

Office of the

## **FY 2002 Budget Recommendations**

Joint Appropriations Subcommittee for  
Health and Human Services

Utah Department of Human Services  
**Office of Recovery Services**

Contents:

- 1.0 Summary
- 2.0 Issues
- 3.0 Programs
- 4.0 Additional Information



## **1.0 Summary: Office of Recovery Services**

The Office of Recovery Services (ORS) is responsible for collecting funds owed to the State in the Social Services and Medical Assistance areas. ORS also is charged with collecting support payments from non-custodial parents for the custodial parents. If the custodial parent is receiving public assistance, the child support payments are used to reimburse the State and Federal Government for their assistance. If the State has custody of the child, the non-custodial parents are still required to pay child support to the State. Federal law requires the Office to also provide child support collection services to families not receiving public assistance.

**1.1 Financial Summary**

The Fiscal Analyst recommends an FY 2002 appropriation for the Office of Recovery Services totaling \$42.4 million, including \$12.1 million from the General Fund. This recommendation includes. The FY 2002 recommended budget includes a reduction of \$711,800 (\$210,900 General Fund) due to the retirement rate reduction and a reduction of \$101,600 (\$25,200 General Fund) for adjustments in rates charged by the State’s Administrative Services Internal Service Funds. It also includes a transfer of \$20,000 General Fund to the Executive Director’s Office budget related to the federal “Child Access and Visitation Program” grant.

	<b>Analyst FY 2002 Base</b>	<b>Analyst FY 2002 Changes</b>	<b>Analyst FY 2002 Total</b>
<b>Financing</b>			
General Fund	12,099,600	(20,000)	12,079,600
Federal Funds	26,128,900		26,128,900
Dedicated Credits Revenue	1,403,400		1,403,400
Transfers - H - Medical Assistance	1,688,800		1,688,800
Transfers - Other Agencies	1,138,000		1,138,000
<b>Total</b>	<b>\$42,458,700</b>	<b>(\$20,000)</b>	<b>\$42,438,700</b>
<b>Programs</b>			
Administration	1,090,900	(20,000)	1,070,900
Financial Services	5,488,200		5,488,200
Electronic Technology	8,409,800		8,409,800
Child Support Services	19,403,500		19,403,500
Investigations and Collections	1,729,500		1,729,500
Children in Care Collections	1,737,400		1,737,400
Attorney General Contract	2,981,500		2,981,500
Medical Collections	1,617,900		1,617,900
<b>Total</b>	<b>\$42,458,700</b>	<b>(\$20,000)</b>	<b>\$42,438,700</b>
<b>FTE/Other</b>			
Total FTE	605		605
Vehicles	9		9

## **2.0 Issues: Office of Recovery Services**

### **2.1-Transfer of Funds to the Executive Director's Office**

The Analyst recommends a transfer \$20,000 from ORS to the EDO Executive Director's Office budget. These funds are associated with the federal "Child Access and Visitation Program" grant awarded the Department in 1997. This grant is awarded "to establish and administer programs to support and facilitate non-custodial parents' access to and visitation of their children." The General Funds were originally provided to ORS, but the program is operated out of the Executive Director's Office.

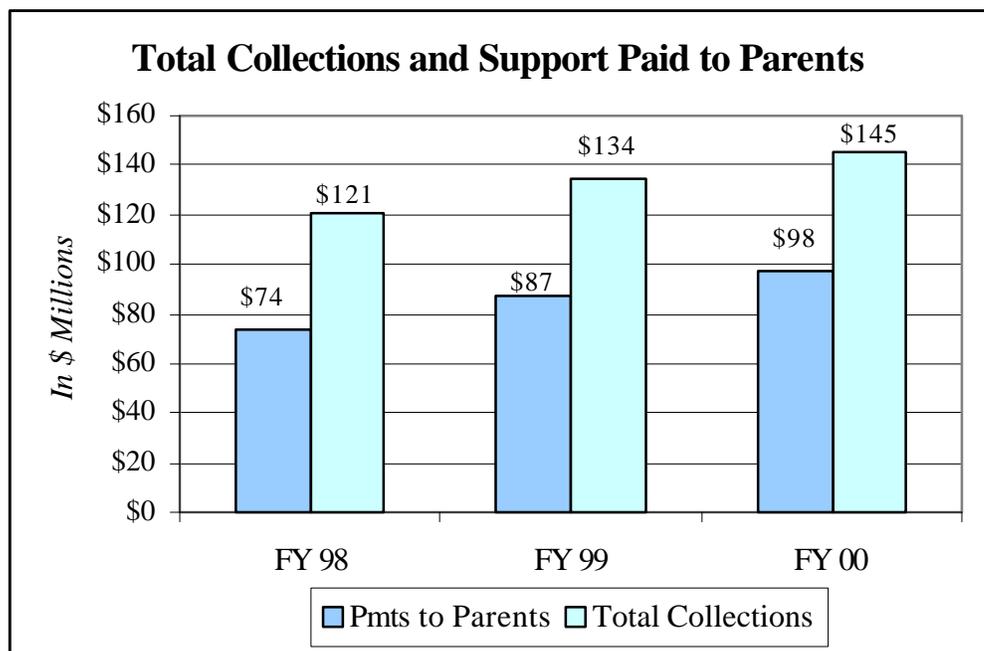
### 3.0 Programs: Office of Recovery Services

#### Performance Measures

While the Division will report in more detail on performance and outcome measures, the Analyst has chosen several measures to highlight in this report. The Fiscal Analyst has chosen several representative measures from department and division reports.

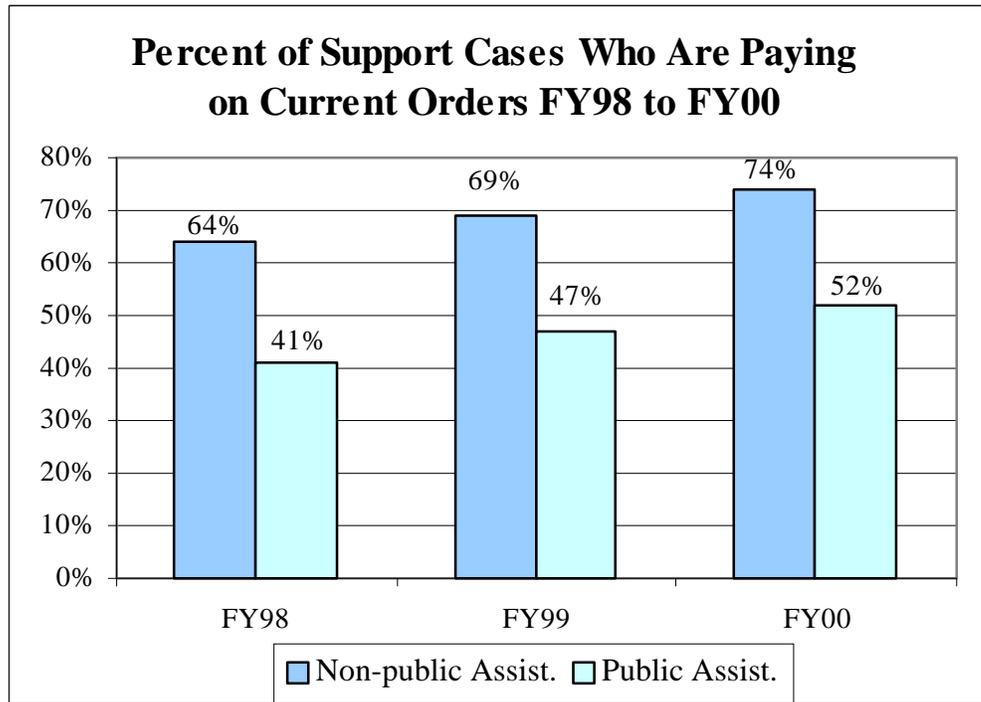
*Total collections and payments to parents are increasing*

The following table shows the growth in total collections over the past three years. It also shows collections distributed to custodial parents. Over a three-year period, from FY 1998 to FY 2000, total collections have increased by nearly 20 percent, from \$121 million to \$145 million. Funds distributed to custodial parents have increased by over 31 percent, from \$74 million to \$97.5 million.



*Percent of support cases paying on current orders are increasing*

The second chart shows the percentage of both public assistance and non-public assistance cases with support orders that are making payments. In FY 2000, 74 percent of non-public assistance cases made at least one payment within the most recent three months. That's up from 64 percent in FY 1998. The percent of public assistance cases in which at least one payment was made in the last three months increased from 41 percent in FY 1998 to 52 percent in FY 2000.



*Collections are increasing faster than expenditures and staff levels*

The next table is a ten-year history of collections, expenditures and staffing levels in the Office of Recovery Services. Population in the State has increased by 24.7 percent in the last ten years. Since FY 1990, ORS collections have increased by 182 percent, from \$51.8 million to \$146.1 million. Operating expenses have increased 173 percent, from \$15.5 million to \$42.2 million. The ratio of collections to expenditures (“cost/benefit” ratio) has remained stable, changing little from FY 1990 to FY 2000. Staffing level has increased by 74 percent, from 336 to 585. Collections per agency employee (considering all staff) have increased from \$154,300 in FY 1990 to \$249,800 in FY 2000. When inflation is considered, “collections per FTE” is still increasing.

<b>Office of Recovery Services</b>						
<b>History of Collections FY 1990 to FY 2000</b>						
	Total	Total	Cost/Benefit		Collections per FTE	
	<u>Collections</u>	<u>Expenditures</u>	<u>Ratio</u>	<u>FTEs</u>	<u>Actual</u>	<u>Adj. For Inflation*</u>
FY90	\$51,848,368	\$15,490,983	3.35	336	\$154,300	\$154,300
FY91	58,273,700	18,529,021	3.14	360	161,900	156,400
FY92	67,408,059	20,409,371	3.30	383	176,000	164,300
FY93	73,593,006	23,686,743	3.11	444	165,800	149,500
FY94	79,207,115	27,271,400	2.90	476	166,400	145,000
FY95	90,090,132	33,693,502	2.67	494	182,400	153,600
FY96	94,685,762	36,099,495	2.62	515	183,900	149,600
FY97	112,228,860	34,800,109	3.22	541	207,400	163,000
FY98	121,294,867	35,527,724	3.41	538	225,500	171,200
FY99	134,055,672	40,168,788	3.34	566	236,800	173,700
FY00	146,112,699	42,225,361	3.46	585	249,800	177,100

*\*Note: Inflation factor used 3.5% annual rate*

### 3.1 Office of Recovery Services Administration

**Recommendation**

The Fiscal Analyst recommends an FY 2002 budget for ORS Administration totaling just under \$1.1 million, including \$337,500 from the General Fund. This recommendation includes a transfer of \$20,000 General Fund to the Executive Director’s Office budget for the federal “Child Access and Visitation Program” grant. Funds were originally provided to the Office of Recover Services, but the program is operated out of the Executive Director’s Office.

	2000	2001	2002	Est/Analyst
	Actual	Estimated	Analyst	Difference
<b>Financing</b>				
General Fund	331,800	357,700	337,500	(20,200)
Federal Funds	712,101	642,600	644,600	2,000
Transfers - Other Agencies	15,079	34,600	34,600	
Transfers - H - Medical Assistance	52,931	54,200	54,200	
Lapsing Balance	(31)			
<b>Total</b>	<u>\$1,111,880</u>	<u>\$1,089,100</u>	<u>\$1,070,900</u>	<u>(\$18,200)</u>
<b>Expenditures</b>				
Personal Services	957,863	951,400	953,200	1,800
In-State Travel	3,980	3,800	3,800	
Out of State Travel	2,549	1,900	1,900	
Current Expense	142,668	132,000	112,000	(20,000)
DP Current Expense	4,820			
<b>Total</b>	<u>\$1,111,880</u>	<u>\$1,089,100</u>	<u>\$1,070,900</u>	<u>(\$18,200)</u>
<b>FTE/Other</b>				
Total FTE	18	18	18	

**Purpose**

The Administration Bureau is responsible for managerial oversight and leadership of the Office of Recovery Services and its programs. This Bureau includes the ORS Director and staff, clerical support, personnel management, central training, management auditing, contract management, planning and resource development, public information and constituent affairs.

### 3.2 Financial Services

**Recommendation**

The Fiscal Analyst recommends that \$5.5 million be appropriated for this program for FY 2002. This amount includes \$1.3 million from the General Fund. The vehicles listed in the following table are used throughout the Division, not just in this program. They are located throughout the State for use in court appointments and investigations.

	2000	2001	2002	Est/Analyst
	Actual	Estimated	Analyst	Difference
<b>Financing</b>				
General Fund	1,323,400	1,358,000	1,341,300	(16,700)
Federal Funds	3,529,740	3,874,300	3,839,200	(35,100)
Transfers - Other Agencies	99,389	89,900	89,000	(900)
Transfers - H - Medical Assistance	198,622	220,900	218,700	(2,200)
<b>Total</b>	<u>\$5,151,151</u>	<u>\$5,543,100</u>	<u>\$5,488,200</u>	<u>(\$54,900)</u>
<b>Expenditures</b>				
Personal Services	1,428,194	1,589,600	1,553,900	(35,700)
In-State Travel	1,648	1,700	1,600	(100)
Out of State Travel	584	700	700	
Current Expense	3,713,955	3,905,100	3,886,000	(19,100)
Capital Outlay	6,770	46,000	46,000	
<b>Total</b>	<u>\$5,151,151</u>	<u>\$5,543,100</u>	<u>\$5,488,200</u>	<u>(\$54,900)</u>
<b>FTE/Other</b>				
Total FTE	37	39	39	
Vehicles		9	9	

**Purpose**

Financial Services has responsibility for budgetary and financial services for the Division, including check processing and other financial transactions, federal reporting requirements, budget development, purchasing, agency services, facilities, and accounting. The largest section of the staff is responsible for researching, posting, distributing, and disbursing funds collected. Last year, the accounting unit processed more than 52,000 child support checks each month and processed more than \$133 million in collections.

### 3.3 Electronic Technology

**Recommendation**

The Analyst's recommended FY 2002 budget for this program totals \$8.4 million, including \$2.2 million from the General Fund.

	2000	2001	2002	Est/Analyst
<b>Financing</b>	<b>Actual</b>	<b>Estimated</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	2,210,300	2,193,300	2,165,800	(27,500)
Federal Funds	6,301,768	5,484,000	5,691,700	207,700
Transfers - Other Agencies	496,014	211,700	216,600	4,900
Transfers - H - Medical Assistance	357,289	328,100	335,700	7,600
<b>Total</b>	<b>\$9,365,371</b>	<b>\$8,217,100</b>	<b>\$8,409,800</b>	<b>\$192,700</b>
<b>Expenditures</b>				
Personal Services	1,578,090	1,516,600	1,481,900	(34,700)
In-State Travel	2,878	2,700	2,700	
Out of State Travel	4,361	4,300	4,300	
Current Expense	201,995	195,500	191,500	(4,000)
DP Current Expense	6,917,615	6,432,000	6,649,400	217,400
DP Capital Outlay	660,432	66,000	80,000	14,000
<b>Total</b>	<b>\$9,365,371</b>	<b>\$8,217,100</b>	<b>\$8,409,800</b>	<b>\$192,700</b>
<b>FTE/Other</b>				
Total FTE	26	25	25	

**Purpose**

This bureau is responsible for the operation and maintenance of the Office of Recovery Services Information System (ORSIS), client server subsystems and LAN support. It is responsible for coordinating efforts with the Department of Human Services Bureau of Information Technology and the State Information Technology Office. Electronic Services is also responsible for the telecommunications needs of ORS.

**3.4-Child Support Services**

**Recommendation**

The Analyst recommends \$19.4 million, including \$5.4 million from the General Fund for FY 2002 for Child Support Services.

	2000	2001	2002	Est/Analyst
<b>Financing</b>	<b>Actual</b>	<b>Estimated</b>	<b>Analyst</b>	<b>Difference</b>
General Fund	5,338,600	5,512,200	5,388,800	(123,400)
Federal Funds	12,139,432	12,843,600	12,528,200	(315,400)
Dedicated Credits Revenue	1,277,366	1,407,000	1,403,400	(3,600)
Transfers - Other Agencies	35,443	85,000	83,100	(1,900)
Transfers - H - Medical Assistance	41,727			
<b>Total</b>	<b>\$18,832,568</b>	<b>\$19,847,800</b>	<b>\$19,403,500</b>	<b>(\$444,300)</b>
<b>Expenditures</b>				
Personal Services	17,725,823	18,648,200	18,224,500	(423,700)
In-State Travel	17,577	17,600	17,600	
Out of State Travel	7,855	7,100	7,100	
Current Expense	1,081,313	1,174,900	1,154,300	(20,600)
<b>Total</b>	<b>\$18,832,568</b>	<b>\$19,847,800</b>	<b>\$19,403,500</b>	<b>(\$444,300)</b>
<b>FTE/Other</b>				
Total FTE	393	411	411	

**Purpose**

Child Support Enforcement is the largest activity in the Office of Recovery Services. It is responsible for the management of the Title IV-D Child Support Enforcement program for the State that is required by Federal law for the State to receive the Title IV-A (TANF) block grant. The primary purpose of the program is to increase family income through collection of child support. Combined with other income, this will assist families to become self-sufficient or prevent the need for public assistance. The Bureau is also responsible for collection of child support payments in behalf of children in State custody.

**3.5 Investigations and Collections**

**Recommendation**

The recommended base FY 2002 budget for this program totals \$1.7 million, including \$707,200 from the General Fund.

	2000	2001	2002	Est/Analyst
	Actual	Estimated	Analyst	Difference
<b>Financing</b>				
General Fund	696,853	723,200	707,200	(16,000)
Federal Funds	271,656	202,200	197,700	(4,500)
Transfers - Other Agencies	631,911	681,800	666,600	(15,200)
Transfers - H - Medical Assistance	95,810	161,600	158,000	(3,600)
<b>Total</b>	<b>\$1,696,230</b>	<b>\$1,768,800</b>	<b>\$1,729,500</b>	<b>(\$39,300)</b>
<b>Expenditures</b>				
Personal Services	1,648,221	1,720,600	1,681,200	(39,400)
In-State Travel	4,831	4,800	4,800	
Out of State Travel	3,739	3,700	3,700	
Current Expense	39,439	39,700	39,800	100
<b>Total</b>	<b>\$1,696,230</b>	<b>\$1,768,800</b>	<b>\$1,729,500</b>	<b>(\$39,300)</b>
<b>FTE/Other</b>				
Total FTE	33	37	37	

**Purpose**

The Bureau of Investigations and Collections is responsible for a number of collections and cost avoidance programs for the Departments of Workforce Services, Health, and Human Services. These include investigation of suspected welfare overpayments or fraud, medical repayment programs, food stamp repayments, State Hospital collections, child support fraud, etc.

**3.6 Children in Care Collections**

This is a new “bureau” or program in the Division for FY 2001. The functions have previously been part of two other programs: Child Support Services and Investigations and Collections. For comparative purposes, the “Actual FY 2000” figures in the budget tables have been adjusted by separating out this new program.

**Recommendation**

The Analyst recommends an FY 2002 budget totaling \$1.7 million, including \$493,500 from the General Fund.

	2000	2001	2002	Est/Analyst
	Actual	Estimated	Analyst	Difference
<b>Financing</b>				
General Fund	459,000	504,800	493,500	(11,300)
Federal Funds	1,043,719	1,222,800	1,195,500	(27,300)
Dedicated Credits Revenue	109,824			
Transfers - Other Agencies	3,047			
Transfers - H - Medical Assistance	3,588	49,500	48,400	(1,100)
<b>Total</b>	<u>\$1,619,178</u>	<u>\$1,777,100</u>	<u>\$1,737,400</u>	<u>(\$39,700)</u>
<b>Expenditures</b>				
Personal Services	1,584,405	1,743,700	1,704,000	(39,700)
In-State Travel	522	500	500	
Current Expense	34,251	32,900	32,900	
<b>Total</b>	<u>\$1,619,178</u>	<u>\$1,777,100</u>	<u>\$1,737,400</u>	<u>(\$39,700)</u>
<b>FTE/Other</b>				
Total FTE	38	38	38	

**Purpose**

This bureau is responsible for collection of child support in behalf of children who are in state custody or 24-hour care. Federal law requires collection of child/medical support for children receiving Title XIX and/or Title IV-E funds. State law (62A-1-117, 78-3a-906) also mandates this collection program. This bureau is also responsible for third party collections for the Utah State Hospital, SSI (Supplemental Security Income) interim assistance for the Department of Work Force Services, and non IV-D child support services (families not receiving welfare).

### 3.7 Attorney General Contract

**Recommendation**

The FY 2002 base budget recommendation totals just under \$3 million with \$904,200 coming from the General Fund.

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>Est/Analyst</b>
	<b>Actual</b>	<b>Estimated</b>	<b>Analyst</b>	<b>Difference</b>
<b>Financing</b>				
General Fund	901,300	928,600	904,200	(24,400)
Federal Funds	1,919,148	2,017,200	1,964,300	(52,900)
Transfers - Other Agencies	61,660	48,900	47,600	(1,300)
Transfers - H - Medical Assistance	64,211	67,200	65,400	(1,800)
<b>Total</b>	<u>\$2,946,319</u>	<u>\$3,061,900</u>	<u>\$2,981,500</u>	<u>(\$80,400)</u>
<b>Expenditures</b>				
Personal Services			(80,400)	(80,400)
In-State Travel	903	900	900	
Current Expense	2,921,611	3,039,500	3,039,500	
DP Current Expense	23,805	21,500	21,500	
<b>Total</b>	<u>\$2,946,319</u>	<u>\$3,061,900</u>	<u>\$2,981,500</u>	<u>(\$80,400)</u>
<b>FTE/Other</b>				

**Purpose**

ORS contracts with the Attorney General’s Office for legal services to enforce efforts in the areas of child support and other collections. While on the Attorney General’s staff and payroll, these attorneys and related staff are housed in ORS offices. The AG Office bills ORS monthly based on the actual number of attorneys at ORS and time they spend on ORS matters. The contract with the Attorney General’s office is adjusted annually to match compensation increases given other state employees.

### 3.8 Medical Collections

This is a new “bureau” or program in the Division for FY 2001. The functions have previously been part of the Investigations and Collections Program. For comparative purposes, the “Actual FY 2000” figures in the budget tables have been adjusted by separating out this new program.

**Recommendation**

The Fiscal Analyst recommends an FY 2002 budget for this program totaling \$1.6 million, including \$741,300 from the General Fund.

	2000	2001	2002	Est/Analyst
	Actual	Estimated	Analyst	Difference
<b>Financing</b>				
General Fund	730,247	757,900	741,300	(16,600)
Federal Funds	9,103	69,200	67,700	(1,500)
Transfers - Other Agencies	454	500	500	
Transfers - H - Medical Assistance	762,861	826,500	808,400	(18,100)
<b>Total</b>	<u>\$1,502,665</u>	<u>\$1,654,100</u>	<u>\$1,617,900</u>	<u>(\$36,200)</u>
<b>Expenditures</b>				
Personal Services	1,488,145	1,642,900	1,606,700	(36,200)
In-State Travel	876	900	900	
Out of State Travel	930	900	900	
Current Expense	12,714	9,400	9,400	
<b>Total</b>	<u>\$1,502,665</u>	<u>\$1,654,100</u>	<u>\$1,617,900</u>	<u>(\$36,200)</u>
<b>FTE/Other</b>				
Total FTE	39	39	39	

**Purpose**

This bureau is responsible to provide insurance identification, collection, and cost avoidance services to the Department of Health for the Medicaid, CHIP, and UMAP programs. The bureau works to locate possible insurance providers and coordinates benefits and recovery. Additionally, the bureau pursues collections from liable third parties in personal injury cases, administers the Medicaid Estate Recovery program and collects overpayments from providers.

**4.0 Additional Information: Division of Aging and Adult Services**

**4.1 Funding History**

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
<b>Financing</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated</b>	<b>Analyst</b>
General Fund	11,016,000	11,935,301	11,991,500	12,335,700	12,079,600
Federal Funds	22,565,121	25,403,913	25,926,667	26,355,900	26,128,900
Dedicated Credits Revenue	847,530	916,576	1,387,190	1,407,000	1,403,400
Transfers - H - Medical Assistance	1,983,293	1,479,060	1,577,039	1,708,000	1,688,800
Transfers - Other Agencies	38	249,415	1,342,997	1,152,400	1,138,000
Transfers - TANF	428,469	466,936			
Transfers - USDA	464,303	409,299			
Transfers - Within Agency		10,557			
Beginning Nonlapsing		100,000			
Closing Nonlapsing	(100,000)				
Lapsing Balance	(1,677,030)	(802,269)	(31)		
<b>Total</b>	<b>\$35,527,724</b>	<b>\$40,168,788</b>	<b>\$42,225,362</b>	<b>\$42,959,000</b>	<b>\$42,438,700</b>
<b>Programs</b>					
Administration	700,417	902,042	1,111,880	1,089,100	1,070,900
Financial Services	3,762,894	4,389,348	5,151,151	5,543,100	5,488,200
Electronic Technology	7,686,544	9,648,263	9,365,371	8,217,100	8,409,800
Child Support Services	16,717,172	19,454,897	18,832,568	19,847,800	19,403,500
Investigations and Collections	3,965,531	2,980,494	1,696,230	1,768,800	1,729,500
Children in Care Collections			1,619,178	1,777,100	1,737,400
Attorney General Contract	2,695,166	2,793,744	2,946,319	3,061,900	2,981,500
Medical Collections			1,502,665	1,654,100	1,617,900
<b>Total</b>	<b>\$35,527,724</b>	<b>\$40,168,788</b>	<b>\$42,225,362</b>	<b>\$42,959,000</b>	<b>\$42,438,700</b>
<b>Expenditures</b>					
Personal Services	21,552,472	24,613,939	26,410,741	27,813,000	27,125,000
In-State Travel	40,849	39,484	33,215	32,900	32,800
Out of State Travel	16,735	21,888	20,018	18,600	18,600
Current Expense	7,034,724	7,279,764	8,147,946	8,529,000	8,465,400
DP Current Expense	6,819,544	8,141,157	6,946,240	6,453,500	6,670,900
DP Capital Outlay			660,432	66,000	80,000
Capital Outlay	63,400	72,556	6,770	46,000	46,000
<b>Total</b>	<b>\$35,527,724</b>	<b>\$40,168,788</b>	<b>\$42,225,362</b>	<b>\$42,959,000</b>	<b>\$42,438,700</b>
<b>FTE/Other</b>					
Total FTE	605	590	584	605	605
Vehicles				9	9

**4.2-Federal Funds**

<b>Program</b>	<b>FY 2000 Actual</b>	<b>FY 2001 Authorized</b>	<b>FY 2002 Analyst</b>
Title IVD Child Support	\$23,045,083	\$23,592,600	\$23,381,300
State Matching Funds	11,868,218	12,150,200	12,041,400
Totals for this grant/contract	\$34,913,301	\$35,742,800	\$35,422,700
DHS Other Grants	\$2,881,584	\$2,763,300	\$2,747,600
State Matching Funds	0	0	0
Totals for this grant/contract	\$2,881,584	\$2,763,300	\$2,747,600
<b>Total Federal Funds</b>	\$25,926,667	\$26,355,900	\$26,128,900
<b>State Matching Funds</b>	11,868,218	12,150,200	12,041,400
<b>Total Funds</b>	\$37,794,885	\$38,506,100	\$38,170,300