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2013 Program Performance — QUICK FACTS

<table>
<thead>
<tr>
<th>Collections</th>
<th>Total Collections</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non TANF Collections</td>
<td>$314,395,222</td>
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<tr>
<td>TANF Collections</td>
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Collection Source

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<tr>
<th>Income Assignments</th>
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<td>Federal Tax Refund Intercepts</td>
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<td>State Tax Refund Intercepts</td>
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<td>Collections from Other States</td>
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<td>Workers Compensation Benefits</td>
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<td>Unemployment Compensation</td>
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<td>Lottery Intercepts, Credit</td>
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<td>Reporting, License Suspension,</td>
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<tr>
<td>Voluntary Payments, etc.)</td>
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</table>

Cases

| Total Caseload                     | 153,546      |
| Current TANF Caseload             | 15,387       |
| Former TANF Caseload              | 22,148       |
| Never TANF Caseload               | 116,011      |

Service Performance

| Paternity Establishment Percentage | 110.90%      |
| Percent of Caseload with Orders   | 87.2%        |
| Percent of Cases Paying on Arrears | 69.7%      |
| Percent of Current Support Paid   | 63.0%        |
| Cost Effectiveness Ratio          | $4.37        |

Over $314 million dollars in child support was paid to families in 2013. This is an increase of almost $8 million dollars over 2012.

Collections through income assignments increased by nearly $9 million dollars, or 5%, over 2012.

For every dollar the Program spends, it collects $4.37 in return. The Federal Office of Budget and Management considers the Colorado Child Support Services program to be among the best performing social services programs.
2013 CHILD SUPPORT HIGHLIGHTS

What’s in a name…

On September 18, 2013, the Colorado Division of Child Support Enforcement changed its name to the Colorado Division of Child Support Services.

Like many states, Colorado started the Child Support program in the 1970s as a cost recovery effort of public welfare benefits. Over the past several decades, states have expanded the population they serve to include any parent who wants assistance with collecting child support payments. Colorado has stretched the mission of the Child Support program beyond enforcement to offering programs and services, such as employment, fatherhood, parenting, and asset building opportunities that help break down barriers that parents have in providing support to their children. The new name now more accurately reflects the mission and work of the Colorado program and the full spectrum of services that Colorado offers to families and children.

Family Support Registry 20th Anniversary

In 2013, the Colorado Division of Child Support Services' (CSS) Family Support Registry (FSR) commemorated twenty years of operations processing child support for Colorado’s families. CSS and its current payment processing partner, SMI, oversee Colorado’s full-scale child support payment processing system. From inception in July 1993 though June 2013, nearly 31 million transactions have been processed, totaling nearly $6 billion in payments for children in Colorado.

Colorado was one of the first states to centralize child support payment processing and disbursement operations through a contract with Affiliated Computer Services. The purpose was to improve the timeliness of payments to families and provide the cost benefit of an efficient centralized operation. Today, the FSR annually processes over $438 million in child support payments for families. Approximately 2.2 million transactions are handled annually for Colorado.
Child Support Services Program Annual Report 2013

Child Support Commission

The State of Colorado Child Support Commission is required by Title IV of the Social Security Act and created pursuant to § 14-10-115(16) C.R.S. The Commission is charged with conducting a review of the child support guidelines and examining discretionary issues presented by members and various stakeholders. The Commission is required to issue a report every four years to the Governor and General Assembly of the results of the review of the child support guidelines and any recommended statutory changes. The last report of the 2009 Commission was presented to the Governor and the General Assembly in July 2011.

In 2013, the recommendations of the 2009 commission were carried forward into legislation and enacted. HB13-1209 made many revisions to the child support guidelines statute including updating and expanding the schedule of basic support obligations, revising both the minimum order and low-income adjustment formulas, changing some of the definitions of what is and is not gross income and the creation of a new credit for payment of certain past-due social security benefits on behalf of the child. Two of these amendments allow more low-income obligors to qualify for lower child support obligations. Additional amendments were made to the modification statute, Section 14-10-122 (5), C.R.S., to empower courts to retroactively modify and establish child support obligations following a change in the physical care arrangement of a child.

In 2013, the Colorado Child Support Commission reconvened with several new members that were appointed by the governor. The Commission will discuss possible revisions to the adjustments of gross income for supporting other children, lowering the threshold for application of the reasonable costs test for enforcing a medical support order from 20% to 5%, changes to notifications in paternity establishment cases and other important issues. The Commission expects to complete the next report for the Governor in July 2015.

Colorado Parent Employment Program (CO-PEP) Update

CO-PEP is a five year, $2.3 million federally funded demonstration project designed to provide enhanced employment, child support, case management & other services to unemployed and underemployed non-custodial parents (NCPs). The hypothesis is that with the enhanced services, NCPs will improve payment of child support, reduce families’ dependence on public assistance and improve familial relationships. If successful, the project, along with 7 others across the nation, may result in national policy changes to allow matching dollars to the Child Support Services (CSS) Program for such NCP services.

After a one year planning period, services began in five Colorado counties in October 2013. The Counties and the approximate number of NCPs they are to serve are: El Paso County 530, Arapahoe County 450, Jefferson County 400, Boulder County 70, and Prowers County 50. These 1,500 NCPs must be enrolled in the grant by October 2016. An evaluation of the project will be completed in the final year of the grant.

By the end of 2013, 264 NCPs had entered into the project. Within the first two months of enrollment, 60% had obtained employment and had made child support payments. One of the success stories involves an NCP who was close to deportation due to a loss of legal documents, but who, through CO-PEP, was able to obtain new documents, find a job and re-unite with his children. Great start!
Colorado Ranks in the Top Four Nationally in Two Program Areas

Based on information released by the federal Office of Child Support Enforcement (OCSE), Colorado ranked in the top four nationally in two program areas in FFY 2013: the Paternity Establishment Percentage (PEP) and the Percent of Arrears Cases with a Payment on Arrears. PEP measures the program's success in establishing paternity for children born out of wedlock, and the Percent of Arrears Cases with a Payment on Arrears measures the program's success in collecting past due child support.

ACSES Migration

The Governor's Office of Information Technology (GOIT) and CDHS has been pursuing an initiative to modernize the Colorado statewide automated child support enforcement system, ACSES.

The first stage of this initiative was accomplished in July of 2013 and migrated the ACSES from the mainframe to a contemporary “open” operating platform. The migration entailed reprogramming ACSES and converting its data from Natural language and ADABAS data base, to Java and Oracle. Current projections show the cost of operating the new system to be substantially lower than the cost of running it on the mainframe. Migrating the system to a contemporary environment opens up many new opportunities to take advantage of technology that is impractical to incorporate in the mainframe environment.

The State began the second stage of modernization during 2013 to make the ACSES database fully relational as well as enhance the user interface of ACSES to take advantage of drop down boxes, date selectors, and other improvements available through the Chrome browser. This work will modernize ACSES, making it easier to use, easier to maintain and enhance, and easier to incorporate new technology. The current schedule calls for both the database normalization as well as the enhanced user interface of one ACSES capability to be complete by the end of July 2014. The experience gained through this effort will give the State the information it needs to estimate the remaining work to modernize all the remaining capabilities of the ACSES.

A principal objective of the modernization initiative is to ensure the new system remains "functionally equivalent" to the current ACSES. This means the general layout of the user interface and flow of business processes implemented in the current ACSES will remain largely the same in the new system. This approach greatly reduces the risk and virtually eliminates training for end users by not changing what the system does or how the system works.
In 2013, the Division of Child Support Services implemented use of a new caseload management technology tool called “Flash Card”. Flash Card provides valuable caseload management data for cases requiring action at the individual and county levels that can impact the collection rates of current support and arrears.

The first release of the Flash Card includes four separate components that review payment compliance from the previous month to determine if a case should be included on the Flash Card. The resulting data consists of not only the number of cases requiring action but also identifies the specific cases. When Flash Card was first introduced, the Division provided extensive training to county child support professionals on its use and scheduled a series of follow-up conference calls to answer questions.

**Income Withholding Orders**

In 2013, in compliance with 42 USC 666, 45 CFR 303.100 and 14-14-111.5, C.R.S., to ensure that families receive the full monthly support amount to which they are entitled, and that parents who pay support are not unfairly drawn into automated enforcement remedies, the Colorado Division of Child Support Services began issuing income withholding orders with an additional monthly amount included in the calculation for the withholding amounts for employers who withhold support on a weekly or biweekly basis.

This amount is derived from a mathematical formula and ensures employers who withhold support on a weekly or biweekly basis withhold the full monthly support amount instead of withholding a "short" amount each month and then catching up in the months that have an extra pay period. The change did not affect employers who withhold support on a monthly or semimonthly basis, as they are already withholding the full monthly support amount.

**LEAN Comes to Child Support**

The CSS program climbed on board the LEAN train and sent two staff to training in November 2013 to learn how to facilitate process improvement, or LEAN, events. Considering the Child Support program is made up of a series of processes, this training will have a positive impact on the program statewide as well as with individual counties for years to come.

The Program's initial focus has been on streamlining the Review and Adjustment process, recognizing the importance of right-sizing orders in a timely manner. By conducting LEAN events, bottlenecks and steps that bring no value to the process can be addressed and either minimized or eliminated. Ultimately improving our processes will allow us to provide more effective, efficient, and definitely more elegant child support services.
The Colorado Child Support Services program had a statewide goal for 2013 to collect 64.3% of the current child support owed for the year. The actual statewide performance for 2013 was 63.0%, an increase over the 62.8% collected in 2012. Performance levels at the beginning of 2013 were below 2012 levels but gradually increased, and by July 2013, exceeded the 2012 performance.

In 2013, current child support of $239.9 million was collected, representing an increase of 2.6% over the 2012 total of $234.1 million. The biggest contributor to this increase was collections from income withholding orders, which increased $9 million (+5%) over 2012. The amount of current child support owed for 2013 of $380.7 million, was an increase of 2.4% over the total for 2012, as services were provided to a total of 93,284 families who were owed current child support as of December 2013. Arapahoe, Larimer and Weld counties exceeded the goal for 2013 year, as did balance of state (54 medium and small counties combined). All 10 large counties and balance of state increased from January to December.
The Colorado Child Support Services program had a statewide goal for each month in 2013 to obtain a payment toward the arrears on 41.3% of the cases that had an arrears balance owed. The goal was achieved for the entire state in two months of 2013, March and August. Although there are differences between individual county performances, the trend lines tend to mirror one another for each of the 10 large counties and balance of the state.
January 4, 2015, marks the 40th Anniversary of the National Child Support Program. Title IV-D of the Social Security Act was signed into law on January 4, 1975, allowing the Secretary of Health and Human Services to establish a separate division mandated to oversee the operation of an Enforcement program effective July 1, 1975. This program would establish a parent locator service, state operational guidelines, and a plan for periodic review of cases. The primary responsibility for operating the Enforcement program was placed on each state.

Since then, major changes in Federal legislation have changed how child support is calculated and collected. In 1984, the Child Support Enforcement Amendments were established requiring major improvements in both state and local Enforcement programs. All States were required to develop mandatory income withholding procedures as well as expedited processes for establishing and enforcing support orders such as income tax refund offsets and property liens. In addition, states were allowed to report delinquent parents to consumer credit agencies. The enactment of the Family Support Act of 1988 made several important changes to the Child Support program, but most significantly, the Act required the courts to use State guidelines when establishing support amounts. States were also required to review their guidelines every four years. Another important provision was established with the Child Support Recovery Act of 1992, which made it a Federal crime to willfully fail to pay past-due child support payments for a child who resides in another State. Most recently, legislation enacted in 1996, the Personal Responsibility and Work Opportunity Reconciliation Act contained significant revisions in child support legislation that called for the development of a number of social services programs aimed towards working with fathers and provided legal authority for the use of automated enforcement remedies to collect child support. This Act also allowed for the creation of the Directory of New Hires database which required all employers to report information about newly hired employees. This database allows child support enforcement officials to locate obligors, even across state lines, and retrieve payments through income withholding.

Continuing advancements in technology, the addition of programs and services beyond enforcement, and the sharing of best practices between states hold much promise for improving the lives of the children who are served by the Child Support program.

**Text Messaging**

Colorado is in the initial stages of developing a pilot project that utilizes modern technology to communicate to parties through text messaging. For example, a text might be sent to an obligor to remind him/her that a payment is due (or overdue) or of an upcoming court hearing; or to an obligee that a payment has been received.


**Automated Enforcement of Interstate Cases (AEI)**

During 2014, Colorado will be implementing Automated Enforcement of Interstate Cases (AEI). All IV-D programs have the authority to attach obligors' financial assets to pay towards unpaid child support. However, many banks do not accept these liens from other states' child support agencies. This is especially true for financial institutions that do business in only one state. In fact, we are often not even aware of these assets.

AEI allows Colorado to match our file of past due obligors with other states' financial institutions data to locate these assets and then to request assistance from that state in attaching the asset. By the same token, Colorado will assist other states in attaching accounts located in Colorado financial institutions for obligors who owe arrears in their IV-D cases. This will provide a valuable additional enforcement tool, assisting us in collecting support for Colorado's families.

**Enforcement Task Group**

The Enforcement Task Group, a subgroup of the IV-D Task Force, changed their focus for 2014 by identifying the five populations that members felt have the most significant impact on our ability to improve the collection rate of current support and arrears. The five populations on which the Task Force is focusing in 2014 are self-employed obligors, initiating intergovernmental cases, incarcerated and/or ex-offender obligors, obligors with cases enforced by multiple counties, and obligors receiving Temporary Assistance for Needy Families (TANF). Members of the Task Group have been challenged to think outside the box in reviewing program authority for new ideas, as well as surveying Colorado counties and other states for best practices.

**Credit Cards**

Credit Cards as a payment option are coming soon. Remitters, both obligors and employers, will be able to access the Colorado Child Support website and make credit/debit payments. The fee for the payment will be 2.95% of the payment amount or $4.95, whichever is greater. Point of Sale machines will also be utilized in some offices. This is a service that many parties have requested.

**ReHire**

ReHire Colorado, a transitional employment program created by the Colorado Legislature in July of 2013, and administered through the Colorado Department of Human Services, combines wage-paid work, job skills training, and supportive services to help individuals who face barriers to employment succeed in the workforce. The focus of the program is on chronically unemployed non-custodial parents, veterans, and dislocated workers 50 years of age or older. Currently, the program provides services through five different service providers across the State. In the first four months of service, the program successfully placed 215 participants in subsidized employment with local businesses and transitioned 91 participants into permanent employment.

The original funding was approved for eighteen months; July 2013 through December 31, 2014. In May 2014, the legislature extended the program through June 2017.

Moving forward, ReHire will be working closely with Front Range child support offices for referrals and to assist non-custodial parents to meet their child support obligations.