

## Follow-up Report: Child Support Services

The 2013–15 Program Evaluation Division (PED) work plan directed the division to examine the operational effectiveness and efficiency of county child support programs. The North Carolina Child Support Services (NCCSS) program operates under a state-supervised, county-administered model. PED found that, based on federal performance measures, the program ranked 24th among the 50 states in Federal Fiscal Year 2012. NCCSS was not effectively using its federal incentive award to promote improved county program performance. Additionally, NCCSS had not established specific spending guidelines and was not tracking incentive payment expenditures. PED recommended the General Assembly direct

- NCCSS to retain 25% of federal incentive money to improve centralized services and provide employee incentive bonuses, and
- counties to report incentives and to maintain their level of expenditures.

Following PED's presentation of this report to the Joint Legislative Program Evaluation Oversight Committee in July 2014, the co-chairs created a Child Support Services subcommittee to review the division's recommendations and propose legislation for consideration by JLPEOC before the 2015 legislative session. The following two bills were subsequently recommended for introduction and later enacted in session law:

- **Session Law 2015-241, Section 12C.7** directed NCCSS to retain up to 15% of the annual federal incentive payments it receives from the federal government to enhance centralized child support services, establish guidelines that identify appropriate uses for federal incentive funding, and develop an implementation plan.
- **Session Law 2015-51** required the Department of Health and Human Services (DHHS), Division of Child Development and Early Education and Division of Social Services to develop a plan requiring a

custodial parent or other relative or person with primary custody of a child receiving child care subsidy payments to cooperate with county child support services programs as a condition of receiving child care subsidy payments.

Relative to SL 2015-241, on February 1, 2016, DHHS issued its "North Carolina Child Support Incentives – Proposed Plan," which outlines how NCCSS plans to assist local child support agencies in increasing their performance and overall effectiveness.<sup>1</sup> NCCSS has also developed an Incentives Guide, which includes the incentives performance methodology, incentive overview, suggested use of incentives, and instructions for waivers.

As directed, NCCSS withheld 15% (approximately \$2.1 million) of federal earned incentives received from the annual federal award effective July 1, 2016 for reinvestment in the Child Support Services program. As a condition of receiving federal incentive funds, each county must submit a plan, which is due to NCCSS by August 1 of each state fiscal year, documenting how it plans to reinvest incentive money at the county level during the ensuing year.



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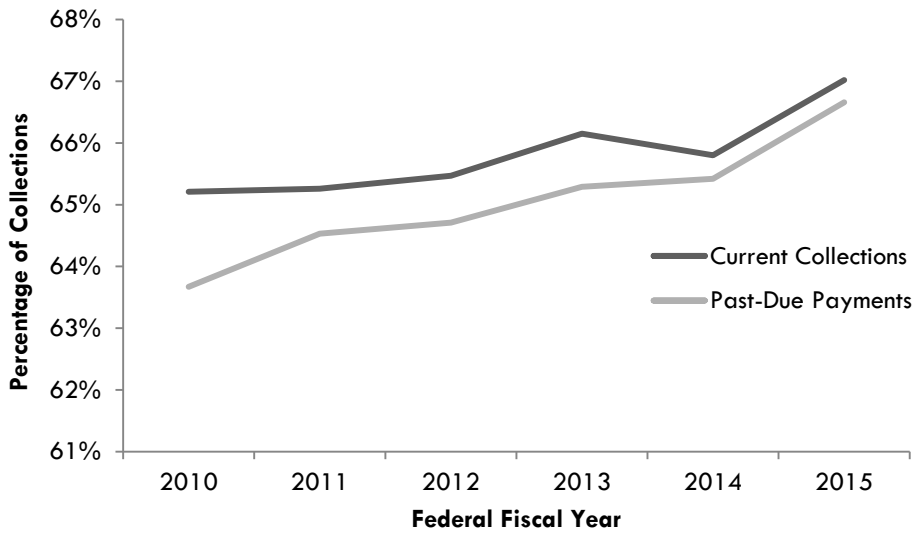
<sup>1</sup> The plan was informed by a workgroup that formed in the spring of 2015 and included county representation.

## Exhibit 1: Proposed Timeline of NCCSS Enhancements for Increasing Performance and Effectiveness of Local Child Support Agencies

Year 1	<ul style="list-style-type: none"> <li>• A completed multi-year project timeline for delivering the enhancements to the child support program.</li> <li>• Finalized documented functional and technical requirements and cost estimates for the enhanced Child Support Systems environment.</li> <li>• Implementation of new enhanced functionality to meet federal Data Reliability Audit requirements.</li> <li>• Implementation of enhanced locate tools that will assist with the low performing cases and will enable staff to reserve time to work cases that require specialized intervention to collect support, resulting in more collection and parents meeting their obligations.</li> </ul>
Year 2	<ul style="list-style-type: none"> <li>• A Document Generation Solution, which will allow the local child support offices to assemble, generate, and deliver highly personalized documents that will better serve the judicial system.</li> <li>• An online child support application process, which will provide citizens a quick and secure means to obtain information and apply for services online. This online application will be received directly by the local child support office and will require the attachment of supporting documentation.</li> <li>• New enhanced functionality in the existing Automated Collection and Tracking System (ACTS).</li> </ul>
Year 3	<ul style="list-style-type: none"> <li>• A modernization of the child support website allowing better accessibility and convenience to improve child support compliance.</li> <li>• A new online chat feature will be implemented on the Child Support website to complement its automated phone service, and a mobile application that can be accessed with smartphones and other similar devices will be developed.</li> <li>• Reporting tools enhanced to provide the ability to better view, evaluate, analyze, and diagnose a variety of child support case attributes. The ability to improve these functions will provide staff with new information on which to base decisions and child support actions. These tools will also provide those same staff or managers with the ability to monitor the results of their decisions and allow for real-time reports so that actions can be immediate. The objectives of such investments are increased collections and data reliability that allow the NCCSS program access to data analytics to help improve its performance and collect more support for families.</li> </ul>

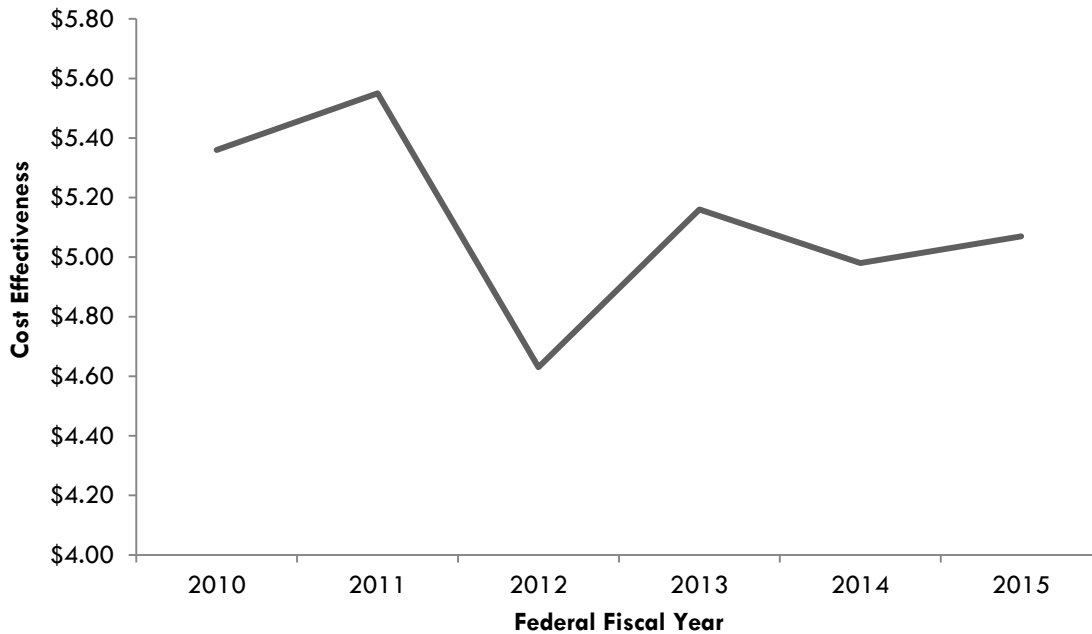
Source: Program Evaluation Division based on report to the Joint Legislative Oversight Committee on Health And Human Services and the Fiscal Research Division by North Carolina Department of Health And Human Services, February 1, 2016.

**Exhibit 2: Performance of North Carolina’s Child Support Services Program on Federal Indicators for Current Collections and Past-Due Payments, FY 2010–2015**



Source: Program Evaluation Division based on data from the Office of Child Support Enforcement of the U.S. Department of Health and Human Services.

**Exhibit 3: Performance of North Carolina’s Child Support Services Program on Federal Cost-Effectiveness Indicator, FY 2010–2015**



Source: Program Evaluation Division based on data from the Office of Child Support Enforcement of the U.S. Department of Health and Human Services.

[continued from page 1]

NCCSS will report by November 1 each year on how federal incentive funding has improved program effectiveness and efficiency. Additionally, NCCSS is collaborating with DHHS's Information Technology Division to provide a description of technical needs, an analysis of options, proposed information technology solutions, timelines and cost estimates, and a description of how such initiatives will be prioritized and implemented. The State will continue to work with the incentive workgroup as enhancements are prioritized (see Exhibit 1 for the proposed timeline of NCCSS enhancements).

The performance of North Carolina's Child Support program has improved since PED conducted its evaluation. The State's overall ranking on the federal measures collected by the Office of Child Support Enforcement improved from 24<sup>th</sup> in 2012 to 19<sup>th</sup> in 2015. Exhibit 2 illustrates North Carolina's performance on the indicators of Current Collections and Past-Due Payments in Fiscal Years 2010–15, and Exhibit 3 shows the State's performance on Cost Effectiveness during the same time span.

Relative to SL 2015-51, on February 1, 2016, DHHS issued its "Report on Plan Requiring Child Care Subsidy Payment Recipients to Cooperate with County Child Support Services Programs." In the report, DHHS recommended implementation of a statewide demonstration project without automation support for one year to allow the department to

- evaluate and better estimate ongoing technology needs and
- determine the impact of the child support cooperation requirement on participation in subsidized child care assistance.

As of July 2015, there were approximately 75,000 children receiving subsidized child care, 27,271 of which are already a part of an active child support case. With this new requirement, DHHS estimates an additional 2% to 3% increase in the child support caseload.

Currently, the Child Support Automated Collection and Tracking System (ACTS) exchanges information with North Carolina's Families Accessing Services through Technology (NCFAST) for public assistance cases only. ACTS manages child support cases, receives and distributes payments, and exchanges participant and case information with NCFAST via an interface for public assistance cases. In order to

directly coordinate Child Support Services referrals for recipients of child care subsidy services, both programs' information technology systems would need an additional interface process to ensure that both programs are provided accurate and timely information. Since a non-public assistance case referral does not currently exist, the interface could be modified to support the new process. Subsidized child care IV-D case referrals that include children who are also receiving public assistance would require a new identifier for child support.

During this one-year period, DHHS along with the counties would refine detailed program requirements for an automated process, allowing the information technology solution to more accurately reflect program needs. The demonstration project would also enable DHHS to collect data, understand the reporting requirements necessary to monitor the program, and determine the impact to families. This information would be reported back to the General Assembly with a detailed project plan and associated cost.

Based on departmental findings and the decision of the General Assembly, the IT automation project could begin in January 2018 assuming approvals and funding are in place. DHHS places a high-level estimate for the effort at approximately \$1.75 million (ACTS implementation cost of approximately \$500,000 and NCFAST implementation cost of approximately \$1.25 million).

The two programs' IT system development would need to include but would not be limited to

- modifications to the existing interface,
- new interfaces between NCFAST and ACTS,
- automated notifications,
- modifications to ACTS,
- modifications to NCFAST,
- new and revised documents, and
- new and revised data reports.

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