

CHILD SUPPORT ENFORCEMENT
COLLECTIONS ON AFDC CASES
-NON-PURSUIT-



OFFICE OF INSPECTOR GENERAL

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This Report

Entitled "Child Support Enforcement Collections on AFDC Cases - Non-Pursuit", this study was conducted to provide the Office of Child Support Enforcement with an analysis of cases that do not produce child support court orders, and to suggest a systematic approach to reviewing these cases.

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EXECUTIVE SUMMARY

PURPOSE: Child support collections for children receiving Aid to Families with Dependent Children (AFDC) have increased by more than 50 percent in the last 5 years, and now exceed \$1 billion annually. However, 42 percent of single parent families still have no legally enforceable child support order in place. Nearly all AFDC payments go to single parent families.

The Office of Inspector General (OIG) conducted this inspection to examine ways to increase child support collections on AFDC cases. This particular study intended to: (1) determine why child support court orders were not always obtained; (2) show how these cases might eventually produce a court order with resulting payments; and, (3) cite the best practices used by State Child Support Enforcement (CSE) agencies (called IV-D agencies) to obtain court orders.

This inspection report is the second in a series of four reports that deals with increasing child support payments on AFDC cases. The other three reports provide an overview of CSE, deal with collection of arrearages for child support payments, and address the modification of court orders for child support.

BACKGROUND: The CSE program was established in 1975 as Part D of Title IV of the Social Security Act. It is a joint Federal/State effort aimed at obtaining child support from absent parents. The Federal Government shares the administrative expenses of the IV-D agencies. These IV-D agencies locate missing parents, determine the paternity of children born out-of-wedlock, and enforce the support agreements and court orders that provide for child support. The child support collections on AFDC cases are shared by the States with the Federal Government. The Office of Child Support Enforcement (OCSE), in the Family Support Administration (FSA), is responsible for insuring that States comply with Federal CSE requirements.

Child support payments are collected to ensure that parents support their children, to foster a sense of family even though the family unit is not intact, and to reduce the costs of welfare to taxpayers.

Quantum leaps in divorce, desertion, and out-of-wedlock birth rates, have had significant effects on welfare expenditures. The single-parent family, headed by a female in almost every case, has increased by 100 percent since 1970. With these changes, there has been an attendant rise in the caseloads for CSE agencies.

The phenomenon of unwed, teenage pregnancy casts a further pall on the continued growth of welfare dependency. In his October 6, 1986 press release, Secretary Bowen pointed out that "Forty percent of unwed teenage mothers who go on AFDC when their children are very young remain on welfare for at least 10 years. Fully half of all welfare payments go to families in which the mother had her first baby as a teen." Thus, the typical AFDC parent is a long-term recipient. Fifty-nine percent of AFDC parents receive benefits for at least 5 years. Only 7 percent leave AFDC in their first year of benefits, and only 14 percent in the next year.

MAJOR FINDINGS: A systematic approach to pursuing cases previously closed would result in significant savings.

- o Most IV-D agencies cannot identify the universe of AFDC cases that do not have support orders. Case control systems are designed primarily to track payment collections and to monitor arrearages.
- o The IV-D agencies routinely close or inactivate cases which are not readily resolved. These cases are seldom, if ever, reopened. It is unlikely that these absent parents will ever be required to pay child support. We found no systematic review of these cases after closure.
- o Absent parents unable to pay child support when AFDC is established may be able to significantly contribute at a later date. OIG reviewed 649 AFDC cases in 11 states where the cases were at least 2 years old and did not have any child support orders. A match of the known Social Security numbers (SSN's) for the absent parents was made with the Social Security Administration (SSA) Earnings Reference File (ERF). The results showed, in part:
 - Sixty-three percent of these absent parents were employed in 1985. Nineteen percent earned more than \$10,000 in 1985. Using the Wisconsin formula for establishing child support payments, the absent parents earning more than \$10,000 in 1985 should be providing their children an average of almost \$300 monthly support.
 - Sixty-five percent of the absent parent cases dropped because of location showed 1985 employment. Twenty-nine percent of these employed absent parents earned more than \$10,000.
 - One absent parent whom we located through the ERF earned \$83,900 in 1985. He is currently not required to pay child support since the IV-D agency was unable to locate him when the custodial

parent applied for AFDC. Eight other absent parents whom we located through the ERF earned more than \$30,000 in 1985. None of them are required to pay child support.

- Of the cases dropped because the absent parent was in jail, a mental institution or outside the U.S., the ERF disclosed that nearly 40 percent of the absent parents worked in 1985. Eighteen percent of these earned more than \$10,000.
- o Locating the absent parent is the greatest obstacle to establishing a support order. The lack of collectibility, proving paternity, judicial delays and the incarceration or hospitalization of the absent parent, also contributed to cases being inactivated. Knowledge of the absent parent's SSN is often crucial to locating that parent.
- o Most IV-D agencies thought the Federal Parent Locator Service (FPLS) was a useful tool, but complained about the response timeframes. Some IV-D agencies employ location specialists to secure information from AFDC applicants, and then attempt to find the absent parent. Others use national credit card investigation bureaus to great advantage. The hiring of locaters and the use of credit card investigative agencies are best practices.
- o Child support AFDC collections could be increased by more than \$11.8 million if support orders were established for absent parents earning in excess of \$10,000 annually. The Federal share of these savings would be \$3.85 million.

RECOMMENDATIONS: Both the Federal Government and IV-D agencies should take a more active role in continuing to pursue child support orders on AFDC cases.

- o States should be required annually to match the SSN's of absent parents without support orders against SSA's earnings records. At a minimum, IV-D agencies should reopen all cases where the absent parent has earned at least \$10,000 in the prior year.
- o The IV-D agencies should obtain absent parent earnings information from SSA on all cases as they are opened. Besides providing additional locater information, dependable work history and earnings data would be obtained. This would assist in identifying multiple employers, as well as other surnames used by the absent parent. A fair support amount could be estimated quickly.
- o The OCSE should encourage States to set up regional online clearinghouses to assist in locating absent parents. The OCSE must continue to work toward insuring that

interstate cases do not receive second class service. An absent parent moving to another State should not prevent or delay the establishment of a support order.

- o The OCSE should urge IV-D agencies to hire locator and/or credit card investigative agencies to assist in locating absent parents and obtaining their SSN's.
- o The OCSE should press IV-D agencies to use expedited procedures to determine paternity. Using an administrative or a quasi-judicial process to handle all cases should speed the resolution of disputed paternity issues and reduce the disparities between legal jurisdictions. At present, the level of acceptable proofs may vary by State.

The FSA is in basic agreement with the findings contained in this report. Full FSA comments are included in Appendix B.

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I. INTRODUCTION

Purpose and Objectives

This inspection examined ways to increase child support collections on AFDC cases. This report is the second in a series of four that deals with methods that are in place, or that could be used to provide more support payments for AFDC children. This study focused on those cases and circumstances where no support order was obtained.

Specifically, we wanted to find: (1) why some cases did not produce a court order; (2) if there was a systematic way to determine which, if any, non-productive cases should be reopened; and, (3) if any "best practices" were being used by IV-D agencies that might increase the likelihood of obtaining child support orders.

Methodology

- o This inspection was requested by FSA. In selecting States, consideration was given to States exceeding the national averages of cases generating payments on AFDC cases, and in the number of AFDC cases in the CSE work load. Nine States were excluded from consideration since they are participants in another ongoing inspection of CSE activity. Two States (Texas and Wisconsin) were included at the request of FSA.
- o Eleven IV-D agencies in different States were visited. Six hundred and forty-nine CSE cases that had AFDC involvement for at least 2 years, and were without support orders, were reviewed. Appendix A contains further explanation regarding these data.
- o A statistical sampling technique could not be used due to the dissimilarity of data available. The projections in this report are derived from the data collected at these sites. Our projections are based on the premise that these IV-D agencies represent typical IV-D agencies.
- o Interviews were conducted with the local directors of these IV-D agencies as well as with case investigators. State directors in the visited States were contacted. The process of obtaining support orders and perceived strengths and/or weaknesses of those procedures was featured.
- o Telephone discussions and selected visits were conducted with individuals knowledgeable about child support enforcement issues. These included sociologists, authors, prosecutors, attorneys and representatives of child support advocacy groups, such as the Association for Children for Enforcement of Support, Parents

Without Partners, and Fathers for Equal Rights of America.

- o A literature review was made which included newspaper and journal articles, books and government reports. Statistical data produced by OCSE for their annual report to Congress was given particular attention. The OCSE compliance audits for the States visited were also examined.

II. BACKGROUND

Federal Child Support Legislation

Although Federal funding of IV-D agencies did not begin until 1975, Congress passed several laws predating the establishment of OCSE.

In 1950, State welfare agencies were required to notify law enforcement officials whenever AFDC was paid for a child who had been deserted or abandoned by a parent. In 1965, States were permitted to obtain the absent parent's address and employer information from the Secretary of Health, Education and Welfare, if child support was owed. Two years later, the Internal Revenue Service (IRS) was allowed to provide this information. It was in 1967 that each State had to set up a single unit to establish paternity and collect support on behalf of AFDC children. States were also required to reciprocate on child support cases.

In 1975, Public Law (P.L.) 93-647 was signed, providing financial incentives to States for child support collections on AFDC cases, setting up OCSE, and establishing the FPLS.

State and local IV-D agencies were granted access to SSA wage information for use in establishing and enforcing support orders in P.L. 96-265, the Social Security Disability Amendments of 1980. At that time, Federal matching funds of 90 percent for systems development were provided to IV-D agencies. The CSE duties performed by some court personnel were also funded by this law.

The IRS withholding of Federal income tax refunds to satisfy arrearages followed in 1981 with the passage of the Omnibus Reconciliation Act. This act also prohibited child support obligations owed to the State from being discharged by bankruptcy.

The Child Support Enforcement Amendments of 1984, P.L. 98-378, required sweeping changes for many States. States had to enact legislation to: (1) mandate income withholding procedures; (2) adopt expedited processes for establishing and enforcing support orders; (3) intercept State income tax refunds; (4) impose liens against real and personal property; (5) use security or bonds to assure payment of support; (6) report delinquent obligors to consumer reporting agencies; and (7) allow paternity to be proved up to the child's 18th birthday. Among other features, the law also provides that each State take financial credit for resolving interstate cases.

Establishing Child Support Orders

The AFDC applicants must provide information to the welfare agency (called IV-A agencies) intake worker about themselves, the children, and any absent parents. The ability of this IV-A interviewer to extract complete, accurate information can speed the process of obtaining a child support order. Information concerning the location of the absent parent, proof of paternity and the existence of a current support order should be obtained at this time. The custodial parent assigns the right to child support to the State whenever child AFDC benefits are being paid.

The IV-D agency evaluates the data secured from the IV-A agency. The IV-D investigator will recontact the custodial parent for additional or clarifying information if necessary.

The IV-D investigator is responsible for locating the absent parent. If the address obtained from the IV-A interview is incorrect, locate efforts at the local, State and Federal levels can be attempted. These sources access many databases that may contain the known addresses, employers and property owned by the absent parent. Without a valid SSN for an unlocatable absent parent, a case will assume a much lower priority.

Unless a recent address or employment is brought to the IV-D agency's attention, it is unlikely these cases will ever be pursued. Once the absent parent is located, the IV-D agency can proceed with the other steps necessary to establish and enforce a court order for child support. Quite often, the single most important identifier in these systems is the absent parent's SSN.

If the AFDC family would be placed in physical danger as a result of pursuing a child support order, "good cause" may be established. These cases are rare and require careful evaluation before good cause is determined. If good cause is established, no other IV-D action is required.

If the parents were married at the time of the AFDC children's birth, paternity is presumed. In these cases, the absent parent is contacted regarding a support agreement. Information about collectibility is obtained and support may be agreed to at this time.

If the child was born out of wedlock, the absent father may admit to paternity. If so, a support agreement can be reached without involving the judicial process. When paternity is contested, the IV-D agency will attempt to prove, through blood sampling, that the man alleged has fathered the child in question. These tests can also conclusively exclude individuals from consideration of the child's parentage. Often, when presented with the positive results

of paternity testing, the father will agree to support his child.

The existence of an established court order eliminates the need to develop paternity. These cases are forwarded for enforcement of the court orders. The adequacy of the order may also be questioned if the absent parent's employment and earnings are known.

Some cases do result in court proceedings with the alleged father disputing the parentage claim. Local statutes determine the establishment of paternity in these cases. A few States have enacted "long-arm" statutes in an attempt to prove paternity when the alleged father resides in another State. However, not all States recognize the validity of these laws within their boundaries. No legally enforceable support order can be recognized unless there is an admission of paternity, or a court order of paternity.

The Child Support Enforcement Amendment of 1984 required the States to allow paternity actions to be brought any time before a child's 18th birthday.

Guidelines suggesting appropriate support amounts are being put in place in all States as a result of the 1984 amendments. All of the guidelines are tied directly to the absent parent's income. Wisconsin's guidelines for support amounts are mandatory, but are a rebuttable premise; i.e., the absent parent can protest the amount required by showing mitigating circumstances.

The case investigator must determine the absent parent's income. This is done by a variety of methods. Most common are having the absent parent complete a financial statement or present the most recent tax return, or by having an employer provide earnings information. Some States permit access to earnings data provided to their workmen's compensation agencies.

Many cases involving students, prisoners, patients or those absent parents out of the country are inactivated. But these cases are diaried to be reopened upon graduation, parole or scheduled release.

To avoid the lengthy delays and high costs of litigation, the 1984 amendments also required States to begin using an expedited procedure for child support cases. Those areas where the court system historically has moved quickly on child support cases could be exempted from this obligation.

III. FINDINGS

Processing of Child Support Cases

A case study approach was made of 649 AFDC cases that did not have support orders. Only current AFDC cases that had at least two consecutive years of payments were examined. A valid SSN for the alleged absent parent was also required to be in the file. A statistical sampling approach to this problem could not be used because of the unavailability or non-comparability of the data for CSE cases.

Many IV-D agencies cannot readily identify or locate the cases where a support order was not obtained. These cases are not being systematically tracked by most IV-D agencies. One IV-D agency will not enter a case into the tracking system until the first support payment is made.

Several IV-D agencies did log these cases into their case control system, but there is no systematic review of these cases performed once they are closed. A case will typically be reopened only if a custodial parent or other source provides new information about the absent parent.

One IV-D agency advised that all cases without support orders were sent to FPLS every 3 months. We did not find any FPLS results in these files resulting from these quarterly requests. We can offer no explanation why no results were found.

We asked local IV-D directors and investigators which types of cases had high and low priority in their offices. Those cases where the location of the absent parent was known, or where the absent parent had steady employment, were considered the highest priority. Conversely, where these conditions did not exist, these cases were least likely to be worked immediately. Existing court orders were also considered important by respondents.

More than half of the investigators interviewed stated they will close or inactivate a case when all avenues for locating the absent parent are exhausted. Other reasons cited included: no collectibility for the absent parent; the absent parent's SSN is unknown; the absent parent has moved out of State or out of the U.S.; the absent parent's disability or chronic mental illness; a life sentence for the absent parent; and, 3 years following an order for felony abandonment. Cases are also closed if the paternity case is lost or if the absent parent dies. Two IV-D agency investigators stated that cases are never closed.

The reason cases are not reopened is attributed to the massive work loads faced by the IV-D agencies. Most agencies feel that they cannot cope with the additional work loads brought on by the nearly twofold increases in divorces and out-of-wedlock births since 1970. IV-D agencies now face a new group of clients, the non-AFDC children, without a concomitant increase in staff. Investigator caseloads exceeding 1,000 cases are not uncommon.

The 1984 amendments also have contributed to caseloads increasing. The breadth of this law allows cases previously outside of State jurisdiction or beyond the statute of limitations to be kept open and pursued.

Despite IV-D agencies increasing the monetary return to the States above their expenses, State and local authorization of additional staff has not always been forthcoming. There appears to be a resistance to increasing the number of employees regardless of this return.

In those locales where local courts maintain jurisdiction of child support matters, the unwillingness of those prosecutors to pursue CSE cases can also discourage the hiring of additional IV-D staff. The types and numbers of cases worked can also be affected by this consideration. The 1984 amendment requiring an expedited process should serve to eliminate these vicissitudes.

The level of IV-A caseworker involvement in the IV-D process varies significantly. One State has a lengthy IV-D questionnaire included as part of the AFDC application. Two States hire location specialists to obtain absent parent information, while two other States augment the absent parent location data by using credit card investigative agencies.

State CSE directors, local IV-D directors and investigators did not feel that the IV-A caseworkers did an adequate job. We asked if these caseworkers obtain sufficient information regarding the absent parent during the IV-A interview. The results:

IV-A Performance	State IV-D Director	Local IV-D Director	IV-D Investigator
Generally a Good Job	4	1	0
Generally a Bad Job	5	6	9
Varied with Case Worker	0	4	2
No Opinion	2	0	0

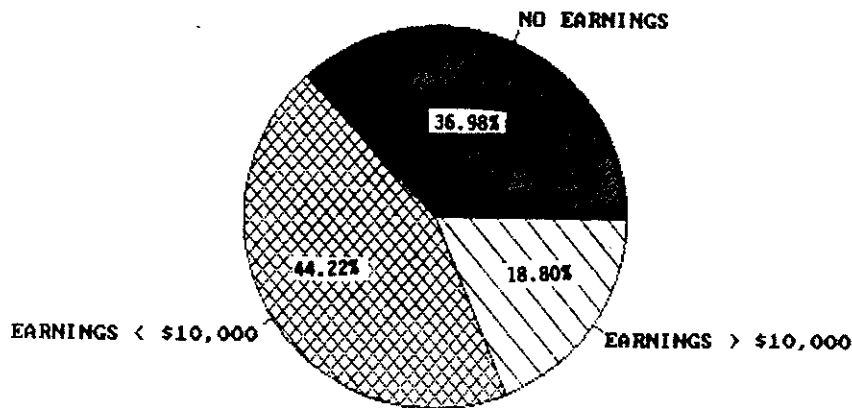
Investigators frequently return the child support applications to IV-A for additional information, or have to recontact the AFDC applicant to obtain missing or incomplete details about the absent parent. Some IV-D investigators felt that the IV-A caseworkers perceived the CSE questions as another eligibility requirement, and not an integral part of the AFDC application. As a result, probing questions about the absent parent's whereabouts, employers and background are not raised.

There are attempts at the State and local level to better the relations between the IV-A and IV-D agencies. OCSE is undertaking numerous approaches aimed at improving IV-A performance relating to child support issues.

Review of Non-Support Order Cases

The prospect that an absent parent is able to contribute child support makes obtaining a court order more likely. Although the absent parent may not be able to pay much child support at the time AFDC entitlement first begins, this condition is not necessarily permanent. Our review indicates that 122 of 649 absent parents (18.80 percent) earned \$10,000 or more in 1985. One absent parent earned \$83,900 in 1985. Eight others earned more than \$30,000 that year. No child support is required on any of these cases. An additional 287 absent parents (44.22 percent) had employment in 1985.

- ABSENT PARENT LEVEL OF EARNINGS -
649 AFDC CASES NOT BEING
PURSUED BY IV-D AGENCIES

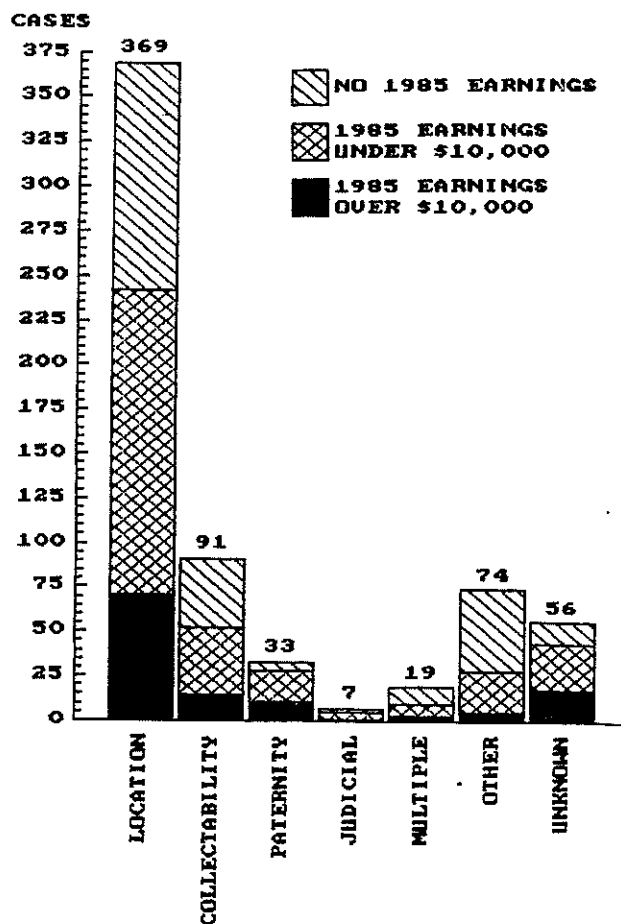


NO 1985 EARNINGS -240 CASES
UNDER \$10,000 1985 EARNINGS -287 CASES
OVER \$10,000 1985 EARNINGS -122 CASES

All 649 cases were examined to determine the principal reason why no support order was established. Location (369 instances) of the absent parent was by far the most common reason for discontinuing attempts to obtain a court order. Other reasons included: the lack of collectibility (91 instances); paternity alleged but still unresolved (33 instances); judicial delays (7 instances); multiple reasons (19 instances); other - incarceration or mental hospitalization of the absent parent, or the absent parent outside of the U.S. (74 instances); unknown reason - the file review did not disclose any rationale for not pursuing a child support order (56 instances).

Regardless of the reason for not pursuing child support when AFDC was applied for, 63 percent of the absent parents had 1985 employment. Of these employed absent parents, 18 percent earned a minimum of \$10,000 in 1985. The following chart illustrates this breakout of earnings by non-pursuit reason.

NON-PURSUIT REASONS



The absent parent's earnings and employment information in SSA files is available to IV-D agencies. It includes identifying information, annual earnings, the name and address of each employer, and the amount paid by each employer. We have furnished OCSE the SSA earnings record for the cases reviewed where the absent parent had 1985 earnings.

Earnings for the prior year are usually posted by June. For example, 1986 earnings should be completely posted to SSA records by June 1987.

Absent Parent Location

More than half (369 of 649, or 56.85 percent) of the cases examined in this study were not pursued because the absent parent could not be located. In most IV-D offices, efforts were made to locate the absent parent when the AFDC application was filed. However, we found no evidence of any followup being attempted.

Investigators stated they were most often stymied in locating the absent parent by having incomplete or unreliable absent parent information. They mentioned that getting location information from other States posed problems. The timeliness in receiving location data was also important given the mobility of some absent parents. Investigators stated they would like to have an interactive location system to provide immediate current locate information. Large employers, high schools, universities, the military and the postal service were cited as being reluctant to cooperate with IV-D agencies in locating absent parents.

The IV-D agencies prefer online contact with State wage screening and unemployment agencies, the department of motor vehicles and the police department. Using a credit card investigative agency also was a productive way to obtain the absent parent's SSN and a current location.

The FPLS is considered by most investigators to be too slow to be useful. Only three offices used it often. The State locaters were preferable to the other IV-D offices visited.

Our examination disclosed that of the 369 cases not being pursued because the absent parent could not be located, 242 were employed in 1985 (65.58 percent). Seventy-one of these absent parents (19.24 percent), earned \$10,000 or more in 1985.

Absent Parent Collectibility

The cases that were dropped for collectibility reasons were those where the absent parent was on general relief or was earning little or no income at that time. However, by 1985 57 percent of these absent parents were working, and if employed, one in four was earning over \$10,000.

Unless the custodial parent knew of and reported the absent parent's income level, the IV-D agency would not learn of the enhanced ability to pay. There is no diarying of collectibility cases for periodic review of the absent parent's change in payment potential.

One IV-D agency requires the absent parent to show cause why he/she cannot pay child support. These absent parents also must apply for jobs and bring proof to the court that they have attempted to find employment. Another IV-D agency will collect half of the absent parent's relief as a child support contribution if an order is established.

All of the IV-D agencies do obtain documentaton of absent parent earnings when developing a support case. Most require a check with the State employment security agency and a completed financial statement from the absent parent.

If the absent parent is a high school student and is unlikely to be able to make a support payment, six of the IV-D agencies visited call up the files after graduation. If possible, paternity is established when AFDC begins. One IV-D agency works the case completely, establishing a low support amount, and building arrearages. These are to be reviewed and updated periodically. We encountered none of these in our case studies. However, four of the CSE agencies do not pursue any child support orders for high school absent parents. They cited problems with State laws that prohibit establishing paternity for fathers under age 18, or the reluctance of high schools to provide any information on the absent parent. These cases are not called up again by these IV-D agencies.

Proving Paternity

The process of establishing the paternity of the child for support purposes poses few problems to the IV-D agencies. The steps are well defined for obtaining blood samples and proceeding through the courts to determine paternity. Only 5 percent of the cases without support orders that we reviewed were dropped because paternity had not been resolved.

Complaints did surface on interstate cases. Since States have different standards of proof, investigators are not amenable to having another jurisdiction require more proof than is normally required. Some States do not recogize the "long-arm" properties of other State laws, and will do nothing to assist in establishing child support.

The cost of litigation, both in staff time and dollars, is particularly high. One State is attempting to establish paternity by using an expedited process. An expedited process is a quasi-judicial or administrative proceeding that takes the place of a trial. Administrative referees or judges make decisions after taking evidence in an informal setting. This process would remove paternity disputes from crowded court calendars and from any political considerations in the community. This would also reduce the cost of these cases, avoid any judicial backlogs, and put the burden of any appeal on the adjudged father. This is a best practice, and should be emulated by other States.

All of the IV-D agencies contacted stated that they established paternity on cases even though there may be no current collectibility from the father. Although no support may ever be collected from these fathers, the child's right to inheritance and possible survivor benefits are established.

Twenty-eight of the thirty-three cases identified as having the alleged paternity neither proved nor disproved, showed absent parent earnings in 1985. Of these, 11, or 39 percent earned over \$10,000 in 1985.

Judicial Process

Less than 2 percent (7 of 649) of the non-pursuit cases reviewed were awaiting paternity or support court dates. The IV-D agencies varied in describing the courts functioning from "a very smooth conveyer belt" to "frustrating."

Expedited processes, required by the 1984 amendments, should alleviate the problems of those areas backlogged in the courts, and may serve to standardize the routine of establishing court orders.

Five of the seven cases (71 percent) in this category showed earnings for 1985. One of these absent parents (20 percent) earned over \$10,000.

Other Problem Cases

Nineteen cases reviewed had more than one obvious reason for the IV-D agency not to pursue a court order. Typically, these cases were for absent parents where the paternity establishment was discontinued because the absent parent was receiving disability or welfare benefits. If there was no paternity established, but the absent parent's whereabouts were unknown, these were counted as location problems.

Of the cases dropped for multiple reasons, 10 (52 percent) had paid employment in 1985. Three (30 percent) earned more than \$10,000 in 1985.

We characterized "other" reasons for not pursuing child support to be those cases where the absent parent was imprisoned, hospitalized in a mental facility, or was outside of the United States. Seventy-four cases fell into this category.

The IV-D agencies have a system to schedule the imprisonment cases for review whenever parole can be granted. However, the system cannot cope with early releases, or depends on parole officers too heavily.

Twenty-eight (37 percent) of these absent parents had posted earnings on SSA records in 1985. Five (nearly 18 percent) earned over \$10,000 in 1985.

Finally, 56 cases were not being pursued for unknown reasons. These case files did not show a reason why a child support case was not active. Forty-three of these absent parents (76 percent) had 1985 employment. Seventeen of these (39 percent) earned over \$10,000.

IV. RECOMMENDATIONS

The 1984 Child Support Enforcement Amendments were a mixed blessing to IV-D agencies. Many States had their authorities broadened by the range of withholding mechanisms offered. Establishing model guidelines serve to make support amounts equitable. At the same time, however, paternity cases can now be pursued until the child's 18th birthday. Non-AFDC cases are being added to the work load.

The IV-D agency must decide, based on all available evidence, which cases will be productive, and to pursue these cases vigorously. This process is attempted now, but not all the available evidence is being obtained and used. If a case is determined not to be currently productive, it should not be shelved forever.

Interstate cooperation in locating, determining paternity and establishing fair support amounts should continue to be a priority of OCSE. Uniformity in handling cases and eliminating regional judicial distinctions in the treatment of children in support matters should also continue to be a major concern of OCSE.

Specific recommendations addressing these issues follow.

- o The OCSE should require States to annually match the absent parent's SSN against SSA's earnings records for all cases where no support order has been established. A magnetic tape could be prepared and certified by the State, in the manner in which IRS tax refund intercepts are processed. Given to SSA in June of each year, the tape would generate prior year earnings and employers posted for those absent parents. At a minimum, IV-D agencies should reopen all cases where the absent parent has earned at least \$10,000. This method will provide States with two of the most important components of establishing support orders - location and collectibility. The absent parents' assumption of responsibility for their children may be delayed, but it should not be denied.

Initially, there will be IV-D agency staff time required to identify these cases. However, these cases can be systems-identified in the future, and should require little or no manual identification. Providing SSA magnetic tapes for the absent parent match with posted earnings will minimize SSA staff involvement.

We conservatively estimate that child support orders on AFDC cases would be increased by \$11,846,243 annually by using this method. The Federal share of these collections would be at least \$3,859,505. Appendix A explains how these savings are computed.

- o The IV-D agencies should obtain absent parent earnings information from SSA on all cases as they are opened. The OCSE and SSA should develop a mechanism by which IV-D agencies can request earnings records for absent parents on new cases. The SSA should provide a 2 to 3 week return on these requests. The replies to these requests will give IV-D agencies information about: (1) absent parent location; (2) absent parent employers and employer's addresses; (3) other surnames used by the absent parent; (4) absent parent collectibility; and, (5) whether the SSN provided belongs to the absent parent. This method would not replace any other efforts to locate the absent parents or determine their resources.

- o The OCSE should encourage States to set up regional online clearinghouses to assist in locating absent parents. Interstate cooperation has been an OCSE goal for some time. The OCSE must continue to work toward insuring that interstate cases do not receive second class service. The IV-D investigators frequently do not understand the need for information requested on interstate cases. One investigator asked, "Why should I put aside my cases to work on this garbage?" Establishing online communications for interstate assistance would serve to reduce the number of requests directed to IV-D caseworkers.

- o The OCSE should urge IV-D agencies to hire locaters and/or use credit card investigative agencies to assist in locating absent parents and obtaining their SSN's. Trained locaters interviewing AFDC applicants upon completion of the IV-A interview was the most effective technique we encountered that was used to identify and locate absent parents. The credit card investigative agencies were able to provide SSN's in addition to current address information. Current experience indicates that the cost of both techniques would be more than recouped by the additional child support orders established.

- o The OCSE should press the IV-D agencies to use expedited procedures to determine paternity.

Most State CSE jurisdictions (37 of 54) have the authority to use an administrative process to resolve paternity matters. We found no evidence of this procedure being used to resolve paternity questions. The OCSE should encourage States to use this expedited process to avoid the delays and expenses involved with a court case. The jurisdictions without this current authority should be urged to obtain it.

V. APPENDICES

APPENDIX A

METHODOLOGY FOR SUPPORT ORDER ESTIMATES AND FEDERAL SAVINGS

- o The ninth annual report to Congress on child support was analyzed to determine which States to select. Due to the nature of the focus of this inspection, consideration was given to States that exceeded the national averages in terms of the recovering of AFDC costs from child support payments, the percentage of cases generating payments on AFDC cases, and in the number of AFDC cases in the CSE work load. Nine States were excluded from consideration since they are participants in another ongoing inspection of CSE activity. Two States (Texas and Wisconsin) were included at the request of FSA.

Cases that did not produce support orders were reviewed in 11 IV-D offices. The offices visited were: Maricopa County, Arizona; Adams County, Colorado; Hartford, Connecticut; Hillsborough County, Florida; Topeka, Kansas; Prince Georges County, Maryland; Suffolk County, New York; San Antonio, Texas; Tacoma, Washington; Dane County, Wisconsin; and Cuyahoga County, Ohio.

We extracted data only from cases where AFDC benefits had been paid for at least 2 years, and where an SSN for the absent parent was in the file.

- o A case study was made of 649 IV-D cases where no child support order was in place for children receiving AFDC benefits. A statistical sampling technique could not be used because of the dissimilarity of data available. All savings projected are based on the following conditions being true.
- o We based the estimate for establishing court orders only for those absent parents who earned over \$10,000 in 1985. The Wisconsin standard for deriving child support levels was used. The percentages of the absent parents' income were used:

# Children	% of gross income
1	17%
2	25%
3	29%
4	31%
5 or more	34%

- o The percentage of the States AFDC IV-D work load in the offices visited was multiplied by the percentage of the national AFDC IV-D work load to determine the percentage of national work load in each office. These were added to derive the national percentage of cases these offices represent.

PERCENTAGE OF NATIONAL IV-D AFDC WORK LOAD FOR OFFICES VISITED

STATE	% OF NATIONAL* IV-D AFDC WORK LOAD	OFFICE	% OF STATE** IV-D AFDC WORK LOAD	NATIONAL % OF AFDC-IV-D WORK LOAD
Arizona	.7	Maracopa	8.0	.00056
Colorado	1.5	Adams	26.0	.0039
Connecticut	.9	Hartford	17.5	.001575
Florida	4.1	Hillsborough	10.0	.0041
Kansas	1.5	Topeka	7.6	.00114
Maryland	3.0	Prince Georges	11.74	.003522
New York	8.2	Suffolk	6.73	.0055186
Ohio	5.2	Cuyahoga	21.0	.01092
Texas	2.4	San Antonio	10.08	.00242
Washington	.9	Tacoma	18.0	.00162
Wisconsin	1.8	Dane	6.0	.00108
TOTAL				.0363556

* Source: OCSE

**Source: State IV-D Director

- o One hundred and twenty-two absent parents earned in excess of \$10,000 in 1985, and would be liable for child support of \$430,677.29 in a year. Dividing this by the total national percentage of the cases represented by this study yields \$11,846,243 nationally in child support payments in a year.

$$\frac{\$430,677.29}{.0363556} = \$11,846,243$$

- o The Federal share was computed by multiplying this annual total by the Federal share of the fiscal year 1985 AFDC collections.

$$\$11,846,243 \times .3258 = \$3,859,505$$

- o Although support orders will not be established for all cases, these estimates are likely to be understated for several reasons:
 - The IV-D offices had great difficulty in identifying cases. It is impossible to isolate this universe of cases, so a true statistical sampling could not take place. We proceeded on the assumption that the 649 cases reviewed represent all the cases in these 11 IV-D offices.
 - The ERF identified many absent parents who earned less than \$10,000. Court orders will be established for many of these absent parents as well. The arbitrary \$10,000 was used since these jobs are more likely to be long-term in nature.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of
Child Support Enforcement**Memorandum**

Refer to:

Date:

8/14/87

From:

Director
Office of Child Support Enforcement

Subject:

Comments on Office of Inspector General Draft Report, "Child Support Enforcement Collection on AFDC Cases"

To:

Richard P. Kusserow
Inspector General

We agree with the emphasis of the report on the need for active, aggressive monitoring and follow-up on cases. These case management recommendations address a need which we have long recognized and form the basis for our advancing and supporting the mandate on the States to utilize the several proven enforcement techniques contained in the Child Support Enforcement Amendments of 1984. The report also advocates the use of guidelines in setting order amounts -- proposed in Administration legislation currently pending before the Congress -- and confirms our assertion that there is ample opportunity to increase support collections on AFDC cases and to achieve equity in the awarding of support. Along these same lines, the need for upward modification of orders is a concept with which we heartily agree and one which we have long promoted.

Of particular interest is the finding that a significant number of absent parents, over twenty-seven percent of the sample, earn a yearly wage greater than ten thousand dollars. This analysis indicates that there is a large potential, greater perhaps than many realized, for increased collections. It can have a beneficial impact on program planning and improvement strategies as well as on our public affairs efforts. In addition, it strengthens the case for the need for award guidelines and modification of inequitable awards.

One of your recommendations is that States be required to annually match cases without orders, with low orders, or in arrears, against Social Security Administration (SSA) earnings records. While matching such cases would be of value, we believe that the States should be encouraged to first use the locate and asset information available through the State employment service agencies on a quarterly basis, and only send those cases to SSA which cannot be matched at the State level. Ongoing agreements with the State employment service agencies can ensure that the more current data can be obtained. Also, since this child support data base is available in the State, cases with changes in employment or wages can be identified without resubmitting to SSA.

The IV-D agencies also indicated that they prefer on-line contact with State wage screening and unemployment agencies, the Department of Motor Vehicles, and the police department. We believe that States can productively use batch processing for large numbers of cases requiring locate. In addition, we believe that the utilization of investigators and credit collection agencies should be limited to those cases where a location has not been made after first utilizing State locate resources and the Federal Parent Locator Service (FPLS). The FPLS is also a valuable resource for the States in the identification of social security numbers.

With respect to the State perception that the FPLS is too slow to be useful, we are happy to report that the turnaround time from the FPLS back to the States for queries to SSA and IRS has been cut to two weeks. When other federal agency sources are utilized, three weeks is the turnaround time.

Some of your recommendations have either been, or are in the process of being implemented. Development of common data elements is currently being addressed by our Office of Management Information Systems through the development of a data element dictionary, including data requirements for use in the processing of interstate cases. OCSE audits are also being redirected towards performance. Present audits examine program effectiveness; additional performance indicators are being developed to evaluate program performance in future audits.

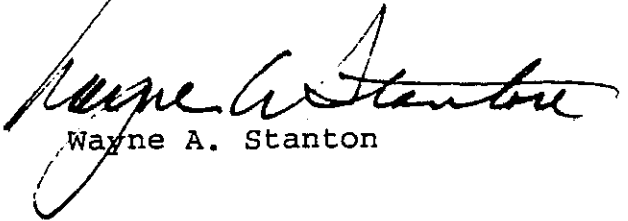
We also agree with your recommendation that IV-D agencies should accept credit cards or other automatic bank payment mechanisms. We have been encouraging an even wider array of payment options, including electronic funds transfer, where money in bank accounts can be transferred automatically as payment.

In the overview, you recommend that OCSE should urge the States to seek legislation that sets child support responsibility apart from other considerations in divorce and separation proceedings. The Congress has traditionally viewed this area as one that should be left to the States. In most States, by law or practice, they are indeed separate issues.

The report also stresses the need for the States to recognize that they have a right and responsibility to modify orders. It is important to note that States have that responsibility under present Federal law and regulation.

Page 3--Richard P. Kusserow

I appreciate the opportunity to comment on the report. I would also like to thank your staff for the excellent presentations which they gave to both our headquarters' staff and our OCSE Regional Representatives.



Wayne A. Stanton