

**Testimony**  
**Department of Human Services**  
**Interim Political Subdivision Taxation Committee**  
**Representative Jason Dockter, Chairman**  
**January 12, 2016**

Chairman Dockter, members of the Interim Political Subdivision Taxation Committee, I am Jim Fleming, Director of the Child Support Division of the Department of Human Services. I appear before you to provide information on the transfer of responsibility for administration of the child support program from the counties to the Department of Human Services, also known as state administration. At the time of state administration, the administration of the child support program had been consolidated by the counties into eight regional offices.

**Details of the Transfer**

The bill providing for state administration, Senate Bill 2205, was signed in late April 2007 and became effective on July 1, 2007.

Some highlights of 2007 Senate Bill 2205:

- A requirement that county social service budgets for the upcoming year identify savings derived from state administration and provide a recommendation for how that savings will be passed on to the county taxpayers.
- A reduction in the county mill levy cap for 2008 and 2009 equal to the amount previously expended for child support.
- The transfer of all county child support employees at their existing salaries plus the July 1 legislative increase and any other increase scheduled for the rest of 2007.

- The transfer of all years of service credit of county child support employees for purposes of retirement and annual leave accrual.
- An option for each transferred employee to transfer some or all existing annual and sick leave, with a payment from the county to the State for the value of any transferred leave.
- The transfer of ownership of all furnishings and equipment in the regional offices.
- A requirement that the Department maintain an office in each of the eight planning regions of the state.
- The transfer of remaining county budgeted funds for 2007 to operate the child support program and the balance of any unexpended incentive funds.
- An appropriation of \$6,873,169 from the General Fund and \$5,615,123 from federal funds and other income to defray the expenses of the regional child support units for the 2007-09 biennium.

### **Program Performance Before and After the Transfer**

[Attachment 1](#) tracks North Dakota's performance on the five federal measurements since 2002. In reviewing this attachment, it is important to remember that the federal performance measures are expressed as a percentage. For example, the percentage of current support collected has remained fairly flat: 74.18% in 2007 compared to 74.08% in 2015. However, the actual amount of current support due has grown from \$76,710,156 in 2007 to \$111,363,799 in 2015. In order to maintain a 74% performance level for collecting current support (North Dakota has historically ranked second in the nation on this measurement), the Department has had to increase the amount of current support collected from \$56,900,821 in 2007 to \$82,495,635 in 2015.

Over the same time period, the rate of growth in unpaid child support has slowed considerably. From 2006 to 2007, the last year prior to state administration, the total amount of child support arrears grew by \$12.24 million to a total of \$216,709,763 (the growth for the prior year was \$12.64 million). Over the next eight years, arrears grew by \$25,563,790 to \$242,273,553, an annual average increase of only \$3.2 million (see [Attachment 2](#)).

[Attachment 1](#) also shows that the cost effectiveness of the child support program has increased from \$5.59 to \$6.20 collected per dollar spent since 2007.

### **Management of Program Personnel and Resources**

As of July 1, 2007, with the addition of the county staff, the Child Support Division had 172.2 FTEs. For the 2009-11 biennium, that number dropped to 164.2 FTE. Except for an attorney FTE added in 2011 to help implement program changes from the Affordable Care Act, the number of FTEs in the child support division has not changed since 2009.

Since 2007, the Division has undergone a reorganization, doubled the staff in the specialized Locate unit from 2 to 4 FTE, and transferred vacated positions among different offices. This was accomplished through attrition and existing budgeted funds and not through any reduction in force. [Attachments 3a](#) and [3b](#) identify the weighted caseload per FTE among the regional offices in 2007 and in 2015. You will see that the difference in workload among the regions has been almost completely eliminated.

The chart below provides a summary of the total budget and funding of the child support program before and after state administration.

Description	2005 - 2007 DHS Budget	2005 - 2007 County Budget	2005 - 2007 Combined Budget	2007 - 2009 Budget
Salary and Wages	3,465,522	13,011,427	16,476,949	16,879,193
Operating	2,205,249	1,736,960	3,942,209	4,160,835
Grants	1,885,000	(1,503,342)	381,658	462,946
Total	7,555,771	13,245,045	20,800,816	21,502,974
General Fund	1,074,570	(801,121)	273,449	491,698
Federal Funds	4,349,953	10,878,689	15,228,642	15,571,363
Other Funds	2,131,248	3,167,477	5,298,725	5,439,913
Total	7,555,771	13,245,045	20,800,816	21,502,974

The Grants Line for 2005-07 reflects the transfer of a portion of federal incentive payments from the State to the counties, which was no longer applicable following state administration.

The following chart tracks the total budget, funding, and FTEs for the child support program since 2007.

Description	2007 - 2009 Budget	2009 - 2011 Budget	2011 - 2013 Budget	2013 - 2015 Budget	2015 - 2017 Budget
Salary and Wages	16,879,193	19,170,611	20,858,040	23,043,396	24,653,450
Operating/Grants	4,623,781	4,794,376	4,182,317	4,358,665	4,593,015
Total	21,502,974	23,964,987	25,040,357	27,402,061	29,246,465
General Fund	491,698	3,585,371	6,834,904	7,792,713	8,424,354
Federal Funds	15,571,363	17,591,107	15,168,700	16,524,688	18,044,837
Other Funds	5,439,913	2,788,509	3,036,753	3,084,660	2,777,274
Total	21,502,974	23,964,987	25,040,357	27,402,061	29,246,465

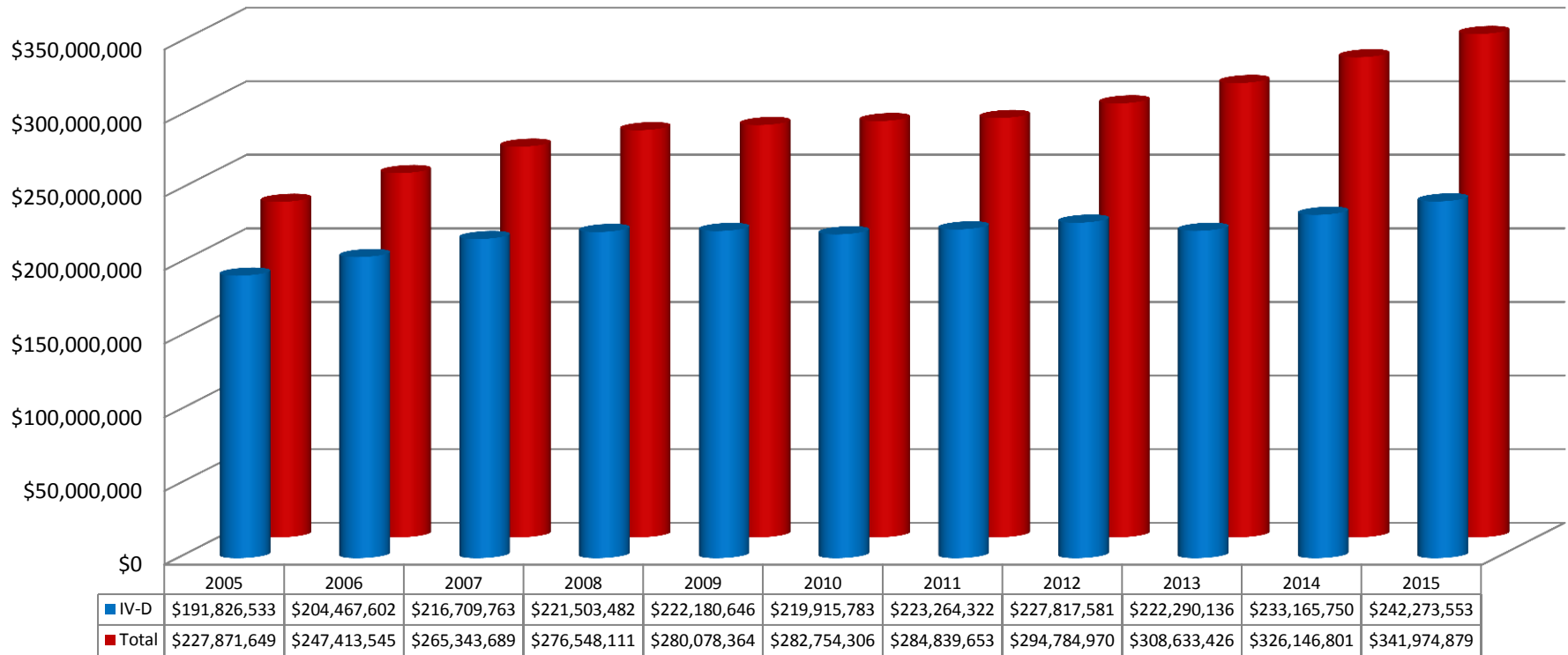
FTE	172.20	164.20	165.20	165.20	165.20
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I hope this background information is helpful, and I will be glad to try to answer any questions.

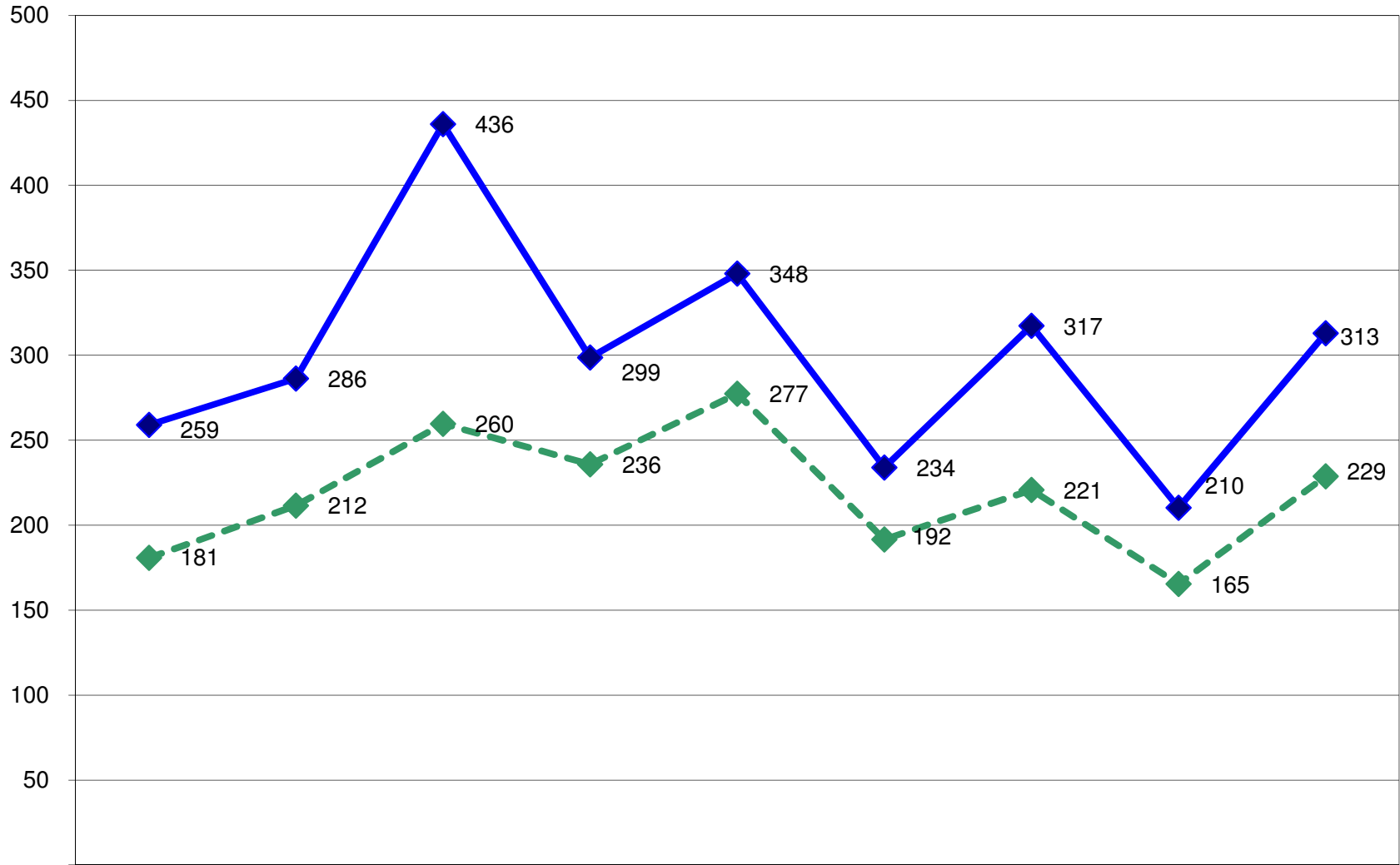
**Summary of Federal Performance Measures - FFY 2015**

			Prior Years													
			2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	
Open Cases	Line 1	36,456														
Open Cases with Orders	Line 2	34,020														
			2015													
			93.32%	93.25%	91.24%	89.15%	89.84%	89.78%	88.68%	87.14%	87.10%	87.50%	86.75%	86.59%	85.70%	84.76%
<b>BOW (prior year)</b>	Line 5	29,155														
Established Paternities	Line 6	30,420														
			104.34%	107.09%	107.88%	108.84%	109.50%	108.14%	106.33%	103.99%	104.94%	114.40%	102.88%	100.85%	95.07%	87.40%
Current Support Due	Line 24	\$111,363,799														
Current Support Distributed	Line 25	\$82,495,635														
			74.08%	74.19%	74.34%	75.09%	74.57%	74.21%	75.05%	75.85%	74.18%	73.42%	72.70%	72.02%	71.35%	71.55%
Cases with Arrears	Line 28	29,870														
Cases with Arrears Collections	Line 29	19,678														
			65.88%	66.45%	68.17%	68.68%	69.00%	68.70%	72.15%	72.67%	70.25%	70.15%	69.69%	67.35%	68.79%	66.12%
Expenses	OCSE-396a	\$17,090,176.00														
Collections	OCSE-34a	\$105,924,007.00														
			\$6.20	\$6.37	\$6.38	\$6.63	\$6.32	\$5.61	\$5.86	\$5.81	\$5.59	\$5.86	\$6.03	\$5.37	\$5.10	\$4.52

## Department of Human Services Child Support Receivables End of State Fiscal Year



## Average Caseload Per FTE (Excludes Cases Referred to NDOIC) August 1, 2007



◆ Unweighted	259	286	436	299	348	234	317	210	313
◆ Weighted	181	212	260	236	277	192	221	165	229

## Average Caseload Per FTE (Excludes Cases Referred to NDOIC) December 1, 2015

