Challenges and Success in Collecting Interstate Child Support

Expansion of the Federal Parent Locator Service (FPLS)

The FPLS is operated and maintained by the Federal Office of Child Support Enforcement (OCSE). Established as part of the Federal child support program in 1975, the FPLS helps state child support agencies determine the location of noncustodial parents (NCPs). The Personal Responsibility and Work Opportunity Act of 1996 expanded the FPLS to include two new databases:

o The National Directory of New Hires (NDNH) contains quarterly wage data, unemployment insurance claimant data, and information on newly hired employees from across the country.

o The Federal Case Registry (FCR) contains child support case information from all 54 states and territories.

Data in the NDNH are automatically compared on a daily basis to data in the FCR to locate NCPs involved in child support cases as well as putative fathers. Information from these matches is forwarded to the states so they can take child support enforcement action if needed, such as issuing income withholding orders.

Estimating Collections Attributable to NDNH New Hire Matches with the FCR

Interstate child support cases involving parents who live and work in a different state are among the most difficult for state child support agencies to pursue. To quantify the effectiveness of these tools and states' use of them to collect interstate child support, OCSE has conducted 11 state studies. The studies used a random sample of NCP matches resulting from new hire information submitted to the NDNH.

Results:

- **Forty-five percent** of the sample NDNH new hire matches that had child support **orders in place** resulted in the issuance of an income withholding order (IWO) directly from a state child support agency to an employer.

- **Forty percent** of those IWOs resulted in a **collection directly attributable** to the NDNH-FCR new hire match.

- The **median** monthly child support payment in these cases was **$233.**

It is estimated that over **$85 million** is collected annually in these 11 states. By projecting these results nationally, an estimated **$372 million** in child support would be collected annually due to these matches.

Collections not directly attributable to the new hire match (i.e., the state already knew about the employment from another source) are not included. Therefore, these figures are conservative estimates of the effectiveness of the NDNH at generating information resulting in child support collections in interstate cases.

LESSON LEARNED: MANY NONCUSTODIAL PARENTS CHANGE JOBS FREQUENTLY

Even in states that achieve the highest collection rate (percent of cases that resulted in a payment) with NDNH new hire data, there is a steady decline in the payments attributable to these matches over time. The chart below, "NDNH Attributable Collections Over Time By State," examines only the cases that resulted in a payment. It shows that the proportion of cases with a

payment declined from 100 percent in the first month to a range of 47 to 28 percent across the states in the sixth month. By month 12, the proportion of payments that still continued ranged from 28 to 9 percent.

At best, 72 percent of NCPs from whom attributable payments are collected have ended their employment, most likely moving to another job, and the NDNH and FCR must locate them again.   This underscores the mobility of NCPs and the importance of daily matches and employment information being current.

NDNH Attributable Collections Over Time By State
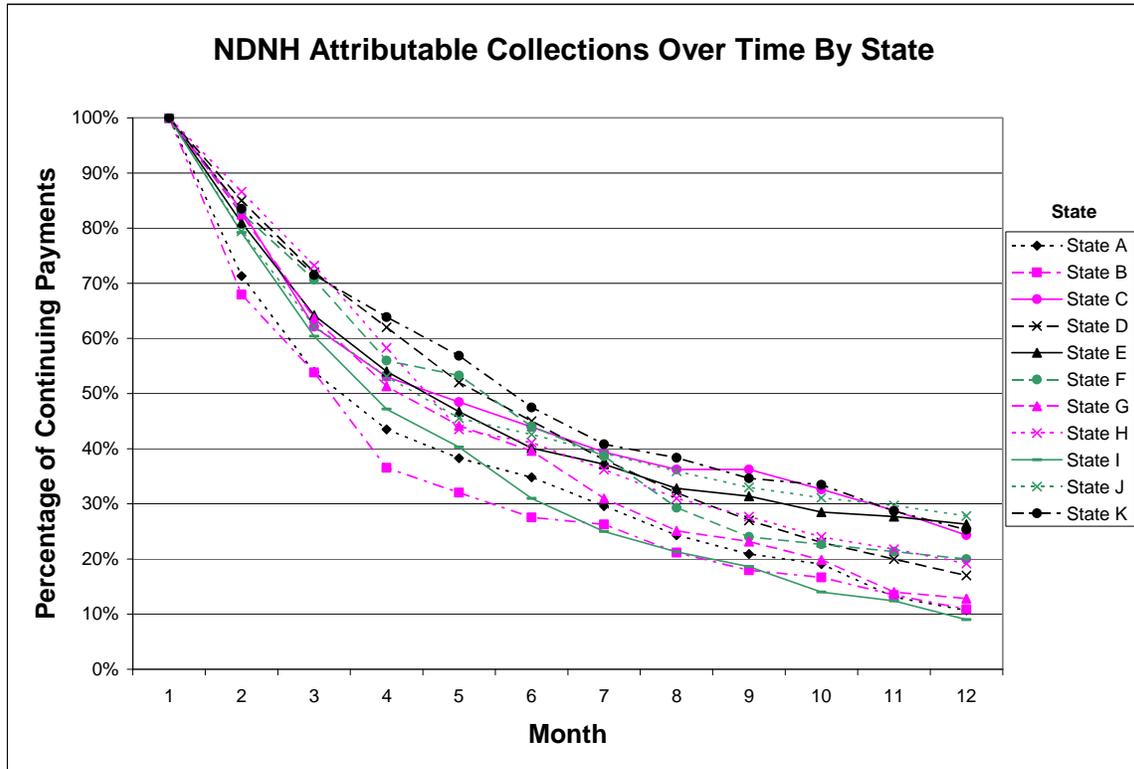
LESSON LEARNED: NDNH PROVIDES TIMELY EMPLOYER DATA

An interesting aspect of the results that states have achieved with new hire information from the NDNH is the rate of collections from temporary employment agencies (temp agencies). Given the temporary nature of jobs that workers obtain through temp agencies, they can be one of the hardest types of employers from which to collect child support. By separating the sample into temp agencies and other employers and comparing the results for each group, we can see how effective the NDNH is at locating NCPs and providing current employment information to states before they change jobs again. The chart below, "Success with Temp Agencies," shows results from issuing IWOs to temp agencies that are counter-intuitive, given the transitory nature of such employment. The overall collection rate for temp agencies is 12 percent, not far behind the collection rate of 13 percent for other employers. The collection rate is the percent of the total sample matches that resulted in a payment. However, a payment is only counted if it can be directly attributed to this national match. If the state was already collecting on the case or knew about this employment through another source, the payment was not
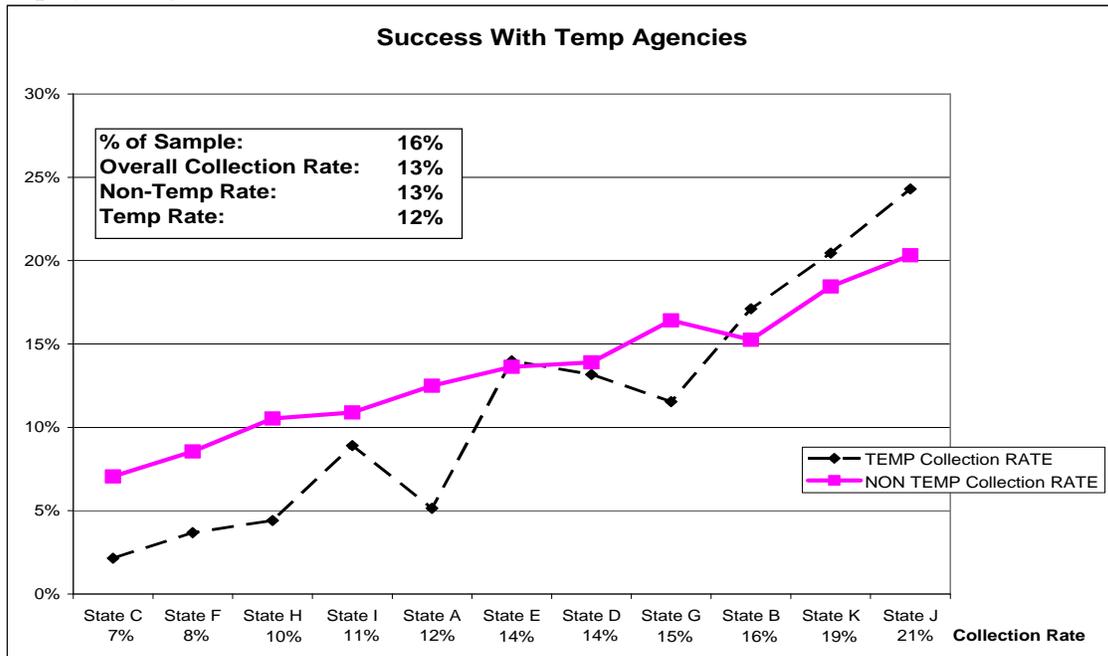
counted for this analysis. These are payments that the state would not have likely collected otherwise, or at least not as timely. Although the sample size in individual states is too small to draw statistically valid conclusions, the chart suggests the possibility that one factor in the success of states with higher collection rates is their ability to collect child support from temp agencies. Preliminary analysis

indicates that collections from temporary employment agencies do not continue as

long as those from other employers.

At a minimum, we can conclude from the results of the 11 studies that the NDNH provides new employer data quickly enough to achieve significant results from non-custodial parents with the most transient type of employment, and that temp agencies should not be ignored by child support agencies when sending income withholding orders to employers.

Success With Temp Agencies

% of Sample:	16%
Overall Collection Rate:	13%
Non-Temp Rate:	13%
Temp Rate:	12%

Legend:
- TEMP Collection RATE
- NON TEMP Collection RATE

| State C 7% | State F 8% | State H 10% | State I 11% | State A 12% | State E 14% | State D 14% | State G 15% | State B 16% | State K 19% | State J 21% |

Collection Rate

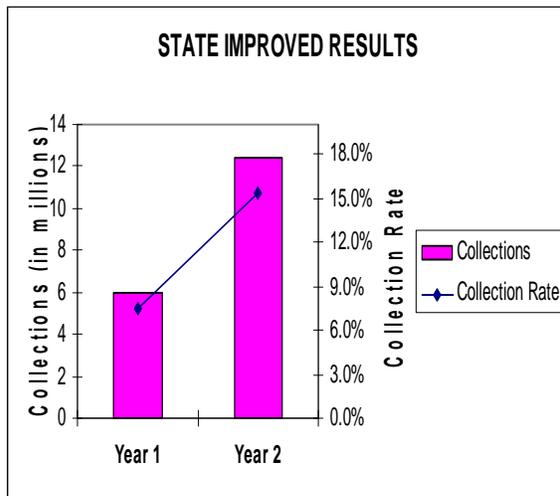**LESSON LEARNED: TIMELY PROCESSING OF NDNH NEW HIRE DATA IS CRUCIAL**

Although there are many variables that affect the success of collecting child support using NDNH-FCR data, comparative results for the same state from two different fiscal years underscore the importance of processing incoming NDNH matches in a timely manner. OCSE studied one state for two different fiscal years and found significant improvement from one year to the next in the effective and timely use of NDNH new hire matches. The collection rate (percent of total sample matches that

resulted in a collection) more than doubled, from 7.5 percent to 15.4 percent.

The main difference between the two years was the timeliness with which the state processed the incoming matches and issued IWOs to matched employers. The study found that, for nearly six months during the first year, matches returned by the NDNH did not post in a timely manner. Those matches were held by the system and released later in the year, while most of the second year matches were posted in a timely manner. Significant delays in processing data and issuing income withholding orders

increase the chance that an obligor will have changed jobs by the time the IWO is received by the employer who reported the new hire, and ultimately decrease the resulting collections. The effect of the delayed data processing on the collection rate and estimated annual collections is shown in the chart, "State Improved Results," below.

STATE IMPROVED RESULTS

an individual employer — under-scoring the importance of the proactive nature of the system and current employment data.

- The NDNH provides new hire data in such a **timely manner** that states are realizing collections from temporary employment agencies — known in child support as one of the most difficult types of employer from which to obtain collections.

- **Timely processing** of incoming NDNH new hire matches is crucial — the faster the data are processed and income withholding orders issued, the more likely a state is to achieve collections.

Conclusion

OCSE continues to study demographic issues affecting the collection of child support. The establishment and enforcement of child support across state lines are among the most difficult problems in the Child Support Enforcement program. Even with these and many other challenges, the program continues to increase collections, with the help of such innovations as direct income withholding and the expansion of the FPLS.

- The **employment mobility** of many NCPs is reflected in the gradual decline of payments attributable to

U.S. Department of Health and Human Services
Administration for Children and Families
Office of Child Support Enforcement
http://www.acf.dhhs.gov/programs/cse/

The Story Behind the Numbers
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