

## **Analysis of Budget Request**

**Appropriation:** 120 - Child Support Enforcement - Operations

**Funding Sources:** MCE - Child Support Enforcement Fund

The Office of Child Support Enforcement (OCSE) is a federal/state effort to collect child support from non-custodial parents. OCSE establishes and enforces orders to collect child support. The Agency determines on a case-by-case basis which of the following services will be utilized:

- Locating the non-custodial parent
- Establishing paternity
- Establishing, modifying, and terminating support/medical obligations
- Collecting and disbursing support obligations
- Enforcing delinquent child support obligations

Funding for this appropriation consists of a combination of federal funds (66%), general revenue, fees, federal incentive payments, and state share of Temporary Assistance for Needy Families (TANF) collections (34%). Currently 55% of the Agency's budget is personnel related costs with the remaining 45% operating expenses.

The FY09 budget amount of \$58,413,111 consists of Regular Salaries and Personal Services Matching for 822 positions, 15 Extra Help positions, Operating Expenses, Conference & Travel Expenses, Professional Fees, Capital Outlay and Data Processing and Equipment Expenses.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study as well as the recommendation for the DFA OCSE Administrator transition from an unclassified to a classified position. Salaries are adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency is requesting over Base Level the following for each year of the biennium:

- Restoration of 54 currently authorized positions to maintain normal operations to ensure services continue at the current level without interruption and so hiring delays are not experienced throughout the Agency due to normal employee turnover;
- Reallocation of \$500,000 from Professional Fees to Operating Expenses due to changes in Procurement Regulations that certain professional services now considered technical contracts are expensed from Operating Expenses; and
- Restore \$100,000 in Capital Outlay to the current authorized level to replace equipment that is beyond repair, becomes obsolete or is too expensive to maintain.

Current funding levels will sufficiently cover the Agency Request.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation. Due to the passage of Amendment 86 requiring annual sessions, the Legislative Recommendation is to discontinue Special Language provisions for carry forward of appropriation.

## Appropriation Summary

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**Funding Sources:** MCE - Child Support Enforcement Fund

| Commitment Item                    |         | 2007-2008         | 2008-2009         | 2008-2009         | 2009-2010         |                   |                   | 2010-2011         |                   |                   |
|------------------------------------|---------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                    |         | Actual            | Budget            | Authorized        | Agency            | Executive         | Legislative       | Agency            | Executive         | Legislative       |
| Regular Salaries                   | 5010000 | 22,409,423        | 23,923,389        | 24,128,987        | 27,191,997        | 27,191,997        | 27,191,997        | 27,815,430        | 27,815,430        | 27,815,430        |
| <b>#Positions</b>                  |         | <b>864</b>        | <b>822</b>        | <b>876</b>        | <b>876</b>        | <b>876</b>        | <b>876</b>        | <b>876</b>        | <b>876</b>        | <b>876</b>        |
| Extra Help                         | 5010001 | 42,456            | 100,000           | 100,000           | 100,000           | 100,000           | 100,000           | 100,000           | 100,000           | 100,000           |
| <b>#Extra Help</b>                 |         | <b>15</b>         | <b>15</b>         | <b>15</b>         | <b>15</b>         | <b>15</b>         | <b>15</b>         | <b>15</b>         | <b>15</b>         | <b>15</b>         |
| Personal Services Matching         | 5010003 | 8,332,237         | 7,855,585         | 8,997,038         | 9,565,652         | 9,565,652         | 9,565,652         | 9,682,352         | 9,682,352         | 9,682,352         |
| Operating Expenses                 | 5020002 | 12,535,958        | 14,035,654        | 14,035,654        | 14,535,654        | 14,535,654        | 14,535,654        | 14,535,654        | 14,535,654        | 14,535,654        |
| Conference & Travel Expenses       | 5050009 | 18,017            | 50,000            | 50,000            | 50,000            | 50,000            | 50,000            | 50,000            | 50,000            | 50,000            |
| Professional Fees                  | 5060010 | 199,078           | 1,000,000         | 1,000,000         | 500,000           | 500,000           | 500,000           | 500,000           | 500,000           | 500,000           |
| Data Processing                    | 5090012 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| Capital Outlay                     | 5120011 | 56,593            | 100,000           | 100,000           | 100,000           | 100,000           | 100,000           | 100,000           | 100,000           | 100,000           |
| Data Processing and Equipment Expe | 5900046 | 10,855,400        | 11,348,483        | 11,348,483        | 11,348,483        | 11,348,483        | 11,348,483        | 11,348,483        | 11,348,483        | 11,348,483        |
| <b>Total</b>                       |         | <b>54,449,162</b> | <b>58,413,111</b> | <b>59,760,162</b> | <b>63,391,786</b> | <b>63,391,786</b> | <b>63,391,786</b> | <b>64,131,919</b> | <b>64,131,919</b> | <b>64,131,919</b> |

| Funding Sources                |         |                   |                   |  |                   |                   |                   |                   |                   |                   |
|--------------------------------|---------|-------------------|-------------------|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Fund Balance                   | 4000005 | 10,373,856        | 8,233,979         |  | 6,485,801         | 6,485,801         | 6,485,801         | 3,873,404         | 3,873,404         | 3,873,404         |
| General Revenue                | 4000010 | 13,014,933        | 13,014,933        |  | 13,014,933        | 13,014,933        | 13,014,933        | 13,014,933        | 13,014,933        | 13,014,933        |
| Federal Revenue                | 4000020 | 27,673,017        | 32,800,000        |  | 35,000,000        | 35,000,000        | 35,000,000        | 36,000,000        | 36,000,000        | 36,000,000        |
| Non-Revenue Receipts           | 4000040 | 11,620,646        | 10,850,000        |  | 12,764,456        | 12,764,456        | 12,764,456        | 12,799,820        | 12,799,820        | 12,799,820        |
| M & R Sales                    | 4000340 | 639               | 0                 |  | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| <b>Total Funding</b>           |         | <b>62,683,091</b> | <b>64,898,912</b> |  | <b>67,265,190</b> | <b>67,265,190</b> | <b>67,265,190</b> | <b>65,688,157</b> | <b>65,688,157</b> | <b>65,688,157</b> |
| Excess Appropriation/(Funding) |         | (8,233,929)       | (6,485,801)       |  | (3,873,404)       | (3,873,404)       | (3,873,404)       | (1,556,238)       | (1,556,238)       | (1,556,238)       |
| <b>Grand Total</b>             |         | <b>54,449,162</b> | <b>58,413,111</b> |  | <b>63,391,786</b> | <b>63,391,786</b> | <b>63,391,786</b> | <b>64,131,919</b> | <b>64,131,919</b> | <b>64,131,919</b> |

Special Language allows for carry forward of the Data Processing & Equipment Expenses line item from FY08 to FY09; \$493,082.93.