

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

Child Support Enforcement Division

DEPARTMENT DIVISION PROGRAM CONTACTS

The division administrator and budget bureau chief and their contact information are:

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WHAT THE DIVISION DOES

The purpose of the Child Support Enforcement Division (CSED) is to pursue and obtain financial and medical support for children by establishing, enforcing, and collecting financial support owed by obligated parents. Program staff locates absent parents, identifies assets, establishes paternity, and ensures obligated parents maintain medical health insurance coverage for their dependent children. Child support payments are collected for families receiving public assistance and those not on assistance. Services are available to any applicant regardless of income level.

Statutory Authority For Division

Activities carried out by program staff are authorized in Title 40, Chapter 5, MCA, and are mandated by the federal government in accordance with Title IV-D of the Social Security Act, 42 USC 651 et seq., and 45 CFR, Chapter 3.

HOW SERVICES ARE PROVIDED

The division has six bureaus. They are Budget, Field Services, Administrative Services, Legal Services, System Policy and Training and the Office of the Administrative Law Judge.

The Budget office has two FTE. Responsibilities include the overall management of division budget and broad authority and responsibility in proposing and implementing fiscal and management policies that impact administration and programs involved in all division bureaus. It acts as the division coordinator of the Executive Planning Process. The bureau also oversees the accounts payable function for the division.

The Field Services Bureau has 119 FTE. This bureau locates obligated parents; establishes paternity for out-of-wedlock children; establishes, modifies and enforces financial and medical support obligations; and ensures division casework activities comply with federal regulations and performance standards.

The Administrative Services Bureau has 16.25 FTE. This bureau acts as the State Disbursement Unit (SDU) for child support payments. Child support payments are received and processed through the SDU. This bureau oversees electronic funds transfers, direct deposits, warrants, debit card disbursements, and financial interfaces between other agencies. Responsibilities also include federal financial reporting.

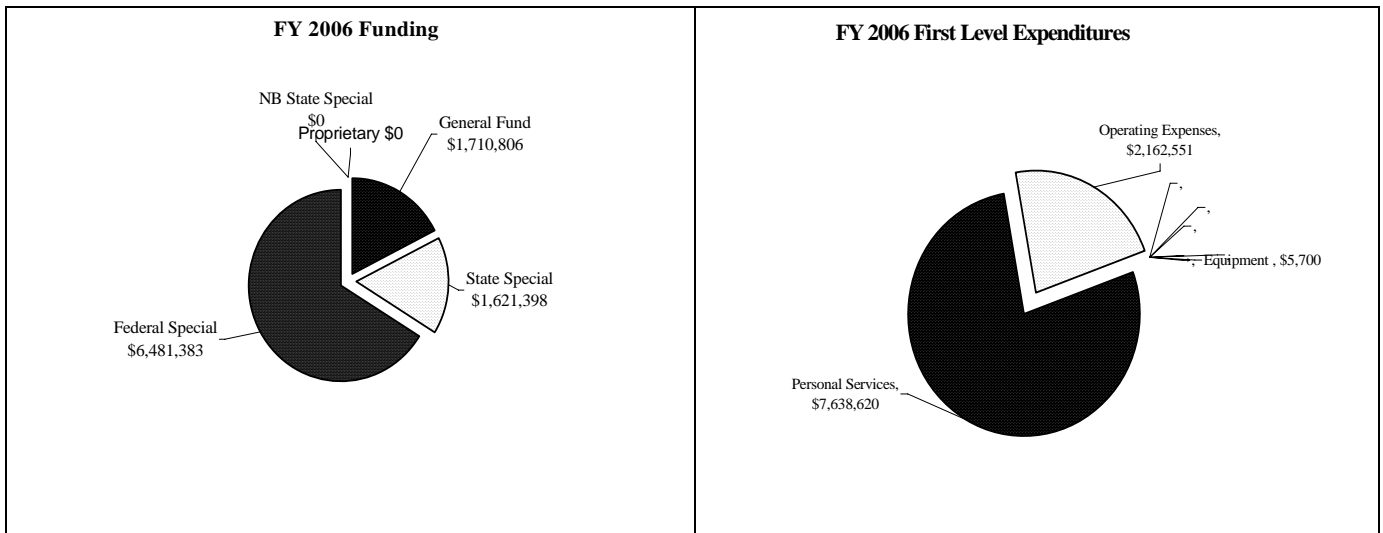
The Legal Services Bureau has 12 FTE. This bureau represents the program in administrative and judicial matters, provides legal advice to program employees in their daily enforcement work, prepares legal opinions, and reviews program policy to ensure compliance with state law and federal regulations.

The System, Policy & Training Bureau has 12 FTE. The bureau develops, implements and monitors program, administrative, audit and training operations in order to ensure a coordinated and effective child support enforcement program. This includes designing, evaluating and monitoring program compliance with statutory and regulatory provisions, development of policies and procedures, and providing program support to the Division.

The Office of the Administrative Law Judge has 6 FTE. This office adjudicates contested child support cases as defined by the Montana Administrative Procedure Act, issues and compels obedience to division orders and subpoenas, maintains the division's paternity and lien registries, and functions as the contested case record keeper for the division.

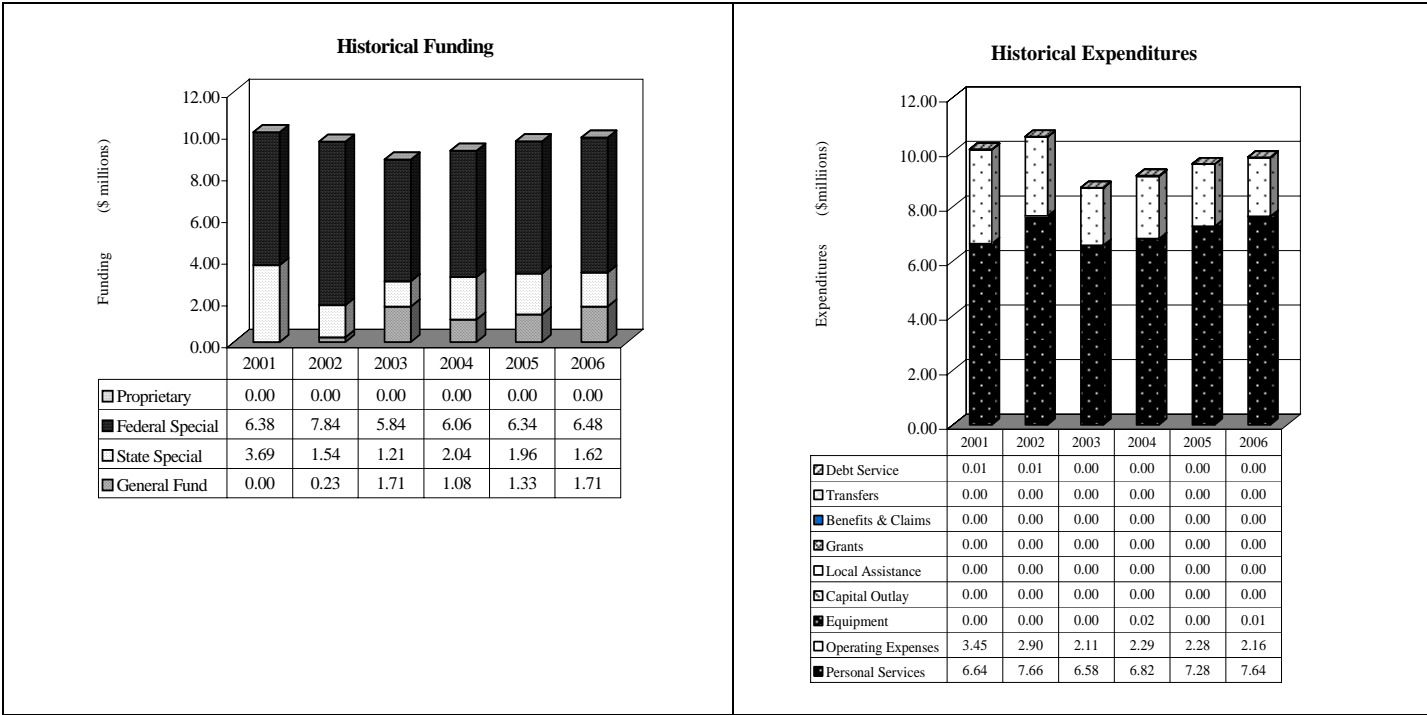
Spending and Funding Information

The following figures show funding and expenditure information for FY 2006 for all sources of funding for the Child Support Enforcement Division. Because the figures include all sources of funding, there are no direct relationships between these figures and appropriation levels presented in the Budget Analysis for the 2007 Biennium.



The above information does not include administrative appropriations as the division did not receive this type of appropriation. Departmental indirect charges are not included as expenditures or revenues in the above tables.

The following figures show funding and expenditures from FY 2001 through FY 2006, for HB 2 funding.



The major changes in revenues and expenses across the fiscal years are as follows:

Revenues: Throughout the period shown above, federal funds have remained a stable source of funding, while state special revenues have fluctuated and been an unstable source of funding. General fund for the years 2003 and 2005 includes supplemental appropriations of \$1,200,000 and \$1,057,058 respectively. These were needed as state special revenue was insufficient to cover operating costs of the division due to the fluctuations explained below.

The two main sources of state special revenue are dollars retained by the state for collections on TANF cases and incentive funding. Collections on the state share of TANF fluctuate between \$1.1 million and \$1.5 million, and have been around \$1.3 million in the most recent biennium. In the 2005 biennium, the division also received \$1,263,678 in a biennial one-time-only state special revenue appropriation. In the 2007 biennium, this biennial appropriation was changed to a general fund appropriation. This is reflected in the state special revenue increase shown above for FY 2004 and 2005, and the corresponding decrease in FY 2006. This also explains the increase in general fund shown in FY 2006.

Incentive funding is awarded child support programs each year and the amount of the award is determined by the program’s ratings in each of five different performance measures. The pool from which this funding comes is capped and shared by 54 states and possessions. In FY 2000, the federal government put in place a new method of determining the incentive awards received by each program, changing the existing calculation of performance measures. Using this system, programs draw and spend incentive funds during a fiscal year, then two years later the dollars are awarded. If the award is less than the amount drawn and spent, the program must repay the federal government. In FY 2000 and 2001, it was felt that Montana would fair well with this system and money was drawn accordingly; however, when the FY 2000 and 2001 incentive awards were received in FY 2002 and 2003, Montana did not receive the dollars expected. Montana had to repay the federal government \$1,080,051 and \$886,903 respectively. These repayments were made over FY 2002, 2003 and 2004. This means that any incentive dollars drawn during those years were reduced by the amounts needing to be repaid. During these three fiscal years, the impact of the repayments was softened by increasing revenue from state share of TANF Collections.

Accurate estimates of the dollar amount we will receive are very difficult to determine as there are 54 states and possessions participating in a capped pool. Since the pool is capped, Montana can be successful and improve in all performance measures, yet receive a smaller incentive award than the year before because bigger states improved in their measures and took more of the pool. This has, in fact, happened in Montana.

Expenses:

Personal Services: From FY 2001 to FY 2004, the division reduced it's FTE from 189.75 to 168.25 and has held at this level for the past three fiscal years. This is a reduction of 21.5 FTE. These reductions were taken as a cost saving measure, and were achieved through attrition and the elimination of all TANF Liaison positions. These FTE were transferred to other divisions within the Department.

The increase in personal services costs shown in FY 2002 is the result of a \$1.2 million dollar pay out to child support investigators after the loss of a lawsuit related to the benchmarking of positions. Increases in personal services after FY 2002 are the result of pay plan increases implemented through legislature.

Operating Expenses: The majority of the downward trend in operating expenses from FY 2001 through FY 2003 is due to the closure of the Customer Service Unit, which was a contracted expense. This Unit was eliminated as a cost saving measure. Also during this time period, work on the Access & Visitation grant culminated. This was a federal grant which promoted visitation between parents and children. Work on this grant complete by the end of FY 2002.

The division has continued to be aware of expenses and budget constraints and worked to contain costs into FY 2006.

2007 BIENNIUM NEW PROGRAM IMPLEMENTATION AND PROGRAM EXPANSION

Program Expansion

The Division has not implemented any new programs or expanded the program during the 2007 biennium.

FTE

No new FTE were approved for Child Support Enforcement in the 2007 biennium.

2007 Biennium FTE Hire Dates	FTE	Date

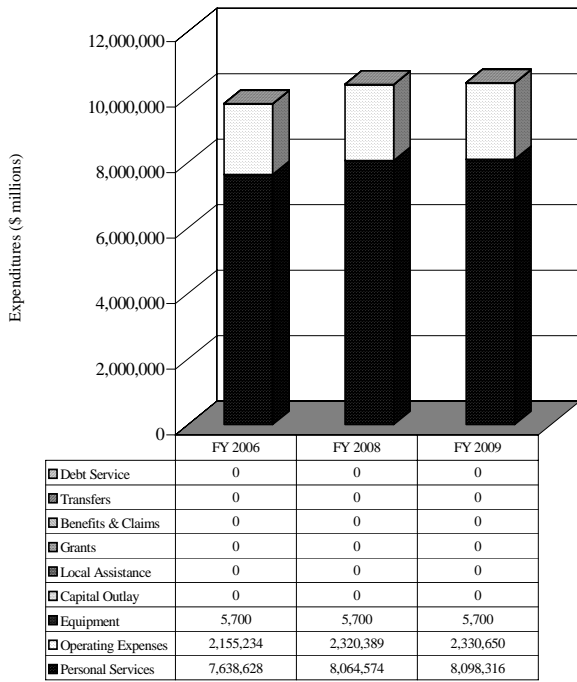
CORRECTIVE ACTION PLANS

The Division has had no legislative or federal audit recommendations or associated corrective action plans in place during the 2005 biennium.

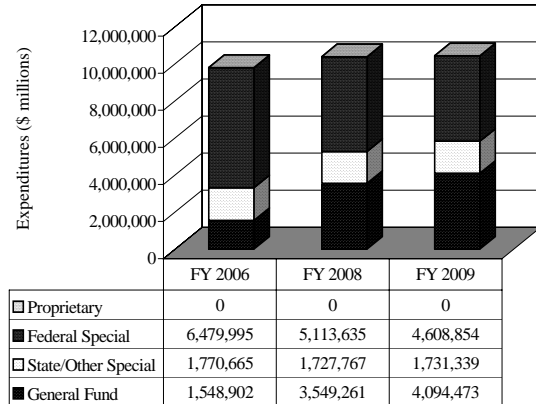
2009 BIENNIUM BUDGET

The following figures show the proposed HB 2 budget for the 2009 biennium.

**Department of Public Health and Human Services
2009 Biennium HB2 Budget**



**Department of Public Health and Human Services
2009 Biennium HB2 Budget**



Goals and Measurable Objectives

The following figure shows the department base year and budgeted biennium goals and performance measures that are associated with the proposed 2009 biennium HB 2 budget.

Department of Public Health & Human Services Child Support Enforcement Division		
Measurable Objectives for the 2009 Biennium		
Goal	Measurable Objectives	Current status of Measures
Increase child support collections	Actual Collections were \$55.9 million and \$59.2 Million in FFY 2005 and FFY 2006 respectively. Our goal is to reach \$60 million in FFY 2007	The division is currently ahead of 2006 Collections by \$1.7 million compared to December 31 last year. Total collections At December 31, 2006 were \$29 million. If collections continue at this pace, we will Be very close to reaching our goal.
Maintain the IV-D Paternity Establishment Percentage	Maintain this percentage At 90% or higher. The Federal benchmark for This measure is 90%.	The Division has exceeded this goal For the last several years. Maintaining A percentage of 90% or above is a Requirement to receive maximum Federal funding for this incentive Performance measure

Maintain the percentage of cases With support orders.	Eighty-eight percent of Child support cases had Support orders in FFY 2006. Federal benchmark Is 80% or above.	The division has exceeded 80% for the Last several years, and intends to Continue to increase this trend in the Upcoming biennium.
Increase the percentage of cases With current child support Collections.	The federal benchmark is 80% For this performance measure. The Division collected current Support in 62% of cases in 2006.	The goal for 2007 is to increase this Percentage to 63% and to continue Increases through out the upcoming Biennium.
Increase the percentage of cases With arrears child support Collections.	The federal benchmark is 80%. For this performance measure, The Division collected arrears Support in 66% of cases in 2006.	The goal for 2007 is to increase this Percentage to 67% and to continue Increases throughout the upcoming Biennium.
Improve Customer Service	Implement online payment Portal for obligors and Employers. Track the number Of payments and dollars Received online. Inform participants of the direct Phone number of their caseworker Monitor the volume of case Participant complaints.	We are currently working with Dept. Of Administration on this project and Payments will be made on their E-Government site. We hope to have This working by August 31, 2007. Set policy on returning phone calls. Reduce the number of customer Complaints received by CSED. Undertake corrective action if needed.
Assist tribes with implementation Of tribal child support systems	Share CSED resources and Practices with tribes upon request. Inform tribes that CSED is willing to provide Information and training Related to this process.	Develop a training program appropriate To tribal child support. Assist in development of data retention And processing requirements.
Increase the number of child Support cases with medical coverage.	Perform internal audits on cases To determine if caseworkers are Completing all of the needed Steps to secure medical Coverage. Develop policy and Training to stream line the Process and increase efficiency.	Currently, 46% of the cases that have Medical support orders have medical coverage. We would like to increase this number to 50%

Retain existing staff	Move staff to PP 20 at 80% of Market and eventually move Them up to 85% of market, If funding allows.	Work in conjunction with Department HR specialists.
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BUDGET AND POLICY ISSUES

The following budget or policy issues are included in the division budget submission to the Governor's Office.

- (1) A funding switch from state special revenue to general fund of \$99,718 and \$102,782 in FY 2008 and 2009 respectively, as state special revenues are not anticipated to be sufficient to pay all of the expected inflationary increases in personal services and operating expenses for the division. **(LFD Page B-73, DP 50001)**
- (2) A funding switch from state special revenue to general fund of \$1,620,765 and \$2,154,588 in FY 2008 and 2009 respectively, as a result of the federal Deficit Reduction Act, which disallows matching of federal incentive dollars with federal dollars and changing the federal match rate from 90 percent to 66 percent on paternity tests. **(LFD Page B-74, DP 50002)**
- (3) A request for general fund dollars of \$187,025 in each year of the biennium to pay a \$25 annual fee enacted by the Deficit Reduction Act. This annual fee is required for each case in which the participant has never been on TANF and for which more than \$500 in child support has been collected for the year. **(LFD Page B-74, DP 50005)**
- (4) A request for \$110,842 and \$120,232 in FY 2008 and 2009 respectively for inflationary increases in office space rent for division offices. This request is for state special revenue (34%) and federal funds (66%). **(LFD Page B-72, DP 50004)**

SIGNIFICANT ISSUES EXPANDED

I. DECISION PACKAGES:

The most significant issues to the division are the changes related to the Deficit Reduction Act. There are two decision packages related to this act, which are items (2) and (3) above.

First, starting October 1, 2007; Montana will no longer be allowed to match federal incentive funds with federal dollars, and after October 1, 2006; the federal match rate on paternity testing expenses will drop from 90% to 66%. This is a funding switch, and general fund is requested to replace the federal funds lost with these changes. The general fund is needed to sustain program operations at their current level.

If the funding is not provided, dollars available to run the program will drop by \$1,620,765 and \$2,154,588 in FY 2008 and 2009 respectively. If the level of funding dropped by these amounts, the Child Support Enforcement Division will be unable to operate at a level sufficient to sustain the program efficiency necessary to meet federally established operating requirements, which will result in a loss of our remaining federal funding and of the Temporary Assistance for Needy Families (TANF) program. Having a successful child support program is a requirement for TANF funding.

If Child Support Enforcement lost federal funding and ceased to exist, the loss to Montana's children and families would be equivalent to annual CSED collections (just over \$59 million in FY 2006), and families would be on their own to deal with child support issues. The TANF grant would be lost at \$43.5 million in FY 2005 and \$39

million in FY 2006. Medicaid costs would also increase as the program has resulted in approximately \$4.6 million in Medicaid cost avoidance in FY 2006.

Second, the Deficit Reduction Act requires Child Support Enforcement to pay a \$25 annual fee on cases where \$500 has been collected from participants who have never been on TANF. One option is for the state to pay the fee itself rather than imposing it on families, which is the choice that is made in this request. It is estimated Montana will pay \$187,025 per year for this fee. General Fund authority is requested to pay the federal share of the fee and to recover the state share.

Sixty six percent of the fee is paid to the federal government and 34% is retained by the state. This fee must be paid to the federal government whether it is actually collected by the state or not, and several states have determined to pay the fee directly to the federal government and not impose it upon case participants.

II. PERSONAL SERVICES STATEWIDE PRESENT LAW ADJUSTMENTS:

Response to Questions:

1. (a) Has the agency implemented a broad band pay plan, agency-wide or for selected jobs?

The Department began with selected positions depending on the needs of the program (e.g. to ensure good customer service and maintain qualified, experienced staff; for recruitment issues; reduce turnover; to be competitive with other state agencies and the private sector). CSED has moved 14 positions to the broad band pay plan (PP20).

(b) If so, when was it implemented and what were the estimated cost increases in the year of implementation?

Six positions were moved in FY 2006 with no increase in cost. Eight positions were moved in FY 2007 at a cost of \$5,000 per year per position for a total of \$40,000 annually. These positions were part of a department-wide move for attorneys.

(c) How were these costs funded (by holding vacant positions open, appropriations for other purposes that were unexpended, etc)?

The positions that received an increase were funded by a combination of holding vacant positions open and efforts at reductions in expenses in other areas within the existing budget.

2. (a) At what percentage of market are new employees paid?

New employees are paid at 80 percent of market (entry level for the job description). Employees can progress to the market rate by: statutory pay increases, successful completion of a training assignment, retention pay exception (in pay plan 60 (PP60), market adjustment (in PP20), competence or performance pay adjustment (PP20).

(b) How do employees progress to the market rate for their position?

The agency would like to see all employees move eventually to 100% of market to provide us with a greater opportunity to retain staff. When employees are moved to PP20, our practice has been to ensure all employees are paid at least at entry, which is 80 percent.

(c) What is the agency's target percent of market?

The department has not established a target percentage other than its initial effort suggestion 85 percent of market as existing staff positions move into PP20.

The department has three categories of employees; union, non-union and supervisory staff. MEA MFT has not yet reached an agreement to move to PP20. MEA MFT agreements require renewal every two years; however, the section involving pay negotiations can be opened at any time there is a request to do so, such as moving to PP20, or negotiating a component of PP20 such as results-based pay.

(d) What is the agency average percent of market in FY 2006?

Generally, the percent of market is between 80 and 85 percent.

3. Did the agency have vacant positions for a significant portion (6 months or more) of FY 2006? If yes, how many and why were these vacant? How did the vacancies impact agency operations?

CSED had one position vacant for more than six months. This was a paralegal position that was advertised three time before a qualified candidate could be selected. The staff attorney performed the necessary paralegal work in addition to her existing work load. Other staff assisted the attorney as well, in providing coverage.

4. Did the agency have authorized pay exceptions for pay plan 60 positions? If yes, why?

CSED did not have authorized pay exceptions during this time period.

5. Did the agency have authorized position upgrades or downgrades for pay plan 60 positions? If yes, why?

According to MOM policy #3-0401, the Department of Administration may delegate authority to classify new positions and reclassify existing positions to an agency that meets specific requirements. The exercise of this authority is final, subject to review by the Department of Administration under Rule 1722, Classification Reviews of the above referenced policy.

Delegation of classification authority is provided to an agency when staff, assigned to review and classify positions, has been trained according to the standards provided by classification specialists in the State Personnel Division of the Department of Administration. The above referenced policy also states that, "An agency may not hire a person to fill a position until that position has been properly classified. Job selection procedures must be based on a job analysis, which requires, at minimum, a description of current job duties. Agencies should review vacant positions before filling them to ensure that they are correctly classified."

In addition to review of vacant positions prior to recruitment, reviews are also initiated when filled positions experience substantial changes in predominant duties or when supervision has been added or deleted from the position.

During FY05/06, the Human Resources Office reviewed seven positions for CSED. Six resulted in upgrades and one resulted in a down grade.

6. What challenges does the agency face in recruiting and retaining staff? What actions has the agency taken to address recruitment and retention issues? Is the agency competing with other state agencies or the public sector for staff?

The biggest issue the CSED faces in the recruitment and retention of staff is salary competition from other state agencies. To address this issue for the types of positions for which it exists, CSED moved positions to Play Plan 20 and increased compensation to a rate more competitive with other state agencies.

7. (a) Are agency staff members represented by collective bargaining units?

Yes, MEA-MFT

(b) How many of the agency staff are impacted by collective bargaining unit agreements?

Currently, 123 FTE are impacted by a collective bargaining agreement.

(c) What provisions are included in bargaining unit agreements?

Typically, these provisions are included: union and management rights, non-discrimination, labor-management committees, pay and hours, insurance, overtime and compensatory time, the various leaves, workers compensation, grievances and arbitration, employee rights, job posting, health and safety, use of private automobiles, retirement, payroll deductions, not strike/no lockout, term of the agreement, and pay schedules.

(d) How often are these agreements negotiated?

These agreements are negotiated for a two-year period. Occasionally, agreements are "rolled over" without any negotiation being conducted. Usually the agreements are opened and the parties negotiate a new contract every two years.