

Office of the
Legislative Fiscal Analyst

FY 2001 Budget Recommendations

Joint Appropriations Subcommittee for
Health and Human Services

Utah Department of Human Services
Office of Recovery Services

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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 a total appropriation of \$41.3 million for ORS for FY 2001. This includes \$11.9 million from the General Fund, with most of the balance coming from federal sources.

	Analyst FY 2001 Base	Analyst FY 2001 Changes	Analyst FY 2001 Total
Financing			
General Fund	\$11,862,200		\$11,862,200
Federal Funds	25,423,400		25,423,400
Dedicated Credits Revenue	1,395,800		1,395,800
Transfers - H - Medical Assistance	1,668,700		1,668,700
Transfers - TANF	492,500		492,500
Transfers - USDA	439,800		439,800
Total	\$41,282,400	\$0	\$41,282,400
Programs			
Administration	\$1,152,000		\$1,152,000
Financial Services	4,649,500		4,649,500
Electronic Technology	8,583,800		8,583,800
Child Support Services	20,645,100		20,645,100
Investigations and Collections	3,322,200		3,322,200
Attorney General Contract	2,929,800		2,929,800
Total	\$41,282,400	\$0	\$41,282,400
FTE	604.9		604.9

2.0 Issues: Office of Recovery Services

2.1 Division Budget Summary

OFFICE OF RECOVERY SERVICES		
SUMMARY OF ANALYST RECOMMENDATIONS - FY 2001		
	General Fund	Total Funds
FY 2000 AUTHORIZED	\$12,136,900	\$42,587,400
Non-General Fund revenue estimate revisions		(323,300)
FY 2001 BASE BUDGET	<u>\$12,136,900</u>	<u>\$42,264,100</u>
Adjustment for 16 less work hours	(69,400)	(190,400)
State ISF Rate Changes	(176,700)	(696,100)
State Retirement Rate Reductions	(36,100)	(102,700)
Risk Mgt Rate Redistribution (from FY 2000)	7,500	7,500
FY 2001 ADJUSTED BASE BUDGET	<u>\$11,862,200</u>	<u>\$41,282,400</u>
FY 2001 ANALYST RECOMMENDED BUDGET	<u>\$11,862,200</u>	<u>\$41,282,400</u>
(Without Compensation Adjustment)		

2.2 Adjustments to Base Budget

The Fiscal Analyst has adjusted the base budget for FY 2001 to reflect the shortened work year by 16 hours (\$69,400 General Fund reduction), change in the retirement rate (\$36,100 General Fund reduction), and changes in the rates charged by the State’s internal service funds (\$176,700 General Fund reduction). These reductions are part of the budget recommendations for various programs in the Division.

The Analyst is also including a re-distribution of \$51,500 (General Fund) that was appropriated last year for the FY 2000 Risk Management liability premium increases. This amount was appropriated to one program in the Executive Director Operation budget, but should have been part of the budgets of all programs and divisions in the Department. The budget for ORS is increased by \$7,500.

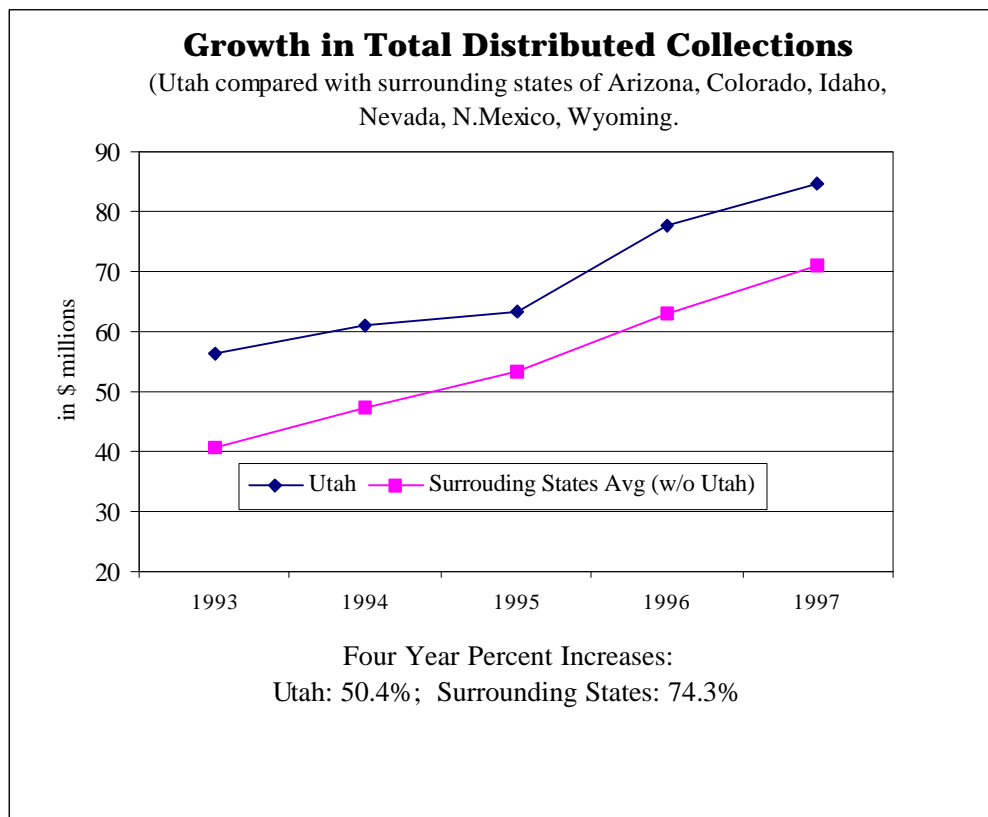
3.0 Programs: Office of Recovery Services

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 comparative data is taken from the Federal Child Support Enforcement Agency’s 22nd Annual Report, which is the latest available.

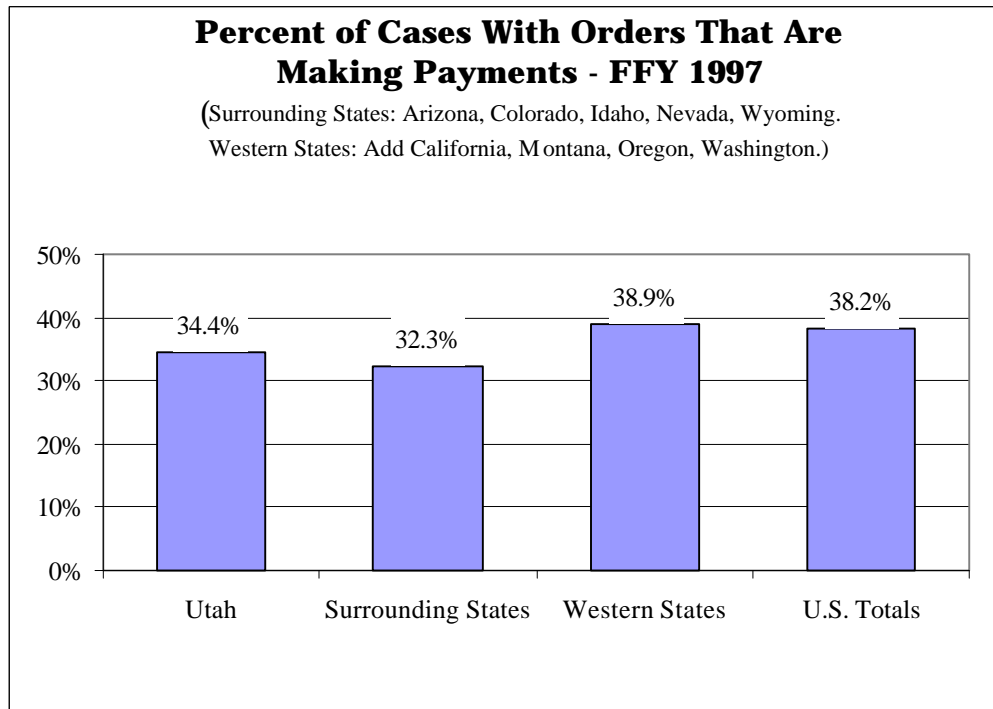
Increases in distributed collections

The first is a comparison with surrounding states of increases in total distributed collections (amounts going to custodial parents). Note that Utah distributed about \$84.5 million in FFY (federal fiscal year) 1997. This is an increase of about 50 percent over FFY 1993. In comparison, the six surrounding states distributed an average of \$71.1 million (a four year increase of 74.3%).



Percentage of cases making payments

The second is comparison of the percentage of all cases with support orders that are making payments. Note that Utah’s percentage is slightly higher than its surrounding states, but slightly below the national and western states’ averages. In Utah, when considering all cases with support orders in place, the percentage of paying cases has actually grown from 29 percent in 1994 to 49 percent in 1999.



Ratio of collections to administrative costs

The third measure gives an indication of cost effectiveness of the Agency. The table below shows the ratio of collections to administrative expenses compared with western states and the nation. Most states experienced a “dip” in this ratio in the mid-nineties due to new federal requirements of welfare reform and support enforcement. Note that Utah, in 1997, collected \$2.86 for each dollar of administrative costs. This is above the average of the surrounding states, but below the national average of \$3.90.

TOTAL CHILD SUPPORT COLLECTIONS PER DOLLAR OF TOTAL ADMINISTRATIVE EXPENDITURES					
(Federal Fiscal Years)					
	Ratio Collections to Admin Expenses				
	1993	1994	1995	1996	1997
Utah	2.86	2.73	1.96	2.66	2.86
Surrounding States Avg (w/o Utah)	2.58	2.37	1.97	2.41	2.48
Western States Avg (w/o Utah)	2.91	2.82	2.50	2.86	2.86
U.S. Average (incl. Utah)	3.97	3.85	3.59	3.94	3.90

3.1 Administration

Recommendation

The recommended FY 2001 budget for the Administration program totals \$1,152,000 including \$342,500 from the General Fund. The recommendation includes adjustments for the 16-hour work year reduction, internal service, fund rate changes, the retirement rate change, and reallocation of Risk Management’s premium increase from FY 2000.

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$294,325	\$331,800	\$342,500	\$10,700
Federal Funds	562,180	724,100	728,700	4,600
Transfers - H - Medical Assistance	43,333	52,500	53,300	800
Transfers - TANF	12,732	14,600	14,500	(100)
Transfers - USDA	11,148	13,000	13,000	
Beginning Nonlapsing	2,466			
Lapsing Balance	(24,142)			
Total	\$902,042	\$1,136,000	\$1,152,000	\$16,000
Expenditures				
Personal Services	\$761,491	\$995,900	\$986,400	(\$9,500)
In-State Travel	3,174	3,800	3,800	
Out of State Travel	2,997	3,000	3,000	
Current Expense	133,380	133,300	158,800	25,500
DP Current Expense	1,000			
Total	\$902,042	\$1,136,000	\$1,152,000	\$16,000
FTE	16.5	18.5	18.5	

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

Recommendations

The Analyst's FY 2001 budget recommendation totals \$4.6 million, including \$1.3 million from the General Fund. The recommendation includes adjustments for the 16-hour work year reduction, internal service fund rate changes, and the retirement rate change.

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$1,305,361	\$1,323,400	\$1,326,300	\$2,900
Federal Funds	3,072,442	3,071,300	3,086,600	15,300
Transfers - H - Medical Assistance	81,430	195,600	196,200	600
Transfers - TANF	26,885	21,400	21,500	100
Transfers - USDA	23,425	18,900	18,900	
Beginning Nonlapsing	10,937			
Lapsing Balance	(131,132)			
Total	\$4,389,348	\$4,630,600	\$4,649,500	\$18,900
Expenditures				
Personal Services	\$1,188,823	\$1,487,100	\$1,472,200	(\$14,900)
In-State Travel	857	800	900	100
Out of State Travel	376	1,200	1,200	
Current Expense	3,132,066	3,131,500	3,165,200	33,700
DP Current Expense	223			
Capital Outlay	67,003	10,000	10,000	
Total	\$4,389,348	\$4,630,600	\$4,649,500	\$18,900
FTE	36.0	39.0	39.0	

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 Services

Recommendations

The Analyst recommends \$8.6million (including \$2.2 million from the General Fund) for this program for FY 2001. The recommendation includes adjustments for the 16-hour work year reduction, internal service fund rate changes, and the retirement rate change.

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$2,915,105	\$2,355,700	\$2,169,400	(\$186,300)
Federal Funds	6,163,751	6,494,700	5,827,700	(667,000)
Transfers - H - Medical As	347,428	390,100	367,800	(22,300)
Transfers - Other Agencies	249,415	215,200		(215,200)
Transfers - TANF	111,166	108,400	115,800	7,400
Transfers - USDA	98,582	96,500	103,100	6,600
Beginning Nonlapsing	24,424			
Lapsing Balance	(261,608)			
Total	\$9,648,263	\$9,660,600	\$8,583,800	(\$1,076,800)
Expenditures				
Personal Services	\$1,510,931	\$1,515,000	\$1,499,600	(\$15,400)
In-State Travel	1,808	1,800	1,800	
Out of State Travel	4,354	4,400	4,300	(100)
Current Expense	21,736	21,700	21,700	
DP Current Expense	8,109,434	8,117,700	7,056,400	(1,061,300)
Total	\$9,648,263	\$9,660,600	\$8,583,800	(\$1,076,800)
FTE	28.0	25.9	25.9	

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 \$20.6 million (including \$5.7 million from the General Fund) for Child Support Services for FY 2001. The recommendation includes adjustments for the 16-hour work year reduction, internal service fund rate changes, and the retirement rate change.

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$5,329,918	\$5,797,600	\$5,735,600	(\$62,000)
Federal Funds	13,392,029	13,791,500	13,467,600	(323,900)
Dedicated Credits Revenue	916,576	1,200,000	1,395,800	195,800
Transfers - H - Medical Assistance	48,993	46,400	46,100	(300)
Transfers - Internal	10,557			
Beginning Nonlapsing	44,657			
Lapsing Balance	(287,833)			
Total	\$19,454,897	\$20,835,500	\$20,645,100	(\$190,400)
Expenditures				
Personal Services	\$18,232,756	\$19,598,600	\$19,401,600	(\$197,000)
In-State Travel	24,143	24,100	24,200	100
Out of State Travel	9,392	10,100	10,100	
Current Expense	1,175,133	1,172,700	1,179,200	6,500
DP Current Expense	7,920			
Total	\$19,454,897	\$20,835,500	\$20,645,100	(\$190,400)
FTE	437.0	445.1	445.1	

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 which 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

Recommendations

The Analyst recommends \$3.3 million (\$1.4 million from General Funds) for this program for FY 2001. The recommendation includes adjustments for the 16-hour work year reduction, internal service fund rate changes, and the retirement rate change.

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$1,262,049	\$1,427,100	\$1,405,700	(\$21,400)
Federal Funds	274,479	375,800	369,600	(6,200)
Transfers - H - Medical As	891,211	958,300	938,200	(20,100)
Transfers - TANF	297,304	323,600	321,400	(2,200)
Transfers - USDA	259,661	289,200	287,300	(1,900)
Beginning Nonlapsing	10,574			
Lapsing Balance	(14,784)			
Total	\$2,980,494	\$3,374,000	\$3,322,200	(\$51,800)
Expenditures				
Personal Services	\$2,919,938	\$3,313,400	\$3,280,100	(\$33,300)
In-State Travel	7,864	7,900	7,900	
Out of State Travel	2,521	2,500	2,500	
Current Expense	50,171	50,200	31,700	(18,500)
Total	\$2,980,494	\$3,374,000	\$3,322,200	(\$51,800)
FTE	72.5	76.4	76.4	

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 Attorney General Contract

Recommendations

The Analyst is recommending a budget of \$2.9 million for FY 2001. This includes \$882,700 from the General Fund. The recommendation includes adjustments for the 16-hour work year reduction, and the retirement rate change.

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$828,543	\$901,300	\$882,700	(\$18,600)
Federal Funds	1,939,032	1,944,800	1,943,200	(1,600)
Transfers - H - Medical As	66,665	67,800	67,100	(700)
Transfers - TANF	18,849	19,300	19,300	
Transfers - USDA	16,483	17,500	17,500	
Beginning Nonlapsing	6,942			
Lapsing Balance	(82,770)			
Total	\$2,793,744	\$2,950,700	\$2,929,800	(\$20,900)
Expenditures				
In-State Travel	\$1,638	\$1,600	\$1,600	
Out of State Travel	2,248	2,300	2,300	
Current Expense	2,767,278	2,935,300	2,914,400	(\$20,900)
DP Current Expense	22,580	11,500	11,500	
Total	\$2,793,744	\$2,950,700	\$2,929,800	(\$20,900)

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.

4.0 Additional Information: Office of Recovery Services

4.1 Funding History

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
	Actual	Actual	Actual	Estimated	Analyst
Financing					
General Fund	\$12,049,699	\$11,016,000	\$11,935,301	\$12,136,900	\$11,862,200
Federal Funds	22,740,090	22,565,121	25,403,913	26,402,200	25,423,400
Dedicated Credits Revenue		847,530	916,576	1,200,000	1,395,800
Transfers - H - Medical Assistance	2,063,659	1,983,293	1,479,060	1,710,700	1,668,700
Transfers - Internal			10,557		
Transfers - Other Agencies			249,415	215,200	
Transfers - TANF		428,469	466,936	487,300	492,500
Transfers - USDA		464,341	409,299	435,100	439,800
Beginning Nonlapsing			100,000		
Closing Nonlapsing		(100,000)			
Lapsing Balance	(2,053,339)	(1,677,030)	(802,269)		
Total	\$34,800,109	\$35,527,724	\$40,168,788	\$42,587,400	\$41,282,400
% Change		2.1%	13.1%	6.0%	-3.1%
Programs					
Administration	\$492,918	\$700,417	\$902,042	\$1,136,000	\$1,152,000
Financial Services	3,598,014	3,762,894	4,389,348	4,630,600	4,649,500
Electronic Technology	8,520,408	7,686,544	9,648,263	9,660,600	8,583,800
Child Support Services	15,494,410	16,717,172	19,454,897	20,835,500	20,645,100
Investigations and Collections	3,837,984	3,965,531	2,980,494	3,374,000	3,322,200
Attorney General Contract	2,856,375	2,695,166	2,793,744	2,950,700	2,929,800
DHS Recovery Services Extra					
Total	\$34,800,109	\$35,527,724	\$40,168,788	\$42,587,400	\$41,282,400
Expenditures					
Personal Services	\$20,359,959	\$21,552,472	\$24,613,939	\$26,910,000	\$26,639,900
In-State Travel	40,200	40,849	39,484	40,000	40,200
Out of State Travel	26,035	16,735	21,888	23,500	23,400
Current Expense	7,124,525	7,034,724	7,279,764	7,444,700	7,500,100
DP Current Expense	7,234,587	6,819,544	8,141,157	8,129,200	7,038,800
Capital Outlay	14,803	63,400	72,556	40,000	40,000
Total	\$34,800,109	\$35,527,724	\$40,168,788	\$42,587,400	\$41,282,400
FTE	557.0	605.0	590.0	604.9	604.9

4.2 Federal Funds

Program	FY 1999 Actual	FY 2000 Authorized	FY 2001 Analyst
Title IVD Child Support	\$22,574,170	\$26,402,200	\$25,423,400
State Matching Funds	12,415,794	14,521,200	13,982,900
Totals for this grant/contract	\$34,989,964	\$40,923,400	\$39,406,300
DHS Other Grants	\$2,829,742	\$0	\$0
State Matching Funds			
Totals for this grant/contract	\$2,829,742	\$0	\$0
Total Federal Funds	\$25,403,912	\$26,402,200	\$25,423,400
State Matching Funds	12,415,794	14,521,200	13,982,900
Total Funds	\$37,819,706	\$40,923,400	\$39,406,300