

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

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



TO: RECIPIENTS OF THE MAY 2018 REVISION OF THE
2018-19 GOVERNOR'S BUDGET

FROM: MATHEW MACY, Budget Manager *MM*
Budget Support Section

DATE: May 10, 2018

SUBJECT: DEPARTMENT OF CHILD SUPPORT SERVICES ESTIMATES

This memorandum transmits the May 2018 Revision to the 2018-19 Governor's Budget estimates for the Department of Child Support Services (DCSS).

The May 2018 revision updates the DCSS local assistance budget for Stat Fiscal Years (SFY) 2017-18 and SFY 2018-19. 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 \$846.1 million (\$261.2 million State General Fund (SGF)) for SFY 2017-18 and \$846.7 million (\$261.3 million SGF) for SFY 2018-19. Total distributed child support collections and revenues are projected to be \$2.45 billion (\$173.7 million SGF) for SFY 2017-18 and \$2.48 billion (\$171.5 million SGF) for SFY 2018-19.

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 2018 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 2017-18 Enacted Budget to the 2017-18 May Revise
(in thousands)

	2017-18 ENACTED BUDGET			ADJUSTMENTS/DIFFERENCES			2017-18 MAY REVISE			
	Total	Federal	State County Reimb.	Total	Federal	State County Reimb.	Total	Federal	State County Reimb.	
CHILD SUPPORT PROGRAM COSTS^{1/}	1,020,589	692,568	314,298 13,600 123	3,743	2,473	1,270	0	1,024,332	695,041	315,568 13,600 123
1 STATE OPERATIONS^{2/}	174,485	121,280	53,082 0 123	3,732	2,463	1,269	0	178,217	123,743	54,351 0 123
Item 5175-001	98,198	66,562	31,513 0 123	3,732	2,463	1,269	0	101,930	69,025	32,782 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	846,104	571,288	261,216 13,600 0	11	10	1	0	846,115	571,298	261,217 13,600 0
Child Support Services	676,753	401,937	261,216 13,600 0	-1,842	-1,843	1	0	674,911	400,094	261,217 13,600 0
Child Support Collections Recovery Fund	169,351	169,351	0 0 0	1,853	1,853	0	0	171,204	171,204	0 0 0
2a LOCAL ASSISTANCE ADMINISTRATION	762,703	516,243	232,860 13,600 0	11	10	1	0	762,714	516,253	232,861 13,600 0
Local Child Support Agency Basic Costs	756,507	513,449	229,458 13,600 0	82	82	0	0	756,589	513,531	229,458 13,600 0
Administration	655,329	432,241	223,088 0 0	0	0	0	0	655,329	432,241	223,088 0 0
Federal Performance Basic Incentives	42,443	42,443	0 0 0	82	82	0	0	42,525	42,525	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	2,649	0	2,649 0 0	1	0	1	0	2,650	0	2,650 0 0
Section 1115 Grant (NCP Employment Demo Project)	250	250	0 0 0	0	0	0	0	250	250	0 0 0
Section 1115 Grant (Dedicated Daddies Make a Difference)	441	441	0 0 0	-155	-155	0	0	286	286	0 0 0
Section 1115 Grant (Procedural Justice Informed Alternative to Contempt)	643	643	0 0 0	83	83	0	0	726	726	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.

^{2/} State Operations Administration adjustments reflect augmentations for Employee Compensation and Retirement.

COST TABLE 2
Comparison of the 2017-18 November Estimate to the 2017-18 May Revise
(in thousands)

	2017-18 NOVEMBER ESTIMATE			ADJUSTMENTS/DIFFERENCES			2017-18 MAY REVISE								
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.					
CHILD SUPPORT PROGRAM COSTS^{1/}	1,024,332	695,041	315,568	13,600	123	0	0	0	0	0	1,024,332	695,041	315,568	13,600	123
1 STATE OPERATIONS	178,217	123,743	54,351	0	123	0	0	0	0	0	178,217	123,743	54,351	0	123
Item 5175-001	101,930	69,025	32,782	0	123	0	0	0	0	0	101,930	69,025	32,782	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	846,115	571,298	261,217	13,600	0	0	0	0	0	0	846,115	571,298	261,217	13,600	0
Child Support Services	676,751	401,934	261,217	13,600	0	-1,840	-1,840	0	0	0	674,911	400,094	261,217	13,600	0
Child Support Collections Recovery Fund	169,364	169,364	0	0	0	1,840	1,840	0	0	0	171,204	171,204	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	762,714	516,253	232,861	13,600	0	0	0	0	0	0	762,714	516,253	232,861	13,600	0
Local Child Support Agency Basic Costs Administration	756,589	513,531	229,458	13,600	0	0	0	0	0	0	756,589	513,531	229,458	13,600	0
Federal Performance Basic Incentives	655,329	432,241	223,088	0	0	0	0	0	0	0	655,329	432,241	223,088	0	0
County Match for Administration	42,525	42,525	0	0	0	0	0	0	0	0	42,525	42,525	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)	2,650	0	2,650	0	0	0	0	0	0	0	2,650	0	2,650	0	0
Section 1115 Grant (Dedicated Daddies Make a Difference)	250	250	0	0	0	0	0	0	0	0	250	250	0	0	0
Section 1115 Grant (Procedural Justice Informed Alternative to Contempt)	286	286	0	0	0	0	0	0	0	0	286	286	0	0	0
	726	726	0	0	0	0	0	0	0	0	726	726	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 2017-18 May Revise to the 2018-19 Enacted Budget
(in thousands)

	2017-18 MAY REVISE			ADJUSTMENTS/DIFFERENCES			2018-19 ENACTED BUDGET							
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.				
CHILD SUPPORT PROGRAM COSTS^{1/}	1,024,332	695,041	315,568	13,600	123	9,766	6,698	3,068	0	1,034,098	701,739	318,636	13,600	123
1 STATE OPERATIONS	178,217	123,743	54,351	0	123	142	115	27	0	178,359	123,858	54,378	0	123
Item 5175-001	101,930	69,025	32,782	0	123	142	115	27	0	102,072	69,140	32,809	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	846,115	571,298	261,217	13,600	0	9,624	6,583	3,041	0	855,739	577,881	264,258	13,600	0
Child Support Services	674,911	400,094	261,217	13,600	0	11,826	8,785	3,041	0	686,737	408,879	264,258	13,600	0
Child Support Collections Recovery Fund	171,204	171,204	0	0	0	-2,202	-2,202	0	0	169,002	169,002	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	762,714	516,253	232,861	13,600	0	9,624	6,583	3,041	0	772,338	522,836	235,902	13,600	0
Local Child Support Agency Basic Costs Administration	756,589	513,531	229,458	13,600	0	9,999	6,958	3,041	0	766,588	520,489	232,499	13,600	0
Federal Performance Basic Incentives	655,329	432,241	223,088	0	0	9,119	6,078	3,041	0	664,448	438,319	226,129	0	0
County Match for Administration	42,525	42,525	0	0	0	880	880	0	0	43,405	43,405	0	0	0
Revenue Stabilization	40,000	26,400	0	13,600	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	18,735	12,365	6,370	0	0
Deficit Reduction Act - Mandatory Fee	2,213	1,460	753	0	0	0	0	0	0	2,213	1,460	753	0	0
Section 1115 Grant (NCP Employment Demo Project)	2,650	0	2,650	0	0	0	0	0	0	2,650	0	2,650	0	0
Section 1115 Grant (Dedicated Daddies Make a Difference)	250	250	0	0	0	-150	-150	0	0	100	100	0	0	0
Section 1115 Grant (Procedural Justice Informed Alternative to Contempt)	286	286	0	0	0	-76	-76	0	0	210	210	0	0	0
	726	726	0	0	0	-149	-149	0	0	577	577	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.

COST TABLE 4
Comparison of the 2018-19 November Estimate to the 2018-19 Enacted Budget
(in thousands)

	2018-19 NOVEMBER ESTIMATE			ADJUSTMENTS/DIFFERENCES			2018-19 ENACTED BUDGET								
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.					
CHILD SUPPORT PROGRAM COSTS^{1/}	1,025,098	695,739	315,636	13,600	123	9,000	6,000	3,000	0	0	1,034,098	701,739	318,636	13,600	123
1 STATE OPERATIONS	178,359	123,858	54,378	0	123	0	0	0	0	0	178,359	123,858	54,378	0	123
Item 5175-001	102,072	69,140	32,809	0	123	0	0	0	0	0	102,072	69,140	32,809	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	846,739	571,881	261,258	13,600	0	9,000	6,000	3,000	0	0	855,739	577,881	264,258	13,600	0
Child Support Services	678,440	403,582	261,258	13,600	0	8,297	5,297	3,000	0	0	686,737	408,879	264,258	13,600	0
Child Support Collections Recovery Fund	168,299	168,299	0	0	0	703	703	0	0	0	169,002	169,002	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	763,338	516,836	232,902	13,600	0	9,000	6,000	3,000	0	0	772,338	522,836	235,902	13,600	0
Local Child Support Agency Basic Costs	757,588	514,489	229,499	13,600	0	9,000	6,000	3,000	0	0	766,588	520,489	232,499	13,600	0
Administration	655,448	432,319	223,129	0	0	9,000	6,000	3,000	0	0	664,448	438,319	226,129	0	0
Federal Performance Basic Incentives	43,405	43,405	0	0	0	0	0	0	0	0	43,405	43,405	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	0	0	0	0	0	2,650	0	2,650	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
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.

**CHILD SUPPORT PROGRAM
REVENUE AND COLLECTIONS COMPARISONS**

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REVENUES AND COLLECTIONS TABLE 1
Comparison of the 2017-18 Enacted Budget to the 2017-18 May Revision
(in thousands)

	2017-18 ENACTED BUDGET			ADJUSTMENTS/DIFFERENCES			2017-18 MAY REVISE								
	Total	Federal	State	County	Other ^{1/}	Total	Federal	State	County	Other ^{1/}					
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,503,511	169,351	171,893	22,740	2,139,527	-51,420	1,853	1,833	381	-55,487	2,452,091	171,204	173,726	23,121	2,084,040
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,506,028	175,365	168,396	22,740	2,139,527	-51,507	1,763	1,836	381	-55,487	2,454,521	177,128	170,232	23,121	2,084,040
3 Child Support Assistance Collections	408,947	175,365	168,396	22,740	42,446	4,705	1,763	1,836	381	725	413,652	177,128	170,232	23,121	43,171
4 Basic Collections	351,294	168,089	161,409	21,796	0	4,554	2,043	2,099	412	0	355,848	170,132	163,508	22,208	0
5 Disregard Payments to Families	24,556	0	0	0	24,556	266	0	0	0	266	24,822	0	0	0	24,822
6 Collections for Other Jurisdictions - Assistance	5,630	0	0	0	5,630	20	0	0	0	20	5,650	0	0	0	5,650
7 Miscellaneous Collections - Assistance	12,260	0	0	0	12,260	439	0	0	0	439	12,699	0	0	0	12,699
8 Revenue Stabilization Adjustment- Assistance	15,207	7,276	6,987	944	0	-574	-280	-263	-31	0	14,633	6,996	6,724	913	0
9 Child Support NonAssistance Collections	2,097,081	0	0	0	2,097,081	-56,212	0	0	0	-56,212	2,040,869	0	0	0	2,040,869
10 Basic Collections	1,877,973	0	0	0	1,877,973	-56,136	0	0	0	-56,136	1,821,837	0	0	0	1,821,837
11 Collections for Other Jurisdictions - NonAssistance	96,339	0	0	0	96,339	-3,075	0	0	0	-3,075	93,264	0	0	0	93,264
12 Miscellaneous Collections - NonAssistance	2,692	0	0	0	2,692	-239	0	0	0	-239	2,453	0	0	0	2,453
13 Revenue Stabilization Adjustment- NonAssistance	120,077	0	0	0	120,077	3,238	0	0	0	3,238	123,315	0	0	0	123,315
14 REVENUES AND TRANSFERS	-2,517	-6,014	3,497	0	0	87	90	-3	0	0	-2,430	-5,924	3,494	0	0
15 Title IV-E Child Support Collections Recovery Fund	-6,014	-6,014	0	0	0	90	90	0	0	0	-5,924	-5,924	0	0	0
16 Never Assisted Cases Fee Recovery	3,497	0	3,497	0	0	-3	0	-3	0	0	3,494	0	3,494	0	0

Notes:

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

REVENUES AND COLLECTIONS TABLE 2
Comparison of the 2017-18 November Estimate to the 2017-18 May Revise
(in thousands)

	2017-18 NOVEMBER ESTIMATE			ADJUSTMENTS/DIFFERENCES			2017-18 MAY REVISE								
	Total	Federal	State	County	Other ^{1/}	Total	Federal	State	County	Other ^{1/}					
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,462,262	169,364	171,897	22,873	2,098,128	-10,171	1,840	1,829	248	-14,088	2,452,091	171,204	173,726	23,121	2,084,040
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,464,629	175,225	168,403	22,873	2,098,128	-10,108	1,903	1,829	248	-14,088	2,454,521	177,128	170,232	23,121	2,084,040
3 Child Support Assistance Collections	408,947	175,225	168,403	22,873	42,446	4,705	1,903	1,829	248	725	413,652	177,128	170,232	23,121	43,171
4 Basic Collections	351,868	168,229	161,679	21,960	0	3,980	1,903	1,829	248	0	355,848	170,132	163,508	22,208	0
5 Disregard Payments to Families	24,556	0	0	0	24,556	266	0	0	0	266	24,822	0	0	0	24,822
6 Collections for Other Jurisdictions - Assistance	5,630	0	0	0	5,630	20	0	0	0	20	5,650	0	0	0	5,650
7 Miscellaneous Collections - Assistance	12,260	0	0	0	12,260	439	0	0	0	439	12,699	0	0	0	12,699
8 Revenue Stabilization Adjustment- Assistance	14,633	6,996	6,724	913	0	0	0	0	0	0	14,633	6,996	6,724	913	0
9 Child Support NonAssistance Collections	2,055,682	0	0	0	2,055,682	-14,813	0	0	0	-14,813	2,040,869	0	0	0	2,040,869
10 Basic Collections	1,835,955	0	0	0	1,835,955	-14,118	0	0	0	-14,118	1,821,837	0	0	0	1,821,837
11 Collections for Other Jurisdictions - NonAssistance	93,941	0	0	0	93,941	-677	0	0	0	-677	93,264	0	0	0	93,264
12 Miscellaneous Collections - NonAssistance	2,471	0	0	0	2,471	-18	0	0	0	-18	2,453	0	0	0	2,453
13 Revenue Stabilization Adjustment- NonAssistance	123,315	0	0	0	123,315	0	0	0	0	0	123,315	0	0	0	123,315
14 REVENUES AND TRANSFERS	-2,367	-5,861	3,494	0	0	-63	-63	0	0	0	-2,430	-5,924	3,494	0	0
15 Title IV-E Child Support Collections Recovery Fund	-5,861	-5,861	0	0	0	-63	-63	0	0	0	-5,924	-5,924	0	0	0
16 Never Assisted Cases Fee Recovery	3,494	0	3,494	0	0	0	0	0	0	0	3,494	0	3,494	0	0

Notes:

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

REVENUES AND COLLECTIONS TABLE 3
Comparison of the 2017-18 May Revise to the 2018-19 May Revise
(in thousands)

	2017-18 MAY REVISE			ADJUSTMENTS/DIFFERENCES			2018-19 MAY REVISE								
	Total	Federal	State	County	Other ^{1/}	Total	Federal	State	County	Other ^{1/}					
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,454,091	171,204	173,726	23,121	2,084,040	27,028	-2,202	-2,190	-297	31,717	2,479,119	169,002	171,536	22,824	2,115,757
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,454,521	177,128	170,232	23,121	2,084,040	26,952	-2,278	-2,190	-297	31,717	2,481,473	174,850	168,042	22,824	2,115,757
3 Child Support Assistance Collections	413,652	177,128	170,232	23,121	43,171	-5,220	-2,278	-2,190	-297	-455	408,432	174,850	168,042	22,824	42,716
4 Basic Collections	355,848	170,132	163,508	22,208	0	-4,765	-2,278	-2,190	-297	0	351,083	167,854	161,318	21,911	0
5 Disregard Payments to Families	24,822	0	0	0	24,822	-319	0	0	0	-319	24,503	0	0	0	24,503
6 Collections for Other Jurisdictions - Assistance	5,650	0	0	0	5,650	29	0	0	0	29	5,679	0	0	0	5,679
7 Miscellaneous Collections - Assistance	12,699	0	0	0	12,699	-165	0	0	0	-165	12,534	0	0	0	12,534
8 Revenue Stabilization Adjustment- Assistance	14,633	6,996	6,724	913	0	0	0	0	0	0	14,633	6,996	6,724	913	0
9 Child Support NonAssistance Collections	2,040,869	0	0	2,040,869	32,172	32,172	0	0	0	32,172	2,073,041	0	0	0	2,073,041
10 Basic Collections	1,821,837	0	0	1,821,837	30,950	30,950	0	0	0	30,950	1,852,787	0	0	0	1,852,787
11 Collections for Other Jurisdictions - NonAssistance	93,264	0	0	93,264	1,191	1,191	0	0	0	1,191	94,455	0	0	0	94,455
12 Miscellaneous Collections - NonAssistance	2,453	0	0	2,453	31	31	0	0	0	31	2,484	0	0	0	2,484
13 Revenue Stabilization Adjustment- NonAssistance	123,315	0	0	123,315	0	0	0	0	0	0	123,315	0	0	0	123,315
14 REVENUES AND TRANSFERS	-2,430	-5,924	3,494	0	0	76	76	0	0	0	-2,354	-5,848	3,494	0	0
15 Title IV-E Child Support Collections Recovery Fund	-5,924	-5,924	0	0	0	76	76	0	0	0	-5,848	-5,848	0	0	0
16 Never Assisted Cases Fee Recovery	3,494	0	3,494	0	0	0	0	0	0	0	3,494	0	3,494	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 November Estimate to the 2018-19 May Revise
(in thousands)

	2018-19 NOVEMBER ESTIMATE			ADJUSTMENTS/DIFFERENCES			2018-19 MAY REVISE							
	Total	Federal	County	Other ^{1/}	Total	Federal	County	Other ^{1/}	Total	Federal	County	Other ^{1/}		
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,500,578	168,299	170,837	22,729	2,138,713	-21,459	703	699	95	-22,956	169,002	171,536	22,824	2,115,757
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,502,908	174,123	167,343	22,729	2,138,713	-21,435	727	699	95	-22,956	174,850	168,042	22,824	2,115,757
3 Child Support Assistance Collections	406,639	174,123	167,343	22,729	42,444	1,793	727	699	95	272	174,850	168,042	22,824	42,716
4 Basic Collections	349,562	167,127	160,619	21,816	0	1,521	727	699	95	0	161,318	21,911	0	0
5 Disregard Payments to Families	24,667	0	0	24,667	0	-164	0	0	0	-164	0	0	0	24,503
6 Collections for Other Jurisdictions - Assistance	5,594	0	0	5,594	0	85	0	0	0	85	0	0	0	5,679
7 Miscellaneous Collections - Assistance	12,183	0	0	12,183	0	351	0	0	0	351	0	0	0	12,534
8 Revenue Stabilization Adjustment- Assistance	14,633	6,996	6,724	913	0	0	0	0	0	0	6,996	6,724	913	0
9 Child Support NonAssistance Collections	2,096,269	0	0	2,096,269	-23,228	0	0	0	0	-23,228	0	0	0	2,073,041
10 Basic Collections	1,874,602	0	0	1,874,602	-21,815	0	0	0	0	-21,815	0	0	0	1,852,787
11 Collections for Other Jurisdictions - NonAssistance	95,831	0	0	95,831	-1,376	0	0	0	0	-1,376	0	0	0	94,455
12 Miscellaneous Collections - NonAssistance	2,521	0	0	2,521	-37	0	0	0	0	-37	0	0	0	2,484
13 Revenue Stabilization Adjustment- NonAssistance	123,315	0	0	123,315	0	0	0	0	0	0	0	0	0	123,315
14 REVENUES AND TRANSFERS	-2,330	-5,824	3,494	0	0	-24	-24	0	0	0	-2,354	-5,848	3,494	0
15 Title IV-E Child Support Collections Recovery Fund	-5,824	-5,824	0	0	0	-24	-24	0	0	0	-5,848	-5,848	0	0
16 Never Assisted Cases Fee Recovery	3,494	0	3,494	0	0	0	0	0	0	0	3,494	0	3,494	0

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

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TOTAL PROJECTED DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2017-18 and 2018-19

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

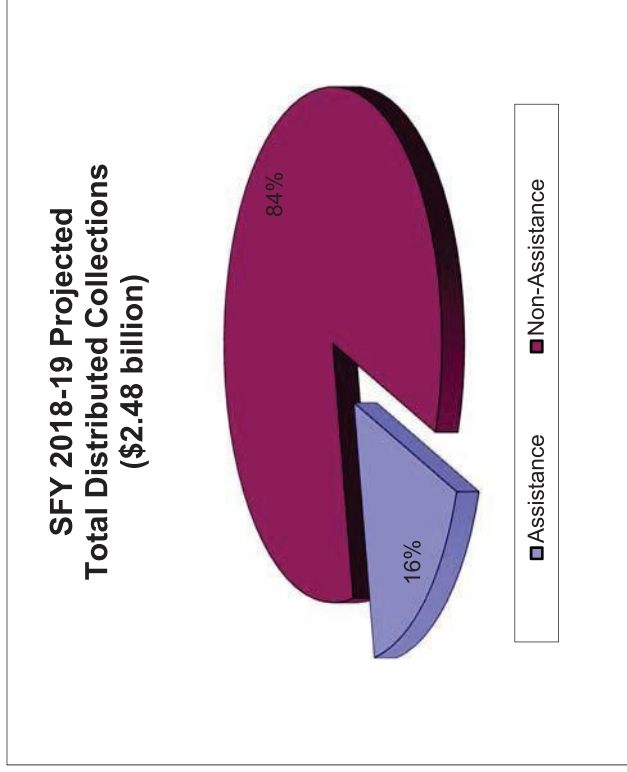
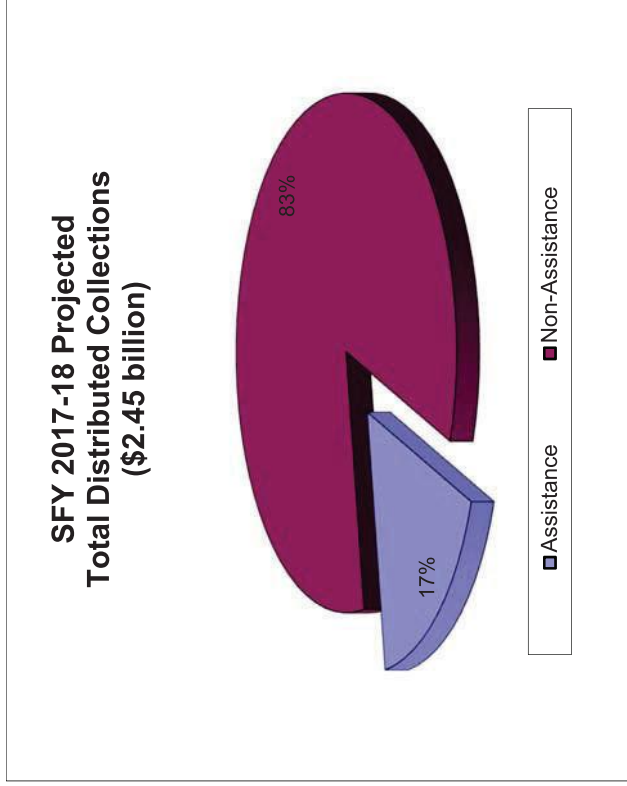
Assistance Collections - \$413.7 million in State Fiscal Year (SFY) 2017-18 and \$408.4 million in SFY 2018-19

- Basic Collections - \$355.8 million in SFY 2017-18 and \$351.1 million in SFY 2018-19
- Other Collections - \$57.8 million in SFY 2017-18 and \$57.3 million in SFY 2018-19

Non-Assistance Collections: \$2.04 billion in SFY 2017-18 and \$2.07 billion in SFY 2018-19

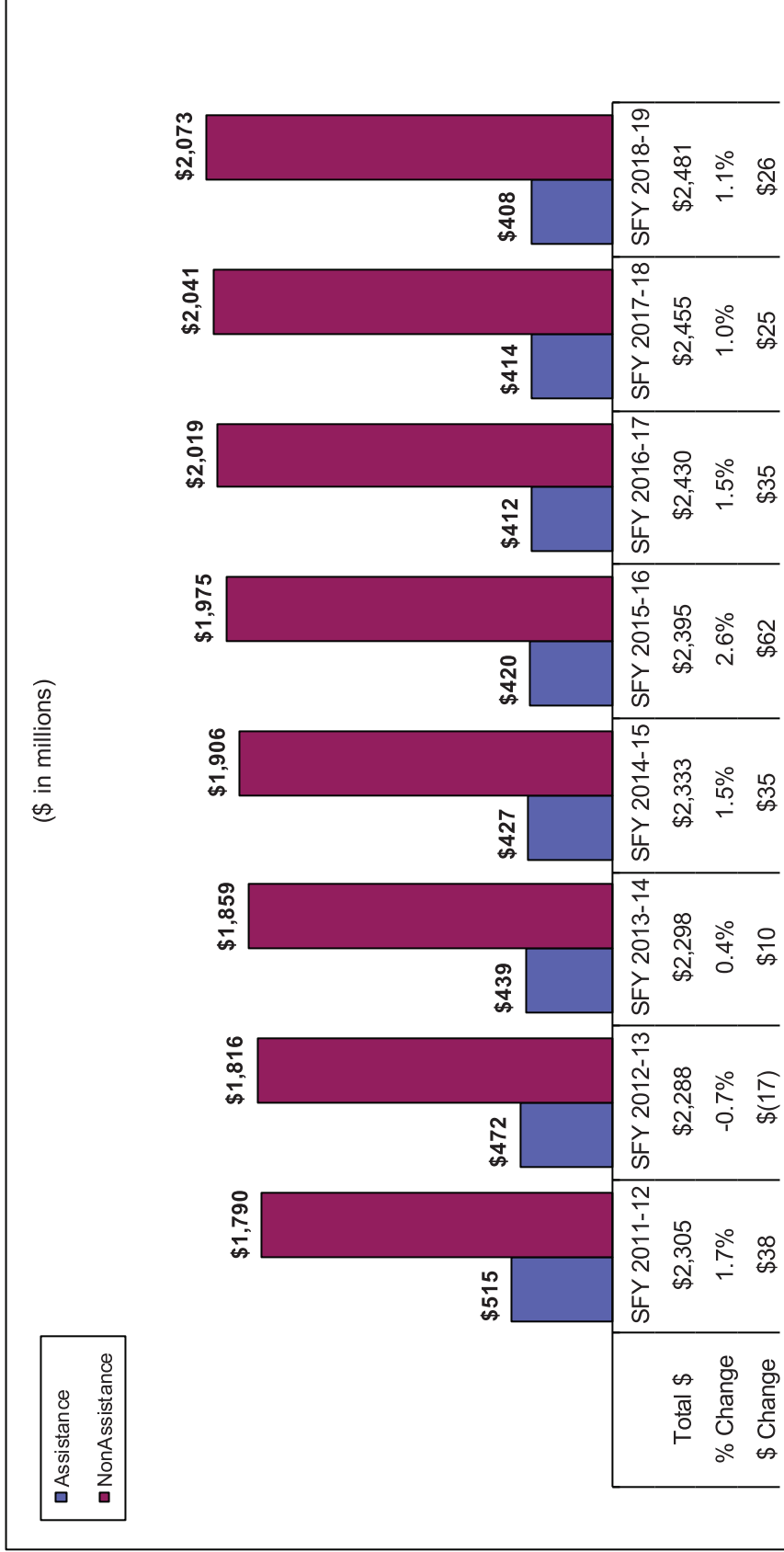
- Basic Collections - \$1.82 billion SFY 2017-18 and \$1.85 billion SFY 2018-19
- Other Collections - \$219 million SFY 2017-18 and \$220.3 million SFY 2018-19

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 2011-12 through 2018-19

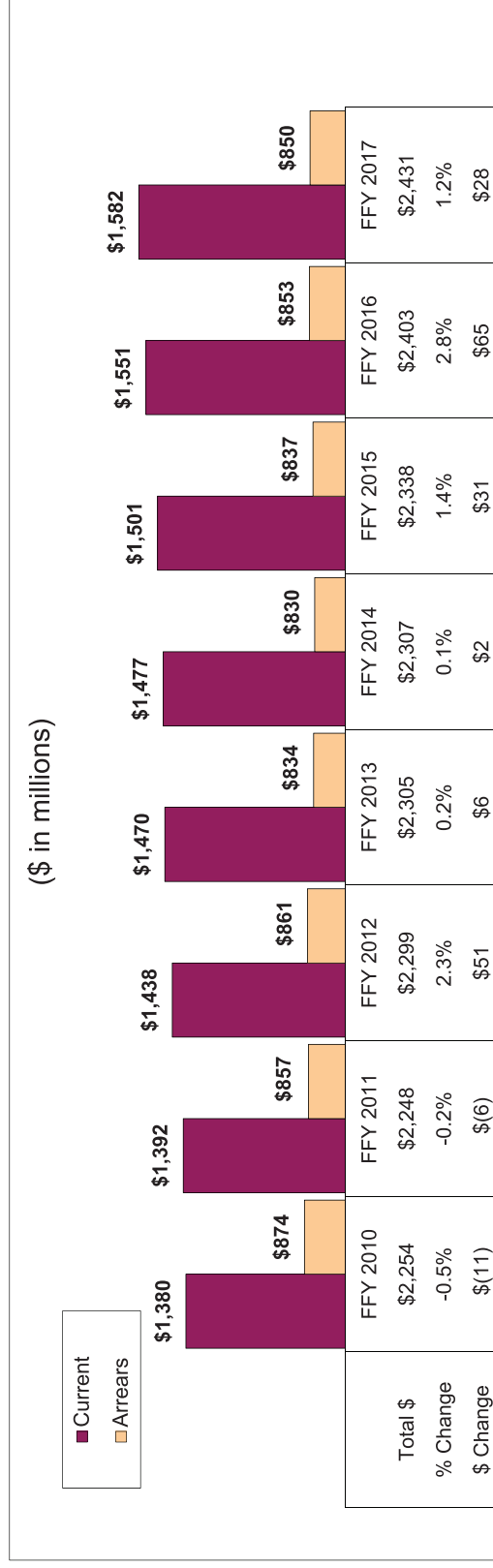
Child support distributed collections are projected to total \$2.48 billion in State Fiscal Year (SFY) 2018-19. The chart below reflect actual and projected Total Distributed Collections for Assistance and Non-Assistance and the year-to-year change by State Fiscal Year.



Source: The collections data for SFY 2011-12 through SFY 2016-17 are from the Child Support 34 and Child Support 35 reports. The SFY 2017-18 through SFY 2018-19 projections are based on the most recent data.

TOTAL DISTRIBUTED COLLECTIONS ^{1/} FOR FEDERAL FISCAL YEARS 2010 through 2017

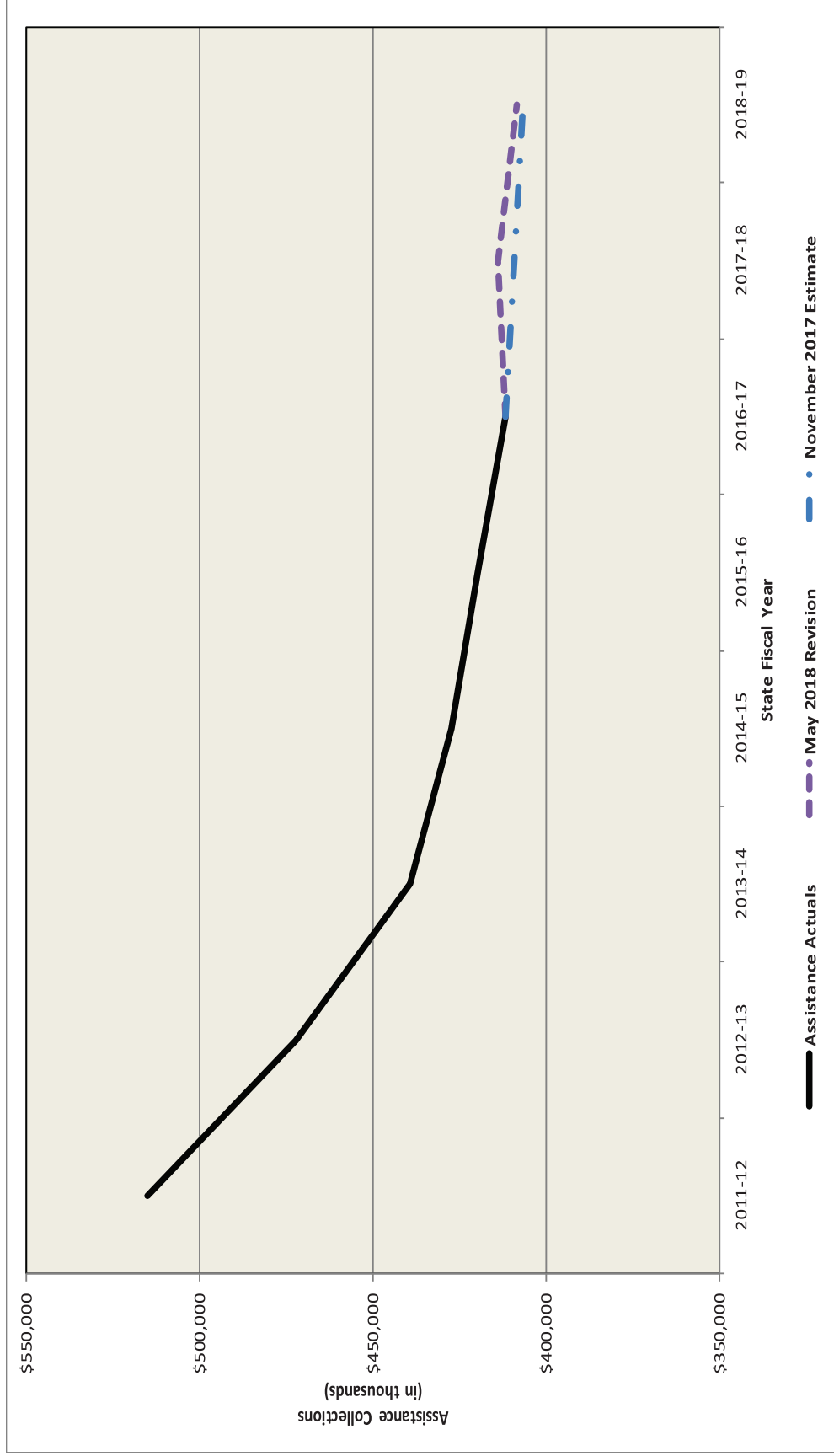
The chart below reflects the Total Distributed Collections as Current and Arrears Support by Federal Fiscal Year (FFY). Child Support distributed collections has grown from \$2.25 billion in FFY 2010 to \$2.43 billion in FFY 2017.



Source: The collections data for FFY 2010 through FFY 2017 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).

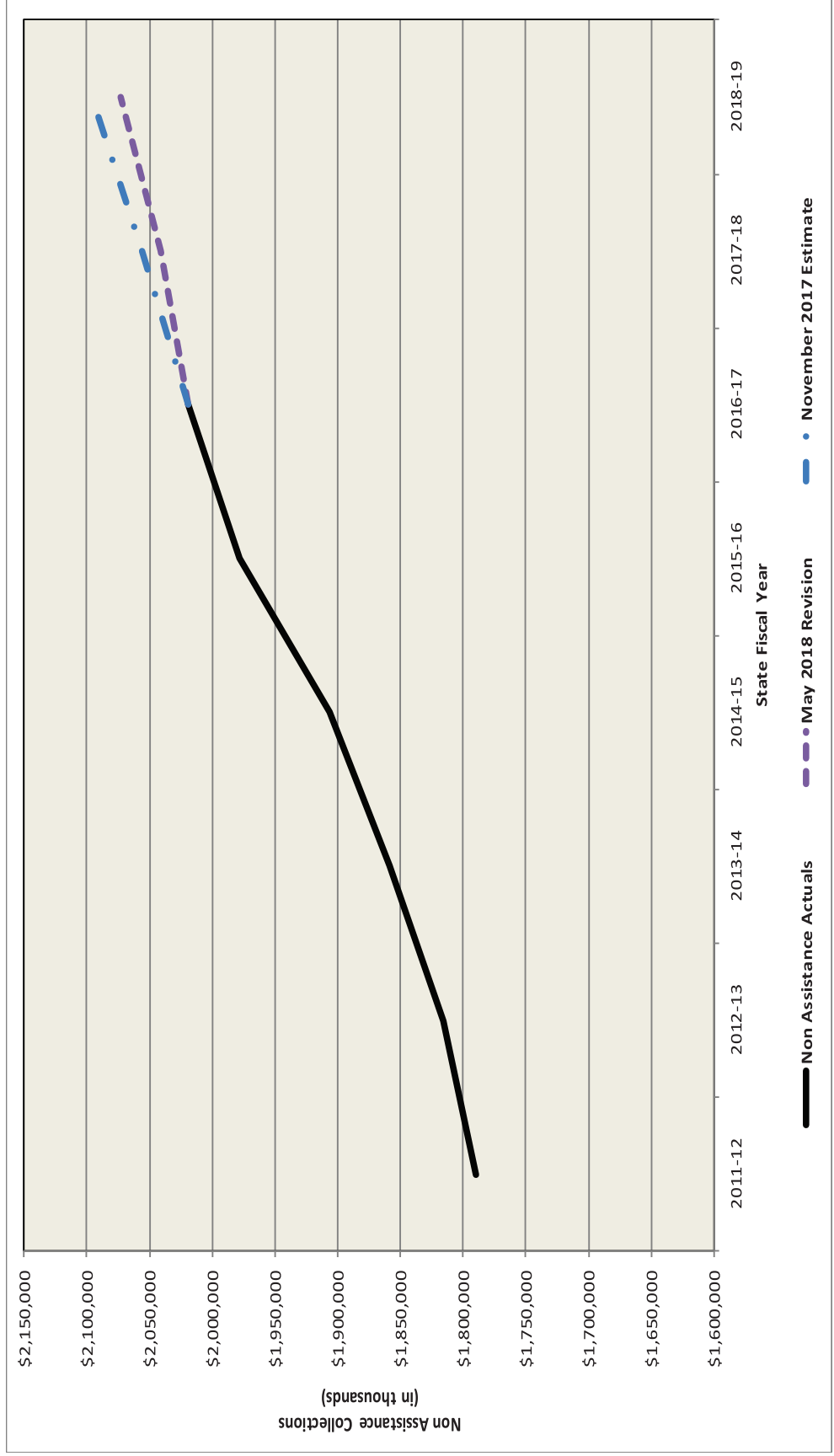
ASSISTANCE COLLECTIONS FORECAST COMPARISON

The May 2018 Revision reflects an increase of 0.5 percent for State Fiscal Year (SFY) 2017-18 compared to the SFY 2016-17 actual collections and a decrease of 1.3 percent for SFY 2018-19 compared to the SFY 2017-18 May 2018 Revision.



NON-ASSISTANCE COLLECTIONS FORECAST COMPARISON

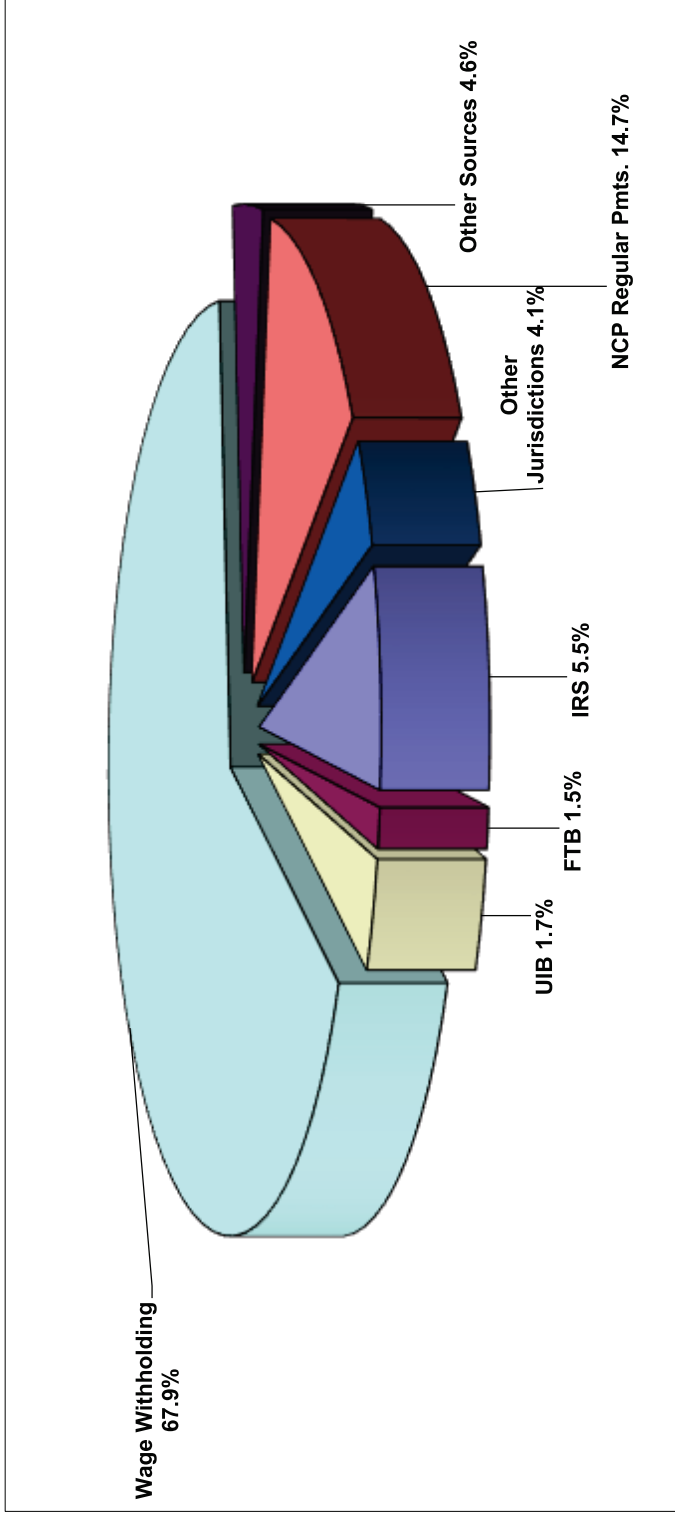
The May 2018 Revision reflects an increase of 1.1 percent for State Fiscal Years (SFY) 2017-18 and compared to SFY 2016-17 actual collections and an increase of 1.6 percent for SFY 2018-19 compared to SFY 2017-18 May 2018 Revision.



TOTAL COLLECTIONS RECEIVED BY SOURCE FOR STATE FISCAL YEAR 2016-17

Total child support collections received for State Fiscal Year (SFY) 2016-17 were \$2.43 billion. Collections sources include:

- Wage Withholding totaled \$1.65 billion (67.9 percent)
- Noncustodial Parent (NCP) Regular Payments totaled \$357.6 million (14.7 percent)
- Internal Revenue Service (IRS) Federal income tax refund offsets totaled \$134.2 million (5.5 percent)
- Other Sources¹ totaled \$111.1 million (4.6 percent)
- Other Jurisdictions² totaled \$98.5 million (4.1 percent)
- Unemployment Insurance Benefits (UIB) offsets totaled \$40.1 million (1.7 percent)
- Franchise Tax Board's (FTB) State income tax refund offsets totaled \$37.1 million (1.5 percent)



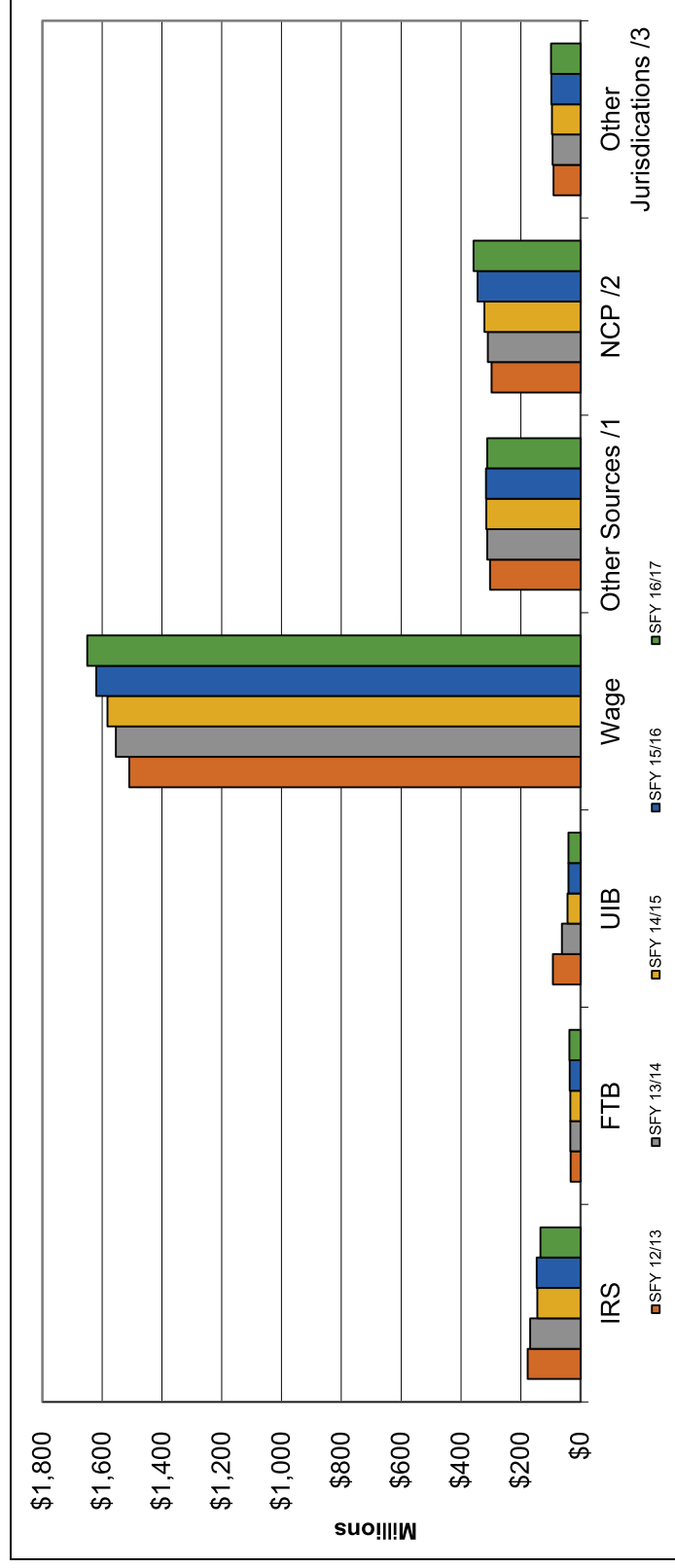
Source: Child Support 34 and Child Support 35 reports.

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) 2012-13 through SFY 2016-17. The year-to-year change from SFY 2015-16 to SFY 2016-17 for Internal Revenue Service (IRS) intercepts was a decrease of 8.6 percent; Franchise Tax Board (FTB) intercepts increased 2.2 percent; Unemployment Insurance Benefits (UIB) intercepts increased 0.2 percent; Wage Withholdings increased 1.8 percent; Other Sources decreased 1.2 percent; Non-Custodial Parent (NCP) regular payments increased 3.7 percent, and Other Jurisdictions increased 1 percent.



Source: Child Support 34 and Child Support 35 reports.

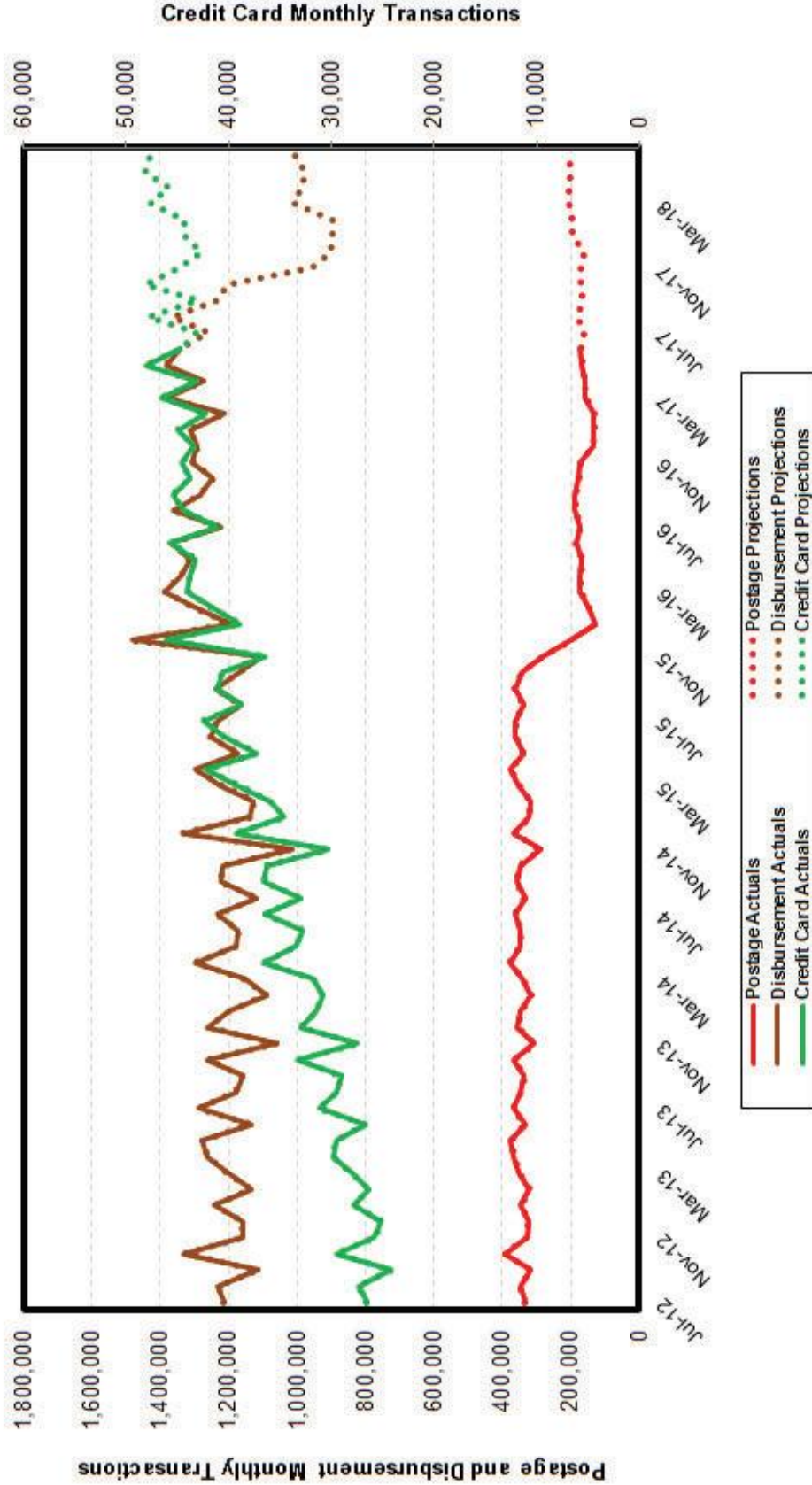
/1 Includes, but is not limited to Liens, Workers' Compensation, Disability Insurance Benefits, California Insurance Intercept Program and Financial Institution Data Match (FIDM) without wage levies.

/2 Increase may be attributed to the implementation of new payment options: Money Gram and Pay Near Me in June 2015, and Kiosk (Touch Pay) was implemented April 2016.

/3 Includes collections from tribes, other states and countries.

State Disbursement Unit Transactions by Type

The May 2018 forecast utilizes 36 months of actual data: January 2015 through December 2017.





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 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%
FFY 2014	101.2%	FFY 2010	88.6%	FFY 2006	90.3%	FFY 2002	77.5%

Statewide PEP

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

California’s Performance:

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%
FFY 2014	98.2%	FFY 2010	102.6%	FFY 2006	109.9%	FFY 2002	108.7%

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 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%
FFY 2014	89.2%	FFY 2010	82.5%	FFY 2006	80.6%	FFY 2002	75.3%

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 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%
FFY 2014	64.9%	FFY 2010	56.0%	FFY 2006	50.4%	FFY 2002	42.4%

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 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%
FFY 2014	65.8%	FFY 2010	60.3%	FFY 2006	56.5%	FFY 2002	54.9%

5. CostEffectiveness 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 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
FFY 2014	\$2.43	FFY 2010	\$2.38	FFY 2006	\$2.03	FFY 2002	\$2.23

*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 2017

National Federal Performance Measures for Federal Fiscal Year 2017											
IV-D PEP	Statewide PEP	Cases with Support Orders	Current Support Paid	Cases Paying on Arrears	Cost Effectiveness						
Arizona	94.7%	1 Maine	1 Pennsylvania	1 Pennsylvania	1 South Dakota						
Wyoming	94.3%	2 Washington	2 Wisconsin	2 Vermont	2 Texas						
Nevada	93.8%	3 Wyoming	3 Minnesota	3 Indiana	3 Mississippi						
New Hampshire	93.3%	4 Washington	4 Vermont	4 Minnesota	4 Missouri						
Vermont	92.9%	5 Connecticut	5 North Dakota	5 Maryland	5 Wyoming						
Pennsylvania	92.8%	6 North Dakota	6 Iowa	6 Florida	6 Georgia						
Utah	92.8%	7 Connecticut	7 Massachusetts	7 Iowa	7 Tennessee						
North Dakota	92.6%	8 Alaska	8 Michigan	8 Wisconsin	8 Ohio						
Indiana	92.5%	9 Iowa	9 Nebraska	9 Wyoming	9 Utah						
Montana	92.3%	10 Arkansas	10 Ohio	10 Arkansas	10 Kentucky						
South Dakota	91.7%	11 Idaho	11 Maryland	11 Nebraska	11 Florida						
Maine	91.2%	12 California	12 North Carolina	12 Colorado	12 Virginia						
Georgia	90.9%	13 Missouri	13 New Jersey	13 North Carolina	13 Arizona						
West Virginia	90.8%	14 Ohio	14 West Virginia	14 New Jersey	14 Idaho						
New Hampshire	90.6%	15 Pennsylvania	15 Washington	15 California	15 North Dakota						
Kansas	94.2%	16 West Virginia	16 California	16 Nevada	16 Massachusetts						
California	94.0%	17 Georgia	17 New York	17 Michigan	17 Oklahoma						
Minnesota	92.9%	18 Kansas	18 Kentucky	18 Ohio	18 Rhode Island						
North Carolina	92.6%	19 Ohio	19 Vermont	19 Virginia	19 Kansas						
Wisconsin	92.4%	20 Arizona	20 Nevada	20 New Hampshire	20 Wisconsin						
Iowa	92.0%	21 Virginia	21 Utah	21 Maine	21 Michigan						
Ohio	91.7%	22 Montana	22 Virginia	22 Alaska	22 Louisiana						
Rhode Island	90.9%	23 Massachusetts	23 New Hampshire	23 Montana	23 Iowa						
New Mexico	90.6%	24 Florida	24 Texas	24 Georgia	24 Indiana						
Washington	90.4%	25 Minnesota	25 Idaho	25 New Mexico	25 Nebraska						
Maryland	90.2%	26 Nevada	26 Arkansas	26 Massachusetts	26 Illinois						
Nebraska	90.0%	27 Dist. Of Columbia	27 South Dakota	27 Utah	27 Pennsylvania						
Connecticut	89.2%	28 Maryland	28 Colorado	28 North Dakota	28 New York						
Virginia	88.3%	29 Hawaii	29 Nebraska	29 Tennessee	29 West Virginia						
Mississippi	80.0%	30 South Carolina	30 Oregon	30 Texas	30 Arkansas						
Idaho	73.0%	31 Kansas	31 Maine	31 South Carolina	31 Alabama						
New Jersey	69.9%	32 Louisiana	32 Illinois	32 Oklahoma	32 Hawaii						
Missouri	96.6%	33 Alabama	33 Wisconsin	33 Washington	33 Maryland						
Tennessee	96.1%	34 Arizona	34 New York	34 Hawaii	34 South Carolina						
Alabama	96.1%	35 Arkansas	35 New Jersey	35 Rhode Island	35 North Carolina						
South Carolina	96.0%	36 Delaware	36 Maryland	36 Kentucky	36 Montana						
Oregon	95.9%	37 Guam	37 Texas	37 Connecticut	37 Colorado						
Louisiana	95.7%	38 Indiana	38 North Carolina	38 Georgia	38 Washington						
Kentucky	95.7%	39 Kentucky	39 Tennessee	39 Missouri	39 New Jersey						
Colorado	94.0%	40 Louisiana	40 South Carolina	40 Delaware	40 Alaska						
Hawaii	93.6%	41 Maine	41 Oklahoma	41 Kentucky	41 Nevada						
Michigan	93.0%	42 Minnesota	42 Florida	42 Arizona	42 Oregon						
Alaska	92.0%	43 Nevada	43 Illinois	43 Tennessee	43 New Hampshire						
Florida	89.2%	44 Nevada	44 New Mexico	44 Kansas	44 New Mexico						
Delaware	88.4%	45 New Mexico	45 New Mexico	45 Alaska	45 Maine						
New York	86.7%	46 North Carolina	46 Michigan	46 New York	46 Minnesota						
Texas	84.9%	47 North Dakota	47 Dist. Of Columbia	47 New Mexico	47 Connecticut						
Illinois	83.1%	48 Puerto Rico	48 Mississippi	48 Arizona	48 Vermont						
Oklahoma	81.0%	49 Rhode Island	49 Hawaii	49 Oklahoma	49 Vermont						
Dist. Of Columbia	68.2%	50 South Dakota	50 Rhode Island	50 Delaware	50 Delaware						
Puerto Rico	NA	51 Vermont	51 Delaware	51 Hawaii	51 Dist. Of Columbia						
Virgin Islands	NA	Virgin Islands	Virgin Islands	Virgin Islands	Virgin Islands						
Weighted National Average/Total	93.9%	87.2%	65.6%	64.5%	\$5.13						

Note: Preliminary data based on OCSE '67 data submitted by each state to OCSE and provided to MAXIM US. Subsequent revisions to OCSE '67 data provided to OCSE but not provided to MAXIM US 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 17704(b), FC Section 17706, and FC Section 17710(a).

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 \$756,589,000 for SFY 2017-18 and \$757,588,000 SFY 2018-19.

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.

Also included is \$118,500 for the implementation of the Internal Revenue Services, Tax Information Security Guidelines Publication 1075, which requires background investigations on individuals with access to Federal Tax Information. LCSA administration costs are funded at \$655,329,000 for SFY 2017-18 and \$655,448,000 in SFY 2018-19. Funding for administration is 34 percent State General Fund (SGF) and 66 percent Federal Financial Participation (FFP) matching funds.

Federal Performance Basic Incentives:

Federal Performance Basic Incentive funds of \$42,525,000 for SFY 2017-18 and \$43,405,000 for SFY 2018-19 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 2017-18 and SFY 2018-19, 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 2017-18 and SFY 2018-19 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 FFY 2015 performance incentives calculator estimate provided by Policy Studies Institute, the Federal Performance Basic Incentives are forecasted to increase in SFY 2018-19.

EXPENDITURES:

(in thousands)	2017-18	2018-19
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$756,589	\$757,588
Federal	513,531	514,489
State	229,458	229,499
County	13,600	13,600
Reimbursements	0	0

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-12).

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 ¹	\$559,000,000	\$41,564,600
2017 ¹	\$571,000,000	\$42,442,726
2018 ¹	\$583,000,000	42,524,828
2019 ¹	\$595,000,000	43,404,652

^{1/} FFY 2016 through 2019 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 \$42,525,000 federal incentives in State Fiscal Year (SFY) 2017-18 and \$43,405,000 in SFY 2018-19.

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 FFY 2015 performance incentives calculator estimate provided by Policy Studies Institute, California's share of the national federal incentive pool is projected to increase in SFY 2018-19.

EXPENDITURES:
(in thousands)

	2017-18	2018-19
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Federal Performance	\$42,525	\$43,405
Basic Incentives		
Federal	42,525	43,405
State	0	0
County	0	0
Reimbursements	0	0

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 enforcement 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 207 caseworker staff in State Fiscal Year (SFY) 2016-17 with Revenue Stabilization funding.
- For SFY 2016-17, the marginal return on collections per caseworker for assistance cases was \$73,107.
- For SFY 2016-17, the marginal return on collections per caseworker for non-assistance cases was \$596,709.

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 207 caseworkers were multiplied by the marginal return on collections per assistance case. This quotient was reduced by \$475,153 (to account for disregards) to compute additional net assistance collections of \$14,633,000 (\$6,724,000 SGF) in SFY 2017-18 and SFY 2018-19. The 207 caseworkers were multiplied by the marginal return on collections per non-assistance case to compute additional non-assistance collections of \$123,315,000.

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)

	2017-18	2018-19
	<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)

	2016-17	2017-18
	<u>Collections</u>	<u>Collections</u>
Assistance Total	\$14,633	\$14,633
Federal	6,996	6,996
State	6,724	6,724
County	913	913
Other		
Non-Assistance	\$123,315	\$123,315
Total Collections	\$137,948	\$137,948

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 2016-17.
- Based on the September 7, 2017 Federal Offset eflash email #17-49, the federal tax intercept fee is increasing to \$19.51 per offset, and the administrative fee is decreasing to \$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.

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)

	2017-18	2018-19
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$2,650	\$2,650
Federal	0	0
State	2,650	2,650
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 in the fifth year of the project period. The first year was devoted to development of the program. Services are provided during years two through four and the fifth year 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.

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 (project year 6). This final year will be dedicated to evaluation and the sustainability of the work completed during the entire grant period.
- Funding for State Fiscal Year (SFY) 2017-18 is \$250,000.
- Funding for 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:

Budget year estimate is based on the budget carry over request for project year 6.

EXPENDITURES:

(in thousands)

	2017-18	2018-19
	<u>CS Administration</u>	<u>CS Administration</u>
Total	\$250	\$100
Federal	250	\$100
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 that was awarded to fund the Dedicated Daddies Make a Difference program. The Dedicated Daddies Program targets noncustodial parent fathers with default judgments in the economically disadvantaged areas of Sacramento and San Joaquin counties to improve their willingness and ability to pay child support. The grant program will test the targeted population using wrap around services vested in positive fatherhood involvement, proactive case management and referrals to community partners; employment, health care and mental health services, parenting time and child care.

The grant is currently in year four of a five year performance period. The first year was devoted to start-up and development of the program design, interventions will be tested for years two through four, and the final year will be dedicated to evaluation and close-out of the project.

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) 2017-18 is \$286,000.
- Funding for 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:

Budget year estimate is based on anticipated carry over request. .

EXPENDITURES:

(in thousands)

	2017-18	2018-19
	<u>CS Administration</u>	<u>CS Administration</u>
Total	\$286	\$210
Federal	286	210
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. The PJAC grant activities will consist of the following core components: 1) initial screening; 2) outreach/engagement; 3) case conferencing, assessment, and action planning; 4) enhanced investigation; 5) enhanced child support services; 6) other support services; and 7) case management. Each of these components will incorporate procedural justice principles into their design.

The grant project period will be five years. The first year will be a planning year devoted to start-up and development of the program design and pilot testing. Enrollment into the project will last for a three year period, and the final year will focus on evaluation and close-out of the project, as well as continued services to those already enrolled, and sustainability work.

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 State Fiscal Year (SFY) 2017-18 is \$726,000, this includes \$244,000 for the PJAC training contract with SLI Global Solutions LLC.
- Funding for SFY 2018-19 is \$577,000.

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 2018-19.

EXPENDITURES:

(in thousands)

	2017-18	2018-19
	<u>CS Administration</u>	<u>CS Administration</u>
Total	\$726	\$577
Federal	726	577
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)

	2017-18	2018-19
	<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)

	2017-18	2018-19
	<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) 2017-18 and SFY 2018-19, 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 was revised to reflect updated forecasts of assistance child support collections.

REASON FOR YEAR-TO-YEAR CHANGE:

This estimate was revised to reflect updated forecasts of assistance child support collections.

REVENUES:

(in thousands)

	2017-18	2018-19
	<u>Revenues</u>	<u>Revenues</u>
Total	\$171,204	\$169,002
Federal	171,204	169,002
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 recoupment 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 other collections 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 2016 through December 2017 was used to construct a linear regression model to forecast basic collections for State Fiscal Year (SFY) 2017-18 and the percentage decrease in collections was applied to 2018-19.
- For collections for other jurisdictions and miscellaneous collections, the forecast rates of change for basic collections were applied to SFY 2016-17 actual collections to arrive at the SFY 2017-18 and 2018-19 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 to reflect the forecasted collections.

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate has been updated to reflect the forecasted collections.

COLLECTIONS:

(in thousands)

	<u>2017-18</u> <u>Collections</u>	<u>2018-19</u> <u>Collections</u>
Assistance Total	\$355,848	\$351,083
Federal	170,132	167,854
State	163,508	161,318
County	22,208	21,911
Other	0	0
Non-Assistance Total	\$1,821,837	\$1,852,787
Other	1,821,837	1,852,787
Collections For Other Jurisdictions Total	\$98,914	\$100,134
Assistance	5,650	5,679
Non-Assistance	93,264	94,455
Miscellaneous Collections Total	\$15,152	\$15,018
Assistance	12,699	12,534
Non-Assistance	2,453	2,484
Grand Total ^{1/}	\$2,291,751	\$2,319,022

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.
- On average, Disregard represents 6.7 percent of total distributed assistance collections. The forecast was developed by applying this percentage to the SFY 2017-18 and SFY 2018-19 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 updated to reflect the forecasted collections.

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate has been updated to reflect the forecasted collections.

COLLECTIONS:

(in thousands)

	2017-18	2018-19
	<u>Collections</u>	<u>Collections</u>
Total	\$24,822	\$24,503
Federal	0	0
State	0	0
County	0	0
Other	24,822	24,503

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 January 2015 through December 2016.
- 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 \$5,924,000 for State Fiscal year (SFY) 2017-18 and \$5,848,000 for SFY 2018-19.

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 for SFY 2017-18 reflects the forecasted increase in FC collections.

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate in SFY 2018-19 reflects the forecasted decrease in FC collections.

REVENUES:

(in thousands)

	2017-18	2018-19
	<u>Revenues</u>	<u>Revenues</u>
Total	-\$5,924	-\$5,848
Federal	-5,924	-5,848
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.

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)

	2017-18	2018-19
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$3,494	\$3,494
Federal	0	0
State	3,494	3,494
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 2017 – June 2018	<u>ASSISTANCE:</u> <u>Nonfederal</u>	July 2017 – June 2018
Federal	50.00%	State	95.00%
State	47.50%	County	5.00%
County	2.50%		

<u>FOSTER CARE:</u>	July 2017 – June 2018	<u>FOSTER CARE:</u> <u>Nonfederal</u>	July 2017 – June 2018
Federal	50.00%	State	00.00%
State	0.00%	County	100.00%
County	50.00%		

<u>KinGAP:</u>	July 2017 – June 2018	<u>KinGAP:</u> <u>Nonfederal</u>	July 2017 – June 2018
Federal	50.00%	State	79.00%
State	39.50%	County	21.00%
County	10.50%		

ASSISTANCE: July 2017 – June 2018

Federal	50.00%
State	47.50%
County	2.50%

ASSISTANCE: July 2017 – June 2018
Nonfederal

State	95.00%
County	5.00%

FOSTER CARE: July 2017 – June 2018

Federal	50.00%
State	0.00%
County	50.00%

FOSTER CARE: July 2017 – June 2018
Nonfederal

State	0.00%
County	100.00%

KinGAP: July 2017 – June 2018

Federal	50.00%
State	39.50%
County	10.50%

KinGAP: July 2017 – June 2018
Nonfederal

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 2016 through December 2017 were used to construct a 24 month linear regression model to forecast the annual Non IV-D collections amounts for SFY 2017-18 and SFY 2018-19.

FUNDING:

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

CHANGE FROM ENACTED BUDGET:

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)

	2017-18	2018-19
	<u>Collections</u>	<u>Collections</u>
Total	\$190,518	\$180,927
Federal	0	0
State	0	0
County	0	0
Other	190,518	180,927

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

2017-18 ENACTED BUDGET			ADJUSTMENTS/DIFFERENCES			2018-19 MAY REVISE CY (2017-18)		
Total	Federal	Other 2/	Total	Federal	Other 2/	Total	Federal	Other 2/

2017-18 ENACTED BUDGET TO 2017-18 MAY REVISE CY

1	Non IV-D CHILD SUPPORT COLLECTIONS	194,328	0	0	194,328	-3,810	0	0	-3,810	190,518	0	0	190,518
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2018-19 NOVEMBER ESTIMATE CY (2017-18)			ADJUSTMENTS/DIFFERENCES			2018-19 MAY REVISE CY (2017-18)		
Total	Federal	Other 2/	Total	Federal	Other 2/	Total	Federal	Other 2/

2018-19 NOVEMBER EST. CY TO 2018-19 MAY REVISE CY

2	Non IV-D CHILD SUPPORT COLLECTIONS	194,337	0	0	194,337	-3,819	0	0	-3,819	190,518	0	0	190,518
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2018-19 MAY REVISE CY (2017-18)			ADJUSTMENTS/DIFFERENCES			2018-19 MAY REVISE BY (2018-19)		
Total	Federal	Other 2/	Total	Federal	Other 2/	Total	Federal	Other 2/

2018-19 MAY REVISE CY TO 2018-19 MAY REVISE BY

3	Non IV-D CHILD SUPPORT COLLECTIONS	190,518	0	0	190,518	-9,591	0	0	-9,591	180,927	0	0	180,927
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2018-19 NOVEMBER ESTIMATE BY (2018-19)			ADJUSTMENTS/DIFFERENCES			2018-19 MAY REVISE BY (2018-19)		
Total	Federal	Other 2/	Total	Federal	Other 2/	Total	Federal	Other 2/

2018-19 NOVEMBER EST. BY TO 2018-19 MAY REVISE BY

4	Non IV-D CHILD SUPPORT COLLECTIONS	186,201	0	0	186,201	-5,274	0	0	-5,274	180,927	0	0	180,927
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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.