

Budget Brief: Office of Recovery Services

SUMMARY

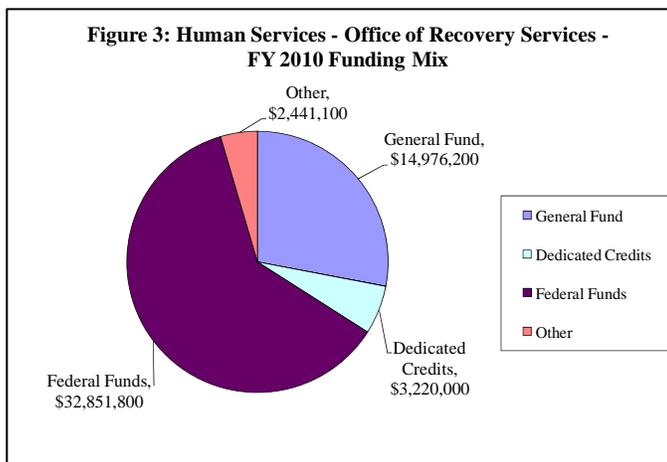
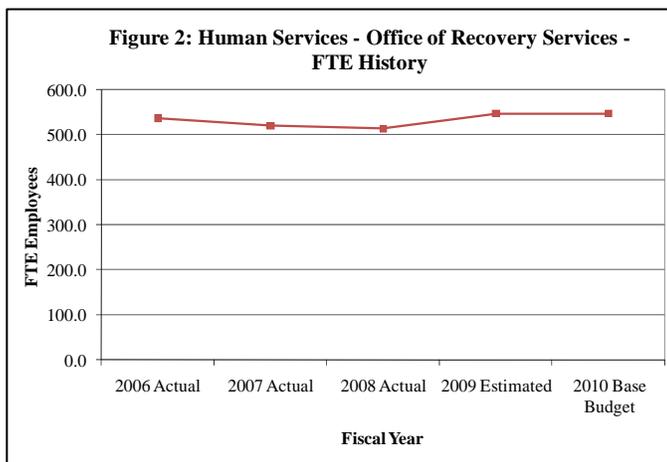
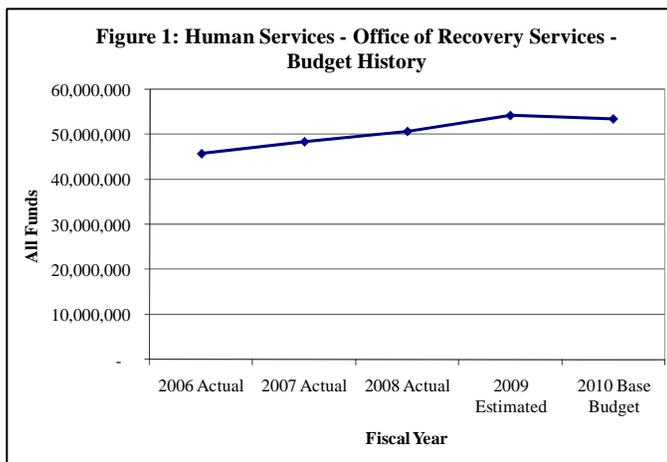
The Office of Recovery Services (ORS) is responsible for collecting funds owed to the state in the Human Services and Medical Assistance areas. ORS is also charged with collecting child support payments from non-custodial parents on behalf of custodial parents. If the custodial parent is receiving public assistance, the child support payments are used to reimburse the state and federal governments for assistance given to the custodial parent. If the state has custody of the child, the non-custodial parents are still required to pay child support to the state. Federal law also requires the office to provide child support collection services to families not receiving public assistance. The Department of Health also contracts with ORS to provide insurance identification and third party collection services for medical assistance programs such as Medicaid. For additional information on the Office of Recovery Services, please refer to the Compendium of Budget Information for the 2009 General Session found at <http://le.utah.gov/lfa/reports/cobi2009/cobi2009.htm>.

Utah Code Title 62A, Chapter 11 describes the programs and administration of the Office of Recovery Services.

ISSUES

Base Budget Adoption

Adoption of the base budget enables the programs to continue for the next fiscal year at the level outlined. Some changes in the base budget may occur, namely non-state fund increases or decreases (i.e. federal funds, transfers, dedicated credits and non-lapsing balances) and program shifts within a line item.



Replacement of the Office of Recovery Services Information System (ORSIS) Document Generation System

The Document Generation System generates all required notices and letters for ORS. These documents generate payments for child support, enrollment in medical insurance, and reimbursement for Medicaid claims. This system is based on technology introduced in the late 1960s and early 1970s. Due to its age, technical support is only offered via e-mail and comes at a rate of \$275 per hour. The Document Generation System does not meet current needs, cannot be enhanced to meet future projected needs, and has compatibility problems with other ORS mainframe and ORSIS software. If the system fails entirely, ORS will be unable to meet federal mandates for collection and enforcement of child and medical support as well as Medicaid collections and medical cost avoidance. All services provided by ORS are mandatory by federal and state law. This leaves ORS with few options to fund a project of this magnitude. At the outset of the budget process, the department requested \$1,081,200 General Fund one-time and \$1,883,600 federal funds one-time to replace the Office of Recovery Services Information System (ORSIS) Document Generation System. The Governor did not recommend this request in his budget.

ACCOUNTABILITY DETAIL

For a discussion of accountability detail, see Issue Brief *DHS – Accountability Detail*.

BUDGET DETAIL

The following table shows the budget history for the DSAMH line item including the base budget for adoption. The FY 2010 base budget includes the following:

1. \$500,000 ongoing General Fund reduction to reflect the increase of a processing fee for child support collections
2. \$295,400 ongoing General Fund (\$379,800 total funds) reduction for agency productivity enhancements
3. \$500 ongoing General Fund reduction for elimination of funding for out-of-state travel
4. \$1,000 ongoing General Fund reduction for a 20 percent decrease of funding for in-state travel

Human Services - Office of Recovery Services						
Sources of Finance	FY 2008	FY 2009	Changes	FY 2009	Changes	FY 2010*
	Actual	Appropriated		Revised		Base Budget
General Fund	15,506,500	15,773,100	(796,900)	14,976,200	0	14,976,200
General Fund, One-time	(501,300)	0	746,200	746,200	(746,200)	0
Federal Funds	29,819,100	32,936,200	(84,400)	32,851,800	0	32,851,800
Dedicated Credits Revenue	3,458,900	3,220,000	0	3,220,000	0	3,220,000
Transfers - H - Medical Assistance	2,262,800	2,224,600	0	2,224,600	0	2,224,600
Transfers - Other Agencies	136,200	216,500	0	216,500	0	216,500
Beginning Nonlapsing	8,200	0	0	0	0	0
Lapsing Balance	(1,700)	0	0	0	0	0
Total	\$50,688,700	\$54,370,400	(\$135,100)	\$54,235,300	(\$746,200)	\$53,489,100
Programs						
Administration	1,599,400	1,550,500	(1,500)	1,549,000	0	1,549,000
Attorney General Contract	4,270,800	4,528,600	0	4,528,600	0	4,528,600
Child Support Services	25,162,300	29,837,100	(133,600)	29,703,500	(746,200)	28,957,300
Children in Care Collections	2,033,000	2,272,200	0	2,272,200	0	2,272,200
Electronic Technology	9,465,300	7,598,800	0	7,598,800	0	7,598,800
Financial Services	5,674,800	5,949,100	0	5,949,100	0	5,949,100
Medical Collections	2,483,100	2,634,100	0	2,634,100	0	2,634,100
Total	\$50,688,700	\$54,370,400	(\$135,100)	\$54,235,300	(\$746,200)	\$53,489,100
Categories of Expenditure						
Personal Services	32,637,000	35,772,500	139,900	35,912,400	(746,200)	35,166,200
In-State Travel	33,400	31,900	(1,000)	30,900	0	30,900
Out of State Travel	43,200	3,000	(500)	2,500	0	2,500
Current Expense	10,021,300	10,132,600	556,100	10,688,700	0	10,688,700
DP Current Expense	7,953,800	7,087,100	482,800	7,569,900	0	7,569,900
DP Capital Outlay	0	2,196,300	(2,165,400)	30,900	0	30,900
Other Charges/Pass Thru	0	(853,000)	853,000	0	0	0
Total	\$50,688,700	\$54,370,400	(\$135,100)	\$54,235,300	(\$746,200)	\$53,489,100
Other Data						
Budgeted FTE	513.7	544.6	3.0	547.6	0.0	547.6
Vehicles	8.0	7.0	0.0	7.0	0.0	7.0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

LEGISLATIVE ACTION

The Analyst recommends the Legislature consider adopting:

1. A total FY 2010 base appropriation of \$53,489,100 with the plan of financing shown above for the Office of Recovery Services line item.