



JUL 2 1997

**Memorandum**

Date

for *Michael Mangano*  
June Gibbs Brown  
Inspector General

Subject Review of States' License Suspension Processes (CIN: A-01-96-02502)

To

Olivia A. Golden  
Principal Deputy Assistant Secretary  
for Children and Families

The attached final report presents the results of our audit, "Review of States' License Suspension Processes." The objective of our review was to evaluate the effectiveness of States' license suspension processes. Specifically, we determined whether the administrative process was more effective than the judicial process.

We reviewed the license suspension programs and results in eight States from inception through March 1996. The review was conducted as a cooperative effort with audit staff of the Office of Child Support Enforcement, Administration for Children and Families (ACF). We found that the Department and ACF has been aware of the importance of license suspension programs and proactive in advocating license suspension as an enforcement tool. Although we were not able to obtain conclusive evidence from all eight States reviewed, the administrative process generally targeted more cases, had more collections, and took less time to suspend a license.

We also identified the following notable practices that enhanced the programs we reviewed: (1) targeting cases on a periodic basis, (2) using specific computer fields to tract related information, (3) using automated follow-up procedures, (4) having a common identifier to match IV-D with other State records, and (5) using license suspension when deemed necessary instead of using it as a last resort. Recognizing that Federal laws are silent regarding the operations for license suspension, we encouraged ACF to disseminate our results to the States. The ACF agreed with the points made in our report, and their complete response is included as Appendix IV to the report.

Page 2 - Olivia A. Golden

Please provide us with the status of any further action taken or contemplated, within the next 60 days. If you or your staff wish to further discuss the issues raised by our final report, please call me or have your staff contact John A. Ferris, Assistant Inspector General for Administrations of Children, Family, and Aging Audits, at (202) 619-1175. To facilitate identification, please refer to Common Identification Number A-01-96-02502 in all correspondence relating to this report.

Attachment

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**REVIEW OF STATES' LICENSE  
SUSPENSION PROCESSES**



**JUNE GIBBS BROWN  
Inspector General**

**JULY 1997  
A-01-96-02502**

## **EXECUTIVE SUMMARY**

### **BACKGROUND**

In response to the need for securing better methods of collecting child support from delinquent noncustodial parents (NCPs), some States, prior to Federal requirements, passed bills that provided for the suspension of drivers', occupational, and professional licenses. Federal requirements for States to enact license suspension legislation were contained as part of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. Under PRWORA, States have a great deal of flexibility in implementing license suspension programs. States with license suspension programs have enacted either an administrative, judicial, or a combination of both processes. The administrative process, in general, provides the IV-D agency with the direct authority to identify and suspend a NCP's license. The judicial process limits the authorization to suspend a license to a judge.

### **OBJECTIVE**

To evaluate the effectiveness of States' license suspension processes. Specifically, we determined whether the administrative process was more effective than the judicial process.

### **SUMMARY**

The initial two States we reviewed, Maine and Vermont, clearly manifested a contrast in the administrative versus the judicial process. The administrative process resulted in more collections and less time to suspend a license. In our subsequent review of six additional States, we also found that the administrative process generally showed more favorable results. However, the contrast was not as conclusive because information on the use of license suspension and resulting collections was not always complete or available. We did find that the Administration for Children and Families (ACF) had taken an active role in advocating license suspension and reporting State results.

### **THE ROLE OF ACF AND THE DEPARTMENT**

The ACF and the Department have been proactive in advocating license suspension as an enforcement tool. Examples include: (1) the Department issuing a press release of the accomplishments of 19 States; (2) maintaining an informational page on license suspension on the Internet; and (3) the Department and ACF encouraging Congress to include a license suspension provision in the PRWORA of 1996. Information lending to an evaluation of whether the administrative or judicial process was more effective and produced better results was limited.

## **THE ADMINISTRATIVE VERSUS THE JUDICIAL PROCESS**

While welfare reform has mandated that States enact legislation for license suspension, States still have the option of selecting and developing their own methods of using it as an enforcement tool. Our review disclosed that the more successful license suspension programs we reviewed provided the IV-D agency with the administrative authority to suspend licenses. State IV-D officials from Maine, Florida, and California stated, in general, that having the direct authority to administratively suspend licenses would be more effective and expedient since it would allow them to bypass the court system thereby saving time and resources.

### **Comparison of Maine's Administrative Process and Vermont's Judicial Process**

Our review disclosed differences in the administrative process used by Maine to suspend drivers', occupational, and professional licenses, and the judicial process used by Vermont to suspend drivers' licenses. For example, during the first 9 months of the program:

- Maine targeted 17,069 (100 percent) of its eligible drivers, occupational and professional licenses, and collected \$9.7 million in overdue child support from 9,057 of these cases. Maine officials attribute these collections to the threat of a single agency that can attack on a broad front. Conversely, Vermont targeted 8 of 4,296 drivers' licenses and collected \$5,757 from two of these cases.
- Maine took an average of 97 days to suspend 101 drivers' licenses, and 116 days to suspend 12 occupational and professional licenses. The three drivers' licenses judicially suspended by Vermont took 453, 395, and 264 days.

### **Florida's Experience Under Both Processes**

Florida officials believed that changing from a judicial to an administrative process to suspend drivers' licenses would improve the collections of overdue child support by allowing the State to target significantly more delinquent NCPs. Our review of the Tampa region disclosed that the IV-D agency targeted 149 drivers' licenses under the judicial process from January 1994 through June 1995, and 512 under the administrative process from July 1995 through March 1996. We also found that this region took an average of 227 days to suspend a license under the judicial process and an average of 36 days under the administrative process.

### **Processes Used by the Other Five States**

The limited information we obtained from the administrative processes used by California, Oregon, and Virginia compared with the judicial processes used by Arizona and Pennsylvania disclosed that the administrative States generally had better results.

## CONCLUSION

We found that ACF has been aware of the importance of license suspension programs and proactive in advocating license suspension as an enforcement tool. Although we were not able to obtain conclusive evidence from all eight States reviewed, the administrative process generally targeted more cases, had more collections, and took less time to suspend licenses. Also, we identified the following notable practices that enhanced the programs we reviewed: (1) targeting cases on a periodic basis, (2) using specific computer fields to track related information, (3) using automated follow-up procedures, (4) having a common identifier to match IV-D with other State records, and (5) using license suspension when deemed necessary instead of using it as a last resort. Recognizing that PRWORA was silent regarding State license suspension processes, we encourage ACF to disseminate our results to the States. The ACF agreed with the points made in our report (see Appendix IV).

# TABLE OF CONTENTS

	<u>Page</u>
<b>EXECUTIVE SUMMARY</b>	<i>i</i>
<b>TABLE OF ABBREVIATIONS</b>	v
<b>INTRODUCTION</b>	1
<b>BACKGROUND</b>	1
<b>OBJECTIVE, SCOPE AND METHODOLOGY</b>	2
Objective	2
Scope	2
Methodology	3
<b>RESULTS OF REVIEW</b>	5
The Role of ACF and the Department	5
The Administrative Versus the Judicial Process	6
Comparison of the Administrative Process Used by Maine and the Judicial Process Used by Vermont	7
Florida's Experience under Both Processes	9
Processes Used by the Other Five States	10
<b>CONCLUSION</b>	13
<b>APPENDICES</b>	
I. Characteristics of the Eight License Suspension Processes Reviewed	
II. Noteworthy Practices for Targeting Cases and Collecting Overdue Child Support	
III. Factors That Increased or Decreased Processing Time for Suspending Licenses	
IV. Administration for Children and Families Comments to the Draft Report	

## TABLE OF ABBREVIATIONS

ACF	Administration for Children and Families
CSE	Child Support Enforcement
DMV	Department of Motor Vehicles
DSS	Department of Social Services
NCP	Noncustodial Parent
OCSE	Office of Child Support Enforcement
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act
SLMS	State Licensing Match System



# INTRODUCTION

## BACKGROUND

The Child Support Enforcement (CSE) Program was enacted in 1975 under Title IV-D of the Social Security Act. The purpose of this program is to establish and enforce the payment of child support obligations owed by noncustodial parents (NCPs). Each State is responsible for carrying out this function through the child support enforcement (IV-D) agency. During Fiscal Year 1994, about \$10 billion in CSE payments was collected by IV-D agencies, and \$35 billion was still owed by NCPs. Approximately \$18 billion of the amount owed was related to families who were on the welfare rolls.

In response to the need for securing better methods of collecting child support from NCPs, some of the States passed bills that provided for the suspension of drivers', occupational, and professional licenses when court orders of child support were ignored. The various criteria used by the States to select cases for license suspension included contempt of court, the number of days the child support payment(s) was overdue, and minimum balances (e.g., balances greater than \$1,000). Some of the States used another set of criteria to exclude cases where the NCP was incarcerated, deceased, bankrupt, without a valid license, or without the means to pay child support.

As of March 1996, 40 of 54 States and territories had enacted legislation directing State licensing authorities to suspend drivers (37 States), occupational (30 States), and professional (33 States) licenses to improve the collection of overdue child support. The type of process established by the 40 States are summarized below:

Administrative	15 States
Judicial	10 States
Both Administrative and Judicial	<u>15 States</u>
Total	40 States

The administrative process, in general, provides the IV-D agency with the direct authority to use criteria, established by State law, to identify and pursue cases for license suspension, fulfill due process procedures, and authorize the suspension of a license. The judicial process limits the authorization to suspend a license to a judge or magistrate. Some States have also provided the courts with the authority to determine whether a license may be pursued. For example, the IV-D agency must seek a judgement of default before targeting an NCP's license.

Those States that used both the administrative and judicial processes included the following: (1) five States that have the discretion of using either process; (2) three States that process IV-D cases administratively and non IV-D cases judicially; (3) two States that process cases administratively with judicial approval; (4) two States that suspend professional and occupational licenses administratively, and drivers' licenses judicially; (5) two States that suspend drivers' licenses administratively and professional, and occupational licenses

judicially; and (6) one State that suspends drivers' licenses either administratively or judicially, and professional and occupational licenses judicially.

Before the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, there were no specific Federal regulations and guidelines as to using license suspension as an enforcement tool or having a process in place for tracking and monitoring related activity. However, Title 42, U.S.C., Section 654 (20)(A), stated that:

"A State plan for child and spousal support must...provide...that the State (A) shall have in effect all of the laws to improve child support enforcement effectiveness...."

In addition, the Administration for Children and Families (ACF) has supported the development of automated information systems for CSE programs since 1981. To stimulate development, Congress passed the Family Support Act of 1988, mandating the implementation of automated CSE systems in every State.

The PRWORA was enacted August 22, 1996, after our audit began, and contains sweeping revisions of the CSE program. Among the revisions is the requirement that the States must enact legislation to authorize the suspension of a noncustodial parent's license for owing overdue child support. While the Family Support Act and PRWORA require the States to improve their automated systems for CSE, both are silent in regards to specific requirements for license suspension. In this regard, States have a great deal of flexibility in implementing their license suspension programs.

## **OBJECTIVE, SCOPE AND METHODOLOGY**

### **Objective**

Our objective was to evaluate the effectiveness of States' license suspension processes. Specifically, we determined whether the administrative process was more effective than the judicial process.

### **Scope**

Our review was performed in accordance with generally accepted government auditing standards. We did not review the overall management control structure for each State because the objective of this review did not require an understanding or assessment of the management controls. We did, however, perform a limited review of the management controls to obtain an understanding of each State's license suspension process.

The review was conducted in a cooperative effort with audit staff from the Office of Child Support and Enforcement (OCSE), ACF. We selected States for review based on those that had a process in place on or before July 1, 1995, and our desire for a representative mix of States using administrative, judicial and both processes. The OCSE reviewed Arizona,

Oregon, and Virginia, and we reviewed California, Florida, Maine, Pennsylvania, and Vermont. However, the Florida review was limited to the Tampa Region since it was the only 1 of 11 regions that had summarized information. In Pennsylvania, we reviewed only 2 of the 67 counties since State records were maintained on a decentralized basis. The two counties we reviewed were Allegheny and Philadelphia.

While the audit period ended March 31, 1996, for all eight States, the beginning of the audit period was dependent on the date each State enacted its license suspension program. The start dates ranged from November 1992 through July 1995 (see Appendix I). Our fieldwork was conducted from May through October 1996 at the IV-D agency and other related departments for each of the above-mentioned States. The results of each review were independently discussed with the appropriate State officials.

### **Methodology**

We performed the following steps to accomplish the objective of our review.

- We identified relevant State laws and IV-D agency policies and procedures for suspending drivers, occupational, and professional licenses.
- We attempted to obtain, from each State, quantitative information including the total number of eligible cases and the amount overdue, the number of targeted cases, the number of paying cases, and the total amount collected.

We defined cases meeting a State's criteria for license suspension as "eligible" cases, and eligible cases that a IV-D agency initiated license suspension action as "targeted" cases. However, as the review developed, we found much of the information we needed was not readily available.

- Arizona did not maintain separate statewide records for the number of cases potentially eligible for drivers' license suspension.
- California maintained decentralized records for occupational and professional license suspensions, with no statewide information for collections, overdue amounts, or the self-employed.
- Florida, for the Tampa Region, did not have information available for collections from targeted cases, amounts overdue, or the self-employed for drivers' licenses. Quantitative information was not available for occupational and professional licenses.

- Oregon did not have data on the number of eligible and targeted cases, amounts overdue and collected, nor the number of suspended licenses for drivers' licenses. Also, the State did not maintain the total number of eligible cases in child support for those with occupational and professional licenses. To estimate the results of Oregon's license suspension program, we randomly selected and reviewed a sample of 298 potentially eligible cases. We identified 97 targeted cases and projected our results to the population of 2,386 potentially eligible cases.
  - Pennsylvania, for the two counties reviewed, did not have readily available information on the total number of eligible cases, the amount of overdue child support, and whether the NCP was self-employed.
  - Virginia did not have information readily available for the number of paying cases and the self employed for drivers licenses, and non sufficient data on collecting from those with occupational and professional licenses.
- We analyzed the time differences in processing suspensions (e.g., number of elapsed days). However, we did not include the number of elapsed days at the Department of Motor Vehicles (DMV) or licensing board level since we were not able to get this information for all eight States. We selected 100 percent of the number of suspended licenses for Arizona, the one Florida Region, Maine, the two Pennsylvania counties, Vermont, and Virginia. We selected a random sample of 100 of 374 suspended cases for Oregon whereby 128 licenses were actually suspended (some of the NCPs had more than one license suspended).
  - We also made observations regarding the effectiveness of the methods and procedures we reviewed.

We issued a draft audit report to ACF officials on April 11, 1997. They agreed that the findings in the report "...can be of use to states as they implement their license suspension processes and weigh the relative merits of administrative and judicial approaches...." ACF's comments are appended in their entirety to this report (see Appendix IV).

## **RESULTS OF REVIEW**

The initial two States we reviewed, Maine and Vermont, clearly manifested a contrast between a State using an administrative process and a State using a judicial process. The administrative process resulted in more collections and less time to suspend a license. In our subsequent review of six additional States, we also found that the administrative process generally showed more favorable results. However, the contrast was not as conclusive because information on the use of license suspension and resulting collections was not always complete or available. We also found that ACF had taken an active role in reporting license suspension results, and advocating license suspension and automation of records.

### **THE ROLE OF ACF AND THE DEPARTMENT**

The ACF and the Department have been aware of the importance of the State's license suspension programs and proactive in advocating license suspension as an enforcement tool. In March 1995, the Department issued a press release disclosing the accomplishments of 19 State programs that suspend professional and commercial licenses, as well as drivers' licenses. According to the press release, the threat of license revocation had raised nearly \$35 million in just nine States which had collection statistics. The report highlighted Maine and its success story.

The ACF also maintains an informational page on the Internet highlighting "OCSE Best Practices-Licensing Revocation." For example, ACF featured the results of the license suspension programs used by Maine, South Dakota, and California. Information lending to an evaluation of whether the administrative or judicial process was more effective and produced better results was limited.

Realizing the successes of license suspension as an enforcement tool, the Department and ACF encouraged Congress to include a license suspension provision in both the House and Senate welfare reform bills. These bills eventually became the PRWORA. Listed below are a few key examples of the measures taken to improve child support collections.

- States must have in effect laws that establish authority to suspend drivers' professional, occupational, and recreational licenses of people who owe overdue support or fail after notification to comply with subpoenas or warrants.
- States are required to operate an automated centralized unit to collect and disburse support payments by October 1, 1998.
- States must record Social Security numbers (SSN) on various documents including drivers, professional, and occupational license applications.

As discussed above, ACF further emphasized its commitment to the CSE program by lending us its audit staff who performed fieldwork for three of the eight States we reviewed.

## **THE ADMINISTRATIVE VERSUS THE JUDICIAL PROCESS**

While welfare reform has mandated that the States enact legislation for the use of license suspension, States still have the option of selecting and developing their own methods of using it as an enforcement tool. Therefore, States can pursue license suspension through an administrative or judicial process. The processes used by the eight States in our review were as follows: three administrative, two judicial, and three used both with one of the States switching from the judicial to the administrative process to suspend drivers' licenses.

As indicated earlier, Maine has frequently been cited as a success story. A March 1995, HHS News Release by the Department reported that:

“In Maine, the threat of license suspension helped the State collect more than \$23 million since August 1993. The technique was so successful that only 41 licenses were actually revoked.”

Maine officials believed that using the administrative process to target licenses enabled the State to expediently deal with larger numbers of NCPs with overdue child support. Maine also has an effective automated tracking and reporting system for license suspensions. Again, Maine officials believe this system works better with an administrative process.

Florida, in July 1993, enacted a law to provide the State with the remedy of suspending and revoking occupational, business, professional, and drivers' licenses through a judicial process. However, recognizing the courts could not handle large numbers of cases at one time and the need for a faster and more efficient system, Florida's legislative body enacted a law in July 1995 to amend the existing driver's suspension law from a judicial process to an administrative one. The administrative process empowers IV-D officials with the authority to order a suspension of a delinquent NCP driver's license. As part of its proposal to the Legislature, the IV-D agency included both the results of Maine's successful administrative license suspension process along with the results of its own study which showed that the suspension of drivers' licenses would be more expedient under an administrative process.

California's legislation provides for suspending licenses through an administrative rather than a judicial process. When the legislative committee was drafting the law, the Department of Social Services (DSS), county district attorney and judicial officials expressed a preference for administrative procedures. They indicated that the administrative method would be less expensive to operate because it would require fewer attorneys. In addition, by keeping license suspension cases out of court, targeted cases would be processed faster and the courts would be less burdened.

The following subsections present the results of our review of the administrative and judicial processes used by the eight States in our review.

### **Comparison of the Administrative Process Used by Maine and the Judicial Process Used by Vermont**

Our results disclosed differences in the administrative process used by Maine to suspend drivers', occupational, and professional licenses, and the judicial process used by Vermont to suspend drivers' licenses. These differences are presented below and primarily include the ability to target cases and collect overdue child support.

- Maine targeted 17,069 (100 percent) of its eligible drivers', occupational and professional licenses using the administrative process during the first 9 months the license suspension program was in place (July 1993 through March 1994). Overall, the State periodically targeted a combination of 23,125 eligible drivers', occupational and professional licenses from July 1993 through March 1996.

Conversely, Vermont targeted eight drivers' licenses from a population of 4,296 eligible cases for the 9 months a process was in place (July 1995 through March 1996). Although Vermont used the administrative process for occupational and professional licenses, its automated records did not show the number of eligible licenses, the number targeted, the number suspended, or the amount collected. Subsequent to our review, the State began implementing a license suspension field in its computer system so it can track eligible cases that have been targeted.

In addition, Vermont State laws provide for the suspension of existing occupational and professional licenses only at the time of renewal, and the IV-D agency did not have the authority to order licensing boards to suspend licenses, only to recommend.

- Maine administratively collected \$9.7 million in overdue child support from 9,057 of the 17,069 targeted cases for the first 9 months its license suspension program was in place. Both paying and targeted cases included drivers', occupational, and professional licenses. However, we could not distinguish the total amount collected for each type of license. Overall, Maine received \$43.9 million from 15,409 of the 23,125 targeted cases from July 1993 through March 1996, yet only suspended 113 licenses.

Vermont collected \$5,757 from two targeted cases with valid drivers' licenses for the 9-month period the State had a judicial license suspension process in place. Furthermore, the State judicially suspended only three drivers' licenses.

- A computer match between IV-D and labor records found that 71 percent of the cases targeted by Maine had no reportable income (e.g., wages, disability benefits, unemployment, etc.), indicating that they may be either self-employed or working in the underground economy. This is important since the IV-D agency has not been able to reach this group through conventional means such as wage withholding. We could not identify the number of self-employed cases for Vermont.
- For Maine, we performed a computer match between welfare records and the 15,409 targeted cases that made full or partial payment of the amount due in overdue child support from July 1993 through March 1996. We found that Maine removed 4,574 families from the welfare rolls for at least 1 month when targeted NCPs made child support payments. We could not determine the number of families that stayed off the rolls for more than 1 month since the welfare agency's database kept payment information for only the most current month. We were unable to conduct a similar analysis for Vermont.
- Maine took an average of 97 days to suspend 101 drivers' licenses, and 116 days to suspend 12 occupational and professional licenses. The three drivers' licenses judicially suspended by Vermont took 453, 395, and 264 days.

Maine subsequently developed and implemented automated follow-up procedures to reduce its processing time for suspending licenses. The automated system periodically follows-up on the status of a targeted case until IV-D staff either records the date an order is sent to DMV, or the NCP signs a payment agreement and consistently makes payments.

We found that the administrative process, combined with automated license suspension records, allowed Maine to strategically target larger groups of license holders with overdue child support. Specifically, Maine's IV-D agency enhanced the effectiveness of its administrative process for suspending licenses by including a license suspension field in each automated case file, and a separate computer screen for recording milestones, collections, suspensions, and other related activity. The computer system was also compatible with the computer system or databases used by other State agencies such as labor, welfare, and the DMV, the licensing authority with the largest number of license holders.

The IV-D agency also used the license suspension fields to provide management with a monthly output report that included the date a case was targeted and the date of last payment made by the NCP for both paying and delinquent cases. The output reports were used to place resources in those areas where further enforcement activity was necessary. Furthermore, Maine used the license suspension field to produce detailed reports containing the following information for drivers', occupational, and professional licenses: (1) the number of eligible cases; (2) the amount overdue in child support for eligible cases; (3) the



number of targeted cases; (4) the amount overdue for targeted cases; (5) the number of paying cases; and (6) the amount collected from paying cases.

A Maine official commented that the effectiveness of its license suspension program "... lies not in the suspension of licenses, but in the threat of a single agency that can attack on a broad front...." The IV-D agency also found that it had economically targeted its eligible cases. A January 1996 report to the Governor and Legislature disclosed that the costs associated with Maine's license suspension program had been absorbed by the existing budget-no new positions or additional money had been authorized to implement the program.

### **Florida's Experience Under Both Processes**

From implementation in January 1994 to June 1995, the IV-D agency employed a judicial process for suspending drivers' licenses. State IV-D officials informed us that the judicial system was time consuming due to the involvement of the courts. Florida officials believed that changing from a judicial to an administrative process to suspend drivers' licenses would improve the collections of overdue child support by allowing the State to target significantly more delinquent NCPs. They also recognized the need for a faster and more efficient system. The State still uses the judicial process to suspend occupational and professional licenses.

We limited our review to the Tampa Region because it was the only region that could support monthly summaries of certain license suspension information with supporting records. We found that the Tampa Region:

- Targeted 149 drivers' licenses under the judicial process from January 1994 through June 1995, and 512 under the administrative process from July 1995 through March 1996.
- Suspended 17 drivers' licenses under the judicial process and 72 under the administrative process.
- Took an average of 227 days to suspend a license under the judicial process and an average of 36 days under the administrative process.

State IV-D officials could recall only one instance where an occupational license was judicially suspended since the implementation of the license suspension program in January 1994. They stated that the occupational and professional license suspension program contains obstacles which impeded its use as an enforcement tool. These obstacles included: (1) using the judicial process, (2) working with manual systems at the licensing board level, and (3) using license suspension as a last resort.

We found that the Tampa Region used automated procedures to remind IV-D staff to follow-up with NCPs targeted for drivers' license suspension. The IV-D agency's computer system tracks up to 15 days from the date an NCP receives a suspension warning notice. If an NCP's automated case file has not been updated with a payment or payment agreement date by the 15th day, a message appears on the computer screen reminding staff to follow up on the case. This is the only follow-up message received by IV-D staff. Under the State's current policy, the decision to target a delinquent NCP for driver's license suspension remains with the case analyst.

### **Processes Used by the Other Five States**

The limited information we obtained from the administrative processes used by California, Oregon, and Virginia and the judicial processes used by Arizona and Pennsylvania disclosed that the administrative States generally targeted more eligible cases and had higher collections, and took fewer days to suspend a license. In general, the computer systems for the five States provided only some of the necessary information for measuring how well their license suspension programs worked. Below are highlights of the limited data we obtained and relevant observations we made. Appendix II provides a summary of the noteworthy practices used by the eight States we reviewed, and Appendix III summarizes the factors that increased or decreased processing time for suspending licenses.

#### **California (administrative - occupational and professional licenses)**

California, which administratively suspends occupational and professional licenses, reported that NCPs for 17,684 of 34,911 eligible cases had either paid the overdue child support or agreed to a payment plan from November 1992 through December 1995. These results are for the 12 licensing boards that participate in the State License Match System (SLMS). We also found that license holders who are more than 4 months delinquent are sent a letter notifying them that their licenses will be suspended in 150 days unless they work out a satisfactory payment arrangement with the local District Attorney.

When SLMS was first implemented, delinquent NCPs applying for license renewal, or submitting an initial application for a license, were issued a temporary license valid for only 150 days. If the NCPs worked out satisfactory payment arrangements with the local District Attorney, they would be issued a permanent license. Otherwise, at the end of the 150-day period, the temporary license expired and was not renewable.

Beginning January 1, 1996, the legislation was changed to provide for suspension of existing licenses prior to their regular expiration date. License holders who are more than 4 months delinquent are sent a letter notifying them that their licenses will be suspended in 150 days unless they work out a satisfactory payment arrangement with the local District Attorney. The 12 licensing boards that participate in license suspension periodically target eligible cases based on information compiled monthly from the State's 58 counties.

California's DSS management information system did not contain information for the collection of delinquent child support payments that were generated as the result of license suspension. Therefore, DSS's system did not provide the necessary information for measuring how well the license suspension program worked. However, internal DSS correspondence showed that DSS has recognized the need to identify the increases in collections that license suspension has generated for the counties in order to assess the long term effectiveness of the program.

### **Oregon (administrative - drivers', occupational and professional licenses)**

Oregon, based on the estimates obtained from our sample<sup>1</sup>, administratively targeted the occupational and professional licenses of 777 delinquent NCPs, and collected \$309,353 from 328 of them from July 1994 through March 1996. We also estimated that 96 of the 328 targeted cases were self-employed NCPs who paid an estimated \$142,944 in overdue child support. In addition, the State took an average of 120 days to suspend 128 occupational and professional licenses.

State IV-D officials informed us that only a few drivers' licenses were targeted from September 1995 through March 1996. These cases were targeted at the specific request of the custodial parent and the results of these cases were not recorded. The State's Legislature made it clear to IV-D officials that a large scale use of drivers' license suspension would not be accepted and this option should be used as a last resort.

Oregon's statute for suspending occupational and professional licenses was passed during the 1993 legislation session, and the IV-D agency implemented the suspension process on July 1, 1994. The State law was modified on September 9, 1995, allowing the IV-D agency to suspend drivers' license. In the initial months, the license suspension process was handled by three collection teams located in the central operations section of the Support Enforcement Division, Department of Justice. During the first 6 months of this period, the average time for suspending occupational and professional licenses was 221 days.

In April 1995, a specialized team was established to perform license suspensions. The specialized team was also responsible for improving and streamlining the license suspension process. Since April 1995, the State's average suspension time dropped to 43 days. Two other collection teams primarily focused on cases related to collecting current child support through wage withholding and tax refund offsets. We were informed, however, that in October 1996 the teams were reorganized back into three collection teams which perform all enforcement actions, including license suspension. The reassignments were made because the State believed it could be managed better by evening out the caseload between the three teams.

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<sup>1</sup>To estimate the results of Oregon's suspension program for occupational and professional licenses, we randomly selected and reviewed a sample of 298 potentially eligible cases. We identified 97 targeted cases and projected our results to the population of 2,386 potentially eligible cases.

We also found that Oregon's IV-D agency plans to include a license suspension field as part of upgrading its automated system. While the Family Support Act of 1988 and the PRWORA requires the States to improve their automated systems for CSE, both are silent in regards to specific requirements for license suspension.

#### **Virginia (administrative-drivers' licenses/judicial-occupational and professional licenses)**

Virginia administratively targeted 10,305 drivers' licenses (100 percent of its eligible cases) from July 1995 through March 1996. Two-thirds (6,695) of the 10,305 suspension notices were issued on March 15, 1996. While the bulk of the amount collected from these targeted cases will not be realized until after the audit period, we determined that \$306,299 had been collected from 1,041 of the targeted drivers' licenses as of March 31, 1996. In addition, the IV-D agency administratively processed eight drivers' licenses for suspension over an average of 51 days during the period July 1995 through March 1996. We also found that it took 167 and 329 days to judicially process two occupational licenses for suspension.

We could not determine the amount collected in overdue child support after the audit period since the IV-D's automated records did not summarize the number of paying cases for drivers' license suspension. However, the IV-D agency's automated records did track and report monthly and year-to-date results of the number of warning notices sent to delinquent NCPs, the number of notices served to NCPs, the number of payment agreements reached, the number of petitions filed, the number of licenses suspended, and the aggregate amount overdue and collected. Furthermore, the State began targeting eligible licenses on a monthly basis from November 1995 through March 1996 with the exception of February 1996.

We also could not determine from the State's records information pertaining to the targeting or collecting of occupational and professional licenses. While manual monthly records maintained by district offices disclosed that 347 licenses had been suspended from July 1995 through March 1996, complete detailed reports were not available for all months, and some of the reported information could not be supported by documentation. Consequently, we were unable to rely on the information provided by the statewide reports.

We also found that some of the licensing boards for occupational and professional licenses were automated, however, they did not include SSNs as part of their data base which is needed by the IV-D agency for matching case records, or were not compatible with the numerous State agencies that deal with these licenses. The PRWORA now mandates the States to record SSNs on drivers', occupational and professional license applications.

#### **Arizona (judicial - drivers, occupational and professional licenses)**

Arizona judicially targeted 767 drivers' licenses for suspension for the 9-month period ended March 1996. The number of targeted cases represents 100 percent of the eligible cases that were identified in a one-time computer match for a pilot in the State's largest county and statewide cases subsequently selected by IV-D staff.

The State's automated records were not designed to record and report license suspension information. Accordingly, we sampled 50 of the 767 cases and found \$11,366 had been collected from 13 of the 50 cases. Ten of the 50 NCPs were self-employed whereby one NCP made a payment of \$900. We also found that 4 of 50 families had been removed from the welfare rolls as the result of the targeted NCP paying overdue child support. The State saved \$2,960 in welfare payments for the 1 month the families were off the rolls. During the review period, the State averaged 171 days to judicially suspend 26 drivers' licenses.

Arizona's IV-D agency did not pursue occupational and professional licenses since the State did not have the authority to order licensing boards to suspend them, only to recommend. The IV-D officials focused its license suspension efforts on drivers' licenses since the State did have authority over the DMV.

### **Pennsylvania (judicial - occupational and professional licenses)**

In the two counties we reviewed for Pennsylvania, there were only two suspended occupational licenses through March 1996. It took 133 and 190 days to judicially suspend these two licenses, and \$10,125 was collected from one of the NCPs. State officials informed us that Philadelphia and Allegheny counties identified 42,881 and 7,260 cases potentially eligible for license suspension provided the NCPs had a valid occupational or professional license. These cases were at least 3 months in arrears and the courts were unable to collect the amount owed in overdue child support through wage withholding.

Philadelphia County did not pursue any occupational or professional licenses because the lack of a common identifier, such as an SSN, prevented the IV-D agency from matching eligible cases with information maintained by automated licensing boards. As stated above, SSNs are now mandated by the PRWORA.

Allegheny County only targeted two licenses on the basis of a referral from a custodial parent instead of consistently using license suspension as one of several enforcement tools. County officials stated that they believe the targeting of licenses is counter productive to the collection of child support. However, they also believe that the threat of license suspension serves as a better deterrent in preventing NCPs from becoming delinquent in child support payments.

### **CONCLUSION**

We found that ACF has been aware of the importance of license suspension programs and proactive in advocating its use. Although we were not able to obtain conclusive evidence from all of the eight States reviewed, we did find the administrative process generally targeted more eligible cases, had more collections, and took less time to suspend a license. Recognizing that PRWORA leaves the choice of license suspension process to the States, we encourage ACF to disseminate to the States the favorable results from the administrative

processes we reviewed and the observations we made of the practices used by all eight States.

Our review identified the following practices that enhanced the effectiveness of the license suspension programs we reviewed.

- Targeting eligible cases on a periodic basis instead of when prompted by the custodial parent, when a license is up for renewal, or based solely on caseworker discretion.
- Using specific fields or screens for tracking license suspension cases and activity.
- Using automated procedures to periodically follow-up on targeted cases.
- Having a common identifier, such as an SSN, to match IV-D automated records with other State records and licensing boards to identify valid licenses for targeting. The PRWORA Act now mandates the States to record SSNs on various licenses.
- Using license suspension when deemed necessary as opposed to using it as a last resort.

ACF officials agreed that the points made in our report can be useful to the States for implementing their license suspension processes and weighing the relative merits of administrative and judicial approaches (see Appendix IV).

**CHARACTERISTICS OF THE EIGHT LICENSE  
SUSPENSION PROCESSES REVIEWED**

State	Process	Date Enacted/ Audit Start Date	Key Criteria Used by the States to Select Cases for License Suspension
<b>ARIZONA</b> Drivers O/P	J J	7/1/95 7/1/95	<b>BOTH: Contempt of court</b>
<b>CALIFORNIA</b> Drivers O/P	A A	11/1/92 11/1/92	<b>BOTH: 30 days delinquent (drivers not used until 4/96)</b>
<b>FLORIDA</b> Drivers Drivers O/P	J A J	7/1/93 7/1/95 7/1/93	30 days delinquent " " " 30 days delinquent and must be used as a last resort
<b>MAINE</b> Drivers O/P	A A	06/30/93 06/30/93	<b>BOTH: 90 days delinquent or over \$1,000 in arrears</b>
<b>OREGON</b> Drivers O/P	A A	7/1/94 7/1/94	<b>BOTH: 90 days delinquent or over \$2,500 in arrears</b>
<b>PENNSYLVANIA</b> Drivers O/P	N/A J	N/A 7/2/93	<b>3 months delinquent and unable to attach income of NCP</b>
<b>VERMONT</b> Drivers O/P	J A	7/1/95 7/1/90	60 days delinquent 30 days delinquent
<b>VIRGINIA</b> Drivers O/P	A J	7/1/95 7/1/94	<b>BOTH: 90 days delinquent with \$500 minimum overdue, or for cases with at least \$5,000 in arrearages</b>

A = Administrative  
 J = Judicial  
 O/P = Occupational and Professional  
 N/A = Not Applicable -- Legislation not enacted

**NOTEWORTHY PRACTICES FOR TARGETING CASES AND  
COLLECTING OVERDUE CHILD SUPPORT**

<b>DRIVERS' LICENSES</b>	<b>AZ (J)</b>	<b>FL (A)</b>	<b>FL (J)</b>	<b>ME (A)</b>	<b>VA (A)</b>	<b>VT (J)</b>	<b>Total</b>
Used an automated system to identify eligible cases	x*			x	x		3
Process in place to target eligible cases on a regular basis				x	x		2
Statewide accurately recorded, monitored, reported milestones and outcomes				x	x		2
License records statewide were current, accurate, complete and supportable				x	x		2
IV-D statewide license suspension records were maintained by a centralized database				x	x	x	3
IV-D statewide records were integrated with IV-A records				x		x	2
Distributed written policies and procedures to IV-D staff	x	x	x	x	x		5
<p>*Arizona initially ran a one-time pilot which identified all eligible cases, but currently uses sole caseworker discretion identify and target eligible cases.</p> <p>California passed legislation, but did not implement a drivers license program as of March 31, 1996.</p> <p>Oregon's legislative body discouraged the targeting of all drivers'licenses for delinquent NCPs.</p> <p>Pennsylvania did not enact legislation for drivers' license suspension as of March 31, 1996.</p>							

Please note: The above chart shows noteworthy practices we noted during our review. None of the states were required to enact any of these practices before or during our audit period.



**NOTEWORTHY PRACTICES FOR TARGETING CASES AND  
COLLECTING OVERDUE CHILD SUPPORT**

<b>OCCUPATIONAL &amp; PROFESSIONAL LICENSES</b>	<b>CA (A)</b>	<b>FL (J)</b>	<b>ME (A)</b>	<b>OR (A)</b>	<b>PA (J)</b>	<b>VA (J)</b>	<b>VT (A)</b>	<b>Total</b>
Used an automated system to identify eligible cases	x		x					2
Process in place to target eligible cases on a regular basis	x		x	x		x		4
Statewide accurately recorded, monitored, reported milestones and outcomes			x					1
License records statewide were current, accurate, complete, and supportable			x					1
IV-D statewide license suspension records were maintained by a centralized database			x	x				2
Statewide IV-D records were integrated with IV-A records			x					1
Distributed written policies and procedures to IV-D staff		x	x	x		x		4
Arizona did not pursue occupational & professional licenses because the State does not have authority over licensing boards.								

Please note: The above chart shows noteworthy practices we noted during our review. None of the states were required to enact any of these practices before or during our audit period.

**FACTORS THAT INCREASED OR DECREASED PROCESSING TIME  
FOR SUSPENDING LICENSES**

<b>DRIVERS' LICENSES</b>	<b>AZ (J)</b>	<b>FL (A)</b>	<b>FL (J)</b>	<b>ME (A)</b>	<b>VA (A)</b>	<b>VT (J)</b>	<b>Total</b>
<b>INCREASED PROCESSING TIME</b>							
Scheduled court time and held hearing or held an administrative hearing on a license suspension case	x		x	x		x	4
Required a judgement of Arrears before license suspension action could start						x	1
<b>DECREASED PROCESSING TIME</b>							
No appeal at DMV	x			x			2
Automated Follow-up procedures		x	x	x			3

<b>OCCUPATIONAL &amp; PROFESSIONAL LICENSES</b>	<b>CA (A)</b>	<b>FL (J)</b>	<b>ME (A)</b>	<b>OR (A)</b>	<b>PA (J)</b>	<b>VA (J)</b>	<b>VT (A)</b>	<b>Total</b>
<b>INCREASED PROCESSING TIME</b>								
Scheduled court time and held hearing or held an administrative hearing on a license suspension case		x	x		x	x		4
Delivered suspension warning notices			x			x		2
<b>DECREASED PROCESSING TIME</b>								
Automated follow-up procedures		x	x					2
No appeal heard at licensing boards			x					1



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

June 16, 1997

TO: June Gibbs Brown  
Inspector General

FROM: Olivia A. Golden  
Principal Deputy Assistant Secretary  
for Children and Families

*Olivia A. Golden*

SUBJECT: OIG Draft Report "Review of States' License Suspension Processes" (A-01-96-02502)

We appreciate the opportunity to comment on the draft report "Review of States' License Suspension Processes."

We agree that the findings of this report can be of use to states as they implement their license suspension processes and weigh the relative merits of administrative and judicial approaches. We have no additional comments as revisions we suggested during our meeting were incorporated in this draft report.

Please contact David G. Ross, Deputy Director, Office of Child Support Enforcement, for additional information. He can be reached at 401-9370.

IG	_____
EAIG	_____
SAIG	_____
FDIG	_____
DIG-AS	_____ /
DIG-EC	_____
DIG-EI	_____
DIG-OI	_____
DIG-MP	_____
AIG-LC	_____ /
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Date Sent	6-18

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