

HCR

134

HCR 134 -  
members' packets

LAW OFFICES OF  
ALASKA LEGAL SERVICES CORPORATION  
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ANCHORAGE, ALASKA 99501  
TELEPHONE 272-9431

May 5, 1978

Representative Hugh Malone, Speaker  
House of Representatives  
Pouch V  
Juneau, Alaska 99811

Re: Voluntary Cooperation with  
Child Support Enforcement  
Agency

Dear Representative Malone:

In searching through my files I found these attachments--the House vote not to delete the "voluntary" nature of the CSEA referral, the Finance Chairman's report, and a letter from the Chairman of the Budget Review Committee indicating the cost of non-compliance with federal regulations would be \$330,000.

The Chairman's report directs the CSEA to process "involuntary" referrals last and to leave it up to the custodians to decide the best interests of the child. As I recall, that language was used to attempt to avoid non-compliance with the federal regulations (and the loss of federal money) at the same time assuring that coercion would never be used.

If I can be of help, do not hesitate to contact me.

Sincerely,

ALASKA LEGAL SERVICES CORPORATION



Donald E. Clocksin  
Chief Counsel

DEC/jg

cc: Rep. Charles Parr ✓  
Peggy Berck

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER / POUCH C - JUNEAU 99811

March 18, 1976

Honorable Hugh Malone  
Chairman, House Finance Committee  
Alaska State Legislature  
State Capitol - Pouch V  
Juneau, Alaska 99811

Dear Representative Malone:

Please amend the FY 77 Social Services operating budget, Department of Health and Social Services, for the Child Support Enforcement program by adding \$997.6 of which \$623.5 is state general funds. A related amendment is also requested in the General Government category, Department of Law, for the Legal Services budget as described below.

Establishment of a child support enforcement agency is required by the federal government as a condition of full federal participation in AFDC. The penalty for non-compliance is the withholding of 5% of the federal contribution to AFDC, or approximately \$330.0. According to these requirements, parent locator and child support enforcement services must be made available both to AFDC recipients and to non-recipients. The federal government will pay 75% of the cost of services for recipients, but will not contribute to costs for non-recipients. It is currently estimated that half the child support cases will be AFDC related, and therefore eligible for federal match. Though a fee for service will be charged to non-recipients, it is required that the fee not be so high as to discourage people from using the program. Estimates of program receipts from this source presently do not exceed \$50.0, and are too uncertain to use as a restricted funded source of the child support budget. It is anticipated that general fund savings will be realized in the AFDC budget as total support payments increase, though the amount of savings in AFDC outlays is still speculative.

The bulk of the projected cost in the child support budget is in personal services (29 positions) and in contractual services, including a proposed interagency contract with the Department of Law for \$220.8 for legal services. Due to this interagency contract, it is possible to delete \$110.6 in general funds from the FY 77 Legal Services budget that would have been used for child support activities and substitute \$220.8 in interagency receipts. This increases the number of attorneys working on child support cases by two, and allows collection of the federal match by passing the cost through the Department of Health and Social Services.

March 18, 1976

Finally, approval of this amendment would enable the Court System to withdraw from child support enforcement activities. This would allow deletion of the following amounts from the Court System's budget.

Personal Services	\$83.8	(4 positions)
Contractual	3.0	
Commodities	<u>1.0</u>	
Total	\$87.8	

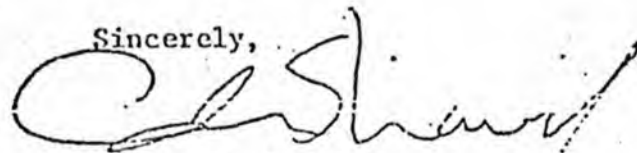
Further information on this is available from the Court System.

General Fund impact of this amendment on the Governor's FY 77 budget is:

\$623.5	(Department of Health & Social Services)
<u>(110.6)</u>	(Department of Law)
\$512.9	General Fund Impact

Removal of \$87.8 from the Court System budget would reduce general fund impact to \$425.1

Sincerely,



Andrew S. Warwick  
Chairman  
Budget Review Committee

ASW/DE/lw  
attachments  
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cc: Honorable Mike Bradner  
Speaker of the House

# Analysis of Governor's Decisions

ITEM & EXPLANATION	AMOUNT	FUNDING SOURCE	100 PERSONAL SERVICES	200 TRAVEL	300 CONTR. SERVICES	400 COMM.	500 EQUIPMENT	OTHER
<p>Child Support Enforcement:</p> <p>Four positions currently identified in Legal Services budget, working on child support cases, funded 100% general funds. 2 clerical, two attorneys.</p>	(110.6)	GF	(110.6)					
<p>Health and Social Services will fund six positions in Legal Services by interagency contract to work on child support cases. Four attorneys, two clerical. Net increase includes one attorney in Fairbanks, one in Anchorage, and upgrade of existing clerical position.</p>	220.8	IA	207.3	4.5	8.0	.5	.5	
Governor's Budget	3331.7	2020.4 OGF 1311.3 IA	2565.5	88.9	608.1	38.2	7.4	23.6

REVISED

Legal Services

BEU CODE 05-94-1-00-00-00

REVISED

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ANALYSIS OF  
GOVERNOR'S DECISIONS

# STATE OF ALASKA

**DEPT. OF HEALTH AND SOCIAL SERVICES**

**OFFICE OF THE COMMISSIONER**

JAY S. HAMMOND, GOVERNOR

POUCH # 01 - JUNEAU 99811

April 11, 1978

Document# House HESS #4

The Honorable Charles Parr  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Mr. Parr:

Thank you for your letter inquiring if we are able to tell if the Child Support Enforcement Agency is reducing the amount of AFDC paid out by the state. Under federal regulations and state laws and accounting practices, the exact reverse is actually the case when viewed from an AFDC expenditure perspective.

Before CSEA began its operations, any support money received by an AFDC recipient was considered as income and was subtracted from the AFDC grant amount. Implementation of Child Support requirements caused all AFDC recipients who received Child Support payments to experience an increase in their AFDC grants as the AFDC program disregarded their Child Support payments. These recipients then turned over their support payments to CSEA. AFDC program expenditures per recipient rose as an immediate effect to CSEA's operation.

When CSEA receives a Child Support payment on behalf of an AFDC recipient, it retains that payment if the payment amount is less than the AFDC grant. If it is more, we close the AFDC case and CSEA releases its collection to the client. (We have seldom closed more than 15-20 AFDC cases per month as a result of CSEA collection activity, but the number of these closures is increasing as CSEA becomes active.)

The state portion of CSEA-retained payments is receipted into the General Fund. It is not an AFDC program receipt. The federal portion of those collections is returned to HEW by reducing the amount of the AFDC program expenditure claim we make quarterly. Federal revenue shortfalls in AFDC are then compensated for by the AV process from CSEA.

Actually, the AFDC number of recipients, payment per recipient, and total program expenditures have increased rapidly since CSEA's birth, but this is a reflection of post-pipeline economic changes in the state, not of CSEA activity.


The Honorable Charles Parr

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April 11, 1978

I have taken the liberty of forwarding a copy of your inquiry to Commissioner Gallagher, Department of Revenue. I am sure he can provide you with up-to-date information on total CSEA collections related to AFDC cases.

Sincerely,

  
Helen D. Beirne  
Commissioner

cc: Honorable Sterling Gallagher  
Commissioner of Revenue

CSEA

276-8148

Enforcement Div.

Phil Nash - Anch.

Ralph Kimlinger - Juno - 2366

## STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 - JUNEAU 99811

JAY S. HAMMOND, GOVERNOR

May 3, 1978

The Honorable Charles H. Parr  
House of Representatives  
Pouch V  
Juneau, AK 99811

Dear Representative Parr:

I have received a copy of a response from Commissioner Beirne to you dated April 11, concerning child support enforcement activities. Her letter stated that I would be providing you with additional information on CSEA collections. I have tried to include that information for you in this letter.

We agree with the Commissioner's statement that post-pipeline economic changes in the state have resulted in a rapid increase in the number of AFDC recipients. We also agree that AFDC closures, because of child support agency activity, is increasing as the agency becomes more active. We would, however, like to provide a few supplemental comments regarding child support collections.

As Ms. Beirne noted, prior to the passage of the federal child support act, this state, as did others, considered child support received by an AFDC recipient as income and subtracted it from the AFDC grant. However, in Alaska, as in other states, many AFDC recipients did not report the receipt of child support money, and received more AFDC funds than they were entitled.

Robert Fulton, Director of the Office of Child Support Enforcement, U.S. Department of Health, Education, and Welfare, advised Governor Hammond on September 13, 1976, that this state was in violation of federal law for permitting welfare recipients to receive those additional funds. The problem was subsequently resolved by the separation of child support collection functions from AFDC grant functions.

The separation of AFDC and child support functions, as required by federal law, did result in a slight increase in AFDC program expenditure per recipient, because the recoveries made in AFDC cases by the Child Support Enforcement Agency are deposited into the general fund, not the AFDC program. The overall result, however, is a net reduction in both state and federal AFDC costs.

One final point is of extreme importance. The Child Support Enforcement Agency was created to obtain, administer, and enforce child support obligations in both welfare and non-welfare cases. The Agency has collected over \$7 million dollars in child support money since it became operational approximately 17 months ago, the majority of which was collected for non-welfare mothers who are trying to maintain their self sufficiency, independent of welfare programs.

During the nine months of their existence in FY '77, the agency collected approximately \$3,200,000 identified for distribution as follows: \$30,700 federal share AFDC recoveries; \$500 to other IV-D agencies assisting us; \$31,200 state share AFDC recoveries; \$2,000 state share child proceedings; \$3,100,000 to non-welfare mothers in this state and collections for other states.

During the first 9½ months of FY '78, the Agency collected over \$4,000,000 which was identified for distribution as follows: \$3,700,000 to non-welfare mothers in this state and to custodians in other states \$28,100 state share child proceedings; \$8,700 to other states assisting us; \$87,400 federal share AFDC recoveries; \$96,200 state share AFDC cases; \$29,300 to previous AFDC families; and approximately \$70,000 undistributed.

The child support enforcement program is showing continual improvement. At approximately the same time as the agency's formation, in September of 1976, the federal officials announced that Alaska had the worst program in the nation. By March of 1977, however, our total collections were 40th in the nation and our cost/return was 29th. By the end of that federal fiscal year in September, our total collections were 27th (non-welfare collections were 10th) and our cost/return ratio had increased to 12th.

During FY '77 the agency offset expenses of approximately \$500,000 with recoveries of \$54,418 and federal financial participation of \$219,149. By the end of the third quarter of FY '78 the agency had expenses for federal reporting purposes, of \$950,826, however recoveries of approximately \$148,224 and federal financial participation of \$669,970 resulted in a net general fund expense of \$132,632.

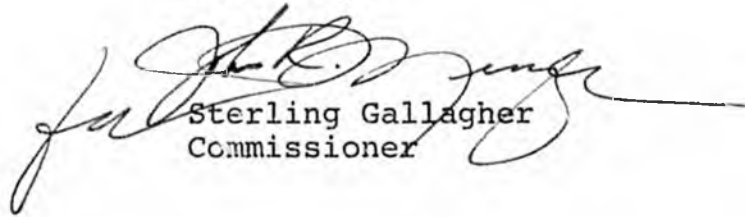
Representative Parr

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May 3, 1978

If we may provide any further information concerning the child support program, please do not hesitate to call upon us.

Sincerely,



Sterling Gallagher  
Commissioner

Attachment

cc: Commissioner Helen D. Beirne,  
Department of Health and Social Services