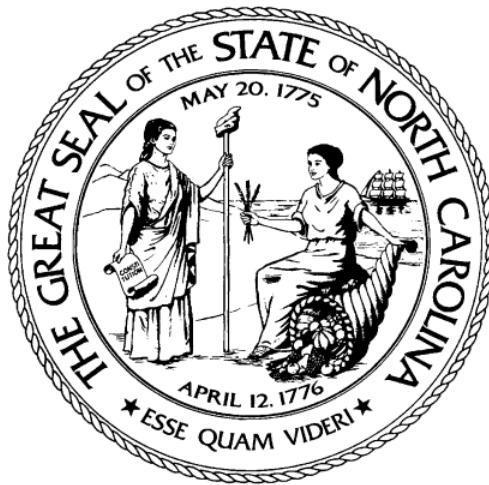


# **CHILD CARE SUBSIDY RECIPIENTS TO COOPERATE WITH CHILD SUPPORT SERVICES/DEMONSTRATION PROJECT**

**Session Law 2017-57, Section 11B.7.(c)**



**Report to**

**Joint Legislative Oversight Committee on Health and Human Services**

**The Fiscal Research Division**

**By**

**North Carolina Department of Health and Human Services**

**March 1, 2019**

Pursuant to Session Law: **CHILD CARE SUBSIDY RECIPIENTS TO COOPERATE WITH CHILD SUPPORT SERVICES/DEMONSTRATION PROJECT**

**SECTION 11B.7.(a)** Beginning January 1, 2018, or 30 days from the date the U.S. Department of Health and Human Services, Office of Child Care, approves the revised Child Care and Development Fund (CCDF) plan, or whichever occurs later, the Department of Health and Human Services, the Division of Child Development and Early Education (DCDEE) and the Division of Social Services (DSS), shall implement a one-year statewide demonstration project in accordance with S.L. 2015-51 requiring a custodial parent or other relative or person with primary custody of the child who is receiving child care subsidy payments to cooperate with the county child support services program as a condition of receiving child care subsidy payments. DCDEE and DSS shall conduct the demonstration project in at least three counties, but no more than six, that represent the three regions of the State in both rural and urban settings. DCDEE and DSS may solicit counties to volunteer for the demonstration project. In selecting counties to participate in the demonstration project, DCDEE and DSS shall (i) consider the various methods counties employ in receiving and processing child care subsidy applications and (ii) compare the data from the counties participating in the demonstration project to counties that are similarly sized and situated that do not participate in the demonstration project.

**SECTION 11B.7.(b)** The statewide demonstration project shall include, at a minimum, the components described in Section 1(a) of S.L. 2015-51, as well as any criteria DCDEE and DSS identified in its report as submitted to the Joint Legislative Oversight Committee on Health and Human Services dated February 1, 2016. Specifically, as identified in that report, DCDEE and DSS shall consider, at a minimum, each of the following factors in evaluating the demonstration project:

- (1) The number and percentage of applicants for whom the requirement to participate in child support services was presented who actually submitted a child support application and applied for and received subsidized child care assistance.
- (2) The number and percentage of families exempted from the requirement under subdivision (1) of this subsection through good-cause exceptions.
- (3) The number and percentage of families that initially receive child support payments but become ineligible for subsidized child care assistance as a result of their increased income or family status.
- (4) The number and percentage of families enrolled in the subsidized child care assistance program at the beginning of the demonstration project that exit the program due to imposed requirements for child support cooperation.
- (5) The number and percentage of applicants who declined to apply or withdrew their application as a result of the requirement to cooperate with child support services.
- (6) The number and percentage of child care subsidy recipients who begin receiving child support or, if receiving child support, the average increase in the recipients' child support received due to imposed requirements for child support cooperation.

**SECTION 11B.7.(c)** The Division of Child Development and Early Education and the Division of Social Services shall report on the results of the demonstration project to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division no later than March 1, 2019, or if the CCDF plan is approved after January 1, 2018, no later than three months from the date the one-year demonstration project is completed, whichever occurs later. The report shall include, at a minimum, each of the following:

- (1) The factors evaluated under subsection (a) of this section.
- (2) A detailed project plan and any costs associated with implementing the plan, specifically, any technology needs.
- (3) Any recommendations for or challenges with sustaining the plan long term.

## **Introduction:**

As specified in Session Law 2017-57, Senate Bill 257, the Division of Child Development and Early Education created a demonstration project for child support services cooperation with child care subsidy recipients. Prior to implementation of the project at the local level, the Division created forms to be used by the counties, and to be completed by the families at the time of application for child care subsidy. Approved reasons for an applicant to not submit an application for child support services were also developed and were categorized as ‘good cause exemptions’. These exemptions included the following:

- Teenage parent;
- Absent parent is deceased;
- Parental rights have been terminated;
- Not sure who the biological parent is;
- Court, protective, restraining orders filed;
- An adoption petition has been filed with the courts;
- Pursuing support will put the responsible adult’s safety at risk;
- Open child welfare case;
- The child was conceived as a result of incest or rape or artificial insemination;
- Cooperation is anticipated to result in danger, physical or emotional harm to the child;
- Family is participating with child support cooperation;
- Family has informal agreement for child support;
- Administrative Office of Clerk Documents (family court, alimony)
- Child has a special need or is experiencing homelessness
- Absent parent is incarcerated

The Division selected three counties to participate in the demonstration project. They were: Craven County, representing a medium county in the Eastern part of the state; Davie County, representing a small county in the Western part of the state: and Durham County, representing a large county in the Central part of the state. Counties were provided with training, materials, and ongoing technical assistance from the Division throughout the project.

## **RESULTS:**

**IMPACT ON STAFF:** Feedback was received from the counties about the impact of completing this additional work. County staff noted that the impact on workload was minimal for families who were completing an initial application for child care subsidy. During initial applications, the worker was typically meeting and gathering materials from the applicant directly, so providing the additional child support services paperwork could be done at the same time. During the annual recertification however, the subsidy materials are mailed directly from NC FAST to the participants and did not include the child support services paperwork. This meant that the county worker had to copy and mail this paperwork separately to the participants

and track the receipt and return of documents. This created new work for staff who are already burdened with paperwork.

### **DATA:**

During the pilot across all three counties a total of 1,857 child care subsidy applications received. The status of those cases is as follows:

- 1,663 (90%) – exempt from child support cooperation due to good cause
- 194 (10%) – did not claim an exemption from child support cooperation
  - 108 referred to child support
    - 59 in paternity or establishment processing status
    - 26 have completed the process and now have a child support order
    - 9 have medical only orders established
    - 14 cases closed
  - 33 agreed to cooperate with child support but did not follow through with the referral
  - 31 were intact families so child support was not applicable
  - 30 agreed to cooperate but it was determined they were already enrolled

For the 26 new orders that were established there were payments made on 12 of them between January 1, 2018 and December 31, 2018, for a total of \$7,356.93.

Language in the legislation also specified that the data from the counties participating in the demonstration project be compared to counties that are similarly sized and situated that did not participate in the demonstration project. Because child support cooperation is not mandated, non-participating counties do not have any data for comparison purposes.

### **COSTS:**

If the decision was made to mandate child support services cooperation statewide, there will be a fiscal impact because of required changes in NC FAST as well as in the Automated Collection and Tracking System (ACTS). The estimated cost for this is \$2 million.

### **OTHER ITEMS TO CONSIDER:**

Federal requirements in the Child Care and Development Block Grant require that a complete child care application cannot be held for more than 30 days before eligibility has been determined, if funding is available. Additionally, child care subsidy recipients are determined eligible for a minimum of one year, and child care subsidy can only be terminated if the family's income is determined to be over 85% of State Median Income, the child moves out of the state, or there is a non-temporary cessation in the recipient's work, training, or education status. Therefore, a family could not be delayed from receiving services while child support services is

reviewing paperwork past the 30 days, nor could they be terminated from receiving child care subsidy if, for example, they did not follow through with submitting paperwork to child support. A family could also not be terminated if once receiving child care subsidy, they cease to continue cooperation with child support services. These federal standards must be taken into consideration when determining whether it would be beneficial to mandate child support services cooperation.

## **CONCLUSION:**

Based on the data that was received, as well as the significant cost to implement this requirement statewide, we do not recommend that child support services cooperation for child care subsidy be mandated. This demonstration project had limited impact on child support services enrollment. Over 90% did not move forward with an application because they were either already participating, had an informal agreement for support or had an open child welfare case, and only 26 recipients ended up benefiting from increased income from child support payments.

There would also be significant costs incurred to implement this cooperation requirement statewide both in terms of updating the technology to make this an automated process, and cost to local DSS/LPA offices to absorb the additional work placed on case workers. We do believe that parents who are seeking subsidized child care should be made aware of potential supports available to them including child support services at time of both application and recertification, but it should not be mandated.