

Program Legislative Budget

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

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. 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	(21,907)	187,025	2,320,352	(11,647)	187,025	2,330,612	4,650,964
Equipment	5,700	0	0	5,700	0	0	5,700	11,400
Total Costs	\$9,799,562	\$404,039	\$187,025	\$10,390,626	\$448,041	\$187,025	\$10,434,628	\$20,825,254
General Fund	1,548,902	92,838	1,907,508	3,549,248	101,162	2,444,396	4,094,460	7,643,708
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	254,381	(1,620,765)	5,113,611	283,423	(2,154,589)	4,608,829	9,722,440
Total Funds	\$9,799,562	\$404,039	\$187,025	\$10,390,626	\$448,041	\$187,025	\$10,434,628	\$20,825,254

Page Reference

Legislative Budget Analysis, B-67

Funding

Over the past several years, the primary funding sources for the Child Support Enforcement Division have changed from state special revenue and federal funds to include more general fund. The 2009 biennium budget addressed by this bill includes general fund of 37 percent, federal funds of 46 percent, and state special revenue of 17 percent. In contrast, the 2007 biennial budget included 7 percent general fund, 71 percent federal funds, and 22 percent state special revenue.

The primary cause for the increased use of general fund is the federal Deficit Reduction Act (DRA), the impact of which includes a \$3.8 million shift from federal revenue to general fund due to the elimination of the incentive fund match rate and \$0.4 million attached to a newly mandated \$25 fee on cases where \$500 has been collected from participants who have never been on TANF.

There is further discussion in the new proposal section.

Program Narrative

The biennial budget addressed by this bill reduces the executive biennial budget by \$75 to align the division budget to the reduced State Motor Pool rates.

This bill addresses the division's presentation of its goals and measurable objectives as well as:

- o Statewide and present law support of just over \$400,000 each year and new proposals of \$4.2 million general fund over the biennium due to the federal Deficit Reduction Act of 2005; and
- o Components in the division goals and objectives that spoke to continued, professional achievement of mandated federal goals and requirements, assisting Tribal child support programs, seeking increased medical support for children, and addressing staff retention.

The bill includes language requesting that the division report its progress toward the goals and objectives throughout the interim.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the proposed adjusted base budget. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies, unless otherwise noted. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
	-----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)
Total Statewide Present Law Adjustments					\$293,234					\$327,847
DP 6015 - State Motor Pool Rate Change										
	0.00		(13)	0	(24)	(37)	0.00	(13)	0	(25)
DP 50004 - Child Support Enforcement Rent Increase (Restrict)										
	0.00	37,686		0	73,156	110,842	0.00	40,879	0	79,353
Total Other Present Law Adjustments	0.00	\$37,673		\$0	\$73,132	\$110,805	0.00	\$40,866	\$0	\$79,328
Grand Total All Present Law Adjustments					\$404,039					\$448,041

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool were reduced from the level requested by the Governor.

DP 50004 - Child Support Enforcement Rent Increase (Restrict) - The bill provides \$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. Rental expenditures support CSED activities and are therefore split 66 percent federal funding and 34 percent general fund.

New Proposals

New Proposals										
	-----Fiscal 2008-----					-----Fiscal 2009-----				
Program	FTE	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
DP 50002 - Child Support Fed. DRA Funding Switch (Restr./OTO)										
05	0.00	1,620,765		0	(1,620,765)	0	0.00	2,154,589	0	(2,154,589)
DP 50005 - CSED - Federal DRA \$25 Fee (Restricted/OTO)										
05	0.00	187,025		0	187,025	187,025	0.00	187,025	0	187,025
Total	0.00	\$1,907,508	(\$99,718)	(\$1,620,765)	\$187,025	0.00	\$2,444,396	(\$102,782)	(\$2,154,589)	\$187,025

DP 50001 - Child Support Enforcement General Fund - The bill appropriates nearly \$202,000 general fund over the biennium with a corresponding decrease in state special revenue to support on-going operations of the division.

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. Montana's eligibility for TANF block grant funding would be at risk. The Medicaid coverage secured by the division for children could be reduced. The program has resulted in approximately \$4.6 million in Medicaid cost avoidance.

DP 50002 - Child Support Fed. DRA Funding Switch (Restr./OTO) - The bill provides general fund of \$3.8 million over the biennium to replace the loss of funding due to the federal Deficit Reduction Act mandate that: 1) eliminates the incentive funds match; and 2) reduces the 90 percent federal match for child support paternity testing services down to a federal match of 66 percent. General fund is appropriated to sustain the program at the current, historic level. The designation of the appropriation as one-time-only allows the next legislature to assess the impact of the funding switch on the base.

DP 50005 - CSED - Federal DRA \$25 Fee (Restricted/OTO) - The bill adds \$374,050 general fund over the biennium to meet the federal DRA requirement that CSED collect an annual \$25 fee from clients that have never been on TANF. The fee would be calculated after the first \$500 has been collected and 66 percent would be distributed to the federal government. This bill provides funding for the state to pay the fee rather than imposing it on families. The appropriation is designated as restricted and one-time-only to allow the division and the next legislature to better assess the accuracy of the estimate before committing the funds permanently into the base year budget.

Language

"Funding for Child Support Enforcement Rent Increase may be expended only for increases in rent for CSED office space located in Helena and regional offices in Butte, Billings, Great Falls, and Missoula.

Funding for Child Support Deficit Reduction Act may be expended only to replace federal funding from the elimination of the incentive funds match and the reduction of the federal match allowed for child support paternity testing services. Funds may be expended in the historical expenditure categories.

Funding for Child Support Enforcement DRA Fee may be expended only for the federally mandated \$25 fee according to the percentage split of the fee of 66% federal and 34% state.

Included in Child Support Enforcement Division/Reporting is \$200 in general fund money each year for a semiannual report to the legislative finance committee, the children, families, health, and human services interim committee, and members of the joint appropriations subcommittee on health and human services for the following:

- (1) progress toward the goals presented to the joint appropriations subcommittee on health and human services in the division's final template; and
- (2) attainment of measurable objectives as outlined in the division final template presented to the joint appropriations subcommittee on health and human services.

If the reports are not received by the legislative finance committee by December 31, 2007, and June 30, 2008, the fiscal year 2009 general fund appropriation is reduced by \$200."