

## **MFSRC Annual Conference 2006**

Good morning, everyone! Welcome to this year's conference. There will be lots of sessions with very pertinent information. The next few days will present many opportunities to renew old acquaintances and make new friends. Spending time with your colleagues can be both informative and fun. Please make the most of all the opportunities that this conference offers, both on and off the official agenda.

I want to extend my thanks to MFSRC for making it possible for so many state staff to attend this conference. This conference embodies the spirit of state/county collaboration and we are happy to be a part of it.

My comments will come in two parts. The first part will be an update of activities for the past year. The second part will be a presentation of the results we found for orders that went through the review and adjust process for the past year.

By this time next year we will have been through nine months using the new child support guidelines. I hope I see as many bright faces out there then as I do now. I'm sure I will. The pressure is on us at DHS to make sure we can deliver the new policies, functionality, and forms by January 1<sup>st</sup>. We will then pass this pressure on to the counties and the courts which will be on the front lines of implementation. We are doing everything we can to make the new guidelines policy work for you and for the people of Minnesota. Getting the guidelines implemented is our top priority and will remain so until this is done. For a huge project it has to date gone remarkably smoothly. This is due to the great state staff we have working on this and to the collaboration we have had with the counties and the courts. We have had a tremendous amount of input from counties on this project.

The county workgroup—which includes fifteen county members—and other county staff have invested over 2000 hours working on the guidelines project helping to provide direction, reviewing and commenting on policy, and even testing the worksheet!

Through August we have invested just over 30,000 hours of state staff time working on guidelines. This time represents policy analysis, writing policy, functional analysis, programming, testing, identifying and making changes to brochures and documents for the public, writing and delivering training, and outreach activities.

We now have a list of implementation deliveries and target dates that you can see on DHS SIR. We are working on this and plan on submitting it for the MFSRC newsletter and having it on DHS SIR. We have worked hard to have the policy available when the system changes are delivered. We are working hard to have the tools you need, whether its system assists, documents, or policy, available when you will need to use them. We have worked hard to help the transition by training in phases and the Last Chance training – the third in the series – is being finalized as we speak.

With respect to Guidelines policy development, I want to provide special recognition to four counties who have allowed us to use the services of some of their key staff over the past year and to recognize those individuals as well.

Scott County—Jolene Annen  
Hennepin County—Tonya Berzat and M.J. Swarts  
Dakota County—Jenny Nystrom and  
Ramsey County—Carol Rydberg

These individuals have been critical to our making progress on this big effort. We will certainly miss them when they leave. Will you please give them a big hand?

Fifteen counties have also agreed to assist us in guidelines training by providing individuals who will assist our trainers. For those of you in this group we look forward to working with you.

We have a modest legislative agenda for the next session. This is what we're proposing:

- Make further clarifications and tweaks to the guidelines;
- Change the interest rate charged on child support judgments by eliminating the extra 2%;
- **Administratively** stop interest accrual after 12 months;
- Extend life of child support judgments until they are paid in full, that is, the judgments will not have to be renewed;
- Include child support under the Commissioner's authority in Minn. Stat. 256.017, which is called the Compliance System; and
- Simplify the redirection of child support.

The Deficit Reduction Act! What can I say? This legislation came out of nowhere and clobbered human services, including child support, in the funding area. Beginning in FFY 07 states will no longer receive FFP when they spend their federal incentives. Minnesota will have a \$24 million problem that can be solved with an \$8 million infusion of cash, but there is no solution that I am aware of at the moment.

In February of this year it looked like we were going to have to implement a \$25 annual fee for never assistance cases. We proposed legislation to accomplish this and it passed. We were then told by the feds that we should do nothing until final regulations were issued. More recently we were told that we did after all have to implement this act this year—FFY2007. We have reconstituted our project team to determine how this will be done. This \$25 annual fee was also a requirement of DEFRA. There are other provisions of DEFRA, but I don't have time to talk about them today.

Minnesota continues to do well as a state on the Self-assessment reviews, but we continue to have difficulty in two areas: case closure and establishment of paternity and child support orders. In the latter category we improved 7% over the previous year and as in previous years, lack of timely service of process continues to be the main reason for the poor—but improving—percentage in establishment.

We continue to have a perfect record on data reliability. It is extremely important to maintain this standard because our incentive funding depends on us passing the data reliability audits. Please keep up your good work.

There are four counties I'd like to recognize for their outstanding performance in the past year as measured by the self-assessment reviews. Faribault-Martin Counties, Benton County and Washington County passed every one of the self-assessment measures. They deserve a big hand for this achievement.

On the five federal performance measures our performance in FFY 05 was pretty much the same as in FFY 04. You can read about this on the last page of the 2006 performance report that will be on-line at our website. One may ask with the pending budget cuts due to DEFRA, how will we have time to concentrate on performance and self-assessment concerns? The answer is that this is exactly the time when these concerns are most important. We will need to be innovative and improve our processes if we are going to make the most of the resources we have and continue to be successful.

Over the past year we have had some difficulties with two state agencies: Department of Employment and Economic Development and the Department of Health.

DEED had proposed to terminate county direct access to its online information. We were able to negotiate a continuance of the current—direct access—policy in return for an agreement to substitute this access with an interface in the future. Work on that interface is underway now. The ultimate solution will include other DHS needs besides just child support.

We have negotiated a new agreement with Department of Health that includes provisions to improve the accuracy of the data, clean up over 1,000 birth records, and improve the ROP training given to hospital staff. We're hoping these changes go a long way to improving the services we get from the Department of Health.

This has been a busy year for CSED trainers. Here are some highlights. Along with staff from MFIP and Workforce, they have:

- Facilitated "Better Outcomes through Collaboration" workshops around the state, with local office participants from the Child Support, MFIP, and Workforce programs.
- Provided basic policy and system training for new and experienced child support staff.
- Provided training related to new system or policy such as the new MAXIS interface screens and guidelines.
- And, they have produced distance learning content that people can use on their own -- - most notably, the Guidelines First Look DVD.

And finally: CSED trainers are now in the final stages of preparing the Guidelines Last Chance courses to train new PRISM functionality for the guidelines changes. Along with 21 county and state co-trainers, our trainers will be doing more than 80 classes for about 1,000 people around the state in November, December, and January.

In the past year there were two positive developments involving tribal IV-D programs in Minnesota. Both the Red Lake and White Earth Nations have received start up funding to establish child support programs on their reservations. We have met with both tribes and will continue to meet with them so as to make these initiatives successful. You will, no doubt, hear more about this in the coming year as both nations want to begin case processing on a limited scale in 2007, probably toward the middle or late in the year.

I talked last year about getting started about a project to do a better job with low income families. We have established a project with this goal and its name is SHLIF—Strategies to Help Low Income Families. SHILF does not aim to create a new program just for low income families, but to make the existing IV-D program work better for them. The project will focus on program areas that are of particular significance to these families: incarceration, unemployment, payment of current support, large arrears balances, and improving both the quality and number of our contacts with advocacy groups that service these families.

Last year I had several overheads to demonstrate the payment practices of the non-custodial parents we have in our program. Clearly, we were—as was the country as a whole—having most of our difficulty with low-income non-custodial parents. I want to say a little more about this this year, talk about the role review and adjust plays in the child support program, share an analysis we did of review and adjust, and point out its impact on the payment of child support.

There are many reasons for modifying a child support obligation. We all know how difficult it can be when parents do not cooperate in the establishment of support orders. Orders based on imputed—soon to be potential--income—though in many cases a necessity—are frequently wrong and lead to an accumulation of arrearages. It is important to get these orders corrected as soon as possible and I contend that doing so will result in positive results for children and families.

**[PICTURE 1]** If you were here last year, this will look familiar to you. This is a picture of the current support performance percentage for Minnesota obligors grouped by income. As you can see, the biggest problem—where the percentage is lowest—is in the low income group.

**[PICTURE 2]** The second picture—which I also showed last year—shows the accumulation of arrears. You will note that this accumulation is most pronounced in the low-income portion of the caseload.

**[PICTURE 3]** This picture represents the results of 6000 modification actions that took place in 2005. The picture shows the current support payment percentage for these cases

three months before modification and three months after. The yellow line represents instances where the order was increased. The red line indicates instances where the order was decreased and the green line indicates situations where the order did not change. For these cases the overall current support payment percentage rose by 13.5%.

**[PICTURE 4]** This picture represents the same 6000 cases but looks at the dollars paid rather than the current support percentage. The colors indicate the type of modification, the same as they did in the previous picture. The net change was an increase of approximately \$1.5 million or about \$250 per case.

So, for all these cases the impact was a significant improvement in both the amount of support paid and in the percentage of support paid. We broke these 6000 cases into two groups: those whose orders before modification were \$400 or more and those whose orders were less than \$400. The next two pictures show payments before and after modification for orders over \$400 per month.

**[PICTURE 5]** This picture represents the payment percentage. What I think is interesting about this picture is that there was significant improvement (9.5%) in the current support payment percentage for those with no change in their orders. Perhaps just going through the process made things more understandable and better. As a whole, the payment percentage for this group increased by 15.4%.

**[PICTURE 6]** This picture shows the changes in the amounts paid for this same group with orders greater than \$400 per month. The net amounts paid for these cases decreased by a little over \$100,000. Wow! That's not good. I shouldn't have shown that one.

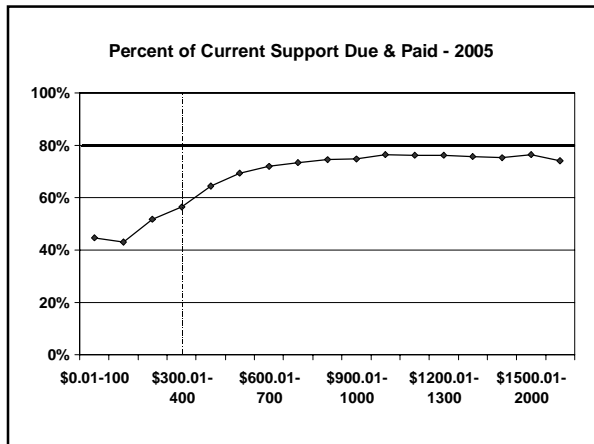
But let's look at the cases where the orders started out less than \$400.

**[PICTURE 7]** These represent 72% of the 6000 cases I mentioned earlier. The current support percentage increased 13.8%. For just those instances where the modification was a decrease the increase was 47.1%--**over 47%!**

**[PICTURE 8]** The last picture shows the changes in the amount paid for this group. The amount paid increased by \$1.6 million more than compensating for the \$100,000 loss in the upper income cases.

I hope you found this information interesting and useful. I think the lessons are clear. Review and adjust seems to make a real difference in behavior and is good for both people and the child support program. In the next year we will all be stretched to the max coming to grips with the new guidelines. Although the rules for granting modifications are different in the first year of the new guidelines, don't let review and adjust fall by the wayside. It is one of the most powerful tools we have to make the program work for families, and if the program won't work for families, it won't work for us.

Over the next few days I hope I have the opportunity to talk with you individually. I hope you have a great conference. Last, but not least, thank you for the wonderful work you do on behalf of Minnesota's children.




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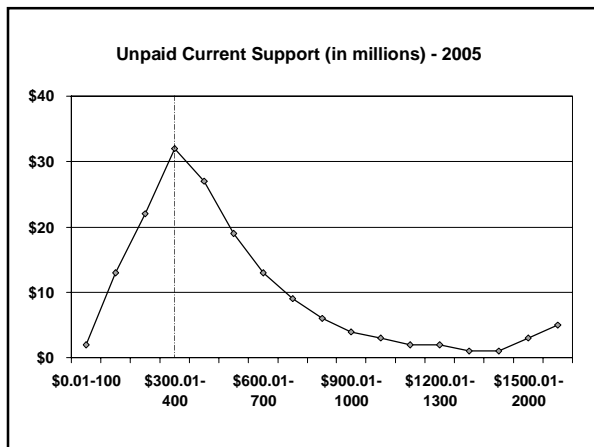
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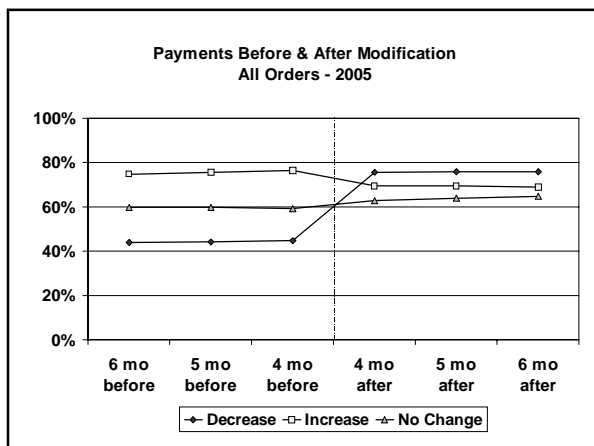
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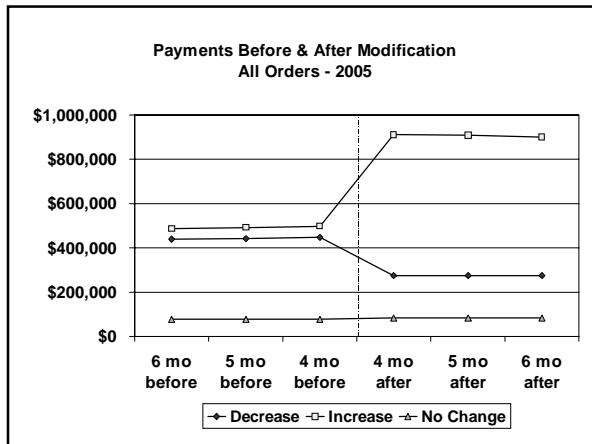
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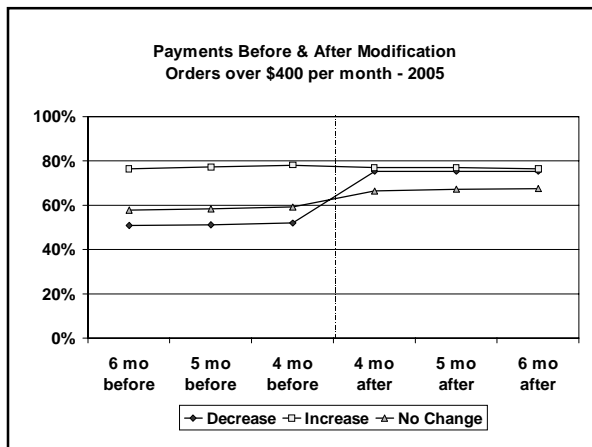
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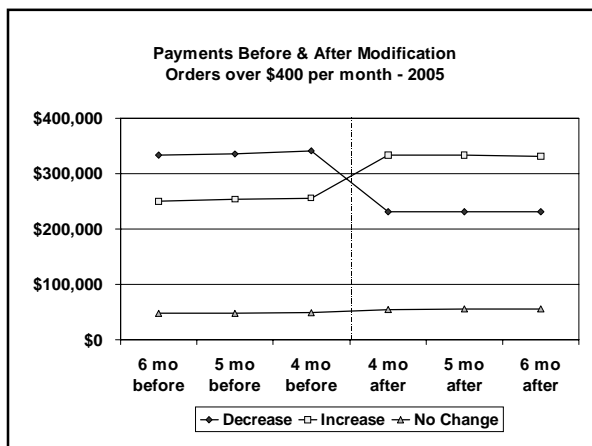
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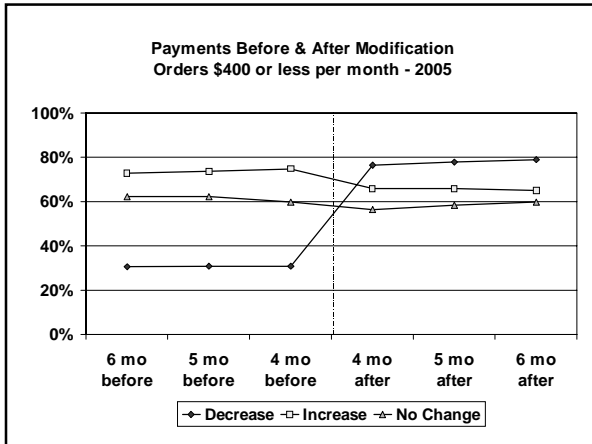
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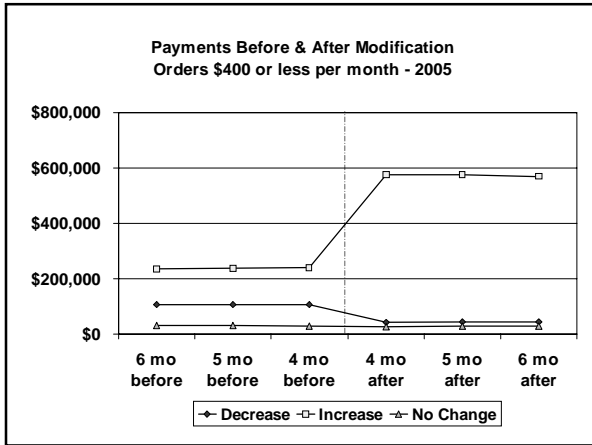
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