

State of Alaska
FY2005 Governor's Operating Budget

Department of Revenue
Child Support Enforcement Division
Component Budget Summary

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Component: Child Support Enforcement Division

Contribution to Department's Mission

The mission of the Child Support Enforcement Division is to collect and distribute child support.

Core Services

- ◆ Support and paternity establishment
- ◆ Review and adjustment to cases
- ◆ Enforcement of cash and medical support

End Results	Strategies to Achieve Results
<p>(1) Improve the collection and disbursement of child support due to the children served by CSED.</p> <p><u>Target:</u> Increase collections by 3%. <u>Measure:</u> Percent change in total collections for a fiscal year.</p>	<p>(1) Improve the environment necessary for increased collections.</p> <p><u>Target:</u> Increase paternities established to 90%. <u>Measure:</u> Percentage of paternities established.</p> <p><u>Target:</u> Increase cases with orders to 84%. <u>Measure:</u> Percentage of cases with orders.</p> <p><u>Target:</u> Increase current collections to 56%. <u>Measure:</u> Percentage of current collections.</p> <p><u>Target:</u> Increase number of cases with arrearage collections to 70%. <u>Measure:</u> Percentage of cases with arrearages with collections.</p> <p><u>Target:</u> Increase the cost effectiveness ratio to 4.3. <u>Measure:</u> Cost effectiveness ratio.</p> <p><u>Target:</u> Improve collections on cases with no collections for one year or more to 10%. <u>Measure:</u> Percentage of cases with collections with no previous collections for 1 year or more.</p> <p>(2) Improve the efficiency of distributing child support.</p> <p><u>Target:</u> Increase recipients on automated distribution to 60%. <u>Measure:</u> Percentage of recipients receiving automated distribution.</p> <p><u>Target:</u> Decrease money on hold to less than 1%. <u>Measure:</u> Percentage of money on hold.</p> <p>(3) Improve customer service and outreach.</p> <p><u>Target:</u> 95% of customers surveyed rate us 4 or better on a scale of 1-5. <u>Measure:</u> Percent of responses from customer surveys</p>

End Results	Strategies to Achieve Results
	<p>rated 4 or better.</p> <p><u>Target:</u> Wait times for telephone calls is reduced to an average of 2 minutes. <u>Measure:</u> Average wait times.</p> <p>(4) Maximize federal funding.</p> <p><u>Target:</u> Increase federal funding percentage to 82% of total operating budget. <u>Measure:</u> Percent of federal funding in operating budget.</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Improve communications, processes and interface with other states. • Establish and train a special collections unit. • Review statutes and regulations for enhanced prosecution of criminal non-support. • Review and adjust cases. • Establish paternity. • Inform obligees of accurate amounts due. • Locate employers and assets of non-custodial parents. • Assist Bureau of Vital Statistics in becoming federally compliant and current. • Investigate using internal IV-D paternity measurement instead of statewide paternity measurement. • Streamline the case establishment process. • Institute a 0 tolerance (full collection of arrearages) for passport denial/release program. 	<ul style="list-style-type: none"> • Review the maximum withholding percentage policy. • Pursue a state-owed arrearage abatement pilot program. • Reduce the Financial Institution Data Match minimum account balance for seizure and institute an enhanced negotiation process. • Create a pilot project to target a rural hub community. • Increase informative presentations to businesses, non-profits, faith-based, ethnic, schools, conferences and mass media from 6 to 12 annually. • Increase individual interviews (personal contacts via telephone or in-person) for custodial and non-custodial parents by CSED employees by 25%. • Set procedures, train employees, create questions and surveys for interview process. • Continue to respond to written and verbal communications from our clients. • Contact grant writers for submitting grant applications. • Apply for all beneficial federal grants or special programs from the federal OCSE grant list.

FY2005 Resources Allocated to Achieve Results							
<p>FY2005 Component Budget: \$19,471,600</p>	<p>Personnel:</p> <table border="0"> <tr> <td>Full time</td> <td style="text-align: right;">233</td> </tr> <tr> <td>Part time</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">233</td> </tr> </table>	Full time	233	Part time	0	Total	233
Full time	233						
Part time	0						
Total	233						

Performance Measure Detail

(1) Result: Improve the collection and disbursement of child support due to the children served by CSED.

Target: Increase collections by 3%.
Measure: Percent change in total collections for a fiscal year.

Percent change in total collections for a fiscal year

Year	FY2002	FY2003	FY2004	FY2005	YTD Total
2004	1.045%	1.031%	-0.045%	3.0%	0

Analysis of results and challenges: Increasing total collections allows the division to increase distributions to custodial parents. This improves the financial support that benefits children's lives. The division expects a steady increase in non-PFD collections.

(1) Strategy: Improve the environment necessary for increased collections.

Target: Increase paternities established to 90%.
Measure: Percentage of paternities established.

Percentage of paternities established

Year	FFY2002	FFY2003	FFY2004	FFY2005	YTD Total
2004	89.6%	89.3%	89.8%	90%	0

Analysis of results and challenges: Improving the number of paternities that the division establish allows cases to be available for establishing an order and, in turn, allows money to start flowing to the family. Better coordination with the Bureau of Vital Statistics to correct deficiencies will also vastly improve the division's results.

Target: Increase cases with orders to 84%.
Measure: Percentage of cases with orders.

Percentage of cases with orders

Year	FY2002	FY2003	FY2004	FY2005	YTD Total
2004	83%	81%	83.5%	84.0%	0

Analysis of results and challenges: Collections cannot be made without a proper order in place. Establishing this quickly and effectively is one of the keys to a successful child support program. Reviewing and streamlining the division's process in establishing cases will aid in the timeliness of collecting and distributing child support.

Target: Increase current collections to 56%.
Measure: Percentage of current collections.

Percentage of current collections

Year	FY2002	FY2003	FY2004	FY2005	YTD Total
2004	54%	53.2%	55%	56%	0

Analysis of results and challenges: Also a main component to any child support program, collecting current money due is crucial to the financial well-being of the children it is intended to benefit. Increased information systems for new hires with the federal government and Alaska employers will enhance our ability to streamline the withholding process, improving the overall ability to collect current support quickly.

Target: Increase number of cases with arrearage collections to 70%.
Measure: Percentage of cases with arrearages with collections.

Percentage of cases with arrearages with collections

Year	FY2002	FY2003	FY2004	FY2005	YTD Total
2004	68.4%	66.5%	67%	70%	0

Analysis of results and challenges: A higher concentration on cases with special collection needs will increase overall collections.

Target: Increase the cost effectiveness ratio to 4.3.

Measure: Cost effectiveness ratio.

Cost effectiveness ratio

Year	FFY2002	FFY2003	FFY2004	FFY2005	YTD Total
2004	4.49	4.24	4.27	4.3	0

Analysis of results and challenges: Two components, expenses and collections, figure into this target. Overall, showing the highest possible amount of collections for the least amount spent is highly sought. With improved automation and new ideas to streamline, we hope to meet this target.

Target: Improve collections on cases with no collections for one year or more to 10%.

Measure: Percentage of cases with collections with no previous collections for 1 year or more.

Percentage of cases with collections with no previous collection for 1 year or more

Year	FY2002	FY2003	FY2004	FY2005	YTD Total
2004	NA	NA	5%	10%	0

Analysis of results and challenges: A recent analysis of outstanding collections showed a relationship between those cases with the highest outstanding balances and those with no recent collections. A significant priority will be redirected to achieve better results here.

(2) Strategy: Improve the efficiency of distributing child support.

Target: Increase recipients on automated distribution to 60%.

Measure: Percentage of recipients receiving automated distribution.

Percentage of recipients receiving automated distribution

Year	FY2002	FY2003	FY2004	FY2005	YTD Total
2004	NA	55%	57%	60%	0

Analysis of results and challenges: In addition to improving the timeliness of distribution of the funds to recipients and the ease at which they can access their money, automated distribution greatly reduces the costs associated with disbursing money. Implementation of an electronic payment card pilot project will be a major step in achieving this target.

Target: Decrease money on hold to less than 1%.

Measure: Percentage of money on hold.

Percentage of money on hold

Year	FY2002	FY2003	FY2004	FY2005	YTD Total
2004	2.36%	2.78%	1.8%	1.0%	0

Analysis of results and challenges: The decrease of undistributed collections is quickly becoming a national priority for the federal Office of Child Support. Greater attention to the causes and categories of these funds will be expected.

(3) Strategy: Improve customer service and outreach.

Target: 95% of customers surveyed rate us 4 or better on a scale of 1-5.

Measure: Percent of responses from customer surveys rated 4 or better.

Percent of responses from customer surveys rated 4 or better

Year	FY2002	FY2003	FY2004	FY2005	YTD Total
2004	NA	NA	NA	95%	0

Analysis of results and challenges: By creating a customer survey, the division hopes to improve its ability to

serve clients. In addition to helping the customer more effectively, this will give the division a better understanding of where training needs lie.

Target: Wait times for telephone calls is reduced to an average of 2 minutes.

Measure: Average wait times.

Average minutes of telephone call wait time

Year	FY2002	FY2003	FY2004	FY2005	YTD Total
2004	3.8	2.13	2.85	2.0	0

Analysis of results and challenges: Historically, we have experienced negative public relations related to a perceived lack of customer service. Utilizing both advanced phone systems and more organized, better-trained customer service agents, the division can improve services.

(4) Strategy: Maximize federal funding.

Target: Increase federal funding percentage to 82% of total operating budget.

Measure: Percent of federal funding in operating budget.

Percent of federal funding in operating budget

Year	FY2002	FY2003	FY2004	FY2005	YTD Total
2004	81.63%	81.74%	81.85%	82.0%	0

Analysis of results and challenges: The division currently receives several types of funding including matching funds for child support expenses, incentive awards for performance and indirect costs for overhead. By steadily improving on federal performance measures, the division will increase federal incentive revenue. The division also plans to acquire more grants to help improve in overall delivery of services.

Key Component Challenges

- Due to changes in the federal performance measure incentive program, the division will be facing a large decrease in federal incentive revenue. The incentive program has been revised so it is now based on five performance measures, whereas it was previously based solely on collections. A set pool of money has been established which will be distributed between the 54 states and jurisdictions. CSED is finding that, while this new calculation benefits larger states, Alaska is facing continued decreases from previous years' incentives.
- The division faces the possibility of a new federal medical support incentive performance measure and a new federal undistributed collections standard. New computer programming and personnel resources will be required to monitor these new items and modify our existing priorities to make sure Alaska meets or exceeds these standards. The addition of a new incentive measure further dilutes the total incentive dollars.
- The federal establishment of tribal child support programs will require extensive coordination and time spent creating and supporting these new entities. There will most likely be a wide variety of new systems and a lack of reliable data.
- The division faces stringent federal requirements for data reliability that must be met to achieve the highest possible incentive revenue and to avoid possible penalties to our agency and to the Department of Health and Social Services, Division of Public Assistance.

Significant Changes in Results to be Delivered in FY2005

- The division will be consolidating casework into the Anchorage office from field offices in Fairbanks, Juneau and Wasilla. This will allow some economies of scale and more efficiencies by consolidating files and supervision and will also allow field offices to concentrate on customer service.
- The division will be piloting an electronic payment distribution card project that will provide debit card access for our recipients.
- The division will be investigating an on-line debit payment acceptance program which will provide a web-based site for non-custodial parents and employers to make electronic debit payments for child support.

Major Component Accomplishments in 2003

- The division increased our yearly collections by \$2,680,400 to \$97,682,000 in FY2003, even though collections from Permanent Fund Dividends decreased by approximately \$2 million. This decrease occurred because the amount of the PFD per individual was considerably lower. Of the total collections, almost \$15,000,000 was collected for the State of Alaska and the federal government.
- The division achieved federal certification of our financial computer system.
- The division improved our customer services by reducing phone wait times from 3.8 minutes in FY2002 to only 2.13 minutes in FY2003. The division also expanded our outreach program and were able to help a significant number of clients in outlying areas.
- The percentage of appeals that resulted from administrative orders and order modifications dropped from 13% in FY2002 to only 9% in FY2003.

Statutory and Regulatory Authority

AS 25.25
AS 25.27
AAC 15.05
AAC 15.125

Federal Law 93-647
Federal Law 96-265
Federal Law 96-35

Contact Information
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**Child Support Enforcement Division
Component Financial Summary**

All dollars shown in thousands

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	12,264.3	12,638.3	12,967.5
72000 Travel	106.3	80.0	80.0
73000 Contractual	5,714.7	6,269.6	6,197.2
74000 Supplies	205.2	166.1	166.1
75000 Equipment	395.6	60.8	60.8
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	18,686.1	19,214.8	19,471.6
Funding Sources:			
1002 Federal Receipts	12,412.6	12,780.6	12,978.5
1004 General Fund Receipts	118.6	118.6	0.0
1016 Federal Incentive Payments	2,568.9	2,790.8	2,790.8
1133 Indirect Cost Reimbursement	299.0	304.6	304.6
1156 Receipt Supported Services	3,287.0	3,220.2	3,397.7
Funding Totals	18,686.1	19,214.8	19,471.6

Estimated Revenue Collections

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Unrestricted Revenues				
Unrestricted Fund	68515	3,381.0	0.0	0.0
Unrestricted Total		3,381.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	12,412.6	12,780.6	12,978.5
Receipt Supported Services	51073	3,287.0	3,220.2	3,397.7
UA Indirect Cost Recovery	51115	299.0	304.6	304.6
Federal Incentive Payments	51378	2,568.9	2,790.8	2,790.8
Restricted Total		18,567.5	19,096.2	19,471.6
Total Estimated Revenues		21,948.5	19,096.2	19,471.6

**Summary of Component Budget Changes
From FY2004 Authorized to FY2005 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2004 Authorized	118.6	15,876.0	3,220.2	19,214.8
Adjustments which will continue current level of service:				
-Changes to Retirement and Other Personal Services Rates	0.0	375.1	193.2	568.3
-Funding Source Adjustment from GF to Receipt Supported Services	-118.6	0.0	118.6	0.0
-Eliminate language section for paternity testing receipts Sec. 14 Ch 83 SLA2003 p60 118	0.0	0.0	-43.0	-43.0
Proposed budget decreases:				
-Centralize Casework in Anchorage	0.0	-157.8	-81.3	-239.1
-Reduce Legal Services RSA	0.0	-19.4	-10.0	-29.4
FY2005 Governor	0.0	16,073.9	3,397.7	19,471.6

**Child Support Enforcement Division
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2004</u> <u>Authorized</u>	<u>FY2005</u> <u>Governor</u>		
Full-time	239	233	Annual Salaries	9,573,861
Part-time	0	0	Premium Pay	23,073
Nonpermanent	0	0	Annual Benefits	4,315,568
			<i>Less 6.79% Vacancy Factor</i>	<i>(945,002)</i>
			Lump Sum Premium Pay	0
Totals	239	233	Total Personal Services	12,967,500

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant III	3	0	0	0	3
Accountant IV	1	0	0	0	1
Accounting Clerk I	5	0	0	0	5
Accounting Clerk II	3	0	0	0	3
Accounting Spvr I	4	0	0	0	4
Accounting Tech I	10	0	0	0	10
Accounting Tech II	15	0	0	0	15
Accounting Tech III	2	0	0	0	2
Administrative Assistant	1	0	0	0	1
Administrative Clerk II	4	0	0	0	4
Administrative Clerk III	40	0	0	0	40
Administrative Manager I	2	0	0	0	2
Administrative Svcs Mgr	1	0	0	0	1
Analyst/Programmer III	3	0	0	0	3
Analyst/Programmer IV	4	0	0	0	4
Analyst/Programmer V	1	0	0	0	1
Child Support Manager	1	0	0	0	1
Child Support Spec I	86	1	1	1	89
Child Support Spec II	20	1	0	1	22
Child Support Spec III	5	0	1	0	6
Childrens Services Spec II	1	0	0	0	1
Data Processing Mgr II	1	0	0	0	1
Division Director	1	0	0	0	1
Human Resource Technician I	1	0	0	0	1
Internal Auditor II	2	0	0	0	2
Investigator III	3	0	0	0	3
Investigator IV	1	0	0	0	1
Micro/Network Spec I	1	0	0	0	1
Micro/Network Tech I	1	0	0	0	1
Micro/Network Tech II	1	0	0	0	1
Prog Coordinator	2	0	0	0	2
Supply Technician II	1	0	0	0	1
Totals	227	2	2	2	233