIMATE
(in thousands)

Budget Item 5175-101	2009-10 ENACTED BUDGET					ADJUSTMENTS/DIFFERENCES					2009-10 MAY REVISE				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	856,713	578,461	264,652	13,600	0	-28,511	8,690	-37,201	0	0	828,202	587,151	227,451	13,600	0
a Local Assistance Child Support Services *	713,250	434,998	264,652	13,600	0	-34,190	3,011	-37,201	0	0	679,060	438,009	227,451	13,600	0
b Child Support Collections Recovery Fund *	143,463	143,463	0	0	0	5,679	5,679	0	0	0	149,142	149,142	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	762,910	516,577	232,733	13,600	0	745	27,987	-27,242	0	0	763,655	544,564	205,491	13,600	0
3 Local Child Support Agency Basic Costs	759,334	516,530	229,204	13,600	0	0	27,670	-27,670	0	0	759,334	544,200	201,534	13,600	0
a Administration	655,393	432,559	222,834	0	0	-81,382	-53,712	-27,670	0	0	574,011	378,847	195,164	0	0
b Federal Match on Performance Incentives	0	0	0	0	0	83,548	83,548	0	0	0	83,548	83,548	0	0	0
c Federal Performance Basic Incentives	45,206	45,206	0	0	0	-2,166	-2,166	0	0	0	43,040	43,040	0	0	0
d 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
e 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	480	317	163	0	0	487	321	166	0	0
5 Dispute Resolution Grant	43	43	0	0	0	0	0	0	0	0	43	43	0	0	0
6 Deficit Reduction Act- Mandatory Fee	3,526	0	3,526	0	0	265	0	265	0	0	3,791	0	3,791	0	0
7 CSE - M & O	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
reappropriation CSE M & O 1/	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 CHILD SUPPORT AUTOMATION 10.03	93,803	61,884	31,919	0	0	-29,256	-19,297	-9,959	0	0	64,547	42,587	21,960	0	0
9 California Child Support Automation System - SDU	19,958	13,146	6,812	0	0	433	298	135	0	0	20,391	13,444	6,947	0	0
a SDU - LCSA	295	195	100	0	0	0	0	0	0	0	295	195	100	0	0
b SDU - Service Provider (SP)	19,663	12,951	6,712	0	0	433	298	135	0	0	20,096	13,249	6,847	0	0
reappropriation SDU SP 1/	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 California Child Support Automation System - CSE	73,845	48,738	25,107	0	0	-29,689	-19,595	-10,094	0	0	44,156	29,143	15,013	0	0
a CSE - STATE	84,089	55,499	28,590	0	0	-29,689	-19,595	-10,094	0	0	54,400	35,904	18,496	0	0
b CSE - LCSA	5,126	3,383	1,743	0	0	0	0	0	0	0	5,126	3,383	1,743	0	0
c CSE - M & O	32,277	21,303	10,974	0	0	0	0	0	0	0	32,277	21,303	10,974	0	0
d CSE- Onetime	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
e reappropriation CSE 1/	-47,647	-31,447	-16,200	0	0	0	0	0	0	0	-47,647	-31,447	-16,200	0	0

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

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

**CHILD SUPPORT PROGRAM
REVENUE AND COLLECTIONS COMPARISONS**

TABLE OF CONTENTS

CURRENT YEAR COMPARISONS:

Table 1. 2008-09 Appropriation to 2008-09 May Revise	App CY – May CY
Table 2. 2008-09 November Estimate to 2008-09 May Revise	Nov CY – May CY

BUDGET YEAR COMPARISONS:

Table 3. 2008-09 May Revise to 2009-10 May Revise	May CY – May BY
Table 4. 2009-10 Governor’s Budget to 2009-10 May Revise	Gov BY – May BY

TABLE NUMBER 1
REVENUE AND COLLECTIONS COMPARISON OF
2008-09 APPROPRIATION TO THE 2008-09 MAY REVISION
(in thousands)

	2008-09 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2008-09 MAY REVISE				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,333,966	185,512	218,895	25,260	1,904,299	-68,929	5,358	3,535	-179	-77,643	2,265,037	190,870	222,430	25,081	1,826,656
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,347,885	196,431	221,895	25,260	1,904,299	-69,344	4,943	3,535	-179	-77,643	2,278,541	201,374	225,430	25,081	1,826,656
3 Child Support Assistance Collections	473,134	196,431	221,895	25,260	29,548	9,691	4,943	3,535	-179	1,392	482,825	201,374	225,430	25,081	30,940
4 Basic Collections	417,503	193,700	200,028	23,775	0	-24,696	-11,026	-11,751	-1,919	0	392,807	182,674	188,277	21,856	0
5 Disregard Payments to Families /2	24,990	0	0	0	24,990	-164	0	0	0	-164	24,826	0	0	0	24,826
6 FFP in Disregard	0	-9,371	9,371	0	0	0	527	-527	0	0	0	-8,844	8,844	0	0
7 IRS Stimulus Rebate - Assistance	13,843	6,423	6,632	788	0	31,582	14,772	15,132	1,678	0	45,425	21,195	21,764	2,466	0
8 Collections for Other States - Assistance	2,009	0	0	0	2,009	-507	0	0	0	-507	1,502	0	0	0	1,502
9 Miscellaneous Collections - Assistance	2,549	0	0	0	2,549	2,063	0	0	0	2,063	4,612	0	0	0	4,612
10 Full Collections Program - Assistance	6,203	2,878	2,972	353	0	3,095	1,446	1,485	164	0	9,298	4,324	4,457	517	0
11 Compromise of Arrears Program (COAP)	6,037	2,801	2,892	344	0	-1,682	-776	-804	-102	0	4,355	2,025	2,088	242	0
12 Revenue Stabilization Adjustment- Assistance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Child Support NonAssistance Collections	1,874,751	0	0	0	1,874,751	-79,035	0	0	0	-79,035	1,795,716	0	0	0	1,795,716
14 Basic Collections	1,686,384	0	0	0	1,686,384	-49,108	0	0	0	-49,108	1,637,276	0	0	0	1,637,276
15 FDRA IRS Intercepts for non-minors	19,209	0	0	0	19,209	-18,870	0	0	0	-18,870	339	0	0	0	339
16 IRS Stimulus Rebate- NonAssistance	42,407	0	0	0	42,407	-16,499	0	0	0	-16,499	25,908	0	0	0	25,908
17 Collections for Other States - NonAssistance	106,473	0	0	0	106,473	-8,014	0	0	0	-8,014	98,459	0	0	0	98,459
18 Miscellaneous Collections - NonAssistance	1,275	0	0	0	1,275	100	0	0	0	100	1,375	0	0	0	1,375
19 Full Collections Program - NonAssistance	19,003	0	0	0	19,003	13,356	0	0	0	13,356	32,359	0	0	0	32,359
20 Revenue Stabilization Adjustment- NonAssistance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 REVENUES TRANSFERS	-13,919	-10,919	-3,000	0	0	415	415	0	0	0	-13,504	-10,504	-3,000	0	0
22 Foster Parent Training Fund Transfer	-3,000	0	-3,000	0	0	0	0	0	0	0	-3,000	0	-3,000	0	0
23 Title IV-E Child Support Collections Recovery Fund	-10,919	-10,919	0	0	0	415	415	0	0	0	-10,504	-10,504	0	0	0

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

2/ Estimate assumes federal participation in the disregard from October 1, 2008.

TABLE NUMBER 2
REVENUE AND COLLECTIONS COMPARISON OF
2008-09 NOVEMBER ESTIMATE TO THE 2008-09 MAY REVISION
(in thousands)

	2008-09 NOVEMBER ESTIMATE					ADJUSTMENTS/DIFFERENCES					2008-09 MAY REVISION				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,294,899	188,488	219,649	24,835	1,861,927	-29,862	2,382	2,781	246	-35,271	2,265,037	190,870	222,430	25,081	1,826,656
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,308,275	198,864	222,649	24,835	1,861,927	-29,734	2,510	2,781	246	-35,271	2,278,541	201,374	225,430	25,081	1,826,656
3 Child Support Assistance Collections	476,821	198,864	222,649	24,835	30,473	6,004	2,510	2,781	246	467	482,825	201,374	225,430	25,081	30,940
4 Basic Collections	388,925	180,869	186,416	21,640	0	3,882	1,805	1,861	216	0	392,807	182,674	188,277	21,856	0
5 Disregard Payments to Families /2	24,448	0	0	0	24,448	378	0	0	0	378	24,826	0	0	0	24,826
6 FFP in Disregard	0	-8,710	8,710	0	0	0	-134	134	0	0	0	-8,844	8,844	0	0
7 IRS Stimulus Rebate - Assistance	44,014	20,469	21,096	2,449	0	1,411	726	668	17	0	45,425	21,195	21,764	2,466	0
8 Collections for Other States - Assistance	1,480	0	0	0	1,480	22	0	0	0	22	1,502	0	0	0	1,502
9 Miscellaneous Collections - Assistance	4,545	0	0	0	4,545	67	0	0	0	67	4,612	0	0	0	4,612
10 Full Collections Program - Assistance	8,077	3,756	3,871	450	0	1,221	568	586	67	0	9,298	4,324	4,457	517	0
11 Compromise of Arrears Program (COAP)	5,332	2,480	2,556	296	0	-977	-455	-468	-54	0	4,355	2,025	2,088	242	0
12 Revenue Stabilization Adjustment- Assistance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Child Support NonAssistance Collections	1,831,454	0	0	0	1,831,454	-35,738	0	0	0	-35,738	1,795,716	0	0	0	1,795,716
14 Basic Collections	1,671,577	0	0	0	1,671,577	-34,301	0	0	0	-34,301	1,637,276	0	0	0	1,637,276
15 FDRA IRS Intercepts for non-minors	339	0	0	0	339	0	0	0	0	0	339	0	0	0	339
16 IRS Stimulus Rebate- NonAssistance	27,833	0	0	0	27,833	-1,925	0	0	0	-1,925	25,908	0	0	0	25,908
17 Collections for Other States - NonAssistance	102,167	0	0	0	102,167	-3,708	0	0	0	-3,708	98,459	0	0	0	98,459
18 Miscellaneous Collections - NonAssistance	1,426	0	0	0	1,426	-51	0	0	0	-51	1,375	0	0	0	1,375
19 Full Collections Program - NonAssistance	28,112	0	0	0	28,112	4,247	0	0	0	4,247	32,359	0	0	0	32,359
20 Revenue Stabilization Adjustment- NonAssistance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 REVENUES TRANSFERS	-13,376	-10,376	-3,000	0	0	-128	-128	0	0	0	-13,504	-10,504	-3,000	0	0
22 Foster Parent Training Fund Transfer	-3,000	0	-3,000	0	0	0	0	0	0	0	-3,000	0	-3,000	0	0
23 Title IV-E Child Support Collections Recovery Fund	-10,376	-10,376	0	0	0	-128	-128	0	0	0	-10,504	-10,504	0	0	0

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

2/ Estimate assumes federal participation in the disregard from October 1, 2008.

TABLE NUMBER 3
REVENUE AND COLLECTIONS COMPARISON OF
2008-09 MAY REVISION TO THE 2009-10 MAY REVISION
(in thousands)

	2008-09 MAY REVISE					ADJUSTMENTS/DIFFERENCES					2009-10 MAY REVISE				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,265,037	190,870	222,430	25,081	1,826,656	3,543	-41,728	-40,309	-5,616	91,196	2,268,580	149,142	182,121	19,465	1,917,852
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,278,541	201,374	225,430	25,081	1,826,656	-452	-43,858	-42,174	-5,616	91,196	2,278,089	157,516	183,256	19,465	1,917,852
3 Child Support Assistance Collections	482,825	201,374	225,430	25,081	30,940	-94,792	-43,858	-42,174	-5,616	-3,144	388,033	157,516	183,256	19,465	27,796
4 Basic Collections	392,807	182,674	188,277	21,856	0	-63,508	-29,534	-30,441	-3,533	0	329,299	153,140	157,836	18,323	0
5 Disregard Payments to Families /2	24,826	0	0	0	24,826	-2,165	0	0	0	-2,165	22,661	0	0	0	22,661
6 FFP in Disregard	0	-8,844	8,844	0	0	0	-1,830	1,830	0	0	0	-10,674	10,674	0	0
7 IRS Stimulus Rebate - Assistance	45,425	21,195	21,764	2,466	0	-40,899	-18,932	-19,614	-2,353	0	4,526	2,263	2,150	113	0
8 Collections for Other States - Assistance	1,502	0	0	0	1,502	-241	0	0	0	-241	1,261	0	0	0	1,261
9 Miscellaneous Collections - Assistance	4,612	0	0	0	4,612	-738	0	0	0	-738	3,874	0	0	0	3,874
10 Full Collections Program - Assistance	9,298	4,324	4,457	517	0	-1,056	-491	-507	-58	0	8,242	3,833	3,950	459	0
11 Compromise of Arrears Program (COAP)	4,355	2,025	2,088	242	0	-637	-296	-306	-35	0	3,718	1,729	1,782	207	0
12 Revenue Stabilization Adjustment- Assistance	0	0	0	0	0	14,452	7,225	6,864	363	0	14,452	7,225	6,864	363	0
13 Child Support NonAssistance Collections	1,795,716	0	0	0	1,795,716	94,340	0	0	0	94,340	1,890,056	0	0	0	1,890,056
14 Basic Collections	1,637,276	0	0	0	1,637,276	48,465	0	0	0	48,465	1,685,741	0	0	0	1,685,741
15 FDRA IRS Intercepts for non-minors	339	0	0	0	339	0	0	0	0	0	339	0	0	0	339
16 IRS Stimulus Rebate- NonAssistance	25,908	0	0	0	25,908	-23,370	0	0	0	-23,370	2,538	0	0	0	2,538
17 Collections for Other States - NonAssistance	98,459	0	0	0	98,459	2,659	0	0	0	2,659	101,118	0	0	0	101,118
18 Miscellaneous Collections - NonAssistance	1,375	0	0	0	1,375	37	0	0	0	37	1,412	0	0	0	1,412
19 Full Collections Program - NonAssistance	32,359	0	0	0	32,359	-3,675	0	0	0	-3,675	28,684	0	0	0	28,684
20 Revenue Stabilization Adjustment- NonAssistance	0	0	0	0	0	70,224	0	0	0	70,224	70,224	0	0	0	70,224
21 REVENUES TRANSFERS	-13,504	-10,504	-3,000	0	0	3,995	2,130	1,865	0	0	-9,509	-8,374	-1,135	0	0
22 Foster Parent Training Fund Transfer	-3,000	0	-3,000	0	0	1,865	0	1,865	0	0	-1,135	0	-1,135	0	0
23 Title IV-E Child Support Collections Recovery Fund	-10,504	-10,504	0	0	0	2,130	2,130	0	0	0	-8,374	-8,374	0	0	0

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

2/ Estimate assumes federal participation in the disregard from October 1, 2008.

TABLE NUMBER 4
REVENUE AND COLLECTIONS COMPARISON OF
2009-10 GOVERNOR'S BUDGET TO THE 2009-10 MAY REVISION
(in thousands)

	2009-10 GOVERNOR'S BUDGET					ADJUSTMENTS/DIFFERENCES					2009-10 MAY REVISION				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,282,038	143,463	175,000	18,915	1,944,660	-13,458	5,679	7,121	550	-26,808	2,268,580	149,142	182,121	19,465	1,917,852
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,292,534	151,550	177,409	18,915	1,944,660	-14,445	5,966	5,847	550	-26,808	2,278,089	157,516	183,256	19,465	1,917,852
3 Child Support Assistance Collections	375,473	151,550	177,409	18,915	27,599	12,560	5,966	5,847	550	197	388,033	157,516	183,256	19,465	27,796
4 Basic Collections	320,103	148,863	153,429	17,811	0	9,196	4,277	4,407	512	0	329,299	153,140	157,836	18,323	0
5 Disregard Payments to Families /2	22,593	0	0	0	22,593	68	0	0	0	68	22,661	0	0	0	22,661
6 FFP in Disregard	0	-10,732	10,732	0	0	0	58	-58	0	0	0	-10,674	10,674	0	0
7 IRS Stimulus Rebate - Assistance	0	0	0	0	0	4,526	2,263	2,150	113	0	4,526	2,263	2,150	113	0
8 Collections for Other States - Assistance	1,230	0	0	0	1,230	31	0	0	0	31	1,261	0	0	0	1,261
9 Miscellaneous Collections - Assistance	3,776	0	0	0	3,776	98	0	0	0	98	3,874	0	0	0	3,874
10 Full Collections Program - Assistance	7,724	3,592	3,702	430	0	518	241	248	29	0	8,242	3,833	3,950	459	0
11 Compromise of Arrears Program (COAP)	5,595	2,602	2,682	311	0	-1,877	-873	-900	-104	0	3,718	1,729	1,782	207	0
12 Revenue Stabilization Adjustment- Assistance	14,452	7,225	6,864	363	0	0	0	0	0	0	14,452	7,225	6,864	363	0
13 Child Support NonAssistance Collections	1,917,061	0	0	0	1,917,061	-27,005	0	0	0	-27,005	1,890,056	0	0	0	1,890,056
14 Basic Collections	1,712,500	0	0	0	1,712,500	-26,759	0	0	0	-26,759	1,685,741	0	0	0	1,685,741
15 FDRA IRS Intercepts for non-minors	339	0	0	0	339	0	0	0	0	0	339	0	0	0	339
16 IRS Stimulus Rebate- NonAssistance	0	0	0	0	0	2,538	0	0	0	2,538	2,538	0	0	0	2,538
17 Collections for Other States - NonAssistance	105,641	0	0	0	105,641	-4,523	0	0	0	-4,523	101,118	0	0	0	101,118
18 Miscellaneous Collections - NonAssistance	1,475	0	0	0	1,475	-63	0	0	0	-63	1,412	0	0	0	1,412
19 Full Collections Program - NonAssistance	26,882	0	0	0	26,882	1,802	0	0	0	1,802	28,684	0	0	0	28,684
20 Revenue Stabilization Adjustment- NonAssistance	70,224	0	0	0	70,224	0	0	0	0	0	70,224	0	0	0	70,224
21 REVENUES TRANSFERS	-10,496	-8,087	-2,409	0	0	987	-287	1,274	0	0	-9,509	-8,374	-1,135	0	0
22 Foster Parent Training Fund Transfer	-2,409	0	-2,409	0	0	1,274	0	1,274	0	0	-1,135	0	-1,135	0	0
23 Title IV-E Child Support Collections Recovery Fund	-8,087	-8,087	0	0	0	-287	-287	0	0	0	-8,374	-8,374	0	0	0

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

2/ Estimate assumes federal participation in the disregard from October 1, 2008.

**CHILD SUPPORT PROGRAM
AUXILIARY CHARTS**

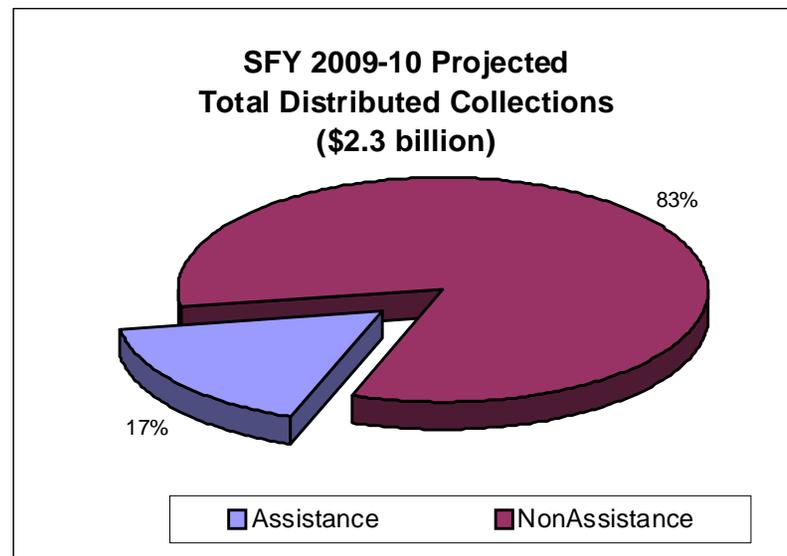
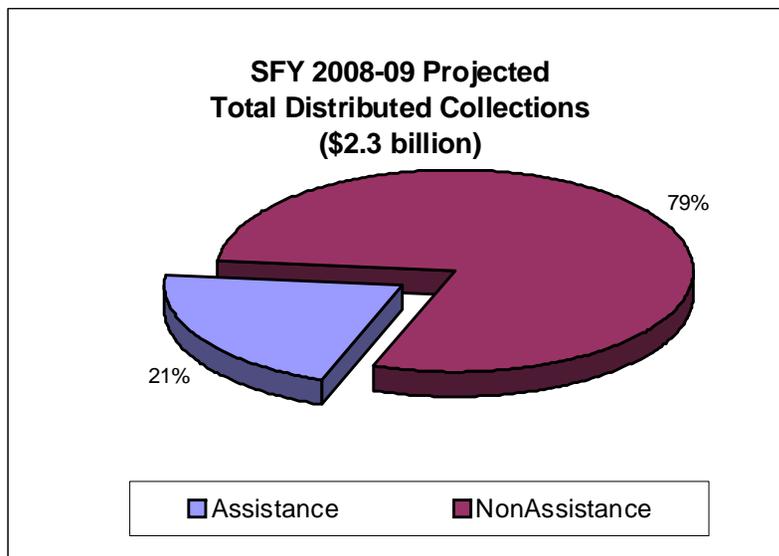
TABLE OF CONTENTS

Total Projected Distributed Collections for State Fiscal Years 2008-09 and 2009-10	A-1
Total Distributed Collections for State Fiscal Years 2001-02 through 2009-10	A-2
Total Distributed Collections for Federal Fiscal Years 2000 through 2008	A-3
Basic Assistance Trend Collection Forecast Comparisons	A-4
Basic Assistance Collections Trend Line	A-5
Basic NonAssistance Trend Collection Forecast Comparisons	A-6
Basic NonAssistance Collections Trend Line	A-7
Total Collections Received by Source for SFY 2007-08	A-8
Historical Total Collections Received by Source	A-9
Historical Incentive Performance Measures	A-10
Alternative Federal Penalty	A-11

TOTAL PROJECTED DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2008-09 and 2009-10

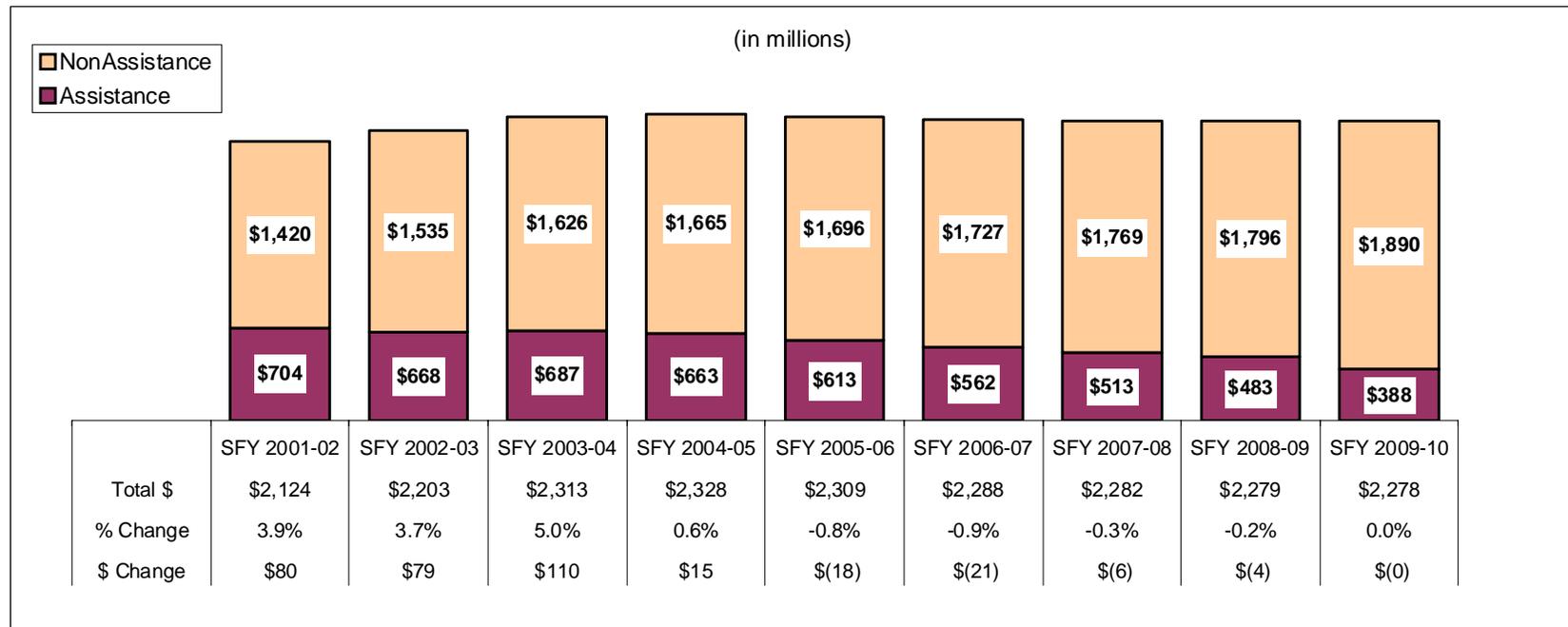
The charts below display California's projected State Fiscal Year (SFY) 2008-09 (\$2.3 billion) and SFY 2009-10 (\$2.3 billion) child support total collections that are distributed to the federal, state and county government as revenue (**Assistance**) and to families (**NonAssistance**).

- **Assistance Collections (\$482.8 million SFY 2008-09, \$388.0 million SFY 2009-10)** are revenue to government entities which reflects basic collections and other premises. Basic Collections (\$392.8 million SFY 2008-09, \$329.3 million SFY 2009-10) are the ongoing efforts of the local child support agencies (LCSA) to collect child support payments from noncustodial parents. Other Collection premises (\$90.0 million SFY 2008-09 and \$58.7 million 2009-10) 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 Full Collections Program, Compromise of Arrears Program collections, \$50 Disregard, Collections for Other States, and miscellaneous collections. Economic Stimulus Act of 2008 intercept collections are included in SFY 2008-09 and the American Recovery and Reinvestment Act of 2009 intercepts was added to both years.
- **NonAssistance Collections (\$1.8 billion SFY 2008-09, \$1.9 billion SFY 2009-10)** are collections that are made on behalf of families and sent directly to them. These collections are comprised of Basic Collections (\$1.6 billion SFY 2008-09, \$1.7 billion SFY 2009-10) and Other Collection premises (\$158.4 million SFY 2008-09, \$204.3 million SFY 2009-10).



TOTAL DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2001-02 through 2009-10

Total child support distributed collections have grown from \$2.1 billion in State Fiscal Year (SFY) 2001-02 to a projected level of \$2.3 billion in SFY 2009-10. The chart below reflects the actual and projected total distributed collections and the year-to-year change. The stimulus intercepts are included in distributed collections beginning May 2008.

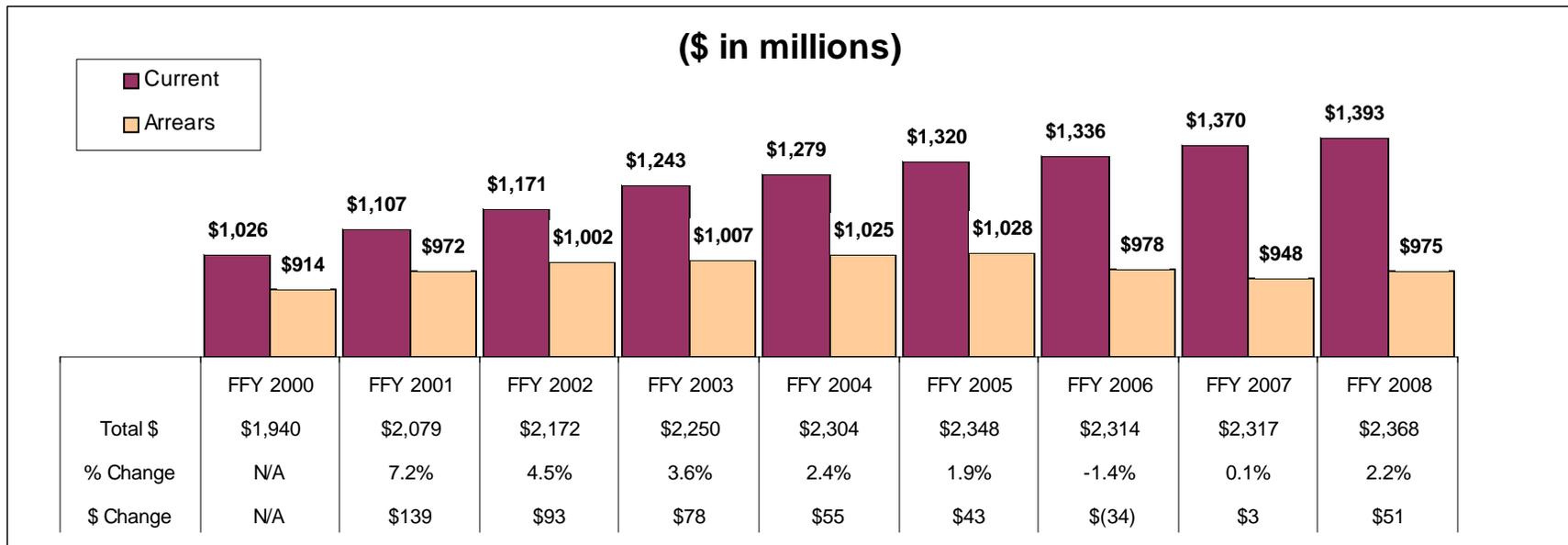


Source: The collections data for SFY 2001-02 are from the CS 800 and 820 reports.
 The collections data for SFY 2002-03 through SFY 2007-08 are from the CS 34 and CS 35 reports.
 CS 800 and 820 reports were revised into CS 34 and CS 35 reports.
 The SFY 2008-09 and SFY 2009-10 projections are based on the current trend analysis.

TOTAL DISTRIBUTED COLLECTIONS FOR FEDERAL FISCAL YEARS 2000 through 2008

Total Child Support distributed collections have grown from \$1.9 billion in Federal Fiscal Year (FFY) 2000 to \$2.4 billion in FFY 2008. This represents a 22 percent overall growth rate. Stimulus intercepts are included in distributed collections beginning May 2008.

The chart below reflects the Total Support Distributed as Current and Arrears Support by federal fiscal years.



Source: The collections data for FFY 2000 through FFY 2008 are from the 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).

BASIC ASSISTANCE TREND COLLECTIONS ^{1/} FORECAST COMPARISON

The current estimate is forecasting a decrease of 13.3% for State Fiscal Year (SFY) 2008-09, and a decrease of 34.9% for SFY 2009-10 over SFY 2007-08 actual. This is based on the most current 24 months of actual data.

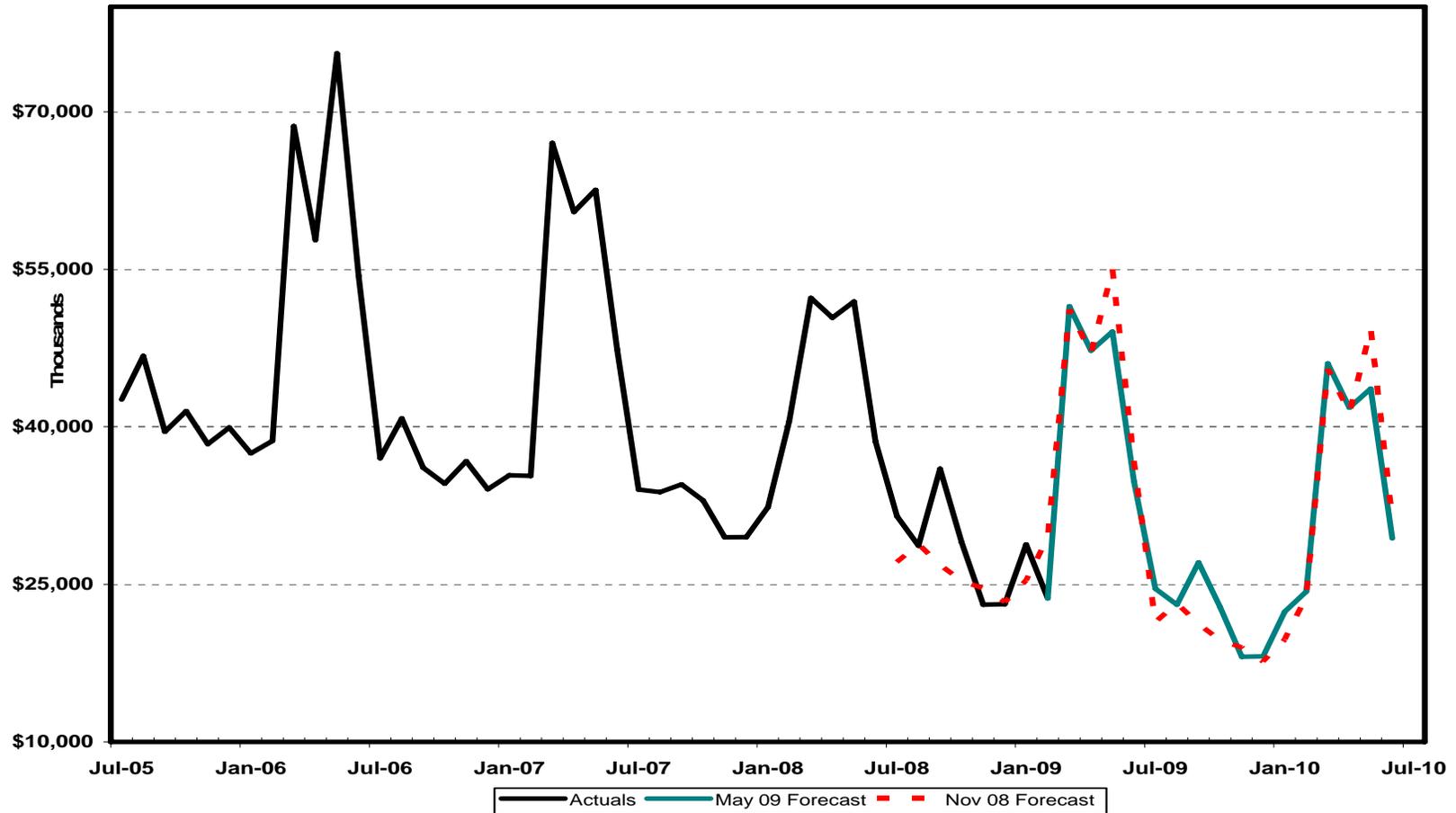
	SFY 2007-08	Forecast SFY 2008-09	Forecast SFY 2009-10
Actual	\$460,400		
May 2009 Revision		\$406,460	\$341,259
Difference from Actual		-13.3%	-34.9%
November 2008 Estimate		\$400,702	\$332,919
Difference from Prior Forecast		1.4%	2.5%

(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 IRS Stimulus intercepts.

BASIC ASSISTANCE COLLECTIONS TREND LINE

The current estimate was based on 24 months of actual collections data: February 2007 through January 2009.
The November 2008 Estimate forecast used 24 months of actual data: July 2006 through June 2008.



Note: Basic Assistance Collections include Full Collections Program and Compromise of Arrears Program Collections. Basic Collections do not include one-time collections such as IRS Stimulus intercepts.

BASIC NONASSISTANCE TREND COLLECTIONS ^{1/} FORECAST COMPARISON

The current estimate is forecasting an increase of 0.9% for State Fiscal Year (SFY) 2008-09, and an increase of 3.5% for SFY 2009-10 over SFY 2007-08 actual. This is based on the most current 24 months of actual data.

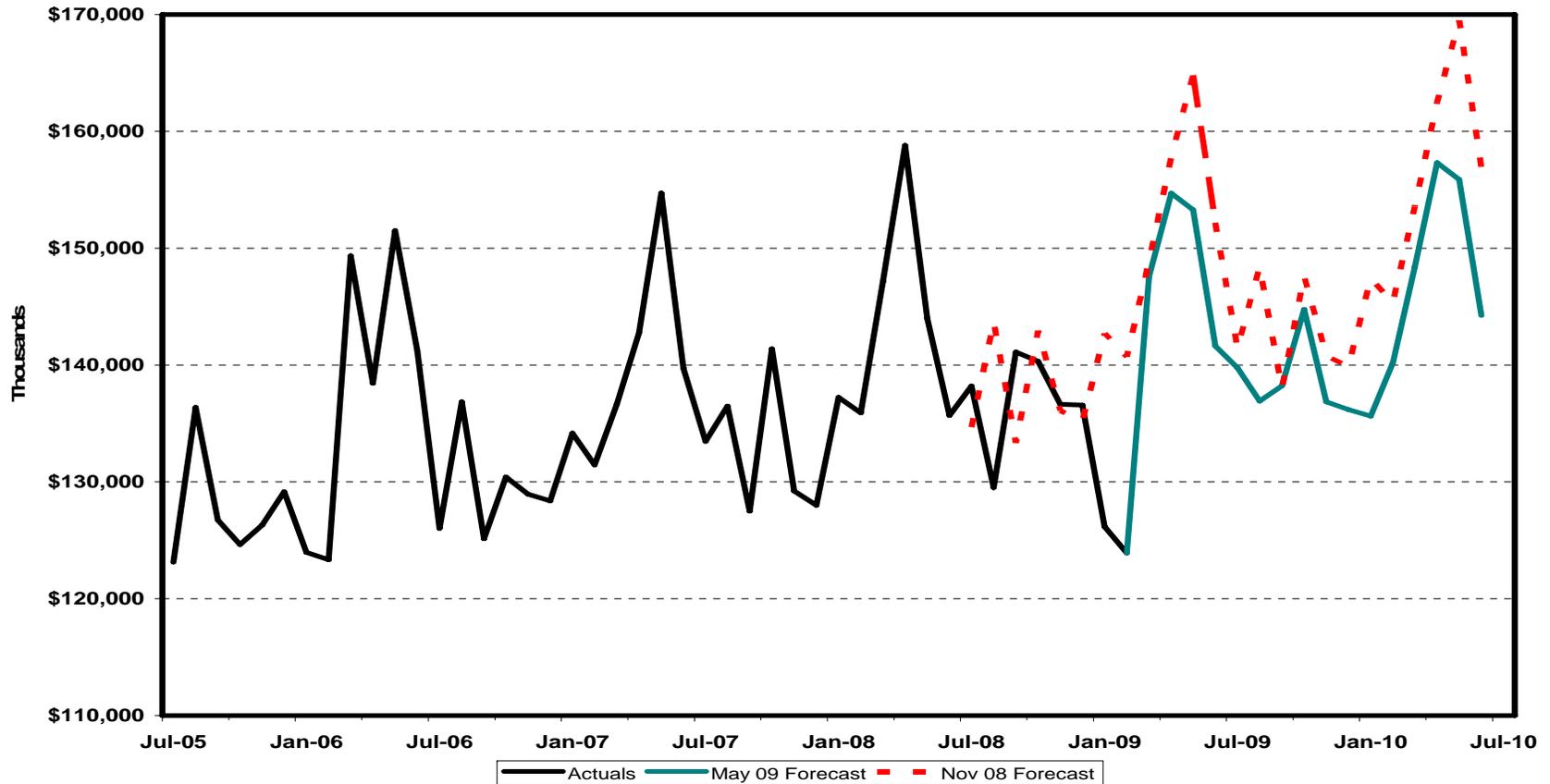
	SFY 2007-08	Forecast SFY 2008-09	Forecast SFY 2009-10
Actual	\$1,654,789		
May 2009 Revision		\$1,669,635	\$1,714,425
Difference from Actual		0.9%	3.5%
November 2008 Estimate		\$1,694,007	\$1,733,311
Difference from Prior Forecast		-1.4%	-1.1%

(in thousands)

^{1/} Basic NonAssistance Collections include Full Collections Program. Basic Collections do not include one-time collections such as the IRS Stimulus intercepts.

BASIC NONASSISTANCE COLLECTIONS TREND LINE

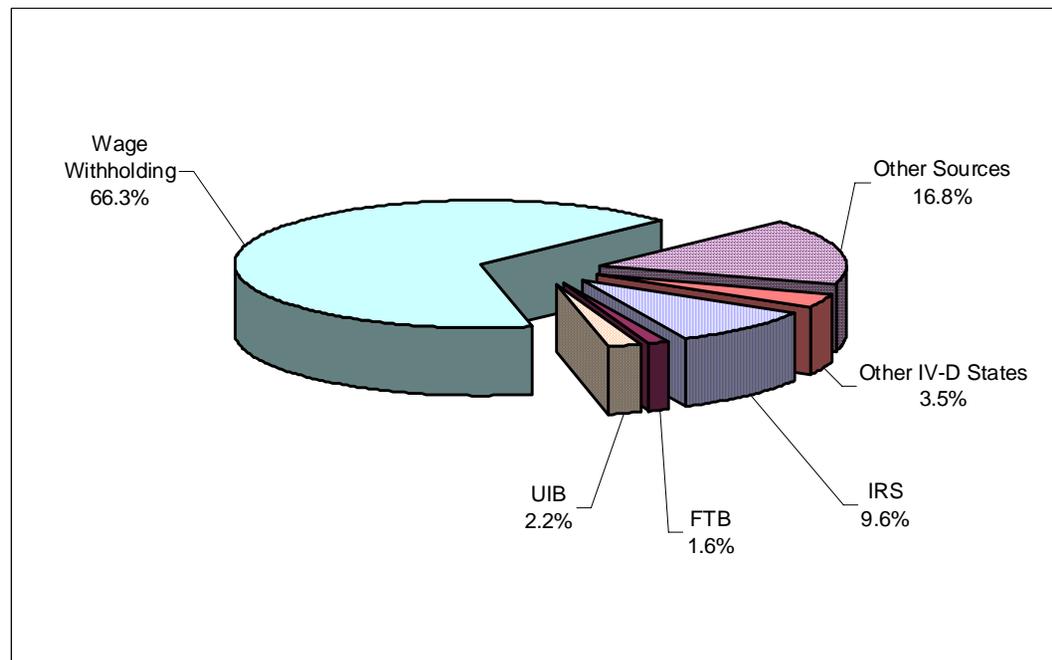
The current estimate was based on the most recent 24 months of actual data: February 2007 through January 2009.
The November 2008 Estimate used 24 months of actual data: July 2006 through June 2008.



Note: Basic NonAssistance Collections include Full Collections Program. Basic Collections do not include one-time collections such as the IRS Stimulus intercepts.

TOTAL COLLECTIONS RECEIVED BY SOURCE FOR STATE FISCAL YEAR 2007-08

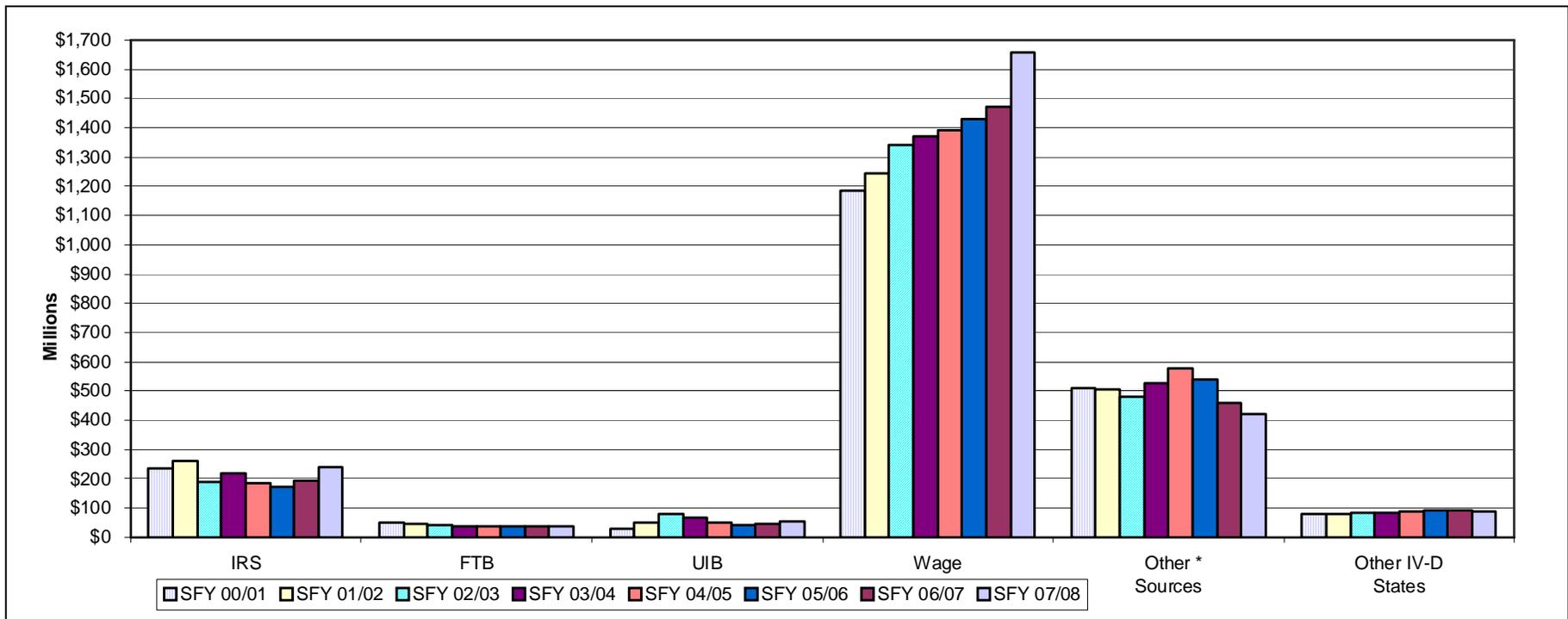
For State Fiscal Year (SFY) 2007-08, the total collections received were \$2.5 billion. Wage Withholding continues to be the most effective way of collecting child support at 66.3 percent (\$1.7 billion) of the total collections received. The Internal Revenue Service (IRS) Federal income tax refund offsets totaled 9.6 percent (\$241 million), and the Franchise Tax Board's (FTB) State income tax refund offsets totaled 1.6 percent (\$39 million). The Unemployment Insurance Benefits (UIB) offsets totaled 2.2 percent (\$55 million), and 3.5 percent (\$88 million) represents the collections received from other IV-D states. The remaining 16.8 percent (\$420 million) are from all Other Sources received, which includes, but is not limited to, direct payments from Non-custodial parents, 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

HISTORICAL TOTAL COLLECTIONS RECEIVED BY SOURCE

The chart below reflects the Total Collections Received by Source from State Fiscal Year (SFY) 2000-01 through SFY 2007-08. The year-to-year change from SFY 2006-07 to SFY 2007-08 for IRS intercepts had increased (24.0%) and FTB intercepts had increased (7.2%). The UIB intercepts had increased (21.9 %) during the same time period. Wage Withholdings had increased (6.5%). Other Sources have declined (5.3%) and Other IV-D States had decreased (2.5%). Wage Withholdings also include Non-IV-D Collections. Stimulus intercepts are included in the IRS intercepts.



Source: For SFY 2000-01 thru SFY 2001-02 CS 820 Section A; For SFY 2002-03 through SFY 2007-08 CS 34 and CS 35 reports.

* Other Sources includes, but is not limited to, direct payments from the Non-custodial parents, Liens, Workers' Compensation, Disability Insurance Benefits, California Insurance Intercept Program, and Full Collections Program without wage levies.

HISTORICAL INCENTIVE PERFORMANCE MEASURES

Federal incentive payments are based on the state's performance in five measures plus annual data reliability compliance. (See Federal Performance Basic Incentives premise description.) The chart below displays the minimum levels a state must meet in each performance measure to receive at least partial incentive payments. It also displays California's performance level from Federal Fiscal Year (FFY) 2003 to FFY 2008.

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

Source: From OCSE 157 Child Support Enforcement Annual Statistical Report.

^{1/} The actual FFY 2008 statewide total for Cost Effectiveness is \$2.04. Due to a reporting error it has been reported as \$1.96.

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/}	2005-06	30%	715,011,565	actual	214,503,470	1,181,813,688
2007	2006-07	30%	744,382,899	estimate Held in Abeyance	223,314,870	
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/} Penalty refund of \$193 million for successful certification of the Alternative System Configuration.

TABLE OF CONTENTS

LOCAL CHILD SUPPORT AGENCY BASIC COSTS	3
FEDERAL PERFORMANCE BASIC INCENTIVES.....	5
LOCAL CHILD SUPPORT AGENCY REVENUE STABILIZATION.....	9
IRS INTERCEPT FEES.....	11
DISPUTE RESOLUTION GRANT.....	13
DEFICIT REDUCTION ACT – MANDATORY FEES	15
CHILD SUPPORT ENFORCEMENT MAINTENANCE & OPERATIONS.....	17
CALIFORNIA CHILD SUPPORT AUTOMATION SYSTEM – SDU.....	19
CALIFORNIA CHILD SUPPORT AUTOMATION SYSTEM – CSE.....	21
CHILD SUPPORT COLLECTIONS RECOVERY FUND	23
CHILD SUPPORT PROGRAM - BASIC COLLECTIONS	25
DISREGARD PAYMENT TO FAMILIES.....	29
IRS ECONOMIC STIMULUS REBATE INTERCEPTS	31
FULL COLLECTIONS PROGRAM.....	33
COMPROMISE OF ARREARS PROGRAM	37
FDRA IRS INTERCEPTS FOR NON-MINORS.....	39
FOSTER PARENT TRAINING FUND TRANSFER	41
TITLE IV-E CHILD SUPPORT COLLECTIONS OFFSET	43
DISCONTINUED PREMISES	45
APPENDIX A - FEDERAL MEDICAL ASSISTANCE PERCENTAGE (FMAP).....	47
APPENDIX B - LIST OF ACRONYMS.....	49

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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 administrative costs include salaries and benefits of county staff as well as operating costs. LCSA administrative 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 Administrative costs is adjusted by the level of federal basic incentives estimated in State Fiscal Year (SFY) 2008-09 and SFY 2009-10.

METHODOLOGY:

Basic Costs:

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

Administration:

LCSA administrative costs are funded at the base of \$700,599,000 for SFY 2008-09 and 2009-10. From this base, federal incentives and the federal match on incentives are removed to calculate administration.

Federal Match on Performance Basic Incentives:

Under provisions of the American Recovery and Reinvestment Act of 2009, federal matching funds are available on Federal Performance Basic Incentives for two years beginning October 1, 2008. For SFY 2008-09, three quarters of the estimated federal performance incentives were matched with federal financial participation (FFP). SFY 2009-10 was calculated with a full year of FFP.

Federal Performance Basic Incentives:

Federal Performance Basic Incentive funds of \$42,779,000 for SFY 2008-09 and \$43,040,000 for SFY 2009-10 are included in LCSA Basic Costs as it reflects the amount of estimated federal funds available to cover LCSA administrative 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 that elect to supplement the program with local matching funds. For SFY 2008-09 and SFY 2009-10, the total budgeted is \$40 million (\$26.4 million FFP and \$13.6 million county funds).

Revenue Stabilization:

SFY 2009-10 includes LCSA Basic Costs for revenue stabilization. For details, refer to the Revenue Stabilization premise description.

FUNDING:

Funding for this premise consists of 34 percent State General Fund (SGF) and federal incentives, and 66 percent FFP matching funds.

The federal incentives are 100% FFP which reduces the LCSA Basic Administrative SGF need by these same amounts. Effective October 1, 2007, the federal incentives were no longer eligible for match with federal funds. However, provisions of the Federal American Recovery and Reinvestment Act of 2009 allow federal match of federal incentives for two years beginning October 1, 2008.

CHANGE FROM NOVEMBER:

FFP is available to match federal performance incentives and the estimated incentives were updated.

REASON FOR YEAR-TO-YEAR CHANGE:

Revenue Stabilization is included in the budget year.

EXPENDITURES:

(in 000's)

	2008-09	2009-10
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$740,599	\$759,334
Federal	524,516	544,200
State	202,483	201,534
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 the Data Reliability Audit compliance. (See the Historical Incentive Performance Measures auxiliary chart A-9.)

IMPLEMENTATION DATE:

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

KEY DATA/ASSUMPTIONS:

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

1. The State's Collection Base

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

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

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

2. Performance Factors

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

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

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 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 federal fiscal year:

- | | | | |
|------------|---------------|------------|-----------------------------|
| • FFY 2000 | \$422,000,000 | • FFY 2005 | \$446,000,000 |
| • FFY 2001 | \$429,000,000 | • FFY 2006 | \$458,000,000 |
| • FFY 2002 | \$450,000,000 | • FFY 2007 | \$471,000,000 |
| • FFY 2003 | \$461,000,000 | • FFY 2008 | \$483,000,000 |
| • FFY 2004 | \$454,000,000 | • FFY 2009 | \$495,000,000 ^{1/} |

^{1/} FFY 2009 estimated by ACF as of October, 2008.

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 \$42,779,000 federal incentives in State Fiscal Year (SFY) 2008-09 and \$43,040,000 in SFY 2009-10.

FUNDING:

The federal incentives earned by California reduces the LCSA Basic Administrative State General Fund need by these same amounts. Effective October 1, 2007, the federal incentives were no longer eligible for match with federal funds. Provisions of the American Recovery and Reinvestment Act (ARRA) of 2009, temporarily restore federal incentive matching with federal funds for two years beginning October 1, 2008. For further details, please refer to the premise descriptions for LCSA Basic Costs.

As authorized by the federal Office of Management and Budget (OMB), a portion of the funding received under ARRA will be used to provide support for the California Recovery Task Force (CRTF) and for the ARRA oversight and administrative activities of the various departments administering those funds. Pursuant to Executive Order S-02-09, CRTF is charged with tracking the ARRA funding coming into the state; helping cities, counties, non-profits, and others access the available funding; ensuring that the funding provided to the state is spent efficiently and effectively; and maintaining a Web site that is frequently and thoroughly updated so Californians can track the stimulus dollars. The mechanism for accessing these federal funds and for allocating them to the CRTF and state entities administering ARRA funds is under development and is not available to include in this Finance Letter. Consequently, a future Section 28 request may be submitted in the coming months to properly increase the department's federal funds reimbursement authority to fund the cost of accountability and related administrative and transparency activities.

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The available federal incentive pool increases.

EXPENDITURES:

(in 000's)

	2008-09	2009-10
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total Incentives	\$42,779	\$43,040

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Local Child Support Agency Revenue Stabilization

DESCRIPTION:

This premise reflects a permanent ongoing augmentation of \$18.7 million (\$6.4 million General Fund) to Local Child Support Agencies (LCSAs) to maintain LCSA caseworker staffing levels in order to stabilize child support collections. Since 2003-04, State and federal funding support for Local Child Support Agency (LCSA) basic administrative expenses has been held flat. Due to flat LCSA funding and local cost increases, LCSA staffing levels have declined which has contributed to associated declines in child support collections.

It is anticipated that providing this augmentation will partially offset the decline by \$84.7 million (\$6.9 million General Fund). The estimated General Fund offset to collections declines is greater than the cost of the augmentation providing a return to the General Fund of \$500,000.

IMPLEMENTATION DATE:

This premise will be implemented July 1, 2009.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code (FC) Section 17704(b), FC Section 17710(a), and Welfare and Institutions Code Section 10085(a).
- The effective date will be July 1, 2009.
- The funding will allow LCSAs to retain 260 staff, of which 70 percent will be caseworkers.

METHODOLOGY:

- The base administrative allocation of \$696.4 million was used to calculate the inflationary increase needed to maintain a full administrative allocation. The CPI of 2.7percent was applied to the base allocation resulting in an additional \$18.7 million needed to fully fund administrative activities.
- A linear regression of collections and caseworker staffing was used to determine the average collections per caseworker. The cost per caseworker was divided into the revenue stabilization increase to estimate the retention of 182 caseworkers statewide. This estimate was verified by reviewing actual annual caseworker loss since SFY 2002-03.
- 182 caseworkers were multiplied by the average collection per Assistance case to compute additional collections of \$14.5 million.
- 182 caseworkers were multiplied by the average collection per NonAssistance case to compute additional collections of \$70.2 million.

FUNDING:

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

CHANGE FROM NOVEMBER:

This is a new premise beginning SFY 2009-10.

REASON FOR YEAR-TO-YEAR CHANGE:

This premise will be implemented in SFY 2009-10.

EXPENDITURES:

(in 000's)

	2008-09	2009-10
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$0	\$18,735
Federal	0	12,365
State	0	6,370
County	0	0
Reimbursements	0	0

COLLECTIONS:

(in 000's)

	2008-09	2009-10
	<u>Collections</u>	<u>Collections</u>
Assistance Total	\$0	\$14,452
Federal	0	7,225
State	0	6,864
County	0	363
Other	0	0
NonAssistance	0	\$70,224
Total Collections	0	\$84,676

IRS Intercept Fees

DESCRIPTION:

This premise reflects the additional cost for Internal Revenue Service (IRS) intercept fees resulting from the 2008 Economic Stimulus Act, the 2009 American Recovery and Reinvestment Act, and tax intercepts for Non-minor children.

IMPLEMENTATION DATE:

This premise was implemented October 1, 2007.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Title IV-D of the Social Security Act and 5 United States Code § 5514 (A)(a)(i).
- IRS intercepts for non-minors are expected to increase as a result of new and ongoing non-minor intercepts. For further detail, refer to the premise Federal Deficit Reduction Act Internal Revenue Service Intercepts for Non-Minors.
- IRS intercepts will increase as a result of the one-time Economic Stimulus Act of 2008, occurring between May 2008 and December 2008. The offset fee for IRS tax rebates are \$14.75 each.
- IRS intercepts will increase as a result of the one-time American Recovery and Reinvestment Act of 2009, occurring between May and December 2009. Economic Recovery Payments of \$250 will be paid to recipients of Social Security, Supplemental Security Income, Railroad Retirement Benefits and Veterans' Disability Compensation or Pension Benefits. The fee for these administrative offsets is \$17 each.

METHODOLOGY:

- The actual Office of Child Support Enforcement (OCSE) economic stimulus intercepts and collections payment reports were used to count the intercepts received from May 2008 through January 2009. The number of intercepts was then multiplied by the offset fee of \$14.75 to calculate the increased cost associated with the Economic Stimulus collections.
- 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) 2008-09 and SFY 2009-10. 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 intercepts as a result of the 2009 American Recovery and Reinvestment Act were projected to be 42,659 by OCSE. Using the actual data from the economic stimulus intercepts, it is estimated that 14,401 intercepts will occur in SFY 2008-09 and the remaining 28,258 will occur in SFY 2009-10. The number of intercepts was then multiplied by the Federal Tax administrative offset fee of \$17 to calculate the increased cost associated with the American Recovery and Reinvestment intercept collections.
- Intercepts for the Economic Stimulus, American Recovery and Reinvestment, and non-minor children were combined to forecast the costs in SFY 2008-09 and SFY 2009-10.

FUNDING:

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

CHANGE FROM NOVEMBER:

The intercepts as a result of the 2009 American Recovery and Reinvestment Act are included.

REASON FOR YEAR-TO-YEAR CHANGE:

The number of intercepts is projected to be higher in SFY 2008-09 as a result of one-time Economic Stimulus rebate intercepts.

EXPENDITURES:

(in 000's)

	2008-09	2009-10
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$1,865	\$487
Federal	1,231	321
State	634	166
County	0	0
Reimbursements	0	0

Dispute Resolution Grant

DESCRIPTION:

This premise reflects the funds for the Dispute Resolution Federal Demonstration Grant project which is a three-year pilot program to evaluate whether an alternate dispute resolution process to resolve child support service disputes is more effective and timely. Under the program, pilot counties will test different models to provide less formal means to achieve agreement on court orders for child support. Models could include training in collaborative negotiation to achieve agreement; more intensive use of county court facilitators to provide mediation services to achieve agreement; and other approaches. The goal is to expedite the process of getting child support to families more quickly and efficiently while still maintaining safeguards for the rights of those involved. The pilots will be evaluated to determine the benefits and applicability of these approaches being used broadly throughout the state.

IMPLEMENTATION DATE:

This premise was implemented October 1, 2006.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Section 1115(a) of the Social Security Act.
- This is a 36-month demonstration project from October 1, 2006 through August 31, 2010.
- The total project cost consists of Section 1115 grant funds, a required five percent state match, and federal financial participation (FFP). The five percent state match will be funded through redirection of existing resources.
- San Diego County is the pilot county for the Dispute Resolution grant working with the Local Child Support Agency, California Child Support Automation System Child Support Enforcement, Administrative Office of the Courts, and San Diego Court's Family Law Facilitators.
- The program was implemented for the full State Fiscal Year (SFY) 2007-08.
- It is assumed that the program will continue for 12 months in SFY 2008-09 and conclude in SFY 2009-10.

METHODOLOGY:

- The Federal Administration for Children and Families approval letter, dated August 30, 2006, contains the funding for the grant.
- Due to a delay of implementation of the grant, funding was shifted between fiscal years. Funding for SFY 2007-08 and 2008-09 will be \$455,000 with the remaining grant authority of \$65,000 shifted into SFY 2009-10.

FUNDING:

The cost is funded 66 percent federal matching funds, 29 percent federal Section 1115 grant, and 5 percent State General Fund.

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in 000's)

	2008-09	2009-10
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$455	\$43
Federal	455	43
State	0	0
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 application fee for families that have never received Temporary Assistance for Needy Families if at least \$500 is collected annually on their behalf. Fees may be recovered from the custodial party, the noncustodial parent or the State (using state funds). When California opts to pass the fee to the families, it is anticipated that there would be an increase in revenue as a result. However, there will be additional ongoing administrative costs to the state to collect and track these fees. California has not imposed the fee because the California Child Support Automation System (CCSAS) is not capable of automated fee tracking.

IMPLEMENTATION DATE:

This premise was implemented January 1, 2008.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Public Law 109-171, FDRA of 2005.
- It is assumed that California will not collect fees until CCSAS is capable of automated fee tracking; anticipated to occur in SFY 2010-11. Therefore, California will pay the federal share of estimated fees for State Fiscal Years (SFYs) 2008-09 and 2009-10.

METHODOLOGY:

- The number of never-assisted cases with collections of \$500 or more is multiplied by \$25 to compute the total fees.
- The total fees to be collected are multiplied by 66 percent to determine the potential revenue to the federal government.
- Based on an implementation date of January 1, 2008, California will pay the federal government their share of the fees using state general funds for SFYs 2008-09 and 2009-10.

FUNDING:

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

CHANGE FROM NOVEMBER:

The number of never-assisted cases and the corresponding fees was updated for budget year.

REASON FOR YEAR-TO-YEAR CHANGE:

The number of never-assisted cases and the corresponding fees was updated for budget year.

EXPENDITURES:

(in 000's)

	2008-09	2009-10
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$3,526	\$3,791
Federal	0	0
State	3,526	3,791
County	0	0
Reimbursements	0	0

Child Support Enforcement Maintenance & Operations

DESCRIPTION:

This premise reflects funds for the local child support agency (LCSA) Electronic Data Processing (EDP) Maintenance and Operations (M&O) as well as M&O for the Child Support Enforcement (CSE) system. These costs include direct personnel and contract services, and the maintenance of interim automated systems allowing the continued collections of child support. All CSE M&O costs are reflected in the most recent California Child Support Automation System (CCSAS) Advance Planning Document Update (APDU). This premise was formerly named EDP Maintenance and Operations. Due to the implementation of the CSE, the M&O activities will shift from Pre-Interim Systems Management to CSE.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code (FC) Section 17704(b), FC Section 17710(a), and Welfare and Institutions Code Section 10085(a).

METHODOLOGY:

All CSE M&O costs are reflected in the most recent CCSAS APDU.

FUNDING:

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

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The decrease in the budget year reflects the reduction of costs as counties transition from PRISM to the CSE. Beginning in SFY 2009-10, CSE M&O will be captured under the umbrella of CSE.

EXPENDITURES:

(\$ in 000's)

	2008-09	2009-10
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$33,707	\$0
Federal	22,247	0
State	11,460	0
Reimbursements	0	0

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California Child Support Automation System – SDU

DESCRIPTION:

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

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

IMPLEMENTATION DATE:

This premise was implemented September 1999.

KEY DATA/ASSUMPTIONS:

- Authorizing statute(s): Welfare & Institutions Code Section 10080 and Family Code (FC) Section 17309.
- There are two LCSA SMEs for collection and distribution activities and one technical staff for planning and implementation.
- This premise reflects costs for the SP contract to perform statewide collection and distribution activities.
- For the current and budget year, additional SP collection/distribution costs are anticipated as a result of the American Recovery and Reinvestment Act (ARRA) of 2009 and the IRS Intercepts for Non-Minor Children.
- For the current and budget year, the SP plans to continue outreach activities for the purpose of increasing Non IV-D participation and encouraging the use of electronic funds transfers (EFT) over paper checks [Change Request (CR) 1402].

METHODOLOGY:

- Resource estimates are based on workload required to support the planning activities for the procurement and the implementation of the CCSAS-SDU.
- SP costs are based on the SDU Post Implementation Evaluation Report (PIER) and related Economic Analysis Worksheets (EAWs), the most recent SDU contract amendment, and updated trends using the most recent actual data.
- One-time costs associated with the SP's outreach effort to encourage the use of EFT over paper check is \$3.8 million in the current year.

FUNDING:

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

CHANGE FROM NOVEMBER:

The current year decrease is the result of lower overall transactions than previously projected.

REASON FOR YEAR-TO-YEAR CHANGE:

The budget year decrease is the result of no anticipated change requests for the budget year, and projected savings for the SP's enhanced outreach activities (CR-1402).

EXPENDITURES:

(in 000's)

	2008-09	2009-10
	<u>CS Automation</u>	<u>CS Automation</u>
Total	\$25,831	\$20,391
Federal	17,025	13,444
State	8,806	6,947
County	0	0
Reimbursements	0	0

California Child Support Automation System – CSE

DESCRIPTION:

This premise reflects the contract services for the California Child Support Automation System (CCSAS). In addition, this premise reflects the Federal Financial Participation (FFP) and the State General Fund (SGF) to backfill local child support agency (LCSA) staff assigned full-time to the CCSAS project as subject matter experts (SME) for child support program business practices and child support enforcement (CSE) system functionality.

Beginning in SFY 2009-10, this premise reflects funds for the LCSA Electronic Data Processing (EDP) maintenance and operations (M&O) as well as M&O for the CSE system. These costs include direct personnel and contract services, and the maintenance of interim automated systems allowing the continued collections of child support. All CSE M&O costs are reflected in the most recent CCSAS Advance Planning Document Update (APDU). This premise was formerly named EDP Maintenance and Operations.

IMPLEMENTATION DATE:

This premise was implemented September 1999.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare & Institutions Code Section 10080.
- Contract Services costs include the International Business Machines Alliance Business Partner contract.
- DCSS has contracted with LCSAs to provide SMEs to support the CCSAS-CSE project, and have SMEs available for consultation throughout the life of the project.

METHODOLOGY:

This premise reflects a reduction due to the transition of the CSE project from the development and implementation phase to maintenance and operations as reflected in the As-Needed APDU/SPR #13, dated February 23, 2009, and Annual APDU/SPR#14 dated May 8, 2009. These costs include funding for ongoing costs for expected Change Request workload, continued LCSA SMEs, and technical staffing. There will also be one-time costs for procurement support, CSE/ECSS transition, and critical software functionality.

FUNDING:

- The post conversion costs for the LCSAs are funded 66 percent federal funds and 34 percent SGF.
- The funding required to support the use of LCSA SMEs are funded 66 percent federal funds and 34 percent SGF.

CHANGE FROM NOVEMBER:

There is no change for SFY 2008-09. For SFY 2009-10 costs were updated to reflect the most recent APDUs.

REASON FOR YEAR-TO-YEAR CHANGE:

The decline reflects a reduction due to the transition of the CSE project from the development and implementation phase to maintenance and operations.

EXPENDITURES:

(in 000's)

	2008-09	2009-10
	<u>CS Automation</u>	<u>CS Automation</u>
Total	\$142,620	\$45,156
Federal	94,221	29,143
State	48,399	15,013
County	0	0
Reimbursements	0	0

Child Support Collections Recovery Fund

DESCRIPTION:

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

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

IMPLEMENTATION DATE:

This premise was implemented July 2001.

KEY DATA/ASSUMPTIONS:

Authorizing statute: Family Code Section 17702.5.

METHODOLOGY:

- For State Fiscal Year (SFY) 2008-09, 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.
- For SFY 2009-10, the CSCRF is based on the estimated sum of the federal share of child support Assistance collections less the estimated sum of the federal share of foster care collections.

FUNDING:

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

CHANGE FROM NOVEMBER:

This estimate was updated to reflect updated forecasts of Assistance Child Support collections.

REASON FOR YEAR-TO-YEAR CHANGE:

The decrease in SFY 2008-09 is due to the projected decrease in Assistance collections.

REVENUES:

(in 000's)

	2008-09	2009-10
	<u>Revenues</u>	<u>Revenues</u>
Total	\$190,870	\$149,142
Federal	190,870	149,142
State	0	0
County	0	0
Reimbursements	0	0

Child Support Program - Basic Collections

DESCRIPTION:

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

Basic collections represent the ongoing efforts of the local child support agency to collect child support payments from non-custodial parents and distribute those payments either directly to families or to federal, state, and county governments to repay past welfare costs. Besides child support payment data, significant factors that affect basic collections include minimum awards, wage assignments, and intercepts. The Full Collections Program and the Disregard Payments to Families are reflected as separate premises.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare & Institutions Code Section 11477.
- The child support payment data for Assistance and NonAssistance collections is based on the Child Support Monthly Report of Collections and Distributions (CS 34), and the Supplement to Monthly Report of Collections and Distribution (CS 35) for the period of February 2007 through January 2009.
- The child support collections to other states and miscellaneous collections data are based on State Fiscal Year (SFY) 2007-08 actual data. The data is reported monthly on the CS 34 and CS 35 Reports.

METHODOLOGY:

- Actual Assistance distributed collections are reported monthly on the CS 34 and CS 35 Reports. These were used to construct a 24-month trend from February 2007 through January 2009. Seasonal adjustments were made to the data by using monthly dummy variables in the linear regression model.
- Actual NonAssistance distributed collections are reported monthly on the CS 34 and CS 35 Reports. Actuals from the February 2007 through January 2009 CS 34 and CS 35 Reports were used to construct a 24-month trend. Seasonal adjustments were made to the data by using monthly dummy variables in the linear regression model.
- Assistance Collections for Other States are reported on the CS 34 and CS 35 Reports. For SFY 2008-09 and 2009-10, the trend forecasts rate of change for Assistance collections were applied to the SFY 2007-08 actual to arrive at the SFY 2008-09 and 2009-10 forecast.

METHODOLOGY (CONTINUED):

- NonAssistance Collections for Other States are reported on the CS 34 and CS 35 Reports. For SFY 2008-09 and 2009-10, the trend forecasts growth of NonAssistance collections were applied to the SFY 2007-08 actual to arrive at the SFY 2008-09 and 2009-10 forecast.
- 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 2008-09 and 2009-10, the trend forecasts rate of change for Assistance collections were applied to SFY 2007-08 actual to arrive at the Assistance Miscellaneous Collections for SFY 2008-09 and 2009-10.
- The NonAssistance Miscellaneous Collections consist of NonAssistance Medical Support which is reported on the CS 34 Report. For SFY 2008-09 and 2009-10, the trend forecasts growth of NonAssistance collections were applied to the SFY 2007-08 actual to arrive at the NonAssistance Miscellaneous Collections for SFY 2008-09 and 2009-10.

FUNDING:

- Collections made on behalf of NonAssistance 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 based on the Federal Medical Assistance Percentage and the non-Federal sharing ratios. See Appendix A for detail.

CHANGE FROM NOVEMBER:

The November 2008 Estimate was based on 24 months of trend data: July 2006 through June 2008. For this estimate, the trend data was updated to the most recent 24 months of trend data, February 2007 through January 2009, as this data is more reflective of current collection activities in the local child support agencies. This change resulted in a decrease of projected collections for SFY 2008-09. The Department will continue to use the most current trend data to project collections.

REASON FOR YEAR-TO-YEAR CHANGE:

The SFY 2009-10 decrease is due to the overall projected decline of growth in collections based on historical trend.

COLLECTIONS:

(in 000's)

	2008-09 <u>Collections</u>	2009-10 <u>Collections</u>
Assistance Total	\$392,807	\$329,299
Federal	182,674	153,140
State	188,277	157,836
County	21,856	18,323
Other	0	0
NonAssistance	1,637,276	1,685,741
Collections For Other States		
Assistance	1,502	1,261
NonAssistance	98,459	101,118
Miscellaneous Collections		
Assistance	4,612	3,874
NonAssistance	1,375	1,412
Grand Total ^{1/}	\$2,136,031	\$2,122,705

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

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Disregard Payment to Families

DESCRIPTION:

In addition to the California Work Opportunity and Responsibility to Kids grant, custodial parents also receive the first \$50 of the current month's child support payment collected from the absent parent. Forwarding the disregard portion of the collection to the family instead of retaining it as revenue to the State results in reduced collection revenues. Under the provision of Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the federal government discontinued federal financial participation (FFP) in the disregard payment to the family as of October 1, 1996. Effective October 1, 2008, the Federal Deficit Reduction Act (FDRA) of 2005 allows the federal government to share in the cost of additional support collections passed-through to families.

IMPLEMENTATION DATE:

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

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code Section 17504.
- The child support payment data are based on monthly Child Support Services Supplement to the CS 34 Monthly Report of Collections and Distributions (CS 35) reports, beginning with February 2007 through January 2009.
- FFP is available for disregard payments of federally eligible collections.

METHODOLOGY:

- The cost of the current \$50 disregard is reported monthly on the CS 35 reports. The disregard is paid when the current monthly child support collection is distributed.
- The forecast was generated utilizing 24 months of data from the CS 35 reports, from February 2007 through January 2009. The full year forecast was used for the SFY 2008-09 and 2009-10.
- The FFP in disregard was calculated by computing federally eligible disregard collections and multiplying these by 50 percent. For SFY 2008-09, three quarters were used to reflect the federal funding available as of October 1, 2008. SFY 2009-10 reflects a full year of federal funding.
- The cost is counted toward the State's Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE) requirement.

FUNDING:

- The collection revenues associated with the disregard are 100 percent State General Fund until October 1, 2008.
- Beginning October 1, 2008 the federal participation of disregard becomes 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 NOVEMBER:

The projections were updated using the most recent data trends.

REASON FOR YEAR-TO-YEAR CHANGE:

The projections were updated using the most recent data trends. The budget year reflects a full year of FFP.

COLLECTIONS:

(in 000's)

	2008-09 <u>Collections</u>	2009-10 <u>Collections</u>
Total	\$24,826	\$22,661
Federal	0	0
State	0	0
County	0	0
Other	24,826	22,661

FFP In Disregard:

	2008-09 <u>Collections</u>	2009-10 <u>Collections</u>
Total	\$0	\$0
Federal	-8,844	-10,674
State	8,844	10,674
County	0	0
Other	0	0

IRS Economic Stimulus Rebate Intercepts

DESCRIPTION:

The U.S. Department of Treasury began sending economic stimulus payments to more than 130 million recipients in late April 2008 as a result of the Economic Stimulus Act. The American Recovery and Reinvestment Act signed February 17, 2009 will produce a second set of payments; Economic Recovery Payments (ERP) for recipients of Social Security, Supplemental Security Income, Railroad Retirement Benefits and Veteran's Disability Compensation or Pension Benefits. As a result of the new law, these rebates may be intercepted for the purposes of child support arrearage collection.

IMPLEMENTATION DATE:

This premise was implemented May 2008.

KEY DATA/ASSUMPTIONS:

- Authorizing statutes: House of Representatives (HR 5140), Economic Stimulus Act of 2008 and United States Code Title 42, Section 664. HR 1, Public Law 111-5, American Recovery and Reinvestment Act of 2009 (ARRA) enacted February 17, 2009.
- Internal Revenue Service (IRS) Stimulus rebates were intercepted between April 2008 and December 2008. Taxpayers must file a 2007 tax return, have a valid Social Security Number and have at least \$3,000 in income to be eligible for a stimulus payment.
- The Economic Stimulus Intercept data are based on reports from the Office of Child Support Enforcement (OCSE) titled, "Federal Offset Collections from Economic Stimulus Payments" which used U.S. Department of Treasury, Financial Management Service as the data source.
- One-time ERP intercepts of \$250 may occur as a result of provisions of the ARRA. The ERP benefit payments will be eligible for recipients of Social Security, Supplemental Security Income, Railroad Retirement Benefits and Veteran's Disability Compensation or Pension Benefits.

METHODOLOGY:

- Child support collections from the IRS Economic Stimulus intercept was reported beginning May 2008. Data from OCSE were reviewed. Reports included the number of intercepts and the amount collected. These reports also reported the number of intercepts and collections by Assistance and NonAssistance categories. Assistance collections accounted for 61 percent of the stimulus intercept collections.
- Payment data was tracked and it was determined that three payment transfers were distributed during State Fiscal Year (SFY) 2007-08. The remaining stimulus collections of \$63 million occurred in SFY 2008-09.

- Using the actual intercept data from the Economic Stimulus, the ARRA intercepts were forecasted for 2008-09 and 2009-10. OCSE provided an estimated number of intercepts of 42,689 for California. Multiplying the number of intercepts by \$250 per intercept, the forecasts for 2008-09 and 2009-10 were split between Assistance collections and NonAssistance collections using the experience from prior stimulus intercepts actual data reported through January 2009.

FUNDING:

- Collections for Assistance families are retained and serve as recoupment of past welfare costs.
- The Assistance collections are shared based on the Federal Medical Assistance percentage and the non-Federal sharing ratios. See Appendix A for detail.

CHANGE FROM NOVEMBER:

The projections were updated using the most recent data and includes intercepts projected as a result of the ARRA of 2009.

REASON FOR YEAR-TO-YEAR CHANGE:

There will be no collections from the IRS Economic Stimulus Rebate intercepts in the budget year.

COLLECTIONS:

(in 000's)

	2008-09	2009-10
	<u>Collections</u>	<u>Collections</u>
Assistance Total	\$45,425	\$4,526
Federal	21,195	2,263
State	21,764	2,150
County	2,466	113
Other	0	0
 NonAssistance	 25,908	 2,538
 Combined Total	 \$71,333	 \$7,064

Full Collections Program

DESCRIPTION:

This premise reflects the non-tax collections obtained by the Full Collections Program resulting from cases that are delinquent in child support payments by 60 days pursuant to Senate Bill (SB) 542 (Chapter 480, Statutes of 1999), effective January 1, 2000. Assembly Bill (AB) 3589 (Chapter 1223, Statutes of 1992) implemented the project. The Full Collections Program processes bank and wage levies on accounts for child support collections based on county referrals.

In addition, AB 702 (Chapter 697, Statutes of 1997) required a data match between the Franchise Tax Board (FTB) and financial institutions doing business in the State. Its purpose was to discover and levy otherwise unknown assets of delinquent child support obligors. The data match was required by federal mandate, Public Law 104-193.

FTB program costs were funded through the Department's state operations at 66 percent Federal Financial Participation (FFP) and 34 percent State General Fund (SGF) and were passed on to FTB through an interagency agreement until July 1, 2005. The Full Collections Program was transferred from FTB to the Department on July 1, 2005.

IMPLEMENTATION DATE:

March 1, 1993 – Non-Financial Institution Data Match (Non-FIDM)

July 1, 1998 – Financial Institution Data Match (FIDM)

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code Section 17501; Revenue and Taxation Code Sections 19271.5(a) and 19271.6.
- The Assistance and NonAssistance distribution ratios are based on the State Fiscal Year (SFY) 2007-08 Child Support Monthly Report of Collections and Distributions (CS 34), and Supplement to Monthly Report of Collections and Distribution data (CS 35) report.
- An average of 18.8 percent of the levies issued by the Full Collections Program will result in a payment received.
- Levies issued from the Full Collections Program are a result of staff resources and accounts eligible.

METHODOLOGY:

- The number of levies issued was multiplied by the average percentage of payments received. The estimated payments received were then multiplied by the average payment received to forecast collections.
- For SFY 2008-09, six months of projected collections were combined with six months of actual collections for an annual collections of \$41,657,000.
- SFY 2009-10 was forecasted using estimated levies issued multiplied by the average percentage of payments received with the average payment amount of \$792 for an annual collection of \$36,926,000.
- Full collections are multiplied by the Assistance ratio of 22.3 percent resulting in an Assistance collection amount of \$9,298,000 in SFY 2008-09 and \$8,242,000 in 2009-10. The collection amounts were multiplied by the NonAssistance ratio of 77.7 percent resulting in a NonAssistance collection amount of \$32,359,000 for SFY 2008-09 and \$28,684,000 for 2009-10.

FUNDING:

- Collections made on behalf of NonAssistance families are forwarded directly to custodial parties.
- Collections for Assistance families are retained and serve as recoupment of past welfare costs.
- The Assistance collections are shared based on the Federal Medical Assistance Percentage and the non-Federal sharing ratios. See Appendix A for detail.

CHANGE FROM NOVEMBER:

Updating forecasts resulted in an increase in Full Collections.

REASON FOR YEAR-TO-YEAR CHANGE:

The budget year decrease reflects stabilization of the collections in SFY 2009-10.

COLLECTIONS:

(in 000's)

	2008-09 <u>Collections</u>	2009-10 <u>Collections</u>
Assistance Total	\$9,298	\$8,242
Federal	4,324	3,833
State	4,457	3,950
County	517	459
Other	0	0
NonAssistance	32,359	28,684
Combined Total	\$41,657	\$36,926

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Compromise of Arrears Program

DESCRIPTION:

Pursuant to Assembly Bill (AB) 1752 (Chapter 225, Statutes of 2003) the Legislature adopted four proposals to enhance child support collections including the establishment of the Compromise of Arrears Program (COAP) by the Department of Child Support Services (DCSS). The purpose of COAP is to collect on previously uncollectible governmental arrears and interest, owed as reimbursement for public assistance, through collecting a portion of the debt in exchange for compromising a portion of the debt.

DCSS has piloted and implemented COAP statewide. As with other child support activities, COAP is operated by Local Child Support Agencies (LSCAs) with oversight from DCSS to ensure program uniformity statewide.

This premise reflects the child support collections resulting from the COAP.

IMPLEMENTATION DATE:

August 2003 - COAP was mandated through statute.

March 2004 - The Interim Compromise of Arrears Program (I-COAP) was implemented statewide, while the full COAP was piloted in six LCSAs due to the program's complexity.

July 2005 - A redesigned COAP was implemented statewide in all LCSAs.

July 2008 - COAP became a permanent part of the California Child Support Program when the sunset clause in Family Code Section 17560 was repealed.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code Section 17560.
- Assumed caseload will be 4,496 for State Fiscal Year (SFY) 2008-09 and 3,838 for SFY 2009-10.

METHODOLOGY:

The DCSS assumes arrearage collections of approximately \$4,355,000 [\$2,088,000 State General Fund (SGF)] in SFY 2008-09 and \$3,718,000 [\$1,782,000 SGF] in SFY 2009-10. This is based on a 24-month linear regression of applications multiplied by the average amount collected per application for calendar year 2008.

FUNDING:

- Collections for Assistance families are retained and serve as recoupment of past welfare costs.
- The Assistance collections are shared based on the Federal Medical Assistance Percentage and the non-federal sharing ratios. See Appendix A for detail.

CHANGE FROM NOVEMBER:

For SFY 2008-09, the estimates were updated using actual applications and collections through December 2008. Actual applications were lower than previously estimated.

REASON FOR YEAR-TO-YEAR CHANGE:

The budget year reflects a decrease of forecasted applications for COAP.

REVENUES:

(in 000's)

	2008-09	2009-10
	<u>Revenues</u>	<u>Revenues</u>
Total	\$4,355	\$3,718
Federal	2,025	1,729
State	2,088	1,782
County	242	207
Reimbursements	0	0

FDRA IRS Intercepts for Non-Minors

DESCRIPTION:

Beginning October 2007, the Federal Deficit Reduction Act of 2005 allows for the use of the Tax Refund Intercept Program to collect child support on behalf of children who are not minors.

IMPLEMENTATION DATE:

This premise was implemented October 1, 2007.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Public Law 109-171, Federal Deficit Reduction Act of 2005; and United States Code Title 42, Section 664.
- The effective date is October 1, 2007.

METHODOLOGY:

- Actual IRS intercepts data for non-minor children was reviewed for the months of November 2007 through October 2008.
- The average number of intercepts per month and the average monthly collection was calculated using March 2008 through October 2008 data.
- The average monthly collection was multiplied by the average monthly number of intercepts and then annualized to calculate the full year of collections for both SFY 2008-09 and SFY 2009-10.

FUNDING:

These collections are made on behalf of NonAssistance parties who are non-minor children.

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

COLLECTIONS:

(in 000's)

	2008-09	2009-10
	<u>Collections</u>	<u>Collections</u>
Total	\$339	\$339
Federal	0	0
State	0	0
County	0	0
Other	339	339

Foster Parent Training Fund Transfer

DESCRIPTION:

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

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

IMPLEMENTATION DATE:

This premise was implemented July 1, 1981.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 903.7(b).
- The FC estimated state share of collections, based on the sum of the estimated state share of basic Assistance distributed collections and the state share of all of the child support Assistance collections premises is \$8,916,000 for State Fiscal Year (SFY) 2008-09, and \$7,050,000 for SFY 2009-10.
- The FC estimated state share of incentives is \$1,796,542 for SFY 2008-09, and \$2,164,667 for SFY 2009-10.
- The FC state share of collections base level cannot exceed \$3,750,000 each year based on the W&I Code Section 903.7(b).
- Effective SFY 2002-03, the amount to be transferred to the Foster Children and Parent Training Fund in a state fiscal year cannot exceed \$3,000,000 pursuant to Assembly Bill 444 (Chapter 1022, Statutes of 2002).

METHODOLOGY:

- The Foster Parent Training Fund Transfer estimate is the difference between the net state share of the estimated FC collections and the base level of the FC estimated state share of total collections. The total estimated state share of FC collections is \$8,916,000 for SFY 2008-09 and \$7,050,000 for SFY 2009-10.

METHODOLOGY (continued):

- For SFY 2008-09, the net state share of FC collections, which is \$7,119,000, is the result of deducting the estimated state share of FC incentives, \$1,797,000, from the estimated state share of total FC collections. The base level of \$3,750,000 is then subtracted from the net share of FC collections to identify the amounts eligible for transfer to the Foster Parent Training Fund, \$3,369,000. Since the amount transferred in a state fiscal year cannot exceed \$3,000,000, only \$3,000,000 will be transferred.
- For SFY 2009-10, the net state share of FC collections, \$4,885,000, is the result of deducting the estimated state share of FC incentives, \$2,165,000, from the estimated state share of total FC collections. The base level of \$3,750,000 is then subtracted from the net share of FC collections to identify the amounts eligible for transfer to the Foster Parent Training Fund, \$1,135,000.

FUNDING:

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

CHANGE FROM NOVEMBER:

The estimated state share of FC collections were updated.

REASON FOR YEAR-TO-YEAR CHANGE:

The reduction in the budget year reflects a reduction of FC collections.

REVENUES:

(in 000's)

	2008-09 <u>Revenues</u>	2009-10 <u>Revenues</u>
Total	-\$3,000	-\$1,135
Federal	0	0
State	-3,000	-1,135
County	0	0
Reimbursements	0	0

Title IV-E Child Support Collections Offset

DESCRIPTION:

This premise reflects the estimated federal share (Title IV-E) of Foster Care (FC) child support collections as determined by the Department of Child Support Services (DCSS). The DCSS is responsible for remitting to 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 CS 34 and 35 reports, for July 2007 through June 2008, it is assumed that 7.28 percent of the total Assistance child support distributed collections are FC collections and 63.86 percent of the FC collections are federally eligible.
- Effective October 1, 2003, both the current and former Title IV-E Child Support Collections reduce the federal share of FC expenditures based on federal Office of Child Support Enforcement Action Transmittal letter 03-04, dated September 26, 2003.
- The Federal Medical Assistance Percentage (FMAP) rate is assumed to be 50 percent for the period of July 1, 2008 through June 30, 2010.

METHODOLOGY:

- For State Fiscal Year (SFY) 2008-09, the FC share of collections percentage (7.28 percent) was applied to the estimated collections. The result was multiplied by the federal participation rate of 63.86 percent for each premise. The FMAP rate was then applied to determine the federal share of FC collections, which resulted in a forecast of \$10,504,000.
- For SFY 2009-10, the FC share of collections percentage (7.28 percent) was applied to the estimated collections. The result was multiplied by the federal participation rate of 63.86 percent for each premise. The FMAP rate was then applied to determine the federal share of FC collections, which resulted in a forecast of \$8,374,000.

FUNDING:

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

CHANGE FROM NOVEMBER:

For SFY 2008-09, the offset increased as a result of updating Assistance collections and the percentage of federally eligible foster care collections.

REASON FOR YEAR-TO-YEAR CHANGE:

The decrease in SFY 2009-10 reflects the forecasted decrease in FC collections.

REVENUES:

(in 000's)

	2008-09	2009-10
	<u>Revenues</u>	<u>Revenues</u>
Total	-\$10,504	-\$8,374
Federal	-10,504	-8,374
State	0	0
County	0	0
Reimbursements	0	0

Discontinued Premises

There are no discontinued premises.

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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 2008 – June 2010	<u>ASSISTANCE:</u> <u>Nonfederal</u>	July 2008 – June 2010
Federal	50.00%	State	95.00%
State	47.50%	County	5.00%
County	2.50%		

<u>FOSTER CARE:</u>	July 2008 – June 2010	<u>FOSTER CARE:</u> <u>Nonfederal</u>	July 2008 – June 2010
Federal	50.00%	State	40.00%
State	20.00%	County	60.00%
County	30.00%		

<u>KinGAP:</u>	July 2008 – June 2010	<u>KinGAP:</u> <u>Nonfederal</u>	July 2008 – June 2010
Federal	50.00%	State	50.00%
State	25.00%	County	50.00%
County	25.00%		

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Appendix B - List of Acronyms

AB	Assembly Bill	FMAP	Federal Medical Assistance Percentage
ACF	Administration for Children and Families	FSR	Feasibility Study Report
APDU	Advance Planning Document Update	FTB	Franchise Tax Board
ARRA	American Recovery and Reinvestment Act of 2009	IBM	International Business Machines, Inc.
ARS	ACSES (Automated Child Support Enforcement System) Replacement System	I-COAP	Interim – Compromise of Arrears Program
ASC	Alternative System Configuration	IDB	Integrated Data Base
BP	Business Partner	KIDZ	Refers to the child support system used by Kern County.
CalWORKs	California Work Opportunity and Responsibility to Kids	LCSA	Local Child Support Agency
CASES	Computer Assisted Support Enforcement System	NCP	Non-Custodial Parent
CBO	Community Based Organization	OCSE	Office of Child Support Enforcement
CCSAS	California Child Support Automation System	OMB	Office of Management and Budget
CSE	Child Support Enforcement	PL	Public Law
CDSS	California Department of Social Services	PRISM	Pre-Statewide Interim Systems Management
CIIP	California Insurance Intercept Project	PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act
COAP	Compromise of Arrears Program	SDU	State Disbursement Unit
CSCRF	Child Support Collections Recovery Fund	SB	Senate Bill
DCSS	Department of Child Support Services	SFY	State Fiscal Year
DRA	Data Reliability Audit	SGF	State General Fund
EAW	Economic Analysis Worksheet	SP	Service Provider
EDP M&O	Electronic Data Processing Maintenance and Operations	SME	Subject Matter Expert
FC	Family Code / Foster Care	SPR	Special Project Report (State Supplement to the federal APDU)
FDRA	Federal Deficit Reduction Act of 2005	STAR/KIDS	Support Through Automated Resources/Keeping Integrated Data on System
FFP	Federal Financial Participation	TANF/MOE	Temporary Assistance for Needy Families/Maintenance of Effort
FFY	Federal Fiscal Year	UIB	Unemployment Insurance Benefits
FIDM	Financial Institution Data Match	W & I Code	Welfare and Institutions Code

Non IV-D Child Support Collections

DESCRIPTION:

Pursuant to Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 requires that Department of Child Support Services establish and operate a State Disbursement Unit (SDU) for the collection and disbursement of payments for: 1) orders in IV-D cases, and 2) orders in Non IV-D cases for which the support order was initially issued on or after January 1, 1994, and in which the income of the noncustodial 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 monthly CS 34 reports, Monthly Report of Collections and Distributions.

METHODOLOGY:

- Actual Non IV-D collections are reported monthly on the CS 34 Report. The data reported monthly collections from April 2007 through February 2009. Monthly data was reviewed and correlated to implementation of the Non IV-D collection program; analysis of the data indicates that collections are stable since October 2007.
- Average Non IV-D collections for 12 months from November 2007 through October 2008 were used to calculate the annual Non IV-D collections of \$180,492,000 for State Fiscal Year (SFY) 2008-09 and SFY 2009-10. The November 2008 Estimate was retained because unemployment rates are expected to increase and will impact the Non IV-D collections.

FUNDING:

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

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

COLLECTIONS:

(in 000's)

	2008-09	2009-10
	<u>Collections</u>	<u>Collections</u>
Total	\$180,492	\$180,492
Federal	0	0
State	0	0
County	0	0
Other	180,492	180,492

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

		2008-09 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2008-09 MAY REVISE				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2008-09 APPROPRIATION TO 2008-09 MAY REVISION																
1	Non IV-D CHILD SUPPORT COLLECTIONS	1,415,395	0	0	0	1,415,395	-1,234,903	0	0	0	-1,234,903	180,492	0	0	0	180,492
		2008-09 NOVEMBER ESTIMATE					ADJUSTMENTS/DIFFERENCES					2008-09 MAY REVISE				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2008-09 NOVEMBER ESTIMATE TO 2008-09 MAY REVISION																
2	Non IV-D CHILD SUPPORT COLLECTIONS	180,492	0	0	0	180,492	0	0	0	0	0	180,492	0	0	0	180,492
		2008-09 MAY REVISE					ADJUSTMENTS/DIFFERENCES					2009-10 MAY REVISE				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2008-09 MAY REVISE TO 2009-10 MAY REVISION																
3	Non IV-D CHILD SUPPORT COLLECTIONS	180,492	0	0	0	180,492	0	0	0	0	0	180,492	0	0	0	180,492
		2009-10 GOVERNOR'S BUDGET					ADJUSTMENTS/DIFFERENCES					2009-10 MAY REVISE				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2009-10 GOVERNOR'S BUDGET TO 2009-10 MAY REVISION																
4	Non IV-D CHILD SUPPORT COLLECTIONS	180,492	0	0	0	180,492	0	0	0	0	0	180,492	0	0	0	180,492

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.