



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

KODY H. KINSLEY
SECRETARY

May 1, 2023

SENT VIA ELECTRONIC MAIL

The Honorable Donny Lambeth, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 620, 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 308, Legislative Office Building
Raleigh, NC 27603

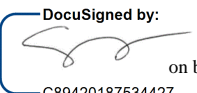
The Honorable Larry Potts, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 307B1, Legislative Office Building
Raleigh, NC 27603

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. 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 John Furnari, Program/Policy Analyst, at John.Furnari@dhhs.nc.gov.

Sincerely,

DocuSigned by:

on behalf of Kody H. Kinsley
C89420187534427
Kody H. Kinsley
Secretary

cc: Mark Collins Joyce Jones Katherine Restrepo Luke MacDonald
Lisa Wilks Amy Jo Johnson Francisco Celis Villagrana Theresa Matula
Jessica Meed Nathan Babcock Fred Aikens Todd Barlow

WWW.NCDHHS.GOV
TEL 919-855-4800 • FAX 919-715-4645
LOCATION: 101 BLAIR DRIVE • ADAMS BUILDING • RALEIGH, NC 27603
MAILING ADDRESS: 2001 MAIL SERVICE CENTER • RALEIGH, NC 27699-2000
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May 1, 2023

SENT VIA ELECTRONIC MAIL


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

Dear Director Matteson:

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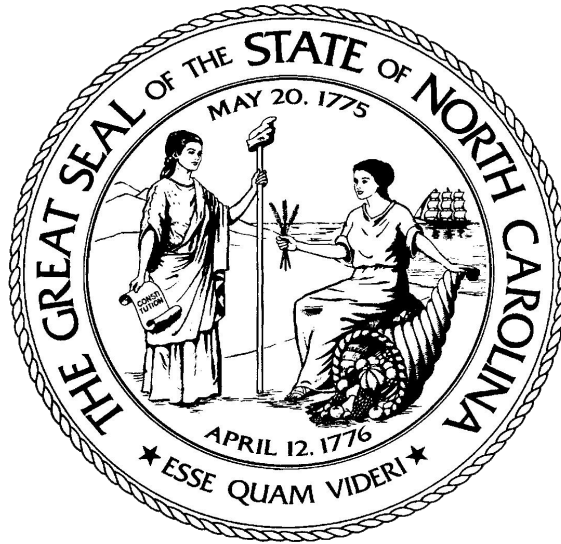
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North Carolina Child Support Incentives – Proposed Plan
Session Law 2017-57, SECTION 11C.6.(d)



Report to
Joint Legislative Oversight Committee on
Health and Human Services
and
Fiscal Research Division

By

North Carolina Department of Health and Human Services

May 1, 2023

Background

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
SFY 2020	\$14,458,422	\$2,168,763
SFY 2021	\$14,749,886	\$2,212,483
SFY 2022	\$14,164,650	\$2,124,698

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 2022 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 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 annually for reinvestments into the Child Support 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 cost, and how initiatives will be prioritized and implemented.

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 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.

- The *Request to Pursue IT Initiative* was granted by the Information Technology Governance Body (ITGB) to allow the Program to seek additional payment solutions. These new options 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 site. Expanding the payment options offers greater convenience for our noncustodial parents to pay child support and leads to an overall increase in child support collections. These new payment options launched in August 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. Allowing our customers to easily 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.
- 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 determine whether the child support order should extend beyond the child's 18th 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 the ability to opt-in for text alerts via the Child Support Portal. Text alerts come from "NCCS Text Alerts" and 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 Management 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 obligation
 - Informational alerts include notifications of office closures or relocations and Child Support Awareness Month
- Additional enhancements and reports were added to the Child Support Services Worker Portal to assist with program activities as follows:
 - Excel - ability for case managers and supervisors to download reports into Excel - Six additional reports were added to this feature in March.
 - Parents Portal Document Upload Statistical Report - This report details the total number of documents uploaded per document type by both the Custodial Parent (CP) and the Noncustodial Parent (NCP).
 - Mail Addresses for Custodial Parent and Noncustodial Parent - This report details the current "MAIL" address for active Noncustodial Parents and

Custodial Parents in all OPEN cases. This report can be used to send mass mailings.

- Online Application Document Upload Statistical Report - This report details the total number of documents uploaded per document type by the customer completing the online application.
- Direct Deposit Data Statistical Report - This report provides the Applicant Name, MPI#, 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.
- Financial Data Institute Match (FIDM) - Added the FIDM levy data report to the worker portal for download capability into an Excel format.
- Multi-Factor Authentication (MFA) - To mitigate security risk and protect data MFA was added as another security level for the worker portal.
- NCXCLOUD-Implemented on the worker portal to assist workers with the download of Child Support Services ACTS Reports on the portal.

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.
- Complete analysis of current systems.
- Conducted a Market Analysis which includes a Request for Information (RFI) being submitted 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 will allow NCCSS to re-imagine the child support experience in order to uncover opportunities for process and policy improvements that guide technology decisions. Conduct the Completed to-be system analysis.
- Completed the to-be system analysis.

As the program moves into state fiscal year 2023, NCCSS will meet 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. Once approval is obtained, the next step in this process will be to seek funding from the North Carolina Legislature.

It is worth noting that this modernization effort 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.

Future improvements that are still being considered for implementation include:

- Enhancing the Child Support Services Parents Portal.
- Enhancing the customer service call center capabilities.
- Interfacing with the Department of Vital Records.
- Researching additional tools, such as an interface with CLEAR location solutions, to improve collections.

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.