

2003 INNOVATIONS AWARDS PROGRAM
WA Department of Social and Health Services

1. **Program Name:** DCS Secure Card
2. **Administering Agency:** Department of Social and Health Services, Economic Services Administration, Division of Child Support
3. **Contact Person (Name & Title):** Lynnise Larsen, Chief, Central Services
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8. **Please provide a two-sentence description of the program.**

This is a stored value card which allows electronic transmittal and access to individual custodial parent's child support funds. Custodial parents may use their card at a bank teller, at an ATM, or at any merchant that accepts debit or credit cards.

9. **How long has this program been operational (month and year)?**

The Division of Child Support (DCS) began a year long pilot beginning November 7, 2001. The product was offered to the entire caseload beginning March 3, 2003.

10. **Why was the program created? (What problem[s] or issue[s] was it designed to address?)**

DCS needed to find a way to increase the percentage of child support payments that were disbursed to custodial parents through Electronic Funds Transfer (EFT) to decrease the cost of disbursing child support payments. Many custodial parents do not have easy access to the banking system and were not able to use DCS's existing EFT direct deposit program. This program enables custodial parents without bank accounts to receive payments electronically, providing cost savings to DCS.

11. **Describe the specific activities and operations of the program in chronological order.**

A custodial parent receives a brochure with an application for the program. They complete the information and send it to DCS. DCS inputs the information into a secure Website maintained by the contracting financial institution. The financial institution issues a magnetic strip card to the custodial parent. The custodial parent activates the card by calling a toll-free number. DCS receives a file of cards activated the previous day from the financial institution and modifies the record for the custodial parent so any subsequent payments will be electronically disbursed to the card account.

When DCS receives a payment for the custodial parent, the payment is electronically issued through a direct deposit program. The custodial parent can use the funds on the card at any merchant that accepts a debit or credit card. If the card is used through the debit card system, the custodial parent can get cash at no cost. Funds may also be withdrawn at a teller at a branch of the contracting financial institution at no charge for the first withdrawal per deposit. For a fee, funds may also be withdrawn at an Automated Teller Machine (ATM). The custodial parent has several ways to keep track of the balance in the account. They may call a toll free voice response unit, check their balance online or get their balance at any ATM.

12. Why is the program a new and creative approach or method?

The existing Electronic Benefits Transfer (EBT) system is specifically designed for states issuing grants or food stamps to individuals. Child support, of course, is not a benefit. The EBT system is quite expensive due to federal and state requirements for issuing benefits. Aside from that, EBT cards are not accepted through the credit card system so can only be used at merchants that accept debit cards.

The DCS card is much less expensive for both the state and the custodial parent. With the DCS card, custodial parents can access their funds through a bank teller at the contracting financial institution at no charge. The only charge to the state is the cost of sending the transaction through the Automated Clearinghouse (ACH). In addition to cost considerations, the DCS card represents a significant increase in the ability for custodial parents to access their funds. The card can be used at doctor's offices, mail order merchants and at other locations that will not accept debit cards.

13. What were the program's start-up costs? (Provide detail about specific purchases for this program, staffing needs and other financial expenditures, as well as existing materials, technology and staff already in place.)

The design and implementation of the program has been accomplished with existing DCS staff. Staff time for the project is estimated at \$68,000 for Information Technology and program design and analysis staff.

14. What are the program's annual operational costs?

DCS estimates the annual costs of the program at \$49,000 to set up the card accounts and respond to questions about the card.

15. How is the program funded?

The program is funded within existing budgets.

16. Did this program require the passage of legislation, executive order or regulations? If YES, please indicate the citation number.

No.

17. What equipment, technology and software are used to operate and administer this program?

The contracting financial institution has provided a website to allow the input of data to set up the cards. They also have provided an activation file so that payments are not sent to the card until the child support funds can be withdrawn using the card. DCS created a program to accept the file of activated cards and use that information to update our system.

When a disbursement is electronically sent to the card, it is sent through an existing direct deposit program.

18. To the best of your knowledge, did this program originate in your state? If YES, please indicate the innovator's name, present address and telephone number.

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19. Are you aware of similar programs in other states? If YES, which ones and how does this program differ?

Yes, Colorado has a similar program through the same contracting financial institution. However, they do not have a system in place to modify their system once the card is activated. So there may be a delay before custodial parents can spend their child support payments if one is received during the set up process.

In addition, the Washington State program allows custodial parents to access their child support payments without fees if they choose to use a teller to withdraw their funds (they are allowed one free withdrawal per deposit at a teller at the branch of the contracting financial institution.)

20. Has the program been fully implemented? If NO, what actions remain to be taken?

The DCS card was made available to the full caseload on March 3, 2003. Marketing efforts are ongoing.

21. Briefly evaluate (pro and con) the program's effectiveness in addressing the defined problem[s] or issue[s]. Provide tangible examples.

The program is extremely effective in providing cost savings to the state and convenience for the custodial parents. For each disbursement sent to the DCS Card instead of creating and mailing a check, DCS saves \$.185. In addition to the immediate savings, DCS sees a direct reduction in checks lost in mail or misplaced by the payee.

Custodial parents not only have the convenience of receiving electronic payments, but many of them are low income and do not have easy access to the banking system. They have commented that the card not only is convenient and allows them easy access to services, but it provides feelings of self-worth and acceptance in our society because they can present a valid card for purchases like other customers.

22. How has the program grown and/or changed since its inception?

Not applicable.

23. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?

Although states may have limitations based on their unique administrative designs, this program is cost effective and very easy to implement if the state has an existing direct deposit program in place to transmit the payments to the card.