



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

November 1, 2019

SENT VIA ELECTRONIC MAIL

The Honorable Joyce Krawiec, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 308, Legislative Office Building
Raleigh, NC 27603

The Honorable Josh Dobson, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 307B, 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

Dear Chairmen:

Session Law 2017-57, Section 11C.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 no later than November 1 of each year. 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 Susan Osborne, Assistant Secretary for County Operations, at Susan.Osborne@dhhs.nc.gov.

Sincerely,

Mandy Cohen, MD, MPH
Secretary

| | | | | |
|-----|----------------------------------------------------------|-----------------|--------------------|----------------|
| cc: | Kody Kinsley | Susan G. Perry | Dave Richard | Ben Money |
| | Tara Myers | Rob Kindsvatter | Marjorie Donaldson | Zack Wortman |
| | Matt Gross | Hattie Gawande | Joyce Jones | Lisa Wilks |
| | Katherine Restrepo | Steve Owen | Denise Thomas | Deborah Landry |
| | Erin Matteson | Theresa Matula | Mark Collins | Jessica Meed |
| | reports@ncleg.net | Luke MacDonald | | |

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AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

November 1, 2019

SENT VIA ELECTRONIC MAIL

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

Dear Director Trogdon:

Session Law 2017-57, Section 11C.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 no later than November 1 of each year. 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.

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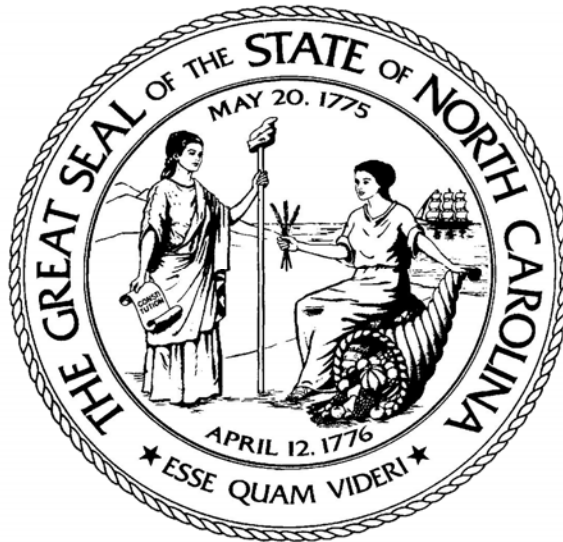
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North Carolina Child Support Incentives – Proposed Plan
Session Law 2017-57, SECTION 11C.6.(d)



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

November 01, 2019

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

- retain up to fifteen percent of the federal earned incentives;
- review the incentives methodology;
- prepare the incentives 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 was renewed, without amendments, in 2017 under North Carolina Session Law 2017-57, Section 11C.6(d).

Retained federal incentives

Under Session Law 2017-57, Section 11C.6 (d), NCCSS retained fifteen percent of the federal 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 |

Incentives methodology

The incentive workgroup made up of state and county child support professionals that was established at the time legislation was enacted has reviewed the incentive calculation method to determine if there were any needed changes to how the federal incentive dollars were disbursed to the counties. Based on their review, the incentive workgroup does not recommend any modifications to the logic used in the incentive calculations. Beginning in State Fiscal Year 2020, the incentive workgroup will be 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.

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 needed updates. 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 has been retained for reinvestments into the Child Support Program for the last four State Fiscal Years. 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 has been collaborating with the Information Technology Division (ITD) to provide a description of technical needs, an analysis of options, proposed information technology solutions, timelines and cost, and how initiatives will be prioritized and implemented. The State will continue to work in conjunction with the PMLC regarding implementation for all changes, enhancements and updates, including setting priorities for each.

Since its inception, NCCSS has completed several technology projects, and has initiated additional projects set to be implemented in the coming months. The following is a list of actions that have been completed:

- A multi-year project timeline was developed for executing the enhancements.
- Cost estimates, along with documented functional and technical requirements were completed.
- 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).
- Improvements were made to the design of the 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 is now in-line with the North Carolina Identity Management process.
- To assist local offices in searching for Non-Custodial Parents (NCPs) who are failing to pay their court ordered child support on a regular and consistent basis, or who are avoiding service in the effort to obtain an Order, a contract was established with a company that specializes in location services. Through this contract, the local offices have been able to focus their efforts on cases that require specialized intervention to collect child support, resulting in parents meeting their obligations and increased collections.

- A *Request to Pursue IT Initiative* has been approved by the Information Technology Governance Body (ITGB) to allow the Program to seek alternative payment solutions, that will provide end users with the capability to submit child support payments to NC Child Support Services by way of cash, check, or debit/credit card utilizing one or more payment services including an interactive self-service kiosk, an interactive voice response system, mobile application, and/or walk-in payment sites. This will allow for more payment options, increasing the convenience for paying support which will increase child support collections.
- Enhanced functionality in the existing Automated Collection and Tracking System (ACTS) for our Professional License Match was completed in September 2018. This improvement removes redundancies and improves procedures when local offices are seeking to suspend or revoke an occupational, business, or professional license held by a delinquent NCP.
- Entered into a Contract with two programmers for website design.
- Implemented a new Administrative Offset Program that will allow Child Support Services to intercept certain federal payments through the U.S. Department of Treasury's Financial Management Service (FMS). The Administrative Offset Program has improved collections by providing the ability to intercept payments made to private vendors who perform work for a government agency, federal retirement payments, and relocation and travel reimbursements owed to federal employees who are behind on their child support obligation.
- System improvements also included new fields created to allow caseworkers to record cell phone numbers and email address for customers.

As the program progresses into its fourth year, the following enhancements are either in development or set to begin:

- A secure mobile optimized website for use on a smartphone or tablet that will allow our customers to access their case information, request an appointment with their caseworker, make a payment, seek a review and modification of their order, upload documents, and many other features is being developed and set for release January 31, 2020.
- A Document Generation solution is currently being assessed and a *Request for Information* (RFI) is being submitted to the Information Technology Governance Body (ITGB) and is projected to be released December 2019.
- The redesign of the eChild Support and enhancement of the North Carolina Child Support Portal continues, with Phase II set to launch January 2020.
- The revision of our process for submitting NCPs for quarterly offset with the IRS.
- Additional system enhancements to include:
 - Increased automated generation of documents;
 - Revision of court order documents;
 - Changes to the proration methodology for payments received through intergovernmental agencies; and
 - Development of additional payment options to assist those parents who are self-employed, between jobs, or needing to make an additional

payment. These options offer convenient methods for payment such as digital or mobile wallets, pay by phone, payments using the secure mobile optimized website, and walk-in payment options.

Future improvements that are still being considered for implementation after the current year include:

- Enhancing the customer service call center capabilities.
- System modernization that will allow:
 - Enhanced reporting tools to provide the ability to view, evaluate, analyze, and diagnose a variety of child support case attributes;
 - Provide staff with access to more robust information on which to base decisions and child support actions;
 - Provide managers tools to assist in their decision making;
 - Improved data analytics to increase performance and collections for families; and
 - Expansion of ACTS to include a location request link to the State Services Portal.
- Interface with the Department of Vital Records.
- Research additional tools, such as an interface with CLEAR location solutions, to improve collections.
- A Request for Proposal for the modernization of ACTS through re-platforming and/or re-factoring.
- Research and implement technology that sends text notifications to parents regarding important case information and updates.

The above referenced projects will be prioritized and implemented based on project expenditures and the availability of funds.

As federal regulations change, and systems requirements are revised, NCCSS will continue to evaluate the needs and enhancements for the child support program.