

**DEPARTMENT OF ECONOMIC SECURITY  
CHILD SUPPORT ENFORCEMENT  
ADMINISTRATION**

**MANAGEMENT AND PROGRAM  
REVIEW**



DEPARTMENT OF  
LIBRARY SERVICES  
STATE DOCUMENTS COLLECTION

PREPARED BY:  
GOVERNOR'S CHILD SUPPORT ENFORCEMENT PROGRAM  
TECHNICAL ASSISTANCE REVIEW  
TASK FORCE  
JUNE 11, 1986

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EXHIBITS:

- Exhibit A Governor's Task Force Weekly IV-D Status Reports
- Exhibit B Planned CSEA Automation System Correspondence and Issues Paper
- Exhibit C County Contract Issues and Recommendations Memorandum
- Exhibit D Governor's Child Support Enforcement Program Technical Assistance Review Task Force Members
- Exhibit E CSEA PAAR Fund Usage Letter
- Exhibit F CSEA Payments and Distribution Section Internal Control Review Report
- Exhibit G Action Plan for Special Distribution Project and DES Formal Approval
- Exhibit H IV-D Procedures for New Case Monies Letter
- Exhibit I IV-D Tax Refund Intercepts Letter
- Exhibit J PADIS System Issue Paper and DES Sign-Off Memorandum
- Exhibit K FY 1986-87 CSEA Budget Excerpts, Revenue and Expenditure Estimates

# **REPORT SUMMARY**

## INTRODUCTION

This report details the findings, conclusions and recommendations of the Governor's Child Support Enforcement Program Technical Assistance Review Task Force. Over the past six weeks the Task Force has worked throughout the program including the administration, operations, automation and fiscal activities in an effort to understand the reasons for Arizona's poor performance in the administration and management of the Aid to Families with Dependent Children (AFDC) portion of the program.

During this period visits and reviews of selected counties by Task Force members were provided as well as on-site facility management of the Child Support Enforcement Administration (CSEA) operations activities. Extensive effort was devoted to a review and research of federal laws and regulations, promulgated under SECTION IV-D of the Social Security Act, as well as prior federal audits and reviews of the program. Efforts were also devoted to the role of the Office of the Attorney General in carrying out certain legal responsibilities in conjunction with the program. Federal Office of Child Support Enforcement (OCSE) officials, from the San Francisco regional office and the national headquarters office in Rockville, Maryland, were consulted and their advice sought.

Department of Economic Security (DES) executive management was apprised of the Task Force's efforts in weekly status reports (see EXHIBIT A) and through a number of progress and action formulation meetings. The Task Force in conjunction with DES officials have taken several policy and management actions during the course of this past six weeks intended to ameliorate a number of serious backlog and administrative issues prevalent in the program. These measures along

with further recommendations to the DES are included in this report.

One key objective of this review was to more clearly understand and discern why Arizona's administration of the AFDC portion of this program, which is administered at the State level, ranks 49th in the country while the non - AFDC portion, which is administered by the counties, ranks 14th. Not surprisingly, Arizona counties have been far more aggressive in pursuing absent parents and ensuring payment of child support than has been the DES.

The most recent federal evaluation (October, 1985) was severely critical of State level operations and detailed a myriad of deficiencies and also proposed a number of corrective measures. Our efforts serve to validate those findings and unfortunately, for the program, to identify even more problems not enumerated in the federal report.

This report then represents a synthesis of the federal findings, those of the Task Force, actions taken and recommendations for the future. Our recommendations are predicated on a state administered - county operated model, which parallels the federal recommendations.

## PROGRAM STRUCTURE

The CSEA is an entity within DES's Division of Aging Family and Children Services and is reportable to the Assistant Director of DES for the Division. For fiscal year 1985-86 there are 121 full time positions budgeted with a total estimated budget of \$ 2,747,400.<sup>1)</sup> Administrative funds are earned from federal incentive payments and administrative costs matched by federal funds. No direct State

1)

See Exhibit K.  
FY 1985-86 Estimated Budget based on actual expenditures July 1985 through April 1986 with projections for May through June 1986.

appropriation is made for program operations. Next year, however, the Legislature has appropriated \$350,000.

The operations of county programs are also eligible for federal financial matching funds and the CSEA serves to report and secure matching federal dollars and to rebate the county share to the counties. Under the program's policies counties must contract with the CSEA in order to receive this funding (which is currently two thirds on the dollar) and meet reporting and administrative mandates. Currently seven Arizona counties (Apache, Cochise, Gila, Maricopa, Pinal, Pima, and Santa Cruz) contract and the remaining eight non-contracting counties (Coconino, Graham, Greenlee, LaPaz, Mohave, Navajo, Yavapai, and Yuma) are administered by the CSEA in conjunction with the Attorney General for legal follow through when necessary.

This arrangement essentially leaves the seven contracting counties with: 1) the establishment of paternity, 2) case intake, 3) case management, 4) collection, 5) disbursement and 6) enforcement activities for custodial parents not included in the State's AFDC program. Reciprocity agreements, administered under the Uniform Reciprocal Enforcement of Support Act (URESA), with other states to both initiate payments (for absent parents residing in Arizona) and receive payments (from absent parents residing in other states) are also administered by these counties.

For AFDC recipients and for all other eligible applicants in the eight counties not under contract with the CSEA, the state assumes both administration and management. According to the October, 1985 OCSE Management Study Report, in FY 84 Arizona had 32,542 AFDC IV-D cases and 19,402 non-AFDC IV-D cases, for a total IV-D caseload of

2)  
51,944.

Like most federal - state programs the IV-D program imposes rather stringent requirements of efficiency and performance and reporting for the receipt of matching federal funds. Since the IV-D program is among the newer social programs <sup>3)</sup> the "growth pains" at all levels of government are probably more pronounced than the more mature programs (e.g., AFDC, Medicaid). Nonetheless, the ultimate goal of the program -- "To hold responsible absent parents liable for court ordered child payments while reducing the dependency of custodial parents and their children on welfare (AFDC) benefits" -- is the cornerstone of the Child Support Enforcement program. One very basic measurement by the federal government of a state's ability to meet this goal is to measure the efficiency of collections against administrative costs. In FY 84, the ratio of dollars collected for each administrative dollar spent for AFDC cases was 1.38 nationally and .33 for Arizona. In FY 84, the ratio for non-AFDC cases was 1.91 <sup>4)</sup> nationally and 1.84 for Arizona.

It is clear that the AFDC portion of Arizona's program is in need of improvement. Once monies are collected the next important objective is to disburse these funds timely. A number of mechanisms including wage assignments and tax refund intercepts (both federal and

2) Management Study Report, Arizona State Child Support Enforcement Program, October 1985, conducted by Office of Child Support Enforcement, Rockville, Maryland, p. 16.

3) President Ford signed H.R. 17045 on January 4, 1975 establishing the Child Support Enforcement Program.

4) Management Study Report, Arizona State Child Support Enforcement Program, October 1985, conducted by Office of Child Support Enforcement, Rockville, Maryland, pp. 4-6.

state) are available for delinquent payors. For non - AFDC cases disbursements are made to families by the counties and are almost always made within hours or just a few days from receipt (e.g., Pinal county disburses within four hours, Pima within twenty-four to seventy-two hours) so that families are placed at a minimal hardship. For AFDC cases disbursements are made by the CSEA with a portion going to reimburse the federal and state governments for past AFDC payments. A specified portion of funds, under federal formula, goes to the family as would any remainder after past AFDC payments have been made to the government. The accounting procedures for the calculation of arrearages, wage assignments, tax intercepts and normal timely payments by the CSEA are in such disarray that timely disbursement has been virtually impossible. Undoubtedly families have been placed in hardships, and the federal government, expecting timely reimbursement of it's share of past AFDC payments, has initiated withholding of federal funds on an estimated basis in lieu of actual timely reimbursement.

Ironically, one key objective of the DES -- to protect against the disunity and hardship of families dependent upon the government for assistance -- has been placed in jeopardy by the problems in Arizona's program. It may be debatable as to the degree of jeopardy but there is no disagreement in the minds of Task Force members that the failure of the CSEA to satisfactorily meet objective tests of efficiency and effectiveness has placed unintended hardship on recipients and has severely tarnished the image of this important program.

## SUMMARY OF FINDINGS AND CONCLUSIONS

Our detail findings are included later in this report and are indexed by program activity. During our review it was possible to

detect and immediately correct many problems. One such example was the limitation of submitting no more than twenty-five queries per day to the Federal Parent Locator Service (FPLS) in an attempt to use federal resources (e.g., armed services, civil service) to locate absent parents. In this case the restriction, self-imposed as it was for years by CSEA operational staff, resulted in more than a month in backlogs. Within a day this issue was resolved, proper instructions were given to staff (which provided for twenty-five queries per batch and as many batches a day as desired) and within a week the backlog was totally eradicated.

This one example is illustrative of a larger symptom which we found to exist virtually throughout the program - BENIGN NEGLECT.

Our major findings are listed below:

- Lack of an administrative structure and inability of that which is in place to perform "CRITICAL THINKING" process and to provide direction to CSEA operations personnel.
- Lack of a systematic means to discern processing activity, backlogs and to provide management reporting.
- A loss of credibility between counties and State administrators. Even contracting counties which we reviewed felt that the program has been a shambles and that State administrators have been less than diligent.
- No organizational capacity at the State level to provide for proper oversight and technical assistance to counties.
- Lack of cohesive automated systems severely limits the effectiveness of the CSEA as well as that of counties.
- Backlogs exist in virtually every processing area within the CSEA, particularly acute in the disbursement area where more than 84

million in collections, approximately 60% of which goes back at least two years, remains to be distributed.

- Lack of a systematic means to prioritize case work for active cases and to ensure that inactive cases are promptly closed and archived as applicable.
- Failure of the CSEA to meet requisite federal requirements ranging from accuracy and promptness in reporting to a failure in meeting timeliness in program activities (e.g., disbursements).
- A lack of development of impact to DES executive management by CSEA administrators depicting the critical position of the program, and a lack on the part of DES executive management to act timely on past poor performance indicators, in spite of the omission by CSEA administrators, and to hold CSEA managers accountable.
- Unacceptable fiscal practices including the use of the Public Assistance and Administrative Revolving fund (PAAR)<sup>(5)</sup> for disbursements and unacceptable control procedures in the receipt and accounting of IV-D monies.
- An unacceptable level of specification and performance by CSEA and ODA personnel to bring needed levels of automation to the program.
- The total absence of a systems approach (i.e., problem definition, statement of goals and objectives, identification of options, choice selection, design, development, implementation and post hoc follow-up measurement) embracing definitive and measurable performance standards. In virtually every area we reviewed the actual operational policy was performed without any

5)

This practice was discontinued June 1, 1986.

recognition as to the impact on process functions or the importance of standards.

- A protective and defensive attitude on the part of many CSEA administrators and CSEA supervisory personnel to preserve the status quo.
- An absence of quality control in CSEA operations activities. With more than forty seasonal personnel on site it is even more crucial to ensure the accuracy of operations.
- Identified systemic weaknesses in the Payments and Distribution Information System (PADIS) used to establish automated payments and disbursement records including the inability to aggregate payments for a single payment period, inability to validate arrearages, and unacceptable data security including but not limited to the changing of payment records by anyone with access to the system (includes clerks, temporaries and anyone else with sign-on identifier).

## MAJOR ACTIONS TAKEN

In addition to a number of actions taken on a daily basis designed to improve program operation, the Task Force has taken the following actions:

- Reviewed the DES CSEA plans for automation and found them to be inadequate. Advised DES executive management (see EXHIBIT B) of this conclusion and subsequently DES executive management suspended any further efforts.
- Implemented a formal case closure policy on AFDC applications, consistent with federal policies, resulting in one out of three cases being formally closed (e.g., due to death of absent parent, incarceration in prison, father not known by mother).
- Initiated audits of fund balance in receipts against disbursements

allowing DES budget officials to reconcile accounts for the first time ever.

- Developed policy strategies, subsequently approved by DES executive management, in recognition of untenable disbursement backlog and designed to eliminate an estimated half of that backlog within thirty days (see EXHIBIT G).
- Developed a new thrust for next year's contract with counties and involved knowledgeable county personnel in the formulation of contract provisions.
- Developed plans and procedures to review existing case files in CSEA (approximately 83,000) designed to apply formal closure policy against these cases. Estimated 47,000 or 57% of existing case files will be formally closed.<sup>6)</sup>
- Developed entity diagrams and narratives depicting present state operations and preferred state model for an effective Child Support Enforcement Program.
- Increased disbursements by 72% between March and May 1986.<sup>7)</sup> Case Closure Policy implemented May 21, 1986, decreased incoming case applications by 30-35%,<sup>8)</sup> and initiated action to shift resources to needed backlog areas in locating services, calculation of arrearages and accounts posting.

6) Percentages computed based on seven-month averages (October 1985 through April 1986) tabulated from Intake Unit Monthly AY-091 Daily Caseload Worksheets and Monthly Case Prioritization Statistics Sheets.

7) June 4, 1986, memorandum from Acting PADS Supervisor JoAnn Grant to David Lowenberg.

8) During the first days in which the case closure policy was in effect, 39% of incoming case applications were closed.

- Initiated acquisition of four IBM-AT micro - computers and developed requisite software to support central arrearage computations, eliminating two other calculation points in CSEA operations and provided for entry into the PADIS.
- In cooperation with the Office of the Attorney General reduced legal stipulations from nine pages to three pages which resulted in a significant reduction of clerical and administrative efforts.
- In cooperation with the Office of the Attorney General implemented administrative wage assignment forms thereby obviating the need to go through the courts or submit such forms to the AG. Resulted in expediting wage assignments on delinquent payments for non-custodial parents.

## RECOMMENDATIONS

### - COUNTY OPERATED SYSTEM -

#### WITHIN 30 - 45 DAYS

- Initiate actions to begin implementing the state administered - county operated model by implementing direct referral of new IV-A cases to the counties including disbursements for those cases at the county level. Files for these new cases would be maintained at the county level with only a copy of the case referral maintained at the state level.
- Review with individual counties their willingness and capability to receive direct referrals, disburse payments and provide for reporting. Allow only those counties with the capabilities and that express an intent to implement these provisions to participate in this extension of county functions. Develop financial plans to ensure appropriate levels of remuneration for administrative expenses to counties.

- Develop policies and procedures to support direct referrals, disbursements and reporting by counties. Amend state IV-D plan as applicable.
- Training and orientation program(s) for counties.

- AUTOMATION -

WITHIN 60 DAYS

- Hire a senior systems analyst to head up a departmental Child Support Enforcement Systems Development Task Force to build upon the efforts of the Governor's Task Force. This group is to be responsible for the development of IV-D requirements in a state administered - county operated model and the development of a comprehensive IV-D Advanced Planning Document (APD) for submission to the federal OCSE, including budget projections.
- Continue efforts to bring incremental levels of automation to existing CSEA operations including case tracking on an interim basis and expanded word processing capabilities consistent with the findings and recommendations in this report.

WITHIN 4 MONTHS

- Review the feasibility and desirability, consistent with the conclusions and documentation in this report, of importing another state's system to meet CSEA requirements.
- Develop a Generalized System Document (GSD) specifying CSEA requirements and defining how those requirements will be satisfied using a systems approach methodology.
- Ascertain the feasibility, both programmatically and technically, of supporting multifarious automated systems vs. a single model in conjunction with counties (e.g., evaluate the applicability of the Mid American system).

WITHIN 6 MONTHS

- Order additional automated equipment and supply county needs via State acquisition.
- Develop policies/procedures for new system including consideration of phase-in, pilot testing and conversion-implementation phases.
- Refine as applicable budgetary needs for State and county components.

WITHIN 8-12 MONTHS

- Install initial additional equipment and certify performance.
- Implement system in a pilot test mode for one or more counties emphasizing State role of data acquisition, monitoring and central reporting and county role of case management and reporting. Monitor results.
- Training and orientation program(s) for county and State employees.

WITHIN 12-15 MONTHS

- Implement additional equipment as needed and implement system statewide.
- Monitor results and systems performance.

- ORGANIZATION -

WITHIN 30 DAYS

- Designate a CSEA Operations Manager reporting directly to the CSEA Administrator with responsibilities for all CSEA operations.
- Implement a skeletal reporting system for CSEA operations and administration for weekly activities to the CSEA Administrator. At a minimum the CSEA Administrator should receive reports on: caseload activity and movement, status of receipts and disbursements, backlogs in processing, status of

policy/regulatory/statutory changes and the status of State - county relations related to specific administrative items (e.g., technical assistance, audits).

- CSEA staff should be advised of the re-direction of the CSEA program and given an idea of the time lines under consideration.
- Effect any needed organizational personnel changes pursuant to the findings of the Governor's Task Force and consistent with the goal of a state administered - county operated system. Particular consideration should be given to beginning the creation of a technical assistance component to render consultation and technical assistance to counties.
- Training and orientation program(s) for employees.

WITHIN 90 DAYS

- Develop organizational and budgetary impacts of direct referrals and disbursements by the counties including the impact on CSEA resources (e.g., attrition plan).

WITHIN 6 MONTHS AND ONGOING

- Develop and implement, in phases as appropriate, a new CSEA organization structure designed to effect the transition to a fully state administered - county operated system.
- Training and orientation program(s) for employees.

- PROGRAMMATIC -

WITHIN 30-45 DAYS

- Apply for a SECTION 1115 waiver under the Social Security Act to allow Arizona to experiment and demonstrate the viability, on a statewide basis, of the application of a capitation based incentive and remuneration system in lieu of the existing time reporting system used to qualify for federal financial participation.

- Rescind the outstanding audit findings on counties in favor of a system which emphasizes corrective action plans and increased levels of technical assistance by CSEA to counties. Develop a formal audit plan within 90 days and review the plan with counties prior to conclusion. Refrain from further county audits, notwithstanding apparent improprieties, for at least six to nine months to measure the success of the new State - county relationship.
- Continue meeting with county representatives to ensure increased county participation in the CSEA program for next fiscal year.
- Earmark the bulk of the \$350,000 (if not all) of the Legislative appropriation (to be matched with federal funds) to effect the implementation of the state administered - county operated system. Propose budget schedules of proposed expenditures with maximum federal financial participation (e.g., 90% for approved automated systems). Refine these schedules, as may be necessary, during the life of the transition.
- Fully implement and monitor the five point plan of recommendations by the Governor's Task Force to deal with expediting backlogged disbursements.
- Continue work to eliminate closed case files in CSEA and archive functions.

- FISCAL -

WITHIN 30 DAYS

- Modify PADIS to provide that designated control supervisors initiate changes to child support amounts and that activity balancing be accomplished with daily receipts posted to PADIS by workers.

- Establish a separate account for CSEA funds for FY 86-87 and ensure that quarterly fund balancing and reporting to the CSEA Administrator is facilitated.
- Review detail recommendations in this report designed to improve CSEA fiscal processes and accountability and develop an implementation schedule and task assignments.

**ADMINISTRATIVE, CONTRACTING,  
COUNTY RELATIONS, OPERATIONS,  
AUTOMATION, AND FISCAL DESCRIPTION**

ADMINISTRATIVE, CONTRACTING,  
COUNTY RELATIONS, OPERATIONS,  
AUTOMATION, AND FISCAL DESCRIPTION

This report section describes the findings, goals, and recommendations for the following organizational/functional entities applicable to CSEA:

- ADMINISTRATIVE
- CONTRACTING
- COUNTY RELATIONS
- OPERATIONS
- AUTOMATION
- FISCAL

In each case the findings serve to confirm many of the same conclusions reached in the federal OCSE review of last October. In contrast to that review we concentrated more specifically on identifying issues relevant to the transition of a state administered - county operated model. Focus was also given to short term remedies to alleviate the many backlogs in CSEA which in turn should enhance the migration to the state administered - county operated model. More long term recommendations and the requisite need to examine the impact on the CSEA organization are also provided.

The essence of our findings reinforce the benign neglect that has occurred, particularly in the administration of AFDC cases, in the Arizona Child Support Enforcement Administration. Our recommendations are intended, through their ratification by DES top management, to reverse the past poor performance of CSEA in favor of a more rational approach which appropriately recognizes the important role of Arizona's counties in this program.

The dismal performance of this program did not occur overnight

and certainly cannot be corrected overnight. It is possible, nonetheless, to steer the ship in the right direction from this point on.

## ADMINISTRATION

### FINDINGS

- CSEA operations units lack administrative leadership and management oversight. Program administrators and their policy development staffs are housed in a Capitol complex building approximately five miles from the building that houses the operation unit supervisors and their staffs. CSEA administrators have not known the extent of the case backlog problems because management statistical reporting has been virtually non-existent. Unit supervisors have not been required to produce weekly or monthly statistical reports on their process or production output work performance.
- CSEA has failed to develop policies and procedures to implement major federal legislative mandates. The State has not implemented, for example, two program requirements that became effective in October, 1985: establish and enforce medical support obligations, and charge an application fee to each non-public assistance individual who applies for service. The State is also required to implement a payment of support clearinghouse on July 1, 1986 but has not yet developed a plan of action.
- CSEA has not developed some critical administrative functions. It does not have a comprehensive and systematic technical assistance and training function for its contracting counties or its operations staff. It does not have a systems development or automation enhancement function for a statewide automation system or for internal operations. And, it does not have an internal program compliance review function to evaluate CSEA's performance.

■ CSEA has not developed adequate support systems to facilitate efficient operations. Welfare payment history information must be researched manually using several separate data files because no automated file structure exists that provides all the financial data. Clerk typists use typewriters to prepare standard correspondence instead of using word processors because no terminals have been purchased.

### GOALS

■ To increase operational efficiency and accountability by reorganizing the administrative structure and clarifying the division of responsibilities.

■ To comply with federal government mandated requirements by immediately preparing an executive action plan to satisfy all federal regulations.

■ To develop critical administrative functions by providing the necessary direction and resources to support program administration and the contracting counties.

### RECOMMENDATIONS

1. Reorganize the administrative structure to provide necessary management oversight and to support program functions.

■ Divide the management structure into two divisions:

Administrative and Operations.

■ Establish a chief of operations position. The operations manager should be stationed at the program operations building and be responsible for all of its current functions. This organizational change should become effective immediately.

■ Establish a contracts and program compliance office aside from the two divisions reporting directly to the program

administrator. This office shall conduct internal program compliance reviews in addition to contracting county reviews.

- House all CSEA staff in one building. The working environment facilities must facilitate continuous communications between administrative and operations personnel to increase program viability and accountability.

2. Assign administrative staff from policy development and program compliance to begin immediately to resolve all non-compliance issues.

- Identify the non-compliance issues and ascertain how other states have met these mandates.
- Consult with the counties and the Attorney General's Office about an organization development and implementation plan. Prioritize the compliance functions and provide necessary resources.
- Begin complying with all major requirements that are not being challenged before the start of the next federal fiscal year. It is critical that top management be involved in overseeing these efforts.

3. Develop administrative functions under the proposed organization structure to increase program effectiveness and improve county relations.

- Establish two new functional units within the Administration Division: Systems Development and Technical Assistance.
- Hire a small data automation staff within CSEA to set-up a statewide computer system. It is essential that CSEA employ its own systems staff because of the major projects involved and the need to accelerate its implementation. County officials must play a key role in helping to design and develop the system.
- Hire a technical assistance staff to work with the counties and

internal operations staff to meet their program related needs. The technical assistance staff should also assume a liaison role with other State agencies that provide case information.

## CONTRACTING

### FINDINGS

■ The program contract between CSEA and the counties makes unrealistic and superfluous demands upon the counties. It is unrealistic, for example, in that the counties are required to report the total support obligations for AFDC arrearage only cases and yet, CSEA does not provide the counties welfare payment history information so that they can compute the total arrears. It is superfluous, for example, in that the counties are required to seek a temporary order for support within three months after the absent parent payor is unemployed.

■ The program contract between CSEA and the counties is difficult to comprehend. For example, one section states: "If the county is in substantial default in the performance of any obligation under this contract, or if audit exceptions are identified, the Department may, at its option and in addition to the available remedies, withhold payment of monies that are equal to the share of non-compliance until satisfactory resolution of the default or exception. Furthermore, if the county is in substantial default in the performance of any obligation under this contract, or if audit exceptions are identified, the Department shall only keep those monies that are equal to the share of non-compliance."

■ The program contract between CSEA and the counties is complicated and voluminous. The contract is a 25 page, single spaced document. It is vague in some sections, such as requiring the counties to give notice of any non-material alterations that effects either

programmatic or financial provisions without ever defining what is meant by non-material alteration. It is fragmented in terms of presenting some service requirements by delineating the requirements for the same service in more than one section, such as preparing a delinquent support case for tax offset. It is inconsistent in its presentation by citing federal regulations in some sections but explaining in detail the requirements of other federal regulations in other sections.

■ The Department of Economic Security pays the Attorney General's Office for child support enforcement and legal services out of CSEA funds but there is no current written agreement between the agencies defining the scope of work and performance responsibilities of the Attorney General's Office. A general memorandum of understanding was signed by both parties in early 1984, but never updated thereafter to encompass program mandated changes.

### GOALS

- To boil down the contract to include only essential case processing requirements and management reporting requirements.
- To develop a performance based contract in conjunction with the counties and the Attorney General's Office that clearly defines the division of labor and that presents feasible standards of work output.
- To develop an interagency agreement between the Department of Economic Security and the Attorney General's Office regarding the scope of work and responsibilities of the Attorney General's Office in the delivery of child support enforcement cases and program legal services.

### RECOMMENDATIONS

1. Redo the 1986-87 State fiscal year contract in conjunction with both contracting and non-contracting county officials.

- Extend the existing contract for 90 days with addendum for federal mandated requirement changes.
- Request the Arizona Prosecuting Attorney's Advisory Council to recruit two or three County Attorney officials and invite two or three Clerk of the Court officials to serve on an intergovernmental contract development committee. These committee members should represent both rural and urban counties, and should represent both contracting and non-contracting counties.
- Appoint two or three top administrative officials from DES/CSEA to represent the State on the intergovernmental contract development committee.
- Hire a management-contract consultant to chair the committee.
- Charge the committee with developing a simple, performance based contract proposal that contains only essential requirements. The contract proposal should be completed within sixty days.

2. Challenge federal regulations that are either impracticable or onerous, especially those that impede county involvement and service delivery.

- Survey both the contracting and non-contracting counties to ascertain which case management and reporting requirements meet this criteria.
- Prepare a federal waiver request to seek relief and if necessary initiate legal action.
- Provide technical assistance and resource support to the counties regarding program requirement problems that can be alleviated through these approaches.
- Keep the county officials apprised of the actions taken and seek

their advice.

3. Develop an interagency agreement with the Attorney General's Office delineating the scope of work and performance requirements for the next State fiscal year.

- Discuss the interagency agreement format and approach with the Attorney General's Office.
- Prepare a simple, performance based agreement that contains only the essential requirements. Elicit input in developing the agreement from CSEA operations staff.
- Elicit input from the Attorney General's Office to critically review a draft agreement before concluding it.

#### COUNTY RELATIONS

#### FINDINGS

■ From State fiscal year 1982 to State fiscal year 1986, the number of counties contracting with CSEA dropped from thirteen to seven -- a 46% decrease in participation. Onerous reporting requirements is a major reason cited by county officials for pulling out. For example, the counties must keep detailed records of time spent, on a periodic basis, of staff involvement in IV-D versus non-IV-D cases and on the type of IV-D case functions (i.e., paternity, locate and enforcement).

■ CSEA has assessed financial penalties against five counties that are no longer contracting with the State and four counties that are still contracting. The counties complain that CSEA does not provide adequate support and guidance through technical assistance and training but does allocate personnel resources to audit them. There are a couple of CSEA staff who do provide some technical assistance and training in addition to performing other duties but no individual

or unit is assigned this responsibility full time.

■ The counties complain that CSEA management is autocratic and domineering. County officials point to the contracting process as a prime example to support their allegation. CSEA prepares the contract without county input in the development phase and then sends it to the counties instructing them that they have about six weeks to review it and return it before the start of the new fiscal year. The counties view CSEA's actions as an attempt to push them out so that the State can operate the program.

■ The counties believe that both the federal and State governments require them to meet task requirements under contract that cannot be satisfied with existing resources. For example, the counties are required to take action in at least 75% of their caseload within a year and take enforcement action or establish a court order on 90% of the new cases within 90 days. County officials believe, however, that these task requirements could be met if the State provided monies for additional personnel, statewide automation support, and technical assistance.

### GOALS

■ To adopt the U.S. Office of Child Support Enforcement's management recommendation of a state administered - county operated program.

■ To increase the number of counties contracting with the State by treating them as partners in the preparation of the contract and rule making.

■ To assist the counties in meeting federal program requirements by increasing the State's share of funds to the county programs, developing a statewide case processing automation system, and providing systematic training and technical assistance.

## RECOMMENDATIONS

1. Initiate a phase-in plan in collaboration with the counties to decentralize program operations under local jurisdiction.
  - Clarify current county operation responsibilities in terms of case management and performance requirements.
  - Allocate the new State appropriations to the counties to support existing operational responsibilities and to use as an incentive for satisfying performance objectives.
  - Identify State operation tasks and new federal operation requirements that the counties can perform.
  - Allocate an equitable amount of the State AFDC reimbursement and incentive funds to the counties to perform these duties.
2. Develop operation systems and automation support collaboration with the counties to facilitate this transition.
  - Establish the case management and communication protocols for direct AFDC application referrals from the IV-A offices to the County Attorney's offices.
  - Provide the counties with complete and updated AFDC case expenditure data so that the counties can distribute collections to the program recipients and the State.
  - Install a statewide automation system so that the counties can communicate case management information to the State and so that the counties have access to case locate information sources.
  - Assign State administrative personnel full-time to work with the counties as a liaison with the IV-A eligibility offices and to provide technical assistance and training.
3. Place a moratorium on increasing State permanent positions in program operations.
  - Hire temporary staff to help work case backlogs for a specified

period.

- Upgrade a few critical positions in operations, especially at the supervisory level in the Payments and Distributions Unit.
- Develop a long term plan for program operation staff to systematically provide career opportunities and job placement opportunities for these employees.
- Move program operation staff to administrative support positions, when skill requirements permit.

## OPERATIONS

### FINDINGS

- The case intake screening and evaluation function has been basically a clerical paper shuffling process. Although at least one in five AFDC application referrals lack major case information, no one was returning these applications to AFDC eligibility workers for the past two months. Prior to that, no one was keeping track of the applications that were returned to make sure that they eventually came back. Until last week, CSEA accepted IV-A applications to be worked when, for example, the application form indicated that the absent parent is deceased, in prison for many years, deported or unknown because no last name or other identifier (e.g., S.S. no.) is given.
- The case prioritization system in effect is not based on cost-effective case management principles. Many of the most promising cases lay in abeyance for months before being worked. At least two separate case prioritization coding systems exist for the same case files. Once someone does something with a case, regardless of the action, the priority code is automatically removed and re-filed in the low priority section. Until recently, Arizona AFDC cases were treated

as low priority, other than for tax intercept action.

■ The case arrearage calculation function is being done manually by four different organization units. They often duplicate each other's work. Additionally, the contracting counties also calculate case arrears, often for the same AFDC cases. Consequently, there are discrepancies among the organization units regarding the correct case arrearage total.

■ The two collections units spend very little time enforcing Arizona delinquent cases. They spend most of their time responding to other State enforcement requests, responding to individual case inquires, and evaluating tax intercept problem cases.

### GOALS

- To implement a cost-effective case management system.
- To manage the utilization of program resources efficiently.
- To provide program recipients quality child support enforcement services.

### RECOMMENDATIONS

1. Continue developing internal automation systems to increase efficiency and program responsiveness.

- Implement the centralized arrearage calculations function. The software has been developed and the hardware installed. One organizational unit should be responsible for calculating all case arrearage amounts.
- Develop and implement the case file automation system to track and prioritize cases.
- Design a welfare payment history system that updates case files and provides detailed expenditure data per case. This is a major undertaking essential to the program regarding the disbursement of funds.

- Purchase word processing equipment for clerical staff.
2. Develop critical operational functions to increase cost-effective case management and management controls.
- Develop a comprehensive case intake and screening function to prioritize cases and close unworkable cases. Additionally, monitor AFDC applications returned to eligibility workers for additional information to ensure follow-through.
  - Create a centralized information and referral service unit. All custodial and absent parent inquiries should be referred to this unit for a case status response or for referral to one of the county entities.
  - Develop a financial accounting function to record and monitor payment and distribution activities. This function should be part of the Administration Division.
  - Develop one case prioritization system for case management. The case prioritization system should be updated when additional information is received. Both policies and procedures need to be developed to maintain the system.
3. Reorganize the operation functions along case processing logic to increase efficiency and accountability.
- Group like activities and skill requirements into organizational units.
  - Establish five sections: Document Support, Case Intake and Referral, Field Offices, Enforcement and Collections, and Payments and Distribution. This reorganization is a short-term, interim proposal which would be disregarded when program operations become a county based responsibility.
  - Place a moratorium on adding new permanent positions for

operations. Employ temporary staff to help reduce case processing backlogs. Prepare an attrition and placement human resources plan that includes a commitment by top management to help place employees elsewhere.

- Institute operations performance and management analysis reports to monitor operations and evaluate output. Management at all levels must determine what data is critical to receive and in what format.

## AUTOMATION

### ADAPTATION OF LIMITED AUTOMATED PROCESSES

#### FINDINGS

■ Arrearage computation is a time-consuming manual process requiring research to validate obligation history, payment history, and AFDC grant history, and manual calculation using all of these figures to arrive at a base arrearage amount. Three different units within CSEA calculate these arrearage figures independently, sometimes utilizing different information sources.

■ There is not a centralized, automated case record file. One automated system contains some data on court order cases, but is used primarily as a vehicle to submit cases for tax intercept. By no means does it approach a centralized case tracking database. PADIS contains the payment and distribution history, but only on cases for which a payment has ever been received. The lack of a centralized, automated case record file prohibits caseload management and accurate caseload reporting.

■ There is a tremendous reliance on the Typing Unit for the generation of many types of form correspondence. This Unit is composed of ten FTE clerk typists. This represents an excellent opportunity to

streamline CSEA operations through the introduction of word processing.

## GOALS

- To implement an Arrearage Computation Unit to enhance productivity and to establish a control point for this function.
- To implement an interim case tracking automated system to enhance case management and caseload reporting, and to begin automation of case records into a form for conversion to a permanent automated system.
- To implement a word processing function as a part of the interim case tracking system to greatly enhance productivity in this heavy-demand activity.

## RECOMMENDATIONS

1. Ensure the Arrearage Computation Unit, initiated during the Review Team's tenure, continues to function as designed.
  - Once fully operational, hold the two managers who participated in the design and development accountable for the appropriate functioning and production of this unit.
  - Further enhance the productivity of this Unit by authorizing direct access to the PADIS system for input of the calculated arrearage figures.
  - Monitor the system equipment to ensure it is utilized fully and solely for the purpose it was intended to serve.
2. Assign appropriate staff to a Systems Development Unit whose initial purpose will be the development and implementation of an interim case tracking automated system.
  - Have unit staff continue with the system design effort begun during the Review Team's tenure and prepare a systems design

document.

- Dependent on the decision time frame for identification of a permanent system transfer, purchase recommended equipment (see Interim Case Tracking Automation recommendations) and begin system development in consultation with appropriate DOA Data Center staff.
- Have unit staff prepare an Automation Plan which documents the conversion and training requirements, and organizational impacts of this interim system.
- Implement an automated case tracking system which includes word processing capability.

#### DEVELOPMENT OF LONG TERM COMPREHENSIVE PLAN

### FINDINGS

- CSEA has suffered from the lack of a systems approach in development of its automated support. Development and implementation of automation has been piecemeal resulting in reliance on several disjunctive, non-interacting "systems".
- The same approach has fostered a planned CSEA automated system that is undocumented, and is based on a state-operated rather than county-operated model, on the current rather than the preferred work flow, and with minimal input from users. Although the lack of documentation on the system makes evaluation difficult, all the evidence indicates that design, development, and implementation of the system has been poorly planned at best. None of the critical issues surrounding implementation -- conversion, training, and organizational impacts -- has ever been addressed systematically.
- The centerpiece of the planned automated system, PADIS, performs its required functions inefficiently, ineffectively, or not at all (see

EXHIBIT J). Although the system has been operational for approximately eighteen months, one critical function, disbursement of IRS intercept payments, had not been tested until last month. Because there were "bugs" in the system, these payments could not be disbursed automatically as they should have been. As another example of its ineffectiveness, IRS intercepts where the payment exceeds arrears can not be automatically disbursed because the system design did not take into account the processing requirements for such cases.

■ The federal OCSE recently pronounced a new policy on funding for systems development. The Office will only accept APD's for the transfer of other statewide systems.

### GOALS

■ To implement a comprehensive statewide child support enforcement system that supports administrative and operational requirements through a system transfer.

### RECOMMENDATIONS

1. Form a Child Support Enforcement Systems Development Task Force composed of a senior systems analyst with considerable expertise in IV-D, an additional experienced systems analyst, State-level staff from various program functions, and county-level staff from both contracting and non-contracting counties and various program functions. This Task Force would have the following responsibilities:

- Development and documentation of the detailed functional requirements.
- Evaluation of transferable systems per Arizona's requirements.
- Formulation of system transfer recommendations.
- Documentation of system design specifications necessary to implement system transfer in Arizona.
- Production of an Automation Plan which documents conversion and

training requirements, and organizational impacts.

■ Development, testing, and implementation of system transfer.

2. Form a Systems Development Unit within CSEA to ensure support of administrative and programmatic requirements remains the driving force behind continuing system development and enhancement.

3. Maintain some form of the Systems Development Task Force to ensure the counties' requirements continue to be represented in systems development and enhancement.

#### FISCAL

### FINDINGS

■ Fiscal Year 1986-87 estimated total revenue is \$6,557,400 and estimated total expenditures are \$6,678,000, allowing for a potential deficit of \$120,000. This deficit, however, should be manageable as 100% staffing of the 146 FTE for the entire year is a key expenditure assumption (see EXHIBIT K).

■ Internal accounting control procedures in the Payments (cash receipts) and Disbursements (cash disbursements) Section of CSEA are either non-existent or inadequate. Problems uncovered include a lack of segregation of duties among payments personnel, a backlog of cash receipts to be processed, cash receipts not deposited in a timely manner, and no reconciliation of deposits performed. Also, the Payments Unit is unsecured with few access restrictions, and under-qualified personnel are in supervisory positions in the PADS Section (see EXHIBIT F).

■ Disbursement processing procedures are fragmented and labor intensive, and distribution staff work only current support cases. The lack of a systematic distribution system which includes prioritization procedures to identify and process large dollar amount

cases has caused a growing, large undistributed balance of revenue collected. The undistributed collection balance as of May 30, 1985, is \$3,478,408, with approximately \$304,000 of this total for monies collected prior to October 1, 1984. Further, this total undistributed balance involves 12,806 cases averaging \$271.64 per case.

■ CSEA utilized the Public Assistance and Administration Revolving Fund (PAAR) for all distributions to CSEA applicants/recipients. A.R.S. 46-138.01, Subsection A clearly specifies only three authorized uses of this PAAR Fund, and the disbursing of child support monies is not one of these three uses. An audit of the PAAR Fund was conducted by the DES Office of Internal Audit in December 1985 (Report #11-85/86). This audit report recommended that all child support payments issued by CSEA through the PAAR Fund checking account be discontinued. (The use of the PAAR Fund was discontinued on June 1, 1986, see EXHIBITS E and F.)

■ CSEA currently uses two separate funds (DES Client Trust Fund, DES CSEA Administrative Fund) to record operating expenditures and payments and PAAR fund reimbursements. The DES Client Trust Fund is jointly used by two divisions of DES - Division of Aging, Family and Children Services and Division of Developmental Disabilities. The CSEA Administrative Fund generates all of its financing sources from operating transfers. These separate funds are unnecessary and add to the difficulty in accounting for the assets of the program (see EXHIBIT F).

## GOALS

- Implement a cohesive accounting system with appropriate checks and balances with audit trails.
- Reduce the undistributed balance of revenue collected in a timely

manner by instituting formal case priority processing policies and procedures.

## RECOMMENDATIONS

1. Recalculate the Fiscal Year 1986-87 budget estimates as soon as the optimal organization structure has been determined.

- In conjunction with the above, closely monitor the revenue estimate.

2. Develop fiscal/accounting policy and procedures for CSEA.

- One fund should be created for all CSEA monies. The Department of Administration, under A.R.S. 35-142, paragraph E, may establish funds to provide for sound accounting practices.

- Qualified DES professional accounting staff are needed to implement internal control procedures, reconcile accounting records, and supervise clerical staff.

- Implement a "Segregation of Duties" policy in the Payments and Distribution Section so that no one person has access to all phases of a transaction.

3. Implement the "Action Plan for Special Distribution Project" presented to DES management on June 2, 1986, and approved by Assistant Director, Linda Moore, on June 5, 1986 (see EXHIBIT G), to significantly reduce the undistributed collection balance within 90 to 120 days. This action plan includes prioritizing cases based on dollar amount collected.

# **ORGANIZATION**

- **PRESENT**
- **PROPOSED**

## ORGANIZATIONAL STRUCTURE PRESENT

In the current structure of the DES, CSEA is one program within the Division of Aging, Family and Children Services. The Program Administrator reports directly to the Division Assistant Director. As depicted in Figure 1, there are three sections -- Program Support, Program Development, and Program Monitoring -- and three field offices -- Tucson, Yuma, and Safford -- all of whose managers report to the Program Administrator.

The Program Support Section is composed of two units, Payments and Distributions (PADS) and Research and Statistics. PADS functions as an operational unit in the Phoenix field office and is responsible for collections posting and distribution of all support monies received in the Phoenix Office. The Research and Statistics unit compiles statistical, financial, and programmatic reports, prepares Program plans, assists in development of legislation, assists in administration of county-related operations, performs cost studies related to program and county operations, and develops and administers training.

Three operations units comprise the Program Development Section -- Intake, Location, and Establishment/Enforcement -- in addition to an administrative unit within the Section. The administrative function is charged with policy and procedures development and documentation, preparation of the State Plan, preparation of technical and administrative reports, and inter-governmental and intra-agency coordination. The Intake Unit receives and screens all AFDC and NPA (for non-contracting counties) IV-D applications, establishes and closes case files, files assignments of right with appropriate jurisdictions, provides clerical support, and tracks caseload status.

WITHIN THE CHILD SUPPORT ENFORCEMENT ADMINISTRATION ITSELF, THE FOLLOWING ORGANIZATIONAL STRUCTURE IS IMPLIED

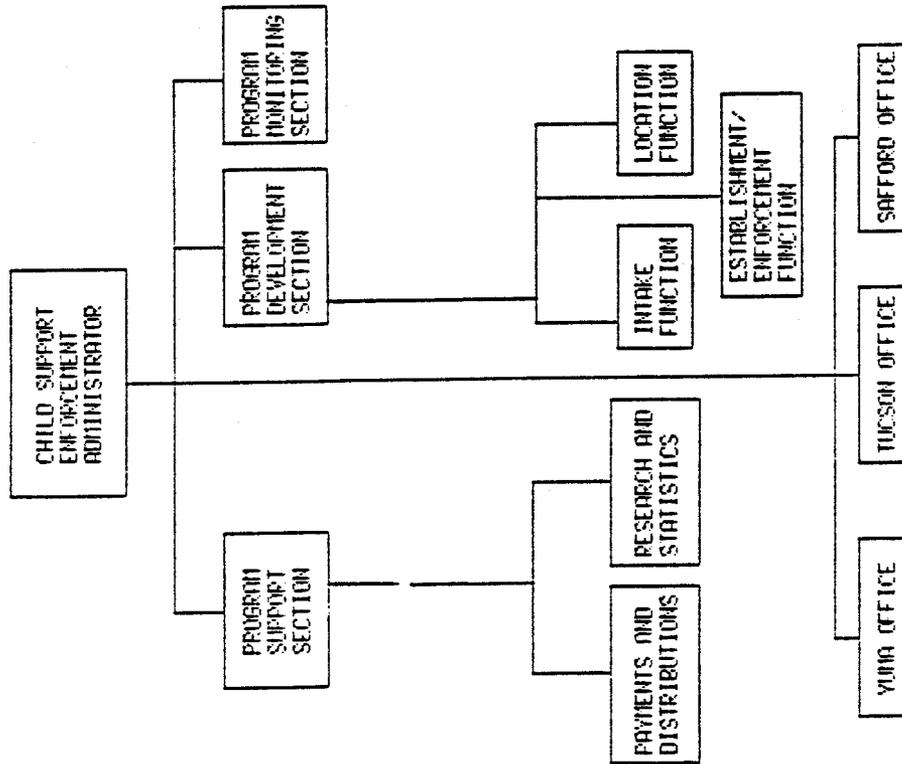


figure 1

The Location Unit uses a variety of sources (e.g., MVD, FPLS, UIC, etc.) to establish, re-establish, and verify absent parents' locations. The Establishment/Enforcement Unit obtains stipulations regarding paternity, support, reimbursements, refers for legal action to the Attorney General and County Attorneys, and monitors support delinquency.

The Program Monitoring Section is charged with monitoring the State Plan to assure compliance with federal and State laws and regulations, monitors operations in CSEA and in counties to evaluate effectiveness and timeliness, performs program compliance and financial audits in counties, provides technical assistance, prepares technical and administrative reports, and interprets legislative impacts on the program.

The Tucson, Yuma, and Safford offices perform the Intake, Location, and Establishment/Enforcement functions in the southern part of the State in the non-contracting counties.

#### DEFICIENCIES

A number of deficiencies have been identified in the present organizational structure. One primary problem is the considerable redundancy and overlap in functions across organizational entities. There are several points of contact with the counties with little coordination among them. Also, all three Sections are responsible for preparing technical reports, for interpreting the law, for providing training, and for developing policy and procedure. The other major structural deficiency is the split in operational responsibility across Sections. The PADS unit supervisor reports to the Program Support Manager while the Intake, Location, and Establishment/Enforcement supervisors report to the Program

Development Manager, yet all of these units share operational responsibilities in the Phoenix field office. As a result of this structure, coordination and communication among the operational functions is virtually non-existent.

## PROPOSED

A new organizational structure has been developed which provides a logical approach and more supportive foundation for the accomplishment of program goals and objectives. The organization depicted in Figures 2 - 5 reflects the desired interim structure, for the next 12 - 15 months, to support program administration and operation as CSEA transitions to a fully county operated structure. Once the counties are fully operational, the State need only retain skeletal operations capability (two - three staff). Or, if a decision is made to contract with an operational county for the provision of services in any non-operational county, the State need not retain any operations staff. The remaining CSEA organization, including Administration, Technical Assistance and Evaluation, and Corrective Action Monitoring would perform all functions necessary at the State level.

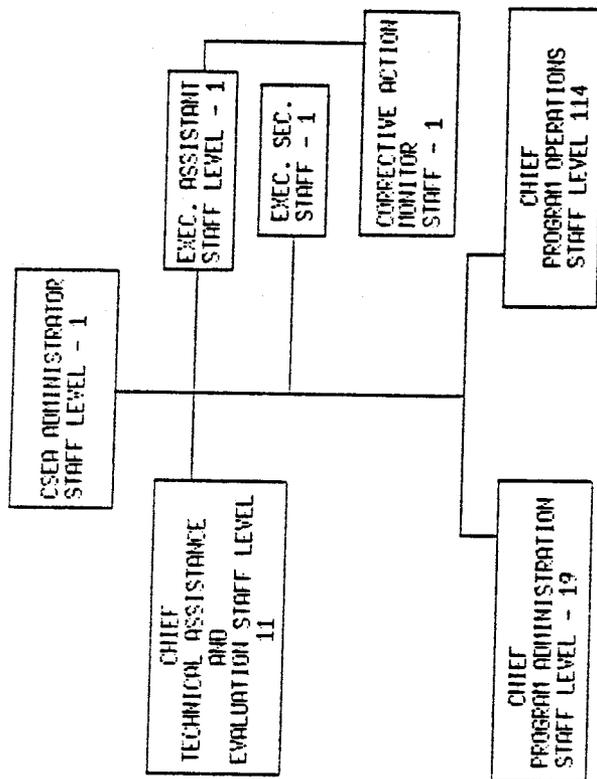
The remainder of this section is comprised of descriptions of the proposed permanent CSEA administrative functions, the functions of the interim program operations structure, and the issues and strategies for transition to a fully county operated program.

### CSEA ADMINISTRATION

There are three primary functional sections within the proposed administrative structure. The Program Administration function is composed of Administrative Services, Program Planning, Systems Development, and Clearinghouse responsibilities. The Technical Assistance and Evaluation function is responsible for Contract Management, Program Liaison, and Audit/Evaluation. The final function, whose staff would report to the CSEA Administrator's executive assistant, is responsible for Corrective Action Monitoring.

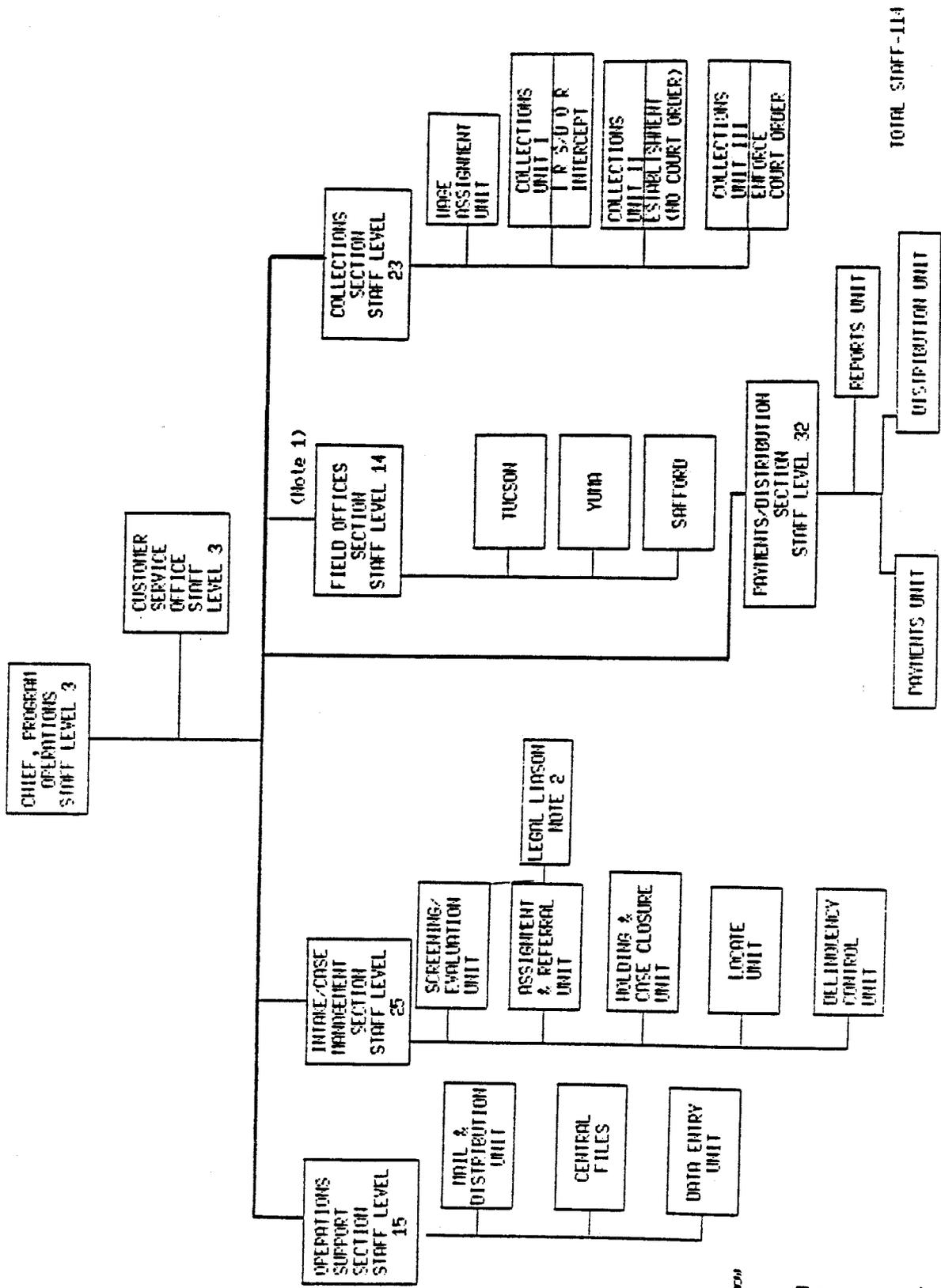
These functional activities and the requisite staff are all that

CSEA PROPOSED PROGRAM ORGANIZATION



TOTAL STAFF  
148

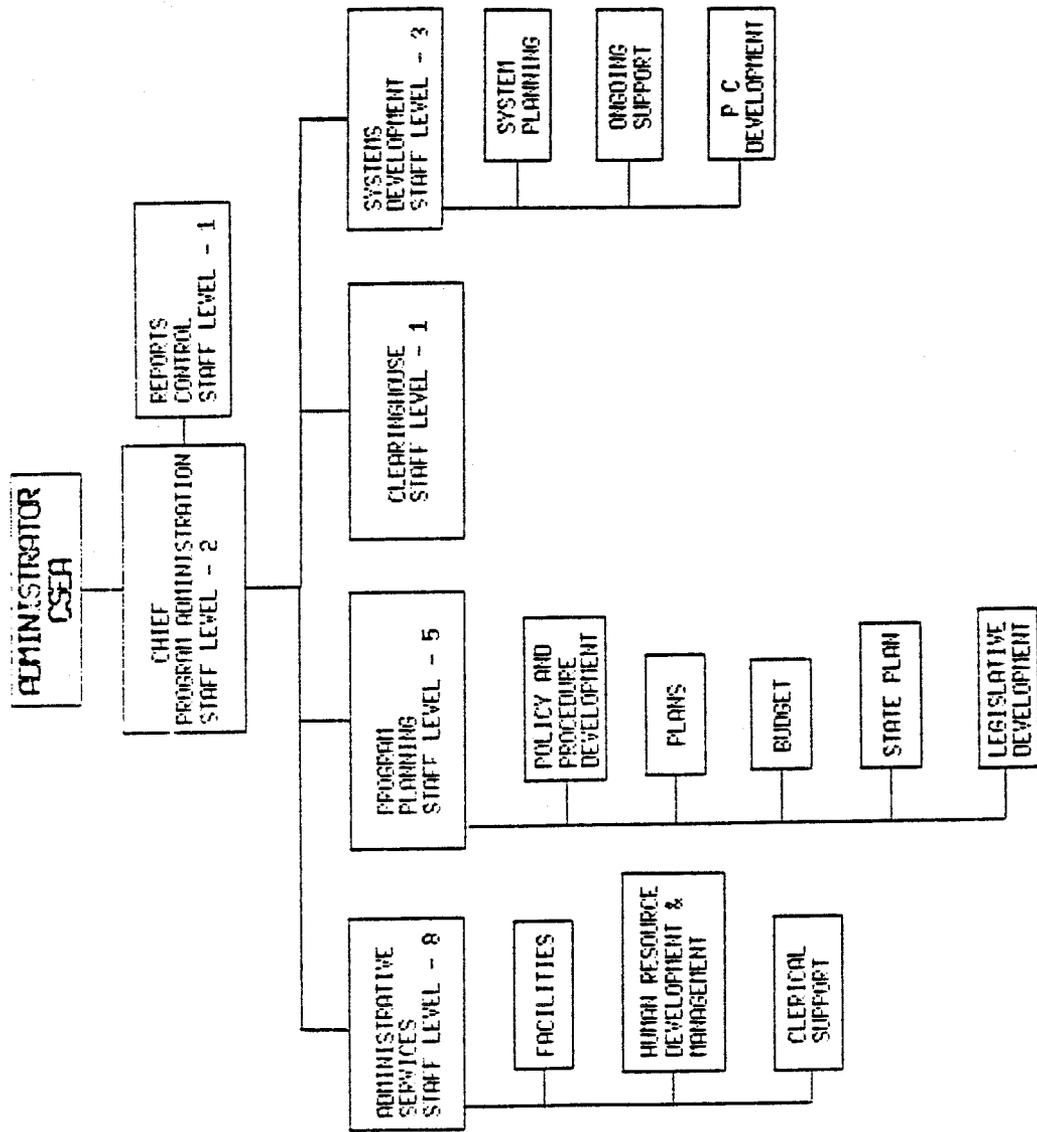
# PROPOSED ORGANIZATION - PROGRAM OPERATION



TOTAL STAFF-114

Figure 3

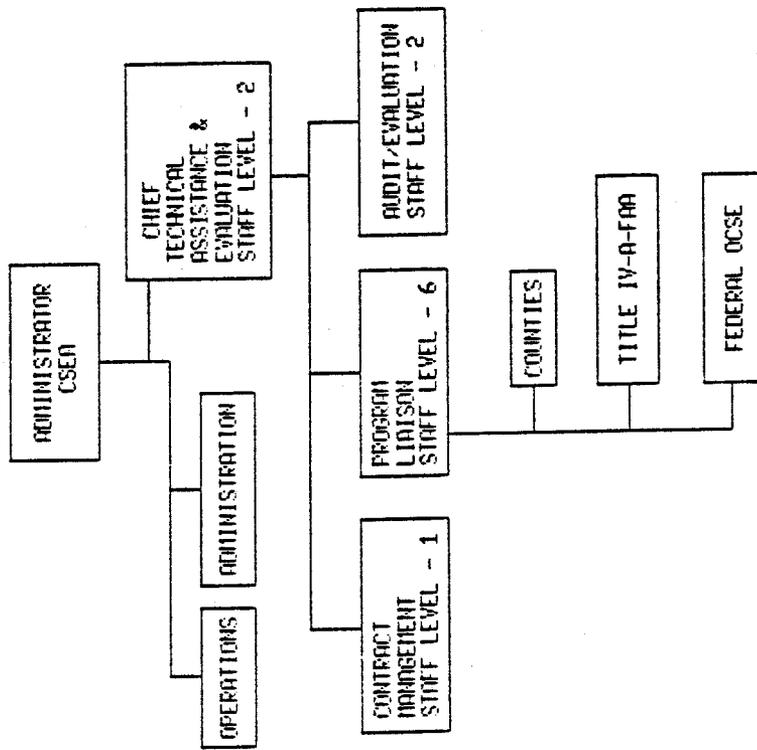
- NOTES:
1. Field offices in being - now formally integrated into organization.
  2. Legal and County Liaison activities are established as a part of the Technical Assistance Unit. The assignment and referral unit (are that Section) located in the office coordinated the level administrative activities.



TOTAL STAFF - 19

figure 4

PROPOSED ORGANIZATION, TECHNICAL ASSISTANCE & EVALUATION



TOTAL STAFF - 11

would be required at the State level once operational responsibility is fully implemented in the counties. Following description of the interim State level operations structure, some of the important issues surrounding transition to the counties are enumerated as well as implementation strategies.

### INTERIM PROGRAM OPERATIONS

The function, purpose, activities, and products of each functional activity required in the interim program operations structure are delineated below.

#### I INTAKE - Process Incoming Cases

- A. FUNCTION: Receive cases into system, establish initial control.
- B. PURPOSE: "Log in" and review activity. Initial screening.
- C. ACTIVITIES: 1-Receive new cases from IV-A and responding URESA activity.  
2-Receive returns from A/G or non-contract county attorney.  
3-Review case for completeness.  
4-Decide if case is complete or incomplete.  
5-Forward complete cases to Assignment and Monitoring activity.  
6-Forward incomplete cases to Pending action or closure.  
7-Log in and assign case numbers into Data System.
- D. OUTPUT: 1-Cases entered into system with control numbers.  
2-Cases forwarded by fastest track to complete action.

#### II CUSTOMER SERVICE (INTAKE)

- A. FUNCTION: Provide central clearinghouse for external inquiries.
- B. PURPOSE: From centralized point in the system, answer questions, help solve problems.
- C. ACTIVITIES: 1-Receive telephone or mail inquiries from Recipients, Absent Parents, interested parties regarding case status or action.  
2-Evaluate response.  
3-Assign to work unit for answer and establish suspense.  
4-Receive answer form work unit.  
5-Respond to inquiries.

6-Document response (source, question, problem, responder, answer.)

- D. OUTPUT: 1-Answers to inquiries.  
2-Identification of problems.

### III CASE MANAGEMENT (CONTROL) - ASSIGN AND MONITOR CASES

- A. FUNCTION: Control flow and progress of cases throughout process system.  
Close cases, enter and track case progress data.
- B. PURPOSE: Provide central flow control and case closure decisions.
- C. ACTIVITIES: 1-Receive "complete" cases from Intake and Pending activities.  
2-Forward to appropriate work unit or legal process.  
3-Enter and track data on system.  
4-Receive cases recommended for closure from Pending activity.  
5-Decide on case closure.
- D. OUTPUT 1-Control of flow and location of cases.  
2-Control of unit workload.  
3-Status tracking.  
4-Quality assurance review.  
5-Data input for reporting.

### IV PENDING CASE ACTION OR CLOSURE (CONTROL)

- A. FUNCTION: Hold cases in abeyance while awaiting needed information or determining requirement for closure.
- B. PURPOSE: Provide activity to process incomplete cases for closure or further work. Process "good cause action" to Office of Special Investigation and IV -A.
- C. ACTIVITIES: 1-Receive incomplete cases form Intake Processing - Log into functional activity.  
2-Request additional documentation from applicant or other agencies, establish and monitor return suspense date.  
3-Return incorrectly prepared AY091 applications to IV - A function for reaccomplishment. Establish and monitor return suspense date.  
4-Evaluate and recommend closure action for cases meeting such criteria.  
5-Report Status to Control function, and "dun" for overdue returns.
- D. OUTPUT: 1-Controlled process for obtaining missing information or documentation.  
2-Single point location for incomplete cases.  
3-Controlled process for re-entering cases into normal flow.

- 4-Data entry point for case status reporting.
- 5-"Good cause" processing and liaison with external units (IV-A and OSI).

#### V CASE PROCESSING - LOCATE

- A. FUNCTION: Determine or verify Absent Parent location. Employer locate on request of Wage Assignment Unit.
- B. PURPOSE: Central point to locate absent parent, and/or to initiate URESA process. Initiate action to close "unlocatable" cases.
- C. ACTIVITIES: 1-Using Data Systems (FPLS, UI, MVD, etc.) and telephone processes locate or verify A/P location. Utilize Skip-Trace techniques.  
2-Document findings on Data System.  
3-Recommend closure on unlocatable cases.  
4-Initiate URESA process.  
5-Forward URESA to A/G for action.  
6-Rework stale cases.
- D. OUTPUT 1-Current location information.  
2-Initiate closure action.  
3-Initiate URESA action.

#### V1 CONTRACTING COUNTY (PROCESS)

- A. FUNCTION: To work all types of cases in accordance with contract.
- B. PURPOSE: Provide services in close proximity to applicant's residence.
- C. ACTIVITIES: 1-All intake, collection, processing documentation, and legal activities.  
2-Intakes directly from service area, or receives referrals form CSEA operations, and responding URESA cases.  
3-With IV-D plan change disbursement on new AFDC cases.  
4-Receives Grant Award certification from IV-A along with IV-D Referral Package.  
5-Receives and acts upon receipt of notification of any changes in grant award etc. directly from IV-A activity.
- D. OUTPUT 1-Complete Child Support Enforcement Process.  
2-Reports to OCSE on productivity through State CSEA.  
3-Forwards or passes through collected funds.  
4-Case statistical processing.

#### VII ATTORNEY GENERAL (PROCESS)

- A. FUNCTION Take all necessary legal actions required for collection of support payments-Forwards initiation URESA's to responding jurisdictions for action.
- B. PURPOSE: Necessary Legal Services in support of CSEA.

- C. ACTIVITIES: 1-File necessary legal actions.  
2-Appear in court.  
3-Provide legal advice and determinations.  
4-Process initiating URESA documentation and legal requirements.  
5-Enter data into system.  
6-Establish and track internal suspense.  
7-Provide staff training in legal subjects.

- D. OUTPUT: 1-Complete legal actions.  
2-Provide legal advice.  
3-Provide training for CSEA staff.  
4-Represent CSEA in litigation.  
5-Complete and satisfy legal requirements and documentation.  
6-Case statistical processing and reporting.

### VIII ENFORCE COURT ORDER (PROCESS)

- A. FUNCTION: Take all necessary action to enforce court order.
- B. PURPOSE: Collect current support payments and arrears, if applicable.
- C. ACTIVITIES: 1-Using current information, apply telephone and other collection techniques to collect payments due. Rework delinquent collections.  
2-Where required, request initiation of legal action to ensure collection.  
3-Return cases to Locate activity in event A/P cannot be found.  
4-Enter status and other data into System - Extract data from System.
- D. OUTPUT: 1-Successful collection.  
2-Return cases for information update.  
3-Data entered on System.  
4-Track and monitor and report collection performance.

### IX PREPARE FOR TAX INTERCEPT (PROCESS)

- A. FUNCTION: Central Unit to develop, initiate and process all tax intercepts for all non-contracting counties.
- B. PURPOSE: Provide specialized resources and accountability for all intercept activity.
- C. ACTIVITIES: 1-Initiates all requests for IRS/DOR Intercepts.  
2-Enters data into system.  
3-Tracks intercept process.  
4-Backs up other collection functions when needed.
- D. OUTPUT: 1-Properly entered and tracked intercept process.  
2-Data entry and tracking.  
3-Overload backup.  
4-Provide information on status.

## X INITIATE COLLECTION ACTION (PROCESS)

- A. FUNCTION: Central Point to initiate collection activity.
- B. PURPOSE: To provide a function to initiate collections including legal actions, closure recommendations, telephone and other contacts with A/P.
- C. ACTIVITIES: 1-Request court orders and filing with courts.  
2-Take stipulations.  
3-Conduct collection activities.  
4-Enter data into system.  
5-Track collection and establishment processes.  
6-Provide case status information.
- D. OUTPUT: 1-Initiated collection processes.  
2-Recommendations for closure for uncollectable cases.  
3-Initiated legal actions and stipulations.  
4-Successful collections.  
5-Statistical reporting.

## XI EXECUTE WAGE ASSIGNMENT (PROCESS)

- A. FUNCTION: Central Point for all Wage Assignment Processes and arrearage calculation.
- B. PURPOSE: To execute all wage assignment procedures, to accomplish employer locates, calculate arrearages.
- C. ACTIVITIES: 1-Calculate arrears for all functions according to established priority classifications.  
2-Accomplish employer locates.  
3-Refer complex locates to "Locate" Unit for Processing.  
4-Determine type of action and prepare appropriate W/A packet for AG or County.  
5-Prepare ex-parte wage assignment packet for contracting county.  
6-Enter data and track payments (FSDS System).
- D. OUTPUT: 1-Timely execution of wage assignments.  
2-Current arrearage calculations for all functions.  
3-Appropriate locate referrals and returns.  
4-Statistical reporting.

## XII COLLECT PAYMENTS (OUTPUT)

- A. FUNCTION: Receive, post, and deposit cash receipts.
- B. PURPOSE: Accounting function to record and deposit incoming monies-To report receipts for purposes of Distribution of funds.
- C. ACTIVITIES 1-Open envelopes and post incoming checks to specific case accounts.  
2-Enter data into system.

- 3-Make up daily deposits to State Treasurer's Office.
- 4-Obtain and file deposit receipts.
- 5-Report receipts to distribution function for action.

- D. OUTPUT:
- 1-Effective cash accounting and control.
  - 2-Accurate entry of receipt data to accounts.
  - 3-Information referred to collection for delinquent accounts.
  - 4-Information referred to collection for delinquent accounts.
  - 5-Accurate information for distribution of funds.

### XIII DISTRIBUTE FUNDS (OUTPUT)

- A. FUNCTION: Distribute funds to appropriate categories. Write Disbursement checks.
- B. PURPOSE: Central activity to distribute monies to the appropriate functional accounts in accordance with existing laws and regulations.
- C. ACTIVITIES:
- 1-Based on information received from the function receiving cash, distribute money to the proper account, or pass funds through to the client (NPA).
  - 2-Report to Program on Funds Distributed.
  - 3-Issue checks to various accounts and/or individuals.
  - 4-Enter Data into system.
  - 5-Respond to Customer Service Inquiries.

### XIV MAINTAIN FILE SYSTEM (OUTPUT)

- A. FUNCTION: Centralized storage and management of "hard copy" case files. Provides mail & Distribution Services. Maintains supply room, orders supplies & equipment. Provides central typing service.
- B. PURPOSE: Place library, storage, typing, supply and records management function at central point.
- C. ACTIVITIES:
- 1-Receive, Distribute, & deliver incoming applications, cases and correspondence.
  - 2-Research and locate files.
  - 3-Maintain & store supplies and equipment.
  - 4-Stamp and deliver outgoing mail to Post Office.
  - 5-Check records in and out.
  - 6-Maintain records management system.
  - 7-Provide central typing services.
  - 8-Enter and track action suspense items.
  - 9-Establish and track action suspense items.
- D. OUTPUT:
- 1-Central case file storage & locator.
  - 2-Fulfilled typing/documentation requirement.
  - 3-Records disposal.
  - 4-Central supply point.
  - 5-Mail & Distribution control.
  - 6-Statistical reporting.

## TRANSITION TO COUNTY OPERATED STRUCTURE

### ASSUMPTIONS

A. Management decisions regarding policy and resources will be made to:

- 1) Decrease existing 33rd Ave. backlog.
- 2) Provide State funds for positions required to enhance program management within contracted counties and state operations in the interim.
- 3) Develop a technical assistance staff to assist counties in becoming self-reliant in handling all types of CSEA cases.
- 4) Automation will be developed statewide and to meet county needs.
- 5) Emphasize working AFDC cases to meet Federal standards such as timeliness, balance of AFDC/NPA cases and enforcement of intrastate and interstate court orders.

B. It will be accepted that 100% county participation is a goal which may take two years to accomplish because of implementation of new contract, changes in State law, funding, negotiations, State provided technical support and automation.

C. State will continue to provide services for non-contracting counties until such time as they execute contracts with the State.

In conjunction with the assumptions, there are controlled variables to be considered. These include:

- 1) How many counties will sign contracts and when?
- 2) Budget available to fund increased manpower requirements for:
  - a) reducing backlog
  - b) screening files for potential "case closures"
  - c) automation development
- 3) Computer development for county support and statewide interface.
- 4) Organize the clearinghouse operation. There has been no assignment made to complete this action.

### SHORT TERM STRATEGY

■ Appoint a single manager over the entire work force at 33 Ave. operating location.

- 1) Combine areas currently managed by Program Development and Program Support.
- 2) Allows for single operation manual and procedure.
- 3) Places manager on-site.

4) Eliminates existing we/they problems.

- REQUIREMENTS -

- Evaluate existing Program Manager Position.
- Develop Position Description Questionnaire.
- Recruit.
- Hire.

■ Establish a Customer Service Department at 33rd Ave. location

- 1) Expedite and control customer service.
- 2) Minimize staff phone interruptions.
- 3) Central correspondence reply group.

- REQUIREMENTS-

- Two staff positions at a minimum.
- Transfer of 3465 line to the "Hot Line" desk.
- Publicity of the Hotline concept.
- Space/equipment allocation.

This unit will start as a manual operation and case research requirements will be enormous. A lot of inquiries will be answered by controlled assignment to others who have been previously involved in the case. Tracking and suspense will be critical.

■ Reorganize and Increase Collections Staff

- 1) Free up collectors to perform collections functions, particularly on in-State AFDC cases.
- 2) Enhance timeliness.
- 3) Utilize telephone collections.
- 4) Place unit under a Chief of Collections.

Under existing circumstances, six more collectors should be added, utilization of the complete collection career ladder is recommended. i.e., Collector I to do easy task.

- REQUIREMENTS -

- Add a third collector group with existing budgeted but vacant positions.
- Utilize collectors I, II and III in each group to provide progression of work difficulty and career ladder.
- Implement phone collections procedure.
- Create Chief of Collections position.
- Transfer Wage Assignment Unit under new Chief of Collections.
- Institute procedures to assign collection work to the collectors.

■ Develop an Arrearage Computation Group

- 1) Centralize fragmented arrearage computation process that exists within CSEA.
- 2) Assure utilization of new automation process.
- 3) Share process with contracted counties.

- REQUIREMENTS -

- Develop a software package.
- Train staff and organize the work group.
- Establish policy to assure this new group will be arrearage computation focal point.

The Chief of Operations will be responsible to assure success of this concept.

■ Enhance Wage Assignment Unit

- 1) Determine best method of identifying potential wage assignments cases.
- 2) Develop policy for identification and referral of cases.

-REQUIREMENTS -

- Meetings on identification and referral process.
- Writing of policy.

The Chief of operations will be responsible to implement this program.

■ Obtain sufficient personnel to support the proposed reorganization, increased county technical support requirements, work the backlog and convert from manual to automated system.

- 1) Allow management staff flexibility in dealing with daily operation problems.
- 2) Increased technical support to the counties will require some new staff (explore viability of cross training present staff).
- 3) Treat backlog as essentially a compliance issue, and install additional controls.
- 4) Effecting conversion from manual to automated system will require extensive case screening to prevent entering of invalid data.

- REQUIREMENTS -

- Management decision on desired capabilities and work flow.

- Determine cost of "optimum staff".
- Evaluate affordability.
- Identify and develop new positions.
- Recruit and Hire.
- Develop management controls and reporting.

1987-88 Budget projections fund 145 positions. One hundred percent staffing will provide capability to accomplish stated goals. New program administrator should oversee this objective.

■ Reorganize Intake Process -- Variables

- 1) Optimum schedule for state administered, county and state operated mode (How many counties will contract for FY 87? FY 88? When will 100% counties be contracted?)
- 2) Handling of backlog.
- 3) Availability of automation.

CSEA will have to maintain a case intake/processing capability until there is 100% county participation. Counties must be able to track and report on their cases.

- 4) Implementation of Five Track Distribution System.

-REQUIREMENTS -

- Sufficient personnel to expedite front end screening processing control. The six currently assigned should be raised to thirteen.
- Plan for current state of organization. (The consultant team will conclude proposed organization.)
- Plan for transition to 100% county participation.
- Plan for case control to include transition from manual to automated.

■ Identify Fiscal Services Job classification of personnel required to successfully manage Payments and Distributions Unit to include posting of all accounts.

- 1) Payments are a fiscal function.
- 2) Distributions are a fiscal function.
- 3) Accounts Receivable are a fiscal function.

-REQUIREMENTS -

- Grade 19 Fiscal Control Officer responsible for total unit.
- Grade 15 Fiscal Control Officer responsible for payments and accounts receivable.
- Grade 15 Fiscal Control Officer responsible for distribution of funds.
- Accurate and timely production reports.

-- Accurate and timely distribution reports.

Counties handling NPA workload will help reduce CSEA workload, implementation of clearinghouse could reduce workload if handled properly. Automation of accounts receivable and billing will greatly reduce workload.

■ Split the Delinquent Contributions Unit into two functions.

- 1) Personnel who are responsible for posting of collections should be re-located as Accounts Receivable in Payments and Distribution.
- 2) Personnel who support collection efforts should be re-located under Chief of Collections.
- 3) Automation will impact timing of this movement because payments and distributions have neither staff nor system to post all accounts.

- REQUIREMENTS -

- Management decision on when to implement.
- Establish positions and hire.

■ Improve Physical Plant

- 1) Determine best floor plan for whatever organization is approved.
- 2) Determine security requirements for total building and specifically for Payments and Distributions.
- 3) Evaluate use of partitions to reduce noise and control pathways.
- 4) Improve employees lounge facilities.
- 5) Determine best mix of reproduction machines.
- 6) Re-evaluate telephone structure.
- 7) Identify and resolve air conditioning problems.
- 8) Assess impact of energy conserving, glare-proof windows across south side of building.
- 9) Assess and resolve reoccurring toilet overflow problems.

- REQUIREMENTS -

- DES Business and Finance Property Management should review above problems and provide recommendations. These resources include industrial engineer types and can contract for assistance if needed.
- Recommendations should be negotiated with owner.

■ Enhance Typing Capabilities

- 1) Vast amounts of correspondence are generated in a typewriter environment.
- 2) Many letters are repetitive in nature and are candidates for office automation. (Word Processing)

- REQUIREMENTS -

- Procurement of FC's or include word processing capability in automated system because of the volume of form and original letters generated by the program.
- Staff training.

■ Establish Medical Support Enforcement Unit in accordance with Section 302.80 45 CFR Part 306.

- 1) No such activity has been established by CSEA.
- 2) Currently CSEA is in violation of cited CFR, and subject to sanction.

- REQUIREMENTS -

- Structure such unit internally, or enter into Purchase of Service Agreement.
- Enter into required cooperative agreement with AHCCCS.
- Increase staff in both agencies to handle this function.

LONG TERM

■ Training

- 1) Shortcomings in management and career development training have been identified.
- 2) Programmatic and orientation training is inadequate.

- REQUIREMENTS -

- Develop a training plan.
- Staff training section.
- Coordinate with Office of Staff Development and Training.

■ Implement Automation

- 1) Automation for Case Management is non-existent.
- 2) Automation for Payments and Distributions is totally inadequate.
- 3) County requirements have not been identified.

-REQUIREMENTS -

- Consideration of importing one of 16 existing CSEA systems.
- Consideration of immediate interim efforts to relieve workload.

Fill systems development unit position and put together a team to identify functional and system requirements as basis for evaluating existing systems.

■ Tax Intercept Staffing

- 1) It is known Payments and Distributions are subject to huge increase in receipts from IRS/DOR Tax Intercept during the period March to July.
- 2) Previous methods of shifting resources within CSEA to handle increase workload have failed.

- REQUIREMENTS -

- Assure contracting counties IRS Intercept tapes and are equipped to handle distribution of NPA funds.
- Budget adequate temporary help for every March to July to handle increased workload with minimum system interruption.

■ Improve Performance by Attorney General in Support of Program

- 1) Influx of Maricopa county cases has caused backlog.
- 2) Attorney General will not always travel to outlying counties in timely fashion causing timeliness non-compliance problems.
- 3) Due to CSEA inadequacies the Attorney General has difficulty tracking workload.
- 4) Backlog can cause cases to go stale, thus requiring additional re-work. Some cases are retired by the A/G with no feedback to program.

- RECOMMENDATIONS -

- Recently instituted meetings on cooperation between program and A/G continue on frequent basis.
- Criteria be developed to measure A/G productivity. This will be accomplished by an existing CSEA administrative task force in conjunction with A/G staff.
- Other methods of Legal Assistance be considered if support of program is determined to be inadequate.
- Enter into an Interagency Agreement delineating performance requirements for FY 86/87.

■ Develop Clearinghouse

- 1) Clearinghouse for collections is required as of July 1, 1986 by State Statute.

- 2) Plans are lacking for implementation of concept.
- 3) Other states have developed Clearinghouse via local bank contracts.

- REQUIREMENTS -

- Management decision on who is responsible for Clearinghouse.
- Bank negotiations to develop pilot project (Maricopa County has volunteered.)
- Development of policy to preclude non-compliance for FY 87.

■ Use of BENDEX (Benefit Data Exchange) for Social Security Verification

- 1) A current DES system known as BENDEX is available for FAA workers to verify SSN and Social Security benefits.
- 2) BENDEX is not a utopia, but it is another tool that can assist in verification of SSN.

- REQUIREMENTS -

- Management decision to pursue availability of BENDEX.
- Security "turning on" the system for CSEA.
- CSEA staff training.

## SUMMARY

Because of the current relationships that exist between the CSEA and the counties and the extent of backlog at CSEA, there is no choice but to provide an interim structure that will (1) be the effective vehicle to provide the immediate operational and organizational improvements that are necessary, (2) reduce the undistributed balance and case processing backlogs as required, and (3) provide the necessary climate and relationships that will phase in the state administered - county operated program philosophy in a minimum amount of time.

In the case of contracting counties, all existing workload should be transferred from CSEA to the county. However, CSEA should provide the technical assistance to assure success with minimum upheaval at the county level.

The process that permits the greatest possible gain in the future is one that is essentially evolutionary rather than revolutionary. Prudent planning and installation is clearly the way to avoid confusion and controversy. Precipitate action during any phase will only prolong the process required to integrate the functions. We do not have the luxury of time to permit any prolongation of time and process between the present and future roles of CSEA and the counties. There is simply no "quick-fix" of the current climate.

The proposed case flow process contains an element (the "Referral Unit") that has as part of its task the liaison role between Operations and the counties. This will provide the vehicle to facilitate this transition.

# **AUTOMATION**

## AUTOMATION

This Task Force focused on two levels of automation in CSEA, that which should be implemented on an interim basis at the State level, and more critical, the long term automated system which will support child support enforcement statewide. The first part of this section presents the justification for and alternative implementation strategies for an interim case tracking system at the State level. Subsequently, the summary requirements and some logical alternatives available to Arizona for development and implementation of a statewide automated support system are presented.

### CSEA CASE TRACKING AUTOMATION

#### PURPOSE

- To provide case tracking information and related word processing for CSEA operations and program administration.

#### GOALS

- To provide accurate data for federal reports.
- To enhance management control of program operations.
- To enhance individual case management and accountability.

#### OBJECTIVES

- Collect and report data required for the OCSE-56 report.
- Collect and report case data for significant sub-sets of the caseload for management control purposes, e.g.,
  - Planning
  - Productivity assessment
  - Problem-area identification
- Support case status update and inquiry.
- Generate frequently-used documents and correspondence using database - resident information.

## FUNCTIONAL REQUIREMENTS

### INTAKE/SCREENING

- Verify and input new case records, assign case identification number
- Inquiry
- Update
- File Maintenance -- systematically close cases and archive records
- File lists
- Management reports

### WORD PROCESSING

- Print case file labels
- Generate letters to Clerks of the Court re: assignment of rights
- Generate letters to custodial parents re: file closure
- Generate referral notices to County Attorneys, Attorney General
- Generate URESA referral letters
- Generate wage assignment notices to employers
- Generate out-of-state inquiry letters
- Generate other types of inquiry letters (e.g., verify address, employer, etc.)

### LOCATE

- Inquiry
- Update
- File lists
- Management reports

### ESTABLISHMENT/ENFORCEMENT (WAGE ASSIGNMENT, TAX INTERCEPT, LOCAL AND URESA UNITS)

- Inquiry
- Update
- File lists
- Management reports

PAYMENTS AND DISTRIBUTION

- Inquiry
- Update
- File lists

CUSTOMER SERVICE

- Inquiry
- Update
- File lists
- Management reports

PROGRAM ADMINISTRATION

- Inquiry
- Update
- Management reports
- General word processing

DATA ELEMENT REQUIREMENTS

AR LAST NAME  
AR OTHER LAST NAME  
AR FIRST NAME  
AR SSN  
AP LAST NAME  
AP FIRST NAME  
AP SSN  
STATE/COUNTY CODE  
CASE TYPE  
DATE CASE RECEIVED  
LEGAL TYPE - INITIAL  
LEGAL TYPE - CURRENT  
JURISDICTION - INITIATING  
JURISDICTION - RESPONDING  
AP LOCATION (IN/OUT OF STATE)  
COURT ORDER STATUS (PAID THROUGH WHOM?)  
DATE FIRST ACTION  
DATE LAST ACTION  
LAST ACTION TYPE CODE  
LAST WORKER ASSIGNED  
CASE STATUS  
CLOSURE REASON CODE  
KEY DATA ITEM STATUS  
SSN STATUS  
AP DOB

AP ADDRESS  
AP EMPLOYER  
UI CHECK  
MVD CHECK  
WAGE ASSIGNMENT STATUS  
REFERRAL STATUS  
REFERRAL DATE  
GOOD CAUSE STATUS  
ASSIGNMENT FILED TO FIPS  
SCREENED/RETURNED TO SITE CODE  
SCREENED/RETURNED TO SITE DATE  
  
SCRATCH PAD

#### STORAGE REQUIREMENTS

Given the data element requirements, each record in the base Case Tracking File will consist of approximately 300 bytes. If a database structure is utilized, this base File could require considerably fewer bytes, approximately 120. For cases that are closed almost immediately, such as when the absent parent is unknown or dead, this database structure would permit the use of considerably less space.

CSEA receives approximately 28,800 AFDC case referrals from the Family Assistance Administration each year. It is generally estimated that about 50% of these referrals have an existing case record in CSEA. About 65% of new case referrals are classified as "NL", i.e., the case is essentially unworkable. The remaining 35% are classified as "L", i.e., have potential to be located and collected on. These same percentages can be applied to the approximately 100,000 established case files. It is estimated that approximately 400 new NPA applications are received by CSEA each year. The number of NPA case record currently on file with CSEA is unknown, although it is probably no greater than 1,000. It can be assumed that most of these cases would have information available to enable location and collection.

Using these estimates, and assuming that workable cases would

require the full 300 bytes and unworkable cases would only require the 120 bytes, some storage requirements can be estimated.

14,400 NEW AFDC REFERRALS / YEAR  
9,360 "NL" CASES (65%) x 120 BYTES = 1,123,200 BYTES  
5,040 "L" CASES (35%) x 300 BYTES = 1,512,000 BYTES

ASSUMING TWO YEARS NEW AFDC CASE REQUIREMENTS:  
18,720 "NL" CASES x 120 = 2,246,400 BYTES  
10,080 "L" CASES x 300 = 3,024,000 BYTES

100,000 EXISTING CASE FILES  
65,000 "NL" CASES (65%) x 120 = 7,800,000 BYTES  
35,000 "L" CASES (35%) x 300 = 10,500,000 BYTES

2,000 EXISTING AND NEW NPA CASES FOR TWO YEARS  
2,000 x 300 = 600,000 BYTES

TOTAL REQUIREMENTS: 24,170,400 BYTES

It must be emphasized that these figures are very loose estimates. The figures could be reduced by the use of off-line archival of closed cases, which would have a significant impact given the number of unworkable cases currently received. It is also possible if FAA makes more of an effort to get good and complete information from AFDC recipients that more of the applications submitted would be categorized as "L" cases. At this point however, we can only accept these as best estimates of database storage requirements.

These storage requirement estimates do not include additional space necessary for word processing (e.g., forms, AP address file, AR address file, other jurisdiction address files) or for the applications software programs. These would necessarily add to the storage requirements of the system.

#### TRANSACTION VOLUME ESTIMATES

It has been estimated that approximately 2400 AFDC applications are received each month in CSEA, equating to about 600 each week.

Since all of these cases must at least be checked against the file for a previous record, we can estimate approximately 125 transactions per day on new applications.

It has been estimated there are approximately 15 transactions per each "L" case in the year of the first referral. Virtually all of these transactions occur within one month following the first case action. Approximately three transactions occur for each "NL" case in that year. Just using these figures as a transaction volume on a Case Tracking File we can estimate it to be 144,000 over a year. That would equate to 12,000 per month and 571.43 for each of 21 working days a month. These figures are even more questionable estimates as they are based on quick assessment by CSEA staff.

#### PERIPHERAL EQUIPMENT REQUIREMENTS

At a minimum, two printers would be required for this operation given the volume of word processing and report generation planned. In addition, communications capability to enable initial download from the CSEA FDSD system to a central unit would be required.

#### CONVERSION REQUIREMENTS

It should take approximately three minutes for an operator to complete an entire 300 byte record. Assuming that about 35% of the 100,000 current case records have been workable cases and therefore contain fairly complete information, it would require 291.66 person hours -- 9.73 staff with six productive hours daily -- in order to accomplish conversion of these cases in 30 working days. Assuming it would take about 1.5 minutes to complete entry of an unworkable case (i.e., less data available), conversion of the remaining 65% would require 270.83 person days -- 9.03 staff with six productive hours daily -- to accomplish in 30 working days. These are liberal

estimates of the resources required to data enter these 100,000 cases because some unknown percentage of them are so dated (e.g., back to 1975) that we would not want to bother maintaining electronic records of them. These conversion estimates reflect only initial data entry and do not address preparation of the manual records (e.g., researching data not contained on Mother Card File).

### CONFIGURATION ALTERNATIVES

#### 1) Independent PC-Based

<u>FUNCTION</u>	<u>HARDWARE</u>	<u>SOFTWARE</u>
INTAKE/SCREENING	2 IBM/PC-AT 1 PRINTER 1 1200 BAUD MODEM 1 3-1 PRINTER SWITCH BOX	DBASE III PLUS DOS
WORD PROCESSING	1 IBM/PC-AT 1 PRINTER	DBASE III PLUS DOS WORDSTAR
LOCATE	1 IBM/PC-AT 1 PRINTER (SHARED WITH E/E) 1 2-1 PRINTER SWITCH BOX	DBASE III PLUS DOS WORDSTAR
ESTABLISHMENT/ ENFORCEMENT	1 IBM/PC-AT	DBASE III PLUS DOS WORDSTAR
PAYMENTS/ DISTRIBUTION	1 IBM/PC-AT	DBASE III PLUS DOS
CUSTOMER SERVICE	2 IBM/PC-AT 1 PRINTER (SHARE WITH PROG. ADM.) 1 3-1 PRINTER SWITCH BOX	DBASE III PLUS DOS WORDSTAR
PROGRAM ADMIN.	1 IBM/PC-AT	DBASE III PLUS DOS WORDSTAR

- All IBM/PC-AT's are equipped with 640K RAM, 40 MB disk, math coprocessor, color monitor, and a no-glare screen.
- An ITT 75 75 Board could be used instead of the modem if a port to the mainframe were available.

2) Modification of PC-Based

THIS MODIFICATION WOULD LINK THE FOUR PRIMARY TERMINALS (TWO - INTAKE/SCREENING AND TWO - CUSTOMER SERVICE) THROUGH A PORT-TO-PORT LAN. ONE AT WOULD SERVE AS THE FILE SERVER AND THE OTHER THREE AS SATELLITES WITH TWO-WAY COMMUNICATION.

3) System/36-Based

HARDWARE

IBM SYSTEM/36 5362  
WITH 1 MEG MEMORY,  
120 MB DISK,  
COMMUNICATIONS,  
AND TAPE DRIVE

4 PRINTERS

9 DISPLAY STATIONS

SOFTWARE

SYSTEM/36 OS,  
RPGII, UTILITIES  
QUERY, DISPLAYWRITE  
LANG. DICTIONARY  
COMMUNICATIONS AND  
TAPE SUPPORT

ADVANTAGES/DISADVANTAGES

ADVANTAGES

DISADVANTAGES

PC-BASED

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>○ INDEPENDENCE OF UNITS</li> <li>○ USER-FRIENDLY</li> <li>○ EXPANDABLE</li> <li>○ GOOD RESPONSE TIME</li> <li>○ CPU UPTIME</li> <li>○ EQUIPMENT WOULD PROBABLY BE TRANSFERABLE TO THE PERMANENT SYSTEM</li> </ul> | <ul style="list-style-type: none"> <li>○ REQUIRES CONSIDERABLE PROGRAMMING AND STRICT PROTOCOLS FOR FILE TRANSFER AND UPDATES THROUGH DISKETTES TO ENSURE ALL TERMINALS HAVE CURRENT FILES</li> <li>○ THE ABOVE PROBLEM WOULD BE EXACERBATED WITH EXPANSION</li> <li>○ WILL REQUIRE CONSIDERABLE AND CONTINUED SUPERVISION TO ENSURE SYSTEM FUNCTIONS PROPERLY</li> </ul> |
|--|---|

PC-BASED WITH LAN

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>○ INDEPENDENCE OF UNITS</li> </ul> | <ul style="list-style-type: none"> <li>○ STILL REQUIRES PROGRAMMING AND STRICT PROTOCOLS FOR</li> </ul> |
|---|---|

- AT LEAST FOUR TERMINALS WILL BE GUARANTEED TO OPERATE ON THE SAME DATA FILES
- USER-FRIENDLY
- EXPANDABLE
- LAN EQUIPMENT WOULD PROBABLY NOT BE USEFUL IN PERMANENT SYSTEM
- FILE TRANSFER AND UPDATE THROUGH DISKETTES
- RESPONSE TIME DOWNGRADED ON LAN TERMINALS
- EXPANSION OF LAN WOULD FURTHER DOWNGRADE SYSTEM
- GREATER EXPERTISE REQUIRED TO INSTALL AND MAINTAIN SYSTEM
- IF FILE SERVER DOWN, OTHER NETWORKED TERMINALS WOULD NOT HAVE ACCESS TO FILES
- LAN TECHNOLOGY IS STILL IN EARLY STAGES OF DEVELOPMENT -- ARE STILL CONSIDERABLE "BUGS"

SYSTEM/36

- ALL TERMINALS CAN HAVE ACCESS TO ALL FILES AND NO RELIANCE ON DISKETTES FOR FILE TRANSFER, UPDATE OR BACKUP
- USER-FRIENDLY
- EXPANDABLE
- GOOD RESPONSE TIME
- SUFFICIENT STORAGE SPACE TO ENABLE ADDITIONAL CENTRALIZED FILES AND PERMIT MORE THOROUGH CONVERSION TO BEGIN
- COMMUNICATION CAPABILITY WITH OTHER MAINFRAMES AND MICROS
- GREATER HARDWARE MAINTENANCE REQUIREMENT -- MAY NECESSITATE MONTHLY CONTRACT FOR SERVICES
- CPU DOWNTIME EFFECTS ALL TERMINALS
- MAY BE MORE STORAGE SPACE THAN NECESSARY
- MAY OR MAY NOT BE TRANSFERABLE TO PERMANENT SYSTEM BUT DATABASE COULD SERVE AS NUCLEUS FOR DATA CONVERSION

ESTIMATED COSTS OF THREE OPTIONS

	<u>HARDWARE</u>	<u>SOFTWARE</u>	
PC-BASED			
9	IBM/PC-AT	\$ 47,205	9 DBASE III PLUS \$ 3,120
1	HAYES SMART-		5 WORDSTAR 950
	MODEM 1200	719	9 DOS 3.2 625
4	PRINTERS	16,800	
3	PRINTER		
	SWITCH BOXES	440	
	SUBTOTAL	65,164	4,695
	TOTAL		\$ 69,859
PC-BASED WITH LAN			
9	IBM/PC-AT	\$ 47,205	9 DBASE III PLUS \$ 3,120
	LANLink(2-way)		5 WORDSTAR 950
	WITH 4 NODES	1,437	9 DOS 3.2 625
1	HAYES SMART-		
	MODEM 1200	719	
4	PRINTERS	16,800	
3	PRINTER		
	SWITCH BOXES	440	
	SUBTOTAL	66,601	4,695
	TOTAL		\$ 71,296
SYSTEM/36			
	IBM SYSTEM/36	\$ 26,560	SYSTEM/36 SOFTWARE 9,096
	STREAMING TAPE		
	DRIVE	1,436	
9	DISPLAY STATIONS	11,853	
4	PRINTERS	16,800	
	SUBTOTAL	56,649	9,096
	TOTAL	\$ 65,745	

■ All cost estimates are based on approximate State contractor prices except the LANLink hardware and software. A State contractor price would likely be lower as this price was quoted in a trade journal.

■ The same estimate was used for the printers in each alternative, so this factor remains a constant.

- The exact hardware specifications are indicated above.
- Maintenance charges have not been included in these estimates. In any case they could be provided under contract with a vendor on a monthly or as needed basis.

#### RECOMMENDATION

Clearly, the most logical approach to implementing an interim automated system is through the purchase of and development of the appropriate applications on a System/36. It allows for fully distributed data and word processing supported by a dedicated and centralized processing system at essentially the same price as a non-inter-active set of micro-computers.

The major drawback concerns the possible incompatibility of the System/36 with a long-term automated system in IV-D. If DES executive management believes a decision can be made in the next two months, there is a short-term action (as opposed to interim) action which should be pursued. This action would reduce the scope of this automation to simply begin the data conversion process which will be required regardless of the interim or long-term choices made. This short-term action could utilize 4 - 5 micro-computers to convert the manual case records and maintain their status in electronic files. The output of this process would be the input to any interim or long-term system. The functional scope would be reduced to case record entry, update, and inquiry, with some rudimentary management reporting (e.g., for federal reporting requirements, caseload statistics).

If a decision can not be reached within two months regarding the direction of the long-term system, the recommended action is the development and implementation of an interim automated case tracking system on a System/36.

One final point should be mentioned regarding the acquisition of

an IBM System/36. The State's contract for System/36 mini-computers with IBM is due to expire on June 30th. Naturally, there is always the possibility that this contract will not be renewed and that a different vendor will be selected. In addition, even if IBM is awarded the contract again, it is possible that the discounts currently offered (reflected in the quoted prices) would be reduced. Both of these concerns further support the need for quick, decisive action on this recommendation by DES executive management.

## STATEWIDE SYSTEM ALTERNATIVES

### OVERVIEW

The federal Office of Child Support Enforcement recently announced a change in policy regarding acceptable APD's. According to Ms. Kathy Troglin, the OCSE systems representative for Arizona, only APD's for the transfer of other state systems will be considered for federal financial participation. The OCSE will no longer contemplate new system development nor single county systems. This development effectively limits and clearly defines the viable alternatives which the DES can entertain for CSEA systems development. This paper will delineate the alternatives available to Arizona for a comprehensive statewide child support enforcement system.

For clarification purposes it seems appropriate to delineate how the OCSE defines a comprehensive statewide system. A comprehensive statewide system is one which provides for the receipt and processing of information in all the key activities of child support enforcement for the entire State IV-D caseload. Specifically, the key functional activities required of a system are case initiation, case management, financial management, enforcement, security/privacy, and reporting.

These capabilities need not exist in one central location, but each operational location must have the ability to interface with other related systems so that the State can accurately report on program activity throughout the State.

The specific design of a statewide system varies from state to state depending on the organizational structure chosen to support IV-D responsibilities. The decision to adopt a state administered - county operated structure for Arizona necessarily carries considerable ramifications for the design of a statewide automated system. The long-range goal will be to provide all child support enforcement services at the local level with the necessary automated resources to support local programmatic requirements and the transfer of data to a centralized database for federal and inter-county interface requirements. Arizona must plan and strive for this type of structure with the appropriate statewide system to support it.

In the short-term, Arizona must consider the realities of the current situation including, 1) CSEA must work through their current backlogs, 2) several counties have systems or soon will which meet local programmatic and State reporting requirements, 3) legally, the State is still responsible for providing these services statewide (i.e., the State must retain programmatic/operational capability until such time as all counties agree to, or are mandated to provide services). The alternatives developed necessarily take into account these limitations, and so must the ultimate decision.

#### FUNCTIONAL REQUIREMENTS

There are essentially three categories of functional requirements which must be clearly defined as the first step in the systems design process, 1) State-administrative requirements, 2) county-operational

requirements, and 3) State-county interface requirements. These requirements, which are specific to the structure of Arizona's child support enforcement organization must be viewed as complementary to the comprehensive statewide system requirements as defined by the OCSE and summarized above.

#### STATE / ADMINISTRATIVE REQUIREMENTS

At an administrative level, the functional requirements of a system are few and straightforward.

- A centralized database of all child support enforcement cases in the State. Such a database need only contain basic identifying data and summary collection and disbursement data on each case to allow for necessary reporting without having to access decentralized data files. In addition, it need not contain the detail necessary for case management nor detailed case history. This database would provide a statewide source of data for use by all operational entities as well as enable basic caseload reporting to the federal government.
- The State would also require the interface capability with other State and Federal databases (e.g., IV-A, FPLS, UIC, IRS) which would then be electronically accessible by all operational entities either directly or indirectly for enforcement actions.
- Due to the clearinghouse legislation recently passed, which becomes effective July 1, 1986, the State would require the capability to process child support payments ordered by a court to be paid through the State.

#### COUNTY / OPERATIONAL REQUIREMENTS

It is at the operational level that the detailed data necessary for case initiation, case management, financial management, enforcement, and management reporting is required.

- The principal requirement at the operational level is for access to the statewide database for unique identification, update, and inquiry regarding basic case status data and summary financial information.
- The data necessary at the operational level (e.g., case action history, payment history) would require a detailed database structure that supports case initiation, case tracking, enforcement, collection, and disbursement. This database would provide for entry, update, inquiry, and reporting regarding the local caseload and its status.
- Another component of automated system support at the operational level requires word processing capability. In particular, there are a number of documents (e.g., delinquency notices, referral notices, wage assignment notices) which should be generated automatically, and thereby enhance the productivity of local operations.
- A final requirement, emphasized here because it has recently become clear that all case responsibilities will return to the county level, is the ability to completely service AFDC cases.

#### INTERFACE REQUIREMENTS

Possibly the most critical requirements are those associated with how the administrative and operational functions interface. The two levels have different yet equally important interface needs which must be met by an automated system.

- First and foremost, there must be a bi-directional electronic link between the State and counties which supports entry, update, and inquiry from the counties to a centralized database and supports the generation of required federal reports and inter-

county data acquisition at the State level.

- An electronic link between the State and the counties must also support county inquiry to other State location and enforcement sources (e.g., UIC, MVD, SPLS) as well as provide for centralized submission of cases to FPLS, IRS, and DOR.
- A final interface required between the State and county levels, AFDC case referrals, would ideally involve an electronic link. That is, the basic case data necessary to initiate an AFDC IV-D case could be inputted to the centralized State database at the time of application and be electronically transmitted to the responsible local office on a daily basis.

As a last point regarding requirements, even if all counties agree to contract to provide services locally, a statewide system must enable the State to ensure that services are provided in the event that a county is unable to fulfill its obligation. One alternative is to enable the State to operate like a county if necessary. Another alternative would be to contract with one of the operational counties to provide those services in a non-operational county. In either case, these possibilities must be determined prior to systems design as they will have an impact on the full set of requirements.

#### TRANSFERABLE IV-D SYSTEMS

The exploration of other states' IV-D systems was one of the Review Team's primary goals even before the OCSE's edict on transfer-only APD's. Given Arizona's situation (i.e., massive operational problems, highly questionable system development to date), there is a need to concentrate on a solution whose results are unquestionable and can be implemented in minimal time. These requirements led us to explore several other states' systems (Vermont, Oklahoma, Colorado) as

well as the county-based system (Mid-American) being implemented by four Arizona counties. While one of these solutions or a combination of them would have likely been our recommendation anyway, the federal decision further supports transfer over new development from an economic standpoint. In the remainder of this section, each system is discussed to the extent of our knowledge of each with particular attention to the pros and cons per Arizona's requirements.

#### MID-AMERICAN

The Mid-American system was designed primarily to meet the needs of the Clerk of the Court office in processing child support cases. The system is operational or nearly so in Mohave, Pima, Pinal and Yavapai counties. In detailed discussions with representatives in Pima and Pinal counties they indicated satisfaction with the system to this point. It should be noted that the system will be used somewhat differently in at least Pima and Pinal counties. In Pima County, both the Clerk's office and the County Attorney's Family Support Unit will have direct access to the system. In Pinal County, the Child Support Unit will only have inquiry access to the case record files. The Unit plans to implement an independent PC-based case tracking system. It is not known how Mohave or Yavapai counties have structured their use of the system.

#### PROS

- The system is or is soon to be operational in 4 of 15 Arizona counties and has received favorable reviews so far.
- The system has been designed to meet the requirements at the county / operational level (at least the Clerk's office).
- The hardware and software (IBM Series 1 and Prompt) can be configured for use in various sized offices, from a single workstation to more than 50 workstations.
- The system is capable of communications with remote workstations as well as with a mainframe.

- The system provides for necessary federal reporting at the county level.

#### CONS

- Implementation statewide would require design and development to support the State-administrative component and the State-county interface requirements.
- Implementation would require further development to support the county-operational AFDC distribution requirement. It may require other enhancements to fully support all aspects of AFDC case management.
- There does not appear to be a systematic approach to case status tracking. This may be due to the system's primary design as support for the Clerk's functions.
- Changes or enhancements to the system, including report generation, would require programmer support familiar with the system (i.e., reliance on Mid-American for software enhancements).

#### OKLAHOMA

Oklahoma is at the mid-point of a three year development effort. The goal of this effort was the enhancement of a ten-year-old system, designed originally to meet federal reporting and administrative requirements, into a system that also meets local office needs. Oklahoma has essentially a state-administered / locally-operated IV-D structure. There are four regional centers that are State-operated and contract with local district attorney offices for the provision of legal and related services. Their approach to this development effort was to begin by pilot testing a distributed processing configuration in one regional center utilizing IBM System/36 hardware and software. Apparently, this initial phase has been completed and they are at a point to begin defining the requirements of the host-based system which will ultimately interface with the locally distributed processing system. In addition, they are currently working on correcting deficiencies in the distributed part of the system which were revealed through the pilot project. They have postponed planned

expansion of the System/36 into other regions until these problems have been resolved.

#### PROS

- The final system will be designed to support locally distributed service provision with a core database resident on a centralized host and based on statewide system requirements. As such it will meet local office case tracking, collection, and distribution needs as well as administrative control and reporting needs.
- Caseworker-level staff in the pilot office project were able to use System/36 software to generate ad hoc reports without requiring programmer support.
- Similar to the Mid-American system, IBM System/36 software and hardware can be configured to support various sized local offices and has excellent communication capabilities with remote workstations or a mainframe.

#### CONS

- The primary strike against importation of the Oklahoma system is its not being even close to full implementation. Eighteen months still remain of the time originally scheduled for system development and implementation.
- The other major deficiency, particularly as the OCSE views it, is that the system does not represent IV-D state-of-the-art automation because it simply involves enhancements to a ten-year-old system.

#### COLORADO

The Colorado IV-D organization has a state-administered / county-operated structure and they have recently begun implementation of a statewide automated system. Although the Review Team has not had the opportunity to review documentation of the Colorado system, it comes highly recommended by the OCSE and an independent consultant. Colorado is in the preliminary stages of implementation. They are currently pilot testing the system in one small rural county. Expansion into other counties is planned for August - September and will continue throughout the Fall. The system is mainframe-based with 3270 terminals in the county offices. The IV-D data files are a sub-component of a larger client database which includes IV-A files. In

this way, IV-D and IV-A are able to share files. A State-level Alimony Support System downloads data on collections through banks and lockboxes to the IV-D system. Additional research into the capabilities and structure of the Colorado system is clearly warranted. Some general pros and cons are presented below.

#### PROS

- A major factor which favors the Colorado system is its design to support a state-administered / county-operated IV-D structure.
- The system represents the state-of-the-art through automated links to the IV-A data files and a centralized collections clearinghouse.
- The system is capable of distribution on a daily, weekly, or monthly basis.
- The system utilizes ADABAS as the database management system and Natural as the programming language to interface IV-D files with the centralized client database.

#### CONS

- Although significantly closer to full implementation than is Oklahoma, Colorado still has considerable pilot testing yet to conduct.
- Some modifications would be required to support the current nature of collections in Arizona, i.e., at the local rather than centralized level.

#### VERMONT

The Vermont system supports a statewide IV-D operation with locally based offices under the purview of the State agency. The system resides on an IBM 3081 and is accessed by 13 district offices through terminals and IBM/PC's. Hardware enhancements are planned as program growth warrants expansion including the addition of an IBM System/36 at the State office and additional IBM/PC's in the field. It is important to note that all IV-D data files are available for use by the IV-A system and vice versa, although they are not inextricably linked.

The original version of this system was brought on-line in 1981, but has undergone continuing revisions to enhance processing and to meet additional federal requirements. A considerably enhanced system is scheduled for implementation on July 1, 1986.

#### PROS

- As with Colorado, the Vermont system represents the state-of-the-art IV-D automated support system. It has been designed and developed with all operational as well as administrative requirements in mind.
- The system uses ADABAS and Natural, and while approximately ten percent of the system still utilizes modules written in COBOL, these are gradually being converted to Natural.
- Although currently distributed through terminals and PC's there is clearly the capability to distribute some processing to a System/36 if the need arises.
- The system is much closer to the point of transferability than either the Oklahoma or the Colorado systems.
- An initial review of this system by DES personnel more than a year ago indicated a number of deficiencies. Virtually all of these have been resolved in this latest development effort.

#### CONS

- The system will require some modification to de-interface it with the IV-A system as Vermont has structured the database. Information from responsible staff in Vermont indicates this would not be a major task however.
- The system will probably require some modification to meet county-operational requirements.

#### SUMMARY

There is no child support enforcement automated system that could be transferred into Arizona without some modification. The types and degree of modification necessary to bring any of these four systems to Arizona on a statewide basis varies considerably. Certainly, the modification requirements must be one of the factors which drives a decision on system transfer. Equally important is how good the ultimate system can be once all modifications have been made. Also

important, for a system wherein the requirements seem to change frequently, is the flexibility and the level of expertise required to make necessary changes. Finally, the importance of federal financial support can not be discounted. The OCSE has definite opinions on what systems it will and will not support. A decision to implement a system transfer which they would not support, but which might best meet Arizona's needs, must be weighed against the absence of federal financial support.

The OCSE seems to be moving in the direction of formally recommending a selected set of other state systems for transfer which could receive federal financial support. At this point, their representative, Ms. Troglin, has indicated their recommendations to Arizona will include the Vermont and Colorado systems. She further indicated the Office will probably decide not to consider the Mid-American system as a fundable transfer system because considerable development would be required to bring it on-line as a statewide system. Each one of these systems has merits, but closer examination will be required once a IV-D Systems Development Task Force has more clearly defined Arizona's functional requirements. Given these issues, the alternatives and the ramifications are summarized below.

1. Vermont System

Ramifications -- a) would probably receive federal financial participation  
b) would probably require modification in local operational components  
c) would probably meet the vast majority of all requirements  
d) a method to deal with counties that have systems in place would need to be developed

2. Colorado System

Ramifications -- a) would probably receive federal financial participation  
b) would probably require some modification to

- delete automated interfaces with other databases
- c) would probably meet the vast majority of all requirements
- d) will probably not be ready for complete system transfer for six months
- e) a method to deal with counties that have systems in place would need to be developed

### 3. Oklahoma System

- Ramifications --
- a) might receive federal financial participation
  - b) would probably meet the majority of all requirements
  - c) will not be ready for complete system transfer for probably two years
  - d) a method to deal with counties that have systems in place would need to be developed

### 4. Mid-American System

- Ramifications --
- a) little chance to receive federal financial participation
  - b) would require considerable development to meet State-administrative requirements
  - c) county-operational requirements would be met with little modification
  - d) the base system would need to be installed in only eleven counties and at the State level
  - e) could begin to install the operational system on a statewide basis immediately

Development of an in-house system has not been considered as a viable alternative because the Arizona IV-D system can not afford to wait the length of time such an effort would require. In addition, it is clear that it would have to be undertaken without federal financial support.

## IMPLEMENTATION STRATEGY CONSIDERATIONS

In the short run, we must provide for an operational structure at the State level at least until all counties have been accommodated and are operational. A plan and potential structure must remain in place to operate program functions in the event a county does not perform adequately. As suggested previously, the State need not provide services itself in this case -- another county could contract to

provide services in the non-contracting county.

In the long run, a county-directed plan will need to be developed which outlines the requirements for county participation in this statewide system. The ultimate objective of this plan should be the full implementation of a comprehensive statewide system. A number of phases will be required to reach this goal of full implementation however, regardless of the transfer alternative chosen.

The following represents an example of a phased-in approach which Arizona counties and the State would have to develop and follow in order to bring a statewide system to full implementation:

Phase I: CSEA in consultation with the counties decide on statewide system strategy and begin necessary transfer/modification.

Phase Ia: CSEA clear-out backlogs and re-direct new AFDC cases in contracting counties to those counties.

Phase II: CSEA distribute active caseload to the appropriate contracting counties.

Phase IIa: Implement statewide system at state-level and in counties that opt to participate (in all if legally mandated to provide services).

Phase IIb: Provide schedule which defines when counties must provide reporting data and in what form. This would apply to counties that already have some kind of automated system in place which has the potential to communicate necessary data electronically. For example:

By January 1, 1987 -- Submit necessary skeletal record data on entire caseload, necessary data for tax intercept and FPLS submittal, and federal reporting requirement data in hard copy format.

By July 1, 1987 -- Submit same data in electronic format (e.g., magnetic tape, direct communication link) compatible with statewide system.

Based on these hypothetical dates, by July 1, 1987, Arizona would have a comprehensive statewide system that relies solely on electronic transmission of data. Counties would have to be able to communicate all necessary data electronically by that date either through their

own system or by use of the statewide system. Ideally, each county would utilize a fully compatible IV-D automated system so that inter-county electronic communication and data sharing could occur as well as county - State electronic communication and data sharing.

### SYSTEM DEVELOPMENT STRATEGY

The steps necessary to develop and implement a statewide child support enforcement automated system are quite clear:

1. Form a Child Support Enforcement Systems Development Task Force composed of a senior systems analyst with considerable expertise in IV-D, an additional, experienced systems analyst, State-level staff from various program functions, and county-level staff from both contracting and non-contracting counties and various program functions.
2. Task Force develop and document the detailed functional requirements based on the organizational structure, workflow, policy and procedures, preferred practices, State laws and regulations, and federal laws and regulations.
3. Task Force critically examine other systems per Arizona requirements and make recommendations to DES executive management.
4. Determine the system design specifications necessary to bring the recommended statewide system on-line in Arizona.
5. Begin the process to implement the recommended system transfer, i.e., make necessary system modifications.
6. Complete the necessary development process, conduct system testing and conversion, and implement.

Dependent on some decisions made at the outset, in particular whether or not federal financial participation is imperative, a revised APD can be submitted in support of the detailed functional requirements and can include a request for financial assistance to explore certain other state systems.

There are a number of critical decisions which must be made by DES executive management regarding this issue of a statewide IV-D

system within the next several months. These managers must place, in a few skilled hands, the primary responsibility for the formation of strong recommendations and then act swiftly and decisively to implement those recommendations. Obviously, this will require that those few skilled persons possess the intellectual honesty necessary to ensure a thorough and objective approach as well as a strong technical and programmatic background to ensure the implementation of an effective statewide system.

# **ENTITY DIAGRAMS**

- **PRESENT STATE**
- **DESIRED STATE**

## ENTITY DIAGRAMS

### PRESENT STATE

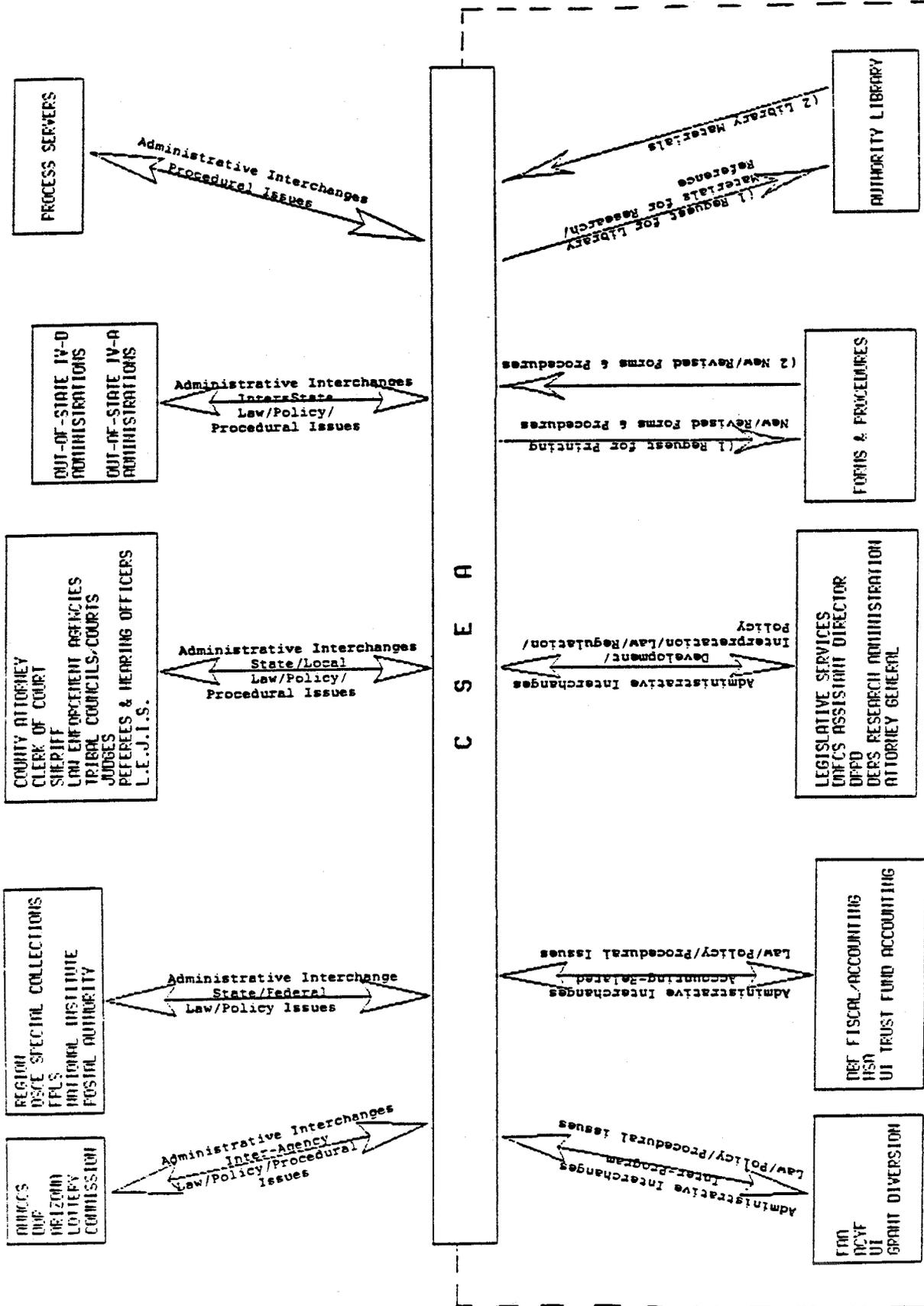
The following is a description of CSEA operations that are currently used in the processing of child support collections and enforcement. Each entity diagram briefly describes the present state procedures and identifies the external entities with which CSEA interacts. For a more detailed description of each entity refer to the preferred state entity diagrams.

ADMINISTRATIVE FUNCTIONS  
LEGISLATIVE POLICY AND PROCEDURES ISSUES

Summary

Figure 6 depicts the various types of transactions and the entities that CSEA might be involved with to obtain the necessary information or documentation to process a referral or inquiry, provide technical assistance or training. The time involved in processing a particular transaction varies depending on the complexity of the transaction. Currently there is no systematic means for case tracking and ensuring that external entities (e.g., AHCCCS, State Lottery, and ACYF) important to the program operations are utilized. Statistics do not exist on the number of transactions affecting legislative, policy and procedures issues.

ADMINISTRATIVE FUNCTIONS - Legislative, Policy and Procedural Issues



NOTE: Transactions for this function take place through a variety of administrative interchanges between affected entities. These transactions may be initiated by CSEA or CSEA involve ment may be the result of an administrative interchange initiated by an external entity. Depending on the scope and impact of the issue addressed, transactions may occur with more than one group of entities.

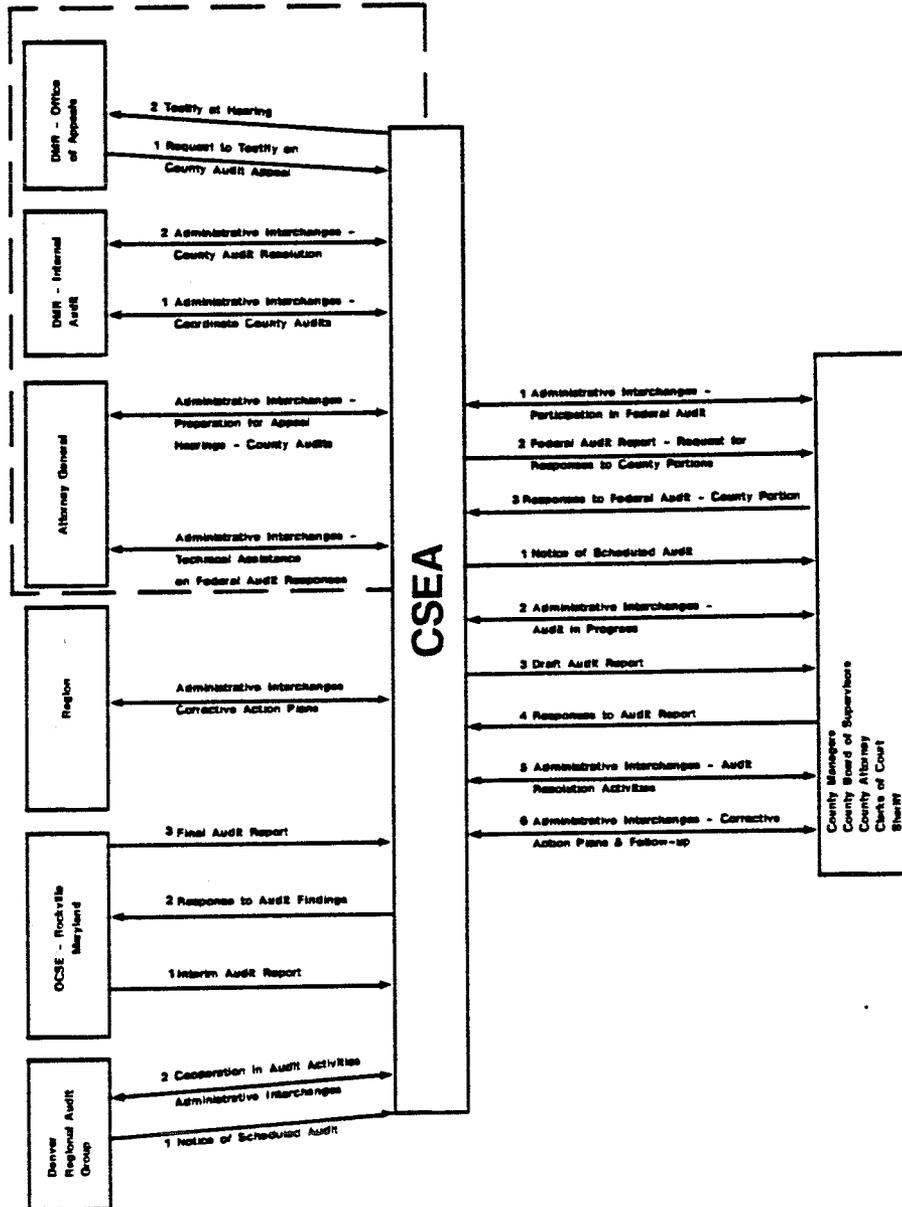
figure 6

## ADMINISTRATIVE FUNCTIONS/AUDIT ACTIVITIES/BUDGET REVENUE ISSUES

### Summary

Figures 7 and 8 depicts the entities involved in federal audits of IV-D activities and the interactions that occur during the resolution process after the federal audit. Federal audits may focus on one or more specific areas (program compliance, program results, administrative costs). Federal regulations specify deadlines for resolving areas that are below compliance standards.

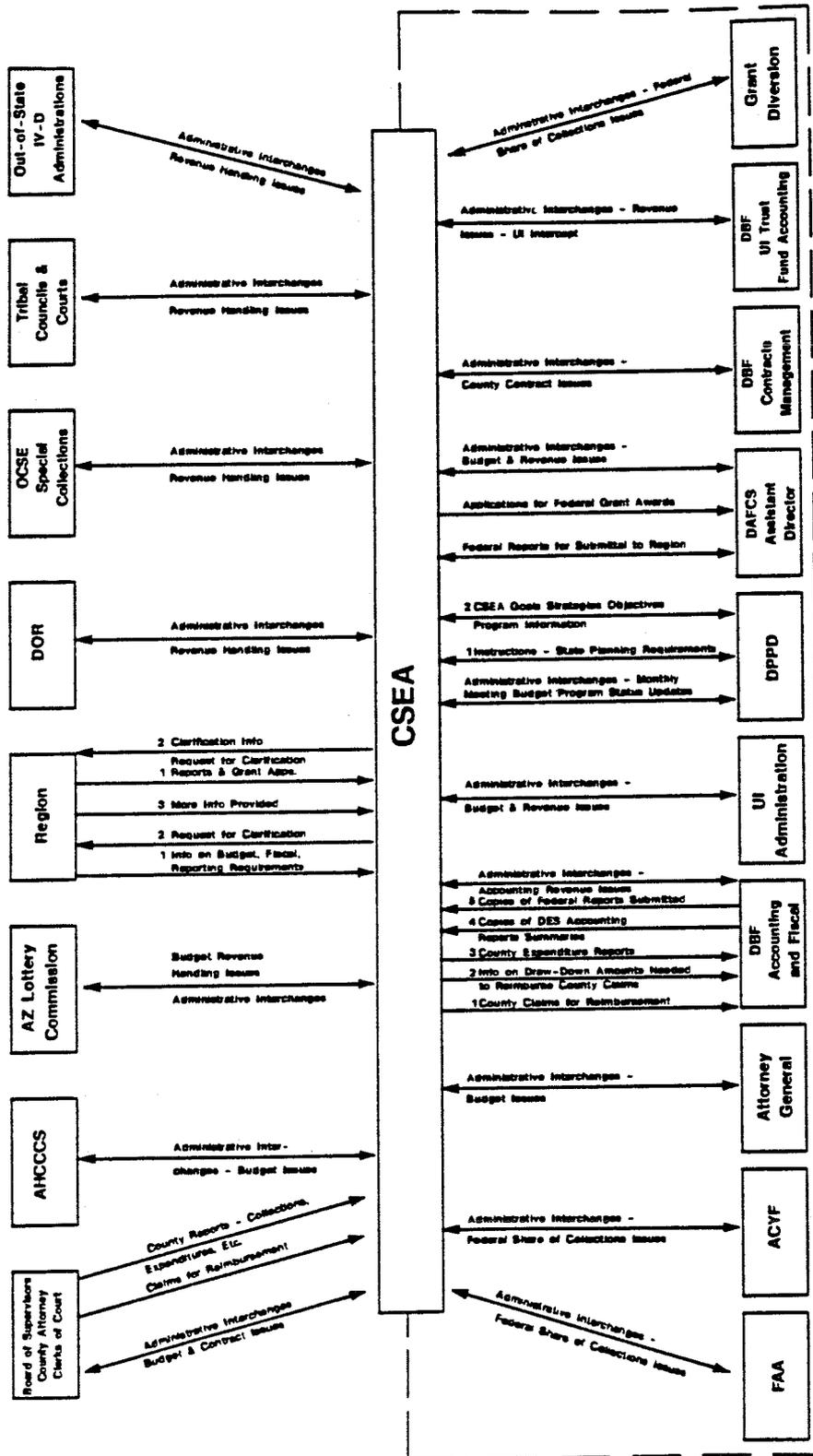
# ADMINISTRATIVE FUNCTIONS - Audit Activities



Note: Transactions include those related to Federal Audits of IV-D Activities and to DES Audits of County IV-D Activities. After Audit Findings are Reported, a Variety of Administrative Interchanges Occur with County/State/Federal Entities as Part of the Audit Resolution Process.

figure 7

# ADMINISTRATIVE FUNCTIONS - Budget & Revenue Issues



Note: Transactions for this Function Take Place Through a Variety of Administrative Interchanges Between Entities. Interchanges Could Involve Correspondence and Meetings/Negotiations to Determine Administrative Funding Levels for Entities Performing IV-D Activities and/or to Resolve Revenue Handling Issues. In Addition, There are Interchanges which Take the Form of Reports of Expenditures, Workloads, Collections and Other Data for Budget Requests and Required Federal Reports. Federal Reports and Grant Applications Sent to Region from CSEA are Routed through the DAFCS Assistant Director's Office and Go through a DES Internal Approval Process before Being Signed by the DES Deputy/Director and Forwarded to Region

figure 8

## ADMINISTRATIVE FUNCTIONS-FACILITIES /EQUIPMENT/SERVICE ISSUES

### Summary

Figure 9 depicts the external entities with which CSEA interacts on a daily basis to procure equipment, services and other needed support to maintain daily operations.

# ADMINISTRATIVE FUNCTIONS - Facilities/Equipment/ Services Issues

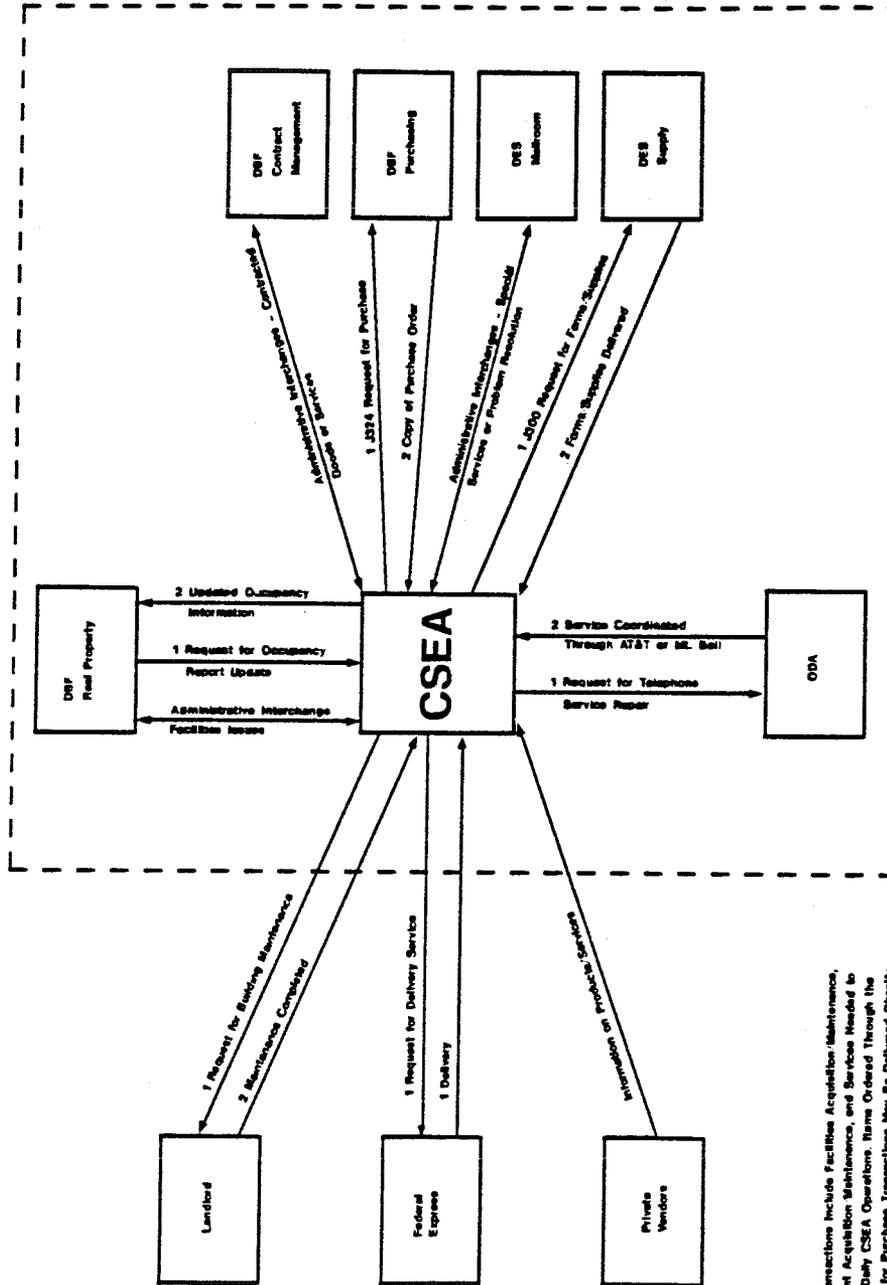


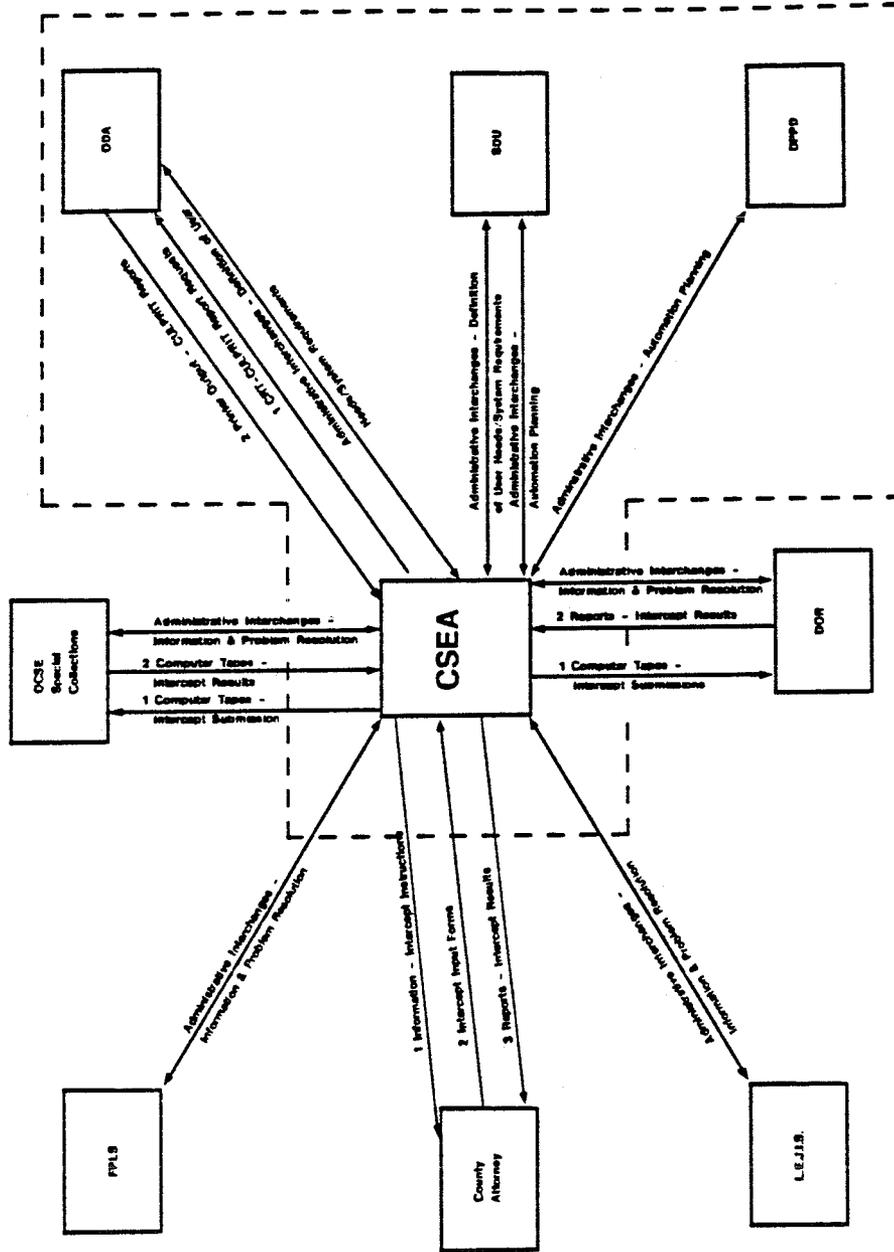
figure 9

## ADMINISTRATION FUNCTIONS/AUTOMATION ISSUES

### Summary

Figure 10 depicts the external entities with which CSEA interfaces with via computer database systems. Computer caseload submission and "local address" tapes are sent to the federal OCSE Special Collections center once a year for IRS federal tax refund intercepts. Computer tapes are also sent to Department of Revenue twice a year for tax refund intercepts. Automation interfacing with AHCCCS, Lottery Commission, Foster Care Tracking System, ADOT, and U.I. is not operative.

# ADMINISTRATIVE FUNCTIONS - Automation Issues



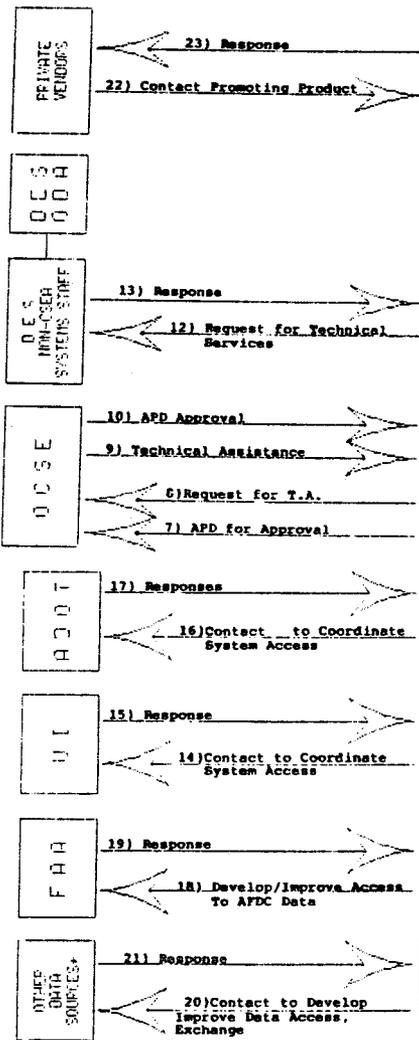
NOTE: Transactions Might Be Related to Automation of Specific Functions within CSEA or Might Be Related to Computer Interfaces with Other Federal, State or Local Entities. Not Included in this Diagram are Transactions between CSEA Work Units and ODA Related to Terminal or Printer Malfunctions.

## ADMINISTRATIVE FUNCTION-HUMAN RESOURCE ISSUES

### Summary

Figure 11 depicts the type of transactions related to employment (hiring, promotion, discipline), payroll, staff training, and employee grievances/complaints.

SYSTEMS DEVELOPMENT



\* Banks Credit Data

CSER

- 29) On-Going T.A.
- 28) On-Going Requests for T.A.
- 27) Enhancements/Development On-Site Review of Implemen
- 26) Documentation of Enhancement/Development
- 25) Technical Assistance
- 24) Requests for T.A.
- 11) Final Approved APD (From OSCE with Funding Approval)
- 6) Meet to Finalize APD
- 5) Revise Draft Statewide APD
- 4) Documentation on County Systems
- 3) Feedback on APD
- 2) Draft Statewide APD
- 1) Meet With Counties to Discuss Automation Needs

(12)-(29)  
 PHASE II: CSER provides tech assistance for implementation of development/enhancements under approved statewide APD, obtains documentation on the development/enhancement, and reviews implementation.  
 This phase will consist of many cycles of steps 9-11, as individual projects are done.

(1)-(11)  
 PHASE I: Consensus building between CSER and counties on statewide, state and county automation needs, to develop statewide APD and obtain OSCE approval for '80/83 funding. Process may involve demonstrations of CSER PC-based systems for case tracking and arrears computation as models for enhancement of county systems.

COUNTY

## SYSTEMS DEVELOPMENT

### SUMMARY

A substantial enhancement of CSEA's systems development management is vital to the success of any action plan to turn this program around. While there have been systems development activities in the past, there has never been a statewide advance planning document (ADP) for the IV-D program which was made available to all DES and county staff connected with the program. Whether a document of that nature has been developed or not is a matter of relative indifference without this availability.

Figure 23 presents the interactions necessary to implement an ongoing process to develop and maintain a statewide automated IV-D system or (network of systems). To support such a system, it will also be necessary to develop and maintain an extensive body of documentation, including:

1. A statewide advanced planning document (APD).
2. APD's, systems designs, detail designs, implementation documentation such as user training packages, etc. on all CSEA systems.
3. APD's, systems designs, detail designs, implementation documentation such as user training packages, etc. on all child support related automated systems in contracted counties approved for federal or State funding.
4. Capability/configuration information on systems external to the contracted IV-D program such as those in the clerk's office in non-contracted counties, other DES and State agencies outside CSEA, etc.

incidences in which consensus is not reached.

## BENEFITS

1. Improved working relationships with external entities, particularly counties, through their participation in the process.
2. Issues and perspectives of all affected entities considered in implementation.
3. Potential for increased compliance through better understanding policies and procedures by all entities.

## IMPLEMENTATION STRATEGIES

The desired state would necessitate establishment of a specific group within CSEA to work full time on these activities. This would require identifying administrative position(s) staff prior to implementation:

1. Determine appropriate staffing for the function (number and classification of positions), identify funding for any new positions, establish/fill new positions.
2. Identify any additional training needs and arrange for training. This might include negotiation skills and consensus-building skills.

It would also be advisable to provide advance information on the new approach to counties and other entities prior to implementation.

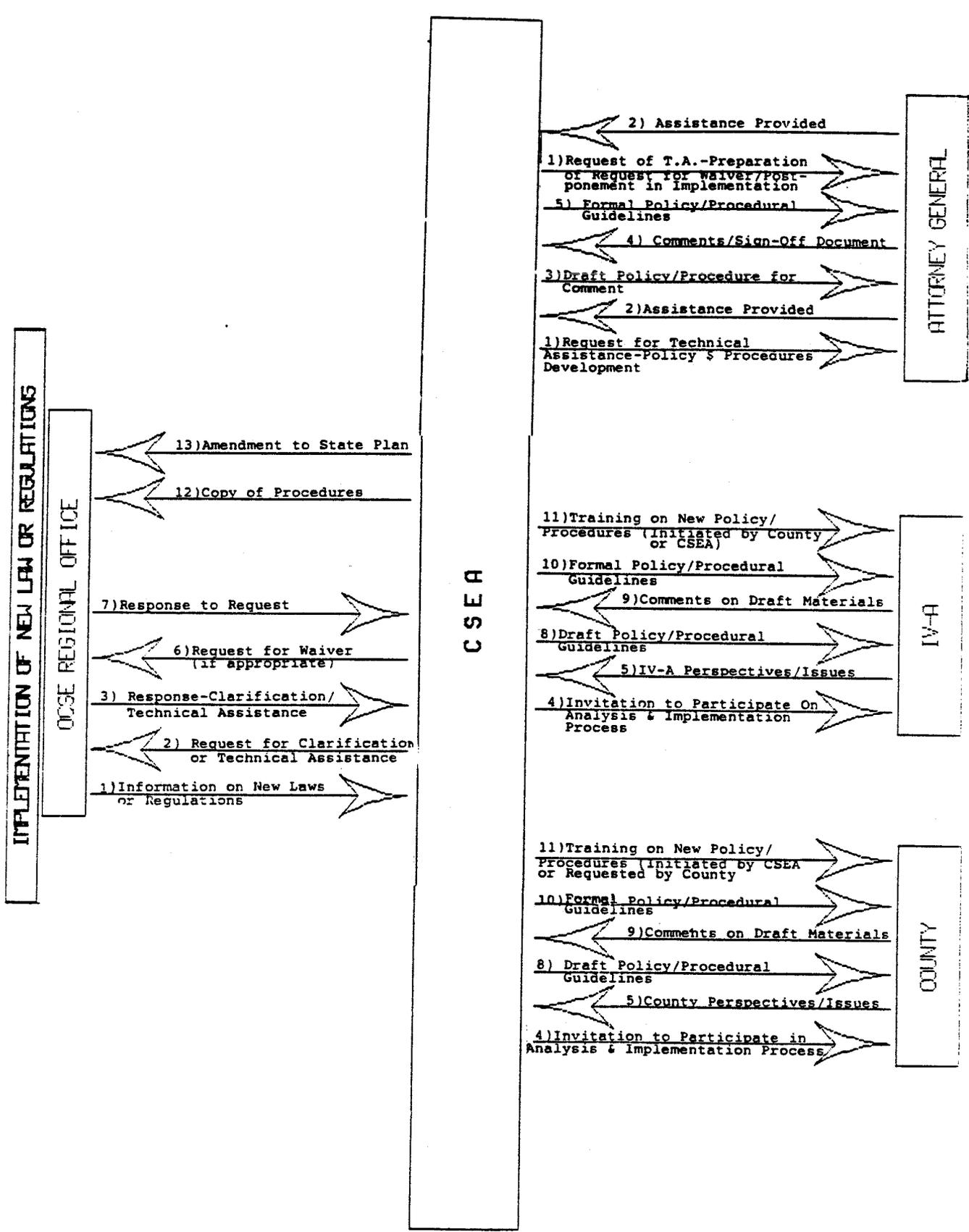


figure 22

## IMPLEMENTATION OF NEW LAW OR REGULATIONS

### SUMMARY

Figure 22 depicts the transactions necessary for implementing new/revised statutes and regulations. The diagram assumes that all counties are performing IV-D functions under contractual agreement. If, however, there are some counties not under contract, there would be additional transactions (as displayed for County and IV-A entities) with the Attorney General. County, IV-A, and Attorney General entities are displayed in the diagram as it is expected that the highest volume of transactions will occur with these entities in implementing statutory and regulatory changes. However, similar transactions should occur if the statute or regulation in question involves other entities such as IV-D, Lottery Commission, and AHCCCS.

Between Step 3 and Step 4, CSEA would conduct a critical review of the new/revised statute or regulation. This review would include identification of external entities affected, action steps necessary for implementation and any major barriers/problems affecting implementation. Step 6 is displayed in recognition that there may be instances in which implementation of the new/revised statute is either not administratively feasible at all or cannot be implemented within the time frames specified by the federal entity. There instances would be identified by the CSEA review process and/or major problems identified by County or IV-A entities.

### POTENTIAL DRAWBACKS

1. Counties and other entities will need sufficient time for analysis and comments. This could lengthen time frames for implementation.
2. Larger number of involved entities may result in increased

responsive to these needs, it may be necessary for CSEA to initially have a slightly larger technical assistance staff than will eventually be needed once county entities gain experience in their new operational responsibilities.

2. Develop initial training packages for county staff on their new areas of operational responsibility.
3. Assemble sets of appropriate reference material (statutes, regulations, procedures, etc.) for county entities.
4. Develop training schedule for initial training sessions.
5. Conduct initial training sessions for county entities on new operational responsibilities.

To promote maximum efficiency in training activities, the emphasis should be on conducting group or regional sessions rather than one-on-one sessions with a single county entity.

various entities together with information on how the problems should be resolved. This assumes there will be a certain amount of similarity in the types of technical/operational problems experienced.

### POTENTIAL DRAWBACKS

None identified.

### BENEFITS

1. Improves working relationships with county entities by ensuring:
  - a. responsive technical and coordination assistance
  - b. sharing of information among entities on problems experienced and solutions identified
  - c. availability of training
2. Utilizes CSEA's program knowledge and expertise gained from past experiences with the technical and coordination problems encountered in handling the full spectrum of AFDC cases.
3. Retains CSEA capability to initiate technical assistance and training transactions when potential problems are identified by CSEA.
4. Increases potential for compliance, reduces potential for audit exceptions when formal federal and/or DES audits are conducted.

### IMPLEMENTATION STRATEGIES

The transfer to county entities of most or all operational responsibilities for both AFDC and NPA cases will require a detailed implementation plan and schedule. In the area of technical assistance, coordination and training, the following actions will be necessary for implementation:

1. Determine appropriate staffing level for function (number and classification of positions), identify funding for any new positions, establish and fill any new positions. NOTE: It is expected that the number of technical assistance, coordination and training programs will initially be quite high. To be

**TECHNICAL ASSISTANCE, COORDINATION AND TRAINING**

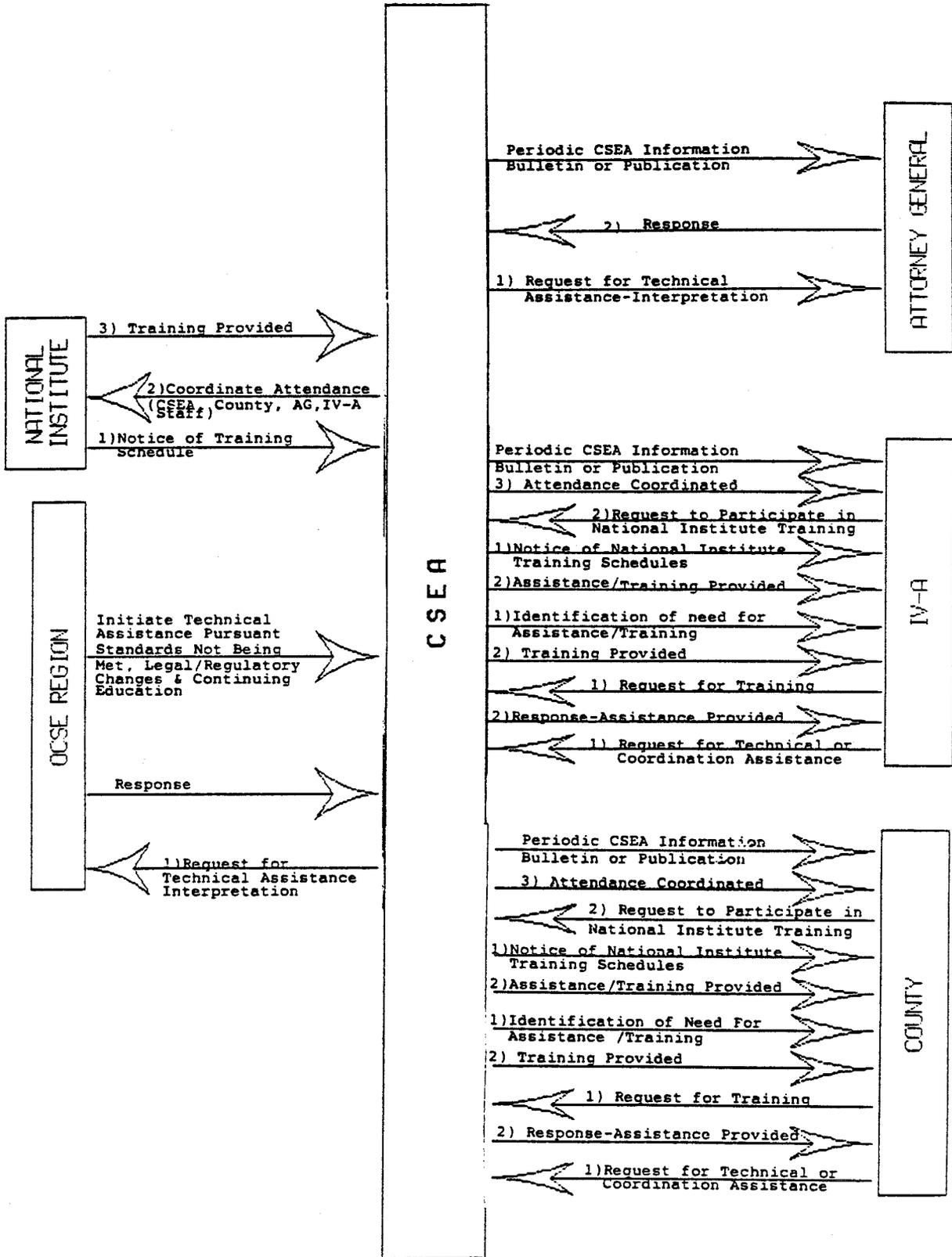


figure 21

## TECHNICAL ASSISTANCE, COORDINATION AND TRAINING

### SUMMARY

Figure 21 depicts the transactions with external entities in providing technical assistance, coordination in operational areas, and training. The diagram assumes that all counties are performing IV-D functions under contractual agreements and that AFDC cases are referred directly to the counties by the IV-A entity. County, IV-A, and Attorney General entities are displayed in the diagram as it appears that the highest volume of transactions will occur with these entities in technical assistance, coordination and training activities. Similar types of transactions would also occur in lesser volume with other entities such as IV-E, AHCCCS, etc.

The diagram reflects that technical assistance, coordination or training transactions may be initiated either by the external entity or by CSEA. This is in recognition that CSEA analysis of audit findings, reports from external entities, and patterns of complaints/inquiries received by CSEA may identify potential problems not yet identified or addressed by the external entity. Resolution of operational problems, including those related to case referral or case information flow between counties and IV-A, may entail coordination of meetings among the entities as part of the problem resolution process.

Transactions with the Attorney General would, for the most part, involve requests from CSEA for interpretation on statutes and regulations in order to respond to county entity needs for technical assistance.

The diagram reflects periodic distribution by CSEA of an information bulletin or publication. These bulletins would contain information on technical or operational problems surfaced by the

## PROPOSED STATE

This report details the recommendations for a state administered, county operated child support enforcement program. Included within this report are entity diagrams that explain: the essence of the approach, the drawbacks, and benefits, and the implementation requirements. A proposed table of organization at the functional level for the Administrative Division of CSEA.



## DISTRIBUTIONS SECTION

### Summary

Figure 20 depicts the various external entities that Distribution Section interfaces in order to ensure that monies are collected/credited and disbursed to the proper custodial parents and to reimburse prior AFDC payments to the federal and State governments. This section is responsible for completing the following functions:

- a. Identify and post the monies to the proper case number.
- b. Determine the monies to be paid to the custodial parent.
- c. Determine the payment of any incentive to all appropriate jurisdictions
- d. Determine the amount of reimbursement to the Federal and State governments.
- e. Determine the CSEA's "earned income.

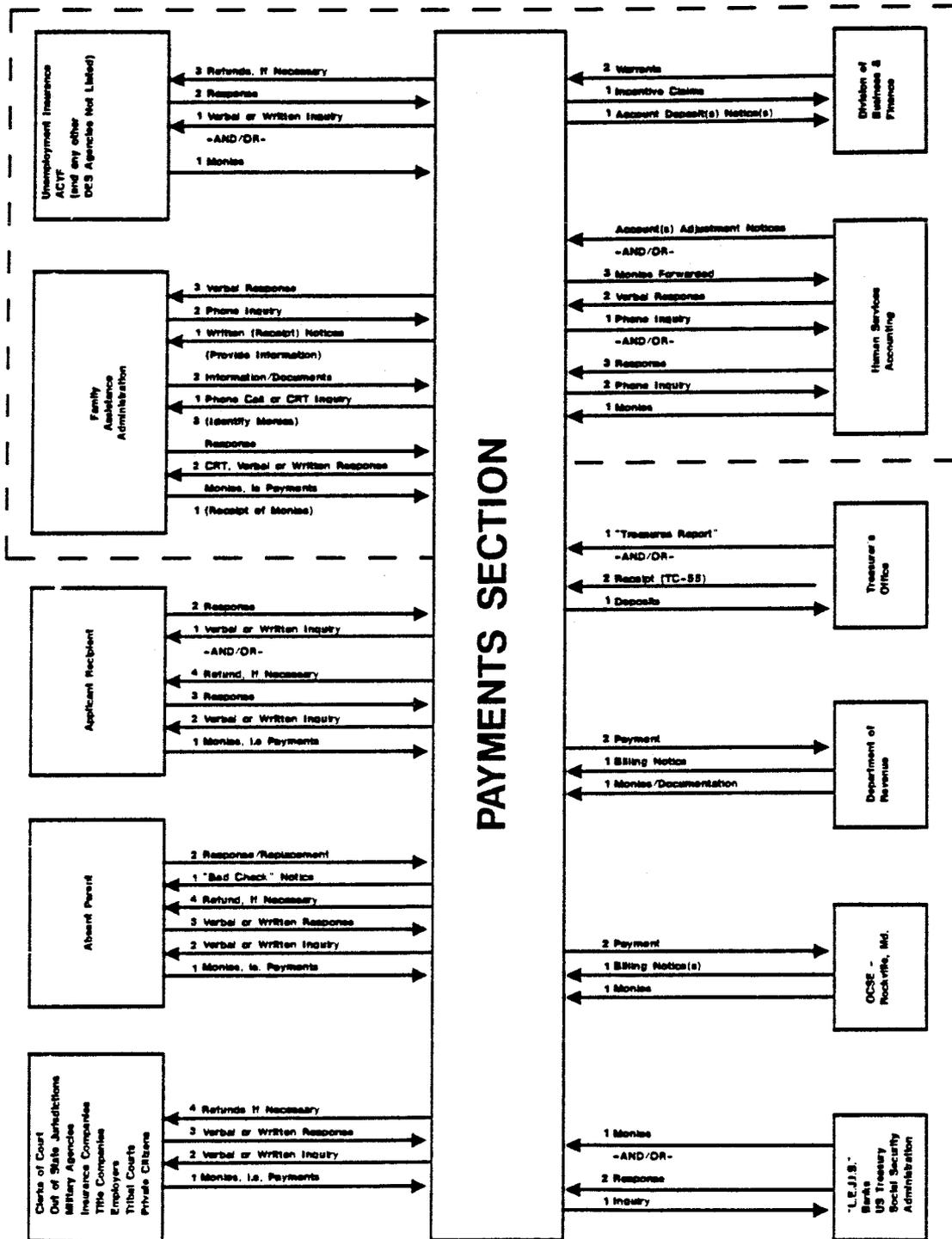
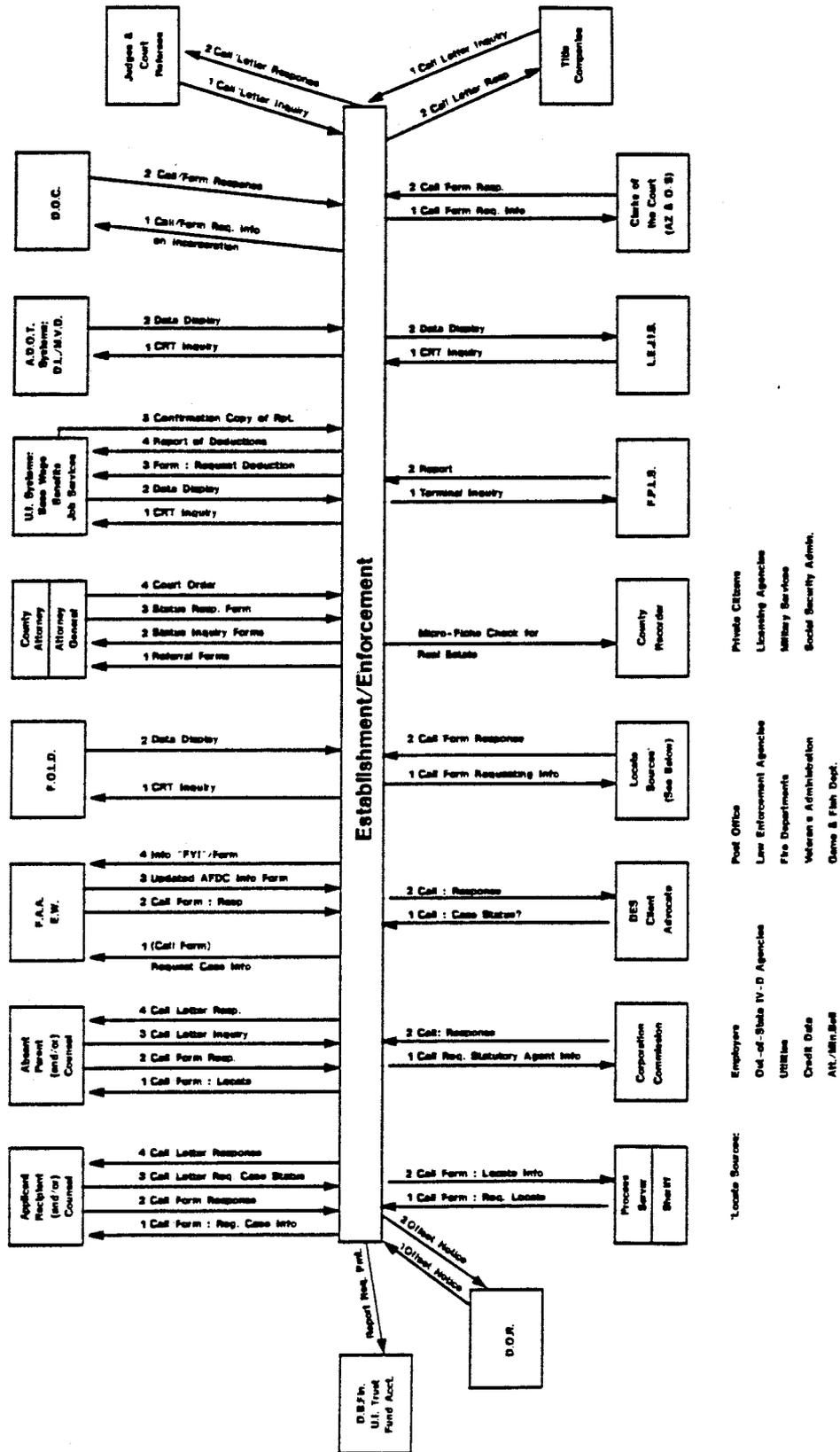


figure 19

## PAYMENTS SECTION

### Summary

Figure 19 depicts the external entities that CSEA would be interface with in processing, posting and depositing of payments. CSEA currently receives approximately 2100 payments per month. The majority of payments are received from other URESA jurisdictions (i.e., out of state absent parents).



Sequence: All Entities Contacted Ad Hoc

figure 18

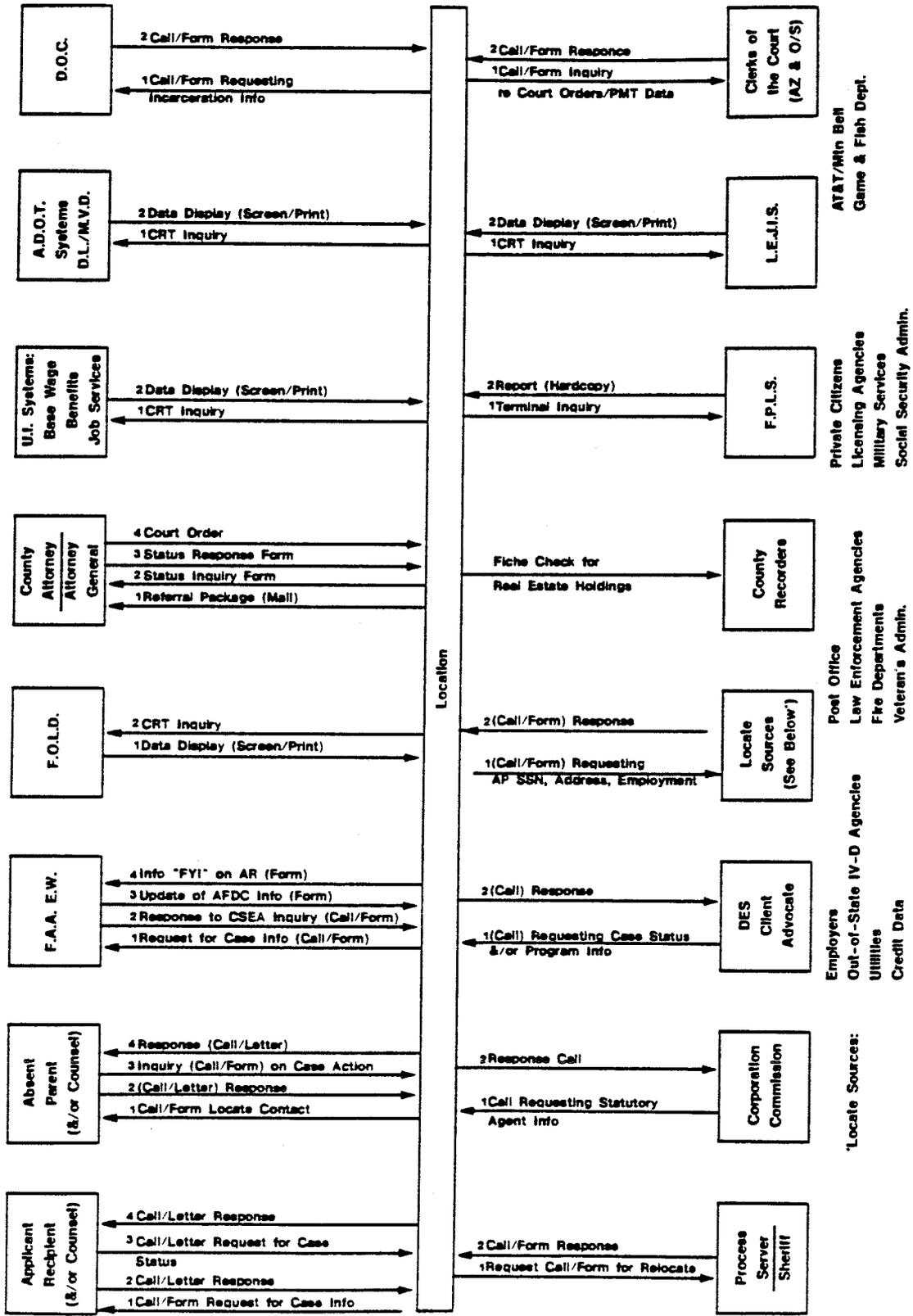


figure 17

# DELINQUENCY CONTROL UNIT

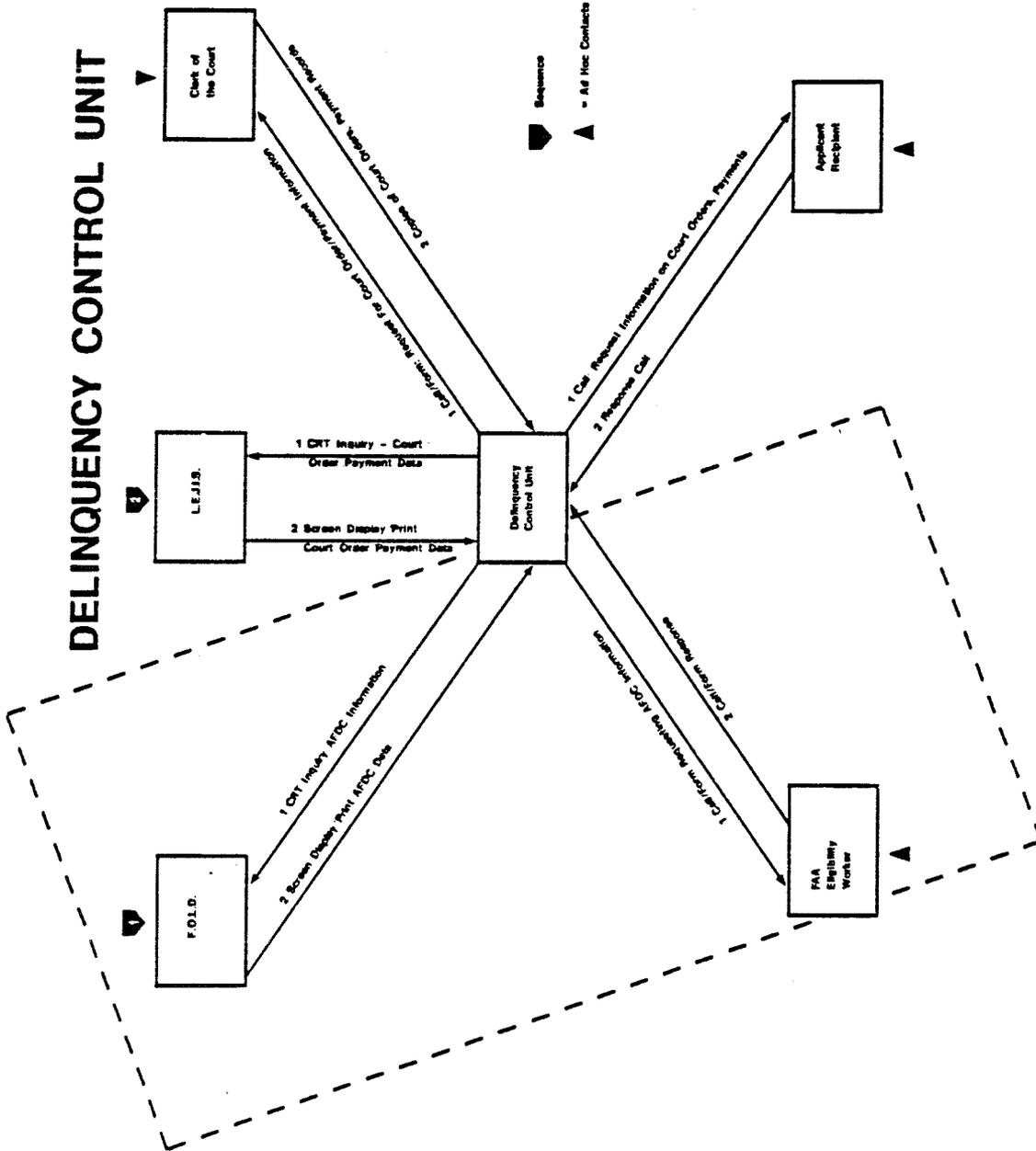


figure 16

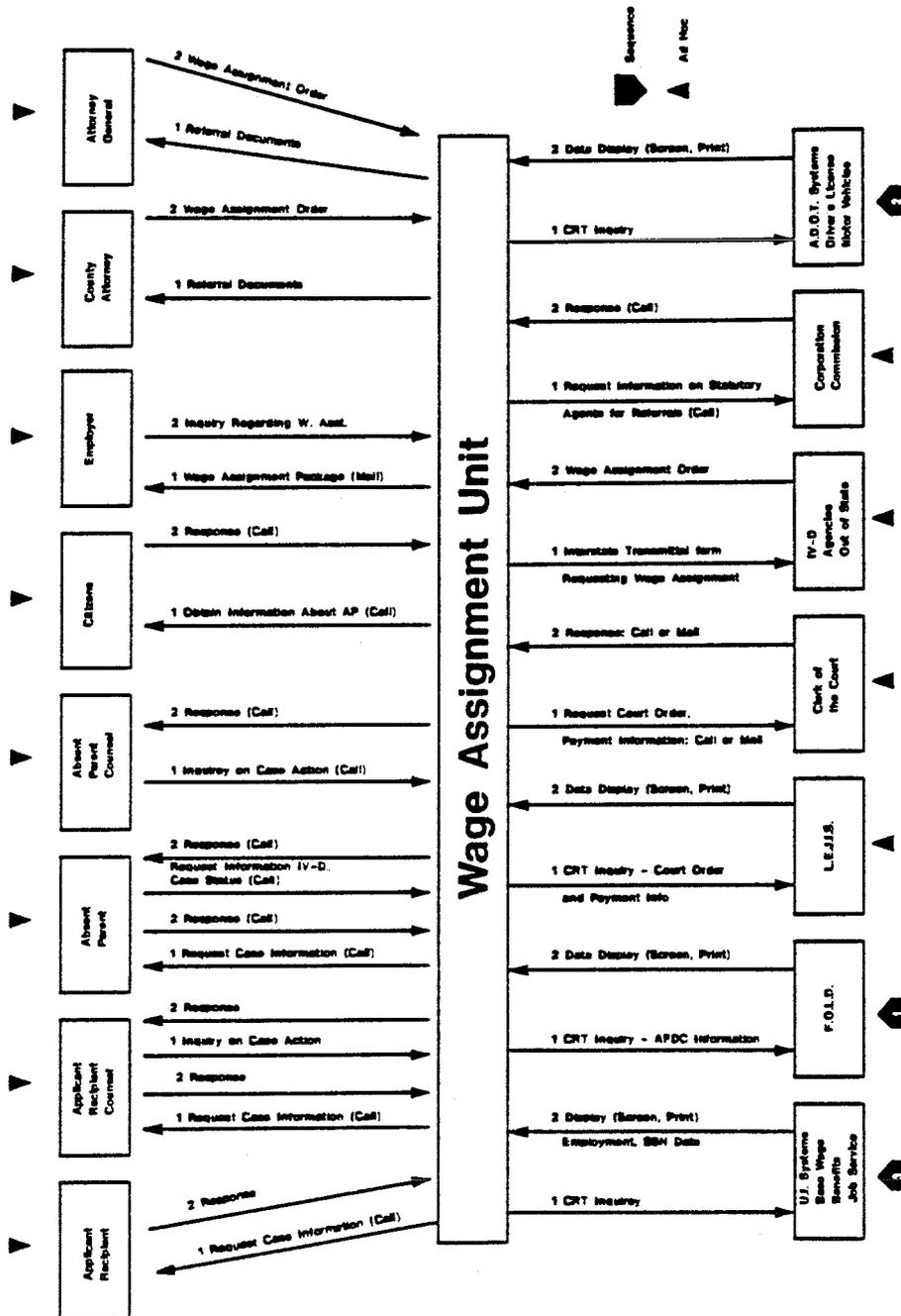


figure 15

WAGE ASSIGNMENT/DELINQUENCY CONTROL UNIT/LOCATION/ENFORCEMENT

Summary

Figures 15, 16, 17, and 18 depict the various external entities with which each of these sections inter-face with on a daily basis.

FILE ROOM

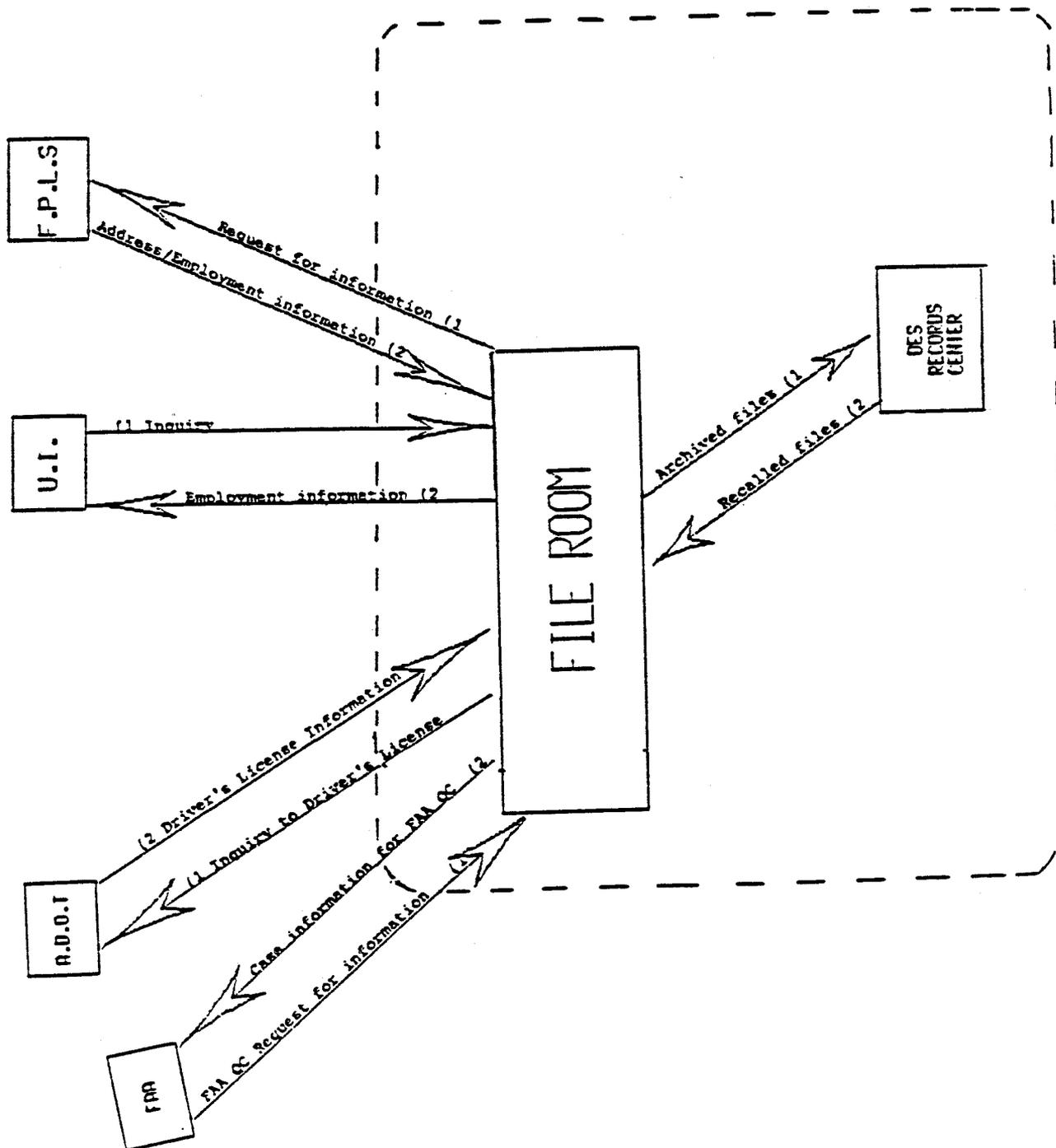


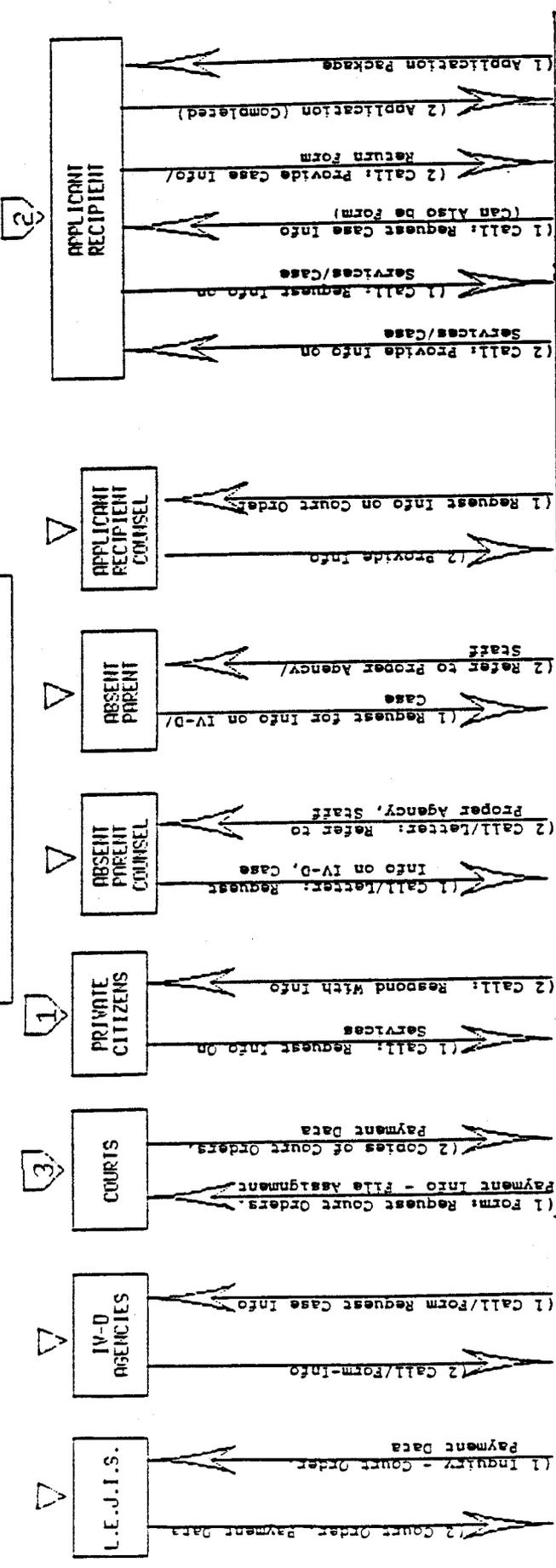
figure 14

## FILE ROOM

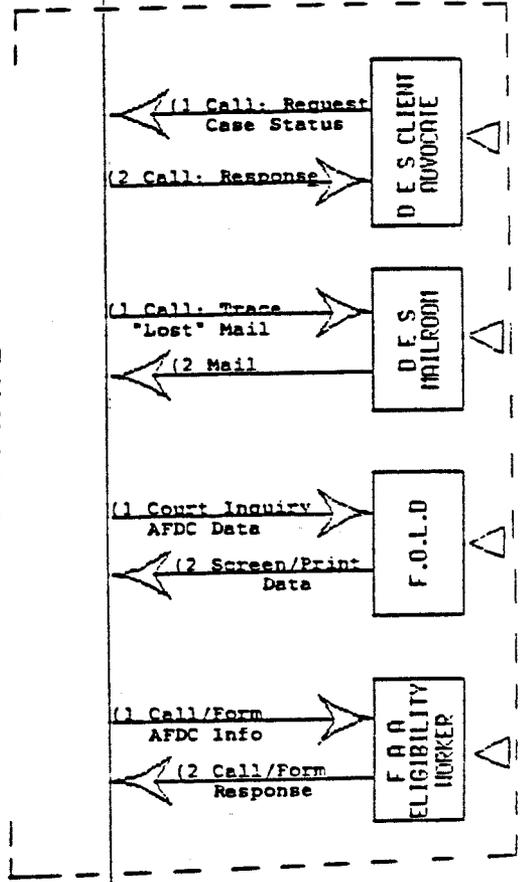
### Summary

Figure 14 depicts the various external entities that request information from the file room. The file room houses all referral applications, prioritizes applications, maintains applicant/receipt and absent parent records, and serves as the liaison to county attorneys requesting case file information.

**INTAKE FUNCTION**



**INTAKE**



Sequence  
= Ad hoc contact

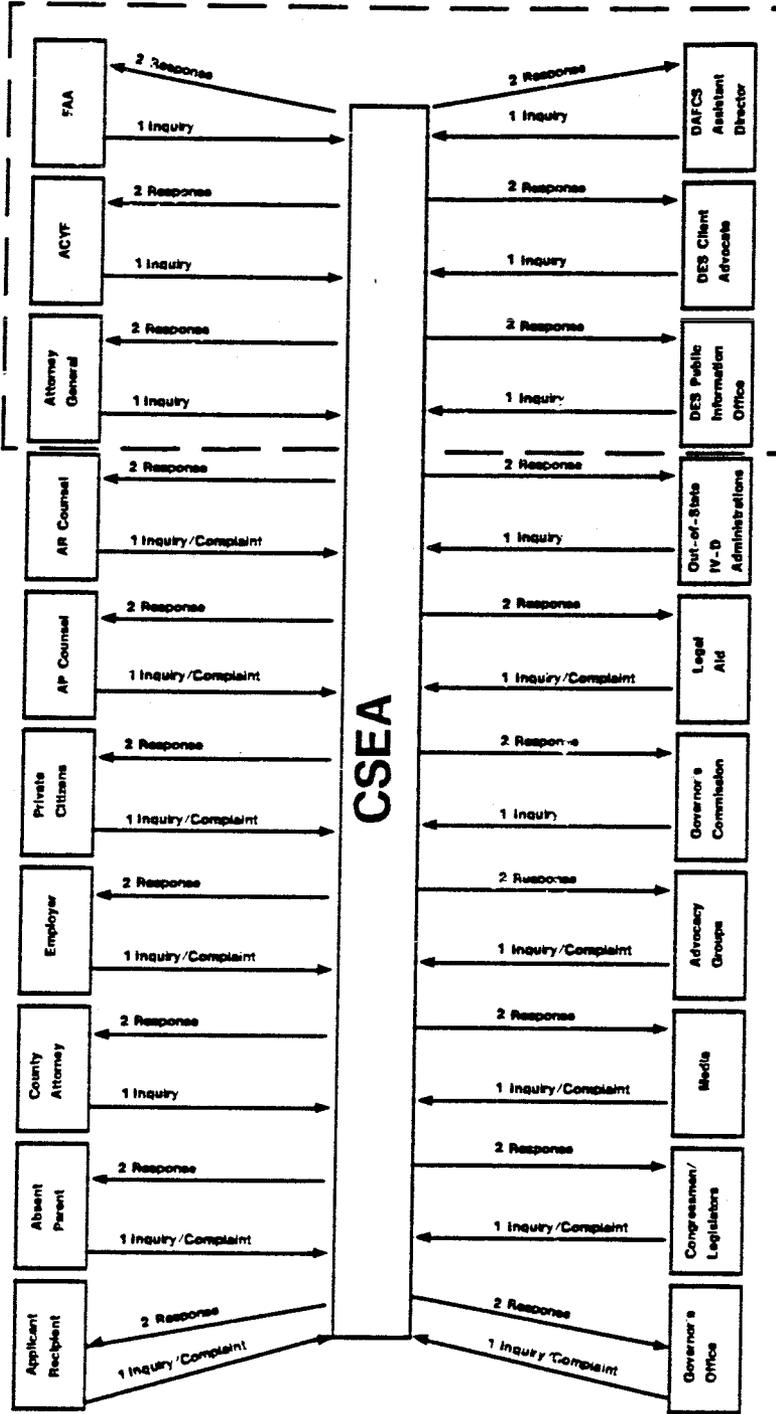
figure 13

## INTAKE FUNCTION

### Summary

Figure 13 depicts various external entities that request services from CSEA. This diagram describes the types of requests that would be most common for a given entity.

# ADMINISTRATIONS - Complaints/Requests For Information Specific Case - General Program



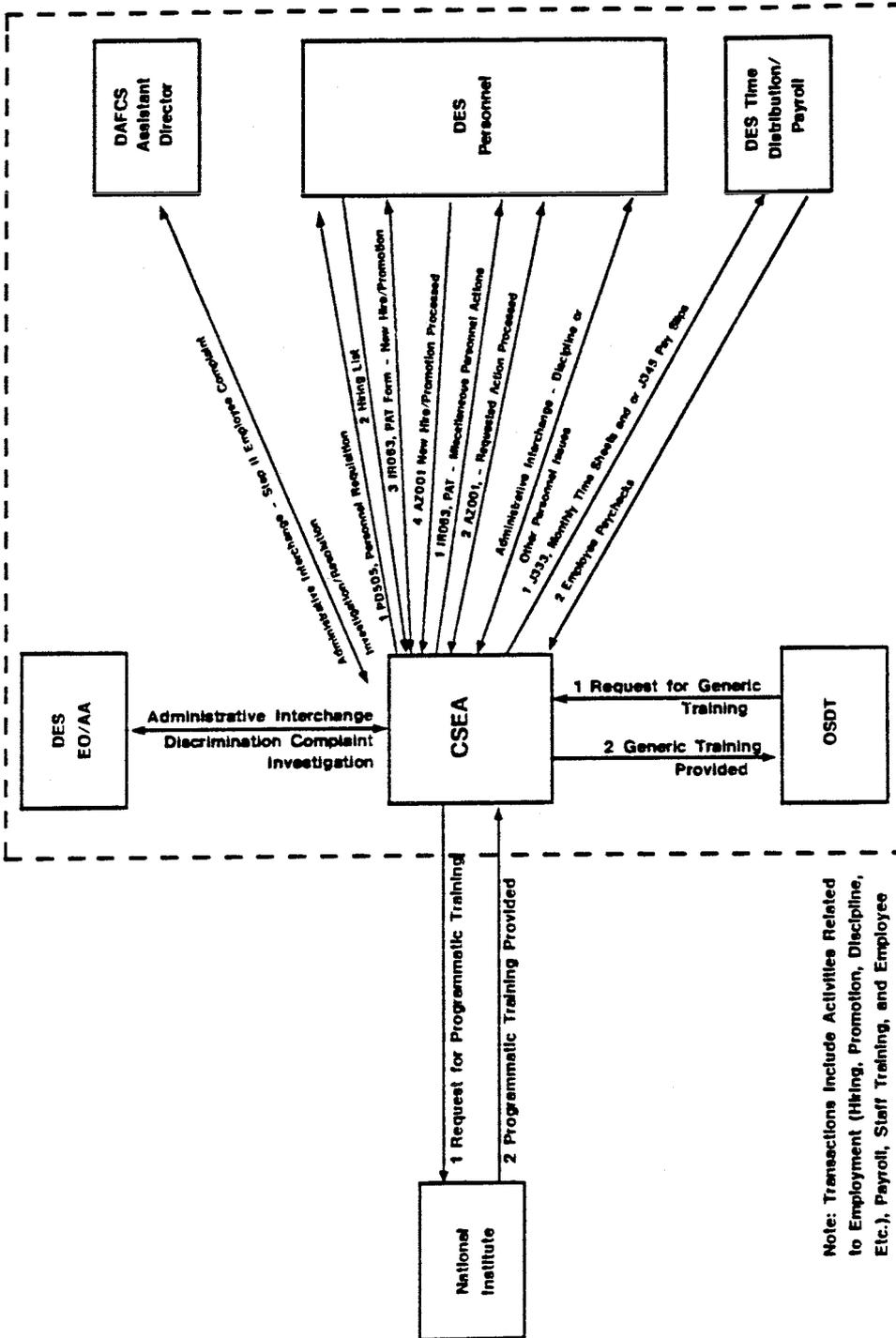
**NOTE: Diagram Reflects Entities from Which Inquiries or Complaints are received. Other Entities not Shown May be Contacted to Gather Information Needed to Respond to the Specific Inquiry/Complaint.**

## ADMINISTRATION-COMPLAINTS/REQUESTS FOR INFORMATION

### Summary

Figure 12 depicts the various external entities that submit complaints or inquiries to CSEA. No statistics are available specifying the number of complaints that are submitted or their disposition.

# ADMINISTRATIVE FUNCTIONS - Human Resources Issues



Note: Transactions include Activities Related to Employment (Hiring, Promotion, Discipline, Etc.), Payroll, Staff Training, and Employee Grievances/Complaints.

David Lowenberg  
June 3, 1986  
Page 2

### Reporting Requirements

At the present time, most counties are unable to meet the reporting requirements of the 1984 Child Support Amendments. Therefore, before signing a contract to provide child support services, they would need assurance that an automated system was being developed and that technical assistance on how to meet reporting requirements would be provided to them for the interim period.

### Recommendation

- State CSEA take major responsibility with input from the counties for an automated system which would enable the counties and state to meet federal reporting requirements.
- State provide technical assistance on how to meet reporting requirements.

### Funding

At the present time it is impossible for most of the counties to get additional money from their Boards of Supervisors to provide the level of service required under the 1984 Amendments. Since all counties are currently providing money for child support enforcement, it is recommended that the CSEA allocate money to counties to provide total services.

### Recommendation

State provide funds to counties from state allocation and/or from their AFDC reimbursement. (See attachment for possible options.)

### Audits and Audit Penalties

This area is a major barrier in recontracting for a number of counties. They are currently facing audit penalties which they believe are based on inadequate information being provided to them by CSEA. Their concern is both with the audit penalties and with the quality of information that is provided by CSEA.

### Recommendations

- CSEA provide training and technical assistance which would be concrete and specific about requirements so that counties can meet requirements.
- If possible at state level, pardon existing audit penalties.
- If pardon not possible at state level, have the state CSEA and county split the penalty.



OFFICE OF THE

## Pima County Attorney

FAMILY SUPPORT UNIT  
FOURTH FLOOR  
45 WEST PENNINGTON

Tucson, Arizona 85701-1305

(602) 791-3555  
FOR APPOINTMENTS CALL: 791-3561

STEPHEN D. NEELY  
PIMA COUNTY ATTORNEY

JAMES M. HOWARD  
CHIEF DEPUTY

### MEMORANDUM

TO: David Lowenberg  
FROM: Sharon Hekman *SAH*  
RE: Barriers to Contracting  
DATE: June 3, 1986

-----

In addition to the "Key Issues for County Attorneys" which you have already received, there appears to be some specific barriers to recontracting for a number of the counties. I will identify these barriers and make some recommendations from a county perspective.

#### Contract

The contract itself continues to be a barrier for many of the County Attorneys. In addition to the fact that historically there has been a lack of negotiation in this process, there is also a widespread belief that this contract is much more detailed than is necessary. It has been recommended that this contract could be simplified by identifying basic federal and state requirements in the contract and then developing with the counties a manual of specific instructions.

#### Recommendations

- o Create a committee of County Attorney representatives and relevant state people to develop an intergovernmental agreement.
- o Use a zero based budgeting approach to development of this intergovernmental agreement.
- o Do not use traditional DES contract. Approach this as an intergovernmental agreement and include relevant information.
- o Develop a standard intergovernmental agreement which can be used on an ongoing basis and will not have to be renegotiated every year. (Budgets and forms may change but not the body of the agreement.)

EXHIBIT C

4. If the new unit can successfully cover all the responsibilities formerly assigned to the staff allocated to it, and still have labor time to spare for handling re-computations for the Establishment/Enforcement staff on problem cases, there will be a positive impact on these units as well. If, however, the new arrears computation unit either just holds its own against the current workflow, or is directed toward maximization of new cases for tax offset, for example, the Establishment/Enforcement staff will need to bear the additional labor demands of manual computations in the new format in order to produce new arrears computations on problem cases which are compatible with the rest of CSEA's work-flow.
5. The anticipated increase in work flowing through a arrearage-computation unit will result in an increased volume of calls for cases from the File Room and returns of those files upon completion of the computation and placement of a hard-copy of the computation in the case file.
6. If time in the new unit is allocated to Establishment/Enforcement recomputations, the Establishment/Enforcement staff will be freed to that extent to pursue additional cases, which may result in an increase in referrals to the Attorney General's Office and the County Attorney. There may also be more wage assignment orders which must be mailed out to the employer, impacting the Typing Unit.
7. Additional case submissions to IRS/DOR and additional wage assignments resulting from the increased efficiency of arrearage computations will cause an increase in the number of payments received, impacting the PADS Function.
8. The increase in collections resulting from this entire flow should pay back the cost of the hardware/software required and positively impact Program funding levels.

5. Transfer the arrearage balance to the appropriate system and/or staff, and document in the case file.

STAFFING:

Currently available staff include:

- 1. Distributions Function Court Order Unit..... 14 FTE (incl. supv.)
  - Contract staff..... 11
  - State employees..... 3  
(Some staff allocated to tasks indirectly associated with computation.)
- 2. Wage Assignment Unit ..... 3 FTE.
- 3. Delinquency Control Unit..... as freed by new system.  
Max. 6 FTE + supervisor

IMPACTS:

- 1. Distributions staff: provided the new unit successfully calculated arrears on all cases which these individuals now handle, the impact would be at least neutral, and possibly positive by reducing labor.
- 2. Wage Assignment staff: - same as #1.
- 3. Delinquency Control staff: provided the new technology actually frees labor time in this unit, the impact is very positive, by increasing the value of the products coming from these staff and increasing the level of responsibility and expertise for these positions, improving their general career-advancement potential.

NOTE: All these positive impacts are based on the premise that the workflow into this unit will be successfully managed to TOTALLY provide for the former activity of these staff, which should be a given on the assumption that the automated capabilities of the new hardware/software will permit computation in the new format in less time than manual computation in the old format.

## Centralized Arrears Computation

Arrearage computations are needed for the following case-groups, in approximately the indicated volumes:

	Backlog	Incoming	Total
1. New cases.....	979	135/mo.	979
2. Existing cases with collection problems (e.g, obligor protest).....	20	44/mo.	20
3. Distribution cases lacking either an initial computation, or a computation in the necessary format.	Tax offset: 3,300 Other (\$ backlog) 60	1,000/mo. 123	3,300 183
4. Existing FDSO cases with old method computations	<i>potential</i> 12,000 (overlaps 3,300 offsets) <i>for calculation</i> 13,029		
		302	13,152

12,000  
3,300  
8700

COMPUTATION-RELATED FUNCTIONS:

1. Document acquisition: current procedures are in place to acquire the necessary court orders and payment records.
2. Analysis: staff must analyse the documents to identify the data elements required for the computation and any facts barring or influencing the computation, e.g. lack of provision for payment through the court, joint custody and periodic relief from the payment obligation, e.t.c.
3. Recording (inputting) data:
  - a. Identify the case (payee, payor, children).
  - b. Identify the order for support used for the computation (state and county of jurisdiction, order number).
  - c. Identify the terms of the order (payment amount and frequency).
  - d. Identify individual payments which have been made.
4. Calculate the arrearage (if any):
  - a. Compute the total amount of the obligation which should have been paid.
  - b. Compute the total amount actually paid.
  - c. Compute the remaining amount past-due - the arrearage.

April 28th, 1986

Page 4

the new arrears computation method (at 1.5 hours per), would have reduced production from 180 attempts to 120, a 33% reduction in numbers of cases actually computed.

15 days X 6 hours/day X 2 staff = 180 hours @ 1 hr/attempt = 180 attempts.

15 days X 6 hours/day X 2 staff = 180 hours @ 1.5/hrs./attempt = 120 attempts.

With added experience and use of the screen on IDSD, this cut in production should reach a higher level. If productivity on the screen reached even 150% of the paper method, or 270 cases. A drop from 270 to 120 would equal a production loss of 44%.

- 2. These figures have to be seen in context with Program production goals for wage assignments and IRS/DOR case submissions. Our projection for the wage assignment unit was 66 successful wage assignments per month, each one also submitted to IRS/DOR, with an additional 66 cases per month suitable for IRS/DOR, but not for wage assignments. Estimated collections at this level, and at the two reduced levels projected above, are:

	Present level	33% reduction	44% reduction
IRS	\$166,320	\$109,771	\$ 93,139
W.A.	\$514,800	\$339,768	\$288,288
Total	\$681,120	\$449,539	\$381,427

The options at this point include:

- 1. Accepting a limitation on collections in return for a cleaner work process.
- 2. Delaying implementation of the new form until CSEA can afford the impact on collections.
- 3. Adding more staff (which we haven't got) to the Wage Assignment Unit in very short order. This remedy may be diminished in effectiveness since we don't know what the capabilities and requirements of the automated system selected for CSEA will be.

We need your guidance in this matter, since so many forces above the Program Management Team are involved.

Mark Kessler: MF

c. Carolyn Schooler Terry Rutherford Bob Hydrick

## DISADVANTAGES:

While implementation of a single Program-wide arrears computation sheet has the advantages listed above, there are associated costs:

1. Without an automated arrears computation screen in the new format, implementation of the new form means (hour-for-hour) fewer end-product arrears computations than using the current manually-computed form in the old, simpler, format, and fewer still than could be produced using the currently available automated computation screen on FDSO, which also uses the old format. The new form has been estimated to require 50% more time to compute arrears on than the old paper form used by the Program Development Section units (1.5 hours instead of one hour), and perhaps 200% more time than the automated computation screen which has been available on the FDSO system since July 1984 (1.5 hours instead of one half hour). The relative times-of-completion are estimates by Mark Thomas, Pat Holloway and Mary Anderson, three of our most experienced staff in working with arrears computations.

To support these estimates, we used as base data the production of arrears computations by the Wage Assignment Unit staff. Two FTE's (with one additional FTE conducting training) attempted 180 computations in the three weeks from 3/31/86 through 4/18/86, and accomplished 90 successful computations. The remaining 90 attempts failed through deficiencies in the terms of the court orders, lack of adequate records and other external factors.

$180 \text{ attempts} / 15 \text{ workdays} = 12 \text{ attempts per workday} / 2 \text{ staff} / 6 \text{ working hours (1.5 devoted to filing, meetings, consultations, etc.)} = 1 \text{ hour, on the average, per attempt. We are assuming that each successful attempt takes one hour, and that time devoted to unsuccessful attempts does not relate to this present calculation.}$

These computations are performed both on paper and on the computation screen on FDSO, each worker choosing one medium or the other based on their sense of confidence and experience level. The average times above represent primarily the paper medium. Mary Anderson of DCU, with hundreds of hours experience with the screen computation method, estimates that the automated version requires one half the time of a paper computation, since the computer adds the columns of figures, multiplies the months times the obligation amount, etc, and subtracts the sub-total for payments from the sub-total for obligations. This eliminates all the time devoted to simple math required on paper. A screen computation would thus average half an hour.

Even working exclusively with the data from the base period under consideration, which relates to the one hour paper method,

full appropriation for in-house expenditure, to fund the program.

Now, however, the application of those appropriated funds is being reconsidered, as well as a wide range of potentially expensive changes to the Program. It may no longer be acceptable to aim for a bare minimum achievement of our submission goal to IRS. Demonstrating this new situation is the support for the Wage Assignment Unit.

Presented below are figures suggesting that implementation of this new form will, as we have always known, involve a significant labor cost. CSEA needs your guidance in the present circumstances as to whether that cost is affordable.

#### ADVANTAGES TO IMPLEMENTING THE NEW FORM:

The advantages of using a common computation format from the very start of the process in CSEA lie in the following areas:

1. Many later actions now call for transfer of the arrears data to other paper forms, such as the CS-020C, or recomputation of the figures under different rules for distribution of a collection. A common format eliminates the labor requirement and error potential involved in these transfers of information between forms and recomputations. Large quantities of time in Distributions would be saved by removing the need to re-work the arrearage computation form in a more detailed format than it was (and currently is) computed in at the "front end" of the CSEA process.
2. On the assumption that SIMON would include this form in an automated environment and use the data generated by it, the new worksheet would vastly simplify conversion to SIMON.
3. The new format, with its greater detail, is more helpful when we have to discuss our computations with AP's, their counsel or the courts. The quick(er) method P.D. units now use is less detailed, and harder to defend as a result. The amount of time spent now on defending these computations would be greatly reduced with a more detailed computation.
4. Implementation of the form is included in our workplans currently published to the Governor's Technical Review Committee in an effort to demonstrate that CSEA is "cleaning up" its over-all process for greater efficiency in distributing funds. Inclusion of this item addresses one of the more significant points raised in the DCSE Management Analyst's report, which the Technical Review Committee will be aware of.

INTEROFFICE MEMO  
INTEROFFICE MEMO  
INTEROFFICE MEMO

ARIZONA DEPARTMENT OF ECONOMIC SECURITY

TO: Linda Moore  
Assistant Director  
DAFCS - 939A

DATE: April 28th, 1986

FROM: Mark Kessler  
Acting Program Dev. Sec. Mgr.  
CSEA - 776A

*Draft*

SUBJECT: Impact of New Arrears Computation Sheets

Program Support's workplan for the distribution of the backlogged AFDC collections in CSEA involves implementation of a new arrears worksheet. Program Development has been involved in the development of this sheet since last October, and supported its implementation at the earliest possible date, for the reasons listed below as "Advantages". I have some concerns, however, which must be raised in light of all that has happened since we made the decision to implement this form.

**ASSUMPTIONS:**

We developed this form with several basic assumptions in mind:

1. SIMON would be CSEA's automated system, and the design of SIMON in-house guaranteed that the principles involved in the new arrears computation process would be reflected in SIMON's data-record structure for storage and retrieval of the detailed data for the whole work-up, and that SIMON would have input screens akin to the one now available on FDSI to automatically perform all the simple math involved as a time-saver and error reducer. The assumption that SIMON will even be the system we implement now seems to be up in the air, let alone the delivery-date of specific SIMON applications automating this function.
2. While Program funding was tight even back in October, the potential for a State appropriation was still there, and we had no intention of aiming any of those funds out to the counties. As a result, we in Program Development determined that the added time-cost to complete each of these forms (discussed under "Disadvantages" below) would in fact decrease our productivity for new IRS cases and possibly our submission caseload, but not so much as to seriously undercut the submission goal we had set for planning purposes of 8,000 AFDC cases. That submission goal seemed sufficient at the time, coupled with the

4. greater productivity in those areas, generating more collections income.
5. The design of this spreadsheet and the interfaces with FDSB and PADIS will advance the progress of our over-all automation process by giving the design staff an operational model to replicate rather than a theoretical design concept.
6. The over-all productivity of the program should increase because the speed with which the arrearage information will be updated by the interconnection of PADIS, the P.C.'s and FDSB will remove timeliness barriers at many points in the workflow, and eliminate errors caused by out-dated information.
7. In the widest sense, this new technology, for that is what the proposal amounts to, will result in a significant improvement of the services provided by CSEA to both the public directly (the custodial parents) and indirectly (by increasing AFDC recovery).

transfer of payment data onto paper ledgers, and the manual computation of the impact on the arrearage. If a similar electronic transfer of the resulting arrearage data to the FDSD system can be achieved, the remaining time-consumer in the Delinquency Control Unit will be gone, the transfer of the data from the paper ledger into the FDSD system. Automation of these two tasks would thus free six F.T.E.'s for re-assignment (or actually a return to) the task of calculating arrearages.

COST/BENEFIT:

Mr. McLaughlin of the Governor's team estimated that for seven PC's and three printers (paralleled between P.C.'s) of about \$20,000 under existing state contracts are needed.

At \$20,000, and using the time-tested factor of \$210 collected per AFDC case submitted to IRS/DOR, we would only need to process 95 more cases between now and submission in September, over and above the number we could submit without this automated support, to pay for the hardware. That would give us all the other benefits, in terms of ongoing efficiencies, "for free." A summary of the ongoing benefits would include:

1. Elimination of manual payment posting and arrearage maintenance in DCU, with attendant reductions in human error.
2. Next-day interchange of payment information with PADIS, providing Distributions with up-to-date arrearage data in the format they need, greatly reducing labor costs and errors in that function.
3. Increased efficiency in staff allocation--"finding" six FTE, for an ongoing arrearage calculation function. Availability of this service to other units such as Wage Assignment and E/E will have unknown but major time-savings benefits, and provide clear, detailed, and mathematically accurate data in support of their casework assignments.
4. The time saved in the Wage Assignment and E/E units will translate into

requires much more detail than the current "quick" method. The attached position paper explains why this new format must be adopted, and provides an estimation of the additional processing time which will be required for the Delinquency Control, Wage Assignment and Establishment/Enforcement staff to do these computations on paper. In return for the increased detail, there will be a significant cost in added preparation time.

If the staff available for arrearage computations is already insufficient, and the computation takes even more time to do, case by case, than at present, then the gap between the number of cases computed and the number requiring computation can only increase unless a) more staff are added, or b) some other solution is found to the problem.

SOLUTION:

A logical option to investigate is the automation of the new computation method. Discussions with the Governor's team indicate that indeed there are viable options for automating this task in very short order and for a modest expenditure on hardware, using inexpensive IBM-compatible personal computers and commercially-available spread-sheet software such as LOTUS 1-2-3.

Even if this task can be automated so easily, who will run the P.C.'s? The Governor's team dealing with the over-all CSEA automation project indicate that it is also quite feasible to down-load payment information from PADIS (where the Delinquency Control Unit currently gets its payment data on paper) onto discettes, and load that data electronically into the arrearage worksheet, automatically updating the arrearage balance. This capability would completely eliminate the most time-consuming task in the Delinquency Control Unit, the manual

To address this problem and a labor shortage in the area of wage assignment preparation, a new Wage Assignment Unit was established March 31, 1986, to compute arrearages on potential wage assignment cases and then process the cases through the wage assignment routine. This unit, however, quickly determined that many of the cases backlogged for arrearage computation either did not fit the criteria for wage assignment or would require additional processing by some other unit before that fact could be determined. This left the great bulk of the arrearage backlog untouched.

Additionally, the Distributions unit and the Establishment/Enforcement units compute arrearages. The Distributions unit is working off several million dollars in undistributed funds. The collectors in the Establishment/Enforcement units are fully occupied in working out the problems in cases which are being protested by obligor/taxpayers. The collectors recompute the arrearages on cases already past the stage where the 979 cases are backlogged.

#### PROBLEM 2:

In addition to this labor shortage which prevents the computation of arrears on numerous cases, to the general detriment of the child support program, those computations which are currently being done by the Delinquency Control, Wage Assignment and Establishment/Enforcement staff are done in a "quick" format which is not usable by the Distributions staff, who must completely re-calculate the figures in finer detail in order to distribute the collected funds.

As part of the work-plan for distributing the backlogged collections, a new arrearage computation format was developed for implementation at the "front end" of the CSEA workflow to eliminate this duplication of effort and facilitate the distribution of the backlogged funds. The new computation format, however,

## Automated Arrearage Computation

In a child support case, a critical piece of information is the amount of past-due support which must be collected in addition to the "current support" due each month or each pay-day. Without this information, several enforcement remedies mandated by the federal government and part of any effective child support program cannot be implemented at all, or cannot be implemented effectively. The IRS/DOR tax refund intercept process, for example, is tied exclusively to arrearages. Wage assignments cannot include more than the current support amount without this information, and periodic notices to the obligee are limited to a statement of the current amount due and without this information. Furthermore, agencies cannot be informed of the debt, to hinder the obligors borrowing power, and judgments cannot be obtained with which to file liens, attach property or garnish assets.

PROBLEM 1:

CSEA currently does not have sufficient staff to compute the arrearage on 979 cases backlogged with a status code which says, "Court documents in file, needs arrears computation." An estimated 135 new cases are added to this group monthly.

The Delinquency Control Unit (DCU) was originally assigned responsibility for computing arrearages on all new cases, and maintaining those balances on an ongoing basis to insure their accuracy. They performed these tasks on so many cases, however, that the currently-manual task of posting payments and updating arrearage balances on existing cases swamped the unit. The can no longer compute arrearages on new cases.

by these same individuals and actual training will be conducted by the appropriate staff ( e.g., CSEA managers, DOA Data Center staff).

SOFTWARE/HARDWARE REQUIREMENTS

Software: DBASE III PLUS  
DOS 3.10

Hardware: 4 IBM/PC-AT's with 640k RAM, 20 MB hard disk,  
math coprocessor, color monitor,  
no-glare screen, ITT 75 75 Board  
for communication with the host.

1 OKIDATA 2410 printer  
1 switch box for printer hooked to 4 terminals

4 fifteen foot coaxial cables

Furniture: 1 printer stand and cover  
4 micro-computer tables

# AUTOMATION OF ARREARAGE CALCULATION IN PHOENIX OFFICE

## APPROACH

An operational manager within the CSEA structure approached the project leaders of the Management and Automation groups of the Governor's Technical Review Team with a proposal to centralize and automate the computation of arrearage figures. (See attached papers regarding justification for the proposal.)

Given the duplication of this activity throughout the organization, this is a perfect opportunity to have a considerable impact utilizing a micro-computer application. It is recommended that these efforts be centralized in one unit composed of DCU, wage assignment, and court order unit personnel. Even with automation, much of the preparatory work would still be manual (e.g., reading court orders, establishing payment history, etc.). As such, personnel in this new unit would be split between preparing documents and the actual input of the data to the computer. It has been estimated that there is an initial backlog of approximately 13,000 cases in need of arrears calculation. On a continuing basis, maintenance of this activity will require probably one-third of the resources required initially.

## INPUTS - PROCESSES - OUTPUTS

Inputs to this system will come from two sources: 1) case record initialization (of the backlog) through an extract of the FSDS database downloaded through a communications link to the a personal computer, 2) manual input of remaining data to these records, and 3) input of the entire case record for new (including some backlogged) cases.

Processing of the data, i.e., computation of arrearages and associated balances, will be handled through a PC-based application developed by a DOA Data Center analyst utilizing DBASE III PLUS software. Once the critical data elements have been entered the program will calculate the arrears automatically.

As documented in the attached papers, a number of units within the organization will utilize the output of this process. In the Enforcement, DCU and Distribution units these figures will provide the basis for much of their activity (which currently requires manual calculation perhaps several times for the same case). Once the arrearage figure is established by this system, it will be input to PADIS which is capable of maintaining the correct balance once it has been initialized. Once a case is initialized on PADIS, it can be purged from the PC system and archived to a dated diskette. As soon as the backlog is reduced the monthly input to this system will require few resources to continue operation.

## PROCEDURES/TRAINING

Operational procedures and corresponding documentation will be developed by CSEA middle management in consultation with the Technical Review Team staff. The necessary training materials will be compiled

BRUCE BABBITT  
GOVERNOR



BETSEY BAYLESS  
DIRECTOR

ARIZONA DEPARTMENT OF ADMINISTRATION

800 WEST WASHINGTON, ROOM 201

PHOENIX, ARIZONA 85007

May 13, 1986

Ms. Linda Moore  
Assistant Director  
DES/ACYF  
1400 W. Washington  
Phoenix, AZ 85007

Dear Ms. Moore:

Please find attached a brief description of a proposal to automate calculation of arrears on IV-D cases in the Phoenix office of CSEA. As the documentation indicates, this manual activity is very time-consuming and functions throughout the organization are dependent on the information. We feel that a micro-computer based application can be brought up very quickly with significant results. We will be moving quickly to bring this activity on-line but believe it important to keep you briefed regarding the direction of our effort. We plan to initiate purchasing of the software and hardware tomorrow morning. Please contact me if you have any questions or comments.

Sincerely,

Sheila Ainlay, Ph.D.  
Management Consultant

SA:tn

## CSEA PLANNED SYSTEM

The dearth of detailed documentation on the system design prevents a clear and objective evaluation of it vis-a-vis these requirements. It is simply impossible to determine in any systematic manner what reporting requirements will be satisfied.

Even though we are unable to assess the detail of the planned system, one finding is unmistakable -- the system was designed to sustain a state-administered and operated program structure. Interface between the counties and the state would not be supported by the planned system.

## ALTERNATIVE ACTIONS AND CONSEQUENCES

- o Implement system as designed -- Due to lack of documentation, the primary consequence of this action is unknown, i.e., there is no way to predict with any certainty whether or not federal and state requirements would be supported by the system. More importantly, the inattention to county interface requirements precludes implementation of the designed system as a viable alternative.
- o Implement system as designed with county interface retrofitting -- This alternative is as dangerous as the previous one because it assumes the system as designed will meet all federal and state requirements, and that development of necessary interfaces with the counties will be feasible.
- o Clearly define and document systemic requirements vis-a-vis federal-state-county interfaces, examine other state systems in terms of importation. If necessary, develop system design documentation and proceed with development. The negative consequence of this action is that previous development efforts and expenditures may have been in vain. However, this option does ensure that the system developed will meet all interface requirements.

## RECOMMENDED ACTION

Proceed with the last alternative delineated above.

SYSTEM DESIGN VIS-A-VIS  
FEDERAL-STATE-COUNTY  
INTERFACE REQUIREMENTS

**ISSUE: DOES THE CSEA PLANNED AUTOMATED SYSTEM MEET FEDERAL-STATE-COUNTY INTERFACE REQUIREMENTS ACCORDING TO THE DESIGN DOCUMENTATION?**

FEDERAL REQUIREMENTS

The DCSE requires states, and through them their local entities, to report program expenditures as well as caseloads, location and establishment/enforcement efforts, and collection and distribution dollars on a quarterly basis. This information is utilized to determine the federal reimbursement to each state for administrative costs and the incentive amount based on the ratio of collections to expenditures. While some of these data would not be stored as a part of a programmatic automated system (e.g., equipment purchases), certainly all programmatic activity reporting could be automated.

In addition to reporting, there are several more direct ways that states and local entities interface with federal entities. In attempting to locate absent parents, the Federal Parent Locator Service (FPLS) is contacted for any such information available through federal databases (e.g., IRS, VA). The other primary contact is with the IRS to intercept tax refunds from parents delinquent in support payment. Both of these can and should utilize automated interfaces.

STATE-COUNTY REQUIREMENTS

The reporting required by the state from counties is driven primarily by those federal requirements. The state is ultimately responsible for providing information to the DCSE regarding child support enforcement whether the state or the counties work a given case.

The decision has been made to move toward a state-administered/county-operated program structure. This will require a centralized database which contains information necessary for federal reporting as well as for interfacing with the FPLS and the IRS. Additionally, the centralized database should enable inter-county interfacing and provide for a central processing point for intra-state enforcement such as DOR and UIC intercept.

An optimal county-operated structure would require that case-tracking, monitoring, collection, and disbursement be managed by the counties. As such, the database structure of each county's system would require the detail and complexity necessary for these responsibilities. The database maintained by the state, through transmission from the counties to the state, would require only skeletal case records with gross collection, arrearage, and disbursement data for each case.

### RECOMMENDED ACTION

Upon adoption of a formal development strategy (i.e., importation or new system development), the same key player(s) should be made responsible and held accountable for producing a comprehensive automation plan that includes these critical elements as well as the host of others such as programming requirements and testing schedules.

EVALUATION OF PRESENT AUTOMATION PLAN  
RE: CONVERSION, TRAINING, ORGANIZATIONAL  
NEEDS AND IMPLICATIONS

CSEA AUTOMATION PLAN

The only documentation in existence which in any way approaches a "CSEA Automation Plan" is a DES action plan. This "plan" specifies action steps, timetables, responsibilities and completion dates. There is not any backup documentation which specifies the detail of each action step, however. Of the three issues -- conversion, training, and organizational needs -- only conversion is addressed in any way by these action steps. The absence of any detailed, narrative, plan precludes an objective evaluation of the adequacy of these action steps for accomplishing conversion. Although conversion is addressed, albeit sketchily, neither training of operational personnel nor the organizational implications of the planned automation have been considered at all.

AN AUTOMATION PLAN

Once a comprehensive definition of requirements and the appropriate system design document have been produced, and a decision has been made regarding importation vs. a new system development effort, the next step should be the development of a detailed automation plan. Obviously, this plan should include detailed requirements in the areas of necessary reorganization, data conversion processes, and operational training.

The organizational needs and implications would be derived through a thorough systems design effort and be documented in a GSD. The automation plan would delineate the tasks, timeframes, and responsible parties involved in implementing the necessary organizational changes. The data conversion part of the automation plan should specify the contents of each type of manual record to be converted, the corresponding volumes, and the actual human and/or electronic processes required for each type of record conversion. In addition, this part of the plan should identify the resources necessary to accomplish conversion in the required timeframe. Finally, the automation plan should delineate the training which will be required for program personnel to operate and manage the system. Training plans should provide for the development of training materials (e.g., operational manuals), identification of training requirements at the different levels throughout the organization, and actual training schedules. The schedules should be determined according to the amount of training needed at each level, the personnel required to conduct the training, and the numbers of employees who will require training.

## ALTERNATIVES

- o Continue with planned development given federal approval of the revised APD.
- o Develop a system design document which encompasses county requirements, addresses a preferred operational system and includes significant input from all user groups. Proceed with development based on this system documentation.
- o Prepare a comprehensive list of requirements, examine other recommended state systems per these requirements, and import another state's system with necessary customization.

## RECOMMENDED ACTION

1. Assign to appropriate DES personnel the responsibility for developing a comprehensive list of requirements within the next 3 - 4 weeks. These requirements should include specific federal, state, and county programmatic, legal and interface requirements. Once these requirements have been documented, re-evaluate the efficacy of importing some other state's system.
2. If no other state system can be found to meet Arizona's requirements sufficiently, proceed with the development of a GSD for a comprehensive statewide system which encompasses all entities' requirements.

## ISSUE: PLANNED CSEA AUTOMATED SYSTEM

### FINDINGS

- o The system, as developed, assumes a state-administered and state-operated configuration. As such, county needs and requirements were not addressed during system development.
- o The system was developed based on the current manual operations and workflow. Necessarily, the operational workflow in CSEA will change dramatically with automation. There was no attempt made to develop a preferred operational system and then to develop an automated system that would support it.
- o The lack of documentation precludes a clear and objective evaluation of the system design vs. requirements.
- o The system was developed with minimal input from the entire range of users. The absence of documentation prohibits a thorough review by users to determine whether the system meets all programmatic needs.
- o PADIS, the payments and distribution prototype, has received poor reviews from both internal and external systems experts, yet this is to be the centerpiece of the new system.
- o The federal OCSE representative suggested a major redirection of effort and reduction in scope for the state's CSEA automated system.
- o The federal representative and an external expert suggested several other state systems which may well meet Arizona's needs without a great deal of additional development.



**ARIZONA DEPARTMENT OF ECONOMIC SECURITY**

1717 WEST JEFFERSON • PHOENIX, ARIZONA • P.O. BOX 6123 85008

*Bruce Babbitt*  
**GOVERNOR**

*Douglas X. Patiño*  
**DIRECTOR**

MAY 3 0 1986

Mr. Sam Thurmond  
Department of Administration  
800 W. Washington, Room 201  
Phoenix, AZ 85007

Dear Mr. Thurmond:

We have received your letter of May 15, 1986, regarding the development of an 1115 waiver request to demonstrate the viability of implementing a capitation based "bounty" for IV-D case collections. DES is interested in pursuing such a request and has identified resources to assist in the development of the request. We are in the process of completing the waiver materials you shared with Linda Moore.

We will appreciate whatever assistance you can provide to us.

Sincerely,

Bette DeGraw  
Deputy Director

BD:mgr

-2-

If on the other hand you all conclude that this route is not viable please feel free to make that call. As soon as I receive the 1115 waiver kit I will transmit it to Ms. Moore.

Sincerely,

A handwritten signature in black ink, appearing to read "Sam Thurmond". The signature is written in a cursive style with a large, prominent loop at the end.

Sam Thurmond

Attachments

ST:tn



BRUCE BABBITT  
GOVERNOR

BETSEY BAYLESS  
DIRECTOR

ARIZONA DEPARTMENT OF ADMINISTRATION

800 WEST WASHINGTON, ROOM 201

PHOENIX, ARIZONA 85007

May 15, 1986

Ms. Bette DeGraw,  
Deputy Director  
Arizona Department of  
Economic Security  
1717 West Jefferson  
Phoenix, AZ 85007

Ms. Linda Moore,  
Assistant Director  
Aging, Family & Children  
Services Division  
Arizona Department of  
Economic Security  
1400 West Washington  
Phoenix, AZ 85007

Dear Ms. DeGraw and Ms. Moore:

Please find attached a paper by Dr. Ainlay "Evaluation of Present Automation Plan" pertaining to IV-D automation issues. This paper succinctly frames the elements of a preferred automation plan and provides a summary of the current automation plans.

Also attached is a paper, also authored by Dr. Ainlay, "Automation of Arrearage Calculation in Phoenix Office" sets forth a strategy for using micro-computers (have been ordered and will be installed today) in the establishment of a "bible point" for arrearage administration.

One additional matter that I want to bring to your attention pertains to the possibility of securing an 1115 waiver (SECTION 1115 of the Social Security Act) to demonstrate the viability of implementing a capitation based "bounty" for IV-D case collections in lieu of the current administrative matching and incentive system, both encumbered with rather onerous record keeping and reporting requirements. I have requested an 1115 waiver kit from the HHS Office of Research and Demonstrations and should receive it by the end of next week.

I am recommending that you all identify resources within DES that can develop this waiver request. I have shared this concept with the Governor as well as some county representatives and I believe it's fair to say that a most favorable attitude exists. I will be available to an extent to have initial dialogue with whatever resource(s) you identify, but don't plan on developing the waiver request myself.



**ARIZONA DEPARTMENT OF ECONOMIC SECURITY**

1717 WEST JEFFERSON • PHOENIX, ARIZONA • P.O. BOX 6123 85008

*Bruce Babbitt*  
**GOVERNOR**

*Douglas X. Patino*  
**DIRECTOR**

MAY 29 1986

Mr. Sam Thurmond  
Department of Administration  
800 West Washington, Room 201  
Phoenix, Arizona 85007

Dear Mr. Thurmond:

In response to your letter of May 12, 1986, we concur with your finding that DES could greatly profit from the services of an expert IV-D systems analyst. We have contacted Mr. Bob Williams, IBM, and other states to assist us in locating a suitable individual. We plan to establish a task force, as you suggest, with the identified person as lead.

We will inform you as soon as an individual can be identified and arrangements made for a briefing.

Sincerely,

Bette DeGraw  
Deputy Director

BD:LM:vg

BRUCE BABBITT  
GOVERNOR



BETSEY BAYLESS  
DIRECTOR

ARIZONA DEPARTMENT OF ADMINISTRATION

800 WEST WASHINGTON, ROOM 201  
PHOENIX, ARIZONA 85007

May 12, 1986

Ms. Bette DeGraw, Deputy Director  
Arizona Department of Economic Security  
1717 W. Jefferson  
Phoenix, AZ 85007

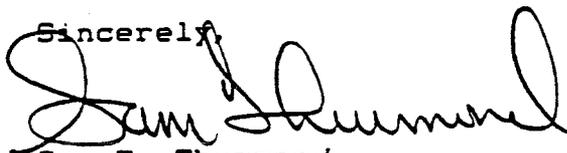
Dear Ms. DeGraw:

This will follow-up on our meeting of May 6, 1986 wherein Dr. Ainlay and Mr. Froelich provided a briefing on their findings relating to the planned CSEA automation system. Please find attached a follow-up paper by Dr. Ainlay pertaining to this subject.

In our earlier meeting we made some specific recommendations and one in particular I would reiterate at this time is for DES to employ the services of an expert systems analyst that could plot the future course of IV-D automation. Our view is rather straight forward - you don't have such an individual in DES. This individual should possess a strong background as a systems analyst, a thorough knowledge of IV-D, and be able to interface and project manage tasks with federal, state and county interests and above all be intellectually honest. We recommend that this person lead a DES task force to get this effort on the right track and that the emphasis be on the systemic framework of the IV-D program and not exclusively on the technical automated components.

Identifying such an individual admittedly, is difficult. We suggest contacting the regional office and Mr. Bob Williams (303-863-0900) for potential leads. Whether you hire someone on your staff or choose to contract we believe will be conditioned on the individual. We strongly recommend, under any circumstance, that the person operate as a special project directly out of the Director's office and not out of ODA or the IV-D program.

We have approximately one month left on our agenda and it would be to the Department's advantage to have such an individual and a designated DES task force in place to build upon our efforts.

Sincerely,  
  
Sam T. Thurmond

Attachment

ST:tn

EXHIBIT B

## INFORMATION SOURCES: LOCATION/ENFORCEMENT

### SUMMARY

The decision to decentralize casework to county offices will necessitate the enhancement of information sources available to county staff for Location, Establishment and Enforcement activities. Figure 31 depicts the type information sources, supporting a County operated IV-D program and calls for direct data access wherever possible between the county and the information sources required to locate absent parents and enforce court orders. Another option is for a small rural county subcontracting with a larger county for computer locate services.

For some information sources, (e.g., FPLS), where regulatory or procedural requirements of the information provider require a single access point, CSEA should act as a conduit for access, receiving inquiries from the counties, merge them for batch transmission to the information providers, and distribute the responses to the counties.

Depending on the strategic decisions by management, CSEA may have to maintain the same access, for operational purposes, as the contracting counties for coverage of non-contracting counties. This entity diagram illustrates the contrast in the State vs. county options for handling casework.

### POTENTIAL DRAWBACKS

If CSEA does indeed play a central role in facilitating access to information not currently available to the counties (or not available in as convenient a medium as it is to CSEA) then face a major demand for administrative resources could be placed on CSEA to serve in this liaison role. Such resources are not currently available.

## BENEFITS

1. Contributes substantially to the desired state of a county-operated program.
2. Consolidates case work at the local (county) level.
3. Consolidates case responsibility at the local (county) level.
4. Reduces case handling time by eliminating the step of first referring the IV-A cases to CSEA.
5. Increases county participation in overall program operations with potential for increasing AFDC collections.

## IMPLEMENTATION STRATEGIES

Implementation of direct referrals on IV-A cases will require coordination between CSEA, county entities and the IV-A program.

Steps required for implementation are:

1. Provide to individual counties information on projected IV-A referral workloads for that jurisdiction.
2. Coordinate between CSEA, IV-A and counties to develop the direct referral procedure.
3. At the county level, identify staff needs for case intake and screening unit, hire additional staff, and arrange for space and equipment for additional staff.
4. Concurrent with #3 above, develop and implement county interface with statewide case-tracking system.
5. Identify training needed by county, IV-A and CSEA staff on the new referral system.
6. Conduct necessary training sessions.
7. Develop cost reimbursement protocol for reimbursing county expenses and provide necessary budget schedules.
8. Monitor and evaluate new system.

- Assist the county with other IV-A interface areas of concern (e.g., IV-A/IV-D policy clarifications, IV-A information inquiries, etc., by being an intermediary with CSEA; and
- Be a CSEA resource person to a county.

As previously mentioned, the statewide automated case-tracking system would be a key factor in the desired state. The statewide system would provide for the following:

1. Cross-indexing of applicant/recipient to identify multi-county referrals as applicant/recipients move between county jurisdictions within the State. This is needed to avoid duplicate and possibly conflicting case actions among counties.
2. Cross-indexing of absent parents to assist counties in coordinating case actions against various absent parents on behalf of a single applicant recipient.

In the absence of a statewide automated system, a county would need to have a manual centralized "intake" area to perform the activities currently performed by the CSEA Intake File Room. In such cases the county would also have telephone contact with other Arizona jurisdictions to identify "existing" cases so that they could appropriately transfer cases and/or disseminate information.

### POTENTIAL DRAWBACKS

1. Integration of the statewide system into county operations will involve considerable effort, including modifications to existing systems, development of procedures and training. These factors will require lead time prior to implementation of the direct referral process.
2. Diminishes State role of AFDC case operations and relies solely on strength of contractual agreements to ensure that counties carry out responsibilities in an effective manner.

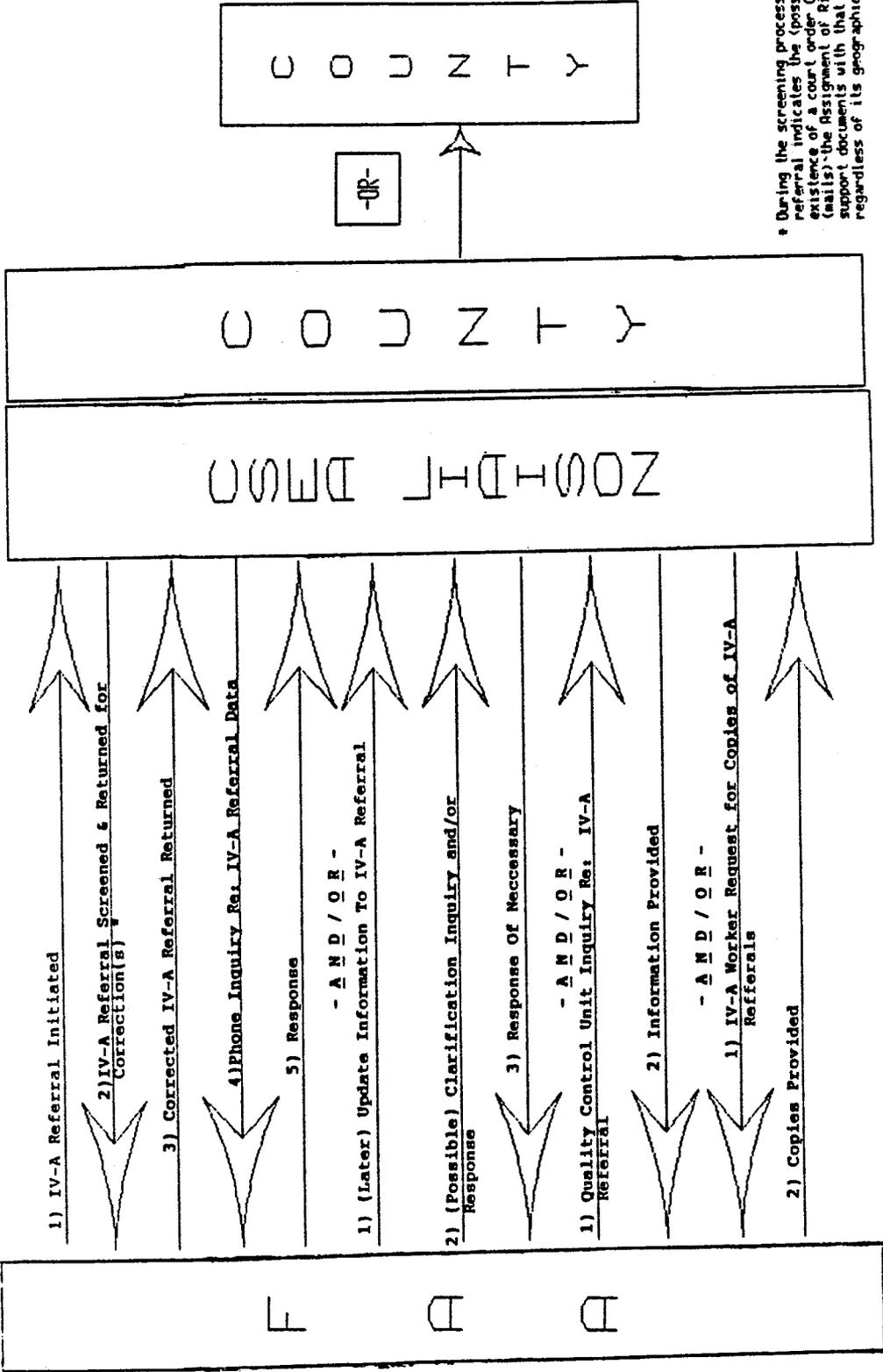
identify, sort and process all incoming IV-A referrals and subsequent case correspondence and/or inquires. This central intake approach not only helps to minimize duplicate case activities but also expedites IV-D services to be provided. In the present state, the CSEA Intake/File Room Unit is the central intake point for the IV-A referrals. This unit performs the following tasks:

- Screen all referrals for consistency of information, returning those with major omissions to IV-A.
- Identify "existing" cases and merge all into one.
- Assess the referrals for court order information, filing the Assignment of Rights to Support with the appropriate court, regardless of its nationwide geographic location.
- Provide the case records, and later all subsequent case related correspondence and/or inquiries, to all concerned IV-D components.
- Transfer cases between jurisdictions whenever an AR's place of residence changes.

2. Quality assurance/quality control process are a means of ensuring that "quality" referral are received from the IV-A entity. The desired quality assurance mechanism would allow for an immediate identification of referrals received with insufficient recipient or absent parent data to begin case work. CSEA currently has staff out-stationed in certain IV-A offices to enhance the quality of information contained on IV-A referral forms. This desired state diagram identifies another option for quality assurance on referrals - the out-stationing of CSEA liaison staff in the county entity. CSEA liaison staff would:

- QA the IV-A referrals and identify the "trouble spots"
- Identify and/or arrange for training or other technical assistance that may be needed;

COUNTY IV-A REFERRAL PROCESS



\* During the screening process if the IV-A referral indicates the (possibility or) existence of a court order (SEP files (aails)-the Assignment of Rights to support documents with that court, regardless of its geographic location

figure 30

COUNTY PROCESSING OF REFERRALS

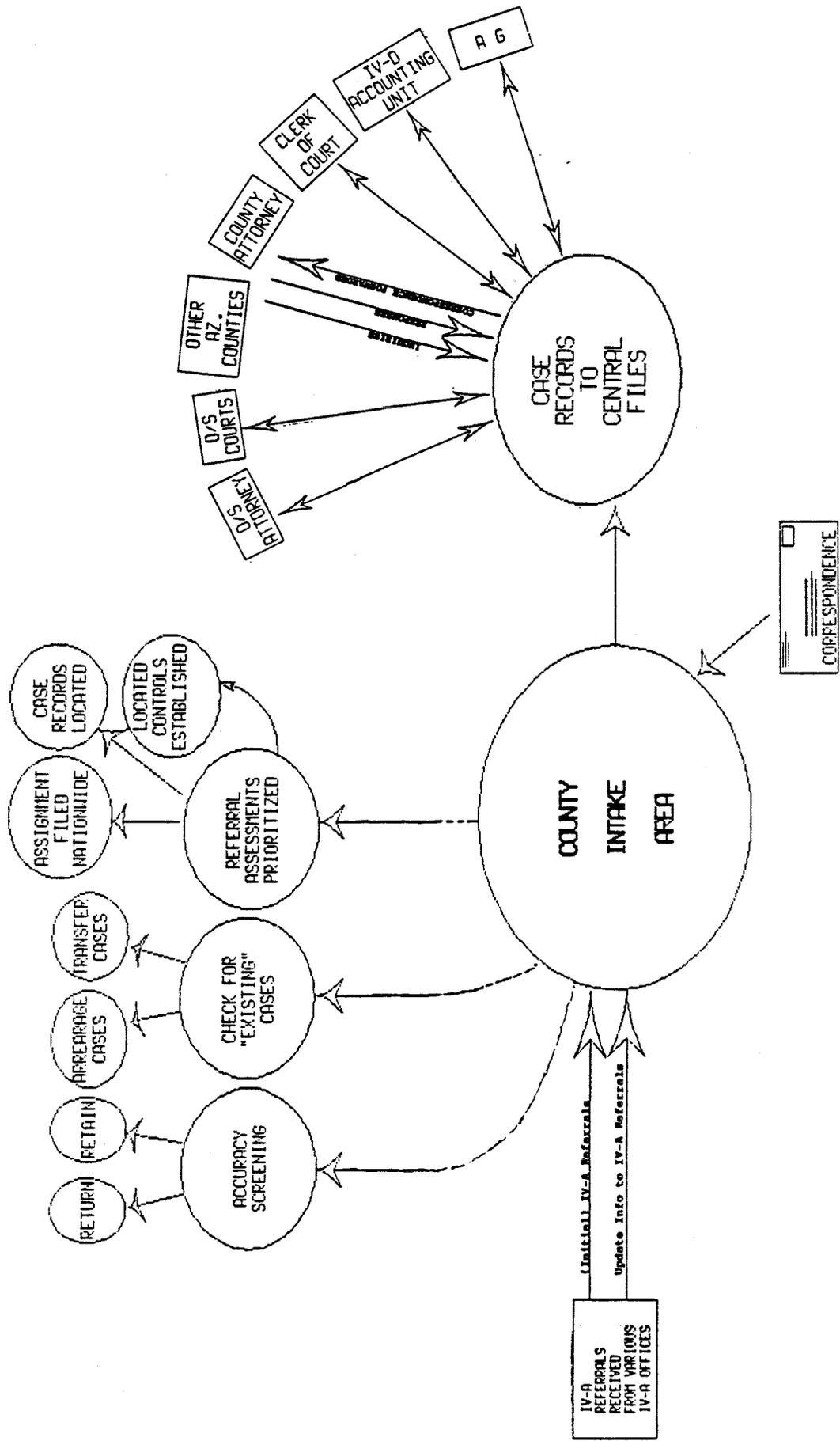


figure 29

## COUNTY IV-A REFERRAL PROCESS/COUNTY PROCESSING OF REFERRALS

### SUMMARY

Figure 29 depicts the desired state for the IV-A referral function. In the desired state, the system would be decentralized with referrals flowing from the IV-A entity directly to the county entity. Also Figure 30 depicts the desired state by utilizing a statewide automated case tracking system centralized in CSEA with counties accessing the statewide system in order to perform their operational responsibilities. The diagrams assume that all counties are under contract, that most if not all operational responsibilities have been transferred to the counties, and that CSEA remains responsible for overall program administrative functions. It should be emphasized that the statewide automated case-tracking system is a key factor in the overall desired state of an effective state administered - county operated program.

For the purpose of these diagrams, "County" relates to a single Arizona jurisdiction, not all Arizona counties collectively. Additionally, "County" relates to no one specific entity within the County, ( i.e., County Attorney or Clerk of the Court). Therefore, once all duties are identified and assigned to a County, it is at the discretion of the county as to where and to whom the responsibilities will be allocated within that entity. The State will obviously assist the counties in understanding the scope of work and communication processes.

The direct referral system should provide for a centralized case intake point within each county entity and for a quality assurance process on referral received. Rationale for these recommendations is as follows:

1. A central intake point in each county is needed to receive,

CSEA, identify funding for any new positions, establish and fill any new positions.

3. Develop reference materials for use in providing information and in referring inquires/complaints to county entities.
4. Conduct training for CSEA information and referral staff.

as the Governor's Office, elected officials, the media or Legal Aid. In these special handling situations, CSEA obtains the necessary information from the county and provides the response rather than referring the inquiry/complaint to the county for response.

### POTENTIAL DRAWBACKS

1. Significant staff time may have to be spent in screening inquiries/complaints to determine appropriate handling-direct response or referral to another entity - depending on the nature of the complaint.
2. External entities may feel that CSEA is not being responsive when they are referred to the county entity rather than being given a direct response to their inquiry/complaint.

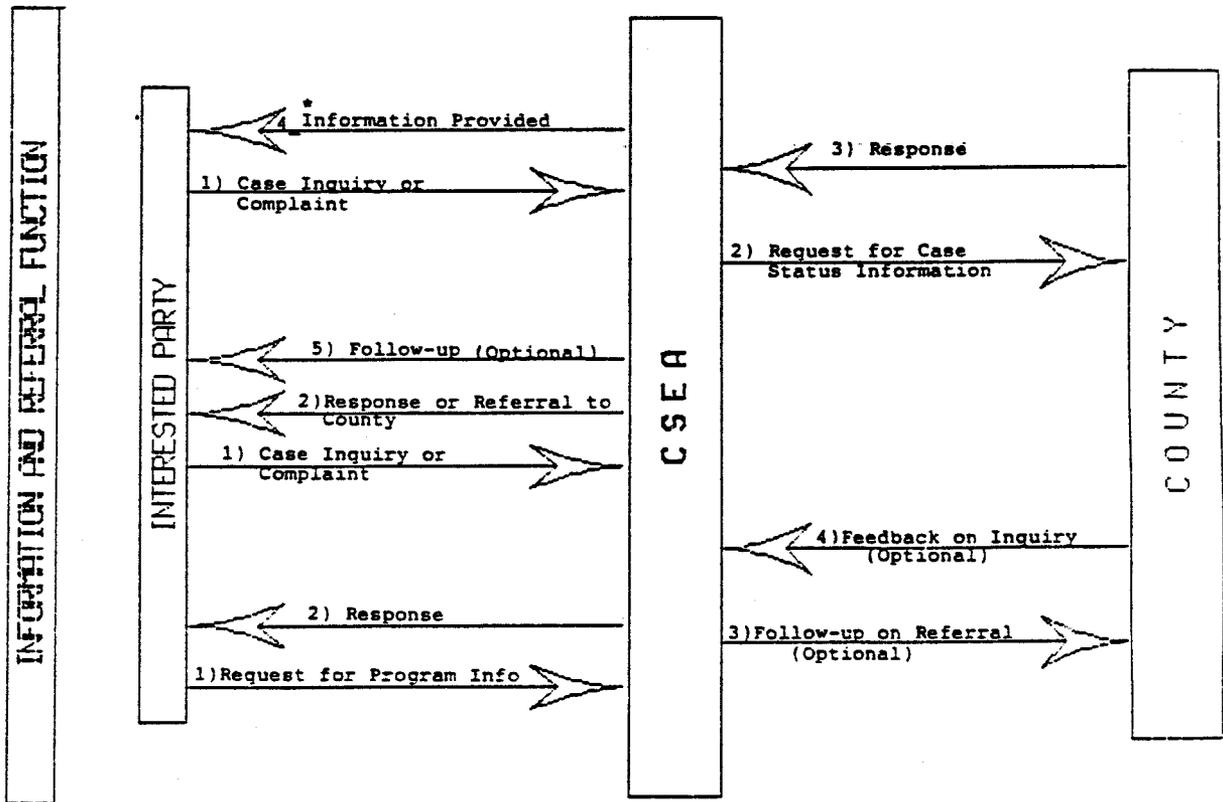
### BENEFITS

1. Provides for CSEA as the source for general program information.
2. Provides for responses to inquiries or complaints on specific cases directly by the entity responsible for the aspect of case processing that is in question.
3. Provides for follow-up as needed on inquiries/complaints referred to county entities.
4. Recognizes that special handling may be needed for inquiries and complaints received from certain sources.

### IMPLEMENTATION STRATEGIES

CSEA will continue to receive some volume of requests for program information and inquiries/complaints on specific cases. Implementation of a county operated program requires the following actions:

1. Reach agreement with each county entity on how the inquiry/complaint referral process should be handled.
2. Determine appropriate staffing level (number and classification of positions) for the information and referral function within



\* This set of transactions reflects special handling inquiries/complaints received by CSEA from certain entities such as the Governor's office, Legal Aid, state or federal elected representatives or the media.

## INFORMATION AND REFERRAL

### SUMMARY

Figure 28 depicts the transactions in responding to requests for program information and to inquiries or complaints on specific cases. The diagram assumes that all counties are under contract and are handling NPA cases and all AFDC cases. It also assumes that county entities have most if not all operational responsibility for case handling.

The entity identified as "Interested Party" represents the variety of sources from which inquiries may be received including: absent parent or legal counsel, applicant/recipient or legal counsel, private citizens, employers, the Governor's Office, elected officials, the media, DES Client Advocate, advocacy groups and Legal Aid.

The diagram reflects that CSEA will respond directly to requests for general program information. This will include information on how child support enforcement services can be accessed in specific local areas. For inquiries or complaints on specific cases, CSEA will respond directly if the matter relates to designated areas of CSEA responsibility and will refer to county entities those matter which relate to county operational responsibilities. The set of transactions identified include optional transactions in which CSEA does follow up with the county entity on inquires/complaints referred to the county for response. These transactions may be required when CSEA receives a follow-up contact from a party initially referred to the county indicating that the county did not respond or that the county's response was inadequate or otherwise unsatisfactory.

A final set of transactions reflects the special handling of inquiries or complaints received from certain interested parties such

## IMPLEMENTATION STRATEGIES

The number of counties to be audited will be almost doubled when all counties are under contract. The scope of county audits will also be expanded to encompass new operational responsibilities. Internal CSEA compliance reviews have not in the past been conducted on a regular basis. The following action steps are necessary for implementation:

1. Determine appropriate staffing level for function (number and classification of positions), identify funding for any new positions, establish and fill new positions, and provide appropriate training for any new staff.
2. Coordinate with DMR Internal Audit entity to develop schedule for conducting county financial and program compliance audits.
3. Conduct training and orientation sessions with counties not previously under contract to provide information on financial/compliance audit requirements and the established audit resolution process.
4. Develop appropriate review formats and procedures to be used in conducting CSEA internal compliance reviews and in the formulation of corrective action plans.
5. Coordinate with DMR Internal Audit entity to begin internal audits of CSEA administrative and operational activities.

distributions function. These audits would be an additional tool for identifying and correcting problems that could lead to federal audit exceptions.

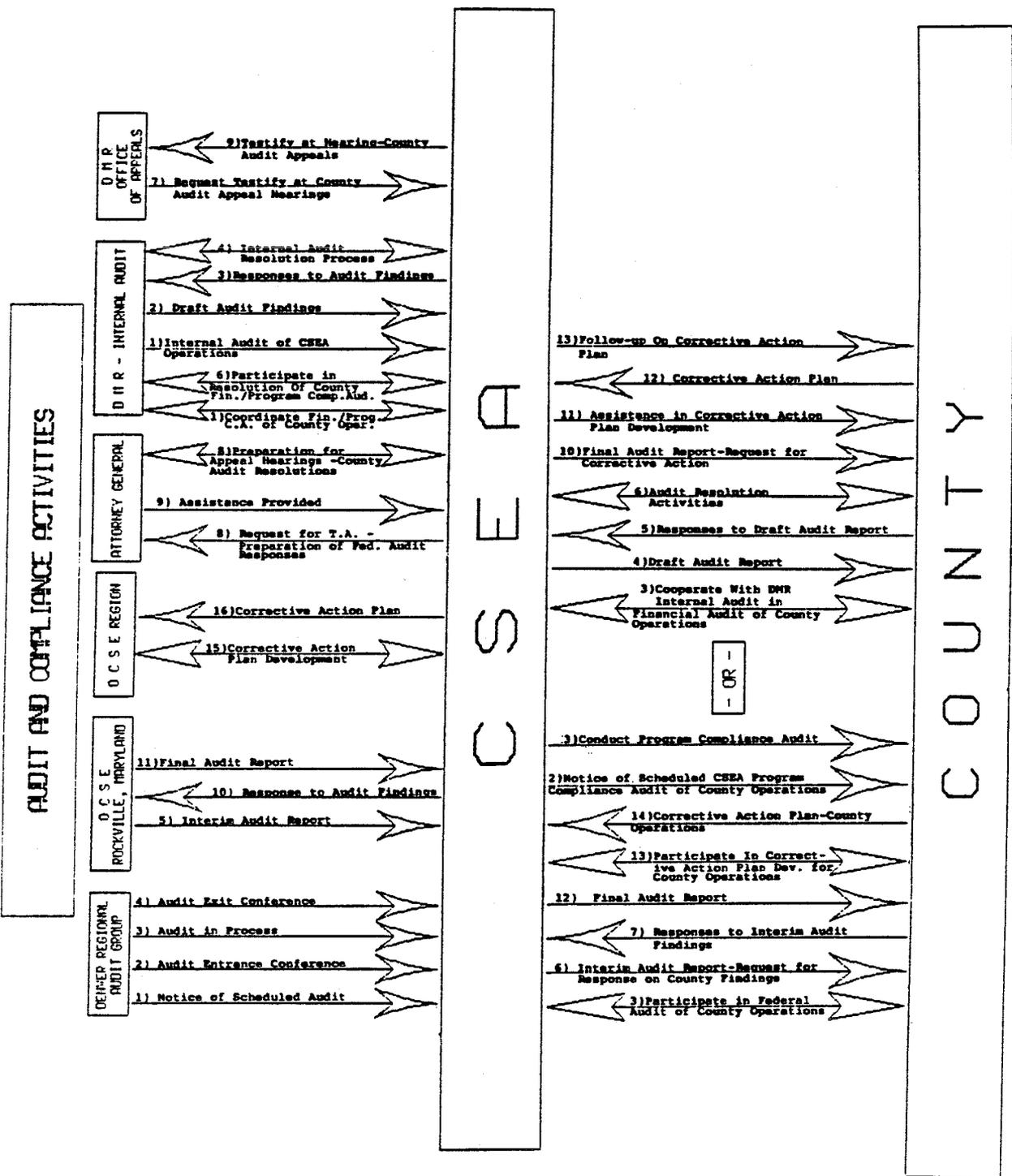
Since the diagram displays only external transactions, it does not reflect audit/compliance transactions taking place within CSEA. In the desired state, the CSEA audit and compliance group would also be responsible for conducting compliance reviews of CSEA activities to identify potential problems and to recommend corrective action.

### POTENTIAL DRAWBACKS

1. The desired state does not remove the present audit requirements placed on county entities. If the counties' dissatisfaction is with the audit requirements themselves, the desired state would not serve to improve State / county relationships in this case.

### BENEFITS

1. Provides for continuing CSEA involvement in federal audit activities which is in concert with the State's program administration responsibility.
2. Recognizes continuing CSEA involvement in federal audit activities which is in concert with the State's program administration responsibility.
3. Reduces potential for federal audit exceptions and/or compliance issues by providing for internal audits of CSEA operations by the DES Internal Audit as well as for compliance reviews of CSEA operations by CSEA audit and compliance staff.
4. Improves county perceptions of State administration's credibility by imposing audit requirements on the CSEA entity similar to those imposed on county entities.



NOTE: Additionally, the CSEA program compliance section will conduct internal program compliance audits of CSEA.

figure 27

## AUDIT & COMPLIANCE ACTIVITIES

### SUMMARY

Figure 27 depicts displays transactions in the desired state for the audit and compliance function. The diagram assumes that all counties are operating under contractual agreement with CSEA and that county entities are handling NPA cases and AFDC cases. It is also assumed that most if not all operational responsibilities have been transferred to the county entities.

The transactions displayed for the desired state are essentially the same as the present state. Assuming that no changes occur in mandated audit requirements, it is expected that audit transactions with external entities will be basically the same regardless of whether operational responsibilities are carried out by county entities or by CSEA.

Transactions numbered 1 through 16 reflect federal audit activities. The next set of transactions numbered 1 through 12 reflect State financial and program compliance audits of county operations. The frequency of audit transactions with county entities will increase proportionally when all counties are operating under contractual agreements. In addition, the scope of county audits will have to be expanded to encompass the additional operational responsibilities that have been transferred to the county.

The desired state diagram reflects an additional series of transactions, numbered 1 through 4, with the Division Of Management Review Internal Audit entity related to that entity conducting audits of CSEA operations. Such audits by DES staff would be particularly important if CSEA is to retain part of all of the payments and

3. The benefits of having contracted counties either act as clearing houses for non-contracting county orders or in some other manner handle the reporting responsibilities related to those counties lies in maintaining as "clean" a division of responsibility between State and counties as possible, to avoid the problems inherent in duplication of structures at both levels.

### IMPLEMENTATION REQUIREMENTS

1. Meetings between CSEA and the counties must continue, addressing the needs for reporting and building consensus on a statewide policy in this area, covering not only federal reports but the internal reports which ensure that casework is under control.
2. There is also a need for on-going refinement of the procedures for gathering and analyzing data for federal and internal reports, to maximize the benefit derived from the effort put into this process. Where possible, enhancements to automated systems should maintain a high priority on producing data to meet this goal.
3. Continuation of research into the options available for data collection from non-contracting counties needs to continue, with the added involvement of the contracting counties needs to continue, with the added involvement of the contracting counties most likely to act for the State in that area if they so decide.
4. Exploration of the viability of federal waivers (e.g., Section 1115) to pursue alternative systems to eliminate as much administrative detail as possible (e.g., reporting) in favor of a capitated case reimbursement system.

## POTENTIAL DRAWBACKS

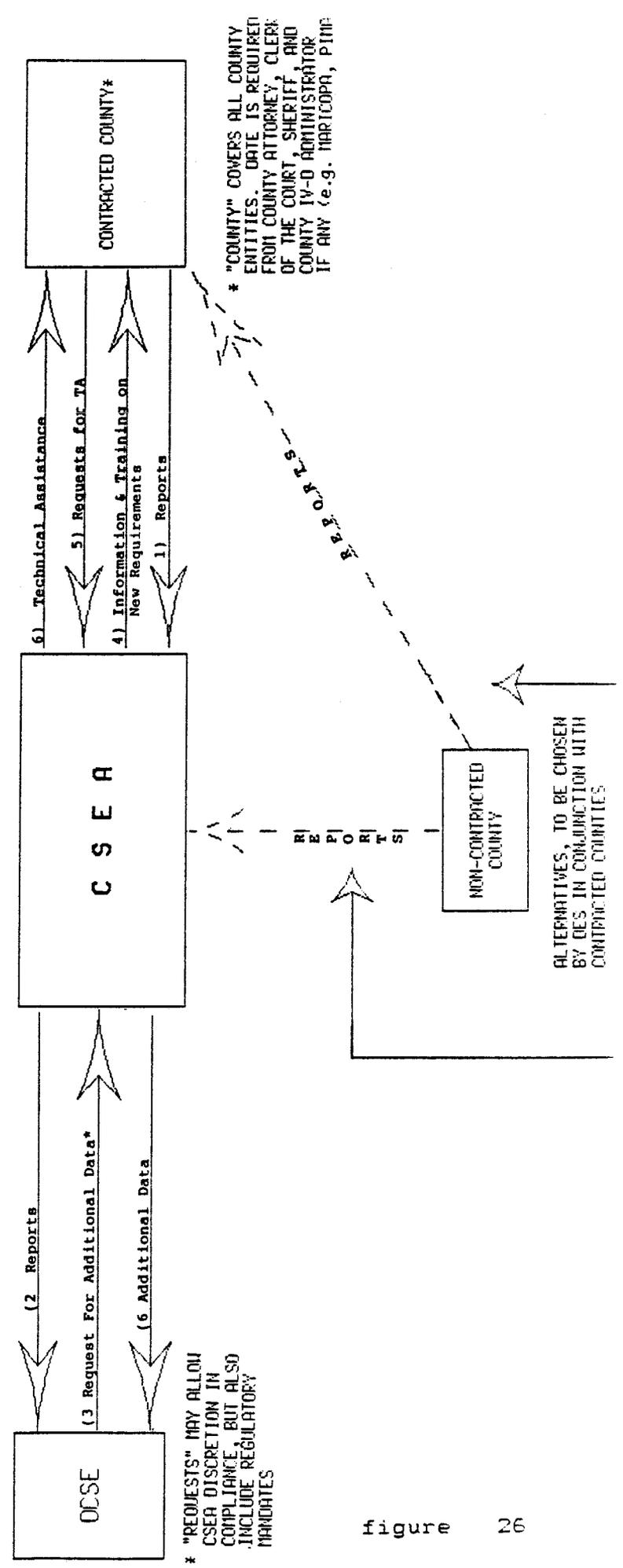
1. For federal reports, there should be relatively few problems for the currently contracting counties to absorb the additional reporting requirements related to direct referral of AFDC cases, though some enhancement of their procedures will be necessary.
2. The position of a federal-requirements-only position by these counties advocating this view is not tenable. Reporting philosophies and control of their in-operations by maintaining internal management reports which are not part of the federal mandate is an important commitment.
3. Counties may have enough to do implementing the changes necessary to operate the child support program for their own constituents without attempting to handle business from neighboring counties. Consolidation of data collection for federal reports at the county level may be "cleaner" from the State's perspective, but may prove impractical from the county's unless CSEA succeeds in its automation efforts.

## BENEFITS

1. Transfer of operational responsibility to the counties will achieve a consolidation of casework which enhances the accuracy and timeliness of data reported to OCSE.
2. Front-line responsibility for the success or failure of the program, including the level of funding to sustain staffing in both the State and county programs, will encourage the counties to view necessary statistical reporting as an important tool in their own management interest, rather than an onerous burden imposed by the State and federal governments.

**FEDERAL REPORTING REQUIREMENTS - SEE "AUDIT" FOR RELATED ACTIVITY**

NOTE: NEGOTIATION AS TO WHAT DATA WILL BE REPORTED COUNTIES OCCURS IN STEPS 1-2 OF NEGOTIATING THE INTERGOVERNMENTAL CONTRACT



## FEDERAL REPORTING REQUIREMENTS

### SUMMARY

Figure 26 depicts the reporting procedures necessary to obtain reimbursement from the Federal Government. As a requirement for claiming federal reimbursement of costs, IV-D agencies must provide reporting data specified by the OCSE. A transfer of operational responsibility to the counties, especially the direct referral of AFDC cases from the AFDC program in DES to the counties would increase the accountability required of the counties.

Currently, many counties take the position that no data shall be required of them other than explicitly mandated by federal regulations. The basic reporting requirements will be determined in the contract development phase between the parties.

This omits the issue of internal management information. CSEA will shortly begin the development of currently implementing a major automation project to enhance its ability to track and report on the caseload. With the success of the entire program in the hands of the counties, CSEA will need to ensure the implementation of effective case tracking procedures to augment the "bare bones" data collected for federal reports.

The absence of IV-D contracts with many Arizona counties presents an additional problem for CSEA, that of gathering this minimum data for the federal reports, relative to those non-contracting counties. Among the options available are the establishment of a State-operated "clearing house" for child support payments made on court orders in those counties, or some alternative arrangement operated by nearby, larger contracting counties. The possibilities of realizing the most ideal option, contracts with all counties, will depend on CSEA's performance, county reimbursement and system acceptance.

## IMPLEMENTATION STRATEGIES

In the desired state, the same group within CSEA would be responsible for both development and implementation of federal / State legislation and regulations. The strategies for this developmental function would be similar to those identified for implementation of new/revised legislation regulation with the following additions:

1. CSEA staff assigned this Responsibility may also need training on the Arizona legislative process and on the State Administrative Procedures Act requirements.
2. Identify national interest/advocacy groups and develop or strengthen CSEA relationships with these entities.

DEVELOPMENT OF FEDERAL/STATE LEGISLATION AND REGULATIONS

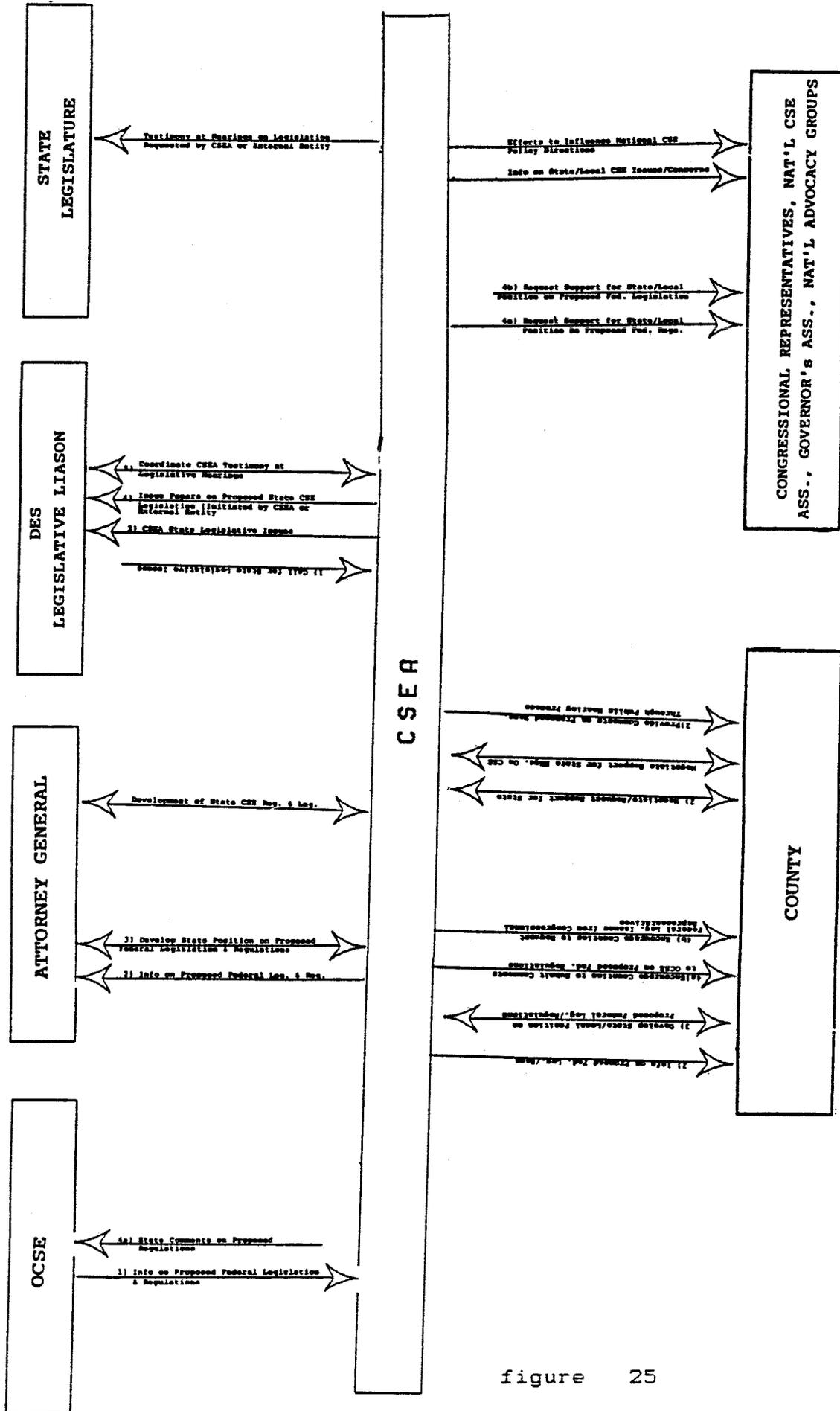


figure 25

## DEVELOPMENT OF FEDERAL/STATE LEGISLATION AND REGULATIONS

### SUMMARY

Figure 25 depicts the type of transactions necessary for development of State and federal legislation and regulations. The diagram involves county entities in the development of State / local positions relative to proposed federal legislation and regulations and commenting directly to the federal entity on proposed federal regulations. The diagram also reflects CSEA transactions with Congressional representatives and various national interest groups to request support for State / local positions on proposed federal legislation/regulations and to focus attention of these entities on OCSE issues and concerns.

Also reflected in the diagram is involvement of county entities in developing State OCSE legislation and regulation with recognition that proposed State regulation or legislation may be initiated by CSEA or by an external entity.

### POTENTIAL DRAWBACKS

1. Potential for lack of consensus with county entities on State local positions on proposed federal legislation/regulations.
2. Improves relationships with County entities by increased involvement in federal legislative and regulatory issues.
3. Utilizes avenue of seeking support from congressional representatives and national interest/advocacy groups to influence the direction of national OCSE policy, legislation, and regulation.
4. Provides for cooperation between CSEA and county entities in developing State OCSE legislation and regulation.

erode an already fragile relationship.

### BENEFITS

1. The majority of the conflicts between the counties, the State, and the Attorney General's Office would be ameliorated.
2. Concerted group action would channel available energies and resources toward accomplishment of the program's goals.
3. Increased coordination between the parties would produce more from those concerted efforts than is presently realized from individual efforts and often conflicting efforts of the present parties.

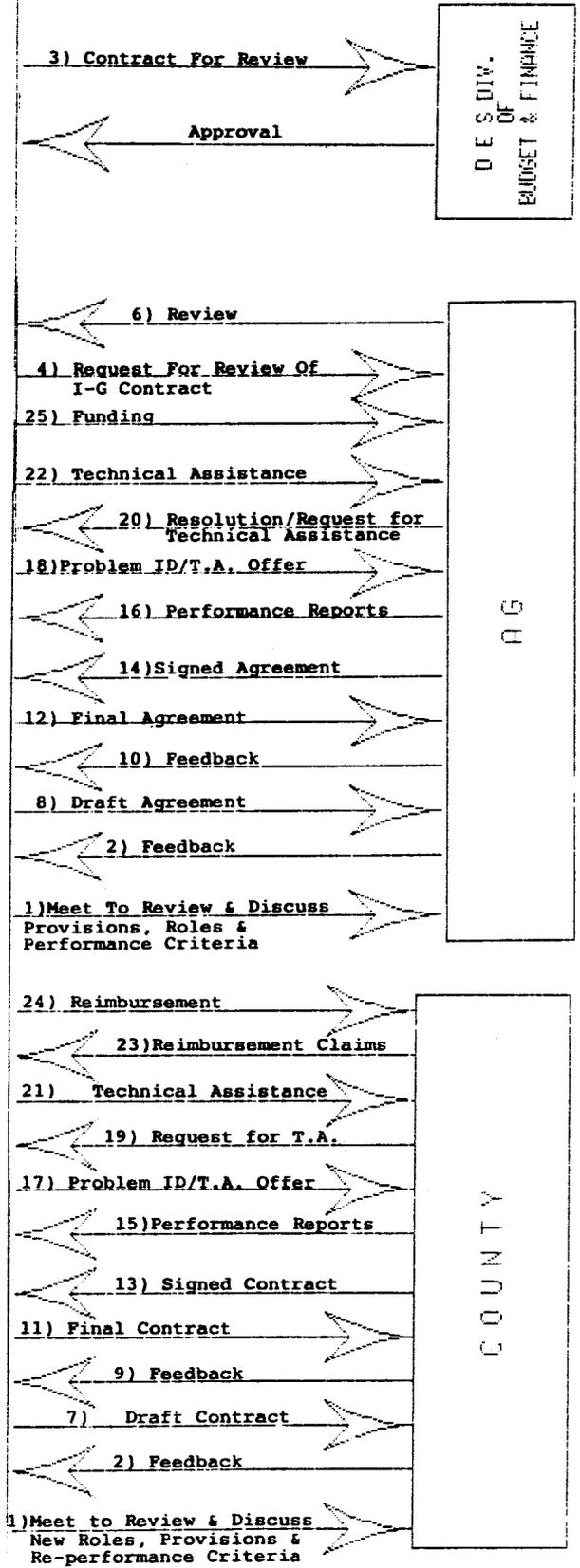
### IMPLEMENTATION REQUIREMENTS

Clearly, the benefits to be gained by the successful implementation of a State - county - AG consensus-building process outweigh hypothetical drawbacks of increased friction with OCSE. This potential for conflict with OCSE cannot be discounted, however, and if it worsened as a result of CSEA functions not improving, could result in serious financial penalties which would weaken the entire statewide program. It is therefore recommended that OCSE be requested to take an active part in the consensus-building process in order to present their positions as clearly as possible, and allow the consensus building process to address potential problem areas before there are problems are exacerbated.

Secondly, training should be provided not only for the CSEA representatives working in this area, but for the county and AG staff as well, in the area of consensus-building. A considerable body of academic expertise exists, and consideration to the use of consultants specializing in this skill should be part of the early development in this area.

INTERGOVERNMENTAL CONTRACTS - INTERAGENCY AGREEMENTS/PERFORMANCE-BASED STRUCTURE NEGOTIATION/ADMINISTRATION - SEE "AJOIT" FOR RELATED ACTIONS

C O S E A



NOTE: Sequence steps 7-25 alternate between county and AG to imply simultaneous activity rather than a true sequence.

## NEGOTIATION/ADMINISTRATION OF INTERGOVERNMENTAL CONTRACTS AND INTERAGENCY AGREEMENTS

### SUMMARY

The child Support Enforcement Administration includes various county agencies, as well as the Attorney General's Office in the State IV-D Child Support Enforcement program via inter-governmental contract (IGC) with counties and intergovernmental agreement (IGA) with the Attorney General's Office. Through these contracts and agreements, CSEA acts as an agent of the federal government, procuring services for the IV-D program and funding the agencies, wholly or in part, in compensation for those services.

Figure 24 depicts the desired state, where by any conflicting views concerning the purpose of the IGC's and IGA's would be replaced by a consensus of opinion among all the parties as to what the statewide child support enforcement program needs to accomplish, what the requirements of the IV-D program are, and what the roles are of each of the parties. Both contracts and agreements shall contain only they essential requirements for operations and reporting. The division of labor and responsibilities will be clearly delineated in a performance based format.

### POTENTIAL DRAWBACKS

1. There is a long history of conflict to be overcome, which will not be easy.
2. Many county representatives appear more ready to challenge OCSE on its reporting requirements and other operational mandates than CSEA had been. CSEA has had its own share of problems with OCSE, and this potential pressure for additional friction between the State IV-D program and the federal child support agency can only

restrictive use limitation, primarily in the areas of physical location of the equipment and time-sharing issues, the hardware/software support must provide for, at a minimum, the administrative work related to developing the APD, design documents, etc. Developmental/enhancement programming of micro computer based applications, and access to both DES systems and other systems accessible by modem, etc.

2. Development at the county level has been conducted with no effective coordination by DES. Consequently, any potential for the interface of State county systems may well be fortuitous. This situation will place added burdens on the State - county work groups attempting to achieve desired levels of interface.
3. The confidence of CSEA staff in the delivery of any automation has been discredited by the history of automation project failures in the program. Their cooperation in previous efforts has been wasted, disinclining them to any further cooperation. Their willingness to invest their imaginative efforts is a precious resource which will be difficult to obtain.

### BENEFITS

1. Improved working relationships between CSEA and all external entities, not only in the systems area, but the whole IV-D program.
2. More expeditious and cost beneficial automation development and enhancement, leading to improved delivery of automated services to the program.
  - A. Better accountability.
  - B. Cost/efficient development and operation of data processing services.
  - C. Better access to more data, with effective quality control, at all levels of administration and operation.

### IMPLEMENTATION REQUIREMENTS

1. CSEA's administrative structure and staffing configuration must be decided upon, at least as it will relate to systems development, and the selected structure implementation.
2. The staff assigned to systems development must be educated in the mission at hand, given training support, and make a commitment to this objective.
3. Adequate hardware and software must be made available to without

## MISSION STATEMENT

TO IMPLEMENT A STATEWIDE IV-D AUTOMATED SYSTEM, OR INTERFACED SYSTEMS, PROVIDING TIMELY AND ACCURATE DATA TO SUPPORT THE ARIZONA CHILD SUPPORT ENFORCEMENT PROGRAM AT THE STATE AND COUNTY LEVELS.

## ADMINISTRATIVE GOALS

The goals of the proposed administrative configuration for systems development in CSEA include:

1. A statewide IV-D APD approved by the Federal Office of Child Support Enforcement for 90/10 federally-matched funding.
2. Detailed and accurate supportive documentation on all systems covered by the statewide APD developed in concert with county representatives.
3. Consensus among all management entities involved in the IV-D program on the approach to automation specified in the State APD.
4. Effective management of development/enhancement projects, aimed at the achieving uniformity and compatibility of systems, where separate systems are needed, and consolidation of separate systems where feasible in a cost/beneficial manner.

## OPERATION GOALS

Implementation of new/enhanced system to facilitate field-level casework and thus improve the child support enforcement programs services.

## POTENTIAL DRAWBACKS

1. In pursuit of federal funding, CSEA will have serious credibility barriers to overcome in view of the repeated automation project failures. In a period when a federal willingness to participate in new systems development is at a low ebb, CSEA's performance this area can be a liability.

**MEMORANDUM:**

TO : Ms. Bette DeGraw and  
Ms. Linda Moore

DATE: May 29, 1986

THRU :

FROM : Sam Thurmond



SUBJECT: TAX REFUND INTERCEPTS - IV-D

We have discovered what we believe to be a violation of federal regulations governing disbursements of tax refund intercept monies received from the federal and state (DOR) tax agencies. In addition there appears to be little defensible in the structure of rates charged by the DOR on state intercepts and a lack of formal billing practices for the administrative fee imposed by both governmental entities.

Federal regulations 45 CFR 303.72 and 45 CFR 303.102 govern the initiation, receipt and disbursement of tax intercept monies. These regulations provide for the imposition of an administrative fee which is currently \$3.50 by the federal government and \$18.00 by the DOR. The disparity in the unit cost coupled with weakness in the billing for these fees raises concern. The \$18.00 fee is being reduced by DOR prior to the remittance of the intercept monies to IV-D.

We recommend that these issues be reviewed by the DES and that a formal agreement be reached pursuant to that review, with the DOR to set the fee based on defensible criteria and that such fees be assessed only when there is an actual intercept and not for each submittal.

The issue, however, where we have a more serious concern involves the propriety of deducting these assessed administrative fees from the intercept monies. Our close reading of federal regulations governing these intercepts and of 45 CFR 302.51(b)(4) and (5) and 45 CFR 302.52(b)(3) and (4) we believe precludes authority for this deduction prior to disbursement. While 45 CFR 303.72(h)(6)(i)(2) provides for the charging of up to \$25.00 for certain individuals applying under the provision of 45 CFR 302.33 (even so prior notice is required) there is no regulatory authority we find to deduct any amount, whether federal or state intercept receipts, prior to disbursement.

In short we believe past disbursements have been made in error with respect to intercept monies and we recommend that you issue a directive to discontinue this practice in lieu of establishing adequate accounting records to recognize such charges as an

EXHIBIT I

restricted to a date specific and certainly not prior to the date of the court order. Statistics are hard to come by but we believe a line (e.g., not past 1984) must be drawn that properly recognizes the point of diminishing return (costs exceeds benefits). Because this research is not payment driven essentially a \$10 payment can take as long as a \$900 payment.

We recognize the pressures you are under but I urge you in the strongest way possible to personally focus on this and bring the necessary executive pressures to bear to ameliorate this activity. Elsewise timely and accurate disbursements will remain a fable irrespective of any other improvements.

Thank you.

ST:tn

Attachments:

- 1) May 23, 1986 memo Sherly Robb to David Lowenberg
- 2) May 23, 1986 memo Risa Ross to Sam Thurmond



EXHIBIT H

# INTEROFFICE MEMO

ARIZONA DEPARTMENT OF ECONOMIC SECURITY

DATE: June 5, 1986

TO: B.J. Tatro  
Acting Program Administrator  
Child Support Enforcement Administration

FROM: Linda Moore *LM/BAK*  
Assistant Director  
Division of Aging, Family  
and Children Services

REFERENCE:

SUBJECT: Policy Issues Regarding Distributions

As we discussed on June 5, 1986, the following decisions have been made regarding the Distribution Policy Issues:

1. Approved.
2. Approved - Edwina Peters, OCSE Region IV will provide a "mean" by June 6, 1986.
3. Approved. The limit (i.e., 1,001 or something else) will be determined when the frequency data is available. John Hamp has prepared preliminary data which will be refined by June 6, 1986.
4. Approved, for amounts in excess of the limit established in Number 5.
5. Approved, pending the finalization of frequency data.
6. Approved and completed.
7. Approved. Estimates for the next 30 days need to be developed by June 13, 1986.

6. CSEA management should instruct the 30 temporaries in the Distributions Unit that they will remain employed to at least August 1, 1986 instead of until July 1, 1986.

The most skilled temporary staff are leaving because they have been informed that their current employment ends June 30, 1986. Last week, two of the most skilled temporaries in welfare payment history calculations resigned. The temporaries are aggressively seeking employment elsewhere. It is essential that CSEA keep the temporary help until the case backlog problem is resolved. If this policy is adopted, the temporary staff should be notified immediately so that CSEA does not lose more of them this week.

7. CSEA should grant overtime to the Distributions Unit staff and temporaries to work through the backlog. CSEA management could schedule overtime during weekdays and/or on Saturday. These personnel are already trained on how to process cases and therefore, it is a more cost efficient approach than hiring new temporaries who will require training from existing staff.

These seven policy directives should only be in effect during the Special Distribution Project. The Region IX officials suggest that each case processed as part of the Special Project receive a notation in the file indicating this fact. The DES administration should thereafter evaluate each policy to determine which policies, if any, should be continued as part of the standard case processing protocol.

One side issue that the DES administration may want to review for possible action pertains to old arrearage cases of over \$1,000 collections. Once these cases are worked, AFDC recipients will probably lose their eligibility and medicaid benefits. If the collections, however, were distributed when received, the AFDC recipient would not be in this predicament now. The question is should DES distribute the arrearage collections to the recipients in installments so that they can still receive welfare benefits. Under what circumstances might this approach make sense from a social welfare policy perspective?

## Benefits

- This policy directive will help alleviate the backlog because the processing time will decrease substantially.
- It presents the best opportunity to turnaround and comply with federal regulations.
- It is cost efficient in that CSEA staff will not expend a lot of time documenting the obvious - arrearage collections in an AFDC case belongs to the state.

In itself, this policy directive will not save CSEA as much processing time as it could because staff will still research the payment history for grant expenditures to identify the percentage distribution of collections between the state and federal government. Therefore, the following policy recommendation is also critical for attacking the backlog:

4. CSEA staff will identify one month of AFDC grant payments and then apply the arrearage collection total (under \$1,001) to that federal medical assistance percentage period for distribution of the funds.

The one drawback with this policy is the potential for an audit exception by the federal government. Although, there would not be many cases identified for an exception and CSEA could make a financial adjustment for each case identified in an audit. This audit exception would not involve that many dollars being redistributed.

If these two policy directives are adopted, it is in the best interest of CSEA to identify case welfare payments prior to July 1982 because the state receives a higher percentage of the funds.

5. If DES wants to categorically apply the total collections to the FMAP period after July 1, 1982, then there will be no federal exception audit because the federal government receives a higher percentage of the disbursement. Moreover, the CSEA staff will not even have to identify one month of AFDC payment because all of the collected monies will be applied to the post July 1982 FMAP period for distribution. This policy directive will decrease the state's share of collections, but it will also maximize case processing time savings resulting in an "overnight" drop in the backlog.

CSEA management should be instructed that if an AFDC recipient challenges the disbursement of the collection the welfare payment history will then be researched and validated. This is an exception process that is unlikely to occur in more than a few cases.

## Benefits

- This approach will save CSEA staff substantial time in processing these cases. This approach will help CSEA accelerate the reduction of the backlog without losing much, if any, state collection reimbursements.
- CSEA will avoid additional personnel costs by reducing the case backlog sooner and therefore not having to keep temporary employees on longer.

The Region IX representative to Arizona did not oppose this approach as long as it is only used until the backlog is eliminated. He requested that the methodology used to determine the two federal medical assistance percentage (FMAP) means be presented to his office to make sure that it is fair and reasonable. The reason for two FMAP means is that the federal share was a lot less before the federal government began to help finance the state medicaid program in July of 1982. If this policy is adopted, Steve Zoudlik of CSEA should begin immediately to calculate the FMAP means. Two officials from Region IX will be visiting CSEA on Thursday and Friday (June 5th and 6th) and it would present an excellent opportunity to explain the methodology at that time.

3. Instead of researching the welfare payment history to capture the total AFDC expenditures to validate the state's share of the collection for every case, CSEA will not validate AFDC expenditures for any AFDC tax offset that is less than \$1,000 but will assume that the \$1,000 or less offset is all welfare funds.

CSEA staff attempt to identify every welfare payment with the intent of offsetting the arrearage collection for the state regardless of the amount collected. As mentioned previously, researching the welfare payment history per case is difficult because the information comes from several sources and it is not easily retrievable from any of the sources. Most of the arrearage collections are under \$1,000 (many being between \$25 and \$250) and the lowest AFDC payment is \$180 per month for one child with a six month eligibility period totaling \$1,080. This is a conservative figure of AFDC expenditures because AFDC recipients often remain eligible for more than six months and often receive more than \$180 per month.

## Drawbacks

- There may be a few exceptions in which an AFDC recipient should receive a portion of the \$1,000 or less collection - though the amount would be small.
- Community Legal Aid may challenge DES for taking this approach.

## Benefits

- The NPA recipients are more aware of what is transpiring than the AFDC recipients pertaining to collections because the monies go directly to them. They will receive their tax intercept monies a lot sooner if it's distributed by the counties. CSEA will receive fewer complaints from the NPA recipients under this arrangement and correspondingly, the NPA recipients will be better served.
- The counties will also receive few complaints and know immediately if monies were collected. Otherwise, the counties will criticize CSEA for not distributing the monies promptly as they advocate for their clients.
- CSEA will not have as large of a backlog to deal with if the counties assume responsibility for NPA cases. Furthermore, CSEA will not have to spend time researching each case to determine if a welfare payment history exists which is a laborious process resulting in a small return of dollars for a substantial investment of staff time.

CSEA can identify tax intercept cases by NPA and by county. If this policy is adopted, a case printout will be sent to the counties with a check for the total amount collected. CSEA will need to keep track of the cases and dollar amount distributed to the counties to determine incentive payments owed to the counties, and to keep account of the transactions for financial controls. Additionally, CSEA will provide technical assistance to the counties in terms of understanding how to read the tax intercept case printout.

2. Instead of determining which quarter each welfare payment was made for an AFDC case to ascertain the dollar percentage breakdown between the federal government and the state, compute the mean of federal financial participation from the first arrearage collection case still undistributed to June 30, 1982 and compute a second mean from July 1, 1982 to the present as a determining factor of how the collections should be distributed between the two governments.

CSEA staff must reconstruct the welfare payment history for each case by quarter, which is very time consuming, to determine how much of the arrearage collection for that quarter belongs to the federal government. The welfare payment history records are fragmented and incomplete. A CSEA clerk must not only attempt to develop the history but must also keep a record of the collections and the federal medical assistance percentage by quarter. The welfare payment history unit supervisor reviews each case prepared by her temporary staff to make sure that the complicated computation process is done correctly.

## Drawback

- Either the state or the federal government will be shortchanged by this approach but not by an appreciable amount.

# INTEROFFICE MEMO

ARIZONA DEPARTMENT OF ECONOMIC SECURITY

TO: Administration of the Department  
of Economic Security

DATE: June 2, 1986

FROM: Governor's Technical Assistance Team

REFERENCE:

SUBJECT: Action Plan for Special Distribution Project

## Problem

The undistributed amount of child support collections is increasing for two main reasons: collections are increasing because of tax intercept refunds and disbursements are mired in a time consuming maze of manual processes. As of May 26, 1986, the total undistributed dollar amount is about \$3,478,671 involving 12,806 cases. Approximately \$304,000 of this total represents monies collected prior to October 1, 1984. The Child Support Enforcement Administration is, therefore, presenting a financial hardship to many program recipient families and violating the code of Federal Regulations pursuant to distributing collections in a reasonable time period.

## Issue

What administrative policies and program actions can be implemented immediately to liquidate the undistributed collection backlog? The current approach will not bring the undistributed collection backlog down.

## Policies

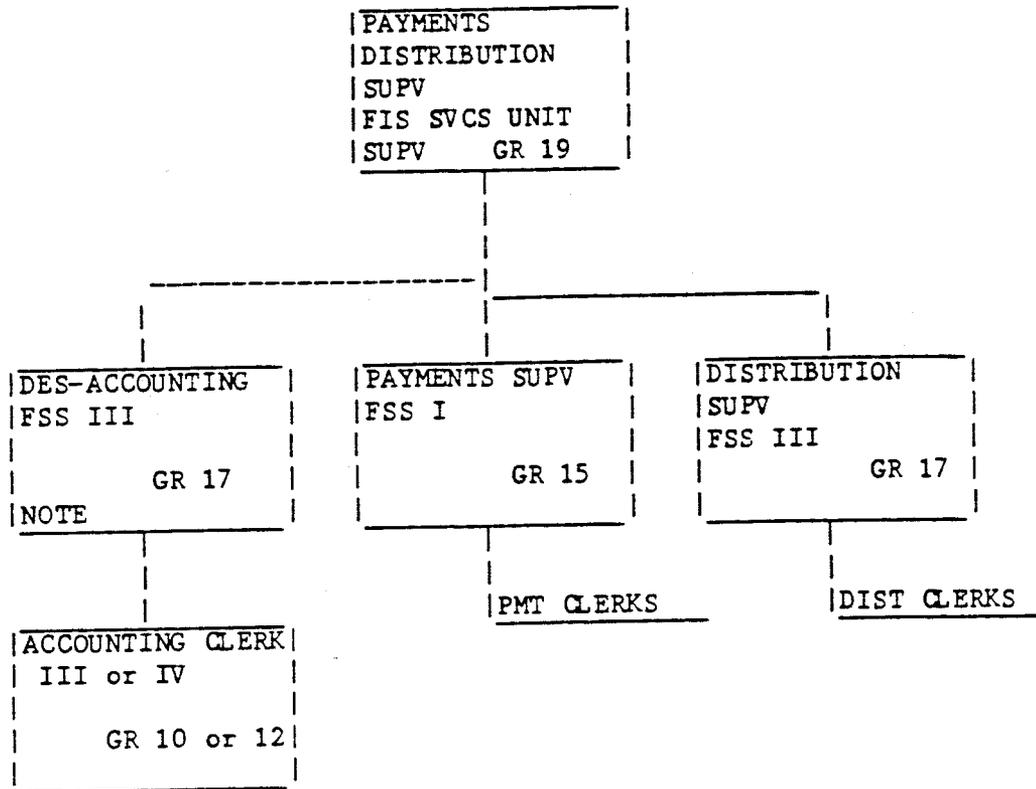
1. Instead of distributing the non-public assistance (NPA) case collections in CSEA, forward the cases to the counties for distribution.

The NPA Tax Intercept Program started with the 1985 calendar year. CSEA has just begun receiving tax intercept collections for these cases. Presently, CSEA has received 239 such cases with a dollar total of \$173,000. Most, if not all, of these cases were initiated by the counties for tax intercept. CSEA can anticipate receiving many more of these cases in the next few months.

## Drawback

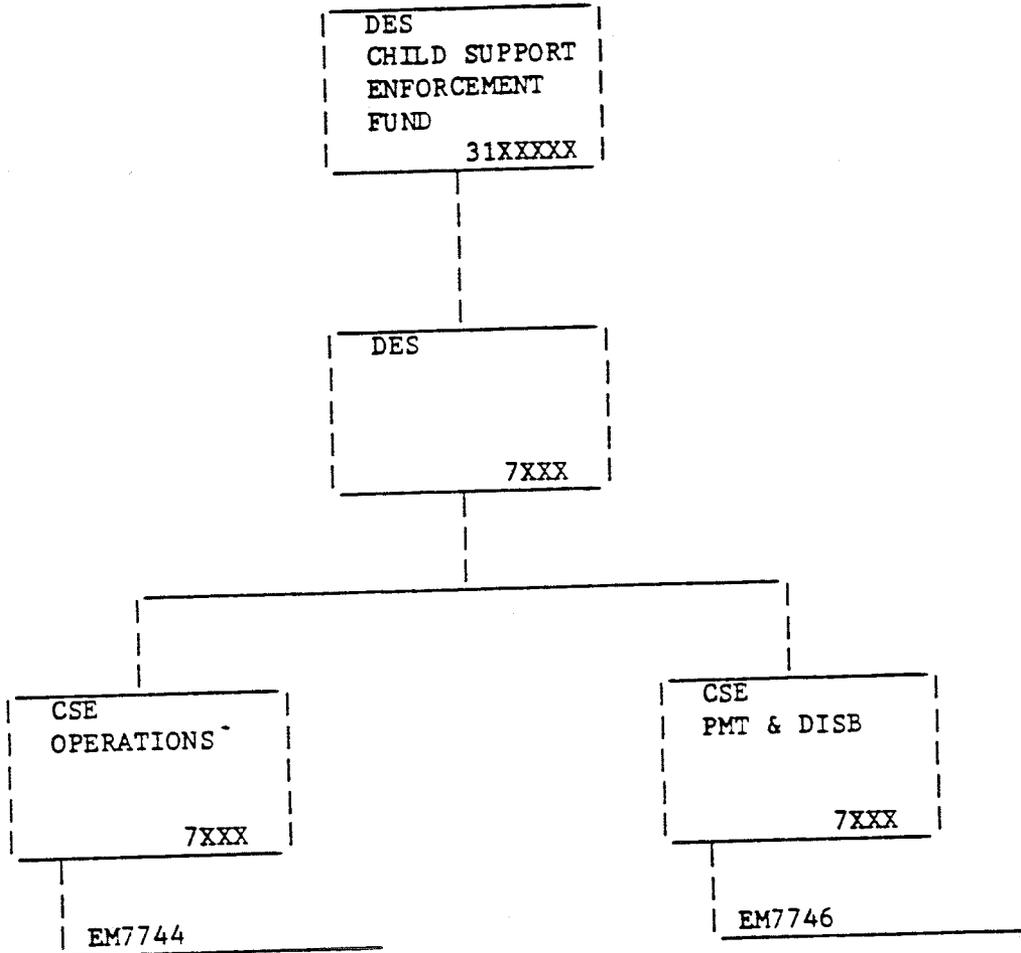
- The counties will not possess a complete welfare history payment record for those NPA cases that were AFDC recipients previously. Therefore, the counties would be distributing monies to the families that should, in part, be distributed to the state. Though, there are probably not many NPA cases that were previously AFDC recipients, and the monies going to the families that should have gone to the state are probably a minimal amount.

EXHIBIT G



NOTE: This position would not report to the PADS Supervisor. This position would report to DES-Central Accounting. This position would perform all of the accounting functions (e.g. preparing AFIS forms, reconciling AFIS reports, etc.)

EXHIBIT A



Jim McLaughlin

5/21/86

Page 6

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10. The Payments Unit of the PADS section is unsecured.

Recommendation:

I recommend that CSEA-Payments be secured from the rest of CSEA through the use of a door which can only be opened from the outside by either a "key-card", combination lock system, or other method.

Payments and PAAR Fund reimbursements are recorded in Fund 315200.

Recommendation:

At the present time the cash receipts collected by CSEA are deposited in the DES Client Trust Fund (Fund 315200). This fund is used jointly by two divisions of DES: 1) Division of Aging, Family and Children Services (A,F&CS); and 2) Division of Developmental Disabilities. The revenues and expenditures of these two divisions are separated through the use of AFIS Org codes. The Org code for A,F&CS is 7125. There are two sections within A,F&CS that utilize this fund: 1) Foster Care; and, 2) Child Support Enforcement. The revenues and expenditures for these two sections are separated, by fiscal year, through the use of AFIS activity codes. The activity codes that Child Support Enforcement have utilized are: 1) FY 83-84 = EM47467; 2) FY 84-85 = EM5746; 3) FY 85-86 = EM6746. There is no AFIS report that breaks down the unreserved fund balance of fund 315200, and identifies it as belonging to Child Support Enforcement, Foster Care, etc. In addition, the Child Support Enforcement Agencies operating expenditures are accounted for in the DES Child Support Enforcement Administrative Fund (Fund 120910). This fund collects no revenues. All of its financing sources are from operating transfers. I recommend that funds 120910 and 315200 be combined into one expendable trust fund. DOA under A.R.S. 35-142, paragraph E may establish funds to provide for sound accounting. (See exhibit A for block diagram of fund hierarchy).

9. There are under-qualified personnel in supervisory positions in the PADS section of CSEA.

Recommendation:

The Payments and Distributions Sections Supervisor position is under-classified and the person filling that position does not appear to have the education or experience to perform the job. In addition, the two other supervisor positions (i.e. Payments Supervisor and Distributions Supervisor) are currently classified as clerical positions. These two positions are also under-classified. The Payment Supervisor is authorized a grade 12. A grade 10 is currently performing as an Acting Supervisor. Exhibit B contains recommendations for supervision of PADS. The Fiscal Services Unit Supervisor should have, at a minimum, a degree in accounting and (5) five years of experience. Likewise, the FFS III's should have accounting degrees.

I concur with a portion of the internal auditor's recommendation that all child support payments issued by CSEA through the PAAR fund checking account be discontinued.

All distributions would be made through AFIS. If an emergency payment is required, a \$5,000 checking account may be established. CSEA should contact the GAO for specific procedures on "RUSH" claims.

7. Section 610 of the PADS Manual appears to be out of date. Section 910 of the PADS Manual appears to violate A.R.S. 46-138.01.

Recommendation:

Section 600 of the Pads Manual appears to be outdated. Specifically sub-sections 602 and 604. I recommend that these two sub-sections be re-written to allow cash receipts to be deposited before the receipts are identified by case, etc. This would allow the receipts to be deposited on a daily basis.

A.R.S. 46-138.01 does not allow the disbursing of Child Support monies. Subsection A of A.R.S. 46-128.01 states:

"A. There is created the permanent public assistance and administration revolving fund in the amount of two hundred thousand dollars for use of the state department for the purpose of disbursing:

1. The first month's public assistance payments to those individuals and families newly certified as eligible for one or more public assistance programs contained in this title.
2. Refunds for federal food stamp coupons.
3. Immediate outlays for postage, C.O.D. packages, supplies, travel or other miscellaneous and minor items.

No check shall be drawn against the fund unless state or federal funds are available at the time for reimbursing the fund as provided for in subsection C."

Subsection 910 of the PADS Manual should be rewritten so that there is no reference to the PAAR Fund.

8. CSEA operating expenditures are recorded in Fund 120910.

3. No reconciliations of Treasurer's Deposits (TCS5) with the Revenue reports (CS406-06) are being performed.

Recommendation:

The pink copy of the TCS5 should be sent to DES-Central Accounting. DES-Central Accounting would then be able to reconcile the TCS5's with report CS 4050-06.

4. There is no bonding of employees who handle cash, money orders, or checks.

Recommendation:

All employees who handle cash, money orders, and checks should be bonded. This would help ensure protection against loss from theft.

5. When the Payments Supervisor's Office was vacant, the safe was left unsecured.

Recommendation:

Whenever the Supervisor's Office is vacant, the safe should be secured. This would prevent unauthorized personnel access to the cash items that are stored in the safe.

6. All distributions to the applicants/receipts of CSEA are from the PAAR Fund.

Recommendation:

CSEA utilizes the Public Assistance and Administration Revolving (PAAR) Fund. This fund is authorized by A.R.S. 46-138.01. Paragraph B of this statute states that "the fund is to be deposited in a bank checking account ....". Per discussion with Mary Jordan, Accountant for the PAAR Fund, there is no method to determine what portion of the PAAR Fund unreserved balances is earmarked for Child Support Enforcement. The DES Office of Internal Audit conducted an audit of the PAAR fund in December of 1985. In their report (Report #11-85/86), FINDING #1 stated that child support payments received from the courts are being issued through the PAAR fund checking account. This finding went on further to state "At the time of the audit, there were no written official statement or memo within DES authorizing child support payments through the PAAR fund checking account." While I have not reviewed the internal auditor's workpapers,

- FINDING 6: All distributions to the applicants/recipients of CSEA are from the PAAR Fund.
- FINDING 7: Section 600 of the PADS manual appears to be out of date. Section 910 of the PADS manual appears to violate A.R.S. 46-138.01.
- FINDING 8: CSEA operating expenditures are recorded in Fund 120910. Payments and PAAR Fund reimbursements are recorded in Fund 315200.
- FINDING 9: There are under-qualified personnel in supervisory positions in the PADS section of CSEA.
- FINDING 10: The Payments Unit of the PADS section is unsecured.

#### RECOMMENDATIONS

1. There is a lack of segregation of duties among Payments personnel.

##### Recommendation:

There should be a complete segregation of duties so that no one person has access to all phases of a transaction. Payments personnel should only process the checks. Specifically, the receptionist should open the mail and run the first tape. Payments personnel should run the second tape and process the checks. DES-Accounting should prepare the TC55. Recommendation 9 and Exhibit B show a reorganization on how this would be accomplished.

2. There is a backlog of cash receipts to be processed; and cash receipts are not deposited in a timely manner.

##### Recommendation:

Employee's who are absent due to vacations, illness, etc., should have their regular duties temporarily assigned to others. Also, CSEA should have all manual files automated. Both of these recommendations would speed up check processing and allow the cash receipts to be deposited in a timely manner (daily). In the interim, deposits should be made daily. Copies of the checks may be made to identify the payments. If a payment is unidentified, a TC50 would be prepared to reimburse the unidentified payment.



## ARIZONA DEPARTMENT OF ADMINISTRATION

### MEMORANDUM:

TO : Jim McLaughlin  
Operations, Administrator

DATE: May 21, 1986

FROM : Charles N. Voss, Jr. *Charles N. Voss, Jr.*  
Fiscal Service Systems Analyst

SUBJECT: REPORT OF INTERNAL CONTROL REVIEW OF THE PADS SECTION OF CSEA

#### INTRODUCTION

On May 13 and 16, 1986, I conducted an internal control review of the Payments and Distribution section of the Child Support Enforcement Administration, Department of Economic Security. The scope of my review was the payments (cash receipts) and distribution (cash disbursements). I did not conduct any tests of transactions to determine if the procedures were being followed. The purpose of my review was to determine if the procedures are adequate. The source of the information was a discussion with Paula Quinn, Supervisor, PADS, and Diana Satchell, Acting Payments Supervisor.

#### FINDINGS

In my opinion, based on the findings listed below, the internal accounting control procedures for the Payments and Distribution Section, Child Support Enforcement Administration, Department of Economic Security are not adequate. I do not express an opinion as to whether the procedures are being followed as of May 19, 1986.

- FINDING 1: There is a lack of segregation of duties among payments personnel.
- FINDING 2: There is a backlog of cash receipts to be processed; and, cash receipts are not deposited in a timely manner.
- FINDING 3: No reconciliations of Treasurer's Deposits (TCS5) with the Revenue Reports (CS 4030-06) are being performed.
- FINDING 4: There is no bonding of employees who handle cash, money orders, or checks.
- FINDING 5: When the Payments Supervisor's office was vacant, the safe was left unsecured.

EXHIBIT F

BRUCE BABBITT  
GOVERNOR



BETSEY BAYLESS  
DIRECTOR

ARIZONA DEPARTMENT OF ADMINISTRATION

800 WEST WASHINGTON, ROOM 201  
PHOENIX, ARIZONA 85007

May 23, 1986

Ms. Bette DeGraw  
Deputy Director  
Arizona Department of  
Economic Security  
1717 West Jefferson  
Phoenix, AZ 85007

Ms. Linda Moore  
Assistant Director  
Aging, Family & Children  
Services Division  
Arizona Department of  
Economic Security  
1400 West Washington  
Phoenix, AZ 85007

Dear Ms. DeGraw and Ms. Moore:

While the subject of the PAAR fund usage is by no means the most prevailing issue in the IV-D program, it nonetheless should be concluded. Specifically, the use of the PAAR fund to distribute IV-D funds is, as I indicated to you some two weeks ago, inappropriate pursuant to ARS 46-138.01.

To rationalize a continuance of this practice under the provision of ARS 46-138.01(A)(3) on the basis of miscellaneous items is absurd. Clearly the fund was never intended to be used for this purpose and moreover the attached report from Mr. Charles Voss of our review team indicates serious accounting/reconciliation problems.

I urge you to discontinue the use of the PAAR fund and to utilize the TC-50 process that is used for other DES functions. A close out reconciliation of the PAAR fund should concurrently be initiated.

Sincerely,

Sam Thurmond  
Management Consultant

Attachments:

1. Report on Internal Control Review of the PADS section of CSEA
2. Cite ARS 46-138.01

cc: Mr. Jim McLaughlin

ST:tn

EXHIBIT E

GOVERNOR'S CHILD SUPPORT ENFORCEMENT TASK FORCE MEMBERS

Tom Lescault, Governor's Office

Sam Thurmond, DOA

David Lowenberg, AHCCCS

Linda Moore, DES

Sheila Ainlay, DOA

Ben Froehlich, DOA

Jim McLaughlin, DOA

Sharon Hekman, Pima County

TASK FORCE TECHNICAL AND SUPPORT STAFF

Jacque Schubert, DOA

Risa Ross, DOA

Paul Ong, DOA

Keith Orr, DOA

James Scherb, DOA

Charlie Voss, DOA

Paul Donovan, DES

Andy Genualdi, DES

Polly Green, DES

Ron Perry, DES

Nancy Walton, DES

Jackie McWhorter, DES

Michael Nickson, DES

Joann Grant, DES

Margie Cook, CSEA

Pete LaSota, CSEA

Mark Thomas, CSEA

Hut Hudson, ARCOR

EXHIBIT D

ADVANTAGES

Could staff up rural counties so they would be able to provide mandated services.

DISADVANTAGES

Less monies go to urban counties where more population exists.

ALTERNATIVE III - AFDC reimbursement

Pass through a certain percentage of Federal reimbursement to the counties just like the State passes through Federal incentives.

AFDC

ALTERNATIVE IV - AFDC reimbursement

Develop a plan for State monies to go to counties on an incentive basis; e.g.:

- Colorado targets 15 percent of their AFDC reimbursements to pass through to the counties. They are developing a plan to base this on performance measures in 1988.
- California allocates 7½ percent AFDC collections through to counties. Developing an additional percentage for performance.

SBH:rs

# INTEROFFICE MEMO

ARIZONA DEPARTMENT OF ECONOMIC SECURITY

DATE: April 25, 1986

TO: Linda Moore  
Assistant Director  
Division Aging, Family &  
Children Services

FROM: Sharon B. Hekman

REFERENCE:

SUBJECT: Preliminary Recommendations On Funding Structure

I have interviewed four (4) state CSEA administrators or their staff about funding structures in their states. All of them in addition to the federal incentives also either pay a portion of the match, all of the match, and/or pay state incentives. In most states this match or incentive comes either from AFDC reimbursement and/or from a legislative allocation. I, therefore, believe there is plenty of precedent for what we are attempting to accomplish. Based on that assumption, my recommendations are as follows:

## ALTERNATIVE I - Target state allocation and percentage of AFDC reimbursement

Federal incentives continue to go to the counties who are contracting.

If you wish to have a true cooperative spirit between the state and counties, an equal split on the match for federal monies would be the best solution. This could be built into the contract and the counties could get the state reimbursement at the same time they bill for federal reimbursement. Federal incentives go to the contracting entity.

### ADVANTAGES

- State would not have to up front money.
- Counties would know level of reimbursement and, therefore, could request monies from the Board of Supervisors, based on this commitment.

### DISADVANTAGES

- Would be tremendously costly to the state the first year and might be difficult to scale down CSEA that quickly.

## ALTERNATIVE II - Target \$350,000 State legislative allocation

Federal incentives continue to go to the counties who are contracting.

Establish a base amount of monies (maybe \$10,000) for each county and then allocate rest of \$350,000, based on projected number of IV-A referrals and projected Non-AFDC cases, based on estimate from state percentage breakdown. This also would be built into the contract and reimbursable at the same time as the federal reimbursement.

### Attitude of CSEA toward Counties

The attitude of the CSEA staff toward the counties continues to be a barrier to recontracting. The counties believe that the only way this program can be successful is if the state and counties work together to achieve the goal of collecting child support for all clients. Their perception in the past has been that CSEA has been very unsupportive and they are very skeptical about the ability of the current staff to change their attitude and approach.

### Recommendations

- A thorough assessment be done of each of the key staff to ascertain whether they are willing and/or able to work with the counties in a different way. It is crucial that the staff who interface with the counties understand how critical mutual support and respect is to the achievement of our goals.
- A joint state and county "pep rally" to attempt to develop a team spirit among all of the players.

### Information Sharing

Although a great deal of paperwork goes to the counties, there seems to be a consensus on the lack of specificity in the instructions. Remarks such as:

"Poor interpretation of laws and regulations."

"Inconsistent information."

"CSEA needs to be more clear and concise in their instructions."

"They give one set of instructions and when auditors arrive, announce it has changed."

"Unable to explain how certain policies and procedures translate into action."

"Sometimes seems that no one is clear about expectations."

### Recommendations

- Executive Summaries be prepared on information mailed out so don't need full time staff to review entire manual for key points.
- Instructions be as clear and specific as possible. If they are unclear from the regional office, then request clarity before sending to counties.
- Coordinate information and instructions from state to counties so counties do not feel so overwhelmed with all the paper.

David Lowenberg  
June 3, 1986  
Page 3

### Technical Assistance and Training

As identified in the "Key Issues" memo, technical assistance and training were seen as critical to the recontracting process.

### Recommendations

State provide:

#### Training

- Formalized training on various new techniques and methods in the field of Child Support Enforcement.
- Training on new reporting requirements and how it affects them. (Don't just send out instructions)
- Training by audit staff or someone knowledgeable about audits in the area of necessary documentation.

#### Technical Assistance

- Assistance in translating new reporting requirements into day to day operations at county level.
- Share contracts and forms from other counties so that counties with limited staff and resources can benefit from experience of others.
- Explain explicitly how to meet federal requirements and prepare them for audits, e.g. audits on time slips. Most counties did not understand how detailed this documentation needed to be--situation with audits could have been avoided with good technical assistance from state to counties.
- Provide technical assistance in person, not on paper.

#### Support

- Have CSEA perform periodic informal reviews for the purpose of helping counties meet federal audit requirements. In the past, County Attorneys felt emphasis was more on finding them wrong than on helping them.
- Be available to them in person when they are having difficulties and provide necessary technical assistance where appropriate.
- Recognize that if CSEA is able to support counties, the clients and CSEA will benefit.

MAY 16, 1986

DRAMATIC REDUCTION OF DISBURSEMENT BACKLOG

**ACTIONS**

- Started internal audit to determine account balance of undisbursed funds. Initial findings reveal that a portion of disbursement backlog has existed since 1975. At least one more week of analysis scheduled with report of account balances following.
- Continuing flow charting and definition of work flow. No estimates of disbursement progress.
- Defined micro computer system requirements to centralize arrearage calculations in one operations unit (DCU) rather than three units. Arrearages are critical to the integrity of receipting and disbursing IV-D collections.
- Ordered and installed four micro computers for DCU to begin case conversion and automatic calculation of arrearages. DCU will serve as the "bible point" for arrearages and will feed arrearage data to disbursements, tax intercept and wage assignments operations. Estimated time for total operational status May 27th.
- Backlog for disbursing current support to recipients resulting in complaints because of financial hardship. Due to the increase of temporary personnel and the priority of disbursing current support payments first, the Collections Disbursement Unit will eliminate the backlog of current support in two weeks, except for a small number of special problem cases.
- The Collection Disbursement Unit is unable to input arrearage disbursement in the computer to release funds because of program software problems. This problem was identified seven months ago. Currently, there are 160 cases totaling \$118,000 that are ready for disbursement of mid-1985 collections waiting to be entered into the computer. The software program (PADIS) problem is seemingly corrected via processing test files. The Collections Disbursement Unit will enter ten cases to make sure the program is fixed. If the cases are adjudicated correctly, the remaining cases will begin to be processed immediately.

ADAPTATION OF LIMITED AUTOMATED PROCESSES  
AND DEVELOPMENT OF LONG TERM COMPREHENSIVE PLAN

**ACTIONS :**

- Installed terminal in CSEA operations building for direct queries to MVD files to facilitate locator functions. Terminal was previously at 1400 W. Washington and necessitated many wasted hours of effort between CSEA operations staff to secure timely MVD responses.
- Continuing efforts to define current state IV-D systems flow and to develop options for preferred state in order to delineate

## ACTIONS TAKEN:

■ Reviewing next year's contract (July 1) to delineate specific federal and state requirements and to review county recommendation for changes.

■ State/County Task Force On Child Support Enforcement is reviewing contract and is providing open communication with Governor's Technical Review Task Force (D. Lowenberg).

■ Re-defining contract role of AG to and to provide for an inter-agency agreement which specifies performance requirements.

■ Developing performance measurement and responsibilities of state and county roles for implementation in next year's contract.

■ Developing specific contract language that will obligate Boards of Supervisors to allocate IV-D funds to appropriate county resources (e.g., county attorney, clerk) as they are earned from state IV-D.

worse with new federal requirements) and a total lack of systematic coordination by the State IV-D program (e.g., counties work up paternity, court docket only to find state working on same case).

#### **ACTIONS TAKEN:**

■ DES has hosted the first formal State/County Task Force On Child Support Enforcement meeting May 1, 1986. This should result in stronger cooperation and the sharing of solutions to joint problems. Groups will meet once a month.

■ Meetings with Pima officials (county attorney, clerk and IV-D program) this week to elicit their ideas and support. Will meet next week with Pinal and Coconino officials and will also perform one - three day financial reviews in Pima and Pinal for the purpose of gaining a keener insight into fiscal operations.

■ Starting to develop the framework of a revised technical assistance strategy, an 1115 waiver to relieve complex federal requirements in favor of a capitation "bounty" for IV-D collections and to discern functions that can move back to the county (e.g., disbursements). Working with county input for these strategies in these areas. Scheduled time frame early - mid June.

### INCREASE AFDC COLLECTIONS

#### **MAJOR FINDINGS:**

■ Due to the chaos and backlogs that exist at IV-D the integrity of tax refund intercepts, wage assignments and case referrals is severely weakened. Collection (i.e., delinquent) can increase only when referrals are made (either to county or AG) and prompt follow-up is made. Far more resource attention has been devoted to out of state cases (URESAs) and Maricopa county problems than prudent.

#### **ACTIONS TAKEN:**

■ Initiated actions to break out high potential cases from backlog and will pursue those within two - three weeks.

■ Initiated steps to synchronize payments made with case record to assist in purging from inactive file to active file. Attempting to develop dollar estimates of such payments.

■ Review the feasibility of direct county referrals on AFDC new cases (e.g., starting July 1) to county for case follow-up, paternity establishment, clerk collections, etc. This strategy migrates toward an orderly phase-in of functions to the counties. State role will diminish as fiscal resources are re-allocated from state to county.

### RESOLVE MAJOR CONTRACT ISSUES

#### **MAJOR FINDINGS**

■ Existing contract has two basic problems. First, the provisions that could have been negotiated with counties weren't and as a result have left counties feeling they had no options. Second, the contract itself does not impose on the Boards of Supervisors a provision to perpetuate funding back to county IV-D operation which has resulted in weakened county resource levels (except Pima).

■ Contact made with Vermont and Oklahoma IV-D programs to secure systems specifications, documentation and to discuss prospects of systems importation.

■ Identification of communication interface needs for Pima and Maricopa to provide access to DES wage earner, UC, and AFDC files in direct support of IV-D locator activities at county level. Will result in added efficiencies and workload reductions.

#### REORGANIZATION OF IV-D PROGRAM

##### **MAJOR FINDINGS:**

Major case backlogs exist in every organizational unit (estimated total 13,000-15,000. Case intake and disposition priorities are non-existent. Case processing is antiquated, labor intensive and virtually impossible to measure. Operations staff (approximately 90 FTE's and 40 temporary) have received no day-to-day leadership, direction and management from program administrators.

##### **ACTIONS TAKEN:**

■ Efforts underway to flow chart existing work flow operations and the relationship of those operations to county entities (attorney, clerk, administration), state entities (treasures, DOA, DES) and federal requirements. Objective is to develop improved work flow processes that reflect incremental automation and procedural improvements.

■ Beginning May 12th priority Arizona AFDC cases will be worked. Protocols defined to increase accountability, control and collections efficiency.

■ Re-assignment of certain temporary staff to perform clerical aligned tasks (e.g., file room, locators) thus freeing up skilled enforcement personnel to process cases.

■ Implemented new case procedures to increase output and wage assignment orders. Changed processing sequence activity and internal organizational processes.

■ Eliminated an estimated 30-45 day backlog of federal parent locator queries in less than one week by accelerating queries via TTX to the FPLS (federal parent locator service).

■ Initiated Wells Fargo daily pick-up of deposits to Treasurer relieving risk and liability of state employees transporting bags of cash and deposits on three day cycles for deposit with Treasurer.

#### ENHANCE COUNTY-STATE RELATIONS WITH FORMAL MECHANISM TO CONTINUE POSITIVE DIALOGUE

##### **MAJOR FINDINGS:**

■ Outstanding county audit findings by DES totaling almost \$900,000 appear to be factually based but a high level of resentment by most counties toward DES for not providing adequate technical assistance, firm procedures, etc. DES IV-D has assumed a more of a condemn and adversarial role than one of oversight and assistance. Counties (except Pima), however, have been negatively impacted by county pass through IV-D funds, onerous reporting requirements (which will get

## DRAMATIC REDUCTION OF DISBURSEMENT BACKLOG

### **MAJOR FINDINGS:**

No firm fix on the backlog dollars exist. Best estimates place it at \$2.4 - \$3.0 million. Audit/control procedures are virtually non-existent in reconciling arrearages, payments and disbursements into a cohesive accounting system with audit trails. Negligible disbursement, due to backlogs and current automated system (PADIS) deficiencies, of tax intercept monies has been made since January, 1985. DES's practice of payments from the PARR fund and holding accounts are at best questionable and at worst not in compliance with relevant ARS fiscal statutes.

### **ACTIONS TAKEN:**

■ Have prompted full audit, to begin May 12th from DES Division of Management Review to ascertain exact accounting status of disbursements. Estimated time for completion: two weeks.

■ Continuing efforts to refine work flow (including micro computer arrearage computation) and to implement required checks and balances. Plans call for reporting weekly backlog activity and inputting net change starting within ten days. No estimates at this point as to distribution progress since the majority of activity to date has been devoted to bringing cases up to current status (e.g., manually inputting past AFDC payments - some for up to a year).

■ Analysis reveals that procedures can be modified to expedite disbursements by using micro computers to synchronize delinquent collection amounts with collection amounts. Installation of micro computers scheduled for week of May 12th.

## ADAPTATION OF LIMITED AUTOMATED PROCESSES AND DEVELOPMENT OF LONG TERM COMPREHENSIVE PLAN

### **MAJOR FINDINGS:**

■ DES efforts over the past fifteen months have suffered from not properly defining systems requirements, securing county and program input and a totally unacceptable level of documentation. No systems documentation exists, no conversion plans exist and the organizational impact of automation at state and county levels has not been defined. Federal representatives have disapproved any future funding and have recommended the system be scaled back to more appropriately reflect a state-administered county - operated structure. The decision by DES to "build" rather than to import an operational IV-D system was a mistake and federal representatives recommend a serious re-look at importing.

### **ACTIONS TAKEN:**

■ Identification concluded and implementation by next week of micro computers to augment and expedite delinquent collections, disbursements and to begin systematic case logging and tracking of new IV-D cases.

■ Strategy discussed with DES officials for revising the current APD (advanced planning document) which calls for scaling back the state IV-D operational role and relegating certain activities in full (e.g., collections, disbursements) to the counties. Revised approach calls for the potential of importing an operational state system (e.g., Vermont, Oklahoma) to satisfy requirements of an integrated state-county system. Continuing analysis of requirements and functionality of systemic environment.

EXHIBIT A

# EXHIBITS

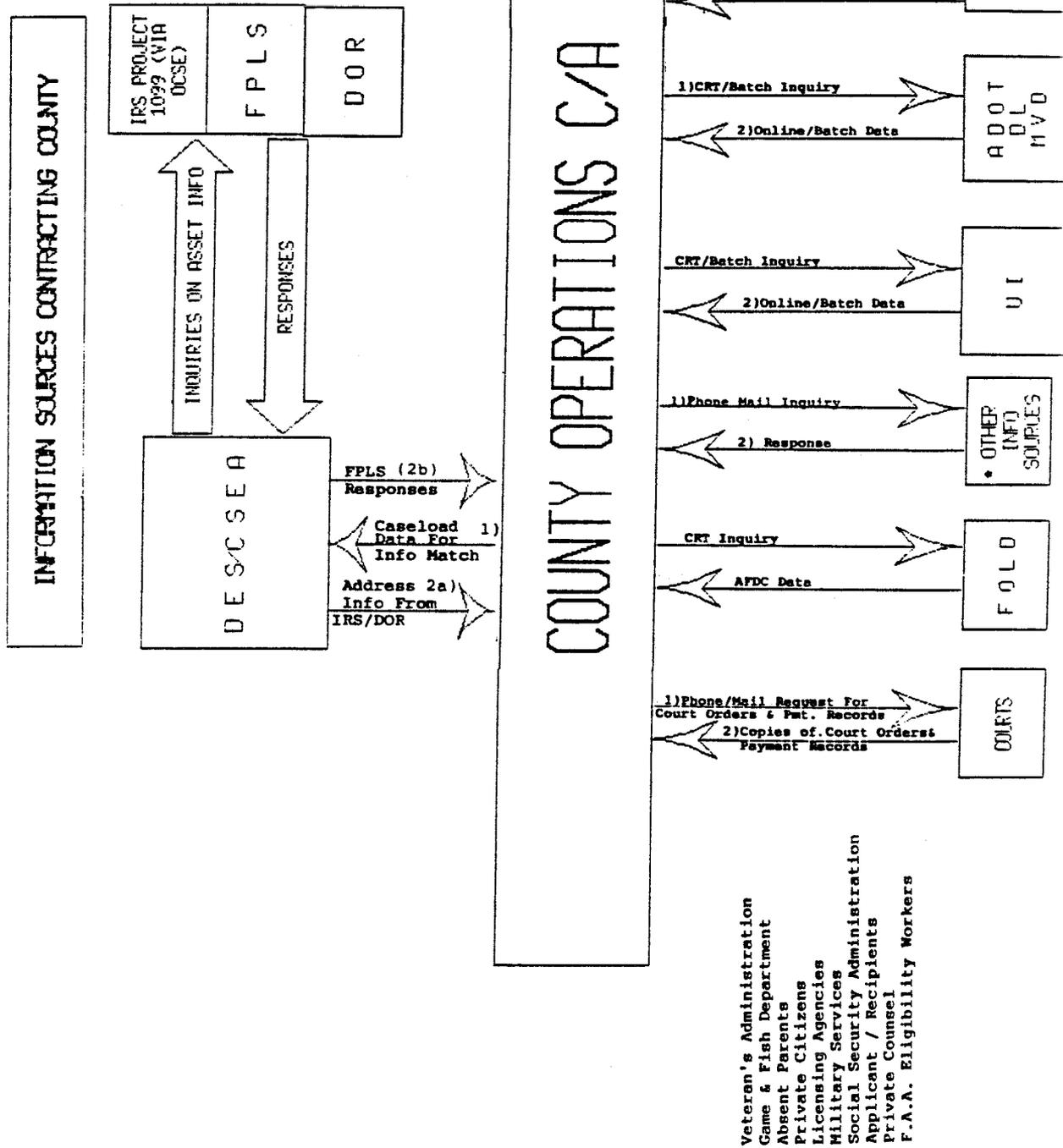


figure 31

## BENEFITS

1. Effective access to information will greatly improve the feasibility of case control by to the counties. Whenever feasible, direct access to data by the counties reduces the transmission time which would be built into any process for CSEA to funnel the information.
2. A centralized access-negotiation role for CSEA, as presented in the diagram for systems development, would facilitate access for the counties which might otherwise be implemented by separate efforts on the part of the individual counties themselves. From the standpoints of experience and contacts, CSEA can offer liaison resources in this role which the counties would otherwise need to develop for themselves otherwise.

## IMPLEMENTATION REQUIREMENTS

1. CSEA will have to put in place an administrative structure and staff to provide resources for CSEA's part in this process.
2. A detailed work plan will be needed, providing for the modification of data access agreements between CSEA and other programs/agencies allowing county access in the desired media, and covering the process for identifying the methods of access and hardware requirements for those information sources which are automated.
3. Enhancements to existing systems are needed in the short term to facilitate operational casework:
  - A. Interface between State / county systems and between systems in various counties.
  - B. Access for both State and county systems to the major sources of data for location of absent parents and enforcement of support orders, namely the Unemployment Insurance Base Wage and Benefit files, and the Department of Transportation's Driver's License and Motor Vehicle Files.

C. Development of an effective statewide case tracking system covering all IV-D cases, to facilitate the coordination of effort on cases directly referred to the counties by the DES AFDC agency, particularly in instances where the custodial parent moves between counties, or has prior contact with Arizona in a reciprocal case from another state. Such a system, if interactive with county systems, would relieve a significant amount of federal reporting responsibility.

## DELINQUENCY CONTROL

### SUMMARY

Figure 32 depicts the information sources relied upon for obtaining the necessary information to calculate arrearages. Delinquency control is one of the largest and most challenging aspects of the child support program. The federal government mandated the implementation of wage assignments on all cases thirty days past due. In order to meet this mandate, and to conduct meaningful child support enforcement activity, it is necessary to know at all times the exact amount of child support for any case which is past due (the arrearage) and how long it has been past due.

CSEA has been somewhat successful in accomplishing this debt-tracking on AFDC cases which it has submitted, or potentially will submit for tax refund intercept. There are unresolved problems, however, in tracking non-AFDC arrears on cases handled by CSEA. Finally, the counties each address this issue in their own fashion for cases they handle, including those submitted to CSEA for tax refund intercept. Pinal County is the only entity with an operative automated arrears tracking system, though Maricopa and Pima county systems have that capability. Those counties have not fully operationalized their systems, however, due to the sheer number of cases which would require background computations to initialize the values in the automated system for subsequent tracking.

In a county-operated program, it will be crucial that the counties have effective arrearage tracking systems in place, handling all IV-D cases processed by the county. Such systems will have to be automated, particularly in larger counties, unless unless significant

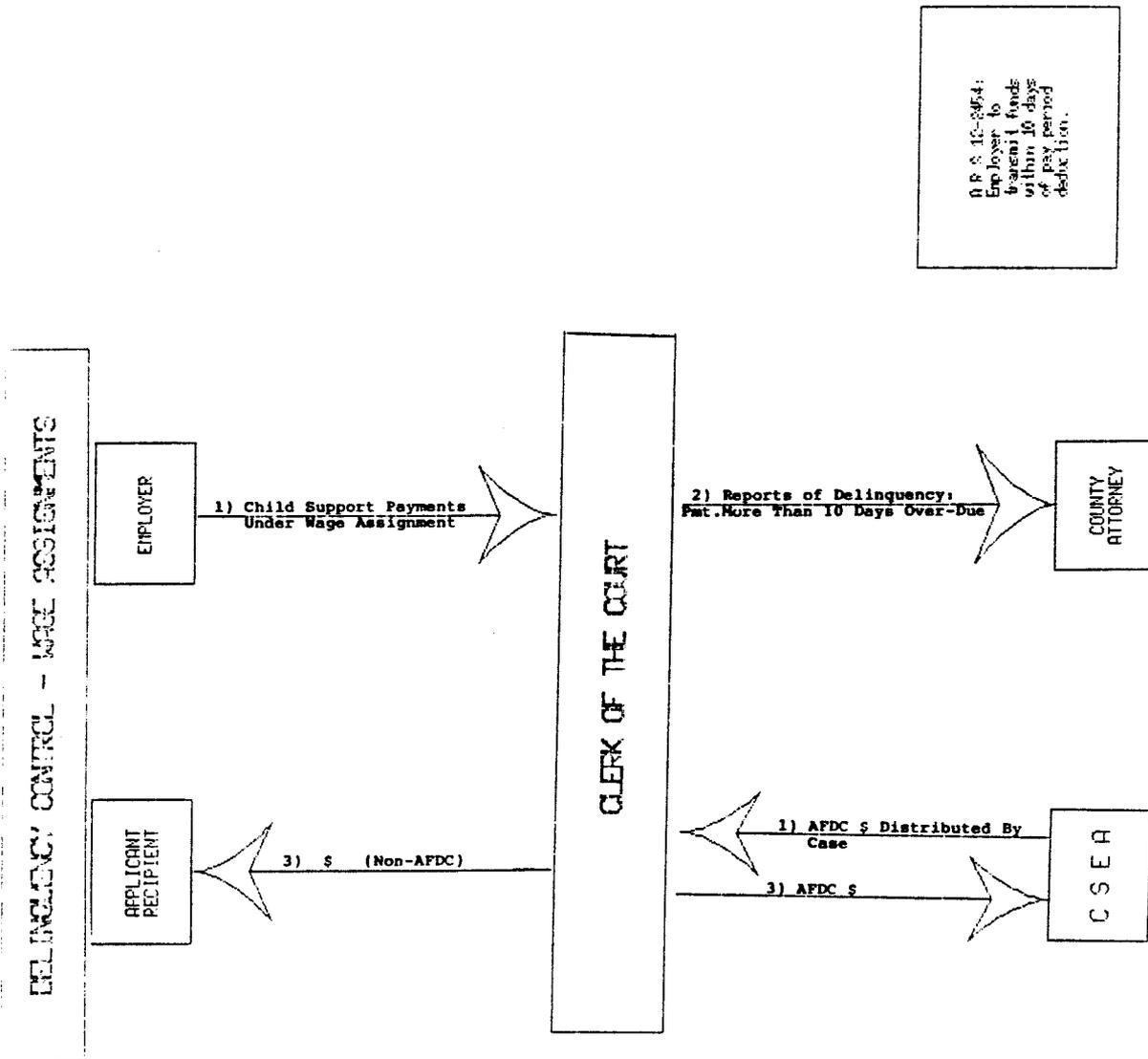


figure 32

numbers of staff are allocated to the process full time to do the work annually.

### POTENTIAL DRAWBACKS

1. Transfer of this responsibility to the counties will place an immediate burden on existing procedures for this process by adding of cases to the workload. This strain will demand an action plan, almost certainly dealing with automation. Given any amount of success with CSEA's micro based computes arrears computation system, however, DES may be in a position to offer a model system for relatively low hardware cost, allowing the counties to make more use of their mainframe capabilities for tracking arrearages after the initial computation.
2. The major problem is the limitations faced by DES in providing AFDC expenditure data. If DES cannot provide updated AFDC expenditure data to the counties, then the counties cannot be expected to reimburse the State when arrears are collected. The transfer of responsibility to the counties would simply place these issues at the top of the roster for resolution, however, and they demand resolution in any event to facilitate operation of the program at either level, State or county.

### BENEFITS

1. County-based arrearage tracking keeps the tracking mechanism closest to the source of the necessary data, the Clerk of the Courts Office. CSEA's current process depends on physical transmission of funds from the Clerk's Office to CSEA, based on the Assignment of Rights to Support. This mechanism fails, however, if the Assignment has not been correctly filed, or is misinterpreted. The system does not work at all in the absence

of an Assignment, as in non-AFDC cases. The county, on the other hand, has possession of all the data, as well (under the county operated IV-D structure) responsibility for acting on it.

2. A county based arrearage tracking system would speed up response to an absent parent's failure to make a payment. This not only speeds up collections to the benefit of both the custodial parent and the IV-D program, but enables the county to address the problem before large arrearages build up which are much harder for the absent parent to pay off.

### IMPLEMENTATION REQUIREMENTS

1. Meet with the county staff who will have to deal with the with the transfer of responsibility, to review their current systems and procedures and share information on CSEA's practices and systems.
2. Develop a payment history system that enables CSEA to forward total AFDC expenditures to the counties on a periodic basis.
3. Develop procedures for direct referral from the IV A caseworker of the AFDC award for new case referrals and any award change or terminations thereafter (should be an interim measure until such time that inter-active access of DES files is available via automated systems).

## TAX REFUND INTERCEPT

### SUMMARY

Figure 33 depicts the desired state for processing the offset monies. In a desired state, the State-level tax refund offset process would entail the counties preparing the cases and CSEA submitting them to IRS and DOR. Upon receipt, CSEA will forward the collections to the counties for disbursement.

The process would basically remain the same in that the counties would submit the cases to CSEA for tax refund intercept. What would change is that the counties would disburse the monies collected instead of CSEA.

To implement a state administered - county operated IV-D program, changes needed to the contracts between CSEA and other entities related to the tax refund intercept process may include:

1. The addition of seasonal staff to handle the surges in work occasioned by the influx of case submission data each July from the counties, and the surges in contacts from absent parents who have been effected by tax offsets, from October through December, and from March through August. (This could be mitigated if counties have automation)
2. Simplification of the State level tax offset process through the Department of Revenue is needed if CSEA is to absorb the additional work implicit in growing tax refund intercept caseloads, which will be experienced whether the State or county handles the caseload.

The current process, developed by DOR is quite burdensome, involving numerous transmissions of hard copy notices. The entire process would be less cumbersome if management negotiation with the Department of Revenue achieved by redirecting the DOR notice process

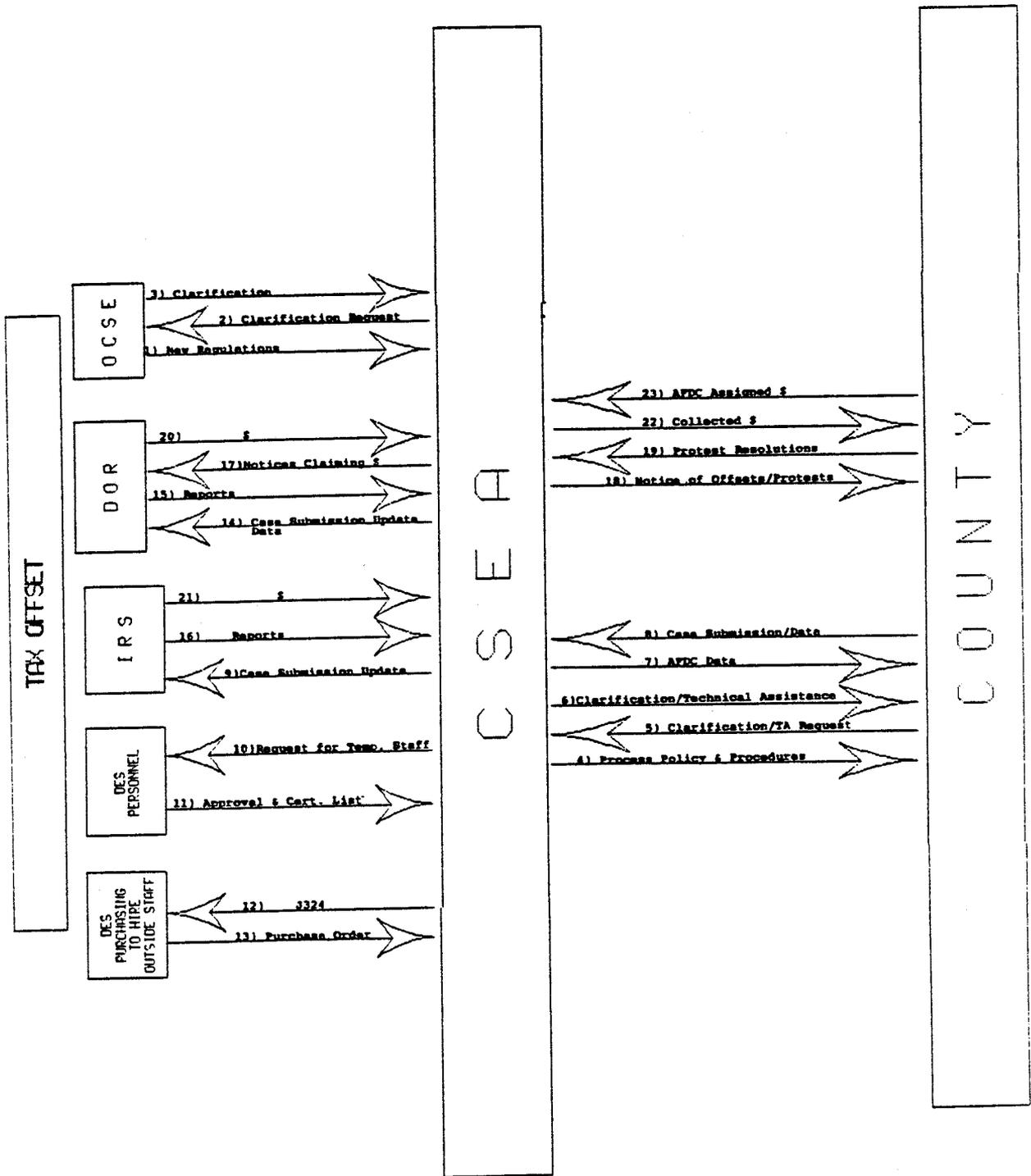


figure 33

to the counties, reducing CSEA's role. The counties would not only be called upon to absorb more work than they handle at present but they would have greater need of data now held solely by CSEA on the latest arrears balances communicated to DOR and the IRS.

### POTENTIAL DRAWBACKS

1. Without a DOR-level simplification of procedures, increased county participation, even with seasonal help for CSEA, will present a real control problem in tracking cases. This task must be addressed by automation plans.
2. The tremendous increase in work resulting from protested tax refund intercepts impacts CSEA. As the counties absorb the challenge in handling this aspect of the tax refund intercept process, which they will be similarly impacted.
3. The counties' handling of these protests will be a matter of great federal interest. OCSE is deeply concerned about minimizing the number of successful court actions challenging this profitable collection remedy. The counties would therefore be subject to audits in this area, in addition to the areas already audited.

### BENEFITS

1. A county operated system, in general, would eliminate the coordination problem inherent in the current system, where CSEA and the county may both work a case, unaware of the other agency's activity (or lack of it). The tax refund intercept process has worked relatively smoothly with CSEA in a "middle-man" role, aside from some resource limitations in CSEA which would be addressed by the seasonal staff suggestion above.

2. This seasonal staff suggestion, in addition to mitigating some of the impact of an increased county participation inherent in a shift to county operated program, reduces CSEA staffing costs by limiting the expenditures for tax refund intercept work to those periods when the work is heavy, and removing the overhead related to maintaining a permanent staff of sufficient scale to handle these peak periods.
3. In light of the potential for changing CSEA workloads, seasonal help is even more desirable, allowing CSEA to meet its staffing needs in the short term, without making a long-term commitment.

### IMPLEMENTATION REQUIREMENTS

1. Plan and budget for seasonal staffing in CSEA.
2. Negotiate with DOR for simpler procedures to streamline the work flow.
3. Provide technical assistance to the counties to buffer the impact of the protest increase.
4. Provide AFDC expenditure totals to the counties for disbursement of collections to the State.

## DISTRIBUTION/DISBURSEMENT OF CHILD SUPPORT COLLECTIONS

### SUMMARY

Figure 34 depicts the desired state for processing disbursing child support collections. This new structure would feature a much faster processing cycle for these tasks than is experienced at present. This acceleration should be accomplished by:

1. Implementing a statewide automated system to handle the processing tasks depicted in the diagram.
2. Providing access to this system to the counties (or interfacing it with existing county systems) to eliminate the need to transfer work to the staff for handling.
3. Providing counties with AFDC expenditures per case on an (periodic), updated bases.

### POTENTIAL DRAWBACKS

1. Automated development is expensive while funding approval will be sought from OCSE as a high priority, development of a Distributions state-wide system may go slowly.
2. Integration of such a system into county operations will involve considerable effort because AFDC payment history totals are not readily available or transmitted to counties.

### BENEFITS

1. Faster, more systematic processing.
2. Quicker pass-through of money to AR's.
3. Virtual elimination of backlogs.
4. Centralized reporting, eliminating labor intensive operations, as the system produces statistics on the distribution of money passing through it.



## IMPLEMENTATION REQUIREMENTS

1. High priority and management support for development and OCSE approval of State-wide Advanced Planning Document, to obtain federal 90/10 funding for automated development.
2. Combined State - county task force to develop the detailed design of such a system based on the APD.
3. Review of county staffing, and enhancement if needed.
4. State-level technical assistance to implement the system and provide training.
5. Develop a payment history system of AFDC expenditures per case to transmit to the counties showing total amounts owed to the State.
6. Intensive testing and follow-up auditing to insure accurate processing and efficient system usage.

CHILD SUPPORT ENFORCEMENT ADMINISTRATION  
ESTIMATE BUDGET  
TOTAL OPERATING  
FY 1986 - 1987

July 1, 1986 - June 30, 1987

Expenditure Classification	State	Federal	Local	Total
Projected FTEs		97.0	49.0	146.0
<u>Personal Svcs.</u>				
CSEA		\$1,738,400	\$ 869,900	\$2,608,300
Admin. Support		544,800	272,600	817,400
Total		\$2,283,200	\$1,142,500	\$3,425,700
<u>Employee Related Expenditures</u>				
CSEA		\$ 453,000	\$ 226,700	\$ 679,700
Admin. Support		131,800	65,900	197,700
Total		\$ 584,800	\$ 292,600	\$ 877,400
<u>Professional &amp; Outside Svcs.</u>				
CSEA	\$ 350,000	\$ 815,900	\$ 58,000	\$1,223,900
Admin. Support		101,800	51,000	152,800
Total	\$ 350,000	\$ 917,700	\$ 109,000	\$1,376,700
<u>In-State Travel</u>				
CSEA		\$ 8,800	\$ 4,400	\$ 13,200
Admin. Support		6,700	3,400	10,100
Total		\$ 15,500	\$ 7,800	\$ 23,300
<u>Other Operating Expenditures</u>				
CSEA		\$ 129,200	\$ 64,600	\$ 193,800
Admin. Support		473,700	237,100	710,800
Total		\$ 602,900	\$ 301,700	\$ 904,600
<u>Out-of-State Trvl</u>				
CSEA		\$ 6,300	\$ 3,200	\$ 9,500
Admin. Support				
Total		\$ 6,300	\$ 3,200	\$ 9,500
<u>Equipment</u>				
CSEA		\$ 40,500	\$ 20,300	\$ 60,800
Admin. Support				
Total		\$ 40,500	\$ 20,300	\$ 60,800
Grand Totals	\$ 350,000	\$4,450,900	\$1,877,100	\$6,678,000
Revenues	\$ 350,000	\$4,370,500	\$1,836,900	\$6,557,400
Percentage	100.0	101.8	102.2	101.8

. Estimated expenditures for SFY 1986-1987 are \$6,678,000: <sup>3/</sup>

- \$ 350,000	State	
- \$4,450,900	Federal	3/
- \$1,877,100	Local	3/

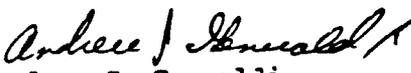
3/ Does not include county participation pass throughs or incentive pass throughs.

. Estimated over committed funds for SFY 1986-1987 are \$120,600:

- \$ -0-	State	
- \$ 80,400	Federal Matching at	.6665%
- \$ 40,200	Local Matching at	.3335%

Please contact me at 255-3786 if you have any questions or need additional information.

Sincerely,

  
Andrew J. Genualdi,  
Administrator  
Office of Planning &  
Budget Development

AJG:JRM:lc

Enclosure

in and trained in early April. To date there are some 160 cases on which AFDC and court order data has been gathered and arrearage calculations have been completed. These cases are awaiting the next steps in the process - distribution, payment release, and check issuance. These cases awaiting distribution represent an estimated \$118,000. The largest proportion of these monies are state and federal reimbursements and the remainder represents monies due to families or absent parents. Additional arrearage cases are being readied for distribution at the rate of 20+ cases per day.

Since it has been identified that the PADIS arrearage distribution capability is a critical factor in reducing the undistributed balance, CSEA staff and the DAFCS systems Development Unit have been working on isolating and correcting the problem. Through today, attempts to correct the problem have not been successful.

#### ALTERNATIVES

1. Continue current level of effort on preparing cases for distribution through PADIS and accumulate these cases on the assumption that the PADIS problem will be corrected in the next few days.

##### PRO:

- A. Contract staff are already trained on case preparation and arrearage calculations.
- B. When PADIS is operational, a larger number of cases will be ready for distribution.

##### CON:

- A. PADIS problem may not be resolved in the next few days. No immediate results will be seen in reducing the large arrearage portion of the undistributed balance.

2. Continue to prepare cases for distribution. Request that DAFCS and ODA management make resolving the PADIS problem a top priority.

##### PRO:

- A. Trained staff would continue to get cases ready for PADIS distribution.
- B. DES/ODA management may not be aware of the problem and the need to place a high priority on resolution.

##### CON:

- A. Arrearage cases will still not be distributed until the PADIS problem is resolved.
- B. No immediate reduction in arrearage portion of undistributed balance.

3. Divert staff to manual distribution on arrearage cases with emphasis on releasing payment first on cases with the largest dollars involved.

##### PRO:

- A. Some immediate reduction in the arrearage portion of the undistributed balance will occur.



ARIZONA DEPARTMENT OF ECONOMIC SECURITY

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Bruce Babbitt  
GOVERNOR

Douglas X. Patifo  
DIRECTOR

May 30, 1986

Mr. Jim McLaughlin  
Department of Administration  
1700 West Washington  
State Capitol, West Wing - Room 814  
Phoenix, Arizona 85007

Dear Mr. McLaughlin:

The results of our analysis of revenue and expenditures for the Child Support Enforcement program for state fiscal year (SFY) 1986-1987 are enclosed.

A summary of the information follows:

- . Estimated total revenue for SFY 1986-1987 is \$6,557,400:
  - \$ 350,000 State (Appropriation)
  - \$4,370,500 Federal 1/
  - \$1,836,900 Local 2/

1/ Federal revenue estimate is composed of:

- . \$ 699,500 match to state appropriation
- . \$3,373,400 net federal share of collections, estimated to be earned FY 1986-1987
- . \$ 297,600 net federal share of collections, estimated to be earned from carry-forward revenue FY 1985-1986

2/ Estimated local revenue is equivalent to the estimated state share of collections which is composed of:

- . \$1,688,000 FY 1986-1987
- . \$ 148,900 FY 1985-1986 carry-forward

BUDGET JUSTIFICATION

Agency Department of Economic Security (0220)      Division of Aging, Family and Children Services  
Program Child Support Enforcement Administration (7120)

ASSUMPTIONS (Continued)

Professional and Outside Services (P&O) (Continued)

- . The State Appropriation for FY 1986-1987 of \$350,000 was placed in P&O until it is determined where the funds will be expended. Matching Federal funds of \$699,500 were also added.
- . Increase/Decrease Column - Inflationary Increases were applied at 3.32% based on actual appropriated inflationary increases contained in the Joint Legislative Budget Committee (JLBC) appropriations document for FY 1986-1987.

In-State Travel and Other Operating Expenditures (OOE)

- . Increase/Decrease Column - Inflationary Increases were applied to Travel at 25.26% and OOE at 4.35% based on actual appropriated inflationary increases contained in the JLBC appropriations document for FY 1986-1987.
- . Program Change - Increased at 20.66% to bring costs per FTE in line with authorized FTE level. Also includes increases/decreases due to change in FFP rate.

## BUDGET JUSTIFICATION

Division of Aging, Family and Children Services  
Program Child Support Enforcement Administration  
 (7120)

Agency Department of Economic Security  
 (0220)

ASSUMPTIONSGeneral

- . The FY 1985-1986 estimated Budget and FY 1986-1987 projected Budget, reflected in the Budget Schedules include only Child Support Enforcement Administration (CSEA) program estimates and projections; costs of Administrative Support Divisions are not included.
- . The FY 1985-1986 estimated Budget is based on a Federal/Local match of 70/30 from July 1985 through September 1985 and a Federal/Local match of 66.65/33.35 from October 1985 through June 1986. The FY 1986-1987 Budget is based on a Federal/Match of 66.65/33.35. Program change column includes increases/decreases to change to the new Federal Financial Participation (FFP) rate between FY 1985-1986 and FY 1986-1987.
- . Task Force costs are not included in the FY 1985-1986 or FY 1986-1987 Budget.
- . FY 1985-1986 estimated Budget based on Actual Expenditures July 1985 through April 1986 with projections for May through June 1986.

Personal Services/Employee Related Expenditures (ERE)/Full Time Equivalents (FTEs)

- . The estimated FY 1985-1986 FTE positions level is 121.0. FY 1986-1987 FTE positions were based at the fully authorized level of 146.0. No provisions were made for vacancies.
- . FY 1986-1987 FTE positions were priced out based on the January 1986 Salary Schedule with an adjustment of 3% COLA and POPS as of January 1987. An adjustment was made in the base for those positions who qualified under the Classification Maintenance Review (CMR) effective April 1986.
- . The Program Change column was used to bring the FY 1985-1986 level up to the fully authorized level for FY 1986-1987; it is NOT a request for additional positions.
- . The ERE rate of 23.33% for FY 1985-1986 was based on the Actual Expenditure rate July 1985 through April 1986. An ERE rate of 26.06% was used for FY 1986-1987 (See Schedule 5B Computations).

Professional and Outside Services (P&O)

- . The 42 temporary/contracted FTEs were included in Other and Federal in FY 1985-1986 for April through June. Costs were also included for a consultant for 64 hours at \$78.00 per hour. FY 1986-1987 includes these costs for July through September in Other and Federal.

STATE OF ZONA  
SUMMARY OF EXPENDITURES AND BUDGET REQUESTS

Division of Aging, Family and Children Services  
Program Child Support Enforcement Administration

Agency Department of Economic Security  
(0220)

EXPENDITURE CLASSIFICATION	Actual Expenditures 1984-1985	Estimated Expenditures 1985-1986	Increase (Decrease)	EBO Use Only	Program Change	EBO Use Only	Request 1986-1987	Recommend 1986-1987
FTE POSITIONS .....		- 0 -	//////				- 0 -	
PERSONAL SERVICES .....								
EMPLOYEE RELATED EXP .....								
ALL OTHER OPR EXP .....					350,000		350,000	
SUB-TOTAL .....					350,000		350,000	
OTHER .....								
TOTAL APPROPRIATED .....					350,000		350,000	
ADD FEDERAL FUNDS .....		1,770,200	103,500		1,212,000		3,085,700	
ADD OTHER FUNDS .....		977,200	57,400		155,600		1,190,200	
TOTAL PROGRAM .....		2,747,400	160,900		1,717,600		4,625,900	

ALL OTHER OPERATING EXPENDITURES DETAILED

PROF & OUTSIDE SVCS .....							350,000	
TRAVEL - STATE .....					350,000			
TRAVEL - OUT OF STATE .....								
OTHER OPERATING EXP .....								
FOOD .....								
EQUIPMENT .....								
TOTAL ALL OTHER OPR .....					350,000		350,000	

AGENCY SUMMARY OF EXPENDITURES AND BUDGET REQUESTS

Agency Department of Economic Security (0220)

Division of Aging, Family and Children Services  
 Program Child Support Enforcement Administration (7120)

Name of Fund/Program	Actual 1984-1985	Estimated 1985-1986	Increase (Decrease)	EBO Use Only	Program Change	EBO Use Only	Request 1986-1987	Recommend 1986-1987
General Funds					350,000		350,000	
Federal Funds	1,770,200		103,500		1,212,000		3,085,700	
Other Funds	977,200		57,400		155,600		1,190,200	
<b>TOTAL</b>	<b>2,747,400</b>		<b>160,900</b>		<b>1,717,600</b>		<b>4,625,900</b>	
<b>FTE POSITIONS</b>	<b>121.0</b>				<b>25.0</b>		<b>146.0</b>	
<b>PERSONAL SERVICES</b>	<b>1,958,900</b>		<b>73,800</b>		<b>501,800</b>		<b>2,534,500</b>	
<b>EMPLOYEE RELATED EXPENDITURES</b>	<b>457,100</b>		<b>72,600</b>		<b>130,800</b>		<b>660,500</b>	
<b>ALL OTHER OPERATING EXPENDITURES</b>	<b>331,400</b>		<b>14,500</b>		<b>1,085,000</b>		<b>1,430,900</b>	
<b>SUB-TOTAL</b>								
<b>OTHER</b>								
<b>TOTAL</b>	<b>2,747,400</b>		<b>160,900</b>		<b>1,717,600</b>		<b>4,625,900</b>	

ALL OTHER OPERATING EXPENDITURES DETAILED

PROFESSIONAL & OUTSIDE SERVICES	168,800	5,600	1,049,500	1,223,900
TRAVEL - STATE	8,700	2,200	2,300	13,200
TRAVEL - OUT-OF-STATE				
OTHER OPERATING EXPENDITURES	153,900	6,700	33,200	193,800
FOOD				
EQUIPMENT				
<b>TOTAL ALL OTHER OPERATING</b>	<b>331,400</b>	<b>14,500</b>	<b>1,085,000</b>	<b>1,430,900</b>

EXHIBIT K



CON:

- A. Contract staff will have to be trained on manual distributions.
- B. Manual distribution is time-consuming. A trained experienced worker can distribute an estimated 7-10 cases per day.
- C. The manual distributions data will still have to be entered to PADIS to ensure PADIS reports reflect proper distributions data.
- D. Diverting staff to manual distributions will reduce level of effort in case preparation areas.

RECOMMENDATIONS:

The DAFCS Assistant Director and ODA management should be made aware of the importance of resolving the PADIS problem with arrearages. Additional SDU and ODA resources and a higher priority may be needed to correct the problem quickly.

If it is determined that the PADIS problem cannot be resolved rapidly, consideration should be given to diverting staff to do manual distribution of arrearages. If the delay is lengthy, payment of current support monies may have been caught up and staff assigned to the Payments Release Units may be available to work on manual distributions.

## ISSUE PAPER

### PROBLEM

The PADIS system currently reflects an estimated \$2.5 million undistributed balance - child support monies collected but not yet released. The largest proportion of this balance is related to past due support monies (arrearages) collected from various sources including IRS and DOR tax refund intercepts. A smaller proportion of these monies is related to current support payments.

While the existing PADIS system handles distribution of current support, it does not handle arrearage distribution. Distribution of arrearages must take place before payment release action can be taken and checks accurately issued to the appropriate payees. It is estimated that arrearage monies constitute approximately 75% of the current undistributed balance. This balance will increase dramatically as this year's IRS/DOR tax refund intercept monies coming in reach their peak over the next two months.

### BACKGROUND

The existing PADIS system became operational in January 1985. All monies received through October 1984 were manually distributed and released. All monies received subsequent to October 1984 have been entered into and processed through the PADIS system.

Although the PADIS system was designed to handle the distribution of both current support and arrears, the arrearage distribution portion of the system was apparently never fully tested. Initial implementation of PADIS placed emphasis on the distribution and payment of current support and the main priority was being placed on resolving problems with PADIS and overall operations related to processing current support. Staff report that some arrearage cases were entered to PADIS in mid-1985 and that the system did not handle these distributions properly. Although some work was done on the apparent problem at that time, the problems were not resolved. Now that the contract workers have been available to work on backlogged cases, it has become apparent that the problem with PADIS handling arrearage distributions constitutes a major barrier to reducing the undistributed balance.

Efforts have been continuing with the help of contract staff to catch up on the backlog of current support payments. If there is not a substantial increase in current support monies being received, staff estimate that the current support backlog will be caught up in about ten working days.

The major thrust in processing the arrearage portion of the undistributed balance began when contract staff were brought

EXHIBIT J

administrative expense. We further recommend that all past disbursements made to the point of the above referenced policy change be audited to determine the scope of the fiscal impact and that adjustments be made on a case by case basis thereafter to properly comport with federal regulations. This should consider the PADIS automated system also with respect to policy change.

Thank you.

ST:tn

-2-

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Thank you.

ST:tn

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Thank you.

ST:tn

ENHANCE COUNTY-STATE RELATIONS WITH FORMAL  
MECHANISM TO CONTINUE POSITIVE DIALOGUE

**ACTIONS :**

- Sharon Hekman of the Pima County Attorney's Office presented in writing the major barriers between CSEA and the between CSEA and the counties, and recommendations to address them. The barrier topics are: contracting, reporting requirements, funding, audit penalties, technical assistance, management attitude, and information sharing. The Governor's Technical Assistance Team will address these issues either in its final report.

INCREASE AFDC COLLECTIONS

**ACTIONS :**

- The Location Unit processed all AFDC priority cases. Many cases were referred to other organization units to take enforcement action and many others were referred back to the file room to either be closed or maintained as inactive.
- The Wage Assignment Unit issued 10 wage assignments and calculated arrears on 50 cases for tax intercept as part of the AFDC priority case directive. In addition, the Wage Assignment Unit is processing 30 more AFDC cases for possible wage assignment.
- The Collections Unit referred six AFDC cases to the Attorney General's Office and the Maricopa County Attorney's Office for legal action. Additionally, a delinquent notice was sent to one absent parent.

RESOLVE MAJOR CONTRACT ISSUES

**ACTIONS :**

- County Attorney officials believe the existing contract and the proposed one for next fiscal year are too complicated and voluminous. They believe it could be made much simpler and still protect the interests of the state. They suggest establishing a contract development task force comprised of CSEA top management, representatives from the Clerk of the Court's offices, and Arizona Prosecuting Attorney's Advisory Council. The Governor's Technical Assistance Team agrees with these critical statements and the recommendation to completely redo the contract.

Instead, they would more likely recommend the Colorado system as a good transfer alternative because it is much closer to full implementation than is the Oklahoma system. An additional positive factor regarding the Colorado system is that it has been designed for a county-operated IV-D structure.

- The OCSE is committed to a quick turn-around on any updated APD's for statewide system transfers including support for exploration of other specific states' systems.
- The complete Oklahoma software has not yet been received although Arizona's IBM sales representative has indicated he expects it by June 10th. It is hoped that the software will arrive in time for the Automation Team staff to critically review the system and make recommendations regarding its applicability to Arizona's IV-D requirements.

#### REORGANIZATION OF IV-D PROGRAM

#### ACTIONS :

- Starting next week, a centralized arrearage calculation automation system will be ready to start processing cases. This is critical for two management control reasons. One, we just found out that approximately one out of every three arrearage totals inputted into the PADIS computer program are in error due to the current fragmented manual processes. Two, PADIS does not have proper security controls so anyone can access the system and add a payments on a case without being identified.
- During this past week, 232 cases were closed based on the new case closure policy (i.e., unworkable). Twenty-four additional cases are pending closure until follow-up documentation is received.
- CSEA supervisors are meeting today to identify the essential data elements for a case management automation system.
- The final drafts of the proposed CSEA operations work flow and the state administered, county operated structure have been completed. Additionally, a proposed table of organization for CSEA is included.
- As of May 9, 1986 there were 3,540 IV-D applications (AY-091) backlogged from March 9, 1986. As of June 4, 1986 the backlog of applications is 1,540 - a reduction in less than on month of 130%.
- Initiated action to have 15 temporary workers to implement the new case closure policy on existing files and backlogs. Some 57% of cases are expected to be formally closed (46,712 cases out of 81,702 cases) within 30-45 days.

introduction to the system functions and training regarding preparation of the input data which will drive the system.

- System support personnel and the CSEA PADS supervisor are continuing to work on methods to identify and process IRS arrears payments in which the payment exceeds the current arrearage balance. These cases require a personal contact with the absent parent to determine the desired distribution protocol (i.e., whether to pass-back, apply to future obligation, etc.).
- Systems support personnel produced two reports during the last week requested by the Operational Team staff. One was a listing of all undistributed IRS and DOR intercepts which will help guide the operational strategy to reduce these undistributed monies. The other report produced a listing of NPA IRS intercept cases and total dollar amount by county. This report will be used as a basis for passing these monies back to the counties responsible for submitting these cases. This will enable the counties to properly record and distribute the monies to the intended recipients. One other report was requested which will be a cumulative listing of all '84/'85 IRS collections by county. This report should be available by June 9th - 10th and will also be used to inform counties regarding all IRS collections whether or not the monies have yet been distributed by CSEA.
- In order to improve Distributions Unit staff access to information stored in the FSDS system which is needed for processing IRS intercepts, a printed listing will be generated by the responsible staff in CSEA by the week of June 9th.
- The functional requirements of an interim automated case tracking system, several configuration alternatives to support such a system, and recommended actions have been defined in a white paper produced by the Automation Team staff. Essentially, the recommendation is to purchase and install an IBM System/36 as the most efficient and effective route to an interim automated case tracking system. The most significant aspect of the recommendation is that DES executive management must act swiftly and decisively on this issue. The design, development, and implementation of such an interim system must start immediately if CSEA is ever to begin to manage its responsibilities in this area.

#### DEVELOPMENT OF LONG TERM COMPREHENSIVE PLAN

#### ACTIONS:

- Recent discussions with the federal OCSE systems representative to Arizona, Ms. Kathy Troglin, have revealed additional information regarding the federal position on several issues. First, it was indicated that the federal position on Mid-American as a "transferable" system has not been clearly resolved, although the OCSE is currently leaning towards not defining it as transferable because significant modification would be required to develop it into an appropriate State-level system. Second, Ms. Troglin indicated that the OCSE would not be in a position to recommend the Oklahoma system as appropriate for transfer at this time.

June 6, 1986

DRAMATIC REDUCTION OF DISBURSEMENT BACKLOG

**ACTIONS**

- The total collection receipts for the month of May, 1986 (\$621,680) increased by 25% over the month of April, 1986 (\$495,598), and April, 1986 collection receipts increased by 167% over the month of March, 1986 (\$185,530). This two month increase of 235% is attributed to tax offset receipts.
- The total collection receipts distributed for the month of May, 1986 (\$199,502) increased by 32% over the month of April, 1986 (\$151,534), and April, 1986 collection disbursements increased by 30% over the month of March, 1986 (\$116,241). This is a 72% increase in disbursements within a two month period.
- The total undistributed amount as of Friday, May 30, 1986 is approximately \$3,478,408. The undistributed total amount will continue to increase, under existing case processing operations, for the next two months because of tax intercept collections. IRS just informed CSEA that \$600,000 additional tax intercept collections will be sent within a week.
- The Governor's Technical Assistance Team presented a five point policy plan to the DES administration to significantly reduce the undistributed collection balance within 90 to 120 days. This plan requires substantial changes in the way that the CSEA Distributions Unit processes cases. DES Executive Management has initiated the plan.
- Starting June 6th the Distributions Unit will be working 364 tax offset cases that have been identified as AFDC with collection amounts over \$1,000. These 364 cases total \$546,143, averaging about \$1,500 per case. This is the first time that the Distributions Unit is prioritizing cases based on dollar amount collected.

ADAPTATION OF LIMITED AUTOMATED PROCESSES  
AND DEVELOPMENT OF LONG TERM COMPREHENSIVE PLAN

IMMEDIATE AUTOMATION EFFORTS

**ACTIONS**

- Development and testing of the system to automate arrearage computation is continuing with initial input to begin June 9th. The manual system to support the flow of input to and output from the automated function has been clearly defined to ensure the entire system correctly performs its required functions. Appropriate operational staff have received preliminary

June 6, 1986

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AND DEVELOPMENT OF LONG TERM COMPREHENSIVE PLAN

IMMEDIATE AUTOMATION EFFORTS

**ACTIONS**

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enforcement actions on 32 cases.

- Per Pinal County Attorney's request for additional cases, CSEA is preparing to send 70 cases identified in the CSEA backlog that belong to this jurisdiction for legal action.

RESOLVE MAJOR CONTRACT ISSUES

**ACTIONS:**

- A draft copy of an interagency agreement with the Attorney General's Office has been prepared. It is a performance based agreement but requires additional work.

- A survey of Arizona counties' automated systems in child support enforcement activities was conducted last week. Generally speaking, most non-contracting counties have little or no automated support for child support efforts. By far, Maricopa County leads this domain with four out of nine counties with any system implementing that system).

REORGANIZATION OF IV-D PROGRAM

**ACTIONS:**

- Fifteen full-time temporaries will start work on July 1, 1986. Existing low priority cases for possible closure. Staff estimate that approximately 40,000 of these cases will be closed.
- The draft proposal of the functional work flow diagrams and the administrative processes between external entities completed. These diagrams are accompanied by a written narrative explaining the benefits, the steps, and the resource requirements.
- The PADS supervisor has been reassigned to Administrative Offices and an accountant from Accounting has been assigned to CSEA Operations. A payments supervisor has been reassigned from CSEA back to Operations.
- Effective June 2, 1986 CSEA will renew screening applications for completeness. Two clerks will be assigned to review the applications (AY-091A forms) for critical data and to return the incomplete forms to the eligibility worker to complete and then to resubmit within two months, no intake screening occurred re applications.
- During the first four days in which the closure program was in effect, 227 (39%) of 576 new AFDC cases were closed.

ENHANCE COUNTY-STATE RELATIONS WITH FORMAL MECHANISM TO CONTINUE POSITIVE DIALOGUE

**ACTIONS:**

Nothing new to report.

INCREASE AFDC COLLECTIONS

**ACTIONS:**

- Since we started prioritizing AFDC cases to be worked by the Wage Assignment Unit has referred 23 cases to the Wage Assignment Unit for wage assignments. The Wage Assignment Unit issued orders this week and calculated arrearages on 40 intercepts. Additionally the Collection Units

- A survey of Arizona counties' automated systems in support of child support enforcement activities was conducted late last week. Generally speaking, most non-contracting counties have little or no automated support for child support enforcement efforts. By far, Mid-American rules this domain in Arizona counties (four out of nine counties with any system have or are implementing that system).

#### REORGANIZATION OF IV-D PROGRAM

#### ACTIONS :

- Fifteen full-time temporaries will start work on June 7 to screen 54,000 existing low priority cases for possible closure. CSEA staff estimate that approximately 40,000 of these cases will be closed.
- The draft proposal of the functional work flow for CSEA operations and the administrative processes between CSEA and external entities completed. These diagrams are accompanied by a written narrative explaining the benefits, the implementation steps, and the resource requirements.
- The PADS supervisor has been reassigned to the CSEA Administrative Offices and an accountant from DES Central Accounting has been assigned to CSEA Operations. Also, the prior payments supervisor has been reassigned from CSEA Administration back to Operations.
- Effective June 2, 1986 CSEA will renew screening of IV-A applications for completeness. Two clerks will be assigned full time to review the applications (AY-091A forms) for omission of critical data and to return the incomplete forms to the IV-A eligibility worker to complete and then to resubmit it. For the past two months, no intake screening occurred regarding these applications.
- During the first four days in which the closure policy was in effect, 227 (39%) of 576 new AFDC cases were closed.

#### ENHANCE COUNTY-STATE RELATIONS WITH FORMAL MECHANISM TO CONTINUE POSITIVE DIALOGUE

#### ACTIONS :

Nothing new to report.

#### INCREASE AFDC COLLECTIONS

#### ACTIONS :

- Since we started prioritizing AFDC cases to be worked, the Locate Unit has referred 23 cases to the Wage Assignment Unit to execute wage assignments. The Wage Assignment Unit issued 9 assignment orders this week and calculated arrearages on 40 cases for tax intercept. Additionally the Collection Units are taking

ADAPTATION OF LIMITED AUTOMATED PROCESSES  
AND DEVELOPMENT OF LONG TERM COMPREHENSIVE PLAN

ACTIONS :

- The application to automate the computation of arrears will be tested June 2, 1986. Training of operational staff will occur concurrent with testing. A June 3rd or 4th implementation date is planned.
- The "bug" found in the PADIS system has been certified by ODA/IV-D systems support personnel as partially resolved. As certified, PADIS can properly distribute arrears collections which do not exceed the arrears amount in the system. CSEA personnel can proceed with distribution of these type of arrears. The remaining problem concerns distribution of arrears payments which are in excess of the arrears amount in the system (e.g., a custodial parent has made arrears payments since an IRS intercept was submitted). Systems support personnel and the CSEA PADS Supervisor are working on automated and procedural mechanisms to resolve this distribution problem.

Consistent with previous status reports, this problem with PADIS -- a design inadequacy -- further indicates the lack of a systems approach and attention to programmatic requirements in the design of PADIS.

- Considerably more effort will be required to produce the cumulative report on IRS intercepts that will be of use to the counties. Again, the difficulty in producing this report is due in large part to the disjunction of the automated systems which support IV-D. Numerous files must be combined and cross-matched in order to produce the information which will be useful to CSEA in answering inquiries and to the counties in reconciling their records. New target dates being developed.
- The development of functional requirements and system design specifications for an interim case tracking system has indicated the need to at least examine a PC-based system vs. an IBM System/36-based system. The relative benefits of both are under review and a definitive recommendation will be made by June 2, 1986.

DEVELOPMENT OF LONG TERM COMPREHENSIVE PLAN

ACTIONS :

- The Oklahoma demonstration software was received and installed on an available IBM System/36 on May 27, 1986. Unfortunately, what was sent was only a demonstration copy, i.e., the full system software will be necessary to critically evaluate the system. Phoenix IBM representatives will assist our efforts in obtaining the full system through IBM colleagues in Oklahoma.
- The documentation on the Vermont and Mid-American systems were received this week and are under review.

May 30, 1986

DRAMATIC REDUCTION OF DISBURSEMENT BACKLOG

**ACTIONS :**

- DES internal auditors completes their review of the reporting of undistributed funds to the federal government. Their findings indicate that the amended report (\$2.478 million) is not supported; and the original amount of \$2.782 million is more likely correct. Their findings will be incorporated into the OSI report.
- DES Planning and Budget Development have completed their review of the cash balance in the trust fund. Their amount at March 31, 1986 (\$2.639 million) varies from the amount that should have been reported to the federal government by \$143,000. This variance needs to be researched and reconciled by DES.
- CSEA is ready to issue a check to an AFDC recipient in the amount of \$9,348 for monies collected in August of 1984. This collection case laid dormant for almost two years. The only reason the case is ready for disbursement now is because a CSEA unit supervisor brought it to our attention last week.
- An action plan is being prepared to prioritize arrearage collection cases for disbursement processing and to streamline the case processing activities. This plan will be finalized on June 2, 1986.
- A change in policy is in effect pursuant to disbursing collections based on the date of receipt of collections. This policy conforms with federal regulation 45-302.5i. A form letter has been prepared and approved by the Attorney General's Office to sent to the court or employer who delays sending the child support payment to CSEA for disbursement.
- The undistributed amount of revenue collected is increasing due largely to tax intercept refunds and staff working only current support cases - labor intensive and fragmented. A best guess estimate, for the first time, of the undistributed dollar total through Friday, May 23 is \$3,478,671. Approximately \$304,000 of this total is for monies collected prior to October 1, 1984. Additionally, we determined that the total undistributed amount involves 12,806 cases averaging \$271.64 per case.
- PADS activity for the week ending 05-30-86 is as follows:  

TOTAL COLLECTION	\$444,821
TOTAL DISBURSEMENTS	\$ 84,540
- A number of potential policy actions (i.e., policy fiats) have been formulated for discussion June 2, 1986, with DES executive management designed to expedite tax intercept monies is a special disbursement protocol.

- The proposed county contract for next fiscal year is being modified regarding major issues. A draft of an interagency agreement between CSEA and the Attorney General's Office is being prepared.
- The Pima County Attorney's Office is critically reviewing the proposed contract and will provide feedback within one to two weeks.
- Completed on-site reviews of receipt processing in Pima and Pinal. Receipts being distributed within three days (four hours in Pinal). No backlogs of undistributed fund existed. Pinal handles a caseload of 3,000 cases (receipts/disbursements processing) with a staff of three.

#### INCREASE AFDC COLLECTIONS

#### ACTIONS :

- Effective this week, the case management staff started working the most recent AFDC cases first (i.e., last in, first out - LIFO). The case management staff have found that many AFDC cases, in the high priority category, have not been worked for months and therefore, required a lot of preparation time culminating in no viable enforcement action.
- Starting Monday, CSEA staff will be referring more AFDC cases, currently in the case backlog, to Pinal County Attorney's Office per their request. Additionally, CSEA staff will be instructed to refer more AFDC cases to Pima County and Gila County Attorney's Offices per their request.
- The Attorney General's Office has agreed to begin working initiating URESA cases as the number one priority at the rate of 20 per week. Responding URESA cases will no longer be the priority cases worked. Furthermore, Arizona local cases will also receive a higher priority than responding URESA cases.
- During this past week, CSEA staff took the following action on AFDC priority cases:
  1. Initiated enforcement action on 40 cases (excluding wage assignment), such as referring the case to program attorneys, sending a delinquency letter, or obtaining a voluntary agreement to start paying.
  2. Calculated arrears on 61 cases for Tax Intercept submission.
  3. Activated 33 cases for wage assignment action and executed wage assignments on 13 cases.

#### RESOLVE MAJOR CONTRACT ISSUES

- Nothing new to report.

## ACTIONS :

- County - state automated system alternatives have been developed. Each approach will be delineated as additional documentation is received over the next week from Vermont, Oklahoma, Mid-American, and Burroughs. We still await delivery of the Oklahoma demonstration software.
- Project staff are continuing to contact all Arizona counties regarding current and planned automation, particularly as they impact on the costs/benefits of the statewide system alternatives.

### REORGANIZATION OF IV-D PROGRAM

## ACTIONS :

- Effective this week, the new case closure policy and procedures are implemented at intake. No intake closure policy existed in CSEA previously. A work plan is being developed to screen existing cases for closure.
- Developed estimates of case backlog actions including formally closing of almost three fourths (72.1% of existing case files (64,776). Estimated impact of closing cases upon receipt of application at 35.7% due to implementing new case closure policies and procedures. Working to develop resource need (e.g. temporaries) to review files for closure action.
- By next week, a draft proposal of the functional work flow for CSEA operations will be completed and a draft proposal of administrative processes between CSEA and external entities will be completed.
- The Attorney General's Office provided CSEA with establishment and enforcement stipulation forms to be used on legal cases. These forms are six pages fewer than what CSEA staff have been using. Moreover, the Attorney General's Office provided CSEA with forms and instructions for interstate wage withholding actions. This will expedite case processing and case collections.
- A review of internal controls at CSEA was completed and recommendations for change have been made. A need for greater accounting expertise was identified, and additional accounting supervisory staff will begin 05-27-86.

### ENHANCE COUNTY-STATE RELATIONS WITH FORMAL MECHANISM TO CONTINUE POSITIVE DIALOGUE

## ACTIONS :

- Sharon Hekman of the Pima County Attorney's Office is preparing a report of the six major barriers stopping the non-contracting counties from agreeing to participate in the program. The report findings stem from a survey of the County Attorney Offices.

ADAPTATION OF LIMITED AUTOMATED PROCESSES  
AND DEVELOPMENT OF LONG TERM COMPREHENSIVE PLAN

**ACTIONS :**

- Completed data sharing agreement by Pima County to locate a terminal capable of accessing DES UI, wage earner and AFDC files from the Family Support Unit of the County Attorney's office.
- The computer hardware, software, and furniture to support automation of arrearage computation was installed at the CSEA Phoenix office May 15th at a total cost of approximately \$25,000. Staff from the DOA Data Center are currently programming the application and a May 30th implementation date is anticipated. Training for operational personnel probably will be scheduled for May 29th.
- IV-D systems support personnel are continuing work to "debug" PADIS so that arrears payments can be distributed. While the program has distributed most test data correctly, it has not yet done so for all cases. Systems support and operations personnel have been instructed to continue testing until we can be assured the program distributes all payments correctly. It is very disturbing that the systems design staff in DES has approached program testing as something to be done while in a production mode and with "live" data.
- A cumulative report on 1985 IRS intercepts for each case was made available on May 21st and scheduled for 1984 IRS intercepts on May 28th. These will be distributed to CSEA staff as well as to county offices as soon as they are available.
- Functional requirements and system design specifications for the PC-based tracking system are being developed and will be complete by May 27th. Once these are defined, the necessary hardware and software will be ordered. Equipment should be delivered by May 30th permitting application development to begin. The goals of this system will be to provide accurate caseload data for federal reports and for management control. In addition it will greatly enhance case status accountability.

**DEVELOPMENT OF LONG TERM COMPREHENSIVE PLAN**

**FINDINGS**

The federal OCSE announced a moratorium on state APD submittal this week. Kathy Troglin, the OCSE systems representative for Arizona, indicated in a telephone conversation that APD's for new system development or implementation will no longer be accepted. The only type to receive federal financial participation will be APD's that involve transfer of another statewide system already in operation.

May 23, 1986

DRAMATIC REDUCTION OF DISBURSEMENT BACKLOG

**ACTIONS :**

- CSEA management staff have been directed to work with the Attorney General's Office to modify an existing collections disbursement policy to conform with federal regulations (i.e., 45 CFR 302.51). CSEA is not in compliance at this time and moreover, the existing policy requires staff to delay disbursement which adds to the current backlog. The new policy and procedures should be in effect within one week.
- Quality control procedures have been developed for arrearage payment disbursement cases that are entered into the PADIS computer system. Another batch of arrearage cases will be entered into the computer system this week to make sure that the computer program is disbursing the money correctly.
- The collections and disbursement financial information is being organized so that it can be reported on a weekly basis. Both computer program enhancements and manual processes must be in place to report this information and ensure its integrity.
- DES Internal Auditors are in the process of finishing their audit. By 05-27-86, a detailed schedule tracking the undistributed funds back to 1975 should be available.
- The DES budget group is reviewing accounting records to determine the cash balance in AFIS for CSEA. This should be completed by 05-28-86. The amount determined by this effort should be reconciled to the amount the internal auditors determine.
- Discussions with DES initiated to break down the collections and disbursements in PADIS in more detail in order to provide a weekly activity report. Further work and targeted for next week.
- The PADIS system is showing \$2,506,251 as being undistributed as of 05-16-86. Amount will rise to over \$3,000,000 next week, as \$600,000 in IRS intercept was received this week.
- PADS activity for the week ending 05-16-86 is as follows:

TOTAL COLLECTIONS	\$57,659
TOTAL DISBURSEMENTS	\$76,469
- Began attempts to provide descending list of disbursements to ascertain high dollar collection amounts to begin to place priority processing on those cases.

## RESOLVE MAJOR CONTRACT ISSUES

### ACTIONS :

- The counties are either hesitant or refuse to contract with the State to provide CSEA services because of program and reporting requirements. David Lowenberg reviewed the proposed County contracts for the next fiscal year and identified eight major issues that either require clarification, revision or deletion. The CSEA contract administration has been directed to research the issues in conjunction with the Attorney General's Office and provide a written response by next week.
  
- David Lowenberg is meeting with the County Attorney's Subcommittee on requirements on Friday to discuss their issues of concern. Sharon Hekman of the Pima County Attorney's Office is contacting the noncontacting counties to ascertain what specific contract and program changes must occur before they will entertain serving CSEA cases again. She will present her findings next week.

enforcement actions can be taken. Through the reassignment of temporary, personnel, the File Room Unit will eliminate the backlog within three weeks. This effort started yesterday.

- CSEA has no case intake closure policy and an inadequate existing case closure policy. CSEA is, for example, opening case files when the absent parent is deceased, no last name or social security number is given on the absent parent, and when the absent parent resides in Mexico. Case files are, therefore, prepared and maintained and yet many of them are unworkable. Moreover, CSEA is out of compliance with federal regulation because all active cases must be worked. A case closure policy and guidelines have been prepared for both new and existing cases. This policy will take effect Monday. The policy and guidelines were prepared bases on Regions IX material including the practice in other states.

ENHANCE COUNTY-STATE RELATIONS WITH FORMAL  
MECHANISM TO CONTINUE POSITIVE DIALOGUE

**ACTIONS :**

- Met with representatives (county attorney, clerk) of Coconino and Pima counties to elicit their input and critique of IV-D program. Also gathered information on automation plans and current levels of automation. In addition to Pima county last week these counties believe that IV-D administration has been totally inadequate and are extremely bitter.
- Requested 1115 waiver kit from Office of Research and Demonstrations, HHS for development of a IV-D "capitation bounty collections" system. Initial response of counties is one of support since, if approved, the administrative time keeping functions, which represent onerous reporting requirements to counties, would be eliminated. Need DES to pursue the development of 1115 application.
- Coconino County Attorney stated that his office processed 175 AFDC cases from November of 1985 that require a change form for legal counsel by the Attorney General's Office and that CSEA must xerox the cases to begin working on them. Linda Moore was contacted about this matter and asked to expedite the transferring of these cases. She will work with the Attorney General's to prepare the change of legal counsel form and CSEA staff are prepared to go to Coconino County and xerox the cases.

INCREASE AFDC COLLECTIONS

**ACTIONS :**

- This week CSEA is starting to work High Priority AFDC cases. In the past three days the caseworkers have: referred 50 cases to the Tucson and Yuma CSEA offices to be worked, identified 28 cases for locate, initiated investigations on 13 cases for enforcement, issued 6 wage assignments, and calculated the arrears on 49 cases for tax intercept.

automated requirements at state vs. county levels. Continuing analysis of Vermont and Oklahoma automated systems. Systems documentation received from Oklahoma (requested from Vermont) and currently being reviewed (looks promising). Telephone contact with Vermont officials shows that "concerns" raised previously by DES reviewers are moot.

- Developing automated reporting of detailed IRS intercept reports generated via magnetic tape exchange for use by CSEA staff and appropriate county offices. Will save countless hours of clerical research effort and improve timeliness and accuracy of operation.
- Initiated efforts to secure Oklahoma automated system (demonstration copy) and will install on IBM System 36 for emulation and test purposes. Will allow technicians to further evaluate specific technical components for potential adaptation to Arizona.
- Recommended to DES Executive Management that DES retain the services of a qualified systems analyst to begin IV-D systems efforts including the revision of the IV-D APD, requirements analysis and options for a state - administered county-operated system (e.g., direct referral, disbursement at county level, reporting).
- Developing a micro computer based case tracking system. Will be used for new cases with skeletal data elements from existing caseload.
- Identified to DES officials the need and desirability of locating a DES terminal in Pima and Maricopa Family Support Units with the capability to access the DES UI, AFDC and wage earner files to facilitate parent locator functions. Will result in lessened dependency on state staff and accelerate county efforts in locator activities. Will require county agreement (discussions underway with Pima).

#### REORGANIZATION OF IV-D PROGRAM

- Completed external entity diagrams (those entities external to IV-D) which depict input and output relationships, delineate processing steps and other critical systems data.
- Continuing efforts to develop internal entity diagrams for the purpose of effecting immediate work flow changes and to formulate desired state systems flow.
- The File Room Unit commingles various case prioritization types which makes it difficult to identify and easily retrieve high priority cases for care management action. Through the reassignment of temporary personnel, the File Room Unit is segregating the cases by priority classification and referring the high priority cases to case managers to initiate actions.
- CSEA has a six week backlog of 3,500 AFDC applications that require file preparation and case prioritization before locate and