

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2008	Approp. Fiscal 2009	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 08-09	Biennium Fiscal 10-11	Biennium Change	Biennium % Change
FTE	168.25	168.25	168.25	168.25	168.25	168.25	0.00	0.00%
Personal Services	7,118,652	7,082,282	8,805,799	8,877,286	14,200,934	17,683,085	3,482,151	24.52%
Operating Expenses	2,190,718	1,963,071	971,418	1,906,966	4,153,789	2,878,384	(1,275,405)	(30.70%)
Equipment & Intangible Assets	0	5,700	0	0	5,700	0	(5,700)	(100.00%)
Debt Service	59,015	59,015	59,015	59,015	118,030	118,030	0	0.00%
Total Costs	\$9,368,385	\$9,110,068	\$9,836,232	\$10,843,267	\$18,478,453	\$20,679,499	\$2,201,046	11.91%
General Fund	2,168,548	2,249,690	2,330,811	3,300,225	4,418,238	5,631,036	1,212,798	27.45%
State Special	1,605,373	1,708,018	1,662,122	1,671,295	3,313,391	3,333,417	20,026	0.60%
Federal Special	5,594,464	5,152,360	5,843,299	5,871,747	10,746,824	11,715,046	968,222	9.01%
Total Funds	\$9,368,385	\$9,110,068	\$9,836,232	\$10,843,267	\$18,478,453	\$20,679,499	\$2,201,046	11.91%

Program Description

Mission statement: The mission of the Child Support Enforcement Division (CSED) is to diligently pursue and ultimately achieve financial and medical support of children by establishing, enforcing, and increasing public awareness of parental obligations.

The purpose of the CSED is to pursue and obtain financial and medical support for children by establishing, enforcing, and collecting financial support owed by obligated parents. Program staff locates absent parents, identifies assets, establishes paternity, and ensures obligated parents maintain medical health insurance coverage for their dependent children. Child support payments are collected for families receiving public assistance and those not on assistance. Services are available to any applicant regardless of income level.

The division has six bureaus including: the Budget Office, Field Services Bureau, Administrative Services Bureau, Legal Services Bureau, System Policy and Training Bureau, and the Office of the Administrative Law Judge.

Activities carried out by program staff are authorized in Title 40, Chapter 5, MCA, and are mandated by the federal government in accordance with Title IV-D of the Social Security Act, 42 USC 651 et seq., and 45 CFR, Chapter 3.

Program Highlights

Child Support Enforcement Division HB 2 Budget Highlights
<ul style="list-style-type: none"> ◆ The legislative budget contains a total fund increase of \$2.2 million when the 2009 and 2011 biennia are compared ◆ The budget increase is primarily due to statewide and present law increases, as well as the legislatively approved pay plan, and an increase in general fund of about \$500,000 congruent with federal American Recovery and Reinvestment Act (ARRA) funds ◆ Some ongoing costs were funded in HB 645, reducing the increase in HB 2
HB 645 Budget Highlights
<ul style="list-style-type: none"> ◆ The legislature reduced the general fund in HB 2 by \$2.4 million and replaced it with federal American Recovery and Reinvestment Act funds in HB 645

Summary of Legislative Action

The legislature approved a budget of \$20.7 million for the 2011 biennium that is over \$2 million greater than the 2009 biennium budget. The budget contains a 24.5 percent increase in personal services costs for the biennium with no change in FTE and a 30.7 percent decrease in operations. The differences from the 2009 biennium budget are the result of appropriations made by the 2009 Legislature in response to federal actions.

Background

Child support enforcement programs nationwide were originally established under the concept of recovering the costs of public assistance payments made under welfare systems. Montana was no exception, and for a number of years the division's activities were funded with state special revenue from collections of child support and from federal incentive funds received for meeting or exceeding the federal incentive performance measures.

However, over the last two biennia, Congress shifted a larger portion of child support funding to the states, through the federal Deficit Reduction Act of 2005 (DRA). The DRA rules eliminated the incentive funds match, which created a funding shift that increased the use of general fund. The 2007 Legislature appropriated \$3.8 million general fund to replace the CSED projected loss of incentive match revenue. The legislature designated this appropriation and most other DPHHS appropriations that were related to the DRA as one-time-only (OTO) and/or restricted because of the moving status of DRA discussions in Congress at that time.

Personal Services for the 2011 Biennium

The one-time-only, \$3.8 million 2007 biennium appropriation described above contained about \$1.4 million for personal services. This impacts the 2011 biennium personal services budget for the 168.25 FTE. In this budget, statewide present law adjustments for personal services are offset by vacancy savings reductions and net an increase of about \$1.8 million in total funds each year of the biennium. The \$1.8 million figure contains \$1.4 million of personal services because the OTO designation required the removal of the \$1.4 million from the base in the development of the 2011 biennium budget. In order to maintain the correct amount of personal services funding for the 2011 biennium, the OTO amount was included in the statewide present law category of personal services resulting in an increase that is larger than normal.

The other legislative actions that contributed to the \$3.5 million net increase in personal services were:

- The approval of health insurance contributions and one-time bonuses of \$450 for employees earning less than \$45,000. These items were approved in HB 13 and add about \$0.3 million total funds (\$80,000 general fund) to the budget.
- The reduction to the division's personal services budget through the global increase in vacancy savings from 4 to 7 percent. This action reduced the budget by \$560,957 total funds (\$222,796 general fund) over the biennium.

Operations

The \$1.27 million reduction in operations from the 2009 to the 2011 biennium budgets is primarily due to the shift of funding from general fund in HB 2 to federal funds in HB 645 to address the changes made by the American Recovery and Reinvestment Act (ARRA) as described earlier in the background discussion. The legislature approved a net budget reduction in HB 2 of \$ 1.9 million general fund over the biennium. There is further discussion in the "Other Legislation" section of this narrative.

As mentioned in the agency overview, the legislature approved a 2 percent division-wide general fund reduction of about \$7.2 million and allowed DPHHS to allocate the reduction among all divisions. At the time of this writing, the CSED share is not known.

Program Discussion

Recommendations to the LFC

The following is the goal, objective and measurement for the 2011 biennium that the legislature recommends be tracked and reported to the Legislative Finance Committee over the interim.

Given the uncertain economy, the legislature recommended that the division add "maintain" in cases where the goal is to continuously increase an item. The federal standards are the baseline for the following goal.

Goal: Meet federal child support performance standards and obtain support for children by continuously improving ratings in federal child support performance standards.

- o Continuously increase or maintain child support collections - \$66 million
 - This item would be reported by regions
- o Maintain the IV-D paternity establishment percentage – 90%
- o Maintain the percentage of cases with child support orders – 80%
- o Continuously increase or maintain the percentage of cases with current child support collections – 63%
- o Continuously increase or maintain the percentage of cases with arrears child support collections – 67%
- o Continuously increase or maintain the number of children with medical support and medical insurance - A federal standards has not been set for this goal

Goal: Enhance customer service

- o Establish an online guidelines website so people can calculate their own child support payments
 - Once the website is established, track its usage
- o Increase customer knowledge of the online payment system
 - Track the number and dollar amount of payments made on this system
- o Provide training, support, and guidance to tribes establishing their own child support systems
 - Continue to respond to requests as they are received

Funding

The following table shows program funding, by source, for the base year and for the 2011 biennium as adopted by the legislature.

Program Funding Table							
Child Support Enforcement							
		Base	% of Base	Budget	% of Budget	Budget	% of Budget
Program Funding		FY 2008	FY 2008	FY 2010	FY 2010	FY 2011	FY 2011
01000	Total General Fund	\$ 2,168,548	23.1%	\$ 2,330,811	23.7%	\$ 3,300,225	30.4%
	01100 General Fund	2,168,548	23.1%	2,330,811	23.7%	3,300,225	30.4%
02000	Total State Special Funds	1,605,373	17.1%	1,662,122	16.9%	1,671,295	15.4%
	02187 Child Support State Share	1,605,373	17.1%	1,662,122	16.9%	1,671,295	15.4%
03000	Total Federal Special Funds	5,594,464	59.7%	5,843,299	59.4%	5,871,747	54.2%
	03570 93.563 - Child Support Ivd 66%	5,594,464	59.7%	5,843,299	59.4%	5,871,747	54.2%
Grand	Total	\$ 9,368,385	100.0%	\$ 9,836,232	100.0%	\$ 10,843,267	100.0%

The Child Support Enforcement Division is funded with a combination of general fund, state special revenue, and federal funds. However, federal Title IV-D eligible expenditures are funded 66 percent with federal IV-D funds with the remaining 34 percent are funded by a combination of general fund and state special revenues.

State special revenues generated from child support collections on behalf of present and/or past TANF cash assistance participants directly relates to increases or decreases in the statewide TANF caseload. There is further TANF caseload discussion in the Human and Community Services Division.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget	Budget Fiscal 2010	Budget Fiscal 2011	Biennium Fiscal 10-11	Percent of Budget
Base Budget	2,168,548	2,168,548	4,337,096	77.02%	9,368,385	9,368,385	18,736,770	90.61%
Statewide PL Adjustments	1,579,143	1,591,414	3,170,557	56.31%	1,850,081	1,886,735	3,736,816	18.07%
Other PL Adjustments	64,783	60,473	125,256	2.22%	190,612	177,925	368,537	1.78%
New Proposals	(1,481,663)	(520,210)	(2,001,873)	(35.55%)	(1,572,846)	(589,778)	(2,162,624)	(10.46%)
Total Budget	\$2,330,811	\$3,300,225	\$5,631,036		\$9,836,232	\$10,843,267	\$20,679,499	

Other Legislation

HB 645

As mentioned in the earlier summary of legislative action, the legislature reduced general fund in HB 2 by a net of \$1.9 million over the biennium. The reduction occurred in two actions: 1) a \$2.4 million funding switch that reduced general fund in HB 2 and replaced it with federal ARRA funds in HB 645; and 2) an appropriation of about \$0.5 million general fund to address ARRA funding calculation for FY 2010.

Because the base budget was reduced, the legislature added language in HB 645 stating:

“Total fiscal year 2010 expenditures from CSED – Temporarily Restore Federal Matching Funds – FY 2010 –11 may be included in the base budget for the purposes of 17-7-111 for the 2013 biennium budget in accordance with [section 18]. These expenditures may be funded with general fund in the present law base for the 2013 biennium executive budget in accordance with [section 18].”

HB 2 and HB 645 Combined

The following table illustrates HB 2 and HB 645 combined. It shows the appropriations in HB 2 and HB 645 side by side, with the third column showing the total funding for the division from both bills.

2011 Biennium HB 2 and HB 645 Appropriations Child Support Enforcement Division			
Fund	HB 2 & HB 13	One-time HB 645 Appropriations	2011 Biennium Revised Total
General Fund	\$5,631,036	\$0	\$5,631,036
State Special Revenues	3,333,417	0	3,333,417
Federal Special Revenues	<u>11,715,046</u>	<u>2,368,235</u>	<u>14,083,281</u>
Total Funds	<u>\$20,679,499</u>	<u>\$2,368,235</u>	<u>\$23,047,734</u>

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget made by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2010-----						-----Fiscal 2011-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					2,212,282	0.00				2,249,500
Vacancy Savings					(373,230)	0.00				(374,735)
Inflation/Deflation					11,529	0.00				12,470
Fixed Costs					(500)	0.00				(500)
Total Statewide Present Law Adjustments		\$1,579,143	\$73,692	\$197,246	\$1,850,081	0.00	\$1,591,414	\$79,307	\$216,014	\$1,886,735
					0	0.00				0
DP 7101 - Fuel Inflation Reduction	0.00	(509)	(234)	(791)	(1,534)	0.00	(584)	(269)	(907)	(1,760)
DP 50011 - Rent Increases (Restricted)	0.00	65,292	0	126,854	192,146	0.00	61,057	0	118,628	179,685
					0	0.00				0
Total Other Present Law Adjustments	0.00	\$64,783	(\$234)	\$126,063	\$190,612	0.00	\$60,473	(\$269)	\$117,721	\$177,925
					0	0.00				0
Grand Total All Present Law Adjustments	0.00	\$1,643,926	\$73,458	\$323,309	\$2,040,693	0.00	\$1,651,887	\$79,038	\$333,735	\$2,064,660

DP 7101 - Fuel Inflation Reduction - The legislature reduced funding for gasoline and diesel by the amount these two expenditure categories were increased in the statewide present law adjustment for inflation. The effect is to apply no inflation adjustment to these two expenditure categories.

DP 50011 - Rent Increases (Restricted) - The legislature approved a total fund increase of \$371,831 over the biennium for rent of non state-owned buildings throughout the state. The amount includes an increase of \$126,349 general fund over the biennium.

New Proposals

New Proposals										
-----Fiscal 2010-----						-----Fiscal 2011-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6013 - 2011 Biennium Pay Plan - HB 13										
05	0.00	21,604	6,442	26,805	54,851	0.00	65,059	19,136	80,725	164,920
DP 6014 - Pay Plan Lump Sum OTO										
05	0.00	28,848	8,970	35,342	73,160	0.00	0	0	0	0
DP 8101 - Increasing 4 Percent Vacancy Savings to 7 Percent										
05	0.00	(111,174)	(32,121)	(136,621)	(279,916)	0.00	(111,622)	(32,252)	(137,177)	(281,051)
DP 50010 - Implement CSED Deficit Reduction Act Change										
05	0.00	(1,420,941)	0	0	(1,420,941)	0.00	(473,647)	0	0	(473,647)
Total	0.00	(\$1,481,663)	(\$16,709)	(\$74,474)	(\$1,572,846)	0.00	(\$520,210)	(\$13,116)	(\$56,452)	(\$589,778)

DP 6013 - 2011 Biennium Pay Plan - HB 13 - The legislature passed a pay plan that provides an additional \$53 per month in health insurance contribution for CY 2010 and an additional \$54 per month for CY 2011. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Pay Plan Lump Sum OTO - This DP funds this program's cost of providing a one-time-only payment of \$450 to each full-time employee making less than \$45,000 annually and \$225 for half-time employees making \$21.635 per hour or less.

DP 8101 - Increasing 4 Percent Vacancy Savings to 7 Percent - The bill adds an additional 3 percent per year to the 4 percent personal services vacancy savings reduction contained in the statewide present law adjustment.

DP 50010 - Implement CSED Deficit Reduction Act Change - The legislature approved a reduction of general fund for Child Support Enforcement by \$2.4 million. This action is a funding switch made possible by a change implemented by the American Recovery and Reinvestment Act of 2009 (ARRA) that replaces state general fund with federal revenue. The funding switch reduces the general fund in HB 2 and replaces it with federal funding in HB 645.

Additionally, the legislature approved a general fund increase of \$473,647 in FY 2010 to address ARRA funding calculation, for a net reduction to HB 2 of \$ 1.9 million.