

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

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



TO: RECIPIENTS OF THE MAY 2010 REVISION OF THE
2010-11 GOVERNOR'S BUDGET

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

DATE: May 14, 2010

SUBJECT: LOCAL ASSISTANCE ESTIMATES

This memorandum transmits the May 2010 Revision to the 2010-11 Governor's Budget local assistance estimates for the California Department of Child Support Services (DCSS).

The May 2010 Revision updates the DCSS local assistance budget for state fiscal years (SFYs) 2009-10 and 2010-11. 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 \$828.8 million (\$228.8 million State General fund (SGF)) for SFY 2009-10 and \$906.3 million (\$258.8 million SGF) for SFY 2010-11.

The estimate for the child support collections and miscellaneous revenues for the SFYs 2009-10 and 2010-11 were updated. The total distributed child support collections and revenues are projected to be \$2.2 billion (\$218.6 million SGF) for SFY 2009-10, and \$2.2 billion (\$212.2 million SGF) for SFY 2010-11.

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 2010 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) 464-5177.

cc: Mark Beckley, Deputy Director, Administrative Services Division
Linda Adams, Chief Financial Officer, Administrative Services Division

**CHILD SUPPORT PROGRAM
COST COMPARISONS**

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TABLE NUMBER 1
COST COMPARISON OF
2009-10 APPROPRIATION TO 2009-10 MAY REVISION
(in thousands)

Budget Item 5175-101	2009-10 APPROPRIATION					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	826,790	586,219	226,971	13,600	0	2,044	196	1,848	0	0	828,834	586,415	228,819	13,600	0
a Local Assistance Child Support Services *	677,648	437,077	226,971	13,600	0	-28,290	-30,138	1,848	0	0	649,358	406,939	228,819	13,600	0
b Child Support Collections Recovery Fund *	149,142	149,142	0	0	0	30,334	30,334	0	0	0	179,476	179,476	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	763,655	544,564	205,491	13,600	0	-427	-1,437	1,010	0	0	763,228	543,127	206,501	13,600	0
3 Local Child Support Agency Basic Costs	759,334	544,200	201,534	13,600	0	0	-1,359	1,359	0	0	759,334	542,841	202,893	13,600	0
a Administration	574,011	378,847	195,164	0	0	3,997	2,638	1,359	0	0	578,008	381,485	196,523	0	0
b Backfill for Incentives Lost FFP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c Federal Match on Performance Incentives	83,548	83,548	0	0	0	-2,638	-2,638	0	0	0	80,910	80,910	0	0	0
d Federal Performance Basic Incentives	43,040	43,040	0	0	0	-1,359	-1,359	0	0	0	41,681	41,681	0	0	0
e County Match for Administration	40,000	26,400	0	13,600	0	0	0	0	0	0	40,000	26,400	0	13,600	0
f Revenue Stabilization	18,735	12,365	6,370	0	0	0	0	0	0	0	18,735	12,365	6,370	0	0
4 IRS Intercept Fees	487	321	166	0	0	-325	-214	-111	0	0	162	107	55	0	0
5 Dispute Resolution Grant	43	43	0	0	0	136	136	0	0	0	179	179	0	0	0
6 Partnership to Strengthen Families Federal Grant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Deficit Reduction Act- Mandatory Fee	3,791	0	3,791	0	0	-238	0	-238	0	0	3,553	0	3,553	0	0
8 CHILD SUPPORT AUTOMATION 10.03	63,135	41,655	21,480	0	0	2,471	1,633	838	0	0	65,606	43,288	22,318	0	0
9 California Child Support Automation System - SDU	20,391	13,444	6,947	0	0	2,529	1,671	858	0	0	22,920	15,115	7,805	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)	20,096	13,249	6,847	0	0	2,529	1,671	858	0	0	22,625	14,920	7,705	0	0
c 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	42,744	28,211	14,533	0	0	-58	-38	-20	0	0	42,686	28,173	14,513	0	0
a CSE - STATE	54,400	35,904	18,496	0	0	0	0	0	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	30,865	20,371	10,494	0	0	1,412	932	480	0	0	32,277	21,303	10,974	0	0
d Unallocated Legislative Reduction to CCSAS	0	0	0	0	0	-1,470	-970	-500	0	0	-1,470	-970	-500	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 Item 5175-490 of the Budget Act of 2009-10 and the pending Budget Act of 2010-11.

TABLE NUMBER 2
COST COMPARISON OF
2009-10 NOVEMBER ESTIMATE TO 2009-10 MAY REVISION
(in thousands)

Budget Item 5175-101	2009-10 NOVEMBER ESTIMATE					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	827,684	585,500	228,584	13,600	0	1,150	915	235	0	0	828,834	586,415	228,819	13,600	0
a Local Assistance Child Support Services *	680,152	437,968	228,584	13,600	0	-30,794	-31,029	235	0	0	649,358	406,939	228,819	13,600	0
b Child Support Collections Recovery Fund *	147,532	147,532	0	0	0	31,944	31,944	0	0	0	179,476	179,476	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	763,466	543,127	206,739	13,600	0	-238	0	-238	0	0	763,228	543,127	206,501	13,600	0
3 Local Child Support Agency Basic Costs	759,334	542,841	202,893	13,600	0	0	0	0	0	0	759,334	542,841	202,893	13,600	0
a Administration	578,008	381,485	196,523	0	0	0	0	0	0	0	578,008	381,485	196,523	0	0
b Backfill for Incentives Lost FFP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c Federal Match on Performance Incentives	80,910	80,910	0	0	0	0	0	0	0	0	80,910	80,910	0	0	0
d Federal Performance Basic Incentives	41,681	41,681	0	0	0	0	0	0	0	0	41,681	41,681	0	0	0
e County Match for Administration	40,000	26,400	0	13,600	0	0	0	0	0	0	40,000	26,400	0	13,600	0
f Revenue Stabilization	18,735	12,365	6,370	0	0	0	0	0	0	0	18,735	12,365	6,370	0	0
4 IRS Intercept Fees	162	107	55	0	0	0	0	0	0	0	162	107	55	0	0
5 Dispute Resolution Grant	179	179	0	0	0	0	0	0	0	0	179	179	0	0	0
6 Partnership to Strengthen Families Federal Grant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Deficit Reduction Act- Mandatory Fee	3,791	0	3,791	0	0	-238	0	-238	0	0	3,553	0	3,553	0	0
8 CHILD SUPPORT AUTOMATION 10.03	64,218	42,373	21,845	0	0	1,388	915	473	0	0	65,606	43,288	22,318	0	0
9 California Child Support Automation System - SDU	21,532	14,200	7,332	0	0	1,388	915	473	0	0	22,920	15,115	7,805	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)	21,237	14,005	7,232	0	0	1,388	915	473	0	0	22,625	14,920	7,705	0	0
c 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	42,686	28,173	14,513	0	0	0	0	0	0	0	42,686	28,173	14,513	0	0
a CSE - STATE	54,400	35,904	18,496	0	0	0	0	0	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 Unallocated Legislative Reduction to CCSAS	-1,470	-970	-500	0	0	0	0	0	0	0	-1,470	-970	-500	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 Item 5175-490 of the Budget Act of 2009-10 and the pending Budget Act of 2010-11.

TABLE NUMBER 3
COST COMPARISON OF
2009-10 MAY REVISION TO 2010-11 MAY REVISION
(in thousands)

Budget Item 5175-101	2009-10 MAY REVISE					ADJUSTMENTS/DIFFERENCES					2010-11 MAY REVISE				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	828,834	586,415	228,819	13,600	0	77,446	47,417	30,029	0	0	906,280	633,832	258,848	13,600	0
a Local Assistance Child Support Services *	649,358	406,939	228,819	13,600	0	83,247	53,218	30,029	0	0	732,605	460,157	258,848	13,600	0
b Child Support Collections Recovery Fund *	179,476	179,476	0	0	0	-5,801	-5,801	0	0	0	173,675	173,675	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	763,228	543,127	206,501	13,600	0	-329	-3,919	3,590	0	0	762,899	539,208	210,091	13,600	0
3 Local Child Support Agency Basic Costs	759,334	542,841	202,893	13,600	0	-621	-3,732	3,111	0	0	758,713	539,109	206,004	13,600	0
a Administration	578,008	381,485	196,523	0	0	8,341	5,230	3,111	0	0	586,349	386,715	199,634	0	0
b Backfill for Incentives Lost FFP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c Federal Match on Performance Incentives	80,910	80,910	0	0	0	-5,472	-5,472	0	0	0	75,438	75,438	0	0	0
d Federal Performance Basic Incentives	41,681	41,681	0	0	0	-3,490	-3,490	0	0	0	38,191	38,191	0	0	0
e County Match for Administration	40,000	26,400	0	13,600	0	0	0	0	0	0	40,000	26,400	0	13,600	0
f Revenue Stabilization	18,735	12,365	6,370	0	0	0	0	0	0	0	18,735	12,365	6,370	0	0
4 IRS Intercept Fees	162	107	55	0	0	-155	-103	-52	0	0	7	4	3	0	0
5 Dispute Resolution Grant	179	179	0	0	0	-179	-179	0	0	0	0	0	0	0	0
6 Partnership to Strengthen Families Federal Grant	0	0	0	0	0	95	95	0	0	0	95	95	0	0	0
7 Deficit Reduction Act- Mandatory Fee	3,553	0	3,553	0	0	531	0	531	0	0	4,084	0	4,084	0	0
8 CHILD SUPPORT AUTOMATION 10.03	65,606	43,288	22,318	0	0	77,775	51,336	26,439	0	0	143,381	94,624	48,757	0	0
9 California Child Support Automation System - SDU	22,920	15,115	7,805	0	0	3,709	2,453	1,256	0	0	26,629	17,568	9,061	0	0
a SDU - LCSA	295	195	100	0	0	0	0	0	0	0	295	195	100	0	0
b SDU - Service Provider (SP)	22,625	14,920	7,705	0	0	3,709	2,453	1,256	0	0	26,334	17,373	8,961	0	0
c reappropriation SDU SP 1/	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 California Child Support Automation System - CSE	42,686	28,173	14,513	0	0	74,066	48,883	25,183	0	0	116,752	77,056	39,696	0	0
a CSE - STATE	54,400	35,904	18,496	0	0	18,241	12,039	6,202	0	0	72,641	47,943	24,698	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	6,708	4,427	2,281	0	0	38,985	25,730	13,255	0	0
d Unallocated Legislative Reduction to CCSAS	-1,470	-970	-500	0	0	1,470	970	500	0	0	0	0	0	0	0
e reappropriation CSE 1/	-47,647	-31,447	-16,200	0	0	47,647	31,447	16,200	0	0	0	0	0	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 Item 5175-490 of the Budget Act of 2009-10 and the pending Budget Act of 2010-11.

TABLE NUMBER 4
COST COMPARISON OF
2010-11 GOVERNOR'S BUDGET TO 2010-11 MAY REVISION
(in thousands)

Budget Item 5175-101	2010-11 GOVERNOR'S BUDGET					ADJUSTMENTS/DIFFERENCES					2010-11 MAY REVISION				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	886,443	622,902	249,941	13,600	0	19,837	10,930	8,907	0	0	906,280	633,832	258,848	13,600	0
a Local Assistance Child Support Services *	739,459	475,918	249,941	13,600	0	-6,854	-15,761	8,907	0	0	732,605	460,157	258,848	13,600	0
b Child Support Collections Recovery Fund *	146,984	146,984	0	0	0	26,691	26,691	0	0	0	173,675	173,675	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	763,520	541,779	208,141	13,600	0	-621	-2,571	1,950	0	0	762,899	539,208	210,091	13,600	0
3 Local Child Support Agency Basic Costs	759,334	541,680	204,054	13,600	0	-621	-2,571	1,950	0	0	758,713	539,109	206,004	13,600	0
a Administration	580,614	382,930	197,684	0	0	5,735	3,785	1,950	0	0	586,349	386,715	199,634	0	0
b Backfill for Incentives Lost FFP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c Federal Match on Performance Incentives	79,633	79,633	0	0	0	-4,195	-4,195	0	0	0	75,438	75,438	0	0	0
d Federal Performance Basic Incentives	40,352	40,352	0	0	0	-2,161	-2,161	0	0	0	38,191	38,191	0	0	0
e County Match for Administration	40,000	26,400	0	13,600	0	0	0	0	0	0	40,000	26,400	0	13,600	0
f Revenue Stabilization	18,735	12,365	6,370	0	0	0	0	0	0	0	18,735	12,365	6,370	0	0
4 IRS Intercept Fees	7	4	3	0	0	0	0	0	0	0	7	4	3	0	0
5 Dispute Resolution Grant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 Partnership to Strengthen Families Federal Grant	95	95	0	0	0	0	0	0	0	0	95	95	0	0	0
7 Deficit Reduction Act- Mandatory Fee	4,084	0	4,084	0	0	0	0	0	0	0	4,084	0	4,084	0	0
8 CHILD SUPPORT AUTOMATION 10.03	122,923	81,123	41,800	0	0	20,458	13,501	6,957	0	0	143,381	94,624	48,757	0	0
9 California Child Support Automation System - SDU	20,281	13,380	6,901	0	0	6,348	4,188	2,160	0	0	26,629	17,568	9,061	0	0
a SDU - LCSA	295	195	100	0	0	0	0	0	0	0	295	195	100	0	0
b SDU - Service Provider (SP)	19,986	13,185	6,801	0	0	6,348	4,188	2,160	0	0	26,334	17,373	8,961	0	0
c reappropriation SDU SP 1/	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 California Child Support Automation System - CSE	102,642	67,743	34,899	0	0	14,110	9,313	4,797	0	0	116,752	77,056	39,696	0	0
a CSE - STATE	58,531	38,630	19,901	0	0	14,110	9,313	4,797	0	0	72,641	47,943	24,698	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	38,985	25,730	13,255	0	0	0	0	0	0	0	38,985	25,730	13,255	0	0
d Unallocated Legislative Reduction to CCSAS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
e reappropriation CSE 1/	0	0	0	0	0	0	0	0	0	0	0	0	0	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 Item 5175-490 of the Budget Act of 2009-10 and the pending Budget Act of 2010-11.

**CHILD SUPPORT PROGRAM
REVENUE AND COLLECTIONS COMPARISONS**

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BUDGET YEAR COMPARISONS:

Table 3. 2009-10 May Revise to 2010-11 May Revise	May CY – May BY
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TABLE NUMBER 1
REVENUE AND COLLECTIONS COMPARISON OF
2009-10 MAY REVISION TO THE 2010-11 MAY REVISION
(in thousands)

	2009-2010 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2009-10 MAY 2010 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	2,268,580	149,142	182,121	19,465	1,917,852	-58,830	30,334	36,525	3,225	-128,914	2,209,750	179,476	218,646	22,690	1,788,938
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,278,089	157,516	183,256	19,465	1,917,852	-56,983	31,028	37,678	3,225	-128,914	2,221,106	188,544	220,934	22,690	1,788,938
3 Child Support Assistance Collections	388,033	157,516	183,256	19,465	27,796	91,881	31,028	37,678	3,225	19,950	479,914	188,544	220,934	22,690	47,746
4 Basic Collections	341,259	158,702	163,568	18,989	0	70,315	33,441	34,255	2,619	0	411,574	192,143	197,823	21,608	0
5 Disregard Payments to Families	22,661	0	0	0	22,661	5,155	0	0	0	5,155	27,816	0	0	0	27,816
6 FFP in Disregard	0	-10,674	10,674	0	0	0	-2,539	2,539	0	0	0	-13,213	13,213	0	0
7 IRS Stimulus Rebate - Assistance	4,526	2,263	2,150	113	0	-3,296	-1,689	-1,559	-48	0	1,230	574	591	65	0
8 Collections for Other States - Assistance	1,261	0	0	0	1,261	9,579	0	0	0	9,579	10,840	0	0	0	10,840
9 Miscellaneous Collections - Assistance	3,874	0	0	0	3,874	5,216	0	0	0	5,216	9,090	0	0	0	9,090
10 Revenue Stabilization Adjustment- Assistance	14,452	7,225	6,864	363	0	4,912	1,815	2,443	654	0	19,364	9,040	9,307	1,017	0
11 Child Support NonAssistance Collections	1,890,056	0	0	0	1,890,056	-148,864	0	0	0	-148,864	1,741,192	0	0	0	1,741,192
12 Basic Collections	1,714,764	0	0	0	1,714,764	-157,589	0	0	0	-157,589	1,557,175	0	0	0	1,557,175
13 IRS Stimulus Rebate- NonAssistance	2,538	0	0	0	2,538	-1,532	0	0	0	-1,532	1,006	0	0	0	1,006
14 Collections for Other States - NonAssistance	101,118	0	0	0	101,118	-21,286	0	0	0	-21,286	79,832	0	0	0	79,832
15 Miscellaneous Collections - NonAssistance	1,412	0	0	0	1,412	-158	0	0	0	-158	1,254	0	0	0	1,254
16 Revenue Stabilization Adjustment- NonAssistance	70,224	0	0	0	70,224	31,701	0	0	0	31,701	101,925	0	0	0	101,925
17 REVENUES TRANSFERS	-9,509	-8,374	-1,135	0	0	-1,847	-694	-1,153	0	0	-11,356	-9,068	-2,288	0	0
18 Foster Parent Training Fund Transfer	-1,135	0	-1,135	0	0	-1,153	0	-1,153	0	0	-2,288	0	-2,288	0	0
19 Title IV-E Child Support Collections Recovery Fund	-8,374	-8,374	0	0	0	-694	-694	0	0	0	-9,068	-9,068	0	0	0

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

TABLE NUMBER 2
REVENUE AND COLLECTIONS COMPARISON OF
2009-10 MAY REVISION TO THE 2010-11 MAY REVISION
(in thousands)

	2009-10 NOVEMBER ESTIMATE					ADJUSTMENTS/DIFFERENCES					2009-10 MAY 2010 REVISE				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,263,414	147,532	180,145	19,417	1,916,320	-53,664	31,944	38,501	3,273	-127,382	2,209,750	179,476	218,646	22,690	1,788,938
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,273,261	155,827	181,697	19,417	1,916,320	-52,155	32,717	39,237	3,273	-127,382	2,221,106	188,544	220,934	22,690	1,788,938
3 Child Support Assistance Collections	384,737	155,827	181,697	19,417	27,796	95,177	32,717	39,237	3,273	19,950	479,914	188,544	220,934	22,690	47,746
4 Basic Collections	341,259	158,702	163,568	18,989	0	70,315	33,441	34,255	2,619	0	411,574	192,143	197,823	21,608	0
5 Disregard Payments to Families	22,661	0	0	0	22,661	5,155	0	0	0	5,155	27,816	0	0	0	27,816
6 FFP in Disregard	0	-10,674	10,674	0	0	0	-2,539	2,539	0	0	0	-13,213	13,213	0	0
7 IRS Stimulus Rebate - Assistance	1,230	574	591	65	0	0	0	0	0	0	1,230	574	591	65	0
8 Collections for Other States - Assistance	1,261	0	0	0	1,261	9,579	0	0	0	9,579	10,840	0	0	0	10,840
9 Miscellaneous Collections - Assistance	3,874	0	0	0	3,874	5,216	0	0	0	5,216	9,090	0	0	0	9,090
10 Revenue Stabilization Adjustment- Assistance	14,452	7,225	6,864	363	0	4,912	1,815	2,443	654	0	19,364	9,040	9,307	1,017	0
11 Child Support NonAssistance Collections	1,888,524	0	0	0	1,888,524	-147,332	0	0	0	-147,332	1,741,192	0	0	0	1,741,192
12 Basic Collections	1,714,764	0	0	0	1,714,764	-157,589	0	0	0	-157,589	1,557,175	0	0	0	1,557,175
13 IRS Stimulus Rebate- NonAssistance	1,006	0	0	0	1,006	0	0	0	0	0	1,006	0	0	0	1,006
14 Collections for Other States - NonAssistance	101,118	0	0	0	101,118	-21,286	0	0	0	-21,286	79,832	0	0	0	79,832
15 Miscellaneous Collections - NonAssistance	1,412	0	0	0	1,412	-158	0	0	0	-158	1,254	0	0	0	1,254
16 Revenue Stabilization Adjustment- NonAssistance	70,224	0	0	0	70,224	31,701	0	0	0	31,701	101,925	0	0	0	101,925
17 REVENUES TRANSFERS	-9,847	-8,295	-1,552	0	0	-1,509	-773	-736	0	0	-11,356	-9,068	-2,288	0	0
18 Foster Parent Training Fund Transfer	-1,552	0	-1,552	0	0	-736	0	-736	0	0	-2,288	0	-2,288	0	0
19 Title IV-E Child Support Collections Recovery Fund	-8,295	-8,295	0	0	0	-773	-773	0	0	0	-9,068	-9,068	0	0	0

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

TABLE NUMBER 3
REVENUE AND COLLECTIONS COMPARISON OF
2009-10 MAY REVISION TO THE 2010-11 MAY REVISION
(in thousands)

	2009-10 MAY 2010 REVISE					ADJUSTMENTS/DIFFERENCES					2010-11 MAY 2010 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	2,209,750	179,476	218,646	22,690	1,788,938	-15,406	-5,801	-6,472	-663	-2,470	2,194,344	173,675	212,174	22,027	1,786,468
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,221,106	188,544	220,934	22,690	1,788,938	-15,082	-6,065	-5,884	-663	-2,470	2,206,024	182,479	215,050	22,027	1,786,468
3 Child Support Assistance Collections	479,914	188,544	220,934	22,690	47,746	-12,755	-6,065	-5,884	-663	-143	467,159	182,479	215,050	22,027	47,603
4 Basic Collections	411,574	192,143	197,823	21,608	0	-11,382	-5,314	-5,470	-598	0	400,192	186,829	192,353	21,010	0
5 Disregard Payments to Families	27,816	0	0	0	27,816	374	0	0	0	374	28,190	0	0	0	28,190
6 FFP in Disregard	0	-13,213	13,213	0	0	0	-177	177	0	0	0	-13,390	13,390	0	0
7 IRS Stimulus Rebate - Assistance	1,230	574	591	65	0	-1,230	-574	-591	-65	0	0	0	0	0	0
8 Collections for Other States - Assistance	10,840	0	0	0	10,840	-281	0	0	0	-281	10,559	0	0	0	10,559
9 Miscellaneous Collections - Assistance	9,090	0	0	0	9,090	-236	0	0	0	-236	8,854	0	0	0	8,854
10 Revenue Stabilization Adjustment- Assistance	19,364	9,040	9,307	1,017	0	0	0	0	0	0	19,364	9,040	9,307	1,017	0
11 Child Support NonAssistance Collections	1,741,192	0	0	0	1,741,192	-2,327	0	0	0	-2,327	1,738,865	0	0	0	1,738,865
12 Basic Collections	1,557,175	0	0	0	1,557,175	-1,240	0	0	0	-1,240	1,555,935	0	0	0	1,555,935
13 IRS Stimulus Rebate- NonAssistance	1,006	0	0	0	1,006	-1,006	0	0	0	-1,006	0	0	0	0	0
14 Collections for Other States - NonAssistance	79,832	0	0	0	79,832	-80	0	0	0	-80	79,752	0	0	0	79,752
15 Miscellaneous Collections - NonAssistance	1,254	0	0	0	1,254	-1	0	0	0	-1	1,253	0	0	0	1,253
16 Revenue Stabilization Adjustment- NonAssistance	101,925	0	0	0	101,925	0	0	0	0	0	101,925	0	0	0	101,925
17 REVENUES TRANSFERS	-11,356	-9,068	-2,288	0	0	-324	264	-588	0	0	-11,680	-8,804	-2,876	0	0
18 Foster Parent Training Fund Transfer	-2,288	0	-2,288	0	0	-588	0	-588	0	0	-2,876	0	-2,876	0	0
19 Title IV-E Child Support Collections Recovery Fund	-9,068	-9,068	0	0	0	264	264	0	0	0	-8,804	-8,804	0	0	0

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

TABLE NUMBER 4
REVENUE AND COLLECTIONS COMPARISON OF
2009-10 MAY REVISION TO THE 2010-11 MAY REVISION
(in thousands)

	2010-11 GOVERNOR'S BUDGET					ADJUSTMENTS/DIFFERENCES					2010-11 MAY 2010 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	2,260,360	146,984	178,710	19,352	1,915,314	-66,016	26,691	33,464	2,675	-128,846	2,194,344	173,675	212,174	22,027	1,786,468
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,271,025	155,253	181,106	19,352	1,915,314	-65,001	27,226	33,944	2,675	-128,846	2,206,024	182,479	215,050	22,027	1,786,468
3 Child Support Assistance Collections	383,507	155,253	181,106	19,352	27,796	83,652	27,226	33,944	2,675	19,807	467,159	182,479	215,050	22,027	47,603
4 Basic Collections	341,259	158,702	163,568	18,989	0	58,933	28,127	28,785	2,021	0	400,192	186,829	192,353	21,010	0
5 Disregard Payments to Families	22,661	0	0	0	22,661	5,529	0	0	0	5,529	28,190	0	0	0	28,190
6 FFP in Disregard	0	-10,674	10,674	0	0	0	-2,716	2,716	0	0	0	-13,390	13,390	0	0
7 IRS Stimulus Rebate - Assistance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Collections for Other States - Assistance	1,261	0	0	0	1,261	9,298	0	0	0	9,298	10,559	0	0	0	10,559
9 Miscellaneous Collections - Assistance	3,874	0	0	0	3,874	4,980	0	0	0	4,980	8,854	0	0	0	8,854
10 Revenue Stabilization Adjustment- Assistance	14,452	7,225	6,864	363	0	4,912	1,815	2,443	654	0	19,364	9,040	9,307	1,017	0
11 Child Support NonAssistance Collections	1,887,518	0	0	0	1,887,518	-148,653	0	0	0	-148,653	1,738,865	0	0	0	1,738,865
12 Basic Collections	1,714,764	0	0	0	1,714,764	-158,829	0	0	0	-158,829	1,555,935	0	0	0	1,555,935
13 IRS Stimulus Rebate- NonAssistance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Collections for Other States - NonAssistance	101,118	0	0	0	101,118	-21,366	0	0	0	-21,366	79,752	0	0	0	79,752
15 Miscellaneous Collections - NonAssistance	1,412	0	0	0	1,412	-159	0	0	0	-159	1,253	0	0	0	1,253
16 Revenue Stabilization Adjustment- NonAssistance	70,224	0	0	0	70,224	31,701	0	0	0	31,701	101,925	0	0	0	101,925
17 REVENUES TRANSFERS	-10,665	-8,269	-2,396	0	0	-1,015	-535	-480	0	0	-11,680	-8,804	-2,876	0	0
18 Foster Parent Training Fund Transfer	-2,396	0	-2,396	0	0	-480	0	-480	0	0	-2,876	0	-2,876	0	0
19 Title IV-E Child Support Collections Recovery Fund	-8,269	-8,269	0	0	0	-535	-535	0	0	0	-8,804	-8,804	0	0	0

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

**CHILD SUPPORT PROGRAM
AUXILIARY CHARTS**

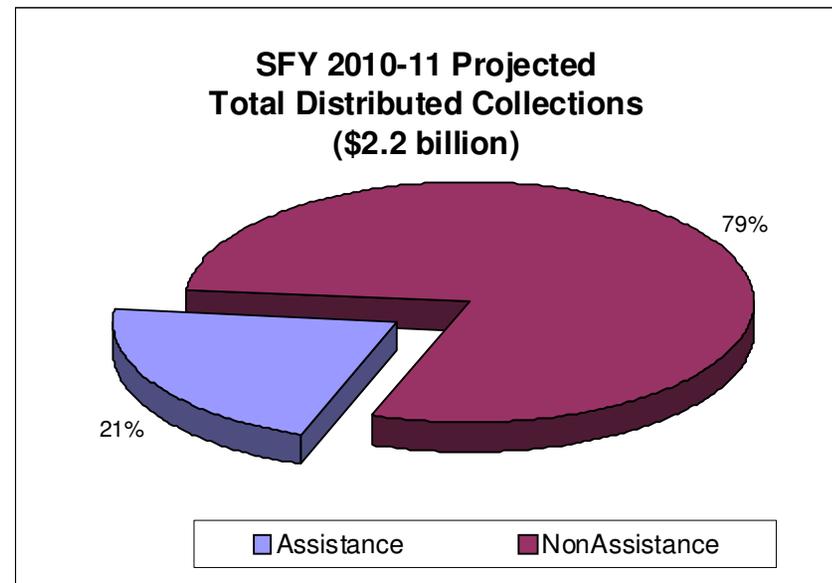
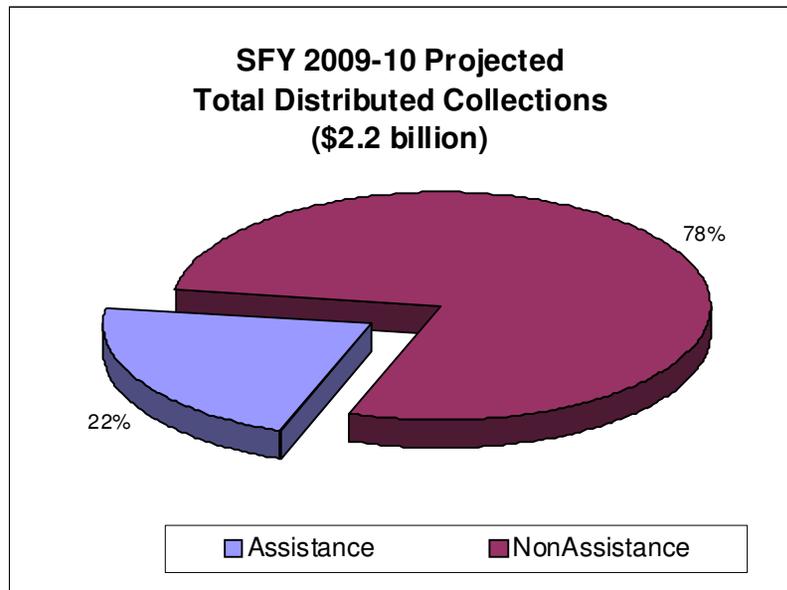
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TOTAL PROJECTED DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2009-10 and 2010-11

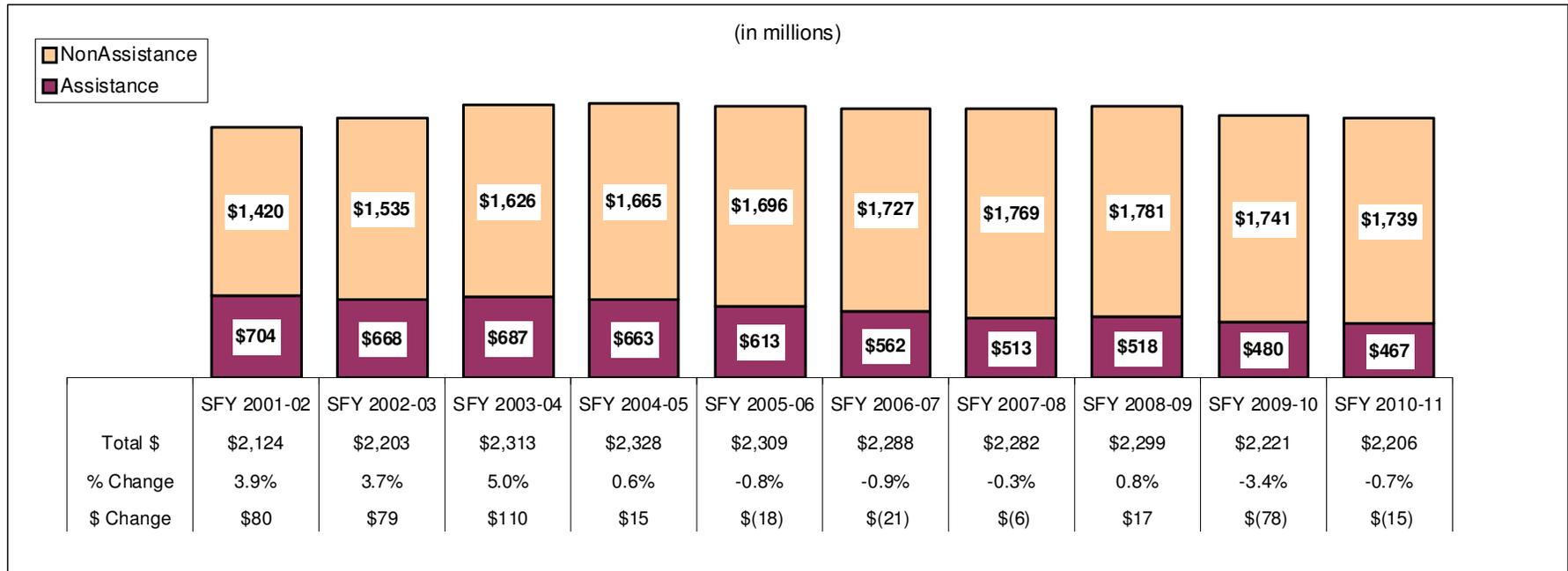
The charts below display California's projected State Fiscal Year (SFY) 2009-10 (\$2.2 billion) and SFY 2010-11 (\$2.2 billion) child support total collections that are distributed to the federal, state and county government as revenue (**Assistance**) and directly to families (**NonAssistance**).

- **Assistance Collections (\$479.9 million SFY 2009-10, \$467.2 million SFY 2010-11)** are revenue to government entities which reflects basic collections and other collections. Basic Collections (\$411.5 million SFY 2009-10, \$400.2 million SFY 2010-11) are the ongoing efforts of the local child support agencies (LCSA) to collect child support payments from noncustodial parents. Other Collections (\$68.3 million SFY 2009-10 and \$67.0 million 2010-11) are those collections that are associated with new or other enforcement activities that are above the basic ongoing functions of the LCSA, such as the \$50 Disregard, Collections for Other States, and miscellaneous collections. American Recovery and Reinvestment Act of 2009 Economic Recovery Payment (ARRA ERP) intercepts are included in SFY 2009-10.
- **NonAssistance Collections (\$1.7 billion SFY 2009-10, \$1.7 billion SFY 2010-11)** 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 2009-10, \$1.6 billion SFY 2010-11) and Other Collections (\$184.0 million SFY 2009-10, \$183.0 million SFY 2010-11). ARRA ERP intercepts are included in SFY 2009-10.



TOTAL DISTRIBUTED COLLECTIONS ^{1/} FOR STATE FISCAL YEARS 2001-02 through 2010-11

Total child support distributed collections have grown from \$2.1 billion in State Fiscal Year (SFY) 2001-02 to a projected level of \$2.2 billion in SFY 2010-11. IRS Economic Stimulus intercepts due to the Economic Stimulus Act of 2008 are included from May 2008 – January 2009. Economic Recovery Payment intercepts due to the American Recovery and Reinvestment Act of 2009 are included from May 2009 – September 2009.

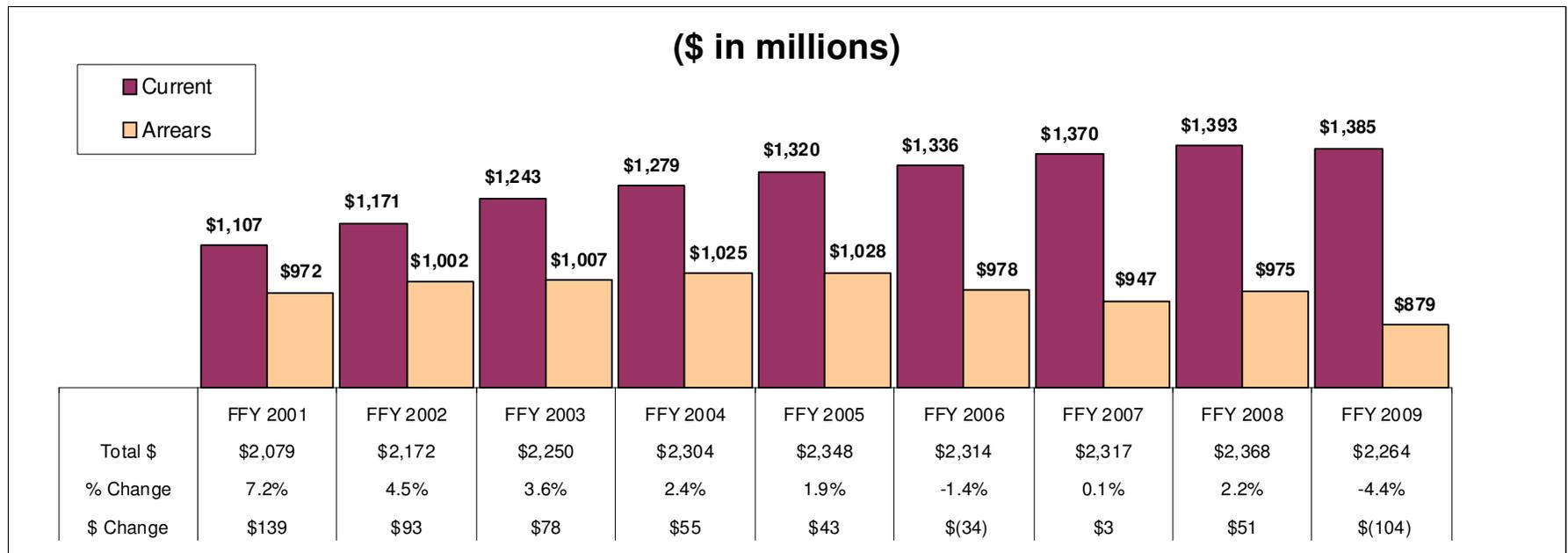


1/ The chart reflects actual and projected Total Distributed Collections for Assistance and NonAssistance and the year-to-year change by State Fiscal Year.

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 2009-10 and SFY 2010-11 projections are based on the current trend analysis.

TOTAL DISTRIBUTED COLLECTIONS ^{1/} FOR FEDERAL FISCAL YEARS 2001 through 2009

Total Child Support distributed collections have grown from \$2.1 billion in Federal Fiscal Year (FFY) 2001 to \$2.3 billion in FFY 2009. This represents a 10 percent overall growth rate. IRS Economic Stimulus intercepts due to the Economic Stimulus Act of 2008 are included from May 2008 – January 2009. Economic Recovery Payment intercepts due to the American Recovery and Reinvestment Act of 2009 are included from May 2009 – September 2009.



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

Source: The collections data for FFY 2001 through FFY 2009 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 4.0% for State Fiscal Year (SFY) 2009-10, and a decrease of 6.6% for SFY 2010-11 over SFY 2008-09 actual. This is based on the most current 24 months of actual data.

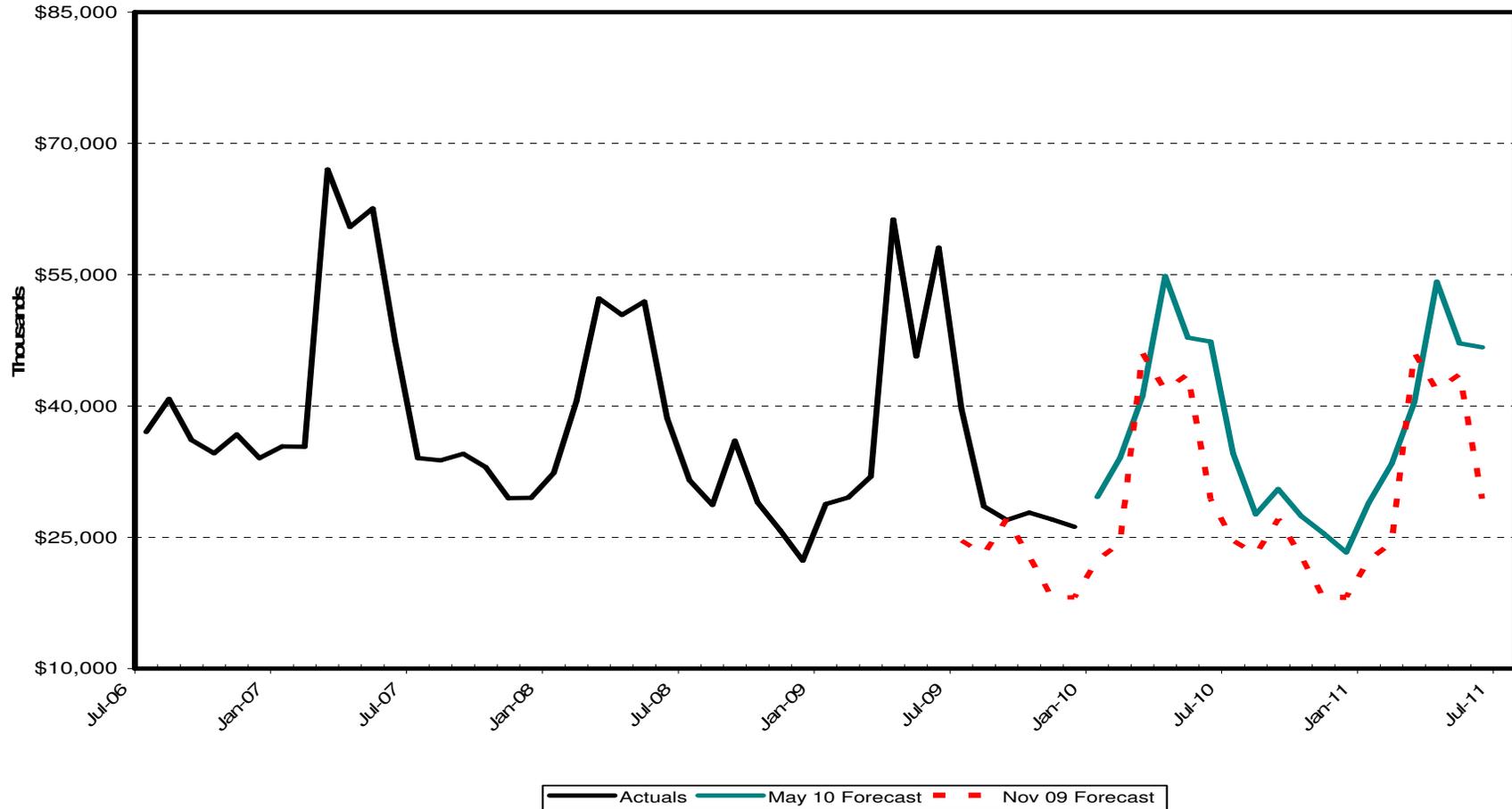
	SFY 2008-09	Forecast SFY 2009-10	Forecast SFY 2010-11
Actual	\$428,582		
May 2010 Revision		\$411,574	\$400,192
Difference from Actual		-4.0%	-6.6%
November 2009 Estimate		\$341,259	\$341,259
Difference from Prior Forecast		20.6%	17.3%

(\$ 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 Economic Stimulus intercepts due to the Economic Stimulus Act of 2008 and Economic Recovery Payments due to the American Recovery and Reinvestment Act of 2009.

BASIC ASSISTANCE COLLECTIONS TREND LINE

The May 2010 forecast depicted below used 24 months of actual data: January 2008 through December 2009.



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 due to the Economic Stimulus Act of 2008 and Economic Recovery Payments due to the American Recovery and Reinvestment Act of 2009.

BASIC NONASSISTANCE TREND COLLECTIONS ^{1/} FORECAST COMPARISON

The current estimate is forecasting a decrease of 8.1% for State Fiscal Year (SFY) 2009-10, and a decrease of 8.2% for SFY 2010-11 over SFY 2008-09 actual. This is based on the most current 24 months of actual data.

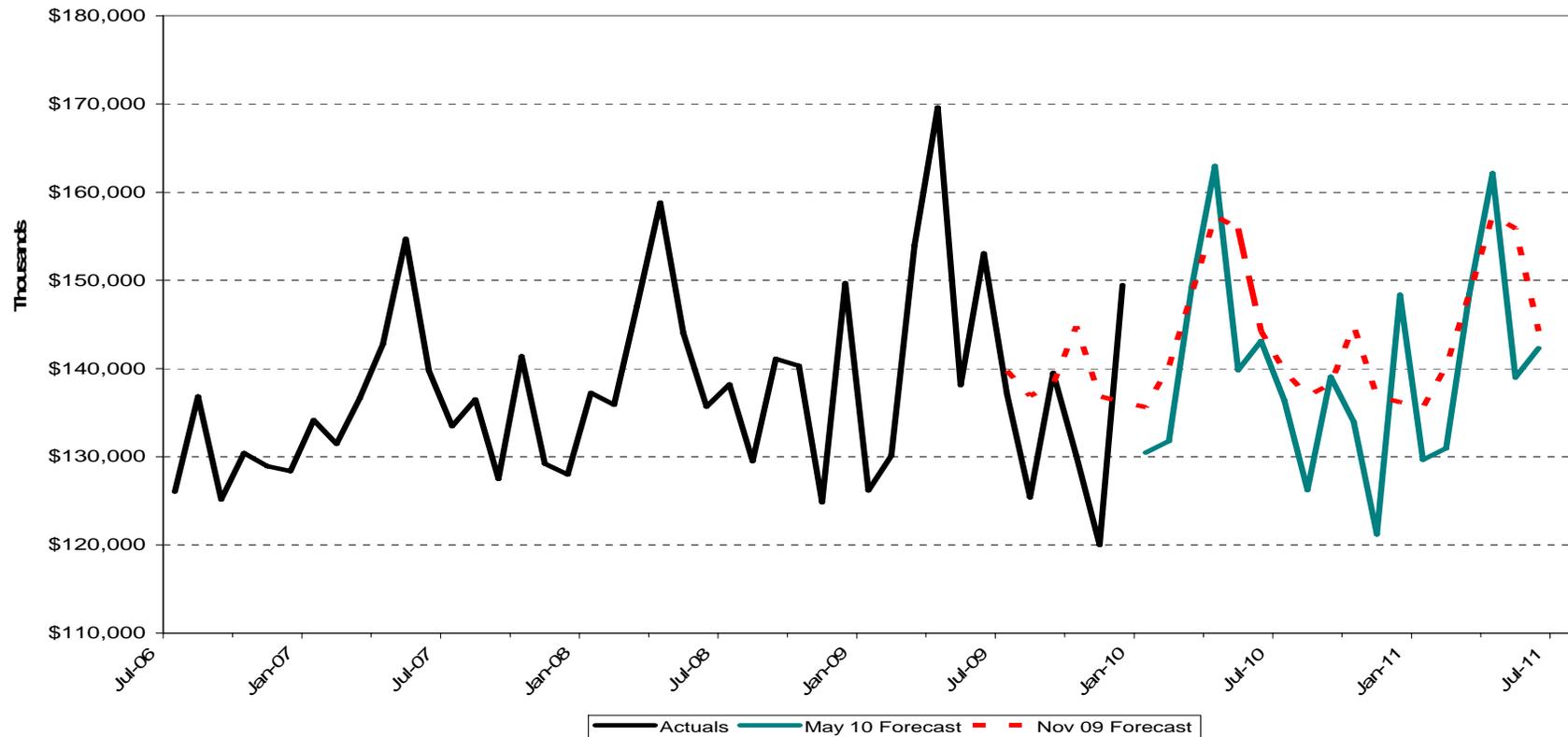
	SFY 2008-09	Forecast SFY 2009-10	Forecast SFY 2010-11
Actual	\$1,694,748		
May 2010 Revision		\$1,557,175	\$1,555,935
Difference from Actual		-8.1%	-8.2%
November 2009 Estimate		\$1,714,764	\$1,714,764
Difference from Prior Forecast		-9.2%	-9.3%

(in thousands)

^{1/} Basic NonAssistance Collections include Full Collections Program. Basic Collections do not include one-time collections such as the IRS Stimulus intercepts due to the Economic Stimulus Act of 2008 and Economic Recovery Payments due to the American Recovery and Reinvestment Act of 2009.

BASIC NONASSISTANCE COLLECTIONS TREND LINE

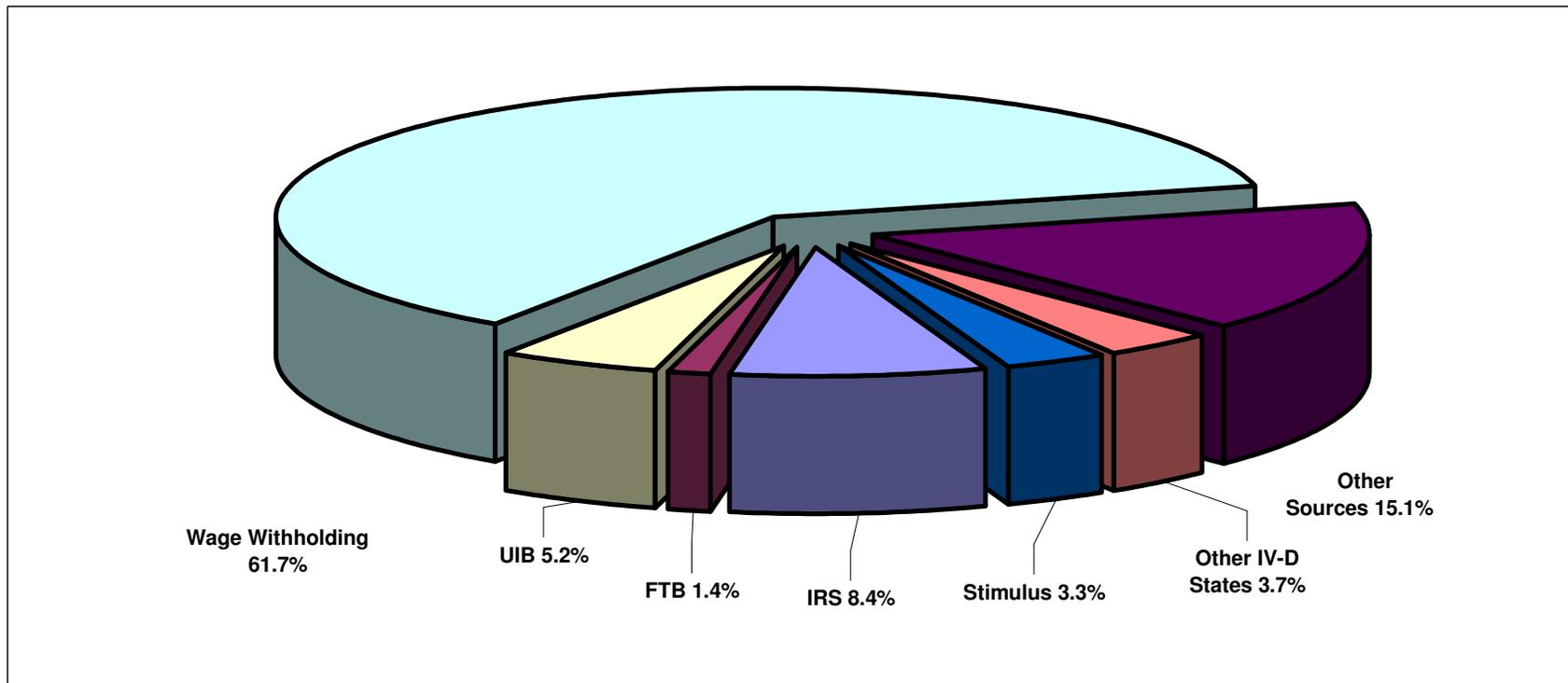
The May 2010 forecast used 24 months of actual data: January 2008 through December 2009.



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

TOTAL COLLECTIONS RECEIVED BY SOURCE FOR STATE FISCAL YEAR 2008-09

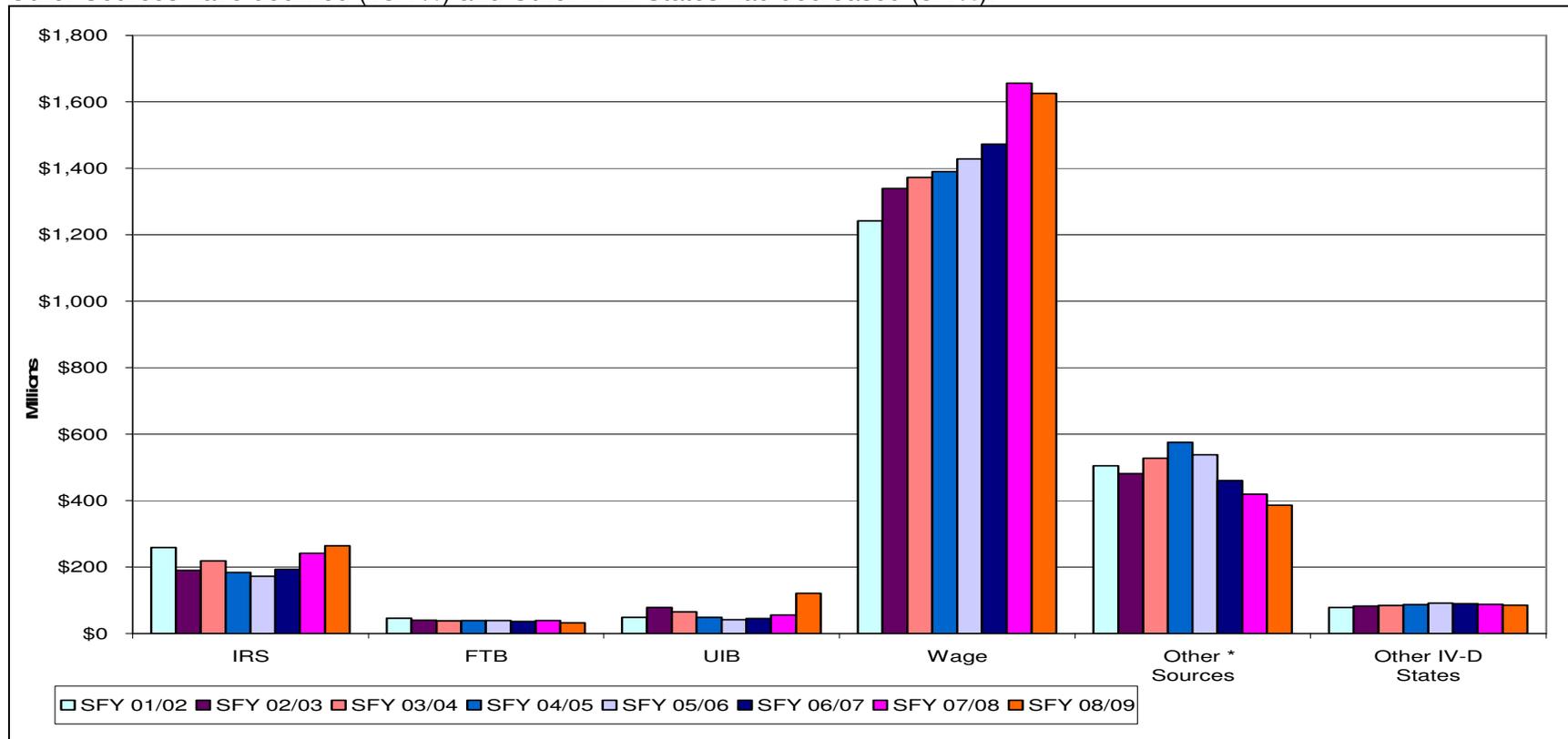
For State Fiscal Year (SFY) 2008-09, the total collections received were \$2.3 billion. Wage Withholding continues to be the most effective way of collecting child support at 61.7 percent (\$1.4 billion) of the total collections received. The Internal Revenue Service (IRS) Federal income tax refund offsets totaled 8.4 percent (\$196 million), and the Franchise Tax Board's (FTB) State income tax refund offsets totaled 1.4 percent (\$32 million). The Unemployment Insurance Benefits (UIB) offsets totaled 5.2 percent (\$121 million), and 3.7 percent (\$85 million) represents the collections received from other IV-D states. Stimulus payments total 3.3 percent (\$77 million) of collections received due to the Economic Stimulus Act of 2008 and the American Recovery and Reinvestment Act of 2009. The remaining 15.1 percent (\$377 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) 2001-02 through SFY 2008-09. The year-to-year change from SFY 2007-08 to SFY 2008-09 for IRS intercepts (which included IRS stimulus payments due to the Economic Stimulus Act of 2008) had increased (9.7%) and FTB intercepts had decreased (18.1%). The UIB intercepts had increased (118.5 %) during the same time period. Wage Withholdings (which included Non-IV-D collections) had decreased (1.8%). Other Sources have declined (13.1%) and Other IV-D States had decreased (3.4%).



Source: For SFY 2001-02 CS 820 Section A; For SFY 2002-03 through SFY 2008-09 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, cost effectiveness was reported as \$1.96. The federal government is aware of California's true cost effectiveness performance.

ALTERNATIVE FEDERAL PENALTY

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

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

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

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

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

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

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

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Local Child Support Agency Basic Costs

DESCRIPTION:

This premise reflects funding for the local child support agency (LCSA) basic costs. LCSA administration costs include salaries and benefits of county staff as well as operating costs. LCSA 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 Administration costs is adjusted by the level of federal basic incentives estimated in State Fiscal Year (SFY) 2009-10 and SFY 2010-11.
- The implementation of SFY 2010-11 Spring Finance Letter (SFL) DCSS-22: Administrative Process for Setting and Modifying Child Support Orders will result in a reduction to Local Child Support Agency Basic Costs in SFY 2010-11 of \$621,000 (\$211,000 General Fund).

METHODOLOGY:

Basic Costs:

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

Administration:

LCSA administration costs are funded at the base of \$700,599,000 for SFY 2009-10 and \$699,978,000 for SFY 2010-11. 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. This premise assumes the ARRA provision providing federal matching funds on Federal Performance Basic Incentives will be extended through the end of SFY 2010-11. Therefore, for both SFY 2009-10 and SFY 2010-11, the federal match is calculated with a full year of Federal Financial Participation (FFP).

Federal Performance Basic Incentives:

Federal Performance Basic Incentive funds of \$41,681,000 for SFY 2009-10 and \$38,191,000 for SFY 2010-11 are included in LCSA Basic Costs as it reflects the amount of estimated

federal funds available to cover LCSA administration costs. For details, refer to the Federal Performance Basic Incentives premise description.

County Match for Administration:

Included in LCSA Basic Costs are county match funds for those that elect to supplement the program with local matching funds. For SFY 2009-10, the budget is \$40 million (\$26.4 million FFP and \$13.6 million county funds).

Revenue Stabilization:

SFY 2009-10 and SFY 2010-11 includes LCSA Basic Costs for revenue stabilization. For details, refer to the Revenue Stabilization premise description.

FUNDING:

Funding for Administration is 34 percent State General Fund, 66 percent FFP matching funds and federal incentives. Federal incentives are 100 percent federally funded.

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

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

Federal Performance Basic Incentives and their corresponding federal match are forecasted to be lower in SFY 2010-11 than in SFY 2009-10 based on the most recent actual information.

EXPENDITURES:

(in 000's)

	2009-10	2010-11
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$759,334	\$758,713
Federal	542,841	539,109
State	202,893	206,004
County	13,600	13,600
Reimbursements	0	0

Federal Performance Basic Incentives

DESCRIPTION:

This premise reflects the Federal Performance Basic Incentives. Pursuant to the Child Support Performance and Incentive Act of 1998, the federal incentives passed onto local child support agencies (LCSAs) are to be based on the five performance measures and Data Reliability Audit compliance. (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 Assisted collections to make up the state's collection base. Federal fiscal year distributed collections were used from the Child Support Enforcement (CSE) Program Quarterly Report of Collections (OCSE 34) reports. The formula is as follows:

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

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

2. Performance Factors

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

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

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

^{1/} FFY 2010 budgeted by the Administration for Children and Families as of February 2010.

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 \$41,681,000 federal incentives in State Fiscal Year (SFY) 2009-10 and \$ 38,191,000 in SFY 2010-11.

FUNDING:

The federal incentives earned by California reduces the LCSA Basic Administration State General Fund need by these same amounts.

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

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

EXPENDITURES:

(in 000's)

	2009-10	2010-11
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total Incentives	\$41,681	\$38,191

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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 (GF)] for local child support agencies in order to stabilize caseworker staffing and avoid a projected loss in child support collections.

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

IMPLEMENTATION DATE:

This premise was implemented July 1, 2009.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code (FC) Section 17704(b), FC Section 17710(a), and Welfare and Institutions Code Section 10085(a).
- The effective date is July 1, 2009.
- The LCSAs were able to retain 245 caseworker staff with Revenue Stabilization funding.
- For SFY 2008-09, the marginal return on collections per caseworker for assistance cases was \$82,000.
- For SFY 2008-09, the marginal return on collections per caseworker for non-assistance cases was \$416,000.

METHODOLOGY:

- The base administration allocation of \$696.4 million was used to calculate the inflationary increase needed to maintain a full administration allocation. The Consumer Price Index of 2.7 percent was applied to the base allocation resulting in an additional \$18.7 million needed to fully fund administrative activities.
- A linear regression of collections and caseworker staffing was used to determine the marginal return on collections per caseworker.
- The 245 caseworkers were multiplied by the marginal return on collections per assistance case to compute additional collections of \$19.4 million (\$9.3 million GF). The 245 caseworkers were multiplied by the marginal return on collections per non-assistance case to compute additional collections of \$101.9 million.

FUNDING:

- Funding for this premise consists of 34 percent State General Fund and 66 percent federal financial participation matching funds.
- Collections for assistance families are retained and serve as recoupment of past welfare costs. Collections made on behalf of 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:

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

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in 000's)

	2009-10	2010-11
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$18,735	\$18,735
Federal	12,365	12,365
State	6,370	6,370
County	0	0
Reimbursements	0	0

COLLECTIONS:

(in 000's)

	2009-10	2010-11
	<u>Collections</u>	<u>Collections</u>
Assistance Total	\$19,364	\$19,364
Federal	9,040	9,040
State	9,307	9,307
County	1,017	1,017
Other	0	0
NonAssistance	\$101,925	\$101,925
Total Collections	\$121,289	\$121,289

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 (ARRA), 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.
- IRS intercepts are also a result of the one-time ARRA Economic Recovery Payments (ERP) of \$250 paid to recipients of Social Security, Supplemental Security Income, Railroad Retirement Benefits and Veterans' Disability Compensation or Pension Benefits occurring between May and December 2009. The fee for these administrative offsets is \$17 each through September 30, 2009, and \$16 each effective October 1, 2009.

METHODOLOGY:

- The Office of Child Support Enforcement projected 42,659 intercepts to be made as a result of the 2009 ARRA. Using the actual data from the economic stimulus intercepts, it was reported that 9,160 intercepts occurred in State Fiscal Year (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 ARRA intercept 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 SFY 2009-10 and SFY 2010-11. The projected numbers of intercepts were then multiplied by the offset fee of \$14.75 to calculate fees associated with the non-minor intercepts.
- Intercept for the ARRA ERP and non-minor children were combined to forecast the costs in SFY 2009-10. Intercept for non-minor children were used to forecast the costs in SFY 2010-11.

FUNDING:

Funding for this premise consists of 34 percent State General Fund and 66 percent federal financial participation matching funds.

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The number of intercepts is projected to be lower in SFY 2010-11 since one-time Economic Stimulus rebate intercepts occurred in prior years.

EXPENDITURES:

(in 000's)

	2009-10	2010-11
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$162	\$7
Federal	107	4
State	55	3
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 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 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 remaining grant authority of \$179,000 was federally approved to be 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:

Although the grant ends August 31, 2010, the funding ends in SFY 2009-10.

EXPENDITURES:

(in 000's)

	2009-10	2010-11
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$179	\$0
Federal	179	0
State	0	0
County	0	0
Reimbursements	0	0

Partnership to Strengthen Families Grant

DESCRIPTION:

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

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

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

IMPLEMENTATION DATE:

This premise was implemented September 30, 2009.

KEY DATA/ASSUMPTIONS:

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

METHODOLOGY:

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

FUNDING:

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

CHANGE FROM NOVEMBER:

This is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The expenditures will begin in SFY 2010-11.

EXPENDITURES:

(in 000's)

	2009-10	2010-11
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$0	\$95
Federal	0	95
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 fee for families that have never received Temporary Assistance for Needy Families if at least \$500 is collected annually on their behalf. Fees may be recovered from the custodial party, the noncustodial parent or the State (using state funds). California has opted to pass the fee to the custodial party and will begin to collect the fee October 1, 2011.

IMPLEMENTATION DATE:

This premise was implemented January 1, 2008.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Public Law 109-171, FDRA of 2005.
- California will not collect fees until CCSAS is capable of automated fee tracking, the population subject to the fee has been legally noticed, and child support forms and reports have been updated. CCSAS will begin tracking fees on October 1, 2010 and begin assessing and collecting fees on October 1, 2011. Therefore, California will pay the federal share of estimated fees for SFYs 2009-10 and 2010-11.

METHODOLOGY:

- The number of never-assisted cases with a collection is multiplied by \$25 to compute the total fees.
- The total fees to be collected are multiplied by 66 percent to determine the federal share.
- 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 2009-10 and 2010-11.

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 were updated.

REASON FOR YEAR-TO-YEAR CHANGE:

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

EXPENDITURES:

(in 000's)

	2009-10	2010-11
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$3,553	\$4,084
Federal	0	0
State	3,553	4,084
County	0	0
Reimbursements	0	0

California Child Support Automation System – SDU

DESCRIPTION:

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

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

IMPLEMENTATION DATE:

This premise was implemented September 1999.

KEY DATA/ASSUMPTIONS:

- Authorizing statute(s): Welfare & Institutions Code Section 10080 and Family Code Section 17309.
- This premise reflects costs for the SP contract to perform statewide collection and distribution activities.
- For the current year, additional SP collection/distribution costs were realized as a result of IRS intercepts specific to the American Recovery and Reinvestment Act (ARRA) of 2009. ARRA provided for economic recovery payments to recipients of Social Security, Supplemental Security Income, Railroad Retirement Benefits and Veteran's Disability Compensation or Pension Benefits.
- For the current year, the SP plans to continue outreach activities for the purpose of increasing Non IV-D participation and encouraging the use of electronic funds transfers over paper checks.

METHODOLOGY:

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

FUNDING:

- The funds to support LCSA staff and the SP contract are funded at 66 percent federal funds and 34 percent State General Fund.
- 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% State General Fund for the processing of payments related to these cases.

CHANGE FROM NOVEMBER:

Transaction costs were updated based on the most recent forecasts.

REASON FOR YEAR-TO-YEAR CHANGE:

The budget year increase reflects a forecasted increase in transaction costs from current year.

EXPENDITURES:

(in 000's)

	2009-10	2010-11
	<u>CS Automation</u>	<u>CS Automation</u>
Total	\$22,625	\$26,334
Federal	14,920	17,373
State	7,705	8,961
County	0	0
Reimbursements	0	0

California Child Support Automation System – CSE

DESCRIPTION:

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

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

IMPLEMENTATION DATE:

This premise was implemented September 1999.

KEY DATA/ASSUMPTIONS:

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

METHODOLOGY:

This premise reflects an increase for the M&O of CCSAS as reflected in the May 2009 Annual Advance Planning Document Update (APDU), the related Special Project Report #14, and the Department of Child Support Services Budget Change Proposal #1. This premise also reflects an increase for the M&O of CCSAS as reflected in the April 2010 Annual APDU, the related Special Project Report #15, and the Department of Child Support Services Spring Finance Letter #21.

FUNDING:

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

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

This premise reflects an increase in FY 10/11 for continued M&O and the procurement of services following the expiration of the existing BP contract.

EXPENDITURES:

(in 000's)

	2009-10	2010-11
	<u>CS Automation</u>	<u>CS Automation</u>
Total	\$88,863	\$116,752
Federal	28,173	77,056
State	14,513	39,696
County	0	0
Unallocated Reduction	-1,470	0
Reappropriation	47,647	0

Child Support Collections Recovery Fund

DESCRIPTION:

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

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

IMPLEMENTATION DATE:

This premise was implemented July 2001.

KEY DATA/ASSUMPTIONS:

Authorizing statute: Family Code Section 17702.5.

METHODOLOGY:

For State Fiscal Years (SFY) 2009-10 and 2010-11, 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 2010-11 is due to the projected decrease in assistance collections.

REVENUES:

(in 000's)

	2009-10	2010-11
	<u>Revenues</u>	<u>Revenues</u>
Total	\$179,476	\$173,675
Federal	179,476	173,675
State	0	0
County	0	0
Reimbursements	0	0

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Child Support Program - Basic Collections

DESCRIPTION:

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

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

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare & Institutions Code 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 January 2007 through December 2009.
- The child support collections to other states and miscellaneous collections data are based on actual data. The data is reported monthly on the CS 34 and CS 35 Reports.

METHODOLOGY:

- Actual assistance distributed collections are reported monthly on the CS 34 and CS 35 Reports. These were used to construct a 24-month trend from January 2007 through December 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 January 2007 through December 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 2009-10 and SFY 2010-11, the trend forecast rates of change for

assistance collections were applied to the SFY 2008-09 actual collections to arrive at the SFY 2009-10 and SFY 2010-11 forecasts.

- NonAssistance Collections for Other States are reported on the CS 34 and CS 35 Reports. For SFY 2009-10 and SFY 2010-11, the trend forecasts growth of nonassistance collections were applied to the SFY 2008-09 actual collections to arrive at the SFY 2009-10 and SFY 2010-11 forecasts.
- Assistance Miscellaneous Collections consists of Assistance Medical Support, Pass-On, and Excess Collections. Pass-On and Excess Collections are reported on the CS 35 Report. Medical Support is reported on the CS 34 Report. For SFY 2009-10 and SFY 2010-11, the trend forecasts rate of change for assistance collections were applied to SFY 2008-09 actual collections to arrive at the Assistance Miscellaneous Collections for SFY 2009-10 and SFY 2011-11.
- The NonAssistance Miscellaneous Collections consist of NonAssistance Medical Support which is reported on the CS 34 Report. For SFYs 2009-10 and 2010-11, the trend forecasts growth of nonassistance collections were applied to the SFY 2008-09 actual collections to arrive at the forecasted NonAssistance Miscellaneous Collections for SFY 2009-10 and SFY 2010-11.

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 between federal, state and local governments based on the Federal Medical Assistance Percentage and the non-Federal sharing ratios. See Appendix A for detail.

CHANGE FROM NOVEMBER:

The November 2009 Estimate was based on 24 months of trend data retained from the May 2009 Revise. For the May 2010 Revise, 24 months of more recent trend data was used from the period of January 2007 through December 2009.

REASON FOR YEAR-TO-YEAR CHANGE:

The SFY 2010-11 decrease is due to a projected decline in collections based on historical trends.

COLLECTIONS:

(in 000's)

	2009-10 <u>Collections</u>	2010-11 <u>Collections</u>
Assistance Total	\$411,574	\$400,192
Federal	192,143	186,829
State	197,823	192,353
County	21,608	21,010
Other	0	0
NonAssistance	1,557,175	1,555,935
Collections For Other States		
Assistance	10,840	10,559
NonAssistance	79,832	79,752
Miscellaneous Collections		
Assistance	9,090	8,854
NonAssistance	1,254	1,253
Grand Total ^{1/}	\$2,069,765	\$2,056,545

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

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Disregard Payment to Families

DESCRIPTION:

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

IMPLEMENTATION DATE:

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

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code Section 17504.
- The child support payment data are based on monthly Child Support Services Supplement to the CS 34 Monthly Report of Collections and Distributions (CS 35) reports, beginning with July 2007 through December 2009.
- Federal financial participation 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 30 months of data from the CS 35 reports, from July 2007 through December 2009.
- The FFP in disregard was calculated by computing federally eligible disregard collections and multiplying these by 50 percent. SFY 2009-10 and SFY 2010-11 reflect full years of federal funding.
- The cost is counted toward the State's Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE) requirement.

FUNDING:

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

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

CHANGE FROM NOVEMBER:

The estimate was updated to reflect the latest forecast based on the most recent actual data..

REASON FOR YEAR-TO-YEAR CHANGE:

SFY 2010-11 was updated to reflect a projected increase in the amount of disregard payments based on the most recent actual data.

COLLECTIONS:

(in 000's)

	2009-10	2010-11
	<u>Collections</u>	<u>Collections</u>
Total	\$27,816	\$28,190
Federal	0	0
State	0	0
County	0	0
Other	27,816	28,190

FFP In Disregard:

	2009-10	2010-11
	<u>Collections</u>	<u>Collections</u>
Total	\$0	\$0
Federal	-13,213	-13,390
State	13,213	13,390
County	0	0
Other	0	0

IRS Economic Stimulus Rebate Intercepts

DESCRIPTION:

The American Recovery and Reinvestment Act (ARRA) signed February 17, 2009 included provisions providing for a one-time Economic Recovery Payment (ERP) of \$250 to Supplemental Security Income recipients (except those residing in Medicaid institutions), Social Security recipients, Railroad Retirement recipients, and veteran's compensation or pension recipients.

An additional ARRA provision subjects these payments to intercept for child support arrears. Intercepts for nonassistance child support cases are forwarded directly to families. Intercepts for assistance child support cases are retained for federal, state, and county government as CalWORKS, KinGAP, and Foster Care assistance recoupment. A portion of this recoupment is transferred as revenue to the State General Fund.

IMPLEMENTATION DATE:

This premise was implemented May 2008.

KEY DATA/ASSUMPTIONS:

- Authorizing statutes: House of Representatives (HR 1), Public Law 111-5, American Recovery and Reinvestment Act of 2009 enacted February 17, 2009.
- 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 payments were issued and intercepted as a result of provisions of the ARRA beginning May 2009 and ending September 2009 as reported by the federal Office of Child Support Enforcement.

METHODOLOGY:

- Child support collections from ERP intercepts were reported beginning May 2009. 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.
- Using actual intercept data of the ARRA intercepts, collections were forecasted for SFY 2009-10. The Office of Child Support Enforcement provided data including the dollars intercepted, assistance type, and the number of actual intercepts. These reports were used to account for collections in SFY 2009-10.

FUNDING:

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

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

ARRA ERP ended in SFY 2009-10.

COLLECTIONS:

(in 000's)

	2009-10	2010-11
	<u>Collections</u>	<u>Collections</u>
Assistance Total	\$1,230	\$0
Federal	574	0
State	591	0
County	65	0
Other	0	0
NonAssistance	1,006	0
Combined Total	\$2,236	\$0

Foster Parent Training Fund Transfer

DESCRIPTION:

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

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

IMPLEMENTATION DATE:

This premise was implemented July 1, 1981.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: W&I Code Section 903.7(b).
- The FC estimated state share of collections, based on the sum of the estimated state share of basic assistance distributed collections and the state share of all of the child support assistance collections premises, is \$7,678,000 for State Fiscal Year (SFY) 2009-10, and \$7,454,000 for SFY 2010-11.
- The FC estimated state share of incentives is \$1,639,992 for SFY 2009-10, and \$828,196 for SFY 2010-11.
- The FC state share of collections base level cannot exceed \$3,750,000 each year based on the W&I Code Section 903.7(b).
- Effective SFY 2002-03, the amount to be transferred to the Foster Children and Parent Training Fund in a state fiscal year cannot exceed \$3,000,000 pursuant to Assembly Bill 444 (Chapter 1022, Statutes of 2002).

METHODOLOGY:

- The Foster Parent Training Fund Transfer estimate is the difference between the net state share of the estimated FC collections and the base level of the FC estimated state share of total collections. The total estimated state share of FC collections is \$7,678,000 for SFY 2009-10 and \$7,454,000 for SFY 2010-11. Using actual collection data from 2008-09, FC collections comprise about 6.5 percent of Assistance Child Support Collections. Approximately 64 percent of FC collections were federally funded at 50 percent.

METHODOLOGY (continued):

- For SFY 2009-10, the net state share of FC collections, which is \$6,038,000 is the result of deducting the estimated state share of FC incentives, \$1,640,000, 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, \$2,288,000
- For SFY 2010-11, the net state share of FC collections, \$6,626,000, is the result of deducting the estimated state share of FC incentives, \$828,000, 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, \$2,876,000.

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 was updated.

REASON FOR YEAR-TO-YEAR CHANGE:

The increase in the budget year reflects an increase in forecasted FC collections.

REVENUES:

(in 000's)

	2009-10 <u>Revenues</u>	2010-11 <u>Revenues</u>
Total	-\$2,288	-\$2,876
Federal	0	0
State	-2,288	-2,876
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 the Child Support Collection Recovery Fund (CSCRF) the federal share of FC collections as reported to the federal government. The FC child support collections offset the Title IV-E share of FC expenditures.

IMPLEMENTATION DATE:

This premise was implemented July 1, 2000.

KEY DATA/ASSUMPTIONS:

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

METHODOLOGY:

- For State Fiscal Year (SFY) 2009-10, the FC share of collections percentage (6.54 percent) was applied to the estimated collections. The result was multiplied by the federal participation rate of 64.17 percent for each premise. The FMAP rate was then applied to determine the federal share of FC collections, which resulted in a forecast of \$9,068,000.
- For SFY 2010-11, the FC share of collections percentage (6.54 percent) was applied to the estimated collections. The result was multiplied by the federal participation rate of 64.17 percent for each premise. The FMAP rate was then applied to determine the federal share of FC collections, which resulted in a forecast of \$8,804,000.

FUNDING:

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

CHANGE FROM NOVEMBER:

For SFY 2009-10, the offset decreased 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 2010-11 reflects the forecasted decrease in FC collections.

REVENUES:

(in 000's)

	2009-10	2010-11
	<u>Revenues</u>	<u>Revenues</u>
Total	-\$9,068	-\$8,804
Federal	-9,068	-8,804
State	0	0
County	0	0
Reimbursements	0	0

Discontinued Premises

CHILD SUPPORT PROGRAM COSTS:

- **Child Support Enforcement Maintenance & Operations**
This premise is within the California Child Support Automation System, Child Support Enforcement item.

CHILD SUPPORT PROGRAM COLLECTIONS:

These premises are discontinued as a separate line items and are now included in the trends of basic collections.

- **Compromise of Arrears Program (Collections)**
- **FDRA IRS Intercepts for Non-Minors**
- **Full Collections Program**

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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 2009 – June 2011	<u>ASSISTANCE:</u> <u>Nonfederal</u>	July 2009 – June 2011
Federal	50.00%	State	95.00%
State	47.50%	County	5.00%
County	2.50%		

<u>FOSTER CARE:</u>	July 2009 – June 2011	<u>FOSTER CARE:</u> <u>Nonfederal</u>	July 2009 – June 2011
Federal	50.00%	State	40.00%
State	20.00%	County	60.00%
County	30.00%		

<u>KinGAP:</u>	July 2009 – June 2011	<u>KinGAP:</u> <u>Nonfederal</u>	July 2009 – June 2011
Federal	50.00%	State	50.00%
State	25.00%	County	50.00%
County	25.00%		

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Appendix B - List of Acronyms

APDU	Advance Planning Document Update	SFY	State Fiscal Year
ARRA	American Recovery and Reinvestment Act of 2009	SME	Subject Matter Expert
BP	Business Partner	SP	Service Provider
CalWORKs	California Work Opportunity and Responsibility to Kids	SPR	Special Project Report (State Supplement to the federal APDU)
CCSAS	California Child Support Automation System	TANF/MOE	Temporary Assistance for Needy Families/Maintenance of Effort
CSE	Child Support Enforcement	UIB	Unemployment Insurance Benefits
CIIP	California Insurance Intercept Project	W & I Code	Welfare and Institutions Code
CSCRF	Child Support Collections Recovery Fund		
DCSS	Department of Child Support Services		
EDP M&O	Electronic Data Processing Maintenance and Operations		
ERP	Economic Recovery Payment		
FC	Family Code / Foster Care		
FDRA	Federal Deficit Reduction Act of 2005		
FFP	Federal Financial Participation		
FFY	Federal Fiscal Year		
FMAP	Federal Medical Assistance Percentage		
FTB	Franchise Tax Board		
HR	House of Representatives		
IRS	Internal Revenue Service		
KinGAP	Kinship Guardianship Assistance Payment		
LCSA	Local Child Support Agency		
OCSE	Office of Child Support Enforcement		
PEP	Paternity Establishment Percentage		
PL	Public Law		
SDU	State Disbursement Unit		

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 the 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. This data consists of collections from July 2007 through December 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.
- Actual Non IV-D collections from January 2008 through December 2009 were used to forecast the annual Non IV-D collections of \$203,640,000 for State Fiscal Year (SFY) 2009-10 and increased in the amount of \$217,713,000 for SFY 2010-11.

FUNDING:

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

CHANGE FROM NOVEMBER:

The increase reflects updated projections using the most recent data.

REASON FOR YEAR-TO-YEAR CHANGE:

Transaction volumes are estimated to increase in SFY 2010-11.

COLLECTIONS:

(in 000's)

	2009-10	2010-11
	<u>Collections</u>	<u>Collections</u>
Total	\$203,640	\$217,713
Federal	0	0
State	0	0
County	0	0
Other	203,640	217,713

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

		2009-10 APPROPRIATION					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 APPROPRIATION TO 2009-10 MAY REVISE																
1	Non IV-D CHILD SUPPORT COLLECTIONS	180,492	0	0	0	180,492	23,148	0	0	0	23,148	203,640	0	0	0	203,640
		2009-10 NOVEMBER ESTIMATE					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 NOVEMBER ESTIMATE TO 2009-10 MAY REVISE																
2	Non IV-D CHILD SUPPORT COLLECTIONS	191,515	0	0	0	191,515	12,125	0	0	0	12,125	203,640	0	0	0	203,640
		2009-10 MAY REVISE					ADJUSTMENTS/DIFFERENCES					2010-11 MAY REVISE				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2009-10 MAY REVISE TO 2010-11 MAY REVISE																
3	Non IV-D CHILD SUPPORT COLLECTIONS	203,640	0	0	0	203,640	14,073	0	0	0	14,073	217,713	0	0	0	217,713
		2010-11 GOVERNOR'S BUDGET					ADJUSTMENTS/DIFFERENCES					2010-11 MAY REVISE				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2010-11 GOVERNOR'S BUDGET TO 2010-11 MAY REVISE																
4	Non IV-D CHILD SUPPORT COLLECTIONS	191,515	0	0	0	191,515	26,198	0	0	0	26,198	217,713	0	0	0	217,713

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.