



Report to the Mississippi Legislature

An Evaluation of the Privatization of Child Support Enforcement by the Mississippi Department of Human Services

#661
October 12, 2021



PEER: The Mississippi Legislature's Oversight Agency

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October 12, 2021

Honorable Tate Reeves, Governor
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On October 12, 2021, the PEER Committee authorized release of the report titled *An Evaluation of the Privatization of Child Support Enforcement by the Mississippi Department of Human Services*.

A handwritten signature in black ink, appearing to read "Timmy Ladner".

Representative Timmy Ladner, Chair

This report does not recommend increased funding or additional staff.

Table of Contents

Letter of Transmittal	i
Highlights Sheet	v
Introduction.....	1
Authority, Scope, and Purpose	1
Method	1
Scope Limitation	2
Background	3
Purpose of the Child Support Enforcement Program	3
Mississippi’s Child Support Enforcement Program Operations	4
Child Support Collections and Distributions (FFY 2019)	8
Program Funding	12
Privatization, Procurement, and Contract Oversight of Child Support Enforcement in Mississippi	17
To what extent have Mississippi and other states privatized their child support enforcement functions?	17
What changes in Mississippi’s law set the stage for full privatization?	19
What has been the timeline for privatization in Mississippi?	20
Were MDHS’s procurements for child support enforcement functions and contract oversight procedures performed in an effective and efficient manner?	27
Pre- and Post-privatization: A Look at Office Locations/Staffing, Performance, and Cost	37
How did full privatization affect office locations and staffing?	37
To what extent has program performance changed since full privatization?	39
To what extent has cost been impacted?	53
What is the cost to bring child support enforcement functions back in-house?	55
State Policy Comparison	57
Models for Determining Child Support Amounts	57
Termination of Child Support	59
Administrative Versus Judicial Child Support Process	60
Recommendations	62
Appendix A: Federal Performance Measures and Calculations	64
Appendix B: Summary of the Mississippi Office of the State Auditor (OSA) Report Regarding MDHS’s 2009 Contract with YoungWilliams	65
Agency Response	67

List of Exhibits

Exhibit 1: Child Support Enforcement Process	7
Exhibit 2: FFY 2019 Child Support Distributions	9
Exhibit 3: FFY 2019 Percent of Child Support Collections Distributed by Type of Case	10
Exhibit 4: Collections on Arrears Cases, FFY 2010 through FFY 2020	11
Exhibit 5: MDHS Child Support Enforcement Program Funding, FY 2018 through FY 2020	12
Exhibit 6: Child Support Enforcement Fees, FFY 2021	14
Exhibit 7: Mississippi’s Child Support Enforcement Program Performance, FFY 2019	16
Exhibit 8: Percentage of Full Time Equivalent Positions Working in Privatized Child Support Offices in FFY 2019 by State	18
Exhibit 9: MDHS Division of Child Support Enforcement Services Privatized and Provided in-house, from Calendar Years 2008 to 2021	26
Exhibit 10: Mississippi Child Support Office Locations with 15- and 30-mile Radius	38
Exhibit 11: Mississippi’s Historical Performance on Paternity Establishment by FFY	40
Exhibit 12: FFY 2019 State Comparison: Performance on Paternity Establishment	41
Exhibit 13: Mississippi’s Historical Performance on Support Order Establishment from FFY 2000 through FFY 2019	42
Exhibit 14: FFY 2019 State Comparison: Performance on Support Order Establishment	42
Exhibit 15: Mississippi’s Historical Performance on Collections of Current Support from FFY 2000 through FFY 2019	43
Exhibit 16: FFY 2019 State Comparison: Performance on Current Support Collections	44
Exhibit 17: Mississippi’s Historical Performance on Collections of Arrears from FFY 2000 through FFY 2019	45
Exhibit 18: 2019 State Comparison: Performance on Collections of Arrears	45
Exhibit 19: Mississippi’s Rank on Factors Associated with High Child Support Enforcement Performance (2019)	47
Exhibit 20: Selected Child Support Enforcement Tools Used by MDHS, FFY 2019	48
Exhibit 21: Common Child Support Enforcement Tools and Use by MDHS	52
Exhibit 22: Mississippi’s Historical Performance on Cost-Effectiveness from FFY 2000 through FFY 2019	54
Exhibit 23: FFY 2019 State Comparison: Performance on Cost-Effectiveness	54
Exhibit 24: Type of Child Support Calculation Model Used by State	58
Exhibit 25: Child Support Age of Majority by State	59
Exhibit 26: Process Used to Set Child Support Orders by State	60

An Evaluation of the Privatization of Child Support Enforcement by the Mississippi Department of Human Services

CONCLUSION: MDHS has privatized the vast majority of its child support program, including the statewide call center beginning in 2009 and the Central Receipting and Disbursement Unit (CRDU) in 2014. Upon the former Governor's directive, MDHS significantly expanded privatization in 2016 to include child support enforcement (CSE) services provided by all of the state's local child support offices. However, MDHS's pilot program to determine the effectiveness of privatization was incomplete and did not provide evidence that privatization would improve program performance. Between 2015 and 2021, MDHS did not procure CSE and call center services in an effective and efficient manner. Further, MDHS's contract with YoungWilliams for FFYs 2017 through 2021 was insufficient to hold YoungWilliams accountable for its performance in providing CSE and call center services. After full privatization of CSE services in local offices in 2016, Mississippi's performance according to the five federal measures of child support program performance varied. For example, performance in the area of court order establishment improved; however, performance in the area of current support collections did not.

Background

The child support enforcement program operated by the Mississippi Department of Human Services is a federally mandated program that promotes parental responsibility, family sufficiency, and child well-being, and reimburses benefits paid by the government's public assistance programs.

The child support enforcement program performs six functions: case establishment, parent locator services, paternity establishment, support order establishment, collection and distribution of child support payments, and enforcement of support orders.

PEER reviewed MDHS's process for privatizing the following key program areas: (1) CSE services include the majority of services provided through the program and its local child support offices; (2) the Central Receipting and Disbursement Unit (CRDU) receives and disburses child support payments; and (3) the call center answers child support calls statewide.

Two contractors—YoungWilliams and Informatix—provide the majority of services for MDHS's child support enforcement program. Thus, MDHS's role is primarily that of contract oversight.

In FFY 2019, MDHS distributed \$334,844,297 in child support collections to families or foster care agencies. In FFY 2020, collections increased by 19% due to interception of stimulus payment funds from COVID-19.

Report Conclusions

1. Throughout the 1990s to 2015, YoungWilliams performed limited CSE services for the state. MDHS has increasingly relied upon YoungWilliams, and as of 2021, YoungWilliams provides a vast array of CSE services for all 82 counties in Mississippi and operates the statewide call center.
2. MDHS contracted out its state disbursement unit in 2014 to Informatix, who continues to perform this function for MDHS.
3. According to PSCRB records, Governor Phil Bryant directed MDHS to pursue privatization of CSE services in 2014. In response, MDHS implemented a 17-county pilot program to determine the effectiveness of privatization in January 2015.
4. In 2016, MDHS privatized its CSE services statewide despite the results of the partially executed pilot program showing that control counties operated by MDHS were performing better than counties operated by YoungWilliams on four of five measures.
5. MDHS entered into contracts with YoungWilliams in 2015, 2016, and 2021 for the procurement of "legal services" although such contracts included non-legal components.
6. In 2019, MDHS administered the procurement process inefficiently and gave the impression of preferential treatment toward the incumbent vendor.

Report Conclusions (cont.)

7. MDHS's contract with YoungWilliams for FFYs 2017 through 2021 was insufficient to hold YoungWilliams accountable for its performance. However, MDHS's upcoming contract for FFYs 2022 through 2026 made improvements to these deficiencies.
8. Results of MDHS's contract monitoring activities have not been used to address root causes of issues.
9. In the three years after full privatization in 2016, Mississippi's performance on paternity establishment and child support order establishment improved. However, the state did not improve its performance on current collections and collections of arrears during that time. Mississippi's performance in the area of cost-effectiveness (i.e., collections per dollar of program spending) remained relatively high after full privatization.
10. Socioeconomic factors contribute to Mississippi's low performance in the area of collections. However, MDHS has not taken a proactive role in assessing which collections strategies are most effective in increasing compliance in a cost-effective way for Mississippi's population. Also, MDHS does not have statutory authority to utilize several enforcement tools other states use.

Recommendations

The Legislature should:

1. Consider amending MISS. CODE ANN. § 27-104-7 (1972) to replace the PPRB exemption for "attorneys" with "legal services." Further, this section should define what constitutes "legal services."
2. Upon the implementation of Recommendation 1, consider amending MISS. CODE ANN. § 7-5-39 (1972) to require that any new contracts or modifications to legal services contracts that contain non-legal services outside of those defined by MISS. CODE ANN. § 27-104-7 (1972) be approved by PPRB.
3. Consider requiring MDHS to propose an arrears management strategy to the Legislature by January 1, 2023.
4. Further, the Senate and House Appropriations Committees should review this report and determine whether they should adopt language for inclusion in MDHS's FY 2023 appropriations bill making the use of appropriated funds conditional on re-bidding legal and non-legal services separately.

MDHS should:

5. Ensure it monitors YoungWilliams's performance on all measures included in the contract for FFY 2022 through FFY 2026, require the implementation of corrective action plans for non-compliance or performance deficiencies, and assess liquidated damages for non-compliance or performance deficiencies.
6. Consider bringing child support enforcement functions back in-house should YoungWilliams fail to meet performance or contractual obligations.
7. Consider formally tracking additional performance measures in order to provide a more holistic assessment of program performance (e.g., collections per court order).
8. Be consistent in constructing well-developed, performance-based RFPs and contracts for privatized services reflective of its needs, and consistently hold vendors accountable for their performance.
9. Use results of its monitoring activities to address root causes of compliance or performance issues.
10. Monitor the effects of YoungWilliams's staffing decreases from FFY 2022 to FFY 2026 to ensure that services are not negatively impacted and take immediate corrective action if contract monitoring warrants such action.
11. Assess the effectiveness of its pass-through and disregard policies.
12. Consider conducting further research on the following policy areas regarding Mississippi's child support enforcement program: termination of child support, and the administrative versus judicial child support process.

An Evaluation of the Privatization of Child Support Enforcement by the Mississippi Department of Human Services

Introduction

Authority, Scope, and Purpose

In response to a legislative request, the PEER Committee reviewed the process for privatization of the state's child support enforcement program at the Mississippi Department of Human Services (MDHS), issues with procurement and contract oversight, and aspects of Mississippi's child support enforcement program before and after privatization.

PEER conducted the review pursuant to the authority granted by MISS. CODE ANN. § 5-3-57 (1972) et seq. The Committee acted in accordance with MISS. CODE ANN. § 5-3-51 (1972) et seq.

Method

To conduct this assessment, PEER reviewed:

- previous PEER Committee reports on the topic of child support enforcement;
- federal and state law and applicable policies and procedures concerning the MDHS Division of Child Support Enforcement (DCSE);
- Mississippi State Personnel Board (MSPB) rules and regulations;
- Mississippi's Personal Service Contract Review Board (PSCRB) and Public Procurement Review Board (PPRB) rules and regulations;¹
- the organizational chart of DCSE;
- Request for Proposal (RFP) documents and contracts associated with the privatization of child support enforcement services, a customer service call center, and the Central Receipting and Disbursement Unit.;

¹ H.B. 1109 (2017 Regular Session) revised state policy on procurement, including abolishing the Personal Service Contract Review Board (PSCRB) and transferring its duties, powers, and resources to the Public Procurement Review Board (PPRB), effective January 1, 2018.

- reports by The Stephen Group² regarding MDHS's privatization of child support enforcement (CSE) services; and,
- budget documents for DCSE.

PEER also:

- obtained the locations of child support offices statewide;
- interviewed current and former staff of DCSE;
- interviewed staff of agencies responsible for procurement oversight in Mississippi—PPRB, MSPB, and the Mississippi Attorney General's Office; and,
- analyzed records, data, and performance reports maintained by DCSE and the federal Office of Child Support Enforcement (OCSE).

Because OCSE reports states' child support data by federal fiscal year (FFY), PEER's analyses regarding performance include FFY data rather than state fiscal year data. Also, the term for MDHS's 2016 contract (and subsequent modifications) with YoungWilliams was based on FFYs; therefore, report references to this contract are for FFYs rather than state fiscal years.

Scope Limitation

Because of MDHS's varied history of contracting for CSE services³ provided by local child support offices and the statewide call center, PEER primarily focused its analysis on such contracts and did not conduct in-depth analyses of MDHS's contracts with other vendors, such as the contract for the state's disbursement unit.

Additionally, in PEER's analysis of the Mississippi child support enforcement program's performance, PEER excluded certain FFY 2020 data due to the impact of COVID-19 on the child support enforcement program in that year. For example, the amount of distributed child support collections increased by an atypical amount (19%) from FFY 2019 to FFY 2020 because states were able to withhold unpaid child support debt from the first stimulus payments approved in April 2020, as well as collect on increased unemployment benefits. Thus, using FFY 2020 data would skew certain analyses. FFY 2021 data, which was not complete as of September 2021, was also impacted by COVID-19.

² The Stephen Group—a business and government consulting agency based in Manchester, NH—provides consulting services for state and local governments, including assisting states in program development, management, strategic planning advice, management training, and health and social services reform.

³ Child support enforcement (CSE) services include the majority of services provided through the program, including paternity establishment, establishment and modification of support orders, collections activities (e.g., locating and identifying assets of parents), and enforcement of support obligations. These services are mostly provided by staff housed in child support offices across the state.

Background

This chapter addresses the following:

- purpose of the child support enforcement program;
- Mississippi's child support enforcement program operations;
- child support collections and distributions for FFY 2019; and,
- program funding.

Purpose of the Child Support Enforcement Program

The child support enforcement program is a federally mandated program operated by the states. Its intent is to promote parental responsibility, family self-sufficiency, and child well-being by ensuring that children receive financial support on a consistent basis from both parents, even when separated. The program also serves to reimburse benefits paid by the government's public assistance programs (e.g., Temporary Assistance for Needy Families).

In 1975, Congress established the child support enforcement program (Title IV-D of the Social Security Act) within the U.S. Department of Health and Human Services. The primary purpose of the program was for welfare cost-recovery—i.e., reducing public expenditures for recipients of public assistance by obtaining child support and using that support to reimburse the state and federal government for benefits paid.

The 1996 federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA, P.L. 104-193), which replaced the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance for Needy Families (TANF) block grant to states program, made substantial changes to the child support enforcement program. PRWORA mandated that for states to be eligible for TANF block grants, they must operate their child support enforcement programs in a manner that meets federal requirements pertaining to a national new hire reporting system, paternity establishment, uniform interstate child support laws, computerized statewide collections, establishment of a centralized state disbursement unit, and penalties for parents who do not pay their child support obligation amounts. The purpose of such enforcement measures is to increase the amount of child support paid to single-parent households, thereby reducing their dependency on public benefits (e.g., TANF).

The child support enforcement program has since evolved from primarily a welfare cost-recovery program to a program that also places emphasis on the promotion of self-sufficiency and parental responsibility. OCSE states that the child support enforcement program has emerged as a family support program providing significant income for vulnerable families. As such, its mission is to:

...establish paternity and obtain child support in order to encourage responsible parenting, family

self-sufficiency and child well-being, and to recognize the essential role of both parents in supporting their children.

To achieve this mission, OCSE helps ensure that states provide assistance in obtaining child support through the following functions: locating parents, establishing paternity, establishing and modifying support obligations, and monitoring and enforcing those obligations.

All 50 states operate a child support enforcement program. Public Law 93-647 requires that states establish a single, separate organizational unit for child support enforcement. States have established these units in their state human services departments (like Mississippi), attorney generals' offices, or department of revenue. Most states work with prosecuting attorneys, law enforcement agencies, and officials of family courts to implement the program at the local level.

Mississippi's Child Support Enforcement Program Operations

In Mississippi, the Division of Child Support Enforcement within the Department of Human Services is responsible for managing the state's child support enforcement program. The program serves families who apply for services through MDHS and families who are statutorily required to cooperate with the child support enforcement program—i.e., families receiving public assistance.

MISS. CODE ANN. § 43-19-31 (1972) et seq., requires that MDHS operate a child support unit to fulfill the requirements of the PRWORA; therefore, MDHS's DCSE performs the following functions:

1. *Case initiation*—The opening of a child support case. MDHS opens cases for two distinct groups:
 - a) Referrals—Recipients of public assistance funds, including TANF, foster care, Medicaid, Supplemental Nutrition Assistance Program (SNAP), and/or child care subsidy programs are automatically referred to the child support enforcement program, which allows the state to potentially recoup some of its public assistance expenditures with funds from the noncustodial parent. For TANF, foster care, and Medicaid recipients, cooperation with the child support enforcement program is a federal requirement. States also have the option to require recipients of SNAP benefits and child care subsidies to cooperate with the state's child support enforcement agency, and Mississippi exercises that option.⁴
 - b) Applications—Any individual not automatically referred may apply through MDHS for CSE services. The application fee is \$25.

⁴ According to a 2018 study conducted on behalf of the U.S. Department of Health and Human Services, as of May 2018, 24 states had exercised the option to require recipients of SNAP and/or child care subsidies to cooperate with the child support enforcement program.

2. *Parent locator services*—Efforts to identify a noncustodial parent’s address, place of employment, etc. MDHS utilizes various federal and state databases to locate parents (e.g., the Mississippi State Directory of New Hires).
3. *Paternity establishment*—Identification of the legal father of a child. This process is either established through a voluntary acknowledgement by the father, or, if the case is contested, then through a determination based upon genetic testing. For FFY 2019, MDHS established paternity for 29,726 cases.
4. *Support order establishment*—Development of a support order that legally requires the noncustodial parent to pay child support, which includes financial support and medical coverage. While MDHS helps in the determination of a family’s financial needs and the noncustodial parent’s ability to pay support, chancery judges are responsible for the official establishment of support orders. For FFY 2019, MDHS established court orders for 14,529 cases. MISS. CODE ANN. § 43-19-101 (1972) provides for a percentage of adjusted gross income to be paid as support based upon the number of children (e.g., 14% of the noncustodial parent’s income for one child). However, judges have broad authority to deviate from that statutory formula based on other factors in the case (e.g., independent income of the child, seasonal variations in one or both parents’ incomes or expenses).
5. *Collections*—Process of receiving and distributing child support collections. In FFY 2019, MDHS collected child support on 155,447 cases. MDHS distributes child support in the following manner:
 - a) payments to families (i.e., custodial parents and children) or foster care agencies;
 - b) public assistance reimbursements, which include collections that are used to reimburse states for public assistance provided to families participating in the child support enforcement program (e.g., TANF);
 - c) medical support reimbursements, which includes collections specifically designated in a child support order for medical support;⁵ and,
 - d) federal and state fees, which include collections withheld by the state or transferred to OCSE.
6. *Enforcement*—Use of various methods (e.g., wage garnishments) to enforce the payment of child support for past-due accounts (i.e., arrears) or to ensure regular child support payments for current accounts. In FFY 2019, MDHS collected arrears payments for 119,129 cases.

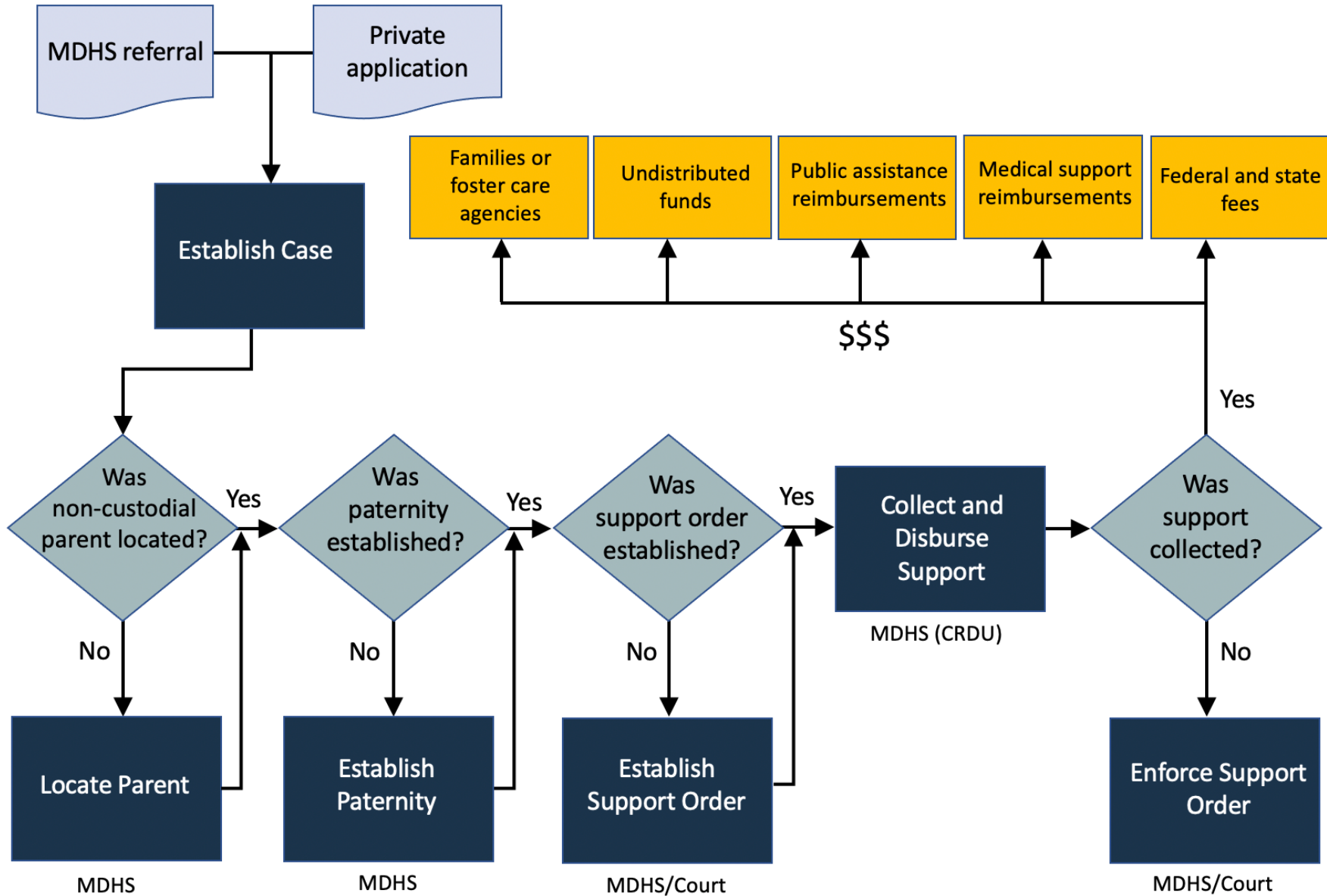
⁵ In cases where the medical support portion of the collections has been assigned to the state, MDHS must transfer these funds to Medicaid for distribution in accordance with Medicaid regulations.

MDHS also closes child support cases either because the child is emancipated and arrears are paid or the case meets closure criteria specified in policy.

For FFY 2019, MDHS handled 267,162 child support cases. Exhibit 1 on page 7 shows the general child support enforcement process from case initiation to distribution of funds. However, the flow of a case through the process is affected by each family's circumstances. For example, before MDHS can begin collecting child support in a case involving a couple who never married, MDHS might have to locate the father, establish paternity, obtain a support order, and enforce that order. In another case, if a previously married couple had a support order in place with their divorce, then MDHS might only need to conduct parent locator services and enforcement of the court order. Therefore, the case would not move through each step of the process.

MDHS does not serve families with child support cases handled by private attorneys or through mutual agreements by the parents, unless the parties agree to pay and receive child support through MDHS's Central Receipting and Disbursement Unit (CRDU).

Exhibit 1: Child Support Enforcement Process



SOURCE: PEER analysis of MDHS documents.

Responsibilities of MDHS and Key Contractors

Two contractors—YoungWilliams and Informatix—provide the majority of services for MDHS’s child support enforcement program. Thus, MDHS’s role is primarily that of contract oversight.

The following two contractors provide the majority of services for MDHS’s child support enforcement program:

- **YoungWilliams**—responsible for statewide CSE services and the customer call center. For FFY 2021, YoungWilliams has 407 full time positions dedicated to its contract with MDHS. YoungWilliams handles customer service and case management for the child support enforcement program including answering all incoming calls from customers, filing case paperwork, and enforcing child support obligations. YoungWilliams also staffs and manages each regional office in Mississippi where individuals can enter an office to submit an application or to handle another customer service matter. Further, YoungWilliams has attorneys on staff who represent the state in court for various child support matters including support order establishment.
- **Informatix**—responsible for the operation of the state’s disbursement unit, CRDU, which receives, processes, and disburses child support payments.

Because of the extent of program privatization, MDHS’s role is primarily that of contract oversight; however, in-house staff are also responsible for setting state policy, ensuring compliance with federal regulations, operating and maintaining the Mississippi Enforcement and Tracking of Support System (METSS), and operating the Central Registry Unit.⁶ Further, DCSE is responsible for ensuring payments post to proper noncustodial parent accounts and using various methods to enforce penalties upon noncustodial parents for unpaid child support obligations including but not limited to, intercepting funds, seizing assets in bank accounts, and revoking professional, recreational, and occupational licenses. As of November 2020, DCSE had 27 employee positions.

Child Support Collections and Distributions for FFY 2019

In FFY 2019, the Mississippi Department of Human Services distributed \$334,844,297 in child support collections to families or foster care agencies. The majority of funds distributed (65.4%) were to families who were current or former recipients of TANF, foster care, or Medicaid benefits.

⁶ The Central Registry Unit manages out-of-state child support cases under the Uniform Interstate Family Support Act, which includes cases in which the child resides in Mississippi and cases in which the child resides out-of-state but the noncustodial parent resides in Mississippi.

Each quarter in the FFY, states must report to OCSE various information on child support collections, including:

- the total collections received during the quarter by source—i.e., from income withholdings, offsets of federal or state tax refunds, offsets of unemployment compensation, and funds from other states, tribes, or countries;
- the amount of collections distributed by category—i.e., payments to families or foster care agencies, assistance reimbursement, medical support reimbursement, and fees retained by the state;
- the amount of undistributed collections; and,
- the federal share of collections that states must pay to OCSE.

Exhibit 2 on page 9 shows that, of the \$393,554,238 collections available for distribution in FFY 2019, 85.1% was distributed to families or foster care agencies. Undistributed funds accounted for 13.5% of collections, and other distributions accounted for the remaining 1.4%. Undistributed collections are child support payments that have been collected by state child support offices but have not been sent to custodial parents. According to OCSE, these payments cannot be immediately disbursed due to the lack of identifying information, unknown whereabouts of the intended recipient, determination of welfare status, dispute resolution, or other reasons. Undistributed collections in FFY 2019 were primarily funds remaining undistributed for no more than six months.

Of total collections received in FFY 2019, 71% were received from income withholdings, while the other 29% were from other collection methods (e.g., offsets of federal and state tax refunds).

Exhibit 2: FFY 2019 Child Support Distributions

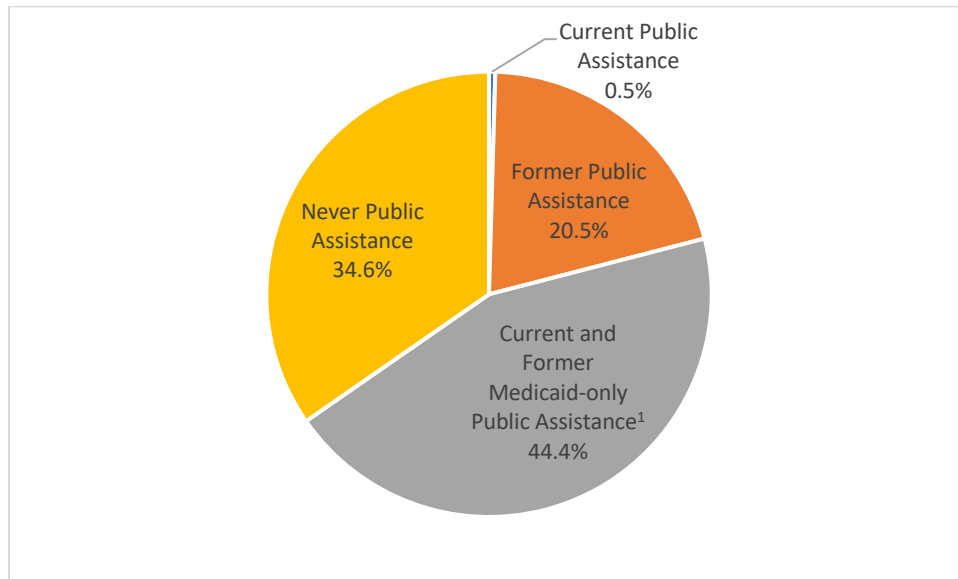
Distribution Category	Amount	Percent of Distributions
Distributions to Families or Foster Care Agencies	\$334,844,297	85.1%
Undistributed Funds	\$53,250,547	13.5%
Public Assistance Reimbursements	\$3,177,045	0.8%
Medical Support Reimbursements	\$837,060	0.2%
Fees	\$1,445,289	0.4%
TOTAL	\$393,554,238	100%

SOURCE: PEER analysis of quarterly federal reports (Form OCSE-34) for FFY 2019.

Exhibit 3 on page 10 shows that 65.4% of the collections distributed for FFY 2019 were for families who were current or former

recipients of public assistance through TANF, foster care, or Medicaid.

Exhibit 3: FFY 2019 Percent of Child Support Collections Distributed by Type of Case



NOTE: "Current Public Assistance" and "Former Public Assistance" include current or former recipients of TANF and/or foster care payments. They do not include SNAP or child care subsidies because these are state programs that are not reported to OCSE.

¹ According to MDHS, although the current Medicaid-only cases as a percentage of total cases is relatively low (approximately 3%), the federal report totals include all current and former Medicaid-only cases (i.e., cases in which family members received Medicaid at any point in their lives), which results in a significantly higher percentage.

SOURCE: PEER analysis of OCSE FFY 2019 Preliminary Data Report and MDHS information.

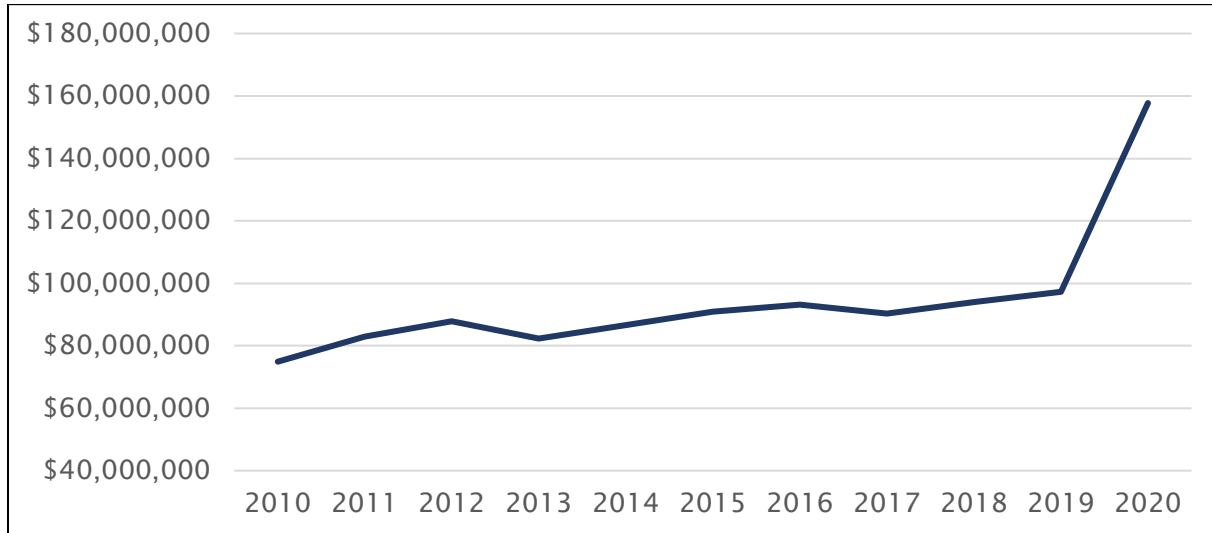
COVID-19 Impact on FFY 2020 Child Support Collections

In FFY 2020, states were able to collect funds for child support from economic impact payments (i.e., stimulus payments) and from increased unemployment benefits distributed as a result of COVID-19. As a result, collections significantly increased across states. In Mississippi, distributed collections increased by 19% from FFY 2019 to FFY 2020, and the percentage of total cases paying towards arrears increased by 13%.

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on March 27, 2020, and provided economic impact payments to all adults in the United States in approximately April 2020. These payments were provided directly to households that met certain criteria. Within the CARES Act there was no provision that excluded these payments from being offset for past-due child support (arrears) by the child support enforcement program. Therefore, through the Federal Income Tax Refund Offset Program, DCSE in Mississippi received more money to pay down arrears than in the previous year. Specifically, from FFY 2019 to FFY 2020 the percentage of cases paying towards arrears in Mississippi increased by 13%, and the total collections on arrears cases

increased from less than \$100 million from FFY 2010 through FFY 2019 to approximately \$160 million in FFY 2020. (See Exhibit 4 on page 11.)

Exhibit 4: Collections on Arrears Cases, FFY 2010 through FFY 2020



SOURCE: PEER analysis of data from MDHS.

According to staff from MDHS, the economic impact payments from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) of 2021 contributed significantly to the increase in arrears collections for FFY 2020. The CRRSAA of 2021 and the American Rescue Plan Act of 2021, the second and third economic impact payments respectively, included provisions to specifically exclude economic impact payments from being able to be offset through the Federal Income Tax Refund Offset Program.

MISS. CODE ANN. § 43-19-101 (1972) gives DCSE the ability to include unemployment benefits in the calculation of an individual's gross income for purposes of determining child support awards and authorizes DCSE to seize these benefits before the recipient receives them if necessary. The COVID-19 pandemic increased the percentage of Mississippians who received unemployment benefits. In 2019, 5.5% of Mississippians received unemployment benefits, and in 2020, 8.1% received unemployment benefits. Because more Mississippians were receiving unemployment benefits, DCSE was able to intercept and withhold child support obligations more than in a typical year, therefore increasing the amount of collections received in 2020.

As a result of these economic impact payments and increased unemployment benefits, collections significantly increased across states. In Mississippi, distributed collections increased from FFY 2019 to FFY 2020 by 19%.

Program Funding

The U.S. Department of Health and Human Services reimburses states approximately two-thirds (66%) of allowable expenses annually for the child support enforcement program services. Other sources of program funds include state general funds, fees, federal incentive funds, and retained collections.

MDHS's DCSE receives the majority of its funding from the U.S. Department of Health and Human Services, which reimburses states approximately 66% of allowable expenditures annually for child support services. Other program funds include incentive funds from the federal government, state general funds, and other funds, which includes fees and a retained portion of child support collections from families that receive TANF and/or foster care payments.

Exhibit 5 on page 12 lists program revenue by source for FY 2018 through FY 2020. While federal funds account for the majority of program revenues, state general funds also account for a substantial portion of program funding.

Exhibit 5: MDHS Child Support Enforcement Program Funding, FY 2018 Through FY 2020

Fiscal Year	Federal Funds	% of Total	General Funds	% of Total	Other Funds	% of Total	Total Funds
2018	\$26,691,285	66%	\$13,080,126	32%	\$908,663	2%	\$40,680,074
2019	\$29,800,977	70%	\$11,585,820	27%	\$1,399,648	3%	\$42,786,445
2020	\$29,130,341	67%	\$11,585,820	27%	\$2,542,439	6%	\$43,258,600

NOTE: Other funds include fees and retained collections.

SOURCE: MDHS budget requests "actual budget" for FY 2019 through FY 2021.

Fees

The Division of Child Support Enforcement collects various fees in administering the child support enforcement program, most of which are paid by the noncustodial parent. Typically, there are no fees for custodial parents participating in public assistance programs (e.g., TANF) who are required to participate in the state's child support enforcement program.

As shown in Exhibit 6 on page 14, DCSE collects various fees in its administration of the state's child support enforcement program. These include:

- *Application fee*—To apply for services through DCSE, the applicant must pay a \$25 fee.
- *Annual fee*—After DCSE collects \$550 of child support from a noncustodial parent in one fiscal year, DCSE deducts \$35 from that total as required by federal law (Public Law 115-123) to be submitted to OCSE. The \$35 counts as support

paid by the noncustodial parent.⁷ (Annual fees are not collected from recipients of public assistance funds, as they are automatically referred to the child support enforcement program.)

- *Genetic testing fee*—This fee covers the cost of testing for paternity, if necessary, during the process of establishing paternity to have a support order established. These fee payment rulings are outlined in support orders.
- *Stipulated agreement, complaint/petition, and attorney fees*—Courts have discretion to assign any court costs and child support fees to be paid by the custodial or noncustodial parent. Should the custodial and noncustodial parent have disputes requiring further court processes, the judge could require that additional fees paid by the state (e.g., attorney’s fees, service of process fees⁸) be paid back by the custodial or noncustodial parent. These fee payment rulings are outlined in support orders.
- *Administrative income withholding order fee*—This fee cannot exceed \$5.00 per month and is withheld by an employer from an employee's wages when the employer is automatically withdrawing and submitting the employees' wages for their child support payment. This amount is forwarded to MDHS, along with the withheld child support payment.
- *Service of process fee*—This fee is paid by YoungWilliams. Should the custodial and noncustodial parent have a dispute regarding paternity, a judge could require that service of process fees be paid back by the custodial or noncustodial parent. Service of process fees vary depending who serves the process. A judge could require that service of process fees paid by the state be paid back by the custodial or noncustodial parent. These fee payment rulings are outlined in support orders.
- *Birth certificate fee*—DCSE pays court filing fees and the cost of obtaining a birth certificate from MDHS’s Vital Records Office upfront during the child support order establishment process. Although judges have discretion to require the custodial or noncustodial parent to pay these fees back to the state, according to DCSE they do not have a case where judges have assigned court costs to be paid by the custodial parent. These costs are typically assigned to the noncustodial parent. Noncustodial parents pay fees back to the state at a rate of \$10 to \$20 per month, whichever rate the judge sets in the support order.
- *IRS/OCSE federal tax offset fee*—The Internal Revenue Service (IRS) and OCSE charge DCSE an administrative fee of \$21.50 per case when the state intercepts monies through

⁷ A state may pay the \$35 fee itself, collect it from the custodial parent, collect it from the noncustodial parent, or withhold the \$35 fee from the child support collection prior to disbursement.

⁸ According to the federal OCSE, “service of process” is the actual delivery of legal paperwork that requires a person to respond or appear to that person or his/her agent.

federal tax offsets to collect past-due child support. This fee is only collected in cases where arrearages are more than \$150 in TANF or foster care cases or more than \$500 in a non-TANF case. DCSE pays this fee and does not pass it through to the custodial or noncustodial parent.

Noncustodial parents must pay the support order amount as well as any fee obligations. In general, if the noncustodial parent does not pay the full support order amount, then the custodial parent receives the amount of child support paid by the noncustodial parent, and fees are not collected.

The average amount of fee collections collected by DCSE was \$5,416,127 per year from FFY 2010 through FFY 2020. This amount contains all fees collected by DCSE (e.g., genetic testing, court costs, attorney fees, birth certificates, and administrative fees). Fees collected by DCSE through child support payments are deposited in the DCSE program budget.

Exhibit 6: Child Support Enforcement Fees, FFY 2021

Fee	Amount	Responsible Party for Payment
Application*	\$25	Applicant
Annual* (paid to federal office of child support)	\$35	Noncustodial Parent (Subtracted from amount paid to Custodial Parent after \$550 of child support collected in one fiscal year)
Genetic Testing	\$57.30	Father**
Stipulated Agreement	Court determined	MDHS and/or Custodial or Noncustodial Parent
Complaint/Petition	Court determined	MDHS and/or Custodial or Noncustodial Parent
Attorney	Court determined	Custodial or Noncustodial Parent
Administrative Income Withholding Order	\$5	Noncustodial Parent
Service of Process	\$35 (Sheriff's Office) \$60 (Private process server)	YoungWilliams and/or Custodial or Noncustodial Parent
Birth Certificate	\$17	MDHS and/or Noncustodial Parent
IRS/OCSE - Federal Tax Offset	\$21.50	MDHS

* TANF, SNAP, foster care, and Medicaid-only cases are not required to pay the application fee or the annual fee, as it is mandatory that they cooperate with the child support enforcement program.

** If paternity is contested, the challenging party is responsible for genetic testing payment.

SOURCE: PEER analysis of information provided by MDHS's DCSE.

Federal Incentive Funds

Based on each state's success in meeting federally prescribed performance thresholds in five areas, the federal government provides incentive funds to each state. In FFY 2019, Mississippi exceeded the upper federal performance threshold to receive the maximum incentive funds available for three

performance measures but only exceeded the lower performance threshold for two performance measures.

The United States Congress created the current performance monitoring system for child support enforcement systems when they passed the Child Support and Performance Incentive Act (CSPIA) of 1998. CSPIA outlines what data states should collect on their child support enforcement programs and requires states to submit this information to OCSE annually.⁹

CSPIA created the following five federal performance measures to assess whether or not a state's child support enforcement program is performing well:

- **paternity establishment**—the percentage of cases with paternity established;
- **support order establishment**—the percentage of cases with a child support order established;
- **collections on current child support**—the percentage of child support obligations that are collected when they become due;
- **collections on child support arrears**—the percentage of arrears cases with arrears collections; and,
- **cost-effectiveness of the program**—collections per dollar of program spending.

See Appendix A on page 64 for a description of how these performance measures are calculated.

CSPIA also specifies to what degree child support enforcement programs must perform on the five performance measures to be eligible to receive a federal incentive payment. CSPIA establishes a lower threshold for each measure that states must reach to receive any incentive funds, and an upper threshold that states must reach to receive the maximum incentive payment for that measure. The better a state performs on each measure, the higher the state's incentive payment on that measure.

For FFY 2019, Mississippi received \$6,822,529 in federal incentive dollars. Funding distributed to states from the federal incentive program is not eligible for the federal funding participation rate (i.e., the federal match) and must be reinvested in the state's child support enforcement program. According to the staff at MDHS, they intend to use the incentive dollars they have received primarily to upgrade the technology within DCSE.

⁹ OCSE audits each state's child support enforcement program's performance numbers each year via the data reliability audit. States who pass their data reliability audits for three consecutive years are then only subject to data reliability audits once every three years, while subject to data reliability reviews during the gap years.

Snapshot of Mississippi's Child Support System Performance (FFY 2019)

Exhibit 7 on page 16 lists Mississippi's performance according to the five federal performance measures. In FFY 2019, Mississippi exceeded the upper federal performance threshold to receive the maximum incentive funds available for three performance measures but only exceeded the lower performance threshold for two performance measures. Notably, Mississippi ranked third among states in the area of cost-effectiveness but fiftieth for current child support collections.

Exhibit 7: Mississippi's Child Support Enforcement Program Performance, FFY 2019

Performance Measure	Lower Federal Performance Threshold	Upper Federal Performance Threshold	Mississippi's Performance	Maximum Incentive Payment? (Yes/No)	Rank Among 50 States
Paternity Establishment Percentage	50%	80%	98%	Yes	25
Support Order Establishment Percentage	50%	80%	84%	Yes	41
Collections on Current Support Percentage	40%	80%	54%	No	50
Collections on Arrears Percentage	40%	80%	59%	No	43
Cost-Effectiveness	\$2.00	\$5.00	\$8.08	Yes	3

SOURCE: PEER analysis of data from OCSE.

Privatization, Procurement, and Contract Oversight of Child Support Enforcement in Mississippi

This chapter answers the following questions:

- To what extent have Mississippi and other states privatized their child support enforcement functions?
- What changes in Mississippi's law set the stage for full privatization?
- What has been the timeline for privatization in Mississippi?
- Were MDHS's procurements for child support enforcement functions and contract oversight procedures performed in an effective and efficient manner?

PEER reviewed MDHS's process of privatizing the following key program areas:

- **child support enforcement (CSE) services**—includes the majority of services provided through the program, including paternity establishment, establishment and modification of support orders, collections activities (e.g., locating and identifying assets of parents), and enforcement of support obligations. These services are mostly provided by staff housed in child support offices across the state;
- **the Central Receipting and Disbursement Unit (CRDU)**—responsible for receiving child support payments from noncustodial parents and disbursing child support payments to custodial parents, to the state, etc.; and,
- **the customer service call center**—responsible for answering child support calls statewide and resolving customer questions and complaints. The statewide call center is located in Yazoo City.

To what extent have Mississippi and other states privatized their child support enforcement functions?

While the majority of states privatize selected aspects of their child support programs (e.g., the state disbursement unit), Mississippi has privatized the vast majority of its program, including the state disbursement unit, the statewide call center, and all of the state's local child support offices.

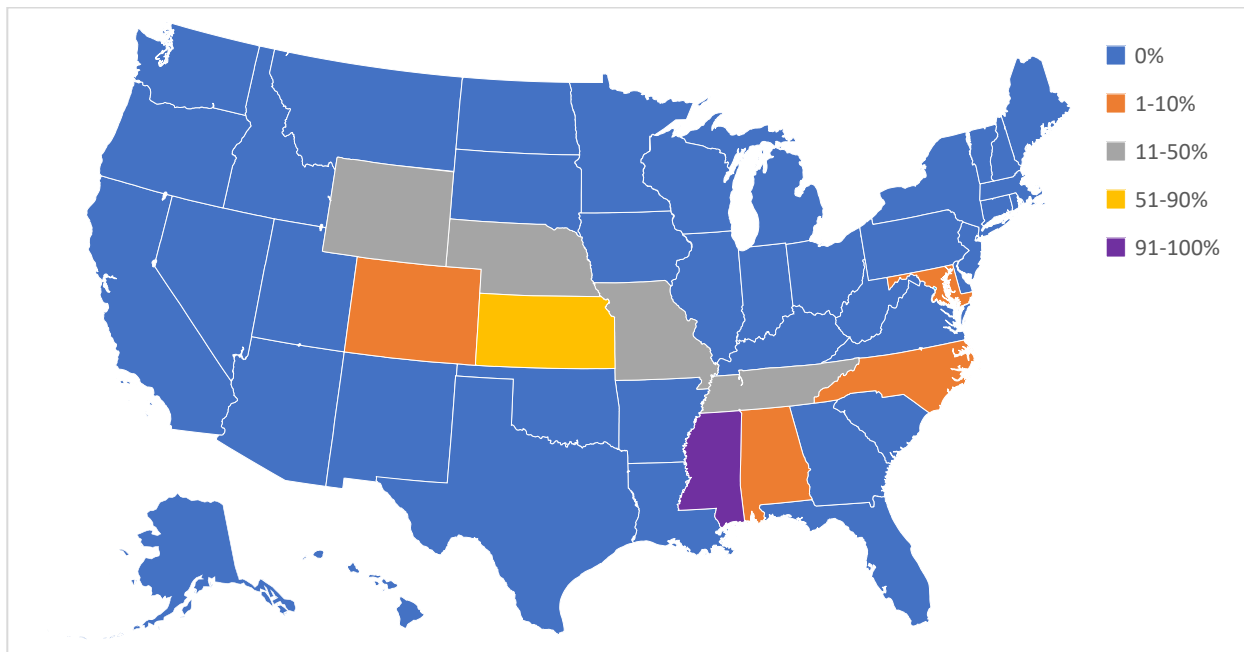
According to previous research and analysis conducted by PEER,¹⁰ forty-four states privatize at least one aspect of child support enforcement. The most commonly privatized aspect is the operation of the states' disbursement units (i.e., the entity responsible for the receipt of child support payments and the disbursement of payments to custodial parents). Mississippi privatized its disbursement unit, the CRDU, in 2014.

¹⁰ <https://www.peer.ms.gov/Reports/reports/rpt567.pdf>

Privatization of local child support offices is much less common. Local child support offices conduct a full range of CSE services, including establishment of paternity and orders, collections, and enforcement of orders. According to federal child support program data for FFY 2019, only ten states (including Mississippi) reported FTEs working in privatized local offices: Alabama, Colorado, Kansas, Maryland, Mississippi, Missouri, Nebraska, North Carolina, Tennessee, and Wyoming. For example, private contractor YoungWilliams operates the Davidson County Child Support office in Nashville, Tennessee, as well as five offices in the state of Wyoming. Mississippi privatized all of the state’s local child support offices beginning in 2016.

In FFY 2019, Mississippi reported the highest percentage of its staff working in privatized offices at 92%, while the nine other states ranged from 4% in Alabama to 78% in Kansas. Like Mississippi, Kansas has privatized a significant portion of its child support enforcement program, including its state disbursement unit, call center, and local child support offices. The remaining 40 states reported employing no staff in privatized child support offices (see Exhibit 8 on page 18).

Exhibit 8: Percentage of Full Time Equivalent Positions Working in Privatized Child Support Offices in FFY 2019 by State



SOURCE: PEER analysis of the OCSE FFY 2019 Preliminary Data Report.

What changes in Mississippi’s law set the stage for full privatization?

Two changes in Mississippi law—in 2013 and 2016—allowed for MDHS to implement privatization decisions that put it in the position it is in today, with statewide privatization of its CSE services, customer service call center, and the CRDU.

State law restrictions and allowances prior to 2013

Prior to 2013, state law prohibited MDHS from privatizing DCSE.

As PEER reported in its 2013 report, *Analysis of the Potential for Further Privatization of Mississippi’s Child Support Enforcement Services* (#567), at that time, state law prohibited MDHS from privatizing the DCSE, unless the Legislature passed a law specifically authorizing the department to do so. Specifically, MISS. CODE ANN. § 43-1-3 (1972) prohibited MDHS from delegating, privatizing, or otherwise entering “into a contract with a private entity for the operation of any office, bureau or division of the department...without specific authority to do so by a general act of the Legislature.”

State law allows MDHS to privatize child support enforcement with restrictions in 2013

In 2013, state law allowed MDHS to fully privatize DCSE with restrictions.

During the 2013 legislative session, the Legislature passed H.B. 1009, which authorized MDHS to privatize its DCSE. H.B. 1009 allowed MDHS to enter into any contract with vendors or contractors intended to improve performance, reduce costs or increase efficiency, so long as the contract remains under the supervision or control of an office, bureau, or division of the department.

State law removes privatization restrictions in 2016

In 2016, state law removed MDHS employees, including DCSE employees, from the purview of MSPB, providing for a quicker transition to full privatization.

During the 2016 legislative session, the Legislature passed S.B. 2179, creating the Mississippi Department of Child Protection Services. S.B. 2179 was intended to address a federal lawsuit dealing with child protection services and removed MDHS from Mississippi State Personnel Board (MSPB) purview. Consequently, when S.B. 2179 took effect on July 1, 2016, DCSE employees also lost their worker rights under MSPB, which allowed for a quicker process to privatize; the law allowed MDHS to terminate its employees so that a contractor could hire them. If employees had not been removed from MSPB purview, the Legislature would have been required to eliminate all DCSE positions during the next legislative session and the process to privatize would have been delayed.

What has been the timeline for privatization in Mississippi?

Throughout the 1990s to 2015, YoungWilliams provided limited CSE services for MDHS. In 2016, upon direction from the Governor's office, MDHS expanded from partial to statewide privatization without evidence that such privatization would result in better performance. MDHS has increasingly relied upon YoungWilliams, and in 2021, YoungWilliams provides a vast array of CSE services for all 82 counties in Mississippi, as well as operation of the statewide call center. Mississippi also contracted out its state disbursement unit in 2014 to Informatix, who continues to perform this function for MDHS.

YoungWilliams began providing limited CSE services in two counties in the 1990s. Since that time, MDHS has contracted with YoungWilliams for more services in more counties.

YoungWilliams began providing limited CSE services in 13 counties and operating a statewide customer service call center for MDHS in 2009. When the contract ended in 2010, MDHS brought its CSE services back in-house but entered into a new contract with YoungWilliams to operate a statewide call center until the end of 2015. In 2015 YoungWilliams began providing CSE services in 17 counties, which then expanded statewide in 2016. By 2017 YoungWilliams was providing CSE services for all 82 counties and operating a statewide customer service call center. (See Exhibit 9 on page 26 for a visual timeline of privatization from calendar years 2008 through 2021.)

1990s: MDHS privatizes CSE services but keeps call center and CRDU in-house

As a subcontractor, YoungWilliams provided CSE services to MDHS throughout the 1990s.

MDHS first began privatizing its CSE services in 1994, contracting with the company Maximus to perform such services in Hinds and Warren counties until 2000. According to YoungWilliams, during this time, YoungWilliams performed CSE services as a subcontractor.

Historically, MDHS staff had also been fielding customer service calls and operating its CRDU in-house. MDHS continued to provide these services in-house throughout the 1990s.

Early 2000's: MDHS provides all child support services in-house

Although MDHS provided all child support services in-house during the early 2000's, it contracted with YoungWilliams after Hurricane Katrina in order to increase performance to pre-Katrina levels in counties affected by the storm.

After Maximus's contract ended in 2000, MDHS began the process of bringing its CSE services in-house by first contracting with individual employees of Maximus, and then bringing the services completely in-house (with state employees) by the end of 2001. The CSE services would remain in-house until 2009.

In the years after Hurricane Katrina, the Federal Emergency Management Agency (FEMA) granted MDHS at least \$600,000 in

Hurricane Katrina Disaster Relief Funds to provide to over 40 counties in order to increase their performance of federal measures to pre-Katrina levels. While MDHS continued to provide CSE services in-house, it used the Katrina funds to contract with temp-staff and with YoungWilliams. MDHS continued fielding customer service calls and operating the CRDU in-house during this decade.

2009 to 2010: MDHS attempts to privatize CSE services and fails

In 2009, MDHS contracted with YoungWilliams to provide limited CSE services and a customer service call center. The Office of the State Auditor produced a report which analyzed this contract, identifying a number of contract construction, cost, and performance problems.

In 2009, while MDHS continued to operate its CRDU in-house, it contracted with YoungWilliams to privatize its paternity establishment and support order establishment services in 13 counties and establish a statewide customer call center. At the end of the one-year, \$23 million contract, MDHS extended the contract for three months at no additional cost. YoungWilliams continued to provide limited CSE services to seven¹¹ of the 13 counties and continued to operate the customer call center. At the end of the three-month extension on December 31, 2010, MDHS ended its contract with YoungWilliams.

The Office of the State Auditor (OSA) evaluated this contract and produced a report with its findings and recommendations in 2011. OSA staff concluded that both MDHS and YoungWilliams failed to achieve the maximum benefit of the contract and the \$23 million expenditure because of problems with the contract itself, problems with MDHS's and YoungWilliams's performance, and insufficient cost controls.

Further, The Stephen Group, with whom MDHS contracted in 2014 to advise the state government on the costs and benefits pertaining to what aspects of the MDHS child support enforcement program could be privatized, produced a report characterizing the 2009-2010 contract as a "failed attempt to outsource [child support enforcement] legal services in 2010 that resulted in significant costs to state and federal taxpayers."

2011 to 2015: MDHS brings CSE services back in-house but continues privatizing statewide call center, and begins privatizing CRDU for the first time

Between 2011 and 2015, MDHS brought its CSE services back in-house, entered into a new contract with YoungWilliams for the operation of the customer service call center, and privatized the CRDU by contracting with Informatix.

Following the failed attempt at privatizing in 2009 and 2010, MDHS brought CSE services back in-house in 2011 through 2014.

¹¹ The contract extension documents did not contain the reason for reducing the number of counties served from thirteen to seven.

In 2011, MDHS also entered into a new three-month contract with YoungWilliams to operate the customer call center statewide. The cost of the three-month contract was \$1,050,000. At the end of that contract, MDHS modified it each year until the end of 2015 at a total additional cost of \$19.95 million.

In 2013, YoungWilliams hired a lobbyist to petition for a bill to allow for privatization of child support functions “to improve performance, reduce costs, or increase efficiency.” The bill was ultimately signed into law (see pages 18 and 19 for a more detailed discussion of the changes in state law that set the stage for full privatization).

In 2014, MDHS privatized the CRDU for the first time by contracting with Informatix for an initial term of three years for \$6.8 million. A former official stated to PEER that MDHS leadership made the decision to privatize the CRDU because MDHS’s operations were inefficient and disorganized. For example, child support payments in the form of cash were being received in the office, but because staff was limited, they were behind in processing payments which lead to cash accumulating in the office; having cash onsite was a liability. At the end of the contract in 2017, MDHS modified it each year until 2021 at a total additional cost of \$9.4 million.

2015 to 2016: MDHS implements 17-county pilot program privatizing CSE services and replaces statewide call center vendor with YoungWilliams

According to Personal Services Contract Review Board records, Governor Phil Bryant directed MDHS to pursue privatization of CSE services in local child support offices. In response, MDHS implemented a 17-county pilot program to determine the effectiveness of privatization. MDHS also began contracting with Xerox in 2016 for the customer service call center once its contract with YoungWilliams for those services expired.

MDHS issued a RFP on September 23, 2014, to initiate a pilot program to determine the effectiveness of privatization. According to a November 3, 2014, email from a former MDHS procurement official to a PSCRB consultant, “MDHS immediately began the procurement process as soon as the directive from Governor Phil Bryant was received on or about September 22, 2014.” Two vendors submitted proposals: Maximus and YoungWilliams.

After selecting YoungWilliams as the vendor, MDHS submitted the contract to PSCRB for approval as a personal services contract; however, PSCRB determined that it would not recommend board approval. While PSCRB records do not contain an official letter to MDHS stating the reasons for this decision, PSCRB files note the following deficiencies regarding the contract and its submission:

- The contract and associated documents (e.g., the RFP, log of proposals received, evaluation worksheets) had not been submitted in MAGIC or the PSCRB E-system as of the deadline for approval to be placed on the PSCRB agenda in November 2014.

- MDHS did not provide a unit price for the service, which was required by PSCRB rules and regulations. Further, the spending authority increased each year of the contract although the number of full time equivalent (FTE) positions decreased.
- There were legal services in the contract's scope of services that were not related to child support enforcement.

In order to have the contract in place by January 2015, MDHS circumvented the PSCRB procurement process by submitting the contract to MSPB as a legal services contract, which was exempt from PSCRB purview. MSPB approved the legal services contract via letter on January 7, 2015.

MDHS awarded the contract to YoungWilliams for \$9.79 million for a period of three years from January 1, 2015, through December 31, 2017. YoungWilliams was responsible for performing all child support enforcement legal services in 17 counties located in the southwest part of the state. For a comparison group by which to measure YoungWilliams's performance, MDHS selected 17 state-run counties with reportedly similar demography and caseload in the northeast part of the state.

MDHS replaces YoungWilliams as its statewide call center vendor

In January 2016, at the conclusion of its contract with YoungWilliams for the operation of the statewide call center, MDHS entered into a three-year, \$19.3 million contract with Xerox to operate the customer service call center. After receiving five proposals, including a proposal from YoungWilliams, MDHS awarded the contract to Xerox. YoungWilliams protested MDHS's award to Xerox contending that YoungWilliams had proposed the lowest price. In a September 1, 2015, letter to Butler Snow LLP, the law firm representing YoungWilliams, MDHS reasoned that it determined the proposal submitted by Xerox to be the "most advantageous to the State taking into consideration price and evaluation factors set forth in the Request for Proposals." Further, according to PSCRB minutes from its October 13, 2015, board meeting, the award was made to the respondent with the highest scoring proposal, taking into consideration all of the evaluation factors set forth in the RFP.

2016 to 2021: MDHS fully privatizes CSE services, call center, and CRDU statewide

In 2016, MDHS contracted its CSE services to YoungWilliams in all 65 additional counties before the completion of the 17-county pilot program and despite data showing that counties operated by MDHS were performing better than counties operated by YoungWilliams. A 2016 consultant's report noted that the Governor's Office directed MDHS to expand its privatization of child support offices. In 2017, MDHS merged the 17-county and the 65-county contracts and replaced its customer service call center vendor with YoungWilliams.

In January 2016, a new executive director was appointed to lead MDHS. Therefore, in July 2016, the newly appointed executive director sought to fully privatize in the remaining 65 counties. Although YoungWilliams’s 17-county contract remained in effect through September 2017, the issuance of an RFP in July 2016 effectively terminated the purpose of the pilot program after only 18 months of the expected 3 years.

MDHS awarded a three-year contract to YoungWilliams—the only vendor who submitted a proposal in response to the July 2016 RFP—for \$74.25 million to begin on October 1, 2016, and end on September 30, 2019.

MDHS privatizes CSE services statewide despite data contradicting such a decision

MDHS privatized CSE services statewide despite data from the partially executed pilot program showing that control counties operated by MDHS were performing better than counties operated by YoungWilliams on four of five measures.

According to The Stephen Group’s Court Satisfaction Survey Report dated July 2016, The Stephen Group stated that it learned “the governor’s office [had] directed MDHS to expand [its] level of outsourcing of CSE offices.” However, data from the partially executed pilot program (from January 2015 through June 2016) showed that control counties operated in-house by MDHS were outperforming counties operated by YoungWilliams in four of five measures of performance specified in the contract:

- **Paternity establishment percentage (PEP)**—Control counties operated by MDHS increased PEP by an average of 7.6 percentage points during the pilot program, while YoungWilliams-operated counties increased PEP by an average of 4.5 percentage points.¹²
- **Collections on current support**—Control counties increased the current support collections by 3.1 percentage points during the pilot program, while YoungWilliams-operated counties decreased collections by 1 percentage point.
- **Collections on arrears**—Control counties increased the arrears collections by an average of 24.3 percentage points during the pilot program, while YoungWilliams-operated counties increased arrearage collections by an average of 22.8 percentage points.
- **Court satisfaction**—According to the Court Satisfaction Survey Report produced by The Stephen Group in July 2016, judges and court clerks were more satisfied in control counties than in YoungWilliams-operated counties across

¹² Because the calculation for this measure resets the data at the beginning of each FFY, this analysis contains an average of two periods—months within FFY 2015 and months within FFY 2016. (See Appendix A on page 64 for a description of the calculation.) This analysis also applies to arrears.

all twelve dimensions evaluated (e.g., communication, cases being prepared on the day of court).¹³

Counties operated by YoungWilliams outperformed the control counties in one area: the establishment of child support orders. YoungWilliams-operated counties increased court orders by 7.1 percentage points, while control counties increased court orders by 3.8 percentage points.

MDHS merges contracts and replaces vendor for customer call center with YoungWilliams

In 2017, after running concurrently for 10 months, MDHS combined the 17-county and the 65-county contracts into one and replaced Xerox with YoungWilliams to operate the statewide customer service call center. The cost of all contract services ranged from \$30.2 million annually in August 2017 to \$28.7 million in September 2021.

The 17-county contract and the 65-county contract ran concurrently from October 1, 2016, until July 31, 2017, at which point the 65-county contract was modified for the first time to add the 17 counties from the pilot program, and add a statewide customer call center. (MDHS cancelled its call center contract with Xerox, after 20 months of an expected 3-year contract).

The modified contract stipulated that the cost of the contract was \$2.5 million per month for the remainder of the 3-year contract (\$30.2 million annually) beginning August 1, 2017, and ending September 30, 2019.

At the end of the three-year contract on September 30, 2019, MDHS renewed the contract for one year, to end September 30, 2020, in the form of a second modification at a cost of \$29.7 million. At the end of modification two, MDHS renewed the contract once more, to end September 30, 2021, in the form of a third modification at a cost of \$28.7 million (refer to page 30 and 31 for a more detailed discussion of the circumstances surrounding modification two and modification three).

2021: MDHS awards new 5-year contract to YoungWilliams

MSPB approved MDHS's new 5-year, \$135.6 million contract with YoungWilliams at its September 2021 board meeting.

On February 19, 2021, MDHS notified YoungWilliams of its intent to award it a 5-year contract to continue the CSE services and the customer service call center it had been providing. At MSPB's September 2021 board meeting, it approved the \$135.6 million contract with a contract term of October 1, 2021, through September 20, 2026.

¹³ The report noted a low response rate of courts in counties operated by YoungWilliams and recommended that MDHS consider conducting a "mid-year" review in December 2016.

Exhibit 9: MDHS Division of Child Support Enforcement Services Privatized and Provided In-house, from Calendar Years 2008 to 2021

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Child Support Enforcement Services (CSE) provider	MDHS	MDHS	Young Williams ¹	MDHS				MDHS	YoungWilliams ²	YoungWilliams				
Call Center (CC) provider	MDHS	Young Williams	YoungWilliams				Xerox		YoungWilliams					
Central Receiving and Disbursement Unit (CRDU) provider	MDHS							Informatix						

¹ YoungWilliams provided CSE services to 7-13 counties.

² YoungWilliams provided CSE services to 17 counties.

NOTES:

Gray blocks represent services provided by MDHS in-house.

All other blocks of the same color represent a single contract with YoungWilliams.

Patterned blocks represent contracts other than those with YoungWilliams.

SOURCE: PEER analysis of MDHS documents.

Were MDHS’s procurements for child support enforcement functions and contract oversight procedures performed in an effective and efficient manner?

Procurement of Legal Services

For its two most recently completed procurements of child support enforcement functions in 2016 and 2020, MDHS classified its contract with the selected vendor as “legal services,” although it included non-legal components. As a result, the Attorney General’s Office and MSPB approved the contract using a less rigorous process than other non-legal procurements subject to state oversight.

According to the 2016 PSCRB Rules and Regulations, service contracts of \$75,000 or less (small purchases) did not require approval of PSCRB. The 2016 contract between MDHS and YoungWilliams was \$74,250,000 (before modifications), and therefore subject to the purview of PSCRB on account that it exceeded the \$75,000 threshold.

However, the 2016 PSCRB Rules and Regulations also stated that “attorneys” were exempt from the purview of PSCRB. Because MDHS entered the contract into MAGIC as a “legal services” contract and sent the contract to the AG’s Office for review, the 2016 procurement process for CSE services (and its subsequent modification in 2017 for a call center) was exempt from PSCRB approval.

For legal services contracts, agencies must submit the contracts for review and approval by the AG’s Office and MSPB. According to procurement staff at the AG’s Office and MSPB, the AG’s Office ensures that the legal services are necessary and that the rates are reasonable, while MSPB reviews the contract for “legal” compliance (e.g., compliance with state law and with the *Mississippi Constitution of 1890*). Therefore, the non-legal services aspects of the 2016 contract were approved essentially unexamined by either PSCRB, the AG’s Office, or MSPB.

State Auditor Previously Recommended a Separate Contract for Non-legal Components

As noted in Appendix B on page 65, OSA found that MDHS’s 2009 contract with YoungWilliams should have been divided into two separate contracts because it contained two very different components—legal services and a customer service call center.

Because the 2016 contract was not divided into two separate contracts, and because MDHS submitted the contract as a legal services contract, all aspects of the call center were approved essentially unexamined by PSCRB, the AG’s Office, and MSPB.

MDHS Previously Contracted Out Call Center as Non-legal Services

In addition to the 2009 call center contract, MDHS privatized the call center two other times prior to the modification of its 2016 contract. As discussed on pages 21 and 22, from 2011 to 2015 MDHS contracted out the call center to YoungWilliams, and from 2016 to 2017 MDHS contracted out the call center to Xerox. Neither of these contracts were submitted as legal services contracts, and both were subject to PSCRB purview. Therefore, the modification to the YoungWilliams 2016 contract that added call center services likewise should not have been submitted as a legal services contract.

Non-legal Components Included in MDHS's Contracts for CSE Services

PSCRB/PPRB regulations exempt "attorneys" from PSCRB approval, and agencies enter contracts into MAGIC as "legal services" contracts. However, neither state law nor regulations by PSCRB, MSPB, or the AG's Office define what constitutes a legal services contract.

According to PPRB Rules and Regulations, those professions that are exempt from PPRB purview are exempt when performing duties for which they are licensed or certified. In other words, an attorney (including his or her support staff) is exempt from the purview of PPRB when performing legal services. Logic would follow that staff performing non-legal services (e.g., a call center) within a legal services contract would not be exempt from PPRB purview.

2016 Procurement of CSE Services

Although the contract between MDHS and YoungWilliams from FFY 2016 through FFY 2021 included attorneys, the contract also included costs for other positions. In its 2016 contract with YoungWilliams, MDHS based its price on 371 FTEs at a cost of \$66,711.59 per position. PEER identified a number of staff positions included in the cost of the contract that are not legal services positions, such as the following:

- HR Managers;
- IT Specialist; and,
- Customer Service/Clerical.

MDHS paid specifically for non-legal services positions in addition to attorneys and their support staff.

Addition of Non-legal Call Center Services to Contract in 2017

As noted on page 25, MDHS modified the contract in 2017 to add the 17 counties from the pilot program to the 65-county contract, as well as adding a customer service call center to this contract.

Despite adding the call center (a non-legal service) to the contract, it remained a legal services contract. The modified contract—and all subsequent modifications—were likewise exempt from PSCRB purview and only reviewed by the AG’s Office and MSPB for “legal” compliance. PSCRB was required only to review modifications to existing PSCRB-approved contracts. Therefore, because the initial 2016 contract was not subject to PSCRB purview, its modification also was not subject to it.

2020 Procurement of CSE Services

On December 1, 2020, MDHS issued a new RFP for the provision of CSE services and a customer service call center, which was once again classified as a legal services contract and was therefore once more exempt from the purview of PPRB. As it did in 2016, the contract identifies a number of staff positions included in the cost of the contract that are not legal services positions, such as the following:

- Facilities Manager (1 position);
- Administrative/Clerical (from 28 positions in year 1 to 24 positions in year 5);
- HR Managers (2 positions);
- Customer Service Center Manager (1 position);
- Customer Service Supervisors (5 positions);
- Customer Service Leads (4 positions);
- Customer Service Trainer (1 position);
- Customer Service QA Specialists (2 positions);
- Customer Service Representatives (from 35 positions in year 1 to 27 positions in year 5); and,
- Customer Service Administrative (1 position).

As a result, the non-legal services aspects of the contract, including the call center, were approved essentially unexamined by either PPRB, the AG’s Office, or MSPB.

Inefficiencies Regarding Procurement of Services

MDHS cancelled two RFPs it had issued in 2019 despite having already scored the proposals. Both times Maximus scored more points than YoungWilliams, but MDHS extended YoungWilliams’s 2016 contract twice rather than award a new contract to Maximus. MDHS’s cancellation of the June 2019 RFP was preventable, and could have been avoided had MDHS used its time, and that of the two responding vendors, more efficiently.

In reviewing MDHS’s recent procurements for CSE services and a statewide call center, PEER determined that MDHS cancelled two RFPs for such services in 2019. In both cases, MDHS accepted and scored proposals before cancelling the RFPs. Therefore, PEER

conducted interviews and reviewed procurement documents to determine the reasons for the cancellations.

June 2019 RFP Cancellation

MDHS's first modification to its 2016 contract with YoungWilliams was set to expire September 30, 2019. Therefore, in June 2019, MDHS issued an RFP for a new contract for the continuance of CSE services and a customer service call center. Two vendors—YoungWilliams and Maximus—submitted proposals in response to the RFP. YoungWilliams scored higher on its project plan than Maximus did, but Maximus scored higher on price (its price was much lower than that of YoungWilliams). Ultimately, MDHS gave Maximus more overall points. In August 2019 MDHS cancelled the RFP—noting that it intended to issue another solicitation for the services in the very near future—and extended its existing contract with YoungWilliams for one year in the form of a second modification to the 2016 contract, such that the contract end date was now September 30, 2020.

PEER notes that YoungWilliams's proposed contract amount for the June 2019 contract that was cancelled was \$28.6 million for one year while the cost of the one-year extension of YoungWilliams's 2016 contract (modification 2) was \$29.7 million—a \$1 million difference. MDHS staff notes that while they are unclear if or how the June 2019 RFP pricing was utilized to price modification 2 since it was related to an existing agreement, it points out that the price of modification 2 was \$500,000 less than that of modification 1 (see discussion of modifications on page 25).

PEER interviewed two former MDHS staff who were employed at the agency in 2019 and had knowledge of the cancelled proposals, both of whom stated that the RFP was cancelled because child support enforcement program staff wished to strengthen the performance measures in the RFP. PEER confirmed that the performance measures in the November 2019 RFP included benchmarks for the federal performance measures while those in the June 2019 RFP did not. Thus, the performance measures in the November 2019 RFP were more substantial than those in the June 2019 RFP. However, MDHS was the responsible party for ensuring that benchmarks were included. Thus, the absence of the benchmarks was due to a lack of proper planning in MDHS's writing of the contract.

November 2019 RFP Cancellation

MDHS's second modification to its 2016 contract with YoungWilliams was set to expire September 30, 2020. In November 2019, MDHS issued another RFP for the continuance of CSE services and a customer service call center. Again, both YoungWilliams and Maximus submitted proposals. Maximus once more scored higher than YoungWilliams. But in February 2020, MDHS cancelled the RFP and extended the contract with YoungWilliams for another year in the form of a third modification to the 2016 contract, such that the end date was made to be September 30, 2021.

PEER interviewed former MDHS staff involved in this procurement, and they stated that the reason MDHS cancelled the second RFP was because a new director had not been selected, and MDHS staff believed that this procurement decision should be decided by the new director, as the contract would be in effect during the new director's tenure.

MDHS administered the 2019 procurement process inefficiently and gave the impression of preferential treatment toward the incumbent vendor

Although MDHS did not award a new contract following its 2019 procurement process, it engaged its own resources as well as those of YoungWilliams and Maximus, resulting in an inefficient administration of the 2019 procurement process.

MDHS's cancellation of the June 2019 RFP was preventable. With proper planning, MDHS could have avoided cancelling the RFP and could have used its time—as well as that of YoungWilliams and Maximus—more efficiently.

As noted previously, former MDHS staff explained that its justification for cancelling the June 2019 RFP was that child support enforcement program staff wished to strengthen the performance measures in the RFP. PEER determined that this explanation is without foundation for the following reasons:

- Although MDHS noted it cancelled the June 2019 RFP because of poor performance measures, MDHS had been responsible for developing those poor performance measures.
- Although MDHS noted it cancelled the June 2019 RFP because of poor performance measures and subsequently extended YoungWilliams's 2016 contract by means of modification 2, that modification did not have better performance measures than the June 2019 RFP.

Although MDHS's decision to cancel the November RFP was reasonable, it still resulted in an inefficient use of resources. Despite the rationale provided by MDHS for cancelling both the June 2019 and the November 2019 RFPs, MDHS's extension of the YoungWilliams contract—after cancelling both RFPs upon which Maximus scored higher—also gave the impression of preferential treatment toward the incumbent vendor.

Insufficient Accountability for Performance

MDHS's contract with YoungWilliams for FFY 2017 through FFY 2021 was insufficient to hold YoungWilliams accountable for its performance in providing CSE services and a statewide call center. MDHS's upcoming contract with YoungWilliams for FFY 2022 through FFY 2026 potentially provides for more accountability for performance.

Insufficient Expectations for Performance

MDHS set insufficient expectations for YoungWilliams's performance by excluding specific performance targets in its contract, not requiring YoungWilliams to improve its performance, and excluding additional performance measures in its contract (e.g., measures related to the call center).

In establishing performance metrics, an agency should ensure metrics are strategic, measurable, actionable (achievable), relevant, and time-based.¹⁴ PEER determined that MDHS set insufficient expectations for YoungWilliams's performance, as evidenced by the following:

- Although the contract between MDHS and YoungWilliams contained the five federal performance measures for child support programs, it did not include specific performance targets.
- The mutually agreed-upon performance targets did not require YoungWilliams to improve performance because MDHS had already been achieving those targets.
- Beyond the five federal performance measures, there were no other measures of performance in the contract by which to assess YoungWilliams's performance over time. In particular, MDHS failed to set performance expectations regarding the statewide call center. PEER notes there were standards for compliance in the contract that YoungWilliams was expected to meet. For example, per section 4.19.2 of the contract, YoungWilliams was required to respond to any complaints received from MDHS within twenty-four (24) hours and any follow-up actions were required to be taken within forty-eight (48) hours. These standards were limited to compliance, however, and did not require consistent improvement over time.

No Assessment of Liquidated Damages

Although the monitoring unit has found, at times, significant issues with YoungWilliams's performance, MDHS has never required YoungWilliams to submit a formal corrective action plan to address any issues of non-compliance, nor have they assessed any liquidated damages. Without these tools, YoungWilliams has been able to either comply or not comply with the contract without concern of penalty from MDHS.

Monitoring Activities

MDHS performs various monitoring activities in-house to review YoungWilliams's performance, some of which are contractually required and some of which are not. Specifically, MDHS's DCSE:

- conducts monthly case reviews to ensure that YoungWilliams completes and files all paperwork properly;

¹⁴ National Association of State Procurement Officials.

- reviews quarterly reports from YoungWilliams regarding the call center, including average wait time and average total call time;
- administers and reviews satisfaction surveys from chancery court judges, chancery court clerks, applicable county court judges, and all family masters in the state of Mississippi;
- conducts on-site visits, which include observation of YoungWilliams attorneys during court, meetings with Chancellors, meetings with chancery court clerks, and observations of staff at YoungWilliams main and regional offices; and,
- submits requests for error corrections to YoungWilliams on a routine basis. These requests can include any issues that MDHS staff has found within the child support system from improperly handled case paperwork to a constituent complaint. These requests can arise from monthly case reviews, Facebook complaints, calls in to the state office, etc. YoungWilliams is contractually obligated to follow up with any requests through the computer system within 48 hours.

In addition, MDHS's Office of Programmatic Quality Control performs a self-assessment each year of the child support enforcement program. This self-assessment is a requirement from the federal Office of Child Support Enforcement (OCSE). This review requires 1,400 child support enforcement cases be reviewed annually to ensure all aspects of the case have been handled properly. Any deficiencies these reviews find are sent to YoungWilliams to be corrected. The Office of Programmatic Control follows up with YoungWilliams to ensure any deficiencies are corrected.

MDHS hired an agency ombudsman in December 2020. According to the Administrative Conference of the United States:

An agency ombudsman is an institution frequently used...as a means of inquiring into citizen grievances about administrative acts or failures to act and, in suitable cases, to criticize or to make recommendations concerning future official conduct. Typically, an ombudsman investigates selected complaints and issues nonbinding reports, with recommendations addressing problems or future improvements deemed to be desirable...

The MDHS agency ombudsman has indicated that they would like for the position to help create more systematic processes for complaint handling and resolutions. They stated that they intend to look into common issues and complaints and create a process that will not only fix problems as they occur, but create systematic change to prevent the same problems from recurring.

No Corrective Action Plans or Assessment of Liquidated Damages

The contract for FFYs 2017 through 2021 includes language giving power to MDHS to place YoungWilliams on a corrective action plan or assess liquidated damage for failure to provide adequate performance. Specifically, Section 4.23.1 states:

MDHS will monitor Contractor performance and performance on agreed target performance goals. MDHS retains authority for interpreting performance under the terms of this Contract. MDHS may request a corrective action plan to address any deficiency or deficiencies discovered.

Further, Section 4.23.7 states:

MDHS will impose liquidated damages for Contractor's failure to correct the deficiencies within the corrective action period...The liquidated damages shall initially be one-thousand dollars per business day (\$1,000.00) and shall continue for each subsequent day of failure to correct the cited deficiencies.

According to MDHS staff, YoungWilliams has never been placed on a corrective action plan or been assessed liquidated damages, although the contract includes language giving authority to MDHS to do so. However, MDHS's ability to correct deficient performance has been limited due to non-specific reporting and performance requirements. In particular, the current contract contains no specific performance measures outside of the federally mandated performance measures and no benchmarks for performance.

Significant Issues Went Unaddressed

PEER reviewed documentation and interviewed MDHS staff to determine that YoungWilliams, at times, had significant issues that could have resulted in a corrective action plan and liquidated damages. For example, YoungWilliams had been regularly entering orders into the system past the two-day required time limit. MDHS's monitoring unit consistently communicated this issue from December 2019 through April 2020; however, MDHS leadership did not initiate any action to require compliance by YoungWilliams as of a certain date. The monitoring unit expressed several concerns regarding this issue (e.g., families were delayed in receiving ordered child support). Despite these issues, MDHS did not initiate a corrective action plan with the potential for liquidated damages. The monitoring unit indicated to PEER that this issue has been resolved.

Also, in 2018, the monitoring unit noted that YoungWilliams's quarterly report showed 27 vacancies, and that consistent staffing is expressly stated in the contract. The unit was concerned about performance in a certain area of the state and determined that staff vacancies were creating a backlog of work in that area. PEER

reviewed expenditure information from MAGIC to determine whether MDHS paid a reduced monthly rate at any time during FFY 2018. MDHS consistently paid YoungWilliams the full rate of \$2,519,910 per month in FFY 2018. At \$70,159.92 per position, if YoungWilliams had reduced any monthly invoices based on 27 vacant positions, this would have resulted in a difference of \$157,860 per month.

Without accountability, YoungWilliams has been able to comply or not comply with the contract without concern of penalty from MDHS. Without closer performance monitoring, public funds might be expended for the child support enforcement program without assurance of quality performance.

Issues Treated Differently Based on MDHS Leadership

Issues raised by MDHS's monitoring unit have been treated differently depending on MDHS leadership. For example, in 2018, MDHS's monitoring unit determined that YoungWilliams was improperly coding fees, which prohibited MDHS from collecting those fees from noncustodial parents according to their court orders. Some of these fees were to reimburse the state for money paid up front on the noncustodial parent's behalf (e.g., stipulated agreement fee). Despite the monitoring unit's request to YoungWilliams to correct this issue, and YoungWilliams's commitment to fix the issue, the monitoring unit continued to find errors. Past MDHS leadership failed to initiate any action to ensure this issue was resolved and instead allowed noncompliance to continue. New MDHS leadership is treating this issue differently and ensuring that YoungWilliams is in compliance within a certain timeframe. MDHS states that there has been recent improvement in this area; YoungWilliams agreed to correct all errors within a specific time and created a training session for staff attorneys on coding of fees.

Failure to Address Root Causes

Results of monitoring activities have not been used to proactively address root causes of compliance or performance issues.

Results of monitoring activities have not been used to proactively address root causes of compliance or performance issues. For example, DCSE monitoring unit performs 150 child support case reviews each month, which includes reviewing various aspects of cases including but not limited to proper paperwork in files, case progression through courts, and paternity establishment. These cases are randomly selected each month to be reviewed. During these reviews, the monitoring division makes note of any errors found in their case reviews and tallies the total number of each type of error found. This type of review can be very effective for determining problematic program areas. DCSE uses this monthly case review system to track issues. These results have not been used by DCSE to identify root issues that could be causing the consistently made errors.

Further, DCSE staff who handle customer service complaints do not have a uniform way to track and review complaints that are received. While there is a computer system that allows DCSE staff to report any issues to YoungWilliams, this system should also be used to review customer service complaints longitudinally. A longitudinal review would allow DCSE staff to identify common customer service issues. DCSE staff could then address these common issues with YoungWilliams and require that they address that area to improve their performance moving forward.

Improvements in Upcoming Contract

MDHS's upcoming contract with YoungWilliams for FFYs 2022 through 2026 potentially provides for more accountability for performance. MDHS improved its performance measures by including specific benchmarks YoungWilliams must meet, as well as liquidated damages for failure to meet those benchmarks. Also, MDHS added multiple measures related to customer service (e.g., monthly call abandonment rates shall not exceed 5% of calls being abandoned at more than five minutes).

Pre- and Post-privatization: A Look at Office Locations/Staffing, Performance, and Cost

This chapter addresses program aspects before and after full privatization of all local child support offices (in 2016), the statewide call center, and the CRDU . In particular:

- How did full privatization affect office locations and staffing?
- To what extent has program performance changed since full privatization?
- To what extent has cost been impacted?
- What is the cost to bring child support enforcement functions back in-house?

How did full privatization affect office locations and staffing?

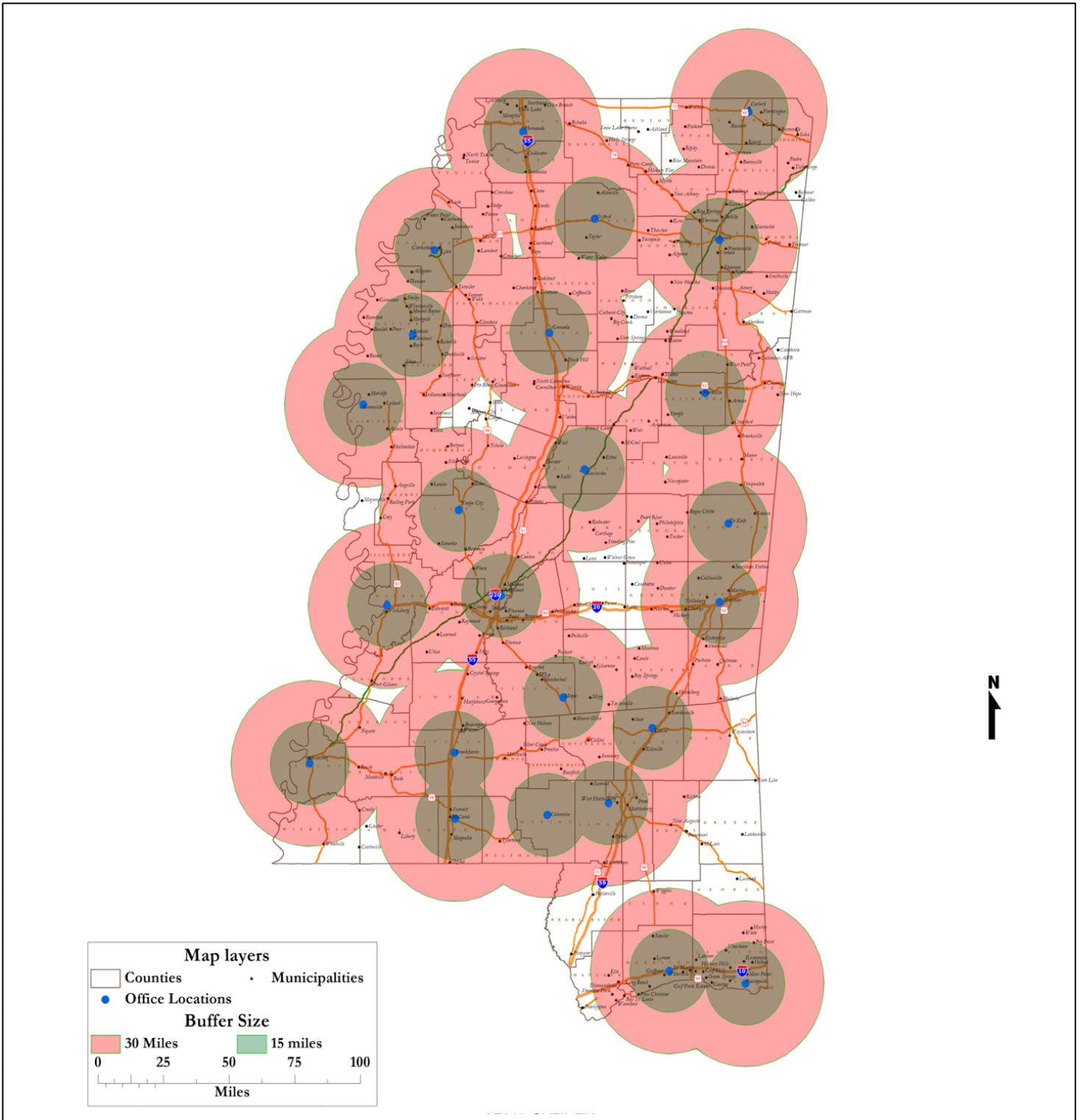
After full privatization of child support enforcement in 2016, the number of local child support offices significantly decreased, which potentially impacted families' ability to access CSE services. The number of child support enforcement program staff slightly decreased after full privatization in 2016. The upcoming contract for FFYs 2022 through 2026 between MDHS and YoungWilliams further reduces staffing, particularly staff who work directly with families.

Office Locations

Due to full privatization, the number of child support offices in Mississippi decreased by 71% from 84 county offices to 24 regional offices.

Before privatization, MDHS operated local child support offices in all 82 counties. After privatization, YoungWilliams decreased the number of child support offices from 84 county offices to 24 regional offices. See Exhibit 10 on page 38 for a map of YoungWilliams's regional office locations. Although the vast majority of the state is within 30 miles of a child support office, it is clear that many individuals would need to drive a farther distance than if there were offices in all 82 counties. In particular, the majority of residents in the counties of Benton, Scott, Greene, George, and Pearl River would be required to drive over 30 miles to reach a child support office. This potentially impacted individuals' ability to access child support services, although the extent of the impact has not been determined. Currently, individuals must either mail in a paper application found online or must visit a child support regional office in order to obtain and submit an application.

Exhibit 10: Mississippi Child Support Office Locations with 15- and 30-mile Radius



SOURCE: PEER analysis of child support office locations.

Staffing

The number of child support enforcement program staff slightly decreased post-privatization. From FFY 2022 to FFY 2026, YoungWilliams plans to further decrease staffing from 395 to 338, a 14% decrease. Most of these decreases (77%) include positions that communicate directly with families—child support specialists and customer service representatives.

According to The Stephen Group, MDHS had 440 FTEs in 2014. After privatization, the contract between MDHS and YoungWilliams included a fixed cost per month based on the number of FTEs, which was 431 from FFY 2017 through FFY 2020. Plus, MDHS retained certain staff to perform oversight functions for the contract. Thus, child support enforcement program staffing remained relatively stable. For FFY 2021, the number of FTEs according to the contract modifications decreased to 407. For the upcoming contract for FFY 2022 through FFY 2026, YoungWilliams plans to decrease staffing from 395 in FFY 2022 to 338 in FFY 2026, a 14% decrease.

PEER's analysis of the 57-position decrease from FFY 2022 to FFY 2026 showed that the majority of those positions are ones with lower salaries that work directly with families—child support specialists (decreasing 18% from 201 to 165) and customer service representatives (decreasing 23% from 35 to 27).

In its RFP proposal, YoungWilliams stated that the decrease is based on two factors: 1) the declining caseload trend in Mississippi, and 2) advancements in technology that enable more work to be done by automated processes, and more quickly by staff. PEER analysis of Mississippi's data does indicate a declining trend in caseload. Mississippi reached its highest caseload in FFY 2011 at 354,881 and has since steadily decreased to 263,151 for FFY 2020, a 26% decrease. Nationwide trends exhibited a decrease of 16% during the same period.

To protect the state's interests, MDHS prudently added the following language to the new contract:

MDHS reserves the right to require the awarded Respondent(s) to increase staffing levels, at no additional cost to the State, if the proposed staffing proves insufficient as evidenced by adversely impacting MDHS's performance measures and/or federal incentive funding.

To what extent has program performance changed since full privatization?

After full privatization of child support enforcement in 2016, Mississippi's performance on paternity establishment and child support order establishment increased. However, the state did not increase its performance on collections of current child support and collections of arrears (i.e., past-due child support) during that time. Thus, noncustodial parents' noncompliance with support orders continues to be a problematic issue, which ultimately affects the well-being of children in single-parent households.

MDHS has primarily focused on the contractor's performance against five federal performance measures. However, these

measures only review a portion of the program and a more holistic set of performance standards could ensure proper oversight and performance of the contractor in future contracts. For each of the five federal performance measures of child support enforcement (explained on page 15), PEER reviewed federal data to determine:

- to what extent Mississippi’s performance improved after full privatization; and,
- how Mississippi’s performance compares to similar states.

For an explanation of how these performance measures are calculated, see Appendix A on page 64.

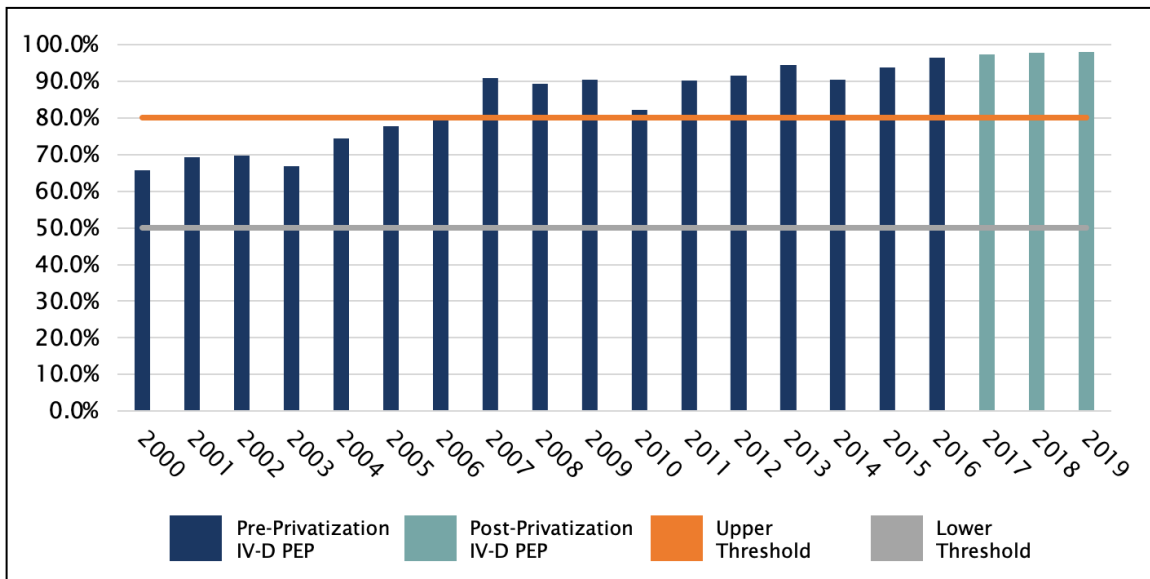
PEER referred to Mississippi’s contiguous states when conducting comparisons of performance: Alabama, Arkansas, Louisiana, and Tennessee.

Paternity Establishment

Mississippi’s performance in paternity establishment has improved steadily since 2000. After full privatization, Mississippi reached its highest three years of performance, including a paternity establishment rate of 98.1% in FFY 2019. Compared to neighboring states, Mississippi performed the second highest in this area in FFY 2019.

The paternity establishment percentage (PEP) measures to what extent states are able to establish paternity (i.e., the legal relationship between a child and father) for children born out-of-wedlock in state child support cases. Mississippi’s performance in paternity establishment improved from 2000 to 2019, and Mississippi has met the upper federal performance threshold for paternity establishment since 2007. Mississippi reached its highest three years of performance post-privatization, including a paternity establishment rate of 98.1% in 2019. See Exhibit 11 on page 40.

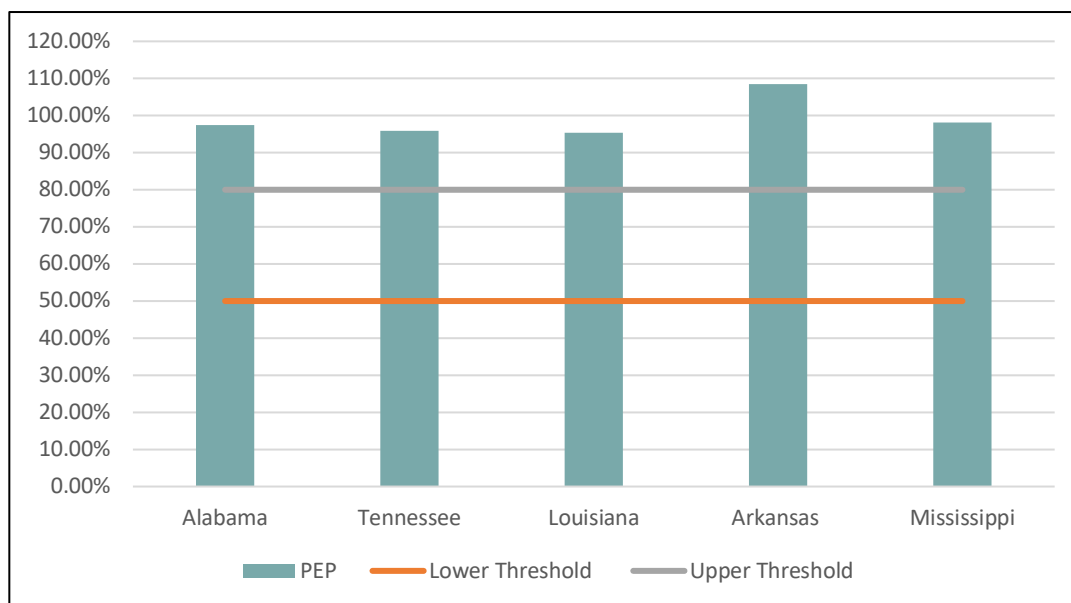
Exhibit 11: Mississippi’s Historical Performance on Paternity Establishment by FFY



SOURCE: PEER analysis of OCSE data.

Compared to neighboring states, Mississippi ranked second in terms of paternity establishment for FFY 2019. See Exhibit 12 on page 41.

Exhibit 12: FFY 2019 State Comparison: Performance on Paternity Establishment



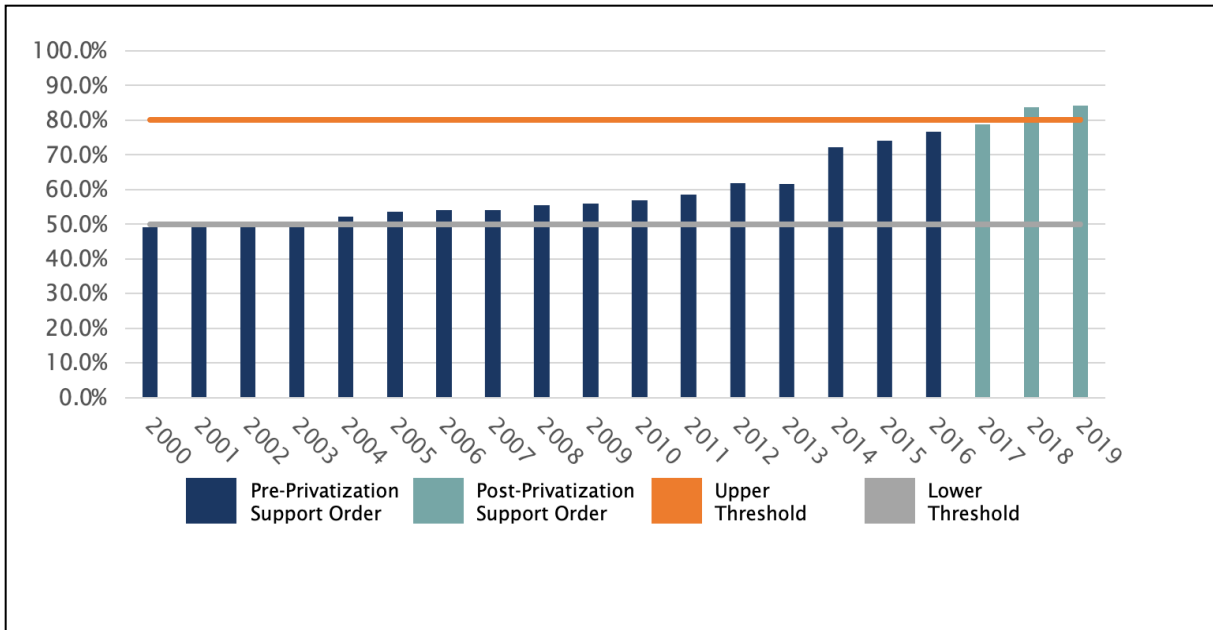
SOURCE: PEER analysis of OCSE data.

Support Order Establishment

Mississippi's performance in child support order establishment has improved since FFY 2000. Mississippi achieved the upper federal performance threshold in FFYs 2018 and 2019, earning the state the highest incentive payment in this area. Compared to neighboring states, however, in FFY 2019, Mississippi performed the lowest in this area, indicating that there is still room for improvement.

Mississippi's performance in support order establishment steadily improved from FFY 2000 through FFY 2019. The support order establishment percentage increased over 10 percentage points between FFY 2013 and FFY 2014 due to a renewed effort to close old child support cases and increase new support orders established. The state achieved its highest levels of performance in FFYs 2018 and 2019 at 84%, exceeding the upper federal performance threshold. See Exhibit 13 on page 42.

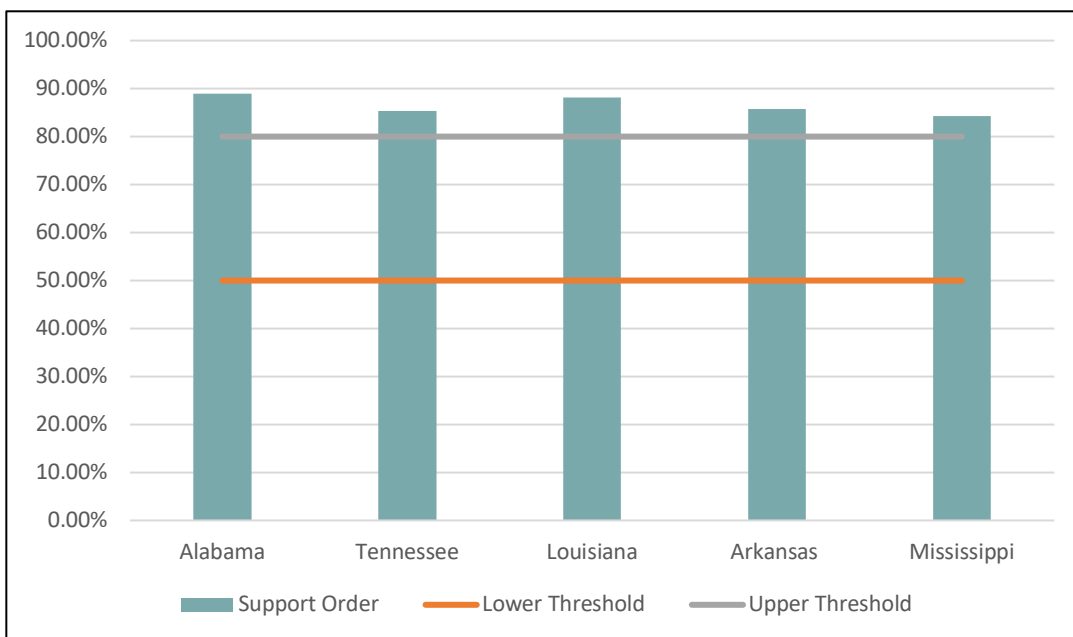
Exhibit 13: Mississippi's Historical Performance on Support Order Establishment from FFY 2000 through FFY 2019



SOURCE: PEER analysis of OCSE data.

Compared to neighboring states, Mississippi ranked lowest in terms of support order establishment in FFY 2019, indicating that Mississippi still has room for improvement in this area. See Exhibit 14 on page 42.

Exhibit 14: FFY 2019 State Comparison: Performance on Support Order Establishment



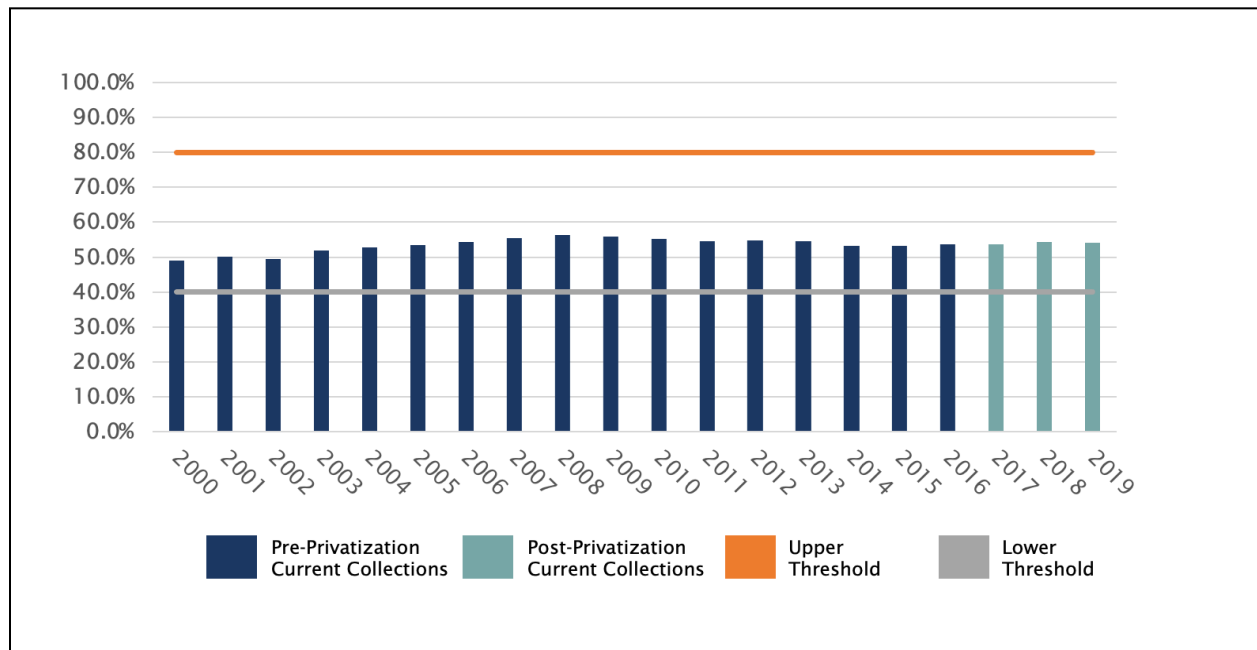
SOURCE: PEER analysis of OCSE data.

Collections on Current Support

Mississippi's performance on current support collections has only slightly improved since FFY 2000. Post-privatization, Mississippi has not made progress in this area. Compared to neighboring states, Mississippi ranked lowest in terms of current support collections in FFY 2019.

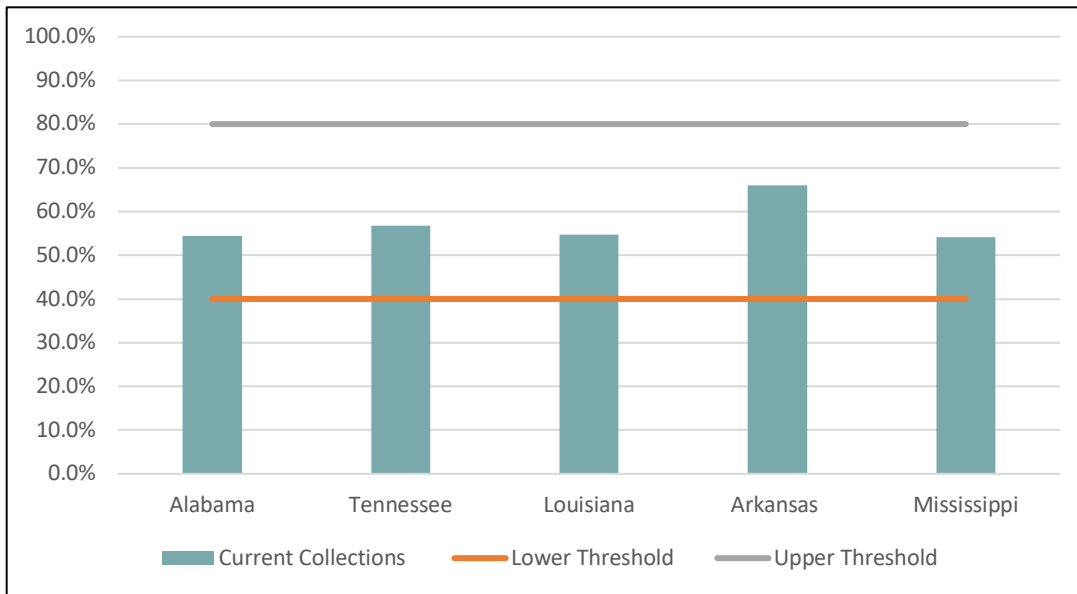
Mississippi's performance on current support collections (i.e., child support that is not past due) has not consistently improved since FFY 2000. See Exhibit 15 on page 43. Only 54% of child support obligations were collected in FFY 2019. According to OSCE, this measure is an important indicator for the regular and timely payment of child support. Higher rates indicate better compliance with the support orders and lower accumulation of arrears. Performance nationally improved from 54% in FFY 2000 to 66% in FFY 2019.

Exhibit 15: Mississippi's Historical Performance on Collections of Current Support from FFY 2000 through FFY 2019



SOURCE: PEER analysis of OCSE data.

Compared to contiguous states, Mississippi ranked lowest in terms of current support collections at 54% for FFY 2019. See Exhibit 16 on page 44.

Exhibit 16: FFY 2019 State Comparison: Performance on Current Support Collections

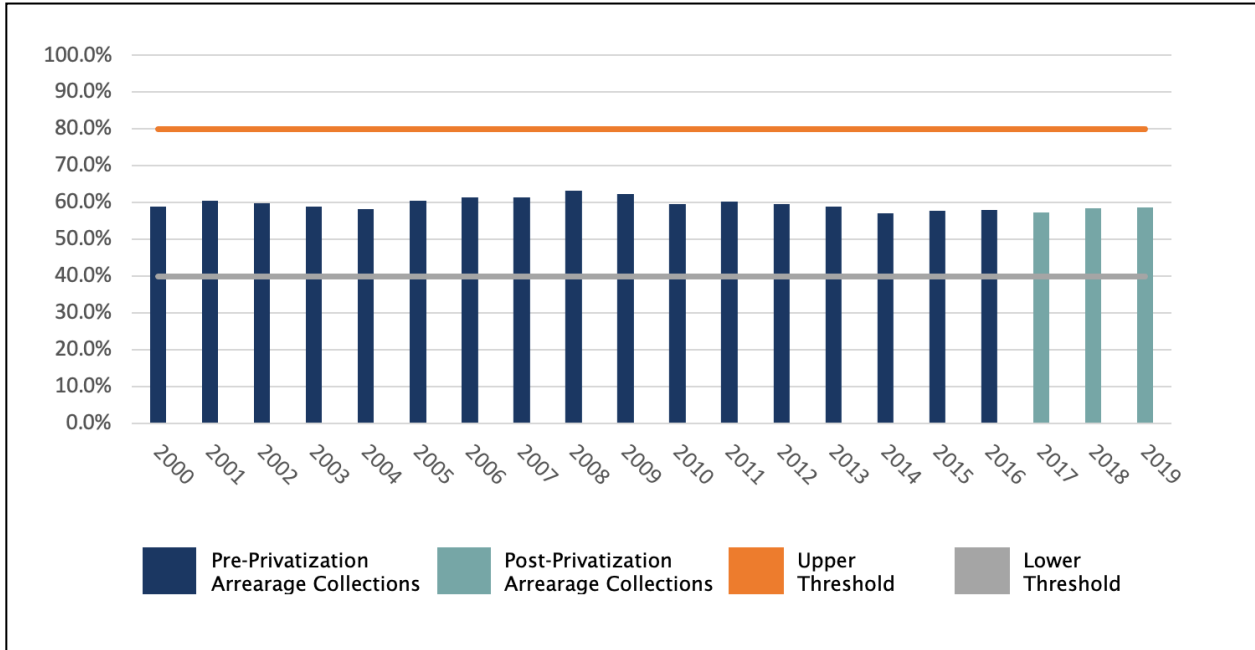
SOURCE: PEER analysis of OCSE data.

Collections of Arrears

Mississippi's performance on arrearage collections did not improve in the three years after full privatization, as Mississippi had three of its lowest years of performance in this area. Also, arrears increased from \$1.4 billion in FFY 2016 (pre-privatization) to \$1.6 billion in FFY 2019 (post-privatization). Compared to neighboring states, Mississippi ranked second lowest in terms of arrearage collections in FFY 2019.

Mississippi's performance on arrears collections has not improved since FFY 2000. The state performed at 58.7% in FFY 2019 and its lowest performance to date was in FFY 2017. See Exhibit 17 on page 45. Performance nationally improved from 59% in FFY 2000 to 64.5% in FFY 2019.

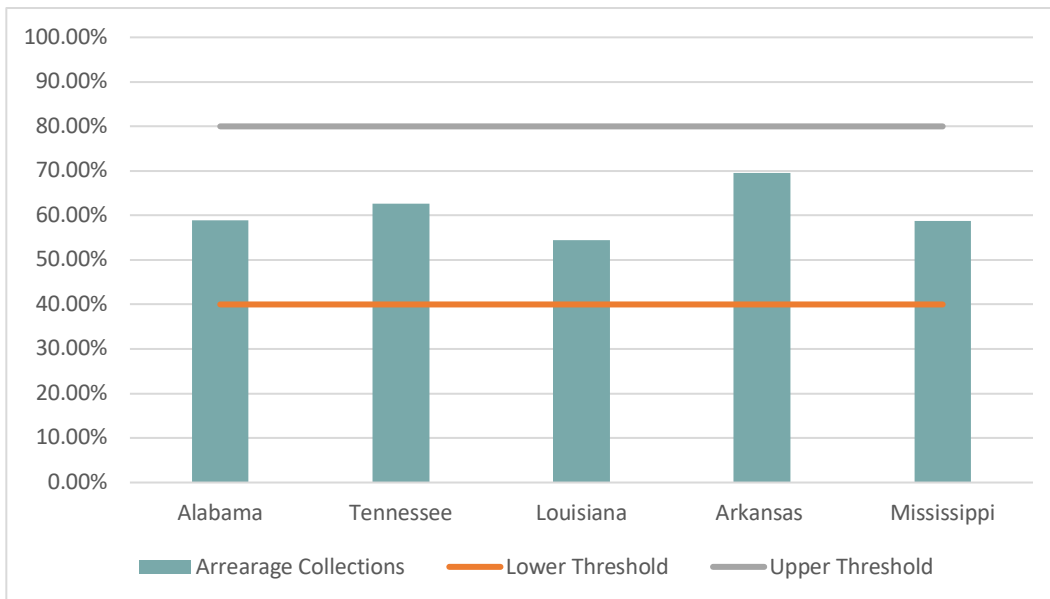
Exhibit 17: Mississippi's Historical Performance on Collections of Arrears from FFY 2000 through FFY 2019



SOURCE: PEER analysis of OCSE data.

Compared to neighboring states, Mississippi ranked next to lowest in terms of arrears collections in FFY 2019. See Exhibit 18 on page 45.

Exhibit 18: 2019 State Comparison: Performance on Collections of Arrears



SOURCE: PEER analysis of OCSE data.

Collections in Mississippi

Socioeconomic factors contribute to Mississippi's low performance in the area of collections. However, MDHS has not taken a proactive role in assessing which collections strategies are most effective in increasing compliance in a cost-effective way for Mississippi's population. Also, MDHS does not have statutory authority to utilize several enforcement tools other states use.

The 2021 appropriation bill for MDHS (House Bill 1398, Regular Session) states the following:

It is the intent of the Legislature that the Department of Human Services, Division of Child Support Enforcement, make a concentrated effort to increase collections of past due child support payments. On or before January 1, 2022, the Executive Director of the Department of Human Services shall submit a report to the Legislative Budget Office detailing year-to-date performance measures in the Child Support Enforcement Program compared with the prior year.

Because of Mississippi's poor performance in the area of current and arrearage collections, and the Legislature's stated concern regarding past due child support, PEER analyzed MDHS's efforts to increase collections and lower arrearages. PEER also researched the reasons for Mississippi's low collections rate.

In 2003, The Lewin Group published the report, *Study of State Demographic, Economic, and Programmatic Variables and Their Impact on the Performance-Based Child Support Incentive System*.¹⁵ These researchers performed an analysis to determine if demographic, economic, and social variables could affect a state's child support enforcement program. The study determined factors that could inhibit or enhance a state's performance in each of the five federal performance measures. Minnesota and Virginia have also released reports in which they use similar measures in analyzing their state's child support enforcement program's performance.¹⁶

PEER analyzed Mississippi's rank among the 50 states in the following categories, which were shown to impact child support system performance: percent of households with cash public assistance income, percent of people below poverty level in the past year, percent of people one year and over who lived in a different house in the U.S. one year ago, percent of babies born out of wedlock, and median household income.

Using 2019 data, Mississippi ranks last among states in three of the five factors associated with high child support enforcement performance. See Exhibit 19 on page 47.

¹⁵ Lewin Group. *Study of State Demographic, Economic, and Programmatic Variables and Their Impact on the Performance-Based Child Support Incentive System*, August 2003.

¹⁶ Joint Legislative Audit and Review Commission of the Virginia General Assembly. "Final Report: Child Support Enforcement," November 2000, Office of the Legislative Auditor, State of Minnesota. *Evaluation Report Child Support Enforcement*, February 2006.

Exhibit 19: Mississippi’s Rank on Factors Associated with High Child Support Enforcement Performance (2019)

Socioeconomic Factors	Mississippi's Rank Among 50 States
Percent of households with cash public assistance income	19*
Percent of people below poverty level in the past year	50
Percent of people one year and over who lived in a different house in the U.S. one year ago	12
Percent of babies born out of wedlock	50
Median household income	50

*Mississippi tied at 19 with Louisiana, Iowa, and Wyoming.

SOURCE: PEER analysis of U.S. Census Bureau data and Centers for Disease Control and Prevention data.

Despite Mississippi’s population being more difficult to serve, PEER determined there are ways in which MDHS could be more proactive in its approach to collections.

Cost-effectiveness of Enforcement Tools

Although MDHS collects certain information on enforcement tools, MDHS does not assess which tools are most effective in increasing collections and/or reducing arrears in a cost-effective way for Mississippi’s population.

States use various enforcement tools to encourage compliance with court orders and to ensure timely child support payments are made. See Exhibit 20 on page 48 for a list of several of the collection enforcement tools MDHS uses and to what extent they were used in FFY 2019.

Exhibit 20: Selected Child Support Enforcement Tools Used by MDHS, FFY 2019

Enforcement Tools	Number of Times Used	Amount of Support Collected
Income withholding	163,004	\$278,103,343
Federal tax offset	23,956	\$36,784,179
Liens against personal injury/workers compensation	793 (personal injury) 1,285 (workers comp)	\$3,120,478*
State tax offset	9,971	\$2,377,148
Lien against bank account	1,510	\$2,029,901
Bankruptcy proceedings	470	\$798,114
Initiate Interstate Family Support Act cases with another state	17,751	Unknown
License suspension or revocation	3,847	Unknown
Contempt proceedings against noncustodial parents and employers	3,548	Unknown

* MDHS reports personal injury and workers compensation lien total dollars collected together.

SOURCE: PEER analysis of MDHS data.

In addition to the collections enforcement options shown in Exhibit 20, MDHS and YoungWilliams can also contact noncustodial parents and employers regarding payment of support orders, respond to employers on lump sum verification requests, use involuntary military allotment, encourage enrollment in employment programs, deny passports, file liens against real and personal property, and refer cases to state and federal court systems. However, according to DCSE staff, they do not track how often these enforcement options are used, nor are these options measured by dollar amount or number of instances used.

MDHS has not taken a proactive role in assessing which collections strategies are most effective in increasing compliance in a cost-effective way for Mississippi’s population. Clearly, income withholding and federal tax offsets are successful enforcement strategies. Beyond these efforts and the information presented in Exhibit 20, MDHS lacks information to document which tools are most cost-effective to increase collections for Mississippi’s population. Policymakers would benefit from data that shows the effectiveness of enforcement tools using case-level data. Such information would provide a basis for setting policy, efficiently allocating program resources, and for improving performance in the area of collections.

Extent of Use of Common Enforcement Tools

MDHS lacks statutory authority to utilize various child support enforcement tools other states use (e.g., interception of casino winnings and insurance proceeds).

States must initiate certain enforcement strategies per federal law (e.g., income withholding, license suspension); however, states also have the option to implement their own enforcement procedures. See Exhibit 21 on page 52 for a list of commonly used enforcement

options nationwide. Options not used by Mississippi include the following:

- *Interception of casino winnings*—Child support enforcement programs have the ability to intercept lottery and gaming winnings to pay towards a noncustodial parents' owed arrearage. While Mississippi does intercept lottery winnings, Mississippi does not intercept gaming (i.e., casino) winnings.

MISS. CODE ANN. § 27-115-45 (1972) et seq., created the Mississippi Lottery and Mississippi Lottery Commission (MLC). MISS. CODE ANN. § 27-115-45 et seq., requires that the MLC and MDHS work together to ensure any child support arrearages are withheld from any payouts from the Mississippi Lottery and forwarded to DCSE. DCSE provides an interface to the MLC to screen any winners to ensure they owe no child support arrearages before paying out winnings. However, earnings from other forms of gaming (i.e., casino gaming), are not subject to interceptions by DCSE. Several states (e.g., Indiana, North Dakota) withhold child support arrearages from winnings earned while gaming. While each state administers their programs differently, most states report gaming winners to their state's child support office if the winner is required to file a W-2G with the Internal Revenue Service.

- *Interception of insurance proceeds*—The Deficit Reduction Act of 2005 gives the Federal Office of Child Support Enforcement the ability to compare information about parents who owe child support arrearages with information maintained by insurers about insurance claims, settlements, awards, and payments through the office's Insurance Match Program. State child support enforcement offices can coordinate with OCSE to match noncustodial parents who owe arrearages with the information OCSE has access to through the Insurance Match Program. If OCSE finds a match through the Insurance Match Program, the state child support enforcement office then notifies the insurer to withhold the arrearage amount owed before distributing the funds to the noncustodial parent.

All states voluntarily participate in the program; however, several states have also passed or are considering legislation that requires insurers to participate in a data match program. Of Mississippi's contiguous states, Arkansas and Louisiana have passed such legislation; however, Mississippi has not.

- *Publication of delinquent noncustodial parents*—Although there is a national shift to focus on increasing compliance by assisting noncustodial parents (e.g., through employment services) as opposed to penalizing them, some states publish the names of parents who are delinquent in

their child support payments. For example, in Louisiana, the Department of Children and Family Services publishes the names, cities, and amounts owed for parents who are delinquent in their child support payments.

- *Employment services*—child support enforcement-led employment programs provide noncustodial parents with various employment resources. Child support enforcement programs focus on noncustodial parents who are unable to make their child support payments. The purpose of these child support enforcement-led employment programs is to increase compliance with court-ordered support obligations. States may choose whether to offer employment services and may also choose whether or not to require noncustodial parents to participate in the program. Child support enforcement-led employment programs can provide the following tools to noncustodial parents: intensive case management, co-parent mediation, job-search assistance, basic or remedial education, and employment assessments.

Currently 32 states operate a child support enforcement-led employment program, including Alabama, Arkansas, and Tennessee. According to the U.S. Department of Health and Human Services, employment services can be costly to sustain. Federal matching funds through Title IV-D cannot be used to provide direct employment services. However, state child support enforcement agencies may use Section 1115 waivers or incentive payments to provide employment programs for noncustodial parents. Child support enforcement agencies are also encouraged to partner with TANF-funded programs to provide employment services to noncustodial parents.

Pass-through and Disregard Policies

Effective November 1, 2021, MDHS will begin distributing a set amount of funding from child support received to TANF families without reimbursing themselves and the federal government for TANF assistance (i.e., pass-through and disregard).

Many states struggle with collecting child support, as only one state reached the upper federal performance level for FFY 2019. Some states have looked beyond the typical collections and enforcement activities and have implemented non-traditional strategies, such as pass-through and disregard policies.

Twenty-four states have implemented pass-through and disregard policies, meaning that the state can distribute a certain amount of child support payments to TANF families without reimbursing itself and the federal government for TANF assistance, and also not count those payments when calculating the families' TANF benefits. Mississippi recently implemented such a policy. Approximately half of states have chosen ways of passing through child support without reducing the family's TANF assistance. Some states pass through up to \$50 per month, while others pass-

through \$100-\$200 depending on the number of children. Mississippi will pass-through \$100 per family.

In 2017, Colorado was the first state to enact a full pass-through and disregard policy, which means that 100% of the child support collected on behalf of TANF recipients is passed through to the family and disregarded for purposes of TANF eligibility. The Colorado Department of Human Services conducted an evaluation of this policy change in 2019, and found that on average, families received \$167 more each month due to the pass-through and disregard policies, which reflected a 33% increase over TANF benefits for a single mother with two children. Further, child support payments increased by 4.4%, and cases with collections increased by 2.2% as a result of the policy.

Exhibit 21: Common Child Support Enforcement Tools and Use by MDHS

Child Support Enforcement Tool	Description	Federal Mandate or State Option	Used by MDHS?
Automatic income withholding	Automatic deduction of current support order from noncustodial parent wages and earnings.	Federal Mandate	Yes
Tax refund offset	Collection of past-due child support from interception of noncustodial parent state or federal income tax refunds.	Federal Mandate	Yes
License suspension	Suspension of drivers, occupational, or recreational licenses.	Federal Mandate	Yes
Seizure of assets and benefits	Seizure of property or assets to pay for past-due child support. To facilitate this enforcement tool, states are required to share data with financial institutions to support the issuing of liens or levies on property and assets. States can also withhold payments from state benefits such as unemployment benefits.	Federal Mandate	Yes
Credit bureau reporting	Reporting to credit agencies of noncustodial parents who are delinquent on child support payments.	Federal Mandate	Yes
Passport denial	Denial of passport applications if child support is owed.	Federal Mandate	Yes
Civil contempt	When a noncustodial parent fails to pay court-ordered child support, he or she may be charged with civil-contempt of court. Findings of contempt of court may lead to incarceration or participation in work-oriented programs.	Federal Mandate	Yes
Insurance match	Comparison of information about parents who owe past-due child support with information maintained from insurers (or their agents) about insurance claims, settlements, awards, and payments to collect past-due support from parents who may be eligible for lump sum or other insurance payouts. State option: require insurers to participate in the insurance match program.	Federal Mandate and State Option	Federal-Yes State-No
Lottery or gaming intercept	Interception of lottery winnings or other casino winnings.	State Option	Partially
Publication of delinquent noncustodial parents	Publicly available data that list noncustodial parents who are delinquent in child support payments.	State Option	No
Interest on arrears	Interest charged on unpaid child support at rate set in state statute (at judge's discretion).	State Option	Yes
Employment services	Programs developed to address the employment needs of noncustodial parents to increase their capacity to pay child support. These programs may include parenting education components to cultivate the noncustodial parents' willingness to pay support.	State Option	No

SOURCE: PEER analysis and *An Examination of the Use and Effectiveness of Child Support Enforcement Tools in Six States*, August 2019. U.S. Department of Health and Human Services.

To what extent has cost been impacted?

In 2014, a contractor for MDHS estimated that any cost to fully privatize CSE services in excess of \$29.9 million per year would increase the cost of child support enforcement operations. MDHS's 2016 contract with YoungWilliams to privatize was \$30.2 million per year from FFYs 2018 and 2019, slightly exceeding the \$29.9 million estimate by 1%. Costs for subsequent contracts or modifications between MDHS and YoungWilliams have consistently decreased below \$29.9 million. Also, MDHS's cost-effectiveness ratio (i.e., collections per dollar of program spending) has not declined since privatization.

MDHS contracted with The Stephen Group in 2014 to assist MDHS in making informed decisions regarding program efficiency. The Stephen Group noted that, at the time, Mississippi ran one of the most cost-effective programs in the country and had made substantial improvements in performance in recent years. The Stephen Group made several recommendations for MDHS to keep services in-house but also provided recommendations if MDHS decided to fully privatize.

The Stephen Group estimated that if all of the services directly related to case management were privatized, DCSE would have \$29.9 million available to cover the cost of those privatized services. Any cost in excess of \$29.9 million would increase the cost of child support enforcement operations.

MDHS's 2016 contract with YoungWilliams for full privatization was \$30.2 million annually for FFYs 2018 and 2019, exceeding the Stephen Group estimate of \$29.9 million by \$300,000 (1%). MDHS decreased the annual cost of the contract by 5% during two contract modifications in FFY 2020 and FFY 2021. MDHS indicated that it reduced YoungWilliams contract by \$1 million for one modification because MDHS was paying for FTEs that YoungWilliams did not have. (See page 34 for discussion.)

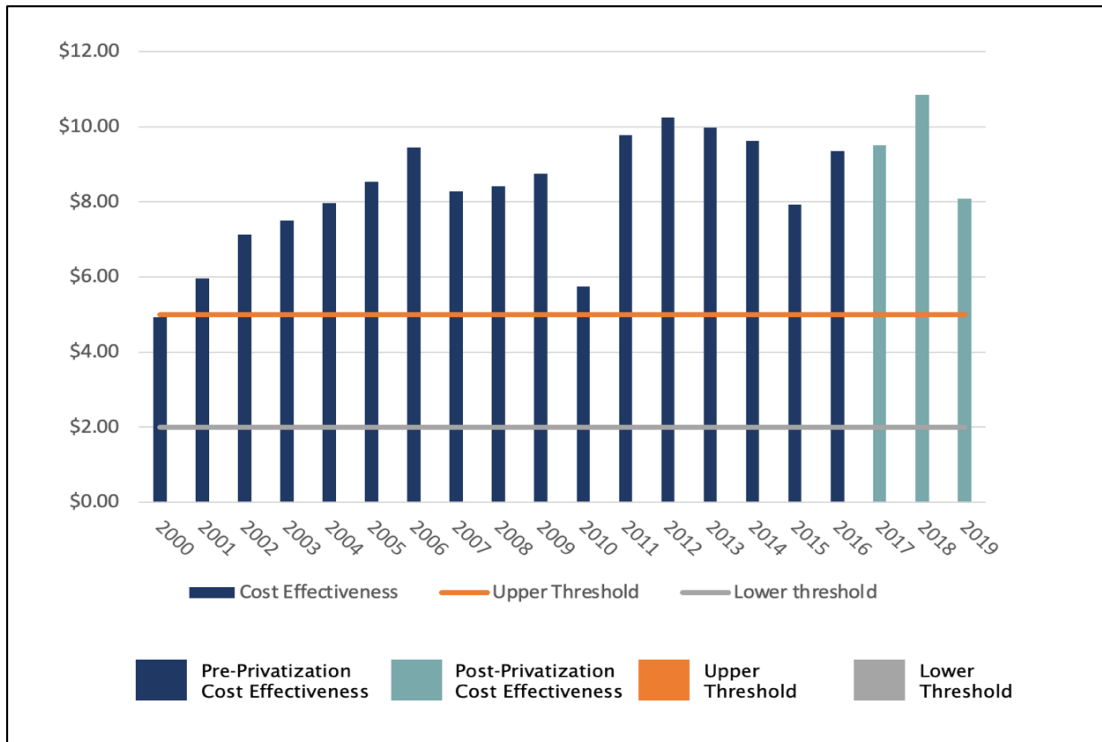
The upcoming contract cost for FFYs 2022 through 2026 is an even lower amount, an average of \$27.1 million per year. This is due to a decrease in FTEs over the course of the contract. PEER notes that although there are staffing decreases in the contract, the cost of the contract does not decrease much over the course of FFY 2022 through FFY 2026 due to increases in staff salaries from the previous contract period.

Cost-effectiveness of Program

Mississippi's performance in the area of cost-effectiveness (i.e., collections per dollar of program spending) has remained relatively high since full privatization.

Mississippi's performance on cost-effectiveness has generally improved since FFY 2000, barring the year 2010 (see discussion on page 21 regarding MDHS's costly attempt in 2010 to privatize services). Mississippi has consistently met the upper performance threshold for cost-effectiveness since 2001. The state's highest cost-effectiveness ratio was achieved in FFY 2018 at \$10.85. See Exhibit 22 on page 54. Performance nationally improved from \$4.23 in FFY 2000 to \$5.06 in FFY 2019.

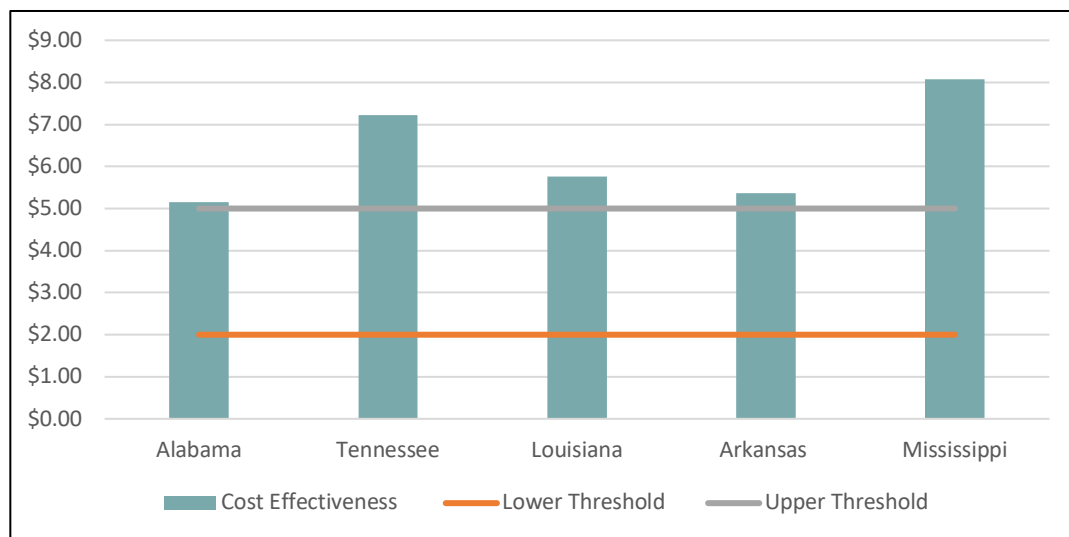
Exhibit 22: Mississippi's Historical Performance on Cost-Effectiveness from FFY 2000 through FFY 2019



SOURCE: PEER analysis of OCSE data.

Compared to neighboring states, Mississippi ranked first in cost-effectiveness in FFY 2019 at \$8.08. See Exhibit 23 on page 54.

Exhibit 23: FFY 2019 State Comparison: Performance on Cost-Effectiveness



SOURCE: PEER analysis of OCSE data.

What is the cost to bring child support enforcement functions back in-house?

MDHS does not have an estimate of the cost to bring child support enforcement functions back in-house; however, an investment from the state would be necessary.

MDHS considered a number of factors when it transitioned from providing child support enforcement functions in-house to privatizing those functions. PEER notes that MDHS would need to undergo a similar process if it were to decide to bring its child support enforcement functions back in-house.

Considerations made when privatizing child support enforcement functions

When MDHS transferred its operation of CSE services to YoungWilliams in 2016—at the time it privatized the remaining 65 counties—it implemented a transition plan in order to hand over those responsibilities. In addition to creating a startup and operational budget, MDHS considered a number of areas when making the transfer, such as facilities, staffing, technology, and workload considerations.

Facilities considerations

As noted previously, when MDHS fully privatized its CSE services, it consolidated the number of local offices from 84 to 24. Therefore, MDHS had to make considerations for changes concerning its facilities and determine the location of those facilities. At this time YoungWilliams added a central processing center in Ridgeland for which it needed to obtain a lease and make repairs. Further, YoungWilliams installed a security system and furniture, and brought in office supplies.

Staffing considerations

When MDHS transferred its operation of CSE services to YoungWilliams, it had to make considerations for staffing changes. These changes included building new organizational charts, transferring YoungWilliams staff between offices, hiring other staff if needed, monitoring case load compared to organizational chart, and training employees.

Technology considerations

MDHS also made considerations for changes in technology. These changes included building a telephonic system at the district offices and installing the equipment; designing a network and establishing a state connection with the YoungWilliams data center; relocating IT terminals and printers and installing PCs; setting up connectivity in all current and new offices, including access to METSS; building a transition website for project implementation,

ensuring the necessary software was on computers; modifying existing YoungWilliams technology to include new counties; and developing new technology for the Ridgeland central processing center and for district offices.

Workload considerations

MDHS also made considerations for changes in workload. These changes included modifying reports to include the additional 65 counties, providing data files to YoungWilliams, identifying the work to be transferred to the new central processing center in Ridgeland, identifying the work to be transferred to the district offices, and moving files and assets from MDHS offices to YoungWilliams offices.

Considerations to make when bringing child support enforcement functions back in-house

YoungWilliams acknowledges that it would take an investment at this point to bring functions back in-house or to transition to another vendor. In YoungWilliams's response to the 2020 RFP, it states that "YoungWilliams is the only vendor who can avoid a long and risky transition and is ready for full operations on Day One."

Given the considerations MDHS took when privatizing its child support enforcement functions, PEER presumes it would have to make those same considerations if it were to bring its child support enforcement functions back in-house. With respect to facilities, MDHS would have to decide how many district offices it could manage and how many staff members it would need to operate those offices. MDHS officials stated that county office space is available for in-house child support enforcement operations. Depending on how many facilities MDHS decided to maintain, it would need to make adjustments to its staffing. Perhaps one of the biggest changes MDHS would need to consider are those regarding technology. MDHS would need to determine a way forward that would allow it to continue to provide CSE services to clients either with the technology and equipment it has been using—which may be owned by YoungWilliams—or by developing or acquiring other technology. MDHS officials stated that MDHS has the right to retain any technology purchases that are non-proprietary. MDHS would also need to make considerations for possible changes in workload were it to bring child support enforcement functions back in-house.

Although MDHS does not have an estimate of the cost to bring CSE child support enforcement functions back in-house, PEER notes that an investment from the state would be necessary.

State Policy Comparison

This chapter addresses the following areas:

- models for determining child support amounts;
- termination of child support; and,
- administrative versus judicial child support process.

Models for Determining Child Support Amounts

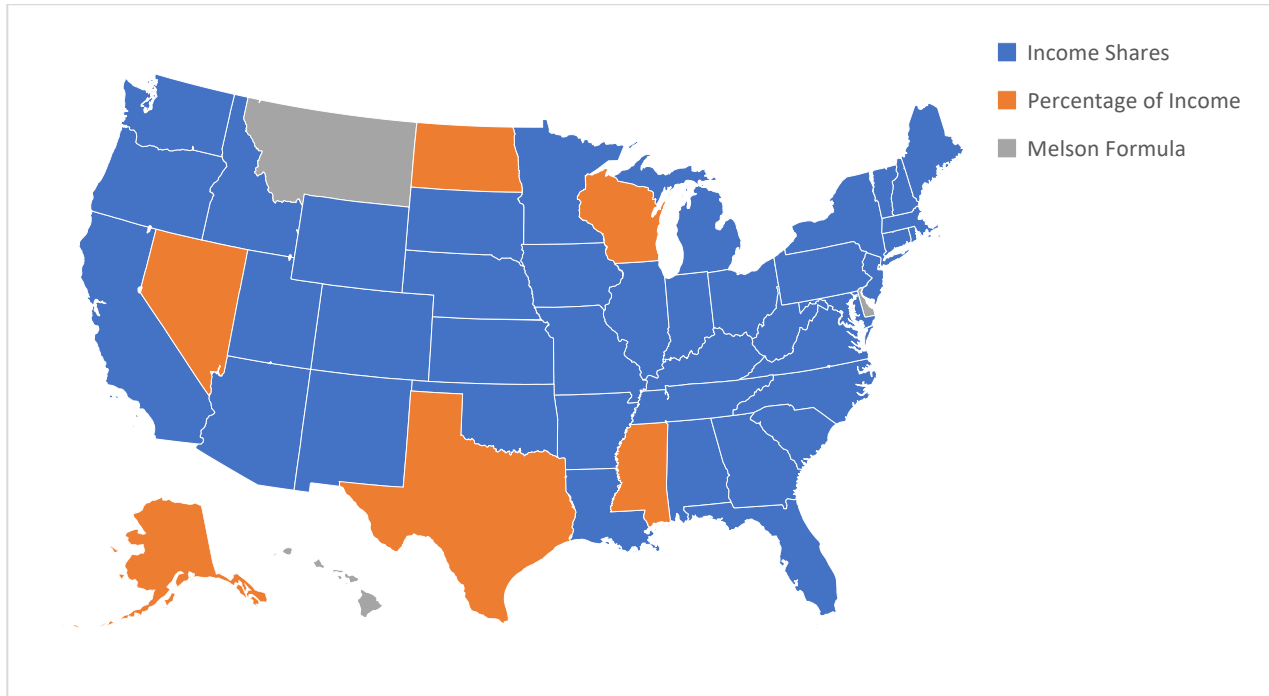
States generally use three models for determining the amount of child support due. Mississippi uses a model that accounts for only the income of the noncustodial parent when determining the amount of child support due, while 41 states use a model that accounts for the income of both parents.

According to the National Conference of State Legislatures (NCSL), there are three models for determining the amount of child support due:

- 1) **Income Shares Model**—This model is based on the idea that a child should receive the same proportion of parental income that he or she would have received if the parents lived together. Using this model, the income of both parents is calculated. A basic child support obligation is determined based on a statutory table or schedule. A presumptive child support obligation is determined by adding other expenses (e.g., child care) to the basic obligation. The presumptive child support obligation is prorated between the parents based on the percentage of the combined income. For example, if the custodial parent earns \$30,000 annually and the noncustodial parent earns \$30,000 annually, then the support amount would be based on a combined income of \$60,000. The amount would be split evenly between the two parents, and while the noncustodial parent pays his or her share, the custodial parent is assumed to contribute his or her share.
- 2) **Percentage of Income Model**—This model is based on the income of the noncustodial parent only. Using this model, the income of the noncustodial parent is determined. A statutory table determines the percentage of the noncustodial parent's income, based on the number of children that will be applied. The percentage is applied to the noncustodial parent's income. Adjustments are made for add-ons and deductions to reach final presumptive order. For example, if the custodial parent earns \$30,000 annually and the noncustodial parent earns \$30,000 annually, then the support amount would be based on only the noncustodial parent's income of \$30,000.
- 3) **Melson Formula**—This formula is a more complex version of the Income Shares Model, which incorporates several public policy judgments designed to ensure that each parent's basic needs are met in addition to the children's needs.

Exhibit 24 on page 58 displays a map showing which states use each of the three models. Mississippi is clearly in the minority, with only six states using the percentage of income model. The income shares model is the most widely used, with 41 states using this model.

Exhibit 24: Type of Child Support Calculation Model Used by State



SOURCE: PEER analysis of information provided by NCSL.

Since 1990, ten states shifted from using the percentage of income model to the income shares model. Some of these states indicated that the income shares model provides for a more fair and equitable approach to child support amounts.

However, the percentage of income model might be easier to understand and implement because the calculations are simpler.

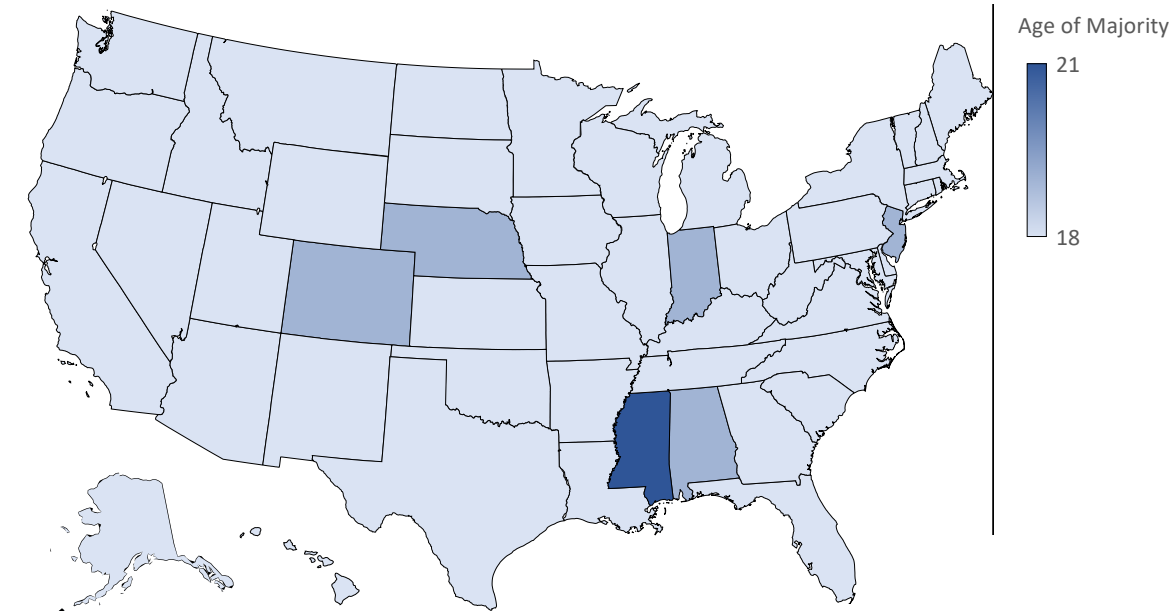
In the 2021 Regular Session, the Legislature passed Senate Bill 2621, which established a task force to study, among other things, Mississippi's laws regarding the awarding and calculating of child support. The task force held a meeting on August 23, 2021, and discussed the three models described on pages 57 and 58. The bill requires the task force to make recommendations for proposed legislation to the Legislature by December 1, 2021.

Termination of Child Support

Mississippi is the only state in which the age of majority (i.e., the age at which child support payments are terminated) is 21. In forty-four states, the age of majority is 18 years old; however, most states require continued support until the child completes high school.

According to NCSL, "age of majority" is the legal age established under state law at which an individual is no longer a minor and, as an adult, has the right and responsibility to make certain legal choices. It is also the most common trigger for terminating child support payments. In most states, the age of majority is 18; however, the age is commonly extended for youth still in high school. Exhibit 25 on page 59 presents a map demonstrating the age of majority by state. Mississippi is the only state in which the age of majority is 21.

Exhibit 25: Child Support Age of Majority by State



NOTE: Most states require continued support until the child completes high school. In some cases, support is terminated at age 19 regardless of high school completion.

SOURCE: PEER analysis of information provided by NCSL.

College Support Beyond Age of Majority

In 29 states, there is no duty for a noncustodial parent to provide support for college beyond the age of majority. In 21 states (including Mississippi), the courts may require support. In some cases, the courts can order the support, and in other cases, the parents must voluntarily agree on continued support beyond the age of majority. In all states, parents have the option to include college education in their child support agreement.

administrative forum, such as an Attorney General's Office, but may incorporate a judicial element, such as an attorney. The three elements that determine where a process falls on the administrative/judicial continuum are 1) the forum used, 2) presiding officer, and 3) attorney involvement. The forum used is the location in which the child support order is processed. Forums can include a courtroom, an administrative office of the court, the offices of an executive branch division such as the office of administrative hearings or Attorney General's Office, the Title IV-D umbrella agency, or the Title IV-D agency itself. The presiding officer is the person who is in charge of supervising and running the process. Attorney involvement refers to whether or not an attorney represents the Title IV-D agency during the process.

A state with a highly judicial process is one in which the forum used is a courtroom, the presiding officer is a judge, and the Title IV-D agency is represented by an attorney. States may be quasi-judicial, which means that the forum used may be a courtroom, but instead of a judge presiding, a hearing officer may oversee the process.

Recommendations

1. To ensure consistency in state oversight and approval of contracts involving legal services, the Legislature should consider amending MISS. CODE ANN. § 27-104-7 (1972) to replace the Public Procurement Review Board exemption for “attorneys” with “legal services.” Further, this section should define what constitutes “legal services.”
2. The Legislature should consider amending MISS. CODE ANN. § 7-5-39 (1972) to require that any new contracts and modifications to legal services contracts, which contain non-legal services outside of those defined by MISS. CODE ANN. § 27-104-7 (1972), shall be approved by the Public Procurement Review Board.
3. The Senate and House Appropriations Committees should review this report and determine whether they should adopt language for inclusion in MDHS’s FY 2023 appropriations bill making the use of appropriated funds conditional on re-bidding separately the child support enforcement legal services functions and the child support call center.
4. Because of legislative interest in reducing child support arrears, the Legislature should consider requiring MDHS to propose a long-term arrears management strategy to the Legislature by January 1, 2023. The proposal should:
 - a. be based on an assessment of the cost-effectiveness of collections and/or enforcement strategies used in other states with similar populations as Mississippi;
 - b. include an analysis of policies that could potentially reduce accrual of child support arrears;
 - c. include a cost estimate for implementing a pilot program for any viable options; and,
 - d. include recommendations for any statutory changes if necessary. In particular, the following laws could be modified to include a provision that allows for the collection of child support arrears:
 - i. The Gaming Control Act (MISS. CODE ANN. § 75-76-1 (1972) et seq.) for casino winnings;
 - ii. The Uniform Disposition of Unclaimed Property Act (MISS. CODE ANN. § 89-12-1 (1972) et seq.) for personal property abandoned to the State Treasurer; and,
 - iii. Insurance Payments (MISS. CODE ANN. § 83-1-1 (1972) et seq.) for insurance settlements, claims, and awards.
5. Given that MDHS’s contract with YoungWilliams for the period of October 1, 2021, through September 30, 2026, provides for more performance accountability than the previous contract, MDHS should:

- a. ensure that it monitors YoungWilliams's performance on all measures included in the contract;
 - b. require the implementation of corrective action plans for non-compliance or performance deficiencies as stated in the contract; and,
 - c. assess liquidated damages for non-compliance or performance deficiencies as stated in the contract.
6. If YoungWilliams's performance does not meet goals outlined in the contract or if YoungWilliams does not comply with contractual obligations, MDHS should consider bringing child support enforcement functions back in-house with consideration given to key factors such as facilities, staffing, technological requirements, and workload requirements.
7. MDHS should consider formally tracking additional performance measures in order to provide a more holistic assessment of program performance. For example, because the federal cost-effectiveness measure does not account for net collections, MDHS should consider adding net collections (collections minus expenditures) per case as an additional measure of performance. The Stephen Group's 2014 report includes other potentially valuable measures, including collections per court order and cases per FTE.
8. MDHS should consistently construct well-developed, performance-based RFPs and contracts for privatized services reflective of MDHS's needs and consistently hold vendors accountable for their performance.
9. MDHS should use the results of its monitoring activities to proactively address root causes of compliance or performance issues.
10. MDHS should monitor the effects of YoungWilliams's staffing decreases from FFY 2022 to FFY 2026 to ensure that services are not negatively impacted and take immediate corrective action if contract monitoring warrants such action.
11. MDHS should assess the effectiveness of its pass-through and disregard policies. In particular, MDHS should determine to what extent these policies increase the likelihood of noncustodial parents to pay child support, and determine to what extent custodial parents receive additional child support funds.
12. MDHS should conduct further research on the following policy areas regarding Mississippi's child support enforcement program:
 - a. termination of child support; and,
 - b. the administrative versus judicial child support process.

MDHS should report the results of its research to the Senate Public Health and Welfare Committee and the House Public Health and Human Services Committee no later than December 31, 2022.

Appendix A: Federal Performance Measures and Calculations

Performance Measure	Calculation
Paternity Establishment Percentage IV-D	Number of children in the caseload in the FY or as of the end of the FY who were born out of wedlock with paternity established DIVIDED by the number of children in the caseload as of the end of the preceding FY who were born out of wedlock
Support Order Establishment	Number of cases with support orders DIVIDED by the number of total cases
Current Collections	Amount collected for current support in cases DIVIDED by the amount owed for current support in cases
Arrearage Collections	Number of cases paying towards arrears DIVIDED by the number of cases with arrears due
Cost-Effectiveness	Total dollars collected DIVIDED by the total dollars expended.

SOURCE: Office of Child Support Enforcement Preliminary Report 2019.

Appendix B: Summary of the Mississippi Office of the State Auditor (OSA) Report Regarding MDHS's 2009 Contract with YoungWilliams

The Mississippi Office of the State Auditor (OSA) determined three main problems with the construction of the 2009 contract, as follows:

- the contract should have been divided into two separate contracts because it contained two very different components—legal services and a customer service call center; and because the legal services were for thirteen counties while the customer service call center was statewide;
- the contract used inconsistent terminology throughout; and,
- the contract contained unrealistic benchmarks.

OSA also determined several problems with the performance of YoungWilliams and MDHS, as follows:

- YoungWilliams's child support enforcement attorneys did not always follow local court rules and procedures.
- YoungWilliams inadequately provided establishment and enforcement services; inadequately represented and advocated for the interests of the state and MDHS; inadequately performed the "service of process" function on noncustodial parents (e.g., process had been served at the residences of individuals who were incarcerated at the time); and failed to establish an interface between its own system and MDHS's child support system (METSS), as was required by the contract.
- YoungWilliams—despite providing services for cases in a timely manner—did not file a child support case until four months into the contract, and the receipt of customer service calls did not occur until three months into the contract.
- Chancellors in Rankin County had serious concerns with the cases presented by YoungWilliams, with one chancellor expressing that the case presentation made by YoungWilliams was incomplete, false, and misleading.
- YoungWilliams submitted reports to MDHS without all required information and MDHS took no action to correct it.
- MDHS did not adequately refer YoungWilliams's attorneys to the Attorney General's Office for approval; did not provide YoungWilliams the required number of establishment cases by the designated dates; did not provide Young Williams information regarding paternity establishment and adjudication on cases it referred to YoungWilliams; and did not make a determination of the date upon which the customer service call center would begin operations.

OSA also found a number issues pertaining insufficient cost controls, as follows:

- Although YoungWilliams collected \$15 million more in child support payments during its 2009-2010 contract with MDHS

than MDHS collected the previous year (YoungWilliams collected \$297 million while MDHS collected \$282 million), MDHS paid Young Williams \$23 million for the contract. Therefore, MDHS expended \$8 million more by contracting with YoungWilliams than it would have spent had it managed the services in-house.

- MDHS unconstitutionally provided YoungWilliams \$4.1 million in start-up costs at the time the contract was signed (not as a reimbursement). This amounted to 18% of the \$23 million contract. These funds were committed to establishing child support legal services and the customer service call center and were also used to purchase insurance and bonding, none of which directly benefit the client or MDHS. Further, MDHS provided no documentation to justify the start-up costs.
- At the end of the contract, MDHS's internal audit division identified \$1.7 million in questionable costs incurred by YoungWilliams because it was not required to use competitive bidding for its subcontractors, and the contract between YoungWilliams and MDHS did not include details on reimbursements for travel, lodging, cell phone usage, meals, and mileage.
- YoungWilliams was required to make remittance back to MDHS on at least six documented instances for overpayments and duplicate payments YoungWilliams had received. Further, items on YoungWilliams's invoices to MDHS were confusing, which led to duplicate payments by MDHS to YoungWilliams.
- YoungWilliams continued to invoice MDHS for the rental of the building in Yazoo City (being used for the customer service call center) even after YoungWilliams purchased the building.

OSA also made a number of recommendations, in particular:

- Include only similar, substantive services in a single contract to eliminate the improper circumvention of PSCRB.
- Construct contracts with achievable and realistic goals.
- Before MDHS contracts with an outside vendor, a study should be conducted to determine if investing in their own facilities would be effective and if the desired results can be achieved.
- In future contracts, MDHS should specify the independent nature of certain requirements and limit the use of state funds to pay for normal business expenses. In addition, any MDHS contract should contain "claw back" or penalty features for non-performance, late performance, or poor performance.
- MDHS should continue to conduct customer satisfaction surveys in order to determine the quality of service being provided and be able to understand, modify, and redirect their vendors based on problem areas or deficiencies.

SOURCE: OSA "Review of the Contract for Child Support Services Between MDHS and Young Williams," December 7, 2011.

Agency Response



Robert G. Anderson
Executive Director

October 4, 2021

Joint Legislative Committee on Performance Evaluation
and Expenditure Review (PEER)
501 North West Street, Suite 301-A
Jackson, Mississippi 39201

Re: Response of the Mississippi Department of Human Services to
“An Evaluation of the Mississippi Department of Human Service’s
Privatization of Child Support Enforcement”

Chairman Ladner, Vice-Chairman Blackwell, PEER Committee Members, Interim Executive
Director Booth, and Analysts:

The Mississippi Department of Human Services (MDHS) and the Division of Child Support Enforcement (CSE) appreciate the diligent inquiry regarding the privatizing of many of the legal services related to Child Support Enforcement. We would specifically like to commend the professionalism of Senior Analyst Jennifer Sebren, Analyst Julie Winkeljohn, and Analyst Taylor Mullins throughout this process and for permitting us the opportunity to provide data and other documentation as a part of this evaluation. The following serves as our formal response to the Evaluation.

We acknowledge that the privatization of our legal services related to child support with a third-party vendor was not without controversy. As the Evaluation notes, privatization of child support services began in the 1990s and had several starts and stops. When Governor Reeves asked me to lead MDHS in March 2020, we were in the last year of a contract with YoungWilliams for many of CSE’s legal services. Two prior RFPs issued to address the soon-to-end contract had been pulled prior to my arrival. I was tasked with ensuring that the legal services for the families served by CSE continued uninterrupted. Without sufficient time to complete a third RFP prior to expiration of the existing YoungWilliams contract, I determined we should negotiate a one-year extension of the existing contract to give CSE adequate time to revise the requirements in the RFP. I am pleased that we were able to negotiate a one-year extension of the then existing contract at a cost savings of \$1,000,000 to Mississippi taxpayers.

In December 2020, CSE, working with our Procurement Division, released an RFP for a new five-year contract for CSE’s legal services. We received two proposals – one from our present vendor and one from a local law firm. After reviewing and analyzing both proposals, YoungWilliams’ proposal most demonstrated the ability to provide the necessary legal and related support services for CSE. After a lengthy negotiation, the new five-year contract was finalized on September 16, 2021, with Mississippi State Personnel Board approval. CSE is extremely confident that the inclusion of additional performance requirements as well as the inclusion of language

addressing CSE's ability to assess liquidated damages against YoungWilliams for performance shortfalls will result in significant benefit to not only the families served by the CSE program, but also Mississippi taxpayers. We respectfully ask that this Committee and the Mississippi Legislature permit this new contract to proceed without any effort to limit or disallow privatization during the contract term so that an evaluation can be made of program performance in the new contract term against the previous term that ended on September 30, 2021.

The FFY 2020 collection numbers represent an outlier in that they reflect specially appropriated federal funds related to the COVID-19 Pandemic that were subject to child support collections and the excess collections are not a reliable measure for future collections performance. At the same time, Mississippi's paternity establishment rate was 18% higher than the upper federal performance threshold, ranking Mississippi as 18th, or in the top 1/3, of child support programs among the United States and its territories. Mississippi's support order establishment rate was 3% above the upper federal performance threshold of 80%.

Our priority is to provide excellent customer service to both customers as well as external stakeholders. Through an on-going effort, we have implemented a process that will assist CSE in drilling down to determine root causes of customer service complaints with the CSE program. Our Agency Ombudsman along with CSE designees work closely with constituents who have issues or complaints in an effort to reach a timely resolution of their issues. Additionally, CSE now offers a web-based document upload system which simplifies submission of documents for customers in child support cases.

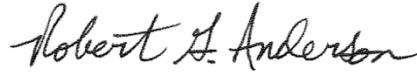
Also of great importance -- and a matter CSE diligently pursues -- is increasing our collections of child support arrears. Unfortunately, several tools that CSE could use to increase those collections are not currently available to CSE, and we are hopeful that legislation in the upcoming 2022 Legislative Session will see some additional tools provided to CSE for this purpose. Three of those tools are: (1) mandatory insurance matches; (2) the ability to intercept personal property abandoned to the State Treasurer; and, (3) the ability to intercept casino winnings¹. While CSE currently receives some insurance proceeds, it is limited because insurer participation is voluntary. Thus, many larger insurance companies only participate in a name match program if a state has a mandatory match requirement -- requiring insurers to interface with CSE to identify settlements or judgements that qualify for intercept to offset CSE arrearages. The Division of Medicaid currently operates an insurance match program which permits that agency to recover significant funds from insurance proceeds obtained by Medicaid beneficiaries.

¹ CSE has a Memorandum of Understanding with the Mississippi Lottery Corporation permitting intercepts of lottery prizes for CSE purposes. It is possible that a similar agreement could be had with the Mississippi Gaming Commission for gaming winnings and the State Treasurer's Office for abandoned personal property, but if not legislation would be required.

Joint Legislative Committee on Performance Evaluation
and Expenditure Review (PEER)
October 4, 2021
Page 3

Additionally, with the probable forthcoming establishment of a medical marijuana program in the State, CSE hopes that licensure suspensions for growing operations, dispensing operations, testing operations, etc. will be included in the statutory licenses that can be suspended for non-compliance with the child support program. Lastly, another leverage point to encourage payment of child support and child support arrears is the suspension of business licenses regulated by the Secretary of State for business owners and officers as well as the suspension of licenses regulated by the Alcohol Beverage Control Board. We thank you for the opportunity to provide this response on behalf of MDHS.

Sincerely,

A handwritten signature in black ink that reads "Robert G. Anderson". The signature is written in a cursive style with a prominent initial "R".

Robert G. ("Bob") Anderson
Executive Director

RGA/mm

PEER Committee Staff

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