

State of Alaska
FY2007 Governor's Operating Budget

Department of Revenue
Child Support Services Division
RDU/Component Budget Summary

RDU/Component: Child Support Services Division

(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)

Contribution to Department's Mission

The mission of the Child Support Services 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>A: Collection and disbursement of child support due to the children served by CSSD.</p> <p><u>Target #1:</u> Increase collections by 2%, net PFD collections. <u>Measure #1:</u> Percent of change in total collections, net PFD collections.</p> <p><u>Target #2:</u> Increase disbursements of child support payments by 1.8%. <u>Measure #2:</u> Percent of change in total disbursements.</p>	<p>A1: Improve the environment necessary for increased collections.</p> <p><u>Target #1:</u> Increase paternities established to 100%. <u>Measure #1:</u> Percentage of paternities established.</p> <p><u>Target #2:</u> Increase cases with orders to 93%. <u>Measure #2:</u> Percentage of cases with orders.</p> <p><u>Target #3:</u> Increase current collections to 55%. <u>Measure #3:</u> Percentage of current collections.</p> <p><u>Target #4:</u> Increase number of cases with arrearage collections to 71%. <u>Measure #4:</u> Percentage of cases with arrearages with collections.</p> <p><u>Target #5:</u> Increase the cost effectiveness ratio to 4.55. <u>Measure #5:</u> Cost effectiveness ratio.</p> <p><u>Target #6:</u> Reduce cases with no collections for one year or more to 12% or less of cases eligible for collections. <u>Measure #6:</u> Percentage of cases with no collections for one year or more versus total cases eligible for collection.</p> <p>A2: Improve the efficiency of distributing child support.</p> <p><u>Target #1:</u> Increase recipients on automated distribution to 60%. <u>Measure #1:</u> Percentage of recipients receiving automated distribution.</p> <p><u>Target #2:</u> Decrease money on hold, less those categories that are out of the division's control to less than 0.5% (one-half of a percent). <u>Measure #2:</u> Percentage of money on hold, less those categories that the division cannot or should not affect.</p>

	<p>A3: Improve customer service.</p> <p><u>Target #1:</u> Wait times for telephone calls are reduced to an average of 2.5 minutes.</p> <p><u>Measure #1:</u> Average telephone call wait times.</p>
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Major Activities to Advance Strategies

- 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 staying 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.
- 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.
- 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 CSSD 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.

FY2007 Resources Allocated to Achieve Results

<p>FY2007 Component Budget: \$22,211,500</p>	<p>Personnel:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Full time</td> <td style="text-align: right;">232</td> </tr> <tr> <td style="padding-left: 20px;">Part time</td> <td style="text-align: right;">0</td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right; border-top: 1px solid black;">232</td> </tr> </table>	Full time	232	Part time	0	Total	232
Full time	232						
Part time	0						
Total	232						

Performance Measure Detail

A: Result - Collection and disbursement of child support due to the children served by CSSD.

Target #1: Increase collections by 2%, net PFD collections.
Measure #1: Percent of change in total collections, net PFD collections.

Percent Change in Total Collections for a Fiscal Year

Fiscal Year	% Change
FY 2002	7.4%
FY 2003	6.2%
FY 2004	4.2%
FY 2005	1.92%

Analysis of results and challenges: The division increased non-PFD collections from FY2004 to FY2005 in the amount of \$1,696,650 or 1.92%. Increasing total collections allows the division to increase distributions to custodial parents. This improves the financial support that benefits children's lives. The increase in FY2002 relates to the implementation of the mandatory multi-state federal financial institution data match program. During FY2003, the state financial institute data match program was initiated which accounted for the increase in that year. The division continues to expect a steady but gradual increase in non-PFD collections as projected increases will have to come from much smaller operational changes as no significant federal or state major enhancements are planned at this time.

Target #2: Increase disbursements of child support payments by 1.8%.

Measure #2: Percent of change in total disbursements.

A1: Strategy - Improve the environment necessary for increased collections.

Target #1: Increase paternities established to 100%.

Measure #1: Percentage of paternities established.

Percentage of Paternities Established

Fiscal Year	Percentage
FFY 2002	89.6%
FFY 2003	89.3%
FFY 2004	87%
FFY 2005	105%

Analysis of results and challenges: Improving the number of paternities that the division establishes allows cases to be available for establishing an order and, in turn, allows money to start flowing to the family. The federal government measures this by taking the number of children with paternity established or acknowledged in the current fiscal year divided by the number of children born out of wedlock for the prior fiscal year, which can result in more than 100% of paternities established.

Target #2: Increase cases with orders to 93%.

Measure #2: Percentage of cases with orders.

Percentage of Cases with Orders

Fiscal Year	Percentage
FY 2002	83%
FY 2003	81%
FY 2004	84.7%
FY 2005	92.3%

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 #3: Increase current collections to 55%.

Measure #3: Percentage of current collections.

Percentage of Current Collections

Fiscal Year	Percentage
FFY 2002	54%
FFY 2003	53.2%
FFY 2004	54.2%
FFY 2005	52%

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 #4: Increase number of cases with arrearage collections to 71%.

Measure #4: Percentage of cases with arrearages with collections.

Percentage of Cases with Arrearage Collections

Fiscal Year	Percentage
FFY 2002	68.4%
FFY 2003	66.5%
FFY 2004	65.4%
FFY 2005	67.9%

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

Target #5: Increase the cost effectiveness ratio to 4.55.

Measure #5: Cost effectiveness ratio.

Cost Effectiveness Ratio

Fiscal Year	Ratio
FFY 2002	4.49
FFY 2003	4.24
FFY 2004	4.42
FFY 2005	4.52

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 #6: Reduce cases with no collections for one year or more to 12% or less of cases eligible for collections.

Measure #6: Percentage of cases with no collections for one year or more versus total cases eligible for collection.

Cases With No Collections for 1 Year or More

Fiscal Year	Percentage
FY 2002	NA
FY 2003	NA
FY 2004	23%
FY 2005	12%

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.

A2: Strategy - Improve the efficiency of distributing child support.

Target #1: Increase recipients on automated distribution to 60%.

Measure #1: Percentage of recipients receiving automated distribution.

Recipients Receiving Automated Distribution

Fiscal Year	Percentage
FY 2001	NA
FY 2003	55%
FY 2004	48.7%
FY 2005	52.09%

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 #2: Decrease money on hold, less those categories that are out of the division's control to less than 0.5% (one-half of a percent).

Measure #2: Percentage of money on hold, less those categories that the division cannot or should not affect.

Percentage of Money on Hold

Fiscal Year	Percentage
FY 2002	0.87%
FY 2003	1.089%
FY 2004	0.9%
FY 2005	0.548%

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.

A3: Strategy - Improve customer service.

Target #1: Wait times for telephone calls are reduced to an average of 2.5 minutes.

Measure #1: Average telephone call wait times.

Average Minutes of Telephone Call Wait Time

Fiscal Year	Average Minutes
FY 2002	3.8
FY 2002	2.13
FY 2004	2.6
FY 2005	3.0

Analysis of results and challenges: Historically, we have experienced negative public relations related to a perceived lack of customer service. Utilizing advanced phone systems and more organized, better-trained customer service agents, the division can improve services. FY2005 saw an increase in wait times for customers on average of approximately 40 seconds from FY2004. The division attributes this increase to the reduction of six (6) customer service representatives in the field offices.

Key Component Challenges

- 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. There is currently at least one tribe in Alaska that has applied for and been accepted by the Federal Government.
- 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.
- The division foresees a further reduction of PFD collections due to a reduction in the size of individual PFD's. This will demand that more attention be paid to other collection methods to continue to provide the maximum distributions of child support to the children the division serves.

Significant Changes in Results to be Delivered in FY2007

- The division has implemented an electronic payment distribution card project that provides debit card access for our recipients.
- Completion and implementation of the case file imaging project will allow the division to respond to inquiries faster and easier.
- The division expects significant increases in electronic payments received from federal government agencies.

Major Component Accomplishments in 2005

- The division increased our yearly collections by \$967,000.00 to \$98,978,000.00 in FY 2005, even though collections from Permanent Fund Dividends decreased by approximately \$728,000. This decrease occurred because the amount of the PFD per individual was considerably lower. Of the total collections, \$13,931,400.00 was collected for the State of Alaska and the federal government.
- The Child Support Services Division has shown improved results in child support collection efforts when comparing the results in FY2005 to the previous data from three years ago. In FY2002, the division had 48,500 cases, 83% with orders. Collections for this time period were \$95 million. Three years later in FY2005, the division has 52,560 cases, 92.3% with orders and collections of \$98.9 million.
- The division established 5,112 orders in FY2005, as compared to 4,455 in FY2004, a 15% increase. This allowed the division to achieve a 92.3% cases with orders percentage for FY2005, which is a 6.2% increase over the percentage of cases with orders at the end of FY2004.
- The division lowered the amount of money on hold in FY2005 by .352% from FY2004. In FY2004 the total amount of money on hold was \$11,772,278.00 compared to FY2005 which was \$7,949,522.00, a difference of \$3,822,756.00. Less money on hold means more money that is being sent out to custodial parents and children.
- The division increased paternity establishment in FY2005 by 10% from FY2004. In FY2004 the number of paternities that were established was 1,124 compared to FY2005 which was 1,235 paternities established.

Statutory and Regulatory Authority

AS 25.25 Uniform Interstate Family Support Act
AS 25.27 Child Support Services Agency
15 AAC 05 Administrative of Revenue Laws-Hearing Procedures
15 AAC 125 Child Support Enforcement

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

Contact Information

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**Child Support Services Division
Component Financial Summary**

All dollars shown in thousands

	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	12,702.5	14,006.4	14,904.2
72000 Travel	18.9	80.0	80.0
73000 Services	6,072.4	6,751.3	7,000.4
74000 Commodities	185.9	166.1	166.1
75000 Capital Outlay	0.0	60.8	60.8
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	18,979.7	21,064.6	22,211.5
Funding Sources:			
1002 Federal Receipts	11,936.4	13,835.2	14,645.8
1004 General Fund Receipts	0.0	0.0	231.2
1016 CSSD Federal Incentive Payments	1,632.8	1,634.9	1,634.9
1061 Capital Improvement Project Receipts	6.0	0.0	0.0
1133 CSSD Administrative Cost Reimbursement	0.3	0.0	0.0
1156 Receipt Supported Services	5,404.2	5,594.5	5,699.6
Funding Totals	18,979.7	21,064.6	22,211.5

Estimated Revenue Collections

Description	Master Revenue Account	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Unrestricted Revenues				
Unrestricted Fund	68515	1,007.5	850.0	850.0
Unrestricted Total		1,007.5	850.0	850.0
Restricted Revenues				
Federal Receipts	51010	11,936.4	13,835.2	14,645.8
Receipt Supported Services	51073	5,404.2	5,594.5	5,699.6
Indirect Cost Reimbursement	51115	0.3	0.0	0.0
Capital Improvement Project Receipts	51200	6.0	0.0	0.0
Federal Incentive Payments	51378	1,632.8	1,634.9	1,634.9
Restricted Total		18,979.7	21,064.6	21,980.3
Total Estimated Revenues		19,987.2	21,914.6	22,830.3

**Summary of Component Budget Changes
From FY2006 Management Plan to FY2007 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2006 Management Plan	0.0	15,470.1	5,594.5	21,064.6
Adjustments which will continue current level of service:				
-Federally reimbursable hearing officer services	0.0	172.3	-172.3	0.0
-Transfer DOA chargeback funding to components affected by rate increases	231.2	0.0	0.0	231.2
-FY 07 Wage Increases for Bargaining Units and Non-Covered Employees	0.0	165.5	85.3	250.8
-FY 07 Health Insurance Cost Increases for Bargaining Units and Non-Covered Employees	0.0	25.8	13.3	39.1
-FY 07 Retirement Systems Cost Increase	0.0	314.4	162.0	476.4
-FY2007 Wage, Health Insurance, Retirement, and Risk Management Increases for Division of Personnel	0.0	11.6	6.0	17.6
Proposed budget increases:				
-New Juvenile Justice Grant	0.0	100.0	0.0	100.0
-Risk Management Self-Insurance Funding Increase	0.0	21.0	10.8	31.8
FY2007 Governor	231.2	16,280.7	5,699.6	22,211.5

**Child Support Services Division
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2006</u>	<u>FY2007</u>		
	<u>Management</u>	<u>Governor</u>		
	<u>Plan</u>			
Full-time	232	232	Annual Salaries	9,841,351
Part-time	0	0	COLA	265,426
Nonpermanent	0	0	Premium Pay	24,154
			Annual Benefits	5,816,100
			<i>Less 6.54% Vacancy Factor</i>	<i>(1,042,831)</i>
			Lump Sum Premium Pay	0
Totals	232	232	Total Personal Services	14,904,200

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant III	2	0	0	0	2
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	2	0	0	0	2
Administrative Clerk II	5	0	0	0	5
Administrative Clerk III	40	0	0	0	40
Administrative Manager I	2	0	0	0	2
Administrative Manager III	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	2	0	0	0	2
Child Support Spec I	87	1	1	1	90
Child Support Spec II	20	1	1	1	23
Child Support Spec III	6	0	0	0	6
Data Processing Mgr II	1	0	0	0	1
Dep Dir Child Spt Enf	1	0	0	0	1
Division Director	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
Totals	226	2	2	2	232