

Office of the Attorney General (OAG)
American Recovery and Reinvestment Act (ARRA) Agency Plan
September 30, 2009

Purpose of Document

As a recipient of ARRA funds, the OAG is submitting this document to the Legislative Budget Board and Governor pursuant to the following provision contained in S.B.1, Article XII, Section 5.a., 81st Legislature, Regular Session, entitled Reporting Requirements:

Each state agency and institution of higher education receiving appropriations under this article shall develop and submit a plan to the Legislative Budget Board and the Governor providing details on the entity's intended use of their appropriations from the American Recovery and Reinvestment Act (ARRA). The plan shall include a summary of any ARRA funds spent, allocated or encumbered prior to August 31, 2009. The report shall be delivered by September 30, 2009. If the Legislative Budget Board and the Governor do not issue a written disapproval within fifteen business days of receiving the agency's notification, the agency may expend the funds.

ARRA Grants/Funding to the OAG

Victim Compensation Formula Grant (Department of Justice, Office for Victims of Crime)

Internet Crimes Against Children (ICAC) Task Force Program – Southern Texas (Department of Justice, Office of Juvenile Justice and Delinquency Prevention)

Child Support Enforcement Program (Department of Health and Human Services, Office of Child Support Enforcement)

Planned Use of ARRA Funds

Victim Compensation Formula Grant:

As part of the Crime Victims Compensation Program administered by the OAG, ARRA funds (\$7,771,484) were used as a source of financing the payment of crime victim claims during Fiscal Year (FY) 2009.

Internet Crimes Against Children (ICAC) Task Force Program:

The ICAC Program is a national network of 59 federal, state, and local task forces with the goal of combating the threat of offenders who use the internet to sexually exploit children.

There are two ICAC Task Forces in Texas, one for the Northern Region (Dallas Police Department) and one for the Southern Region (OAG).

Objectives of the Task Force are as follows:

Conduct proactive and reactive investigations concerning online child exploitation.

Provide prosecutorial and investigative support, including case consultation and forensic support, to any agency requesting assistance with an online child exploitation case.

Provide grants to law enforcement agencies for training and forensic equipment.

Provide outreach to law enforcement and communities via training, technical assistance, and prevention and education activities.

ARRA allocated \$50 million nationally for this program. The OAG received a grant for \$1,479,141 which covers a 4 year period through April 2013.

The funding will be used to further the objectives of the program by adding a prosecutor, a legal assistant and an investigator and their case related travel, training, equipment and supplies for a total cost of \$1,129,141. The prosecutor and legal assistant will prepare cases for federal or state court to fully prosecute those individuals that use technology to victimize children. The investigator will increase the OAG's ability to provide forensic examinations. The OAG is currently going through the interview process to fill these positions.

Additionally, the award will fund three sub-grantee awards for a total cost of \$350,000 to:

1. Harris County Constable Precinct 4 to fund an investigator.
2. Harris County District Attorney to fund a prosecutor.
3. Pasadena ISD Police to fund an administrative assistant and four lease vehicles. The four lease vehicles will be used for investigative activities such as surveillance, interviews, arrest, search warrant, court related activity and travel to ICAC training.

Child Support Enforcement Program:

ARRA-related funding for the Child Support Program is not the result of a grant application process. Instead, it is the temporary reinstatement of federal matching funds previously eliminated by the federal Deficit Reduction Act of 2005 (DRA).

Part of the funding for the Child Support Program comes from performance-related incentive payments received from the federal government. Prior to the DRA, Child Support Programs received federal matching funds (2:1 match) on the expenditure of federal performance incentives. The DRA eliminated the federal match. As a result, the OAG requested and received state general revenue funds for FY 2008-09 to offset this loss of federal matching funds.

The ARRA reinstates the federal match on the expenditure of federal incentive payments from October 1, 2008 through September 30, 2010. As a result of the reinstatement of federal matching funds, the 81st Legislature reduced the amount of general revenue appropriated to the OAG's Child Support Program by \$27.3 million in FY 2009 (H.B. 4586, Section 24) and \$27.3 million in FY 2010 (S.B. 1, Article XII, page XII-1, Office of the Attorney General, Item 1). Offsetting the reduction in general revenue is a net increase of federal matching funds in the amount of \$27.3 million in both FY 2009 (H.B. 4586, Section 29) and FY 2010 (S.B. 1, Article XII, page XII-1, Office of the Attorney General, Item 2). In essence, this represents a change in the method of financing for the daily operations of the Child Support Program (for example, salaries, contracted services, rental of office space, travel, postage, etc.) for this period of time by increasing federal matching funds by \$27.3 million per year and reducing state general revenue funds by the same amount.

It should be noted that the net increase of \$27.3 million per year in federal matching funds consists of the following:

\$80.3 million	ARRA Funds
<u>(53.0 million)</u>	Other federal matching funds
\$27.3 million	Net Increase in Federal Matching Funds

The decrease of approximately \$53 million per year in other child support federal matching funds is the result of the reduction of \$27.3 million per year in general revenue funds (mentioned above).

The actual amount of Child Support-related ARRA funding that will be received is contingent upon the amount of federal incentive payments received and expended for this period of time. The original ARRA estimate of \$80.3 million per year assumed ARRA funding would be "capped" based on the amount of federal incentive payments received in FY 2006 which was \$41.4 million (therefore, the expenditure of \$41.4 million in federal incentive payments would result in approximately \$80.3 million in federal matching funds where the state/federal funding ratio is 34%/66% or 2:1).

While the actual amount of federal incentive payments that will be received and expended in FY 2010 has not been finalized by the federal government, the OAG is currently estimating approximately \$56.7 million in federal incentives that will be matched with ARRA funds. The expenditure of \$56.7 million in federal incentives will result in approximately \$110 million in federal matching ARRA funds. Again, because of the reduction of general revenue funding in Article XII, S.B. 1 the first \$80.3 million

in ARRA funding does not result in additional spending authority within the Child Support Program, but rather represents a change in the method of finance. To the extent ARRA funding in FY 2010 exceeds the original estimate of \$80.3 million, the overall spending authority within the Child Support Program will be increased. The OAG plans on utilizing the additional spending authority to: (1) address the increased demand for child support services by placing temporary staff in child support field offices, and (2) provide funds for the incremental update/refresh of the Child Support automated system (TXCSES).

Summary of ARRA Funds Spent, Allocated or Encumbered prior to August 31, 2009

Victim Compensation Formula Grant	\$7,771,484
ICAC Task Force Program	\$0
Child Support Program	\$88,280,377