

Testimony
Senate Bill 2012 – Department Of Human Services
Senate Appropriations Committee
Senator Holmberg, Chairman
January 8, 2007

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

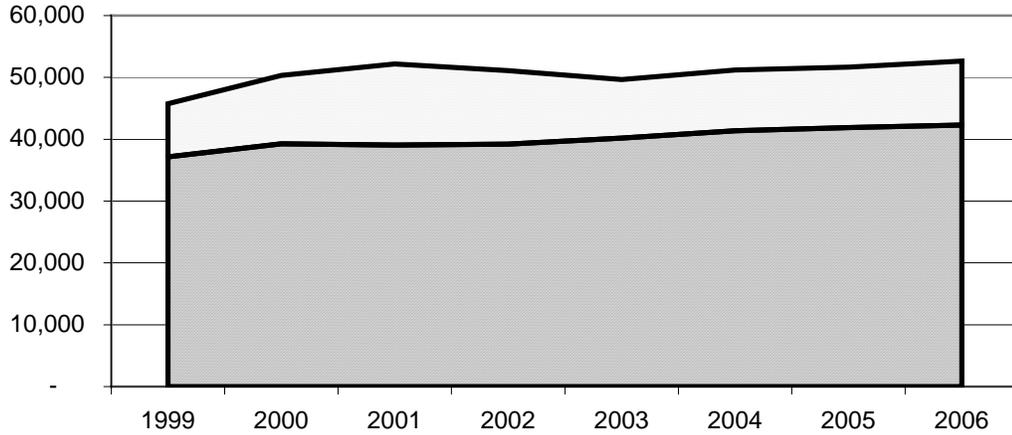
The CSE program is designed to enhance the well being of children and reduce the demands on public treasuries by securing child support and medical support from legally responsible parents and encouraging positive relationships between children and their parents.

Caseload / Customer Base

The total IV-D caseload continues to increase each year, reaching 42,323 in December 2006. The nonIV-D portion of the caseload added 10,314 more cases.

- These cases include about 66,000 children and 79,500 parents.
- Within the IV-D portion of the program, about 4,500 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 2006**

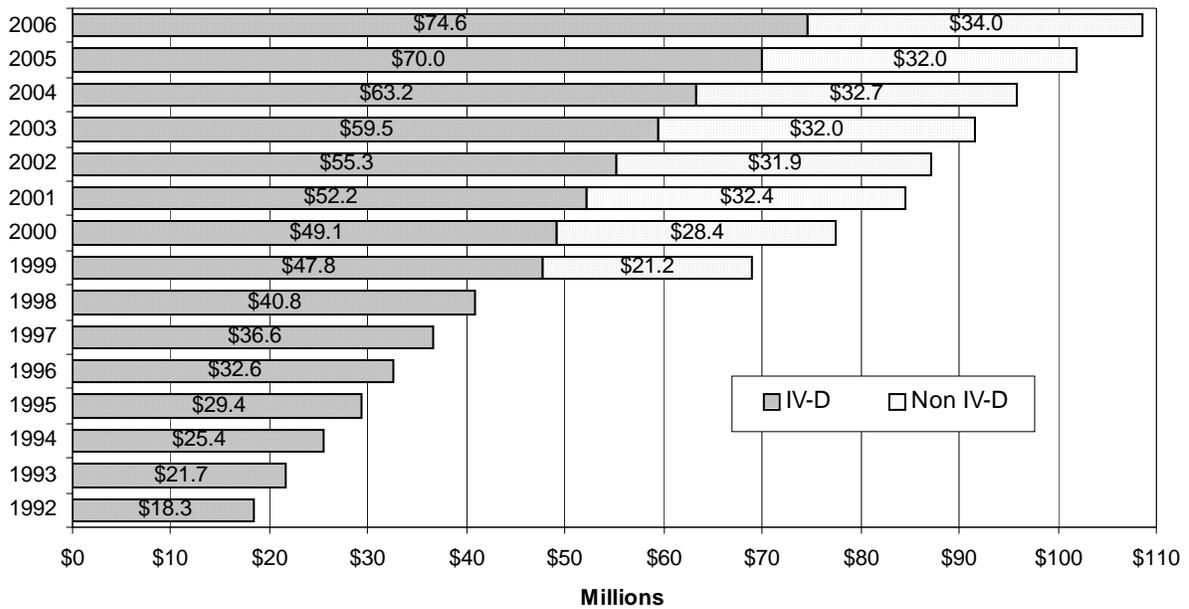


	Dec-99	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04	Dec-05	Dec-06
■ Non IV-D Cases	8,591	11,071	13,131	11,872	9,474	9,802	9,771	10,314
■ IV-D Cases	37,161	39,244	39,047	39,236	40,180	41,385	41,886	42,323

Major Trends, Issues and Program Changes

Collections. Total collections continue to increase. We passed the \$100 million mark for the first time in December 2005. For calendar year 2006, total collections reached \$108.6 million, a 6.6% increase. Within the IV-D program, collections increased 6.7% to \$74.6 million while the nonIV-D portion increased 6.4% to \$34 million. Despite these increased collections, our total receivables continue to climb, reaching \$259.2 million as of the end of December 2006.

**Department of Human Services
Child Support Receipts
Calendar Years 1992-2006**



Fees. A new federal mandate requires us to charge \$25 whenever we collect \$500 for services provided on nonTANF cases included in the IV-D caseload. Our concern is that a number of the existing IV-D cases will close to avoid the fee resulting in a significant number of cases moving to the nonIV-D category and requiring us to handle these cases at state general fund expense. We have asked for authority to charge the mandated \$25 fee and to charge a larger fee for the nonIV-D cases we handle. The net effect of that change could be to increase the workload for the regional units although the orders would already be in place.

Performance. This program is one of the few able to earn incentives based on how well we do our job. I'm pleased to report that we – the Regional Child Support Enforcement Units, the courts, the clerks of court and DHS/CSE have improved to where we were ranked second nationally in 2005. This improving performance was also recognized when the

Western Interstate Child Support Enforcement Council presented their Outstanding State Program award to North Dakota last November.

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

- Percent of children in IV-D cases born out of wedlock with paternity established or acknowledged.
 - In 2005 we were at 103%, moving to 114% in 2006.
 - Using same year data, for 2005 we were at 98%, moving to 99% in 2006.

- Percent of cases with court orders for child support.
 - In 2005 we were at 87%, moving to 88% in 2006. 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 5 in the country. In the latest ranking we were 8th in the country.

- Percent of current support owed on IV-D cases that is collected.
 - In 2005 we were at 73%, with only marginal improvement in 2006. Our improvement target is collecting an additional 2% per year until we collect 90% of current support in the month it is due.

- Amount collected for each \$1 spent.
 - In 2005 we were at \$6.03, dropping to \$5.86 in 2006.

- o Overall, we collect about \$62 for every \$1 of state general fund used. (\$200 million in collections using \$3.2 million in general funds including ITS)
- Medical Support is the newest performance measure coming on line. Tentatively, starting in 2009, incentives will be distributed based on how well we perform here as well as in the other measures.

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 overall federal data to our collections shows that our efforts result in about \$18 million in additional savings to the Medicaid, Food Stamps, Housing, SSI and TANF programs each biennium.

Overview of Budget Changes

Child Support Enforcement			
Description	2005 - 2007 Budget	2007 - 2009 Budget	Increase / Decrease
Salaries	3,465,522	3,855,408	389,886
Operating	2,205,249	2,638,891	433,642
Grants	1,885,000	1,966,288	81,288
Total	7,555,771	8,460,587	904,816
General	1,074,570	1,513,572	439,002
Federal	4,349,953	4,674,579	324,626
Other	2,131,248	2,272,436	141,188
FTEs	38.00	38.00	-

Salaries. The salaries line increased by \$389,886

- primarily because of the \$280,262 needed for the Governor's salary and health package, and
- \$100,071 of the balance is needed to sustain the current staff salaries and \$9,553 is for associated payroll costs.

Operating. The \$2.6 million operating line has a net increase of \$433,642 primarily for \$383,074 in operating fees and services; bringing that total to \$2.2 million. The primary changes include

- \$150,000 of federal funds for the Supreme Court,
- \$111,110 for the Parental Employment Project expansion, and
- \$100,000 for a receivables study.

Grants. The grants line shows a net increase of \$81,288 for a total request of just under \$2 million to continue services at the expected federal funding level:

- Access and visitation was reduced by \$200,000, and
- Incentive payments to Regional Child Support Enforcement Units were increased \$281,288.

Revenues. The CSE program is state supervised and county administered. Funding for our portion of the program is primarily federal in that eligible expenditures are matched with 66% federal funds and 34% state and federal incentive funds. A recent federal law change will prohibit using incentive funds as match effective October 2007. We expect legislative proposals to repeal that prohibition in the 2006 Deficit Reduction Act will again be introduced in the new term of Congress.

Parental Responsibility Initiative for the Development of Employment (PRIDE). The first Parental Employment Pilot Program came about in 2005 because of the frustration expressed by Judge Schmalenberger on the options available to the court in handling obligors who either could not or would not pay their child support. The court's options were either jailing for contempt of court or setting the obligor free with limited or no consequence for nonpayment.

We were aware of programs some other states were testing to handle similarly situated cases but did not have the resources to implement similar programs.

After considerable discussions, TANF determined that their funds could be used as part of their fatherhood program and that, by working with Job Service North Dakota (JSND) as well as building on the services available

within DHS, we could provide a reasonable alternative to the court as a pilot program to help the noncustodial parents.

To implement the pilot program, JSND hired one person in Dickinson to work with the courts and the individuals. We are pleased to report that the early results were positive and that, by using Workforce Investment Act (WIA) incentive funds, DHS and JSND were able to offer a similar program in the Grand Forks region.

The PRIDE staff attend the contempt hearings so that they can make early contact with obligors the courts are referring to the programs.

Thereafter, the PRIDE staff work with the parents to

- Identify impediments to employment,
- Refer selected people to the Human Service Centers for diagnosis and treatment,
- Work with the individuals on job readiness skills, and
- Help find and retain jobs.

The following illustrates the impact of the pilot programs on two families in the two regions.

- "Sonya" came to the program under court order for owing more than \$2,000 in arrearages. She had one son who had been placed with her parents and a daughter with another father living with her. Sonya also has a criminal conviction that created much difficulty in not only finding work, but also a place to live. Initially, Sonya was assisted with job development activities and, after bouncing through several entry level jobs, she secured a better paying construction job. Consequently, she was able to pay her arrearages and make regular support payments. This benefited Sonya's

relationship with her parents who have custody of her son. Her parents saw Sonya was making an honest attempt at turning her life around and afforded her more time with her son. They also helped her find an apartment. So far, Sonya has received employment counseling, job development, housing assistance leads, and minimal financial supportive service.

- In another case, mom and dad, each with a history of incarceration and meth use, were living apart when their child entered foster care. Both parents have separate child support obligations and both were referred to PRIDE at different times. In meetings with each parent, the PRIDE Coordinator learned about their child, their family situations, their needs, their goals and their job skills. The parents later brought their Lutheran Social Services counselor to sessions in which all four jointly developed a comprehensive family plan that included employment for both parents. Subsequently, the parents reunited and are now residing together as a family unit, continue to be employed and also receive in-home counseling along with other services.

The payoffs to the obligors come from:

- Greater employment,
- Increased earning power and self sufficiency,
- Increased pride in their ability to care for their children, and
- Reduced arrearages owed the families and taxpayers.

The payoffs to the families come from:

- Increased family income, and
- Increased parental involvement in the lives of the kids resulting in strengthened families.

The payoffs to the taxpayers come from:

- More taxpaying citizens,
- More parental support for their children, reducing demand on governmental programs,
- Less court time used, and
- Fewer jail days for obligors held in contempt.

We are pleased to report the DHS budget includes, as part of the TANF program, additional funds targeted to expand the PRIDE program statewide. As with the pilot programs, DHS would contract with JSND to cover the remaining six regions and work with the courts to offer similar services throughout the state.

Mr. Chairman, that concludes my testimony on the 2007-09 budget request for the CSE program. I'd be happy to answer questions.