

Title of Nomination: Washington State Department of Social and Health Services Child Support Internet Payment Service

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Child Support Internet Payment Service

Child Support and Employers Team-Up for Kids

<http://childsupportpayment.dshs.wa.gov>

Executive Summary

The Division of Child Support (DCS) is a division within the Washington State Department of Social and Health Services that is responsible for administering state and federal child support laws. DCS collects and distributes over 250,000 payments per month worth approximately \$50,000,000.

Employers play a huge role in helping to ensure that children receive the support they deserve and are responsible for the remittance of approximately 60% of all child support payments. Currently, DCS receives approximately 75% of payments through the mail. Payments received in paper form must be manually processed and cost approximately \$1.00 per item, while payments that are electronically processed cost about \$.20 per item which includes the cost of marketing and customer support. Analysis found that the number of payments received by DCS has regularly increased, while staffing has remained the same. Paper intensive processes create opportunity for time delays, errors and time intensive follow up activities when problems occur.

DCS needed to find a way to provide employers and parents with an easily accessible, easy-to-use method to remit child support payments electronically. The Child Support Internet Payment Service (CSIPS) was the solution. CSIPS is a Web site that provides employers and parents a convenient way to make electronic child support payments online, thereby saving time and money and improving payment accuracy and distribution timelines. CSIPS first became available to employers and individuals in August of 2001.

CSIPS gives employers what they need to make remitting child support withholdings from their employees quicker and easier. The process provides accuracy, security and accountability with fewer steps and less paperwork. Taxpayers benefit because DCS is able to process more payments without adding staff. If only 15% of the payments DCS currently receives in paper were remitted electronically, the state would save \$279,000 per year in cost avoidance. In addition, families get their child support faster because there are no mailing delays from the employer to DCS and all payments are processed the same day they are received. Within the anticipated three year cost recovery period, CSIPS will not only pay for itself, at the current rate of increased usage, it will save \$58,000 for the state. Should CSIPS become widely adopted, the savings to the state would be greater.

Who We Are

The Division of Child Support (DCS) is a division within the Washington State Department of Social and Health Services, Economic Services Administration and is the state agency responsible for administering state and federal child support laws. DCS helps families by establishing child support obligations; collecting, processing and distributing child support payments; and establishing, reviewing and modifying child support obligations. Child support payments and medical support enforcement help ensure healthy self-sufficient families.

What We Do



Child support plays a critical role in the financial security for children throughout Washington State. The Division of Child Support (DCS) collects and distributes over 250,000 payments per month worth approximately \$50,000,000. DCS collects and distributes over \$660,000,000 in child support per year and manages close to 350,000 personal child support cases.

The Situation

Employers play a huge role in helping to ensure that children receive the support they deserve and are responsible for the remittance of approximately 60% of all child support payments. Currently, DCS receives approximately 75% of child support payments by check sent through the mail. Payments received in paper and manually processed cost about \$1.00 per payment to process. Payments received electronically cost approximately \$.20 per item, including the cost of both marketing electronic payments and customer support.

Analysis found that the number of payments received by DCS has regularly increased, while staffing has remained constant for many years. Additionally, paper intensive processes increased the opportunity for error, lost payments and are a resource drain by creating a need for follow up activities on problem accounts. For employers, providing this essential service was cumbersome, time-consuming and frustrating as each employee required their own individual process and paperwork.

The Opportunity

- ✦ Create a simple, consistent, safe and economical method for our employer community and individual parents to transfer child support payments.
- ✦ Deliver a solution within current staffing and budget levels.
- ✦ Improve customer service to employers while reducing the handling and error issues associated with manual payments.
- ✦ Ensure that families receive much needed child support payments as quickly as possible.

The Vision

Provide employers and parents with an easily accessible, easy-to-use method to remit child support payments electronically to ensure maximum accuracy and efficiency in payment processing.

The Process

- ✦ Research employer and parent needs through survey and focus groups.
- ✦ Partner with the Washington State technology infrastructure to develop a sustainable automated solution.
- ✦ Engage staff who work in the process as customer service liaisons with employers to help design and test to determine the most effective solution.

The Solution

The Child Support Internet Payment Service (CSIPS) is a Web site that provides employers and parents a secure and convenient way to make electronic child support payments online, thereby improving payment accuracy and distribution timelines. By creating efficiencies in processing and handling, DCS is also helping to keep taxpayer costs to a minimum. CSIPS first became to employers and individuals in August of 2001.

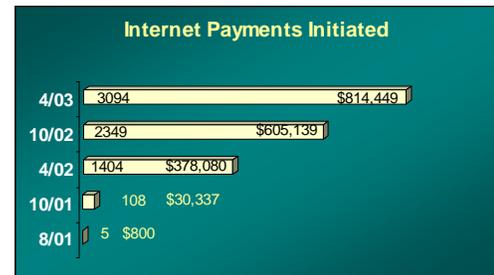
“Our company has been using your website since September and I wanted to let you know how pleased we are with your system and its ease of use.”
Washington state employer

CSIPS gives employers and parents a secure and easy way to remit child support payments online via an electronic funds transfer instead of writing and mailing a check. The site allows user control of their account anytime. Users can also set up payments in the future and then modify the schedule to meet their specific needs. For record keeping, the system provides a history of payments made through the site. Employers can make one transaction for multiple employees. An employer can upload their own employee file of up to 200 employees and avoid having to process multiple forms. At their fingertips, employers can view a list of their employees, their child support payments and can schedule payments in advance. Because payments are sent and received electronically, mailing delays and volume increases do not delay payments being sent to the family and human error that can result in misapplied payments is drastically reduced.

CSIPS is safe and secure. It operates on a secure server and requires a browser that is capable of 128-bit encryption and is password protected. CSIPS is fast, efficient and effective.

The Results

- CSIPS Works! Payments have increased from a low of approximately \$800 per month at its inception to over \$800,000 and growing.
- Employers get what they need – dramatically fewer steps, no paper nightmare: accuracy, security, accountability are built into the process.
- Taxpayers are able to save resources when increasing volumes of payments do not equate to an increase in staff. If only 15% of payments currently received in paper are processed through CSIPS, the state saves \$279,000.
- Families get their money fast – no mailing delays from the employer to DCS and all payments are processed on the same day they are received.



Return on Investment

DCS made an initial investment of \$40,000 to bring CSIPS to the employer community. The anticipated cost recovery period was three years. Conservatively estimating the rate of increase, the site will pay for itself and have saved over \$58,000 for the state. If just 15% of the payments currently received in paper are received through the site, the state will save \$279,000 per year.

Three Year Cost Benefit Analysis for the Child Support Internet Payment Service

One-Time Costs	One Time Costs	Per Item Cost	Per Item Savings	Actual Costs₁	Actual Savings₁	Anticipated Costs₂	Anticipated Savings₂	Total Savings
Purchase of Server	\$15,000							
Implementation Costs	\$25,000							
Monthly Costs and Savings								
ACH Costs		\$0.06		\$1,043		\$6,366		
Staff Savings			\$0.80		\$13,908		\$84,886	
Bank Charges for Checks			\$0.04		\$695		\$6,404	
	\$40,000			\$1,043	\$14,603	\$6,366	\$91,291	\$58,485

¹Actual costs and savings are based on the actual number of payments processed through the site through March, 2003: 17,385.

² Projection for recovery of start up costs was three years. Estimated costs and savings are projected out for a balance of three years (4/1/03 - 9-30-04) based on the average growth in site usage of 10% or 106,108 payments over the 18 month time period.

Significance of CSIPS to DSHS Operations

CSIPS provides significant efficiency to the payment processing operation in the Division of Child Support. The contrast between manual payment processing and electronic payment processing is dramatic.

When DCS receives a paper check from an employer, it must be opened, sorted, batched and scanned into an electronic image. The batch is then indexed and a deposit is created. Cash operations staff view each individual image and enter identifying information into a program for download into the Support Enforcement Management System. Approximately 35 staff used to process an average of 8,500 payments per day. DCS receives more payments on some days than on others, but is able to process 90% of the payments to the cases within two working days.

DCS receives an average of approximately 6000 payments per day through EFT. These payments will be processed the day they are received. DCS has nine staff who share the duties involved in the Electronic Funds Transfer Programs. This group has a dual focus. In addition to processing electronic payments, EFT Staff spend a large amount of time providing customer service for individuals and businesses who want to use EFT. EFT has not only saved staff time; it has allowed DCS to shift the focus from processing paper documents to providing excellent customer service.

Benefits to the Public

The Child Support Internet Payment Site (CSIPS) provides a way for employer and individuals to pay child support payments online. CSIPS allows employer and individuals to take advantage of the efficiency and cost savings of electronic payments at no cost to them.

Families benefit because electronic payments increase the timely and accurate disbursement of child support payments, which helps ensure that children have every opportunity to grow up with all of the support they need to achieve successful lives. Families that can depend on their child support payments can better break the cycle of poverty and maintain their self-sufficiency.

Taxpayers obtain an advantage because receiving payments electronically allows DCS to process increasing volumes of child support payments faster and more efficiently without additional staff. In addition, families that are able to maintain their self-sufficiency require less taxpayer support to lead healthy, productive lives.

Summary

With CSIPS, everyone wins.

- ✦ Businesses save time and effort used to remit child support payments.
- ✦ DCS is able to keep up with growing numbers of payments without asking for more tax dollars
- ✦ Families receive their support faster
- ✦ Taxpayers because DCS is able to keep up with growing numbers of payments without asking for more tax dollars.

By using technology to receive payments electronically, the emphasis is moved from labor-intensive paper processes to streamlined electronic processes with an increased emphasis on customer service.