



Kansas Legislative Research Department

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To: Special Committee on Child Support Enforcement and Collection

From: Chardae Caine, Fiscal Analyst

Re: History of Child Support Enforcement Privatization

HISTORY OF CHILD SUPPORT ENFORCEMENT PRIVATIZATION

This memorandum provides an overview of the privatization of child support enforcement within Kansas, including general background information and Legislative Division of Post Audit (LPA) reports released.

Under Governor Graves, the Kansas Department of Social and Rehabilitation Services privatized the collection of child support payments in 2005. Establishing paternity and support orders remained state functions of the Department until 2013, until Governor Brownback's administration moved to a fully-privatized enforcement and collection model.

LPA Reports

Comprehensive Automated Eligibility and Child Support Enforcement System (1990)

Fifteen years prior to the privatization of child support payments, the LPA conducted an audit on the Comprehensive Automated Eligibility and Child Support Enforcement System (system). One of the questions for this audit included "Why has [the system] cost more and taken longer to implement than initially planned?"

Prior to the system, the State used manual data and paper to conduct the two components of the system: automated eligibility and child support enforcement.

Automated Eligibility

The system automated calculations for eligibility determinations and benefit amounts. It also automatically generated notices to clients about approval, denial, and reinstatement of benefits.

Child Support Enforcement

The system was also used to manage cases. It contained information about the location and employment status of the absent parent, paternity data, information about the court orders involved in the case, and basic identifying information about all adults and children involved. The system automatically generated notices to employers to verify employment and earning status, generated lists of support payments that were past due, generated bills to absent parents who did not have support payments withheld from paychecks, and allocated any payments received between current responsibilities and arrearages.

Audit Findings

The audit found the system took longer to complete than planned because the Department underestimated the amount of time required to add the medical benefits program to the system, as well as the amount of time needed for testing. The audit also noted Kansas' efforts to automate child enforcement were similar to other states developing automated child support enforcement systems; auditors contacted a sample of these states and found similar cost increases and schedule delays.

Examining Child Support Enforcement Activities in Kansas (1996)

In February 1996, another audit of child support enforcement by LPA was published, prompted by the following questions received by legislators:

- How effective is the child support enforcement system in Kansas?
- Is the child support enforcement system in Kansas designed to collect child support payments at the lowest possible cost?

The findings for the first question determined that:

- Compared with surrounding states, Kansas ranks highest on the number of child support cases that have some collections, but above average on the percentage of total child support owed that is collected;
- Within Kansas, child support collections have increased over the past five years, although collection rates vary significantly by area office;
- Through its child support collection efforts in 1995, the Department recouped around \$9 million of the amount paid out to public assistance recipients;
- Conflicts between the Department and the Office of Judicial Administration and court trustees appear to have had a negative impact on the effectiveness of the system;
- Upon review of 159 cases, problems were found in 1 in 5 cases;

- A lack of basic management information hampers the Department's ability to know how effectively the system is operating;
- Department staff surveyed offered a number of reasons why they thought the system was not as effective as it could be, including high caseload numbers, lack of access to phones and computers, lack of access to all information sources needed to find absent parents and employers, and legal issues. Custodial parents surveyed also identified problems with the system that decreased its effectiveness; and
- Other states have taken a number of steps to increase the effectiveness of their child support enforcement programs.

The findings of the second question determined that:

- Based on available data, it appears Kansas has spent more than the national average and spent more than surrounding states for each dollar collected;
- The Department's collection efforts appear to cost about the same as collection efforts by the court trustees it contracts with, although the efficiency of individual court trustees varied;
- There was very little overlap among the services provided by the Department and the court trustees it contracts with; and
- Five comparison states have somewhat different structures for their child support enforcement programs, but those that contract with private agencies usually contract for more extensive child support enforcement services than Kansas.