



## House Social Services Budget Committee

January 25, 2017

# Update on the Recommendations for DCF in the Alvarez and Marsal Review

Testimony by:

Trisha Thomas, Director of Child Support Services

Dan Lewien, CFO and Director of the Office of Financial Management

Kansas Department for Children and Families

Andrew Wiens, Director of Policy and Legislative Affairs  
DCF Administration Building, 6<sup>th</sup> Floor  
(785) 291-3629 [andrew.wiens@ks.gov](mailto:andrew.wiens@ks.gov)  
[www.dcf.ks.gov](http://www.dcf.ks.gov)

**Testimony of:**

Trisha Thomas, Director of Child Support Services  
Dan Lewien, CFO and Director of the Office of Financial Management  
Kansas Department for Children and Families

**Testimony on:**

Update on the Recommendations for DCF in the Alvarez and Marsal Review

**Chair Landwehr, Vice Chair Clayton, Ranking Member Ballard and Members of the Committee:**

Thank you for the opportunity to provide testimony on the Kansas Statewide Efficiency Review conducted by Alvarez and Marsal (A&M) as it relates to the Kansas Department for Children and Families (DCF).

A&M examined several areas of DCF, looking most extensively at DCF's use of State funds. The review included major programs, such as foster care and adoption and operations in the agency's field offices where most DCF services are delivered. We are pleased that the conclusions of the A&M report recognize the quality of DCF programs.

The A&M report included three specific recommendations for DCF. These recommendations are efficiency recommendations that build on current efforts in which DCF is already engaged.

**Recommendation #1 - Child Support Collections**

There are three areas within DCF Child Support Services (CSS) for which the A&M report suggested changes: establishing employer penalties, developing agreements with the Kansas Department of Revenue (KDOR) and neighboring states, and establishing new operational metrics.

Establishing Employer Penalties: CSS aired a commercial across the state to remind employers to report their new hires. Additionally, we used social media to get the word out about reporting new hires, and also worked with KDOR to utilize its list of all employers (anyone who paid employer tax last year) to send out a notice to all of the almost 90,000 employers across the state to explain the requirement to report new hires. We received many responses from employers and have sent further notices to employers to ensure we have the correct information to contact them and send an income withholding order (IWO). CSS evaluated the letters through a randomized controlled trial, supported by BetaGov, and made changes to the letters sent in response. We continue to work with employer representative associations (like Society for Human Resource Management (SHRM) and National Federation of Independent Business (NFIB)) to gather their input and educate their members. At this time, we do not believe establishing employer penalties will increase new hire reporting.

Developing Agreements with KDOR and Neighboring States: We have an agreement with KDOR to obtain information and were able to utilize the agency's list of employers; however, we are still working with KDOR to obtain vehicle title, lien and registration information. There is no timeframe as to when this information might be available to CSS. The A&M report suggested we coordinate with KDOR to deny issuance or renewal of car, boat or RV registration until a payment plan or the IWO is in place. This would also take legislation to do and may negatively affect KDOR collecting fees from those paying car, boat or RV registrations. It could also negatively impact those responsible to take the fees. And given the fact that child support is collected by both CSS and the court trustees in Kansas, we run into difficulty with CSS doing non-IV-D-related duties if CSS was in control of the list (the court trustees do not have access to any CSS information, thus could not hold it either). We have made contact with other state child support agencies, and they are unfortunately not interested in doing agreements, since they believe working Interstate (UIFSA) cases handles this.

Establishing New Operational Metrics: CSS and the Kansas Department of Labor (KDOL) have worked closely to obtain reports and identify areas of focus. The new hire/employer website has been updated by KDOL and is working well, and the agency is providing us new data on users. CSS has also updated its dashboard to better track key performance indicators and share those metrics at the worker level.

CSS increased collections last federal fiscal year by \$5,865,552 (FFY 2016 over FFY 2015), with a total of \$204.3 million collected last year. However, this increase does not correlate to increased savings or increased revenues in the CSS program budget. The majority of the dollars collected are distributed to families who are owed support. A&M assumed DCF would have funds available to sweep from the Fee Fund to represent savings of \$659,000. The largest source of the fees collected are from TANF cases. Since these cases have decreased, CSS collections have decreased, and less money goes into the Fee Fund each year, even as collections have increased. Thus, while increased collections benefit Kansas families, they do not generate savings to the State as A&M assumed.

### **Recommendation #2 - Close Three Service Centers**

The second recommendation from A&M was to close three service centers, shifting responsibility to nearby offices. A&M looked at the total square feet of each office, number of cases in each county, population changes, staffing trends and the shift to online applications. Based on A&M's analysis, it was recommended that three offices be closed, including:

- Goodland, Sherman County
- Greensburg, Kiowa County
- Iola, Allen County

All three offices are in counties projected to experience population declines in the next five years. The Goodland office has one staff member who will work full time out of the

Colby office. That person already works in the Colby office three or four days a week. The Greensburg office currently has one staff member (it had three at the time of the review). This person will relocate to Dodge City where she works a couple of days a week already. Lola currently has 14 staff. These employees will be relocated to the Chanute and Fort Scott offices.

The Goodland and Greensburg service centers are currently on month-to-month leases, and the Lola service center is on a one-year renewal, set to expire on July 1, 2017. All three offices combined account for less than one percent of the cases and are the three offices closest to other DCF offices.

The closure of these three offices are included in the Governor's Budget for FY 2018 and FY 2019. The closures will save DCF \$112,191 All Funds (AF), \$70,564 State General Funds (SGF) per year. These savings come from rent, utilities and other operating costs.

As the A&M report recommended, DCF continues to review metrics of all service centers to find efficiencies and improved service delivery models.

**Recommendation #3 - Improve the Targeting of CIF and Diversify the Funding**

The third recommendation involved the Children's Initiative Fund (CIF), which is overseen by the Kansas Children's Cabinet and Trust Fund. Effective last year, the Children's Cabinet was transferred to the Kansas State Department of Education. This recommendation is now being implemented by that agency.

DCF is excited to continue our great progress toward a more efficient and streamlined State agency. Thank you for this opportunity to testify.