

NARRATIVE INFORMATION – DA 400
Division of the Budget
State of Kansas

AGENCY NAME: Social and Rehabilitation Services
PROGRAM TITLE: Integrated Service Delivery
SUBPROGRAM TITLE: Child Support Enforcement Central Admin

EXPENDITURE JUSTIFICATION - Child Support Enforcement Central Administration – 24800 (STARS 22000)

Program Overview: Congress enacted Title IV-D of the Social Security Act, the Child Support Enforcement (CSE) program, to counteract the increasing tax burden of public assistance programs for children left unsupported by one or both parents, and to improve the lives of children living in poverty. Federal law requires each State to establish: an effective statewide uniform CSE Program to improve the quality of life for children; to reduce expenditures for cash assistance, food stamps, foster care, and medical assistance; to help families become independent of public assistance; and to return the responsibility of supporting children to parents whenever possible. Failure to meet federal requirements will result in fiscal sanctions to both the TANF Block Grant and CSE Programs.

The CSE Program is a joint federal, state (judicial and executive branches), county, and private operation which must satisfy numerous federal requirements. The program must provide a full range of child and medical support services from the establishment of orders to modification and enforcement of those orders. SRS is the designated Title IV-D CSE agency for Kansas. Services are provided in all areas of the State by CSE regional staff, and by contracts with most court trustees, one county attorney, and private sector providers (private attorneys, credit bureaus, process servers, and paternity testing facilities). These services are not just for low-income persons receiving other SRS benefits. Any custodial parent may ask for CSE's unique absent parent location and Child Support Enforcement services. No other private or government agency has the legal authority to provide these services.

Object Code 5100: Salaries and Wages

Summary: The Child Support Enforcement positions are organized by the following functions: policy, receivables, self-assessment unit, interstate unit, training, automation, and fiscal. Among other responsibilities, these positions develop policy and procedure, manage several contracts such as the Kansas Payment Center (KPC) and enforcement contracts, provide training and support to regional CSE staff, oversee the distribution of collections and refunds, process recoveries, operate the parent locator service, process interstate requests, and monitor program performance. In addition, a Medical Unit within CSE Central Office recalculates and reactivates existing obligations for Medicaid related birth expenses and calculates recoverable Medicaid expenses for establishment purposes.

Current Year FY 2011: \$2,495,545 - This request funds 57.0 regular positions, including 1.0 unclassified regular position, and 56.0 classified regular positions as well as 5.0 unclassified temporary positions. The salaries include the market rate adjustments authorized for FY 2011, longevity bonuses, and a shrinkage rate of 29.2 percent. All fringe benefit rates observe the cost indices provided by the Division of the Budget.

Allocated Budget FY 2012: \$2,523,540 - This amount continues funding for the present 57.0 regular positions and 5.0 unclassified temporary positions. It also includes funding for longevity bonuses, and adjusts shrinkage to 30.0 percent. All fringe benefits conform to the indices issued by the Division of the Budget.

Object Codes 5200: Contractual Services

Summary: Approximately 98.0 percent of the CSE contractual services are for contracts and fees. The majority of contracts are for the legal enforcement of child and medical support. CSE contracted services include those for legal enforcement, the Kansas Payment Center, the Office of Judicial Administration for clerks of court services, the customer service center, new hire data collection, genetic testing, service of legal process, and paternity verification. Other fees include payments to the Kansas Department of Administration for debt setoff services, federal fees for federal debt offset as well as payments for service of due process, costs to credit reporting agencies, and parent locator services.

Current Year FY 2011: \$25,437,941 – As stated above, the single largest cost in this category is contracts and fees. In FY 2011, these costs represent 98.0 percent of all contractual services. The next largest cost is communications at 1.2 percent of the total.

Communications increase 4.7 percent in FY 2011 primarily due to an increase in the postage rate. One mass mailing is included. The following details the communications budget:

Communications			
	FY 2010	FY 2011	FY 2012
Item	Actual	Current Year	Budget
<i>Postage</i>			
Base Postage	224,079	228,101	243,274
Postage for Mass Notifications	-	7,166	7,546
Central Mail	24,292	26,010	27,566
Subtotal - Postage	248,371	261,277	278,386
<i>Other Communications</i>			
Telecommunicatins	33,000	33,600	34,174
Other Communications (voice mail, cell phones)	4,894	4,943	4,992
Total	286,265	299,820	317,553

The vast majority of the Child Support Enforcement central office costs occur in contracts and fees for services. The legal enforcement contracts are the largest portion of all CSE fees and contracts. These contracts span the entire state and involve twelve entities who are responsible for enforcing child support orders. The Kansas Payment Center is the locus of all receipting and disbursement of child support payments. This federally mandated service has streamlined support payment processing, and simplified employer responsibilities in processing income withholding orders. Payments to the Office of Judicial Administration are for child support services provided by central staff and local clerks of court. The Customer Service Center improves the efficiency of CSE regional staff by handling routine communication with clients. Past due support can be collected by intercepting federal and state tax refunds and a portion of unemployment insurance payments. The fees for debt set-off reflect the payments to the federal

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government and the Kansas Department of Administration for performing this service. The Kansas Department of Labor maintains the new hire database which records all hiring within the State, and information concerning the new employee and the employer. Other fees include genetic testing fees to establish paternity, paternity data matches, on-line inquiry into credit reporting records, national directories, other state agency and private records for address, employment, bank account and asset information. Standard state fees for buildings and maintenance of statewide automated systems are also included. The following table details the cost of contracts and fees. Because some contracts and fees are charged to both object code 2600 and 2700, the combined expenditures in these object codes are presented to improve the comparison from year to year.

Contractual Services and Fees

Item	FY 2010 Actual		FY 2011 Current Year		FY 2012 Allocated Budget	
	All Funds	State Funds	All Funds	State Funds	All Funds	State Funds
Legal Enforcement	\$11,652,318	\$17,000	\$11,602,318	\$2,177,288	12,491,865	3,057,234
KS Payment Center	4,699,393	1,601,582	4,605,994	2,082,830	4,970,722	2,247,760
Office of Judicial Administration	2,091,894	502,894	2,091,894	502,894	2,107,214	502,894
Customer Service Center	1,522,811	148,227	1,762,626	599,293	1,763,307	599,524
State Debt Set Off Fees	3,827,915	1,301,491	4,018,194	1,366,186	3,997,737	1,359,230
Federal Debt Set Off Fees	355,382	120,830	306,305	104,144	329,278	111,955
New Hires	250,000	85,000	200,000	68,000	210,000	71,400
Genetic Testing Fees	95,883	32,600	91,571	31,134	93,015	31,625
Process Server Fees	136,817	46,518	167,276	56,874	176,779	60,105
Paternity Data Match	3,854	1,310	4,854	1,650	5,733	1,949
Other Legal Fees	47,537	20,123	54,603	23,119	60,285	25,645
Administrative Fees:						
Monumental Building Surcharge	20,946	20,946	22,746	22,746	22,743	22,743
Dept Admin Enterprise Fee	4,106	1,396	4,193	1,425	4,290	1,459
Other	76,622	26,119	13,792	4,758	14,229	4,908
Total	\$24,785,478	\$3,926,036	\$24,946,366	\$7,042,342	\$26,247,196	\$8,098,432

In the current year, four major changes in expenditures occur:

- The Kansas Payment Center contract declined by \$93,399 (-2.0 percent). This is due to the terms of the contract which incorporated operating efficiencies over time.
- Due to limited funding, all legal enforcement contracts are being held flat to the 2010 contract amounts, which is a reduction of \$331,820 to the contract terms approved originally. In addition, bonuses to enforcement contractors have been eliminated in 2011 for an additional savings of \$254,510.

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- State and federal debt set-off fees are countercyclical, and remain high due to the deep economic recession. The state debt set-off fees increase by \$190,279 (5.0 percent) due to the extension of time-limited unemployment insurance payments and the continued high rate of unemployment insurance payment intercepts. Federal debt set-off fees, which increased in 2009 and 2010 due to individual stimulus payments, decline by \$49,077 (-13.8 percent) under the assumption of no future individual stimulus measures.
- Legal fees for service of due process increase by \$30,459 (22.3 percent) resulting from the centralization of these services.

CSE expenditures are generally financed by 34.0 percent state funds and 66.0 percent federal matching funds. Exceptions occur for the Kansas Payment System, where 17.0 percent of expenditures are state-only costs, and the Office of Judicial Administration which will certify \$612,794 in state matching costs. The remaining significant departure from the standard matching requirement lies in the legal enforcement contracts, and is explained by a special CSE provision in the American Recovery and Reinvestment Act of 2009. Under the act, federal performance incentive funds may be used as state matching funds for federal CSE funding at the normal 34.0 percent rate. This provision is in force until September 2010; therefore, the budget includes one quarter of performance incentive matching, resulting in state fund savings of \$577,500.

Allocated Budget FY 2012: \$26,759,171 - The requested funds represent an increase of \$1,321,230 over FY 2011. As shown above, one mass mailing is included in 2012.

Four significant changes occur in contracts and fees:

- Legal enforcement contracts increase by \$889,547 (7.7 percent). Three adjustments explain this increase: the restoration of \$331,820 in contract reductions during FY 2011, the restoration \$274,882 in performance bonuses removed in FY 2011, and contract increases of \$282,845 incorporated in the terms of the multiyear contracts.
- The Kansas Payment Center contract increases by \$364,728 (7.9 percent). This is incorporated in the terms of this multiyear contract.
- The customer service center contract remains relatively constant through FY 2013.
- State and federal debt set-off fees decline gradually under the anticipation of a slow economic recovery.

Object Codes 5300: Commodities

Summary: The main expenditures in this category are office and professional supplies.

Current Year FY 2011: \$21,599 – These expenditures include reference materials for legal work (e.g. statute supplements; session laws), communication supplies, stationery, computer software, forms and small equipment. The budgeted amount is an increase of \$6,302 from FY 2010.

Allocated Budget FY 2012: \$21,929 - The increase over FY 2011 is \$330. The office supply needs are projected to remain relatively constant.

Object Codes 5400: Capital Outlay

Summary: Expenditures in this category represent major office equipment.

Current Year FY 2011: \$0 – No funds are requested for equipment in FY 2011.

Allocated Budget FY 2012: \$0 – No funds are requested for equipment in FY 2012.

Object Codes 5500: Grants and Assistance

Summary: The agency is required to cover certain receivables which occur when payments are made to non-TAF families but then must be recovered due to IRS negative adjustments, insufficient fund checks, misidentified payments, etc.

Current Year FY 2011: \$100,000 - Due to the unpredictability of adjustments and recoveries, the program has little control over these receivable amounts. The budgeted amount is an increase of \$36,901 from FY 2010.

Allocated Budget FY 2012: \$100,000 - Funding is held to the FY 2011 estimate.

Child Support Enforcement Caseload and Collection Summary

Item	FY 2010 Actual		FY 2011 Current Year		FY 2012 Allocated Budget	
	Average Monthly Cases	Collections	Average Monthly Cases	Collections	Average Monthly Cases	Collections
TAF Related Cases	18,477	\$22,102,882	17,815	\$19,828,095	17,366	\$17,973,810
TAF Foster Care Cases	2,226	2,282,702	2,359	2,434,488	2,536	2,632,368
GA/Foster Car & Juvenile Justice Cases	4,532	5,722,652	4,592	5,942,048	4,732	6,274,632
Non TAF Cases	94,121	148,016,458	93,274	151,103,880	92,854	154,973,326
Interstate Cases	7,776	16,726,741	7,808	17,216,640	7,772	17,564,720
Total	127,132	\$194,851,435	125,848	\$196,525,151	125,260	\$199,418,856
Collection per Case		\$1,533		\$1,562		\$1,592
State Portion of Support Retained by KS		\$16,232,535		\$15,122,501		\$14,855,678