

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**CHILD SUPPORT FOR CHILDREN IN IV-E
FOSTER CARE**



**Richard P. Kusserow
INSPECTOR GENERAL**

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Department of Health and Human Services

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OEI-04-91-00530

EXECUTIVE SUMMARY

PURPOSE

To determine the extent States collected child support from biological parents of children in Title IV-E funded foster care as required by the 1984 Child Support Amendment Act.

BACKGROUND

Foster care is temporary removal of a child to live with someone other than a parent during a time of crisis. Title IV-E Foster Care applies only to children who are or would be eligible for assistance from the Aid to Families with Dependent Children (AFDC) program if they were still in the home of their birth parents. In Fiscal Year (FY) 1986 there were an estimated 110,749 children in IV-E Foster Care. By FY 1990 the number had swelled to an estimated 173,152, representing a 56 percent increase in the 4-year period.

The 1984 Child Support Amendment Act required State Title IV-D Child Support agencies to collect child support from biological parents on behalf of children receiving foster care maintenance payments under Title IV-E Foster Care "where appropriate."

METHODOLOGY

In conducting the study, we randomly selected eight States. Within each State, we selected 40 cases of children who were receiving IV-E Foster Care funds for a total of 320 cases. We also interviewed State and local administrators of foster care and child support programs. We conducted our review between February and May 1991.

FINDINGS

Few child support collections are made on behalf of Foster Care children

Collections are being made on behalf of 5.9 percent of foster care children in our sample.

Few foster care cases are referred to Child Support agencies for possible collections

IV-D Child Support records exist on just 22 percent of parents of sampled IV-E Foster Care children. No records existed at IV-D Child Support agencies for 78 percent of the parents of children in IV-E Foster Care.

Emphasis on collecting child support is low

Policies are vague for when to initiate collections. Coordination between IV-E Foster Care and IV-D Child Support agencies is limited.

Effective referrals by Foster Care agencies to Child Support agencies improve success in collecting child support

Child support collections are low nationally, but a few localities have developed effective referral practices resulting in collections on behalf of 48 percent of IV-E Foster Care children.

RECOMMENDATIONS

Recommendation 1. As a condition of receiving Federal matching funds for foster care administration under Title IV-E, the Administration for Children and Families (ACF) should require States to develop and implement:

- criteria and procedures to assure that Foster Care agencies refer all appropriate IV-E Foster Care cases to IV-D Child Support Enforcement agencies for establishing child support orders and collecting child support; and
- a Memorandum of Understanding between IV-E Foster Care agencies and IV-D Child Support agencies with respect to determining "appropriate" cases for referral, and gathering and exchanging data.

Recommendation 2. In support of such State initiatives, ACF should provide guidance and plans for coordination between the IV-E Foster Care and IV-D Child Support Enforcement agencies.

Implementation of these recommendations will improve the well being of foster care children. They can lead to establishing paternity and locating absent parents, as well as establishing support orders with both cash and medical benefits for the child. This may encourage some parents to become more responsible for their children -- consistent with the Secretary's theme of "personal responsibility."

Initiatives by ACF could substantially increase child support collections from biological parents of IV-E Foster Care children. It is not possible to calculate with great precision how much additional savings would accrue. However, we conservatively estimate up to 74 million dollars could have been collected in FY 1990. Additionally, the amount will increase each year as the number of children in IV-E Foster Care rises. Such collections will offset Federal and State tax dollars spent for care and maintenance of IV-E Foster Care children. Federal and State governments could achieve additional savings by requiring parental medical support of their children, thus offsetting expenditures on Medicaid.

Recommendation 3. The ACF should ensure that the Federal share of child support dollars collected on behalf of IV-E Foster Care children is correctly distributed to the IV-E Foster Care program rather than the IV-A AFDC program.

COMMENTS

The ACF agreed with our recommendations and has initiated steps to improve coordination between child support and foster care agencies. The ACF has also initiated steps to remedy inappropriate distribution of child support dollars. Likewise, the Assistant Secretary for Management and Budget (ASMB) concurred with our recommendations on both programmatic and financial grounds.

The Assistant Secretary for Planning and Evaluation (ASPE) agreed that more could be done to coordinate the provision of IV-D Child Support for IV-E Foster Care. The ASPE noted that better communication and coordination is needed and should be encouraged, but questioned the extent that child support can or should be pursued. We agree that child support should only be pursued in "appropriate" cases. However, we continue to believe that the majority of children in foster care can benefit from IV-D Child Support services, such as paternity establishment and locating absent parents. We hope our report increases the awareness of a need to integrate these services. Many of the issues and problems cited by ASPE will be solved as States gain more experience in collecting child support on behalf of foster care children. The "effective practice" sites which we examined demonstrate that this can happen.

We thank ACF, ASMB and ASPE who commented on the report. We present the full text of comments in appendix E.

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INTRODUCTION

PURPOSE

To determine the extent States collected child support from biological parents of children in Title IV-E funded foster care as required by the 1984 Child Support Amendment Act.

BACKGROUND

Title IV-E Foster Care

Foster care is the temporary removal of a child to live with someone other than a parent (or usual caretaker) during a time of crisis. The crisis may be caused by abuse or neglect of the child.

The Adoption Assistance and Child Welfare Act of 1980 transferred administration of the Foster Care program for children from the Aid to Families with Dependent Children (AFDC) program (Title IV-A of the Social Security Act) to the new Title IV-E Foster Care program. Title IV-E Foster Care applies only to children who are or would be eligible for AFDC if they were still in the home of their birth parents. Services provided by the IV-E Foster Care agencies are shown below.

IV-E FOSTER CARE ACTIVITIES

- o Make Reasonable Efforts to Prevent Removal
- o If Unsuccessful, Remove Child from an Unsafe Home
- o Place Child in Appropriate Foster Care
- o Determine Eligibility for IV-E
- o Refer Parent(s) and Child to Services
- o Plan for the Long Term Welfare of Child

In Fiscal Year (FY) 1986, an estimated 110,749 children were in IV-E Foster Care. By FY 1990 the number had swelled to an estimated 173,152, representing a 56 percent increase in 4 years.

Title IV-D Child Support Enforcement

The Child Support Act of 1975 added Title IV-D to the Social Security Act. The goals of Title IV-D are to ensure that parents support their children to the extent possible, family (parental) responsibility increases, and the cost of welfare to taxpayers decreases. The Act established child support enforcement agencies to help in obtaining support orders and to collect child support monies to reduce Federal public assistance expenditures. Services provided by the IV-D Child Support agencies are shown below.

IV-D CHILD SUPPORT SERVICES

- o **Locate Parents**
- o **Establish Paternity**
- o **Establish a Support Order**
- o **Receive and Distribute Collections**

Establishing Child Support Collections for Foster Care Children

Section 11 of the 1984 Child Support Amendment Act required States to secure and enforce child support collections on behalf of children receiving foster care maintenance payments under IV-E Foster Care "where appropriate."

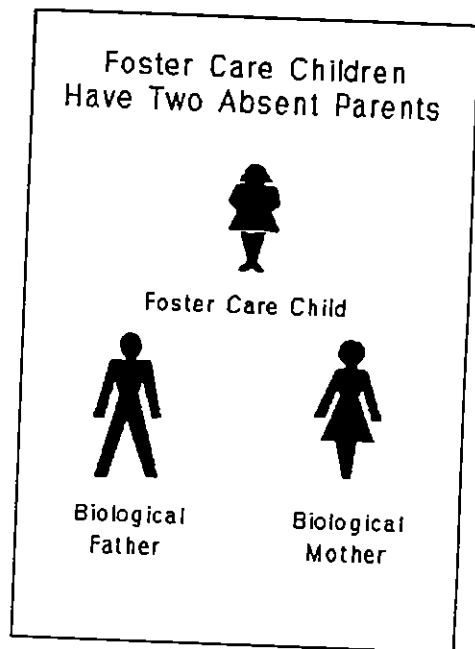
The 1984 amendment required States to follow the same procedures for securing and enforcing support orders for appropriate children under IV-E Foster Care as they do for AFDC children. In January of 1985, States were required to amend their Title IV-E State Plans to insure cooperative efforts with child support agencies.

The IV-D Child Support agencies are responsible for collecting and distributing payments from absent parents. An "absent parent" is a biological parent not residing in the same home as a child.

Unlike most children in the AFDC program who traditionally have one absent parent, children in IV-E Foster Care have two absent biological parents and may receive IV-D Child Support collections from both.

We found, based on our case record review, that IV-E Foster Care children need child support services. These children are young. More than two-thirds (67 percent) are under 10 years of age. Although foster care is intended to be "temporary" removal from the home, more than three-quarters of the IV-E Foster Care children have been in foster care for more than a year. Ten percent of the children have been in foster care for over five years.

Appendix A provides more detailed information about the process of placing a child in IV-E Foster Care and how the child is linked to IV-D Child Support services.



Administering the Child Support and Foster Care Programs

At the Federal level, HHS operates both programs within the newly-created Administration for Children and Families (ACF). Within ACF, the Title IV-E Foster Care program is located in the Administration for Children, Youth and Families (ACYF), and the Title IV-D Child Support Enforcement program is in the Office of Child Support Enforcement (OCSE).

Each State is responsible for establishing and operating the IV-E Foster Care and IV-D Child Support programs under provisions of Federal statutes and HHS regulations.

METHODOLOGY

We randomly selected eight States with probability proportional to size. The average number of children in the IV-E Foster Care program in FY 1989 determined size. The eight States represent approximately 64 percent of children in IV-E Foster Care in FY 1989. The eight States were: California, New York, Minnesota, Arizona, Illinois, Kentucky, Michigan and Pennsylvania. We conducted our review between February and May 1991.

Within each State, we selected 40 cases of children who were receiving IV-E Foster Care funds at the time of our review, for a total of 320 cases. We reviewed records for each case at both the foster care agencies and IV-D Child Support agencies.

Using a standardized discussion guide, we interviewed local and State foster care and child support program representatives to gather facts and data. We also interviewed the Federal Regional Office IV-E Foster Care and IV-D Child Support staff representing States in the sample.

Appendix B describes information collection methods in further detail.

FINDINGS

FEW CHILD SUPPORT COLLECTIONS ARE MADE ON BEHALF OF FOSTER CARE CHILDREN

Collections Were Made On Behalf Of 5.9 Percent Of Foster Care Children In Our Sample

A case review tracing the biological parents of the sampled children in IV-E Foster Care revealed very few pay child support. Only 19 of the 320 children sampled had any child support collections made on their behalf.

Only 11.6 Percent Of Sampled Children In Foster Care Were Included In A Child Support Order

A child support order must be established to collect child support from parents of IV-E Foster Care children. Yet very few child support orders are established for IV-E Foster Care children. Only 37 of the 320 sampled children were included in an established child support order.

FEW FOSTER CARE CASES ARE REFERRED TO CHILD SUPPORT AGENCIES FOR POSSIBLE COLLECTIONS

No Records Existed At Child Support Agencies For 78 Percent Of The Parents Of Children In IV-E Foster Care

Records existed at IV-D Child Support agencies on just 22 percent of parents of sampled IV-E Foster Care children.¹ The majority of the sampled children in Foster Care lived with one or both of their parents before they were placed in foster care. Further, most have permanency plans to return the children to the home of their parent(s). Yet, few foster care agencies have effective policies or procedures to refer cases to a IV-D Child Support agency.

Referrals Are Critical To Initiate The Child Support Collection Process

When the IV-D Child Support agencies we visited receive a referral, they typically provide all services to IV-E Foster Care cases. Yet, because referrals are not made, the clear majority of sampled children in IV-E Foster Care are being deprived the opportunity to receive IV-D Child Support services they are entitled to receive.

For IV-E Foster Care children not referred, IV-D Child Support agencies cannot

Establish paternity: without legally-established paternity, a child cannot obtain inheritance rights or insurance rights. Also possibly vital information regarding genetically-linked medical problems will not be known.

Locate the absent parent: without the absent parent(s) being located, the child cannot form social relationships with the parent(s). In some cases an absent parent or a close relative of an absent parent may be able to assume custody of the foster care child.

Establish a support order and collect child support payments: when certain criteria are met, administering agencies may save portions of child support payments collected from the parents for a child. The child support payments from parents may also be used to provide amenities such as clothing or enrollment in a class for a child while in foster care. The support order and established collection pattern may continue after a child leaves IV-E Foster Care.

EMPHASIS ON COLLECTING CHILD SUPPORT IS LOW

Policies For When To Initiate Collections Are Vague

Federal policies place no emphasis or focus on collecting child support for Foster Care children

Until an April 1991 reorganization of HHS, the IV-E Foster Care and IV-D Child Support programs were operated by two separate divisions. The Office of Human Development Services (OHDS) administered the IV-E Foster Care program and the Family Support Administration (FSA) administered the IV-D Child Support program. No one was directly responsible for insuring coordination between both programs.

Although extensive Federal guidance requires the IV-A AFDC program to refer and regularly update cases to IV-D Child Support agencies, the only action issued from OHDS and FSA concerning child support collections on behalf of IV-E Foster Care children was a "Memorandum of Understanding" signed in May of 1986. The memorandum only established procedures for reporting dollar amounts of collections between OHDS and FSA.

Within OHDS and FSA regional offices isolated initiatives have occurred since 1986 to increase reported collections on behalf of IV-E Foster Care children. However, no uniform national strategy addresses this issue.

The separation of the IV-E Foster Care and IV-D Child Support at the Federal level is mirrored at State and local levels. In virtually every State or county included in our analysis, the two programs were administratively isolated from each other.

The only strong Federal focus is on compliance in reporting. Therefore, child support collections on behalf of IV-E Foster Care children is often little more than a bookkeeping function.

Criteria concerning "where appropriate" are inadequate or non-existent

No Federal directive defines "where appropriate," yet the law uses the phrase to limit conditions or circumstances where child support should be pursued. Only one State policy uses the term. This State policy defines "appropriate" so broadly that no cases are referred. Seven of the eight States have no written criteria as to when child support should or should not be pursued. Without criteria, "where appropriate" has little meaning to program staff.

Coordination Between Foster Care And Child Support Agencies Is Limited

Mission and roles are not clearly understood or accepted

Few staff within IV-E Foster Care and IV-D Child Support agencies had a clear understanding of their role in interrelating their different programs, or how their services can complement each other. The agencies hold no formal cross training or regular meetings.

The focus and approach of IV-E Foster Care and IV-D Child Support agencies varied considerably. Foster care staff are oriented to and talk in terms of an individual child. They form interpersonal relationships with the families they serve. On the other hand, most IV-D Child Support staff view themselves as adversaries of "absent parents." The child support staff tend to be "bottom line oriented."

Some foster care workers regard gathering information for a referral to IV-D Child Support agencies as "paper pushing," or as "not my job." These workers expressed opinions that families of IV-E Foster Care children are "too poor to pay." They are unaware of the range of services IV-D Child Support agencies can provide. Further, they are unaware of or underestimate the ability that Child Support agencies have demonstrated for collecting money in economically-similar AFDC cases.

Some foster care workers philosophically oppose pursuing child support. Some dread an unpleasant confrontation with the parent(s). Others may believe that enforcing child support will be detrimental to the parent/child relationship. They do not believe that child support serves to stabilize the family unit and help insure its future integrity.

Information is not shared or exchanged

If a case is not referred to the IV-D Child Support agency, and IV-E Foster Care workers need to establish paternity or locate an absent parent(s) they must do this themselves. Foster care workers are not trained in this work nor are they given access to the information resources of IV-D Child Support agencies.

When a referral is made by a IV-E Foster Care agency, information necessary for pursuing child support is seldom given. To begin the process of obtaining child support, a IV-D Child Support agency must obtain timely, accurate, and complete information concerning the family. The information, such as social security numbers or employment information, is often available in IV-E Foster Care files, or is known by foster care workers, but it is not shared in the referral. As a result, IV-D Child Support staff must gather information that a IV-E Foster Care agency already has.

Although foster care workers track a family's status, few foster care workers understand the importance of communicating status changes to a IV-D Child Support agency. For example, as part of the service to a family, a foster care worker might learn that a previously incarcerated father has been released and become employed. Without the IV-E Foster Care worker promptly informing the IV-D Child Support agency, the IV-D agency must learn this critical information independently. Likewise IV-D Child Support workers may obtain information on the family that foster care workers need.

Almost 60 percent of the cases we reviewed had discrepancies between the two agencies' files. Some discrepancies were as uncomplicated as a current address. Others had more serious ramifications. For example, one IV-E Foster Care case file stated the father was "unknown." The IV-D Child Support agency, however, had identified the father and had an open case on him. In another case, the IV-E Foster Care case file stated the father was "unknown" and all parental rights involuntarily terminated. The IV-D Child Support agency, on the other hand, had identified the father and was on the brink of serving the man with a court order for child support payments.

Such lack of communication and sharing of information may cause problems with the therapeutic relationship a social worker is building with a family. In one case, the parent and foster care worker established sufficient trust to allow a child to return home. However, at about the same time, a IV-D Child Support agent served a summons to bring the parent to court. The parent's anger at the "government" damaged the reunification process.

Nineteen percent of the total child support dollars collected in our sample for Foster Care children were mistakenly distributed to the AFDC program

Of the \$22,524 collected in the year prior to our review on behalf of the sampled IV-E Foster Care children, \$4,260 (19 percent) was not distributed to the IV-E Foster Care agency to offset maintenance payments for the children.

Many of the sampled children in IV-E Foster Care were included in active AFDC grants before the time of removal from their home to a foster care placement. In some instances, AFDC agencies made a referral for IV-D Child Support services while a child was still at home. In such instances, IV-D Child Support agencies had the case classified as an "AFDC case." In some localities, communications were so ineffective that the Child Support agency was not notified when a child was removed from an AFDC grant and placed in IV-E Foster Care.

No one had "reclassified" 15 of the 640 cases (2.3 percent) for parents of children in our sample. These 15 cases were classified as IV-A AFDC cases rather than IV-E Foster Care cases at the IV-D Child Support agencies. One State had no system to notify the IV-D Child Support agency when an AFDC child enters IV-E Foster Care. In other places, inadequate systems allowed cases to slip through improperly classified. In these situations any child support collections made on behalf of IV-E Foster Care children were mistakenly distributed to the IV-A AFDC program. These collections were used to offset Federal and State IV-A AFDC assistance payments rather than IV-E Foster Care maintenance payments.

EFFECTIVE REFERRALS IMPROVE SUCCESS IN COLLECTING CHILD SUPPORT

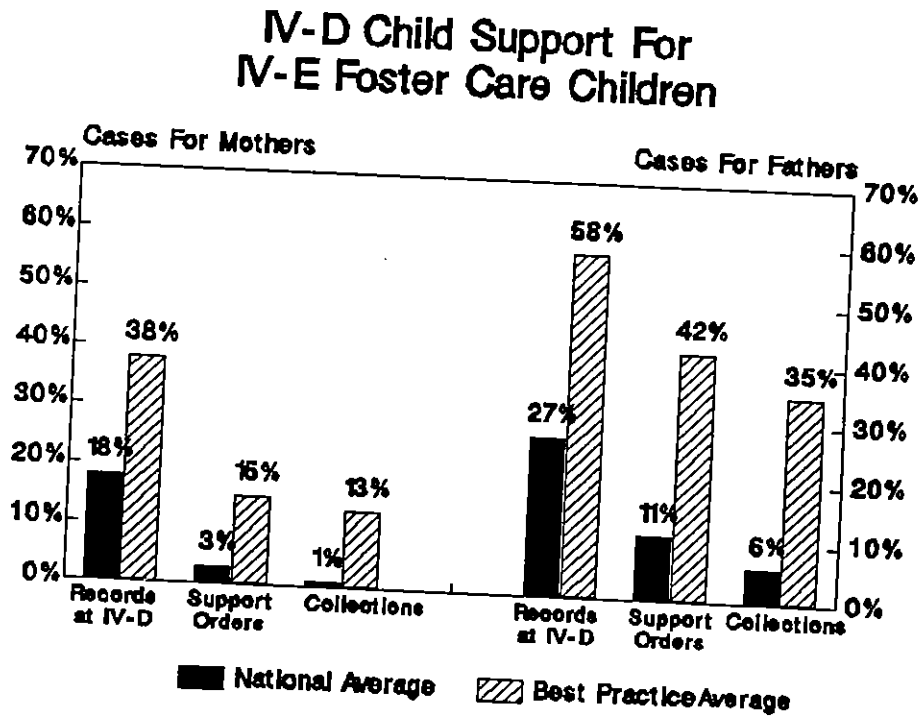
Within our national review, a few IV-D Child Support programs diligently pursue both parents of all cases received. Yet these programs are limited by few referrals being made or the sketchy information provided in the referrals. IV-D Child Support agencies sometimes pursued cases of parents of children in IV-E Foster Care without the knowledge of the IV-E agency.

While collections are low nationally, we found a few localities exceed the national average making collections on behalf of IV-E Foster Care children. These programs have demonstrated the ability to

- refer most parents of IV-E Foster Care children to a IV-D Child Support agency,
- establish more support orders, and
- collect more child support on behalf of IV-E children.

Although such localities were outside the scope of our sample, we visited two that we viewed as "effective practice" sites -- Lancaster County, Pennsylvania and Olmstead County, Minnesota.² These counties have taken the initiative to develop programs for effectively referring cases and utilizing foster care workers to collect and exchange necessary information to pursue child support. In these counties IV-E Foster Care received child support collections on behalf of 48 percent of children.

Based on a case record review, the following chart compares national performance averages to the performance average found at the "effective practice" sites.



As the chart shows, "effective practice" sites consider a higher percentage of both mothers and fathers able to support their children. Although "effective practice" sites refer just under twice the percentage of cases to the IV-D agency as did the sites in our national sample, they issue orders on five times as many mothers and almost four times as many fathers. The "effective practice" sites also collect on a higher ratio of support orders when compared to our national sample.

We attributed the significant collections at the "effective practice" sites to the following principles.

- **Considering Child Support a Priority**
- **Having Effective Patterns of Communication Between IV-E and IV-D Programs**
- **Being More Aware of Both Biological Parents' Income Source**
- **Having One Person or Office to Coordinate IV-E Foster Care Referrals**
- **Including Medical Support in More Support Orders**
- **Reporting Collections to the IV-E Foster Care Agency**

Appendix C highlights program operations in Lancaster and Olmstead counties.

A recent study completed by the Region II ACF also shows a high level of collections is possible. The study examined child support collections for children in IV-E Foster Care in New York City. The study showed many of the same problems we encountered concerning the agencies' failure to exchange important information and inadequate policies concerning referrals. Over 70 percent of referrals to New York City's Child Support agency had "incomplete data and/or documents," and almost 20 percent had "inconsistent or conflicting data."

The ACF study showed, despite the problems, 42 percent of the cases opened at the IV-D Child Support agency had active support orders. Of these, 62 percent were receiving monthly collections. Of the non-paying cases 80 percent had a tax offset made in the past year, so at least some money was collected. Many of the cases without active support orders were improperly referred or contained outdated information.³

RECOMMENDATIONS

Recommendation #1

As a condition of receiving Federal matching funds for Foster Care administration under Title IV-E, ACF should require States to develop and implement:

- criteria and procedures to assure that Foster Care agencies refer all appropriate IV-E Foster Care cases to IV-D Child Support Enforcement agencies for establishing child support orders and collecting child support; and
- a Memorandum of Understanding between IV-E Foster Care agencies and IV-D Child Support Enforcement agencies with respect to determining "appropriate" cases for referral, and gathering and exchanging data.

Recommendation #2

In support of such State initiatives, ACF should provide guidance and plans for coordinating the IV-E Foster Care and IV-D Child Support Enforcement programs. ACF could:

- Develop training and technical assistance modules to assist States in implementing new policies and procedures on child support for children in IV-E Foster Care.
- Publish a compendium periodically of the techniques used by successful States in increasing their collections.
- Publish periodic reports showing statistics nationally and by State on the IV-E Foster Care and IV-D Child Support initiative.
- Direct regional offices of ACF to monitor States in their region using performance standards and monitoring mechanisms.

As discussed below, we believe these first two recommendations will increase: the number of support orders; the number of collections; the average amount collected per case; and the number of children receiving medical support.

Recommendation #3

The ACF should ensure that the Federal share of child support dollars collected on behalf of IV-E Foster Care children is correctly distributed to the IV-E Foster care program rather than the IV-A AFDC program.

DISCUSSION

We found few foster care cases are referred for child support services. When referrals are not made, the clear majority of sampled foster care children are being deprived of an opportunity to receive services they are entitled to receive. IV-D Child Support services can be beneficial to a child. For example, when paternity is established a child can obtain inheritance rights or insurance rights. Child support agencies' location procedures can assist foster care agencies in diligently searching for absent parents. When an absent parent is located, a foster care child may be able to form appropriate social relationships with the parent. In some cases an absent parent or close relative of an absent parent may be able to assume custody of a foster care child. When a support order is established and child support collections are being made, administering agencies may, when certain conditions are met, use a portion of the payments to provide amenities for a child while in foster care. The support order may also provide important medical insurance for a child.

When parents cooperate with child support agencies and assume financial responsibility for their child while in foster care it can be an important step toward building parental responsibility.

A Federal effort is needed to insure that child support services are provided to benefit children in IV-E Foster Care and to increase child support collections on their behalf. Such action clearly responds to the Secretary's initiative regarding parental responsibility toward their children and the community by making parents responsible for their children's financial support. The recent HHS reorganization integrating OHDS (responsible for the Title IV-E Foster Care program) and FSA (responsible for the Title IV-D Child Support program) into the Administration for Children and Families provides an opportunity to improve the management of IV-D Child Support for children in IV-E Foster Care.

Based on our representative sample, we believe a Federal initiative could increase IV-D Child Support collections on behalf of IV-E Foster Care children thus offsetting tax dollars spent for care and maintenance of IV-E Foster Care children. It is not possible to calculate with great precision how much additional savings would accrue. The final result will depend on many factors including

- the number of children in IV-E Foster Care,
- the percentage of support orders issued on behalf of IV-E Foster Care children,
- the amount of support ordered,
- the amount actually collected, and
- the administrative cost of collecting child support.

However, we believe our proposals would increase the number of support orders and the number and amount of collections. The simplified illustration below shows possible estimated collections if the percentage of children for whom collections are made were increased to various levels.

Possible Collections at Various Rates
(in millions)

Percent Of Children For Whom Collections Are Made	1-Year Collections (FY 1990)	Net Federal Share of Collections	Estimated Federal Savings
10	\$15	\$4.6	\$2.3
20	\$30	\$9.1	\$4.6
30	\$45	\$13.7	\$6.9
40	\$60	\$18.2	\$9.1
50	\$74	\$22.6	\$11.3

(Appendix D provides details concerning these estimated collections.)

We believe our estimate of possible collections is conservative. The estimate supposes only 29 percent of all child support money ordered will be collected. In our "effective practice" sites, 80 percent of the money parents are ordered to pay is collected. A study of recent IV-E Foster Care referrals for child support enforcement in New York City showed over 60 percent of the open cases had current support payments.

Also, Federal and State governments could achieve additional savings by requiring biological parents of IV-E Foster Care children to provide medical support, thereby offsetting Medicaid expenditures. The average Medicaid costs per child in 1990 were \$811 per year.⁴ We found that in the two "effective practice" sites 42 percent of the children received medical support from a parent, covering some of the costs. This practice could be applied in other States and counties resulting in substantial savings nationally.

Additionally, children who are removed from IV-E Foster Care to the custody of absent parents or their families represent Federal and State savings to the IV-E Foster Care program and a major benefit to a child.

Further, 19 percent of the total child support dollars collected for our sampled IV-E Foster Care children was erroneously distributed to the IV-A AFDC program instead of the IV-E program. A one-time correction of the "misclassification" would transfer an additional \$2.5 million to the IV-E program. (See appendix D for details regarding this estimated transfer.)

AGENCY COMMENTS

We thank the Administration for Children and Families (ACF), the Assistant Secretary for Management and Budget (ASMB) and the Assistant Secretary for Planning and Evaluation (ASPE) who commented on the draft report. Their comments and our responses are summarized below. Appendix E shows the full text of the comments provided by ACF, ASMB and ASPE.

ACF Comments

The Administration for Children and Families (ACF) agreed with our recommendations to improve coordination between the child support and foster care programs. The ACF plans, through its regional offices, to examine the status of coordination systems in each State. The ACF will include the issue of coordination in its Joint Planning Guidance to be issued in fiscal year 1992. The ACF has also included the issue as part of their 1992 strategic plan. Further, the Office of Child Support Enforcement (OCSE) and the Administration for Children, Youth and Families have already begun a joint initiative to improve coordination. Additionally, OCSE audits will more closely monitor the distribution of child support collections. Finally, OCSE will issue a letter to the States alerting them of the problem of incorrect distribution.

OIG Response

The ACF planned actions should improve communication and coordination between foster care and child support agencies and remedy inappropriate distribution of child support dollars collected on behalf of children in IV-E Foster Care. These actions should enhance parental responsibility and directly benefit children in foster care.

ASMB Comments

The Assistant Secretary for Management and Budget (ASMB) concurred with the recommendations of the report from both a programmatic and financial viewpoint. The ASMB agreed that pursuit of child support for IV-E Foster Care children holds the promise of both greater parental responsibility and direct benefits to the child. The ASMB expressed some concern over different objectives of foster care and child support staff at the Federal level.

OIG Response

Regarding ASMB's concern over the different objectives of child support and foster care staff, we believe that as ACF implements its plan for better coordination and monitoring the differences should be minimized.

ASPE Comments

The Assistant Secretary for Planning and Evaluation (ASPE) agreed that more coordination between foster care and child support is needed. However, ASPE raised concerns about 1) the conflicting objectives of child support and family reunification, 2) whether our savings projections included the cost of pursuing child support, and 3) how well actual collections compared to our projections.

OIG Response

- 1) Regarding ASPE's concern about collecting child support for children in IV-E Foster Care, we agree that child support should only be pursued in "appropriate" cases. However, we continue to believe that the majority of children in foster care can benefit from IV-D Child Support services, such as paternity establishment and locating absent parents. We hope our report increases the awareness of a need to integrate these services. Many of the issues and problems cited by ASPE will be solved as States gain more experience in collecting child support on behalf of foster care children. The "effective practice" sites which we examined demonstrate that this can happen.
- 2) The ASPE commented that our projected savings did not include the cost of pursuing child support. We agree. We did not adjust our estimate of savings to account for the Federal share of State administrative cost because of difficulties in determining the marginal cost of increasing collections. However, in response to ASPE's concerns we reduced the estimated savings by 50 percent to incorporate consideration for the administrative cost of increasing collections.
- 3) The ASPE commented that in fiscal year 1990 OCSE collected \$10.3 million on behalf of children in IV-E Foster Care, but we projected collections of \$8.3 million. Our estimates were based on a random sample of foster care children. The variation between ours and OCSE estimates are probably the result of sampling error.

ENDNOTES

- 1 Some States have an alternate system of obtaining child support for children in foster care. The cases usually are run through juvenile courts and typically include a provision for child support as part of the original removal order. Juvenile courts do not use Federal child support guidelines when establishing orders, nor do they have collection powers (such as wage withholding) available to IV-D Child Support agencies. Of the few cases in our sample referred to these systems, only one had any collections. The total amount of these collections amounted to \$180 per year.
- 2 We do not believe these two sites are the only "effective practice" sites, nor are they necessarily "best" of all sites in the nation. During selection of cases for this study, Federal and State program administrators explicitly named these two counties as "atypical" for their exceptionally high level of collections and unique practices. To learn what "atypical" practices might result in high collections, we repeated the case review process and accompanying structured interviews in these two counties. We reviewed "universe" data for these counties to verify the validity of the sample.
- 3 Review of Child Support Enforcement (Title IV-D) and Foster Care (Title IV-E) Program Interface in New York City. Diane Schwartz, William Meltzer and Allen Jones. Administration for Children and Families (Region II). June, 1991.
- 4 Medicaid 1990 figure courtesy of Health Care Financing Administration, Bureau of Data Management and Strategy, Office of Program Systems, Division of Medicaid Statistics.

APPENDIX A

TITLE IV-E FOSTER CARE PROCESS

After a child is removed from a home - usually by the police or by child protection authorities - the child is placed in some type of emergency care. A removal order is signed by a court and a more permanent place for the child is found. Some States and localities allow parents to voluntarily place their children in foster care.

The preferred placement is in a "homelike" setting where a child will be cared for by foster parents. Usually foster parents are certified volunteers who take children into their homes. The IV-E Foster Care program provides a Federal match (at the same rate as Medicaid) for States' expenses for foster care maintenance payments. These are costs directly related to care and lodging for eligible children.

Local foster care agencies work with former custodial parent(s) - usually the biological parent(s) who last had legal custody of a child - to develop a permanency plan. The permanency plan is a step-by-step action plan to determine what will happen with a child. In accordance with the Adoption Assistance and Child Welfare Act of 1980, the majority of permanency plans are designed to return a child to the former custodial parent(s) as soon as possible.

Occasionally, a foster care worker (or the parent) will determine that a child can never return home. This determination is usually reached because the problems causing removal are so extreme or are insurmountable. For many such cases the permanency plan will be adoption.

For adoption to take place, proper legal proceedings must terminate parental rights of both parents. This termination can be voluntary or involuntary. If a parent is absent and their whereabouts are unknown, a "diligent search" must be made to satisfy legal requirements before a child can be eligible for adoption.

A child's case must be reviewed every six months and the permanency plan updated. The family's progress towards improving the home situation is tracked by an assigned foster care case worker. In cases of voluntary placements, a child must be returned to the parent(s) upon his/her request.

Coordination between IV-E Foster Care and IV-D Child Support programs begins with a referral from a foster care agency. The child support agency attempts to locate the absent parent(s). An "absent parent" is a biological parent not residing in the home the child is in. Paternity will be established if necessary. The child support agency will go through the court proceedings to establish a support order. A support order is an order issued by a court requiring the absent parent(s) to provide child support. The agency will then collect monies from the absent parent(s) and distribute them in accordance with the court's ruling and Federal regulations.

APPENDIX B

INFORMATION COLLECTION METHODS

We analyzed a listing of Title IV-E Foster Care program population for each State in 1989 to determine which States to include in our sample. We drew a two-stage cluster sample. First, we selected eight States at random with probability proportional to size. The average number of children in the IV-E Foster Care program in 1989 determined "size."

The selected States represented approximately 64 percent of the total average number of children in IV-E Foster Care in 1989. The eight States were:

Arizona
California
Illinois
Kentucky
Michigan
Minnesota
New York
Pennsylvania

Second, we selected a sample of 320 IV-E Foster Care children. We randomly selected 40 children per State from the active IV-E Foster Care population. As necessary, we oversampled to compensate for cases which were not available at the time of our on-site visit (i.e., in court that day). The method of random sampling varied from State to State because of variations in administration and organization of IV-E Foster Care and IV-D Child Support programs in the sampled States. For State administered programs, we drew a random sample of all cases. In States where the IV-E Foster Care program is administered by counties, we selected two counties and drew a random sample of all cases within those counties.

Once the cases were selected at IV-E Foster Care agencies, we gathered information on each case and the referral process via a uniform data gathering instrument. We gathered names, social security numbers, and other identifiers, as available, on both parents and the IV-E Foster Care child. We then used these identifiers at IV-D Child Support agencies to determine if the:

- o Foster care agencies had referred a IV-E Foster Care case to IV-D Child Support agencies and the IV-D agencies had received it;
- o IV-A AFDC agencies had referred a case to IV-D Child Support agencies on the parent(s) as an AFDC-eligible case; or

- o **IV-E Foster Care agencies had not referred the case, but IV-D Child Support agencies had been able to open a correctly classified IV-E case on the parent(s) anyway (i.e., the IV-D Child Support agents independently search court records). In these instances IV-E Foster Care agencies are unaware of IV-D Child Support agencies actions.**

When a IV-D Child Support case corresponding to the IV-E Foster Care case was found, we checked the IV-D case to see if it was correctly identified as a IV-E case (as opposed to a IV-A case) and if any collections were being distributed to the IV-E Foster Care program.

We gathered additional facts and data by interviewing people most directly knowledgeable about the extent child support is collected on behalf of children in IV-E Foster Care. We used structured interview guides. Officials in the eight-State sample included: foster care case workers, eligibility workers and their program managers; child support staff, supervisors and court officers; State IV-E Foster Care and IV-D Child Support program managers and staff; and in the regions where the eight sample States are located, Federal IV-E and IV-D program managers and staff.

APPENDIX C

DESCRIPTION OF "EFFECTIVE PRACTICE" SITES

Although their programs differ, Lancaster County, Pennsylvania and Olmstead County, Minnesota have developed successful programs, interrelating IV-E Foster Care and IV-D Child Support.

Lancaster County, Pennsylvania

The philosophical orientation and program organization make Lancaster County, Pennsylvania an "effective practice" site. First, the belief permeating the system is parental responsibility, including financial responsibility.

County managers encourage foster care service workers to think about child support as part of overall therapy for a family. They gather necessary information on the child and family and refer it to the fiscal officer for eligibility determination and possible child support. During all processes everyone assumes the parent(s) will shoulder some of the financial responsibility for their child while in foster care. Program managers and staff believe that parents who are not asked to contribute will have a financial incentive not to strive for the return of their children. Parents must produce evidence that they are unable to financially support their child in order to be exempt from child support.

In preparing the eligibility portion of a case, the fiscal officer is also preparing the child support case. The fiscal officer does most of the routine work in preparing a case for the court to issue a support order. When necessary, two IV-D Child Support officers work with the fiscal officer to facilitate the process.

Lines of communication are smooth, with the fiscal officer acting as a liaison between the IV-E and IV-D programs. The computer system also ties in IV-A AFDC records, IV-D Child Support records and the IV-E Foster Care records, so all information is instantly exchanged.

The fiscal officer also monitors changes in family status. During a six-month eligibility review, the foster care staff and fiscal officer reassess every case for child support. The fiscal officer also monitors collections on the computer, printing out weekly and monthly reports. Program and county managers also review the monthly printouts.

APPENDIX D

PROJECTED CHILD SUPPORT COLLECTIONS

The following projections are based on the premise that our study sample represent typical cases. Based on the current collection rate and amount, we estimated up to \$74 million could have been collected in FY 1990 from parents of children in IV-E Foster Care if support orders were issued for 50 percent of the cases.

To calculate this estimate, we weighted the 320 sampled cases to reflect the percentage of total number of children in IV-E Foster Care nationally. With these weights assigned, we recalculated the percentages of parents ordered to pay support and percentages of parents actually paying support.

National Estimates*			
	Mothers	Fathers	Total
Percent With Support Orders	2.5%	11.0%	11.3%
Amount Ordered	\$6,088,000	\$22,755,000	\$28,844,000
Percent Paying Child Support	0.9%	5.5%	5.5%
Amount Collected	\$336,000	\$7,949,000	\$8,285,000

* Due to the small number of orders and collections and the wide range of amounts ordered and collected (collections ranged from \$5 per month to \$204 per month) the precision of these estimates is low.

From the estimate of collections, we project that approximately \$255 million might be available if every case had a support order and the entire amount of the average current order was collected.

Acknowledging that collections are not made on every support order, we created a hypothetical sample where the percentage of children for whom collections are made on their behalf is increased. These percentages assume the current collection rate of 29 percent remains constant.

Estimate of Potential Collections (in millions)			
Percent Of Children For Whom Collections Are Made	Estimated Child Support Collected (FY 1990)	Net Federal Share of Collections*	Estimated Federal Savings**
10	\$15	\$4.6	\$2.3
20	\$30	\$9.1	\$4.6
30	\$45	\$13.7	\$6.9
40	\$60	\$18.2	\$9.1
50	\$74	\$22.6	\$11.3
<p>* The Federal share is based on the ratio of the Federal share to the total of child support collections made on behalf of AFDC children, as reported by OCSE. The percentage in 1990, used for determining Federal share of collections was 30.38 percent.</p> <p>** We are unable to calculate the marginal change in administrative costs that might be attributable to additional collections. However, to roughly estimate possible Federal savings, we arbitrarily reduced the net Federal share of collections by 50 percent.</p>			

We believe our estimates are conservative for the reasons summarized below.

- o The estimate reflects a 29 percent collection rate for current support orders. This low rate reflects many of the problems detailed in this report, such as the limited exchange of information between foster care and child support workers. The "effective practice" sites achieve an 80 percent rate of collections on current support orders. Support orders in effective practices sites are also frequently updated, so the average dollar amount per support order is higher than is shown in this estimate.
- o The ACF Region II office conducted a recent study of referrals of IV-E Foster Care children to IV-D Child Support services in New York City and showed a high rate of collections is possible. That study also showed problems in the referral processes and a lack of information exchange. Yet, when the IV-D Child Support agency correctly opened IV-E Foster Care cases, they achieved over a 60 percent collection rate.
- o A potential savings to the Medicaid program from parent's medical support of their IV-E Foster Care children exists. In 1990 the average cost per Medicaid child was \$811 per year. Although medical support only covers a portion of the total Medicaid expenditures, significant savings may be possible. In "effective practice" sites 42 percent of the children received medical support from a parent. We did not include potential savings such as these in our estimates above.

- o A IV-D Child Support agency occasionally locates an absent parent (such as an absent father for whom paternity had not been established) who is willing and able to provide a home for their child. In our sample, the IV-D Child Support agency had located the alleged father of a IV-E Foster Care child. A paternity test proved the man was the child's father. The father who had been unaware of the child's existence, was concerned with the conditions that forced the child to be placed in foster care. The man then requested the child come live with him and his family. File records showed the man's request was in the process of being reviewed and the child was expected to soon leave foster care. This is an example of the benefits a child may experience if they receive appropriate, coordinated services. It also represents a source of savings to the IV-E program which we did not include in our estimates.

- o The amount collected will increase as the number of children in IV-E Foster Care rises. We estimate the increase in children to be 12 percent per year, based on the average rate of increase between 1986 and 1990. Potential collections will also increase as dollar amounts of child support collected increase due to inflation and improved methods of collections (such as wage withholding and tax intercepts). The rate of increase established for AFDC and Foster Care cases in 1986-1990 was 4.75 percent. Provided that these rates continue over the next five years, Federal and State governments could cumulatively collect over \$1 billion in child support on behalf of IV-E Foster Care children by 1996. We did not include such calculations in our estimates.

Additionally a one time increase in collections would be realized if all cases "misclassified" for distribution purposes were corrected. In our review, 19 percent of the total dollars collected on behalf of children in IV-E Foster Care was mistakenly distributed to the IV-A AFDC program. If this percentage is representative of the national rate of mistaken distribution, \$2.5 million should go to the IV-E Foster Care program.

APPENDIX E

COMMENTS ON DRAFT REPORT

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

March 27, 1992

To: Richard P. Kusserow
Inspector General

From: Jo Anne B. Barnhart *JAB*
Assistant Secretary for
Children and Families

Subject: Comments on the Office of Inspector General's Draft
Report: "Child Support for Foster Care Children,"
OEI-04-91-00530

Attached are the Administration for Children and Families' comments on your draft inspection report entitled: "Child Support for Foster Care Children."

We agree that there is a need to improve coordination between the child support and foster care programs. We have provided specific comments on each of the recommendations discussed on page 12 of the report. We have also provided additional comments on our plans to implement the recommendations.

Thank you for the opportunity to respond to the recommendations in this draft report.

Attachment

MAR 30 1992

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**COMMENTS OF THE ADMINISTRATION FOR CHILDREN AND FAMILIES ON THE
OFFICE OF INSPECTOR GENERAL'S DRAFT INSPECTION REPORT--CHILD
SUPPORT FOR FOSTER CARE CHILDREN (OEI-04-91-0530)**

Following are the Administration for Children and Families' comments on the recommendations discussed on page 12 of the above-captioned report.

OIG Recommendation #1

As a condition of receiving Federal matching funds for Foster Care administration under Title IV-E, the Administration for Children and Families (ACF) should require States to develop and implement:

- criteria and procedures to assure that Foster Care agencies refer all appropriate IV-E Foster Care cases to IV-D Child Support Enforcement agencies for establishing child support orders and collecting child support; and
- a Memorandum of Understanding between IV-E Foster Care agencies and IV-D Child Support Enforcement agencies with respect to determining "appropriate" cases for referral, gathering and exchanging data between the units, cross training, and inter-unit consultation on cases.

ACF Comment:

We believe that the substance of this recommendation is already in place. The Administration for Children, Youth and Families (ACYF) sent policy issuances to all State agencies which administer or supervise the administration of titles IV-B and IV-E of the Social Security Act. These policy issuances are described below:

1. Program Instruction, ACYF-PI-85-1, dated January 1, 1985, which requires States to amend their title IV-E State plans to include an amendment for the collection of child support payments made on or after October 1, 1984, as required by section 471(a)(17) of the Social Security Act.
2. Information Memorandum, ACYF-IM-84-27, dated December 12, 1984, which transmitted to State child welfare agencies the Office of Child Support Enforcement's (OCSE) Notice of Proposed Rulemaking regarding the child support enforcement amendments of 1984. The Information Memorandum explained the responsibilities of both the title IV-D Child Support Enforcement agency and the title IV-E Foster Care agency for implementation of the requirements. The issuance states that it is the responsibility of the title IV-E agency to refer all cases with assignments to the title IV-D agency and to ensure that funds collected are appropriately managed.

The Information Memorandum recommended that each State title IV-E agency arrange a meeting with the State title IV-D agency to clarify the procedures for assignment of title IV-E cases and determine whether and under what conditions the agency would pursue support payments for cases not receiving Federal funding. This recommendation was based upon the fact that there is variation in State laws and regulations governing the operation of title IV-D agencies.

The Information Memorandum also states that each quarter, States must report to ACYF the title IV-E foster care collections made as an adjustment to expenditures, and that it is the responsibility of the State title IV-E agency to initiate the action that will result in the assignment of rights to support for a child receiving title IV-E foster care maintenance payments. This does not apply to adoption assistance payments made under title IV-E.

Copies of these policy issuances, ACYF-PI-85-1 and ACYF-IM-84-27, are attached.

In addition, we are undertaking the following activities:

- Each regional office will be asked to examine the system for the coordination of title IV-D and title IV-E requirements in each State, and report to the ACYF Commissioner on the status of each State, highlighting problems and providing recommendations for regional and/or Central Office action; and
- We will include this issue as an explicit effort to be undertaken as a part of title IV-B joint planning in the Joint Planning Guidance to be issued to regions in fiscal year 1992.

OIG Recommendation #2

In support of such State initiatives, ACF should provide guidance and plans for coordinating the IV-E Foster Care and IV-D Child Support Enforcement programs. ACF could:

- Develop training and technical assistance modules to assist States in implementing new policies and procedures on child support for children in IV-E Foster Care.
- Publish a compendium periodically of the techniques used by successful States in increasing their collections.
- Publish periodic reports showing statistics nationally and by State on the IV-E Foster Care and IV-D Child Support initiative.

- Direct regional offices of ACF to monitor States in their region using performance standards and monitoring mechanisms.

ACF Comment:

Our FY 1992 strategic plan addresses the need to improve coordination between the child support and foster care programs. Top level staff from OCSE and ACYF have already met to begin a joint initiative between the two agencies, designed to encourage mutual program coordination and outreach at the Federal level. Tentative plans include briefing central and regional office staffs of both programs to improve knowledge of each others' mission and functions, as well as publicizing their linkage with articles in the Child Support Report newsletter, which is sent to a national audience of individuals involved or interested in child support.

As part of the review of title IV-E State plans, ACYF is examining State policies and procedures for collecting and reporting the collection of child support funds.

OIG Recommendation #3

The ACF should ensure that the Federal share of child support dollars collected on behalf of IV-E Foster Care children is correctly distributed to the IV-E Foster Care program rather than the IV-A AFDC program.

ACF Comment:

The OCSE audit process looks at control over collections and distribution; however, due to the small number of foster care cases, the OCSE auditors have not uncovered situations similar to the ones described in the OIG draft report. We are confident that, as the number of referrals, and this foster care cases in the system increases, the OCSE audit will more closely monitor this programmatic area. OCSE will, in the near future, issue a "Dear Colleague" letter to State child support agency directors, urging them to take appropriate steps to remedy the problem uncovered by the OIG, if such action is appropriate in their State.



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Office of the Secretary

Washington, D.C. 20201

MAR 16 1992 9:59

MAR 16 1992

To : Richard P. Kusserow
Inspector General

From : Arnold R. Tompkins *Elizabeth R. Jones*
Assistant Secretary for Management and Budget

Subject: OIG Draft Report: "Child Support for Foster Care
Children," OEI-04-91-00530

We have reviewed the subject draft report, and wish to concur with comments. The recommendations in the report are well advised on both programmatic and financial grounds. Pursuit of child support for IV-E children holds the promise both of greater parental responsibility for children (and potentially, investment in, and commitment to these children), and of direct benefits to the children (e.g., paternity establishment, location of absent parents, continued collections after a child leaves foster care).

We offer the following comments on this report. The report indicates that one reason collections are low is the divergent orientation of the Foster Care and Child Support agencies at the State and local level. Specifically, notes the report in regard to State staff:

Foster care staff are oriented to and talk in terms of an individual child. They form interpersonal relationships with the families they serve. On the other hand, most IV-D Child Support staff view themselves as adversaries of "absent parents." The child support staff tend to be "bottom line oriented."

We question whether, at the Federal level, there aren't similar problems which need to be addressed, and whether there are actions which ACF can take to reduce tensions between the goals of the IV-D program (collecting funds to offset income maintenance costs) and the IV-E program (using the benefits of the child support process, including paternity and support order establishment and parental involvement).

In Appendix D, page 3, the report states that "Federal and State governments could collect over \$1 billion in child support on behalf of IV-E Foster Care children by 1996." The report needs to clarify that this is a cumulative amount over five years. As currently stated, the report gives the impression that by 1996, \$1 billion could be collected annually. Finally, on page 7 of the report, in the first paragraph under the heading "Mission and roles are not clearly understood or accepted," in the third line, the word compliment should be changed to "complement."

Washington, D.C. 20201

MAR 5 1992

TO: Richard Kusserow
Inspector General

FROM: Assistant Secretary for
Planning and Evaluation

SUBJECT: OIG Draft Report: "Child Support for Foster Care
Children," OEI-04-91-00530

Thank you for the informative draft report on the use of Child Support services for children in foster care. I agree that much more could be done to coordinate the provision of Child Support Enforcement services for children entering the title IV-E Foster Care system. Better communication and coordination between staff in IV-D and IV-E agencies is certainly needed and should be encouraged.

However, I believe your draft does not address several important issues, and therefore oversimplifies the extent to which Child Support collections for foster care children can or should be pursued. I strongly suggest that the report include a discussion of the following issues along with a suggestion that they be resolved before additional requirements are placed on state agencies.

- o The report does not adequately address the real and perceived conflicts between the activities and goals of the IV-D program (maximizing collections) and those of the IV-E program (maximizing family reunification). Before ACF can provide guidance and states can develop criteria, there needs to be some resolution of these policy conflicts. Included in the list of issues which could lead to conflicts are: pursuing child support from a two-parent family; pursuing child support from a custodial parent when a child was involuntarily removed from the parent(s); pursuit of child support from a parent receiving AFDC; pursuit of child support when contact with and by the non-custodial parent could be disruptive to the permanency planning or reunification process involving the child and his or her (former) custodial parent. Finally, in our judgment, the report does not distinguish between financial support as a strategy for family involvement and reunification, and child support as pursued under state Child Support Enforcement guidelines and enforcement procedures.

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- o The amount of savings potential from IV-E collections cited in the report is overly optimistic. It does not seem to take into account the cost of providing Child Support Enforcement services. The 1990 Child Support Annual Report to Congress reports that states spent \$947 million to collect \$1.754 billion in child support collections on behalf of AFDC recipients. This results in an average cost-effectiveness ratio of 1.85. This low cost-effectiveness ratio would reduce the savings potential by about 45 percent.
- o Information on the actual level of child support collections made on behalf of IV-E children was not included in the report. In Fiscal Year 1990, IV-D agencies collected \$10.3 million on behalf of IV-E children. This is 30 percent more than the amount estimated in Appendix D, based on sample information.

If you have any questions, please call Jane Baird at 245-2409.



Martin H. Gerry