



STATE OF NORTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

JOSH STEIN  
GOVERNOR

DEVPUTTA SANGVAI  
SECRETARY

February 2, 2026

**SENT VIA ELECTRONIC MAIL**

The Honorable Carla Cunningham, Chair  
Joint Legislative Oversight Committee on  
Health and Human Services  
North Carolina General Assembly  
Room 403, Legislative Office Building  
Raleigh, NC 27603

The Honorable Donny Lambeth, Chair  
Joint Legislative Oversight Committee on  
Health and Human Services  
North Carolina General Assembly  
Room 303, Legislative Office Building  
Raleigh, NC 27603

The Honorable Larry Potts, Chair  
Joint Legislative Oversight Committee on  
Health and Human Services  
North Carolina General Assembly  
Room 307B1, Legislative Office Building  
Raleigh, NC 27603

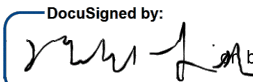
The Honorable Jim Burgin, Chair  
Joint Legislative Oversight Committee on  
Health and Human Services  
North Carolina General Assembly  
Room 620, Legislative Office Building  
Raleigh, NC 27603

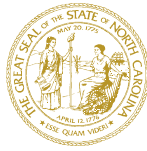
Dear Chairmen:

Session Law 2023-134, Section 9J.6.(d) requires the Department of Health and Human Services, Child Services Support Section, within the Division of Social Services, to submit an annual report on federal child support incentive funding to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. The report shall describe how federal incentive funds enhanced centralized child support services to benefit county child support services programs and improved the effectiveness and efficiency of the programs. The report shall further include any changes to the State process the NCCSS used in calculating and distributing federal incentive funding to county child support services programs and any recommendations for further changes. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

Should you have any questions regarding this report, please contact Karen Wade, Director of Policy, at [Karen.Wade@dhhs.nc.gov](mailto:Karen.Wade@dhhs.nc.gov).

Sincerely,

DocuSigned by:  
  
behalf of Devdutta Sangvai  
3C33184820C14A9...  
Devdutta Sangvai  
Secretary



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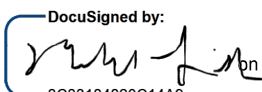
Mr. Brian Matteson, Director  
Fiscal Research Division  
Suite 619, Legislative Office Building  
Raleigh, NC 27603-5925

Dear Director Matteson:

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DocuSigned by:  
  
on behalf of Devdutta Sangvai  
3C33184820C14A9...  
Devdutta Sangvai  
Secretary

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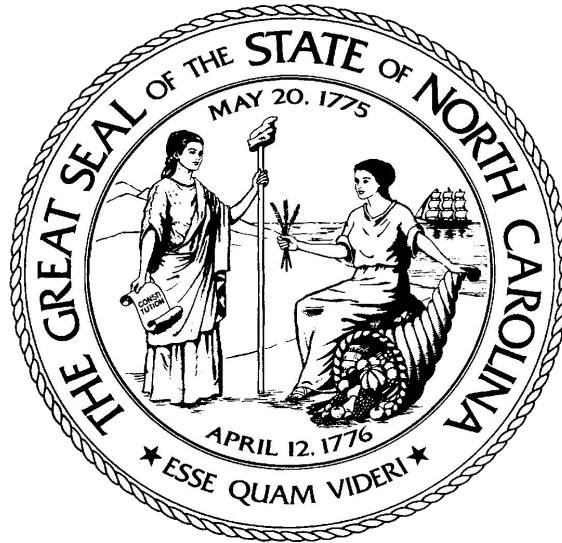
LOCATION: 1915 HEALTH SERVICES WAY • RALEIGH, NC 27607

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# **North Carolina Child Support Incentives**

**Session Law 2023-134, Section 9J.6(a)**



**Report to the  
Joint Legislative Oversight Committee on  
Health and Human Services  
and  
Fiscal Research Division  
By  
North Carolina Department of Health  
and Human Services**

**February 2, 2026**

In 2015, North Carolina Session Law 2015-241, Section 12C.7.(a) was enacted, requiring the North Carolina Child Support (NCCSS) program to achieve four objectives:

- retain up to fifteen percent of the incentives earned;
- review the methodology;
- prepare the guide; and
- submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by November 1 of each year regarding the progress of the implementation plan.

This legislation has been renewed, without amendments, in 2017, 2019, 2021, and most recently in 2023 under North Carolina Session Law 2023-134, Section 9J.6(a).

### Retained Federal Incentives

Under North Carolina Session Law 2023-134, Section 9J.6(a), NCCSS retained fifteen percent of the earned incentives received from the annual federal award beginning July 1, 2016. To date, the state has retained the following:

State Fiscal Year	Total Incentives Received	Amount Retained by State
SFY 2016	\$14,249,571	\$2,137,436
SFY 2017	\$14,675,156	\$2,201,273
SFY 2018	\$14,309,773	\$2,146,466
SFY 2019	\$14,259,825	\$2,138,974
SFY 2020	\$14,458,422	\$2,168,763
SFY 2021	\$14,749,886	\$2,212,483
SFY 2022	\$14,164,650	\$2,124,698
SFY 2023	\$14,291,525	\$2,143,729
SFY 2024	\$15,355,651	\$2,303,348
SFY 2025	\$16,773,526	\$2,516,028

### Incentives Methodology

In State Fiscal Year 2020, the incentive workgroup, established to review the incentive calculation methodology, merged with the NCCSS Policy Modification Liaison Committee (PMLC), a committee that meets regularly to review proposed modifications and enhancements for the program as well as provide input regarding the priority of any such changes. The PMLC represents both state and county child support professionals, as did the incentive workgroup. At the time legislation was enacted, the incentive calculation method was carefully reviewed, and the recommendation was that no changes be made to the logic used in the incentive calculations. This committee did not meet during State Fiscal Year 2025 regarding the incentive methodology.

### Incentives Guide

NCCSS developed an Incentives Guide, which includes the incentives performance methodology, incentive overview, suggested use of incentives and instructions for exemptions. The guide is reviewed each state fiscal year to determine if there are any updates needed. The

guide has been provided to the counties electronically and is available for download at any time through Child Support Services' SharePoint portal.

NCCSS developed an annual plan and report for incentives, and each county is required to submit its plan by September 5th of each year. This plan and report documents county reinvestment of federal incentive funding supporting the Child Support Program goals.

### **Implementation Plan**

As mandated, fifteen percent of the federal incentives have been retained annually for reinvestments into the North Carolina Child Support Services program since state fiscal year 2016. As described below, the child support technical enhancements that have been achieved and planned to be implemented are designed to assist local child support agencies in increasing their performance and overall effectiveness.

NCCSS continues to collaborate with the Information Technology Division (ITD) to provide a description of technical needs, an analysis of options, proposed information technology solutions, timelines, and how initiatives will be prioritized and implemented.

Since its inception, NCCSS has successfully completed multiple technology initiatives aimed at enhancing service delivery and operational efficiency. Additional projects are currently underway and are scheduled for implementation in the coming months. The following is a list of actions that have been completed:

#### **Strategic Planning and Foundational Work**

- A multi-year project timeline was developed for executing the enhancements.
- Cost estimates, along with documented functional and technical requirements, were completed.

#### **Application Modernization**

- An updated child support application was created to assist local offices with ensuring data elements required for the federal data reliability audit are obtained.
- An online child support application process was created, providing citizens a quick and secure means to obtain information and apply for services online.
- In conjunction with the online application, a new Worker Portal was created that allows staff in the local offices to receive the data from the online application, review the information for any needed information, and then use the data from the online application to build the new case in the Automated Collection and Tracking System (ACTS).

#### **Digital Services and User Experience**

- Improvements were made to the design of eChild Support, a website for employers and parents to make payments, access child support information and inquire about their case. These improvements have provided a user-friendly and secure environment for our

customers and are now in line with the North Carolina Identity Management (NCID) process.

- To assist local offices in searching for noncustodial parents (NCPs) who consistently fail to pay court-ordered child support, or who are avoiding service, a contract was established with a company specializing in location services. This partnership has allowed the local offices to focus their efforts on cases that require specialized intervention to collect child support, resulting in parents meeting their obligations and increased collections.
- The *Request to Pursue IT Initiative* was granted by the Information Technology Governance Body (ITGB) to allow NCCSS to seek and implement additional payment solutions. These new options provided end users with the capability to submit child support payments to NCCSS by way of cash, check, or debit/credit utilizing one or more payment options including an interactive voice response system and mobile application payment. Expanding the payment options offered greater convenience for our NCPs to pay child support. These new payment options soft launched in August 2022. The hard launch was successfully implemented in October 2022.
- A secure mobile optimized website was launched in January 2020. The new site is specifically designed to accommodate users that access the website via computer, smartphone, or tablet. This allows our customers to easily access their case information, request an appointment with their case worker, make a payment, seek a review and modification of their order, upload documents, and many other features.

## **Communication and Notifications**

- Automation of a letter regarding 18-year-old children still attending school was implemented. The letter is now automatically generated and sent to both the custodial and noncustodial parent ninety (90) days prior to the child in his/her case turning eighteen (18). This information is essential to whether the child support order should extend beyond the child's 18<sup>th</sup> birthday according to NC General Statutes.
- Implementation of technology that sends text notifications to parents regarding important case information and updates. This technology was implemented in August 2022 and provides child support participants with the ability to opt-in for text alerts via the Child Support Portal. Participants can opt-out of these alerts at any time using their mobile device. Participants have the ability to customize the type of information they receive by choosing from any of the following categories of text alerts:
  - Case alerts include reminders about upcoming hearings/appointments and returning documentation related to the Notice of Impending Review and the 18-Year-Old letter.
  - Financial alerts include notifications of disbursed payments and reminders that support is due and of past due support.
  - Informational alerts include notifications of office closures or relocations and Child Support Awareness Month.

## Worker Portal Enhancements

In SFY 2025, NCCSS implemented key updates to the CSS Worker Portal to improve internal operations and employer communications:

- **Online Manual Migration:** The Child Support Online Manual was transitioned from the legacy mainframe system to the Worker Portal. The outdated *Preference* software, which supported Field Help (F1) and Screen Help, was replaced with *Easy Help*, aligning with modern support tools.
- **National Medical Support Notice (NMSN):** All NMSN functions were removed from ACTS and implemented on the Worker Portal. This includes the ability to send the NMSN and termination notices electronically to employers enrolled in the NMSN process. All notices (manual and electronic) are now created and processed on the Worker Portal. Information included in the Notice is sourced directly from the Automated Collection and Tracking System (ACTS). Prior to printing, notices may be reviewed for accuracy and deleted if corrections are required within ACTS. This cost-saving feature reduces errors and postage costs. Electronic delivery also accelerates the process of adding or terminating insurance coverage for children.

Additional enhancements and reports were added to the Child Support Services Worker Portal to assist with the program as follows:

- Ability for case managers and supervisors to download various reports into Excel.
- Parents Portal Document Upload Statistical Report details the total number of documents uploaded per document type by both the custodial parent (CP) and NCP.
- Mail Addresses for Custodial and Noncustodial Parents Report detail the current “MAIL” address for active participants in OPEN cases. This report can be used to send mass mailings.
- Online Application Document Upload Statistical Report details the total number of documents uploaded per document type by the customer completing the online application.
- Direct Deposit Data Statistical Report provides the Applicant Name, Master Participant Identification (MPI) number, Direct Deposit Date, Status and Action (Submitted, Completed, Rejected), the Account Type for the direct deposit, and Last Updated By (worker ID). This report is for Electronic Funds Transfer (EFT) workers only.
- The Financial Data Institute Match (FIDM) Levy Data Report was added to the worker portal for downloading capability into an Excel format.
- Multi-Factor Authentication (MFA) which is used to mitigate security risk and protection, was added as another security level for the worker portal.
- NCX CLOUD was implemented on the worker portal to assist workers with the download of NCCSS ACTS Reports on the portal.
- Our eCustomer Service Tracking system was moved to a new platform to allow customers to submit complaints, questions, and concerns about their case to the NCCSS Customer Support team. Through this system custodial and non-custodial parents can submit concerns, questions and complaints for research and response. The system tracks and records the type of inquiry and the response.

- The news area on the Worker Portal was enhanced to allow the NCCSS Functional team the ability to upload pictures from the counties to the Worker Portal in celebration of Child Support Awareness Month.
- A Background Check Report was developed for the NCCSS Security team to run a report that is sent to the local counties to alert them of the five-year benchmark for background checks for employees required by IRS Publication 1075.

### **Parents Portal Enhancements**

- Guidance and tutorial videos were incorporated to assist parents in navigating and finding information.
- A Survey Feature was added allowing registered customers to submit a survey regarding their experience using the website, and their experience with the case manager, program and services received.
- Additional links were added for Domestic Violence and Access and Visitation resources.
- Google Maps feature was added to provide directions to local child support offices and clerks of court locations to assist users.
- Tutorial videos, in both English and Spanish, were also added. These videos provide instructions for customers on case information and submission of electronic direct deposit.
- Administration for Children and Families (ACF) “Find Services for Fathers and Families” flyer link was added to the portal. This link allows fathers to access the website to view outreach materials and services for fathers and families.
- NC Department of Information Technology (NCDIT) link for NCID Information for Individuals and Businesses was also added to the Parents Portal. This link allows customers to view their NCID information by clicking the link located under “Using the Portal” on the website. This site provides helpful resources and videos for customers.
- NC ePass link for information on applying for NC benefits and services was added. This link is found under the Additional Resources section of the website. Customers can apply for medical assistance, food & nutrition services, energy assistance or TANF-Work First.

To further support customers, the NCCSS Parents Portal received several updates:

- Child Support FAQs: A new link provides comprehensive answers to common questions from custodial and noncustodial parents, and employers.
- Custodian Memorandum of Understanding: Integrated into all application formats (online, fillable PDF, and ACTS-generated), allowing applicants to indicate concerns about the inclusion of the custodial parent and child(ren)’s address in child support orders that establish or modify child support.
- Customer Satisfaction Survey Enhancements: This report was updated to include the submission date and the associated county, improving feedback tracking and analysis.

NCCSS continues its journey towards modernization of ACTS. The modernization of ACTS is a multi-year project. A Request for Proposal to conduct a business case analysis for the

modernization project was approved by the ITGB. The first phase, the planning phase, officially kicked off in February 2021 and was completed in February 2022. The following activities were accomplished during the planning phase:

- Relevant stakeholders were identified.
- Analysis of current business procedures thoroughly documented.
- Completed analysis of current systems.
- Conducted a Request for Information (RFI) to survey the market for information and recommendations from the vendor community regarding modernizing North Carolina's statewide child support system known as the Automated Collection Tracking System (ACTS).
- Completed a code assessment for ACTS.
- Identified new system requirements.
- Completed the to-be business process analysis using a human-centered approach. This method allowed NCCSS to re-imagine the child support experience in order to uncover opportunities for process and policy improvements that guide technology decisions.
- Completed the to-be system analysis.

As the program moved into State Fiscal Year 2023, NCCSS met with the Information Technology Governance Board in early November 2022 to present their case for approval to move forward with the next phase of the modernization of ACTS and that approval was obtained. The NCCSS program also received \$750,000 in recurring state funds via the 2023 Appropriations Act.

Since SFY 2025, the team has been exploring an incremental approach to system modernization. Focus groups were conducted which were comprised of state, county, and IT Division staff, meeting in person to brainstorm and identify improvements for a modernized statewide system. Participants included each category of worker in the child support life cycle - administrative, managerial, establishment, and enforcement staff.

The insights gathered from these sessions are currently being compiled to help determine which system areas should be addressed first. This information will also be used to estimate costs and assess whether the objectives can be achieved internally or from an external vendor.

As federal regulations and requirements are revised, NCCSS will continue to evaluate the needs and enhancements needed for the child support program. Projects and enhancements will be prioritized and implemented based on expenditures and the availability of funds.