

**Final Report for the JLPEOC Subcommittee
on the Program Evaluation Report
*Revising State Child Support Incentive System Could Promote Improved Performance of
County Programs***

The JLPEOC Subcommittee on the Program Evaluation Report *Revising State Child Support Incentive System Could Promote Improved Performance of County Programs* met on September 17th and November 13th to discuss the report recommendations. The Subcommittee discussed the report recommendations and heard testimony from representatives of county child support programs, the Child Support Services State Office (CSS State Office), and the North Carolina Association of County Commissioners.

The Subcommittee makes the following recommendations to the full Joint Legislative Program Evaluation Oversight Committee:

- **Request draft legislation for Recommendation 1 as revised by the Subcommittee.** The revised recommendation directs the CSS State Office to retain 15% of federal incentive payments for centralized child support services, revise the methodology for distributing incentive payments to county child support programs, and require county programs to report how they are using their incentive funds to improve program performance. The revised recommendation eliminates reserving 10% of federal incentive payments for annual employee incentive bonuses. Under the revised recommendation, the CSS State Office is directed to allocate no less than 85% of federal incentive payments to county child support programs and to phase in the alternative formula for distributing federal incentive funding over a four-year period.
- **No action on Recommendation 2.** The Subcommittee does not endorse Recommendation 2, which required counties to maintain county expenditures for child support services that are not less than the average level of such expenditures for the two previous state fiscal years. Based on discussions with representatives from county child support programs and the North Carolina Association of County Commissioners, the Subcommittee concluded that Recommendation 1 requiring county child support programs to submit an annual plan and report on their use of federal incentive funding would ensure that counties spent their federal incentive funding appropriately.
- **Request draft legislation to require county departments of social services to refer custodial parents receiving child care subsidy payments to county child support programs and mandate that the custodial parent cooperate as a condition of receiving child care subsidy payments.** During discussions with representatives from county child support programs and the CSS State Office, the Subcommittee learned that county departments of social services were not required to refer custodial parents receiving child care subsidy payments to county child support programs. This recommendation ensures that custodial parents receiving child care subsidy payments have requirements to work with child support services similar to the requirements for custodial parents participating in the Work First Program.

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Revised Recommendation 1

<p>Federal Incentive Funding for Centralized Services</p>	<ul style="list-style-type: none"> • Direct the CSS State Office to retain <u>up to 15%</u> of annual federal incentive payments to enhance centralized child support services that would benefit county child support programs (estimated \$2.2 million based on 2012 federal incentive payments). • Direct the CSS State Office, in consultation with representatives from county child support programs, to identify how federal incentive funding could improve centralized services. • Direct that federal incentive funds be used to improve the effectiveness of the State’s centralized child support services by supplementing and not supplanting State expenditures for these services. • Direct the CSS State Office to promulgate administrative rules explaining the State process for calculating and distributing federal incentive funding to county child support programs.
<p>Federal Incentive Funding for County Child Support Programs</p>	<ul style="list-style-type: none"> • Direct the CSS State Office to allocate <u>no less than 85%</u> of federal incentive payments to county child support programs for improving effectiveness and efficiency using the five federal performance measures (estimated \$12.2 million based on 2012 federal incentive payments). • Direct the CSS State Office, in consultation with representatives from county child support programs, to examine the current methodology for distributing federal incentive funding to county child support programs and determine whether an alternative formula would be appropriate. • Direct the CSS State to utilize the current formula for distributing federal incentive funding until an alternative formula is finalized. • Direct the CSS State Office to phase in the alternative formula for distributing federal incentive funding over a four-year period.
<p>County Child Support Program Reporting on Federal Incentive Funding</p>	<ul style="list-style-type: none"> • Direct the CSS State Office to require county child support programs to provide documentation that federal incentive funding is being reinvested into their programs and being used to improve program effectiveness and efficiency. • Direct the CSS State Office to establish guidelines identifying appropriate uses for federal incentive funding. • Require county child support programs to submit an annual plan describing how federal incentive funding would improve program effectiveness and efficiency as a condition to receive federal incentive funding. • Require county child support programs to annually report how federal incentive funding improved their program, document that the funds were spent according to their plan, and explain any deviations from the plan.
<p>CSS State Office Annual Report on Federal Child Support Incentive Funding</p>	<ul style="list-style-type: none"> • Require the CSS State Office to submit an annual report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division describing how federal incentive funds enhanced centralized child support services to benefit county child support programs and improved the effectiveness and efficiency of county child support programs. • Require the CSS State Office to describe in the annual report any changes to the State process for calculating and distributing federal incentive funding to county child support programs and include any recommendations for further changes.