



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #240

### **Child Support State Operations (DCF -- Child Support)**

[LFB 2009-11 Budget Summary: Page 125, #2 and Page 171, #2]

#### **CURRENT LAW**

The child support state operations budget includes funding for the centralized receipt and disbursement (CR&D) system, the Kids Information Data System (KIDS), and state staff. The CR&D system is the statewide, automated system for the receipt and disbursement of child support, maintenance (alimony), health care expenses, birth expenses, and other support-related expenses. Under the CR&D function, a vendor receives all child support payments from employers and individuals, enters the information into the statewide KIDS computer system, and distributes the child support to the appropriate payees. The KIDS system is the certified, statewide, automated child support system.

The child support state operations budget for the 2008-09 state fiscal year totals \$29,926,400. Funding is provided from various revenue sources: (a) \$4,689,900 GPR; (b) \$9,999,000 FED from the state's share of federal child support incentive payments and federal matching funds; (c) \$10,677,200 in CR&D fees; (d) \$469,200 in unclaimed child support; (e) \$195,400 in interest earnings from the child support collections trust fund; (f) \$1,000,000 in tax intercept fees; (g) \$2,750,000 in annual fees charged to custodial parents who receive support; (h) \$100,000 from the state's share of assigned child support; (i) \$42,700 in unemployment insurance intercept fees; and (j) \$3,000 in administrative fees.

#### **GOVERNOR**

Delete \$246,300 (-\$51,600 GPR from the general program operations--economic support appropriation, -\$144,700 PR from the child support state operations -- fees and reimbursements appropriation, and -\$50,000 PR from the child support transfers appropriation) annually as part of an across-the-board 1% reduction in most non-federal appropriations. AB 75 does not include revised estimates of revenue sources used to fund state operations of the child support enforcement program.

## MODIFICATION

Provide \$5,529,700 (\$1,884,800 PR, \$3,959,500 FED, and -\$314,600 SEG) in 2009-10 and \$3,647,500 (\$2,486,700 PR, \$1,625,400 FED, and -\$464,600 SEG) in 2010-11 to reflect reestimates of revenues and costs for administration of the child support enforcement program at the state level. The following table shows revised revenues and expenditures in 2009-10 and 2010-11.

### Funding for State Operations of the Child Support Program

<u>Revenues</u>	<u>2009-10</u>	<u>2010-11</u>
Opening Balance	\$4,183,600	\$3,188,400
CR&D Fee (PR)	10,500,000	10,500,000
\$25 Annual Fee	2,200,000	2,200,000
Support Collections Trust Fund Earnings (SEG)	150,000	100,000
Unclaimed Support (SEG)	200,000	100,000
GPR	4,701,100	4,701,100
FED Incentive Payments	538,400	287,800
FED Matching Funds	11,020,400	10,534,000
Other Revenue (PR)	<u>974,000</u>	<u>974,000</u>
Total Revenues	\$34,467,500	\$32,585,300
<u>Expenditures</u>		
KIDS System Maintenance Contracts	\$6,755,000	\$6,815,000
Mainframe InfoTech Charges	7,312,000	7,315,000
State Staff and Information Technology Costs	8,463,900	9,757,300
Supplies and Other Charges	<u>8,748,200</u>	<u>8,661,200</u>
Total Expenditures	\$31,279,100	\$32,548,500
Ending Balance	\$3,188,400	\$36,800

**Explanation:** The modification reflects more recent estimates of: (a) the CR&D fee (-\$177,200 PR annually); (b) the \$25 annual fee (-\$524,500 PR annually); (c) support collections trust fund earnings (-\$45,400 SEG in 2009-10 and -\$95,400 SEG in 2010-11); (d) unclaimed funds (-\$269,200 SEG in 2009-10 and -\$369,200 in 2010-11); (e) federal child support incentive payments (-\$440,300 FED in 2009-10 and -\$690,900 FED in 2010-11); (f) federal matching funds (\$2,802,700 FED in 2009-10 and \$2,316,300 FED in 2010-11); and (g) carryover funds from the prior year (\$2,586,500 PR and \$1,597,100 FED in 2009-10 and \$3,188,400 PR in 2010-11).

It should be noted that the increase in federal matching funds is due, in part, to the provision under the federal American Recovery and Reinvestment Act of 2009 (ARRA) that allows federal child support incentive payments to receive federal match at the rate of 66% from October 1, 2008, through September 30, 2010. The amount of federal match under the ARRA is an estimated amount. With adoption of this modification, if the Department of

Children and Families receives more federal matching funds than estimated for child support enforcement state operations, it would not be necessary to return to the Committee to access those funds.

<b>Change to Bill</b>	
Funding	
FED	\$5,584,900
PR	4,371,500
SEG	<u>- 779,200</u>
Total	\$9,177,200

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