

DOCUMENT RESUME

ED 131 942

PS 008 966

TITLE New Child Support Legislation--Its Potential Impact and How to Improve It.

INSTITUTION Comptroller General of the U.S., Washington, D.C.

SPONS AGENCY Social and Rehabilitation Service (DHEW), Washington, D.C. Office of Child Support Enforcement.

REPORT NO MWD-76-63

PUB DATE 5 Apr 76

NOTE 64p.; Report to the Congress by the Comptroller General of the United States

AVAILABLE FROM U.S. General Accounting Office, Distribution Section, P. O. Box 1020, Washington, D. C. (Report No. MWD-76-63, April 5, 1976, \$1.00)

EDRS PRICE MF-\$0.83 HC-\$3.50 Plus Postage.

DESCRIPTORS Child Care; *Child Welfare; Family Income; *Federal Aid; *Federal Legislation; *Federal Programs; *Government Publications; Program Costs; Program Evaluation; Public Policy; State Programs; State Surveys; Welfare Services

IDENTIFIERS *Aid to Families with Dependent Children; *Department of Health Education and Welfare; DHEW

ABSTRACT

This report describes the status of the federal child support program before the 1975 legislation was enacted. Also discussed are actions taken by the Department of Health, Education and Welfare (HEW) to implement the legislation; means to clarify and improve the new legislation and some problems affected by the new legislation. Included are sections on: (1) states' child support programs as operated before enactment of the 1975 legislation (states reviewed were: California, Georgia, Indiana, Pennsylvania, Texas, Virginia, and Washington), (2) HEW actions to guide and monitor the child support program, (3) observations on recent legislative changes to the child support program, and (4) conclusions, recommendations, and comments from the states and HEW. (MS)

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REPORT TO THE CONGRESS

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

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New Child Support Legislation-- Its Potential Impact And How To Improve It

Office of Child Support Enforcement
Department of Health, Education, and Welfare

Child support payments for recipients of Aid to Families with Dependent Children can reduce program costs. Reviews in seven States showed potential to improve program operations and increase child support payments.

In January 1975 major legislative revisions to the program were approved. Problems have been encountered or are anticipated which could limit program improvements.

GAO is recommending that legislative changes be made and that the annual program report to the Congress contain information to help determine how much the new legislation has improved program operations.

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MWD-76-63

APRIL 5, 1976



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-164031(3)

To the President of the Senate and the
Speaker of the House of Representatives

This report describes the status of the child support program before the 1975 legislation was enacted. It also discusses some problems affected by the new legislation; actions taken by the Department of Health, Education, and Welfare to implement the legislation; and how to clarify and improve the new legislation.

Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Copies of this report are being sent to the Director, Office of Management and Budget, and the Secretary of Health, Education, and Welfare.

James B. Stuck

Comptroller General
of the United States

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ABBREVIATIONS

AFDC	aid to families with dependent children
APA	Assistance Payments Administration
FPLS	Federal Parent Locator Service
GAO	General Accounting Office
HEW	Department of Health, Education, and Welfare
IRS	Internal Revenue Service
OCSE	Office of Child Support Enforcement
SRS	Social and Rehabilitation Service
SSA	Social Security Administration

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

NEW CHILD SUPPORT LEGISLATION--
ITS POTENTIAL IMPACT AND HOW
TO IMPROVE IT
Office of Child Support Enforcement
Department of Health, Education,
and Welfare.

D I G E S T

Over 7 million children who have an absent parent receive assistance under the aid to families with dependent children program. Many of these children could benefit from an effective child support program. In the past, however, the program has generally not been actively carried out by all States and has not been adequately monitored or administered by HEW. Thus the States and the Federal Government have spent many millions of dollars on assistance for these children which would not have been spent if child support payments had been obtained from absent parents.

GAO evaluated the child support program authorized under title IV of the Social Security Act and investigated the potential for new or increased child support payments. This review, made at 10 localities in 7 States, showed that several program improvements were needed and that some potential existed to establish or increase support payments.

The lack of action by HEW to administer and monitor the program was one major weakness noted. This was characterized by no single organization having total program responsibility, program efforts lacking coordination, and basic program information not being available.

Operation of the child support program varied from State to State. Limited efforts were made to establish and enforce child support payments. Although identifying absent parents did not prove to be a major problem, shortcomings were noted in obtaining sufficient data to locate absent parents, determining income and amount of support payments absent parents could make, and reviewing and enforcing child support payments.

Only 4 of the 10 localities reviewed used specific payment criteria which allowed GAO to estimate the potential for more child support payments. Based on a review of 400 cases in which no child

support payments had been required and 200 cases in which payments had been ordered, GAO estimates that \$3.1 million more could be collected annually (\$2 million from new child support orders and \$1.1 million by bringing existing orders up to amounts required by payment criteria).

Payment of child support was tested in 429 cases for a 6-month period. About 51.5 percent of \$248,400 (\$128,000) was not paid by absent parents for that period. Further, more than \$644,500 in total unpaid support existed over various periods for these 429 cases.

In January 1975, the Congress approved major revisions to the child support legislation by enacting Public Law 93-647. By requiring HEW to organize a separate unit to administer the child support program and by giving States and local jurisdictions financial incentives to increase program activities, the new legislation has the potential to overcome the weaknesses found. But problems have occurred or are anticipated in implementing the new legislation.

Some of the problems were handled through implementing Public Law 94-88, which contained, in part, additional legislative changes to the program. Because HEW's fiscal year 1976 appropriations were not approved until January 28, 1976, delays occurred in implementing several provisions of the new legislation, even though the effective date for most of the provisions was August 1, 1975. Also, because of concerns for privacy, sources of information needed to carry out an effective child support program will be limited.

GAO believes the legislation needs some further changes and the Congress should be informed on the impact of the new legislation. Therefore, GAO recommends that the Secretary, HEW, take appropriate actions to include certain data in the required annual report to the Congress indicating how the new legislation is affecting the child support program. GAO is asking the Congress to consider amending the legislation to

--clarify evaluation and audit requirements and give HEW more flexibility in meeting such requirements,

- eliminate the financial incentive to encourage cooperation in identifying and locating absent parents,
- provide for a consistent incentive payment rate to States and localities for collecting support payments, and
- clarify the Garnishment provision.

Also, the Congress may wish to consider the policy issue involving the need to know absent parents' social security numbers and the current policy of not providing this information from Social Security Administration files.

State officials generally concurred with our findings and recommendations and commented on other child support issues which concern them. (See p. 46.)

HEW agreed with our recommendation regarding the contents of its annual report to the Congress, but added that information in its report would likely be limited by the extent of data reported by the States. As for the social security number issue, HEW acknowledged that neither the Privacy Act of 1974 nor Public Law 93-647, which created the Federal Parent Locator Service, requires or prohibits the release of the number. "However," HEW said, "in light of the spirit of the Privacy Act," it has stopped providing social security numbers for child support enforcement. (See p. 54.)

CHAPTER 1

INTRODUCTION

At the request of the Chairman, Subcommittee on Fiscal Policy, Joint Economic Committee, we initiated a review of the collection of child support under the aid to families with dependent children (AFDC) program in June 1974. The Chairman asked that income and support collection data be gathered to provide reliable information on potential support resources and on the functioning of current child support collection systems.

Our objectives were to:

- Determine the potential for establishing initial child support payments for families receiving AFDC assistance.
- Describe the various child support collection systems used.
- Evaluate the program guidance provided to the States by the Department of Health, Education, and Welfare (HEW).
- Identify the types and sources of information available in the Federal Government which are or could be used in carrying out the child support program.
- Review HEW actions on recommendations made in our prior report entitled, "Collection of Child Support Under the Program of Aid to Families with Dependent Children" (B-164031(3), Mar. 13, 1972).

Because of a time constraint on the Subcommittee's activities, we were asked to furnish data instead of a formal report. On December 4, 1974, the Subcommittee Chairman presented a statement to the House of Representatives on child support collection for welfare families. At the conclusion of this statement, which was based on data we provided, she urged that action be taken on the matter. On January 4, 1975, Public Law 93-647 was enacted, amending the child support provisions of the Social Security Act. These provisions were amended again on August 9, 1975, by Public Law 94-88. This report is intended to inform the Congress on program conditions and problems which existed before enactment of the new legislation, problems which will be affected by the legislation, HEW's efforts to implement

the legislation, and possible revisions to clarify and strengthen the legislation.

LEGISLATION

The child support program is now authorized under title IV-D of the Social Security Act, as amended (42 U.S.C. 651 et seq.). It provides for Federal participation in State programs which enforce support obligations of absent parents, locate absent parents, establish paternity and obtain child support. To provide a basis for carrying out the child support program, each State must submit a plan for HEW approval which provides for all matters required by section 454 of the act, such as maintaining collection and disbursement records, establishing a service to locate absent parents, and establishing a single and separate organizational unit to administer the plan.

Development of child support program

In the 1940s the Congress recognized the importance of the desertion and nonsupport issue. Legislative proposals which sought to enforce family support responsibilities were considered, but none were enacted. Then in 1950, the Congress took the first step toward developing a child support program by amending the Social Security Act to require public assistance agencies to notify appropriate law enforcement officials when children who have been abandoned or deserted by a parent are receiving AFDC.

In 1967 the Congress enacted provisions to strengthen State programs for child support enforcement and paternity determination. The 1967 Social Security Act amendments required each State to include in its AFDC State plan a provision for the development and implementation of a program under which a State agency would establish the paternity of and secure support for each illegitimate child receiving AFDC assistance. If the child had been deserted or abandoned by a parent, the agency would secure support for the child from the deserting parent, utilizing reciprocal arrangements with other States to obtain or enforce court orders for support.

The 1967 amendments further required that each State's plan provide for establishing a single organizational unit to carry out the paternity and support program and entering into cooperative arrangements with court and law enforcement officials for assistance in implementing the program.

The 1967 amendments also provided for Federal reimbursement for administration of the State plan at a rate of 50 percent for administrative costs related to paternity and support activities.

In January 1975, the Social Security Act was amended again. A major feature of this legislation was the establishment of Part D: "Child Support and Establishment of Paternity" in title IV of the act. For the first time, child support legislation was separated from part A of title IV, the AFDC program. Part D was amended in August 1975 by Public Law 94-88. We discuss in chapter 4 selected provisions of the 1975 amendments and their potential impact on problems we identified.

PROGRAM ADMINISTRATION

During our fieldwork, HEW operated the child support program under the Social Security Act, as amended through 1967. The Secretary, HEW, was authorized (1) to approve State AFDC plans which included requirements for child support activities and (2) to pay the States the Federal share of costs associated with such activities.

The child support program was implemented through HEW regulations and guidelines. Regulations for establishing the paternity of children born out of wedlock, for securing support for them and all other children receiving AFDC who have been deserted by their parents or other legally liable persons, and for Federal financial participation in these activities were included in 45 C.F.R. 220.48 and 220.61. The requirement for notifying law enforcement officials was set forth in 45 C.F.R. 235.70. The regulations were clarified and elaborated on by program instructions, information memorandums, letters, handbooks, review guides and manuals.

The Assistance Payments Administration (APA), a component of HEW's Social and Rehabilitation Service (SRS), had principal responsibility for child support program activities as part of its overall supervision of the financial assistance aspects of the AFDC program. Other organizations within HEW reviewed, studied, or provided data for the child support program. Social Security Administration (SSA) and Internal Revenue Service (IRS) files were used to locate absent parents.

In March 1975, HEW created the Office of Child Support Enforcement (OCSE), which assumed the responsibility for child support activities, to comply with the new legislation's requirement for a separate organizational unit to administer the child support program.

PROGRAM STATISTICS

When the AFDC program was first established in the 1930s, death of the father was the major basis for eligibility. HEW's 1973 statistics show the largest AFDC group is comprised of families from which a parent is absent because of divorce, separation, desertion, or unmarried parenthood. As a percentage of the total caseload, AFDC families in which a parent is absent from the home increased from 67 percent in 1961 to 83 percent¹ in 1973.

The Federal Government shares in the cost of AFDC payments. Federal outlays for AFDC can be reduced or eliminated when child support payments are made by absent parents, because such payments usually replace Federal funds.

The following statistics show, for fiscal years 1972-74, the total AFDC payments made and the average number of recipient groups.

	<u>FY</u>		
	<u>1972</u>	<u>1973</u>	<u>1974</u>
	<u>(billions)</u>		
Total payments	\$6.7	\$7.0	\$7.4
Federal share	\$3.6	\$3.8	\$4.0
	<u>(000 omitted)</u>		
Average number of families	2,918	3,124	3,170
Average number of recipients	10,631	11,042	10,846
Average number of children	7,698	7,967	7,826

¹Findings of HEW's 1973 AFDC study (see p. 28) based on data from all States and jurisdictions except Massachusetts and Guam show that of 7.7 million children receiving AFDC in these States in January 1973, 6.2 million (80 percent) had an absent parent. The vast majority of absent parents were fathers. Of these fathers,

¹HEW said that when a family had a father in the home and one or more fathers absent from the home, this family was not counted in its 1973 study as having an absent parent. If such families had been included, absent parent figures would be higher.

- 39 percent were not married to the children's mother,
- 27 percent were divorced or legally separated,
- 31 percent had deserted their families, and
- 3 percent were absent for various reasons such as being in the armed services.¹

Of the 3 million families included in the study, about 2.5 million had at least one absent parent. There were, however, only about 789,400 (32 percent)² reported to have court orders and/or voluntary agreements to provide child support from absent parents. Further, only 138,500 (22 percent) of 636,000 families were receiving the full amount of court-ordered support payments. About 207,500 families were receiving partial payments, while 298,200 were not receiving any payments from court ordered support.³ Since HEW required that a voluntary agreement not be recorded for the study unless full payment was being made, the 170,296 families shown to have voluntary agreements for support are also assumed to be receiving full payment.¹

¹See note, p.4.

²Since a family can receive more than one type of child support (court ordered and voluntarily agreed) the total number of families (789,400) is less than the sum of those having a court order (643,650) and those having a voluntary agreement (170,296)

³Since a family can receive support under more than one court order, the total number of families (636,000) is less than the sum of families receiving full (138,500), partial (207,500), or no (298,200) payments.

CHAPTER 2

STATES' CHILD SUPPORT PROGRAMS AS OPERATED BEFORE ENACTMENT OF THE 1975 LEGISLATION

At the time of our fieldwork, operation of the child support program varied from State to State. Although some States placed more emphasis on the program than others, all seven State programs we reviewed could be improved. These improvements, which require additional program efforts, could lead to (1) establishing more child support payments; (2) keeping payments commensurate with the absent parents' ability to pay; (3) assuring that payments are made; and (4) reducing Federal and State funds necessary to provide cash assistance payments to absent parents' families on public assistance rolls.

LOCATIONS REVIEWED AND DESCRIPTION OF PROGRAMS

Our review was made in Norfolk, Va., and the following counties:

<u>States</u>	<u>Counties</u>
California	Contra Costa Yuba
Georgia	De Kalb
Indiana	Marion Vigo
Pennsylvania	Lackawanna
Texas	Harris
Virginia	Fairfax
Washington	Snohomish

In the seven States reviewed, the child support program was either administered by a central State agency or delegated to a local organization. In Georgia, Texas, and Virginia, changes had been made or were being made to administer the program through a new State agency. A capsule description of each State's child support program follows.

California

In California, county district attorneys are principally responsible for child support enforcement. Under the California Welfare Reform Act of 1971, the welfare department is required to refer all absent parent welfare cases to the district attorney within 30 days if a satisfactory support

agreement is not obtained from the absent parent. A basic concept of the California system is that enforcing child support obligations is a law enforcement function, not social work.

In the two counties reviewed in California, the district attorneys had assumed the responsibility for locating absent parents, establishing paternity, and obtaining support payments. Initially, they attempt to obtain support payments without resorting to court proceedings. Should this effort fail, a civil or criminal suit can then be brought against the absent parent. In that case, the court determines the amount of payment. In a noncourt case, the absent parent's payment is established in accordance with a county support scale.

Georgia

A new child support collection system was being instituted in Georgia during our review. Under this new system, collection of child support is the responsibility of a single agency, the Child Support Recovery Unit, within the State's Department of Human Resources. Initially, only cases with an absent parent who made support payments were referred to this unit. Since July 1, 1974, the local welfare offices have been referring all new AFDC cases with absent parents except when the absent parent is deceased, imprisoned, or disabled. For these new accounts, the recovery unit is responsible for locating the absent parents and establishing accounts for them.

Before the recovery unit was established, child support enforcement was to be carried out by the State Department of Family and Children Services through an office in each of Georgia's 159 counties. However, the county eligibility workers actually performed the function, although it was given a low priority.

Pennsylvania

The efforts to collect child support are divided between local welfare departments, law enforcement agencies, and the Bureau of Claim Settlement which is part of the State Department of Public Welfare. Caseworkers in 67 county welfare offices try to establish paternity, locate absent parents, and obtain child support payments. The caseworkers may arrange for and approve a voluntary contribution from the absent parent.

A case will be referred to the Public Welfare Department's support unit for advice and followup with the local courts when (1) the voluntary contribution is not in accordance with the department's payment scale, (2) review of an existing court order is considered appropriate due to changes in circumstances, or (3) the client initiated support action before applying for assistance. A complaint against the absent parent is filed either by the AFDC recipient or, if the recipient refuses to cooperate, by the Bureau of Claim Settlement. In Lackawanna County the complaint is heard by the probation office, which acts as a mediator between the absent parent and the AFDC recipient or the Bureau of Claim Settlement. If an agreement is reached, it is presented to a judge for his approval and becomes a court order. If no agreement is reached, the case is brought before a judge for a hearing to obtain a court order. Support payments are made to the probation office and disbursed either to the Bureau of Claim Settlement or the recipient.

Washington

Child support is collected from legally responsible absent parents of children receiving AFDC through the Office of Support Enforcement, which has 3 regional and 10 district field offices. Although part of the State Department of Social and Health Services, the office is relatively independent from other department programs. In the view of the Director of the Office of Support Enforcement, to be most effective a child support "collection program" should be staffed and administered as a collection service, not as an ancillary function to social rehabilitation or law enforcement.

Under State law, payment of public assistance for the support of children creates a debt due the State by the absent parent. These debts can be collected without the need for court action in most cases by providing that the property of the responsible parent will be subject to lien and foreclosure, seizure and sale, or order, or in the absence of an order, a State schedule of minimum contributions.

Virginia

The Virginia Department of Welfare and Institutions supervises the AFDC program and assures that applicable law and policy are uniformly implemented by local agencies. Before July 1, 1974, the local department of social services in Virginia had primary responsibility for obtaining child support from absent parents whose families were receiving AFDC. Personnel who determine eligibility for AFDC

within the local departments were required to obtain adequate background information from the recipient, locate absent parents, and establish and enforce child support accounts in accordance with State procedures.

Legal action to establish paternity or obtain child support payment when a responsible parent refuses to cooperate may be initiated by filing a complaint with the Juvenile and Domestic Relations Court. This court has jurisdiction over all nonsupport cases except those involving a divorce, action or final decree in which provision has been made for the support of the dependents.

Effective July 1, 1974, new State legislation made child support collection a State responsibility and provided for the creation of an organization similar to that of Washington. All public assistance payments to dependent children create a debt to the State Department of Welfare by the legally responsible parent which may be collected through the seizure and sale of an absent parent's property and the attachment of earnings and bank deposits.

The new legislation will be implemented by a State support enforcement bureau which will emphasize obtaining voluntary support agreements; legal remedies will be employed as a last resort. As of January 1, 1975, however, the support enforcement bureau had not become operational and the previously described system was still in effect. We were told that the new system had not been implemented because the State legislature had not appropriated funds.

Indiana

The Indiana Department of Public Welfare is responsible for the statewide administration of public welfare programs. Within the department, the special investigative section is the single State agency responsible for securing support for children receiving aid.

Operationally, enforcement of child support obligations is the responsibility of three agencies at the county level--the county department of public welfare, the county court system, and the county prosecutor. Generally, their functions include establishing, collecting, and enforcing child support payments made to AFDC recipients.

Welfare department caseworkers initiate action to locate the absent parents. Once the parent is located, the caseworker will work with the recipient to establish paternity or obtain and enforce support orders. The county prosecutor

will represent the AFDC recipient in establishing paternity or citing an absent parent for not complying with a support order. A county official explained that almost all support payments are based on court orders, since the issues involved in paternity actions, separations, and divorce cases are handled by the courts.

Texas

Texas enacted a statewide child support collection program effective September 1973 for establishing paternity and securing support for children who have been deserted or abandoned by a parent. The program is the responsibility of the State Department of Public Welfare. A regional attorney in the department's legal division supervises the child support collection unit in each of the State's 10 regions.

The local child support collection units attempt to obtain child support on a voluntary basis. If these efforts are unsuccessful, court action is to be taken. Support payments are made either directly to the department's fiscal office or indirectly through the local courts.

Before the establishment of the new statewide program, each county's district attorney's office was responsible for bringing charges against an absent parent for child support. Action was initiated by the district attorney upon notification by the AFDC caseworker that an AFDC grant had been made to a deserted or abandoned child. Payments under this system were made to the AFDC recipient and not to any central agency, such as the welfare department. Harris County was still operating under this system as of October 1974. The new statewide program was expected to be fully implemented by the end of 1974.

PROGRAM COSTS AND COLLECTIONS

Program data on costs and amounts of child support collections was not collected by the Department of Health, Education, and Welfare on a regular, recurring basis. As a result, we were unable to acquire such data on a program-wide basis. We attempted to obtain this information for the 7 States and 10 localities included in our review. Even at these levels, information is not always maintained.

We requested staffing, cost, and collection data for fiscal year 1974 from State and local level officials. Only Washington and Contra Costa County were able to furnish the data for the full fiscal year. Because of changes in their programs during 1974, Georgia and Texas officials provided data for an 8-month period. In Indiana and Pennsylvania,

program officials could not provide any of the data requested for the counties reviewed in these States.

The staff of the Senate Committee on Finance attempted to obtain program cost and collections data for fiscal year 1973 by surveying 20 States. They learned from those States that maintained administrative cost data that it cost about 20 cents to collect 1 dollar. In September 1973 Committee hearings, State officials cited figures that generally supported a cost/collection ratio of about 1 to 5. More recently, a cost-benefit study done by a contractor for the Social and Rehabilitation Service showed that for three States, \$5.05 was collected for every dollar spent.

There is no data which shows how many Federal dollars were spent on the child support program and how many Federal dollars were saved through reduced AFDC payments due to child support being collected. Such information could be obtained from all States as one means of monitoring and evaluating the effectiveness of child support programs. This is particularly important in view of HEW estimates (see p. 32) which show that the Federal share of program costs resulting from the new child support legislation will exceed the Federal share of the new collections for the first 2 years.

WHAT NEEDS TO BE DONE TO ESTABLISH AND ENFORCE CHILD SUPPORT PAYMENTS

To operate an effective child support program, several major steps should be taken by program officials, such as

- identifying absent parents,
- obtaining sufficient data to locate absent parents,
- determining income of absent parents and the amount of child support payments they could make,
- establishing child support orders or agreements, and
- reviewing and enforcing existing orders or agreements.

While all the locations visited during our review carry out these steps to varying extents, we noted that efforts were limited in most instances. This has been a primary reason why a substantial potential for establishing new or increased child support payments has not been realized. We estimate that the potential existed to collect annually about

\$3.1 million more from absent parents for 4 of the 10 localities reviewed where criteria were used to determine payment amounts. The \$3.1 million consists of \$2 million from potential new cases and \$1.1 million through increasing payments in existing cases. (See pp. 17 and 18.)

The following discusses what we learned in 10 localities about child support activities. The information presented was obtained by taking 2 samples which included a total of 1,398 AFDC cases and 1,812 absent parents. The first sample of 926 AFDC cases consisted of those having no established collection accounts or no court orders or agreements to provide child support. These cases involved 1,312 identified absent parents who were not deceased or totally incapacitated. A second sample included 472 AFDC cases for which 500 absent parents were identified as being under court order or voluntary agreement to provide child support.

IDENTIFYING AND LOCATING ABSENT PARENTS

One frequently mentioned problem with the child support program is identifying absent parents. Based on interviews and information gathered during our preliminary work we anticipated that failure of AFDC applicants or recipients to cooperate would be a major reason for the inability to identify absent parents. The results of our review, however, showed that this problem was not so prevalent as originally anticipated. It was necessary to randomly select 2,200 AFDC cases in order to find 1,398 cases to meet the criteria for our two samples. For these 2,200 AFDC cases, we found only 66 absent parents had not been identified. The welfare records, however, did not generally indicate whether the inability to identify these absent parents was due to the AFDC applicants' or recipients' lack of knowledge regarding the absent parents or their refusal to cooperate in providing this information.

Obtaining data to locate absent parents

Possibly the most pivotal action to be taken is locating absent parents. This must be done (1) to establish paternity in many cases, (2) to serve a warrant before a court hearing can be held, (3) to solicit a voluntary agreement of payment, and (4) to enforce existing court orders or voluntary agreements.

Before querying sources which could provide location information, program personnel must obtain certain data which is used by the locating sources. A family member or acquaintance may serve as a locating source. In such instances only

the names of absent parents are needed. For most other sources, (see p. 15) the social security number is needed to obtain location and income data. For example if a social security number is known, the Internal Revenue Service can provide the absent parent's last reported home address, the Social Security Administration can provide the name and address of the last reporting employer, and State employment security systems can often provide income data.

Social security numbers

At the local level, an absent parent's social security number may be obtained from such sources as the family or employers. Beyond these sources SSA may be able to identify a social security number if other information is available. Presently SSA requires the absent parent's full name, date of birth, and at least one of the following other items of information: place of birth, father's name, or mother's maiden name. We found, however, that this basic information was not being consistently obtained.

There were 1,312 absent parents involved in the 926 AFDC cases reviewed where no child support had been established. The files contained no social security number for 894, or 68 percent of these absent parents. Even in those cases where there had been a marriage and we assumed information on the absent parents would more likely be available, such information was often lacking. In Norfolk, for example, in 27 of 32 cases, the recipients who were or had been married to the absent parents did not provide social security numbers or birth dates of the absent spouses on the AFDC applications. In Fairfax County, 22 of 63 married or formerly married recipients provided neither the social security numbers nor the birth dates of the absent spouses.

When sufficient information was available to have SSA identify a social security number for the purpose of obtaining the name and address of an absent parent's employer, we found that the States' use of SSA for this purpose was limited. For example, in 5 counties sufficient information was available to make such a request to SSA to help locate 80 absent parents, but only 6 inquiries were made. State and county program officials said they are reluctant to use Federal sources such as SSA because of the timelag before receiving a reply and the fact that the information received is often out of date. One official told us it takes about 8 months to obtain information from SSA. An SSA official concurred that in the past it has taken as long as 8 months to provide information to the States. He attributed the length of time partially to an inefficient system which has since been discontinued.

In order to determine the potential of SSA as a source for obtaining social security numbers, we submitted names and birth dates of 306 absent parents to the SSA. Using only these two items of information SSA made a search for social security numbers. The results showed that

- for 234 absent parents (77 percent) SSA identified social security numbers possibly belonging to them,
- for 13 absent parents (4 percent) SSA identified social security numbers for more than one person having the same name and birthdate, and
- for 57 absent parents (19 percent) SSA could not identify a social security number.

We believe the 77 percent rate of success in identifying social security numbers is indicative of the potential benefit SSA can be to the States as a first step toward locating absent parents. Also, it demonstrates that SSA can be successful in identifying social security numbers with just two items of information--name and birthdate. According to SSA officials, however, a third identifying factor would be needed to verify that the social security numbers identified actually belonged to the individuals named.

In the past, states were obtaining social security numbers for absent parents when requests were submitted to SSA for the address of absent parents' employers. When a State wanted to request SSA to provide data on an absent parent and the social security number was unknown, a form was submitted with the information needed to search for the social security number. After the search was made for the number, it was written on the form. Following the search for an employer's name and address, the form was returned to the State without eliminating the social security number.

SSA officials primarily responsible for developing policy on confidential issues discovered in 1975 that this was occurring, and the practice was stopped. They said their position is that social security numbers should not be provided to the States for purposes of the child support program because there is no legislative provision specifically authorizing SSA to do so. Further, they added that SSA did not want to encourage the use of the social security number as a universal identifier. While this position will not preclude the use of SSA as a potential locating source, it could restrict the use of other sources such as IRS or various State sources which can provide locating or income data on absent parents if the social security number is known.

Other Sources

A variety of sources can help locate absent parents depending on the data available. Some Federal agencies able to provide location information are IRS, the Postal Service, SSA, and the Department of Defense. At the State level, the departments of motor vehicles, employment security agencies, police and sheriff departments, State income tax agencies, and local employers are among those sources which might be able to help.

Using data obtained from the cases in our sample, we asked IRS and SSA for address information on 347 absent parents in instances where program officials had failed to do so. IRS provided addresses for 232, or 66.9 percent of the absent parents. SSA furnished the address of the last known employer for 260 absent parents, or about 74.9 percent. State and local program officials again cited the long time it takes to obtain a reply as a reason for not using IRS or SSA to obtain addresses on these cases. Also, they questioned whether the information is recent enough to be useful once it is received.

IRS and SSA furnished the addresses requested within 60 days after agreement was reached to supply the data. Most of the information was provided from records which were at least 6 months old. But this same situation will likely exist when State and local sources, such as State income tax returns or employment security agency records, are used to obtain addresses.

DETERMINING ABSENT PARENTS' INCOME AND ESTABLISHING SUPPORT PAYMENTS

Once absent parents have been identified and located, their potential for making child support payments must be established. A prime measure of absent parents' ability to pay is their income. Program officials may be able to obtain income data from State employment security systems, State income tax returns, employers or former employers, or family sources. We obtained from the various State and Federal sources income data for a 1-year period on 719 of the 1,812 absent parents included in our samples. The following table indicates for 615 absent parents the frequency of incomes earned within certain earnings ranges.

<u>Earnings</u>	<u>Number of absent parents</u>
0- 4,000	349
4,001- 6,000	103
6,001- 8,000	70
8,001-10,000	44
10,001-15,000	45
15,001-20,000	4
20,000-and over	0
	<u>615</u>

These figures show that 163, or 27 percent of these absent parents, earned over \$6,000. In addition, 104 absent parents filed joint income tax returns which may have included income of their spouses. Of these returns 69 showed a gross income of \$6,000 to \$32,000. This provided us with some indication of absent parents' potential for making child support payments.

In many instances support payments are set arbitrarily, while in other cases scales or formulas are used to determine support payments. We found that only 4 of the 10 locations reviewed used a payment scale based on income to determine the amount of an absent parent's support obligation. In another location, Yuba County, California, the practice was to try to obtain \$50 for each child. But this amount would be negotiated on the basis of the absent parent's ability to pay. Virginia had criteria for establishing support payments; however, agency officials in the two Virginia locations reviewed said they did not use the scale since it was considered to be "punitive."

The criteria used in the five locations shown below were inconsistent, as they considered different factors, such as debts, transportation expenses, and expenses due to unusual circumstances, in determining the absent parent's ability to pay child support. For example, in Georgia the amount of income available for support is determined by deducting normal withholdings, allowing for expenses due to unusual or exceptional circumstances, and providing for retention of income to maintain a modest standard of living for the absent parent and his present family. In contrast, the State of Washington's criteria do not allow other debts to be considered ahead of an absent parent's support requirement. We compared the effect of the various criteria in the five locations for an absent parent earning \$6,000 per year, with one dependent, no unusual expenses or debts, and one child on AFDC. The following table demonstrates the variance in payment requirements from location to location.

<u>County</u>	<u>Monthly payment required</u>
Lackawanna, Pa.	\$122
Snohomish, Wash.	70
Yuba, Calif.	50
De Kalb, Ga.	47
Contra Costa, Calif.	36

In the four locations with payment scales, we applied the scales to the AFDC cases reviewed in which the absent parents--both located and unlocated--had not been ordered to make child support payments. We estimate that there was a potential to annually collect about \$2 million more if program personnel would locate absent parents and require them to initiate payments. We also reviewed the potential for additional support in Marion County, Indiana, by using Georgia's criteria to determine payment amounts. County welfare officials concurred with the reasonableness of the criteria used. When we applied the Georgia criteria to the circumstances of 138 absent parents who were not required to make support payments, 9 of them showed the potential to pay over \$22,000 per year toward the support of their children on AFDC in Marion County.

We recognize that to realize the potential collections additional efforts and increased costs may be required. However, these efforts have proven to be cost beneficial. (See p. 11.)

REVIEWING AND ENFORCING PAYMENTS

After the initial payment amount has been established, program officials should assure that it remains consistent with the absent parent's ability to pay and that payments are made.

Reviewing actions

Our review of cases where child support payments had been established showed that in many instances no adjustments had been made to account for changes in the absent parents' incomes. This is the result of (1) some localities not having criteria by which payments can be adjusted or (2) officials not making such reviews where criteria do exist because there was a lack of procedures or staff.

In 4 counties which use specific payment criteria, 68 of 200 absent parents were assigned support payments less than required by the payment criteria in their localities. On the basis of these cases, we estimate that about \$1.1 million in increased payments could result from bringing child support payments in line with existing criteria.

For example, in Contra Costa County, an absent parent with a gross annual income of about \$16,700 had a total monthly payment of only \$25 for three dependents receiving AFDC. Based on agency criteria, the payment should have been \$311. The average welfare grant payment in California during 1973 was only \$295. Thus, support payments commensurate with the absent parent's income might have made the family ineligible for AFDC.

We believe there is a potential to increase child support payments in those counties where no criteria currently exist. To test this, we applied Georgia's criteria for support payments to present child support cases in Marion County, Indiana, as a means of comparing the absent parents' ability to pay with what they had been ordered to pay. We found that 12 of 50 absent parents had established payments which were less than the amounts required by Georgia's criteria. We estimate that about \$20,000 per year more child support could be collected if payments were made according to these criteria, which Marion County officials considered reasonable.

Enforcing actions

Program personnel are not assuring that absent parents meet their child support obligations. This situation, which program officials attribute to such matters as failure of courts to enforce their orders, lack of procedures to detect delinquencies, and inadequate staff, had led to poor compliance by absent parents in meeting child support payments and to unnecessary State and Federal AFDC costs.

Payment records were available for only 429 of 500 absent parents in our second sample who were to be making payments. An examination of these records showed that from July through December 1973, actual payments represented only 48.5 percent of the required payments as follows:

Payment Record of Absent Parents
July-December 1973

Location	Number of absent parents	Payments			Percent paid
		Required	Made	Not made	
Contra Costa	50	\$ 23,627	\$ 6,663	\$ 16,964	28
Yuba	50	25,490	13,460	12,030	53
Snohomish	47	32,688	21,818	10,870	66
De Kalb	50	23,452	18,143	5,309	78
Norfolk	32	18,782	5,797	12,985	31
Fairfax	46	29,579	19,536	10,043	66
Harris	37	20,230	4,722	15,508	23
Lackawanna	47	30,665	18,947	11,718	62
Marion	35	25,868	3,323	22,545	13
Vigo	35	18,009	8,066	9,943	44
Total	429	\$248,390	\$120,475	\$127,915	
Average per case per month		\$96.50	\$46.80	\$49.70	48.5

A more detailed look at payments made shows the distribution of the equivalent number of payments made during the 6-month period.¹ About 35 percent of absent parents made no payments at all during this period while 30 percent paid in full.

¹ Equivalent payments were determined by dividing the amount paid for the 6-month period by the amount required to be paid each month; e.g., \$300 (total paid for 6 months) ÷ \$100 (required monthly payment) = 3 equivalent payments.

Frequency of Payments
(July-December, 1973)

Location	Number of absent parents	Equivalent payments made							
		0	1	2	3	4	5	6	
Contra Costa	50	27	4	2	3	4	3	7	
Yuba	50	7	6	2	8	8	4	15	
Snohomish	47	3	6	4	3	3	9	19	
De. Valb	50	1	-	3	4	9	17	16	
Norfolk	32	19	1	3	-	1	1	7	
Fairfax	46	14	1	2	2	-	6	21	
Harri.	37	23	1	3	2	-	-	8	
Lackawanna	47	13	-	2	1	2	4	25	
Marion	35	25	6	2	-	1	-	1	
Vigo	35	18	3	2	1	-	1	10	
Total	<u>429</u>	<u>150</u>	<u>28</u>	<u>25</u>	<u>24</u>	<u>28</u>	<u>45</u>	<u>129</u>	
Percent	100	35	7	6	5	7	10	30	

The lack of sufficient income could be one reason why absent parents do not make child support payments. We found, however, that some absent parents did have sufficient income to provide support but failed to make any payments. For example, in Contra Costa County, 27 of the 50 absent parents made no payments during the period reviewed. Our review of the case files indicated that some type of enforcement action was initiated by the caseworker in only 17 of the cases. Of the 19 cases receiving no review or enforcement action, we determined that 6 absent parents had sufficient income to provide support. For each of the six cases, agency officials concurred that some action should have been taken by the caseworker.

Failure of the absent parents to meet their child support obligations has resulted in substantial unpaid balances being accumulated. Although records were incomplete, we were able to compute that at least \$644,500 in obligations had not

been paid over various periods for the 429 cases previously cited. In Marion County alone, there was \$120,600 unpaid in 15 cases, with 7 cases having an unpaid balance in excess of \$5,000 each.

Program officials generally have taken limited actions to collect unpaid amounts. For example, in the two Indiana counties (Marion and Vigo), where the county clerks are supposed to notify the court when payments are not made, this was not being done. In some cases accounts were not even set up so missed payments could be detected. One county clerk said that a judge said not to bother notifying him since his court was overburdened. Another county clerk said it was up to the recipient, not his office, to see that support was paid. In these instances more action could be taken to assure that child support payments are kept current, and in cases of nonpayment, collection efforts should be made.

CHAPTER 3

HEW ACTIONS TO GUIDE AND MONITOR

THE CHILD SUPPORT PROGRAM

For several years, the Department of Health, Education, and Welfare has generally accorded child support activities a low priority in comparison with other aspects of aid to families with dependent children. Child support program responsibilities and assignments have been handled in a fragmented manner and at times on an ad hoc basis. There has been no regular, effective system to monitor the States' child support enforcement programs, nor much statistical program data available to determine progress or problems associated with the program. The relative lack of action was prevalent not only at HEW headquarters, but also in the regional offices. This situation began to change in fiscal year 1974, and the change became more noticeable in March 1975, when HEW began responding to program amendments contained in Public Law 93-647.

The following discussion will explain what was occurring before the enactment of Public Laws 93-647 and 94-88 (see pp. 22 to 29) and what has happened subsequently. (See pp. 29 to 30.)

HEW GROUPS AFFECTING THE CHILD SUPPORT PROGRAM

In 1974, six HEW headquarters organizations had some relationship to the child support program. No one organization had oversight responsibility for the program, and efforts were not coordinated.

Assistance Payments Administration

While all actions affecting the child support program did not emanate from one headquarters organization, APA had the primary responsibility for the program. APA assisted HEW regional offices and State agencies by interpreting Federal policy as questions arose, preparing and issuing program instructions and regulations, and developing review guides for monitoring States' compliance with Federal regulations. Also, APA officials stated that they attended conferences, participated in workshops, responded to congressional inquiries, provided program information when requested, and maintained records of pending child support court cases that might establish legal precedents.

Within APA, three divisions shared responsibility for carrying out tasks related to the child support program. As part of its overall function, the division of program payment standards was responsible for handling program and policy matters in the areas of establishing paternity and support, notifying law enforcement officials of abandoned children receiving AFDC, and using IRS to locate absent parents. Although plans had been made to establish a branch within the division to handle only child support matters, APA officials said this was never done because of staffing problems.

The division of State systems management provided guidance to the States on Federal matching rates for paternity and support activities. Also, this division planned and implemented data exchanges and wrote procedures for using Social Security Administration and Internal Revenue Service records to locate absent parents.

The division of program evaluation and planning served as a liaison between APA and the National Center for Social Statistics, defining what type of data the Center was to accumulate on the child support program. This division also reviewed and analyzed the data obtained.

These 3 divisions of APA had 29 professional staff members. No record was maintained, and we could not ascertain how much of their time was spent on child support matters or what this effort cost. In testimony before the Senate Committee on Appropriations in February 1975, the Administrator, Social and Rehabilitation Services, stated that HEW headquarters devoted less than 1 staff year in fiscal year 1973 and 4 staff years in fiscal year 1974 to the child support program. Related salaries and expenses were estimated at \$29,000 in fiscal year 1973 and \$78,000 in fiscal year 1974.

Office of Planning, Research, and Evaluation

This office acted primarily as the research and demonstration arm of SRS. In this capacity, two research and demonstration projects were contracted for in fiscal year 1974 to examine the problems of child support by absent parents under the AFDC program.

One project focused on developing a cost-benefit model to help State and local governments organize efficient and effective programs for collecting child support payments from absent parents.

The second project required the contractor to briefly review efforts of district attorneys and courts within the States selected for analysis in the previous study. Based on this review the contractor then conducted two demonstration training workshops at which district attorneys or agency prosecutors who had implemented relatively successful programs instructed other interested parties on proven techniques of enforcing child support for AFDC families, and exchanged ideas and experiences with the participants.

Although APA officials were not designated as project officers for the work done under these contracts, we were told they were aware of the contracts, made some input on the scope of work, and participated in the training workshops.

Office of Policy Control

In January 1974, SRS established a new Office of Policy Control to coordinate the preparation of policy directives, codify existing policy, and coordinate the issuance of program regulations and guidelines for SRS. This office was a liaison for SRS with other agencies in HEW and with the Federal Government in matters relating to SRS guidelines and regulations.

An official in this office said he had worked very closely with APA in revising regulations pertaining to Federal reimbursement of paternity and child support activities. Also, the Office of Policy Control worked with APA on guidelines for implementing revised paternity and support regulations. This work was terminated when Public Law 93-647 was passed, and revision of regulations was assigned to a task force.

Office of the U.S. Commissioner of Welfare

The Office of the U.S. Commissioner of Welfare provided direct assistance to a number of States to help them modernize their welfare systems, reduce errors in determining eligibility and payments, and close loopholes which permit nonneedy persons to receive welfare benefits. Several States requested HEW to make comprehensive reviews of their public assistance programs, primarily AFDC, as a first step toward solving their welfare problems. According to the Assistant U.S. Commissioner of Welfare, who has participated in the reviews, child support enforcement activities were considered a very important part of the review because this is one program area in which effective and efficient management can result in overall savings without reducing total funds received by AFDC families.

Since these reviews were undertaken at the request of the States, HEW did not follow up on them once the reports were completed, unless requested by the States to conduct additional investigations or to assist in drafting new regulations or legislation.

A report on child support dated June 26, 1974, was prepared by the Commissioner's advisory group on child support. This group was formed at the request of the U.S. Commissioner of Welfare and was made up of attorneys, a judge, and other persons knowledgeable about child support.

The advisory group's recommendations to HEW included informing the public of the magnitude of the problems, promulgating more effective regulations, promoting nationwide training and informational exchanges, and considering the development of a national system to accumulate and maintain information necessary for the enforcement of child support. This report was given to the Secretary, HEW, and to the Office of the General Counsel for review, comment, and suggestions on possible action. No action was taken, however, because of the enactment of Public Law 93-647.

HEW Audit Agency

The HEW Audit Agency is responsible for developing and maintaining a comprehensive audit program for all of HEW. In view of this, we contacted the Audit Agency to ask what had been done to review the child support program since 1972. We were provided with three Audit Agency reports which discuss child support programs in two Virginia cities and three California counties. These reports generally concluded that efforts to obtain child support payments varied in different locations and that some improvements could be made. Further, we were informed that an indeterminable amount of audit effort was used to assist other HEW groups with reviews of the child support program and to examine some portion of the program, as part of reviews designed to cover the broad aspect of the AFDC program.

Social Security Administration

Absent parents' social security numbers and whereabouts are two vital pieces of information needed to pursue child support actions. Before 1975, SRS procedures prescribed that appropriate State agencies contact SSA to verify absent parents' social security numbers and the addresses of their last known employers. Use of this data was limited to establishing or enforcing child support orders or agreements.

SSA officials advised us that they stopped this practice but that SSA will continue to provide employer address information on absent parents to the Federal Parent Locator Service. (See p. 14.)

HEW ACTIONS ON OUR PREVIOUS REPORT

On March 13, 1972, we issued a report entitled "Collection of Child Support Under the Program of Aid to Families with Dependent Children" (B-164031(3)). The report contained several recommendations to the Secretary of HEW. The following are the recommendations included in our 1972 report and HEW's responses and related actions on those recommendations.

Reviewing

Our recommendation

HEW initially should review each State's child support enforcement program to

- determine how effective the program has been in identifying and locating absent parents and in securing child support,
- identify problems encountered by the State in its support enforcement program, and
- find ways to assist the State in solving its problems.

HEW's response and related action

HEW acknowledged the need for comprehensive administrative reviews of States' child support enforcement programs and added that priority objectives for SRS for fiscal year 1973 included plans to establish procedures for such reviews.

In September 1972, guidelines were developed for reviewing six AFDC program areas, including legal liability of absent parents for support in AFDC. The Office of the Secretary directed that this area be included specifically in response to our recommendation.

We contacted HEW officials to learn how many reviews had been made in this program area. They told us that some paternity and support reviews had been made in fiscal year 1973 but it was not known how many had been completed or

where copies of reports might be found. Officials of 6 HEW regions responsible for AFDC programs in 32 States, the District of Columbia, and the territory of Guam informed us that 6 States in 3 regions had been reviewed. They cited insufficient staff and the low priority of the support enforcement program as reasons for the lack of review effort.

The Office of the Commissioner of Welfare has reviewed the AFDC program in six States by request of the Governors or other State officials. The resultant reports suggested, in part, ways to improve the child support program.

Monitoring

Our recommendation

HEW should adopt procedures for monitoring the States' support enforcement programs.

HEW's response and related action

HEW indicated that procedures for monitoring the States' support enforcement programs would be developed as an integral part of the comprehensive reviews planned in response to the first recommendation. As previously mentioned, the HEW regional offices responsible for making such reviews did so on a limited basis. The HEW regional offices also had responsibility for day-to-day contact with the States and for monitoring States' enforcement programs.

HEW also pointed out that its quality control system, initiated in 1970, provides for determining the frequency with which State agencies are taking required action to establish the absent parents' legal liability for support. Information obtained through the quality control system has not been used, however, to monitor child support activities.

Reporting

Our recommendation

HEW should require States to periodically report to HEW statistical information such as the number of cases involving absent parents, and the amount of support collection and accomplishments and problems encountered.

HEW's response and related action

HEW indicated that during fiscal year 1973 it would request a report from each State on its activities and accomplishments in obtaining support from absent fathers. Data was collected by the National Center for Social Statistics and included in the "1973 AFDC Study, Part II-A, Financial Circumstances." This data was then tabulated by a number of variables, such as the number of children receiving AFDC for whom payments are to be made, the monthly amount of the court order or voluntary agreement, the designated payee (parent, court, welfare agency, etc.), and the extent to which payments are being met (partially, fully, or not at all).

Although this data provides useful general information in a number of areas, it does not specifically show the amounts of support collection nor provide any real indication of the accomplishments and problems of the States' child support enforcement programs.

Informing

Our recommendation

HEW should disseminate to all States information on particular accomplishments or organizational features of either State or HEW regional offices that might assist other States in improving their programs.

HEW's response and related action

HEW indicated that it would defer its implementation until receipt and evaluation of the reports mentioned above. The AFDC study, however, is a compilation of statistical data derived from sample surveys of 33 States' AFDC caseloads during a 1-month period. While the study data may indicate, for example, that a particular State has been more successful than others in a certain area, such as obtaining court orders for support, it provides no information on the State's program characteristics or organizational features.

More recently, two contracts were awarded (see p. 23) to help States operate their child support programs. One contractor visited some States and then held workshops where State officials could exchange program ideas and experiences. The other contractor developed a cost-benefit analysis of various child support programs and a summary of the analysis will be distributed to all the States. Also, a "How They Do

It" booklet was issued to the States which describes the features of the child support enforcement programs in Massachusetts and Washington.

Considering Washington's program

Our recommendation

HEW should encourage States to consider the features of the State of Washington's program that have contributed to its success and, when practicable, to adopt those features that would strengthen their support enforcement programs.

HEW's response and related action

The previously mentioned "How They Do It" booklet was issued. Washington State program officials said that they had been contacted by officials of 29 States and the District of Columbia for program information and consultation.

HEW RESPONSE TO NEW LEGISLATION

After the enactment of Public Laws 93-647 and 94-88, HEW officials substantially increased their activities on the child support program. Significant among these activities are

- awarding two grants designed to explore new methods of determining paternity,
- designating regional staff to work with the States in preparing their program plans,
- awarding a contract to establish baseline program data for comparison against program results achieved after Public Law 93-647 was enacted,
- awarding the National District Attorneys' Association a contract which resulted in 6 conferences being held to explain the new law and in providing local prosecutors with information and technical assistance in carrying out child support activities,
- immediately establishing a task force to begin responding to legislative requirements,

- convenin an informal advisory group composed of non-Federal officials that discussed and suggested program standards and minimum organization and staffing requirements in the States,
- completing and issuing program regulations that became effective on August 1, 1975,
- establishing an Office of Child Support Enforcement (OCSE) and designating the Administrator, SRS, to operate the child support program,
- requesting positions to staff OCSE and related administrative support,
- developing a Federal Parent Locator Service (FPLS) to allow States to obtain an absent parent's last reported employer or residence address from SSA, IRS, or Department of Defense records,
- participating in an ad hoc committee to establish uniform garnishment procedures for the executive branch,
- approving 41 of 54 state plans submitted as of January 12, 1976,
- reviewing requests for waivers submitted by 8 States to delay implementing the new legislation, and
- issuing quarterly grant awards which total \$25.2 million as of January 12, 1976, to those States with approved plans.

Although HEW has been able to take many actions to begin implementing the new legislation, it has been hampered in preparing to carry out several aspects of the child support program. This has occurred because the new legislation became effective for the most part on August 1, 1975, but the fiscal year 1976 appropriation was not approved until January 28, 1976. Thus for almost 6 months HEW could not

- adequately staff OSCE,
- begin operation of FPLS,
- use IRS to collect child support payments, or
- process applications from the States to use Federal courts to enforce support orders.

CHAPTER 4

OBSERVATIONS ON RECENT LEGISLATIVE CHANGES TO THE CHILD SUPPORT PROGRAM

In recent years, several bills have been introduced to amend the child support provisions of the Social Security Act. On January 4, 1975, Public Law 93-647 was enacted, authorizing many major changes to the child support program. Subsequently, Public Laws 94-46 and 94-88 were enacted, deferring the effective date and amending certain sections of the earlier legislation as well as adding some new provisions. Both administrative procedures and financial incentives are contained in the new legislation which should enable and encourage the States to improve child support activities.

The cost to the Federal Government of implementing the legislation is uncertain. Since no reliable cost and collection data is available for previous years, the Department of Health, Education, and Welfare has had difficulty in estimating the Federal cost and related collections which might be anticipated by carrying out provisions of the new legislation. At a hearing in February 1975, the Administrator, Social and Rehabilitation Service, provided tentative cost and collection estimates to the Subcommittee on Labor & Health, Education, and Welfare, Senate Committee on Appropriations, on the anticipated increase in collections and new Federal costs resulting from provisions of title IV-D of the Social Security Act, as follows:

	<u>FY 1976</u>	<u>FY 1977</u>
	<u>(millions)</u>	
Total new collections	\$109.2	\$280.8
Less: Bounty to recipients	21.8	-
Bonus to localities	21.8	57.9
States' share	<u>39.3</u>	<u>126.4</u>
Federal share of new collections	\$26.3	\$ 96.5
Total new administrative costs	92.2	143.2
Less: States' share	<u>17.6</u>	<u>31.0</u>
Federal share of administrative cost	<u>74.6</u>	<u>112.2</u>
Net Federal cost	<u>\$48.3</u>	<u>\$ 15.7</u>

In addition, HEW estimates the cost of additional staff to implement the legislation at \$3.7 million annually. From a Federal standpoint, the new legislation will not immediately save money because large startup costs will be immediately incurred while new collections are gradually obtained. From the States' standpoint, however, the new legislation will immediately save them money because their share of administrative costs has been reduced from 50 percent to 25 percent and State and local collecting agencies will receive a bonus for collections received. Over the long run, implementing the new legislation is expected to save money for both the States and the Federal Government. When this will occur and how much will be saved is difficult to estimate until the new legislation is implemented and reliable new cost and collection data is available for use in making projections. HEW has recently prepared preliminary estimates of total child support program costs and collections based on State budget projections reported for one quarter of fiscal year 1976. These estimates show that in fiscal year 1976, the Federal Government will have a net program cost of \$10.2 million, and in fiscal year 1977, a net cost of \$1.7 million is estimated.

Our analysis of the new laws indicates that they have the potential to correct several program deficiencies noted during our review. The following segments of this chapter describe certain provisions of these laws, the problems they address, what HEW is doing to comply with them, and our comments on the potential impact of these provisions.

SEPARATE UNIT IN HEW

The amendments to title IV of the Social Security Act require that effective August 1, 1975:

"* * * the Secretary shall establish within the Department of Health, Education, and Welfare a separate organizational unit, under the direction of a designate of the Secretary who shall report directly to the Secretary."

In chapter 3, we showed that child support actions in HEW were not coordinated. As many as six headquarters office groups carried out activities relative to the child support program. There was very little child support activity in the HEW regional offices.

In response to the requirement for a separate unit, in March 1975 the Secretary of HEW designated the Administrator of SRS to direct a separate child support unit--the Office

of Child Support Enforcement. Therefore, the Secretary's designee is an official who has responsibility for other major programs such as AFDC and Medicaid. To staff OCSE for fiscal year 1976, HEW requested 295 positions, 170 of which were for technical and support staff. The remaining 125 positions were to satisfy the audit requirements of the law. (See p. 34.) The Office of Management and Budget, however, has approved requesting only 170 positions, deleting those positions designated for the audit function.

Tentatively the 170 positions are to be allocated as follows:

<u>Location</u>	<u>Total</u>	<u>Function</u>		
		<u>Administrative/technical</u>	<u>Legal</u>	<u>Support</u>
OCSE head- quarters	90	68	2	20 ^a
Regional offices	<u>80</u>	<u>70</u>	<u>10</u>	<u>-</u>
	<u>170</u>	<u>138</u>	<u>12</u>	<u>20</u>

^aTen of these positions may be allocated to the regional offices.

According to an HEW official, there is concern over OCSE's ability to fulfill the audit function within the staffing level of 170. Plans are being formulated within HEW to request additional positions in fiscal year 1977 to staff the child support audit function.

Our observations

The establishment of one organizational unit with full responsibility for the child support program should improve HEW's administration of this activity. HEW estimates of staff needs have ranged from 295 to 380 positions, but only 170 positions were requested. Because of the delay in approving the appropriations for fiscal year 1976, OCSE operated with a maximum of 14 staff members for the first 7 months of the fiscal year. This has limited the activities and effectiveness of OCSE.

AUDIT REQUIREMENTS

A provision of the new law requires that the Secretary's designee:

"* * * evaluate the implementation of State programs established pursuant to [the State plan], conduct such audits of State programs established under the plan * * * as may be necessary to assure their conformity with the requirements of this part [of the law], and, not less often than annually, conduct a complete audit of the programs established under such plans in each State and determine for the purposes of the penalty provision of Section 403(h) whether the actual operation of such programs in each State conform to the requirements of this part; * * *."

The penalty provision provides that by January 1, 1977, each State must have an approved plan in effect and being carried out or it will lose 5 percent of all Federal AFDC support until it does.

In the past, HEW has not had a continuing, effective monitoring effort for the child support program. Few audits of the program have been made in the last 3 years. Although legislation has long required HEW to assure that States conduct their program in accordance with approved plans, little has been done to comply with this requirement. In addition, as noted on page 33, the staffing levels approved by the Office of Management and Budget do not include positions requested to fulfill the audit function.

Our observations

Although we agree that audit and evaluation efforts need to be increased, this requirement can be clarified and strengthened in two ways. First, the audits to be conducted as necessary and the complete audits for purposes of the penalty provision (see above) appear to be duplicative since they are both directed toward assuring conformance with requirements of part D of title IV. Such duplication is unnecessary and should be eliminated. Also the audit for the purpose of the penalty provision may not be needed annually in a given State after it has established a record of having an effective child support program.

Second, according to HEW's General Counsel, the legislation restricts HEW to using OCSE staff to carry out the evaluation and audit function when there are other existing staffs

within HEW which could perform these functions. The language of the law could be revised to make OCSE responsible for assuring that evaluations and audits are made. HEW would then have the flexibility to use such groups as the HEW Audit Agency, the Office of Special Incentives in SRS, or the Office of Planning and Evaluation.

TECHNICAL ASSISTANCE

HEW is required to provide technical assistance to States in establishing effective systems for collecting child support and establishing paternity.

In the past, technical assistance has been provided to the States from HEW headquarters since expertise generally did not exist in the regional offices. The limited expertise in the headquarters office was supplemented by issuing a "How They Do It" booklet which describes how two States run their programs and contracting with a public accounting firm to (1) develop a cost-benefit model to be used in structuring an effective child support program and (2) conduct training workshops to instruct States on successful techniques currently employed. Several State officials were referred by HEW to other State program officials for technical guidance. Some HEW officials have publicly said that the States have substantial program expertise. In drafting regulations for the program, advisory groups comprised primarily of State officials were formed to assist HEW.

Our observations

In our March 13, 1972, report, we concluded that HEW's guidance and assistance to the States has been limited. While recent HEW action to assist States has increased, it has been largely through the use of data obtained from States or contractors. If HEW is to adequately fulfill the requirement to provide technical assistance to the States, it must begin expanding its in-house expertise--particularly at the regional office level, where HEW requested 70 positions for program technicians and administrative personnel.

HEW was not permitted to staff the 70 regional positions until its fiscal year 1976 appropriations were approved. In the interim, one person in each region was designated to work on the child support program. Since the appropriations legislation was not approved until 6 months after the child support legislation became effective, HEW has only been able to provide limited assistance to the States. This situation will probably delay some States from obtaining an approved plan and implementing an effective program by January 1, 1977.

PROGRAM INFORMATION

Under the new legislation, HEW is to assist the States in establishing adequate reporting procedures and maintaining records of program operation. HEW is to maintain records of collections and disbursements, including the cost of making collections. Finally, HEW is to annually report to the Congress on all program activities beginning in 1976.

The OCSE program regulations issued during June 1975 include requirements that States maintain program records, including applications for child support services; actions taken to locate absent parents, establish paternity, and obtain and enforce child support; costs incurred and the amount and distribution of support collections; and other statistical or fiscal data required by the Secretary. An HEW official stated that program instructions have been issued to the States on reporting fiscal data while instructions are being finalized on the submission of program data.

Our observations

We believe that the adequate implementation of legislative requirements for maintaining program data will aid in overcoming the present lack of program statistics. Further, the required annual report to the Congress should be an effective means of assessing the impact of the new legislation and monitoring program progress or problems.

FEDERAL PARENT LOCATOR SERVICE

To assist States in locating absent parents, Public Law 93-647 provides that HEW shall establish a Federal Parent Locator Service. This service is to obtain information on the whereabouts of any absent parent for the purpose of enforcing support obligations. Its sources of information shall be the files and records of any department, agency, or instrumentality of the United States or any State.

Our current review and our March 1972 report showed that the inability to locate absent parents was a major cause of child support not being established. Of the 1,312 absent parents identified as not paying child support (see p. 13), 531, or 41 percent, had not been ordered to pay child support because, according to program officials, they could not be located.

HEW has readied an automated FPLS that will provide, at the appropriate request of State officials, the last reported residence or employer's address from the records of the Social Security Administration, the Internal Revenue Service, and the Department of Defense. A State request should include the name and social security number of the absent parent to be located. If the social security number is unknown, a request can still be submitted if the data required to identify a social security number is known. (See p. 13.) In this event, SSA will need to make a search for the number. If a social security number is identified, it will be used to search SSA files for an employer's address. The number will not be made available to State officials or to FPLS so that other agency records can be queried for a residence address. This will require the States to try to obtain the social security number from some other source if possible and then to resubmit a locate request to FPLS in hopes of obtaining a residence address.

As of August 1, 1975, the States can no longer directly request IRS or SSA to provide address information on absent parents because the enabling legislation was deleted in favor of the States' using the FPLS to make such requests. Since HEW was not permitted to begin operating FPLS until its fiscal year 1976 appropriations were approved, the States were temporarily unable to obtain address information from any Federal source for over 7 months.

Our observations

The operation of an FPLS should help to expedite locating absent parents, particularly in those cases where the absent parent has left the State where the AFDC applicant or recipient resides. As discussed on page 15, IRS and SSA files can be useful in providing addresses for absent parents. Where the social security number is not known, the locating process will take considerably longer because of the manual search for the number. Also, only SSA files can be searched if a social security number is not known, because now SSA will not provide social security numbers for use by FPLS in querying other Federal agency files or for use by State support enforcement officials. This position is based on the fact that there is no legislative language which authorizes providing social security numbers. There is, however, no legislative language which expressly prohibits the release of such data. Because in most cases the absent parents' social security numbers are not known, these restrictions on the release of social security numbers may have an adverse impact on the benefits States can expect from using FPLS.

ESTABLISHMENT OF SUPPORT OBLIGATION AMOUNT

Section 456 of Public Law 93-647 requires that the amount of the support obligation shall be the amount specified in a court order or, if there is no order, an amount determined by the State. The support obligation determined by the State is to be in accordance with a formula approved by the Secretary.

The OCSE regulations require that each State plan shall include a formula to be used by the title IV-D agency in determining the amount of support obligation. The formula must consider the absent parent's earnings and resources (including personal property), earnings potential, and reasonable necessities. In addition, it should consider the needs of the child, amount of assistance the child is eligible for under the full standard of need of the State's IV-A plan, the existence of other dependents, and other reasonable criteria the State may choose to incorporate.

Our observations

Our review indicated that required support payments varied considerably. (See p. 17.) We observed that inconsistencies in determining support amounts not only occurred among States and counties, but also within the same county. In many cases, an absent parent's support payment was unrelated to his income. Further, where payments were initially established without the benefit of specific criteria, it is difficult to determine where adjustments should be made in payments to reflect current conditions.

Developing a uniform scale for absent parents' support payments should enable State agencies to determine support obligations on a consistent basis and to review systematically the reasonableness of support amounts as the absent parents' circumstances change. It would also provide the courts with guidance in setting child support payments.

APPLICANT OR RECIPIENT COOPERATION

Two provisions were included in the legislation to encourage AFDC applicants and recipients to cooperate in establishing paternity and obtaining support payments. One states that as a condition of eligibility for AFDC each applicant or recipient will be required to cooperate with the State in establishing paternity and obtaining support payments or property unless the State finds that the applicant or recipient has good cause for not cooperating. Also, the applicant or recipient is to assign the State any

rights to the support obtained from other family members. If the applicant or recipient refuses to comply with these requirements and the State does not find that there is good cause, this person shall be ineligible and aid for which the child is eligible will be provided in the form of protective payments to assure that the child gets the benefit of such payments.

Before this change in the law, courts had ruled that there was no basis in Federal law or regulations for States to require an applicant or recipient to identify an absent parent. The States had to inform welfare applicants that their eligibility for welfare could not be affected if they refused to cooperate.

The second provision of the law states that for 14 months, beginning August 1, 1975, 40 percent "of the first \$50 of child support payments as are collected periodically which represent monthly payments shall be paid to the family without any decrease" in the assistance they received during such months. This amendment is intended to motivate the AFDC recipient to cooperate in identifying the absent parent and assist in obtaining support payments.

State and local officials with whom we discussed this provision generally did not favor this incentive. Several officials stated that paying the recipients an additional \$20 for their cooperation would create an administrative problem and is unnecessary since their eligibility depends on their cooperation.

Our observations

We did not find lack of cooperation to be a significant problem. (See p. 12.) The financial incentive for cooperation is limited to 14 months, partially so that its effectiveness can be evaluated. It may be difficult to evaluate this provision since the cooperation requirement is also directed toward the same result. Further, paying 40 percent of the first \$50 is required whether or not the AFDC applicant or recipient actively cooperates.

We share the States' concern that this provision will create a sizeable administrative problem, not only during the 14 months it is in effect, but subsequently as well, because financial records will have to be adjusted after the 14-month period has ended.

INCENTIVE PAYMENT TO LOCALITIES

In order to encourage more participation in the child support program, a financial incentive was included in Public Law 93-647 for the State or local organizations that collect support payments. Through September 30, 1976, after 40 percent of the first \$50 is deducted, the amount remaining is retained by the State support enforcement agency. If another State or local unit collects the child support payment, it is entitled, for the first 12 months of collections, to 25 percent of the amount retained, paid from the Federal share. After the first year, the collecting organization will be entitled to 10 percent of the amount retained, again paid from the Federal share.

The establishment of a Federal incentive was proposed by a California AFDC task force on the basis of California's experience with a statewide incentive program. Such an incentive on the Federal level was considered to be able to improve absent parent collections nationwide.

We discussed Federal incentives for child support collection activities with State and local welfare and law enforcement officials before this amendment was enacted. While they generally agreed that the incentive had merit, some had reservations because of the decrease in the incentive payment rate. (One official felt that after the first 12 months, attention would be shifted away from the older cases toward new cases in order to obtain the higher percentage of collections.)

Our observations

The establishment of a Federal incentive should increase participation by local agencies within the States and encourage cooperation between States. We concur, however, that the decrease in the incentive payment percentage has some potentially negative aspects since it could result in an unintended incentive for program officials to concentrate on enforcing new cases and will require recomputations of incentive payments after 12 months of collections have been made.

We believe that consideration should be given to establishing a consistent payment based on the amount collected. This would eliminate the negative aspects of a declining percentage and simplify administration of the amount to be paid.

GARNISHMENT

The law provides that:

"* * * effective January 1, 1975, moneys * * * due from, or payable by, the United States, * * * to any individual, including members of the armed services, shall be subject * * * to legal process brought for the enforcement, against such individual of his legal obligations to provide child support or make alimony payments."

Before enactment of Public Law 93-647, Federal employees were immune to garnishment proceedings to enforce child support obligations for children receiving AFDC.

The law, however, did not specify which Federal organization was authorized to issue garnishment regulations nor did it define the term "legal process." The Justice Department, at the request of the Office of Management and Budget, has been preparing a bill which would clarify the present garnishment provision. Other legislation addressing these issues has been proposed in the Senate. In a recent decision, B-183433, November 28, 1975, 55 Comp. Gen. 517 (1975), we held that the term "legal process," as used in the garnishment section of Public Law 93-647, includes the administrative procedure used by the State of Washington to collect child support payments from absent parents who have failed to fulfill their support obligations.

Our observations

We believe that providing the authority to garnish wages or other funds payable by the Federal Government should help strengthen collection of child support. Having reviewed the current law, we believe that there are two portions of the garnishment section that could be clarified. First, authority to issue regulations for the garnishment provision should be specified. Second, a definition of the term "legal process" should be added so that congressional intent is clearly established in the legislation itself.

CHAPTER 5

CONCLUSIONS, RECOMMENDATIONS, AND COMMENTS

FROM THE STATES AND HEW

CONCLUSIONS

Over 7 million children who have absent parents receive AFDC. Many of these children could benefit from an effective child support enforcement program. In the past, however, the program has generally not been actively carried out by all States and has not been adequately monitored or administered by the Department of Health, Education, and Welfare. This has caused the States and the Federal Government to spend many millions of dollars which would not have been spent on assistance for these children if child support payments had been obtained from absent parents.

In an attempt to rectify this situation, the Congress passed and the President signed into law two pieces of legislation: Public Laws 93-647 and 94-88 in January and August 1975, respectively. This legislation intensified the child support program in several ways. It required HEW and the States to establish separate organizations to administer and operate the program. Separate State plans for child support are now needed. Additional Federal resources will be provided and minimum levels of State effort are to be established.

The significant change which has occurred in HEW's level of activity to guide and monitor the child support program appears to be directly related to the enactment of Public Laws 93-647 and 94-88. Since the program itself is undergoing major transition we cannot assess the effectiveness of actions now underway. We believe that increased program action will result in program improvements. But the extent of these improvements will have to be measured at a later time. The Congress should have the opportunity to assess HEW's actions through the legislative requirement for HEW to annually report on actions taken in carrying out the program.

Our review has shown that States are often limited in sources available to obtain social security numbers, addresses, or income data for absent parents. Presently the States cannot obtain from Federal sources income data or social security numbers needed to help locate an absent parent and to determine income. The effectiveness of the Federal Parent Locator Service, which uses Federal records to locate absent parents, will also be limited if States cannot obtain social

security numbers, because the records cannot be searched without using these numbers. A dilemma presents itself inasmuch as there is a desire for States to increase child support collections, but they will not be permitted access to some Federal sources which could be used to help achieve this end.

RECOMMENDATION TO THE SECRETARY OF
HEALTH, EDUCATION, AND WELFARE

The interest of the Congress in seeking an improved child support program has been demonstrated by the passage of new legislation. The required annual report to the Congress represents a good potential means by which the Congress can be informed on the success that the new legislation has had on improving the child support program as well as any problems encountered in implementing the new legislation. We therefore recommend that the Secretary, HEW, take appropriate actions to insure that the following data is included in the annual report to the Congress:

- Total program costs and collections provided in sufficient detail to show the cost to the States and Federal Government; the distribution of collections to families, State and local units, and the Federal Government; and an identification of the financial impact of the new legislation.
- Costs and staff associated with the Office of Child Support Enforcement.
- A count by State of all child support cases in existence before the new legislation and the number of new cases added each quarter.
- The status of all State plans at the end of the fiscal year and an explanation of any problems which are delaying or preventing approval of the plans.
- Data by State on use of the Federal Parent Locator Service and the number of locate requests submitted without the absent parents' social security numbers.
- The number of cases by State in which the AFDC applicant or recipient refused to cooperate in identifying and locating the absent parent.
- Major problems encountered which have delayed or prevented implementation of the new legislation.

MATTERS FOR CONSIDERATION BY THE CONGRESS

While we believe that the recent legislative changes will do much to improve the child support program, some program areas could be further improved.

Legislative changes

Provisions relating to audit, garnishment, and incentives to parents and localities all could be clarified or improved as discussed in chapter 4. Therefore, in order to further improve child support legislation, the Congress may wish to consider the following suggestions for changes to part IV-D of the Social Security Act, as amended.

Section 452(a)(4) dealing with evaluations and audits should be changed to avoid possible duplication of audits presently called for in the law and to allow HEW flexibility in deciding what group(s) would carry out evaluations and audits. A revision to this section could read:

"* * * insure that evaluations of the implementation of State programs established pursuant to such plan are made periodically and that an audit of the programs established under such plan in each State is made on a sufficiently frequent basis, but not less than often than every years, for the purposes of the penalty provision of section 403 (h), to determine whether the actual operation of such programs in each State conforms to the requirements of this part; * * *"

The minimum frequency of the audits is left to the discretion of the Congress.

Since it does not appear that the Congress will be able to clearly assess the effectiveness of section 457(a)(1) as an incentive to encourage cooperation in identifying absent parents and obtaining child support payments, and since our review did not show lack of cooperation to be a problem, this section which State and local officials say will cause a sizeable administrative burden should be deleted.

Section 458 which provides for incentive payments to localities should be revised to provide for a consistent rate to be used in computing the incentive payment, so as to preclude the unintended result of localities concentrating collection efforts on new cases. (See p. 40.) A revision to section 458(a) could be:

"* * * (1) an amount equal to _____ per centum of any amount collected (and required to be distributed as provided in section 457 to reduce or repay assistance payments) which is attributable to the support obligation owed for any month."

The percentage amount is left to the discretion of the Congress.

The garnishment provision in section 459 should be expanded to specifically provide authority to one or more organizations to issue implementing regulations. Also a definition of the term "legal process" should be added so that congressional intent is clearly established in the legislation itself. These changes are needed to alleviate the confusion that now exists over how the garnishment provision is to be implemented and to assure that the several States now using administrative means to establish child support will be able to continue these programs. Specific language is not suggested here because we have commented on proposed legislative changes to the garnishment provision that were prepared by the Department of Justice for the consideration of the Congress.

Policy issue

The Congress may also wish to consider a most important policy issue dealing with social security numbers of absent parents. Social security numbers are vital data needed in carrying out the child support program. There is no legislative requirement which expressly prohibits or authorizes the release of absent parents' social security numbers. The Social Security Administration has administratively decided not to release social security numbers to the States, as had been done previously, or to the FPLS. Further, SSA has submitted a written position paper on this issue to the Secretary of HEW, who is deciding whether or not to uphold SSA's decision.

We are aware of the concern over protecting the individuals' right to privacy so that Government records will not be inappropriately used for the purpose of disseminating personal information. Further, we are aware of the concern in the Government and elsewhere that social security numbers not become a universal identifier and therefore the key which will provide access to numerous public and private data banks. On the other hand, the Congress has specifically expressed its intention to establish an improved child support program through enactment of legislation which set up a Federal service to locate absent parents. For this service to be fully effective under existing data processing systems, knowledge of absent parents' social security numbers is

necessary. In this connection the law now requires that each AFDC applicant or recipient furnish a social security number as an eligibility requirement and that this number will be used as a means of identification. To establish such a comparable use of these numbers for absent parents whose families are applying for or receiving assistance appears to be a question of legislative policy. Therefore, the Congress may wish to decide legislatively whether absent parents' social security numbers should be provided to the Federal Parent Locator Service and to the State agencies. In July 1975, a bill (S. 2243) was introduced which proposes that social security numbers be furnished to authorized persons for the purposes of the child support program.

STATES' COMMENTS

Officials from five of the seven States reviewed commented on our report. While they generally concurred with the findings and recommendations, they did offer several suggestions.

California pointed out that the bonus paid to a State for collecting child support for another State (see p. 40) ignores the fact that the State which initiated the support action generally does the most work. A State official believed California will receive in bonuses about as much as will be paid by other States. He termed the present system as a "bureaucratic boondoggle" which should be eliminated in favor of paying a bonus to the jurisdiction which uses child support to decrease the AFDC grant.

Indiana said its greatest deterrent to effectively enforcing support payments and locating absent parents is the interpretation of the Privacy Act of 1974 by other agencies, particularly SSA. (See p. 53.) SSA's position of not providing social security numbers for child support purposes has already affected Indiana's use of other locating sources.

While Indiana officials agreed that the cooperation incentive paid to AFDC recipients would create an administrative problem, they did not agree with our conclusion that lack of cooperation was not a problem. (See p. 12.) Therefore, they would not favor any proposal to delete the provision of the law imposing sanctions against those who don't cooperate.

State officials in Washington commented extensively on the child support legislation. They stated in part that:

--Financial incentives should be paid to States which operate a successful State program as well as to local jurisdictions.

- Using IRS and Federal courts to locate absent parents is impractical.
- Section 454(6) of the Social Security Act, which provides Federal funding for support collection and paternity determination actions on behalf of nonwelfare families, should be extended beyond June 30, 1976, its present expiration date. An estimated 800 to 1,000 cases have been kept off Washington's welfare rolls by enforcing support obligations.
- A limit should be placed on Federal reimbursement of States' administrative costs.
- Federal blood laboratories should be provided to aid in determining paternity.
- The Consumer Protection Act of 1971, which limits wage garnishment, except for court-ordered child support obligations, to 25 percent of earnings, should be amended to also exempt support obligations established by administrative hearing.

HEW'S COMMENTS

In a February 25, 1976 letter, HEW agreed with our recommendation and made the following observations.

HEW will require the States to report data on direct costs and child support collections and distributions for a period commencing August 1, 1975, the effective date of the new child support legislation. HEW will report this information to the Congress but must depend on the States' accurate reporting. In view of (1) the short time remaining before the first annual report to the Congress is due on June 30, 1976, and (2) the shortage of staff resources, HEW will have difficulty assembling and interpreting this new information. Given the magnitude and complexity of the data to be reported, the full impact of the new legislation may not be evident until the second report to the Congress.

HEW further observed that information on costs, collections, and number of cases existing before the new legislation is substantially more difficult to obtain than similar information for periods after the new legislation. HEW is currently conducting a child support State baseline study that will attempt to collect data from all States for June 1974 and January 1975, in a manner parallel to that required by the new legislation. However, only those States that collected

such data will be able to respond, and, in many instances, distribution of funds will not be reported on a parallel basis, due to the dramatic changes required by the new legislation. Therefore, HEW's ability to comply with our recommendation on reporting information pertaining to periods before the new legislation will be seriously limited by the extent and reliability of data reported by the States.

HEW also commented on the Social Security Administration's past and present policies and practices of providing social security numbers for child support purposes. HEW wanted to set the record straight and avoid misinterpretation of SSA's actions. (See p. 53.)

HEW conceded that until 1975 SSA provided social security numbers to State authorities for the purpose of locating an absent parent of a child receiving AFDC. However, in view of the spirit of the Privacy Act of 1974, the practice has been discontinued.

HEW recognized that operating the Federal Parent Locator Service as effectively as possible conflicts with safeguarding information about individuals in SSA files and is giving resolution of this issue the highest priority.

CHAPTER 6

SCOPE OF REVIEW

Child support activities were examined between June and December 1974 in Contra Costa and Yuba Counties, Calif.; De Kalb County, Ga.; Marion and Vigo Counties, Ind.; Lackawanna County, Pa.; Harris County, Tex.; Fairfax County and Norfolk, Va.; and Snohomish County, Wash.

Our review was done in two phases. The first phase required compiling data on welfare recipients and absent parents in 10 localities. This data was gathered on forms specifically approved by the Chairman, Subcommittee on Fiscal Policy, Joint Economic Committee, who initially requested that we make a review to determine the potential of absent parents to make child support payments to recipients of aid to families with dependent children.

We selected random samples from the universe of open AFDC cases and active child support accounts on December 31, 1973, at each location reviewed. One sample consisted of 926 AFDC cases for which there were identified absent parents who were not deceased and for whom there were no court orders or voluntary agreements to pay child support or no collection accounts established. The second sample consisted of 500 cases for which absent parents were under court orders or voluntary agreements to pay child support or had support accounts established.

The AFDC case universes from which our samples were taken follow:

<u>Location</u>	<u>AFDC cases at 12/31/73</u>
Contra Costa	10,474
De Kalb	4,353
Fairfax	1,476
Harris	18,814
Lackawanna	1,879
Marion	11,227
Norfolk	7,718
Snohomish	3,587
Vigo	922
Yuba	1,035
Total	<u>61,485</u>

Most counties did not separately identify child support cases, so we randomly selected cases from the total AFDC caseload until we identified 50 cases where the recipient was

to be receiving child support. In those counties which did separately identify child support cases, our sample was taken from this universe.

In addition to obtaining data from AFDC and child support files, we also contacted various State and Federal agencies to obtain absent parents' locations, social security numbers, and incomes.

The second phase of our review consisted of analyzing the child support programs in the 10 locations reviewed. Further, we examined program activities carried out by the appropriate State agencies and the Department of Health, Education, and Welfare. To do this, we reviewed records, regulations, and procedures and discussed child support matters with State and local program and law enforcement officials and with HEW regional and central office personnel.

We have carefully reviewed recent legislative changes both from a legal and program aspect and discussed the significance of these changes and their potential impact on the program.



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
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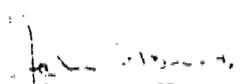
Mr. Gregory J. Ahart
Director, Manpower and
Welfare Division
United States General
Accounting Office
Washington, D.C. 20548

Dear Mr. Ahart:

The Secretary asked that I respond to your request for our comments on your draft report, "New Child Support Legislation - Its Potential Impact and What Can be Done to Improve It." The enclosed comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

We appreciate the opportunity to comment on this draft report before its publication.

Sincerely yours,


John D. Young
Assistant Secretary, Comptroller

Enclosure

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Comments of the Department of Health, Education, and Welfare on the Comptroller General's Draft Report to the Congress entitled, "New Child Support Legislation--Its Potential Impact and What Can Be Done to Improve It," Dated December 1, 1975, B-164031(3)

GAO Recommendation

That the Secretary, HEW, take appropriate actions to assure that the following data is included in the annual report to the Congress:

1. *Total program costs and collections provided in sufficient detail to show the cost to the States and Federal Government, distribution of collections to families, State and local units and the Federal Government and an identification of the financial impact of the new legislation.*
2. *A count by State of all child support cases in existence prior to the new legislation and in the number of new cases added each quarter.*
3. *Status of all State plans at the end of the fiscal year and an explanation of any problems which are delaying or preventing approval of the plans.*
4. *Costs and staff associated with the Office of Child Support Enforcement.*
5. *Data by State on use of the Parent Locator Service and number of locate requests submitted without a social security number for the absent parent.*
6. *Data by State on cases where the AFDC applicant or recipient refused to cooperate in identifying and locating the absent parent.*
7. *Significant problems encountered which have delayed or prevented implementation of the new legislation.*

Department Comment

We concur, subject to the following observations:

- o Data on direct costs and child support collections and distributions will be required to be reported by the States for the period commencing August 1, 1975, which is the effective date of the new child support legislation. The ability of the Department

to report this information to the Congress accurately will be dependent on the States' ability and willingness to report the data to the Department accurately. In view of the relatively short period of time remaining prior to the due date of the first annual report to the Congress (not later than June 30, 1976), and the shortage of resources, it will be difficult to assemble and interpret this new information in a comprehensive manner for the first report to the Congress. Given the magnitude and complexity of the data to be reported, it may well be that the full impact of the new legislation will not be evident until the time of the second report to Congress.

- c Information on costs, collections, and number of cases prior to the new legislation is substantially more difficult to obtain than similar information for periods after the new legislation. We are currently conducting the Child Support State Baseline Study that will attempt to collect data from all States for June 1974, and January 1975, in a manner parallel to reporting requirements for the new program. However, only those States that collected such data will be able to respond, and, in many instances, distribution of funds will not be reported on a parallel basis due to the dramatic changes required by the new legislation in comparison to child support enforcement under the previous legislation. Therefore, our ability to comply with the recommendations on reporting information prior to the new legislation will be seriously limited by the extent of, and reliability of, data reported by the States.

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Comments on the Usefulness of the Social Security Administration as a Source for Providing Information about Absent Parents to the States and to the Parent Locator Service.

GAO concludes that social security numbers are vital data needed in carrying out the child support program and suggests that the Congress may wish to decide legislatively whether absent parents' social security numbers should be provided by SSA to the Parent Locator Service and to the State agencies.

An increasing concern about individual privacy has been manifested recently both by the Administration and by the Congress. Much attention has been focused on the use of the social security number.

Certainly the spirit of the recently enacted Privacy Act would imply that the Social Security Administration should safeguard confidential personal information to the maximum extent possible. In this regard, the Privacy Act takes special note of the use of the social security number as a personal identifier and places special restrictions on its use.

On the other hand, legislation creating the Parent Locator Service mandates a Federal-State effort to locate, and if necessary prosecute, absent parents. Release of the social security number to the Parent Locator Service would facilitate a cross-check of Internal Revenue Service records, and if the number were provided to the States it would enable them to cross-reference the systems which they maintain--drivers' licenses, unemployment insurance, workmen's compensation, etc. Without question, release of the social security number by SSA would aid efforts to locate absent parents. Without question too, it would compromise the privacy of social security records.

Neither the Privacy Act nor the legislation creating the Parent Locator Service requires or prohibits release by SSA of the social security number.

The issue at hand is one in which conflicting objectives meet head-on--operating the Parent Locator Service as effectively as possible while, on the other hand, safeguarding information about individuals retained by the Social Security Administration in keeping with the Privacy Act. Resolution of this issue is being given the highest priority within HEW.

To avoid possible misinterpretation of SSA's past policy and practice regarding disclosure of social security numbers to States for purposes of locating deserting parents, the record should be set straight on this point. It is true that there was a time when agency practice, at least as enunciated at the operating level, called for the dissemination of the number to State authorities for the purpose of locating deserting parents and others who have a responsibility toward AFDC recipients. In fact, until recently, this had been a matter of continuing practice. However, in light of the spirit of the Privacy Act, this practice has now been discontinued.

GAO note: Comments received on other matters are discussed in the body of the report.

PRINCIPAL HEW OFFICIALS RESPONSIBLEFOR ADMINISTERING ACTIVITIESDISCUSSED IN THIS REPORT

	<u>Tenure of Office</u>	
	<u>From</u>	<u>To</u>
SECRETARY OF HEALTH, EDUCATION, AND WELFARE:		
David Mathews	Aug. 1975	Present
Caspar W. Weinberger	Feb. 1973	Aug. 1975
Frank C. Carlucci (acting)	Jan. 1973	Feb. 1973
Elliot L. Richardson	June 1970	Jan. 1973
ADMINISTRATOR, SOCIAL AND REHABILITATION SERVICE:		
Don I. Wortman (acting)	Jan. 1976	Present
John A. Svahn (acting)	June 1975	Jan. 1976
James S. Dwight, Jr.	June 1973	June 1975
Francis D. DeGeorge (acting)	May 1973	June 1973
Philip J. Rutledge (acting)	Feb. 1973	May 1973
John D. Twiname	Mar. 1970	Feb. 1973
DIRECTOR, OFFICE OF CHILD SUPPORT ENFORCEMENT (see p. 33):		
Dan I. Wortman (acting)	Jan. 1976	Present
John A. Svahn (acting)	June 1975	Jan. 1976
James S. Dwight, Jr.	Mar. 1975	June 1975
COMMISSIONER, SOCIAL SECURITY ADMINISTRATION:		
James B. Cardwell	Sept. 1973	Present
Arthur E. Hess (acting)	Mar. 1973	Sept. 1973
Robert M. Ball	Apr. 1962	Mar. 1973

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