CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES
P.O. Box 419064, Rancho Cordova, CA 95741-9064

TO: RECIPIENTS OF THE MAY 2016 REVISION OF THE 2017-18 GOVERNOR'S BUDGET

FROM: MATHEW MACY, Budget Manager
Budget Support Section

DATE: January 10, 2017

SUBJECT: DEPARTMENT OF CHILD SUPPORT SERVICES ESTIMATES

This memorandum transmits the 2017-18 Governor's Budget estimates for the Department of Child Support Services (DCSS). The Governor's Budget includes the State Fiscal Year (SFY 2017-18) November 2016 Estimate of DCSS administrative costs and collections.

The November 2016 Estimate presents the SFY 2017-18 DCSS budget and provides an update to the SFY 2016-17 enacted budget. 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 $2.5 billion ($173 million SGF) for SFY 2016-17 and $2.5 billion (170 million SGF) for SFY 2017-18.

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

The material contained in the November 2016 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.

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COST TABLE 1
Comparison of the 2016-17 Enacted Budget to the 2017-18 November Estimate for CY (2016-17)
(in thousands)

	2016-17 ENACTED BUDGET					ADJUSTMENTS					NOVEMBER ESTIMATE FOR CY 2016-17				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
CHILD SUPPORT PROGRAM COSTS [1]	**1,018,314**	**690,420**	**314,171**	**13,600**	**123**	**1,320**	**1,081**	**239**	**0**	**0**	**1,019,634**	**691,501**	**314,410**	**13,600**	**123**
1 STATE OPERATIONS [3]	**172,459**	**119,733**	**52,603**	**0**	**123**	**863**	**571**	**292**	**0**	**0**	**173,322**	**120,304**	**52,895**	**0**	**123**
Item 5175-001	96,172	65,015	31,034	0	123	863	571	292	0	0	97,035	65,586	31,326	0	123
Item 5175-002 - Internal & External Contracts	76,287	54,718	21,569	0	0	0	0	0	0	0	76,287	54,718	21,569	0	0
2 LOCAL ASSISTANCE	**845,855**	**570,687**	**261,568**	**13,600**	**0**	**457**	**510**	**-53**	**0**	**0**	**846,312**	**571,197**	**261,515**	**13,600**	**0**
Child Support Services	676,262	401,094	261,568	13,600	0	-396	-343	-53	0	0	675,866	400,751	261,515	13,600	0
Child Support Collections Recovery Fund [2]	169,593	169,593	0	0	0	853	853	0	0	0	170,446	170,446	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	**762,454**	**515,642**	**233,212**	**13,600**	**0**	**457**	**510**	**-53**	**0**	**0**	**762,911**	**516,152**	**233,159**	**13,600**	**0**
Local Child Support Agency Basic Costs	756,507	513,081	229,826	13,600	0	0	69	-69	0	0	756,507	513,150	229,757	13,600	0
Administration	656,411	432,955	223,456	0	0	-204	-135	-69	0	0	656,207	432,820	223,387	0	0
Federal Performance Basic Incentives	41,361	41,361	0	0	0	204	204	0	0	0	41,565	41,565	0	0	0
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
Revenue Stabilization	18,735	12,365	6,370	0	0	0	0	0	0	0	18,735	12,365	6,370	0	0
Internal Revenue Services Intercept Fees	2,213	1,460	753	0	0	0	0	0	0	0	2,213	1,460	753	0	0
Deficit Reduction Act - Mandatory Fee	2,633	0	2,633	0	0	16	0	16	0	0	2,649	0	2,649	0	0
Section 1115 Grant (NCP Employment Demo Project)	660	660	0	0	0	0	0	0	0	0	660	660	0	0	0
Section 1115 Grant (Dedicated Daddies Make a Difference)	441	441	0	0	0	0	0	0	0	0	441	441	0	0	0
Section 1115 Grant (Procedural Justice Informed Alternative to Contempt)	0	0	0	0	0	441	441	0	0	0	441	441	0	0	0
2b LOCAL ASSISTANCE AUTOMATION	**83,401**	**55,045**	**28,356**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**83,401**	**55,045**	**28,356**	**0**	**0**
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
California Child Support Automation System - CSE	68,435	45,167	23,268	0	0	0	0	0	0	0	68,435	45,167	23,268	0	0

Notes:

[1] Child Support Program Total Costs minus county funds equals total enacted budget.

[2] State Operations Administration adjustments reflect augmentations for Employee Compensation,Retirement and SWCAP.

COST TABLE 2
Comparison of the 2016-17 Enacted Budget to the 2017-18 November Estimate for BY (2017-18)
(in thousands)

	2016-17 ENACTED BUDGET					ADJUSTMENTS					NOVEMBER ESTIMATE FOR BY 2017-18				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
CHILD SUPPORT PROGRAM COSTS [1]	**1,018,314**	**690,420**	**314,171**	**13,600**	**123**	**1,754**	**1,804**	**-50**	**0**	**0**	**1,020,068**	**692,224**	**314,121**	**13,600**	**123**
1 STATE OPERATIONS [3]	**172,459**	**119,733**	**52,603**	**0**	**123**	**1,505**	**1,203**	**302**	**0**	**0**	**173,964**	**120,936**	**52,905**	**0**	**123**
Item 5175-001	96,172	65,015	31,034	0	123	1,505	1,203	302	0	0	97,677	66,218	31,336	0	123
Item 5175-002 - Internal & External Contracts	76,287	54,718	21,569	0	0	0	0	0	0	0	76,287	54,718	21,569	0	0
2 LOCAL ASSISTANCE	**845,855**	**570,687**	**261,568**	**13,600**	**0**	**249**	**601**	**-352**	**0**	**0**	**846,104**	**571,288**	**261,216**	**13,600**	**0**
Child Support Services	676,262	401,094	261,568	13,600	0	2,645	2,997	-352	0	0	678,907	404,091	261,216	13,600	0
Child Support Collections Recovery Fund [2]	169,593	169,593	0	0	0	-2,396	-2,396	0	0	0	167,197	167,197	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	**762,454**	**515,642**	**233,212**	**13,600**	**0**	**249**	**601**	**-352**	**0**	**0**	**762,703**	**516,243**	**232,860**	**13,600**	**0**
Local Child Support Agency Basic Costs	756,507	513,081	229,826	13,600	0	0	368	-368	0	0	756,507	513,449	229,458	13,600	0
Administration	656,411	432,955	223,456	0	0	-1,082	-714	-368	0	0	655,329	432,241	223,088	0	0
Federal Performance Basic Incentives	41,361	41,361	0	0	0	1,082	1,082	0	0	0	42,443	42,443	0	0	0
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
Revenue Stabilization	18,735	12,365	6,370	0	0	0	0	0	0	0	18,735	12,365	6,370	0	0
Internal Revenue Services Intercept Fees	2,213	1,460	753	0	0	0	0	0	0	0	2,213	1,460	753	0	0
Deficit Reduction Act - Mandatory Fee	2,633	0	2,633	0	0	16	0	16	0	0	2,649	0	2,649	0	0
Section 1115 Grant (NCP Employment Demo Project)	660	660	0	0	0	-410	-410	0	0	0	250	250	0	0	0
Section 1115 Grant (Dedicated Daddies Make a Difference)	441	441	0	0	0	0	0	0	0	0	441	441	0	0	0
Section 1115 Grant (Procedural Justice Informed Alternative to Contempt)	0	0	0	0	0	643	643	0	0	0	643	643	0	0	0
2b LOCAL ASSISTANCE AUTOMATION	**83,401**	**55,045**	**28,356**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**83,401**	**55,045**	**28,356**	**0**	**0**
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
California Child Support Automation System - CSE	68,435	45,167	23,268	0	0	0	0	0	0	0	68,435	45,167	23,268	0	0

Notes:

[1] Child Support Program Total Costs minus county funds equals total enacted budget.

[2] Child Support Collections Recovery Fund total for the 2015-16 enacted budget is based on the November 2014 Estimate. Due to a technical error it was not updated to reflect the 2015 May Revise.

[3] State Operations Administration adjustments reflect augmentations for Employee Compensation, Retirement, SWCAP, and 2017-18 BCP 001.

COST TABLE 3
Comparison of the 2017-18 November Estimate for CY (2016-17) and BY (2017-18)
(in thousands)

	NOVEMBER ESTIMATE FOR CY 2016-17					ADJUSTMENTS					NOVEMBER ESTIMATE FOR BY 2017-18				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
CHILD SUPPORT PROGRAM COSTS [1]	**1,019,634**	**691,501**	**314,410**	**13,600**	**123**	**434**	**723**	**-289**	**0**	**0**	**1,020,068**	**692,224**	**314,121**	**13,600**	**123**
1 STATE OPERATIONS [3]	**173,322**	**120,304**	**52,895**	**0**	**123**	**642**	**632**	**10**	**0**	**0**	**173,964**	**120,936**	**52,905**	**0**	**123**
Item 5175-001	97,035	65,586	31,326	0	123	642	632	10	0	0	97,677	66,218	31,336	0	123
Item 5175-002 - Internal & External Contracts	76,287	54,718	21,569	0	0	0	0	0	0	0	76,287	54,718	21,569	0	0
2 LOCAL ASSISTANCE	**846,312**	**571,197**	**261,515**	**13,600**	**0**	**-208**	**91**	**-299**	**0**	**0**	**846,104**	**571,288**	**261,216**	**13,600**	**0**
Child Support Services	676,262	401,094	261,568	13,600	0	2,645	2,997	-352	0	0	678,907	404,091	261,216	13,600	0
Child Support Collections Recovery Fund	170,446	170,446	0	0	0	-3,249	-3,249	0	0	0	167,197	167,197	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	**762,911**	**516,152**	**233,159**	**13,600**	**0**	**-208**	**91**	**-299**	**0**	**0**	**762,703**	**516,243**	**232,860**	**13,600**	**0**
Local Child Support Agency Basic Costs	756,507	513,150	229,757	13,600	0	0	299	-299	0	0	756,507	513,449	229,458	13,600	0
Administration	656,207	432,820	223,387	0	0	-878	-579	-299	0	0	655,329	432,241	223,088	0	0
Federal Performance Basic Incentives	41,565	41,565	0	0	0	878	878	0	0	0	42,443	42,443	0	0	0
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
Revenue Stabilization	18,735	12,365	6,370	0	0	0	0	0	0	0	18,735	12,365	6,370	0	0
Internal Revenue Services Intercept Fees	2,213	1,460	753	0	0	0	0	0	0	0	2,213	1,460	753	0	0
Deficit Reduction Act - Mandatory Fee	2,649	0	2,649	0	0	0	0	0	0	0	2,649	0	2,649	0	0
Section 1115 Grant (NCP Employment Demo Project)	660	660	0	0	0	-410	-410	0	0	0	250	250	0	0	0
Section 1115 Grant (Dedicated Daddies Make a Difference)	441	441	0	0	0	0	0	0	0	0	441	441	0	0	0
Section 1115 Grant (Procedural Justice Informed Alternative to Contempt)	441	441	0	0	0	202	202	0	0	0	643	643	0	0	0
2b LOCAL ASSISTANCE AUTOMATION	**83,401**	**55,045**	**28,356**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**83,401**	**55,045**	**28,356**	**0**	**0**
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
California Child Support Automation System - CSE	68,435	45,167	23,268	0	0	0	0	0	0	0	68,435	45,167	23,268	0	0

Notes:

[1] Child Support Program Total Costs minus county funds equals total enacted budget.

[2] State Operations Administration adjustments reflect augmentations for Employee Compensation, Retirement, SWCAP and 2017-18 BCP 001.

CHILD SUPPORT PROGRAM
REVENUE AND COLLECTIONS COMPARISONS

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Table 2. 2016-17 Enacted Budget to the November Estimate BY 2017-18…… EB CY – Nov BY

Table 3. November Estimate CY 2016-17 to the November Estimate BY 2017-18…..…… Nov CY – Nov BY

REVENUES AND COLLECTIONS TABLE 1
Comparison of the 2016-17 Enacted Budget to the 2016-17 November Estimate for CY (2016-17)
(in thousands)

		2016-17 ENACTED BUDGET					ADJUSTMENTS/DIFFERENCES					NOVEMBER ESTIMATE FOR CY 2016-17				
		Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1	**CS REVENUES, TRANSFERS AND COLLECTIONS**	**2,431,345**	**169,593**	**171,686**	**22,828**	**2,067,238**	**28,345**	**853**	**1,295**	**59**	**26,138**	**2,459,690**	**170,446**	**172,981**	**22,887**	**2,093,376**
2	**CHILD SUPPORT PROGRAM COLLECTIONS**	**2,433,947**	**175,674**	**168,207**	**22,828**	**2,067,238**	**28,299**	**825**	**1,277**	**59**	**26,138**	**2,462,246**	**176,499**	**169,484**	**22,887**	**2,093,376**
3	**Child Support Assistance Collections**	**408,922**	**175,674**	**168,207**	**22,828**	**42,213**	**2,411**	**825**	**1,277**	**59**	**250**	**411,333**	**176,499**	**169,484**	**22,887**	**42,463**
4	Basic Collections	349,749	167,549	160,428	21,772	0	3,914	1,674	2,069	171	0	353,663	169,223	162,497	21,943	0
5	Disregard Payments to Families	25,222	0	0	0	25,222	-766	0	0	0	-766	24,456	0	0	0	24,456
6	Non Maintenance of Effort	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Collections for Other Jurisdictions - Assistance	5,638	0	0	0	5,638	29	0	0	0	29	5,667	0	0	0	5,667
8	Miscellaneous Collections - Assistance	11,353	0	0	0	11,353	987	0	0	0	987	12,340	0	0	0	12,340
9	Revenue Stabilization Adjustment- Assistance	16,960	8,125	7,779	1,056	0	-1,753	-849	-792	-112	0	15,207	7,276	6,987	944	0
10	**Child Support NonAssistance Collections**	**2,025,025**	**0**	**0**	**0**	**2,025,025**	**25,888**	**0**	**0**	**0**	**25,888**	**2,050,913**	**0**	**0**	**0**	**2,050,913**
11	Basic Collections	1,799,721	0	0	0	1,799,721	34,283	0	0	0	34,283	1,834,004	0	0	0	1,834,004
12	Non Maintenance of Effort	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Collections for Other Jurisdictions - NonAssistance	96,172	0	0	0	96,172	-1,972	0	0	0	-1,972	94,200	0	0	0	94,200
14	Miscellaneous Collections - NonAssistance	2,470	0	0	0	2,470	162	0	0	0	162	2,632	0	0	0	2,632
15	Revenue Stabilization Adjustment- NonAssistance	126,662	0	0	0	126,662	-6,585	0	0	0	-6,585	120,077	0	0	0	120,077
16	**REVENUES AND TRANSFERS**	**-2,602**	**-6,081**	**3,479**	**0**	**0**	**46**	**28**	**18**	**0**	**0**	**-2,556**	**-6,053**	**3,497**	**0**	**0**
17	Title IV-E Child Support Collections Recovery Fund	-6,081	-6,081	0	0	0	28	28	0	0	0	-6,053	-6,053	0	0	0
18	Never Assisted Cases Fee Recovery	3,479	0	3,479	0	0	18	0	18	0	0	3,497	0	3,497	0	0

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

REVENUES AND COLLECTIONS TABLE 2

Comparison of the 2016-17 Enacted Budget to the 2017-18 November Estimate for BY (2017-18)

(in thousands)

		2016-17 ENACTED BUDGET					ADJUSTMENTS/DIFFERENCES					NOVEMBER ESTIMATE FOR BY 2017-18				
		Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1	**CS REVENUES, TRANSFERS AND COLLECTIONS**	**2,431,345**	**169,593**	**171,686**	**22,828**	**2,067,238**	**95,832**	**-2,396**	**-1,934**	**-377**	**100,539**	**2,527,177**	**167,197**	**169,752**	**22,451**	**2,167,777**
2	**CHILD SUPPORT PROGRAM COLLECTIONS**	**2,433,947**	**175,674**	**168,207**	**22,828**	**2,067,238**	**95,671**	**-2,539**	**-1,952**	**-377**	**100,539**	**2,529,618**	**173,135**	**166,255**	**22,451**	**2,167,777**
3	**Child Support Assistance Collections**	**408,922**	**175,674**	**168,207**	**22,828**	**42,213**	**-5,971**	**-2,539**	**-1,952**	**-377**	**-1,103**	**402,951**	**173,135**	**166,255**	**22,451**	**41,110**
4	Basic Collections	349,749	167,549	160,428	21,772	0	-3,115	-1,690	-1,160	-265	0	346,634	165,859	159,268	21,507	0
5	Disregard Payments to Families	25,222	0	0	0	25,222	-1,782	0	0	0	-1,782	23,440	0	0	0	23,440
6	Non Maintenance of Effort	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Collections for Other Jurisdictions - Assistance	5,638	0	0	0	5,638	-77	0	0	0	-77	5,561	0	0	0	5,561
8	Miscellaneous Collections - Assistance	11,353	0	0	0	11,353	756	0	0	0	756	12,109	0	0	0	12,109
9	Revenue Stabilization Adjustment- Assistance	16,960	8,125	7,779	1,056	0	-1,753	-849	-792	-112	0	15,207	7,276	6,987	944	0
10	**Child Support NonAssistance Collections**	**2,025,025**	**0**	**0**	**0**	**2,025,025**	**101,642**	**0**	**0**	**0**	**101,642**	**2,126,667**	**0**	**0**	**0**	**2,126,667**
11	Basic Collections	1,799,721	0	0	0	1,799,721	106,323	0	0	0	106,323	1,906,044	0	0	0	1,906,044
12	Non Maintenance of Effort	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Collections for Other Jurisdictions - NonAssistance	96,172	0	0	0	96,172	1,641	0	0	0	1,641	97,813	0	0	0	97,813
14	Miscellaneous Collections - NonAssistance	2,470	0	0	0	2,470	263	0	0	0	263	2,733	0	0	0	2,733
15	Revenue Stabilization Adjustment- NonAssistance	126,662	0	0	0	126,662	-6,585	0	0	0	-6,585	120,077	0	0	0	120,077
16	**REVENUES AND TRANSFERS**	**-2,602**	**-6,081**	**3,479**	**0**	**0**	**161**	**143**	**18**	**0**	**0**	**-2,441**	**-5,938**	**3,497**	**0**	**0**
17	Title IV-E Child Support Collections Recovery Fund	-6,081	-6,081	0	0	0	143	143	0	0	0	-5,938	-5,938	0	0	0
18	Never Assisted Cases Fee Recovery	3,479	0	3,479	0	0	18	0	18	0	0	3,497	0	3,497	0	0

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

REVENUES AND COLLECTIONS TABLE 3
Comparison of the 2017-18 November Estimate for CY (2016-17) and BY (2017-18)
(in thousands)

		NOVEMBER ESTIMATE FOR CY 2016-17					ADJUSTMENTS/DIFFERENCES					NOVEMBER ESTIMATE FOR BY 2017-18				
		Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1	**CS REVENUES, TRANSFERS AND COLLECTIONS**	**2,459,690**	**170,446**	**172,981**	**22,887**	**2,093,376**	**67,487**	**-3,249**	**-3,229**	**-436**	**74,401**	**2,527,177**	**167,197**	**169,752**	**22,451**	**2,167,777**
2	**CHILD SUPPORT PROGRAM COLLECTIONS**	**2,462,246**	**176,499**	**169,484**	**22,887**	**2,093,376**	**67,372**	**-3,364**	**-3,229**	**-436**	**74,401**	**2,529,618**	**173,135**	**166,255**	**22,451**	**2,167,777**
3	**Child Support Assistance Collections**	**411,333**	**176,499**	**169,484**	**22,887**	**42,463**	**-8,382**	**-3,364**	**-3,229**	**-436**	**-1,353**	**402,951**	**173,135**	**166,255**	**22,451**	**41,110**
4	Basic Collections	353,663	169,223	162,497	21,943	0	-7,029	-3,364	-3,229	-436	0	346,634	165,859	159,268	21,507	0
5	Disregard Payments to Families	24,456	0	0	0	24,456	-1,016	0	0	0	-1,016	23,440	0	0	0	23,440
6	Non Maintenance of Effort	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Collections for Other Jurisdictions - Assistance	5,667	0	0	0	5,667	-106	0	0	0	-106	5,561	0	0	0	5,561
8	Miscellaneous Collections - Assistance	12,340	0	0	0	12,340	-231	0	0	0	-231	12,109	0	0	0	12,109
9	Revenue Stabilization Adjustment- Assistance	15,207	7,276	6,987	944	0	0	0	0	0	0	15,207	7,276	6,987	944	0
10	**Child Support NonAssistance Collections**	**2,050,913**	**0**	**0**	**0**	**2,050,913**	**75,754**	**0**	**0**	**0**	**75,754**	**2,126,667**	**0**	**0**	**0**	**2,126,667**
11	Basic Collections	1,834,004	0	0	0	1,834,004	72,040	0	0	0	72,040	1,906,044	0	0	0	1,906,044
12	Non Maintenance of Effort	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Collections for Other Jurisdictions - NonAssistance	94,200	0	0	0	94,200	3,613	0	0	0	3,613	97,813	0	0	0	97,813
14	Miscellaneous Collections - NonAssistance	2,632	0	0	0	2,632	101	0	0	0	101	2,733	0	0	0	2,733
15	Revenue Stabilization Adjustment- NonAssistance	120,077	0	0	0	120,077	0	0	0	0	0	120,077	0	0	0	120,077
16	**REVENUES AND TRANSFERS**	**-2,556**	**-6,053**	**3,497**	**0**	**0**	**115**	**115**	**0**	**0**	**0**	**-2,441**	**-5,938**	**3,497**	**0**	**0**
17	Title IV-E Child Support Collections Recovery Fund	-6,053	-6,053	0	0	0	115	115	0	0	0	-5,938	-5,938	0	0	0
18	Never Assisted Cases Fee Recovery	3,497	0	3,497	0	0	0	0	0	0	0	3,497	0	3,497	0	0

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

CHILD SUPPORT PROGRAM
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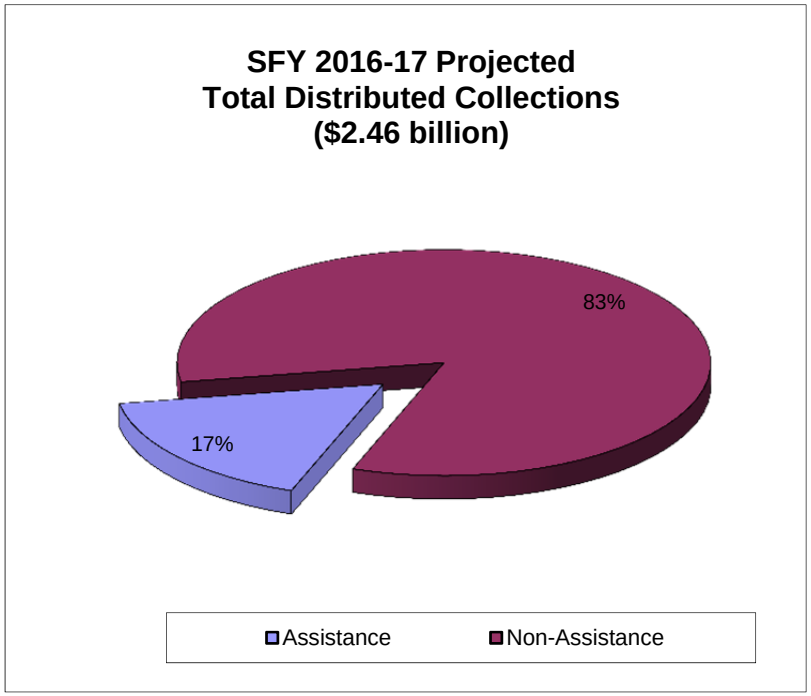
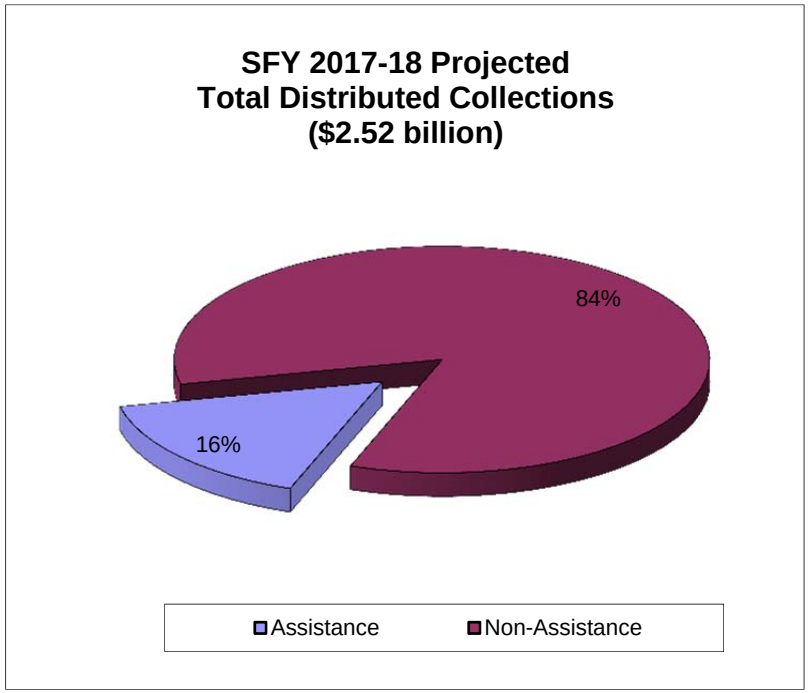
TOTAL PROJECTED DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2016-17 and 2017-18

The charts below display California's total projected child support collections.

- **Assistance Collections ($411.3 million State Fiscal Year (SFY) 2016-17 and $402.9 million SFY 2017-18)** are revenue distributed to government entities. They include Basic Collections ($353.7 million SFY 2016-17 and $346.6 million SFY 2017-18) and other collections ($57.6 million SFY 2016-17 and $56.3 million SFY 2017-18).
- **Non-Assistance Collections ($2.05 billion SFY 2016-17 and $2.12 billion SFY 2017-18)** are collections that are received on behalf of families and sent directly to custodial parties. They include Basic Collections ($1.83 billion SFY 2016-17 and $1.90 billion SFY 2017-18) and Other Collections ($216.9 million SFY 2016-17 and $220.6 million SFY 2017-18).

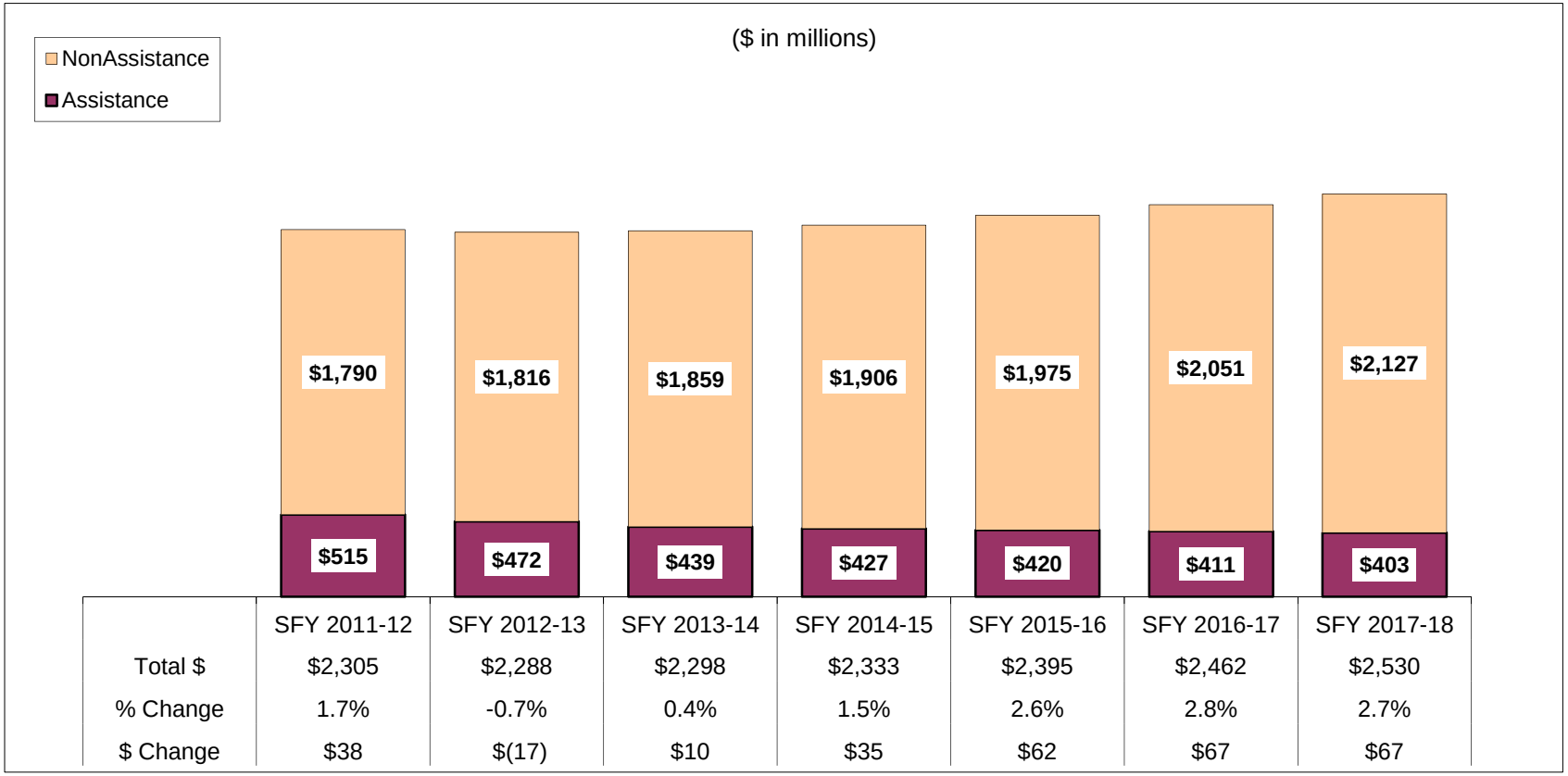
Basic Collections – Child support collections attained through the regular ongoing efforts of the Local Child Support Agencies (LCSAs).
Other Collections – Collections associated with new or other enforcement activities that are above the basic ongoing functions of the LCSA, such as Disregard, Collections for Other Jurisdictions, Miscellaneous Collections, and Revenue Stabilization.





TOTAL DISTRIBUTED COLLECTIONS
FOR STATE FISCAL YEARS 2011-12 through 2017-18

Child support distributed collections are projected to total $2.5 billion in State Fiscal Year (SFY) 2017-18. The chart below reflects actual and projected Total Distributed Collections for Assistance and Non-Assistance and the year-to-year change by State Fiscal Year.

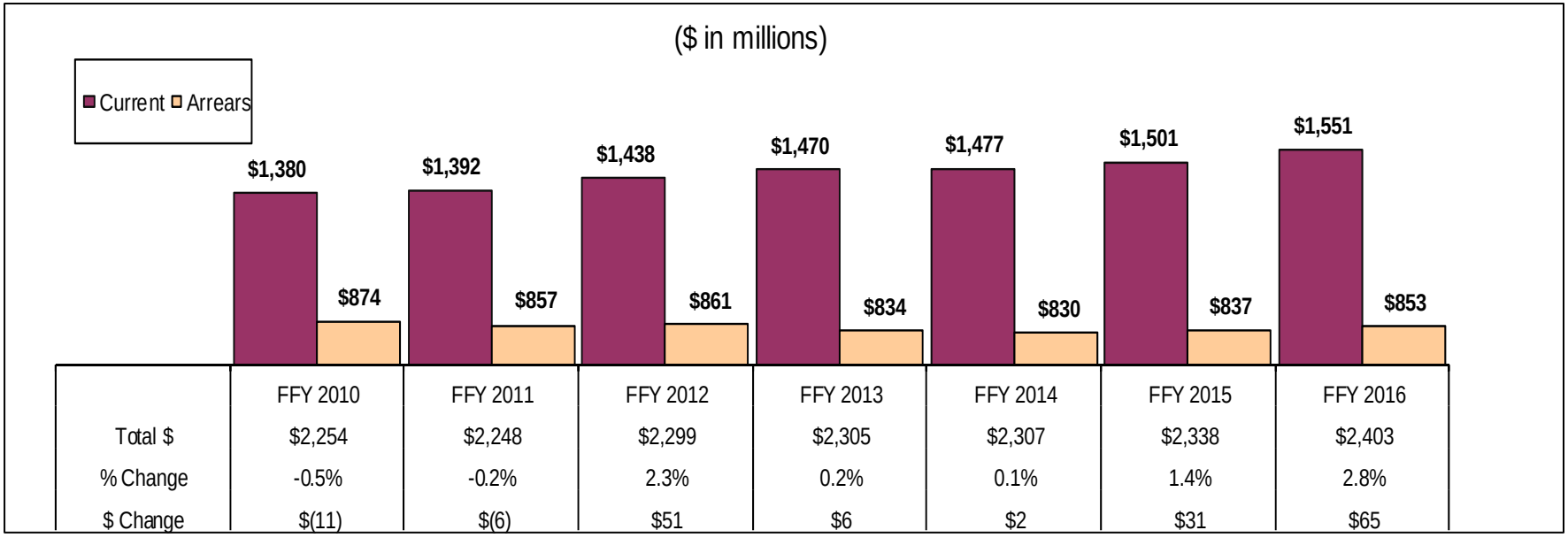


	SFY 2011-12	SFY 2012-13	SFY 2013-14	SFY 2014-15	SFY 2015-16	SFY 2016-17	SFY 2017-18
Total $	$2,305	$2,288	$2,298	$2,333	$2,395	$2,462	$2,530
% Change	1.7%	-0.7%	0.4%	1.5%	2.6%	2.8%	2.7%
$ Change	$38	$(17)	$10	$35	$62	$67	$67

Source: The collections data for SFY 2011-12 through SFY 2015-16 are from the Child Support 34 and Child Support 35 reports.
The SFY 2016-17 through SFY 2017-18 projections are based on the most recent data.

TOTAL DISTRIBUTED COLLECTIONS
FOR FEDERAL FISCAL YEARS 2010 through 2016

The chart below reflects the Total Distributed Collections as Current and Arrears Support by Federal Fiscal Year (FFY). Child Support distributed collections has grown from $2.25 billion in FFY 2010 to $2.40 billion in FFY 2016.

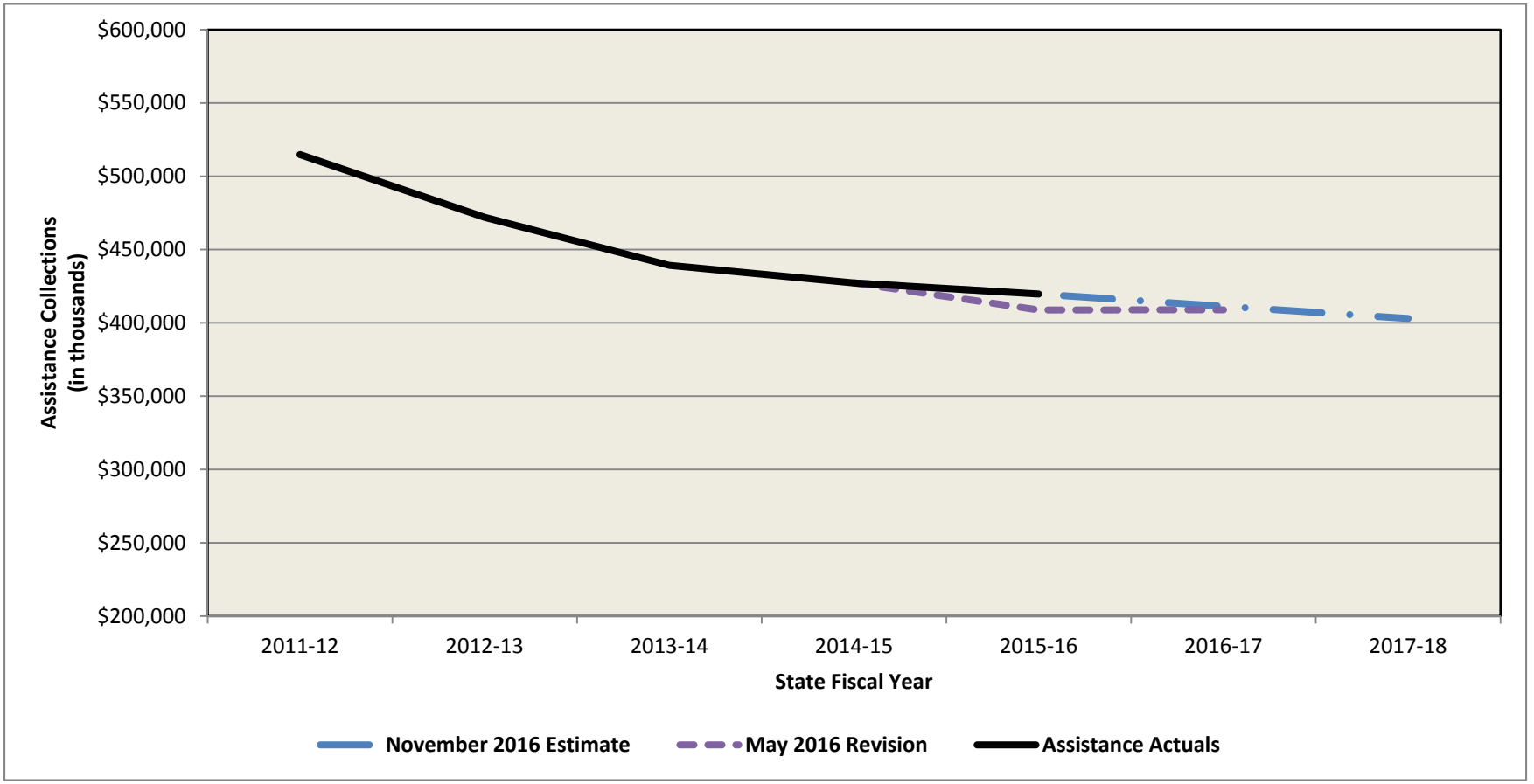


	FFY 2010	FFY 2011	FFY 2012	FFY 2013	FFY 2014	FFY 2015	FFY 2016
Total $	$2,254	$2,248	$2,299	$2,305	$2,307	$2,338	$2,403
% Change	-0.5%	-0.2%	2.3%	0.2%	0.1%	1.4%	2.8%
$ Change	$(11)	$(6)	$51	$6	$2	$31	$65

Source: The collections data for FFY 2010 through FFY 2016 is 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).

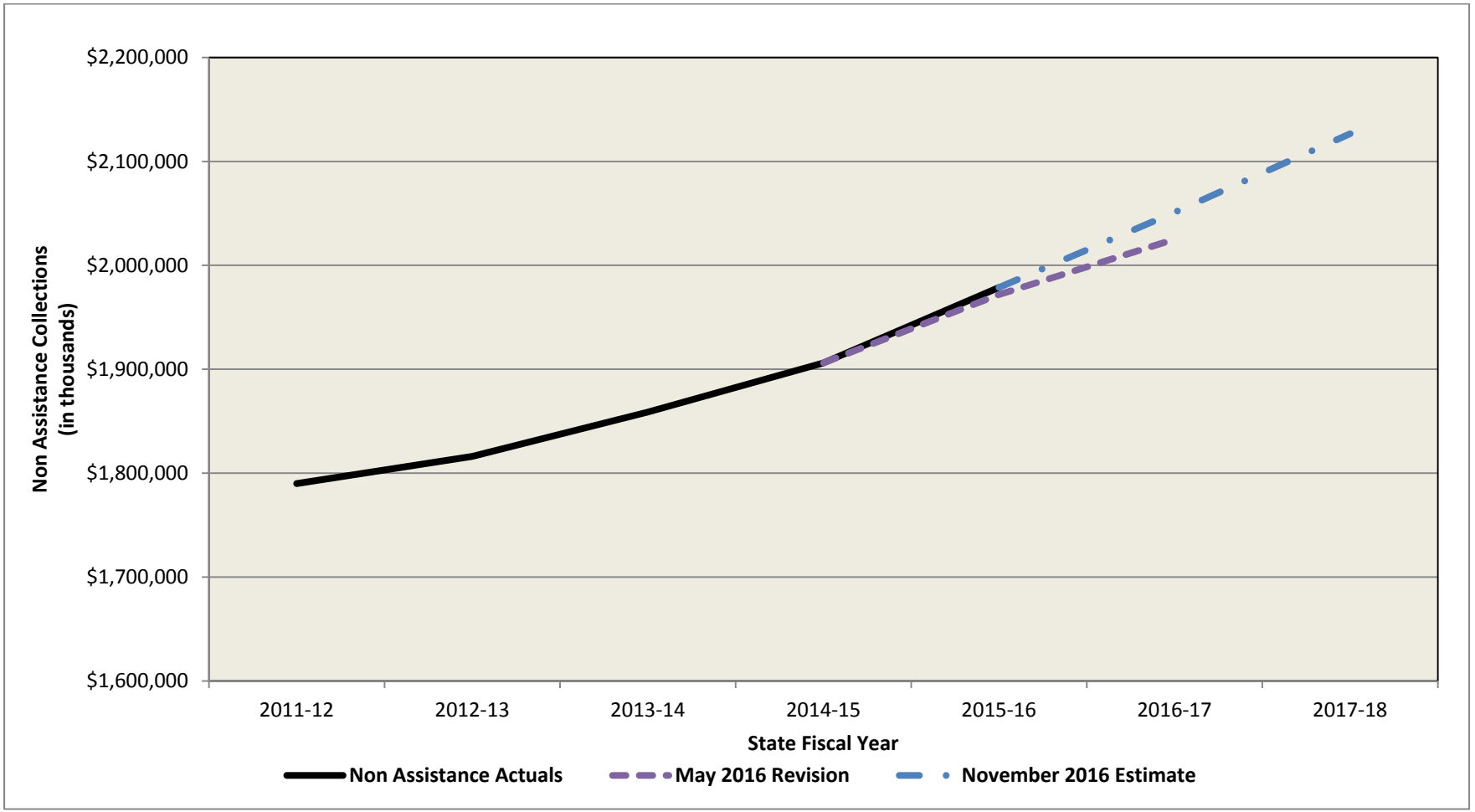
ASSISTANCE COLLECTIONS FORECAST COMPARISON

The November 2016 Estimate reflects a decrease of 2.0 percent for State Fiscal Year (SFY) 2016-17 compared to the SFY 2015-16 actual collections and a decrease of 2.0 percent for SFY 2017-18 compared to the SFY 2016-17 November 2016 Estimate.



NON-ASSISTANCE COLLECTIONS FORECAST COMPARISON

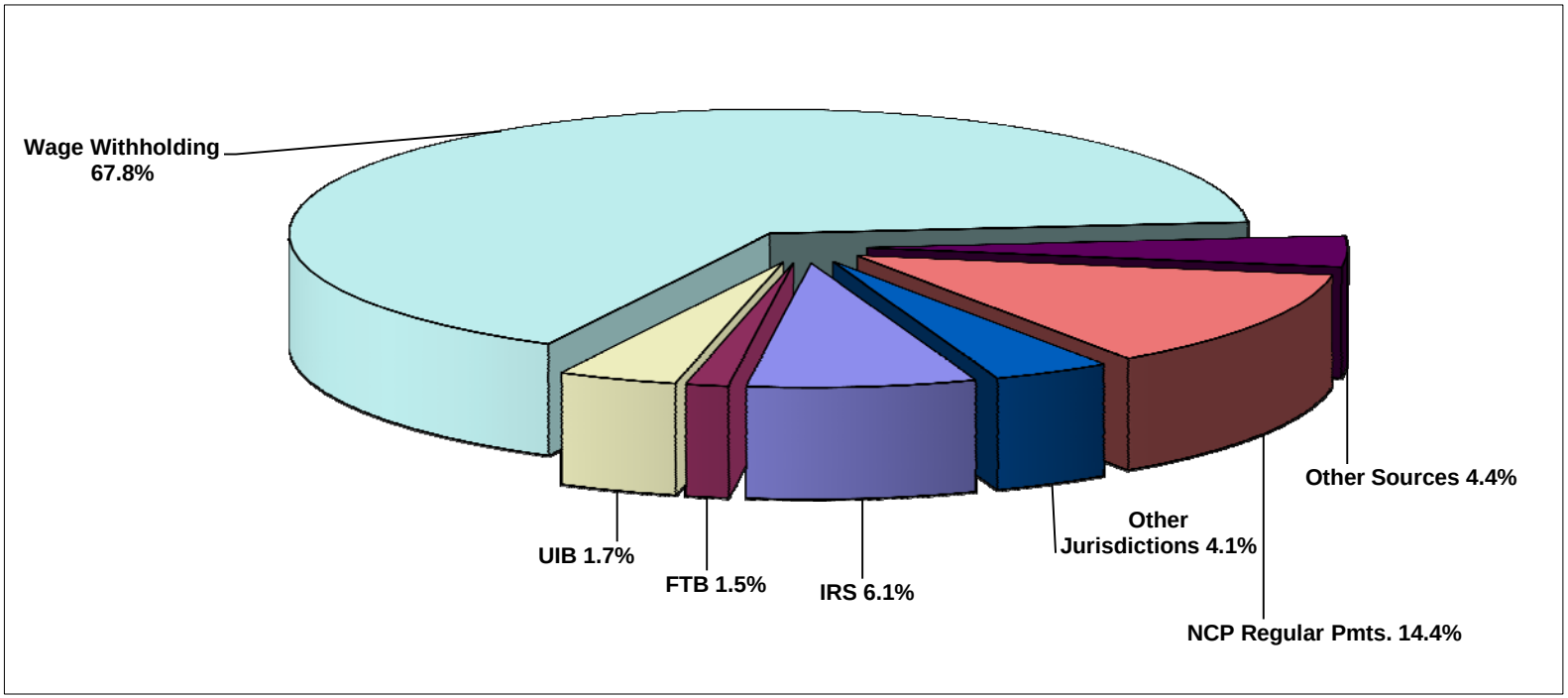
The November 2016 Estimate reflects an increase of 3.6 percent for State Fiscal Year (SFY) 2016-17 compared to SFY 2015-16 actual collections and an increase of 3.7 percent SFY 2017-18 compared to SFY 2016-17 November 2016 Estimate.



TOTAL COLLECTIONS RECEIVED BY SOURCE FOR STATE FISCAL YEAR 2015-16

Total child support collections received for State Fiscal Year (SFY) 2015-16 were $2.39 billion. Collections sources include:

- Wage Withholding totaled $1.62 billion (67.8 percent)
- Noncustodial Parent (NCP) Regular Payments totaled $344.7 million (14.4 percent)
- Internal Revenue Service (IRS) Federal income tax refund offsets totaled $146.8 million (6.1 percent)
- Other Sources[/1] totaled $104.6 million (4.4 percent)
- Other Jurisdictions[/2] totaled $97.5 million (4.1 percent)
- Unemployment Insurance Benefits (UIB) offsets totaled $40 million (1.7 percent)
- Franchise Tax Board's (FTB) State income tax refund offsets totaled $36.3 million (1.5 percent)



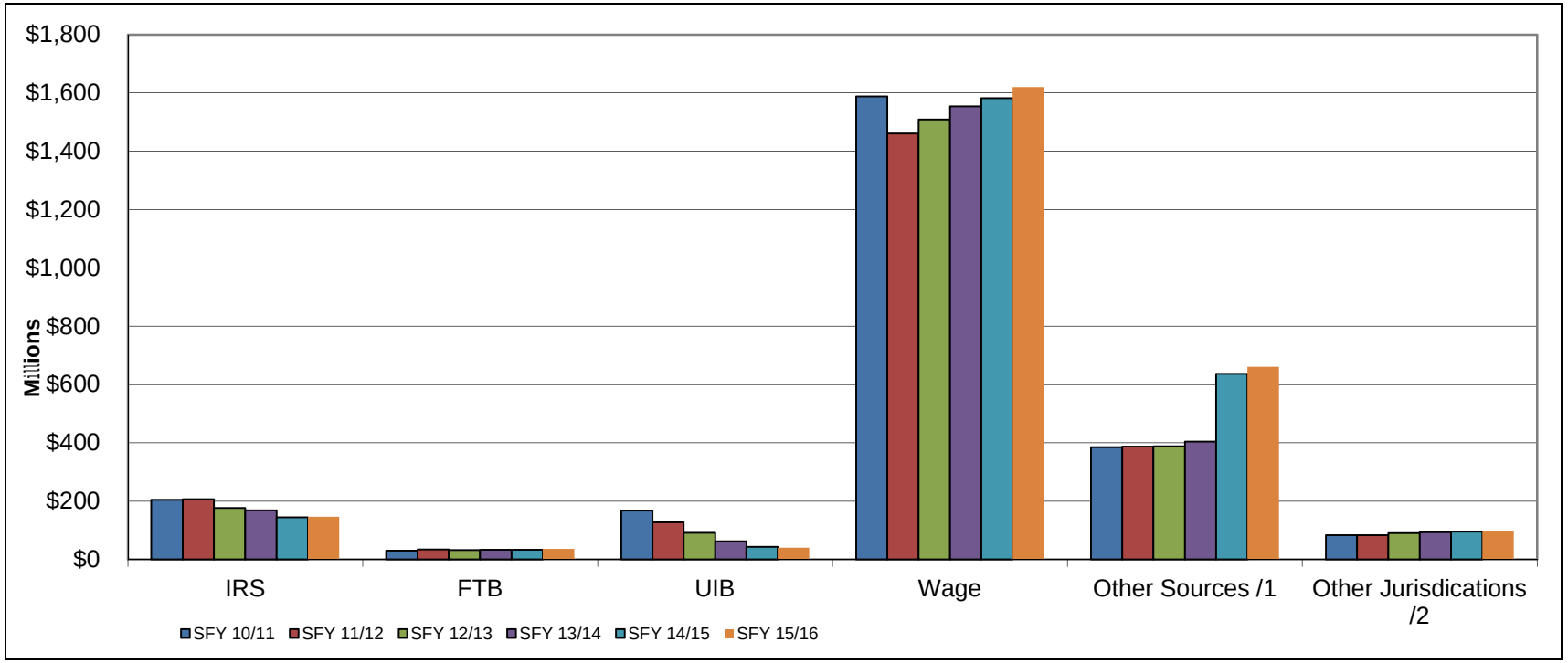
Source: Child Support 34 and Child Support 35 reports.

[/1] *Includes, but is not limited to, Liens, Workers' Compensation, Disability Insurance Benefits offsets, California Insurance Intercepts, and Full Collections Program without wage levies.*

[/2] *Includes collections from other states and countries*

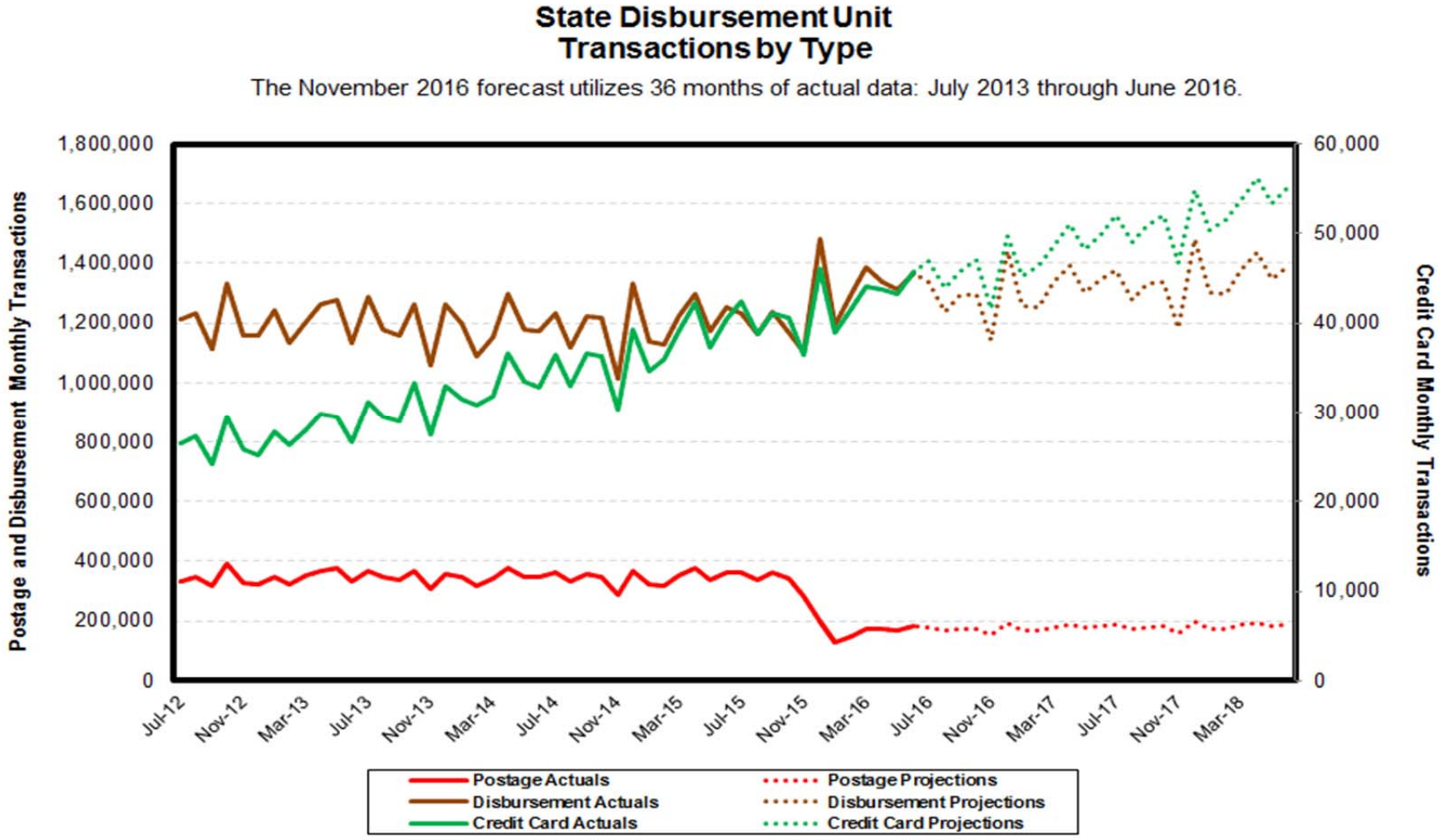
HISTORICAL TOTAL COLLECTIONS RECEIVED BY SOURCE

The chart below reflects the Total Collections Received by Source from State Fiscal Year (SFY) 2010-11 through SFY 2015-16. The year-to-year change from SFY 2014-15 to SFY 2015-16 for Internal Revenue Service (IRS) intercepts was an increase of 1.8 percent; Franchise Tax Board (FTB) intercepts increased 7.1 percent; Unemployment Insurance Benefits (UIB) intercepts decreased 7.9 percent; Wage Withholdings increased 2.4 percent; Other Sources increased 3.8 percent; and Other Jurisdictions increased 2.6 percent.



Source: Child Support 34 and Child Support 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.
/1 Implementation of new payment options: Money Gram and Pay Near Me in June 2015, and Kiosk (Touch Pay) was implemented April 2016.
/2 Other Jurisdictions are collections received from other states and countries.


State Disbursement Unit
Transactions by Type
The November 2016 forecast utilizes 36 months of actual data: July 2013 through June 2016.
Postage and Disbursement Monthly Transactions
Credit Card Monthly Transactions
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
60,000
50,000
40,000
30,000
20,000
10,000
0
Jul-12
Nov-12
Mar-13
Jul-13
Nov-13
Mar-14
Jul-14
Nov-14
Mar-15
Jul-15
Nov-15
Mar-16
Jul-16
Nov-16
Mar-17
Jul-17
Nov-17
Mar-18
Postage Actuals
Disbursement Actuals
Credit Card Actuals
Postage Projections
Disbursement Projections
Credit Card Projections

Federal Performance Measures at a Glance

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 have been 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 preceding fiscal year, expressed as a percentage.

IV-D PEP

Minimum threshold: 50% + 2 - 6% increase annually if under 90% California's Performance:

FFY 2015	102.0%	FFY 2011	92.2%	FFY 2007	91.3%	FFY 2003	87.0%
FFY 2014	101.2%	FFY 2010	88.6%	FFY 2006	90.3%	FFY 2002	77.5%
FFY 2013	100.5%	FFY 2009	97.3%	FFY 2005	86.0%		
FFY 2012	98.4%	FFY 2008	94.2%	FFY 2004	87.6%		

Statewide PEP

Minimum threshold: 50% + 2 - 6% increase annually if under 90% California's Performance:

FFY 2015	98.0%	FFY 2011	107.0%	FFY 2007	106.7%	FFY 2003	105.9%
FFY 2014	98.2%	FFY 2010	102.6%	FFY 2006	109.9%	FFY 2002	108.7%
FFY 2013	98.6%	FFY 2009	103.4%	FFY 2005	106.5%		
FFY 2012	101.6%	FFY 2008	101.4%	FFY 2004	117.8%		

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 2015	89.4%	FFY 2011	85.8%	FFY 2007	82.1%	FFY 2003	76.4%
FFY 2014	89.2%	FFY 2010	82.5%	FFY 2006	80.6%	FFY 2002	75.3%
FFY 2013	89.0%	FFY 2009	78.8%	FFY 2005	80.3%		
FFY 2012	87.9%	FFY 2008	80.2%	FFY 2004	78.1%		

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 2015	66.5%	FFY 2011	58.6%	FFY 2007	51.5%	FFY 2003	45.2%
FFY 2014	64.9%	FFY 2010	56.0%	FFY 2006	50.4%	FFY 2002	42.4%
FFY 2013	63.3%	FFY 2009	53.4%	FFY 2005	49.3%		
FFY 2012	61.4%	FFY 2008	52.8%	FFY 2004	48.0%		

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 2015	66.2%	FFY 2011	61.6%	FFY 2007	57.1%	FFY 2003	55.4%
FFY 2014	65.8%	FFY 2010	60.3%	FFY 2006	56.5%	FFY 2002	54.9%
FFY 2013	65.1%	FFY 2009	59.4%	FFY 2005	56.0%		
FFY 2012	63.5%	FFY 2008	59.1%	FFY 2004	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 2015	$2.51	FFY 2011	$2.29	FFY 2007	$2.01	FFY 2003	$2.31
FFY 2014	$2.43	FFY 2010	$2.38	FFY 2006	$2.03	FFY 2002	$2.23
FFY 2013	$2.54	FFY 2009	$2.10	FFY 2005	$2.15		
FFY 2012	$2.47	FFY 2008	$1.96*	FFY 2004	$2.12		

*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 Comparison of the 2016-17 November Estimate CY to the 2016-17 May Revise CY (2015-16)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 ended September 30, 2013. If the state failed the FFY 2012 audit and also failed the FFY 2013 audit, a penalty could have been 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 2015

IV-D PEP			Statewide PEP			Cases with Support Orders			Current Support Paid			Cases Paying on Arrears			Cost Effectiveness		
Arizona	139.6%	1	Virginia	110.0%	1	Maine	95.4%	1	Pennsylvania	84.1%	1	Pennsylvania	83.9%	1	Texas	$12.27	1
Wyoming	121.5%	2	Oklahoma	108.6%	2	Wyoming	94.3%	2	Iowa	74.3%	2	Vermont	73.4%	2	South Dakota	$10.78	2
Nevada	118.7%	3	Colorado	106.9%	3	North Dakota	93.3%	3	Wisconsin	74.2%	3	Minnesota	72.1%	3	Georgia	$8.37	3
South Dakota	111.0%	4	Alaska	106.3%	4	Indiana	93.2%	4	North Dakota	74.1%	4	Wyoming	71.9%	4	Missouri	$8.33	4
New Hampshire	107.9%	5	Utah	106.1%	5	Washington	93.2%	5	Minnesota	73.4%	5	Indiana	71.8%	5	Tennessee	$7.99	5
Pennsylvania	107.3%	6	Connecticut	102.2%	6	South Dakota	92.3%	6	Vermont	72.7%	6	Iowa	71.0%	6	Mississippi	$7.94	6
Utah	106.8%	7	Wyoming	101.9%	7	Alaska	91.5%	7	Nebraska	71.3%	7	Colorado	70.2%	7	Idaho	$7.78	7
Vermont	106.0%	8	New Jersey	100.5%	8	West Virginia	90.9%	8	Massachusetts	70.8%	8	Nebraska	69.8%	8	Wyoming	$7.22	8
Wisconsin	104.9%	9	Pennsylvania	99.6%	9	Kentucky	90.7%	9	Michigan	70.6%	9	Maryland	69.6%	9	Wisconsin	$6.76	9
Montana	104.9%	10	Nebraska	99.3%	10	Iowa	90.5%	10	Ohio	69.0%	10	Arkansas	69.0%	10	Utah	$6.53	10
Indiana	104.4%	11	Oregon	98.6%	11	Arkansas	90.5%	11	Maryland	68.6%	11	Wisconsin	67.6%	11	Virginia	$6.42	11
North Dakota	104.3%	12	Michigan	98.5%	12	Missouri	90.2%	12	Wyoming	68.2%	12	Florida	67.4%	12	Kentucky	$6.33	12
Georgia	103.1%	13	Iowa	98.0%	13	Vermont	90.1%	13	South Dakota	68.0%	13	Alaska	67.0%	13	Ohio	$6.31	13
Maine	102.9%	14	California	98.0%	14	Pennsylvania	89.9%	14	North Carolina	67.0%	14	Montana	67.0%	14	North Dakota	$6.20	14
California	102.0%	15	New Hampshire	97.8%	15	Virginia	89.9%	15	West Virginia	66.7%	15	South Dakota	66.8%	15	Nebraska	$5.97	15
West Virginia	100.9%	16	Tennessee	96.4%	16	Georgia	89.6%	16	California	66.5%	16	Ohio	66.6%	16	Florida	$5.89	16
Arkansas	100.8%	17	Texas	94.7%	17	Montana	89.6%	17	New Jersey	66.4%	17	North Carolina	66.6%	17	Rhode Island	$5.86	17
Nebraska	99.9%	18	Hawaii	94.5%	18	Ohio	89.5%	18	New York	65.8%	18	California	66.2%	18	Kansas	$5.80	18
North Carolina	99.2%	19	West Virginia	93.6%	19	California	89.4%	19	New Hampshire	65.7%	19	North Dakota	65.9%	19	Michigan	$5.75	19
Minnesota	99.0%	20	New York	93.4%	20	Minnesota	88.7%	20	Washington	65.5%	20	Georgia	65.7%	20	Iowa	$5.71	20
Maryland	98.9%	21	Kansas	93.4%	21	Colorado	88.7%	21	Texas	65.0%	21	New Mexico	65.4%	21	South Carolina	$5.62	21
Washington	98.7%	22	Missouri	93.1%	22	Utah	87.7%	22	Indiana	64.8%	22	Utah	64.8%	22	Indiana	$5.56	22
New Mexico	98.2%	23	South Carolina	91.7%	23	Arizona	87.7%	23	Colorado	64.4%	23	Virginia	64.7%	23	Louisiana	$5.51	23
Virginia	98.1%	24	Massachusetts	91.5%	24	Kansas	87.7%	24	Virginia	64.3%	24	New Hampshire	64.4%	24	Massachusetts	$5.40	24
Kansas	97.5%	25	Florida	91.1%	25	Wisconsin	87.1%	25	Arkansas	64.3%	25	New Jersey	64.2%	25	Arizona	$5.35	25
Idaho	97.5%	26	Maryland	91.0%	26	Nevada	87.0%	26	Montana	63.5%	26	Texas	63.9%	26	North Carolina	$5.31	26
Iowa	97.4%	27	Ohio	90.7%	27	Idaho	86.7%	27	Utah	63.3%	27	Maine	63.7%	27	West Virginia	$5.29	27
Ohio	97.2%	28	Illinois	90.5%	28	Connecticut	86.7%	28	Idaho	63.1%	28	Illinois	62.5%	28	Arkansas	$5.22	28
Tennessee	96.9%	29	Georgia	90.2%	29	Alabama	86.6%	29	Florida	62.5%	29	Tennessee	62.3%	29	Alabama	$5.17	29
Missouri	95.9%	30	Dist. Of Columbia	90.0%	30	Nebraska	86.3%	30	Illinois	62.3%	30	Nevada	62.2%	30	Pennsylvania	$5.10	30
New Jersey	95.3%	31	Montana	78.9%	31	Massachusetts	85.7%	31	Nevada	62.1%	31	Oklahoma	61.8%	31	Oklahoma	$5.07	31
Alabama	95.2%	32	Idaho	67.5%	32	North Carolina	85.7%	32	Hawaii	62.0%	32	Washington	61.6%	32	Hawaii	$4.93	32
Massachusetts	95.1%	33	Alabama	NA		Louisiana	84.9%	33	Dist. Of Columbia	62.0%	33	Michigan	61.4%	33	Colorado	$4.83	33
Kentucky	94.5%	34	Arizona	NA		Maryland	84.5%	34	Oregon	61.3%	34	Massachusetts	61.2%	34	New York	$4.75	34
Connecticut	94.4%	35	Arkansas	NA		New Mexico	84.1%	35	Rhode Island	61.3%	35	Kentucky	60.9%	35	Illinois	$4.68	35
Mississippi	93.8%	36	Delaware	NA		Oregon	83.7%	36	Georgia	61.3%	36	Missouri	60.9%	36	Maryland	$4.54	36
Alaska	93.6%	37	Guam	NA		Tennessee	83.4%	37	Connecticut	60.3%	37	West Virginia	60.8%	37	Washington	$4.54	37
South Carolina	93.3%	38	Indiana	NA		New Jersey	83.4%	38	Maine	59.9%	38	South Carolina	60.4%	38	Oregon	$4.50	38
Colorado	92.8%	39	Kentucky	NA		Texas	82.9%	39	Missouri	59.5%	39	Connecticut	59.8%	39	Montana	$4.48	39
Rhode Island	92.3%	40	Louisiana	NA		Florida	82.8%	40	Delaware	59.1%	40	Alabama	59.5%	40	New Jersey	$4.45	40
Louisiana	91.3%	41	Maine	NA		Oklahoma	82.6%	41	Kentucky	58.2%	41	Oregon	58.8%	41	Nevada	$4.13	41
Michigan	90.3%	42	Minnesota	NA		New York	82.5%	42	Tennessee	57.4%	42	Idaho	58.7%	42	Alaska	$3.87	42
New York	86.3%	43	Mississippi	NA		South Carolina	81.9%	43	Alaska	57.3%	43	Kansas	58.1%	43	Minnesota	$3.55	43
Oklahoma	86.0%	44	Nevada	NA		Illinois	81.7%	44	Arizona	55.8%	44	New York	57.9%	44	Maine	$3.50	44
Texas	84.9%	45	New Mexico	NA		Michigan	81.1%	45	Louisiana	55.6%	45	Mississippi	57.7%	45	New Hampshire	$3.46	45
Florida	84.1%	46	North Carolina	NA		New Hampshire	80.7%	46	Oklahoma	55.0%	46	Rhode Island	56.4%	46	Connecticut	$3.22	46
Delaware	82.9%	47	North Dakota	NA		Rhode Island	76.4%	47	New Mexico	54.9%	47	Louisiana	55.6%	47	New Mexico	$3.14	47
Illinois	80.6%	48	Puerto Rico	NA		Hawaii	75.0%	48	South Carolina	54.7%	48	Arizona	55.2%	48	Vermont	$3.02	48
Dist. Of Columbia	68.8%	49	Rhode Island	NA		Mississippi	74.2%	49	Kansas	54.4%	49	Dist. Of Columbia	55.2%	49	California	$2.51	49
Guam	NA		South Dakota	NA		Dist. Of Columbia	71.3%	50	Alabama	53.4%	50	Delaware	53.6%	50	Dist. Of Columbia	$2.07	50
Hawaii	NA		Vermont	NA		Delaware	70.6%	51	Mississippi	53.2%	51	Hawaii	45.7%	51	Delaware	$1.89	51
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 National Average/Total	95.1%		95.4%			85.8%			65.3%			64.2%			$5.25		

Note: Preliminary data based on OCSE 157 data submitted by each state to OCSE and provided to MAXIMUS. Subsequent revisions to OCSE 157 data provided to OCSE but not provided to MAXIMUS are not reflected here. 3/29/2016

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Local Child Support Agency Basic Costs

DESCRIPTION:

This premise reflects funding for the Local Child Support Agency (LCSA) basic costs.

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) 2016-17 and SFY 2017-18.

METHODOLOGY:

Basic Costs:

Basic Costs are the sum of administration, federal performance basic incentives, county match for administration, and revenue stabilization. The forecast for Basic Cost is $756,507,000 for both SFY 2016-17 and SFY 2017-18.

Administration:

LCSA administration costs include salaries and benefits of county staff as well as operating costs. LCSA are responsible for case intake, court preparation to establish paternity and support obligations, and the enforcement of support obligations, including locating absent parents. LCSA administration costs are funded at $656,207,000 for SFY 2016-17 and $655,329,000 for SFY 2017-18. Funding for administration is 34 percent State General Fund (SGF) and 66 percent Federal Financial Participation (FFP) matching funds.

Federal Performance Basic Incentives:

Federal Performance Basic Incentive funds of $41,565,000 for SFY 2016-17 and $42,443,000 for SFY 2017-18 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 2016-17 and SFY 2017-18, the budget is $40,000,000 ($26,400,000 federal funds and $13,600,000 county funds). Funding for the County Match is 34 percent County General Fund (CGF) and 66 percent FFP matching funds. Counties may supplement their funding by using CGF in lieu of SGF.

Revenue Stabilization:

SFY 2016-17 and SFY 2017-18 includes an $18,735,000 augmentations for Revenue Stabilization. For details, refer to the Revenue Stabilization premise description.

CHANGE FROM ENACTED BUDGET:

Based on the Federal Fiscal Year 2015 performance incentives calculator estimate provided by Policy Studies Institute, the Federal Performance Basic Incentives are forecasted to increase in SFY 2016-17. This results in a decrease of $69,000 SGF which is offset by an increase of $69,000 federal funds.

REASON FOR YEAR-TO-YEAR CHANGE:

Based on the Federal Fiscal Year 2015 performance incentives calculator estimate provided by Policy Studies Institute, the Federal Performance Basic Incentives are forecasted to increase in SFY 2017-18. This results in a decrease of $368,000 SGF which is offset by an increase of $368,000 federal funds.

EXPENDITURES:

(in thousands)	2016-17	2017-18
	LCSA Admin.	LCSA Admin.
Total	$756,507	$756,507
Federal	513,150	513,449
State	229,757	229,458
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 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 Federal Performance Measures (Charts A-9 through A-12).

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. <u>The State's Collection Base</u>

     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 x (Current Assistance Collections + Former Assistance Collections + Medicaid Assistance) + Never Assisted Collections + Collections for Other Countries + Fees Retained by Other States = 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. <u>Performance Factors</u>

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

     - Paternity Established (Statewide Paternity Establishment Percentage) = Out-of-Wedlock Children w/Paternity ÷ Total Out-of-Wedlock Children, Last Fiscal Year
     - Support Orders Established = Total Cases w/Support Orders ÷ 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 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. 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.

KEY DATA/ASSUMPTIONS (continued):

7. The Available Federal Incentive Pool

   The available pool of federal incentive funds is determined using the Consumer Price Index. Following are the statutorily set pool amounts for each Federal Fiscal Year:

Federal Fiscal Year	National Incentive Pool Available	California's Earned Performance Incentives
2011	$513,000,000	$37,894,749
2012	$526,000,000	$39,127,999
2013	$538,000,000	$39,674,949
2014	$547,000,000	$39,179,540
2015/1	$559,000,000	$40,549,702
2016/1	$571,000,000	$41,564,600
2017/1	$583,000,000	$42,442,726

1/ FFY 2015 through 2017 are based on the Policy Studies Institute estimate.

METHODOLOGY:

The federal incentives are estimated using the methodology under PL 105-200. Based on current information available, it is estimated that California will be entitled to $41,565,000 federal incentives in State Fiscal Year (SFY) 2016-17 and $42,443,000 in SFY 2017-18.

FUNDING:

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

CHANGE FROM ENACTED BUDGET:

Based on the FFY 2015 performance incentives calculator estimate provided by Policy Studies Institute, the Federal Performance Basic incentives are updated to reflect California's estimated share of the national federal incentive pool.

REASON FOR YEAR-TO-YEAR CHANGE:

Based on the FFY 2015 performance incentives calculator estimate provided by Policy Studies Institute, California's share of the national federal incentive pool is projected to increase in SFY 2017-18.

EXPENDITURES:
(in thousands)

	2016-17 LCSA Admin.	2017-18 LCSA Admin.
Federal Performance Basic Incentives	$41,565	$42,443
Federal	41,565	42,443
State	0	0
County	0	0
Reimbursements	0	0

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) to stabilize caseworker staffing and avoid a potential 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 noncustodial parent 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 210 caseworker staff in State Fiscal Year (SFY) 2015-16 with Revenue Stabilization funding.
- For SFY 2015-16, the marginal return on collections per caseworker for assistance cases was $74,838.
- For SFY 2015-16, the marginal return on collections per caseworker for non-assistance cases was $571,794.

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 210 caseworkers were multiplied by the marginal return on collections per assistance case. This quotient was reduced by $509,245 (to account for disregards) to compute additional net assistance collections of $15,207,000 ($7,234,000 SGF) in SFY 2016-17 and SFY 2017-18. The 210 caseworkers were multiplied by the marginal return on collections per non-assistance case to compute additional non-assistance collections of $120,077,000.

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 received 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 the sharing ratios.

CHANGE FROM ENACTED BUDGET:

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

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2016-17	2017-18
	LCSA Admin.	LCSA Admin.
Total	$18,735	$18,735
Federal	12,365	12,365
State	6,370	6,370
County	0	0
Reimbursements	0	0

COLLECTIONS:

(in thousands)

	2016-17	2017-18
	Collections	Collections
Assistance Total	$15,207	$15,207
Federal	7,276	7,276
State	6,987	6,987
County	944	944
Other		
Non-Assistance	$120,077	$120,077
Total Collections	$135,283	$135,283

Internal Revenue Service 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 federal tax intercepts were forecasted based on the actuals collected in State Fiscal Year 2015-16.
- Based on the September 8, 2015 Federal Offset eflash email #15-51, 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 ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2016-17	2017-18
	LCSA Admin.	LCSA Admin.
Total	$2,213	$2,213
Federal	1,460	1,460
State	753	753
County	0	0
Reimbursements	0	0

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Deficit Reduction Act – Mandatory Fee

DESCRIPTION:

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 non-custodial parent or the State (using state funds). California opted to pass the annual fee to the custodial party and began collecting the fee October 1, 2011. Annually, via the automated child support system, qualifying cases are assessed the $25 fee. As required by FDRA 2005, 66 percent of the total fees collected are remitted to the federal government. The remaining 34 percent is retained by the state.

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 ENACTED BUDGET:

The forecast is based on actual assessment data.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2016-17	2017-18
	LCSA Admin.	LCSA Admin.
Total	$2,649	$2,649
Federal	0	0
State	2,649	2,649
County	0	0
Reimbursements	0	0

Section 1115 Federal Grant
Employment Demonstration Project

DESCRIPTION:

This premise reflects the funds for the Child Support Non-Custodial Parent Employment Demonstration (CSPED) Project Federal Grant. The CSPED project in California is being conducted in Stanislaus County and is identified as the Pathway to Self Sufficiency (PASS) program. The grant is in the fifth year of the project period. The first year was devoted to development of the program. Services are provided during years two through four and the fifth year is dedicated to evaluation and sustainability work.

The goal of this project is to improve the reliable payment of child support, thereby improving the child's well-being and avoiding public costs. A successful demonstration program will include child support-led employment programs for noncustodial parents that consist of several key components: 1) case management; 2) employment-oriented services that include job placement and retention services; 3) fatherhood/parenting activities using peer support; and 4) child support procedures including the review and appropriate adjustment of child support orders and programs to reduce child support debt owed to the state.

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 federal Administration for Children and Families (ACF) grant award under Section 1115 and regular FFP. Grantees do not need to provide matching funds.

METHODOLOGY:

- The estimates are based on the federal ACF Notice of Awards, dated September 14, 2015, and August 26, 2016; as well as anticipated budget carry over requests for FFY 2017.
- Funding for State Fiscal Year (SFY) 2016-17 is $660,000 and $250,000 for SFY 2017-18.

FUNDING:

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

CHANGE FROM ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The premise is updated to reflect the budgeted amount for SFY 2017-18.

EXPENDITURES:

(in thousands)

	2016-17	2017-18
	CS Administration	CS Administration
Total	$660	$250
Federal	660	$250
State	0	0
County	0	0

Section 1115 Grant
Dedicated Daddies Make a Difference

DESCRIPTION:

This premise reflects the Behavioral Interventions for Child Support Services (BICS) federal grant that was awarded to fund the Dedicated Daddies Make a Difference program. The Dedicated Daddies Program targets noncustodial 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 currently in year two of a five year performance period. The first year was devoted to start-up and development of the program design, interventions will be tested for years two through four, 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 federal Administration for Children and Families (ACF) grant award under Section 1115 and regular FFP. Grantees do not need to provide matching funds.

METHODOLOGY:

- The estimated is based on the federal ACF Notice of Award dated September 22, 2015, and the DCSS budget carryover request dated March 22, 2016.
- Funding for State Fiscal Year (SFY) 2016-17 is $441,000 and SFY 2017-18 is $441,000.

FUNDING:

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

CHANGE FROM ENACTED BUDGET:

There is no change. In July of 2016, Sacramento and San Joaquin Counties received approval to carryover unspent grant authority from project year one to project year two. Budgeted funds were not fully expended in year one as targeted behavioral interventions were not finalized until late in the year. This caused the development of processes, procedures, materials, and other details to be pushed into year two. Although grant authority was carried over into year two, DCSS does not anticipate Sacramento and San Joaquin to exceed the 2016-17 budgeted amount of $441,000.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2016-17	2017-18
	CS Administration	CS Administration
Total	$441	$441
Federal	441	441
State	0	0
County	0	0

Section 1115 Grant
Procedural Justice Informed Alternative to Contempt

DESCRIPTION:

This premise reflects the Procedural Justice Informed Alternatives to Contempt (PJAC) Federal grant. The PJAC grant allows states to develop and implement programs that offer an alternative to contempt by incorporating procedural justice principles into child support business practices as part of a national demonstration framework. The PJAC grant activities will consist of the following core components: 1) initial screening; 2) outreach/engagement; 3) case conferencing, assessment, and action planning; 4) enhanced investigation; 5) enhanced child support services; 6) other support services; and 7) case management. Each of these components will incorporate procedural justice principles into their design.

The grant project period will be five years. The first year will be a planning year devoted to start-up and development of the program design and pilot testing. Enrollment into the project will last for a three year period, and the final year will focus on evaluation and close-out of the project, as well as continued services to those already enrolled, and sustainability work.

Estimated award ceilings for the five-year project period are as follows: FY 2016 - $200,000; FY 2017 - $225,000; FY 2018, 2019, and 2020 - $118,738. The expected funding for the five-year project period totals $781,214 in Section 1115 funds, plus FFP.

IMPLEMENTATION DATE:

This premise was implemented September 30, 2016.

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, 2016 through September 29, 2021.
- 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 federal Administration for Children and Families (ACF) grant award under Section 1115 and regular FFP. Grantees do not need to provide matching funds.

METHODOLOGY:

- The estimate is based on the federal ACF Award letter dated September 30, 2016.
- Funding for State Fiscal Year (SFY) 2016-17 is $441,000 and SFY 2017-18 is $643,000.

FUNDING:

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

CHANGE FROM ENACTED BUDGET:

New grant awarded September 30, 2016. Updated to reflect the budget for SFY 2016-17.

REASON FOR YEAR-TO-YEAR CHANGE:

Updated to reflect the budget for SFY 2017-18.

EXPENDITURES:

(in thousands)

	2016-17	2017-18
	CS Administration	CS Administration
Total	$441	$643
Federal	441	643
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 California Child Support Automated 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.

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 SDU.
- Costs are based on the current SDU SP contract.

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 ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:
There is no change.

EXPENDITURES:
(in thousands)

	2016-17	2017-18
	CS Automation	CS Automation
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 noncustodial parents who are delinquent in their child support payments. The SDU provides services to collect child support payments from noncustodial parents and to disburse these payments to custodial parties. The Department of Child Support Services 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 with CSE as subject matter experts for child support program business practices, 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 California Department of Child Support Services' 2016 Annual Advance Planning Document Update.

FUNDING:

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

CHANGE FROM ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2016-17	2017-18
	CS Automation	CS Automation
Total	$68,435	$68,435
Federal	45,167	45,167
State	23,268	23,268
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 costs for 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) 2016-17 and SFY 2017-18, 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 ENACTED BUDGET:

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

REASON FOR YEAR-TO-YEAR CHANGE:

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

REVENUES:
(in thousands)

	2016-17 Revenues	2017-18 Revenues
Total	$170,446	$167,197
Federal	170,446	167,197
State	0	0
County	0	0
Reimbursements	0	0

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Child Support Program - Basic Collections

DESCRIPTION:

This premise reflects child support collections distributed 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 regular ongoing efforts of the local child support agency to collect child support payments. Collections for other jurisdictions are collections made on behalf of other states or countries, and forwarded directly to them for distribution. Miscellaneous Collections consists of Medical Support, Pass-On, and Excess Collections. Basic, miscellaneous, and other 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, Non Maintenance of Effort, and collections attributable to Revenue Stabilization augmentation funding are reflected in separate premises.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare & Institutions Code Section 11477.
- 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:

- Basic distributed collections (assistance and non-assistance), collections for other jurisdictions (assistance and non-assistance), and miscellaneous collections (assistance and non-assistance) are reported monthly on the CS 34 and CS 35 reports.
- Actual basic distributed collection data from July 2014 through June 2016 was used to construct a linear regression model to forecast basic collections for State Fiscal Year (SFY) 2016-17 and 2017-18.
- For collections for other jurisdictions and miscellaneous collections, the forecast rates of change for basic collections were applied to SFY 2015-16 actual collections to arrive at the SFY 2016-17 and 2017-18 estimates.

FUNDING:

- Assistance collections 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.
- Collections received on behalf of non-assistance families are forwarded directly to custodial parties.
- Collections received on behalf of other states are forwarded directly to other states for distribution.

CHANGE FROM ENACTED BUDGET:

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

REASON FOR YEAR-TO-YEAR CHANGE:

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

COLLECTIONS:

(in thousands)

	2016-17 Collections	2017-18 Collections
Assistance Total	**$353,663**	**$346,634**
Federal	169,223	165,859
State	162,497	159,268
County	21,943	21,507
Other	0	0
Non-Assistance Total	**$1,834,004**	**$1,906,044**
Other	1,834,004	1,906,044
Collections For Other Jurisdictions Total	**$99,867**	**$103,374**
Assistance	5,667	5,561
Non-Assistance	94,200	97,813
Miscellaneous Collections Total	**$14,972**	**$14,842**
Assistance	12,340	12,109
Non-Assistance	2,632	2,733
Grand Total [1/]	**$2,302,506**	**$2,370,894**

1/ Grand Total does not include disregard to families or other collections described in separate premise items, such as 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 2014 through June 2016.
- 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 ENACTED BUDGET:

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

REASON FOR YEAR-TO-YEAR CHANGE:

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

COLLECTIONS:

(in thousands)

	2016-17 Collections	2017-18 Collections
Total	$24,456	$23,440
Federal	0	0
State	0	0
County	0	0
Other	24,456	23,440

Non-Maintenance of Effort

DESCRIPTION:

The Department of Social Services (DSS) created two new aid codes (3F and K1) for adults who exceeded the CalWORKs 48 month time limit (Safety Net) or drug and fleeing felons cases to reduce penalties associated with the state's work participation rate. Assistance for 3F and K1 cases is solely state funded and considered Non Maintenance of Effort (MOE). Child support cases with solely state funded aid are considered formerly assisted and their collections are not recoupable by federal, state, or county governments. As a result, a technical adjustment was necessary to display the shift in Non MOE collections from assistance to non-assistance.

IMPLEMENTATION DATE:

- Effective April 1, 2014, drug and fleeing felon cases were moved to Non MOE aid codes.
- Effective March 1, 2015, Safety Net and Long-Term Sanction cases were moved to Non MOE aid codes.
- Effective April 1, 2015, the drug felon cases were moved back to MOE aid codes.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare & Institutions Code Section 11477.

METHODOLOGY:

- The Non MOE technical adjustment was not applied to SFY 2016-17 or SFY 2017-18 because the 3F and K1 aid code transition is already complete. If DSS adds additional cases to the NON MOE aid codes in the future, DCSS may need to recalculate and apply a new technical adjustment.

FUNDING:

The assistance for Non MOE cases is funded solely by the general fund.

CHANGE FROM ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

ASSISTANCE COLLECTIONS:
(in thousands)

	2016-17 LCSA Admin.	2017-18 LCSA Admin.
Total	$0	$0
Federal	0	0
State	0	0
County	0	0
Other	0	0

NON-ASSISTANCE COLLECTIONS:
(in thousands)

	2016-17 LCSA Admin.	2017-18 LCSA Admin.
Total	$0	$0
Federal	0	0
State	0	0
County	0	0
Other	0	0

Title IV-E Child Support Collections Recovery Fund

DESCRIPTION:

This premise reflects the estimated federal share of Title IV-E Foster Care (FC) child support collections as determined by the Department of Child Support Services (DCSS). The DCSS is responsible for remitting the federal share of FC collections to the Child Support Collection Recovery Fund (CSCRF). The federal FC share of child support collections is used by the Department of Social Services to 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 2014 through June 2016.
- 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 50 percent for the period of July 1, 2016 through June 30, 2017 (See Appendix A).

METHODOLOGY:

- The federal FC share of collections percentage was applied to the total estimated assistance collections. The FMAP rate was then applied to determine the federal share of FC collections, which resulted in a forecast of $6,053,000 for State Fiscal year (SFY) 2016-17 and $5,938,000 for SFY 2017-18.

FUNDING:

The federal FC share of child support collections is used by the Department of Social Services to offset the Title IV-E share of FC expenditures.

CHANGE FROM ENACTED BUDGET:

The estimate for SFY 2016-17 reflects the forecasted decrease in FC collections.

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate in SFY 2017-18 reflects the forecasted decrease in FC collections.

REVENUES:

(in thousands)

	2016-17 Revenues	2017-18 Revenues
Total	-$6,053	-$5,938
Federal	-6, 053	-5,938
State	0	0
County	0	0
Other	0	0

Never Assisted Cases Fee Recovery

DESCRIPTION:

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. Annually, via the automated child support system, qualifying cases are assessed the $25 fee. The Department retains 34 percent of total fees collected. As required by FDRA 2005, the Department remits the remaining 66 percent to the federal government.

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:

The $25 mandatory fee is paid by the custodial party. The federal portion (66 percent) of the recovered fees is remitted to the federal government.

CHANGE FROM ENACTED BUDGET:

The forecast is based on actual assessment data.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2016-17	2017-18
	LCSA Admin.	LCSA Admin.
Total	$3,497	$3,497
Federal	0	0
State	3,497	3,497
County	0	0
Other	0	0

Discontinued Premises

CHILD SUPPORT PROGRAM COSTS:

- None.

CHILD SUPPORT PROGRAM COLLECTIONS:

- None.

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Appendix A - Federal Medical Assistance Percentage

The assistance collections are shared based on the Federal Medical Assistance Percentage and the nonfederal sharing ratios. These percentages are reflected below:

ASSISTANCE:	July 2016 – June 2017	ASSISTANCE: Nonfederal	July 2016 – June 2017
Federal	50.00%	State	95.00%
State	47.50%	County	5.00%
County	2.50%		

FOSTER CARE:	July 2016 – June 2017	FOSTER CARE: Nonfederal	July 2016 – June 2017
Federal	50.00%	State	00.00%
State	0.00%	County	100.00%
County	50.00%		

KinGAP:	July 2016 – June 2017	KinGAP: Nonfederal	July 2016 – June 2017
Federal	50.00%	State	79.00%
State	39.50%	County	21.00%
County	10.50%		

ASSISTANCE:	July 2016 – June 2017	ASSISTANCE: Nonfederal	July 2016 – June 2017
Federal	50.00%	State	95.00%
State	47.50%	County	5.00%
County	2.50%		

FOSTER CARE:	July 2016 – June 2017	FOSTER CARE: Nonfederal	July 2016 – June 2017
Federal	50.00%	State	0.00%
State	0.00%	County	100.00%
County	50.00%		

KinGAP:	July 2016 – June 2017	KinGAP: Nonfederal	July 2016 – June 2017
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
CP	Custodial Parent
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
SSA	Social Security Administration
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 federal 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 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 SDU, effective July 2006.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare and Institutions 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 2014 through June 2016 were used to construct a 24 month linear regression model to forecast the annual Non IV-D collections amounts for SFY 2016-17 and SFY 2017-18.

FUNDING:

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

CHANGE FROM ENACTED BUDGET:

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 decrease in SFY 2017-18.

COLLECTIONS:
(in thousands)

	2016-17 Collections	2017-18 Collections
Total	$208,047	$203,445
Federal	0	0
State	0	0
County	0	0
Other	208,047	203,445

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

		2015-16 ENACTED BUDGET					ADJUSTMENTS/DIFFERENCES					2017-18 NOVEMBER ESTIMATE CY (2016-17)				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2016-17 ENACTED BUDGET TO 2017-18 NOVEMBER EST. CY																
1	Non IV-D CHILD SUPPORT COLLECTIONS	214,623	0	0	0	214,623	-6,576	0	0	0	-6,576	208,047	0	0	0	208,047

		2016-17 ENACTED BUDGET					ADJUSTMENTS/DIFFERENCES					2017-18 NOVEMBER EST. BY (2017-18)				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2016-17 ENACTED BUDGET TO 2017-18 NOVEMBER EST. BY																
2	Non IV-D CHILD SUPPORT COLLECTIONS	214,623	0	0	0	214,623	-11,178	0	0	0	-11,178	203,445	0	0	0	203,445

		2017-18 NOVEMBER ESTIMATE CY (2016-17)					ADJUSTMENTS/DIFFERENCES					2017-18 NOVEMBER EST. BY (2017-18)				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2017-18 NOVEMBER EST. CY TO 2017-18 NOVEMBER EST. BY																
3	Non IV-D CHILD SUPPORT COLLECTIONS	208,047	0	0	0	208,047	-4,602	0	0	0	-4,602	203,445	0	0	0	203,445

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.