

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

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



TO: RECIPIENTS OF THE DEPARTMENT OF CHILD SUPPORT SERVICES 2015-16 GOVERNOR'S BUDGET

FROM: MATHEW MACY, Budget Manager
Budget Support Section

DATE: January 9, 2015

SUBJECT: LOCAL ASSISTANCE ESTIMATES

This memorandum transmits the 2015-16 Governor's Budget local assistance estimates for the Department of Child Support Services (DCSS). The Governor's Budget includes the State Fiscal Year (SFY) 2015-16 November 2014 Estimate of local assistance administrative costs and collections.

The November 2014 Estimate presents the SFY 2015-16 DCSS local assistance budget and provides an update to the SFY 2014-15 appropriation. The estimates of the administrative costs for the local child support agencies, as well as the detailed methodology for each estimate, are included. It also provides the estimate of the child support collections and miscellaneous revenue to the State General Fund (SGF). Total distributed child support collections and revenues are projected to be \$2.3 billion (\$163.8 million SGF) for SFY 2014-15 and \$2.3 billion (\$148.8 million SGF) for SFY 2015-16.

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

The material contained in the November 2014 Estimate package will also be available on the DCSS website: <http://www.childsup.ca.gov>. Should you have any questions, please contact the Budget Support Section at (916) 464-5020.

**CHILD SUPPORT PROGRAM
COST COMPARISONS**

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TABLE NUMBER 1
COST COMPARISON OF
2014-15 APPROPRIATION TO 2014-15 NOVEMBER ESTIMATE
(in thousands)

Budget Item 5175-101	2014-15 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2014-15 NOVEMBER ESTIMATE				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	853,445	575,191	264,654	13,600	0	328	328	0	0	0	853,773	575,519	264,654	13,600	0
a Local Assistance Child Support Services	663,037	384,783	264,654	13,600	0	26,022	26,022	0	0	0	689,059	410,805	264,654	13,600	0
b Child Support Collections Recovery Fund	190,408	190,408	0	0	0	-25,694	-25,694	0	0	0	164,714	164,714	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	761,767	514,683	233,484	13,600	0	328	328	0	0	0	762,095	515,011	233,484	13,600	0
3 Local Child Support Agency Basic Costs	756,507	512,837	230,070	13,600	0	0	0	0	0	0	756,507	512,837	230,070	13,600	0
a Administration	657,130	433,430	223,700	0	0	0	0	0	0	0	657,130	433,430	223,700	0	0
b Federal Performance Basic Incentives	40,642	40,642	0	0	0	0	0	0	0	0	40,642	40,642	0	0	0
c 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
d 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	2,213	1,460	753	0	0	0	0	0	0	0	2,213	1,460	753	0	0
5 Deficit Reduction Act - Mandatory Fee	2,661	0	2,661	0	0	0	0	0	0	0	2,661	0	2,661	0	0
6 Section 1115 Grant (NCP Employment Demo Project)	386	386	0	0	0	0	0	0	0	0	386	386	0	0	0
7 Section 1115 Grant (Dedicated Daddies Make a Difference)	0	0	0	0	0	328	328	0	0	0	328	328	0	0	0
8 CHILD SUPPORT AUTOMATION 10.03	91,678	60,508	31,170	0	0	0	0	0	0	0	91,678	60,508	31,170	0	0
9 California Child Support Automation System - SDU	14,966	9,878	5,088	0	0	0	0	0	0	0	14,966	9,878	5,088	0	0
10 California Child Support Automation System - CSE	76,712	50,630	26,082	0	0	0	0	0	0	0	76,712	50,630	26,082	0	0

TABLE NUMBER 2
COST COMPARISON OF
2014-15 APPROPRIATION TO THE 2015-16 GOVERNOR'S BUDGET
(in thousands)

Budget Item 5175-101	2014-15 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2015-16 GOVERNOR'S BUDGET				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	853,445	575,191	264,654	13,600	0	-4,561	-2,951	-1,610	0	0	848,884	572,240	263,044	13,600	0
a Local Assistance Child Support Services	663,037	384,783	264,654	13,600	0	35,612	37,222	-1,610	0	0	698,649	422,005	263,044	13,600	0
b Child Support Collections Recovery Fund	190,408	190,408	0	0	0	-40,173	-40,173	0	0	0	150,235	150,235	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	761,767	514,683	233,484	13,600	0	350	290	60	0	0	762,117	514,973	233,544	13,600	0
3 Local Child Support Agency Basic Costs	756,507	512,837	230,070	13,600	0	0	-78	78	0	0	756,507	512,759	230,148	13,600	0
a Administration	657,130	433,430	223,700	0	0	228	150	78	0	0	657,358	433,580	223,778	0	0
b Federal Performance Basic Incentives	40,642	40,642	0	0	0	-228	-228	0	0	0	40,414	40,414	0	0	0
c 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
d 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	2,213	1,460	753	0	0	0	0	0	0	0	2,213	1,460	753	0	0
5 Deficit Reduction Act - Mandatory Fee	2,661	0	2,661	0	0	-18	0	-18	0	0	2,643	0	2,643	0	0
6 Section 1115 Grant (NCP Employment Demo Project)	386	386	0	0	0	-73	-73	0	0	0	313	313	0	0	0
7 Section 1115 Grant (Dedicated Daddies Make a Difference)	0	0	0	0	0	441	441	0	0	0	441	441	0	0	0
8 CHILD SUPPORT AUTOMATION 10.03	91,678	60,508	31,170	0	0	-4,911	-3,241	-1,670	0	0	86,767	57,267	29,500	0	0
9 California Child Support Automation System - SDU	14,966	9,878	5,088	0	0	0	0	0	0	0	14,966	9,878	5,088	0	0
10 California Child Support Automation System - CSE	76,712	50,630	26,082	0	0	-4,911	-3,241	-1,670	0	0	71,801	47,389	24,412	0	0

TABLE NUMBER 3
COST COMPARISON OF
2014-15 NOVEMBER ESTIMATE TO 2015-16 GOVERNOR'S BUDGET
(in thousands)

Budget Item 5175-101	2014-15 NOVEMBER ESTIMATE					ADJUSTMENTS/DIFFERENCES					2015-16 GOVERNOR'S BUDGET				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
1 CHILD SUPPORT PROGRAM COSTS	853,773	575,519	264,654	13,600	0	-4,889	-3,279	-1,610	0	0	848,884	572,240	263,044	13,600	0
a Local Assistance Child Support Services	689,059	410,805	264,654	13,600	0	9,590	11,200	-1,610	0	0	698,649	422,005	263,044	13,600	0
b Child Support Collections Recovery Fund	164,714	164,714	0	0	0	-14,479	-14,479	0	0	0	150,235	150,235	0	0	0
2 CHILD SUPPORT ADMINISTRATION 10.01	762,095	515,011	233,484	13,600	0	22	-38	60	0	0	762,117	514,973	233,544	13,600	0
3 Local Child Support Agency Basic Costs	756,507	512,837	230,070	13,600	0	0	-78	78	0	0	756,507	512,759	230,148	13,600	0
a Administration	657,130	433,430	223,700	0	0	228	150	78	0	0	657,358	433,580	223,778	0	0
b Federal Performance Basic Incentives	40,642	40,642	0	0	0	-228	-228	0	0	0	40,414	40,414	0	0	0
c 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
d 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	2,213	1,460	753	0	0	0	0	0	0	0	2,213	1,460	753	0	0
5 Deficit Reduction Act - Mandatory Fee	2,661	0	2,661	0	0	-18	0	-18	0	0	2,643	0	2,643	0	0
6 Section 1115 Grant (NCP Employment Demo Project)	386	386	0	0	0	-73	-73	0	0	0	313	313	0	0	0
7 Section 1115 Grant (Dedicated Daddies Make a Difference)	328	328	0	0	0	113	113	0	0	0	441	441	0	0	0
8 CHILD SUPPORT AUTOMATION 10.03	91,678	60,508	31,170	0	0	-4,911	-3,241	-1,670	0	0	86,767	57,267	29,500	0	0
9 California Child Support Automation System - SDU	14,966	9,878	5,088	0	0	0	0	0	0	0	14,966	9,878	5,088	0	0
10 California Child Support Automation System - CSE	76,712	50,630	26,082	0	0	-4,911	-3,241	-1,670	0	0	71,801	47,389	24,412	0	0

**CHILD SUPPORT PROGRAM
REVENUE AND COLLECTIONS COMPARISONS**

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Table 3. 2014-15 November Estimate to 2015-16 Governor's Budget..... Nov CY – Gov BY

TABLE NUMBER 1
REVENUE AND COLLECTIONS COMPARISON OF
2014-15 APPROPRIATION TO THE 2014-15 NOVEMBER ESTIMATE
(in thousands)

	2014-15 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2014-15 NOVEMBER ESTIMATE				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,299,968	171,307	175,352	23,412	1,929,897	5,700	-6,593	-8,121	-1,246	21,660	2,305,668	164,714	167,231	22,166	1,951,557
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,303,082	177,819	171,954	23,412	1,929,897	4,997	-7,296	-8,121	-1,246	21,660	2,308,079	170,523	163,833	22,166	1,951,557
3 Child Support Assistance Collections	421,820	177,819	171,954	23,412	48,635	-19,602	-7,296	-8,121	-1,246	-2,939	402,218	170,523	163,833	22,166	45,696
4 Basic Collections	364,282	169,981	171,543	22,758	0	-17,551	-7,734	-8,525	-1,292	0	346,731	162,247	163,018	21,466	0
5 Disregard Payments to Families	29,352	0	0	0	29,352	-1,553	0	0	0	-1,553	27,799	0	0	0	27,799
6 Non MOE	-7,895	0	-7,500	-395	0	0	0	0	0	0	-7,895	0	-7,500	-395	0
7 Collections for Other States - Assistance	6,369	0	0	0	6,369	-599	0	0	0	-599	5,770	0	0	0	5,770
8 Miscellaneous Collections - Assistance	12,914	0	0	0	12,914	-787	0	0	0	-787	12,127	0	0	0	12,127
9 Revenue Stabilization Adjustment- Assistance	16,798	7,838	7,911	1,049	0	888	438	404	46	0	17,686	8,276	8,315	1,095	0
10 Child Support NonAssistance Collections	1,881,262	0	0	0	1,881,262	24,599	0	0	0	24,599	1,905,861	0	0	0	1,905,861
11 Basic Collections	1,673,529	0	0	0	1,673,529	17,032	0	0	0	17,032	1,690,561	0	0	0	1,690,561
12 Non MOE	0	0	0	0	0	7,895	0	0	0	7,895	7,895	0	0	0	7,895
13 Collections for Other States - NonAssistance	91,716	0	0	0	91,716	-192	0	0	0	-192	91,524	0	0	0	91,524
14 Miscellaneous Collections - NonAssistance	2,161	0	0	0	2,161	-13	0	0	0	-13	2,148	0	0	0	2,148
15 Revenue Stabilization Adjustment- NonAssistance	113,856	0	0	0	113,856	-123	0	0	0	-123	113,733	0	0	0	113,733
16 REVENUES AND TRANSFERS	-3,114	-6,512	3,398	0	0	703	703	0	0	0	-2,411	-5,809	3,398	0	0
17 Title IV-E Child Support Collections Recovery Fund	-6,512	-6,512	0	0	0	703	703	0	0	0	-5,809	-5,809	0	0	0
18 Never Assisted Cases Fee Recovery	3,398	0	3,398	0	0	0	0	0	0	0	3,398	0	3,398	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
2014-15 APPROPRIATION TO THE 2015-16 GOVERNOR'S BUDGET
(in thousands)

	2014-15 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2015-16 GOVERNOR'S BUDGET				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,299,968	171,307	175,352	23,412	1,929,897	15,888	-21,072	-23,105	-3,229	63,294	2,315,856	150,235	152,247	20,183	1,993,191
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,303,082	177,819	171,954	23,412	1,929,897	14,596	-22,286	-23,183	-3,229	63,294	2,317,678	155,533	148,771	20,183	1,993,191
3 Child Support Assistance Collections	421,820	177,819	171,954	23,412	48,635	-54,630	-22,286	-23,183	-3,229	-5,932	367,190	155,533	148,771	20,183	42,703
4 Basic Collections	364,282	169,981	171,543	22,758	0	-49,586	-22,724	-23,587	-3,275	0	314,696	147,257	147,956	19,483	0
5 Disregard Payments to Families	29,352	0	0	0	29,352	-2,973	0	0	0	-2,973	26,379	0	0	0	26,379
6 Non MOE	-7,895	0	-7,500	-395	0	0	0	0	0	0	-7,895	0	-7,500	-395	0
7 Collections for Other States - Assistance	6,369	0	0	0	6,369	-1,106	0	0	0	-1,106	5,263	0	0	0	5,263
8 Miscellaneous Collections - Assistance	12,914	0	0	0	12,914	-1,853	0	0	0	-1,853	11,061	0	0	0	11,061
9 Revenue Stabilization Adjustment- Assistance	16,798	7,838	7,911	1,049	0	888	438	404	46	0	17,686	8,276	8,315	1,095	0
10 Child Support NonAssistance Collections	1,881,262	0	0	0	1,881,262	69,226	0	0	0	69,226	1,950,488	0	0	0	1,950,488
11 Basic Collections	1,673,529	0	0	0	1,673,529	59,456	0	0	0	59,456	1,732,985	0	0	0	1,732,985
12 Non MOE	0	0	0	0	0	7,895	0	0	0	7,895	7,895	0	0	0	7,895
13 Collections for Other States - NonAssistance	91,716	0	0	0	91,716	1,960	0	0	0	1,960	93,676	0	0	0	93,676
14 Miscellaneous Collections - NonAssistance	2,161	0	0	0	2,161	38	0	0	0	38	2,199	0	0	0	2,199
15 Revenue Stabilization Adjustment- NonAssistance	113,856	0	0	0	113,856	-123	0	0	0	-123	113,733	0	0	0	113,733
16 REVENUES AND TRANSFERS	-3,114	-6,512	3,398	0	0	1,292	1,214	78	0	0	-1,822	-5,298	3,476	0	0
17 Title IV-E Child Support Collections Recovery Fund	-6,512	-6,512	0	0	0	1,214	1,214	0	0	0	-5,298	-5,298	0	0	0
18 Never Assisted Cases Fee Recovery	3,398	0	3,398	0	0	78	0	78	0	0	3,476	0	3,476	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
2014-15 NOVEMBER ESTIMATE TO THE 2015-16 GOVERNOR'S BUDGET
(in thousands)

	2014-15 NOVEMBER ESTIMATE					ADJUSTMENTS/DIFFERENCES					2015-16 GOVERNOR'S BUDGET				
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,305,668	164,714	167,231	22,166	1,951,557	10,188	-14,479	-14,984	-1,983	41,634	2,315,856	150,235	152,247	20,183	1,993,191
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,308,079	170,523	163,833	22,166	1,951,557	9,599	-14,990	-15,062	-1,983	41,634	2,317,678	155,533	148,771	20,183	1,993,191
3 Child Support Assistance Collections	402,218	170,523	163,833	22,166	45,696	-35,028	-14,990	-15,062	-1,983	-2,993	367,190	155,533	148,771	20,183	42,703
4 Basic Collections	346,731	162,247	163,018	21,466	0	-32,035	-14,990	-15,062	-1,983	0	314,696	147,257	147,956	19,483	0
5 Disregard Payments to Families	27,799	0	0	0	27,799	-1,420	0	0	0	-1,420	26,379	0	0	0	26,379
6 Non MOE	-7,895	0	-7,500	-395	0	0	0	0	0	0	-7,895	0	-7,500	-395	0
7 Collections for Other States - Assistance	5,770	0	0	0	5,770	-507	0	0	0	-507	5,263	0	0	0	5,263
8 Miscellaneous Collections - Assistance	12,127	0	0	0	12,127	-1,066	0	0	0	-1,066	11,061	0	0	0	11,061
9 Revenue Stabilization Adjustment- Assistance	17,686	8,276	8,315	1,095	0	0	0	0	0	0	17,686	8,276	8,315	1,095	0
10 Child Support NonAssistance Collections	1,905,861	0	0	0	1,905,861	44,627	0	0	0	44,627	1,950,488	0	0	0	1,950,488
11 Basic Collections	1,690,561	0	0	0	1,690,561	42,424	0	0	0	42,424	1,732,985	0	0	0	1,732,985
12 Non MOE	7,895	0	0	0	7,895	0	0	0	0	0	7,895	0	0	0	7,895
13 Collections for Other States - NonAssistance	91,524	0	0	0	91,524	2,152	0	0	0	2,152	93,676	0	0	0	93,676
14 Miscellaneous Collections - NonAssistance	2,148	0	0	0	2,148	51	0	0	0	51	2,199	0	0	0	2,199
15 Revenue Stabilization Adjustment- NonAssistance	113,733	0	0	0	113,733	0	0	0	0	0	113,733	0	0	0	113,733
16 REVENUES AND TRANSFERS	-2,411	-5,809	3,398	0	0	589	511	78	0	0	-1,822	-5,298	3,476	0	0
17 Title IV-E Child Support Collections Recovery Fund	-5,809	-5,809	0	0	0	511	511	0	0	0	-5,298	-5,298	0	0	0
18 Never Assisted Cases Fee Recovery	3,398	0	3,398	0	0	78	0	78	0	0	3,476	0	3,476	0	0

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

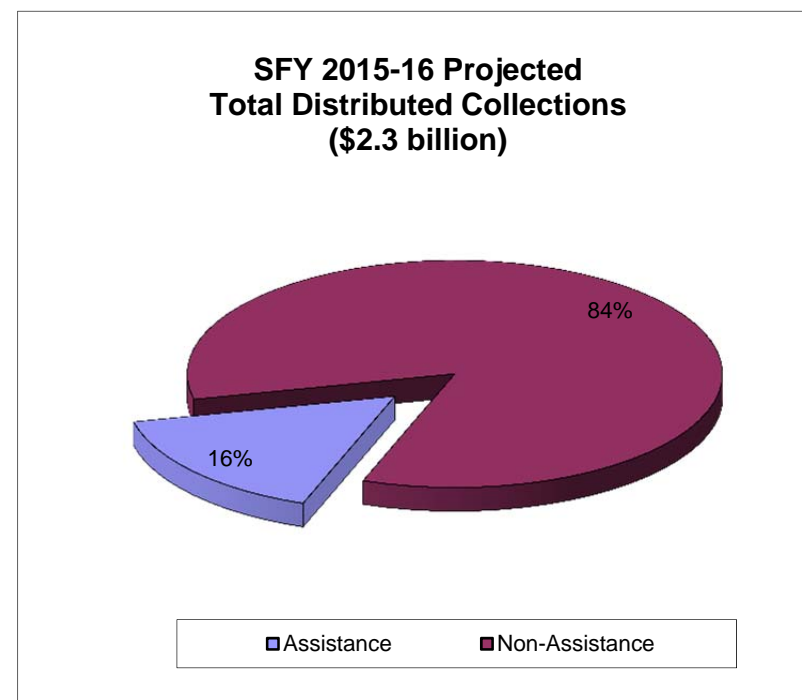
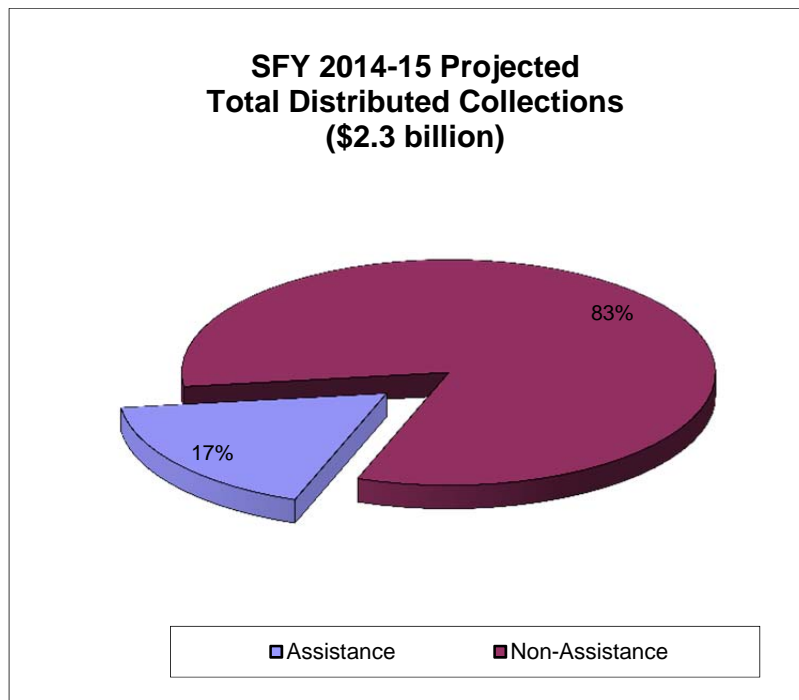
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TOTAL PROJECTED DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2014-15 and 2015-16

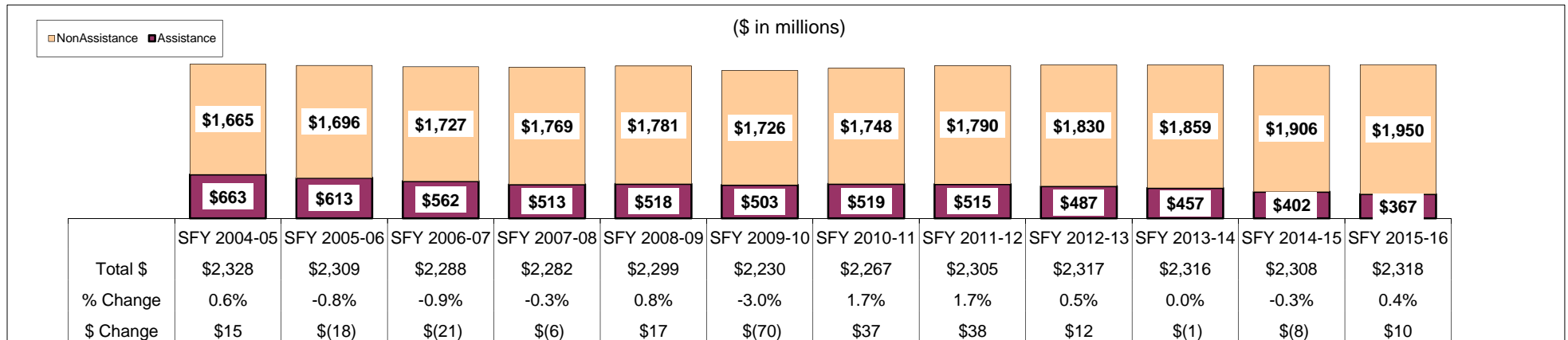
The charts below display California's projected State Fiscal Year (SFY) 2014-15 (\$2.3 billion) and SFY 2015-16 (\$2.3 billion) child support total collections that are distributed to the federal, state and county government as revenue (**Assistance**) and directly to families (**Non-Assistance**).

- **Assistance Collections (\$402.2 million SFY 2014-15 and \$367.2 SFY 2015-16)** are revenue to government entities which reflects basic collections and other collections. Basic Collections (\$346.7 million SFY 2014-15 and \$314.7 SFY 2015-16) are the ongoing efforts of the Local Child Support Agencies (LCSAs) to collect child support payments from non-custodial parents. Other Collections (\$55.5 million SFY 2014-15 and \$52.5 SFY 2015-16) 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.
- **Non-Assistance Collections (\$1.9 billion SFY 2014-15 and \$2.0 billion SFY 2015-16)** are collections that are made on behalf of families and sent directly to them. These collections are comprised of Basic Collections (\$1.7 billion SFY 2014-15 and \$1.7 billion SFY 2015-16) and Other Collections (\$215.3 million SFY 2014-15 and \$217.5 SFY 2015-16).



TOTAL DISTRIBUTED COLLECTIONS ^{1/} FOR STATE FISCAL YEARS 2004-05 through 2015-16

Total child support distributed collections are projected to be \$2.3 billion in SFY 2015-16. Internal Revenue Service Economic Stimulus intercepts due to the Economic Stimulus Act of 2008 are included from May 2008 – January 2009. Economic Recovery Payment intercepts due to the American Recovery and Reinvestment Act of 2009 are included from May 2009 – September 2009.

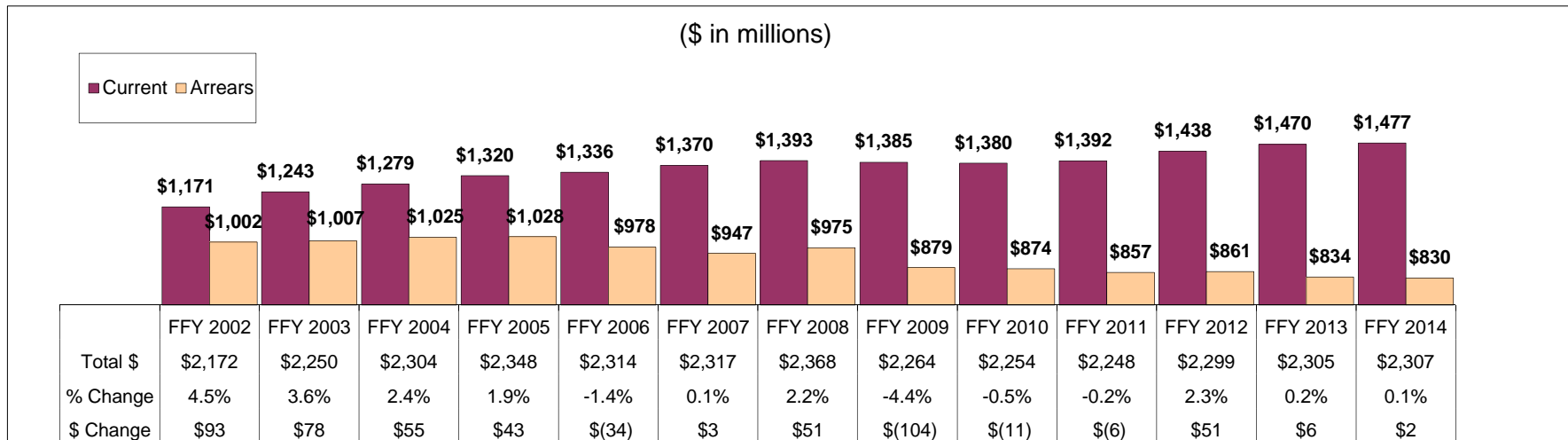


Source: The collections data for SFY 2004-05 through SFY 2013-14 are from the CS 34 and CS 35 reports. The SFY 2014-15 through SFY 2015-16 projections are based on the current trend analysis.

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

TOTAL DISTRIBUTED COLLECTIONS ^{1/} FOR FEDERAL FISCAL YEARS 2002 through 2014

Total child support distributed collections have grown from \$2.2 billion in Federal Fiscal Year (FFY) 2002 to \$2.3 billion in FFY 2014. Internal Revenue Service Economic Stimulus intercepts due to the Economic Stimulus Act of 2008 are included from May 2008 – January 2009. Economic Recovery Payment intercepts due to the American Recovery and Reinvestment Act of 2009 are included from May 2009 – September 2010.



Source: The collections data for FFY 2002 through FFY 2014 are from the Office of Child Support Enforcement Annual Data Report (OCSE-157) line 25 (Total Support Distributed as Current Support during the Fiscal Year) and line 27 (Total Support Distributed as Arrears during the Fiscal Year).

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

BASIC ASSISTANCE TREND COLLECTIONS ^{1/} FORECAST COMPARISON

The current estimate based on 24 months of actual data is forecasting a decrease of 7.3% for State Fiscal Year (SFY) 2014-15 and a decrease of 15.8% for SFY 2015-16 over the SFY 2013-14 actual collections.

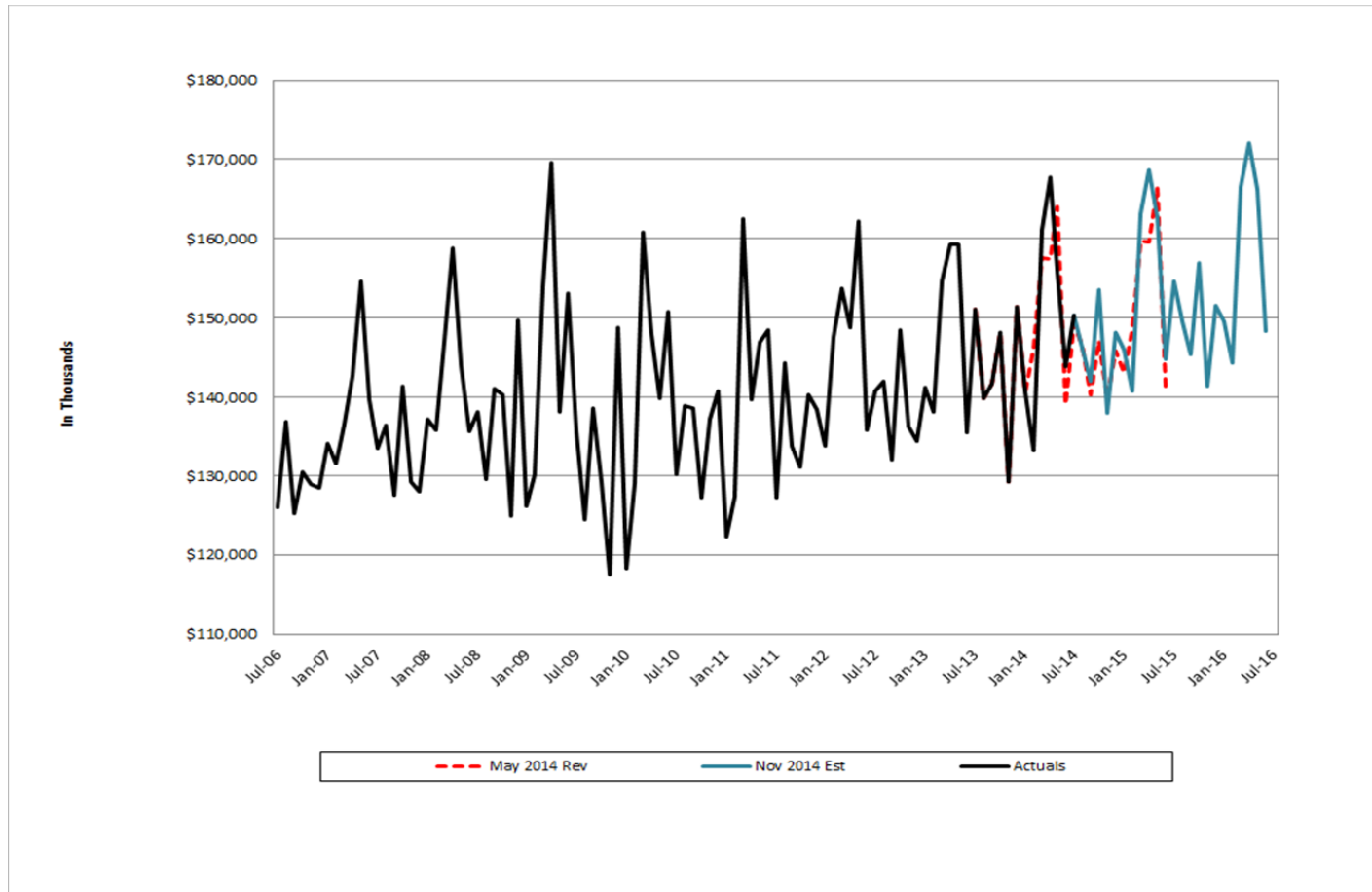
	SFY 2013-14	Forecast SFY 2014-15	Forecast SFY 2015-16
Actual	\$373,855		
November 2014 Estimate		\$346,731	\$314,696
Difference from Actual		-7.3%	-15.8%
May 2014 Revision		\$364,282	
Difference from Prior Forecast		-4.8%	

(\$ 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 Internal Revenue Service 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 November 2014 forecast depicted below used 24 months of actual data: July 2012 through June 2014.



Note: Basic Assistance Collections include Full Collections Program and Compromise of Arrears Program Collections. Basic Collections do not include one-time collections such as Internal Revenue Service 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 NON-ASSISTANCE TREND COLLECTIONS ^{1/} FORECAST COMPARISON

The current estimate based on 24 months of actual data is forecasting an increase of 2.5% for State Fiscal Year (SFY) 2014-15 and an increase of 5.0% SFY 2015-16 over SFY 2013-14 actual collections.

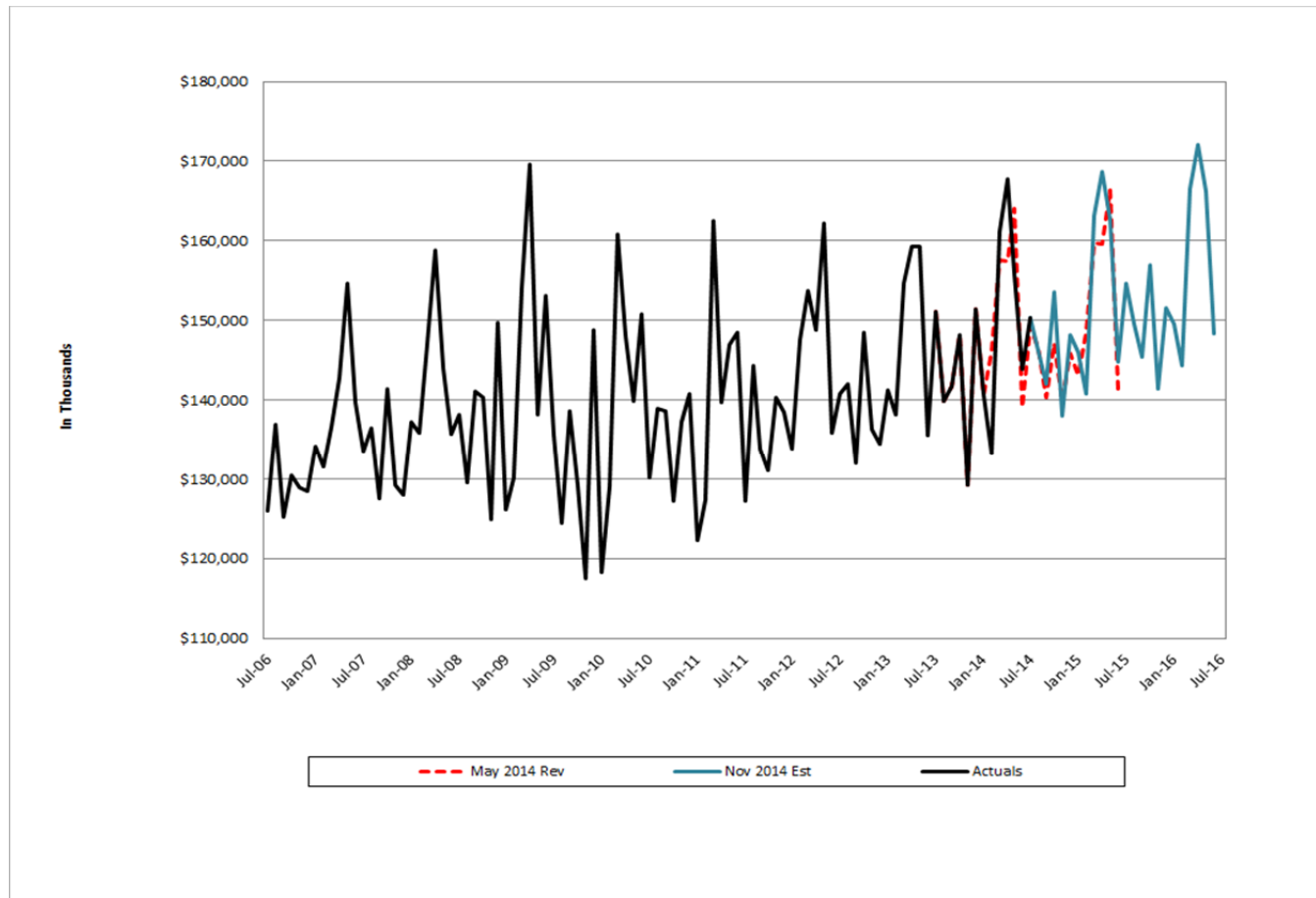
	SFY 2013-14	Forecast SFY 2014-15	Forecast SFY 2015-16
Actual	\$1,649,812		
November 2014 Estimate		\$1,690,561	\$1,732,985
Difference from Actual		2.5%	5.0%
May 2014 Revision		\$1,673,529	
Difference from Prior Forecast		1.0%	

(\$ in thousands)

^{1/} Basic Non-Assistance Collections include Full Collections Program. Basic Collections do not include one-time collections such as the Internal Revenue Service 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 NON-ASSISTANCE COLLECTIONS TREND LINE

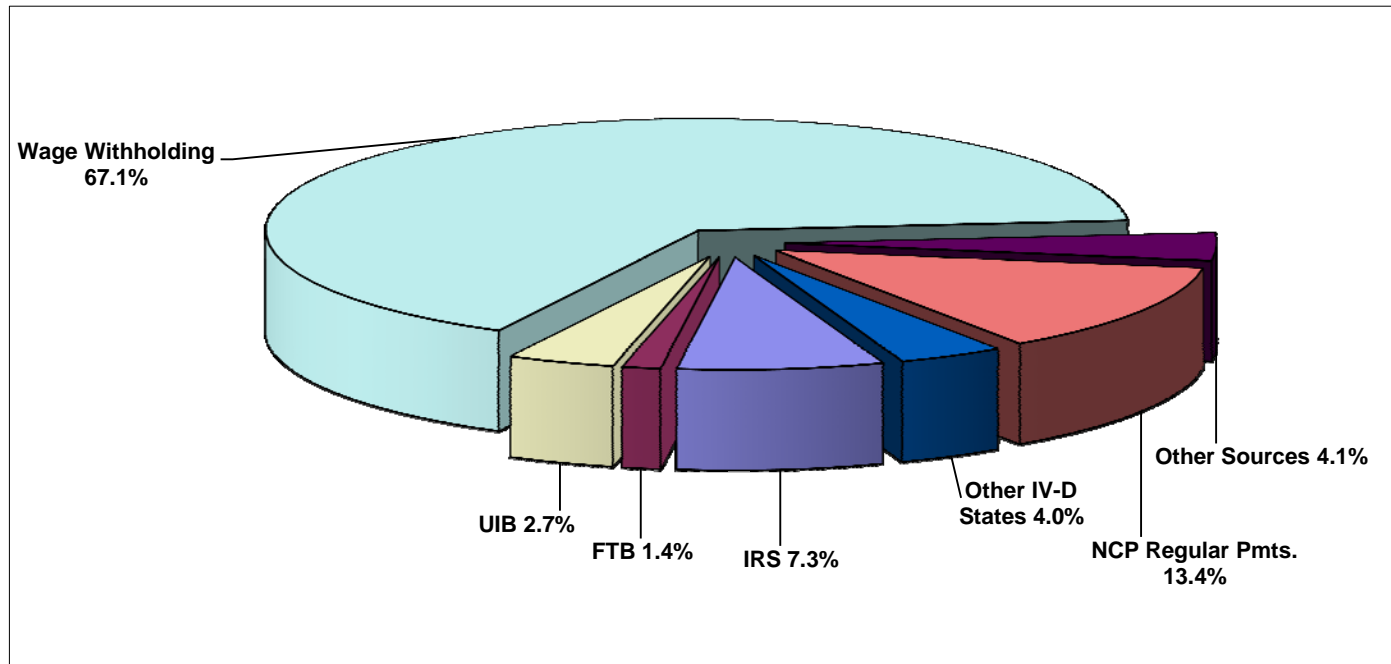
The May 2014 forecast depicted below used 24 months of actual data: July 2012 through June 2014.



Note: Basic Non-Assistance Collections include Full Collections Program. Basic Collections do not include one-time collections such as the Internal Revenue Service 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 2013-14

For State Fiscal Year (SFY) 2013-14, the total collections received were \$2.3 billion. Wage Withholding continues to be the most effective way of collecting child support at 67.1 percent (\$1.6 billion) of the total collections received. The Internal Revenue Service (IRS) Federal income tax refund offsets totaled 7.3 percent (\$168 million), and the Franchise Tax Board's (FTB) State income tax refund offsets totaled 1.4 percent (\$33 million). The Unemployment Insurance Benefits (UIB) offsets totaled 2.7 percent (\$62 million), and 4.0 percent (\$93 million) represents the collections received from other IV-D states. Non-Custodial Parents (NCP) Regular Payments totaled 13.4 percent (\$310 million). The remaining 4.1 percent (\$94.8 million) are from all Other Sources received, which includes, but is not limited to, Liens, Workers' Compensation, Disability Insurance Benefits (DIB) offsets, California Insurance Intercepts (CIIP), and Full Collections Program without wage levies.

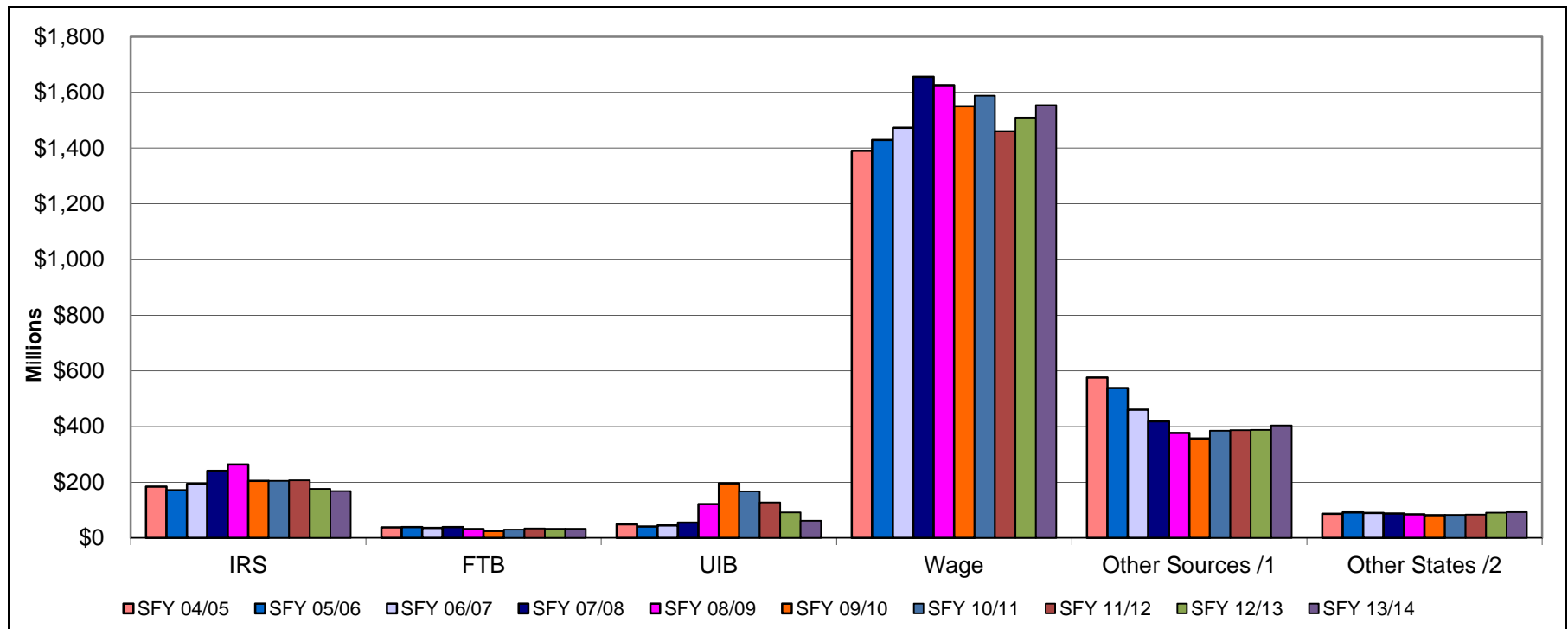


Source: CS 34 and CS 35 reports.

Note: NCP Regular Payments (i.e., direct payments from non-custodial parents) were reported in the Other Sources category on Table A-8 until the November 2010 Estimate.

HISTORICAL TOTAL COLLECTIONS RECEIVED BY SOURCE

The chart below reflects the Total Collections Received by Source from State Fiscal Year (SFY) 2004-05 through SFY 2013-14. The year-to-year change from SFY 2012-13 to SFY 2013-14 for Internal Revenue Service (IRS) intercepts was a decrease of 4.54%; Franchise Tax Board (FTB) intercepts increased 2.06%; Unemployment Insurance Benefits (UIB) intercepts decreased 32.11%; Wage Withholdings increased 2.97%; Non IV-D increased 2.29%; Other Sources (including direct payments) increased 3.85%; Other IV-D States increased 2.74%.



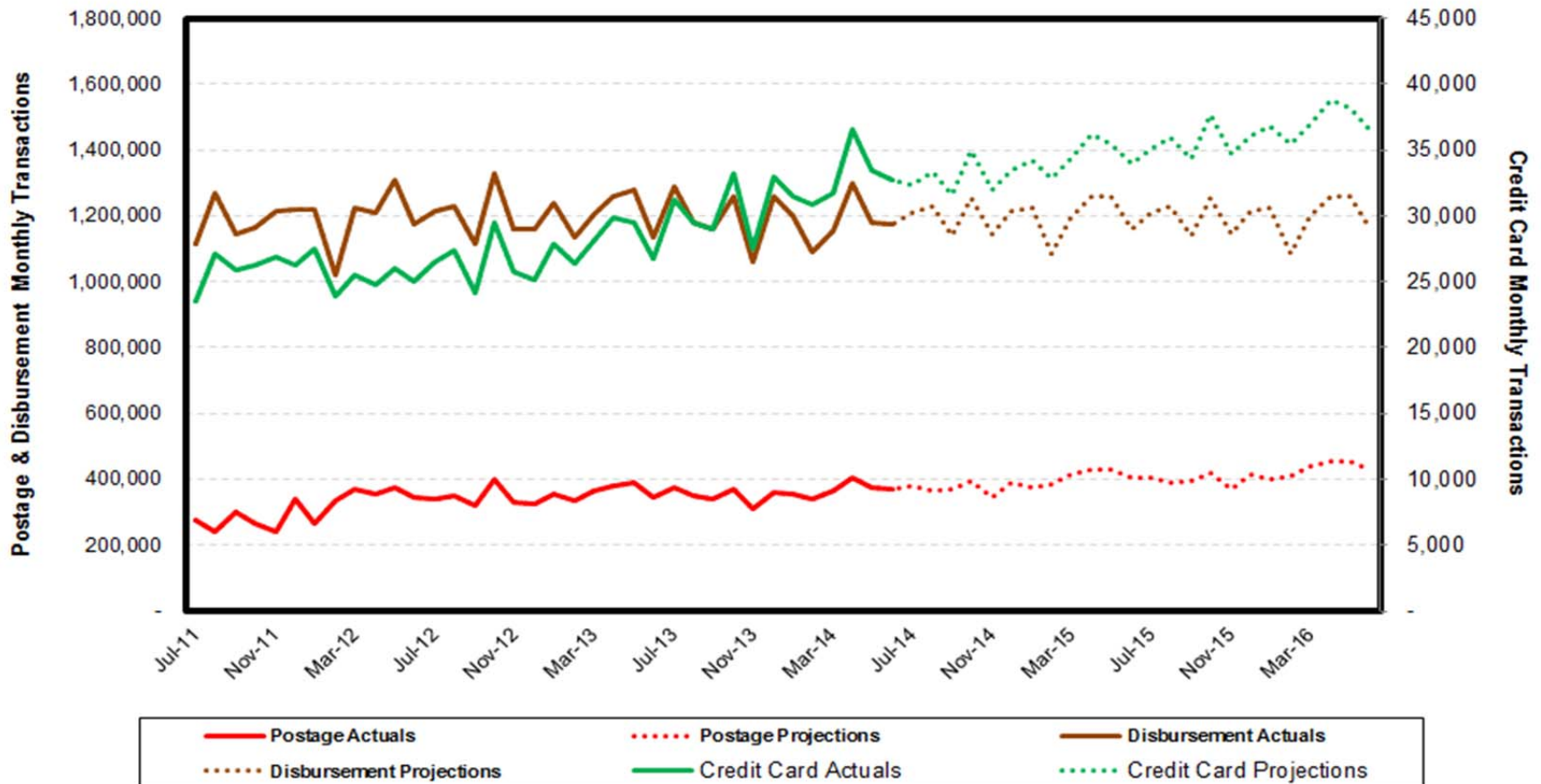
Source: CS 34 and CS 35 reports.

/1 Other Sources includes, but is not limited to non-custodial parent regular payments, Liens, Workers' Compensation, Disability Insurance Benefits, California Insurance Intercept Program, and Full Collections Program without wage levies.

/2 Other States is IV-D Collections received from other states.

State Disbursement Unit Collections, Disbursement and Postage Trend Lines

The November 2014 forecast depicted below used 36 months of actual data; July 2011 through June 2014.



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) 2008 to FFY 2014.

Performance Measure	Federal Minimum Performance Level	FFY 2008 California Performance Level	FFY 2009 California Performance Level	FFY 2010 California Performance Level	FFY 2011 California Performance Level	FFY 2012 California Performance Level	FFY 2013 California Performance Level	FFY 2014 California Performance Level
Paternity establishment percentage (IV-D caseload), or	50.0%	NA	NA	NA	N/A	NA	NA	NA
Paternity establishment percentage (statewide PEP)	50.0%	101.4%	103.4%	102.6%	107.0%	101.6%	98.6%	98.2%
Percent of cases with orders	50.0%	80.2%	78.8%	82.5%	85.8%	87.9%	89.0%	89.2%
Percent of current support collected	40.0%	52.8%	53.4%	56.0%	58.6%	61.4%	63.3%	64.9%
Percent of cases with arrearage collections	40.0%	59.1%	59.4%	60.3%	61.6%	63.5%	65.1%	65.8%
Cost-effectiveness	\$2.00	\$1.96 ^{1/}	\$2.10	\$2.38	\$2.29	\$2.47	\$2.54	\$2.43

Source: Office of Child Support Enforcement Annual Data Report (OCSE-157).

^{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 California for successful certification of the Alternative System Configuration.

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

Federal Performance Measures in a Nutshell

DCSS implemented the incentive funding system based on program performance as required by The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). The Child Support Performance and Incentive Act of 1998 enacted significant changes in the way federal incentives are paid to states. The methodology changed from being based on cost-effectiveness only, to five federal performance measures implemented over a three year period, beginning October 1, 1999. The federal Office of Child Support Enforcement's (OCSE) Action Transmittal 01-01, dated January 3, 2001 contains the federal regulations that govern the system. Since Federal Fiscal Year (FFY) 2000, states are evaluated for federal incentive funds based on five performance measures:

1. Paternity Establishment Percentage

- The "IV-D Paternity Establishment Percentage" (PEP) measures the total number of children in the IV-D caseload in the fiscal year who have been born out-of-wedlock and for whom paternity has been established, compared to the total number of children in the IV-D caseload as of the end of the preceding fiscal year who were born out of wedlock, expressed as a percent;
 OR
- The "Statewide Paternity Establishment Percentage" measures the total number of children born out- of-wedlock for whom paternity was acknowledged or established in the fiscal year compared to the total number of children in the state born out-of-wedlock during the preceding fiscal year, expressed as a percentage.

IV-D PEP

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

California's Performance:

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

Statewide PEP

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

California's Performance:

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

2. Percent of Cases with a Child Support Order

This data element measures cases with support orders as compared with the total caseload. Support orders are broadly defined as all legally enforceable orders, including orders for medical support only, and zero support orders, expressed as a percentage.

Minimum threshold: 50% or 5% increase annually

California's Performance:

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

3. Current Collections Performance

This performance standard measures the amount of current support collected as compared to the total amount of current support owed, expressed as a percentage.

Minimum threshold: 40%

California's Performance:

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

4. Arrearage Collections Performance

This performance standard measures the number of cases with child support arrearage collections as compared with the number of cases owing arrearages during the federal fiscal year, expressed as a percentage.

Minimum threshold: 40%

California's Performance:

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

5. Cost Effectiveness Performance Level

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

Minimum threshold: \$2.00

California's Performance:

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

*The actual FFY 2008 statewide total for cost effectiveness is \$2.04. Due to a reporting error it had been reported as \$1.96.

Data Reliability

In addition to meeting these performance goals, for purposes of incentives and penalties, data must meet a 95 percent standard of reliability beginning in the fiscal year 2001. Reliable data means the most recent data available found by the Secretary to be reliable for the purposes of computing each of the Federal performance measures. Data must be found to be sufficiently complete and error free to be convincing for their purpose and context. Federal auditors are required to conduct audits to assess completeness, reliability, and security of the data, and the accuracy of the reporting systems used in calculating performance indicators.

Failure to meet the five federal performance standards or the 95 percent data reliability standard puts California at risk of losing eligibility for incentive funds and incurring significant penalties if no improvement is made during the year.

Penalties

The penalty system is used to penalize states that fail to perform at acceptable levels or fail to submit complete and reliable data. If the state falls below one or more of the performance measures, or does not meet the data reliability criteria, an automatic corrective action period of one year will ensue. If not corrected during that period, a penalty will be imposed at the end of the year. For example, the corrective action period for the data reliability audit done for FFY 2012 ends September 30, 2013. If the state fails the FFY 2012 audit and also fails the FFY 2013 audit, a penalty could be imposed. The penalty level by which payments will be reduced is one to two percent of the Temporary Assistance for Needy Families (TANF) grant for the first finding; two to three percent for the second consecutive finding; and three to five percent for the third and subsequent consecutive findings. Total penalties may not exceed 25 percent of the TANF grant.

Federal Performance Measures Preliminary National Ranking Data – FFY 2013

IV-D PEP		Statewide PEP		Cases with Support Orders		Current Support Paid		Cases Paying on Arrears		Cost Effectiveness	
Arizona	131.4%	1 Oklahoma	118.4%	1 South Dakota	93.1%	1 Pennsylvania	83.6%	1 Pennsylvania	83.5%	1 Texas	\$ 1161
Wyoming	118.1%	2 Colorado	108.9%	2 Wyoming	92.9%	2 North Dakota	74.3%	2 Iowa	71.4%	2 South Dakota	\$ 1157
Nevada	117.5%	3 Utah	107.9%	3 Alaska	92.1%	3 Iowa	74.0%	3 Minnesota	70.5%	3 Mississippi	\$ 998
North Dakota	107.9%	4 Alaska	102.7%	4 North Dakota	91.2%	4 Wisconsin	72.5%	4 Colorado	69.9%	4 Wyoming	\$ 878
New Hampshire	107.2%	5 Texas	100.9%	5 Washington	91.2%	5 Minnesota	71.8%	5 Vermont	69.7%	5 Tennessee	\$ 770
Pennsylvania	107.0%	6 Nebraska	100.1%	6 Utah	90.6%	6 Nebraska	70.7%	6 Wyoming	69.6%	6 Idaho	\$ 766
Utah	106.9%	7 New Hampshire	99.7%	7 Maine	90.4%	7 Vermont	69.8%	7 Indiana	69.2%	7 Ohio	\$ 745
South Dakota	106.4%	8 Iowa	99.2%	8 Pennsylvania	89.8%	8 South Dakota	69.4%	8 Nebraska	68.8%	8 Missouri	\$ 742
Montana	105.9%	9 Pennsylvania	99.1%	9 Indiana	89.5%	9 Massachusetts	69.2%	9 North Dakota	68.2%	9 Kentucky	\$ 685
Maine	105.4%	10 California	98.6%	10 West Virginia	89.2%	10 Ohio	67.4%	10 Maryland	67.6%	10 Wisconsin	\$ 654
Vermont	104.9%	11 Tennessee	98.3%	11 Virginia	89.2%	11 Wyoming	67.2%	11 Arkansas	67.1%	11 Virginia	\$ 652
Wisconsin	104.6%	12 Georgia	97.2%	12 California	89.0%	12 Michigan	67.1%	12 Alaska	66.6%	12 Georgia	\$ 647
Massachusetts	104.2%	13 Hawaii	97.1%	13 Kentucky	88.8%	13 Maryland	66.8%	13 South Dakota	66.4%	13 Indiana	\$ 646
New Mexico	103.1%	14 New Jersey	96.7%	14 Vermont	88.8%	14 West Virginia	66.2%	14 Montana	65.9%	14 North Dakota	\$ 638
West Virginia	102.7%	15 Connecticut	96.6%	15 Iowa	88.4%	15 North Carolina	66.1%	15 Georgia	65.9%	15 Florida	\$ 633
Georgia	102.5%	16 Kansas	95.8%	16 Montana	88.3%	16 New York	65.5%	16 New Mexico	65.8%	16 Arizona	\$ 615
Tennessee	102.4%	17 Missouri	95.5%	17 Wisconsin	87.3%	17 Texas	65.4%	17 North Carolina	65.3%	17 Utah	\$ 605
Minnesota	102.3%	18 Oregon	95.5%	18 Georgia	87.0%	18 New Jersey	65.2%	18 Wisconsin	65.2%	18 South Carolina	\$ 604
Idaho	100.8%	19 Massachusetts	95.3%	19 Ohio	87.0%	19 Washington	64.7%	19 California	65.1%	19 Michigan	\$ 593
California	100.5%	20 West Virginia	94.9%	20 Colorado	86.9%	20 New Hampshire	64.6%	20 Texas	63.6%	20 Iowa	\$ 591
Kansas	100.3%	21 South Carolina	94.3%	21 Arkansas	86.8%	21 Montana	63.4%	21 Ohio	64.2%	21 Hawaii	\$ 584
Washington	100.0%	22 Virginia	94.2%	22 Minnesota	86.6%	22 Virginia	63.4%	22 Utah	63.9%	22 Massachusetts	\$ 564
Arkansas	98.7%	23 Wyoming	93.7%	23 Nebraska	86.5%	23 California	63.3%	23 New Hampshire	63.7%	23 Louisiana	\$ 547
Maryland	98.7%	24 New York	91.8%	24 Idaho	86.2%	24 Arkansas	63.2%	24 Kansas	62.6%	24 Pennsylvania	\$ 545
Iowa	98.6%	25 Maryland	91.1%	25 New Hampshire	86.0%	25 Colorado	63.1%	25 New Jersey	62.4%	25 Nebraska	\$ 543
North Carolina	98.6%	26 Michigan	90.8%	26 Indiana	85.9%	26 Indiana	62.3%	26 Oklahoma	61.8%	26 Rhode Island	\$ 543
Virginia	97.9%	27 Montana	90.6%	27 Arizona	85.4%	27 Utah	62.0%	27 Virginia	61.5%	27 Oregon	\$ 541
Indiana	97.7%	28 Florida	90.5%	28 Maryland	85.1%	28 Idaho	61.7%	28 West Virginia	61.3%	28 Alabama	\$ 531
Nebraska	97.3%	29 Ohio	90.4%	29 Massachusetts	84.7%	29 Hawaii	61.7%	29 Washington	60.7%	29 North Carolina	\$ 516
Missouri	96.2%	30 Dist. Of Columbia	90.0%	30 Alabama	84.7%	30 Georgia	61.5%	30 Illinois	59.9%	30 West Virginia	\$ 501
Kentucky	96.0%	31 Illinois	90.0%	31 North Carolina	84.7%	31 Dist. Of Columbia	60.8%	31 Massachusetts	59.8%	31 Washington	\$ 497
Ohio	95.1%	32 Idaho	67.2%	32 New Mexico	83.8%	32 Illinois	60.6%	32 Florida	59.6%	32 New York	\$ 490
Mississippi	94.4%	33 Alabama	NA	33 Kansas	83.8%	33 Oregon	60.3%	33 Missouri	59.2%	33 Oklahoma	\$ 481
Alaska	94.4%	34 Arizona	NA	34 Nevada	82.9%	34 Rhode Island	59.6%	34 Tennessee	59.2%	34 New Hampshire	\$ 479
Connecticut	93.5%	35 Arkansas	NA	35 Texas	82.5%	35 Delaware	59.4%	35 Connecticut	59.1%	35 Maryland	\$ 465
Colorado	93.3%	36 Delaware	NA	36 Illinois	81.9%	36 Alaska	59.1%	36 Idaho	59.0%	36 Illinois	\$ 461
Rhode Island	93.0%	37 Guam	NA	37 New York	80.8%	37 Maine	58.9%	37 Kentucky	58.9%	37 Montana	\$ 451
New Jersey	92.4%	38 Indiana	NA	38 Oklahoma	80.3%	38 Connecticut	58.3%	38 Mississippi	58.9%	38 Arkansas	\$ 451
Alabama	92.3%	39 Kentucky	NA	39 Florida	80.3%	39 Nevada	58.1%	39 Nevada	58.6%	39 Colorado	\$ 428
Michigan	91.3%	40 Louisiana	NA	40 New Jersey	78.5%	40 Missouri	57.7%	40 Michigan	58.3%	40 New Jersey	\$ 428
South Carolina	90.6%	41 Maine	NA	41 Louisiana	77.8%	41 Louisiana	57.3%	41 Maine	58.3%	41 Kansas	\$ 412
Louisiana	90.4%	42 Minnesota	NA	42 Michigan	77.4%	42 Kentucky	57.1%	42 Oregon	57.2%	42 Nevada	\$ 390
Oklahoma	88.3%	43 Mississippi	NA	43 Tennessee	76.9%	43 Kansas	55.8%	43 Louisiana	57.2%	43 Maine	\$ 376
Texas	84.5%	44 Nevada	NA	44 Connecticut	76.9%	44 New York	55.7%	44 New York	56.9%	44 Minnesota	\$ 366
New York	83.9%	45 New Mexico	NA	45 Oregon	74.1%	45 Oklahoma	55.1%	45 Alabama	56.8%	45 Alaska	\$ 363
Illinois	79.9%	46 North Carolina	NA	46 Hawaii	70.6%	46 Mississippi	54.6%	46 Rhode Island	56.0%	46 Connecticut	\$ 356
Delaware	76.6%	47 North Dakota	NA	47 North Carolina	70.5%	47 New Mexico	54.2%	47 Delaware	55.8%	47 Vermont	\$ 327
Florida	75.0%	48 Puerto Rico	NA	48 Rhode Island	68.6%	48 Arizona	54.1%	48 Arizona	55.4%	48 New Mexico	\$ 304
Dist. Of Columbia	70.0%	49 Rhode Island	NA	49 Dist. Of Columbia	67.6%	49 Florida	53.6%	49 Dist. Of Columbia	52.6%	49 California	\$ 254
Guam	NA	50 South Dakota	NA	50 Delaware	66.9%	50 Alabama	51.9%	50 South Carolina	52.5%	50 Dist. Of Columbia	\$ 184
Hawaii	NA	51 Vermont	NA	51 Mississippi	61.6%	51 South Carolina	51.4%	51 Hawaii	44.5%	51 Delaware	\$ 167
Oregon	NA	Virgin Islands	NA	Guam	NA	Guam	NA	Guam	NA	Guam	NA
Puerto Rico	NA	Washington	NA	Puerto Rico	NA	Puerto Rico	NA	Puerto Rico	NA	Puerto Rico	NA
Virgin Islands	NA	Wisconsin	NA	Virgin Islands	NA	Virgin Islands	NA	Virgin Islands	NA	Virgin Islands	NA
Weighted Avg/Total	94.2%		96.0%		83.1%		63.8%		62.6%		\$ 529

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

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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 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 performance basic incentives estimated in State Fiscal Year (SFY) 2014-15 and SFY 2015-16.

METHODOLOGY:

Basic Costs:

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

Administration:

LCSA administration costs are funded at the base of \$697,772,000 for SFY 2014-15 and SFY 2015-16. From this base, federal incentives are removed to calculate administration.

Federal Performance Basic Incentives:

Federal Performance Basic Incentive funds of \$40,642,000 for SFY 2014-15 and \$40,414,000 for SFY 2015-16 are included in LCSA Basic Costs. These numbers reflect the amount of estimated federal incentive funds available to cover LCSA administration costs. For details, refer to the Federal Performance Basic Incentives premise description.

County Match for Administration:

Included in LCSA Basic Costs are county match funds for those LCSAs that elect to supplement the program with local matching funds. For SFY 2014-15 and SFY 2015-16, the budget is \$40,000,000 (\$26,400,000 federal funds and \$13,600,000 county funds).

Revenue Stabilization:

SFY 2014-15 and SFY 2015-16 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 (SGF), 66 percent Federal Financial Participation (FFP) matching funds and federal incentives.

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

CHANGE FROM APPROPRIATION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

Based on the most recent actual data, Federal Performance Basic Incentives are forecasted to decrease in SFY 2015-16. This results in an increase of \$78,000 SGF which is offset by a decrease of \$78,000 federal funds.

EXPENDITURES:

(in 000's)

	2014-15	2015-16
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$756,507	\$756,507
Federal	512,837	512,759
State	230,070	230,148
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. California's historical performance is displayed in the Auxiliary Tables section of this document on the Historical Incentive Performance Measures chart (Chart A-11).

IMPLEMENTATION DATE:

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

KEY DATA/ASSUMPTIONS:

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

The federal incentive methodology gives a weight of "2" for all distributed collections made in current, former and Medicaid assistance cases and adds Never Assisted collections to make up the state's collection base. Federal fiscal year distributed collections were taken from the Office of Child Support Enforcement Quarterly Report of Collection reports. The formula is as follows:

$$2 \times (\text{Current Assistance Collections} + \text{Former Assistance Collections} + \text{Medicaid Assistance}) + \text{Never Assisted Collections} + \text{Collections for Other Countries} + \text{Fees Retained by Other States} = \text{State's Collection Base}$$

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

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

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

KEY DATA/ASSUMPTIONS (continued):

- Current Support Collected =
Total Current Support Collected ÷ Total Current Support Owed

(The previous three performance factors may each earn up to a performance level of 100 percent of the collection base.)

- Cases Paying on Arrears =
Total Cases Paying Arrears ÷ Cases with Total Arrears Due

- Cost-Effectiveness =
Total Collections ÷ Total Expenditures

(The above two performance factors may each earn up to a performance level of 75 percent of the collection base.)

3. Data Reliability Audit

The five performance measures data that the state reports annually is required to be 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 (FFY) through FFY 2008. After FFY 2008, the available pool of federal incentive funds will be determined using the Consumer Price Index. Following are the statutorily set pool amounts for each FFY:

• FFY 2000	\$422,000,000	• FFY 2008	\$483,000,000
• FFY 2001	\$429,000,000	• FFY 2009	\$504,000,000
• FFY 2002	\$450,000,000	• FFY 2010	\$504,000,000
• FFY 2003	\$461,000,000	• FFY 2011	\$513,000,000
• FFY 2004	\$454,000,000	• FFY 2012	\$526,000,000
• FFY 2005	\$446,000,000	• FFY 2013	\$539,000,000 ^{1/}
• FFY 2006	\$458,000,000	• FFY 2014	\$552,000,000 ^{1/}
• FFY 2007	\$471,000,000	• FFY 2015	\$566,000,000 ^{1/}

^{1/} FFY 2013 through 2015 are based on the Policy Studies Inc. estimate.

KEY DATA/ASSUMPTIONS (continued):

7. Determining the State's Incentive Entitlement

California's percentage of the available pool, as determined in number five, is multiplied by the available federal incentive pool to determine California's entitlement to federal incentives.

METHODOLOGY:

The federal incentives are estimated using the methodology under PL 105-200. Based on recent information available, it is estimated that California will be entitled to \$40,642,000 federal incentives in State Fiscal Year (SFY) 2014-15 and \$40,414,000 in SFY 2015-16.

FUNDING:

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

CHANGE FROM APPROPRIATION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The forecast for SFY 2015-16 is updated to reflect California's estimated share of the national federal incentive pool.

EXPENDITURES:

(in 000's)

	2014-15	2015-16
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total Incentives	\$40,642	\$40,414

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Local Child Support Agency Revenue Stabilization

DESCRIPTION:

This premise reflects a permanent ongoing augmentation of \$18,735,000 (\$6,370,000 State General Fund (SGF)) for Local Child Support Agencies (LCSAs) 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, LCSAs were required to develop and submit early intervention plans including the development of early intervention strategies that would be ready for implementation by July 1, 2009. Early Intervention provides for a proactive approach to establish consistent and reliable payments of current support for families by engaging the customer early in the child support enforcement process.

IMPLEMENTATION DATE:

This premise was implemented July 1, 2009.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code (FC) Section 17704(b), FC Section 17710(a), and Welfare and Institutions Code Section 10085(a).
- The LCSAs were able to retain 230.7 caseworker staff in State Fiscal Year (SFY) 2013-14 with Revenue Stabilization funding.
- For SFY 2013-14, the marginal return on collections per caseworker for assistance cases was \$81,731.
- For SFY 2013-14, the marginal return on collections per caseworker for non-assistance cases was \$492,940.

METHODOLOGY:

- In SFY 2009/10, the base administration allocation of \$696,400,000 was used to calculate the inflationary increase needed to maintain a full administration allocation. The Consumer Price Index of 2.7 percent was applied to the base allocation resulting in an additional \$18,735,000 needed to fully fund administrative activities.
- An analysis of actual collections and caseworker staffing levels was used to estimate the marginal return on collections per caseworker.
- The 230.7 caseworkers were multiplied by the marginal return on collections per assistance case. This quotient was reduced by \$1,170,897 (to account for disregards) to compute additional net assistance collections of \$17,686,000 (\$8,398,000 SGF) in SFY 2014-15 and SFY 2015-16. The 230.7 caseworkers were multiplied by the marginal return on collections per non-assistance case to compute additional non-assistance collections of \$113,733,000.

FUNDING:

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

CHANGE FROM APPROPRIATION:

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

REASON FOR YEAR-TO-YEAR CHANGE:

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

EXPENDITURES:

(in 000's)

	2014-15	2015-16
	<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)

	2014-15	2015-16
	<u>Collections</u>	<u>Collections</u>
Assistance Total	\$17,686	\$17,686
Federal	8,276	8,276
State	8,315	8,315
County	1,095	1,095
Other	0	0
Non-Assistance	\$113,733	\$113,733
Total Collections	\$131,419	\$131,419

IRS Intercept Fees

DESCRIPTION:

This premise reflects the additional cost for Internal Revenue Service tax intercepts.

IMPLEMENTATION DATE:

This premise was implemented October 1, 2007.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Title IV-D of the Social Security Act and 5 United States Code § 5514 (A)(a)(i).

METHODOLOGY:

- The non-minor intercepts were forecasted by using the average number of intercepts for March 2008 through October 2008. A full year of intercepts was forecasted for State Fiscal Year (SFY) 2014-15 and SFY 2015-16. The projected numbers of intercepts were then multiplied by the offset fee of \$14.75 to calculate fees associated with the non-minor intercepts.
- The federal tax intercepts were forecasted based on the actuals collected in SFY 2013-14. The federal tax intercept fee is \$14.65 per offset and the administrative fee is \$15.00.

FUNDING:

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

CHANGE FROM APPROPRIATION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in 000's)

	2014-15	2015-16
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$2,213	\$2,213
Federal	1,460	1,460
State	753	753
County	0	0
Reimbursements	0	0

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 disbursed annually on their behalf. Fees may be recovered from the custodial party, the noncustodial parent or the State (using state funds). California opted to pass the fee to the custodial party and began collecting the fee October 1, 2011.

IMPLEMENTATION DATE:

This premise was implemented January 1, 2008.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Public Law 109-171, FDRA of 2005.
- California Child Support Automation System Child Support Enforcement began tracking fees on October 1, 2010 and started assessing and collecting fees on October 1, 2011. Custodial parties began paying the fees in State Fiscal Year 2011-12.

METHODOLOGY:

- The number of never-assisted cases assessed the fee is multiplied by \$25 to compute the total fees.
- The total fees to be collected are multiplied by 66 percent to determine the federal share.

FUNDING:

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

CHANGE FROM APPROPRIATION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The premise is updated to reflect the budgeted amount for SFY 2015-16.

EXPENDITURES:

(in 000's)

	2014-15	2015-16
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$2,661	\$2,643
Federal	0	0
State	2,661	2,643
County	0	0
Reimbursements	0	0

Section 1115 Grant (NCP Employment Demonstration Project)

DESCRIPTION:

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

IMPLEMENTATION DATE:

This premise was implemented September 30, 2012.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Section 1115(a)(2), 1115(b) and 1115(b)3 of the Social Security Act [42 United States Code 1315].
- The grant is effective from September 30, 2012 through September 29, 2017.
- Section 1115 grant funds awarded to each project will represent 34 percent of the total project costs. The grant funds will be treated as state expenditures under Title IV-D that, for purposes of the demonstration project, will be reimbursed by the regular Title IV-D federal financial participation (FFP) match of 66 percent. The total approved cost of the project is the sum of the Administration for Children and Families (ACF) grant award under Section 1115 and regular FFP. Grantees do not need to provide matching funds.

METHODOLOGY:

- The Federal ACF approval letter, dated September 28, 2012, contains the funding for this grant.
- Funding for State Fiscal Year (SFY) 2014-15 is \$386,000 and \$313,000 for SFY 2015-16.

FUNDING:

- The cost is funded 66 percent federal matching funds and 34 percent Section 1115 grant funds. No State General Fund match is required.

CHANGE FROM APPROPRIATION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The premise is updated to reflect the budgeted amount for SFY 2015-16.

EXPENDITURES:

(in 000's)

	2014-15	2015-16
	<u>CS Administration</u>	<u>CS Administration</u>
Total	\$386	\$313
Federal	386	313
State	0	0
County	0	0

Section 1115 Grant (Dedicated Daddies Make a Difference)

DESCRIPTION:

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

The grant is for a five year period with the first year devoted to start-up and development of the program design, interventions will be tested for a three year period and the final year will be dedicated to evaluation and close-out of the project.

IMPLEMENTATION DATE:

This premise was implemented September 30, 2014.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Section 1115(a)(2), 1115(b) and 1115(b)3 of the Social Security Act [42 United States Code 1315].
- The grant is effective from September 30, 2014 through September 29, 2019.
- Section 1115 grant funds awarded to each project will represent 34 percent of the total project costs. The grant funds will be treated as state expenditures under Title IV-D that, for purposes of the demonstration project, will be reimbursed by the regular Title IV-D federal financial participation (FFP) match of 66 percent. The total approved cost of the project is the sum of the Administration for Children and Families (ACF) grant award under Section 1115 and regular FFP. Grantees do not need to provide matching funds.

METHODOLOGY:

- The Federal ACF Notice of Award dated September 26, 2014, contains the funding for this grant.
- Funding for State Fiscal Year (SFY) 2014-15 is \$328,000 and SFY 2015-16 is \$441,000.

FUNDING:

- The cost is funded 66 percent federal matching funds and 34 percent Section 1115 grant funds. No State General Fund match is required.

CHANGE FROM APPROPRIATION:

The premise reflects the budgeted amount for SFY 2014-15.

REASON FOR YEAR-TO-YEAR CHANGE:

The premise reflects the budgeted amount for SFY 2015-16.

EXPENDITURES:

(in 000's)

	2014-15	2015-16
	<u>CS Administration</u>	<u>CS Administration</u>
Total	\$328	\$441
Federal	328	441
State	0	0
County	0	0

California Child Support Automation System – SDU

DESCRIPTION:

The State Disbursement Unit (SDU) is one of two components of the 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.

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.

METHODOLOGY:

- Resource estimates are based on workload required to support the CCSAS SDU.
- Costs are based on the most recent SDU contract amendment for the current SP vendor, the new SP contract effective April 1, 2011, 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 Financial Participation (FFP) funds and 34 percent State General Fund (SGF).
- Cases not subject to Title IV-D (Non IV-D) and filed prior to 1994 do not receive FFP. Therefore, the SP contract has been adjusted to reflect 100% SGF for the processing of payments related to these cases.

CHANGE FROM APPROPRIATION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in 000's)

	2014-15	2015-16
	<u>CS Automation</u>	<u>CS Automation</u>
Total	\$14,966	\$14,966
Federal	9,878	9,878
State	5,088	5,088
County	0	0
Reimbursements	0	0

California Child Support Automation System – CSE

DESCRIPTION:

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

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

IMPLEMENTATION DATE:

This premise was implemented September 1999.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare & Institutions Code Section 10080.

METHODOLOGY:

This premise reflects funding for CCSAS CSE as reported in the latest Annual Advance Planning Document Update, and the Department of Child Support Services Budget Change Proposal DCSS-1, CCSAS Information Technology (IT) Contract Staff Reduction.

FUNDING:

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

CHANGE FROM APPROPRIATION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The decrease in SFY 2015-16 is due to a reduction in IT contract staff.

EXPENDITURES:

(in 000's)

	2014-15	2015-16
	<u>CS Automation</u>	<u>CS Automation</u>
Total	\$76,712	\$71,801
Federal	50,630	47,389
State	26,082	24,412
County	0	0

Child Support Collections Recovery Fund

DESCRIPTION:

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

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

IMPLEMENTATION DATE:

This premise was implemented July 2001.

KEY DATA/ASSUMPTIONS:

Authorizing statute: Family Code Section 17702.5.

METHODOLOGY:

For State Fiscal Year (SFY) 2014-15 and SFY 2015-16, 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 APPROPRIATION:

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

REASON FOR YEAR-TO-YEAR CHANGE:

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

REVENUES:

(in 000's)

	2014-15	2015-16
	<u>Revenues</u>	<u>Revenues</u>
Total	\$164,714	\$150,235
Federal	164,714	150,235
State	0	0
County	0	0
Reimbursements	0	0

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Child Support Program - Basic Collections

DESCRIPTION:

This premise reflects distributed child support collections that go directly to families and assistance recoupment revenue collected on behalf of federal, state, or county governments for the recoupment of past welfare costs.

Basic collections represent the ongoing efforts of the local child support agency to collect child support payments from parents paying support. 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, payments directly from parents paying support, compromise of arrears program, and the full collections program. Disregard payments to families and collections attributable to Revenue Stabilization Augmentation funding are reflected in separate premises.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare & Institutions (W&I) Code Section 11477 and W&I Code Section 11487.
- The child support payment data for assistance and non-assistance collections are based on the Child Support Monthly Report of Collections and Distributions (CS 34) and the Supplement to Monthly Report of Collections and Distributions (CS 35).
- The child support collections to other states and miscellaneous collections data are based on the CS 34 and CS 35 reports.

METHODOLOGY:

- Assistance distributed collections are reported monthly on the CS 34 and CS 35 Reports. These were used to construct a 24-month trend for Basic Collections based on data from July 2012 through June 2014. Seasonal adjustments were made to the data by using monthly dummy variables in the linear regression model.
- Non-assistance distributed collections are reported monthly on the CS 34 and CS 35 Reports. These were used to construct a 24-month trend for Basic Collections based on data from July 2012 through June 2014. Seasonal adjustments were made to the data by using monthly dummy variables in the linear regression model.
- Assistance distributed collections for Other States are reported on the CS 34 and CS 35 Reports. For SFY 2014-15 and SFY 2015-16, the trend forecast rates of change for Assistance Basic Collections were applied to the SFY 2013-14 actual collections to arrive at the estimated amount.
- Non-Assistance distributed collections for Other States are reported on the CS 34 and CS 35 Reports. For SFY 2014-15 and SFY 2015-16, the trend forecast rates of change for Non-Assistance Basic Collections were applied to the SFY 2013-14 actual collections to arrive at the estimated amount.

- 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 2014-15 and SFY 2015-16, the trend forecast rates of change for assistance Basic Collections were applied to SFY 2013-14 actual collections to arrive at the Assistance Miscellaneous Collections estimate.
- The Non-Assistance Miscellaneous Collections consist of Non-Assistance Medical Support which is reported on the CS 34 Report. For SFY 2014-15 and SFY 2015-16, the trend forecast rates of change for Non-Assistance Basic Collections were applied to the SFY 2013-14 actual collections to arrive at the Non-Assistance Miscellaneous Collections estimate.

FUNDING:

- Collections made on behalf of non-assistance 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 APPROPRIATION:

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

REASON FOR YEAR-TO-YEAR CHANGE:

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

COLLECTIONS:

(in 000's)

	2014-15 <u>Collections</u>	2015-16 <u>Collections</u>
Assistance Total	\$346,731	\$314,696
Federal	162,247	147,257
State	163,018	147,956
County	21,466	19,483
Other	0	0
Non-Assistance	1,690,561	1,732,985
Collections For Other States		
Assistance	5,770	5,263
Non-Assistance	91,524	93,676
Miscellaneous Collections		
Assistance	12,127	11,061
Non-Assistance	2,148	2,199
Grand Total ^{1/}	\$2,148,861	\$2,159,880

1/ Grand Total does not include disregard to families or other collections described in separate premise items, such as the Revenue Stabilization Adjustment or the portion of the County Collections Shift associated with the county share of collections attributable to the Revenue Stabilization Adjustment.

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Disregard Payments to Families

DESCRIPTION:

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

IMPLEMENTATION DATE:

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

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code Section 17504.
- The child support payment data for disregard payments to families is based on the Child Support Monthly Report of Collections and Distributions (CS 34) and the Supplement to Monthly Report of Collections and Distributions (CS 35).
- Federal Financial Participation (FFP) is available for disregard payments of federally eligible collections.

METHODOLOGY:

- The cost of the current \$50 disregard is reported monthly on the CS 35 reports. The disregard is paid when the current monthly child support collection is distributed.
- The forecast was generated utilizing 24 months of actual data from the CS 35 reports from July 2012 through June 2014.
- The FFP in disregard was calculated by computing federally eligible disregard collections and multiplying these by 50 percent.
- The cost is counted toward the State's Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE) requirement.

FUNDING:

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

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

CHANGE FROM APPROPRIATION:

The estimate was updated to reflect the latest forecast based on the latest available actual 24 months of trend data.

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate was updated to reflect the latest forecast based on the latest available actual 24 months of trend data.

COLLECTIONS:

(in 000's)

	2014-15	2015-16
	<u>Collections</u>	<u>Collections</u>
Total	\$27,799	\$26,379
Federal	0	0
State	0	0
County	0	0
Other	27,799	26,379

Title IV-E Child Support Collections Recovery Fund

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 Monthly Report of Collections and Distributions (CS 34) and the Supplement to the CS 34 Monthly Report of Collections and Distributions (CS 35) reports for July 2012 through June 2014.
- 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, 2012 through June 30, 2014.

METHODOLOGY:

- For SFY 2014-15, the FC share of collections percentage was applied to the estimated collections. The FMAP rate was then applied to determine the federal share of FC collections, which resulted in a forecast of \$5,809,000.
- For SFY 2015-16, the FC share of collections percentage was applied to the estimated collections. The FMAP rate was then applied to determine the federal share of FC collections, which resulted in a forecast of \$5,298,000.

FUNDING:

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

CHANGE FROM APPROPRIATION:

The estimate for SFY 2014-15 reflects the forecasted decrease in FC collections.

REASON FOR YEAR-TO-YEAR CHANGE:

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

REVENUES:

(in 000's)

	2014-15	2015-16
	<u>Revenues</u>	<u>Revenues</u>
Total	-\$5,809	-\$5,298
Federal	-5,809	-5,298
State	0	0
County	0	0
Reimbursements	0	0

Never Assisted Cases Fee Recovery

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 disbursed annually on their behalf. Fees may be recovered from the custodial party, the noncustodial parent or the State (using state funds). California opted to pass the fee to the custodial party and began collecting the fee October 1, 2011.

IMPLEMENTATION DATE:

This premise was implemented October 1, 2011.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Public Law 109-171, FDRA of 2005.
- CCSAS began tracking fees on October 1, 2010 and began assessing and collecting fees on October 1, 2011.

METHODOLOGY:

- The number of never-assisted cases assessed the fee is multiplied by \$25 to compute the total fees. Fees collected will be remitted to the State General Fund.

FUNDING:

This reflects the amount of the \$25 annual fee estimated to be collected.

CHANGE FROM APPROPRIATION:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The budgeted forecast is based on actual assessment data.

EXPENDITURES:

(in 000's)

	2014-15	2015-16
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$3,398	\$3,476
Federal	0	0
State	3,398	3,476
County	0	0

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Discontinued Premises

CHILD SUPPORT PROGRAM COSTS:

- None.

CHILD SUPPORT PROGRAM COLLECTIONS:

- None.

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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 2014 – June 2015	<u>ASSISTANCE:</u> <u>Nonfederal</u>	July 2014 – June 2015
Federal	50.00%	State	95.00%
State	47.50%	County	5.00%
County	2.50%		

<u>FOSTER CARE:</u>	July 2014 – June 2015	<u>FOSTER CARE:</u> <u>Nonfederal</u>	July 2014 – June 2015
Federal	50.00%	State	00.00%
State	0.00%	County	100.00%
County	50.00%		

<u>KinGAP:</u>	July 2014 – June 2015	<u>KinGAP:</u> <u>Nonfederal</u>	July 2014 – June 2015
Federal	50.00%	State	79.00%
State	39.50%	County	21.00%
County	10.50%		

<u>ASSISTANCE:</u>	July 2015 – June 2016	<u>ASSISTANCE:</u> <u>Nonfederal</u>	July 2015 – June 2016
Federal	50.00%	State	95.00%
State	47.50%	County	5.00%
County	2.50%		
<u>FOSTER CARE:</u>	July 2015 – June 2016	<u>FOSTER CARE:</u> <u>Nonfederal</u>	July 2015 – June 2016
Federal	50.00%	State	0.00%
State	0.00%	County	100.00%
County	50.00%		
<u>KinGAP:</u>	July 2015 – June 2016	<u>KinGAP:</u> <u>Nonfederal</u>	July 2015 – June 2016
Federal	50.00%	State	79.00%
State	39.50%	County	21.00%
County	10.50%		

Appendix B - List of Acronyms

APDU	Advance Planning Document Update
ARRA	American Recovery and Reinvestment Act of 2009
CalWORKs	California Work Opportunity and Responsibility to Kids
CCSAS	California Child Support Automation System
CGF	County General Funds
CS 34	Child Support Monthly Report of Collections and Distributions
CS 35	Supplement to Monthly Report of Collections and Distributions
CSE	Child Support Enforcement
CSCRF	Child Support Collections Recovery Fund
DCSS	Department of Child Support Services
FC	Family Code / Foster Care
FDRA	Federal Deficit Reduction Act of 2005
FFP	Federal Financial Participation
FFY	Federal Fiscal Year
FMAP	Federal Medical Assistance Percentage
KinGAP	Kinship Guardianship Assistance Payment
LCSA	Local Child Support Agency
NCP	Non-Custodial Parent
OCSE	Office of Child Support Enforcement
PEP	Paternity Establishment Percentage
PL	Public Law
SDU	State Disbursement Unit
SGF	State General Fund
SFY	State Fiscal Year
SP	Service Provider
TANF/MOE	Temporary Assistance for Needy Families/Maintenance of Effort
UIB	Unemployment Insurance Benefits
W & I	Welfare and Institutions

Non IV-D Child Support Collections

DESCRIPTION:

Pursuant to Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 requires that Department of Child Support Services establish and operate a State Disbursement Unit (SDU) for the collection and disbursement of payments for: 1) orders in IV-D cases, and 2) orders in Non IV-D cases for which the support order was initially issued on or after January 1, 1994, and in which the income of the non-custodial parent is subject to withholding.

This premise reflects the estimated Non IV-D child support collections collected through the California Child Support Automation System (CCSAS)-SDU. Non IV-D child support collections are cases with court-ordered wage assignments that are not being served by the Local Child Support Agencies.

IMPLEMENTATION DATE:

This premise was implemented as part of the CCSAS–SDU, effective July 2006.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: 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 the Child Support Monthly Report of Collections and Distributions (CS 34).

METHODOLOGY:

- Actual Non IV-D collections are reported monthly on the CS 34 report. Actual Non IV-D collections from July 2012 through June 2014 were used to forecast the annual Non IV-D collections amounts for SFY 2014-15 of \$222,105,000 and SFY 2015-16 of \$227,384,000. Seasonal adjustments were made to the data by using monthly dummy variables in the linear regression model.

FUNDING:

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

CHANGE FROM APPROPRIATION:

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

REASON FOR YEAR-TO-YEAR CHANGE:

The 24 month trend is projecting an increase in SFY 2015-16.

COLLECTIONS:

(in 000's)

	2014-15	2015-16
	<u>Collections</u>	<u>Collections</u>
Total	\$222,105	\$227,384
Federal	0	0
State	0	0
County	0	0
Other	222,105	227,384

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

		2014-15 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2014-15 NOV ESTIMATE				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2014-15 APPROPRIATION TO 2014-15 NOV ESTIMATE																
1	Non IV-D CHILD SUPPORT COLLECTIONS	217,319	0	0	0	217,319	4,786	0	0	0	4,786	222,105	0	0	0	222,105
2014-15 APPROPRIATION TO 2015-16 GOVERNOR'S BUDGET																
		2014-15 APPROPRIATION					ADJUSTMENTS/DIFFERENCES					2015-16 GOVERNOR'S BUDGET				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2	Non IV-D CHILD SUPPORT COLLECTIONS	217,319	0	0	0	217,319	10,065	0	0	0	10,065	227,384	0	0	0	227,384
2014-15 NOVEMBER ESTIMATE TO 2015-16 GOVERNOR'S BUDGET																
		2014-15 NOV ESTIMATE					ADJUSTMENTS/DIFFERENCES					2015-16 GOVERNOR'S BUDGET				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
3	Non IV-D CHILD SUPPORT COLLECTIONS	222,105	0	0	0	222,105	5,279	0	0	0	5,279	227,384	0	0	0	227,384

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.