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

TO: RECIPIENTS OF THE NOVEMBER 2017 ESTIMATE OF THE 2018-19 GOVERNOR'S BUDGET

FROM: MATHEW MACY, Budget Manager
Budget Support Section

DATE: January 8, 2018

SUBJECT: DEPARTMENT OF CHILD SUPPORT SERVICES ESTIMATES

This memorandum transmits the 2018-19 Governor's Budget estimates for the Department of Child Support Services (DCSS).

The November 2017 Estimate presents the State Fiscal Year (SFY) 2018-19 DCSS budget and provides an update to the SFY 2017-18 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).

The total costs for local assistance are estimated to be $846.1 million ($261.2 million State General Fund (SGF)) for SFY 2017-18 and $846.7 million ($261.3 million SGF) for SFY 2018-19. Total distributed child support collections and revenues are projected to be $2.46 billion ($171.9 million SGF) for SFY 2017-18 and $2.5 billion ($170.8 million SGF) for SFY 2018-19.

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 2017 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) 464-5801.

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

	2017-18 ENACTED BUDGET					ADJUSTMENTS					NOVEMBER ESTIMATE FOR CY 2017-18				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
CHILD SUPPORT PROGRAM COSTS [1]	**1,020,589**	**692,568**	**314,298**	**13,600**	**123**	**3,743**	**2,473**	**1,270**	**0**	**0**	**1,024,332**	**695,041**	**315,568**	**13,600**	**123**
1 STATE OPERATIONS [2]	**174,485**	**121,280**	**53,082**	**0**	**123**	**3,732**	**2,463**	**1,269**	**0**	**0**	**178,217**	**123,743**	**54,351**	**0**	**123**
Item 5175-001	98,198	66,562	31,513	0	123	3,732	2,463	1,269	0	0	101,930	69,025	32,782	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	**846,104**	**571,288**	**261,216**	**13,600**	**0**	**11**	**10**	**1**	**0**	**0**	**846,115**	**571,298**	**261,217**	**13,600**	**0**
Child Support Services	676,753	401,937	261,216	13,600	0	-2	-3	1	0	0	676,751	401,934	261,217	13,600	0
Child Support Collections Recovery Fund	169,351	169,351	0	0	0	13	13	0	0	0	169,364	169,364	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	**762,703**	**516,243**	**232,860**	**13,600**	**0**	**11**	**10**	**1**	**0**	**0**	**762,714**	**516,253**	**232,861**	**13,600**	**0**
Local Child Support Agency Basic Costs	756,507	513,449	229,458	13,600	0	82	82	0	0	0	756,589	513,531	229,458	13,600	0
Administration	655,329	432,241	223,088	0	0	0	0	0	0	0	655,329	432,241	223,088	0	0
Federal Performance Basic Incentives	42,443	42,443	0	0	0	82	82	0	0	0	42,525	42,525	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	1	0	1	0	0	2,650	0	2,650	0	0
Section 1115 Grant (NCP Employment Demo Project)	250	250	0	0	0	0	0	0	0	0	250	250	0	0	0
Section 1115 Grant (Dedicated Daddies Make a Difference)	441	441	0	0	0	-155	-155	0	0	0	286	286	0	0	0
Section 1115 Grant (Procedural Justice Informed Alternative to Contempt)	643	643	0	0	0	83	83	0	0	0	726	726	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 2017-18 Enacted Budget to the November Estimate for BY (2018-19)
(in thousands)

	2017-18 ENACTED BUDGET					ADJUSTMENTS					NOVEMBER ESTIMATE FOR BY 2018-19				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
CHILD SUPPORT PROGRAM COSTS [1]	**1,020,589**	**692,568**	**314,298**	**13,600**	**123**	**4,509**	**3,171**	**1,338**	**0**	**0**	**1,025,098**	**695,739**	**315,636**	**13,600**	**123**
1 STATE OPERATIONS [2]	**174,485**	**121,280**	**53,082**	**0**	**123**	**3,874**	**2,578**	**1,296**	**0**	**0**	**178,359**	**123,858**	**54,378**	**0**	**123**
Item 5175-001	98,198	66,562	31,513	0	123	3,874	2,578	1,296	0	0	102,072	69,140	32,809	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	**846,104**	**571,288**	**261,216**	**13,600**	**0**	**635**	**593**	**42**	**0**	**0**	**846,739**	**571,881**	**261,258**	**13,600**	**0**
Child Support Services	676,753	401,937	261,216	13,600	0	1,687	1,645	42	0	0	678,440	403,582	261,258	13,600	0
Child Support Collections Recovery Fund	169,351	169,351	0	0	0	-1,052	-1,052	0	0	0	168,299	168,299	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	**762,703**	**516,243**	**232,860**	**13,600**	**0**	**635**	**593**	**42**	**0**	**0**	**763,338**	**516,836**	**232,902**	**13,600**	**0**
Local Child Support Agency Basic Costs	756,507	513,449	229,458	13,600	0	1,081	1,040	41	0	0	757,588	514,489	229,499	13,600	0
Administration	655,329	432,241	223,088	0	0	119	78	41	0	0	655,448	432,319	223,129	0	0
Federal Performance Basic Incentives	42,443	42,443	0	0	0	962	962	0	0	0	43,405	43,405	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	1	0	1	0	0	2,650	0	2,650	0	0
Section 1115 Grant (NCP Employment Demo Project)	250	250	0	0	0	-150	-150	0	0	0	100	100	0	0	0
Section 1115 Grant (Dedicated Daddies Make a Difference)	441	441	0	0	0	-231	-231	0	0	0	210	210	0	0	0
Section 1115 Grant (Procedural Justice Informed Alternative to Contempt)	643	643	0	0	0	-66	-66	0	0	0	577	577	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 3
Comparison of the November Estimate for CY (2017-18) and BY (2018-19)
(in thousands)

	NOVEMBER ESTIMATE FOR CY 2017-18					ADJUSTMENTS					NOVEMBER ESTIMATE FOR BY 2018-19				
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.
CHILD SUPPORT PROGRAM COSTS [1]	**1,024,332**	**695,041**	**315,568**	**13,600**	**123**	**766**	**698**	**68**	**0**	**0**	**1,025,098**	**695,739**	**315,636**	**13,600**	**123**
1 STATE OPERATIONS [2]	**178,217**	**123,743**	**54,351**	**0**	**123**	**142**	**115**	**27**	**0**	**0**	**178,359**	**123,858**	**54,378**	**0**	**123**
Item 5175-001	101,930	69,025	32,782	0	123	142	115	27	0	0	102,072	69,140	32,809	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	**846,115**	**571,298**	**261,217**	**13,600**	**0**	**624**	**583**	**41**	**0**	**0**	**846,739**	**571,881**	**261,258**	**13,600**	**0**
Child Support Services	676,753	401,937	261,216	13,600	0	1,687	1,645	42	0	0	678,440	403,582	261,258	13,600	0
Child Support Collections Recovery Fund	169,364	169,364	0	0	0	-1,065	-1,065	0	0	0	168,299	168,299	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	**762,714**	**516,253**	**232,861**	**13,600**	**0**	**624**	**583**	**41**	**0**	**0**	**763,338**	**516,836**	**232,902**	**13,600**	**0**
Local Child Support Agency Basic Costs	756,589	513,531	229,458	13,600	0	999	958	41	0	0	757,588	514,489	229,499	13,600	0
Administration	655,329	432,241	223,088	0	0	119	78	41	0	0	655,448	432,319	223,129	0	0
Federal Performance Basic Incentives	42,525	42,525	0	0	0	880	880	0	0	0	43,405	43,405	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	2,650	0	2,650	0	0	0	0	0	0	0	2,650	0	2,650	0	0
Section 1115 Grant (NCP Employment Demo Project)	250	250	0	0	0	-150	-150	0	0	0	100	100	0	0	0
Section 1115 Grant (Dedicated Daddies Make a Difference)	286	286	0	0	0	-76	-76	0	0	0	210	210	0	0	0
Section 1115 Grant (Procedural Justice Informed Alternative to Contempt)	726	726	0	0	0	-149	-149	0	0	0	577	577	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.

CHILD SUPPORT PROGRAM
REVENUE AND COLLECTIONS COMPARISONS

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State Fiscal Year 2018-19 Comparisons

Table 2. 2017-18 Enacted Budget to the November Estimate BY 2018-19……. EB CY – Nov BY

Table 3. November Estimate CY 2017-18 to the November Estimate BY 2018-19…..…… Nov CY – Nov BY

REVENUES AND COLLECTIONS TABLE 1
Comparison of the 2017-18 Enacted Budget to the November Estimate for CY (2017-18)
(in thousands)

		2017-18 ENACTED BUDGET					ADJUSTMENTS/DIFFERENCES					NOVEMBER ESTIMATE FOR CY 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**	**2,503,511**	**169,351**	**171,893**	**22,740**	**2,139,527**	**-41,249**	**13**	**4**	**133**	**-41,399**	**2,462,262**	**169,364**	**171,897**	**22,873**	**2,098,128**
2	**CHILD SUPPORT PROGRAM COLLECTIONS**	**2,506,028**	**175,365**	**168,396**	**22,740**	**2,139,527**	**-41,399**	**-140**	**7**	**133**	**-41,399**	**2,464,629**	**175,225**	**168,403**	**22,873**	**2,098,128**
3	**Child Support Assistance Collections**	**408,947**	**175,365**	**168,396**	**22,740**	**42,446**	**0**	**-140**	**7**	**133**	**0**	**408,947**	**175,225**	**168,403**	**22,873**	**42,446**
4	Basic Collections	351,294	168,089	161,409	21,796	0	574	140	270	164	0	351,868	168,229	161,679	21,960	0
5	Disregard Payments to Families	24,556	0	0	0	24,556	0	0	0	0	0	24,556	0	0	0	24,556
6	Collections for Other Jurisdictions - Assistance	5,630	0	0	0	5,630	0	0	0	0	0	5,630	0	0	0	5,630
7	Miscellaneous Collections - Assistance	12,260	0	0	0	12,260	0	0	0	0	0	12,260	0	0	0	12,260
8	Revenue Stabilization Adjustment- Assistance	15,207	7,276	6,987	944	0	-574	-280	-263	-31	0	14,633	6,996	6,724	913	0
9	**Child Support NonAssistance Collections**	**2,097,081**	**0**	**0**	**0**	**2,097,081**	**-41,399**	**0**	**0**	**0**	**-41,399**	**2,055,682**	**0**	**0**	**0**	**2,055,682**
10	Basic Collections	1,877,973	0	0	0	1,877,973	-42,018	0	0	0	-42,018	1,835,955	0	0	0	1,835,955
11	Collections for Other Jurisdictions - NonAssistance	96,339	0	0	0	96,339	-2,398	0	0	0	-2,398	93,941	0	0	0	93,941
12	Miscellaneous Collections - NonAssistance	2,692	0	0	0	2,692	-221	0	0	0	-221	2,471	0	0	0	2,471
13	Revenue Stabilization Adjustment- NonAssistance	120,077	0	0	0	120,077	3,238	0	0	0	3,238	123,315	0	0	0	123,315
14	**REVENUES AND TRANSFERS**	**-2,517**	**-6,014**	**3,497**	**0**	**0**	**150**	**153**	**-3**	**0**	**0**	**-2,367**	**-5,861**	**3,494**	**0**	**0**
15	Title IV-E Child Support Collections Recovery Fund	-6,014	-6,014	0	0	0	153	153	0	0	0	-5,861	-5,861	0	0	0
16	Never Assisted Cases Fee Recovery	3,497	0	3,497	0	0	-3	0	-3	0	0	3,494	0	3,494	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 2017-18 Enacted Budget to the November Estimate for BY (2018-19)
(in thousands)

		2017-18 ENACTED BUDGET					ADJUSTMENTS/DIFFERENCES					NOVEMBER ESTIMATE FOR BY 2018-19				
		Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1	**CS REVENUES, TRANSFERS AND COLLECTIONS**	**2,503,511**	**169,351**	**171,893**	**22,740**	**2,139,527**	**-2,933**	**-1,052**	**-1,056**	**-11**	**-814**	**2,500,578**	**168,299**	**170,837**	**22,729**	**2,138,713**
2	**CHILD SUPPORT PROGRAM COLLECTIONS**	**2,506,028**	**175,365**	**168,396**	**22,740**	**2,139,527**	**-3,120**	**-1,242**	**-1,053**	**-11**	**-814**	**2,502,908**	**174,123**	**167,343**	**22,729**	**2,138,713**
3	**Child Support Assistance Collections**	**408,947**	**175,365**	**168,396**	**22,740**	**42,446**	**-2,308**	**-1,242**	**-1,053**	**-11**	**-2**	**406,639**	**174,123**	**167,343**	**22,729**	**42,444**
4	Basic Collections	351,294	168,089	161,409	21,796	0	-1,732	-962	-790	20	0	349,562	167,127	160,619	21,816	0
5	Disregard Payments to Families	24,556	0	0	0	24,556	111	0	0	0	111	24,667	0	0	0	24,667
6	Collections for Other Jurisdictions - Assistance	5,630	0	0	0	5,630	-36	0	0	0	-36	5,594	0	0	0	5,594
7	Miscellaneous Collections - Assistance	12,260	0	0	0	12,260	-77	0	0	0	-77	12,183	0	0	0	12,183
8	Revenue Stabilization Adjustment- Assistance	15,207	7,276	6,987	944	0	-574	-280	-263	-31	0	14,633	6,996	6,724	913	0
9	**Child Support NonAssistance Collections**	**2,097,081**	**0**	**0**	**0**	**2,097,081**	**-812**	**0**	**0**	**0**	**-812**	**2,096,269**	**0**	**0**	**0**	**2,096,269**
10	Basic Collections	1,877,973	0	0	0	1,877,973	-3,371	0	0	0	-3,371	1,874,602	0	0	0	1,874,602
11	Collections for Other Jurisdictions - NonAssistance	96,339	0	0	0	96,339	-508	0	0	0	-508	95,831	0	0	0	95,831
12	Miscellaneous Collections - NonAssistance	2,692	0	0	0	2,692	-171	0	0	0	-171	2,521	0	0	0	2,521
13	Revenue Stabilization Adjustment- NonAssistance	120,077	0	0	0	120,077	3,238	0	0	0	3,238	123,315	0	0	0	123,315
14	**REVENUES AND TRANSFERS**	**-2,517**	**-6,014**	**3,497**	**0**	**0**	**187**	**190**	**-3**	**0**	**0**	**-2,330**	**-5,824**	**3,494**	**0**	**0**
15	Title IV-E Child Support Collections Recovery Fund	-6,014	-6,014	0	0	0	190	190	0	0	0	-5,824	-5,824	0	0	0
16	Never Assisted Cases Fee Recovery	3,497	0	3,497	0	0	-3	0	-3	0	0	3,494	0	3,494	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 November Estimate for CY (2017-18) and BY (2018-19)
(in thousands)

		NOVEMBER ESTIMATE FOR CY 2017-18					ADJUSTMENTS/DIFFERENCES					NOVEMBER ESTIMATE FOR BY 2018-19				
		Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/
1	**CS REVENUES, TRANSFERS AND COLLECTIONS**	**2,462,262**	**169,364**	**171,897**	**22,873**	**2,098,128**	**38,316**	**-1,065**	**-1,060**	**-144**	**40,585**	**2,500,578**	**168,299**	**170,837**	**22,729**	**2,138,713**
2	**CHILD SUPPORT PROGRAM COLLECTIONS**	**2,464,629**	**175,225**	**168,403**	**22,873**	**2,098,128**	**38,279**	**-1,102**	**-1,060**	**-144**	**40,585**	**2,502,908**	**174,123**	**167,343**	**22,729**	**2,138,713**
3	**Child Support Assistance Collections**	**408,947**	**175,225**	**168,403**	**22,873**	**42,446**	**-2,308**	**-1,102**	**-1,060**	**-144**	**-2**	**406,639**	**174,123**	**167,343**	**22,729**	**42,444**
4	Basic Collections	351,868	168,229	161,679	21,960	0	-2,306	-1,102	-1,060	-144	0	349,562	167,127	160,619	21,816	0
5	Disregard Payments to Families	24,556	0	0	0	24,556	111	0	0	0	111	24,667	0	0	0	24,667
6	Collections for Other Jurisdictions - Assistance	5,630	0	0	0	5,630	-36	0	0	0	-36	5,594	0	0	0	5,594
7	Miscellaneous Collections - Assistance	12,260	0	0	0	12,260	-77	0	0	0	-77	12,183	0	0	0	12,183
8	Revenue Stabilization Adjustment- Assistance	14,633	6,996	6,724	913	0	0	0	0	0	0	14,633	6,996	6,724	913	0
9	**Child Support NonAssistance Collections**	**2,055,682**	**0**	**0**	**0**	**2,055,682**	**40,587**	**0**	**0**	**0**	**40,587**	**2,096,269**	**0**	**0**	**0**	**2,096,269**
10	Basic Collections	1,835,955	0	0	0	1,835,955	38,647	0	0	0	38,647	1,874,602	0	0	0	1,874,602
11	Collections for Other Jurisdictions - NonAssistance	93,941	0	0	0	93,941	1,890	0	0	0	1,890	95,831	0	0	0	95,831
12	Miscellaneous Collections - NonAssistance	2,471	0	0	0	2,471	50	0	0	0	50	2,521	0	0	0	2,521
13	Revenue Stabilization Adjustment- NonAssistance	123,315	0	0	0	123,315	0	0	0	0	0	123,315	0	0	0	123,315
14	**REVENUES AND TRANSFERS**	**-2,367**	**-5,861**	**3,494**	**0**	**0**	**37**	**37**	**0**	**0**	**0**	**-2,330**	**-5,824**	**3,494**	**0**	**0**
15	Title IV-E Child Support Collections Recovery Fund	-5,861	-5,861	0	0	0	37	37	0	0	0	-5,824	-5,824	0	0	0
16	Never Assisted Cases Fee Recovery	3,494	0	3,494	0	0	0	0	0	0	0	3,494	0	3,494	0	0

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

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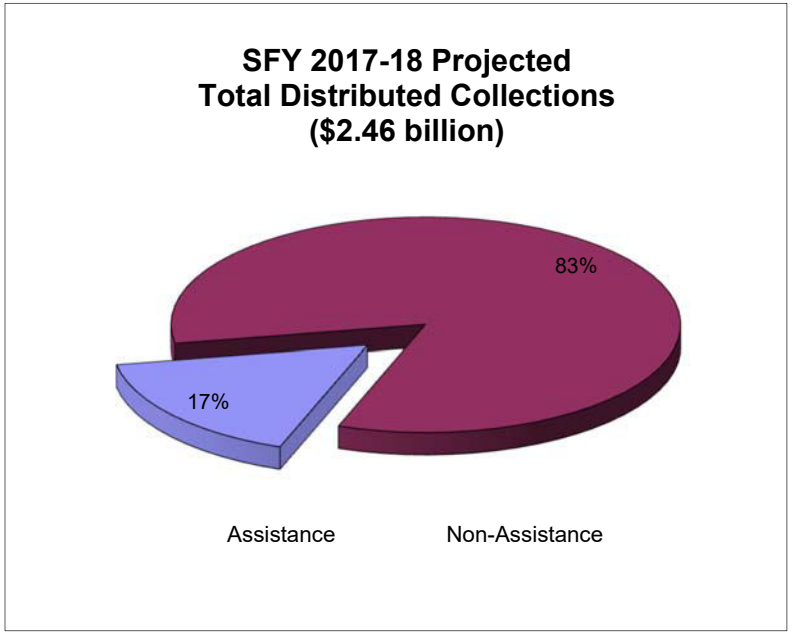
TOTAL PROJECTED DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2017-18 and 2018-19

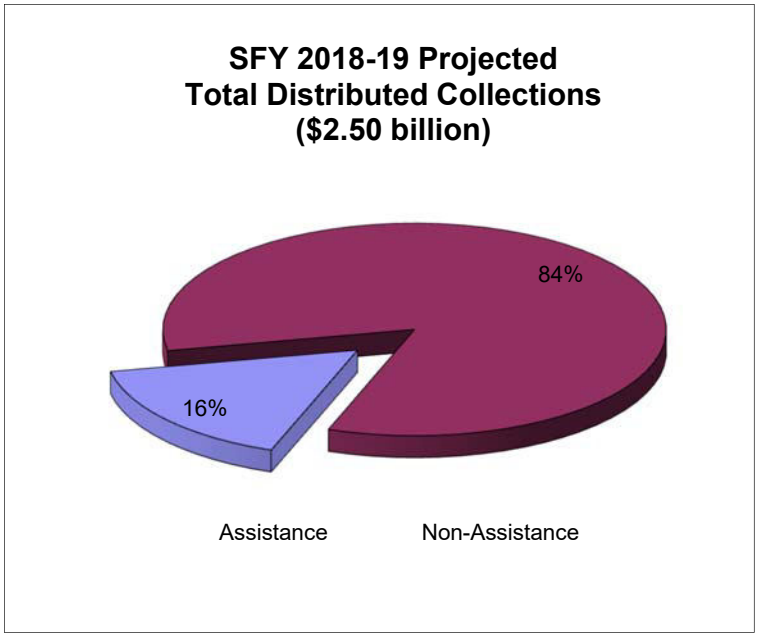
The charts below display California's total projected child support collections.

Assistance Collections - $408.9 million in State Fiscal Year (SFY) 2017-18 and $406.6 million in SFY 2018-19
- Basic Collections - $351.9 million in SFY 2017-18 and $349.6 million in SFY 2018-19
- Other Collections - $57 million in both SFY 2017-18 and SFY 2018-19

Non-Assistance Collections: $2.06 billion in SFY 2017-18 and $2.1 billion in SFY 2018-19
- Basic Collections - $1.84 billion SFY 2017-18 and $1.87 billion SFY 2018-19
- Other Collections - $219.7 million SFY 2017-18 and $221.7 million SFY 2018-19

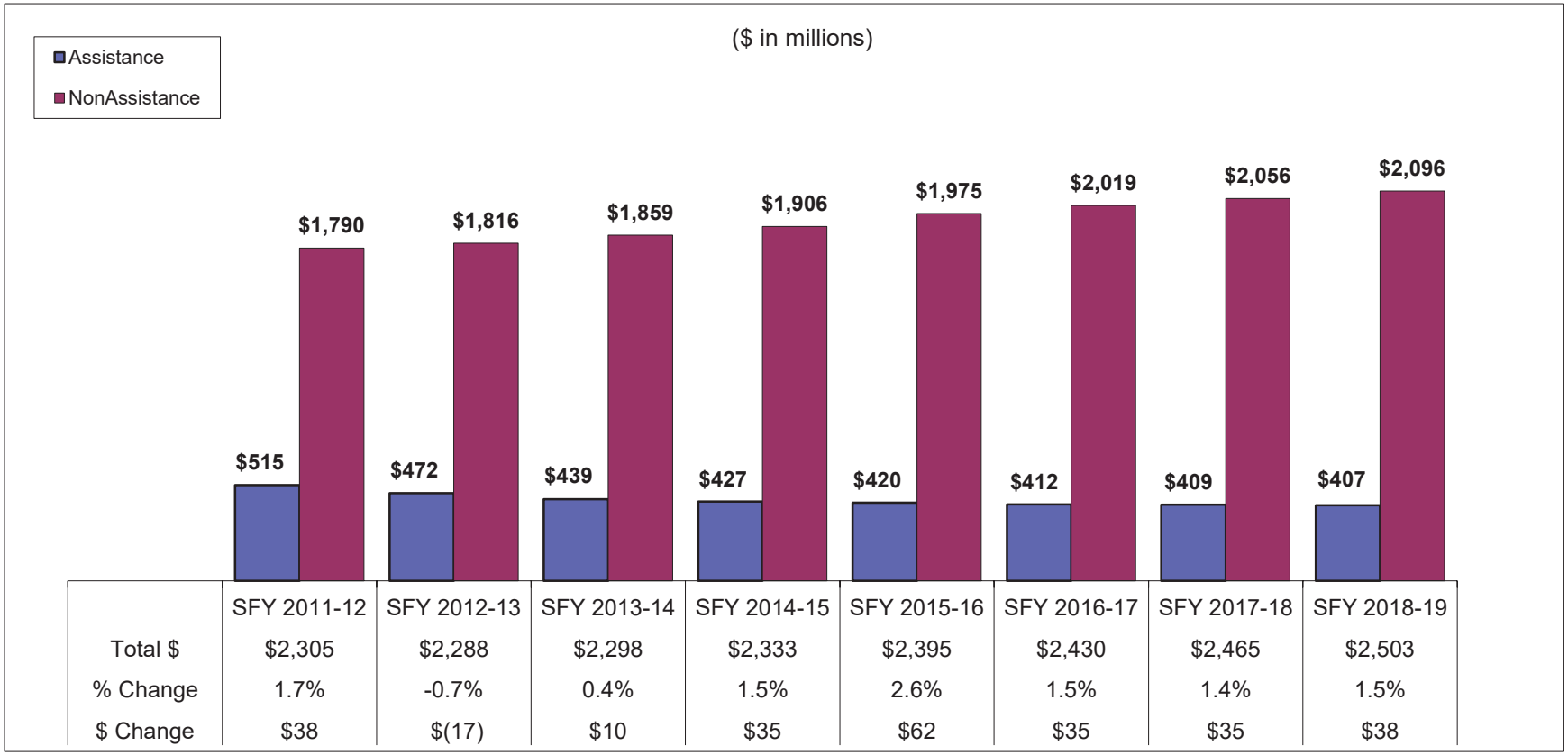
Basic Collections – Child support collections attained through the regular ongoing efforts of the Local Child Support Agencies (LCSAs).
Other Collections – Includes collections distributed to other jurisdictions, miscellaneous collections (medical support, pass-on, and excess), collections attained via Revenue Stabilization funding, and disregard payments to families.





TOTAL DISTRIBUTED COLLECTIONS
FOR STATE FISCAL YEARS 2011-12 through 2018-19

Child support distributed collections are projected to total $2.5 billion in State Fiscal Year (SFY) 2018-19. The chart below reflect 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	SFY 2018-19
Total $	$2,305	$2,288	$2,298	$2,333	$2,395	$2,430	$2,465	$2,503
% Change	1.7%	-0.7%	0.4%	1.5%	2.6%	1.5%	1.4%	1.5%
$ Change	$38	$(17)	$10	$35	$62	$35	$35	$38

Source: The collections data for SFY 2011-12 through SFY 2016-17 are from the Child Support 34 and Child Support 35 reports. The SFY 2017-18 through SFY 2018-19 projections are based on the most recent data.

TOTAL DISTRIBUTED COLLECTIONS [1/]
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.

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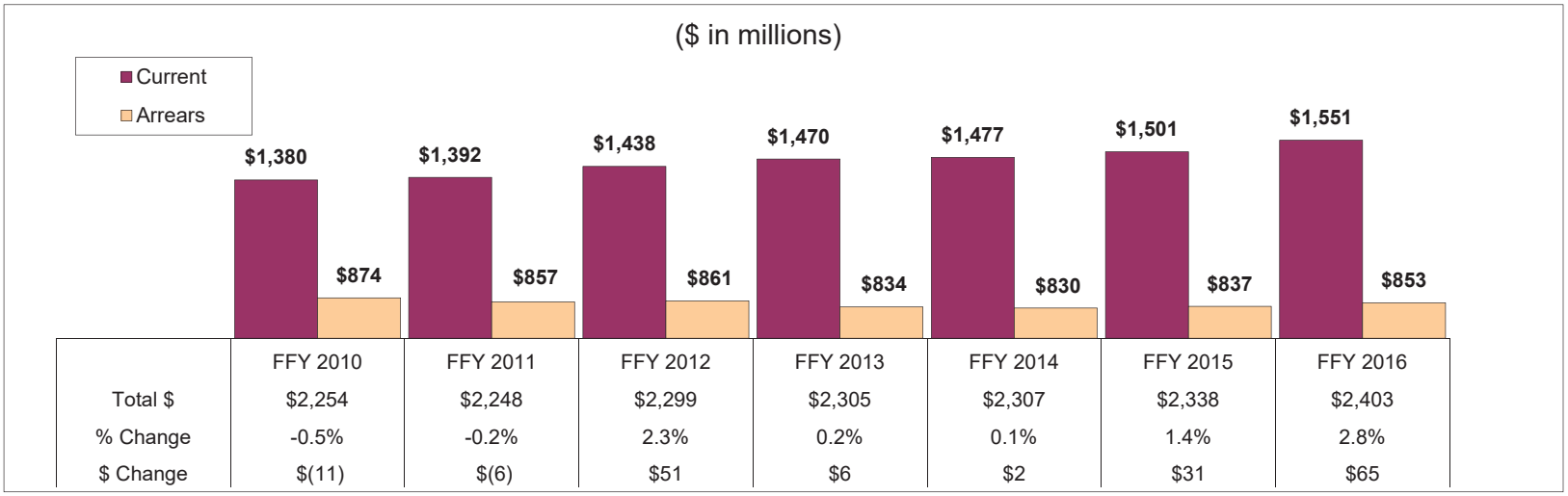
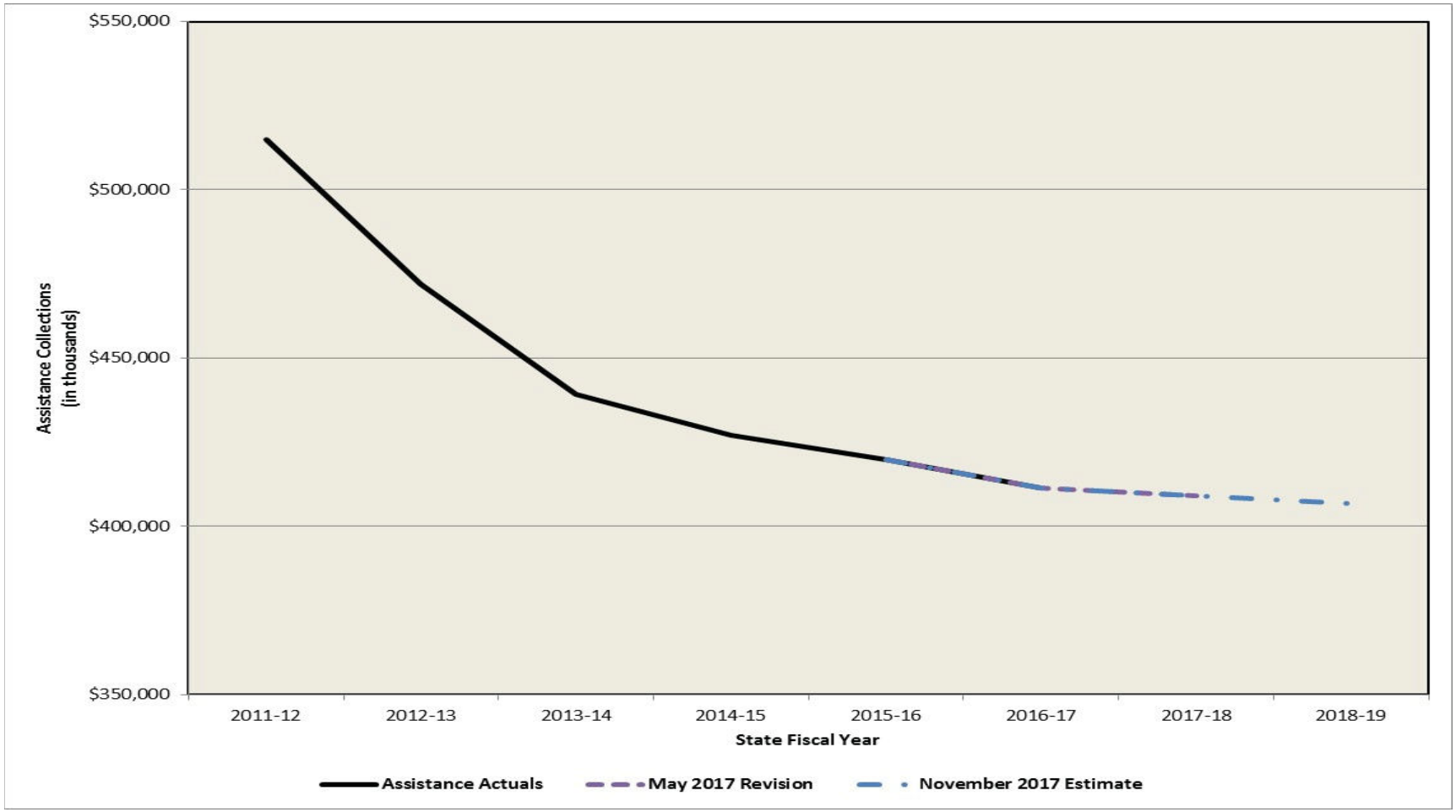


	FFY 2010	FFY 2011	FFY 2012	FFY 2013	FFY 2014	FFY 2015	FFY 2016
Total $	$2,254	$2,248	$2,299	$2,305	$2,307	$2,338	$2,403
% Change	-0.5%	-0.2%	2.3%	0.2%	0.1%	1.4%	2.8%
$ Change	$(11)	$(6)	$51	$6	$2	$31	$65

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).

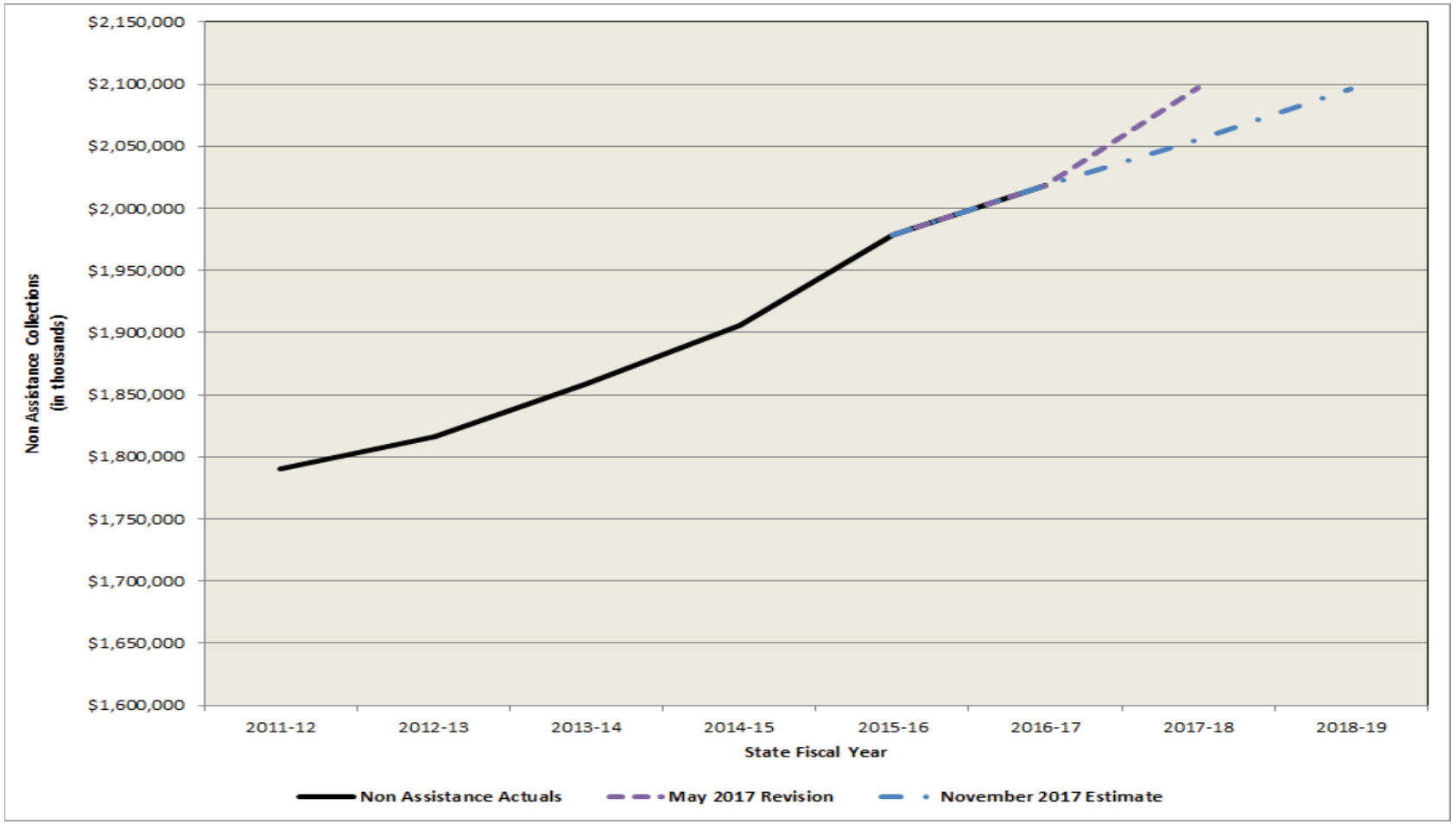
ASSISTANCE COLLECTIONS FORECAST COMPARISON

The November 2017 Estimate reflects a decrease of 0.6 percent for State Fiscal Year (SFY) 2017-18 compared to the SFY 2016-17 actual collections and a decrease of 0.6 percent for SFY 2018-19 compared to the SFY 2017-18 November 2017 Estimate.



NON-ASSISTANCE COLLECTIONS FORECAST COMPARISON

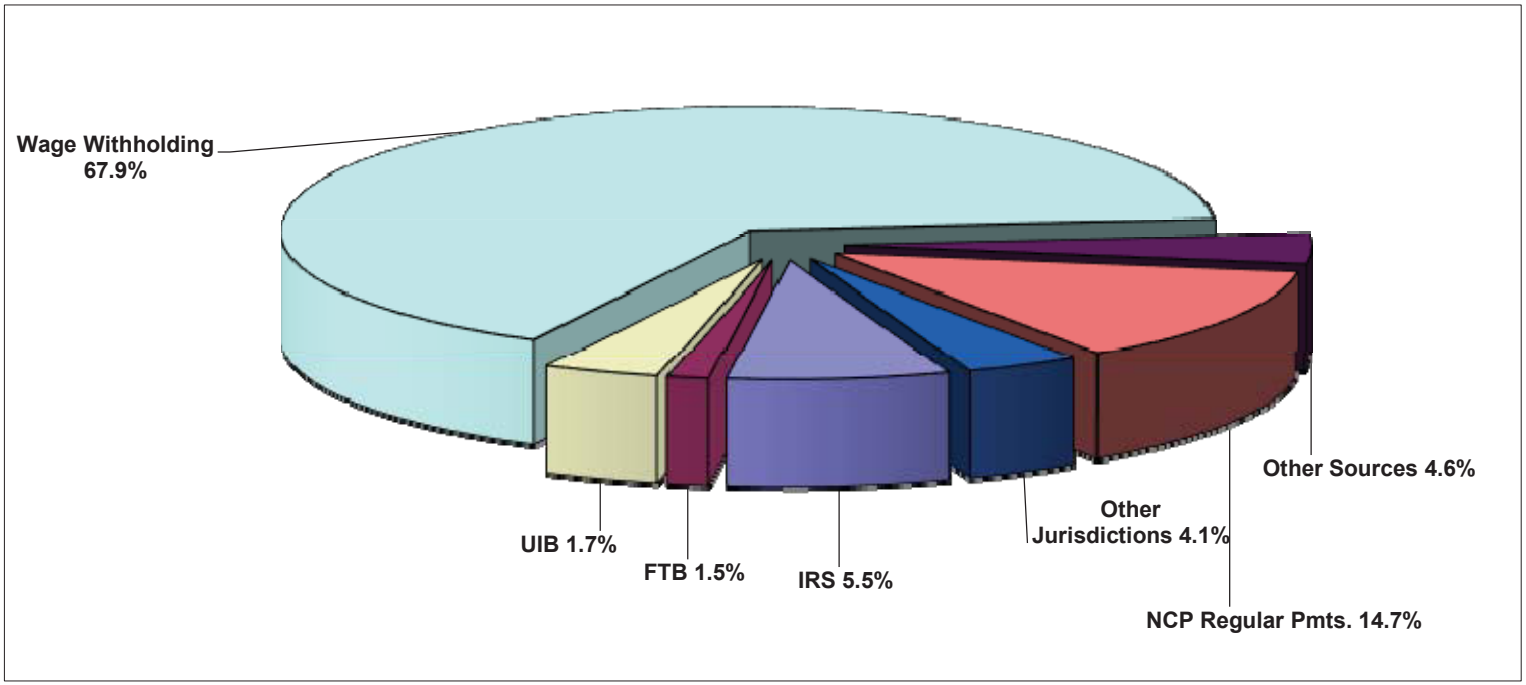
The November 2017 Estimate reflects an increase of 2.0 percent for State Fiscal Years (SFY) 2017-18 and compared to SFY 2016-17 actual collections and an increase of 2.0 percent for SFY 2018-19 compared to SFY 2017-18 November 2017 Estimate.



TOTAL COLLECTIONS RECEIVED BY SOURCE FOR STATE FISCAL YEAR 2016-17

Total child support collections received for State Fiscal Year (SFY) 2016-17 were $2.43 billion. Collections sources include:

- Wage Withholding totaled $1.65 billion (67.9 percent)
- Noncustodial Parent (NCP) Regular Payments totaled $357.6 million (14.7 percent)
- Internal Revenue Service (IRS) Federal income tax refund offsets totaled $134.2 million (5.5 percent)
- Other Sources[/1] totaled $111.1 million (4.6 percent)
- Other Jurisdictions[/2] totaled $98.5 million (4.1 percent)
- Unemployment Insurance Benefits (UIB) offsets totaled $40.1 million (1.7 percent)
- Franchise Tax Board's (FTB) State income tax refund offsets totaled $37.1 million (1.5 percent)



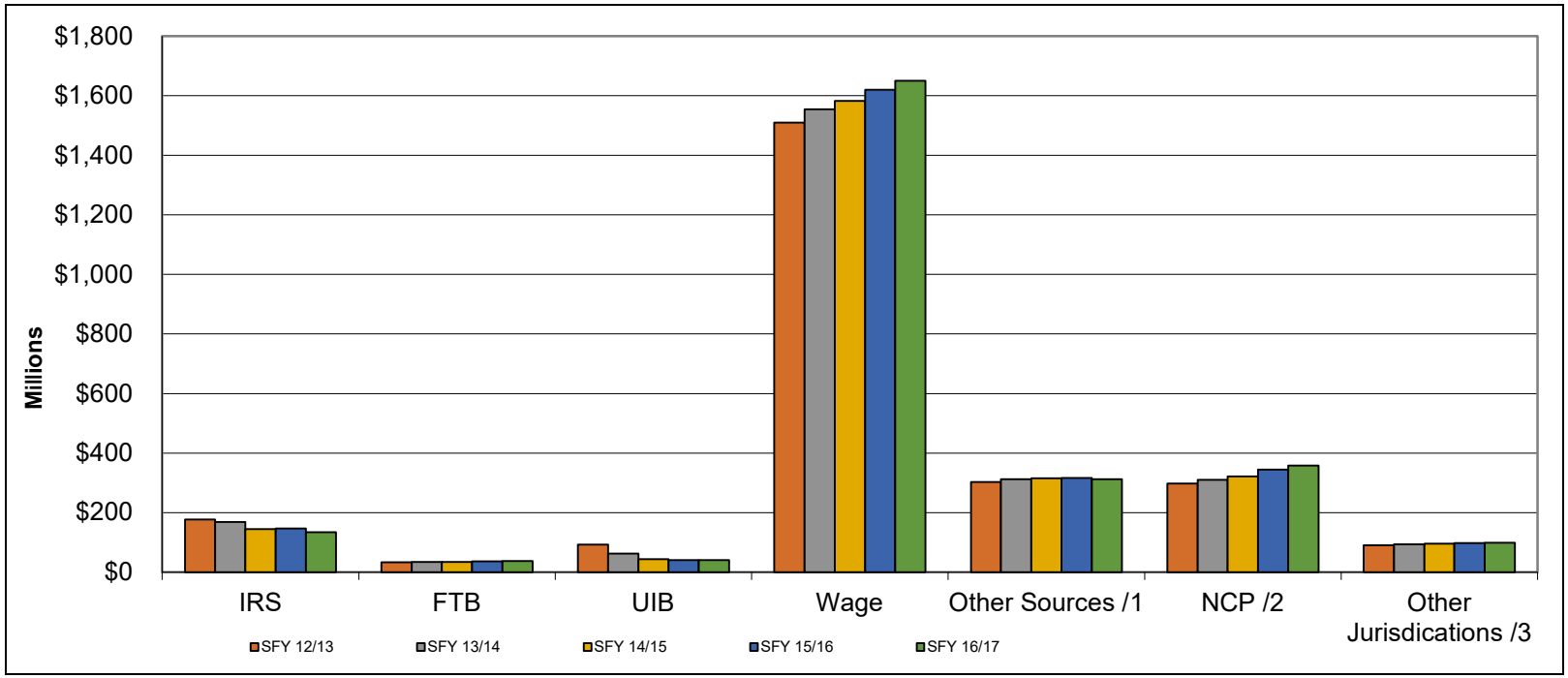
Source: Child Support 34 and Child Support 35 reports.

[/1] Includes, but is not limited to, Liens, Workers' Compensation, Disability Insurance Benefits offsets, California Insurance Intercepts, and Single and Multistate Financial Data Institution Match (FIDM).

[/2] Includes collections from tribes, 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) 2012-13 through SFY 2016-17. The year-to-year change from SFY 2015-16 to SFY 2016-17 for Internal Revenue Service (IRS) intercepts was a decrease of 8.6 percent; Franchise Tax Board (FTB) intercepts increased 2.2 percent; Unemployment Insurance Benefits (UIB) intercepts increased 0.2 percent; Wage Withholdings increased 1.8 percent; Other Sources decreased 1.2 percent; Non-Custodial Parent (NCP) regular payments increased 3.7 percent, and Other Jurisdictions increased 1 percent.

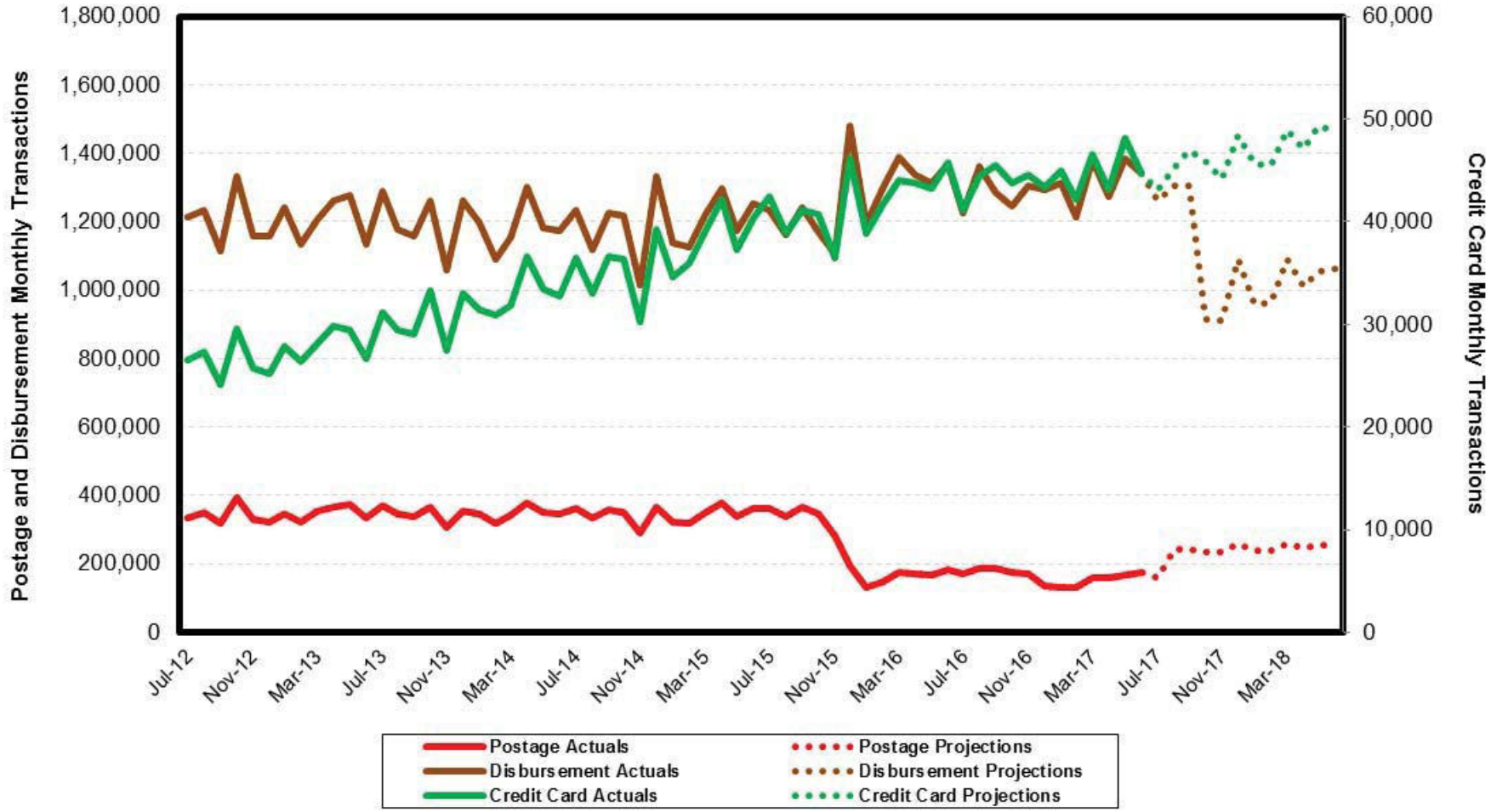


Source: Child Support 34 and Child Support 35 reports.

/1 Includes, but is not limited to Liens, Workers' Compensation, Disability Insurance Benefits, California Insurance Intercept Program and Financial Institution Data Match (FIDM) without wage levies.
/2 Increase may be attributed to the implementation of new payment options: Money Gram and Pay Near Me in June 2015, and Kiosk (Touch Pay) was implemented April 2016.
/3 Includes collections from tribes, other states and countries.

State Disbursement Unit
Transactions by Type

The November 2017 Estimate forecast utilizes 24 months of actual data: July 2015 through June 2017.



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 incentive funding system. Since federal fiscal year (FFY) 2000, states have been evaluated annually for federal incentive funds based on the following five performance measures:

1. **PaternityEstablishmentPercentage**
   - 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 percentage;
     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 2016	101.7%	FFY 2012	98.4%	FFY 2008	94.2%	FFY 2004	87.6%
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%		

StatewidePEP

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

California's Performance:

FFY 2016	98.6%	FFY 2012	101.6%	FFY 2008	101.4%	FFY 2004	117.8%
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%		

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 2016	90.4%	FFY 2012	87.9%	FFY 2008	80.2%	FFY 2004	78.1%
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%		

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 2016	67.0%	FFY 2012	61.4%	FFY 2008	52.8%	FFY 2004	48.0%
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%		

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 2016	66.7%	FFY 2012	63.5%	FFY 2008	59.1%	FFY 2004	54.9%
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%		

5. CostEffectiveness 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 2016	$2.51	FFY 2012	$2.47	FFY 2008	$1.96*	FFY 2004	$2.12
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		

*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. Data must be found to be sufficiently complete and error free. 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 data reliability standard puts states at risk of losing eligibility for incentive funds and incurring significant penalties unless improvements are made during the year.

Penalties

If any state falls below one or more of the performance measures or does not meet the data reliability criteria, then 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 that year. For example, if a state failed two consecutive annual audits, a penalty would be imposed. The penalty level by which payments would 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 2016

IV-D PEP			Statewide PEP			Cases with Support Orders			Current Support Paid			Cases Paying on Arrears			Cost Effectiveness		
Arizona	145.1%	1	Oklahoma	112.4%	1	Maine	95.1%	1	Pennsylvania	84.3%	1	Pennsylvania	84.5%	1	Texas	$11.21	1
Iowa	133.2%	2	Wyoming	105.9%	2	Indiana	93.6%	2	Wisconsin	74.5%	2	Vermont	75.6%	2	South Dakota	$10.69	2
Nevada	126.4%	3	Alaska	105.2%	3	Wyoming	93.5%	3	Minnesota	74.3%	3	Indiana	73.3%	3	Mississippi	$9.36	3
Wyoming	122.1%	4	Colorado	105.0%	4	Washington	93.4%	4	Vermont	74.2%	4	Minnesota	72.4%	4	Missouri	$8.76	4
South Dakota	110.6%	5	Utah	101.6%	5	North Dakota	93.2%	5	Iowa	73.6%	5	Wyoming	70.6%	5	Wisconsin	$8.43	5
Utah	109.2%	6	New Jersey	99.9%	6	Alaska	92.8%	6	North Dakota	72.8%	6	Maryland	70.4%	6	Ohio	$8.25	6
Vermont	109.0%	7	Oregon	98.7%	7	South Dakota	92.1%	7	Utah	71.7%	7	Iowa	70.3%	7	Georgia	$7.61	7
New Hampshire	106.9%	8	California	98.6%	8	Iowa	91.7%	8	Nebraska	71.5%	8	Florida	70.2%	8	Wyoming	$7.48	8
Pennsylvania	106.7%	9	Michigan	97.5%	9	West Virginia	91.7%	9	Massachusetts	71.3%	9	Nebraska	69.5%	9	Idaho	$7.03	9
Montana	106.3%	10	Iowa	97.3%	10	Arkansas	91.3%	10	Michigan	71.3%	10	Arkansas	69.4%	10	Tennessee	$7.00	10
North Dakota	106.1%	11	Virginia	96.5%	11	Connecticut	91.1%	11	Ohio	69.4%	11	Wisconsin	69.1%	11	Michigan	$6.74	11
Kansas	105.9%	12	Hawaii	96.2%	12	Missouri	91.1%	12	Maryland	69.0%	12	Colorado	68.9%	12	Alabama	$6.54	12
Indiana	105.4%	13	Connecticut	96.0%	13	Pennsylvania	90.8%	13	North Carolina	68.1%	13	North Carolina	67.3%	13	Utah	$6.40	13
Wisconsin	104.8%	14	Nebraska	95.8%	14	California	90.4%	14	New Jersey	67.3%	14	Ohio	67.0%	14	Kentucky	$6.32	14
Maine	103.9%	15	Pennsylvania	95.6%	15	Kentucky	90.1%	15	West Virginia	67.0%	15	California	66.7%	15	Virginia	$6.21	15
Georgia	103.7%	16	New Hampshire	95.5%	16	Ohio	90.1%	16	California	67.0%	16	Virginia	65.8%	16	Florida	$6.15	16
California	101.7%	17	Georgia	93.9%	17	Vermont	90.1%	17	Washington	66.3%	17	Alaska	65.7%	17	North Dakota	$6.15	17
Arkansas	100.9%	18	Texas	93.9%	18	Georgia	89.4%	18	Wyoming	66.2%	18	Georgia	65.6%	18	Massachusetts	$6.03	18
Minnesota	100.8%	19	Ohio	93.5%	19	Minnesota	88.9%	19	New Hampshire	66.1%	19	New Jersey	65.4%	19	Nebraska	$5.97	19
West Virginia	100.6%	20	Kansas	92.8%	20	Virginia	88.8%	20	New York	66.0%	20	Maine	65.3%	20	Indiana	$5.88	20
North Carolina	99.9%	21	New York	92.1%	21	Montana	88.8%	21	South Dakota	65.9%	21	North Dakota	65.1%	21	Iowa	$5.73	21
New Mexico	99.3%	22	Tennessee	92.0%	22	Colorado	88.6%	22	Indiana	65.3%	22	Montana	65.1%	22	Kansas	$5.69	22
Washington	99.2%	23	Florida	91.3%	23	Idaho	87.9%	23	Virginia	64.6%	23	New Mexico	64.8%	23	Louisiana	$5.56	23
Idaho	98.7%	24	Massachusetts	90.7%	24	Arizona	87.8%	24	Idaho	64.4%	24	Nevada	64.6%	24	Pennsylvania	$5.43	24
Nebraska	98.6%	25	Missouri	90.2%	25	Alabama	87.6%	25	Texas	64.3%	25	Michigan	64.5%	25	Rhode Island	$5.37	25
Maryland	98.4%	26	Dist. Of Columbia	90.0%	26	Massachusetts	87.3%	26	Colorado	64.3%	26	Utah	64.5%	26	New York	$5.15	26
Virginia	97.7%	27	Maryland	90.0%	27	Wisconsin	87.2%	27	Nevada	64.1%	27	Tennessee	64.0%	27	Arizona	$4.98	27
Ohio	97.5%	28	West Virginia	86.0%	28	Louisiana	86.8%	28	Arkansas	63.9%	28	South Dakota	63.8%	28	Hawaii	$4.92	28
Tennessee	97.2%	29	Illinois	83.2%	29	Utah	86.7%	29	Florida	63.2%	29	New Hampshire	63.1%	29	Oklahoma	$4.89	29
Kentucky	97.0%	30	Montana	80.7%	30	Oregon	86.5%	30	Montana	63.1%	30	Massachusetts	63.1%	30	North Carolina	$4.89	30
South Carolina	96.7%	31	South Carolina	80.3%	31	Nevada	86.5%	31	Illinois	62.7%	31	Texas	63.1%	31	Arkansas	$4.87	31
Alabama	96.7%	32	Idaho	69.8%	32	Nebraska	86.3%	32	Hawaii	62.6%	32	Illinois	62.4%	32	West Virginia	$4.86	32
Mississippi	96.5%	33	Alabama	NA		Kansas	86.0%	33	Oregon	62.6%	33	South Carolina	62.3%	33	Illinois	$4.75	33
Connecticut	96.4%	34	Arizona	NA		North Carolina	85.7%	34	Maine	62.3%	34	Washington	61.9%	34	Maryland	$4.65	34
New Jersey	96.1%	35	Arkansas	NA		New York	85.6%	35	Rhode Island	61.7%	35	Kentucky	61.5%	35	South Carolina	$4.62	35
Missouri	95.9%	36	Delaware	NA		New Jersey	85.4%	36	Dist. Of Columbia	61.6%	36	West Virginia	61.5%	36	Colorado	$4.58	36
Massachusetts	94.2%	37	Guam	NA		Maryland	84.8%	37	Connecticut	61.6%	37	Connecticut	61.2%	37	Washington	$4.27	37
Colorado	94.2%	38	Indiana	NA		Tennessee	84.0%	38	Georgia	61.3%	38	Missouri	61.1%	38	Montana	$4.24	38
Louisiana	94.1%	39	Kentucky	NA		New Mexico	83.7%	39	Missouri	60.3%	39	Oklahoma	60.8%	39	New Jersey	$4.20	39
Oregon	93.6%	40	Louisiana	NA		Texas	83.1%	40	Delaware	60.1%	40	Alabama	60.5%	40	Alaska	$3.94	40
Michigan	93.3%	41	Maine	NA		Florida	82.9%	41	Kentucky	58.4%	41	Oregon	60.5%	41	New Hampshire	$3.86	41
Rhode Island	93.3%	42	Minnesota	NA		Illinois	82.7%	42	Arizona	57.3%	42	Kansas	58.8%	42	Nevada	$3.83	42
Hawaii	93.2%	43	Mississippi	NA		Oklahoma	81.9%	43	Tennessee	56.6%	43	Idaho	58.6%	43	Maine	$3.47	43
Alaska	92.3%	44	Nevada	NA		Michigan	81.5%	44	Alaska	56.6%	44	New York	58.1%	44	Oregon	$3.44	44
Florida	90.8%	45	New Mexico	NA		New Hampshire	81.3%	45	Kansas	55.5%	45	Mississippi	58.1%	45	Minnesota	$3.31	45
Texas	84.8%	46	North Carolina	NA		South Carolina	81.1%	46	South Carolina	54.9%	46	Dist. Of Columbia	56.8%	46	New Mexico	$3.26	46
Oklahoma	84.6%	47	North Dakota	NA		Rhode Island	78.8%	47	New Mexico	54.7%	47	Arizona	56.3%	47	Connecticut	$3.13	47
New York	84.2%	48	Puerto Rico	NA		Mississippi	76.8%	48	Oklahoma	54.3%	48	Rhode Island	55.4%	48	Vermont	$2.89	48
Illinois	80.9%	49	Rhode Island	NA		Hawaii	76.1%	49	Alabama	54.0%	49	Delaware	54.8%	49	California	$2.51	49
Delaware	79.5%	50	South Dakota	NA		Delaware	75.3%	50	Mississippi	53.6%	50	Louisiana	53.3%	50	Delaware	$2.28	50
Dist. Of Columbia	69.7%	51	Vermont	NA		Dist. Of Columbia	73.3%	51	Louisiana	53.3%	51	Hawaii	44.8%	51	Dist. Of Columbia	$2.00	51
Guam	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	**96.3 %**		**94.0 %**			**86.5 %**			**65.6 %**			**64.7 %**			**$5 .30**		

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. 3/14/2017

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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 17706, and FC Section 17710(a).

METHODOLOGY:

Basic Costs:

Basic Costs are the sum of administration, federal performance basic incentives, LCSA performance improvement program, county match for administration, and revenue stabilization. The forecast for Basic Cost is $756,589,000 for both SFY 2017-18 and $775,716,000 SFY 2018-19.

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.

Also included is $118,500 for the implementation of the Internal Revenue Services, Tax Information Security Guidelines Publication 1075, which requires background investigations on individuals with access to Federal Tax Information. LCSA administration costs are funded at $655,329,000 for SFY 2017-18 and $655,577,000 in SFY 2018-19. 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 $42,525,000 for SFY 2017-18 and $43,405,000 for SFY 2018-19 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.

LCSA Performance Improvement Program:

The Improved Performance Incentives Program was established in SFY 1999, and has been suspended since SFY 2002-03. The Department is implementing a restructured Performance Incentive Program designed to foster innovative performance improving initiatives and more efficient methods for delivering services and processing child support cases. The reconstructed program is estimated to cost $18,000,000 ($6.1 million SGF, $11.9 million FFP) in SFY 2018-19. For details, refer to the Performance Incentive Program 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 2017-18 and SFY 2018-19, 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 2017-18 and SFY 2018-19 includes an on-going augmentation of $18,735,000 for Revenue Stabilization. For details, refer to the Revenue Stabilization premise description.

CHANGE FROM ENACTED BUDGET:

Based on Federal Fiscal Year (FFY) 2015 performance incentives calculator estimate provided by Policy Studies Institute, the Federal Performance Basic Incentives are forecasted to increase in SFY 2017-18.

REASON FOR YEAR-TO-YEAR CHANGE:

Based on the FFY 2015 performance incentives calculator estimate provided by Policy Studies Institute, the Federal Performance Basic Incentives are forecasted to increase in SFY 2018-19.

EXPENDITURES:

(in thousands)	2017-18	2018-19
	LCSA Admin.	LCSA Admin.
Total	$756,589	$775,706
Federal	513,531	526,447
State	229,458	235,659
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 on the Federal Performance Measures is displayed in the Auxiliary Tables section of this document (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
2012	$526,000,000	$39,127,999
2013	$538,000,000	$39,674,949
2014	$547,000,000	$39,179,540
2015	$556,000,000	$40,765,180
2016/1	$559,000,000	$41,564,600
2017/1	$571,000,000	$42,442,726
2018/1	$583,000,000	42,524,828
2019/1	$595,000,000	43,404,652

1/ FFY 2016 through 2019 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 $42,525,000 federal incentives in State Fiscal Year (SFY) 2017-18 and $43,405,000 in SFY 2018-19.

FUNDING:

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

CHANGE FROM ENACTED BUDGET:

Based on the FFY 2015 performance 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 2018-19.

EXPENDITURES:
(in thousands)

	2017-18 LCSA Admin.	2018-19 LCSA Admin.
Federal Performance Basic Incentives	$42,525	$43,405
Federal	42,525	43,405
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) and FC Section 17710(a).
- The LCSAs were able to retain 207 caseworker staff in State Fiscal Year (SFY) 2016-17 with Revenue Stabilization funding.
- For SFY 2016-17, the marginal return on collections per caseworker for assistance cases was $73,107.
- For SFY 2016-17, the marginal return on collections per caseworker for non-assistance cases was $596,709.

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 207 caseworkers were multiplied by the marginal return on collections per assistance case. This quotient was reduced by $475,153 (to account for disregards) to compute additional net assistance collections of $14,633,000 ($6,724,000 SGF) in SFY 2017-18 and SFY 2018-19. The 207 caseworkers were multiplied by the marginal return on collections per non-assistance case to compute additional non-assistance collections of $123,315,000.

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 public assistance 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 caseworker.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2017-18	2018-19
	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	$14,633	$14,633
Federal	6,996	6,996
State	6,724	6,724
County	913	913
Other		
Non-Assistance	$123,315	$123,315
Total Collections	$137,948	$137,948

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 2016-17.
- Based on the September 7, 2017 Federal Offset eflash email #17-49, the federal tax intercept fee is increasing to $19.51 per offset, and the administrative fee is decreasing to $13.12 per offset.

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)

	2017-18 LCSA Admin.	2018-19 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)

	2017-18 LCSA Admin.	2018-19 LCSA Admin.
Total	$2,650	$2,650
Federal	0	0
State	2,650	2,650
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 Award, dated August 26, 2016; as well as anticipated budget carry over requests for FFY 2018 (project year 6). This final year will be dedicated to evaluation and the sustainability of the work completed during the entire grant period.
- Funding for State Fiscal Year (SFY) 2017-18 is $250,000.
- Funding for SFY 2018-19 is $100,000.

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.

REASON FOR YEAR-TO-YEAR CHANGE:

Budget year estimate is based on the budget carry over request for project year 6.

EXPENDITURES:

(in thousands)

	2017-18	2018-19
	CS Administration	CS Administration
Total	$250	$100
Federal	250	$100
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 economically disadvantaged 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 four 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 estimate is based on two federal ACF Notice of Awards dated August 29, 2016 and August 28, 2017.
- Funding for State Fiscal Year (SFY) 2017-18 is $286,000 and SFY 2018-19 is $210,000.

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:

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

REASON FOR YEAR-TO-YEAR CHANGE:

The premise is updated to reflect the budgeted amount for SFY 2018-19.

EXPENDITURES:

(in thousands)

	2017-18	2018-19
	CS Administration	CS Administration
Total	$286	$210
Federal	286	210
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.

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 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 letters dated September 30, 2016 and August 28, 2017.
- Funding for State Fiscal Year (SFY) 2017-18 is $726,000, this includes $244,000 for the PJAC training contract with SLI Global Solutions LLC.
- Funding for SFY 2018-19 is $577,000.

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:

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

REASON FOR YEAR-TO-YEAR CHANGE:

The premise is updated to reflect the budget for SFY 2018-19.

EXPENDITURES:

(in thousands)

	2017-18	2018-19
	CS Administration	CS Administration
Total	$726	$577
Federal	726	577
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 effective September 27, 1999 and Family Code Section 17309 effective October 1, 1998.
- 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)

	2017-18	2018-19
	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 effective September 27, 1999.

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)

	2017-18	2018-19
	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) 2017-18 and SFY 2018-19, 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.

REASON FOR YEAR-TO-YEAR CHANGE:

This estimate was revised to reflect updated forecasts of assistance child support collections.

REVENUES:
(in thousands)

	2017-18 Revenues	2018-19 Revenues
Total	$169,364	$168,299
Federal	169,364	168,299
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 public assistance benefits.

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 2015 through June 2017 was used to construct a linear regression model to forecast basic collections for State Fiscal Year (SFY) 2017-18 and the percentage decrease in collections was applied to 2018-19.
- For collections for other jurisdictions and miscellaneous collections, the forecast rates of change for basic collections were applied to SFY 2016-17 actual collections to arrive at the SFY 2017-18 and 2018-19 estimates.

FUNDING:

- Assistance collections are retained and serve as recoupment of public assistance benefits.
- 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:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate has been updated to reflect the forecasted collections.

COLLECTIONS:

(in thousands)

	2017-18 Collections	2018-19 Collections
Assistance Total	**$351,868**	**$349,562**
Federal	168,229	167,127
State	161,679	160,619
County	21,960	21,816
Other	0	0
Non-Assistance Total	**$1,835,955**	**$1,874,602**
Other	1,835,955	1,874,602
Collections For Other Jurisdictions Total	**$99,571**	**$101,425**
Assistance	5,630	5,594
Non-Assistance	93,941	95,831
Miscellaneous Collections Total	**$14,731**	**$14,704**
Assistance	12,260	12,183
Non-Assistance	2,471	2,521
Grand Total [1/]	**$2,302,125**	**$2,340,293**

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.
- On average, Disregard represents 6.7 percent of total distributed assistance collections. The forecast was developed by applying this percentage to the SFY 2017-18 and SFY 2018-19 Assistance Collections estimates.
- 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:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate has been updated to reflect the forecasted collections.

COLLECTIONS:

(in thousands)

	2017-18 Collections	2018-19 Collections
Total	$24,556	$24,667
Federal	0	0
State	0	0
County	0	0
Other	24, 556	24,667

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 January 2015 through December 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, 2017 through June 30, 2018 (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 $5,861,000 for State Fiscal year (SFY) 2017-18 and $5,824,000 for SFY 2018-19.

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 2017-18 reflects the forecasted decrease in FC collections.

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate in SFY 2018-19 reflects the forecasted decrease in FC collections.

REVENUES:

(in thousands)

	2017-18 Revenues	2018-19 Revenues
Total	-$5,861	-$5,824
Federal	-5,861	-5,824
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.
- The California Child Support Automation System 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)

	2017-18 LCSA Admin.	2018-19 LCSA Admin.
Total	$3,494	$3,494
Federal	0	0
State	3,494	3,494
County	0	0
Other	0	0

Discontinued Premises

CHILD SUPPORT PROGRAM COSTS:

- None.

CHILD SUPPORT PROGRAM COLLECTIONS:

- Non Maintenance of Effort

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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 2017 – June 2018	ASSISTANCE: Nonfederal	July 2017 – June 2018
Federal	50.00%	State	95.00%
State	47.50%	County	5.00%
County	2.50%		

FOSTER CARE:	July 2017 – June 2018	FOSTER CARE: Nonfederal	July 2017 – June 2018
Federal	50.00%	State	00.00%
State	0.00%	County	100.00%
County	50.00%		

KinGAP:	July 2017 – June 2018	KinGAP: Nonfederal	July 2017 – June 2018
Federal	50.00%	State	79.00%
State	39.50%	County	21.00%
County	10.50%		

ASSISTANCE:	July 2017 – June 2018	ASSISTANCE: Nonfederal	July 2017 – June 2018
Federal	50.00%	State	95.00%
State	47.50%	County	5.00%
County	2.50%		

FOSTER CARE:	July 2017 – June 2018	FOSTER CARE: Nonfederal	July 2017 – June 2018
Federal	50.00%	State	0.00%
State	0.00%	County	100.00%
County	50.00%		

KinGAP:	July 2017 – June 2018	KinGAP: Nonfederal	July 2017 – June 2018
Federal	50.00%	State	79.00%
State	39.50%	County	21.00%
County	10.50%		

Appendix B - List of Acronyms

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
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

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 2015 through June 2017 were used to construct a 24 month linear regression model to forecast the annual Non IV-D collections amounts for SFY 2017-18 and SFY 2018-19.

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 a decrease in SFY 2018-19.

COLLECTIONS:
(in thousands)

	2017-18 Collections	2018-19 Collections
Total	$194,337	$186,201
Federal	0	0
State	0	0
County	0	0
Other	194,337	186,201

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

		2017-18 ENACTED BUDGET					ADJUSTMENTS/DIFFERENCES					2018-19 NOVEMBER ESTIMATE CY (2017-18)				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2017-18 ENACTED BUDGET TO 2018-19 NOVEMBER EST. CY																
1	Non IV-D CHILD SUPPORT COLLECTIONS	194,328	0	0	0	194,328	9	0	0	0	9	194,337	0	0	0	194,337

		2017-18 ENACTED BUDGET					ADJUSTMENTS/DIFFERENCES					2018-19 NOVEMBER EST. BY (2018-19)				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2017-18 ENACTED BUDGET TO 2018-19 NOVEMBER EST. BY																
2	Non IV-D CHILD SUPPORT COLLECTIONS	194,328	0	0	0	194,328	-8,127	0	0	0	-8,127	186,201	0	0	0	186,201

		2018-19 NOVEMBER ESTIMATE CY (2017-18)					ADJUSTMENTS/DIFFERENCES					2018-19 NOVEMBER ESTIMATE BY (2018-19)				
		Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2018-19 NOVEMBER EST. CY TO 2018-19 NOVEMBER EST. BY																
3	Non IV-D CHILD SUPPORT COLLECTIONS	194,337	0	0	0	194,337	-8,136	0	0	0	-8,136	186,201	0	0	0	186,201

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.