



Minnesota Department of **Human Services**

Minnesota Department of Human Services Child Support Enforcement Division (CSED) Analysis of Service Delivery Model (ASDM) Project

Existing Service Delivery Model Assessment — (Deliverable #2)

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Executive Summary

Project Overview and Objectives

- 1 The State of Minnesota Department of Human Services Child Support Enforcement Division (CSED) is responsible for managing one of the top performing child support enforcement programs in the United States. The success of the program is evidenced by its strong performance in a number of the federal performance measures and, more importantly, by the outcomes it has created for Minnesota's families and citizens.
- 2 Despite this historical track record of success, CSED has lagged behind its peers in the cost effectiveness of its program administration. Accordingly, CSED decided to undertake a comprehensive effort to assess the structural effectiveness, efficiency, and viability of the Child Support Program in Minnesota. The objective of this review is to identify one or more alternative service delivery models that would allow the state to manage the most cost effective program possible and still maintain the state's high level of performance for Minnesota's families and children, while complying with all federal requirements.
- 3 The business environment surrounding child support enforcement has changed significantly in recent years. Increasing customer service demands from constituents, rising case loads, increased competition for incentive funding, and the recent reduction in federal matching funds for federal incentives, although temporarily reinstated, are causing states like Minnesota to re-evaluate whether child support services can be more effectively delivered through improved service delivery models or service channels. This Analysis of the Service Delivery Model (ASDM) Project is a mechanism to identify how Minnesota may be able to improve the efficiency and effectiveness of its child support program while maintaining or improving the program's overall performance.
- 4 This document represents the completion of the second phase of the ASDM Project, and the second deliverable. This *Deliverable #2: Existing Service Delivery Model Assessment* is significant because it assesses CSED's current service delivery and how the existing service delivery model aligns with the program's strategic objectives. The options presented in this deliverable present CSED with alternatives to consider in deciding whether to select an alternative service delivery model. It is CSED's selection of a particular option, if any, which will lead to the preparation of *Deliverable #3: Implementation Plan*, a description of the tasks necessary to successfully implement the selected new service delivery model.

Our Approach to Deliverable #2

- 5 We approached this assessment by exploring the five core aspects of a child support program's service delivery model, as identified in Figure 1.

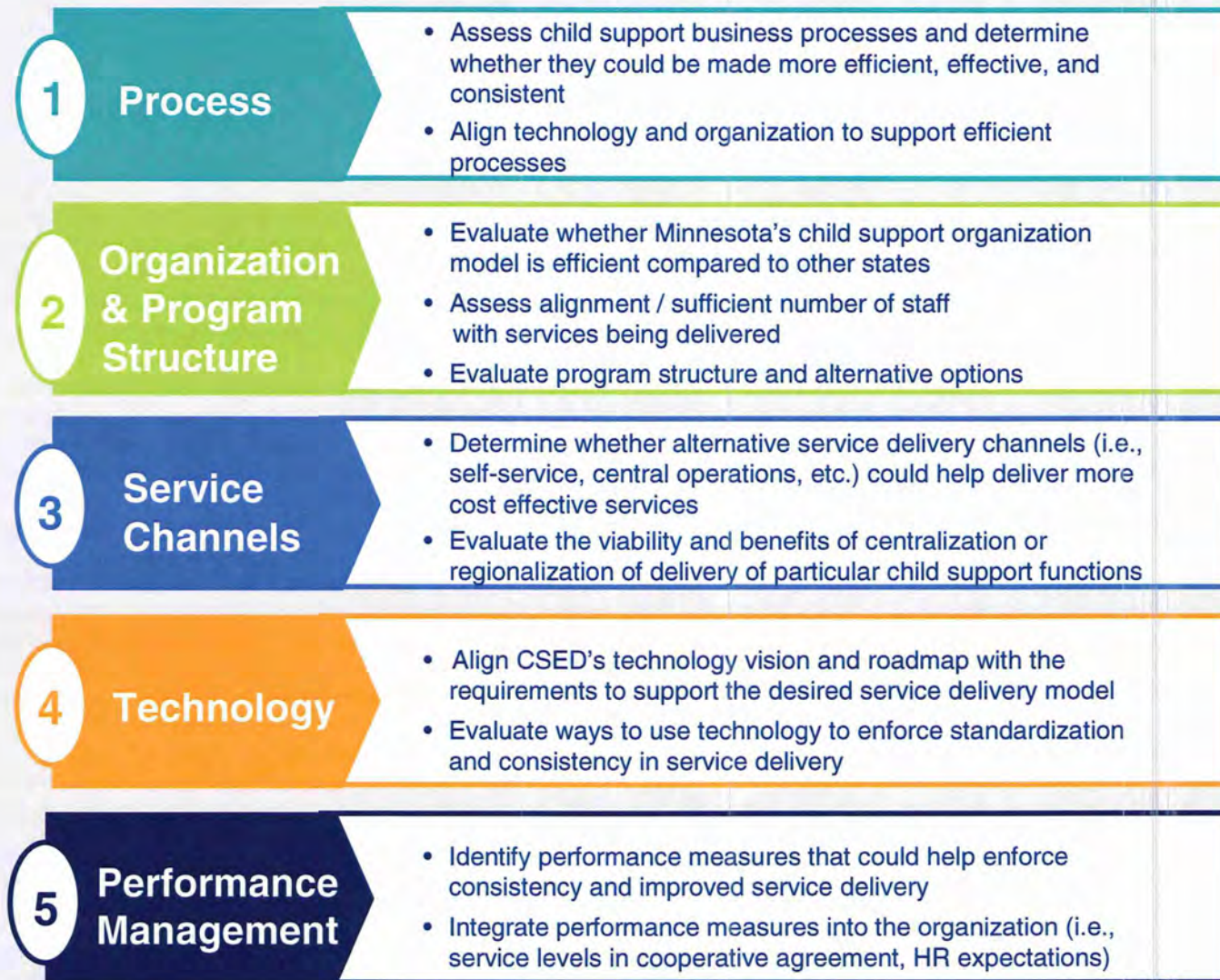


Figure 1: Five Core Aspects of a Child Support Program

- 6 We examined and assessed each of these five core aspects through Assessment Sessions, documentation review, industry analysis, and the development of a modeling tool which allowed us to identify and assess the impact of proposed changes.
- 7 Our Service Delivery Model Assessment methodology consists of six phases, as detailed in Figure 2. The flexibility of the methodology has allowed us to accelerate the service delivery model assessment by leveraging the pain points and recommendations from the Policy BPR Project. Leveraging the Policy BPR Project data has provided continuity of thought about the future vision for Minnesota's Child Support Program.

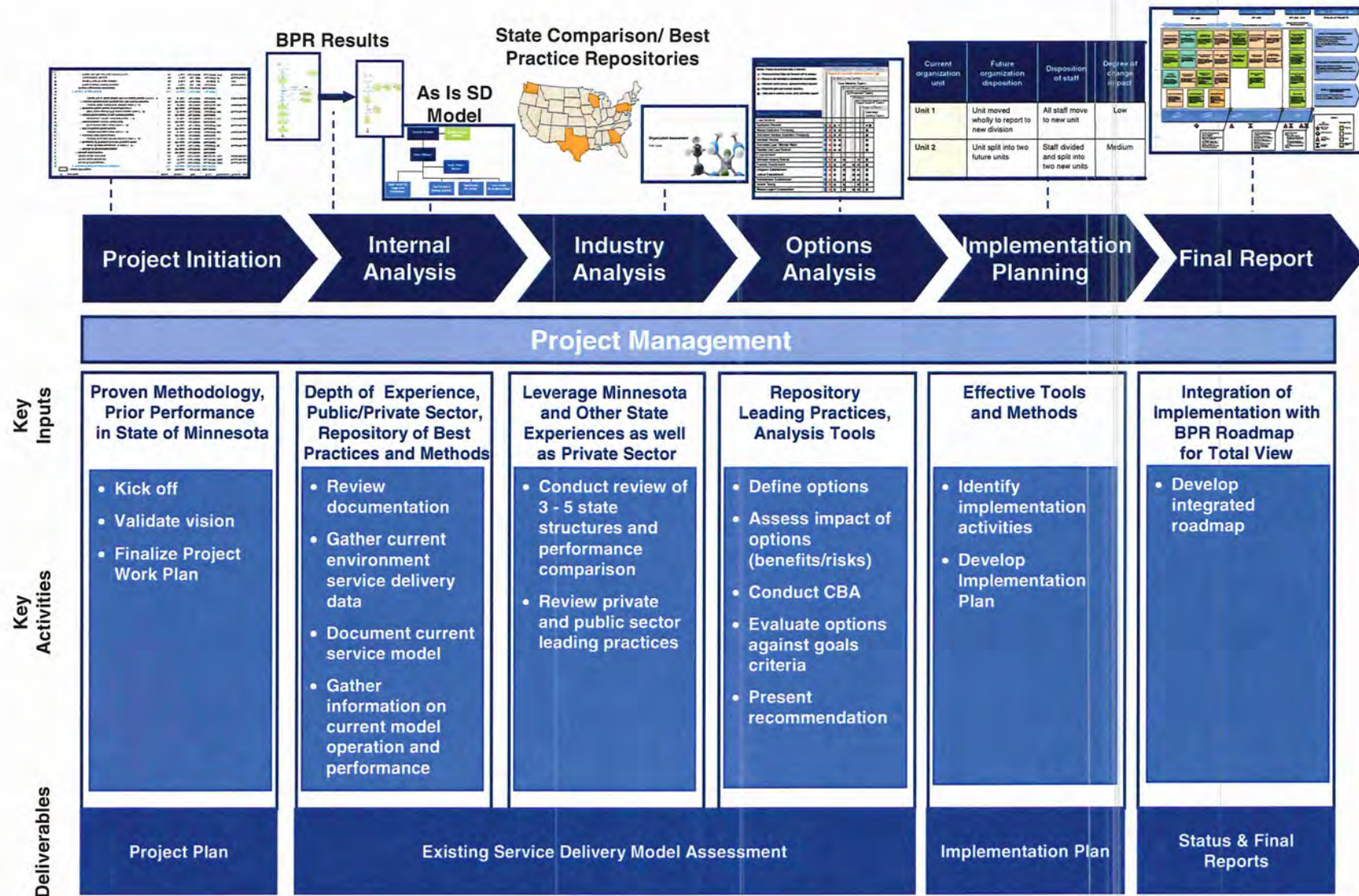


Figure 2: Service Delivery Model Assessment

benchmarking study of five states and a review of service delivery practices; and Options Analysis, including the creation of Option Profiles for each proposed option and the preparation of the associated cost benefit analysis (CBA) and return on investment calculations (ROI). Figure 3 describes the three phases conducted in performing this assessment.

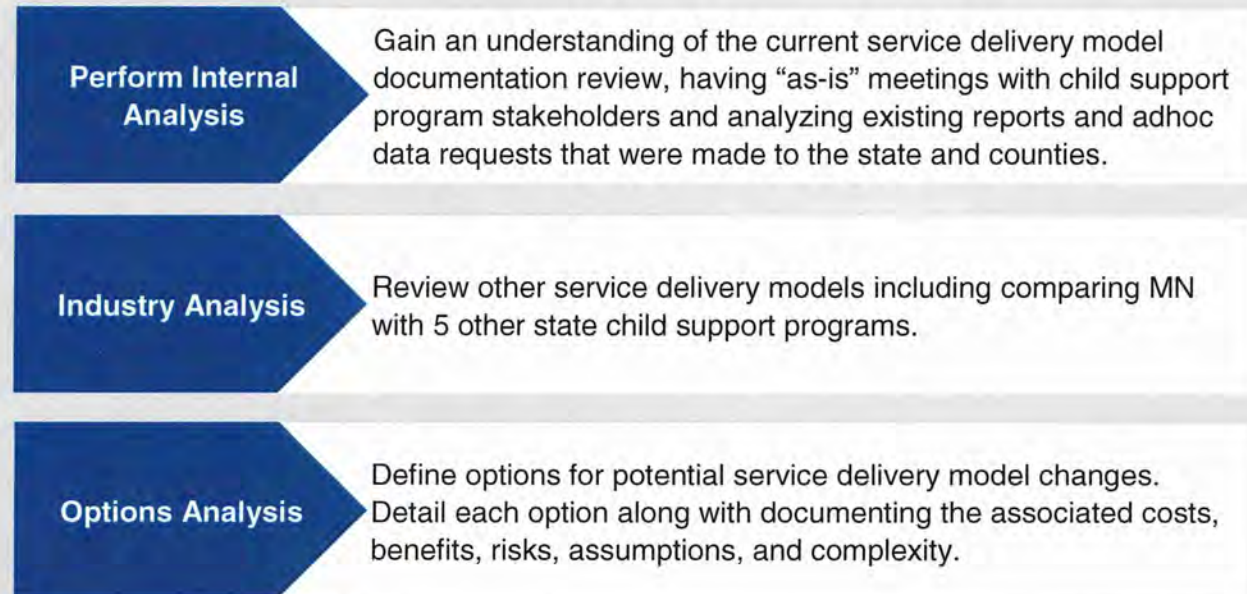


Figure 3: Service Delivery Model Assessment Methodology Phases Contained within the Existing Services Delivery Model Assessment

- 9 This approach proved to be an efficient and effective method to assess the current service delivery model. Working with CSED, the counties, and the judiciary, Deloitte conducted 22 Assessment Sessions and targeted interviews to validate our understanding of the current environment and to share ideas for future improvement. This collaborative and interactive approach informed our analysis by providing diverse points of view about the current service delivery model.

Summary of Current Service Delivery Model and Program Performance

- 10 The current service delivery model for the Minnesota Child Support Program is a state supervised, county operated program. Under this model, the Department of Human Services, through CSED, is the single state agency under the federal requirements to administer the Child Support Program and ensure compliance with federal regulations. However, local services are delivered through the counties, usually under the auspices of the county social service boards, with the notable exception of Ramsey County in which the county child support services are delivered through the Ramsey County Attorney. Under the existing model, the county attorneys also play a significant role in providing the necessary legal services to the program under cooperative agreements with the county child support program. Other service providers include county services for service of process, genetic testing providers, and the state judiciary who provides magistrates for Expedited Process proceedings and other child support proceedings under an intergovernmental agreement with CSED. Under this agreement, the judiciary provides eight full-time and 28 contract magistrates to hear these proceedings which are funded by the Child Support Program through a combination of state general funds and federal financial participation (FFP).
- 11 Under the existing service delivery model, Minnesota has historically been a high performing child support program. While there are many different metrics which can be used to measure the performance of a child support program, state child support programs are generally measured on their performance under the federal performance incentive measures.
- 12 In 1998, Congress passed the Child Support Performance Incentives Act (CSPIA), which established five primary measures to drive the performance of each state's child support program. Under CSPIA, Congress created financial incentives for state child support programs to attain high success rates under the measures by allocating federal incentive awards for strong outcomes. The Federal Office of Child Support Enforcement (OCSE) monitors state performance, ensures reliable data, and oversees the distribution of federal incentive dollars based on how well a state ranks compared to the collective performances of all other states. There is a set dollar pool for each fiscal year, and every state competes for its share. This means the incentive amount a state receives is dependent upon the state's performance improvement relative to the overall rate of improvement in other states.
- 13 The five federal performance measures are:
 - **Paternity Establishment** - Percentage of children born out-of-wedlock for whom paternity is established
 - **Support Order Establishment** - Percentage of open cases with a child support order established
 - **Collections on Current Support** - Percentage of current support owed that is collected when due
 - **Collections on Arrears** - Percentage of arrears cases with arrears collections
 - **Cost Effectiveness** - Total collections compared to total program cost
- 14 Table 1 shows Minnesota's performance over the last four federal fiscal years (FFY) for each of the CSPIA performance measures.

Year	Paternity Establishment	Support Order Establishment	Collections on Current Support	Collections on Arrears	Cost Effectiveness
FFY 2005	96.1	82.1	69.3	66.1	4.22
FFY 2006	96.5	82.5	68.8	66.2	4.05
FFY 2007	96.4	82.4	69.2	67.0	4.01
FFY 2008 (unaudited)	97.4	84.3	70.1	68.3	3.92

Table 1: Minnesota Three-year Performance – Federal Performance Measures

- 15 While Minnesota performs well on four of the five federal performance measures, its overall cost effectiveness of program administration continues to decline. In FFY 2008, Minnesota fell below 4.00 to 3.92, which could result in an estimated loss of federal incentives to the state of approximately \$231,000. When coupled with the temporarily restored federal financial match on incentives, this translates into a potential loss of \$693,000.
- 16 The factors driving this declining cost effectiveness are twofold: collections have remained relatively flat while program expenditures have increased at a rate greater than the increase in collections. As shown in Figure 4, Minnesota's collections have increased by an average of 1.5% annually since 2004, while Minnesota's program expenditures have increased by an average of 2.5% annually in the same period.

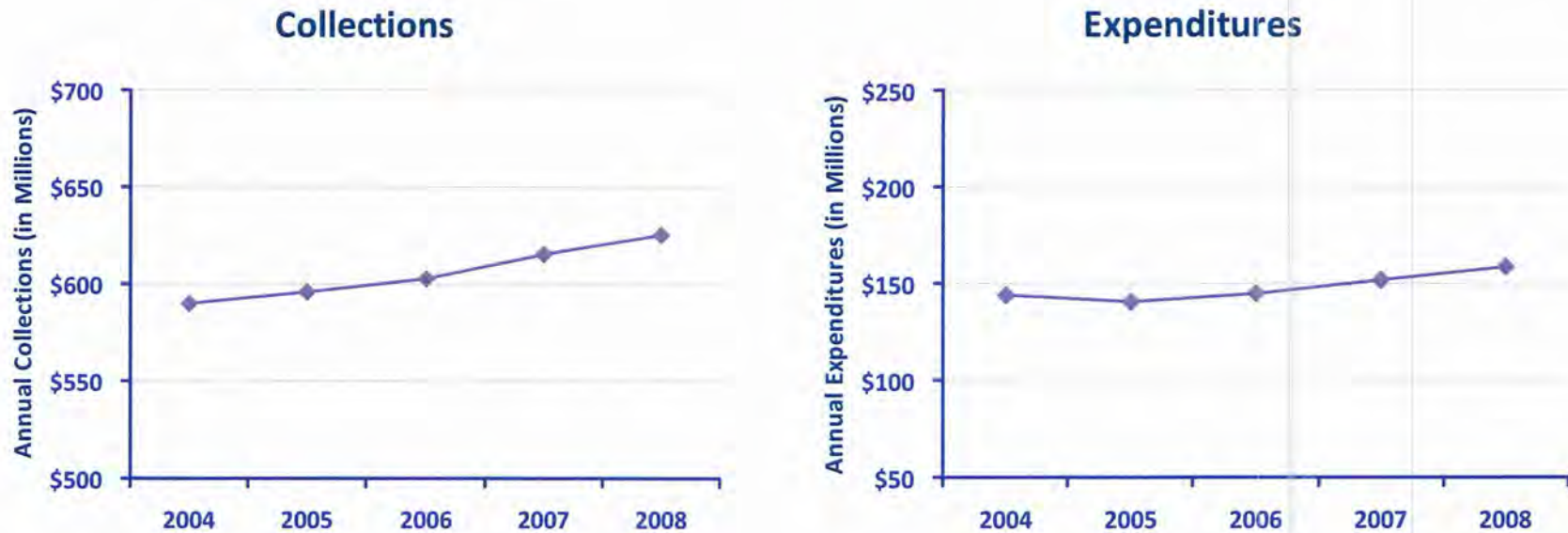


Figure 4: Collections and Expenditures Increases 2004-2008

- 17 Expressed as a percentage change from the prior year, the difference between collections increase and expenditures increase becomes more apparent, although overall program expenditures declined in SFY 2005 compared to SFY 2004. Even with that decline, comparing the annual change in collections and expenditures, Figure 5 illustrates that program expenditures are increasing at a faster rate than the overall increase in collections.

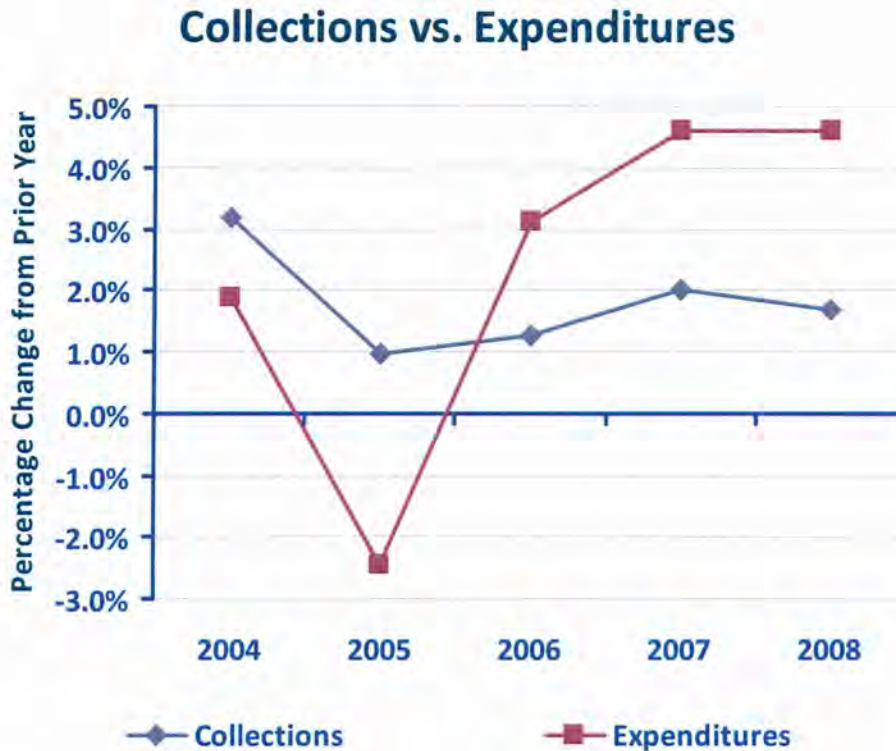


Figure 5: Rate of Annual Collections and Expenditures Increase

- 18 In examining the factors contributing to the increase in overall program expenditures, an analysis of expenditures at the state and county level shows that the growth in expenditures is primarily occurring at the county offices and is driven by salary increases and increases in indirect costs that are outpacing the rate of increase in direct costs. Figure 6 provides a comparison of the increases in costs and the changes in staffing levels at the state and county levels. This comparison illustrates that expenditures and staffing at the state office have remained relatively constant while expenditures and staffing have increased in the county offices. Therefore, the expenditure element of the cost effectiveness ratio is impacted more heavily by expenditures at the county level than the state office.

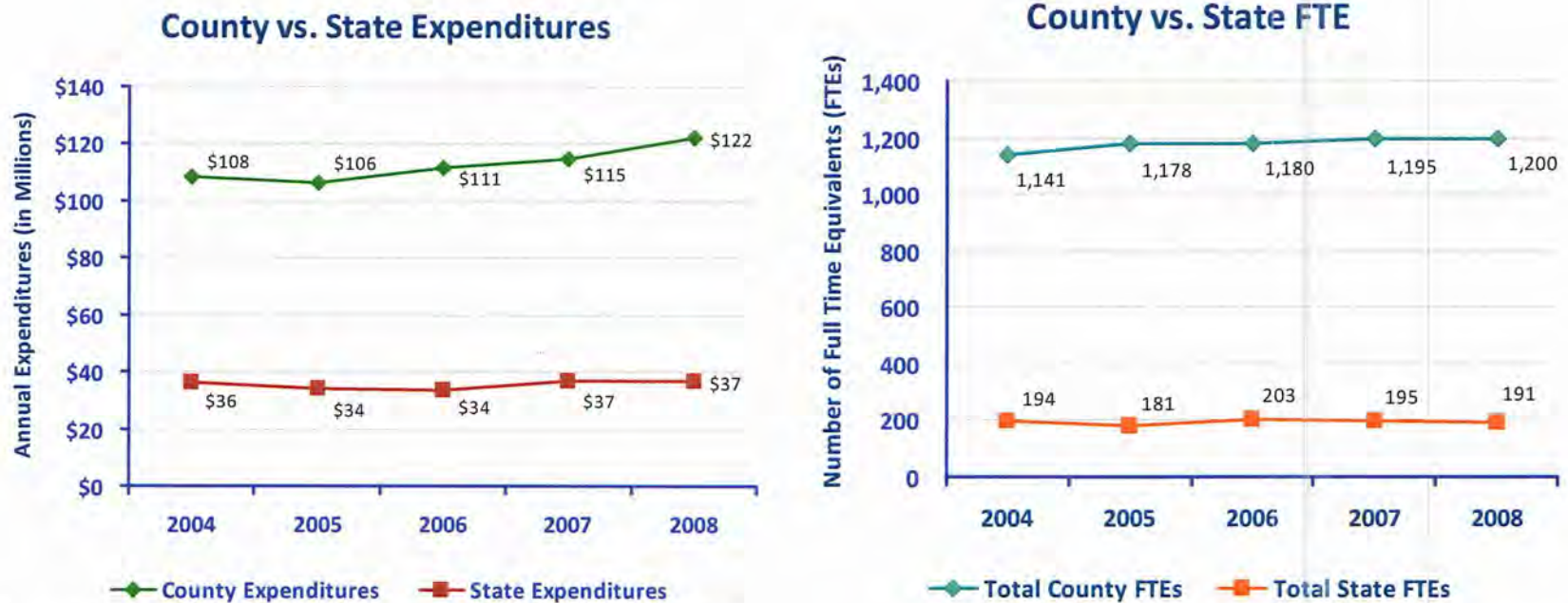


Figure 6: County and State Expenditure and FTE Trends 2004-2008¹

- 19 Examining the increase of costs at the county level by separating direct costs from indirect costs provides a view of the drivers for the increase in costs at the county level. Direct costs consist primarily of salaries and general operating expenses associated with providing child support services. Indirect costs are those county expenditures for general services and facilities which are charged to the Child Support Program and submitted for federal funding. Given the relatively high rate of federal financial participation for child support costs (66%), there is a tendency for counties to perceive that it is in their financial interest to allocate indirect costs to child support as much as is legitimately justifiable. Figure 7 illustrates the comparative increase in direct and indirect costs at the county offices. The increase in indirect costs is the result of changes in the county cost allocation plans which, over time, have increased the allocation of costs to the Child Support Program.

¹ State expenditures include intergovernmental agreement with the courts for magistrate services. FTE numbers do not include cooperative agreement FTEs.

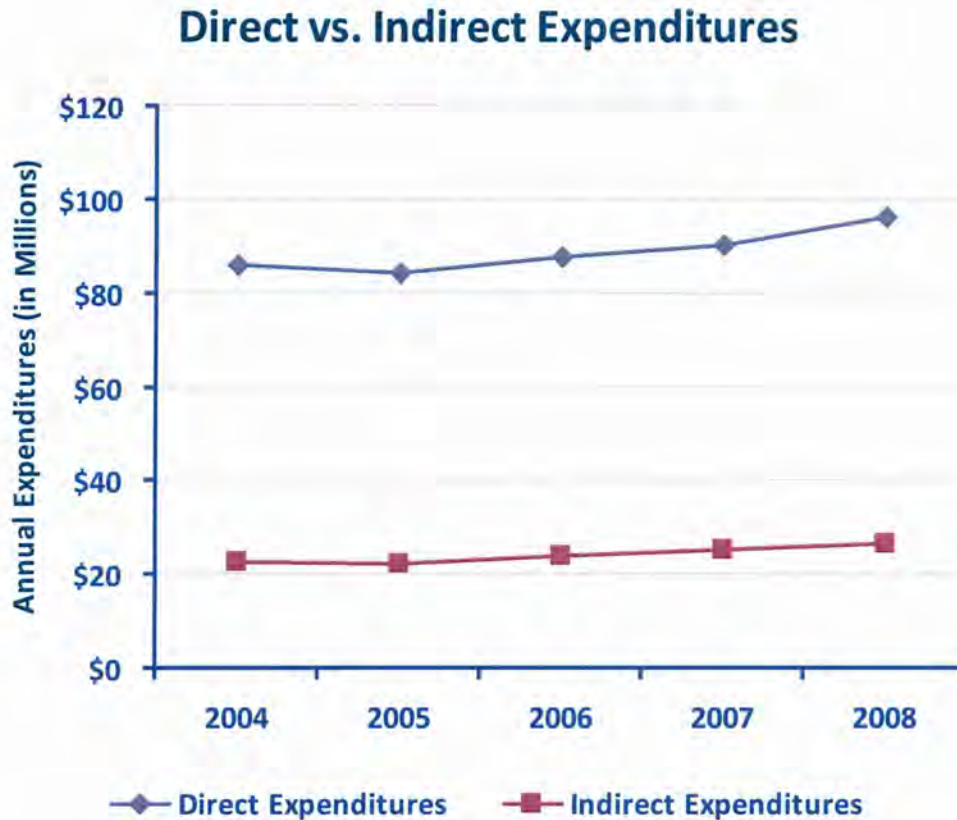


Figure 7: Direct and Indirect County Expenditures 2004-2008

- 20 Although indirect costs are increasing, the bulk of county expenditures and the higher rate of cost increases are associated with direct costs. As is the case with most child support programs, salaries are the largest element of county expenditures for child support, as the primary resource for the Child Support Program is the employees who deliver the program's services. As salary expenses in the majority of counties (57) are governed by labor agreements, the increase in salary expenses is dictated more by the terms of those agreements than by an increase in the number of FTEs or general economic inflation. Figure 8 illustrates the comparative rate of increase of salaries and benefits, other direct costs, and indirect costs which are contributing to the increase in overall county expenditures.

Salaries & Benefits vs. Other Direct vs. Indirect Expenditures

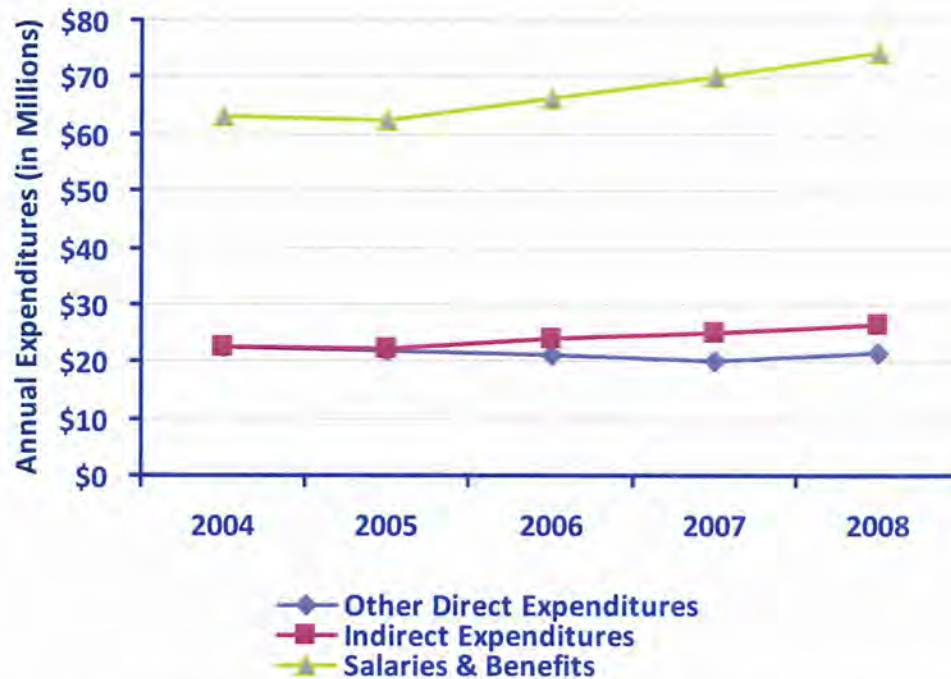


Figure 8: County Expenditures- Salaries & Benefits, Direct and Indirect Costs 2004-2008

- 21 The overall trend of expenditures increasing faster than collections and depressing overall cost effectiveness emphasizes the need for this analysis of the service delivery model. The current service delivery model, while providing quality services in many areas of the program, is delivering those services with declining efficiency and cost effectiveness.
- 22 A particularly dramatic indicator of this trend is the cost effectiveness ratio of increased program expenditures. Each additional dollar spent on the program in SFY 2008, when compared to the increased collections for SFY 2008, had a cost effectiveness ratio of 1.47. Figure 9 illustrates the decline in this marginal return on investment; in other words, the cost effectiveness of each additional dollar spent on the program compared to the annual increase in collections. The result of this trend for Minnesota as a whole is that it is costing more each year to achieve essentially the same results. Factors which contribute to this trend include the inability for the program as a whole to allocate or focus resources on initiatives which may increase collections and the inability to control overall program expenditures across multiple state and county cost centers.

Marginal Return on Investment

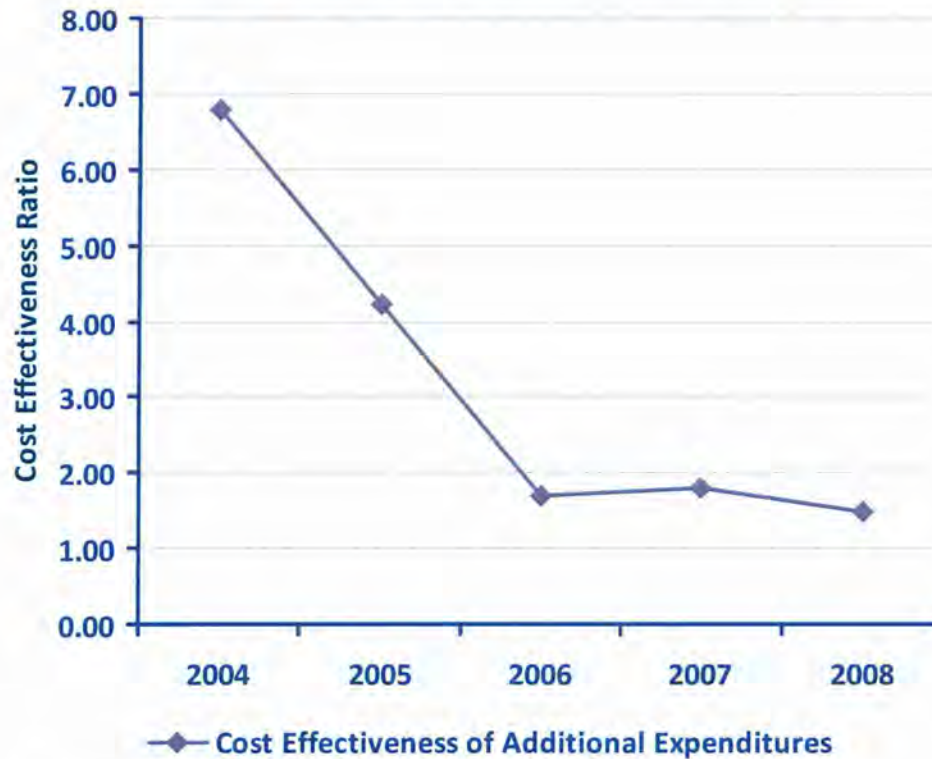


Figure 9: Marginal Return on Investment 2004-2008

- 23 These trends in declining cost effectiveness could be addressed through a consideration of changes in the service delivery model to improve the efficiency of providing child support services. Cost effectiveness is a function of total collections and program expenditures. Under the current service delivery model, efforts to increase total collections are dependent upon achieving cooperation between CSED and the 84 independent county offices to focus resources on those efforts. Similarly, the current service delivery model does not support control of program expenditures, as those expenditures are set by 84 independent county governing boards and two state cost centers, CSED and the courts. Accordingly, absent a change in the service delivery model, overall cost effectiveness will likely continue to decline with the consequence of a continued loss of federal incentives.

Key Questions and Answers

24 In the Request for Proposal (RFP) for this project, CSED asked that the following questions be addressed in this deliverable:

- **Is Minnesota's structure more complex than necessary?** Yes, the current service delivery model relies upon a complex interrelationship between independent governmental agencies including the state executive branch, county governments, county attorneys, and the judiciary. This structure relies upon the coordination and cooperation of one state agency, CSED, 84 county child support offices, 87 county attorney offices, and the court system. Excluding the judiciary and other related service providers such as the sheriffs who provide service of process, the current model has 172 different service providers. For the customer and the public, this results in an often bewildering mix of agencies providing fundamental child support services.
- **How does Minnesota's administrative program structure differ from other states?** Minnesota differs from other states in two critical ways, as a state supervised, county operated program, its governance structure is loosely defined and the delivery of legal services is provided by independent county attorneys who may not regard the IV-D program as their primary client. Minnesota is one of many states which are state supervised and county operated; 24 states have some form of service delivery in which local services are delivered by an independent local governmental agency, whether county, court trustee, county attorney or prosecutor, or some combination thereof.

However, the trend over the life of the IV-D program nationally since 1975 has been to either strengthen the governance controls with the county operated service providers or to move away from this model altogether towards full state administration of the IV-D program. Examples of both of these trends are Pennsylvania, which continues to be county operated but has instituted robust governance controls for the county service providers, and North Dakota, which changed from a county operated program to full state administration in 2007.

Additionally, the manner in which legal services are delivered in Minnesota differs from other states in the degree of independence exercised by the county attorneys and the manner in which the expenditures for legal services are set. Other states have statutory language or specific agreements which clearly delineate the role of the program's attorneys and establish the IV-D program, rather than the county, as the client in the attorney / client relationship.

- **Are there best practices from other states that Minnesota should adopt?** Yes, there are many service delivery options which Minnesota could adopt to streamline its service delivery and increase its overall cost effectiveness. These practices are identified in the Industry Analysis and Options Analysis sections of this deliverable. Concerning the underlying structure of the service delivery model, a key leading practice is to take measures to increase the consistency in both the delivery of child support services and improve the cost effectiveness of the delivery of those services. In the Option Analysis section, we present three different service delivery options that could provide varied degrees of improvement in the consistency of services delivered and of the cost effectiveness of the program.
- **Is the Minnesota Child Support Program sufficiently resourced and staffed? Over resourced or over staffed? Under resourced or under staffed?** Under the current service delivery model, characterized by multiple points of service delivery and limited automation of routine casework, Minnesota is sufficiently staffed. The current service delivery model is dependent upon caseworker intervention to perform routine tasks such as issuing an income withholding order in order to accommodate variances in policy and practice in the county offices. This dependence upon manual caseworker activity rather than automated casework activity when coupled with the diffuse service delivery points (84 county offices) requires a heavy investment of the most expensive resource, the program's employees.

Accordingly, when compared to other states on the basis of caseload to FTE ratio, Minnesota is over staffed. For example, when compared to the benchmark states in the ASDM and BPR studies, Minnesota has the lowest caseload to FTE ratio at 154:1 while the benchmark states range from 208:1 to 406:1. This is an indicator of the duplication of effort that occurs with 84 different offices delivering child support services under a variety of organizational models. Within the county offices, there are wide variances in terms of resources and staffing so there is not a consistent level of resources and staffing throughout the state. For example, within the Minnesota county offices, the caseload to FTE ratio ranges from 112:1 to 275:1.

- **Could a different model or changes to the existing model help deliver a more consistent level of services statewide?** Yes, in our assessment of the service delivery model, we found wide variances in the delivery of basic child support services. For example, in county offices, the average time it takes from opening a case to the establishment of a support order varies from 71 days to 317 days. Changing the service delivery model to enhance the governance of county delivery of services or to move to full state administration could improve the consistency of service delivery.
- **Are federal funds used as efficiently as possible? Is Minnesota getting the best use of the federal incentives it earns?** As to the federal financial participation (FFP) funding, that source of federal funding is based upon the state or county expenditures on the program. As noted, Minnesota's cost effectiveness is declining and, therefore, overall program funding and the associated FFP is not being used as efficiently as possible. The other source of federal funding is the federal performance incentives. By Minnesota statute, the federal incentives earned are 100% allocated to the counties on the basis of the individual county's performance on the federal performance measures. This methodology does not permit the state to reallocate this source of federal funding to emphasize certain activities or to support current initiatives. Additionally, basing the allocation of the cost effectiveness portion of the federal incentives upon the county's performance on the federal scale does not recognize that the county performance cost effectiveness must exceed the federal scale for the state as a whole to earn the maximum federal incentive on this measure.

For example, if all of the counties achieve a cost effectiveness ratio of 4.00; the state as whole will not achieve a ratio of 4.00, as the cost effectiveness calculation for the counties does not account for the state office expenditures which are not associated with a specific amount of collections. Accordingly, in SFY 2008, the counties had a cost effectiveness ratio of 5.11 which resulted in a statewide cost effectiveness of 3.92. For the state as a whole to achieve a cost effectiveness ratio of 4.00, the cost effectiveness ratio for the counties would need to be 5.23. Yet the current structure for distributing federal incentives does not allow for adjusting the incentive formula to reflect the fact that counties must exceed the federal measures for the state as a whole to increase its share of the federal incentives.

- **Are there services that are delivered locally which could be delivered more efficiently if centralized or regionalized? If regionally, how might the regions be determined?** Yes, in the Options Profiles section we identify services which could be delivered more efficiently if centralized or specialized and delivered on a regional or shared services basis. The efficiency gains of the services being centralized, specialized or regionalized is dependent upon the particular service and the model under which the services are delivered. In considering regionalizing, the model used was to align the proposed regions with the judicial districts in recognition of the important role that the judiciary plays in establishing paternity and support orders and in some enforcement remedies.
- **Are there services that are delivered centrally which could be delivered more efficiently at the regional or local level?** No, neither the ASDM Project nor the Policy BPR Project identified services which are currently delivered centrally which could be more efficiently delivered at the local or regional level. As discussed above, we have found that delivery of services at the local level has resulted in inconsistencies in services delivery, resulting in wide variances in time to deliver those services. Currently, there are only limited services delivered centrally and

the trend in Minnesota as well as nationally has been to centralize more services to take advantages of economies of scale and the benefits of new technology, rather than to decentralize.

- **How will any recommended changes to the service delivery model impact child support clients?** The options presented provide the means to improve the consistency of services delivered throughout the state. Under these models, the level and type of services would no longer vary depending upon which county has ownership of a particular case. Services could be provided in accordance with statewide policies and practices. The primary negative impact of the changes proposed could be to potentially reduce the ability to have easy access to a child support office within your county. In this deliverable, we propose three options; State Operated Regional Offices, County Operated Regional Offices with Enhanced Governance, and County Operated with Enhanced Governance. Under the County Operated with Enhanced Governance model, there would be little impact on the child support clients unless the counties elect to consolidate their local offices. Under the other two options, County Operated Regional Offices with Enhanced Governance and State Operated Regional Offices, services would be delivered from regional service centers. While the ability for local walk-in accessibility would be reduced under these options, this impact is minimal as walk-in traffic is less common than telephone contact which could be enhanced with toll-free numbers for the regional offices.
- **Are there better ways to fund the non-federal share of the program's cost?** The non-federal share of the program's cost (the cost remaining after FFP and federal performance incentives) will remain proportionately the same under any service delivery model unless Minnesota's performance on the federal incentive measures improves. One benefit of the proposed options is a focus on improving the efficiency of the service delivery and thereby reducing the total cost of the non-federal share of the program's cost. Under the two county operated models, the non-federal share of the program's costs funded by counties would remain proportionally the same although total costs would be reduced through budget controls and greater consistency in indirect costs and legal services costs. Under the State Operated Regional Offices option, the non-federal share becomes entirely state funded which also provides the greatest ability to allocate resources across all of the program's services most efficiently.

Summary of Options

- 25 From our analysis of the existing service delivery model and the Industry Analysis, we identified three options which would improve the overall efficiency and cost effectiveness of Minnesota's Child Support Program.

Option 1: State Operated Regional Offices

- 26 This option transforms the Minnesota Child Support Program from a county operated service delivery model to a state operated child support service delivery model. The new structure provides direct central control over all aspects of the program, maximizing economies of scale and resource reallocation to improve efficiency, resulting in overall program savings. While there will no longer be a need for cooperative agreements between the counties and CSER, there will still be cooperative agreements between the state program and the courts and sheriffs (if used for service of process).
- 27 The state operated model places child support program leadership, management, planning, organizing, evaluating, and providing customer services under the direct control of the Minnesota Child Support Enforcement Division (CSER) from central office staff to field office staff. CSER would be the only political entity controlling and delivering child support services for the State of Minnesota.

- 28 Total annual program savings under this model are estimated at \$22,940,125. This option is estimated to require a total of \$20,235,801 in one-time resource and transition costs. Table 2 presents a summary of the pros and cons of this option.

Option 1: State Operated Regional Offices	
Pros	Cons
Enhanced consistency in service delivery	Additional state funding to replace county funding
Improved ability to control the overall cost structure of the Child Support Program	Increase to the total number of state FTEs
Opportunities for improved cost effectiveness	Potential opposition by county government leadership to a loss of federal funding as a county funding source and loss of local jobs
Enhanced opportunities for centralization and specialization	Potential transition risks
Greater control and accountability over the overall state performance	Potential loss in local office accessibility and associated customer complaints
Increased ability to reallocate resources as needed	

Table 2: Option 1 Pros and Cons

Option 2: County Operated Regional Offices with Enhanced Governance

- 29 This model consolidates all existing county offices into a regional office structure to gain the advantages associated with economies of scale and increased efficiencies associated with the elimination of the duplication of services which currently exist. This model also provides opportunities to centralize or specialize some functions or services now performed in the individual counties either through multi-county or multi-region consortiums or by the state. In this option, the role and responsibility of CSED and the roles of the regional county organizations would be clearly defined in statute and refined further in the shared services agreements and the cooperative agreements.
- 30 Total annual program savings under this model are estimated at \$13,237,336. This option is estimated to require a total of \$17,134,264 in one-time resource and transition costs. Table 3 summarizes the pros and cons of Option 2.

Option 2: County Operated Regional Offices with Enhanced Governance		
Pros	Cons	
Enhanced consistency in service delivery through cooperative agreement standards	Complexity in implementing shared services agreements among the member counties	
Enhanced cost management by reducing the number of costs centers	Difficulties of selecting host county and regional office sites	
Opportunities for improved cost effectiveness	Potential opposition by county government leadership to loss of federal funding as a source of county funding source and loss of local jobs	
Enhanced opportunities for centralization and specialization	Complexity in drafting and implementing cooperative agreement terms between counties and the state	
Enhanced opportunities for improved performance management	Potential transition risks	
	Potential loss in local office accessibility and associated customer complaints	
	Resistance to changes in federal and state incentive allocation	

Table 3: Option 2 Pros and Cons

Option 3: County Operated with Enhanced Governance

- 31 This option leaves the current county operated model in place but requires a change to clearly define the roles and responsibilities of the core child support service providers. Specifically, the state office, the county offices, and the county attorneys' or other legal service provider's roles will be defined in statute and via cooperative agreements that will govern the parties' relationships in order to improve the consistency of the services delivered and to define the accountability for the delivery of those services. Under this model, the state office is provided with greater authority to lead and manage the Minnesota Child Support Program through the terms and conditions of the cooperative agreements, and DHS is provided with the authority to allocate state and federal incentives to the counties to encourage those activities that will improve overall state performance.
- 32 Total annual program savings under this model are estimated at \$9,367,373. This option is estimated to require a total of \$2,801,300 in one-time resource costs. Table 4 summarizes the pros and cons of Option 3.

Option 3: County Operated with Enhanced Governance	
Pros	Cons
Enhanced consistency in service delivery through cooperative agreement standards	Complexity in drafting and implementing cooperative agreement terms between counties and the state
Enhanced cost management through cooperative agreement standards	Potential opposition by county government leadership to loss of control over county office budgets and staffing decisions
Opportunities for improved cost effectiveness	Potential opposition to statutory changes to define and clarify the roles and responsibilities of the counties and county attorneys
Enhanced opportunities for performance management through cooperative agreement standards	Reduced one-time resource costs compared with other options
Reduced transition risks	

Table 4: Option 3 Pros and Cons

Conclusion

- 33 Based upon an analysis of the alignment of these different options with the goals and objectives of the Child Support Program's Strategic Plan, the objectives of this study, and the evaluation criteria identified for the Options Analysis, Option 1: State Operated Regional Offices provides the greatest opportunity to support the goals and objectives and satisfy the evaluation criteria set forth by CSED. Option 1, the most common service delivery model of child support programs nationally, has the potential to provide the State of Minnesota with the greatest degree of consistency, cost effectiveness, performance management, accountability, clarity in roles of responsibilities, and streamlined service delivery.

Approach to the Assessment

Purpose of Assessment

- 34 The Department of Human Services (DHS) Child Support Enforcement Division (CSED) has chosen to assess the structural effectiveness, efficiency, and viability of the Minnesota Child Support Program with the intent of identifying options that will allow it to be more cost effective while maintaining the high level of performance that it has consistently delivered. This effort was driven by a number of key questions that CSED wanted answers to regarding the delivery of child support services in Minnesota. These questions are:
- Is Minnesota's structure more complex than necessary?
 - How does Minnesota's administrative program structure differ from other states?
 - Are there best practices from other states that Minnesota should adopt?
 - Is the Minnesota Child Support Program sufficiently resourced and staffed? Over resourced or over staffed? Under resourced or under staffed?
 - Could a different model or changes to the existing model help deliver a more consistent level of services statewide?
 - Are federal funds used as efficiently as possible? Is Minnesota getting the best use of the federal incentives it earns?
 - Are there services that are delivered locally which could be delivered more efficiently if centralized or regionalized? If regionally, how might the regions be determined?
 - Are there services that are delivered centrally which could be delivered more efficiently at the regional or local level?
 - How will any recommended changes to the service delivery model impact child support clients?
 - Are there better ways to fund the non-federal share of the program's cost?
- 35 To obtain answers to these questions, the Department of Human Services (DHS) has contracted the services of Deloitte Consulting LLP to:
- Assess Minnesota's current child support enforcement service delivery model
 - Compare Minnesota's performance and organizational structure with other states

- Identify service delivery model options that support the vision for the Child Support Program
- Complete an analysis for each of the identified service delivery model options
- Develop an implementation plan to implement the recommended service delivery model option(s)
- Develop an integrated roadmap to bring together the critical projects identified in both the Policy BPR Project and the implementation planning from this project

36 The Existing Service Delivery Model Assessment (Deliverable #2) represents the completion of the Assessment portion of the Analysis of Service Delivery Model Project, which includes answers to the questions that CSED sought at the outset of this project. Deliverable #2 includes the assessment of Minnesota's current child support enforcement delivery model, comparisons of Minnesota's performance and structure with other states, the identification of options to support new processes and recommended service delivery model options that support the vision for the Child Support Program. A detailed analysis including a discussion regarding the complexity, risk, and impact of each identified option is also provided. This deliverable will present options for CSED to consider in deciding whether to pursue an alternative service delivery model and will be used as a key input into the development of the Implementation Plan (Deliverable #3) and subsequently the Final Report (Deliverable #4). These Deliverables will provide an implementation plan for the recommended service delivery model options and the development of an integrated roadmap to bring together the critical projects identified in both the Policy BPR and Analysis of Service Delivery Model.

Deliverable Overview

37 The Existing Service Delivery Model Assessment (Deliverable #2) is presented in the following sections:

- **Executive Summary** – Provides a high-level overview of the document which allows the reader to obtain the purpose and significant themes of the deliverable which are further detailed in the body of the document.
- **Approach to the Assessment** – Provides an overview of the methodology used and assumptions made to develop this deliverable.
- **Overview of Minnesota's Child Support Program** – Summarizes and describes the current services and organizational structure, reviews current roles of key players, as well as current funding, expenditures, and performance data.
- **Assessment of Current Service Delivery Model** – Provides an assessment of the Minnesota Child Support Program's current service delivery model with a view towards process, organization and structure, service channels, technology, and performance management.
- **Industry Analysis** – Summarizes the results of the five-state benchmark study, as well as identifying other service delivery practices that are in use by other states.
- **Options Analysis** – Identifies organizational options that would alter the current service delivery model to better support the vision of the Child Support Program, including a detailed analysis of each option. It includes an Option Profile for each identified option, as well as a summary of the methodology used for our CBA and ROI calculations.

- **Appendix A: Benchmark State Questionnaire** – Provides the full completed questionnaires submitted by each of the five benchmark states.
- **Appendix B: Assessment Session Notes** – Provides the final notes for each of the Assessment Sessions, incorporating comments from participants.
- **Appendix C: Back-up Data** – Consists of one separate file which includes county by county back-up data for Table 44 through Table 58 in the Current Assessment section of this deliverable.

Methodology Overview

- 38 We approached this assessment by exploring five core areas essential to a child support program's service delivery model, as identified in Figure 10, and discussed in the paragraphs that follow.



Figure 10: Our View of Service Delivery Models

- 39 Our approach to helping CSED evaluate its current service delivery model and identify areas for potential improvement required concurrent exploration of the following areas:
- **Process.** An efficient child support enforcement program relies on business processes that are effective and consistent. More importantly, processes must be enforced to strive toward a consistent application of services across a state. Our approach includes leveraging the process knowledge and lessons learned from the Policy BPR Project to better understand how the current service delivery model supports the implementation of child support processes.
 - **Organization & Program Structure.** A child support enforcement program's efficiency is often a function of its organizational and service delivery structure. The organization and staffing structure should promote effective and cost efficient case processing and make all efforts to be an organization that is a good steward of local, state, and federal funding. Our approach includes evaluating Minnesota's program structure at both the county and state level and also examining how other key partners fit into the overall structure that delivers child support services.
 - **Service Channels.** Service channels are the delivery mechanisms that are used by child support clients to receive services from Minnesota's Child Support Enforcement Program. These channels can be traditional methods including telephone and walk-in service or newer trends such as internet self-service and Interactive Voice Response systems. Our approach includes an evaluation of which channels currently are used and how recommended options will leverage channels going forward.
 - **Technology.** Technology is a key enabler for efficient business processes as it can act as a means for standardization and consistency in service delivery. Efficient service delivery models integrate their technology strategy with their service delivery strategies to make sure they are aligned and complement each other. Our approach integrates some of the results of our technology assessment report from the Policy BPR Project and seeks to evaluate whether there are ways to use technology to better encourage consistency and standardization.
 - **Performance Management.** Efficient service delivery models include a strong performance management and monitoring function to confirm that the organization, technology, and processes are achieving efficient, effective, and consistent outcomes.
- 40 Our methodology used in this project consists of six phases, as detailed as detailed in Figure 11. We have relied extensively upon the knowledge gained from the Policy BPR Project as it has provided a continuity of thought about the future vision for the Child Support Program, as well as linking the projects so that the service delivery model aligns with any potential policy, procedural, or technology changes.

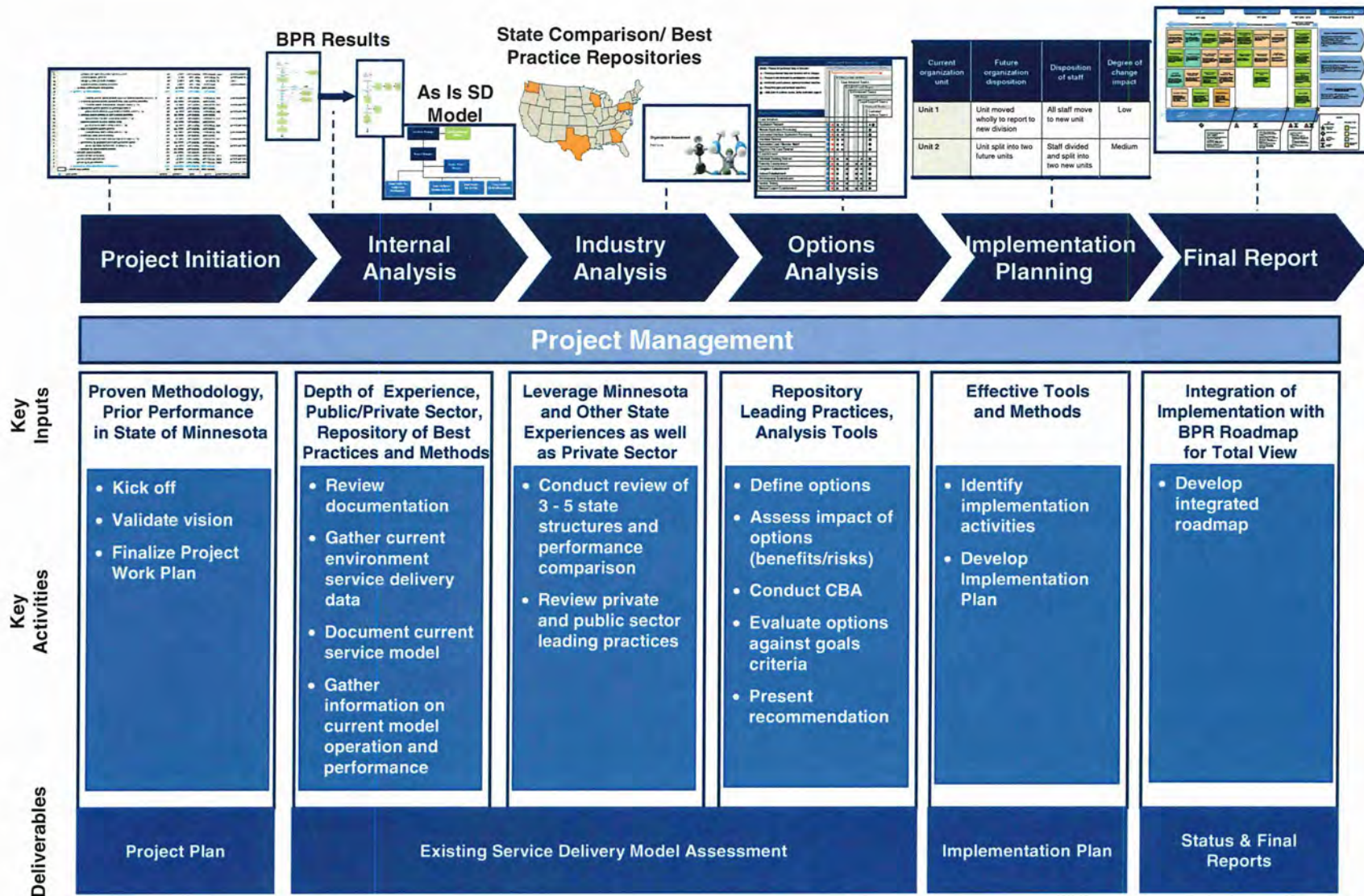


Figure 11: Service Delivery Model Assessment

benchmarking study of five states to Minnesota and a review of other state practices; and Options Analysis, including the creation of Option Profiles for each recommended option and the preparation of the associated cost benefit analysis (CBA) and return on investment calculations (ROI).

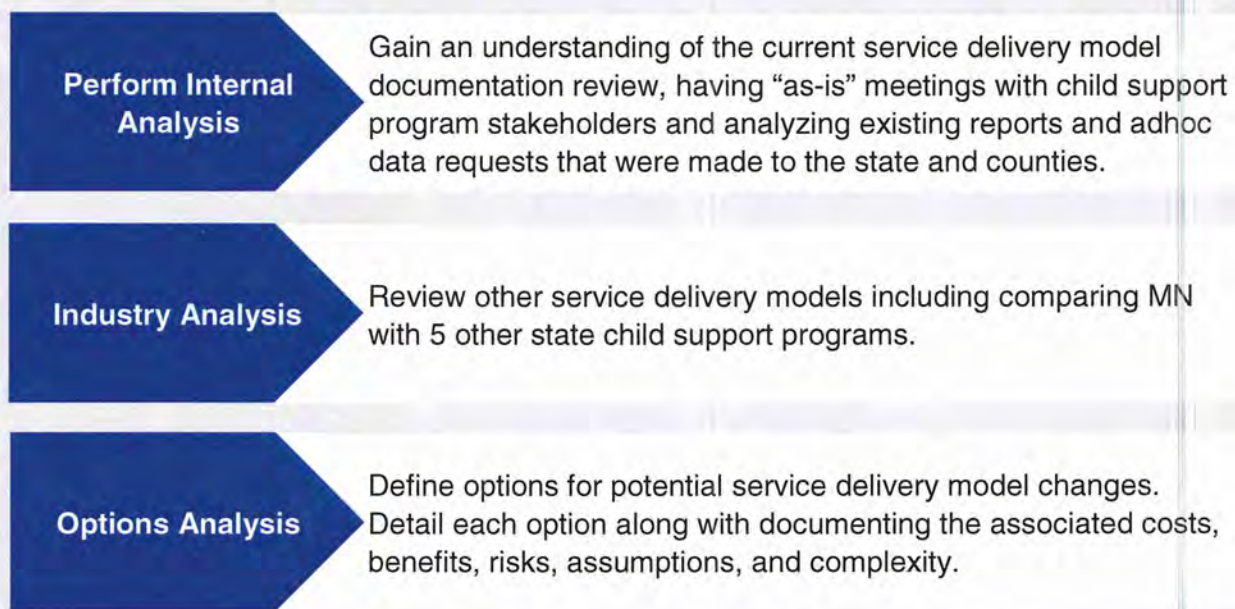


Figure 12: Service Delivery Model Assessment Methodology Phases Contained within the Existing Services Delivery Model Assessment

Internal Analysis

42

The activities in the Internal Analysis phase of the Assessment of the Current Service Delivery Model focused on gathering and analyzing data related to the current service delivery model with a view towards process, organization and structure, service channels, technology, and performance management. This analysis consisted of the following activities:

- Review of relevant documents, regulations, audits, and Policy BPR Project results
- Documentation of as-is service delivery model through Assessment Sessions
- Data gathering through targeted requests from designated county and CSED office staff

43 These three core activities of the Internal Analysis informed both the Overview of Minnesota's Child Support Program and Assessment of Current Service Delivery Model sections that follow, as well as assisted the Deloitte team in the formulation of viable structural and organizational change options for Minnesota presented in the Options Analysis section.

Documentation Review

44 The review of relevant Minnesota documentation, combined with a review of federal regulations, was a necessary element in creating a baseline of the federal expectations regarding state child support programs. This understanding was important as the federal regulations guided the development of many questions used in the State Benchmark Study. The documentation review, including a review of the as-is subprocess diagrams documented in the Policy BPR Project helped us develop a thorough understanding of Minnesota's current service delivery model and support efforts to develop the recommendations included in this deliverable.

45 A list of the key documents reviewed is provided in Table 5.

Document Name	Document Description
Human Services Evaluation Report, Office of the Legislative Auditor, January 2007	An evaluation of the MN Human Services Administration CSE program that was requested by the Legislative Audit Commission in 2006. The Final Report with the Auditors findings and recommendations was published and presented to the Legislature in January 2007.
Child Support Enforcement Evaluation Report, Office of the Legislative Auditor, February 2006	An evaluation of the MN Child Support Enforcement program that was requested by the Legislative Audit Commission in 2005. The Final Report with the findings and recommendations was published and presented to the MN Legislature in January 2006.
Child Support Delivery Study, Center for the Support of Families, 1999	A 1997 study, ordered by the Minnesota State Legislature of the overall child support enforcement delivery system and to recommend to the legislature a service delivery model that would best meet the goals and objectives of the state.
State of Minnesota Statutes	State laws pertaining to the administration and operations of the MN Child Support Enforcement program.
Department of Health and Human Services, Administration for Children and Families, 45 CFR Parts 302, 303, 304, 305, and 308, Child support Enforcement Program, Medical support , Final Rule July 21, 2008	The final HHS OCSE issued medical support regulation for CSE agencies to implement and enforce as of July 21, 2008.
Minnesota Child Support Program 2008 – 2012 Strategic Plan	The MN Child Support Enforcement Program's Strategic Plan for years 2008 – 2012.
Evaluation of Minnesota Child Support Enforcement Mechanisms and Programs to the Minnesota Legislature, DHS and CSED, 2007 and 2009	Biennial Reports prepared by DHS CSED to provide information on the state of the MN CSED program, its mechanisms, and programs.
Minnesota Child Support Performance Reports, 2001 – 2008	Annual reports prepared by DHS CSED to report annual performance data according to federal and state performance measures statewide and for each county operated CSE office.
Net County Administrative Costs and Reinvestment Summaries, 2001 – 2008	County reimbursement claim forms submitted to the state quarterly. These reports are rolled up by the CSED to submit federal reimbursement claims to OCSE.
Selected County Cost Allocation Plans for 2008 - 2009	The most currently approved cost allocations for each county reflecting the indirect county costs currently being charged for reimbursement.

Table 5: Key Documents Reviewed

Assessment Sessions

- 46 The as-is service delivery model assessment was designed to use group work sessions and data requests to the state and county offices to gather and document CSED's current service delivery model and solicit input from participants regarding potential options for future child support service delivery improvement.
- 47 Assessment Sessions were used to examine the core service delivery categories (process, organization and program structure, service channels, technology, and performance management) with the intent of identifying relevant areas of inefficiencies or duplication of effort and to discuss potential options to address them. In order to facilitate these discussions, we structured the sessions using subprocess child support functions, and leveraged certain artifacts from the Policy BPR Project to provide context to the core child support processes that are performed across the state.
- 48 Deloitte conducted 21 interactive Assessment Sessions with child support staff from both state and county offices, as well one session specifically for participant advocacy groups, for a total of 22 Assessment Sessions. The participants in these sessions were experts on how child support services are delivered in Minnesota. The purpose of the Assessment Sessions was to capture and validate the way services are currently delivered and to identify potential options for future child support service delivery improvements.
- 49 The outcome of these sessions included a validation of the current service delivery model as well as an identification of points of inefficiency and duplication of efforts. The information gathered from these sessions assisted in identifying potential options for improving Minnesota's service delivery model. The approach provided a three-dimensional view of Minnesota's child support functions:
- Identification of the level of staff conducting the function
 - Identification of where those functions are executed
 - Identification of performance barriers
- 50 Prior to each session, Deloitte sent out a pre-read packet to session participants that included an agenda of the session, key questions to be addressed, and any relevant background materials to help the participants prepare for the session's content, including excerpts from the Policy BPR Project. The pre-read packets also provided participants with service delivery methods that are being used by other states. The intent was that session participants would be ready to address the topics after having reviewed the pre-read packet materials.
- 51 In addition to the 21 internal sessions held with county and state staff, CSED and Deloitte felt it was also important to solicit feedback from the participants that are the consumers of child support services in Minnesota. Therefore, a session was held with the advocacy groups that represent many of the consumers of services. Similar pre-read information packets were prepared for and distributed to the participants of this session.
- 52 During each session, discussion notes were captured and then distributed to session participants for comment and edits. Comments and edits received were incorporated into a final version of notes that served as a key input into future work.

Assessment Sessions:

- 21 internal sessions were held with state and county staff.
- One session was dedicated to advocacy groups that represent the consumers of child support services in Minnesota.
- Overall, approximately 1,124 participant hours were invested in Assessment Sessions.

Session Participants

- 53 To gain a complete understanding of how child support services are currently delivered, it was important to have a variety of staff members and counties represented at the sessions, each bringing different perspectives to the table. Staff members not only came from the county offices, but also from the various state teams that support the program. Attendance was restricted to county supervisors, program managers or county directors, and state supervisors and managers. County attorneys were also represented at many of the sessions. Having this mix of staff presented different methods and approaches to service delivery, highlighting both challenges and innovative practices that would not have come to light without the diversity of the group make-up.
- 54 Table 6 shows the number of participants who attended each Assessment Session area. Some areas were broken up into more than one session. A number of participants were involved in more than one session. Each session was approximately 3.5 hours in length, resulting in approximately 1,124 person-hours of participation in the sessions from state, county, and participant advocate participants.

ASDM Session	Number of Participants
Case Initiation	15
Locate	13
Interstate	15
Establishment	42
Order Review & Adjustment	43
Enforcement	23
Financials	28
Arrears Management	16
Customer Service	55
Program Structure	58
Participant Advocacy Groups	13

Table 6: Number of Sessions Participants

- 55 Figure 13 shows the different types of participants in the Assessment Sessions: state, county, participant advocates, and Deloitte staff.

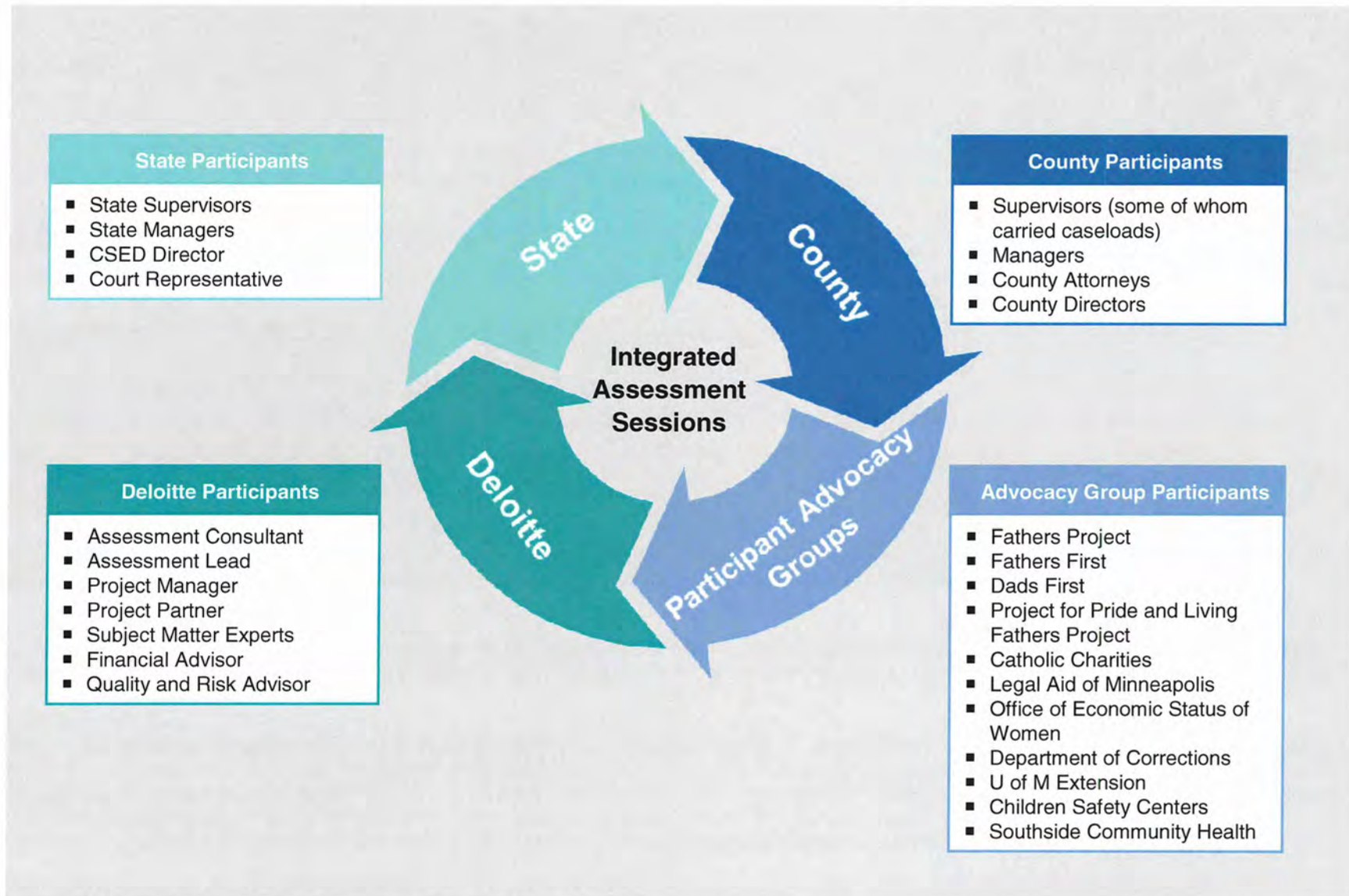


Figure 13: Types of Participants Represented in the Assessment Sessions

- 56 In addition to having a diverse group of participants in the sessions, it was also important to have diverse representation from counties. All 87 counties were invited to participate, and counties outside the metro area were given an opportunity to participate remotely. A range of county sizes and demographics were represented at the sessions as well, bringing large and small, rural and urban county perspectives to the sessions. Thirty-one (31) counties with caseloads that ranged from 123 cases to in excess of 56,000 cases participated. Together, the 31 counties participating in the sessions made up 76% of the state's total caseload and represented 74% of the state's total child support FTEs.
- 57 The counties with different caseloads were able to highlight the differences in how they deliver services and how they interact with program partners such as courts, county attorneys, and private vendors that provide services. Often, counties with smaller caseloads have a more "generic" casework approach that has one caseworker doing the casework from case initiation through enforcement. However, counties with larger caseloads often rely more on a "specialized" approach that has a caseworker focus on one area such as paternity establishment or working new intakes. Having these different perspectives at the sessions was valuable in assessing the variations in method and approach to service delivery throughout the state.
- 58 Table 7 provides an alphabetical list of the counties that participated in the Assessment Sessions. The map provided in Figure 14 identifies each of these counties as having either a small, medium, or large caseload based on numbers from the 2008 Minnesota Child Support Performance Report.

Counties that Participated in Process Sessions				
Aitkin (S)	Dakota (L)	Lincoln/Lyon/Murray* (S)	Redwood (S)	Traverse (S)
Anoka (L)	Dodge (S)	Meeker (S)	Scott (M)	Waseca (S)
Beltrami (M)	Goodhue (M)	Morrison (S)	Sherburne (M)	Washington (M)
Benton (S)	Hennepin (L)	Nicollet (S)	St. Louis (L)	Winona (M)
Carlton (M)	Kanabec (S)	Olmsted (M)	Stearns (M)	Wright (M)
Chisago (M)	Kandiyohi (M)	Ramsey (L)	Steele (S)	

*These counties share a child support office

Table 7: List of Counties Represented in the Assessment Sessions

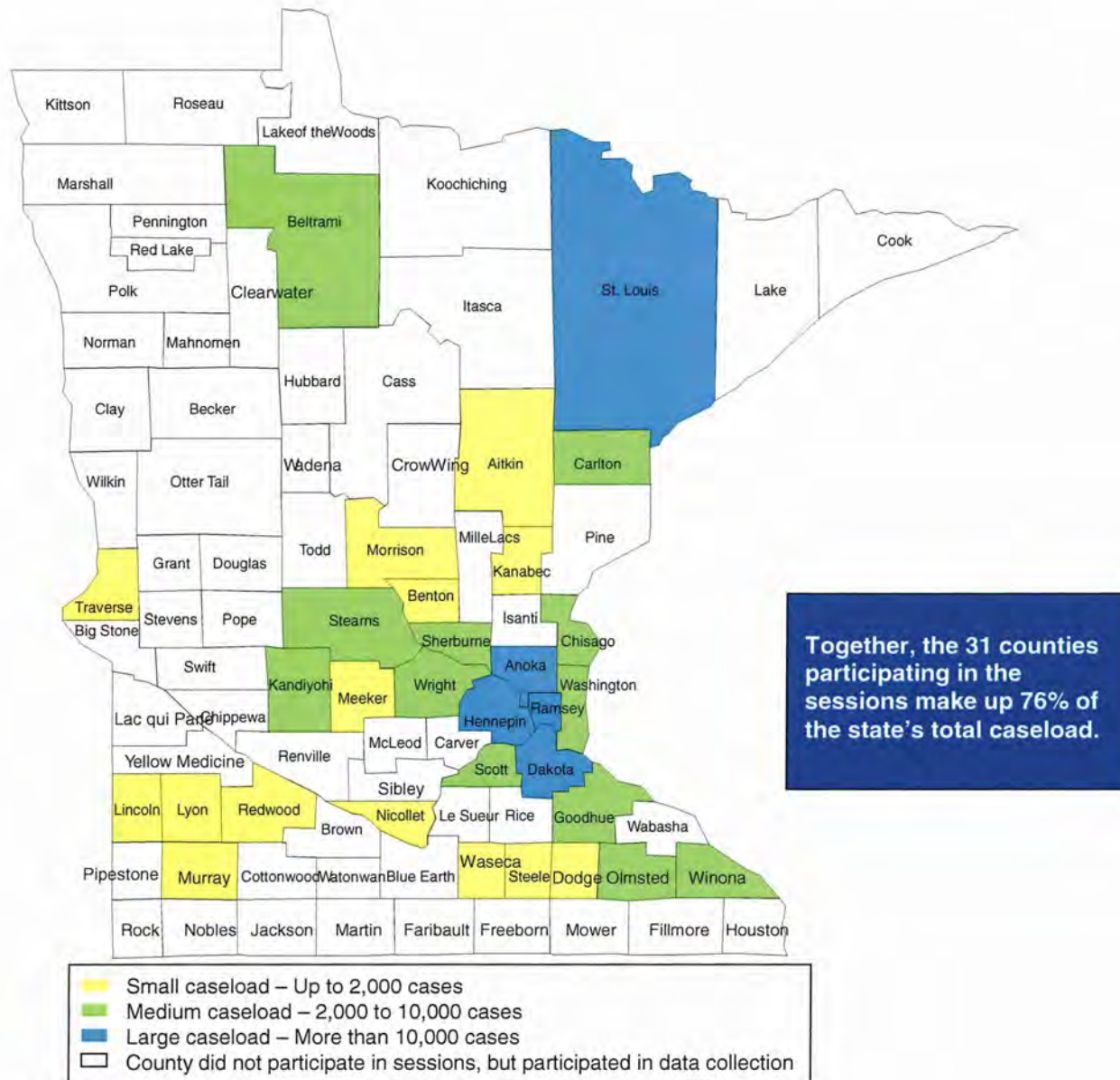


Figure 14: Counties Represented in the Assessment Sessions by Caseload

Data Gathering

- 59 Deloitte gathered data from the state and county offices as a method of understanding the ways in which services are currently delivered throughout Minnesota's 84 county Child Support Enforcement (CSE) offices and at the CSED office. This was done through weekly data request submissions made by CSED to specific individuals in each county office.
- 60 The goal of this information gathering effort was to gain perspective on how services are delivered in large and small, rural and urban offices alike. Gathering information on each of the counties in this manner assisted Deloitte in documenting inconsistent service delivery practices and application of policies within the state currently, as well as identifying both efficient and inefficient models and techniques currently in use.
- 61 Questions were designed to capture a range of data elements, from the amount of time workers spend on answering telephone calls and sending mail, to the amount of money spent on data processing, county office relationships with county attorneys, and the involvement of staff in local unions. Deloitte also gathered extensive data from CSED using the PRISM system regarding county-by-county and statewide performance. Such data included the number of paternities and orders established in District Court versus the expedited process, the number of Financial Institution Data Match (FIDM) matches identified and the number of FIDM levies performed, and the average length of time from the receipt of a new case to the initial legal filing, the establishment of an order, and the initial enforcement action.

Analyze Data

- 62 These data activities allowed us to review and analyze the most recent performance and financial data available in order to create a complete picture of the as-is state of the CSE program and its service delivery model. This data was assessed through three outcome lenses - Customer Outcomes, Business Outcomes, and Employee Outcomes. Collectively these lenses provide a 360 degree view of the Child Support Program's performance.
- 63 Our data analysis consisted of three primary elements:
- A review of the accuracy, quality, timeliness of the delivery mechanism including the estimated time between initiation of key child support activities and their completion
 - An analysis focused on business outcomes - Business outcomes consider federal, state and agency performance measures, earned incentives and the administrative costs of administering the program. It further considered ways CSED aligns county performance with its own performance incentive framework.
 - An analysis of the employee outcomes and impacts - More specifically, we analyzed the state / county organizational structure and how it may be aligned to promote more efficient service delivery outcomes. This included examining staff to caseload scenarios as well as roles and responsibilities in alternative service delivery models.



Focus of our Data Analysis

Customer Outcomes:

- Improve overall efficiency in service delivery
- Improve accuracy, consistency, and effectiveness of service delivery
- Decrease process cycle times
- Improve customer satisfaction

Business Outcomes:

- Improve performance incentive measures (federal and state)
- Align performance expectations with CSED strategic goals
- Improve cost effectiveness

Employee Impacts:

- Optimize organizational structure
- Rationalize caseload and staff levels
- Evaluate staff roles and responsibilities

Data Request Lists (examples)

- Process models and pain points (from the Policy BPR Project)
- Amount of time spent answering and resolving incoming telephone calls
- Statistics regarding access and use of service channels
- Process cycle times, including judicial processes
- Performance measure data at state and county level
- Amount of time spent on mail processing tasks
- Number of FIDM levies performed, appealed, and reversed
- Cost data at the CSED and county levels
- County funding formula
- Cooperative agreements with county attorneys, including rates
- Technology pain points relating to service delivery (from the Policy BPR Project)
- Caseload and staff load at county levels
- County office strategic plans and performance goals

Figure 15: Our Approach to Data Analysis

Industry Analysis

- 64 The Industry Analysis phase includes a review of the service delivery models of the five state CSE organizational structures that were part of the state Benchmark Study, as well as a review of other leading practices from around the country.

State Benchmark Study

- 65 In order to determine how Minnesota's Child Support service delivery model compares with other states, and to assist in identifying options to align Minnesota's service delivery structure, operations and performance with child support industry leading practices, Deloitte completed a five state benchmarking study. This study was undertaken concurrently with the Assessment Sessions and other Internal Analysis activities.
- 66 Objectives of the Benchmark Study included:
- To compare Minnesota's organizational structure with five states selected by CSED
 - To gather service delivery practices from other states that could potentially be implemented in Minnesota
 - To identify options to organizationally support new processes that strategically support the vision of the Child Support Program
- 67 Deloitte worked with CSED during the initiation phase of the project to identify the states that would be used. Each state was chosen based on key similarities to Minnesota, such as caseload and population, as well as for its unique structure and service delivery model from which important lessons could be learned.
- 68 Table 8 identifies the Benchmark Study states that were compared with Minnesota.

State	Reason for Selection as Benchmark State
Texas	<ul style="list-style-type: none"> Service delivery model contrasts Minnesota's – state supervised and state operated Umbrella agency that is different than Minnesota's – Child Support is within the Office of the Attorney General High performing state – Texas has been a recent leader in performance improvement, especially with collections Texas is in the process of incrementally replacing its statewide child support computer system
North Dakota	<ul style="list-style-type: none"> Service delivery model that contrasts Minnesota's – state supervised and state operated Example of a state that recently changed from county operated to a state operated service delivery model A state that is similar to Minnesota due to geography, a border state, and similarities in demographics with its small rural offices
Florida	<ul style="list-style-type: none"> Service delivery model that contrasts Minnesota's – state supervised and state operated Umbrella agency that is different than Minnesota's – Child Support is within the Department of Revenue Example of a state that has centralized a number of key functions typically performed at the local level
Colorado	<ul style="list-style-type: none"> Similar service delivery model as Minnesota – state supervised and county operated Example of a state that has several counties that have privatized child support services with a vendor
Wisconsin	<ul style="list-style-type: none"> Similar service delivery model – state supervised and county operated A state that is similar to Minnesota due to geography, a border state, and similarities in demographics

Table 8: States Selected for Benchmark Study

- 69 In order to capture the data needed to meet the objectives of the Benchmark Study, Deloitte worked with CSED to create a questionnaire that would be the primary tool used to gather data for the study.
- 70 Deloitte scheduled interviews with child support staff from each of the five benchmark states. The Benchmark Study questionnaire was sent in advance to the states to allow for sufficient time in preparing for the interview. During this interview, the questionnaire responses were often expanded upon and clarified. The information gathered in the Benchmark Study contains not only details about how each state delivers services, but also identifies specific practices that could be transferred to Minnesota. These practices are explained in greater detail in the Industry Analysis section of this deliverable. The completed questionnaires have been provided in Appendix A of this document.

Additional Industry Analysis

- 71 In addition to the benchmark states, there are other state child support enforcement programs which have addressed service delivery model issues or implemented organizational or structural changes designed to improve their performance or the delivery of services. In the Other Practices section of the Industry Analysis, we included service delivery model practices from these states if we felt that there were practices that are relevant to Minnesota.

Options Analysis

72 In the Options Analysis phase, we leveraged the work done in Internal Analysis and Industry Analysis stages to present the options for service delivery model change. Activities in this phase included:

- Developing the options
- Completing Option Profiles and identifying service delivery options
- Completing cost benefit analysis (CBA) and return on investment (ROI) calculations for each option

Development of Options

73 The RFP for this service delivery model project requested that the selected vendor provide, if necessary, one or more service delivery model options that could be adopted by Minnesota that would allow it to:

- Manage the most cost effective program possible,
- Maintain the state's high level of performance, and,
- Meet all federal requirements that set the criteria of a state child support program.

74 In the Options Analysis stage of this project, we focused our efforts on identifying potential service delivery models that not only met these objectives, but also fit the vision, values, and objectives of the Minnesota Child Support Program. We worked with CSED to establish evaluation criteria used to identify recommended options that are well suited to CSED and its strategic goals. In our analysis of each option presented, we considered two key areas. First, we compared each of the options against the goals and strategies outlined in the Minnesota Child Support Program's 2008-2012 Strategic Plan. Secondly, we contrasted each of the proposed options against the option evaluation criteria provided to us by CSED during this project.

75 Analysis of the data gathered from the Internal Analysis and Industry Analysis stages not only informed the assessments presented in these sections, but also contributed heavily to the formulation of the options presented in the Options Analysis section of this deliverable. In the Options Analysis phase, we considered numerous possible options. For each option that we felt met the needs of the Minnesota Child Support Program as described above, we analyzed the performance and cost effectiveness metrics of the state that had pursued the transition, as well as the potential for success of such a model in Minnesota. Not all of these scenarios told compelling stories. Those that did not were not pursued with detailed cost-benefit and return on investment analyses.

76 For each of the three options defined, an Option Profile was completed and a full cost benefit and return on investment analysis conducted. The options presented include our rationale based on our understanding of the strategic goals of the Minnesota Child Support Program, project objectives, and available resources. CSED will be responsible for making the final decision as to which option will be selected for implementation planning.

Complete Option Profiles and Identify Service Delivery Options

- 77 For each identified option, we created an Option Profile using our proposed profile template. The profile should provide CSED with the information it needs to make the decision around which option it wants to implement. The profile also provides CSED with a source for comparing and contrasting the various potential service delivery model options.
- 78 Prior to each Option Profile, we provide an introductory summary of the option to be described, highlighting major features of the model, as well as high-level results from the cost benefit analysis. The Implementation ROI and Breakeven Analysis and Ongoing Annual Program Costs charts, described in detail in the following section, are also provided here. Each Option Profile includes information such as project description, anticipated project duration, estimated costs, potential benefits, possible risks, and assumptions related to the implementation of a given option. The Option Profiles are intended to inform CSED about each of these factors to aid their selection of an option for the implementation planning phase. Below is a description of each component in the Option Profile.
- 79 Table 9 shows the template used for the Option Profiles. A completed profile for each option is included later in this document.

Option ID	##	
Option Name	Insert Option Name Here	
Option Description	Describes the option that is being implemented.	
Predecessors / Successors	Identifies activities that should take place preceding the implementation of this option and what successor activities should take place after implementation.	
Duration / Timing	The length of time it will take to implement the option. The period in which the option will be implemented.	
Transitional Impacts	Customer	Describes the transitional impact of the option on customers that receive child support services.
	Staff	Describes the transitional impact of the option on workers that deliver child support services.
	System	Describes the transitional impact of the option on the technology that supports the child support services.
Staffing Changes	Describes the staffing changes and high-level staffing requirements.	
Communication Plan Needs	Describes the communication needs related to the specific option.	
Barriers to Implementation	Describes barriers that could hinder implementation.	
Statutory Changes	Identifies any needed statutory changes and / or political implications associated with the option.	
Existing Labor Agreements	Identifies the impact of existing labor agreements on the implementation.	
Necessary Infrastructure Changes	Identifies infrastructure changes that will be needed to support the transitioned organization (i.e., facilities).	
Option Risk	Project Complexity	High, Medium, or Low risk rating
	Risk for NCP/CP	High, Medium, or Low risk rating
	Risk for Partners	High, Medium, or Low risk rating
	Risk for Counties	High, Medium, or Low risk rating
	Risk for CSED	High, Medium, or Low risk rating
	Overall	High, Medium, or Low risk rating

Cost/Benefit Summary		
Costs	Staffing Resources	Estimated # of hours needed for implementation
	One-Time Costs	Estimated amount of one-time costs
	Recurring Costs	Estimated amount of recurring costs
Benefits	Annual Benefits	Estimated annual benefit of cost savings
Assumptions and Notes		
Any additional information pertinent to this option		

Table 9: Option Profile Template

- 80 The “**Option ID**” is a unique identifier assigned to the option. The Option ID corresponds to the Option ID on the CBA Summary and ROI sheet in the corresponding cost benefit analysis.
- 81 The “**Option Name**” is the short name of the option. The Option Name corresponds to the Option Name in the corresponding cost benefit analysis.
- 82 The “**Option Description**” section of the Option Profile details the components of each option such as the scope, approach, and structure. A brief background of the option is also provided as context to the challenges the option addresses.
- 83 The “**Predecessors / Successors**” section of the Option Profile identifies activities that should take place preceding the implementation of this option and what successor activities should take place after implementation.
- 84 The “**Duration / Timing**” section of the Option Profile details the length of time estimated to complete the implementation of the option. This duration depends greatly on the timely procurement of Minnesota Child Support Program and vendor resources, consistent project funding, and the completion of predecessor activities. Due to this, the duration is merely an estimate at this point.
- 85 The “**Transitional Impact**” section of the Option Profile describes how each of the three areas below will be impacted by the transition to the structure described in the option.
- Customers that received child support services (NCPs, CPs, children)
 - Staff that deliver child support services
 - Systems (technology) that support the delivery of child support services

- 86 The “**Staffing Changes**” section of the Option Profile describes the staffing changes that will result from the adoption of such a structure, as well as a high-level view of the staffing requirements.
- 87 The “**Communication Plan Needs**” section of the Option Profile provides a brief description of the communication plans that will be needed to inform stakeholders of the transition to and implementation of the option.
- 88 The “**Barriers to Implementation**” section of the Option Profile describes barriers that could hinder the implementation.
- 89 The “**Statutory Changes**” section of the Option Profile addresses any statutory changes associated with the option.
- 90 The “**Existing Labor Agreements**” section of the Option Profile identifies the impact of existing labor agreements on the implementation.
- 91 The “**Necessary Infrastructure Changes**” section of the Option Profile describes infrastructure changes that will be needed to support the transitioned organization.
- 92 The “**Option Risk**” section of the Option Profile details the level of risk the option contains in each of the following areas. This is derived from Deloitte’s industry experience in implementing similar projects for similar clients. Risks have been classified as High, Medium, and Low. In addition to the risk rating assigned, the “Options Risk” section also provides CSED with our rationale for assigning the rating.
- Project Complexity
 - Risk for NCP / CP
 - Risk for Partners
 - Risk for Counties
 - Risk for CSED
 - Overall
- 93 The “**Costs**” section of the Option Profile provides the reader with a high-level view of the costs section of the cost benefit analysis. Costs are detailed in three ways:
- Staff Resources provides the estimated number of hours required for the implementation of the option broken up by state office staff hours, county office staff hours, and vendor hours
 - One-time Costs provides estimated costs for the staff resources required for the implementation, as well as for other transition costs associated with implementing the option

- Recurring Costs provides an estimate of any ongoing costs associated with implementing the option. In the cost benefit analysis, these costs are projected to increase 3% annually to account for general increases in the costs of goods

- 94 The “**Benefits**” section of the Option Profile provides the reader with a high-level view of the benefits section of the cost benefit analysis. The “Annual Benefits” section summarizes the annual quantitative benefits associated with implementing the option. Further details on these benefits are located in the Cost Benefit Analysis associated with the option. The amount of quantitative data depended solely upon the amount of data obtained from CSED.
- 95 The “**Assumptions and Notes**” section of the Option Profile provides additional information important to the option.

Complete Option CBA / ROI

- 96 For each of the Option Profiles, we have created a cost benefit analysis (CBA) and an accompanying return on investment (ROI) calculation for recommended changes to the current service delivery model. Our approach involved assessing the scope of each option, identifying the cost and benefit factors, gathering data, and performing the CBA and ROI calculations based on stated assumptions. Figure 16 graphically depicts our Cost Benefit Analysis Methodology.

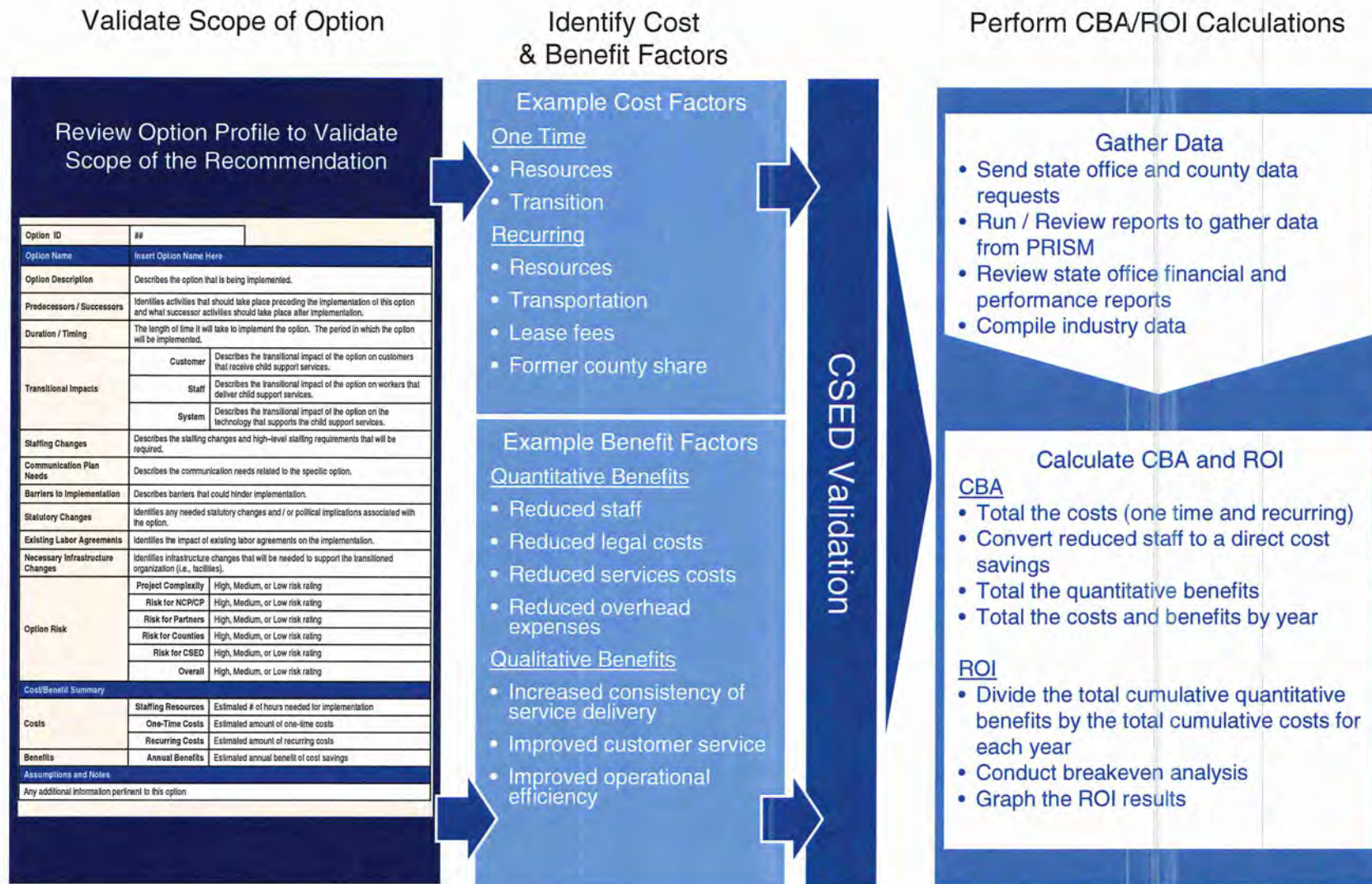


Figure 16: Cost Benefit Calculation Methodology

While we brought an established and demonstrated methodology, it was also important to confirm the formulas, relevant cost and benefit data, and resulting calculations. We used a five step approach to assess the components of our CBA.

- **Step 1: Validate Option Details** – Deloitte assessed each of the Option Profiles for: (1) clear definition of the option, (2) high-level benefits and costs, (3) alignment of the option with CSED's strategy and evaluation criteria, and (4) alignment of benefits with stakeholders.
- **Step 2: Define Benefits** - For each of the identified options, Deloitte defined the key drivers for the anticipated benefit. As part of this exercise, Deloitte quantified the estimated anticipated benefits and projected the scope, magnitude, and timing of when the benefits may be realized. The size, scope, and timeframe of when the benefits may be realized provided the data needed to perform the ROI calculations.
- **Step 3: Define Total Costs** - For each of the identified options, Deloitte assessed the estimated costs of implementing the recommendations. The determination of the estimated costs necessitated CSED to provide expense information and/or assess certain cost related assumptions. The unavailability of data resulted in the need for assumptions to be identified to complete the CBA analysis. Each of these assumptions is clearly documented in the cost benefit analysis contained in the Options Analysis section of this deliverable. The costs and assumptions were validated with CSED.
- **Step 4: Calculate the Anticipated CBA and ROI** - After quantifying total costs and projecting anticipated benefits, Deloitte used an industry standard method of computing potential return on investment (ROI) for the identified options. Deloitte worked with CSED to obtain buy-in to the ROI methodology and confirm our assumptions.
- **Step 5: Track Costs and Benefits** - Part of our approach to performing cost benefit analysis includes tracking of actual costs and benefits compared to the original business case. While not important for this phase of the project, we believe that it is a critical component for CSED to keep in mind as it considers implementing recommendations.

Cost Benefit Analysis Model

98 The cost benefit analysis (CBA) model is a Microsoft Excel workbook completed for each option. The CBA model consists of several worksheets:

- **CBA Summary and ROI Sheet** – provides a summary of an option's expected benefits and costs over time and calculates the expected return on investment of the project.
- **CBA Summary Graphics Sheet** – includes a chart showing the cumulative benefits and cost over time and a chart illustrating the ongoing annual costs of running the CSE Program.
- **Benefit Sheets** – calculates the quantitative benefits of an option. Each option has multiple Benefits Sheets. The structure of the Benefit Sheet depends on the specific quantitative benefit being calculated (e.g., staff savings, reduced legal costs, reduced overhead costs, etc.).
- **Detailed Costs Sheet** – details the expected one-time and recurring costs of an option.

99 Each worksheet is explained in detail below.

CBA Summary and ROI Sheet

100 The CBA Summary and ROI Sheet provides a summary of an option's expected benefits and costs over time. It also calculates the expected ROI of the option.

101 Table 10 explains what the various shading / colors in the sheet indicate.



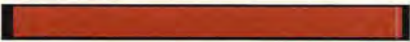


Color / Shade	Example	Definition
Green		<ul style="list-style-type: none"> Green shading indicates a revenue benefit, meaning a real dollar benefit to the program. These include costs savings calculated in the Benefits Sheets.
Yellow		<ul style="list-style-type: none"> Yellow shading highlights summary rows in the spreadsheet.
Dark Red / Brown		<ul style="list-style-type: none"> The dark red / brown lines are simply headers to indicate sub-sections of the sheet.
Dark Gray		<ul style="list-style-type: none"> Dark gray shading is used to group rows on the page (i.e., Benefit Factors, Cost Factors, Cost Benefit Summary, etc.)
White		<ul style="list-style-type: none"> White cells indicate data that is calculated within the sheet or pulled from another sheet of the CBA Model which does not meet the criteria for one of the other colors above.

Table 10: CBA Summary and ROI Sheet Colors Legend

102 Table 11 provides definitions for each of the terms used in the sheet, organized in the order in which they appear.

Term	Definition
Option ID	<ul style="list-style-type: none"> Unique identifier assigned to the option. The Option ID corresponds to the Option ID in the corresponding Option Profile.
Option Name	<ul style="list-style-type: none"> The short name of the option. The Option Name corresponds to the Option Name in the Option Profile.
Benefit Factors	<ul style="list-style-type: none"> Lists the categories of quantitative benefits calculated for the option, such as Reduction in Staff, Legal Costs, and Indirect Costs. Note that this list does not include qualitative benefits.
Overall Benefit Calculation	<ul style="list-style-type: none"> This section lists each quantitative benefit category and the total calculated benefit associated with that category. The list may vary by option, but may include: <ul style="list-style-type: none"> Annual Savings due to Reduction in Staff – This is the annual amount of salaries and benefits expected to be saved due to reducing the number of staff needed. The methodology for calculating this reduction in staff costs is provided in detail in the Benefits Sheets section below. Annual Savings due to Reduced Legal, Services, Overhead Costs, etc. – This is a summary of the other non-staff cost reductions calculated for the project.
Yearly Benefits (Reduced Costs)	<ul style="list-style-type: none"> Sums the total reduction in costs that could be realized by implementing the option, including reduction in staff and reduced costs.
Cost Factors	<ul style="list-style-type: none"> Lists the categories of costs expected to be required to implement the option, including both one-time and recurring costs.

Term	Definition
One-time Costs	<ul style="list-style-type: none"> Details the summary of estimated one-time costs as calculated on the Detailed Costs Sheet. Depending on the option, the one-time costs include resource costs, leasehold improvement costs, furniture and equipment purchases, and IT infrastructure costs.
Total One-time Costs	<ul style="list-style-type: none"> Sums the one-time estimated costs detailed above.
Recurring Costs	<ul style="list-style-type: none"> Details the summary of estimated recurring costs as calculated on the Detailed Costs Sheet. Depending on the option, the estimated recurring costs include such costs as ongoing transportation expenses.
Total Recurring Costs	<ul style="list-style-type: none"> Sums the estimated recurring costs detailed above.
Cost / Benefit Summary	The remaining rows summarize the cost and benefits detailed above over a seven year period.
Benefits (Reduced Costs)	<ul style="list-style-type: none"> Pulls the Yearly Benefits (Reduced Costs) from above. The realization of benefits varies with each option, but generally the full realization of the Yearly Benefits (Reduced Costs) will not occur until the first full year after implementation.
One-time Costs	<ul style="list-style-type: none"> Pulls the Total One-time Costs from above to the year(s) of implementation.
Recurring Costs	<ul style="list-style-type: none"> Pulls the Total Recurring Costs from above to the first year after implementation. The recurring costs are then increased over the remaining years in the model by 3% each year.
Net Benefit (Cost) of Implementation	<ul style="list-style-type: none"> Subtracts the one-time and recurring costs from the reduced costs benefits by year. If the amount is negative, the costs exceed the benefits for that year. If the amount is positive, the benefits exceed the costs for that year.
Return on One-time Investment	<ul style="list-style-type: none"> Divides the net benefits for each year by the total one-time costs. It indicates the percentage of the one-time costs that are recovered by year.
Cumulative Benefits (Reduced Costs)	<ul style="list-style-type: none"> Sums the Benefits (Reduced Costs) for each year and the preceding years. For example, year 4 Cumulative Benefits (Reduced Costs) would be the sum of years 1 through 4.
Cumulative Costs	<ul style="list-style-type: none"> Sums the One-time Costs and Recurring Costs for each year and the preceding years. For example, year 4 Cumulative Costs would be the sum of years 1 through 4.
Cumulative Net Benefit (Cost) of Implementation	<ul style="list-style-type: none"> Subtracts Cumulative Costs from Cumulative Benefits (Reduced Costs). If the amount is negative, the cumulative costs of the project exceed the cumulative benefits. If the amount is positive, the cumulative benefits exceed the cumulative costs. The year at which the Cumulative Net Benefit turns positive is the Breakeven Year.
Cumulative Return on Investment	<ul style="list-style-type: none"> Divides the Cumulative Benefits (Reduced Costs) by Cumulative Costs for each year. It indicates the percentage of the total costs that are recovered over time. The year at which the Cumulative Return on Investment is positive is the Breakeven Year.
Baseline Annual Program Costs (Year 0 = SFY 2011)	<ul style="list-style-type: none"> Represents the amount spent on the program from the previous year, to which costs and benefits of implementing the option and normal annual growth in program costs are applied to show how much it will cost to run the program on an ongoing basis if this option is implemented.
Annual Net Benefit (Cost) of Implementation	<ul style="list-style-type: none"> This is equal to the Net Benefit (Cost) of Implementation line above.

Term	Definition
Overall Program Cost Growth (3% of Prior Year)	<ul style="list-style-type: none"> After implementation of the option is complete, it is estimated that annual program costs will resume a normal level of annual growth. In this model, we have estimated a 3% growth over the prior year's costs. We have based this estimate on historical program cost growth.
Ongoing Annual Program Costs	<ul style="list-style-type: none"> Adds the Baseline Annual Program Costs to the Annual Net Benefit (Cost) of Implementation and the Overall Program Cost Growth to show what the total cost to the Minnesota CSE Program will be during implementation of the option and into steady state program operation.
Assumptions	<ul style="list-style-type: none"> Lists assumptions made on the option at a summary level. Additional assumptions are also listed on the other sheets of the model as needed.

Table 11: CBA Summary and ROI Sheet Definitions and Assumptions

CBA Summary Graphic Sheet

- 103 The CBA Summary Graphic Sheet provides a graphical summary of the benefits and costs over time detailed on the CBA Summary and ROI Sheet. Specifically, the sheet provides two charts: 1) Implementation ROI and Breakeven Analysis and 2) Ongoing Annual Program Costs.
- 104 The ROI and Breakeven chart graphs the Cumulative Benefits (Reduced Costs) from the CBA Summary and ROI Sheet by year on the blue line and the Cumulative Costs from the CBA Summary and ROI Sheet on the red line (see Figure 17 for an example). The chart shows the point at which the option has a positive ROI, or the Breakeven Year, as the year in which the two lines cross.
- 105 The Ongoing Annual Program Costs chart graphs total estimated annual costs for the Minnesota CSE Program on the blue line (see Figure 17 for an example). Year 0 is assumed to be SFY 2011. These annual program costs have been projected based on 3% annual growth from SFY 2008 levels. Option costs and benefits are then applied to program costs during the years of implementation. Thereafter, program costs resume an estimated 3% annual growth.

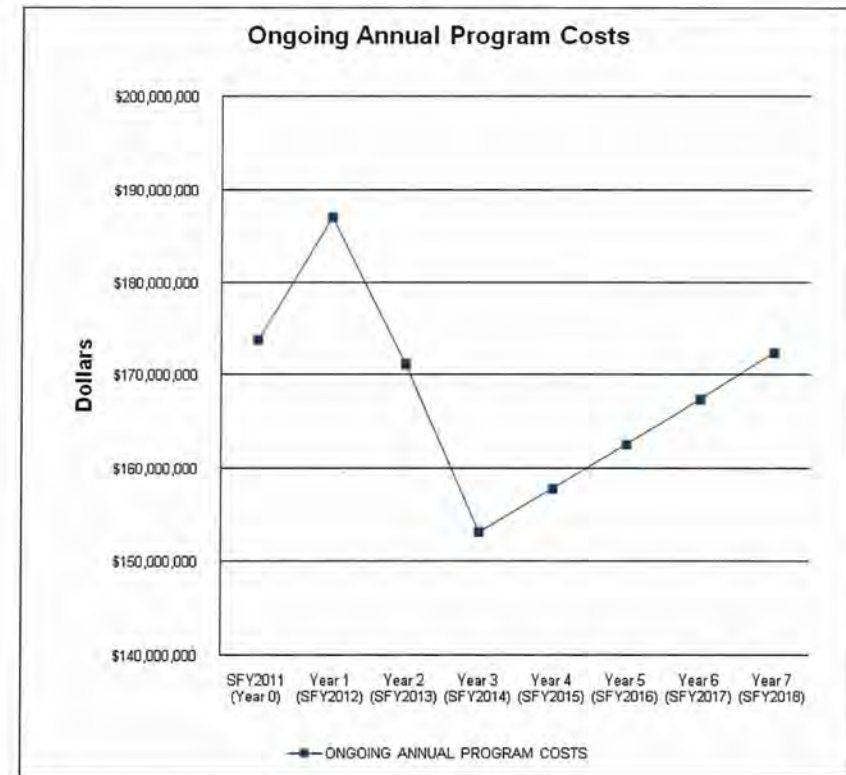
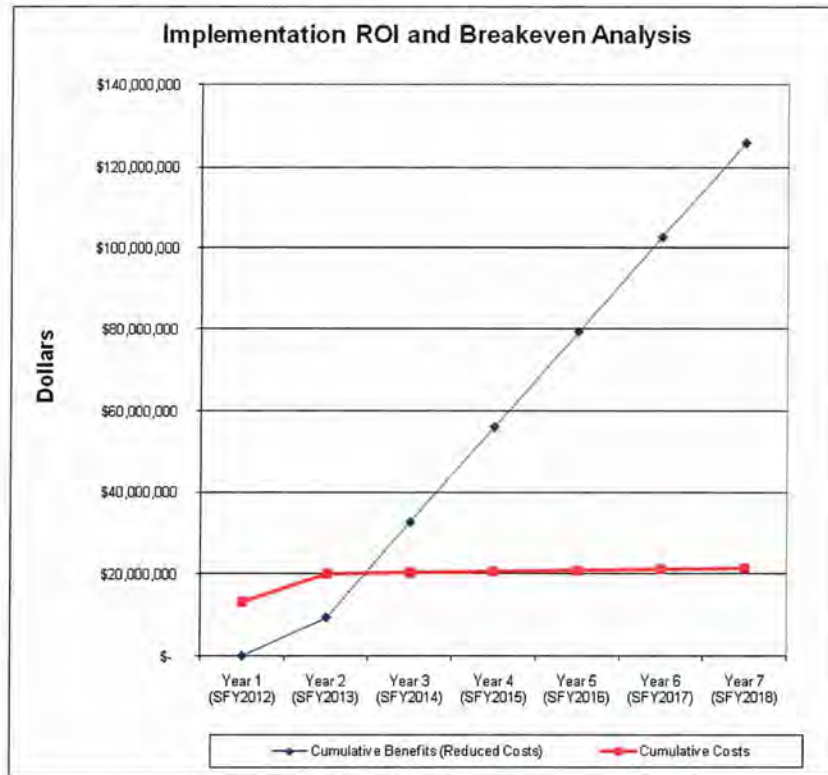


Figure 17: Sample Charts

Benefit Sheet

- 106 The Benefit Sheets calculate the quantitative benefits of an option. Each option has multiple Benefits Sheets. The structure of the Benefit Sheet depends on the specific quantitative benefit being calculated (e.g., staff savings, reduced costs, etc.).
- 107 Table 12 explains what the various shading / colors in the sheet indicate.

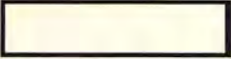


Color / Shade	Example	Definition
Tan		<ul style="list-style-type: none"> Tan shading is an input field. Meaning, the user types in the number.
White		<ul style="list-style-type: none"> White cells are calculated fields. Meaning, the model automatically fills the cell based on the formula and the data in the related gray input fields.
Dark Red / Brown		<ul style="list-style-type: none"> The dark red / brown lines are simply headers to indicate sub-sections of the sheet.

Table 12: Benefit Sheet Colors Legend

- 108 The actual structure of the Benefit Sheets differs by option and by type of benefit being calculated within an option. Each Benefit Sheet has four columns to display the information, as detailed in Table 13.

Column	Examples	Description
Data ID	A, B, C, D, etc.	<ul style="list-style-type: none"> Each data point has a unique identifier. This identifier is used in other Data Name cells to show how the data point is calculated from other data points.
Data Name	Minnesota's Total SFY2008 FTEs Reduced Legal Costs (A - F)	<ul style="list-style-type: none"> A short description of the data point, including a formula showing how the data point is calculated from other data points.
Data Value	362,703; 20%; \$4,294,635; etc.	<ul style="list-style-type: none"> The actual value either manually typed in or automatically calculated. Data Values manually entered are shaded in tan. Data Values automatically calculated by the CBA Model are in white. The white Data Values have Data Names with formulas included to show the calculation.
Source	Data obtained from the 2008 Annual Performance Report. Estimate based on Deloitte experience with similar projects.	<ul style="list-style-type: none"> A brief description of where the Data Value came from, including any assumptions made.

Table 13: Benefit Sheet Columns**Detailed Costs Sheet**

- 109 The Detailed Costs Sheet details the expected one-time and recurring costs of a project.
- 110 Table 14 explains what the various shading / colors in the sheet indicate.


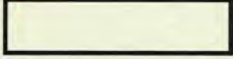

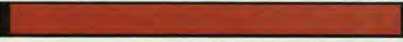
Color / Shade	Example	Definition
Dark Gray		<ul style="list-style-type: none"> Dark gray shading is used to indicate column labels for the project phases, "Unit Cost", "Total Cost", etc.
Tan		<ul style="list-style-type: none"> Tan shading is an input field. Meaning, the user types in the number.
White		<ul style="list-style-type: none"> White cells are calculated fields. Meaning, the model automatically fills the cell based on the formula and the data in the related gray input fields
Dark Red / Brown		<ul style="list-style-type: none"> The dark red / brown lines are simply headers to indicate sub-sections of the sheet.

Table 14: Detailed Costs Sheet Colors Legend

111 Table 15 provides definitions for each of the terms used in the sheet, organized in the order in which they appear.

Term	Definition
Source	<ul style="list-style-type: none"> A column common to all rows in the sheet that details where the estimate originated.
Resource Costs – One-time	<ul style="list-style-type: none"> Section that provides the estimated hours by resource type for each phase of the option implementation. The section also details the total estimated hours by resource type, the rate of each resource type, and the total cost for each resource type. The columns in this section include: <ul style="list-style-type: none"> List of Resource Types – Every option's CBA Model has the same three resource types listed (even if that particular model does not allocate any hours to one or more of the resource types at this time). The resource types are: State Office Staff, County Office Staff, and Vendor. Implementation Teams – One column is provided for each team involved in the option implementation so that hours can be allocated to each team by the type of resource. The teams differ by project, but a typical organizational change implementation includes the following teams: Project Planning & Management, Communications & Change Management, Organizational Design & Workforce Transition, Infrastructure, Facilities, Technology, and Process. Note that the hours detailed in this section only include hours to be expended during implementation of the option. Total Estimated Hours – Sums the hours allocated across the teams for each resource type. Rate / Hour – Provides the estimated rate per hour for each resource type. The source for each rate is provided at the bottom of each Detailed Costs Sheet and are also provided below: <ul style="list-style-type: none"> State Office Staff rate / hour is calculated per the following: Total annual blended personnel salary and benefits for the state office is \$15,703,518 per meetings with CSED and SFY 2008 salary data. Weighted between the four designations of state employees (management, PRISM, operations, and policy) and using 2080 hours as the annual hours worked, the hourly wage for state office personnel is \$38.37. County Office Staff rate / hour is calculated per the following: Total annual personnel salary and benefits for the counties in SFY 2008 was \$70,110,551 per the Net County Administrative Costs & Reinvestment Summary report for SFY 2008 and per conversations with Hennepin County financial staff. (\$4,247,609 of reported Salaries & Direct Benefits is indirect costs associated with personnel. These indirect costs were subtracted from Salaries & Direct Benefits before calculating the rate per hour.) This results in an average salary and benefits for county child support personnel of

Term	Definition
	<p>\$58,421.05. Using 2080 hours as the annual hours worked, the average hourly wage for county child support personnel is \$28.09. This rate per hour is different from that used in the Policy BPR Project (\$29.79) because Hennepin County's indirect costs reported in their Salaries & Direct Benefits line were not separated out as indirect costs in the Policy BPR Project as they have been here. (This count excludes cooperative agreement personnel, but includes clerical, child support officers, child support aides, administrators, managers, supervisors, etc.).</p> <ul style="list-style-type: none"> – Vendor rate / hour is based on Deloitte's experience with similar projects. • Total Cost – Multiplies the Total Estimated Hours by the Rate / Hour columns to calculate the estimated total cost for each type of resource.
Total One-time Resource Costs	<ul style="list-style-type: none"> • Sums the Total Cost column for the one-time resource costs to calculate the total estimated costs to be expended on resources during project implementation.
Transition Costs – One-Time	<ul style="list-style-type: none"> • Section that provides the estimated costs of other (non-resource) expenses to be expended during project implementation, including leasehold improvements on new office space, new furniture and equipment, and new IT infrastructure costs. The columns in this section include: <ul style="list-style-type: none"> – List of Cost Categories – Lists of the categories of one-time costs which are not resource-related. The list differs by option. And, some options do not have any non-resource one-time costs. Example categories include: Leasehold Improvements, Furniture and Equipment, and IT Infrastructure Costs. – FTE – Number of FTEs to which this cost will apply. – Sq Ft / FTE – Estimated number of square feet allocated per FTE. – Unit Cost – The cost per unit for each cost category. – Total Cost – Multiplies the Quantity by the Unit Cost columns to calculate the estimated total cost for each cost category.
Total One-time Costs	<ul style="list-style-type: none"> • Sums the Total One-time Resource Costs and Total One-time Transition Costs to calculate the total estimated costs to be expended during project implementation.
Recurring Costs	<ul style="list-style-type: none"> • Section that provides the estimated costs of ongoing / recurring expenses to be expended annually after project implementation. The columns in this section include: <ul style="list-style-type: none"> – List of Cost Categories – List of the categories of ongoing / recurring costs. The list differs by option. And, some options do not have any recurring costs. Example cost category includes Transportation Costs. – Trips / Year – Number of trips taken per office per year. – Miles / Trip – Estimated number of miles per trip taken. – Mileage – The cost per mile that is reimbursable. – Total Cost – Multiplies the Trips / Year by the Miles / Trip by the Mileage columns to calculate the estimated total cost for Transportation Costs.
Total Recurring Costs	<ul style="list-style-type: none"> • Sums the Total Cost column for the recurring costs to calculate the annual recurring costs to be expended after implementation of the option.

Table 15: Detailed Costs Sheet Definitions and Assumptions

Overview of Minnesota's Child Support Program

Minnesota's Child Support Services and Organizational Structure

- 112 A statewide child support enforcement program is required by federal law under Title IV-D of the Social Security Act (SSA) if the state wishes to have a TANF program under Title IV-A of the SSA. The federal child support program is part of the Department of Health and Human Services and is administered by the Office of Child Support Enforcement (OCSE). OCSE develops regulations governing the state child support programs and provides policy and technical assistance to the state programs. Federal law requires each state to have a child support enforcement program to:
- Establish paternities for children
 - Establish child support orders, including orders for medical support
 - Enforce child support orders through a variety of mandated enforcement remedies
 - Review and, if necessary, modify child support orders to accurately reflect the current financial circumstances of the parents
 - Collect and disburse child support collections
 - Locate parents, their income and assets
 - Operate an automated case management computer system to support the delivery of child support services
- 113 The federal government provides funding to the state child support programs through federal financial participation (FFP) by reimbursing 66% of the states' expenditures for their child support programs. Additionally, the federal government provides incentive funding based upon the states' performance on established performance measures. Under the federal incentive structure, each state competes for a share of a finite pool of federal incentive funds, in FFY 2008, \$483,000,000. In FFY 2008, Minnesota's share of the federal incentive funding was \$11,766,108. This total represents the preliminary distribution of federal incentives for FFY 2008 which may be adjusted following the close of the federal fiscal year. It is likely that the final total of Minnesota's share of the federal incentives will exceed \$12 million. As a result, the net federal funding for a generic state's child support program is approximately 70%, depending on the individual states performance on the federal measures. For Minnesota, in SFY 2008, federal funding for the child support program represented 73% of the total funding, which includes the federal incentive funds.
- 114 Minnesota's Child Support Program is a state supervised, county administered model which is the result of the historic state / county relationship in delivering human services programs. Under this model, the Department of Human Services (DHS), through the Child Support Enforcement Division (CSED), is the designated single state agency required under federal regulations for the supervision of the Child Support Enforcement

Program and is responsible for maintaining compliance with federal regulations in the delivery of child support services. CSED partners with the counties for the local delivery of child support services.

- 115 The county offices are organized under the auspices of the county human services agencies, with the notable exception of Ramsey County which is under the Ramsey County Attorney's Office. There are 84 county offices delivering child support services for Minnesota's 87 counties. In two instances, counties have consolidated services into a shared services model; Lincoln, Lyon, Murray and Faribault, Martin. The county social services agencies have a variety of governing board structures, predominantly under the board of county commissioners (53 counties), county welfare boards (17 counties), or county human services boards (17 counties).
- 116 The relationship between CSED and the counties in the delivery of child support services is primarily defined by statute. Although there are cooperative agreements for each county regarding delivery of child support services, those agreements address the relationship between the county child support office and other county entities, such as the county attorney and sheriff, rather than define the relationship between the counties and CSED. County attorneys provide the legal services for the local county child support offices in the establishment and enforcement aspects of child support services and sheriffs often provide the service of process services necessary for legal proceedings (although some counties use private vendors for service of process activities).
- 117 Additionally, CSED has an intergovernmental agreement with the Minnesota courts to fund magistrates who exclusively hear child support cases, primarily paternity and support order establishment proceedings under the Expedited Process. The Expedited Process was created to meet the federal requirement to process establishment cases in an "expedited" manner.
- 118 In 1995, to comply with this federal requirement, Minnesota enacted an administrative expedited process under which child support officers entered support orders. However, in 1999, the Minnesota Supreme Court ruled that the administrative process was unconstitutional because it violated the separation of powers doctrine by (1) infringing upon the court's jurisdiction, (2) creating a tribunal that was not inferior to the district court, and (3) allowing child support officers to practice law.
- 119 As a result of this decision, the 1999 Legislature repealed the administrative process laws and required the court system to create the current expedited judicial process. In this process, child support paternity and order establishment and some enforcement proceedings are heard before magistrates assigned to hear solely child support matters. Under the current Expedited Process system, the state provides the non-federal share of the funding necessary for the dedicated child support magistrates. Even with the Expedited Process, certain child support matters, particularly those involving custody and visitation issues, are heard before District Courts. Accordingly, Minnesota remains a judicially oriented state and, as such, county attorneys play an important role in the delivery of the child support services.
- 120 Among other participants in the delivery of child support services are:
 - Genetic testing providers – The counties contract with approved genetic testing laboratories for the conduct of genetic testing to support paternity determinations.
 - Private service of process providers

- Private vendors – CSED contracts with private vendors to provide payment receipting services at the central Child Support Payment Center (CSPC), for new hire reporting in which employers report new employees to expedite income withholding for child support payments, and for Financial Institution Data Match (FIDM).
- Community partners – CSED and the counties work with a wide variety of community partners to provide access to and education about child support services.
- Other state agencies – CSED maintains automated interfaces to exchange data with other state agencies to support the delivery of child support services.

Role of State Office

- 121 As noted, CSED performs the role of the single state agency charged with supervising the administration of the IV-D program in Minnesota. CSED is organized into different functional units in which its 191 employees are organized into 14 separate units. Over the last three fiscal years, the number of FTEs at CSED has declined from 203 in SFY 2006 to 191 in SFY 2008. Table 16 provides a summary of the services provided and functions performed by CSED.

Services Provided or Functions Performed	Description
Policy Development	CSED develops the policies necessary to implement federal or state law, or to support program initiatives as well as preparing proposed legislation and supporting fiscal notes.
System Operation and Maintenance	CSED operates and maintains the statewide case management system (PRISM) required by federal law.
Federal Compliance and Reporting	CSED maintains the federally mandated state plan which evidences compliance with federal requirements and provides the required federal reports to OCSE on a quarterly or annual basis.
Budget Management	Preparation and management of the CSED budget.
Central Registry	CSED acts as the central clearinghouse for incoming interstate referrals.
County Office Support	Policy and Technical Help Desks, Regional Performance Advisors, SHLIF Coordinator, and In-Hospital Paternity Coordinator
Customer Service	CSED maintains Minnesota Child Support Online (MCSO), the statewide child support website, and the Interactive Voice Response (IVR) system providing telephonic access to child support information. Additionally, CSED provides customer service by responding to customer inquiries received by telephone or from walk-in customers.
Collecting and Disbursing Child Support Payments	Operation of the Child Support Payment Center (CSPC) with vendor participation
Administrative Support	Centrally printed forms and mailings, data warehouse reports
Contract and Grant Management	Management and oversight of CSED contracts with other entities and grant application and management
Direct Enforcement Services	CSED provides the following direct enforcement services (with a varying degree of county involvement in case management): <ul style="list-style-type: none"> • Federal Income Tax Refund Intercept (Project Intercept) • State Income Tax Refund Intercept (Revenue Recapture) • Passport Denial • Credit Bureau Reporting

Table 16: CSED Functions and Services

- 122 Under the current service delivery model, CSED performs its state office functions in-house, in contrast to other states which may perform similar functions through the use private vendors, consolidated information technology agencies, other shared services within state government, or a combination of these methods. This is particularly relevant in the function of maintenance and operation of the federally mandated automated case management system. Minnesota performs this function in-house at CSED while many other states have this function performed by vendors or through a shared state Information Technology (IT) agency.
- 123 CSED is the primary conduit of communication with the federal government, both in terms of policy implementation and in sharing data with the federal government for the administration of the program. CSED has the responsibility to ensure that federal requirements are implemented and

that Minnesota maintains an approved state plan. To discharge this responsibility, CSED issues approved state policies and practices in accordance with the federal requirements. However, CSED does not have mechanisms other than persuasion to enforce consistent application of these policies by the counties.

- 124 While CSED is accountable for overall program performance on a statewide basis, CSED has little flexibility in reallocating emphasis or resources to drive performance in a particular area. According to current Minnesota statute, all federal performance incentives are allocated to the counties based upon their individual performance on the federal measures. Similarly, there are additional state-funded incentives provided to the counties which are also set by statute and funded separately by the Legislature. Since both of these incentive allocations are established by statute, CSED is not able to influence performance or practices by the counties by reallocating these incentives to drive focus or allocate resources to a particular area.
- 125 CSED's budget management responsibilities include preparing and managing an annual budget for the state office, including funding for the intergovernmental agency agreement with the courts for the magistrates, and any special funding to support particular initiatives undertaken at the state level. However, this budget management responsibility does not include oversight of the county budgets, which account for 77% of total program expenditures. County budgets and expenditures are independent of CSED control and management, yet have the most significant impact on the program's overall cost effectiveness.

Role of County Office

- 126 The county offices are the primary point of delivery of child support services to the ultimate customers of the program, the children and families of Minnesota. There are 84 county offices providing child support services to Minnesota's 87 counties with 1,200 employees engaged in providing these services, including staff providing services under cooperative agreements. The level of county employees in the program has remained relatively stable, growing from 1,180 FTEs in SFY 2006 to 1,200 FTEs in SFY 2008. While the number of overall FTEs has remained rather stable, salary and benefits costs have increased.
- 127 County child support caseworkers open new cases, locate parents, collect financial and other information, calculate and propose child support obligations, draft legal documents, appear in court as witnesses, monitor child support payments, and initiate enforcement remedies when payments are not made. The county caseworkers are the primary point of contact for the majority of customers of child support services.
- 128 County offices vary in size and organization typically based upon the size of their caseloads. In SFY 2008, county offices varied in size from less than one FTE and 123 cases to 271 FTEs and 56,418 cases. Counties with smaller caseloads tend to divide their caseloads among the caseworkers by a generic division of cases, usually alphabetically, with each caseworker providing the full range of child support services. Counties with larger caseloads tend to employ some level of specialization with specific caseworkers performing specific functions, such as case initiation, paternity establishment, or specialized caseloads (e.g., cases with arrears balances only). Accordingly, how child support services are delivered is often dependent upon the size of the county office.
- 129 The child support services provided or functions performed by the county offices are summarized in Table 17.

Services Provided or Functions Performed	Description
Case Initiation	Counties perform the tasks necessary for the creation of a new child support case on PRISM.
Paternity Establishment	Counties gather the necessary information to identify alleged fathers, arrange genetic testing, and obtain legal determinations of paternity.
Support Order Establishment	Often performed in conjunction with paternity establishment, counties gather financial information from both parties, prepare proposed support orders, and obtain court orders for financial and medical support.
Direct Enforcement Services	The counties provide the following direct enforcement services (with a varying degree of CSED system or other support): <ul style="list-style-type: none"> • Income withholding • Contempt of court • License sanctions • Financial Institution Data Match (FIDM) and levy
Customer Service	Counties provide front-line customer service. Notices and correspondence mailed to customers provides the caseworker's direct telephone number as the point of contact.
Case Management	County caseworkers are primarily responsible for the management of child support cases, supported by PRISM functionalities.

Table 17: County Services and Functions

- 130 The legal services necessary to provide child support services are provided by the county attorneys under cooperative agreements with the county human services agencies. While a model cooperative agreement has been prepared by CSED, the counties have latitude to modify the model agreement to tailor the terms and conditions for their individual county. The compensation terms for the legal services provided by the county attorney are either based upon an hourly rate, with or without an annual limit, or upon a set annual amount. In addition to providing direct legal services to establish and enforce child support orders, the county attorneys provide independent legal advice to the county child support offices.
- 131 The budgets for the county offices are established by the county governing boards, independent of guidance or control of CSED. The counties claim FFP for their expenditures by submitting quarterly reports to CSED which are used as supporting information for the quarterly reports submitted by CSED to the federal government to claim the FFP.

Review of Program Funding and Expenditures

- 132 The funding for the Child Support Program is a mix of federal, state, and county funds. The federal government provides FFP at the rate of 66% for both CSED and the county offices. The non-federal share of CSED expenditures are provided by state general funds. The county expenditures are funded by FFP, federal incentives, state incentives, and county funds. Table 18 provides a summary of the funding for the Child Support Program for SFY 2008.

Funding Source	Total Funding	Percent of Total Program Funding
Federal Funding – FFP	\$104,886,423	66%
Federal Funding – Incentives	\$11,766,108	7%
State Funding	\$23,602,338	15%
County Funding	\$18,820,547	12%
Total	\$159,075,416	100%

Table 18: Child Support Funding Sources SFY 2008

- 133 Expenditures for the Child Support Program include expenditures for CSED, the county offices, and the funding provided to the courts for the magistrate services. Child Support Program expenditures by these service providers for SFY 2008 are summarized in Table 19.

Child Support Service Provider	Total Expenditures	Percent of Total Program Expenditures
CSED ²	\$30,438,471	19%
Magistrate Services through the Intergovernmental Agreement with the Courts	\$6,268,365	4%
County Expenditures ³	\$122,368,580	77%
Total	\$159,075,416	100%

Table 19: Child Support Expenditures SFY 2008

- 134 The expenditures at the state office include the costs of operating and maintaining the case management system, PRISM. While funding for the state incentives provided to the counties is routed through CSED, those are separate, dedicated funds (\$4,783,031 in SFY 2008) and are not included as CSED expenditures.
- 135 In SFY 2008 the state provided funding to the counties to offset a loss of FFP for the federal incentives received by the counties in the amount of \$5,785,631. Under the provisions of the Deficit Reduction Act of 2005 (DRA), states were no longer able to use federal incentives to access FFP.

² CSED Expenditure data was calculated based upon state expenditures reported in 2008 Annual Performance Report (\$36,550,243), minus the magistrate services through the intergovernmental agreement with the courts separated here (\$6,268,365), plus FPLS fees of \$156,593 based on consultation with CSED.

³ County Expenditure data was based on 2008 Annual Performance Report and Net County Administrative Costs & Reinvestment Summary for SFY 2008.

However, under the provisions of the American Recovery and Reinvestment Act of 2009, states are permitted to access FFP based upon federal incentives for federal fiscal years 2009 and 2010.

- 136 CSED expenditures can be summarized by those expenses related to salaries, operating expenses including PRISM, and indirect costs allocated to the Child Support Program for DHS support. Table 20 provides a summary of CSED expenditures for SFY 2008.

CSED Expenditures	Total Expenditures	Percent of Total CSED Expenditures
Salaries	\$15,703,518	52%
Operating Expenses	\$7,419,902	24%
Indirect Costs	\$7,130,471	24%
Total	\$30,438,471	100%

Table 20: Summary of CSED Expenditures SFY 2008

- 137 At the county level, the largest element of overall expenditures is salary expenses for the county office staff. Another substantial portion of the expenditures at the county level are indirect costs. The counties have developed cost allocation plans which allocate a portion of the overall county government expense to the Child Support Program. Each county can develop its individual cost allocation plan and typically engages private vendors to prepare the cost allocation plan. While each plan is somewhat different, common features of the cost allocation plans include an allocation of building costs, utilities, equipment, and shared county services, such as human resources and county governance. At the county level, indirect costs constituted 27% of total county costs in SFY 2008. Legal services provided by the county attorneys are another significant element of the expenditures at the county level. Table 21 provides a summary of the county expenditures for SFY 2008.

County Expenditures	Total Expenditures	Percent of Total County Expenditures
Salaries	\$70,110,551	57%
Legal Services	\$11,787,717	10%
Operating Expenses	\$7,732,919	6%
Indirect Costs	\$32,737,393	27%
Total	\$122,368,580	100%

Table 21: Summary of County Expenditures SFY 2008

- 138 Over the last five years, CSED expenditures have remained relatively flat, growing by an average annual rate of 0.4%, with net decreases in expenditures in three of the last five years. County expenditures have experienced a higher rate of increase, primarily driven by salary increases,

with an average annual rate of increase of 3.2%. Figure 18 depicts the growth in CSED and county expenditures over the last five state fiscal years.

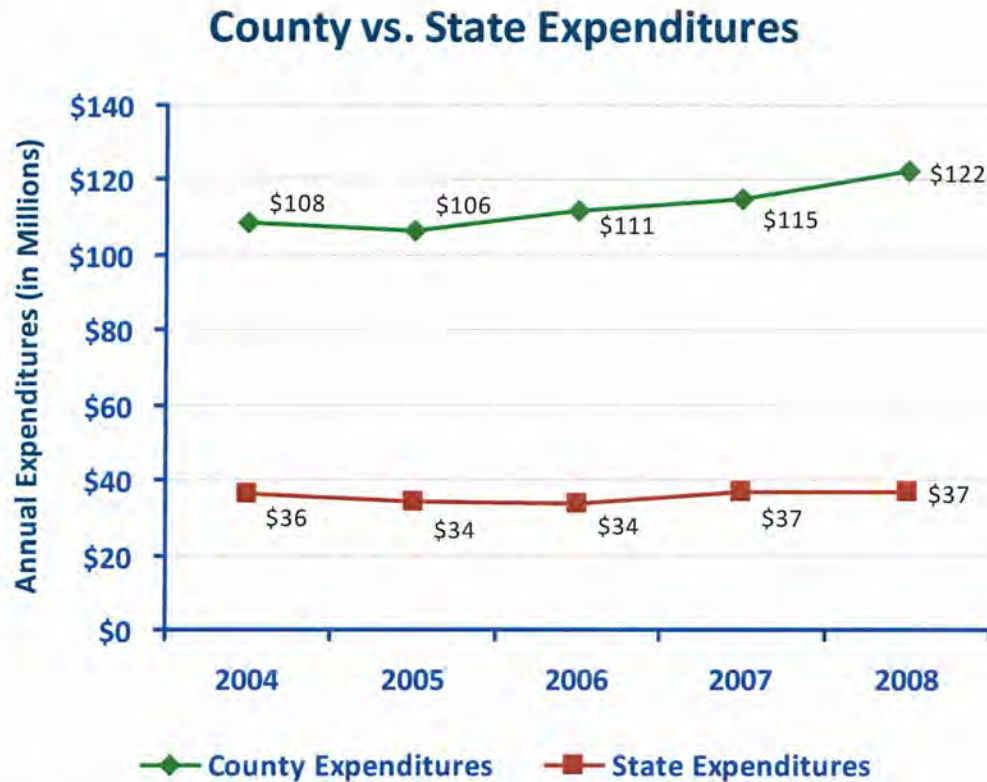


Figure 18: Increase in County and State Expenditures SFY 2004-2008⁴

- 139 The current service delivery model is characterized by diffuse control over program expenditures with 84 county cost centers and two state costs centers (i.e., CSED and the courts). As a result, there is little opportunity to control expenditures as a mechanism to improve overall program cost effectiveness.

⁴ State Expenditures includes intergovernmental agreement with the courts for magistrate services.

Conclusion

- 140 Minnesota's Child Support Program is a state supervised, county administered model which is the result of the historic state / county relationship in delivering human services programs. The current service delivery model relies upon a complex interrelationship between the state office, county child support offices, other county entities including the county attorney and sheriff, the Minnesota courts, and numerous other partners and service providers. This complex structure has made child support service delivery inconsistent across the state and has been a significant factor in the declining cost effectiveness of the overall program. While CSED is accountable for overall program performance on a statewide basis, the current service delivery model gives CSED little flexibility in reallocating emphasis or resources to drive performance in a particular area. Diffuse control over program expenditures at the county level results in limited opportunity for CSED to control expenditures as a mechanism to improve overall program cost effectiveness.

Assessment of Current Service Delivery Model

Introduction

- 141 The purpose of this section of the deliverable is threefold: (1) to provide a detailed description of the way the State of Minnesota currently administers its Child Support Enforcement Program and delivers the services of that program, (2) to identify challenges within Minnesota's child support enforcement service delivery model, and (3) to identify potential opportunity areas for improvement. These opportunity areas will serve as the focal points for the Options Analysis and future recommendations that will come later in this deliverable.
- 142 The Assessment of the Current Service Delivery Model consists of an analysis of five components of the current service delivery model:
- **Business Processes:** An assessment of the child support business processes and a determination whether they could be made more efficient, effective, and consistent by an improved alignment of the support technology and organizational structure.
 - **Organization and Program Structure:** An evaluation of whether Minnesota's child support organizational model is efficient compared to other states, the alignment and sufficiency of the number of staff with the services delivered, and an evaluation of the program structure.
 - **Service Channels:** A determination of whether service channels could deliver more self service resulting in more cost effective services and evaluation of the benefits of centralization or regionalization of the delivery of certain child support services.
 - **Technology:** An evaluation of how technology could promote standardization and consistency in the delivery of services.
 - **Performance Management:** An evaluation of the current use of performance measures to promote consistency and cost effectiveness and how performance management is currently integrated into the current organization.
- 143 Our assessment of Minnesota's current child support service delivery model explores the roles and responsibilities of the key service providers involved in the delivery of child support services. These service providers include the state office, county offices, county attorneys, and the courts.
- 144 In this section of the deliverable, we evaluate Minnesota's current child support enforcement service delivery model to determine whether it promotes or inhibits the cost effective delivery of quality child support services to the children and families of Minnesota. We recognize that the Minnesota Child Support Program is a complex and diverse organization, with 84 county offices, local county attorneys who contract with those county offices, and a state office that is responsible for oversight of the entire program. In addition, as a judicial, rather than administrative state, Minnesota's judiciary also plays a significant role in the delivery of child support services. As a result, this assessment presents a view of the state program as a whole, rather than a detailed analysis of the efficiency or cost effectiveness of each individual service provider. Similarly, in the following assessment, discussions of policy refer to a broad view of the overall direction and vision of the child support program rather than specific policy directives issued by the state office unless otherwise indicated.

Process

- 145 Our assessment of Minnesota's current child support enforcement service delivery model builds upon the information and data gathered during the Policy Business Process Redesign (BPR) Project, which provided many insights into how Minnesota currently operates its Child Support Program. In order to create continuity and connectivity between the BPR study and the Assessment of Service Delivery Model (ASDM) study, in the analysis of business processes, we used the same six business process categories to analyze how the processes are enabled within the current service delivery model. This approach also supports the Industry Analysis of other states as these business processes are common divisions of child support programs across the different states. The six business processes are:
- Case Initiation
 - Establishment
 - Enforcement
 - Financials
 - Locate
 - Case Management
- 146 Two of the foundational issues that this study intends to address are the cost of delivering services in the current service delivery model, and the consistency in which those services are delivered. Because the largest cost driver in most child support enforcement programs is labor (in Minnesota, labor represents 72% of the direct costs for the county and state offices), we have focused much of our analysis on the human resource allocation and expenditures as the key cost driver in Minnesota's Child Support Enforcement Program.
- 147 One of the data points that we wanted to obtain was the amount of the labor force effort associated with each of the six core process areas. To accomplish this, we used county surveys and data queries from the state's child support enforcement system to arrive at reasonable approximations of the investment of time and resources required to achieve particular business outcomes. Our assessment did not include a detailed time and motion study, as the scope and timeframe for such a study would not have been achievable within this project's schedule.
- 148 Table 22 provides the percentage of total county resources dedicated to each of the business processes based upon surveys conducted of the county offices.

Child Support Business Process	Percentage of Resources Allocated
Case Initiation	4%
Establishment	20%
Enforcement	27%
Financials	5.5%
Locate	8.5%
Case Management	35%

Table 22: Allocation of County Resources to the Child Support Business Processes

149 As Table 22 shows, over one-third of staff time is allocated to the case management process (35%). Much of the reason for this is that customer service, a very time consuming activity, falls under this process. Enforcement of child support orders (27%) and the establishment of paternity and support orders (20%) ranked second and third respectively in the amount of staff resources allocated.

Case Initiation

150 Case initiation refers to those tasks performed and services provided to a new or returning recipient of services. There are three primary sources of new cases:

- Referrals from other agencies who are providing services, such as public assistance (MFIP), medical assistance, or foster care and can be either automated referrals or manually transmitted, paper referrals,
- Non-public assistance (NPA) applications for services, and
- Incoming interstate cases.

151 Regardless of the source of the new case, activities to initiate the case include determining if a person in the new case is already known to the child support system, determining whether an order for the parties already exists in the system, and creating the applicable case file and system record (referred to as "case build"). In instances where previously closed cases exist on the system, these cases will be reopened, as opposed to creating a new case for the parties and repeating the full case build process.

152 Upon case receipt, federal regulations define the timeframes required to move the case to the appropriate IV-D service. Examples of appropriate IV-D services include the establishment of paternity, the establishment of an order, or enforcement of an order. In order to provide those services, it is vital that the necessary information is gathered during the case initiation process to ensure that the case is properly evaluated for the next appropriate action. Therefore, many of the tasks associated with case initiation involve data gathering and an evaluation of that data to determine the next appropriate or necessary step.

- 153 The current case initiation subprocesses were detailed and validated as part of the Policy BPR Project. Both the state office and county offices provide services. The state serves as the entry point of new cases received through interfaces with other agencies and new interstate cases which are processed by the Central Registry within the state office. However, with the exception of Tribal Shared-Interest cases, all of the state office's case initiation activities result in the ultimate transfer of the new case to one of the county offices.
- 154 The county offices are the initial point of contact for new cases received from non-public assistance (NPA) applications and manual referrals from other agencies (e.g., non-IV-E foster care). With the exception of some partial case build activities performed by the Central Registry, the counties conduct the activities necessary to create and process a new case and take the actions needed to deliver services to the customer. Within the county office structure, there are two primary classifications of staff that perform case initiation services (either caseworkers or clerical staff). Additionally, in some larger county offices, case initiation services may be performed by specialized staff.
- 155 The tasks performed by these county workers vary as to the degree, level of service, expertise, and authority of the particular employee performing the case initiation services. The Policy BPR Project revealed that some counties, like Beltrami and Goodhue, have chosen to use clerical staff to build a skeleton case on PRISM and then move the case to a caseworker for completion of the case build and an assessment of the services required. Other counties use caseworkers to not only build the case in PRISM but to ensure there is as much information as possible from the applicant before moving the case into a specific process. The person and case searches are usually completed by the initial employee in the case build process to ensure there is no case duplication.
- 156 In many counties, particularly the smaller counties, the close proximity to and personal relationships with the income maintenance staff and the caseworkers' local knowledge are benefits in resolving issues that often exist with IV-A referrals from the MAXIS system. Questions about the recipient's identity, address, and familial relationships are quickly resolved through this informal network of relationships.
- 157 County attorneys play a minor role, if any, in the case initiation process. For case initiation purposes, the county attorney's role is limited to providing legal advice regarding the interpretation or validity of an existing court order and jurisdiction / venue concerns.
- 158 The CSED role in case initiation activities is to serve as a conduit of new cases from other agencies or other states. It is the state office's responsibility to maintain the interface between MAXIS and PRISM regarding the IV-A referrals. As noted, the state office also operates the Central Registry which is the initial point of review of incoming interstate requests for services.
- 159 Table 23 presents a summary of the major tasks in the case initiation process, the agency or entity responsible for performing those tasks, and comments regarding each activity.

Case Initiation Activities	Entity Responsible	Comment
Initiate and Receive NPA Application	County / CSED	CSED operates and maintains Minnesota Child Support Online (MCSO) which provides access to an application form which can be printed by an applicant. Applications can also be obtained at a local office or by request via US Mail. The counties accept and process the NPA application and collect the \$25 NPA application fee that must accompany the NPA application.
Receive Public Assistance Case Referrals (IV-A, IV-E, XIX)	County / CSED	CSED is responsible for the operation and maintenance of interfaces to receive mandatory referrals for IV-D services, primarily the interface between MAXIS and PRISM. In addition to the referrals of new cases, the MAXIS interface also provides child care assistance information. Once the referrals are received through the interface, the county offices perform the case build activities.
Receive Child Care, XIX (child only) and Non-IV-E Foster Care Application	County	Counties receive and process manual paper referrals and then perform the case build tasks similar to the automated public assistance referrals.
Responding Interstate Cases	County / CSED	The state Central Registry receives interstate cases from another state, performs initial case build activities in PRISM, and sends documentation to the local county. County caseworkers complete the case build process upon receipt of the documents.
Build Case on PRISM	County	Variations exist among the counties regarding the type of county worker that builds the cases in PRISM. Clerical staff or caseworkers perform the case build depending upon the county office structure and organization.
Gather Additional Information	County	Caseworkers interview the custodial and noncustodial parent for more information as needed to complete the case initiation process.

Table 23: Case Initiation Activities

160

The case initiation process is characterized by multiple manual processes. However the service delivery model in terms of the division of duties between the state and counties provides fairly efficient support for the process. Yet, there are opportunities for increased efficiency and cost effectiveness by supporting greater customer self service, particularly by providing NPA applicants the ability to submit application for services online. The opportunities to improve the cost effectiveness and efficiency of the case initiation process are presented in Table 24.

Case Initiation Opportunity	Description
Centralized Case Build	Centralize and specialize the case build activities to leverage specialized skills and promote consistency in the case build process. Centralization will also help identify some of the known problems associated with referrals received from interfaces, such as the MAXIS referrals, and will reduce duplication of efforts occurring with interstate referrals.
Online NPA Application	Permit customers to complete an NPA application online and submit the NPA application electronically with the data from the application transferred directly into PRISM to expedite the case initiation process and provide greater convenience of service to the customers.

Table 24: Case Initiation Opportunities

Establishment

- 161 Establishment refers to those activities and tasks which support the establishment of paternity, the establishment of child support and medical support orders, and the review and modification of existing orders. As such, the term establishment includes a wide range of services and activities.
- 162 Paternity establishment is a core activity of the Child Support Program as the determination of legal paternity is a necessary step for all other child support activities. Paternity is established through one of the following methods:
- The child is born during a marriage between the parties and thus creates a legal presumption of paternity.
 - The putative father admits to paternity of the child by signing a voluntary acknowledgement of paternity or recognition of parentage (ROP) and this admission legally establishes paternity.
 - Judicial paternity establishment, either in District Court or in an action brought before a magistrate in the expedited process, often based upon the results of genetic testing which provides the evidentiary basis for the judicial determination of paternity.
- 163 Following the establishment of paternity, the case will proceed to support order establishment. Support order establishment involves gathering information from both parents relating to income and other financial information as well as the medical and child care needs of the child in question. Minnesota uses the income shares model of child support guidelines, which considers the income of both parties when setting the terms of the support obligations. The information received is used to apply the guidelines to determine the amount of the support obligation, including medical support.
- 164 The current state of the various activities that support the establishment process was detailed and validated as part of the Policy BPR Project and the service model for establishment services was validated in the Assessment Sessions. The counties are the providers of establishment services. There are federal requirements for the timeliness of the establishment process under which 75% of the cases must have an order established within six months and 90% within one year. The establishment process is dependent on legal processes to obtain court orders that establish both paternity and the support obligations. Therefore, the delivery of establishment services is dependent upon the interrelationship between the county offices, county attorneys, and the courts.

County Role

- 165 The county offices perform virtually all activities associated with the establishment process, while the state office role is limited to system support and interface operation and maintenance. Upon receipt of a new case, the county caseworkers will perform an assessment to determine if establishment services are necessary. The caseworkers gather information such as birth records, financial data, medical and child care costs. As needed, the custodial and noncustodial parties will be contacted to gather this information as well as other sources such as employers. Caseworker activities include interviewing the parties, performing guideline calculations, scheduling and attending hearings and, depending upon the arrangements with the county attorney, preparing legal pleadings and other documents. Legal documents are prepared using both PRISM forms and other county specific pleadings, depending upon county policy. Obtaining medical support and child care obligations are also part of the establishment process.

- 166 In the review and adjustment process, the state office has a greater role, particularly in the generation of the annual cost of living adjustment (COLA) notices. The state office generates and mails the COLA notices through a PRISM batch processing job which selects eligible cases. These cases are selected in March of each year for a COLA adjustment that will be made effective May 1 of the same year. However, the counties are the point of contact for any objections to the COLA adjustments and play the primary role in responding to review requests from customers. Among the counties, there are variances in the level of services provided to customers seeking review and adjustment services. A metropolitan county has elected to refer customers seeking review and adjustment services to the pro se, self-help, process while other counties provide the traditional review and adjustment services of gathering financial information and assessing whether the existing order is still appropriate under the child support guidelines.

State Office Role

- 167 CSED's role is one of technical support to the counties. CSED operates and maintains an interface with the Department of Health to provide access to birth records and recognition of parentage records. CSED also coordinates the in-hospital paternity program in which new unwed parents are offered the opportunity to complete recognition of parentage forms. CSED also assists with the establishment process by maintaining the PRISM forms that support the establishment process and making modifications to them when necessary. Additionally, CSED provides policy direction and ensures the guideline calculator worksheets are available for county caseworkers and the public.

Judicial Order Establishment

- 168 Support order establishment is a judicial process and thus requires the tracking of dates and timeframes, due process and the creation of significant amounts of legal paperwork to support the effort. This is true whether the county relies on District Court or uses the Expedited Process (Ex Pro). For both approaches, counties usually use the legal tracking flow (LETL) in PRISM to guide them through the steps required to complete the legal action. The commencement of LETL is the beginning of the timeframe tracking in PRISM.
- 169 The judicial establishment of paternity and support orders is conducted using either Ex Pro, before a magistrate, or in the District Courts. The expedited process was developed as a result of a Minnesota Supreme Court decision, *Holmberg v. Holmberg*, 578 NW2d 817 (Minn. Ct. App. 1998), aff'd 588 NW2d 720 (Minn. 1999), that ruled that the former administrative establishment process as constructed and implemented violated the Minnesota Constitution's requirement of separation of powers in part by creating an executive branch tribunal that was not inferior to the judicial branch and permitting non-attorneys to engage in the unauthorized practice of law.
- 170 The current process was developed to comply with the federal regulations for an expedited process by creating a process within the judicial system that met the requirements of the Minnesota Supreme Court decision.
- 171 Ex Pro can be used for a variety of legal proceedings related to a child support case. It is used to establish paternity and support orders when there is no issue relating to visitation or custody and also is used for review and modification and some enforcement actions (e.g., the appeal of driver's license suspension action). The magistrates who hear expedited process cases are part of the Minnesota court system and are funded by the Child Support Program.

Reliance on Judicial Actions

Minnesota must rely on judicial actions for the establishment of paternity and support orders as the previous administrative establishment process was found to be unconstitutional.

Role of County Attorney

- 172 Depending upon the arrangement with the county attorney, the caseworker may prepare the necessary legal paperwork and submit a packet of pleadings and supporting documentation to the county attorney's office for review and approval. Once the pleadings are approved, signed and returned, the caseworker prepares the pleadings for service upon the necessary parties and filing with the court. Service of process can be accomplished by personal service, acknowledgement by mail or a waiver of personal service. The county sheriff is utilized as a provider of service of process under a cooperative agreement although private agencies may also be engaged to perform service of process.
- 173 The county attorneys function as the legal representative for the counties in establishing support and paternity. The county attorneys are responsible for providing consultation and direction to caseworkers, determining jurisdiction and venue, overseeing the preparation of or preparing pleadings, approving all proceedings, attending hearings, and negotiating settlements with the parties. The county attorneys are the primary resource for reconciling issues between the child support establishment processes and the corresponding court.
- 174 The counties use a litigation approach to establishment in which there is little attempt to arrive at agreed upon or stipulated orders. To the extent that settlement negotiations occur with the case parties, it occurs primarily at the courthouse on the day of the hearing. Based upon surveys of the counties, 20% of the county caseworker resources are dedicated to the establishment process and 49% of county attorney resources are allocated to establishment activities. Coupled with the financial and case management activities associated with establishment such as scheduling, tracking legal proceedings and order entry, 31% of the program's caseworker resources are allocated to establishment activities.
- 175 Table 25 is a summary of the major tasks in the establishment process, the entity responsible, and comments regarding each activity.

Establishment Activities	Entity Responsible	Comment
Gather Information from Case Parties	County	Caseworker interviews parties for additional information necessary to the establishment process.
Case Assessment	County	Caseworkers determine whether paternity is an issue or if additional information is needed which requires locate activities. Additionally, a determination is made whether the establishment process can be heard in Ex Pro or District Court.
Prepare Legal Pleadings	County / County Attorney	County office caseworkers or county attorney staff prepare pleadings either in PRISM or using county-specific forms or templates.
Schedule Court Hearing	County / County Attorney	Depending upon the division of duties within the county, either county office caseworkers or county attorney staff will schedule hearings in District Court or with the magistrate (Ex Pro).
Attend Hearing	County / County Attorney	Caseworkers and the county attorneys attend court.
Decision Making	Magistrate or Judge	Magistrates generally hear child support cases when custody and visitation are not outstanding issues; otherwise the case is heard by a District Court judge.
Enter Order Results into PRISM	County	Court orders are entered in PRISM by the caseworker.

Table 25: Establishment Activities

- 176 In the current service delivery model, there are large variations in the delivery of establishment services. Despite a federal mandate to emphasize recognition of parentage as a primary means to quickly establish paternity, county child support offices in Minnesota continue to rely heavily upon genetic testing and judicial determinations as the primary method to establish paternity. Session participants report this is a function of both Minnesota law and county office or county attorney philosophy. Establishing paternity through recognition of parentage is viewed in many counties with disfavor as there is a perception that it deprives the father of an ability to address parenting issues at the time the initial order is entered which leads to additional, costly legal proceedings. The filing fees for additional proceedings to address parenting issues are often a barrier for case participants as, depending upon the nature of the proceedings, these filing fees can approach or exceed \$300 in addition to any attorney fees. As a result, Minnesota relies much more heavily upon judicial court proceedings to establish paternity than other states.
- 177 Counties in Minnesota rarely use stipulations or settlement agreements as mechanisms to reduce the time and effort associated with establishment litigation. Counties represented at the Assessment Sessions report that such alternative dispute resolution efforts are typically not used due to a belief that case parties will not participate in the settlement process; however, there is no available data to support this conclusion. As a result, significant time and effort is spent bringing the case parties before a District Court judge or magistrate at which time settlements are often reached in the courthouse hallways. This practice illustrates that alternative dispute resolution efforts could be successful in reducing the time and expense associated with establishment litigation.
- 178 There are significant disparities in establishment services across Minnesota. The amount of time required to complete establishment activities varies considerably among the counties. Depending on the county preference towards the use of Ex Pro or District Court, in those cases where an option exists, there can be a difference of almost a month (i.e., 28 days faster in Ex Pro) in the timeliness of establishing an order. The variance of services provided is more telling when measured from the time a case opens to when an order is ultimately entered, from 71 days to 317 days depending on the county in which the customer lives or receives services. Table 26 presents opportunities which could improve the efficiency and cost effectiveness of the establishment process.

Inconsistencies in the Delivery of Establishment Services

- Support is established via the Ex Pro process 28 days faster than via District Court process.
- Timeframes for order establishment range from 71 to 317 days among the Minnesota Counties.

Establishment Opportunity	Description
Emphasize Alternative Dispute Resolution	Develop a consistent, mandatory system of alternative dispute resolution activities such as settlement conferences or stipulated orders to reduce the reliance on litigation.
Improve Communication with the Courts	Explore electronic filing options, immediate court order entry into PRISM, and online scheduling with the court system to reduce workload of both the Child Support Program and the courts.

Table 26: Establishment Opportunities

Enforcement

- 179 Enforcement consists primarily of the activities which are performed on a case to compel the obligor's compliance with the terms of his / her support order(s). For IV-D cases, enforcement activities cannot be efficiently implemented unless the other core business functions of child support (case initiation, establishment, and financials) have been effectively conducted. Furthermore, if the cross-functional processes of case management and locate have not been adequately performed or utilized, the relative success of the various enforcement tools is greatly diminished.

- 180 To initiate and execute the enforcement activities, typically an event or trigger, such as new information on income or assets, must have occurred. The two common triggers leading to the initiation of enforcement activities are:
- Obligor fails or has failed to adequately comply with the financial and/or medical support order terms, or
 - Locate efforts are successful in identifying or verifying an obligor's employment, address, income, or assets, or an order is entered in PRISM.
- 181 With the onset of any one of these triggers, one or more of the enforcement remedies subprocesses can be initiated. The enforcement subprocesses are not applied in a linear fashion but can be initiated at any time in the life of a case depending upon the circumstances of the specific case.
- 182 The Policy BPR Project identified 17 subprocesses included under enforcement which identify the various enforcement remedies. There are different criteria for the use of these enforcement remedies and different roles played by the state, county, and county attorneys in each of these remedies. These subprocesses are represented in Table 27.

Enforcement Subprocess	Description
Determining Compliance and Initiating Enforcement Action	This subprocess describes the identification of cases that are not in compliance with the terms of a support order and the selection of an appropriate enforcement action to be pursued on a case.
Income Withholding	This subprocess describes the withholding of wages or other income for payment of a support obligation, both current and arrears. This is the most effective enforcement remedy; 71% of all collections in Minnesota were derived from income withholding in SFY 2008.
Project Intercept (Federal Tax Offset)	This subprocess describes the interception of federal income tax refunds to pay child support arrears.
Financial Institution Data Match (FIDM)	This subprocess describes the identification of accounts held by delinquent obligors and the process to freeze and seize those accounts to pay child support arrears.
Unemployment Benefits (REI)	This subprocess is similar to income withholding and describes how a portion of an NCP's unemployment insurance benefits, also called re-employment insurance (REI), is withheld for payment of a support obligation, both current and arrears.
Credit Bureau Reporting	This subprocess describes the activities involved in providing an NCP's support obligation and child support payment history information to credit reporting agencies such as Experian, TransUnion, Innovis, and Equifax.
Medical Support Enforcement	This subprocess describes how medical support obligations, including orders to provide health insurance and dollar specific medical support, are enforced.
Passport Denial	This subprocess describes the activities involved in submitting an NCP's name to the state department to prevent the issuance or renewal of a passport to an individual.
Judgment by Operation of Law	This subprocess describes the activities involved in creating a secured legal interest or lien against real property belonging to the NCP. A lien may be used as an enforcement tool if the NCP has a child support arrearage, which may include retroactive support, and owns real property in the state where the lien is asserted.

Enforcement Subprocess	Description
Judicial Enforcement (Contempt)	This subprocess describes the activities necessary to pursue, through the court system, civil enforcement remedies available for failure to pay child support in a timely manner. The most common judicial enforcement tool is contempt of court: seeking an order from the court finding the NCP in contempt for failure to comply with the terms of the support order and imposing sanctions, including incarceration, for the noncompliance.
Driver's License Suspension (DLS)	The subprocess describes how cases are selected for DLS and the steps for initiating and releasing a driver's license suspension as a means to compel payment of child support arrears.
Student Grant Holds	This subprocess describes how grants from Minnesota Office of Higher Education (MOHE) are placed on hold to compel payment of child support arrears.
Revenue Recapture (State Tax Refund Offset)	This subprocess describes the interception of state income tax and property tax refunds to pay child support arrears. This subprocess also includes the interception of lottery winnings to pay child support arrears.
Federal Criminal Prosecution	This subprocess describes the process for selecting and referring cases to the US attorney for criminal prosecution in the federal courts. The process is used on very few cases, but is typically a high profile enforcement tool.
Occupational License Suspension (OLS)	This subprocess describes how cases are selected for OLS and the steps for initiating a suspension of an occupational license as a means to compel payment of child support arrears. This subprocess is similar to Driver's License Suspension; however, it has different data inputs and different notice requirements.
Payment Plans	This subprocess describes the negotiation of payment plans as a means to establish a payment flow to pay both current and arrears and, in some instances, to avoid the imposition of another enforcement remedy. The implementation of a payment plan is a common outcome of various enforcement activities.
Recreational License Suspension (RLS)	This subprocess describes how cases are selected for RLS and the steps for initiating court proceedings to seek a suspension of a recreational license as a means to compel payment of child support arrears. This is a judicial process that suspends licenses issued by the Department of Natural Resources (DNR). The process has higher thresholds than other license suspension enforcement tools (i.e., driver's license and occupational license) and the process requires CSRD to return to court to release the suspension if the NCP becomes compliant with the support order.

Table 27: Enforcement Subprocesses

- 183 Enforcement services are delivered by both the state office and county offices depending upon whether the enforcement remedy is automated (state office) or manual (county office). Table 28 summarizes the enforcement remedies based upon whether the remedy is initiated by a caseworker or PRISM initiated or a combination of the two.

Worker Initiated	PRISM Initiated	Worker and/or PRISM Initiated
<ul style="list-style-type: none"> • FIDM Levies • Judgment by Operation of Law • Judicial Enforcement (Contempt) • Federal Criminal Prosecution • Payment Plan • Recreational License Suspension 	<ul style="list-style-type: none"> • FIDM Match • Unemployment Benefits (REI) • Passport Denial • Revenue Recapture • Project Intercept • Student Grant Hold • Credit Bureau Reporting 	<ul style="list-style-type: none"> • Income Withholding • Medical Support Enforcement • Occupational License Suspension • Driver's License Suspension

Table 28: Initiation of Enforcement Remedy

- 184 The current enforcement service delivery model is a mix of state and county services, delivered in varying levels of coordination between the different service providers. PRISM is a key enabler for the enforcement activities by identifying non-compliance through worklists generated to county caseworkers or by taking automated enforcement actions through interfaces with other agencies such as tax refund intercepts, lottery intercepts, or income withholding from unemployment benefits. However, as each of these automated remedies have provisions for the NCP to appeal the action, the county offices, including the county attorneys, also play a role in the automated enforcement remedies by defending appeals of the automated actions.
- 185 County attorneys become involved in the enforcement process when legal proceedings need to be initiated against the noncustodial parent, such as contempt of court proceedings, or when a case participant appeals to the court about an enforcement remedy, such as suspension of a driver's license. Contempt of court proceedings are often seen as the last resort in the enforcement process and are initiated when other remedies have failed or are unavailable. The use of contempt of court as a remedy varies widely throughout Minnesota depending upon the philosophy or practice of the county office management, the particular county attorney, or the local judiciary.
- 186 After enforcement is initiated, the enforcement activity may result in the appropriate payment or other activity (e.g., license suspension). In many cases there is follow-up contact with the noncustodial parent or a third party in control of assets or income tied to the noncustodial parent. The contact tends to lead to enforcement resolutions handled by the caseworker, with payments made to the Child Support Payment Center (CSPC). If a party timely disputes the enforcement activity and there is no pre-hearing resolution, the enforcement activity may be reviewed administratively and/or by a court, depending on the contested enforcement activity.
- 187 Table 29 presents a summary of the major tasks in the enforcement process, the entity responsible, and comments concerning the activity.

Enforcement Activities	Entity Responsible	Comment
Monitor Compliance	County / CSED	Caseworkers rely upon system generated worklists to inform them of noncompliance with a support order. Many of these worklists are monthly batches and have thresholds based upon the period of noncompliance, for example, 30 to 60 days, or the amount of the arrears, for example, three times the monthly support obligation. In addition, caseworkers are notified of noncompliance from a customer complaint, information from a third party, or from their own manual review or monitoring of their caseload.
Income Withholding	County / CSED	The state office provides new hire information and other employer data to identify an NCP's employer. Income withholding notices are generated by PRISM automatically as part of the income withholding process. The county offices implement income withholding by printing and mailing income withholding notices and medical support notices. The county offices also provide customer support for employer questions. In the current environment, automation is not fully leveraged as the county offices, with few exceptions, manually review all income withholding orders generated by PRISM to confirm the terms and amounts of the withholding notices.
Unemployment Benefits	CSED	The state office operates and maintains an interface with DEED which intercepts re-employment insurance (REI) benefits by automatically attaching income withholding orders to the benefits to pay child support.
Project Intercept and Revenue Recapture	County / CSED	Both the federal and state income tax refund intercept processes are primarily performed by the state office which conducts the data matches for the processes. The county offices become involved in appeals, balance disputes, and resolving spousal claims arising out of joint returns.
Passport Denial	CSED	The state office has recently assumed full responsibility for administering passport denial activities; however, the counties continue to be responsible to handle any court proceedings resulting from CSED's initial denial.
Contempt of Court	County / County Attorney	The county offices decide whether and when to proceed with contempt actions. The county attorneys provide the legal services for contempt actions and provide much of the decision making in determining whether to proceed with contempt actions and the terms and conditions of the contempt orders.
Financial Institution Data Match (FIDM)	County / CSED	The state office provides the results of data matches with financial institutions to identify accounts which may be levied to collect child support. The county offices have the responsibility to review these matches and levy against the identified accounts if the established criteria is met. However, many counties do not fully use FIDM as an enforcement remedy due to resistance to the remedy by local county governing boards, county office management, county attorney policies or judicial attitude towards the remedy. As a result, FIDM is inconsistently applied and the full potential of FIDM as an enforcement remedy is not realized.
Credit Bureau Reporting	CSED	The state office provides child support case information such as obligation amounts and balances to consumer credit reporting agencies. The county office involvement is limited to customer service issues which are infrequent because state office staff process and resolve credit bureau reporting disputes.

Enforcement Activities	Entity Responsible	Comment
Medical Support Enforcement	County	County offices have the primary responsibility for medical support enforcement by enrolling children into eligible health insurance plans and establishing judgments for unreimbursed or uninsured medical expenses if provisions for such obligations exist in the support order.
License Suspensions – Driver's, Occupational, Recreational	County / CSED / County Attorney	The state office operates and maintains interfaces with the Department of Public Safety for driver's license information and with the Department of Revenue for limited occupational license information. There is an interface with the Department of Natural Resources but it does not provide recreational license information on an automated basis. PRISM automatically initiates a driver's license suspension action but county caseworkers receive a worklist when this occurs and have the ability to stop the action from proceeding. Counties are also responsible for negotiating any payment agreements that may arise from the driver's license suspension activity. The county attorneys become involved in any appeal of a license suspension action or, in the case of recreational licenses, the court action required to obtain an order of suspension.

Table 29: Enforcement Activities

- 188 There are wide variances among the counties in the use and implementation of enforcement remedies. Despite the existence of statewide policies on the use of enforcement remedies, counties have independent policies and practices on the use of the remedies. These disparate policies and practices are the result of many factors including:
- County office management approach
 - County attorney legal guidance to the county offices
 - Policies enacted by the county governing boards
 - State office policy statements which permit or encourage varying practices
- 189 Examples of the inconsistent application of enforcement remedies include:
- FIDM: Counties have implemented policies with more stringent criteria than state policy. In one county, the county governing board established restrictive policies on the use of FIDM.
 - Payment Plans: The terms and conditions of a payment plan to avoid more severe enforcement remedies vary among the counties and among individual caseworkers within a given county.
 - Contempt of Court: The use of contempt as a remedy to prompt payment of child support varies due to differing philosophies on the efficiency of the tool by the county office and the county attorney and the willingness of the local judiciary to impose contempt terms which have the desired effect of prompting compliance with the support order.

- 190 As the majority of child support payments come from income withholding, 71% of all money collected and 80% of all receipts received, it is difficult to measure the impact of the reported inconsistencies in the application of various enforcement remedies on overall child support collections. The remaining remedies which produce payments are either automated and therefore occur uniformly, or the data on a specific remedy's application and the payments received as a result of that remedy are inconclusive. There may be many valid reasons for refraining from a particular enforcement remedy or implementing at a different time.
- 191 However, a telling indicator of the application of enforcement actions is the amount of time required to receive an initial payment after an order is established and entered into PRISM. This timeframe varies widely among the counties in Minnesota, from 26 days to 122 days with the average of 78 days. Accordingly, in one county the first payment is received more than three months earlier, 96 days, than in another county.
- 192 Table 30 presents opportunities which could improve the efficiency and cost effectiveness of the enforcement process.

Inconsistent Enforcement Services and Results

The variance in the time it takes to receive an initial payment after an order is entered ranges from 26 days to 122 days among Minnesota counties.

Enforcement Opportunity	Description
Centralize Issuance of Income Withholding	Print and mail all income withholding notices from a central location to reduce printing and mailing costs, eliminate delays associated with manual review, and promote consistency in the application of income withholding.
Centralize Employer Services	Provide a central point of contact for all employer contacts to reduce duplication of effort (e.g., multiple employment verification requests on the same NCP from different counties), and to provide consistent, convenient service to the employer customers.
Centralize or Specialize FIDM and License Suspension Enforcement	Centralization or specialization of these remedies would curtail the wide variance in county practices concerning FIDM and would permit the program to fully leverage automation in the implementation of license suspension, particularly with occupational licenses, by increasing the number of licensing agencies with automated data matching.
Privatize Establishment of Obligations for Unreimbursed or Uninsured Medical Expenses	In the Assessment Sessions, county and state participants universally viewed the establishment of obligation for unreimbursed or uninsured medical expenses as not being a cost effective enforcement activity. If the program continues to provide this service which is not required by federal regulations, privatizing the gathering and analysis of the background information and reducing the claims to judgments would allow county staff to focus their time and effort on more productive activities.

Table 30: Enforcement Opportunities

Locate

- 193 The term "locate" refers to the process of finding critical data elements concerning the parties to a case. Locate begins when a case is opened, and continues as long as at least one of the four critical data elements is missing, and/or when a case cannot proceed to the next action due to lack of verified information regarding the address, employment, or income source of the NCP.
- 194 These data elements include:

- Address
- Employment
- Date of Birth (DOB)
- Social Security Number (SSN)

Inconsistencies in the Locate Function:

- Use of the Internet
- Different locate sources available to caseworkers
- Dependent upon manual verification by caseworkers

- 195 The locate process supports each of the core child support functions – case initiation, establishment, enforcement, financials, and case management. In general terms, successful location is defined as having sufficient information regarding the party's identity, whereabouts, income and assets to enable contact or fulfill establishment or enforcement requirements necessary to enable completion of the next appropriate action. Without timely and accurate locate information on the parties to a case, the success of paternity establishment, order establishment, and enforcement activities is greatly limited.
- 196 Locate is a partially automated and partially manual activity. The automation processes are supported via the PRISM system, which is maintained by CSED and the manual tasks are performed by county caseworkers. The success of location activities is strongly dependent on the accuracy and timeliness of the data received. Establishing and building interfaces with public and private entities that provide the most common four data elements (physical address, employer, date of birth, and social security number) is the task of CSED. PRISM searches for missing data elements with the interfacing entities. When missing data is populated in PRISM, PRISM will move the case to the next action or notify a caseworker to take action.
- 197 County caseworkers are responsible for completing manual case actions and moving the case along its intended process. Caseworkers also manually generate locate activities by end-dating address and employer information, populating PRISM manually with new address and employer information that is provided by a third party, or by creating or sending requests using automated locate processes in PRISM.
- 198 County caseworkers rely heavily on PRISM to present successful matches for missing case information. This reliance on PRISM has diminished manual searches for NCPs by caseworkers in their overall approach to locate. Duplication of locate tasks occur when the NCP has multiple cases in different counties. As a result, two caseworkers can be working to locate the same NCP. Counties such as Ramsey, Hennepin, and Stearns have independently secured other sources of locate information (e.g., from Accurant and Work Connection) which are not used by other counties in the state. As a result, there are inconsistencies in service provided among the county offices.
- 199 Table 31 is a summary of the major tasks in the locate process, the entity responsible, and comments concerning the tasks and activities.

Locate Activities	Entity Responsible	Comment
Automated Locate	CSED	CSED provides locate resources through the Interface process in PRISM. CSED ensures data matching and filtering occur with accuracy in PRISM. Upon locate information being populated in PRISM, PRISM will initiate a predefined activity, or PRISM notifies caseworkers to take an action via worklist items.
Manual Locate	County	County caseworkers verify and validate locate information through PRISM and other locate resources. Caseworkers also initiate locate activities in PRISM to conduct automated locate searches.

Table 31: Locate Activities

200 Table 32 presents opportunities which could improve the efficiency and cost effectiveness of the locate process.

Locate Opportunity	Description
Centralize or Specialize Locate	By providing a centralized or specialized locate service to support ongoing case activities, the program could leverage specialized skills, access private locate sources more cost effectively, and reduce duplication of effort which occurs among the counties in the current environment (e.g., duplicate employer and address verification efforts). This may include the concept of "virtual centralization" in which automated search and verification logic is built into PRISM to support perpetual locate which presents new data to the caseworkers along with a score which evaluates the credibility and veracity of the new information.
Provide Customer Self Service	Under the current environment, case participants do not have a convenient, readily accessible means to provide updated information about themselves and their case. Permitting online access to update demographic, employment, and financial information would reduce staff resources expended in these efforts and promote a greater sense of ownership on the part of the case participants.

Table 32: Locate Opportunities

Financials

- 201 The financials process refers to those subprocesses and activities which support the financial activities associated with a child support case. The subprocesses within the financials process occur on an ongoing basis and are the mechanisms by which the vital, fundamental function of the Child Support Program, providing financial support for children, is delivered.
- 202 The subprocesses comprising the financials process are primarily automated functions which are, however, dependent upon initial manual data entry. Beginning with order entry, support obligations are entered into the system and categorized into debt types which accrue on a monthly basis. Payments are then received and are applied to these debts according to established business rules, driven primarily by federal requirements. However, these federal requirements do permit various options which can be implemented to reduce the complexity of the financial system.
- 203 The financials process also describes the manner in which payments are received and support is disbursed to families. The majority of all payments are received by a central payment center and support payments are issued to custodial parents from a central location. Payments are received both electronically and by checks. While some large payors of funds are submitting payments electronically, the benefits associated with this method of remittance have not been fully realized. Individual NCPs do not have the ability to conveniently submit payments electronically, for example, through the use of a credit card. The ability of NCPs to submit electronic payments is limited to automatic recurring withdrawals, registering as a self-employed NCP on the Minnesota Child Support Online website, or via ad hoc EFT payments, provided the NCPs bank meets EFT file requirements.
- 204 Additional financials subprocesses include the reconciliation of financial accounts including adjustments to the financial records, resolving misapplied payments, creating recoupment obligations to recover occasional overpayments, and addressing non-sufficient funds (NSF) payments. Counties perform the tasks associated with the establishment of the financial records in PRISM. The foundation for correct payment processing

commences with the county caseworker entering the financial data from the court order correctly and accurately. This is a critical function not only for payment processing but also for data reliability requirements. CSED provides payment processing capabilities through PRISM and the Child Support Payment Center (CSPC). CSED provides assistance to county caseworkers in correcting batch payment processing errors and adjustments to account balances.

- 205 Although the distribution and disbursement of child support payments is highly automated and centralized, there are mechanisms within PRISM to permit caseworker control over these functions by overriding the automated distribution scheme through the use of special distribution commands. While there are often valid reasons for these special instructions, occasionally they are used to circumvent state policy and/or to ensure a particular county receives full credit for a collection rather than have the payment distribute across all the NCP's cases which may belong to different counties.
- 206 CSED oversees the PRISM system which facilitates the establishment of obligations / debts and processes payments upon receipt. CSED also assists county caseworkers with account balance adjustments by reviewing and approving financial adjustments. CSED also supports customer service questions regarding employer issues involving payments and questions from custodial parents regarding direct deposit issues. In addition, CSPC assists NCPs with establishing the Automated Recurring Withdrawal (ARW) process and with employer registration for web payments, if self-employed.
- 207 Table 33 presents a summary of the major tasks in the case financials process, the entity responsible, and comments concerning those tasks and activities.

Financial Activities	Entity Responsible	Comment
Order Entry	County	Caseworker enters court order financial information such as obligation amount and duration, accrued arrears, and specific payment terms into PRISM.
Accrual	CSED	PRISM accrues the obligations created by the order on a monthly basis and tracks any payments made on the accrued obligations. PRISM also accrues interest due on child support arrears.
Payment Processing and Distribution	CSED	CSPC processes payments received and PRISM distributes and disburses payments to the appropriate party. The county offices occasionally receive payments which are forwarded to CSPC.
Adjustments	County / CSED	County caseworkers initiate adjustment requests which are then reviewed and approved by CSED through the CSPC.
Customer Service	County / CSED	Caseworkers provide financial related customer service to NCPs, CPs, and employers associated with payments, balances, and disbursement of support payments. The CSPC also provides customer service on limited issues associated with payments.

Table 33: Financial Activities

208 Table 34 presents opportunities which could improve the efficiency and cost effectiveness of the financials process.

Financials Opportunity	Description
Expand Online payments by Employers	The current process to permit employers to submit payments online is cumbersome and inefficient which has limited the potential cost savings associated with online payments.
NCP Credit Card Payments	NCPs are unable to make payments with credit or debit cards. Providing NCPs the ability to make online payments would open a potential source of additional collections and create a new cost effective source of payments.
Specialization of Financial Adjustments	The county offices currently have financial adjustments initiating from each caseworker and CSPC is currently reviewing and approving requests for financial adjustments from the counties which results in a duplication of effort within the counties and between the counties and state. St. Louis County has specialized this task which has permitted that office to leverage specialized skills and allow the other caseworkers to apply their time and attention to more productive tasks. Specialization of this nature could occur at the county office, through shared services, or at a centralized operation.
Centralize Customer Service	In the current environment, customer service on financial issues such as balance disputes, payment questions, and payment processing issues is provided at multiple points of contact; by 84 county offices, the CSPC, and state office. Centralizing this aspect of customer service would curtail the current duplication of effort and promote more consistent customer service and convenience.

Table 34: Financials Opportunities

Case Management

- 209 Case management consists of those activities and processes that resolve open questions, deliver customer service functions, provide supporting services to cases, and move cases to the next appropriate activity within and between the core functions of child support enforcement. These case management subprocesses can occur at any given point in time during the life-cycle of a case.
- 210 Currently, the subprocesses within case management utilize both manual and automated methods for communicating with customers, accessing case files, logging activities, documenting cases, and moving them forward to the next appropriate action. When manual intervention by staff is required, it can lead to inconsistency and inefficiency in services delivered.
- 211 CSED performs those activities that support PRISM automated case management activities. The counties perform the manual case management activities and have general responsibility for the management of child support cases.
- 212 Case management is a broad term used to describe those subprocesses which support case activity throughout the life of a child support case. Table 35 presents a description of the case management subprocesses.

Case Management Activities	Entity Responsible	Comment
Customer Service	County / CSED	This is how a customer may interact with the Child Support Program via telephone calls, mail, walk-ins, the Minnesota Child Support Online (MCSO), the DHS public internet site, email, and outreach activities.
Case Assessment	County / CSED	These are the activities of identifying how the case is assigned to the appropriate process (e.g., case initiation, establishment, or enforcement), and the next appropriate action that will be conducted on the case.
Appointment Scheduling	County	This is the process of scheduling the various appointments or hearings required in the child support processes. Examples include setting up an appointment with the custodial parent to gather information needed to complete case creation, scheduling a conference for the CPs and NCPs for establishing an obligation, or scheduling a court hearing for an establishment, modification, or enforcement action.
Worklists and Case Monitoring	County / CSED	These are the activities of working PRISM notifications (worklists) of actions that need to be taken on a case. The case monitoring process addresses the manual activities performed in monitoring cases for further activity as changes in case circumstances occur. In Minnesota, case monitoring is essentially handled through worklists.
Activity Logging	County / CSED	This process describes how PRISM and caseworkers record and document the history of actions and activities taken on a case. These activities are primarily done via the CAAD screen within PRISM.
Employer Maintenance	CSED	This is the process for receiving new and updated employer information and maintaining the employer data table within PRISM.
Arrears Management	County	This describes the strategies used by the counties to address cases with arrears to encourage payment on both current and arrears and to also prevent arrears from accruing on a case by establishing orders commensurate with the NCP's ability to pay.
Tribal Cases	CSED	This describes how CSED handles tribal cases from case initiation through case closure.
Reporting	County / CSED	This describes how counties, CSED leadership, and staff obtain needed management and ad hoc reports.
Customer Contact: Employers and Other Payors of Funds	County / CSED	This describes the interactions between the Child Support Program and employers or other third party payor of funds for child support.

Table 35: Case Management Subprocesses

- 213 PRISM, through its automated case management processes, is the key component for case management. CSED is responsible for maintaining and enhancing PRISM and supporting county offices through this function. In addition to this responsibility, CSED also provides resources for special child support projects, training, policy development, and managerial reports and responds to additional, often ad hoc, PRISM data requests from the counties.

- 214 County caseworkers provide case management services that are outside of or exceptions to the automated case processes in PRISM. These tasks include specific caseworker generated activities and customer service activities to respond to and resolve customer inquiries.
- 215 Case management is frequently driven by worklists generated from PRISM that prompt caseworkers to take some action or alert the caseworkers to new information concerning their cases. In addition to automated worklists, caseworkers have the capability to set worklists as reminders to themselves.
- 216 Table 36 presents a summary of the major tasks in the case management process, the entity responsible, and comments concerning those tasks and activities.

Case Management Activities	Agency Responsible	Comment
Case Assessment	County	Caseworkers review new cases or new information on an existing case once they are alerted to the new case or information through worklists, customer contact, mail, or other agency interface (i.e., incarceration information) and research the case to determine the next appropriate action.
Automated Case Management	CSED / County	Worklists generated by PRISM drive many case management activities. CSED, through PRISM, provides support for the worklist function but counties utilize worklists inconsistently, both through their response to worklists and the use of "free" worklists, those created by caseworkers to assist their individual case management efforts.
Case Closure	CSED / County	PRISM provides information concerning cases which may be eligible for closure subject to county office review and processing.
Customer Service	County / CSED	County caseworkers provide the majority of customer services related to their cases. The primary customers are the CPs, NCPs, and employers. To a lesser extent, the state office provides customer service related to the CSPC and customer complaints. CSED also operates and maintains MCSO, the online customer service website. However, 18 counties maintain county-specific child support websites. This could result in inconsistent information being provided to child support customers in different counties. In addition, maintaining these websites creates an additional expense for these counties. A barrier to cost effective customer service are the policies, based in statute, that inhibit or prevent the use of email as a service channel to communicate with the program's customers.
Arrears Management	County	Minnesota recently embarked on an arrears management initiative founded upon two precepts; establishing an order commensurate with the NCP's ability to pay to avoid the accrual of arrears and to allow counties to negotiate arrears settlements to encourage payment of current support. This initiative was supported by state policy which permitted flexible approaches by the counties. At present, not all counties have adopted arrears management policies and among those which have implemented arrears management efforts, there are varying approaches and policies. As a result of the flexibility granted to the counties, there are inconsistent services provided across the state.

Table 36: Case Management Activities

- 217 Table 37 presents opportunities which could improve the efficiency and cost effectiveness of the case management process.

Case Management Opportunity	Description
Specialization of Case Management Tasks	Case management functions such as case closure and arrears management would permit the development of specialized skills, promote consistency in service delivery, and curtail duplication of effort.
Enhance Service Channels	Minnesota has not effectively leveraged existing technology to provide efficient and convenient access to its customers. Enhanced, interactive web portals would permit customers to access and provide information which is today dependent upon manual caseworker interaction. The use of email to communicate with the program's customers would provide enhanced customer service and permit caseworkers to allocate their customer service duties more efficiently instead of responding to telephone calls which often interrupt their ongoing work. An enhanced IVR (Interactive Voice Response), which would provide more information together with use of automated outbound calling for appointment reminders or to inform customers of recent payments or events, would reduce the need for personal caseworker contact.
Centralize Mailings	Centralization of routine mailings would allow the program to leverage economies of scale in printing and postage costs.
Automated Case Closure	There are multiple manual reviews associated with the case closure process within the county offices which could be eliminated and automated within the state office.

Table 37: Case Management Opportunities

Organization and Structure

- 218 Since the inception of the child support enforcement program in 1975, Minnesota's Child Support Program has been based upon a state supervised, county operated model. In this model, the state office serves as the single state agency required under federal law but the majority of the child support services are delivered through county offices. The state office is the Child Support Enforcement Division (CSED), a division of the Minnesota Department of Human Services. There are 84 county child support offices serving Minnesota's 87 counties. There are two county offices which serve multiple counties, Faribault/Martin and Lincoln/Lyon/Murray. Most commonly, the county offices are organized under the county's human services programs although one of the largest counties, Ramsey, is organized as part of the Ramsey County Attorney's Office. The local county attorney's offices are the primary providers of legal services to the local county offices under cooperative agreements. These cooperative agreements also include the local sheriffs when they are used as providers of service of process for legal proceedings.
- 219 Minnesota's Child Support Program is a judicial program, relying upon court entered support orders rather than administrative support orders as the basis for collecting child support. As a result, the Child Support Program has significant interactions with the judicial system and is reliant upon attorney services for the establishment of both paternity and support orders and to conduct enforcement actions such as contempt of court proceedings. The Child Support Program provides funding for magistrate positions within the judiciary assigned specifically to hear child support matters. In addition to proceedings before the magistrates, child support matters are also litigated before the state District Courts.

Funding and Expenditures

- 220 Funding for the program is a combination of federal, state, and county funding. The federal government provides 66% of the funding for the IV-D program through its federal financial participation (FFP). Additionally, the federal government provides financial incentive payments based upon a state's performance on federal performance measures. In Minnesota, 100% of the federal incentives flow to the counties based upon their performance on the federal incentive measures. Under a recent change in federal law, the counties are able to receive FFP for their use of the federal incentives which amplifies the importance of federal incentives in funding program activities. However, this change in federal law is temporary under the American Recovery and Reinvestment Act of 2009.
- 221 The non-FFP share of funding for CSED is provided out of state general funds. The non-FFP portion of funding for the county offices is provided from a combination of county general funds, federal and state incentives, and dedicated state grants. For example in SFY 2008, the state provided additional grants for implementation of the new child support guidelines and to assist the counties in replacing a loss in federal funding associated with federal action which eliminated the use of FFP for federal incentives. As noted, in 2009, the federal law was temporarily changed to permit FFP on federal incentives.
- 222 The state office prepares and manages the budget for state funding of the IV-D program. The individual counties prepare and manage their county budgets independent of the state office. Table 38 shows the SFY 2006 – SFY 2008 expenditures and funding of the program.

Minnesota Child Support Enforcement Expenditures and Funding Sources SFY 2006 – SFY 2008			
County Funding	SFY 2006	SFY 2007	SFY 2008
County Expenditures	\$111,430,362	\$115,085,576	\$122,368,580
Less: FFP on County Expenditures	(73,765,950)	(75,956,480)	(80,763,263)
Less: Federal Incentive Grants	(12,423,434)	(11,860,231)	(11,766,108)
Less: State Incentives / Grants	(4,021,138)	(4,465,363)	(11,018,662)
Net County Funding	\$21,219,840	\$22,803,502	\$18,820,547
County Funding as Percent of Total Expenditures	15%	15%	12%
State Funding			
State Expenditures	\$33,788,160	\$36,841,055	\$36,706,836
Less: FFP on State Expenditures	(22,235,183)	(24,315,096)	(24,123,160)
Add: State Incentives / Grants to Counties	4,021,138	4,465,363	11,018,662
Net State Funding	\$15,574,115	\$16,991,322	\$23,602,338
State Funding as Percent of Total Expenditures	11%	11%	15%
Federal Funding			
FFP on County Funding	\$73,765,950	\$75,956,480	\$80,763,263
FFP on State Funding	22,235,183	24,315,096	24,123,160
Federal Incentive Funding	12,423,434	11,860,231	11,766,108
Net Federal Funding	\$108,242,567	\$112,131,807	\$116,652,531
Federal Funding as Percent of Total Expenditures	75%	74%	73%
Total IV-D Expenditures	\$145,218,522	\$151,926,631	\$159,075,416

Table 38: Minnesota IV-D Funding SFY 2006 – SFY 2008⁵

⁵ State Incentives / Grants line includes guideline grant funding in SFY 2007 and SFY 2008 and legislative appropriation to replace missing FFP in SFY 2008.

Summary of Strengths and Weaknesses of Current Service Delivery Model

- 223 The current service delivery model is a complex interrelationship between a variety of independent governmental agencies (federal, state, county, and judicial), in which roles and responsibilities of the service providers are defined by a combination of statutes, cooperative agreements, and practices that have arisen over the life of the Child Support Program in Minnesota.
- 224 However, there are stresses within the existing structure. Inconsistencies exist among the county programs on many levels from staffing, resources, organizational models, and performance. Customers of the program are faced with an often bewildering network of state and county agencies. Employer customers in particular are faced with a confusing mix of contact points from the CSPC, county offices, new hire reporting vendors, and the state office.
- 225 The strengths and weaknesses of the current service delivery program are summarized in Table 39 and Table 40.

Strengths	Description
Accessibility	84 county offices provide customers easy geographic access to the local child support office. Customers have direct telephone access to their caseworkers and this promotes the development of working relationships with their caseworkers.
Low Caseloads	Minnesota has one of the lowest caseload to FTE ratios in the nation which allows caseworkers to have close contact with their customers and increased familiarity with their cases. This permits a hands-on, personal approach to casework. While this is a strength in terms of customer service, this has a negative impact on cost effectiveness if the growth in collections remains flat.
Adaptability to Local Practices	County offices are able to tailor their approaches and policies to align with local practices and philosophies of the county government, local judiciary, or county attorney. Additionally, the county offices are attuned to local economic conditions which may affect child support enforcement.
County and State Funding	Both the state and county governments contribute funding towards the non-federal share of IV-D expenditures.
Integration with Other County Social Services	The current service delivery model promotes the development of working relationships with other county social services agencies, particularly public assistance and foster care.

Table 39: Strengths of Current Service Delivery Model

Weaknesses	Description
Inconsistent Services	Customers receive different levels and types of services depending upon their geographical location. The current structure does not support uniform implementation and application of state policy.
Inconsistent Resources	The level of resources, primarily caseworkers, varies among the counties.
Lack of Accountability	Overall program performance is dependent upon the performance and coordination of 84 county offices and the state office and there is not an effective single point of responsibility over these entities.
Lack of Authority and Control	Overall program expenditures cannot be controlled as there are 86 independent cost centers, 84 county and two state cost centers (i.e., CSED and the courts). The roles and responsibilities of the various service providers are not clearly defined. Statewide program goals and priorities cannot be efficiently or easily accomplished without the ability to control overall program expenditures and without the close coordination of these various service providers.
Lack of Flexibility and Adaptability	Program resources cannot be easily reallocated to meet changing requirements or challenges of the program.
Complexity in Customer Service	Customers, particularly employer customers, lack a single point of contact for information about their interaction with the Child Support Program.
Cost Effectiveness	Minnesota has continued to decline in its cost effectiveness to the point where Minnesota ranks 42 nd nationally in cost effectiveness.

Table 40: Weaknesses of Current Service Model

State Office

226 As noted, the state office is the designated single state office for administering the Child Support Program in Minnesota as required by federal law. In SFY 2008, the state office consisted of 191 employees and is organized into four broad units as shown in Table 41.

State Office Units	Services Provided
Applications and Production Support	Operation, upgrade, and maintenance of PRISM and other supporting technology, IVR, and website maintenance
Program, Operations and Systems Management	Policy development and implementation, development of business requirements, MCSO content development and maintenance, Central Registry, and project management
Direct Services	Training, receipting, distribution, and disbursement of child support payments (vendor supported), help desk operation, customer service, complaint resolution, tribal affairs, financial case management, federal reporting, compliance monitoring, in-hospital paternity coordination, and data warehouse management
Division Operations	Budget and personnel management, administrative and customer support, contract and grant management, purchasing, employer table maintenance, and legislative fiscal note preparation

Table 41: State Office Units

- 227 The state office is responsible for developing statewide policies and providing support for the county offices. The state office performs many functions to manage and support the state IV-D program, as highlighted in Table 42.

CSED Functions	Description
PRISM Operation and Maintenance	Provide the federally mandated case management system and implement enhancements to the system to comply with changes in federal and state law.
Budget Management	Prepare, present, and manage the state budget for the Child Support Program.
Legislation	Prepare and present to the state legislature the legislation necessary to ensure compliance with federal requirements and to enhance services delivered by the program. In addition, the state office is responsible for implementing new legislation.
Policy Development and Implementation	Develop and implement statewide policies governing the provision of child support services throughout the state.
Training	Provide training and training materials for the county offices and state employees.
County Office Support	Policy and Technical Help Desks, Regional Performance Advisors, SHLIF Coordinator, and In-Hospital Paternity Coordinator
Child Support Payment Center (CSPC)	Provide the federally mandated state disbursement unit which collects, distributes, and disburses child support payments. The receipting function of the CSPC is provided by a private vendor.
New Hire Reporting	Receive and record reports of newly hired employees from employers in accord with the federal requirements. New hire information is automatically loaded into the PRISM system by an interface between the private vendor that manages this for CSED and PRISM.
State Agency Interface Operation and Maintenance	CSED has implemented a variety of interfaces to exchange information with other state and federal agencies. A key interface is the linkage with the MAXIS system to obtain referrals for cases in which custodial parents receive public assistance. Among the other state agencies included in these interfaces are: <ul style="list-style-type: none"> • Department of Employment and Economic Development • Department of Health • Department of Public Safety • Department of Revenue • Department of Corrections
Federal Compliance	Preparation and submission of federal reports and maintenance of the state plan, a requirement to demonstrate federal compliance.
Federal Interface Operation and Maintenance	CSED exchanges information with the federal government for the purpose of: <ul style="list-style-type: none"> • Federal income tax refund interception • Passport sanctions • Exchange of information with the Federal Case Registry • National new hire reporting
Central Registry	Serves as the conduit of incoming requests for services from other states performing an initial review of the requests before forwarding the cases to the county offices.

Table 42: Selected State Office Functions

- 228 As currently structured and operated, the state office's ability to direct a consistent application of statewide policies and practices is limited by both the culture of the program and a lack of effective mechanisms to enforce consistency. The state office lacks statutory authority to enforce consistent application of policies by the counties. There is no mechanism for the state to compel consistent application of policies or to penalize or otherwise address policy noncompliance. As a result, session participants reported a number of examples in which state policy was implemented inconsistently.
- 229 For example, the use of Financial Institution Data Match (FIDM) to collect child support arrears by levying upon the NCPs' accounts is implemented inconsistently. In one county, the board of county commissioners has established a higher threshold for use of the enforcement remedy than the state policy. In other counties, there are internal policies which also establish different criteria for the use of the remedy. Another example reported was counties which refuse to accept application for services from couples who are separated but not divorced while most counties provided services in those circumstances in accord with state policy.
- 230 The reasons for the inconsistent application of state policy are varied. The inconsistent application of policy and the inconsistent provision of services may result from local judicial philosophies or practices, differences in approach by the county office management, or as a result of legal opinions of the local county attorney which are contrary to the state policy and are then followed by the county office.
- 231 The state office has contributed to and enabled the inconsistent application of state policies by frequently deferring to local county variances. State policies are issued with direction to the county offices to seek guidance from the local county attorney rather than establishing a statewide standard practice. As a result, a culture has arisen in which state policies are viewed as non-binding and in which deviations from the state policy are considered permissible, if not in some instances encouraged.
- 232 The current structure as well as the culture that has developed under this structure inhibits the state office's ability to allocate resources to meet new challenges or to focus resources on particular areas. For example, the state office does not have the ability to direct counties regarding how caseworker resources should be allocated to affect performance in a particular area, for example, to increase collections.
- 233 An example of the impact of this lack of authority and control is the declining overall cost effectiveness ratio. In FFY 2008, Minnesota fell below 4.00 to 3.92, which may result in an estimated loss of federal incentives to the state of approximately \$231,000. With the restored federal match on incentives, this translates into an estimated loss of \$693,000. Cost effectiveness is a function of overall child support collections divided by total program expenditures. As the state office is unable to redirect the allocation of county caseworker resources to focus on increased collections and does not have control over the county expenditures, 77% of the total program expenditures, the state is without the tools to address the two factors that drive the decline in cost effectiveness.

Inconsistent Application of State Policies

The inconsistent application of state policies is the result of various factors including:

- County management approach
- County attorney legal guidance
- County governing board policies
- CSRD permission or encouragement of differing county policies or practices

County Offices

- 234 Under the current structure, local child support services are provided by county governments, most commonly under the auspices of the county social services agency. However, as noted, the second largest county, Ramsey, is organized and operated under the Ramsey County Attorney's Office. Regardless of the umbrella county agency, the county offices have two basic organizational structures for the delivery of child support

services: either a general assignment of cases regardless of function or a specialized caseload assignment depending upon the functional services provided.

- 235 In 73 of the counties, a generalized, generic caseload assignment to the caseworkers is utilized. Under this model, there is no formal specialization of skills or duties, although anecdotally session participants report that informal specialization exists to leverage specific skills of the individual caseworkers. In 11 of the counties, some degree of specialization exists whether with formal specialized teams focusing on services such as establishment, interstate cases, or enforcement or with smaller, often individual caseworker specialization. The 11 counties which have some degree of specialized caseload assignment represented the larger counties as specialization of tasks is efficient only when an office has sufficient staff and casework to assign specialized tasks or functions. Given the relatively few counties which utilize functional specialization, the county offices were categorized and analyzed by the size of the office.
- 236 The categorization of county offices based upon size utilized in this analysis grouped the county offices into Small, Medium, Large and Extra Large according to the criteria outlined in Table 43.

Total FTEs	County Classification	Number of Counties	Percent of Total Caseload
0 – 10	Small	56	20%
10.1 – 30	Medium	22	25%
30.1 – 80	Large	4	19%
Over 80.1	Extra Large	2	36%

Table 43: County Office Classification

- 237 The majority of county offices are relatively small, fewer than ten FTEs, but these counties provide services to 20% of the total statewide caseload. Conversely, a small minority of counties are classified as large or extra large, six total offices, yet those offices provide services to over half of the caseload, 55%. Accordingly, the performance of the program statewide and impact of services delivered is impacted more by the six large and extra large counties than the 56 counties classified as small counties.

Inconsistencies in County Resources

- 238 We analyzed the county offices to determine if there were variances in the level of resources in terms of staffing and expenditures. This analysis was based upon staffing and expenditures reported for SFY 2008. The level of services provided to a customer is dependent, in large part, upon the resources provided by the county board to the county office. To compare the county offices in measuring the resources available to provide child support services, we examined staffing resources by measuring the caseload to FTE ratio, as shown in Table 44, expenditures per case, as shown in Table 45, and expenditures per FTE, as shown in Table 46.

Cases to FTE Ratio	Small	Medium	Large	Extra Large
112 – 145	10	1	0	0
146 – 178	13	7	0	0
179 – 212	16	5	0	1
213 – 245	10	7	3	1
246 – 279	7	2	1	0

Table 44: County Caseload to FTE by County Office Size

- 239 There is significant variance in the allocation of staffing resources among the counties; however, those variances are not dependent upon the size of the office, as the distribution of the county offices across the range of staffing ratios, from 112:1 to 275:1, is similar for all of the size classifications. The exception to this is the large size offices, which tend to have higher staffing ratios. For the recipient of services, this inconsistency in resource allocation means the amount of time and attention a caseworker may be able to devote to a case is dependent not upon the size of the county office but upon the particular geographic area in which the customer resides.

Caseload Ratio Differences

Caseload ratios at the county office level range from 112 to 275 cases per caseworker, a difference of 150%.

- 240 Expenditures per case and expenditures per FTE is another metric which measures the allocation of resources within the county to provide child support services. As with the allocation of staffing resources, there are significant inconsistencies in the funding for the county child support offices. The expenditures per case is provided in Table 45.

Total Expenditures per Case	Small	Medium	Large	Extra Large
\$250 – \$382	9	3	0	0
\$383 – \$515	19	11	3	2
\$516 – \$649	20	6	0	0
\$650 – \$782	6	1	1	0
\$783 – \$915	2	1	0	0

Table 45: Expenditures per Case by County Office Size

- 241 Expenditures per case range from \$250 per case to \$911. While there are only 11 offices in the two highest ranges, from \$650 per case to \$911 per case, there is still a significant difference in amount allocated among the remaining 73 offices, from \$250 per case to \$649 per case, a range of \$399 per case. Once again, the level of services a customer may receive could be influenced by the amount of resources invested by the county that is responsible for his or her case.

- 242 An analysis of expenditures per FTE provides another view of the allocation of resources among the counties across the state. Expenditures per FTE reflect not only the salaries of the county staff, but also reflect other resources provided to delivery of services. The variances within this metric are similar to those with expenditures per case with a variance of over \$90,000 per FTE from the lowest to the highest and the range of variances is not dependent upon county office size. Expenditures per FTE is provided in Table 46.

Gap in Expenditures per Case

County expenditures per case range from \$250 per case to \$911, a difference of 266%.

Total Expenditures per FTE	Small	Medium	Large	Extra Large
\$61,044 – \$79,421	15	4	0	0
\$79,422 – \$97,798	19	8	0	1
\$97,799 – \$116,176	15	5	2	1
\$116,177 – \$134,554	6	4	1	0
\$134,555 – \$152,932	1	1	1	0

Table 46: Expenditures per FTE by County Office Size

- 243 The variances and inconsistencies in the level of expenditures not only demonstrate variances among the counties in the resources allocated to the delivery of child support services but also illustrate the lack of budgetary control over the major portion of statewide program expenditures, 77% of the total program expenditures are at the county level.

Inconsistencies in Indirect Expenditures

- 244 A further indicator of the inconsistencies that exist in program expenditures is the indirect expenditures charged to the Child Support Program as part of the overall county expenditures in SFY 2008, as provided in Table 47. Indirect costs are allocated to the Child Support Program based upon cost allocation plans adopted by the counties to allocate costs such as overhead, facilities, utilities, county management, and personnel support as well as other general county expenditures. The state office does not currently review or approve the counties' cost allocation plans and, as a result, has minimal control over indirect cost allocation. The statewide average of indirect costs as a percentage of total expenditures is 36.3%; however, there are variances among the counties in the amount of indirect expenditures.
- 245 Table 47 illustrates that the variances in rate of indirect costs have a correlation to the size of the county office, with the small and medium county offices exhibiting a tendency to have a much higher indirect cost rate than the large and extra large counties.

Indirect Expenditures as a percent of Total Expenditures	Small	Medium	Large	Extra Large
0.0% – 12.4%	0	0	1	1
12.5% – 24.8%	2	2	2	1
24.9% – 37.2%	23	13	0	0
37.3% – 49.6%	26	7	1	0
49.7% – 62.0%	5	0	0	0

Table 47: Indirect Expenditures as Percentage of Total Expenditures

- 246 Table 48 presents another view of the variances in indirect expenditures. Expressed as a per case expenditure and as a percentage of overall expenditures, the tendency of small and medium counties to have greater indirect expenditures is more pronounced.

Indirect Expenditures by County Size	Small	Medium	Large	Extra Large
Average Indirect Expenditures / Case	\$207	\$177	\$129	\$60
Average Indirect Expenditures / Total Expenditures	38.8%	34.8%	22.0%	12.6%

Table 48: Indirect Expenditures by Case and Percentage of Total Expenditures by County Size

Inconsistencies in Services Delivered

- 247 In addition to the variances and inconsistencies in the resources available to county offices in terms of staff and expenditures, an analysis was performed to determine whether there were variances or inconsistencies in the services being provided under the current service delivery model. Data concerning the delivery of fundamental child support services to the program's customers was obtained and analyzed. From the perspective of a recipient of child support services, the key services provided by the county office are the establishment of a support order, both financial and medical, and the collection of a child support payment. From the customer's perspective, the timeliness of these outcomes is a vital component of quality and efficiency of the services as undue delay often has significant negative impact on the children and families seeking services.
- 248 Accordingly, we performed an analysis of data for SFY 2008 on four key measures of service delivery to determine the consistency in which these services are provided across the state:
- Length of time from case opening to date of a child support order entry
 - Length of time from case opening to date of a medical support order entry

- Length of time from child support order entry to date of initial payment
- Length of time from case opening to date of initial payment

249 In conducting this analysis, we looked for indicators of inconsistency in service delivery. Indicators of inconsistency are the differences between:

- The shortest and longest average period of time to deliver the service and,
- The statewide average and statewide median length of time to deliver the service.

250 There are many factors which can affect the timeliness in which a particular service is delivered; for example, a delay in locating an NCP's address or employment can delay either the entry of an order or the receipt of an initial payment. However, these factors will, over time, have similar impacts on all caseloads. When service delivery timeframes are viewed in aggregate over an entire year, the impact of those individual case factors are minimized.

251 Table 49 presents an analysis of the length of time from when a case was opened to the entry date of the child support order in the PRISM system. This measures the time it takes to establish paternity, if necessary, and establish a financial child support obligation. The establishment of a support order is the necessary prerequisite for providing financial support for the family. In order to identify those newly opened cases where order establishment services were not needed, we excluded those cases where the order was entered in PRISM within 30 days of case opening as that population of cases would have had orders already established at the time the case opened.

Length of Time from Case Opening to Child Support Order Entry	Number of Days
Statewide Average Length of Time	190
Statewide Median Length of Time	190
Shortest Average Time	71
Longest Average Time	317

Table 49: Length of Time from Case Opening to Child Support Order Entry

252 For the customer, the variances among the counties in delivering this vital service means that dependent upon the county in which the case is opened, the amount of time until a support order is obtained can vary from little more than two months to over ten months.

253 While there are a number of different factors in a particular county, such as the timeliness of the local court's docket, which can affect the speed in which an order is obtained, there are similarly situated counties, both in terms of geography and caseload size, with very disparate outcomes. Table 50 shows that even when the county offices' caseloads are of similar size, there are still wide variations in outcomes to the customers. For example, small counties have average timeframes from the low to the high end of the statewide range. In order to identify those newly opened cases where support order establishment services were not needed, we excluded those cases where the order was entered in PRISM within 30 days of case opening as that population of cases would have had support orders already established at the time the case opened.

Number of Days	Small	Medium	Large	Extra Large
5 – 67	1	0	0	0
68 – 131	5	0	0	0
132 – 194	33	7	1	0
195 – 258	15	12	2	0
259 – 321	2	3	1	2

Table 50: Case Opening to Child Support Order Entry by County Office Size

- 254 The establishment of a medical support order is also a vital service to the families who are customers from the Child Support Program. As with the establishment of the child support order, the amount of time it takes to deliver this service varies widely among the counties (as seen in Table 51), ranging from about two months to more than 11 months.

Length of Time from Case Opening to Medical Support Order Entry	Number of Days
Statewide Average Length of Time	195
Statewide Median Length of Time	193
Shortest Average Time	61
Longest Average Time	344

Table 51: Length of Time from Case Opening to Medical Support Order Entry

- 255 Once again, at least for the small counties, the size of a county's caseload has little effect on the outcomes for the customers in the establishment of medical support orders. Table 52 presents the average timeframes to establish a medical support order correlated to county office size.

Number of Days	Small	Medium	Large	Extra Large
61 – 118	2	0	0	0
119 – 175	17	4	0	0
176 – 233	28	16	3	1
234 – 290	7	2	1	1
291 – 348	2	0	0	0

Table 52: Case Opening to Medical Support Order Entry by County Size

- 256 Another key service families expect from the Child Support Program is the collection of the child support. Table 53 presents an analysis of the length of time from the entry of a child support order to date on which the initial support payment is received. It takes an average of 78 days from the date the order is entered to the date of the first payment. Again, there is a significant difference between the shortest county average, 26 days, and the longest, 122 days.

Length of Time from Child Support Order Entry to Initial Payment	Number of Days
Statewide Average Length of Time	78
Statewide Median Length of Time	80
Shortest Average Time	26
Longest Average Time	122

Table 53: Length of Time from Child Support Order Entry to Initial Payment

- 257 In analyzing the impact of caseload size on this key outcome, once again there are variances among the small and medium counties indicating that these inconsistent services are attributable more to the county resources and practices than the size of the caseload. Table 54 presents an analysis of the average timeframes to receive a payment following support order entry correlated to county office size.

Number of Days	Small	Medium	Large	Extra Large
26 – 45	7	0	0	0
46 – 65	9	1	0	0
66 – 86	22	13	3	0
87 – 106	17	8	1	2
107 – 126	1	0	0	0

Table 54: Child Support Order Entry to Initial Payment by County Size

- 258 Looking at the overall customer experience when seeking assistance from the Child Support Program, Table 55 presents the length of time from when a case is opened to when the initial payment is received. On average, a family can expect to wait almost nine months, 268 days, to have an order established and payment received. However, the timeliness of the service provided varies widely between the counties on either end of the spectrum, a difference of ten months, 295 days.

Length of Time from Case Opening to Initial Payment	Number of Days
Statewide Average Length of Time	268
Statewide Median Length of Time	270
Shortest Average Time	101
Longest Average Time	396

Table 55: Length of Time from Case Opening to Initial Payment

- 259 As with the allocation of resources, in terms of both staff and expenditures, there are wide variances with the delivery of the core child support services. Child support customers ultimately expect the services to result in the collection of a child support payment. From their point of view, a successful outcome is the collection of the initial child support payment. Accordingly, the length of time from when a case opens to the initial payment is a key performance measure. In this key performance measure, the variance from the low county average to the high county average is 101 days to 396 days, a difference of 295 days. While this range represents the extremes, for the majority (76) of the counties, the range in service delivery is from 161 days to 340 days, a range of just over five months to just over 11 months. Table 56 presents an analysis of the average timeframes to receive a payment following the opening of a child support case.

Number of Days	Small	Medium	Large	Extra Large
101 - 160	2	0	0	0
161 - 220	11	1	0	0
221 - 280	27	8	0	0
281 - 340	15	9	4	1
341 - 400	1	4	0	1

Table 56: Length of Time from Case Opening to Initial Payment by County Size

County Attorney Services

- 260 Key providers of child support services are the county attorney offices, who provide the legal services necessary to establish and enforce child support obligations. Occasionally, there are instances where the county attorney disagrees with state or county policy or practice and different policies or practices are developed and implemented within that county. The frequency of this occurrence is not measurable; however, within the culture of the Minnesota program, this situation is often identified as a contributing factor to the inconsistency of services delivered within the state.
- 261 Among the counties, there are three models for funding the legal services provided by the county attorney: (1) by an annual appropriation of a set amount, (2) by an hourly rate for service without a maximum, or (3) by an hourly rate with an annual maximum. Table 57 provides a count for

each model. As Ramsey County is organized as part the Ramsey County Attorney's Office, the legal services are provided by employees of the county child support program.

County Attorney Funding Arrangements	Number of Counties (excluding Ramsey)
Annual Appropriation	12
Hourly Rate without an Annual Maximum	23
Hourly Rate with an Annual Maximum	48

Table 57: County Attorney Funding Arrangements

- 262 There are notable variances in the cost of the legal services within each of these funding models. The counties who pay for legal services through an annual appropriation are incurring significantly higher legal costs per case than those counties who have an hourly rate structure. However, even within the different funding models whether by hourly rate or annual appropriations, there are significant variances in legal services costs, as presented in Table 58.

Legal Costs Per Case SFY 2008		
Statewide Average: \$47.08		
	Hourly Rate	Annual Appropriation
Average	\$26.44	\$56.22
Low	\$1.99	\$18.20
High	\$185.40	\$120.86

Table 58: Legal Costs Per Case

- 263 As Minnesota will remain a judicially based state for the foreseeable future, the need for legal services will remain. However, Minnesota could take steps under the current service delivery model and statutory framework to drive greater consistency both in the nature of the legal services provided and the costs of those legal services which support the program. As noted earlier, there is an ongoing debate within the child support program over the nature of the legal services provided by the county attorney. There are different views on the nature of the relationship between the county attorneys and either the county or the child support program as the client for the legal services provided. There are multiple facets to this debate; however, the underlying issue is a lack of clarity in the existing statutory framework concerning the role of the county attorney.
- 264 The Department of Human Services, through CSED, is the single state agency required under federal regulations to administer the IV-D program. County social services agencies administer the IV-D program under the direction of and in accordance with the standards and rules which may be promulgated by the commissioner of human services. Minn. Stat. §393.07, subd. 3. The specific statutes which address legal services for the child support program provide that the only attorney-client relationship created is with the public authority, the Department of Human Services,

Minn. Stat. §518A.47, subd. 1(a), and further provides that the Department may contract with the county attorney for those legal services, Minn. Stat. §393.11, subd. 1. (emphasis added). The use of the permissive “may” implies that the Department has the authority to contract with other legal service providers in its discretion.

265 However, the debate over the role of the county attorney and the nature of their legal representation is fueled by language in the general statute outlining duties of the county attorney, Minn. Stat. §388.051, which provides that the county attorney shall appear in all cases in which the county in a party. Arguably, the real party of interest in any child support action is the single state agency charged with administering the IV-D program, the Department of Human Services. Additionally, the specific language contained in §§518A.47 and 393.11 would take precedence over the general description of county attorney duties in §388.051. Minn. Stat. §645.26.

266 As stated in the 1999 Service Delivery Model study and confirmed by this analysis:

“Minnesota law confirms the state’s position that the county attorneys do not act as lawyers for an individual client; they are contract attorneys representing the “public authority”—the Minnesota child support enforcement program. See, e.g., MINN. STAT. §518.255 (1998): The provision of services under the child support enforcement program that includes services by an attorney or an attorney’s representative employed by, under contract to, or representing the public authority does not create an attorney-client relationship with any party other than the public authority.... This section applies to all legal services provided by the child support enforcement program. (footnote omitted) The confusion over policy stems from an apparent blurring in the minds of the program participants regarding whether the state or the county is the “public authority” being represented. The sometimes contradictory or vague language in some of the applicable statutes obscures the overarching statutory scheme.” 1999 Service Delivery Model Study, Appendix B: Legal Research, p.79.

267 The 1999 study concluded and the current analysis of the statutory framework confirms that the Child Support Program is not required to obtain legal services from the county attorney but has the authority to seek legal services from any qualified provider (e.g., a private law firm). Secondly, the ongoing debate within the program over whether the county attorneys represent the county or the IV-D program is a result of a culture that has arisen over the life the Minnesota IV-D program and has become a reality that inhibits the efficient operation of the program. Minnesota statutes clearly provide that DHS can contract with any provider of legal services, however, the culture that has arisen under this framework and the lack of clarity in the statutory framework continue to fuel this debate. The ultimate solution to this issue under any new service delivery model is to enact an unequivocal statutory framework which clearly delineates the roles and responsibilities of all service providers and clearly defines any attorney-client relationship created under that framework.

268 Regardless of the resolution of the ongoing issue surrounding the nature of the legal representation for the Minnesota Child Support Program, it is clear that there are wide inconsistencies in both the level and the cost of legal services provided to the Child Support Program, and that this inconsistency has a negative impact on the efficiency and cost effectiveness of the program.

Service Channels

269 The county offices are the primary point of interaction between the customers and the Minnesota Child Support Program. All case specific correspondence is generated with the assigned caseworker’s name and direct telephone number. With some exceptions, for example payments to the CSPC, incoming mail is received by the county offices and the county offices generate most of the outgoing mail locally, for example, income withholding notices, case correspondence, and legal documents. There are selected mailings which are generated by the state office

such as COLA notices, billing statements, and notice of the right to request a review but the local county caseworker is shown as the point of contact to respond to the notice.

270 Minnesota has not fully leveraged available technology to provide improved customer service. Service channels in the present environment are limited due to privacy and confidentiality concerns and also due to the difficulty associated in developing support for the inconsistent practices and services delivered under the current model. These inconsistencies inhibit efforts to streamline customer access to the program. Greater consistency and standardization of practices is required to economically provide enhanced service channels.

271 Table 59 provides an overview of the current service channel offerings.

Service Channel	Minnesota Practices
Employer Self Service	<ul style="list-style-type: none"> MCSO provides limited employer self service following a registration process that requires the employer to complete online registration and then receive login credentials via regular mail.
CP and NCP Self Service	<ul style="list-style-type: none"> Parents can apply for services by downloading a form and mailing a completed version with \$25 to the county office. The website has general information and resources to which to navigate, including resources about other programs that deal with topics such as jobs, health care, tax help, and housing. There is also a good amount of case related information available on MCSO including payment information, balances, and a listing of actions that have occurred on a case. There is however, a lack of the ability for a case participant to provide routine demographic information such as new addresses, phone number, and employers.
Interactive Voice Response (IVR)	<ul style="list-style-type: none"> The IVR provides general program information as well as case specific information on payments and case activity.
Email	<ul style="list-style-type: none"> There is little email communication due to privacy and confidentiality concerns although a few counties are expanding their use of email communication.
Call Center	<ul style="list-style-type: none"> There is no statewide call center. There is a state help desk that gets some client calls but nearly all calls are made directly to the caseworker / county that is supporting the case.
Fax	<ul style="list-style-type: none"> The counties and state office use fax communication extensively due the lack of email communication.

Table 59: Minnesota Service Channels

Technology

Overview

- 272 PRISM is Minnesota's statewide automated child support system, transferred from Arizona in 1997 and certified under the requirements of the Family Support Act in 2002. The Federal Office of Child Support Enforcement (OCSE) certified PRISM in 2003 to meet the functionality requirements added by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).
- 273 Based on "as is" sessions during the Policy BPR Project, PRISM was generally viewed by attendees as performing as designed, yet it was not considered to be user-friendly or streamlined, or particularly flexible to meet programmatic changes. Certain functionality in the areas of establishment and arrears management has not kept up with current business processes, forcing some of this work to be outside of PRISM and resulting in county work-arounds.
- 274 Minnesota Child Support Online (MCSO) is the program's website application. There is a secure site for parents accessing case information, including payment status. Employers can find information about income withholding (including electronic funds transfer), medical support, and new hire reporting.
- 275 The Integrated Voice Response (IVR) system handled an average of 136,418 calls per month from January to June 2009. The caller is usually able to get the information that he or she needs from the IVR and ends the call without talking to the Help Desk. However, in some instances, calls are transferred to the Help Desk to resolve questions about payments or some other general child support issue. The Help Desk provides a back-up to the counties but is not intended to be the point of first contact for parents, which is the local office or an assigned caseworker.
- 276 The data warehouse produces reports that provide performance and operational data for the state office as well as the county child support offices. The data warehouse is maintained at the Department of Human Services (DHS) level and includes data from six programs.

PRISM

- 277 Over the years, the PRISM application has both matured and has grown in size and complexity. With the implementation of new federal and state legislation, increasing user demand, and requirements for easier access to the resources of PRISM, it is becoming increasingly difficult to maintain and enhance the system. Further, application and design documentation has not been consistently created and maintained causing increased development time for implementing changes. Even though online performance is not a real issue, the current online architecture that has the presentation, application, and data "tiers" tightly coupled makes enhancing and extending PRISM a more expensive proposition.

- 278 PRISM contains 617 screens, and as would be expected, is difficult to learn. The complexity of PRISM has resulted in difficulties for counties to get workers trained and using PRISM in a timely manner. This clearly is a factor to consider when considering some of the time that is spent processing routine case activities. Clearly, a more user-friendly, automated system would allow workers to focus on making critical child support decisions and spend less time navigating the complex system.

MCSO

- 279 Minnesota Child Support Online (MCSO) system is an integral part of a self service application for DHS, which is designed to provide external stakeholders with 24x7 access to self service information to child support services. By providing self service opportunities over the internet, the Child Support Enforcement Division (CSED) has sought to reduce the amount of time that caseworkers are required to spend answering common customer service inquiries such as, "Did I receive a payment?"

- 280 MCSO has assisted CSED in providing access to citizens and employers to the case information about child support. Participants can login to MCSO, at their convenience, anytime of the day, in order to find out if a payment has been received, an action has been taken or an appointment has been scheduled.



Figure 19: Screen Shot of the MCSO Home Page

- 281 As can be seen on the MCSO homepage in Figure 19, the different views serve a variety of citizens and employer community, which include:
- **Participants:** A secured area on the website for citizens paying and receiving child support. There are criteria established by CSED on who can and cannot access secured participant information, for example the data made available to alleged fathers is filtered.
 - **Employers:** A secured area on the website for employers required to deduct funds from employee paychecks (Income Withholding) in order to pay child support obligations, manage and track attached employees, and report terminations.
 - **General Public:** An unsecured area on the website providing information for the general public on various child support topics via the top menu and an available broadcast message (also called seasonal messages).

Integrated Voice Response (IVR)

- 282 Minnesota CSED uses an Interactive Voice Response (IVR) system that allows case participants to hear case related information via the phone and also general information about the Child Support Program.

- 283 CSED uses IVR to service the needs of four categories of users. There are separate numbers to call for each user category. Table 60 details the functionality of the IVR by user category.

Users	Functionality
General Public	General information line that provides information about child support for anyone who is interested
County Workers	Used by county caseworkers to connect to the correct agent, this application provides general system information
Partners – Employers, Banks, Interstate Agencies	Information line that is also used to fax / mail forms and other information to partners
Participants – NCPs and CPs	Used to retrieve payment information and general case information; also used to fax / mail forms and provides limited routes to the correct contact center

Table 60: IVR Users and Functions

- 284 In 2008, 1,516,909 calls were serviced by the IVR's payment line, which represents the vast majority of all types of calls that are received. This is an average of 126,409 calls per month for the payment line. In most cases, the caller is able to get the information that they need from the IVR and ends the call without talking to the Help Desk. However, in some instances, the caller selects an option to speak to someone from the Help Desk. While there are calls that are received from NCPs and CPs that are addressed by the Help Desk most calls regarding child support cases are made directly to the caseworker that is servicing the case. The Help Desk provides a back-up to the counties but is not intended to be the point of first contact for case participants. As mentioned previously, the vast majority of all calls are handled by the counties.

Data Warehouse

- 285 The DHS data warehouse was established in 1994, with the intent of facilitating an enterprise level view of the data across all the departments under DHS. CSED started using the data warehouse in the fourth quarter of 1999.
- 286 CSED currently uses the data warehouse as a means to respond to county data query requests. Counties can submit a request for a particular data report that they hope to use to drive some type of casework efforts. Two counties, Hennepin and Ramsey, currently have access to the data warehouse and do not rely on CSED for the queries. In addition to being used for county data requests, the data warehouse provides data for the County Performance Assessment Tool (CPAT) and Child Support Performance Reports. CPAT is a series of 18 reports that are used by counties to measure their performance on the federally mandated performance measures and to determine each county's share of the federal incentive money associated with those performance measures.
- 287 Typically, child support programs use data warehouse capabilities to support the performance management processes and for the creation of complex reports, including the federally mandated reports that all child support agencies must submit to the federal government on a periodic basis. As part of the Policy BPR Project, there were a number of recommendations that focused on enhancing the capabilities of the data warehouse including providing performance dashboards, generating federal reports, and analyzing data to attempt to target certain participant behaviors. An enhanced data warehouse will play an important role in CSED efforts to better manage overall program performance.

Performance Management

Overview

- 288 Minnesota's performance management is primarily focused upon measuring the program's performance on the federal performance incentive measures, compliance with federally mandated timeframes, and county office performance on statutory incentive measures. The state program's Strategic Plan contains goals relating to the quality, consistency, and efficiency of the services delivered. Within the goal of meeting or exceeding the federal upper thresholds for earning incentives, the Strategic Plan has an objective of establishing individualized performance goals for each county and the state. Beginning in 2008, each county office was asked to submit an annual goal for each of the federal performance measures for which they did not achieve the upper threshold in the previous federal fiscal year. To date, 59 counties have provided individualized performance goals to the state; however, there is some inconsistency in the structure of the submitted goals. For example, while most counties have a goal to improve performance, many do not have specific performance targets. There are currently no penalties or rewards associated with the county performance with established goals nor is there any sanction for counties that did not submit annual goals.
- 289 There are also strategic plans at the county level which define broad performance or service goals; however, few of the strategic plans contain specific metrics for measuring performance or progress towards achieving the goals set forth in the strategic plans. These goals, while often in alignment with elements of the state Strategic Plan, were not set in a concerted effort to achieve a statewide objective. Although counties were instructed to develop their own strategic plans in line with the overall Minnesota Child Support Program's Strategic Plan and the federal strategic plan, counties had latitude in developing their individual strategic plans. The counties with strategic plans consulted with the state office about how they were using the program's Strategic Plan; however, the counties' strategic plans provided as part of this study appear to have been developed in an ad hoc manner based upon the priorities of the individual counties rather than in alignment with the program's Strategic Plan.

- 290 Table 61 provides a summary of the counties which provided strategic plans during this study. Further, this table also identifies those strategic plans that contain specific, measurable performance measures.

Counties with Strategic Plans	Performance Metrics	Counties with Strategic Plans	Performance Metrics
Becker		Mower	
Big Stone		Olmsted	
Cook	✓	Ottertail	
Dakota		Pennington	✓
Grant		Ramsey	
Hennepin		Red Lake	
Itasca	✓	Renville	
Koochiching	✓	Scott	✓
Lincoln / Lyon / Murray			

Table 61: Counties with Strategic Plans and Performance Metrics

- 291 To measure performance, counties use a variety of tools. CSED provides counties with reports to measure and monitor case activity and overall performance at the county level. The counties represented at the performance management sessions indicated they also use a variety of other tools to track and measure performance. For the most part, these tools were county specific and involved manual tracking, either in Excel worksheets or paper and pen records to track both county performance and individual caseworker performance. Additionally, some counties use the lack of customer complaints as an indicator of good performance, relying upon their customers to measure their performance through expressions of their dissatisfaction with services provided. A flaw in this approach is that customers may have become accustomed to certain levels of service and have adjusted their expectations accordingly and the lack of complaints may not be a valid measure of successful performance.

- 292 Under the current framework, there are not provisions in the state-county relationship that establish for the counties or the state specific performance goals, require parties to achieve those goals, or provide incentives or penalties for performance against those goals. There are published reports that rank the counties in various performance measures to create a peer driven competition for achievement. These published reports rank counties on the federal performance incentive measures. The federal performance incentive measures are important to the counties, because the federal incentives earned by Minnesota are distributed entirely to the counties based on their performance using the same formula the federal government uses to distribute incentives to states.
- 293 In addition to the distribution of federal incentives, the state also provides state general funds to the counties based upon activities completed or public assistance collections. These state incentives measures are established by statute and, as such, cannot be easily modified to align with changing program goals or initiatives. The state also measures through self-assessment reviews of case activities from a sampling of cases whether the counties are meeting federal timeframe requirements.

State Performance Measurement – Statewide Performance

- 294 Statewide program performance is measured by compliance with federal regulations and performance on the federal incentive measures. To monitor and report statewide performance, Minnesota uses federal reporting tools, primarily the federal 157, 396A, and 34A reports. The 157 report provides information on caseload composition, paternity establishment, services provided, medical support, collections due and distributed, program staff, Medicaid, and other caseload details. The federal 396A reports program expenditures and the federal 34A reports data on collections, including undistributed collections. Minnesota's child support system, PRISM, captures the data necessary to create the reports and generates the monthly, quarterly, and annual reports to provide the state and OCSE with an ongoing and updated view of the program's performance.
- 295 Table 62 provides a summary of the data requirements and federal reports that are used to measure and report compliance with federal requirements.

Federal Performance Measures of State IV-D Performance	Federal Report or Requirement
IV-D Caseload Numbers and Case Activities Needed and Accomplished	OCSE 157
IV-D Expenditure Data	OCSE 396A
IV-D Collections Data Including Undistributed Collections	OCSE 34A
IV-D Performance Incentive Regulations	45 CFR Part 305
IV-D Timeframes to Complete Certain Activities Administratively or Judicially	45 CFR §303.101

Table 62: Federal Performance Measurement Tools

- 296 In addition to the federal reports, the state office also collects data and prepares reports on statewide performance for general public distribution. CSED produces an annual Performance Report which provides data on individual county caseloads, expenditures, funding, performance on federal incentive measures, and comparison to prior years. In addition, the annual Performance Report provides comparative rankings of

Minnesota compared to other IV-D programs. In addition to comparative performance on the federal incentive measures, rankings are also provided on caseload size and undistributed collections. With this report, CSED provides the public, DHS management, the legislature, and other interested parties information on which to evaluate the performance of the program.

- 297 The state office also provides performance management services through the data warehouse. CSED provides standard reports summarizing PRISM data to the counties as well as provides services to produce ad hoc reports at county request.
- 298 The state office's role is primarily one of reporting what has happened, how the county and state are performing on selected metrics, rather than providing analysis on the factors influencing or driving the outcomes or providing guidance on steps that should be taken to improve performance on particular metrics. For example, critical success factors, those inputs to a successful outcome, are not identified and analyzed to determine how to make a particular activity more successful leading to improved overall performance.

State Performance Measurement - Central Office Activities

- 299 In addition to providing reports on statewide performance metrics, the state office reviews its central office work by measuring a variety of state office activities. These reports and measurements are developed to monitor specific identified activities to track workflow and to measure the volume of particular activities.
- 300 For example, various reports are generated from different sources on activities at the Help Desk to measure the number of contacts, length of calls, resolved inquiries, and various timeframes for Help Desk activities. CSPC reports track the processing and disbursement of child support payments. The MAGIC system is employed to track county inquiries to the state and the resolution of those inquiries. However, as with statewide performance reporting, there is little analysis of the reports to identify factors contributing to a particular outcome. The key factor inhibiting effective performance management at the state office is a lack of a cohesive set of performance metrics to measure performance of the activities performed at the state office in terms of timeliness or quality.

County Performance Measurement

- 301 The county performance measurement is based upon three basic methods:
- Federal performance incentives measures – 100% allocation to the counties by statute
 - State incentives – statutorily based case activity and public assistance collections metrics
 - Individual county metrics

Incentives

- 302 By statute, the federal performance incentives earned by Minnesota are allocated 100% to the counties based upon their individual county performance on those measures. In addition, there are state funded incentives, enacted into statute, which are allocated to the counties based upon specific case activities and public assistance collections. The state incentive measures are:
- Establishment incentive – \$100 for each support order established

- Medical Support incentive – \$50 for each child for whom health insurance is identified or enforced
- Modification incentive – \$100 each successfully completed legal action resulting in a court order modification during the state fiscal year
- Paternity incentive – \$100 per child for each paternity established by the county
- Public assistance (PA) incentive – based on total public assistance collections to allocate any remaining appropriated amounts after the other case specific incentives are paid

303 Table 63 summarizes the amount of federal and state incentives paid to the counties in SFY 2008.

Federal and State Incentives	Federal Incentive	State Incentives					Total State Incentives	Combined Incentives
Type of Incentive	Combined Federal Incentives	Public Assistance Collections	Paternity Incentive	Establishment Incentive	Modification Incentive	Medical Support Incentive	Total State Incentives	Combined Federal & State Incentives
Amount	\$11,766,108	\$1,486,381	\$599,700	\$1,552,100	\$624,300	\$520,550	\$4,783,031	\$16,549,139

Table 63: Federal and State Incentives Paid to Counties in SFY 2008

- 304 County performance on the federal and state incentive measures is measured by CSED reports which consolidate case activity or collection data to determine how counties perform on these metrics. Counties can access these reports on a monthly basis to monitor their performance throughout the year. However, as with measurement of statewide performance, there is little analysis performed concerning the factors which lead to a particular outcome on these metrics.
- 305 The current statutory framework for allocating these incentives inhibits the flexibility and adaptability of the state as a whole to address particular deficiencies which may arise or to encourage new initiatives. For example, faced with the current decline in statewide cost effectiveness and the resulting reduction in federal incentives, the state is unable to modify the incentive structure to address the key factors in measuring cost effectiveness – collections and expenditures.
- 306 During the two sessions on performance management, a common theme among county participants was that cost effectiveness is not a high priority and generally they do not pay much attention to it other than to make sure that they obtain a portion of the federal incentives allocated to the county. Counties reported that once a minimum threshold of cost effectiveness is reached for the purpose of receiving their share of that aspect of the federal incentives, for example 4.00, they do not focus any effort on increasing that measure. The reality is that for the state as whole to reach 4.00, the counties must have a higher cost effectiveness rate.
- 307 In SFY 2008, the counties as a whole had a cost effectiveness rate of 5.11; however, that translated into a statewide cost effectiveness rate of 3.92 once other program expenditures, such as the costs of the state office, are included as required by federal regulations. Accordingly,

Statutory Incentive Allocations Inhibit Program Flexibility and Adaptability

Minnesota's statutory incentive allocation framework does not provide the program the flexibility needed to address current deficiencies, such as declining cost effectiveness, or promote new program initiatives.

rewarding counties for achieving a cost effectiveness rate of 4.00 does not improve Minnesota's overall performance on that metric. Rewarding counties for achieving a 4.00 cost effectiveness ratio may actually have a negative impact by not encouraging the counties to achieve higher cost effectiveness.

- 308 The current incentive structure for cost effectiveness fails to account for the costs associated with the state office. Accordingly, basing the county incentives solely upon the federal formula does not accurately measure the state's overall cost effectiveness and reward performance that benefits the state as a whole. Yet under the current framework, the performance incentives cannot be adjusted to encourage greater cost effectiveness by either increasing collections or reducing expenditures.

Individual County Performance Measurement

- 309 Counties employ a wide variety of performance management techniques. Lacking a cohesive statewide performance management framework, the counties have evolved a myriad set of different performance measurements. The federal and state incentive measures are a common basis for the individual county performance metrics but other metrics have been incorporated in county performance management efforts. Different counties have adopted different mixes of these performance measurements and apply them at different levels from individual caseworkers to teams to countywide. Table 64 provides examples of the types of different performance metrics currently in use in the county offices.

County Performance Metrics	Description
Worklists	Counties measure the number of pending worklists, outstanding worklists or worklists resolved.
Counts of Specific Caseworker Activities	Counties manually track activities such as customer interviews, judgments entered and reviewed, and cases reviewed for possible action.
Customer Contacts	Counties track the number of incoming calls or customer walk-ins.
Timeframes	Counties track how long a caseworker takes to perform a specific activity, for example review and adjustment.
Arrears Reduction	Counties establish a goal to reduce their caseload's arrears by a specific dollar amount to encourage arrears management efforts.
Case Flow	Counties count the number of cases opened, reopened, and closed.
County Attorney Timeframes	In some counties, the cooperative agreements with the county attorney contain specific timeframes for completing specific activities, such as the review and return of pleadings.

Table 64: Examples of County Performance Metrics

- 310 While each of these individual metrics may have value in contributing to the overall performance of the state, the lack of a cohesive set of goals which are measured and rewarded dilutes the effectiveness of these efforts as the program as a whole is pursuing inconsistent goals.

Conclusion

- 311 While Minnesota reports its overall performance on standard measures such as the federal incentive measures well, there is little analysis of the drivers that affect that performance. Merely reporting data is but one part of effective performance management. Under the current framework,

even if data analysis was conducted to identify critical success factors contributing to achievement of goals, the program does not have the ability to readily adjust its incentive structure to encourage efforts to achieve identifiable goals. The counties, as the key contributor to overall program performance, do not operate under a consistent set of goals and objectives. As result, while there is much time and effort dedicated to achieving certain outcomes, those efforts are uncoordinated and unfocused leading to a lack of direction for the program as whole.

Summary of Current Delivery Model

- 312 The Minnesota Child Support Program relies upon a complex interrelationship between independent governmental agencies including the state executive branch, county governments, county attorneys, and the judiciary to deliver child support services. The effectiveness and efficiency of this structure is dependent upon the coordination and cooperation of one state agency, CSED, 84 county child support offices, 87 county attorney offices, and the court system. Excluding the judiciary and other related service providers, such as the sheriffs who provide service of process, the current model has 172 different service providers. The number of different service providers coupled with diffuse authority over the operation of the program statewide has created inefficiencies attributable to duplication of efforts and inconsistencies in service delivery.
- 313 The analysis of the data contained in this report concludes that there are wide variances in the delivery of basic child support services among the 84 county offices. Analyzing the average amount of time it took to deliver fundamental child support services revealed significant inconsistencies in service delivery, for example:
- A variance of 71 days to 317 days from case opening to support order establishment
 - A variance of 26 days to 122 days from support order entry to initial payment
 - A variance of 101 days to 396 days from case opening to initial payment.
- 314 Further inconsistencies exist in how county offices are resourced and staffed. Analyzing both caseload allocations as well as expenditures per case and per FTE demonstrated that there are wide variances in not only the timeliness of the delivery of services but in the staff and expenditures associated with delivering those services. For example;
- The number of cases per FTE varies from 122:1 to 275:1
 - The expenditures per case varies from \$250 per case to \$911 per case
 - The expenditures per FTE varies from \$61,044 per FTE to \$152,928
 - The legal costs per case varies from \$1.99 per case to \$185.40 per case
- 315 These inconsistencies are symptoms of the current service delivery model in which each county office is not only a quasi-independent IV-D agency with individualized policies and practices but an independent cost center as well, with incentives that are not aligned with the most cost-effective method of service delivery. This is most apparent in the current cost effectiveness incentive structure in which the counties are rewarded for achieving cost effectiveness ratios which do not contribute to statewide cost effectiveness improvement.

- 316 While Minnesota continues to perform well on four of the five federal performance measures, its overall cost effectiveness of program administration continues to decline. In FFY 2008, Minnesota fell below 4.00 to 3.92, which may result in an estimated loss of federal incentives to the state of approximately \$231,000. When coupled with the temporarily restored federal financial match on incentives, this translates into a potential loss of \$693,000. The factors driving this declining cost effectiveness are twofold: collections have remained relatively flat while program expenditures have increased at a rate greater than the increase in collections. Additionally, the current structure for distributing federal incentives to the counties does not target specific areas for improvement. For example, providing incentives for county cost effectiveness ratios of 4.00 will not raise the statewide cost effectiveness to recover the federal incentives which will be lost for falling below 4.00 in FFY 2008.
- 317 As currently structured and operated, the state office's ability to direct a consistent application of statewide policies and practices is limited by both the culture of the program and a lack of effective mechanisms to enforce consistency. There is a culture of quasi-independence of the county offices in which they feel free to disregard statewide policy, absent specific statutory mandates. This culture has been reinforced by state policies that occasionally direct counties to consult their local county attorney for guidance. The statutory construct which defines the roles and responsibilities of the various service providers is complex and subject to interpretation, a situation which contributes to the inconsistent application of policies and practices. The state office lacks statutory authority to enforce consistent application of policies by the counties. As a result, there is no effective mechanism for the state to compel consistent application of policies or to penalize or otherwise address policy noncompliance.
- 318 These inconsistent practices and service delivery methods place additional strain on the program, particularly in the maintenance and enhancement of PRISM. The complexity of PRISM stems, in part, from an effort to accommodate a multitude of local variances in implementing statewide policies.
- 319 Continuing with the current service delivery model without fundamental changes in governance, accountability, and authority will lead to further decline in the overall cost effectiveness of the program as well as continuation and likely exacerbation of the inconsistency in service delivery. If collections and expenditures continue on their current trends over the last five years, collections growing by 1.5% per annum and expenditures by 3.2% per annum, by 2015, the program's statewide cost effectiveness will decline to 3.67. While an additional loss of federal incentives will not occur until the cost effectiveness ratio falls below 3.50, this trend shows that the 3.50 threshold will be reached in the near future. Figure 20 illustrates the continuing decline in cost effectiveness which would result if the current service delivery model remains unchanged.

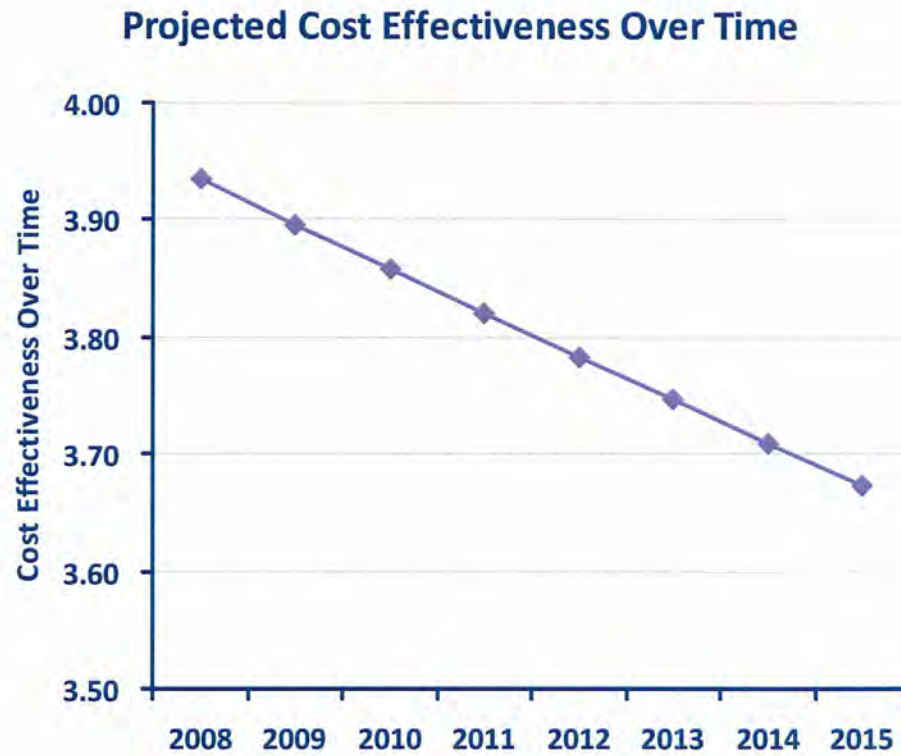


Figure 20: Projected Cost Effectiveness Over Time

Industry Analysis

Introduction

320 As part of the process of considering alternative service model options, CSED considers it vital to understand how other states deliver child support services. Specifically, CSED asked that five states be reviewed to determine how services are provided and whether leading practices could be transferred to Minnesota. We worked with CSED at the outset of the project to select the states for inclusion in this analysis. Table 65 shows the states selected and provides a brief explanation for their inclusion.

State	Reason for Selection as Benchmark State
Texas	<ul style="list-style-type: none"> • Service delivery model contrasts Minnesota's – state supervised and state operated • Umbrella agency that is different than Minnesota's – child support is within the Office of Attorney General • High performing state – Texas has been a recent leader in performance improvement, especially with collections • Texas is in the process of incrementally replacing its statewide child support computer system
North Dakota	<ul style="list-style-type: none"> • Service delivery model that contrasts Minnesota's – state supervised and state operated • Example of a state that recently changed from county operated to a state operated service delivery model • A state that is similar to Minnesota due to geography, its being a border state, and similarities in demographics with its small rural offices
Florida	<ul style="list-style-type: none"> • Service delivery model that contrasts Minnesota's – state supervised and state operated • Umbrella agency that is different than Minnesota's – child support is within the Department of Revenue • Example of a state that has centralized a number of key functions typically performed at the local level
Colorado	<ul style="list-style-type: none"> • Similar service delivery model as Minnesota – state supervised and county operated • Example of a state that has several counties that have privatized child support services with a vendor
Wisconsin	<ul style="list-style-type: none"> • Similar service delivery model – state supervised and county operated • A state that is similar to Minnesota due to geography, its being a border state, and similarities in demographics

Table 65: States Selected for Benchmark Study

321 In addition to these states, we also included service delivery model practices from other states outside of the five benchmark states if we felt that there are practices that could be beneficial to the Minnesota Child Support Program. Following the sections for the five benchmark states there is a section that has additional service delivery practices that are relevant to Minnesota.

Overview of Child Support Service Delivery Models

- 322 Before discussing leading practices from other states, this section provides an overview of the provision of child support services across the country. There are two basic service delivery models within state child support enforcement programs:
- **State Supervised and State Operated:** The state child support program is 100% accountable and responsible for delivery of child support services to the children and families of the state. All offices are staffed by state employees or private vendor staff under contract with the state program. There are 26 states that currently operate under this model.
 - **State Supervised and County Operated:** The state child support program is the statewide agency accountable for the delivery of child support services but local services are delivered by county or other agencies typically operating under a cooperative agreement or a statutory framework which has delegated certain child support functions to the county or other agencies. In this model, the phrase “county operated” is used to designate the service delivery model where the local office services are delivered by an entity other than the state program. In some instances, this may be a county social services agency, a local prosecutor, a local judicial trustee, or a friend of the court agency. Regardless of the precise nature of the local governmental agency or political subdivision delivering the services, the term “county operated” encompasses all of these arrangements. As with the state supervised and state operated model, some of the state or county responsibilities may be performed by private vendors under contract with either the state or the county agency. There are 24 states that currently operate under this model.⁶
- 323 Even though there are two core service delivery models, we recognize that there are some differences between the states that are identified with a particular model. Some states have implemented a degree of privatization and/or centralization of certain core child support services. However, these two general models provide a good point of reference in trying to understand the core structures in play across the country.
- 324 In addition to these two core service delivery models based upon which level of government delivers the services, there are also differences among the states in the placement of the child support enforcement agency within larger agencies or departments of the individual state governments. In the majority of the states (43), the child support enforcement agency is placed within an umbrella social or human service agency, as is the case in Minnesota. Other models include housing child support within the Department of Revenue (four states) or within the Attorney General's Office (three states).

⁶ The determination of a state as state supervised and county operated was made by a determination of whether local administrators exercise significant independent authority over the local IV-D office's staffing and case-processing. For example, if elected county attorneys control all establishment and most enforcement functions, hire staff, and receive budgets based on an allocation formula determined between the state and the county attorneys, the state was classified as state supervised and county operated. We acknowledge that our determination of identifying a state as state supervised and county operated might not be aligned with the Intergovernmental Referral Guide that is maintained by the Federal Office of Child Support Enforcement.

325 Figure 21 shows the different service delivery models currently used by child support programs across the nation.

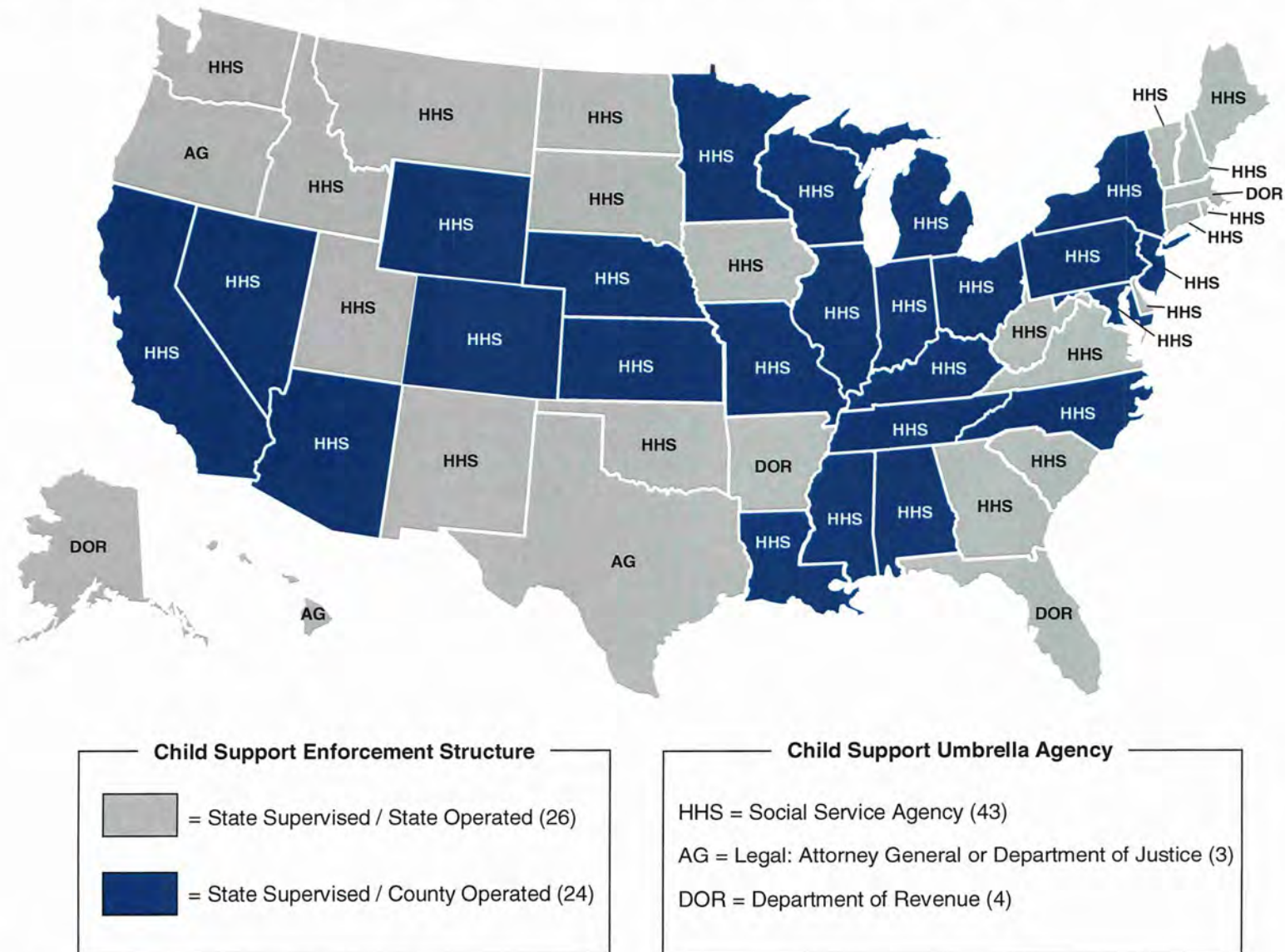


Figure 21: Child Support Service Delivery Model by State

326 As noted earlier, some child support programs have elected to privatize certain elements or functions of their child support services. These privatization efforts include contracting out specific, discrete functions such as new hire reporting, the operation of the state disbursement unit (SDU) or customer service call centers. Additionally, some states contract directly with private vendors to provide the full range of child support services at the local level. However, the decision to privatize the delivery of child support services is not dependent on the service delivery model of the child support program as privatization occurs in both of the core models.

327 To the extent that there are national trends in the service delivery model selected by the states for their child support enforcement program, the direction of those states who have changed their service delivery model is to move towards more central authority in order to deliver more consistent services, be better able to allocate resources more efficiently and to obtain improved management controls over the program. This has been done by a move from the social or human services umbrella agency to another state agency; Florida and Arkansas to the Department of Revenue or Texas to the Attorney General's office. In other instances, states have moved from the state supervised, county operated to the fully state administered and operated program; most recently North Dakota in 2007. Notably, no state has moved its service delivery model from a state administered, state operated model to the state supervised, county operated model. The national trend has been to modify service delivery models to achieve more direct, central authority, control and accountability over the program and its service delivery.

State Office Organization and Functions

328 Our industry benchmark analysis included comparative analyses of child support functions performed at the county level as well as functions that are performed by CSED's central operations. For the purpose of performing this comparative analysis, we used OCSE full-time equivalent (FTE) data to compare staffing levels and caseload to FTE ratios. OCSE data is reported by the states to the federal government, and it captures FTE data at three levels: state and county FTE, cooperative agreement FTE, and vendor services FTE. The cumulative total is the FTE number contained in the annual OCSE FFY 2008 program report. Since this data is provided by the states themselves, it is the most verifiable data available to use for comparisons of staffing levels and resources.

329 However, when comparing staffing levels of the different states' central operations, the total FTE counts reported by states are subject to various qualifications and caveats. For example, the total IV-D FTE count reported by states to the federal government is not subject to data reliability criteria as is the caseload, collections, and expenditures data. Further, the states often define IV-D employees differently particularly when in the instance of vendor staff or staff providing IV-D services under a cooperative agreement with another agency. Therefore, exactly how FTE counts are calculated among states can vary. This results in the challenge of providing an "apples to apples" comparison of Minnesota's central operations costs to those of other states.

Considerations for Benchmarking Minnesota's Central Operations

330 There are a number of factors that need to be considered in comparing Minnesota to the other states in the benchmark study. Minnesota's central office includes a number of different staff categories that other states do not include in their central office FTE counts. These positions, in addition to the 191 central office FTE, include:

- Judicial (73)

National Service Delivery Model Trends

- *Centralization of authority to achieve more consistent service delivery*
- *Governance models that achieve control and accountability*
- *Systems that include incentives and penalties for performance or failure to perform*

- State Disbursement Unit (9.5)
- Other Contractors (7.2)
- Systems work is done within the Child Support Program office which is not the case for some other states.
- Legal services are provided for the program by program division staff which is not the case for some other states.

- 331 For the purpose of identifying central office FTE functions, Deloitte used the benchmark survey data to identify the most common functions and staffing numbers across the six states (MN, TX, ND, FL, CO, and WI). However, interpreting the responses from the benchmark states was complex as the states responded with clarifying comments to their FTE counts based upon their interpretation of the question relating to the child support function. In addition, the comparison may be affected by the fact that the degree to which these functions are performed in the central office varies among the states and, therefore, there may be different definitions of what is a “centralized function” performed at the state office as opposed to an automated functionality which supports case activity performed in the local offices.
- 332 Accordingly, we compared the centralized functions and the staffing levels across the benchmark states based on the benchmark survey data and from the personal interviews with the benchmark states. Deloitte captured the child support functions that were marked as “Performed by the State at the State Central Office”. We identified those central office functions each of the benchmark states had in common and noted the FTE associated with that function as reported in the survey data.
- 333 The centralized functions identified as common state office functions for the purpose of comparing state office staffing are:
- Referral Intake – the activity of processing applications for services
 - Automation Based Enforcement – the activity of having the child support system identify cases needing a particular enforcement action that can be accomplished either automation or by alerting a caseworker from the central office to take a particular action
 - Call Center Type Services – those customer support services whereby a FTE is responding to an inquiry at central location whether for case participants or for other stakeholders, such as employers
 - Training – the activity of providing program and systems training to the caseworkers
 - Performance Management –the activities of having state office staff evaluate the overall performance of the child support program
 - Payment Adjustments – the activity of receipting and adjusting the account balances to the child support case, including adjusting receipts and disbursements
 - Legal Analysis – the activity of having a form of legal representation at the state level
 - Systems – the functions of performing systems development work by state FTEs, other agency FTEs, and/or vendor FTEs

- Policy and Procedure Writing – the activity of developing and writing policies and procedures for the child support program as a whole
- Compliance Reviews – the activity of reviewing case activity for compliance with federal, state, and local regulations

334 As all states must have an automated case management system, this represents a common function for all states. However, states differ in how the system enhancement and maintenance functions are performed. States often use a mix of state employees, vendor staff, or cooperative agreement staff from other agencies. Because of this mix, not all states report their system support staff uniformly as IV-D employees. Accordingly, to develop a more accurate comparison of state office staff across these common functions, system staff were segregated from the total for other functions in order to provide a more accurate comparison.

335 With this adjustment for system staff and an adjustment for the central registry staff reported by Texas, the FTE count performing these common central office functions indicates that Minnesota has 83 FTEs, Texas 111 FTEs, North Dakota 18 FTEs, Florida 70 FTEs, Colorado 18 FTEs and Wisconsin 27 FTEs. Table 66 provides a summary of how these state office FTEs are allocated across these centralized functions.

Centralized Activities	MN	TX	ND	FL	CO	WI
Referral Intake	2	5	1	NA	NA	NA
Automation Based Enforcement	1	NA	NA	NA	8	NA
Call Center Type Services	15	28	10	NA	0	8
Training	14	31	1	19	Shared (Systems)	8
Performance Management	10	11	2	11	5	NA
Payment Adjustments ⁷	29	16	1	16	NA	9
Legal Analysis	4	3	1	5	Shared (AG)	NA
Policy and Procedure Writing	8	7	3	19	5	Shared (BA)
Compliance Reviews	Shared (PM)	10	Shared(PM)	NA	Shared (PM)	2
Total Central Office FTE for Listed Functions	83	111	19	70	18	27
Cooperative Agreement FTEs	81	NA	NA	NA	NA	NA
Other Central Office FTEs (including Systems)	117	389	23	540	52	29
Total Central Office FTEs Reported	281	500	42	610	70	56

Table 66: Centralized State Office FTE by Function

⁷ Includes both payment adjustments and receipting staff.

- 336 Table 67 provides a summary comparison of the state office FTEs performing the common functions enumerated in Table 66 based upon these FTE as a percentage of total program FTE and caseload to FTE ratio.

Category	MN	TX	ND	FL	CO	WI
Total Central Office FTE for Listed Functions	83	111	19	70	18	27
Total FTEs	1,610	2,706	174	3,085	676	1,120
% of Total FTEs in Central Office for Listed Functions	5%	4%	11%	2%	3%	2%
Total Cases	247,950	1,099,311	41,104	792,233	140,356	355,294
Cases per Central Office FTE for Listed Functions	2,987:1	9,904:1	2,163:1	11,318:1	7,798:1	13,159:1

Table 67: Benchmark State Central Office Staffing Comparison

- 337 From this comparison, Minnesota's percentage of state office FTE performing the listed functions compared to overall program FTE is comparable to the benchmark states but higher than all but North Dakota. North Dakota as a small state with relatively few employees in eight regional offices may represent an anomaly that may be somewhat attributable to its recent transition from a county operated to a state operated program. Similarly in the comparison of caseload to state office FTE, Minnesota is significantly lower than all the benchmark states except North Dakota.
- 338 Compared to the other benchmark states, except North Dakota, Minnesota has a higher concentration of staffing resources at the state office both in terms of percentage of overall program staff and in relation to the size of the program's caseload. Compared to the two other county operated benchmark states, Colorado and Wisconsin, Minnesota is two to three percentage points higher in the number of FTEs in the central office compared to total state FTEs for those functions listed in Table 66. In addition, CSED has a much lower central office FTE to total caseload ratio than Colorado and Wisconsin.
- 339 In evaluating the level of staffing at the central office, an analysis of the staffing levels for specific functions provides another perspective of how Minnesota's central office staffing levels compare with those of other states. Table 68 presents Minnesota's central office staffing allocation in SFY 2008 across specific functional areas and an evaluation of Minnesota's staffing level, above average, average or below average, in those functional areas compared to other states based upon our professional judgment and experience with other states. FTEs in this analysis represent CSED and contractor staff supporting these functions.

Function	FTEs in MN	Comparative Industry Assessment	Comment
Systems Maintenance and Development	61	Above Average	<ul style="list-style-type: none"> New PRISM development and maintenance are done solely by CSED staff. There are no contractors that support this effort. The complexity of the business rules and of the design of the PRISM system contributes to the high number of staff that supports this function.
Functional Analysis	17	Above Average	<ul style="list-style-type: none"> There is a high degree of complexity in existing laws and policies. Counties have a wide degree of latitude in how services are delivered which leads to greater complexity in system design to support these differing practices. Teams have historically been structured in a "silo" manner with analysts not working outside of a particular functional area.
Legal Analysis / Policy and Procedure	12	Above Average	<ul style="list-style-type: none"> Complex laws and policies contribute to the size of this team. The variance in county practices contributes to the complexity in legal and policy analysis.
Receipting / State Disbursement Unit	14	Average	<ul style="list-style-type: none"> There are 5 state staff and 9 contractor staff that work together to support these efforts.
Financial Adjustments	15	Above Average	<ul style="list-style-type: none"> Staff levels are high as a result of deficiencies in the PRISM system that cause a high number of adjustments to be performed. Counties have authority to override distribution rules which contributes to more intervention from this team.
Help Desk – Employers / Local Office Support and some Customer Overflow	15	Above Average	<ul style="list-style-type: none"> This group primarily handles calls from county workers and employers. There are some child support participants that call this number. However the vast majority of customer service calls are handled by the counties.
Training	14	Above Average	<ul style="list-style-type: none"> Historically there is a very high standard for customer service in this area. Trainers often travel long distances to provide training for small groups. Efforts are underway to switch to long-distance training effort and historical staff levels have not been adjusted accordingly.
Performance Management / Federal Reporting and Audits	10	Average	
Operations	6	Average	
Management / Supervision	20	Average	<ul style="list-style-type: none"> While the total number of Managers / Supervisors is higher, the number of line staff relative to supervisors and managers is also higher than the benchmark states in the study.
Office Support	6	Average	

Function	FTEs in MN	Comparative Industry Assessment	Comment
Project Management	5	Average	
Other Central Functions	9	Average	
Total	204	Above Average	

Table 68: Minnesota Central Office Functions

- 340 As shown above, there are a variety of factors that contribute to the central office staff levels in Minnesota. Some of these factors can affect more than one of the centralized functions. For example, the complexity of the PRISM system coupled with supporting wide variances in policies and practices across the state contributes to the higher staffing levels in Systems Development and Maintenance, Functional Analysis and Legal Analysis/Policy and Procedures.
- 341 Nonetheless, these comparisons do indicate there are opportunities to enhance efficiency and cost effectiveness by reassigning and reducing the number of state office staff in targeted functional areas. Adopting an alternative service delivery model could promote less inconsistency in the delivery of services and also provide opportunities for reduction in the state office staffing complement.

Comparative Performance on Federal Incentive Measures

- 342 In analyzing the impact of the service delivery model on the child support program's performance and the effectiveness of the services delivered, the states' performance on the federal incentive performance measures provides a basis to compare the effectiveness or efficiency of the different service delivery models. While we fully understand that the composition of the service delivery model is only one of the key variables that impact a state's performance, demonstrating how different models perform against these measures is one way to judge the effectiveness of a given model. The federal performance measures considered are the same performance measures that are tracked by the federal government and that are tied directly to federal incentive dollars that are given to the states:
- **Paternity Establishment:** Measures the percentage of paternities established compared to children born out-of wedlock
 - **Order Establishment:** Measures the percentage of open cases within the caseload with support orders established
 - **Current Support Collections:** Measures the percentage of current support collected compared to the amount of current support due
 - **Arrears Cases with Collections:** Measures the percentage of cases with arrears due which had a collection on arrears
 - **Cost Effectiveness:** Measures cost effectiveness by dividing total collections by total program expenditures
- 343 In examining the FFY 2008 preliminary results from the Federal Office of Child Support Enforcement (OCSE) on these federal incentive performance measures to determine the characteristics of the highest performing states, state operated programs were more likely to be ranked in the top ten rankings across the performance measures. While there are clearly high performing states that are both state operated and county

operated for each of the five measures, the state operated programs had more top ten rankings in four of the measures and the same number on the fifth. As we will discuss later in this report, some of this success can be attributed, at least in part, to the ability of state operated programs to marshal and allocate resources as needed to focus on particular goals or activities that further high performance and an enhanced ability to ensure consistent application of policies and the delivery of services to the program's customers.

Paternity Establishment

- 344 In the paternity establishment performance measure in FFY 2008, state operated programs achieved eight of the top ten rankings nationwide. Also, state operated programs averaged a 96.8% rate of paternity establishment vs. 94.4% for county operated. Table 69 provides the FFY 2008 results on the paternity establishment performance measure based upon the state program's service delivery model.

FFY 2008 Paternity Establishment Performance Measure – National Average: 95.7%											
County Operated – Average 94.4%						State Operated – Average 96.8%					
State	Percent	Ranking	State	Percent	Ranking	State	Percent	Ranking	State	Percent	Ranking
Arizona	110.9	1	Kansas	92.9	30	Oklahoma	110.1	2	Arkansas	95.3	25
New Jersey	103.7	10	Kentucky	92.8	31	Montana	106.6	3	Iowa	94.5	27
Illinois	102.3	12	New York	92.2	33	New Hampshire	106.6	3	Massachusetts	94.0	28
California	101.4	15	Maryland	91.2	35	Maine	105.8	5	Oregon	94.0	28
Wisconsin	100.3	16	Missouri	90.5	38	Utah	105.4	6	Connecticut	92.5	32
North Carolina	99.7	17	Tennessee	90.0	40	West Virginia	105.1	7	Idaho	91.5	34
Ohio	98.6	18	Nebraska	89.4	41	South Dakota	104.6	8	Texas	91.0	36
Indiana	97.9	20	Mississippi	89.2	42	North Dakota	104.0	9	Florida	90.7	37
Minnesota	97.4	22	Alabama	86.4	46	Hawaii	102.9	11	Rhode Island	90.1	39
Pennsylvania	95.8	23	Wyoming	86.0	47	Georgia	102.1	13	Delaware	89.0	43
Michigan	95.4	24	Louisiana	84.1	48	Vermont	101.9	14	South Carolina	89.0	43
Colorado	94.9	26	Nevada	83.6	49	Washington	98.5	19	Virginia	86.9	45
						Alaska	97.8	21	New Mexico	68.8	50

Table 69: State FFY 2008 Paternity Establishment Performance by Service Delivery Model

Order Establishment

- 345 In the FFY 2008 order establishment performance measure, state operated programs represented seven of the top ten rankings nationwide. While more of the top ten performing states in this measure are state operated, the average measure for both county and state operated programs was virtually the same (both at 79%). Table 70 provides the FFY 2008 results on the order establishment performance measure based upon the state program's service delivery model.

FFY 2008 Order Establishment Performance Measure – National Average: 79.6%											
County Operated – Average 79.4%						State Operated – Average 79.9%					
State	Percent	Ranking	State	Percent	Ranking	State	Percent	Ranking	State	Percent	Ranking
Wyoming	90.3	3	Michigan	80.8	28	Alaska	93.2	1	Georgia	83.5	21
Pennsylvania	88.9	5	California	80.2	30	South Dakota	93.2	1	Texas	83.5	21
Colorado	87.5	10	Maryland	80.1	31	Washington	89.9	4	Idaho	80.5	29
Missouri	84.6	15	Arizona	79.4	32	Utah	88.8	6	Massachusetts	77.3	34
New Jersey	84.6	15	Kansas	79.0	33	Maine	88.6	7	Florida	73.9	38
Minnesota	84.3	18	Illinois	77.3	34	Montana	88.2	8	Oregon	73.1	39
Kentucky	83.7	20	Louisiana	77.1	36	Vermont	87.6	9	Connecticut	72.0	41
Wisconsin	83.4	23	Ohio	75.6	37	North Dakota	87.0	11	Oklahoma	70.8	42
Alabama	82.8	24	Indiana	72.1	40	Iowa	85.9	12	Delaware	67.4	44
Nebraska	82.0	25	Nevada	68.3	43	West Virginia	85.9	12	New Mexico	65.4	45
New York	82.0	25	Tennessee	64.8	46	Virginia	85.3	14	Hawaii	63.4	47
North Carolina	81.3	27	Mississippi	55.4	50	New Hampshire	84.6	15	Rhode Island	62.4	48
						Arkansas	83.9	19	South Carolina	61.8	49

Table 70: State FFY 2008 Order Establishment Performance by Service Delivery Model

Current Support

346

For the current support collected performance measure, the county operated programs had six of the top ten rankings nationwide. When looking at the average current support measure across the two types of models, there was only a slight difference in the average (61.2% vs. 62.0%). Table 71 provides the FFY 2008 results on the current support collected performance measure based upon the state program's service delivery model.

FFY 2008 Current Support Performance Measure – National Average: 61.6%											
County Operated – Average 61.2%						State Operated – Average 62.0%					
State	Percent	Ranking	State	Percent	Ranking	State	Percent	Ranking	State	Percent	Ranking
Pennsylvania	78.9	1	Kentucky	57.5	34	North Dakota	75.9	2	Arkansas	61.9	25
Nebraska	70.7	4	Kansas	57.0	35	South Dakota	72.5	3	Hawaii	60.1	27
Wisconsin	70.7	4	Louisiana	56.7	37	Iowa	70.0	7	Delaware	60.0	28
Minnesota	70.1	6	Indiana	56.6	38	Vermont	67.0	10	Maine	59.6	29
Ohio	68.8	8	Missouri	56.6	38	Massachusetts	66.8	11	Rhode Island	59.0	30
Wyoming	68.1	9	Mississippi	56.4	40	Washington	66.4	13	Georgia	58.2	31
North Carolina	66.6	12	Illinois	55.4	42	Utah	65.7	15	Alaska	58.1	32
New York	66.3	14	Tennessee	54.0	44	West Virginia	65.6	17	Connecticut	57.8	33
New Jersey	65.7	15	Alabama	52.8	45	Texas	64.5	19	Idaho	56.8	36
Maryland	64.6	18	California	52.8	45	Montana	64.0	20	New Mexico	55.7	41
Michigan	62.0	23	Arizona	50.9	49	New Hampshire	63.0	21	Oklahoma	55.2	43
Colorado	61.9	25	Nevada	48.1	50	Virginia	62.6	22	Florida	52.4	47
						Oregon	62.0	23	South Carolina	51.2	48

Table 71: State FFY 2008 Current Support Collected Performance by Service Delivery Model

Collections on Arrears

- 347 For the arrears cases with collections performance measure, state operated programs held seven of the top ten rankings nationwide. State operated programs on average were 1.7% higher in this measure compared to county operated programs. Table 72 provides the FFY 2008 results on the arrears cases with collections performance measure based upon the state program's service delivery model.

FFY 2008 Arrears Performance Measure – National Average: 64.1%											
County Operated – Average 63.2%						State Operated – Average 64.9%					
State	Percent	Ranking	State	Percent	Ranking	State	Percent	Ranking	State	Percent	Ranking
Pennsylvania	78.8	1	Wisconsin	62.0	33	North Dakota	72.7	3	West Virginia	65.2	22
Wyoming	73.3	2	New York	61.2	35	South Dakota	72.3	4	Oregon	64.3	24
Colorado	70.6	7	Tennessee	60.9	36	New Hampshire	72.2	5	Oklahoma	64.2	25
Nebraska	68.6	11	Kentucky	60.1	37	Iowa	71.1	6	Maine	63.6	27
Minnesota	68.3	13	Illinois	59.2	40	Utah	70.2	8	Delaware	62.5	30
Ohio	68.2	14	California	59.1	41	Montana	69.9	9	Florida	62.3	31
Kansas	65.8	20	Arizona	58.3	43	Vermont	69.4	10	Massachusetts	62.1	32
New Jersey	65.7	21	Louisiana	58.3	43	Texas	68.6	11	Connecticut	61.8	34
North Carolina	65.0	23	Missouri	57.6	45	Washington	68.0	15	Virginia	59.6	38
Indiana	64.2	25	Alabama	57.0	46	Alaska	67.6	16	Idaho	59.3	39
Mississippi	63.1	28	Michigan	56.7	47	Georgia	67.3	17	Rhode Island	59.0	42
Maryland	62.9	29	Nevada	52.8	50	New Mexico	67.3	17	South Carolina	55.1	48
						Arkansas	66.8	19	Hawaii	45.3	50

Table 72: State FFY 2008 Arrears Cases with Collections Performance by Service Delivery Model

Cost Effectiveness

- 348 In the cost effectiveness performance measure, state operated programs had six of the top ten rankings nationwide. State operated programs also had a slightly higher cost effectiveness ratio, 5.38 to 5.22. Table 73 provides the FFY 2008 results on the cost effectiveness performance measure based upon the state program's service delivery model.

FFY 2008 Cost Effectiveness Performance Measure – National Average: 5.31											
County Operated – Average 5.22						State Operated – Average 5.38					
State	Percent	Ranking	State	Percent	Ranking	State	Percent	Ranking	State	Percent	Ranking
Mississippi	8.41	3	Alabama	4.92	27	South Dakota	10.27	1	Montana	4.94	26
Ohio	6.78	6	Louisiana	4.77	28	Texas	9.42	2	Alaska	4.75	29
Missouri	6.74	8	Maryland	4.54	32	Virginia	7.25	4	Arkansas	4.56	30
Kentucky	6.73	9	Illinois	4.53	33	Massachusetts	7.18	5	New Hampshire	4.56	30
Pennsylvania	6.71	10	Nebraska	4.45	34	Rhode Island	6.76	7	Oklahoma	4.42	35
Wisconsin	6.65	11	Arizona	4.39	36	Georgia	6.59	12	Florida	4.33	37
Indiana	6.58	13	Colorado	4.25	38	Oregon	6.01	15	Maine	4.22	49
Tennessee	6.09	14	New Jersey	4.20	40	Idaho	5.97	17	Washington	4.15	41
Michigan	5.98	16	Minnesota	3.92	43	North Dakota	5.81	18	Utah	4.11	42
North Carolina	5.39	20	Kansas	3.55	46	South Carolina	5.64	19	Connecticut	3.83	44
Wyoming	5.36	22	Nevada	3.49	47	Iowa	5.38	21	Vermont	3.77	45
New York	5.10	25	California	1.96	50	Hawaii	5.20	23	Delaware	3.09	48
						West Virginia	5.17	24	New Mexico	2.70	49

Table 73: State FFY 2008 Cost Effectiveness Performance by Service Delivery Model

Program Information FFY 2008

- 349 For each of the benchmark states, a collection of relevant data points was obtained from the OCSE FFY 2008 Preliminary Report and benchmark state questionnaires. Table 74 and Table 75 provide comparative summary views of the benchmark states compared to Minnesota's child support

program. (Note that instances in which the benchmark state's performance exceeds Minnesota's are indicated with italics.) Each benchmark state is individually compared and discussed in their respective chapters.

Program Information FFY 2008	MN	TX	ND	FL	CO	WI
Paternity Federal Performance Measure	97.4%	91.0%	<i>104.0%</i>	90.7%	94.9%	<i>100.3%</i>
Orders Established Federal Performance Measure	84.3%	83.5%	<i>87.0%</i>	73.9%	<i>87.5%</i>	83.4%
Current Support Federal Performance Measure	70.1%	64.5%	<i>75.9%</i>	52.4%	61.9%	<i>70.7%</i>
Paying Arrears Cases Federal Performance Measure	68.3%	<i>68.6%</i>	<i>72.7%</i>	62.3%	<i>70.6%</i>	62.0%
Cost Effectiveness Federal Performance Measure	3.92	<i>9.42</i>	<i>5.81</i>	<i>4.33</i>	<i>4.25</i>	<i>6.65</i>

Table 74: Benchmark States Federal Performance Measures

Program Information FFY 2008	MN	TX	ND	FL	CO	WI
Caseload	247,950	1,099,311	41,104	792,233	140,356	355,294
FTEs⁸	1,610	2,706	174	3,085	676	1,120
FTEs in Local Offices	1,329	2,206	132	2,475	606	1,064
FTEs in State Offices	281	500	42	610	70	56
Caseload per FTE	154:1	406:1	236:1	257:1	208:1	317:1
Caseload per Local Office	2,952	15,705	5,138	18,005	2,193	5,004
Collections	\$614,573,014	\$2,558,700,378	\$77,782,032	\$1,260,905,917	\$284,235,054	\$633,465,202
Collections 5 Year Change	+10%	+70%	+25%	+42%	+40%	+10%
Collections per FTE	\$381,722	\$945,566	\$447,203	\$408,722	\$420,466	\$565,594
Collections per Case	\$2,479	\$2,328	\$1,892	\$1,592	\$2,025	\$1,783
Expenditures	\$162,181,201	\$286,658,214	\$14,833,031	\$322,598,567	\$74,813,371	\$98,021,621
Expenditures 5 Year Change	+14%	+39%	+27%	+40%	+4%	-3%
Expenditures per FTE	\$100,734	\$105,934	\$85,247	\$104,570	\$110,671	\$87,519
Expenditures per Case	\$654	\$261	\$361	\$407	\$533	\$276

Table 75: Benchmark States At a Glance

Benchmark Study – Texas

Overview

350

Texas is one of three states in which the child support enforcement program is located in the office of the Attorney General. The Texas program is an entirely state operated program characterized by significant centralized functions which support the local offices and the delivery of services to the program's customers. Texas is one of the largest states in the nation and is known for its very diverse caseload. Recently, Texas has embarked upon an effort to bring all domestic relations cases with a child support order into the IV-D program and, as a result, has experienced significant increases in both its overall caseload and collections.

⁸ ND FTEs include contract attorneys. FTEs for WI adjusted from FFY 2008 preliminary federal report to include state office staff per WI guidance.

351 Table 76 provides a snap shot of Minnesota's key performance measures and operational metrics compared to Texas.

Program Information FFY 2008	MN	TX	Program Information FFY 2008	MN	TX
Paternity Federal Performance Measure	97.4%	91.0%	Caseload per Local Office	2,952	15,705
Orders Established Federal Performance Measure	84.3%	83.5%	Collections	\$614,573,014	\$2,558,700,378
Current Support Federal Performance Measure	70.1%	64.5%	Collections 5 Year Change	+10%	+70%
Paying Arrears Cases Federal Performance Measure	68.3%	68.6%	Collections per FTE	\$381,722	\$945,566
Cost Effectiveness Federal Performance Measure	3.92	9.42	Collections per Case	\$2,479	\$2,328
Caseload	247,950	1,099,311	Expenditures	\$162,181,201	\$286,658,214
FTEs	1,610	2,706	Expenditures 5 Year Change	14%	39%
FTEs in Local Offices	1,329	2,206	Expenditures per FTE	\$100,734	\$105,934
FTEs in State Offices	281	500	Expenditures per Case	\$654	\$261
Caseload per FTE	154	406	% of State Office FTE to Total Program FTE	17%	18%

Table 76: Minnesota and Texas Program Data FFY 2008

- 352 Texas has 254 counties, some with very small populations, and four with populations that rank among the 20 most-populous counties in America. Texas has a state operated child support program, with nine regional offices and 70 field offices serving the entire state. There are 500 FTEs in the central office in Austin and 2,206 FTEs in the regional and field offices.
- 353 A key dynamic for Texas is that the growth in its collections has outpaced the growth in its expenditures. In FFY 2003, Texas spent \$206 million on the program, had 2,554 FTEs, 897,000 cases, and \$1.5 billion in distributed collections. In FFY 2008, Texas spent \$287 million on the program, had 2,706 FTEs, 1,099,000 cases, and over \$2.5 billion in distributed collections. In five years, Texas collected about \$1 billion (70%) more with about 150 (6%) more staff, who were working about 202,000 (23%) more cases. In this same period, expenditures grew 39%. Texas attributes its ability to do this to:

- Performing ongoing examinations of its program and identifying opportunities to centralize and regionalize certain core services (e.g., regional call centers, central collections unit)
- Determining and implementing an optimal office size (approximately 30 FTEs per field office)
- Outsourcing some specialized services (e.g., employer data maintenance, centralized document management, medical support data matching and generation of the National Medical Support Notice)
- Deploying the expedited process for establishment and modification of orders
- Providing case stakeholders (parents and employees) with greater access to self-service opportunities via its internet portal

Key Characteristics of Texas

- *The Child Support Division is within the Office of the Attorney General*
- *Texas has 254 counties and a very diverse urban and rural population*
- *Caseload has grown by 23% since FFY 2003*
- *Relies heavily on centralized functions to support field office work*

- 354 The Office of the Attorney General (OAG) has overseen the Child Support Division (CSD) since 1985. Prior to 1985, child support was part of the Department of Human Resources, and its performance and services were described as mediocre. In 1982, a Senate subcommittee recommended moving the program to OAG because of the poor performance of the program in the welfare department, the enhanced clout of the state's chief legal officer, and the belief that child support would thrive in a law enforcement setting. In 1983, the legislature directed that the program contract with the OAG, and by 1985 the CSD was part of OAG. Since then the Texas Attorneys General have embraced the program, which is the largest division within OAG.

Process

Case Initiation

- 355 In Texas, applications are received locally and centrally, with about 58% by mail (mostly central), 30% in person (local) and 10% online (central). Texas believes that the percentage of electronic applications will likely increase over the next few years as awareness grows of the ability to submit applications via the internet.
- 356 There are five centralized intake offices that create the case shell and then distribute the case to the field office in the area where the custodial parent (CP) resides. Cases with established orders are assigned to the field office that has responsibility for the existing order. Public Assistance (IV-A) and Medicaid referrals are automated, with some clean up conducted centrally before the case is sent to the appropriate field office. Texas does not receive State Children's Health Insurance Program (SCHIP) referrals. IV-E referrals can be submitted either manually (traditional paper referral) or automated, via an interface with the IV-E system.

Locate

- 357 The majority of manual work associated with locate activities are performed by field offices. There are some specialized caseloads that are managed centrally, but generally, if any type of manual work needs to occur, it is completed by the efforts of workers in the field offices. Texas does use a data management vendor to process returned postal verification letters. The vendor updates the system with the results of the verification attempt.

358 Central office staff is responsible for the processing of the interfaces that support the location efforts. Local offices can request Federal Parent Locate Service (FPLS) data for a particular case. While not a member of the QUICK (Query Interstate Cases for Kids) consortium, Texas allows other states' caseworkers to access its data after the out-of-state caseworker signs up for the privilege to do so.

Establishment

359 Paternity is established in Texas in a variety of manners and in a number of different locations. These include:

- Voluntary acknowledgment in a hospital
- Acknowledgements and stipulations at field and regional offices
- Pre-natal clinics and birthing centers
- Private attorneys
- Genetic testing (If the genetic test results indicate a rebuttable presumption of paternity and the alleged father agrees, acknowledgment and stipulation are signed allowing the case to proceed by expedited process without need of a court hearing.)

360 Texas encourages the use of voluntary acknowledgments to the extent possible. A regional office program, POP (Paternity Opportunity Program) works with birthing centers to facilitate acknowledgments. When an acknowledgment is not possible, cases are heard by quasi-judicial officials know as Associate Judges (formerly named IV-D Masters) and also full Judges. Whether or not it goes to an Associate Judge or full judge depends primarily on the docket availability of the court.

361 In addition, Texas has a paternity awareness program in its schools. The Parenting and Paternity Awareness (PAPA) program has been in place since 1995 and is part of state-legislated mandatory training on parenting and paternity awareness as part of the health class curriculum of all school districts. OAG, in collaboration with the state Board of Education and the Texas Education Agency, updates the curriculum and trains teachers in a six-hour class. The teachers provide 14 one-hour sessions on parenting and paternity to the students. Parenting and Paternity Awareness (PAPA) is an educational curriculum designed for secondary school students and young adults that focuses on the importance of father involvement, the value of paternity establishment, the legal realities of child support, the financial and emotional challenges of single parenting, the benefits of both parents being involved in a child's life, healthy relationship skills, and relationship violence prevention. The state has a centralized paternity hotline for people with paternity questions.

362 To establish a financial support duty, pleadings are served by county sheriffs, constables, or private providers on the non-custodial parent (NCP) with a request to produce income information. Hearings are scheduled by the court or the field office, depending on the relationship developed between the field office and the county judges. Many offices encourage informal pre-conferencing to reach a stipulation, and in El Paso it is mandatory. The process for expeditious approval of a support order is known as the Child Support Review Process (CSRP). CSRP encourages informal pre-hearing conferences of parents to determine if an agreement can be reached and a stipulation signed. If so, the order incorporating the stipulation is signed by an Associate Judge.

- 363 Texas uses a private vendor to conduct employer provided insurance matching on IV-D cases with medical support orders. Medical support is ordered based on insurance availability to either parent.

Enforcement

- 364 Texas uses a combination of administrative and judicial enforcement, much of which is conducted at the field office level based on arrearage thresholds and CSO decision-making. Attorneys review many of the enforcement steps to be taken at the field level, including dunning (past due) letters, administrative subpoenas, drivers and business-license revocation, workers compensation intercepts, and insurance intercepts.

- 365 Texas has centralized a number of enforcement related activities, these include:

- Income Withholding
- Generation of National Medical Support Notices
- Unemployment Compensation Intercepts
- Lottery Intercepts
- Financial Institution Data Match (FIDM)
- "Cold-Case" unit that investigates and enforces stagnant cases with large arrearages

Financials

- 366 Texas has contracted with a vendor for the management of its Centralized State Disbursement Unit (SDU). Financial record adjustments are initiated at the field office level and then approved by the state as a quality assurance check. Arrearage reconciliation is primarily conducted at the field office level.

Case Management

- 367 Case management refers to those activities and processes that resolve open questions, deliver customer service functions, provide supporting services to cases, and move cases to the next appropriate activity within and between the core functions of child support enforcement. Case management subprocesses can occur at any given point in time during the life-cycle of a case. Table 77 highlights some of Texas' practices.

Case Management Activities	Texas Practices
Customer Service	<ul style="list-style-type: none"> The Interactive Voice Response (IVR) unit handles 2.2 million calls monthly, with about 400,000 calls referred to Customer Information Representatives (CIRs) at the eight regional call centers. Texas recently added its ninth region but did not have to implement a ninth call center immediately because of call distribution software that allows calls to flow to the least busy call center.
Performance Management	<ul style="list-style-type: none"> Workers have access to performance dashboards on their desktops that track individual performance and that of their office. Workers can also view state performance totals. The central office and the regional offices closely monitor field office performance by analyzing performance reports, making office and FTE adjustments to improve efficiency, and addressing performance issues through corrective action and training. Performance excellence by a worker may lead to eight to 16 hours of extra leave and merit pay increases.
Case Closure	<ul style="list-style-type: none"> The state centrally closes cases automatically when the federal criteria are reached without involvement from field offices.

Table 77: Texas Case Management

Organization and Program Structure

- 368 Texas CSD has a vast geographic area to cover, second only to Alaska among the states, but with much more dispersed population centers, from El Paso near the New Mexico border to Texarkana on the Arkansas border near Louisiana. Texas has large metropolitan areas such as Houston, Dallas, Fort Worth, and San Antonio as well as counties with few people. Covering 254 counties is exceedingly difficult, but CSD has studied its customer demographics and designed an organizational network that aligns with its customer needs. The resulting network is comprised of nine regional offices and 70 field offices scattered around the state, clustered around the metropolitan areas.
- 369 Urban areas often have several offices that are divided by zip codes within the county, plus a case-initiation office and usually a regional call center. Statewide, five offices are case initiation offices, handling intake only. Four are Integrated Child Support Services (ICSS) offices, also called "local rule" offices, referring to the local court rule allowing for this governmental intervention in traditionally private cases. In these offices, the counties have contracted with OAG to monitor non-application, non-assigned cases as soon as a court order is entered. These non-application, non-assigned cases stem from a federal waiver that Texas has for all child support orders issued by the court to become a IV-D case unless both parties "opt-out" in writing. These are traditionally non-IV-D cases in which there is no application for services and there has not been an assignment of rights. These offices work to attempt early intervention techniques to keep the orders in compliance. For example, when a case goes to these offices, there is immediate contact with the NCP to review the terms of the order and to answer any questions.
- 370 A map of the nine Texas regions is provided in Figure 22.

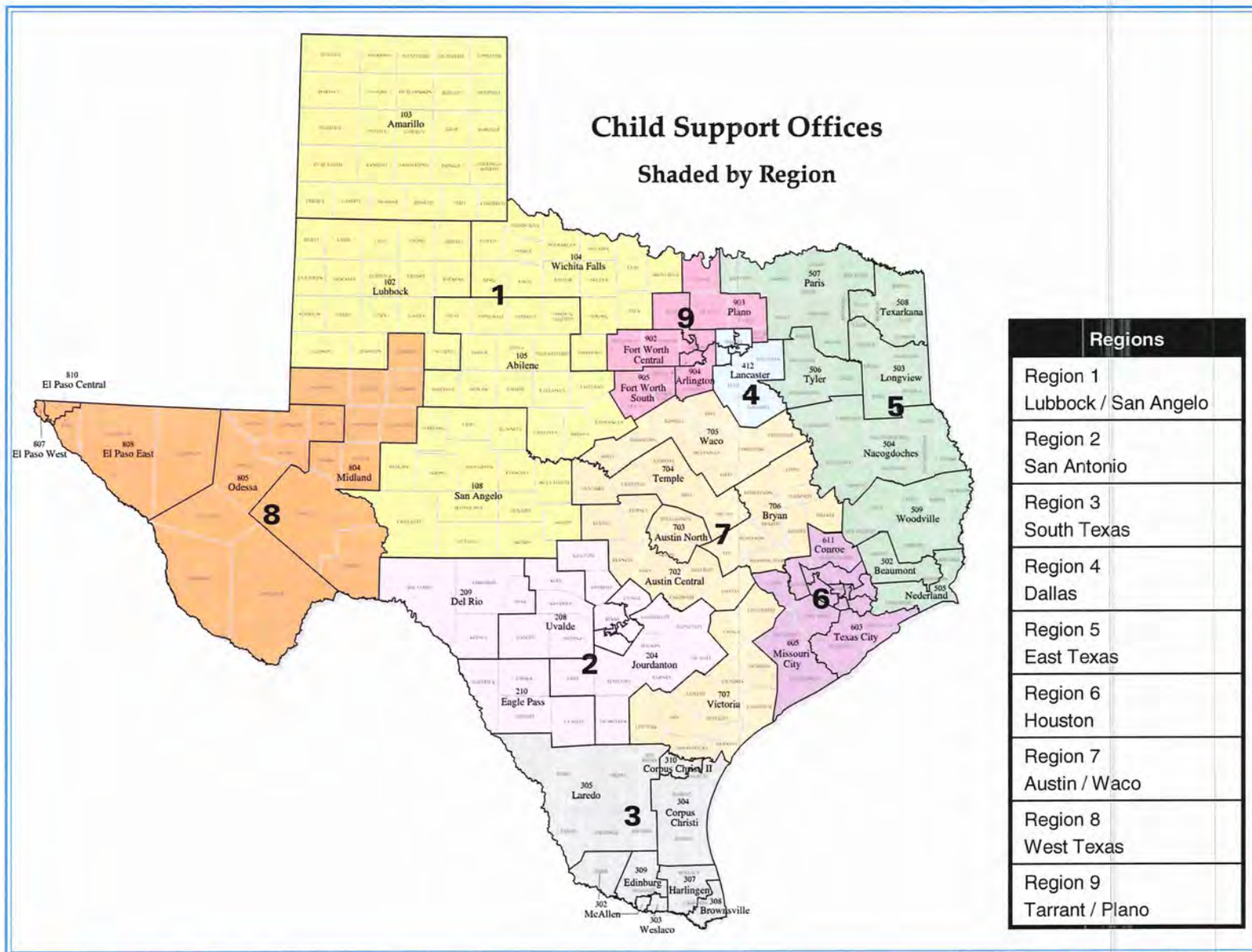


Figure 22: Texas Child Support Regions

- 371 CSD periodically reviews the population shifts in Texas, which has trended to make the state increasingly more urban. The declining percentage of the rural population has led to the consolidation of some offices and some reduction in overall FTE headcount. The smallest office has eight FTEs; smaller than the optimal number Texas believes is best for a field office (30 staff). Exceptions to the optimal number of FTEs is sometimes required in order to meet the objective of having a CSD office within 150 miles of the most isolated customer.
- 372 Beyond the sheer size and growth issues that Texas is experiencing, another defining characteristic of the program's organizational structure is its inclusion in the Office of the Attorney General. The OAG has traditional attorney general responsibilities in areas such as criminal investigation and prosecution, civil litigation on behalf of the state, counsel to all state agencies and boards, consumer protection, crime victim assistance, etc. The OAG has 4,214 FTEs overall and CSD is by far the largest division with 2,706 FTEs, including 500 FTEs in the central office and 2,206 in the regional and field offices. The Deputy Attorney General (DAG) for Child Support reports (as do all other DAGs) to the First Assistant Attorney General, who serves under the Attorney General, an elected official.
- 373 As a result of the demographic and caseload pressure, CSD is engaged in a continuous business process improvement effort, which results in reallocation of resources and offices, consolidation of certain functions, and the streamlining and enhancing of automation. Figure 23 shows how CSD's staff is allocated.



Figure 23: Texas Child Support Division Staff Breakdown

- 374 Budget pressures coupled with a sky-rocketing caseload contribute to the limitation in the number of attorneys compared to non-attorneys involved in the legal work, the emphasis on the CSRP process to avoid time-consuming court hearings, and the large number of non-core casework FTEs who alleviate the extraneous activities from the casework facing the CSOs.
- 375 Texas has outsourced and centralized certain child support functions such as an employer data maintenance repository, new hire reporting, the state disbursement unit, document management (imaging, printing and mailing), health insurance data match, and NMSN generation and follow-up. A locate and collection outsourcing pilot was implemented, but did not produce the intended results and was thus abandoned. Special collections such as FIDM, UI, and lottery intercept are centralized. Property liens, insurance settlements, and workers compensation are

coordinated at the central level but require field office actions to finalize the enforcement activity. Recently, a cold case unit was established in the central office to work older cases with very large arrearages

Service Channels

- 376 Texas has strived to open up diverse service channels to case participants that need to interact with CSD. Providing self-service opportunities to case participants continues to be a core strategy for Texas to work to meet customer service needs and caseload growth demands. Table 78 provides a summary of the various service channels that exist in Texas.

Service Channel	Texas Practices
Employer Self-Service	<ul style="list-style-type: none"> The Texas Employer Portal provides employers with a variety of ways to remit payments to the SDU, income withholding order information, and the ability to submit / access new hire, medical support, employment verification, and termination data. An employer can view FAQs, handbooks, forms, statutes, etc. to provide resources needed to fulfill employers' obligations. There is also access to an e-newsletter for employers.
CP and NCP Self-Service	<ul style="list-style-type: none"> The Texas CP / NCP portal provides a number of services to case participants. These include: electronic and printable application for services, access to look up case and payment status, and the ability to provide new address or other locate information. CPs can sign up for a debit card or direct deposit online. Noncustodial parents may make payments online by credit card or automatic bank draft. Also, parents can download forms such as requests for review, warrant cancellations, and release of information. Online forms are in Spanish as well as in English. Local office information and maps and FAQs are also online. A parent can file a complaint or comment through the portal as well.
Integrated Voice Response (IVR)	<ul style="list-style-type: none"> Texas' Interactive Voice Response (IVR) unit handles 2.2 million calls monthly, with about 400,000 calls referred to Customer Information Representatives (CIRs). Texas stated that 80% of the calls are resolved by the IVR without agent referral.
Email	<ul style="list-style-type: none"> Texas accepts emails from employers and parents and allows emailing from parents to the caseworker directly. Caseworkers may return email as long as the email does not include confidential case information. Texas' Assistant Attorney General for Security indicated that the state considers all information about parties to a IV-D case to be confidential. However, only social security numbers are encrypted when sending e-mails outside the IV-D firewall.
Call Center	<ul style="list-style-type: none"> Texas has a dedicated 800 number for employers and another 800 number for parents / general public. There is an 866 number for acknowledgment and paternity questions. There are eight regional call centers, one for every regional office except for the new ninth Fort Worth region. While calls are distributed to the region within which the call originates, if there is a long queue in a call center, the call is automatically routed to another call center with a lower waiting period. There are 344 CIRs responding to 400,000 calls on a monthly basis.
Fax	<ul style="list-style-type: none"> Faxes are accepted at the state, regional, and field office levels. The web listing for each office includes a fax number for that office.

Table 78: Texas Service Channels

Technology

Texas has shown commitment to seeking ways to leverage the use of technology to support the delivery of child support services. Table 79 provides a summary of the current status of Texas technologies.

Enabling Technologies	Texas Examples
Statewide Child Support Enforcement System	<ul style="list-style-type: none"> Texas Child Support Enforcement System (TXCSES) serves as the state's PRWORA certified statewide system, built on mainframe technologies. The system was PRWORA certified in 2002. Recently, Texas began the process to incrementally renew the TXCSES system. The first increment, case initiation, is currently underway.
Web Portals	<ul style="list-style-type: none"> As previously described, Texas has robust web portals that provide a variety of services to employers, NCPs and CPs. Texas has made a commitment to using the internet as a primary way to interact with these child support stakeholders. Customers can apply for services online, update their address information, request payment records, and check case status. Employers can transact most child support business through the employer portal.
Document Imaging	<ul style="list-style-type: none"> Texas currently does not have a statewide document imaging solution, although some documents are imaged at its outsourced document management site. However, as part of the incremental renewal strategy that is currently being implemented, Texas has plans to implement a statewide imaging solution that will provide workers from all over the state the ability to view all documents online.
Data Warehouse	<ul style="list-style-type: none"> Texas has a data warehouse solution called IDEAS, which produces management and performance reports, both programmed and ad hoc.

Table 79: Texas Technology Enablers

Performance Management

- 377 Texas takes advantage of being a state operated program by overseeing closely the performance at the field office level, both by unit and individual. Regional Managers and senior central management approve new hires and implement and monitor strong corrective actions for weak performance at an office, unit, or individual level. CSD may award merit increases for high individual performance, and local management can recommend up to a 10% salary increase or a one-time lump sum award. Also, productive employees can receive up to 16 additional hours in merit leave. A region that does not meet its performance goals loses a portion of its administrative allocation (2.5% per performance measure).
- 378 CSD conducts a comprehensive multi-level programmatic audit every year. The intent of these audits is to review case activities for compliance with policy, federal and state regulations, and other state plan requirements. Regional and central offices staff daily review local performance. Part of the review process includes assessing local office knowledge and any deficiencies, and then offering training and best practices to alleviate them. All of the managing attorneys and office managers have annual performance reviews.
- 379 The continuous reviews allow trend-spotting and planning to reverse negative trends in performance or caseload imbalance or to promote positive activities that result in significant improvement in the performance measures.

Conclusion

- 380 Texas is state operated and closely managed by the central office, not necessarily on an individual case basis, but to review the efficacy of the local offices and the processes they use. OAG believes a field office of about 30-32 FTEs provides optimal service after years of reviewing data from different sized offices.

- 381 Because the caseload is skyrocketing and FTE and funding growth are not keeping up, Texas is constantly looking for ways to improve its service delivery through specialization, centralization, technology enhancements, outsourcing, caseload equalization, and administrative short cuts. Examples include outsourced document management, NMSN generation, employer database maintenance, and new hire reporting. The state plans to implement statewide imaging and TXCSES enhancements in the near future.
- 382 As part of the Office of Attorney General, Texas does not lightly limit attorney involvement in case-processing. However, Texas has explored methods such as using the Child Support Review Process to expedite case-processing and funding Associate Judges as quasi-judicial officials.
- 383 With its emphasis on collections growth, Texas has become a leader in thinking out of the box to come up with case management solutions that are efficient and effective.

Benchmark Study – North Dakota

Overview

- 384 North Dakota's child support program has recently undergone the transition from a county operated service delivery model to a state operated service delivery model. While historically North Dakota has been a high performing state in national comparisons, this transition was motivated by a desire to improve the consistency of the services delivered as well as a desire to continue to improve the program's overall performance. While the full impact of the change is unknown at this time due to the fact that the transition was completed in 2007, the program's management has concluded it has been a success due to the increased ability to more efficiently allocate program resources as needed to achieve the program's goals.
- 385 Table 80 provides a snap shot of Minnesota's key performance measures and operational metrics compared to North Dakota.

Key Characteristics of North Dakota

- Recently moved from county operated regional offices to state operated regional offices.
- Ranked #3 nationally in the federal performance measures.
- Provides performance bonuses to workers in top two performing regional offices.

Program Information FFY 2008	MN	ND	Program Information FFY 2008	MN	ND
Paternity Federal Performance Measure	97.4%	104.0%	Caseload per Local Office	2,952	5,138
Orders Established Federal Performance Measure	84.3%	87.0%	Collections	\$614,573,014	\$77,782,032
Current Support Federal Performance Measure	70.1%	75.9%	Collections 5 Year Change	+10%	+25%
Paying Arrears Cases Federal Performance Measure	68.3%	72.7%	Collections per FTE	\$381,722	\$447,203
Cost Effectiveness Federal Performance Measure	3.92	5.81	Collections per Case	\$2,479	\$1,892
Caseload	247,950	41,104	Expenditures	\$162,181,201	\$14,833,031
FTEs	1,610	174 (including contract attorneys)	Expenditures 5 Year Change	14%	27%
FTEs in Local Offices	1,329	132	Expenditures per FTE	\$100,734	\$85,247
FTEs in State Offices	281	42	Expenditures per Case	\$654	\$361
Caseload per FTE	154	236	% of State Office FTE to Total Program FTE	17%	24%

Table 80: Minnesota and North Dakota Program Data FFY 2008

- 386 North Dakota is a state supervised and state administered program that relies upon judicial rather than administrative processes to establish and enforce child support obligations. Since the program's inception in 1974, the agency responsible for the child support enforcement program has been the Department of Human Services (DHS). The IV-D Director reports to the Department's Special Assistant to the Executive Director, who in turn reports to the DHS Executive Director.
- 387 From 1974 until 2007, North Dakota used a regional office structure for its delivery of services at the local level. Until 2007, the counties pooled resources to fund eight regional offices. The regional offices were called Regional Child Support Enforcement Units (RCSEUs). Those RCSEUs were located in Fargo (serving six counties), Grand Forks (serving four counties), Devils Lake (serving six counties), Jamestown (serving nine counties), Bismarck (serving ten counties), Minot (serving seven counties), Williston (serving three counties), and Dickinson (serving eight counties) as shown in Figure 24. From 2000 through 2007, North Dakota's child support enforcement program made the transition from a state supervised / county administered program to a program that is now fully state supervised / state administered. When the seven-year transition was completed in 2007, the regional office structure and office coverage boundaries remained, with the services now delivered by state employees under state office supervision in those regional offices.

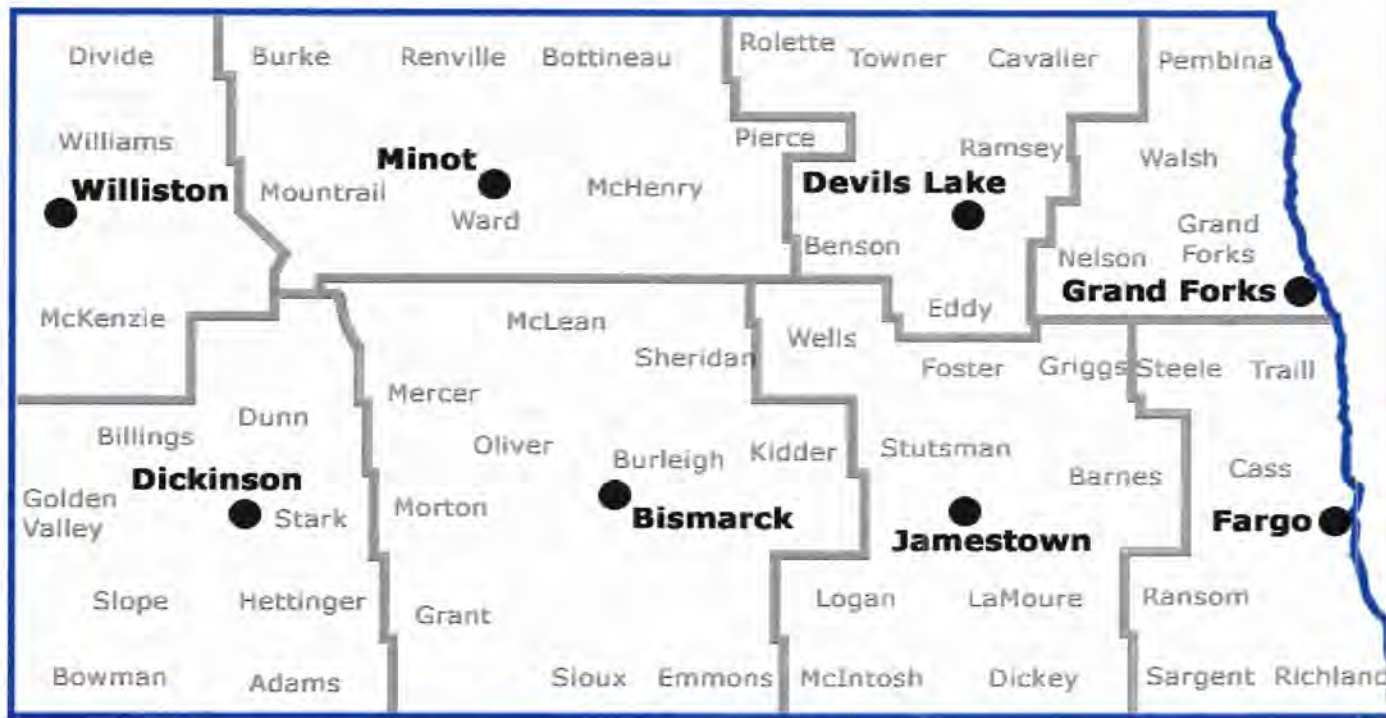


Figure 24: Map of North Dakota Regional Child Support Enforcement Units

- 388 Under the previous county operated regional office structure, the host county where the regional office was located operated the regional office and served as the employer of regional office staff. The regional administrator was hired by that host county, however, in consultation with the regional unit governing board. The regional unit governing structure varied among the regions but typically included representatives from each member county. The counties collectively paid for RCSEU staff and operations, including the Regional Administrator, by contributing a share of the RCSEU expenses. Each region was able to create its own formula for determining how much each county contributed to the RCSEU's operating expenses (e.g., based upon a county's caseload as percentage of the total RCSEU caseload).
- 389 North Dakota has historically performed well under the federal incentive performance measures and has continued its high performance on those measures under the new service delivery model. North Dakota is now one of the top five performers in several incentive categories. North Dakota maximizes its paternity and order establishment incentive measurements, as well as the cost effectiveness incentive measure. In FFY 2008, North Dakota scored 424 out of 450 possible incentive points based on preliminary audit results. North Dakota's program has 41,104 cases, including 4,058 "no jurisdiction" cases due to exclusive tribal jurisdiction.
- 390 Table 81 compares performance numbers from OCSE's Annual Reports to Congress for FFY 2003 and FFY 2008 that shows key North Dakota statistics associated with county administration (FFY 2003) and state administration (FFY 2008).

Performance from FFY 2003 – FFY 2008	FFY 2003	FFY 2008	Percent Change
Caseload	38,776	41,104	6.0%
FTE	151	174	15.2%
Paternity Establishment	86.7%	104.0%	20.0%
Order Establishment	75.4%	87.0%	15.5%
Current Support Collected	71.3%	75.9%	6.5%
Paying Arrears Cases	n/a	72.7%	n/a
Cost Effectiveness	5.10	5.81	13.9%
Distributed Collections	54,533,000	77,782,032	42.6%

Table 81: North Dakota Performance, County versus State Administration

Process

Case Initiation

- 391 In North Dakota, applications for child support services are received in the regional offices, except for out-of-state applications, which are received by the Central Registry located in the central office. The case shell is created centrally before moving the case to the appropriate RCSEU. All outgoing interstate petitions are funneled through the Grand Forks RCSEU. Most applications are received by mail or delivered in-person at the RCSEU. The ability to apply for services online is new. The applicant can either apply online and populate the data fields, sending an electronic application to the state, which is then redirected to the correct RCSEU, or print out an application and hand-fill it. One can request an application by mail as well. North Dakota does not charge applicants an application fee but pays the state share (34¢) of the minimum \$1 application fee. IV-E referrals are local and non-automated while IV-A and Medicaid are automated referrals, with the case initiation work conducted at the RCSEU level. North Dakota does not receive State Children's Health Insurance Program (SCHIP) referrals.

Locate

- 392 Locate attempts begin at the regional office level and, if unsuccessful, escalate to the State Parent Locator Service (SPLS). The SPLS is a specialized team consisting of a locate lead and two assistants that take cases that are mired in locate status or referred by an RCSEU. The SPLS then conducts additional, more intensive locate attempts using federal and state databases.
- 393 The state central office has exclusive access to National Law Enforcement Telecommunications System (NLETS), DEERS (Defense Department health plan), DFAS (Defense Department income withholding center), Medicaid Third Party Liability data, state-regulated utilities, cell phone providers, Accurant, credit bureaus, and Westlaw. Workers compensation claims are matched with the Child Support Lien Network (CSLN) at the state level, as are personal injury settlements with OCSE. The results of the SPLS locate matches and searches are loaded onto the system with alerts sent to a regional office caseworker.

Establishment

- 394 North Dakota has successfully implemented a strong voluntary acknowledgment program, resulting in 82.8% of out-of-wedlock hospital births leading to acknowledgments. Of those, 85.9% are completed within three days of the child's birth. There are 20 birthing hospitals in North Dakota. Based on a state law required by PRWORA, all acknowledgments evolve into conclusive paternity determinations without court activity if not initially challenged within 60 days of the acknowledgment's execution.
- 395 There is one statewide genetic testing vendor. Some caseworkers in all eight regional offices are trained to take buccal swabs for genetic testing. Fathers are offered the opportunity to acknowledge paternity and stipulate a support order amount after genetic-testing results indicate paternity without having to go to a court hearing. There is no administrative process in North Dakota, so the courts ratify these post-test agreements without requiring an evidentiary hearing unless one of the parties requests a hearing before the court.
- 396 North Dakota relies upon court orders to establish the legal obligations to provide both child support and medical support. For order establishment, depending on the case, financial data gathered through affidavits are collected before or after pleadings are filed. For review and adjustment activities, financial data are gathered before the pleadings are filed. The CSEP also receives data from quarterly wage reports and from the state tax department. Stipulations to modify orders are readily accepted and encouraged. Deviations from guideline amounts must be reviewed and approved by the courts. Medical support establishment is conducted in the regional offices, using employer health insurance data provided by HMS. North Dakota has a specialized outgoing-case interstate unit in Grand Forks as well as the incoming-case interstate central registry.

Enforcement

- 397 North Dakota has a mix of administrative and judicial enforcement remedies available to enforce support obligations. The majority of enforcement actions are undertaken at the RCSEU with the exception of federal and state income tax refund intercept, and lottery interception. Exceptions are processed at the central office, where the internally-run State Disbursement Unit is located. The majority of enforcement related documents and mailings, such as income withholding notices and collection letters, are centrally generated.
- 398 North Dakota has recently implemented a single set of criteria or triggers for all enforcement remedies to promote consistency in the application of enforcement remedies. Contempt of court is a commonly used remedy and, generally, contempt actions are triggered when delinquencies equal one month of arrears. For judicial enforcement, there are eight quasi-judicial officials designated to hear child support cases. Pre-hearing conferences are not mandated, however, the use of stipulations or payment agreements is encouraged.
- 399 North Dakota has an initiative called PRIDE (Parental Responsibility Initiative for the Development of Employment) in which child support attorneys work with NCPs facing a contempt action to help them find employment. PRIDE has been operating in the Dickinson and Grand Forks RCSEUs and will soon be operational statewide. Within seven days of the contempt hearing, usually as part of a court order, a Job Services caseworker assists the child support contemnor with his or her employment issues. The original pilot project increased the average child support payment made by participants from \$63.80 per month at the time of referral to \$202.94 per month six months afterwards. The non-payment rate also declined to 13%. PRIDE was implemented in the Grand Forks area in January 2006. This program is funded by Workforce Investment Act (WIA) funds, rather than TANF funds.
- 400 For medical support enforcement, North Dakota pursues obligations for unreimbursed or uninsured medical expenses only after the debt has been reduced to an enforceable judgment by one of the parties.

Financials

- 401 The state office operates the State Disbursement Unit (SDU) in-house. Payments are disbursed by direct deposit, or by ReliaCard, a U.S. Bank stored-value card. Some paper warrants and checks are issued as well. The ReliaCard option includes fees paid by the custodial parent depending upon the use of the card according to a fee schedule. The state accepts cash payments made at regional offices, but does not accept credit card payments. Arrears reconciliation and payment proration among multiple orders are conducted at the regional office level. If a reconciliation issue is unresolved or there needs to be an exception to the proration logic, the issues are forwarded to the state central office for resolution.

Case Management

- 402 Case management refers to those activities and processes that resolve open questions, deliver customer service functions, provide supporting services to cases, and move cases to the next appropriate activity within and between the core functions of child support enforcement. These case management subprocesses can occur at any given point in time during the life-cycle of a case. Table 82 highlights some of North Dakota's practices.

Case Management Activities	North Dakota Practices
Customer Service	<ul style="list-style-type: none"> The state has a centralized IVR and call center, primarily answering financial inquiries. The regional offices also respond to customer calls. Caseworkers use email to communicate with customers, provided that no SSN identifying information is included. The state child support website provides case information and allows parents and employers to update information.
Performance Management	<ul style="list-style-type: none"> Currently, North Dakota does not provide individual performance dashboards to its workers to inform them of performance metrics on their individual caseloads. Performance standards are set at the same level for all regional offices (e.g., a two annual percent improvement in the order establishment rate). Cash bonuses are distributed to the two most improved (incremental performance jump) of the eight regional offices. Under this plan, the RCSEUs are measured based on their federal incentive performance. Whichever office has the greatest overall incremental increase in performance is awarded \$400 to each worker, and the runner-up RCSEU employees receive \$250 each. The state does not set individual worker goals, although nothing prevents the RCSEU regional administrator from setting them in order to achieve successful regional office level results.
Case Closure	<ul style="list-style-type: none"> Cases are closed based on system data matches but the closure activity occurs at the regional office level.

Table 82: North Dakota Case Management

Organization and Program Structure

- 403 Since 1975, the North Dakota IV-D program has provided regionally based service to customers, always under the direction of the Department of Human Services (DHS). A Special Assistant to the Executive Director, with program oversight responsibility, reports to the Executive Director of DHS. The IV-D Director reports to the Special Assistant. Under the IV-D Director is the Deputy Director / Counsel. Central office managers oversee the SDU and Administrative Support Unit, Fully Automated Child Support Enforcement System (FACSES), Quality Assurance, Training,

Policy Analysis, Policy Development, and Operations. The majority of central office staff maintains the SDU and FACSES and provides operational support to the regional offices (such as locate).

- 404 The staffing of the eight regional offices varies from eight to 23 FTEs for a total of 132 FTEs at the RCSEUs. Each regional office is managed by a regional administrator. In the regional office structure, casework is provided by child support investigators and the support services are provided by administrative or office assistants.
- 405 Table 83 shows the current allocation of staffing resources among the regional and central office.

RCSEUs and Central Office	Authorized FTEs
Central Office	42
Fargo	23
Grand Forks	22
Devils Lake	15
Jamestown	12
Minot	16
Bismarck	27
Williston	9
Dickinson	8
Total	174 (including 17 attorneys, some of whom are under cooperative agreement)

Table 83: North Dakota Staffing Levels by Office

- 406 The 42 FTEs that are assigned to the Central Office support the following areas:
- State Disbursement Unit – 17 FTEs
 - FACSES – 8 FTEs
 - Quality Assurance – 3 FTEs
 - Training – 1 FTE
 - Policy Analysis - 1 FTE

- Policy Development – 3 FTEs
- Operations – 6 FTEs
- Office of the Director – 3 FTEs

407 Legal services are provided by DHS attorneys with the designation as a Special Assistant Attorney General except in Dickinson (state's attorney) and Williston (private attorney for establishment and state's attorney for enforcement) regional offices. The 17 DHS attorneys and contract attorneys are supervised regarding their IV-D legal work by the program's Deputy Director and counsel for the child support program. This supervision provides overall legal policy for the program's attorneys, but does not include a review of individual legal casework (unless requested). However, the state office does become involved in appeals and issues that may have impact beyond an individual case. This structure promotes a consistent legal philosophy and application of program policy across the state.

The Transition to State Operation

408 From 2000 to 2007, the service-level side of the program migrated from a county administered and partially funded regional office structure to an entirely state-funded regional office configuration. The driving forces for this change were a perceived need for more consistency in service delivery and more control over resource deployment and casework activities to improve overall program efficiency.

409 The dynamics that led to the organizational change (while maintaining the basic regional structure) were:

- State Auditor's reports identifying possible increases in efficiency through increased central control
- Increased child support costs to county budgets at a time when property tax reduction was becoming popular
- Increased state severance tax revenue allowing for the funding of transition expenses (Severance taxes are the oil and gas gross production tax, the coal severance tax, and the oil extraction tax.)
- Legislative interest in improving the program

410 The transfer of the employees from the county operated regional offices to state employment was accomplished with minimal disruption. Factors contributing to the relatively smooth transition included the fact that the county employees were on the same retirement plan as the state and that the health insurance coverage provided through state employment was equal to or better than the existing health insurance plans available through the counties. Accordingly, the former county employees did not perceive a loss in employment benefits associated with the transfer. Additionally, the state implemented a plan to address salary disparities among the regional offices to bring all employees into the state salary classifications on an equal basis.

411 Under the former structure, the counties served by the RCSEU contributed to the county share of the operational costs of the RCSEU. The contribution formulas were determined by each regional consortium, consisting of representatives of the RCSEUs counties' Board of County Commissioners. Property taxes and federal incentives funded the county share of the non-Federal Financial Participation (FFP). Under the former structure, the counties received 75% of the federal incentive funds earned by the program. To manage the RCSEUs, five regions formed

Governing Boards or Host County Services Boards to serve as the oversight entity for the Grand Forks, Williston, Dickinson, Devils Lake, and Jamestown RCSEUs. In the other three RCSEUs, the local State's Attorneys (comparable to county attorneys in Minnesota) oversaw the operations of Minot, Fargo, and Bismarck RCSEUs.

- 412 To help clarify the North Dakota structure, individual counties did not technically operate the program; they banded together to form regional child support enforcement units (RCSEU) in the eight larger cities around the state. The county where that city is located served as the host county but all counties shared in the cost of operations. The number of counties per RCSEU ranged from three to eleven. (The groupings were generally determined by gubernatorial designation some 50 years ago for other, broader purposes and those groupings are used by many state agencies and political subdivisions for planning and joint operations.)
- 413 Funding of a RCSEU was initially split with federal share (66%) and 75% of the incentives going to the host county with half of the nonfederal share paid by state and the other half by county property tax. In 1997, the funding mix was changed as part of a broader refinancing of public assistance and Medicaid costs so at the time of transfer, the RCSEU received 75% of earned incentives with the balance of the staff and space costs paid with property tax through the counties. The federal match on the county expenditures was retained as revenue and expended by the Department of Human Services. This explains why, when looking at some of the decision and transition documents, the answers are not clear.
- 414 The counties were projected to save \$5.3 million, increasing to \$9.1 million in 2009-11, the first full biennium they were out of the picture. Statewide, a net increase in demand, including one-time costs, on the general fund of \$6.9 million, growing to \$10.3 million in 2009-11 was projected. CSE's share, as noted below, of that growth is about \$5 million, the rest ties to other interactions with counties.
- 415 The major one-time costs were upgrading eight phone systems and PCs as needed at each of 125 workstations. North Dakota kept all incentives going forward as well as foster care recoveries that had previously been shared with counties. There were some salary adjustments (total = \$1.2 million) needed to get everyone onto the merit system pay ranges and upgrade some fringe benefit packages. The salary adjustments carry forward as the staff stay in place.
- 416 Regarding relocation costs, Fargo, which has a complement of 23 FTE, expended roughly \$16,000 for moving, tearing down, and rebuilding work stations, additional necessary furniture to accommodate the new office layout, and locks in the new space. The annual price per square foot for rent increased from \$12 to \$16 per square foot. The space was previously unfinished, and the landlord finished the space to North Dakota's specifications.
- 417 Devils Lake's move for their 15 FTE was not directly related to state administration, but rather the condition of the previous space. The moving costs were slightly under \$13,000. The rental rate increased roughly \$500 per month.
- 418 In Williston, the space for the 7 FTEs was rented through the end of June 2009, but the county was anxious to use the space for their purposes and therefore agreed to pick up the \$4,000 cost of the move. The total rent at the new space stayed the same.
- 419 North Dakota continued to lease space from Grand Forks County and Burleigh County for the space in county buildings that was occupied prior to state administration, with no associated increase in rent beyond inflationary adjustments. For the remaining three offices, North Dakota assumed the leases with private landlords that were in place prior to state administration.

- 420 The IT hookup for each location varied greatly depending on the location or relocation of each office and the availability of fiber optics to connect the building. At the point of the benchmark survey and interviews, complete information was not available to calculate the total IT cost of the change to state administration or the ongoing IT costs associated with the change.
- 421 The state and the division budget, excluding centralized services, increased from \$8 million in the 2005-07 biennium to \$21.5 million in the transition 2007-09 biennium to \$23 million in the 2009-11 biennium. Following that time line: Staffing, the largest cost, went from 28 FTEs to 172 and down to 165 authorized slots. CSE's state general fund authorization grew from under \$1 million to over \$6 million entering the 2009-11 biennium. Within the department-wide budget, the tripling of the CSE budget was but a blip on the overall DHS budget. The appropriations committees who compared CSE's 2009-11 budget request to CSE's fiscal note, commented on the fact the request was less than anticipated and essentially passed it out without modification.
- 422 The division budget does not include the funds earmarked for maintenance and improvement of the automated system, which is included in the budget for the IT division. This budget item was not affected by the change to state administration, since it was a cost that was historically picked up by the Department. Similarly, CSE's division budget does not include a number of centralized services such as the mail room, motor pool, HR, or Finance. Those items are cost allocated and federal funds claimed based on the various cost pool distribution bases.
- 423 The nonfederal share of running the program changed from county administered to state administered in only a few ways. Prior to the transfer, the counties were responsible for the full amount of local costs after incentives, about \$11 million per biennium. Now they have no responsibility – it is all the state's responsibility. As provided in the text of the state administration bill, the counties were required to either reduce county property taxes by an amount equal to the previous expenditures for child support enforcement, or specify where the savings were reinvested in the county.
- 424 The process to transfer county-employed staff to state-employed status and to make the program state operated is known as the process to "statize" the program. The impetus began with a 2000 State Auditor's report that found that efficiency could be gained through more consistent administrative processes, centralization of certain functions, and statization of the program. A follow-up study by the DHS in 2001 indicated the potential program savings of particular recommendations. While the North Dakota legislature considered legislation to move the program to state operation early in the process, it was not ready to enact the legislation needed for a variety of reasons.
- 425 Several larger counties resisted the move and county employees were concerned with the impact on their salaries and benefits. Additionally, in 1997, there had been a "swap" of funding responsibilities between the state and the counties that gave the counties a greater responsibility for running certain social services programs, including child support, and, in return, the state assumed the financing of the Medicaid program. At the time, the non-federal costs in the "swap" were roughly equal for the social services program financed and run by the counties and the Medicaid program financed and run by the state. While Medicaid costs continued to rise, the social services costs assumed by the counties grew as well, often at a pace that put a strain on the counties' property tax revenue.
- 426 In 2005 the legislature had given DHS broad authority to "identify any activity of the child support enforcement program the state agency believes may be administered more effectively, efficiently or consistently through an agreement between two or more child support agencies [counties] or through an agreement for centralized administration... and shall direct a child support agency to enter an agreement to perform that activity on terms prescribed by the state agency." N. Dak. S.B. No 2301, Section 4 (January 4, 2005). A child support enforcement task force was created in the same bill to "...study the organizational and programmatic structure of the child support enforcement program to determine how to enhance service delivery, improve performance, and increase efficiencies" Id., Section 5. The legislative intent was for DHS to examine how to "...increase child support collections or operational efficiencies such as maximization of federal incentive funds, optimal distribution of staff at the state office

and regional offices, improvements in automation, and specialization of staff.” Id., Section 6. Finally, the bill asked DHS and the Department of Human Resource Management Services to “...review the classification and compensation of all state and county employees engaged in child support activities.” Id.

- 427 The task force created in the 2005 legislation recommended statization of the program and, in 2007, the legislature passed a bill moving to state operation and authorizing Special Assistant Attorneys General to provide legal representation on behalf of the state IV-D program. N. Dak. S.B. No 2205 (January 3, 2007). The state had about three months from the passage of the legislation until July 1, 2007, to implement the transition. During this implementation, three of the eight regional offices were moved from county-leased office space to state-leased office space and some county equipment and furniture was replaced with state-provided equipment. By August, all payroll and health benefits were transferred to the state system. The disruption to the customers and the workers was considered minimal because the central office leadership visited the eight regional offices to discuss programmatic and human resources concerns with the regional staff. Customers still interacted with their caseworkers in the same cities as they had prior to the change which yielded a fairly seamless service transfer for the customer.
- 428 In 2007, the loss of FFP match for federal incentives due to federal law changes meant that the counties were paying more for the program from local property tax revenues. Additionally, there was legislation under consideration to reduce overall local property taxes. At the same time, state tax revenues were increasing due to new discoveries and production of oil and gas reserves and the increase in oil and gas prices. The moment was propitious for a move to statization. Resistance to the move at the county level was diminished as affected stakeholders became more familiar with the concept of state operation and the impact of the change was perceived as being smaller than initially feared. The affected stakeholders were provided with the proposed transition plans to implement the change. The county commissioners were also interested in the property tax relief that could be accomplished with the state operation of the child support program.
- 429 The legislature’s cost analysis indicated a savings of \$5.3 million to the counties in the 2007-2009 biennium and \$9.1 million in the 2009-2011 biennium since the counties were no longer fiscally supporting the regional offices and the child support program. There were one-time costs to the counties as the accrued value of vacation and sick leave for regional staff was transferred to the state (\$385,000). The additional cost to the state was \$6.9 million in the 2007-2009 biennium and \$10.3 million in the 2009-2011 biennium, primarily reflecting the cost of operating the regional offices, partially offset by increased FFP and federal incentives retained at the state level for the regional operational costs. Some centralized functions (those with statewide impact) were put out for competitive bid among the RCSEUs to centralize certain functions. Under this competitive bidding process, outgoing interstate cases for the program are handled in the Grand Forks RCSEU, and high-intensity enforcement cases are handled in the Bismarck RCSEU.
- 430 This transition from county administration to full state administration assisted in the cultural change from one of full case ownership to a willingness to accept some loss of control over the case to improve overall service delivery.
- 431 North Dakota has also used the federal incentive funds in creative ways to improve overall program performance. By statute, the program is authorized to dedicate five percent of its federal incentives for training purposes and to apply the rest to programmatic activities (per N.Dak. Cent. Code §50-09-15.1, 2009). “The child support improvement account is established as a special account in the state treasury. Five percent of the total amount of child support incentive payments paid to the state by [OCSE] must be deposited into the child support improvement account. The funds in the child support improvement account, the balance of the child support incentives account on July 1, 2005, and any matching federal funds received by the state agency are appropriated on a continuing basis for the sole purpose of producing increases in child support collections, federal child support incentives, or other revenue or savings to the state agency, or reductions in unpaid child support, that exceed the total

amount of improvement funds expended. Improvement funds may be used to sponsor training and publications that promote child support enforcement activities....” Id.

Service Channels

- 432 North Dakota has sought a variety of methods to allow interaction between child support stakeholders and the program. Table 84 provides an overview of the primary service channels provided.

Service Channel	North Dakota Practices
Employer Self-Service	<ul style="list-style-type: none"> Employers can report employee terminations or temporary absences via a secure and encrypted website. This service allows for online access to report terminations or temporary absences of employees who are subject to an income withholding order from North Dakota Child Support Enforcement. Employers can report new hires electronically by using the provided format on the website.
CP and NCP Self-Service	<ul style="list-style-type: none"> North Dakota has a website that allows CPs and NCPs to receive general and case specific information and provide case information updates. CPs and NCPs can apply for services, change address information, request payment records, and check case status on-line. In addition, other forms can be downloaded, completed, and then mailed. Those include payment information, direct deposit information, and helpful publications.
Integrated Voice Response (IVR)	<ul style="list-style-type: none"> North Dakota has an IVR that allows participants to obtain payment information.
Email	<ul style="list-style-type: none"> Email is used as a mechanism to communicate with customers from both the regional and state offices and North Dakota responds through the same service channel as appropriate. The state SDU accepts financial inquiries from customers and the state central office and RCSEUs accept general email inquiries from customers.
Call Center	<ul style="list-style-type: none"> A customer service unit in the state central office complements the RCSEU customer service, answering incoming calls and IVR transferred calls.
Fax	<ul style="list-style-type: none"> The central office and the eight RCSEUs have fax numbers for parents, employers, and the public to use. The numbers are listed on the CSED website.

Table 84: North Dakota Service Channels

Technology

- 433 North Dakota has shown commitment to seeking ways to leverage the use of technology to support the delivery of child support services. Table 85 provides a summary of the current status of North Dakota technologies.

Enabling Technologies	North Dakota Examples
Statewide Child Support Enforcement System	<ul style="list-style-type: none"> FACSES, the statewide case management system, was PRWORA-certified in 2003. Past and planned upgrades have been and will be done in-house. SDU upgrades and programming are also done in-house.
Web Portals	<ul style="list-style-type: none"> North Dakota has a transactional website where users can download information and forms and report changes in address, employment status, and temporary job absences.
Document Imaging	<ul style="list-style-type: none"> North Dakota has no statewide imaging plan at this point, but intends to roll out a statewide initiative in the next biennium.
Data Warehouse	<ul style="list-style-type: none"> North Dakota does not have a data warehouse solution in place. Any operation reports are generated from the FACSES system.

Table 85: North Dakota Technology Enablers

Performance Management

- 434 North Dakota, along with South Dakota and Pennsylvania, is in the top tier of states in the federal incentive performance in the country, maximizing its possible incentive amounts in three of the five categories and is close to maximizing incentives on the current support collections measure, with performance in the cases with arrears in paying status measure not far behind.
- 435 The North Dakota program's arrearage balance will increase only by about half of a million dollars this year. This is the result of focused efforts across the program to manage arrears growth. This focus includes a careful monitoring of trends, plus case-by-case solutions more easily accomplished in a small-caseload environment. For instance, North Dakota has begun writing off debt and interest, including interest owed to the custodial parent since 2007 based on a state law change which granted the program this authority. As part of the interview process, North Dakota reported very limited reactions to this by the custodial parents. As arrearages and interest owed are reduced through this write-off authority, once an arrears only case meets the \$500 threshold for case closure and there is no realistic collection possibility, the case is processed for possible case closure. An additional factor which contributes to North Dakota's high performance on the federal incentive measures is the fact that over 4,000 of the 41,000 cases in the state's caseload are cases without jurisdiction (tribal cases), allowing North Dakota to avoid having to count them in the performance measurements.
- 436 As noted above, the RCSEUs are measured based on their federal incentive performance. The workers in the office with the greatest overall incremental increase in performance are awarded \$400, and the runner-up RCSEU employees receive \$250 each. The state does not set individual worker goals, although nothing prevents the RCSEU regional administrator from setting them in order to achieve successful regional office level results. This approach also has the advantage of creating peer competition which contributes to overall office performance improvement. Regional administrators also deal with underperforming workers and set corrective action plans. While individual worker performance data is reviewed occasionally at the central office, the regional administrator determines and implements the corrective action plan, which may include central-office training assistance.

Conclusion

- 437 North Dakota's transition to a state operated program combined careful, strategic planning, and a confluence of external trends. The impact on counties of the loss of federal funding due to the Deficit Reduction Act elimination of incentive fund matching, the desire to reduce property taxes,

and the oil and gas boom to state revenues all smoothed the path to the passage of the legislation needed to accomplish the transition. Some of the one-time costs included the transfer of sick and vacation leave to the state books, new equipment for staff (old equipment retained by the counties), and three of eight regional office relocations to similar space under a state rather than county lease. Recurring state costs are the complete state share of the cost of the program, and a few higher than state average salaries that the state salaries will eventually grow to match.

438 Recurring savings include:

- 100% of the incentives are retained to operate the statewide program
- Economies of scale in centralized functions
- Ability to move casework from one office to another without impacting any one office's FTE count
- Quicker budgetary adjustments to changing caseload and funding dynamics
- Reduction in redundancies, particularly regarding support staff and human resources

439 As a state operated program, North Dakota values consistency in service delivery to ensure the same high quality service in all eight RCSEUs. In the coming years, the program is stressing its relationships with its partners and stakeholders to facilitate a high level of two-way communication and smooth data transfer, and to ensure that programmatic solutions have the appropriate buy-in and support of affected parties. Performance management is tied to this increased level of cooperation among all child support partners and entities as well as the positive competition among the offices to receive incentive bonuses by significantly improving the RCSEU's overall performance.

440 North Dakota's state operated program is set up to respond nimbly to large and small corrections needed to improve performance or arrest a performance slide due to external events. The eight RCSEUs are the point of contact for most storefront activity and the central office operates the backroom activity and provides a second review of difficult or unsettled issues heard at the RCSEUs. Essentially, the RCSEUs are the primary source of customer service and case-processing (except for SDU-related issues), with the central office providing secondary review and customer service.

Benchmark Study – Florida

Overview

441 Florida is a state administered, state operated child support program that is managed within the Florida Department of Revenue. Florida's program is currently engaged in a number of key initiatives including the replacement of the current statewide legacy computer system with the first ever custom, off-the-shelf (COTS) solution to be implemented by a child support program in the United States. Typically states have either built custom systems or transferred a system from another state. However, Florida has installed and is configuring the SAP business suite as its core child support system. This is the same system that the General Tax Administration previously implemented to manage the state tax program.

442 Table 86 provides a snap shot of Minnesota's key performance measures and operational metrics compared to Florida.

Program Information FFY 2008	MN	FL	Program Information FFY 2008	MN	FL
Paternity Federal Performance Measure	97.4%	90.7%	Caseload per Local Office	2,952	18,005
Orders Established Federal Performance Measure	84.3%	73.9%	Collections	\$614,573,014	\$1,260,905,917
Current Support Federal Performance Measure	70.1%	52.4%	Collections 5 Year Change	+10%	+42%
Paying Arrears Cases Federal Performance Measure	68.3%	62.3%	Collections per FTE	\$381,722	\$408,722
Cost Effectiveness Federal Performance Measure	3.92	4.33	Collections per Case	\$2,479	\$1,592
Caseload	247,950	792,233	Expenditures	\$162,181,201	\$322,598,567
FTEs	1,610	3,085	Expenditures 5 Year Change	14%	40%
FTEs in Local Offices	1,329	2,475	Expenditures per FTE	\$100,734	\$104,570
FTEs in State Offices	281	610	Expenditures per Case	\$654	\$407
Caseload per FTE	154	257	% of State Office FTE to Total Program FTE	17%	20%

Table 86: Minnesota and Florida Program Data FFY 2008

- 443 The Florida IV-D program is part of the Department of Revenue (DOR). In 1994, the program was moved to DOR from the Department of Health and Rehabilitative Services (DHRS) because, according to the program director, there was a general feeling in the legislature that a tax collector could do a better job collecting than a social service agency and that child support was a small agency with a low resource priority in the large multi-program DHRS. DOR has a general tax division and a property tax division in addition to child support. The child support program is the largest of the three divisions, having over half of DOR's FTEs.
- 444 In 1994, the state operated program also oversaw two alternative-delivery demonstration sites, one in Miami-Dade County operated by the state's attorney office (in Florida, the government prosecutor at the county level is called the "State's Attorney"), and one in Manatee County, operated by the clerk of the court. In addition to these demonstration counties that are still operating, each county Clerk of Courts plays a vital role in the child support program as the official record of each child support case. On a daily basis, the Clerk of Courts computer system interfaces with child support to make sure that balances are in synch and payments are shown on both systems. This dynamic has added a degree of complexity to Florida that is different from many other states. The SDU was originally legislatively delegated to the county clerk of court association to oversee, but that duty has been transferred to DOR / CSE; however, the clerks of the court are still the official keepers of the payment records for both IV-D and non-IV-D cases, which is unusual for a state child support program.

- 445 Child support is currently replacing its legacy automated system (FLORIDA) with a new system using the mySAP suite of software. SAP is Enterprise Resource Planning (ERP) software that is used by more than 33,000 businesses across the world to run all aspects of business operations. SAP was previously implemented by the DOR General Tax Administration and its success there was a key reason that the Child Support program decided to use it to replace the FLORIDA legacy system. The two-phase implementation of Child Support Enforcement Automated Management System (CAMS) has corresponded to process changes and a realignment of duties, resources, service delivery, and functions. The replacement has consumed most of senior management's time during the two phases, requiring a prioritization of non-system activities and general programmatic oversight. For instance, according to the program director, Florida has concentrated primarily on increasing collections during the CAMS transition instead of an equal concentration on each performance measurement.

Process

Case Initiation

- 446 Applications for child support services are accepted at the local service centers and are delivered by mail or in person. Once CAMS Phase II is completed, customers will be able to apply for services online. Referrals from IV-A, IV-E, and Medicaid are passed through automated interfaces to the local service centers for the building of the case, and then the case is assigned to the appropriate workgroup that is responsible for taking the next step in the case (locate, establishment, or enforcement). Florida does not receive State Children's Health Insurance Program (SCHIP) referrals.

Locate

- 447 CAMS I runs locate continuously on all active cases without disrupting other activity. This idea of proactive location is an innovation that does not require a data element to be invalid or missing in order for location to occur. Florida's philosophy is that locate should be always looking for better data, even if the system indicates that there is already data known. This approach is meant to take a much more proactive approach to location. In addition to this philosophy, CAMS I also has a highly automated rules engine that can validate a significant amount of incoming locate data without the need of worker review. Another use of automation is the automatic generation of address and postal verification letters when they are required. If a new address is added, and CAMS is unable to validate the address, it will automatically send out the notice from a central facility with no worker intervention required. On the back end, when the verification letter is returned, it is scanned into the system and the imaging system can read the response and automatically update the address.

Establishment

- 448 Acknowledgments of paternity are encouraged, and are available at the Department of Children and Families (DCF) (formerly DHRS) offices as well as hospitals and IV-D offices. Birth hospital acknowledgments are now done in the rooms of the mother / baby using portable carts with computer equipment to take in the information necessary for the acknowledgment's completion. There is a new statewide interface that subsequently passes these birth reports and in-hospital acknowledgments of paternity electronically to Office Vital Statistics (OVS). OVS has implemented this interface in approximately 90% of all hospitals and expects to complete statewide implementation by December 2009. The Office of Vital Records receives the completed acknowledgment immediately, which is in turn available immediately to DOR / CSE.

Key Characteristics of Florida

- *Child Support Program is under the Department of Revenue.*
- *Florida is in the process of implementing a new comprehensive statewide computer system.*
- *Significant centralization of core services*

- 449 Genetic testing occurs at or near local CSE offices, although phlebotomists rather than CSE workers do the buccal swabbing. Testing can be coordinated at the regional office level in some cases when the parties live in areas covered by different field offices. After test results are returned and if there is a high probability of paternity, a stipulated agreement can be signed and an order created without a court hearing.
- 450 Income data are collected from the parents at any time in the establishment process (before or after pleadings are filed). Never-IV-A customers are required to fill out financial affidavits (although the case will proceed if the defendant's affidavit is missing), while the state assists filling out the affidavits in current and former IV-A cases. If a stipulated order can be agreed to by the parties, then an administrative order is signed by the office manager, even if there had been an agreed deviation from the recommended guideline amount. Any modifications to an administrative order lead to a revised administrative order that does not need court review or approval.
- 451 Settlement discussions are not a requirement prior to a court hearing. Judges hear contested cases and any case in which a party opts out of the administrative process. Eventually a judge will have the ability to enter order information directly into the CAMS system, providing instant electronic access to the order for enforcement purposes.

Enforcement

- 452 CAMS I highly automated the initiation of a significant amount of the enforcement actions taken in Florida. Using an enforcement hierarchy, CAMS determines if a case meets the criteria for a specific remedy and then initiates that action. This initiation triggers what is known as an enforcement activity. These activities are automated and have the capability of generating notices, monitoring timeframes, and notifying a worker when manual intervention is required. Enforcement activities which are highly automated include:
- Financial Institution Data Match (FIDM)
 - Past Due Notices
 - Drivers License Suspension
 - Unemployment Compensation Intercept
 - Income Withholding Generation
 - Lottery Offset
 - Insurance Intercept Matches and Liens
 - Personal Property Liens

- Federal Tax Offset⁹
- Passport Denial

453 When worker intervention is required, the work is divided between centralized workers and workers in the service sites. The following remedies are handled centrally:

- Financial Institution Data Match (FIDM)
- Unemployment Compensation Intercept
- Income Withholding Generation
- Lottery Offset
- Insurance Intercepts
- Personal Property Liens
- Past Due Notices
- Federal Tax Offset
- Passport Denial

454 Other remaining actions are handled at the local service center if worker action is required.

455 Contempt actions are used after failure of administrative enforcement to make the defendant compliant with the order. While CAMS does identify cases that meet the criteria for a contempt action, Florida leaves it up to a worker to determine if the contempt action should proceed. The state contracts with private attorneys to provide most service centers' legal needs. The Attorney General in Hillsborough County (Tampa) provides legal representation as well. By statute, the Attorney General (AG) has the right of first refusal to provide legal services for the child support program. Outside of Hillsborough (Tampa), the AG has chosen not to exercise that right, leaving the legal service provision to the DOR procurement process.

Financials

456 Local Clerks of Court collect cash payments, but local IV-D offices do not. Florida accepts credit card payments, with the card usage fee paid by the NCP. Arrearage reconciliation occurs locally but order proration in multiple order cases (except in income withholding) occurs at the state level

⁹ Note that Florida does not have a state income tax and thus does not have a state income tax intercept enforcement remedy.

based on a system algorithm. Employers prorate in income withholding cases. On the standardized income withholding form, employers are tasked with prorating the amount remitted if the Consumer Credit Protection Act limit is reached and there is not enough available income for all support cases under income withholding orders. The employer applies the state formula for proration, first for current support, and then for past due support to the legal limit. The SDU is outsourced to a vendor, which also handles insufficient funds collections. All disbursements, with very few exceptions, are now required to be made electronically via direct deposit or a stored value card.

- 457 Since the official keeper of payment records are the Clerks of Court, it is vital that updated data from the Clerks' statewide system is available to DOR. Currently the legacy system, FLORIDA, is where the pay record data are stored. FLORIDA's child support functionality will one day be phased out, but for now it provides key financial data for the operation of the program.

Case Management

- 458 Case management refers to those activities and processes that resolve open questions, deliver customer service functions, provide supporting services to cases and move cases to the next appropriate activity within and between the core functions of child support enforcement. These case management subprocesses can occur at any given point in time during the life-cycle of a case. Table 87 highlights some of Florida's practices.

Case Management Activities	Florida Practices
Customer Service	<ul style="list-style-type: none"> The state recently switched from regional call centers to a centralized call center in Leon County (Tallahassee). The call volume is about 1.5 million calls per month. Wait times average between thirty seconds and one minute. The number of calls that were answered per FTE in Florida is in the range of 624-1211 per month from May 2008 through April 2009. There is a dedicated 800 number for employers.
Performance Management	<ul style="list-style-type: none"> Workers have performance dashboards on their desktops that provide state, regional, and service center performance as well as their own, based on an Excel worksheet. Performance reports are used constantly by management to track actual and forecasted performance. State, regional, service unit, specialized unit, and individual quarterly targets are set through a consensual process. Miami-Dade and Manatee Counties' targets are based on historical quarterly performance with some incremental improvement. No monetary bonuses or penalties for performance are set.
Case Closure	<ul style="list-style-type: none"> Case closure was automated as part of CAMS I. There are daily and monthly batch programs that run to identify cases that meet federal case closure criteria. When a case is eligible, the system will initiate closure activity without worker intervention.

Table 87: Florida Case Management

Organization and Program Structure

- 459 The Child Support Enforcement Program (CSEP) is part of the Department of Revenue. Due to funding cutbacks and streamlining, Florida recently reduced the number of its regional offices from ten to five. The new boundaries are partially-based on DOR property tax data to ensure communities are not divided or too far from an office, as well as taking into account judicial circuit service boundaries. Each region has service

centers and some service centers have small satellite offices for presence in rural areas, for a total of 44 service-level offices. The smallest local office is in Belle Glade in central Florida, with two FTEs. Jacksonville is the largest state operated service center with 150 FTEs. The state's attorney-operated Miami-Dade office has 417.5 FTEs. Twelve service sites have 30,000 or more cases, 13 medium service sites have between 20,000 and 29,999 and 16 small service sites have under 20,000 cases. In the last few months an office was closed due to budget constraints, and the caseload was reallocated among contiguous offices. If additional budget cuts hit Florida, the DOR management will look at ways to absorb the loss with least loss of jobs and appropriate office consolidation or specialization. Figure 25 shows the five FDOR regions and the corresponding service centers within them.

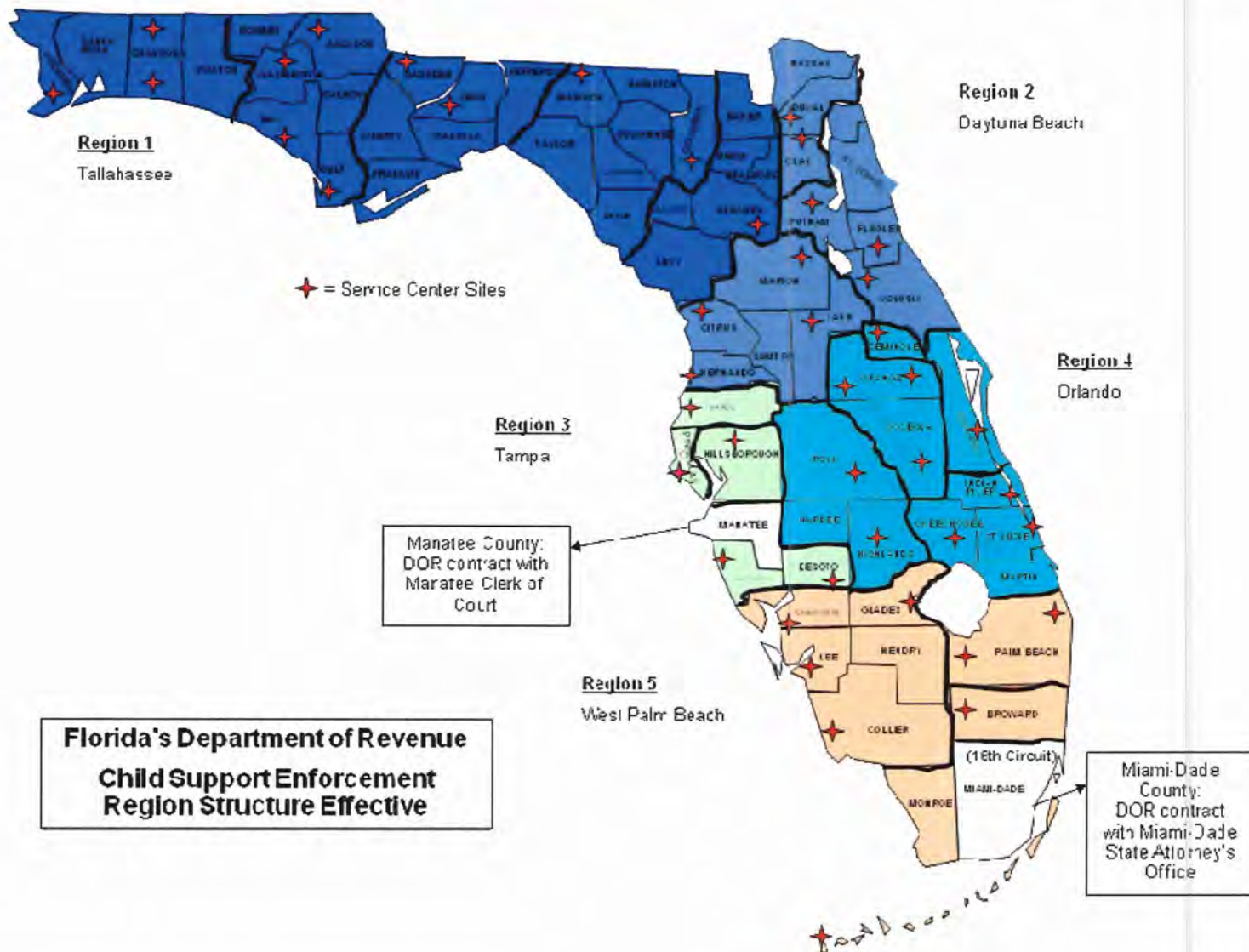


Figure 25: Map of Florida State Operated Regions and Service Centers (in red)

460

As a large state, DOR's central office has significant oversight responsibility, leading to a large central office staff in Tallahassee and a call center and outsourced SDU nearby. Fifty-seven percent of the program's budget is spent on centralized activities, with the balance supporting the regional offices and service centers

- 461 Attorneys are hired by contract, except in Hillsborough County (Tampa), where the Attorney General is the DOR / CSEP attorney (the AG has a right of first refusal to provide IV-D legal services). The AG has chosen to represent DOR CSE only in Hillsborough County. Once the AG has not exercised the right of first refusal, the state then begins a procurement process to competitively select an entity to provide IV-D legal services. New contract extensions are being awarded to existing contracted attorneys if they agree to a performance based payment method that includes timely completion of their work. The existing contracts pay for each case without regard to timely prosecution.
- 462 DOR had closely considered assuming control of its SDU and no longer contracting this service out. The Department of Revenue's General Tax Administration processes about \$39 billion in tax payments annually and has the capacity to process the \$1.2 billion in child support collections. GTA also uses the SAP software that is used for CAMS, so it would be possible to tailor a financial module that GTA could seamlessly interface with for the child support collection and disbursement function. While these options are still available for the future, currently the child support program renewed its SDU contract to keep the status quo pending implementation of CAMS II.

Service Channels

- 463 Time consumption related to CAMS I and II has limited the state's ability to focus on currently implementing and activating more service channels. The vision is that with the full implementation of CAMS II, the service channel options for customers will be greatly improved. Table 88 provides an overview of the current service channel offerings.

Service Channel	Florida Practices
Employer Self-Service	<ul style="list-style-type: none"> Florida has an employer information page that describes ways to remit child support, report new hires, comply with National Medical Support Notices, and follow income withholding instructions. Employers have options for electronically remitting by ExpertPay (SDU vendor site), My Florida (a state payment site), or by check. There are publications and FAQs also on the website, as well as contact information.
CP and NCP Self-Service	<ul style="list-style-type: none"> Once CAMS II is complete, the website will be more transactional with online application ability. Currently, parents can access general information about child support services, receiving payments by direct deposit or debit card, and making payments through MyFlorida or ExpertPay. Applications can be downloaded, as well as some other forms. A search feature allows custodial parents to find out if they are owed any unclaimed child support.
Integrated Voice Response (IVR)	<ul style="list-style-type: none"> The state has an IVR that handles approximately 1.5 million calls per month. The IVR is accessed through three separate numbers; 1-800-662-KIDS for case information from a customer service representative, the automatic payment line (APL) for information about collections and payments, and State Disbursement Unit line. According to Florida's April 2009 monthly statistics, 479,657 calls were received by the KIDS number, of which 174,859 received a busy signal and 32,301 calls were abandoned. The remainder were either presented to the customer service representative or were transferred elsewhere. The IVR self-serve rate was 24.44% and the agent answer rate was 35.79%. The APL calls for the month were 699,315, with no busy calls, although 106,363 calls terminated due to invalid passcode; 592,952 calls resulted in self service. The SDU had 339,575 calls, 3,021 busy calls, 3,076 abandoned calls, 292,715 self-served calls, and 40,763 agent answered calls. The SDU self-service rate is 86.20%.
Email	<ul style="list-style-type: none"> Waiting until CAMS II is completed. Florida does not accept or send customer emails at this time.
Call Center	<ul style="list-style-type: none"> There is an 800 number for general information, an automatic payment line, and a payment status line that goes to the SDU. Florida has a "tier one" centralized call center, so in-depth, complex, or case-specific inquiries are transferred to the appropriate service center. Separate numbers for Miami-Dade and Manatee County offices are listed online, while the website does not list the phone numbers for the state operated service centers.
Fax	<ul style="list-style-type: none"> Not generally used, but in a case-specific instance documents can be faxed to a service center.

Table 88: Florida Service Channels

Technology

464

Florida is currently in the middle of a complete renovation of the technology that supports the business of child support. The ambitious CAMS system integrates the core case management system, call center, data warehouse, and web services into a common platform. Table 89 provides a summary of the technology that supports the child support program.

Enabling Technologies	Florida Examples
Statewide Child Support Enforcement System	<ul style="list-style-type: none"> Florida is currently undergoing a transition from its legacy FLORIDA system, which was integrated with the IV-A program, to its SAP-based CAMS system. The first phase of CAMS went live in 2006 with locate, enforcement, and customer service modules. The remaining functionality is currently under development in the CAMS II phase of work. Once CAMS II goes live, the FLORIDA mainframe will be shut down for child support and all functionality will be handled through the web-based CAMS system.
Web Portals	<ul style="list-style-type: none"> Florida has a website that allows for NCPs and CPs to obtain general case information and to make payments. They plan significant enhancements to the website as part of the CAMS II initiative.
Document Imaging	<ul style="list-style-type: none"> Florida has a statewide imaging solution that went live with CAMS I. Currently, all inbound correspondence that is received centrally is scanned in and linked to the appropriate member/case. Service sites also have local scanners that allow them to scan in documents that are received locally. Florida has yet to convert existing paper files to the imaging solution. They have done some progressive work in linking inbound imaging to cases and then automatically triggering the next appropriate actions. The central imaging facility is shared by another department in the agency, the General Tax Administration.
Data Warehouse	<ul style="list-style-type: none"> As part of CAMS I, Florida rolled out the SAP Data Warehouse solution. This is integrated with the core SAP system and supports both standard and ad hoc reporting capabilities.

Table 89: Florida Technology Enablers

Performance Management

- 465 For a program undergoing a multi-year system conversion effort, Florida has done fairly well maintaining its performance numbers (see Table 86). Even with systems costs included, the cost effectiveness ratio is 4.33 for nearly 800,000 cases. When CAMS I was implemented, collections increased by 1% annually but are now back up to 8-9% annually despite the ongoing work on CAMS II.
- 466 Performance is not only tracked but forecasted primarily based on historical quarterly performance with some incremental improvement. The tracking is available for managers, supervisors, and caseworkers to view on their dashboards. Data can be tracked by state, region, service center, specialty unit, and individual. While corrective action plans to boost performance may be implemented, no financial penalties are imposed on underperforming offices. There are also no bonuses for exemplary performance.

Conclusion

- 467 Florida DOR operates a child support program that relies on 44 service centers to deliver most case-processing services. The 610 central office FTEs oversee the SDU, call center, and some administrative enforcement in addition to the traditional central office duties such as policy development and contracting. Once Florida's new system, CAMS, is fully implemented, there will be more technology available (e.g., court data interface, online application with data transfer) to the program and the management will be able to concentrate on a larger range of issues than system implementation.

- 468 While Florida has not fully leveraged the advantages of being in DOR, it may one day do so by using GTA's remittance center as its SDU and implementing a SAP financial module to replace the FLORIDA system's functionality. DOR has been an enthusiastic overseer of the program, giving it a high-profile status within the department. Using econometric models developed by DOR, the child support program has intricate performance forecasting and reporting for management to review and to use to redirect resources to meet the program's needs.

Benchmark Study – Colorado

Overview

- 469 Colorado operates a child support program that has many of the same characteristics of Minnesota's. The program is state supervised and county operated. While the counties receive strong support from the central office, they have a lot of case-processing latitude at the county-office level. The umbrella agency is the Department of Human Services, with the immediate supervisor being the Deputy Executive Director of Self-Sufficiency and Independence.
- 470 Table 90 provides a snap shot of Minnesota's key performance measures and operational metrics compared to Colorado.

Program Information FFY 2008	MN	CO	Program Information FFY 2008	MN	CO
Paternity Federal Performance Measure	97.4%	94.9%	Caseload per Local Office	2,952	2,193
Orders Established Federal Performance Measure	84.3%	87.5%	Collections	\$614,573,014	\$284,235,054
Current Support Federal Performance Measure	70.1%	61.9%	Collections 5 Year Change	+10%	+40%
Paying Arrears Cases Federal Performance Measure	68.3%	70.6%	Collections per FTE	\$381,722	\$420,466
Cost Effectiveness Federal Performance Measure	3.92	4.25	Collections per Case	\$2,479	\$2,025
Caseload	247,950	140,356	Expenditures	\$162,181,201	\$74,813,371
FTEs	1,610	676	Expenditures 5 Year Change	+14%	+4%
FTEs in Local Offices	1,329	606	Expenditures per FTE	\$100,734	\$110,671
FTEs in State Offices	281	70	Expenditures per Case	\$654	\$533
Caseload per FTE	154	208	% of State Office FTE to Total Program FTE	17%	10%

Table 90: Minnesota and Colorado Program Data FFY 2008

- 471 The smallest of Colorado's 64 county offices has 0.8 FTE while the largest has 125 FTEs. Local FTEs are currently listed at 606 for a IV-D caseload of over 140,000. As with many other county operated states, case-processing depends on local office size, resources, tradition, and local leadership. Colorado emphasizes performance based on county competition (similarly-sized counties are ranked), yet provides the resources that the counties need within budgetary realities.
- 472 Despite having an older automated system, dating back to the early 1990s, Colorado is able to produce Monthly Management Reports (MMRs) that serve as the foundation for local program review. Not only are the five federal incentive measurements reviewed in the MMRs, reports also examine other categories such as interstate case success, overall collections, use of certain remedies, etc. Incentive distribution to the counties is based on performance in four of the five federal incentive categories (paternity establishment, order establishment, current support collected, and cases with arrears in paying status).
- 473 Regarding retained state share of TANF collections, the state keeps 40% and the counties receive 60%, which is the converse of the percentage contribution to the TANF program (state pays 60% of the non-federal share and the counties pay 40%). The state pays \$58.88 million to the 64 counties to pay for the overall cost of administration of the entire range of social services programs, including IV-D, according to the 2008-09 Colorado Budget Report.
- 474 A major feature of the Colorado IV-D program is the IV-D Task Force, which has been functioning since 1987 as a bridge between central office, the county offices and partners, and stakeholders. The Task Force is made up of representatives of the central and local offices, attorneys, courts, and other programs. There are several task groups, each of which focuses on a specific issue as a subgroup of the Task Force. For instance, a task force examining foster care and child support, which includes child welfare staff, has prepared a five-year strategic plan.
- 475 The Task Force is not a statutorily-created entity; rather it is a group of child support state and county staff who review policies and best practices. There are approximately 20 persons in the Task Force. The Task Force began 22 years ago, but was disbanded two years ago when the local human services directors complained about the cost of local participation. It was restarted one year later, with a makeup of about two-thirds state staff and one-third county staff. The Task Force meets quarterly while subgroups meet periodically to work on particular issues, and report to the full Task Force. It makes recommendations to the state and to the local human services agencies. Recommendations are by consensus as long as all members "can live with" a recommendation. If one cannot, further effort is made to reach a consensus.

Key Characteristics of Colorado

- Has 2 counties that have privatized child support services.
- Bases incentive distribution to counties on county performance.
- Uses "Task Forces" to bridge communication between county, state and other partners.

Process

Case Initiation

- 476 County offices receive applications for services and referrals. DCSE is working on an online application form. Previous-case and person matches are conducted locally except for incoming interstate cases, which are conducted at the Interstate Central Registry. All IV-A, IV-E, and Medicaid referrals are automatically received and exceptions handled at the county level. Intake and case-shell creation are often handled by a specialist in medium and larger counties and then transferred to an establishment specialist. Colorado does not receive State Children's Health Insurance Program (SCHIP) referrals.

477 Colorado received a letter from the U.S. Department of Health and Human Services Regional Medicaid Director that indicates that non-TANF Medicaid cases are not necessarily referrals whether or not they are child-only Medicaid cases. This has led to Colorado adopting a policy of asking non-TANF Medicaid applicants if they want child support services and then referring to IV-D only those cases in which the applicant has agreed. Having only voluntary, non-TANF Medicaid cases referred to IV-D has resulted in shorter intake time of approximately 30-40 minutes rather than several hours.

478 A subsequent Information Memorandum from OCSE (IM 08-03, April 22, 2008) states that while Section 1912 requires assignment with a few exceptions..."Title XIX of the Act, and its implementing regulations or guidance, do not require state Medicaid agencies to refer Medicaid applicants or recipients to state IV-D agencies. Therefore, a state Medicaid agency may determine which cases are appropriate to refer to state IV-D agencies. State IV-D and Medicaid agencies should coordinate to determine criteria for referring appropriate cases and exchanging information by the most efficient and cost-effective means available (using manual or automated systems)."

Locate

479 All location activities are performed at the county level. Any manual validation or verification that is required associated with location is handled at the local level by caseworkers. Based on the interview results, there does not appear to be any specialized locate units in any of the counties. Rather, locate is done by caseworkers who are doing other core child support activities (e.g., establishment, locate).

Establishment

480 The state encourages the use of voluntary acknowledgments, which are housed with the Office of Vital Records (OVR). Acknowledgments are available at OVR in addition to hospitals and IV-D offices. There are two genetic testing laboratories with genetic testing contracts in the state. Some local office staff are trained to conduct buccal swabs. If a genetic test result indicates a high likelihood of paternity, a stipulation or acknowledgment can be signed by the parties and presented to the court for ratification without a hearing.

481 Regarding the financial support order, the custodial parent provides key income data at the time of application or referral. The non-custodial parent provides income information before or during the prehearing negotiation conference after being served with the initial pleadings. Quarterly wage data are used to verify data or in lieu of missing income data. Stipulations are highly encouraged but not required. The county office staff can only follow the guidelines when attempting to settle; any deviation must be approved by a court. If the parties stipulate to a financial support order, the order can be administratively finalized using Administrative Procedure Act rules.

482 Larger counties have specialized interstate specialists for outgoing cases. Colorado was the original QUICK (Query Interstate Cases for Kids) state. Fifteen states are currently signed up. QUICK allows one state to see either real time or recently-loaded server data about a case in another state's system.

483 Medical support orders are based on information provided by the two parties regarding insurance availability and accessibility. Some local offices have specialized medical support units for both establishment and enforcement of medical support.

Enforcement

484 Income withholding, property and insurance liens, and business license revocation require caseworker activity even if the matches are automated. Central office staffs the State Enforcement Unit (SEU), which coordinates the FIDM cases, lottery and gambling intercepts, workers compensation

claims, credit reporting, and driver's license revocation. While FIDM requires caseworker activity to trigger the lien, the rest of the associated enforcement activity is handled by the SEU. Colorado recently began intercepting gambling proceeds and believes that this will provide another constant stream of collections.

- 485 Non-administrative enforcement is handled locally by a combination of caseworkers and attorneys. Some judges will allow non-attorneys to appear in court in certain cases to represent the department on a child support matter. There is no uniform contempt trigger, so each case is reviewed on its merits.
- 486 The CSE/Judicial Data Information Sharing (DISH) project is intended to improve the timeliness and accuracy of information and vastly reduce the amount of paper that is prepared and shared between the two entities. This effort will allow the courts to have online access to some child support data and conversely allow child support staff access to some court information. The project has been under development over the past two years and should be online in the near future.
- 487 Colorado's Early Intervention project personally contacted the NCP at every stage of the child support process. This represented a "cultural shift in the CSE program that has previously relied on automated remedies to compel child support payments rather than outreach to non-custodial parents to assess what might be behind their failure to pay and responding to those issues," according to the DCSE 2008 Annual Report. The grant that funded this effort has expired; however, some counties have adopted certain best practices from the project into their operational processes.

Financials

- 488 Cash payments are accepted at local offices and credit cards are accepted online, through Western Union. Western Union wires the money to the Family Support Registry (FSR) in two days after a MasterCard, Visa, or debit card is used to make a payment. DCSE also sets up recurring automatic withdrawals for those who want child support payments to be electronically transferred automatically on a recurring day of the month from a bank account to the FSR, and a "pay by phone" option that allows an automatic account transfer after the NCP calls the IVR and enters the authorization information. Disbursements are by direct deposit, check and FSR Card, which is a stored-value Visa "ReliaCard" by U.S. Bank.

Case Management

- 489 Case management refers to those activities and processes that resolve open questions, deliver customer service functions, provide supporting services to cases, and move cases to the next appropriate activity within and between the core functions of child support enforcement. These case management subprocesses can occur at any given point in time during the life-cycle of a case. Table 91 highlights some of Colorado's practices.

Case Management Activities	Colorado Practices
Customer Service	<ul style="list-style-type: none"> Colorado has an IVR and some staff support phone calls at the central office handling a few issues (e.g., employer issues, administrative enforcement appeals). The IVR handles 90% of the calls without referral to a "technician." A private vendor runs the FSR program for payments and takes the financial calls related to this. The local offices take most of the case-related calls. Denver has a dedicated, specialized customer service call center for its caseload.
Performance Management	<ul style="list-style-type: none"> Colorado does not currently have a performance dashboard for caseworkers but is developing one. When Colorado transitioned to IV-D PEP from statewide PEP, it used a private firm to consult with DCSE to avoid data integrity issues.
Case Closure	<ul style="list-style-type: none"> The state automatically begins case closure activities within three years of no locate or one year of no new information. Other cases meeting closure criteria are closed pursuant to caseworker activity and notice generation.

Table 91: Colorado Case Management

Organization and Program Structure

- 490 Colorado's Department of Human Services' Office of Self Sufficiency and Independence oversees the Division of Child Support Enforcement (DCSE). The IV-D program is county operated in all 64 counties. El Paso (Colorado Springs) and Teller Counties are fully outsourced to a private vendor. El Paso has the second largest caseload in the state. There are ten large counties with caseloads from 5,997 (Mesa, 21 FTEs) to 24,529 (Denver, 125 FTEs). The medium-sized counties range from 386 cases (Conejos, 3.35 FTEs) to 1,633 (Fremont, 12.7 FTEs). These 22 offices are themselves small enough to limit the amount of casework specialization. The remaining 32 county offices are very small, from six cases (Hinsdale, part-time FTE) to 453 (Routt, 3 FTEs). Only six small offices have two or more FTEs compared to approximately seven FTEs for each of the 22 medium-sized counties and an average of 50 FTEs for the ten large counties. The five largest counties alone have 254 FTEs (38.7% of county FTEs). Counties provide legal services through contracts with county attorneys or private attorneys, depending on local option.
- 491 Colorado has two outsourced counties, El Paso and Teller, which are vendor operated under a single contract. El Paso County (Colorado Springs) outsourced its child support program when the County Commissioners decided that they could not increase appropriations to the appropriate level necessary to continue running a county-staffed child support program and concluded that the private sector could at least perform as well for fewer dollars. Additionally, customer service was considered an area that could be improved by outsourcing. The state approved the outsourcing. Rural Teller County joined El Paso County in the RFP and the subsequent contract.
- 492 El Paso currently has 54.07 FTEs and Teller 1.78 FTE. El Paso is placed in the cohort of the ten largest counties, which is the group against which its performance is measured by the state. El Paso was tenth of ten in paternity establishment (91.9%) as of March 2009 for cumulative FFY 2009; eighth in order establishment (85.5%); eighth in current support (59.8%); ninth in paying arrears cases (51.0%). El Paso collects \$196,924 per FTE - first of the ten and more than all medium-sized counties except one. While the vendor providing services for El Paso and Teller counties has increased performance since taking over the duties it has not significantly out-performed any of the large counties.
- 493 Colorado has a central office staff of 70 FTE. The core functions of the central office include:

- FTEs who work for the Governor's Office of Information Technology but who are physically stationed at DCSE, coordinate IT activities with DCSE, and work exclusively on the child support system known as ACSES (Automated Child Support Enforcement System)
- FTEs who are contractors working on internal operations such as employer database maintenance, data entry, new hire reporting, and customer service
- Policy division, which includes a strong evaluation component
- SEU (state enforcement unit), which oversees FIDM, credit reporting, intercepts, license suspensions, and administrative appeals

494 The central office staff (70 FTEs) is assigned to the following areas:

- Office of the Director - 5
- Operations (State Enforcement Unit and Interstate Unit) - 14
- Policy and Evaluation - 14
- Systems and Payment Operations - 16 (plus nine contractors who are not FTEs)
- State IT assigned to CSE - 21

495 The policy and evaluation section includes an evaluation unit that has five FTEs who review county compliance. A Monthly Monitoring Report and a quarterly Compliance and Performance Report track county office progress throughout the year. The evaluation unit is responsible for monitoring county office progress throughout the year and for the state self-assessment, the packaging of the federal reporting data, working with counties to improve performance, and dissemination of best practices.

496 The program is funded through a mix of FFP, federal incentives, state appropriations, retained state share of TANF and IV-E collections, county general funds, property taxes, and county retained share of TANF. Currently 100% of the state share of TANF retained earnings goes to the counties to back fill for the federal incentive match loss from the passage of the Deficit Reduction Act. About 68% of the total program expenditures support local costs and 32% are for central office and statewide costs, such as operating the FSR. All incentives flow to the counties based on their comparative performance on the federal measurements.

Service Channels

- 497 Colorado has traditionally interacted with case participants via face-to-face and phone communication. There is currently an effort to allow for more self-service in the future. Table 92 provides an overview of the current service channel offerings.

Service Channel	Colorado Practices
Employer Self-Service	<ul style="list-style-type: none"> Employers can access information about new hire reporting, medical support, income withholding, and the Family Support Registry (FSR, Colorado's SDU). Employers can call or email the FSR based on contact information provided on the site.
CP and NCP Self-Service	<ul style="list-style-type: none"> Application for services can be downloaded off of the Internet site. Applications for direct deposit, debit card, pay-by-phone, automatic withdrawal, and review and adjustment can also be downloaded. There is comprehensive information about the program and the different steps involved in processing a child support case. The site also has a guideline calculator. Colorado is currently developing an on-line application process.
Integrated Voice Response (IVR)	<ul style="list-style-type: none"> Colorado has an IVR for payment questions operated by the FSR vendor, which the state reports handles 90% of the FSR calls.
Email	<ul style="list-style-type: none"> County caseworkers do not normally exchange email with customers. The state central office has an email address for employer inquiries.
Call Center	<ul style="list-style-type: none"> Colorado's FSR has a payment call center, and the state has a small customer service staff; however, most case-related information inquiries not related to payments are handled at the county level. Denver County has outsourced its county-level customer service unit to a vendor.
Fax	<ul style="list-style-type: none"> The state central office and the county offices receive faxes.

Table 92: Colorado Service Channels

Technology

- 498 ACSES was implemented in the 1980s and was one of the first certified systems. ACSES was PRWORA-certified in 2002. Technological enhancements are conducted in-house with the assistance of the Governor's Office of Information Technology staff co-located at the DCSE office. Colorado was the first state to use the stored-value card for child support and the pilot state for QUICK. Table 93 provides a summary of the technology that supports the child support program.

Enabling Technologies	Colorado Examples
Statewide Child Support Enforcement System	<ul style="list-style-type: none"> ACSES was implemented in 1986 and was PRWORA-certified in 2002. It is maintained and enhanced in-house. Colorado expects to take an incremental approach to modernization, which would include implementing the system on a new platform.
Web Portals	<ul style="list-style-type: none"> Application for services can be downloaded off of the Internet site. Applications for direct deposit, debit card, pay-by-phone, automatic withdrawal, and review and adjustment can also be downloaded. There is comprehensive information about the program and the different steps involved in processing a child support cases. The site also has a guideline calculator. Employers can access information about new hire, medical support and income withholding, and choose a format for data exchange.
Document Imaging	<ul style="list-style-type: none"> There is no statewide imaging system at this time.
Data Warehouse	<ul style="list-style-type: none"> Leadership believes Business Intelligence is going to be important to Colorado's program, and departmentally-purchased COGNOS software should provide more flexibility going forward as its usage by the child support program increases.

Table 93: Colorado Technology Enablers

Performance Management

- 499 Counties receive incentives based on their performance in four federal categories: paternity establishment, order establishment, current support collected, and cases with arrears in paying status. Counties are not rewarded or penalized based on cost-effectiveness. No county has received reduced incentive or funding support thus far, although the Director indicated that the first penalty may be taken soon. Counties are grouped into three categories so that the very large and very small do not compete against one another.
- 500 Colorado has statutes which authorize the state office to impose penalties for poor performance by a county program. These penalties are imposed through a reduction in incentive payments. The amount of penalties is not defined in statute but is left up the discretion of the state office, subject to judicial review if a county should appeal the imposition of the penalty.
- 501 Counties receive the Monthly Management Report (MMR) with myriad performance output tables arrayed alphabetically within each of three county size categories. The Compliance and Performance Report (CPR) has counties arrayed alphabetically in each of three county-size categories. The CPR has the statewide annual goal (the same regardless of size), and each county's performance at the end of a quarter. Table 94 shows the 2009 annual goals and the performance at the end of the March 2009 quarter for the three county-size categories.

Counties by Size and March 2009 Compliance Rates	Paternity Establishment (90% goal)	Order Establishment (80% goal)	Current Support (66% goal)	Paying Arrears Cases (54% goal)
10 Large Counties (79.6% of caseload)	94.3%	87.8%	60.7%	53.6%
22 Medium Counties (16.2% of caseload)	92.9%	89.4%	62.5%	54.8%
32 Small Counties (4.1% of caseload)	93.7%	89.7%	66.5%	55.1%
Statewide Average (140,991 cases)	94.1%	88.1%	61.3%	53.9%

Table 94: Colorado Compliance to Goals by County Size

Conclusion

- 502 Colorado provides tools to the county offices with which to do their jobs, from administrative establishment and enforcement in a portion of the cases to studies of innovative techniques through federal grants. The twenty-year-old Task Force approach (bringing in partners and stakeholders) helps with better understanding of the issues from different viewpoints, consensus decision-making, and group buy-in.
- 503 With many extremely small offices, the per-county performance depends on one or two persons' approach to case processing. Overall, the big ten counties drive statewide performance and its ultimate incentive and programmatic success. Focusing on the first four federal incentive measurements has led to Colorado not focusing on cost-effectiveness as much as other states, but the focus on the four creates a competitive atmosphere among the large, medium, and small counties to succeed.

Benchmark Study – Wisconsin

Overview

- 504 Demographically and in its organizational structure, Wisconsin is very similar to Minnesota. Both are county operated, with local services delivered by county offices typically under the county social services agency. Wisconsin has a larger caseload than Minnesota, 355,294 compared to 247,950, but has significantly fewer IV-D FTEs, 1,120 to 1,610 in Minnesota. (Wisconsin provided updated FTE information which supplemented the number of FTEs contained in the preliminary FFY 2008 federal report.) Part of this can be explained by differences in how the program is operated. For example, services associated with the maintenance and development of the statewide automated case management system are performed in-house in Minnesota by IV-D FTEs, while in Wisconsin these services are provided by the umbrella agency through an indirect cost allocation basis and the employees associated with the function are not included in the IV-D FTE count. Accordingly, any comparison between the two states should take into account these structural differences.
- 505 Staffing of the Wisconsin child support program is a mix of state, county, and vendor staff. There are 56 FTEs in central office, 47 SDU contractor FTEs, 36 Business Intelligence and Technology staff hired by the Department of Children and Families, 126 local cooperative agreement FTEs, and 855 county-employed staff at the county Child Support Agencies (CSAs).

- 506 Table 95 provides a snap shot of Minnesota's key performance measures and operational metrics compared to Wisconsin. As noted above, Wisconsin provides the support and maintenance for its statewide case management system through the umbrella agency and, as such, the FTE count for the state office does not include this staffing component which is provided by IV-D employees in Minnesota. Similarly, the Minnesota state office FTE count includes cooperative agreement staff which do not have a counterpart in Wisconsin. Accordingly, the comparison of state office staff is not "apples to apples."

Program Information FFY 2008	MN	WI	Program Information FFY 2008	MN	WI
Paternity Federal Performance Measure	97.4%	100.3%	Caseload per Local Office	2,952	5,004
Orders Established Federal Performance Measure	84.3%	83.4%	Collections	\$614,573,014	\$633,465,202
Current Support Federal Performance Measure	70.1%	70.7%	Collections 5 Year Change	+10%	+10%
Paying Arrears Cases Federal Performance Measure	68.3%	62.0%	Collections per FTE	\$381,722	\$565,594
Cost Effectiveness Federal Performance Measure	3.92	6.65	Collections per Case	\$2,479	\$1,783
Caseload	247,950	355,294	Expenditures	\$162,181,201	\$98,021,621
FTEs	1,610	1,120	Expenditures 5 Year Change	14%	-3%
FTEs in Local Offices	1,329	1,064	Expenditures per FTE	\$100,734	\$87,519
FTEs in State Offices	281	56	Expenditures per Case	\$654	\$276
Caseload per FTE	154	317	% of State Office FTE to Total Program FTE	17%	5%

Table 95: Minnesota and Wisconsin Program Data FFY 2008

- 507 The Wisconsin IV-D program, administered by the Bureau of Child Support (BCS), is located in the Division of Family and Economic Security, which is part of the Department of Children and Families (DCF). From 1994 to 2008, BCS was part of the Department of Workforce Development, as the state emphasized work as a common bond among the social services programs. From 1975 until 1994, the program was part of the Department of Health and Family Services.
- 508 While BCS provides state supervision, the child support program is county operated, with 71 county Child Support Agencies (CSAs) and five tribal partners operating IV-D programs. Within these CSAs, 1,064 workers are county-employed or under cooperative agreement with local CSAs. Counties are free to use the local social services agency or the state's attorney as a county oversight agency or may choose to be a stand-alone county agency.
- 509 Wisconsin is promoting inter-county service agreements, in which one county pays another county to do part of its IV-D work. Milwaukee and Racine share a call center. Another regional call center staffed by county-hired persons is being considered, centered on the Madison (Dane County) area. Some rural counties share financial experts who assist more than one county with arrearage calculations.

- 510 Upon review of Wisconsin's performance as a county operated service delivery model state, Wisconsin performs very well and is comparable to Minnesota in four of the five performance measures. Where Wisconsin excels over Minnesota is in cost effectiveness at almost twice the level of effectiveness. This means that for relatively the same level of performance as Minnesota, Wisconsin is able to deliver services at a lesser cost or at a higher rate of return on their invested taxpayer dollars. Wisconsin scores high in cost effectiveness at \$6.65 collected for every dollar expended. Among the states which are county operated, Wisconsin has one of the higher cost effectiveness ratios in the nation. In FFY 2008, Wisconsin spent \$98 million to collect \$633 million in over 355,000 cases. So what tools might Wisconsin have in their tool chest that Minnesota does not?
- 511 Wisconsin's cost effectiveness may be the result of two major factors. The first being Wisconsin's philosophical approach to cost management in which child support activities / programs are not initiated unless they have a direct positive impact on establishment or collection results and with a high rate of return for their investment dollar. The second tool is a statutory requirement for the state and counties to enter into a contractual agreement, known as a Cooperative Agreement, relating to performance outcomes. This statute requires the child support agency to establish a contract committee for the purposes of bringing the state and counties together to define performance outcomes in the Cooperative Agreement.
- 512 The county contract committee created under this statute meets annually to review the performance on the four federal incentive categories and determine the weight of each category for incentive distribution for the upcoming year in order to emphasize areas in which the program needs improvement. The incentive distribution methodology is enacted as an administrative rule; Chapter DCF153, Sections 153.01 through 153.08. The county contract committee determines the performance goals to be achieved and the counties are then held accountable for achieving the goals. The goals can be weighted differently each year depending upon the area of emphasis as determined by the committee. Furthermore, what makes this tool so important is that once agreement is reached by the committee, the state child support director can invoke financial penalties for non goal attainment in the form of reduced incentive payments. Penalties up to 2% of the incentive payment for each goal that was not achieved can be applied. The director does not require additional legislative or judicial intervention to invoke a penalty. However, the penalized county can object based upon material mistake of fact (i.e., statistical numbers are not correct).
- 513 The state director has implemented this tool. This tool seems to be the power necessary to drive performance by the state through the counties. Wisconsin is one county operated program that has taken an aggressive approach toward driving performance through the establishment of a penalty clause for non performance by a county agency in their cooperative agreements.
- 514 Once the committee agrees to the goals for the year, the state and county formally enter into a cooperative agreement. The cooperative agreement defines the roles and responsibilities between the two parties and includes the language cited above regarding performance and penalties.
- 515 In summary, the keys to the high efficiency rate in Wisconsin are:
- Close collaboration with and accountability expected from the CSAs. BCS readily acknowledges that the lion's share of the casework is done at the CSAs and is deferential to the issues facing workers at the local level. BCS knows that statewide performance is driven by the sum of that

Key Characteristics of Wisconsin

- *Uses incentive reduction penalties if counties fall below performance targets.*
- *Inter-county agreements exist that allow counties to share staff resources.*
- *Has a high cost-effectiveness rating of 6.65.*

work and that changes are best effected through listening and collaborating; however, holding each CSA transparently accountable for its performance leads to healthful competition among the counties, increased efficiency, and greater case success.

- Unwillingness to implement a non-mandated initiative if it is not certain to result in an acceptable added value for the cost involved. This is not exactly a traditional cost-benefit analysis of every potential procedure or policy change, but a review of what the benefit would be to particular aspects of the program's performance weighed against the cost of the change, staff time to make the change and train on the change, forgone opportunities, etc.

Process

Case Initiation

- 516 The Wisconsin program is a fairly decentralized program, which is reflected in how intake is handled. Applications are received locally at the CSA offices. About half of the applications are hand-delivered and half are mailed in. IV-A, IV-E, and Medicaid referrals are automated, with the case shell created at the local office by an intake specialist. Caseworkers obtain follow up information from the parents generally through in-person meetings or the postal service. Wisconsin does not receive State Children's Health Insurance Program (SCHIP) referrals.

Locate

- 517 Locate is conducted at the CSA level, with access to state data from federal and state agency databases. Some of the larger local offices have dedicated locate staff. Local jail information is only available locally. Wisconsin does not have automated matches with the Department of Taxation, state corrections, state law enforcement, NLETS (National Law Enforcement Telecommunication System), public utilities or cell phone companies. CSA caseworkers regularly conduct skip-tracing (making outbound phone calls to parties and those familiar with the parties).
- 518 Wisconsin hopes to be in the Query Interstate Cases for Kids (QUICK) 15-state consortium by year's end, which will allow caseworkers to view another state's system to review data related to their interstate cases.

Establishment

- 519 Paternity and order establishment are accomplished locally. Paternity acknowledgments are available at birthing hospitals and child support offices. An acknowledgment becomes a conclusive presumption of paternity. When a genetic test is requested or ordered, some buccal swabbing occurs at CSA offices by caseworkers, and some swabbing is conducted by the genetic testing vendor at various locations at or near a CSA office. Wisconsin has approved five genetic testing vendors with which the CSAs can contract. The Office of Vital Records keeps the registry of acknowledgments, which is accessible by IV-D workers.
- 520 Acknowledgments in cases after genetic testing that result in stipulations do not have to have a court hearing to be ratified, although financial support order stipulations do. The state encourages stipulations but does not require a pre-hearing conference to attempt to secure a stipulation. Motions for default orders require a hearing in open court to secure the order.
- 521 Orders are based on Percentage of Income Standard, meaning that the data from only the noncustodial parent are needed. Income data are obtained either before or after pleadings are filed, and both parents are requested to sign financial affidavits. Caseworkers have access to quarterly wage data to use in lieu of actual pay evidence. Deviations from the guideline can occur when both parties agree on an amount different from the recommended guideline amount and the reason for the change is described. The court then ratifies it. About 50 quasi-judicial officials

supplement the courts to hear child support cases. In the 1990s, Wisconsin faced federal penalties unless it changed its percentage of income approach. They switched to "sum certain" orders before the data reliability audits came into being, although there were grandfathered orders that had not been converted to sum certain orders that may have created headaches early in the DRA process.

- 522 The Medicaid agency conducts an employer private insurance match that BCS uses to find employer-provided health insurance. The matched information is available to CSA caseworkers. Medical support establishment is conducted locally by caseworkers as part of the ongoing order establishment effort. Wisconsin reports that the total number of its children with identified health insurance grew from 36,000 in August 2007 to 113,700 in April 2009. The state attributes 37,500 (33%) of this coverage to IV-D medical support establishment activities. Medicaid and BCS entered into an agreement to provide BCS with the matched information that Medicaid has as a result of a requirement that carriers report data about covered individuals. The match is monthly, and it began in August 2007 with IV-D cases consisting of children receiving Medicaid and expanded in July 2008 to cover all IV-D participants regardless of insurer. The match between Medicaid and Child Support is voluntary but the insurers reporting to Medicaid is in statute.

Enforcement

- 523 Enforcement is generally caseworker driven based on case matching and searching data. Income withholding, state tax offset, lottery offset, and personal injury insurance match with OCSE are conducted automatically without caseworker intervention. Caseworkers review and approve actions related to FIDM, liens, drivers', business, occupational and recreational license revocation, and workers compensation intercept. Caseworkers generate dunning letters and administrative subpoenas. Contempt and criminal support prosecution are based on local discretion.
- 524 Medical support is enforced locally. Parents usually reduce out-of-pocket health expenses to judgment before IV-D will enforce them. Wisconsin is reviewing what enforcement steps could be efficiently handled centrally through automated administrative enforcement.

Financials

- 525 CSAs do not accept cash and the program does not accept credit card payments. Arrearage reconciliation work is done locally, usually by a specialist, with some smaller counties using inter-county agreements to pay partially the cost of another CSA's specialist to assist it with its reconciliation work. Multiple order prorating is automatic based on the system's programmed formula. The SDU is outsourced to a private vendor (the term for the collection and disbursement entity in Wisconsin is the Child Support Collections Trust Fund).

Case Management

- 526 Case management refers to those activities and processes that resolve open questions, deliver customer service functions, provide supporting services to cases, and move cases to the next appropriate activity within and between the core functions of child support enforcement. These case management subprocesses can occur at any given point in time during the life-cycle of a case. Table 96 highlights some of Wisconsin's practices.

Case Management Activities	Wisconsin Practices
Customer Service	<ul style="list-style-type: none"> • Milwaukee and Racine Counties have a common call center. • Other counties are considering regional call centers; in particular two counties (Waukesha and Brown) near Dane County (Madison). Outagamie (Appleton) is considering using a call center for making outbound calling as well as receiving inbound calls. • An attempt to have a statewide call center partially funded by the counties was thwarted as some CSAs were concerned about the loss of both personal contacts with the client and intimate knowledge of the local program terrain. • The SDU has a call center with calls funneled through an IVR; about five percent of the calls are routed to customer service representatives.
Performance Management	<ul style="list-style-type: none"> • BCS performance reviews drill down to the unit but not the individual level, since CSA personnel issues are local decisions if not involving federal or state rule violations. • CSAs that underperform have part of their incentive money taken away (2.5% of their possible incentive allotment per federal measurement).
Case Closure	<ul style="list-style-type: none"> • Case closure is a state-level automated function based on the federal criteria being met and proper notice sent without responses received.

Table 96: Wisconsin Case Management

Organization and Program Structure

- 527 Wisconsin's IV-D program is organized fairly similarly to Minnesota's program. Since last year, the human services umbrella agency has housed the child support agency, which in turn oversees most case processing at the local level. The Bureau of Child Support (BCS) is one of three major bureaus in the Department of Children and Families, including child protective services and TANF. BCS is part of the Division of Economic and Family Security within DCF. Before 2008, the Department of Workforce Development (Wisconsin Works or W-2) oversaw child support, and prior to 1994 it was part of the Department of Health and Family Services. County Child Support Agencies (CSAs) can be part of the local social service agency or the Corporate Counsel's office, or they can be stand-alone agencies.
- 528 About half of the CSAs are specialized. The degree and type of specialization is a product of the size of the office, so the smaller the office the fewer the specialized units. BCS does not determine whether an office should have generalists or specialists and leaves it to local discretion to determine the best approach to maximize performance. Legal representation may be provided by the local county attorney through cooperative agreement, a private law firm, or in-house attorneys. The counties have the flexibility to choose the provider of legal services. Approximately 100 attorney FTEs work on IV-D cases in the 71 CSAs.
- 529 BCS has cooperative agreements with sheriffs, clerks, county attorneys, family court commissioners (quasi-judicial officials), and financial departments in some offices to complete fiscal accounting requirements. The SDU is outsourced, and the vendor oversees the employer database maintenance and the SDU call center. FIDM is outsourced to a vendor through the Michigan consortium. New hire is also outsourced. More and more printing is outsourced, particularly statewide notices. OCSE's insurance matching program is used for workers compensation and personal injury matching.

- 530 State employees make up less than six percent of the program's FTEs, essentially leaving the case processing duties to the CSAs and retaining the traditional state office duties in Madison. The state spent about \$98 million to operate the IV-D program in FFY 2008, a 12.6% reduction from the previous year. While \$14 million is spent in state and local expenditures to operate the CSAs, about \$5 million is spent to operate the state based operations and statewide system, as well as to pay for the contracts for items such as the SDU and FIDM. The balance of the funding, \$79 million consists of FFP (\$65 million) and federal incentives (\$14 million). County property taxes help fund part of the "non-federal share" of program operations, as do general funds appropriated by the legislature and custodial and noncustodial parent fees. TANF retained collections are used to fund the TANF program.
- 531 The fees assessed include an application fee (\$25), the DRA annual fee for never-TANF cases (\$25), genetic testing (\$150-180), service of process fees (varies), and federal and state tax offset (up to \$25). Additionally, both IV-D and non-IV-D cases are assessed \$65 annually for the SDU maintenance costs. This amount is charged in January and collected by employers as a separate collection. A significant amount (\$10.5 million) is collected annually through the SDU fee. Employers are mailed an annual notice at the end of the year reminding them to withhold the annual SDU fee in January. Cost recovery rules reduce by two-thirds the amount that can be retained for the IV-D cases although the non-IV-D fees paid can pay for their processing costs without a federal share reduction.
- 532 Incentives generally flow to the CSAs, which in the last fiscal year received the first \$12.34 million of \$13.5 million. The \$1.16 million balance was apportioned in a 70/30 ratio to the CSA/BCS offices. Local indirect costs are apportioned based on a 1998 state audit formula. The local fiscal audit is conducted by a disinterested third party. BCS charges the counties for the cost of the FPLS data and unemployment intercept. The statewide call center would have been charged back to the counties.
- 533 BCS estimates that 60% of CSA FTE time is spent on enforcement activities, compared to 20% on establishment activities. This focus on collections helps drive up Wisconsin's collections, which increased 3.6% despite the 12.6% funding cut last year.
- 534 The ratio of CSA managers and supervisors to caseworkers is estimated to be about one to eight, while in Madison the BCS ratio is approximately one to five. There are 208 FTEs under cooperative agreement of the 1,064 local workers, including the family court commissioners (about 50 FTEs), county attorneys, sheriffs, clerks, and financial departments.
- 535 Since Wisconsin operates on a relatively lean budget, BCS determines initiatives based the added value to the performance of the program. While some non-mandatory initiatives may be good ideas, if they do not have an impact on increasing orders and collections they are less likely to be implemented. Program costs are saved by reducing the non-automated casework in Madison, meaning that customers generally deal with the CSAs (and the SDU) either in person or by the Internet or mail. The CSAs have wide latitude as far as how they provide services (i.e., generalized or specialized) but they are all under incentive penalty pressure and peer competition to become efficient. The effect is that Wisconsin offers a program with few frills, focused on collections for its caseload's children in a manner based on local discretion. While large statewide decisions are made with much input from all the partners, the implementation of a case processing initiative relies on CSA talent to succeed unless the initiative has a fully automated solution (such as the OCSE personal injury intercept).

Service Channels

- 536 All customer contact services except the SDU are handled locally, in person, through the internet or by mail (with an occasional fax). Regional call centers, modeled on Milwaukee and Racine Counties' joint operations, may become more widespread as counties look to share costs and responsibilities. Table 97 provides an overview of the current service channel offerings.

Service Channel	Wisconsin Practices
Employer Self Service	<ul style="list-style-type: none"> Wisconsin offers employers several options on its employer page. Employers can download brochures on income withholding, medical support, new hire, and general child support information. An Excel spreadsheet template allows employers to calculate the amount to withhold in multiple order cases. A new feature discusses obtaining coupons for new income withholding orders from the local Child Support Agency (CSA).
CP and NCP Self Service	<ul style="list-style-type: none"> Parents can apply for services by downloading a form and mailing a completed version with \$25 to the CSA. The website has general information and resources for parents, including resources about other programs that deal with topics such as jobs, health care, tax help, and housing. There is also a calculator on the website to estimate the amount of child support in a particular case. Parents can submit address changes via the website as well.
Integrated Voice Response (IVR)	<ul style="list-style-type: none"> The SDU (known in Wisconsin as the Child Support Collection Trust Fund) receives 464,400 customer calls per month of which 95% are addressed without an agent. Also, about 30,200 calls per month are transferred to customer service representatives. There is no general information IVR; those calls are directed to CSAs.
Email	<ul style="list-style-type: none"> CSAs can send emails to and receive them from customers.
Call Center	<ul style="list-style-type: none"> There is no statewide call center, other than the SDU's payment status line. The SDU vendor handles about 30,200 calls per month and the state pays the vendor \$933,000 per year to maintain the SDU call center. Milwaukee and Racine Counties jointly operate one from Milwaukee for both caseloads. Other contiguous counties are considering regional call centers.
Fax	<ul style="list-style-type: none"> The Department of Children and Families' website lists the individual CSA's websites, many of which have fax numbers on them.

Table 97: Wisconsin Service Channels

Technology

537 The statewide automated IV-D system, KIDS, was PRWORA-certified in 2004, and is maintained by a combination of state staff with some vendors. BCS policy experts also double as business analysts for system enhancements. There are no current plans to replace the system. Table 98 provides a summary of the technology that supports the child support program.

Enabling Technologies	Wisconsin Examples
Statewide Child Support Enforcement System	<ul style="list-style-type: none"> The statewide automated IV-D system, KIDS, was PRWORA-certified in 2004, and is maintained by a combination of state and vendor staff.
Web Portals	<ul style="list-style-type: none"> Wisconsin has a website for employers and parents, where users can download informational materials and forms, look up case information and provide address updates. Employers can calculate the proration of the withheld amounts in multiple order cases and can obtain information about payment coupons. Wisconsin plans to add functionality over the next several years as budgets permit.
Document Imaging	<ul style="list-style-type: none"> About 60% of Wisconsin's caseload is supported by counties that have imaging solutions. These county solutions are not integrated and only allow for a county worker to view imaged documents from that county. Each county determines whether to implement an imaging program and, if so, chooses any technology it wants. BCS, short of planning a statewide imaging solution, plans to coordinate the various imaging software information so that counties with similar software can access best practices and key information about a particular solution.
Data Warehouse	<ul style="list-style-type: none"> Wisconsin KIDS generates simple reports but there is no data warehouse solution in place.

Table 98: Wisconsin Technology Enablers

Performance Management

- 538 Through transparent performance comparison among the CSAs, based on monthly reporting, competition has driven performance to a fairly admirable level. Coupled with 2% incentive funding loss for each underperforming federal incentive indicator, CSAs are motivated to be efficient in order establishment and collections. Every year BCS and CSA representatives, as part of the county contract committee, establish the next fiscal year's performance goals and emphases.
- 539 The county contract committee is charged with helping to coordinate aspects of the operation of the Wisconsin child support program, and in particular, how incentives are allocated among the CSAs. All offices are given similar targets based on their caseload-size category. The five incentive categories are weighted to reflect the program's emphasis for the next fiscal year to shore up perceived under-performing areas. For example, if paternity establishment is down, the state and the committee may agree to a 35% weight for the paternity indicator instead of a lower weight. The state regulation that covers incentives also states that "...a high level of performance is necessary in the large Wisconsin agencies to maximize the federal share of incentives." DCF § 153.04(2) (2008).
- 540 BCS' two Regional Administrators (RAs) conduct performance reviews of every CSA every three years. The RAs use a review tool called an "Agency Onsite Monitoring and Review Tool" to monitor and evaluate program and policy implementation. This tool is designed to identify both deficiencies and best practices to increase performance. In the event a deficiency is identified, technical assistance is offered which may include specialized training for caseworkers to address a specific deficiency.
- 541 In 2006, a child support summit was convened to deal with the pending DRA federal incentive match disallowance, which would have had a major impact on local funding. Predominantly CSA managers and workers and some BCS managers reviewed the program to determine if there were new ways to maximize performance with shrinking funding. The summit recommended more centralization, specialization, standardization and

automation as general principles. The participants also concluded that the strength of the program lay in its county-based services and that shared services between counties could help increase efficiencies and knowledge gaps. The twelve recommendations were:

- Recommendation 1: Centralized customer service call center. This did not materialize because of resistance from smaller CSAs that felt customers would miss the personal touch, plus the cost of the call center was intended to be partially funded by counties through incentive retention. Regional call centers may be the trend now.
- Recommendation 2: Produce more KIDS documents centrally. BCS is following this recommendation by centralizing all statewide notice generation and mailing.
- Recommendation 3: Create a central return mail unit. BCS is developing this.
- Recommendation 4: Use specialized county staff to handle KIDS financial processing. The CSAs are accomplishing this through the county service contracts.
- Recommendation 5: Use standardized forms for all IV-D and pro se hearings and enter orders into KIDS immediately. This is currently being developed. Wisconsin uses a temporary order form the instant the court renders a judgment to allow support to be collected immediately in a case, pending the final order entry and delivery.
- Recommendations 6 and 8: Provide early intervention services for all new court orders; provide administrative enforcement. BCS is investigating or developing increased automated functionality for administrative enforcement.
- Recommendation 7: Automate medical support activities and provide enhanced employer services. Medical support is still in the conceptual stage; BCS should have an enhanced website for customers and employers in the coming months.
- Recommendation 9: Centralize and fully automate locate activities. This is in the conceptual stage.
- Recommendation 10: Centralize or specialize and automate certain interstate functions. This is in the conceptual stage.
- Recommendation 11: Automate case closure and consolidate appropriate cases. This has mostly been implemented.
- Recommendation 12: Develop a new or enhanced web-based KIDS system and document generation software. This is in the conceptual stage.

542 Some of the recommendations were not implemented partly because the urgency dissipated with the temporary restoration of the incentive match, and partly because of the limitation in BCS resources to progress simultaneously on all 12 recommendations. As mentioned above, the call center may be developed regionally instead of centrally, which could eventually apply to some other centralized / regionalized functions such as locate or interstate case processing.

Conclusion

- 543 Wisconsin runs a program based on county performance that is motivated by performance comparison and the incentive funding formula. There seems to be a balance between BCS's CSA performance monitoring with consequences for under performance and collaboration with the CSAs to work out cost effective, simple solutions to outstanding issues. BCS and the CSAs agree to performance targets for the year, and the CSAs understand that the consequence of underperformance may be a reduction of incentive dollars up to 2% per measurement. This drives the lower-performing CSAs to exceed the baseline (average) for the state and for the higher-performing CSAs to reach the target for the state. CSAs receive monthly comparisons of performance and the competition among CSAs also motivates better performance. Because performance goals were agreed to by the county directors and the state provides progress reports, failure to achieve a goal is not a surprise. The child support director, by rule, has the authority to invoke a penalty. The county director has the right of appeal based upon material circumstance (i.e., the numbers are wrong in the computer system).
- 544 Milwaukee County is a key factor in the overall state performance due to its large size. Milwaukee has 39.2% of the state's caseload, while the next largest county, Dane (Madison), has 5.6% of the state's caseload. The bar is not lower for Milwaukee's performance than that for other counties, requiring the urban jurisdiction CSA to internally innovate, specialize, and become as efficient as possible. The CSA-to-CSA specialized contracts allow the sharing of a resource among two or more CSAs that may be hard to find in a smaller county, thereby reducing a disadvantage for some smaller counties.

Centralized Functions

- 545 In any child support program, regardless of the service delivery model in place, there is a legitimate call for certain functions to be done centrally. Some activities, like the maintenance of the statewide computer system or state policy creation naturally lend themselves to a centralized process. The following list identifies some child support functions that some states have chosen to centralize:
- Case Initiation: Receiving applications for services and entering a skeleton case into the child support enforcement system
 - Automated Enforcement: Performing automated enforcement activities such as Driver's License Suspensions
 - Medical Enforcement: Performing medical enforcement activities and includes special medical enforcement cleanup projects
 - Locate other than State Parent Locate Services (SPLS): Performing locate activities beyond automated SPLS and FPLS services
 - Call Center: Providing custodial and noncustodial customer services by state staff (Texas performs customer services centrally beyond their contracted vendor services.)
 - Payment Adjustments: Performing cash and non-cash balance adjustments to the child support account ledger
 - Legal Analysis: Responding to legal questions from staff and other attorneys
 - Policy and Procedures Writing: Providing policy and procedure documents for staff to use either manually or online

- Compliance Reviews: Performing case compliance reviews and the required annual self-assessment reports to OCSE
- Performance Management: Reviewing and identifying performance related issues and communicating those to the caseworkers
- CSE System Development and Maintenance: Performing the development and maintenance work relating to the Child Support case management system

546 In the review of each of the five states, we have identified a number of functions that are performed at the state central office. In order to really understand the impacts of a service delivery model in delivering child support services, it is critical to know which functions will be centralized and identify the costs and benefits to the child support program. The centralization of certain functions can yield substantial benefits for a child support program, including:

- Cost savings through the economies of scale
- Reduction in the duplication of services
- Larger impact across the child support program
- Specialized skill development
- Reduced resource need
- Large volume processing

547 Table 99 shows the benchmark states and Minnesota's child support program's most common centralized functions.

Function	MN	TX	ND	FL	CO	WI
Case Initiation	N	Y	Y	N	N	N
Automated Enforcement ¹⁰	N	Y	N	N	Y	N
Medical Enforcement	N	Y	N	N	N	N
Locate other than SPLS	N	N	Y	N	N	N
Call Center	N	Y	Y	N	N	N
Training Unit	Y	Y	N	Y	Y	Y
Payment Adjustments	Y	Y	Y	Y	N	Y
Legal Analysis	Y	Y	Y	Y	Y	Y
Policy and Procedure Writing	Y	Y	Y	Y	Y	Y
Compliance Reviews	Y	Y	Y	Y	Y	Y
Performance Management	N	Y	Y	Y	Y	Y
CSE System Dev & Maintenance	Y	Y	N	Y	N	Y

Table 99: Centralized Functions

- 548 Based upon the survey responses submitted and conversations with the benchmark states, the type of functions to be centralized are basically determined by the child support program leadership, ability to staff the project, and available funding.
- 549 Centralizing functions increases the growth and costs of central office yet the benefits to the child support program usually outweigh the costs. Taking a view of how Minnesota's central office costs and staffing compared to the benchmark states should offer some insights as to what type of organizational structure Minnesota may choose whether or not a new service delivery model is implemented.
- 550 As other states continue to move towards centralizing activities, years earlier, Texas began to leverage centralization with automation to the fullest extent possible and is recognized as a leading state in this area. In Table 100, note that Texas' percentage of central office costs is high compared to the other benchmark states. Texas combined all operational costs not directly occurring in the field to central office costs. An example would be their privatized call center and employer repository maintenance which are performed by vendors. Although not located in central office per se, the costs were attributed to "central office" because it is a centralized function. Therefore, while the percentages are valuable at face value, not each state is consistent with their definition of what constitutes central office expenditures.

¹⁰ Based on a majority of enforcement mechanisms.

- 551 Also, the table includes the staffing percentage of central office to the total FTE count submitted to the Federal Office of Child Support Enforcement by each state. Note that Wisconsin's and Colorado's percentages are low compared to the other benchmark states. Wisconsin utilizes their policy staff to perform business analyst work- double duty. These two states are county operated and thus, leave many of what functions could be centralized to the counties to handle. Both Wisconsin and Colorado have their largest counties hosting their own call centers. If other counties add call centers, this becomes a replication of effort and thus more costly to the program.

Central Office	MN	TX	ND	FL	CO	WI
% of Total Expenditures Spent by Central Office	23%	61%	30%	57%	32%	27%
% of Total State FTE in Central Office	18%	19%	25%	20%	11%	6%

Table 100: Centralized Costs and Staffing

- 552 Centralizing certain child support functions makes not only financial sense but also provides better service delivery to stakeholders. Whether or not a new service delivery model is chosen, Minnesota may want to further investigate additional child support functions that if centralized, would not only save costs but also improve performance.

Other Practices

- 553 In addition to the benchmark states, there are other state child support enforcement programs which have addressed service delivery model issues or implemented organizational or structural changes designed to improve their performance or the delivery of services.

Idaho – Privatization of Services

Legal Services

- 554 The Idaho Bureau of Child Support Services (BCSS) is a state supervised and state operated child support program that relies upon judicial processes to establish and enforce orders. Prior to 1991, BCSS utilized a combination of Prosecuting Attorneys and Attorneys General to provide legal services to establish and enforce child support orders. After analyzing its caseload and program performance, BCSS concluded that the provision of legal services from these two entities was neither cost effective nor efficient. In addition, BCSS concluded that the services provided by these two entities indicated a lack of expertise in family law. As a result, BCSS was faced with the creation of unfavorable case law resulting from the poor representation the program was receiving. To improve the quality of legal services provided to its customers and improve the overall effectiveness of the program, Idaho issued a Request for Proposal (RFP) for legal services across the state for the child support program.
- 555 Responses were received from many private Idaho family law firms. BCSS selected at least two law firms per BCSS regional office (Idaho has seven regions) in order to create a competition between providers which would drive additional efficiencies and productivity. This approach also provided BCSS with an alternate provider in the event one provider was unable to fulfill the contract either at BCSS option or otherwise. These contracts were based upon a fixed price for defined legal services and contained bonuses and penalties. For example, the fixed price to establish an order through a stipulation may have been a fee of \$175 but if the order was obtained within 30 days of referral, an additional bonus was paid. Conversely, if the order took more than 90 days to establish, the fixed price was reduced.

556 The benefits to this methodology for legal services were:

- BCSS was being represented by quality law firms in Idaho that specialized in family law and understood the issues and concerns with domestic relations actions.
- These law firms had established relationships with the courts and judges that reached far beyond BCSS. BCSS was able to leverage these relationships to address a variety of the issues associated with processing child support cases, for example, scheduling. The relationships these law firms had with the courts played an essential role in obtaining expedited services through the courts.
- Child support casework was the private firms' primary business activity unlike prosecuting attorneys', and placing legal representation with private law firms also removed the politics between government agencies from the equation.
- The fixed fee for services made it easier for both BCSS and the law firms to project their budgets.
- The fixed fees for services were competitively procured across the state to ensure uniform costs across the child support program. This type of procurement also assisted with public relations with the Idaho Bar Association and addressed the Bar's concerns about BCSS competing with Idaho law firms relating to the state providing legal services at a discount rate for non-TANF custodial parents that might have been able to afford a private attorney on their own.

Service of Process

557 Idaho uses the same methodology to procure private companies to provide service of process. Idaho identified timely service of process as an issue with the use of local sheriffs for providing service of process. Previously, local sheriffs often did not consider child support service of process a priority. Thus, timely service was not occurring and causing additional, duplicative casework and delaying the judicial process. Although service of process by sheriffs was cost free to the state, the consequences of poor service of process resulted in costs associated with loss of productivity and poor customer service.

558 The service of process contracts with private vendors are at a fixed fee for service plus mileage. Service fees are only paid for successful service and not for unsuccessful attempts. BCSS monitors providers for performance trends. Those vendors who are not performing at a reasonable success rate can be dismissed if BCSS determines the vendor has been provided with good, verified addresses but that service is not occurring.

559 Both the legal services and the service of process contracts are managed at the regional manager level. To ensure effective contract management, Idaho provides contract management training to its regional managers to ensure private vendor contracts are managed correctly and effectively and to help ensure optimum results of these processes.

560 The overall results of these two service delivery model initiatives are:

- Increase in the timely establishment and enforcement of child support orders
- Reduction of the costs associated with these services

- Increase in child support collections for families
- Compliance with federal child support program timeframes
- Increase in total program effectiveness

561 CSED may benefit from Idaho's experience in contracting for legal and service of process services. By using the Request for Proposal procurement process, CSED could potentially realize benefits gained through the reduction in legal costs, increased efficiencies and having family law experts available for consultation.

Nevada – Performance Improvement Initiative

562 Nevada is a state supervised, county operated program with the local services provided by county prosecutors under a cooperative agreement with the state. Nevada has not been among the high performing states under the federal incentive performance measures and has recently undergone efforts to address that level of performance through changes in its service delivery model.

563 In 2006, the Nevada Legislative Council through the Legislative Auditor commissioned a study of their child support program regarding performance, customer service, and service delivery. The results of the study provided recommendations for changes and improvements in the delivery of child support services. Initially, the recommendations were met with resistance at all levels within the Health and Human Services (HHS) organization. Even upon consideration of the HHS responses in opposition to the report, the Legislative Council adopted all the recommendations contained in the report and directed Nevada's child support program to conduct further study and make recommendations at the next legislative session for implementing critical recommendations from the study.

564 As noted, the Nevada child support program was initially hesitant to accept the report and its findings and recommendations but with the passage of time, accepted the report's findings and they have come to understand and appreciate the value of the recommendations. The Nevada child support program has commenced implementation activities on some of the recommendations. They continue to move forward with organizational changes and program improvements that benefit the program across the state.

565 As a means to help implement the recommendations of the 2006 study, a task force was created with representatives from the state program, county offices, and the judiciary. This task force is charged with reviewing performance issues and developing strategies to address those performance issues. While the task force was only recently formed, it illustrates the approach Nevada is taking to involve stakeholders in working toward performance improvement.

566 Nevada's child support program also passed legislation that allows the program to withhold 25% of the incentive funds from the counties for program improvements that benefit the whole child support program across the state.

567 In conclusion, as with the Colorado program, Nevada moved towards a task force approach to assist with improving program performance. Minnesota may wish to further explore how this practice may apply in Minnesota. Minnesota may also consider withholding a percentage of the federal incentives currently disbursed to the counties for improving program performance as Nevada has just incorporated. These funds should be targeted for projects that would improve the child support program across the whole state not just for individual county or state operation.

Georgia – “Hub” Service Delivery

- 568 Georgia utilizes a “hub” concept to provide the delivery of services in the metro-Atlanta area. These hubs or specialized offices are responsible for various services such as the intake, locate, and establishment processes as well as initial monitoring before turning the case over to the county office for routine and judicial enforcement. The state decided to specialize certain functions to take advantage of the economies of scale and to place the service in locations where staffing and office space are readily available. Although these functions are not truly centralized, it is a form of centralized services and specialized services combined. Georgia has chosen to locate these services in the regions with the most population and cases the Georgia child support program serves. One example is the placement of all the traditional paying cases in one caseload (specialized) where it takes only a few staff to monitor and support these cases until something triggers an event for service requiring more attention. With these cases located in the regional office, immediate attention by another caseworker improves the customer service and enhances the utilization of resources.
- 569 Georgia also utilizes a virtual customer call center whereby caseworkers handle customer calls from their “home” office. This approach could build upon Minnesota’s current practice regarding how counties utilize telecommuter programs for caseworkers working out of their home. Although, the current telecommuting practice does not involve the receipt of customer calls at the caseworker’s home, the current practice could be expanded to permit caseworkers to provide customer service from home. Due to its current culture regarding telecommuters, implementing such a customer service program in Minnesota may be met with less resistance compared to other states. The ability to have customer service agents working from their home benefits not only the customer service agent, but allows for flexible scheduling and reduction in overhead costs.
- 570 Minnesota may benefit by having specialized services in its larger counties. For example, establishing a specialized locate unit for certain counties could offer benefits to the majority of the state’s cases but other county locate cases would be worked by this specialized unit as well. For those counties who use the generalist approach with smaller caseloads, they would continue to perform their own locate activities.

Washington – Caseload Assignment

- 571 Washington State is a state administered program under the Department of Health and Human Services. Washington has moved to a new approach for leveling caseloads. Washington will assign a case to the caseworker with the fewest cases in their caseload. The placement of the case is not dependent upon the location of the custodial or noncustodial parent until such time as there is a required court action to be taken. When a court action is required, the case is then assigned to a caseworker in that local office.
- 572 This approach to caseload management has certain implications to a state. The rural areas would see an increase in their caseload and the larger counties a corresponding decrease over time. This process would begin the transition for caseworkers from the mindset of county owned cases to state owned cases. Caseworkers would be working cases for the benefit of all Minnesota’s children and not for only the children in their specific county. Furthermore, customer service needs would be addressed more quickly and efficiently with balanced caseloads.

Oregon – Move to Department of Justice

- 573 The Oregon Child Support Enforcement program is now 100% under the Department of Justice. Until 2003, the child support program was split between the Department of Justice (DOJ) and the Department of Human Services (DHS) agencies. The Oregon Department of Human Services was responsible for the TANF cases and the Department of Justice was responsible for all the Non-TANF services. Customer confusion and duplication of efforts were problematic with two agencies performing child support services. DHS was primarily responsible for the infrastructure of the child support program and the TANF cases and the DOJ was performing non-TANF and legal casework. In addition, the DOJ had their own

“administrative” processes where DHS did not. Women advocacy groups started applying pressure on these state agencies to combine services. The legislature was not in favor of expanding DHS due to its relatively large size already.

- 574 When a new Attorney General took office, the process to bring child support over to the Department of Justice (DOJ) began. At first, the solution was to bring all cases and activities over to the DOJ and leave the administration services and the child support system under DHS. However, DHS did not want the computer system and State Disbursement Unit and told DOJ they could have those pieces as well. What was left with DHS was going to be policy and the formal office for the Title IV-D agency as required by statute. Some resistance remained with those who believed families are better served under a “social” program versus an “enforcement” program. Finally, the DOJ was awarded total control and responsibility for the child support program by the legislature. A noteworthy resolution was the fact the Prosecuting Attorneys (PA) were statutorily given one financed position in the DOJ organization to ensure the PA needs were addressed.
- 575 The drivers for this change were:
- Grassroots’ groups upset with poor performance and inconsistent application of the child support program
 - Confusion among the customers as they would receive mail from two different agencies, etc.
 - Child support services were being duplicated across the state
 - Budgets compilation and tracking was perplexing and costly to reconcile
 - Legislators were confused about which agency was accountable for how program funding was to be addressed since both agencies were submitting budgets for child support services
 - Policy interpretation and application inconsistent among workers
- 576 Oregon had an elected official that was willing to address the duplication of child support services plus he had community support for this type of change. In addition to community support, the legislators were also behind the change and supported the proposed legislation. Even with this support, it took incremental steps and time to finally make the transition a reality. This was not a quick process.
- 577 Staffing issues for this organizational change were minimal since both DOJ and DHS are state agencies. The staff benefit packages were the same, thus moving staff from one agency to another was more a budget issue than a personnel issue.
- 578 CSED may benefit from Oregon’s experience in how the Attorney General strategically developed alliances both politically and within sister agencies to transfer the administration and operation of the child support program to a single agency, whether that be within the existing state umbrella agency or in a different umbrella agency. Should CSED decide to move to a state operated service delivery model, CSED will benefit by having a champion to shepherd the transition through the political environment.
- 579 Table 101 highlights the issues and considerations Minnesota may wish to consider regarding leading practices related to organizational structure.

State	Issue	Minnesota
Idaho	Increase order establishment performance, increase relations with courts and customers and reduce costs.	Consider the use of private law firms to conduct child support legal services.
	Increase the level of successful Service of Process and reduce do-over activities related to unsuccessful service.	Consider the use of private process servers and pay for only successful service. Ensure locate process is designed to include 'validation' of located non custodial parent location.
Nevada	No county stakeholder buy-in for the support and direction of the child support program.	Consider the creation of a task force committee consisting of proper county representation.
	No funds for overall program improvements.	Consider withholding a percentage of the incentives that are currently passed down to the counties as funds for improving the child support program 'statewide'.
Georgia	Leveraging the economies of scale for child support case activity	Consider how leveraging the economies of scale for certain child support activities would best serve the Minnesota program and staff resources.
	Virtual Customer Service	Consider how the Minnesota current county practice of telecommuting could be expanded into customer service call center type work.
Washington State	Caseload leveling	Consider utilizing a caseload leveling technique for Minnesota that continues to balance caseloads across all child support caseworkers.
Oregon	Transfer the child support program from HHS to Department of Justice.	Minnesota may wish to consider how Oregon was able to obtain support for their change and see if those methods are applicable to Minnesota.

Table 101: Summary of Other Practices

Industry Analysis Summary

- 580 This Industry Analysis presents information regarding the chosen benchmark states plus selected experiences or practices from other states that may have value to Minnesota. Although there are federal requirements that all state child support programs must meet, there is considerable flexibility in how the different states comply with those federal requirements. These variations in service delivery models coupled with the particular legal and political environments in a given state often make clear contrasts and comparisons subject to nuanced interpretations. In assessing the applicability of a particular state's practice or delivery structure, a more relevant and meaningful view may be assessing the alignment of the benchmark state's delivery models with the evaluation criteria set by CSED.
- 581 The following tables evaluate the alignment of each benchmark state's service delivery model with the evaluation criteria summarized in Table 102.

Evaluation Criteria	Definition
Consistency	<ul style="list-style-type: none"> State child support policies should be implemented in a consistent manner. The citizens of Minnesota should expect to receive the same level and type of services regardless of where they live or which entity is responsible for their case.
Cost Effectiveness	<ul style="list-style-type: none"> The Minnesota Child Support Program should seek ways to be good stewards of the local, state, and federal funding of the program and also attempt to deliver child support services in the most cost-effective manner possible.
Performance Driven	<ul style="list-style-type: none"> Clear performance measures need to be established that are used to determine the quality of services delivered to families.
Clear Delineation of Roles & Responsibilities	<ul style="list-style-type: none"> There needs to be a clear understanding of the roles and responsibilities of the various partners involved in the delivery of child support services. If partners are going to be held accountable for performance, they need to know what is expected of them and which resources they have at their disposal for assistance.
Accountability	<ul style="list-style-type: none"> Since the state is held accountable for overall statewide performance, it should be provided the authority and the tools required to set standards and have control in achieving the desired performance outcomes. An included criterion in this is the ability to take remedial actions with partners that are not meeting performance expectations.
Focus on Simplification & Streamlining	<ul style="list-style-type: none"> Efforts should be made to reduce the complexity of the child support service delivery model and processes that are performed within it. Duplication of efforts should be minimized and energies focused on high-value activities that lead toward desired performance outcomes.

Table 102: CSED Evaluation Criteria

Consistency

582

The consistent delivery of child support services across a state in conformance with established policies and practices promotes efficiency and builds public confidence in the child support program. Table 103 presents a summary evaluation of each benchmark state and how their service delivery promotes consistent service delivery.

Evaluation Criteria	Texas	North Dakota	Florida	Colorado	Wisconsin
Consistency	<p>Relies upon their program evaluation efforts, communication with the leadership team and automation and centralization of CSE functions that lend themselves to leveraging the advantages of the economies of scale to deliver consistent services.</p> <p>Utilizes extensive training program with on-line 24/7 access for caseworkers to reinforce consistency.</p> <p>State operated service delivery model inherently reduces the number of political entities and their individual concerns regarding people, processes and technology.</p>	<p>In 2007 transitioned to a state operated service delivery model. North Dakota eliminated a number of stakeholder concerns regarding inconsistent child support services.</p> <p>State policies and procedures are now the policies staff must adhere to therefore, progress is being made towards consistency in the delivery of services.</p>	<p>Florida is in the middle of developing a new child support computer system. They are using current policies as the main driver for consistency during this time.</p> <p>The new system (CAMSII) will help drive consistency in the application of services.</p>	<p>Relies upon their Task Force for consistent policy development and interpretation. This committee drives consistency with stakeholder buy-in relating to the application of the program.</p> <p>The process is slow but once the buy-in happens, the resistance to change is minimal.</p> <p>Colorado's program evaluation unit reviews production data daily, handles customer complaints and coordinates with the county directors. This information provides the data necessary to ensure corrections are made regarding the delivery of consistent services.</p>	<p>Relies upon program evaluation and the county and state leadership team through their annual planning and evaluation to set goals and improve performance in the delivery of services to the customer.</p> <p>Program evaluations address adherence to policies and procedures, make recommendations for course corrections and monitor those changes.</p>

Table 103: Consistency

Cost Effectiveness

- 583 Being good stewards of the local, state, and federal funding of the program and also attempting to deliver child support services in the most cost-effective manner possible is a common goal of all the benchmark states. Table 104 provides a summary of the features of the benchmark states which promote cost effective service delivery.

Evaluation Criteria	Texas	North Dakota	Florida	Colorado	Wisconsin
Cost Effectiveness	<p>Texas is the number two state in the cost effectiveness measure.</p> <p>Uses automation and program efficiencies to reduce costs and increase collections.</p>	<p>Top third in the country regarding cost effectiveness. North Dakota focuses on expanding collections.</p> <p>Since transitioning to state operation is relatively new to North Dakota they have begun efforts to reduce costs through controls that having a single budget permits.</p>	<p>Florida is in the middle third of states for cost effectiveness. This is partly due to new systems costs.</p> <p>The CAMS II system will help drive consistency as new business processes are being incorporated into the system.</p>	<p>Colorado is in the middle third of states for cost effectiveness.</p> <p>Colorado is not one of the most cost effective programs in part due to the counties having control of their own budgets and the state not having any budget authority over the counties.</p>	<p>Wisconsin is in the top third of the country in cost effectiveness.</p> <p>Although there is little state control over county office budgets. Wisconsin stresses only funding those activities (Establishment and Collections) that yield a substantial program and return on investment benefit.</p>

Table 104: Cost Effectiveness

Performance Driven

- 584 The term performance driven refers to effective performance measurement and management within the state which establishes clear performance metrics and provides the tools to measure performance against those metrics. Table 105 summarizes the performance management efforts and tools of the benchmark states.

Evaluation Criteria	Texas	North Dakota	Florida	Colorado	Wisconsin
Performance Driven	<p>Treats all offices the same regarding performance. Uses Dashboards, Case Analytics, Ad-hoc Reports and Performance Reviews.</p> <p>Utilizes email with customers for faster communication between caseworkers and customers.</p> <p>Offices have an annual comprehensive program audit beyond the OCSE self assessment.</p> <p>Staff have annual performance reviews tied to performance. Also regional and office managers review performance daily and make course adjustments.</p>	<p>Utilizes performance reviews by the state office. Goals are set statewide and performance bonuses are paid per worker in the two most improved offices.</p> <p>Utilizes arrears stratification processes and has an arrears reduction program that moves cases towards closure so caseworkers spend more time working cases with current support due.</p>	<p>Florida's new system development project has required that the focus for the program be on collections activities first.</p> <p>Performance targets are established statewide and reduced to local service sites and then individuals.</p> <p>Critical job tasks are incorporated into employee evaluations.</p>	<p>Performance driven through their policy and program evaluation unit. Goals are set statewide for every county. Focus is on larger county performance due to the impact upon the program statewide.</p> <p>Colorado conducts annual program evaluations and requires counties to update performance plans when deficiencies are discovered. The state also monitors performance monthly and looks for trends in performance and communicates concerns to the county directors.</p> <p>Colorado is developing a dashboard for caseworkers and is piloting that now in a few counties.</p>	<p>Performance driven from the top down. Measures performance and openly shares each county's progress across the state to drive performance through competition.</p> <p>Workers can suppress and prioritize some work list items as a way to set their own priorities for work.</p> <p>There are performance reviews at the local office and office unit levels but not at the employee level.</p> <p>Penalties regarding poor performance are the loss of a percentage of their incentive funds per measure.</p>

Table 105: Performance Driven

Delineation of Roles and Responsibilities

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Child support programs, regardless of whether state or county operated, rely upon variety of different providers to deliver quality services. A clear delineation of roles and responsibilities reduces confusion both on the part of the participants in the program as well as customers and the public over where to access particular services and the provider of those services. This clarity also reduces or eliminates internal debates about the authority to set and enforce clear, statewide policies and practices. Table 106 provides a summary of how the benchmark states attempt to achieve this clarity in roles and responsibilities.

Evaluation Criteria	Texas	North Dakota	Florida	Colorado	Wisconsin
Clear Delineation of Roles and Responsibilities	<p>Roles are defined within the organization. Annual personnel performance plans describe roles and job descriptions.</p> <p>Vendor contracts include language regarding role and performance expectations.</p>	<p>By transitioning to state operated program, roles are defined within the organization.</p> <p>New roles and job descriptions have been developed by the state Human Resources agency.</p>	<p>As a state operated program, roles are defined within the organization. Roles and job descriptions have been developed by the state Human Resources agency.</p>	<p>Roles are defined in statute which directs that the counties provide the delivery of child support services.</p> <p>Counties understand their roles for performance and the state supports their efforts.</p>	<p>The culture and annual performance meetings established in Wisconsin between the state and the counties have resulted in clear delineation of roles and responsibilities.</p> <p>Statute provides for the counties to deliver services and to work with the state to set performance goals. State has the authority to penalize counties for poor performance by reducing incentive payments for each federal measure goal that was not achieved.</p>

Table 106: Clear Delineation of Roles and Responsibilities

Accountability

586 Child support programs provide vital services for the children and families of their states and these customers, as well as the public at large, have legitimate service expectations. As such, accountability for the quality and effectiveness of the services provided is a key element of a successful child support program. Table 107 assesses the accountability present in each benchmark states' service delivery model.

Evaluation Criteria	Texas	North Dakota	Florida	Colorado	Wisconsin
Accountability	<p>State operated. Focuses on holding staff accountable for work performed.</p> <p>Holds every caseworker, manager, and regional leadership accountable for maximizing performance and reducing operational costs.</p> <p>Annual performance plans incorporate accountability for each role.</p>	<p>State operated. Focuses on holding staff accountable for work performed.</p> <p>Regional office managers are now accountable to the IV-D Director for performance and management of the regional office.</p>	<p>State operated. Focuses on holding staff accountable for work performed.</p> <p>Regional office managers are now accountable to the IV-D Director for performance and management of the regional office.</p>	<p>County operated. Focus is on county accountability.</p> <p>The director has moved towards a consensus decision making approach with the Task Force Committee instead of an authoritative approach.</p> <p>Although he has the authority in statute to implement penalties through the reduction in incentives, the Director has yet to invoke a penalty. The result of the consensus process has negated the need to invoke penalties.</p> <p>State makes efforts to include counties in program decisions and communicates updates frequently with stakeholders.</p> <p>Utilizes court liaison to help with judicial issues affecting performance.</p>	<p>County operated. Focus is on county accountability.</p> <p>Annual meetings with the counties to set goals and objectives for the year and stress accountability and the use of incentive penalties to drive performance outcomes.</p>

Table 107: Accountability

Simplification and Streamlining

- 587 A streamlined service delivery model supports both efficiency and effectiveness by reducing duplication of effort and misallocation of resources. Table 108 illustrates how the benchmark states attempt to achieve a simplified and streamlined service delivery model.

Evaluation Criteria	Texas	North Dakota	Florida	Colorado	Wisconsin
Simplification and Streamlining	<p>Texas' reputation in the child support community is one that is known for discovering opportunities to improve processes in the delivery of services to the customer and for pioneering solutions. They have been recognized by national child support organizations for their program performance.</p> <p>For Texas, simplification and streamlining is accomplished by continuously evaluating functions that lend themselves to leveraging the economies of scale and then incorporating these functions into central office or automation or both.</p> <p>In addition, performance review results are evaluated daily, monthly, and annually and processes are improved upon where appropriate.</p>	<p>The transition to state operated program has created new opportunities for simplification and streamlining processes. The Director is evaluating and implementing process improvement practices statewide.</p>	<p>Florida's new system (CAMS II) development required examination of business processes. The results will be simplification and streamlining of their business processes and those incorporated into CAMS II.</p>	<p>Strong systems automation is the main focal point for simplification and streamlining of processes. Task Force sub committees are utilized to support this effort.</p> <p>Colorado's evaluation program is responsible for assessing processes that can be improved upon and presenting those to the Task Force.</p>	<p>The state and county process for establishing annual goals and priorities, coupled with penalties for poor performance, drives counties to look for opportunities to improve processes and the state supports those activities whenever possible.</p>

Table 108: Simplification and Streamlining

- 588 Upon consideration of the CSED service delivery model evaluation criteria, the state operated benchmark states seem to demonstrate the perceived advantages of a state operated model over a county operated model. Both models will support the delivery of child support services in some degree of alignment with the evaluation criteria; however, the state operated model has a closer alignment with all of the criteria. The state operated programs, Texas, North Dakota and Florida, have a higher degree of consistency and accountability and are better able to deliver services in accord with the evaluation criteria.

Options Analysis

Introduction

589 The RFP for this service delivery model project requested that the selected vendor provide, if necessary, one or more service delivery model options that could be adopted by Minnesota that would allow it to:

- Manage the most cost effective program possible,
- Maintain the state's high level of performance, and;
- Meet all federal requirements that set the criteria of a state child support program.

590 In the options analysis stage of this project, we focused our efforts on identifying potential service delivery models that met these objectives. We considered models that are currently in use by the child support programs we reviewed as part of the State Benchmark Study as well as considering other models that exist from non-benchmark states.

Rationale for Selection of a Service Delivery Model Option

591 In addition to comparing potential options to the three primary goals of the project listed above, it was important that the options take into account the vision, values, and objectives of the Minnesota Child Support Program. Therefore, in our analysis of each of the core service delivery options presented, we considered two key areas of focus. First, we compared each of the options against the goals and strategies outlined in the Minnesota Child Support Program's 2008-2012 Strategic Plan. Secondly, we contrasted each of the proposed options against the option evaluation criteria provided to us by CSED during this project.

Child Support Program's Strategic Goals

592 The Minnesota Child Support Program has three primary strategic goals for the program per the Minnesota Child Support Program's 2008-2012 Strategic Plan:

- Be Efficient, Consistent and Responsive
- Be Effective, Maximize Overall Performance and Outcomes
- Be Responsive, Provide Consistent High Quality Customer Service

593 These goals are further defined in Figure 26 along with the strategies that the program has identified as the manner in which the goals can be accomplished.



Figure 26: Minnesota Child Support Strategic Goals and Strategies

594 During the process of developing service delivery options, we compared each proposed option against the program's objectives to determine if a proposed service delivery option was aligned with helping the program achieve each of the program's defined core goals. A summary of how each option aligns to these CSED strategic goals will be provided later in this section.

Evaluation Criteria

595 As indicated in the RFP and the project plan, the decision to proceed with the implementation plan for any option will be made by the Minnesota Child Support Program. The decision about whether to proceed with a particular option is vital as the next stage in this project, the development of

the implementation plan, is dependent upon which option(s) are selected. In order to facilitate this decision making process, CSED and Deloitte held an evaluation criteria meeting to allow CSED to inform Deloitte on the key program values that will be the evaluation criteria considered when CSED makes the decision on which model(s) to select. Table 109 defines these evaluation criteria.

Evaluation Criteria	Definition of Criteria
Consistency	State child support policies should be implemented in a consistent manner. The citizens of Minnesota should expect to receive the same level and type of services regardless of where they live or which entity is responsible for their case.
Cost Effectiveness	The Minnesota Child Support Program should seek ways to be good stewards of the local, state, and federal funding of the program and also attempt to deliver child support services in the most cost effective manner possible.
Performance Driven	Clear performance measures need to be established that are used to determine the quality of services delivered to families.
Clear Delineation of Roles & Responsibilities	There needs to be a clear understanding of the roles and responsibilities of the various partners involved in the delivery of child support services. If partners are going to be held accountable for performance, they need to know what is expected of them and which resources they have at their disposal for assistance.
Accountability	Since the state is held accountable by federal law and regulation for overall statewide performance, it should be provided the authority and the tools required to set standards and have control in achieving the desired performance outcomes. An included criterion in this is the ability to take remedial actions with partners that are not meeting performance expectations.
Focus on Simplification & Streamlining	Efforts should be made to reduce the complexity from the child support service delivery model and processes that are performed within it. Duplication of efforts should be minimized and energies focused on high-value activities that lead to desired performance outcomes.

Table 109: Option Evaluation Criteria

- 596 For each of the service delivery options presented further in this section, there will be a corresponding table that describes how a proposed model meets the defined evaluation criteria. However, in evaluating the options, Deloitte will be using the questions posed in the RFP, the program's strategic plan, and the evaluation criteria described above to identify how closely the options align with the Strategic Plan and evaluation criteria. CSED may or may not chose that particular option for implementation but our analysis will identify this alignment and the benefits and barriers associated with each option.

Organizational Options

- 597 Our analysis of the potential benefits of various service delivery models led us to include three service delivery model options for CSED to consider. These options are:
- State Operated Regional Offices
 - County Operated Regional Offices with Enhanced Governance

- County Operated with Enhanced Governance

598 Each of these three options have been included because we think that there are components within each one that can help the child support program achieve its strategic goals and the goals of this project. For each of these options, we will show in summary form how each option relates to the defined evaluation criteria and if they support the strategic goals and strategies of the program. After this summary, we will provide a detailed description of each option along with cost benefit analysis.

599 It is important to note that as part of the options analysis, other service delivery models were considered that we determined were not good fits for implementation in Minnesota. These options included:

- **A privatized service delivery model** – While there are some states that have privatized components of service delivery, including some privatization of county based offices, there was not a compelling business case to recommend this model. There has never been a state child support program that has a fully privatized service delivery model. In general, programs across the nation that have privatized local offices as a component of their delivery model do not show marked improvement in performance. The national studies which have been done of privatization, although somewhat dated, have also concluded that privatization has not resulted in a marked change in performance, either negative or positive. Those states which have embarked on privatization efforts have done so more for political reasons rather than from a careful analysis of the benefits of privatization. Furthermore, a private approach to delivering services does not necessarily support consistent application of policies and procedures.
- **Moving child support to another agency** – There are some states that have moved the child support program from a state health and human services agency to another agency. For example, in 1994, Florida moved the child support program under the umbrella of the Department of Revenue. Texas also moved its child support program to the Office of the Attorney General. These programs moved primarily due to pressure resulting from poor customer service and pressure for radical change from citizens and legislators. We found no data to indicate that moving the Minnesota Child Support Program would result in a more cost effective and efficient program.

Option 1: State Operated Regional Offices

600 This option transforms the Minnesota Child Support Program from a county operated service delivery model to a state operated child support service delivery model. The new structure provides direct central control over all aspects of the program, maximizing economies of scale and resource reallocation to improve efficiency, resulting in overall program savings. While there would no longer be a need for cooperative agreements between the counties and CSED, there would still be cooperative agreements between the state program and sheriffs and a continuation of the intergovernmental agreement with the courts for magistrate services. In the event CSED elects to obtain service of process services solely from private vendors, the cooperative agreements with the sheriffs may not be necessary.

601 The state operated model places child support program leadership, management, planning, organization, evaluation, and provision of customer services directly under the direct control of the Minnesota Child Support Enforcement Division (CSED) from central office staff to field office staff. CSED would be the only political entity controlling and delivering child support services for the State of Minnesota.

602 Table 110 provides an evaluation of the State Operated Regional Offices option along the defined criteria.

Evaluation Criteria	Option 1: State Operated Regional Offices
Consistency	This model offers the Child Support Program the opportunity to significantly improve the consistency of how policies are implemented and services are provided. The primary driver for this benefit is that there would only be one organization responsible for the application of policy and delivery of services. In the current model or in the other proposed models, there are counties or county operated regions that would interpret and implement policies and procedures according to their understanding. This model appears to offer the greatest potential to reduce differences in how participants receive services and child support policies are implemented.
Cost Effectiveness	This model should provide a variety of opportunities for improvement in cost effectiveness. One factor that would contribute to this benefit is the ability to reduce the amount of indirect costs and legal costs currently charged by counties. In addition, there would be established staffing standards in place that would allow for an overall reduction in FTEs required to deliver child support services.
Performance Driven	One of the most critical areas related to performance management is the ability of an organization to control behaviors that impact key performance metrics. This model provides this opportunity, as the single agency would be able to have the authority and discretion to focus staff on activities that are directly related to key performance metrics.
Clear Delineation of Roles & Responsibilities	This model would, in many instances, remove the necessity for cooperative agreements between the state and other service providers. To the extent that such agreements remain, for example the intergovernmental agreement with the courts, the roles and responsibilities could be defined in those agreements.
Accountability	As the sole entity responsible for the delivery of child support services, CSED would be fully accountable for the statewide performance and the delivery of services. There would be one agency that establishes and implements policies and procedures and that is accountable for the results and outcomes of the program.
Focus on Simplification & Streamlining	This model would allow for a greater opportunity to take advantage of economies of scale and increased efficiencies associated with the elimination of the duplication of services which exist in the current model.

Table 110: Evaluation Criteria – Option 1: State Operated Regional Offices

Option 2: County Operated Regional Offices with Enhanced Governance

- 603 This model consolidates all existing county offices into a regional office structure to gain the advantages associated with economies of scale and increased efficiencies associated with the elimination of the duplication of services which currently exist. This model also provides opportunities to centralize or specialize some functions or services now performed in the individual counties either through multi-county or multi-region consortiums or by the state. In this option, the role and responsibility of CSED and the roles of the regional county organizations would be clearly defined in statute and refined further in the shared services agreements and the cooperative agreements.
- 604 Table 111 provides an evaluation of the County Operated Regional Offices with Enhanced Governance option along the defined criteria.

Evaluation Criteria	Option 2: County Operated Regional Offices with Enhanced Governance
Consistency	<p>This model offers the Child Support Program the opportunity to improve the consistency of how policies are implemented and services are provided. The primary driver for this would be clearly established cooperative agreements between the regional offices and CSED that define performance objectives and the manner in which services would be delivered. Also, by consolidating the 84 existing offices into regions, there would be fewer offices and fewer delivery philosophies in existence that can lead to different ways of providing services to customers.</p> <p>However, while the state would have greater ability to influence regions, the regions would still be managed by the counties. Therefore, it may not be possible to ensure that a customer would receive the same service or experience from region to region.</p>
Cost Effectiveness	<p>This model should allow for improvement related to cost effectiveness. The primary driver for this would be clearly established cooperative agreements between the regional offices and CSED that define performance objectives and the manner in which services would be delivered. In this model, there would be established staffing standards in the cooperative agreement with the regions which define a caseload to FTE minimum and maximum standard. In addition to reduction in overall FTEs working in the program, this model calls for cooperative agreements that put spending caps on indirect costs and costs associated with legal services.</p>
Performance Driven	<p>This model calls for the establishment of performance standards related to federal and state measures, timeframes associated with the delivery of services and key outcomes established by the State and County Workgroup that would support this model. This model includes a flexible and adaptable method for the allocation of federal and state incentive funds to the county operated regions. The manner in which incentives are given to regions could be modified as needed to allow the Child Support Program to focus on different metrics as the need for doing so requires.</p>
Clear Delineation of Roles & Responsibilities	<p>This model calls for the clear definition of state, county, and county attorney or other legal services provider roles and responsibilities in Minnesota statute. In addition to these statutory definitions, the cooperative agreements that would exist between the various parties would clearly indicate the expectations of each party in the delivery of child support services and in the relationships each entity has with each other. Additionally, under this model, future changes to the governing statutes defining the roles and responsibilities would buttress the program's authority to seek legal services through competitive procurement from providers other than county attorneys to maximize cost management and control.</p>
Accountability	<p>The establishment of clear, performance focused cooperative agreements between the county regions and CSED would allow some improvement in accountability. However, ultimately, county operated regions would still be in control of performance for the cases that they support and may or may not react as hoped when faced with potential reductions in incentives.</p>
Focus on Simplification & Streamlining	<p>This model would allow for a greater opportunity to take advantage of economies of scale and increased efficiencies associated with the elimination of the duplication of services which exist in the current model.</p>

Table 111: Evaluation Criteria – Option 2: County Operated Regional Offices with Enhanced Governance

Option 3: County Operated with Enhanced Governance

- 605 This option leaves the current county operated model in place but requires a change to clearly define the roles and responsibilities of the core child support service providers. Specifically, the state office, the county offices, and the county attorneys' or other legal services providers' roles would be defined in statute and via cooperative agreements that would govern the parties' relationships in order to improve the consistency of the services delivered and to define the accountability for the delivery of those services. The statutory changes that would define the roles and responsibilities of the service providers would make explicit county authority to obtain legal services through competitive procurement from a variety of providers, including the county attorneys, through competitive bids. Under this model, the state office is provided with greater authority to lead and manage the Minnesota CSE Program through the terms and conditions of the cooperative agreements, and to allocate state and federal incentives to the counties to encourage those activities that would improve overall state performance.
- 606 Table 112 provides an evaluation of the County Operated with Enhanced Governance option along the defined criteria.




Evaluation Criteria	Option 3: County Operated with Enhanced Governance
Consistency	<p>As with the County Operated Regional Model, this model offers the Child Support Program the opportunity to improve consistency in how policies are implemented and how services are provided. Clearly established cooperative agreements between the county offices and CSED would define performance objectives and the manner in which services would be delivered.</p> <p>However, while the state would have greater ability to influence counties, the delivery of child support service would still primarily be a county function. Therefore, it would not be possible to ensure that a customer would get the same service and experience from county to county.</p>
Cost Effectiveness	<p>This model should allow for improvement in overall cost effectiveness. The primary driver for this benefit would be the enhanced governance resulting from cooperative agreements between the county offices and CSED that define performance standards and the manner in which services would be delivered. In this model, staffing standards would be established in the cooperative agreement with the counties which define a caseload to FTE minimum and maximum standard. In addition to staff reductions, this model calls for cooperative agreements that put spending caps on indirect costs and costs associated with legal services. However, the improvement in cost effectiveness may be limited by the number of individual cost centers which would continue to exist under this model.</p>
Performance Driven	<p>This model calls for the establishment of performance standards related to federal and state measures, timeframes associated with the delivery of services and key outcomes established by the State and County Workgroup that would support this model. This model calls for a flexible and adaptable approach for the allocation of federal and state incentive funds to the counties. The manner in which incentives are given to counties would be modified as needed to allow for the Child Support Program to focus on different outcomes as needed to improve overall state performance or achieve defined goals.</p>
Clear Delineation of Roles & Responsibilities	<p>This model calls for the clear definition of state, county, and county attorney or other legal services provider roles and responsibilities in Minnesota statute. In addition to these statutory definitions, the cooperative agreements that would exist between the various parties would clearly indicate the expectations and duties of each party in the delivery of child support services and in the relationships each entity has with each other. Additionally, under this model, changes to the governing statutes defining the roles and responsibilities would buttress the program's authority to seek legal services through competitive procurement from providers other than county attorneys to maximize cost management and control.</p>
Accountability	<p>The establishment of clear, performance focused cooperative agreements between the counties and CSED would allow some improvement in accountability. However, ultimately, counties still would be in control of performance for the cases that they support and may not react as hoped when faced with potential reductions in incentives.</p>
Focus on Simplification & Streamlining	<p>As core child support delivery would remain in the existing 84 offices, there is limited opportunity for simplifying and streamlining efforts. As the option profile indicates, there would be opportunities to centralize some aspects of child support delivery but this option provides the least opportunity for the overall Child Support Program to become more streamlined.</p>

Table 112: Evaluation Criteria – Option 3: County Operated with Enhanced Governance

Alignment with Evaluation Criteria

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The analysis of each service delivery option included the consideration of whether or not the option supported the evaluation criteria defined by CSED. CSED will use these evaluation criteria in deciding which option to choose for the implementation planning phase of this project. In order to assist with this decision making process, we assessed each option based on whether or not it strengthens the program's ability to achieve each evaluation criterion. Table 113 provides a summary of how the service delivery options align with the evaluation criteria defined by CSED. In evaluating each model's alignment with the evaluation criteria, we have assessed the degree to which each model could potentially result in meeting the evaluation criteria. This assessment is based upon our knowledge of the Minnesota Child Support Program gained through the Policy BPR Project as well as this study, and informed by the Industry Analysis and our professional judgment. Each option is assessed on whether or not its implementation would result in meeting the evaluation criteria as follows:

-  – Implementing this option would likely not result in meeting this evaluation criterion
-  – Implementing this option could possibly result in meeting this evaluation criteria
-  – Implementing this option would likely result in meeting this evaluation criteria














































Evaluation Criteria	Service Delivery Option		
	Option 1: State Operated Regional Offices	Option 2: County Operated Regional Offices with Enhanced Governance	Option 3: County Operated with Enhanced Governance
Consistency			
Cost Effectiveness			
Performance Driven			
Clear Delineation of Roles & Responsibilities			
Accountability			
Focus on Simplification & Streamlining			


































Table 113: Alignment of Organizational Options to Evaluation Criteria

Alignment with Child Support Program Goals and Strategies

608 As previously mentioned, the analysis of each service delivery option also included the consideration of whether or not the option supported the goals and strategies of the Minnesota Child Support Program. Our approach to doing this was to also consider the objectives that are contained in the Strategic Plan. These objectives are how the child support program will address each core strategy and subsequently each one of its core goals. The purpose was to determine if a particular service delivery option strengthens the program's ability to achieve a strategic objective. Table 114 provides a summary of how the service delivery options align with the key objectives of the Minnesota Child Support Program's 2008-2012 Strategic Plan. In evaluating each model's alignment with the Strategic Plan, we have assessed the degree to which each model could potentially impact the achievement of a particular objective. This assessment is based upon our knowledge of the Minnesota Child Support Program gained through the Policy BPR Project as well as this study, and informed by the Industry Analysis and our professional judgment. Each model is assessed on the level of impact as follows:

-  – This option would likely have no impact on the achievement of this objective
-  – This option would likely have limited impact on the achievement of this objective
-  – This option would likely have significant impact on the achievement of this objective

Strategy	Objective	Service Delivery Option		
		Option 1: State Operated Regional Offices	Option 2: County Operated Regional Offices with Enhanced Governance	Option 3: County Operated with Enhanced Governance
Maintain and improve a sustainable infrastructure	Enhance productivity through technology			
	Manage costs to achieve and maintain fiscal efficiency			
	Secure funding to accomplish outcomes			
Establish statewide delivery standards	Simplify and create user-friendly policies and legal processes			
	Interpret and apply laws and policies consistently			
	Provide similar services statewide to similarly-situated participants			
	Implement statewide enforcement standards			
Streamline operation and service delivery	Assess centralizing or regionalizing activities / functions			

Strategy	Objective	Service Delivery Option		
		Option 1: State Operated Regional Offices	Option 2: County Operated Regional Offices with Enhanced Governance	Option 3: County Operated with Enhanced Governance
	Manage the accumulation of arrears			
Meet or exceed federal upper thresholds for earning incentives	Set individualized performance goals for each county and the state			
	Improve self-assessment performance			
	Increase data reliability to 99 percent			
Provide proactive case management	Ensure reliable payment of support			
	Foster a positive culture of compliance for program participants			
Recruit, train, develop, and retain highly-skilled child support program professionals	Recruit a qualified candidate pool			
	Provide opportunities for staff training and development			
	Retain staff			
Make our program more available and accessible to those who need it	Provide program participants with the information they need to understand and meet program requirements			
	Provide culturally appropriate services			










Strategy	Objective	Service Delivery Option		
		Option 1: State Operated Regional Offices	Option 2: County Operated Regional Offices with Enhanced Governance	Option 3: County Operated with Enhanced Governance
Build and sustain collaborative relationships with those who help deliver our services	Educate partners and stakeholders			
	Receive education from our partners and stakeholders			
	Identify groups that could help us further program objectives			

Table 114: Alignment of Organizational Options to Program's Objectives

Option Profiles

Introduction to Option Profiles

- 609 For each identified option, we created an Option Profile using our proposed profile template. The profile should provide CSED with the information it needs to make the decision around which option it wants to implement. The profile also provides CSED with a source for comparing and contrasting the various potential service delivery model options.
- 610 Prior to each Option Profile, we provide an introductory summary of the option to be described, highlighting major features of the model, as well as high-level results from the cost benefit analysis. The Implementation ROI and Breakeven Analysis and Ongoing Annual Program Costs charts, described in detail in the following section, are also provided here. Each Option Profile includes information such as project description, anticipated project duration, estimated costs, potential benefits, possible risks, and assumptions related to the implementation of a given option. The Option Profiles are intended to inform CSED about each of these factors to aide their selection of an option for the implementation planning phase. Below is a description of each component in the Option Profile.

Assumptions

- 611 Many assumptions were made while developing the Option Profiles, particularly related to the cost benefit analysis (CBA) and return on investment (ROI) calculations. The following outlines the key assumptions and additional detail is provided in the CBA:
- The data in the CBAs is calculated using a specific point in time. SFY 2008 financial and staffing data is the baseline for the CBA models, as this was the most recent and complete data available at the start of the Analysis of Service Delivery Model Project. As this information is

constantly changing, an updated assessment of existing costs and program structure using the methodology presented would need to be performed closer to the time of implementation.

- While SFY 2008 financial and performance data is used as the basis for the costs and benefits calculations in the CBAs, in one instance a FFY benchmark is used to make an accurate comparison with other states. In each of the CBAs, for the Benefit – Staff Savings sections Minnesota’s caseload to FTE ratio was compared to the top performing states with a similar service delivery model (state operated or county operated). To accurately compare the caseloads of these states to Minnesota, an analysis was done of the percentage of Never Assistance cases within Minnesota’s caseload as compared to these top performing states. As SFY data was not available for all of these states, publicly available FFY data was used for this analysis.
- A 3% annual increase in overall program costs and estimated recurring costs resulting from the option implementation is applied in the CBA models to project potential increases in expenditures based upon the program’s historical average growth in expenditures over the past five years.
- The estimated timeframes for implementation are based upon the assumption that necessary legislation to enact the enabling statutory changes and other pre-implementation activities occur prior to the commencement of the implementation timeframe. The effective date of the necessary or enabling statutory changes is assumed to be July 1 absent any different specified effective date in the necessary legislation. Additionally, the estimated implementation timeframes are based upon the cooperation of all parties involved to accomplish the implementation as efficiently as possible.
- The Resource Costs component of the CBAs is based on an estimate of hours needed for implementation multiplied by the blended rates of state office staff, county office staff, and vendor resources. Calculations of the blended rates are described below:
 - **State Office Staff** – Total annual personnel salary and benefits for the state office in SFY 2008 was \$15,703,518 per meetings with CSED and SFY 2008 salary data. Weighted between the four designations of state employees (management, PRISM, operations, and policy) and using 2080 hours as the annual hours worked, the hourly wage for state office personnel is \$38.37.
 - **County Office Staff** – Total annual personnel salary and benefits for the counties in SFY 2008 was \$70,110,551 per the Net County Administrative Costs & Reinvestment Summary report for SFY 2008 and per conversations with Hennepin County financial staff (\$4,247,609 of reported Salaries & Direct Benefits are indirect costs associated with personnel. These indirect costs were subtracted from Salaries & Direct Benefits before calculating the rate per hour.) This results in an average salary and benefits for county child support personnel of \$58,421.05. Using 2080 hours as the annual hours worked, the average hourly wage for county child support personnel is \$28.09. This rate per hour is different from that used in the Policy BPR Project (\$29.79) because Hennepin County’s indirect costs reported in their Salaries & Direct Benefits line were not separated out as indirect costs in the Policy BPR Project as they have been here. (This count excludes cooperative agreement personnel, but includes clerical, child support officers, child support aides, administrators, managers, supervisors, etc.)
 - **Vendor Staff** – Estimate based on our experience with similar projects.
- We have estimated the hours within the Resource Cost component of the CBAs based on our experience with other organizational change projects. The number of hours required by the various staff roles to implement an option could vary depending on the implementation plan developed and on how CSED chooses to implement this plan.

- During the implementation planning phase, CSED could decide to allocate hours in a different manner, which would subsequently impact this Resource Cost component. To assist CSED in determining how these hours will be allocated, a brief description of each of the implementation tasks are described below:
 - **Project Planning & Management** – These tasks include project management, task-level project planning, status tracking, steering committee activity, and project oversight. A change in the service model would require strong coordination of the many county and state partners involved in the child support program.
 - **Communications & Change Management** – These tasks focus on efforts to effectively communicate with involved stakeholders including county employees, state employees, other partners and the citizens that interact with the child support system. A proactive and well-planned communication effort is key to successful implementation of a project of this level of complexity.
 - **Organizational Design & Workforce Transition** – These tasks focus on the future-state organizational structure along with the staffing required to support the model and the impacts of the model on existing staff and labor agreements. These tasks also include an identification of the core tasks that will need to occur to train staff in the new model.
 - **Infrastructure & Facilities** – These tasks focus on the establishment of the physical infrastructure needed to transition the operation to the new model. Included in this is a discussion of the tasks that will need to be completed to select the locations for new offices.
 - **Technology** – These tasks will focus on the technology needs of the new organization and the requirements necessitated by the transition to the new model.
 - **Process** – These tasks will focus on documenting and defining new business processes and procedures that align with the new service delivery model.

Option 1: State Operated Regional Offices

- 612 This option transforms the Minnesota child support program from a county operated service delivery model to a state operated child support service delivery model. The new structure provides direct central control over all aspects of the program, permitting economies of scale and resource reallocation to improve efficiency, resulting in program savings.
- 613 This option is estimated to require a total of \$20,235,801 in one-time resource and transition costs to be expended in Years 1 (SFY 2012) and 2 (SFY 2013) during an 18 month implementation. In addition, an estimated \$228,800 in recurring costs is expected to begin in Year 1 and increase at 3% per year thereafter.
- 614 A total annual savings for this model are estimated at \$22,940,125. A portion of this benefit is estimated to be realized in Year 2 after partial implementation of this model. The full annual amount of this benefit is estimated to be realized in Year 3, after implementation has been completed. A portion of this savings is associated with a reduction of 166.1 county-level staff FTE, estimated at \$9,703,980. By transitioning legal services to the Attorney General's Office, annual legal savings of \$6,145,460 are estimated. A statewide genetic testing contract is estimated to save Minnesota CSE \$271,349 in genetic testing expenditures annually. By enforcing a maximum amount of overhead costs per case in the county operated regional offices, an estimated \$6,819,337 would be saved in overhead expenditures.
- 615 The cumulative benefit of these cost savings is expected to surpass the cumulative costs (including both one-time costs and recurring costs) by the end of Year 2. The breakeven analysis and ongoing annual program costs are depicted in Figure 27.

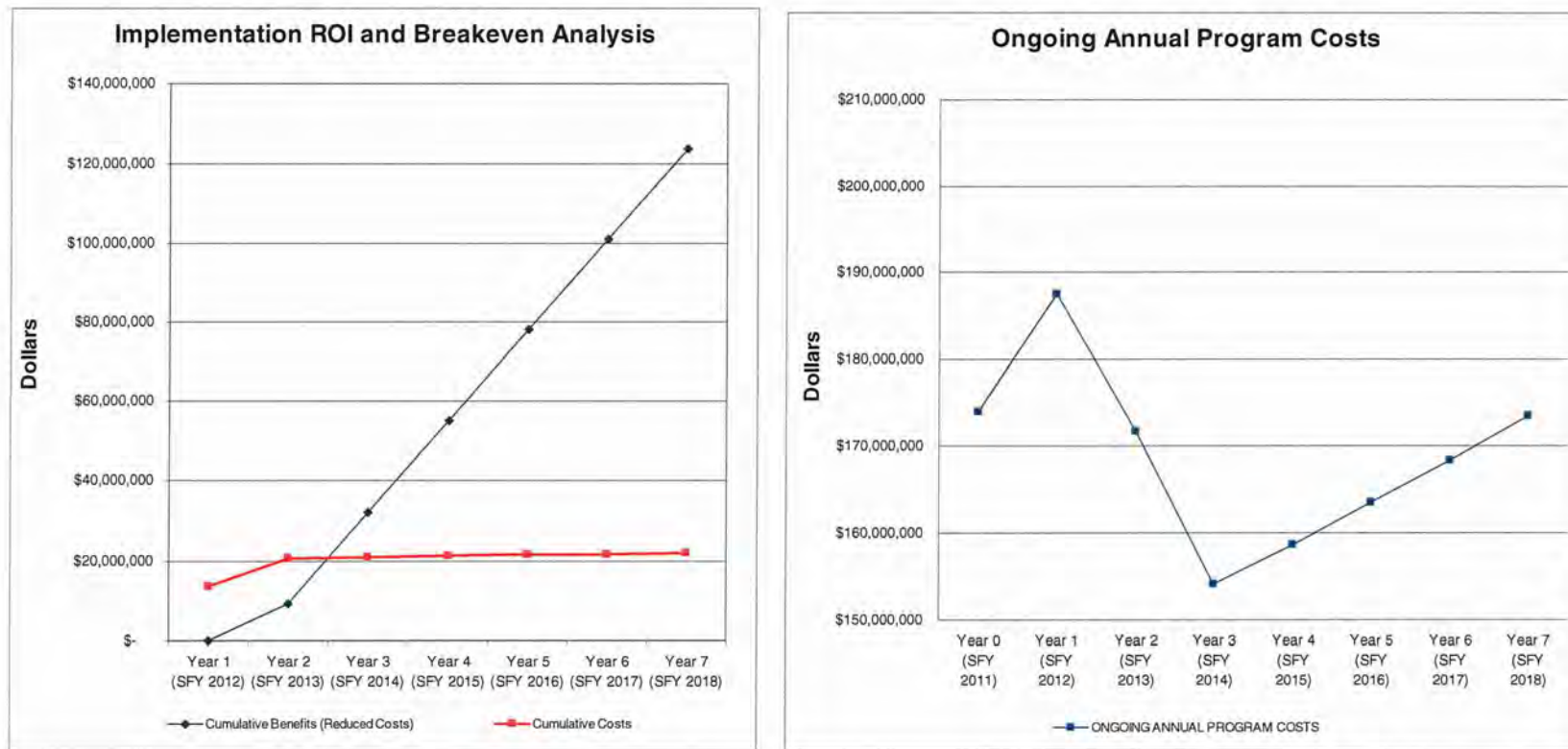


Figure 27: Summary Charts - Option 1: State Operated Regional Offices

Option Profile

Option ID	#1
Option Name	State Operated Regional Offices
Option Description	<p>This option represents the transformation of the Minnesota child support program from a county operated service delivery model to a state operated child support service delivery model. The new structure provides direct central control over all aspects of the program, permitting economies of scale and resource reallocation to improve efficiency, resulting in program savings. County employees would be converted to state employees. While there would no longer be a need for cooperative agreements between the counties and CSED, there would still be cooperative agreements between the state program and sheriffs and the courts. Legal services would be delivered by either departmental attorneys designated as Assistant Attorneys General, contracted county attorneys or contracted private firms. This model would support any of these arrangements for the provision of legal services.</p> <p>Under this model, two current county offices, Hennepin and Ramsey, remain as single county regional offices as their counties encompass a single judicial district. Accordingly, the remaining 82 county offices would be combined and consolidated into 8 regional offices. The size of the regional offices, in terms of caseload ranges from 7,318 cases to 56,418 based upon SFY 2008 caseload. Aligning the regional office structure with the judicial districts would encourage the development of positive working relationships with the judiciary and associated staff within the judicial districts. Additionally, as the judiciary continues to develop its automated case management system, alignment with the judicial districts may offer opportunities to collaborate in the court's initiatives to the benefit of the child support program.</p> <p>This model provides opportunities to centralize or specialize some functions or services now performed in the individual counties either in a particular regional office or offices or at a statewide service center. Chartered workgroups would identify those functions or services which could be centralized or specialized to improve customer service, to leverage economies of scale, or to provide supporting functions or services.</p> <p>The state operated model places child support program leadership, management, planning, organizing, evaluating and providing customer services under the direct control of the Minnesota Child Support Enforcement Division (CSED) from central office staff to field office staff. The CSED would be the only entity controlling and delivering child support services for the State of Minnesota. This control by itself would not be enough to make a significant difference in the strategic objectives of increasing program performance, effectiveness, customer service and overall cost effectiveness. There must be strong leadership combined with well communicated vision, mission and goals. Responsibility with accountability must be incorporated throughout the structure commensurate with the authority to make decisions at the lowest level within the organization. The results should be a self-empowered organization built with a high trust factor that is flexible, adaptable, lean and highly productive.</p> <p>As previously discussed earlier in this deliverable, Minnesota's Child Support Program has one of the lowest caseload to caseworker ratios in the nation. To provide services in a more efficient manner, there would be planned reductions in the overall FTE count in this opportunity. With attrition, transfer and voluntary separation, the reduction could require few terminations of existing staff. The staffing model also assumes that the majority of county staff would want to transition to state employment, retaining for the program their cumulative experience and expertise. Retaining current caseworkers would greatly aid the continuity in customer service.</p> <p>The cost savings realized under this model is achieved by reducing or controlling costs through:</p> <ul style="list-style-type: none"> • The establishment of staffing standards for the regional offices in which a caseload to FTE minimum and maximum standard is defined for the regional offices. This staffing standard would be based upon defined benchmarks and would be set at a level to ensure that the current statewide performance standards are not diminished while still reducing overall program costs and, thereby, improving overall program cost effectiveness. These staffing standards would result in a reduction of staff at the county and state level to achieve the statewide standard.

	<ul style="list-style-type: none"> • Management and control over indirect costs by eliminating county indirect cost centers and reducing overall indirect cost rates. • Management and control over legal costs by obtaining legal services from attorneys under the direct employment and control of the state office either through the Attorney General's Office or from private firms or county attorneys through a competitive bid process. • Eliminating incentive payments to the counties. <p>Organizational Structure</p> <p>This model would require that regional offices be established in a centrally located community within that region. In some instances, an existing state or county office may have sufficient space which the state could lease. In other instances, new regional office space would need to be leased. A reallocation of the state office would be necessary to support and supervise the ten regional offices. The state office would develop a Field Operations unit to provide this support and supervision. The Field Operations unit is projected to have a manager with oversight responsibilities for all field operational activities. This new position would oversee, supervise and manage the ten regional managers out in the field. Each of the ten regional offices would have a regional manager that is supported by supervisors, caseworkers and clerical staff. Each regional manager would report to the field operations manager in central office. The regional manager would be responsible for the delivery of child support services to the customer(s), managing stakeholder relationships, and contracted services.</p> <p>Through the state operated service delivery model, the customer should receive improved services directly from state employees due to consistencies in service delivery by having a central office devoted to providing services to ten regional offices. Legal services for establishing and enforcing support orders would be under the direction of the regional managers and have access to the resources of a chief attorney in the central office.</p> <p>With a state operated service delivery model, performance monitoring at the regional office, managerial and staffing levels across the state would enable more effective monitoring and evaluation of the services provided in order to drive additional efficiencies. Management reporting would be made available on-line to staff, but an Evaluation Unit would assist in monitoring performance and provide on-going technical assistance and training to regional staff to assist them in improving their performance and uniformity of operations and application in accordance with state CSE policy. The performance management system to be established would require staff and management to meet performance standards and, the instance of substandard performance, to develop corrective action plans in conjunction with CSED Central Office.</p>
Predecessors / Successors	<p>The <u>predecessors</u> for this option include:</p> <ul style="list-style-type: none"> • Secure a Project Sponsor and Political Champion • Develop a detailed implementation plan • Propose and enact legislation to place the delivery of all child support program services under the authority of the Department of Human Services • Secure funding for the portion of program costs funded by counties under the current service delivery model to the extent necessary <p>The <u>successors</u> for this option include:</p> <ul style="list-style-type: none"> • Evaluate / monitor the results of the implementation
Duration / Timing	<p>The estimated duration to transfer to implement the State Operated Regional Offices option is 18 months.</p> <p>The initial three months would be devoted to planning for the conversion to the State Operated Regional Office structure, and identifying the sequence of the conversion to regional offices. During the remaining 15 months, the caseloads of existing county offices would be transferred to the regional offices according</p>

	to the sequence of conversion established during the planning phase. Concurrently with the transfer of caseloads to the regional offices, processes and organizational structure for the regional offices would be developed.	
Transitional Impacts	Customer	Some customers may be impacted by having to travel farther for face-to-face contact with a child support worker; however, that impact can be mitigated by the use of toll-free telephone numbers or enhanced self service options.
	Staff	This model would have significant impact on the county staff currently delivering services as their jobs as county employees would no longer exist. Many of these employees would be recruited and transferred into the regional offices; however, relocation to the site of the regional office would not be an option for all county employees. As a result, an effective human resources component of the implementation plan is a critical success factor.
	System	The creation of regional offices would likely require changes in PRISM as cases are reassigned from individual county workers to regional office case owners. Additionally, as the regional offices develop alternative workflows or organizational structures, changes may be required in PRISM to support those alternatives. In addition, changes in PRISM may be required to support specialized or centralized functions or services.
Staffing Changes	In order to retain the cumulative experience and knowledge of the existing county staff, it is expected that county staff would be given the opportunity to transfer from county employment to state employment. This change would include resolving the inherent issues associated with possible different levels of salaries, benefits and retirement programs. In addition, as noted above, there would be staffing changes at the state office to create the structure needed to manage, monitor and supervise the regional offices and provide legal services to those regional offices.	
Communication Plan Needs	<p>A thorough communication plan would be a critical component of the implementation of this option. As this model is implemented, a Communication Plan would be needed for counties, customers and stakeholders of the program to inform them of the change, the implementation of the new model and inform them of the reasons and rationale supporting the new model. The Communication Plan is critical in regard to counties and state staff since there would be a fundamental change in internal office policy, processes and procedures as well as staffing reallocations and reductions in order to achieve optimum efficiency and cost effectiveness.</p> <p>An effective communication plan must address:</p> <ul style="list-style-type: none"> • Staff concerns of both county and state employees • Customer concerns • Other stakeholder concerns 	
Barriers to Implementation	<p>The barriers to implementation include:</p> <ul style="list-style-type: none"> • Resistance to the legislative changes necessary to implement a state operation of the program • Resistance by county government leadership to the loss of local county child support offices due to the creation of regional units and the resultant loss of county jobs in that locality • Complaints from customers over the potential loss of local access to their caseworkers • Inability to secure funding for the portion of program costs funded by counties under the current service delivery model to the extent necessary • Inability to secure a project sponsor or political champion capable of successfully promoting the legislative changes necessary to support the model 	

	<ul style="list-style-type: none"> County employees resistance to change and acceptance of CSED control 	
Statutory Changes	Statutory changes are needed to clearly enact the fundamental change from a county operated / state supervised program to one which is fully state operated. Statutory changes would also be required to clarify and buttress the authority of CSED to seek and obtain legal services from any qualified entity including the Attorney General, county attorneys or private firms or individuals either under the direct employment of the state or selected through competitive procurement.	
Existing Labor Agreements	The creation of ten state operated regional offices and the elimination of 84 local county offices would impact existing labor agreements currently in place in the county offices. As part of the implementation planning, the labor agreements in the offices which would be transferred into the regional offices would have to be examined to determine whether there are specific provisions of the labor agreements such as severance terms which would need to be considered or addressed during the transition to the regional offices.	
Necessary Infrastructure Changes	Reducing 84 county operations into ten state operated regional offices and service sites would require careful and detailed study of the logistics involved in implementing this state operated service delivery model. CSED central office organization would be impacted as well with this change. The correct central office infrastructure must be in place to support the ten regions early in the transition to state operated services.	
Option Risk	Project Complexity	High – The option is complex due to the development and enactment of the legislation necessary to create the regional units. The 18 month transition plan would require close coordination of multiple activities occurring simultaneously.
	Risk for NCP/CP	Moderate – The transition from 84 county offices to 10 regional offices would impact customers as they would no longer have local, face-to-face contact with their caseworkers. However, as the majority of customer contact occurs via telephone, this risk can be minimized through a comprehensive customer communication plan and the use of toll free telephone numbers for the regional offices. There is a risk of a degradation of services during the transition to the regional office structure.
	Risk for Partners	Low – The risk for partners and other agencies is low as any loss of local contact with county offices would be counter balanced by reducing the number of county contacts necessary under the current environment. In fact, relationships with some partners may improve through greater uniformity in the delivery of services statewide.
	Risk for Counties	High – The risk for counties is high as this model requires an end to the county role in the delivery of child support services. The risks are primarily associated with the loss of county jobs, the loss of the IV-D funding stream to support the county infrastructure through indirect cost allocation and a separation of the child support program from other county social services programs at the county level.
	Risk for CSED	High – The state office would need to provide oversight and support for the regional units and develop a performance management system to monitor and measure the performance of the regional units. Additionally, the state office would need to provide mechanisms to monitor the quality of the services delivered at the regional units. The risk of substandard performance by the regional units is a loss of federal incentives and negative political ramifications if the transition is viewed as unsuccessful.
	Overall	High – This option could likely face significant opposition from counties who perceive the model as taking away local jobs and local control of the program. The transition process would be complex and require the coordinated management of many different aspects of the transition simultaneously. The success of the transition and successful operation of the ten regional units is dependent upon the commitment and close cooperation of the counties and the state office to successfully accomplish and implement this option.
Cost / Benefit Summary		

Costs	Staff Resources	44,000 state office hours; 25,440 county office hours; 47,200 vendor hours
	One-time Costs	Staff resources costs - \$10,662,720; transition costs - \$9,573,081
	Recurring Costs	\$228,880 (with a 3% annual increase)
Benefits	Annual Benefits	Estimated annual cost savings - \$22,940,125
Assumptions and Notes		
<p>Assumptions:</p> <ul style="list-style-type: none"> • There is a project sponsor that is empowered and has the decision making authority • There is a political champion to handle the political issues with the county governmental agencies and the Minnesota Legislators • The funding is present to perform the implementation according to plan • PRISM changes would be completed on time for implementation • Staff changing from county to state employees can be done and union issues are resolved 		

Table 115: Option Profile – Option 1: State Operated Regional Offices

CBA Summary and ROI

Option ID	1						
Option Name	State Operated Regional Offices						
Benefit Factors	Reduction in Current County Office Staff						
	Reduction in Legal Costs						
	Reduction in Genetic Testing Costs						
	Reduction in Overhead Costs						
Overall Benefit Calculation	Description						
	Annual Savings due to Reduction in Staff	\$ 9,703,980					
	Annual Savings due to Reduced Legal Costs	\$ 5,145,460					
	Annual Savings due to Reduced Services Costs	\$ 271,349					
	Annual Savings due to Reduced Overhead Costs	\$ 6,819,337					
	YEARLY BENEFITS (REDUCED COSTS)	\$ 22,940,125					
Cost Factors	Estimated One-Time Resource Costs						
	Estimated One-Time Logistics Costs						
	Estimated Recurring Transportation Costs						
One-time Costs							
	Estimated One-Time Resource Costs	\$ 10,662,720					
	Estimated One-Time Transition Costs	\$ 9,573,081					
	TOTAL ONE-TIME COSTS	\$ 20,235,801					
Recurring Costs							
	Estimated Recurring Transportation Costs	\$ 228,800					
	TOTAL RECURRING COSTS	\$ 228,800					
Cost / Benefit Summary							
	Year 1 (SFY 2012)	Year 2 (SFY 2013)	Year 3 (SFY 2014)	Year 4 (SFY 2015)	Year 5 (SFY 2016)	Year 6 (SFY 2017)	Year 7 (SFY 2018)
Benefits (Reduced Costs)	\$ -	\$ 9,203,185	\$ 22,940,125.39	\$ 22,940,125.39	\$ 22,940,125.39	\$ 22,940,125.39	\$ 22,940,125.39
One-Time Costs	\$ 13,490,534	\$ 6,745,267	\$ -	\$ -	\$ -	\$ -	\$ -
Recurring Costs	\$ 228,800	\$ 235,664	\$ 242,734	\$ 250,016	\$ 257,516	\$ 265,242	\$ 273,199
NET BENEFIT (COST) OF IMPLEMENTATION	\$ (13,719,334)	\$ 2,222,254	\$ 22,697,391	\$ 22,690,109	\$ 22,682,609	\$ 22,674,883	\$ 22,666,926
Return on One-time Investment			112%	112%	112%	112%	112%
	Year 1 (SFY 2012)	Year 2 (SFY 2013)	Year 3 (SFY 2014)	Year 4 (SFY 2015)	Year 5 (SFY 2016)	Year 6 (SFY 2017)	Year 7 (SFY 2018)
Cumulative Benefits (Reduced Costs)	\$ -	\$ 9,203,185	\$ 32,143,310	\$ 55,083,436	\$ 78,023,561	\$ 100,963,687	\$ 123,903,812
Cumulative Costs	\$ 13,719,334	\$ 20,700,265	\$ 20,942,999	\$ 21,193,015	\$ 21,450,531	\$ 21,715,773	\$ 21,988,972
CUMULATIVE NET BENEFIT (COST) OF IMPLEMENTATION	\$ (13,719,334)	\$ (11,497,080)	\$ 11,200,311	\$ 33,890,421	\$ 56,573,030	\$ 79,247,913	\$ 101,914,840
Cumulative Return on Investment	-100%	-56%	53%	160%	264%	365%	463%
	Year 1 (SFY 2012)	Year 2 (SFY 2013)	Year 3 (SFY 2014)	Year 4 (SFY 2015)	Year 5 (SFY 2016)	Year 6 (SFY 2017)	Year 7 (SFY 2018)
Baseline Annual Program Costs (Year 0 = SFY 2011)	\$ 173,826,003	\$ 173,826,003	\$ 171,603,749	\$ 154,054,470	\$ 158,676,104	\$ 163,436,387	\$ 168,339,479
Annual Net Benefit (Cost) of Implementation	\$ (13,719,334)	\$ 2,222,254	\$ 22,697,391	\$ -	\$ -	\$ -	\$ -
Overall Program Cost Growth (3% of Prior Year)	\$ -	\$ -	\$ 5,148,112	\$ 4,621,634	\$ 4,760,283	\$ 4,903,092	\$ 5,050,184
ONGOING ANNUAL PROGRAM COSTS	\$ 187,545,337	\$ 171,603,749	\$ 154,054,470	\$ 158,676,104	\$ 163,436,387	\$ 168,339,479	\$ 173,389,663

Assumptions

1. Benefits will begin to be realized in Year 2 per the following schedule: Year 2 = 40% of staff reduction, legal, and overhead benefits, 50% of services benefit, Year 3 - 7 = 100% of estimated benefits.
2. One-time implementation costs will be expended 2/3 in Year 1 and 1/3 in Year 2 based on an 18 month implementation.
3. Recurring costs will start in Year 1 and are assumed to increase 3% per year.

4. Assumes implementation begins in SFY 2011 (Year 0). Program Costs for SFY 2011 are projected at an annual growth of 3% each year from SFY 2008 level of \$159,075,417 (from 2008 Annual Performance Report (\$122,368,581 in county expenditures, \$36,550,243 in state expenditures plus \$156,593 in FPLS Fees not initially included in state expenditures.) Based on this formula, Baseline Annual Program Costs in Year 0 = \$172,826,003.

5. Assumes overall program cost growth of 3% annually after Year 3.

6. Rate per hour for State Office staff	\$38.37	Total annual personnel salary and benefits for the State Office is \$15,703,518 per meetings with CSED and SFY 2008 salary data. Weighted between the four designations of State employees (management, PRISM, operations, and policy) and using 2080 hours as the annual hours worked, the hourly wage for State Office personnel is \$38.37.)
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7. Rate per hour for county staff	\$28.09	Total annual personnel salary and benefits for the counties is \$70,110,551 per the Net County Administrative Costs & Reinvestment Summary report for SFY 2008 and per conversations with Hennepin County financial staff (\$4,247,609 of reported Salaries & Direct Benefits are indirect costs associated with personnel. These indirect costs were subtracted from Salaries & Direct Benefits before calculating rate per hour.) This translates to average annual salary and benefits for county child support personnel of \$58,421.05. Using 2080 hours as the annual hours worked, the average hourly wage for county child support personnel is \$28.09. This rate per hour is different from that used in the BPR Policy Project (\$29.79) because Hennepin County's indirect costs reported in their Salaries & Direct Benefits line were not separated out as indirect costs in the BPR Policy Project as they have been here. (This count excludes cooperative agreement personnel, but includes clerical, child support officers, child support aides, administrators, managers, supervisors, etc.)
8. Vendor blended rate	\$175.00	

9. Estimates are based on 2080 hours per year.

Benefit – Staff Savings

Staff Calculations		Source	
A	Leading State Administered States Caseload / FTE Ratio	249.3	This ratio was calculated by taking the average caseload / FTE ratio for the top 12 nationally ranked states operating under a state supervised / state operated model (South Dakota, North Dakota, Montana, Iowa, New Hampshire, Utah, West Virginia, Vermont, Texas, Washington, Georgia, and Alaska.) These 12 states were selected because they are the 12 state supervised / state operated states that currently rank above Minnesota in overall national child support ranking.
B	Minnesota's FFY 2008 Total Caseload	247,950	Data obtained from the draft 2009 Annual Performance Report provided by CSED.
C	Percent of Minnesota's FFY 2008 Caseload that is Never-Assistance	33.4%	Data obtained from the draft 2009 Annual Performance Report provided by CSED.
D	Percent Child Support Cases that are Never-Assistance in Top 12 State Administered States	45.9%	Data obtained from OCSE compilation of state-reported 157 data in their FY 2008 Preliminary Report and the draft 2009 Annual Performance Report provided by CSED.
E	Number of Never-Assistance cases Minnesota would need to add to caseload to reach percent of Never-Assistance cases in Top 12 State Administered States	57,406	This represents the number of Never-Assistance cases added to Minnesota's caseload to "normalize" Minnesota for comparisons to other states. As Never-Assistance cases typically require less investment of caseworker time, it could be argued that Minnesota has a more difficult caseload than other states. To accurately compare Caseload / FTE ratios with other states, Minnesota's caseload was "normalized" to create a hypothetical caseload upon which to calculate a Caseload / FTE ratio that would correspond with the comparison states. These are the Never-Assistance cases that would be added to Minnesota's caseload to create this hypothetical caseload.
F	Normalized Minnesota Caseload (B + E)	305,356	Adjusting Minnesota's caseload by 57,406 Never-Assistance cases raises the percent of Never-Assistance cases in Minnesota's caseload to 45.9%, equal to that of the Top 12 State Administered States. Making this adjustment before applying the Leading State Administered States Caseload / FTE Ratio allows for a more accurate comparison of caseload composition.
G	Number of FTE based on Caseload / FTE Ratio (F / A)	1,225.0	
H	Minnesota's Total SFY 2008 FTEs	1,391.1	Data obtained from the 2008 Annual Performance Report (1,200.1 County Child Support Workers, 191.0 State Office employees).
I	Total FTEs that can be reduced (H - G)	166.1	In this scenario, Deloitte makes the assumption that all of the FTE reductions will occur at the current county staff level, resulting in 1,034.0 county-level FTE and 191.0 State office FTE for a total of 1,225.0 FTE. This represents an 11.9% FTE reduction.
J	Total Staff hours that can be saved by reducing FTEs (I * 2080)	345,496	CSED estimates 2080 hours per year as the total number of hours a caseworker works in a year.
K	Current County Staff rate per hour	\$28.09	Total annual personnel salary and benefits for the counties is \$70,110,551 per the Net County Administrative Costs & Reinvestment Summary report for SFY 2008 and per conversations with Hennepin County financial staff (\$4,247,609 of reported Salaries & Direct Benefits are indirect costs associated with personnel. These indirect costs were subtracted from Salaries & Direct Benefits before calculating rate per hour.) This translates to average annual salary and benefits for county child support personnel of \$58,421.05. Using 2080 hours as the annual hours worked, the average hourly wage for county child support personnel is \$28.09. This rate per hour is different from that used in the BPR Policy Project (\$29.79) because Hennepin County's indirect costs reported in their Salaries & Direct Benefits line were not separated out as indirect costs in the BPR Policy Project as they have been here. (This count excludes cooperative agreement personnel, but includes clerical, child support officers, child support aides, administrators, managers, supervisors, etc.)
L	Current County Staff reduction cost savings (J * K)	\$9,703,980	
Annual Savings Due to Reduction in Staff		\$9,703,980	

Benefit – Reduced Legal Costs

Reduced Legal Costs			Source
A	Total SFY 2008 County Legal Costs	\$11,787,717	Data obtained from the Legal Cooperative Agreement line item in the Net County Administrative Costs & Reinvestment Summary for SFY 2008.
B	Number of County Attorney Hours Billed in Counties with Hourly Rates	39,310	Based on Cooperative Agreement Tracking data obtained from CSED, 70 counties recorded both hourly rates for county attorneys and legal expenditures in SFY 2008. Based on the hourly rates provided in the Cooperative Agreement Tracking data and on each county's legal expenditures, 39,310 hours of county attorney time was spent on child support in these 70 counties (Legal Expenditures / Hourly Rate).
C	Caseload of Counties with Hourly County Attorney Rates	127,769	The 70 counties that have hourly rates for county attorneys account for 127,769 of Minnesota's total cases in SFY 2008. Caseload data obtained from the 2008 Annual Performance Report.
D	County Attorney Hours / Case for Counties with Hourly County Attorney Rates (B / C)	0.31	This represents the calculated amount of county attorney time spent per case in counties that have hourly rates for county attorneys.
E	Minnesota's Statewide Total SFY 2008 Caseload	250,351	Data obtained from the 2008 Annual Performance Report.
F	Estimated Statewide Number of County Attorney Hours Spent on Child Support Activities per year (D * E)	77,023	By applying the County Attorney Hours / Case ratio obtained from Deloitte's analysis of the 70 counties with hourly county attorney rates to Minnesota's total caseload, we estimate that 77,023 county attorney hours are spent statewide on child support activities per year.
G	Estimated Number of Attorneys Needed Statewide for Child Support Activities per year (F / (2080 hrs/year * 80%))	46.3	Based on assigning Assistant Attorneys General to child support on a fulltime basis, Deloitte estimates that 46.3 attorneys would be necessary to complete child support activities annually. An FTE is based on 2080 hours per year, allowing for 20% of time for overhead activities such as training, vacation, and sick time.
H	Average Loaded Salary for an Assistant Attorney General	\$81,545	Average loaded salary based on State of Minnesota Salary Plan as of January 1, 2009 for job titles Attorney 1, Attorney 2, and Attorney 3, which came to \$65,236 per year, plus fringe of 25% as per CSED guidance.
I	Estimated number of Legal Support Staff Needed Statewide for Child Support Activities per year (G / 3)	15.4	Deloitte estimates that there will be 1 Legal Support Staff for every 3 Assistant Attorneys General assigned to child support activities based on prior experience with child support legal proceedings and activities.
J	Average Loaded Salary for Legal Support Staff	\$56,607	Average loaded salary based on State of Minnesota Salary Plan as of January 1, 2009 for job titles Legal Analyst, Legal Secretary, and Legal Secretary Senior, which came to \$45,285 per year, plus fringe of 25% as per CSED guidance.
K	Estimated number of Attorney Supervisors Needed Statewide for Child Support Activities per year	10.0	Deloitte estimates that there will be 1 Attorney Supervisor for each of the 10 regional offices.
L	Average Loaded Salary for Attorney Supervisors	\$99,428	Average loaded salary based on State of Minnesota Salary Plan as of January 1, 2009 for job title Attorney 4, which came to \$79,453 per year, plus fringe of 25% as per CSED guidance.
M	Estimated Assistant Attorney General Costs (G * H)	\$3,774,571	
N	Estimated Legal Support Staff Costs (I * J)	\$873,405	
O	Estimated Attorney Supervisor Costs (K * L)	\$994,281	
P	Total Estimated Legal Costs (M + N + O)	\$5,642,257	
Q	Reduced Legal Costs (A - P)	\$6,145,460	
Annual Savings from Legal Costs		\$6,145,460	

Benefit – Reduced Services Costs

Reduced Services Costs		Source	
A	Total Annual Genetic Testing Costs	\$769,949	Data obtained from Paternity Expenditure line item in the Net County Administrative Costs & Reinvestment Summary for SFY 2008.
B	Total Number of Genetic Testing Draws Performed in SFY 2008	16,620	Based on Genetic Test Detail report run through PRISM for SFY 2008, 5,540 genetic tests were completed in SFY 2008. Each genetic test includes 3 draws, child, custodial parent, and non-custodial parent.
C	Average Cost per Genetic Testing Draw (A / B)	\$46	
D	Estimated Cost per Genetic Testing Draw Obtained Through Statewide Contract	\$30	Based upon recent bids in Pennsylvania and Tennessee after changing to statewide genetic testing contracts.
E	Estimated Annual Genetic Testing Costs Based on Statewide Contract (A * D)	\$498,600	
F	Total Annual Reduction in Genetic Testing Costs (A - E)	\$271,349	
Annual Cost Savings due to a Reduced Services Costs		\$271,349	

Benefit – Reduced Overhead Costs

Reduced Overhead Costs		Source	
A	Total Overhead Costs in SFY 2008	\$39,615,318	Data obtained from the Net County Administrative Costs & Reinvestment Summary for SFY 2008 by adding the following line items - Other Expenditures, Materials & Supplies, Capital Outlay, Other Expenses, and Total Indirect Expenditures. All of these non-salary expenditures are considered Overhead Expenditures.
B	Minnesota's Statewide Total SFY 2008 Caseload	250,351	Data obtained from the 2008 Annual Performance Report.
C	Maximum Overhead Costs / Case	\$131	Deloitte analyzed each county's overhead costs, caseload size, and overhead cost / case ratio. On average, Minnesota currently spends \$215 / case in overhead. Deloitte then analyzed those counties that currently have a caseload of 7,000 cases or greater as a proxy for regional office size. Of these 5 counties (St. Louis, Anoka, Dakota, Ramsey, and Hennepin), the average overhead cost / case ratio is \$131 / case. Deloitte estimates that under a regional model, all regions would be able to achieve economies of scale that would allow each regional office to reach \$131 / case.
D	Total Overhead Costs After Enforcing Maximum Overhead Costs / Case (B * C)	\$32,795,981	
E	Total Savings in Overhead Costs (A - D)	\$6,819,337	
Annual Cost Savings due to a Reduced Overhead Costs		\$6,819,337	

Detailed Costs

Resource Costs - One-Time										Source
Estimated Hours										
	Project Planning & Management	Change Management/Communication/Training	Organizational Design & Implementation/Transition	Business & Infrastructure	Technology	Personnel	Travel	Other	Total Cost	
State Office Staff	11,520	5,760	3,840	8,800	8,640	5,440	44,000	\$38.37	\$1,688,185	Estimate based on Deloitte experience with similar projects. Assumes 18 month implementation.
Current County Staff	2,880	4,800	3,520	6,400	2,880	4,960	25,440	\$28.09	\$714,535	Estimate based on Deloitte experience with similar projects. Assumes 18 month implementation.
Vendor	5,760	9,600	6,400	11,360	5,760	8,320	47,200	\$175.00	\$8,260,000	Estimate based on Deloitte experience with similar projects. Assumes 18 month implementation.
Total One-Time Resource Costs									\$10,662,720	
Transition Costs - One-Time										
	FTE	SWR/FTE	Other Cost	Total Cost						
Leasehold Improvements	1,105.7	200	\$30	\$6,634,218	Leasehold Improvements include walls, flooring, lighting, restrooms, conference rooms, cafeteria, mailroom, document storage area (combined, \$20/FTE), building security (\$4/FTE), and cabling (\$6/FTE). FTE number based on new caseworker FTE assumption and the addition of Assistant Attorneys General, legal support staff, and Attorney supervisor FTEs (1,200.1 current county-level FTEs - 166.1 FTE reduction + 71.7 legal FTEs = 1,105.7 county-level FTEs). In this model, it is assumed that all child support FTEs will be relocated to new office space. This estimate may be adjusted closer to implementation after a thorough real estate study has been conducted. Cost estimates based on Deloitte experience with similar projects.					
Furniture and Equipment	1,105.7	-	\$2,415	\$2,670,273	Furniture and Equipment includes computers (\$900 each), telephones (\$175 each), office/cubicle furniture (\$1,340/FTE). FTE number based on new caseworker FTE assumption and the addition of Assistant Attorneys General, legal support staff, and Attorney supervisor FTEs (1,200.1 current county-level FTEs - 166.1 FTE reduction + 71.7 legal FTEs = 1,105.7 county-level FTEs). In this model, it is assumed that all child support FTEs will be relocated to new office space. This estimate may be adjusted closer to implementation after a thorough real estate study has been conducted. Cost estimates based on Deloitte experience with similar projects.					
IT Infrastructure Costs	-	-	268,590	\$268,590	IT Infrastructure Costs include network printers (1 printer/30 FTEs @ \$1,500 each), fax machines (1 fax machine/50 FTEs @ \$500 each), servers (\$60/FTE), routers (1 router/office @ \$3,630 each), switches (1 switch/office @ \$4,672 each), cables (\$20/FTE). FTE number based on new caseworker FTE assumption and the addition of Assistant Attorneys General, legal support staff, and Attorney supervisor FTEs (1,200.1 current county-level FTEs - 166.1 FTE reduction + 71.7 legal FTEs = 1,105.7 county-level FTEs). In this model, it is assumed that all child support FTEs will be relocated to new office space. This estimate may be adjusted closer to implementation after a thorough real estate study has been conducted. Number of offices based on 10 regional offices. Cost estimates based on Deloitte experience with similar projects.					
Total One-Time Transition Costs				\$9,573,081						
TOTAL ONE-TIME COSTS				\$20,235,801						
Recurring Costs (Starting in Year 1)										
	Trips / Week	Mileage / Trip	Mileage	Total Cost						
Transportation Costs	4,160	100	\$0.55	\$228,800	Trips / Year based upon 8 trips per week from each of the regional offices to attend court hearings or to deliver services locally on a recurring basis. Reimbursed mileage rate from CSED data request.					
TOTAL RECURRING COSTS				\$228,800						

* Rate per hours sources:

State Office Staff rate / hour is calculated per the following: Total annual personnel salary and benefits for the State Office is \$15,703,518 per meetings with CSED and SFY 2008 salary data. Weighted between the four designations of state employees (management, PRISM, operations, and policy) and using 2080 hours as the annual hours worked, the hourly wage for State Office personnel is \$38.37.

Current County Staff rate / hour is calculated per the following: Total annual personnel salary and benefits for the counties is \$70,110,551 per the Net County Administrative Costs & Reinvestment Summary report for SFY 2008 and per conversations with Hennepin County financial staff (\$4,247,609 of reported Salaries & Direct Benefits are indirect costs associated with personnel. These indirect costs were subtracted from Salaries & Direct Benefits before calculating rate per hour.) This translates to average annual salary and benefits for county child support personnel of \$58,421.05. Using 2080 hours as the annual hours worked, the average hourly wage for county child support personnel is \$28.09. This rate per hour is different from that used in the BPR Policy Project (\$29.79) because Hennepin County's indirect costs reported in their Salaries & Direct Benefits line were not separated out as indirect costs in the BPR Policy Project as they have been here. (This count excludes cooperative agreement personnel, but includes clerical, child support officers, child support aides, administrators, managers, supervisors, etc.)

Option 2: County Operated Regional Offices with Enhanced Governance

- 616 Under this model, the current county offices are consolidated into ten regional offices to gain the advantages associated with economies of scale and increased efficiencies associated with the elimination of the duplication of services which exist in the current model. This option creates regional offices aligned with the judicial districts in Minnesota in recognition of their role as a service provider in the delivery of child support services, particularly in paternity and order establishment, certain enforcement remedies, notably contempt, and in order reviews and modifications. Cooperative agreements creating these regional units would be mandated by statute, requiring the state and county to enter into these agreements as the mandatory mechanism for the delivery of child support services. Aligning the regional office structure with the judicial districts would encourage the development of positive working relationships with the judiciary and associated staff within the judicial districts.
- 617 This option is estimated to require a total of \$17,134,264 in one-time resource and transition costs to be expended in Years 1 (SFY 2012) and 2 (SFY 2013) during the 18 month implementation. In addition, an estimated \$228,800 in recurring transportation costs is expected to begin in Year 1 and increase at 3% per year thereafter.
- 618 Annual savings for this model are estimated at \$13,237,336. A portion of this benefit is estimated to be realized in Year 2 after partial implementation of this model. The full annual amount of this benefit is estimated to be realized in Year 3, after implementation has been completed. Based on a reduction of 39.0 county-level staff FTE and 6.2 state-level staff FTE, annual staff savings are estimated at \$2,773,855. By enforcing a maximum cost per case for legal services at the county level, annual legal savings of \$3,372,795 are estimated. A statewide genetic testing contract is estimated to save Minnesota CSE \$271,349 in genetic testing expenditures annually. By enforcing a maximum amount of overhead costs per case in the county operated regional offices, an estimated \$6,819,337 would be saved in overhead expenditures.
- 619 The cumulative benefit of these cost savings is expected to surpass the cumulative costs (including both one-time costs and recurring costs) in Year 3. The breakeven analysis and ongoing annual program costs are depicted in Figure 28.

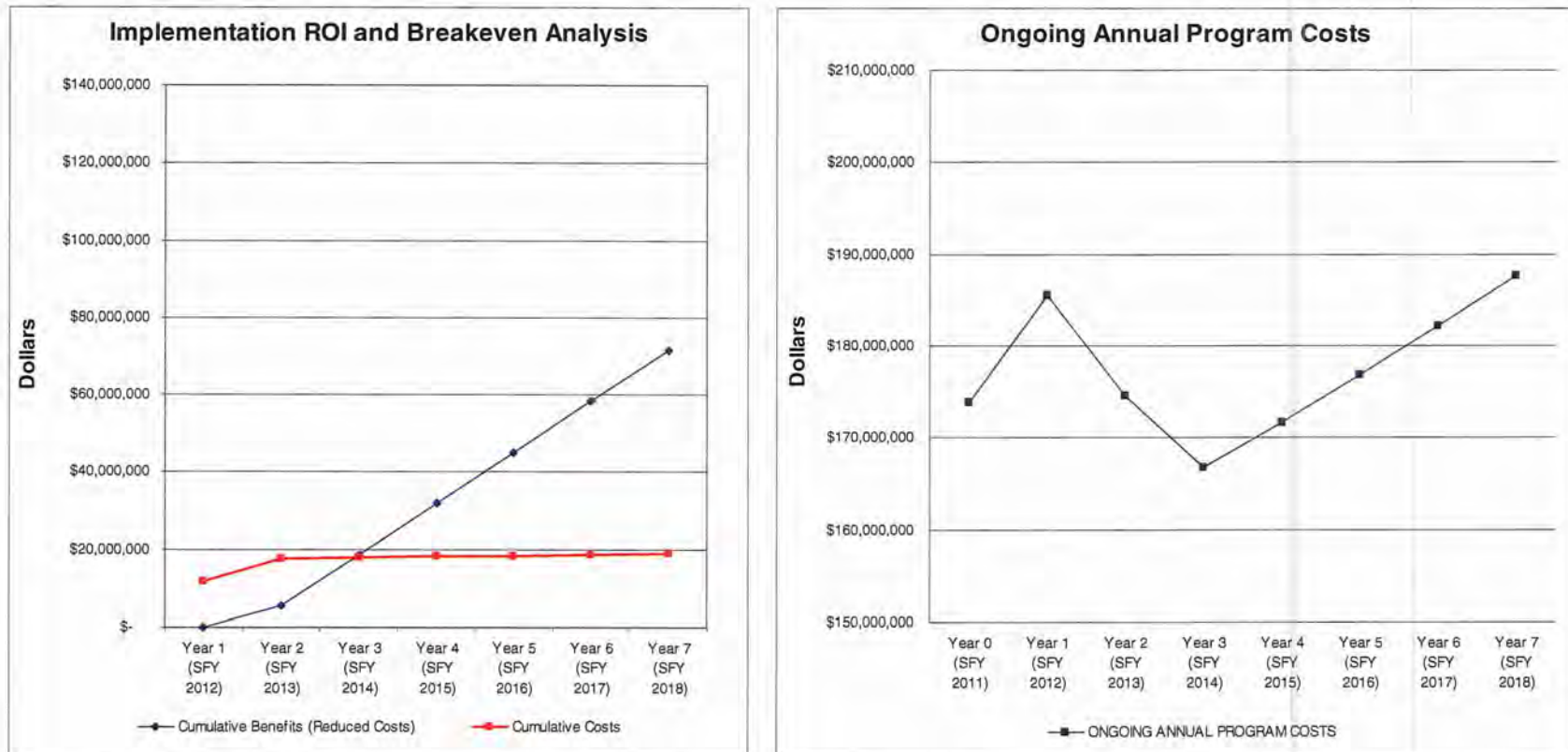


Figure 28: Summary Charts – Option 2: County Operated Regional Offices with Enhanced Governance

Option Profile

Option ID	#2
Option Name	County Operated Regional Offices with Enhanced Governance
Option Description	<p>This option represents a major change in the operation of the Minnesota CSE program. Under this model, the current county offices are consolidated into regional offices to gain the advantages associated with economies of scale and increased efficiencies associated with the elimination of the duplication of services which exist in the current model. This option creates regional offices aligned with the judicial districts in Minnesota in recognition of their role as a service provider in the delivery of child support services, particularly in paternity and order establishment, certain enforcement remedies, notably contempt, and in order reviews and modifications. Aligning the regional office structure with the judicial districts would encourage the development of positive working relationships with the judiciary and associated staff within the judicial districts. Additionally, as the judiciary continues to develop its automated case management system, alignment with the judicial districts may offer opportunities to collaborate in the court's initiatives to the benefit of the child support program.</p> <p>Under this model, two current county offices, Hennepin and Ramsey, remain as single county offices as their counties encompass a single judicial district. Accordingly, the remaining 82 county offices would be combined and consolidated into eight regional offices. The size of the regional offices, in terms of caseload ranges from 7,318 cases to 56,418 based upon SFY 2008 caseload. Although Hennepin and Ramsey counties remain as single county offices, efficiencies and improvements in cost effectiveness can be realized through the enhanced governance controls over budgets and expenditures as well as a more efficient allocation of program resources.</p> <p>The county operated regional office model would require legislative action to mandate the consolidation necessary to create the regional offices and the framework for the relationship between the state and counties as well as among the counties in the regional units. The features of the framework for the county operated regional offices include:</p> <ul style="list-style-type: none"> • Shared services agreements among the member counties of each regional office which define the roles and responsibilities of the host county, the methodology for allocating costs among the member counties, the composition of governing boards, and the arrangements for the provision of legal services, whether by the host county's county attorney, by each member county's county attorney or some other arrangement such as contracting with private attorneys under a competitive procurement. • Cooperative agreements between the state and counties which enhance governance through the establishment of organizational and performance standards as well as management of budgets and costs. • Statutory authority to allow the state to allocate state and federal incentives among the counties in the regional units to encourage activities which would improve overall program performance. <p>This model also provides opportunities to centralize or specialize some functions or services now performed in the individual counties either through multi-county or multi-region consortiums or by the state. The State and County Workgroup would identify those functions or services which could be specialized to improve customer service, to leverage economies of scale, or to provide supporting functions or services.</p> <p>In this option, the role and responsibility of CSED and the roles of the regional county organizations would be clearly defined in statute and refined further in the shared services agreements and the cooperative agreements.</p> <p>The benefits of the County Operated Regional Offices with Enhanced Governance include:</p>

- Increased efficiency gained by curtailing duplication of effort and services.
- Increased consistency in the delivery of services as the cooperative agreements enforce compliance with state policy and the number of different management approaches and philosophies are reduced.
- Reducing the number of points of contact for customers, particularly employers, and improving the consistency of customer services.
- Improved state and county communication by reducing the number of county offices the state must interact with in training, policy implementation and technical assistance.

The cost saving realized under this model is achieved by reducing or controlling costs through:

- The establishment of staffing standards in the cooperative agreement in which a defined caseload to FTE minimum and maximum standard is defined for the regional offices. This staffing standard would be based upon defined benchmarks and would be set at a level to ensure that the current statewide performance standards are not diminished while still reducing overall program costs and, thereby, improving overall program cost effectiveness. These staffing standards would result in a reduction of staff at the county and state level to achieve the statewide standard.
- Management and control over indirect costs by reducing the number of indirect cost centers and capping the indirect cost rate in the cooperative agreements at the current statewide median rate.
- Management and control over legal costs. Legal costs would be managed by establishing set hourly rates for each regional office with annual maximum amounts. Additionally, with a statutory clarification of the roles and responsibilities of the service providers, counties would be specifically authorized to seek legal services competitively from any qualified provider, for example private attorneys or the county attorney, to maximize cost management and control.

This model relies on state CSDE leadership and effective collaboration and communication with the counties to be successful. The state and county regional office roles and responsibilities would be clearly defined in statute and supplemented by the terms and conditions of the cooperative agreements. The annual cooperative agreements would include individual regional performance goals and objectives for improvement. Ideally, the performance goals would be determined in a collaborative process involving both the counties and the state to develop a common vision of the goals and objectives of the program. Additionally, the cooperative agreements would define the role of the state office in supporting the regional offices in areas such as system maintenance and support and collaboration in policy development and implementation.

The cooperative agreement between the state and each regional office would also define the role of the county attorney or other provider of legal services, however chosen, as an attorney for state IV-D program and establish an hourly rate for those legal services within a maximum annual budget in order to manage statewide legal costs and provide consistency in the provision of legal services. The cooperative agreement would require adherence with state law and policies in the delivery of services by the county office and the regional office attorney in order to ensure consistency among the counties.

The model also provides enhanced control and accountability over the program expenditures. The regional office budget would be subject to the review and approval of a regional governing board as well as state review and approval to create accountability both on the county and state to improve overall program cost effectiveness. Cost reduction would be realized by enforcing greater consistency in the program in terms of staffing levels based on a caseload to FTE standard, caps on the rate of indirect costs and management over the expenditures for legal services. Additionally, the opportunities to centralize or specialize services provides the ability to further control costs by reducing duplication of effort and streamlining identified services.

The County Operated Regional Offices with Enhanced Governance model envisions the obligations of the state to include:

- Developing in concert with State and County Workgroup standard cooperative agreements between the state, counties and county attorneys or

other legal services providers

- Establishing a flexible and adaptable system of allocating federal and state incentives to the counties to promote activities to improve program performance by rewarding high performance or to encourage the consolidation of services
- Establishing performance standards for the state office, counties, and legal services providers both in terms of timeframes and outcomes in concert with the State and County Workgroup
- Establishing consistent service delivery standards in concert with the State and County Workgroup
- Providing timely communications to counties and other stakeholders
- Providing timely training on new policies and practices to county staff
- Enhancing DHS oversight of county performance and budget management through a contract and performance management unit
- Providing designated legal staff to DHS CSED to assist in policy development and legal training for CSE attorneys

This model envisions a collaborative relationship between the counties and the state in which the terms and conditions of the cooperative agreement, including performance and organizational standards, are developed through the structure of the State and County Workgroup which would also function as the ongoing mechanism for resolution of any issues which may arise. The State and County Workgroup would also serve as the forum to develop the vision, goals and objectives of the child support program as a whole. For example, the State and County Workgroup could develop the measures for the allocation of federal and state incentives to support the ongoing goals of the program as a whole.

The State and County Workgroup would identify functions or services which could be specialized or centralized either under county consortiums or at the state office. These opportunities could include:

- Case initiation
- Centralized Help Desk for financial adjustments or reconciliations
- Policies and Procedures Help Desk for county workers
- Locate services for those hard to locate cases
- Centralized employer customer service
- Interstate cases
- Case closure
- Arrears management for arrears only cases

The model relies on collaborative county operations in their regions, and state CSED leadership and effective communication with the regional operations and their provider of legal services. State and regional consortia roles and responsibilities must be clearly defined in statute. The state CSED authority would be enhanced in periodically negotiated cooperative agreements with each consortium defining the consortium and state relationship and setting individual regional goals and objectives for improvement.

	<p>Organizational Structure</p> <p>The organizational structure of the County Operated Regional Offices with Enhanced Governance requires little change in the organizational structure of CSED central office but requires significant changes in county offices statewide. Regional Offices would be established in a host county. In some instances, a host county of a consortium may have sufficient space in a current location to house all regional staff while in other instances new regional office space would need to be acquired.</p> <p>The state office would continue to have their current support functions such as: policy, training, PRISM operation and maintenance and the operation of the child support payment center. Changes in state office organization would be required to implement new regional office supervisory responsibilities. The state would need to reallocate existing staff to supervise and manage consortium cooperative agreements, budgetary approval, performance management, enhance training and technical assistance of policy, procedures, and standards. To support CSED's new authority, a Field Operations Unit consisting of regional teams assigned to each regional office would be established in the Central Office to perform oversight tasks more effectively. These regional teams within CSED would be managed by Regional Managers, state employees whose responsibility would be to provide direct communications with the regional offices and to actively manage the oversight of state teams which would assist in negotiating and monitoring contracts, evaluating performance, training field staff, and providing legal training and consultation. When issues or concerns are identified by Regional Managers, the state office would have the capacity to address regional office needs faster by having to respond to fewer offices and with the enhanced governance tools provided for in the cooperative agreements.</p> <p>The success of the County Operated Regional Offices with Enhanced Governance is dependent upon strong state office supervision and management of the regional offices. Creating a Field Operations Unit within the state office to focus resources on the governance of the cooperative agreements as well as budget and performance management is a key component of the enhanced governance. This model envisions the Field Operations Unit, consisting of reallocated state office staff organized into regional teams and reporting to the CSED director, with oversight responsibilities for all regional unit operational activities. The Field Operations Unit would oversee, supervise and manage the ten Regional Managers out in the field supporting the county regional offices. The Regional Manager(s) would report to a Manager of the Field Operations Unit in the state office. This Manager is responsible for the oversight and management of the delivery of county child support services to the customer(s), managing stakeholder relationships, and contracted services.</p>
<p>Predecessors / Successors</p>	<p>The <u>predecessors</u> for this option include:</p> <ul style="list-style-type: none"> • Secure a Project Sponsor and Political Champion • Develop a detailed implementation plan • Propose and enact legislation to clarify and define the roles and responsibilities of the state, county and the provider of legal services • Propose and enact legislation to empower DHS to design and utilize a performance management plan to provide incentives and, if necessary, impose penalties upon counties • Propose and enact legislation to require counties to enter into shared services agreements and form regional offices aligned with the Minnesota judicial districts • Develop a model cooperative agreement which defines the mutual obligations of the state, county, and legal service providers including performance standards, budgetary controls and organizational standards • Develop a model shared services agreement for the member counties of the regional offices to define the roles and responsibilities of the lead county and member counties and to establish the mechanism for funding the regional offices

	<p>The <u>successors</u> for this option include:</p> <ul style="list-style-type: none"> Evaluate/monitor the results of the implementation 	
Duration / Timing	<p>The estimated duration to implement the County Operated Regional Offices with Enhanced Governance is 18 months. The initial three months would be devoted to planning for the conversion to the regional structure, and identifying the sequence of the conversion to regional offices. During the remaining 15 months, the caseloads of existing county offices would be transferred to the regional offices according to the sequence of conversion established during the planning phase. Concurrently with the transfer of caseloads to the regional offices, performance management, reporting and monitoring tools and methodology would be developed. Additionally, during this time, the shared services agreements among the counties would be established and executed.</p>	
Transitional Impacts	Customer	Customers may be impacted by having to travel farther for face-to-face contact with their caseworker; however, that impact can be mitigated by the use of toll-free telephone numbers.
	Staff	To achieve the improvements in overall program effectiveness and arrive at an established statewide caseload to FTE ratio, reductions in staffing would occur throughout the program, at both the county and state office. The reductions at the county offices would occur through the consolidation of the existing 84 offices into 10 regional offices. With a reduced number of county offices to support, there are opportunities to reduce and reassign state office staff to bring the level of state office to a level more commensurate with the size of the Minnesota program. Additionally, performance standards would also impact the way in which casework is performed and, in some instances, who performs specific case activities.
	System	The creation of regional offices would likely require changes in PRISM as cases are reassigned from individual county workers to regional office case owners. Additionally, as the regional offices develop alternative workflows or organizational structures, changes may be required in PRISM to support those alternatives. In addition, changes in PRISM may be required to support specialized or centralized functions or services.
Staffing Changes	<p>There would be significant staff changes under the County Operated Regional Unit with Enhanced Governance as the number of county child support offices is reduced from 84 to 10 and as caseload to FTE standard as well as performance standards are implemented as part of the cooperative agreements. In addition to overall program staff reductions, there would be a reallocation of staff resources as caseloads are consolidated into the regional offices and organizational structures are implemented to streamline case processing within the regional structure. In addition, as noted above, there would be staffing changes at the state office to create the structure needed to manage, monitor and supervise the cooperative agreements.</p>	
Communication Plan Needs	<p>As this model is implemented, a Communication Plan would be needed for counties, customers and stakeholders of the program to inform them of the change, the implementation of the new model and inform them of the reasons and rationale supporting the new model. The Communication Plan is critical in regard to counties and state staff since there would be a fundamental change in internal office policy, processes and procedures as well as staffing reallocations and reductions in order to achieve optimum efficiency and cost effectiveness.</p>	
Barriers to Implementation	<p>Barriers to implementation include:</p> <ul style="list-style-type: none"> Resistance to the legislative changes necessary to implement cooperative agreements with performance and organizational standards for the county offices Resistance to changes in the established state and federal incentive allocation methodology Resistance by county government leadership to the loss of local county child support offices due to the creation of regional units and the 	

	<p>resultant loss of county jobs in that locality</p> <ul style="list-style-type: none"> • Complaints from customers over the potential loss of local access to their caseworkers • Potential inability of the State and County Workgroup to agree upon the terms and conditions of a model cooperative agreement • Potential inability of counties within a region to agree upon the terms and conditions of a shared services agreement • A culture of case ownership by county caseworkers that may create opposition to any specialization or centralization of functions or services • Inability to develop a funding mechanism to support specialized or centralized services • A culture of independence from state policy direction on the part of current county office management and county attorneys that may create opposition or resistance to the implementation of organizational and performance standards and implementation of budget management and control by the state • Inability to secure a project sponsor or political champion capable of successfully promoting the legislative changes necessary to support the model.
Statutory Changes	<p>As previously identified, statutory changes would be required to clearly define roles and responsibilities of the state, the counties, and legal services providers and create the framework necessary to implement a structure of cooperative agreements that provide stronger management tools over both costs and outcomes. This model is predicated upon removing many of the statutory requirements for the allocation of federal and state incentives to provide a more adaptable and flexible environment to focus incentives on those activities which improve overall state program performance. There would also be statutory changes to clearly define the roles and responsibilities of the state and counties in seeking and obtaining legal services from any qualified provider, whether from a private attorney or the county attorney and clearly define the attorney-client role created under this option. This would resolve the debate over the nature of the attorney-client relationship and restrict the independence of operation existing under the current model by proscribing variances from established state policy.</p> <p>These changes would reduce county level control over the program and its service delivery while still maintaining an element of county funding. This approach may be viewed as an infringement upon county self government and the imposition of state mandates, issues which may engender opposition from county government advocates.</p>
Existing Labor Agreements	<p>The creation of ten regional offices and the elimination of 74 local county offices would impact existing labor agreements in currently place in the county offices. As part of the implementation planning, the labor agreements in the offices which would be transferred into the regional offices would have to be examined to determine whether there are specific provisions of the labor agreements such as severance terms which would need to be considered or addressed during the transition to the regional offices.</p>
Necessary Infrastructure Changes	<p>Infrastructure changes would be required to support the transition and implementation of the ten regional offices. There would also be infrastructure changes needed to support the data gathering and reporting necessary to manage and monitor compliance of the ten regional offices with the cooperative agreements. Additionally, the specialization or centralization of specific functions or services may also necessitate system changes to support the performance of those functions. On an ongoing basis, the State and County Workgroup may develop system priorities which would impact the PRISM infrastructure.</p>

Option Risk	Project Complexity	High – The option is complex due to the development and enactment of the legislation necessary to create the regional units, the development and implementation of cooperative agreements and shared services agreements among the counties which would constitute the regional offices. Additionally, the project is dependent upon the development of new performance management systems to monitor and supervise the operation of the ten regional units. The 18 month transition plan would require close coordination of multiple activities occurring simultaneously.
	Risk for NCP/CP	Moderate – The transition from 84 county offices to ten regional offices would impact customers as they would no longer have local, face-to-face contact with their caseworkers. However, as the majority of customer contact occurs via telephone, this risk can be minimized through a comprehensive customer communication plan and the use of toll-free telephone numbers for the regional offices.
	Risk for Partners	Low – The risk for partners and other agencies is low as any loss of local contact with county offices would be counter balanced by reducing the number of multiple, individual county contacts necessary under the current environment. In fact, relationships with some partners may improve through greater uniformity in the delivery of services statewide.
	Risk for Counties	High – The risk for counties is high as this model requires a major shift in the organization of county delivered child support services from 84 local offices to ten regional offices. The vast majority of counties would no longer have a local county office and would be members of a regional unit in which they would be one of many member counties. Management of the regional units would be subject to state supervision and governed by the terms and conditions of the cooperative agreement with the state. The cooperative agreement would contain performance and organizational standards for the regional units. The county attorneys would also be impacted under this option as they would no longer provide legal services under a contract with a single county but may be under a contract with a regional unit. Alternatively, legal services may be provided by private attorneys under a competitive procurement. Changes in the allocation of incentives, both federal and state, also carries with it a risk to the counties if the regional units do not meet the performance standards set in the cooperative agreements.
	Risk for CS&ED	Moderate – The state office would need to provide oversight and support for the regional units and develop a performance management system to monitor and measure the performance of the regional units under the terms of the cooperative agreement. Additionally, the state office would need to provide mechanisms to monitor budgets and compliance with organizational standards of the cooperative agreements. There is risk of inconsistent services under this model as there is a possibility of having different practices and policies in the regional offices if the governance controls are not sufficiently strong or implemented poorly. The risk of substandard performance by the regional units is a loss of federal incentives and negative political ramifications if the transition is viewed as unsuccessful in increasing efficiency.
	Overall	High – This option could face significant opposition from some counties who perceive the model as taking away local jobs and local control of the program. The transition process would be complex and require the coordinated management of many different aspects of the transition simultaneously. The success of the transition and successful operation of the ten regional units is dependent upon the commitment and close cooperation of the counties and the state office to successfully accomplish and implement this option.

Cost / Benefit Summary		
Costs	Staff Resources	44,000 state office hours; 25,440 county office hours; 47,200 vendor hours
	One-time Costs	Staff resources cost - \$10,662,720; transition costs - \$6,471,543
	Recurring Costs	\$228,800 (with a 3% annual increase)
Benefits	Annual Benefits	Annual cost savings - \$13,237,336
Assumptions and Notes		
<p>Assumptions:</p> <ul style="list-style-type: none"> • There is a project sponsor that is empowered and has the decision making authority to handle the political issues with the county governmental agencies and the Minnesota Legislators • The Communication Plan is detailed and the communication channels are in place to keep stakeholders updated regularly as to the plan's progress • The funding is present to perform the implementation according to plan • PRISM changes would be completed on time for implementation 		

Table 116: Option Profile – Option 2: County Operated Regional Offices with Enhanced Governance

CBA Summary and ROI

Option ID	2						
Option Name	County Operated Regional Offices with Enhanced Governance						
Benefit Factors	Reduction in County and State Office Staff						
	Reduction in Legal Costs						
	Reduction in Genetic Testing Costs						
	Reduction in Overhead Costs						
Overall Benefit Calculation							
	Description						
	Annual Savings due to Reduction in Staff					\$	2,773,855
	Annual Savings due to Reduced Legal Costs					\$	3,372,795
	Annual Savings due to Reduced Services Costs					\$	271,349
	Annual Savings due to Reduced Overhead Costs					\$	5,819,337
YEARLY BENEFITS DIMINISHING OVER TIME (REDUCED COSTS)					\$	13,237,336	
Cost Factors	Estimated One-Time Resource Costs						
	Estimated One-Time Logistics Costs						
	Estimated Recurring Transportation Costs						
One-time Costs							
	Estimated One-Time Resource Costs					\$	10,662,720
	Estimated One-Time Transition Costs					\$	6,471,543
TOTAL ONE-TIME COSTS					\$	17,134,264	
Recurring Costs							
	Estimated Recurring Transportation Costs					\$	228,800
	TOTAL RECURRING COSTS					\$	228,800
Cost / Benefit Summary							
	Year 1 (SFY 2012)	Year 2 (SFY 2013)	Year 3 (SFY 2014)	Year 4 (SFY 2015)	Year 5 (SFY 2016)	Year 6 (SFY 2017)	Year 7 (SFY 2018)
Benefits (Reduced Costs)	\$ -	\$ 5,322,069	\$ 13,237,336	\$ 13,237,336	\$ 13,237,336	\$ 13,237,336	\$ 13,237,336
One-Time Costs	\$ 11,422,842	\$ 5,711,421	\$ -	\$ -	\$ -	\$ -	\$ -
Recurring Costs	\$ 228,800	\$ 235,664	\$ 242,734	\$ 250,016	\$ 257,516	\$ 265,242	\$ 273,199
NET BENEFIT (COST)	\$ (11,651,642)	\$ (625,016)	\$ 12,994,602	\$ 12,987,320	\$ 12,979,819	\$ 12,972,094	\$ 12,964,137
Return on One-time Investment			76%	76%	76%	76%	76%
	Year 1 (SFY 2012)	Year 2 (SFY 2013)	Year 3 (SFY 2014)	Year 4 (SFY 2015)	Year 5 (SFY 2016)	Year 6 (SFY 2017)	Year 7 (SFY 2018)
Cumulative Benefits (Reduced Costs)	\$ -	\$ 5,322,069	\$ 18,559,405	\$ 31,796,741	\$ 45,034,076	\$ 58,271,412	\$ 71,508,748
Cumulative Costs	\$ 11,651,642	\$ 17,598,728	\$ 17,841,461	\$ 18,091,477	\$ 18,348,994	\$ 18,614,236	\$ 18,887,435
CUMULATIVE NET BENEFIT (COST)	\$ (11,651,642)	\$ (12,276,658)	\$ 717,943	\$ 13,705,263	\$ 26,685,082	\$ 39,657,176	\$ 52,621,313
Cumulative Return on Investment	-100%	-70%	4%	76%	145%	213%	279%
	Year 1 (SFY 2012)	Year 2 (SFY 2013)	Year 3 (SFY 2014)	Year 4 (SFY 2015)	Year 5 (SFY 2016)	Year 6 (SFY 2017)	Year 7 (SFY 2018)
Baseline Annual Program Costs (Year 0 = SFY 2011)	\$ 173,826,003	\$ 173,826,003	\$ 174,451,019	\$ 166,689,948	\$ 171,690,646	\$ 176,841,366	\$ 182,146,607
Annual Net Benefit (Cost) of Implementation	\$ (11,651,642)	\$ (625,016)	\$ 12,994,602	\$ -	\$ -	\$ -	\$ -
Overall Program Cost Growth (3% of Prior Year)	\$ -	\$ -	\$ 5,233,531	\$ 5,000,698	\$ 5,150,719	\$ 5,305,241	\$ 5,464,398
ONGOING ANNUAL PROGRAM COSTS	\$ 185,477,646	\$ 174,451,019	\$ 166,689,948	\$ 171,690,646	\$ 176,841,366	\$ 182,146,607	\$ 187,611,005

Assumptions

1. Benefits will begin to be realized in Year 2 per the following schedule: Year 2 = 40% of staff reduction, legal, and overhead benefits, 50% of services benefit, Year 3 - 7 = 100% of estimated benefits.
2. One-time implementation costs will be expended 2/3 in Year 1 and 1/3 in Year 2 based on an 18 month implementation.
3. Recurring costs will start in Year 1 and are assumed to increase 3% per year.
4. Assumes implementation begins in SFY 2011 (Year 0). Program Costs for SFY 2011 are projected at an annual growth of 3% each year from SFY 2008 level of \$159,075,417 (from 2008 Annual Performance Report (\$122,368,581 in county expenditures, \$36,550,243 in state expenditures plus \$156,593 in FPLS Fees not initially included in state expenditures.) Based on this formula, Baseline Annual Program Costs in Year 0 = \$172,826,003.
5. Assumes overall program cost growth of 3% annually after Year 3.

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| 6. Rate per hour for State Office staff | \$38.37 | Total annual personnel salary and benefits for the State Office is \$15,703,518 per meetings with CSED and SFY 2008 salary data. Weighted between the four designations of State employees (management, PRISM, operations, and policy) and using 2080 hours as the annual hours worked, the hourly wage for State Office personnel is \$38.37.) |
| 7. Rate per hour for county staff | \$28.09 | Total annual personnel salary and benefits for the counties is \$70,110,551 per the Net County Administrative Costs & Reinvestment Summary report for SFY 2008 and per conversations with Hennepin County financial staff (\$4,247,609 of reported Salaries & Direct Benefits are indirect costs associated with personnel. These indirect costs were subtracted from Salaries & Direct Benefits before calculating rate per hour.) This translates to average annual salary and benefits for county child support personnel of \$58,421.05. Using 2080 hours as the annual hours worked, the average hourly wage for county child support personnel is \$28.09. This rate per hour is different from that used in the BPR Policy Project (\$29.79) because Hennepin County's indirect costs reported in their Salaries & Direct Benefits line were not separated out as indirect costs in the BPR Policy Project as they have been here. (This count excludes cooperative agreement personnel, but includes clerical, child support officers, child support aides, administrators, managers, supervisors, etc.) |
| 8. Vendor blended rate | \$175.00 | |
| 9. Estimates are based on 2080 hours per year. | | |

Benefit – Staff Savings

Staff Calculations			Source
A	Leading County Operated States Caseload / FTE Ratio	219.5	This ratio was calculated by taking the average caseload / FTE ratio for the top 6 nationally ranked states operating under a state supervised / county operated model (Pennsylvania, Ohio, Wyoming, Wisconsin, North Carolina, and New Jersey.) These 6 states were selected because they are the 6 state supervised / county operated states that currently rank above Minnesota in overall national child support ranking.
B	Minnesota's FFY 2008 Total Caseload	247,950	Data obtained from the draft 2009 Annual Performance Report provided by CSED.
C	Percent of Minnesota's FFY 2008 Caseload that is Never-Assistance	33.4%	Data obtained from the draft 2009 Annual Performance Report provided by CSED.
D	Percent Child Support Cases that are Never-Assistance in Top 6 County Operated States	44.1%	Data obtained from OCSE compilation of State-reported 157 data in their FY 2008 Preliminary Report and the draft 2009 Annual Performance Report provided by CSED.
E	Number of Never-Assistance cases Minnesota would need to add to caseload to reach percent of Never-Assistance cases in Top 6 County Operated States	47,453	This represents the number of Never-Assistance cases added to Minnesota's caseload to "normalize" Minnesota for comparisons to other states. As Never-Assistance cases typically require less investment of caseworker time, it could be argued that Minnesota has a more difficult caseload than other states. To accurately compare Caseload / FTE ratios with other states, Minnesota's caseload was "normalized" to create a hypothetical caseload upon which to calculate a Caseload / FTE ratio that would correspond with the comparison states. These are the Never-Assistance cases that would be added to Minnesota's caseload to create this hypothetical caseload.
F	Normalized Minnesota Caseload (B + E)	295,403	Adjusting Minnesota's caseload by 47,453 Never-Assistance cases raises the percent of Never-Assistance cases in Minnesota's caseload to 44.1%, equal to that of the Top 6 County Operated States. Making this adjustment before applying the Leading County Operated States Caseload / FTE Ratio allows for a more accurate comparison of caseload composition.
G	Number of FTE based on Caseload / FTE Ratio (F / A)	1,345.9	
H	Minnesota's Total SFY 2008 FTEs	1,391.1	Data obtained from the 2008 Annual Performance Report (1,200.1 County Child Support Workers, 191.0 State Office employees).
I	Total FTEs that can be reduced (H - G)	45.2	In this scenario, Deloitte makes the assumption that FTE reductions will occur at both the county staff level and the State Office level based on the current percentage of FTEs in each. This represents a 3.2% FTE reduction.
J	Percent of Total Staff Currently at County Level	86%	Based on SFY 2008 FTE numbers from the 2008 Annual Performance Report (1,200.1 County Child Support Workers, 191.0 State Office employees).
K	Percent of Total Staff Currently at State Level	14%	Based on SFY 2008 FTE numbers from the 2008 Annual Performance Report (1,200.1 County Child Support Workers, 191.0 State Office employees).
L	FTE Staff Reduction Currently at County Level (I * J)	39.0	This results in 1,161.1 county-level FTE (1,200.1 * 39.0).
M	FTE Staff Reduction Currently at State Level (I * K)	6.2	This results in 184.8 State Office FTE (191.0 * 6.2).
N	Total Staff hours that can be saved by reducing County level FTEs (L * 2080)	81,122	CSED estimated 2080 hours per year as the total number of estimated hours a caseworker works in a year.
O	Total Staff hours that can be saved by reducing State Office level FTEs (L * 2080)	12,911	CSED estimated 2080 hours per year as the total number of estimated hours a caseworker works in a year.
P	Current County Staff rate per hour	\$28.09	Total annual personnel salary and benefits for the counties is \$70,110,551 per the Net County Administrative Costs & Reinvestment Summary report for SFY 2008 and per conversations with Hennepin County financial staff (\$4,247,609 of reported Salaries & Direct Benefits are indirect costs associated with personnel. These indirect costs were subtracted from Salaries & Direct Benefits before calculating rate per hour.) This translates to average annual salary and benefits for county child support personnel of \$58,421.06. Using 2080 hours as the annual hours worked, the average hourly wage for county child support personnel is \$28.09. This rate per hour is different from that used in the BPR Policy Project (\$29.79) because Hennepin County's indirect costs reported in their Salaries & Direct Benefits line were not separated out as indirect costs in the BPR Policy Project as they have been here. (This count excludes cooperative agreement personnel, but includes clerical, child support officers, child support aides, administrators, managers, supervisors, etc.)
Q	Current State Staff rate per hour	\$38.37	Total annual personnel salary and benefits for the State Office is \$15,703,518 per meetings with CSED and SFY 2008 salary data. Weighted between the four designations of state employees (management, PRISM, operations, and policy) and using 2080 hours as the annual hours worked, the hourly wage for State Office personnel is \$38.37.
R	Current County Staff reduction cost savings (N * P)	\$2,276,491	
S	Current State Staff reduction cost savings (O * Q)	\$495,364	
Annual Savings Due to Reduction in Staff		\$2,773,855	

Benefit – Reduced Legal Costs

Reduced Legal Costs			Source
A	Total SFY 2008 Legal Costs	\$11,787,717	Data obtained from the Legal Cooperative Agreement line item in the Net County Administrative Costs & Reinvestment Summary for SFY 2008.
B	Legal Costs in Counties with Hourly Rates	\$4,294,635	Based on Cooperative Agreement Tracking data obtained from CSED, 70 counties recorded both hourly rates for county attorneys and legal expenditures in SFY 2008. These 70 counties accounted for \$4,294,635 of SFY2008 total legal expenditures.
C	Caseload of Counties with Hourly County Attorney Rates	127,769	The 70 counties that have hourly rates for county attorneys account for 127,769 of Minnesota's total cases in SFY 2008. Caseload data obtained from the 2008 Annual Performance Report.
D	Legal Cost / Case in Counties with Hourly County Attorney Rates (B / C)	\$33.61	Deloitte estimates that under a county regionalization model with enhanced State governance, a maximum legal cost per case can be enforced. Deloitte analyzed the cost per case data for all counties that report legal costs and hourly rates. The overall cost per case in these 70 counties is \$33.61. Based on this analysis of current legal spending in Minnesota, it is believed that legal services can be delivered statewide at a rate of no more than \$33.61 per case.
E	Minnesota's Statewide Total SFY 2008 Caseload	250,351	Data obtained from the 2008 Annual Performance Report.
F	Total Estimated Legal Costs (D * E)	\$8,414,922	
G	Reduced Legal Costs (A - F)	\$3,372,795	
Annual Savings from Legal Costs			\$3,372,795

Benefit – Reduced Services Costs

Reduced Services Costs			Source
A	Total Annual Genetic Testing Costs	\$769,949	Data obtained from Paternity Expenditure line item in the Net County Administrative Costs & Reinvestment Summary for SFY 2008.
B	Total Number of Genetic Testing Draws Performed in SFY 2008	16,620	Based on Genetic Test Detail report run through PRISM for SFY 2008, 5,540 genetic tests were completed in SFY 2008. Each genetic test includes 3 draws, child, custodial parent, and non-custodial parent.
C	Average Cost per Genetic Testing Draw (A / B)	\$46	
D	Estimated Cost per Genetic Testing Draw Obtained Through Statewide Contract	\$30	Based upon recent bids in Pennsylvania and Tennessee after changing to statewide genetic testing contracts.
E	Estimated Annual Genetic Testing Costs Based on Statewide Contract (A * D)	\$498,600	
F	Total Annual Reduction in Genetic Testing Costs (A - E)	\$271,349	
Annual Cost Savings due to a Reduced Services Costs			\$271,349

Benefit – Reduced Overhead Costs

Reduced Overhead Costs		Source	
A	Total Overhead Costs in SFY 2008	\$39,615,318	Data obtained from the Net County Administrative Costs & Reinvestment Summary for SFY 2008 by adding the following line items - Other Expenditures, Materials & Supplies, Capital Outlay, Other Expenses, and Total Indirect Expenditures. All of these non-salary expenditures are considered Overhead Expenditures.
B	Minnesota's Statewide Total SFY 2008 Caseload	250,351	Data obtained from the 2008 Annual Performance Report.
C	Maximum Overhead Costs / Case	\$131	Deloitte analyzed each county's overhead costs, caseload size, and overhead cost / case ratio. On average, Minnesota currently spends \$215 / case in overhead. Deloitte then analyzed those counties that currently have a caseload of 7,000 cases or greater as a proxy for regional office size. Of these 5 counties (St. Louis, Anoka, Dakota, Ramsey, and Hennepin), the average overhead cost / case ratio is \$131 / case. Deloitte estimates that under a regional model, all regions would be able to achieve economies of scale that would allow each regional office to reach \$131 / case.
D	Total Overhead Costs After Enforcing Maximum Overhead Costs / Case (B * C)	\$32,795,981	
E	Total Savings in Overhead Costs (A - D)	\$6,819,337	
Annual Cost Savings due to a Reduced Overhead Costs		\$6,819,337	

Detailed Costs

Resource Costs - One-Time										Source
Estimated Hours										
	Project Planning & Management	Design Management/Communication Team	Organizational Design/Workforce Transition Team	Facilities Infrastructure Team	Technology Tools	Business Process	Facilities/Physical Assets	Policy/Process	IT & IT Tools	
State Office Staff	11,520	5,760	3,840	8,800	8,640	5,440	44,000	\$38.37	\$1,688,185	Estimate based on Deloitte experience with similar projects. Assumes 18 month implementation.
Current County Staff	2,880	4,800	3,520	6,400	2,880	4,960	25,440	\$28.09	\$714,535	Estimate based on Deloitte experience with similar projects. Assumes 18 month implementation.
Vendor	5,760	9,600	6,400	11,360	5,760	8,320	47,200	\$175.00	\$8,260,000	Estimate based on Deloitte experience with similar projects. Assumes 18 month implementation.
Total One-Time Resource Costs									\$10,662,720	
Transition Costs - One-Time										
	FTE		Sq Ft / FTE		Base Cost		Total Cost			
Leasehold Improvements	746.8		200		\$30		\$4,480,888		Leasehold Improvements include walls, flooring, lighting, restrooms, conference rooms, cafeteria, mailroom, document storage area (combined, \$20/FTE), building security (\$4/FTE), and cabling (\$6/FTE). FTE number based on new caseworker FTE assumption, and assuming that Hennepin and Ramsey counties do not move office space (1,200.1 current county-level FTEs - 36.0 FTE reduction = 1,161.1 county-level FTEs - 262.2 Hennepin FTEs - 152.1 Ramsey FTEs = 746.8 county-level FTEs moving to new office space). Cost estimates based on Deloitte experience with similar projects.	
Furniture and Equipment	746.8		-		\$2,415		\$1,803,558		Furniture and Equipment includes computers (\$900 each), telephones (\$175 each), office/cubicle furniture (\$1,340/FTE). FTE number based on new caseworker FTE assumption, and assuming that Hennepin and Ramsey counties do not move office space and do not require new office furniture or equipment (1,200.1 current county-level FTEs - 36.0 FTE reduction = 1,161.1 county-level FTEs - 262.2 Hennepin FTEs - 152.1 Ramsey FTEs = 746.8 county-level FTEs moving to new office space). Cost estimates based on Deloitte experience with similar projects.	
IT Infrastructure Costs	-		-		187,097		\$187,097		IT Infrastructure Costs include network printers (1 printer/30 FTEs @ \$1,500 each), fax machines (1 fax machine/50 FTEs @ \$500 each), servers (\$80/FTE), routers (1 router/office @ \$3,630 each), switches (1 switch/office @ \$4,672 each), cables (\$20/FTE). FTE number based on new caseworker FTE assumption, and assuming that Hennepin and Ramsey counties do not move to new office space and do not require new IT equipment (1,200.1 current county-level FTEs - 36.0 FTE reduction = 1,161.1 county-level FTEs - 262.2 Hennepin FTEs - 152.1 Ramsey FTEs = 746.8 county-level FTEs moving to new office space). Cost estimates based on Deloitte experience with similar projects.	
Total One-Time Transition Costs									\$6,471,543	
TOTAL ONE-TIME COSTS									\$17,134,264	
Recurring Costs (Starting in Year 1)										
	Trips / Week		Miles / Trip		Rate / Mile		Total Cost			
Transportation Costs	4,160		100		\$0.55		\$228,800		Trips / Year based upon 8 trips per week from each of the regional offices to attend court hearings or to deliver services locally on a recurring basis. Reimbursed mileage rate from CSED data request.	
TOTAL RECURRING COSTS									\$228,800	

* Rate per hours sources:

State Office Staff rate / hour is calculated per the following: Total annual personnel salary and benefits for the State Office is \$15,703,518 per meetings with CSED and SFY 2008 salary data. Weighted between the four designations of state employees (management, PRISM, operations, and policy) and using 2080 hours as the annual hours worked, the hourly wage for State Office personnel is \$38.37.

Current County Staff rate / hour is calculated per the following: Total annual personnel salary and benefits for the counties is \$70,110,551 per the Net County Administrative Costs & Reinvestment Summary report for SFY 2008 and per conversations with Hennepin County financial staff (\$4,247,609 of reported Salaries & Direct Benefits are indirect costs associated with personnel. These indirect costs were subtracted from Salaries & Direct Benefits before calculating rate per hour.) This translates to average annual salary and benefits for county child support personnel of \$58,421.05. Using 2080 hours as the annual hours worked, the average hourly wage for county child support personnel is \$28.09. This rate per hour is different from that used in the BPR Policy Project (\$29.79) because Hennepin County's indirect costs reported in their Salaries & Direct Benefits line were not separated out as indirect costs in the BPR Policy Project as they have been here. (This count excludes cooperative agreement personnel, but includes clerical, child support officers, child support aides, administrators, managers, supervisors, etc.)

Option 3: County Operated with Enhanced Governance

- 620 This option leaves the current county operated model in place but requires a change to clearly define the roles and responsibilities of the core child support service providers. Specifically, the state office, the county offices, and the county attorneys' roles would be defined in statute and via cooperative agreements that would govern the parties' relationships in order to improve the consistency of the services delivered and to define the accountability for the delivery of those services. Cooperative agreements would be mandated by statute, requiring the state and county to enter into these agreements as a mandatory mechanism for the delivery of child support services. Under this model, the state office is provided with greater authority to lead and manage the Minnesota CSE program through the terms and conditions of the cooperative agreements and DHS is provided with the authority to allocate state and federal incentives to the counties to encourage those activities that would improve overall state performance. Statutory changes would buttress the program's authority to obtain legal services from a variety of providers, including the county attorneys, through competitive bids.
- 621 This option is estimated to require a total of \$2,801,300 in one-time resource costs to be expended in Year 1 (SFY 2012) during the nine month implementation.
- 622 Annual savings for this model are estimated at \$9,367,373. The full amount of this benefit is estimated to be realized in Year 2 (SFY 2013), after implementation has been completed. Based on a reduction of 39.0 county-level staff FTE and 6.2 state-level staff FTE, annual staff savings are estimated at \$2,773,855. By enforcing a maximum cost per case for legal services at the county level, annual legal savings of \$3,372,795 are estimated. A statewide genetic testing contract is estimated to save Minnesota CSE \$271,349 in genetic testing expenditures annually. By enforcing a maximum indirect cost rate at the county level, it is estimated that \$2,949,373 can be saved annually in indirect expenditures.
- 623 The cumulative benefit of these cost savings is expected to surpass the cumulative costs of implementation in Year 2. The breakeven analysis and ongoing annual program costs are depicted in Figure 29.

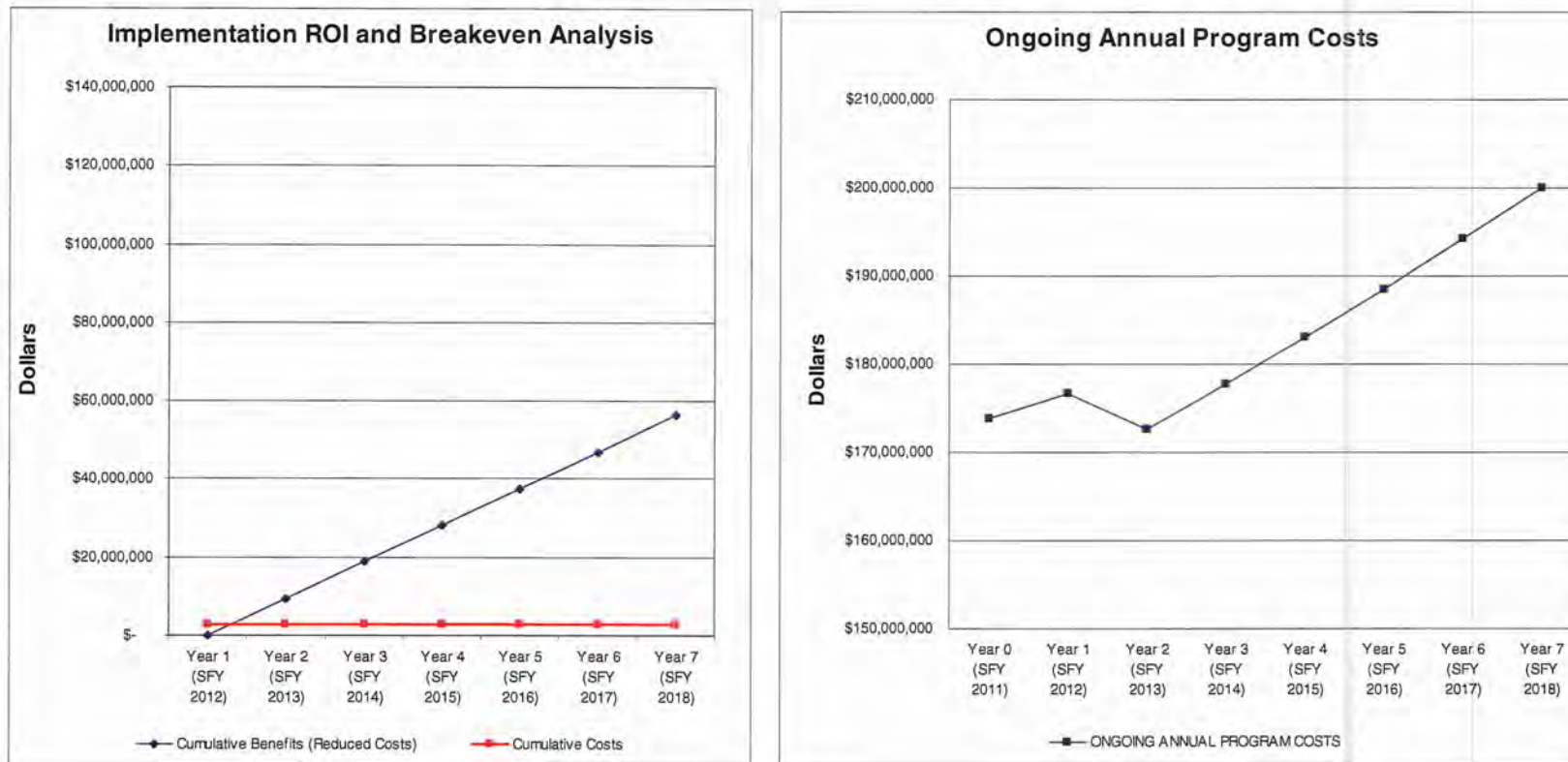


Figure 29: Summary Charts – Option 3: County Operated with Enhanced Governance

Option Profile

Option ID	#3
Option Name	County Operated with Enhanced Governance
Option Description	<p>This option requires a change in the Minnesota CSE program to clearly define the roles and responsibilities of the service providers, particularly the state office, the county offices, and the county attorneys or other provider of legal services. Cooperative agreements would be used to govern the parties' relationships, resulting in improved consistency of the services delivered and accountability for the delivery of those services. Under this model, the state office would be provided with greater authority to lead and manage the Minnesota CSE program, enabled by the terms and conditions of the cooperative agreements. DHS would be provided with the authority to allocate state and federal incentives to the counties to encourage those activities that would improve overall state performance.</p> <p>This option can be implemented with minimal change in county structure as the current 84 office structure would be maintained. This model would allow Minnesota to build upon its current structure by creating greater accountability within the program, establishing performance standards which would improve overall state performance and establishing flexible and adaptable incentive mechanisms to reward high performance. Additionally, through mechanisms within the cooperative agreement, substandard performance can be addressed through corrective action plans or financial penalties. By establishing performance and organizational standards in the cooperative agreements, the program would be able to address the current issues of inconsistent service delivery. Among the mechanisms which could be incorporated into the cooperative agreements are specific timeframes to accomplish identified tasks or deliver identified services or required processes.</p> <p>Under this model, these improvements can be accomplished without making drastic changes in fundamental organizational structure or current infrastructure. The county offices would remain in the 84 counties with the option to centralize or specialize some functions now performed in counties either through county consortiums or by the state. This model envisions a collaborative relationship between the counties and the state in which the terms and conditions of the cooperative agreement, including performance and organizational standards, are developed through the structure of the State and County Workgroup which would also function as the ongoing mechanism for resolution of any issues which may arise. The State and County Workgroup would also serve as the forum to develop the vision, goals and objectives of the child support program as a whole. For example, the State and County Workgroup could develop the measures for the allocation of federal and state incentives to support the ongoing goals of the program.</p> <p>The State and County Workgroup would identify those functions or services which could be specialized to improve customer service, to leverage economies of scale, or to provide supporting functions or services. Customers would continue to receive services in their home county; however, this model allows Minnesota to achieve efficiencies by consolidating identified functions or services to improve the delivery of consistent services statewide.</p> <p>The cost saving realized under this model is achieved by controlling program costs through:</p> <ul style="list-style-type: none"> • The establishment of staffing standards in the cooperative agreement in which a defined caseload to FTE minimum and maximum standard is defined. This staffing standard would be based upon defined benchmarks and would be set at a level to ensure that the current statewide performance standards are not diminished while still reducing overall program costs and, thereby, improving overall program cost effectiveness. These staffing standards would result in a reduction of staff at the county and state level to achieve the statewide standard. The reduction in state office staff would reflect the benefits gained through greater consistency in service delivery instead of supporting a wide variety of policies and practices and also to reduce overall program staffing levels to control costs and increase cost effectiveness. • Management and control over indirect costs. The indirect cost rate would be capped in the cooperative agreements at the current statewide median rate.

	<ul style="list-style-type: none"> • Management and control over legal costs. Legal costs would be managed by establishing set hourly rates for each county with annual maximum amounts. Additionally, the statutory changes to clearly define the roles and responsibilities of the service providers would specifically authorize the counties to seek legal services competitively from providers other than county attorneys to maximize cost management and control. <p>This model relies on CSED leadership and effective collaboration and communication with the counties to be successful. The state and county roles and responsibilities would be clearly defined in statute and supplemented by the terms and conditions of the cooperative agreements. The annual cooperative agreements would include individual county performance goals and objectives for improvement. Additionally, the cooperative agreements would define the role of the state office in supporting the counties in areas such as system maintenance and support and collaboration in policy development and implementation.</p> <p>The cooperative agreement between the state and each county would also define the role of the county attorney or other entity as a provider of legal services to the state program and establish an hourly rate for those legal services within a maximum annual budget in order to manage statewide legal costs and provide consistency in the provisions of legal services. The cooperative agreement would require adherence with state law and policies in the delivery of services by the county office and the county attorney or other legal services provider in order to ensure consistency among the counties.</p> <p>The model also provides enhanced control and accountability over the program expenditures. The county office budget would be subject to state review and approval to create accountability both on the county and state to improve overall program cost effectiveness by enforcing greater consistency in the program in terms of staffing levels based on a caseload to FTE standard, caps on the rate of indirect costs and management over the expenditures for legal services. Additionally, the opportunities to centralize or specialize services provides the ability to further control costs by reducing duplication of effort and streamlining identified services.</p> <p>The County Operated with Enhanced Governance model envisions the obligations of the state to include:</p> <ul style="list-style-type: none"> • Developing in concert with State and County Workgroup standard cooperative agreements between the state, counties and county attorneys or other provider of legal services • Establishing a flexible and adaptable system of allocating federal and state incentives to the counties to promote activities to improve program performance by rewarding high performance or to encourage the consolidation of services • Establishing performance standards for the state office, counties and legal service providers both in terms of timeframes and outcomes in concert with the State and County Workgroup • Establishing consistent service delivery standards in concert with the State and County Workgroup • Providing timely communications with counties and other stakeholders • Providing timely training on new policies and practices to county staff • Improving or replacing the on-line policy and procedures library and assisting counties in updating existing local county policy libraries • Enhancing DHS oversight of county performance and budget management through a contract and performance management unit • Providing designated legal staff to DHS CSED to assist in policy development and legal training for CSE attorneys <p>The State and County Workgroup would identify functions or services which could be specialized or centralized either under county consortiums or at the state office. These opportunities may include:</p>
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	<ul style="list-style-type: none"> • Case initiation • Centralized Help Desk for financial adjustments or reconciliations • Policies and Procedures Help Desk for county workers • Locate services for those hard to locate cases • Centralized employer customer service • Interstate cases • Case closure • Arrears management for arrears only cases <p>Organizational Structure</p> <p>The organizational structure of the County Operated with Enhanced Governance model requires little change in the organizational structure of CSED central office and minimal change of county offices although the creation of performance standards, organizational standards and the management and oversight of the provision of the legal services would have an impact in the operational practices of county offices.</p> <p>The state office would continue to have their current support functions including: policy, training, PRISM operation and maintenance and the operation of the child support payment center, however, with greater consistency in service delivery, these functions will have fewer variations to support. Minor changes in CSED central office organization would be required to implement and supervise new functions and to perform new county supervisory responsibilities. The State roles would include supervision and management of county cooperative agreements, budgetary approval, performance management, enhanced training and technical assistance of policy, procedures, and standards. To support the new model, teams would be established to perform these oversight tasks. These teams would have the responsibility to provide direct communications with a group of counties and to actively manage their management and oversight of these areas through the establishment of teams composed of a contract negotiator and monitor, performance management evaluator, trainer, and legal liaison. The teams would be composed of the various supporting functional units of the state office to effectively provide the newly authorized support and oversight role of CSED of county CSE offices. While the number of counties to be supervised and maintained would remain unchanged, absent consolidation at county initiative, the new enhanced organizational structure would allow the state to provide improved management of the Minnesota CSE program.</p>
Predecessors / Successors	<p>The <u>predecessors</u> for this option include:</p> <ul style="list-style-type: none"> • Secure a Project Sponsor and Political Champion • Develop a detailed implementation plan • Propose and enact legislation to clarify the roles and responsibilities of the state, county, and county attorney or other provider of legal services • Propose and enact legislation to empower DHS to design and utilize a performance management plan to provide incentives and, if necessary, to impose penalties upon counties • Propose and enact legislation to provide incentives to encourage counties to enter into shared services agreements to provide CSE services • Develop a model cooperative agreement which defines the mutual obligations and responsibilities of the state, county and county attorney or

	<p>other provider of legal services including performance standards, budgetary controls and organizational standards</p> <p>The <u>successors</u> for this option include:</p> <ul style="list-style-type: none"> Evaluate/monitor the results of the implementation 	
Duration / Timing	<p>The estimated duration to implement this option would be approximately nine months. This timeframe assumes passage of the enabling legislation followed by six months to develop a model cooperative agreement, provide resources and communication to the affected stakeholders culminating in execution of the cooperative agreements. An additional three months would be devoted to developing and implementing the reporting and monitoring tools and methodology.</p>	
Transitional Impacts	Customer	There would be very little impact to customers as their local county office would be maintained.
	Staff	While this model does not require a large organizational change, caseload to FTE standards based as a mechanism to control costs and increase efficiency would result in staffing reductions both at the county and state levels. To achieve the improvements in overall program effectiveness and arrive at an established statewide caseload to FTE ratio, reductions in staffing would occur throughout the program. Additionally, performance standards would also impact the way in which casework is performed and, in some instances, who performs that casework.
	System	Changes in PRISM would likely be required to support centralized or specialized case activity. The design and implementation of the performance management system would require automation changes or the development of supplementary applications.
Staffing Changes	<p>To meet the goals of improving efficiency and cost effectiveness would necessarily involve a reduction in staff. Compared to high performing states with a county operated child support program, Minnesota has a lower caseload to FTE ratio. This option proposes reducing both county and state office staff to reach a caseload to FTE ratio equal to the average of those county operated states that have implemented similar innovations CS&ED seeks to implement, which perform better on the federal incentive measures than Minnesota. For the counties, this would require a reduction and reallocation of staff to meet caseload standards established in the cooperative agreements. At the state office, staff would be reallocated to perform cooperative agreement management, including budget and performance monitoring and management. In the event specialized or centralized services are implemented, there would be an additional reallocation of staff either within the county offices, the state offices or both to perform those specialized or centralized services.</p>	
Communication Plan Needs	<p>As this model is implemented, a Communication Plan would be needed for counties, customers and stakeholders of the program to inform them of the change, the implementation of the new model and inform them of the reasons and rationale supporting the new model. The Communication Plan is critical in regard to counties and state staff since there would be a fundamental change in internal office policy, processes and procedures as well as staffing reallocations and reductions in order to achieve optimum efficiency and cost effectiveness.</p>	
Barriers to Implementation	<p>Barriers to implementation include:</p> <ul style="list-style-type: none"> Resistance to the legislative changes necessary to implement cooperative agreements with performance and organizational standards for the county offices Resistance to changes in the established state and federal incentive allocation methodology Resistance by county government leadership to staffing reductions in county offices Potential inability of the State and County Workgroup to agree upon the terms and conditions of a model cooperative agreement 	

	<ul style="list-style-type: none"> • A culture of case ownership by county caseworkers that may create opposition to any specialization or centralization of functions or services • Inability to develop a funding mechanism to support specialized or centralized services • A culture of independence from state policy direction on the part of county office management and county attorneys that may create opposition or resistance to the implementation of organizational and performance standards and implementation of budget management and control by the state • Inability to secure a project sponsor or political champion capable of successfully promoting the legislative changes necessary to support the model 	
Statutory Changes	<p>Statutory changes are needed to clearly define roles and responsibilities of the state, the counties, and county attorneys or other provider of legal services and create the framework necessary to implement a structure of cooperative agreements that provide stronger management tools over both costs and outcomes. This model is predicated upon removing many of the statutory requirements for the allocation of federal and state incentives to provide a more adaptable and flexible environment to focus incentives on those activities which improve overall state program performance. There would also be statutory changes to clearly define the roles and responsibilities of the state and counties in seeking and buttress the program's authority to obtain legal services from any qualified provider, whether from a private attorney or the county attorney and clearly define the attorney-client role created under this option. This would resolve the debate over the nature of the attorney-client relationship and restrict the independence of operation existing under the current model by proscribing variances from established state policy.</p> <p>These changes would reduce county level control over the program and its service delivery while still maintaining an element of county funding. This approach may be viewed as an infringement upon county self government and the imposition of state mandates, issues which may result in opposition from county government advocates.</p>	
Existing Labor Agreements	This model does not interfere with existing labor agreements; however, the staffing reductions envisioned may impact labor agreements insofar as severance terms may be implicated. Relying upon attrition to achieve the staffing reductions would minimize the impact upon existing labor agreements.	
Necessary Infrastructure Changes	There would be some infrastructure changes to support the data gathering and reporting necessary to manage and monitor compliance with the cooperative agreements. Additionally, the specialization or centralization of specific functions or services may also necessitate system changes to support the performance of those functions. Additionally, the State and County Workgroup may develop system priorities which would impact the PRISM infrastructure.	
Option Risk	Project Complexity	Moderate – The option is somewhat complex due to the development and enactment of legislation, development of performance and organizational standards, cooperative agreements, and the possible specialization or centralization of selected services and overall coordination and supervision of the 84 county offices.
	Risk for NCP/CP	Low – As the customer would continue to have local access to their caseworkers at the county level, including local legal services, the risk for NCP and CPs would be low.
	Risk for Partners	Low – Risk for partners and other agencies is low. Relationships with other partners should improve through greater uniformity and more direct contact with CS&ED and limiting the number of contacts they would have.
	Risk for Counties	Moderate – Risk for counties is moderate if they meet their performance goals and adhere to state standards, policy, and procedures.

	Risk for CSED	Low – This is low risk for the state but would require additional management and oversight responsibilities.
	Overall	Low – The lack of transition of personnel or county offices, and other infrastructure changes make this overall a low risk option.
Cost/Benefit Summary		
Costs	Staff Resources	13,440 state office hours; 9,600 county office hours; 11,520 vendor hours
	One-time Costs	Staff resources cost - \$2,801,300
	Recurring Costs	N/A
Benefits	Annual Benefits	Annual cost savings - \$9,367,373
Assumptions and Notes		
<p>Assumptions:</p> <ul style="list-style-type: none"> • There is a project sponsor that is empowered and has the decision making authority to handle the political issues with the county governmental agencies and the Minnesota Legislators • The communication plan is detailed and the communication channels are in place to keep stakeholders updated regularly as to the plan's progress • The funding is present to perform the implementation according to plan • PRISM changes would be completed on time for implementation 		

Table 117: Option Profile – Option 3: County Operated with Enhanced Governance

CBA Summary and ROI

Option ID	3						
Option Name	County Operated with Enhanced Governance						
Benefit Factors	Reduction in County and State Office Staff						
	Reduction in Legal Costs						
	Reduction in Genetic Testing Costs						
	Reduction in Indirect Costs						
Overall Benefit Calculation							
	Description						
	Annual Savings due to Reduction in Staff					\$	2,773,855
	Annual Savings due to Reduced Legal Costs					\$	3,372,795
	Annual Savings due to Reduced Services Costs					\$	271,349
	Annual Savings due to Reduced Overhead Costs					\$	2,949,375
YEARLY BENEFITS DIMINISHING OVER TIME (REDUCED COSTS)					\$	9,367,373	
Cost Factors	Estimated One-Time Resource Costs						
One-time Costs							
	Estimated One-Time Resource Costs					\$	2,801,300
	Estimated One-Time Transition Costs					\$	-
TOTAL ONE-TIME COSTS					\$	2,801,300	
Recurring Costs							
	Estimated Recurring Costs					\$	-
TOTAL RECURRING COSTS					\$	-	
Cost / Benefit Summary							
	Year 1 (SFY 2012)	Year 2 (SFY 2013)	Year 3 (SFY 2014)	Year 4 (SFY 2015)	Year 5 (SFY 2016)	Year 6 (SFY 2017)	Year 7 (SFY 2018)
Benefits (Reduced Costs)	\$ -	\$ 9,367,373	\$ 9,367,373	\$ 9,367,373	\$ 9,367,373	\$ 9,367,373	\$ 9,367,373
One-Time Costs	\$ 2,801,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Recurring Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET BENEFIT (COST)	\$ (2,801,300)	\$ 9,367,373	\$ 9,367,373	\$ 9,367,373	\$ 9,367,373	\$ 9,367,373	\$ 9,367,373
Return on One-time Investment		334%	334%	334%	334%	334%	334%
	Year 1 (SFY 2012)	Year 2 (SFY 2013)	Year 3 (SFY 2014)	Year 4 (SFY 2015)	Year 5 (SFY 2016)	Year 6 (SFY 2017)	Year 7 (SFY 2018)
Cumulative Benefits (Reduced Costs)	\$ -	\$ 9,367,373	\$ 18,734,747	\$ 28,102,120	\$ 37,469,493	\$ 46,836,867	\$ 56,204,240
Cumulative Costs	\$ 2,801,300	\$ 2,801,300	\$ 2,801,300	\$ 2,801,300	\$ 2,801,300	\$ 2,801,300	\$ 2,801,300
CUMULATIVE NET BENEFIT (COST)	\$ (2,801,300)	\$ 6,566,074	\$ 15,933,447	\$ 25,300,820	\$ 34,668,194	\$ 44,035,567	\$ 53,402,940
Cumulative Return on Investment	-100%	234%	569%	903%	1238%	1572%	1906%
	Year 1 (SFY 2012)	Year 2 (SFY 2013)	Year 3 (SFY 2014)	Year 4 (SFY 2015)	Year 5 (SFY 2016)	Year 6 (SFY 2017)	Year 7 (SFY 2018)
Annual Program Costs (Year 0 = SFY 2011)	\$ 173,826,003	\$ 176,627,303	\$ 172,558,749	\$ 177,735,511	\$ 183,067,576	\$ 188,559,604	\$ 194,216,392
Annual Net Benefit (Cost) of Implementation	\$ (2,801,300)	\$ 9,367,373	\$ -	\$ -	\$ -	\$ -	\$ -
Overall Program Cost Growth (3% of Prior Year)	\$ -	\$ 5,298,819	\$ 5,176,762	\$ 5,332,065	\$ 5,492,027	\$ 5,656,788	\$ 5,826,492
ONGOING ANNUAL PROGRAM COSTS	\$ 176,627,303	\$ 172,558,749	\$ 177,735,511	\$ 183,067,576	\$ 188,559,604	\$ 194,216,392	\$ 200,042,884

Assumptions

1. Benefits will be realized at 100% in Years 2 - 7.

2. One-time implementation costs will be expended in Year 1 based on a 9 month implementation.

3. Assumes implementation begins in SFY 2011 (Year 0). Program Costs for SFY 2011 are projected at an annual growth of 3% each year from SFY 2008 level of \$159,075,417 (from 2008 Annual Performance Report (\$122,368,581 in county expenditures, \$36,550,243 in state expenditures plus \$156,593 in FPLS Fees not initially included in state expenditures.) Based on this formula, Baseline Annual Program Costs in Year 0 = \$172,826,003.

4. Assumes overall program cost growth of 3% annually after Year 2.

5. Rate per hour for State Office staff

\$38.37

Total annual personnel salary and benefits for the State Office is \$15,703,518 per meetings with CSED and SFY 2008 salary data. Weighted between the four designations of State employees (management, PRISM, operations, and policy) and using 2080 hours as the annual hours worked, the hourly wage for State Office personnel is \$38.37.)

6. Rate per hour for county staff

\$28.09

7. Vendor blended rate

\$175.00

Total annual personnel salary and benefits for the counties is \$70,110,551 per the Net County Administrative Costs & Reinvestment Summary report for SFY 2008 and per conversations with Hennepin County financial staff (\$4,247,609 of reported Salaries & Direct Benefits are indirect costs associated with personnel. These indirect costs were subtracted from Salaries & Direct Benefits before calculating rate per hour.) This translates to average annual salary and benefits for county child support personnel of \$58,421.05. Using 2080 hours as the annual hours worked, the average hourly wage for county child support personnel is \$28.09. This rate per hour is different from that used in the BPR Policy Project (\$29.79) because Hennepin County's indirect costs reported in their Salaries & Direct Benefits line were not separated out as indirect costs in the BPR Policy Project as they have been here. (This count excludes cooperative agreement personnel, but includes clerical, child support officers, child support aides, administrators, managers, supervisors, etc.)

8. Estimates are based on 2080 hours per year.

Benefit – Staff Savings

Staff Calculations		Source	
A	Leading County Operated States Caseload / FTE Ratio	219.5	This ratio was calculated by taking the average caseload / FTE ratio for the top 6 nationally ranked states operating under a state supervised / county operated model (Pennsylvania, Ohio, Wyoming, Wisconsin, North Carolina, and New Jersey.) These 6 states were selected because they are the 6 state supervised / county operated states that currently rank above Minnesota in overall national child support ranking.
B	Minnesota's FFY 2008 Total Caseload	247,950	Data obtained from the draft 2009 Annual Performance Report provided by CSED.
C	Percent of Minnesota's FFY 2008 Caseload that is Never-Assistance	33.4%	Data obtained from the draft 2009 Annual Performance Report provided by CSED.
D	Percent Child Support Cases that are Never-Assistance in Top 6 County Operated States	44.1%	Data obtained from OCSE compilation of State-reported 157 data in their FY 2008 Preliminary Report and the draft 2009 Annual Performance Report provided by CSED.
E	Number of Never-Assistance cases Minnesota would need to add to caseload to reach percent of Never-Assistance cases in Top 6 County Operated States	47,453	This represents the number of Never-Assistance cases added to Minnesota's caseload to "normalize" Minnesota for comparisons to other states. As Never-Assistance cases typically require less investment of caseworker time, it could be argued that Minnesota has a more difficult caseload than other states. To accurately compare Caseload / FTE ratios with other states, Minnesota's caseload was "normalized" to create a hypothetical caseload upon which to calculate a Caseload / FTE ratio that would correspond with the comparison states. These are the Never-Assistance cases that would be added to Minnesota's caseload to create this hypothetical caseload.
F	Normalized Minnesota Caseload (B + E)	295,403	Adjusting Minnesota's caseload by 47,453 Never-Assistance cases raises the percent of Never-Assistance cases in Minnesota's caseload to 44.1%, equal to that of the Top 6 County Operated States. Making this adjustment before applying the Leading County Operated States Caseload / FTE Ratio allows for a more accurate comparison of caseload composition.
G	Number of FTE based on Caseload / FTE Ratio (F / A)	1,345.9	
H	Minnesota's Total SFY 2008 FTEs	1,391.1	Data obtained from the 2008 Annual Performance Report (1,200.1 County Child Support Workers, 191.0 State Office employees).
I	Total FTEs that can be reduced (H - G)	45.2	In this scenario, Deloitte makes the assumption that FTE reductions will occur at both the county staff level and the State Office level based on the current percentage of FTEs in each. This represents a 3.2% FTE reduction.
J	Percent of Total Staff Currently at County Level	86%	Based on SFY 2008 FTE numbers from the 2008 Annual Performance Report (1,200.1 County Child Support Workers, 191.0 State Office employees).
K	Percent of Total Staff Currently at State Level	14%	Based on SFY 2008 FTE numbers from the 2008 Annual Performance Report (1,200.1 County Child Support Workers, 191.0 State Office employees).
L	FTE Staff Reduction Currently at County Level (I * J)	39.0	This results in 1,161.1 county-level FTE (1,200.1 - 39.0).
M	FTE Staff Reduction Currently at State Level (I * K)	6.2	This results in 184.8 State Office FTE (191.0 - 6.2).
N	Total Staff hours that can be saved by reducing County level FTEs (L * 2080)	81,122	CSED estimated 2080 hours per year as the total number of estimated hours a caseworker works in a year.
O	Total Staff hours that can be saved by reducing State Office level FTEs (L * 2080)	12,311	CSED estimated 2080 hours per year as the total number of estimated hours a caseworker works in a year.
P	Current County Staff rate per hour	\$26.09	Total annual personnel salary and benefits for the counties is \$70,110,551 per the Net County Administrative Costs & Reinvestment Summary report for SFY 2008 and per conversations with Hennepin County financial staff (\$4,247,609 of reported Salaries & Direct Benefits are indirect costs associated with personnel. These indirect costs were subtracted from Salaries & Direct Benefits before calculating rate per hour.) This translates to average annual salary and benefits for county child support personnel of \$58,421.05. Using 2080 hours as the annual hours worked, the average hourly wage for county child support personnel is \$28.09. This rate per hour is different from that used in the BPR Policy Project (\$29.79) because Hennepin County's indirect costs reported in their Salaries & Direct Benefits line were not separated out as indirect costs in the BPR Policy Project as they have been here. (This count excludes cooperative agreement personnel, but includes clerical, child support officers, child support aides, administrators, managers, supervisors, etc.)
Q	Current State Staff rate per hour	\$36.37	Total annual personnel salary and benefits for the State Office is \$15,703,518 per meetings with CSED and SFY 2008 salary data. Weighted between the four designations of state employees (management, PRISM, operations, and policy) and using 2080 hours as the annual hours worked, the hourly wage for State Office personnel is \$36.37.)
R	Current County Staff reduction cost savings (N * P)	\$2,278,491	
S	Current State Staff reduction cost savings (O * Q)	\$495,364	
Annual Savings Due to Reduction in Staff		\$2,773,855	

Benefit – Reduced Legal Costs

Reduced Legal Costs			Source
A	Total SFY 2008 Legal Costs	\$11,787,717	Data obtained from the Legal Cooperative Agreement line item in the Net County Administrative Costs & Reinvestment Summary for SFY 2008.
B	Legal Costs in Counties with Hourly Rates	\$4,294,635	Based on Cooperative Agreement Tracking data obtained from CSED, 70 counties recorded both hourly rates for county attorneys and legal expenditures in SFY 2008. These 70 counties accounted for \$4,294,635 of SFY2008 total legal expenditures.
C	Caseload of Counties with Hourly County Attorney Rates	127,769	The 70 counties that have hourly rates for county attorneys account for 127,769 of Minnesota's total cases in SFY 2008. Caseload data obtained from the 2008 Annual Performance Report.
D	Legal Cost / Case in Counties with Hourly County Attorney Rates (B / C)	\$33.61	Deloitte estimates that under a county operated model with enhanced State governance, a maximum legal cost per case can be enforced. Deloitte analyzed the cost per case data for all counties that report legal costs and hourly rates. The overall cost per case in these 70 counties is \$33.61. Based on this analysis of current legal spending in Minnesota, it is believed that legal services can be delivered statewide at a rate of no more than \$33.61 per case.
E	Minnesota's Statewide Total SFY 2008 Caseload	250,351	Data obtained from the 2008 Annual Performance Report.
F	Total Estimated Legal Costs (D * E)	\$8,414,922	
G	Reduced Legal Costs (A - F)	\$3,372,795	
Annual Savings from Legal Costs		\$3,372,795	

Benefit – Reduced Services Costs

Reduced Services Costs			Source
A	Total Annual Genetic Testing Costs	\$769,949	Data obtained from Paternity Expenditure line item in the Net County Administrative Costs & Reinvestment Summary for SFY 2008.
B	Total Number of Genetic Testing Draws Performed in SFY 2008	16,620	Based on Genetic Test Detail report run through PRISM for SFY 2008; 5,540 genetic tests were completed in SFY 2008. Each genetic test includes 3 draws, child, custodial parent, and non-custodial parent.
C	Average Cost per Genetic Testing Draw (A / B)	\$46	
D	Estimated Cost per Genetic Testing Draw Obtained Through Statewide Contract	\$30	Based upon recent bids in Pennsylvania and Tennessee after changing to statewide genetic testing contracts.
E	Estimated Annual Genetic Testing Costs Based on Statewide Contract (A * D)	\$499,600	
F	Total Annual Reduction in Genetic Testing Costs (A - E)	\$271,349	
Annual Cost Savings due to a Reduced Services Costs		\$271,349	

Benefit – Reduced Overhead Costs

Reduced Overhead Costs		Source	
A	Annual County Indirect Costs	\$32,737,393	Data obtained from Total Indirect Expenditures line item in the Net County Administrative Costs & Reinvestment Summary for SFY 2008. Additionally, conversations with financial staff in Ramsey and Hennepin counties informed Deloitte as to the amount of indirect expenditures in these counties that are reported as direct expenditures to the State. These values (\$712,458 for Ramsey and \$5,575,665 for Hennepin) were then added to the Total Indirect Expenditures total for the other 82 counties.
B	Median Indirect Cost Rate Among Counties in SFY 2008	57%	Indirect cost rate was derived for each county by Deloitte's analysis of direct and indirect costs in the Net County Administrative Costs & Reinvestment Summary for SFY 2008. For each county, the indirect cost rate was calculated by dividing Total Indirect Expenditures into Total Direct Expenditures. For Ramsey and Hennepin counties, indirect expenditures that are reported as direct expenditures were subtracted from Total Direct Expenditures and moved to the Total Indirect Expenditures line. The median indirect cost rate for all 84 counties was then calculated.
C	Total Indirect Costs After Applying Indirect Cost Rate Cap	\$29,788,018	Data obtained by analyzing each county's indirect cost rate for SFY 2008. For those counties below the median indirect cost rate, their rate and indirect costs were maintained (this applied to 42 counties). For those counties above the median indirect cost rate, the median indirect cost rate was applied to Total Direct Expenditures for SFY 2008 and indirect costs were reduced to this level (this applied to 42 counties).
D	Annual Savings by Applying Indirect Cost Rate Cap (A - C)	\$2,949,375	
Annual Cost Savings due to a Reduced Overhead Costs		\$2,949,375	

Detailed Costs

Resource Costs - One-Time										Source
Estimated Hours										
	Project Management	Office Management & Communications	Organizational Planning & Implementation	Facilities & Information Systems	Technology	Productivity Tools	Staff Expenses (Hours)	Hourly Rate	Total Cost	
State Office Staff	4,320	2,880	2,400	—	—	3,840	13,440	\$38.37	\$515,664	Estimate based on Deloitte experience with similar projects. Assumes 9 month implementation.
Current County Staff	1,440	2,880	2,400	—	—	2,880	9,600	\$28.09	\$269,636	Estimate based on Deloitte experience with similar projects. Assumes 9 month implementation.
Vendor	2,880	2,400	2,400	—	—	3,840	11,520	\$175.00	\$2,016,000	Estimate based on Deloitte experience with similar projects. Assumes 9 month implementation.
Total One-Time Resource Costs									\$2,801,300	
Transition Costs - One-Time										
									Total Cost	
Total One-Time Transition Costs									\$0	
TOTAL ONE-TIME COSTS									\$2,801,300	
Recurring Costs (Starting in Year 1)										
									Total Cost	
TOTAL RECURRING COSTS									\$0	

* Rate per hours sources:

State Office Staff rate / hour is calculated per the following: Total annual personnel salary and benefits for the State Office is \$15,703,518 per meetings with CSED and SFY 2008 salary data. Weighted between the four designations of state employees (management, PRISM, operations, and policy) and using 2080 hours as the annual hours worked, the hourly wage for State Office personnel is \$38.37.

Current County Staff rate / hour is calculated per the following: Total annual personnel salary and benefits for the counties is \$70,110,551 per the Net County Administrative Costs & Reinvestment Summary report for SFY 2008 and per conversations with Hennepin County financial staff (\$4,247,609 of reported Salaries & Direct Benefits are indirect costs associated with personnel. These indirect costs were subtracted from Salaries & Direct Benefits before calculating rate per hour.) This translates to average annual salary and benefits for county child support personnel of \$58,421.05. Using 2080 hours as the annual hours worked, the average hourly wage for county child support personnel is \$28.09. This rate per hour is different from that used in the BPR Policy Project (\$29.79) because Hennepin County's indirect costs reported in their Salaries & Direct Benefits line were not separated out as indirect costs in the BPR Policy Project as they have been here. (This count excludes cooperative agreement personnel, but includes clerical, child support officers, child support aides, administrators, managers, supervisors, etc.)

Conclusion

624

As presented in the Alignment with Child Support Program Goals and Strategies section above, Option1, State Operated Regional Offices, provides the strongest alignment with and support of the Child Support Program's strategic plan and most closely matches the evaluation criteria established by CSED. This option provides the greatest opportunity to increase the consistency of the delivery of child support services by creating a structure under which the resources of the program are able to be dedicated and focused upon the goals and objectives of the program. Under this model, the issues associated with the program's declining cost effectiveness can be addressed by eliminating duplication of effort and maximizing the economies of scale gained by centralization or specialization of services.

625 As shown in Figure 30, Option 1 also provides the greatest long term return on investment by enabling the program to save the greatest cost over time.

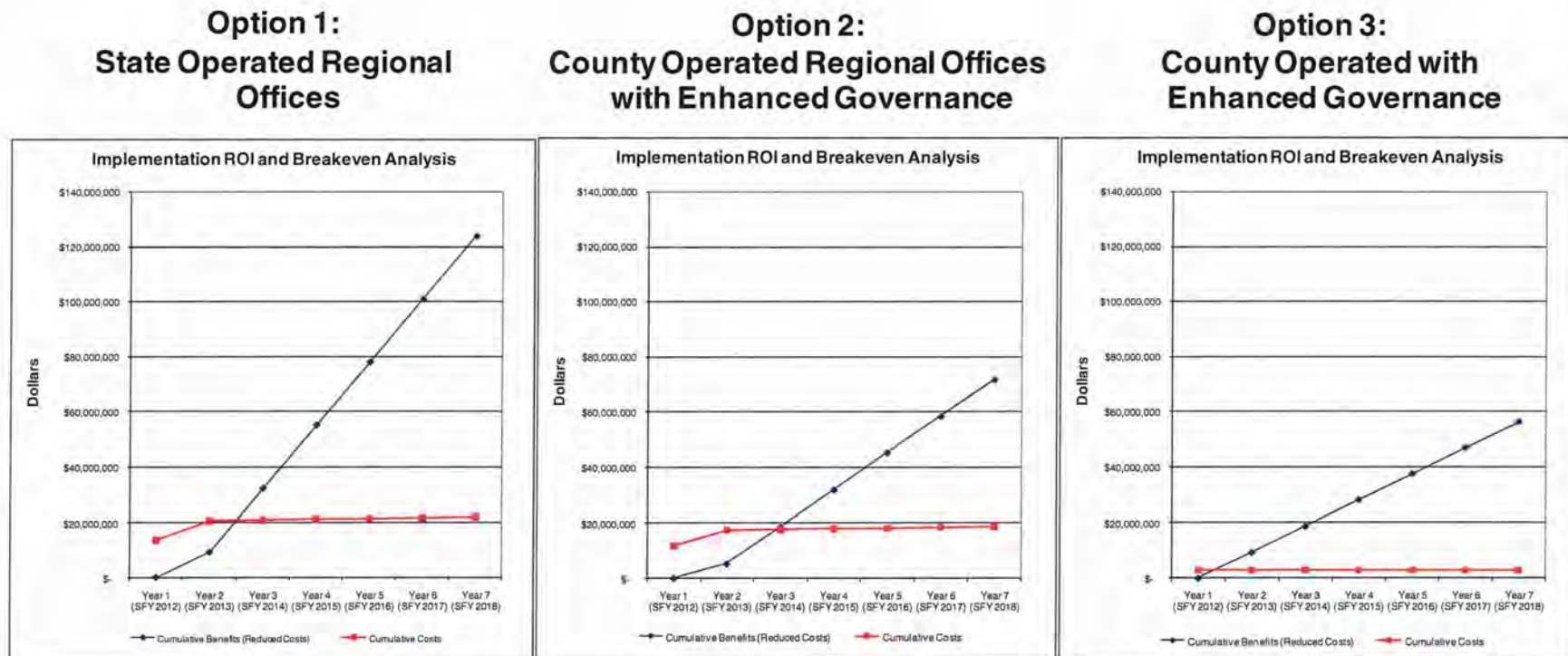
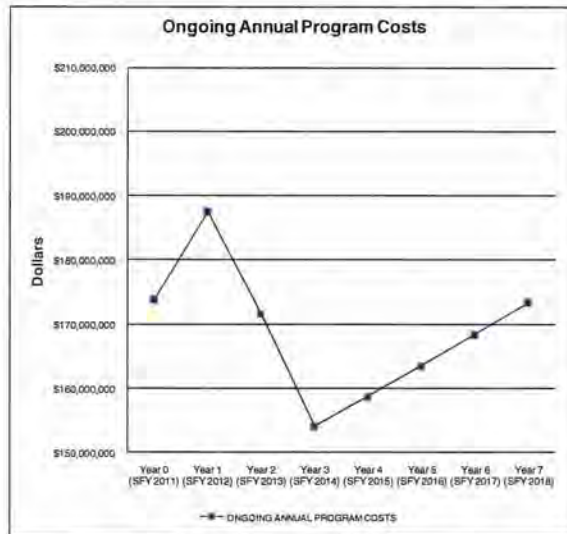


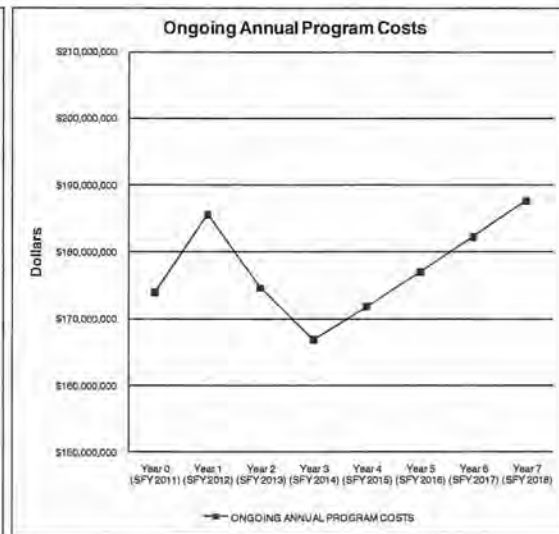
Figure 30: Summary of ROI and Breakeven Analysis for Options

626 Figure 31 provides a summary of the ongoing program costs under the three different options. Option 1 provided Minnesota with the best opportunity to control ongoing costs by eliminating the multiple independent cost centers which characterize the existing service delivery model.

**Option 1:
State Operated Regional
Offices**



**Option 2:
County Operated Regional Offices
with Enhanced Governance**



**Option 3:
County Operated with
Enhanced Governance**

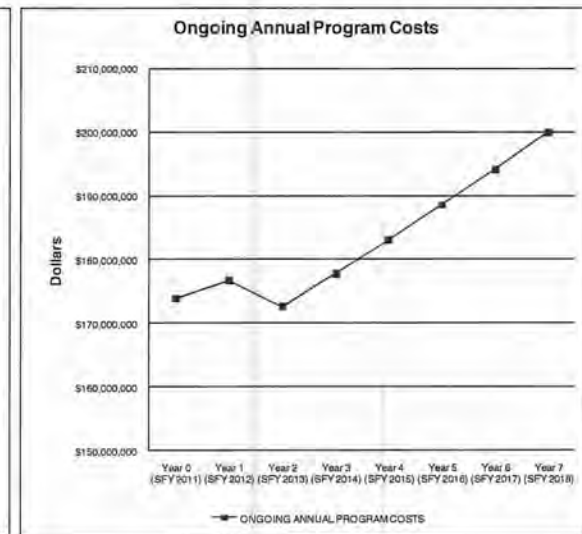


Figure 31: Summary of Ongoing Annual Program Costs for Options

627

In summary, Option 1 presents the best alignment with the strategic goals and objectives of the program and supports all of the evaluation criteria established by CSED, particularly in the areas of consistency of service delivery, accountability, and the ability to implement effective performance management.

Appendix A – Benchmark State Questionnaires

628 Appendix A consists of six separate files. These files are the questionnaires for each of the Benchmark Study states and Minnesota as follows:

- Texas
- North Dakota
- Florida
- Colorado
- Wisconsin
- Minnesota

629 The questionnaire responses which are blank are intentionally left blank as the questionnaires represent the response received from the benchmark states.

Appendix B – Assessment Session Notes

630 Appendix B consists of one separate file which includes notes from each of the 22 Assessment Sessions.

Appendix C – Back-Up Data

631 Appendix C consists of one separate file which includes county by county back-up data for Table 44 through Table 58 in the Current Assessment section of this deliverable.