North Dakota
Child Support Enforcement

OUR GOAL

Draft – for discussion
Growing a World Class Program

Our roadmap to the future

April 2009

We have reached world class status when children, parents, and taxpayers can, with a very high degree of confidence, rely on our services to assist in the orderly transfer of resources between parents while also encouraging positive relationships between children and parents. In every contact, customers are treated with respect. In every program decision, the best interests of children are paramount.

EXECUTIVE SUMMARY

The North Dakota Child Support Enforcement program, in operation since 1975, has grown to where our activities today impact about 60,000 children and their parents in all 54 US jurisdictions and a number of tribes and foreign countries.

Initially established under the state/county economic assistance shared program responsibility umbrella, in 2007 the Legislature transferred full programmatic responsibility to the Department of Human Services. We believe we have successfully integrated the staff and services of the nine organizations into a single program so now need to revisit the customer and legislative expectations as well as define the goals for the future.

We work quite closely with the federal Office of Child Support Enforcement and the other 54 state programs as well as with tribes and foreign countries and a number of federal agencies. The program interacts with every organization that hires staff and is only able to meet its responsibilities when we are successful in working with these organizations.

While we have reached a reasonable performance level compared to our peers, we know the expectations of at least some of our customers and stakeholders differ. Thus, the need remains to anticipate future changes, reach consensus on future goals, and plan for the orderly change to what all customers, stakeholders, children, and taxpayers can reasonably expect.

In meeting the broader responsibility, we are developing our long range plans for the program and invite comments to these plans.

WHERE WE ARE

Child support has been around for many years in a number of different forms. For us, the program began with the passage of the 1975 federal child support enforcement legislation, launching the program we have today.

Most of the subsequent overarching legislation has stemmed from federally mandated changes, usually based on successful state practices, that compelled states to change how they managed the program. The upshot of these changes has been to tighten the program management so that only a consistent, reasonably affordable amount is charged to the obligated parent that, once assessed, has a better chance of being collected and disbursed to the children and taxpayers. Performance within North Dakota and the other state programs shows improvement but we still have more work to do to ensure that all children receive consistent, realistic financial and medical support from parents.

The most recent significant federal and state changes include:

- The Family Support Act of 1988 which resulted in mandated certified computer systems.
- PRWORA – the welfare reform act from 1996 that mandated further enhancements to information systems, provided increased automated enforcement tools and changed the programmatic expectations from welfare cost recovery to supporting children.
- The Child Support Performance and Incentive Act of 1998 that emphasized medical support laws and regulations which are now just coming into play.
- The Deficit Reduction Act of 2005 that modified the program funding mix and offered states a number of alternatives for doing business.
- Direct federal funding of tribes in recognition of their sovereign nation status.
- State administration passed by the 2007 Legislature changing the fundamental program structure within our state.

Today the North Dakota Child Support program has about 160,000 customers including both custodial and noncustodial parents, in 54 US jurisdictions, around 10 foreign countries and in a number of Indian tribes. Most customers live within ND but we do have about 6,500 outgoing interstate cases involving an estimated 17,000 people living in other jurisdictions.

We are also a bit unique among the states in that our State Disbursement Unit serves as the official record keeper for both the IV-D and the nonIV-D cases.

- IV-D cases stem from
    - referrals from public assistance programs (TANF, foster care and Medical Assistance), or
    - either custodial or noncustodial parents applying for IV-D services.

    - With IV-D cases, we establish and enforce child support and medical support obligations, establish paternity and provide review and adjustment services, issue income withholding orders, process payments and provide customer services.
- NonIV-D cases stem from court orders where
    - there is no application or referral to the IV-D program, or
    - people choose to close their IV-D case.
    - For these cases, we only issue income withholding orders, process payments and provide customer services.

History shows that our state has long had a very respectable program, and recent performance has significantly improved to where we were ranked second overall in the country in the federal performance measures for several years. Last year we were ranked fourth; still a significant improvement from 10 years ago.

- Total collections continue to increase. We exceeded $122 million in Calendar Year (CY) 2008 after first crossing the $100 million threshold in 2005. Of the money collected, most (89%) is paid directly to families while another 5% is sent to other states for further distribution to families and governmental units.
- The balance is used to reimburse the federal and state governments for prior TANF and Foster Care assistance. Amounts collected for the Medicaid program continue to be miniscule.

Staff efficiencies continue to improve:

- The State Disbursement Unit continues with the same staffing level as when established in 1998 while payments processed have grown from $40 million to $122 million. We have accomplished this tremendous increase in efficiency by adapting technology to increase productivity and by working with employers to accommodate electronic payments.
- In 2000 we had a IV-D caseload of 39,244 and collected $44.3 million, with a filled complement of 154. In 2008, we had a IV-D caseload of 42,108 and collected $82.5 million with a filled complement of 155. That translates into an 83% increase in collections per worker while also handling a larger caseload. For families, that translates into a 61% increase in collections per case. Not surprisingly, our cost effectiveness increased from $4.61 to $5.81.
- Other staffing patterns have remained fairly static with the exception of the creation of the Outgoing Interstate Center (5 staff) and the High Intensity Enforcement Unit (2 staff). The creation of these units allowed for more efficiencies as the new staff gained greater expertise in these complex cases, allowing existing staff to handle a higher volume of the more routine cases. We also see positive results as customer satisfaction appears to increase and the enforcement efforts result in improved collections from new sources.

Current Performance

In 2007 the administration of the child support program was consolidated at the state level because of the potential for improved performance and better service consistency within the program. To maximize those potentials, we have much work to do.

- Current Support. Just over $80.3 million in current support in IV-D cases accrued during FFY 2008 of which $60.9 million was collected (75.85%), leaving $19.4 million uncollected. Because the amount due is based on the income of the payer, this number has significant room for improvement. By comparison, Pennsylvania (when you remove urban Philadelphia from the calculation) averages over 80%; New Zealand and Australia, which have a stronger tradition of supporting children of divorce, reportedly average well over 90%.
- Arrears. We collected $21.58 million, including interest, of arrears during Federal Fiscal Year (FFY) 2008. This slowed the total growth in arrears to 2.21%, but the outstanding balances in IV-D cases exceed $221 million and continue climbing.
- Medical Support. Current performance on establishing orders for medical support and making sure children are insured is spotty at best. Federally mandated changes will dramatically increase the time and resources needed to establish and obtain medical support.
- Paternities. In order to meet federal requirements, we must keep a paternity establishment rate of 90%. So far, we've managed to stay on the plus side of the equation, but it takes a lot of attention to make sure that we remain out of penalty status. Many states are at the same high risk of penalties we faced just a few years ago. Our voluntary paternity acknowledgment (VPA) program is an integral part of meeting the paternity establishment rate. For state fiscal year 2008, the ratio of VPAs to out of wedlock births in North Dakota was 82.8%. The majority of VPAs (85.9%) were completed at the hospitals where the children were born.
- Cases with orders. Currently 87% of our cases that need child support orders have orders, compared to SD which has been averaging around 93% for a number of years. We have been stalled for some years, making only limited progress. To ensure our case establishment percentage improves, we will need some concerted analysis to identify the root impediments and implement the changes. Removal of unnecessary medical and subsidized adoption cases and implementation of selective foster care case referral process can save a lot of time for everyone while keeping us from unnecessarily interfering in family life.
- Cost effectiveness. We continue to be in the middle of the pack, ranking 20th nationally in 2007 in cost effectiveness. I believe we can effect a number of efficiencies that will move our overall effectiveness to the $7.50 range; which would have garnered us a spot in the top 5 in the 2008 statistics on this measurement. The efficiencies can come from both increased production as well as reduced or essentially flat costs, depending how the program is moved by the customers as well as state and federal governments. We recognize there are many ways to improve this measurement at the expense of customer service or reduced performance in other measures. Thus, it is a balancing process. For

comparison, in 2008, SD was at $10.27, while MT and MN performed at $4.94 and $3.92 respectively.

- Consistency. Making sure that all customers are treated consistently around the state continues to be an area where we have taken only small steps. Efforts in this area stem, to a limited extent, from instructions from the central office but primarily from Regional Child Support Enforcement Units comparing notes on how to improve services. No formal mechanism is currently in place to assess or implement this.

Managing receivables Since the program's inception, arrearages had grown to $276 million as of 6/30/08.

- Total growth in the last year for the IV-D component was 2.21%; the nonIV-D portion was 13.2%. (To a certain extent, this illustrates the effectiveness of our IV-D program to enforce orders.) Combined, the overall growth was 4.2%. The growth rate continues to slow from 7.45% in 2004.
  - $221 million was part of the IV-D program; $55 million was nonIV-D.
  - Principal totaled $231 million along with interest of $45 million.
  - The combined principal growth was 1.96% for SFY 2008; IV-D growth was .95%; nonIV-D growth was 6.87%.
  - Interest adds about $250,000 per month. The interest rate for 2009 is 7%.
- Total assigned receivables were $124 million at 6/30/08. Of that, the principal balance was down slightly more than $1 million.

We have developed a number of strategies including interest compromising, quicker review of cases, and improved case closure practices to better manage the outstanding balances.

RELATIONS WITH CUSTOMERS AND STAKEHOLDERS

The Child Support Enforcement program has the responsibility and authority to work with parents and most governmental and private organizations to accomplish its goals. In reaching those goals, we are aware that some people and organizations may not want either our involvement or to participate in the program activities. We recognize that other people and organizations participate simply because, as good citizens, they are willing to undergo the inconvenience to achieve the benefits intended for families and children we serve. We are sensitive to the impacts we may have when family life is disrupted and we are interjected into the lives of people who don't necessarily want us involved.

Customer service. Considering the program volatility, we've done reasonably well with existing resources but it is painfully obvious that there is much to be done. Most customers, in fact, most policymakers, are unaware of such basic information as the types of cases we handle or why the differences exist. Similarly, when problems occur,

they understandably demand solutions, not explanations as to why we cannot do what they want.

We offer a number of useful but not mandated services:

- Electronic and telephonic access to verify case status and payment records,
- AutoPay for good payers,
- Web-based services for notifying us of address/other case related changes,
- Electronic notification services of salient case activities to parents,
- Support for filing pro se cases with the court,
- Telephonic and web based customer inquiry service,
- And more.

These don't accommodate the situations where people don't know where to turn or how to take the next step. Essentially, we either deal with them on the front end or need to deal with them in a crisis level situation – the issues don't just go away.

Not surprisingly, we have significant interactions with many organizations and entities, both inside and outside of government in the normal course of business. Some of the major stakeholders we must work with include:

Employers. The cooperation and support of all employers is critical for the CSE program to succeed in its mission. By law, every employer must report every new hire to us within 20 days. They must also honor the income withholding and medical support orders we issue. We are aware that some are not happy with the mandate; however, we could not make the progress noted above without the help and voluntary compliance of most employers. Our reach is not limited to just public and private employers within the state. Using long arm authority we are able to issue withholding orders and medical support notices to employers throughout the country.

Our services are comprehensive in that we offer

- Multiple ways to report new hires including web-based reporting,
- Electronic Funds Transfer for willing employers for transmitting payments to us,
- AutoPay to reduce the income withholding services needed from employers,
- And more.

We do have an ongoing need to continue expanding outreach to employers so they all are in a better position to meet their obligations under the law.

State and local agencies. We rely quite heavily on cooperation from other state agencies in achieving the orderly transfer of resources from parents to take care of their children. Chief among those are Vital Records, Secretary of State, Tax, Job Service North Dakota, Transportation, Corrections, and Game and Fish as well as the support agencies such as ITD, Treasurer, Bank of ND and OMB. Eventually, we will have

interactions with all state and local licensing entities including the multitude of occupational and professional boards and commissions.

Within DHS, we rely on the support divisions to help accomplish the program management component as well as with the service divisions in providing services to families and children. Closely allied with the service divisions are the staff at the county social service boards that provide much needed information on customers.

The PRIDE (Parental Responsibility Initiative in the Development of Employment) program is a classic example of how customers and taxpayers benefit when programs work together. Similarly, the Collaboration project involving five programs also demonstrates how customers can receive services that result in a common, more beneficial outcome to the families. Both efforts have received national recognition for the innovative approach to serving customers.

Business community. The business community is an integral part of our service delivery. As employers, they honor income withholding orders, our most effective collection method, which brings in about 70% of the funds collected. We are also increasing our matches with their data bases to locate parents and assets, thus facilitating the orderly resource transfer. Hospitals provide VPA services that are critical in meeting the required paternity establishment percentage. We recognize that, in many respects, there is little direct benefit back to the business; instead, the benefit would be as a reduced tax burden on state citizens. In fact, some businesses come under fire from parents when assets such as bank deposits, retirement accounts and bonus payments are intercepted as ordered and sent in.

Federal agencies. Needless to say, we have a very close working relationship with the Office of Child Support Enforcement (OCSE), our federal partner. Their role, in one respect, is to ensure we are following the law in our operation of the IV-D program. Fortunately, several years ago, they realized the program could be much more productive if the states and OCSE had common goals. OCSE has since made a concerted effort to help states define where they want to go, and learn how better to do their jobs, and supported state efforts to experiment on service delivery that will accomplish those goals. Consequently, the thrust of communiqués from OCSE emphasizes program results much more than processes. Other federal agencies with which we have significant interactions include IRS, State Department, Treasury, Department of Defense, and Social Security Administration.

Tribes. The tribes present unique opportunities and challenges since, under federal law, they are sovereign entities. Consequently, while much has been done to reduce barriers to service on cases where parents live in different states, the federal rules for working with tribes are much more stringent. These situations present unique opportunities for alternative customer services. Each interaction with a tribal program is an enlightening, learning experience.

Other states. One positive aspect of the Child Support program is the willingness of states to help their sister states solve problems and share ideas. Every major improvement to the program, and most minor ones, can be traced back to a state trying an idea, refining its methodology and sharing that success with others. Many of these are codified so that others are compelled to use the tools to service their caseloads. As a consequence, overall program performance has increased dramatically on each of the federally mandated performance measurements over the last ten years. We are grateful for the support from other states in breaking ground for new tools; we are also willing to share what we have learned with other states, as we have on many occasions, so they can better serve their customers. In turn, we gain again since we have parents living in all other US jurisdictions.

Court system. We interact just about every business day with the district courts and the clerks of court in the establishment, modification and enforcement of the court orders. These fundamental documents define each parent's obligation in the care of their offspring. Our primary role is to track the financial and medical obligations and diligently strive to ensure the amounts and coverages to be provided are, in fact, made available to the other parent. These orders can also cover a multitude of other issues, each of which can potentially disrupt the resource transfer when the parents disagree on the delivery or one parent does not honor the order.

WHERE WE WANT TO BE

Our goal is to grow to a world class program that delivers services to parents, children and taxpayers with a high degree of reliability at a reasonable cost. To reach that goal, we need a common understanding as to what everyone can expect when we get there.

Professional staff. The primary key to our success is the complement of professional staff working in the program. As we move forward, the skills of these professionals will also need to grow, enabling them to continue to meet the customer needs.

Consistency of service. One common theme we heard as part of the transfer to state administration is for customers to receive consistent service no matter where in the state they may live.

We have made strides in that direction with the Outgoing Interstate Center and High Intensity Enforcement Unit. Additionally, the RCSEUs are reaching across regional boundaries, learning from each other the best practices for handling caseload and customer issues. We also need to revisit a number of other potential centralization efforts that would be more efficient as well as provide consistency.

Customer service. Education is vital for our customers to understand what we can and cannot do as well as the bases for the program. Unrealistic expectations and fears only result in future problems that don't help parents, children or taxpayers. Closely tied are the understandings supervisory entities have, including the executive and legislative branch of state government as well as congressional staff.

Employers. Most employers in the public and private sectors have moved to some form of electronic recordkeeping, either directly or through contract with a service provider. We see evidence in the slow but steady growth in reporting new hires to where now about 75% of the reports are received electronically.

This capability should be used to reduce the paper flow between CSE and the employers, particularly as we move forward with the medical support notice, as well as for receiving withheld income where only 41% of incoming payments are now electronic.

State and local agencies. Cooperation with a multitude of state and local agencies is critical to successfully move to the next level of service to children and taxpayers. Some agencies have taken a dim view of requests for information; most recognize the beneficiaries of the requests are children and taxpayers so are quite cooperative. There are a number of programs with which we share common customers and common goals. Working collaboratively will have positive results for the customers as well as the involved programs. Clearly, when the process works as it should, we would each have a better understanding of the impact of our requests to the others workload and everyone would better understand the reasons for the requests.

Business community. As a significant component of the organizations we work with, we need to continue efforts to develop alternative ways to make participation with our program as efficient as possible in all aspects. In addition to the new hire information and income withholding services we currently receive, the business community also is essential in locating parents as well as assets. Examples of key roles include locating people through phone company records, intercepting resources in the custody of banks and investment companies, or intercepting certain insurance settlements due to obligors. Similarly, the medical support process will be successful when we are able to efficiently move the notices to and receive responses back from cooperative businesses.

Federal agencies. In addition to the funding and regulatory roles of the federal agencies, there is considerable room for more active participation in addressing the needs of children and taxpayers. We do get excellent support from OCSE and with Social Security Administration, Department of Defense, IRS and State in well-defined areas. Moving to the next level would include such things as the ability to match with federal licensing agencies as well as removing impediments to asset interception when clearly the beneficiaries are the children. Additionally, the unique federal ability to

accumulate information and prosecute interstate actions would go a long way to changing the 'run and hide' culture of a portion of the caseload.

As with some state agencies, the federal government currently includes agencies that regularly make payments to individuals that are not reported for child support. When all such payments are reported through the federal child support enforcement office, it will complete the network of data matches that allow the payments to be intercepted.

Tribes. Whether through a federally-funded tribal program, cooperative agreement between a tribe and the CSE program, or by simply having CSE attorneys licensed to practice law in tribal court, tribal children in North Dakota are entitled to receive equivalent child support enforcement services. How best we can help on each reservation rests with the individual tribal governments.

Within that tribal choice, the current jurisdictional barriers should be minimized, resulting in greater flexibility and cooperation between the tribe and CSE. When that happens, the number of cases that cannot move forward due to lack of jurisdiction will dwindle.

Other states. States will continue to evolve the network and processes for handling common aspects of child support activities, including a multi-state database of voluntary paternity acknowledgments and other vital records.

Court system. Linkages between the courts and CSE will be improved so the process is efficiently accomplished without undue staff involvement while also delivering the needed services that are consistent with the court orders to parents.

HOW DO WE GET THERE?

Based on the existing workload and what we know, we can, with time, refine our ways of doing business so that we provide the needed services to attain each goal at a reasonable and acceptable cost to taxpayers while achieving customer satisfaction. A key step will be developing the work plans for refining our business processes.

Consistency of service. To achieve consistent customer service we need to reach consensus on program expectations and services with customers, stakeholders and oversight bodies. As consensus is reached, we can begin implementing changes through an assessment of current service delivery, identification of best practices to reach the desired goals and then development of a curriculum to reach the goals. We recognize that this process would involve discussions and consensus building with all involved entities and that, even though we may all agree on the eventual services, some time may be needed to accomplish all the internal and external changes needed to reach the goal. Key will be public information and outreach as well as internal training and performance monitoring of professional staff. We also recognize that a cookie

cutter approach will never suffice; there must be a place for considering individual circumstances.

Customer service. Our customers are dramatically affected by what happens on their cases; consequently, they must be able to learn what to expect, when things are to occur and what the realistic results are. Our customers also include all age groups and levels of education and technological levels. Thus, there is no single solution.

To be successful, we need to have customer-focused age/skill level appropriate program data available in a number of mediums as well as have staff available and capable of communicating with customers at their level of communications. Key to success is customer outreach, staff education and use of technology.

Employers. As with customers, employers include all sizes, age groups and technological levels as well as organizational structures so there is no single solution. We need to reach out to these key players to learn how we can better interact in their environment at their individual skill and technological levels. Key to success is employer-focused program data available in a number of mediums and knowledgeable staff available and capable of communicating with employers at their level of communications.

State and local agencies. Again, the primary thrust has been for state and local entities to provide information to CSE because the data is needed to provide services to families. We are now in a better position to provide some information back to these agencies to help them achieve their responsibilities. This is essential for this relationship to succeed for the long haul. We also need to show how our program impacts on their customers/clients.

Business community. We need to expand our outreach efforts by first learning how the business community believes we can be more responsive to its needs. There often are different needs depending on the size and structure of individual businesses. Additionally, we can learn what is happening in other states so that our programmatic impact is limited by offering alternatives that fit our business community skills and technological capabilities.

Federal agencies. Because of the national scope of our program, our best means of influencing the future is by active participation on federal and state work groups formed to solve national problems. Our people and program have achieved a reputation for performance, willingness to work with others, and innovative solutions.

Tribes. We will strive to show each tribe that we are committed to work with them in support of the child support program each chooses to put in place for its citizens. In so doing, we will be willing to have attorneys licensed to practice in tribal court and will

continue to develop work aids to better identify when and where to involve state or tribal courts in handling customer issues.

Other states. Since each state is in a unique position operating its program and our customers are primarily focused in certain states, we will need to reach out to each key state, address impediments to service and get those resolved. As we work our way through the entire incoming and outgoing caseloads, we will identify better practices, learning how we can provide better customer services. We will also continue to accommodate states that contact us for alternative solutions.

Court System. Again, as in a number of other areas, education and outreach are essential to program improvement. The court system has long exclusively managed family relations law, our more recent involvement is in a narrower area. In some respects, we have more specialized skills to apply in certain situations. Because certain perceptions exist, we will need to make a concerted effort to better show how the program is operating and what the courts should expect from us in the future.

CONCLUSION

Together, we have made significant strides at improving our services to children, parents and taxpayers as evidenced by our interactions with customers, legislators, the courts, stakeholders and other states. To continue this progress, we now need to reach consensus on future programmatic expectations with all involved customers and stakeholders. Once we have that consensus, we will develop and implement plans for reaching those goals.