



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #210

Child Support State Operations (Children and Families -- Child Support)

[LFB 2013-15 Budget Summary: Page 120, #1 and Page 121, #2]

CURRENT LAW

The child support state operations budget, administered by the Department of Children and Families (DCF), 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. Child support state operations expenditures are budgeted at \$34,479,000 in 2012-13.

Revenues to fund child support state operations in 2012-13 are estimated at \$34,522,800. Funding is provided from various revenue sources: (a) \$4,375,100 GPR; (b) \$750,000 FED from the state's share of federal child support incentive payments; (c) \$9,269,300 FED in matching funds from qualifying DCF expenditures; (d) \$3,900,000 FED in matching funds from qualifying expenditures in other state agencies; (e) \$9,600,000 PR in CR&D fees; (f) \$100,000 SEG in unclaimed child support; (g) \$100,000 SEG in interest earnings from the child support collections trust fund; (h) \$2,200,000 PR in annual fees charged to custodial parents who receive support; (i) \$1,171,900 PR in funds carried over from 2011-12; and (j) \$3,056,500 PR, which includes revenue from unemployment insurance intercept fees, tax intercept fees, and administrative fees. A balance of \$10,217,700 is anticipated at the end of 2012-13 due to the delay of expenditures for upgrading the KIDS computer system, known as the document generation (DocGen) project.

GOVERNOR

Increase funding by \$2,319,400 PR in 2013-14 and \$1,926,000 PR in 2014-15 to reflect revised estimates of revenue from: (a) the CR&D fee (\$1,400,000 annually); (b) the \$25 annual fee paid by custodial parents who receive child support (\$150,000 annually); (c) assigned child support collections (\$1,077,300 in 2013-14 and \$568,700 in 2014-15); and (d) a reduction in the amount of program revenue carried over from prior years (-\$307,900 in 2013-14 and -\$192,700 in 2014-15).

In addition, increase funding by \$1,000,000 FED annually to reflect estimates of federal revenue from child support incentive payments and federal matching funds available for the 2013-15 biennium due to underspending in the 2011-13 biennium.

MODIFICATION

Reduce funding by \$380,400 (-\$26,900 PR and -\$353,500 FED) in 2013-14 and increase funding by \$3,123,900 (\$380,200 PR and \$2,743,700 FED) in 2014-15 to reflect more recent estimates of actual revenues and expenditures for administration of the child support enforcement program at the state level and to correct errors in the Chapter 20 schedule of appropriations under AB 40. The following table shows revenue and expenditure estimates in 2013-14 and 2014-15.

Funding for State Operations of the Child Support Program

	<u>2013-14</u>	<u>2014-15</u>
Revenues		
Opening Balance	\$10,217,700	\$7,292,600
CR&D Fee (PR)	\$10,500,000	\$10,500,000
\$25 Annual Fee (PR)	2,350,000	2,350,000
Support Collections Trust Fund Earnings (SEG)	100,000	100,000
Unclaimed Support (SEG)	100,000	100,000
GPR	3,909,800	3,930,700
FED Incentive Payments	771,200	678,700
FED DCF Matching Funds	8,269,000	8,309,600
FED Matching Funds Other Agencies	4,171,300	4,171,300
Other Revenue (PR)	<u>1,004,700</u>	<u>1,004,700</u>
Total Revenues	\$41,393,700	\$38,437,600
Expenditures		
KIDS System Maintenance Contracts	\$7,000,000	\$7,000,000
Mainframe Info Tech Charges	5,797,000	5,797,000
State Staff and Information Technology Contract Costs	8,835,900	8,725,200
DocGen Project	3,832,500	7,475,300
Supplies and Other Charges	<u>8,635,700</u>	<u>8,635,700</u>
Total Expenditures	\$34,101,100	\$37,633,200
Ending Balance	\$7,292,600	\$804,400

Explanation: The modification reflects more recent revenue estimates of: (a) the CR&D fee (-\$500,000 PR annually); (b) the state's share of federal child support incentive payments (-\$78,800 FED in 2013-14 and -\$171,300 FED in 2014-15); (c) federal matching funds for DCF expenditures (-\$516,500 FED in 2013-14 and -\$401,100 FED in 2014-15); and (d) carryover amounts needed for estimated expenditures (\$473,100 PR and \$241,800 FED in 2013-14 and \$880,200 PR and \$3,316,100 FED in 2014-15).

It should be noted that the increase in funding does not represent an increase in spending from AB 40. Rather, overall expenditures decrease by \$949,000 (-\$2,254,400 in 2013-14 and \$1,305,400 in 2014-15) for: (a) DocGen expenditures (-\$2,013,200 in 2013-14 and \$1,514,400 in 2014-15); (b) mainframe information technology charges from the Department of Administration (-\$200,000 annually); (c) state staff (-\$26,900 in 2013-14 and \$5,300 in 2014-15); and (d) supplies and other charges (-\$14,300 annually). In addition, AB 40 does not provide sufficient funding for the amount of expenditures. The increase of funding also provides revenue available and needed to offset the shortfall under AB 40 (\$1,874,000 in 2013-14 and \$1,818,500 in 2014-15).

Change to Bill	
Funding	
FED	\$2,390,200
PR	<u>353,300</u>
Total	\$2,743,500

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