

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

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TO: RECIPIENTS OF THE DCSS 2021-22 GOVERNOR'S BUDGET ESTIMATE

FROM: MATHEW MACY, Budget Manager
Budget Support Section

DATE: January 10, 2021

SUBJECT: DEPARTMENT OF CHILD SUPPORT SERVICES ESTIMATES

This memorandum transmits the 2021-22 Governor's Budget estimates for the Department of Child Support Services (DCSS).

The 2021-22 Governor's Budget Estimate presents department and local child support agency administrative and automation costs, as well as child support collections and revenues for State Fiscal Years (SFY) 2020-21 and 2021-22.

The total costs for local assistance are estimated to be \$852.4 million (\$263.6 million State General Fund (SGF)) for SFY 2020-21 and \$871.5 million (\$270.4 million SGF) for SFY 2021-22. Total distributed child support collections and revenues are projected to be \$2.74 billion (\$200 million SGF) for SFY 2020-21 and \$2.57 billion (\$164.4 million SGF) for SFY 2021-22.

Also included is an Auxiliary Tables section that consists of charts reflecting historical and projected data on child support collections, federal performance measures, and State Disbursement Unit transactions. For your convenience, a list of acronyms is included in the Premise Methodologies section.

The material contained in the November 2020 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 2021-22
BUDGET**

AND

**LOCAL ASSISTANCE
ADMINISTRATIVE COSTS AND
COLLECTIONS ESTIMATES**

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COST TABLE 1
Comparison of the 2020-21 Enacted Budget to the 2020-21 November Estimate
(in thousands)

	2020-21 ENACTED BUDGET			ADJUSTMENTS			2020-21 NOVEMBER ESTIMATE							
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.				
CHILD SUPPORT PROGRAM COSTS¹	1,021,447	692,744	314,980	13,600	123	1,327	953	374	0	1,022,774	693,697	315,354	13,600	123
1 STATE OPERATIONS²	173,939	120,884	52,932	0	123	-3,543	-2,338	-1,205	0	170,396	118,546	51,727	0	123
Item 5175-001	105,886	71,601	34,162	0	123	-3,543	-2,338	-1,205	0	102,343	69,263	32,957	0	123
Item 5175-002 - Internal & External Contracts	68,053	49,283	18,770	0	0	0	0	0	0	68,053	49,283	18,770	0	0
2 LOCAL ASSISTANCE	847,508	571,860	262,048	13,600	0	4,870	3,291	1,579	0	852,378	575,151	263,627	13,600	0
Child Support Services	702,529	426,881	262,048	13,600	0	-62,741	-64,320	1,579	0	639,788	362,561	263,627	13,600	0
Child Support Collections Recovery Fund	144,979	144,979	0	0	0	67,611	67,611	0	0	212,590	212,590	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	773,671	523,155	236,916	13,600	0	4,870	3,291	1,579	0	778,541	526,446	238,495	13,600	0
Local Child Support Agency Basic Costs Administration	766,004	519,934	232,470	13,600	0	886	886	0	0	766,890	520,820	232,470	13,600	0
Federal Performance Basic Incentives	664,364	438,264	226,100	0	0	0	0	0	0	664,364	438,264	226,100	0	0
County Match for Administration	42,905	42,905	0	0	0	886	886	0	0	43,791	43,791	0	0	0
Revenue Stabilization	40,000	26,400	0	13,600	0	0	0	0	0	40,000	26,400	0	13,600	0
Internal Revenue Services Intercept Fees	18,735	12,365	6,370	0	0	0	0	0	0	18,735	12,365	6,370	0	0
Deficit Reduction Act - Mandatory Fee	2,213	1,460	753	0	0	4,096	2,704	1,392	0	6,309	4,164	2,145	0	0
Section 1115 Grant (Procedural Justice Informed Alternative to Contempt)	3,693	0	3,693	0	0	187	0	187	0	3,880	0	3,880	0	0
Section 1115 Grant (Using Digital Marketing to Increase Participation)	431	431	0	0	0	221	221	0	0	652	652	0	0	0
Section 1115 Grant (Intergovernmental Case Processing Innovation Demo)	1,000	1,000	0	0	0	-520	-520	0	0	480	480	0	0	0
	330	330	0	0	0	0	0	0	0	330	330	0	0	0
2b LOCAL ASSISTANCE AUTOMATION	73,837	48,705	25,132	0	0	0	0	0	0	73,837	48,705	25,132	0	0
California Child Support Automation System - SDU	14,966	9,878	5,088	0	0	0	0	0	0	14,966	9,878	5,088	0	0
California Child Support Automation System - CSE	58,871	38,827	20,044	0	0	0	0	0	0	58,871	38,827	20,044	0	0

Notes:

¹ Child Support Program Total Costs minus county funds equals total enacted budget.

² State Operations Administration adjustments reflect augmentations for Employee Compensation, Retirement and SWCAP.

COST TABLE 2
Comparison of the 2020-21 Enacted Budget to the 2021-22 Governor's Budget
(in thousands)

	2020-21 ENACTED BUDGET			ADJUSTMENTS			2021-22 GOVERNOR'S BUDGET								
	Total	Federal	State	Total	Federal	State	Total	Federal	State						
CHILD SUPPORT PROGRAM COSTS ¹	1,021,447	692,744	314,980	13,600	123	53,935	35,875	18,060	0	0	1,075,382	728,619	333,040	13,600	123
1 STATE OPERATIONS ²	173,939	120,884	52,932	0	123	29,947	20,264	9,683	0	0	203,886	141,148	62,615	0	123
Item 5175-001	105,886	71,601	34,162	0	123	17,947	12,344	5,603	0	0	123,833	83,945	39,765	0	123
Item 5175-002 - Internal & External Contracts	68,053	49,283	18,770	0	0	12,000	7,920	4,080	0	0	80,053	57,203	22,850	0	0
2 LOCAL ASSISTANCE	847,508	571,860	262,048	13,600	0	23,988	15,611	8,377	0	0	871,496	587,471	270,425	13,600	0
Child Support Services	702,529	426,881	262,048	13,600	0	11,520	3,143	8,377	0	0	714,049	430,024	270,425	13,600	0
Child Support Collections Recovery Fund	144,979	144,979	0	0	0	12,468	12,468	0	0	0	157,447	157,447	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	773,671	523,155	236,916	13,600	0	24,788	16,111	8,677	0	0	798,459	539,266	245,593	13,600	0
Local Child Support Agency Basic Costs	766,004	519,934	232,470	13,600	0	26,170	17,680	8,490	0	0	792,174	537,614	240,960	13,600	0
Administration	664,364	438,264	226,100	0	0	24,971	16,481	8,490	0	0	689,335	454,745	234,590	0	0
Federal Performance Basic Incentives	42,905	42,905	0	0	0	1,199	1,199	0	0	0	44,104	44,104	0	0	0
County Match for Administration	40,000	26,400	0	13,600	0	0	0	0	0	0	40,000	26,400	0	13,600	0
Revenue Stabilization	18,735	12,365	6,370	0	0	0	0	0	0	0	18,735	12,365	6,370	0	0
Internal Revenue Services Intercept Fees	2,213	1,460	753	0	0	0	0	0	0	0	2,213	1,460	753	0	0
Deficit Reduction Act - Mandatory Fee	3,693	0	3,693	0	0	187	0	187	0	0	3,880	0	3,880	0	0
Section 1115 Grant (Procedural Justice Informed Alternative to Contempt)	431	431	0	0	0	-334	-334	0	0	0	97	97	0	0	0
Section 1115 Grant (Using Digital Marketing to Increase Participation)	1,000	1,000	0	0	0	-1,000	-1,000	0	0	0	0	0	0	0	0
Section 1115 Grant (Intergovernmental Case Processing Innovation Demo)	330	330	0	0	0	-235	-235	0	0	0	95	95	0	0	0
2b LOCAL ASSISTANCE AUTOMATION	73,837	48,705	25,132	0	0	-800	-500	-300	0	0	73,037	48,205	24,832	0	0
California Child Support Automation System - SDU	14,966	9,878	5,088	0	0	0	0	0	0	0	14,966	9,878	5,088	0	0
California Child Support Automation System - CSE	58,871	38,827	20,044	0	0	-800	-500	-300	0	0	58,071	38,327	19,744	0	0

Notes:

¹ Child Support Program Total Costs minus county funds equals total enacted budget.

² State Operations Administration adjustments reflect augmentations for Employee Compensation, Retirement, and SWCAP.

COST TABLE 3
Comparison of the 2020-21 November Estimate to the 2021-22 Governor's Budget
(in thousands)

	2020-21 NOVEMBER ESTIMATE			ADJUSTMENTS			2021-22 GOVERNOR'S BUDGET								
	Total	Federal	State	County	Reimb.	Total	Federal	State	County	Reimb.					
CHILD SUPPORT PROGRAM COSTS¹	1,022,774	693,697	315,354	13,600	123	52,608	34,922	17,686	0	0	1,075,382	728,619	333,040	13,600	123
1 STATE OPERATIONS²	170,396	118,546	51,727	0	123	33,490	22,602	10,888	0	0	203,886	141,148	62,615	0	123
Item 5175-001	102,343	69,263	32,967	0	123	21,490	14,682	6,808	0	0	123,833	83,945	39,765	0	123
Item 5175-002 - Internal & External Contracts	68,053	49,283	18,770	0	0	12,000	7,920	4,080	0	0	80,053	57,203	22,850	0	0
2 LOCAL ASSISTANCE	852,378	575,151	263,627	13,600	0	19,118	12,320	6,798	0	0	871,496	587,471	270,425	13,600	0
Child Support Services	639,788	362,561	263,627	13,600	0	74,261	67,463	6,798	0	0	714,049	430,024	270,425	13,600	0
Child Support Collections Recovery Fund	212,590	212,590	0	0	0	-55,143	-55,143	0	0	0	157,447	157,447	0	0	0
2a LOCAL ASSISTANCE ADMINISTRATION	778,541	526,446	238,495	13,600	0	19,918	12,820	7,098	0	0	798,459	539,266	245,593	13,600	0
Local Child Support Agency Basic Costs	766,890	520,820	232,470	13,600	0	25,284	16,794	8,490	0	0	792,174	537,614	240,960	13,600	0
Administration	664,364	438,264	226,100	0	0	24,971	16,481	8,490	0	0	689,335	454,745	234,590	0	0
Federal Performance Basic Incentives	43,791	43,791	0	0	313	0	0	0	0	0	44,104	44,104	0	0	0
County Match for Administration	40,000	26,400	0	13,600	0	0	0	0	0	0	40,000	26,400	0	13,600	0
Revenue Stabilization	18,735	12,365	6,370	0	0	0	0	0	0	0	18,735	12,365	6,370	0	0
Internal Revenue Services Intercept Fees	6,309	4,164	2,145	0	0	-4,096	-2,704	-1,392	0	0	2,213	1,460	753	0	0
Deficit Reduction Act - Mandatory Fee	3,880	0	3,880	0	0	0	0	0	0	0	3,880	0	3,880	0	0
Section 1115 Grant (Procedural Justice Informed Alternative to Contempt)	652	652	0	0	0	-555	-555	0	0	0	97	97	0	0	0
Section 1115 Grant (Using Digital Marketing to Increase Participation)	480	480	0	0	0	-480	-480	0	0	0	0	0	0	0	0
Section 1115 Grant (Intergovernmental Case Processing Innovation Demo)	330	330	0	0	0	-235	-235	0	0	0	95	95	0	0	0
2b LOCAL ASSISTANCE AUTOMATION	73,837	48,705	25,132	0	0	-800	-500	-300	0	0	73,037	48,205	24,832	0	0
California Child Support Automation System - SDU	14,966	9,878	5,088	0	0	0	0	0	0	0	14,966	9,878	5,088	0	0
California Child Support Automation System - CSE	58,871	38,827	20,044	0	0	-800	-500	-300	0	0	58,071	38,327	19,744	0	0

Notes:

¹ Child Support Program Total Costs minus county funds equals total enacted budget.

² State Operations Administration adjustments reflect augmentations for Employee Compensation, Retirement, and SWCAP.

REVENUES AND COLLECTIONS TABLE 1
Comparison of the 2019-20 Actuals to the 2020-21 November Estimate
(in thousands)

	2019-20 ACTUALS			ADJUSTMENTS/DIFFERENCES			2020-21 NOVEMBER ESTIMATE								
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/					
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,713,701	181,686	210,710	20,358	2,300,947	22,679	30,904	-10,673	-813	3,261	2,736,380	212,590	200,037	19,545	2,304,208
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,717,966	189,574	207,087	20,358	2,300,947	22,641	32,361	-12,168	-813	3,261	2,740,607	221,935	194,919	19,545	2,304,208
3 Child Support Assistance Collections	454,257	189,574	207,087	20,358	37,238	20,923	32,361	-12,168	-813	1,543	475,180	221,935	194,919	19,545	38,781
4 Basic Collections	401,789	182,285	199,866	19,638	0	10,089	27,121	-15,845	-1,187	0	411,878	209,406	184,021	18,451	0
5 Disregard Payments to Families	20,760	0	0	20,760	0	777	0	0	0	777	21,537	0	0	0	21,537
6 Collections for Other Jurisdictions - Assistance	4,700	0	0	4,700	0	219	0	0	0	219	4,919	0	0	0	4,919
7 Miscellaneous Collections - Assistance	11,778	0	0	11,778	0	547	0	0	0	547	12,325	0	0	0	12,325
8 Revenue Stabilization Adjustment- Assistance	15,230	7,289	7,221	720	0	9,291	5,240	3,677	374	0	24,521	12,529	10,898	1,094	0
9 Child Support NonAssistance Collections	2,263,709	0	0	0	2,263,709	1,718	0	0	0	1,718	2,265,427	0	0	0	2,265,427
10 Basic Collections	2,035,192	0	0	0	2,035,192	23,347	0	0	0	23,347	2,058,539	0	0	0	2,058,539
11 Collections for Other Jurisdictions - NonAssistance	91,229	0	0	0	91,229	69	0	0	0	69	91,298	0	0	0	91,298
12 Miscellaneous Collections - NonAssistance	3,212	0	0	0	3,212	2	0	0	0	2	3,214	0	0	0	3,214
13 Revenue Stabilization Adjustment- NonAssistance	134,076	0	0	0	134,076	-21,700	0	0	0	-21,700	112,376	0	0	0	112,376
14 REVENUES AND TRANSFERS	-4,265	-7,888	3,623	0	0	38	-1,457	1,495	0	0	-4,227	-9,345	5,118	0	0
15 Title IV-E Child Support Collections Recovery Fund	-7,888	-7,888	0	0	0	-1,457	-1,457	0	0	0	-9,345	-9,345	0	0	0
16 Never Assisted Cases Fee Recovery	3,623	0	3,623	0	0	1,495	0	1,495	0	0	5,118	0	5,118	0	0

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

REVENUES AND COLLECTIONS TABLE 2
Comparison of the 2020-21 Enacted Budget to the 2020-21 November Estimate
(in thousands)

	2020-21 ENACTED BUDGET			ADJUSTMENTS/DIFFERENCES			2020-21 NOVEMBER ESTIMATE								
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/					
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,439,980	144,979	153,431	14,805	2,126,765	296,400	67,611	46,606	4,740	177,443	2,736,380	212,590	200,037	19,545	2,304,208
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,440,055	149,934	148,551	14,805	2,126,765	300,552	72,001	46,368	4,740	177,443	2,740,607	221,935	194,919	19,545	2,304,208
3 Child Support Assistance Collections	347,502	149,934	148,551	14,805	34,212	127,678	72,001	46,368	4,740	4,569	475,180	221,935	194,919	19,545	38,781
4 Basic Collections	298,060	142,645	141,330	14,085	0	113,818	66,761	42,691	4,366	0	411,878	209,406	184,021	18,451	0
5 Disregard Payments to Families	18,232	0	0	0	18,232	3,305	0	0	0	3,305	21,537	0	0	0	21,537
6 Collections for Other Jurisdictions - Assistance	4,647	0	0	0	4,647	272	0	0	0	272	4,919	0	0	0	4,919
7 Miscellaneous Collections - Assistance	11,333	0	0	0	11,333	992	0	0	0	992	12,325	0	0	0	12,325
8 Revenue Stabilization Adjustment- Assistance	15,230	7,289	7,221	720	0	9,291	5,240	3,677	374	0	24,521	12,529	10,898	1,094	0
9 Child Support NonAssistance Collections	2,092,553	0	0	0	2,092,553	172,874	0	0	0	172,874	2,265,427	0	0	0	2,265,427
10 Basic Collections	1,864,048	0	0	0	1,864,048	194,491	0	0	0	194,491	2,058,539	0	0	0	2,058,539
11 Collections for Other Jurisdictions - NonAssistance	91,731	0	0	0	91,731	-433	0	0	0	-433	91,298	0	0	0	91,298
12 Miscellaneous Collections - NonAssistance	2,698	0	0	0	2,698	516	0	0	0	516	3,214	0	0	0	3,214
13 Revenue Stabilization Adjustment- NonAssistance	134,076	0	0	0	134,076	-21,700	0	0	0	-21,700	112,376	0	0	0	112,376
14 REVENUES AND TRANSFERS	-75	-4,955	4,880	0	0	-4,152	-4,390	238	0	0	-4,227	-9,345	5,118	0	0
15 Title IV-E Child Support Collections Recovery Fund	-4,955	-4,955	0	0	0	-4,390	-4,390	0	0	0	-9,345	-9,345	0	0	0
16 Never Assisted Cases Fee Recovery	4,880	0	4,880	0	0	238	0	238	0	0	5,118	0	5,118	0	0

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

REVENUES AND COLLECTIONS TABLE 3
Comparison of the 2020-21 Enacted Budget to the 2021-22 Governor's Budget
(in thousands)

	2020-21 ENACTED BUDGET			ADJUSTMENTS/DIFFERENCES			2021-22 GOVERNOR'S BUDGET								
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/					
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,439,980	144,979	153,431	14,805	2,126,765	131,212	12,468	10,957	1,016	106,771	2,571,192	157,447	164,388	15,821	2,233,536
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,440,055	149,934	148,551	14,805	2,126,765	132,906	14,400	10,719	1,016	106,771	2,572,961	164,334	159,270	15,821	2,233,536
3 Child Support Assistance Collections	347,502	149,934	148,551	14,805	34,212	48,505	14,400	10,719	1,016	22,370	396,007	164,334	159,270	15,821	56,582
4 Basic Collections	298,060	142,645	141,330	14,085	0	16,844	9,851	6,402	591	0	314,904	152,496	147,732	14,676	0
5 Disregard Payments to Families	18,232	0	0	18,232	0	20,305	0	0	0	20,305	38,537	0	0	0	38,537
6 Collections for Other Jurisdictions - Assistance	4,647	0	0	0	4,647	500	0	0	0	500	5,147	0	0	0	5,147
7 Miscellaneous Collections - Assistance	11,333	0	0	0	11,333	1,565	0	0	0	1,565	12,898	0	0	0	12,898
8 Revenue Stabilization Adjustment- Assistance	15,230	7,289	7,221	720	0	9,291	4,549	4,317	425	0	24,521	11,838	11,538	1,145	0
9 Child Support NonAssistance Collections	2,092,553	0	0	0	2,092,553	84,401	0	0	0	84,401	2,176,954	0	0	0	2,176,954
10 Basic Collections	1,864,048	0	0	0	1,864,048	105,945	0	0	0	105,945	1,969,993	0	0	0	1,969,993
11 Collections for Other Jurisdictions - NonAssistance	91,731	0	0	0	91,731	-363	0	0	0	-363	91,368	0	0	0	91,368
12 Miscellaneous Collections - NonAssistance	2,698	0	0	0	2,698	519	0	0	0	519	3,217	0	0	0	3,217
13 Revenue Stabilization Adjustment- NonAssistance	134,076	0	0	0	134,076	-21,700	0	0	0	-21,700	112,376	0	0	0	112,376
14 REVENUES AND TRANSFERS	-75	-4,955	4,880	0	0	-1,694	-1,932	238	0	0	-1,769	-6,887	5,118	0	0
15 Title IV-E Child Support Collections Recovery Fund	-4,955	-4,955	0	0	0	-1,932	-1,932	0	0	0	-6,887	-6,887	0	0	0
16 Never Assisted Cases Fee Recovery	4,880	0	4,880	0	0	238	0	238	0	0	5,118	0	5,118	0	0

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

REVENUES AND COLLECTIONS TABLE 4
Comparison of the 2020-21 November Estimate to the 2021-22 Governor's Budget
(in thousands)

	2020-21 NOVEMBER ESTIMATE			ADJUSTMENTS/DIFFERENCES			2021-22 GOVERNOR'S BUDGET								
	Total	Federal	State	County	Other 1/	Total	Federal	State	County	Other 1/					
1 CS REVENUES, TRANSFERS AND COLLECTIONS	2,736,380	212,590	200,037	19,545	2,304,208	-165,188	-55,143	-35,649	-3,724	-70,672	2,571,192	157,447	164,388	15,821	2,233,536
2 CHILD SUPPORT PROGRAM COLLECTIONS	2,740,607	221,935	194,919	19,545	2,304,208	-167,646	-57,601	-35,649	-3,724	-70,672	2,572,961	164,334	159,270	15,821	2,233,536
3 Child Support Assistance Collections	475,180	221,935	194,919	19,545	38,781	-79,173	-57,601	-35,649	-3,724	17,801	396,007	164,334	159,270	15,821	56,582
4 Basic Collections	411,878	209,406	184,021	18,451	0	-96,974	-66,910	-36,289	-3,775	0	314,904	152,496	147,732	14,676	0
5 Disregard Payments to Families	21,537	0	0	0	21,537	17,000	0	0	0	17,000	38,537	0	0	0	38,537
6 Collections for Other Jurisdictions - Assistance	4,919	0	0	0	4,919	228	0	0	0	228	5,147	0	0	0	5,147
7 Miscellaneous Collections - Assistance	12,325	0	0	0	12,325	573	0	0	0	573	12,898	0	0	0	12,898
8 Revenue Stabilization Adjustment- Assistance	24,521	12,529	10,898	1,094	0	0	-691	640	51	0	24,521	11,838	11,538	1,145	0
9 Child Support NonAssistance Collections	2,265,427	0	0	0	2,265,427	-88,473	0	0	0	-88,473	2,176,954	0	0	0	2,176,954
10 Basic Collections	2,058,539	0	0	0	2,058,539	-88,546	0	0	0	-88,546	1,969,993	0	0	0	1,969,993
11 Collections for Other Jurisdictions - NonAssistance	91,298	0	0	0	91,298	70	0	0	0	70	91,368	0	0	0	91,368
12 Miscellaneous Collections - NonAssistance	3,214	0	0	0	3,214	3	0	0	0	3	3,217	0	0	0	3,217
13 Revenue Stabilization Adjustment- NonAssistance	112,376	0	0	0	112,376	0	0	0	0	0	112,376	0	0	0	112,376
14 REVENUES AND TRANSFERS	-4,227	-9,345	5,118	0	0	2,458	2,458	0	0	0	-1,769	-6,887	5,118	0	0
15 Title IV-E Child Support Collections Recovery Fund	-9,345	-9,345	0	0	0	2,458	2,458	0	0	0	-6,887	-6,887	0	0	0
16 Never Assisted Cases Fee Recovery	5,118	0	5,118	0	0	0	0	0	0	0	5,118	0	5,118	0	0

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

Local Child Support Agency Basic Costs

DESCRIPTION:

This premise reflects funding for the Local Child Support Agency (LCSA) basic costs.

KEY DATA/ASSUMPTIONS:

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

METHODOLOGY:

Basic Costs:

Basic Costs are the sum of administration, federal performance basic incentives, LCSA performance improvement program, county match for administration, and revenue stabilization. The forecast for Basic Cost is \$766,890,000 for State Fiscal Year (SFY) 2020-21 and \$792,174,000 SFY 2021-22.

Administration:

LCSA administration costs include salaries and benefits of county staff as well as operating costs. LCSA are responsible for case intake, court preparation to establish paternity and support obligations, and the enforcement of support obligations, including locating absent parents. LCSA administration costs are funded at \$664,364,000 for SFY 2020-21 and \$689,335,000 for SFY 2021-22. Funding for administration is 34 percent State General Fund (SGF) and 66 percent Federal Financial Participation (FFP) matching funds.

Due to economic impacts from the COVID-19 pandemic, the 2020 Budget Act reversed the approved funding augmentation for LCSA administration and temporarily reverted LCSA funding to 2018-19 levels. DCSS estimates the statewide average case to staff ratio after the 2020-21 reductions will increase from 183:1 to 229:1. The combination of increasing staffing costs and the reversion of State funding has caused LCSAs to further reduce staffing levels. These staffing reductions negatively impact services to the public during a time when case participants need child support and medical support the most.

As a result, DCSS proposes additional funding, which prioritized the most underfunded LCSAs whose case to staffing ratios are above statewide the average, to ensure they can maintain staffing levels to provide program services to the customers they serve. The \$24.971 (\$8.49 million State General Fund) request proposed to set a temporary case-to-FTE ratio ceiling of 250:1 while California battles the COVID-19 pandemic, and until the state's financial situation recovers.

This temporary ceiling would impact and target LCSAs with the highest case to staffing ratios. Without the additional funding LCSAs plan to lay off 84 staff, hold 95 positions vacant after the employee retires, and maintain an additional 450 positions vacant due to lack of funding. As these reductions materialize, child support services to customers will deteriorate and certainly decline.

Federal Performance Basic Incentives:

Federal Performance Basic Incentive funds of \$43,791,000 for SFY 2020-21 and \$44,104,000 for SFY 2021-22 are included in LCSA Basic Costs. These numbers reflect the amount of estimated federal incentive funds available to cover LCSA administration costs. For details, refer to the Federal Performance Basic Incentives premise description.

County Match for Administration:

Included in LCSA Basic Costs are county match funds for those LCSAs that elect to supplement the program with local matching funds. For SFY 2020-21 and SFY 2021-22, 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 2020-21 and SFY 2021-22 includes an on-going augmentation of \$18,735,000 for Revenue Stabilization. For details, refer to the Revenue Stabilization premise description.

CHANGE FROM ENACTED BUDGET:

Based on the most recent data available, the Federal Performance Basic Incentives are forecasted to decrease.

REASON FOR YEAR-TO-YEAR CHANGE:

Based on the most recent data available, the Federal Performance Basic Incentives are forecasted to increase in SFY 2021-22.

EXPENDITURES:

(in thousands)

	2020-21	2021-22
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$766,890	\$792,174
Federal	520,820	537,614
State	232,470	240,960
County	13,600	13,600
Reimbursements	0	0

Federal Performance Basic Incentives

DESCRIPTION:

This premise reflects the Federal Performance Basic Incentives. Pursuant to the Child Support Performance and Incentive Act of 1998, the federal incentives passed onto Local Child Support Agencies (LCSAs) are based on the five performance measures and Data Reliability Audit compliance. California's historical performance on the Federal Performance Measures is displayed in the Auxiliary Tables section of this document (Charts A-9 through A-11).

IMPLEMENTATION DATE:

The federal performance incentive methodology was implemented October 1, 1999 and phased in over three years.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code Section 17704, Public Law (PL) 105-200.
- The federal government pays incentives based on PL 105-200 using the following criteria:

1. The State's Collection Base

The federal incentive methodology gives a weight of "2" for all distributed collections made in current, former and Medicaid assistance cases and adds Never Assisted collections to make up the state's collection base. Federal fiscal year distributed collections were taken from the Office of Child Support Enforcement Quarterly Report of Collection reports. The formula is as follows:

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

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

2. Performance Factors

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

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

- Support Orders Established =
Total Cases w/Support Orders ÷ Total Number of Cases

KEY DATA/ASSUMPTIONS (continued):

- Current Support Collected =
Total Current Support Collected ÷ Total Current Support Owed

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

- Cases Paying on Arrears =
Total Cases Paying Arrears ÷ Cases with Total Arrears Due

- Cost-Effectiveness =
Total Collections ÷ Total Expenditures

(The above two performance factors may each earn up to a performance level of 75 percent of the collection base.)

3. Data Reliability Audit

The five performance measures data that the state reports annually is required to be complete and reliable through an audit. State data must meet a 95 percent standard of reliability. Failure to meet the data reliability standard in a given performance measure by a state would result in a reduction of federal incentives and the potential issuance of a performance penalty.

4. The Incentive Base Amount

Each performance level is multiplied by the collection base for each performance factor which results in an incentive base amount.

5. Comparison with Other States

The estimated maximum base for California is divided by the estimated maximum base for all states to determine California's share of the available federal incentive pool.

6. Determining the State's Incentive Entitlement

California's percentage of the available pool, as determined in number five, is multiplied by the available federal incentive pool to determine California's entitlement to federal incentives.

KEY DATA/ASSUMPTIONS (continued):

7. The Available Federal Incentive Pool

The available pool of federal incentive funds is determined using the Consumer Price Index. Following are the statutorily set pool amounts for each Federal Fiscal Year:

Federal Fiscal Year	National Incentive Pool Available	California's Earned Performance Incentives
2014	\$547,000,000	\$39,179,540
2015	\$556,000,000	\$40,765,180
2016	\$559,000,000	\$41,167,696
2017	\$571,000,000	\$41,997,177
2018 ¹	\$583,000,000	\$42,879,780
2019 ¹	\$595,000,000	\$43,749,032
2020 ¹	\$607,000,000	\$43,790,868
2021	\$619,000,000	\$44,104,219

¹/ FFY 2018 through 2020 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 \$43,791,000 federal incentives in SFY 2020-21 and \$44,104,000 in SFY 2021-22.

FUNDING:

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

CHANGE FROM ENACTED BUDGET:

Based on the most recent data available, California's share of the national federal incentive pool is projected to decrease.

REASON FOR YEAR-TO-YEAR CHANGE:

Based on the most recent data available, California's share of the national federal incentive pool is projected to increase in SFY 2021-22.

EXPENDITURES:

(in thousands)

	2020-21	2021-22
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Federal Performance	\$43,791	\$44,104
Basic Incentives		
Federal	43,791	44,104
State	0	0
County	0	0
Reimbursements	0	0

Parentage Establishment Program (AB 2684)

DESCRIPTION:

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

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

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

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

IMPLEMENTATION DATE:

This premise will be implemented January 1, 2020.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: FC Section 7570-7577.

METHODOLOGY:

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

FUNDING:

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

CHANGE FROM ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2020-21	2021-22
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	225	225

Local Child Support Agency Revenue Stabilization

DESCRIPTION:

This premise reflects a permanent ongoing augmentation of \$18,735,000 (\$6,370,000 State General Fund (SGF)) for local child support agencies (LCSAs) to stabilize caseworker staffing and avoid a potential loss in child support collections.

In order to receive an allocation of revenue stabilization funds, LCSAs were required to develop and submit early intervention plans including the development of early intervention strategies that would be ready for implementation by July 1, 2009. Early intervention provides for a proactive approach to establish consistent and reliable payments of current support for families by engaging the noncustodial parent early in the child support process.

IMPLEMENTATION DATE:

This premise was implemented July 1, 2009.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Family Code (FC) Section 17704(b) and FC Section 17710(a).
- The LCSAs were able to retain 200 caseworker staff in SFY 2019-20 with Revenue Stabilization funding.
- For SFY 2019-20, the marginal return on collections per caseworker for assistance cases was \$125,722.
- For SFY 2019-20, the marginal return on collections per caseworker for non-assistance cases was \$561,879.

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 200 caseworkers were multiplied by the marginal return on collections per assistance case. This quotient was reduced by \$623,045 (to account for disregards) to compute additional net assistance collections of \$24,521,000 (\$11,670,000 SGF) in SFY 2020-21 and SFY 2021-22. The 200 caseworkers were multiplied by the marginal return on collections per non-assistance case to compute additional non-assistance collections of \$136,897,000.

FUNDING:

- Funding for this premise consists of 34 percent SGF and 66 percent Federal Financial Participation matching funds.
- Collections for assistance families are retained and serve as recoupment of public assistance costs. Collections received on behalf of non-assistance families are forwarded directly to custodial parties.
- The assistance collections are shared based on the Federal Medical Assistance Percentage and the non-federal sharing ratios. These ratios were updated to temporarily increase the federal share of recoupment to 56.2% effective July 2021 through December 2021. The federal share will revert-back to 50% in January 2022. See Appendix A for the sharing ratios.

CHANGE FROM ENACTED BUDGET:

The collection 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.

EXPENDITURES:

(in thousands)

	2020-21	2021-22
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$18,735	\$18,735
Federal	12,365	12,365
State	6,370	6,370
County	0	0
Reimbursements	0	0

COLLECTIONS:

(in thousands)

	2020-21	2021-22
	<u>Collections</u>	<u>Collections</u>
Assistance Total	\$24,521	\$24,521
Federal	12,529	11,838
State	10,898	11,538
County	1,094	1,145
Other		
Non-Assistance	\$112,376	\$112,376
Total	\$136,897	\$136,897
Collections		

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 2019-20, reflecting an increase in fees due to the federal stimulus payments issued for Coronavirus 2019 (COVID-19). The increase in fees is anticipated to continue in SFY 2020-21 but decrease in SFY 2021-22.
- Based on the August 10, 2020 Federal Offset eflash email #20-50, the federal tax intercept fee remains at \$19.64 per offset, and the administrative fee will remain at \$12.50 per offset.

FUNDING:

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

CHANGE FROM ENACTED BUDGET:

Updated based on most recent data.

REASON FOR YEAR-TO-YEAR CHANGE:

SFY 2020-21 reflected additional fees due to the federal tax stimulus payments.

EXPENDITURES:

(in thousands)

	2020-21	2021-22
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$6,309	\$2,213
Federal	4,164	1,460
State	2,145	753
County	0	0
Reimbursements	0	0

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.

FUNDING:

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

CHANGE FROM ENACTED BUDGET:

The forecast is based on actual assessment data.

REASON FOR YEAR-TO-YEAR CHANGE:

The forecast is based on actual assessment data.

EXPENDITURES:

(in thousands)

	2020-21	2021-22
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$3,880	\$3,880
Federal	0	0
State	3,880	3,880
County	0	0
Reimbursements	0	0

Section 1115 Grant Procedural Justice Informed Alternative to Contempt

DESCRIPTION:

This premise reflects the Procedural Justice Informed Alternatives to Contempt (PJAC) Federal grant. The PJAC grant allows states to develop and implement programs that offer an alternative to contempt by incorporating procedural justice principles into child support business practices as part of a national demonstration framework. The goal of the demonstration is to increase reliable child support payment, reduce potential arrears, avoid contempt proceedings, and improve relationships with the custodial parent and their child.

Beginning in February 2018, the California PJAC project sites in San Bernardino and Riverside Counties began the random assignment process for identifying participants for assignment to the treatment and control groups respectively. Working with the Manpower Demonstration Research Corporation evaluation/research firm, the sites have maintained quality control and integrity in the random assignment process. As of August 2018, 449 participants have been assigned to the treatment group and 243 participants assigned to the control group. The number of participants enrolled meets expectations for Year 2 of the grant. By January 2019 (Year 3), the program had grown to 660 participants in the treatment group and 387 in control. It was recognized that in order to get reasonable results using the PJAC principles, additional staff was needed. By the summer of 2019, OCSE approved an additional \$150K supplemental funding. This increased staffing at both sites by 1.5 FTEs. In Year 5, the focus will be to follow up on cases which have been difficult to contact.

As Year 5 ramps down, the attention will be dedicated on evaluation and close-out of the project, as well as continued services to those already enrolled, and sustainability work.

IMPLEMENTATION DATE:

This premise was implemented September 30, 2016.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Section 1115(a)(2), 1115(b) and 1115(b)3 of the Social Security Act [42 United States Code 1315].
- The grant is effective from September 30, 2016 through September 29, 2021.
- Section 1115 grant funds awarded to each project will represent 34 percent of the total project costs. The grant funds will be treated as state expenditures under Title IV-D that, for purposes of the demonstration project, will be

reimbursed by the regular Title IV-D FFP match of 66 percent. The total approved cost of the project is the sum of the federal Administration for Children and Families (ACF) grant award under Section 1115 and regular FFP. Grantees do not need to provide matching funds.

METHODOLOGY:

- The estimate is based on the federal ACF Award letters dated September 30, 2016 and August 28, 2017.
- Funding for SFY 2020-21 is \$652,000.
- Funding for SFY 2021-22 is \$97,000.

FUNDING:

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

CHANGE FROM ENACTED BUDGET:

The premise is updated to reflect the budget for SFY 2020-21.

REASON FOR YEAR-TO-YEAR CHANGE:

The premise is updated to reflect the budget for SFY 2021-22.

EXPENDITURES:

(in thousands)

	2020-21	2021-22
	<u>CS Administration</u>	<u>CS Administration</u>
Total	\$652	\$97
Federal	652	97
State	0	0
County	0	0

Section 1115 Grant

Using Digital Marketing to Increase Participation in Child Support

DESCRIPTION:

This premise reflects the Using Digital Marketing to Increase Participation in Child Support grants. The goal of this grant program is to research how digital marketing may help the Child Support Program more effectively reach and serve families. This demonstration program will test digital marketing approaches and partnerships to: 1) reach parents that could benefit from child support services through outreach/one-way communication, and 2) create or improve two-way digital communication and engagement with parents. The grant period is October 1, 2018, through September 30, 2021. California was awarded four grants for \$170,000 each, totaling \$680,000 in grant funding, and \$1,320,000 in federal financial participation (FFP).

IMPLEMENTATION DATE:

This premise was implemented October 1, 2018.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Section 1115(a)(2), 1115(b) and 1115(b)3 of the Social Security Act [42 United States Code 1315].
- The grant is effective from October 1, 2018 through September 30, 2021.
- Section 1115 grant funds awarded to each project will represent 34 percent of the total project costs. The grant funds will be treated as state expenditures under Title IV-D that, for purposes of the demonstration project, will be reimbursed by the regular Title IV-D FFP match of 66 percent. The total approved cost of the project is the sum of the federal Administration for Children and Families (ACF) grant award under Section 1115 and regular FFP. Grantees do not need to provide matching funds.

METHODOLOGY:

- Funding for State Fiscal Year 2018-19 is \$255,000 Section 1115 grant funds and \$495,000 FFP, for a total of \$750,000.
- Funding for SFY 2019-20 is \$262,000 Section 1115 grant funds and \$508,000 FFP, for a total of \$770,000.
- Funding for SFY 2020-21 is \$163,000 Section 1115 grant funds and \$317,000 FFP, for a total of \$480,000.

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 ENACTED BUDGET:

Updated based on most recent data.

REASON FOR YEAR-TO-YEAR CHANGE:

The grant ends on September 30, 2021.

EXPENDITURES:

(in thousands)

	2020-21	2021-22
	<u>CS Administration</u>	<u>CS Administration</u>
Total	\$480	\$0
Federal	480	0
State	0	0
County	0	0

Section 1115 Grant Intergovernmental Case Processing Innovation Demonstration

DESCRIPTION:

This premise reflects the Intergovernmental Case Processing Innovation Demonstration grant. This demonstration grant project will provide 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 process. This 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. In June 2020, DCSS delivered this solution to customers in identified pilot counties and looks to expand and refine implementation statewide over the coming years. The grant period is October 1, 2019 through September 30, 2021.

IMPLEMENTATION DATE:

This premise was implemented October 1, 2019.

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, 2021.
- Section 1115 grant funds awarded to each project will represent 34 percent of the total project costs. The grant funds will be treated as state expenditures under Title IV-D that, for purposes of the demonstration project, will be reimbursed by the regular Title IV-D FFP match of 66 percent. The total approved cost of the project is the sum of the federal Administration for Children and Families (ACF) grant award under Section 1115 and regular FFP. Grantees do not need to provide matching funds.

METHODOLOGY:

- Funding for SFY 2020-21 is \$112,000 Section 1115 grant funds and \$218,000 FFP, for a total of \$330,000.
- Funding for SFY 2021-22 is \$32,000 Section 1115 grant funds and \$63,000 FFP, for a total of \$95,000.

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 \$500,000 (\$170,000 Section 1115 grant funds, and \$330,000 FFP).

CHANGE FROM ENACTED BUDGET:

Reflects the budget for SFY 2020-21.

REASON FOR YEAR-TO-YEAR CHANGE:

Reflects the budget for SFY 2021-22.

EXPENDITURES:

(in thousands)

	2020-21	2021-22
	<u>CS Administration</u>	<u>CS Administration</u>
Total	\$330	\$95
Federal	330	95
State	0	0
County	0	0

California Child Support Automation System - SDU

DESCRIPTION:

The State Disbursement Unit (SDU) is one of two components of the California Child Support Automated System. The Child Support Enforcement (CSE) component provides the case management system for the statewide automated system. The SDU complements the CSE component by providing services to collect and distribute child support obligation payments for both the IV-D and Non IV-D populations, and to prepare collection payment transactions for processing by the CSE system.

This premise provides the funds necessary to support the SDU Service Provider (SP) contract.

IMPLEMENTATION DATE:

This premise was implemented September 1999.

KEY DATA/ASSUMPTIONS:

- Authorizing statute(s): Welfare & Institutions Code Section 10080 effective September 27, 1999 and Family Code Section 17309 effective October 1, 1998.
- This premise reflects costs for the SP contract to perform statewide collection and distribution activities.

METHODOLOGY:

- Resource estimates are based on workload required to support the SDU.
- Costs are based on the current SDU SP contract.

FUNDING:

- The funds to support LCSA staff and the SP contract are funded at 66 percent Federal Financial Participation (FFP) funds and 34 percent State General Fund (SGF).
- Cases not subject to Title IV-D (Non IV-D) and filed prior to 1994 do not receive FFP. Therefore, the SP contract has been adjusted to reflect 100% SGF for the processing of payments related to these cases.

CHANGE FROM ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

There is no change.

EXPENDITURES:

(in thousands)

	2020-21	2021-22
	<u>CS Automation</u>	<u>CS Automation</u>
Total	\$14,966	\$14,966
Federal	9,878	9,878
State	5,088	5,088
County	0	0
Reimbursements	0	0

California Child Support Automation System - CSE

DESCRIPTION:

Federal law mandates that each state create a single statewide child support automation system that meets federal certification. There are two components of the statewide system. The first is the Child Support Enforcement (CSE) system and the second is the State Disbursement Unit (SDU). The CSE component contains tools to manage the accounts of child support recipients and to locate and intercept assets from noncustodial parents who are delinquent in their child support payments. The SDU provides services to collect child support payments from noncustodial parents and to disburse these payments to custodial parties. The Department of Child Support Services achieved full implementation of the California Child Support Automation System (CCSAS) in November 2008.

This premise reflects the contract services for the CCSAS, Local Child Support Agency (LCSA) staff assigned full-time with CSE as subject matter experts for child support program business practices, CSE system functionality, and funds for Electronic Data Processing maintenance and operations for both the CSE system and the LCSAs.

IMPLEMENTATION DATE:

This premise was implemented September 1999.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare & Institutions Code Section 10080 effective September 27, 1999.

METHODOLOGY:

This premise reflects funding for CCSAS CSE as reported in the California Department of Child Support Services' 2019 Annual Advance Planning Document Update.

FUNDING:

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

CHANGE FROM ENACTED BUDGET:

There is no change.

REASON FOR YEAR-TO-YEAR CHANGE:

Removal of a one-time increase of \$800,000 for Child Support Enforcement system changes related to the increase of child support disregard.

EXPENDITURES:

(in thousands)

	2020-21	2021-22
	<u>CS Automation</u>	<u>CS Automation</u>
Total	\$58,871	\$58,071
Federal	38,827	38,327
State	20,044	19,744
County	0	0

Child Support Collections Recovery Fund

DESCRIPTION:

This premise reflects the estimated federal share of Title IV-A child support collections, which is utilized to fund a portion of the federal share of local assistance administration costs for local child support agencies.

The Child Support Collections Recovery Fund (CSCRF) premise only reflects Title IV-A child support collections. The Title IV-E share of the CSCRF is reflected in the California Department of Social Services' Local Assistance budget.

IMPLEMENTATION DATE:

This premise was implemented July 2001.

KEY DATA/ASSUMPTIONS:

Authorizing statute: Family Code Section 17702.5.

METHODOLOGY:

For SFY 2020-21 and SFY 2021-22, the CSCRF is based on the estimated sum of the federal share of child support assistance collections less the estimated sum of the federal share of foster care collections.

FUNDING:

This premise is funded as the federal share of the Title IV-A child support collections in the Child Support Revenues, Transfers and Collections tables.

CHANGE FROM ENACTED BUDGET:

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

REASON FOR YEAR-TO-YEAR CHANGE:

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

REVENUES:

(in thousands)

	2020-21	2021-22
	<u>Revenues</u>	<u>Revenues</u>
Total	\$212,590	\$157,447
Federal	212,590	157,447
State	0	0
County	0	0
Reimbursements	0	0

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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 recoument of public assistance benefits.

Basic collections represent the regular ongoing efforts of the local child support agency to collect child support payments. Collections for other jurisdictions are collections made on behalf of other states or countries and forwarded directly to them for distribution. Miscellaneous Collections consists of Medical Support, Pass-On, and Excess Collections. Basic, miscellaneous, and collections for other jurisdictions include, but are not limited to, collections from the following sources: wage assignments, federal and state tax refund intercepts, unemployment insurance benefit intercepts, lien intercepts, bank levies, payments directly from parents paying support, compromise of arrears program and the full collections program. Disregard payments to families, and collections attributable to Revenue Stabilization augmentation funding are reflected in separate premises.

KEY DATA/ASSUMPTIONS:

- Authorizing statute: Welfare & Institutions Code Section 11477.
- The child support payment data for assistance and non-assistance collections are based on the Child Support Monthly Report of Collections and Distributions (CS 34) and the Supplement to Monthly Report of Collections and Distributions (CS 35).
- The child support collections to other states and miscellaneous collections data are based on the CS 34 and CS 35 reports.

METHODOLOGY:

- Basic distributed collections (assistance and non-assistance), collections for other jurisdictions (assistance and non-assistance), and miscellaneous collections (assistance and non-assistance) are reported monthly on the CS 34 and CS 35 reports.
- Actual basic distributed collection data from July 2018 through June 2020 was used to construct a linear regression model to forecast basic collections for SFYs 2020-21 and 2021-22.
- For collections for other jurisdictions and miscellaneous collections, the forecast rates of change for basic collections were applied to SFY 2019-20 actual collections to arrive at the SFYs 2020-21 and 2021-22 estimates.

FUNDING:

- Assistance collections are retained and serve as recoupment of public assistance benefits.
- The assistance collections are shared between federal, state and local governments based on the Federal Medical Assistance Percentage and the non-Federal sharing ratios. See Appendix A for detail.
- Collections received on behalf of non-assistance families are forwarded directly to custodial parties.
- Collections received on behalf of other states are forwarded directly to other states for distribution.

CHANGE FROM ENACTED BUDGET:

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

REASON FOR YEAR-TO-YEAR CHANGE:

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

COLLECTIONS:

(in thousands)

	2020-21 <u>Collections</u>	2021-22 <u>Collections</u>
Assistance Total	\$411,878	\$314,904
Federal	209,406	152,496
State	184,021	147,732
County	18,451	14,676
Other	0	0
Non-Assistance Total	\$2,058,539	\$1,969,993
Other	2,058,539	1,969,993
Collections For Other Jurisdictions Total	\$96,217	\$96,515
Assistance	4,919	5,147
Non-Assistance	91,298	91,368
Miscellaneous Collections Total	\$15,539	\$16,115
Assistance	12,325	12,898
Non-Assistance	3,214	3,217
Grand Total ^{1/}	\$2,582,173	\$2,397,527

1/ Grand Total does not include disregard to families or other collections described in separate premise items, such as the Revenue Stabilization Adjustment.

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Disregard Payments to Families

DESCRIPTION:

In addition to the California Work Opportunity and Responsibility to Kids (CalWORKs) grant, the custodial party receiving support also receives the first \$50 of the current month's child support payment collected from the non-custodial parent. Forwarding the disregard portion of the collection to the family, instead of retaining it as revenue, results in reduced collection revenues for the state and federal governments. Effective October 1, 2008, the Federal Deficit Reduction Act (FDRA) of 2005 allows the federal government to share in the cost of additional support collections passed through to families.

The Legislature approved trailer bill language to, beginning January 1, 2022, increase the amount of child support passed through to families receiving California Work Opportunities and Responsibilities to Kids (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 beginning 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:

- The cost of the current \$50 disregard is reported monthly on the CS 35 reports. The disregard is paid when the current monthly child support collection is distributed.

- The forecasts for SFY 2020-21 and SFY 2021-22 were held flat using the actuals collected in SFY 2019-20. The SFY 2021-22 figure includes an additional \$17 million to capture the trailer bill language effective January 1, 2022.
- The FFP in disregard was calculated by computing federally eligible disregard collections and multiplying these by 50 percent.
- The cost is counted toward the State's Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE) requirement.

FUNDING:

- Beginning October 1, 2008, the federal participation in disregard became 50 percent.
- The costs are reflected in the California Department of Social Services budget as additional TANF MOE expenditures.
- Funding source for these costs are reflected in the Department of Child Support Services collections table as "Other" to display the amount of collections paid to the families.

CHANGE FROM ENACTED BUDGET:

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

REASON FOR YEAR-TO-YEAR CHANGE:

The estimate has been updated based on the most recent data and trends. It also includes the anticipated increase due to the trailer bill language.

COLLECTIONS:

(in thousands)

	2020-21 <u>Collections</u>	2021-22 <u>Collections</u>
Total	\$21,537	\$38,537
Federal	0	0
State	0	0
County	0	0
Other	21,537	38,537

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 actual collection data reported on the Monthly Report of Collections and Distributions (CS 34) and the Supplement to the CS 34 Monthly Report of Collections and Distributions (CS 35) reports for July 2018 through June 2020.
- 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, 2020 through December 31, 2021 (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 \$9,345,000 for State Fiscal year 2020-21 and \$6,887,000 for SFY 2021-22.

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 ENACTED BUDGET:

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

REASON FOR YEAR-TO-YEAR CHANGE:

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

REVENUES:

(in thousands)

	2020-21	2021-22
	<u>Revenues</u>	<u>Revenues</u>
Total	-\$9,345	-\$6,887
Federal	-9,345	-6,887
State	0	0
County	0	0
Other	0	0

Never Assisted Cases Fee Recovery

DESCRIPTION:

The Federal Deficit Reduction Act (FDRA) of 2005 requires the state to pay the federal government a \$25 annual fee for families that have never received Temporary Assistance for Needy Families if at least \$500 is disbursed annually on their behalf. Fees may be recovered from the custodial party, the noncustodial parent or the state (using state funds). California opted to pass the fee to the custodial party and began collecting the fee October 1, 2011. Annually, via the automated child support system, qualifying cases are assessed the \$25 fee. The Department retains 34 percent of total fees collected. As required by FDRA 2005, the Department remits the remaining 66 percent to the federal government.

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.

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 ENACTED BUDGET:

The forecast is based on actual assessment data.

REASON FOR YEAR-TO-YEAR CHANGE:

The forecast is based on actual assessment data.

Expenditures:
(in thousands)

	2020-21	2021-22
	<u>LCSA Admin.</u>	<u>LCSA Admin.</u>
Total	\$5,118	\$5,118
Federal	0	0
State	5,118	5,118
County	0	0
Other	0	0

Discontinued Premises

CHILD SUPPORT PROGRAM COSTS:

- Section 1115 Grant (Dedicated Daddies Make a Difference)

CHILD SUPPORT PROGRAM COLLECTIONS:

- None.

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Appendix A - Federal Medical Assistance Percentage

The assistance collections are shared based on the Federal Medical Assistance Percentage and the nonfederal sharing ratios. These percentages are reflected below:

<u>ASSISTANCE:</u>	July 2020 – December 2021	<u>ASSISTANCE:</u> <u>Nonfederal</u>	July 2020 – December 2021
Federal	56.20%	State	97.13%
State	41.44%	County	2.87%
County	2.36%		
 <u>FOSTER CARE:</u>	 July 2020 – December 2021	 <u>FOSTER CARE:</u> <u>Nonfederal</u>	 July 2020 – December 2021
Federal	56.20%	State	40.00%
State	17.25%	County	60.00%
County	26.28%		
 <u>KinGAP:</u>	 July 2020 – December 2021	 <u>KinGAP:</u> <u>Nonfederal</u>	 July 2020 – December 2021
Federal	56.20%	State	73.87%
State	32.48%	County	26.13%
County	11.32%		

ASSISTANCE: January – June 2022

Federal	50.00%
State	47.33%
County	2.67%

ASSISTANCE: January – June 2022
Nonfederal

State	97.13%
County	2.87%

FOSTER CARE: January – June 2022

Federal	50.00%
State	20.00%
County	30.00%

FOSTER CARE: January – June 2022
Nonfederal

State	40.00%
County	60.00%

KinGAP: January – June 2022

Federal	50.00%
State	37.08%
County	12.92%

KinGAP: January – June 2022
Nonfederal

State	73.87%
County	26.13%

Appendix B - List of Acronyms

ACF	Administration for Children and Families
BICS	Behavioral Interventions for Child Support Services
CalWORKs	California Work Opportunity and Responsibility to Kids
CCSAS	California Child Support Automation System
CGF	County General Funds
CS 34	Child Support Monthly Report of Collections and Distributions
CS 35	Supplement to Monthly Report of Collections and Distributions
CSE	Child Support Enforcement
CSCRF	Child Support Collections Recovery Fund
CSDA	Child Support Director's Association
DCSS	Department of Child Support Services
FC	Family Code / Foster Care
FDRA	Federal Deficit Reduction Act of 2005
FFP	Federal Financial Participation
FFY	Federal Fiscal Year
FMAP	Federal Medical Assistance Percentage
FTE	Full-time Equivalent
KinGAP	Kinship Guardianship Assistance Payment
LCSA	Local Child Support Agency
MOE	Maintenance of Effort
OCSE	Office of Child Support Enforcement
PJAC	Procedural Justice Informed Alternative to Contempt
PL	Public Law
POP	Paternity Opportunity Program
SDU	State Disbursement Unit
SGF	State General Fund
SFY	State Fiscal Year
SP	Service Provider
SSA	Social Security Administration
TANF	Temporary Aid for Needy Families
USC	United States Code

TOTAL PROJECTED DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2020-21 and 2021-22

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

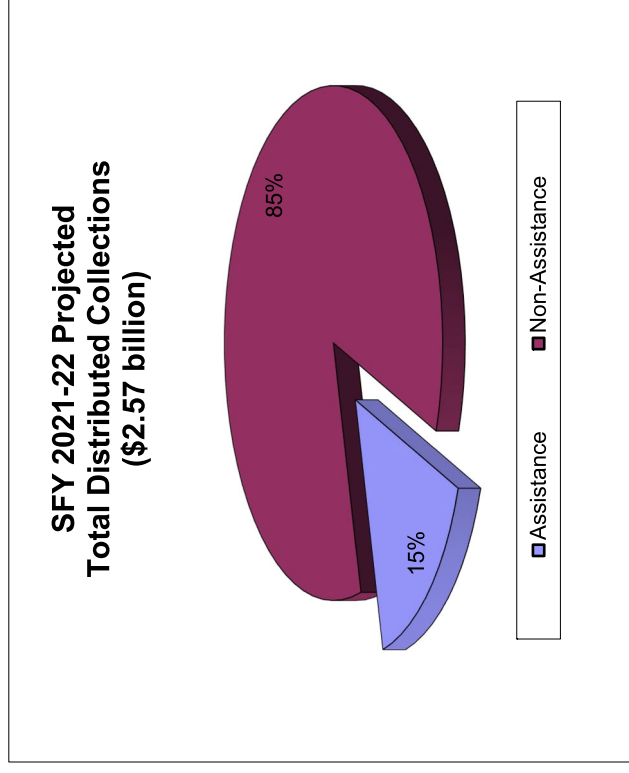
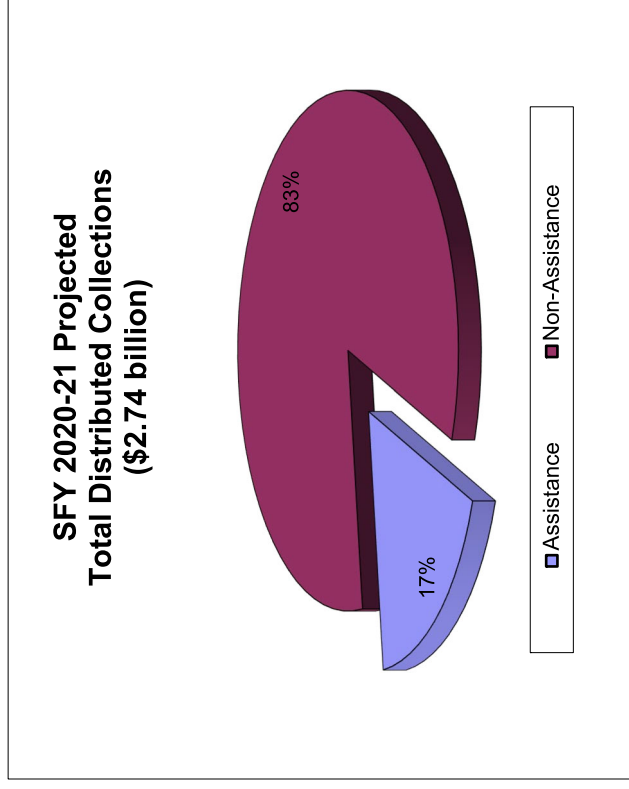
Assistance Collections - \$475.2 million in State Fiscal Year (SFY) 2020-21 and \$396 million in SFY 2021-22

- Basic Collections - \$411.9 million in SFY 2020-21 and \$314.9 million in SFY 2021-22
- Other Collections - \$63 million in SFY 2020-21 and \$81.1 million in SFY 2021-22

Non-Assistance Collections: \$2.26 billion in SFY 2020-21 and \$2.18 billion in SFY 2021-22

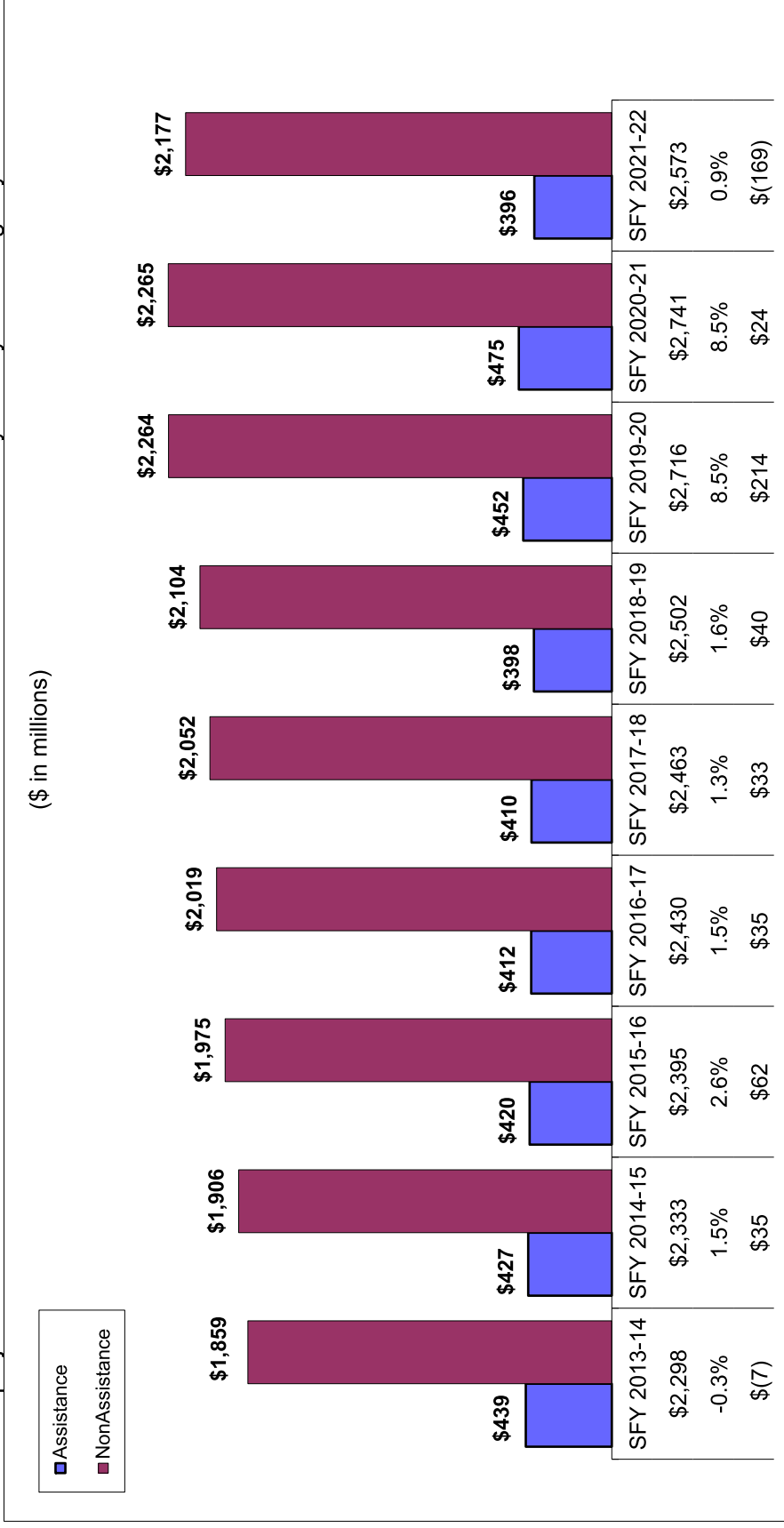
- Basic Collections - \$2.06 billion SFY 2020-21 and \$1.97 billion SFY 2022-21
- Other Collections - \$206.9 million SFY 2020-21 and \$207 million SFY 2021-22

Basic Collections – Child support collections attained through the regular ongoing efforts of the Local Child Support Agencies (LCSAs).
Other Collections – Includes collections distributed to other jurisdictions, miscellaneous collections (medical support, pass-on, and excess), collections attained via Revenue Stabilization funding, and disregard payments to families.



TOTAL DISTRIBUTED COLLECTIONS FOR STATE FISCAL YEARS 2013-14 through 2021-22

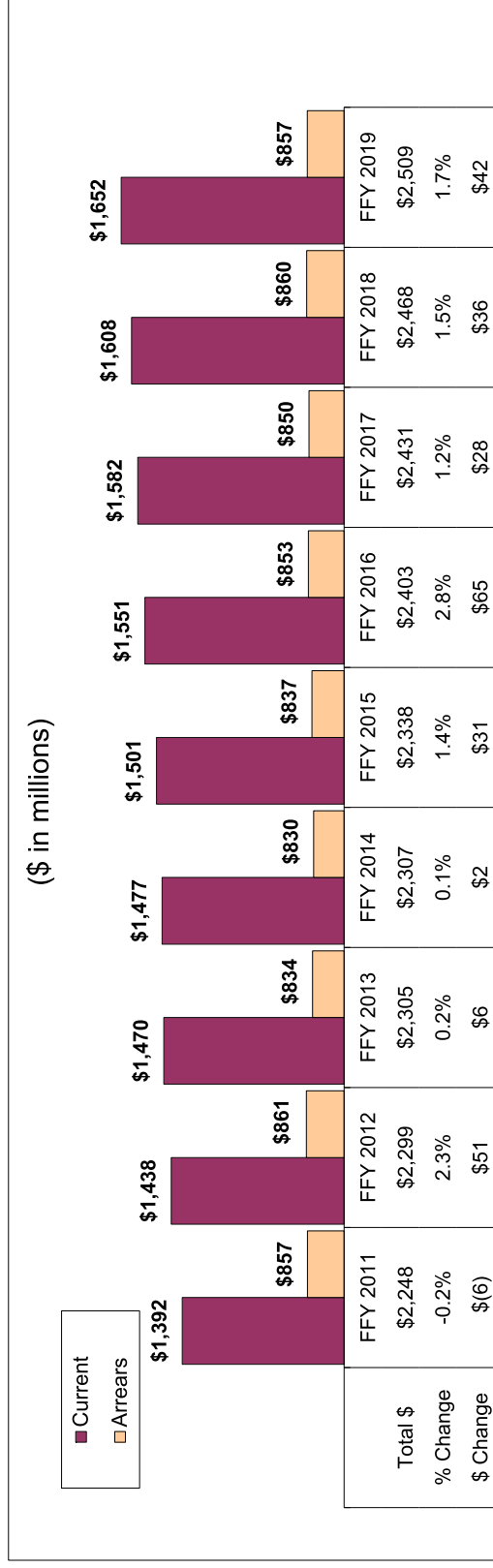
Child support distributed collections are projected to total \$2.57 billion in State Fiscal Year (SFY) 2021-22. The chart below reflect actual and projected Total Distributed Collections for Assistance and Non-Assistance and the year-to-year change by State Fiscal Year.



Source: The collections data for SFY 2013-14 through SFY 2019-20 are from the Child Support 34 and Child Support 35 reports. The SFY 2020-21 through SFY 2021-22 projections are based on the most recent data.

TOTAL DISTRIBUTED COLLECTIONS ^{1/} FOR FEDERAL FISCAL YEARS 2011 through 2019

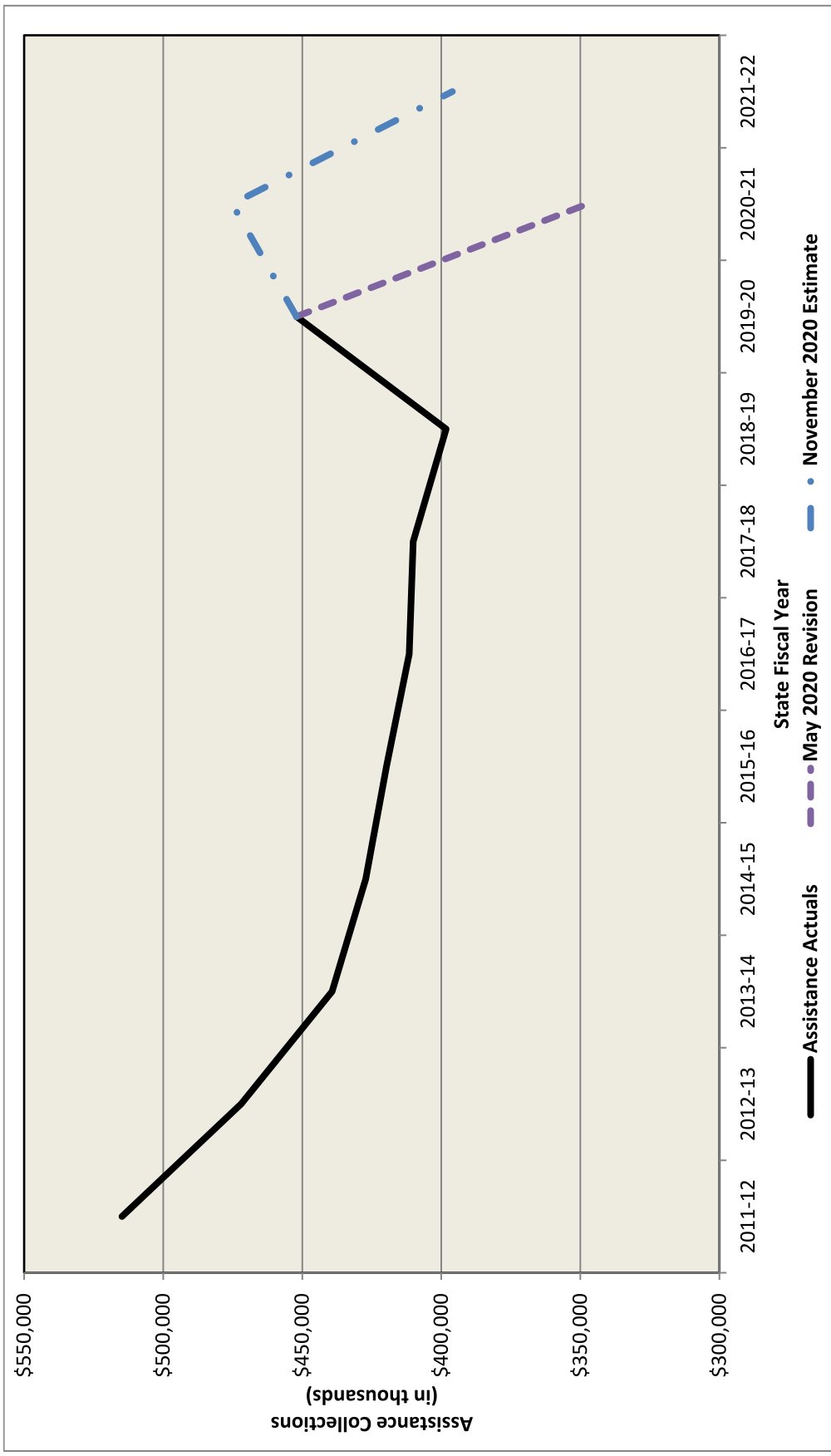
The chart below reflects the Total Distributed Collections as Current and Arrears Support by Federal Fiscal Year (FFY). Child Support distributed collections has grown from \$2.24 billion in FFY 2011 to \$2.5 billion in FFY 2019.



Source: The collections data for FFY 2011 through FFY 2019 is from the Office of Child Support Enforcement Annual Data Report (OCSE-157) line 25 (Total Support Distributed as Current Support during the Fiscal Year) and line 27 (Total Support Distributed as Arrears during the Fiscal Year).

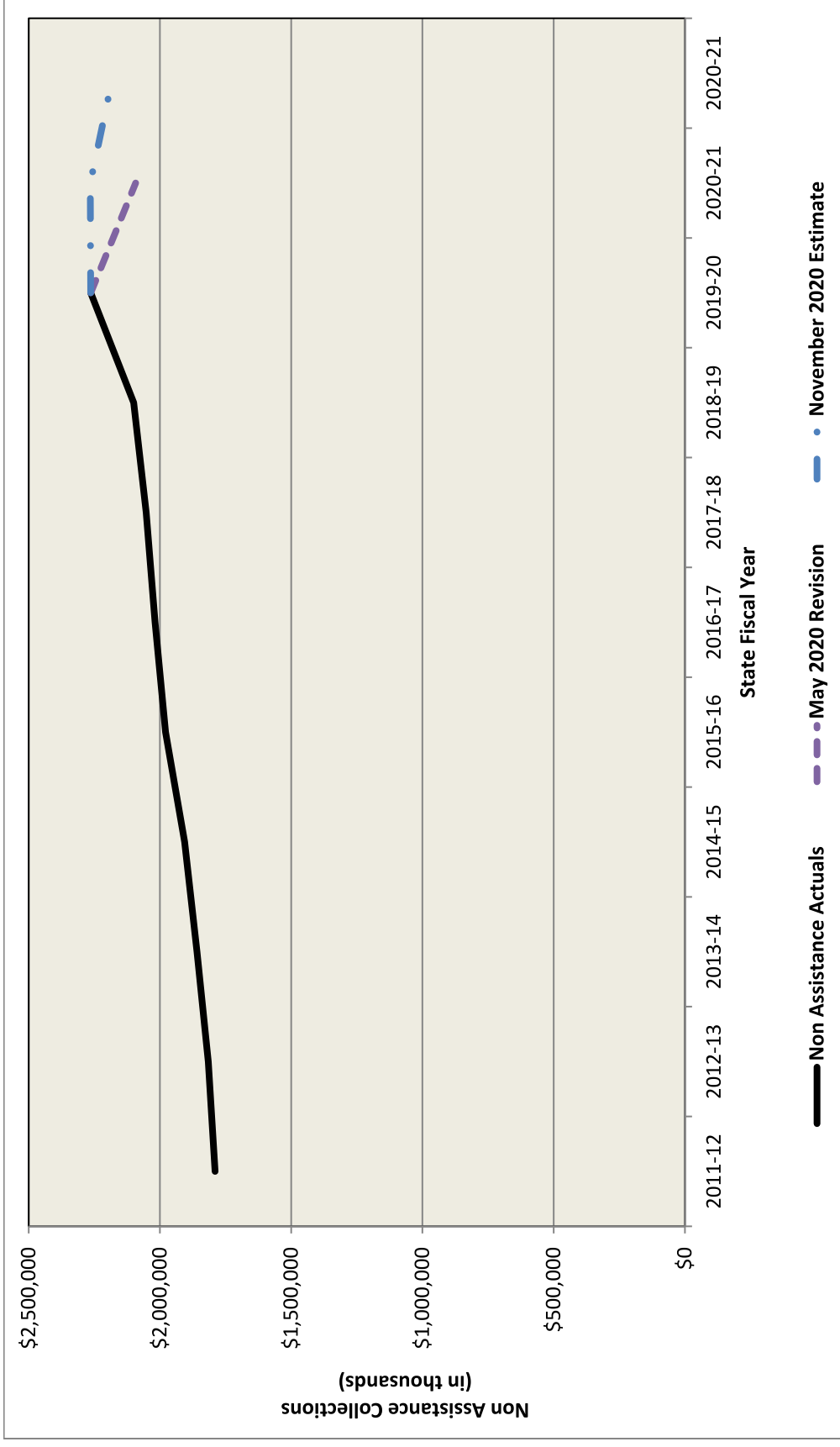
ASSISTANCE COLLECTIONS FORECAST COMPARISON

The November 2020 Estimate reflects an increase of 5.1 percent for State Fiscal Year (SFY) 2020-21 compared to the SFY 2019-21 actual collections and a decrease of 16.7 percent for SFY 2021-22 compared to the SFY 2020-21 November 2020 Estimate.



NON-ASSISTANCE COLLECTIONS FORECAST COMPARISON

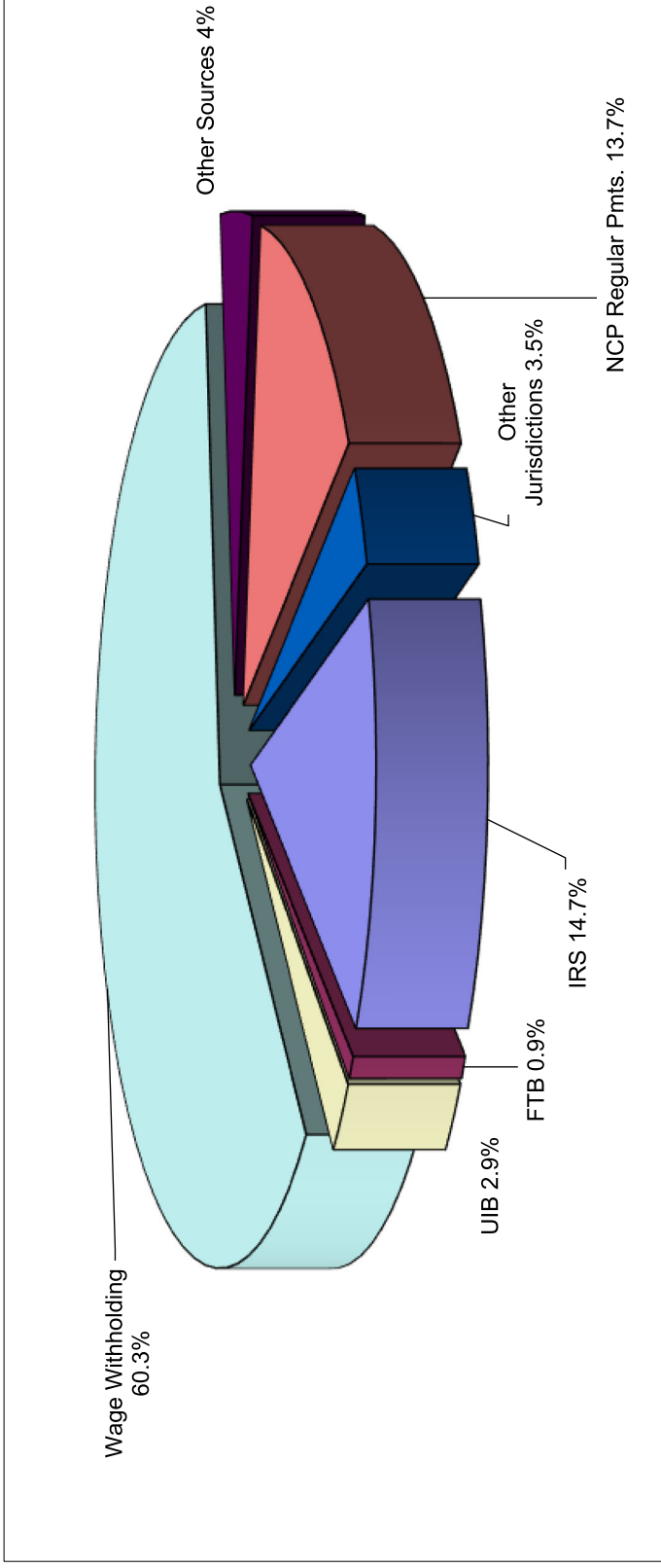
The November 2020 Estimate reflects an increase of 0.1 percent for State Fiscal Years (SFY) 2020-21 and compared to SFY 2019-20 actual collections and a decrease of 3.9 percent for SFY 2021-22 compared to SFY 2020-21 November 2020 Estimate.



TOTAL COLLECTIONS RECEIVED BY SOURCE FOR STATE FISCAL YEAR 2019-20

Total child support collections received for State Fiscal Year (SFY) 2019-20 were \$2.8 billion. Collections sources include:

- Wage Withholding totaled \$1.7 billion (60.3 percent)
- Noncustodial Parent (NCP) Regular Payments totaled \$381.9 million (13.7 percent)
- Internal Revenue Service (IRS) Federal income tax refund offsets totaled \$400.3 million (14.7 percent)
- Other Sources¹ totaled \$112.9 million (4 percent)
- Other Jurisdictions² totaled \$98.3 million (3.5 percent)
- Unemployment Insurance Benefits (UIB) offsets totaled \$79.7 million (2.9 percent)
- Franchise Tax Board's (FTB) State income tax refund offsets totaled \$24.3 million (0.9 percent)



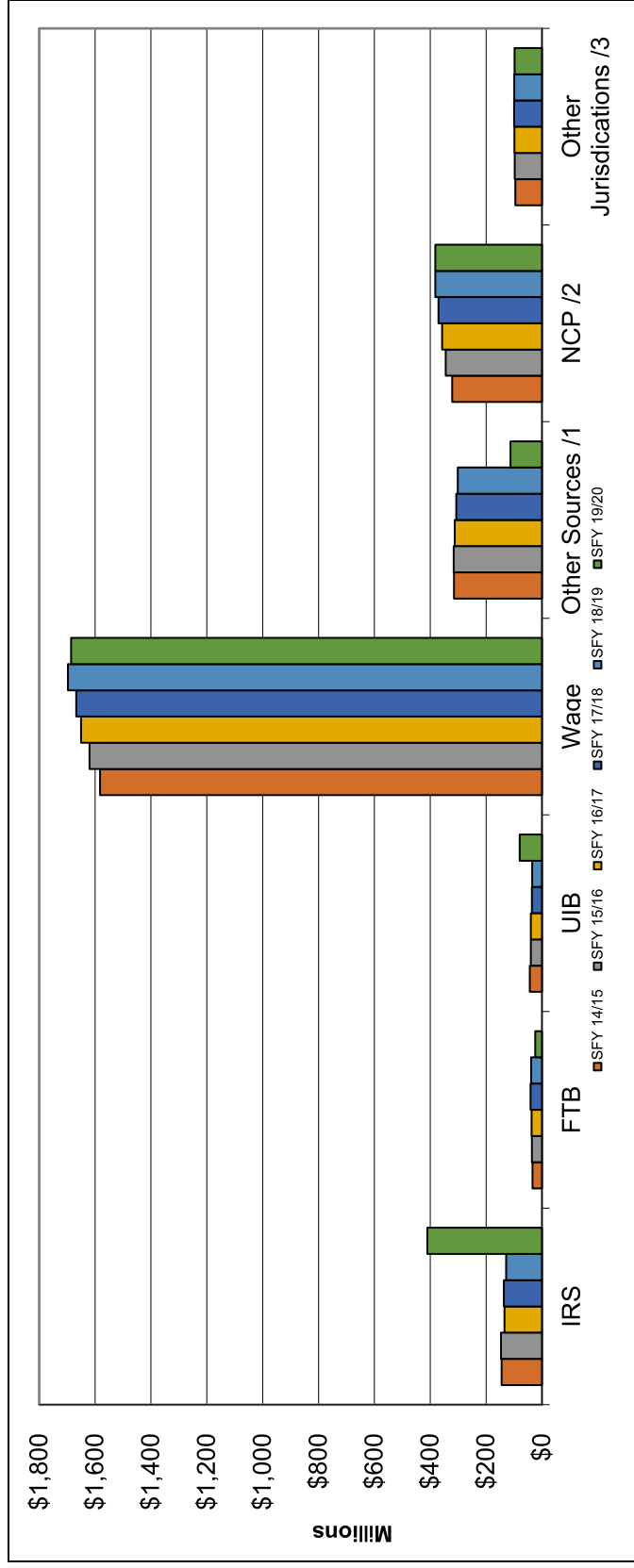
Source: Child Support 34 and Child Support 35 reports.

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

² Includes collections from tribes, other states and countries

HISTORICAL TOTAL COLLECTIONS RECEIVED BY SOURCE

The chart below reflects the Total Collections Received by Source from State Fiscal Year (SFY) 2014-15 through SFY 2019-20. The year-to-year change from SFY 2018-19 to SFY 2019-20 for Internal Revenue Service (IRS) intercepts was an increase of 219 percent; Franchise Tax Board (FTB) intercepts decreased 36.9 percent; Unemployment Insurance Benefits (UIB) intercepts increased 127.2 percent; Wage Withholdings decreased 0.7 percent; Other Sources decreased 62.5 percent; Non-Custodial Parent (NCP) regular payments increased 0.1 percent, and Other Jurisdictions decreased 0.8 percent.



Source: Child Support 34 and Child Support 35 reports.

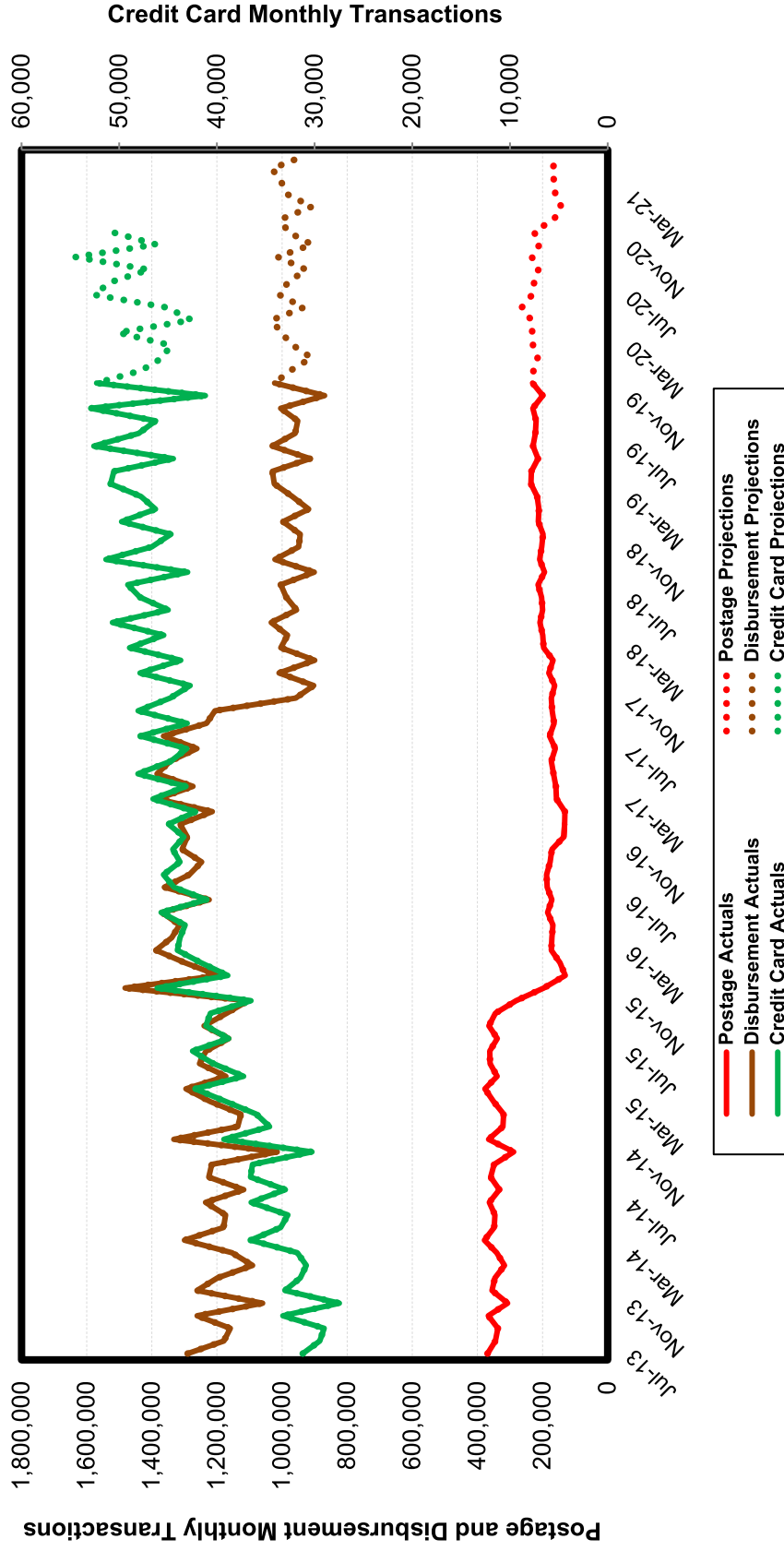
/1 Includes, but is not limited to Liens, Workers' Compensation, Disability Insurance Benefits, California Insurance Intercept and Financial Institution Data Match (FIDM).

/2 Increase may be attributed to the implementation of new payment options: Money Gram and Pay Near Me implemented in June 2015, Kiosk (Touch Pay) implemented April 2016 and Paypal implemented in March 2018.

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

State Disbursement Unit Transactions by Type

The November Estimate was held flat with adjustments due to budget reductions. Effective December 1, 2020, credit card interchange fees will be shifted to users, and effective January 1, 2021, specific paper check users will be transferred to electronic fund transfers.





Federal Performance Measures at a Glance

DCSS implemented the incentive funding system based on program performance as required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). The Child Support Performance and Incentive Act of 1998 enacted significant changes in the way federal incentives are paid to states. The methodology changed from being based on cost-effectiveness only, to five federal performance measures implemented over a three-year period, beginning October 1, 1999. The federal Office of Child Support Enforcement’s (OCSE) Action Transmittal 01-01, dated January 3, 2001 contains the federal regulations that govern the incentive funding system. Since federal fiscal year (FFY) 2000, states have been evaluated annually for federal incentive funds based on the following five performance measures:

1. Paternity Establishment Percentage

- The “IV-D Paternity Establishment Percentage” (PEP) measures the total number of children in the IV-D caseload in the fiscal year who have been born out-of-wedlock and for whom paternity has been established, compared to the total number of children in the IV-D caseload as of the end of the preceding fiscal year who were born out of wedlock, expressed as a percentage;
- OR
- The “Statewide Paternity Establishment Percentage” measures the total number of children born out-of-wedlock for whom paternity was acknowledged or established in the fiscal year compared to the total number of children in the state born out-of-wedlock preceding fiscal year, expressed as a percentage.

IV-D PEP

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

California’s Performance:

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

Statewide PEP

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

California’s Performance:

FFY 2019	93.8%	FFY 2015	98.0%	FFY 2011	107.0%	FFY 2007	106.7%	FFY 2003	105.9%
FFY 2018	93.6%	FFY 2014	98.2%	FFY 2010	102.6%	FFY 2006	109.9%	FFY 2002	108.7%
FFY 2017	94.3%	FFY 2013	98.6%	FFY 2009	103.4%	FFY 2005	106.5%		
FFY 2016	98.6%	FFY 2012	101.6%	FFY 2008	101.4%	FFY 2004	117.8%		

2. Percent of Cases with a Child Support Order

This data element measures cases with support orders as compared with the total caseload. Support orders are broadly defined as all legally enforceable orders, including orders for medical support only, and zero support orders, expressed as a percentage.

Minimum threshold: 50% or 5% increase annually

California’s Performance:

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

3. Current Collections Performance

This performance standard measures the amount of current support collected as compared to the total amount of current support owed, expressed as a percentage.

Minimum threshold: 40%

California’s Performance:

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

4. Arrearage Collections Performance

This performance standard measures the number of cases with child support arrearage collections as compared with the number of cases owing arrearages during the federal fiscal year, expressed as a percentage.

Minimum threshold: 40%

California’s Performance:

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

5. Cost Effectiveness Performance Level

This measure compares the total amount of distributed collections to the total amount of expenditures for the fiscal year, expressed as distributed collections per dollar of expenditure.

Minimum threshold: \$2.00

California’s Performance:

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

*The actual FFY 2008 statewide total for cost effectiveness is \$2.04. Due to a reporting error it had been reported as \$1.96.

Data Reliability

In addition to meeting these performance goals, for purposes of incentives and penalties, data must meet a 95 percent standard of reliability. Data must be found to be sufficiently complete and error free. Federal auditors are required to conduct audits to assess completeness, reliability and security of the data, and the accuracy of the reporting systems used in calculating performance indicators.

Failure to meet the data reliability standard puts states at risk of losing eligibility for incentive funds and incurring significant penalties unless improvements are made during the year.

Penalties

If any state falls below one or more of the performance measures or does not meet the data reliability criteria, then an automatic corrective action period of one year will ensue. If not corrected during that period, a penalty will be imposed at the end of that year. For example, if a state failed two consecutive annual audits, a penalty would be imposed. The penalty level by which payments would be reduced is one to two percent of the Temporary Assistance for Needy Families (TANF) grant for the first finding; two to three percent for the second consecutive finding; and three to five percent for the third and subsequent consecutive findings. Total penalties may not exceed 25 percent of the TANF grant.

Federal Performance Measures Preliminary National Ranking Data – FFY 2019

National Federal Performance Measures for Federal Fiscal Year 2019											
IV-D PEP	Statewide PEP	Cases with Support Orders	Current Support Paid	Cases Paying on Arrears	Cost Effectiveness						
Arizona	159.1%	1 Colorado	112.2%	1 Maine	98.1%	1 Pennsylvania	84.2%	1 Pennsylvania	84.8%	1 Texas	\$11.68
Dist. Of Columbia	139.2%	2 Alaska	107.7%	2 Indiana	94.7%	2 North Dakota	76.7%	2 Vermont	77.7%	2 South Dakota	\$10.46
Wyoming	133.3%	3 Utah	104.3%	3 Connecticut	94.5%	3 Vermont	75.6%	3 Indiana	73.5%	3 Mississippi	\$8.08
Nevada	129.5%	4 Kansas	102.8%	4 Wyoming	93.5%	4 Minnesota	75.4%	4 Minnesota	72.9%	4 Missouri	\$7.61
North Dakota	110.5%	5 Connecticut	100.2%	5 Alaska	93.3%	5 Wisconsin	75.1%	5 Wyoming	72.8%	5 Wyoming	\$7.27
Arkansas	108.4%	6 Oklahoma	99.4%	6 Washington	93.1%	6 Iowa	73.1%	6 Florida	70.6%	6 Tennessee	\$7.23
Vermont	107.4%	7 Wyoming	98.1%	7 Iowa	92.7%	7 Nebraska	71.7%	7 Maryland	70.6%	7 Georgia	\$6.88
Pennsylvania	106.1%	8 Texas	98.1%	8 California	92.1%	8 Michigan	71.4%	8 Nebraska	68.9%	8 Oklahoma	\$6.69
Indiana	106.0%	9 Pennsylvania	97.8%	9 Arizona	91.6%	9 Wyoming	70.8%	9 Arkansas	68.5%	9 Idaho	\$6.65
South Dakota	104.5%	10 Georgia	96.0%	10 Ohio	91.6%	10 Ohio	70.1%	10 Wisconsin	68.4%	10 Virginia	\$6.59
Maine	104.4%	11 Hawaii	96.5%	11 South Dakota	91.2%	11 Massachusetts	68.6%	11 Iowa	68.2%	11 North Dakota	\$6.36
Montana	104.2%	12 Iowa	96.5%	12 Georgia	91.0%	12 New Jersey	68.3%	12 New Jersey	68.9%	12 Wisconsin	\$6.20
Utah	104.1%	13 New Jersey	94.3%	13 Nevada	90.7%	13 West Virginia	68.2%	13 Nevada	68.8%	13 Utah	\$6.18
New Hampshire	102.5%	14 Ohio	94.0%	14 Idaho	90.6%	14 Maryland	68.9%	14 Colorado	68.6%	14 Ohio	\$6.16
Georgia	102.3%	15 Florida	94.0%	15 Vermont	90.1%	15 Nevada	68.8%	15 Montana	68.6%	15 Kentucky	\$6.04
Wisconsin	101.6%	16 Illinois	94.0%	16 Pennsylvania	89.9%	16 North Carolina	68.3%	16 Maine	68.6%	16 Iowa	\$5.97
North Carolina	101.5%	17 California	93.3%	17 New Jersey	89.8%	17 Washington	67.7%	17 New Hampshire	67.2%	17 Florida	\$5.97
California	101.5%	18 Tennessee	92.8%	18 Virginia	89.6%	18 New York	67.6%	18 North Carolina	67.2%	18 Massachusetts	\$5.92
Minnesota	101.0%	19 Nebraska	92.7%	19 West Virginia	89.6%	19 Indiana	67.0%	19 North Dakota	67.0%	19 Kansas	\$5.80
Kansas	100.7%	20 Massachusetts	91.3%	20 Kansas	89.4%	20 Utah	66.7%	20 California	66.7%	20 Louisiana	\$5.76
Iowa	100.5%	21 Michigan	91.2%	21 Colorado	89.0%	21 California	66.6%	21 Ohio	66.4%	21 Nebraska	\$5.71
West Virginia	100.5%	22 Oregon	90.5%	22 Alabama	88.9%	22 Arkansas	66.9%	22 Utah	66.9%	22 Indiana	\$5.60
Idaho	98.8%	23 South Carolina	90.4%	23 Texas	88.7%	23 Texas	66.9%	23 Michigan	66.8%	23 Arkansas	\$5.37
Ohio	98.8%	24 Virginia	90.0%	24 Minnesota	88.6%	24 New Hampshire	66.6%	24 Alaska	66.7%	24 Michigan	\$5.33
Connecticut	98.5%	25 New York	89.9%	25 Montana	88.5%	25 Montana	66.4%	25 Virginia	66.2%	25 Arizona	\$5.28
Mississippi	98.1%	26 Maryland	89.5%	26 North Dakota	88.3%	26 Virginia	66.1%	26 Georgia	64.5%	26 West Virginia	\$5.21
Nebraska	98.1%	27 West Virginia	88.7%	27 Nebraska	88.2%	27 Maine	66.1%	27 New Mexico	63.8%	27 Alabama	\$5.15
Washington	97.9%	28 Missouri	87.2%	28 Louisiana	88.1%	28 Colorado	64.8%	28 South Carolina	63.4%	28 New York	\$4.98
New Jersey	97.5%	29 Dist. Of Columbia	80.0%	29 Missouri	87.9%	29 Idaho	64.3%	29 Oregon	63.2%	29 Illinois	\$4.80
Alabama	97.4%	30 New Hampshire	77.8%	30 Utah	87.9%	30 South Dakota	64.2%	30 Texas	63.1%	30 Rhode Island	\$4.84
Virginia	97.2%	31 Mississippi	74.1%	31 Kentucky	87.9%	31 Florida	64.2%	31 Oklahoma	63.0%	31 Hawaii	\$4.65
Rhode Island	96.5%	32 Idaho	72.1%	32 New York	87.0%	32 Hawaii	63.6%	32 Tennessee	62.6%	32 North Carolina	\$4.54
Tennessee	96.5%	33 Idaho	72.1%	33 Wisconsin	87.0%	33 Illinois	62.5%	33 Washington	62.4%	33 Pennsylvania	\$4.49
Louisiana	96.4%	34 Alabama	NA	34 Maryland	86.8%	34 Dist. Of Columbia	62.4%	34 Maryland	62.3%	34 Montana	\$4.48
Alaska	96.3%	35 Arizona	NA	35 Arkansas	85.8%	35 Connecticut	62.3%	35 Missouri	62.2%	35 Washington	\$4.06
Missouri	95.3%	36 Arkansas	NA	36 Oregon	85.6%	36 Rhode Island	62.1%	36 Connecticut	61.1%	36 New Jersey	\$4.04
Michigan	94.5%	37 Kentucky	NA	37 Tennessee	85.3%	37 Tennessee	61.4%	37 Kentucky	60.6%	37 Colorado	\$3.87
Hawaii	94.4%	38 Louisiana	NA	38 North Carolina	84.8%	38 Missouri	61.0%	38 South Dakota	60.4%	38 Maryland	\$3.80
Kentucky	93.9%	39 Maine	NA	39 Illinois	84.7%	39 Delaware	60.8%	39 Illinois	60.7%	39 Alaska	\$3.73
New Mexico	93.6%	40 Minnesota	NA	40 Massachusetts	84.6%	40 Georgia	60.4%	40 Massachusetts	60.2%	40 New Hampshire	\$3.72
Massachusetts	93.1%	41 Nevada	NA	41 Mississippi	84.3%	41 Arizona	59.8%	41 Idaho	59.1%	41 Oregon	\$3.72
Colorado	92.7%	42 North Carolina	NA	42 New Hampshire	83.4%	42 Kentucky	58.6%	42 Alabama	58.9%	42 South Carolina	\$3.56
Florida	91.2%	43 North Dakota	NA	43 Florida	82.9%	43 Kansas	58.1%	43 Mississippi	58.7%	43 New Mexico	\$3.56
Illinois	89.7%	44 South Dakota	NA	44 South Dakota	82.6%	44 Alaska	57.2%	44 Kansas	58.7%	44 Maine	\$3.26
Texas	88.8%	45 Vermont	NA	45 Oklahoma	82.1%	45 Tennessee	56.8%	45 Arizona	58.3%	45 Vermont	\$3.18
Delaware	88.5%	46 Washington	NA	46 Michigan	79.9%	46 Oklahoma	56.6%	46 New York	58.0%	46 Minnesota	\$3.14
Oklahoma	81.6%	47 Delaware	NA	47 Hawaii	78.9%	47 New Mexico	56.2%	47 Dist. Of Columbia	58.0%	47 Connecticut	\$3.11
Illinois	80.0%	48 Indiana	NA	48 South Carolina	78.0%	48 Louisiana	54.7%	48 Louisiana	56.6%	48 Nevada	\$2.91
Guam	68.2%	49 Puerto Rico	NA	49 Dist. Of Columbia	78.7%	49 South Carolina	54.5%	49 Louisiana	54.4%	49 Delaware	\$2.66
Oregon	NA	50 New Mexico	NA	50 Delaware	75.6%	50 Alabama	54.5%	50 Rhode Island	53.0%	50 California	\$2.51
Puerto Rico	NA	51 Puerto Rico	NA	51 Rhode Island	71.1%	51 Mississippi	54.2%	51 Hawaii	46.0%	51 Dist. Of Columbia	\$1.90
Virgin Islands	NA	Virgin Islands	NA	Virgin Islands	NA	Virgin Islands	NA	Virgin Islands	NA	Virgin Islands	NA
Virgin Islands	NA	Virgin Islands	NA	Virgin Islands	NA	Virgin Islands	NA	Virgin Islands	NA	Virgin Islands	NA
Weighted National Average/Total	96.2%	93.7%	87.7%	66.2%	64.8%	\$5.04					

Note: Preliminary data based on OCSE 157 data submitted by each state to OCSE and provided to MAXIMUS. Subsequent revisions to OCSE 157 data provided to OCSE but not provided to MAXIMUS are not reflected here.

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 2020 were used to construct a 24 month linear regression model to forecast the annual Non IV-D collections amounts for SFY 2020-21 and SFY 2021-22.

FUNDING:

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

CHANGE FROM ENACTED BUDGET:

The change reflects updated projections using the most recent 24 months of data.

REASON FOR YEAR-TO-YEAR CHANGE:

The 24-month trend is projecting a decrease in SFY 2021-22.

COLLECTIONS:

(in thousands)

	2020-21	2021-22
	<u>Collections</u>	<u>Collections</u>
Total	\$161,516	\$152,073
Federal	0	0
State	0	0
County	0	0
Other	161,516	152,073

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

	2020-21 ENACTED BUDGET			ADJUSTMENTS/DIFFERENCES			2020-21 NOVEMBER ESTIMATE			
	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2020-21 ENACTED BUDGET										
1 Non IV-D CHILD SUPPORT COLLECTIONS	153,643	0	0	0	153,643	7,873	0	0	0	7,873
2020-21 ENACTED BUDGET										
2 Non IV-D CHILD SUPPORT COLLECTIONS	153,643	0	0	0	153,643	-1,570	0	0	0	-1,570
2020-21 ENACTED BUDGET										
3 Non IV-D CHILD SUPPORT COLLECTIONS	161,516	0	0	0	161,516	-9,443	0	0	0	-9,443

	2020-21 ENACTED BUDGET			ADJUSTMENTS/DIFFERENCES			2021-22 GOVERNOR'S BUDGET			
	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2020-21 ENACTED BUDGET										
1 Non IV-D CHILD SUPPORT COLLECTIONS	153,643	0	0	0	153,643	-1,570	0	0	0	-1,570
2020-21 ENACTED BUDGET										
2 Non IV-D CHILD SUPPORT COLLECTIONS	153,643	0	0	0	153,643	-1,570	0	0	0	-1,570
2020-21 ENACTED BUDGET										
3 Non IV-D CHILD SUPPORT COLLECTIONS	161,516	0	0	0	161,516	-9,443	0	0	0	-9,443

	2020-21 NOVEMBER ESTIMATE			ADJUSTMENTS/DIFFERENCES			2021-22 GOVERNOR'S BUDGET			
	Total	Federal	State	County	Other 2/	Total	Federal	State	County	Other 2/
2020-21 NOVEMBER ESTIMATE										
1 Non IV-D CHILD SUPPORT COLLECTIONS	161,516	0	0	0	161,516	-9,443	0	0	0	-9,443
2020-21 NOVEMBER ESTIMATE										
2 Non IV-D CHILD SUPPORT COLLECTIONS	152,073	0	0	0	152,073	0	0	0	0	0
2020-21 NOVEMBER ESTIMATE										
3 Non IV-D CHILD SUPPORT COLLECTIONS	152,073	0	0	0	152,073	0	0	0	0	0

1/ Non IV-D Child Support Collections are from court ordered wage assignment cases paid to the families, which are not handled through the local child support agencies but rather through the State Disbursement Unit.
2/ Other reflects collections that are paid to families.