

# **CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES**



## **IMPACT OF REVENUE STABILIZATION FUNDING**

January 2011



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## EXECUTIVE SUMMARY

Family Code Section 17555 established requirements for the use of funding provided in the 2009 Budget Act to further the revenue collection responsibilities of Local Child Support Agencies (LCSAs). The statute requires the Department of Child Support Services (DCSS) to submit to legislative fiscal committees an annual summary of the impact of the augmentation on revenue collections and cost-effectiveness.

In the 2009-10 Governor's Budget, the Administration proposed an augmentation of \$18.7 million (\$6.4 million General Fund (GF)) for LCSAs to maintain revenue generating caseworker staffing levels in order to stabilize child support collections. Due to flat levels of funding for LCSAs' basic administrative expenses and local cost increases, local revenue generating caseworker staffing levels have declined in recent years. This has contributed to declines in child support collections. Without this proposed funding, the DCSS estimated that further caseworker staff cutbacks would result in an \$84.7 million decline in collections, reducing the amount of child support received directly by California's families, and leading to increased costs in the CalWORKS and Medi-Cal programs.

The Legislature approved the DCSS's request for revenue stabilization funding in the 2009 Budget Act, and directed that 100 percent of the new funds be used to maintain revenue generating caseworker staffing levels. The DCSS issued specific claiming instructions to the LCSAs to ensure that the funds are used in compliance with the legislative directive, which specified that the revenue stabilization funds should be distributed to counties based on their performance on two key federal performance measures – Collections on Current Support and Cases with Collections on Arrears. The Legislature also required each LCSA to submit to the DCSS an Early Intervention Plan (EIP). All 52 LCSAs submitted plans, and began implementation in July 2009.

Collection data for 2009-10 indicates that the revenue stabilization funding allowing retention of 245 revenue generating caseworker staff has the expected positive impact on child support collections for California's families and the State GF. Statewide results are discussed in detail in the Results section on Page 7.

In addition, reports from the LCSAs indicate that the early intervention strategies are increasing the engagement of parents in their child support cases and positively influencing payment behavior. LCSA results are discussed in Appendix A.

With continued revenue stabilization funding and the LCSAs focused efforts on early intervention techniques, these positive outcomes will continue to improve the overall performance of the state's child support program.

### **Statutory Reporting Requirements**

This annual summary is submitted pursuant to Family Code Section 17555, which required the use of funding provided in the 2009 Budget Act to further the revenue collection responsibilities of the LCSAs. Specifically, the 2009 Budget Act provided an augmentation of \$18.7 million (\$6.4 million GF) to LCSAs to maintain revenue generating caseworker staffing levels in order to stabilize child support collections. The statute requires DCSS to submit to the fiscal committees of the Legislature a summary of the impact of the augmentation on revenue collections and cost-effectiveness.

The statute requires that an additional oral briefing be provided during the spring subcommittee review process. Further, the law requires that DCSS provide an annual report on the cost-effectiveness of this augmentation, including an assessment of caseload changes over time, at the end of each year that the augmentation is in effect.

## IMPACT OF REVENUE STABILIZATION FUNDING

### Revenue Stabilization Funding

In the 2009-10 Governor's Budget, the Administration proposed an augmentation of \$18.7 million (\$6.4 million GF) for LCSAs in order to stabilize revenue generating caseworker staffing levels and avoid a projected loss in child support collections. The Legislature approved the proposal, and required that 100 percent of the funding be dedicated to maintaining revenue generating caseworker staffing levels in order to stabilize child support collections.

In recent years, funding for the basic administrative expenses of the LCSAs has been held relatively flat, while operating costs have continued to rise. As a result, LCSA staffing levels declined significantly between 2002-03 and 2007-08. Revenue generating caseworker staff declined by 517 positions, from 5,020 to 4,503, or 10.3 percent, while total LCSA staffing levels dropped from 10,217 to 8,282, or 23.4 percent over that time period.

At the same time, revenue generating caseworker staff collection productivity increased dramatically. In 2002-03 the marginal collections per revenue generating caseworker staff was \$255,110 and in 2006-07 the marginal collection per revenue generating caseworker staff was \$465,251. Collections per revenue generating caseworker staff increased \$210,141 per revenue generating caseworker staff, or 82 percent, over this time period. For 2009-10, the DCSS estimated that without additional funding, LCSAs would need to reduce an additional 259 staff, including 182 revenue generating caseworker staff, due to local inflationary costs.

Revenue generating caseworker staff reductions of this magnitude would have a negative impact on child support services and collections. A DCSS analysis found that without additional funding, the staffing reductions projected for 2009-10 would result in an estimated decline in child support collections of \$84.7 million (\$6.7 million GF).

In addition, a reduction in child support collections of this magnitude would have a negative impact on the amount of child support received directly by California's families, as well as lead to increased expenses in the CalWORKs and Medi-Cal programs. Based on an Urban Institute study<sup>1</sup> of California's child support program, each additional dollar of child support collected represents a cost avoidance of ten cents on public assistance costs. This means that the child support collections for 2009-10 potentially would have resulted in a loss of \$70.2 million in child support to families, as well as an increase of \$6.1 million in CalWORKs costs and \$800,000 in Medi-Cal costs (at a cost to the GF of \$2.6 million).

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<sup>1</sup>Urban Institute. Cost Avoidance and Cost Recovery in California's Child Support Program: SFY 2000-01. Laura Wheaton, February 27, 2004.

In order to avoid the projected loss in child support collections and the negative impacts of such a loss on California's families and public assistance programs, the Legislature approved increased funding of \$18.7 million (\$6.4 million GF) in the 2009 Budget Act. The Legislature further directed that 100 percent of the new revenue stabilization funds be used to maintain revenue generating caseworker staffing levels.

In order to ensure that the new funding would be used solely for the purpose for which it was intended, DCSS issued specific instructions to LCSAs for submitting claims for the revenue stabilization funds. Allowable expenses were limited to documented personal services expenses (salaries and benefits only) incurred in implementing Early Intervention Plans (EIPs) (discussed below). The statutory requirements associated with the revenue stabilization funding specified that the funds should be distributed to counties based on their performance on two key federal performance measures – Collections on Current Support, and Cases with Collections on Arrears.

The DCSS developed a funding allocation methodology consistent with the statutory requirements. Initially a base allocation was created for each LCSA by first calculating the distribution of funds based on each county's share of revenue-generating Full Time Equivalent (FTE) staff to the statewide total of revenue generating FTEs. Then the base allocations were adjusted based on the county's percent of Collections on Current Support compared to the statewide percentage level. Finally, the base allocations were further adjusted based on the county's percent of Cases with Collections on Arrears compared to the statewide percentage for that measure. The DCSS advised the LCSAs of their individual allocations and notified them that the increased funding was available for expenditure effective July 1, 2009.

**Methodology of Revenue Stabilization Results To-Date.** In 2009-10, LCSAs were able to retain 245 revenue generating caseworker staff with the revenue stabilization funding. In order to calculate the impact of retained revenue generating caseworker staff, DCSS calculated the marginal return on collections for each revenue generating caseworker staff retained. The marginal return for revenue generating caseworker staff for 2009-10 was \$541,197. This amount was multiplied by the 245 retained revenue generating caseworker staff and adjusted for the \$50 disregard payments to produce a full-year amount of \$84.7 million. Had these staff not been retained, child support collections would have declined by this amount, which would have been 5.7 percent less than the 2008-09 collections for this same time period. Because these revenue generating caseworker staff were retained, collections increased by 0.1 percent from the 2008-09 collections level. Please refer to Appendix B: Methodology of Revenue Stabilization Results To-Date for more information on how these figures were calculated. The marginal return per caseworker remains high at \$541,197 even though the child support caseload has declined between FFY 2009 and FFY 2010. Refer to Appendix C: Child Support Caseload from FFY 2000 to FFY 2010.

**Results.** The DCSS reviewed collection data for 2009-10 and found that the revenue stabilization funds are having the effect of maintaining statewide child support collections. This is a significant achievement in the context of California's severe economic downturn. The retention of revenue generating caseworker staff has had a positive impact on collections.

Comparing the time period July 2009 – June 2010 to the period July 2008 – June 2009, collection data and analysis shows:

Year Over Year Collection Change (12 months):	With Revenue Stabilization	Percent Change	w/o Revenue Stabilization	Percent Change
Total Collections	\$2.8 m	0.1%	-\$128.6 m	-5.8%
Assistance Collections	\$21.1 m	4.4%	\$2.4 m	0.5%
General Fund Recoupment	\$10.0 m	4.4%	\$1.1 m	0.5%
Non-Assistance Collections	-\$18.3 m	-1.1%	-\$131.0 m	-7.5%

These findings indicate that the revenue stabilization funding is having the expected positive impact on child support collections for California's families and the State GF. Specifically:

- Total distributed collections are up 0.1 percent (\$2.8 million). Without the retained revenue generating caseworker staff, collections would have declined 5.8 percent (\$128.6 million).
- Collections on behalf of current and former public assistance recipients are up 4.4 percent (\$21.1 million), resulting in \$10.0 million additional State GF recoupment. Without the retained revenue generating caseworker staff, public assistance collections would have been up by only 0.5 percent (\$2.4 million), resulting in \$1.1 million State GF recoupment.
- Non-public assistance collections (direct to families) are down 1.1 percent (\$18.3 million). Without the retained revenue generating caseworker staff, collections would have declined 7.5 percent (\$131.0 million).

**Cost Effectiveness.** A comparison of revenue stabilization funding to revenue stabilization collections demonstrates the cost effectiveness of the funding:

- Dividing the \$131.4 million in additional collections by the total revenue stabilization funding of \$18.7 million yields an over-all cost effectiveness ratio of \$7.03.
- Dividing the \$8.9 million in additional State GF reimbursement by the State GFs portion of revenue stabilization funding of \$6.4 million yields a State GF cost effectiveness ratio of \$1.39 and a net return to the State GF of \$2.5 million.

## Early Intervention

The Legislature adopted additional statutory requirements for the use of the revenue stabilization funds, specifying that each LCSA submit to DCSS an EIP with all components to take effect upon receipt of their additional budget allocation. Early intervention provides a proactive approach to establishing accurate orders for support and promoting consistent, reliable payments to families by engaging the clients early in the child support enforcement process. The intent is to build a culture of compliance, in which parents support their children willingly and reliably, thus benefiting families by improving payment rates. Early intervention has been proven effective in California and jurisdictions around the country, increasing collections as well as improving performance on several key federal performance measures. In addition, the National Child Support Enforcement Strategic Plan focuses on early intervention to increase collections and prevent the unnecessary build-up of arrears.

In March 2009, DCSS advised the LCSAs that in order to receive an allocation of revenue stabilization funds, they would be required to develop and submit EIPs consistent with guidelines developed by DCSS. The guidelines required the development of early intervention strategies that would be ready for implementation by July 1, 2009. More than one approach could be included in the EIP; e.g., measures to ensure the engagement of the non-custodial parent during the process of establishing or modifying an order, and/or prompt intervention measures when payments are missed. Personal interaction with clients was a critical component. A description of how results would be measured was a required component as well.

In order to assist the LCSAs in developing their plans, at the March 2009 Child Support Directors' Association meeting DCSS facilitated a session which focused on early intervention. Presentations were made by six LCSAs on successful models implemented in their counties. Early intervention break-out sessions focused on practices deployed in establishing new orders and following up on new orders and missed payments.

To further promote and disseminate successful early intervention techniques, DCSS developed an early intervention child support collections training for trainers program. This program, developed in collaboration with the LCSAs and the California Franchise Tax Board, focused on telephone techniques, negotiation skills, and conflict and case resolution. A series of training for trainers sessions were held in April and May 2009.

The DCSS followed up with the LCSAs to provide technical assistance and feedback on their EIPs. Once the EIPs were determined to meet the requirements, they were shared with the other LCSAs. All LCSAs submitted EIPs eligible for revenue stabilization funding, consistent with legislative requirements. Each LCSA was required to develop a methodology to measure the impact of its EIP efforts.

In January 2010, changes were implemented in California's automated system that will promote proven early intervention enforcement strategies statewide. New tasks,

automated letters and work lists will focus caseworker staff on prompt follow-up after child support orders are established or modified, after income withholding orders are issued and when payments through income withholding stop.

### **Local Child Support Agency Early Intervention Experience To-Date**

California's LCSAs began to implement their EIPs beginning July 1, 2009. The plans contain a wide range of early intervention strategies. A common approach of the local agencies' intervention efforts occurs in the early stage in the life of a child support case. Child support caseworker staff, custodial parties, and non-custodial parents generally have their first contact during the intake process, which typically involves interviews and the initial collection of information about the case participants and their economic circumstances. At this stage, the intent of early intervention is to engage the parents through effective outreach and education about the child support program and the establishment of clear expectations about the process of providing reliable support for their children.

The plans incorporate a wide range of communication strategies and practices, including the following:

- Phone calls, including personal contacts and automated dialing.
- Modification of call center hours to reach clients during key hours.
- Appointment cards/postcards.
- Business/wallet cards.
- Thank you notes and messages.
- Text messaging.
- Email.
- Orientation sessions.

Another common element is a focus on improvements to the court process. Some LCSAs worked with their Superior Court Commissioners to expedite processing and collecting payments in early intervention cases, by:

- Providing court orders to parents at the close of the hearings.
- Meeting with parents immediately after court hearings to discuss their responsibilities.
- Requesting payments in court.

A focus of some of the plans is to improve the interface between employers and child support agencies. Some agencies have engaged in outreach to employers or streamlined the line of communication with employers in order to increase collections from wage assignments through income withholding orders to employers. Strategies in this area include:

- Employer emails and updates.
- Employer outreach, including phone calls.

- Modification to LCSA websites.
- Prompt follow-up after income withholding orders are issued.

Post-judgment early intervention activities include enforcement activities to make sure current information is up-to-date, monitoring whether non-custodial parents are paying on time and identifying and intervening promptly when a case becomes delinquent. Strategies include:

- Increasing the intensity and timeliness of contact for delinquent cases.
- Using different methods of contacting delinquent obligors promptly.

Each LCSA's plan describes methods to monitor the impact of early intervention activities. These approaches include monitoring performance on the federal child support performance measures, designating control groups, and tracking and comparing data for each type of early intervention strategy, either manually or through automated approaches.

**Preliminary Results.** In preparing this summary for the Legislature, DCSS requested that a number of the LCSAs summarize the preliminary results of their early intervention projects. Specifically, feedback was requested from five LCSAs with very large caseloads and one agency with a medium-sized caseload, representing 52 percent of California's total child support caseload.

These LCSAs report positive preliminary early intervention project results, generally in comparison with control groups or the previous year's same period:

- San Mateo County Department of Child Support Services – more stipulations, fewer default orders, and a higher payment compliance rate earlier in the post-judgment process.
- Orange County Department of Child Support Services – more cases handled in the office rather than at the courthouse, thus reducing costs for order establishment, and more rapid delivery of child support.
- San Bernardino County Department of Child Support Services – increased current support percentage for the strategy for which preliminary data is available, and increased collections.
- Los Angeles County Child Support Services Department – improved communication between the Department and its customers, increased payments, and increased referrals for order modification.
- Sacramento County Department of Child Support Services – increased payment rate.
- San Diego County Department of Child Support Services – faster processing of initial court orders, increased collections per case, more timely payment of child support, and a reduction in cases with no payment in the first 90 days.

These preliminary reports suggest that many of the early intervention strategies are increasing the involvement of parents in their child support cases and also positively

influencing payment behavior. Despite the negative economic trends, it is expected that revenue stabilization funding and the corresponding retention of revenue generating caseworker staff, in addition to the employment of early intervention strategies, will have a positive impact on California's collections trends.

The DCSS anticipates that the continued use of revenue stabilization funding for early intervention activities will also result in improved performance on key federal performance measures such as Collections on Current Support, Cases with Collections on Arrears, and Cost-Effectiveness. Highlights from these LCSA early intervention projects are described in more detail in Appendix A.

### **Future Updates**

While DCSS did submit a preliminary report in March 2010, this report is the first annual report required by Family Code Section 17555. Pursuant to Family Code Section 17555, DCSS will update the Legislature on the impact of revenue stabilization funding by providing an oral briefing during the spring subcommittee review process. The DCSS will continue to provide an annual report on the cost-effectiveness of the revenue stabilization augmentation, including an assessment of caseload changes over time at the end of each year that the augmentation is in effect.

## Appendix A

### **Highlights: Local Child Support Agency Early Intervention - First Year Experience**

#### **San Mateo County Department of Child Support Services**

The San Mateo County Department of Child Support Services (San Mateo County DCSS) implemented a comprehensive EIP effective July 2009. Historically, San Mateo County DCSS' child support staff have monitored cases and reacted with appropriate enforcement actions only when an obligor had not made a payment. The EIP reversed this strategy to focus on proactive efforts to aid in compliance and ensure a payment is made according to the court order. The EIP is preventative in nature and is founded on the philosophy that personal interaction with clients is a mutually beneficial approach. It consists of a targeted approach to prevent child support delinquency and ultimately improve performance in key federal/state performance measures, such as the percent of current support collected. The crux of the plan is proactive consistent communication with child support clients. The goal is to establish a collaborative working relationship that ultimately increases client cooperation and compliance with their child support obligation.

San Mateo County DCSS' development process for the EIP included a review of the current case process flow and analysis of potential early intervention opportunities from case inception through enforcement. One of the program's goals is to provide an increased "continuum of care," using early intervention techniques that focus efforts from case opening to 90 days post judgment. A key element of the plan is the dissemination of information in an educational, collaborative, and non-punitive manner that communicates to clients the direct benefits of their increased participation and cooperation in the legal child support process. Every potential for personal interaction with clients is an opportunity to develop and nurture this relationship. Each proactive communication is an investment in the development of that collaborative relationship that can provide a consistent return on investment throughout the life of a case. Additionally, information gathering and case analysis by child support staff to determine the next case action will focus more on benefits of cooperation with the program, than on punitive consequences of noncooperation.

The plan is divided into two distinct parts; i.e. early intervention activities performed (1) pre-judgment, and (2) post-judgment. A primary goal for the Case Initiation and Establishment Units is to establish a realistic order that promotes compliance in the order establishment process through increased personal communication and commitment from both the obligee and obligor. This should result in a reduced number of new child support orders obtained via the default process and a corresponding increase in the number of stipulations. Increased client involvement in the order establishment process increases the potential for consistent collections and overall cooperation with the San Mateo County DCSS office's efforts.

A primary goal for the Enforcement Units is to increase immediate post-judgment compliance with the current child support obligation and prevent the accumulation of uncollectible arrears. Their focus is on the period immediately following order establishment and concentrates on obtaining child support payments within the first 90 days post-judgment. This should result in both a high level of compliance for the first few months after an order is obtained and continued compliance throughout the life of the case. Another strategy is the proactive delivery of information, to both the obligor and potentially any respective employer, which promotes the development of a collaborative relationship between the obligor, employer and the child support office.

San Mateo County DCSS' EIP designates cases that have the potential to result in monetary child support judgments into two categories: Active and Control. Active cases go through the program's varied early intervention activities. Control cases follow the standard non-early intervention approach to order establishment and enforcement. The development of two distinct pools of cases gives the program the ability to perform a comparative analysis of results. From July 1, 2009 through June 30, 2010, San Mateo County DCSS tracked 213 cases, including 100 Active Early Intervention cases and 113 Control cases.

San Mateo County DCSS' early intervention activities consist of the following:

- Custodial party intake interview.
- Non-custodial parent early intervention phone call.
- Pre-judgment early intervention appointment with non-custodial parent.
- Service of Process in-house (in the office).
- Delivery of a Child Support Kit, which is a binder that contains informative materials and is designed for client recordkeeping.
- Post-Service contact with non-custodial parents.
- Postcard sent after service is executed.
- Outbound Dialing Campaign to non-custodial parents who have been served.
- Expedited filing of an Answer in response to a Summons and Complaint.
- Meet and confer held before court hearing.
- Immediate and consistent contact/follow up with non-custodial parent post-judgment.
- Immediate and consistent contact/follow up with custodial party post-judgment.
- Immediate and consistent contact/follow up with the employer post-judgment.
- Early review of compliance with court order.

**First Year Results.** San Mateo County DCSS found that Active Early Intervention cases had:

- More in-house service of the Summons and Complaint. (Twice as many non-custodial parents were served in-house compared to Control Cases.)
- More Stipulations. (Stipulation/judgment rate was 52 percent for Active cases compared to 32 percent for Control cases.)

- Less default judgments. (The rate was 33 percent for Active cases and 55 percent for Control cases.)
- Faster child support order establishment. (The elapsed time between the filing of the Summons and Complaint and the order filing date was 78 days for Active cases compared to 100 days for Control cases.)
- Less staff resources were diverted to the Meet and Confer process.
- Less court hearings and a lower litigation rate.
- Fewer dismissals of Summons and Complaints.
- Lower or more realistic current child support order amounts.
- Higher payment compliance rate earlier in the post-judgment process.
- Long-term benefits of proactive and consistent client communication through an established mutually beneficial relationship with the San Mateo Department of Child Support Services.

More information about the San Mateo Early Intervention Project is contained in the San Mateo County Department of Child Support Services' Early Intervention Project Evaluation Report for state fiscal year 2009-2010.

### **Orange County Department of Child Support Services**

Orange County Department of Child Support Services' (Orange County DCSS) receipt of revenue stabilization funds allowed the agency to retain 21 staff positions that would have otherwise been endangered. The average collections per employee in Orange County are \$298,000 or 29.7 percent more per employee than in 2003. Using those numbers, collections attributable to the 21 staff positions saved would be in excess of \$6.2 million.

Orange County DCSS' early intervention projects include Saturday office time to provide child support assistance during hours convenient to working parents. Those hours have meant that several hundred parents have been able to meet with caseworkers, make payments and enter into new child support orders.

Orange County DCSS has pioneered an Employer Express Team, designed to provide convenient access for employers to contact Child Support Services (CSS). Each month, dozens of employers call this team directly with questions about collection of wages, updating employee information, completing health insurance forms, and general questions about working with CSS. The Team has conducted outreach efforts with employer groups and focus groups to revise the Team's business practices.

Together with the employers, they are designing a web-based employer portal, which will allow registered employers to obtain and update information about employees and child support obligations on-line. Since over 60 percent of CSS collections come from employers, this investment in giving businesses a convenient method for compliance with state wage garnishment requirements is not only good for the business, it is certain to increase wage collections as it has in other states.

Orange County DCSS continues to leverage its early intervention funds to make thousands of automated telephone calls each month to customers who need information, reminders about upcoming appointments, or reminders to pay child support.

The primary early intervention project is a program called 'Solutions for Parents', which incorporates early intervention/outreach to new case customers as well as long-term customers. Initially the project was aimed at new cases, encouraging the establishment of new court orders by agreements in the office (as opposed to court). The welcoming, non-adversarial atmosphere of the CSS office has resulted in participation by many parents who formerly would not have gone to court or filed income information. It has also allowed a large number of cases to be handled in the office as opposed to the courthouse, reducing the cost of support order establishment by 50 percent.

In the past year, that program has been extended to modification of existing orders and allows mediation-trained child support professionals to work with both parents to modify an order in line with new financial circumstances. Other clerical staff and volunteers are available to assist with completion of complicated legal forms required for the process.

Since the creation of the program, over 7,000 stipulations have been entered, with a current average of 150 agreements per month, and an additional 150 customers per month for the Forms Assistance Workshops. Each agreement saves hundreds of dollars in court and attorney time; each correctly completed form saves countless dollars in staff time. Each part of the process contributes to the rapid delivery of support (average of 100 days saved per case) to families.

### **San Bernardino County Department of Child Support Services**

The San Bernardino County Department of Child Support Services (San Bernardino County DCSS) implemented several early intervention projects designed to engage non-custodial parents in the child support process and increase the likelihood that they will meet their child support obligation. This includes interaction with those parents at four critical steps in the life of a child support case:

- Prior to service of a Summons and Complaint.
- Before and after the court hearing.
- After establishment of a default order.
- At the initial point that a case with a support order becomes delinquent.

Two early intervention strategies which are used to promote performance and maximize collections are: Pre-Judgment Appointments and San Bernardino County DCSS' Early Court Intervention Project. As described below, these strategies emphasize the establishment of a cooperative working relationship with non-custodial parents, ensuring that they are fully informed of their rights and responsibilities under the child support program. These strategies also focus on ensuring that the orders accurately reflect the non-custodial parents' ability to pay, thereby increasing the likelihood that they will meet

their child support obligations. By doing so, these strategies support the goals of improving performance and maximizing collections.

**Pre-Judgment Appointments Strategy.** To increase the involvement of non-custodial parents in their child support cases, appointments are scheduled for these parents to meet with caseworkers prior to the cases being heard in court, or the orders being established by default. The purpose of the appointments is to engage non-custodial parents in both the child support process and their case, at the earliest opportunity. This provides the parent with an opportunity to learn about his/her rights and responsibilities under the child support program, and sets the tone for a more cooperative working relationship between the parent and the LCSA. This early contact also provides an opportunity to reach a stipulated agreement with the non-custodial parent on the order, increasing the likelihood that the parent will meet his/her child support obligation.

Appointments are set at the point that the Summons and Complaint is sent for service. Non-custodial parents meet with caseworkers who explain the requirements of the child support program, verify case information, and discuss the possibility of a stipulation. Those non-custodial parents who agree to stipulate are asked to make an initial payment at the time of stipulation. In some cases, those who do not agree to stipulate, choose to file an Answer with the court. The filing of the Answer also ensures the non-custodial parent's involvement in the case and increases the likelihood that he/she will meet the child support obligation.

**Preliminary Results.** During FFY 2010, 1,434 stipulations were signed by non-custodial parents. Approximately 50 percent of all of those non-custodial parents who met with caseworkers agreed to stipulate. Of those who did not stipulate some filed an Answer with the court.

Preliminary data regarding the payment performance of the cases in which a stipulation has been signed shows that these cases are paying at approximately 60 percent on Current Support Collected in comparison to the overall Current Support Collected percentage of 52.8 percent as of August 2010. This project has improved performance and increased collections.

**Early Court Intervention Project Strategy.** Following a court hearing or an in-court stipulation to establish or modify a child support order, caseworkers meet with the non-custodial parent and provide information regarding the new order. The parent's employment information is verified, and he/she is provided with a Payment Answer Kit which includes information regarding the program and how to make payments. Any questions which the parent may have are answered, and he/she is asked to make an initial payment. The court process can be confusing and parties frequently have questions regarding the court rulings. This process ensures that the non-custodial parent understands the court's ruling and is fully aware of his/her obligations at the conclusion of the hearing.

The Early Court Intervention Project was initially implemented as a pilot in the Victorville Superior Court in February 2009 and has been introduced in the San Bernardino County Superior Court, but not yet fully implemented.

**Preliminary Results.** The Early Court Intervention Project has been very successful as shown below. The Percent of Current Support Collected is significantly higher than for the general caseload, which was 52.8 percent at the end of August 2010. Payments toward arrears on these cases have also helped to improve performance on the Cases with Collections on Arrears performance measure.

ACTIVITY	VICTORVILLE	SAN BERNARDINO
Interviews Conducted	354	797
Current Support Collected	\$560,868	\$1,197,614
Percent of Current Support Collected	71%	70%
Payments toward Arrears	\$191,114	\$577,060
Just Ask Payments Collected	\$110	\$58,830

### Los Angeles County Child Support Services Department

In July 2009, the Los Angeles County Child Support Services Department (Los Angeles County CSSD) implemented several strategies as part of its early intervention plan designed to improve key outcomes within the department including increasing total collections. Two strategies in particular have had early quantifiable results--the Prejudgment Settlement Conference strategy and the Stern Invitation Letter strategy.

Overall, Los Angeles County CSSD's results indicate that these early intervention strategies have proven both effective and successful—CSSD collected 213 percent of its initial goal. At the inception of its Early Intervention plan, CSSD's goal was to collect \$23.1 million from these strategies. As of August 2010, CSSD collected \$49.3 million.

**Prejudgment Settlement Conference Strategy.** The objective of this early intervention strategy is to decrease the number of presumed income default judgments and to increase the number of judgments based on actual income by conducting settlement conferences before a default judgment is entered. In this strategy, Los Angeles County CSSD identifies cases in which a Summons and Complaint has been served and no income information has been located for the non-custodial parent. In these cases, a caseworker mails a letter to the non-custodial parent and to the custodial party inviting them to a settlement conference. The caseworker requests the parties to bring their most recent income information to the conference. At the conference, the caseworker encourages the parties to stipulate to a child support order. Stipulated orders save time and resources while increasing collections, since non-

custodial parents who enter into stipulations tend to pay more regularly than those with default orders.

**Prejudgment Settlement Conference Preliminary Results.** For the period commencing July 2009 and ending August 2010, 1,167 non-custodial parents have attended prejudgment settlement conferences. As of August 2010, Los Angeles County CSSD received Income & Expense declarations from 24.96 percent of the non-custodial parents who appeared at the conference and obtained child support orders in 37.97 percent of the cases where non-custodial parents appeared. The Income & Expense declarations allow case workers to obtain important financial information for each of the parties and have been instrumental in obtaining orders based on actual income and avoiding presumed income default judgments.

Interestingly, as communication increased between non-custodial parents and Los Angeles County CSSD, the attendance rate of non-custodial parents at these conferences decreased slightly from 25.8 percent in July 2009 to 24.58 percent in August 2010. This may be a result of Los Angeles County CSSD encouraging non-custodial parents to visit CSSD at their convenience any time prior to the prejudgment settlement conference if the scheduled date will cause a conflict, or, if they choose to, meet at an earlier time. On the other hand, the attendance rate for custodial parents continues to increase from 28.7 percent in July 2009 to 34.46 percent in August 2010.

The prejudgment settlement conferences and early communication with the non-custodial parents and custodial parties have been beneficial in a number of ways. This outreach creates a working relationship between the non-custodial parent and/or custodial party and the caseworker. During this interaction, problems or issues can be identified and resolved. The process also helps case participants view Los Angeles County CSSD staff as a valuable resource who understands the child support process and are able to assist them.

**Stern Invitation Letter Strategy.** The objective of this early intervention strategy is to encourage frequent and consistent support payments on previously non-paying cases and to prevent further arrears accumulation. In this strategy, Los Angeles County CSSD identifies cases in which non-custodial parents are not receiving public assistance. The caseworkers send stern invitation letters to the non-custodial parents informing them of a courthouse appointment. The letters also inform the non-custodial parents that they should be prepared to make a payment on the appointment date.

The purpose of the appointment is to allow the non-custodial parents to explain their failure to pay support and for Los Angeles County CSSD staff to explain that the failure to comply with a support order can result in either a contempt or possible criminal prosecution. Self-employed non-custodial parents are encouraged to sign up to make automatic electronic payments. This strategy is also designed to ensure that support order amounts are accurate.

**Stern Invitation Preliminary Results.** The stern invitation letter project was implemented in July 2009. The preliminary analysis of the project data reveals positive results. The results indicate that when the attorneys educate non-custodial parents on the importance of making payments regularly and explain the various consequences of failing to pay support, non-custodial parents are making payments. In other cases, non-custodial parents are being referred for modification, thereby ensuring that the child support order is appropriately based on the non-custodial parent's actual financial circumstances.

In July 2009, Los Angeles County CSSD scheduled 622 appointments and 29 percent of the non-custodial parents appeared. As the project progressed during the fiscal year, non-custodial parents continued to appear at scheduled appointments with a cumulative appearance rate of 21.64 percent as of August 2010. Notably, 42.27 percent of the non-custodial parents who appeared made payments totaling over \$475,000.00 – a collection amount that is nearly double the amount of the collections received in November 2009. In addition, 1,662 cases have been referred for modification after non-custodial parents reported a change in their financial circumstances. Without the stern invitation meetings, these cases may not have been identified for modification as quickly.

### **Sacramento County Department of Child Support Services**

In July 2009, Sacramento County Department of Child Support Services (Sacramento County DCSS) implemented six components relating to its Early Intervention Program. The goal is to increase the level of case participation of the non-custodial parent by engaging them pro-actively throughout the various phases of their case. By increasing the level of communication with and participation of the non-custodial parent Sacramento County DCSS seeks to build a positive working relationship with its customers, enhance the level of customer service, and ultimately increase collections. The six separate components can be summarized into one of two groups: pre-judgment or post-judgment.

**Pre-judgment Phase.** The intervention in the pre-judgment phase is designed to educate the non-custodial parents about the establishment process and provide them with information on what to expect. In addition to the educational element, the contact used in the pre-judgment process is also designed to gather accurate information from the non-custodial parent for use in establishing an accurate order and developing a good working relationship.

Efforts made by the Sacramento County DCSS Case Initiation Unit have led to a dramatic increase with respect to the number of non-custodial parents who are contacted by phone when cases are opened and/or re-opened. During the months of January through March 2010, the percentage of non-custodial parents contacted out of all cases opened and/or re-opened averaged 16.9 percent. With increased focus and diligent locate efforts, this percentage of contact increased to 27.34 percent during the three months of June through August, 2010. This increase of 10.44 percent means

more non-custodial parents benefit because they are given an opportunity to have a one-on-one discussion with a child support worker and engage in the process early in the life of the case.

Another component on the pre-judgment side involves an auto dialer campaign. After service of a summons & complaint, an auto dialed call is made to those non-custodial parents who have a phone number in our child support system. This automated call encourages the non-custodial parent to come to our office and meet with a Child Support Officer in an attempt to reach an agreement and sign a stipulation. If an agreement cannot be reached, the Child Support Officer offers to assist in the filing of an answer with the court. Over the last year, approximately 35 percent of the messages sent via our outbound dialer were either fully listened to by a person and/or a message was left on an answering machine in its entirety. From July 2009 through September of 2010, this equates to 2,948 messages being successfully delivered to a non-custodial parent inviting greater participation.

**Post-judgment Phase.** From July 2009 through December 2009, our post-judgment early intervention plan included giving each enforcement case owner a list of his or her cases which had a new support order obtained for which there was no payment received after 30 days of obtaining the order. They would monitor the case for payment for a period of approximately 90 days. During this 90 day period, the caseworker would attempt multiple contacts with the non-paying non-custodial parents and conduct various locate activities. At the end of 90 days, if a payment has not been received, the case will be reviewed with Attorney staff for the next appropriate action, including Orders of Examination or Contempt actions.

In January 2010, Sacramento County DCSS created a post order early intervention team solely dedicated to the Early Intervention Program and took the duties of early intervention away from the enforcement teams. The new team consists of six child support officers. They are responsible to input and review all of the money judgments obtained by our office. They contact participants in order to seek a first payment, as well as get the non-custodial parent involved in the case at the earliest opportunity. This same team is responsible for meeting with participants after a court hearing in order to answer questions and educate the participants on the department's processes. The goal is to engage the participants and encourage them to be an active participant on the case, as well as to get them to start paying on a consistent basis. The revised approach has been successful. It allows for greater consistency, faster communication, and easier statistical control. On the top of the next page are statistics from this team for two separate months (January and June).

	January 2010	Percentage	June 2010	Percentage
1 <sup>st</sup> time payers	9 out of 61	14.8%	54 out of 111	48.6%
2 <sup>nd</sup> time payers (# of payers who continued to pay the second month)	5 out of 9	55.5%	38 out of 54	70.4%
Non-pay, making payment next month	11 out of 47	23.4%	36/57	63.2%
Total paying	20/61 = 32.8%		90/111= 81.1%	
Amount collected	\$9,845.00		\$56,818.32	

The first time payers indicate those non-custodial parents who made a payment in the month we contacted them. In January, nine out of the 61 people contacted (or 14.8 percent) paid for the first time. In June, that percentage increased to 48.6 percent (resulting from 54 paying out of 111 contacts).

The second time payers illustrate those people who paid the subsequent month as a percentage of the population of non-custodial parents who paid initially. Of the nine who paid in January, five of those nine people also paid in the month of February. Likewise, of the 54 first time payers in June, 38 of them continued to pay in the month of July. The percentage of increase from 55.5 percent to 70.4 percent indicates that a pattern of payment is being established by the non-custodial parent and will contribute to a pattern of dependable payments in the future.

The third row reflects those non-custodial parents who were not paying at all in the month we contacted them but who did, in fact, make a payment in following month. The increase in this percentage shows how increased contact can lead to a higher rate of payments.

The row labeled 'Total paying' represents the overall effectiveness of the contacts. For January, the 20 is the sum of the 9 first time payers plus the 11 who made a subsequent payment in the month after contact. In June, the 90 is the sum of the 54 first time payers and the 36 who only paid after contact had been made.

The amount collected represents the dollars brought in during the months these cases were under review (January and February) and (June and July) respectively. As the numbers indicate, not only the percentage of non-custodial parents who are paying has increased, but also the numbers of dollars collected has dramatically increased due to the early intervention efforts.

## San Diego County Department of Child Support Services

In July 2009, San Diego County Department of Child Support Services (San Diego County DCSS) began the "Post Order 0-60 Day Early Intervention Process." This process was established to maintain contact with the non-custodial parent from the order establishment through first payment. The contact was broken into five (5) phases.

### Early Intervention Process

- *Phase 1: Post Court Order Review (PCOR)* - At time of the stipulation or order after hearing, a Child Support Officer (CSO) discussed the order with the non-custodial parent. They discussed the wage assignment process, provided a wallet card with the order and payment information, envelopes to make payments, an informational packet and attempted to obtain a first payment.
- *Phase 2: Immediate Court Order Processing* – Charging instructions for new orders and modifications are created within 24 hours of the order being established.
- *Phase 3: Automated Dialer* – Conducted an automated dialer campaign to contact all non-custodial parents with a valid phone number within 4-8 days of the accounts being opened.
- *Phase 4: 0-60 Day Case Review* – Contacted the non-custodial parent, custodial parent and employers, if needed, between 15-20 days after the accounts had been opened. Staff worked non-traditional hours to attempt calls after hours Monday through Friday to assist in successful contact of the non-custodial parent. Additional follow-up calls are made to the non-custodial parent and custodial parent 30-40 days after the accounts have been opened if there has been no payment.
- *Phase 5 Automated Dialer*: Conducted an automated dialer calling campaign to contact all non-custodial parents with a valid phone number between 42-48 days of no payment had been received.

**Results.** San Diego County DCSS continued to assess the impact of Phase 2 and Phase 4 of the plan. San Diego County DCSS reviewed cases with accounts created during a one month period of time. Using October 2008 as the baseline, as early intervention had not be implemented, San Diego County DCSS reviewed orders established between October 2009 and May 2010. The cases were tracked for three months to determine payment behavior of participants. Refer to Table 1 below.

#### Phase 2 - Immediate Court Order Processing

In October 2008, it took 10-30 days to open the accounts after the order was established. After implementation of early intervention, accounts were opened within 1-2 days of the order being established. This change has continued to be the standard for accounts being opened.

Phase 4 - 0-60 Day Case Review

San Diego County DCSS reviewed the cases from "Account Open Date" to "First Payment Date" and computed the length of time to receive a payment. In addition, San Diego County DCSS computed the "Average Dollars Collected per Case." The results, shown in the table below, demonstrate:

- a) The average dollars collected per case increased from \$82.20 in October 2008 to an average of \$152.77 as of May 2010. This equates to an increase of 86 percent.
- b) The payments received in the first 60 days increased from 8 percent in October 2008 to an average of 43 percent through May 2010. This equates to an increase of 438 percent.
- c) The cases with no payment in the first 90 days decreased from 76.4 percent in October 2008 to an average of 52.8 percent as of May 2010. This equates to a decrease of 31 percent.

TABLE 1

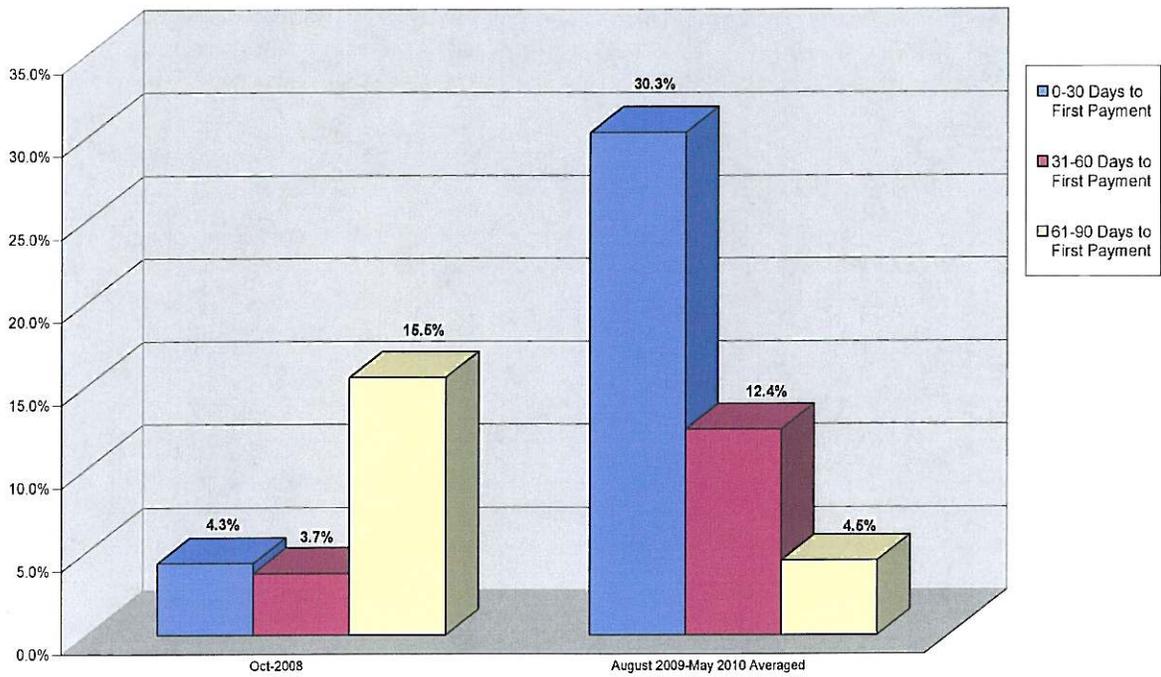
Accounts Created 10/01/2008-10/31/2008

Baseline Control Month October 2008: Account Open Date to First Payment Date					
	0-30 Days To Payment	31-60 Days To Payment	61-90 Days To Payment	No Payment in First 90 Days	Total
Total	7	6	25	123	161
October 2008 % Of Total	4.3%	3.7%	15.5%	76.4%	100.00%
Total \$ Collected	\$1,268.69	\$2,722.88	\$9,243.22	\$0.00	\$13,234.79
Average \$ Collected/Case	\$82.20				

Accounts Created 08/01/2009-05/31/2010

August 2009-May 2010 Averaged: Account Open Date to First Payment Date					
	0-30 Days To First Payment	31-60 Days To First Payment	61-90 Days To First Payment	No Payment in First 90 Days *	Total
Total	1,183	484	176	2,063	3,906
August 2009-May 2010 % of Total	30.3%	12.4%	4.5%	52.8%	100.0%
Total First Payment \$ Collected	\$396,195.76	\$149,447.54	\$51,078.98	\$0.00	\$596,722.28
Average \$ Collected/Case	\$152.77				

Account Open Date to First Payment



**Appendix B**

**Methodology of Revenue Stabilization Results To-Date**

**Department of Child Support Services  
FY 2009/10  
Impact of Revenue Stabilization**

	SFY 2009/10 Final		Original Estimate		
	Total Funds	General Fund	Total Funds	General Fund	
<b>LCSA Staffing Loss</b>					
Revenue Stabilization Supplement	18,735,000	6,369,900	18,735,000	6,369,900	
<b>Collections Generated Due to Staffing Retention</b>					
# of Caseworker Positions Retained Per Survey	245		182		
x Marginal Collection Per Caseworker - Assistance	81,314		79,404		
= Total Assistance Collections	19,922,034	9,462,966	14,451,528	6,864,476	
		12.6%		7.2%	
Total Disregard	1,191,405	1,191,405	492,012	492,012	
General Fund Share @ 50%		595,703		246,006	
<b>Net Total Assistance Collections</b>	<b>18,730,629</b>	<b>8,867,264</b>	<b>13,959,516</b>	<b>6,618,470</b>	
# of Caseworker Positions Retained	245		182		
x Marginal Collection Per Caseworker - NonAssistance	459,883		385,847		
= Total NonAssistance Collections	112,671,412		70,224,154		
<b>Total Collections Retained</b>	<b>131,402,042</b>	<b>8,867,264</b>	<b>84,183,670</b>	<b>6,618,470</b>	
Marginal Benefit to the General Fund		2,497,364		248,570	
<b>Cost Avoidance</b>		<b>Total Funds</b>	<b>General Fund</b>	<b>Total Funds</b>	<b>General Fund</b>
CalWORKS	\$ 0.087	9,793,746	3,427,811	\$ 0.087	6,104,100
Medi-Cal	\$ 0.011	1,213,384	667,361	\$ 0.011	756,260
Total	\$ 0.098	11,007,130	4,095,172	\$ 0.098	6,860,360
					2,552,378

Appendix C

