

DFA - CHILD SUPPORT ENFORCEMENT

Enabling Laws

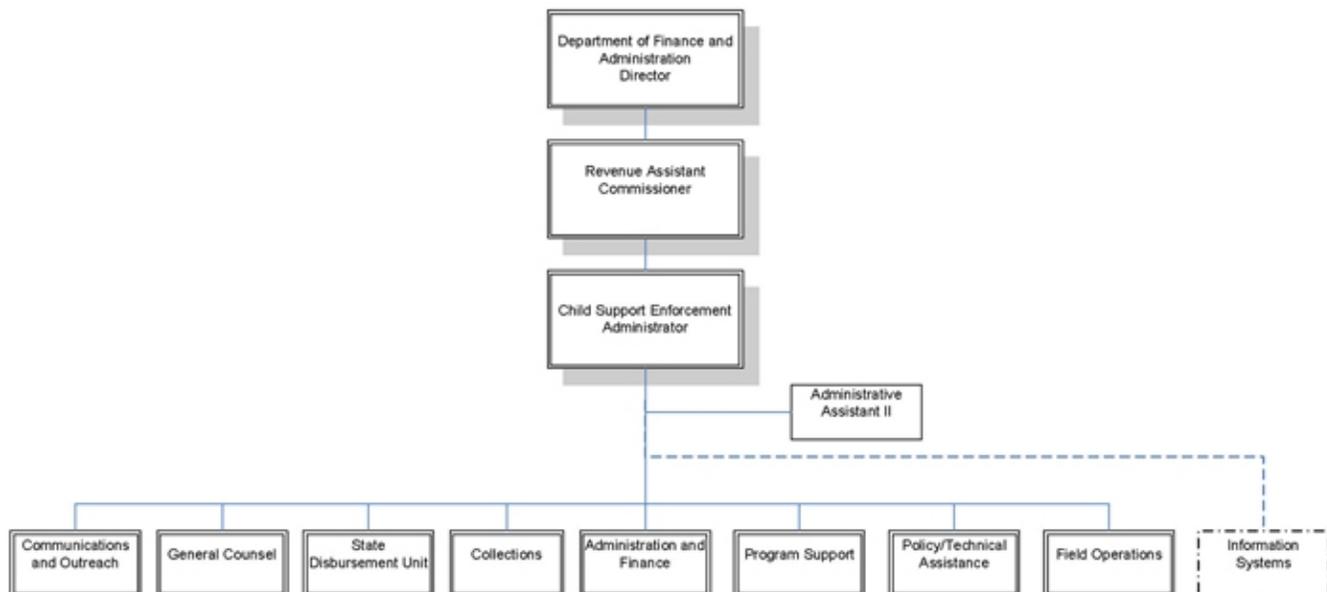
Act 527 of 2007
A.C.A. §25-8-107
A.C.A. §9-14-206 - 210

History and Organization

In 1975 the Social Security Act was amended by Congress to add part IV-D that established the Child Support Program. In order to receive federal funds for the Aid to Families with Dependent Children (AFDC) Program, each state had to establish and operate a child support program. The Arkansas program began in 1977. The mission of the program is to provide assistance to children and families in obtaining financial and medical support due them by requiring parents absent from the home to assume responsibility for the social and economic well-being of their children.

The program is responsible for locating parents, establishing paternity and orders for child and medical support, collecting and disbursing the support owed and bringing enforcement action when payments are not made. Workers assigned to the agency provide investigative and legal services on cases assigned to the agency, and provide the administrative and managerial support necessary for the organization to properly function. There are approximately 117,500 cases assigned. The cases originate in part from Transitional Employment Assistance (TEA), Medicaid and Foster Care cases referred by the Department of Health and Human Services. Other cases are established as a result of citizens applying for service. The eligibility criteria for these cases require the custodian to have a minor child in his or her care. Approximately 31,500 additional cases are monitored for payment and disbursement services. The program is authorized for 876 positions.

The Office of Child Support Enforcement (OCSE) is located within the Department of Finance and Administration - Revenue Division.



Agency Commentary

The Office of Child Support Enforcement (OCSE) is responsible for locating absent parents, establishing paternity and orders for child support, collecting and distributing the funds to the appropriate case, disbursing the child support funds, and enforcing payment of support orders. Funding for this appropriation consists of a combination of federal reimbursement, fees for collection services, and general revenue.

The Agency requests restoration of 54 currently authorized positions to maintain normal operations. Severe shortages of positions throughout Child Support and hiring delays due to normal employee turnover would be the repercussions if positions were not restored. Current funding levels will sufficiently cover the restored appropriation of the 54 positions.

The Agency seeks to restore Capital Outlay of \$100,000 to replace equipment that is beyond repair, becomes obsolete or is too expensive to maintain and to reallocate \$500,000 from Professional Fees to Operating Expenses to properly classify expenses.

Current funding levels will sufficiently cover the restored Capital Outlay appropriation.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF FINANCE AND ADMINISTRATION – REVENUE DIVISION
OFFICE OF CHILD SUPPORT ENFORCEMENT

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	68	443	511	63 %
Black Employees	24	262	286	35 %
Other Racial Minorities	3	7	10	2 %
Total Minorities			296	37 %
Total Employees			807	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Direct Deposit Form and Instructions	N/A	N	N	5,000	Public information and convenience
Employers Guide to Child Support Laws	N/A	N	N	1	Keep employers informed as to state law requirements (available online)
Financial Institution Data Match Notebook	N/A	N	N	800	Keep financial institutions informed as to law, policy and procedures on liens
Give Your Child a Gift that Lasts a Lifetime	20-18-408 (2) (3)	N	N	8,000	Federal and State law require Hospital based Paternity Acknowledgement Program and issuance of a form and information
Got Kids? General Information Brochure	N/A	N	N	5,000	Public information and convenience
Non Custodial Parent Handbook	N/A	N	N	5,000	Customer Education
Non-TEA Application Packet	N/A	N	N	15,000	Public information and convenience
OCSE Informational Business Card	N/A	N	N	5,000	Public information and convenience
OCSE Policy Manual	25-15-203	N	N	1	Staff training and public information (available online)
Paternity Acknowledgement Brochure	20-18-408(2)	N	N	20,000	Public information and convenience
Paternity Acknowledgement Form	20-18-408 (2) (3)	N	N	15,000	Federal and State law require Hospital based Paternity Acknowledgement Program and issuance of a form and information
Voluntary Paternity Acknowledgement Program of AR	20-18-408 (2) (3)	N	N	15,000	Federal and State law require Hospital based Paternity Acknowledgement Program and issuance of a form and information

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
893	825	20	845	48	7.61 %	876	801	27	828	48	8.56 %	876	807	15	822	54	7.88 %

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.

Appropriation Summary

Appropriation: 120 - Child Support Enforcement - Operations

Funding Sources: MCE - Child Support Enforcement Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	22,409,423	23,923,389	24,128,987	25,895,626	27,191,997	27,191,997	26,489,262	27,815,430	27,815,430
#Positions		864	822	876	822	876	876	822	876	876
Extra Help	5010001	42,456	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
#Extra Help		15	15	15	15	15	15	15	15	15
Personal Services Matching	5010003	8,332,237	7,855,585	8,997,038	9,047,567	9,565,652	9,565,652	9,158,700	9,682,352	9,682,352
Operating Expenses	5020002	12,535,958	14,035,654	14,035,654	14,035,654	14,535,654	14,535,654	14,035,654	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	1,000,000	500,000	500,000	1,000,000	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	0	100,000	100,000	0	100,000	100,000
Data Processing and Equipment E	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
Total		54,449,162	58,413,111	59,760,162	61,477,330	63,391,786	63,391,786	62,182,099	64,131,919	64,131,919

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		10,850,000	12,764,456	12,764,456	10,850,000	12,799,820	12,799,820
M & R Sales	4000340	639	0		0	0	0	0	0	0
Total Funding		62,683,091	64,898,912		65,350,734	67,265,190	67,265,190	63,738,337	65,688,157	65,688,157
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)
Grand Total		54,449,162	58,413,111		61,477,330	63,391,786	63,391,786	62,182,099	64,131,919	64,131,919

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

Change Level by Appropriation

Appropriation: 120 - Child Support Enforcement - Operations

Funding Sources: MCE - Child Support Enforcement Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	61,477,330	822	61,477,330	100.0	62,182,099	822	62,182,099	100.0
C01	Existing Program	1,914,456	54	63,391,786	103.1	1,949,820	54	64,131,919	103.1
C04	Reallocation	0	0	63,391,786	103.1	0	0	64,131,919	103.1

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	61,477,330	822	61,477,330	100.0	62,182,099	822	62,182,099	100.0
C01	Existing Program	1,914,456	54	63,391,786	103.1	1,949,820	54	64,131,919	103.1
C04	Reallocation	0	0	63,391,786	103.1	0	0	64,131,919	103.1

Justification

C01	Restoration of 54 currently authorized positions and restoration of \$100,000 Capital Outlay. The 54 positions are currently authorized but not budgeted in FY09 due to Personnel Cap level restrictions, and are needed to maintain normal operations. Severe shortages of positions throughout Child Support and hiring delays due to normal employee turnover would be the repercussions if positions were not restored. Current funding levels will sufficiently cover the restored appropriation of the 54 positions. The Capital Outlay amount of \$100,000 is authorized in the current Biennium and is needed in each year of the upcoming Biennium to replace equipment that is beyond repair, becomes obsolete or is too expensive to maintain. Current funding levels will sufficiently cover the restored Capital Outlay appropriation.
C04	Due to the changes in the Procurement Regulation certain professional services contracts expensed from Professional Fees have been reclassified and are now considered technical contracts expensed from Operating Expenses. Reallocating \$500,000 from Professional Fees to Operating Expenses.

CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: DFA Revenue Services Child Support Enforcement

Program: Child Support Enforcement - Operations

Act #: 527 of 2007 Section(s) #: 3 & 5

Estimated Carry Forward Amount \$ 483,000.00 Appropriation Funds

Funding Source: General, Fed & Non-Rev Receipts

Accounting Information:

Business Area: 0634 Funds Center: 120 Fund: MCE Functional Area: ADMN

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Data Processing and Equipment Expenses	5900046	483,000.00	493,082.93
Total		\$ 483,000.00	\$ 493,082.93

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

Hardware to scan Child Support Enforcement case files prior to electronic storage; software for archival of emails related to case operations; updates to current software; record retention requirements; and any additional development requirements.

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward appropriation/funding:

Hardware to scan Child Support Enforcement case files prior to electronic storage; software for archival of emails related to case operations; updates to current software; record retention requirements; and any additional development requirements.

Richard A. Weiss
Director

08-18-2008
Date