

CHILD SUPPORT ENFORCEMENT
COLLECTIONS ON AFDC CASES
-ARREARAGES-



OFFICE OF INSPECTOR GENERAL

OFFICE OF ANALYSIS AND INSPECTIONS

SEPTEMBER 1987

Office of Inspector General

The mission of the Office of Inspector General (OIG) is to promote the efficiency, effectiveness and integrity of programs in the United States Department of Health and Human Services (HHS). It does this by developing methods to detect and prevent fraud, waste and abuse. Created by statute in 1976, the Inspector General keeps both the Secretary and the Congress fully and currently informed about programs or management problems and recommends corrective action. The OIG performs its mission by conducting audits, investigations and inspections with approximately 1,200 staff strategically located around the country.

Office of Analysis and Inspection

This report is produced by the Office of Analysis and Inspections (OAI), one of the three major offices within the OIG. The other two are the Office of Audit and the Office of Investigations. OAI conducts inspections which are typically short-term studies designed to determine program effectiveness, efficiency and vulnerability to fraud or abuse.

This Report

Entitled "Child Support Enforcement Collections on AFDC Cases - Arrearages", this study was conducted to provide the Office of Child Support Enforcement with an analysis of cases that are in arrears and to suggest a systematic approach to reviewing these cases.

The report was prepared by the Regional Inspector General, Office of Analysis and Inspections, Region V. Participating in this project were the following people:

William C. Moran
Joseph L. Penkrot
Patricia Jackson
Phillip M. Onofrio
Suzanne Johnson

Scott Patterson, Headquarters
Joyce Greenleaf, Boston

CHILD SUPPORT ENFORCEMENT
COLLECTIONS ON AFDC CASES
-ARREARAGES-

RICHARD P. KUSSEROW
INSPECTOR GENERAL

SEPTEMBER 1987

OAI-05-87-00034

EXECUTIVE SUMMARY

PURPOSE: In 1983, nearly \$3 billion in child support obligations were not paid. One-fourth of the absent parents owing child support contributed less than the full payment due. Another one-fourth of the absent parents paid nothing of the court ordered support for their children.

Child support collections for children receiving Aid to Families with Dependent Children (AFDC) have increased by more than 50 percent in the last 5 years, and now exceed \$1 billion annually. Despite these increases, only 11 percent of the AFDC absent parents paid any court ordered child support for their children in fiscal year (FY) 1985. This is an increase of .3 percent since 1981. Only 7.3 percent of AFDC payments were recovered by child support payments.

The Office of Inspector General (OIG) conducted this inspection to examine ways to increase child support collections on AFDC cases. This particular study intended to: (1) show to what extent absent parents with child support arrearages could afford to make payments; (2) determine if a systematic method of identifying the obligors with the ability to pay could be used; and, (3) cite the best practices used by State Child Support Enforcement (CSE) agencies (called IV-D agencies), or other collecting bodies that would reduce the numbers of cases in arrears.

This inspection report is the last in a series of four reports that deals with increasing child support payments for AFDC cases. The other three reports provide an overview of CSE, examine cases that did not produce a child support court order, and address the modification of court orders for child support.

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

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

The Child Support Enforcement Amendments of 1984, Public Law (P.L.) 98-378, required States to have a wide range of collection tools available to them. States were obligated to use proven enforcement techniques. Principal among these reforms was the mandate to begin withholding child support payments from wages whenever the support was more than 1 month in arrears.

MAJOR FINDINGS: With the exception of full collection by the Internal Revenue Service (IRS) and the offset of income tax refunds, most IV-D agencies do not systematically pursue child support arrearages. The approaches to collecting arrearages vary by State. Efforts at recovering overdue obligations are fragmented and inconsistent.

- o The enforcement of child support court orders is not always the purview of the IV-D agency. In many States, this authority may belong to the court, the sheriff, the prosecutor, or other entity. Many IV-D agencies consider their job completed when the support order is established.
- o Past due child support is frequently waived in order to guarantee current, regular payments. In many cases, no action is taken on arrearages until substantial amounts are due. At that time, the collecting entity may settle for less than the full amount owed.
- o The OIG reviewed 3,157 AFDC arrearage cases in 10 States. A match of the absent parent's known Social Security number (SSN) was made with the Social Security Administration's (SSA) Earnings Reference File (ERF). The results showed, in part:
 - Seventy-seven and a half percent of the absent parents with AFDC child support arrearages were employed in 1985.
 - Eight hundred and forty-eight absent parents (26.86 percent) earned at least \$10,000 in 1985, averaging \$17,335. These absent parents owe an average of \$5,040 in AFDC child support.
 - Fifty-eight absent parents in arrears earned in excess of \$30,000 in 1985; 6 of these over \$50,000; 38 owe more than a year of AFDC support payments.
 - Three absent parents with AFDC dependents who earned more than \$40,000 in 1985 owe \$13,000, \$18,000 and \$21,000 respectively.
- o Child support AFDC collections could be increased by more than \$225 million if arrearages were collected from absent parents earning more than \$10,000 annually. The Federal

share of these savings would be \$73.4 million.

o In July 1987, Wisconsin will require immediate wage withholding for child support on all new orders. This feature will guarantee prompt payment of support, and eliminate the accumulation of arrearages as long as the absent parent is employed. Other States are considering a similar requirement, and there has been Federal legislation introduced to accomplish this offset.

o Most child support payments are made on a monthly basis, requiring manual postings. Checks must be cleared and deposited. If a check is returned for insufficient funds, the child support payment record must then be updated, and an arrearage computed.

Some Federal agencies are considering accepting credit card payment for taxes and loans. Automatic charges to an absent parent's credit card, or automatic withdrawal from a bank account would provide regular, timely support payments.

RECOMMENDATIONS: The OCSE and the IV-D agencies should take an active role in identifying arrearage cases where the absent parent has the ability to make current child support payments, and to pay overdue arrearages.

o States should be required annually to match the SSN's of absent parents with arrears against SSA's earnings records. At a minimum, IV-D agencies should initiate wage withholding and arrearage recovery from those parents who earned at least \$10,000 in the prior year.

o The OCSE should consider supporting proposed State and Federal legislation aimed at requiring immediate wage withholding for child support payments. Elimination of arrearages would have a major impact on IV-D collections.

o The OCSE should encourage IV-D agencies to accept child support payment by credit cards. Any fee charged by the card issuing agency would be minuscule in exchange for the regular, timely payment that would ensue. Tracking the absent parent when he/she moved or changed jobs would no longer present a major problem to the IV-D agency.

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

Table of Contents

	Page
Executive Summary	i
I. Introduction	1
Purpose and Objectives	1
Methodology	1
II. Background	2
Federal Child Support Legislation	2
Available Enforcement Measures	3
Discharge of Arrearages	4
III. Findings	6
IV-D Agencies and Arrearages	6
Review of Arrearage Cases	7
Interstate Cases	9
Other Collection Techniques	9
Modifications and Arrearage Collections	9
IV. Recommendations	10
V. Appendices	13
Appendix A	
Appendix B	

I. INTRODUCTION

Purpose and Objectives

This inspection examined ways to increase child support collections on AFDC cases. This inspection report is the last in a series of four that deals with methods that are in place, or that could be used to provide more support payments for AFDC children. This study focused on those cases where the absent parent was at least 1 month in arrears on child support payments.

Specifically, we wanted to find: (1) if absent parents with arrearages could afford to make their child support payments; (2) if a method could be developed to identify employed absent parents capable of making regular payments; and (3) if any "best practices" were being used by IV-D agencies that might reduce the outstanding arrearages, or prevent their occurrence.

Methodology

- o This inspection was requested by FSA. In selecting States, consideration was given to States exceeding the national averages in terms of recovering AFDC costs from child support payments, the percentages of cases generating payments on AFDC cases, and in the number of AFDC cases in the CSE work load. Nine States were excluded from consideration since they are participants in another ongoing inspection of CSE activity. Two States (Texas and Wisconsin) were included at the request of FSA.
- o Ten IV-D agencies in different States were visited. Three thousand, one hundred and fifty-seven CSE cases that had AFDC involvement were reviewed. In each case reviewed, an arrearage was due. Appendix A contains further explanation regarding these data.
- o A statistical sampling technique could not be used due to the dissimilarity of data available. The projections in this report are derived from the data collected at these sites. Our projections are based on the premise that these IV-D agencies represent typical IV-D agencies.
- o Interviews were conducted with the local directors of these IV-D agencies as well as with case investigators. State directors in the visited States were contacted. The process of collecting support amounts and arrearages was featured in these discussions.
- o Telephone discussions and selected visits were conducted with individuals knowledgeable about child support enforcement issues. These included sociologists, authors, prosecutors, attorneys and representatives of child support advocacy groups, such as the Association for Children for

Enforcement of Support, Parents Without Partners, and
Fathers for Equal Rights of America.

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

II. BACKGROUND

Federal Child Support Legislation

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

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

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

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

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

The 1984 amendments required sweeping changes for many States, with special emphasis given to enforcement of existing support orders. States were required to enact legislation to: (1) mandate income withholding procedures for absent parents in arrears; (2) develop an expedited process for enforcing support orders; (3) intercept State income tax refunds to satisfy arrearages; (4) impose liens against the real and personal property of obligors; (5) obtain security or bonds to assure the compliance of absent parents; and, (6) report delinquent obligors to credit bureaus.

These amendments also required States to adopt expedited processes for establishing support orders, and to allow paternity to be proved up to the child's 18th birthday. Among other features, the law also provides that each State take financial credit for resolving interstate cases.

Available Enforcement Measures

The 1984 amendments incorporated into law most of the successful practices used by States to enforce child support obligations. Some of the more common methods used by IV-D agencies to secure compliance with court orders follow.

- o Wage withholding provides for guaranteed child support payments while the absent parent is employed. The employer withholds a portion of the absent parent's wages in a manner akin to any other payroll deduction. This collection method extends into the future, and can also be used to collect arrears in regular installments.

Automatic wage withholding will be triggered by the absent parent falling a month behind in child support payments. This expedited offset process will occur in most States after a warning has been issued to the absent parent.

The absent parent may appeal the withholding of wages only if there is a mistake in identity, the arrearages owed, or the current amount of support due. Up to 65 percent of the absent parent's wages may be withheld to satisfy support obligations and arrearages.

The employer is entitled to a fee for deducting the child support from wages. Employers are required to notify the court or collecting agency whenever the absent parent leaves their employ.

- o The IV-D or other support collection agencies may impose a lien against the real or personal property of the absent parent. The absent parent's possession of that property (e.g. house, automobile) remains intact, but legal transfer of the property cannot be accomplished until the lien is satisfied. When the IV-D agency attaches a lien to the absent parent's house, for example, the house cannot be sold, or borrowed against, until the arrearages due for child support are paid. The lien may grow automatically as arrearages increase. It may remain intact indefinitely, as long as it is renewed by the collecting agency.
- o Garnishment of wages is being replaced by wage withholding processes. However, garnishing of bank accounts can be used to recover arrearages. The OCSE developed a system to locate absent parents and their assets by using tax form 1099, by which banks report interest earned by individuals.

Federal employees and individuals receiving workers' compensation benefits are subject to garnishments.

- o Absent parents may be cited for civil contempt by the court that issued the child support order. A warrant may be issued directing the arrest of the absent parent. The

absent parent may be jailed or fined for non-payment of their child support obligations.

Some jurisdictions use a "Father's Day roundup" or a "Most Wanted List" to identify and arrest absent parents who are considerably in arrears. Bench warrants may be tracked with the Department of Motor Vehicles. Any absent parent with arrearages stopped for a traffic violation could be arrested.

- o Criminal contempt charges may be brought against an absent parent who intentionally makes himself or herself unable to pay their child support.
- o The interception of Federal tax refunds is used whenever an absent parent owes at least \$150 for support of their AFDC child, and is at least 3 months delinquent. Each State IV-D agency annually provides OCSE a magnetic tape listing cases for possible tax refund interception. The OCSE forwards the tape to IRS, and the absent parent is notified. The IRS will offset any refund due by the arrearages outstanding.

State tax refund intercepts are accomplished in a like fashion.

- o A State may request that IRS attempt full collection of child support arrearages. The arrears must be at least \$750. The State must have attempted to collect this support.

The IRS attempts to collect the arrearages like any other delinquent tax. The State pays IRS for this service.

- o An absent parent may be required to post bond or provide other security to guarantee payment of child support. Most bonding companies historically have not provided bonds to insure compliance with child support orders. If an absent parent signs over property to a court and does not comply with the terms of the court order, the court can dispose of that property, and apply the proceeds to the child support owed.
- o Reports to consumer reporting agencies are to be made by the IV-D agencies whenever the amount of overdue child support exceeds \$1,000. This reporting should prevent a favorable credit rating being established for absent parents in arrears.

Discharge of Arrearages

The Uniform Reciprocal Enforcement of Support Act (URESA) was adopted by the States in 1950 as a means of establishing and

enforcing a court order when the absent parent and a dependent child live in different States. In effect, a two-State legal proceeding is set up.

The URESA has been amended over time to provide for extradition, paternity establishment and enforcement of existing court orders. Not all States have ratified all of the URESA amendments. Some absent parents have taken advantage of these inconsistencies by petitioning the court in their new State of residence for a dismissal or reduction of arrearages. Frequently, these requests were granted.

The Omnibus Budget Reconciliation Act of 1986 prohibited the discharging of child support arrearages established in another State. The measure was effective upon enactment on October 21, 1986.

Child support arrearages are not considered as dischargeable debts in bankruptcy proceedings.

III. FINDINGS

IV-D Agencies and Arrearages

Some IV-D agencies do not have the systems capability to identify cases with arrearages. In some States, responsibility for collection is the purview of the court or other agency. The IV-D agencies may not maintain the data for computing arrearages when they do not control collection activities. One IV-D agency does not enter a case into their tracking system until the first support payment is made. With this IV-D agency, an absent parent who never makes a payment could not be identified as being in arrears. That absent parent would not face the prospective of tax refund offset or any enforcement activity.

The IV-D agencies do not systematically identify the employers of those absent parents with child support arrearages. Aside from IRS offset, which accounted for nearly 10 percent of all child support collected in 1985, and States using IRS full collections of arrearages, there was little or no enforcement activity to recover arrearages and institute wage withholding. Many investigators felt the case was closed when the support order was established. This attitude was caused by the lack of time available to pursue arrearages, or because the collection authority belonged to another agency.

The updating and calculation of arrears is often a manual process. The arrearages are time-consuming to compute, and are frequently inaccurate. In many cases, no action is taken by the IV-D agency until thousands of dollars in arrears accumulate. Child support advocacy groups report frustration in trying to determine the exact amount of child support due. This frustration and the need for any support leads many custodial parents to settle for 10 cents on the dollar, or less in large arrears cases.

Wage withholding from the onset of the court order prevents arrearages being created as long as the absent parent is employed. However, the procedures for wage assignment are seen by IV-D-investigators as being too complex and cumbersome. Wisconsin has enacted legislation requiring all new child support court orders to include automatic wage withholding. There is other pending State and Federal legislation that would require immediate wage withholding on new support orders.

Other enforcement techniques are attempted sporadically. Amnesties, special enforcement hearings, and the "roundups" of absent parents in arrears serve to call attention to the plight of the children needing this support. Some arrears are collected, and current support payments are begun on some cases.

Review of Arrearage Cases

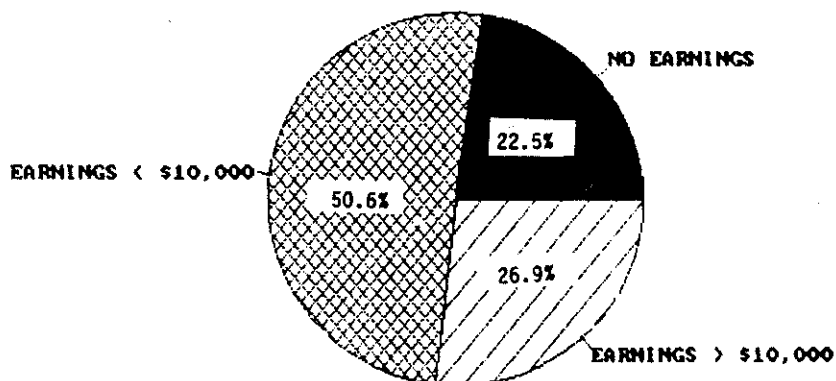
A case study was made of 3,157 AFDC cases where child support payments were in arrears. Both current and closed AFDC cases were included. A statistical sampling approach to this problem could not be used because of the unavailability or noncomparability of data for CSE cases.

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

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

Eight hundred and forty-eight (26.86 percent) of the 3,157 absent parents with arrears earned over \$10,000 in 1985. An additional 1,598 (50.6 percent) had earnings in 1985 less than \$10,000. No earnings were posted to SSA records for 711 (22.5 percent) absent parents with arrears.

1985 EARNINGS FOR ABSENT PARENTS
WITH ARREARS

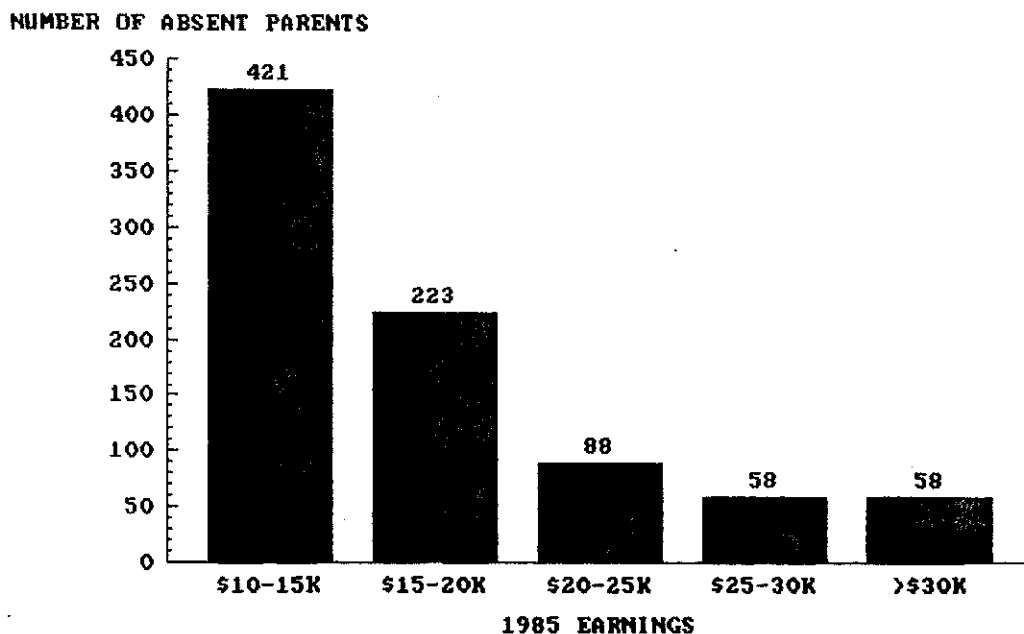


NO 1985 EARNINGS	-	711 CASES
1985 EARNINGS UNDER \$10,000	-	1598 CASES
1985 EARNINGS OVER \$10,000	-	848 CASES

The average earnings in 1985 for all employed absent parents reviewed with arrears was \$8,719. The 848 absent parents who earned over \$10,000 in 1985 averaged \$17,336 in earnings that year. These absent parents owed an average of \$5,040 in past due child support, a total of \$4.28 million.

Enforcing the established court orders for these 848 absent parents would greatly increase the amount of child support provided to their children. Establishing wage withholding on these absent parents would generate nearly \$1.5 million in regular child support payments annually.

ABSENT PARENTS WITH ARREARS
EARNING OVER \$10,000 IN 1985
(N = 848)



The ability to pay child support does not necessarily relate to the willingness to pay child support. "Child support payments are somehow seen as less important than the credit card bill. After all, the absent parent doesn't get extra time for his rent, car payment or electric bill." (Child support advocate) Three of the absent parents with AFDC child support arrearages who earned more than \$40,000 in 1985 owe \$13,000, \$18,000 and \$21,000 respectively. Thirty-eight of the fifty-eight absent parents earning more than \$30,000 in 1985 are more than a year in arrears in their support of their children.

Interstate Cases

Despite considerable OCSE activity aimed at reducing or eliminating the differences in handling child support cases between States, the enforcement of arrearages suffers when another jurisdiction assumes responsibility.

A IV-D investigator complained that several years and thousands of dollars in arrears were nullified by Nevada's 6-year statute of limitations. In another instance, Illinois refused to pursue the collection of child support arrears since the child was considered emancipated at age 18.

Other Collection Techniques

Early in 1987, IRS Commissioner Lawrence Gibbs announced that his agency is considering allowing people to pay their income taxes by credit card. Other Federal agencies are studying methods of accepting credit card payment for fees, loans and fines. Monthly charges to credit card companies for child support payments would provide regular, timely payments.

Some banking institutions will regularly deduct or forward a check from a depositor to an obligee. This method might be used by absent parents to meet their child support obligations.

We infer from the data collected in our case studies that many of the absent parents earning over \$10,000 annually would have bank accounts and/or credit cards.

Modifications and Arrearage Collections

The New Jersey IV-D agency has begun a systematic review of AFDC child support court orders. Current salary figures were obtained from the known employers of the absent parent. In addition to increasing the amount of the court order, 63 percent of the absent parents are now making full and regular payments. More than 26 percent of the AFDC cases were closed as a result of the modified order. No payments had been made in 10.5 percent of the cases. New Jersey is following the 1984 amendments' requirement and is initiating wage withholding in these cases.

IV. RECOMMENDATIONS

- o The OCSE should require States annually to match the absent parent's SSN against SSA earnings records for all cases where the absent parent is at least 1 month behind in child support payments. A magnetic tape could be prepared and certified by the State in the manner in which tax intercepts are processed. Given to SSA in June of each year, the tape would generate all prior year earnings posted and the employers for those absent parents. At a minimum, IV-D agencies should initiate collection of arrears and wage withholding for all cases where the absent parent has earned at least \$10,000. This method will provide States with all of the employers and their locations, as well as all earnings posted to the absent parent's earnings record.

This approach should be taken after the results of the income tax refund offset have been received. Absent parents whose arrears have been satisfied by IRS or a State taxing agency should not be included for submission.

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

We conservatively estimate that collections of child support orders on AFDC cases would be increased by \$225,292,896. The Federal share of these collections would be at least \$73,400,425. Appendix A explains how these savings were computed.

- o The OCSE should consider supporting proposed Federal and State legislation requiring wage withholding at the time that child support is established or modified. Nearly \$3 billion in child support annually goes uncollected. Considerable improvements in collecting timely, regular payments would occur if support payments were automatically deducted from the absent parent's wages. Wisconsin's requiring immediate wage withholding on all new court orders is a best practice. Over time, the automatic withholding of child support will obviate much of the need for the systematic review of arrearage cases, since fewer arrearages would be incurred.
- o The OCSE should encourage IV-D agencies to accept credit card or other automatic bank payment for child support. Widespread use of these measures would guarantee current payment of child support. A change in the absent parent's employment would not necessarily affect regular payment. As long as the absent parent maintained the credit card or bank account, a move to another address would not delay the

current child support payments. These financial entities would be required, as employers withholding wages for child support are now required, to report the closing of the account and any changes that might affect payments to the IV-D agency.

V. APPENDICES

APPENDIX A

METHODOLOGY FOR SUPPORT ORDER ESTIMATES AND FEDERAL SAVINGS

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

Cases with AFDC child support arrearages were reviewed in 10 IV-D offices. The offices visited were: Maricopa County, Arizona; Adams County, Colorado; Hartford, Connecticut; Hillsborough County, Florida; Topeka, Kansas; Prince Georges County, Maryland; Suffolk County, New York; San Antonio, Texas; Tacoma, Washington; and, Dane County, Wisconsin.

We extracted data only from AFDC cases where an SSN for the absent parent was in the file.

- o A case study was made of 3,157 IV-D cases where arrears exist. A statistical sampling technique could not be used because of the dissimilarity of data available. All savings projected are based on the following conditions being true.
- o We based the estimate for collecting arrears only for those absent parents who earned over \$10,000 in 1985.
- o The percentage of the States AFDC IV-D work load in the offices visited was multiplied by the percentage of the national AFDC IV-D work load to determine the percentage of national work load in each office. These were added to derive the national percentage of cases these offices represent.

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

STATE	% OF NATIONAL * IV-D AFDC WORK LOAD	OFFICE	% OF STATE ** IV-D AFDC WORK LOAD	NATIONAL % OF AFDC IV-D WORK LOAD
Arizona	.7	Maracopa	8.0	.00056
Colorado	1.5	Adams	26.0	.0039
Connecticut	.9	Hartford	17.5	.001575
Florida	4.1	Hillsborough	10.0	.0041
Kansas	1.5	Topeka	7.6	.00114
Maryland	3.0	Prince Georges	11.74	.003522
New York	8.2	Suffolk	6.73	.0055186
Texas	2.4	San Antonio	10.08	.00242
Washington	.9	Tacoma	18.0	.00162
Wisconsin	1.8	Dane	6.0	.00108
TOTAL				.0254356

* Source: OCSE

**Source: State IV-D Director

- o Eight hundred and forty-eight absent parents (with arrears of \$4,274,326) earned in excess of \$10,000 in 1985. They are liable for child support of \$1,456,134 in a year. Dividing this combined total by the national percentage of the cases represented by this study yields \$225,292,896 nationally in child support payments in a year.

$$\frac{\$5,730,460}{.0254356} = \$225,292,892$$

- o The Federal share was computed by multiplying this annual total by the Federal share of the FY 1985 AFDC collections:

$$\$225,292,896 \times .3258 = \$73,400,425$$

- o Although support collections and wages withholdings will not be accomplished for all cases, these estimates are likely to be understated for several reasons:
 - The IV-D offices had great difficulty in identifying cases. It is impossible to isolate this universe of cases, so a true statistical sampling could not take place. We proceeded on the assumption that the 3,157 cases reviewed represent all the cases in these IV-D offices.
 - The ERF identified many absent parents who earned less than \$10,000. Arrearages will be collected from many of these absent parents as well. The arbitrary \$10,000 was used since these jobs are more likely to be long-term in nature.

- Savings were not computed for any AFDC terminations that might occur due to the receipt of child support.
- Savings also were not computed for savings on Medicaid for AFDC families whenever the absent parents' health insurance covers these individuals.
- No continued savings were estimated for children over age 18. Some States do require child support payments past that age. However, arrearages on closed AFDC cases were totalled.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of
Child Support Enforcement**Memorandum**

Refer to:

Date:

8/14/87

From:

Director
Office of Child Support Enforcement

Subject:

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

To:

Richard P. Kusserow
Inspector General

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

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

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

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

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

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

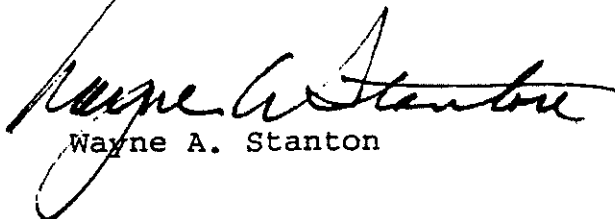
We also agree with your recommendation that IV-D agencies should accept credit cards or other automatic bank payment mechanisms. We have been encouraging an even wider array of payment options, including electronic funds transfer, where money in bank accounts can be transferred automatically as payment.

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

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

Page 3--Richard P. Kusserow

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



Wayne A. Stanton