



# Child Support Enforcement

February 2006

## Major Findings:

- Minnesota's child support enforcement program scores better than most states on four of the federal government's five performance measures.
- However, the program needs to be improved. Minnesota has the second most expensive program relative to its caseload size and the 15<sup>th</sup> least cost-effective program in the country. In addition, on three of the federal government's five performance measures, Minnesota is not reaching the performance threshold that results in a full incentive payment from the federal government.
- Minnesota administers its child support enforcement program through a complex network of federal, state, and local partners. This creates management and operational challenges.
- Delays and inefficiencies in the program sometimes occur because partners in the program network have different priorities and, at times, competing interests.
- County administration of the child support enforcement program has contributed to the inconsistent delivery of services around the state.
- To improve performance, Minnesota distributes incentive funds to

counties that perform well. However, these incentive payments do not recognize that higher performing counties generally have populations that are easier to serve.

- The Department of Human Services (DHS) has created case management and information systems to help child support officers manage the complexities of the program, but these systems can be difficult and time consuming to use.

## Key Recommendations:

- The Legislature and DHS should strengthen program accountability for child support enforcement by (1) setting specific performance targets for each county, (2) establishing statewide service delivery standards, (3) rewarding counties for achieving the performance targets, (4) withholding funds from counties that do not meet the service delivery standards, and (5) providing grants to implement innovative strategies.
- The Legislature should require state agencies to coordinate with DHS any activity that might affect data and computer systems used by the child support enforcement program.
- DHS should improve or replace its online library of child support policies and procedures to make it easier to use.

**Minnesota's child support program scores better than most states on several performance measures, but it needs to be improved.**

## Report Summary

To help ensure that custodial parents have sufficient financial resources to raise their children, Minnesota's child support enforcement program establishes court orders that require non-custodial parents to provide financial support. Specifically, the program locates non-custodial parents, establishes paternity and support orders, modifies orders, and collects and distributes support payments. If non-custodial parents do not pay their child support, the program uses several enforcement actions. These actions include suspending driver's and recreational licenses, reporting overdue payments to credit bureaus, intercepting tax refunds, seizing financial assets, and pursuing civil contempt charges.

Minnesota's child support enforcement program is quite large. In state fiscal year 2005, it served 250,000 families, processed 2.9 million payments, and collected nearly \$600 million at a cost of about \$140 million. Seventy-nine percent of the families served by the program were current or former recipients of public assistance. Single-parent, public-assistance families must participate in the program, but any parent may apply for and receive program services.

### Minnesota Administers Child Support Enforcement Through A Complex Network Of Partnerships

Minnesota administers its child support enforcement program through a complex network of federal, state, and county partnerships that include the legislative, executive, and judicial branches of government. The federal government determines the overall design of the program and provides 75 percent of the funding. At the state level, the Legislature imposes policy and procedure requirements, and the Department of Human Services (DHS) oversees the program. In addition, nine other state agencies provide information that is used to locate parents and establish support orders. For example, the Department of Employment and Economic Development (DEED) provides information about non-custodial parents' earnings that is used to determine the size of child support orders. These state agencies also assist with enforcement actions, such as suspending driver's licenses. At the county level, 84

county child support offices administer the program, and 87 county attorney offices provide legal support. In the judicial branch, judges and child support magistrates establish paternity and child support orders, modify orders, and impose some enforcement remedies.

### Child Support Enforcement In Minnesota Needs To Be Improved

Compared with other states, Minnesota's child support enforcement program scores relatively well on four of the federal government's five performance measures. Minnesota ranks among the top 16 states in (1) percentage of cases with paternity established, (2) percentage of cases with child support established, (3) percentage of child support obligations that are collected when they first become due, and (4) percentage of arrears cases with arrears collections. Arrears are overdue payments.

However, the program needs to be improved. Minnesota has the second highest program spending level in the country relative to its caseload size and ranks 36<sup>th</sup> in child support collections per dollar of program spending. The collection-spending ratio is a measure of cost effectiveness and the federal government's fifth performance measure. In addition, despite ranking high on four of the federal government's five performance measures, Minnesota is not reaching the performance threshold for three of these five measures that results in a full incentive payment from the federal government.

Minnesota should have a relatively high performing program based on its economic and demographic characteristics. Compared with other states, Minnesota has the 7<sup>th</sup> highest proportion of working-age men who are employed, 10<sup>th</sup> highest median household income, 4<sup>th</sup> lowest poverty rate, 5<sup>th</sup> lowest rate of out-of-wedlock births, and 13<sup>th</sup> lowest level of transience (residents who live at a different address than the previous year). Research indicates that each of these factors is associated with high performing child support enforcement programs.

### Coordination Among Program Partners Is Challenging

Inefficiencies and delays in the child support program sometimes occur because partners in the program network have

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**Minnesota's child support program ranks 36<sup>th</sup> among states in cost effectiveness.**

different priorities and, at times, competing interests. For example, some county attorneys place a higher priority on other cases, such as child protection or methamphetamine, than on child support cases. This can delay the establishment of child support orders.

As another example, in June of 2005, DEED changed the computer system that county child support officers use to access earnings data. Consequently, from June through November 2005, county child support officers did not have access to current data on the hours worked by non-custodial parents. They only had access to current data on overall earnings. The lack of up-to-date data on hours worked made establishing appropriate child support orders more difficult. When DEED changed computer systems, it focused on its own priorities and not on maintaining the child support program's access to the data.

County administration of the child support program has contributed to services being delivered inconsistently around the state. For example, one county initiated financial asset seizures for 60 percent of cases that were eligible for this enforcement action in state fiscal year 2004, while another county did not pursue this action for any eligible cases. Similarly, one county initiated civil contempt charges for 32 percent of eligible cases, while another did not initiate this action for any eligible cases.

County performance also varied significantly around the state. In federal fiscal year 2004, the ratio of child support collections to program spending varied from two-to-one to nine-to-one. In addition, the percentage of child support obligations that were collected when they first became due ranged from 58 percent to 80 percent.

To ensure that counties provide child support enforcement services efficiently, effectively, and consistently around the state, the Legislature and Department of Human Services should strengthen accountability for the child support enforcement program. They should (1) set specific performance targets for each county, (2) establish statewide service delivery standards, (3) reward counties for achieving the performance targets, (4) withhold funds from counties that do not meet the service delivery standards, and (5)

provide grants to implement innovative strategies. In addition, the Legislature should require state agencies to coordinate with DHS activities that might affect data or computer systems used by the child support enforcement program.

### **The Program's Current Incentive Payments Do Not Account For Caseload Difficulty**

Under current law, counties receive incentive payments for reaching performance targets, but all counties are expected to meet the same targets regardless of how difficult their caseloads are to serve. For example, in state fiscal year 2005, Watonwan and Steele counties received essentially the same level of incentive payments (\$82 and \$87 per case respectively) because they performed at similar levels. However, Watonwan County's population was more difficult to serve. It had a lower median household income and employment rate. In addition, it had a higher poverty rate, out-of-wedlock birth rate, and proportion of adults with limited English skills. We recommend that performance targets in the new accountability system be county specific and reflect the difficulty of serving each county's caseload. Counties with caseloads that are easier to serve would have to achieve higher performance targets.

However, DHS should develop and apply one set of service delivery standards for all counties. These standards would provide parameters for the circumstances under which counties must provide certain child support services (such as modifying child support orders) and take certain enforcement actions (such as seizing financial assets).

### **Complex Requirements And Regulations Create Challenges**

To administer the child support program, child support officers need to follow a wide range of federal and state policies and procedures. To help officers manage all the policies and procedures, DHS has created a case management computer system called PRISM and an online library of program documents called eMILO.

However, PRISM and eMILO can be difficult and time consuming to use. During interviews, county child support officers commented on PRISM's

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**County administration of the program has contributed to inconsistencies.**

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**DHS has increased its monitoring of counties but more is needed.**

complexity and the large amount of time required to enter information and carry out PRISM activities. In PRISM, child support officers can use over 600 codes to record case activities. The complexity of PRISM largely reflects the complexity of Minnesota's child support enforcement program. Nevertheless, county officials contend that it can be improved and have submitted a "Top 10" list of improvements that DHS should make to PRISM. While DHS has addressed several county issues, it has not completed all of the items from the lists submitted in 2001 and 2002. To ensure that counties receive sufficient program support from DHS to achieve the performance targets in the new accountability system, DHS should make timely updates to PRISM.

Counties also criticized eMILO. They contend that (1) some of the information is out of date, (2) it is difficult to navigate, (3) the search function is not helpful, and (4) information is not dated or indexed well. During our evaluation, we referenced eMILO extensively and found that it contains duplicate, inaccurate, and outdated information. We recommend that DHS improve or replace eMILO.

### **Arrears Can Be Time Consuming And Difficult To Collect**

Arrears affect the performance of Minnesota's child support enforcement program. Statewide, 73 percent of cases

with child support orders have arrears, and the balance is roughly \$1.5 billion. The median balance owed by delinquent non-custodial parents exceeds \$5,000.

However, in certain circumstances, pursuing arrears might not be a cost-effective use of child support resources. DHS estimates that collection is doubtful for 75 percent of arrears that are over one year old. Yet, regardless of the likelihood of collection, PRISM sends instructions to county child support officers to carry out activities on these cases just like any other child support case. The Legislature should require DHS to develop arrears management policies for the Legislature's consideration. The policies should address preventing future arrears and forgiving existing arrears.

The full evaluation report, *Child Support Enforcement*, includes the Department of Human Services' response and is available at 651/296-4708 or:

[www.auditor.leg.state.mn.us/ped/2006/childsup.htm](http://www.auditor.leg.state.mn.us/ped/2006/childsup.htm)

## **Summary of Agency Response**

*In a letter dated January 20, 2006, Commissioner of Human Services Kevin Goodno wrote, "We appreciate the thoroughness and diligence with which your staff conducted the evaluation. It was a helpful learning experience for the Department.... We agree that most of the recommendations in the report will help us improve the performance of the child support system in Minnesota. However, we do have reservations regarding the degree of benefit to be derived from the report's recommendation about accountability." According to Commissioner Goodno, the department already has an incentive system for rewarding high performing counties and is "unsure whether the changes recommended in the report will result in significant improvement in the program's cost-effectiveness."*