CHILD SUPPORT ENFORCEMENT
COLLECTIONS ON AFDC CASES
-MODIFICATION OF COURT ORDERS-

OFFICE OF INSPECTOR GENERAL

OFFICE OF ANALYSIS AND INSPECTIONS

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Office of Inspector General

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This Report

Entitled "Child Support Enforcement Collections on AFDC Cases - Modification of Court Orders", this study was conducted to provide the Office of Child Support Enforcement with an analysis of cases where a low child support court orders, in place, and to suggest a systematic approach to reviewing these cases.

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RICHARD P. KUSSEROW
INSPECTOR GENERAL

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EXECUTIVE SUMMARY

PURPOSE: The prospect of long-term poverty for children in single parent families is increased by the establishment of child support orders at low levels. Estimates indicate that child support payments could be increased by more than $15 billion annually if payments were based on realistic support guidelines. Nearly all children receiving Aid to Families with Dependent Children (AFDC) payments live in single parent families. The absent parent has a financial responsibility to provide support for AFDC children. The support obligations are determined, in part, by the resources available to him.

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 determine: (1) if States were attempting to modify support orders established at low amounts; (2) to what extent the absent AFDC parents, with low support orders, now have the ability to pay a more significant portion of their children's expenses; and, (3) if there was a systematic way to identify cases suitable for modification of court orders.

This inspection report is the third in a series of four reports that deals with increasing child support payments for AFDC cases. The other three inspections provide an overview of child support enforcement (CSE), examine cases not pursued by child support enforcement agencies (called IV-D agencies), and deal with the collection of child support payment arrearages.

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 amount of the support order is usually reflective of the absent parent's financial status. The higher the salary, the higher the support order will be. If the court ordered a support level high enough, AFDC payments could be terminated.

However, judicial discretion of support amounts meant that there was no formula to determine what payment by the absent parent would be reasonable. Child support could be negotiable, and was frequently lowered in exchange for property or other consideration. There was no uniformity from State to State, county to county, judge to judge.

Several States, notably Wisconsin and Delaware, developed formulas for setting child support payments designed to eliminate the inequities in support amounts. Congress has required all States to develop child support guidelines by October 1, 1987. These guidelines are not mandatory.

One State, Minnesota, includes cost of living increases in all new child support agreements.

Many support agreements are determined at a time when the absent parent may be young and unemployed, or working at a low paying job, or in debt. As a result, support amounts may be set at a low level. Over time, these conditions may no longer exist, and the absent parent's financial status will have changed. At that point, the support order does not correspond with the ability to pay support, and has not kept pace with inflation. The support order can be modified by the courts if brought to their attention. The IV-D agency must develop this information, or rely on third parties to notify them of a change in the absent parent's circumstances.

MAJOR FINDINGS: We found that most IV-D agencies are passive in initiating modifications of support orders. Substantial savings would be accomplished by a systematic approach to modifications.

- Few upward modifications of child support orders are processed. There is an absence of a systematic approach to identify cases of low support when the absent parent has the ability to significantly contribute to the child's support. In most cases, once a support level is established, it remains at that level until the child reaches majority.

- Most IV-D agencies rely on the AFDC custodial parent to initiate the request for modification of a court order. Since the States are assigned the right to receive the support payments in these cases, there is no incentive for the custodial parent to question the support level.

- The process of obtaining modifications through the judicial system is lengthy, expensive, and not always productive. This acts as a disincentive for IV-D agencies to attempt to increase low support orders.

- The OIG reviewed 2,312 AFDC cases in 11 States where

the cases were at least 2 years old. The monthly support payment in these cases was $50 or less per child. A match of the absent parents' known Social Security numbers (SSN) was made with the Social Security Administration's (SSA) Earnings Reference File (ERF). The results showed, in part:

- Seven hundred and five absent parents (30 percent) earned at least $10,000 in 1985, averaging $17,479. These 705 absent parents have support obligations averaging less than $1 per day for each of their children. Based on their incomes, these absent parents should be providing their children more than 10 times that amount of support.

- Forty-seven absent parents earned more than $30,000 in 1985. Five earned more than $50,000.

- One hundred and fifteen absent parents (5 percent) earning at least $10,000 in 1985 had monthly support obligations of $10 or less per child.

o Child support AFDC collections could be increased by more than $80.3 million if low support orders were modified for those absent parents earning more than $10,000 annually. The Federal share of these savings would be $26.1 million.

RECOMMENDATIONS: OCSE and the IV-D agencies should actively pursue modifications of outdated court orders. This can be accomplished by the following:

o States should be required to annually match the absent parent's SSN against SSA earnings records where the monthly support order is $50 or less per child. At a minimum, IV-D agencies should pursue modifications of court orders on cases where the absent parent has earned at least $10,000 in the past year.

o The OCSE should define the IV-D agency right to pursue modification of court orders. A regulation clarifying the IV-D agency role in pursuing modifications would remove this burden from the custodial parent.

o The OCSE should urge IV-D agencies to use an expedited process for modification of court orders. This approach would speed the process and avoid delays caused by court backlogs.

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

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I. INTRODUCTION

Purpose and Objectives

This inspection examined ways to increase child support collections on AFDC cases. This 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

- 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.

- 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.

- 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.

- 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.

- 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.

- 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 Internal Revenue Service (IRS) was allowed to provide this information. It was in 1967 that each State had to set up a single unit to establish paternity and collect support on behalf of AFDC children. States were also required to reciprocate on child support cases.

In 1975, 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 Locater 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 were provided to IV-D agencies. CSE duties performed by some court personnel were also funded by this law.

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

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

Establishing Initial Support Obligations

The IV-D agency must locate the absent parent, establish paternity if in question, and obtain financial information about the absent parent. The IV-D agency must provide the court with all the factors to be considered in setting the support amount. To this end, they may request a completed financial statement or copies of tax returns from the absent parent. Statements from employers may be obtained to get a total picture of the absent parent's ability to pay.

In AFDC cases, the financial situation of the custodial parent and the needs of the children are inferred. The custodial parent assigns the right to child support to the State whenever AFDC benefits are being paid for the children.

The absent parent has the opportunity to review the information provided the court, and to disagree with the suggested support amount. They may rebut the evidence presented, or provide mitigating circumstances that might indicate that a lower court order would be more equitable.

Adequacy of Child Support Orders

Recent studies have indicated that the minimum cost of rearing one child range from $157 per month at the poverty level to $492 per month at a middle socioeconomic level. These studies show that as a child gets older, the costs of providing for that child increase.

The child support guidelines required by the 1984 amendments are not mandatory. Judges still may choose to ignore the formula-devised support amount. However, there will be more consistency in establishing initial support amounts as guidelines become accepted.

Young unmarried absent parents may have little or nothing in financial resources to provide when a support order is initially established. They may be in school, on relief, unemployed, or earning at a low level at that time. Consequently, the orders established will be low, reflecting their economic status at that time.

Divorced absent parents typically are older, and are more likely to be employed. Support orders are usually established at higher levels for these absent parents. Over time, the gap in earnings between these absent parent groups diminishes. Without a modification of the court orders, this gap is perpetuated, regardless of the absent parent earnings level or the individual needs of the children. States that determine child support levels based on formulas related to the absent parents' gross earnings, set the levels at a specific dollar level. Once set, these support orders do not fluctuate with changes in the amount of earnings, or adjust for seasonal employment. Without modifying the order, the initial child support amount is permanent.

Modifying Support Orders

A change in the level of court ordered support can occur only when one of the affected parties petitions the court to modify the support amount. The court will adjudge whether the initial order has been rendered obsolete by a change in circumstances.

The State, having been assigned the rights to child support payments on AFDC cases, can request the support order to be updated. The burden of proof is on the petitioner who is claiming the change in circumstances.

State courts may no longer lower the support levels ordered in another State.

III. Findings

IV-D Agencies and Court Order Modifications

Many IV-D agencies do not have the systems capability to identify cases by the support amount. In some States, responsibility for collection is the purview of the court or other agency. IV-D agencies may not maintain the data regarding support amounts for these cases. One IV-D agency does not enter a case into their tracking system until the first support payment is made.

Most IV-D agencies take no action to identify cases where the absent parent's income has increased substantially and a modification of the support order should be pursued. In these offices, the custodial parent must initiate the request and provide information about the absent parent's increased ability to pay. There is no incentive for an AFDC custodial parent to initiate this action, since the child support is assigned to the State.

Many modifications result from requests for downward modifications initiated by the absent parent, who may be without employment or receiving less salary than when the order was set. Until recent regulations were implemented, it was not uncommon for a State court to reduce a support order for an absent parent that was established in another State.

One State IV-D director advised that the right of their agency to attempt upward support modifications was frequently challenged in the courts. That IV-D agency has been successful in all the appeal cases to date. However, the director felt that the absence of Federal regulations for child support order modifications left the IV-D agency vulnerable to a challenge to their right to pursue support increases.

One IV-D agency visited has established a modifications unit to specialize in updating support amounts. In our review of low support order cases, we found no meaningful difference in the cases reviewed for this IV-D office compared to IV-D agencies without modifications units. Another IV-D office attempts to work modifications whenever they notice there has been no recent update of the support order. Again, this IV-D agency's cases appeared no different when compared to the other IV-D agencies visited.

One investigator advised she considered all absent parents who are current in their support payments to be candidates for modification. Most investigators stated there was no time to work modification cases.

Review of Low Support Order Cases

A case study was made of 2,312 AFDC cases where the support ordered was $50 a month per child, or less. Only current

AFDC cases that had at least 2 years of consecutive payments were examined. A statistical sampling approach to this problem could not be used because of the unavailability or noncomparability of data for CSE cases.

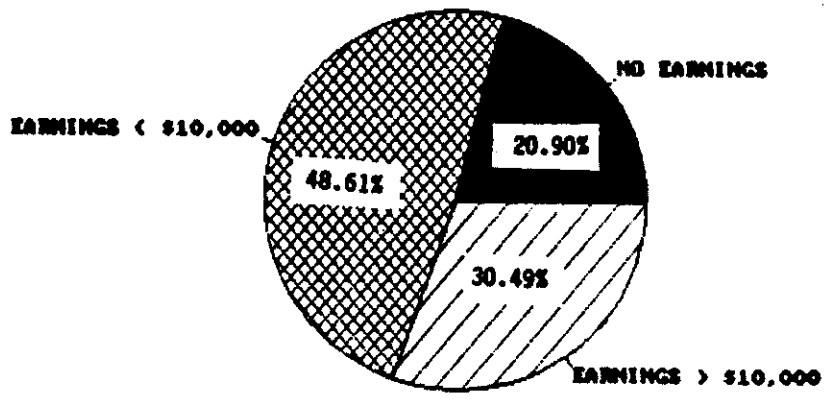
Our review of AFDC cases where the court order was $50 or less per month for a child did not involve recent (1985 or later) court orders. The low order in place presumably would have been established at a time when the absent parent's income was not substantial.

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.

Seven hundred and five (30.49 percent) of the 2,312 absent parents with low support orders earned over $10,000 in 1985. An additional 1,124 absent parents (48.61 percent) had earnings in 1985 less than $10,000. No earnings in 1985 were posted to SSA records for 483 (20.90 percent) absent parents with low support orders.

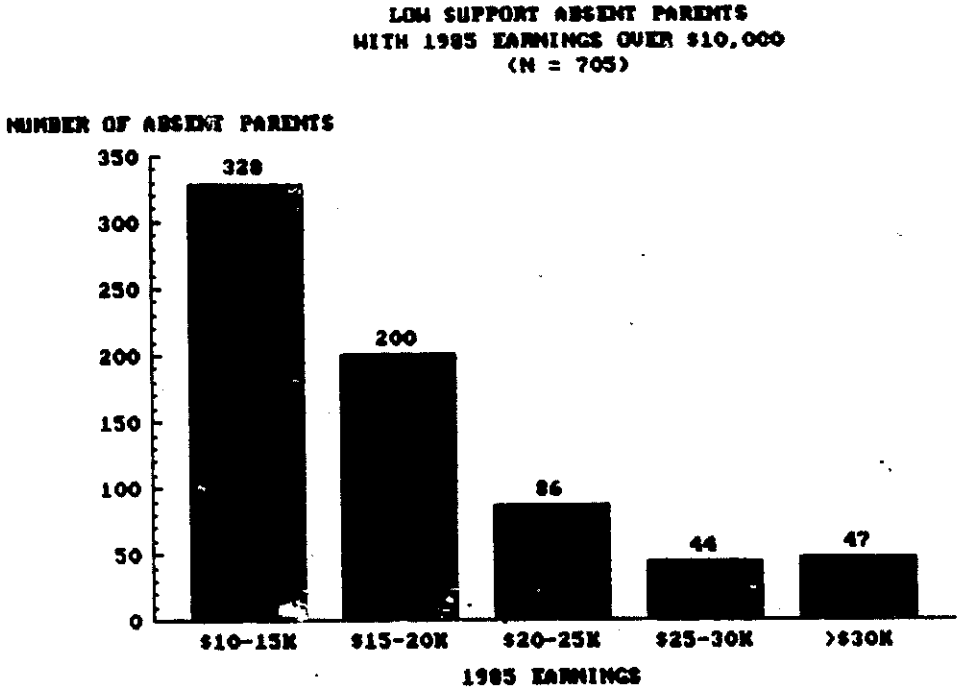
1985 EARNINGS FOR ABSENT PARENTS
WITH LOW COURT ORDERS



NO 1985 EARNINGS - 483 CASES
1985 EARNINGS UNDER $10,000 - 1124 CASES
1985 EARNINGS OVER $10,000 - 705 CASES

The average earnings in 1985 for all employed absent parents with low orders reviewed was $9,347. The 705 absent parents who earned over $10,000 in 1985 averaged $17,479 that year. The average monthly support currently due from these parents was $30.59 for each AFDC child. This support due is $367.08 annually per child, about $1 a day.

Bringing the court orders up to date for these 705 absent parents would greatly increase the amount of child support provided to their children. The support amounts established years ago bear no relation to the absent parent's current ability to pay.



The Wisconsin formula for setting child support was used to suggest appropriate support levels. For example, the monthly support level for one child based on $10,000 in annual earnings would be $141. (Appendix A explains in detail how these figures are computed.) Modifications based on the Wisconsin levels would increase the average monthly court order to $342.61 ($4,111.32 annually) for the 705 absent parents earning over $10,000. The current monthly court order for these absent parents averages $71.28 and covers 2.33 children. This is an increase of $271.34 monthly, $3,256.08 annually, or 380 percent. These absent parents currently have total annual support obligations of $.6 million for their AFDC children. Applying the Wisconsin guidelines, their projected court orders would total $2.9 million. Many of these children could rely on their parents for support rather than AFDC.

One hundred and fifteen of these absent parents earning over $10,000 have court orders requiring payments of $10 per month or less per child. One absent parent who we identified through the ERF mechanism had a $10 monthly support payment but earned over $55,000 in 1985. Two others identified through the ERF earned over $31,000 with child support obligations of $10 and $7 monthly.

There was little variation between counties in the percentage of low support order cases for absent parents earning over $10,000. The IV-D agencies that pursue modifications do not differ from those without any organized approach to updating court orders.

New Jersey IV-D Modifications

One State, New Jersey, has initiated an approach to the upward modification of court orders similar to that used in this study. They identified AFDC absent parents with known employers. The employers were contacted for current absent parents earnings data.

An expedited process was used to process the modifications. This quasi-judicial proceeding avoided a judicial hearing in most of the cases. Support levels were increased an average of 131 percent. More than one fourth of the AFDC cases were closed as a result of these modifications. Regular payments for 63 percent of the cases have been made since the modifications took place. None of these cases are in arrears. Wage withholding is being initiated on 10.5 percent of the absent parent cases where no payments have been made.

New Jersey has taken major steps to update court orders. They have provided a valuable service showing the potential savings of modifying court orders in a systematic fashion. However, this approach can be refined further by providing current employer identification and location for all absent parents. The use of the ERF would eliminate the manual search for data, and would expand the universe of absent parents to be considered for support order modifications.

IV. RECOMMENDATIONS

- The OCSE should require States annually to match the absent parent's SSN against SSA's earnings records for all cases where the current support order is $50 or less per child. 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 upward modifications 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 insure that fair support amounts will be established and that absent parents assume more of their responsibilities in contributing to the support of their children. There will continue to be low support orders established using the guidelines for child support. Orders will be set for absent parents in school, unemployed, or earning the minimum wage. As these individuals graduate, find employment and advance, their earnings will increase. Their share of child support contributions should increase commensurately.

  These methods would be advantageous to all States contacted, including New Jersey, which has developed a successful, innovative approach to modifications. There would be no need to comb files to determine who the absent parent's employer was, or to find if this information is still accurate. There would be no need to subpoena employers for earnings information. Data would be provided for newer employers, including those out of State. Also, those absent parents without any prior employer information in file would now be included.

  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 child support orders on AFDC cases would be increased by $80,382,038 annually by using this method. The Federal share of these collections would be at least $26,188,468. Appendix A explains how these savings are computed.

- The OCSE should issue regulations addressing the legitimacy of IV-D agencies to pursue court order modifications on IV-D cases. A clarification of the rights of the State to pursue modifications, as the assignee to child support, is necessary. The OCSE should also define what consitutes a change in the financial status of the absent parent that would justify an upward modification.

  The burden of applying for a modification should not be left to the AFDC custodial parent to initiate. There may be no advantage for this person to pursue a modification since the State receives the child support for AFDC children.

- The OCSE should urge IV-D agencies to use an expedited process to handle modifications of court orders. The New Jersey system uses this administrative handling to avoid court backlogs, and reduce legal expenses. One IV-D director justified not pursuing modifications since they were "too time consuming, too expensive, and too much effort. And, in the end, an increase may not be awarded." New Jersey's experience indicates that modifications can be pursued quickly, at reasonable expense, and justify the efforts expended.

V. APPENDICES

APPENDIX A

METHODOLOGY FOR SUPPORT ORDER ESTIMATES AND FEDERAL SAVINGS

- 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 low support orders were reviewed in 11 IV-D offices. The offices visited were: Maracopa County, Arizona; Adams County, Colorado; Hartford, Connecticut; Hillsborough County, Florida; Topeka, Kansas; Prince Georges County, Maryland; Suffolk County, New York; San Antonio, Texas; Tacoma, Washington; Dane County, Wisconsin; and, Hennepin County, Minnesota.

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

- A case study was made of 2,312 IV-D cases where a child support order was in place for children receiving AFDC benefits. These orders required a monthly child support payment of $50 or less per child. 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.

- We based the estimate for modifying court orders only for those absent parents who earned over $10,000 in 1985. The Wisconsin standard for deriving child support levels was used. The percentages of the absent parents' income were used:

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

- 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
Minnesota	1.2	Hennepin	26.01	.0031217
Texas	2.4	San Antonio	10.08	.00242
Washington	.9	Tacoma	18.0	.00162
Wisconsin	1.8	Dane	6.0	.00108
TOTAL				.0285573

* Source: OCSE
**Source: State IV-D Director

- Seven hundred and five absent parents earned in excess of $10,000 in 1985, and would be liable for child support of $2,898,479 in a year. We subtracted their current obligations ($602,985.48) for a total increase of $2,295,494. Dividing this by the total national percentage of the cases represented by this study yields $80,383,038.92 nationally in child support payments in a year.

$$\frac{\$2,295,494}{.0285573} = \$80,382,038.92$$

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

$$\$80,382,038 \times .3258 = \$26,188,468.28$$

- Although support order modifications will not be established for all cases, these estimates are likely to be understated for several reasons:

  - The IV-D offices had 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 2,312 cases reviewed represent all the cases in these 11 IV-D offices.

  - The ERF identified many absent parents who earned less than $10,000. Court orders can be increased for many of these absent parents as well. The arbitrary $10,000 was used since these jobs are more likely to be long-term in nature.

- The method can be used for absent parents with higher support levels as well.

- The Wisconsin formula for determining support is considered conservative by many States. It was chosen for ease in computing estimated support amounts.

- 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 savings were estimated for children over age 18. Some States do require child support payments past that age.

- Arrearages due from absent parents with low court orders were not included in the savings computed.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of
Child Support Enforcement

Refer to:

Memorandum

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.

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