

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2301

2005 SENATE HUMAN SERVICES

SB 2301

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2301

Senate Human Services

☐ Conference Committee

Hearing Date January 24, 2005

Tape Number	Side A	Side B	Meter #
1	X		6,050-END
1		X	1-3950
2		X	333-3095
3		X	730-1630
Committee Clerk Signature 			

Minutes:

Senator Lee opened the hearing on SB 2301. All Senators were present

Chairman Lee introduced the bill. SB 2301 relates to county payment of costs of the child support agency. This would be a change on how things have been done in the past.

Chairman Lee announced that neutral testimony will be heard first.

Representative Merle Boucher appeared with a neutral position on the bill. The bill deals with the state possibly taking over and administrating child support enforcement issues. The number one concern is the children who are deserving of the funds they are supposed to be receiving.

There are some shortcomings on how we handle child support issues. We are a little bit slow on making the operation work, we should be handling this more like a business. When we look at the process we need to centralize it so we remove some of the personal identity that exists. He gave an example of an obligor and obligee that were not getting money, or not getting a court

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order delivered because sheriff's office refused to deliver. We need to take a serious look at child support, and run it more in a business like fashion, and explore different alternatives and incentives.

Mike Schwindt, Director of the Child Support Enforcement Division of the Department of Human Services, had a neutral position on the bill. See written testimony.

Chairman Lee- Referring to the 2nd paragraph of your testimony, you mention being willing to help with amendments on making the bill's budget neutral. Have you given consideration on how we can accomplish that/

Mike- I have not run that by our office at this time.

Senator Warner- I'm not clear on the costs incurred on Indian counties. Does the federal government contribute funds to cover that expense?

Mike- The federal government contributes under the 4-D program with a 66-34 ratio. For everyone dollar we consider necessary, the federal government kicks in 66 cents.

Terry Traynor, the Assistant Director of the ND Association of Counties appeared in support of the bill. See written testimony.

Chairman Lee- I really appreciate the work of the task force on this issue.

Cathy Hogan, Director of Cass County Social Services has a neutral position on the bill. The current child support program is working well, ND is ranked second in the nation. We are not trying to correct a major program problem, rather it is dealing with the funding issue. The concern about property taxes is what is driving this bill. In social service programs, we have had times when they say there will be a reduction or an increase, and it doesn't happen. The committee needs to act carefully, because the system is currently working.

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Chairman Lee- Consistent enforcement for child support and doing it cost effectively is a main Issue. Other states are doing a good job with child support enforcement and are doing it for far less money than we are. Perhaps we can generate some ways to make the communications in the tribal counties go better.

The hearing for SB 2301 was closed.

Chairman Lee reopened the hearing on SB 2301.

Joe Belford, of Ramsey County Social Services concurred with the bill. 82% of his clients are on two reservations in his unit with over 6,000 cases altogether. Rolette County and Ramsey County are down in their amount of funding for child support. We need to increase their funding, or have the reservations start their own child support system.

Senator Lyson clarified a statement made earlier in the day about a sheriff refusing to serve legal papers. If a sheriff refuses, they would end up losing their job. The statement made about this subject in the morning was false.

Mike Schwindt, Director of the Child Support Enforcement Division of the Department of Human Services delivered 3 handouts to the committee members. See attached.

Senator Warner- If you have an automatic transfer of child support funds, and there are insufficient funds, how soon would the family find out about that?

Mike- We would not tell them directly, the family would have to call into our phone line, or log in to their account on our web site. We cannot issue a check until we have the money.

Senator Warner- Do you have privacy obligations?

Mike- Yes.

*Human
Services*

Senator Lyson- If a person calls in, do they have a code number?

Mike- Yes.

Chairman Lee informed the committee that this was not a reopening of the hearing, rather it was an opportunity to gain some more information about child support issues. The committee meeting on SB 2301 was closed.

Chairman Lee reopened SB 2301 for committee discussion.

Senator Dever- Did someone come in from the Department of Human Services inform us this morning they could work with us on a neutral budget proposal?

Mike Schwindt- We can come up with an amendment, but I would also have to run it through our office beforehand.

Senator Warner- If we can get some Native American input on this bill, to find out why the tribes are so resistant, or if the tribes might want to administer their own program?

Mike- I've worked with the Indian Affairs Commission before, I can see if I can get a representative to attend a committee meeting. The two main issues are tribal sovereignty and the financing. Some of the reservations just don't have the funding available for child support.

Chairman Lee- In the past, did one of the tribes try to start up their own child support system?

Mike- All four of the reservations have expressed some interest in that matter. I know a couple years ago, Standing Rock Reservation submitted an application for federal funding, which was sent back to them, needing more information. The Chickasaw tribe has the most successful tribal program in the country. Once the federal funding comes in, they would still need to work with the state.

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Chairman Lee- It seems to me we've had other conversations about implementing tribal programs. The people in various departments have worked with the tribes in setting up an infrastructure. One of the main problems with child support is that tribal courts are not recognizing judgments that are issued by the civil court. There is not one entity that a tribal court can negotiate with when it comes to child support orders. The restructuring that is being proposed in this legislation would lead to more effective processing with the tribes.

The discussion on SB 2301 was closed by Chairman Lee.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2301

Senate Human Services Committee

☐ Conference Committee

Hearing Date January 26, 2005

Tape Number	Side A	Side B	Meter #
3	x		3460-5250
Committee Clerk Signature <i>Cathy Minard</i>			

Minutes:

Chairman Lee reopened the discussion on SB 2301.

Jim Fleming, Department of Human Services, offered two versions of proposed amendments for this bill.

Fleming: The bills are 75% the same, there's one area that is significantly different. We have prepared these amendments to make it budget neutral and also added an appropriation, because as written it provides for the counties to pay the Department the maintenance of effort to operate the program, but there were no funds to go along with it. So we have our amendment to provide that appropriation which would last for the first biennium and after that presumably be in the Department's budget.

Mr. Fleming on to explain the amendments (Attachments 1 and 2). The bottom line is that the counties bottom out at 40%; the differences in the proposed amendments is how fast they do it.

Chairman Lee asked Mr. Traynor and Mr. Schwindt if they had any comments on the proposed amendments.

Terry Traynor, North Dakota Association of Counties: It is surprising that the counties would continue to pay to the state 40% of the cost forever--it amounts to a state property tax. I don't think that would be acceptable to our counties. I don't see how that affects the budget neutrality in the next two years, but we would like to start out with a bill that looks at an eventual relinquishing of the cost and responsibility from the start. The idea that you'd push out the phase-out for two years, if that's what it takes to get the bill passed, that's something we can accept. The most critical short-term issue is the reservation county money and I'm glad that's left in there. Going from 100% to 95%, I don't know how much of an impact we'll have. We have to put the numbers together to see whether those three counties will be able to hold their own. I'm glad to see the Department decided to keep that in there. My first response is that I'd rather see 100% and see the phase out continue until its all gone. Version 1, that doesn't push it out so far, is preferable.

Sen. Warner: Would Mr. Traynor like to contribute a set of amendments which would encompass his concerns

Mr. Traynor agreed..

Chairman Lee: We need to determine if we want to encourage the switch, its a big switch. if we can figure out how to do this but not get too detailed in the plan.

Traynor: If either of these bills make it budget neutral, how does it?

Schwindt: At this point we don't if they're going to be budget neutral until we work all the numbers through. We're sensitive to the fact that the counties are desirous of getting out of this

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Senate Human Services Committee

Bill/Resolution Number SB 2301

Hearing Date January 26, 2005

thing. Another thing to keep in mind is the timing of the way it was set up originally, the savings could start showing up would be the 2007-2009 biennium to a substantial degree. If it goes one way or the other, certainly the legislature is in the position, next session or the following session to adjust the phase-out schedule. Basically, if its a good idea, we need to find a way to get it out the door, we can always fix it later if it doesn't work or is intended to work. We want to make it work for everybody. We're willing to work with the committee and the counties.

Chairman Lee: We haven't had a lot of time to absorb it. Let's see if the counties can come up with any suggestions by next Wednesday (referred to Appropriations); we know it won't be perfect by then but maybe we'll have something to work with.

Chairman Lee ended the discussion on SB 2301.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2301

Senate Human Services Committee

☐ Conference Committee

Hearing Date February 1, 2005

Tape Number	Side A	Side B	Meter #
2		x	1435-end
3	x		00-940
Committee Clerk Signature <i>Cathy Kivra</i>			

Minutes:

Chairman Lee reopened discussion on SB 2301.

Chairman Lee asked Terry Traynor, Association of Counties, to share an idea about this bill.

Traynor: See written testimony (Attachment 1)

Chairman Lee: Mr. Schwendt and Mr. Fleming, do you have a response to that concept, version 1 or version 2?

Mike Schwendt, Child Support Enforcement Director: The Department's position has been consistently over the years, to be budget neutral. Using either version 1 or version 2 is not budget neutral, so we would be in opposition to anything we would be looking at. The potential for savings cannot start to be effective until we're able to start making changes. Talking about making changes doesn't cause inefficiencies. There's enough money in the system now, when you compare us to South Dakota's performance, in terms of staffing and funding levels, in the total system. What would have to be done is more efficient use of that money, we can't do it

under the present set up So to demand savings on the front end before we're even able to start effecting the issues, I don't think it's going to be productive. Basically, you cut a chunk off the top, and say 'okay, live with it'--well that's one way of doing business, if that's the way the legislature wants to do business, that's the way we'll end up doing it.

Chairman Lee: That isn't what we're suggesting. I had a long conversation with one of the county commissioners, who's concerned not even so much with the administration, but with the fact, that since the bill failed in the House that would have allowed the counties to opt out of the merit system, that not only do we continue to have a problem in the social worker area in Cass county, but it multiplies several fold, if the child support workers end up being state employees and they have county employees who are then across the hall doing similar work for different pay. It just exacerbates the salary problem which I realize shouldn't be the primary motivating factor for doing something about child support. But it really creates a big deal in the country. The other thing is that they don't want to be relieved of the responsibility which allows them also to have some authority, and not be relieved of the cost. They're still left with 40% of the cost. I think we need to look at this carefully and we can't ignore the concerns of the counties. So what can we do that truly does not have a nasty fiscal impact when we throw this devil in the pond, and the ripples begin to work their way out. I'm struggling with this.

Schwendt: Until we have an opportunity to either start effecting some changes that result in improved performance. And it's more than just the cost of doing business here. Simply changing the base years, the way that some of the counties are spreading the cost within the region, it will wind up shifting a higher cost on the Indian counties. They're saying now that they're going to go bankrupt. So using 2006 as an example instead of 2004 could put them

further in a hole. There's competing demands on this thing. I would suggest to pass the bill out and do a study and look at it in four years to see where it's at and rework the numbers then. One of the arguments that I've heard is that if we're going to continue paying we want to have control. Simple fact is, you don't have control. The federal government is driving what we have to do and what's left is very little and we're getting the direction from you guys. You want us to run a better program and we're trying to and it's frustrating and some of the savings are not necessarily in this program. You're going to see what you don't see as cost avoidance that impacts on the Medicaid program on the TANF program, the food stamp program--they're not in this program. Those all have county funding implications. There is no short answer. This isn't in the Governor's budget, I think we can make it with the amendments we offered last time budget neutral in the next biennium if we bring the fiscal notes up and the best thing to do is four years out take another look and see where the numbers are and what we're able to do or not able to do. There has to be a break point on this; now there is no relief to any of the counties.

Discussion continued among the committee members, Mr. Traynor, Mr. Schwendt and Mr. Fleming regarding proposed amendments; especially regarding the bottoming out of the counties responsibilities and the 40% and when it would happen. It was discussed what changes would be agreeable to the counties and the Department alike. It was mentioned that the counties are concerned because they're being charged money they're not spending. Mr. Schwendt asked the committee what they wanted to do--what impact they wanted in the general fund, the bottom line. It was agreed that it would be difficult to make all parties happy with this one.

Discussion continued on budget issues and the impact to the counties and some compromises the counties might accept. Computers were also discussed and how they should work the way we intend them to work.

Senator Brown want to hear the downside of turning this into a study. Chairman Lee said she was cynical on the outcome of studies, but it doesn't mean we shouldn't do it. If we hold off two years and do that, we wouldn't have the 2004 base and end up with a bigger problem than they have now. Mr. Traynor is suggesting that we might want to work with the bill and delay the implementation; leave the 2004 base in place, and people would have to really be interested in studying it during the interim, and then it would be readdressed in the 2007 legislation.

Mr. Traynor said that Mr. Schwendt was correct that this did not offer any immediate relief. The bill as presented and all the amendments so far do freeze costs where they're at. If we delay the implementation and the freeze, we'll be inching up with the cost of salaries and other things.

All the senators were worried about the outcome and how it would be received.

Chairman Lee stated that there was a problem and it needed resolution. North Dakota in third in the nation in child support collection, but there are some real issues about it. The stakeholders who got together concluded that this would be the best way to go. The collection is now centralized and is working well. Would you like to compare the two?

Schwendt: Centralization is one of the best things that have happened, it's much more efficient and has work marvelously well.

Chairman Lee: Those regional child support offices are going to stay there because that work has to be done in each region of the state. So this should not have any effect on the employees working in those regional offices.

Schwendt: If we can make this work, we can move some of the specialized work out into the counties, the regional offices. There's no reason to keep it in Bismarck.

Chairman Lee asked if it would be helpful to touch base with some of the local folks. She reminded the committee that it doesn't have to go out in the form it's in, but it does have to go out by tomorrow afternoon in some form.

Senator Brown asked Terry Traynor if the counties that were in trouble now would be in less trouble in two years if this passed. Mr. Traynor agreed. Then Senator Brown said other counties shouldn't be too concerned.

Mr. Traynor explained that the compromises that were already put in were significant. Some counties have a very different view of this than the counties with the counties with Indian reservations. It was a struggle to get them all to agree on moving ahead with this. For the larger counties, the issue is that they can accept giving this up if all the costs go away eventually. Otherwise, we would lose their support.

Sen. Brown: Madam Chair, Mike, convince me again how you can take over this and charge the counties what you're proposing; what justification is there?

Mr. Schwendt gave a history of when, back in 1997, the state assumed certain costs and the counties assumed certain costs and everybody expected that the 1997-1999 biennium would be cost neutral, thereafter the cost would be shifting to the state. Counties are already saving money because of the swap. The administrative cost of child support became a county responsibility. Prior to that time, the federal government paid 66%, the state paid 17% of regional office costs and the county paid the rest. For every dollar spent in the regional office the county put in 17 cents. With swap, that dollar became a pure county dollar except for the amount we're able to

recover on incentives. This bill would recognize the incentives would not be replaced with county money; that's why you see a net of the expenditures minus the incentives; that's where the \$4.2 million comes in. Under swap, the counties would have to spend \$4.2 million just to keep that part of the equation in place, with this they would eventually drop down to \$1.5 million (40% of \$4.2 million). It takes swap another step further. That's how it would play out in the long haul.

There was further discussion about the work being done in the counties being justification for county costs. However, Mr. Traynor said he would have a hard time convincing the larger counties of that. Senator Brown said that there is perception problem in the counties. Chairman Lee remarked that the lack of consistency with how the work is being done is confusing.

Chairman Lee made a proposal, looking at proposed amendment version one, (Terry Traynor's proposal). They discussed the 95% vs the 100% and when to bottom out the costs. Mr. Traynor agreed to go to the counties with whatever the committee decided, however, it would be a tough sell. The agreed upon changes to the bill were discussed and it was agreed to move forward with the bill.

Senator Brown moved DO PASS on the amendment, seconded by Senator Dever

Vote: 5 yeas, 0 nays, 0 absent

Senator Brown moved DO PASS as amended and rerefer to Appropriation, seconded by Senator Dever

Vote: 5 yeas, 0 nays, 0 absent

Carrier: Senator Judy Lee

FISCAL NOTE

Requested by Legislative Council
03/22/2005

Amendment to: Engrossed
 SB 2301

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$116,471		\$116,471
Expenditures			\$311,178	\$116,471	\$317,401	\$116,471
Appropriations			\$311,178	(\$80,000)	\$317,401	(\$80,000)

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			(\$247,920)			(\$257,401)		

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill provides for: 1) an increase in the Indian county allocation from 90% to 100%, 2) an increase in the incentive moneys going into the Child Support Improvement account from 1% to 5%, 3) a continuing appropriation of all funds in the Child Support Improvement account, and 4) a task force to be established to study the organizational and programmatic structure of the Child Support Enforcement program.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The change in other funds revenues for both the 2005-07 and 2007-09 biennium is the receipt of additional federal funds to be matched by the additional incentive moneys to be deposited in the Child Support Improvement account.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The change in general fund expenditures for both the 2005-07 and 2007-09 biennium is due to the increase in the Indian county allocation payments from 90% to 100%.

The change in other funds expenditures for both the 2005-07 and 2007-09 biennium is related to the expenditure of the additional federal funds to be matched by the additional incentive moneys within the Child Support Improvement account.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The change in general fund appropriations for both the 2005-07 and 2007-09 biennium is due to the increase in the Indian county allocation payments from 90% to 100%.

The change in the other funds appropriations for both the 2005-07 and 2007-09 biennium is due to the additional Child Support Incentive moneys and matching federal funds in the Child Support Improvement account being appropriated through a continuing appropriation.

Name:	Debra A. McDermott	Agency:	Human Services
Phone Number:	328-3695	Date Prepared:	03/23/2005

FISCAL NOTE
Requested by Legislative Council
02/14/2005

REVISION

Amendment to: SB 2301

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$8,157,557		\$11,845,651
Expenditures			\$1,578,705	\$7,519,298	\$2,463,683	\$10,994,639
Appropriations			\$1,578,705	\$7,298,104	\$2,463,683	\$10,699,713

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			\$322,956			\$586,625		

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill provides for: 1) an increase in the Indian county allocation from 90% to 100%, 2) an increase in the incentive moneys going into the Child Support Improvement account from 1% to 5%, 3) a continuing appropriation of all funds in the Child Support Improvement account, 4) the transfer of the operations of the Regional Child Support Enforcement Units (RCSEU) from being county operations to being part of the Child Support Enforcement Unit within the DHS, and 5) a declining reimbursement schedule for the counties to pay DHS for the costs of the RCSEU. The effective date of this bill is January 1, 2006.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The major changes in other funds revenues for both the 2005-07 and 2007-09 biennium are the receipt of additional Child Support Incentive moneys, the receipt of payments from the counties for reimbursement of the RCSEU costs, additional federal funds to be matched by the receipt of the county payments and additional incentive moneys, along with decreased retained funds due to the counties not paying for the RCSEU costs.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The major changes in general fund expenditures for both the 2005-07 and 2007-09 biennium are due to the decrease in retained funds being offset by general fund spending increases and an increase in the Indian county allocation payments from 90% to 100%.

The major changes in other funds expenditures for both the 2005-07 and 2007-09 biennium are due to the loss of retained funds and for the expenditures for the receipt of additional Child Support Incentive moneys, the receipt of payments from the counties for reimbursement of the RCSEU costs, and additional federal funds to be matched by the receipt of the county payments and additional incentive moneys within the Child Support budget.

The expenditures would include a total of 1 new FTE and the transfer of 118 of the 119 FTE from the RCSEUs to the

Child Support Enforcement Unit. The 1 new FTE, which is needed on July 1, 2005 to begin working on the transition, will be offset by only transferring 118 of the 119 RCSEU authorized FTE.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The major changes in general fund appropriations for both the 2005-07 and 2007-09 biennium are due to the decrease in retained funds being offset by general fund spending increases and an increase in the Indian county allocation payments from 90% to 100%.

The major changes in other funds appropriations for both the 2005-07 and 2007-09 biennium are due to the loss of retained funds and for the spending authority for the receipt of payments from the counties for reimbursement of the RCSEU costs and additional federal funds to be matched by the receipt of the county payments.

The additional Child Support Incentive moneys and matching federal funds in the Child Support Improvement account are appropriated with a continuing appropriation for the Child Support Improvement account.

Name:	Debra A. McDermott	Agency:	Human Services
Phone Number:	328-3695	Date Prepared:	02/14/2005

FISCAL NOTE

Requested by Legislative Council
02/07/2005

Amendment to: SB 2301

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$8,253,541		\$12,002,457
Expenditures			\$1,628,152	\$7,615,282	\$2,544,461	\$11,151,445
Appropriations			\$1,628,152	\$7,394,088	\$2,544,461	\$10,856,519

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			\$322,956			\$586,626		

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill provides for: 1) an increase in the Indian county allocation from 90% to 100%, 2) an increase in the incentive moneys going into the Child Support Improvement account from 1% to 5%, 3) a continuing appropriation of all funds in the Child Support Improvement account, 4) the transfer of the operations of the Regional Child Support Enforcement Units (RCSEU) from being county operations to being part of the Child Support Enforcement Unit within the DHS, and 5) a declining reimbursement schedule for the counties to pay DHS for the costs of the RCSEU. The effective date of this bill is January 1, 2006.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The major changes in other funds revenues for both the 2005-07 and 2007-09 biennium are the receipt of additional Child Support Incentive moneys, the receipt of payments from the counties for reimbursement of the RCSEU costs, additional federal funds to be matched by the receipt of the county payments and additional incentive moneys, along with decreased retained funds due to the counties not paying for the RCSEU costs.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The major changes in general fund expenditures for both the 2005-07 and 2007-09 biennium are due to the decrease in retained funds being offset by general fund spending increases and an increase in the Indian county allocation payments from 90% to 100%.

The major changes in other funds expenditures for both the 2005-07 and 2007-09 biennium are due to the loss of retained funds and for the expenditures for the receipt of additional Child Support Incentive moneys, the receipt of payments from the counties for reimbursement of the RCSEU costs, and additional federal funds to be matched by the receipt of the county payments and additional incentive moneys within the Child Support budget.

The expenditures would include a total of 2.5 new FTE and the transfer of 119 FTE from the RCSEUs to the Child Support Enforcement Unit.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The major changes in general fund appropriations for both the 2005-07 and 2007-09 biennium are due to the decrease in retained funds being offset by general fund spending increases and an increase in the Indian county allocation payments from 90% to 100%.

The major changes in other funds appropriations for both the 2005-07 and 2007-09 biennium are due to the loss of retained funds and for the spending authority for the receipt of payments from the counties for reimbursement of the RCSEU costs and additional federal funds to be matched by the receipt of the county payments.

The additional Child Support Incentive moneys and matching federal funds in the Child Support Improvement account are appropriated with a continuing appropriation for the Child Support Improvement account.

Name:	Debra A. McDermott	Agency:	Human Services
Phone Number:	328-3695	Date Prepared:	02/08/2005

FISCAL NOTE

Requested by Legislative Council
01/19/2005

Bill/Resolution No.: SB 2301

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$8,561,289		\$10,732,654
Expenditures			\$1,627,911	\$7,877,365	\$4,223,999	\$9,736,978
Appropriations			\$1,627,911	\$7,802,365	\$4,223,999	\$9,661,978

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			\$55,839			(\$1,365,653)		

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill provides for: 1)the DHS to share in the cost of the countywide cost allocation plan, 2)an increase in the indian county allocation from 90% to 100%, 3)an increase in the incentive moneys going into the Child Support Improvement account from 1% to 5%, 4)a continuing appropriation of all funds in the Child Support Improvement account, 5)the transfer of the operations of the Regional Child Support Enforcement Units (RCSEU) from being county operations to being part of the Child Support Enforcement Unit within the DHS, and 6)a declining reimbursement schedule for the counties to pay DHS for the costs of the RCSEU. The effective date of this bill is January 1, 2006.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The major changes in other funds revenues for both the 2005-07 and 2007-09 bienniums are the receipt of additional Child Support Incentive moneys, the receipt of payments from the counties for reimbursement of the RCSEU costs, additional federal funds to be matched by the receipt of the county payments and additional incentive moneys, along with decreased retained funds due to the counties not paying for the RCSEU costs.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The major changes in general fund expenditures for both the 2005-07 and 2007-09 bienniums are due to the decrease in retained funds being offset by general fund spending increases and an increase in the indian county allocation payments from 90% to 100%.

The major changes in other funds expenditures for both the 2005-07 and 2007-09 bienniums are due to the loss of retained funds and for the expenditures for the receipt of additional Child Support Incentive moneys, the receipt of payments from the counties for reimbursement of the RCSEU costs, and additional federal funds to be matched by the receipt of the county payments and additional incentive moneys within the Child Support budget.

The expenditures would include a total of 2.5 new FTE and the transfer of 119 FTE from the RCSEUs to the Child

Support Enforcement Unit.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The major changes in general fund appropriations for both the 2005-07 and 2007-09 bienniums are due to the decrease in retained funds being offset by general fund spending increases and an increase in the indian county allocation payments from 90% to 100%.

The major changes in other funds appropriations for both the 2005-07 and 2007-09 bienniums are due to the loss of retained funds and for the spending authority for the receipt of payments from the counties for reimbursement of the RCSEU costs and additional federal funds to be matched by the receipt of the county payments.

The additional Child Support Incentive moneys and matching federal funds in the Child Support Improvement account are appropriated with a continuing appropriation for the Child Support Improvement account.

Name:	Debra A. McDermott	Agency:	Human Services
Phone Number:	328-3695	Date Prepared:	01/22/2005

Date: 2-1-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2301

Senate Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass on amendment

Motion Made By Sen Brown Seconded By Sen Deane

Senators	Yes	No	Senators	Yes	No
Sen. Judy Lee - Chairman	✓		Sen. John Warner	✓	
Sen. Dick Dever - Vice Chairman	✓				
Sen. Richard Brown	✓				
Sen. Stanley Lyson	✓				

Total (Yes) 5 No 0

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 2-1-05
Roll Call Vote #: 2

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2301

Senate Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as amended

Motion Made By Sen Brown Seconded By Sen Dwyer

Senators	Yes	No	Senators	Yes	No
Sen. Judy Lee - Chairman	✓		Sen. John Warner	✓	
Sen. Dick Dever - Vice Chairman	✓				
Sen. Richard Brown	✓				
Sen. Stanley Lyson	✓				

Total (Yes) 5 No 0

Absent 0

Floor Assignment Sen J. Lee

If the vote is on an amendment, briefly indicate intent:

re refer to Appro

REPORT OF STANDING COMMITTEE

SB 2301: Human Services Committee (Sen. J. Lee, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2301 was placed on the Sixth order on the calendar.

Page 1, line 8, after the first semicolon insert "to provide an appropriation;"

Page 4, line 9, remove "The term does not include the expense of preparing an annual countywide"

Page 4, remove lines 10 through 13

Page 10, line 22, replace "2007" with "2009"

Page 10, line 23, replace "2009" with "2011" and after the underscored semicolon insert "and"

Page 10, line 24, replace "2011;" with "2013, and every year thereafter."

Page 10, remove lines 25 through 27

Page 13, after line 6, insert:

"SECTION 16. APPROPRIATION. The county funds paid to the department of human services under section 11 of this Act, and any child support incentive payments and other federal or state child support enforcement reimbursements that are credited against the amount due from counties under section 11 of this Act, are appropriated to the department of human services for the purposes of defraying the expenses of administering the child support enforcement program for the biennium beginning July 1, 2005, and ending June 30, 2007."

Renumber accordingly

2005 SENATE APPROPRIATIONS

SB 2301

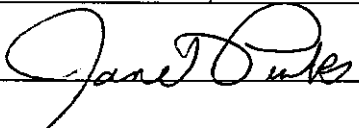
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2301

Senate Appropriations Committee

☐ Conference Committee

Hearing Date February 9, 2005

Tape Number	Side A	Side B	Meter #
1		b	0
Committee Clerk Signature 			

Minutes:

Chairman Holmberg opened the hearing on SB 2301.

Senator Judith Lee, West Fargo, presented testimony on SB 2301. She indicated the bottom line is that this will change the administration of child support to being a state administered program. There is no unanimity among the counties, but it should still be addressed. ND is number 3 in the country in collecting child support but ND collects only 72 percent of the money due. She urges consideration of this concept. She indicated SD is number one in collections of child support. They have state administration, use fewer staff and collect more money.

Senator Fischer indicated the discussion from the counties perspective is 40 percent issue at the end of their reduction of responsibilities.

Senator Lee indicated there is some concern but felt they would be less anxious with more information. Their concerns are that costs are frozen at the 2004 level and by 2009 fewer dollars

towards the operation of the service. Counties still need to know that child support is administered and collected.

Senator Lindaas asked to define swap.

Senator Lee indicated Swap was a time when responsibilities and costs were traded off between the state Department of Human Services and the counties. We still need all of the workers in the locations they are. The eight regional child support offices would remain where they are as long as counties are contributing to that support.

Terry Trainer, ND Association of Counties, distributed testimony and testified in **support of SB 2013**. He indicated the idea of moving the child support offices to state administration is not new, it has been around since the federal government mandated this. Important feature of the bill, section 4, there is a provision that addresses the reservation counties and bring them closer to a situation where they could fund their administrative costs. If the appropriations committee cannot support this bill, we do ask that you look at section 4 as an issue to address.

Senator Tallackson asked if this is in the governors budget and the response was no it isn't

Senator Fischer if there had been any talk with the counties as far as their responsibility in making sure children are receiving child support. Is there not some residual responsibility in the counties.

Terry Trainer indicated the county operates as a designee of the department and the state has accepted the federal government mandate to do this.

Mike Schwindt, Child Support Enforcement Director, Department of Human Services testified on SB 2031. He indicated this bill comes from the Association of Counties is not a departmental bill and is not in the Governor's budget. There is a great concern on the part of the

Page 3

Senate Appropriations Committee

Bill/Resolution Number 2301

Hearing Date February 9, 2005

department to keep the proposal budget neutral to the general fund as much as possible. Right now, this would result in a fairly significant shift over time to the department of some of the county responsibilities. A handout was distributed indicating the SWAP effects.

Neil Flemming, taxpayer, Attorney in Cavalier, testified in support of SB 2301. He indicated there is a need for consistency statewide as that is the biggest problem and it hasn't happened.

There were no further questions or testifiers.

Chairman Holmberg closed the hearing on SB 2301.

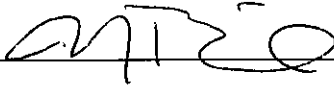
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2301

Senate Appropriations Committee

☐ Conference Committee

Hearing Date 02/14/05

Tape Number	Side A	Side B	Meter #
3		x	2,701-3442
Committee Clerk Signature 			

Minutes: **Chairman Holmberg** opened meeting on SB 2301.

A motion for a **DO PASS** was made by Sen. Fischer, seconded by Sen. Krauter.

Sen. Fischer gave a description of the bill.

Sen. Kilzer: This has a significant fiscal note to it, but not a significant fiscal impact.

Sen. Fischer: The fiscal note will be dependent on the language of the bill. The counties would like to see it alive. The counties and the states cannot come to an agreement.

Sen. Krauter: Between now and the end of the session this will either go through or it won't.

There is no way to amend them bill w/o going into subcommittee to hammer out the issue.

A roll call vote was taken, 9 yeas, 5 nays, and 1 absent and not voting. Sen. Judy Lee will carry the bill.

Chairman Holmberg closed meeting on SB 2301.

Date 2-14-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2301

Senate SENATE APPROPRIATIONS

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

Do Pass

Motion Made By

Fischer

Seconded By

B. Krauter

Senators	Yes	No	Senators	Yes	No
CHAIRMAN HOLMBERG	/		SENATOR KRAUTER	/	
VICE CHAIRMAN BOWMAN	/		SENATOR LINDAAS	/	
VICE CHAIRMAN GRINDBERG		/	SENATOR MATHERN	/	/
SENATOR ANDRIST	/		SENATOR ROBINSON	/	
SENATOR CHRISTMANN			SEN. TALLACKSON	/	
SENATOR FISCHER	/				
SENATOR KILZER		/			
SENATOR KRINGSTAD		/			
SENATOR SCHOBINGER	/				
SENATOR THANE		/			

Total (Yes) 9 No 5

Absent 1

Floor Assignment AMS — J Lee

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 14, 2005 3:34 p.m.

Module No: SR-29-2818
Carrier: J. Lee
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2301, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)
recommends **DO PASS** (9 YEAS, 5 NAYS, 1 ABSENT AND NOT VOTING).
Engrossed SB 2301 was placed on the Eleventh order on the calendar.

2005 HOUSE HUMAN SERVICES

SB 2301

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SB 2301**

House Human Services Committee

☐ Conference Committee

Hearing Date **2 March 2005**

Tape Number	Side A	Side B	Meter #
1	X		1050 - 5100
		X	0 - 2500
Committee Clerk Signature 			

Minutes:

Chairman Price opened the hearing of SB 2301.

Senator Judy Lee, District 13, introduced the bill. I will briefly tell you what it is and what it is not. It is a proposal that would transfer the administration of child support from counties and regional systems to the state. As you will recall in 1997 we ended up moving the collection of child support to a central system. Many of us support local control, but in some cases a more streamlined and efficient system can be obtained by having functions centralized. The federal government has required that the collection be administered by the state. What we are looking at now is child support enforcement would also be handled by the state. This is something that came about as a result of a task force that combined representatives of the county social services offices, regional administrators, members of the legislature. We are trying to figure out what to do to meet some of the challenges and if we don't do something about them, we're going to have some real difficulties in particular in some of the reservation counties. It was not something that

was dreamed up by just legislators, just the department of human services, or the child support enforcement unit. This original proposal came from the task force made up of a lot of people representing a lot of people representing all of the stake holders that would be affected. It is an opportunity for us to look at some additional recommendations that came out of the performance audit that the state auditor's office did and provided for us in the year 2000. We want to look at this with an open mind about what we can do. This may be the right answer right now if that's what your committee decides to do. On the Senate side we felt it was something we definitely wanted to give respect and credibility to because of the work of the task force. We feel it is something that if properly done can be done well. It's very important to also remember what SWAP is and SWAP did. We want this to be something that will provide good services to the children of North Dakota who are supposed to be receiving this child support and make sure we have the respected the rights of the families involved and providing a more streamlined system that will cut costs to the counties. The state is now covering about \$11 million in county costs as a result of SWAP. Those are dollars that don't have to be collected through property taxes in those counties. There are some immediate issues with the reservation counties that you will hear more about. We need to explore this and see if we can make it work. None of us is interested in having any of the counties harmed by this.

Rep. Merle Boucher, District 9, cosponsor of the bill, spoke in favor of the SB 2301. This converts child support enforcement from the counties and the regional level back to state level. I know we have mixed results and mixed experiences in the collection of child support over the years. We can talk about the \$200 million worth of child support that is in arrears. We have talked about ways to address collections and also ways establishing business practices where we

don't wind up in those kinds of situations that we've had to deal with. That in itself is one reason that's convinced me that maybe some type of a centralized system where everything comes together not only the collections but the administration of it all is streamlined and works out of one central operation. I also feel there is another significant issue that I want you folks to think about in local and regional child support enforcement it's a very personal and local thing because it involves community members and family members. When we talk about enforcement and we put the pressure to deliver papers upon local law enforcement people and we put the pressure to be tough about collections of arrearages and record keeping, etc., these are all the local people that are involved with that. A lot of the people they are dealing with are people that they know, their community members and probably relatives. Whereas by centralizing and bringing the enforcement to the state level you will have state level people who in most cases are almost entirely unknown to those people who are in arrears. Those people will be independent neutral parties and have no vested interest with the people other than the business aspect of things. That in itself is a very significant reason to take a look at this and make this change. I think it is part of our legislative responsibility to take a look at those issues that are problematic, do what we can to address those issues and try to work out a solution that is going to resolve this matter. Under a centralized plan I feel that the business practices that will be developed will be consistent and be the same in all cases.

Mike Swnwindt, director of Child Support Enforcement Division of the Department of Human Services, presented the department's perspective on the bill. **(Testimony attached.) A proposed amendment was included with his testimony.**

Rep. Weisz: Just to clarify on the reallocation of expenses, if the legislature doesn't allocate the dollars to Indian colleagues as we have in the past, their expenses to the state would also go up because you're taking what their administration expenses are less anything that may be coming back from the state. Correct?

Schwindt: The Lake Region budget runs about \$600,000 per year. This funds about 14 people. We send them about \$300,000 to that and the local property taxes from the surrounding counties make up the other \$300,000. This \$65,000 would cut into the piece that we would be sending them.

Rep. Weisz: I think it should be clear here. If their budget is \$600,000 and we didn't allocate that \$300,000, they are on the hook for \$600,000.

Schwindt: Yes, or else they have to cut their staff in half or something.

Rep. Weisz: But their requirement is that they have to pay the expenditures less any offset.

Schwindt: Yes.

Rep. Weisz: On the reduction of county expenditures, what balance are we talking about.

Schwindt: The net county costs are about \$5.2 million a year.

Rep. Devlin: What other states do state administration? The states around us how are they?

Schwindt: Most of the states do state administration. There are a few don't. Of the surrounding states, MN is state/county administration as we are. SD, MT, NE, IA, ID WY are state administration. WI, CO are state/county. The deep south is pretty much all state administration.

Rep. Weisz: In your testimony you mentioned that HB 1334 has to be a vacated position. In understanding the amendment it appears to exempt vacating any position. Is that your intent?

Schwindt: What we're asking is that be left out of the equation for the time being. If this were in place and we had a 98 day window of opportunity to do something. We're trying to find out if it would be good to put in place whatever to change from the way it is right now to where everybody does it. We don't have enough vacant positions to do that. It gives us time to get the job descriptions written, classified and filled. It takes time to figure out what you want to do with them and then work through the process.

Terry Traynor, assistant director Association of Counties. I'm not sure if I'm in favor of the bill or not but I think I'm about as favorable as you're going to get today. **(Testimony attached.)**

His testimony included proposed amendments.

Rep. Weisz: You imply that this legislation as currently proposed would add to the cost of the county. In this bill your cost would only be 40% and is this is a considerable gain in property tax relief, is it not?

Traynor: You are correct and that is something that we debated in the county family quite a bit. It is attractive in that manner however the concern has been the counties collectively don't feel levying property taxes to support state employees on a long term basis is a good policy decision and they just don't feel they can support that.

Rep. Weisz: Under SWAP did you not contribute 7%?

Traynor: That's part of the Medicaid costs and comes back in services.

Rep. Potter: You were talking about efficiencies that could possibly come out of this and one you suggested was outsourcing. Do you have any ideas of those possibilities that are being suggested?

Traynor: I took that from a national report. I suspect some of that may be using private collections or private groups that may do locate services which are currently done by regional staff.

Beverly Mathiason, director of Rolette County Social Services, spoke in favor of the bill.

(Testimony attached.)

Marnie Soggie, attorney for the **Bismarck Regional Child Support Enforcement Unit**, testified in opposition to the bill. **(Testimony attached.)**

Rep. Porter: In your position as an assistant states attorney for Burleigh County, do you work at the pleasure of the state's attorney or do you have similar protections in your current job?

Soggie: I enjoy job protection in that position. Certainly if the state's attorney decided my job was not necessary my appointment could be terminated.

There was no further testimony.

Vice Chairman Kreidt closed the hearing of **SB 2301**.

Chairman Price called the Committee back to order and appointed a subcommittee for **SB2301: Develin, Weisz, Porter, Kaldor and Sandvig**.

Chairman Price: Since there is an appropriation on here I would like a report no later than the morning of the 14th.

Adjourned.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2301

House Human Services Committee

☐ Conference Committee

Hearing Date March 8, 2005

Tape Number	Side A	Side B	Meter #
2	x		1.6--12.0
Committee Clerk Signature			

Minutes:

Chairman Price: We left the hearing open for Mr. Vanyo to testify on SB 2301. We will now re-open the hearing and hear Mr. Vanyo's testimony.

Darrell Vanyo, A Cass County Commissioner: (See Attached Testimony)

Representative Weisz: (10.9) You brought up your concern for using property tax dollars to support the program, but the state currently distributes 70 million dollars into a county distribution fund. Would you have opposition to taking it out of there?

Darrell Vanyo: I understand your question, and in reference to my statement about precedent, it may not be precedent so much as do we wish to continue in that direction?

Chairman Price: Since the swath legislation, what has been the trend for your county costs in this area?

Darrell Vanyo: The costs have continued to rise. I am not sure of the exact percent.

Chairman Price: Could you send that by letter or e-mail to us?

Page 2

House Human Services Committee

Bill/Resolution Number SB 2301

Hearing Date 3/8/05

Darrell Vanyo: Yes

Chairman Price: Any other questions for Mr. Vanyo? Thank you for your testimony.

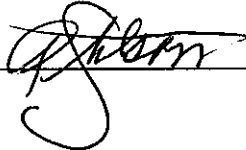
2005 HOUSE STANDING COMMITTEE MINUTES

BILL NO. SB 2301

House Human Services Committee

☐ Conference Committee

Hearing Date March 15, 2005

Tape Number	Side A	Side B	Meter #
1	X		10.7-46.7
Committee Clerk Signature 			

Minutes:

Chairman Price: opened the hearing on SB 2301.

Rep. Kaldor: (11.0) Explained the amendments. Draw a line all the way through line 11 all the way through to starting on page 4, section 4 except title language. So section 4, 5, take out section 6 on page 5 all of page 6, 7, 8, first lines on page 9 so start with section 10. Section 10, 14 is left, 17 will be changed. At least you can see what we did.

Rep. Kaldor: From an observer point of view what your subcommittee did was to change the idea of state administration of child support to authorizing the Department of Human Services to direct the regional offices to enter joint clause agreements with each other or agreements with the state that are already authorized in law. It allows the department to directly enter into those agreements for a function that the department determines could be better performed through that joint enterprise rather than each region on its own. The first section that is left is the part of bill

that increases payments to tribes, the Indian counties from 90% to 100%. The second section that is retained in the bill is the one that takes the existing training fund at the state and creates and improvement fund. Again, from the observers point of view of the subcommittee they wanted to build a mechanism where some functions can start to be specialized or centralized in the next biennium to see how it goes. The tribal counties are increased. Section 5 of the bill on page is amended to add a new sentence that says when the state redoes its distribution formula that formula will consider performance and consistency among the regional offices in this distribution. It did not say that would be the only criteria considered; it just said we need to look at that and some how build it into the formula. That we look at regional performance. How we do that will be this summers job on administrative rule making to figure out how we can do that. The next section that is still in the bill is on page 9, that is the improvement account. This gives us a little bit more of the incentives and allows the state to apply it in areas where we see a benefit of an overall program operation for that additional money. The retention of that section will help set us up to see how we can work better as the program talked about. On page 10 of the bill section 11 is gone. In its place are two new sections. Section 4 is on page 2 of the amendments. It says "the state agency shall identify any activity of the program it believes can be administered more effectively, efficiently, consistently through an agreement between two or more agencies or through an agreement for centralized administration". Those are existing authorities that the regions have. What has changed is the state will be able to direct and to enter into those agreements. The subcommittee changed language in the next subsection. I think it says the department shall not pay any incentive. (continued to go through the amendment changes) So the legislative intent is re- worded to reelect the fact that it is no longer a shift in

funding for the program, but it preserves the statement of intent that along with this new authority comes this responsibility to look at the intent that we need to keep an eye on the target, which is greater operation efficiency. Section 15 & 16 of the bill are gone. Section 17 is replaced with an expiration date or the new section 5. So to recap you are looking at a seven section bill that these amendments are enacting.

Chairman Price:(20.2) Can you read page 12 line 25 to me. Only if you let me add a technical correction to the amendment with your intern before we are done. There is just an extra of in there.

Terry Trainer:(20.9) Associations of Counties. We have looked at this and certainly the adding of the word incentive in the new section 4 makes it somewhat better, but the perception of the counties is that this is really state administration with no state funding. It does provide the department with allot of authority to direct groups of counties to do things and there is a hammer if they don't. It needs to be clarified that these regions are not really an emphasis. The employees are employees of Cass County, Richland County and Ransom County, in their cooperative agreement to pay for their staff. These entities cannot negotiate apart from the counties that make them up. We have 53 states attorneys that will have to weigh in on every single agreement between these. There is no time frame, there is no qualifications on how these directions are going to come down on how they are suppose to come together and do this. I think it is going to take time and going to be programmatic and there will be sanctions. So I have a feeling we are going to have to oppose the bill the way it is when it gets to appropriations .

Mr. Vango (22.9) What has come in the 11th hour is very difficult to be able to react in a quick fashion in terms of if this is appropriate? I think there is an amount of over engineering we are

attempting to do. By that I mean I think during testimony Mr. Trainer had suggested a different approach in terms of the study. Why bring in to this something else. Improvements can be made and are being made which help support services. I am missing something in terms that a particular region may having difficulty. I sometimes wonder why a discussion doesn't take place with commissioners of those regions as well as the directors etc and talk through what is the goal? Why not set a goal? It just seems as though we have a good program. Yes, we always want to strive for something better, but I think the improvements in the last two years have been tremendous. I go back to the study that was done. A report came out in 2001 which seems to be the basis for leading toward an overhaul. Most improvements have been made in the last two years. Said does not like the amended version and thinks it would be bad.

Larry Bernhardt: Director for Stark Co. Social Services I very concerned about the amendments that have been submitted. As I read section 4 of the amendment, if the department within the next two years, decided that they were going to set up a specialized unit of whatever and you were going to house that in Bismarck, they could direct us from our Region that we will send 1-2 staff member to participate in that operation. If we choose not to they will withhold our incentive dollars. That is \$60,000 for us in Stark County. Either way I loose. Because I loose the incentive dollars so I can't pay staff to perform the functions they need to do. If they take the two staff I can't perform the current functions I am doing to meet the rest of the performance standards. It is impossible to administer a program with that kind of oversight with the department. I don't understand the need for any language such as that and all the rest of the programs and services that we administer with oversights from the department seem to work fine. We run a major food stamp and medical assistance program; we have no share in that in

county dollars. We administer that and there isn't any oversight and the department does have to withhold money to get our cooperation. So I am really concerned about what that message is and what is saying and inhibiting us to administer that program.

Chairman Price: Please give me your thoughts on the amendments.

Rep. Kaldor:(27.7) This is a frustrating issue. The amendments, I think, as I recall from some of this. There have been attempts to do something with the low performing or less efficient programs. There has not been any leverage to make improvements. It seems like we are leading in the direction of a centralized system at some point in time. I don't deny that the counties have a legitimate concern. I did support these amendments in our subcommittee.

Rep. Weisz:(29.2) I preferred the original bill. I think the study will be good and we can see where to go from there.

Rep. Porter:(31.3) I like it better now than I did, but with the original bill there were way to many unanswered questions that you couldn't get to the bottom of.. The amendments put together a working relationship for certain functions between the state and the region. As Rep. Weisz said, I think there is enough oversight of what the Department of Human Services does with budget section on human services with the administrative rules committee with the Governor's office with everyone else in place, if there is going to be a complaint or problem if they think the agency is over stepping their bounds in side of the areas, then I think there is enough oversight there. It sets up uniform policies across the state so all of the regions are running on uniform policies. I think that is going to grow our efficiencies and I also think it is going to help with the tribal issues. I understand Mr. Trainers concerns. I would have liked to have seen the enforcement task force have more oversight in the ability to intervene, but it was

felt there is enough legislators, the Governor's office and other individuals out there that if someone thinks the agency is overstepping that they can go to. I would say that this is all brought on in a couple of hours today when we asked the department to put it together and the counties who handed it and all the counties were put on the spot to say whether they could do this or not? It needs to get to appropriations and they can continue to work on their differences between and when the appropriations hearings are. There is also going to be a conference committee on this so they have plenty of time to work out these differences that the Association of Counties have brought up and the counties have brought up so we can get something that will work over the next two years.

Rep. Devlin:(34.0) The intent when we came in January was to have State administration. I know there are some regions that want nothing to do with it, but that was the intent. I couldn't have voted for the bill the way it came over from the Senate. But the counties were saying they were going to fight even that 40%. I voted for this and I will vote for this in the committee. I don't like the threat hanging over the counties either, but I think it has been pretty limited with the intent of funds was originally, it could have been any funds that they were using and we couldn't go along with that so it is a tough one. If you are going to go down the road of state administration I think this is the way you start to get there. If this committee doesn't want to go down this road then I think we just take out section 4 and leave the rest. We maybe need to do a study and two years from we'll come back.

Motion Made By Rep. Devlin to accept the amendments Rep. Weisz seconded the motion.

Voice vote carried. No opposition.

Motion Made By Rep. Devlin a Do Pass As Amended and re-refer to appropriations.

Rep. Kaldor Seconded the motion.

Chairman Price I believe the counties do have some legitimate concerns depending on the county. As with anything else, we only have problems in some areas. Having certain expertise in certain areas throughout the state would help the regions. Some of those things could provide child support though out the state that we have in some of those Indian counties. I do not want to put anything out there that is going to have something the counties cannot live with for the next two years. I guess I would ask that we accept this form as much as possible both by you guys and by the regional units and the counties of issues as they come up. I will come to Bismarck as needed for anything if this goes though in this form to try to work out anything.

Mike Swnwindt: (41.8) I don't see that to be a problem at all; quite the contrary. I think it will be a benefit to all of us. The better we all understand what is going on and why it is going on and expect the benefits. If one persons perceptions of either the logic or the benefits is wrong then we can correct them before we get too far down stream. We should do it soon, rather than later and they will be corrected.

Chairman Price:(42.1) I would ask if anyone from the regional unit and Mr. Flemming, if you want to do a cheat sheet for Mr. Trainer, also from the counties perception as move this bill forward, whether it goes to a do pass or not, so I can have that for my file. It doesn't have to be fancy. Just what your objectives or your supports are and what the advantage or disadvantages is easier to your entity.

Rep. Delvin: (42.8) One of the things that got us to this point is there are still hundreds of human services, human relation type issues out there we couldn't get answers to them. At the regional unit they were sending in questions that the department was answering and I don't know

where that level is? Maybe we should convert everyone to state employees. You need two years to work through that and I think that is one reason we have got to this point. There was no way in the world to move forward with what the Senate had; making them State employees. When there are a million unanswered questions. How employees were going to be treated and what carried over etc. We just thought maybe this was a better approach.

Mr. Fleming:(43.7) Just for the benefit for the members of the committee that weren't on the subcommittee. There was a first round of questions totaling 77 that were researched and responded to by RH and we emailed those to all 100 and some employees in our program. There were supplemental questions submitted. I got the response back today, but haven't had the chance to send that out to the regions. I think we are down from the millions of unanswered questions to the very select few. If nothing else; going through this session has given us an idea of where the issues are. Maintaining health insurance coverage was part of this. We had made good progress on that so it won't be time wasted if it comes up again.

10 Yes 1 No 1 Absent Carrier: Rep. Devlin

(46.7)

Date: 3/15/05

Roll Call Vote #: 7

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 2301

House Human Services Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as Amnd - Referred to App.

Motion Made By Rep Jenlin Seconded By Rep Kaldor

Representatives	Yes	No	Representatives	Yes	No
Chairman C.S.Price	✓		Rep.L. Kaldor	✓	
V Chrm.G. Kreidt	✓		Rep.L. Potter	✓	
Rep. V. Pietsch	✓		Rep.S. Sandvig	AB	
Rep.J.O. Nelson	✓				
Rep.W.R. Devlin	✓				
Rep.T. Porter	✓				
Rep.G. Uglem	✓				
Rep C. Damschen		✓			
Rep.R. Weisz.	✓				

Total () 10 No 1

Absent 1

Floor Assignment Rep Jenlin

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2301: Human Services Committee (Rep. Price, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (10 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). SB 2301 was placed on the Sixth order on the calendar.

Page 1, line 1, replace "three" with "one" and replace "sections" with "section"

Page 1, line 2, remove "county payment of costs of the" and replace "agency, employment of" with "enforcement"

Page 1, remove line 3

Page 1, line 4, remove "agencies" and remove "sections 14-09-09.10, 35-34-01, and 50-01.2-00.1,"

Page 1, line 5, after "50-01.2-03.2" insert "and" and remove "50-09-01, subsection 16 of section 50-09-02,"

Page 1, line 6, remove "and sections 50-09-03, 50-09-08," and remove ", 50-24.1-03.1, and 50-24.1-03.2"

Page 1, line 7, remove "state"

Page 1, line 8, after the first semicolon insert "to provide for a child support enforcement task force;" and remove "to provide an appropriation;"

Page 1, line 9, replace "effective" with "expiration"

Page 1, remove lines 11 through 24

Page 2, remove lines 1 through 31

Page 3, remove lines 1 through 31

Page 4, remove lines 1 through 24

Page 5, line 24, after the period insert "The department shall distribute child support incentive funds according to a formula that promotes performance and consistency in child support enforcement activities throughout the state."

Page 5, remove lines 25 through 31

Page 6, remove lines 1 through 30

Page 7, remove lines 1 through 29

Page 8, remove lines 1 through 31

Page 9, remove lines 1 through 9

Page 10, line 6, replace "Three" with "A" and replace "sections" with "section"

Page 10, line 7, replace "are" with "is"

Page 10, replace lines 8 through 31 with:

"Administration of child support enforcement activities. The state agency shall 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 or through an agreement for centralized administration under section 50-09-33 and shall direct a child support agency to enter an agreement to perform that activity on terms prescribed by the state agency. The department may not pay any incentive funds to a county or a child support agency that does not enter an agreement under this section. Any attorney performing an activity under this section represents the state and shall obtain an appointment from the attorney general under section 54-12-08.

SECTION 5. CHILD SUPPORT ENFORCEMENT TASK FORCE. The state agency shall convene a child support enforcement task force that includes two members of the legislative assembly appointed by the chairman of the legislative council and representatives from the state agency, the counties, and the judicial system. The state agency shall extend invitations to representatives from Indian tribes. The task force shall study the organizational and programmatic structure of the child support enforcement program to determine how to enhance service delivery, improve performance, and increase efficiencies. The study must consider the impact on customers, the effect on Indian counties, and the fiscal effect on counties and the state. The findings and recommendations, together with any legislation required to implement the recommendations, must be presented by the state agency to the sixtieth legislative assembly."

Page 11, remove lines 1 through 31

Page 12, remove lines 1 through 17

Page 12, line 19, replace "reduction in county funding under" with "authority granted to the department of human services in" and replace "11" with "4"

Page 12, line 20, remove "and the corresponding increase in state funding"

Page 12, line 21, replace "offset to the greatest extent feasible by increased" with "exercised to increase"

Page 12, line 24, replace ", including a comprehensive review by the" with ". The"

Page 12, line 25, replace the first "of" with "shall review"

Page 12, line 26, after "state" insert "and county"

Page 12, replace lines 27 through 30 with:

"SECTION 7. EXPIRATION DATE. Section 5 of this Act is effective through June 30, 2007, and after that date is ineffective."

Page 13, remove lines 1 through 9

Renumber accordingly

2005 HOUSE APPROPRIATIONS

SB 2301

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2301 Child Support Enforcement

House Appropriations Full Committee

☐ Conference Committee

Hearing Date March 23, 2005

Tape Number	Side A	Side B	Meter #
1	X		#38.8 - # end
1		X	#0 - #14.5
Committee Clerk Signature <i>Chris Alexander</i>			

Minutes:

Rep. Ken Svedjan, Chairman opened the discussion on SB2301.

Rep Devlin distributed handout #53-3 and explained that counties and state officials have studied this and the original recommendation was that the state would take over the responsibility for child support administration and slowly ratchet down the cost to the counties so that the counties would pay 40% of what they are paying now in the year 2013. Some of the counties had problems with this because this would mean they would be paying for state employees. We then looked at completely removing the counties from the program by the year 2017. Everyone was receptive but there were so many human resource questions to be considered that could not be accomplished for this assembly. So this bill provides that the state administers this program for the next two years and there is a sunset clause in this. All the costs would be kept at the county level for these two years. The counties do not like the line that states if the regional units don't

follow the direction of the state they could lose their federal incentive dollars. This is a big issue for them.

Rep. Ken Svedjan, Chairman asked what the counties would be obligated for under this bill.

Rep Devlin answered that they would be responsible for the 40% of the 2005 costs. This bill leaves all the regional units in place but gives the state some power to direct what they do to get some efficiencies. We were assured that there would no need for any additional employees at the county level to handle this administration. Other additions to this bill include putting in a task force of the tribes, the counties and the state to come back to the next session with a recommendation, and we changed the Indian County money from the 90% back to the 100% and this is what the new fiscal note will represent. Over time we believe that the state will eventually take over the entirety of this administration but for the next two years this is what we are able to accomplish.

Rep. Pam Gulleeson asked if there was a list of all the anticipated savings that were mentioned earlier in the comparison with South Dakota.

Rep Devlin referred to handout #53-3 and answered that his comparison is for 2003

Rep. Pam Gulleeson asked how long South Dakota has had state administered child support enforcement.

Mr. Mike Schwindt from Humans Services, Department of Child Support Enforcement, answered that South Dakota has done this at the state level since the mid 1980's.

Rep. Ken Svedjan, Chairman asked what it would take for the new language on page 2 to be triggered where incentive moneys would be disallowed to flow to the counties.

Mr. Mike Schwindt answered that this would be fairly radical to do this but if a conclusion cannot be reached between the state and regional offices then something has to be put in place that would clearly state that the state intends for this to be done because it will be a better program if you do.

Rep. Ken Svedjan, Chairman requested an example of what this might look like

Mr. Mike Schwindt answered that an example would be if we tell somebody that these cases need to be referred on for license suspension and the regional offices refuse to do it.

Rep. Ken Svedjan, Chairman asked how often the incentive dollars flow to the counties for receipt.

Mr. Mike Schwindt answered that these dollars flow once a year and it is expected that if these dollars were disallowed that it would be a one time thing and that any moneys withheld would be redistributed back to the other eligible regions. This is about \$1 million dollars a year that flows back to the counties and it is expected that the 75% rate for the incentives going back to the counties would remain in place.

Rep Devlin commented that this bill will not set up a system exactly like South Dakota's. The original bill would have, but this bill is at least a step in that direction. (meter Tape #1, side A, #53.5)

Rep. Ken Svedjan, Chairman explained the fiscal note shows a \$311,000 impact on the general fund.

Rep Devlin explained that the additional moneys is coming from the change of the 90% to the 100% for the Indian counties.

Rep. Ken Svedjan, Chairman asked if these moneys were included in the Human Services budget.

Rep Devlin answered that they were not included and would need to be added to HB1012.

Rep. Keith Kempenich asked where the \$1.5 million went that was listed on the bill that came over from the Senate.

Rep Devlin answered that the House Human Services removed these figures.

Rep. Ken Svedjan, Chairman commented that the money in the original bill wasn't in the Governor's budget either

Rep Devlin answered that this was correct.

Rep. Alon C. Wieland moved to amend SB2301 by removing section 2, line 15-17 on page 2, and removing section 4 on page 3.

Rep. Ken Svedjan, Chairman clarified that the amendment would delete the new language on page 2 and section 4 on page 3.

Rep. Larry Bellew seconded

Rep. Alon C. Wieland explained that the child support incentive funds should go back to the regions and the only penalty involved would be if the department recommended something and the regions did not comply. There is no language in this present bill to stop the department from withholding funds from the regions for any other reason. The judgment on this is left totally to the discretion of the department. The problem with section 4 is that there is no reason to make this a state administration until after a study is done and a plan is developed. There is no plan as of now. The administration as it stands in the reason is not going that badly. North Dakota is third in the nation.

Rep. Ron Carlisle commented that he would like to hear a response to this proposed amendment from the sponsors of this bill

Rep Weisz stated that he opposed this amendment. There is no plan in place yet because the department is waiting for legislation to define the responsibilities and the available resources. This bill is a compromise and allows for the state to begin this process and learn how the systems are presently being managed and where any efficiencies could be made. In two years we will have a much better idea of what we are working with and in doing this in this manner we haven't dismantled anything that we may wish to keep in place. (meter Tape #1, side B, #4.8)

Rep. Mike Timm, Vice Chairman asked if the groups were all in agreement

Rep Devlin answered that the counties were on board if they did not have to pay, but when the bill came over with the 40% county funds, they were not in agreement with it. We will bring all the participants to the table for the task force during the interim.

Rep. Mike Timm, Vice Chairman asked if they expected a different conclusion if they were to study this again

Rep Devlin answered that we can start with the information we have already gathered and then come up with a plan. It is expected that the agreement will be that the state will take over this administration and 100% of the costs. The appropriations committee may not agree with this since it will mean an estimated \$5 million hit at some point.

Rep. Bob Skarphol asked what the response would be if the state were to take over the responsibility for this and we kept the \$5 million that the counties are currently receiving to run this program.

Rep. Devlin answered that the \$4 -\$5 million is presently coming from local property taxes, not from state funding. The money that they are presently receiving comes from the state aid distribution fund and these are two separate issues altogether.

Rep. Pam Gulleason commented that she supports the amendment proposed by Rep Wieland because it makes good sense to do this through an incremental approach since we do not yet have all of the information in place. We should look first at developing a plan and then look at this again next session after we know what the proposed impact would be.

Rep. Alon C. Wieland commented that the plan is the most important part of this. We do not have this at this point and as it stands this puts all the power in the hands of the state and all the costs in the counties. This should not be approached this way.

Rep. Ken Svedjan, Chairman called for a voice vote on the motion to amend SB2301. Vote was uncertain. Rep Svedjan called for a roll call vote on this motion. Motion failed with a vote of 10 yeas, 12 nays, and 1 absence.

Rep. Francis J. Wald moved a do pass motion for SB2301

Rep. Tom Brusegaard seconded

Rep. Ken Svedjan, Chairman called for a roll call vote on the Do Pass motion for SB2301.

Motion carried with a vote of 14 yeas, 8 nays and 1 absence. Rep Devlin will carry the bill to the house floor.

Rep. Ken Svedjan, Chairman closed the discussion on SB2301. (meter Tape #1, side B, #13.4)

Date: March 23, 2005
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2301

House Appropriations - Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By Rep Wald Seconded By Rep Brusegaard

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan, Chairman	X		Rep. Bob Skarphol	X	
Rep. Mike Timm, Vice Chairman	X		Rep. David Monson	X	
Rep. Bob Martinson	X		Rep. Eliot Glassheim	X	
Rep. Tom Brusegaard	X		Rep. Jeff Delzer	AB	
Rep. Earl Rennerfeldt	X		Rep. Chet Pollert	X	
Rep. Francis J. Wald	X		Rep. Larry Bellew		X
Rep. Ole Aarsvold		X	Rep. Alon C. Wieland		X
Rep. Pam Guleson		X	Rep. James Kerzman		X
Rep. Ron Carlisle	X		Rep. Ralph Metcalf		X
Rep. Keith Kempenich	X				
Rep. Blair Thoreson	X				
Rep. Joe Kroeber		X			
Rep. Clark Williams		X			
Rep. Al Carlson	X				

Total Yes 14 No 8

Absent 1

Floor Assignment Rep Devlin

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 23, 2005 10:41 a.m.

Module No: HR-53-5848
Carrier: Devlin
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2301, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman) recommends **DO PASS** (14 YEAS, 8 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2301 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

SB 2301

**TESTIMONY
SENATE BILL 2301 - DEPARTMENT OF HUMAN SERVICES
SENATE HUMAN SERVICES COMMITTEE
JUDY LEE, CHAIRMAN
JANUARY 24, 2005**

Chairman Lee, members of the Senate Human Services Committee, I am Mike Schwindt, Director of the Child Support Enforcement Division of the Department of Human Services. I am here to present the Department of Human Services' perspective on the bill.

If the Committee prefers, we would be willing to help with amendments to make the bill "budget neutral" and address some of the peripheral issues associated with the transfer of administration from the counties to the State, as well as develop an appropriation clause to authorize our use of the funds.

We suspect the discussion on this bill is going to fall into two categories – the program side and the financial side.

Programmatically, state administration presents a unique opportunity to reorganize the state child support enforcement program to help our 162,000 customers in 53 states and territories, several foreign countries and on Indian reservations. When the current regional structure was created over twenty-five years ago, no one knew what a "mature" child support enforcement program would be doing. Today, there are many potential benefits in moving to a state administered program. These include improved enforcement in tribal and interstate cases through specialization, targeting cases for criminal prosecutions, improved locating of parents, and better communication throughout the program. Specialization will also continue our improvements in the area of customer service.

Financially, as a result of the 1997 SWAP legislation, much of the cost of administering the child support enforcement program at the local level is funded by the counties, either through mandatory reinvestment of federal incentives or

property taxes. Under Section Eleven of the bill, the county responsibility for funding our program would be phased out beginning with the 2007-09 biennium and ending with the 2013-15 biennium. We believe this phaseout is a bit too fast since the significant benefits to be gained will most likely be just starting to accrue during the 2007-09 biennium.

With federal performance measures, potential penalties, greater competition for federal incentive funds, and a growing caseload along with arrearages exceeding \$200 million, ours is a program that cannot afford to have its funding reduced before these efficiencies can be achieved. As they occur, these savings can either be reinvested in the program to keep pace with the growing caseload, implement any new federal requirements, or reduce the outlay of state and county funds.

Turning to the bill, Sections One, Two, Five, Six, Seven, Eight, Nine, Twelve, and Thirteen make the technical changes in state law necessary to transfer administration of the child support enforcement program from the counties to the State.

Section Three cleans up the definitions. However, within subsection 2 (page 4, lines 9-13), an added cost is imposed on the Department to share in preparing the annual countywide cost allocation plans. This expense was assumed by the counties under the SWAP legislation in exchange for other costs assumed by the State. This section is unrelated to state administration of child support.

Section Four is also unrelated to state administration, except that it will help tribal counties maintain the level of payments required in Section Eleven of the bill. Unless the committee wishes to add an appropriation to the bill to offset the negative fiscal affect to the State of making the additional expenditure, this section could be removed from the bill. The Department's appropriation bill, HB 1012, already includes both the 90% Indian county allocation (\$2.8 million, including \$459,000 for the child support component) plus an additional \$630,000 to transfer

to the Lake Region Regional Child Support Enforcement Unit.

Section Ten transforms the existing training fund into an improvement fund and increases the funding from one percent to five percent of federal incentives. This fund gives the child support enforcement program authority to spend the money on improvements in operations that may not be anticipated when a biennial budget is prepared. The flexibility in this section is key to testing and developing proposals needed to maximize existing resources in the program and achieve some of the savings needed to offset the future reduction in county funding under the bill.

Section Eleven is the heart of the bill and enacts three new sections to the code.

Subsection one of the first new section sets county expenditures for child support during calendar year 2004 as the baseline maintenance of effort (MOE) for future county funding. For future periods, this MOE, which is net of the incentives received in 2004 and the added payment for the Lake Region Regional Child Support Enforcement Unit, would be reduced by the schedule in subsection two of the new section. This also leaves future budgets underfunded.

Any office space provided by a host county is treated as an expenditure, but the host county and the Department can agree to accept the rent-free use of the same office space as an in-kind payment from the host county.

As mentioned earlier, the Department is concerned with the pace of the reduction in county funding in subsection 2 of the new section, as well as the fact that county contributions are reduced to zero in 2015. This is a fundamental change in the SWAP legislation passed several sessions ago and would provide significant property tax relief to the counties at the expense of the state general fund.

In subsection three of the first new section, all equipment, furnishings, and

supplies in the control and custody of a regional unit at January 1, 2006, would be transferred to the Department. This is important for a smooth transition and continued operations.

Since the attorneys now employed locally by the child support enforcement program would be employed by the state rather than the counties, the second new section created in Section Eleven provides that these attorneys would be employed by the Department and appointed by the Attorney General rather than the county state's attorneys. It is our understanding that Attorney General Stenehjem does not object to this provision.

The third new section provides that all existing employees of the eight regional child support enforcement units would be transferred into the state merit system as employees of the Department at their existing salaries. The Department strongly supports this provision – the key to continued success for our program is to retain these experienced employees. By avoiding a wholesale change in employees, transition to state administration can be less traumatic.

A balance must be struck between consolidation of services and reasonable access to caseworkers at the local level to accommodate the 90,000 parents involved in our program. Therefore, we do not foresee closing any of the existing offices if the program becomes state administered and have no objection to the last sentence in Section Eleven.

Section Fourteen is important because it sets the tone and expectations of the Legislature for the transition. It sets goals for us to offset the reduction in county funding as much as possible, yet recognizes the inevitable replacement of county funding with state general funds. It also calls for a comprehensive review of the classification and compensation of child support employees, which will address salary equity issues that may arise when the county employees are brought into the state merit system.

Finally, Section Sixteen sets January 1, 2006, as the effective day for the transfer of administration. This gives the Department only six to eight months to meet with the regional staffs and develop a long-term plan for managing the program. However, because the bill is written to maintain the status quo through July 1, 2007, any changes can occur with careful planning to ensure that the quality of services we provide to families is not diminished.

Madame Chairman, we believe the North Dakota child support enforcement program is a worthwhile investment of taxpayer dollars. If the timing of reductions in county funding can be more closely matched with savings or additional general funds so our existing operations do not have to be prematurely resized, state administration will make our program even stronger.

This concludes my testimony. I would be happy to answer any questions the committee may have.

**Testimony To The
SENATE HUMAN SERVICES COMMITTEE
Prepared January 24, 2005 by the
North Dakota Association of Counties
Terry Traynor, Assistant Director**

CONCERNING SENATE BILL 2301

Chairman Lee and members of the Senate Human Services Committee, I am here on behalf of the North Dakota Association of Counties in support of Senate Bill 2301.

The idea of moving the eight regional child support enforcement units under direct State administration is not new. It has been discussed and debated since this responsibility was thrust upon the State by the federal government in 1975. State administration has become much more of an issue from a policy perspective since the completion of the State Auditor's performance audit of the program in September 2000. From a fiscal perspective, it has also become of much greater concern to the counties since the realignment of human service financing in 1997.

These policy and fiscal forces have come together in the past year, as the costs borne by those counties least able to generate the revenue have had to consider the possibility of some sort of "human services receivership" (50-01.2-06). As members of this Committee are aware, a meeting of individuals representing the most seriously impacted reservation counties was arranged with Department of Human Service officials, legislators and regional unit administrators. This meeting prompted the creation of an ad hoc drafting committee to develop legislation that would attempt to address the policy issues, as well as both the short-term and long-term fiscal concerns. SB2301 is the result of that effort. As I suspect you will hear, this bill does not meet each interested party's fondest desires, but I believe it is both a reasonable and possible solution.

I hope in my testimony, to briefly describe the fiscal issues prompting the counties concerns, and outline the legislation before you. I will leave much of the discussion of the policy issues to the Department and other individuals more knowledgeable about duties and functions of child support enforcement.

Currently the 53 county social service boards each participate in one of eight cooperative agreements to fulfill the child support enforcement functions assigned to the counties by State law. The largest county of each region acts as the "host county" employing and

housing the staff

19 (120-statewide)

and paying the

bills. The

surrounding

counties

participate in the

administration

through a regional

oversight board

and pay their

allocated shares of

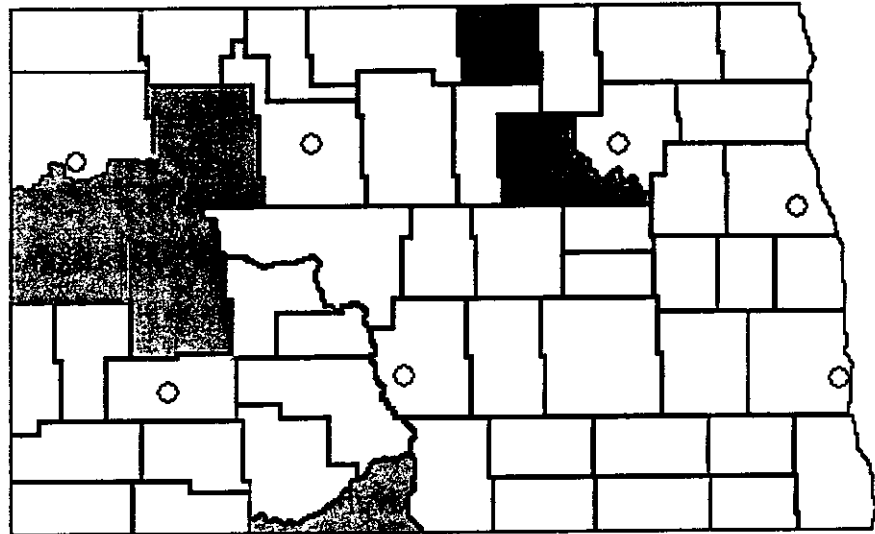
the cost based

upon an internally

developed formula

— generally by caseload.

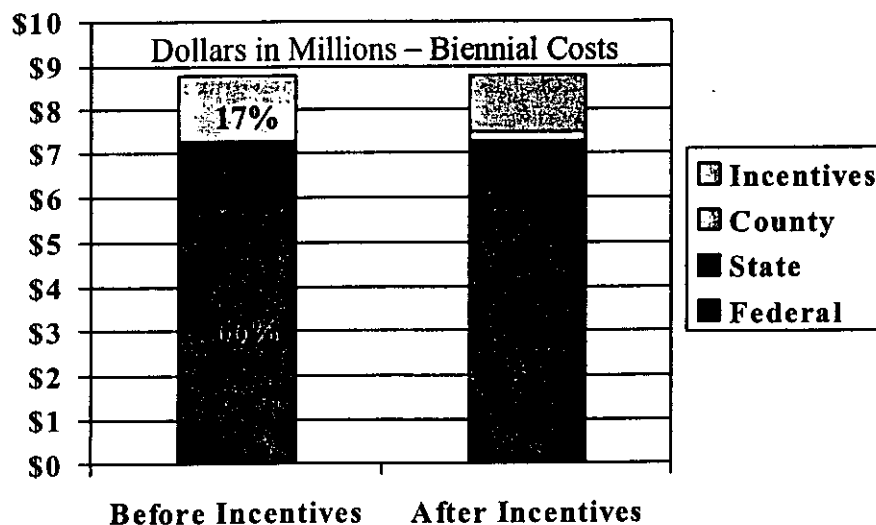
Child Support Enforcement Regions



Reservation counties pursuant to NDCC 50-01.2-03.2

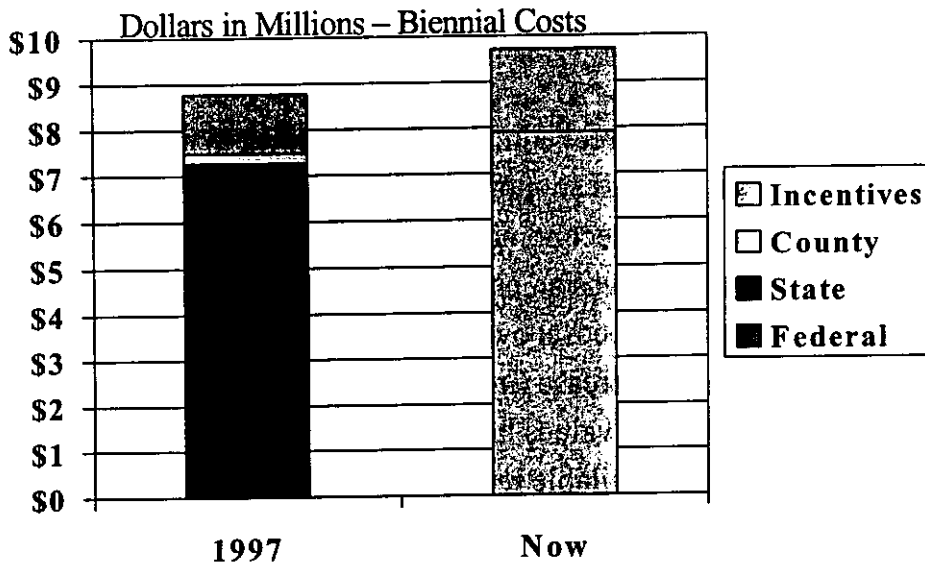
Prior to 1997 the counties had little concern with acting as the employer and administrator for this program. Some degree of authority was granted to the counties, and very little (if any) cost was associated with the program.

Regional Child Support Enforcement Costs - 1997



The graph illustrates the Statewide funding of the eight regional offices in 1997. Of the approximately \$9 million in total costs, about \$1.5 million was the counties' share, however incentive payments were provided to the counties in an amount that usually met (and sometimes exceeded) the counties' total costs.

Regional Child Support Enforcement Cost Changes



As the second graph shows, this is no longer the case. County property taxes now fund a “net” cost (after incentives) of about \$8 million per biennium. This burden, its unequal distribution, and the increasing administrative requirements have prompted the counties’ push for change.

Federal welfare reform enacted in 1996 (PRWORA) brought numerous administrative changes into play after their adoption by the North Dakota Legislature in 1997. This was at the same time that the Department and the counties brought to the Legislature a comprehensive proposal to restructure the State/county financing of the economic assistance portion of human services.

The Legislation brought to the 1997 Session proposed no changes to the financing of the regional child support enforcement units. However the proposed “swap” of county economic assistance grant costs for the reimbursements that counties had received for administering Medicaid, TANF, Child Care, JOBS and other economic assistance programs was not cost neutral – it would have cost the State about \$6 million per biennium. To make the swap cost-neutral, the legislation was amended to leave the costs associated with the regional child support units with the counties, but relieve the State of its General Fund participation and allow the Department to retain the federal reimbursements generated by those county costs. This made it possible for the financial restructuring to take place – a very positive change for the system and a long-term positive impact for property taxpayers as a whole. Overtime however, it became clear that the decision to handle child support enforcement in this manner would impact reservation counties significantly.

Prior to 1997, the counties of each regional group were not particularly concerned with who paid how much – because reimbursements essentially covered costs. With the reimbursement (except incentives) removed, each regional group began to look more closely at their formula for cost allocation – prompting a greater share of already increasing costs to be shifted to those high-caseload, but unfortunately, low-taxbase counties.

The Legislature anticipated this by increasing direct administrative support to “reservation-counties” in 1997, and codifying this support in 1999 by requiring the Department to “write-down” reservation county economic assistance costs to the statewide average in mills. Unfortunately, this was amended in 2001 to require reimbursing these counties at only 90% of those costs over the statewide average. As their share of the regional unit costs began to increase (in some cases) by close to 10% per year, their 1-2% average growth in property values lagged dangerously behind. This is a classic case where the distribution of the available revenue source (taxable property) is not well matched to the distribution of the cost generator (caseload)

This growing fiscal concern began at the same time that federal welfare reform increased State authority, demanded centralized automation, and implemented performance measurement requirements. Reaction to these changes prompted the State Auditor to note *“this exacerbates state/local duality of purpose when the local entities feel they are footing the bill yet are expected to follow someone else’s rules”*, and contributed to their recommendation for state administration.

So, we have a bill to address these concerns before you, and I would like to explain it by section, in brief, and then go into depth about any section the committee desires.

Section 1 addresses definitions in the domestic relations chapter. In subsection 3 “child support agency” is redefined to eliminate the county social service boards – and provides clean-up of terms by eliminating subsections 14 and 15.

Section 2 exchanges the term “child support agency” for “public authority” in the chapter addressing child support liens.

Section 3 addresses the definitions affecting the financial responsibility of counties for economic assistance program administration. Subsection 2 begins by eliminating a cost that no longer has meaning. The new, final sentence of this subsection adds a

requirement for the Department to share in the cost of preparing countywide cost allocation plans to capture indirect cost reimbursements. Currently counties have chosen to pay about \$300,000 collectively to contract for plan preparation. These plans generate about \$2.2 million in federal funding statewide, of which \$1.2 million accrues to the State. Relinquishing child support enforcement will cut the \$1 million counties now receive almost in half. Without a cost share on plan preparation, only the very largest counties would see a benefit in contracting for this cost accounting, but without the plans the State would lose their \$1.2 million or more. By the counties and the State working together, both can benefit – and hopefully increased reimbursements will offset the State's share of cost plan preparation. Subsection 3 is most critical in its elimination of child support enforcement from the list of "locally administered economic assistance programs."

Section 4 restores the reservation county "write-down" to 100% - again limiting their cost to the statewide average in mills. This is the short-term fix for those few counties, as you will see this bill overall does not provide significant county cost reduction in the near-term.

Section 5 eliminates the county role in recommending the distribution of federal incentive funds, as this bill will allow them to all accrue to the State.

Section 6 simply removes the definition of "child support agency" where it is no longer needed.

Section 7 amends the duty of the "state agency" by combining child support enforcement and medical support enforcement. It eliminates the role in supervising the county administration of the program, as there will be none, and adds the authority to contract for the discharge of its duties.

Section 8 removes the county duties with respect to child support enforcement administration from the specific chapter dealing with the program.

Section 9 cleans up language and makes the meaning consistent with the intent that counties will still cooperate and continue to provide necessary information to the child support enforcement program.

Section 10 addresses the incentive funds, which will no longer be shared between the state (25%) and the counties (75%) after the dedication of 1% for training. The section would now require a 5% dedication to an improvement account that is appropriated on a continuing basis for Department activities (including training) which will increase child support collections and reduce unpaid child support.

Section 11 creates three new sections to chapter 50-09.

The first creates the "phase-out" of county fiscal responsibilities. It would require counties to pay the State the same net amount they expended in 2004 for the period January 1, 2006 through the end of the upcoming biennium. Addressing the cost of space as a current fiscal contribution. Subsection 2 reduces the county responsibility by 20% for each biennium thereafter until the 2015-2017 biennium, at which time the program would be completely State-funded – just over 10 years from now. Subsection 3 transfers ownership of all equipment assigned to the regional units from the counties to the State.

The second newly created section permits the Department to employ the child support enforcement attorneys that will become special assistant attorneys general.

The third newly created section is the actual transfer of the employees from the host counties to the State on the effective date of the Act. It requires that no employees take a salary cut and that all eight regional units remain in operation through the period that counties continue to provide fiscal support.

Section 12 and section 13 together eliminate the county duty with respect to medical support enforcement administration, however the county will maintain their duty to provide necessary information to the Department.

Section 14 establishes the Legislative intent that to the greatest extent possible, the increasing State costs will be offset by operational efficiencies

Section 15 allows the code reviser to make any reference corrections necessary to maintain consistency.

Section 16 makes the entire Act effective January 1, 2006.

In summary, it is our hope that this bill will, with the exception of a fairly small increase in reservation county reimbursements, have little negative fiscal impact to the State in the upcoming biennium. Over the next ten years, the gradual shifting of fiscal responsibility from the counties to the State will reduce a direct property tax cost by approximately \$2 million per biennium statewide, but hopefully will impact the State at a somewhat lessor amount.

Thank you for the opportunity to explain this measure and the reasons counties support it so strongly, and let me conclude by thanking the members of this committee that participated in our initial meeting and those State and county officials that devoted their time to developing this draft. On behalf of the counties, I urge a Do Pass recommendation.

Performance Audit Report
of the
Child Support Enforcement Program

September 14, 2000

Report No. 3017

Portion of Chapter 2 Only

Consultant's Analysis and Recommendations

Introduction

In this chapter, TMR-MAXIMUS provides a summary of their analysis of the various functions of the North Dakota Child Support program. Where their analysis dictates, recommendations for improvement are also provided. The recommendations are structured to allow for consideration individually or as a whole. In some cases their recommendations are presented in such a way as to allow the State to consider a variety of approaches to reach the same goal.

Statizing and Placement of the Agency

"Statizing," or the conversion to a state administered program from a county administered program, was selected as a topic for review because the national trend is towards centralizing child support functions, which can potentially lead to statizing. States have found that when former major players in the child support process (e.g., Clerks of the District Court, State's Attorneys) have truncated roles, it often makes sense to consolidate the remaining functions in the most efficacious manner possible. Many states have found this consolidation has improved communication, increased efficiencies and ultimately, lead to more consistent services for the customers of the program.

Background

Federal law requires the child support program to have a single and separate agency oversee the administration of a statewide child support program.¹ All but 12² states operate their child support program at the state level. In those state-run agencies, all the central office and local office workers are state employees or are under contract to the state. Practically all of the less populous states are state administered, including the geographically-proximate states of South Dakota, Iowa, Montana, Utah, Idaho, Wyoming and Nebraska.³

In the 12 county-run states, the counties hire and pay the salary of the persons who staff the local offices. The workers must still follow federal and state child support rules; however, they perform their duties at the pleasure of a local human services board, a clerk or trustee of court, a state's attorney or a board of supervisors or commissioners.

Generally in the nation, county-run child support programs were descendants of local welfare agency programs or divisions of state attorney's offices. Strong local elected officials were hesitant to give up the control over a program that affects one in four families with children and which often brought in a surplus of money. Through financing agreements involving federal reimbursement for costs, federal incentive pass-throughs and welfare recoupment retention, many counties received more in state and federal dollars than the program cost to operate at a local level.

Some states such as Arizona, Maryland and Florida are hybrids, in which the state operates locally in some areas and in other areas the counties run the program. The hybrids are a result of strong local programs that retain independence (Dade County, FL) or programs that were falling behind the rest of the state (Maricopa County, AZ) or where

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the local government chose to have the state take over (Montgomery County, MD).

Automation has led to the ability to do many functions from a centralized point. Child support is trending away from face-to-face contact with customers and court appearances to telephonic conversations and Internet connectivity tied to a statewide system. That does not mean that there is no place for the personal touch in the child support program – it means that the manual approach does not have to pervade the system. States are learning to divide tasks that are best served through automated activity and those that still need individual attention.

Welfare reform⁴ (PRWORA) accelerated a trend to centralize certain functions at the state level, and to empower state agencies with certain powers to augment their ability to pursue child support. PRWORA required states to develop a statewide case registry to interface with a federal case registry with pointer information about each state case. All income withholding for IV-D cases was to be automated when new hire reports indicate a change in the non custodial parent's (NCP's) employer's name and address. The state had to centralize its collection and disbursement of child support payments through a single state disbursement unit. State agencies were given the administrative power to subpoena, encumber property, freeze and seize lump sums including bank accounts and order genetic testing. Paternity acknowledgments ripen into conclusive determination of paternity 60 days after signed if there is no intervening objection, without court approval. State offices already ran state parent locator services and reported delinquencies to credit reporting agencies.

In the Family Support Act of 1988,⁵ states were required to automate their cases. This has been an ongoing process to this day, with some states such as Michigan, Ohio and California still not certified as having a statewide system meeting the 1988 requirements. North Dakota has been certified under the FSA 1988 requirements. Enhancements under welfare reform are scheduled for completion imminently, and many states are rushing to meet that deadline. North Dakota is on track for its PRWORA certification.

Automation has led to many functions being transferred to the state level due to economies of scale, database matching, and resident expertise at the state level. State-level garnered information (such as a new address for a NCP) is instantly accessible by the caseworker for use to take the case to its next step. Automation, in other words, favors "branch offices" for one agency, instead of distribution to independent offices that may or may not use the data in a consistent pattern consonant with state and federal policy and procedures.

When it comes to agency placement, all states except for California make child support a sub-department level agency. The day-to-day agency head reports to a secretary/commissioner/director or to his or her

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deputy or assistant. Following the lead of the federal Office of Child Support Enforcement (OCSE), sometimes the person to whom the operational head of the agency reports wears the actual title of "IV-D director," such as in New Jersey and Ohio. California last year passed legislation making child support a departmental level agency. Elsewhere in the country the child support agency is usually two or three rungs below the governor in the executive branch.

The "umbrella" agency of child support in the vast majority of states is the human or social services department. In Florida, Massachusetts and Arkansas, the Department of Revenue is the umbrella agency. In Rhode Island it is the Department of Administration, which oversees the tax agency, which in turn oversees child support. While California child support does not have an umbrella agency over it, many key systems and enforcement duties were legislatively transferred to the Franchise Tax Board, California's revenue department. In Texas and Hawaii, it is the Attorney General's Office that oversees the program.

Since the program originated in most states as a welfare recoupment program, it was natural to house the agency in the same department as the welfare agency. As the program expanded its mission to help anyone with a paternity or child support issue who applies for services, the strong arm of state collection, the tax agency, was seen in some states as the agency to best inculcate child support with a straightforward collection mentality. Critics had voiced concern that the child support collection mission was often at odds with what is described as a "social service mission in human services agencies."

North Dakota

North Dakota's Title IV-D program is state supervised and county administered. Counties, through either their Social Service Boards or State's Attorneys, fund the slots that pay for the eight regional offices' staff of 119 persons. The staff includes investigators, analysts and other specialists who take a case from intake or IV-A (Temporary Assistance for Needy Families (TANF) or formerly known as the Aid to Families with Dependent Children (AFDC) program) referral through local locate efforts, paternity and/or order establishment, administrative enforcement, modification, medical support establishment and enforcement, monitoring of cases with orders, customer service and legal representation. In other words, the case is worked from beginning to end locally with added information provided from the state agency.

At the top of the regional office is a regional administrator. The regional administrators are appointed by the respective Social Service Boards in five of the eight Regional Child Support Enforcement Units and the other three regional administrators are appointed by the respective State's Attorneys.

Additionally, the Clerks of the District Court receive funding to conduct certain child support activities at the local level, such as monitoring orders, entering ordered amounts of support, and beginning the order-to-

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show-cause process. County sheriffs serve process for the regional offices, although there is use of private process servers as well. Local courts hear cases.

The state Child Support Enforcement Division (CSED) is responsible for:

- Overseeing and administering the program;
- Interfacing with the federal HHS' Administration for Children and Families Regional Office in Denver;
- Running the interstate central registry;
- Setting policy;
- Offering training;
- Running the State Disbursement Unit (SDU);
- Issuing nonIV-D income withholding orders (anticipated by January 15, 2001);
- Operating the state parent locator service (SPLS);
- Maintaining the statewide child support computer system (FACSES), including state case registry and other state data bases;
- Conducting financial institution data matches (pilot program to begin September 18, 2000);
- Conducting state tax refund offset and referring cases to the Office of Child Support Enforcement (OCSE) for federal tax refund offset;
- Conducting self assessments of the program and reporting statistics;
- Preparing agency budgets;
- Reporting noncustodial parents to credit bureaus;
- Taking customer calls (along with the regional offices); and
- Operating the new hire reporting program.

The Child Support Enforcement Division (CSED) is housed at the state level under the Department of Human Services. The director of the Child Support Enforcement Program (IV-D Director) reports to the Director of the Department of Human Services.

Analysis

Throughout the analysis below, no inference should be made that workers are better or worse at what they do, or intentionally subvert the goals of the program because they are locally hired or hired at the state level. It is a finding of the consultant's review that personnel at both the state and local level are by-and-large hard working, dedicated and professional. No one involved in the child support program should feel disparaged that any analysis or recommendation herein reflects on his or her ability to perform a government function on behalf of the children of North Dakota. The following analysis and recommendations are impersonal and macro in scope, based on many factors that go beyond the one constant of dedicated service so prevalent within the child support community.

North Dakota has operated an extraordinary program that has produced outstanding results compared to other states, especially when factoring out cases over which the state does not have jurisdiction. However,

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rural states do tend to do better statistically. States with higher percentages of cases that need paternity determined and that have more interstate activity, unemployment and job mobility tend to do produce lower percentages of orders and collections.

Is the relative success of the North Dakota program due to the county-run aspect of the program? There is no indication that it is. The county administered scheme is more a reflection of a historic state/county relationship and legislative decisions regarding divisions of governmental duties and responsibilities, from 1975 when the Title IV-D program began, than an effort to produce the most efficient system for the North Dakota taxpayer and child support customer.

Furthermore, poor communication between the state child support office and the regions seems to be a major problem. While this needs to be addressed in several ways, one would be through the stronger relationship created with statizing. There is a tendency not to cooperate as fully or speedily when two entities answer to different bosses.

Also, having eight regional offices may or may not be the best configuration for the program. If the program is statized, then the state should consider the realignment and consolidation of some of the eight regional offices to reach a level of peak efficiency that does not overly-compromise geographic proximity to customers or courts. If statizing occurs, this regional consolidation could occur more rapidly and with equal weight given to customers from Fargo to Dickinson.

With the Internet rapidly becoming a universal medium, almost all of the information the intake worker requires can be taken from an applicant's electronic application form, filled out on a secure site at home or in a library. With potential adoption of administrative process, the need to go to court will be an exception instead of the rule. Geography fades as an important factor, and labor-force base, economies of scale including consolidation of automation rise in importance.

The bottom line is that an automated system equally allows centralization and decentralization since information can be jointly shared and used at one location and one end user in an isolated location can have the same access to all the information. This free flow of information allows centralization/decentralization decisions to be based on issues other than access to case information since everyone has equal access. It makes sense to centralize processes that a unit can do more efficiently or that requires a tape match against an outside database. It make sense to keep the case where the caseworker has the responsibility for processing and updating the file of the case through the stages needed to establish paternity, establish an order, modify an order and enforce an order when those duties are individual to a case. With all employees working for the same agency, there are less turf protection and ownership issues and more seamless case processing.

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Automation requires uniformity and consistency. Locally-run programs tend to have lesser levels of both because they run more independently of the state than do the state-run offices. Take Orders to Show Cause for instance. There appear to be contradictory approaches to its application from court to court, and from Clerk to Clerk, sometimes causing suspension of current support awards, contradictory income withholdings, and delayed notice to the SDU of the suspension.

With the Clerk of Court's role diminished through state disbursement units, and with less emphasis on the need for attorneys and litigation in court, there is less of a reason to have local control of the program. The consultant reemphasizes it is not because the 53 Clerks discharge their duties poorly, rather it is because the time has come to ensure a consistent uniform program exists within the entire state.

One may argue that loyalties are divided when one must follow rules issued by the federal and state agencies yet also respond to the real impact of working for local supervisors. Split loyalty may obfuscate achieving statewide goals rather than local goals. Inconsistency within the state leaves customers confused and angry at what appears to be contradictory approaches to handling certain situations, and uncertainty where to go to talk about various stages of case-processing. The state/county identity gap leads to extra time and money spent, strained communications, administrative redundancies, contradictory practices and imperfect allocation of resources.

The Regional Administrators must deal with the individual personalities and politics of numerous Boards, which may send contradictory signals and direction. There is inadequate uniformity of expectation or practice or policy implementation as a result.

In North Dakota, because of the SWAP approach (State assumed sole responsibility for funding Economic Assistance grants, while counties agreed to assume financial responsibility for the local administrative cost of operating the Economic Assistance programs) and a last-minute decision to include child support in the SWAP agreement, it appears that the counties are paying 100% of the cost of running the regional offices that work the case from start to end. In actuality, the FFP (federal financial participation) and the federal incentive dollars that the state earns as a result of its performance are factored in the state/counties' federal grant/local funds exchanges.

However, based on their discussions, the consultant finds that few local officials believe they are being reimbursed for the cost of running the regional offices. This exacerbates state/local duality of purpose when the local entities feel they are footing the bill yet expected to follow someone else's rules, much like the unfunded mandate debate at the national level.

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As a result, the consultant has found overwhelming support at every level (the District Court, attorneys, regional staff and State Office staff) for the centralization or statizing of the operations of the program. Some Clerks questioned whether the state could provide customer service at an appropriate level, but did not question the advantages of economies of scale.

Child support professionals cite reasons in support of statization such as improved coordination, uniformity and communication between the State Office in Bismarck and regional office personnel who would report to Bismarck. For instance, within one regional office, they list cases by noncustodial parent (NCP) name while all others file by custodial parent (CP) name.

Resources can be fairly allocated among the regions to equalize the "weighted" caseloads. Attorney assistance can be meted out equally.

Salaries currently vary significantly among regional offices for staff performing the same functions.⁶ Again, it is beyond the scope of this review to recommend a specific plan if statizing is adopted, but the consultant suggests the state examine into which state job classifications each regional worker would fit. The state may want to consider grandfathering in higher paid employees and raising the salaries of underpaid regional workers to the appropriate state grade level.

A separate section addresses sufficient staffing levels at the regional and state level.

Recommendation 2-1

TMR-MAXIMUS recommends the Child Support Enforcement Division introduce the necessary legislation to allow the Child Support Enforcement Program to be state administered rather than county administered.

Management's Response

We concur with the concept; however, we are aware of the County Social Service Boards discussing this option with legislators and may, depending on their conclusion, defer to another sponsor. (Please see Appendix D for management's overall response.)

Recommendation 2-2

TMR-MAXIMUS recommends the Child Support Enforcement Division introduce the necessary legislation to authorize a study to determine the appropriate configuration of the regional offices.

Management's Response

We concur with the concept and, depending on the legislation introduced above, may introduce legislation.

If the legislature agrees that the program should be statized, it may be best to undergo the transition only after thorough groundwork is laid. TMR-MAXIMUS recommends that the state fund a two-year position to oversee the transition, from both a big picture and detailed points of view, and work with all agencies and persons affected. In the first six

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months, the person would plan, in the next twelve months the person would coordinate the transition, and in the final six months that person would address post-transitional issues.

The person would examine such topics as:

- Employee switch and impact on fringe benefits;
- Communication improvement;
- Reconfiguration of regional offices;
- Reallocation of resources among the regional offices and between the State Office and the regional offices;
- Centralization of some functions such as income withholding orders, most locate efforts, a customer service unit, a hearing officer unit, and a legal unit that oversees the attorneys assigned to regional offices;
- Uniformity of practices and procedures including show cause orders;
- Whether a need exists to outsource any services if the CSED full-time equivalent (FTE) ceiling is not adequately raised, or if a vendor can do a specialized aspect more efficiently than can be done with in-house;
- Customer input and notification of the changes; and
- Coordination with the clerks, sheriffs and the District Courts under the new scenario.

Recommendation 2-3

TMR-MAXIMUS recommends a transition period be provided to allow for outstanding issues to be resolved, including transfer and venue of cases among the regional offices. The legislature should appropriate funds for a full-time coordinator position for a two-year period.

Management's Response

Agree, assuming the legislature authorizes the change.

Recommendation 2-4

TMR-MAXIMUS recommends that during the transition, the Child Support Enforcement Division should take steps to: 1) ensure uniform implementation of policy and procedures; 2) improve regional/regional and central/regional communication; 3) eliminate weighted caseload and salary inequities among the regional offices; and 4) implement uniform self-assessment activities.

Management's Response

Agree. These issues would need to be resolved as part of a transition plan to implement legislation.

Centralization of certain functions deserves special attention. Federal requirements include a centralized automation of income withholding orders. If the state adopts more administrative processes, a hearing officer unit could be established. Most hearings could be done by telephone to save time and money for everyone involved. A legal unit head could coordinate legal practices and be the source of uniform advice to field attorneys. The more the state chooses to go the

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administrative process route, the fewer the attorneys the state would need to employ.

It appears that a centralized customer service unit similar to ones in Montana, New Mexico, Iowa, Los Angeles County, Tennessee and Minnesota would aid the productivity level at both the state and regional office level. The unit would be automated to answer routine calls such as the date of the last payment and arrearage balances after a password is entered and five other frequently asked questions. The customer service unit would also provide live voice options at any time, as well as Internet access to the same information through a secured web site accessible by password.

The cost of meetings, transition planning, human resources time, notices to CPs and NCPs, centralization of certain functions, etc., would be mostly one-time expenditures. Depending on job classifications, there may be a salary impact on the state budget. The savings realized through statizing should soon outweigh the initial transition costs, assuming SWAP is amended to remove child support and its funding streams.

Recommendation 2-5

TMR-MAXIMUS recommends certain functions be centralized such as income withholding, locate, customer service, a hearing officer unit and a legal unit.

Management's Response

These issues would need to be resolved as part of a transition plan to implement legislation.

Regarding the placement of the Child Support Enforcement Division (CSED), the Department of Human Services (DHS) and CSED seem content with CSED within DHS. No one raised agency transfer as an issue. Top CSED management believes it has the backing and commitment of DHS and feels fully integrated into the decision-making structure and goals and objectives of the Department. The consultant has not uncovered any reason to move the agency (Division) out of DHS.

Recommendation 2-6

TMR-MAXIMUS recommends the Child Support Enforcement Division remain in the Department of Human Services.

Management's Response

Agree.

That said, cases in which jurisdiction is at issue, namely cases involving tribal members, should be resolved so that all North Dakota children receive support. This is a goal of the CSED currently. This may mean continuing the dialogue between the CSED and tribes and exploring tribal IV-D programs as authorized by welfare reform. The tribe(s) may want to:

- Independently run or outsource entirely a child support program;

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- Enter into cooperative agreements in which the tribe(s) choose to lease back some uses of the data, functionality, interfaced data bases and processing time and product from the state's FACES child support computer system; or
- Assign various child support functions to be performed by state employees for the tribe, under agreement or in return for incentive and FFP reimbursement.

Recommendation 2-7

TMR-MAXIMUS recommends efforts be enhanced to ensure children of tribal members receive child support services through a tribal or state program.

Management's Response

Agree. We have been developing cooperative agreements with two tribes, and within available time and resource constraints, will continue those efforts as well as work with the other tribes.

Fact Sheet

Child Support Enforcement

Child Support Enforcement is a joint state, county, and federal partnership. The purpose of the program is to secure financial support from legally responsible parents so that families and children receive that support, and so that the demand on public treasuries is reduced.

The Child Support Enforcement Division works with two types of cases:

- **IV-D cases** which stem from referrals from public assistance programs (TANF, foster care and Medical Assistance) or from either custodial or noncustodial parents applying for IV-D services.
- **NonIV-D cases** which stem from court orders where there is no application or referral to the IV-D program or where people choose to close their IV-D case.

Services Provided:

By the eight Regional Child Support Enforcement Units (county entities) through cooperative effort:

- **IV-D cases:** Paternity establishment, establishment and enforcement (including issuing income withholding orders) of child support and medical support orders, review and adjustment of court orders, local locate when customers need to be found, and customer services.
- **NonIV-D cases:** None

By the Clerks of Court:

- **IV-D and NonIV-D cases:** Initiate contempt proceedings, enter civil file information into the automated system, and customer services.

By the Child Support Enforcement Division:

- **IV-D Cases:** Manage a number of programs including Federal and State Tax Intercept, State Parent Locate Service, Credit Bureau Reporting, Financial Institution Data Match, Passport Denial, State Directory of New Hires, Central Registry, and Federal Case Registry. Also provide customer services and centralized receipting and distribution of payments including Electronic Funds Transfer (EFT).
- **NonIV-D cases:** Centralized receipting and distribution of payments, issuing income withholding orders, customer services, and EFT.

The court order:

- Is issued by the district court. District court judges or judicial referees may conduct hearings.
- Establishes medical support and the amount of child support due based upon the child support guidelines and the unique fact situations of each case.
- May be amended at the request of either party either through private legal counsel or pro se (self representation).
- Will be reviewed, on IV-D cases, by RCSEUs, generally no more frequently than 35 months since the order was entered or last reviewed.
- Is enforced by the courts. Requests for enforcement may come from Clerks of Court, private attorneys, either party or, in IV-D cases, the RCSEUs.
- Is also enforced, in IV-D cases, by the Child Support Enforcement Division and the RCSEUs through a variety of administrative actions.
- Is also enforced, in nonIV-D cases, by the Child Support Enforcement Division through administratively issued income withholding orders.

Contacts/Information:

Web site: <http://www.childsupportnd.com>

Customers:

Customer Service Unit:

Email: socscs@state.nd.us

Ph: 800.231.4255 Local: 328.5440 Fax: 701.328.5425

Customer Address Changes:

Email: sosdu@state.nd.us

Web site: <http://www.childsupportnd.com>
(select Child Support On-Line Services)

Employers:

New Hire Reporting:

Email: sohire@state.nd.us

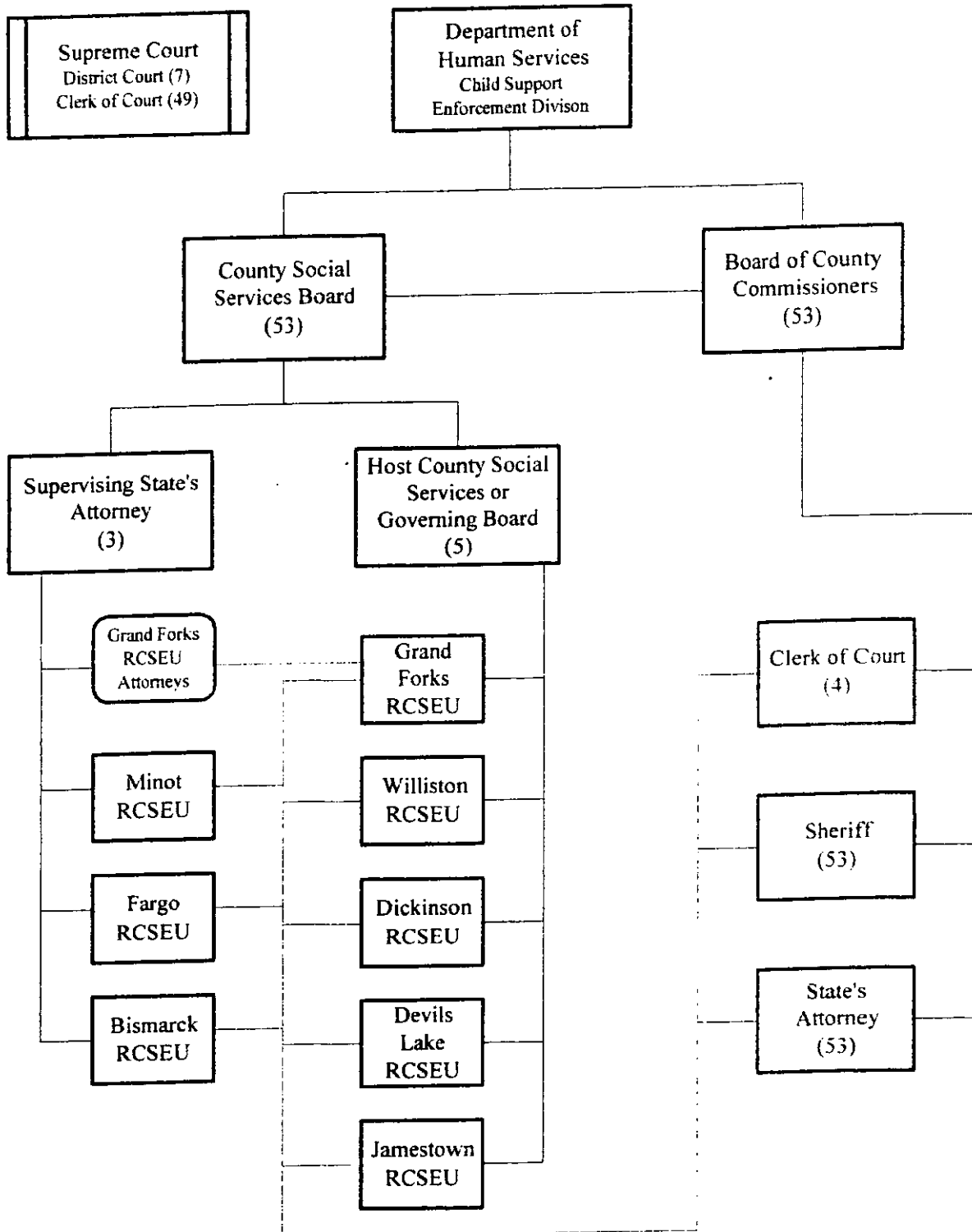
Web site: <http://www.childsupportnd.com>
(select Child Support On-Line Services)
Fax: 701.328.5497

Mike Schwindt, Director

Email: soschm@state.nd.us Ph: 701.328.3582

Revised February 2003 for the North Dakota Department of Human Services, Child Support Enforcement Division, P.O. Box 7190, Bismarck ND 58507-7190, (701) 328-3582, toll free ND: (800) 755-8530, TTY: (800) 366-6889

**Child Support Enforcement
SERVICE DELIVERY SYSTEM
January 2004**



RCSEU: Regional Child Support Enforcement Unit

DUTIES – Child Support Enforcement January 2004

State Office, DHS The following services are provided on IV-D cases only unless otherwise specified.	Regional Child Support Enforcement Units The following services are provided on IV-D cases only.	Court The following services are provided on NonIV-D and IV-D cases.
Submit State Plan materials which meet federal compliance standards Provide financial and statistical information to the federal government Develop and issue policies, procedures, and instructions, as well as training Operate the State Disbursement Unit (SDU) which receipts and distributes all (IV-D and NonIV-D) payments Manage the following programs: • Federal and State Tax Offset • Credit Bureau Reporting • Financial Institution Data Match (FIDM) • State Directory of New Hires (SDNH) • Passport Denial Develop, operate, and maintain the certified statewide computer system (FACSES) Operate the State Parent Locate Service (SPLS) which provides statewide/national locate services Manage the Central Registry of incoming interstate cases Perform program self-assessment Manage the Federal Case Registry (FCR) Issue, amend, and terminate income withholding orders on NonIV-D cases Provide customer service (IV-D and NonIV-D cases)	Provide local locate services Pursue establishment of paternity Pursue establishment of child support and medical support orders Enforce child support and medical support orders • Income withholding • Federal and state tax offset • Credit bureau reporting • License and vehicle registration suspension • Passport denial • Liens on real and personal property • Executions on real and personal property • Refer for state or criminal prosecution • National Medical Support Notice Review and pursue adjustments of support orders Provide customer service	District Court: Issue orders to establish paternity Issue orders to establish support Preside over contempt proceedings • Set conditions for purging contempt • Order incarceration • Revoke license • Require work activities Clerk of Court: Enter and maintain court order information on FACSES Initiate contempt proceedings Provide customer service

Flow Chart of Activities
IV-D Case
January 2004

Referral or Application for Services

- Custodial or noncustodial parent completes application, or
- Through County Social Service Board, family applies for assistance (TANF or Medicaid) or child enters Foster Care, and a referral is made.

Policy direction and automated system support provided for all services
State Office, DHS

Case opened. Necessary services provided by Regional Child Support Enforcement Units:

Locate

- Local level
- Referred to State Office, DHS, for State Parent Locator Services (SPLS)

Paternity Establishment

- Voluntary Paternity Acknowledgment (VPA)
- Genetic testing
- Stipulation or motion to court if no VPA

Establishment (child support and medical support)

- Gather financial information and calculate guideline amount
- Stipulation or motion to court

Review and Adjustment

- Gather financial information and calculate guideline amount
- Stipulation or motion to court

Enforcement

- Income withholding
- State and federal tax offset (State Office, DHS, submits cases)
- Credit bureau reporting (State Office, DHS, submits cases)
- License and vehicle registration suspension
- Passport denial (State Office, DHS, submits cases)
- Liens and executions
- Refer for state or criminal prosecution
- National Medical Support Notice

Issue orders

Preside over contempt proceedings

- Set conditions for purging contempt
- Order incarceration
- Revoke license
- Require work activities

District Court

- Enter and maintain order information on FACES

- Initiate contempt proceedings

Clerk of Court

Payment

All support payments must be made to the State Disbursement Unit (SDU).

Payment received, entered onto FACES, and distributed within two days. (Checks are generated overnight and mailed the following day.)

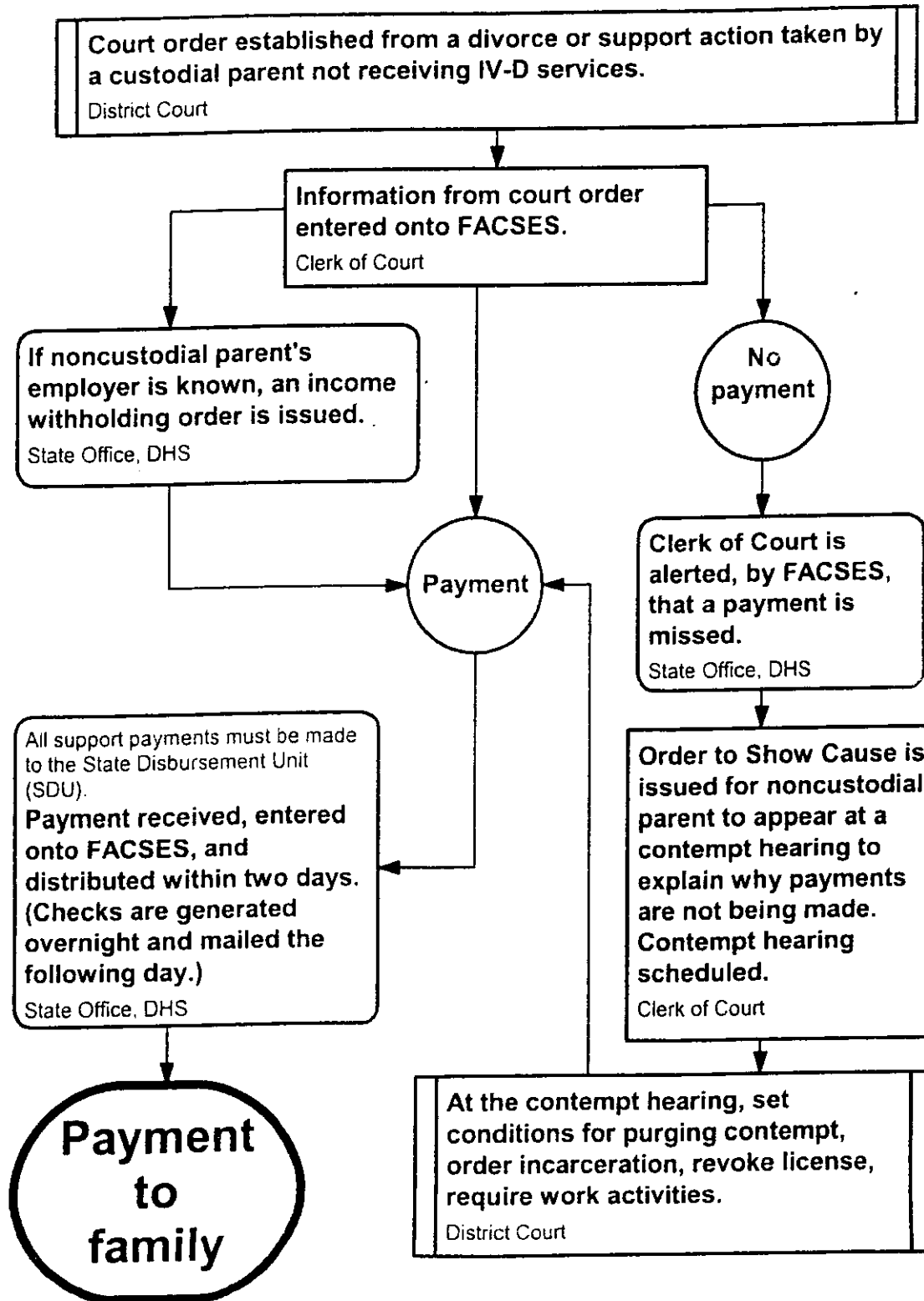
State Office, DHS

Payment to family

Flow Chart of Activities

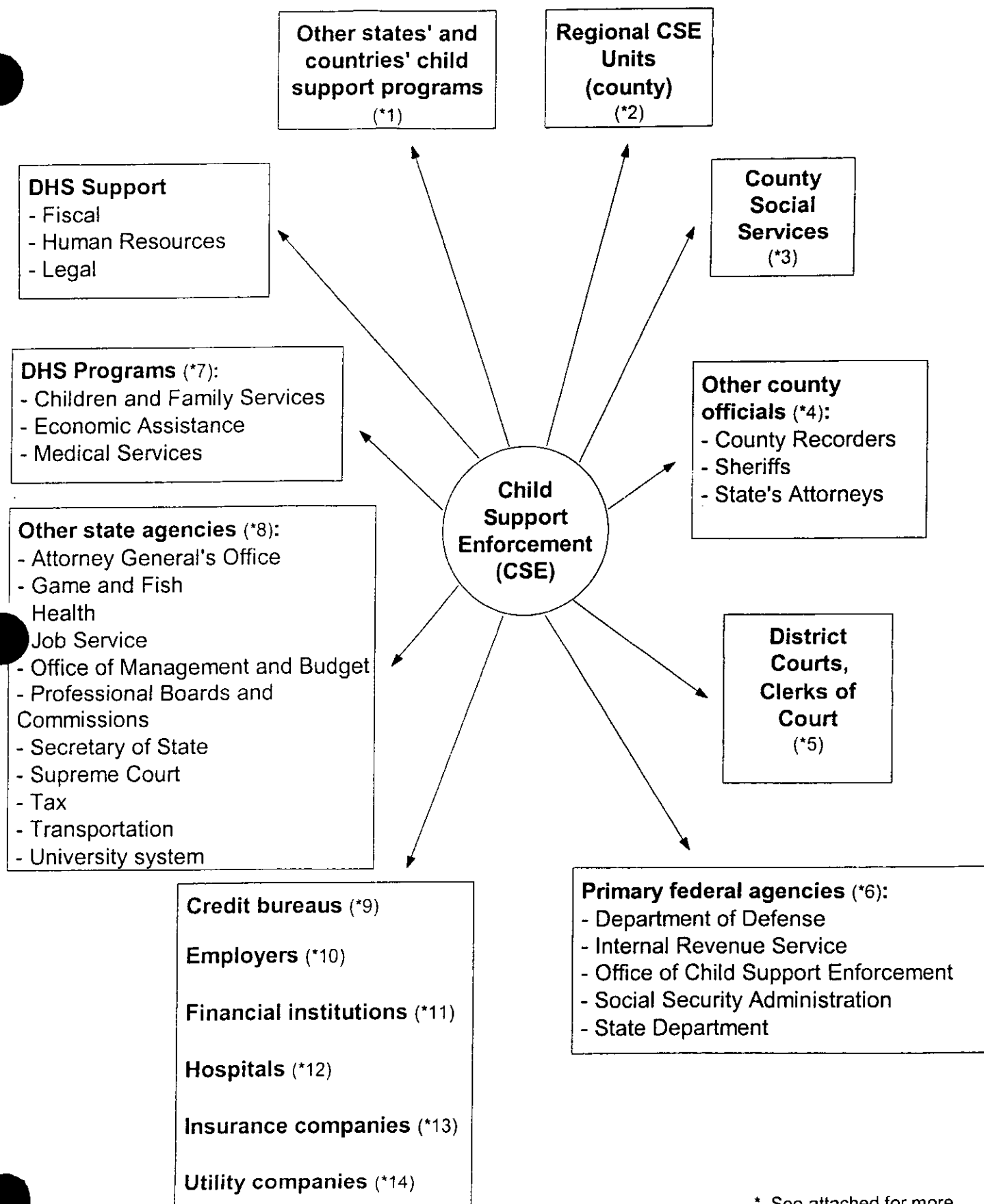
NonIV-D Case

January 2004



Child Support Enforcement

Primary Interdependencies and Interactions



* See attached for more detailed information on the primary interdependencies.

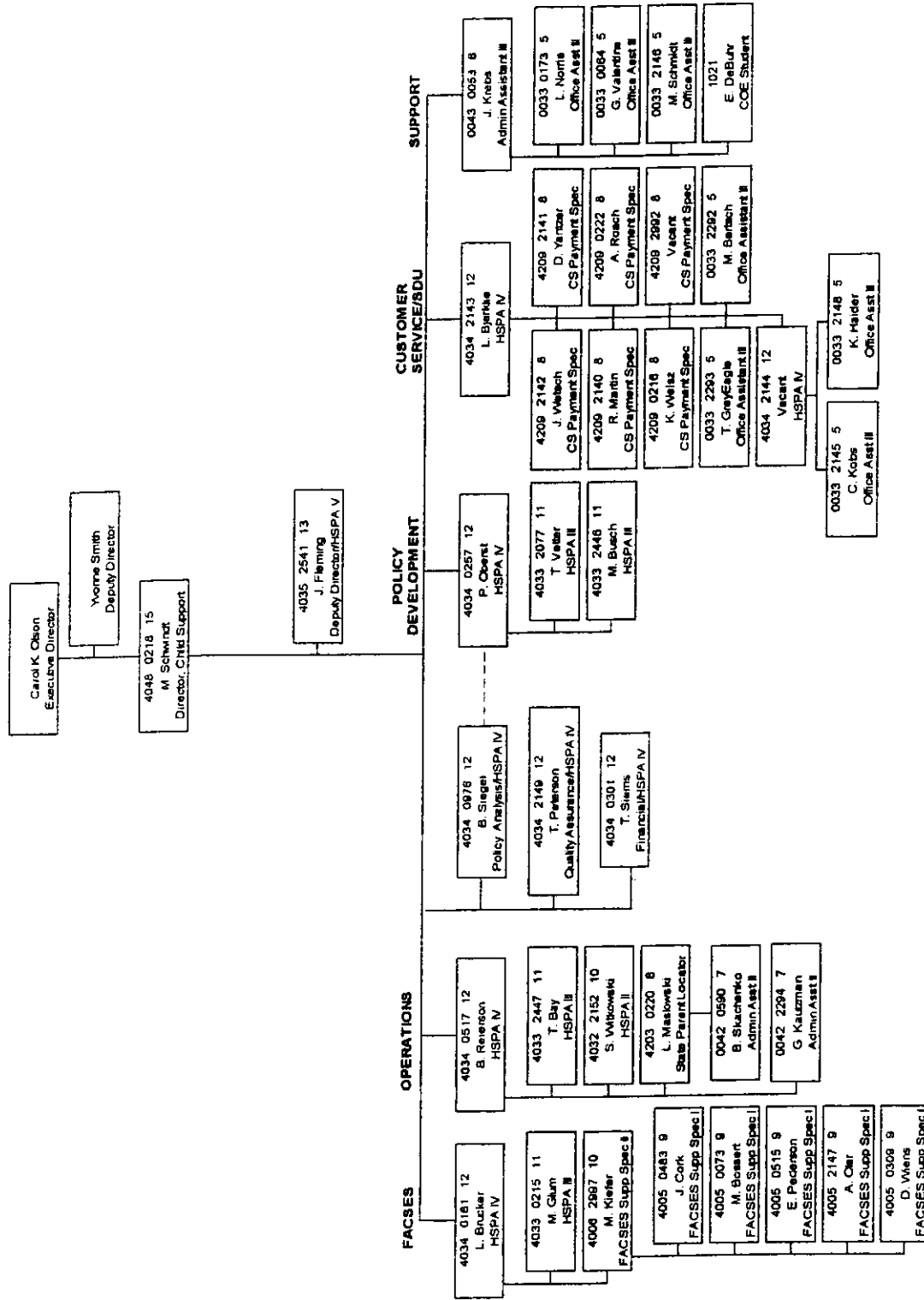
Number/Entity	Primary Interdependencies and Interactions
1. her states' and countries' child support programs	• CSE sends outgoing interstate cases to other states and countries for appropriate services. (Usually when noncustodial parent resides in another state and we are not able to take appropriate action without another state's assistance.) • CSE receives incoming interstate cases from other states and countries for appropriate services. (Usually when noncustodial parent resides in North Dakota and the other state is not able to take appropriate action without our assistance.)
2. Regional CSE Units (county)	• Eight county-administered offices which provide child support enforcement services, pursuant to a cooperative agreement between CSE and County Social Service Boards. • Provide local locate services. • Pursue establishment of paternity. • Pursue establishment of child support and medical support orders. • Enforce support orders. • Review and pursue adjustments of support orders. • Provide customer service.
3. County Social Services	• Administer Regional CSE Units (directly, in Dickinson, Williston, Devils Lake, Grand Forks, and Jamestown). • TANF, Medicaid, and Foster Care cases are worked by the eligibility staff.
4. Other county officials	County Recorders • CSE accesses real property information. • CSE files liens on personal property with County Recorders. Sheriffs • Serve papers relating to establishment and enforcement legal processes. • Handle forced sales of assets to collect child support. • Take individuals into custody on contempt of court orders for jail time. State's Attorneys • Upon agreement with the County Social Service Board, the host county State's Attorney supervises the Regional CSE Unit in Bismarck, Fargo, and Minot (and the attorneys in Grand Forks). • Pursue contempt of court proceedings and prosecute for state criminal nonsupport.
5. District Courts Clerks of Court	District Courts • Issue orders to establish paternity and support. • Preside over contempt proceedings. Clerks of Court • Enter and maintain court order information on FACSES. • Initiate contempt proceedings. • Provide customer service.

Number/Entity	Primary Interdependencies and Interactions
6. Primary federal agencies	Department of Defense • CSE accesses DOD information. • CSE issues income withholding orders through Defense Financing and Accounting Service (DFAS); DFAS withholds and sends money to the SDU. Internal Revenue Service • CSE accesses federal tax records. • Offset federal tax refunds to pay past-due child support. Office of Child Support Enforcement • The federal agency responsible for the administration of the Child Support Enforcement program. • Responsible for developing federal policy; oversight; conducting audits of state programs; and providing technical assistance and training to the state programs. Social Security Administration • Verify information for CSE. • CSE issues income withholding orders to SSA for withholding from certain benefits; SSA withholds and sends money to the SDU. State Department • Deny passports when there is past-due child support.
7. DHS Programs	Children and Family Services • CSE receives referrals from the Foster Care program. (Each time a child goes into a Foster Care setting, a referral is sent to CSE.) • Upon receipt of a referral, CSE provides all appropriate services on the case. • CSE exchanges information with the Foster Care program on the cases in common. Economic Assistance • CSE receives referrals from the TANF program. (When a family becomes eligible for TANF and certain "deprivation" reasons exist (e.g., a parent is absent from the home), a referral is sent to CSE.) • Upon receipt of a referral, CSE provides all appropriate services on the case. • CSE exchanges information with the TANF program on the cases in common. Medical Services • CSE receives referrals from the Medicaid program. (When a family becomes eligible for Medicaid and certain "deprivation" reasons exist (e.g., a parent is absent from the home), a referral is sent to CSE.) • Upon receipt of a referral, CSE provides all appropriate services on the case. • CSE exchanges information with the Medicaid program on the cases in common.

Number/Entity	Primary Interdependencies and Interactions
8. Other state agencies	Attorney General's Office - The Lottery Division offsets certain winnings to pay past-due child support. Game and Fish - CSE accesses Game and Fish records. - CSE issues recreational license suspension and reinstatement orders to Game and Fish; Game and Fish suspends and reinstates the licenses. Health - CSE accesses information from the Vital Records Division including birth certificates, death certificates, and, most commonly, Voluntary Paternity Acknowledgments (VPAs). - Vital Records Division is a VPA service entity; they provide the full range of VPA services. - Vital Records files, certifies, and vacates VPAs. Job Service - CSE accesses records (e.g., quarterly wage information). - CSE issues income withholding orders for unemployment benefits; JSND withholds and sends money to the SDU. Office of Management and Budget - CSE issues income withholding orders to OMB for employee wages; OMB withholds and sends money to the SDU. Professional Boards and Commissions - CSE accesses information from professional boards and commissions. - CSE issues professional and occupational license suspension and reinstatement orders to professional boards and commissions; professional boards and commissions suspend and reinstate the licenses. Secretary of State - CSE accesses the Secretary of State's business database. - CSE accesses the Secretary of State's Central Index System. - CSE files liens on certain personal property with the Secretary of State. Supreme Court - State's appellate court with the responsibility of hearing appeals from decisions of the district courts. - Responsible for administration of the court system including clerk of court contract with CSE. Tax - CSE accesses tax records. - Offset state tax refunds to pay past-due child support.

Number/Entity	Primary Interdependencies and Interactions
(Other state agencies, cont.)	Transportation • CSE accesses driver's license information. • CSE accesses motor vehicle registration information. • CSE issues driver's license and vehicle registration suspension and reinstatement orders to DOT; DOT suspends and reinstates the licenses and registrations. • CSE files vehicle liens with DOT; DOT places liens on the vehicles. University system • CSE issues income withholding orders to the University system for employee wages; the University system withholds and sends money to the SDU.
9. Credit bureaus	• CSE accesses credit bureau information. • CSE reports unpaid child support to credit bureaus.
10. Employers	• CSE accesses information from all private businesses and government entities on employees and former employees. • CSE issues income withholding orders to employers; employers withhold and send money to the SDU. • CSE issues National Medical Support Notices (NMSNs) to employers; employers enroll the children in available health insurance. • Employers report new hires to CSE within 20 days of date of hire. • Employers report lump sum payments to CSE.
11. Financial institutions	• CSE accesses financial institution records. • CSE issues liens and executions on financial accounts; financial institutions freeze the accounts, or seize the money and send to the SDU.
12. Hospitals	• Birthing hospitals are the primary VPA service entity. Provide the full range of VPA services in the hospital, at the time of the child's birth.
13. Insurance companies	• Coming soon. Child Support Lien Network (CSLN) which will provide matches with insurance proceeds. (Once identified, CSE will then be able to seize the proceeds, as appropriate.)
14. Utility companies	• CSE accesses customer account information.

North Dakota Department of Human Services Child Support Division



December 2004

Child Support Enforcement Program

The Child Support Enforcement program understands that you may have issues or questions concerning visitation with your child. While the program does not provide services relating to the establishment or enforcement of visitation, we hope that this fact sheet will provide you with helpful information.

The enforcement of child support and the enforcement of visitation are separate issues. Child support and visitation are both considered to be rights of the child. Because a child is denied one right does not mean that the child should be denied another right. This means that it is not okay for a custodial parent to deny visitation because the noncustodial parent does not pay child support. It also means that it is not okay for a noncustodial parent to not pay child support because the custodial parent denies visitation.

If you wish to pursue a visitation issue in court, you have the option of either hiring an attorney to represent you or representing yourself. If you need assistance with a visitation issue, you may wish to hire an attorney. If you believe you cannot afford to hire an attorney, you may be able to get legal help at a reduced cost. For more information on the options available, contact the State Bar Association of North Dakota (SBAND) or visit their Web site at www.sband.org (under "Resources for the Public").

You may also wish to represent yourself (that is, without an attorney's help). Self-Represented Visitation Forms are available on the ND Supreme Court Web site at www.court.state.nd.us/court/forms/Visitation/forms.htm. These forms and instructions are to be used only if there is already a court order giving you or the other parent visitation rights. You may also contact the Customer Service Unit for copies of the forms. (See contact information at the end of this sheet.)

You may be awarded reasonable attorney's fees and costs. State law at N.D.C.C. § 14-09-24 provides that, in a court proceeding in which there is a dispute over visitation, the court shall award the noncustodial parent reasonable attorney's fees and costs if the court determines there has been willful and persistent denial of visitation rights by the custodial parent.

Visitation may be enforced by the court through child support enforcement remedies. N.D.C.C. § 14-09-24 provides that the court may use any remedy to enforce a visitation order that is available to enforce a child support order, as long as the remedy is appropriate for visitation enforcement.

There are a number of rights and duties that may be included in the court order. State law at N.D.C.C. § 14-09-28 provides that each parent of a child has a number of visitation (and custody) rights and duties. Rights include the right to access various records of the child; the right to attend school conferences; and the right to reasonable access to the child by letter, telephone, and electronic means. Duties include the duty to inform the other parent if the child has a serious accident or serious illness; the duty to immediately inform the other parent of a change in home telephone number and address; and the duty to keep the other parent informed of the name and address of the school the child attends. With some exceptions, these rights and duties are to be included in a visitation order.

Over→

When a child support order is being established or modified, the amount of child support may be adjusted to consider extended visitation. State law at N.D.C.C. § 14-09-09.7(1)(e) requires that the Child Support Guidelines (the administrative rules used to calculate the amount of child support to be ordered) include consideration of extended periods of time a minor child spends with the noncustodial parent.

The guidelines address this by allowing an adjustment for extended visitation. For this purpose, extended visitation means there is a court order providing for visitation between the noncustodial parent and a child which exceeds 60 of 90 consecutive nights or an annual total of 164 nights. (N.D. Admin. Code N.D.C.C. § 75-02-04.1-08.1 of the North Dakota Child Support Guidelines.*) A guidelines form (Schedule D – Adjustment for Extended Visitation*) may be used to calculate the adjustment.

Three official interpretations* regarding this section of the guidelines have been issued to address frequently asked questions:

- IC-CO-00-07 Extended Visitation – Applicability Determined by Visitation Schedule in Court Order
- IC-CO-00-09 Split Custody and Extended Visitation – Extended Visitation Adjustment to be Completed Prior to Split Custody Calculation
- IC-CO-01-13 Adjustment for Extended Visitation - Number of Visitation Nights to be Counted in the Calculation

* Copies of the Child Support Enforcement Guidelines, guidelines forms, and guidelines interpretations are available through the Child Support Enforcement Web site at <http://www.childsupportnd.com>. You may also request them by contacting the Customer Service Unit. (See contact information at the end of this sheet.)

When a child support order is being established or modified, the amount of child support may be adjusted to consider visitation-related travel expenses. The guidelines also allow for a reduction of the child support amount due to a noncustodial parent's travel costs directly related to the purpose of visiting the child. The reduction must be in the best interest of the child and consideration must be given to the amount of court-ordered visitation and, when such history is available, actual expenses and practices of the parents. (N.D. Admin. Code § 75-02-04.1-09(2)(i) of the North Dakota Child Support Guidelines.)

Contact Information:

Web site

<http://www.childsupportnd.com>

Customer Service Unit

E-mail: socscs@state.nd.us

Ph: 800-231-4255

328-5440 (Bismarck/Mandan)

Fax: 701-328-5425

Regional Child Support Enforcement Units

Bismarck: 701-222-6721

Devils Lake: 701-662-5374

Dickinson: 701-227-7424

Fargo: 701-241-5640

Grand Forks: 701-787-8575

Jamestown: 701-252-7394

Minot: 701-857-7696

Williston: 701-577-4560

Director, Mike Schwindt

E-mail: soschm@state.nd.us

Ph: 701-328-3582

N.D. Dept. of Human Services Child Support Enforcement Division

1600 E Century Avenue, Suite 7

P.O. Box 7190

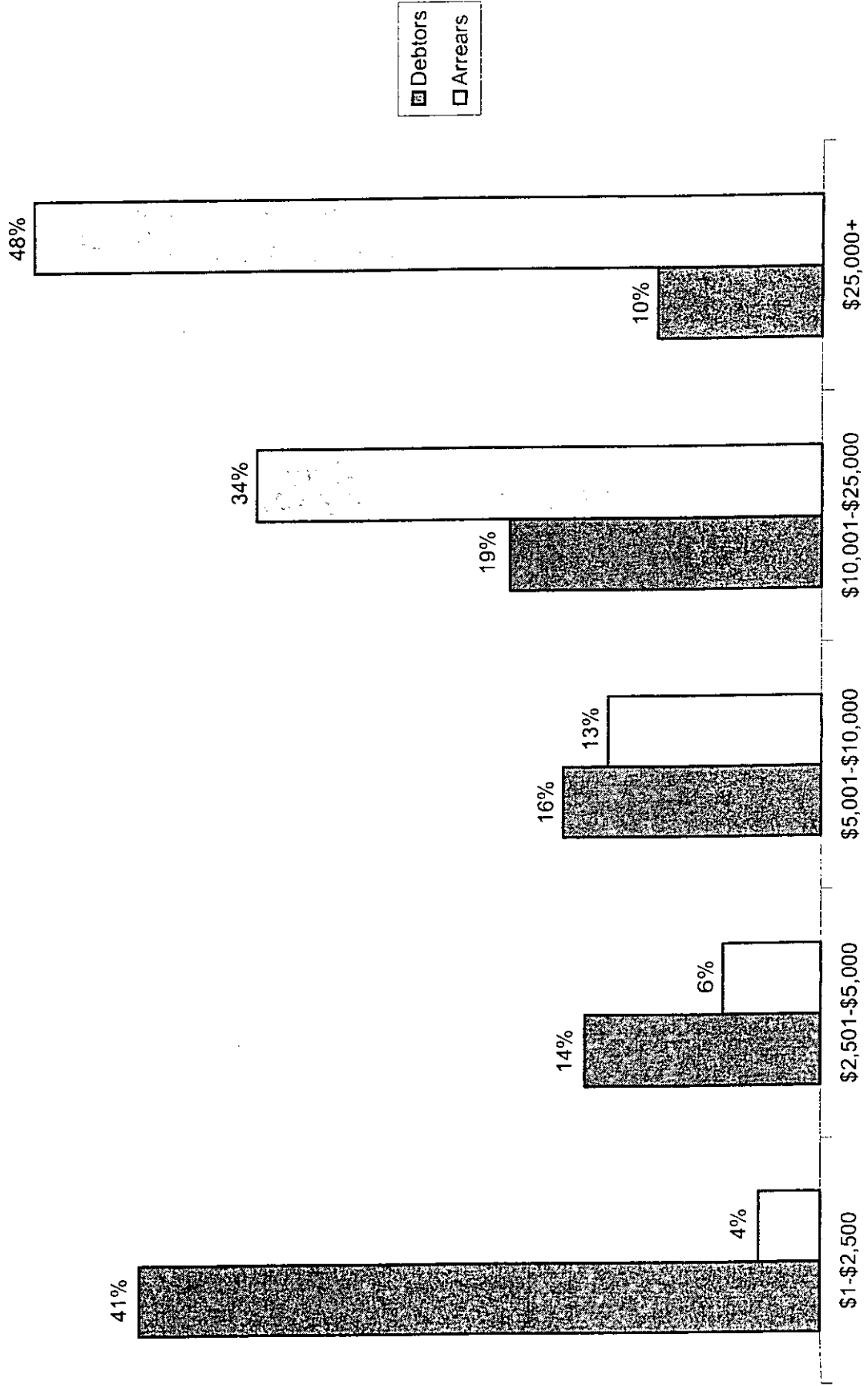
Bismarck ND 58507-7190

701-328-3582 or 800-231-4255

TTY 800-366-6888

<http://www.childsupportnd.com>

Distribution of Debtors and Arrears by Amount of Arrears Owed - December 2004



Child Support
Receivables
SFY 2000 to 2004

	2000	Change	2001	Change	2002	Change	2003	Change	2004 Principal	2004 P & I	Change from 2000	Principal Amount	Percent	Principal and Interest Amount	Percent
IV-D															
Federal match Foster Care	2,816,181	23.40%	3,475,174	20.66%	4,193,102	11.35%	4,669,043	8.33%	5,058,059	5,151,469	2,241,878	2,241,878	0.80	2,335,288	0.83
State match Foster Care	3,280,097	3.18%	3,364,519	-6.75%	3,158,139	-4.57%	3,011,906	-9.52%	2,725,168	2,742,971	-554,930	-554,930	-0.17	-537,127	-0.16
Emergency Foster Care	485,914	185.54%	1,387,501	74.80%	2,425,342	28.50%	3,116,656	19.96%	3,738,637	3,837,878	3,252,723	3,252,723	6.69	3,352,054	6.90
Total Foster Care assigner	6,582,192	25.30%	8,247,194	18.52%	9,774,584	10.47%	10,797,605	6.71%	11,521,864	11,732,418	4,939,871	4,939,871	0.75	5,150,225	0.78
TANF assigned	57,258,934	9.08%	62,459,364	7.09%	68,888,032	6.07%	70,948,079	6.22%	75,358,241	76,154,500	18,100,308	18,100,308	0.32	18,895,567	0.33
Medicaid assigned	244,347	-0.10%	244,105	5.35%	257,175	1.06%	259,893	4.20%	270,810	272,019	28,463	28,463	0.11	27,672	0.11
Out of State and Other assic	10,930,858	17.59%	12,853,333	8.89%	13,996,381	0.54%	14,072,300	7.27%	15,098,054	15,455,968	4,185,199	4,185,199	0.38	4,525,113	0.41
Total Assigned Receivables	75,018,328	11.71%	83,803,897	8.48%	80,916,172	5.68%	86,077,877	6.42%	102,247,969	103,614,905	27,231,841	27,231,841	0.36	28,598,577	0.38
IV-D not Assigned	62,998,881	3.59%	65,258,646	1.38%	66,156,871	3.39%	68,402,291	2.55%	70,148,807	72,043,921	7,147,926	7,147,926	0.11	9,045,040	0.14
Sub Total IV-D	138,015,210	8.00%	149,062,643	5.37%	157,072,843	4.72%	164,480,168	4.81%	172,394,776	175,658,826	34,378,567	34,378,567	0.25	37,643,617	0.27
NonIV-D (Clerk only)	19,992,760	23.78%	24,746,191	14.09%	28,233,763	-1.26%	27,878,143	8.89%	30,338,519	31,042,940	10,345,759	10,345,759	0.52	11,049,880	0.55
Total Receivables *	158,007,970	10.00%	173,808,833	6.62%	185,306,606	4.51%	193,664,771	6.73%	208,701,467	208,701,467	48,693,497	48,693,497	0.31	48,693,497	0.31
* Total includes interest accrued															
Interest collected															
% collected															

**Child Support Enforcement
Abbreviations and Definitions**

AC Action Communication

ACF Administration for Children and Families

AEI (Automated) Administrative Enforcement of Interstate Cases

AF Alleged Father

AFDC Aid to Families with Dependent Children

AP Absent Parent

AR Applicant/Recipient

AT Action Transmittal

ATM Automated Teller Machine

AVR Automated Voice Response System

BIA Bureau of Indian Affairs

CCA Consumer Credit Agencies

CCD+ Cash Concentration and Disbursement "Plus"

CCPA Consumer Credit Protection Act

CCWIPS Comprehensive Child Welfare Information and Payment System

C:D CONNECT:Direct

CEJ Continuing Exclusive Jurisdiction (to modify a support order)

CI Central Inquiry

CP Custodial Parent

CSE Child Support Enforcement

CSEA Child Support Enforcement Agency

CSENet Child Support Enforcement Network

CSI (CSENet) Case Status Inquiry

CSPIA Child Support Performance and Incentive Act of 1998

CSPS Child Support Payment Specialist

CSSB County Social Service Board

CTX Corporate Trade Exchange

DCIA Debt Collection Improvement Act

DCL Dear Colleague Letter

DDU Direct Deposit Unit

DHHS Department of Health and Human Services

DHS Department of Human Services

DIW Direct Income Withholding

DN Document Number

DOA Due on Arrears

DOB Date of Birth

DOD Department of Defense or Date of Death

DoIT Division of Information Technology

DOS Department of State

DOT Department of Transportation or Department of Treasury

EDI Electronic Data Interchange

EFT Electronic Funds Transfer

ESKARI Earnings Systems Keyed Applications for SSN Registration Identification

EW Eligibility Worker

FACSES Fully Automated Child Support Enforcement System

FBI Federal Bureau of Investigation

FCR Federal Case Registry

FEIN Federal Employer Identification Number

FFCCSOA Full Faith and Credit for Child Support Orders Act

FI Financial Institution

FIDM Financial Institution Data Match

FIPS Federal Information Processing Standards

FMS Financial Management Service

FPLS Federal Parent Locator Service

FSA Family Support Act

FTI Federal Tax Intercept

FVI Family Violence Indicator

FYI For Your Information

GAL Guardian Ad Litem

GT Genetic Test

HB House Bill

IC Informational Communication

IHS Indian Health Service

IM Information Memo or Information Memorandum

IRC Internal Revenue Code

IRS Internal Revenue Service

IV-A Title IV-A of the Social Security Act (also known as Temporary Assistance for Needy Families (TANF))

IV-D Title IV-D of the Social Security Act (also known as Child Support Enforcement)

IV-E Title IV-E of the Social Security Act (also known as Foster Care and Adoption Assistance)

IVR Interactive Voice Response System

IW Income Withholding

IWO Income Withholding Order

MAO Medical Assistance Only

MOE Maintenance of Effort

MSFIDM Multistate Financial Institution Data Match

MSO Monthly Support Obligation

NACHA National Automated Clearing House Association

NCCSD National Council of Child Support Directors

NCCUSL National Conference of Commissioners on Uniform State Laws

NCP Noncustodial Parent

NCSEA National Child Support Enforcement Association

NCSL National Council of State Legislatures

NDM Network Data Mover

NDNH National Directory of New Hires

NH New Hire

NLETS National Law Enforcement Telecommunications System

NMSN National Medical Support Notice
NPRC National Personnel Records Center
OBRA Omnibus Budget Reconciliation Act
OCSE Office of Child Support Enforcement
OEA Office of Economic Assistance
OPM Office of Personnel Management
OSC Order to Show Cause
OTSC Order To Show Cause
OVM Office Vision/MVS
PF Putative Father
PIQ Policy Interpretation Question
POS Point-of-Sale
PPD Prearranged Payment or Deposit
PRWORA Personal Responsibility and Work Opportunity Reconciliation Act of 1996
QMCSO Qualified Medical Child Support Order
QW Quarterly Wage
RCSEU Regional Child Support Enforcement Unit
RMR Requires Manual Review
RURESA Revised Uniform Reciprocal Enforcement of Support Act
SB Senate Bill
SCR State Case Registry
SDNH State Directory of New Hires
SDU State Disbursement Unit
SEIN State Employer Identification Number
SESA State Employment Security Agency
SFN State Form Number
SPLS State Parent Locator Service
SSA Social Security Administration
SSN Social Security Number

STI State Tax Intercept

Stip Stipulation

SWAP (see Definitions)

TANF Temporary Assistance for Needy Families

TAT Three Affiliated Tribes

TDD Telecommunications Device for the Deaf

TECS Technical Eligibility Computer System

TPL Third Party Liability

TPQY Third Party Query

TPR Termination of Parental Rights

TTY Text Telephones

UI Unemployment Insurance

UIFSA Uniform Interstate Family Support Act

UPA Unreimbursed Public Assistance or Uniform Parentage Act

URES Uniform Reciprocal Enforcement of Support Act

VA Department of Veterans Affairs

VIN Vehicle Identification Number

VIPRS Very Intelligent Payment Receipting System

VPA Voluntary Paternity Acknowledgment

Absent Parent (AP) (See noncustodial parent (NCP) and obligor – the preferred terms)

Action Communication (AC) Document issued by the State IV-D office as needed. The primary recipients of Action Communications are, with very few exceptions, the Regional IV-D offices. Action Communications issue policy directions (policies, procedures, and forms), usually requiring action by the Regional IV-D offices. Manual revisions are issued through ACs.

Action Transmittal (AT) Document issued by the federal Office of Child Support Enforcement (OCSE) as needed, which instructs state IV-D programs on the actions they must take to comply with new and amended federal requirements. Has basis in federal law or regulation.

Adjudication The determination of the issues in an action by the entry of a judgment, decree, or order by a judge (or, in some other states, by another decision-maker such as a master or hearing officer) based on the evidence submitted by the parties.

Administration for Children and Families (ACF) The agency in the federal Department of Health and Human Services (DHHS) that houses the Office of Child Support Enforcement (OCSE).

Administrative Enforcement of Interstate Cases (AEI) Provision in the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) giving state IV-D programs the ability to provide high-volume automated administrative enforcement services without establishing a full interstate IV-D case. AEI allows states to locate, place a lien on, and seize financial assets of delinquent noncustodial parents across state lines. Also sometimes referred to as Automated Administrative Enforcement of Interstate cases.

Administrative Procedure or Process Method by which support orders are made and enforced by an executive agency rather than by courts and judges.

Aid to Families with Dependent Children (AFDC) Former entitlement program that made public assistance payments on behalf of children who did not have the financial support of one or both of their parents by reason of death, disability, or continued absence from the home. AFDC was replaced with Temporary Assistance for Needy Families (TANF) under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA).

Alimony (See Spousal Support – the preferred term)

Alleged Father (AF) The person alleged to be the father of the child but who has not yet been legally declared to be the legal father. Also may be referred to as a putative father (PF).

Applicant/Recipient (AR) An outdated term used to refer to the person receiving IV-D services through IV-D application (applicant) or through referral due to receipt of public assistance (recipient). (See Custodial Parent – the preferred term)

Arrearage Past-due, unpaid child support owed by the noncustodial parent. Also may be referred to as arrears.

Arrears Past-due, unpaid child support owed by the noncustodial parent. Also may be referred to as an arrearage.

Assignment of Support Rights The legal procedure by which a person receiving public assistance agrees to turn over to the state any right to child support, including arrearages, paid or owed by the noncustodial parent in exchange for receipt of a cash assistance and other benefits. States can then use a portion of said child support to defray or recoup the public assistance expenditure.

Automated Voice Response System (AVR) Telephone system that makes frequently requested information available to customers over touch-tone telephones. Also sometimes referred to as Interactive Voice Response System (IVR).

Burden of Proof The duty of a party to produce the greater weight of evidence on a point at issue.

Case Initiation First step in the child support enforcement process.

Case Law Law established by the history of judicial decisions in cases. Generally refers to the decisions of appellate courts.

Cash Concentration and Disbursement "Plus" (CCD+) Standardized format used for Electronic Funds Transfer (EFT) of child support withholdings from an employee's wages or from one state to another. The "Plus" indicates that an addenda record carries the payment-related information.

Central Inquiry (CI) Process A process used for policy-related inquiries from the Regional IV-D offices to the State IV-D office. The goal is to ensure policy clarification, interpretation, and guidance are provided to Regional IV-D offices in a timely manner that is beneficial to the Regional IV-D offices and to the State IV-D office. The process ensures inquiries are recorded, assigned, tracked, responded to, and disseminated.

Central Registry A centralized unit, maintained by every state IV-D program, that is responsible for receiving, distributing, and, at times, responding to inquiries on incoming interstate IV-D cases.

Child Support Financial support required to be paid by a noncustodial parent to help support a child. Child support may be ordered in any situation in which the child and both of the child's parents do not reside together. The term "child support" is sometimes used interchangeably with the more generic term of "support" which includes medical support as well as spousal support when spousal support provisions are ordered along with child support.

Child Support Enforcement Network (CSENet) State-to-state telecommunications network, which transfers detailed information between state automated child support enforcement systems.

Child Support Guidelines A standard method for setting child support obligations based on the income of the parent or parents and other factors determined by states. The Family Support Act (FSA) of 1988 required states to use guidelines to determine the amount of support. It required that there be a rebuttable presumption that the amount which would result from the application of the guidelines is the correct amount and that the presumption could only be rebutted by a finding on the record that the application of the guidelines would be unjust or inappropriate in a particular case as determined under the state's criteria. North Dakota's guidelines are found in Administrative Rules and are based on the obligor model which means that only the noncustodial parent's income is considered.

Child Support Pass-Through Provision by which a certain amount of money from a child support payment collected on behalf of a public assistance recipient is disbursed directly to the custodial parent. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) eliminated the \$50.00 pass-through effective October 1, 1996. A few states have elected to retain the pass-through, paying it out of state, rather than federal, money. North Dakota did not retain a pass-through. Also sometimes called a Child Support "Disregard."

Child Support Performance and Incentive Act of 1998 (CSPIA) Federal legislation which provided relief from penalty for states' failures to meet automated system certification requirements; changed IV-D program incentives; and removed impediments to medical support enforcement by, in part, mandating the National Medical Support Notice (NMSN).

Clerk of Court Only Case (See NonIV-D case)

Complainant Person who seeks to initiate court proceedings against another person. In a civil case the complainant is the plaintiff; in a criminal case the complainant is the state.

Complaint The formal written document filed in a court whereby the complainant sets forth the names of the parties, the allegations, and the request for relief sought. Sometimes called the initial pleading or petition.

Concurrent Jurisdiction Jurisdiction exercised simultaneously by more than one court or administrative agency over the same subject matter and within the same territory, with the litigant having the right to choose the court in which to file the action.

CONNECT:Direct (C:D) Computer network maintained by the Social Security Administration that moves large volumes of data from state agencies, the National Directory of New Hires (NDNH), and the Federal Case Registry (FCR). Formally called the Network Data Mover (NDM).

Consumer Credit Agency (CCA) Private agency that assembles and evaluates consumer credit information for the purpose of furnishing consumer reports to third parties. A state IV-D program reports delinquencies to the agencies and also uses the agencies' information for locate purposes. Also sometimes referred to as a credit bureau.

Consumer Credit Protection Act (CCPA) Federal law that limits the amount that may be withheld from earnings to satisfy child support obligations. States are allowed to set their own limits provided they do not exceed the federal limits. Regardless of the number of withholding orders that have been served, the maximum that may be withheld for child support is:

<i>Without arrearage -</i>	50% with a second family
	60% single
<i>With arrearage -</i>	55% with a second family and 12+ weeks in arrears
	65% single and 12+ weeks in arrears

In North Dakota, the maximum that may be withheld for child support is 50% of disposable income regardless of other factors.

Continuing Exclusive Jurisdiction (CEJ) The doctrine that only one support order should be effective and enforceable between the same parties at any one time and that when a particular court has acquired jurisdiction to determine child support and custody, it retains authority to amend and modify its orders. This **Court of Continuing Exclusive Jurisdiction (CCEJ)** continues to have jurisdiction over a support issue until another court takes it away. The provisions of CEJ are set forth in the Uniform Interstate Family Support Act (UIFSA).

Controlling Order The child support order to be enforced prospectively. The Uniform Interstate Family Support Act (UIFSA) provides a priority scheme to identify the controlling order.

Cooperation As a condition of Temporary Assistance for Needy Families (TANF) eligibility, the recipient is required to cooperate with the state IV-D program in identifying and locating the alleged father or noncustodial parent; establishing paternity; and establishing and enforcing child support. As a condition of Medicaid eligibility, with some exceptions, the recipient is required to cooperate with the state IV-D program in identifying and locating the alleged father or noncustodial parent; establishing paternity; and establishing and enforcing medical support.

Corporate Trade Exchange (CTX) Standardized format used for electronic funds transfer (EFT) of child support withholdings from employees' wages. This method is preferable when processing large volumes of transactions and PRWORA requires states' automated child support enforcement systems to be capable of using this format as well as the CCD+ format.

Court Order A legally binding edict issued by a court of law. Issued by a judge (or, in some other states, by another decision-maker such as a master or hearing officer). A court order related to child support often dictates how much is to be paid, how often it is to be paid, and how long it is to be paid.

Custodial Parent (CP) The person, generally a parent, who has primary care, custody, and control of the child or, if a court has made a custody determination, the person who has legal custody of the child. (See also Obligee)

Dear Colleague Letter (DCL) Document issued by the federal Office of Child Support Enforcement (OCSE) to state IV-D directors as needed, which provides information about practices, changes in procedures, or other child support enforcement topics.

Debit Card A card onto which support payments are loaded electronically in the same manner as a direct deposit. The card can be used by the custodial parent to withdraw cash at an Automated Teller Machine (ATM) or at a point-of-sale (POS) machine for goods, services, or cash.

Decree The judicial decision of a litigated action, usually in "equitable" cases such as divorce (as opposed to cases in law in which judgments are entered). In practice, however, the terms "decree" and "judgment" are often used interchangeably.

Default The failure of a defendant to file an answer or appear in a civil case within the prescribed time after having been properly served with a summons and complaint.

Defendant The person against whom a civil or criminal proceeding is begun.

Department of Health and Human Services The federal government's principal agency for protecting the health of all Americans and providing essential human services, especially for those who are least able to help themselves. There are twelve agencies within the Department including the Administration for Children and Families (ACF) that houses the Office of Child Support Enforcement (OCSE).

Direct Deposit A process involving the electronic funds transfer of support payments from the State Disbursement Unit (SDU) into the custodial parent's bank account. This is done only upon the request of the custodial parent. For purposes of the process in North Dakota, the term "bank" includes banks, credit unions, and savings and loan associations. Support payments may be deposited into either a checking or a savings account.

Direct Deposit Unit (DDU) The unit within the State IV-D office that handles direct deposit requests.

Direct Income Withholding (DIW) A procedure, whereby an income withholding order can be sent directly to the noncustodial parent's employer in another state, without the need to use the IV-D program or court system in the noncustodial parent's state. The provisions of direct income withholding are set forth in the Uniform Interstate Family Support Act (UIFSA).

Disbursement The paying out of collected child support funds.

Disposable Income The portion of an employee's earnings that remains after deductions required by law (e.g., taxes). Used to determine the amount of an employee's pay subject to a garnishment, an attachment, or an income withholding order.

Disposition The court's decision of what should be done about a dispute that has been brought to its attention. For example, the disposition may be that child support is ordered or an obligation is modified. On the other hand, the disposition may be that the action is dismissed.

Distribution The allocation of child support collected to the various types of debt, as specified in federal regulations.

Earnings Systems Keyed Applications for SSN Registration Identification (ESKARI) A process within the Federal Case Registry (FCR) which uses certain demographic data (referred to as "ESKARI data") to identify a social security number (SSN).

Electronic Data Interchange (EDI) Process by which information regarding an Electronic Funds Transfer (EFT) transaction is transmitted electronically along with the EFT.

Electronic Funds Transfer (EFT) Process by which money is transmitted electronically from one bank account to another.

Enforcement The application of remedies to secure compliance with a child or medical support obligation contained in a child or spousal support order. Examples of remedies include income withholding; Consumer Credit Agency reporting; federal tax refund offset; liens on, and executions of, assets; license suspension, and passport denial.

Establishment The process of adjudicating paternity or obtaining a court order (or in some states, an administrative order) for a child support obligation.

Execution The legal process of enforcing a docketed money judgment by seizing and, if applicable, selling the noncustodial parent's real or personal property. In North Dakota, writs of execution for past-due support may be issued either judicially or administratively.

External Locate Request Request sent to the Federal Parent Locator Service (FPLS) by the State Parent Locator Service (SPLS) for locate information from sources other than, or external to, the National Directory of New Hires (NDNH) and the Federal Case Registry (FCR).

External Locate Source Source for locate information from other than, or external to, the National Directory of New Hires (NDNH) and the Federal Case Registry (FCR). These sources include the Social Security Administration (SSA), Internal Revenue Service (IRS), Department of Veterans Affairs (VA), Department of Defense (DOD), and Federal Bureau of Investigation (FBI).

Family Support Act (FSA) Federal law passed in 1988, with three major mandates: (1) Immediate Wage [Income] Withholding, requiring that income withholding must be implemented unless the court finds that there is good cause not to require such withholding, or there is a written agreement between both parties which provides for an alternative arrangement; (2) Review and Adjustment, requiring the periodic review of child support orders; and (3) Guidelines for Child Support Award Amounts, requiring the use of guidelines to determine the amount of support for each family, unless the guidelines are rebutted by a written finding that applying the guidelines would be inappropriate to the case.

Family Violence Indicator (FVI) A designation that resides in the Federal Case Registry (FCR) placed on a participant in a case or order by a state that indicates there is reason to believe that release of information may result in physical or emotional harm to an individual. It is used to prevent disclosure of the location of a custodial parent, alleged father, noncustodial parent, or a child believed by the state to be at risk of family violence.

Federal Case Registry (FCR) A national database of information on individuals in all IV-D cases, and all nonIV-D orders established or modified on or after October 1, 1998. The FCR receives this case information on a daily basis from the State Case Registry (SCR) located in every state. The federal Office of Child Support Enforcement (OCSE) maintains the FCR as part of the expanded Federal Parent Locator Service (FPLS).

Federal Employer Identification Number (FEIN) Unique nine-digit number assigned to all employers by the Internal Revenue Service (IRS), which must be used in numerous transactions, including submitting data and responding to requests relevant to child support.

Federal Information Processing Standards (FIPS) Code A unique code that identifies the child support jurisdiction (i.e., states, counties, and central registries). There are a mandatory five digits to the code which identify the state and county; states may use two additional digits for further identification of entities. In North Dakota, seven digits are used.

Federal Parent Locator Service (FPLS) A computerized national location network operated by the federal Office of Child Support Enforcement (OCSE) which assists state IV-D programs in locating alleged fathers and noncustodial parents for the purposes of establishing paternity; establishing a child support obligation; and enforcing a child support obligation. In certain cases, the purposes may also include establishing and enforcing custody and visitation orders; processing adoption or foster care cases; and investigating parental kidnapping. The expanded FPLS includes the Federal Case Registry (FCR), the National Directory of New Hires (NDNH), and External Locate Sources.

Federal Tax Intercept (FTI) Program (See Federal Tax Refund Offset Program)

Federal Tax Refund Offset Program Program that collects arrearages from noncustodial parents through the interception of their federal income tax refund or an administrative payment such as federal retirement benefits. This program also incorporates the Passport Denial Program, which denies U.S. passports at the

time of application when the applicant's child support debts exceed \$5,000. The cooperation of state IV-D programs in the submittal of cases for tax interception is mandatory, while submittal of cases for administrative interception is optional. North Dakota does not participate in optional administrative interception. The Federal Tax Refund Offset Program is operated in cooperation with the Internal Revenue Service (IRS), the U.S. Department of Treasury's Financial Management Service (FMS), the U.S. Department of State (DOS), and state IV-D programs.

Financial Institution Data Match (FIDM) Process required by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in which a state IV-D program must enter into agreements with financial institutions doing business in their state for the purpose of securing information leading to the enforcement of child support orders. The state IV-D program must develop and operate, in coordination with financial institutions doing business in the state, a data match system in which financial institution account records are matched with noncustodial parents in IV-D cases. Financial institutions are required to encumber or surrender the assets of the delinquent noncustodial parent held by the institution in response to a notice of lien or levy.

For Your Information (FYI) Document issued by economic assistance programs in the Department of Human Services to County Social Services, generally used to communicate information (e.g., training dates, brochures, surveys, etc.) rather than to address policy.

Foster Care A program which provides financial support to a person, family, or institution that is raising a child or children who are not their own. Funding for placements may vary. For example, some placements are funded through the federal-state Foster Care program (IV-E) and others are funded through the state-only program.

Full Faith and Credit Doctrine under which a state must honor an order or judgment entered in another state.

Full Faith and Credit for Child Support Orders Act (FFCCSOA) Federal law effective October 20, 1994, which requires states to enforce child support orders made by other states if: the issuing state's tribunal had subject matter jurisdiction to hear and resolve the matter and enter an order; the issuing state's tribunal had personal jurisdiction over the parties; and reasonable notice and the opportunity to be heard was given to the parties. FFCCSOA also limits a state's ability to modify another state's child support order in instances when: the state tribunal seeking to modify the order has jurisdiction to do so; and the tribunal that originally issued the order no longer has continuing exclusive jurisdiction (CEJ) over the order either because the child and the parties to the case are no longer residents of the issuing state, or the parties to the case have filed written consent to transfer CEJ to the tribunal seeking to make the modification. Unlike the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), FFCCSOA does not amend Title IV-D of the Social Security Act and thus does not directly change IV-D program requirements, but affects interstate case processing.

Garnishment A legal proceeding under which part of a person's wages or assets are withheld for payment of a debt. Garnishment is a different remedy than income withholding.

Genetic Testing Analysis of inherited factors to determine biological fatherhood. Testing usually consists of analyzing genetic material from mother, child, and alleged father. The results are often used in contested cases to determine paternity or nonpaternity.

Good Cause A reason for which a Temporary Assistance for Needy Families (TANF) or Medicaid recipient is excused from cooperating with the services of the state IV-D program, such as past physical harm caused by the child's other parent. It also includes situations where rape or incest resulted in the conception of the child and situations where the recipient is considering placing the child for adoption. In North Dakota, good cause is determined by referring agencies. Good cause may also be applied in foster care situations.

Guidelines (See Child Support Guidelines)

Home State For purposes of making a controlling order determination under the Uniform Interstate Family Support Act (UIFSA), the state in which a child lived with a parent, or a person acting as parent, for at least

six consecutive months immediately preceding the time of filing of a petition for support. However, if a child is less than six months old, the state in which the child lived from birth with a parent, or a person acting as a parent, is the home state. A period of temporary absence of any of them is counted as part of the six-month period.

Immediate Income Withholding Requires that a noncustodial parent's income is subject to income withholding regardless of whether the noncustodial parent's payments are delinquent, unless statutory exceptions are met. In North Dakota, immediate income withholding applies to each judgment or order issued or modified on or after January 1, 1990.

Income As defined in North Dakota state law, income is any form of payment, regardless of source, owed to a noncustodial parent, including any earned, unearned, taxable or nontaxable income; workforce safety and insurance benefits; disability benefits; unemployment compensation benefits; and annuity and retirement benefits. Excluded for purposes of this definition are public assistance benefits administered under state law. All income is subject to income withholding for child support, pursuant to a child support order, but is protected by Consumer Credit Protection Act (CCPA) limits.

Income Payer As defined in North Dakota state law, an income payer means any person, partnership, firm, corporation, limited liability company, association, political subdivision, or department or agency of the state or federal government owing income to a noncustodial parent and includes a noncustodial parent if the noncustodial parent is self-employed.

Income Withholding (IW) Procedure by which deductions are made from income to pay a debt such as child support, spousal support, and dollar-specific medical support. An order for income withholding is administratively issued to an employer (in North Dakota, the term "income payer" is used) by the state IV-D program using a federally mandated form. Income withholding is a different remedy than garnishment.

Incoming Interstate Case A IV-D case established by a Responding State at the request of an Initiating State. Such requests are sent to the Responding State's Central Registry using federally mandated interstate forms.

Information Memo (IM) Document issued by economic assistance programs in the Department of Human Services to County Social Service Boards, generally used to address policy issues.

Information Memorandum (IM) Document issued by the federal Office of Child Support Enforcement (OCSE) which provides state IV-D programs with information on program practices that can be useful to program improvement.

Informational Communication (IC) Document issued by the State IV-D office as needed. The primary recipients of ICs are, with very few exceptions, the Regional IV-D offices. ICs generally serve the following purposes: to issue policy clarifications and interpretations; to notify and inform the Regional IV-D offices of an internal State IV-D office policy that may be of interest to the Regional IV-D offices, but does not directly affect their work; to disseminate select revised chapters of the Temporary Assistance for Needy Families (TANF), Medicaid, and Foster Care program manuals; and to issue interpretations of the Child Support Guidelines administrative rules.

Initiating State The state, usually a state IV-D program, that sends a request to another state (i.e., the Responding State), usually a state IV-D program, in interstate child support cases. The request, which must be sent to the Central Registry in the Responding State, may be for a specific action or for multiple actions including establishment of paternity, establishment of an order, enforcement of an order, review and adjustment of an order, change of payee or redirection of payment, and an administrative review of an income tax refund offset challenge. In cases in which a state IV-D program is attempting to establish paternity and an initial child support order on behalf of a custodial parent, and does not have long arm jurisdiction, the state must file a two-state action under the Uniform Interstate Family Support Act (UIFSA) guidelines, using federally mandated interstate forms. Generally, the Initiating State is the resident state of the custodial parent and child.

Interactive Voice Response System (IVR) (See Automated Voice Response System)

Interstate Cases Cases in which two or more states are involved in providing some level of service on a case. Generally, these are cases in which the dependent child and noncustodial parent live in different states.

Issuing State The state that issued the child support order.

IV-A ("Four-A") Reference to Title IV-A of the Social Security Act covering the Temporary Assistance for Needy Families (TANF) program.

IV-A Case A IV-D case in which a parent (or caretaker relative) and child are receiving public assistance benefits under the state's IV-A program, which is funded under Title IV-A of the Social Security Act. Applicants for assistance from IV-A programs are automatically referred to their state IV-D program in order to identify and locate the noncustodial parent; establish paternity; and establish and enforce a child support and medical support order. This allows states (and the federal government) to recoup or defray some of its public assistance expenditures with funds from the noncustodial parent.

IV-D ("Four-D") Reference to Title IV-D of the Social Security Act, which required that each state create a program to locate noncustodial parents; establish paternity; establish and enforce child support obligations; and collect and distribute support payments. Title IV-D also established the federal Office of Child Support Enforcement (OCSE).

IV-D Case A child support case where there has been a referral from Temporary Assistance for Needy Families (TANF), Medicaid, or Foster Care; an application from the custodial parent or noncustodial parent; or an interstate request from another state IV-D program. Generally, a IV-D case is composed of a custodial parent; a noncustodial parent or alleged father; and a child or children.

IV-E ("Four-E") Reference to Title IV-E of the Social Security Act, which established a federal-state program known as Foster Care that provides financial support to a person, family, or institution that is raising a child or children who are not their own.

IV-E Case A IV-D case in which the state is providing foster care benefits or services under Title IV-E of the Social Security Act to a person, family, or institution that is raising a child or children who are not their own. As with other public assistance cases, recipients are referred to their state IV-D program in order to identify and locate the noncustodial parent; establish paternity; and establish and enforce a child support and medical support order. This allows the state (and the federal government) to recoup or defray some of its public assistance expenditures with funds from the noncustodial parent.

Judgment The official decision or finding by a court based on the evidence submitted by the parties.

Judicial Remedies A general designation for a court's enforcement of child support obligations.

Jurisdiction The legal authority which a court or administrative agency has over particular persons and over certain types of cases, usually in a defined geographical area. (See also Concurrent Jurisdiction, Personal Jurisdiction, Subject-Matter Jurisdiction)

Legal Father A man who is recognized by law as the male parent of a child.

Lien A claim upon a noncustodial parent's real or personal property to prevent the sale or transfer of that property until a debt is satisfied.

Litigation A civil action in which a controversy is brought before the court.

Locate Process by which information on an individual is found for the purpose of establishing paternity; establishing a support obligation; enforcing a support obligation; establishing or enforcing custody and visitation determinations; processing adoption or foster care cases; and investigating parental kidnapping.

Locate Information Data (including social security number (SSN), date of birth (DOB), residential address, and employer) used for locate purposes.

Long Arm Jurisdiction Legal provision that permits one state to claim personal jurisdiction over someone who lives in another state. There must be some meaningful connection between the person and the state or district that is asserting jurisdiction in order for a court or agency to reach beyond its normal jurisdictional border. If not permitted, then the state must undertake a two-state action under the Uniform Interstate Family Support Act (UIFSA) guidelines for certain actions, such as establishing a support order. Other actions, such as direct income withholding, are allowed by UIFSA in such a way that neither a two-state action nor long arm jurisdiction is required.

Medical Assistance Only (MAO) Form of public assistance administered by states which provides benefits to recipients only in the form of medical, rather than financial, assistance. For example, Medical Assistance Only recipients are not receiving Temporary Assistance for Needy Families (TANF).

Medical Support Form of support which is related to medical purposes. Medical support must be enforced by the IV-D program if there is an order requiring the noncustodial parent to pay a dollar-specific amount for medical purposes for the child, or there is an order requiring the noncustodial parent to provide health insurance coverage for the child.

Monthly Support Obligation The amount of money a noncustodial parent is required to pay per month.

Motion An application to the court requesting an order or rule in favor of the party that is filing the motion. Motions are generally made in reference to a pending action and may address a matter in the court's discretion or concern a point of law.

Multistate Employer An organization that hires and employs people in two or more states. The multistate employer conducts business within each state and the employees are required to pay taxes in the state where they work. As with single-state employers, multistate employers are required by law to report all new hires to the State Directory of New Hires (SDNH) operated by their state government. However, unlike single-state employers, they have the option to report all of their new hires to the SDNH of only one state in which they do business rather than to all of them, if such reports are filed electronically or magnetically.

Multistate Financial Institution Data Match (MSFIDM) Process created by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) by which delinquent child support noncustodial parents are matched with accounts held in Financial Institutions (FIs) that are doing business in more than one state and that have elected to conduct the match with the federal Office of Child Support Enforcement (OCSE). States submit data to OCSE on noncustodial parents and their arrearages, and indicate whether the data should be submitted for MSFIDM. OCSE ensures the accuracy of the data and transmits the file to participating multistate financial institutions. The multistate financial institutions then match the information against their accounts and OCSE returns matches to the appropriate states. The states may then undertake action to place a lien on or seize all or part of the account.

National Automated Clearing House Association (NACHA) The association that establishes the standards, rules, and procedures that enable financial institutions to exchange electronic payments on a national basis.

National Directory of New Hires (NDNH) A national database containing new hire (NH) data from every state's State Directory of New Hires (SDNH) and federal agencies; unemployment insurance (UI) data from State Employment Security Agencies (SESAs); and quarterly wage (QW) data from SESAs and federal agencies. The federal Office of Child Support Enforcement (OCSE) maintains the NDNH as part of the expanded Federal Parent Locator Service (FPLS).

National Law Enforcement Telecommunications System (NLETS) A source of information to the State Parent Locator Service (SPLS) that provides driver's license information for an individual anywhere in the country. Vehicle information is also provided.

National Medical Support Notice (NMSN) A federally mandated form which is administratively issued by state IV-D programs to employers to enforce an order requiring the noncustodial parent to provide health insurance coverage for the child.

National Personnel Records Center (NPRC) Part of the National Archives and Records Administration's system of record storage facilities. The NPRC receives and stores both federal military and civilian personnel records.

Network Data Mover (NDM) (See CONNECT:Direct)

New Hire (NH) Data Data on a new employee that employers must submit within 20 days of hire to the State Directory of New Hires (SDNH). Minimum information must include the employee's name, address, and social security number (SSN), as well as the employer's name, address, and Federal Employer Identification Number (FEIN). Some states may require or request additional data, or may have shorter reporting timeframe requirements. Multistate employers have the option of reporting all of their newly hired employees to only one state in which they do business. This data is then submitted to the National Directory of New Hires (NDNH), where it is compared against child support order information contained in the Federal Case Registry (FCR). Federal agencies report this data directly to the NDNH. Also sometimes known as "W4 data," after the Internal Revenue Service (IRS) form which contains the mandatory data elements and which is often used by employers to report new hires.

New Hire Reporting Program Program mandated by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) that requires that all employers report newly hired employees to the State Directory of New Hires (SDNH) in their state. Multistate employers have the option of reporting all of their newly hired employees to only one state in which they do business. This data is then submitted to the National Directory of New Hires (NDNH), where it is compared against child support order information contained in the Federal Case Registry (FCR). Some data is also made available to states to find new hires that have been receiving unemployment insurance or other public benefits for which they may no longer be eligible, helping states to reduce waste and fraud, and to increase collections on defaulted student loans and Department of Education grant overpayments.

NonAFDC Case (See NonTANF Case)

Noncustodial Parent (NCP) The parent who does not have primary care, custody, and control of the child or, if a court has made a custody determination, the parent who does not have legal custody of the child.

NonIV-A Case (See NonTANF Case)

NonIV-D Case A case with a child support order that is not receiving IV-D services; that is, there is no open IV-D case.

NonIV-D Order An order in a nonIV-D case. NonIV-D orders which were established or modified in the state on or after October 1, 1998, must be included in the State Case Registry (SCR) for transmission to the Federal Case Registry (FCR). In North Dakota, payments on nonIV-D orders must be made to the State Disbursement Unit (SDU).

NonTANF Case A IV-D case in which the parent (or caretaker relative) and child are not receiving Temporary Assistance for Needy Families (TANF). Also known as a nonIV-A case.

Obligated A term meaning that a noncustodial parent is required to meet the terms of a court or administrative order.

Obligation Refers to what the noncustodial parent is required to do to meet the terms of a court or administrative order. Can take the form of child support, medical support, or spousal support. An obligation usually refers to a recurring, ongoing term, not a onetime debt.

Obligee The person to whom a child support obligation is owed, generally the custodial parent. May also be an entity to which a child support obligation is owed.

Obligor The person who is obliged to pay child support, generally the noncustodial parent.

Office of Child Support Enforcement (OCSE) The federal agency responsible for the administration of the child support program. Created by Title IV-D of the Social Security Act in 1975, OCSE is responsible for the development of child support policy; oversight, evaluation, and audits of state IV-D programs; and providing technical assistance and training to the state IV-D programs. OCSE operates the Federal Parent Locator Service (FPLS), which includes the National Directory of New Hires (NDNH) and the Federal Case Registry (FCR). OCSE is part of the Administration for Children and Families (ACF), which is within the Department of Health and Human Services (DHHS).

Office of Personnel Management (OPM) The Federal Government's human resources agency.

Offset Amount of money intercepted from a noncustodial parent's state or federal income tax refund, or from an administrative payment such as federal retirement benefits, in order to satisfy a child support debt. In North Dakota, it may also refer to the amount of money intercepted from a noncustodial parent's lottery winnings.

Omnibus Budget Reconciliation Act of 1993 (OBRA '93) Federal legislation that contained provisions intended to remove some of the impediments to the ability of state IV-D programs to secure and enforce health insurance coverage for children. These provisions included prohibiting discriminatory health insurance coverage practices (e.g., mandating that insurance providers and employers offer dependent health coverage to children even if the child is not in the custody of the employee), creating Qualified Medical Child Support Orders (QMCSOs), and allowing employers to deduct the cost of health insurance premiums from the noncustodial parent's income.

Order Direction of a magistrate, judge, or properly empowered staff of an administrative agency.

Order/Notice to Withhold Child Support The federally mandated form which is administratively issued by state IV-D programs to employers for income withholding.

Order to Show Cause (OSC or OTSC) A court order directing a person to appear and bring forth any evidence as to why there should not be a finding of contempt of court and why remedies stated in the order should not be confirmed or executed.

Order to Show Cause (OSC or OTSC) Hearing A court hearing in which the judge or referee receives any evidence as to why the person served with the Order to Show Cause should not be found in contempt of court and why remedies stated in the order should not be confirmed or executed.

Outgoing Interstate Case An Initiating State's IV-D case in which a Responding State has established a IV-D case at the Initiating State's request by sending the request to the Responding State's Central Registry using federally mandated interstate forms.

Passport Denial Program Program created by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) that is operated under the auspices of the Federal Tax Refund Offset Program. Under the program, noncustodial parents with child support arrearages that exceed \$5,000 who have been submitted to the federal Office of Child Support Enforcement (OCSE) for federal tax refund offset are forwarded to the federal Department of State (DOS), which "flags" the noncustodial parent's name and refuses to issue a passport in the event a passport application is received. After the noncustodial parent makes satisfactory arrangements to pay the arrears, the state IV-D program can decertify the noncustodial parent with OCSE, which then requests that the DOS remove the noncustodial parent from the program.

Pass-Through (See Child Support Pass-Through)

Paternity Legal determination of fatherhood. If a child has been born out of wedlock, paternity must be established before child support or medical support can be ordered.

Payee Person or organization in whose name child support money is paid.

Payer or Payor Person who makes a payment, usually a noncustodial parent or someone acting on his or her behalf (e.g., an employer), or a custodial parent who is repaying a receivable.

Personal Jurisdiction The legal authority which a court or administrative agency has to bring a person into its legal process; jurisdiction over a defendant's personal rights, rather than merely over property interests.

Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) Federal legislation that provides a number of requirements for employers, public licensing agencies, and financial institutions, as well as state and federal child support agencies, to assist in the location of noncustodial parents and the establishment, enforcement, and collection of child support. This legislation created the New Hire Reporting program and the State and Federal Case Registries. Otherwise known as Welfare Reform.

Petitioner The party seeking relief by a petition.

Plaintiff A person who brings an action; the party who complains or sues in a civil case.

Pleadings Statements or allegations, presented in logical and legal form, which constitute a plaintiff's cause of action or a defendant's grounds of defense.

Policy Interpretation Question (PIQ) An official reply by the federal Office of Child Support Enforcement (OCSE) to an inquiry submitted by a state IV-D program concerning application of policy. Although questions often arise from a specific practice or situation, the responses are official statements of OCSE policy on the issue.

P rearranged Payment or Deposit (PPD) The format used for transmitting payments electronically to the custodial parent's bank account.

Private Case (See NonIV-D case)

Proactive Matching Process in which child support case data newly submitted to the Federal Case Registry (FCR) is automatically compared with previous submissions, as well as with the employment data in the National Directory of New Hires (NDNH). The resulting information is then returned to the appropriate state(s) for processing.

Proceeding The conduct of business before a judge, (or, in some other states, by another decision-maker such as a master or hearing officer) based on the evidence submitted by the parties.

Pro Se Appearing for one's self in a legal action.

Public Assistance Benefits granted from state or federal programs to aid eligible recipients (eligibility requirements vary among particular programs). Applicants for certain types of public assistance are automatically referred to their state IV-D program and may be required to cooperate with all or some services. This allows the state to recoup or defray some of its public assistance expenditures with funds from the noncustodial parent.

Putative Father (PF) (See Alleged Father)

Qualified Medical Child Support Order (QMCSO) An order, decree, or judgment, including approval of a settlement agreement, issued by a court or administrative agency of competent jurisdiction that provides for medical support for a child of a participant under a group health plan or provides for health benefit coverage to such child.

Quarterly Wage (QW) Data Data on all employees that must be submitted by employers on a quarterly basis to the State Employment Security Agency (SESA) in the state in which they operate. This data is then submitted to the National Directory of New Hires (NDNH). The data is then compared against child support order information contained in the Federal Case Registry (FCR). Federal agencies report this data directly to the NDNH. In North Dakota, the SESA also reports this data to the state IV-D program.

Quasi-Judicial A framework or procedure under the auspices of a state's judicial branch in which court officers other than judges process, establish, enforce and modify support orders, usually subject to judicial review. A court officer may be a magistrate, clerk, master, court examiner, or referee. He or she may or may not have to be an attorney, depending on the state's law.

Recipient A person or organization that receives support payments, Temporary Assistance for Needy Families (TANF) payments, or Medicaid benefits.

Reciprocity A relationship in which one state grants certain privileges to other states on the condition that they receive the same privileges.

Referral Request sent to a state IV-D program from another state program requesting that a IV-D case be established. In North Dakota, referrals are received on behalf of Temporary Assistance for Needy Families (TANF) recipients, Medicaid recipients, and Foster Care children.

Regional Child Support Enforcement Unit (RCSEU) North Dakota county-administered offices which provide IV-D services. Each RCSEU serves multiple counties. Also referred to as a Regional IV-D office.

Regional IV-D Office (See Regional Child Support Enforcement Unit (RCSEU))

Respondent The party answering a petition or motion.

Responding State The state, usually a state IV-D program, that receives a request from another state (i.e., the Initiating State), usually a state IV-D program, in interstate child support cases. The request, which must be sent to the Responding State's Central Registry, may be for a specific action or for multiple actions including establishment of paternity, establishment of an order, enforcement of an order, review and adjustment of an order, change of payee or redirection of payment, and an administrative review of an income tax refund offset challenge. Two-state actions must be filed under the Uniform Interstate Family Support Act (UIFSA) guidelines, using federally mandated interstate forms. Generally, the Responding State is the resident state of the noncustodial parent.

Review and Adjustment Process in which current financial information is obtained from the noncustodial parent and applied to the Child Support Guidelines to determine whether an adjustment of the child support amount should be pursued.

Revised Uniform Reciprocal Enforcement of Support Act (RURESA) Significantly revised, in 1968, the Uniform Reciprocal Enforcement of Support Act (URESA), which set forth reciprocal laws concerning establishing, enforcing, and modifying support obligations in interstate cases. Has now been superseded by the Uniform Interstate Family Support Act (UIFSA).

Service by Publication Service of process accomplished by publishing a notice in a newspaper or by posting on a bulletin board of a courthouse or other public facility, after a court determines that other means of service are impractical or have been unsuccessful. This procedure is not legal in every state. In North Dakota, service by publication is permitted in certain situations; state-specific requirements are found in Court Rules - Rules of Civil Procedure.

Service of Process The delivery of a writ or summons, in a manner provided by state-specific requirements, to a party for the purpose of obtaining jurisdiction over that party. In North Dakota, state-specific requirements are found in Court Rules - Rules of Civil Procedure.

Spousal Support Court ordered support of a spouse or ex-spouse. Is also sometimes referred to as alimony, although that is not the preferred term.

Standardized Data Elements Data elements that must be included in each child support case record that is transmitted to the Federal Case Registry (FCR).

State Case Registry (SCR) A database maintained by each state that contains information on individuals in all IV-D cases, and all nonIV-D orders established or modified after October 1, 1998. Information

submitted to the SCR is transmitted to the Federal Case Registry (FCR), where it is compared to cases submitted to the FCR by other states, as well as the employment data in the National Directory of New Hires (NDNH). Any matches found are returned to the appropriate state(s) for processing.

State Directory of New Hires (SDNH) A database maintained by each state that contains information regarding newly hired employees for the respective state. The data is then transmitted to the National Directory of New Hires (NDNH), where it is compared to the employment data from other states as well as child support data in the Federal Case Registry (FCR). Any matches found are returned to the appropriate state(s) for processing. In most states, the SDNH is contained in the State Parent Locator Service (SPLS) that is part of each state IV-D program; in others, it is operated by the State Employment Security Agency (SESA). In North Dakota, the SDNH is part of the state IV-D program.

State Disbursement Unit (SDU) The single site in each state where child support payments are processed. Pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), each state must have an SDU to process all payments made on a IV-D case and all payments made on a nonIV-D case that come through income withholding. In North Dakota, state law requires that all child support payments, including nonIV-D payments not made through income withholding, be made to the SDU.

State Employment Security Agency (SESA) Agencies in each state that process unemployment insurance claims. These agencies are also repositories of quarterly wage data (information on all employees submitted by employers) which they submit to the National Directory of New Hires (NDNH) along with the unemployment insurance claim data. In North Dakota, this wage and unemployment data is also reported to the state IV-D program. In some states, the SESA also operates the State Directory of New Hires (SDNH), which contains data submitted by employers on newly hired employees. Data submitted to the NDNH is then compared against child support order information contained in the Federal Case Registry (FCR). North Dakota's SESA is Job Service North Dakota. The state IV-D program, and not Job Service North Dakota, operates the SDNH.

State IV-D Agency The agency established and designated to be the single and separate organizational unit to administer the IV-D program in each state. In North Dakota, this agency is the Child Support Enforcement Division within the Department of Human Services. (See also State IV-D office)

State IV-D Office The Child Support Enforcement Division within the Department of Human Services. This office is the agency established and designated to be the single and separate organizational unit to administer the IV-D program in North Dakota. (See also State IV-D Agency)

State IV-D Program A state's Child Support Enforcement program.

State Parent Locator Service (SPLS) A unit within the state IV-D program, the purpose of which is to locate information on individuals in order to establish paternity, establish a support obligation, and enforce a support obligation. In addition, it acts as the conduit to request and receive information from the Federal Parent Locator Service (FPLS) for those purposes as well as, in certain cases, others including establishing and enforcing custody and visitation orders; investigating parental kidnapping; and processing adoption or foster care cases.

State Tax Intercept (STI) Program (See State Tax Offset Program)

State Tax Offset Program Program that collects arrearages from noncustodial parents through the interception of their state income tax refund. In North Dakota, the State Tax Offset Program is operated in cooperation with the Office of State Tax Commissioner.

Stipulation (Stip) An agreement by the parties made in a judicial or administrative proceeding.

Subject-Matter Jurisdiction Jurisdiction over the nature of the case and the type of relief sought; the extent to which a court or administrative agency can rule on the conduct of persons or the status of things.

Subpoena A process issued by a court compelling a witness to appear at a judicial proceeding. Sometimes the process will also direct the witness to bring documentary evidence to the court (also known

as a subpoena duces tecum). The state IV-D program may also issue administrative subpoenas for the production of books, records, or papers when providing services on a IV-D case.

Summons A notice to a defendant that an action against him or her has been commenced in the court issuing the summons and that a judgment will be taken against him or her if the complaint is not answered within a certain time.

Support Order A judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court (or in some other states, by an administrative agency of competent jurisdiction) for the support and maintenance of a child. This includes a child who has attained the age of majority under the law of the issuing state, or the parent with whom the child is living. Support orders can incorporate the provision of monetary child support, medical support, and spousal support; health insurance coverage; payment of arrearages; reimbursement of costs and fees, interest and penalties; and other forms of relief.

SWAP Funding method, effective January 1, 1998, which fundamentally changed the manner in which economic assistance programs were funded in North Dakota. Under SWAP, counties are not responsible to pay any share of the grant costs associated with economic assistance programs. The nonfederal share of those grant costs are paid entirely by the state. In exchange for eliminating the counties' obligation to provide funding for the grant costs, the counties are responsible for the local administrative costs of the economic assistance programs (including costs for the state IV-D program). (SWAP is not an acronym.)

Temporary Assistance for Needy Families (TANF) Time-limited public assistance payments made to eligible families, based on Title IV-A of the Social Security Act. TANF replaced Aid to Families with Dependent Children (AFDC, otherwise known as welfare) when the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) was signed into law in 1996. The program provides parents with job preparation, work, and support services to help them become self-sufficient. Applicants for TANF benefits are automatically referred to their state IV-D program in order to establish paternity and establish and enforce child support for their children from the noncustodial parent. This allows the state to recoup or defray some of its public assistance expenditures with funds from the noncustodial parent.

Third Party Liability (TPL) **Third Party Liability (TPL)** The legal obligation of third parties, i.e., certain individuals, entities, or programs, to pay all or part of the expenditures for medical assistance. The Medicaid program by law is intended to be the payer of last resort; that is, all other available third party resources must meet their legal obligation to pay claims before the Medicaid program pays for the care of an individual eligible for Medicaid.

Tribunal The court, administrative agency, or quasi-judicial agency authorized to establish or modify support orders or to determine parentage. In North Dakota, only courts are authorized to do so.

Two-State Action Action a state must file under the Uniform Interstate Family Support Act (UIFSA) guidelines when it does not have long arm jurisdiction (i.e., cannot legally claim personal jurisdiction over a noncustodial parent who lives in another state). This is usually in cases where a state is trying to establish an initial child support order on behalf of a resident custodial parent. Some actions, such as direct income withholding, do not require a two-state action even if the initiating state does not have long arm jurisdiction; direct income withholding is permitted under UIFSA.

Unclaimed Funds Support payment that cannot be disbursed because the identity of the payer is unknown, or the address of the payee is unknown.

Unemployment Insurance (UI) Claim Data Data on unemployment insurance applicants and claimants submitted by State Employment Security Agencies (SESAs) on a quarterly basis to the National Directory of New Hires (NDNH). This data is then compared against child support order information contained in the Federal Case Registry (FCR). In North Dakota, the SESA also reports this data to the state IV-D program.

Uniform Interstate Family Support Act (UIFSA) Laws enacted at the state level to provide mechanisms for establishing and enforcing child support obligations in interstate cases. Based on model legislation that was drafted by the National Conference of Commissioners on Uniform State Laws (NCCUSL) to revise and replace the Uniform Reciprocal Enforcement of Support Act (URESA). The provisions of UIFSA supersede

those of URESA, although some URESA provisions may remain in effect (some states have rescinded all of URESA, while others have left in place those provisions not specifically superseded by UIFSA). In North Dakota, URESA was repealed in whole. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) mandated that all states adopt UIFSA without modification by the state. In North Dakota, UIFSA became effective August 1, 1995.

Uniform Parentage Act (UPA) Laws enacted at the state level to provide mechanisms for establishing paternity. Based on model legislation that was drafted by the National Conference of Commissioners on Uniform State Laws (NCCUSL). States may adopt all or portions of the UPA, but are not required to do either. In North Dakota, the UPA was adopted in 1975 and it has been revised since that time.

Uniform Reciprocal Enforcement of Support Act (URES) Law first promulgated in 1950 which provided a mechanism for establishing, enforcing, and modifying support obligations in interstate cases. Was revised by the Revised Uniform Reciprocal Enforcement of Support Act (RURES). Has now been superseded by the Uniform Interstate Family Support Act (UIFSA).

Unreimbursed Public Assistance (UPA) Money paid in the form of public assistance (for example, Temporary Assistance for Needy Families (TANF) or older Aid to Families with Dependent Children (AFDC) expenditures) which has not yet been recovered by retaining assigned child support.

Wage Withholding (See Income Withholding – the preferred term)

Prepared by the North Dakota
Department of Human Services
January 26, 2005

PROPOSED AMENDMENTS TO SENATE BILL NO. 2301

Page 1, line 8, after the second semicolon insert "to provide an appropriation;"

Page 4, line 9, remove "The term does not include the expense of preparing an annual
countywide"

Page 4, remove lines 10 through 13

Page 5, line 9, replace "one hundred" with "ninety-five"

Page 10, line 12, replace "expenditures" with "budget"

Page 10, line 22, replace "2007" with "2009"

Page 10, line 23, replace "2009" with "2011"

Page 10, line 24, replace "2011;" with "2013, and every year thereafter."

Page 10, remove lines 25 through 27

Page 12, after line 22, insert:

"SECTION 14. APPROPRIATION. The county funds paid to the department of human services under section 11 of this Act, and any child support incentive payments and other federal or state child support enforcement reimbursements that are credited against the amount due from the counties under section 11 of this Act, are appropriated to the department of human services for the purpose of defraying the expenses of administering the child support enforcement program for the biennium beginning on July 1, 2005 and ending June 30, 2007."

Renumber accordingly

Prepared by the North Dakota
Department of Human Services
January 26, 2005

PROPOSED AMENDMENTS TO SENATE BILL NO. 2301

Page 1, line 8, after the second semicolon insert "to provide an appropriation;"

Page 4, line 9, remove "The term does not include the expense of preparing an annual countywide"

Page 4, remove lines 10 through 13

Page 5, line 9, replace "one hundred" with "ninety-five"

Page 10, line 12, replace "expenditures" with "budget"

Page 10, line 22, replace "July 1, 2007" with "January 1, 2012"

Page 10, line 23, replace "July 1, 2009" with "January 1, 2014"

Page 10, line 24, replace "July 1, 2011;" with "January 1, 2016, and every year thereafter."

Page 10, remove lines 25 through 27

Page 12, after line 22, insert:

"SECTION 14. APPROPRIATION. The county funds paid to the department of human services under section 11 of this Act, and any child support incentive payments and other federal or state child support enforcement reimbursements that are credited against the amount due from the counties under section 11 of this Act, are appropriated to the department of human services for the purpose of defraying the expenses of administering the child support enforcement program for the biennium beginning on July 1, 2005 and ending June 30, 2007."

Renumber accordingly

**Supplementary Information Provided To The
SENATE HUMAN SERVICES COMMITTEE
Prepared January 31, 2005 by the
North Dakota Association of Counties
Terry Traynor, Assistant Director**

CONCERNING SENATE BILL 2301

Chairman Lee and members of the Senate Human Services Committee, on behalf of the North Dakota Association of Counties I would like to submit the following comments and proposed amendments to SB2301 for your consideration.

On Friday, January 28, 2005, the amendments offered by the Department of Human Services to SB2301 were discussed with a group of five social service directors, a regional child support administrator, and eleven county commissioners from across the State.

The reaction to the Department proposals that State law be amended to establish a permanent dedication of county property tax to directly support the Department was unfavorable. The compromises among the counties to reach enough agreement for the introduction of SB2301 were significant and such radical changes were found unacceptable.

I was asked to respond with the following proposal contained in the attached amendment labeled Version 1, which;

- Eliminates the DHS cost-share on countywide cost allocation plan development, as proposed in both DHS amendments,
- Maintains the reservation county write-down of economic assistance costs to 100% of the statewide average,
- Provides for a four-year, rather than a two-year "freeze" of county costs as proposed in the DHS amendment #1,
- Calculates the counties' "frozen" costs based on expenditures as in the original bill, not on budgets, as proposed by DHS, and
- Continues the "phase-out" of county costs at 20% per biennium, completing it in 12 rather than the 10 years of the original bill.

This is the furthest that our Association feels it can go in supporting this concept of State administration of child support enforcement.

The county commissioners, in discussing this issue, were gravely concerned that the original fiscal note, the anticipation of 2.5 new State FTEs, and the desire to maintain significant property tax support suggests that the Department will not be able to demonstrate a cost savings, and may in fact increase costs. Their

concern is that counties will be supporting a "court-unification type" change that ends up costing more and could result in efforts to reduce county funds or shift other costs onto county budgets to recoup the difference. They requested that prior to proceeding with state administration, the Legislature ask for a plan that clearly indicates the cost saving measures to be taken, and the expected cost reductions to be realized.

If the original bill or the amendments we have offered cannot be supported by the Committee, or if the Committee is not convinced that adequate efficiencies can be realized, the counties ask for your consideration of the attached amendment labeled Version 2.

Version 2 eliminates all of the original bill with the exception of Section 3. Section 3 contains the replacement of "90%" with "100%" with respect to the write-down of reservation county economic assistance costs. This amendment also inserts an appropriation section to provide DHS with the funding necessary to meet this change. The immediate county challenge for child support administration is the funding of reservation county programs and related expectations for tribal cases. Full state administration is not necessary to address these immediate county concerns.

If it is not possible to proceed with State administration of child support enforcement, we believe that adequate funds must be provided to allow the "reservation counties" to meet their share of child support enforcement costs.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2301

Page 1, line 8, after the second semicolon insert "to provide an appropriation;"

Page 4, line 9, remove "The term does not include the expense of preparing an annual countywide"

Page 4, remove lines 10 through 13

Page 10, line 22, replace "2007" with "2009"

Page 10, line 23, replace "2009" with "2011"

Page 10, line 24, replace "2011" with "2013"

Page 10, line 25, replace "2013" with "2015"

Page 10, line 26, replace "2015" with "2017"

Page 12, after line 22, insert:

"SECTION 14. APPROPRIATION. The county funds paid to the department of human services under section 11 of this Act, and any child support incentive payments and other federal or state child support enforcement reimbursements that are credited against the amount due from the counties under section 11 of this Act, are appropriated to the department of human services for the purpose of defraying the expenses of administering the child support enforcement program for the biennium beginning on July 1, 2005 and ending June 30, 2007."

Renumber accordingly

PROPOSED AMENDMENTS TO SENATE BILL NO. 2301

Page 1, line 1, remove " to create and enact three new sections to chapter 50-09 of the North Dakota"

Page 1, remove lines 2 and 3

Page 1, line 4, remove "agencies" and remove "sections 14-09-09.10, 35-34-01, and 50-01.2-00.1,"

Page 1, line 5 remove ", sections 50-03-10 and 50-09-01, subsection 16 of section 50-09-02,"

Page 1, line 6, remove "and sections 50-09-03, 50-09-08, 50-09-15.1, 50-24.1-03.1, and 50-24.1-03.2"

Page 1, line 7, replace "state administration of the child support enforcement program;" with "county duties and human service financing in exceptional circumstances, and to provide an appropriation.

Page 1, remove lines 8 and 9

Page 1, remove Section 1 of the bill

Page 3, remove Sections 2 and 3 of the bill

Page 5, after line 16 insert

"SECTION 2. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$400,000, or so much of the sum as may be necessary, to the department of human services for the purpose of making the payments authorized subsection 3 of section 50-01.2-03.2 as amended by this Act."

Page 5, after line 16, remove the remainder of the bill

Re-number accordingly

PROPOSED AMENDMENT TO SENATE BILL NO. 2301

Page 1, line 8, after the second semicolon insert "to provide an appropriation;"

Page 4, line 9, remove "The term does not include the expense of preparing an annual countywide"

Page 10, line 22, replace "2007" with "2009"

Page 10, line 23, replace "2009" with "2011"

Page 10, line 24, replace "2011;" with "2013, and every year thereafter."

Page 10, remove lines 25 through 27

Page 12, after line 22, insert:

"SECTION 14. APPROPRIATION. The county funds paid to the department of human services under section 11 of this Act, and any child support incentive payments and other federal or state child support enforcement reimbursements that are credited against the amount due from the counties under section 11 of this Act, are apportioned to the department of human services for the purposes of defraying the expenses of administering the child support enforcement program for the biennium beginning on July 1, 2005 and ending June 30, 2007."

Renumber accordingly.

Proposed Amendments to Senate Bill 2301

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative council interim study of the state administration of enforcement of child support, including the fiscal impact of a state administered program."

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. State administration and enforcement of child support – Legislative council study. The legislative council shall consider studying, during the 2005-2006 interim, the state administration and enforcement of child support, including the fiscal impact of any such program. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly."

**TESTIMONY
SENATE BILL 2301 - DEPARTMENT OF HUMAN SERVICES
HOUSE HUMAN SERVICES COMMITTEE
CLARA SUE PRICE, CHAIRMAN
MARCH 2, 2005**

Chairman Price, members of the House Human Services Committee, I am Mike Schwindt, Director of the Child Support Enforcement Division of the Department of Human Services. I am here to present the Department of Human Services' perspective on the bill.

If the Committee prefers, we would be willing to help with amendments to make the bill "budget neutral" and address some of the peripheral issues associated with the transfer of administration from the counties to the State. The primary budgetary impacts stem from freezing the county maintenance of effort at the 2004 expenditure base and from the inflationary impacts that will occur before we can begin to effect improvements to program operations. Without budget neutrality, we cannot support the bill since it is not part of the Governor's budget.

We suspect the discussion on this bill is going to fall into two categories – the program side and the financial side.

Programmatically, state administration presents a unique opportunity to reorganize the state child support enforcement program to help our 162,000 customers in 53 states and territories, several foreign countries and on Indian reservations. When the current regional structure was created over twenty-five years ago, no one knew what a "mature" child support enforcement program would be doing. Today, there are many potential benefits in moving to a state administered program. These include improved enforcement in tribal and interstate cases through specialization, consistency of services, targeting cases for criminal prosecutions, improved locating of parents, and better communication throughout the program. Specialization will also continue our customer service improvements.

Financially, as a result of the 1997 SWAP legislation, much of the cost of administering the child support enforcement program at the local level is funded by the counties, either through mandatory reinvestment of federal incentives or property taxes. By covering these costs, the counties are not simply paying for child support enforcement. This is the way, under SWAP, that the counties agreed to fund their share of the costs of all economic assistance programs delivered in the counties.

As originally introduced, Section Eleven of the bill would have phased out the county responsibility for funding our program beginning with the 2007-09 biennium and ending with the 2013-15 biennium. We believed this phase out was a bit too fast since the significant benefits to be gained would most likely be just starting to accrue during the 2007-09 biennium.

With federal performance measures, potential penalties, greater competition for federal incentive funds, and a growing caseload along with arrearages exceeding \$200 million, ours is a program that cannot afford to have its funding reduced before these efficiencies can be achieved. As they occur, these savings can either be reinvested in the program to keep pace with the growing caseload, implement any new federal requirements, or reduce the outlay of state and county funds.

Turning to the bill, Sections One, Two, Five, Six, Seven, Eight, Nine, Twelve, and Thirteen make the technical changes in state law necessary to transfer administration of the child support enforcement program from the counties to the State.

Section Three cleans up the definitions. Within subsection 2, the original language would have imposed an added cost on the Department to share in preparing the annual countywide cost allocation plans. This expense was assumed by the counties under the SWAP legislation in exchange for other costs assumed by the

State. This provision is unrelated to state administration of child support and was deleted by the Senate.

Section Four is also unrelated to state administration, except that it will help tribal counties maintain the level of payments required in Section Eleven of the bill. Unless the Committee wishes to add an appropriation to the bill to offset the negative fiscal effect to the State of making the additional \$235,666 expenditure, this section could be removed from the bill. The Department's appropriation bill, HB 1012, originally included both the 90% Indian county allocation (\$2.8 million, including \$459,000 for the child support component) plus an additional \$630,000 to transfer to the Lake Region Regional Child Support Enforcement Unit (RCSEU). The House deleted \$65,000 of general funds which, when the associated federal funds are included, leaves the RCSEU \$191,000 underfunded unless they find local matching funds.

Section Ten transforms the existing training fund into an improvement fund and increases the funding from one percent to five percent of federal incentives. This fund gives the child support enforcement program authority to spend the money on improvements in operations that may not be anticipated when a biennial budget is prepared. The flexibility in this section is key to testing and developing proposals needed to maximize existing resources in the program and achieve some of the savings needed to offset the future reductions in county funding under the bill.

Section Eleven is the heart of the bill and enacts three new sections to the code.

Subsection one of the first new section sets county expenditures for child support during calendar year 2004 as the baseline maintenance of effort (MOE) for future county funding. For future periods, this MOE, which is net of the federal incentives received in 2004 and the added payment for the Lake Region RCSEU, would be

reduced by the schedule in subsection two of the new section. This also leaves future budgets underfunded.

The Senate changed the original provision by delaying the start of the phase out until the 2009-11 biennium, dropping 20% for three biennia and retaining a 40% county contribution thereafter. There has been some objection to the continuing 40% contribution; however, counties begin accruing savings in 2006 when their responsibility reverts to the 2004 expenditure level and remains constant until dropping in 2009. Beginning in 2006, county budgets are also positively affected as the inflationary impacts from 2005 forward shift to the state.

County budgets from 2006 forward can be further reduced \$300,000 from the 2004 level because the county MOE responsibility is based on 2004 expenditures instead of budget level. Avoiding future increases in program expenditures by freezing at the 2004 expenditure level is a fundamental change in the SWAP legislation and provides significant property tax relief to the counties. It also leads to greater exposure to the state general fund.

Any office space provided by a host county is treated as an expenditure, but the host county and the Department can agree to accept the rent-free use of the same office space as an in-kind payment from the host county.

In subsection three of the first new section, all equipment, furnishings, and supplies in the control and custody of a regional unit at January 1, 2006, would be transferred to the Department. This is important for a smooth transition and continued operations.

Since the attorneys now employed locally by the child support enforcement program would be employed by the state rather than the counties, the second new section created in Section Eleven provides that these attorneys would be employed by the Department and appointed by the Attorney General rather than

the county state's attorneys. It is our understanding that Attorney General Stenehjem does not object to this provision.

The third new section provides that all existing employees of the eight regional child support enforcement units would be transferred into the state merit system as employees of the Department at their existing salaries. The Department strongly supports this provision – the key to continued success for our program is to retain these experienced employees. By avoiding a wholesale change in employees, transition to state administration can be less traumatic.

A balance must be struck between consolidation of services and reasonable access to caseworkers at the local level to accommodate the 90,000 parents involved in our program. Therefore, we do not foresee closing any of the existing offices if the program becomes state administered and have no objection to the last sentence in Section Eleven.

Section Fourteen is important because it sets the tone and expectations of the Legislature for the transition. It sets goals for us to offset the reduction in county funding as much as possible, yet recognizes the inevitable replacement of county funding with state general funds. It also calls for a comprehensive review of the classification and compensation of child support employees, which will address salary equity issues that may arise when the county employees are brought into the state merit system.

Section Fifteen enables the bill before you to be limited to 13 pages instead of 40 or more, as all the statutory corrections can be made by Legislative Council staff instead of itemized in the bill before you.

Section Sixteen provides the appropriation authority for DHS to accept and use the county funds in the operation of the child support program for the 2005-07 biennium.

Finally, Section Seventeen sets January 1, 2006, as the effective day for the transfer of administration. This gives the Department only six to eight months to meet with the regional staffs and develop a long-term plan for managing the program. However, because the bill is written to maintain the status quo through July 1, 2009, change can occur with careful planning to ensure that the quality of services we provide to families is not diminished.

Madame Chairman, we believe the North Dakota child support enforcement program is a worthwhile investment of taxpayer dollars. We believe that the Senate adjustments on the timing of reductions in county funding will more closely match the potential savings to our existing operations so that we do not have to prematurely resize operations. We also believe that state administration will make our program even stronger. Nonetheless, we are concerned that using 2004 expenditures will not be budget neutral for the state general fund and ask that the attached amendments be adopted.

We are also concerned that HB 1334, if enacted, would not provide sufficient time to study the best use of any vacated positions and our amendments address that concern as well.

A technical item has arisen concerning the county shares. Within Section 11, beginning on line 9, the engrossed bill defines "... the county's allocated share of the regional expenditures for administration ... for year 2004 minus any ... incentive payments ... received ..." (Page 10, lines 9-13). Some counties did not receive their final 2004 incentive payment from the host county until after January 1, 2005. We would expect the county share to be calculated as though the funds had been received in time so there would be no distortion among counties.

This concludes my testimony. I would be happy to answer any questions the committee may have.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2301

Page 1, line 1, replace "three" with "four"

Page 1, line 4, remove the second "and" and remove "subsection"

Page 1, line 5, remove "3 of section 50-01.2-03.2, sections" and after "50-03-10" insert a comma

Page 1, line 9, remove "and" and after "date" insert "; and to provide an expiration date"

Page 4, remove lines 25 through 30

Page 5, remove lines 1 through 12

Page 10, line 10, replace "expenditures" with "budget"

Page 10, line 11, replace "2004" with "2005"

Page 10, line 13, replace "2004" with "2005"

Page 10, line 14, replace "2004" with "2005"

Page 11, after line 6 insert:

"SECTION 11. If House Bill 1334 becomes effective, a new section to chapter 50-09 of the North Dakota Century Code is created and enacted as follows:

Employee compensation pool – exemption. The review of positions under Section 2 of House Bill 1334 shall not include state employees engaged in child support enforcement activities."

Page 12, line 19, replace "11" with "10"

Page 13, line 4, replace "11" with "10"

Page 13, line 6, replace "11" with "10"

Page 13, after line 9, insert:

"SECTION 18. EXPIRATION DATE. If House Bill 1334 becomes effective, Section 11 of this Act is effective through June 30, 2009, and after that date is ineffective."

Renumber accordingly

Testimony To The
SENATE APPROPRIATIONS COMMITTEE
Prepared February 9, 2005 by the
North Dakota Association of Counties
Terry Traynor, Assistant Director

CONCERNING SENATE BILL 2301

Chairman Holmberg and committee members, the movement of the eight regional child support enforcement units to state administration has been a topic of discussion ever since the federal government mandated that states perform this function. It has become much more of an issue for counties since 1997, when the Legislature determined it was necessary to place 100% of the cost of their administration with the counties to offset the State assumption of federal grant costs previously borne by the counties.

Counties have, quite obviously, different degrees of interest in the structural change proposed by this Legislation. With great difficulty, they came together around SB2301 as it was introduced. The Department of Human Services amendments to freeze county participation in this effort at 40% of current costs have greatly weakened the statewide support. In many minds this equates to a State property tax to support State functions.

There are certainly good and important features of this bill. Most notably, the restoration of the "reservation county" reimbursement to write-down the administration costs of these property tax poor counties to the Statewide average in mills. The (almost) immediate "freeze" of all county costs at 2004 levels is also a positive aspect for the property tax payer. Counties however, remained extremely concerned about a mandated property tax without the expectation of future relief that was included in the original bill.

For the good pieces of the bill, and for the continued discussion of the policy issues surrounding state administration, we are hopeful that the legislation can remain alive. If this committee cannot support the bill as it is presented to you, it would be our hope that you would consider retaining Section 4 of the bill to address those highly impacted reservation counties.

Nike Schwandt

North Dakota Department of Human Services
Comparison of Economic Assistance Grant Costs and County Administration

Economic Assistance Grants - "Previously" the County Share

	Actual Expenditures for 99-01	Actual Expenditures for 01-03	Estimated Expenditures for 03-05
Traditional Medicaid	19,018,277	23,046,095	26,966,119
Developmental Disability	3,237,525	3,602,696	4,446,576
Basic Care	1,835,862	456,552	428,040
TANF	1,132,032	1,326,077	1,329,506
JOBS	335,878	636,532	704,321
State Hospital	292,355	311,836	233,474
Child Care	833,904	1,178,536	1,259,306
Total Additional Grants Costs Assumed by the State	26,685,834	30,558,324	35,367,342

County Administrative Costs - "Previously" State Reimbursement

	Reimbursement for 99-01	Actual Reimbursement for 01-03	Estimated Reimbursement for 03-05
Federal Funds for EA Programs	24,286,907	25,218,052	25,954,276
State Funds for IV-D Regional Units	1,526,632	1,653,300	1,712,074
Total Additional Administrative Costs Assumed by County	25,813,539	26,871,352	27,666,350

Overall Effects on Counties and State

	1999-2001 Biennium	2001-2003 Biennium	2003-2005 Biennium
Grant Costs in Excess of Admin. Reimbursement	872,295	3,686,972	7,700,992
--Additional Funds for County Wide Cost Allocation Plan Fee	232,880	71,828	-
--Additional Computer Costs in Excess of FY 1995 Costs Inflated at CPI	893,828	1,648,387	1,675,766
--Additional Indian County Funds Provided in Excess of \$440,000	1,336,421	2,040,976	2,309,176
Avoided County Expenditures and Corresponding Add'l State Costs	3,335,424	7,448,163	11,685,934

Additional Information

The SWAP legislation was effective January 1, 1998. The effects of SWAP for Jan. 1998 - June 1999 (18 months) were as follows:

County Savings - \$2,308,064
Additional Cost to the State - \$938,756

The county share of the Social Service Block Grants have decreased as follows:

CY 1998 \$2,230,706
CY 1999 \$2,230,858
CY 2000 \$1,690,676
CY 2001 \$1,619,546
CY 2002 \$1,543,084
CY 2003 \$1,506,392

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Testimony To The
HOUSE HUMAN SERVICES COMMITTEE

Prepared March 2, 2005 by the
North Dakota Association of Counties
Terry Traynor, Assistant Director

CONCERNING ENGROSSED SENATE BILL 2301

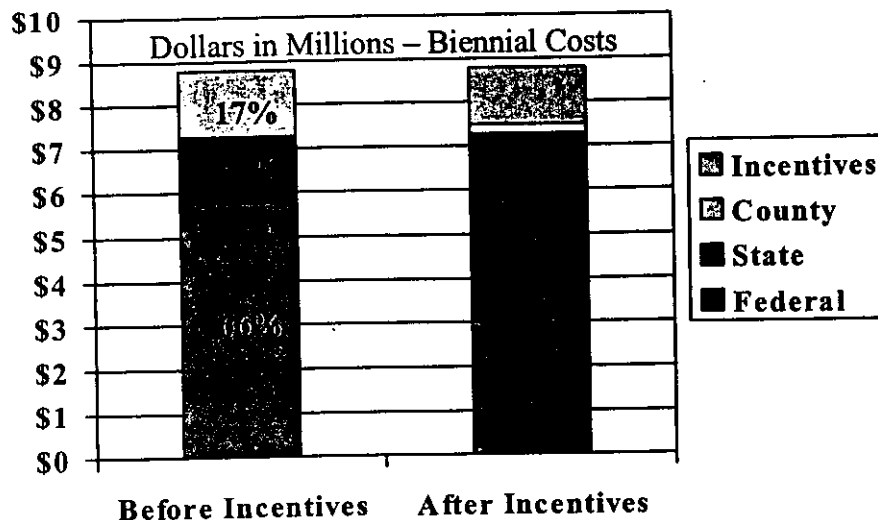
Chairman Price and committee members, the movement of the eight regional child support enforcement units to state administration has been a topic of discussion ever since the federal government mandated that states perform this function. It has become much more of an issue for counties since 1997, when the Legislature determined it was necessary to place 100% of the cost of their administration with the counties to offset the State assumption of federal grant costs previously borne by the counties.

Counties have, quite obviously, different degrees of interest in the structural change proposed by this Legislation. With great difficulty, they came together around SB2301 as it was introduced. In its original form, the bill was a balance of the immediate needs of the most severely impacted counties with the reluctance of other counties to relinquish the little control they have without sure and certain relief of the cost burden. The Department of Human Services amendments to shift staff immediately but delay significant property tax relief and require a permanent county cost participation at 40% of current costs have greatly weakened the statewide support. In many minds the bill now creates a State property tax to support State functions.

Counties do recognize one very good and important feature that has been retained in the bill – the restoration of the "reservation county reimbursement" to write-down the administration costs of these property tax poor counties to the Statewide average in mills. These counties are facing dramatically increasing child support enforcement costs – in some cases close to 10% per year – with valuations that are flat or declining. When the Legislature, in 2001, changed the "reservation county reimbursement" from 100% to 90% of their costs over the statewide average, several counties began a rather rapid decline toward the possibility of human service receivership.

Prior to 1997, the counties had little concern with acting as the employer and administrator for the child support program. Some degree of authority was granted to the counties, and very little (if any) cost was associated with the program.

Regional Child Support Enforcement Costs - 1997

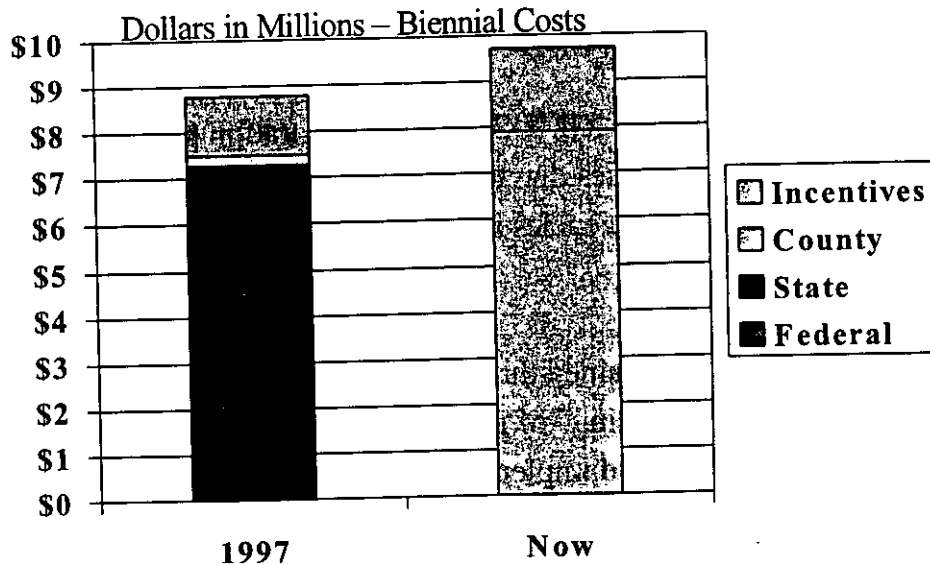


The graph illustrates the Statewide funding of the eight regional offices in 1997. Of the approximately \$9 million in total costs, about \$1.5 million was the counties' share, however incentive payments were provided to the counties in an amount that usually met (and sometimes exceeded) the counties' total costs.

The federal Welfare Reform Act brought numerous administrative changes into play after their adoption by the North Dakota Legislature in 1997. This was at the same time that the Department and the counties brought to the Legislature a comprehensive proposal to restructure the State/county financing of the economic assistance portion of human services.

The Legislation brought to the 1997 Session proposed no changes to the financing of the regional child support enforcement units. However the proposed "swap" of county economic assistance grant costs for the reimbursements that counties had received for administering Medicaid, TANF, Child Care, JOBS and other economic assistance programs was not cost neutral – it would have cost the State about \$6 million per biennium. To make the swap cost-neutral, the legislation was amended to leave the costs associated with the regional child support units with the counties, but relieve the State of its General Fund participation and allow the State to retain the federal reimbursements generated by those county costs. This made it possible for the financial restructuring to take place – a very positive change for the system and a long-term positive impact for property taxpayers as a whole. Over time however, it became clear that the child support enforcement decision would impact reservation counties significantly.

Regional Child Support Enforcement Cost Changes



Prior to 1997, the counties of each regional group were not particularly concerned with who paid how much – because reimbursements essentially covered costs. With the reimbursement (except incentives) removed, each regional group began to look more closely at their

formula for cost allocation – prompting a greater share of already increasing costs to be shifted to those high-caseload, but unfortunately, low-tax base counties.

The Legislature anticipated this by increasing direct administrative support to “reservation-counties” in 1997, and codifying this support in 1999 by requiring the Department to “write-down” reservation county economic assistance costs to the statewide average in mills. Unfortunately, this was amended in 2001 to require reimbursing these counties at only 90% of those costs over the statewide average. As their share of the regional unit costs began to increase (in some cases) by close to 10% per year, their average growth in property values lagged dangerously behind. This is a classic case where the distribution of the available revenue source (taxable property) is not well matched to the distribution of the cost generator (caseload).

With the dramatic changes to the original SB2301, and the importance of the reservation county reimbursement, I have been directed to ask that the bill be amended back to its original form, or an entirely new direction be taken. If the original proposal cannot be supported or funded, we ask that you consider the following.

The attached amendment (NDACo1) would eliminate the provisions enacting State administration and the cost shift, and retain only the section of the bill addressing the "Reservation County reimbursement". This would require an appropriation of \$235,666 in general funds, or the addition of these funds into the Department of Human Services budget (SB1012).

Additionally, we have examined the TMR-MAXIMUS state administration plan, and feel that there are a number of elements and activities that the counties and the regional child support units could explore to address the efficiencies and cost-effectiveness that are anticipated through state administration.

This plan suggests that efficiencies could be gained through better allocation of legal resources, and possibly through the "out-sourcing" of functions. Both of these options can be explored by the regions collectively, and implemented if feasible. The plan suggests a weighted caseload study and anticipates the reallocation and specialization of staff on a statewide rather than regional basis. Quite possibly, there are ways to extend the existing eight cooperative agreements statewide and explore the cross-regional utilization of staff.

Most significantly, the TMR-MAXIMUS plan anticipates a state-negotiated cooperative agreement with the Tribes. This has been an unattainable goal for the regional units, but we don't believe that it would be essential to have state administration for the Department to negotiate such an agreement, as the regions would undoubtedly be willing to participate in such a State effort.

Another alternative that the committee may wish to consider is a state-funded "unit" specifically for these Tribal cases that create the funding concerns. Such a unit would provide a pilot of sorts for the concept of state administration. We have attempted to draft an amendment to accomplish this proposal (NDACo2) however I suspect that it would need fine-tuning.

In summary, it is our hope that if the original proposal cannot be supported, that the serious situation in the reservation counties can be addressed in some manner.

NDACo1
March 2, 2005
(To preserve section 4 only)

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2301

Page 1, line 1, remove "to create and enact three new sections to chapter 50-09 of the North Dakota"

Page 1, remove lines 2 and 3

Page 1, line 4, remove "agencies;" and remove "sections 14-09-09.10, 35-34-01, and 50-01.2-00.1,"

Page 1, line 5 remove ", sections 50-03-10 and 50-09-01, subsection 16 of section 50-09-02,"

Page 1, line 6, remove "and sections 50-09-03, 50-09-08, 50-09-15.1, 50-24.1-03.1, and 50-24.1-03.2"

Page 1, line 7, replace "state administration of the child support enforcement program;" with "county duties and human service financing in exceptional circumstances, and to provide an appropriation."

Page 1, remove lines 8 and 9

Page 1, remove Section 1 of the bill

Page 3, remove Sections 2 and 3 of the bill

Page 5, after line 12 replace the remainder of the bill with:

"SECTION 2. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$235,666, or so much of the sum as may be necessary, to the department of human services for the purpose of making the payments authorized subsection 3 of section 50-01.2-03.2 as amended by this Act."

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2301

Page 1, line 5, replace "sections 50-03-10 and" with "section"

Page 1, line 6, remove "50-09-15.1,"

Page 1, line 8, remove "to provide a statement of legislative intent; to provide an appropriation; to provide a"

Page 1, line 9, remove "continuing appropriation"

Page 1, line 20, remove the overstrike over "~~county social service board, any combination of~~"

Page 1, remove the overstrike over line 21

Page 1, line 22, remove the overstrike over "~~or any combination of county social service boards,~~" and insert immediately thereafter "and the"

Page 4, line 14, remove the overstrike over "~~Child support enforcement programs~~" and insert immediately thereafter ", except for child support enforcement cases involving tribal court jurisdiction or where either party in the child support enforcement action is an enrolled member of an Indian tribe;"

Page 5, remove section 5

Page 7, line 18, remove the overstrike over "~~and to direct and supervise county administration of~~" and insert immediately there after "specific portions of" and remove the overstrike over "~~that program~~"

Page 8, line 5, remove the overstrike over "~~Administer the child support enforcement program under the direction and~~"

Page 8, line 6, remove the overstrike over "~~supervision of the state agency in conformity with title IV-D~~" and insert immediately thereafter ", except for child support enforcement cases involving tribal court jurisdiction or where either party in the child support enforcement action is an enrolled member of an Indian tribe"

Page 8, line 6, remove the overstrike over "~~—In administering the~~"

Page 8, remove the overstrike over lines 7 and 8

Page 8, line 28, remove the overstrike over "~~and county~~"

Page 8, line 30, remove the overstrike over "~~or county~~"

Page 9, remove section 10

Page 10, remove lines 8 through 26

Page 11, remove lines 1 through 6

Page 11, remove the overstrike over line 11

Page 11, line 12, remove the overstrike over "~~supervision of the department of human services~~"
and insert immediately thereafter "except for medical support enforcement cases
involving tribal court jurisdiction or where either party in the medical support
enforcement action is an enrolled member of an Indian tribe"

Page 11, line 12, remove the overstrike over "~~In administering the program~~"

Page 11, remove the overstrike over lines 13 and 14

Page 12, line 4, remove the overstrike over "~~and the county~~"

Page 12, line 5, remove the overstrike over "agency"

Page 12, line 7, remove the overstrike over "~~or the county agency~~"

Page 12, remove section 14

Page 13, remove section 16

Renumber accordingly

TESTIMONY BEFORE THE HOUSE HUMAN SERVICES COMMITTEE

Concerning Engrossed Senate Bill 2301

March 2, 2005

CHAIRMAN PRICE, MEMBERS OF THE COMMITTEE,

My name is Beverly Mathiason, Director of Rolette County Social Services. My county has been following Senate Bill 2301 with great interest.

As you recall, after much difficulty the Association of Counties was able to pull an agreement together to move child support to state administration. We strongly supported this agreement, as it was the first real movement that addressed the dire financial situation faced by not just Rolette County, but also other reservation counties, in honoring their financial commitment to the regional child support unit. For years we have attempted to resolve the jurisdiction issues in regards to reservation cases with no success. Counties will never have jurisdiction on reservations. Counties cannot enter into cooperative agreements with the tribes relative to enforcement of child support. We have always believed that this issue requires the efforts of the state and federal government. The federal government, after locating the reservation in our county, is now far removed and absent from the picture as we search for resources to support this ever-growing population that is in need of so many services.

We have attempted to pay our share of the operating costs from very limited revenue. Rolette County has incurred deficit spending in social welfare for some time now, in large part due to our \$100,00+ child support obligation. That equates to just over 10 mills. We do not have the ability to raise large amount of tax dollars. Rolette County's share of the operating cost for Lake Region Child Support is 54%. Over one-fourth of the TANF caseload in North Dakota is in Rolette County.

We have watched as the original bill was amended to result in a "shared" administration of child support, with the counties remaining responsible for 40% of the costs on a permanent basis. We had concerns about this, but felt we could support the amended bill too. Preliminary estimates showed our share would decrease from over \$100,00 to approximately \$35,000 in the year 2013. However, it appears support of this amended bill has weakened around the state.

The present child support arrangement is not acceptable to us. As long as this current arrangement exists, the problems with jurisdiction and growing caseloads will not change. Lake Region Child Support will continually be perceived as performing poorly, at the bottom of the rankings for meeting performance measures as compared to other regions. As the county with the largest TANF caseload, a large majority who are outside our jurisdiction, we recognize we may always be #8 in meeting performance standards. And, even though Lake Region has improved in the performance measures, they are still ranked # 8. It is not from lack of effort, but instead is directly impacted by the jurisdiction issues in a region that includes 2 reservations and the highest unemployment rates in the

state. It isn't just the TANF client who is unemployed in our county; the parents that we are looking to pay child support are also unemployed.

We see the original bill as the best option for our county, however we will support the amended bill.

We would also be very interested in a 3rd option, which would be for the state to assume 100% of the child support efforts on behalf of the Indian Counties, only if 100% of funding is provided.

I will be happy to try to answer any questions you may have.

Thank you.

apposition

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TESTIMONY REGARDING SB 2301
PRESENTED TO THE HOUSE HUMAN SERVICES COMMITTEE
BY MARNIE SOGGIE
MARCH 2, 2005

Good morning Madame Chairman and members of the House Human Services Committee. My name is Marnie Soggie and I am an attorney for the Bismarck Regional Child Support Enforcement Unit.

I have worked in the North Dakota child support Enforcement system for the past six years. I started in the Grand Forks regional office as a law clerk during my final year of law school, moved to the state child support office where I worked as an Assistant Policy Administrator after graduation, and then started work at the Bismarck regional office as a Staff Attorney. Working in two regional offices and the state office has given me a unique perspective on the child support enforcement program. I understand the counties' funding concerns and I do not appear today to argue the merits of whether the system is best funded by the counties or by the state. That is a policy decision to which I am not sure there is a perfect answer. Rather, I appear today to express concerns about the impact of state administration on the performance of the program and its employees.

First, a move to state administration will not automatically improve program performance. It has been said that state administration is necessary because regional office practices can differ. However, different practices are often the result of different demographics within our caseloads and different requirements imposed upon us by the different judicial districts in which we operate and those practices allow each unit to meet the unique needs of its customers. These unique needs will not go away with state administration and it will therefore be necessary to continue to have at least some differing practices between the regional units.

It has also been said that state administration will yield improved communications and collections but no explanation has been given as to how this will happen. In fact, there are many ways that communications and collections can be enhanced without state administration. This includes making timely upgrades to the Fully Automated Child Support Enforcement System, FACES, responding to inquiries by regional units in a timely manner, and issuing policies in a timely manner.

Second, any move to state administration must address the job security and pay of child support employees. Under state administration, attorneys employed by the regional units would become special assistant attorneys general. However, the bill, as drafted, would treat child support attorneys differently than other special assistant attorneys general by exempting us from the good cause protections of N.D.C.C. § 54-12-08 and essentially making us at will employees. It is unclear why the bill was drafted in this matter but it does not seem to serve any purpose to exempt one small group of employees from the good cause protection given to all other state employees, including others in the same classification. I have therefore drafted proposed amendments to the bill that would give

the same consideration to child support attorneys as is enjoyed by all other special assistant attorneys general. I ask that you adopt the same.

In addition, many regional employees, including myself, have concerns about our salary as state employees. As county employees, many of us have been paid salaries that are competitive in the regional marketplace and we have also been given annual pay raises. This has not been true for state employees and we fear that our pay will stagnate upon becoming state employees. Regional child support employees put their hearts and souls into their work and should receive appropriate compensation for their skills, their dedication, and their exceptional work product. Appropriate compensation should include competitive salaries and annual increases based on cost of living and merit. I ask that you give consideration to these concerns as well.

Thank you for your time.

such as new vehicles, major repairs, improve-capital projects. The committee learned that a total of \$109,670 of senior citizen program funds remained unspent as of December 31, 2000.

Other Information and Testimony

The committee received information on the number of individuals served as a result of the funding provided by the senior citizen mill levy matching grant program. Counties and cities reported that 62,468 individuals received services in 2001 as a result of the funds generated from senior citizen mill levies and matching grants. The uses of the mill levy and matching grant funds vary by county, affecting the number of individuals served. Some counties use these funds to match federal Title III Older Americans Act funding while others do not.

The committee heard testimony from other interested persons. Major comments included:

1. Support for the current method of providing matching funds to counties and cities for senior citizen programs.
2. A request that additional funding be provided for senior citizen programs because federal funds provided by the Older Americans Act provide for only one-third of the cost of senior citizen services.

3. A request that the Legislative Assembly increase funding to match county senior citizen mill levies at 100 percent rather than 54 percent of formula.
4. Support for the mill levy funding as an important component of the continuum of care to allow the elderly to remain in their homes and local communities.

Conclusion

The committee makes no recommendation as a result of its study of the senior citizen mill levy matching grant program.

ALTERNATIVES-TO-ABORTION SERVICES STUDY

Section 1 of Senate Bill No. 2354 directed a study of the feasibility and desirability of establishing an alternatives-to-abortion services program that would provide information, counseling, and support services to assist women to choose childbirth and to make informed decisions regarding the choice of adopting or parenting.

Statistics

The following schedule presents abortion statistics in North Dakota and the United States since 1990:

	North Dakota			United States		
	Pregnancies	Abortions	Abortion Percentage	Pregnancies	Abortions	Abortion Percentage
1990	10,386	1,065	10.3%	6,778,000	1,609,000	23.7%
1991	9,924	986	9.9%	6,674,000	1,557,000	23.3%
1992	9,885	1,017	10.3%	6,596,000	1,529,000	23.2%
1993	9,655	910	9.4%	6,494,000	1,500,000	23.1%
1994	9,568	935	9.8%	6,373,000	1,431,000	22.5%
1995	9,474	928	9.8%	6,245,000	1,364,000	21.8%
1996	9,250	862	9.3%	6,240,000	1,366,000	21.9%
1997	9,226	826	9.0%	6,192,000	1,328,000	21.4%
1998	8,826	847	9.6%			
1999	8,557	883	10.3%			
2000	8,585	863	10.1%			
2001	8,461	750	8.9%			

Federal Title X - Family Planning Program

The committee reviewed the federal Title X family planning program. Title X of the Federal Public Health Service Act of 1970 authorizes the family planning program, which is administered by the United States Department of Health and Human Services, Office of Population Affairs. The program authorizes grants to assist in the establishment and operation of voluntary family planning projects offering a broad range of acceptable and effective family planning methods and services (including natural family planning methods, infertility services, and services for adolescents). The mission of the program is to provide individuals the information and means to exercise personal choice in determining the number and spacing of their children. Program funds may be used for providing information and counseling regarding abortion but not for abortion programs. Funding received under the program does not require any state matching funds. The program

offers pregnant women the opportunity to be provided information and counseling regarding:

1. Prenatal care and delivery.
2. Infant care, foster care, or adoption.
3. Pregnancy termination.

The federal grants may be provided to either public or nonprofit private entities. In North Dakota the State Department of Health receives the federal Title X grants and administers the family planning services through contracts with nine delegate agencies across the state. The family planning grants are awarded competitively every five years. The next competitive grant award in North Dakota will be in 2005. The Title X family planning projects in North Dakota, South Dakota, Colorado, and Montana are administered by each respective state; however, in Minnesota, Utah, and Wyoming, the federal Title X funds are awarded to a nonprofit organization in each state to operate the family planning projects.

The State Department of Health received base funding under federal Title X of \$547,000 in federal fiscal year 2002 as well as \$174,000 for special initiatives. The department anticipates receiving base funding of \$807,000 as well as \$118,000 of funding for special initiatives in federal fiscal year 2003 and base funding of approximately \$800,000 and possibly \$100,000 for special initiatives in federal fiscal year 2004.

The program, operated through the nine delegate agencies, offers family planning services at 18 clinic sites in North Dakota. In calendar year 2000, 14,494 clients made 24,062 visits to the family planning agencies. Of the 14,494 clients, 8,791 had incomes below 150 percent of the federal poverty level. Clients pay for services based on household size and income. Clients with income at or below 100 percent of the poverty level receive services at no cost.

The program provides pregnancy testing, diagnosis, counseling, and referrals. Each clinic is required to maintain a service referral list, which must be made available to clients, for women with positive pregnancy test results. Pregnant clients must be offered information and counseling regarding prenatal care and delivery, infant care, foster care, adoption, and pregnancy termination. The committee learned that based on a 1997 survey, approximately four percent of pregnant women seen at the clinics request information on abortion services.

Title X regulations as originally adopted in 1970 required family planning programs to provide pregnant women with information on prenatal care and delivery, infant care, foster care, or adoption. The requirement that information on pregnancy termination be available was added in 1976. The regulatory language requiring family planning projects to offer this information was added in January 2001.

The committee received the following information from each of the nine delegate agencies providing family planning services under federal Title X in North Dakota:

1. Upper Missouri District Health Unit, Williston - Serves the counties of Divide, McKenzie, Mountrail, and Williams. In calendar year 2000 the health unit performed 193 pregnancy tests, 59 of which were positive. For those with positive tests, information was provided on all available options, the importance of prenatal care, and referrals as appropriate.
2. First District Health Unit, Minot - Serves the counties of Bottineau, Burke, McHenry, McLean, Renville, Sheridan, and Ward. In calendar year 2000 the health unit performed 147 pregnancy tests, 69 of which were positive. The 69 clients who tested positive met with a social worker and were informed of the options available to the client. The program was unaware of how many women chose abortion.
3. Lake Region District Health Unit, Devils Lake - Serves the counties of Benson, Eddie, Pierce, Ramsey, Nelson, Cavalier, Rolette, Towner, Wells, and McHenry. In calendar year 2000 the health unit performed 50 pregnancy tests, 12 of

which were positive. Of the 12 positive tests, seven planned to continue the pregnancy and keep the child, two were deciding if they would keep the child or give it up for adoption, and three were unsure of their plans.

4. Valley Health, Grand Forks - Serves the counties of Grand Forks, Nelson, Pembina, Steele, and Walsh. In calendar year 2000 the program performed 484 pregnancy tests, 99 of which were positive. Of the 99 positive tests, 65 birth outcomes were unknown, 14 continued the pregnancy, 7 miscarried, and 13 chose abortion.
5. Fargo-Cass Public Health and Family Planning Clinic, Fargo - Serves Cass County. In calendar year 2000 the clinic performed 413 pregnancy tests, 85 of which were positive. Of the 85 positive tests, 19 were planned pregnancies and 66 were unintended. Of the 66 unintended pregnancies, outcome data was available on only 16. Of the 16, seven continued the pregnancy, two miscarried, and seven chose abortion.
6. Richland County Family Planning, Wahpeton - Serves the counties of Ransom, Richland, and Sargent. In calendar year 2000 the program performed 109 pregnancy tests, 11 of which were positive. Of the positive tests, six individuals were given information on prenatal care and services available to pregnant women and five were given information on all options. Of the five clients given information on all options, three proceeded with prenatal care, one was undecided, and one chose abortion.
7. Central Valley Family Planning Program, Jamestown - Serves the counties of Barnes, Dickey, Eddy, Foster, Griggs, Kidder, LaMoure, Logan, McIntosh, Ransom, Sargent, Stutsman, and Wells. In calendar year 2000 the program performed 97 pregnancy tests, 32 of which were positive. Of the positive tests, 28 received information on prenatal care, one on adoption, and three on all options.
8. Custer Family Planning Center, Bismarck - Serves the counties of Burleigh, Emmons, Grant, Mercer, Morton, Oliver, and Sioux. During calendar year 2000 the center performed 406 pregnancy tests, 83 of which were positive. Of the positive tests, 64 received prenatal care, eight chose abortion, and 11 had unknown outcomes.
9. Community Action and Development Program, Inc., Dickinson - Serves the counties of Adams, Billings, Bowman, Dunn, Golden Valley, Hettinger, Slope, and Stark. In calendar year 2001 the program performed 184 pregnancy tests, 17 of which were positive. The individuals with positive results were provided the "Before You Decide" brochure and encouraged to read it before making a decision. These individuals were also counseled regarding the options and provided information based on their decision or referred for further counseling, as appropriate.

Use of Temporary Assistance for Needy Families Funds

The committee received information on the potential use of federal temporary assistance for needy families (TANF) program funds for alternatives-to-abortion services programs. The committee learned if federal TANF funds are to be used for an alternatives-to-abortion program, any proposed legislation should indicate how the program will accomplish the purposes of federal TANF funding. Under federal law, the purpose of TANF funding is to:

1. Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives.
2. End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage.
3. Prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies.
4. Encourage the formation and maintenance of two-parent families.

Because TANF funding is a block grant to the states, any allocation by the Legislative Assembly generally will be considered appropriate. However, if the allocation is not consistent with federal law, it could be questioned by the State Auditor while conducting the state's single federal audit. The committee reviewed a letter from representatives of the federal Department of Health and Human Services indicating it may be appropriate for the state to use federal TANF funds for an alternatives-to-abortion services program.

Alternatives-to-Abortion Services

The committee heard testimony from representatives of organizations providing alternatives-to-abortion services in North Dakota.

Representatives of these organizations testified that the private sector is currently providing alternatives-to-abortion services in many parts of the state. These representatives also testified that if government program funding were made available for alternatives-to-abortion services, many of the organizations would likely not apply because of the potential negative involvement of the government in the operations and activities of the alternatives-to-abortion services programs.

The committee received information from the AAA pregnancy clinic in Fargo and learned the clinic is a nonprofit corporation that serves individuals facing a crisis pregnancy and provides community outreach educational programs focusing on abstinence education. The program began in Fargo in 1984. The clinic provides free services to women facing unplanned pregnancies. The program does not refer for abortions or provide information on abortion but provides life-affirming education and support services. Services provided by the clinic include medical services, financial support, and material aid. The program receives donations from individuals, businesses, and churches.

The committee received information from the Womens Care Clinic, Fargo. The Womens Care Clinic provides alternatives-to-abortion services and employs a full-time counselor to provide pregnancy counseling services.

Other Testimony

The committee received information from other interested persons. Comments included:

1. State involvement in alternatives-to-abortion services programs may reduce the private sector's motivation for developing these programs.
2. There is a need for more pregnancy crisis centers, but they should be financed by the private sector.
3. The state should not be involved in providing funding for birth control.

The committee received information from the North Dakota Life League. The North Dakota Life League reviewed the North Dakota family planning program in 1996 and 1997 and expressed the opinion that the program's brochures support abortion, advertise second trimester abortions at a Minnesota facility, and encourage promiscuous behavior.

The committee received recommendations from the North Dakota Life League for reducing the number of abortions. Recommendations presented included that the state:

1. Eliminate sex education in public schools.
2. No longer accept Title X funds which make contraceptives available to minors, enabling promiscuity among the state's youth, causing alarmingly high rates of related infectious diseases, and increasing the number and percentage of women who choose abortion.
3. Allow private sector programs to provide alternatives-to-abortion services without state involvement.
4. Not support abortion-related programs.

Committee Considerations

The committee reviewed a bill draft that would establish an alternatives-to-abortion marketing task force to develop and implement a statewide marketing plan to promote alternatives-to-abortion services and provide an appropriation of \$100,000 from the general fund to the Department of Human Services to market the services during the 2003-05 biennium.

The committee received information from the State Department of Health regarding options for providing a toll-free telephone number for alternatives-to-abortion services referrals. The committee learned the State Department of Health is considering developing a statewide toll-free public health information line that would allow the public to gain health information, advice, and referrals. Nurses trained to assist the public using nationally recognized protocols and procedures would staff the line. The line would help detect bioterrorism, improve health, and increase efficiency. The committee

learned the State Department of Health believes that nurses staffing the line could address questions relating to unexpected pregnancies and would provide information on all legal options, including alternatives-to-abortion and abortion services.

Conclusion

The committee does not make any recommendation as a result of its study of alternatives-to-abortion services.

CHARITABLE CHOICE STUDY

Senate Concurrent Resolution No. 4034 directed a study of the issues and concerns of implementing Charitable Choice.

Federal Law

Current Law

Charitable Choice is the privatization of federally funded welfare services through faith-based organizations. Charitable Choice provisions were first included in the federal welfare reform measure, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. This law allows states to administer and provide TANF services or benefits through contracts with nongovernmental entities or to provide TANF recipients with certificates or vouchers redeemable with private entities. The law allows states to contract with religious organizations to provide federally funded services under specifically named programs on the same basis as any other nongovernmental provider without impairing the religious character of the organizations or the religious freedom of the recipients. Charitable Choice does not contain new funding for faith-based organizations, and it only applies to programs designated by Congress. In addition to the TANF program, other federal programs authorizing Charitable Choice include the child care and development block grant, programs available under the community services block grant, and substance abuse treatment and prevention services programs under Titles V and XIX of the Public Health Services Act.

Under Charitable Choice rules, the government may not discriminate against an organization that applies to provide services on the basis of its religious character and may not require it to remove religious art or other symbols as a condition of participation. In addition Charitable Choice specifies that religious organizations retain control over the definition, development, practice, and expression of their religious beliefs. The rules contemplate that religious organizations will employ their faiths in publicly funded programs using their own resources. A religious organization's use of public funds is subject to audit, but if the federal funds are segregated into separate accounts, only these accounts are subject to audit.

Charitable Choice rules also require that a religious organization cannot discriminate against a beneficiary or potential beneficiary on the basis of religion or religious belief, and if a recipient objects to the religious character

of the provider, the government must provide an alternate and accessible provider.

Concerns of the Charitable Choice provisions relate to the interpretations and applications of the establishment of the religion clause of the First Amendment which has generally been interpreted by the United States Supreme Court to prohibit government from sponsoring or financing religious instruction or indoctrination. Generally, programs operated by religious organizations that receive public funding in the form of grants or contracts must essentially be secular in nature. Charitable Choice attempts to move beyond these restrictions and allow faith-based organizations to participate in publicly funded social services programs while retaining their religious character.

Proposed Changes

In 2001 President Bush recommended expanding Charitable Choice by further involving faith-based organizations in the provision of government-funded services. The President's proposal included the following initiatives:

1. A commitment to fully implement the Charitable Choice measures that have been enacted into law.
2. The establishment of private programs incorporating Charitable Choice to assist children and families of prisoners, to improve inmate rehabilitation prior to release, to establish maternity group homes, and to provide after school programs for low-income children.
3. The creation of an office of faith-based and community initiatives in the White House to enhance and promote government's partnership with faith-based and community organizations.
4. The establishment of a center for faith-based and community initiatives in each of five federal agencies--the Departments of Health and Human Services, Housing and Urban Development, Labor, Justice, and Education.
5. Encourage and assist states to create offices of faith-based and community initiatives.
6. The expansion of incentives for private giving to religious and charitable organizations.

The committee monitored federal legislation throughout the interim and learned at the end of October 2002, two bills were still being considered by Congress relating to Charitable Choice--House Resolution 7, the Community Solutions Act, which passed the House of Representatives and Senate Bill 1924, the Care Act, which was not yet reported out of committee in the Senate. The committee learned the earliest the bills would be acted on would be mid to late November 2002.

Major provisions of House Resolution 7 are:

1. Nonitemizing taxpayers would be allowed to deduct charitable donations.
2. Faith-based organizations would be allowed to compete on an equal basis to provide certain programs administered by state or local governments, including juvenile justice and delinquency programs, crime prevention programs,

813 2301

**COMPARISON OF NORTH DAKOTA AND SOUTH DAKOTA
CHILD SUPPORT ENFORCEMENT AGENCIES****NORTH DAKOTA**

State Supervised/County Administered

Statute of limitations:

No limitations for collection of past due support

Paternity Establishment:Proceedings must be initiated within 3 years
after the child attains majority**Guideline Method:**

Variable percentage of Obligor's net income

Interest:

Yes

**Application for IV-D services after
child's emancipation:**

Yes

**Collection of medical support debt for
50% of uninsured medical bill:**

No

**Collection of dollar specific medical
support:****SOUTH DAKOTA**

State Administered/State Operated

Unified Judicial System, IV-D
Prosecutors and Sisseton-Wahpeton
Sioux Tribe. Sisseton-Wahpeton Oyate
Tribe has a federally approved CSE
Program

20 years from date support is due

Proceedings may start anytime
before
18th birthday

Income shares

No, through CSE however, Court may
grant interest at 1% per month

No

Yes, if reduced to judgment may collect
through income withholding.

Yes, through income withholding

No

Does the State Plan allow to charge fees or recover costs of the program:

No

Yes, \$5 application fee, \$20 locate only fee, \$50 (\$54 if no SSN) for child custody or parental kidnapping; \$20 for wage withholding only

What costs are recovered from Obligor:

IRG indicates none, however, may collect genetic testing costs

Genetic testing costs and Court costs

Fees may be charged by employers for income withholding:

Yes, \$3/month

None

Will State accept direct income withholding orders to collect from unemployment benefits:

Yes

No

How does an Obligor contest income withholding in your state?

Written request for hearing must be filed within 10 days from the date of notice to the Obligor

By filing a written request for administrative review

Will State accept direct income withholding orders to financial institutions?

IRG is blank

Yes

What is the percentage of probability for genetic testing that creates a rebuttable or conclusive presumption of paternity?

95% or higher

99% or higher

Are there fees for requesting searches, paternity documents and data from your State Bureau of Vital Records?

No

Yes

Does your State use an Administrative or Judicial Process to Establish a Support Obligation?

Judicial Process

Administrative and Judicial

Will your State establish support order for prior periods?

IV-D will go back to (1) TANF: date of assignment or birth, whichever occurs later, (2) Non-TANF: date of application

Limited to 6 years

Does your State use an Administrative Process for paternity, establishment, modification and the enforcement of child support?

IRG-blank

Judicial and quasi-judicial processes.
Both
Administrative and Judicial processes are used to enforce obligations

State Income Tax Intercept?

Yes

No

Where are your State liens filed?

Financial institution-accounts

County Register of Deeds

Are the property seizure and sale procedures-judicial, administrative or both?

Executions on property may be either Judicial or Administrative

Judicial process

FIDM-Is the freeze and seize process in your state judicial, administrative or both?

Liens; administrative, execution; may be administrative or judicial

Administrative. Can issue IW to financial Institutions to seize funds within account

What are your criteria for modification?

15% change (upward or downward)-if the current order provides for child support

payments in an amount less than 85%, or more than 115%, of the guideline amount

Support obligation increases or decreases by 20% or more and proposed increase/
decrease is more than \$25.

Does your State abate support?

IRG-blank

Yes

Fargo Regional Child Support Enforcement
Expenditure Report

Year	Expenditure	Percent Change
1998	811,715.12	11.96%
1999	891,089.55	9.78%
2000	985,171.32	10.56%
2001	1,052,986.24	6.88%
2002	1,072,903.80	1.89%
2003	1,113,925.46	3.82%
2004	1,189,402.72	6.78%

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2301

Page 1, numerous changes to title

Page 1, remove lines 11 through 24

Page 2, remove lines 1 through 31

Page 3, remove lines 1 through 31

Page 4, remove lines 1 through 24

Page 5, line 24, after the period insert "The department shall distribute child support incentive funds according to a formula that promotes performance and consistency in child support enforcement activities throughout the state."

Page 5, remove lines 25 through 31

Page 6, remove lines 1 through 30

Page 7, remove lines 1 through 29

Page 8, remove lines 1 through 31

Page 9, remove lines 1 through 9

Page 10, replace lines 6 through 31 with:

"SECTION 4. A new section to chapter 50-09 of the North Dakota Century Code is created and enacted as follows:

Administration of child support enforcement activities. The state agency shall identify any activity of the child support enforcement program it believes may be administered more effectively, efficiently, or consistently through an agreement between two or more child support agencies or through an agreement for centralized administration under section 50-09-33 and direct a child support agency to enter into an agreement to perform that activity on terms prescribed by the state agency. The Department shall not pay any funds to a county or a child support agency that does not enter into an agreement under this section. Any attorney performing an activity under this section represents the State of North Dakota and must obtain an appointment from the Attorney General under section 54-12-08."

SECTION 5. A new section to chapter 50-09 of the North Dakota Century Code is created and enacted as follows:

Child support enforcement task force. The state agency shall convene a child support enforcement task force that includes two members of the legislative assembly appointed by the chairman of the legislative council and representatives from the state agency, the counties, and the judicial system. The state agency shall extend invitations to representatives from Indian tribes. The task force is charged with studying the organizational and programmatic structure of the child support enforcement program to determine how to enhance service delivery, improve performance, and increase efficiencies. The study must consider the impact on customers, the effect on Indian counties, and the fiscal effect on counties and the state. The findings and recommendations, together with any legislation required to implement the recommendations, must be presented by the state agency to the Sixtieth Legislative Assembly.

Page 11, remove lines 1 through 31

Page 12, remove lines 1 through 17

Page 12, line 18, replace "14" with "6"

Page 12, line 19, replace "reduction in county funding under" with "authority granted to the department of human services in" and replace "11" with "4"

Page 12, line 20, remove "and the corresponding increase in state funding"

Page 12, line 21, replace "offset to the greatest extent feasible by increased" with "exercised to increase"

Page 12, line 24, after "staff" insert a period and replace "including a comprehensive review by the" with "The"

Page 12, line 25, after "services" insert "shall review"

Page 12, line 26, after "state" insert "and county"

Page 12, remove lines 27 through 30

Page 13, remove lines 1 through 8

Page 13, replace line 9 with "**SECTION 7. EXPIRATION DATE.** Section 5 of this Act is effective through June 30, 2007, and after that date is ineffective."

Renumber accordingly

2301

Self Comm

**Child Support State Administration
Questions & Answers**

Questions are taken verbatim as they were phrased. Responses provided are given in relation to as the bill is currently written.

QUESTION 1 (Brad Davis): One has to do with pay raises 1-1-06. It is our understanding that if the Legislature gives state employee's a pay raise it will be effective 7-1-05. Counties that fallow the merit system pay scale are exempt from the new pay scale adjustments until the beginning of their next fiscal cycle, so most of us are looking forward to a raise 1-1-06. We are wondering how this would affect us since on 1-1-06 we would no longer be county employees and the state employees would have already received their raises 6 months earlier? In other words will we get a raise 1-1-06?

Answer 1: In a technical sense, as the bill is worded the employees cease to be county employees at 11:59 PM on December 31, and begin to be a state employee at 12:00 AM on January 1. As the bill is written now, they would not be eligible for the increase that state employees received on July 1, 2005. Depending upon what was budgeted for and intended, this is an issue that probably would need to be dealt with through an amendment to the bill.

QUESTION 2 (Brad Davis): Will employees have to wait a waiting period for the medical or dental plans?

ANSWER 2: I believe the employees would be covered starting 1-1-06, since the bill (as written) holds them harmless. I am checking with PERS to clarify (in writing), since that would be a deviation from PERS/Blue Cross policy. Typically when an employee starts (for example 1-15-06), their health insurance doesn't begin until the first of the following month (2-1-06). However, since this bill holds employees harmless, and some or all of those counties are currently under PERS, I believe the Executive Director of PERS could make an exception and allow the health insurance coverage to be seamless.

QUESTION 3 (Heidi Ahl): Will staff be provided with the standard state package?

ANSWER 3: Yes.

QUESTION 4 (Heidi Ahl): What does that entail?

ANSWER 4: Fully paid health insurance (family plan), basic life insurance in the amount of \$1300, employer and employee paid contributions to retirement system of 9.12%, option for flexible benefits and deferred compensation. Several other insurance policies are available in which the employee is required to pay 100% of the premium. See attached benefits handout.

QUESTION 5 (Heidi Ahl): Does life insurance transfer?

ANSWER 5: It depends on the company who has the policy.

QUESTION 6 (Heidi Ahl): What does the state have?

ANSWER 6: A basic life insurance policy of \$1300 (premium paid by the employer), as well as the option to purchase additional insurance (premium paid by the employee).

QUESTION 7 (Heidi Ahl): Will staff be given credit for years of services?

ANSWER 7: Yes—assume you are asking for annual leave and sick leave purposes.

QUESTION 8 (Heidi Ahl): Does this mean that current balances accrued under the county system with respect to sick and annual leave will be transferred over? Or will they need to be cashed out?

ANSWER 8: Annual leave hours (up to 240) and all sick leave hours will be allowed to transfer.

QUESTION 9 (Heidi Ahl): If the accrual occurred as the result of working in the “county” but not necessarily with child support is the full amount transferred or only the child support portion?

ANSWER 9: The full amount would be transferred.

QUESTION 10 (Heidi Ahl): If a staff were to leave 6 months after transfer to the State, how would the balances be cashed out if only a portion accrued under the state but the remainder under the county

ANSWER 10: Whatever is transferred to the State of ND would be paid out upon termination, according to DHS policy. For example, if you are referring to sick leave, the 10% would be paid out if the person has 10 years of continuous State service. In that example all annual leave would be paid out.

QUESTION 11 (Heidi Ahl): When referencing years of service with the regions is that a cumulative effect? If a staff member was at various regional units and/or the state but the county did not give them credit for that time, would the state reanalyze and give credit?

ANSWER 11: Yes. Prior to the January 1, 2006 implementation date, a form will be created which employees and regions will fill out which lists previous service, annual leave/sick leave balances, other benefit information, etc. This information will be used to place the employee into the State payroll and merit system.

QUESTION 12 (Heidi Ahl): Are any similar type position going to be provided credit such as work at social services, or state’s attorneys.

ANSWER 12: If you are referring to "credit" as in years of service, yes.

QUESTION 13 (Heidi Ahl): Need to clarify FMLA and the 12 month work requirement prior to qualification

ANSWER 13: Employees would be held harmless in regard to FMLA and 12-month requirement.

QUESTION 14 (Heidi Ahl): What about short term disability policies? (maternity) AFLAC and such.

ANSWER 14: The State of ND does not sponsor a short-term disability program. State employees may use sick leave when they are too ill to work.

QUESTION 15 (Heidi Ahl): If a policy was started at the county, can it be transferred as you have paid premiums on it

ANSWER 15: It would depend on the policy and who the company is.

QUESTION 16 (Heidi Ahl): If someone leaves do we get paid for having to cash out our insurance over 10 years like the county does?

ANSWER 16: Do not understand question—are you referring to sick leave payout after 10 years of State service?

QUESTION 17 (Heidi Ahl): Need to determine how the state is going to handle those staff receiving tuition reimbursement? Will they still be eligible to get some of the tuition covered?

ANSWER 17: They would begin following DHS policy effective 1-1-06.

QUESTION 18 (Heidi Ahl): What is the coverage rate?

ANSWER 18: 80% of the cost of the course, contingent on budget availability.

QUESTION 19 (Heidi Ahl): Staff will be transferred at no less than their current salary. Will there be some type of equalization for similar type positions?

ANSWER 19: No.

QUESTION 20 (Heidi Ahl): If on the higher side or the lower side how are salaries impacted. Will higher paid staff be frozen until which time as the salaries are equalized?

ANSWER 20: As long as employees are paid within the range of their classification, their salary will not be frozen.

QUESTION 21 (Heidi Ahl): If the legislature provided a COLA during that time would they be eligible?

ANSWER 21: Do not understand question. During what time?

QUESTION 22 (Heidi Ahl): If "equalizing" does not occur, are you only frozen if you are at the max of the salary grade?

ANSWER 22: Yes.

QUESTION 23 (Heidi Ahl): If the legislature adopts a merit increase for July, is regional staff eligible for this? Define circumstances.

ANSWER 23: In a technical sense, as the bill is worded the employees cease to be county employees at 11:59 PM on December 31, and begin to be a state employee at 12:00 AM on January 1. As the bill is written now, they would not be eligible for the increase that state employees received on July 1, 2005. Depending upon what was budgeted for and intended, this is an issue that probably would need to be dealt with through an amendment to the bill.

QUESTION 24 (Heidi Ahl): For those regional units not under the Merit system, I assume there will be some sort of a classification schedule completed?

ANSWER 24: Yes.

QUESTION 25 (Heidi Ahl): How soon will that occur? I would like to see where some of our positions fall especially with respect to support, case analyst assistants, and legal secretaries.

ANSWER 25: Positions would need to be classified prior to the bill taking effect, so they are classified and ready for the incumbent effective 1-1-06. If the bill passes, we would anticipate starting the classification review process in the summer of 2005.

QUESTION 26 (Heidi Ahl): How long would it take to run all of the position, attached appropriate titles and salary for staff viewing and information?

ANSWER 26: Just a guess, but I would estimate at least 3-5 months.

QUESTION 27 (Heidi Ahl): Will staff have some sort of a probationary period?

ANSWER 27: No, not unless they are on probation with the county when they become a state employee.

QUESTION 28 (Heidi Ahl): If all staff is guaranteed a transfer position with the State, are those positions guaranteed for a certain amount of time? (similar to above?)

ANSWER 28: All State Legislatively-authorized positions are approved two years at a time. Between Legislative sessions positions are subject to RIF due to budget constraints or other circumstances.

QUESTION 29 (Heidi Ahl): Will retirement account balances transfer, and years of service at county, count toward becoming vested in three years (as our County policy is now)?

ANSWER 29: Yes, all 8 regions are under the PERS system for retirement purposes, so it would be a seamless transfer.

QUESTION 30 (Heidi Ahl): How closely will the Maximus report be followed in this implementation? Optimal staffing levels and so forth?

ANSWER 30: Not for HR to answer. Have not seen report.

QUESTION 31 (Heidi Ahl): What happens if the region is deemed over-staffed? RIF or though attrition?

ANSWER 31: Preferably through attrition, but a RIF is a possibility.

QUESTION 32 (Heidi Ahl): Will staff be transferred to other units or designated for centralization?

ANSWER 32: Unknown at this time.

QUESTION 33 (Heidi Ahl): How will this occur?

ANSWER 33: Unknown at this time.

QUESTION 34 (Heidi Ahl): What is the process and who makes the decision?

ANSWER 34: Unknown at this time.

QUESTION 35 (Heidi Ahl): If someone is designated to be transferred to a different unit or centralized duties, what ability do they have to grieve the transfer?

ANSWER 35: Same as in other employer-initiated actions. The action is grievable under "forced relocation".

QUESTION 36 (Heidi Ahl): Will attorneys be centralized and will they remain under the units/administrator or will they be centrally supervised and by whom/which position?

ANSWER 36: Unknown to HR.

QUESTION 37 (Heidi Ahl): Will the regions be asked for input on changes and ideas? Provided a chance to comment?

ANSWER 37: With respect to HR functions, suggestions and comments are always welcome. We assume Child Support administration would be open to the same approach.

QUESTION 38 (Heidi Ahl): What will be the impact to Family Support?

ANSWER 38: Unknown to HR.

QUESTION 38 (Heidi Ahl): What is the role of the 1 FTE staff referenced in the fiscal note for the transition? Supervisory or otherwise?

ANSWER 38: Unknown to HR.

QUESTION 39 (Heidi Ahl): Will it come from one of the regions and if so is consideration given to optimal staffing levels?

ANSWER 39: Unknown to HR.

QUESTION 40 (Heidi Ahl): To whom will Administrators report?

ANSWER 40: Unknown to HR. Presumably Mike Schwindt.

QUESTION 41 (Heidi Ahl): Who would be involved in the hiring of positions within the regional units?

ANSWER 41: State Child Support Office, Regional Office, HR Division.

QUESTION 42 (Heidi Ahl): Who would be responsible for conducting evaluations of regional staff members?

ANSWER 42: Unknown to HR.

QUESTION 43 (Heidi Ahl): How would communication be improved?

ANSWER 43: Not for HR to answer.

QUESTION 44 (Heidi Ahl): What is the top priority for centralization?

ANSWER 44: Not for HR to answer.

QUESTION 45 (Heidi Ahl): What services would be centralized?

ANSWER 45: Not for HR to answer.

QUESTION 46 (Heidi Ahl): What is the top priority for achieving consistency amongst the regions?

ANSWER 46: Not for HR to answer.

QUESTION 47 (Heidi Ahl): How will you address the need for different practices among the regions based on different judicial mandates and procedures?

ANSWER 47: Not for HR to answer.

QUESTION 48 (Heidi Ahl): Rental space- are you considering finding alternative space for rent for any of the units?

ANSWER 48: Not for HR to answer.

QUESTION 49 (Heidi Ahl): What functions would be outsourced?

ANSWER 49: Unknown by HR.

QUESTION 50 (Heidi Ahl): Why has it been proposed that child support attorneys be exempted from the good cause protections afforded to all other Special Assistant AG's?

ANSWER 50: As HR understands the bill, Special Assistant Attorneys General are not exempted from the protections afforded to merit system employees. However, the appointment as a special assistant from the Attorney General can be revoked at his or her pleasure. There are two issues at play here:

- If the Special Assistant Attorney General designation is stripped from the employee for reasons such as inadequate level of experience, competence or ethical standards, the employee would presumably not be able to perform the essential functions of their job. At that point, discipline, including possible termination may have to be considered.
- If the Special Assistant Attorney General designation is in place and the employee has performance issues such as coming to work late, inappropriate use of computer/email, etc. progressive discipline would be invoked in the same manner as with other merit system employees.

QUESTION 51 (Dan Jeske): I am assuming that all merit system classifications will transfer like the do in the counties; i.e. time in service, vacation, sick leave, etc. I believe you answered those already.

ANSWER 51: Yes, according to DHS policy.

QUESTION 52 (Dan Jeske): Are there any situations which are not the same as someone moving within the merit system on a normal or routine job change?

ANSWER 52: Not that HR is aware of.

QUESTION 53 (Dan Jeske): As you know, in our region all staff are merit system classifications and the practice has been that when changing jobs within the merit system all leaves move with the employee to the new job along with time in service.

ANSWER 53: Yes, according to DHS policy.

QUESTION 54 (Larry Van Ness): The concerns from my office center around how our benefits stack up against state benefits. One of my staff is concerned that she not have to start at day one to rebuild her year to be eligible for FMLA. There is considerable concern that county service outside of child support may not transfer. Which raises the question, are there any positions (county/state) held previously, outside of child support, that would be allowed to transfer?

ANSWER 54: Answered in several previous questions.

QUESTION 55 (Diane Hausman/Coby Barstad): If County employees become State employees due to State Administration of the program, will all years of service that each employee has at the time of the change to State Administration transfer? Does it make a difference that the years of service were earned at another merit system entity in North Dakota and accepted by the county when the person became a county child support employee? We have several employees whose years of service recognized by the county were earned in other merit system entities. Also, it is all PERS retirement.

If all years of service do not transfer, how will that affect the person's retirement years (Rule of 85), their retirement account, their monthly accrual of annual leave? All years of service have been recognized and accepted as years of service in their child support positions; since it has already been accepted, how can it be divided out? I do not believe that a policy can exist that does not allow If all years of service are not transferred, it will adversely affect our most knowledgeable staff. Further, if you transfer all years of service, the higher paid employees will be the first to retire, reducing the budget; if not, it will adversely affect the budget.

ANSWER 55: Answered in several previous questions.

QUESTION 56 (Diane Hausman/Coby Barstad): If an employee's pay is within the minimums and maximums for their grade on the merit system scale but their pay is substantially higher than their counterparts in other regions, will the person with the higher pay be froze for their counterparts to "catch up"? Will the person with the higher pay receive a lesser raise than the lower paid counterpart until the salaries are more equal? Or, will the salaries just continue as are, the higher paid person reaching maximum pay for their grade long before the lower paid counterpart?

ANSWER 56: Employees will be brought in at their current salary and there will be no initial adjustments, as long as the employee is within the assigned minimums and maximums of the pay scale.

QUESTION 57 (Diane Hausman/Coby Barstad): Assuming that the minimums and maximums for pay grades are increased as is before the legislature and almost sure to pass, if a regional child support county employee is at the maximum pay for their grade now, that person does not receive a pay increase from the county until the following calendar year; unlike state employees who receive their pay increases on July 1, will those employees receive a pay increase on 1/1/06? If not, these maxed out employees will not receive a pay increase for approximately 6 years.

ANSWER 57: Depends on how the Legislature words the salary bill. As long as employees are within the minimums and maximums at the time the increase is granted (and performance is satisfactory), the increase will be allowed.

QUESTION 58 (Diane Hausman/Coby Barstad): Many regional employees participate in group dental and vision insurance policies for which they are required by the carrier, and was a part of the signed application, to carry the policy for two years. If there is a year left on the policy period when the administration transfer takes place, will the employees have the opportunity to continue the insurance? If not, who will be responsible for the second year of the policy period?

ANSWER 58: Would need to find out based on who the insurance company is.

QUESTION 59 (Diane Hausman/Coby Barstad): For those employees that have deferred comp accounts, will they transfer? Does the state allow an employee to defer compensation?

ANSWER 59: If employees are currently participating in the deferred compensation program administered by PERS, they may continue to do so.

QUESTION 60 (Diane Hausman/Coby Barstad): Grand Forks County provides longevity pay, does the state?

ANSWER 60: No.

QUESTION 61 (Diane Hausman/Coby Barstad): As a state employee, when the minimums and maximums are increased by the legislature, does a state employee automatically receive an increase equal to the percent of increase?

ANSWER 61: The Legislature determines the amount allocated for July increases, which are passed on to employees based on satisfactory performance. The State Personnel Board adjusts pay scales after each Legislative session, and those adjustments generally follow the amounts allocated for State agencies.

QUESTION 62 (Diane Hausman/Coby Barstad): This is the first year that Grand Forks County will implement the closing of county office that day after Thanksgiving. Does the State have that day off?

ANSWER 62: No.

QUESTION 63 (Ranee Kringen): I have an investigator who was employed at the state child support office from 8/89-7/96, she has worked in this office since 8/96. I have another investigator who worked in the Williams County Clerk of Court office (under state administration) for about a year and a half before coming to work in this office. Since there was no break in employment, both of these employees were given credit for their prior years of service in regard to annual leave accrual. Will they be given "credit" for all of their years in regard to annual leave under state administration?

ANSWER 63: Yes.

QUESTION 64 (Kathy Ziegelmann): What is the state's "Reduction in Force" policy and do you anticipate using it in your transition if the program becomes state-administered?

ANSWER 64: Policy is attached. Unsure at this time.

QUESTION 65 (Kathy Ziegelmann): Will our county's deferred compensation program (administered by Nationwide Retirement Solutions) role over to the state's deferred comp program? How will that work?

ANSWER 65: Not sure, would need to check with PERS.

QUESTION 66 (Kathy Ziegelmann): What exactly is a "comprehensive classification and compensation review of all state cse employees" as required in SB 2301? How will it work?

ANSWER 66: All positions would be required to have an updated PIQ. Positions would be reviewed first by DHS HR Division, and then forwarded to HRMS for classification action.

QUESTION 67 (Kathy Ziegelmann): Why would the Asst. Attorney General positions (employees of DHS, salaries paid by DHS) be treated differently than all other cse positions as it relates to the merit system/at-will employment?

ANSWER 67: See question 50.

QUESTION 68 (Kathy Ziegelmann): Will all regional cse employees have to re-apply for their positions if the program becomes state-administered (and go through the application, interview, etc. process)?

ANSWER 68: No, there will be no reapplication and reinterview process. Employees will be required to fill out an application for recordkeeping purposes so information is on file.

QUESTION 69 (Kathy Ziegelmann): Will any regional cse employees be required to re-locate to another state or regional office (or lose their job)?

ANSWER 69: Unknown at this time.

QUESTION 70 (Kathy Ziegelmann): How often is employee's performance reviewed in the merit system?

ANSWER 70: At least one time per 12-month period.

QUESTION 71 (Kathy Ziegelmann): What benefits are associated with "years of service" in the merit system?

ANSWER 71: Annual leave, sick leave, service awards.

QUESTION 72 (Kathy Ziegelmann): Are there any issues related to NDPERS that we should be aware of if the program becomes state-administered? It is my understanding that the state pays the entire 9.5% of the employee's gross monthly salary, correct? Might any NDPERS benefits be lost upon county employees becoming state employees?

ANSWER 72: State of ND pays 9.12% (employee and employer share). We are not aware of any PERS benefits that would be lost.

QUESTION 73 (Kathy Ziegelmann): Does the state system provide any "family sick leave" for members of the employee's family?

ANSWER 73: Yes, 40 hours per calendar year. Those 40 hours come off of the employee's sick leave balance.

QUESTION 74 (Kathy Ziegelmann): How does the state system define "family" for purposes of funeral leave?

ANSWER 74: Spouse, parent, son, daughter, stepchild, stepparent, grandparent, grandchild, brother, sister, foster parent, foster children, daughter-in-law, son-in-law, mother-in-law, father-in-law, spouse's brother, spouse's sister.

QUESTION 75 (Kathy Ziegelmann): What life insurance is available to state employees?

ANSWER 75: Premium for \$1300 policy is paid for by the State; increased coverage available to employees and premium is based on age and amount of coverage.

QUESTION 76 (Kathy Ziegelmann): Are there any other insurance policies available to state employees (vision, dental, cancer, nursing home, etc.)?

ANSWER 76: Yes, all of the above. Employee pays 100% of the premium.

QUESTION 77 (Kathy Ziegelmann): Are there any other benefits available to state employees that have not been mentioned in Heidi's or my list?

ANSWER 77: Attached is a benefit listing which lists all benefits.

Projected Effect of Improving the Cost Effectiveness
Of the Child Support Enforcement ProgramBiennial Baseline (current)

Cost:	\$24 million
Collections (Total):	\$190 million
Collections (IV-D):	\$128 million
Collections (nonIV-D):	\$62 million
IV-D Cost Effectiveness Ratio:	\$5.35 collections per \$1 spent
South Dakota - \$7.40	
Public Assistance Offset (4.7% of IV-D collections):	\$6.1 million
Cost Avoidance (9.2% of total collections):	\$17.5 million

Increase CE Ratio to \$6.00, flat expenditures

Cost:	\$24 million
Collections (Total):	\$206 million
Collections (IV-D):	\$144 million
Collections (nonIV-D):	\$62 million
IV-D Cost Effectiveness Ratio:	\$6.00 collections per \$1 spent
Public Assistance Offset:	\$6.75 million
Cost Avoidance	\$18.9 million

* Increased IV-D collections of \$16 million, including additional public assistance offsets of \$650,000. Additional cost avoidance of \$1.4 million

Increase CE Ratio to \$6.35, flat expenditures

Cost:	\$24 million
Collections (Total):	\$214 million
Collections (IV-D):	\$152 million
Collections (nonIV-D):	\$62 million
IV-D Cost Effectiveness Ratio:	\$6.35 collections per \$1 spent
Public Assistance Offset:	\$7.2 million
Cost Avoidance	\$19.62 million

* Increased IV-D collections of \$24 million, including additional public assistance offsets of \$1.1 million. Additional cost avoidance of \$2.12 million

Increase CE Ratio to \$6.00, flat collections

Cost:	\$21.3 million
Collections (Total):	\$190 million
Collections (IV-D):	\$128 million
Collections (nonIV-D):	\$62 million
IV-D Cost Effectiveness Ratio:	\$6.00 collections per \$1 spent
Public Assistance Offset:	\$6.1 million
Cost Avoidance	\$17.5 million

* Savings of \$2.7 million = \$900,000 General Funds, \$1.8 million Federal Funds

Increase CE Ratio to \$6.35, flat **collections**

Cost:	\$20.2 million
Collections (Total):	\$190 million
Collections (IV-D):	\$128 million
Collections (nonIV-D):	\$62 million
IV-D Cost Effectiveness Ratio:	\$6.35 collections per \$1 spent
Public Assistance Offset:	\$6.1 million
Cost Avoidance	\$17.5 million

* Savings of \$3.8 million = \$1.27 million General Funds, \$2.53 million Federal Funds

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	2001-03 Biennium	2003-05 Biennium	2005-07 Biennium
State Unit:			
General Fund	1,246,724	998,441	1,000,595
Special Funds	<u>2,086,913</u>	<u>2,480,091</u>	<u>2,131,248</u>
Total General & Special	<u>3,333,637</u>	<u>3,478,532</u>	<u>3,131,843</u>
Percentage Increase		4.35%	-9.97%
Federal Funds	<u>3,463,477</u>	<u>5,062,636</u>	<u>4,335,887</u>
Total All Funds	<u>6,797,114</u>	<u>8,541,168</u>	<u>7,467,730</u>
Percentage Increase		25.66%	-12.57%

	Total Expenditures	
All RCSEUs:		
FY 2002	5,093,563	
FY 2003	5,256,734	3.20%
FY 2004	5,316,033	1.13%
FY 2005 (actual through Jan 05 est Feb-June 05)	5,485,269	3.18%

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Issue	North Dakota (CSE)	South Dakota (OCSE)	Comments
Organizational structure	State supervised, county operated	State supervised, state operated	
Outlying offices	Eight regional offices	Eight regional/satellite offices	
Caseload as of 9/30/03 IV-D NonIV-D	39,946 10,370	42,546 6,400	SD note: 13,556 Non-Jurisdictional Cases – primarily NCP reservation residents
Staffing as of 5/1/04 State office Regional offices Attorneys	37 123 Of the 123 staff in the regional offices, 15 are CSE attorneys and two are law clerks. (In addition to the 123, there is a contract (part-time) attorney.)	27 68 One of the 27 state office staff is an OCSE staff attorney. Additionally, 25 attorneys are under contract throughout the state to provide prosecution services in IV-D cases.	SD note: The equivalent work of 10 FTE are performed for the IV-D program by nonOCSE staff or individuals under contract or cooperative agreement – prosecution attorneys; Dept. of Labor New Hire staff; and court-appointed referees.
Application fee	\$1, paid by the state	\$5 (\$25 for income withholding-only)	

Issue	North Dakota (CSE)	South Dakota (OCSE)	Comments
Customer service	The state office provides customer service on both IV-D and nonIV-D cases. Much of this customer service is SDU-related. Regional offices provide customer service to their IV-D cases. A statewide automated voice response system is available to both IV-D and nonIV-D cases.	The state office and regional offices provide customer service on IV-D cases. Additionally, state office staff provide customer service to nonIV-D cases in the State Case Registry. A statewide automated voice response system is available to both IV-D and nonIV-D cases.	SD note: In July 2004, SD OCSE will implement a centralized customer service call center to respond to customer service inquiries statewide for all offices. This will be staffed by 6 Telephone Service Representatives and operate from 7 a.m. – 7 p.m. Monday – Friday. It is anticipated that 700 calls per day will be handled. This is intended to alleviate routine type calls being made to the regional offices, and free up professional staff time to initiate more establishment and enforcement actions that will result in increased collections.

Issue	North Dakota (CSE)	South Dakota (OCSE)	Comments
Locate (parent, asset) (IV-D cases)	Locate efforts are undertaken on three levels: local (by the regional offices), state (by the State Parent Locator Service - SPLS), and federal (by the Federal Parent Locator Service - FPLS). The sources available at the local and state level include: interviews, directories, utility companies, licensing authorities, employers, credit agencies, law enforcement officials, internet, postal service, banks, County Treasurers and Recorders, state agencies (Transportation, /Driver's License and Motor Vehicle, Health/Vital Records, Game and Fish, Secretary of State, State Tax, and Job Service), eligibility computer system, State and National Directory of New Hires (SDNH and NDNH), State and Federal Case Registry (SCR and FCR), other states' SPLSs, consumer credit agencies, and National Law Enforcement Telecommunications System (NLETS). Many of the sources available on the local and state level are automated. The responsibility for verifying the locate information is with the regional offices. The federal locate sources include: Social Security Administration, Internal Revenue Service, Department of Defense/Office of Personnel Management, Federal Bureau of Investigation, and Department of Veterans Affairs.	Locate activities are conducted by both state and regional office staff to determine noncustodial parents' residence addresses, employers, income sources, and/or assets. Primary sources used at the State level: Custodial Parent; Other DSS systems; State BOP system; Drivers License system; Department of Labor; Motor Vehicle Registration; GF&P; Boat Registration; UJS CJUS system; Sec. of State; National Guard; Law Enforcement agencies; Most Wanted Posters; Vital Statistics; Post Offices; Former Employers; Relatives; Neighbors. 5 state office staff perform specialized locate functions including Federal Parent Locator Service for accessing National Directory of New Hires, FCR, IRS, Social Security Administration, Department of Defense, Selective Service, National Personnel Records Center, Veterans Administration, other federal agencies; other States' CSE agencies; Nationwide Credit Bureaus; National Telephone Directory system; Internet; NLETS; and other sources. Most of the locate sources are accessed either by online query of the appropriate system, or by nightly automated batch interface, or both.	

Issue	North Dakota (CSE)	South Dakota (OCSE)	Comments
Paternity establishment (IV-D cases)	Paternity (for children born out of wedlock) may be established by the Voluntary Paternity Acknowledgement (VPA) process or by court adjudication. State law requires hospitals to provide parents the opportunity to sign a VPA at the time the child is born. The state office coordinates the activities with hospitals and the Vital Records agency, and provides brochures, videotapes, and training on the VPA processes. If a VPA has not been completed, CSE provides unmarried parents with the opportunity to complete one. If paternity is contested or either party wants genetic testing, CSE makes the arrangements for genetic testing to be conducted. At any time during the process, the parties may sign a stipulation and the signed stipulation is sent to the court for review and entry of an order. If there is no VPA or stipulation, CSE will petition the court for adjudication. CSE participates in the establishment proceedings.	Paternity (for children born out of wedlock) may be established by the acknowledgment process or by court adjudication. In addition, a genetic test result of 99% or more allows OCSE to establish a support obligation without requiring any further proceedings to establish paternity. State law requires hospitals to provide parents the opportunity to sign a VPA at the time the child is born. OCSE coordinates the activities with hospitals and the Vital Statistics agency, and provides brochures, videotapes, and training on the VPA processes. If either party requests genetic testing, OCSE makes the arrangements for genetic testing to be conducted. If there is no VPA or genetic tests; the parties have not entered into a stipulation; and the alleged father does not request or submit to genetic testing; OCSE refers the paternity action to a prosecutor for circuit court action.	

Issue	North Dakota (CSE)	South Dakota (OCSE)	Comments
Establishment process (Judicial vs. administrative) (IV-D cases)	Judicial CSE serves the NCP with a summons and complaint. Financial formation is gathered (from NCP and, if necessary, employers, state tax department, etc.). CSE calculates a guideline amount. If both parties agree with the amount, a stipulation may be signed and the signed stipulation is sent to the court for review and entry of an order. If one or both parties do not agree with the amount, CSE petitions the court. CSE participates in the establishment proceedings.	<u>Quasi-Judicial Process</u> OCSE serves the NCP with a Notice of Support Debt (NSD). If no financial statement is returned or a hearing is not requested within 10 days, OCSE prepares an order for support and submits it to the court for approval (along with the documentation of the NSD). If a financial statement is returned and no referee hearing is requested, OCSE will calculate the child support obligation based on the verified income information provided, prepare an order for support, and submit the proposed order (along with the NSD documentation) to the court for approval. If the NCP requests a referee hearing, OCSE makes a referral to the court to appoint a referee to conduct an NSD establishment hearing. OCSE agency participates in the NSD establishment proceedings. <u>Judicial Process</u> The judicial process is used when the NCP contests paternity, does not submit to genetic testing, and it is necessary to make a prosecutor referral to establish paternity in circuit court.	
Guidelines model	Obligor model	Income shares	

Issue	North Dakota (CSE)	South Dakota (OCSE)	Comments
Review and Adjustment process (IV-D cases)	Reviews may be conducted every three years. CSE sends pre-review notices to both parties. CSE gathers financial information (from NCP and, if necessary, employers, state tax department, etc.). CSE calculates a guidelines amount and notifies both parties of the outcome of the review. If both parties agree to the adjustment, a stipulation may be signed and the signed stipulation is sent to the court for review and entry of an adjusted order. If one or both parties do not agree to the adjustment, CSE petitions the court. CSE participates in the establishment proceedings.	Two processes. <u>Simplified Modification Process</u> Either party may request a modification at any time with a showing of a change in circumstances. The requesting party completes a petition and sends it to OCSE. OCSE reviews the petition for completeness and then submits it to the Clerk of Court. The court appoints a referee and the referee conducts a modification hearing. Referee submits a recommended order to the court. Court enters modified court order if no objections have been filed. If objections are filed, hearing is scheduled in Circuit Court and court order will be entered after hearing. OCSE only participates in the proceedings in current TANF cases. <u>Administrative Reviews</u> Very few requests for reviews are submitted due to the availability and accessibility of the simplified modification process. Administrative reviews may be requested every three years. OCSE sends pre-review notices to both parties; gathers financial information from NCP and, if necessary, employers, etc. OCSE calculates a guideline amount and notifies both parties of the outcome of the review. If both parties agree to the adjustment, a stipulation may be signed and the signed stipulation is sent to the court for review and entry of an adjusted order. If one or both parties do not agree to the adjustment, OCSE notifies both parties that if they want to proceed with a modification action, they must file a petition.	

Issue	North Dakota (CSE)	South Dakota (OCSE)	Comments
Enforcement process	Administrative (IV-D cases only unless otherwise specified) - Income withholding* - Federal and state tax offset - Lottery offset - Credit bureau reporting - License and vehicle registration suspension - Passport denial - Liens on real and personal property - Executions on real and personal property - Financial Institution Data Match - Interstate referrals, if other enforcement actions are not successful - National Medical Support Notice * The state office issues income withholding orders in nonIV-D cases. The regional offices issue income withholding orders in IV-D cases. Judicial - Show Cause Hearings (to be scheduled by the Clerk of Court when there is a delinquency) - State criminal non-support prosecution - Federal criminal non-support referral to US attorney if NCP is outside of ND	Administrative (IV-D cases only) - Income withholding - Federal tax offset - Lottery offset - Credit bureau reporting - License restriction/revocation - Passport denial - Liens on real and personal property - Executions on real and personal property - Financial Institution Data Match - UI Intercept - Interstate referrals, if other enforcement actions are not successful - National Medical Support Notice (to enforce medical support) Judicial - Show Cause Hearings (to be used only when other enforcement remedies have failed) - Criminal non-support prosecution - Federal criminal non-support referral to US Attorney if NCP is outside SD	ND note: Although "UI Intercept" is not included as a ND enforcement remedy, it is only because the income withholding process is used to withhold from unemployment benefits.

Issue	North Dakota (CSE)	South Dakota (OCSE)	Comments
Enforcing medical support orders (IV-D cases)	CSE enforces medical support orders requiring the NCP to provide health insurance coverage that is available at "reasonable cost." (This usually means health insurance available through the employer.) Enforcement is through use of the administrative National Medical Support Notice (NMSN). CSE enforces "dollar specific" medical support orders. Uncovered medical expenses are only enforced if reduced to a judgment.	OCSE enforces medical support orders requiring the NCP to provide health insurance coverage that is available at "reasonable cost." (This usually means health insurance available through the employer.) Enforcement is through use of the administrative National Medical Support Notice (NMSN). Uncovered medical expenses are only enforced if reduced to a judgment. All OCSE Non-Medicaid kids, and all IV-D and NonIV-D Medicaid eligible recipients are submitted to a private vendor to conduct national data matches for health insurance coverage verifications and beginning/end dates of coverage; and to identify NCP employers who provide health insurance coverage for dependents if the child(ren) is not enrolled.	
Prosecutions Federal State	3 unaware of any in the past year	For SFY 2003 25 1,945	SD notes: - Federal: SD estimates that since 1993, there have been 187 federal convictions, and 12 cases paid in full to avoid prosecution. - State: SD estimates that there will be 2,600 in SFY 2004.
Statute of limitations on unpaid child support	None	20 years from date support is due	
State Disbursement Unit	Responsible for processing (receiving and distributing) all payments on IV-D and nonIV-D cases.	Responsible for processing (receiving and distributing) all payments on IV-D and nonIV-D cases.	
Interest charged	Yes. 12% simple interest.	No. OCSE does not calculate or collect interest unless requested and reduced to judgment by another state IV-D agency. (Discretionary with the courts on whether to grant interest or not. 1% per month if awarded.)	

Issue	North Dakota (CSE)	South Dakota (OCSE)	Comments
Funding FFY 2003 Federal General/County/Other Incentive Total	\$7.7 million \$3 million \$1 million 11.7 million	\$4,962,000 \$490,000 \$2,176,000 \$7.6 million	
Budget Salaries Operating Technology Scanning Web	\$5,996,625 \$2,836,679 \$2,812,574 (included in Operating) (included in Operating)	FFY-2003 data \$3,454,000 \$3,417,000* \$757,000 \$0 (included in Operating) *excludes technology	SD note: The figures listed for each category are approximate amounts.
Tribal involvement Reservations Cooperative agreements Other working relationships	5 none Infancy	9 Sisseton-Wahpeton Oyate Tribe has a federally funded Tribal OCSE program. Informal agreements with Rosebud and Cheyenne River Sioux Tribes.	

Issue	North Dakota (CSE)	South Dakota (OCSE)	Comments
Performance measures FFY 2003			SD note: from IV-D Collections Distributed (34A)
Support orders	86%	94%	
Paternity Establishment	95%	99%	
Current support	71%	67%	
Paying on arrears	69%	69%	
Cost effectiveness	\$5.10	\$7.80	
Overall ranking (PSI data)	3	1	
Total collections	\$59,434,527	\$56,792,862	
FTEs	151	105	
Total caseload	34,129	28,990	
Caseloads with orders	29,248	27,268	
Collections per FTE	\$393,606	\$540,884	
Cases per FTE	226	276	
Ordered cases per FTE	194	260	
Collections per case	\$1,741	\$1,959	
Collections per paying case	\$2,032	\$2,082	
Outstanding IV-D arrears balance	\$165 million	\$130 million	

Comparison between North Dakota and South Dakota
Child Support Enforcement Programs

The summary provided to the subcommittee on Monday, March 7, 2005, was a synopsis (with some numbers updated or added) of a broader comparison prepared in June 2004 for a legislative interim committee. To give the subcommittee a complete picture of our research to date, a copy of the full analysis is attached. An interstate referral guide (IRG) is available as well, but relies on descriptions written by each state that need further research. Our analysis started with the information on the IRG, but reflects much more extensive research.

The following are highlights to which we would draw the subcommittee's attention:

- South Dakota does not accrue judgment interest unless granted by a court. By statute, interest on arrears in North Dakota accrues interest at 12% like any other judgment. The current portion of the total statewide arrears balance attributed to judgment interest is relatively small, amounting to less than \$4 million of the \$206 million total balance owed on June 30, 2004.
- There are no material differences between South Dakota's process for establishing paternity and North Dakota's; both rely heavily on the voluntary paternity acknowledgment process.
- Although South Dakota describes its child support establishment process as "quasi-judicial," there is not a lot of difference between their process and North Dakota's – at least not enough to make a material difference.
- There is considerable difference between the review and adjustment process in the two states. The vast majority in South Dakota are done through an informal, pro-se type process with little involvement of the child support enforcement program. This is an area we are currently exploring.
- Enforcement remedies in both states are generally quite comparable, not only in the remedies used but also whether the use of those remedies requires judicial involvement. One notable exception is intercepting state income tax refunds. South Dakota has no state income tax.
- In South Dakota, contempt proceedings are used only when other enforcement remedies have failed. North Dakota is moving to this approach (HB 1172).
- South Dakota issues income withholding orders to financial institutions to seize money from accounts. We considered this approach, but believe it involves a change to the federally-mandated income withholding form that cannot be changed by states. Therefore, we proposed a similar process that does not use the federal form (HB 1173).
- South Dakota has had 187 federal criminal prosecutions, compared to only a handful in North Dakota.
- South Dakota allows certain obligors to make electronic payments in lieu of income withholding. Senate Bill 2288 authorizes the same approach.

Sub Comm

2301

County Expenditures for Human Services
July 1, 2003 - June 30, 2004

	a				b		c		d		e		f		g		h		i		k		l	
	Child Support Expenditures	Other Economic Assistance Expenditures	Other Human Service Expenditures	Total County Human Service Expenditures							State/Federal Reimbursements (Except Indian Co.)	Net County Cost-Dollars (Before IC)	Net County Cost-Mills (Before IC)	Net County Cost-Dollars (After IC)	Net County Cost-Mills (Before IC)	IC Allocation (90% of EA Only - Over Statewide Avg.)	Net County Cost-Dollars (After IC)	Net County Cost-Mills (Before IC)	Additional to IC Reimburse Reach 100%	Net County Cost-Mills (with 100%)				
Adams	13,157	91,131	165,459	256,590							50,344	206,247	29.51		206,247		-		-	29.51				
Barnes	103,874	357,769	487,036	844,805							174,153	670,651	20.31		670,651		-		-	20.31				
Benson	72,751	373,234	472,877	846,111							254,481	591,630	48.23		371,924	219,706		24,412		28.33				
Billings	Combined with Golden Valley																							
Bottineau	32,373	229,469	301,030	530,499							121,323	409,176	18.06		409,176		-		-	18.06				
Bowman	20,990	157,816	168,827	326,643							49,794	276,849	20.57		276,849		-		-	20.57				
Burke	8,193	69,599	73,514	143,113							20,908	122,205	14.25		122,205		-		-	14.25				
Burleigh	599,887	1,743,404	2,597,415	4,340,819							1,032,519	3,308,300	22.81		3,308,300		-		-	22.81				
Cass	877,585	2,727,331	5,231,542	7,958,873							2,160,244	5,798,629	19.48		5,798,629		-		-	19.48				
Cavalier	17,012	285,571	300,231	585,803							160,056	425,747	22.09		425,747		-		-	22.09				
Dickey	29,963	198,366	302,991	501,357							157,483	343,874	22.57		343,874		-		-	22.57				
Divide	8,052	68,666	100,054	168,720							23,065	145,656	16.12		145,656		-		-	16.12				
Egan	28,135	180,898	211,563	392,461							90,001	302,460	24.63		272,193	30,267		3,363		21.90				
Eddy	14,449	100,484	79,634	180,119							25,417	154,701	24.47		154,701		-		-	24.47				
Emmons	11,738	154,474	94,136	248,610							37,801	210,809	15.62		210,809		-		-	15.62				
Foster	20,076	99,690	87,747	187,437							28,408	159,029	13.13		159,029		-		-	13.13				
G. Valley	16,567	95,480	117,836	213,317							45,553	167,764	16.56		167,764		-		-	16.56				
G. Forks	608,885	1,563,084	2,251,061	3,814,145							922,961	2,891,184	23.15		2,891,184		-		-	23.15				
Grant	12,859	107,364	145,475	252,840							61,211	191,629	24.52		191,629		-		-	24.52				
Griggs	12,411	131,065	115,968	247,033							58,879	188,154	22.38		188,154		-		-	22.38				
Hettinger	16,142	123,727	162,002	285,730							87,118	198,612	22.50		198,612		-		-	22.50				
Kidder	10,580	108,052	65,983	174,034							20,165	153,869	16.73		153,869		-		-	16.73				
LaMoure	21,985	134,475	190,117	324,592							67,677	256,915	16.89		256,915		-		-	16.89				
Logan	2,741	91,227	49,903	141,129							25,462	115,667	17.61		115,667		-		-	17.61				
McHenry	35,689	162,276	209,784	372,061							60,257	311,804	15.20		311,804		-		-	15.20				
McIntosh	9,549	139,437	91,637	231,071							40,125	190,949	20.19		190,949		-		-	20.19				
McKenzie	61,251	224,357	214,411	438,768							61,036	377,732	23.72		320,611	57,121		6,347		19.73				
McLean	56,192	250,990	278,572	529,562							75,123	454,439	19.00		454,439		-		-	19.00				
Mercer	52,228	223,348	301,965	525,313							110,927	414,386	22.89		414,386		-		-	22.89				
Morton	253,642	890,347	1,204,201	2,094,548							465,739	1,628,809	31.02		1,628,809		-		-	31.02				
Mountrail	57,099	344,173	287,128	631,302							123,673	507,629	34.77		351,152	156,477		17,386		22.86				
Nelson	15,781	177,219	135,725	312,944							80,988	231,956	21.47		231,956		-		-	21.47				
Oliver	10,580	82,919	68,185	151,104							22,277	128,827	24.88		128,827		-		-	24.88				
Pembina	51,268	301,058	355,689	656,747							137,835	518,912	18.50		518,912		-		-	18.50				
Pierce	23,826	134,736	248,290	383,026							105,721	277,305	20.44		277,305		-		-	20.44				
Ramsey	363,633	118,906	1,276,115	1,395,021							566,864	828,157	35.00		828,157		-		-	35.00				
Ransom	30,220	132,021	221,746	353,767							80,664	273,103	17.33		273,103		-		-	17.33				
Renville	9,494	84,866	88,452	173,318							64,616	108,702	11.02		108,702		-		-	11.02				
Richland	106,206	287,582	692,099	979,681							257,612	722,069	15.87		722,069		-		-	15.87				
Rolla	139,789	736,312	470,982	1,209,294							203,878	1,005,416	109.57		336,590	668,825		74,314		28.58				
Sargent	21,125	124,325	145,963	270,287							87,041	183,247	13.33		183,247		-		-	13.33				
Sheridan	10,580	87,610	71,084	158,694							24,006	134,688	22.76		134,688		-		-	22.76				
Sisoux	39,734	251,993	113,410	365,403							38,999	326,403	160.26		113,200	213,204		23,689		43.95				
Slope	Combined with Bowman																							
Stark	277,796	842,445	1,544,445	2,368,891							672,753	1,714,138	47.41		1,714,138		-		-	47.41				
Steele	9,322	123,517	119,974	243,491							84,569	158,923	15.84		158,923		-		-	15.84				
Stutsman	216,012	606,986	1,132,914	1,739,900							360,955	1,378,945	29.27		1,378,945		-		-	29.27				
Towner	15,731	87,391	80,805	168,196							35,276	132,920	11.59		132,920		-		-	11.59				
Trail	41,871	226,163	533,227	759,390							200,583	558,807	22.88		558,807		-		-	22.88				
Walsh	114,430	363,436	576,593	940,029							258,741	681,288	22.34		681,288		-		-	22.34				
Ward	483,551	1,445,886	2,192,611	3,638,497							788,503	2,849,994	28.35		2,849,994		-		-	28.35				
Wells	14,798	179,579	198,087	377,666							55,709	321,957	19.28		321,957		-		-	19.28				
Williams	254,572	795,254	1,114,984	1,910,237							489,335	1,420,902	40.42		1,420,902		-		-	40.42				
Total	5,336,377	18,619,507	27,741,481	46,360,987							11,228,825	35,132,163	26.80		33,786,563	1,345,600		149,511		22.90				

2301 Sub Comm.

Fargo Regional Child Support Enforcement
Expenditure Report

Year	Expenditure	Percent Change
1998	811,715.12	11.96%
1999	891,089.55	9.78%
2000	985,171.32	10.56%
2001	1,052,986.24	6.88%
2002	1,072,903.80	1.89%
2003	1,113,925.46	3.82%
2004	1,189,402.72	6.78%

#6A

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2301

Page 1, line 6, remove the second "and" and after "50-24.1-03.2" insert ", and 54-12-08"

Page 1, line 8, after "program" insert "and the appointment, revocation, and compensation of special assistant attorneys general;"

Page 10, line 30, remove "The salary of each special assistant attorney general must be paid by the state"

Page 10, remove line 31

Page 12, after line 17 insert:

"SECTION 14. AMENDMENT. Section 54-12-08 of the 2003 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-12-08. Assistant and special assistant attorneys general - Appointment - Revocation - Compensation. After consultation with the head of the state department or institution or with the state board, commission, committee, or agency affected, the attorney general may appoint assistant or special assistant attorneys general to represent the state board, commission, committee, or agency. A state officer, head of any state department, whether elected or appointed, or state department, board, commission, committee, or agency may not employ legal counsel, and no person may act as legal counsel in any matter, action, or proceeding in which the state or any state department, board, commission, committee, or agency is interested or is a party, except upon written appointment by the attorney general. Workforce safety and insurance, the department of transportation, the state tax commissioner, the public service commission, the insurance commissioner, the board of higher education, the department of human services, and the securities commissioner may employ attorneys to represent them. These entities shall pay the salaries and expenses of the attorneys they employ within the limits of legislative appropriations. The attorneys that represent these entities must be special assistant attorneys general appointed by the attorney general pursuant to this section. Absent good cause, the attorney general shall appoint as special assistant attorneys general licensed attorneys selected by these entities. The attorney general may revoke the appointment only for good cause or upon the request of the entity. Good cause means an inadequate level of experience, competence, or ethical standards. The powers conferred upon special assistant attorneys general are the same as are exercised by the regular assistant attorneys general, unless the powers are limited specifically by the terms of the appointment. Except as otherwise provided by this section, an appointment is revocable at the pleasure of the attorney general. The appointment may be made with or without compensation, and when compensation is allowed by the attorney general for services performed, the compensation must be paid out of the funds appropriated therefor. The attorney general may require payment for legal services rendered by any assistant or special assistant attorney general to any state official, board, department, agency, or commission and those entities shall make the required payment to the attorney general. Moneys received by the

attorney general in payment for legal services rendered must be deposited into the attorney general's operating fund. General fund moneys may not be utilized for the payment of legal services provided by the attorneys employed by the attorney general, except for those payments required of the department of human services, state department of health, and the state hospital."

Renumber accordingly

*SB 2301
opposition*

**TESTIMONY
SENATE BILL 2301
HUMAN SERVICES COMMITTEE
CLARA SUE PRICE, CHAIRMAN
MARCH 8, 2005**

Chairman Price and members of the House Human Services Committee, my name is Darrell Vanyo. I am a Cass County Commissioner and I am here to submit testimony on behalf of the entire Cass County Commission regarding Senate Bill 2301 and to ask for your consideration in either amending or NOT passing this bill.

As with most legislation, the questions that typically arise are, "why are we considering this and what is the upside or downside of such suggested legislation?" I believe that this committee has already heard testimony or has already been briefed about the anticipated benefits of SB2301. I am here today because I am concerned about the changes to the original bill draft and because I believe some new questions need to be answered as well.

Questions such as - what problem is this legislation really fixing and is statizing the only way? I would like to use some of the reported numbers regarding child support services to suggest to you that we may not need a complete overhaul of administration in order to make improvements. I did not testify while the bill was in the Senate committee hearings simply because I lacked enough of the facts to support my concerns at that time. About the

time that the Senate was voting to pass this bill, I received numerous documents which would suggest to me that, if this bill is passed, we may be making a move which could endanger the very positive steps which this state has taken in recent years regarding Child Support Services.

The issues that I will cover today are 1) county funding of a state-administered child support services program, 2) reservation counties and their current financial shortfall, 3) cost effectiveness, 4) cost efficiency, 5) outstanding arrears, and 6) lack of interest on the part of counties regarding this bill.

Issue #1 - If the state wishes to administer the program and have Child Support staff become state employees, then county property taxes should not be involved - it should be state taxes being used for a state-administered program. Please consider the precedent being set here of using the county taxing authority to fund a program administered by the state!

Issue #2 - The shortfall which reservation counties are really experiencing amounts to a total of \$125,000 per year. This does not lead me to believe that overhauling the current system is necessary for that amount of money. There is a lot of risk in moving to a state-administered program. Is a \$125,000/year problem worth the risk of making such a dramatic move? The answer to solving the financial problems of the reservation counties may not lie in the

restructuring of the entire program, but in considering alternative solutions and, in the interim, providing financial assistance to those reservation counties in need. Viable options include:

- Creating a ninth regional child support enforcement unit for tribal cases.*
- Assisting tribal units in accessing federal money to establish tribal IV-D programs under new federal regulations.*
- Subsidizing tribal cases through direct reimbursement or enhancement of current reservation county funding.*

Please consider this in your deliberation and ultimate decision.

Issue #3 - There has been much discussion in the Senate concerning the potential for more cost effectiveness in a state-administered program. I wish to point out that the overall effectiveness ranking of North Dakota is # 3. Yes, it is true that South Dakota is ranked # 1, but that does not mean that there is anything drastically wrong with being # 3. North Dakota collects on 72% of all monies owed for child support. Only one other state does better - that is Pennsylvania at 75%. In this measurement, South Dakota comes in 6th with 67%. There is no goal tied to this legislation that would suggest that someone have accountability for raising the ranking to # 2 or #1, or at least maintaining the # 3 ranking. Neither is there any statement regarding a commitment to collecting on more than 72%. Do we really have a problem with the effectiveness of a regional child support services program? Please consider what problem we are trying to fix when making a decision on this bill.

Issue # 4 - There has been much discussion in the Senate concerning the potential for more cost efficiencies in a state-administered program.

Currently, the cost benefit ratio (dollars collected for each \$1 spent) for North Dakota is \$5.10 (top 1/3 of the nation) and \$7.80 for South Dakota (#2). The average for the eight regional offices is \$11.70. How is a state-administered system really going to improve this cost benefit ratio? Where is the proposal under a state-administered child support services program that shows projections for costs and collections which would improve our current ratio? Again, please consider what problem we are trying to fix and ensure that you know in advance how such an overhaul of the system will be more efficient.

Issue # 5 - There has been discussion about the fact that North Dakota has approximately \$180 million in outstanding arrears. This is an alarming number, yet I would ask to see a breakdown of this amount. There is a significant amount which arguably should be written off as uncollectible and there is a significant amount that is there because of compounded interest. I do not have this breakdown, but do feel it is important to understand what numbers are being tossed about and how they may or may not improve with the bill before you today. Please consider what is really behind numbers such as these and understand to what degree they will change, if at all, in a state-administered program.

Issue # 6 - *Why haven't more counties been vocal in this bill?* 1) *Let's start with the reservation counties. I think you can appreciate the fact that they would not oppose a bill which would financially benefit them.* 2) *Most other counties in the state, excluding Burleigh, Cass, Grand Forks and Ward, have anywhere from a few thousand to maybe tens of thousands of dollars currently spent on child support services. That's not a whole lot of dollars to warrant getting overly excited about legislation such as SB2301. So most counties are content not to get too involved in something in which they already have delegated to the larger counties within their regions.* 3) *That leaves the larger counties. The Cass County Commission voted unanimously to ask the Senate Appropriations Committee to consider alternatives to the proposed 40% county funding of a state-administered program and further asked them to consider what efficiencies and effectiveness measures would ensure that state administration is better than regional administration. We did this in the form of a letter to the Appropriations Committee Chair. I cannot speak for the other larger counties, but I surmise that there may be a certain amount of complacency about something which will free up a certain amount of county dollars in the future. I only hope that in the future, the North Dakota taxpayer doesn't pay more in combined state taxes and county property taxes than they did previously with a regionally administered program. Please do not allow silence on the part of most counties to infer that everyone is okay with state*

administration. As with most things, those who are impacted the most are usually the ones who have the greatest stake in what change can do to them. Those who are impacted very little simply don't have much interest one way or the other.

The North Dakota Association of Counties has stood for the majority of counties in their support of the original bill draft. Most recently, NDACo asked that the current bill be amended to go back to its original state whereby the counties would be reduced to zero, over time, with regard to their financial support of a state-administered program. If this were done and some accountabilities put in place for achieving the effectiveness and efficiencies that are being voiced for a state-administered child support system, then I and my fellow commissioners could go along with an amended version of this current bill. The North Dakota Association of Counties has even offered another alternative to this legislation which should be given very strong consideration. Without such amendments or consideration for alternatives, I would respectfully ask this committee for a DO NOT PASS on SB2301.

Kathy Ziegelmann, a regional director of child support services, is here in attendance today. Kathy, or I, would be happy to answer any questions which you may have. Thank you for the opportunity to testify on SB2301.



February 8, 2005

Board of County Commissioners

Scott Wagner
Fargo, North Dakota

Vern Bennett
Fargo, North Dakota

Ken Pawluk
Fargo, North Dakota

Darrell W. Vanyo
Fargo, North Dakota

Robyn Sorum
Horace, North Dakota

Honorable Ray Holmberg, Chairman
North Dakota Senate Appropriations Committee
600 East Boulevard
Bismarck ND 58505

Dear Senator Holmberg and Committee Members:

The Senate Appropriations Committee will soon hear testimony regarding SB 2301 concerning child support enforcement services in North Dakota.

On Monday, February 7, 2005, the Cass County Board of Commissioners reviewed the bill in great detail. Several questions arose, and, as chairman of the board, I am respectfully seeking information. First, would it be feasible for your committee to ask for a plan from the State Child Support Office that would set forth the anticipated cost-saving measures and organizational efficiencies? Currently, the State of North Dakota ranks third in the nation and the fiscal note with SB 2301 seeks to add 2.5 full-time employees. If there was a detailed plan, we may be in a better position to understand how the new system would improve upon what we have.

Lastly, could the committee discuss under what taxing authority county property taxes may be collected for remittance to the State for administering a State-operated program? Would the Senate Appropriations Committee consider exploring alternative funding mechanisms to supplement the Federal reimbursements and incentive payments already available to the program?

On behalf of the Board of Commissioners, I appreciate the opportunity to convey our concerns.

Sincerely,

Darrell Vanyo, Chairman
Cass County Board of Commissioners

jhs

Joyce Schepp
Commission Assistant

cc Cass County Commissioners
North Dakota Association of Counties
North Dakota County Commissioners Association
Senator Judy Lee
Carol Olson, North Dakota Department of Human Services

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K:\Vanyo\SB2301 2-8-05.doc

3-23-05

Federal Fiscal Year 2003	North Dakota	South Dakota
Performance Ranking*		
Paternity Establishment Percentage	16 @ 95.1 %	9 @ 99.2%
Percent of cases with an obligation	7 @ 85.7%	1 @ 94.1%
Percent of Current Support Collected	2 @ 71.3%	6 @ 67.1%
Percent of cases with collection on arrears	6 @ 68.8%	4 @ 69.2%
Cost effectiveness	17 @ \$5.10	2 @ \$7.80
Overall Ranking	3	1
IV-D Caseload	39,946	42,546
Lack of Jurisdiction cases*	5,817	13,556
Net caseload	34,129	28,990
Reservations	5	9
Staff	151	105
Outlying offices	8	8
Expenditures – (Millions)	\$11.7	\$7.6
Federal	\$7.7	\$5.0
Incentives	1.0	2.1
State/County	3.0	0.5
Total IV-D collections (Millions)	\$59.4	\$56.8
Collections per FTE	\$393,606	\$540,884
Cases per FTE	226	276
Collections per case	\$1,741	\$1,959
Outstanding Arrears (Millions)	\$165	\$130
2003 Incentives earned	\$1,264,209	\$1,660,526
*All ranking data exclude cases where Lack of Jurisdiction is an issue. These cases are excluded in the comparisons as part of the federal performance criteria.		

Wynne
1/11/2005

**Summary of Federal Report Data
FFY 2003 & 2004**

Federal Incentives		North Dakota		South Dakota	
		FFY 2003	FFY 2004	Change	
IV-D PEP		95.1%	100.8%	5.8%	
Obligation Rate		85.7%	86.6%	0.9%	
Percent of Current Support Paid		71.3%	72.0%	0.7%	
Percent of Cases Paying on Arrears		68.8%	67.3%	-1.4%	
Cost Effectiveness		\$5.10	\$5.37	\$0.27	
Collections from 157 Report					
Current Assistance Collections		\$3,204,766	\$2,948,720	-8.0%	
Former Assistance Collections		\$13,125,514	\$14,210,017	8.3%	
Never Assistance Collections		\$43,104,247	\$46,088,343	6.9%	
Total Collections		\$59,434,527	\$63,247,080	6.4%	
Ratios					
Total Caseload		34,129	35,347	1,218	
Ordered Caseload		29,248	30,607	1,359	
Collections per Case		\$1,741	\$1,789	2.7%	
Collections per Ordered Case		\$2,032	\$2,066	1.7%	
FTE		151	153	1.3%	
Cases per FTE		226	231	2.2%	
Ordered Cases per FTE		194	200	3.3%	
Collections per FTE		\$393,606	\$413,380	5.0%	
		28,990	29,883	893	
		27,268	28,010	742	
		\$1,959	\$2,011	2.7%	
		\$2,083	\$2,145	3.0%	
		105	105	0.0%	
		276	285	3.1%	
		260	267	2.7%	
		\$540,884	\$572,329	5.8%	