

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

P.O. Box 419064, Rancho Cordova, CA 95741-9064



TO: RECIPIENTS OF THE DCSS 2019-20 GOVERNOR'S BUDGET ESTIMATE

FROM: MATHEW MACY, Budget Manager
Budget Support Section

DATE: May 9, 2019

SUBJECT: DEPARTMENT OF CHILD SUPPORT SERVICES ESTIMATES

This memorandum transmits the May 2019 Revision to the 2019-20 Governor's Budget estimates for the Department of Child Support Services (DCSS).

The May 2019 revision updates the DCSS local assistance budget for State Fiscal Years (SFY) 2018-19 and SFY 2019-20. It provides estimates of the administrative costs for the local child support agencies and a detailed methodology for each estimate. The total costs for local assistance are estimated to be \$856.7 million (\$264.2 million State General Fund (SGF)) for SFY 2018-19 and \$912.8 million (\$283.3 million SGF) for SFY 2019-20. Total distributed child support collections and revenues are projected to be \$2.53 billion (\$173.7 million SGF) for SFY 2018-19 and \$2.59 billion (\$174.5 million SGF) for SFY 2019-20.

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 May 2019 Revision 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 2018-19 Enacted Budget to the 2018-19 May Revise
(in thousands)

	2018-19 ENACTED BUDGET			ADJUSTMENTS/DIFFERENCES			2018-19 MAY REVISE								
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.					
CHILD SUPPORT PROGRAM COSTS ^{1/}	1,034,098	701,739	318,636	13,600	123	4,950	3,592	1,358	0	0	1,039,048	705,331	319,994	13,600	123
1 STATE OPERATIONS ^{2/}	178,359	123,858	54,378	0	123	4,016	2,649	1,367	0	0	182,375	126,507	55,745	0	123
Item 5175-001	102,072	69,140	32,809	0	123	4,016	2,649	1,367	0	0	106,088	71,789	34,176	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	855,739	577,881	264,258	13,600	0	934	943	-9	0	0	856,673	578,824	264,249	13,600	0
Child Support Services	686,737	408,879	264,258	13,600	0	1,469	1,478	-9	0	0	688,206	410,357	264,249	13,600	0
Child Support Collections Recovery Fund	169,002	169,002	0	0	0	-535	-535	0	0	0	168,467	168,467	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	772,338	522,836	235,902	13,600	0	934	943	-9	0	0	773,272	523,779	235,893	13,600	0
Local Child Support Agency Basic Costs	766,588	520,489	232,499	13,600	0	193	193	0	0	0	766,781	520,682	232,499	13,600	0
Administration	664,448	438,319	226,129	0	0	0	0	0	0	0	664,448	438,319	226,129	0	0
Federal Performance Basic Incentives	43,405	43,405	0	0	0	193	193	0	0	0	43,598	43,598	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	-9	0	-9	0	0	2,641	0	2,641	0	0
Section 1115 Grant (NCP Employment Demo Project)	100	100	0	0	0	0	0	0	0	0	100	100	0	0	0
Section 1115 Grant (Dedicated Daddies Make a Difference)	210	210	0	0	0	0	0	0	0	0	210	210	0	0	0
Section 1115 Grant (Procedural Justice Informed Alternative to Contempt)	577	577	0	0	0	0	0	0	0	0	577	577	0	0	0
Section 1115 Grant (Using Digital Marketing to Increase Participation)	0	0	0	0	0	750	750	0	0	0	750	750	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 and Retirement.

COST TABLE 2
Comparison of the 2018-19 Governor's Budget to the 2018-19 May Revise
(in thousands)

	2018-19 GOVERNOR'S BUDGET			ADJUSTMENTS/DIFFERENCES			2018-19 MAY REVISION								
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.					
CHILD SUPPORT PROGRAM COSTS^{1/}	1,039,048	705,331	319,994	13,600	123	0	0	0	0	0	1,039,048	705,331	319,994	13,600	123
1 STATE OPERATIONS	182,375	126,507	55,745	0	123	0	0	0	0	0	182,375	126,507	55,745	0	123
Item 5175-001	106,088	71,789	34,176	0	123	0	0	0	0	0	106,088	71,789	34,176	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	856,673	578,824	264,249	13,600	0	0	0	0	0	0	856,673	578,824	264,249	13,600	0
Child Support Services	686,803	408,954	264,249	13,600	0	1,403	1,403	0	0	0	688,206	410,357	264,249	13,600	0
Child Support Collections Recovery Fund	169,870	169,870	0	0	0	-1,403	-1,403	0	0	0	168,467	168,467	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	773,272	523,779	235,893	13,600	0	0	0	0	0	0	773,272	523,779	235,893	13,600	0
Local Child Support Agency Basic Costs	766,781	520,682	232,499	13,600	0	0	0	0	0	0	766,781	520,682	232,499	13,600	0
Administration	664,448	438,319	226,129	0	0	0	0	0	0	0	664,448	438,319	226,129	0	0
Federal Performance Basic Incentives	43,598	43,598	0	0	0	0	0	0	0	0	43,598	43,598	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	2,641	0	2,641	0	0	0	0	0	0	0	2,641	0	2,641	0	0
Section 1115 Grant (NCP Employment Demo Project)	100	100	0	0	0	0	0	0	0	0	100	100	0	0	0
Section 1115 Grant (Dedicated Daddies Make a Difference)	210	210	0	0	0	0	0	0	0	0	210	210	0	0	0
Section 1115 Grant (Procedural Justice Informed Alternative to Contempt)	577	577	0	0	0	0	0	0	0	0	577	577	0	0	0
Section 1115 Grant (Using Digital Marketing to Increase Participation)	750	750	0	0	0	0	0	0	0	0	750	750	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.

COST TABLE 3
Comparison of the 2018-19 May Revise to the 2019-20 May Revise
(in thousands)

	2018-19 MAY REVISE			ADJUSTMENTS/DIFFERENCES			2019-20 MAY REVISE								
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.					
CHILD SUPPORT PROGRAM COSTS ^{1/}	1,039,048	705,331	319,994	13,600	123	56,503	37,245	19,258	0	0	1,095,551	742,576	339,252	13,600	123
1 STATE OPERATIONS ^{2/}	182,375	126,507	55,745	0	123	334	127	207	0	0	182,709	126,634	55,952	0	123
Item 5175-001	106,088	71,789	34,176	0	123	334	127	207	0	0	106,422	71,916	34,383	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	856,673	578,824	264,249	13,600	0	56,169	37,118	19,051	0	0	912,842	615,942	283,300	13,600	0
Child Support Services	688,206	410,357	264,249	13,600	0	57,682	38,631	19,051	0	0	745,888	448,988	283,300	13,600	0
Child Support Collections Recovery Fund	168,467	168,467	0	0	0	-1,513	-1,513	0	0	0	166,954	166,954	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	773,272	523,779	235,893	13,600	0	56,169	37,118	19,051	0	0	829,441	560,897	254,944	13,600	0
Local Child Support Agency Basic Costs Administration	766,781	520,682	232,499	13,600	0	56,241	37,190	19,051	0	0	823,022	557,872	251,550	13,600	0
Federal Performance Basic Incentives	664,448	438,319	226,129	0	0	56,033	36,982	19,051	0	0	720,481	475,301	245,180	0	0
County Match for Administration	43,598	43,598	0	0	0	208	208	0	0	0	43,806	43,806	0	0	0
Revenue Stabilization	40,000	26,400	0	13,600	0	0	0	0	0	0	40,000	26,400	0	13,600	0
Internal Revenue Services Intercept Fees	18,735	12,365	6,370	0	0	0	0	0	0	0	18,735	12,365	6,370	0	0
Deficit Reduction Act - Mandatory Fee	2,213	1,460	753	0	0	0	0	0	0	0	2,213	1,460	753	0	0
Section 1115 Grant (NCP Employment Demo Project)	2,641	0	2,641	0	0	0	0	0	0	0	2,641	0	2,641	0	0
Section 1115 Grant (Dedicated Daddies Make a Difference)	100	100	0	0	0	-100	-100	0	0	0	0	0	0	0	0
Section 1115 Grant (Procedural Justice Informed Alternative to Contempt)	210	210	0	0	0	-210	-210	0	0	0	0	0	0	0	0
Section 1115 Grant (Using Digital Marketing to Increase Participation)	577	577	0	0	0	-12	-12	0	0	0	565	565	0	0	0
	750	750	0	0	0	250	250	0	0	0	1,000	1,000	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 and Retirement.

COST TABLE 4
Comparison of the 2019-20 Governor's Budget to the 2019-20 May Revise
(in thousands)

	2019-20 GOVERNOR'S BUDGET			ADJUSTMENTS/DIFFERENCES			2019-20 MAY REVISION							
	Total	Federal	State	Total	Federal	State	Total	Federal	State	County Reimb.				
CHILD SUPPORT PROGRAM COSTS^{1/}	1,095,551	742,576	339,252	13,600	123	0	0	0	0	1,095,551	742,576	339,252	13,600	123
1 STATE OPERATIONS	182,709	126,634	55,952	0	123	0	0	0	0	182,709	126,634	55,952	0	123
Item 5175-001	106,422	71,916	34,383	0	123	0	0	0	0	106,422	71,916	34,383	0	123
Item 5175-002 - Internal & External Contracts	76,287	54,718	21,569	0	0	0	0	0	0	76,287	54,718	21,569	0	0
2 LOCAL ASSISTANCE	912,842	615,942	283,300	13,600	0	0	0	0	0	912,842	615,942	283,300	13,600	0
Child Support Services	743,252	446,352	283,300	13,600	0	2,636	0	0	0	745,888	448,988	283,300	13,600	0
Child Support Collections Recovery Fund	169,590	169,590	0	0	0	-2,636	-2,636	0	0	166,954	166,954	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	829,441	560,897	254,944	13,600	0	0	0	0	0	829,441	560,897	254,944	13,600	0
Local Child Support Agency Basic Costs	823,022	557,872	251,550	13,600	0	0	0	0	0	823,022	557,872	251,550	13,600	0
Administration	720,481	475,301	245,180	0	0	0	0	0	0	720,481	475,301	245,180	0	0
Federal Performance Basic Incentives	43,806	43,806	0	0	0	0	0	0	0	43,806	43,806	0	0	0
County Match for Administration	40,000	26,400	0	13,600	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	18,735	12,365	6,370	0	0
Internal Revenue Services Intercept Fees	2,213	1,460	753	0	0	0	0	0	0	2,213	1,460	753	0	0
Deficit Reduction Act - Mandatory Fee	2,641	0	2,641	0	0	0	0	0	0	2,641	0	2,641	0	0
Section 1115 Grant (NCP Employment Demo Project)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Section 1115 Grant (Dedicated Daddies Make a Difference)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Section 1115 Grant (Procedural Justice Informed Alternative to Contempt)	565	565	0	0	0	0	0	0	0	565	565	0	0	0
Section 1115 Grant (Using Digital Marketing to Increase Participation)	1,000	1,000	0	0	0	0	0	0	0	1,000	1,000	0	0	0
2b LOCAL ASSISTANCE AUTOMATION	83,401	55,045	28,356	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	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	68,435	45,167	23,268	0	0

Notes:
^{1/} Child Support Program Total Costs minus county funds equals total enacted budget.

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REVENUES AND COLLECTIONS TABLE 1
Comparison of the 2017-18 Actuals to the 2018-19 May Revision
(in thousands)

	2017-18 ACTUALS			ADJUSTMENTS/DIFFERENCES			2018-19 MAY REVISE								
	Total	Federal	State	County	Other ^{1/}	Total	Federal	State	County	Other ^{1/}					
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,460,214	170,178	174,722	20,947	2,094,367	68,936	-1,711	-1,020	-893	72,560	2,529,150	168,467	173,702	20,054	2,166,927
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,462,588	176,049	171,225	20,947	2,094,367	68,922	-1,738	-1,007	-893	72,560	2,531,510	174,311	170,218	20,054	2,166,927
3 Child Support Assistance Collections	410,089	176,049	171,225	20,947	41,868	-4,107	-1,738	-1,007	-893	-469	405,982	174,311	170,218	20,054	41,399
4 Basic Collections	353,588	169,053	164,501	20,034	0	-4,524	-2,162	-1,424	-938	0	349,064	166,891	163,077	19,096	0
5 Disregard Payments to Families	23,621	0	0	0	23,621	-288	0	0	0	-288	23,333	0	0	0	23,333
6 Collections for Other Jurisdictions - Assistance	5,679	0	0	0	5,679	-56	0	0	0	-56	5,623	0	0	0	5,623
7 Miscellaneous Collections - Assistance	12,568	0	0	0	12,568	-125	0	0	0	-125	12,443	0	0	0	12,443
8 Revenue Stabilization Adjustment- Assistance	14,633	6,996	6,724	913	0	886	424	417	45	0	15,519	7,420	7,141	958	0
9 Child Support NonAssistance Collections	2,052,499	0	0	0	2,052,499	73,029	0	0	0	73,029	2,125,528	0	0	0	2,125,528
10 Basic Collections	1,834,889	0	0	0	1,834,889	63,044	0	0	0	63,044	1,897,933	0	0	0	1,897,933
11 Collections for Other Jurisdictions - NonAssistance	91,697	0	0	0	91,697	3,263	0	0	0	3,263	94,960	0	0	0	94,960
12 Miscellaneous Collections - NonAssistance	2,598	0	0	0	2,598	92	0	0	0	92	2,690	0	0	0	2,690
13 Revenue Stabilization Adjustment- NonAssistance	123,315	0	0	0	123,315	6,630	0	0	0	6,630	129,945	0	0	0	129,945
14 REVENUES AND TRANSFERS	-2,374	-5,871	3,497	0	0	14	27	-13	0	0	-2,360	-5,844	3,484	0	0
15 Title IV-E Child Support Collections Recovery Fund	-5,871	-5,871	0	0	0	27	27	0	0	0	-5,844	-5,844	0	0	0
16 Never Assisted Cases Fee Recovery	3,497	0	3,497	0	0	-13	0	-13	0	0	3,484	0	3,484	0	0

Notes:

^{1/} Other reflects collections disbursed directly to California families and other jurisdictions.

REVENUES AND COLLECTIONS TABLE 2
Comparison of the 2018-19 Enacted Budget to the 2018-19 May Revision
(in thousands)

	2018-19 ENACTED BUDGET			ADJUSTMENTS/DIFFERENCES			2018-19 MAY REVISE								
	Total	Federal	State	County	Other ^{1/}	Total	Federal	State	County	Other ^{1/}					
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,479,119	169,002	171,536	22,824	2,115,757	50,031	-535	2,166	-2,770	51,170	2,529,150	168,467	173,702	20,054	2,166,927
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,481,473	174,850	168,042	22,824	2,115,757	50,037	-539	2,176	-2,770	51,170	2,531,510	174,311	170,218	20,054	2,166,927
3 Child Support Assistance Collections	408,432	174,850	168,042	22,824	42,716	-2,450	-539	2,176	-2,770	-1,317	405,982	174,311	170,218	20,054	41,399
4 Basic Collections	351,083	167,854	161,318	21,911	0	-2,019	-963	1,759	-2,815	0	349,064	166,891	163,077	19,096	0
5 Disregard Payments to Families	24,503	0	0	0	24,503	-1,170	0	0	0	-1,170	23,333	0	0	0	23,333
6 Collections for Other Jurisdictions - Assistance	5,679	0	0	0	5,679	-56	0	0	0	-56	5,623	0	0	0	5,623
7 Miscellaneous Collections - Assistance	12,534	0	0	0	12,534	-91	0	0	0	-91	12,443	0	0	0	12,443
8 Revenue Stabilization Adjustment- Assistance	14,633	6,996	6,724	913	0	886	424	417	45	0	15,519	7,420	7,141	958	0
9 Child Support NonAssistance Collections	2,073,041	0	0	2,073,041	52,487	0	0	0	0	52,487	2,125,528	0	0	0	2,125,528
10 Basic Collections	1,852,787	0	0	0	1,852,787	45,146	0	0	0	45,146	1,897,933	0	0	0	1,897,933
11 Collections for Other Jurisdictions - NonAssistance	94,455	0	0	0	94,455	505	0	0	0	505	94,960	0	0	0	94,960
12 Miscellaneous Collections - NonAssistance	2,484	0	0	0	2,484	206	0	0	0	206	2,690	0	0	0	2,690
13 Revenue Stabilization Adjustment- NonAssistance	123,315	0	0	0	123,315	6,630	0	0	0	6,630	129,945	0	0	0	129,945
14 REVENUES AND TRANSFERS	-2,354	-5,848	3,494	0	0	-6	4	-10	0	0	-2,360	-5,844	3,484	0	0
15 Title IV-E Child Support Collections Recovery Fund	-5,848	-5,848	0	0	0	4	4	0	0	0	-5,844	-5,844	0	0	0
16 Never Assisted Cases Fee Recovery	3,494	0	3,494	0	0	-10	0	-10	0	0	3,484	0	3,484	0	0

Notes:
^{1/} Other reflects collections disbursed directly to California families and other jurisdictions.

REVENUES AND COLLECTIONS TABLE 3
Comparison of the 2018-19 Governor's Budget to the 2018-19 May Revise
(in thousands)

	2018-19 GOVERNOR'S BUDGET			ADJUSTMENTS/DIFFERENCES			2018-19 MAY REVISE								
	Total	Federal	State	County	Other ^{1/}	Total	Federal	State	County	Other ^{1/}					
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,498,847	169,870	172,634	22,707	2,133,636	30,303	-1,403	1,068	-2,653	33,291	2,529,150	168,467	173,702	20,054	2,166,927
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,501,255	175,762	169,150	22,707	2,133,636	30,255	-1,451	1,068	-2,653	33,291	2,531,510	174,311	170,218	20,054	2,166,927
3 Child Support Assistance Collections	409,364	175,762	169,150	22,707	41,745	-3,382	-1,451	1,068	-2,653	-346	405,982	174,311	170,218	20,054	41,399
4 Basic Collections	352,100	168,342	162,009	21,749	0	-3,036	-1,451	1,068	-2,653	0	349,064	166,891	163,077	19,096	0
5 Disregard Payments to Families	23,528	0	0	0	23,528	-195	0	0	0	-195	23,333	0	0	0	23,333
6 Collections for Other Jurisdictions - Assistance	5,670	0	0	0	5,670	-47	0	0	0	-47	5,623	0	0	0	5,623
7 Miscellaneous Collections - Assistance	12,547	0	0	0	12,547	-104	0	0	0	-104	12,443	0	0	0	12,443
8 Revenue Stabilization Adjustment- Assistance	15,519	7,420	7,141	958	0	0	0	0	0	0	15,519	7,420	7,141	958	0
9 Child Support NonAssistance Collections	2,091,891	0	0	0	2,091,891	33,637	0	0	0	33,637	2,125,528	0	0	0	2,125,528
10 Basic Collections	1,865,841	0	0	0	1,865,841	32,092	0	0	0	32,092	1,897,933	0	0	0	1,897,933
11 Collections for Other Jurisdictions - NonAssistance	93,457	0	0	0	93,457	1,503	0	0	0	1,503	94,960	0	0	0	94,960
12 Miscellaneous Collections - NonAssistance	2,648	0	0	0	2,648	42	0	0	0	42	2,690	0	0	0	2,690
13 Revenue Stabilization Adjustment- NonAssistance	129,945	0	0	0	129,945	0	0	0	0	0	129,945	0	0	0	129,945
14 REVENUES AND TRANSFERS	-2,408	-5,892	3,484	0	0	48	48	0	0	0	-2,360	-5,844	3,484	0	0
15 Title IV-E Child Support Collections Recovery Fund	-5,892	-5,892	0	0	0	48	48	0	0	0	-5,844	-5,844	0	0	0
16 Never Assisted Cases Fee Recovery	3,484	0	3,484	0	0	0	0	0	0	0	3,484	0	3,484	0	0

Notes:
^{1/} Other reflects collections disbursed directly to California families and other jurisdictions.

REVENUES AND COLLECTIONS TABLE 4
Comparison of the 2018-19 May Revise to the 2019-20 May Revise
(in thousands)

	2018-19 MAY REVISE			ADJUSTMENTS/DIFFERENCES			2019-20 MAY REVISE		
	Total	Federal	State	Total	Federal	State	Total	Federal	State
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,529,150	168,467	173,702	59,632	-1,513	823	2,588,782	166,954	174,525
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,531,510	174,311	170,218	59,579	-1,566	823	2,591,089	172,745	171,041
3 Child Support Assistance Collections	405,982	174,311	170,218	-3,663	-1,566	823	402,319	172,745	171,041
4 Basic Collections	349,064	166,891	163,077	-3,275	-1,566	823	345,789	165,325	163,900
5 Disregard Payments to Families	23,333	0	0	-209	0	0	23,124	0	0
6 Collections for Other Jurisdictions - Assistance	5,623	0	0	-56	0	0	5,567	0	0
7 Miscellaneous Collections - Assistance	12,443	0	0	-123	0	0	12,320	0	0
8 Revenue Stabilization Adjustment- Assistance	15,519	7,420	7,141	0	0	0	15,519	7,420	7,141
9 Child Support NonAssistance Collections	2,125,528	0	0	63,242	0	0	2,188,770	0	0
10 Basic Collections	1,897,933	0	0	59,767	0	0	1,957,700	0	0
11 Collections for Other Jurisdictions - NonAssistance	94,960	0	0	3,379	0	0	98,339	0	0
12 Miscellaneous Collections - NonAssistance	2,690	0	0	96	0	0	2,786	0	0
13 Revenue Stabilization Adjustment- NonAssistance	129,945	0	0	0	0	0	129,945	0	0
14 REVENUES AND TRANSFERS	-2,360	-5,844	3,484	53	53	0	-2,307	-5,791	3,484
15 Title IV-E Child Support Collections Recovery Fund	-5,844	-5,844	0	53	53	0	-5,791	-5,791	0
16 Never Assisted Cases Fee Recovery	3,484	0	3,484	0	0	0	3,484	0	3,484

Notes:

^{1/} Other reflects collections disbursed directly to California families and other jurisdictions.

REVENUES AND COLLECTIONS TABLE 5
Comparison of the 2019-20 Governor's Budget to the 2019-20 May Revise
(in thousands)

	2019-20 GOVERNOR'S BUDGET			ADJUSTMENTS/DIFFERENCES			2019-20 MAY REVISE								
	Total	Federal	State	County	Other	Total	Federal	State	County	Other					
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,537,632	169,590	172,355	22,669	2,173,018	51,150	-2,636	2,170	-5,147	56,763	2,588,782	166,954	174,525	17,522	2,229,781
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,540,031	175,473	168,871	22,669	2,173,018	51,058	-2,728	2,170	-5,147	56,763	2,591,089	172,745	171,041	17,522	2,229,781
3 Child Support Assistance Collections	408,678	175,473	168,871	22,669	41,665	-6,359	-2,728	2,170	-5,147	-654	402,319	172,745	171,041	17,522	41,011
4 Basic Collections	351,494	168,053	161,730	21,711	0	-5,705	-2,728	2,170	-5,147	0	345,789	165,325	163,900	16,564	0
5 Disregard Payments to Families	23,489	0	0	0	23,489	-365	0	0	0	-365	23,124	0	0	0	23,124
6 Collections for Other Jurisdictions - Assistance	5,649	0	0	0	5,649	-82	0	0	0	-82	5,567	0	0	0	5,567
7 Miscellaneous Collections - Assistance	12,527	0	0	0	12,527	-207	0	0	0	-207	12,320	0	0	0	12,320
8 Revenue Stabilization Adjustment- Assistance	15,519	7,420	7,141	958	0	0	0	0	0	0	15,519	7,420	7,141	958	0
9 Child Support NonAssistance Collections	2,131,353	0	0	2,131,353	57,417	57,417	0	0	0	57,417	2,188,770	0	0	0	2,188,770
10 Basic Collections	1,903,458	0	0	0	1,903,458	54,242	0	0	0	54,242	1,957,700	0	0	0	1,957,700
11 Collections for Other Jurisdictions - NonAssistance	95,251	0	0	0	95,251	3,088	0	0	0	3,088	98,339	0	0	0	98,339
12 Miscellaneous Collections - NonAssistance	2,699	0	0	0	2,699	87	0	0	0	87	2,786	0	0	0	2,786
13 Revenue Stabilization Adjustment- NonAssistance	129,945	0	0	0	129,945	0	0	0	0	0	129,945	0	0	0	129,945
14 REVENUES AND TRANSFERS	-2,399	-5,883	3,484	0	0	92	92	0	0	0	-2,307	-5,791	3,484	0	0
15 Title IV-E Child Support Collections Recovery Fund	-5,883	-5,883	0	0	0	92	92	0	0	0	-5,791	-5,791	0	0	0
16 Never Assisted Cases Fee Recovery	3,484	0	3,484	0	0	0	0	0	0	0	3,484	0	3,484	0	0

Notes:
^{1/} Other reflects collections disbursed directly to California families and other jurisdictions.

**CHILD SUPPORT PROGRAM
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TOTAL PROJECTED DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2018-19 and 2019-20

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

Assistance Collections - \$405.9 million in State Fiscal Year (SFY) 2018-19 and \$402.3 million in SFY 2019-20

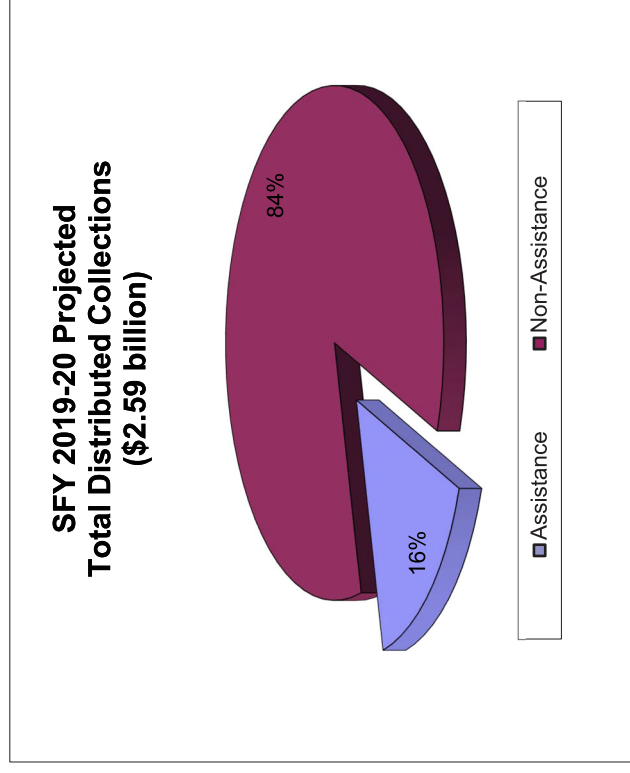
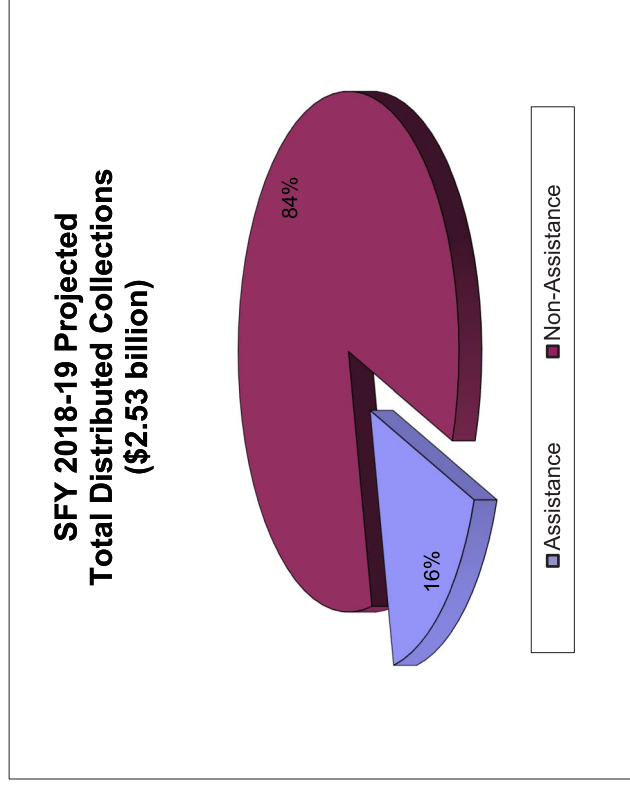
- Basic Collections - \$349.1 million in SFY 2018-19 and \$345.8 million in SFY 2019-20
- Other Collections - \$56.9 million in SFY 2018-19 and \$56.5 million in SFY 2019-20

Non-Assistance Collections: \$2.12 billion in SFY 2018-19 and \$2.19 billion in SFY 2019-20

- Basic Collections - \$1.9 billion SFY 2018-19 and \$1.96 billion SFY 2019-20
- Other Collections - \$227.6 million SFY 2018-19 and \$231.1 million SFY 2019-20

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 2012-13 through 2019-20

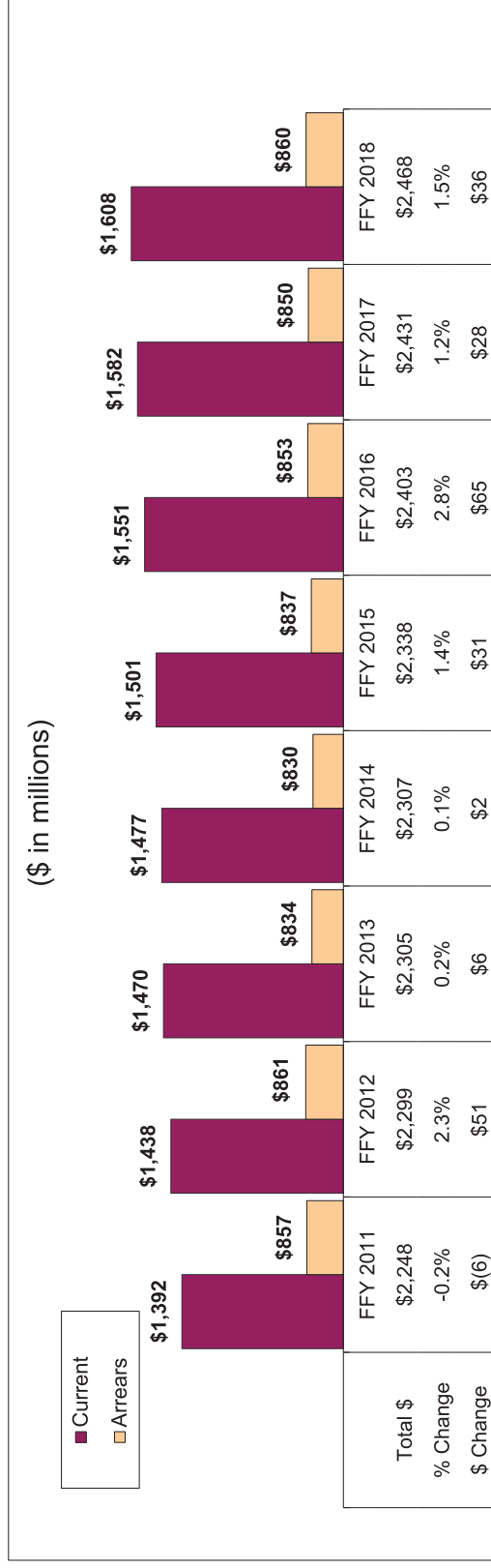
Child support distributed collections are projected to total \$2.59 billion in State Fiscal Year (SFY) 2019-20. The chart below reflect actual and projected Total Distributed Collections for Assistance and Non-Assistance and the year-to-year change by State Fiscal Year.



Source: The collections data for SFY 2012-13 through SFY 2017-18 are from the Child Support 34 and Child Support 35 reports. The SFY 2018-19 through SFY 2019-20 projections are based on the most recent data.

TOTAL DISTRIBUTED COLLECTIONS ^{1/} FOR FEDERAL FISCAL YEARS 2011 through 2018

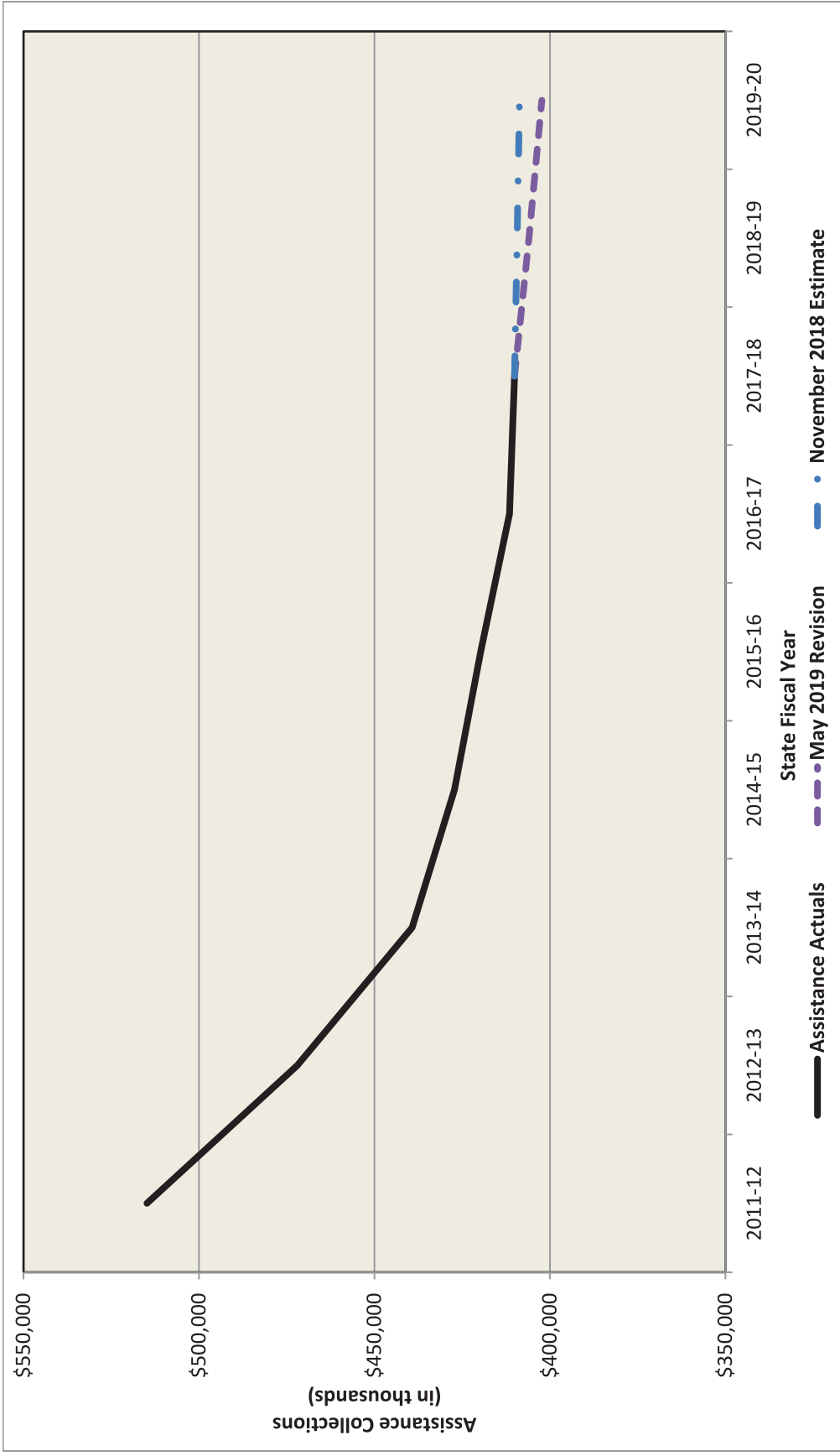
The chart below reflects the Total Distributed Collections as Current and Arrears Support by Federal Fiscal Year (FFY). Child Support distributed collections has grown from \$2.24 billion in FFY 2011 to \$2.46 billion in FFY 2018.



Source: The collections data for FFY 2011 through FFY 2018 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).

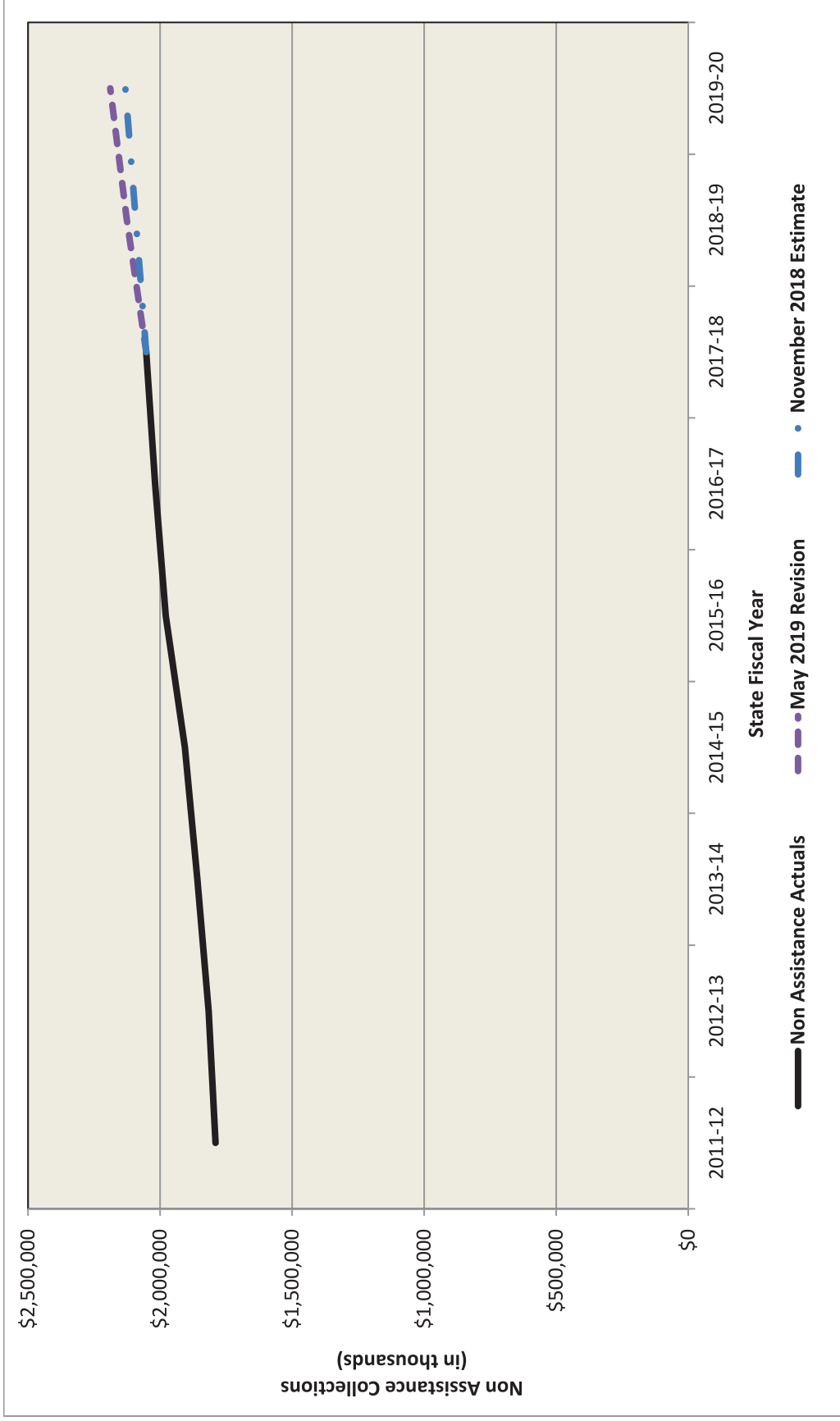
ASSISTANCE COLLECTIONS FORECAST COMPARISON

The May 2019 revision reflects a decrease of 1.0 percent for State Fiscal Year (SFY) 2018-19 compared to the SFY 2017-18 actual collections and a decrease of 0.9 percent for SFY 2019-20 compared to the SFY 2018-19 May 2019 Revision.



NON-ASSISTANCE COLLECTIONS FORECAST COMPARISON

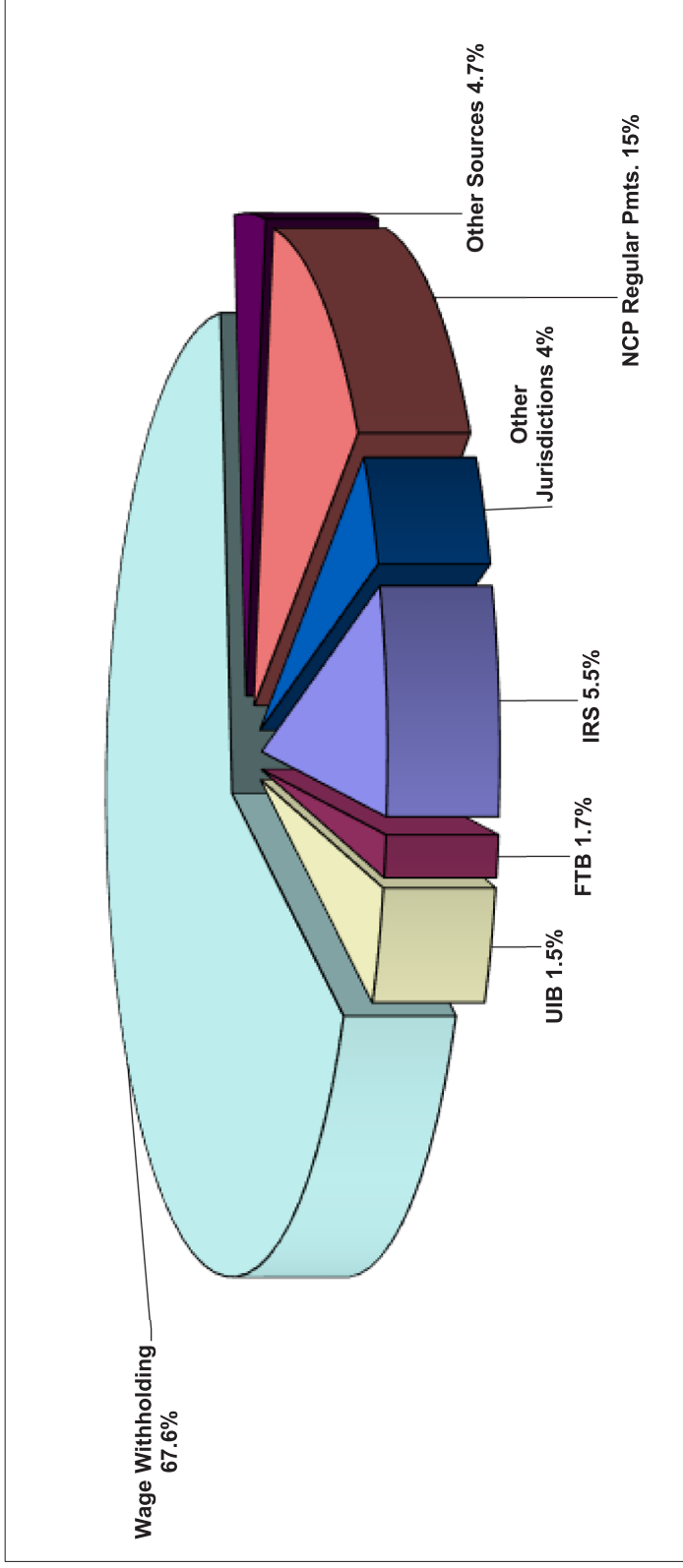
The May 2019 Revision reflects an increase of 3.6 percent for State Fiscal Years (SFY) 2018-19 and compared to SFY 2017-18 actual collections and an increase of 3.0 percent for SFY 2019-20 compared to SFY 2018-19 May 2019 Revision.



TOTAL COLLECTIONS RECEIVED BY SOURCE FOR STATE FISCAL YEAR 2017-18

Total child support collections received for State Fiscal Year (SFY) 2017-18 were \$2.46 billion. Collections sources include:

- Wage Withholding totaled \$1.67 billion (67.6 percent)
- Noncustodial Parent (NCP) Regular Payments totaled \$370.3 million (15 percent)
- Internal Revenue Service (IRS) Federal income tax refund offsets totaled \$136.6 million (5.5 percent)
- Other Sources¹ totaled \$115.8 million (4.7 percent)
- Other Jurisdictions² totaled \$99.5 million (4 percent)
- Unemployment Insurance Benefits (UIB) offsets totaled \$36.3 million (1.5 percent)
- Franchise Tax Board's (FTB) State income tax refund offsets totaled \$40.9 million (1.7 percent)



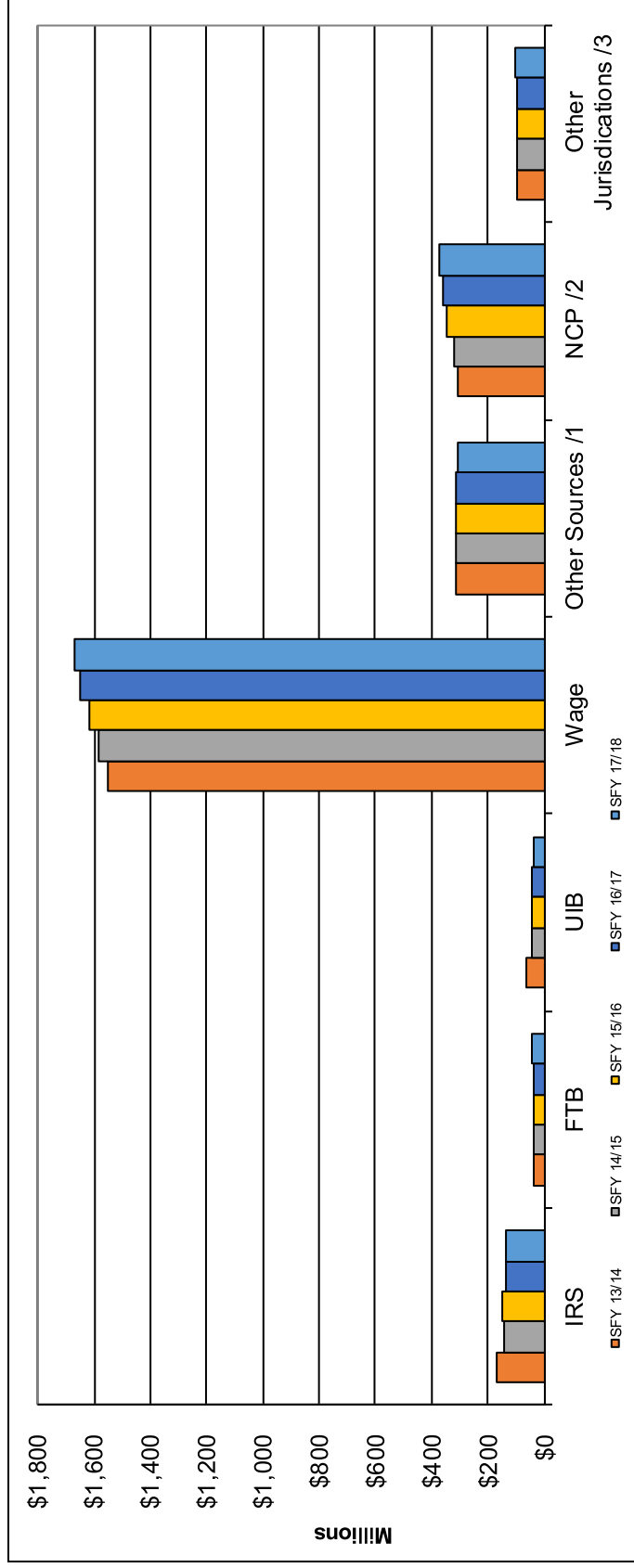
Source: Child Support 34 and Child Support 35 reports.

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) 2013-14 through SFY 2017-18. The year-to-year change from SFY 2016-17 to SFY 2017-18 for Internal Revenue Service (IRS) intercepts was an increase of 1.8 percent; Franchise Tax Board (FTB) intercepts increased 10.2 percent; Unemployment Insurance Benefits (UIB) intercepts decreased 9.5 percent; Wage Withholdings increased 1.1 percent; Other Sources decreased 1.1 percent; Non-Custodial Parent (NCP) regular payments increased 3.6 percent, and Other Jurisdictions increased 1 percent.

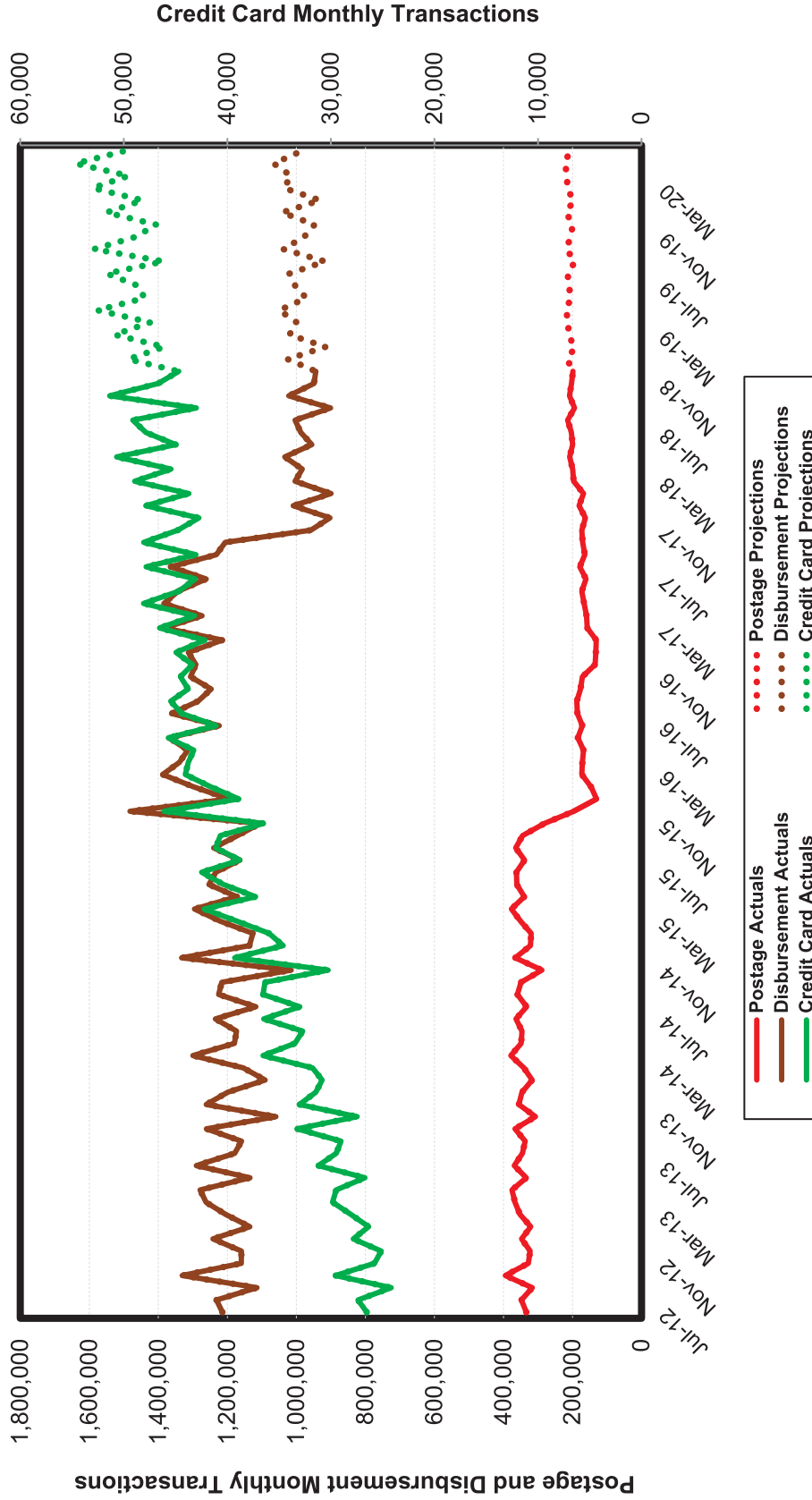


Source: Child Support 34 and Child Support 35 reports.

/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, Kiosk (Touch Pay) was implemented April 2016 and Paypal was implemented March 2018.
/3 Includes collections from tribes, other states and countries.

State Disbursement Unit Transactions by Type

The May 2019 forecast utilizes 14 months of actual data for disbursement projections (November 2017 through December 2018), which are expected to level out into the foreseeable future, and 24 months for credit card (January 2017 through December 2018). The postage projection is based on the current percentage of postage transactions to the total paper disbursements, which is 21%.





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. Paternity Establishment Percentage

- 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 2018	101.8%	FFY 2014	101.2%	FFY 2010	88.6%	FFY 2006	90.3%	FFY 2002	77.5%
FFY 2017	101.4%	FFY 2013	100.5%	FFY 2009	97.3%	FFY 2005	86.0%		
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%		

Statewide PEP

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

California’s Performance:

FFY 2018	93.6%	FFY 2014	98.2%	FFY 2010	102.6%	FFY 2006	109.9	FFY 2002	108.7%
FFY 2017	94.3%	FFY 2013	98.6%	FFY 2009	103.4%	FFY 2005	106.5		
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%		

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 2018	91.6%	FFY 2014	89.2%	FFY 2010	82.5%	FFY 2006	80.6%	FFY 2002	75.3%
FFY 2017	91.2%	FFY 2013	89.0%	FFY 2009	78.8%	FFY 2005	80.3%		
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%		

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 2018	66.5%	FFY 2014	64.9%	FFY 2010	56.0%	FFY 2006	50.4%	FFY 2002	42.4%
FFY 2017	66.5%	FFY 2013	63.3%	FFY 2009	53.4%	FFY 2005	49.3%		
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%		

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 2018	66.8%	FFY 2014	65.8%	FFY 2010	60.3%	FFY 2006	56.5%	FFY 2002	54.9%
FFY 2017	66.4%	FFY 2013	65.1%	FFY 2009	59.4%	FFY 2005	56.0%		
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%		

5. Cost Effectiveness 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 2018	\$2.52	FFY 2014	\$2.43	FFY 2010	\$2.38	FFY 2006	\$2.03	FFY 2002	\$2.23
FFY 2017	\$2.52	FFY 2013	\$2.54	FFY 2009	\$2.10	FFY 2005	\$2.15		
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		

*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 2018

National Federal Performance Measures for Federal Fiscal Year 2018

	IW-D PEP		Statewide PEP		Cases with Support Orders		Current Support Paid		Cases Paying on Arrears		Cost Effectiveness	
Arizona	154.7%	1	108.6%	1	Maine	95.3%	1	Pennsylvania	84.3%	1	Mississippi	\$10.95
Wyoming	129.3%	2	107.8%	2	Indiana	94.6%	2	North Dakota	76.2%	2	South Dakota	\$10.04
Nevada	126.4%	3	103.7%	3	Alaska	93.3%	3	Connecticut	74.3%	3	Texas	\$10.04
Utah	107.7%	4	103.7%	4	Wisconsin	93.3%	4	Minnesota	72.4%	4	Missouri	\$6.69
South Dakota	107.3%	5	102.7%	5	Washington	93.3%	5	Wisconsin	72.4%	5	Oklahoma	\$7.16
Montana	106.0%	6	96.6%	6	Iowa	92.8%	6	Michigan	72.4%	6	Georgia	\$7.14
Pennsylvania	105.7%	7	96.3%	7	North Dakota	92.5%	7	Florida	70.0%	7	Tennessee	\$1.06
North Dakota	105.6%	8	96.1%	8	Alaska	92.1%	8	Arkansas	69.9%	8	Wyoming	\$6.79
Indiana	105.2%	9	95.6%	9	Pennsylvania	92.0%	9	Massachusetts	69.8%	9	Utah	\$6.43
Utah	104.3%	10	95.5%	10	Idaho	92.0%	10	Ohio	69.8%	10	Michigan	\$5.37
New Hampshire	104.3%	11	95.3%	11	California	91.6%	11	Wyoming	68.6%	11	Iowa	\$5.37
Maine	104.3%	12	94.9%	12	Ohio	91.5%	12	Maine	68.1%	12	Ohio	\$5.28
Wisconsin	102.6%	13	94.4%	13	South Dakota	91.2%	13	New Jersey	68.1%	13	North Dakota	\$6.22
West Virginia	101.3%	14	94.2%	14	Georgia	90.3%	14	West Virginia	68.2%	14	Nevada	\$6.19
North Carolina	101.3%	15	94.0%	15	Arizona	90.5%	15	North Carolina	68.0%	15	Florida	\$6.18
Georgia	101.3%	16	93.6%	16	Vermont	90.5%	16	Nevada	67.5%	16	Nebraska	\$5.31
Minnesota	101.3%	17	93.6%	17	Connecticut	90.3%	17	Washington	67.4%	17	Iowa	\$5.86
Arkansas	100.3%	18	93.5%	18	Virginia	89.6%	18	New York	67.0%	18	Louisiana	\$5.34
Georgia	100.1%	19	93.3%	19	Nevada	89.5%	19	California	66.5%	19	Wisconsin	\$5.80
Kansas	99.3%	20	93.2%	20	Oregon	89.4%	20	Indiana	66.3%	20	Kansas	\$5.75
Iowa	98.3%	21	92.8%	21	West Virginia	89.4%	21	Utah	65.3%	21	Massachusetts	\$5.74
Connecticut	98.3%	22	91.6%	22	Kansas	89.2%	22	Idaho	65.6%	22	Rhode Island	\$5.48
Maine	98.4%	23	91.3%	23	Montana	89.1%	23	Arkansas	65.4%	23	West Virginia	\$5.33
Washington	98.0%	24	90.3%	24	North Carolina	88.3%	24	Texas	65.3%	24	Arizona	\$5.29
Mississippi	97.7%	25	90.2%	25	Colorado	88.7%	25	Virginia	65.0%	25	Idaho	\$5.29
Virginia	97.4%	26	90.3%	26	Alabama	88.5%	26	New Mexico	64.3%	26	Illinois	\$5.22
Missouri	97.3%	27	90.3%	27	Missouri	88.3%	27	New Hampshire	64.3%	27	Indiana	\$5.21
New Jersey	97.3%	28	90.3%	28	Colorado	88.3%	28	Georgia	64.3%	28	Alabama	\$5.20
Idaho	97.1%	29	90.3%	29	Louisiana	87.9%	29	Oregon	64.1%	29	Arkansas	\$5.06
South Carolina	96.9%	30	90.3%	30	New Jersey	87.7%	30	Maine	64.1%	30	New York	\$4.81
New Mexico	96.3%	31	90.3%	31	Utah	87.6%	31	South Dakota	63.7%	31	Pennsylvania	\$4.78
Alabama	96.3%	32	90.3%	32	Massachusetts	87.5%	32	Tennessee	62.6%	32	New Jersey	\$4.65
Rhode Island	95.3%	33	90.3%	33	Nebraska	87.5%	33	Hawaii	62.6%	33	Montana	\$4.64
Tennessee	95.3%	34	90.3%	34	Texas	87.3%	34	Illinois	62.4%	34	Hawaii	\$4.63
Louisiana	95.2%	35	90.3%	35	New York	87.2%	35	Rhode Island	62.1%	35	North Carolina	\$4.57
Kentucky	94.1%	36	90.3%	36	Wisconsin	86.8%	36	District of Columbia	61.3%	36	Maryland	\$4.35
Michigan	94.1%	37	90.3%	37	North Carolina	86.3%	37	Connecticut	61.4%	37	South Dakota	\$4.22
Alaska	92.6%	38	90.3%	38	Tennessee	85.1%	38	Missouri	60.4%	38	Idaho	\$4.21
Oregon	92.3%	39	90.3%	39	Georgia	83.6%	39	Illinois	60.1%	39	Alaska	\$3.64
Hawaii	92.3%	40	90.3%	40	Maryland	83.6%	40	Delaware	59.7%	40	Maine	\$3.70
Florida	91.7%	41	90.3%	41	Oklahoma	83.3%	41	Massachusetts	59.6%	41	Oregon	\$3.60
New York	88.4%	42	90.3%	42	South Carolina	83.0%	42	Kentucky	57.9%	42	New Mexico	\$3.55
Texas	85.7%	43	90.3%	43	Illinois	83.0%	43	Alaska	56.3%	43	Nevada	\$3.45
Massachusetts	85.7%	44	90.3%	44	Florida	82.1%	44	Tennessee	56.3%	44	Kansas	\$3.45
Delaware	82.7%	45	90.3%	45	New Hampshire	82.0%	45	Kansas	56.2%	45	Arizona	\$3.21
Illinois	82.7%	46	90.3%	46	Michigan	80.6%	46	Oklahoma	56.0%	46	District of Columbia	\$3.21
Mississippi	82.7%	47	90.3%	47	District of Columbia	78.0%	47	South Carolina	55.4%	47	New Hampshire	\$3.18
Oklahoma	82.6%	48	90.3%	48	Hawaii	76.5%	48	New Mexico	55.4%	48	Delaware	\$2.75
District of Columbia	81.0%	49	90.3%	49	New Mexico	75.5%	49	Mississippi	54.4%	49	Louisiana	\$2.72
Guam	74.3%	50	90.3%	50	Rhode Island	74.7%	50	Alabama	54.1%	50	Rhode Island	\$2.52
Puerto Rico	74.3%	51	90.3%	51	Guam	74.7%	51	Louisiana	54.1%	51	Hawaii	\$2.01
Virgin Islands	74.3%	52	90.3%	52	Puerto Rico	74.7%	52	Puerto Rico	54.1%	52	Puerto Rico	NA
Virgin Islands	74.3%	53	90.3%	53	Virgin Islands	74.7%	53	Virgin Islands	54.1%	53	Virgin Islands	NA
Weighted National Average/Total	96.3%		92.9%		87.6%		65.8%		64.6%		\$5.12	

Note: Preliminary data based on OCSE 1.7 data submitted by each state to OCSE and provided to MAXIMUS. Subsequent revisions to OCSE 1.7 data provided to OCSE but not provided to MAXIMUS are not reflected here.

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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 17306(b)(2), FC Section 17704(b), FC Section 17005(a), FC Section 17706, and FC Section 17710(a).
- IRS Publication 1075 Tax Information Security Guidelines

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 \$766,781,000 for SFY 2018-19 and \$823,022,000 SFY 2019-20.

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. LCSA administration costs are funded at \$664,448,000 for SFY 2018-19 and \$720,481,000 in SFY 2019-20. Funding for administration is 34 percent State General Fund (SGF) and 66 percent Federal Financial Participation (FFP) matching funds.

Recent administration costs adjustments:

- An increase of \$56,039,000 (\$19,053,000 GF) in SFY 2019-20 for the LCSAs based on newly approved child support staffing ratios as defined in the Child Support Director's Association (CSDA) Level of Effort Study. The study identified the full-time equivalent (FTE) staffing ratios needed to effectively carry out child support case management activities. It also addressed staffing ratios for supervisors, managers, attorneys and administrative staff for all LCSAs. A workgroup comprised of DCSS and CSDA executive staff established a new LCSA Funding Formula methodology that utilizes the defined FTE ratios relative to each LCSA's caseload, funding for operating expenses, call center staffing (if applicable), and a performance incentive for improved LCSA collections. The LCSA Funding Formula resulted in an additional \$180,749,000 (\$61,455,000 SGF) necessary to adequately fund LCSA operations. The augmentation will be phased in over the next four SFYs.
- An increase of \$113,000 (\$39,000 GF) for SFY 2019-20 and \$225,000 (\$77,000 GF) for SFY 2020-21 and ongoing for implementation of Chapter 876, Statutes of 2018. The new legislation, effective January 2020, requires the DCSS to expand the Paternity Establishment Program to include voluntary declaration of parentage services to unmarried couples including, but not limited to, unmarried same sex couples who have children using assisted reproductive technology.

- A decrease of \$119,000 (\$41,000 GF) for the one-time costs of implementing the Internal Revenue Services, Tax Information Security Guidelines Publication 1075, which required background investigations on individuals with access to Federal Tax Information. These funds were approved for SFY 2018-19 only.

Federal Performance Basic Incentives:

Federal Performance Basic Incentive funds of \$43,598,000 for SFY 2018-19 and \$43,806,000 for SFY 2019-20 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.

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 2018-19 and SFY 2019-20, 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 2018-19 and SFY 2019-20 includes an on-going augmentation of \$18,735,000 for Revenue Stabilization. For details, refer to the Revenue Stabilization premise description.

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

Based on the most recent data available, the Federal Performance Basic Incentives are forecasted to increase in SFY 2019-20. Also included are adjustments for SFY 2018-19 one-time costs for the IRS employee background investigations, and cost associated with Assembly Bill 2684, Chapter 876, statutes of 2018.

EXPENDITURES:

(in thousands)	2018-19	2019-20
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$766,781	\$823,022
Federal	520,682	557,872
State	232,499	251,550
County	13,600	13,600
Reimbursements	0	0

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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-11).

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. The State's Collection Base

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:

$$2 \times (\text{Current Assistance Collections} + \text{Former Assistance Collections} + \text{Medicaid Assistance}) + \text{Never Assisted Collections} + \text{Collections for Other Countries} + \text{Fees Retained by Other States} = \text{State's Collection Base}$$

The state's incentive amount earned is based on the calculation of each performance measure level multiplied against the state's collection base.

2. Performance Factors

The federal incentive methodology considers program performance in five areas to determine each performance level:

- Paternity Established (Statewide Paternity Establishment Percentage) =
$$\frac{\text{Out-of-Wedlock Children w/Paternity}}{\text{Total Out-of-Wedlock Children, Last Fiscal Year}}$$
- Support Orders Established =
$$\frac{\text{Total Cases w/Support Orders}}{\text{Total Number of Cases}}$$

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	\$559,000,000	\$41,167,696
2017 ¹	\$571,000,000	\$42,524,828
2018 ¹	\$583,000,000	\$43,597,989
2019 ¹	\$595,000,000	\$44,481,732
2020 ¹	\$607,000,000	\$44,702,668

¹/ FFY 2017 through 2020 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 \$43,598,000 federal incentives in State Fiscal Year (SFY) 2018-19 and \$43,806,000 in SFY 2019-20.

FUNDING:

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

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

Based on the most recent data available, California's share of the national federal incentive pool is projected to increase in SFY 2019-20.

EXPENDITURES:

(in thousands)

	2018-19	2019-20
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Federal Performance	\$43,598	\$43,806
Basic Incentives		
Federal	43,598	43,806
State	0	0
County	0	0
Reimbursements	0	0

Parentage Establishment Program (AB 2684)

DESCRIPTION:

This premise reflects the volume of Declarations of Parentage, as required by Family Code (FC) Section 7570-7577.

The California Paternity Opportunity Program (POP) was established in 1995 to comply with federal mandate (Title 42 United States Code (USC) 666(a)(5)(C)) that requires the Child Support Program to operate a simple system to establish paternity, or a legal determination for fatherhood for unmarried biological parents.

Establishing paternity is a critical first step in providing children with access to key benefits, such as social security and health insurance. Paternity establishment is achieved by either 1) obtaining a court order, or 2) completing a Declaration of Paternity. The Declaration of Paternity is a legal affidavit that holds the same legal force and effect as a court order and is offered free of charge by authorized witnessing agencies.

Chapter 876, Statutes of 2018 (AB 2684) revises the Uniform Parentage Act to ensure parents and children are treated the same, regardless of whether the children are born to same-sex or opposite sex couples. This new statute requires DCSS to expand the current POP to include voluntary declaration of parentage procedures to unmarried couples, including, but not limited to, unmarried same-sex couples who have children using assisted reproductive technology. The Office of Child Support Enforcement (OCSE) defines parentage as, “the legal mother-child relationship and father-child relationship as determined by the state.”

IMPLEMENTATION DATE:

This premise will be implemented January 1, 2020.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code (FC) Section 7570-7577.

METHODOLOGY:

- Chapter 876 increases the number of people eligible to sign a declaration. Currently, LCSAs receive approximately 150,000 completed declarations annually from Authorized Witnessing Agencies. Assuming a 15 percent increase in declarations for parentage, DCSS anticipates an annual increase of 22,500.
- LCSAs are required to pay ten dollars (\$10) to birthing hospitals and other entities for each completed declaration that is filed with DCSS per California Family Code section 7571.

FUNDING:

- Funding for this premise consists of 34 percent SGF and 66 percent Federal Financial Participation matching funds.

CHANGE FROM NOVEMBER:

There is no change.

NUMBER OF DECLARATIONS OF PARENTAGE:

	2018-19	2019-20
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	0	11,250

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 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 202 caseworker staff in State Fiscal Year (SFY) 2017-18 with Revenue Stabilization funding.
- For SFY 2017-18, the marginal return on collections per caseworker for assistance cases was \$79,147.
- For SFY 2017-18, the marginal return on collections per caseworker for non-assistance cases was \$642,522.

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 202 caseworkers were multiplied by the marginal return on collections per assistance case. This quotient was reduced by \$488,160 (to account for disregards) to compute additional net assistance collections of \$15,519,000 (\$7,383,000 SGF) in SFY 2018-19 and SFY 2019-20. The 202 caseworkers were multiplied by the marginal return on collections per non-assistance case to compute additional non-assistance collections of \$129,945,000.

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 NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2018-19	2019-20
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$18,735	\$18,735
Federal	12,365	12,365
State	6,370	6,370
County	0	0
Reimbursements	0	0

COLLECTIONS:

(in thousands)

	2018-19	2019-20
	<u>Collections</u>	<u>Collections</u>
Assistance Total	\$15,519	\$15,519
Federal	7,420	7,420
State	7,141	7,141
County	958	958
Other		
Non-Assistance	\$129,945	\$129,945
Total Collections	\$145,464	\$145,464

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 2017-18.
- Based on the September 12, 2018 Federal Offset eflash email #18-47, the federal tax intercept fee is decreasing to \$19.30 per offset, and the administrative fee will remain at \$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 NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2017-18	2018-19
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
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 each state's office of child support enforcement to collect a \$25 annual fee from families that have never received Temporary Assistance for Needy Families and have received at least \$500 in child support during the current fiscal year. 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 and Family Code 17208(c).
- 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.
- The federal budget (H.R. 1892) proposes changes to the FDRA of 2005. DCSS will submit trailer bill language to increase the administrative service fee to \$35 and increase the disbursement threshold to \$550, effective October 1, 2019. DCSS estimates the change will increase the annual service fees, beginning in SFY 2020-21, by approximately \$1.6 million, of which approximately \$1 million will be remitted to the federal government.

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 NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2018-19	2019-20
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$2,641	\$2,641
Federal	0	0
State	2,641	2,641
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 its final year which 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.

The grant was originally scheduled for September 30, 2012 through September 29, 2017. The grant closed on December 30, 2018 after receiving approval from OCSE to continue to provide employment services beyond the grant period.

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 (extension of the project into year six). Year six will be dedicated to evaluation and the sustainability of the work completed during the entire grant period.
- Funding for State Fiscal Year (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 NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

All project activities will be completed in SFY 2018-19.

EXPENDITURES:

(in thousands)

	2018-19	2019-20
	<u>CS Administration</u>	<u>CS Administration</u>
Total	\$100	\$0
Federal	100	\$0
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, which was awarded to fund the Dedicated Daddies Make a Difference program in Sacramento and San Joaquin counties. This program targets newly identified noncustodial parents and focuses on improving their willingness and ability to pay child support. The grant program will test the targeted population using tailored Early Intervention techniques.

This is a five-year grant that is currently in its fifth of the performance period. The first year was devoted to start-up and development of the program design. In years two and three, both counties encouraged noncustodial parents to engage in the order-setting process. The goal was to encourage noncustodial parents to file an answer with the court and attend a court hearing or enter into a consent order. By participating in the process, it is anticipated that noncustodial parents will be more likely to continue participating in the child support program by making regular payments. During year four, San Joaquin focused on explaining payment options to noncustodial parents immediately following court hearings and mailing payment options to noncustodial parents who did not attend a hearing, and then monitoring these cases for payments and making follow-up phone calls. Year five is focusing on incorporating the philosophy of Behavioral Intervention into normal business practices throughout both offices.

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) 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 NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no budget for SFY 2019-20, the full grant award will be fully expended in SFY 2018-19.

EXPENDITURES:

(in thousands)

	2018-19	2019-20
	<u>CS Administration</u>	<u>CS Administration</u>
Total	\$210	\$0
Federal	210	0
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.

Beginning in February 2018, the California PJAC project sites in San Bernardino and Riverside Counties began the random assignment process for identifying participants for assignment to the treatment and control groups respectively. Working with the Manpower Demonstration Research Corporation evaluation/research firm, the sites have maintained quality control and integrity in the random assignment process. As of August 2018, 372 participants have been assigned to the treatment group and 203 participants assigned to the control group. The number of participants enrolled meets expectations for Year 2 of the grant. Both sites will continue to enroll participants using the random assignment process through Year 3 and Year 4 of the grant or until a combined total of 1500 participants for both control and treatment have been enrolled in the project. The goal of the demonstration is to increase reliable child support payment, reduce potential arrears, avoid contempt proceedings and improve relationships with the custodial parent and their child.

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 SFY 2018-19 is \$577,000.
- Funding for SFY 2019-20 is \$565,000

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 NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The premise is updated to reflect the budget for SFY 2019-20.

EXPENDITURES:

(in thousands)

	2018-19	2019-20
	<u>CS Administration</u>	<u>CS Administration</u>
Total	\$577	\$565
Federal	577	565
State	0	0
County	0	0

Section 1115 Grant

Using Digital Marketing to Increase Participation in Child Support

DESCRIPTION:

This premise reflects the Using Digital Marketing to Increase Participation in Child Support grants. The goal of this grant program is to research how digital marketing may help the Child Support Program more effectively reach and serve families. This demonstration program will test digital marketing approaches and partnerships to: 1) reach parents that could benefit from child support services through outreach/one-way communication, and 2) create or improve two-way digital communication and engagement with parents. The grant period is October 1, 2018, through September 30, 2020. California was awarded four grants for \$170,000 each, totaling \$680,000 in grant funding, and \$1,320,000 in federal financial participation (FFP).

IMPLEMENTATION DATE:

This premise was implemented October 1, 2018.

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 October 1, 2018 through September 30, 2020.
- 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 federal financial participation (FFP). Grantees do not need to provide matching funds.

METHODOLOGY:

- Funding for State Fiscal Year (SFY) 2018-19 is \$255,000 Section 1115 grant funds and \$495,000 FFP, for a total of \$750,000.
- Funding for SFY 2019-20 is \$340,000 Section 1115 grant funds and \$660,000 FFP, for a total of \$1,000,000.
- Funding for SFY 2020-21 is \$85,000 Section 1115 grant funds and \$165,000 FFP, for a total of \$250,000.

FUNDING:

- The program is funded 66 percent federal matching funds and 34 percent Section 1115 grant funds. No State General Funds are required.

- The total grant award is \$2,000,000 (\$680,000 Section 1115 grant funds, and \$1,320,000 FFP).

CHANGE FROM NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The budget year is updated to reflect a full year of grant expenditures.

EXPENDITURES:

(in thousands)

	2018-19	2019-20
	<u>CS Administration</u>	<u>CS Administration</u>
Total	\$750	\$1,000
Federal	750	1,000
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 NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2018-19	2019-20
	<u>CS Automation</u>	<u>CS Automation</u>
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 NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2018-19	2019-20
	<u>CS Automation</u>	<u>CS Automation</u>
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) 2018-19 and SFY 2019-20, 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 NOVEMBER:

This estimate is based on the most recent data and trends.

REASON FOR YEAR-TO-YEAR CHANGE:

This estimate is based on the most recent data and trends.

REVENUES:

(in thousands)

	2018-19	2019-20
	<u>Revenues</u>	<u>Revenues</u>
Total	\$168,467	\$166,954
Federal	168,467	166,954
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 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 collections for other jurisdictions 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, 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 January 2017 through December 2018 was used to construct a linear regression model to forecast basic collections for State Fiscal Year (SFY) 2018-19 and 2019-20.
- For collections for other jurisdictions and miscellaneous collections, the forecast rates of change for basic collections were applied to SFY 2017-18 actual collections to arrive at the SFY 2018-19 and 2019-20 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 NOVEMBER:

The estimate has been updated based on the most recent data and trends.

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate has been updated based on the most recent data and trends.

COLLECTIONS:

(in thousands)

	2018-19 <u>Collections</u>	2019-20 <u>Collections</u>
Assistance Total	\$349,064	\$345,789
Federal	166,891	165,325
State	163,077	163,900
County	19,096	16,564
Other	0	0
Non-Assistance Total	\$1,897,933	\$1,957,700
Other	1,897,933	1,957,700
Collections For Other Jurisdictions Total	\$100,583	\$103,906
Assistance	5,623	5,567
Non-Assistance	94,960	98,339
Miscellaneous Collections Total	\$15,133	\$15,106
Assistance	12,443	12,320
Non-Assistance	2,690	2,786
Grand Total ^{1/}	\$2,362,713	\$2,422,501

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.
- In SFY 2017-18, Disregard represents 6.4 percent of total distributed assistance collections. The forecast was developed by applying this percentage to the SFY 2018-19 and SFY 2019-20 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 NOVEMBER:

The estimate has been dated based on the latest data and trends.

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate has been updated based on the most recent data and trends.

COLLECTIONS:

(in thousands)

	2018-19	2019-20
	<u>Collections</u>	<u>Collections</u>
Total	\$23,333	\$23,124
Federal	0	0
State	0	0
County	0	0
Other	23,333	23,124

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 July 2016 through June 2018.
- 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 \$5,844,000 for State Fiscal year (SFY) 2018-19 and \$5,791,000 for SFY 2019-20.

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 NOVEMBER:

The estimate has been updated based on the latest data and trends.

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate in SFY 2019-20 reflects a decrease in FC collections based on the most recent data and trends.

REVENUES:

(in thousands)

	2018-19	2019-20
	<u>Revenues</u>	<u>Revenues</u>
Total	-\$5,844	-\$5,791
Federal	-5,844	-5,791
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.
- The federal budget (H.R. 1892) proposes changes to the FDRA of 2005. DCSS submitted trailer bill language to increase the administrative service fee to \$35 and increase the disbursement threshold to \$550 effective October 1, 2019. DCSS estimates the change will increase the annual service fees beginning in SFY 2020-21, by approximately \$1.6 million, of which approximately \$1 million will be remitted to the federal government.

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 NOVEMBER:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2018-19	2019-20
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$3,484	\$3,484
Federal	0	0
State	3,484	3,484
County	0	0
Other	0	0

Discontinued Premises

CHILD SUPPORT PROGRAM COSTS:

- None.

CHILD SUPPORT PROGRAM COLLECTIONS:

- None.

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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:

<u>ASSISTANCE:</u>	July 2018 – June 2019	<u>ASSISTANCE:</u>	July 2018 – June 2019
		<u>Nonfederal</u>	
Federal	50.00%	State	95.00%
State	47.50%	County	5.00%
County	2.50%		

<u>FOSTER CARE:</u>	July 2018 – March 2019	<u>FOSTER CARE:</u>	July 2018 – March 2019
		<u>Nonfederal</u>	
Federal	50.00%	State	00.00%
State	0.00%	County	100.00%
County	50.00%		

<u>FOSTER CARE:</u>	April 2019 – June 2019	<u>FOSTER CARE:</u>	April 2019 – June 2019
		<u>Nonfederal</u>	
Federal	50.00%	State	40.00%
State	20.00%	County	60.00%
County	30.00%		

<u>KinGAP:</u>	July 2018 – June 2019	<u>KinGAP:</u>	July 2018 – June 2019
		<u>Nonfederal</u>	
Federal	50.00%	State	79.00%
State	39.50%	County	21.00%
County	10.50%		

<u>ASSISTANCE:</u>	July 2019 – June 2020
Federal	50.00%
State	47.50%
County	2.50%

<u>ASSISTANCE:</u> <u>Nonfederal</u>	July 2019 – June 2020
State	95.00%
County	5.00%

<u>FOSTER CARE:</u>	July 2019 – June 2020
Federal	50.00%
State	20.00%
County	30.00%

<u>FOSTER CARE:</u> <u>Nonfederal</u>	July 2019 – June 2020
State	40.00%
County	60.00%

<u>KinGAP:</u>	July 2019 – June 2020
Federal	50.00%
State	39.50%
County	10.50%

<u>KinGAP:</u> <u>Nonfederal</u>	July 2019 – June 2020
State	79.00%
County	21.00%

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 January 2017 through December 2018 were used to construct a 24 month linear regression model to forecast the annual Non IV-D collections amounts for SFY 2018-19 and SFY 2019-20.

FUNDING:

- Non IV-D collections are distributed 100 percent to the families.

CHANGE FROM NOVEMBER:

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)

	2018-19	2019-20
	<u>Collections</u>	<u>Collections</u>
Total	\$181,478	\$171,237
Federal	0	0
State	0	0
County	0	0
Other	181,478	171,237

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

2018-19 ENACTED BUDGET				ADJUSTMENTS/DIFFERENCES				2018-19 MAY REVISE						
Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/

2018-19 ENACTED BUDGET TO 2018-19 MAY REVISE
1 Non IV-D CHILD SUPPORT COLLECTIONS

180,927	0	0	0	180,927	551	0	0	0	551	181,478	0	0	0	181,478
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2018-19 GOVERNOR'S BUDGET				ADJUSTMENTS/DIFFERENCES				2018-19 MAY REVISE						
Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/

2018-19 GOVERNOR'S BUDGET TO 2018-19 MAY REVISE
2 Non IV-D CHILD SUPPORT COLLECTIONS

182,355	0	0	0	182,355	-877	0	0	0	-877.0	181,478	0	0	0	181,478
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2018-19 MAY REVISE				ADJUSTMENTS/DIFFERENCES				2019-20 MAY REVISE						
Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/

2018-19 MAY REVISE TO 2019-20 MAY REVISE BY
3 Non IV-D CHILD SUPPORT COLLECTIONS

181,478	0	0	0	181,478	-10,241	0	0	0	-10,241	171,237	0	0	0	171,237
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2019-20 GOVERNOR'S BUDGET				ADJUSTMENTS/DIFFERENCES				2019-20 MAY REVISE						
Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/

2019-20 NOVEMBER EST. TO 2019-20 MAY REVISE
4 Non IV-D CHILD SUPPORT COLLECTIONS

173,013	0	0	0	173,013	-1,776	0	0	0	-1,776	171,237	0	0	0	171,237
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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.