Report on Plan Requiring Child Care Subsidy Payment Recipients to Cooperate with County Child Support Services Programs

to

Joint Legislative Oversight Committee on Health and Human Services

and

Fiscal Research Division

Session Law 2015-51

February 1, 2016

North Carolina Department of Health and Human Services
Division of Child Development and Early Education
and
Division of Social Services

Session Law 2015-51, Section 1. (a) Provides:

The General Assembly of North Carolina enacts:

SECTION 1.

(a) It is the intent of the General Assembly that the Department of Health and Human Services, Division of Child Development and Early Education (DCDEE) and the Division of Social Services (DSS), implement a process requiring child care subsidy recipients to participate in child support services programs. To that end, DCDEE and DSS shall develop a plan requiring a custodial parent or other relative or person with primary custody of the child who is receiving child care subsidy payments to cooperate with county child support services programs as a condition of receiving child care subsidy payments. In developing the plan, the DCDEE and DSS shall, at a minimum, consider each of the following:

(1) The number of child care subsidy cases that would be referred to county child support services programs.
(2) Whether there are any disparities between child support services programs administered directly by the county department of social services versus those programs administered by a vendor through a contract with the county department of social services, specifically as related to maintaining consistent communication.
(3) The access and exchange of information between county child support services programs/systems and child care subsidy services/systems and any differences that may create a conflict in coordinating child care subsidy payments with child support services.
(4) Any implementation issues related to IV-D child support cases versus non-IV-D child support cases.
(5) Any impact on the families involved and the need to incorporate good cause exceptions for cooperation with county child support services programs similar to those for Temporary Assistance for Needy Families (TANF) and Medicaid.
(6) Any costs to implement the plan, including any automation costs associated with connecting the child care subsidy payments system to the child support payments system.
(7) The development of any forms needed to implement the plan.
(8) Transition time needed to implement the plan and to coordinate any interface with current systems, such as the North Carolina Automated Collection and Tracking System (NC ACTS) and North Carolina Families Accessing Services through Technology (NC FAST).
(9) Any training needs and costs associated with training.
(10) Other states that have implemented a similar plan as proposed in this section.
(11) Other programs of public assistance in this State requiring coordination with child support services programs.
(12) The need to update any current policies or procedures related to child care subsidy payments and child support payments.
(13) Any other issues DCDEE or DSS deem relevant.

SECTION 1.(b)

The Division of Child Development and Early Education and the Division of Social Services shall submit a report on the plan, along with any recommendations, to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division no later than February 1, 2016.

North Carolina Department of Health and Human Services, Division of Child Development and Early Education and the Division of Social Services

Proposed Plan to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division to Require Participation in Child Support Services for Child Care Subsidy Assistance Eligibility

North Carolina Session Law 2015-51 requires the Division of Child Development and Early Education (DCDEE) and the Division of Social Services (DSS) to develop a plan for requiring that participants in the subsidized child care assistance program also participate in the Child Support Services (CSS) program; and that DHHS provide a progress report on the plan to the Joint Legislative Oversight Committee.

In order to determine how to effectively implement this change, the Department recommends implementation of a statewide demonstration project without automation support for one year. This time will allow DHHS to evaluate and better estimate the ongoing technology needed for this change.

As of July 2015, there were approximately 75,000 children receiving subsidized child care, of which, an approximate 27,271 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.[1]

Administration of the program is not a concern. All child support cases are required to be handled in compliance with all federal laws and regulations, State statutes and Division policies and procedures.[2] Child Support services are limited to IV-D or non-IV-D cases that are classified as public assistance (PA) or non-public assistance (NPA) cases. Each of these types of cases have varying implementation challenges and requirements for service and current availability of information and automation.

IV-D vs Non IV-D cases:[3]

- IV-D cases are child support cases managed by each county's Child Support Services agency. The cases are received either by a referral or an application for services.
- Non IV-D cases are child support orders that are not managed by a county's Child Support program. Non IV-D cases are handled by the Administrative Office of the Courts (AOC) in each county.

PA vs NPA cases:

- Public assistance (PA) cases include individuals who are also receiving Temporary Assistance for Needy Families (TANF), called Work First, foster care services, and/or Medicaid benefits.[4]
- Non-public assistance (NPA) cases include individuals who are not receiving TANF or Medicaid and have submitted an application for Child Support Services to manage their child support case(s).

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 (TANF, Medicaid and Foster Care). DCDEE's child care subsidy assistance program is expected to become part of NCFAST by October 2016. 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 require the development of an additional interface process to ensure that both programs and their

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[1] Question 1: The number of child care subsidy cases that would be referred to county child support services programs.

[2] Question 2: Whether there are any disparities between child support services programs administered directly by the county department of social services versus those programs administered by a vendor through a contract with the county department of social services, specifically as related to maintaining consistent communication.

[3] Question 4: Any implementation issues related to IV-D child support cases versus non-IV-D child support cases.

[4] Question 11: Other programs of public assistance in this State requiring coordination with child support services programs

accompanying systems are provided accurate and timely information. Since a non-public assistance (NPA) case referral does not currently exist, the interface will be modified to support the new process. Subsidized child care IV-D case referrals that include child(ren) who are also receiving public assistance would require a new identifier for child support.[5]

Public assistance recipients that are referred to the Child Support are not assessed an application fee. DCDEE child care subsidy IV-D referrals for non-public assistance recipients would be assessed an application fee for child support services. Non-public assistance (NPA) cases have an application fee assessed of $10 if below, or $25 if above the Federal Poverty Guidelines, based on the applicant's monthly income. Child Support fees cannot be waived and cannot be offset, per federal regulations, nor can Child Care and Development Fund block grant funds be used to pay fees. All assessed fees would be the subsidized child care recipient's responsibility.[5]

A statewide demonstration project will allow time to determine the impact of the child support cooperation requirement for participation in subsidized child care assistance. Factors to be considered in evaluation of the demonstration project include:

- The number of applicants for whom the requirement was presented who actually followed through with child support application and applied for and received subsidized child care assistance.
- The number of families exempted from this requirement through good cause exceptions.
- The number of families who begin receiving child support and become ineligible for subsidized child care assistance as a result of their increased income or family status.
- The number of families enrolled in the subsidized child care assistance program at the beginning of the demonstration project who exit due to imposed requirements for child support cooperation.

As stated, the Department recommends that the demonstration project continue for no longer than one year due to the increased administrative work required on the Counties and the State due to the lack of technology. During this one year period, the Department, along with the Counties, would refine detailed program requirements for an automated process, allowing the information technology (IT) solution to more accurately reflect the program's needs. The demonstration project would also enable the Department to collect data, understand the reporting requirements necessary to monitor the program and determine the impact to families. This information will be reported back to the General Assembly with a detailed project plan and associated cost.

Based upon 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. Based on the best information available today, a high level estimate for the effort is approximately $1.75M. [6] (ACTS implementation cost is approximately $500,000 and NC FAST implementation cost is approximately $1,250,000) [7]

The two programs' information technology 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

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[5] Question 3: The access and exchange of information between county child support services programs/systems and child care subsidy services/systems and any differences that may create a conflict in coordinating child care subsidy payments with child support services.

[6] Question 8: Transition time needed to implement the plan and to coordinate any interface with current systems, such as the North Carolina Automated Collection and Tracking System (NC ACTS) and North Carolina Families Accessing Services through Technology (NCFAST).

[7] Question 7: The development of any forms needed to implement the plan.
Question 6: Any costs to implement the plan, including any automation costs associated with connecting the child care subsidy payments system to the child support payments system

- Modifications to NCFAST
- New and revised documents.
- New and revised data reports.

DSS and the DCDEE will develop and train all impacted parties on new policies and procedures for child care referrals. Workgroups will be formed that include County staff in order to develop these new policies and procedures. DCDEE will be responsible for dissemination of information to inform families impacted by this change.[8]

Potential impacts on families receiving subsidized child care assistance may include a variety of outcomes, some of which will potentially improve families' situations, and some which may potentially create additional challenges.[9]

- Collecting child support for some families could result in their having income above the limit for child care subsidy and thus making them no longer eligible for the program.

- An increased child support caseload may, in some counties, impact their current time for processing child support cases. This impact is expected to be minimal due to the low percentage of increases in new cases.

- Parents may find the child support application fee a deterrent to applying for child care subsidy assistance, and the State or specific counties could see a decrease in subsidized child care applications. Additionally, there could be families who choose not to apply for child care assistance due to the requirement to identify and pursue parents for support of their minor child(ren). For parents who are already receiving child support payments through an informal support agreement or through Clerk of Court arrangements (not through Child Support Services), there may be a prohibitive concern that would deter families from applying for child care subsidies in fear of potentially upsetting agreements that are 'already working.' Should these families choose to remove themselves from the subsidized child care assistance program altogether, then there could be an accompanying risk of children being placed in lower quality, illegal, or unregulated care.

DCDEE researched other states that have implemented required subsidized child care assistance referrals to Child Support Services. In researching, an article written in 2005 by the Center for Law and Social Policy (CLASP) was reviewed. The article listed twelve states that had implemented the requirement that subsidized assistance child care recipients comply with Child Support Services. DCDEE staff contacted the twelve states, receiving responses from five of the twelve, as noted below.[10]

The chart provides the state's child care division's contact information along with information specific to their state's experiences upon requiring subsidized child care assistance recipients cooperate with child support services.

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[8] Question 9: Any training needs and costs associated with training.
Question 12: The need to update any current policies or procedures related to child care subsidy payments and child support payments

[9] Question 5: Any impact on the families involved and the need to incorporate good cause exceptions for cooperation with county child support services programs similar to those for Temporary Assistance for Needy Families (TANF) and Medicaid.

[10] Question 10: Other states that have implemented a similar plan as proposed in this section.

State	Basic IVD Provision	Alternative Provided	Time Frame	Fee Waived	Good Cause Exemption	Current Status of Requirement
Connecticut	Custodial parent must agree to apply for IV-D services for child care subsidy	Yes - If support is being actively pursued through private legal means or the family is already meeting a TANF/ Medicaid child support cooperation requirement	Not later than the first re-determination after the initial date of eligibility.	Yes	Yes - TANF standards apply	Memo issued 3/27/06 citing hardship on families & providers.
Minnesota	Applicants/ participants must assign the child care portion of their support order to the state and cooperate	Must use state system	Not addressed	Fee is waived if the family is receiving Public Assistance	Yes – TANF standards apply	State provided email with child support policies.
Mississippi	Parents must apply for IV-D services in order to receive a child care certificate	No	A form, signed by the IV-D agency verifying that the parent has applied for or is already receiving IV-D services must be included in the child care certificate application package	No. A $25.00 fee is charged for each absent parent	No – good cause exemption	Spoke on phone. Agency verifies if there is an open case, holds child care application open until verification is complete.
Montana	NON-TANF families with absent parents must apply for services from the state child support agency	Yes- If the absent parent is paying support pursuant to an order recognized by a Montana District Court.	Not specified	Not addressed	Yes – A household may claim good cause using the state's TANF definition.	No response to inquiry. Information gathered from State website
New York	Caretaker must demonstrate that child support is being actively pursued	Yes – If support is being actively pursued through other legal means.	Documentation must be provided by applicant/recipients.	Not addressed	Yes - Exemption is provided for those who can demonstrate that pursuing child support would affect the health, safety or welfare of the child/ household.	**NOTE:** No current requirement- Requirement repealed July, 2009. No explanation provided.

Child Support Cooperation Requirements and Public Benefits Programs: An Overview of Issues and Recommendations for Change. Roberts, P. (2005). Center for Law and Social Policy

Summary

The Department could be prepared to implement this change effective January 1, 2018, if so directed by the General Assembly. The Department recommends a statewide one-year demonstration project in order to test and solidify policies and procedures prior to implementing technology changes needed for this ongoing effort.

To sustain this effort long term, technology is required. At the end of this one-year period, the Department will report back to the General Assembly on the establishment of this new requirement with a detailed project plan, including costs.[11]

[11] Question 13: Any other issues DCDEE or DSS deem relevant.