

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**The Establishment of
Child Support Orders for
Low Income
Non-custodial Parents**



**JUNE GIBBS BROWN
Inspector General**

**JULY 2000
OEI-05-99-00390**

OFFICE OF INSPECTOR GENERAL

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, is to protect the integrity of the Department of Health and Human Services programs as well as the health and welfare of beneficiaries served by them. This statutory mission is carried out through a nationwide program of audits, investigations, inspections, sanctions, and fraud alerts. The Inspector General informs the Secretary of program and management problems and recommends legislative, regulatory, and operational approaches to correct them.

Office of Evaluation and Inspections

The Office of Evaluation and Inspections (OEI) is one of several components of the Office of Inspector General. It conducts short-term management and program evaluations (called inspections) that focus on issues of concern to the Department, the Congress, and the public. The inspection reports provide findings and recommendations on the efficiency, vulnerability, and effectiveness of departmental programs.

OEI's Chicago regional office prepared this report under the direction of William Moran, Regional Inspector General and Natalie Coen, Deputy Inspector General. Principal OEI staff included:

REGION

Victoria Dougherty, *Project Leader*
Ann Maxwell, *Analyst*
Marco Villagrana, *Analyst*
Madeline Carpinelli, *Analyst*
James Athos, *Intern*
Robert Gibbons, *San Francisco Regional Office*
Blaine Collins, *Dallas Regional Office*
Chaletta Clark, *Boston Regional Office*
Christi Macrina, *New York Regional Office*
Erika Q. Lang, *Philadelphia Regional Office*

HEADQUARTERS

Linda Hall, *Program Specialist*
Joan Richardson, *Program Specialist*

To obtain copies of this report, please call the Chicago Regional Office at 312-353-9867.
Reports are also available on the World Wide Web at our home page address:

<http://www.hhs.gov/oig/oei>

EXECUTIVE SUMMARY

PURPOSE

To examine the policies and practices used to determine the amount of child support to be paid by low-income non-custodial parents and the relationship of these practices to the dollars collected on low-income cases.

OVERVIEW

This inspection focuses on the relationship between the payment of child support and order establishment practices for a subset of the non-custodial parent population — low-income non-custodial parents. This subset constitutes about one-third of the total non-custodial parent population.¹ The goal of this inspection is to understand current methods of setting support for these non-custodial parents and to determine possible alternative methods to improve their payment rates.

Sources of Non-Payment of Child Support

The non-custodial parent population can be divided into three income tiers: high, middle, and low. In each of these tiers, there are non-custodial parents who do not pay their child support. The percentage of obligors who do not pay child support is greatest in the low-income tier. In this tier, obligors have family income below the poverty threshold for their family size or personal income below the poverty threshold for a single individual.²

Some low-income obligors are delinquent in support payments because they are unwilling to pay support. However, one study estimates that 60 percent of non-custodial parents who do not pay child support, have a limited ability to pay support based on their income levels, education levels, high rates of institutionalization, and intermittent employment history.³ These non-custodial parents have come to be known in the child support community as “dead-broke” rather than “dead-beat.”

While the increased use of enforcement mechanisms may positively affect the payment compliance of higher income obligors, tools such as asset seizure, passport denial and the criminal pursuit of non-support are not likely to generate payments from obligors who do not have the income to pay the support they owe, even if they are willing to pay.

Promoting Payment of Child Support

In order to increase the payment of child support by low-income obligors, representatives of the child support community have begun to explore other avenues in addition to punitive enforcement. Congressional support for the proposed Fathers Count Act, the Department's Fatherhood Initiative and the IV-D Community's fatherhood activities demonstrate a growing effort to address payment inability in order to increase collections. The Personal Responsibility and Work Opportunities Reconciliation Act of 1996 (PRWORA) presented a package of temporary aid and opportunities to welfare mothers in return for the expectation that they would get a job and become self-sufficient. Child support payments are seen as a vital ingredient to this self sufficiency. In order to increase child support payments to former welfare families, the limited earnings capacity of the fathers of these families need to be addressed. Just as welfare mothers are expected to improve their personal responsibility in exchange for work opportunities, so should low-income fathers. Congress expanded Welfare-to-Work funding with this intention.

In recognition of the need to increase collections in low-income cases, we examined the methods used to determine the financial obligations owed by non-custodial parents and their relationship to payment collections in low-income cases. We conducted our inspection through case record reviews of 402 cases, representing 281 non-custodial parents, and through in-depth interviews in a 10 State sample.

This report looks in depth at the practices used to determine financial obligations in 10 States and the payment compliance associated with these practices. Our companion report, *State Policies Used to Establish Child Support Orders for Low-income Non-custodial Parents*, provides information on all States' policies in this area.

FINDINGS

Methods Used to Determine Financial Obligations for Low-income Obligor Often Yield Poor Results

States use tools such as retroactive support and income imputation to encourage non-custodial parents to cooperate with child support and to enforce accountability. It is understandable that States do not want to reward a non-custodial parent for delaying the award or for not earning income to pay support. However, it appears that these incentives to cooperate are not effective means of getting non-custodial parents to pay support.

- ◆ **RETROACTIVE SUPPORT:** Most sampled States routinely charge non-custodial parents for retroactive support. The longer the period of retroactivity, the less likely it is that the parent will pay any support.

When non-custodial parents were not charged any retroactive support, 14 percent made no payments during the first 32 months of the child support obligation. When non-custodial parents were charged between 1 and 12 months of retroactive support, the percent which made no payments rose to 23 percent. The percentage of non-payers rose to 34 percent when the non-custodial parents were charged for more than 12 months of retroactive support.

- ◆ **INCOME IMPUTATION:** Most sampled States impute income when the non-custodial parent is unemployed or income is unknown. Income imputation appears ineffective in generating payments.

Where imputed income was used to calculate the amount of the child support obligation owed in cases established in 1996, almost half of the cases generated no payments toward the financial obligation over a 32 month period. In contrast, where cases were not based on imputed income, only 11 percent of cases received no payments during this time period. While it is possible that the parents for whom income was imputed were potentially less likely to pay anyway, imputing income does not appear to be an effective method of getting them to pay.

- ◆ **MINIMUM ORDERS:** Six of the sampled States routinely establish minimum orders when the non-custodial parent has limited payment ability. Minimum order cases exhibit lower payment compliance than other cases.

In 36 percent of cases established as a minimum order in 1996, the non-custodial parents made no payments in the first 32 months of the order. In contrast, 20 percent of cases established as non minimum orders (i.e. all others) received no payments over this time. This non-payment could be a reflection of limited earnings and the fact that minimum awards are not based on actual income.

- ◆ **DEBT OWED TO THE STATE:** Most sampled States will not reduce debt owed to the State by the non-custodial parent except in rare cases. Median debt on 1996 cases is over \$3,000.

Non-custodial parents can accrue an unlimited amount of debt owed to the State which remains on their account indefinitely, regardless of whether the debt is due to inability to pay or unwillingness to pay. Seventy-five percent of cases established in 1996 owed over \$1,231 in child support debt 32 months after the financial order was established.

- ◆ **JOB PROGRAMS:** Few sampled child support agencies formally link with job programs. Non-custodial parent participation in such programs is minimal.

Despite increasing attention to the limited earnings capacity of low-income non-custodial parents and increased funding for job services, most sampled States have only informal arrangements for referral to existing job services programs. These programs are largely external to the IV-D agencies with little to no participation by non-custodial parents.

CONCLUSION

As the facts in this report demonstrate, the policies reviewed do not usually generate child support payments by low-income non-custodial parents. Recognition of this fact presents opportunities to improve payment levels by modifying State policies that determine the amount that low-income absent parents must pay. Clearly, some systematic experimentation is warranted.

The experiments should emphasize parental responsibility, while improving the ability of low-income non-custodial parents to meet their obligations. This requires a dual approach of setting realistic support obligations and providing employment support with work requirements. The goal of these approaches is to get non-custodial parents to take financial responsibility for their child, which is to the benefit of all of the parties involved — the custodial parent, the State and, ultimately, the child.

States are in the best position to conduct such experiments. However, the Office of Child Support Enforcement can do much to encourage, facilitate, and evaluate such State experimentation. We offer suggestions for State research and experimentation corresponding to the four areas of analysis contained in this report: retroactive support, income imputation, debt owed to the States, and job programs. We present the following suggestions to OCSE:

- ◆ Facilitate and support State experiments to test the payment effects of using various periods of retroactivity in determining the amount of support to be paid.
- ◆ Facilitate and support State experiments to test negotiating the amount of debt owed to the State in exchange for improved payment compliance.
- ◆ Encourage States to decrease the use of income imputation and to test alternative means of identifying income for low-income obligors.
- ◆ Encourage States to formalize ties to local job services programs and to require unemployed non-custodial parents to participate in job programs.

AGENCY COMMENTS

The Administration for Children and Families (ACF) and the Assistant Secretary for Planning and Evaluation (ASPE) provided formal comments to the draft report. Both offices concurred with the report's findings and suggested approaches. The text of the ACF and ASPE comments can be found in Appendix F.

In addition to existing initiatives, ACF described numerous actions that they will take to implement the suggested approaches with regard to retroactive support charges, compromising arrears, income imputation, and job programs.

The ASPE commented that our findings are consistent with, and complementary to, other research on this subject. The ASPE also indicated that our suggested approaches would strengthen existing Administration efforts to improve the payment compliance and involvement of low-income non-custodial parents.

TABLE OF CONTENTS

EXECUTIVE SUMMARY 1

INTRODUCTION 7

FINDINGS

- Retroactive Support 12
- Income Imputation 15
- Minimum Orders 17
- Debt Owed to States 18
- Job Programs 20

CONCLUSION 22

AGENCY COMMENTS 29

APPENDICES

- A. Confidence Intervals 30
- B. Results of Hypothesis Testing 31
- C. Case Data 34
- D. Related Office of Inspector General Reports 40
- E. Bibliography 41
- F. Agency Comments 42
- G. End-Notes 54



INTRODUCTION

PURPOSE

To examine the policies and practices used to determine the amount of child support to be paid by low-income non-custodial parents and the relationship of these practices to the dollars collected on low-income cases.

BACKGROUND

This report examines how a sample of 10 States determine the financial obligations owed by non-custodial parents and the relationship between these practices and payment compliance. While this report looks in depth at these practices in 10 States, a companion report, *State Policies Used to Establish Child Support Orders for Low-income Non-custodial Parents* (OEI-05-99-00391), provides information on all States' policies in this area. A follow-up report will examine the degree to which child support orders are aligned with the actual earnings of low-income non-custodial parents and the relationship between order alignment and payment compliance.

Low Payment Rates And Custodial Parent Poverty

Although child support collections have increased significantly in recent years, overall rates of collection remain low. In fiscal year (FY) 1997, of the \$17.6 billion due in current support, \$8.1 billion, or 46 percent was not collected.⁴

Low child support collections leave many single mothers and their children in poverty. In 1995, 85 percent of custodial parents were women, 33 percent of whom lived below the Federal poverty line.⁵ The percentage of custodial parents receiving welfare declined significantly in the past few years, dropping from 47 percent in 1995 to 34 percent in 1998.⁶ This decline in welfare receipt elevates the need for increased child support collections to help struggling single parents maintain self-sufficiency. The regular receipt of child support is often cited as a critical ingredient to welfare reform success.

The Earnings of Non-Custodial Parents

The non-custodial parent population can be divided into three income tiers: high, middle, and low. In each of these tiers, there are non-custodial parents who do not pay their child

support. The percentage of obligors who do not pay child support is greatest in the low-income tier. In this tier, obligors have family income below the poverty threshold for their family size or personal income below the poverty threshold for a single individual.⁷

Some low-income obligors are delinquent in support payments because they are unwilling to pay support. However, it is estimated that 60 percent of non-custodial parents who do not pay child support, have a limited ability to pay support based on their income levels, employment history, education levels and rates of institutionalization.⁸ In one study of low-income obligors, 60 percent had no high school diploma or GED and 70 percent had been arrested.⁹ These non-custodial parents are known in the child support community as “dead-broke” rather than “dead-beat.”

The Office of Inspector General and the Office of Child Support Enforcement have a joint enforcement effort targeted at higher income obligors with the most egregious arrears. The focus of this highly successful initiative is the criminal pursuit of non-support. While the increased use of enforcement mechanisms may positively affect the payment compliance of higher income obligors, tools such as asset seizure, passport denial and the criminal pursuit of non-support are not likely to generate payments from obligors who do not have the income to pay the support they owe.

Increasing Attention to the Treatment of Low-income Non-custodial Parents

In recent years, the research and policy community has devoted more attention to the treatment of low-income non-custodial parents in the child support system. Especially in the wake of welfare reform, more attention is being devoted to how to improve the family maintenance contributions of low-income fathers to parallel the welfare-to-work initiatives for low-income mothers. Three recent developments demonstrate this trend.

- The Department of Health and Human Services has highlighted its Fatherhood Initiative as a priority. The Fatherhood Initiative strives to promote and support the involvement of fathers in their children’s lives. To this end, a portion of welfare-to-work funds in the Balanced Budget Act of 1997 was designated to help low-income fathers secure employment, pay child support and increase their involvement with their children. The Department has also provided funds for services targeting non-custodial parents through the Fatherhood Initiative and related OCSE demonstrations. Most recently, in March 2000, the Department announced \$15 million in combined federal and private funding for demonstration projects serving non-custodial parents who do not have a child support order in place and may face obstacles to employment.
- Amendments to the welfare-to-work law in the November 1999 Consolidated

Appropriations Act broadened the eligibility requirements for non-custodial parents to participate in the services available through welfare-to-work programs.

- Building upon these efforts to boost the financial and emotional contributions of non-custodial parents, the U.S. House of Representatives passed the Fathers Count Act in November 1999. This proposed legislation includes grants for projects designed to promote successful parenting and encourage payment of child support. The bill is expected to be considered by the U.S. Senate in 2000.

As researchers and policy-makers develop strategies to increase the cooperation of non-custodial parents, one primary area of concern is the order establishment process. Representatives of the child support enforcement community have raised questions about the effect of income imputation and arrearage policies on the non-custodial parent's ability to comply with the support order obligation.

The establishment of orders for child support enforcement cases (also known as IV-D cases, referring to the related title of the Social Security Act), occurs through either judicial or administrative processes. States are required to establish child support orders in accordance with State guidelines, outlining specific descriptive and numeric criteria. Any deviation from the presumptive guideline amount must be justified in writing.

This report and its companions examine how States address the limited incomes of non-custodial parents in the determination of financial obligations for support and the relationship between these practices and payment compliance. Inability to pay is only one of several reasons for non-compliance with child support orders. Other reasons often cited as potential motivators of unwillingness to pay support include custody and visitation disputes and State retention of payments made on behalf of families on welfare. Future inspections will examine these other potential barriers to payment compliance.

SCOPE AND METHODOLOGY

In this inspection, we examined State policies used to determine the amount of support owed, the implementation of these policies in 10 States and the relationship between these policies and payment compliance on a random sample of cases in the 10 States.

We selected a random sample of cases (and the 10 States associated with them) using a two-stage, stratified cluster sample. We stratified the continental United States (excluding Alaska) into three strata based on State policy regarding the establishment of minimum awards for low-income obligors. We then divided each State into a number of case clusters based on the estimated number of child support cases per State. From each

stratum, we randomly selected three or four clusters. The States containing the randomly selected clusters became our sample States, shown below.

Stratum	Description	Clusters	
		Population	Sample
1	Awards in court's discretion	893 Clusters in 16 States	3 Clusters in MS, OK, PA
2	Presumptive awards	614 Clusters in 18 States	3 Clusters in TX, VA, WA
3	Mandatory minimum awards	652 Clusters in 14 States plus District of Columbia	4 Clusters in CO, MA, MD, NY

For stratum 3, we randomly selected two replacement clusters because our first selections, Michigan and Indiana, declined to participate in the study. Because of this replacement, our statistics are projected to a population that excludes the clusters for Michigan (153 clusters) and Indiana (35 clusters).

We reviewed State documents to examine the order establishment policies of the 10 sample States. To examine how these policies are implemented by local offices, we conducted site visits to two child support enforcement offices in each sampled State - one in proximity to the State capital and one within 150 miles distance of the capital. In each office, we interviewed a manager and a staff-person responsible for establishing support orders regarding the local practices used to establish orders for low-income non-custodial parents.

We conducted our interviews between September and November 1999. All descriptions of local order establishment policies and practices are current as of this period. We conducted our interviews in Oklahoma just prior to the implementation of new State guidelines scheduled to take effect November 1st, 1999. The descriptions of order establishment policies and practices in Oklahoma are current as of October 1999.

We also conducted case record reviews in each of the 10 States. From these States we obtained data on all child support cases in which (1) the child support order was established during 1996, (2) the custodial parent was on Aid to Families with Dependent Children (AFDC) or Temporary Assistance to Needy Families (TANF) at the time the order was established, and (3) the case was still open. We chose cases in which the custodial parent was on AFDC or TANF because of the demonstrated correlation between

custodial family welfare receipt and non-custodial parent low-income status. One analysis of compiled research on the incomes of non-custodial parents, using 1995 dollars, found that the mean annual income of fathers of children on welfare was between \$10,000 and \$15,000. The 1995 poverty level for an individual with one child was \$10,504.¹⁰

We randomly assigned the non-custodial parents for these cases to each State's clusters. We then randomly selected one cluster per State for our sample. From these clusters, we randomly selected a sample (usually 35 per cluster) of non-custodial parents. We reviewed all child support cases for each non-custodial parent in our sample, including any cases the non-custodial parent had open for other children. This resulted in a sample of 281 non-custodial parents with 402 child support cases, of which 298 cases had been established during 1996 in the sampled States. Data on the methods used to establish support orders and the subsequent payments generated is based on the cases established during 1996 in the sampled States.

The payment period we examined on all cases is 32 months as this was the period of time for which all cases had the opportunity for payment. Thirty-two months is the minimum amount of time between the last month in which sampled orders were established, December 1996, and the last month for which we had access to payment information for all cases, August 1999. Except where specified, the statistics in this report are weighted to reflect all levels of clustering and stratification. All reported correlations are statistically significant at the 90 percent confidence level or greater.

Appendix C contains weighted projections from our sampled cases for all of the policies examined, with greater detail provided on some of the policies than what is covered in the text of the report.

In this report we examined the interaction between some order establishment practices and inability to pay and the relationship of this interaction to low collections. We did not examine unwillingness to pay by the sampled non-custodial parents and its effect on collection rates. We plan to examine some of the factors contributing to unwillingness to pay, such as custody and visitation disputes and pass-through policies, in future inspections. We also did not examine all of the policies of the sampled States guidelines in detail, concentrating instead on the guideline policies covered in this report.

Our review was conducted in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

FINDINGS

RETROACTIVE SUPPORT: Most sampled States routinely charge non-custodial parents for retroactive support. The longer the period of retroactivity, the less likely it is that the parent will pay any support.

All sampled States have a policy to charge non-custodial parents for retroactive support, payable to either the custodial parent or the State depending on welfare status, for the time prior to the establishment of the order. Eight of the 10 States routinely act on this policy with the commencement of financial responsibility ranging from the date of birth of the child to the date the request for support was filed. Respondents in Massachusetts and Mississippi indicated that it is not standard practice to charge non-custodial parents for retroactive support in their States.

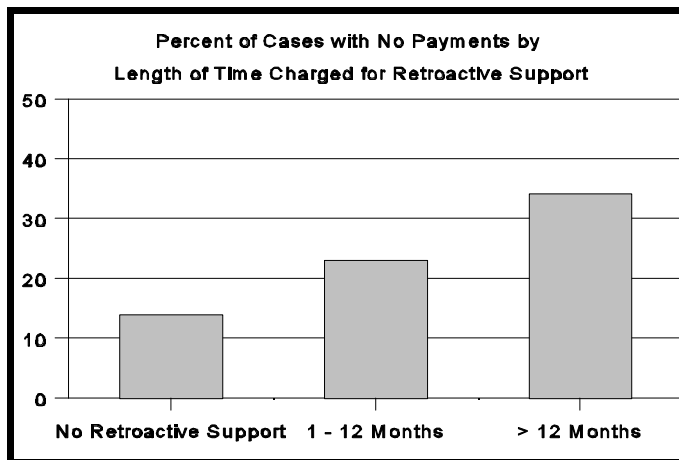
While Colorado and Texas charge the non-custodial parent for support back to the child's date of birth regardless of the amount of time passed, Oklahoma limits the allowable duration to 60 months. Virginia charges for retroactive support to the date paternity was established. New York and Washington apply the retroactive charge as of the date the TANF case opened or the date of filing for support in non-TANF cases. Maryland and Pennsylvania limit retroactivity to the date of filing for support in all cases.

Non-custodial parents were charged retroactive support in 58 percent of child support cases established in 1996. In 53 percent of the cases charged, charges were for 12 months or less. In 31 percent, charges were for 13 months to 36 months of retroactive child support. In 16 percent, charges were for more than 36 months of retroactive support.

There are several reasons States charge retroactive support: 1) as a disincentive to non-custodial parents to delay the establishment of support; 2) to hold non-custodial parents accountable for supporting their children from birth; and 3) to recoup expenses incurred by the State or the custodial parent for caring for the child without the other parent's help. While these are sound reasons for charging retroactive support, our analysis indicates that doing so may be counter-productive to getting support payments.

The longer the time for which non-custodial parents are charged retroactive support, the less likely they are to make any payment on their child support order once established

A logistic regression shows that the increase in the length of time for which parents are charged retroactive support is significantly associated with an increase in the probability that the case will generate no payments. As depicted, when non-custodial parents were not charged retroactive support, 14 percent made no payments during the first 32 months of the child support obligation. When non-custodial parents were charged between 1 and 12 months of retroactive support, the percent which made no payments rose to 23 percent. The percentage of non-payers rose to 34 percent when the non-custodial parents were charged more than 12 months of retroactive support.



Charges for retroactive support are based on the monthly support obligation and are often over \$1,000

In all of the sampled States, retroactive support is calculated by applying the State guidelines to the non-custodial parent’s income to determine the monthly support obligation, multiplied by the number of months they are obligated. Although retroactive support is often owed to the State to recover costs for welfare paid to support the child, the amount of welfare paid does not determine the amount owed. The sampled States charge the non-custodial parent for the guideline award amount for the period of retroactivity, retaining the portion equal to prior welfare payments provided and allocating the remainder, if any, to the custodial parent.

Of cases established in 1996 with retroactive support charges, the median amount of retroactive support charged was just under \$1,500. In States that charge for retroactive support preceding the date of filing for support, the median amount charged was \$1,542, with 17 percent of the cases charged over \$5,000. In States which limit retroactivity to the date of filing for support, the median amount of retroactive support charged was \$383.

Other front-end charges used by our sampled States include court and attorney fees and recovery costs for paternity testing and birth-related medical costs

According to the State policy in all of our sampled States, the non-custodial parent is charged for the costs of paternity testing if he does not voluntarily acknowledge paternity and is found to be the father. Respondents in Massachusetts indicated that non-custodial parents are rarely ever charged for paternity tests while respondents in the other States indicated that non-custodial parents are routinely held accountable for these costs, with the exception of minors in Pennsylvania. The reported costs of paternity tests in the sampled States range from \$140 to \$400.

Three of the sampled States routinely charge non-custodial parents for service of process, court or attorney fees at the point of order establishment. In Pennsylvania and Colorado, the reported fees ranged from \$15 to \$30. In Mississippi, the reported fees are \$32 if the parties stipulate to the proposed order and \$117 if the case is heard in court. In three other sampled States, non-custodial parents are sometimes charged attorney fees in non-TANF cases, however this is not routine.

While six States have a policy to charge non-custodial parents for birth-related costs, respondents in only two States indicated applying these charges in practice. Respondents in one local office in New York and both local offices in Pennsylvania stated that non-custodial parents are routinely charged for birth-related medical costs paid by the State. The charges of birth-related medical expenses were cited by these respondents as running between \$2,000 and \$4,000 on average.

In 9 percent of child support cases established in 1996, non-custodial parents were charged for paternity testing with a median charge of \$206. Court fees were charged in 14 percent of the cases with a median charge of \$243. Less than 1 percent of non-custodial parents were charged attorney fees or birth-related medical charges. Of the 1996 cases which were charged these and other miscellaneous fees, an average (mean) of \$257 in fees was added to the initial obligation. However, of all 1996 cases, only \$63 on average was added to the cases by other fees. The bulk of front-end costs is clearly constituted by retroactive support charges.

A greater percentage of the non-custodial parents who were charged front-end costs, including retroactive support, did not make any payments towards the monthly support obligation after order establishment than non-custodial parents who were not charged front-end costs. Twenty-three percent of all cases were not charged any front-end costs. Of these cases, 16 percent of the non-custodial parents made no payments towards the monthly support obligation during the first 32 months of the order, whereas 26 percent of the non-custodial parents charged up-front costs made no payments during this time.

Employer withholding fees and interest charges can add to ongoing financial obligations

All of the sampled States, except New York, allow employers to charge non-custodial parents income withholding fees, ranging from \$1 to \$5 per transaction. Mississippi charges non-custodial parents \$5/month payable to the State for income withholding processing in addition to the transaction fee charged by the employers.

In 8 of the 10 States, it is State policy to charge interest on unpaid support. Four of these States routinely charge interest, with rates ranging from 9 to 18 percent annually. In a couple of States, the charges are only levied if the cases meet certain non-payment criteria. In Colorado, the county IV-D offices determine whether interest will be charged. In Denver, with a significant share of the Colorado caseload, interest is charged on unpaid support at a rate of 12 percent compounded monthly. However, in non-TANF cases, the custodial parent can waive the interest. In TANF cases, the Denver IV-D office uses interest as a negotiation tool to bring non-custodial parents into payment compliance.

INCOME IMPUTATION: Most sampled States impute income when the non-custodial parent is unemployed or income is unknown. Income imputation appears ineffective in generating payments.

Most of the sampled caseworkers said that they primarily use income documentation provided directly by the non-custodial parent, such as wage stubs or tax statements, to calculate support due. If the non-custodial parent fails to appear or provide this documentation, most of the caseworkers then search for income information through an automated interface with the State labor or tax record systems. Most of the caseworkers indicated that they do not yet obtain income information from the National Directory of New Hires. If income information is obtained through the State labor or tax systems, caseworkers typically verify this information with the indicated employer.

In all sampled States except Mississippi, income is imputed to the non-custodial parent if no income information is available through the above means. Half of the States impute income when the non-custodial parent is unemployed. Most of the States also impute income if the parent is deemed to be “underemployed”. For example, if a non-custodial parent works 35 hours/week at a minimum wage job, minimum wage earnings for the additional 5 hours will be imputed to the parent in the support calculations.

In the nine States that impute income, the most common reasons cited were that the non-

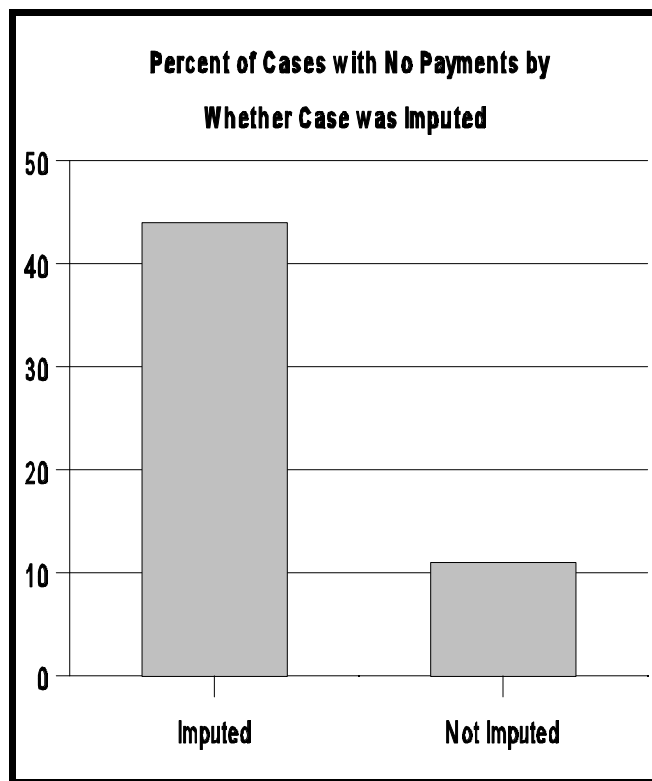
custodial parent was unemployed or did not provide earnings information. In 37 percent of cases established in 1996 where income was imputed, it was due to unemployment or underemployment. In 46 percent of imputed cases, the non-custodial parent did not appear at the conference or court hearing or failed to provide income information. In their absence, orders were set by default using an imputed income.

Respondents indicated that the primary source of information on which they base imputation is the non-custodial parent’s most recent work history. When a work history is unavailable, several States base earnings capacity on the non-custodial parent’s skills and education. In the absence of any information, most States base imputed income on minimum wage earnings for a 40 hour work week. In imputed cases established in 1996, child support agencies used minimum wage as the basis to impute in 65 percent of cases.

Imputed cases exhibit lower payment compliance than non-imputed cases

In all of the States, 33 percent of the cases established using imputed income generated no payments. Based on the information available in case files, we were only able to universally determine whether income was imputed in three States (CO, MA & TX). In the other seven States, files did not contain a specified means to indicate imputation. Therefore, we could not be sure that cases not indicated as imputed, were not in fact imputed. To compare payments generated by imputed vs. non-imputed cases, we limit our analysis to these three States.

In the three States, 45 percent of the financial awards established in 1996 were based on imputed income. Forty-four percent of these imputed cases generated no child support payments over a 32 month period, commencing with the start of the order. In contrast, only 11 percent of non-imputed income cases in these three States generated no payments during this time. Despite the limitation of this analysis to three States, this difference is statistically significant at the 99 percent confidence level.



A causal relationship between the use of income imputation and lack of payments can not be assumed. Non-custodial parents who fail to provide information or are unemployed at the time of order establishment are potentially less likely to pay support than those who appear in court or are employed. However, as demonstrated, imputing income to these parents to calculate their support, is not a very effective method of getting them to pay.

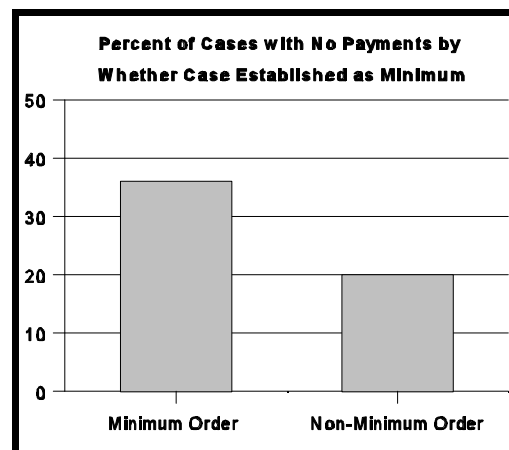
MINIMUM ORDERS: Six of the sampled States routinely establish minimum orders when the non-custodial parent has limited payment ability. Minimum order cases exhibit lower payment compliance than other cases.

According to State policy, eight States establish child support orders using a minimum monthly payment amount when the non-custodial parent’s income is below a specified threshold or earnings capacity is limited. The thresholds for low-income obligors in these eight States range from \$400/month to \$686/month.

In two of these States with a minimum order policy, Colorado and Mississippi, respondents indicated that minimum orders are rarely established. In Mississippi, caseworkers rely on court discretion in cases where the earnings capacity of the non-custodial parent is limited. In Colorado, respondents indicated that they routinely impute income to be minimum wage to calculate the award in lieu of setting a minimum order.

Respondents in the other two States without a minimum order policy, Oklahoma and Texas, indicated that they also routinely impute income to be minimum wage when the non-custodial parent is unemployed or income is unknown. In States imputing income as minimum wage, orders reportedly range from \$125 to \$185 per month for one child, depending on the income of the custodial parent. In the other six States, reported presumptive minimum monthly order amounts range from \$20 to \$50 per month.

Many States establish minimum orders for obligors without known income with the expectation that all parents, regardless of income, should make some financial contribution to their child. Additionally, some staff argue that it is important to put a financial order in place which can then be modified once income is known.



A higher percentage of minimum order cases made no payments towards their support obligation than non minimum order cases

Minimum awards were set for 13 percent of the cases established in 1996 with a median charge of \$55/month. In 36 percent of cases established as a minimum order in 1996, the non-custodial parents made no payments in the first 32 months of the order. In contrast, 20 percent of cases established as non minimum orders (i.e. all others) received no payments over this time. This lack of payment on minimum orders could be a reflection of limited earnings capacity and the fact that minimum awards are not based on actual income.

Minimum orders are often used to establish orders for incarcerated non-custodial parents

Most sampled States do not have a uniform policy for setting support orders when the non-custodial parent is incarcerated at the time the order is established. Respondents in most of the local offices visited either set a minimum order amount or wait until the non-custodial parent is released to establish a financial obligation. In one local office visited in Texas and in both local offices in Oklahoma, the non-custodial parent is responsible for paying an award based on income imputed as minimum wage for 40 hours/week during incarceration. Offices that wait until the non-custodial parent is released establish paternity while the non-custodial parent is incarcerated and then establish the financial obligation upon release or at an interval shortly thereafter.

In all sampled States, respondents indicated that arrears continue to accrue for non-custodial parents that become incarcerated after the order is established. The burden is on the non-custodial parent to request a modification of the order. All of the respondents indicated that incarcerated non-custodial parents rarely request a modification. In all but one of the local offices visited, accrued debt remains on the non-custodial parent's child support account after release. In one county in Pennsylvania, the caseworker interviewed indicated that the non-custodial parent could, upon release, petition to have the arrears that accrued while incarcerated forgiven.

DEBT OWED TO STATES: Most sampled States will not reduce debt owed to the State by the absent parent except in rare cases. Median debt on 1996 cases is over \$3,000.

Respondents in every sampled State indicated that debt owed to the State is almost never reduced, nor are arrears ever limited after the point of order establishment. Non-custodial

parents can accrue an unlimited amount of debt owed to the State which remains on their account indefinitely. Respondents in most States indicated that judges may intervene to reduce the debt but this rarely happens. In Massachusetts, Pennsylvania and Texas respondents said that the State can and has appealed a judge's decision to reduce debt owed to the State by a non-custodial parent.

In Colorado, the county child support office can negotiate the amount of debt owed by the non-custodial parent for un-reimbursed public assistance if any other county that is also owed un-reimbursed public assistance agrees to the negotiated amount. In Washington, the debt owed to the State by a non-custodial parent may be reduced administratively if hardship can be proven. Examples of hardship include if the non-custodial parent is on welfare or if paying the debt would harm other children for whom the non-custodial parent is responsible. However, this debt is not legally eliminated and could be pursued in the future in court.

Respondents in every State, except Texas, indicated that debt owed to the custodial parent is forgiven if the custodial parent agrees to waive the arrears owed to her. In some States, the custodial parent must agree to this debt forgiveness in a legal court order.

States are reluctant to reduce debt because they have expended public resources to support the child in the absence of the non-custodial parent fulfilling their responsibility. While this is understandable, large debt burdens may deter the non-custodial parent from making any support payments, thus resulting in a lower return on the public expenditures. The median amount of debt remaining on child support cases established in 1996 after 32 months of expected payments was \$3,278. The mean amount of debt after 32 months was \$4,831, with some cases owing over \$25,000. Seventy-five percent of cases established in 1996 owed over \$1,231 in child support debt 32 months after the financial order was established.

Most Sampled States will modify the pay-back plan on arrears

While debt is rarely reduced, all of the States allow modifications to the pay-back plan on arrears. In six States, modifications are made to reduce the rate of repayment when the non-custodial parent cannot afford the established rate. In the other four States, modifications usually involve increasing the scheduled amount due, condensing the period of time in which the arrears are to be paid.

In four of the six States that reduce the repayment rate, the rates are linked to the monthly support obligation (MSO) at the point of order establishment. In three of these States (NY, VA, & WA), modifications to the rate of repayment are made administratively at a

later point if the non-custodial parent cannot afford to pay. In Massachusetts, a change in the rate of arrears payments must be court ordered. Oklahoma and Colorado set repayment rates according to State policy to amortize the debt over a fixed time period, rather than base the rate on the MSO. Respondents said that they adjust the rates at the time the order is established if the non-custodial parent cannot afford to pay the rate in accordance with State policy.

Modifications to the monthly obligation amount are dependent upon proof of a substantial change in circumstances

All States inform non-custodial parents of their right to request a modification at the time the order is established. Respondents indicated that this is usually communicated verbally or in written form at the initial conference with the non-custodial parent. In all States, modifications to the monthly support obligation require a change to the formal court order and are made only when either the non-custodial parent's income has changed by a specified amount or the obligation would change by a specified amount. A report issued by the Office of Inspector General in March 1999, "Review and Adjustment of Support Orders", OEI-05-98-00100, found deficiencies in the methods States were using to notify parents of the right to request a review as well as a reluctance in some States to modify orders downward.

JOB PROGRAMS: Few sampled child support agencies formally link with job programs. Non-custodial parent participation in such programs is minimal.

Despite increasing attention by the research and policy community to the limited earnings capacity of low-income non-custodial parents and increased funding for job services, most sampled States have only informal arrangements for referral to existing job services programs. These programs are largely external to the IV-D agencies with little to no participation by non-custodial parents. Respondents in virtually all local offices were vaguely aware of job service programs. They often indicated that these programs were newly implemented and acknowledged having limited information about them. Some respondents reported referring non-custodial parents to these programs but with little information on what the program offers and whether the parent ever followed through.

Reasons cited for lack of participation included program eligibility requirements, non-custodial parents not volunteering, and a lack of means to promote participation or to follow-up on referrals. Washington and Maryland have more structured referral processes to job services; however, participation is still reported to be minimal.

Greater participation is reported in “seek work” programs. Two States, Pennsylvania and Massachusetts, have structured IV-D “seek work” programs through which non-custodial parents are required to apply for employment and report back on their progress on a weekly or monthly basis. In some localities the Massachusetts program involves job services in addition to seek-work if the non-custodial parent is determined to be in need of such services to secure a job.

Respondents in Massachusetts and Pennsylvania indicated that roughly 10 percent of their total non-custodial parent caseload participate in “seek work” programs. Participation is often mandated in the court order establishing a temporary minimum support obligation. The non-custodial parent must actively apply for jobs and report back on the search. Upon employment, the order is modified to reflect the non-custodial parent’s new income. If the parent does not obtain a job and is deemed to have not made a good faith effort, he may be held in contempt of court.

CONCLUSION

States use a variety of tools to encourage non-custodial parents to cooperate with the child support enforcement system. Many of these tools are designed to hold non-custodial parents liable for child support payments regardless of behaviors which may inhibit order establishment or payment of the order. While these policies may discourage unwillingness to pay, if non-custodial parents are unable to pay the support owed, such policies are not likely to promote payment compliance.

As the facts in this report demonstrate, the policies reviewed do not usually generate child support payments by low-income non-custodial parents. Recognition of this fact presents opportunities to improve payment levels by modifying State policies that determine the amount that low-income absent parents must pay. Clearly, some systematic experimentation is warranted.

The experiments should emphasize parental responsibility, while improving the ability of low-income non-custodial parents to meet their obligations. This requires a dual approach of setting realistic support obligations and providing employment support with work requirements. The goal of these approaches is to get non-custodial parents to take financial responsibility for their child, which is to the benefit of all of the parties involved — the custodial parent, the State and, ultimately, the child.

States are in the best position to conduct such experiments. However, the Office of Child Support Enforcement can do much to encourage, facilitate, and evaluate such State experimentation. We offer suggestions for State research and experimentation corresponding to the four areas of analysis contained in this report: retroactive support, income imputation, debt owed to the States, and job programs. We present the following suggestions to the OCSE to facilitate such experimentation:

RETROACTIVE SUPPORT: Facilitate and support State experiments to test the payment effects of using various periods of retroactivity in determining support

Our findings demonstrate that the longer period of time for which retroactive support is charged, the less likely the parent is to pay support. States could test and evaluate the payment effects of charging retroactive support for various time periods, including restricting retroactivity to the time the request for child support was initially filed. These demonstrations would indicate whether shorter periods of retroactivity are more effective in generating payments.

Most of the sampled States routinely charge non-custodial parents front-end arrears to recoup support for a period of time prior to the establishment of the child support order. One reason States may charge retroactive support without limits is the rationale that the non-custodial parent should be responsible for the child from the time the child is born. Some States may charge retroactive support as an incentive for non-custodial parents to cooperate with the IV-D agency as early as possible.

Although it can be argued that these are justifiable reasons for charging retroactive support for longer periods of time, these policies does not appear effective in getting non-custodial parents to pay. Our findings show that the greater the length of time for which non-custodial parents are charged retroactive support, the less likely they are to make any payments on their child support order, once established.

When a low-income non-custodial parent starts off an order nearly \$2,000 in arrears, he or she may view compliance with the support order as hopeless in the face of what may be an insurmountable debt and may avoid contact with the system all together. Fathers interviewed by the Parents' Fair Share program often cited overwhelming arrears as an obstacle to their payment compliance.¹¹ In non-marital cases, the non-custodial parent may not have even known that the child existed during the time of retroactive support. When faced with charges for support dating back several years in some cases, the non-custodial parent is not likely to view the child support system as a fair and reasonable system with which they can work. In effect, cooperation may actually be discouraged.

The OCSE could fund evaluations in several States to test various periods of retroactivity to determine whether non-custodial parents demonstrate a higher rate of payment compliance when retroactivity is restricted. Exceptions should be made in cases where a non-custodial parent makes clear efforts to delay the filing for support. For example, in Massachusetts, non-custodial parents are only charged retroactive support in egregious cases. State evaluations should also examine the effect of restricting retroactive support on non-custodial parent cooperation with the order establishment process.

DEBT OWED TO STATES: Facilitate and support State experiments to test negotiating the amount of debt owed to the State in exchange for improved payment compliance

Many low-income non-custodial parents face insurmountable arrears. Viewing the system as unreasonable and adversarial, many low-income obligors pay nothing rather than something. Debt negotiation as a method of improving payments has recently garnered a significant level of attention in the IV-D community. The OCSE could provide leadership in this area by facilitating State experimentation to test the payment effects of debt negotiation. Specifically, OCSE could fund State demonstration programs to test:

- ▶ Reducing child support debt owed to the State if the non-custodial parent demonstrates a continued effort to pay the monthly obligation and the debt due exceeds a defined level of burden relative to the non-custodial parent's income.
- ▶ Reducing the debt owed to the State in cases where the non-custodial parent has reunited with the custodial parent and children and the reunited family's income is below a certain threshold.

The sampled States rarely reduce arrears owed to the State. Many respondents indicated that they are forbidden by law from doing so. While the Bradley Amendment (42 USC Section 666(a)(9)) states that child support orders are not retroactively modifiable, this does not preclude State reduction of child support arrears owed to the State. The Bradley Amendment requires States to make arrears a judgement by operation of law. As stated in the OCSE's Policy Information Question (PIQ)-99-03, as a party to a judgement, States can agree to compromise or settle the judgement, pursuant to State law. Accordingly, States can accept less than the full payment of arrearages assigned to the State just as they can compromise and settle any other judgements in the State.

In July 1999, the Internal Revenue Service (IRS) issued regulations to allow tax debt forgiveness, rather than seizing assets, when a taxpayer can show that their assets are needed to pay for medical care or basic living expenses. The IRS Commissioner stated "For taxpayers caught in severe hardships, this gives the IRS a new tool to work with people and help settle their tax debt." State public assistance agencies could follow the lead of the IRS by reducing the debt owed to the State in cases where the debtor does not have the income to pay the total debt to encourage and facilitate routine payments.

Child support debt, especially in States which charge interest on unpaid support, can often amount to a substantial burden relative to the income of low-income non-custodial parents. The average amount of child support debt remaining on cases established in 1996 is nearly \$5,000 with 75 percent of cases owing over \$1,200.

The accumulation of such high arrears often triggers penalties such as license revocation and criminal pursuit. In some cases, this debt is due to the non-custodial parent's failure to pay support which the non-custodial parent could have and should have paid. In other cases debt is due to front-end arrears which the non-custodial parent never had the income to pay or a decline in the non-custodial parent's income once the order was established.

In any of these circumstances, the high level of debt is likely to result in no payments. Low-income non-custodial parents faced with thousands of dollars in debt, often see attempts to comply with a support order as futile. The OCSE could provide research and

demonstration grants to States to test the effects of intervening in these instances and reducing the debt to a feasible level in return for the non-custodial parent's continued payment compliance on the monthly obligation. In cases where the non-custodial parent is reunited with the custodial parent and children, debt reduction could be tested as a tool to help support the newly reunited family to maintain self-sufficiency and remain intact.

INCOME IMPUTATION: Encourage States to decrease the use of income imputation and to test alternative means of identifying income for low-income obligors.

If a non-custodial parent does not respond to a summons to appear at a conference or court hearing, fails to submit income information and does not have recent income listed on the State tax or employment system, caseworkers tend to base the award on imputed income. The caseworkers interviewed indicated that they are not yet using the New Hires Directory to obtain information or are having difficulty using it for low-income cases.

It is understandable that States do not want to reward non-custodial parents for failing to appear or submit information or for failure to work. An award should be established and to establish an award, income must be used. Child support agency staff are often faced with no other choice but to impute income. However, as the reviewed cases demonstrate, imputing income yields poor payment results. In order to increase payments, States must exercise every possible means to base awards on actual, rather than imputed income.

OCSE could help States to base awards on actual income more often by:

- ▶ Impressing upon States the importance of devoting time and resources to obtain income information as a priority in the order establishment process;
- ▶ Ensuring States are effectively using the information supplied by the National Directory of New Hires, implemented in 1997; and
- ▶ Funding demonstration projects to test alternative means of identifying income for low-income non-custodial parents, many of whom are self-employed, work as day laborers, are paid in cash, and change jobs frequently.

If an award is not initially established in accordance with ability to pay, States should not assume that it will be appropriately modified down the road. Although parents are legally allowed to have their order reviewed at least once every three years, many non-custodial parents may not know of this right or may not have the means to exercise it.

A report issued by the Office of Inspector General in March 1999, "Review and

Adjustment of Support Orders”, OEI-05-98-00100, found deficiencies in State notification policies and different treatment for downward modifications, with several States requiring non-custodial parents to pursue such modifications on their own. The recommendations of that report, encouraging greater use of review and adjustments, would help to ensure that orders are more in line with ability to pay over time. Just as orders should be aligned with ability to pay at the point of order establishment, they should remain aligned over time in order to encourage payment compliance.

JOB PROGRAMS: Encourage States to formalize links with job services programs and to require unemployed non-custodial parents to participate in these programs

The OCSE could encourage States to take advantage of existing programs to increase the earnings capacity and payment abilities of low-income non-custodial parents. Specifically States could formalize referral relationships with outside agencies, court order unemployed non-custodial parent participation in these programs, and institute structured follow-up procedures.

- ▶ IV-D agencies could establish linkages with programs offering both seek work and job training approaches, in order to refer non-custodial parents to the appropriate track depending upon their level of job readiness.
- ▶ Unemployed, able-bodied non-custodial parents could be required in their court order to participate in job services or seek work or face contempt of court.
- ▶ Financial obligations should be established based on the income level attained following program participation, rather than based on imputed income, in order to improve the potential for support collections. Award amounts should be aligned with any income earned through program participation or set as a minimum amount until a final award can be determined upon employment.
- ▶ To facilitate IV-D efforts to require such participation, OCSE could recommend a change to related language in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) to expand State authority to require non-custodial parent participation in work activities. The PRWORA gives States authority to require any unemployed person owing past due support to participate in work activities. The OCSE could recommend this be amended to provide States the authority to also require any unemployed person *at the point of order establishment* to participate in work activities.
- ▶ In addition to urging States to move ahead in this area independently, OCSE

could recommend that any proposed fatherhood legislation include funding for projects which model this approach. Projects could test the effects of ordering non-custodial parent participation in seek work or job services and delaying the establishment of the final financial obligation until actual income can be used.

- ▶ To enhance child support agency efforts to formally link with job programs, OCSE could propose that any fatherhood legislation require grant applicants to coordinate with IV-D agencies. Applicants could be required to delineate each agency's responsibility in the referral arrangement, linkages between order establishment and service participation, and responsibility for follow-up efforts.

State IV-D agencies should not provide the job services directly. Rather, they should take advantage of existing programs which are federally funded to serve the non-custodial parent population. Under the Balanced Budget Act of 1997, welfare-to-work funds are available for States to provide employment and training services to low-income non-custodial parents of children receiving TANF. In September 1999, the Department of Labor awarded 64 welfare-to-work grants totaling \$222 million, for projects targeting specific categories of recipients including non-custodial parents. The Department of Health and Human Services has also provided funds for services targeting non-custodial parents through the Fatherhood Initiative and related OCSE demonstrations. Most recently, in March 2000, the Department announced \$15 million for demonstration projects serving non-custodial parents who do not have child support orders in place.

Despite the multiple sources of funds available, our findings reveal that services for low-income non-custodial parents are greatly underutilized. In most sampled States, referral relationships with local job service programs appeared to be very informal, devoid of any linkages between the establishment of an order and service participation, and lacking follow-up on referrals that are made. Few non-custodial parents volunteer for such services and most sampled States do not mandate participation.

One reason cited by respondents for lack of participation was restrictions on program eligibility. The November 1999 Consolidated Appropriations Act included amendments to the welfare-to-work law to broaden the eligibility requirements for non-custodial parent participation in job services. Hence, restrictions should no longer be a barrier.

Enforcement mechanisms alone have not appeared effective in improving child support payments from low-income non-custodial parents. For many of these parents it is not a matter of unwillingness to pay but inability to pay. In the wake of welfare reform, it is critical that greater efforts are made to boost the payment of support owed to low-income families. Just as low-income custodial parents are expected to go to work and contribute to the financial well-being of their family in return for limited transitional assistance,

low-income non-custodial parents should be held to the same expectation. If they do not have the income to pay support, they should be allowed the opportunity to earn the income and then be expected to pay support.

Requiring unemployed non-custodial parents to participate in job services at the time of order establishment can have the added benefit of uncovering unreported employment. Findings from the Parent's Fair Share Demonstration revealed that part of the increase in child support payments produced by the project's extra outreach services was due to parents informing the child support agency of previously unreported employment.¹²

Our analysis demonstrates that imputing income and setting minimum awards are not effective methods of achieving payment compliance when a non-custodial parent is unemployed. Requiring unemployed non-custodial parents to engage in structured job services programs and then basing the child support order on actual income promises greater payment compliance. This combination of opportunities and enforcement can be seen as the parallel to the personal responsibility contract expected of custodial mothers. In accordance with the Fatherhood Initiative's goals of promoting responsible fatherhood and family self-sufficiency, we encourage the OCSE to facilitate State efforts to take this next step in the evolution of the child support enforcement program.

AGENCY COMMENTS

The Administration for Children and Families (ACF) and the Assistant Secretary for Planning and Evaluation (ASPE) provided formal comments to the draft report. Both offices concurred with the report's findings and suggested approaches. The text of the ACF and ASPE comments can be found in Appendix F.

In addition to existing initiatives, ACF described numerous actions that they will take to implement the suggested approaches with regard to retroactive support charges, compromising arrears, income imputation, and job programs.

The ACF offered one technical comment on the report. In reference to our discussion of caseworkers' use of the NDNH, the ACF asked us to clarify that the study was conducted using sample cases established during 1996 which was prior to the implementation of the National Directory of New Hires (NDNH). Although the case data was collected on cases established in 1996, the process data collected through case worker interviews reflect local practices as of the time of data collection, September through November 1999. This distinction is explained in the Scope and Methodology section of the report. Therefore, the discussion of the lack of use of NDNH data by sampled caseworkers is relatively current.

The ASPE commented that our findings are consistent with, and complementary to, other research on this subject. The ASPE also indicated that our suggested approaches would strengthen existing Administration efforts to improve the payment compliance and involvement of low-income non-custodial parents.

Confidence Intervals for Selected Statistics

The following table shows the point estimates and 95 percent confidence intervals for selected statistics, in the order that they appear in the report. These calculations account for all levels of clustering and stratification as described in the methodology.

Statistic	Point Estimate	95 Percent Confidence Interval
For cases that were established during 1996, average (mean) additional costs beyond the basic child support order	\$1,852	\$508 - \$3,195
Of cases that were established during 1996, percent with retroactive support charges	57.9%	27.2% - 88.5%
For cases that were established during 1996, average (mean) retroactive support charges	\$1,788	\$473 - \$3,104
For cases that were established during 1996, average (mean) additional costs other than retroactive support charges	\$63	\$13 - \$114
Of monthly-payment cases that were established during 1996, percent that were established using a minimum award	12.8%	2.6% - 23.0%
For monthly-payment cases that were established during 1996, average (mean) debt remaining after 32 months	\$4,831	\$3,099 - \$6,564

Results of Hypothesis Testing

The following tables show the percent of cases in which the non-custodial parent did not make any payments during the first 32 months, broken out by category. We used t-tests to evaluate the confidence level that the difference between the categories was statistically significant. In the last table, we used logistic regression with one independent variable.

FRONT-END COSTS

Category		Percent of cases with zero payments during the first 32 months
1996 monthly-payment cases	Cases with front-end costs	25.7 percent
	Cases without front-end costs	15.7 percent
Value of t		1.86
Confidence level		93 percent

INCOME IMPUTATION

Category		Percent of cases with zero payments during the first 32 months
1996 monthly-payment cases in States where imputation data were available for all cases ¹	Cases with imputed income	44.1 percent
	Cases without imputed income	10.9 percent
Value of t		16.56
Confidence level		99 percent

MINIMUM ORDERS

Category		Percent of cases with zero payments during the first 32 months
1996 monthly-payment cases	Cases established as minimum orders	36.2 percent
	Cases established as non-minimum orders	20.1 percent
Value of t		1.95
Confidence level		94 percent

¹ Imputation data were available for all cases in three States: Colorado, Massachusetts, and Texas.

For the following table, we used logistic regression with one independent variable. The independent variable was the number of months charged for retroactive support, and the dependent variable was whether the non-custodial parent made any payments during the first 32 months.

RETROACTIVE SUPPORT

Degrees of freedom	1
Wald F	17.93
Confidence level	99 percent

Case Data

Descriptive Information on Sampled Cases	Number
Non-Custodial parents (NCPs) for whom child support cases were reviewed	281
Reviewed child support cases established in 1996 in the sampled States	298
Reviewed child support cases established in 1996 in sampled States with a non-zero monthly support obligation	293
Reviewed cases including secondary cases for the sampled NCPs	402
Sampled NCPs with more than 1 child support case	74

Weighted Statistics Based on The Sampled Cases

Except where specified, the following statistics are weighted projections from our sample, taking into account all levels of clustering and stratification.

Initial Orders with Monthly Support Order (MSO) >0 Established in 1996		
Percent of 1996 cases that required monthly payments (MSO>0):	98.1%	
Sample minimum and maximum orders	\$22 to \$853	
Mean order amount	\$179	
Quartiles:	25%	\$98
	50% (median)	\$145
	75%	\$222

Arrears Due after 32 Months of Financial Obligations Established in 1996		
Percent of 1996 cases with arrears >0		92.4%
Sample minimum and maximum arrears		\$1 to \$57,838
Mean arrears amount (of cases charged arrears)		\$5,230
Quartiles:	25%	\$1,426
	50% (median)	\$3,591
	75%	\$6,791

Income Used in Calculation of the Order		
Of 1996 monthly-payment cases, sample (un-weighted), percent of cases for which the income used to calculate the order was in the file and was greater than zero		57.7%
Sample minimum and maximum annual income used		\$310 to \$37,440
Mean annual income used		\$11,088
Quartiles:	25%	\$7,759
	50% (median)	\$9,869
	75%	\$14,501

Front-end Arrears Charged on 1996 Cases

Retroactive Support		
Percent of 1996 cases charged retroactive support		57.9%
Sample minimum and maximum retroactive support amounts		\$47 to \$36,942
Mean retroactive support amount (of cases charged retroactive support)		\$3,091
Quartiles:	25%	\$641
	50% (median)	\$1,480
	75%	\$3,205
Mean Duration of time (months) Non-custodial parents were charged retroactive support		22.8
Quartiles:	25%	4.4
	50% (median)	10.8
	75%	26.2

Court Fees		
Percent of 1996 cases charged court fees		13.5%
Sample minimum and maximum arrears		\$5 to \$349
Mean court fees amount (of cases charged court fees)		\$205
Quartiles:	25%	\$101
	50% (median)	\$243
	75%	\$275

Birth Fees²	
Percent of 1996 cases charged birth fees	<1%
Sample minimum and maximum birth fees	\$124 to \$2,293
Mean birth fees amount	\$532

Paternity Fees		
Percent of 1996 cases charged paternity fees		9.0%
Sample minimum and maximum paternity fees		\$142 to \$408
Mean paternity fees amount		\$231
Quartiles:	25%	\$188
	50% (median)	\$206
	75%	\$252

Case Processing Fees³	
Percent of 1996 cases charged case processing fees	3.4%
Sample minimum and maximum case processing fees	\$10 to \$66
Mean case processing fees amount	\$19

1996 Cases Based on Imputed Income	
Percent of cases established in 1996 based on imputed Income ⁴	45.5%
Mean amount of income imputed (all States)	\$9,789
Median amount of income imputed (all States)	\$8,600

² Only 4 cases were charged birth fees.

³ Only 11 cases were charged case processing fees.

⁴ We were only able to gather complete data on imputation in CO, MA, and TX, although we were able to gather some imputation data in other sampled States.

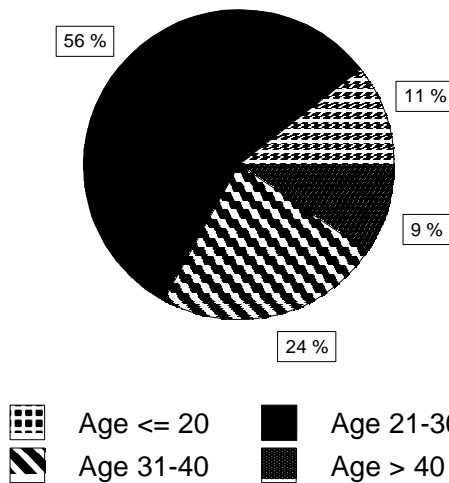
Reasons for Income Imputation (All States)	
NCP did not appear at the case conference or court hearing	31.5%
NCP unemployed	27.2%
No information was available on NCP income	14.5%
NCP underemployed/perceived to be deliberately unemployed	10.0%
False information provided	1.5%

Factors on Which Imputation was Based (All States)	
Minimum wage	65.2%
Court discretion	23.4%
Income received in most recent employment period	12.1%
Work history	11.8%
Education level	10.8%
Skills	4.5%
Disability of NCP	2.0%

1996 Cases Established as a Minimum Award	
Percent of 1996 cases established as a minimum award	12.8%
Mean minimum award	\$74
Median minimum award	\$55

Modifications to Cases Established in 1996	
Percent of 1996 monthly-payment cases which had at least one modification to the monthly support obligation (MSO)	13.3%
Percent of 1996 monthly-payment cases in which the MSO was modified to zero	6.3%
Percent of 1996 monthly-payment cases in which the MSO was modified downward (excluding modifications to zero)	3.3%

Percent of NCP by Age Category



Percent of Cases in Each NCP Age Category with No Payments Made In First 32 Months of Support Order	
Age 20 Years or Under	16.9%
Age 21 to 30 Years	22.0%
Age 31 to 40 Years	18.6%
Age 40 Years and Over	27.7%

Percent of NCPs Located in Urban ⁵ and Rural Areas and Payment Compliance				
	Zip		County	
	Urban	Rural	Urban	Rural
NCP Location	77.8%	22.2%	79.2%	20.8%
Cases with No Payments⁶	24.6%	8.7%	22.4%	16.6%

⁵ For these statistics, we defined “urban zip codes” and “urban counties” to be zip codes and counties with more than 50 percent urban population based on 1990 census data.

⁶ Differences in payment compliance between urban and rural locations were statistically significant.

Related Office of Inspector General Reports

Paternity Establishment: Notification of Rights And Responsibilities For Voluntary Paternity Acknowledgment (OEI-06-98-00051)

Paternity Establishment: Use of Alternative Sites for Voluntary Paternity Acknowledgment (OEI-06-98-00052)

Paternity Establishment: State Use of Genetic Testing (OEI-06-98-00054)

Paternity Establishment: The Role of Vital Records Agencies (OEI-06-98-00055)

Paternity Establishment: Payment to Vital Records (OEI-06-98-00056)

Review and Adjustment of Support Orders (OEI-05-98-00100)

Review and Adjustment of Support Orders, Experience in Ten States (OEI-05-98-00102)

Unpaid Child Support and Income Tax Deductions (OEI-05-95-00070)

Grantees and Providers Delinquent in Child Support (OEI-07-95-00390)

Review and Adjustment of IV-D Child Support Orders (OEI-07-92-00990)

Follow-Up on AFDC Absent Parents (OEI-05-89-01270; 8/91)

Child Support Enforcement Collection for Non-AFDC Clients (OAI-05-88-00340; 7/89)

Child Support Enforcement Collections on AFDC Cases: An Overview (OAI-05-86-00097)

Child Support Enforcement Collections on AFDC Cases: Non-Pursuit (OAI-05-87-00033)

Child Support Enforcement Collections on AFDC Cases: Arrearages (OAI-05-87-00034)

Child Support Enforcement Collections on AFDC Cases: Modification of Court Orders (OAI-05-87-00035)

Bibliography

1. “Low-Income Noncustodial Fathers: Who are They and What are States Doing to Assist Them in Their Efforts to Pay Child Support”, Elaine Sorenson, The Urban Institute, January, 1997.
2. “Broke But Not Deadbeat, Reconnecting Low-Income Fathers and Children”, Dana Reichert, the National Conference of State Legislatures, July 1999
3. “Income and Demographic Characteristics of Nonresident Fathers in 1993”, Elaine Sorenson and Laura Wheaton, the Urban Institute, *Forthcoming Report* .
4. 22nd Annual Report to Congress, Office of Child Support Enforcement, Administration for Children and Families, U.S. Department of Health and Human Services, FY 1997.
5. “Building Opportunities, Enforcing Obligations: Implementation and Interim Impacts of Parents’ Fair Share.” Manpower Demonstration Research Corporation. NY, NY, 1998.
6. “Child Support for Custodial Mothers and Fathers: 1995” Current Population Report, U.S. Census Bureau, March 1999.
7. “Child Support Enforcement: Effects of Declining Welfare Caseloads are Beginning to Emerge”, GAO/HEHS-99-105, Draft Version May 17, 1999.
8. *Fathers’ Fair Share*, A Manpower Demonstration Research Corporation Study, Russell Sage Foundation, New York, 1999.
9. *Fathers Under Fire: The Revolution in Child Support Enforcement*, Edited by Irv Garfinkel, Sara Mclanahan, Daniel R. Meyer, and Judith A. Selzer, Russel Sage Foundation, New York, 1998.
10. “Setting Support When the Noncustodial Parent is Low Income”, Policy Memorandum by Paula Roberts, Center for Law and Social Policy, February 8th, 1999.
11. “Obligating Dads: Helping Low-Income Noncustodial Fathers do More for their Children”, Elaine Sorenson, The Urban Institute, 1999.
12. “Low-Income, Non-Residential Fathers: Off-Balance in a Competitive Economy,” Kathryn Edin, Laura Lein, and Timothy Nelson, Draft, September 1998.
13. “The Review and Adjustment of Support Orders”, OEI-05-98-00100, Office of Inspector General, U.S. Department of Health and Human Services, March 1999.
14. “Child Support Guidelines: Interpretation and Analysis”, Laura Morgan, Aspen Law & Business, Aspen Publishers, Inc. New York, New York, 1999.
15. “Low-Income Fathers and Child Support Orders”, Daniel Meyer, Marcia Cancian, & Marygold S. Melli, Institute for Research on Poverty, University of Wisconsin -Madison, June 1997.
16. “Are there Really Deadbeat Dads? The Relationship between Ability to Pay, Enforcement, and Compliance in Nonmarital Child Support Cases.”, Judi Barfeld and Daniel Meyer, Institute for Research on Poverty, University of Wisconsin -Madison, March 1993.

Agency Comments



DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of the Assistant Secretary, Suite 600
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

DATE: July 3, 2000

TO: June Gibbs Brown
Inspector General

FROM: Olivia A. Golden *Olivia A Golden*
Assistant Secretary
For Children and Families

SUBJECT: Comments on OIG Draft Reports Entitled "The
Establishment of Child Support Orders for Low Income
Non-Custodial Parents" (OEI-05-99-00390) and "State
Policies Used to Establish Child Support Orders for
Low Income Non-Custodial Parents" (OEI-05-99-00391)

Attached is the Administration for Children and Families' comments on the above-captioned reports. If you have questions, please contact David Gray Ross, Commissioner, Office of Child Support Enforcement, at (202) 401-9370.

Attachment

Agency Comments

COMMENTS OF THE ADMINISTRATION FOR CHILDREN AND FAMILIES ON THE OFFICE OF INSPECTOR GENERAL'S DRAFT REPORTS: "THE ESTABLISHMENT OF CHILD SUPPORT ORDERS FOR LOW INCOME NON-CUSTODIAL PARENTS" (OEI-05-99-00390) AND "STATE POLICIES USED TO ESTABLISH CHILD SUPPORT ORDERS FOR LOW INCOME NON-CUSTODIAL PARENTS" (OEI-05-99-00391)

The Administration for Children and Families (ACF) agrees with the OIG on the importance of assuring that low income non-custodial parents have every opportunity to support their children, including supporting them financially and emotionally, and providing medical support. ACF has a number of recent accomplishments in policy, technical assistance, and other activities designed to support this important objective. In addition, ACF has several projects underway or planned that are consistent with ACF's own plans in this area and the OIG's recommendations.

ACF welcomes the interest and contribution of the OIG, and does not disagree with OIG's findings, nor with the conclusions of the draft report. ACF appreciates the care that has been taken to note that, while the findings may reveal a correlation among selected factors, they do not demonstrate any causal relationships, which OIG proposes should be the subject of further work to be undertaken by OCSE. ACF does wish to offer one clarification: the report does not clearly indicate that the study was conducted using sample cases established during 1996, which was prior to the implementation of the National Directory of New Hires (NDNH). "...Most of the caseworkers indicated that they do not yet obtain income information from the NDNH..." (p 14). ACF believes that the use of NDNH data is much more extensive now than it would or could have been at the time the sample was drawn. ACF remains committed to promoting the full and effective use of NDNH data.

ACF has been working with all State Child Support Agencies to encourage them to use the NDNH data. OCSE staff have made numerous site visits to support States in streamlining their business rules for the statewide system, to support software development discussions on automating the use of the NDNH data, and to measure the benefits of using the NDNH data. OCSE will continue to encourage States to use NDNH as one key means of identifying the income of non-custodial parents.

Agency Comments

2

ACF has taken important actions in the area of child support policy, as well. On March 22, 1999 OCSE issued PIQ 99-03, regarding compromising arrearages, to help to clarify the policy situation for States. This PIQ clarified States' authority to accept less than the full payment of assigned child support arrearages, and noted that federal law does not bar States from settlement of a judgment obligation for child support.

The OIG report discusses birthing costs and other expenses associated with maternity. The report of the Medical Child Support Working Group recommends amending the Social Security Act to preclude State IV-D agencies from attempting to recover Medicaid-covered prenatal, birthing, and perinatal expenses from a non-custodial parent. The Working Group, convened jointly by the Secretaries of Health and Human Services and of Labor, concludes that it is more important to establish paternity and future child support and to encourage fathers to establish a relationship with their children than to recoup pregnancy-related Medicaid costs.

ACF has been very active in encouraging State IV-D agencies to become involved with Welfare-to-Work (WtW). Among the actions already completed and underway are the following:

- ACF has sent the complete list of WtW grantee names, address and contact numbers to State IV-D agencies. (OCSE IM-00-06)
- The ACF Offices of Child Support Enforcement and of Family Assistance, working with the Department of Labor (DoL), have jointly produced and issued strategies to increase referral, recruitment, eligibility determination and the provision of service between WtW, child support enforcement and TANF. (OCSE IM-00-05)
- ACF has proposed to DoL a Memorandum of Understanding to undertake a number of results-oriented projects during the next year, such as: development of a bench card for judges to make referrals to their local WtW operators; an audioconference for Federal regional staff from Child Support Enforcement, TANF and DoL/ETA to increase awareness of WtW and to encourage referrals; and promotion of promising practices supporting employment training and child support enforcement collaboration
- ACF has encouraged state IV-D agencies to become involved in the development of Workforce Investment Boards.
- OCSE has hotlinked its website to the WtW/DoL website.

Agency Comments

3

Finally, the evaluation of the ten recently-approved Partners for Fragile Families waiver demonstration projects is expected to provide information that will add to the overall understanding of issues associated with low income non-custodial parents, and to provide additional examples of successful techniques for working with such parents at the local level.

The OIG's specific recommendations are identified below, along with the ACF response to each.

OIG Recommendations

RETROACTIVE SUPPORT: Facilitate and support State experiments to test the payment effects of using various periods of retroactivity in determining support.

...States could test and evaluate the payment effects of charging retroactive support for various time periods, including restricting retroactivity to the time the request for child support was initially filed. ...

The OCSE could fund evaluations in several States to test various periods of retroactivity to determine whether non-custodial parents demonstrate a higher rate of payment compliance when retroactivity is restricted. ... State evaluations should also examine the effect of restricting retroactive support on non-custodial parent cooperation with the order establishment process.

ACF Response

ACF agrees with these recommendations for State and ACF action, and will implement a two-part plan for testing these and other research questions posed in the OIG report.

First, ACF will distribute the two companion OIG reports to the State title IV-D agencies and others in the field. ACF will invite interested States, after reviewing OIG's work, to devise their own studies of these topics. ACF will offer assistance in the design of the projects and especially in the design of the evaluations of demonstration or research projects. ACF will remind States that the federal government would bear most of the costs of any such State-generated projects, because such activities, undertaken by IV-D agencies, are eligible for 66% federal financial participation.

Agency Comments

4

Second, ACF will include the themes identified by the OIG in the next (FY 2001) Announcement of the availability of Section 1115 research and demonstration grants. ACF will advertise one or more priority areas within that Announcement that would address the general subject of improved strategies for dealing with low-income non-custodial parents, with the hope that several projects will result. The purpose of the Section 1115 Announcement is to offer additional federal financing to encourage the conduct of demonstration projects that have not been undertaken at the State level, or that require more rigorous evaluation than States were willing on their own to propose. It may be that ACF will use Special Improvement Project (SIP) grants as well, to test practices or concepts or to demonstrate promising practices.

In addition, ACF will issue further policy clarification related to retroactive support, as described in response to the next recommendation, below. The policy clarification is intended to assure that States are aware of the latitude and authority they have under existing law and regulations, and the importance of and widespread interest in the issues raised by the OIG.

OIG Recommendations

DEBT OWED TO STATES: Facilitate and support State experiments to test negotiating the amount of debt owed to the State in exchange for improved payment compliance.

...OCSE could fund State demonstration programs to test:

- reducing child support debt owed to the State if the non-custodial parent demonstrates a continued effort to pay the monthly obligation and the debt due exceeds a defined level of burden relative to the non-custodial parent's income.
- reducing the debt owed to the State in cases where the non-custodial parent has reunited with the custodial parent and children and the reunited family's income is below a certain threshold.

... The OCSE could provide research and demonstration grants to States to test the effects of intervening in these instances and reducing the debt to a feasible level in return for the non-custodial parent's continued payment compliance on the monthly obligation. ...

Agency Comments

5

ACF Response

ACF agrees with these recommendations for State and OCSE action, and will take positive steps to educate and advise States about recent findings concerning child support enforcement and low income non-custodial parents. OCSE's policy division plans to issue two policy documents related to these OIG reports:

- An Action Transmittal to State IV-D agencies on welfare to work and its relationship to the CSE program and
- A Policy Interpretation Question/Answer to educate States about the findings of the IG reports and to indicate how States might use these findings to improve their programs. This document will cover topics such as retroactive support, compromising arrears, and minimum orders.

These policy issuances will include or will be accompanied by "best practices" material that will provide examples for States and offer concrete suggestions for policy implementation.

In addition, ACF will incorporate questions related to debt owed to States into the two-part plan, described above, for testing these and other research questions posed in the OIG report.

OIG Recommendations

INCOME IMPUTATION: Encourage States to decrease the use of income imputation and to test alternative means of identifying income for low-income obligors.

...OCSE could help States to base awards on actual income more often by:

- Impressing upon States the importance of devoting time and resources to obtain income information as a priority in the order establishment process;
- Ensuring States are effectively using the information supplied by the National Directory of New Hires, implemented in 1997; and
- Funding demonstration projects to test alternative means of identifying income for low income non-custodial parents, many of whom are self-employed, work as day laborers, are paid in cash, and change jobs frequently.

Agency Comments

6

ACF Response

ACF will work with States and localities to emphasize the importance of obtaining accurate and useful income information. This activity can include:

- Conduct of a national audio conference on this subject, with the participation of appropriate staff from all the States
- Inclusion of this topic in OCSE-provided training courses and materials available through NECSRS, as appropriate, and advice to the State Child Support Training Coordinators through OCSE's network.
- Inclusion of good examples of State practice in ACF-provided and promoted "best practices" publications, and the OCSE newsletter, *Child Support Report*.
- Provision of technical assistance (TA) as necessary through the ACF Regional Offices and other TA resources, and inclusion of this theme in the inventory of TA needs being compiled with the national TA Advisory Group. Such technical assistance could include encouraging States to improve techniques for reaching non-custodial parents to assure that they appear at child support hearings, to limit the use of income imputation, and encouraging States to have more effective service of process procedures to ensure that non-custodial parents are actually and effectively notified of child support hearings, including notices and materials in Spanish.
- Direct TA through publications, workshops at conferences, and other media aimed at improving the use of the NDNH.

ACF will continue its work to ensure that States are effectively using the information available to them from the National Directory of New Hires. This activity can include technical assistance of the sort described above, along with promotion through the other avenues of information and encouragement available to ACF, including enlisting the aid of advocacy groups and national organizations. Conceivably, a Special Improvement Project (SIP) Grant could be a vehicle for testing better approaches to using NDNH information, to assist States to develop and model more effective practices.

Agency Comments

7

OCSE will fund demonstration projects to test alternative means of identifying income for low-income non-custodial parents, either as SIP grants as noted above, or as a part of the overall plan for testing these and other research questions posed in the OIG report.

OIG Recommendations

JOB PROGRAMS: Encourage States to formalize links with job services programs and to require unemployed non-custodial parents to participate in these programs.

...Specifically, States could formalize referral relationships with outside agencies, court order unemployed non-custodial parent participation in these programs, and institute structured follow-up procedures.

- IV-D agencies could establish linkages with programs offering both seek work and job training approaches, in order to refer non-custodial parents to the appropriate track ...
- Unemployed, able-bodied non-custodial parents could be required in their court order to participate in job services or seek work or face contempt of court.
- Financial obligations should be established based on the income level attained following program participation, rather than based on imputed income, in order to improve the potential for support collections. Award amounts should be aligned with any income earned through program participation or set as a minimum amount until a final award can be determined upon employment.
- To facilitate IV-D efforts to require such participation, OCSE could recommend a change to related language in PRWORA to expand State authority to require non-custodial parent participation in work activities. ...The OCSE could recommend this be amended to provide States the authority to also require any unemployed person at the point of order establishment to participate in work activities.
- ...OCSE could recommend that any proposed fatherhood legislation include funding for projects which model this approach. Projects could test the effects of ordering non-custodial parent participation in seek work or job services

Agency Comments

8

and delaying the establishment of the final financial obligation until actual income can be used.

- ...OCSE could propose that any fatherhood legislation require grant applicants to coordinate with IV-D agencies. Applicants could be required to delineate each agency's responsibility in the referral arrangement, linkages between order establishment and service participation, and responsibility for follow-up efforts.

ACF Response

ACF will continue its efforts in this area by taking a number of actions, including:

- Encouraging States to become involved with One-Stop Centers and to promote models of such collaboration.
- Continuing to conduct workshops in national and regional conferences to demonstrate the benefits of collaboration and cross-program referral with employment training programs, especially WtW.
- Sponsoring more joint meetings with WtW grantee and child support enforcement staff to cross-train and encourage collaboration and referrals, especially for non-custodial parents.
- Issuing a formal OCSE Action Transmittal (AT) on working with WtW.
- Continuing to provide technical assistance to IV-D agencies to refer non-custodial parents to Welfare to Work Sites or to TANF or other job programs where non-custodial parents are served.
- Working with the Office of Family Assistance and the TANF program to insure that States are aware of the non-custodial parent job program options under the TANF block grant.

As to the legislative recommendations offered by the OIG, ACF will take all of the OIG's recommendations into account in the development of the President's FY 2002 Budget and related legislative proposals.

Agency Comments

9

The Administration has consistently proposed review and adjustment of child support orders, as it did in the President's Budget for FY 2001. There is a provision for review and adjustment in Title II of H.R. 4678, currently under consideration in the House. The Administration has reiterated its support for that provision. Title V of H.R. 4678, entitled Fatherhood Programs, also contains provisions that are consonant with the OIG's recommendations, and which the Administration supports.

Agency Comments



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

The Assistant Secretary for Planning and Evaluation
Washington, D.C. 20201

JUL 12 2000

TO: June Gibbs Brown
Inspector General

FROM: Margaret A. Hamburg, M.D. *M.A.H.*
Assistant Secretary for Planning and Evaluation

SUBJECT: OIG Draft Report on the Establishment of Child Support Orders for
Low-Income Non-Custodial Parents

Thank you for the opportunity to comment on the OIG reports on this important subject. Because of our responsibility for coordinating the Department's fatherhood initiative, we have been concerned, based on anecdotal reports and research findings, that state child support policies and procedures may not always appropriately reflect the economic circumstances for low-income non-custodial parents and that efforts to coordinate child support policies and employment and training opportunities need to be strengthened. These reports give weight to the findings of other research being conducted with HHS funding and throughout the federal government on the need for policy changes to ensure that low-income non-resident parents have the opportunity to provide emotional and financial support for their children. If you have any questions on our comments, please contact Linda Mellgren at 690-6806.

Agency Comments

COMMENTS OF THE OFFICE OF THE ASSISTANT SECRETARY FOR PLANNING AND EVALUATION ON THE OFFICE OF INSPECTOR GENERAL'S DRAFT REPORTS: "THE ESTABLISHMENT OF CHILD SUPPORT ORDERS FOR LOW INCOME NON-CUSTODIAL PARENTS" (OEI-05-99-00390) AND "STATE POLICIES USED TO ESTABLISH CHILD SUPPORT ORDERS FOR LOW INCOME NON-CUSTODIAL PARENTS" (OEI-05-99-00391)

The Office of the Assistant Secretary for Planning and Evaluation is pleased to review the two draft reports issued by the OIG on the establishment of orders for low-income non-custodial parents. Based on the evidence provided in these reports and on the growing body of research on non-resident fathers and their contributions to family and child well-being, we would agree with the conclusion of the OIG report that additional systematic experimentation on how best to set realistic child support obligations and provide employment support for low-income non-resident parents is warranted.

The studies findings on retroactive support, income imputation and minimum orders are consistent with other research that finds that for low-income fathers there is often an unrealistic fit between the size of the child support obligation and ability to pay. Some examples of these research findings are: when support is paid low-income fathers actually pay a higher proportion of their gross income in support than do higher income fathers (Sorensen and Wheaton, 2000); low-income fathers often have substantial child support arrearages relative to income (findings from the Parents' Fair Share Demonstration); and that linkages to the labor force are often tenuous due to low skills and education, criminal justice system involvement, and health care and treatment needs (Parents' Fair Share and Edin, Lein and Nelson, 1998). These finding support the OIG concern that increased use of enforcement tools will do little to generate payments from obligors who do not have the income to pay the support they owe.

HHS efforts are currently underway in ACF and elsewhere to identify more effective ways of providing parenting and employment support for low-income non-resident parents through Office of Child Support Enforcement demonstrations, such as the Responsible Fatherhood demonstration projects and the Partners for Fragile Family demonstration waiver projects, through efforts to encourage States to use TANF funds to fund responsible fatherhood projects that promote work and improved parenting, through increased efforts on promoting father involvement in Head Start and Early Head Start, and through various projects in the Office of Community Services to improve employment opportunities for low-income fathers. Additional interdepartmental efforts are also underway between HHS and the Department of Labor through the Welfare-to Work program and development of the Work Force Investment Act One Stop Employment Centers, the Department of Education in collaborative efforts to improve fathers involvement in children's education and with the Department of Justice to identify the effects of incarceration on child support payments and on the outcomes of other HHS programs servicing poor children and families. These efforts would all be strengthened by specific efforts to ensure the establishment of child support obligations consistent with the non-custodial parent's ability to pay. We would be happy to work with the Administration of Children and Families to develop and enhance appropriate child support components in all the Department's fatherhood activities.

End-Notes

1. “Low-Income Noncustodial Fathers: Who are They and What are States Doing to Assist Them in Their Efforts to Pay Child Support”, Elaine Sorenson, The Urban Institute, January, 1997. And “Broke But Not Deadbeat, Reconnecting Low-Income Fathers and Children”, Dana Reichert, the National Conference of State Legislatures, July 1999
2. “Income and Demographic Characteristics of Nonresident Fathers in 1993”, Elaine Sorenson and Laura Wheaton, the Urban Institute, *Forthcoming Report* .
3. Ibid.
4. 22nd Annual Report to Congress, Office of Child Support Enforcement, Administration for Children and Families, U.S. Department of Health and Human Services, FY 1997.
5. “Child Support for Custodial Mothers and Fathers: 1995” Current Population Report, U.S. Census Bureau, March 1999.
6. “Child Support Enforcement: Effects of Declining Welfare Caseloads are Beginning to Emerge”, GAO/HEHS-99-105, Draft Version May 17, 1999.
7. Op. cit., “Income and Demographic Characteristics of Nonresident Fathers in 1993”.
8. Ibid.
9. Op. cit., “Broke But Not Deadbeat, Reconnecting Low-Income Fathers and Children”.
10. *Fathers Under Fire: The Revolution in Child Support Enforcement*, Edited by Irv Garfinkel, Sara McLanahan, Daniel R. Meyer, and Judith A. Selzer, Russel Sage Foundation, New York, 1998.
11. *Fathers’ Fair Share*, A Manpower Demonstration Research Corporation Study, Russell Sage Foundation, New York, 1999.
12. “Building Opportunities, Enforcing Obligations: Implementation and Interim Impacts of Parents’ Fair Share.” Manpower Demonstration Research Corporation. NY, NY, 1998.