

DFA - CHILD SUPPORT ENFORCEMENT

Enabling Laws

Act 110 of 2016
ACA §25-8-107
ACA §9-14-206 - 210

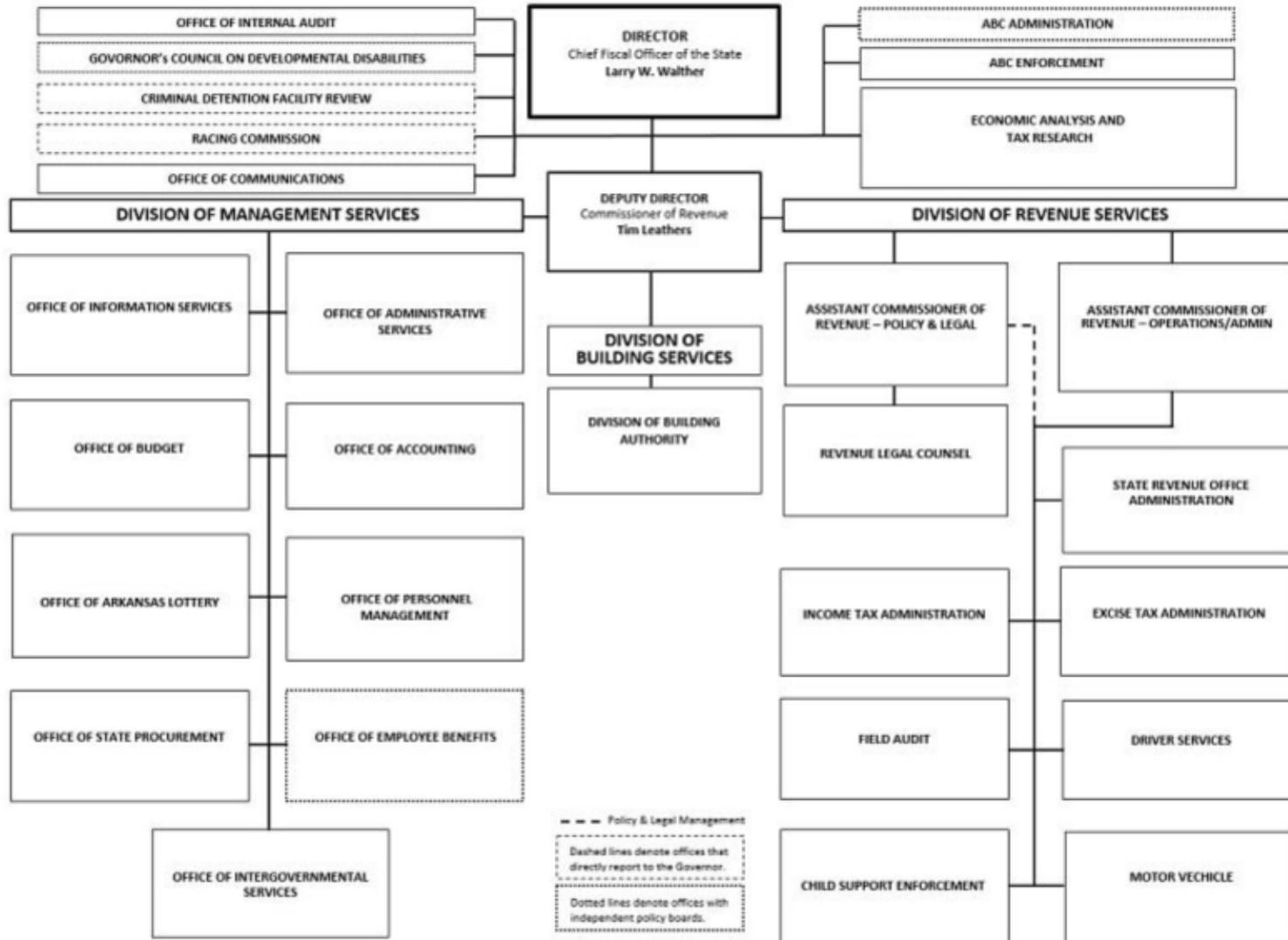
History and Organization

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 107,614 cases assigned. The cases originate in part from Transitional Employment Assistance (TEA), Medicaid and Foster Care cases referred by the Department of 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 43,170 additional cases are monitored for payment and disbursement services. The program is authorized for 840 positions.

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

ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION



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 and 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 is requesting a reduction of 32 currently authorized positions from 840 currently authorized positions; reduction of \$1,122,147 each year. The positions no longer need to be utilized due to efficiencies of the agency.

The agency is also requesting restoration of Capital Outlay in the amount of \$100,000 each fiscal year to replace equipment that is beyond repair, becomes obsolete or that becomes too expensive to maintain or repair.

Current funding levels will sufficiently cover the request.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DFA - CHILD SUPPORT ENFORCEMENT
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under DFA-Administrative Services.

Publications

A.C.A. 25-1-201 et seq.

| Name | Statutory Authorization | Required for | | # of Copies | Reason(s) for Continued Publication and Distribution | Unbound Black & White Copies Produced During the Last Two Years | Cost of Unbound Copies Produced During the Last Two Years |
|---|-------------------------|--------------|------------------|-------------|---|---|---|
| | | Governor | General Assembly | | | | |
| Custodial Parent Handbook | N/A | N | N | 6,000 | Customer Education | 0 | 0.00 |
| Need Help? General Information Brochure | N/A | N | N | 3,500 | Public information and convenience | 0 | 0.00 |
| Non Custodial Parent Handbook | N/A | N | N | 6,000 | Customer Education | 0 | 0.00 |
| Paternity Acknowledgement Brochure | 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. | 0 | 0.00 |
| Paternity Acknowledgement Form | 20-18-408 (2) (3) | N | N | 25,000 | Federal and State law require Hospital based Paternity Acknowledgement Program and issuance of a form and information. | 0 | 0.00 |
| Request for Child Support Services | 9-14-210 (d) (2) | N | N | 18,000 | Public information and convenience | 0 | 0.00 |

Agency Position Usage Report

| FY2014 - 2015 | | | | | | FY2015 - 2016 | | | | | | FY2016 - 2017 | | | | | |
|-------------------|----------|----------|-------|------------------|------------------------|-------------------|----------|----------|-------|------------------|------------------------|-------------------|----------|----------|-------|------------------|------------------------|
| Authorized in Act | Budgeted | | | Unbudgeted Total | % of Authorized Unused | Authorized in Act | Budgeted | | | Unbudgeted Total | % of Authorized Unused | Authorized in Act | Budgeted | | | Unbudgeted Total | % of Authorized Unused |
| | Filled | Unfilled | Total | | | | Filled | Unfilled | Total | | | | Filled | Unfilled | Total | | |
| 840 | 728 | 112 | 840 | 0 | 13.33 % | 840 | 676 | 164 | 840 | 0 | 19.52 % | 840 | 669 | 171 | 840 | 0 | 20.36 % |

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2016
Required by A.C.A. 25-36-104

AGENCY: 0634 DFA - CHILD SUPPORT ENFORCEMENT

| Minority Business | Total Contract Awarded | Minority Type per A.C.A. 15-4-303 (2) | | | | | |
|------------------------|------------------------|---------------------------------------|-------------------|-----------------|----------------|---------------------------|------------------|
| | | African American | Hispanic American | American Indian | Asian American | Pacific Islander American | Disabled Veteran |
| Action Process Service | \$94,500 | X | | | | | |
| Goddess Products, Inc. | \$106,691 | X | | | | | |
| Hill Services | \$94,500 | X | | | | | |
| J & J | \$94,500 | X | | | | | |
| Protech Solutions | \$8,991,000 | | | | X | | |

| | |
|---|---------------------|
| TOTAL NUMBER OF MINORITY CONTRACTS AWARDED | <u>5</u> |
| TOTAL EXPENDITURES FOR CONTRACTS AWARDED | <u>\$12,494,665</u> |
| % OF MINORITY CONTRACTS AWARDED | <u>72.38 %</u> |

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.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Base Level request is \$64,807,687 for FY18 and \$64,844,271 for FY19.

The Agency's Change Level request of \$1,022,147 each year reflects the following:

- Capital Outlay restoration of \$100,000 each year to replace equipment that is beyond repair, becomes obsolete or that becomes too expensive to maintain or repair.
- Regular Salaries and Personal Services Matching decrease of (\$1,122,147) each year due to the reduction of 32 currently authorized positions (Base Level) from 840 authorized positions. The positions no longer need to be utilized due to efficiencies of the agency.

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 | | |
|-------------------------------|---------|---------------------|---------------------|-------------------------|---|-------------------|-------------------|---|-------------------|-------------------|
| | | 2015-2016 Actual | 2016-2017 Budget | 2016-2017 Authorized | 2017-2018 | | | 2018-2019 | | |
| | | | | | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Regular Salaries | 5010000 | 24,140,457 | 27,184,642 | 27,745,627 | 27,219,542 | 26,439,560 | 26,439,560 | 27,249,242 | 26,469,260 | 26,469,260 |
| #Positions | | 826 | 840 | 840 | 840 | 808 | 808 | 840 | 808 | 808 |
| Extra Help | 5010001 | 0 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| #Extra Help | | 0 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Personal Services Matching | 5010003 | 9,734,791 | 10,409,995 | 10,500,814 | 10,554,008 | 10,211,843 | 10,211,843 | 10,560,892 | 10,218,727 | 10,218,727 |
| Operating Expenses | 5020002 | 12,666,341 | 14,535,654 | 14,535,654 | 14,535,654 | 14,535,654 | 14,535,654 | 14,535,654 | 14,535,654 | 14,535,654 |
| Conference & Travel Expenses | 5050009 | 15,214 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Professional Fees | 5060010 | 236,369 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Data Processing | 5090012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 5120011 | 38,008 | 100,000 | 100,000 | 0 | 100,000 | 100,000 | 0 | 100,000 | 100,000 |
| Data Processing and Equipment | 5900046 | 11,246,043 | 11,848,483 | 11,848,483 | 11,848,483 | 11,848,483 | 11,848,483 | 11,848,483 | 11,848,483 | 11,848,483 |
| Total | | 58,077,223 | 64,728,774 | 65,380,578 | 64,807,687 | 63,785,540 | 63,785,540 | 64,844,271 | 63,822,124 | 63,822,124 |

| Funding Sources | | | | | | | | | | |
|--------------------------------|---------|-------------------|-------------------|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Fund Balance | 4000005 | 9,479,293 | 10,337,763 | | 10,593,042 | 10,593,042 | 10,593,042 | 10,291,555 | 10,291,555 | 10,291,555 |
| General Revenue | 4000010 | 12,984,053 | 12,984,053 | | 12,984,053 | 12,984,053 | 12,984,053 | 12,984,053 | 12,984,053 | 12,984,053 |
| Federal Revenue | 4000020 | 38,845,192 | 39,000,000 | | 38,622,147 | 37,500,000 | 37,500,000 | 38,622,147 | 37,500,000 | 37,500,000 |
| Non-Revenue Receipts | 4000040 | 7,105,055 | 13,000,000 | | 12,900,000 | 13,000,000 | 13,000,000 | 12,900,000 | 13,000,000 | 13,000,000 |
| M & R Sales | 4000340 | 1,393 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funding | | 68,414,986 | 75,321,816 | | 75,099,242 | 74,077,095 | 74,077,095 | 74,797,755 | 73,775,608 | 73,775,608 |
| Excess Appropriation/(Funding) | | (10,337,763) | (10,593,042) | | (10,291,555) | (10,291,555) | (10,291,555) | (9,953,484) | (9,953,484) | (9,953,484) |
| Grand Total | | 58,077,223 | 64,728,774 | | 64,807,687 | 63,785,540 | 63,785,540 | 64,844,271 | 63,822,124 | 63,822,124 |

Change Level by Appropriation

Appropriation: 120 - Child Support Enforcement - Operations
Funding Sources: MCE - Child Support Enforcement Fund

Agency Request

| Change Level | | 2017-2018 | Pos | Cumulative | % of BL | 2018-2019 | Pos | Cumulative | % of BL |
|--------------|---------------------|-------------------|------------|-------------------|--------------|-------------------|------------|-------------------|--------------|
| BL | Base Level | 64,807,687 | 840 | 64,807,687 | 100.0 | 64,844,271 | 840 | 64,844,271 | 100.0 |
| C01 | Existing Program | 100,000 | 0 | 64,907,687 | 100.2 | 100,000 | 0 | 64,944,271 | 100.2 |
| C03 | Discontinue Program | (1,122,147) | (32) | 63,785,540 | 98.4 | (1,122,147) | (32) | 63,822,124 | 98.4 |

Executive Recommendation

| Change Level | | 2017-2018 | Pos | Cumulative | % of BL | 2018-2019 | Pos | Cumulative | % of BL |
|--------------|---------------------|-------------------|------------|-------------------|--------------|-------------------|------------|-------------------|--------------|
| BL | Base Level | 64,807,687 | 840 | 64,807,687 | 100.0 | 64,844,271 | 840 | 64,844,271 | 100.0 |
| C01 | Existing Program | 100,000 | 0 | 64,907,687 | 100.2 | 100,000 | 0 | 64,944,271 | 100.2 |
| C03 | Discontinue Program | (1,122,147) | (32) | 63,785,540 | 98.4 | (1,122,147) | (32) | 63,822,124 | 98.4 |

Justification

| | |
|-----|---|
| C01 | Restore Capital Outlay of \$100,000 each fiscal year to replace equipment that is beyond repair, becomes obsolete or that becomes too expensive to maintain or repair. |
| C03 | Reduction of 32 currently authorized positions (Base Level) from 840 currently authorized positions; reduction of \$1,122,147 each year. The positions no longer need to be utilized due to efficiencies of the agency. |