

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.