

EXECUTIVE SUMMARY

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Introduction

Since 1975, Nevada has participated in the federal/state child support program, known as the Title IV-D program,¹ by providing services to welfare recipients, former welfare recipients, and any custodial parent (CST) or non-custodial parent (NCP) who applies for child support services.

Nationally, one in three children at any given time lives in a single parent household and could be the beneficiary of child support services.² The services the program provides include activities that can lead to:

- Locating a Parent
- Determining a Child's Paternity
- Establishing a Financial and Medical Support Order
- Enforcing the Order
- Collecting and Distributing the Support
- Adjusting the Amount of the Order, when appropriate

Nevada's child support program has performed poorly compared to other state programs as illustrated in *Exhibit ES-1: Nevada's Performance Rank Relative to Other State Child Support Programs* below. In fact, in all five categories the federal government uses to measure performance and provides incentive dollars, Nevada is in the bottom six of the 50 states.³

| Nevada's Rank in the Five Federal Performance Measures among 50 States | | | | | |
|--|---------------------------------------|---------------------|---------------------------|--|--------------------|
| National Rank Among 50 States | Paternity Establishment* ⁴ | Order Establishment | Current Support Collected | Cases with Arrearages in Paying Status | Cost-Effectiveness |
| Nevada | 49 | 45 | 49 | 48 | 47 |

*Paternity category includes states that use a statewide measurement as well as the IV-D caseload measurement

Exhibit ES-1: Nevada's Performance Rank Relative to Other State Child Support Programs.

Recommendations

Our report's general conclusion is that Nevada's child support program's leadership needs to focus on ways to improve performance through:

- *Unprecedented collaboration between the state and the county child support staff through a focus on measuring successful outcomes rather than policy adherence*
- *Realignment of the local casework responsibilities*
- *Improved efficiency*
- *Centralization of selected functions*
- *An increased emphasis on customer service*

Shown below in *Exhibit ES-2: Ten Lead Recommendations to Implement to Improve Child Support Performance and Increase Collections* are the ten lead recommendations we are making to improve the program.

| Recommendation | Current Practice | Future Change | Program Performance Benefit |
|---|--|--|--|
| Restructuring of the program | PAOs conduct intake, locate and establishment for IV-A cases; DAs enforce them and offer full range of service in non IV-A cases | Merge PAOs and DA offices into 3 regional offices – Elko, Reno and Las Vegas. A state RA would oversee it with a county-chosen ROM as a county lead | Taking advantage of economies of scale, the regional offices would reduce staffing and casework redundancies |
| Centralizing functionality including a call center | Some required centralized functionality exists such as SCaDU, income withholding, interstate central registry | Centralize non-core functions such as FIDM and insurance matching and freezing/seizing, robust SPLS, lien registry, robust call center | Allows local workers to concentrate on core functions to move cases from one step to the next as quickly as possible |
| Measuring case performance and customer service | Measuring policy adherence at office level; 95% compliance rate | Measuring performance down to the individual level; task completion goals for office, unit, individual | Measuring what drives the program to success will lead to an emphasis on tasks that result in increased collections and efficiencies |
| Conducting training | Limited central training activities; some active training in Clark DA office and Reno PAO | Coordinated, comprehensive training offered in person or online to new and experienced workers needing a refresher | Well-trained staff should have a shorter learning curve and allow veterans to stay abreast of changes and to freshen knowledge – policy continuity will be more likely |
| Strategic planning for program and IT | Current efforts for state strategic plan underway | Gathering diverse input, state plans for future of program to ensure that all elements of the program are focused on the same goals | Better coordinated, shared vision approach should yield higher performance |
| Improving the paternity establishment process | Some paternity acknowledgments in hospital; buccal swabs taken by vendor; genetic test results may lead to rebuttable presumption of paternity, with hearing in front of hearing masters | Bolstered in-hospital paternity establishment; buccal swabs by case managers; conclusive presumption of paternity leads to only exceptional hearings | More acknowledgments in hospital; faster test results; fewer hearings to determine paternity should result |

Exhibit ES-2: Ten Lead Recommendations to Implement to Improve Child Support Performance and Increase Collections.

| Recommendation | Current Practice | Future Change | Program Performance Benefit |
|-------------------------------------|--|---|--|
| Using administrative process | Administrative process was used briefly in the past; the current model is to use quasi-judicial officials to adjudicate and enforce cases supplemented with some administrative procedures | Administrative process used for all adjudication and all enforcement not related to contempt or criminal prosecution; appeal right to court | Faster and less formal adjudication of cases should occur, with lesser need for attorney involvement and court writs |
| Issuing more robust reports | NOMADS limits reports that can be obtained to track office performance; no reports currently at the team or individual level | While NOMADS is still in use, extract data nightly to produce data warehouse in which data are mined for office, team and individual performance trends | Better ability to measure current performance, spot weaknesses and strengths, reverse negative trends and amplify and transfer positive trends in performance |
| Improving document handling | Documents are received at local and state offices, filed in folders | Image all incoming documents; ensure that courts will accept electronic signatures; have a mail room receive all incoming documents | Universal access to all documents in a case will help document sharing in inter-county cases and in PAO/DA cases until regionalization occurs |
| Replacing NOMADS | NOMADS is considered inflexible, hard to use, and contains bad data; too many unhelpful alerts and "work-arounds" | New system is user-friendly, GUI, based on realigned business process, with document retrieval and artificial intelligence components | Significant time savings, increased data analysis of current and future trending (through proactive neural net application), should result in increased productivity and performance |

Exhibit ES-2: Ten Lead Recommendations to Implement to Improve Child Support Performance and Increase Collections (continued).

Audit Background

The Nevada Legislature commissioned an audit to determine how customer service and performance in the child support program could be improved, by looking at best practices from around the country and within Nevada. MAXIMUS was selected as the vendor to conduct the audit and produce a report of our findings.⁵ MAXIMUS staff spent months interviewing close to 200 persons from around the state and the nation, surveyed parents, county case managers, county supervisors and state staff.⁶ About half of the state IV-D directors or their assistants were interviewed for this report, as were a few child support directors of large-county child support programs. Based on our interviews, survey responses, visits, research and our previous work in this area, we drafted a report that reflects our findings and recommendations for Nevada to transition its child support program to the upper tier of the nation's child support programs.

Nevada state and the county government workers were extremely forthcoming with information and documentation. We appreciate their time and candor. We believe that most workers strive to do their best for the children of Nevada. We hope these reforms will make that goal more attainable for them.

To put our recommendations in context, we provide the following snapshot of the child support program.

Child Support Program Caseload

A combination of state and county employees provides child support services. At the time this report was produced, over 400 program employees work over 116,000 cases.⁷ The Clark County District Attorney's (DA's) Office provides services for about 71% of the state caseload; the Washoe County DA Office provides services for about 12% of the State's total caseload.⁸ See *Exhibit ES-3: Nevada Jurisdictional Caseload* below.

| Nevada Jurisdictional Caseload - 7/06 | | |
|---------------------------------------|----------|------------|
| Office | Caseload | % of State |
| Carson DA | 2,504 | 2.14% |
| Churchill DA | 1,501 | 1.29% |
| Clark DA | 82,723 | 70.85% |
| Douglas DA | 773 | 0.66% |
| Elko DA | 2,502 | 2.14% |
| Humboldt DA | 1,301 | 1.11% |
| Lincoln DA | 175 | 0.15% |
| Lyon DA | 2,005 | 1.71% |
| Mineral DA | 619 | 0.53% |
| Nye DA | 2,305 | 1.97% |
| Pershing DA | 339 | 0.29% |
| Storey DA | 21 | 0.02% |
| Washoe DA | 13,931 | 11.93% |
| Ely CSE | 330 | 0.28% |
| Reno PAO | 4,531 | 3.88% |
| Elko PAO | 786 | 0.67% |
| Pahrump | 280 | 0.24% |
| NSWD Central Office | 126 | 0.10% |
| Total | 116,752 | |

Source: NV DWSS website - July 06 caseload

Exhibit ES-3: Nevada Jurisdictional Caseload.

The DA Offices provide services for most of the child support casework throughout the state. In a small percentage of cases, a few DAs have relinquished their control of the program and placed their cases with state offices. The state also manages

Program Area Offices (PAOs) to handle welfare cases from case setup through the establishment of an order. The lone exception is White Pine County where the state assumed responsibility for the child support program. The Reno PAO conducts a broader range of casework for some neighboring counties.

The Las Vegas PAO IV-D work has been transferred over to the Clark County DA Office. From Carson City, the state runs the interstate central registry, the systems shop (supporting NOMADS, the statewide child support/welfare computer system), policy, the collection center known as SCaDU (State Collection and Disbursement Unit), and an elemental, Division-wide VRU / call center.⁹

Child Support Program Funding

Child support program funding is a combination of state, federal and county funds. The federal government matches state or local contributions with Federal Financial Participation (FFP) at a rate of 66 cents for every 34 cents in state or local contribution towards the administration of the program.¹⁰ Additionally, the federal government provides incentives to all the state child support programs.¹¹ While Nevada does not have a final number for its federal incentives for SFY05, the state received \$1.355 million in SFY04, which was then matched with \$2.63 million in additional FFP.¹² Beginning with FY08, the federal government will no longer provide an FFP match on federal incentives to states, meaning a \$2-3 million loss to the Nevada program.¹³

The counties appropriated \$9.55 million, matched by \$19.10 million in FFP.¹⁴ This coupled with the federal incentive and its FFP match supports the DA offices and the lion's share of the casework costs.

The state retains a share of support payments collected from the NCP for welfare recipients. As a condition of receiving welfare (known as Temporary Assistance for Needy Families or TANF or the IV-A program), the recipient assigns rights to current support to the state. Child support collected for current welfare recipients (and some money from former welfare recipients) is divided between the federal and state governments based on the FMAP (Federal Medical Assistance Percentage) rate.¹⁵ In FY05, the amount was 55.9%, so the state retained 44.1 cents and the federal government received 55.9 cents of each welfare reimbursement dollar collected. This state-retained amount, \$3.17 million,¹⁶ supports the state IV-D activities (administration, SCaDU, PAOs, etc), and is in turn matched with \$5.11 million in FFP. See *Exhibit ES-4: SFY05 Budget for Nevada Child Support Program* below.

| Nevada Child Support Program's SFY05 Budget (Federal, State and County Sources) | | | | | | |
|---|---------------|---------------|---------------|----------------|----------------|-----------------|
| NEVADA IV-D ACTUAL REVENUE FOR SFY2005 | | (in millions) | | | | |
| <i>PER DWSS AS REVISED ON 10/30/06</i> | | | | | | |
| <i>State Budget Code</i> | 3228 | 3233 | 3238 | 3239 | COUNTY ADMIN | TOTAL |
| TANF State Retained Share | | | 3.17 | | | 3.17 |
| FFP match to state retained share | | | 5.11 | | | 5.11 |
| State appropriation | 2.82 | 0.03 | | | | 2.85 |
| FFP match to state appropriation | 5.64 | 0.06 | | | | 5.70 |
| Total State Operations | 8.46 | .09 | 8.28 | | | 16.83 |
| Federal Incentives to counties | | | | TBD* | | - |
| FFP match for incentives | | | | TBD* | | - |
| County Admin share | | | | | 9.55 | 9.55 |
| FFP match for County Admin | | | | 19.10 | | 19.10 |
| Total County Operations | | | | 19.10 | 9.55 | 28.65 |
| Total IV-D Budget | \$8.46 | \$.09 | \$8.28 | \$19.10 | \$9.55 | \$ 45.48 |
| BUDGET FOR COUNTY DAs | | | | | | |
| <i>PER DWSS AS REVISED ON 10/30/06</i> | | | | | | |
| <i>State Budget Code</i> | 3228 | 3233 | 3238 | 3239 | COUNTY ADMIN** | TOTAL ** |
| Clark | | | | 13.10 | 6.55 | 19.65 |
| Washoe | | | | 3.60 | 1.80 | 5.40 |
| Elko | | | | 0.29 | 0.15 | 0.44 |
| Carson City | | | | 0.37 | 0.19 | 0.56 |
| Other Counties | | | | 1.74 | 0.87 | 2.61 |
| County Totals | \$ - | \$ - | \$ - | \$19.10 | \$ 9.56 | \$28.66 |

Notes

A. 3228 = Welfare Administration. Primarily captures costs associated with system development and maintenance (including NOMADS) as well as Child Support's share of general administrative costs in accordance with the Division's federally approved cost allocation plan.

B. 3233 = Field Services. This budget account funds the staff responsible for determining eligibility for most public assistance programs administered by DWSS. A small amount (less than .2%) Includes costs allocable to the Child Support program in accordance with the Division's federally approved cost allocation plan.

C. 3238 = This budget account funds the State's Child Support Operations including SCaDU.

D. 3239 = Federal Reimbursement. This budget account is used to pass through federal funds to District Attorneys' offices for the federal share of child support costs and incentive payments.

E. The most recently received incentive award was for FFY2004 in the amount of \$1,355,443 and was issued on October 28, 2005. The two previous awards were \$1,293,543 for FEY 2003 and \$856,400 for FFY 2002.

* TBD – To Be Determined – as of October 30, 2006, DWSS did not have a final figure for federal incentives and their federal match dollar value

** Numbers for county administration and total are rounded off

Exhibit ES-4: SFY05 Budget for Nevada Child Support Program.

Case Processing

Welfare (TANF) applications are processed by DWSS' public assistance program at District Offices (DOs) throughout the state. All public assistance workers are state employees. IV-D child support workers providing services for TANF cases are state employees, working in the PAOs. (A major exception is in Clark County where the DA Office took over the PAO functions in 2000 during a state budget reduction period.)

Once a child support order is established the case is transferred to the DA Office, except for some small counties that have turned the program over to the state. The DAs provide services for welfare cases from enforcement to payment monitoring, and customer service. If the case needs locate assistance (finding the Non-custodial Parent (NCP) for instance), responsibility for the case is usually transferred back on the NOMADS system to the PAO. TANF recipients who no longer receive welfare benefits automatically continue to receive IV-D services, unless they specifically opt out of the program.

Persons who have never received welfare benefits can apply for child support services. DA Offices process child support service applications, except in a few rural counties where the PAO handles all aspects of all the cases. The DA Offices provide child support services for all aspects of Non-TANF cases from intake to locate, paternity determination (if needed), financial and medical support order establishment, order enforcement, order modification, payment monitoring and customer service.

The State administers the child support program, sets policy, conducts self-assessments, maintains NOMADS, runs the PAOs, and operates the interstate central registry and the State Collection and Disbursement Unit (SCaDU). District Courts oversee Hearing Masters, who are the quasi-judicial decision-makers for child support enforcement. The Hearing Master's salaries are reimbursed by the IV-D Program.

The patchwork of responsibility developed over the life of the program, based on the exigencies of the situations at the time. If Nevada reorganizes into a more efficient child support program operation, parents will receive more timely services and support, and taxpayers will receive better value. This reorganization, coupled with a new approach to customer service, centralizing some functionality, and focusing on performance instead of policy adherence, will result in a marked improvement in the quality of services provided.

Lead Recommendations (1-10)

Our report contains dozens of recommendations to improve the program, some of which require legislation and others just a change in a procedure. The following ten recommendations, based on our findings, should take Nevada to the top quintile in measured performance, provided that all those involved in implementing the recommendations find the resolve and determination to work together to make the necessary changes.

ES 1a-c. Restructuring the Program

Nevada currently has a fractured program, with a state Central Office (CO), local state Program Area Offices (PAOs) providing child support services for welfare cases up to the order establishment stage, and District Attorney (DA) offices providing child support services for all non-welfare cases, and welfare cases after the establishment stage. The parts of the program are not optimally synchronized. Until January 2005, the DA offices were not required to meet program-wide expectations or risk losing part or all of their funding under cooperative agreements. Some DAs, we were told, did not want to sign the cooperative agreements, but eventually relented. Without accountability, each office can run a program as it sees fit, lacking an overriding desire to lift the entire program to new levels of accomplishments. It is imperative that both state and local workers are all held accountable for the success of the statewide program.

Because of the unique geography and demographics of Nevada, it makes sense to take advantage of technology, economies of scale, and a statewide approach to policy and procedure uniformity and performance goals emphasis. The county DA programs and the PAOs should be merged to eliminate recurring case transfer, redundant actions and case confusion. Rural counties could combine their resources in a regional focus to support more staff, which could lead to case-manager specialization once the regional office has a caseload of over 10,000 cases.

ES 1a - Consolidation of Child Support Offices into Three Regions

Our report recommends that the legislature authorize the merger of the Washoe County DA's Office and the Reno PAO, and then invite geographically-proximate county DA offices to be part of the region. The counties would pool their resources and a governing board of the county designees would select a Regional Office Manager (ROM). The state would appoint a Regional Administrator (RA) to be the on-site state liaison and to oversee the program's performance. The RA would be assisted by a state trainer and quality assurance specialist. For eight to 12 years, the employees would be county employees. Eight to 12 years from now, if a study recommends that the state should take over the staffing and funding of the program from the counties, the state would gradually take over the program and the employees would convert to state employment.

A similar configuration should occur in the northern and eastern part of the state, with Elko serving as the regional office after the Elko DA Office and the Elko PAO merge. A RA and a ROM would oversee the operations, and the state would gradually take over operations if the study suggests it is in the best interest of the state.

Clark County DA Office would become its own regional office, with a RA and ROM. In addition the RA would have a quality assurance supervisor to oversee a data analyst and all the IV-D staff co-located at the DOs for public assistance intake to ensure that the child support data needed to process a TANF case are secured as soon as the case is established.

We believe that, as in California, that each District Attorney should relinquish control of the child support program, with the program as its own department under county commissioners until the time, if any, the state takes over the program.

The regionalization of the child support program pools resources to produce economies of scale. Intake for the rural counties could be accomplished through regularly-scheduled circuit riding in all the counties, or phone, web and kiosk accessibility. Fax machines at the DOs throughout the state could be used for documents that are then imaged centrally and tied to a case. Telephonic administrative hearings will lessen the inconvenience to all parties concerned and will supply the parties with swift decision-making made by child support experts, with the right to appeal to the district court. Combined with a strong call center unit, regionalization should bring the performance rates to new heights.

While this means there would not be permanent child support offices in the less populous counties, the reorganized program should offer parents the advantage of larger office specialization, expertise and efficiency. Combined with heightened customer service and administrative process, plus some "circuit riding" on a periodic basis for in-person interviewing when necessary in the counties that currently have offices, the rural customer should make out as well or better than before. While rural offices provided generally good customer service and better performance than some larger jurisdictions, the efficiencies that can be gained by a well-run regional office and improvements in technology bolster those relative strengths. The child support program requires knowledge of myriad diverse and arcane areas of law and procedure, which is hard for a generalist to master.

The regionalization combined with centralized-work functionality including a statewide call center, plus administrative process, will produce specialists processing cases step-by-step and attentiveness to customers whenever they make an inquiry (plus outbound proactive contacting).

We believe it is best to have the regional offices be independent of the DAs, to lessen costs and reduce the emphasis on unneeded court involvement. We believe the courts do not need to use precious resources to hear routine child support cases and should hear only complex first-impression cases and appeals from administrative determinations.

ES 1b - "Statizing" Elko and Reno Regional Offices

After regionalization, the next step the state should consider is to "statize" the operations of the regional offices. This would be the last piece of the efficiency and responsiveness puzzle if coupled with a replacement system. While the shifts in costs from counties to state and employees from counties to state may require extensive planning, the benefits of having workers who work directly for the state agency in charge of the program outweigh the transitional issues. The statization of the program allows for quick realignments and reassignments of resources and tasks, depending on need and availability in the regional offices. For instance, if the Las Vegas RO has a surge in intake cases, the Reno and Elko ROs may be able to provide temporary assistance to keep the intake step to acceptable timeframes.

Since there are state costs attributable to the statization of the program, we offer one alternative in which the Elko and Reno offices are statized, representing 29% of the caseload and about \$3 million in current county costs that would be transferred to the state. Since some rural DAs have given up or are considering giving up the program, with the state taking over the case-processing work, the statization of Elko and Reno may occur to some extent without any additional legislation.

ES 1c - "Statizing" All Three Regional Offices

The third alternative has the Las Vegas office statized as well to complete the transformation to a completely efficient, state-of-the-art program. The cost to the state and the savings to Clark County to "statize" this region would cost \$6.55 million in SFY05 dollars.

If and when the program is state-operated, with three regional offices, a new automated system, a centralized call center and administrative process, Nevada will be in a position to synchronize all of its child support program parts, which should result in significant cost savings, and marked collection and customer service improvements.

ES 2. Centralizing Case-processing and Call Center Functions

Coupled with the regionalization of the program, the state should centralize certain functions that lend themselves to mass rather than individual case-processing.

While Nevada and its counties do not under-fund the program compared to other programs, the resources are not shared equally around the state or between the state and the counties. Clark and some of the rural counties have caseloads per FTE (Full Time Equivalent staff) that are fairly high. As Clark goes, so goes the state, as seven out of ten IV-D parents rely on the services of its DA's Office. To lessen the burden on these counties, it makes sense to limit the caseworkers time to core functions that will allow them to concentrate on moving the case to the next step – successfully determining paternity (if needed), establishing or modifying an order and enforcing the amounts owed. Certain tasks can be centralized that are supplemental, secondary or supportive of these basic goals.

The following functions should be centralized, or if already centralized, enhanced:

- *Call or contact center* for all incoming calls and correspondence. The correspondence would be imaged and linked to cases on NOMADS (and eventually its replacement system). Highly trained customer service specialists would assist callers or e-mailers with their inquiries, resolving the vast majority of issues and questions. An improved Voice Response Unit (VRU) would be able to resolve inquiries that have automated answers, such as whether a payment has been received recently or the balance of the arrearages owing. The call center will have technology that will provide instant access to the case information and imaged documents. Another component will be the ability to conduct outbound sequenced calling or emailing, whichever the parent prefers, to provide proactive notice of an important case event or date.
- *Lien registry* for all real and personal property liens. As most liens are passive and await a property transfer to be activated, a comprehensive database of cases

- with arrears should be checked by title searchers before clearing title to real or titled personal property.
- *Employer database maintenance unit* for correct addresses for the different addresses that employers maintain; employers may have several offices, some located out of state, and the CSE program needs to know where to send income withholding notices (payroll), verifications of job and income, new hire reporting compliance notices, worker's compensation questions (human resources), and National Medical Support Notices (NMSNs) for medical support (benefits plan administrator). The employer community is key to the program, and having a unit that maintains accurate information and performs outreach to the employer community is vital to ensure good relations and good results
 - *Robust State Parent Locator Service (SPLS) and Interstate Central Registry (ICR) units* for locating parents to serve process or notices or to forward collect support and for handling incoming interstate cases. Currently, the federally-mandated SPLS shares two FTEs with the Interstate Central Registry. Each should have its own resources and be strengthened to provide better services.
 - *Centralized mail room and imaging unit* for instant linking documents to cases. A central mail room, expanding the one used for the State Collection and Disbursement Unit (SCaDU) today, will sort all of the mail statewide and image the mail to provide the beginning of a paperless office approach, keeping hard copies of very small percentage of incoming mail and forwarding them to one of the three regional offices. The imaged documents can be called up at the state or Regional Offices without the need for physical transfer.
 - *Centralized enforcement unit* for data matching. Enforcement techniques that use data bases to match with the state's list of non-custodial parents who owe support should be centralized, with enforcement activity (notice, liens, seizures, NMSN and income withholding compliance) centrally managed. The federal government mandates quarterly matches with financial institutions and recently mandated matches with insurance companies for personal injury claims. If an administrative hearing is requested by an account holder or claimant, an administrative hearing officer will hear the case with an appeal possible to the appropriate district court. This unit can also conduct medical support enforcement activity for cases in which health insurance was ordered for the children.

These centralized functions should result in economies of scale, procedural uniformity, extensive expertise and improved customer service. These proposed changes will increase efficiency and collections. When coupled with freed-up case manager time, the benefits of the centralized functions double. The key is to use automation to conduct mass case-processing and to design an exceptions-processing protocol for cases that need individual attention.

Providing Excellent Customer Service

The child support program's mission is to support and strengthen those families in which the parents are not living together. Traditionally, child support programs have focused on the custodial parent's (CST's) needs and viewed the non-custodial parent (NCP) as a wallet. The twenty-first century child support program seeks good

relations with both parents, as the children benefit both financially and emotionally by having two involved, non-feuding parents. The child support program cannot make everyone get along, but the program can do its part not to exacerbate strains between parents and to offer resources to overcome interpersonal barriers. This begins with customer service that does not leave customers frustrated.

Caseworkers cannot spend all their time talking to parents. While the preceding sentence may seem to contradict the paragraph above, it does not. The best thing a caseworker can do for a parent is to have uninterrupted time working a case. The best thing the program can do for a parent is to answer his or her concerns quickly, professionally and accurately. The best way to accomplish both goals is to have a statewide call center, with a robust Voice Response Unit (VRU). Specially-trained Customer Service Representatives (CSRs) with access to imaged documents and NOMADS data can answer the vast majority of the questions. The VRU and CSRs will limit the hold time, abandonment rate and wrap time for the calls to a level that will leave customers satisfied.

Additionally, parents should use other media for intake, contact and information update. Transactional websites, email, kiosks at malls, faxes and phones are workable and usually preferable alternatives to traditional mail delivery and in-person interviewing. Regular mail takes days and is not interactive. In person interviewing requires a parent to factor in babysitters, parking, gas, and significant loss of work time. While not everyone has internet access, within a few years very few will not. Between cell phones and the internet, most everyone will have a way to instantly receive or provide case information. Outbound calling using an automated dialer to remind parents of appointments, hearings and order compliance will ensure better attendance and order compliance.

Customer service must be even-handed. It has been said that the prime customer after an order is established is the NCP, since one relies on the NCP and his or her employer to comply with the order. While child support's funding stream does not support full funding for a variety of supportive services for parents, states can use IV-D funding for better outreach to parents – to contact both of them before hearings to explain the program to them. The outbound dialer and CSRs can begin the dialogue with the parent for relatively little cost. Attempts to resolve any disagreements or uncertainties outside of an adversarial setting like a courtroom will also improve results. While child support workers cannot address visitation, job and child care needs, parenting skills and substance abuse issues, the workers can refer parents to resources that will improve their lives and their relationship with their children.

ES 3-6. Emphasizing Performance

Measuring Performance, Improving Management Reporting, Strategic Planning, Improving Training

ES 3. Measuring Performance

Nevada must *plan* to improve performance before it can implement the necessary changes to improve performance. This begins with measuring workers, units and offices by their performance levels. The adage that what gets measured gets done

applies here. Measuring workers by policy adherence and not by performance goes against the principles for which a modern child support program stands. The goal of welfare agencies to ensure grant applications are processed accurately is an inappropriate yardstick in child support, and Nevada has used a secondary measure as its primary measure for the past year by focusing on policy at the expense of performance. Policy is a means to an end, and every state child support leader interviewed said that the state must focus on performance. Not only are federal incentives distributed based on performance, high performance leads to children receiving their financial and medical support. This is not to say that the local offices should avoid policy adherence; it is to say that producing successful outcomes is more important than following policy dictates. While some performance improvement may occur by strict policy adherence, measuring by policy compliance is a limited, inefficacious approach to maximizing help to the families. Emphasizing performance is as important as any of the recommendations, because it will have a large impact on case-processing approach and worker focus. By requiring every caseworker to be accountable for his or her performance, one can measure progress made.

ES 4. Improving Management Reporting

Through sophisticated applications that can mine data, Nevada can note trends at a statewide, office, unit and individual level to take the appropriate steps to reverse negative trends, and to replicate the positive ones. It is the constant review and recalibration that will improve performance step by step. The state needs to coordinate state and local efforts to provide effective strategic planning, training, and quality assurance. Management reports from extracted NOMADS data will supply the child support leadership with the knowledge they need to be successful.

ES 5. Strategic Planning

DWSS is starting a formal strategic planning process, which we commend. It is important to include the District Attorneys and their designees from all offices as well as stakeholders to obtain a plan that addresses common goals and objectives. A strategic plan focuses workers from top to bottom on the direction of the program. It is vital to ensure that the state and local casework approach is consonant with those goals and objectives.

ES 6. Improving Training

While training is provided intermittently at the state level, and in some counties, notably Clark, it appears most knowledge is gained on the job or through informal group discussions. It is important to keep workers educated in general child support and specific program changes through regular training offerings for experienced as well as new staff. Training will improve productivity as fewer errors will be made that need correcting, and individual consultation about how to address problems will be reduced. Training on meeting performance goals will heighten the success rate of the program.

ES 7-10. Improving Case Processing

Improving the Paternity Establishment Process, Using Administrative Process, Imaging Documents, and Replacing NOMADS

ES 7. Improving the Paternity Establishment Process

It is imperative that Nevada improve its paternity establishment rate. This is not only because establishing paternity leads to support orders and collections – more paternities mean more children will have legal fathers with whom they can interact and form a lifelong bond of love, trust and responsibility.

The program needs to increase its paternity establishment rate. Currently, Nevada establishes paternity for 66% of the children in the IV-D caseload who need paternity established. The national average is 87%. Nevada should develop a comprehensive approach to establishing paternity at hospitals through voluntary acknowledgments. This approach requires witnessed rather than notarized signatures, training for hospital personnel, up-to-date written materials for parents, and an outreach effort by both state and local child support staff to all birthing hospitals in the state.

For cases in which the parent wants a genetic test, the state should consider conducting the buccal (cheek) swab in the office or near a hearing room. The legislature should pass a statute making a genetic test result of 99.9% probability of paternity a conclusive rather than rebuttable presumption of paternity. This will lead to a determination of paternity based on a genetic test without need for a hearing. The subsequent support order can then be set quickly.

The state may want to review features of the Uniform Parentage Act to determine if there are some sections, including presumptions of parentage, which the state may want to adopt. The program should consider paternity outreach efforts at clinics as well.

ES 8. Using Administrative Process

Administrative procedures are used by just about every state, and administrative process by about one-third of the states. Administrative procedures allow for actions to be taken in cases to advance them to the collection stage, such as sending out administrative subpoenas and liens. Administrative process allows for administrative adjudication, which should save time and money without sacrificing fairness. Every party should have a right to elect that a court hears the case instead of an administrative hearing officer. Every party should have a right to a court appeal, on the record.

ES 9. Imaging Documents

By scanning/imaging incoming documents, and linking them through bar coding to cases, a case manager can call up a case with accompanying documents anywhere in the state at any time. No longer will the case manager have to go to the file room or ask a fellow worker if he or she has seen the file – the electronic version will be instantly available. This should save time and space. While it may be a while before all offices are paperless, it is appropriate to begin the process now.

ES 10. Replacing NOMADS

The last recommendation may be the one most clamored for by the case managers around the state – replace the statewide child support case management system – NOMADS. Since NOMADS won't be cost effective until next year, we delay this recommendation until the state can plan appropriately for the next generation of automation, case data cleanup and conversion. The financial case data in NOMADS are notoriously unreliable, causing individual financial audits for each case before a hearing. Two subsystems work in unison with NOMADS to overcome its limitations. The workarounds case managers use are elaborate, and the number of system fixes reflected in work tickets is high. The inefficiency of what is already a clearly out-dated system hurts productivity as much as any other case-processing deficiency. The good news is that replacement systems are cheaper and easier to implement than the legacy systems. Cognitive models using artificial intelligence will lead to predictive actions by the new system based on its own case data analysis. Replacing NOMADS would still be a very large undertaking, and should be done in conjunction with the regionalization and centralization, and if the state chooses, the statization of the program.

11. Funding Recommendation

Regarding funding, we recommend that the counties fund their share of the program while their offices are run locally by their District Attorney Office or in a consolidated Regional Office. The funding for the state IV-D related activities should be based on TANF retained collections routinely supplemented with an appropriate amount of general revenue funding. The supplemental amount will ensure that the program, with its heightened state responsibilities and uneven TANF retained collection history has sufficient funding to enact the recommendations and improve performance.

If a study concludes that in the long-term it makes sense to convert the program to a completely state-operated program, we recommend that the legislature consider the most appropriate funding options to transfer the fiscal responsibilities for the program entirely to the state. Not only would the state funding of the program increase and the county funding commensurately decrease, staff would be phased in as state employees as well.

Impact of Recommendations

We estimate that if Nevada implements the Top 10 recommendations, that the state will achieve the following positive results as shown in *Exhibit ES-5: Impact of the Top Ten Recommendations*.

| Impact of Top Ten Recommendations on Incentives, Collections and Cost Savings | |
|---|---|
| Annual Impact on CSE Program, State Budget and Families | One-year Estimate after Fully Implemented |
| Increased Family Collections | \$20,177,692 |
| Increased State-retained Collections | \$780,256 |
| Increased Incentives | \$937,752 |
| Cost Savings** (excluding NOMADS replacement)*** | \$4,209,000 |

* Cost savings assume one FTE saving of \$35,000, doubled for fringe and overhead, plus office space, utilities, telephony, equipment and furniture one-time and ongoing costs

** Annual Cost Savings do not include one-time equipment, furniture, telephony, etc., expenses of \$1,100,000 of which the state pays 34%

***Regarding a replacement CSE system, based on FL and NJ costs for their replacement systems, a very rough, proportionate estimate is \$31.4 million amortized over 10 years, of which \$10.78 million would be paid by the State.

Exhibit ES-5: Impact of the Top Ten Recommendations.

We believe the recommendations will save over \$5.3 million in salaries, fringe and overhead. We estimate a net of 66.5 FTEs could be freed up to work on greater performance, which in turn will increase collections for families and the taxpayers, plus improve the federal incentive total. An additional \$1.2 million would be added in costs. This figure does not include the cost of the NOMADS replacement. A study to accurately determine the replacement cost for NOMADS is beyond the scope of this audit, but based on the Florida and New Jersey system replacement costs and their relative caseload size, we have proportionately estimated that the cost in today's dollars would be \$31.4 million, which could be amortized over ten years. The state would pay \$10.8 million of that amount over ten years and the federal government the rest if the new system plan is approved by the federal government. Please see *Appendix G: Incentive for Recommendations Table*, for more detail about the incentive, cost and collection impact of the recommendations and our supporting documentation.

Conclusion

These recommendations should bring Nevada to a leading position within the child support community. Nevada can move further into the upper echelon of state IV-D programs by taking advantage of the opportunities to redesign business practices based on best practices that leverage the next decade's artificial intelligence technology. Implementing the recommendations in this report, Nevada's children should receive superior service and more financial support than they currently receive as illustrated in *Exhibit ES-6: Change in Performance Indicators with Adoption of Top Ten Recommendations*.

| Performance Impact of Top Ten Recommendations* | | | | | |
|--|---------------------------|----------------------|-----------------------------|------------------------|--------------------|
| Nevada Performance | Paternities Established % | Orders Established % | Current Support Collected % | Paying Arrears Cases % | Cost-Effectiveness |
| FY05 | 66.30 | 62.41 | 45.68 | 49.61 | 2.98 |
| Top 10 Recs. Implemented | 85.82 | 80.19 | 56.20 | 60.81 | 3.68 |

Exhibit ES-6: Change in Performance Indicators with Adoption of Top Ten Recommendations.

**The FY05 numbers are derived from the federal OCSE website; the Top 10 numbers are derived by estimating incentive impact of the implementation of each of the 10 recommendations, aggregating the increases and then taking 40% of the aggregate amount to take into account redundancies in impact of some parts of the recommendations and overall diminution in impact of all recommendations occurring simultaneously.*

With the opportunity to replace NOMADS in the next 12 years, and perhaps make the program state-operated, another leap to the top may occur as business practices can be further redesigned based on best practices that will come to the fore that can take advantage of the next decade's artificial intelligence technology. With these recommendations in place, the Nevada's children should receive superior service and more support than they currently receive.

The implementation of the recommendations does more than save the child support program money and collect more support. It will tie the state program to the county operations much more closely than in the past, which will lead to a critical improvement in communication, benefiting the program as a whole. Most importantly, the recommendations will make the program much more customer friendly, as the goal will be to interact with both parents throughout a case's life in a professional, polite, timely, responsive and accurate manner.

If the major recommendations are not implemented, the program may continue to lag at the bottom of the state IV-D program performance list. A renewed charge to shape the program around customers and outcomes will invigorate a currently-compartmentalized program that is just beginning to stress greater state-county accountability in both directions.

DWSS COMMENTS

The Division of Welfare and Supportive Services (DWSS appreciates the efforts and analysis that has resulted in this audit. Although the agency concurs with many of the recommendations, there are areas in which there is disagreement. Initially, the responses to the first draft were made with reference to section numbers, where pertinent, or section titles and page numbers where section numbers were not utilized. In subsequent drafts of the report, section numbers, page numbers, etc. changed. Therefore, the response will be to each chapter of the report as there is inadequate time to appropriately cross reference.

The DWSS will respond to the top ten recommendations as presented in the Executive Summary and more specifically in the pertinent chapters of the audit.

LEAD RECOMMENDATIONS:

1. (a-c) Restructuring the Program

The DWSS agrees with the proposal to restructure the Child Support Enforcement Program through regionalization of offices. DWSS concurs the ultimate result of a restructure of the program should include what is referred to as "statization." However, the following counties disagree with the proposed restructuring of the program: Clark, Washoe, Carson City, Douglas, Lyon, Humboldt, Nye, Pershing, Churchill, Mineral and Lincoln.

2. Centralizing Case-processing and Call Center Functions

The DWSS generally agrees with the recommendation to centralize various functions. Steps have already been undertaken to address some of the proposals.

Providing Excellent Customer Service

The DWSS agrees with the recommendations contained in this section.

3. Measuring Performance

The Executive Summary presents the Nevada Child Support Enforcement Program should focus on performance rather than policy adherence. The audit fails to recognize that through policy adherence, the program maximizes its opportunity to achieve outcomes. It further appears certain conclusions are drawn regarding the concept of policy adherence without having the data or exploratory analysis done to reach those conclusions. The audit states child support leaders interviewed indicated the focus should be primarily on performance. The audit report does not provide a definition of policy adherence. Nevada defines policy adherence as a means to ensure every case is processed timely and accurately, ensuring equitable treatment of all customers, thereby maximizing the opportunity to achieve desired outcomes. Additionally, it includes adherence to timeframes mandated by Federal regulations and State law.

The DWSS continues to conduct annual Federal Self Assessment Reviews for each county operation in compliance with 45 CFR §308. The Federal Self Assessment Review is focused on the following performance outcomes: case closure; paternity establishment; enforcement of orders; disbursement of collections; securing & enforcing medical support orders, review & adjustment of orders; interstate services; and expedited process. State policy adherence serves as a blueprint for achieving federal performance outcomes. Both state policy adherence and federal performance outcomes are measured annually.

Prior to January 1, 2005, the various District Attorney's offices determined how they would monitor their office's performance and set their own priorities. In fact, prior to the new contract, the statewide program focus was on performance outcomes and Nevada declined in national performance rankings. During that time frame, Nevada was under penalty status for data reliability concerns. A new contract with the District Attorneys took effect January 1, 2005 which emphasized the State's authority over the Program. In early 2006, the DWSS adopted a process of management evaluations which included ensuring policy adherence. Since this new process of policy

adherence has been in effect for less than one year, the final results of Nevada's management evaluations and reviews and the impact on performance is yet to be determined. However, preliminary data indicates performance outcomes have improved, particularly in the area of paternity establishment, which has been a challenge for Nevada the past several years. In addition, Nevada passed data reliability in Federal Fiscal Year 2005, thereby ceasing the accruing penalties.

4. Improving Management Reporting

The DWSS agrees with the recommendations regarding development of additional management reports.

5. Strategic Planning

The DWSS agrees with this recommendation and has already developed an outline for a strategic plan.

6. Improving Training

The DWSS generally agrees with this recommendation and, given the limitations of available staff, resources and funding, has already taken steps to address this concern. However, DWSS disagrees with the comment "it appears most knowledge is gained on the job or through informal group discussions." Both Clark and Washoe counties have developed formal curriculum to train new staff and offered support to other jurisdictions.

IMPROVING CASE PROCESSING

1. Improving the Paternity Establishment Process

The DWSS agrees with the recommendations provided and has in fact previously taken action in various areas, including advancement of the hospital-based paternity program, the introduction of an on-line interface with the Office of Vital Statistics to access birth records, initiation of the buccal swab program, and working with the Office of Vital Statistics to allow witnessed rather than notarized acknowledgements of paternity. The DWSS would welcome legislation to create a conclusive presumption of paternity if genetic tests results indicate a 99.9% probability of paternity.

2. Using Administrative Process

The DWSS agrees with the recommendation that administrative procedures be utilized in favor of judicial process. Nevada has the ability to administratively serve subpoenas and liens. Currently, Nevada has a quasi-administrative process that requires Hearing Masters to make recommendations. The order is not final until reviewed and approved by a District Court Judge. It is believed it would be more cost effective and efficient to utilize administrative hearing offices with the opportunity to seek judicial review, rather than requiring all cases be reviewed by the Court. Such a change would require statutory changes.

3. Imaging Documents

The DWSS agrees with this recommendation and believes this recommendation will bring significant benefit to program performance. The DWSS has initiated some

preliminary software efforts towards this objective, but is delayed due to limited funding and resources.

4. Replacing NOMADS

The DWSS agrees with this recommendation, but would suggest that a feasibility study be conducted to determine the best method of replacement of NOMADS. The options may include: write a new application from scratch and convert; transfer a system from another State; purchase a customer off the shelf product and convert from old to new; or migrate NOMADS one module or business function at a time.

5. Funding Recommendations

The report lacks a methodology explaining how MAXIMUS arrived at these fiscal amounts. DWSS requests MAXIMUS provide information necessary to validate the estimates in the chart titled Impact of Top Ten Recommendations on Incentives, Collections and Cost Savings.

IMPACT OF RECOMMENDATIONS

The DWSS is unable to respond at this time as the dollar impacts have not been provided.

CONCLUSION

The DWSS concurs with many of the recommendations provided in the audit report. However, many steps have already been taken which have advanced Nevada's performance. The DWSS is hampered from being more aggressive in pursuing change due to current limits to funding and resource availability.

The report lacks a methodology explaining how MAXIMUS arrived at these performance indicators. DWSS requests MAXIMUS provide information necessary to validate the estimates in the chart titled Performance Impact of Top Ten Recommendations.

¹ 42 U.S.C. § 651 et seq.

² U.S. Bureau of the Census, Department of Commerce, 2005 census data show that of 73 million children under 18, over 49 million lived with both parents, over 17 million live with their mother only, over 3 million live with their father only, and over 3 million live with neither parent, <http://www.census.gov/population/socdemo/hh-fam/cps2005/tabC2-all.csv>

³ OCSE, Preliminary Annual Report to Congress, FY05 Unaudited Incentive Performance Scores, Table 10

⁴ 25 states including Nevada use IV-D caseload standard – percentage of children in caseload from the prior year needing paternity established who had paternity established by end of the fiscal year; other states use percentage of children born out of wedlock statewide who have had their paternity established.

⁵ MAXIMUS is a provider of outsourcing and consulting services in child support. The company committed at the start of the audit to solely evaluate the program based on our findings and best practices gleaned from around the country, and not to advocate without foundation any specific change that could favor outsourcing or MAXIMUS. We pledge to Nevada that nothing drafted within this report was written with a bias of tilting a recommendation towards a private sector or MAXIMUS solution to a problem. If outsourcing is the end result of a recommendation, it will be based on an independently-derived decision of the legislature.

⁶ Appendix A of this report lists all the persons interviewed and Exhibit 29 lists the number of survey responses received.

⁷ State of Nevada, Division of Welfare and Supportive Services

⁸ Ibid.

⁹ See Chart CCC in the Report, which shows the current functions performed by state staff.

¹⁰ 42 U.S.C. §655 (a)(2)(C)

¹¹ 42 U.S.C. §658a

¹² Information received from Roger Mowbray, DWSS, September 2006

¹³ Deficit Reduction Act of 2005, P.L. No. 109-171

¹⁴ Information received from Roger Mowbray, DWSS, September 2006

¹⁵ Federal Register: December 3, 2003 (Volume 68, Number 232), pp. 67676-67678

¹⁶ Information received from Roger Mowbray, DWSS, September 2006