

DHS BUDGET REQUEST FOR FY 2016-2017
(\$ Amounts in Thousands)

Page # of Governor's Executive Budget:
Pp. E30.3, E30.21, E30.22, E30.37

APPROPRIATION:
Child Support Enforcement

I. SUMMARY FINANCIAL DATA	2014-2015	2015-2016	2016-2017
	<u>Actual</u>	<u>Available</u>	<u>Budgeted</u>
State Funds	\$13,815	\$11,703	\$12,714
Federal Funds Total	\$153,155	\$154,662	\$167,873
Federal Sources Itemized			
<i>Child Support Enforcement - Title IV-D</i>	\$153,155	\$154,662	\$167,873
Other Funds Total	\$8,514	\$10,000	\$13,500
Other Fund Sources Itemized			
<i>Title IV-D Incentive Collections</i>	\$7,245	\$8,731	\$12,231
<i>State Retained Support Collections</i>	\$1,269	\$1,269	\$1,269
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Total	\$175,484	\$176,365	\$194,087
IA. REQUESTED SUPPLEMENTALS (Included above)			
State Funds		\$0	
Federal Funds		\$0	
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Total		\$0	

II. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)	APPROPRIATION: Child Support Enforcement				
	2014-2015 Actual	2015-2016 Available	2016-2017 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL					
<i>State Funds</i>	\$1,494	\$1,432	\$1,493	\$61	4.26%
<i>Federal Funds</i>	\$7,350	\$7,578	\$7,900	\$322	4.25%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Personnel	\$8,844	\$9,010	\$9,393	\$383	4.25%
OPERATING					
<i>State Funds</i>	\$11,514	\$9,844	\$10,355	\$511	5.19%
<i>Federal Funds</i>	\$21,811	\$19,926	\$32,046	\$12,120	60.83%
<i>Other Funds</i>	\$4,795	\$6,431	\$9,931	\$3,500	54.42%
Total Operating	\$38,120	\$36,201	\$52,332	\$16,131	44.56%
FIXED ASSETS					
<i>State Funds</i>	\$500	\$120	\$559	\$439	365.83%
<i>Federal Funds</i>	\$0	\$0	\$853	\$853	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Fixed Assets	\$500	\$120	\$1,412	\$1,292	1076.67%
GRANT & SUBSIDY					
<i>State Funds</i>	\$307	\$307	\$307	\$0	0.00%
<i>Federal Funds</i>	\$123,994	\$127,158	\$127,074	(\$84)	-0.07%
<i>Other Funds</i>	\$3,719	\$3,569	\$3,569	\$0	0.00%
Total Grant & Subsidy	\$128,020	\$131,034	\$130,950	(\$84)	-0.06%
NONEXPENSE					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Nonexpense	\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Budgetary Reserve	\$0	\$0	\$0	\$0	0.00%
UNCOMMITTED					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Uncommitted	\$0	\$0	\$0	\$0	0.00%
EXCESS FEDERAL					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Other	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
<i>State Funds</i>	\$13,815	\$11,703	\$12,714	\$1,011	8.64%
<i>Federal Funds</i>	\$153,155	\$154,662	\$167,873	\$13,211	8.54%
<i>Other Funds</i>	\$8,514	\$10,000	\$13,500	\$3,500	35.00%
Total Funds	\$175,484	\$176,365	\$194,087	\$17,722	10.05%

APPROPRIATION:
Child Support Enforcement

III. HISTORY OF LAPSES (\$ Amounts in Thousands)	2013-2014	2014-2015	2015-2016 Estimated
State Funds	\$2,021	\$1,028	\$0

IV. COMPLEMENT INFORMATION	12/31/2014	12/31/2015	2016-2017 Budgeted
State/Federally Funded			
<i>Authorized</i>	98	98	98
<i>Filled</i>	91	95	94
Federally Funded			
<i>Authorized</i>	0	0	0
<i>Filled</i>	0	0	0
Other Funded			
<i>Authorized</i>	0	0	0
<i>Filled</i>	0	0	0
Total			
<i>Authorized</i>	98	98	98
<i>Filled</i>	91	95	94
Benefit Rate	72.56%	81.60%	87.20%

V. DERIVATION OF REQUEST / LEGISLATIVE CITATIONS / DISBURSEMENT CRITERIA

Derivation of Request:

The Fiscal Year 2016-2017 Governor's Executive Budget provides for an authorized complement of 98 positions, the same as Fiscal Year 2015-2016. The funding for personnel is based on full year funding of filled positions and part year funding for vacant positions. The funding for operating expenses provides for on-going Information Technology (IT) support of Pennsylvania's Child Support Enforcement System and network infrastructure. In addition, operating funding provides for on-going maintenance and specific programmatic needs in the delivery of child support payments, as well as, programs to encourage timely submission of child support payments.

Legislative Citations:

23 Pa. C.S. § 4371 et seq.

Disbursement Criteria:

This appropriation funds administrative costs associated with the Department's Child Support Enforcement program. Disbursements are made on the basis of approved positions, established employee benefits, and invoices submitted for operating expenses and fixed assets.

VI. EXPLANATION OF CHANGES (\$ Amounts in Thousands)	APPROPRIATION: Child Support Enforcement			
	State \$	Federal \$	Other \$	Total \$
PERSONNEL				
1. Net impact of changes in the number of filled salary positions from Fiscal Year 2015-2016:	(3)	(15)	\$0	(18)
2. Provides an increase for the impact of salary adjustment factor (without benefits) which includes the full year cost of a January 1, 2016 step increase offset by turnover:	\$11	\$60	\$0	\$71
3. Provides for an increase in the total cost of employee benefits primarily due to an increase in the retirement rate: retirement benefit rate:	\$53	\$277	\$0	\$330
Subtotal Personnel	\$61	\$322	\$0	\$383
OPERATING				
1. Reflects an increase in the Pennsylvania Child Support Enforcement System (PACES) for maintenance and modifications to remain compliant with Federal regulations and enhance customer service:	(\$439)	\$10,416	\$3,500	\$13,477
2. Reflects an increase in State Centralized Collections Disbursement Unit (SCDU) operation and administrative costs:	\$708	\$1,374	\$0	\$2,082
3. Provides for an increase in General Operating costs in Fiscal Year 2016-2017:	\$242	\$330	\$0	\$572
Subtotal Operating	\$511	\$12,120	\$3,500	\$16,131
FIXED ASSETS				
1. Reflects an increase in the purchase of telecommunications equipment and the replacement of file and print servers in all counties:	\$439	\$853	\$0	\$1,292
Subtotal Fixed Assets	\$439	\$853	\$0	\$1,292
GRANTS AND SUBSIDIES				
1. Reflects a decrease in retained Appropriation Authority for Child Support Collections:	\$0	(\$84)	\$0	(\$84)
Subtotal Grants and Subsidies	\$0	(\$84)	\$0	(\$84)
TOTAL	\$1,011	\$13,211	\$3,500	\$17,722

CHILD SUPPORT ENFORCEMENT

PROGRAM STATEMENT

The Bureau of Child Support Enforcement (BCSE) administers the Child Support Enforcement Program in Pennsylvania in accordance with Title IV-D of the Social Security Act, as amended. The Child Support Enforcement Program determines paternity when necessary and establishes and enforces child support obligations on behalf of custodial parents and their children, including those who receive cash assistance benefits from the Department of Human Services (Department). Federal and state law require that court-ordered child support be assigned to the Department up to the amount of assistance paid for custodial parents and their children if they are receiving cash assistance.

Pennsylvania's Child Support Enforcement Program is nationally recognized as a leader in program performance and ranks first in overall performance outcomes. Pennsylvania's Title IV-D Program exceeds all federal performance standards, the only program in the nation that meets or exceeds all measures, which include establishment of paternity and court orders for child support, collection of child support obligations, and effectiveness. No other large state posts measures of program effectiveness in parity with Pennsylvania. The program received federal performance bonus incentives of \$24.986 million in federal fiscal year Federal Fiscal Year 2014-2015.

The Department administers the Child Support Enforcement Program in all counties through a Cooperative Agreement signed by the County Commissioners and President Judges of the County Courts of Common Pleas. The Domestic Relations Sections (DRS) of the County Courts of Common Pleas manage the Pennsylvania Child Support Enforcement Program at the local level. Child support enforcement activities are federally reimbursed at a matching rate of 66 percent. Additionally, incentive bonus payments are received for achievement of positive program outcomes.

Child support enforcement activities include: ensuring that child support referrals and closing actions for cash assistance clients are processed accurately and timely; interpreting federal Title IV-D policy; developing and implementing projects to ensure Pennsylvania's Child Support Enforcement Program complies with federal Title IV-D Program requirements and meets federal performance standards; conducting operational and financial performance audits of the 66 county DRSs; processing inter-governmental Child Support Enforcement Program requests for establishment and enforcement; providing on-site support and technical assistance to county DRS operations; and, functioning as a customer service unit. BCSE assists the county DRSs to provide customer service, ensure avoidance of potential federal financial sanctions for failure to meet federal operational and performance requirements, and improve the performance of the DRSs for maximizing federal incentive payments to the state.

Several programs are used to establish child support obligations including the Voluntary Acknowledgement of Paternity Program, State Parent Locator System and the Intergovernmental Central Registry. Pennsylvania collected \$1.295 billion from Noncustodial Parents (NCP) in state fiscal year 2014-2015. Principal enforcement programs include: Income Withholding - \$959.109 million; Federal Income Tax Refund Offset Program - \$35.806 million; State Tax Refund Offset Program - \$2.115 million; Out-of-state payment - \$70.615 million; International - \$0.278 million; Unemployment Compensation Intercept Program - \$29.230 million; Financial Institution Data Match Program - \$4.325 million; Thrift Savings Plan - \$0.287 million; Child Support Lien Network (intercept of personal injury and workers' compensation insurance claims) - \$2.978 million; Federal Insurance Match - \$0.054 million; State Lottery Intercept Program - \$0.100 million; Monetary Award Settlements - \$0.151 million; and, the federally-administered Passport Denial Program - \$0.478 million. The remaining \$189.158 million was collected through county DRS collection programs, court actions, such as payments to avoid incarceration, and voluntary payments by NCPs.

PENNSYLVANIA CHILD SUPPORT ENFORCEMENT SYSTEM (PACSES)

The PACSES is a fully automated statewide child support enforcement system that complies with all state and federal enforcement and collection requirements mandated by the Family Support Act of 1988 and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). PACSES interfaces with state and federal agencies, as well as non-governmental entities, to gather information used to establish and enforce child support obligations. The PACSES is used by all 66 Pennsylvania County DRSs to provide Title IV-D child support services. Additionally, PACSES interfaces with various federal and state data systems providing information to the county DRSs to enhance the collection of child support.

STATE COLLECTION AND DISBURSEMENT UNIT (SCDU)

The PRWORA of 1996 required that Pennsylvania centrally collect and disburse all child and spousal support payments. The SCDU provides a single point of payment and disbursement for child and spousal support, as well as customer service for all payors and recipients. Pennsylvania enacted legislation in September 2006 to require employers to submit electronically wage-attached child support payments. As of December 2015, 98 percent of child support payments are disbursed electronically to custodial parents and 99 percent of all disbursements are issued within 24 hours. Electronic collections account for 81 percent of the total collected.

FATHERHOOD PROGRAMS

Several fatherhood programs are provided to promote self-sufficiency and personal responsibility among NCPs and enhance the family structure. The Department receives federal Access and Visitation Grant Program funding for fatherhood programs. The New Opportunities for Noncustodial Parents (NEON) Program facilitates unemployed and under-employed NCPs' attachment to the workforce, specifically job placement and retention initiatives, to increase the frequency of child support payments. NEON funding totals \$2.300 million in federal Title IV-D Incentive funds, Access and Visitation funding totals \$0.317 million in federal funds in Federal Fiscal Year 2014-15.