

Testimony
House Bill 1012 – Department of Human Services
Senate Appropriations
Senator Holmberg, Chairman
March 3, 2009

Chairman Holmberg, members of the Senate Appropriations Committee, I am Mike Schwindt, Child Support Enforcement director. I am here to provide an overview of the award-winning Child Support Enforcement (CSE) program for the Department of Human Services.

Programs

The CSE program is designed to enhance the well-being of children and reduce the demands on public treasuries by securing child support and medical support from legally responsible parents and by encouraging positive relationships between children and their parents.

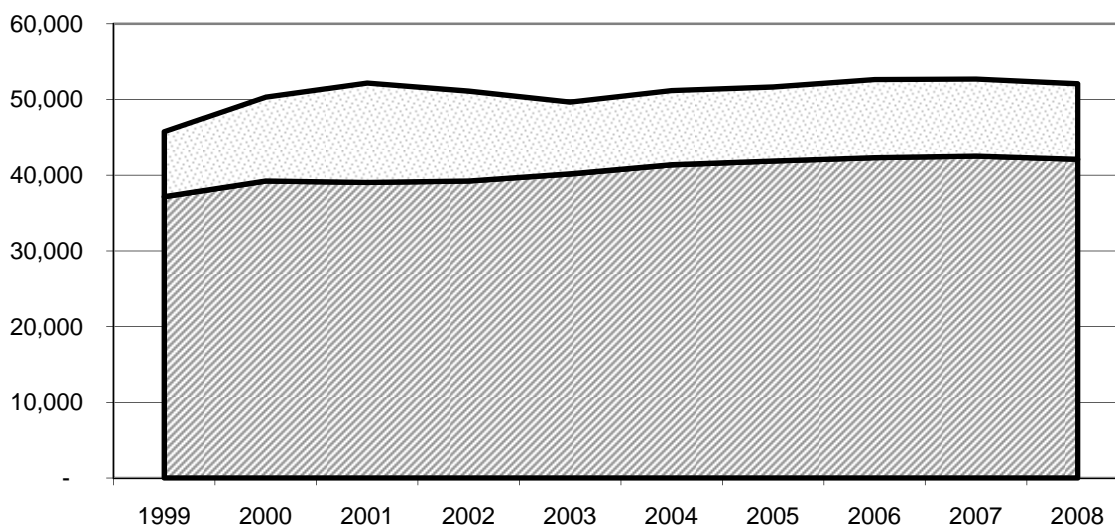
This budget includes, for the first time, the staff and operating costs of the eight regional child support enforcement units (RCSEUs) transferred from county to state responsibility with the enactment of SB 2205 last session.

Caseload / Customer Base

The total IV-D caseload was at 42,108 in December 2008. The nonIV-D portion of the caseload added 9,971 more cases.

- These cases include about 66,000 children and 79,600 parents.
- Within the IV-D portion of the program, about 4,700 cases are awaiting court orders, the key to getting funds to the children.
- Our caseload is distributed among the 54 states and territories plus a number of Indian tribes and foreign countries.

**Department of Human Services
Open Child Support Cases
December 1999 through December 2008**



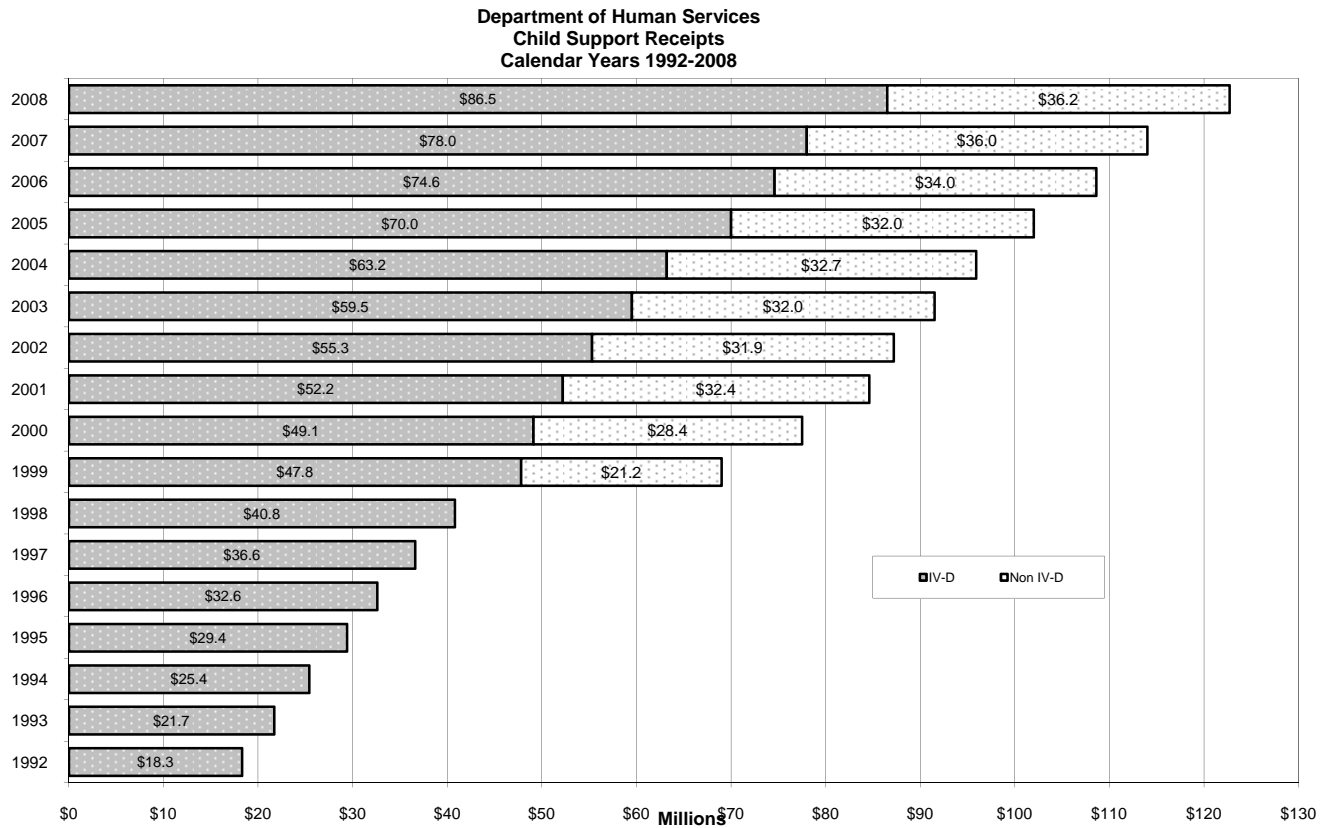
	Dec-99	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06	Dec-07	Dec-08
■ Non IV-D Cases	8,591	11,071	13,131	11,872	9,474	9,802	9,771	10,314	10,161	9,971
■ IV-D Cases	37,161	39,244	39,047	39,236	40,180	41,385	41,886	42,323	42,540	42,108

Major Trends, Issues and Program Changes

Collections. Total collections continue to increase. We initially passed the \$100 million threshold in annual collections in December 2005. For calendar year 2008, total collections reached \$122.7 million, a 7.6% increase over 2007. Within the IV-D program, collections increased 10.9% to \$86.5 million while the nonIV-D portion increased only a half percent to \$36.2 million. Despite these increased collections, our total receivables continue to climb, reaching \$279.7 million as of the end of December 2008.

Of the estimated \$250 million we expect to collect next biennium, about 90% will be sent directly to the families, 5% will be sent to another state for further distribution and the balance will be retained to reimburse

taxpayers including about \$7 million used to fund our TANF and foster care programs.



Fees. A recent federal mandate requires us to charge an annual \$25 service fee on nonassistance cases included in the IV-D caseload. We implemented the fee in October 2007 by charging:

- the \$25 fee on select IV-D cases after \$500 has been received and paid to the family, and
- a monthly \$2.10 fee whenever collections are received on nonIV-D cases.

Fees received are shared with our federal partners as revenue where they are entitled to a piece of the collection. The state share of all fees is projected to be \$263,938 and is included in this budget.

Performance. I'm pleased to report that we – the CSE program, the courts, and the clerks of court - continue to rank as one of the best programs nationally. Additionally, our program performance has been recognized by a number of organizations including:

- Western Interstate Child Support Enforcement Council's **Outstanding State Program** in November 2006.
- The Council of State Government' 2007 **regional and national Innovation Awards** for our PRIDE (Parental Responsibility Initiative in the Development of Employment) program which relies heavily on TANF, Job Service North Dakota and the Courts.
- The Office of Child Support Enforcement (OCSE) Commissioner's 2007 **Innovative Award for Partnership**, also for the PRIDE program.
- The National Child Support Enforcement Association's 2008 **Outstanding Program Award**.
- The OCSE Commissioner's 2008 **Innovative Award for Partnership** for the Multi-Program Collaboration project involving TANF, Healthy Steps, Medicaid, Children and Family Services, Job Service North Dakota and the CSE program.
- The Family Support Council's 2008 **Outstanding Individual Achievement** award was presented to Mary Jo Nordine for her efforts with the Outgoing Interstate Center in Grand Forks.
- The Family Support Council's 2008 **Program Awareness** award was presented to Martha Bjorgaard with the Jamestown RCSEU.
- The CSE director was also recognized in August, receiving the National Child Support Enforcement Association's 2008 **Outstanding Manager** award along with the OCSE Commissioner's award for **Exemplary Leadership**.

While we have made steady improvements over the years, we still have a long way to go. Using comparative federal fiscal year measures:

- Percent of children in IV-D cases born out of wedlock with paternity established or acknowledged.
 - In 2007 we were at 105%, moving to 104% in 2008.
 - Using same year data, for 2007 we were at 98.2%, moving to 99.7% in 2008.

- Percent of cases with court orders for child support.
 - In 2007 we were at 87% and remained unchanged for 2008. Since a court order is essential to moving forward with the case, we are focusing our efforts on this and the following measure to improve overall performance. The improvement target is 2% per year until we are in the top five in the country. In the latest ranking we were 9th in the country for this measure.

- Percent of current support owed on IV-D cases that is collected.
 - In 2007 we were at 74.2%, moving to 75.85% in 2008. Our improvement target is collecting an additional 2% per year until we collect 90% of support that is due each month. In the latest ranking we were 2nd in the country.

- Amount collected for each \$1 spent.
 - In 2007 we were at \$5.59, inching to \$5.81 in 2008.
 - Overall, we collect about \$32 for every \$1 in state general funds used.

- Medical Support is the newest performance measure coming on line. This measurement continues under development at the national level.

Benefits. This program also results in measurable savings to taxpayers. In addition to the millions we recover each year to offset the TANF, Foster Care and Medicaid programs, there is another, more difficult to measure component – that being cost avoidance. While this measurement process can use some refinement, applying the federal data to our collections shows that our efforts result in about \$22 million in additional savings to the Medicaid, Food Stamps, Housing, SSI and TANF programs each year.

OVERVIEW OF BUDGET CHANGES

Description	2007 - 2009 Budget	Increase / Decrease	2009 - 2011 Budget	House Changes	To Senate
Salary and Wages	16,879,193	2,220,422	19,099,615	(209,487)	18,890,128
Operating	4,160,835	(16,377)	4,144,458		4,144,458
Equipment		13,000	13,000		13,000
Grants	462,946	(262,946)	200,000		200,000
Total	21,502,974	1,954,099	23,457,073	(209,487)	23,247,586
General Funds	491,698	5,873,347	6,365,045	(68,787)	6,296,258
Federal Funds	15,571,363	(1,267,844)	14,303,519	(99,733)	14,203,786
Other Funds	5,439,913	(2,651,404)	2,788,509	(40,967)	2,747,542
Total	21,502,974	1,954,099	23,457,073	(209,487)	23,247,586

FTE	172.20	(7.5)	164.70		164.70
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Budget Changes from Current Budget to Executive Budget:

Salaries. The salaries line changed by \$2,220,422 primarily because of

- the \$1,790,188 needed for the Governor's salary and health package. This was funded with \$578,186 in general funds, \$1,131,349 of federal and \$80,653 of other funds.
- the reduction of \$621,970 for the 7.5 FTEs extracted consisting of \$264,174 in general funds, and \$357,796 of federal funds along with
- a \$16,250 reduction for temporary salaries, (general funds share of \$4,289).
- \$182,933 is needed to sustain the 4 & 4% salary increase for the current biennium, (general funds share of \$63,747).
- most of the balance is needed to address underbudgeted RCSEU salaries as part of the transfer to state administration as well as maintain salary adjustments occurring during the current biennium.

Operating. The \$4.1 million operating line has a net decrease of \$16,377.

- The single largest item is the \$2 million in operating fees and services, which has a \$79,931 increase. This item includes
 - \$1,148,778 of federal funds for the Supreme Court, an increase of \$98,778.
 - Genetic testing fees and related costs of \$135,000.
 - \$200,000 for a receivables study.
- Rent for our RCSEUs and the central office increased by \$114,128 to \$1,054,565. We have moved the RCSEUs in Williston, Devils Lake, and Fargo because either the host county wanted the space or our lease expired.
- All other items were conservatively budgeted at anticipated usage.

Equipment. There is \$13,000 included for copiers at the Dickinson and Williston RCSEUs.

Grants. The grants line shows a net decrease of \$262,946, resulting in a \$200,000 request which will cover the expected access and visitation federal funding.

Revenues. The CSE program is now state administered. Funding for the program is primarily federal in that eligible expenditures are matched with 66% federal funds and 34% state funds.

The Other Funds category includes fees of \$263,938 and \$2.5 million of federal incentive funds which must be reinvested in the program. You will note the reduction of \$3.2 million in county funds in the appropriation.

House Changes: The House underfunding of salaries for anticipated savings from vacant positions and employee turnover for this area of the budget is \$68,787 - general funds, \$99,733 - federal funds, and \$40,967 of other funds for at total of \$209,487.

This concludes my testimony on the 2009 – 2011 budget request for the Child Support program. I would be happy to answer any questions.