

| Minnesota's Federal Performance Measures | | | | | |
|------------------------------------------|----------|----------|----------|----------|----------|
| Performance Measures | FFY 2017 | FFY 2016 | FFY 2015 | FFY 2014 | FFY 2013 |
| Paternities Established | 101.05% | 100.77% | 99.00% | 100.42% | 102.48% |
| Orders Established | 88.56% | 88.91% | 88.70% | 88.00% | 86.61% |
| Collections on Current | 74.53% | 74.29% | 73.43% | 72.46% | 71.81% |
| Collections on Arrears | 72.26% | 72.36% | 72.11% | 70.99% | 70.48% |
| Cost Effectiveness | \$3.30 | \$3.30 | \$3.54 | \$3.58 | \$3.63 |

Minnesota's child support program in FFY 2017:

Served 239,540 children, with fewer than 13 percent of those children receiving public assistance as of Sept. 30, 2017.

Collected \$586.3 million, including: \$431.5 million from employers withholding child support from parents' paychecks

\$31.9 million through tax intercepts

\$1.7 million from financial institution data match levies

\$37.9 million received from other state's and counties' collections

The remainder from other sources

Received \$131.7 million for payment on child support debt, with over 72 percent of cases with arrears receiving at least some payment toward arrears during the year

Managed cumulative past due support or arrears of \$1.5 billion, owed as of Sept. 30, 2017.

In FFY 2017, Minnesota child support workers:

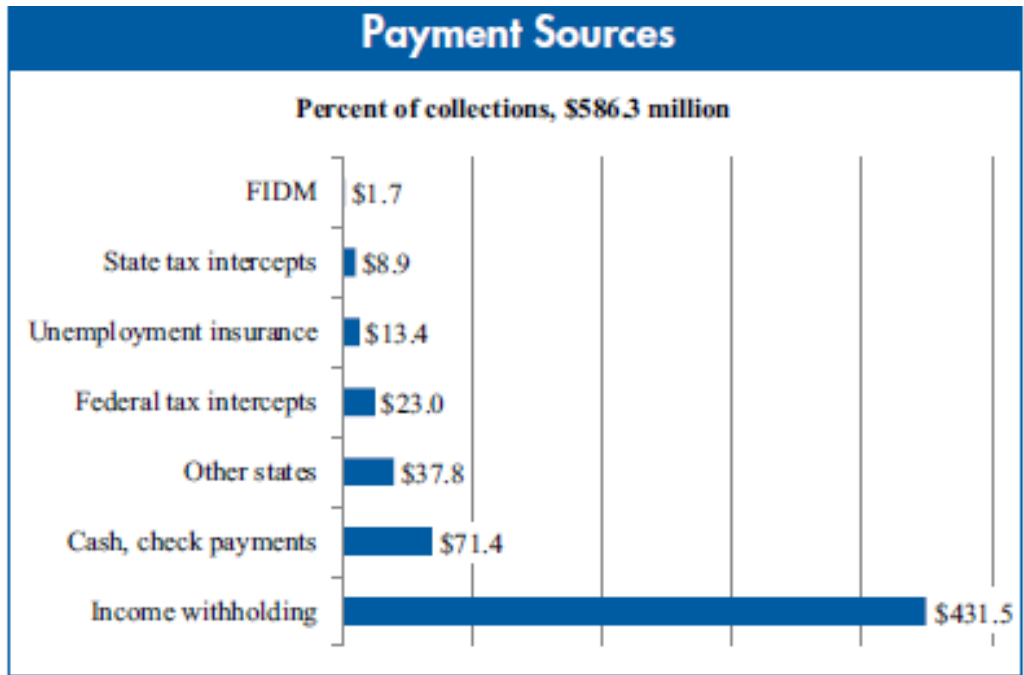
Established paternity through 2,570 court orders and 1,214 Recognition of Parentage forms signed at county offices

Established 12,411 orders for support; 88.56 percent of Minnesota child support cases have an order in place

Adjusted 47,507 cases for cost of living, which increases the amount of child support ordered due every two years

Modified more than 8,691 child support orders.

States compete against each other for incentive funds based on federal performance measures.



Federal Fiscal Year 2017 statistics

| County | Paternities Established Measure FFY2017 (%) | Orders Established Measure FFY2017 (%) | Collections on Current Measure FFY2017 (%) | Collections on Arrears Measure FFY2017 (%) | Cost Effectiveness Measure FFY2017 (\$) |
|-----------|---------------------------------------------|----------------------------------------|--------------------------------------------|--------------------------------------------|-----------------------------------------|
| Aitkin | 102.65 | 92.41 | 75.42 | 64.66 | 2.92 |
| Statewide | 101.05 | 88.56 | 74.53 | 72.26 | 3.30 |

This year's preliminary state data:

| | FFY17 | FFY 18 |
|--------------------|--------------|---------------|
| Paternity | 101.05% | 101.23% |
| Establishment | 88.56% | 88.32% |
| Current Support | 74.53% | 74.94% |
| Arrears | 72.26% | 72.45% |
| Cost Effectiveness | \$3.30 | TBD |

| FIPS COUNTY | PEP % | PEP % | EST % | EST % | CURR % | CURR % | ARRS % | ARRS % | C/E \$ | C/E \$ |
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | FFY 17 | FFY 18 | FFY 17 | FFY 18 | FFY 17 | FFY 18 | FFY 17 | FFY 18 | FFY 17 | FFY 18 |
| 001 Aitkin | 102.65 | 100.89 | 92.41 | 93.80 | 75.42 | 76.20 | 64.66 | 68.95 | 2.92 | |

2017 CHILD SUPPORT: MORE MONEY FOR FAMILIES

COLLECTIONS

75% 

of child support is collected by income withholding from a parent's paycheck

25% other sources

\$32.4 billion 

in child support collected by state and tribal child support programs in FY2017

96% 

went to families

4% reimbursed public assistance dollars

CASELOAD

15.1 million children served by the child support program in 2017



1 in 5 children
in the U.S.

Child support in comparison to other programs*



Child support accounts for about half the average income of low-income parents who receive it, lifting 3/4 million people out of poverty in 2016†

COST-EFFECTIVENESS

One of the most cost-effective government programs

\$5.15 collected by the child support program for every **\$1.00** spent



Source: Office of Child Support Data (2016).

* Combined CHIP Enrollment Total Report and Form CMS-64,EC, 2018; Characteristics of SNAP Households, FY 2016; WIC Program Monthly Data-State Level Participation, FY 2017; Annual Statistical Supplement, 2017; TANF: Total Number of Child Recipients, FY 2017; CCDF Preliminary Data Table 1, 2016; SSI Annual Statistical Report, 2016.

† Bureau of Census: Current Population Reports P-60-261 (Appendix Table 5) and P-60-262 (Appendix Table A-7).



ADMINISTRATION FOR
CHILDREN & FAMILIES

Office of Child Support Enforcement
330 C Street, S.W., Washington, D.C. 20201
<https://www.acf.hhs.gov/css>

MINNESOTA CHILD SUPPORT 2017

MORE MONEY FOR FAMILIES

COLLECTIONS

79% 

of child support is collected by income withholding from a parent's paycheck

\$567 million 

in child support collected

96% 

went to families

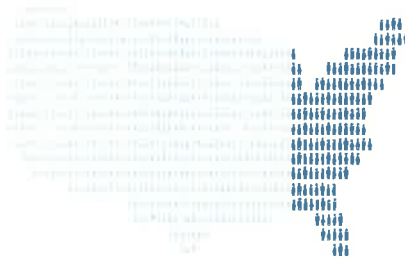
4% reimbursed public assistance dollars

CASELOAD

Number of children served

240,000 statewide

15.1 million nationwide



1 in 5
children
in the U.S.

In comparison to other programs*

| Children served (thousands) | |
|------------------------------|-----|
| Medicaid | 663 |
| Child Support | 240 |
| SNAP/FS | 216 |
| WIC | 61 |
| Social Security | 40 |
| TANF | 35 |
| Child Care Development Fund | 20 |
| Supplemental Security Income | 13 |

Child support accounts for about half the average income of low-income parents who receive it, lifting 3/4 million people out of poverty in 2016.[†]

COST-EFFECTIVENESS

One of the most cost-effective government programs

\$3.30 collected by the child support program for every **\$1.00** spent

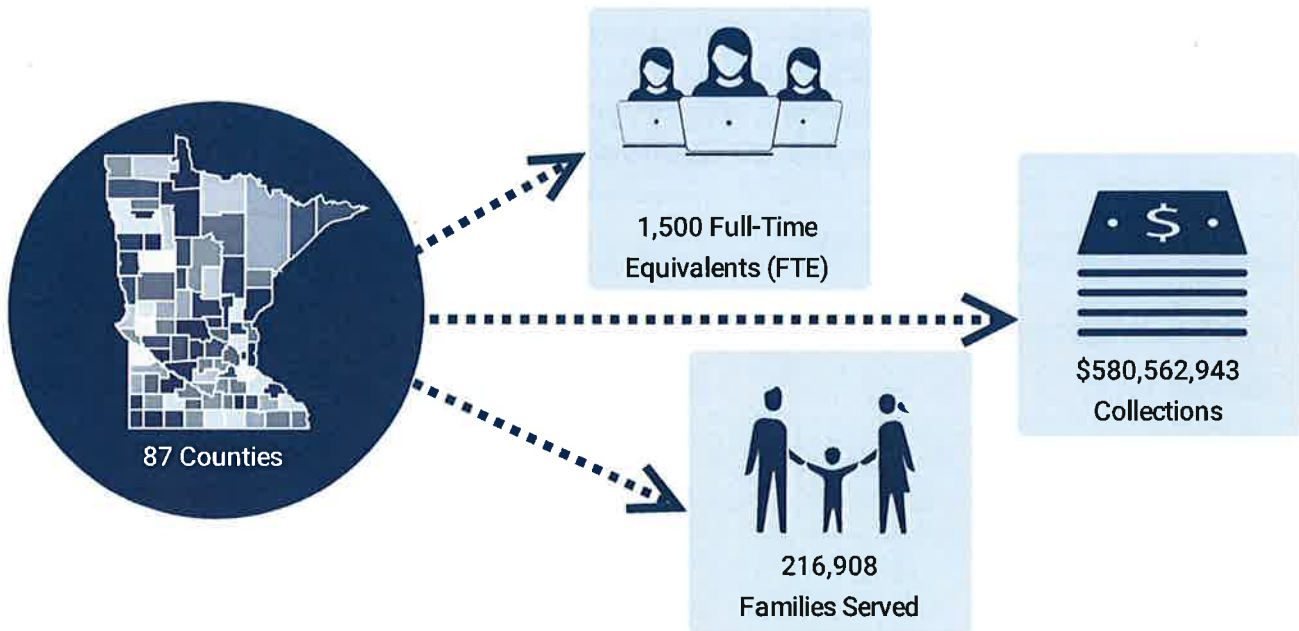


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Federal Incentives

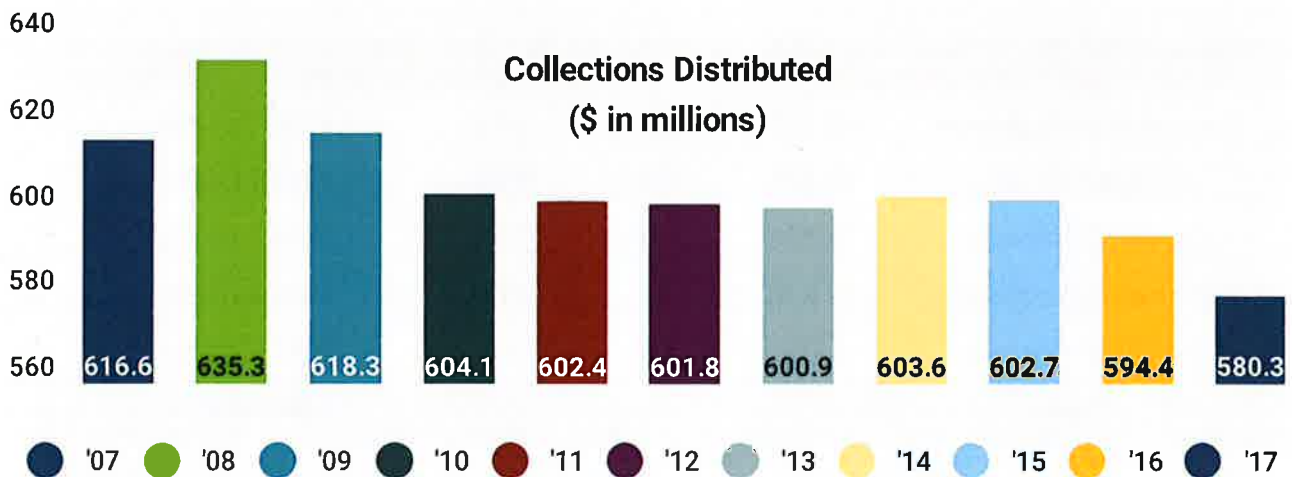


★ Collections are decreasing

- o National trend of decreasing caseloads and collections, MN factors include:
 - o Reasonable orders
 - o Guidelines
 - o Arrears Management
 - o METS Referral
 - o Decrease in Public Assistance cases

★ *Three federal performance measures are collection related: Current support due/paid, Cases with arrears owed/paid, and Cost-effectiveness*

★ *Minnesota collections peaked in 2008 at \$635 million, last year \$580.3 million*



Collection Base - First Step

- o Collections used in the base are from payments sent to families.
- o Current Support paid and Arrearages paid on both non-public assistance (NPA) and public assistance related (PA) cases.
- o Collection base calculation, PA related collections are weighted x2 to incentivize states to provide the same effort to low-income families and encourage pass through.

| FFY17 (\$ in Millions) | NPA | PA | Total |
|------------------------|----------------|----------------|----------------|
| Collections | \$167.3 | \$413.2 | \$580.5 |
| Weight x2 | | \$826.4 | |
| Collection Base | \$167.3 | \$826.4 | \$993.7 |

Incentive Base

- o The same five measures are used in every state.
- o A performance ratio is determined for each measure, scored from a table of ranges and multiplied by the collection base.
- o If a state maximizes the measure the score is 100%.
- o Arrears and C/E are weighted at 75%.
- o Each measure score and weight is multiplied by the Collection Base and totaled for the Incentive Base.
- o The final Incentive Base is used to total all states and pro-rate each state's share of the Incentive Pool.
- o FFY17 incentive pool is \$563 million, MN typically earns about 2%.

| FFY17 Performance | Ratio | Score | Weight | Inc Base - weighted |
|-------------------------|---------|-------|--------|----------------------|
| Paternity Establishment | 101.05% | 100 | 100% | \$993.7 million |
| Support Order | 88.56% | 100 | 100% | \$993.7 million |
| Current Collections | 74.53% | 88 | 100% | \$874.5 million |
| Arrears Collections | 72.26% | 84 | 75% | \$626.0 million |
| Cost Effectiveness | \$3.30 | 60 | 75% | \$447.2 million |
| Total | | | | \$3.9 Billion |

Minimum and Maximum performance thresholds:

- o Paternity and Support Order minimum = 50% and maximize at 80% (maintain 90% for paternity)
- o Current Collections and Arrears Collections minimum = 40% and maximize at 80%
- o Cost Effectiveness minimum = \$2.00 and maximize at \$5.00. MN will drop a level if below \$3.00
- o Scores that fall below the minimum are not eligible for incentives on the measure and will be required to enter into a corrective action plan.



Data Reliability Audit

- o An audit is performed every year on the reliability of the reported data compared to PRISM and the file.
- o The audit schedule is a three year cycle beginning with a full audit of reviewing hard files and if the audit is passed, desk reviews in the following years which do not require files. But a full audit will be performed every three years.
- o If the PRISM data doesn't support the files on a measure(s) the state is not eligible for the incentive for that measure and enter a corrective action period.
- o MN has never failed any measure in an audit, deficiencies have been identified and corrected.



Incentive Payments

- o Timeline from FFY end to actual settlement. Approximately 18 – 24 months.
- o Forecast 34a withholding for new FFY \$12mil – based on past experience of incentives earned.
- o Quarterly incentive payments based on most recent FFY performance and incentive base. DRA for most recent FFY – Jun to Aug of new FFY. Full audit year can delay the process.
- o Incentive calculation (nationwide).
- o Incentive award from previous FFY (not most recent).
- o Settlement quarter based on positive or negative Incentive Payment.



Performance Measures

Paternity Establishment (IV-D)

Number of children in the caseload in the FFY or as of the end of the FFY who were born out-of-wedlock with paternity established or acknowledged

OCSE-157 Line 6 (QQ320920)

Number of children in the caseload as of the end of the preceding FFY who were born out-of-wedlock

OCSE-157 Line 5 (QQ320920 - prior FFY)

Support Order Establishment

Number of IV-D cases with support orders open at end of FFY

OCSE-157 Line 2 (QQ320921)

Number of open IV-D cases open at end of FFY

OCSE-157 Line 1 (QQ320921)

Current Collections

Amount collected for current support on IV-D cases during the FFY

OCSE-157 Line 25 (QQ320921)

Amount due for current support on IV-D cases during the FFY

OCSE-157 Line 26 (QQ320921)

Arrearage Collections

Number of IV-D cases paying toward arrears during the FFY

OCSE-157 Line 29 (QQ320921)

Number of IV-D cases with arrears due during the FFY

OCSE-157 Line 28 (QQ320921)

Cost-Effectiveness

Total IV-D dollars collected

OCSE-34 Lines 4b+4c+8+11 column G (QQ640201 sum of 4 quarters)

Total IV-D dollars expended

OCSE-396 Line 7 columns (A) + (C) less Line 1c columns (A) + (C)

The OCSE-396 is submitted by FOD using the 2550 submitted by counties

State Collection Base

OCSE-34 (QQ640201 sum of 4 quarters)

2 times (Current + Former assistance collections + Medicaid assistance)

Never assistance collection + Fees retained by other states



2 x ((Line 4b, columns A+B+C+D+E) + (Line 8, columns A+B+C+D+E))

Line 4b, column F + Line 8, column F + Lines 4c + 11, column G



Performance Scores

Paternity Establishment and Support Order

Establishment Performance:

| At Least: | Less Than: | Score |
|-----------|------------|-----------|
| 80% | | 100% |
| 79% | 80% | 98% Pat |
| 78% | 79% | 96% & Est |
| 77% | 78% | 94% |
| 76% | 77% | 92% |
| 75% | 76% | 90% |
| 74% | 75% | 88% |
| 73% | 74% | 86% |
| 72% | 73% | 84% |
| 71% | 72% | 82% |
| 70% | 71% | 80% |
| 69% | 70% | 79% |
| 68% | 69% | 78% |
| 67% | 68% | 77% |

Continues at 1% intervals

| | | |
|-----|-----|-----|
| 54% | 55% | 64% |
| 53% | 54% | 63% |
| 52% | 53% | 62% |
| 51% | 52% | 61% |
| 50% | 51% | 60% |
| 0% | 50% | 0% |

Minimum threshold = 50%

Current Collection and Arrearage Collections

Performance:

| At Least: | Less Than: | Score |
|-----------|------------|----------|
| 80% | | 100% |
| 79% | 80% | 98% |
| 78% | 79% | 96% |
| 77% | 78% | 94% |
| 76% | 77% | 92% |
| 75% | 76% | 90% Curr |
| 74% | 75% | 88% |
| 73% | 74% | 86% |
| 72% | 73% | 84% |
| 71% | 72% | 82% Arrs |
| 70% | 71% | 80% |
| 69% | 70% | 79% |
| 68% | 69% | 78% |
| 67% | 68% | 77% |

Continues at 1% intervals

| | | |
|-----|-----|-----|
| 44% | 45% | 54% |
| 43% | 44% | 53% |
| 42% | 43% | 52% |
| 41% | 42% | 51% |
| 40% | 41% | 50% |
| 0% | 40% | 0% |

Minimum threshold = 40%

Cost-Effectiveness Performance:

| At Least: | Less Than: | Score |
|-----------|------------|-------|
| \$5.00 | | 100% |
| \$4.50 | \$4.99 | 90% |
| \$4.00 | \$4.50 | 80% |
| \$3.50 | \$4.00 | 70% |
| \$3.00 | \$3.50 | 60% |
| \$2.50 | \$3.00 | 50% |
| \$2.00 | \$2.50 | 40% |
| \$0.00 | \$2.00 | 0% |

MN Performance Score FFY17