

DFA - CHILD SUPPORT ENFORCEMENT

Enabling Laws

Act 1841 of 2005

A.C.A. §25-8-107

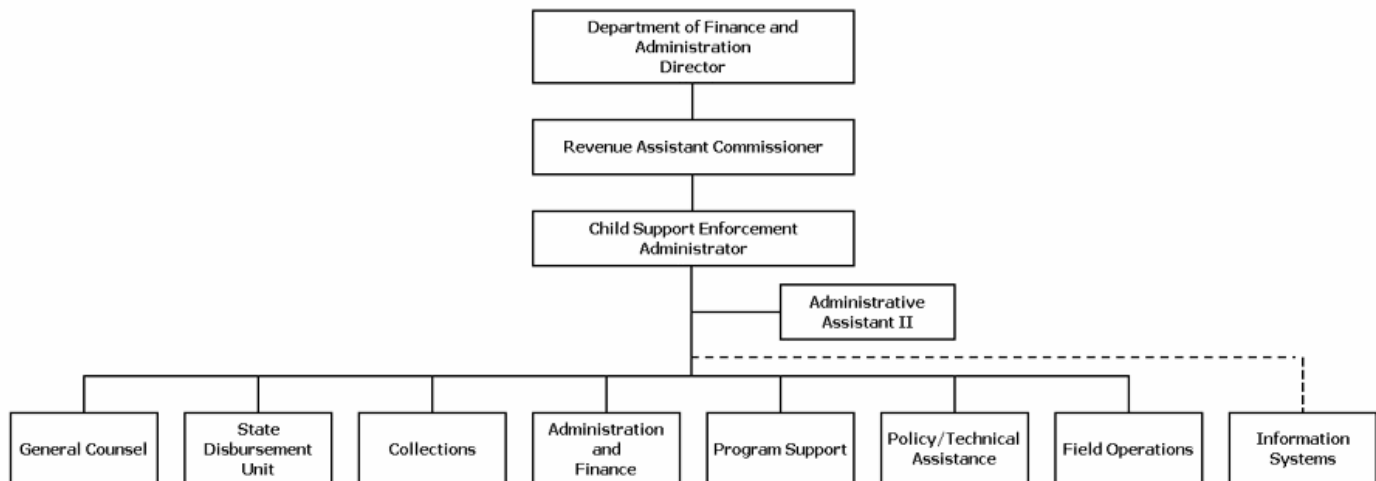
A.C.A. §9-14-206 - 210

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 123,000 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 31,000 additional cases are monitored for payment and disbursement services. The program is authorized for 893 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 to restore forty-eight currently authorized positions to maintain normal operations. Severe shortages of positions throughout Child Support Enforcement and hiring delays due to normal employee turnover would be the repercussions if positions were not restored.

Continuation of three supplemental positions to regular positions, approved in FY07 for replacement of contract positions, through Ciber Systems, to fulfill the federal government requirement of the State's Advanced Planning Document (ADP). The Agency shows a net savings of \$342,000 annually converting contract positions to regular positions.

The Agency requests to transfer twenty currently authorized positions to other Department of Finance and Administration (DFA) Divisions. Historically, these positions have been authorized in the Office of Child Support Enforcement (OCSE) and used in DFA Management Services (19) and Revenue Division (1) to assist with administrative functions as a result of the OCSE operations. Positions not utilized 100% for OCSE functions are not eligible for Federal Financial Participation (FFP). The transfer of these positions will allow the Agency to maximize federal funding resulting in a projected \$1,700,000 in FFP annually and will enhance the ability to offset a projected \$3,000,000 of lost FFP due to recent federal funding changes.

The Agency seeks to restore \$13,000 each year in Capital Outlay to replace equipment that is beyond repair, becomes obsolete or is too expensive to maintain.

New special language is also requested to allow for the carry forward of appropriation remaining in the Data Processing and Equipment Expenses line item due to completion timelines of Information Technology projects.

Current funding levels will sufficiently cover the Agency's Biennial Request.

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, 2005

| <u>Findings</u> | <u>Recommendations</u> |
|-----------------|------------------------|
| None | None |

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 | 60,000 | Keep employers informed as to state law requirements |
| 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 |
| Non Custodial Parent Handbook | N/A | N | N | 10,000 | Customer Education |
| Non-TEA Application Packet | N/A | N | N | 15,000 | Public information and convenience |
| OCSE Information Guide | N/A | N | N | 5,000 | Public information and convenience |
| OCSE Policy Manual | 25-15-203 | N | N | 100 | Staff training and public information |
| 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

| FY2004-2005 | | | | | | FY2005-2006 | | | | | | FY2006-2007 | | | | | |
|-------------------|----------|----------|-------|------------|------------------------|-------------------|----------|----------|-------|------------|------------------------|-------------------|----------|----------|-------|------------|------------------------|
| 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 | |
| 887 | 810 | 38 | 848 | 39 | 8.68% | 893 | 797 | 52 | 849 | 44 | 10.75% | 893 | 792 | 53 | 845 | 48 | 11.31% |

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%).

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The Base Level request for this appropriation is \$58,559,272 for both years of the biennium. The Agency is requesting restoration of 48 currently authorized positions to maintain normal operations to ensure services continue at the current level without interruption and so that hiring delays are not experienced throughout the Agency due to normal employee turnover.

The Agency requests continuation of three (3) supplemental positions to regular positions, approved in FY07 for replacement of contract positions to fulfill the federal government requirement of the State's Advanced Planning Document (ADP). Normally contractors are considered temporary employees, used to augment state staff until a project is completed, but based on history to date, the Federal Government will probably be mandating changes to the Family Support Act of 1988 and/or the Federal Welfare Reform Act of 1996. As a result, OCSE will require long-term services of computer applications quality assurance personnel. Acquiring state positions is more cost effective than continuing the Ciber Systems contract services. The Agency will show a net savings of \$342,000 annually converting contract positions to regular positions.

Positions not utilized 100% for OCSE functions are not eligible for Federal Financial Participation (FFP). The transfer of twenty (20) currently authorized positions, nineteen (19) to DFA Management Services and one (1) to DFA Revenue Division to assist with administrative functions as a result of the OCSE operations will allow the Agency to maximize federal funding resulting in a projected \$1,700,000 in FFP annually and will enhance the ability to offset a projected \$3,000,000 of lost FFP

due to recent federal funding changes.

Transfer to DFA Management Services:

Transfer to DFA Revenue Division:

| | <u>GR</u> | <u>#</u> | | <u>GR</u> | <u>#</u> | | | |
|------|------------------------------------|----------|---|-----------|--------------------------|----|---|---|
| R170 | Attorney Specialist | 24 | - | 1 | K181 Mailroom Supervisor | 12 | - | 1 |
| D064 | Sr Systems Programmer | 24 | - | 1 | | | | |
| D038 | Systems Programmer | 22 | - | 3 | | | | |
| D124 | Lead Programmer Analyst | 22 | - | 1 | | | | |
| D121 | User Support Analyst | 20 | - | 1 | | | | |
| R200 | OCSE Program Coordinator | 20 | - | 1 | | | | |
| R266 | Management Project Analyst II | 20 | - | 1 | | | | |
| A110 | Accountant II | 19 | - | 1 | | | | |
| R030 | Asst Personnel Manager | 19 | - | 1 | | | | |
| D032 | Jr Systems Programmer | 18 | - | 2 | | | | |
| D128 | PC Support Specialist | 18 | - | 3 | | | | |
| V040 | Purchase Agent II / Purchase Agent | 18 | - | 1 | | | | |
| W030 | Records Mangement Analyst II | 18 | - | 1 | | | | |
| A063 | Payroll Officer | 15 | - | <u>1</u> | | | | |
| | | | | 19 | | | | |

The Agency also requests to restore \$13,000 each year in Capital Outlay to replace equipment that is beyond repair, becoming obsolete and/or is too expensive to maintain.

New special language is also requested to allow for the carry forward of appropriation remaining in the Data Processing and Equipment Expenses line item due to completion timelines of Information Technology projects. Allowing for carry forward of this line item would facilitate better planning and management to meet the demands within the biennium.

Summary of Agency Request:

| | <u>FY2008</u> | <u>FY2009</u> |
|--|---------------------|---------------------|
| Restoration of 48 currently authorized positions | \$ 1,337,557 | \$ 1,337,557 |
| Continue 3 supplemental positions as regular positions | \$ 342,000 | \$ 342,000 |
| Restore Capital Outlay to replace aging equipment | \$ 13,000 | \$ 13,000 |
| Cancellation of contract due to 3 supplemental positions | <u>\$ (684,000)</u> | <u>\$ (684,000)</u> |
| Actual increases for OCSE with current level of funding | \$ 1,008,557 | \$ 1,008,557 |
| Transfer of 20 positions to other DFA Divisions | <u>\$ (927,435)</u> | <u>\$ (927,435)</u> |
| Net increase with transfer of positions | \$ 81,122 | \$ 81,122 |

Current funding levels will sufficiently cover the Agency's Biennial Request.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

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

| Commitment Item | Historical Data | | | Agency Request and Executive Recommendation | | | | | |
|--|---------------------|---------------------|-------------------------|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2005-2006 Actual | 2006-2007 Budget | 2006-2007 Authorized | 2007-2008 | | | 2008-2009 | | |
| | | | | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Regular Salaries 5010000 | 21,541,485 | 22,701,369 | 24,219,623 | 22,701,369 | 23,211,142 | 23,211,142 | 22,701,369 | 23,211,142 | 23,211,142 |
| #Positions | 883 | 845 | 893 | 845 | 876 | 876 | 845 | 876 | 876 |
| Extra Help 5010001 | 27,199 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| #Extra Help | 5 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Personal Services Matching 5010003 | 7,683,342 | 8,166,875 | 8,252,773 | 8,552,766 | 8,795,115 | 8,795,115 | 8,552,766 | 8,795,115 | 8,795,115 |
| Operating Expenses 5020002 | 12,184,535 | 14,035,654 | 14,035,654 | 14,035,654 | 14,035,654 | 14,035,654 | 14,035,654 | 14,035,654 | 14,035,654 |
| Conference & Travel Expenses 5050009 | 5,445 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Professional Fees 5060010 | 297,246 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Data Processing 5090012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay 5120011 | 111,789 | 100,000 | 100,000 | 87,000 | 100,000 | 100,000 | 87,000 | 100,000 | 100,000 |
| Data Processing and Equipment Expen5900046 | 11,947,212 | 12,032,483 | 12,032,483 | 12,032,483 | 11,348,483 | 11,348,483 | 12,032,483 | 11,348,483 | 11,348,483 |
| Total | 53,798,253 | 58,186,381 | 59,790,533 | 58,559,272 | 58,640,394 | 58,640,394 | 58,559,272 | 58,640,394 | 58,640,394 |
| Funding Sources | | | | | | | | | |
| Fund Balance 4000005 | 6,844,430 | 9,653,633 | | 9,232,185 | 9,232,185 | 9,232,185 | 7,237,846 | 7,237,846 | 7,237,846 |
| 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 | 28,360,742 | 34,000,000 | | 32,800,000 | 32,800,000 | 32,800,000 | 32,800,000 | 32,800,000 | 32,800,000 |
| Non-Revenue Receipts 4000040 | 15,215,010 | 10,750,000 | | 10,750,000 | 10,831,122 | 10,831,122 | 10,750,000 | 10,831,122 | 10,831,122 |
| M & R Sales 4000340 | 16,771 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funding | 63,451,886 | 67,418,566 | | 65,797,118 | 65,878,240 | 65,878,240 | 63,802,779 | 63,883,901 | 63,883,901 |
| Excess Appropriation/(Funding) | (9,653,633) | (9,232,185) | | (7,237,846) | (7,237,846) | (7,237,846) | (5,243,507) | (5,243,507) | (5,243,507) |
| Grand Total | 53,798,253 | 58,186,381 | | 58,559,272 | 58,640,394 | 58,640,394 | 58,559,272 | 58,640,394 | 58,640,394 |

Actual amount in Capital Outlay exceeds authorized amount due to transfer from the M&R Holding Account.

Change Level by Appropriation

Appropriation: 120-Child Support Enforcement - Operations

Funding Sources: MCE - Child Support Enforcement Fund

Agency Request

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|---------------------|-------------------|------------|-------------------|--------------|-------------------|------------|-------------------|--------------|
| BL | Base Level | 58,559,272 | 845 | 58,559,272 | 100.0 | 58,559,272 | 845 | 58,559,272 | 100.0 |
| C01 | Existing Program | 1,350,557 | 48 | 59,909,829 | 102.3 | 1,350,557 | 48 | 59,909,829 | 102.3 |
| C03 | Discontinue Program | (684,000) | 0 | 59,225,829 | 101.1 | (684,000) | 0 | 59,225,829 | 101.1 |
| C06 | Restored Position | 342,000 | 3 | 59,567,829 | 101.7 | 342,000 | 3 | 59,567,829 | 101.7 |
| C07 | Agency Transfer | (927,435) | (20) | 58,640,394 | 100.1 | (927,435) | (20) | 58,640,394 | 100.1 |

Executive Recommendation

| Change Level | | 2007-2008 | Pos | Cumulative | % of BL | 2008-2009 | Pos | Cumulative | % of BL |
|--------------|---------------------|-------------------|------------|-------------------|--------------|-------------------|------------|-------------------|--------------|
| BL | Base Level | 58,559,272 | 845 | 58,559,272 | 100.0 | 58,559,272 | 845 | 58,559,272 | 100.0 |
| C01 | Existing Program | 1,350,557 | 48 | 59,909,829 | 102.3 | 1,350,557 | 48 | 59,909,829 | 102.3 |
| C03 | Discontinue Program | (684,000) | 0 | 59,225,829 | 101.1 | (684,000) | 0 | 59,225,829 | 101.1 |
| C06 | Restored Position | 342,000 | 3 | 59,567,829 | 101.7 | 342,000 | 3 | 59,567,829 | 101.7 |
| C07 | Agency Transfer | (927,435) | (20) | 58,640,394 | 100.1 | (927,435) | (20) | 58,640,394 | 100.1 |

Justification

| | |
|-----|--|
| C01 | Restoration of 48 currently authorized positions and restoration of \$13,000 in Capital Outlay. The Agency requests to restore 48 currently authorized positions to maintain normal operations. Severe shortages of positions throughout the Agency and hiring delays due to normal employee turnover would be the repercussions if positions were not restored. The Capital Outlay amount of \$13,000 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. |
| C03 | The Agency can maintain the current level of support afforded its' clients and show a savings of approximately \$342,000 annually by continuing the 3 supplemental positions as regular positions to replace the three contractors (see C06 explanation). The Agency currently pays Ciber Systems approximately \$684,000 annually for the services of three contractors. |
| C06 | The federal government will not approve a state's Advanced Planning Document (ADP) unless it evidences adequate quality assurance services. Arkansas currently employees three contractors, through Ciber Systems, to fulfill this requirement. The Agency can maintain the current level of support afforded its' clients and show a savings of approximately \$342,000 annually by continuing the 3 supplemental positions as regular positions to replace the three contractors. The Agency currently pays Ciber Systems approximately \$684,000 annually for the services of three contractors. Acquiring regular positions is more cost effective than continuing the contract services. |
| C07 | Transfer 20 positions from the Department of Finance and Administration Office of Child Support Enforcement (OCSE) to the DFA Management Services (19) and DFA Revenue Division (1). Historically the positions have been authorized for OCSE and have been used in DFA Management Services and DFA Revenue Division to assist with administrative functions as a result of the OCSE support operations. The 20 positions will not be utilized 100% for OCSE functions and therefore the related personnel costs are not eligible for Federal Financial Participation (FFP). A transfer of these positions would allow the agency to maximize federal funding and result in a projected \$1,700,000 in FFP annually. This will enhance the agencies ability to offset a projected \$3,000,000 of lost FFP due to recent federal funding changes. |