

PROPOSED RESTRUCTURING

B. PROPOSED RESTRUCTURING OF THE NEVADA CHILD SUPPORT PROGRAM

Current Nevada Program Structure

State Structure and Staffing

The Nevada child support program is within the Department of Health and Human Services (DHHS), administered by Director Michael J. Willden. Within DHHS is the umbrella agency for child support, the Division of Welfare and Supportive Services (DWSS), headed by Administrator Nancy K. Ford. Within DWSS are several supportive functions such as technology, administration, personnel and program review.

Overseeing program operations for DWSS, and specifically the child support program, is the Deputy Administrator for Program and Field Operations, Gary Stagliano. Mr. Stagliano oversees field operations for the IV-A(TANF) program, the Food Stamp Program, the Child Care Program, Employment and Support Services Program, and the Child Support Enforcement Program (CSEP), along with other oversight responsibilities.

Louise Bush is the Chief of CSEP. Ms. Bush runs the program day-to-day as the chief. Ms. Bush oversees a staff of 19 at the Central Office (CO) working in Carson City and the Program Area Offices (PAO). The State Collection and Disbursement Unit (SCaDU) is overseen by Roger Mowbray, Deputy Administrator. Another 4 child-support paid staff work on the automated, integrated IV-A/IV-D system, NOMADS. These 80 state employees are supplemented by 17 staff assigned to two customer service units, financial accounting, and quality assurance, etc., totaling 97 state FTEs paid by the child support program.

The other 364.95 child support workers are employed by the counties, specifically in the DA Offices in 12 counties. Clark County DA Office has 244.20 FTEs, Washoe County DA Office has 63 FTEs, and the other 10 DAs have a total of 57.75 FTEs. See *Exhibit B-1: Current DWSS Organizational Chart* below.

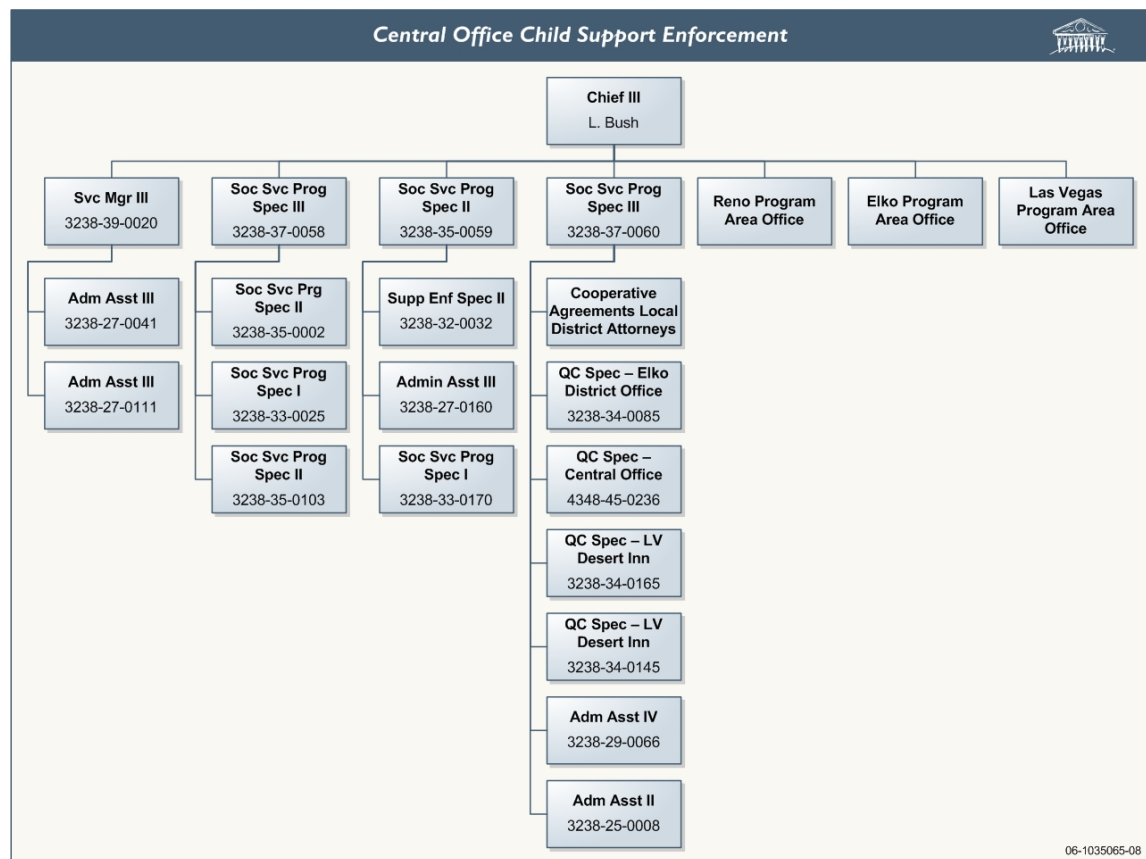


Exhibit B-1: Current DWSS Organizational Chart.

Local Structure and Staffing

The DA offices provide services for all non-welfare (known as never-TANF cases) from intake through enforcement. They also provide enforcement services for the TANF and former-TANF cases. Former TANF cases are automatically retained in the IV-D caseload unless the case is closed based on federal criteria for case closure.

See *Exhibit B-2: Basic Case Process Flow – General Chart 1* and *Exhibit B-3: Basic Case Process Flow – General Chart 2* below.

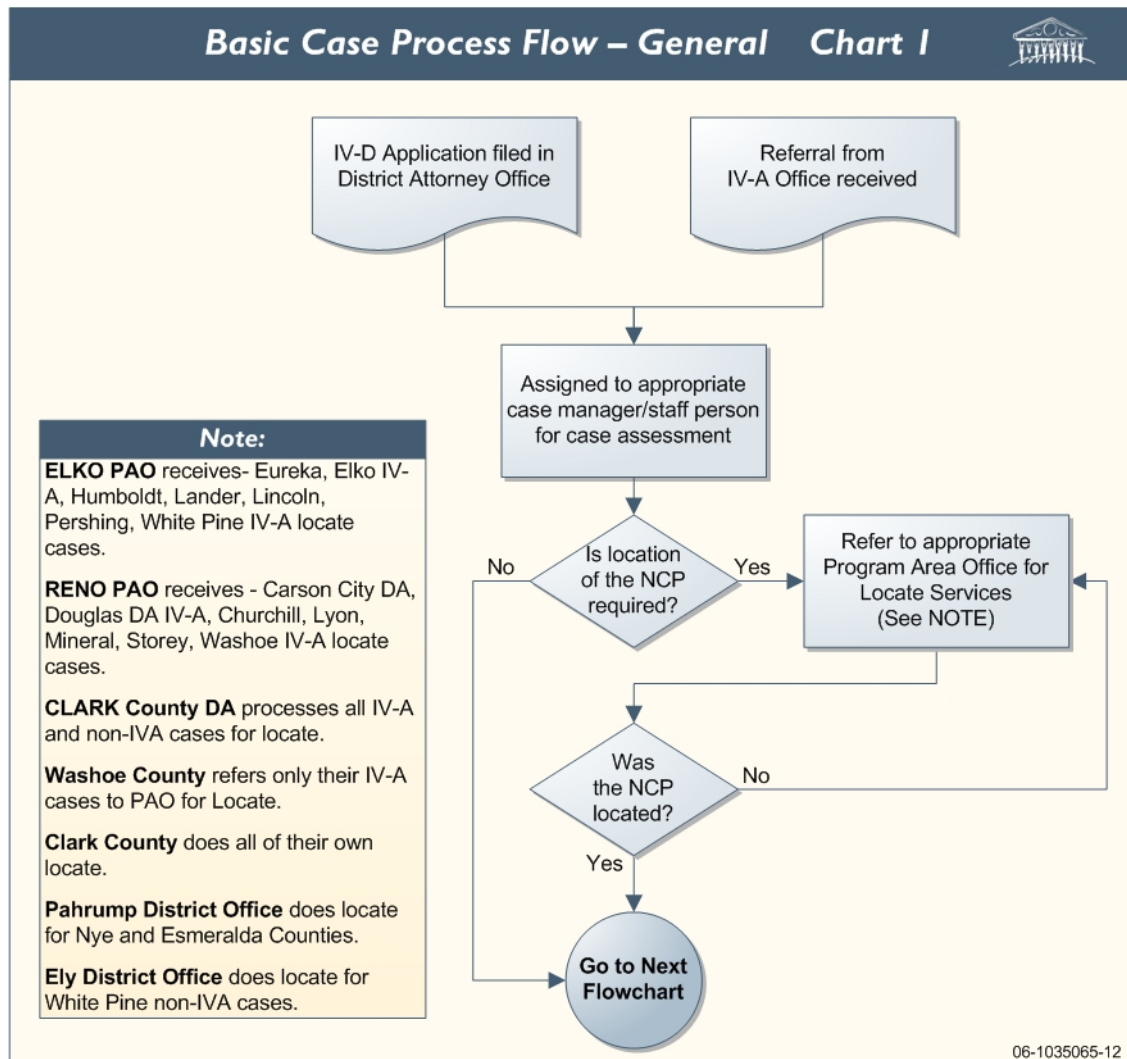


Exhibit B-2: Basic Case Process Flow – General Chart 1.

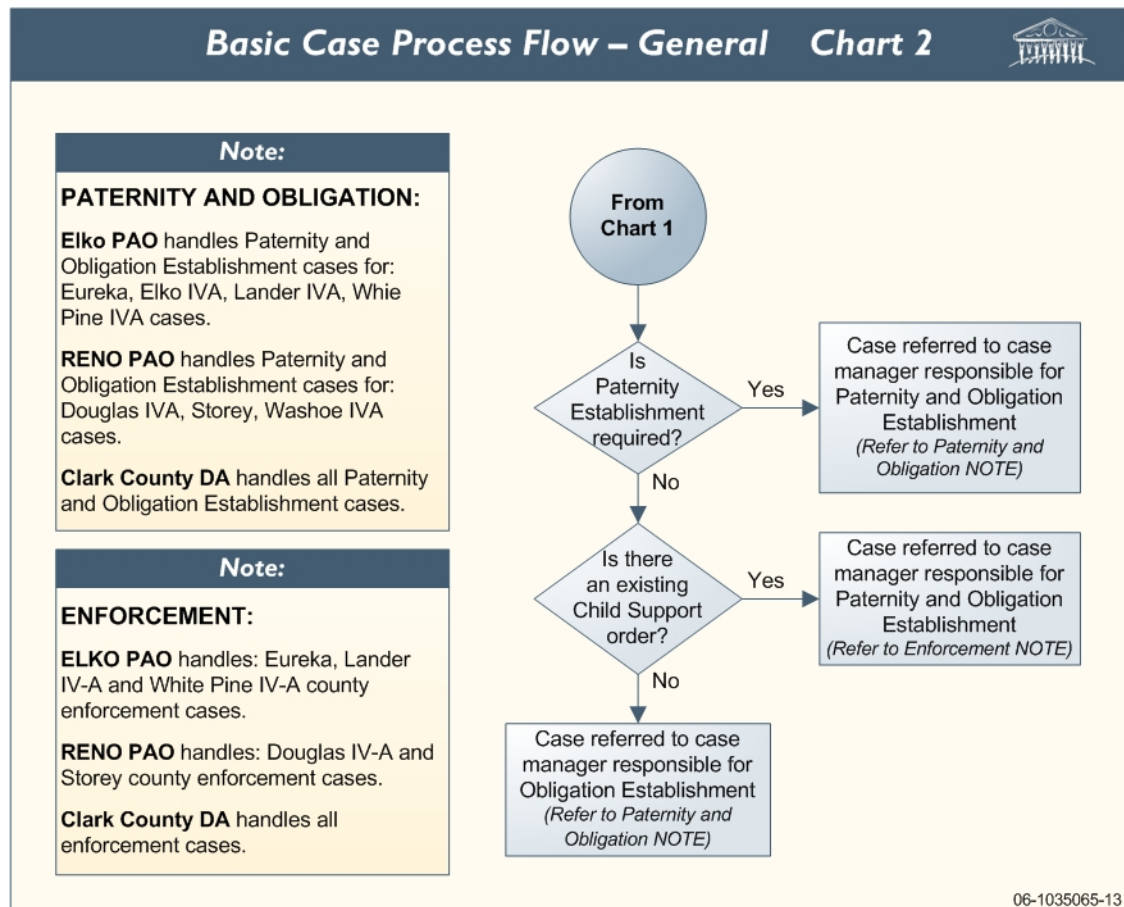


Exhibit B-3: Basic Case Process Flow – General Chart 2.

If a DA Office case manager has a TANF case with an order, but needs locate assistance (e.g., cannot find the Non-custodial Parent (NCP)), the case is transferred to the PAO, where the case originated, so that the PAO can perform locate services. The case is then transferred for a second time to the DA office for enforcement. A hard-copy case file is retained in each office, while the case is tracked on NOMADS. A case that starts out as a non-welfare case in the DA's office stays there if the parent goes on welfare, as long as a support order is in place at the time the parent applies for TANF. If there is no order, then the case is transferred to the PAO for support order establishment. See *Exhibit B-4: Current FTE Count* below.

State/DA	Office	#FTEs
S	CO Operations (includes 4 QC staff)	19
S	Customer Svce	3
S	IS	4
S	CO I&R	1
TOTAL Central Office FTEs		27
S	Elko PAO	4
S	Reno PAO	23
TOTAL PAO FTEs		27
S	White Pine DO	1
S	Henderson DO	1
S	Pahrump DO	1
S	Flamingo DO	1
S	Belrose DO	1
S	Nellis DO	1
S	Owens DO	1
S	Owens I&R	2
S	Reno DO	1
S	LV Desert Inn	3
S	Clark DA	7
S	SCaDU	22
S	S PDC	1
TOTAL Field Office FTEs		43
D	Carson City	9.55
D	Churchill	8.41
D	Clark	244.20
D	Douglas	6.90

D	Elko	8.20
D	Esmeralda	0
D	Eureka	0
D	Humboldt	5.50
D	Lincoln	1
D	Lyon	8.30
D	Mineral	1.40
D	Nye	6.10
D	Pershing	2.39
D	Storey	0
D	Washoe	63
TOTAL DA FTEs		364.95
GRAND TOTAL		461.95

Exhibit B-4: Current FTE Count.¹

Nevada's state and local child support staff include 461.95 FTE employees, based on numbers provided by the state. Ninety-seven work for the state (Central Child Support Program Office, Information Technology, Program Area Offices, and the State Collection and Disbursement Unit (SCaDU), and 364.95 work for 12 District Attorney Offices (plus seven state FTEs assigned to Clark DA).

In two counties, Eureka and Esmeralda, the PAO provides services for only a functional portion of their cases respectively. The White Pine cases are split between an individual assigned to the White Pine DO (non-TANF cases) and the Elko PAO (TANF cases). The Clark County DA's Office, which began providing services for all the PAO functions in 2002, has 244.20 county FTE plus 7 state FTEs (some state FTE positions are unfilled and may be taken back by the state), Washoe DA's Office has 63 FTEs, and the Reno PAO has 23 FTEs.

Other DA offices have between one and seven FTEs for a total of 45 FTEs. Nevada has a staff to caseload ratio of one FTE for every 264.9 cases. The FY05 national average was one FTE for every 259.8 cases. See *Exhibit B-5: 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%

Nevada Jurisdictional Caseload - 7/06		
Office	Caseload	% of State
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 B-5: Nevada Jurisdictional Caseload.

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.² Additionally, the federal government provides incentives to all the state child support programs.³ While Nevada does not have a final number for its federal incentives for SFY05, the state received \$1.355 million in SFY04, which is then matched with \$2.63 million in additional FFP.⁴ 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.⁵ Nevada should be earning more incentives, based on higher performance and collections.

The counties appropriated \$9.55 million, matched by \$19.10 million in FFP.⁶ 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.⁷ 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,⁸ supports the state IV-D activities (administration, SCaDU, PAOs, etc), and is matched with \$5.11 million in FFP. See *Exhibit B-6: Nevada Estimated FY2005 Revenue* below.

NEVADA IV-D ACTUAL REVENUE FOR SFY2005			(in millions)			
State Budget Code	PER DWSS AS REVISED ON 10/30/06					
	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			(in millions)			

Exhibit B-6: Nevada Estimated FY2005 Revenue.

NEVADA IV-D ACTUAL REVENUE FOR SFY2005				(in millions)		
PER DWSS AS REVISED ON 10/30/06						
State Budget Code	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

Exhibit B-6: Nevada Estimated FY2005 Revenue. Cont.

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 B-6: Nevada Estimated FY2005 Revenue (continued).

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 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.

In March 2006, the President signed the Deficit Reduction Act (DRA) into law, which included the Reauthorization of the TANF program that was begun in PRWORA. Congress also added changes to the child support program, including a change in funding. States can no longer match their federal incentive dollars with FFP. With \$450 million in incentives in FY05, states could match that with an additional \$900 million in FFP in the \$5.3 billion program. Starting in October 2007, states (and counties in states that require county contribution for the cost of the administration of the program) must either absorb the loss in funding or find one-third of the lost match in appropriated funding (one-third of the lost FFP incentive match, if appropriated, can in turn generate a two-thirds match and make a program whole). In Nevada, with incentives given to the counties that have in turn matched with FFP, the counties will have to appropriate one-third of the lost share of their incentive-matching FFP to become whole. The FY08 incentive-FFP match loss to Nevada is estimated to be about \$5 million, requiring counties to raise an extra \$1.6 million to stay even.

The current funding structure produces several effects:

- First, without the state central operations sharing in the incentive dollars, the state bears no direct fiscal impact of the state's performance as measured by the federal incentive categories. The counties bear the benefits or detriments associated with performing at a high or low level. The DRA's negative financial impact beginning in FY08 also hits the counties' and not the state's budget.
- Second, since the state's budget for the state-run aspects of the child support program relies on collection of money owed to the state, and that money being matched with FFP, the state relies on the counties' performance in collection of TANF debt owed to the state. This amount has been relatively flat over the last few years since the sharp decline in the welfare caseload occurred after the implementation of the PRWORA TANF provisions starting in 1996. Each dollar recouped for the state leads to about two dollars in additional program funding through matching FFP. The new stringent work requirements for TANF recipients may lower the TANF rolls, which could lead to fewer dollars available to the state-run functions unless steps are taken to maintain recoupment through greater collection focus on the current-TANF cases.
- Third, since the IV-D program has only 97 state employees compared to hundreds of public-assistance state employees, there is a perception that DWSS gives IV-D secondary attention. For instance, the public assistance program has a state training academy and IV-D does not. Our findings show that IV-D has taken a

backseat to public assistance, which in many ways turns welfare reform on its head. Since 1996, programs of self sufficiency such as child support drive welfare reform rather than traditional money-providing programs, such as the IV-A TANF eligibility program.

- Fourth, since the state does not rely on targeted program appropriations, there may be less scrutiny of the budget and expenditures of the program, since there is not a need for new appropriations every biennium. The TANF recoupment funds the child support program with its FFP match, the counties fund the bulk of the casework for the program with county appropriations matched with FFP and federal incentives, matched (for now) with FFP. This may have the consequence of the Legislature placing less attention on the child support program.
- Fifth, with independent funding, there is a limited sense of interdependency. The DAs should collect TANF reimbursement to support state funding and the state should maximize incentives for the DAs. This is a major problem, which is at the root of the endemic malaise in the program. As of September 2006, the state has no plans for assisting the DAs to replace the loss of matching FFP to incentives that would have gone to the DAs. Mutual responsibility and accountability must become the foundation of the new program.

Performance Measures

We believe emphasis on and measurement of policy adherence rather than performance will limit the potential for maximizing success. Since Nevada has not done well in the incentive performance categories historically when compared to other states, Nevada needs to go beyond the recently-implemented policy adherence measurement of local programs and implement program performance measurements as the primary measure of local office success. This is not to suggest that following policy is unimportant, but that the focus of a case manager on a daily basis must be to produce results. All cases should be worked to their potential, which in most cases should mean collection status. It is this unwavering goal that should be the primary guide of the program.

In each of the five performance categories, Nevada is in the bottom eight of the nation's 54 non-tribal IV-D jurisdictions (the 50 states, the District of Columbia, Guam, the Virgin Islands and Puerto Rico). Among the 50 states only, Nevada is 49th, 45th, 49th, 48th and 47th in the five categories. See *Exhibit B-7: Nevada's Performance in the Five Incentive Categories* below

Category	Nevada Performance	NV Rank Compared to 54 Jurisdictions	NV Rank Compared to 50 States	National Average	Performance Level Maximizing Incentives
Paternity Establishment %	66.3*	53	49	87.57	80%**
Cases w/ Support Orders %	62.41	46	45	75.87	80%
% of Current Support Collected	45.68	53	49	59.91	80%
% of Arrears Cases w/ Payments	49.6	51	48	60.04	80%
Cost-effectiveness Ratio	2.98	50	47	4.58	5.00
* 25 states use IV-D caseload standard - % of children in caseload from the prior year needing paternity established					
who had paternity est. by end of FY; other states use % of children born out of wedlock statewide with paternity est.					
** while the incentive maximization for paternity is 80%, states must reach 90% or incrementally improve to 90% goal to avoid penalties					
(source: OCSE website - Unaudited Performance Incentive Scores, FY 2005)					

Exhibit B-7: Nevada's Performance in the Five Incentive Categories.

To increase the state performance overall requires raising the numbers in Clark (71%), Washoe (12%), Elko (2%) , Lyon (2%) and Nye (2%) Counties' DA offices, Carson City (2%) DA office and Reno PAO (4%). These offices have 95% of the caseload. Clark and Washoe DA offices and the Reno PAO alone account for 87% of the caseload.

While it is important that every Nevadan receive the best child support services possible, to lift Nevada from the depths of performance measurements requires addressing performance issues in the Clark County DA Office and in the Washoe County DA office and its sister agency, the Reno PAO. Recommendations throughout the report address steps that can be taken to improve the performance in the two most populous counties.

With a too-detached, public assistance-focused DWSS, counties struggling to find the solution to performance deficiencies, and at the same time meet the policy adherence standards the state requires, Nevada needs a solution that will focus on the IV-D program at all levels, and provide counties with support from the state in a comprehensive, positive way. Centralizing some functions should remove some casework burdens from county staff and offer the advantages of uniformity,

automation and economies of scale. At the same time, county leaders need to ensure that the resources paid for by IV-D funding are allocated appropriately to maximize performance.

Customer Service

Based on customer survey feedback, a review of the communication network, observations, and our interviews, it appears that a statewide approach to customer service is warranted. The state should have one central CSE call center, preferably in Las Vegas. The call center will handle all basic calls through the interactive Voice Response Unit (VRU), and offer concise, polite and clear answers by a sufficiently trained and staffed customer service unit. Relatively few calls will be routed to the case manager if the call center is run well, based on the experiences of other states.

Findings and Recommendations

Nevada's CSEP needs immediate reform and a new management style at both the state and local levels that emphasizes cooperation, accountability, innovation and commitment of the right resources to solve problems. See *Exhibit B-8: Major Issues Facing the IV-D Program* below.

Issue	Current Situation	Recommended Solution
State focus on IV-D	Few IV-D experts, lower priority than public assistance	Greater state tie to casework, high-level commitment to the program and centralization of certain case processing functions; built-in communication improvement through more casework interdependencies.
Performance	Low performance on federal incentive measures	Focus on performance improvement at state, local, team and individual level rather than policy adherence
Resource Allocation	State has too few experts; counties are not efficient with resources	State adds subject matter experts, centralizes common functions; counties focus less on investigator / attorney-driven process and more on core casework; realign resources for greater efficiency to serve rural Nevadans
Customer Service (CS)	Patchwork of irregular CS	Regional or statewide call center to improve response time, satisfaction, and accuracy
CSE System	Unreliable data and system workarounds prevail	New system in the long term; in the short term, clean up financial data, work the system-fix priorities for CSE

Exhibit B-8: Major Issues Facing the IV-D Program.

Future Operations Structure

We reviewed several possible ways to restructure the program. Some of the issues we considered were:

- Noting the difference in salaries between state workers and some county workers
- Ensuring good customer service and casework for rural Nevadans
- Acknowledging the current funding structure and problems associated with radical restructuring of funding responsibilities

- Acknowledging the population growth and dominance of Clark County while ensuring the rest of the state's needs are addressed
- Acknowledging the current Clark County changes made as a result of a recent county-paid study, and the early indications of little impact on performance
- Reconciling the inherent inefficiencies in the DA office and PAO bifurcation of the child support program
- Attracting enough high-level child support talent to live in or near Carson City
- Dealing with a user-unfriendly system that creates more problems than it solves

These considerations led us to believe that unless the state and the counties were willing to engage a discussion about the loss of local control of the CSEP, and state funding rather than county funding for the program, the solution has to be based on county-funded case-processing for the core functions. While a state-financed and operated solution may be the most efficient, there are alternatives that we offer that allow a meaningful reform within the current funding parameters.

Recommendation 1 – Option A – Three County-run Regional Offices (ES 1)

Nevada should restructure its program by combining the local offices into three regional offices funded by pooled county contributions (pooled statewide or by region) and eliminating the PAOs (legislation needed, policy changes, operational changes, systems changes). See *Exhibit B-9: Nevada Map of the Three Regional Offices* below.

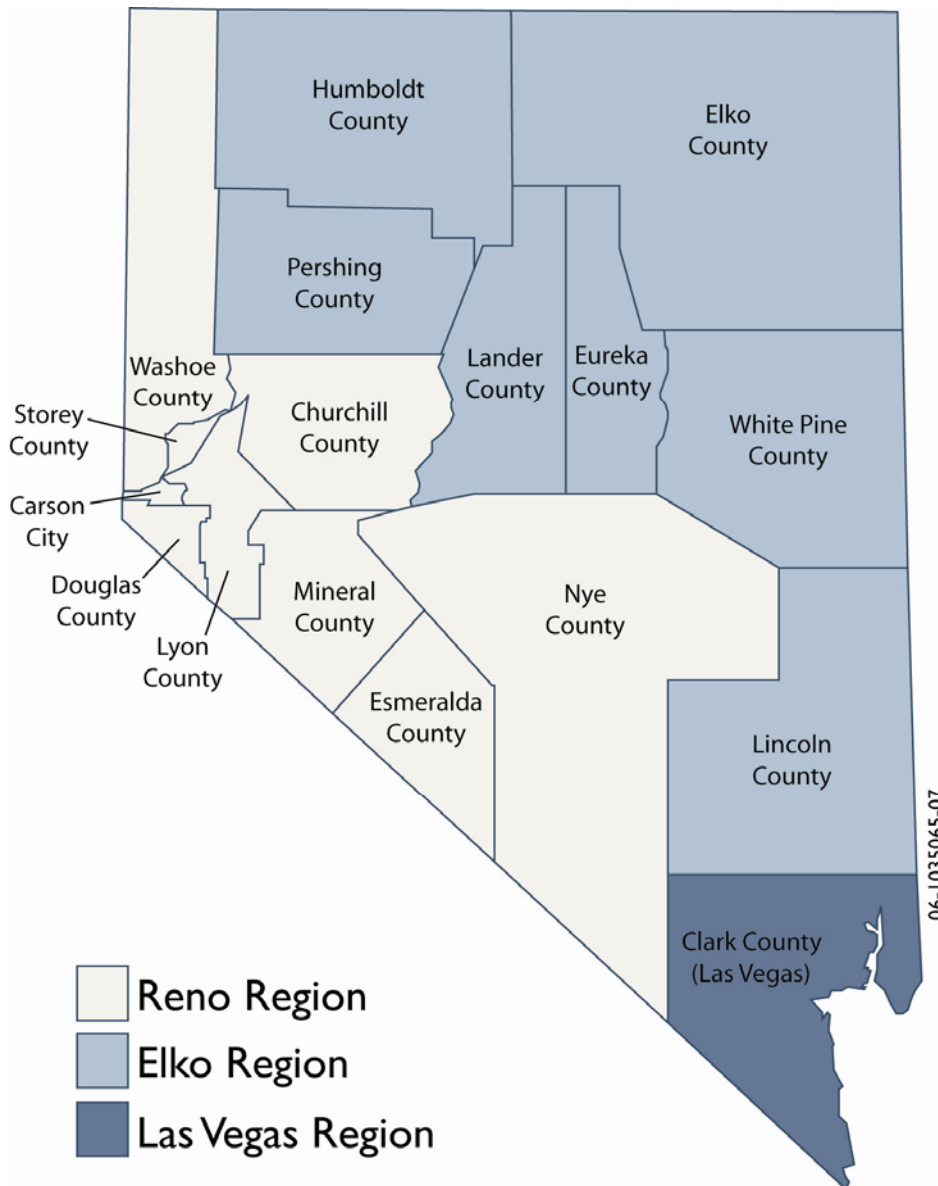


Exhibit B-9: Nevada Map of the Three Regional Offices.

Our first recommendation is for the legislature to require counties to pool their resources to make the overall program more efficient. By operating three regional offices in Las Vegas, Reno and Elko, economies of scale, co-location of expertise and specialization should produce benefits for the state in general and especially for the rural counties, where resources would be combined. We recommend the abolition of the 1970s vestige PAOs, and to merge all those cases with the regional office caseloads. Nevada could pilot the Reno Regional Office with surrounding counties and their PAOs, or begin with the pooling of county resources in Elko and the Elko PAO. Clark County, as the stand-alone Las Vegas Regional Office could also be formed with little realignment other than a suggested independence from the DA's Office.

The three regional offices would receive funding from the counties that they serve, but would no longer be directly under the District Attorneys. The three-regional offices would be stand-alone agencies, run by a leadership team elected or appointed by the participating counties through the county leadership structure. One county-paid manager would be the Regional Office Manager (ROM), serving at the pleasure of the counties, with the caveat that the state approves the person appointed to the position. Due to historic funding differences at the local level and the relatively expensive cost of running a very small child support office, the counties can either pool their funding to finance their own regional program or pool their money statewide to offset some current caseload imbalances among the three proposed regional offices we are proposing. Each county would have to maintain its current funding level (Maintenance of Effort or MOE), increased based on future child support needs and economic variables such as inflation, unemployment, population growth or shrinkage, or recession.

Nevada's Uniqueness

Nevada is unlike any other state. One county dominates the caseload statistics with 71% of the caseload, with another county making up almost half of the rest of the cases. There are three demographic groups that naturally combine into three separate regional offices that will be able to address the special situations facing the counties in each of the regions.

The northern and eastern rural counties could share resources with the universally recognized model program, Elko County. Elko County DA Office's child support program is by acclamation considered to be the best-run child support office. The staff works efficiently and cooperatively, working toward the program's goals and making adjustments to meet them.. Having the northern and eastern rural counties run their program from the Elko office should lead to an easier transfer of the admirable Elko approach to the other workers. The obvious downside is the distance between the customer and the office for counties heretofore served by a county-located staff. While not a perfect solution, biweekly or monthly circuit riding to every county will allow local face-to-face interaction and document reviewing and copying. For all other communication, there is the phone, email, regular mail, and

fax. Rural communities have long learned how to deal with long distances for services and this office should be able to address this adaptable demographic well.

The Reno area, which includes all of Washoe County, Carson City, and the western counties will have a mixed demographic of some urban, some suburban and some rural citizens. Cases from Reno and Carson City and their suburbs would make up a large majority of the regional caseload.

The third region has all the Clark County cases, about 70% of the state caseload. While we have some concern about the unbalanced caseload of the three regions, with Clark County having the lion's share, we feel it makes sense to leave Clark County intact as one regional office.

State Assistance to the Regional Offices

The state will support the core functions of the regional office through staff that work in the regional offices as well as centrally. The state staff in the regional office will include the Regional Administrator (RA), who has primary responsibility for carrying out the state performance goals at the regional level. The RA should be assisted by a state Quality Assurance (QA) Specialist and a state Trainer. The QA Specialist will constantly monitor performance and provide data mining analysis about the regional office's strengths and weaknesses at the office, unit and individual levels. The Trainer will offer onsite training for all new employees and for existing employees who need to refresh their knowledge in various areas.

In Carson City, the state should have additional support for the IV-D director. The director should have three deputies to assist with the oversight of the regions and central operations, policy and QA/reporting and program financials.

The state should centralize certain operations, including:

- The SCaDU
- Centralized call center and VRU
- Dedicated state parent locator specialists for intrastate and interstate cases
- Interstate central registry for incoming and outgoing cases, using the QUICK technology developed for the electronic transfer of data from statewide child support systems
- Central lien repository
- Employer data base repository and worker follow-up with non-complying employers regarding Income Withholding Orders (IWOs) and National Medical Support Notices (NMSNs)
- Third-party data base match processing (FIDM, CSLN, licenses, SESA, FPLS)
- A liaison with all Nevada bases, airfields and stations to ensure military cases are worked appropriately

See *Exhibit B-10: Restructured DWSS Central Office* below.

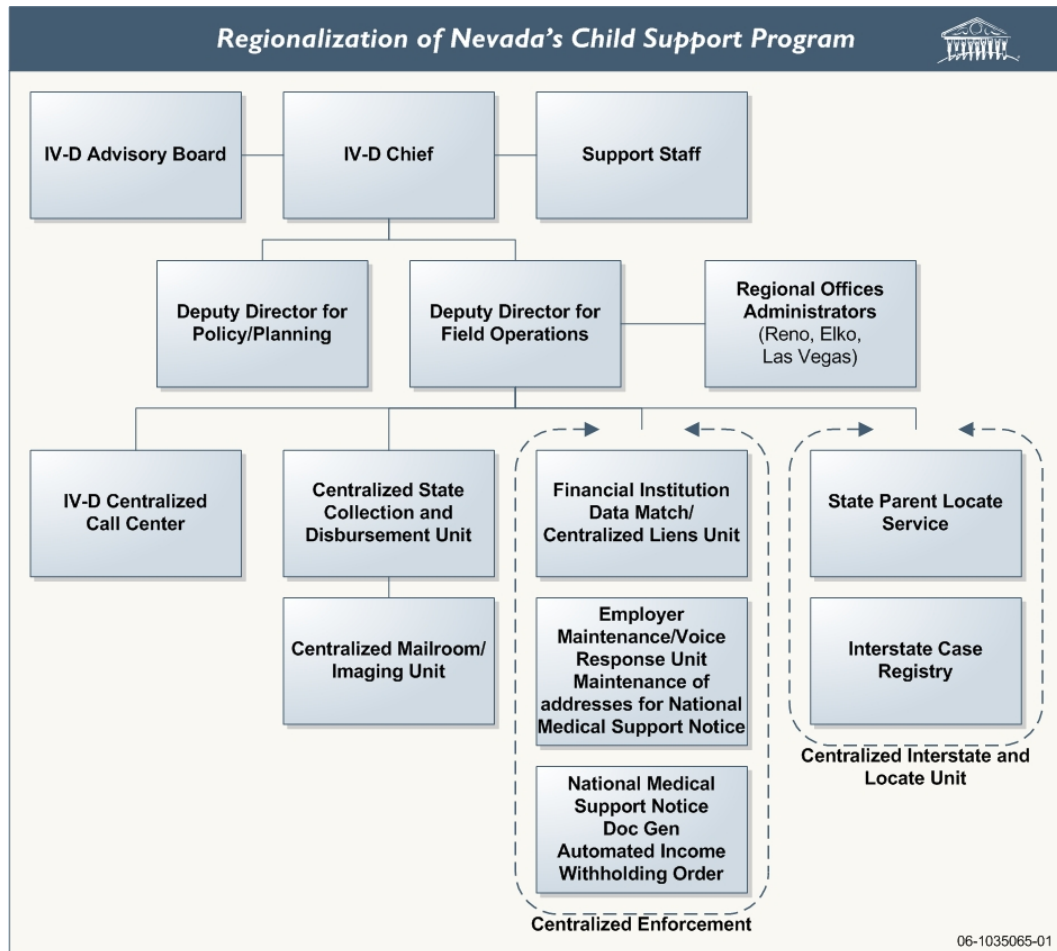


Exhibit B-10: Restructured DWSS Central Office.

See Exhibit B-11: Central Office Policy/Planning Unit below.

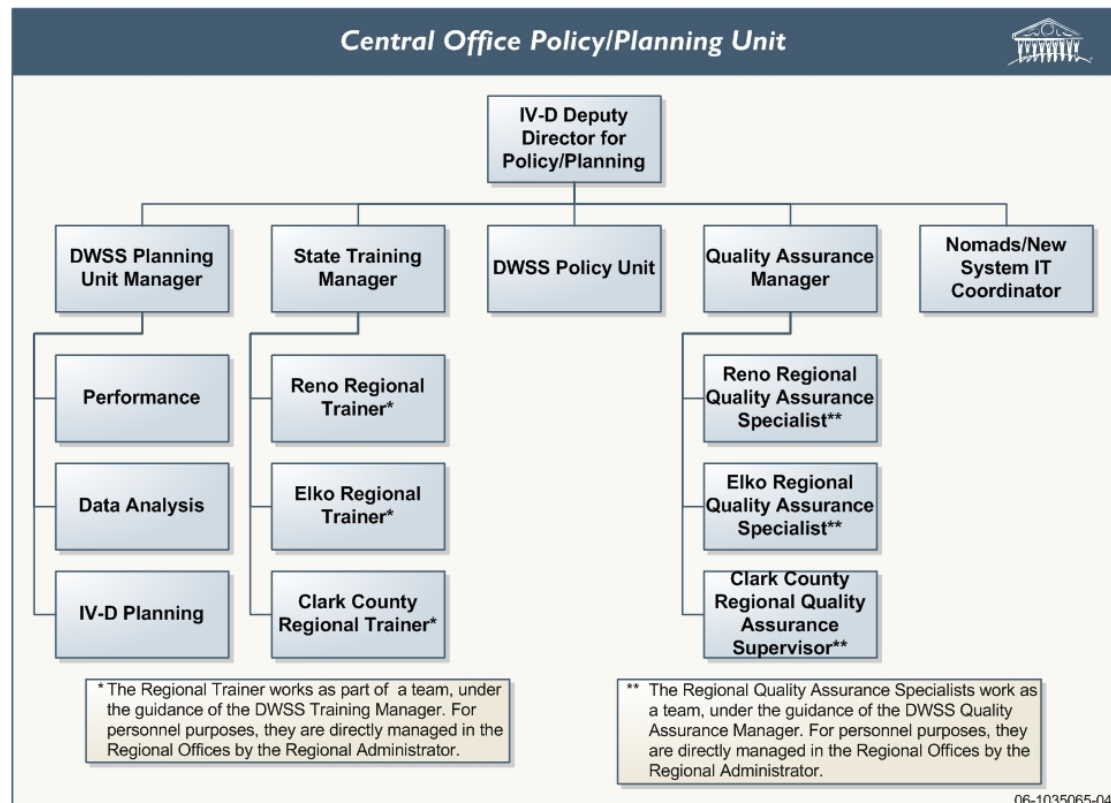


Exhibit B-11: Central Office Policy/Planning Unit.

Case-Processing

The regional offices would co-locate IV-D staff at DOs with the understanding that IV-D staff interview applicants for IV-A and Medicaid-only services at the time of application. These co-located IV-D staff would fall under the supervision of the RA with the exception of Clark County. In Clark County, there would be a need for an Assistant RA who would handle supervision of any IV-D staff co-located in a District office. Once the IV-D case manager obtains enough IV-D information to signify cooperation with the IV-D program, the public assistance agency can process the application and the IV-D regional office can open a case and start working it. For IV-D applicants who do not apply for means-tested benefits, the application should be able to be done through an interactive website, in person or by mail. Circuit riders to each county will periodically ensure that there is a person to see face-to-face in every county for the purposes of intake/information gathering and document sharing.

The regional offices will establish paternity through two enhanced programs:

- Acknowledgment in cases in which there is no legally-presumed father and the parents express no doubt about the father of the child
- Administratively-ordered genetic testing for all other cases

Acknowledgment programs in every birthing hospital should be enhanced by setting as a goal the daily opportunity for parents to acknowledge paternity by affidavit in front of trained hospital staff. Any requirements for a notary should be changed to a witnessed document requirement and an affirmation to the truth of the matters stated in the affidavit under the penalty of perjury. Ordering genetic testing administratively should save time. Workers should be able to take samples through buccal swabs after training by the state's genetic testing vendor. Once the test results come back, if the alleged father has a 99.9% or greater probability that he is the father, the results should lead to a conclusive presumption of paternity unless the alleged father objects within a short period of time. These steps eliminate court delays and make the paternity cases ready for the establishment of the financial and medical support order. Contested cases should be heard by the hearing masters.

In cases in which paternity is no longer at issue, the amount of support should be established administratively using the state child support guidelines. The income information may come from the NCP's employer, the NCP and/or CP and other automated sources of financial information including the state employment security data and federal 1099 data. If there is an objection to the administrative order, then the objecting party may have a hearing before a hearing master.

Once the order is set, an Income Withholding Order (IWO) and a National Medical Support Notice (NMSN) are sent to the employer based on updated addresses in an employer repository. Federal tax offset and lien imposition (using the state child support lien registry) should automatically occur if there are arrearages of a certain amount.

Additional automated efforts done centrally by the state include matching, freezing and seizing financial institution accounts (FIDM) and workers' compensation and personal injury settlements. If monitoring reveals a need for additional enforcement, driver's and occupational license revocation and suspension notices should go out when an arrearage threshold is met, giving the licensed NCP time to object and/or to engage in payback arrangement discussions. If there is no objection or the NCP does not win at the hearing level, the license is suspended until a payment plan is put into place and the suspension is released. Automatically reporting arrears to credit bureaus and looking for fraudulent conveyances are two other tools to use for the self-employed. Contempt is available as a last resort.

If income changes or a child emancipates, an easy self-guided review and adjustment procedure for both parents should be put into place. Because of the Bradley Amendment's prohibition against retroactive modification, it is imperative for fairness reasons that both parties be able to petition when there is a substantial change in circumstances. Administrative reapplication of the guidelines to verified income information should result in a modified order that then goes through the enforcement mechanism described above.

IWO and NMSN compliance should be conducted centrally, using the state employer repository to call employers who have not complied, and to ensure that the employer contact information is accurate.

The SCaDU functions should be consolidated in Las Vegas or in another location that combines low rent with an abundance of labor. All customer calls should initially go through a customer service center, with a robust interactive Voice Response Unit (VRU). The VRU should be able to handle 70-80% of the questions. If a customer wants a live person or the VRU does not have an answer, the call is transferred to a professional staff of Customer Service Representatives (CSRs) who should be properly trained in customer service call center skills and child support. Short hold times and polite, accurate and helpful answers should be the goals. In some cases, only the case manager will know an answer, and the call should be transferred to the regional office where the case is being serviced.

A culture change at the regional office and state office levels should permeate all activities. Every caseworker, supervisor and manager should understand the need to engage both parties in the process to get buy-in and participation, as the goal is to provide the support to the parties' children based on an appropriate level of support established through guideline applications and enforced through withholding or voluntary payments. Related issues such as visitation, job training and searching, drug counseling, prison record, violence control and parenting skills are not IV-D functions. However, it benefits everyone including the case manager if these issues could be addressed. Therefore, each regional office should have a list of available resources to address all of the tangential needs and document the referral in the case notes. See *Exhibit B-12: Case Flow Processes in Regional Office Setting* below.

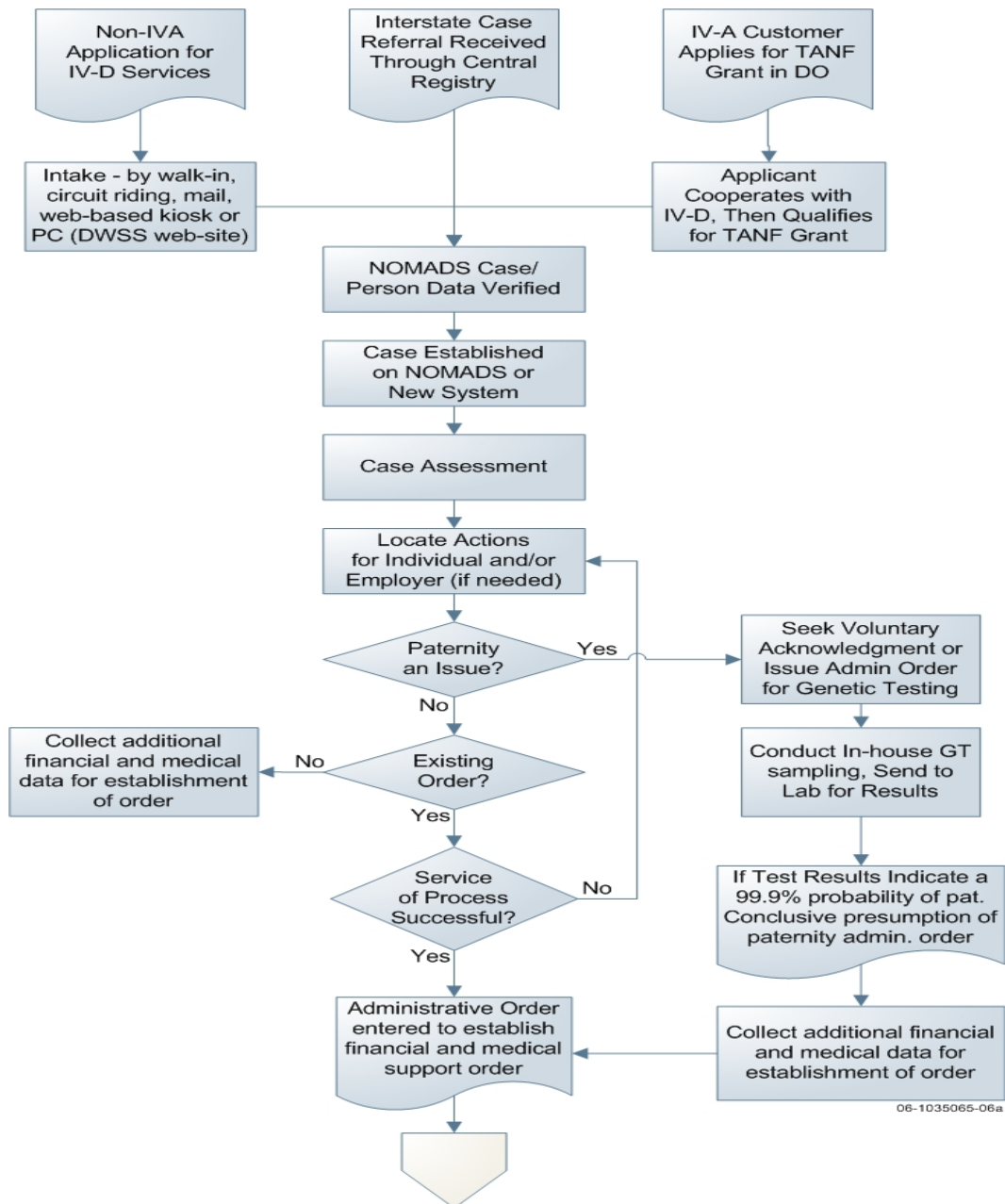


Exhibit B-12: Case Flow Processes in Regional Office Setting.

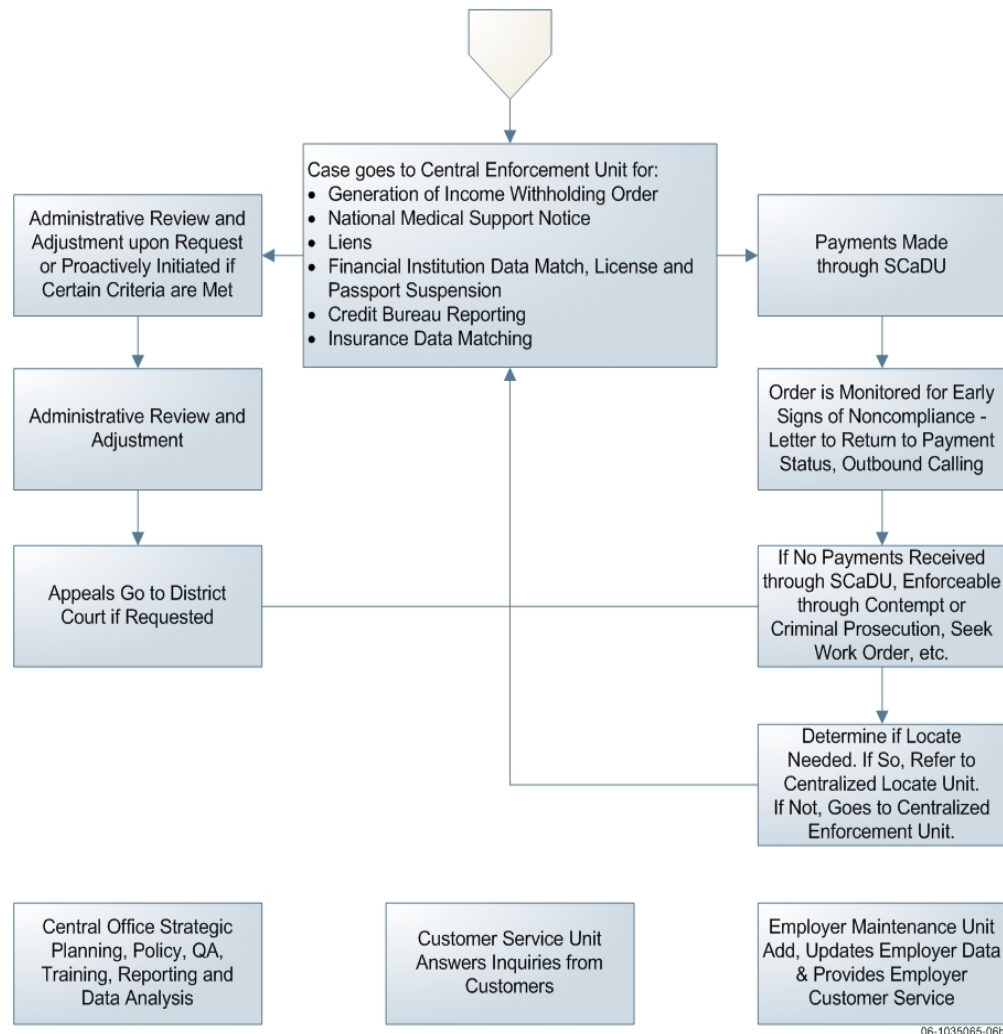


Exhibit B-12: Case Flow Processes in Regional Office Setting (continued).

Organizational Structure

Overall Impact

The overall impact of the above changes should:

- Lead to more case manager time spent on core case tasks
- Provide economies of scale and in-house expertise for all cases
- Boost the amount of centralization and automation for bulk, routine tasks
- Streamline case-processing by logically proceeding to the next step through case manager activity with an opportunity for objection by a party that would lead to a hearing

- Ease the burden on Clark County, based on caseload changes going forward; cases could be transferred between regional offices on a temporary or more permanent basis – possible realignment between regional offices to more evenly distribute the caseload may occur depending on regional resources and the state of automation
- Save money by making more efficient use of resources

Recommendation 1 – Option B -- Two State-run Regional Offices and one County-run Office (ES 1)

Alternatively or as Phase II, Nevada should restructure its program by combining the local offices into two state-run regional offices and one county-run office, and eliminating the PAOs (legislation needed, policy changes, operational changes, systems changes).

In many ways similar to Option A, this option has a key difference with several consequences. The two regional offices in Reno and Elko would be state-run with state employees. Clark County, which comprised the Las Vegas Regional Office in Option A, would continue to be county-run as a regional office in Option B.

The advantage of state-run offices is more seamlessness between the state central office and the regional office. Everyone in the two state-run offices would be state employees, under the DWSS's line of authority. This relieves all counties (except Clark) of any financial burden, which would be shifted to the state. We estimate that the state would have to pay an additional \$3.0 million to replace the non-Clark county contributions. A four-year transition plan could lessen the economic impact on the state and ease the shift for many workers from county employment to state employment.

The downside of course is the county's loss of control over the program at the county level. No longer would child support services be provided by the county, except in Clark. Some counties have already declined to sign cooperative agreements with the state to continue the current state/county relationship and have opted to return the program to the state; other counties have said they are contemplating it.

To better understand why it may be advantageous to Nevada to have the state take over many offices from the county, we first provide some national background on program structure and financing.

Child Support Programs Nationally

Most state IV-D programs are state-operated, with state employees performing management and case manager functions. Some state-operated programs fund cooperative agreements for services with local district attorneys and sheriffs for legal and process-serving. Some states have IV-D-employed attorneys and internal or hired process servers. Most states use a combination of administrative process (agency-employed decision-makers) and quasi-judicial process (referees, masters or commissioners) in the more populous areas for decision-making. In less-populous

areas, states generally use either administrative process or judicial (judges) decision-making. Sometimes the judicial decision-making is little more than ratifying an order prepared by the agency.

Twelve states have described themselves to be county-run but there are additional states with a mix of county and state-provided services. Nationally, there are several states that have mixed county/state operations. Some have privatized operations as well. Arizona operates Maricopa (Phoenix) and Pima (Tucson) Counties directly, and has privatized some rural counties. Florida operates a statewide program except primarily in Miami-Dade County. Maryland has "statized" the larger counties over the last few years, making the bulk of the caseload the direct responsibility of the state. North Dakota formed regional offices with county-pooled resources many years ago and is now looking at options including "statizing" the program. Similarly, Wyoming has Joint Task Boards operating three multi-county child support district offices out of a total of nine district offices. Oregon has moved from a bifurcated Attorney General/local program based on welfare/non-welfare status to one run by the Attorney General. See *Exhibit B-13: State Employed and Locally Employed Case Managers* below.

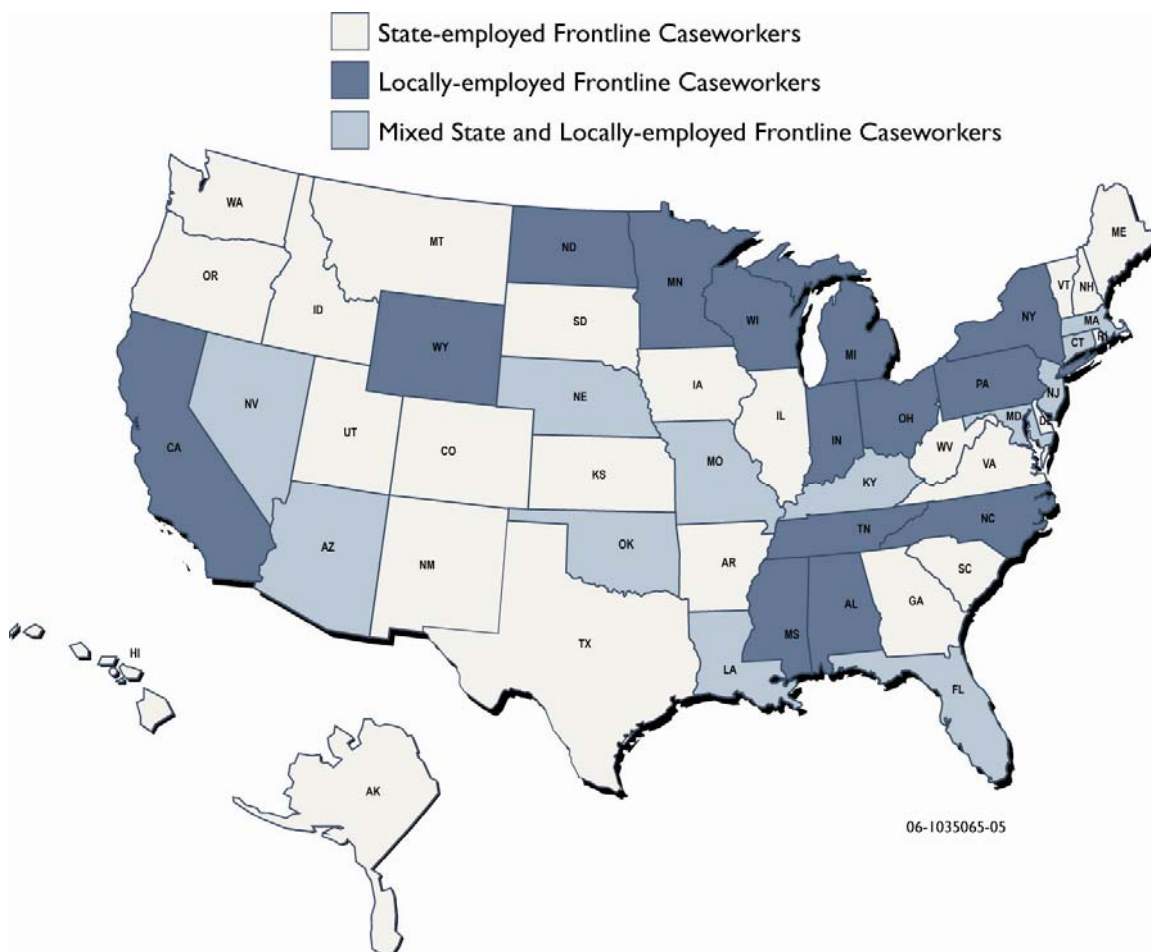


Exhibit B-13: State Employed and Locally Employed Case Managers.

Many states have privatized parts of their programs, based on a child support task or by office. Illinois has privatized some non-core Cook County child support tasks as well some statewide functions. Nebraska, Maryland, Tennessee, Oklahoma, Colorado, Wyoming, North Carolina, Kansas, Virginia, and West Virginia have privatized offices, ranging in size to large cities such as Omaha and Baltimore to small jurisdictions in Wyoming and Oklahoma. Mississippi, South Carolina and Georgia once privatized some local offices but no longer do. Indiana passed legislation this year allowing for the privatization of the local child support offices, which are currently overseen by county prosecutors.

A task force appointed by California Gov. Schwarzenegger had proposed that low-performing counties face private competition, but so far the California legislature has not enacted that approach. In 2001, California switched to a program in which the state asserted fiscal control over the program, although each county operates the child support program with the state-appropriated expenditures using state employees.

National Program Funding Mix

A federal preliminary report issued in 2000 indicated that states that relied on general funds overall had higher performance levels than states that relied on local funding or TANF retained collections.⁹ The report's authors stated that moving from a program that is supported by state general funds for 33% of its pre-FFP match dollars to one that is 67% supported by state general funds had a significant positive impact on obtaining orders and collecting arrearages performance. The preliminary report indicated that 12 states reported that they were county-administered and another 17 states had some county-funding support for their state-operated programs.¹⁰

The final report indicated that: "While the mix of funding sources for each state is different, financing for the State and local share of child support expenditures for the nation as a whole comes from State general fund appropriations (42%), Federal incentive payments (25%), the State share of retained TANF collections (15%), and County general fund appropriations (9%)."¹¹

Retained TANF collections are not increasing nationally, as TANF caseload levels after PRWORA dropped initially and then remained stable (TANF caseload levels may be dipping again soon due to stricter work requirements in the DRA). We understand that in Nevada, the TANF roles went up after 9/11 as the tourist industry in Clark and Washoe Counties were severely hit and more workers sought public assistance.

Consequences of Statization of Reno and Elko Regional Offices

"Statizing" Reno and Elko regional offices will require the state to pick up the \$3.1 million in administrative costs that the counties paid that were matched with FFP. We believe that there may be additional savings in the consolidation, not only from the county office consolidation, but the elimination of the Reno and Carson PAOs and some efficiencies that could be realized in Washoe County. Washoe County could reduce its reliance on the judiciary and the use of investigators, as well as the number of attorneys.

Additionally, with the State offering customer service and centralized automated functions for case-processing that the counties used to perform, significant regional savings could be made with the workload shift. See *Exhibit B-14: Reno and Elko Regional Offices* below.

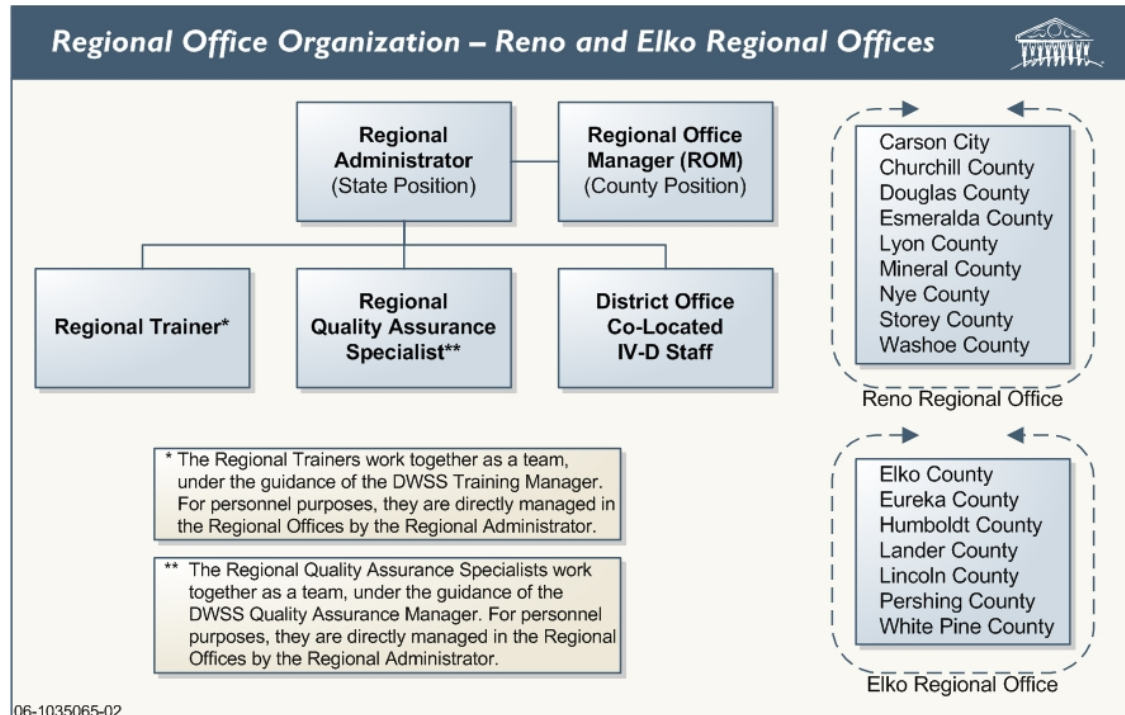


Exhibit B-14: Reno and Elko Regional Offices.

Recommendation 1 –Option C -- Three State-run Regional Offices (ES 1)

Alternatively or as Phase III, Nevada should restructure its program by combining the local offices into three state-run regional offices, and eliminating the PAOs (legislation needed, as well as policy changes, operational changes, and systems changes)

To put the state in complete control of the caseload and the case managers who work them, the third option has the state taking over direct responsibility for the Clark County cases in addition to the cases from the rest of the state. This adds the remaining 70% of the caseload to the state caseload. Currently, Clark spends \$7.8 million in county appropriations, and employs 243 child support staff. See *Exhibit B-15: Nevada Regional Offices – Clark County Regional Offices* below.

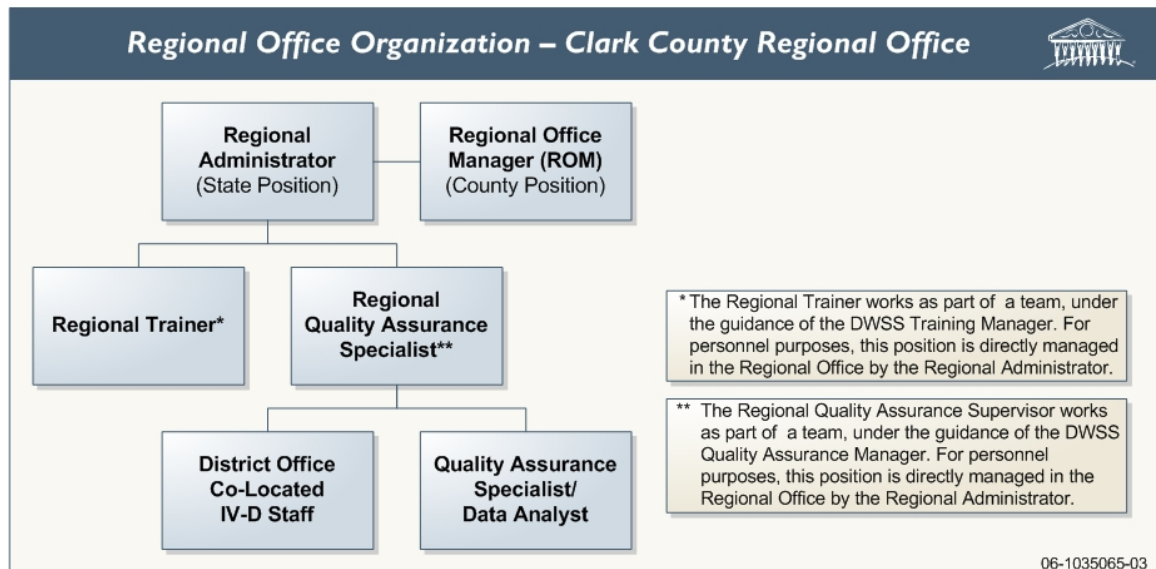


Exhibit B-15: Nevada Regional Offices – Clark County Regional Offices.

Lifting the IV-D program performance in Nevada to at or above the level of the nation in aggregate rests with large improvements in the performance of Clark County. *Exhibit B-16: Clark County/State of Nevada Performance* below shows the following level of county performance compared to the state and national averages.

Jurisdiction	Paternity Establishment %	Order Establishment %	% of Current Support Owed Paid	% of Arrears Cases in Paying Status	Cost-Effectiveness
Clark	68%	43%	43%	55%	Not posted
NV: Sept 05 Website	74%	46%	46%	57%	Not posted
NV: OCSE Report	66.30%	62.41%	45.68%	49.60%	\$2.98
Nation	87.57%	75.87%	59.91%	60.04%	\$4.58

Exhibit B-16: Clark County/State of Nevada Performance.

Based on FY05 numbers for the Nation published by OCSE as reported by the states and September 2005 for Clark County and the State as published on the Nevada website.

Additional savings through increased efficiency should be realized in Clark County through the implementation of the recommendations in this report. Using the same chart for the centralization savings for the Reno and Elko regional offices, the following represents Clark and total state savings that could be realized if the recommendations are implemented.

Addressing Concerns

There are several concerns with the state taking over the child support casework from Clark County. The first issue is the conversion of 243 county workers to state workers. There is a salary and benefits disparity between Clark County and the State of Nevada, and to convert county employees to state employees would have an adverse impact on many of the current workers' wages and benefits. We believe that there could be a gradual change to state-employment status that would mitigate the impact over time. Tying the final conversion to the implementation of the new statewide child support system will give case managers several years to adjust to the disparity as the differences will be minimized over time, with some retirements and well-planned buy-outs alleviating the impact.

Clearly the key is to get the program's costs under control for all Nevadans, and the low-cost-effectiveness of the program today calls for a future program that pays workers well but not completely out of line with their counterparts in other states. Highly-experienced Clark County attorneys with caseloads of 35-40 cases, with minimal supervisory duties, are annually earning as much as \$140,000.¹² It appears that the marketplace for young attorneys with less experience would allow the county to save money. Many dollars could be pared off the \$19.65 million FY05 Clark County child support budget, which required 6.55 million in Clark County appropriations matched with federal dollars (incentives and FFP).

Second, the additional state cost of funding the program could partially be funded by county contributions over a five-year period as the state takes over the program. As the program and staff transition to state-operated, Clark can pay a decreasing percentage of the cost of the county's program. In some states and with the federal government, there is a cost of living adjustment for workers in a high-cost area. Obviously, this has implications beyond child support and the legislature may want to look at this issue as a matter of general policy.

Third, politically, the District Attorney and Clark County would transfer to the state the operations of its child support program, which impacts close to 100,000 children, or about one in four Clark County children. This is a major change in the entity providing services to children, although it puts this service in line with the welfare service provision, which is a state function. If the increased efficiencies result in an improved product delivered to Clark County children and state taxpayers, the benefits will inure throughout the county and the state.

Reaping the Benefits

The changes, some of which could be painful, should result in a more efficient program that is more successful at establishing paternities, establishing financial and medical support orders and collecting current and past-due support. The changes should measurably improve customer service, as the recipients of the services may begin to feel as if someone is listening, someone cares and someone is doing something to collect support. With a professionally-staffed call center, NCPs should

feel that they are not the enemy, and that the child support program will work with them to overcome payment barriers and to set support at realistic levels based on their incomes.

By producing better child support results, the state's number of welfare grants should decline, as well as the reliance on public health care instead of private insurance. The end result is a more self-sufficient, less-government-reliant citizenry.

Program Leadership Structure

Recommendation 12

We recommend that consideration be given to placement of the IV-D Chief directly under the supervision of the DWSS Administrator.

With the potential implementation of "statization" of Nevada's Child Support Enforcement Program, the responsibilities the IV-D Chief will assume will be not only leadership capacity for the state's Child Support Enforcement Program, but also as a guiding member of the IV-D Steering Committee and providing leadership over the Regional Administrators. The IV-D Chief will have major responsibility for Program Administration as well as high level oversight of field operations. With this level of responsibility and the administration of an all-encompassing program, it is felt that this warrants the direct report of the IV-D Chief to the DWSS Administrator.

Recommendation 13

In order to draw the best talent available to bolster the existing talent, especially in a state-enhanced program, new and existing centralized operational functions and the call center should be placed in or near Las Vegas or Reno.

The state is severely lacks Carson City-based child support expertise. That is why we believe that in order to bolster the level of talent at the state level, the centralized operations and call center functions should be placed in or near Las Vegas or Reno, attracting Clark or Washoe County talent as well as national talent drawn to the Las Vegas or Reno environment. However, this does not preclude consideration being given to some of the rural areas, such as Elko, for placement of a centralized operation.

Recommendation 14

The focus of the IV-D program should be on performance and not policy adherence

One of the most important changes the state can make is to measure and focus on improving how well the program performs at the state and local levels. No other state child support program, either directly interviewed or anecdotally, focuses primarily on policy adherence instead of performance enhancement. Performance enhancement does not necessarily follow policy compliance, as has been suggested by senior DWSS staff. We strongly suggest that this recommendation be implemented.

Elko County, traditionally the best-run and most-admired office, has recently had to change the way it does business to ensure policy adherence. For example, if the

policy is that a worker take 'X' action within 'Y' timeframe, if he or she does that, the county gets full credit, whether or not the activity resulted in a task accomplishment that leads or will ultimately lead to a collection. This is measuring and rewarding the means rather than the ends of the program, and is reminiscent of IV-A focused management ill-suited to child support.

B DWSS and County District Attorney Comments

B.1 COUNTY DISTRICT ATTORNEY COMMENTS

B.1.1 Carson City District Attorney¹³

We are firm in our position that regionalization will limit access for rural customers and are surprised at the recommendation due to the emphasis that MAXIMUS places on customer service. Limiting access to the system for anyone is contrary to why we are here. Many customers prefer to communicate with their case manager face to face and we have found that it does facilitate the process. Regionalization would certainly cause a hardship for rural customers.

The second problem with regionalization is access to accurate and timely legal advice. Local child support offices within the District Attorney's Office are overseen by attorneys and the case managers have the benefit of immediate and ongoing access to legal advice. Legal questions arise frequently and can cause delays in processing a case if access to legal information is limited.

MAXIMUS' suggestion of having different organizational systems in the North and the South would lead to inconsistent service across the state and cause unnecessary confusion. We don't believe that dividing the system is in the best interest of any of the parties and would further compound the existing problems.

While management reports are important, Nevada must be careful about adding too many more reports for the local offices. There is an overabundance of paperwork that currently inundates many of the smaller offices. Existing reports should be evaluated to determine if they can be improved or replaced in lieu of creating more reports that clutter an already complex and full data base.

B.1.2 Churchill County District Attorney¹⁴

Mineral County's District Attorney Cheri Emm-Smith addresses some major concerns in her November 9 response to the MAXIMUS Audit. These concerns, both on the effect of further limiting services to our smaller communities and restricting the due process and legal rights of our constituents, should be taken very seriously. District Attorney Emm-Smith hit the nail on the head when she stated that rural services provide more satisfactory client service due to the smaller communities to which they provide services. Churchill County agrees that, due to the fact that the people we are serving are our constituents, but they are also our neighbors and our co-workers and people we see in the community every day. It is axiomatic that they receive timely, dignified and conscientious service.

I refer to the phrase printed at the bottom of Mineral County District Attorney Cheri Emm-Smith's FAX cover sheet, which states simply, "KIDS COME FIRST." I cannot emphasize enough the depth of meaning that this phrase holds in the area of child support. Most of our child support recipients are single mothers, often working two, even three jobs to make ends meet. They are taking on these extremely heavy burdens on behalf of their children and they are simply asking our assistance in enabling them to get by and provide decent lives for their children. Often custodial parents are people who need the most help and are in the position of being least able to provide it themselves. It is unacceptable to this office that anyone would question that this would best be accomplished on a local level.

It has become very apparent in the last several years that a complete top down evaluation must be accomplished at the state level before any issues at the county level could be possibly addressed. It would seem to be putting the cart before the horse to centralize or regionalize, utilizing a structure that gives every indication of being already broken. It is strongly suggested that our new governor and legislature consider a very in depth and honest evaluation, all the state offices involved in child support, with the eventual goal of not increasing bureaucracy, and not of depriving the rural counties of additional services, but, in fact, of better serving all the people of Nevada, especially those in the rural areas. Any course contrary to this would have long range, devastating effects to many of our families and children in rural Nevada.

B.1.3 Clark County District Attorney

B.1.3.a Clark County Family Support Division¹⁵

There are repeated references to Clark County comprising 71% of the cases in the state. This figure is taken from the State website. There is another report, Caseload by Office Report, which shows that the Clark County caseload is actually 59%. Is there a reason that one figure has been chosen over the other?

There are repeated references to the number of full time equivalents in Clark County and it is not always clear exactly what is being counted. The report states that there are 244.2 FTEs in Clark. The information we provided reflects 247 FTE in Clark County plus an additional 7 State workers assigned to perform IV-D case responsibilities integrated in our workforce.

The description of the current child support system showing case flow between a local PAO and District Attorney office does not apply in Clark County.

The statement is made that there were organizational changes made in Clark County and "early indications of little impact on performance." The report otherwise makes repeated references to the fact that there are no meaningful management reports – the type of report necessary to determine the relationship between changes in organizational structure and outcome measurements. The lack of these reports calls into question the basis for this statement. The State website (Caseload by Office Monthly Report – August, 2006) shows that Clark County represents 59% of cases in the State. Collections reports for August, however, show that Clark County collected

63% of all monies collected statewide. Moreover, collections in Clark County have increased from \$80,956,989 in calendar year 2003 to \$74,704,012 in the first 9 months of 2006. Our caseload has dropped during the same time period by over 6,000 cases. As a gross measure of change, something IS happening in Clark County even in the absence of the types of management reports and tools MAXIMUS is advocating.

The statement is made that Elko County [has] "long been held to be the best run office." Without meaning to detract from Elko County this statement suggests that it is appropriate to compare the operations of Elko County to operations in Washoe, Clark or elsewhere in the State. We do not believe such a comparison fairly takes into account the differences in sizes and make-up of the various communities in the State. If there are specific management or casework techniques employed in Elko County which are transferable to other jurisdictions then we believe these should be stated to support the stated conclusion.

Exhibit B-17 attempts to distinguish Clark County's performance from the performance in the State as a whole. This statistical comparison is very misleading and, in fact, we suggest that there should be a continuing caveat throughout the report that NOMADS statistical data does not necessarily reflect the actual performance of a given office (assuming that it does accurately reflect the performance of the State as a whole). It is interesting to note that the State website has the notation, posted in December of 2004, "Questions have been raised regarding the validity of Incentive Measures statistical data. A request has been submitted to review accuracy of data sources used to determine these statistics." Similarly, the Incentive Measures monthly report on the web site states that effective December, 2005, "Future postings of this report are suspended pending review and possible revisions." Attempts to generate ad hoc reports for paternity establishment have been unsuccessful since the report is based on case "ownership" (a status that changes whenever a case is closed, re-opened, or otherwise transferred between offices). Clark County may establish paternity in a given case but if the case is closed "ownership" of the case is transferred to Office 19 (Las Vegas PAO office) which then gets the credit for having established paternity (the most recent ad hoc paternity establishment report shows Clark as having established 33,784 paternities and Office 19 (which does not establish paternity) as having established 1,625 paternities (as of August 1, 2006)

We question the wisdom, without a more detailed study, of commenting on caseload and/or attorney salary issues. There were 13,898 cases heard in court 2004 and 13,109 cases heard in court in 2005. This equates to approximately 1,500 cases presented in court per year per attorney (absent special assignments). Additionally, attorneys are called on not just to appear in court but are actively involved in cases from intake through disposition. Our attorneys routinely answer inquiries from specialized, higher paid private attorneys who do not know the intricacies of child support. Starting salary for Clark County Associate Attorneys is approximately \$68,000 and, under the current agreement with Clark County, the stated salary of

\$140,000 will not be reached for 12 to 15 years of practice. I do not know if the suggestion is that seasoned attorneys with 12 to 15 years of practice can be employed for less money or if child support is not worthy of seasoned attorneys and that entry level attorneys are all that is ever needed to perform child support. I do not see any value in making this statement other than to direct the focus of this study away from its central theme – that the organizational structure and lack of management tools has doomed the current system to failure – to a generalized beating on attorneys.

B.1.3.b Clark County Family Support Division¹⁶

We concur with the implicit recommendation that additional resources need to be provided to the program at the State level. Advances in automation, training, clear policy development and dissemination cannot be done based on the current staffing levels of the Central Office. MAXIMUS should include in this report comparisons of the staffing levels (as well as responsibilities) of the Central Office in Nevada with similarly run programs in other States.

We concur with the conclusion that management of the IV-D program should be based on performance. In Fact, the counties contracted with the State to provide performance measurement tools two years ago and today we have nothing. MAXIMUS has recommended that performance be measured at the state, office, unit, team and worker level and we agree. We believe that the recommendations concerning development of management reports should be illustrated by examples from other jurisdictions where the development of such reports has, in fact, resulted in quantitative improvement in performance. Moreover, we believe that MAXIMUS should further support this recommendation by comparing these new and recommended management reports to the types of reports that are currently generated in NOMADS and the significant differences in management techniques that each report type requires (e.g., the ability to measure individual worker performance in specific areas (new) as opposed to "gross" ad hoc reports which generate "clean up" activities rather than provide managers with the ability to proactively prevent the necessity of "clean up" occurrences.

We believe that regardless of the final recommendations MAXIMUS makes, as implementation schedule should be recommended and justified with measurement milestones established to determine whether the intended results have been achieved, whether implementation corrections should be made, etc. MAXIMUS rightfully stated that Clark County should review the impact of our organizational restructuring which was recommended by PSI. PSI also recommended the creation of management reports to measure performance. Our inability to conduct such review has been hampered by the absence of meaningful management reports. We believe that it makes little sense to reorganize at the State level without the ability to measure current performance and consistently measure performance thereafter as restructuring takes place. Quite frankly, we believe that implementation of all the recommendations short of the restructuring proposed by MAXIMUS (e.g., a performance based system enabled by clear policy, adequate training, a worker

friendly automated system which actually reduces rather than exacerbates worker responsibilities, all of which is monitored by tailored management reports) will achieve the desired result of catapulting Nevada into the top tier of State performers.

B.1.4 Douglas County District Attorney

Under either the regional office or the state-administered office approaches advocated by MAXIMUS, this consultant recommends co-mingling the Douglas County program with other programs in the western part of Nevada. Douglas County is not claiming perfection in the administration of its child support enforcement program but based on the drafts of the MAXIMUS reports we reviewed it appears our program is not on the consultant's list of jurisdictions and PAO offices which MAXIMUS finds require "raising the numbers" to "increase the state performance overall." Mixing a stand alone program that performs to standard with programs that, in the consultant's view under perform and placing a management structure on top of the adequately performing program which will in reality be dominated by some performance cellar dwellers is not the recipe for improved performance. It is the consultant's statement of a policy preference for regionalization and centralization at the expense of performance.

Give the evolutionary recommendations proposed by MAXIMUS a thorough implementation and a fair opportunity to improve this State's overall performance. If these initial steps do not produce sufficient increases in the State's numbers, then consideration of sweeping changes to the program's management may be in order. But right now the policy of "bigger is better" is contradicted by the performance to date of smaller programs like those in Douglas and Elko counties. The recommended policy making sweeping changes to management structure should not be implemented.

B.1.5 Elko County District Attorney

I agree that Nevada should be performance based and all offices should strive to adhere to federal performance standards. The more money collected in Nevada, means more families become self sufficient which equals less people on welfare. I also agree that offices should adhere to policy, but this should not be the total outcome of an offices success. Nevada's Child Support Program has lost the meaning and value of why we have this program.

It makes since to regionalize the child support program in Nevada. We find some grey areas in MAXIMUS' three recommendations of how the state should regionalize and Elko is willing to discuss these options further if and when that time comes. If the state is looking into regionalizing, the Elko region should be first and should be in stages. The reason the Elko region should be looked at first, is you are merging smaller rural offices and you would not affect a large amount of staff. To merge these offices in stages, allows Elko's region to convert the case file into our existing format and allow for case cleanup.

I have always thought that the PAO offices should be co-located within the District Attorney's Offices since we share cases. This will eliminate cases changing offices within NOMADS. The Nevada Child Support Program should have one case file for each obligee/obligor known to NOMADS.

B.1.6 Lincoln County District Attorney

It has come to our attention that the State has conducted an audit/report, which will recommend that child support offices be taken away from the counties and placed in a regional system. We strongly oppose the recommended move to a regional system, and urge the State to leave the child support office under the counties.

Lincoln County's Child Support Office has been and continues to be an important asset to our community. Our child support officer, Trista Boyce, has provided excellent service for over ten years, and she is an essential link between the public and the District Attorney's office on child support matters. Creating a regional child support office would jeopardize the public's access to the office, especially in Lincoln County where residents all ready must travel long distances to get to the office and transportation is limited. Further, enforcement of child support would suffer from a regional system in that a regional system would have a greater case load and less contact with the individual DA's Offices. Similar problems already exist with the Division of Child and Family Services. Please take these items under consideration before going forward with any recommendation.

B.1.7 Humboldt County District Attorney¹⁷

Regionalization: This is an inappropriate concept for Humboldt County. We are a rural area with limited access to the three suggested regional offices (Elko being 123 miles to the east and Reno being 167 miles to the west).

Internet and telephone access may be limited or non-existent, in the far reaches of the county.

Policy based audits don't tell the whole story of the success or failure in servicing a particular case. Performance based audits are key to determine whether child support is efficiently collected for Nevada's children.

B.1.8 Lyon County District Attorney¹⁸

Lyon County does not agree with suggestions that the IV-D program needs restructuring as stated. While there may be a need for redefining roles within the present structure, Lyon County does not believe that the merger of PAO's and District Attorney's Offices into three regional offices would increase the level of customer service or resolve the problems facing the IV-D program.

Lyon County does not agree with the Regionalization of Child Support Offices. Regionalization offices are not an answer to the existing problems facing the current child support structure. Lyon County maintains an on hands accessibility to the customer. Lyon County Child Support is a local point of contact, which is necessary

to the customer. Our office provides walk in service to approximately 5-10 customers on a daily basis.

The feasibility of a biweekly or monthly circuit rider to visit every rural county on a monthly or weekly basis by MAXIMUS and DWSS is a discriminating and inadequate solution for rural counties serving the community. Lyon County questions whether the suggestion truly appreciates the vast distances that already complicate service under the current system. Amplifying the distances does not appear a logical solution.

B.1.9 Mineral County District Attorney¹⁹

I question the wisdom of moving court hearings out of the rural areas to a regional based court where the rural areas were identified as being the most efficient. In my opinion, regionalizing the child support procedures as set forth in the MAXIMUS audit would further complicate Nevada's position in the overall child support system.

B.1.10 Nye County District Attorney²⁰

While Nye County agrees that both state and local workers shall be held accountable for the failure and or success of the program, we oppose regionalizing the program or consolidating it into three regions. As stated in "centralizing case processing," seven out of ten IV-D parents rely on the services of the local District Attorney's Offices. In Nye County, parties are set for hearing upon their request within one to two months of said request which affords due process to the clients. So called "regionalization" will place greater distance between the parties we are attempting to serve. The more localized the program is, it will yield more stable employment with greater knowledge.

If central case processing were to occur, we could not accurately track and monitor our cases. For example, in Nye County we have found that there has been minimal response to enforcement tools such as delinquent and credit bureau letters and driver's license suspension; however, the filing of a criminal complaint for felony non support gets the non-compliant parent's attention coupled with faster access to District Court which has resulted in a dramatic increase in collections in our county.

In conclusion, having the Child Support Enforcement Division in the local District Attorney's Office allows for immediate access to the assigned attorney for questions, answers, signing of documents, etc. Being a rural county office allows for a "hands on" relationship with your clients and the files which leads back to the issues of customer service. Removing the personal contact with the clients, we believe, will adversely affect customer service. Additionally, being that this is a rural county, the local community takes pride in whatever employment opportunities are afforded in our area, especially in the public sector; therefore we see fewer turnovers in jobs. Turnovers cost money! Training new employees where turnovers occur could prove to be quite costly. Keeping child support enforcement in the rural offices; where turnover of employees are lower, would allow for the funds not used for continual training of new employees to be used for advanced training of existing workers.

B.1.11 Pershing County District Attorney²¹

The first concern that the Audit presents is the focus on centralizing the Child Support Services and forms. Pershing County parents do not have nor are they likely to gain access to the Internet in the near future. We are often getting complaints regarding the automated systems we now have with the debit card. Many times the caseworker has had to call JP Morgan for the client, as the client was unable to navigate the system. Furthermore, many of our rural clients cannot afford a phone to call the Welfare office that is located 50 miles away. Some of our clients have even been known to carpool to the Welfare office.

The Pershing County D.A.'s office strongly opposes transitioning the child support program from local county office to regionalization and then to be run by the State in the future. The regionalization of the Child Support offices does not take into the account the needs of the rural clients. A majority of our clients do not have a phone, cars or Internet access. They are on low fixed incomes and many are unemployed. They live in a rural area and would not be easily able to travel to a regional office. Given these facts a regional office would not meet their needs.

The rural counties should be subject to regionalization just because they do not have the majority of the cases. Our clients should not be made to suffer just because they choose to live in a rural area. Intake for the rural counties to be achieved through circuit riding, phone, web and kiosk accessibility is ridiculous. The State has taken over many services in Pershing County and has failed. For example, the State regionalized the Division of Child and Family Services. The regional office governing Lovelock was based in Elko. The result – dozens of abused children being left in the home to be abused without proper services. The regional office has no local accountability. It was only recently that services were changed with Churchill County providing services to Lovelock with an assigned worker. In the past year alone over 30 children have been removed from homes in Pershing County because we are finally able to get some services. How did this happen? It was not because the State listened, or the regional directors listened – it was because the District Court Judges were disgusted with the lack of services provided to this rural community's children.

Additionally, the State is supposed to provide Parole and Probation services to Lovelock. The result – many of our parolees and probationers are not properly supervised. Why? Because the regionalized State agency cannot successfully serve a rural community such as Lovelock. The State, through their regionalized offices, has taken over other programs in our area and the same result occurred. A third example would be the mental health program. The State took over the services of mental health promising to provide said services – the result – we no longer have functioning mental health services. Again and again Lovelock has been subject to the State promising to provide services through regional offices and the State consistently fails to provide those services. There is absolutely no evidence that regionalization of the child support offices would have a result other than the result achieved by other State

predecessors. Said result being failure to provide services and a rural community being left without services. A fax machine, kiosk or circuit rider cannot be termed proper "services" and would only serve to further alienate our rural clients. The result would not be in the best interest of the clients, the State or the children.

The audit correctly suggested that Nevada should focus on performance rather than policy adherence. The Child Support Enforcement Policy Manual is completely outdated. Nomads is outdated. The policy guidelines are higher than even the Federal Guidelines – yet, no additional training is provided, the policy updates are extremely slow in developing, and the policies are set by individuals who have never even performed actual casework themselves. Furthermore, the CEM often contradicts the Nevada Revised Statutes. Thus, given all these factors, a focus on policy adherence is highly ineffective and unrealistic. The auditors are correct in stating that performance should be the focus of the program, as policy adherence will only be an acceptable scale to be judged by once the policy is actually updated correctly and proper training has been received. Furthermore, if the policy based enforcement tactics continue then the State needs to provide additional training as well as providing more re-reviews of more cases so that the office can ensure compliance.

B.1.12 Washoe County District Attorney

B.1.12.a Washoe County District Attorney²²

Thank you for the opportunity to respond to the Draft MAXIMUS Report. Preliminarily, we would like to state that we respect the insurmountable task that MAXIMUS took on of researching and reviewing the root cause(s) of Nevada's poor performance in child support enforcement and we applaud their efforts in attempting to make recommendations for improvement. However, it is our belief that reorganizing the program and its core staff into regional areas would do little to no good without first curing the root cause of Nevada's failures: the NOMADS computer system and the related IT issues of the inability to mine data and provide meaningful management reports down to the worker level to ensure success.

In conclusion, we fully support the recommendation of MAXIMUS that DWSS focus of performance rather than strict policy adherence. The strict policy adherence leaves IV-D staff focusing on documenting action for the sake of "passing" an audit rather than focusing on performing for the benefit of children and families. However, we must stress that in order to demand performance from IV-D staff, we must give them the tools (reports) to proactively manage their caseloads and we must give management the tools (reports) to ensure compliance. These management reports must also provide a clear indication on whether changes are proving to be successful or not and must be comprised of valid data.

B.1.12.b Washoe County District Attorney²³

We cannot respond to the funding recommendation set forth or the performance impact percentages set forth in the Executive Summary as the Report does not include

the data on which the MAXIMUS calculations were based on. However, on its face, these numbers appear to be questionable.

Finally, we would just like to reiterate the priorities that need to be met before consideration of other costly recommendations:

- Improve NOMADS functionality
- Mine data to provide management and worker reports at the office level, team level, and individual worker level
- Completing a feasibility study to ultimately replace NOMADS.

As previously stated, the focus must first be on correction of the technological issues facing the program.

B.2 DWSS COMMENTS²⁴

CURRENT NEVADA PROGRAM STRUCTURE

State Structure and Staffing

The Chief of the Child Support Enforcement Program is responsible for full statewide operation of the program, administratively and operationally. There are currently 100 statewide full time equivalents in the Child Support Program in the DWSS. The breakdown of staff in offices is as follows:

Northern Nevada

■ Central Office CSE (includes QC):	18
■ SCaDU	6
■ Information Systems/Help Desk	5
■ Customer Service	3
■ Investigation & Recovery	1
■ Reno PAO	23
■ Elko PAO	4
■ In District Offices:	2

Southern Nevada

■ LV PAO	3
■ SCaDU	14
■ Customer Service	1
■ Information Systems Tester	1
■ Employment Assistance Program	3
■ In District Offices	6
■ Investigations & Recovery	2
TOTAL	100

Local Structure and Staffing

The assigned responsibilities for child support cases vary depending on the office. In White Pine County, the White Pine County District Attorney's office terminated their contract. Therefore, all child support services in that county are provided by the DWSS staff.

The audit provides the number of cases per FTE in Nevada and nationally. However, it is the State's understanding this calculation is based upon total FTEs including management and administrative staff and is not limited to case managers.

The DWSS recommends modifying Exhibit 5: Nevada Jurisdictional Caseload to show the percentage of statewide caseload rather than the percent of State.

With regard to federal incentives, 45 CFR §305.35 requires incentives to be utilized to supplement and supplant other funds. Therefore, the loss of the ability to match incentives, as a result of the Deficit Reductions Act, results in less opportunity to augment the program. There should be no impact on the county's base budget from the loss of incentive match.

Based upon the change in the contract with the District Attorneys, which took effect January 1, 2005, FFY 2005 will be the first year the state will participate in receiving incentives.

Performance Measures

The audit indicates the emphasis on policy adherence has resulted in poor performance. As states previously, prior to January 1, 2005, the program focused on performance outcomes. The measurement of policy adherence did not begin until early 2006; therefore, the full impact is unknown. In addition, the audit provides information for FFY 2005 performance, but fails to make a comparison to FFY 2004 performance, which would have illustrated improvement.

DWSS disagrees with the representation the IV-D Program is secondary to IV-A considerations. DWSS agrees additional solutions should be introduced focusing on IV-D improvements at all levels. Discussion have been initiated to centralize specific IV-D functions statewide.

Customer Service

Redundant customer service systems were deliberately put in place to address disaster recover and to allow for statewide selection of staff. It is a prudent business practice to have redundant systems in this area.

FUTURE OPERATIONS STRUCTURE

DWSS concurs with the concept of regionalization to improve accountability and performance. However, this will require legislative approval of amendments to statutes, adequate funding and staff.

Recommendation 1 – Options A, B and C: DWSS agrees with regionalization of IV-D offices and believes Option C should be the end result using the recommended phased-in approach to optimize transition and minimize business/customer impacts.

Recommendation 12: The IV-D Chief's placement in the DWSS organization was deliberate and advances program cooperation between IV-A and IV-D.

Recommendation 13: The DWSS disagrees with centralizing functions solely in Las Vegas based on the ability to recruit. The DWSS has made a deliberate effort to place centralized functions in both the north and south to ensure redundancy of systems in case of disaster or down time in one geographic location. Therefore, customer service, SCaDU, VRU, Quality Control, Systems Support are located in both the north and south.

Recommendation 14: The DWSS agrees performance is an important component of success. However, DWSS believes performance and policy adherence go together as one.

¹ August 2006 DWSS Organizational Chart – Budget code 3238

FY 2007 DAFS Budget Request Data

² 42 U.S.C. §655 (a)(2)(C)

³ 42 U.S.C. §658a

⁴ Information received from Roger Mowbray, DWSS, September 2006

⁵ Deficit Reduction Act of 2005, P.L. No. 109-171

⁶ Information received from Roger Mowbray, DWSS, September 2006

⁷ Federal Register: December 3, 2003 (Volume 68, Number 232), pp. 67676–67678

⁸ Information received from Roger Mowbray, DWSS, September 2006

⁹ The Lewin Group (M. Fishman et al), *Preliminary Assessment of the Associations between State Child Support Performance and Financing Structure*, U.S. Dep't of Health and Human Service, ASPE & OCSE (2000), p. 10

¹⁰ Ibid, p. 21

¹¹ The Lewin Group (M. Fishman et al), *State Financing of Child Support Enforcement Programs, Final Report*, U.S. Dep't of Health and Human Service, ASPE & OCSE (2001), pp.iv, 25

¹² Interview with Attorney, Clark County, May 2006, and financial data collected from county and state

¹³ Comments received from the Vicki Chittenden, CSE Supervisor/Coordinator, Carson City District Attorney, 11/17/06

¹⁴ Comments received from Arthur E. Mallory, Churchill County District Attorney, 11/16/06.

¹⁵ Comments directed to Ruth Hara from Robert W. Teuton, Assistant District Attorney, Office of the District Attorney, Family Support Division, 10/31/06

¹⁶ Comments directed to Ruth Hara from Robert W. Teuton, Assistant District Attorney, Office of the District Attorney, Family Support Division, 11/1/06

¹⁷ Comments received from David G. Allison, Humboldt County District Attorney, 11/17/06.

¹⁸ Comments received from Patricia Peacher, Child Support Supervisor, Lyon County District Attorney, 11/14/06.

¹⁹ Comments received from Cheri Emm-Smith, District Attorney, Mineral County District Attorney, 11/9/06.

²⁰ Comments received from Robert S. Beckett, District Attorney, Nye County, 11/15/06.

²¹ Comments received from Rita D. Fowler, Deputy District Attorney, Pershing County District Attorney, 11/17/06.

²² Comments received from Susan Hallahan, Chief Deputy District Attorney, and Lori Garcia, Program Manager, Family Support Division, Washoe County District Attorney, 10/30/06.

²³ Comments received from Susan Hallahan, Chief Deputy District Attorney, and Lori Garcia, Program Manager, Family Support Division, Washoe County District Attorney, 11/16/06.

²⁴ Comments received from Nancy K. Ford, DWSS Administrator, Division of Welfare and Supportive Services, 11/17/06.