

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 2010 | Approp. Fiscal 2011 | Budget Fiscal 2012 | Budget Fiscal 2013 | Biennium Fiscal 10-11 | Biennium Fiscal 12-13 | Biennium Change | Biennium % Change |
| FTE | 167.25 | 167.25 | 164.75 | 164.75 | 167.25 | 164.75 | (2.50) | (1.49%) |
| Personal Services | 8,879,925 | 9,327,518 | 9,027,969 | 9,026,049 | 18,207,443 | 18,054,018 | (153,425) | (0.84%) |
| Operating Expenses | 1,828,678 | 2,028,886 | 1,839,093 | 1,839,211 | 3,857,564 | 3,678,304 | (179,260) | (4.65%) |
| Debt Service | 59,014 | 59,015 | 59,014 | 59,014 | 118,029 | 118,028 | (1) | 0.00% |
| Total Costs | \$10,767,617 | \$11,415,419 | \$10,926,076 | \$10,924,274 | \$22,183,036 | \$21,850,350 | (\$332,686) | (1.50%) |
| General Fund | 2,088,583 | 3,268,064 | 4,084,415 | 4,088,391 | 5,356,647 | 8,172,806 | 2,816,159 | 52.57% |
| State Special | 1,750,682 | 1,668,642 | 1,794,520 | 1,789,929 | 3,419,324 | 3,584,449 | 165,125 | 4.83% |
| Federal Special | 6,928,352 | 6,478,713 | 5,047,141 | 5,045,954 | 13,407,065 | 10,093,095 | (3,313,970) | (24.72%) |
| Total Funds | \$10,767,617 | \$11,415,419 | \$10,926,076 | \$10,924,274 | \$22,183,036 | \$21,850,350 | (\$332,686) | (1.50%) |

Program Description

The purpose of the Child Support Enforcement Division (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 for families 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 Major Budget Highlights |
|---|
| <ul style="list-style-type: none"> ◆ The legislature decreased total funding for the division by 1.50% from the 2011 biennium, primarily due to a decrease in funding for 2.50 FTE and statewide present law adjustments ◆ The legislature backfilled a one-time funding switch as recommended by the 2009 Legislature that used one-time-only federal American Recovery and Reinvestment Act (ARRA) funds to replace general fund. This action increased general fund by \$2.0 million and reduced federal funds |

Summary of Legislative Action

As shown in the introductory program budget comparison, the legislature approved a budget for the 2013 biennium that is 1.5% lower than the 2011 biennium.

General fund is increased by over \$2.8 million and federal funds are reduced by \$3.3 million when the 2011 and 2013 biennia are compared. This is primarily due to an adjustment that reverses a one-time \$2.0 million funding switch made by the 2009 Legislature which used American Recovery and Reinvestment Act (ARRA) funds to replace general fund in the division. The 2009 Legislature had anticipated this funding switch and included statute that allowed CSED to submit

a budget for the 2013 biennium using its normal funding structure. This funding switch is also reflected in the statewide present law adjustment table as an increase to general fund and decrease in federal funds.

The additional funding changes reflected in the table come from statewide present law adjustments and new proposals that are discussed in the following sections.

Program Narrative

Federal regulation mandates a child support enforcement program in all states under Title IV-D of the Social Security Act in order for states to maintain state eligibility for the federal Temporary Assistance for Needy Families (TANF) block grant. As a condition of the TANF block grant, collection of child support owed to the family is automatically assigned to the state and is used to reimburse federal and state governments for welfare benefits paid to the family. However, services must be available to anyone who applies, regardless of the family income and resource level. Individuals who receive public assistance under TANF, Medicaid, and the Foster Care Program are automatically referred to CSED.

In FY 2010, (CSED) collected over \$65.0 million on behalf of both TANF and non TANF children and their custodial parents. TANF collections averaged about \$445,000 per month. The CSED share of the TANF collections for FY 2010 was about \$1.4 million. Non-TANF collections averaged nearly \$5.0 million per month.

The budget supports \$18.0 million over the biennium in personal services for 164.75 FTE. The majority of personal services funding, over \$14.0 million, supports the five regional offices and 115.50 FTE throughout the state. The reduction in funding for 2.50 FTE consists of \$98,128 general fund over the biennium and a federal funds reduction of \$190,484.

Operating costs account for about \$3.7 million of the total division expenses, about \$2.0 million of which are also associated with the regional offices. The balance of the personnel and operating costs go for division administration and fiscal functions, attorneys, and legal functions.

Funding

The following table shows program funding, by source for the base year and for the 2013 biennium as adopted by the legislature.

| Program Funding | Base | % of Base | Budget | % of Budget | Budget | % of Budget |
|--------------------------------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|
| | FY 2010 | FY 2010 | FY 2012 | FY 2012 | FY 2013 | FY 2013 |
| 01000 Total General Fund | \$ 2,088,583 | 19.4% | \$ 4,084,415 | 37.4% | \$ 4,088,391 | 37.4% |
| 01100 General Fund | 2,088,583 | 19.4% | 4,084,415 | 37.4% | 4,088,391 | 37.4% |
| 02000 Total State Special Funds | 1,750,682 | 16.3% | 1,794,520 | 16.4% | 1,789,929 | 16.4% |
| 02187 Child Support State Share | 1,750,682 | 16.3% | 1,794,520 | 16.4% | 1,789,929 | 16.4% |
| 03000 Total Federal Special Funds | 6,928,352 | 64.3% | 5,047,141 | 46.2% | 5,045,954 | 46.2% |
| 03570 93.563 - Child Support Ivd 66% | <u>6,928,352</u> | <u>64.3%</u> | <u>5,047,141</u> | <u>46.2%</u> | <u>5,045,954</u> | <u>46.2%</u> |
| Grand Total | <u>\$ 10,767,617</u> | <u>100.0%</u> | <u>\$ 10,926,076</u> | <u>100.0%</u> | <u>\$ 10,924,274</u> | <u>100.0%</u> |

Child support activities are funded with a combination of general fund, state special revenue, and federal funds. The federal Title IV-D eligible expenditures are funded 66% with federal Title IV-D funds and the remaining expenditures are funded at 34% by a combination of general fund and state special revenues.

State special revenue consists of the retention of collections made on behalf of present and/or past TANF participants, federal incentives, genetic testing application fees, and some federally required collection fees paid by the absent parent account.

Federal incentive funds are received for meeting or exceeding the federal incentive performance measures and related benchmarks. The federal benchmarks are tied to percentages that the state achieves for functions, including implementing child support collections, assisting with changes to the support agreement, or collecting for cases whose support is in arrears; establishing paternity; and ensuring medical support or insurance coverage is provided for children.

A portion of the funds recovered on behalf of TANF cash assistance recipients is retained by the state at the state share of the federal FMAP rate (about 34% in FY 2012). There is no retained revenue from non-TANF collections, which is simply collected and sent on to the custodial parent.

Federal revenue reflects the 66% federal match for eligible CSED expenditures.

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 2012 | Budget Fiscal 2013 | Biennium Fiscal 12-13 | Percent of Budget | Budget Fiscal 2012 | Budget Fiscal 2013 | Biennium Fiscal 12-13 | Percent of Budget |
| Base Budget | 2,088,583 | 2,088,583 | 4,177,166 | 51.11% | 10,767,617 | 10,767,617 | 21,535,234 | 98.56% |
| Statewide PL Adjustments | 2,044,896 | 2,048,872 | 4,093,768 | 50.09% | 302,765 | 300,963 | 603,728 | 2.76% |
| Other PL Adjustments | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0.00% |
| New Proposals | (49,064) | (49,064) | (98,128) | (1.20%) | (144,306) | (144,306) | (288,612) | (1.32%) |
| Total Budget | \$4,084,415 | \$4,088,391 | \$8,172,806 | | \$10,926,076 | \$10,924,274 | \$21,850,350 | |

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget adopted 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 2012----- | | | | -----Fiscal 2013----- | | | | | |
|--|-----------------------|--------------------|------------------|----------------------|-----------------------|-------------|--------------------|------------------|----------------------|------------------|
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| Personal Services | | | | | 674,525 | | | | | 672,520 |
| Vacancy Savings | | | | | (382,175) | | | | | (382,090) |
| Inflation/Deflation | | | | | 10,491 | | | | | 10,609 |
| Fixed Costs | | | | | (76) | | | | | (76) |
| Total Statewide Present Law Adjustments | | \$2,044,896 | \$43,838 | (\$1,785,969) | \$302,765 | | \$2,048,872 | \$39,247 | (\$1,787,156) | \$300,963 |
| Grand Total All Present Law Adjustments | 0.00 | \$2,044,896 | \$43,838 | (\$1,785,969) | \$302,765 | 0.00 | \$2,048,872 | \$39,247 | (\$1,787,156) | \$300,963 |

New Proposals

| New Proposals | | | | | | | | | | |
|---|-----------------------|-------------------|---------------|-------------------|--------------------|-----------------------|-------------------|---------------|-------------------|--------------------|
| | -----Fiscal 2012----- | | | | | -----Fiscal 2013----- | | | | |
| Program | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 55405 - 4% Personal Svs GF Bud Reduction | | | | | | | | | | |
| 05 | (2.50) | (49,064) | 0 | (95,242) | (144,306) | (2.50) | (49,064) | 0 | (95,242) | (144,306) |
| Total | (2.50) | (\$49,064) | \$0 | (\$95,242) | (\$144,306) | (2.50) | (\$49,064) | \$0 | (\$95,242) | (\$144,306) |

DP 55405 – 4% Personal Services General Fund Reduction - The legislature approved a 4% reduction in personal services. The action reduced general fund by \$98,128 over the biennium and represents a reduction of 2.50 FTE. The general fund is matched at the Title IV-D rate of 66%.