

ADMINISTRATION OF CHILD SUPPORT - BACKGROUND MEMORANDUM

INTRODUCTION

Section 17 of House Bill No. 1012, a copy of which is attached as Appendix A, provides for a study of the feasibility and desirability of state administration of child support, including the fiscal effect on counties and the state. The study is included in the appropriations bill for the Department of Human Services.

RECENT LEGISLATION

House Bill No. 1012 (2001), the appropriations bill for the Department of Human Services, in part, changed the reimbursement rate to counties for an affected county's expenses for locally administered economic assistance programs from 100 percent to a percentage based on the level of legislative appropriations. This portion of the bill conflicted with House Bill No. 1015, which was enacted by the Legislative Assembly after House Bill No. 1012; therefore, the provisions of House Bill No. 1015 went into effect instead of the provisions of House Bill No. 1012.

House Bill No. 1015 (2001) changed the reimbursement rate to counties for an affected county's expenses for locally administered economic assistance programs from 100 percent to 90 percent.

Senate Bill No. 2160 (2001) exempted the child support enforcement program from fees charged by the registers of deeds and the Secretary of State for searching records, fees for filing documents in the central indexing system, and fees for copying for cases involving the establishment of paternity or for the establishment, modification, or enforcement of child support.

House Bill No. 1121 (1999) designated the clerk of court as the public official responsible for sending notices of child support arrearages and for the administration of income withholding for all cases other than Title IV-D cases until January 16, 2001, at which time the Department of Human Services took over these duties.

Senate Bill No. 2012 (1999) required the Department of Human Services to reimburse county social service boards for locally administered economic assistance programs in counties in which more than 20 percent of the caseload for these programs consists of people who reside on a federally recognized Indian reservation or property tax-exempt tribal trust lands. The bill required a county to reimburse the state for the county's share of one-fourth of the amount expended in the state in excess of any federal payments on behalf of children in foster care or subsidized adoption.

House Bill No. 1041 (1997) required counties to assume the financial responsibility for the costs of

administering certain economic assistance programs and required the state to assume complete financial responsibility for the grant costs of medical assistance and basic care and contribute additional support of administrative costs for counties with Indian land.

House Bill No. 1226 (1997) provided for implementation of federal welfare reform, authorizing the Department of Human Services to administer the temporary assistance for needy families program and providing the county social service boards administer the program. The bill provided for the establishment of a statewide automated data processing system that contains records with respect to each child support case in which services are being provided by the state agency or a child support agency. The bill also addressed state and county responsibilities for financing the costs of administering the temporary assistance for needy families program, child care assistance, and employment and training.

PREVIOUS STUDIES

Senate Concurrent Resolution No. 4032 (1999) directed a study of the family law process in the state with a focus on the review of existing statutes, the coordination of procedures, and the further implementation of alternative dispute resolution methods. The Legislative Council's interim Judiciary Committee performed this study and did not recommend any bills related to the issue of administration of child support.

Child support enforcement performance audit (2000) presented to the Legislative Council's interim Legislative Audit and Fiscal Review Committee. The State Auditor, in concert with a private consultant, analyzed the child support enforcement program's state-supervised and county-administered organizational structure, including an analysis of staffing levels, staff functions, and duties of the Child Support Enforcement Division and the regional units.

Section 14 of House Bill No. 1041 (1997) directed a study of the provision of child support services and child care licensing in the state. The Legislative Council's interim Child Support Committee performed this study and did not recommend any bills related to the issue of administration of child support.

House Concurrent Resolution No. 3045 (1995) directed a study of the responsibilities of county social service agencies, regional human service centers, and the Department of Human Services. The Legislative Council's interim Budget Committee on Human Services cooperated with the Joint Social Service Committee, composed of representatives of the North Dakota

Association of County Social Service Board of Directors, the Department of Human Services, and the North Dakota Association of Counties, in studying statutes relative to county-based social services, options for the provision of child support enforcement services, the current and ideal structure for early childhood licensing, and the overall structure and funding of children and family services. The committee recommended House Bill No. 1041 (1997).

Child support enforcement program performance audit (1995) presented to the Legislative Council's Legislative Audit and Fiscal Review Committee. The State Auditor conducted an audit reviewing the efficiency and effectiveness of the state's system of establishing and enforcing child support orders, the potential for reducing costs through program fees and interest on arrears, and the adequacy of policies and procedures surrounding the collection of overpayments to custodial parents. This audit was conducted as part of a joint performance audit initiated by the National State Auditors Association.

CHILD SUPPORT ENFORCEMENT SYSTEM

The federal child support enforcement program was established in 1975 under Title IV-D of the Social Security Act. This federal program was a response by Congress to reduce public expenditures on welfare through aid to families with dependent children, foster care, and Medicaid. Title IV-D requires each state to provide a statewide child support enforcement program that establishes and maintains case records, offers locate services for finding the legally responsible parent, establishes paternity, establishes legal orders requiring child support, provides for enforcement of child support obligations, and provides for collection and distribution of child support payments. These services are automatically offered to families receiving public assistance and are available through an application to families that are not receiving public assistance. Additionally, Title IV-D requires each state to designate a single and separate organization unit of state government to administer the state's child support enforcement program. North Dakota Century Code (NDCC) Sections 50-06-01.4, 50-09-02(16), and 50-09-03(5) provide that the North Dakota child support enforcement program is state-supervised and county-administered.

The state's Child Support Enforcement office is located in Bismarck and is responsible for the overall supervision of the program, policy development and issuance, financial and statistical reporting to the Federal Office of Child Support Enforcement, and maintenance of the fully automated child support enforcement system (FACSES). Additionally, the state office

includes the State Disbursement Unit for centralized collections and distributions of child support payments.

Under the supervision of the state office, the majority of the Title IV-D services are provided through eight regional child support enforcement units located throughout the state. Cooperative agreements with the boards of county commissioners have established regional units in Williston, Minot, Devils Lake, Grand Forks, Fargo, Jamestown, Bismarck, and Dickinson. As authorized under NDCC Chapter 50-01.2, these regional units open child support enforcement cases, locate absent parents, establish paternity, obtain child support orders, and enforce collection of the child support orders.

Federal funding for the state's child support enforcement program is available for administrative costs incurred by the state office and the regional units at a rate of 66 percent per fiscal year. In addition to the 66 percent federal funding rate, the state's program is also eligible for federal incentive dollars. The remaining costs are split by the Department of Human Services and the counties. Effective with federal fiscal year 2000, a new federal incentive formula that includes additional performance factors will be phased in over a three-year period. North Dakota Century Code Chapters 50-01.2 and 50-03 address the topic of funding of counties for administration of programs.

CHILD SUPPORT ENFORCEMENT PROGRAM PERFORMANCE AUDIT REPORT

During the 1999-2000 interim, the State Auditor performed a performance audit on aspects of the North Dakota child support enforcement program of the Department of Human Services. The performance audit report dated September 14, 2000, contains results of the audit and the results of a review performed by TMR-MAXIMUS, an independent consulting firm. The portion of the report addressing "Statizing and Placement of the Agency" is attached as Appendix B.

The audit included an analysis of the child support enforcement program's state-supervised and county-administered organizational structure, including an analysis of staffing levels, staff functions, and duties of the Child Support Enforcement Division and the regional units. The review performed by the consulting firm identified that the state's child support enforcement program should be state-administered instead of county-administered.

The consulting firm's rationale for recommending a state-administered system appears in large part to be based on a determination that there is "poor communication between the state child support office and the regions." In addition, the recommendations include considering whether there is a need to realign and consolidate the eight regional offices. The purpose for

considering consolidation or realignment is to "reach a level of peak efficiency that does not overly-compromise geographic proximity to customers or courts."

STUDY APPROACH

A possible study approach to the study of state administration of the child support enforcement program is to:

- Receive testimony from the Department of Human Services, county human service centers, boards of county commissioners,

regional child support enforcement units, clerks of court, and the North Dakota Association of Counties regarding child support services offered and the feasibility and desirability of state administration of this system;

- Receive testimony regarding the state and local fiscal costs associated with providing child support enforcement services; and
- Review the child support enforcement program administration systems of other states.

ATTACH:2