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CHILD SUPPORT
ENFORCEMENT

Leadership Essential to
Implementing Effective
Automated Systems

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Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to share with you today the results of our recent review of automated systems being developed by the states to aid in the enforcement of child support payments. Our report on this subject, published June 30,¹ details a number of recommendations we believe the Department of Health and Human Services (HHS) must implement to increase the likelihood that states will develop effective systems.

Collection of child support continues to lag nationwide; according to HHS, payment is made in only about 20 percent of cases. As a result, millions of children may not be adequately provided for or may need to rely on welfare. Child support payments will become even more important to recipients who may cease to be covered under the new welfare legislation.

Along with evaluating the implications of the welfare reform legislation, our review focused on the status of state development activities, including costs incurred, and the role of HHS in overseeing state efforts. As you know, current law calls for implementation and federal certification of statewide systems to track determination of paternity and child support collections by October 1 of this year—just 3 weeks from today.

In brief, Mr. Chairman, our review found that while automation can be quite beneficial in locating more noncustodial parents and increasing collections, the progress of many states in implementing automated systems has been slow. At the same time, a great deal of money has been spent, with the federal government funding 90 percent of state costs associated with systems development. The lack of progress can be partly attributed to the limited leadership of HHS' Office of Child Support Enforcement (OCSE) and the inadequate systems approaches of some states. Specifically, OCSE did not perform technical reviews commensurate with the size and complexity of this nationwide undertaking. OCSE did not require states to follow a structured systems development approach, nor did it assess progress at critical decision points, thereby missing opportunities to intervene and successfully redirect systems development. As a result, development in many states has floundered, even as funding continued to be approved.

Our report makes several specific recommendations to the Secretary of Health and Human Services designed to help states develop automated

¹Child Support Enforcement: Strong Leadership Required to Maximize Benefits of Automated Systems (GAO/AIMD-97-72, June 30, 1997).

child support enforcement systems that perform as required, and to maximize the federal government's return on costly technology investments.

My testimony today will discuss the benefits that automated systems are beginning to provide as well as the cost to date, problems that impeded early progress, the need for stronger federal leadership, and challenges posed by the new welfare legislation.

The Child Support Enforcement Program

The general well-being of children and families has long been a critical national policy goal. The Child Support Enforcement Program was created by the Congress in 1975 as title IV-D of the Social Security Act. Its goals are to increase the collection of child support from noncustodial parents, and to reduce the federal, state, and local expenditures that often fill the gap when such support is not provided. In 1996, over 8 million children relied on welfare, constituting over two-thirds of those individuals receiving benefits under Aid to Families With Dependent Children (AFDC).²

State-administered, the child support program is overseen by OCSE along with HHS regional offices nationwide. Total collections jumped 80 percent from 1990 to 1995—from \$6 billion to almost \$11 billion. Yet the total number of cases also increased over the same period, rising from 13 million to 20 million. Consequently, the number of cases in which collections are being made has remained between 18 and 20 percent.

State programs are directly responsible for providing the child support enforcement services that families need; these services can range from establishing a child's paternity to locating the absent parent and obtaining a court order for payment, along with collection. These state programs are organized in different ways and follow different policies and procedures; some are managed centrally, while others are run locally by government entities or private contractors.

As in many other areas, automation has been viewed as a critical tool in addressing the rapidly growing caseloads and increasing costs. In 1980 the Congress, seeking to promote the use of automated systems to assist in child support collection, authorized federal payment of 90 percent of states' total costs in planning, designing, developing, installing, or enhancing such systems.

²Effective July 1, 1997, AFDC was replaced by TANF—Temporary Assistance for Needy Families—in block-grant form.

OCSE requires that these systems be implemented statewide, and be capable of performing several specific functions.³ The Family Support Act of 1988 mandated that each state have such a system operational by October 1, 1995. However, when only five states were able to meet this date, the Congress extended the deadline by 2 years, to October 1 of this year.

Developing these systems requires completion of a difficult, complex series of tasks. Along with funding, law and regulations require the federal government—through HHS—to provide leadership and technical assistance and to set standards for effective systems development. The federal government must also oversee the process through state visits, review of planning documents, and a final, on-site certification once a state requests it. OCSE also has the authority to suspend or withhold funding, although—until recently—this was rarely invoked. Once certified, states can obtain additional federal funding—66 percent—for operations and maintenance.

Systems Costly Yet Show Benefits; Some States Will Miss Deadline

Many states have made progress in their automation projects, and officials report tangible benefits from their systems. Benefits reported by state program and systems personnel include an improved ability to locate noncustodial parents through the ability of automated systems to interface with other state and federal databases, improved tracking of paternity establishment and enforcement actions, an increase in dollars collected, and a decrease in the amount of time needed to process payments achieved through greater worker efficiency and productivity.

Benefits do, however, come at a high price. As the chart attached to my statement today indicates, through fiscal year 1996, that price has been a federal contribution of about \$2 billion of the total \$2.6 billion spent. And as costs have continued to mount, states' progress has varied considerably; many states seriously underestimated the costs and time required for developing such systems.

According to both state and federal officials, at least some states will be unable to make next month's deadline. At the close of our audit work on March 31 of this year, OCSE's director of state child support information systems estimated that 14 states—representing 44 percent of the nation's total caseload—would likely miss the October certification deadline.

³These functions include case initiation, case management, financial management, enforcement, security, privacy, and reporting—all requirements that can help locate noncustodial parents and monitor child support cases.

Irrespective of the specific numbers, however, it seems clear that on October 2, the challenge of implementing these systems nationwide will, to a great extent, remain.

Problems Impeded Early Development Progress

Historically, three major problem areas have impeded progress in developing and implementing child support systems. The first was OCSE's delay in setting systems requirements. Private industry and all levels of government acknowledge the importance of defining requirements because of the substantial payoff later in developing systems that are cost-effective, completed on time, and meet users' needs. Originally expected in 1990, final requirements were not established until June 1993. Obviously, states could proceed only so far in development until knowing what specific functions their systems would need to perform; this also caused problems with contractors. OCSE explained this delay by citing its own failure to use an incremental approach to defining requirements, along with a lengthy review process.

The second area that made the development process more difficult for states was a 1990 OCSE decision that states transfer—for their own use—systems that were already in operation in other states. The idea behind this mandate is sound; software reuse, as it is called, can reduce development time and cost, improve productivity, and improve the reliability of the software itself. However, this directive was made before OCSE had assessed whether a sufficient number of systems were available to be transferred. In fact, only eight certified systems were in use—and these were certified on the basis of OCSE's older requirements. No systems had been certified using the more extensive 1988 requirements. Consequently, many states attempted to transfer systems that were incomplete and/or otherwise incompatible, causing additional expense and delay.

Third, OCSE has been reluctant to implement a recommendation made in our 1992 report⁴—to suspend federal funding when major problems are identified. It cited its belief that the “most constructive approach, especially with a statutory deadline, is to provide technical assistance to the [s]tates rather than suspend funding.” It has temporarily, however, withheld funding when it found variations in cost figures or had other concerns about a system's direction.

⁴Child Support Enforcement: Timely Action Needed to Correct Systems Development Problems (GAO/IMTEC-92-46, Aug. 13, 1992).

Ineffective Federal Leadership Inhibits States' Progress

In addition to these early problems, OCSE's oversight of state child support systems has been narrowly focused throughout and, as a result, ineffective in assessing the states' systems development approaches and progress. One of the primary ways in which OCSE obtains information about state plans and progress is through state advance planning documents and their updates. Yet OCSE does not use these tools to proactively oversee, monitor, or control major investments in systems development projects. Rather, it operates in large part through paperwork review tied to funding authorization and monitoring of self-assessed progress.

OCSE also does not require that states follow a structured, disciplined approach to systems development because—according to OCSE itself—it lacks the necessary technical expertise and resources to evaluate progress at critical points in the systems development process. Instead, it has focused mainly on whether states are meeting or expect to meet systems requirements—according to the states' own evaluations—and their progress toward meeting this October's deadline.

Another critical factor is whether actions cited in planning documents provided to OCSE are properly carried out and reflect what the states are actually doing. We found that states were sometimes put in a position of having to present inaccurate—some felt impossible—schedules showing that they would indeed meet the October deadline; otherwise, continued funding was jeopardized. As one state official put it, “[the planning documents] are an administrative exercise to justify obtaining funding.”

OCSE's oversight has also been constrained by its timing. Since the detailed certification reviews of systems come only at the end of the development process, when invited in by states that see their systems as complete, the opportunity to change direction early—when problems are first noted—is missed.

A final problem we see in OCSE's approach is that it monitors systems development strictly on a state-by-state basis. What would be more helpful to the states—especially those farther behind in the development process—would be a nationwide perspective in which trends could be assessed and best practices and lessons learned could be shared, in the hopes that similar problems could be avoided by other states.

Welfare Reform Raises the Stakes

As you know, Mr. Chairman, the welfare reform legislation enacted last year dramatically altered the nation's welfare system by requiring work in exchange for time-limited assistance.⁵ Child support is an integral part of welfare reform, because for those who find themselves newly ineligible for traditional welfare benefits and, for whatever reason, unable to work, child support payments may be the only remaining means of support.

Given this new reality, states are required to operate child support enforcement programs that meet federal requirements in order to be eligible for Temporary Assistance for Needy Families block-grant funding. OCSE plans to release guidance to states incrementally as policy decisions are made final; this is critical if states are to incorporate such new requirements while at the same time finishing development of basic child support enforcement systems.

Another demand that must be simultaneously met is the need to develop systems—and reconfigure existing systems that interface with them—that can process date-sensitive information into the next century and beyond—what has come to be known as the Year 2000 problem.⁶

Federal Leadership Must Be Strengthened

The challenges being faced by those forced to do without the child support to which they are entitled compel the federal government to fulfill its legislative mandate of providing leadership and ensuring that systems are developed that can help track noncustodial parents who are not paying child support. To enhance the likelihood of developing effective systems, we have recommended that the Secretary of Health and Human Services direct that the Assistant Secretary, Administration for Children and Families, take a number of actions, including

- developing and implementing a structured approach to reviewing automation projects;
- developing a mechanism for verifying that states follow generally accepted systems development practices to minimize project risks and costly errors;
- using an evaluative approach for planned and ongoing state information technology projects, one that focuses on expected and actual costs, benefits, and risks;

⁵The Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

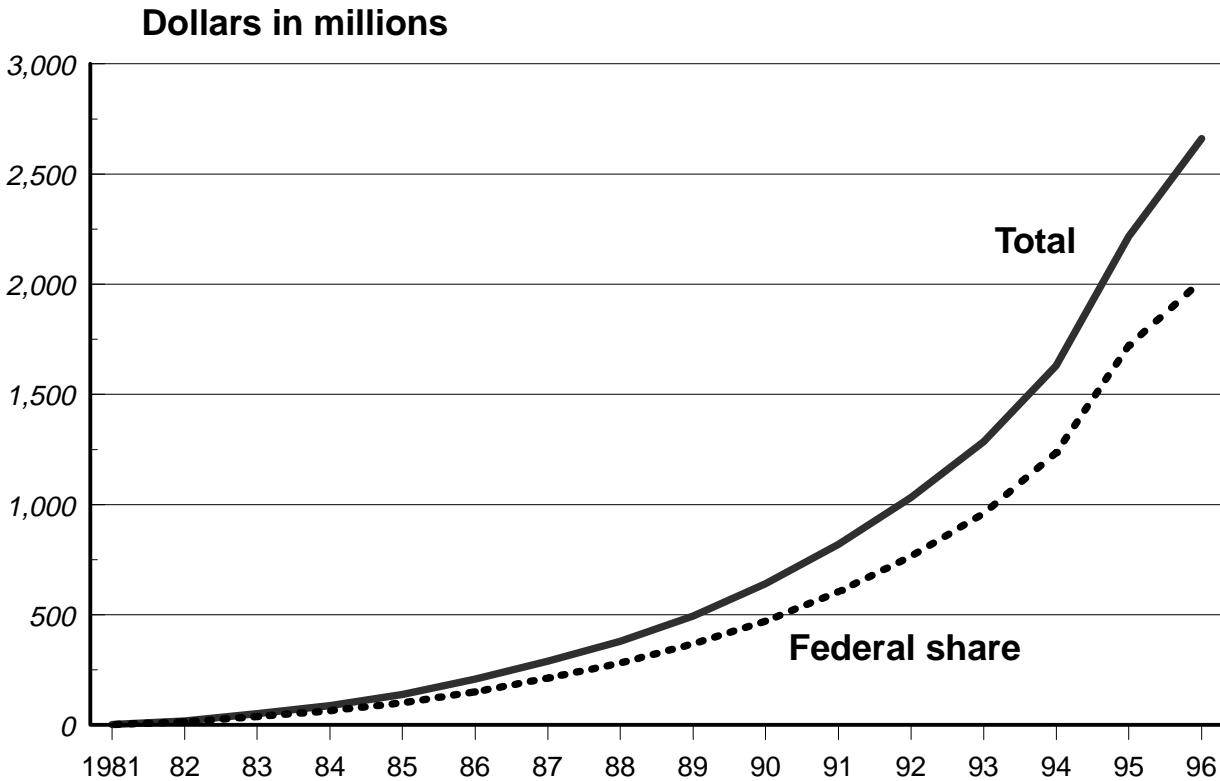
⁶The Year 2000 problem arises because many computer systems were designed such that using “00” to signify the year can be read as 1900, rather than 2000. See *Year 2000 Computing Crisis: Time Is Running Out for Federal Agencies to Prepare for the New Millennium* (GAO/T-AIMD-97-129, July 10, 1997).

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- conducting timely post-implementation reviews on certified child support systems to determine whether they are providing expected benefits; and
 - providing the states with technical requirements for implementing welfare reform systems with sufficient time to allow the states to meet new legislatively mandated deadlines.

Quick action on these and other recommendations that we have made can go a long way toward implementing effective systems that will locate more noncustodial parents and increase collections.

Mr. Chairman, this concludes my statement. I would be happy to respond to any questions that you or other Members of the Subcommittee may have at this time.

Cumulative Funds Spent on Child Support Enforcement Systems, Fiscal Years 1981-1996



Source: HHS.

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