

**Program Proposed Budget**

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

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	168.25	0.00	0.00	168.25	0.00	0.00	168.25	168.25
Personal Services	7,638,628	425,946	0	8,064,574	459,688	0	8,098,316	16,162,890
Operating Expenses	2,155,234	(21,870)	187,025	2,320,389	(11,609)	187,025	2,330,650	4,651,039
Equipment	5,700	0	0	5,700	0	0	5,700	11,400
<b>Total Costs</b>	<b>\$9,799,562</b>	<b>\$404,076</b>	<b>\$187,025</b>	<b>\$10,390,663</b>	<b>\$448,079</b>	<b>\$187,025</b>	<b>\$10,434,666</b>	<b>\$20,825,329</b>
General Fund	1,548,902	92,851	1,907,508	3,549,261	101,175	2,444,396	4,094,473	7,643,734
State/Other Special	1,770,665	56,820	(99,718)	1,727,767	63,456	(102,782)	1,731,339	3,459,106
Federal Special	6,479,995	254,405	(1,620,765)	5,113,635	283,448	(2,154,589)	4,608,854	9,722,489
<b>Total Funds</b>	<b>\$9,799,562</b>	<b>\$404,076</b>	<b>\$187,025</b>	<b>\$10,390,663</b>	<b>\$448,079</b>	<b>\$187,025</b>	<b>\$10,434,666</b>	<b>\$20,825,329</b>

**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 as well as those not on assistance. Services are available to any applicant regardless of income level.

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.

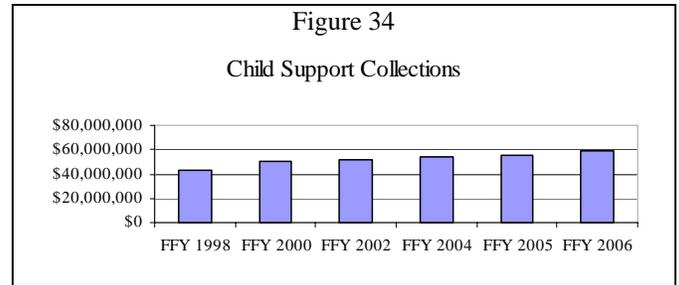
**Program Highlights**

<b>Child Support Enforcement Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ Total funding for the division increases 5 percent between the 2007 and 2009 biennia</li> <li>◆ The Governor’s budget proposes general fund increases of \$5 million to address:                             <ul style="list-style-type: none"> <li>• Changes due to the federal Deficit Reduction Act including:                                     <ul style="list-style-type: none"> <li>○ A \$3.7 million shift from federal revenue to general fund due to the elimination of the incentive fund match rate</li> <li>○ A \$.4 million increase in general fund to cover the federal share of a newly mandated \$25 fee</li> </ul> </li> <li>• An increase of about \$1million in statewide and other present law adjustments</li> </ul> </li> </ul>
<b>LFD Major Issues</b>
<ul style="list-style-type: none"> <li>◆ As the general fund becomes a continually larger portion of the Child Support Enforcement Budget, the legislature may wish to ask the division to expand its goals and objectives to include measurements relative to state budget perspectives as well as measurements for the federally audited goals and benchmarks</li> </ul>

**Initiative from Last Session**

The 2005 Legislature provided nearly \$800,000 for the biennium to support ongoing operations of CSED and ensure it would continue to meet the federal Title IV-D operating requirements, remain eligible for federal funding, and meet the requirements of the TANF block grant. The legislature also provided \$1.3 million general fund over the biennium to continue services that were previously provided through the temporary prevention and stabilization fund that terminated.

The division stayed within the FY 2006 appropriation, maintained the FTE level, and reached a historical high in child support collections of \$59.2 million at the end of the federal fiscal year, September 2006. There is further discussion in the present law section of this report. Figure 34 shows the growth of child support collections.



**Program Narrative**

The Child Support Enforcement Division (CSED) pursues and obtains financial and medical support from non-custodial parents. 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:

1. Maintain state eligibility for federal Temporary Assistance for Needy Families (TANF) Block Grant<sup>1</sup>; and
2. Receive federal funding for the program

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. 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.

The services provided by CSED tie directly to the goals and objectives of the division. CSED staff achievements toward the goals and benchmarks are shown in Figure 35. Goals are also monitored by the federal Office of Child Support Enforcement (OCSE), which ties the state performance to the performance incentive funds discussed in the program narrative.

	State FY 2006	Federal Yr. Ending 9/06
Total Number of Cases	39,849	40,083
Caseload Size per Case Manager	423.9	426.4
Collected on Behalf of TANF Families - Monthly Ave.	\$550,501	\$412,115
Percent of TANF Collections to Total Child Support Collections	10.8%	9.5%
Collected on Behalf of non-TANF Families - Monthly Ave.	\$4,541,709	\$3,920,999
Child Support Total Collections Year-to-Date	<u>\$43,453,481</u>	<u>\$53,806,057</u>
Percentage of state work to Federal <u>Benchmarks</u> of 80 Percent		
Child Support Cases with an order Relative to Total Cases	88.4%	88.0%
Child support Collected to Total Owed (YTD)	61.6%	60.7%
Paternity Resolved Compared to Total Child out of Wedlock (Federal Benchmark 90%)	98.2%	101.1%
Cases with Medical Support Order (No Federal benchmark)	87.7%	76.5%
Cases with Medical Insurance Coverage (No Federal Benchmark)	36.2%	34.9%
Cases with Arrears Support Collections (Federal Benchmark = \$5.00 of collections for every dollar of expenditure.)	\$4.02	\$4.02

Individuals not on TANF may also apply for CSED services, and their support collections are forwarded to the custodial party. It is also possible for other states to refer cases to Montana for action when a non-custodial parent lives in Montana.

In certain circumstances, the courts may establish an order for CSED to pursue support for a child in the Foster Care Program. In these situations collections go into the child’s trust accounts and are used to offset the cost of care relative to Title IV-E funding guidelines.

<sup>1</sup> The TANF block grant provides Montana about \$44 million of federal funding annually in support of public assistance program for needy families.

**Changes Impacting the General Fund**

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, as shown in Figure 36, general fund support increased significantly in the 2007 biennium, and the executive proposes a further general fund increase in the 2009 biennium due primarily to two factors:

- o A reduction in state special revenues from child support collections concurrent with the statewide TANF caseload; and
- o The recent federal Deficit Reduction Act (DRA) through the disallowance of the use of federal incentive payments to match other federal funds and a mandatory \$25 fee for services from clients not eligible for TANF

Source	Appropriated					Requested =====		
	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009
General Fund - 01000	\$225,000	\$225,000	\$271,276	\$276,386	\$1,929,816	\$656,647	\$3,252,763	\$3,794,911
State Special Revenue - 02000	3,250,625	2,863,929	2,056,454	2,675,072	1,977,468	2,101,858	1,827,485	1,834,121
Federal - 03000	6,881,101	6,370,998	6,050,914	5,895,458	6,663,682	6,897,392	5,094,699	4,589,918
Total - HB 2	<u>\$10,356,726</u>	<u>\$9,459,927</u>	<u>\$8,378,644</u>	<u>\$8,846,916</u>	<u>\$10,570,966</u>	<u>\$9,655,897</u>	<u>\$10,174,947</u>	<u>\$10,218,950</u>

*TANF Caseload*

Because this division receives revenue from collections from TANF recipients, changes in TANF caseload directly impact the division’s revenues. TANF caseloads have shown a significant decrease since FY 1997. For a further discussion see the Human and Community Services Division in this volume.

*The Deficit Reduction Act*

The recent federal DRA is a congressional mandate that results in a \$3.8 million shift from federal to state funding for CSED. There is further discussion of the DRA in the agency summary section at the beginning of this volume.

Elimination of the Incentive Match

The largest impact of the DRA comes from the elimination of the incentive grant match. States receive incentive grants for meeting or exceeding the federal performance measures, and have been allowed to use the incentive grant to draw federal match at 66 percent. The DRA now prohibits states from using federal incentive grant funds as a match for federal child support enforcement funding, thereby eliminating the match CSED has historically drawn. The loss of this match is estimated to have a \$1.6 million impact in FY 2008 and \$2.1 million in FY 2009. The Governor is proposing to replace this funding with general fund totaling \$3.7 million. There is additional discussion in the new proposal section below.

Mandated \$25 Fee

The DRA also imposed a federal regulation of a \$25 fee for services from clients that are not eligible for TANF, and began collecting fees as of October 1, 2006. States have two federally approved options: 1) collect the fee and pass on the 66 percent federal share; or 2) opt not to collect the fee and pay the federal agency its 66 percent share of the amount that would have been collected. In order to charge and collect this fee in Montana, a statute would have to be changed in the 2007 session to allow the state to do so. The Governor proposes \$247,000 of general fund to pay the federal share of the mandated \$25 fee for services from clients not eligible for TANF. There is additional discussion in the new proposal section below.

Other DRA Impacts

The DRA has two other provisions that have a minor impact on the division’s budget: 1) a computer system change to track the \$25 fee; and 2) a match adjustment on paternity testing

Computer System Changes - States do not have an option of whether or not they adjust their computer systems to handle

the changes required to charge the fee. Whether the state opts to charge fees or pay them with general fund, records must be documented and are subject to audit. States must adjust their systems accordingly. Montana staff estimates the state’s share, based upon the 66 / 34 percent federal to state split of costs, at \$27,700 in FY 2007 and \$14,000 in FY 2008. The division intends to absorb this amount in its budget.

Federal Match Adjustment on Paternity Testing - The DRA also adjusted the 90 percent federal match for child support paternity testing services down to a federal match of 66 percent, the match rate for other program operating costs. The estimated impact on the general fund is about \$19,000 per year. The division intends to absorb the estimated \$19,000 annual increase to the general fund from the federal match adjustment for paternity testing in its budget.

**Summary – DRA Impacts**

Figure 37 shows the estimated impact of the federal Deficit Reduction Act in the executive budget. The summary of the \$25 fee reflects both the state and federal share of the \$187,205 estimated total.

	SFY 2008	SFY 2009	2009 Biennium
Federal Incentive Match Lost	\$1,620,765	\$2,154,589	\$3,775,354
Reduction in Paternity Testing Match Rate	19,294	19,284	38,578
State Share of the System Programming	13,872	0	13,872
Subtotal Without \$25 Fee Expenditures	\$1,653,931	\$2,173,873	\$3,827,804
\$25 Fee Federal Share Without Legislation	123,437	123,437	246,874
Total Revenue for this Scenario	\$1,777,368	\$2,297,310	\$4,074,678

**Legislative Considerations**

In addressing the DRA and the Governor’s budget, the 2007 Legislature has two considerations:

- o Address the loss of federal incentive grant matching funds - \$3.7 million impact on the general fund
- o Decide whether or not to charge the \$25 fee

The state share of the funds attached to the incentive grant match and the fees collected link to the division’s goals and objectives.

**The Incentive Grant Match Elimination**

The increase in general fund resulting from the elimination of the federal incentive grants match is a new, mandated \$3.7 million cost shift to the general fund. There is no indication at the federal level that this cost shift could be reversed, signaling a permanent loss of this source of support. If the state general fund is to become a larger portion of the CSED budget, the legislature may wish to ask the division to expand its goals to include state-relevant objectives such as:

- o Establishing goals and objectives that tie salaries and operation costs to the division budget with regard to present, short term, and long term operational needs and growth as well as examination of potential revenue increases
- o Setting goals and objectives with community stakeholders to increase collections, especially those in arrears
- o Developing a plan to look for grants or other partnerships with communities to support families on welfare and improve collections

There is further discussion with DP 50002 in the new proposal section.

**The \$25 Mandated Fee**

As stated, CSED must provide services free of charge to all who request it, regardless of income. The tie of charging fees to CSED goals has been the basis of legislative discussions since 1999. CSED does not keep records of the income levels of non-TANF users of the CSED services. However, the division has indicated that they are generally lower income.

**History**

- o The 1999 Legislature implemented a user fee based upon a sliding charge of up to \$7 per warrant for non TANF participants, but this action was discontinued in the next session due to its poor reception
- o The 2003 Legislature discussed implementing fees again, but dropped the idea in support of the option to divert a portion of the tobacco settlement proceeds to support human service programs, including CSED through SB 485, which was scheduled to sunset at the end of the 2005 biennium
- o The 2005 Legislature discussed fees in the context of the termination of the tobacco settlement proceeds, which the legislature opted to replace with general fund in the 2007 biennial budget

*Present Options*

The 2007 legislature has the option to either:

- o Collect the fee and pass on the federal share, which would require legislation in statute to allow for the charge and collection of the fee
- o Opt not to collect the fee and pay the federal agency its share of the amount that would have been collected, which is the option proposed by the Governor

The cost of programming the system in order to charge a fee for FY 2008 is shown in Figure 37, the summary of the Governor’s proposals. With programming in place, the process for collecting the funds related to the fee would have some impact on administrative and FTE costs, but the amount is unknown as of this writing. The fee is deducted from the funds collected, so administrative costs should not be extensive.

	SFY 2007	SFY 2008	SFY 2009
<b>Revenue from Fee:</b>			
Federal Share at 66 percent	\$92,577	\$123,437	\$123,437
State Share at 34 percent	47,691	63,589	63,589
Total Revenue*	<u>\$140,269</u>	<u>\$187,025</u>	<u>\$187,025</u>

Figure 38 shows the potential revenue that may be generated from the fees. Revenue is estimated annually at \$25 and cases are estimated at 7,481 for a total of \$187,025 per year based upon the "flagged" TANF entries already in the system. Revenue estimates also assume all fees owed are collected.

**Funding**

The following table shows program funding by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding	Base	% of Base	Budget	% of Budget	Budget	% of Budget
	FY 2006	FY 2006	FY 2008	FY 2008	FY 2009	FY 2009
01000 Total General Fund	\$1,548,902	15.8%	\$3,549,261	34.2%	\$4,094,473	39.2%
01100 General Fund	1,548,902	15.8%	3,549,261	34.2%	4,094,473	39.2%
02000 Total State Special Funds	1,770,665	18.1%	1,727,767	16.6%	1,731,339	16.6%
02187 Child Support State Share	1,770,665	18.1%	1,727,767	16.6%	1,731,339	16.6%
03000 Total Federal Special Funds	6,479,995	66.1%	5,113,635	49.2%	4,608,854	44.2%
03570 93.563 - Child Support Ivd 66%	6,408,754	65.4%	5,113,635	49.2%	4,608,854	44.2%
03605 93.563 - Child Support Ivd 90/	71,241	0.7%	-	-	-	-
<b>Grand Total</b>	<u>\$9,799,562</u>	<u>100.0%</u>	<u>\$10,390,663</u>	<u>100.0%</u>	<u>\$10,434,666</u>	<u>100.0%</u>

As mentioned in the narrative, for a number of years the division’s activities were funded with state special revenue from collections of child support and federal funds. With the decline of state special revenues, general fund has been used to supplement the program. In the funding chart above, the general fund increase from 16 percent in FY 2006 to nearly 40 percent in FY 2009 and the reduction in federal funds from 66 percent in FY 2006 to 44 percent in FY 2009 are primarily due to the federal DRA and other proposals that are discussed in the following sections.

State special revenue comes primarily from federal incentive funds received for meeting or exceeding the federal incentive performance measures and the retention of collections made on behalf of present and/or past TANF participants. The state retains a portion of the funds recovered on behalf of TANF cash assistance recipients at the state share of the federal FMAP rate, 32 percent state / 68 percent federal. There is no retained revenue from non-TANF collections, which simply collected and sent on. Figure 39 shows the history of TANF and non-TANF collections.

**Figure 39**  
TANF and Non-TANF Collections  
FY 2002-FY 2006

	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006
TANF	\$7,283,629	\$7,286,738	\$6,677,447	\$5,884,235	\$5,802,895
State 32%	2,330,761	2,331,756	2,136,783	1,882,955	1,856,926
Non-TANF	\$44,139,607	\$45,715,336	\$47,645,290	\$49,224,774	\$52,503,821

Source: CSED spreadsheet

**Biennial Budget Comparison**

Figure 40 summarizes funding for the 2009 biennium compared to the 2007 biennium. The impact of the federal DRA regulations of \$3.8 million attached to the elimination of the incentive match and the \$25 fee mandated in the DRA are included in the Governor’s budget as of this writing. The growth in personal services is discussed in present law adjustments below.

The increase in operating costs is driven by increases in legal costs, fees charged by the federal government for use of locater systems, medical services, and rent.

**Figure 40**  
Child Support Enforcement Division  
Biennial Budget Comparison

Description	2007	2009	Change	Percent
	Biennium	Biennium		
FTE	168.25	168.25	-	
Personal Services	\$15,569,162	\$16,162,890	\$593,728	3.8%
Operating Costs	4,201,349	4,651,039	449,690	10.7%
Equipment & Intangibles	30,100	11,400	(18,700)	-62.1%
<b>Total</b>	<b>\$19,800,611</b>	<b>\$20,825,329</b>	<b>\$1,024,718</b>	<b>5.2%</b>
General Fund	\$2,586,469	\$7,643,734	\$5,057,265	195.5%
State Special Rev.	3,861,762	3,459,106	(402,656)	-10.4%
Federal Funds	13,352,380	9,722,489	(3,629,891)	-27.2%
<b>Total</b>	<b>\$19,800,611</b>	<b>\$20,825,329</b>	<b>\$1,024,718</b>	<b>5.2%</b>

**Present Law Adjustments**

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “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.

	Fiscal 2008					Fiscal 2009				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					761,967					797,122
Vacancy Savings					(336,021)					(337,434)
Inflation/Deflation					37,192					38,063
Fixed Costs					(169,904)					(169,904)
<b>Total Statewide Present Law Adjustments</b>					<b>\$293,234</b>					<b>\$327,847</b>
DP 50004 - Child Support Enforcement Rent Increase	0.00	37,686	0	73,156	110,842	0.00	40,879	0	79,353	120,232
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$37,686</b>	<b>\$0</b>	<b>\$73,156</b>	<b>\$110,842</b>	<b>0.00</b>	<b>\$40,879</b>	<b>\$0</b>	<b>\$79,353</b>	<b>\$120,232</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$404,076</b>					<b>\$448,079</b>

**LFD COMMENT**

The division moved 7.0 FTE from pay plan 60 to pay plan 20 (the broadband plan), which resulted in a \$0.4 million increase that was partially offset by reduction in pay plan 60 salaries due to redefinition of some job duties and replacing staff at lower salaries. The \$0.8 million increase over the \$4.9 million present law base is primarily driven by increases in longevity, health insurance, benefits, and the implementation of the pay plan approved by the 2005 Legislature. At the submission of the division budget, there were six vacant positions, four of which have been filled. The division intends to hold one FTE open until January for vacancy savings, and is unsure when one other position will be filled. In general, CSED averages five vacant FTE at any given time, and supervisors hold these positions open for 30 days before filling them to maintain a balanced budget.

The decrease shown in fixed costs is primarily due to \$169,230 of data network services costs that were relocated, along with costs for the entire agency, to the Technology Services Division.

**Other Present Law Adjustments**

DP 50004 - Child Support Enforcement Rent Increase – The Governor requests nearly \$231,074 over the biennium to cover increases in rent for CSED office space located in Helena and regional offices in Butte, Billings, Great Falls, and Missoula. The largest portion of the request is \$60,000 each year for administrative offices located in Helena. Regional office space accounts for \$50,000 in FY 2008 and \$58,000 in FY 2009. Rental expenditures support CSED activities and are therefore split 66 percent federal funding and 34 percent general fund.

LFD  
ISSUE

The rent is for buildings that are not under the Department of Administration and is based upon renewal of contracts and a projected move of the Helena offices from the present location at the request of the building owner. The move of the Helena office could increase the rent from \$12 per square foot to between \$20 and \$25, and could occur in April of 2008. At the time of this writing, the division did not know the extent of increases across its regional contracts that presently range from \$12 to \$19 per square foot, depending upon the building’s condition and location in the state, but an increase of at least \$1.50 per square foot is anticipated.

The legislature may wish to consider restricting the appropriation to prevent any excess funds from being spent for other purposes.

**New Proposals**

New Proposals Program	FTE	Fiscal 2008				Fiscal 2009				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 50001 - Child Support Enforcement General Fund 05	0.00	99,718	(99,718)	0	0	0.00	102,782	(102,782)	0	0
DP 50002 - Child Support Deficit Reduction Act 05	0.00	1,620,765	0	(1,620,765)	0	0.00	2,154,589	0	(2,154,589)	0
DP 50005 - CSED - Replacement of DRA Fee 05	0.00	187,025	0	0	187,025	0.00	187,025	0	0	187,025
<b>Total</b>	<b>0.00</b>	<b>\$1,907,508</b>	<b>(\$99,718)</b>	<b>(\$1,620,765)</b>	<b>\$187,025</b>	<b>0.00</b>	<b>\$2,444,396</b>	<b>(\$102,782)</b>	<b>(\$2,154,589)</b>	<b>\$187,025</b>

DP 50001 - Child Support Enforcement General Fund - The Governor requests nearly \$202,000 general fund authority over the biennium with a corresponding decrease in state special revenue to support on-going operations of the division. The state special revenue support for the division has decreased due to the federal calculation of the incentive funds and because income from the retention of a portion of collections related to cash assistance has declined concurrently with caseload decreases. The division must meet federal Title IV-D operating requirements to be eligible for federal funding. This is also a requirement in order for the state to be eligible for the federal TANF block grant.

This is a request to replace funding and the on-going operations are not defined. There is additional discussion in the comment below.

*The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.*

**Justification:** State special revenues are not anticipated to be sufficient to pay all of the expected inflationary increases, and the division would not meet its goal to maintain division operations at current levels and efficiencies.

**Performance Criteria and Milestones:** In order to maintain federal funding, CSED must pass federal annual performance audits in mandated categories of paternity establishment, support order establishment, collection of current support, collection of arrears support and the overall cost effectiveness of the program. The division checks and enters financial data on a monthly basis in the SEARCHS system. A ‘significant activities’ report is generated monthly informing the division of performance during the month for each of the measured categories.

**Obstacles and Risks:** Obstacles could be encountered if the proposal is not passed and CSED failed a federal audit in one or more of the performance measures. Incentive funding could decline and the division might not be able to meet federally established operating requirements for TANF funding. If a child support division ceased to exist, the loss to Montana's children and families would be equivalent to annual CSED collections, and families would be on their own to deal with child support issues. TANF block grant funding is \$43.5 million in FY 2005 and \$39 million in FY 2006. Medicaid costs could also increase as the program has resulted in approximately \$4.6 million in Medicaid cost avoidance.

**LFD  
ISSUE**

Because this and the next request have similar ties to the general fund, LFD comments are the same for both. As mentioned earlier, if the state general fund is to become a larger portion of the CSED budget, the legislature may wish to ask the division to tie the goals to state achievements as well. For example, personal services for the 2009 biennium comprise 78 percent of the total budget. While CSED lists goals and objectives that focus on achievement within the federal system they are without references to tasks, staff responsible for the tasks, and a timeline to the budget for state management. It is therefore difficult to address the use of general fund to maintain operations at current levels and efficiencies as the proposals request. The legislature may wish to articulate:

- Measurements for the proposals that would illustrate what was gained at the state level, such as the number of contacts made by FTE in each region and resulting amounts of child support and/or medical support that resulted from the contacts
- A request for information that would help future legislatures understand why more general fund might be needed to improve current levels and efficiencies in a particular region or statewide that might include the major tasks assigned to the funding request, regional staff or state administrative staff responsible for the task, relevant timelines, the indicator that the task has been successfully completed

There is additional discussion of the following requests in the program narrative at the beginning of the CSED section.

DP 50002 - Child Support Deficit Reduction Act - The Governor requests general fund of \$3.8 million over the biennium to replace federal funding. The federal DRA mandates a reduction in federal funds from: 1) the elimination of the incentive funds match; and 2) the reduction of the 90 percent federal match for child support paternity testing services down to a federal match of 66 percent. General fund is requested to fill this gap and sustain the program at the current level.

DP 50005 - CSED - Replacement of DRA Fee - The governor requests \$374,050 over the biennium to meet the federal DRA requirement that CSED collect an annual \$25 fee from non-TANF clients and distribute 66 percent to the federal government. The federal DRA requires CSED to pay a \$25 annual fee on cases where \$500 has been collected from participants who have never been on TANF. One option is for the state to pay the fee itself rather than imposing it on families, which is the choice that is made in this request.

**LFD  
COMMENT**

Should the legislature decide to approve this appropriation, the funding would go permanently into the base. There is a possibility the estimate for collections could be either higher or lower than the actual amount collected, and may not be the same in each year. The legislature may wish to consider a biennial appropriation to ensure sufficient funds for FY 2008. The legislature may also wish to consider restricting the appropriation in case the appropriation exceeds the total federal share. There is a possibility that the next legislature could choose not to pay the federal portion of the collected fees with general fund. Consequentially, this legislature may wish to designate the appropriation as one-time-only funding.