



DEPARTMENT OF HUMAN SERVICES – OFFICE OF RECOVERY SERVICES

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: STEPHEN JARDINE

BUDGET BRIEF

SUMMARY

The Fiscal Analyst’s FY 2014 recommended budget is \$43,579,800 for the Office of Recovery Services (ORS) line item. This recommendation is equivalent to the FY 2013 revised budget. This funding level supports 415 FTE. This brief highlights some issues in the Office of Recovery Services as well as some uses of the funding provided. The Subcommittee annually reviews each base budget to propose any changes and to vote to approve it. The Fiscal Analyst recommends that the Subcommittee approve the \$43,579,800 FY 2014 recommended budget.

LEGISLATIVE ACTION

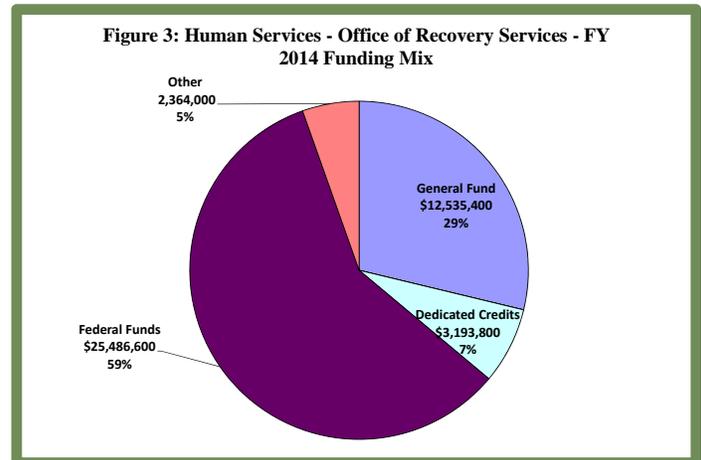
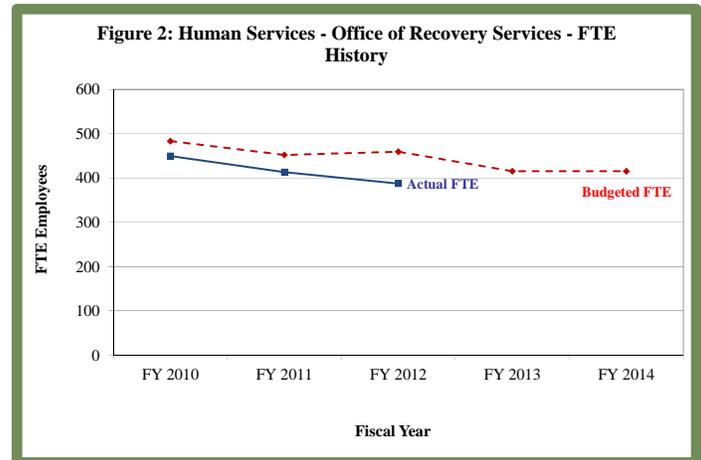
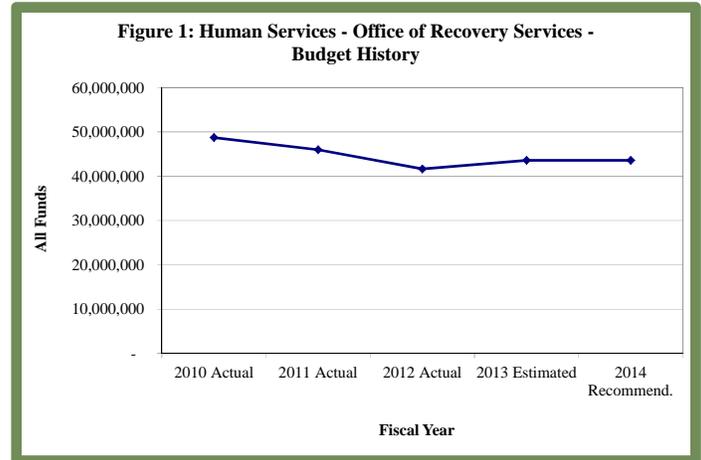
1. For the Office of Recovery Services, the Fiscal Analyst recommends an FY 2014 budget of \$43,579,800 as shown in Table 1 on page 4.

OVERVIEW

The Office of Recovery Services 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 and the Children’s Health Insurance Program or CHIP. For additional information on the Office of Recovery Services, please refer to the *Compendium of Budget Information* for the 2013 General Session found at:

http://le.utah.gov/lfa/reports/cobi2013/agcy_200.htm.

[Utah Code Title 62A, Chapter 11](#) describes the programs and administration of the Office of Recovery Services.



ISSUES***FY 2014 Budget Adoption***

Adoption of the FY 2014 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.

Department Requests for Consideration

The department requests the following action from the subcommittee for Child and Family Services:

1. ***Provide \$99,300 Ongoing General Fund and \$192,900 Matching Federal Funds (\$292,200 Total Funds) for FY 2014 for the Addition of 2 System Development Staff:*** As budget reductions have lowered the number of ORS staff (513 in FY 2008 to 387 in FY 2012), the agency has relied on increased automation to enable remaining case workers to support a 63 percent increase in caseload (146 cases per worker in FY 2008 to 238 cases per worker in FY 2012). However, a significant number of state and federally mandated system enhancements/changes are backlogged due to the inability to hire staff from the Department of Technology Services. The *Affordable Care Act* (federal health care reform) and continued caseload growth also place pressure on ORS to expedite these computer system upgrades. The Office of Recovery Services Information System (ORSIS) was initially designed to be flexible. This design allows ORS to continue to replace functions performed manually by ORS case workers with automation. The Governor has recommended funding \$99,300 ongoing from the General Fund for FY 2014 for the Addition of 2 System Development Staff. *Should additional resources become available to the Subcommittee, the Fiscal Analyst would recommend an increase of \$99,300 from the General Fund for this request.*
2. ***Provide \$313,700 Ongoing General Fund and \$608,900 Matching Federal Funds (\$922,600 Total Funds) for FY 2014 for the Addition of 14 Child Support Services Staff for Caseload Increases Due to Federal Health Care Reform:*** The Department of Health projects the Medicaid population to increase by 111,400 total participants, 35,500 being children, if the state elects to accept Medicaid expansion under the *Affordable Care Act* (federal health care reform). As a condition of eligibility for Medicaid, participants are required to cooperate with the federal child support program to establish paternity, child support, and medical support. ORS is the designated federal child support program in Utah. This results in at least one child support case per family. ORS anticipates a growth of 22,200 child support cases above its normal annual caseload. The department feels this would present a challenge to child support caseworkers to effectively manage the caseload growth while maintaining federal performance standards. Failure to meet certain federal performance standards can result in penalties. For example, the federal government requires that state child support programs maintain the paternity establishment measure at 90 percent compliance or better. Failure to do so would mean annual penalties of one percent of the state's Temporary Assistance to Needy Families (TANF) grant up to a maximum of five percent. The TANF grant is estimated at \$77,983,500 for FY 2014 so the range of the penalty would be from \$779,800 up to \$3,899,200. Utah has been no lower than 97 percent since 2006, but was at 83.5 percent in 2005. The Governor does not recommend funding this item.

ACCOUNTABILITY DETAIL

For an eight year history of accountability measures used by the division, see the issue brief *Office of Recovery Services Performance Measures* (2013 General Session). In addition to measures shown in the brief, ORS accomplished the following overall measures over the past four years:

- Reduced FTE count by 25% (514 FTE in FY 2008 to 387 FTE in FY 2012)
- Increased average cases per staff by 62% (146 cases per FTE in FY 2008 to 238 cases per FTE in FY 2012)
- Increased total child support collections by 10% (\$211,438,500 in FY 2008 to \$233,339,600 in FY 2012)
- Increased collections per FTE by 46% (\$411,600 in FY 2008 to \$602,900 in FY 2012)
- Decreased total costs by 18% (\$50,688,700 in FY 2008 to \$41,639,600 in FY 2012)
- Increased Return on Investment (collections divided by expenditures) by 34% (4.17 in FY 2008 to 5.60 in FY 2012).

BUILDINGS

For a discussion of buildings used by the Office of Recovery Services, see the *Department of Human Services In-depth Budget Review* found at <http://le.utah.gov/interim/2010/pdf/00001613.pdf> pages 79 through 86. For a listing of those buildings see the *Department of Human Services In-depth Budget Review Appendix 1*, page 28 found at <http://le.utah.gov/interim/2010/pdf/00001614.pdf>.

STATE CHILD SUPPORT PROGRAMS NATIONALLY

The Office of Recovery Services is part of national efforts regarding child support collections. All states and territories operate a child support program and these programs serve one quarter of all U.S. children and half of all U.S. children in poor families totaling 17.5 million children.

“At a minimum, services offered include locating noncustodial parents, establishing paternity, establishing and modifying support orders (including medical support), collecting support payments and enforcing child support orders. The administration and structure of child support programs varies by state. States and the federal government share the costs of these programs. States receive a federal match on their expenditures and can receive federal incentive payments for meeting performance targets related to paternity establishment, number of cases with orders, collection of orders and arrears, and cost effectiveness. States use various methods to enforce collection of child support and ensure reliable and consistent payments” [*State Child Support*, NCSL, August 2012].

BUDGET DETAIL

The following table shows the budget history for the Office of Recovery Services and its FY 2014 Recommended Budget. This proposed FY 2014 Budget consists of the ongoing portion of FY 2013 state funds (General Fund) plus the most recent estimates of other funds (federal funds, dedicated credits collections and various transfer or carry over funds). Estimated expenditures are then proposed based upon available funding.

Human Services - Office of Recovery Services						
	FY 2012	FY 2013		FY 2013		FY 2014*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Recommended
General Fund	12,536,400	12,535,400	0	12,535,400	0	12,535,400
General Fund, One-time	156,000	0	0	0	0	0
Federal Funds	24,094,400	25,486,600	0	25,486,600	0	25,486,600
Dedicated Credits Revenue	2,756,200	3,193,800	0	3,193,800	0	3,193,800
Transfers - Medicaid	2,039,300	2,234,700	(17,900)	2,216,800	0	2,216,800
Transfers - Other Agencies	59,200	147,200	0	147,200	0	147,200
Lapsing Balance	(1,900)	0	0	0	0	0
Total	\$41,639,600	\$43,597,700	(\$17,900)	\$43,579,800	\$0	\$43,579,800
Programs						
Administration - ORS	1,075,100	1,160,100	(400)	1,159,700	0	1,159,700
Financial Services	5,529,000	4,559,000	2,033,200	6,592,200	0	6,592,200
Electronic Technology	7,812,600	6,993,400	1,646,500	8,639,900	0	8,639,900
Child Support Services	20,483,600	24,359,500	(2,979,000)	21,380,500	0	21,380,500
Children in Care Collections	332,400	1,194,900	(700,300)	494,600	0	494,600
Attorney General Contract	4,160,700	3,015,500	0	3,015,500	0	3,015,500
Medical Collections	2,246,200	2,315,300	(17,900)	2,297,400	0	2,297,400
Total	\$41,639,600	\$43,597,700	(\$17,900)	\$43,579,800	\$0	\$43,579,800
Categories of Expenditure						
Personnel Services	25,635,800	30,695,800	(3,122,900)	27,572,900	0	27,572,900
In-state Travel	31,700	18,900	(100)	18,800	0	18,800
Out-of-state Travel	4,800	3,000	0	3,000	0	3,000
Current Expense	9,653,800	7,453,800	1,804,300	9,258,100	0	9,258,100
DP Current Expense	6,313,500	5,373,900	1,353,100	6,727,000	0	6,727,000
DP Capital Outlay	0	52,300	(52,300)	0	0	0
Total	\$41,639,600	\$43,597,700	(\$17,900)	\$43,579,800	\$0	\$43,579,800
Other Data						
Budgeted FTE	459	491	(75)	415	0	415
Actual FTE	387	0	0	0	0	0
Vehicles	7	7	0	7	0	7

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

Table 1