

**State of Alaska**  
**FY2009 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**

- Establish paternity and child support
- Review and adjust cases
- Enforce cash and medical support

End Result	Strategies to Achieve End Result
<p><b>A: Collection and disbursement of child support due to the children served by CSSD.</b></p> <p><u>Target #1:</u> Increase collections by 3%, net Permanent Fund Dividend 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><b>A1: Improve the environment necessary for increased collections.</b></p> <p><u>Target #1:</u> Ensure that paternitys established are at least 100%.  <u>Measure #1:</u> Percentage of paternitys established.</p> <p><u>Target #2:</u> Increase cases with orders to 93.5%.  <u>Measure #2:</u> Percentage of cases with orders.</p> <p><u>Target #3:</u> Increase current collections to 56%.  <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> Ensure that the cost effectiveness ratio is at least \$4.10.  <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><b>A2: Improve the efficiency of distributing child support.</b></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> Ensure that money on hold, less those categories that are out of the division's control, is less than</p>

	<p>0.4% (four-tenths of a percent).  <b>Measure #2:</b> Percentage of money on hold, less those categories that the division cannot or should not affect.</p> <p><b>A3: Improve customer service.</b></p> <p><b>Target #1:</b> Wait times for telephone calls are reduced to an average of 3 minutes.  <b>Measure #1:</b> Average telephone call wait times.</p>
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**Major Activities to Advance Strategies**

- Improve communications and processes with clients and other state and federal agencies.
- Continue the work of the special collections unit.
- Prosecute criminal non-support when appropriate.
- Review and adjust cases, establish paternity, locate employers and assets of non-custodial parents, and create and modify support orders.
- Increase electronic payments and disbursements of child support through outreach to our clients by making clients aware of the options available.
- Institute full collection of arrearages for the passport denial/release program.
- Continue to notify clients of the change in the amount of arrearages on the passport denial program from a \$5000 to \$2500 threshold.
- Expand the state-owed arrearage abatement program.
- Provide presentations and outreach to businesses, non-profits and faith-based organizations, ethnic populations, schools, and mass media.
- Work on improving customer service by providing more personal contact; respond timely with written responses to our clients' questions and concerns.
- Provide employers' with the option of reporting employment information on-line.
- Provide our clients with the ability to look up their statement on-line.

**FY2009 Resources Allocated to Achieve Results**

<b>FY2009 Component Budget: \$24,436,300</b>	<b>Personnel:</b>	
	Full time	232
	Part time	0
	<b>Total</b>	<b>232</b>

**Performance Measure Detail**

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

**Target #1:** Increase collections by 3%, net Permanent Fund Dividend collections.

**Measure #1:** Percent of change in total collections, net PFD collections.

**Percent Change in Total Collections for a Fiscal Year**

Year	% Change
FY 2003	6.2%
FY 2004	4.2%
FY 2005	1.92%
FY 2006	3.72%
FY 2007	3.66%

**Analysis of results and challenges:** The division increased non-PFD collections from FY2006 to FY2007 in the amount of \$3,413,500 or 3.66%. Increasing total collections allows the division to increase distributions to

custodial parents. This improves the financial support that benefits children's lives. During FY2003, the state financial institute data match program was initiated which accounted for the increase in that year. Non-PFD collections for FY2007 showed some increase from FY2006. The division continues to expect a steady but gradual increase in non-PFD collections above 3%.

**Target #2:** Increase disbursements of child support payments by 1.8%.  
**Measure #2:** Percent of change in total disbursements.

**Disbursements of Child Support Payments**

Year	% of Change
FY 2005	1.77%
FY 2006	1.45%
FY 2007	4.85%

**Analysis of results and challenges:** This measure works with the amount of collections received in the fiscal year; if collections have increased then disbursements should also increase. This measure also works in conjunction with the "money on hold" measure (see CSSD strategy A2, measure #2); if there is less money on hold then disbursements should also increase.

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

**Target #1:** Ensure that paternities established are at least 100%.  
**Measure #1:** Percentage of paternities established.

**Percentage of Paternities Established**

Year	Percentage
FFY 2003	89.3%
FFY 2004	87%
FFY 2005	105%
FFY 2006	98%
FFY 2007	91%

**Analysis of results and challenges:** Percentage of paternities established is measured by the federal government by taking the number of children statewide with paternity established or acknowledged in the current fiscal year (3,635 in FFY07) divided by the number of children born out of wedlock statewide for the prior fiscal year (4,002 in FFY06), which is 91%.

The number of paternities established since FFY 2005 has decreased, however the number of cases in the division needing paternity established has also decreased. This indicates that contingent factors out of the division's control are contributing to this decline; for instance, if the cases are still working their way through the court system or there is no attempt made by the family to establish paternity.

**Target #2:** Increase cases with orders to 93.5%.  
**Measure #2:** Percentage of cases with orders.

**Percentage of Cases with Orders**

Year	Cases with Orders	Change from Prior Year
FY 2003	81%	NA
FY 2004	84.7%	3.7%
FY 2005	92.3%	7.6%
FY 2006	93.2%	0.9%
FY 2007	93.7%	0.5%

**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 orders will aid in the timeliness of collecting and distributing child support.

The division continues to improve in this measure each year; overall from FY2006 to FY2007 the division increased the number of cases with orders by 0.50%.

**Target #3:** Increase current collections to 56%.

**Measure #3:** Percentage of current collections.

**Percentage of Current Collections**

Year	Percentage
FFY 2003	53.2%
FFY 2004	54.2%
FFY 2005	52.0%
FFY 2006	54.9%
FFY 2007	56.6%

**Analysis of results and challenges:** An addition to being a main component of 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**

Year	Percentage
FFY 2003	66.5%
FFY 2004	65.4%
FFY 2005	67.9%
FFY 2006	66.5%
FFY 2007	66.9%

**Analysis of results and challenges:** A higher concentration on cases with special collection needs will help the division to increase overall collections. CSSD, through a grant with the Department of Justice, assembled a team to focus on those cases that are hard to collect. This special collections program began in October, 2005 and ended in October, 2007. The division is continuing the important work of the special collections unit and we expect to continue to see improved results in this area.

**Target #5:** Ensure that the cost effectiveness ratio is at least \$4.10.

**Measure #5:** Cost effectiveness ratio.

**Cost Effectiveness Ratio**

Year	Ratio
FFY 2003	\$4.24
FFY 2004	\$4.42
FFY 2005	\$4.52
FFY 2006	\$4.24
FFY 2007	\$4.41

**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. The increase in our cost effectiveness for FFY07 is a direct result of increased collections for that period. However, in order to continue to maintain a high level of cost effectiveness the division must be able to increase collections by approximately four and one-half times more than the increase in expenses.

Additionally, CSSD anticipates that FFY08 and FFY09 could see a decline in our cost effectiveness. As the cost of doing business continues to increase, the amount of these increases in expenditures significantly outpaces our ability to increase collections, resulting in lower cost effectiveness.

**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

Year	Percentage of Cases	Change from Prior Year
FY 2003	NA	NA
FY 2004	23%	NA
FY 2005	12.92%	-10.08%
FY 2006	12.64%	-0.28%
FY 2007	12.23%	-0.41%

**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 portion of the cases with no collections for one year or more are designated as "hard to collect". To address the problem of hard to collect cases, in October 2005, CSSD assembled a specialized team of child support specialists. It is anticipated that in FY2008 the percentage of cases with no collections will begin to decrease as more of the "hard to collect" cases are handled by this team. In FY2007 we saw a 0.41% overall decrease in the number of cases with no collections for one year or more. As of June 30, 2007, CSSD had reviewed a total of 1,078 cases and collections have been made on 573 of those cases totaling \$1,182,029.

#### 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

Year	% of Recipients	Change from Prior Year
FY 2004	48.7%	NA
FY 2005	52.09%	3.39%
FY 2006	55.52%	3.43%
FY 2007	61.10%	5.58%

**Analysis of results and challenges:** In addition to improving the timeliness of distribution of the funds to recipients and the ease with which they can access their money, automated distribution greatly reduces the costs associated with disbursing money. The division saw great success in increasing the number of clients utilizing an electronic payment method to receive their child support in FY2007. This was accomplished by sending an informational flyer to every client that receives a paper check to encourage them to sign up for one of the two electronic payment options that the division offers. We will continue this outreach in FY2008 as this was a major step in achieving this target.

**Target #2:** Ensure that money on hold, less those categories that are out of the division's control, is less than 0.4% (four-tenths 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**

Year	Percentage
FY 2003	1.089%
FY 2004	0.9%
FY 2005	0.548%
FY 2006	0.405%
FY 2007	0.254%

**Analysis of results and challenges:** The decrease of undistributed collections continues to be a national priority for the federal Office of Child Support. The division will continue to closely monitor money on hold categories and distribute all monies received as quickly as possible.

**A3: Strategy - Improve customer service.**

**Target #1:** Wait times for telephone calls are reduced to an average of 3 minutes.

**Measure #1:** Average telephone call wait times.

**Average Minutes of Telephone Call Wait Time**

Year	Average Minutes
FY 2003	2.13
FY 2004	2.6
FY 2005	3.0
FY 2006	3.6
FY 2007	2.6

**Analysis of results and challenges:** FY2007 saw a decrease in wait times for customers on average of approximately 1.0 minute from FY2006. The division attributes this decrease in wait times to the temporary reallocation of staff's work assignments from other areas of the division to assist with the customer service phone bank. The division will continue to work on reducing wait times as much as possible.

**Key Component Challenges**

- Due to the Federal Deficit Reduction Act of 2005 the division will no longer be able to use the money earned from federal incentives as match to federal receipts. The required percentage that the state must match is 34%. Effective October 1, 2007 the incentive dollars earned by the division can only be used as incentive authority and not as match to the federal receipts. In order to maximize the federal authority authorized, the division will require an increase in the state's portion of funding for the program in order to continue to provide the same level of services.
- Additionally, the Federal Deficit Reduction Act of 2005 imposed a requirement to implement a \$25 user fee once \$500 has been collected in child support. This fee must either be charged to one of the case parties or the state must absorb this fee.
- The division continues work on implementing federal medical support regulations.
- The federal establishment of tribal child support programs continues to require extensive coordination and personnel time supporting these new entities. There could be a wide variety of new systems developed to support these programs which could result in a lack of reliable data. There is currently at least one tribe in Alaska that is operating their program and another tribe recently submitted a start up grant request.
- The division anticipates a decrease in the amount of TANF (temporary assistance for needy families) funds that the division can retain as more tribes come on line with the tribal TANF program. The division uses TANF

receipts as Receipt Supported Services authority for the 34% state match requirement to obtain the federal receipts required to operate the division.

- 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 continues working on compliance issues related to the Office of Foreign Asset Control (OFAC). This affects the division because each check will need to be verified against several lists that contain names and companies that have a connection to terrorism, drug and human trafficking and other illegal activities.

### **Significant Changes in Results to be Delivered in FY2009**

- The division continues to expect significant increases in electronic payments received from federal government agencies, other states, and clients. We continue to do outreach to make our clients aware of electronic funds transfer as well as our debit card program and we continue researching and creating other user friendly methods for making and receiving child support payments.
- The division continues to work on imaging our case file information. Once this project is complete, the division will be able to respond to client inquiries more quickly and easily.

### **Major Component Accomplishments in 2007**

- The division increased yearly collections by \$4.9 million. Total collections in FY 2007 were \$106.3 million. Collections from Permanent Fund Dividends increased by approximately \$1.5 million. This increase occurred because the amount of the Permanent Fund Dividend per individual was significantly higher than in 2006. Of the total collections, \$12.4 million was collected in FY2007 for the State of Alaska and the Federal Government; this is a decrease from FY2006 in the amount of \$35,600. This decrease is the result of fewer TANF cases and the increase in tribal TANF programs.
- The division has shown improved results in child support collection efforts when comparing the results in FY2007 to the previous data from FY2006. In FY2006, the division had 54,235 cases, 93.2% with orders. Collections for this time period were \$ 101.4 million. In FY2007 the division had 55,891 cases, 93.7% with orders and collections of \$106.3 million. Increased cases with orders result in increased collections.
- The division established 2,662 orders in FY2007, as compared to 3,317 in FY2006. This 20% decrease is due to reductions in the number of cases needing an order established. Overall, the percentage of cases with orders established increased by 0.5%.
- The division lowered the amount of money on hold in FY2007 by 0.151% from FY2006. In FY2006 the total amount of money on hold was \$410,344 compared to \$269,683 in FY2007, a difference of \$140,661. Less money on hold means more money for custodial parents and children.
- The division saw an 8% decrease in the number of paternities established in FY2007 compared to FY2006. In FY2006 the number of paternities that were established was 742 compared to 684 in FY2007. This decrease is due to a reduction in the number of cases needing paternity 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*

	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	14,634.8	15,260.1	16,062.4
72000 Travel	32.1	45.0	45.0
73000 Services	6,967.0	8,228.3	8,067.0
74000 Commodities	240.5	201.1	201.1
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
<b>Expenditure Totals</b>	<b>21,874.4</b>	<b>23,795.3</b>	<b>24,436.3</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	14,271.8	14,694.9	15,228.4
1004 General Fund Receipts	336.7	336.0	174.7
1016 CSSD Federal Incentive Payments	2,308.9	1,800.0	1,800.0
1061 Capital Improvement Project Receipts	16.6	0.0	0.0
1156 Receipt Supported Services	4,940.4	6,964.4	7,233.2
<b>Funding Totals</b>	<b>21,874.4</b>	<b>23,795.3</b>	<b>24,436.3</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
<b>Unrestricted Revenues</b>				
Unrestricted Fund	68515	128.6	130.0	130.0
<b>Unrestricted Total</b>		<b>128.6</b>	<b>130.0</b>	<b>130.0</b>
<b>Restricted Revenues</b>				
Federal Receipts	51010	14,271.8	14,694.9	15,228.4
Receipt Supported Services	51073	4,940.4	6,964.4	7,233.2
Capital Improvement Project Receipts	51200	16.6	0.0	0.0
Federal Incentive Payments	51378	2,308.9	1,800.0	1,800.0
<b>Restricted Total</b>		<b>21,537.7</b>	<b>23,459.3</b>	<b>24,261.6</b>
<b>Total Estimated Revenues</b>		<b>21,666.3</b>	<b>23,589.3</b>	<b>24,391.6</b>

**Summary of Component Budget Changes  
From FY2008 Management Plan to FY2009 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2008 Management Plan</b>	<b>336.0</b>	<b>16,494.9</b>	<b>6,964.4</b>	<b>23,795.3</b>
<b>Adjustments which will continue current level of service:</b>				
-ETS Chargeback Redistribution	-161.3	0.0	0.0	-161.3
-FY 09 Health Insurance Increases for Exempt Employees	0.0	0.1	0.1	0.2
-FY 09 Bargaining Unit Contract Terms: General Government Unit	0.0	533.4	268.7	802.1
<b>FY2009 Governor</b>	<b>174.7</b>	<b>17,028.4</b>	<b>7,233.2</b>	<b>24,436.3</b>

**Child Support Services Division  
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2008</u> <u>Management</u> <u>Plan</u>	<u>FY2009</u> <u>Governor</u>		
Full-time	232	232	Annual Salaries	10,175,666
Part-time	0	0	COLA	756,797
Nonpermanent	0	0	Premium Pay	138,461
			Annual Benefits	5,853,621
			<i>Less 5.09% Vacancy Factor</i>	(862,145)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>232</b>	<b>232</b>	<b>Total Personal Services</b>	<b>16,062,400</b>

**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	16	0	0	0	16
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	88	1	1	1	91
Child Support Spec II	18	1	1	1	21
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
<b>Totals</b>	<b>226</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>232</b>