

# DCF LEGISLATIVE TESTIMONY



*November 9, 2021*

## **TESTIMONY OF**

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Kansas Department for Children and Families

## **TESTIMONY ON**

Kansas IV-D Performance Measures

**Chair**

Senator McGinn

**Vice Chair**

Representative Humphries

**and**

**Members of the Committee**

## Verbal Testimony Following Slideshow

Chair McGinn, Vice Chair Humphries, and Members of the Committee, Good morning. Thank you for inviting me to testify today regarding the Kansas IV-D program.

The IV-D program began in 1975 when a new Title IV was added to the Social Security Act which begins at 42 U.S.C. 651. Kansas established the IV-D program in 1976 with authority set out at K.S.A. 39-753.

Included with your materials is a IV-D brochure and the enrollment form that families need to complete to receive IV-D services. A more comprehensive CSS handbook is available online at the DCF website. This enrollment form is completed by anyone who seeks out the IV-D program as well as those who are required to participate in the IV-D program per K.S.A. 39-709. Currently recipients of TANF, child care, food assistance, some medical, and foster care are required to participate with the IV-D program.

The Kansas IV-D program has had a variety of operational methodologies applied throughout its history. The State Disbursement Unit became a requirement and from the start the Kansas Payment Center has been a contracted service. (The vendors have been Tier Technologies, JPMorgan (2007), JP Morgan transferred the contract to YoungWilliams in 2010, and in 2011 YoungWilliams competitively bid for the contract. It was rebid in 2017.)

The daily operations of the IV-D program have comprised a mixture of service delivery. It is my understanding that until 1997, it was a fully state operated program. Then, in 1997 the area of legal enforcement was competitively bid. However, a contract was awarded in 21 of the 31 judicial districts. In judicial districts that did not have a contractor, this work was done by state staff. State staff established all new parentage and support orders. Once a case had an order (either through a private order such as a divorce or through the IV-D establishment teams) it shifted to the contractor in those 21 counties. This methodology worked very similar to the Court Trustee model.

In 2007, the CSS Customer Service Call Center opened in Halstead after a competitive bid process. It was competitively rebid in 2015 and ended 9/30/21 as a standalone component.

In September 2013, the daily service delivery model shifted and is referred to as full privatization. This change meant that both establishment and legal enforcement in all judicial districts was now done by a contractor. The full service contractors were supported in their work by the stand alone call center that did not have any requirement to do casework, their role was to only answer questions from customers per the case management system. If a question could not be answered, in essence a phone message was taken and forwarded to the case worker to return the call within the time requirements. CSS Administration had a varying role in casework with certain centralized roles remaining in CSS Administration to touch first and then pass along to the caseworkers to complete. This model was in place for FFY 2014 through FFY 2021.

In 2019, we contracted for an independent evaluation of the operations of the program. That report shaped the Request for Proposal that was issued in January 2021 this year.

OCSE is our federal partner and they are housed within the Department of Health and Human Services. OCSE sets procedures to review programs, approves state plans, audits the programs as well as providing training and technical assistance. They also gather a variety of data from the submission of required reporting by the IV-D programs.

Each state child support program operates differently within the federal parameters. In 1996, changes occurred to the program with the implementation of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) which implemented Temporary Assistance for Needy Families (TANF) and updated the requirements for TANF recipients to participate with the IV-D program to receive benefits. Child support was identified as a long-term solution for children to receive financial stability. In 1998, Congress enacted the Child Support Performance and Incentive Act (CSPIA) (P.L. 105-200). A key provision was the requirement that states meet performance standards to receive incentive funds. Kansas has tracked its performance since 2001 using these performance measures. The five performance measures are Paternity Establishment Percentage, Support Order Establishment, Current Support Collection, Arrearage Collection, and Cost Effectiveness Ratio.

Child support reports annual statistics on the federal fiscal year which is October 1<sup>st</sup> to September 30<sup>th</sup>. Our annual reporting occurs in October and November. OCSE provides an annual report based upon the prior year reporting. The most recent is FFY 20. On this chart, you will see how Kansas ranks in comparison to the other states and territories programs of which there are 54.

We will look at Kansas historic performance individually.

Cost-Effectiveness – This measure how many IV-D child support dollars were collected versus how much was spent on IV-D administration of the program. This slide is from 2013 forward. The chart on slide \_\_\_ has the actual dollar amount for each year. Our cost effectiveness increases throughout the fiscal year with the final being calculated at the end of each fiscal year. The performance of 2020 we believe to be influenced by the Economic Impact Payments as throughout the contract the remaining years have been steady around \$5.50.

Paternity Establishment Percentage – There are two options – IV-D or Statewide PEP. Kansas has elected to use Statewide PEP. This measure compares the total number of children born out of wedlock in Kansas during the preceding fiscal year to the number of minor children who had parentage established or acknowledged in the fiscal year. This slide captures the history of the numbers that make up the equation. This slide shows the reported performance measure percentage. Due to the criteria for the equation, it is possible to exceed 100%. Kansas reports annually Statewide PEP but tracks IV-D PEP throughout the year. There has been continued increase in this performance measure. We started at 77% and have trended upwards with our best ever showing in FFY 2019 with a 102%.

Support Order Establishment – This compares the number of cases that have a support order in place against the total IV-D caseload. This slide captures the history of IV-D cases and cases with a support order. This slide shows the reported performance measure percentage. The open IV-D cases shows a trend line down while the cases with orders has a trend upwards since 2000. This mirrors the national trend of a smaller IV-D caseloads. The gap is narrowing which is reflected in the percentage. We believe the downward trend in 2019 and 2020 is a result of the pandemic and the impact to the judicial system. Recovery will likely be in line with how the judicial system recovers and we anticipate it gradually trending up.

Collections on Current Support – This compares the amount of current support collected versus the total amount of current support owed in the IV-D caseload. Slide \_\_\_ is the program history for this performance measure. Slide \_\_\_ is the same measure since FFY 2013. In 2001 we were at 54.7% and in 2020 we were at 57.9%. The history shows a gradual up and down with the peak of 58% in FFY 2019. This area is an area of struggle for Kansas.

Collection on Arrears - This compares the number of child support cases that made a payment towards an arrears balance versus the total number of cases in the IV-D caseload that owe arrears. The equation looks at IV-D cases with arrears due and total IV-D cases that made a payment towards arrears in the fiscal year. This indicator demonstrates how influenced arrearage collection may be by outside events. The dramatic increase is believed to be tied to the various pandemic relief initiatives included round of the Economic Impact Payments. This slide shows the performance since FFY 2013. Kansas had a gradual trend up but then beginning in 2009 after the aid from the Great Recession ended, a trend downwards occurred. The sharp spike between 2019 and 2020 is believed to be due to the first round of Economic Impact Payments which allowed IV-D programs to offset as a federal tax offset.

The IV-D program operations are currently privatized. Privatization has been in the Kansas IV-D program since the 1990s in one form or another, with full privatization adopted in 2013. Mississippi is the only other state that has undertaken full privatization, but many other states have aspects of their program that are privatized. In 2020, the independent report of Midwest Evaluation was inconclusive on whether or not privatization worked. However, one key finding was that the stand alone call center was not helpful to IV-D families or IV-D caseworkers. Therefore, in 2020, CSS was faced with a choice. They could continue with a known structural problem in their contracts or they could rebid for a shorter term and a new model to determine if privatization didn't work or if the model of privatization was the issue. Therefore, CSS Admin undertook a cultural change and thorough review by identifying barriers to giving full ownership to the IV-D caseload to their contractor as well as the issues that were identified by the evaluation and through our internal knowledge of case management. Our focus became not the overall federal performance which are in part linked to things outside of our control but a focus on what outcomes were directly within the contractor's control such as staff retention, customer service, and ensuring compliance with time frames and procedures. The end result was the following:

- 1) A three year term contract with single year options to renew – we felt three years gave us two years of solid data to review and with single year options we had time to rebid and/or formulate other models of service delivery.
- 2) Into these contracts were specifics to address program operations:
  - a) Maintain federal performance based upon an average which accounted for the pandemic in the most recent fiscal year when the contracts went out to bid.
  - b) Customer service expectations and a penalty per event of unresolved escalations
  - c) Full case ownership with specifics for case management such as call center calls to be escalated internally to reach resolution on the caller's schedule and regular case reviews.
  - d) The requirement to have adequate staffing levels and single points of contact for specific program needs.
  - e) Outreach requirements – visits to all communities where there is a currently a DCF office at least monthly and outreach positions to work with communities to assist families to connect to resources may be a payor connected to an employer or payee to services for immediate needs such as rent or food.
- 3) Shorter time period for first term (three years) as three years allowed us to complete phase one of the re-platforming to a new code and time to build/determine data elements that may be missing that would be essential to future data pulls. We would also have a better knowledge of what needs CSS Admin may need to include in future contracts to assist with future phases to ensure current caseworker knowledge was included or actual program or staffing needs if reconfiguration is needed.

Now, let's look at some specific language in the 2021 IV-D contracts that began October 1, 2021. First, we captured the caseload and call volume for each judicial district so that contractors knew what they were bidding on. Next, we included some requirements for key staff and the minimum experience. The contractors determined their own staffing needs in their bids, but we are holding them to a retention rate.

CSS identified a core need for the program was to ensure that cases are regularly reviewed. Cases without orders are to be reviewed at minimum every six months and complete a detailed review in the case management system. Cases with orders are to be reviewed at minimum every 12 months and complete the same detailed review. Further, a change was made that all actions in the case should be narrated within 24 hours of it occurring. Ideally, actions are narrated at the same time they occur, but accommodation had to be made for court hearings or other events that may occur out of the office where a worker does not have access to the case management system.

CSS has minimum reporting criteria for each of the call centers. In addition, additional reports may be required of the contractors going forward.

Customer Service was an area of concern identified by the Midwest Evaluation. There is a requirement for each vendor to have an escalation process so that customer issues are resolved as quickly as possible. Each contractor is required to have a dedicated ombudsman as well. Further, CSS will be developing a customer service survey to provide the opportunity for immediate feedback for customers. A specific protocol was established for Ombudsman issues. In addition, customer service issues can become a charge to the contractor after the process is followed and issues within the contractor's control are not addressed.

Last a baseline of performance was set for the federal performance measures. This is an annual review after the final report is submitted to OCSE. However, these are tracked monthly by CSS Administration to identify trends. The baseline was included in the RFP. It does reference IV-D PEP which is the number we track monthly as it is a good indicator of what will happen with Statewide PEP. Statewide PEP is only calculated once a year and will be the performance measure used.

CSS Administration will be tracking the trend lines on federal performance monthly. In addition, we will be completing case reads to ensure that the procedure is followed from case samples. Our first meetings on performance will occur in January with the contractors individually to review what we found in November and December case reads as well as the trend of first quarter FFY 21 on the performance measures. Our schedule in year one will be to meet every quarter or as needed. In January, we will be discussing case openings timeliness, legal referrals, modification timeliness, case reviews, ombudsman reports, the federal performance measure in their judicial districts and monthly call center reports. As the year develops, we will adjust as needed to add in or remove topics. Our case reads in year one will be focused on things that are within the contractor's control for case management. However, we will be noting things that are outside of their control such as court hearings being rescheduled or delayed in scheduling. Next fall, our focus will shift to review the federal performance measures to ensure that the baseline was met after our annual reporting is submitted in October 2022. At that time, we will also identify any changes for our quarterly reviews for year two.