CHILD SUPPORT ENFORCEMENT
COLLECTIONS ON AFDC CASES
-AN OVERVIEW-

OFFICE OF INSPECTOR GENERAL

OFFICE OF ANALYSIS AND INSPECTIONS

SEPTEMBER 1987

Office of Inspector General

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This Report

Entitled "Child Support Enforcement Collections on AFDC Cases - An Overview", this study was conducted to provide the Office of Child Support Enforcement with an analysis of cases that do not produce a child support court order, provide a low monthly support amount, or are in arrears, and to suggest a systematic approach to reviewing these cases.

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SEPTEMBER 1987

OAI-05-86-00097

EXECUTIVE SUMMARY

PURPOSE: Child support enforcement (CSE) is a major concern of this administration. The President's departmental initiatives, known as the "Bowen Agenda," raise three major CSE issues: (1) more than 40 percent of the children raised in a single parent household are not covered by a court order; (2) only half of the absent parents with a court order paid the full amount of the support due - almost $3 billion in child support was not paid in 1983; and, (3) the court orders being established were not realistic in terms of the absent parent's ability to pay and the support needed to provide basic needs for the child.

The Office of Inspector General (OIG) conducted this inspection to examine ways to increase child support collections on cases involving Aid to Families with Dependent Children (AFDC). We also wanted to determine if there was a systematic method that could identify those absent parents who have the ability to contribute significantly to their children's support.

This particular report is intended to provide an overview of CSE problems on AFDC cases, and how they are addressed. It is the first in a series of four reports that deals with increasing child support payments on AFDC cases. The other three reports examine cases not pursued by CSE agencies (called IV-D agencies), the modification of court orders, and the collection of 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 follow Federal CSE requirements. To this end, OCSE regularly audits the States for compliance with CSE laws and regulations.

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.

Congress passed the Child Support Enforcement Amendments of 1984, Public Law (P.L.) 98-378, which provided States additional tools to establish court orders for support, to develop equitable guidelines for support, and to enforce the collection of existing court orders.

MAJOR FINDINGS: AFDC child support collections could be increased substantially by systematically pursuing: (1) cases previously closed; (2) modification of low court orders; and, (3) arrearages and wage withholding.

- Most IV-D agencies do not systematically reopen cases that did not produce a court order, or attempt to modify low support orders, or pursue collection of arrearages and wage withholding. Most rely on the custodial parent to provide new information on the absent parent's location, employment, and/or increase in wages. Since the AFDC client has assigned child support to the State, there is no incentive to provide the IV-D agency this information.

- The OIG reviewed 4,684 AFDC child support cases in 12 States where no support order had been established, or the monthly support payment was $50 or less per child, or child support arrearages existed. 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:

  - Twenty-seven percent of these absent parents with AFDC dependents earned more than $10,000 in 1985.

  - One absent parent whom we located through the ERF earned $83,900 in 1985. He is currently not required to pay child support since the IV-D agency was unable to locate him when the custodial parent applied for AFDC.

  - Seven hundred and five absent parents who earned more than $10,000 in 1985 have support obligations averaging $1 per day for their children. Using the Wisconsin child support guidelines, which are considered conservative and easy to use, these absent parents should be providing their children more than 8 times that amount of support based on their incomes.

  - Fifty-eight absent parents who are in arrears earned in excess of $30,000 in 1985; 6 of these over $50,000; 38 of these 58 owe more than a year of AFDC support payments.

- Child support AFDC collections could be increased by more than $317 million if support orders were established, low support orders modified, or arrears collected from absent parents earning more than $10,000 annually. The Federal share of these savings would be more than $103 million. This represents nearly a 30 percent increase in AFDC child support collections.

- Many IV-D agencies are understaffed. Nationally, there was an average of 365 CSE cases per IV-D employee in 1985. Case loads of 1,000 per investigator are not uncommon. The 1984 amendments have contributed to the increasing caseloads since some cases previously beyond the limits of State law are now kept open and pursued.

- The CSE activity is balkanized in that geography is a big determinant in the establishment, modification and enforcement of child support payments. The absent parent's or child's residence can determine if a support order is established, the support amount set, or whether the child support is collected. A State CSE director may deal with one Statewide IV-D agency or a separate IV-D agency in each county. Paternity establishment may depend on an elected prosecutor or an administrative judge. IV-D agencies may contract with the court, the sheriff and county clerk to prosecute cases, serve subpoenas and collect support payments.

- The IV-D agencies vary greatly in systems capability. OCSE has not provided requirements for data that IV-D agencies need to accumulate, produce and use. Basic common definitions appear to not exist.

- The OCSE audit function is concerned with the processes of establishing and enforcing child support, rather than with the outcome of those processes. The OCSE audit is limited to determining whether States are performing at acceptable levels of compliance with CSE laws and regulations.

RECOMMENDATIONS: Both the Federal Government and the IV-D agencies should take an active role in the systematic identification of absent parents who have the financial ability to significantly contribute to the support of their children.

- Annually, States should be required to match the SSN's of absent parents without support orders, with low support orders, or in arrears against SSA's earnings records. At a minimum, IV-D agencies should reopen all cases where the absent parent has earned at least $10,000 in the prior year. The establishment of support orders, the modification of low orders, the collection of arrearages, and the institution of wage withholding can be undertaken with the information provided by the ERF.

  This computer match can be accomplished in the Department by OCSE and SSA. No additional legislation or regulation will be required. All IV-D agencies visited were interested in accessing this information.

- The FSA should mount a high level information campaign aimed at governors and State legislatures to explain the crisis in IV-D staffing levels. The benefits to the children, as well

as the State (an average return of $3.31 for every CSE dollar spent), should be emphasized in encouraging funding for additional CSE staff. The focus on higher earning absent parents should substantially increase the return to the States.

- The OCSE should develop minimum systems requirements for IV-D agencies. These agencies need to know what information they must gather on each case, in what format and what reports to produce from these data. The OCSE should provide precise definitions to all IV-D agencies.

- The OCSE should press IV-D agencies to use expedited processes to determine paternity, modify court orders, and enforce collections. The delay in providing support to a child, and the staff time expended in pursuing child support matters through the courts should be avoided. Using quasi-judicial or administrative processes to accomplish these ends should be encouraged.

- The FSA and OCSE should reevaluate the purpose and effectiveness of the compliance audit of IV-D agencies in light of the changes brought about by the 1984 CSE amendments. The audit function might be redefined to include addressing outcome measures and broader policy implications arising from IV-D agency performance.

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 first 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 provides an overview of the cases and the issues studied.

Specifically, the questions of increasing the number of support orders, modifying court orders to realistic support levels, and collecting arrearages correspond exactly with those raised in the "Bowen Agenda." We wanted to find: (1) what IV-D agencies were doing successfully to handle these problems; (2) if the absent parents of AFDC children had collectibility; i.e., the ability to pay child support; and, (3) if a systematic method could be developed that would provide IV-D agencies with the location and employment information needed that would enable them to establish, modify and enforce child support court orders.

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 for 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.

- Twelve IV-D agencies in different States were visited. Four thousand, six hundred and eighty-four CSE cases that had AFDC involvement were reviewed. Cases that were at least 2 years old and were without support orders were included. Those support orders, at least 2 years old, where the monthly support was $50 or less per child were also studied. Cases with arrears, regardless of age, were examined as well. Appendix A contains further detail 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 processes for establishing, modifying and collecting child support were 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. 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 was 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 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; (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.

III. FINDINGS

Review of Cases

A case study was made of 4,684 AFDC child support cases in three categories: (1) cases that did not generate a support order; (2) cases where the monthly support amount was $50 or less per child; and (3) arrearage cases. A statistical sampling approach could not be used to review these cases because of the unavailability or noncomparibility of data for CSE cases.

There was an overlap of cases which had both a low court order and arrears. Savings were computed separately for each group of cases. All projected savings are based on the Wisconsin formula for child support amounts. This formula is considered conservative by many States. It was chosen for ease in computing support amounts. Appendix A explains the formula.

The known SSN's for absent parents were matched against the ERF. 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.

During our review of cases, we found 392 instances (less than 1 percent) where the IV-D agency had an incorrect SSN for the absent parent. Many of the cases without support orders had no SSN's for the absent parent.

"No" Child Support Order Cases

Six hundred and forty-nine cases were reviewed where AFDC payments had been made at least 2 consecutive years, and where no support order had been established.

The prospect that an absent parent is able to contribute child support makes obtaining a court order more likely. Although the absent parent may not be able to pay much child support at the time AFDC entitlement first begins, this condition is not necessarily permanent. Our review indicates that 122 of 649 absent parents (18.80 percent) earned $10,000 or more in 1985. One absent parent earned $83,900 in 1985. Eight others earned more than $30,000 that year. No child support is required on any of these cases. An additional 287 parents (44.22 percent) had employment in 1985.

All 649 cases were examined to determine the principal reason why no support order was established. More than half (369 of 649, or 56.85 percent) of the cases examined in this study were not pursued because the absent parent could not be located. In most IV-D offices, efforts were made to locate the absent parent when the AFDC application was filed. However, we found no evidence of any followup being attempted.

Our examination disclosed that of the 369 cases not being pursued because the absent parent could not be located, 242 were employed in 1985 (65.58 percent). Seventy-one of these absent parents (19.24 percent), earned $10,000 or more in 1985.

The cases that were dropped for collectibility reasons were those where the absent parent was on general relief or was earning little or no income at that time. However, by 1985, 57 percent of these absent parents were working and if employed, one in four was earning over $10,000.

Unless the custodial parent knew of and reported the absent parent's income level, the IV-D agency would not learn of the enhanced ability to pay. There is no diary of collectibility cases for periodic review of the absent parent's change in payment potential.

The process of establishing the paternity of the child for support purposes poses few problems to the IV-D agencies. The steps are well defined for obtaining blood samples and proceeding through the courts to determine paternity. Only 5 percent of the cases without support orders that we reviewed were dropped because paternity had not been resolved.

Twenty-eight of the thirty three cases identified as having the alleged paternity neither proved nor disproved, showed absent parent earnings in 1985. Of these, 11, or 39 percent earned over $10,000 in 1985.

Less than 2 percent (7 of 649) of the non-pursuit cases reviewed were awaiting paternity or support court dates. Five of the seven cases (71 percent) in this category showed earnings for 1985. One of these absent parents (20 percent) earned over $10,000.

Nineteen cases reviewed had more than one obvious reason for the IV-D agency not to pursue a court order. Of the cases dropped for multiple reasons, 10 (52 percent) had paid employment in 1985. Three (30 percent) earned more than $10,000 in 1985.

We characterized "other" reasons for not pursuing child support to be those cases where the absent parent was imprisoned, hospitalized in a mental facility, or was outside the United States. Seventy-four cases fell into this category.

Twenty-eight (37 percent) of these absent parents had posted earnings on SSA records in 1985. Five (nearly 18 percent) earned over $10,000 in 1985.

Finally, 56 cases were not being pursued for unknown reasons. These case files did not show a reason why a child support case was not active. Forty-three of these absent parents (76 percent) had 1985 employment. Seventeen of these (39 percent) earned over $10,000.

"Low" Child Support

Our review of 2,312 AFDC cases where the monthly court order was $50 or less per child did not involve recent (1985 or later) court orders. Only cases that had at least 2 years of consecutive AFDC payments were examined.

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.

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.

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 whom 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.

We have used the Wisconsin formula for setting child support to suggest appropriate support levels. For example, the monthly support level for one child based on $10,000 in annual earnings would be $141. (The appendix 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 low court order 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.

"Owe" Child Support

We studied 3,157 AFDC cases where child support was in arrears. Both current and closed AFDC cases were included.

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.

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.

Three of the absent parents who earned more than $40,000 in 1985 owe $13,000, $18,000 and $21,000 respectively. Thirty-eight of the 58 absent parents earning more than $30,000 in 1985 are more than a year in arrears in their support of their children.

IV-D Agency Staffing

Quantum leaps in divorce, desertion, and out-of-wedlock birth rates have had significant effects on welfare expenditures. The single-parent family, headed by a female in almost every case, has increased by 100 percent since 1970. With these changes, there has been an attendant rise in the caseloads for CSE agencies.

Most IV-D agencies feel that they cannot cope with the additional work loads brought on by these massive increases in changing family patterns. The national IV-D work load in 1985 was 8,400,566 cases, an increase of more than 400,000 over the prior year, and more than 2 million over 5 years. In 1985, IV-D employees of all types, and those contracted to handle CSE activity totalled 23,010. This is a decrease of nearly 400 CSE workers from 1984.

The 1984 amendments have also contributed to caseloads increasing. The breadth of this law allows cases previously beyond State statute of limitations or jurisdiction to be kept

open. Paternity can now be established at any time before a child's 18th birthday. Some States had previously required paternity be established before the child's second birthday. Mandatory support guidelines must be established by all States. These guidelines will be based in part on the absent parent's income. IV-D agencies will be required to obtain more complete earnings information from the absent parent or his/her employer. Sweeping enforcement powers were added to the IV-D agencies as well. Collecting arrearages and initiating wage offsets will require larger commitments by IV-D staff. These agencies face a new group of clients, the non-AFDC children, to deal with, without a concommitant increase in staff.

Despite IV-D agencies increasing the monetary return to the States above their expenses, State and local authorization of additional staff has not always been forthcoming. There appears to be a resistance to increasing the number of employees regardless of this return.

IV-D Systems

Wide disparities exist between IV-D jurisdictions in systems sophistication and capabilities. Many IV-D agencies cannot readily identify cases where a support order was not obtained. Many IV-D agencies do not have the responsibility for the collection of child support. These agencies may not have the capability to identify cases by support order amount or other characteristic. They may not be able to identify cases in arrears.

Some IV-D agencies have the capability to access other State agencies; e.g., the Department of Motor Vehicles, to locate absent parents. Wage information can be obtained from some State employment bureaus by using online equipment. OCSE has provided funding for some States to develop regional location clearing houses.

Individual IV-D agencies enter case data at different points during the case life. One IV-D agency will first enter case information when the absent parent makes the first child support payment. No record of the case exists before that time. If payments are never made, the case is never tallied, no arrears are computed, and this absent parent would never face the prospect of tax refund offset or any enforcement activity.

There is no uniform systematic review of all cases without court orders, or with low orders, or in arrears. Some IV-D agencies do use a system generated management review of pending cases. However, these vary by agency, and are responsive to local priorities.

In May 1986, FSA discontinued development funding for all CSE

information systems. In the future, all CSE systems must be compatible with IBM or Sperry equipment. This is a first step in making CSE systems uniform, capable of interacting, producing similar data, and generating management alerts.

The IV-D agencies lack common definitions of basic IV-D concepts. Agencies define what constitutes a case differently. In one State a case may be opened for each AFDC child, while in others a case is opened for either the custodial or the absent parent. If a grandparent or other guardian files for AFDC benefits on behalf of the child, one State will open two cases, one for each absent parent. Others will open a case for the mother only, some for the father only.

State Approaches to Setting Child Support

There is considerable judicial discretion in determining support amounts. The 1984 amendments do require that States establish guidelines for the courts to consider when setting the support payment due. Child support historically has been negotiable and frequently a lower support amount has been accepted in exchange for property or other consideration. There has been no uniformity from State to State, county to county, judge to judge.

Wisconsin has enacted legislation mandating the use of a formula to determine child support payments. These amounts can be rebutted by the absent parent. They may submit evidence to mitigate against paying at these established levels.

New York passed legislation in 1986, that clearly separates child support payment responsibility from other considerations, such as visitation.

Minnesota includes automatic cost of living increases in support payments in all new child support agreements.

New Jersey has implemented a systematic approach to modifying court orders. Earnings information is obtained from the known employers of AFDC absent parents. Modifications have been obtained in one-fourth of the cases, increasing support levels by 131 percent. New Jersey's innovative 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, the need for subpoenas, and would expand the universe of absent parents to be considered for support order modifications.

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.

OCSE Audits and the States

The 1984 CSE amendments have changed the ways that many States look at child support issues. The questions of addressing previously closed AFDC child support cases lacking court orders or whether to pursue modifications on those with low court orders, or how to enforce those cases in arrears are a few of the questions that have yet to be answered. The OCSE audit of the State's performance is narrow in scope, and as a result, does not surface issues with broader policy implications.

IV. RECOMMENDATIONS

- The OCSE should require States annually to match the absent parent's SSN against SSA's earnings records for all cases where: (1) no support order has been established; (2) the current monthly support order is $50 or less per child; and, (3) 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. Where the absent parent has earned over $10,000, IV-D agencies at a minimum should reopen cases without court orders. Similarly, cases with low court orders should be considered for upward modification. The IV-D agencies should also initiate collection of arrears and wage withholding for these cases.

  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.

  Using this approach, we conservatively estimate that child support orders on AFDC cases would be annually increased as follows:

TYPE OF CASE	INCREASE IN AFDC CHILD SUPPORT	FEDERAL SHARE
NO SUPPORT ORDER	$ 11,846,243	$ 3,859,505
LOW SUPPORT ORDER	80,382,038	26,188,468
OWE SUPPORT	225,292,896	73,400,425
TOTAL	$317,521,177	$103,448,398

  Appendix A explains how these savings are computed.

- The FSA should mount a high-level information campaign aimed at governors and State legislatures to explain the crisis in IV-D staffing levels.

  These parties need to understand that the children of their State are being underserved, and that their State benefits

financially by the collection of child support payments. To remedy this problem, States must be convinced to allocate more for staffing and systems. "It is better to prevent welfare than to recover its cost." (County IV-D director)

- The OCSE should develop minimum systems requirements and precise definitions for IV-D agencies. The FSA took a major step in preventing the proliferation of incompatible systems by withholding systems development funding. Next, OCSE must provide specific details to IV-D agencies describing common data elements for all cases.

  Future systems should be able to track cases and arrearages, as well as profile CSE cases by characteristic (e.g., monthly support level less than $50 per child). These systems should be able to produce management alerts and generate reports.

  The OCSE needs to define basic terms for child support cases. Having compatible systems will permit interaction between IV-D agencies. However, if cases are defined differently, the interaction may not be useful.

- The OCSE should press the IV-D agencies to use expedited processes whenever possible.

  Most State CSE jurisdictions (37 of 54) have the authority to use an administrative process to resolve paternity matters. We found no evidence of this procedure being used to resolve paternity questions. The OCSE should encourage States to use this expedited process to avoid the delays and expenses involved with a court case. The jurisdictions without this current authority should be urged to obtain it.

  New Jersey uses this administrative handling for their modifications cases 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.

- The OCSE should urge States to seek legislation that sets child support responsibility apart from other considerations in divorce and separation proceeding. "Child support has nothing to do with visitation. It has to do with children." (Child Support Advocate) Likewise, child support should not be reduced in exchange for material possessions, or because of the skill of counsel. A parent's responsibility to a child is not lessened by the dissolution of a marriage.

- The OCSE should convene a series of small sessions inviting national child support leaders and advocates to deal with specific child support issues. The IV-D agencies, State CSE agencies and those interested in fair treatment to children, custodial, and absent parents raised questions that present problems to them. Among these were: joint and shared custody cases; unrealistic initial support levels that may discourage custodial parent cooperation; State's distribution of funds to the IV-D agencies; centralization of CSE activity; functionalizing the IV-D process; county IV-D motivation; and, child support payments for college students.

- The FSA and OCSE should reevaluate the purpose and effectiveness of their compliance audits of IV-D agencies. The processes, content and analysis of these reviews needs to be expanded to incorporate more than the "pass/fail" system currently used. Attention to outcome measures and broader policy issues should also be considered.

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 were reviewed in 12 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; Cuyahoga County, Ohio; and, Hennepin County, Minnesota.

  All offices provided cases in all three categories except Cuyahoga, which provided only cases without support orders, and Hennepin, which provided only cases with low support orders.

  We extracted data only from AFDC cases where an SSN for the absent parent was in the file. For cases without support orders, or with low support orders, AFDC benefits had been paid for at least 2 years.

- A case study was made of 649 IV-D cases where no child support order was in place for children receiving AFDC benefits. We studied 2,312 cases where a support order was in place, but required monthly support payments of $50 or less per child. We studied 3,157 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.

- We based the estimate for establishing or 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%

We based the estimate for collecting arrears only for those absent parents who earned over $10,000 in 1985.

- 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.

The following table shown the percentage for the 10 IV-D offices that provided arrearage cases.

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
Minnesota	1.2	Hennepin	26.01	.0031217
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

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

- The computation of the savings for the categories of cases is as follows:

Cases Without Court Orders

Hennepin County, Minnesota, was not included in the review of these cases. One hundred and twenty-two absent parents earned in excess of $10,000 in 1985, and would be liable for

child support of $430,677.29 in a year. Dividing this by the total national percentage of the cases represented by this study yields $11,846,243 nationally in child support payments in a year.

$$\frac{\$430,677.29}{.0363556} = \$11,846,243$$

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

$$\$11,846,243 \times .3258 = \$3,859,505$$

Cases With Low Support Orders

Cuyahoga County, Ohio, was not included in the review of these cases. 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 FY 1985 AFDC collections.

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

Cases With Arrears

Neither Hennepin County, Minnesota nor Cuyahoga County, Ohio was included in the review of these cases. 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.

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

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

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

Although support orders will not be established or modified, and not all arrears will be collected and wages withheld 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 4,684 cases reviewed represent all the cases in these IV-D offices.

- The ERF identified many absent parents who earned less than $10,000. The IV-D agencies will be able to establish or modify support orders for, or collect arrearages and institute wage withholding for many of these parents as well. The arbitrary $10,000 was used since these jobs are more likely to be long-term in nature.

- This method of modifying support orders 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 continued savings were estimated for children over age 18. Some States do require child support payments past that age. Arrearages on closed AFDC cases were included.

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