

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

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|-----------------|---|
| TO: | RECIPIENTS OF THE DCSS 2023-24 MAY REVISION |
| FROM: | MATHEW MACY, Budget Manager Budget Support Section |
| DATE: | May 9, 2023 |
| SUBJECT: | DEPARTMENT OF CHILD SUPPORT SERVICES ESTIMATES |

This memorandum transmits the 2023-24 May Revision estimates for the Department of Child Support Services (DCSS).

The 2023-24 May Revision updates the DCSS local assistance budget for State Fiscal Years (SFY) 2022-23 and 2023-24. 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 \$964.7 million (\$300.9 million State General Fund (SGF)) for SFY 2022-23 and \$1 billion (\$313.1 million SGF) for SFY 2023-24. Total distributed child support collections and revenues are projected to be \$2.53 billion (\$155.2 million SGF) for SFY 2022-23 and \$2.58 billion (\$148.6 million SGF) for SFY 2023-24.

Also included is an Auxiliary Tables section that consists of charts reflecting historical child support collections, and federal performance measures.

The material contained in the May Revision Estimate 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.

CALIFORNIA
CHILD SUPPORT SERVICES

SFY 2023-2024 MAY REVISION

AND

**LOCAL ASSISTANCE ADMINISTRATIVE
COSTS AND COLLECTIONS ESTIMATES**

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COST TABLE 1: 2022-23 ENACTED BUDGET

Notes:

- 1) Child Support Program Total Costs minus county funds equals total enacted budget.
- 2) State Operations Administration adjustments reflect augmentations for Employee Compensation, Retirement and SWCAP.

*Dollars in thousands.

| BUDGETED ITEM | Total | Federal | State | County | Reimbursement |
|--|------------------|----------------|----------------|---------------|----------------------|
| Child Support Program Costs | 1,172,570 | 794,140 | 364,707 | 13,600 | 123 |
| State Operations | 208,595 | 144,706 | 63,766 | 0 | 123 |
| Item 5175-001 | 128,542 | 87,503 | 40,916 | 0 | 123 |
| Item 5175-002 - Internal & External Contracts | 80,053 | 57,203 | 22,850 | 0 | 0 |
| Local Assistance | 963,975 | 649,434 | 300,941 | 13,600 | 0 |
| Child Support Services | 861,618 | 547,077 | 300,941 | 13,600 | 0 |
| Child Support Collections Recovery Fund | 102,357 | 102,357 | 0 | 0 | 0 |
| Local Assistance Administration | 890,938 | 601,229 | 276,109 | 13,600 | 0 |
| Local Child Support Agency Basic Costs Administration | 884,344 | 599,121 | 271,623 | 13,600 | 0 |
| Federal Performance Basic Incentives | 46,106 | 46,106 | 0 | 0 | 0 |
| County Match for Administration | 40,000 | 26,400 | 0 | 13,600 | 0 |
| Revenue Stabilization | 18,735 | 12,365 | 6,370 | 0 | 0 |
| Internal Revenue Services Intercept Fees | 2,213 | 1,460 | 753 | 0 | 0 |
| Deficit Reduction Act - Mandatory Fee | 3,733 | 0 | 3,733 | 0 | 0 |
| Section 1115 Grant (Intergovernmental Case Processing Innovation Demo) | 0 | 0 | 0 | 0 | 0 |
| Section 1115 Grant (Charting a Course for Economic Mobility & Responsible Parenting) | 648 | 648 | 0 | 0 | 0 |
| Local Assistance Automation | 73,037 | 48,205 | 24,832 | 0 | 0 |
| California Child Support Automation System - SDU | 12,766 | 8,426 | 4,340 | 0 | 0 |
| California Child Support Automation System - CSE | 60,271 | 39,779 | 20,492 | 0 | 0 |

COST TABLE 2: 2022-23 NOVEMBER ESTIMATE

Notes:

- 1) Child Support Program Total Costs minus county funds equals total enacted budget.
 - 2) State Operations Administration adjustments reflect augmentations for Employee Compensation, Retirement and SWCAP.
- *Dollars in thousands.

| BUDGETED ITEM | Total | Federal | State | County | Reimbursement |
|--|------------------|----------------|----------------|---------------|----------------------|
| Child Support Program Costs | 1,177,968 | 798,052 | 366,193 | 13,600 | 123 |
| State Operations | 213,229 | 147,764 | 65,342 | 0 | 123 |
| Item 5175-001 | 133,176 | 90,561 | 42,492 | 0 | 123 |
| Item 5175-002 - Internal & External Contracts | 80,053 | 57,203 | 22,850 | 0 | 0 |
| Local Assistance | 964,739 | 650,288 | 300,851 | 13,600 | 0 |
| Child Support Services | 810,118 | 495,667 | 300,851 | 13,600 | 0 |
| Child Support Collections Recovery Fund | 154,621 | 154,621 | 0 | 0 | 0 |
| Local Assistance Administration | 891,702 | 602,083 | 276,019 | 13,600 | 0 |
| Local Child Support Agency Basic Costs | 884,344 | 599,121 | 271,623 | 13,600 | 0 |
| Administration | 779,503 | 514,250 | 265,253 | 0 | 0 |
| Federal Performance Basic Incentives | 46,106 | 46,106 | 0 | 0 | 0 |
| County Match for Administration | 40,000 | 26,400 | 0 | 13,600 | 0 |
| Revenue Stabilization | 18,735 | 12,365 | 6,370 | 0 | 0 |
| Internal Revenue Services Intercept Fees | 2,775 | 1,831 | 944 | 0 | 0 |
| Deficit Reduction Act - Mandatory Fee | 3,452 | 0 | 3,452 | 0 | 0 |
| Section 1115 Grant (Intergovernmental Case Processing Innovation Demo) | 60 | 60 | 0 | 0 | 0 |
| Section 1115 Grant (Charting a Course for Economic Mobility & Responsible Parenting) | 1,071 | 1,071 | 0 | 0 | 0 |
| Local Assistance Automation | 73,037 | 48,205 | 24,832 | 0 | 0 |
| California Child Support Automation System - SDU | 12,766 | 8,426 | 4,340 | 0 | 0 |
| California Child Support Automation System - CSE | 60,271 | 39,779 | 20,492 | 0 | 0 |

COST TABLE 3: 2023-24 GOVERNOR'S BUDGET

Notes:

- 1) Child Support Program Total Costs minus county funds equals total enacted budget.
 - 2) State Operations Administration adjustments reflect augmentations for Employee Compensation, Retirement and SWCAP.
- *Dollars in thousands.

| BUDGETED ITEM | Total | Federal | State | County | Reimbursement |
|--|------------------|----------------|----------------|---------------|----------------------|
| Child Support Program Costs | 1,213,341 | 821,053 | 378,565 | 13,600 | 123 |
| State Operations | 212,883 | 147,246 | 65,514 | 0 | 123 |
| Item 5175-001 | 132,830 | 90,043 | 42,664 | 0 | 123 |
| Item 5175-002 Internal & External Contracts | 80,053 | 57,203 | 22,850 | 0 | 0 |
| Local Assistance | 1,000,458 | 673,807 | 313,051 | 13,600 | 0 |
| Child Support Services | 942,738 | 616,087 | 313,051 | 13,600 | 0 |
| Child Support Collections Recovery Fund | 57,720 | 57,720 | 0 | 0 | 0 |
| Local Assistance Administration | 927,421 | 625,602 | 288,219 | 13,600 | 0 |
| Local Child Support Agency Basic Costs | 920,483 | 623,060 | 283,823 | 13,600 | 0 |
| Administration | 815,303 | 537,850 | 277,453 | 0 | 0 |
| Federal Performance Basic Incentives | 46,445 | 46,445 | 0 | 0 | 0 |
| County Match for Administration | 40,000 | 26,400 | 0 | 13,600 | 0 |
| Revenue Stabilization | 18,735 | 12,365 | 6,370 | 0 | 0 |
| Internal Revenue Services Intercept Fees | 2,775 | 1,831 | 944 | 0 | 0 |
| Deficit Reduction Act - Mandatory Fee | 3,452 | 0 | 3,452 | 0 | 0 |
| Section 1115 Grant (Intergovernmental Case Processing Innovation Demo) | 0 | 0 | 0 | 0 | 0 |
| Section 1115 Grant (Charting a Course for Economic Mobility & Responsible Parenting) | 711 | 711 | 0 | 0 | 0 |
| Local Assistance Automation | 73,037 | 48,205 | 24,832 | 0 | 0 |
| California Child Support Automation System - SDU | 12,766 | 8,426 | 4,340 | 0 | 0 |
| California Child Support Automation System - CSE | 60,271 | 39,779 | 20,492 | 0 | 0 |

COST TABLE 4: 2022-23 MAY REVISION

Notes:

- 1) Child Support Program Total Costs minus county funds equals DCSS total budget.
 - 2) State Operations Administration adjustments reflect augmentations for Employee Compensation, Retirement and SWCAP.
- *Dollars in thousands.

| BUDGETED ITEM | Total | Federal | State | County | Reimbursement |
|--|------------------|----------------|----------------|---------------|----------------------|
| Child Support Program Costs | 1,177,968 | 798,052 | 366,193 | 13,600 | 123 |
| State Operations | 213,229 | 147,764 | 65,342 | 0 | 123 |
| Item 5175-001 | 133,176 | 90,561 | 42,492 | 0 | 123 |
| Item 5175-002 - Internal & External Contracts | 80,053 | 57,203 | 22,850 | 0 | 0 |
| Local Assistance | 964,739 | 650,288 | 300,851 | 13,600 | 0 |
| Child Support Services | 812,922 | 498,471 | 300,851 | 13,600 | 0 |
| Child Support Collections Recovery Fund | 151,817 | 151,817 | 0 | 0 | 0 |
| Local Assistance Administration | 891,702 | 602,083 | 276,019 | 13,600 | 0 |
| Local Child Support Agency Basic Costs | 884,344 | 599,121 | 271,623 | 13,600 | 0 |
| Administration | 779,503 | 514,250 | 265,253 | 0 | 0 |
| Federal Performance Basic Incentives | 46,106 | 46,106 | 0 | 0 | 0 |
| County Match for Administration | 40,000 | 26,400 | 0 | 13,600 | 0 |
| Revenue Stabilization | 18,735 | 12,365 | 6,370 | 0 | 0 |
| Internal Revenue Services Intercept Fees | 2,775 | 1,831 | 944 | 0 | 0 |
| Deficit Reduction Act - Mandatory Fee | 3,452 | 0 | 3,452 | 0 | 0 |
| Section 1115 Grant (Intergovernmental Case Processing Innovation Demo) | 60 | 60 | 0 | 0 | 0 |
| Section 1115 Grant (Charting a Course for Economic Mobility & Responsible Parenting) | 1,071 | 1,071 | 0 | 0 | 0 |
| Local Assistance Automation | 73,037 | 48,205 | 24,832 | 0 | 0 |
| California Child Support Automation System - SDU | 12,766 | 8,426 | 4,340 | 0 | 0 |
| California Child Support Automation System - CSE | 60,271 | 39,779 | 20,492 | 0 | 0 |

COST TABLE 5: 2023-24 MAY REVISION

Notes:

- 1) Child Support Program Total Costs minus county funds equals DCSS total budget.
 - 2) State Operations Administration adjustments reflect augmentations for Employee Compensation, Retirement and SWCAP.
- *Dollars in thousands.

| BUDGETED ITEM | Total | Federal | State | County | Reimbursement |
|--|------------------|----------------|----------------|---------------|----------------------|
| Child Support Program Costs | 1,213,341 | 821,053 | 378,565 | 13,600 | 123 |
| State Operations | 212,883 | 147,246 | 65,514 | 0 | 123 |
| Item 5175-001 | 132,830 | 90,043 | 42,664 | 0 | 123 |
| Item 5175-002 - Internal & External Contracts | 80,053 | 57,203 | 22,850 | 0 | 0 |
| Local Assistance | 1,000,458 | 673,807 | 313,051 | 13,600 | 0 |
| Child Support Services | 878,356 | 551,705 | 313,051 | 13,600 | 0 |
| Child Support Collections Recovery Fund | 122,102 | 122,102 | 0 | 0 | 0 |
| Local Assistance Administration | 927,421 | 625,602 | 288,219 | 13,600 | 0 |
| Local Child Support Agency Basic Costs | 920,483 | 623,060 | 283,823 | 13,600 | 0 |
| Administration | 815,303 | 537,850 | 277,453 | 0 | 0 |
| Federal Performance Basic Incentives | 46,445 | 46,445 | 0 | 0 | 0 |
| County Match for Administration | 40,000 | 26,400 | 0 | 13,600 | 0 |
| Revenue Stabilization | 18,735 | 12,365 | 6,370 | 0 | 0 |
| Internal Revenue Services Intercept Fees | 2,775 | 1,831 | 944 | 0 | 0 |
| Deficit Reduction Act - Mandatory Fee | 3,452 | 0 | 3,452 | 0 | 0 |
| Section 1115 Grant (Intergovernmental Case Processing Innovation Demo) | 0 | 0 | 0 | 0 | 0 |
| Section 1115 Grant (Charting a Course for Economic Mobility & Responsible Parenting) | 711 | 711 | 0 | 0 | 0 |
| Local Assistance Automation | 73,037 | 48,205 | 24,832 | 0 | 0 |
| California Child Support Automation System - SDU | 12,766 | 8,426 | 4,340 | 0 | 0 |
| California Child Support Automation System - CSE | 60,271 | 39,779 | 20,492 | 0 | 0 |

COLLECTION TABLE 1: 2021-22 ACTUALS

Notes:

1) Other reflects collections that are paid to families and collections received in California on behalf of other states.

*Dollars in thousands.

| PROGRAM ITEM | Total | Federal | State | County | Other |
|---|------------------|----------------|----------------|---------------|------------------|
| CS Revenues, Transfers and Collections | 2,576,208 | 170,414 | 165,040 | 20,253 | 2,220,501 |
| Child Support Program Collections | 2,579,879 | 178,883 | 160,242 | 20,253 | 2,220,501 |
| Child Support Assistance Collections | 408,692 | 178,883 | 160,242 | 20,253 | 49,314 |
| Basic Collections | 334,368 | 167,952 | 147,407 | 19,009 | 0 |
| Disregard Payments to Families | 34,837 | 0 | 0 | 0 | 34,837 |
| Passthrough Payments to Formerly Assisted Families | 0 | 0 | 0 | 0 | 0 |
| Collections for Other Jurisdictions - Assistance | 4,346 | 0 | 0 | 0 | 4,346 |
| Miscellaneous Collections - Assistance | 10,131 | 0 | 0 | 0 | 10,131 |
| Revenue Stabilization Adjustment- Assistance | 25,010 | 10,931 | 12,835 | 1,244 | 0 |
| Child Support NonAssistance Collections | 2,171,187 | 0 | 0 | 0 | 2,171,187 |
| Basic Collections | 1,956,079 | 0 | 0 | 0 | 1,956,079 |
| Collections for Other Jurisdictions - NonAssistance | 87,720 | 0 | 0 | 0 | 87,720 |
| Miscellaneous Collections - NonAssistance | 2,859 | 0 | 0 | 0 | 2,859 |
| Revenue Stabilization Adjustment- NonAssistance | 124,529 | 0 | 0 | 0 | 124,529 |
| Revenues and Transfers | -3,671 | -8,469 | 4,798 | 0 | 0 |
| Title IV-E Child Support Collections Recovery Fund | -8,469 | -8,469 | 0 | 0 | 0 |
| Never Assisted Cases Fee Recovery | 4,798 | 0 | 4,798 | 0 | 0 |

COLLECTION TABLE 2: 2022-23 ENACTED BUDGET

Notes:

1) Other reflects collections that are paid to families and collections received in California on behalf of other states.

*Dollars in thousands.

| PROGRAM ITEM | Total | Federal | State | County | Other |
|---|------------------|----------------|----------------|---------------|------------------|
| CS Revenues, Transfers and Collections | 2,430,983 | 102,357 | 120,440 | 17,706 | 2,190,480 |
| Child Support Program Collections | 2,434,843 | 111,041 | 115,616 | 17,706 | 2,190,480 |
| Child Support Assistance Collections | 311,929 | 111,041 | 115,616 | 17,706 | 67,566 |
| Basic Collections | 219,353 | 99,683 | 103,279 | 16,391 | 0 |
| Disregard Payments to Families | 51,439 | 0 | 0 | 0 | 51,439 |
| Passthrough Payments to Formerly Assisted Families | 0 | 0 | 0 | 0 | 0 |
| Collections for Other Jurisdictions - Assistance | 5,222 | 0 | 0 | 0 | 5,222 |
| Miscellaneous Collections - Assistance | 10,905 | 0 | 0 | 0 | 10,905 |
| Revenue Stabilization Adjustment- Assistance | 25,010 | 11,358 | 12,337 | 1,315 | 0 |
| Child Support NonAssistance Collections | 2,122,914 | 0 | 0 | 0 | 2,122,914 |
| Basic Collections | 1,899,398 | 0 | 0 | 0 | 1,899,398 |
| Collections for Other Jurisdictions - NonAssistance | 96,162 | 0 | 0 | 0 | 96,162 |
| Miscellaneous Collections - NonAssistance | 2,825 | 0 | 0 | 0 | 2,825 |
| Revenue Stabilization Adjustment- NonAssistance | 124,529 | 0 | 0 | 0 | 124,529 |
| Revenues and Transfers | -3,860 | -8,684 | 4,824 | 0 | 0 |
| Title IV-E Child Support Collections Recovery Fund | -8,684 | -8,684 | 0 | 0 | 0 |
| Never Assisted Cases Fee Recovery | 4,824 | 0 | 4,824 | 0 | 0 |

COLLECTION TABLE 3: 2022-23 NOVEMBER ESTIMATE

Notes:

1) Other reflects collections that are paid to families and collections received in California on behalf of other states.

*Dollars in thousands.

| PROGRAM ITEM | Total | Federal | State | County | Other |
|---|------------------|----------------|----------------|---------------|------------------|
| CS Revenues, Transfers and Collections | 2,529,818 | 154,621 | 156,147 | 16,462 | 2,202,588 |
| Child Support Program Collections | 2,533,318 | 162,481 | 151,787 | 16,462 | 2,202,588 |
| Child Support Assistance Collections | 400,571 | 162,481 | 151,787 | 16,462 | 69,841 |
| Basic Collections | 305,720 | 150,194 | 140,308 | 15,218 | 0 |
| Disregard Payments to Families | 56,262 | 0 | 0 | 0 | 56,262 |
| Passthrough Payments to Formerly Assisted Families | 0 | 0 | 0 | 0 | 0 |
| Collections for Other Jurisdictions - Assistance | 4,076 | 0 | 0 | 0 | 4,076 |
| Miscellaneous Collections - Assistance | 9,503 | 0 | 0 | 0 | 9,503 |
| Revenue Stabilization Adjustment- Assistance | 25,010 | 12,287 | 11,479 | 1,244 | 0 |
| Child Support NonAssistance Collections | 2,132,747 | 0 | 0 | 0 | 2,132,747 |
| Basic Collections | 1,923,255 | 0 | 0 | 0 | 1,923,255 |
| Collections for Other Jurisdictions - NonAssistance | 82,281 | 0 | 0 | 0 | 82,281 |
| Miscellaneous Collections - NonAssistance | 2,682 | 0 | 0 | 0 | 2,682 |
| Revenue Stabilization Adjustment- NonAssistance | 124,529 | 0 | 0 | 0 | 124,529 |
| Revenues and Transfers | -3,500 | -7,860 | 4,360 | 0 | 0 |
| Title IV-E Child Support Collections Recovery Fund | -7,860 | -7,860 | 0 | 0 | 0 |
| Never Assisted Cases Fee Recovery | 4,360 | 0 | 4,360 | 0 | 0 |

COLLECTION TABLE 4: 2023-24 GOVERNOR'S BUDGET

Notes:

1) Other reflects collections that are paid to families and collections received in California on behalf of other states.

*Dollars in thousands.

| PROGRAM ITEM | Total | Federal | State | County | Other |
|---|------------------|----------------|---------------|---------------|------------------|
| CS Revenues, Transfers and Collections | 2,582,464 | 57,720 | 74,701 | 16,855 | 2,433,188 |
| Child Support Program Collections | 2,585,272 | 64,888 | 70,341 | 16,855 | 2,433,188 |
| Child Support Assistance Collections | 408,787 | 64,888 | 70,341 | 16,855 | 256,703 |
| Basic Collections | 127,074 | 53,957 | 62,176 | 10,941 | 0 |
| Disregard Payments to Families | 56,262 | 0 | 0 | 0 | 56,262 |
| Passthrough Payments to Formerly Assisted Families | 186,929 | 0 | -4,670 | 4,670 | 186,929 |
| Collections for Other Jurisdictions - Assistance | 4,056 | 0 | 0 | 0 | 4,056 |
| Miscellaneous Collections - Assistance | 9,456 | 0 | 0 | 0 | 9,456 |
| Revenue Stabilization Adjustment- Assistance | 25,010 | 10,931 | 12,835 | 1,244 | 0 |
| Child Support NonAssistance Collections | 2,176,485 | 0 | 0 | 0 | 2,176,485 |
| Basic Collections | 1,967,418 | 0 | 0 | 0 | 1,967,418 |
| Collections for Other Jurisdictions - NonAssistance | 81,870 | 0 | 0 | 0 | 81,870 |
| Miscellaneous Collections - NonAssistance | 2,668 | 0 | 0 | 0 | 2,668 |
| Revenue Stabilization Adjustment- NonAssistance | 124,529 | 0 | 0 | 0 | 124,529 |
| Revenues and Transfers | -2,808 | -7,168 | 4,360 | 0 | 0 |
| Title IV-E Child Support Collections Recovery Fund | -7,168 | -7,168 | 0 | 0 | 0 |
| Never Assisted Cases Fee Recovery | 4,360 | 0 | 4,360 | 0 | 0 |

COLLECTION TABLE 5: 2022-23 MAY REVISION

Notes:

1) Other reflects collections that are paid to families and collections received in California on behalf of other states.

*Dollars in thousands.

| PROGRAM ITEM | Total | Federal | State | County | Other |
|--|------------------|----------------|----------------|---------------|------------------|
| CS Revenues, Transfers and Collections | 2,531,443 | 151,817 | 155,169 | 16,266 | 2,208,191 |
| Child Support Program Collections | 2,534,804 | 159,538 | 150,809 | 16,266 | 2,208,191 |
| Child Support Assistance Collections | 400,805 | 159,538 | 150,809 | 16,266 | 74,192 |
| Basic Collections | 308,589 | 150,731 | 142,490 | 15,368 | 0 |
| Disregard Payments to Families | 60,613 | 0 | 0 | 0 | 60,613 |
| Passthrough Payments to Formerly Assisted Families | 0 | 0 | 0 | 0 | 0 |
| Collections for Other Jurisdictions | 4,076 | 0 | 0 | 0 | 4,076 |
| Miscellaneous Collections | 9,503 | 0 | 0 | 0 | 9,503 |
| Revenue Stabilization Adjustment | 18,024 | 8,807 | 8,319 | 898 | 0 |
| Child Support NonAssistance Collections | 2,133,999 | 0 | 0 | 0 | 2,133,999 |
| Basic Collections | 1,948,599 | 0 | 0 | 0 | 1,948,599 |
| Collections for Other Jurisdictions | 82,281 | 0 | 0 | 0 | 82,281 |
| Miscellaneous Collections | 2,682 | 0 | 0 | 0 | 2,682 |
| Revenue Stabilization Adjustment | 100,437 | 0 | 0 | 0 | 100,437 |
| Revenues and Transfers | -3,361 | -7,721 | 4,360 | 0 | 0 |
| Title IV-E Child Support Collections Recovery Fund | -7,721 | -7,721 | 0 | 0 | 0 |
| Never Assisted Cases Fee Recovery | 4,360 | 0 | 4,360 | 0 | 0 |

COLLECTION TABLE 6: 2023-24 MAY REVISION

Notes:

1) Other reflects collections that are paid to families and collections received in California on behalf of other states.

*Dollars in thousands.

| PROGRAM ITEM | Total | Federal | State | County | Other |
|--|------------------|----------------|----------------|---------------|------------------|
| CS Revenues, Transfers and Collections | 2,584,318 | 122,102 | 148,584 | 16,528 | 2,297,104 |
| Child Support Program Collections | 2,587,116 | 129,260 | 144,224 | 16,528 | 2,297,104 |
| Child Support Assistance Collections | 409,078 | 129,260 | 144,224 | 16,528 | 119,066 |
| Basic Collections | 271,988 | 121,225 | 136,179 | 14,584 | 0 |
| Disregard Payments to Families | 63,679 | 0 | 0 | 0 | 63,679 |
| Passthrough Payments to Formerly Assisted Families | 41,875 | 0 | -1,046 | 1,046 | 41,875 |
| Collections for Other Jurisdictions | 4,056 | 0 | 0 | 0 | 4,056 |
| Miscellaneous Collections | 9,456 | 0 | 0 | 0 | 9,456 |
| Revenue Stabilization Adjustment | 18,024 | 8,035 | 9,091 | 898 | 0 |
| Child Support NonAssistance Collections | 2,178,038 | 0 | 0 | 0 | 2,178,038 |
| Basic Collections | 1,993,063 | 0 | 0 | 0 | 1,993,063 |
| Collections for Other Jurisdictions | 81,870 | 0 | 0 | 0 | 81,870 |
| Miscellaneous Collections | 2,668 | 0 | 0 | 0 | 2,668 |
| Revenue Stabilization Adjustment | 100,437 | 0 | 0 | 0 | 100,437 |
| Revenues and Transfers | -2,798 | -7,158 | 4,360 | 0 | 0 |
| Title IV-E Child Support Collections Recovery Fund | -7,158 | -7,158 | 0 | 0 | 0 |
| Never Assisted Cases Fee Recovery | 4,360 | 0 | 4,360 | 0 | 0 |

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) Sections 17306 and 17306.1, FC Section 17704(b), and FC Section 17710(a).
- IRS Publication 1075 Tax Information Security Guidelines

METHODOLOGY:

Basic Costs:

Basic Costs are the sum of administration, county match for administration and revenue stabilization. The forecast for Basic Cost is \$884,344,000 for State Fiscal Year (SFY) 2022-23 and \$920,483,000 for SFY 2023-24.

Administration:

LCSA administration costs include salaries and benefits of county staff as well as operating costs. LCSAs 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 \$779,503,000 for SFY 2022-23 and \$815,303,000 for SFY 2023-24. Funding for administration is 34 percent State General Fund (SGF) and 66 percent Federal Financial Participation (FFP) matching funds.

For the 2023-24 Governor's Budget, the methodology calculated the underfunded LCSAs would need \$78.3 million to reach parity. However, given the state's fiscal situation, a lower amount of \$35.8 million is proposed in the Governor's Budget to help mitigate increased staffing costs, caseload, and call volumes. This augmentation would allow LCSAs to maintain current service levels and avoid a de facto budget reduction because LCSAs would otherwise need to achieve salary savings to absorb the cost increases.

The purpose of the methodology is to create more equitable funding across all local agencies, reducing geographic disparities in funding for child support case management and is not intended to establish new services or processes. The amount of funding proposed is based on the staffing costs (average cost per FTE) in each LCSA, as well as the number of additional FTEs needed by the LCSA. Given current General Fund revenue projections, funding for the third year of the three-year phased-in augmentation included in the 2019 Budget Act will be considered when General Fund revenues improve.

Federal Performance Basic Incentives:

Federal Performance Basic Incentive funds of \$46,106,000 for SFY 2022-23 and \$46,445,000 for SFY 2023-24 are included in LCSA Basic Costs. These numbers reflect

the amount of estimated federal incentive funds available to cover LCSEA administration costs. For details, refer to the Federal Performance Basic Incentives premise description.

County Match for Administration:

Included in LCSEA Basic Costs are county match funds for those LCSEAs that elect to supplement the program with local matching funds. For SFY 2022-23 and SFY 2023-24 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 2023-24 includes an on-going augmentation of \$18,735,000 for Revenue Stabilization. For details, refer to the Revenue Stabilization premise description.

CHANGE FROM NOVEMBER ESTIMATE:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

- Adds \$35.8 million (\$12.2 million GF) for the LCSEA Funding Methodology adjustment.
- Adds \$339,000 (100% FFP) to the Federal Performance Basic Incentive estimate based on the most recent data available.

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.

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) = $\text{Out-of-Wedlock Children w/Paternity} \div \text{Total Out-of-Wedlock Children, Last Fiscal Year}$
- Support Orders Established = $\text{Total Cases w/Support Orders} \div \text{Total Number of Cases}$
- Current Support Collected = $\text{Total Current Support Collected} \div \text{Total Current Support Owed}$

(The previous three performance factors may each earn up to a performance level of 100 percent of the collection base.)

- Cases Paying on Arrears = $\text{Total Cases Paying Arrears} \div \text{Cases with Total Arrears Due}$
- Cost-Effectiveness = $\text{Total Collections} \div \text{Total Expenditures}$

(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.

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 |
|----------------------------|--|---|
| 2016 | \$559,000,000 | \$41,167,696 |
| 2017 | \$571,000,000 | \$41,997,177 |
| 2018 | \$583,000,000 | \$43,247,644 |
| 2019 | \$588,000,000 | \$44,564,376 |
| 2020 | \$600,000,000 | \$47,784,150 |
| 2021 ¹ | \$609,000,000 | \$45,533,581 |
| 2022 ¹ | \$615,000,000 | \$46,105,610 |
| 2023 ¹ | \$621,000,000 | \$46,445,287 |

¹/ FFY 2021 through 2023 are based on the Policy Studies Institute.

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 \$46,106,000 federal incentives in SFY 2022-23 and \$46,445,000 in SFY 2023-24.

FUNDING:

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

CHANGE FROM NOVEMBER ESTIMATE:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

Adds \$339,000 (100% FFP) to the Federal Performance Basic Incentive estimate based on the most recent data available.

PARENTAGE OPPORTUNITY PROGRAM (AB 2684)

DESCRIPTION:

This premise reflects the cost of the Voluntary 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 administer a simple program to establish paternity, or a legal determination for fatherhood for unmarried biological parents.

Establishing parentage is a critical first step in providing children with access to key benefits, such as social security and health insurance. Parentage establishment is achieved by either 1) obtaining a court order, or 2) completing a Voluntary Declaration of Parentage (VDOP). The VDOP 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 eligible parents, including, but not limited to, married or unmarried same-sex couples who have children using assisted reproductive technology, provided the donation was not from the spouse. The Office of Child Support Enforcement (OCSE) defines paternity as, "the legal mother-child relationship and father-child relationship as determined by the state."

California implemented AB 2684 on January 2020. Two months later, the state was shut down due to the Covid-19 pandemic. State (and national) pandemic healthcare procedures severely limited who was allowed inside healthcare facilities (which disallowed fathers/other parents to attend births). This disrupted the ability for hospitals/birthing facilities to assist in the parentage establishment process (most declarations are completed at a birthing hospital, so the impact was great). Because these impacts were realized nationwide, states petitioned HHS for temporary relief from paternity-specific performance penalties. The Office of Child Support Enforcement (OCSE) proposed to modify the Paternity Establishment Percentage (PEP) from the 90 percent performance threshold to 50 percent for Federal Fiscal Years (FFY) 2020 and 2021 in order for a state to avoid a financial penalty. OCSE also proposed to provide that adverse findings of data reliability audits of a state's paternity establishment data would not result in a financial penalty. Due to the pandemic DCSS did not see the expected increase in declarations, but still maintained the required 90 percent performance threshold.

IMPLEMENTATION DATE:

This premise will be implemented January 1, 2020.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: 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 declarations at a cost of \$225,000.
- 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 ESTIMATE:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

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 17555 and FC Section 17710(a).
- The LCSAs were able to retain 177 caseworker staff in SFY 2021-22 with Revenue Stabilization funding.
- For SFY 2021-22, the marginal return on collections per caseworker for assistance cases was \$106,925.
- For SFY 2021-22, the marginal return on collections per caseworker for non-assistance cases was \$565,940.

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 177 caseworkers were multiplied by the marginal return on collections per assistance case. This quotient was reduced by \$840,008 (to account for disregards) to compute additional net assistance collections of \$18,024,101 (\$8,151,511 SGF) in SFY 2021-22 and SFY 2022-23. The 177 caseworkers were multiplied by the marginal return on collections per non-assistance case to compute additional non-assistance collections of \$100,437,429.

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 (FMAP) and the non-federal sharing ratios. These ratios were updated to temporarily increase the federal share of recoupment to 56.2% effective July 2021 through March 31, 2023 based on the public health emergency due to the Coronavirus pandemic. The FMAP will gradually decrease between April 1 through December 31 2023, and will return to the normal 50% sharing ratio January 1, 2024. See Appendix A for the sharing ratios.

CHANGE FROM NOVEMBER ESTIMATE:

The estimate has been updated to reflect the latest projection on the marginal return on collections per caseworker.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

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 2021-22.
- Based on the September 22, 2022, Federal Offset notice DCL-22-11, the federal tax intercept fee will be \$21.44 per offset, and the administrative fee remains at \$18.08 per offset.
- Based on the latest actuals, DCSS anticipates \$2.8 million in federal intercept fees in SFY 2022-23 and 2023-24.

FUNDING:

Funding for this premise consists of 34 percent State General Fund and 66 percent Federal Financial Participation matching funds.

CHANGE FROM NOVEMBER ESTIMATE:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

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.

Effective October 1, 2019, the administrative service fee changed to \$35 and the disbursement threshold to \$550.

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) made changes to the FDRA of 2005. DCSS submitted and the legislature approved trailer bill language to increase the administrative service fee to \$35 and increase the disbursement threshold to \$550, effective October 1, 2019.

METHODOLOGY:

- The number of never-assisted cases assessed the fee is multiplied by \$35 to compute the total fees.
- The total fees to be collected are multiplied by 66 percent to determine the federal share.
- Based on the latest data, DCSS anticipates collecting \$3.5 million in mandatory fees in SFY 2022-23 and SFY 2023-24.

FUNDING:

These costs represent the 66 percent Federal Financial Participation to be paid from the State General Fund.

CHANGE FROM NOVEMBER ESTIMATE:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

SECTION 1115 GRANT INTERGOVERNMENTAL CASE PROCESSING INNOVATION DEMONSTRATION

DESCRIPTION:

This premise reflects the Intergovernmental Case Processing Innovation Demonstration grant. This demonstration grant project provided new federal funding to California to make improvements to their existing intergovernmental case processing procedures and systems. The department has developed and deployed an interactive, electronic child support order modification (e-R&A) & intergovernmental forms process (e-UIFSA). The child support e-R&A modification process is housed in the department's public facing Customer Connect platform and allows customers to submit information related to their income and current circumstances to expedite the review and adjustment. The e-UIFSA Forms intergovernmental solution is housed in the SimpliGov platform and will feature two of the Uniform Interstate Family Support Act (UIFSA) required forms, the Declaration in Support of Establishing Parentage and the General Testimony. This workflow will allow child support professionals and customers to complete these complex intergovernmental forms electronically. The child support e-R&A modification process was implemented in June 2020 and the intergovernmental solution e-UIFSA was implemented in October 2021. DCSS is delivering these innovative solutions to customers in identified pilot counties (Los Angeles, Sacramento, San Diego, and Sonoma) and looks to expand and refine implementation statewide over the coming years. The grant period is October 1, 2019, through September 30, 2022.

IMPLEMENTATION DATE:

This premise was implemented October 1, 2019. The e-R&A and e-UIFSA solutions were implemented in June 2020 and October 2021, respectively.

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, 2019 through September 30, 2022.
- 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.
- The e-R&A intervention expedited the reviews in the order modification process. Over 12,000 inquiries were received since June 2020. On average customer information was reviewed within two business days.

- The pilot LCSAs reported how the e-UIFSA Forms made great impacts in the completion of the General Testimony and Declaration in Support of Establishing parentage UIFSA forms. Since October 2021, 735 forms were generated for intergovernmental cases. The average processing time was 16 days.

METHODOLOGY:

- Due to a no cost extension, the new termination date of this grant is September 30, 2022.
- On September 30, 2022, the project, from a federal reporting perspective, came to an end. The solutions are still being offered in participating pilot counties. A full evaluation of the grant intervention is in development and will be finalized by December 31, 2022.

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 \$500,000 (\$170,000 Section 1115 grant funds, and \$330,000 FFP).
- Funding for SFY 2022-23 is \$20,000 Section 1115 grant funds and \$40,000 FFP, for a total of \$60,000.

CHANGE FROM NOVEMBER ESTIMATE:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

The grant ends in SFY 2022-23.

SECTION 1115 GRANT CHARTING A COURSE FOR ECONOMIC MOBILITY AND RESPONSIBLE PARENTING

DESCRIPTION:

California Child Support program received two awards from this grant, one managed by DCSS and the other by Sacramento County LCSA, as detailed below:

DCSS' project titled, "Adding Behavioral Economics and Change Science to Family Education Programs in California". In 2015, Los Angeles County Child Support Services developed a Parental Responsibility Education Program (PREP) to promote responsible parenthood by identifying the realities, costs, and legal consequences of parenting and encouraging the formation of healthy relationships and strong, stable families. While PREP was designed for high school students, this proposal intends to adapt the PREP curriculum for community college students, while incorporating best practices from behavioral economics to enhance the ability of young adults to focus on the legal and financial responsibilities and realities that accompany childbirth and childrearing. Grant monies will fund new research to elicit the social, cultural, emotional, and cognitive factors in this population that will increase the efficacy of the PREP program and provide building blocks to update the curriculum, incorporating behavioral economics to create an environment that will "nudge" students toward decisions that will support their educational goals. The contract with the Foundation for Community Colleges has been executed, and they have begun work on the focus groups and research for the curriculum updated.

The Sacramento County Local Child Support Agency (LCSA) project titled, the "My Empowerment (M.E.) Project, My Life, My Journey, My Choices," will target youth who are at higher risk of adolescent or young adult pregnancy and educate them about the financial, legal, and emotional responsibilities of parenthood. Specifically, the program will focus on a subpopulation of Black and Hispanic youth, ages 13 to 19, who have the highest instances of adolescent birth in Sacramento County. In addition to this primary focus, the M.E. project will reach out to young, unmarried parents who have children to educate them on resources and support for being a successful co-parent. The Sacramento County LCSA will leverage its financial and legal expertise assistance, and work with community partners to provide education and supports for youth to have access to informed decision making on success sequencing, which refers to a series of milestones in life that help young adults achieve self-sufficiency and avoid living in poverty.

- The M.E. project is currently in the planning phase. The M.E. project partners will provide the following services:
- MEF Associates was selected as the independent research evaluator for the M.E. project. MEF Associates will provide evaluation tools such as participant surveys, focus groups, and interviews that measure the program effectiveness.
- Accelerated Videography will create and modify the video content and will also assist with the social media accounts for the project.

- The Boys and Girls Club of Greater Sacramento will collaborate with the Sacramento County LCSA to design and implement the M.E. project. Interventions will include evidence-based practices focused on increasing sequence building skills among high-risk youth.

Recent project activities:

- September 21, 2022: Representatives from the Sacramento County LCSA and The California Department of Child Support Services (DCSS) conducted a presentation on the status of the M.E. grant at an all-grantee meeting for the Federal Office of Child Support Enforcement (OCSE).
- September 27, 2022: Partnership Kick-off Meeting
 - Sacramento County met with project partners The Boys & Girls Club of Greater Sacramento, MEF Associates, and Accelerated Video to discuss collaboration and grant implementation.

IMPLEMENTATION DATE:

This premise was implemented October 1, 2021.

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, 2021 through September 30, 2024.
- 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:

- Funding for SFY 2022-23 is \$260,000 Section 1115 grant funds and \$506,000 FFP, for a total of \$1,071,000.
- Funding for SFY 2023-24 is \$242,000 Section 1115 grant funds and \$469,000 FFP, for a total of \$711,000.

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 ESTIMATE:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

Updated to reflect the budget for SFY 2023-24.

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): 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.
- DCSS estimates SDU expenditures of \$12.8 million in SFY 2022-23 and SFY 2023-24.

CHANGE FROM NOVEMBER ESTIMATE:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

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: Family Code Section 17308 effective January 1, 2000.

METHODOLOGY:

- This premise reflects funding for CCSAS CSE as reported in the California Department of Child Support Services' 2022 Annual Advance Planning Document Update.
- DCSS estimates child support automation cost of \$60.3 million in SFY 2022-23 and SFY 2023-24.

FUNDING:

All project costs are funded with 66 percent Federal Financial Participation funds and 34 percent State General Fund.

CHANGE FROM NOVEMBER ESTIMATE:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

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 SFY 2022-23 and SFY 2023-24 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.
- Based on the child support collections trends, DCSS estimates collections recovery funds of \$151.8 million in SFY 2022-23 and \$122.1 million in SFY 2023-24.

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 ESTIMATE:

This estimate is based on the most recent data and trends. Pass Through of Assigned Arrears collections implementation date was moved from January 2023 to April 2024, impacting the budget year only.

REASON FOR YEAR-TO-YEAR CHANGE:

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

CHILD SUPPORT PROGRAM COLLECTIONS ASSISTANCE AND NON-ASSISTANCE

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.
- Collection by Source reports were used to construct a linear regression model with adjustments applied to certain collections sources to forecast basic collections for SFYs 2022-23 and 2023-24.
- For collections for other jurisdictions and miscellaneous collections, the forecasted rates of change for basic collections were applied to arrive at the SFYs 2022-23 and 2023-24 estimates.
- Based on the latest data, for SFY 2022-23 DCSS estimates assistance collections of \$400.8 million and non-assistance collections of \$2.134 billion

totaling \$2.534 billion, and \$409.1 million assistance and \$2.178 billion non-assistance collections totaling \$2.587 billion in SFY 2023-24.

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 ESTIMATE:

The estimate has been updated based on the most recent data and trends using CS 34 and CS 35 reports and the extension of enhanced FMAP ratio from September 2022 to March 31 2023. Starting April 1, 2023, the enhanced FMAP will gradually decrease and will return to the normal of 50% sharing ratio January 1, 2024.

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate has been updated based on the most recent data and trends using CS 34 and CS 35 reports. It also reflects reductions in basic collections Federal, State and County child support recoupment for Pass Through of Assigned Arrears Collections to Formerly Assisted Families. See the Passthrough to Formerly Assisted Families premise for more details.

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.

The Legislature approved trailer bill language to, beginning January 1, 2022, increase the amount of child support passed through to families receiving CalWORKs assistance. Rather than the first \$50 of child support collected in a month, which is current law, the proposal increased the amount up to \$100 for a family with one child or up to \$200 for a family with two or more children. This will send an estimated additional \$34 million in assigned support directly to approximately 160,000 low-income California families and reduce annual general fund revenue by an estimated \$17 million in SFY 2021-22.

IMPLEMENTATION DATE:

- This premise was implemented in State Fiscal Year 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:

- Effective January 1, 2022, the cost of the current disregard of \$100 for families with one child and \$200 for families with two or more children is reported monthly on the CS 35 reports. The disregard is paid when the current monthly child support collection is distributed.
- The forecast was generated based on the most recent actual data.
- The FFP in disregard was calculated by computing federally eligible disregard collections and multiplying these by 50 percent.
- Based on the latest data, DCSS estimates \$60.6 million in disregard payments for SFY 2022-23 and 63.7 million in SFY 2023-24.

- 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 ESTIMATE:

The projection has been adjusted based on the most recent actual disregard collections.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

PASSTHROUGH PAYMENTS TO FORMERLY ASSISTED FAMILIES

DESCRIPTION:

Federal law provides states an option to pass through collections of permanently assigned arrears to formerly assisted families and waive the Federal share of recoupment, if the State passes the entire collection to the family. In state fiscal year 2020-21, the California Department of Child Support Services collected \$187 million in permanently assigned arrears on behalf of formerly assisted families, retained entirely as government recoupment of aid paid.

Senate Bill 124 amended Family Code Section 17504 to add new section 17504.2. Beginning July 1, 2023, DCSS will pass-through child support collections to formerly assisted families instead of recouping the funds. Passing these collections to formerly assisted families will boost the income of these families who may still have minor children, and low incomes.

IMPLEMENTATION DATE:

This premise was implemented in State Fiscal Year 2022-23 based on the original 2022 Budget Act.

KEY DATA/ASSUMPTIONS:

Authorizing statute: Family Code Section 17504.1, Section 17504.2 and Welfare and Institutions Code Section 11477.

METHODOLOGY:

- Basic distributed collections (assistance and non-assistance) are reported monthly on the CS 34 and CS 35 reports. Actual assistance collections received in SFY 2021-22 was \$408.7 million of which \$187 million was for formerly assisted families.
- Based on the most recent collection data, annual collection revenues are estimated to decrease by \$168 million (\$74.6 million federal and \$92.9 million state General Fund). Of the state share, approximately \$4.2 million is reimbursable to County revenues that would have been received from these collections. This change will take effect on April 1, 2024, impacting on one quarter of SFY 2023-24, with an estimated \$41.9 million (\$18.7 million federal and \$23.2 million state general fund) being pass-through to formerly assisted families in SFY 2023-24. Of the state share approximately \$1 million is reimbursable to the County.
- Full pass-through on currently assisted cases is subject to a determination in the spring of 2024 that the General Fund can support these policies over the multi-year forecast.

FUNDING:

- Federal Government through waiver of the federal share of recoupment as stated in 42 USC § 657(a)(6)(A). The costs are reflected in the California Department of Social Services budget as additional TANF MOE expenditures.

- DCSS will cover the county share of these collections with state general funds, ensuring the counties are held harmless, and continue to receive their share of child support collections recoupment.
- 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 ESTIMATE:

The estimated was updated based on the most recent data.

REASON FOR YEAR-TO-YEAR CHANGE:

The implementation date was changed from July 2023 to April 2024. Therefore, the estimate has been updated to reflect one quarter (April-June 2024) of passthrough to formerly assisted families in SFY 2023-24.

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. 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 SFY 2020-21 actual collection data.
- 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 56.2 percent for the period of July 1, 2021 through March 31, 2023. The enhanced FMAP will gradually decrease from April 1, 2023 through December 31, 2023, and will return to the normal 50% sharing ratio January 1, 2024. (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 \$7,721,000 for State Fiscal year 2022-23 and \$7,158,000 for SFY 2023-24.

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 ESTIMATE:

The estimate has been updated based on the latest data and trends and the extension of enhanced FMAP ratio from September 2022 to March 31, 2023.

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate has been updated based on the latest data and trends. It also reflects reductions in child support recoupment for Pass Through of Assigned Arrears Collections to Formerly Assisted Families.

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.

Effective October 1, 2019, the administrative service fee increased to \$35 and the disbursement threshold to \$550.

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) made 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.

METHODOLOGY:

- The number of never assisted cases assessed the fee is multiplied by \$35 to compute the total fees. Fees collected will be remitted to the State General Fund.
- Based on the latest data, the estimated never assisted fee recovery will be \$4.4 million in SFY 2022-23 and SFY 2023-24.

FUNDING:

The \$35 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 ESTIMATE:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

DISCONTINUED PREMISES

CHILD SUPPORT PROGRAM COSTS:

Section 1115 Grant (Procedural justice Informed Alternative to Contempt)

CHILD SUPPORT PROGRAM COLLECTIONS:

None

APPENDIX A – FEDERAL MEDICAL ASSISTANCE PERCENTAGE

The assistance collections are shared based on the Federal Medical Assistance Percentage (FMAP) and the nonfederal sharing ratios. The 56.2% enhanced FMAP ends March 31, 2023 and will gradually drop from April 1, 2023 through December 31 2023, and will return to the normal 50% sharing ratio on January 1, 2024.

| July 2022–March 2023 | ASSISTANCE: | ASSISTANCE: Nonfederal |
|-----------------------------|--------------------|-------------------------------|
| Federal | 56.20% | 0.00% |
| State | 41.30% | 97.50% |
| County | 2.50% | 2.50% |

| July 2022–March 2023 | FOSTER CARE: | FOSTER CARE: Nonfederal |
|-----------------------------|---------------------|--------------------------------|
| Federal | 56.20% | 0.00% |
| State | 13.80% | 40.00% |
| County | 30.00% | 60.00% |

| July 2022–March 2023 | KinGAP: | KinGAP: Nonfederal |
|-----------------------------|----------------|---------------------------|
| Federal | 56.20% | 0.00% |
| State | 30.61% | 79.00% |
| County | 10.50% | 21.00% |

| April 2023–June 2023 | ASSISTANCE: | ASSISTANCE: Nonfederal |
|-----------------------------|--------------------|-------------------------------|
| Federal | 55.00% | 0.00% |
| State | 42.50% | 97.50% |
| County | 2.50% | 2.50% |

| April 2023–June 2023 | FOSTER CARE: | FOSTER CARE: Nonfederal |
|-----------------------------|---------------------|--------------------------------|
| Federal | 55.00% | 0.00% |
| State | 15.00% | 40.00% |
| County | 30.00% | 60.00% |

| April 2023–June 2023 | KinGAP: | KinGAP: Nonfederal |
|-----------------------------|----------------|---------------------------|
| Federal | 55.00% | 0.00% |
| State | 34.50% | 79.00% |
| County | 10.50% | 21.00% |

| July 2023–September 2023 | ASSISTANCE: | ASSISTANCE: Nonfederal |
|---------------------------------|--------------------|-------------------------------|
| Federal | 52.50% | 0.00% |
| State | 45.00% | 97.50% |
| County | 2.50% | 2.50% |

| July 2023–September 2023 | FOSTER CARE: | FOSTER CARE: Nonfederal |
|---------------------------------|---------------------|--------------------------------|
| Federal | 52.50% | 0.00% |
| State | 17.50% | 40.00% |
| County | 30.00% | 60.00% |

| July 2023–September 2023 | KinGAP: | KinGAP: Nonfederal |
|---------------------------------|----------------|---------------------------|
| Federal | 52.50% | 0.00% |
| State | 37.00% | 79.00% |
| County | 10.50% | 21.00% |

| October 2023–December 2023 | ASSISTANCE: | ASSISTANCE: Nonfederal |
|-----------------------------------|--------------------|-------------------------------|
| Federal | 52.50% | 0.00% |
| State | 45.00% | 97.50% |
| County | 2.50% | 2.50% |

| October 2023–December 2023 | FOSTER CARE: | FOSTER CARE: Nonfederal |
|-----------------------------------|---------------------|--------------------------------|
| Federal | 52.50% | 0.00% |
| State | 17.50% | 40.00% |
| County | 30.00% | 60.00% |

| October 2023–December 2023 | KinGAP: | KinGAP: Nonfederal |
|-----------------------------------|----------------|---------------------------|
| Federal | 52.50% | 0.00% |
| State | 37.00% | 79.00% |
| County | 10.50% | 21.00% |

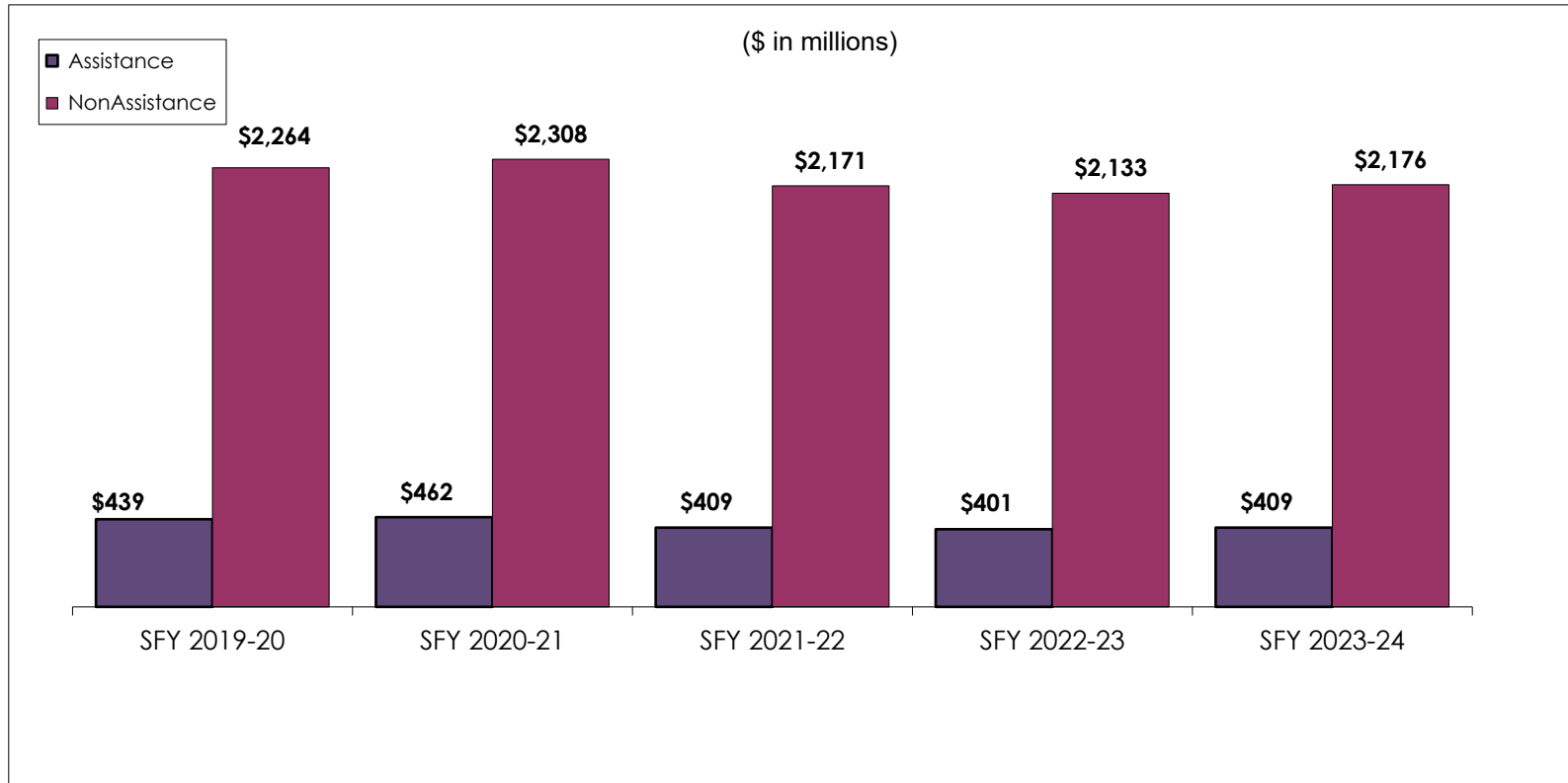
| January 2024–June 2024 | ASSISTANCE: | ASSISTANCE: Nonfederal |
|-------------------------------|--------------------|-------------------------------|
| Federal | 50.00% | 0.00% |
| State | 47.50% | 97.50% |
| County | 2.50% | 2.50% |

| January 2024–June 2024 | FOSTER CARE: | FOSTER CARE: Nonfederal |
|-------------------------------|---------------------|--------------------------------|
| Federal | 50.00% | 0.00% |
| State | 20.00% | 40.00% |
| County | 30.00% | 60.00% |

| January 2024–June 2024 | KinGAP: | KinGAP: Nonfederal |
|-------------------------------|----------------|---------------------------|
| Federal | 50.00% | 0.00% |
| State | 39.50% | 79.00% |
| County | 10.50% | 21.00% |

TOTAL DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2019-20 through 2023-24

Child support distributed collections are projected to total \$2.58 billion in State Fiscal Year (SFY) 2023-24. The chart below reflects actual and projected Total Distributed Collections for Assistance and Non-Assistance and the year-to-year change by State Fiscal Year. Dollars are displayed in millions.

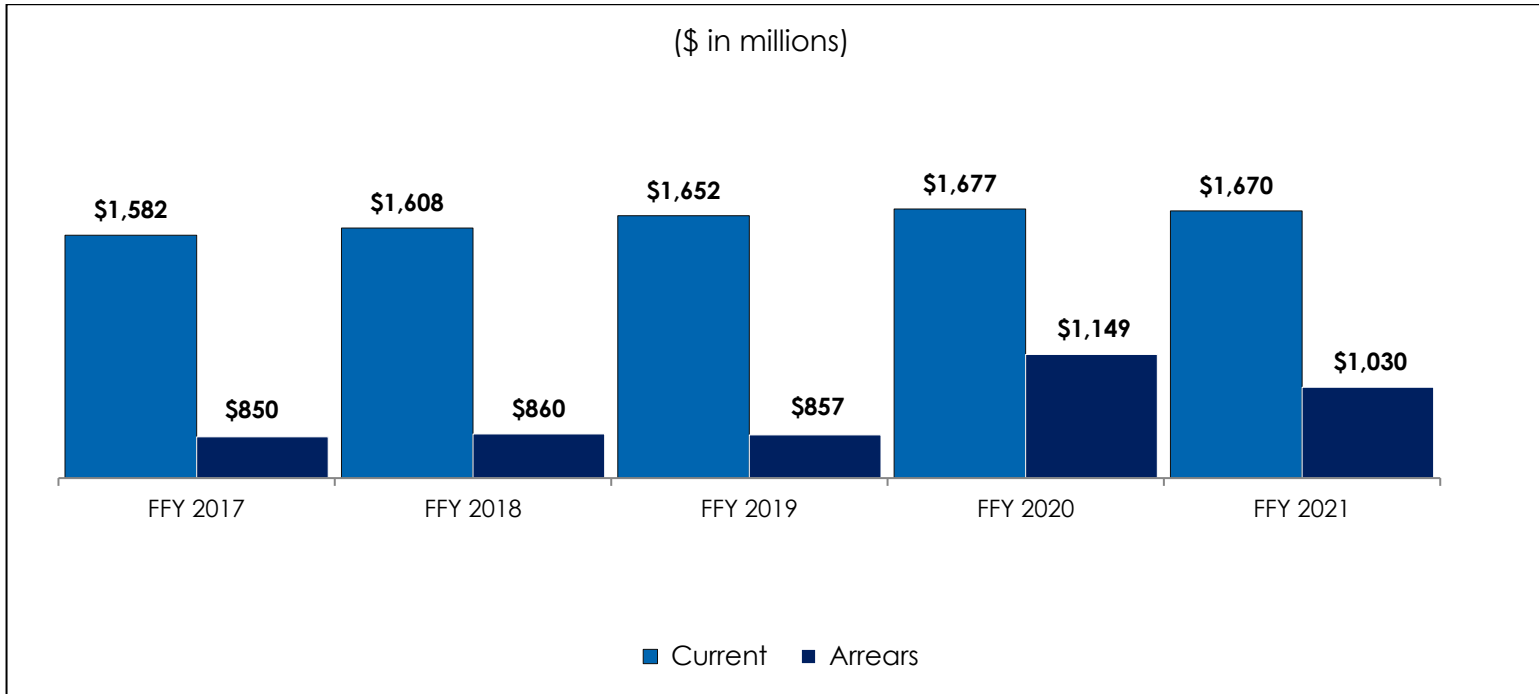


| Distributed Collections in Millions | SFY 2019-20 | SFY 2020-21 | SFY 2021-22 | SFY 2022-23 | SFY 2023-24 |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Total \$ | \$2,716 | \$2,770 | \$2,580 | \$2,533 | \$2,585 |
| % Change | 8.5% | 2.0% | -6.9% | -1.8% | 2.1% |
| \$ Change | \$214 | \$54 | \$(190) | \$(47) | \$52 |

Source: The collections data for SFY 2019-20 through SFY 2021-22 is from the Child Support 34 and Child Support 35 reports. The SFY 2022-23 through SFY 2023-24 projections are based on the most recent data.

TOTAL DISTRIBUTED COLLECTIONS FOR FEDERAL FISCAL YEARS 2014 through 2021

The chart below reflects the Total Distributed Collections as Current and Arrears Support by Federal Fiscal Year (FFY). Child Support distributed collections have grown from \$2.4 billion in FFY 2017 to \$2.7 billion in FFY 2021. Dollars are displayed in millions.



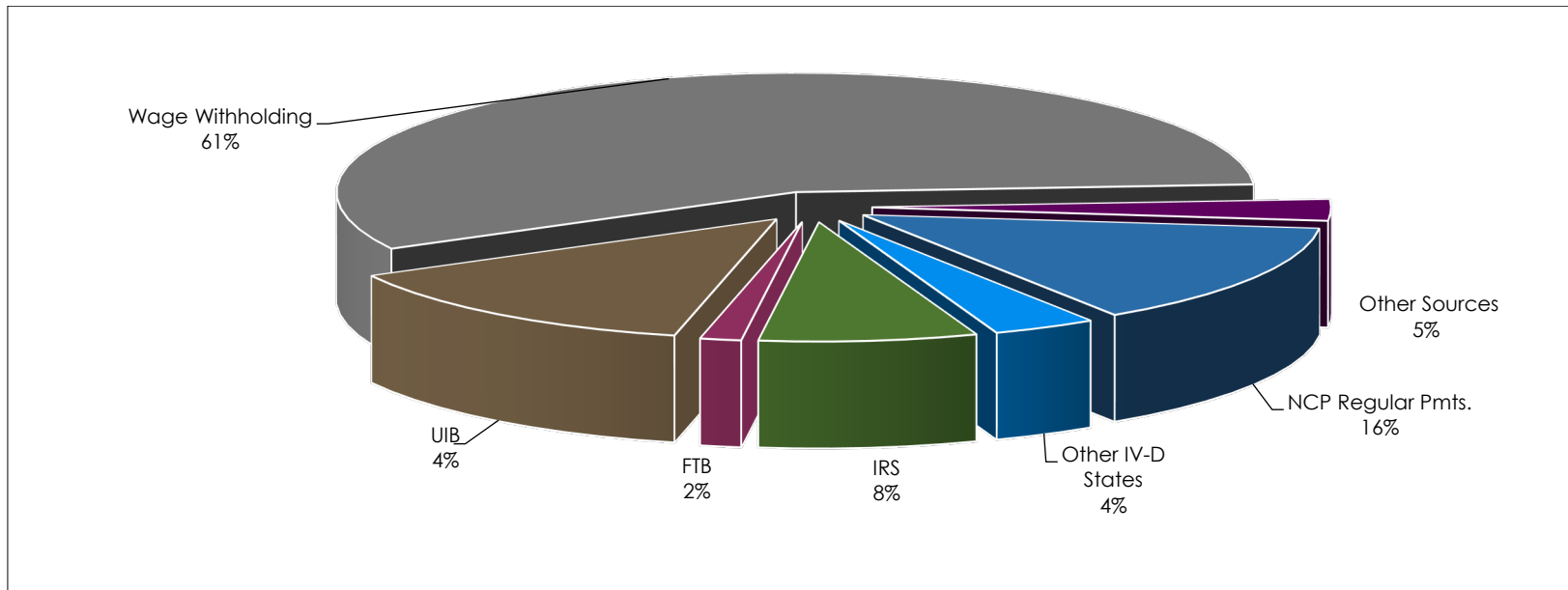
| Distributed Collections in Millions | FFY 2017 | FFY 2018 | FFY 2019 | FFY 2020 | FFY 2021 |
|-------------------------------------|----------|----------|----------|----------|----------|
| Total \$ | \$2,431 | \$2,468 | \$2,509 | \$2,826 | \$2,700 |
| % Change | 1.2% | 1.5% | 1.7% | 12.6% | -4.4% |
| \$ Change | \$28 | \$36 | \$42 | \$316 | \$(126) |

Source: The collections data for FFY 2017 through FFY 2021 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).

TOTAL COLLECTIONS RECEIVED BY SOURCE FOR STATE FISCAL YEAR 2021-22

Total child support collections received for State Fiscal Year (SFY) 2021-22 were \$2.6 billion. Collections sources include:

- Wage Withholding totaled \$1.6 billion (61 percent)
- Noncustodial Parent (NCP) Regular Payments totaled \$417.8 million (16 percent)
- Internal Revenue Service (IRS) Federal income tax refund offsets totaled \$201.2 million (8 percent)
- Other Sources¹ totaled \$119.4 million (5 percent)
- Other Jurisdictions² totaled \$91 million (4 percent)
- Unemployment Insurance Benefits (UIB) offsets totaled \$99.2 million (4 percent)
- Franchise Tax Board's (FTB) State income tax refund offsets totaled \$49.1 million (2 percent)



Source: Child Support 34 and Child Support 35 reports.

¹Includes, but is not limited to, Liens, Workers' Compensation, Disability Insurance Benefits, California Insurance Intercepts, and Financial Data Institution Match (FIDM).

²Includes collections from tribes, other states, and countries

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 (In FFY 2022 California ranked 7th Nationwide)

Minimum threshold: 50% + 2 - 6% increase annually if under 90% California's Performance:

| | | | | | | | | | |
|----------|--------|----------|--------|----------|--------|----------|--------|----------|--------|
| FFY 2002 | 77.5% | FFY 2003 | 87.0% | FFY 2004 | 87.6% | FFY 2005 | 86.0% | FFY 2006 | 90.3% |
| FFY 2007 | 91.3% | FFY 2008 | 94.2% | FFY 2009 | 97.3% | FFY 2010 | 88.6% | FFY 2011 | 92.2% |
| FFY 2012 | 98.4% | FFY 2013 | 100.5% | FFY 2014 | 101.2% | FFY 2015 | 102.0% | FFY 2016 | 101.7% |
| FFY 2017 | 101.4% | FFY 2018 | 101.8% | FFY 2019 | 101.5% | FFY 2020 | 100.6% | FFY 2021 | 100.8% |
| FFY 2022 | 104.2% | | | | | | | | |

Statewide PEP (In FFY 2022 California ranked 11th Nationwide)

Minimum threshold: 50% + 2 - 6% increase annually if under 90% California's Performance:

| | | | | | | | | | |
|----------|--------|----------|--------|----------|--------|----------|--------|----------|--------|
| FFY 2002 | 108.7% | FFY 2003 | 105.9% | FFY 2004 | 117.6% | FFY 2005 | 106.5% | FFY 2006 | 109.9% |
| FFY 2007 | 106.7% | FFY 2008 | 101.4% | FFY 2009 | 103.4% | FFY 2010 | 102.6% | FFY 2011 | 107.0% |
| FFY 2012 | 101.6% | FFY 2013 | 98.6% | FFY 2014 | 98.2% | FFY 2015 | 98.0% | FFY 2016 | 98.6% |
| FFY 2017 | 94.3% | FFY 2018 | 93.6% | FFY 2019 | 93.8% | FFY 2020 | 88.6% | FFY 2021 | 94.5% |
| FFY 2022 | 94.4% | | | | | | | | |

2. Percent of Cases with a Child Support Order (In FFY 2022 California ranked 15th Nationwide)

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 2002 | 75.3% | FFY 2003 | 76.4% | FFY 2004 | 78.1% | FFY 2005 | 80.3% | FFY 2006 | 80.6% |
| FFY 2007 | 82.1% | FFY 2008 | 80.2% | FFY 2009 | 78.8% | FFY 2010 | 82.5% | FFY 2011 | 85.8% |
| FFY 2012 | 87.9% | FFY 2013 | 89.0% | FFY 2014 | 89.2% | FFY 2015 | 89.4% | FFY 2016 | 90.4% |
| FFY 2017 | 91.2% | FFY 2018 | 91.6% | FFY 2019 | 92.1% | FFY 2020 | 92.1% | FFY 2021 | 92.8% |
| FFY 2022 | 90.7% | | | | | | | | |

3. Current Collections Performance (In FFY 2022 California ranked 28th Nationwide)

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 2002 | 42.4% | FFY 2003 | 45.2% | FFY 2004 | 48.0% | FFY 2005 | 49.3% | FFY 2006 | 50.4% |
| FFY 2007 | 51.5% | FFY 2008 | 52.8% | FFY 2009 | 53.4% | FFY 2010 | 56.0% | FFY 2011 | 58.6% |
| FFY 2012 | 61.4% | FFY 2013 | 63.3% | FFY 2014 | 64.9% | FFY 2015 | 66.5% | FFY 2016 | 67.0% |
| FFY 2017 | 66.5% | FFY 2018 | 66.5% | FFY 2019 | 66.6% | FFY 2020 | 66.5% | FFY 2021 | 66.5% |
| FFY 2022 | 63.1% | | | | | | | | |

4. Arrearage Collections Performance (In FFY 2022 California ranked 21st Nationwide)

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 2002 | 54.9% | FFY 2003 | 55.4% | FFY 2004 | 54.9% | FFY 2005 | 56.0% | FFY 2006 | 56.5% |
| FFY 2007 | 57.1% | FFY 2008 | 59.1% | FFY 2009 | 59.4% | FFY 2010 | 60.3% | FFY 2011 | 61.6% |
| FFY 2012 | 63.5% | FFY 2013 | 65.1% | FFY 2014 | 65.8% | FFY 2015 | 66.2% | FFY 2016 | 66.7% |
| FFY 2017 | 66.4% | FFY 2018 | 66.8% | FFY 2019 | 66.7% | FFY 2020 | 78.7% | FFY 2021 | 74.5% |
| FFY 2022 | 67.3% | | | | | | | | |

5. Cost Effectiveness Performance Level (In FFY 2022 California ranked 49th Nationwide)

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 2002 | \$2.23 | FFY 2003 | \$2.31 | FFY 2004 | \$2.12 | FFY 2005 | \$2.15 | FFY 2006 | \$2.03 |
| FFY 2007 | \$2.01 | FFY 2008 | \$1.96 | FFY 2009 | \$2.10 | FFY 2010 | \$2.38 | FFY 2011 | \$2.29 |
| FFY 2012 | \$2.47 | FFY 2013 | \$2.54 | FFY 2014 | \$2.43 | FFY 2015 | \$2.51 | FFY 2016 | \$2.51 |
| FFY 2017 | \$2.52 | FFY 2018 | \$2.52 | FFY 2019 | \$2.51 | FFY 2020 | \$2.74 | FFY 2021 | \$2.68 |
| FFY 2022 | \$2.46 | | | | | | | | |

*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 grant⁴⁸

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 July 2018 through June 2022 were used to construct a 48 month linear regression model to forecast the annual Non IV-D collections amounts for SFY 2022-23 and SFY 2023-24.
- Based on the latest collections data, DCSS estimates Non IV-D collections of \$124,079,662 in SFY 2022-23 and \$108,829,939 in SFY 2023-24.

FUNDING:

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

CHANGE FROM NOVEMBER ESTIMATE:

The change reflects updated projections using the most recent 48 months of data.

REASON FOR YEAR-TO-YEAR CHANGE:

The 48-month trend is projecting a decrease in SFY 2023-24.

NON IV-D COLLECTION TABLE SUMMARY

*Dollars in thousands.

| PROGRAM ITEM | 2022-23 Enacted Budget | 2022-23 November Estimate | 2023-24 Governor's Budget | 2022-23 May Revision | 2023-24 May Revision |
|--|---------------------------------------|--|--|-------------------------------------|-------------------------------------|
| NON IV-D COLLECTION TABLE SUMMARY | 127,190 | 124,865 | 110,519 | 124,080 | 108,930 |