MEMO

MAY 5 1998

To: Erskine Bowles, Bruce Reed
From: Lauren Choi, Counsel on Judiciary Committee
Subject: Los Angeles County - Child Support Enforcement System Requirement
Date: May 4, 1998

Senator Feinstein would like to arrange a phone appointment with you this week to discuss the issues outline in the attached letter.

Bruce: Pls. call Erskine about this ASAP

DIANNE FEINSTEIN
CALIFORNIA

COMMITTEE ON FOREIGN RELATIONS
COMMITTEE ON THE JUDICIARY
COMMITTEE ON RULES AND ADMINISTRATION

United States Senate

WASHINGTON, DC 20510-0504
(202) 224-3841

April 8, 1998

The Honorable William Jefferson Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C., 20500

Dear Mr. President:

I am writing to urge the Administration to support an exemption for Los Angeles County from the penalties imposed on states for not having a certified child support enforcement system as required under the 1988 Family Support Act and the 1996 Welfare Reform.

As you may know, both the House and the Senate have recently passed different versions of the Child Support Performance and Incentive Act, HR 3130, which lowers the penalties imposed on states who missed the October 1, 1997 deadline.

Neither bill provides exemptions for Los Angeles County despite the fact that L.A. County has successfully completed its system by the October 1997 deadline. In 1989, Health and Human Services provided separate funding for L.A. County and urged L.A. County to create its own system separate from the rest of California because of its large caseload, which is larger than 42 other states. Health and Human Services has also recently recognized that L.A. County's system could be certified separately in its March 2, 1998 proposed rules (42 CFR Part 307).

Both Representative Shaw and Senator Roth's staff have indicated that their members will support a penalty exemption for L.A. County if the Administration demonstrates its support. Your action now is key to continuing the LA County federal success model.

For California, 25 percent of the penalty will be borne by LA County, the largest county in the nation serving 550,000 families.

FRESNO OFFICE:
1130 "O" Street
Suite 2446

LOS ANGELES OFFICE:
11111 Santa Monica Blvd
Suite 915

SAN DIEGO OFFICE:
750 "B" Street
Suite 1030

SAN FRANCISCO OFFICE
525 Market Street
Suite 3670

Mr. President, this is an urgent and time sensitive matter since the Conferees will meet soon to determine whether L.A. County will be exempted from the penalties in the final bill. I urge you to support this provision in conference and I would appreciate your timely response. Please let me know as soon as possible.

With warmest personal regards.

Sincerely yours,

Dianne Feinstein
United States Senator

DF:jd
cc: Mayor Richard Riordan
Gil Garcetti, Los Angeles County District Attorney
Members of the Los Angeles County Board of Supervisors
Members of the Los Angeles City Council

DEPARTMENT OF HEALTH & HUMAN SERVICES

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

May 18, 1998

MEMORANDUM TO BRUCE REED

Los Angeles County is seeking to reduce the penalty that would be imposed on the State of California for failing to meet the October 1, 1998 date by which the State was to have in place a statewide automated child support enforcement system. The County's basic argument is that it has in place an automated system that "meets Federal certification requirements" and should therefore not be penalized for the State's failure to put in place a statewide automated system. The County's system was developed under waivers granted to the State of California, which permitted the State to claim 90% Federal reimbursement for the costs of the County's system and to operate the system separately as part of the State's statewide system. Both waivers have expired.

There are strong reasons against incorporating LA's proposal into H.R. 3130:

- **Equity.** It would be unfair to treat California differently than other States. The statutory requirement is for a State to have a statewide automated child support system. California did not meet that statutory requirement. The fact that Los Angeles has a functioning (but not a certified) system does not support a reduction in the penalty levied against California for the State's having failed to meet the statewide system requirement.

- **Interstate and intercounty concerns.** The fact that Los Angeles has a functional child support system produces relatively little benefit to California and the national child support enforcement program. We estimate that something like 30% of the national child support enforcement caseload involves parents who live in different states; the percentage who live in different counties, especially in a state like California, no doubt is even higher. Without statewide systems, it is impossible to have an efficient and effective State child support program; without a State-level system, it is very difficult to deal with interstate cases. The focus of the systems requirement is on statewide systems.

- **LA County is not unique.** Several other States (e.g., Michigan, Indiana, Pennsylvania, and Ohio) have implemented functional child support systems in at least some of their

counties; but, because they have not implemented such systems statewide, as required by law, they are, like California, subject to a penalty. California's receipt of a waiver and enhanced funding to build a system in Los Angeles is insufficient reason to treat California more favorably that other States. We are concerned that opening this issue up will encourage other States to seek partial exemptions from penalties.

- **Penalty is an internal California issue.** The decision of whether and how to pass along to counties any penalty levied against a State is an internal State decision. Congress should not interpose itself between Los Angeles County and the California legislature.

  We have no indication at this point that CA intends to pass the penalty along to any counties, including LA. We understand that there is some sentiment in the California legislature to absorb the penalty at the State level, at least initially, in order to maintain some control and leverage over county participation in the California child support system.

- **LA County has no special status.** Despite its assertions of special status, Los Angeles has no separate status in terms of its child support automated system. Los Angeles' system has not been, and could not be, certified as meeting Family Support Act requirements. (The recent legislation allowing Los Angeles County to receive enhanced systems funding specifically does <u>not</u> treat the County as a State, and thus is not a precedent relevant to the systems penalty. The majority of funding comes from the State.) California currently has no waiver or any other Federal approval to permit the continued operation of the Los Angeles child support system as a separate system. (California is likely to request such a waiver as part of its efforts to implement a child support system, but has not yet done so.) There is no compelling argument that distinguishes California from the other States that are subject to a penalty.

- **The fact LA received a waiver to develop a system and did so is not relevant.** LA's functioning computer system does not mitigate the fact that CA does not have a system to properly handle all of its cases.

- **Impact on pending child support legislation.** Depending on how language is drafted, this proposal could have financial repercussions for H.R. 3130. It is not clear whether this proposal seeks to reduce the State's overall penalty or whether it would forbid the penalty to be passed on to LA County. If the penalty relief is structured in a way that

reduces the entire CA penalty, this would incur costs to the legislation. Alternatively, if the penalty relief is structured only to assist LA County, we may risk undermining our relationship with the State.

- **Timing**. H.R.3130 is still in the process of negotiations, and opening up the legislation for special exemptions may adversely impact the final negotiations for this legislation.

John Monahan
Principal Deputy Assistant Secretary
for Children and Families

MJS 6/2 p. 5B

'Most wanted' posters produce solid leads on deadbeat parents

Hot line gets more than 100 calls about people owing child support

p. 5B

By Amy Rinard
of the Journal Sentinel staff

Madison — In its first week, the state's new "most wanted" poster campaign targeting people who owe child support has produced more than 100 calls to a hot line and at least four solid leads that could help track down deadbeat parents, a state official says.

"The 'most wanted' poster campaign is producing the kind of information and leads we want," said Mary Southwick, director of the bureau of child support in the state Department of Health and Social Services.

In addition, the bureau, which manages the state's child support enforcement efforts, is preparing to put a longer list of names of deadbeat parents on the Internet via a child support home page now being developed.

"Our long-range goal is to publish a list of names on our Internet home page so people surfing the Net will have access to it," Southwick said.

In the meantime, the list of about 25 names of people who owe child support in Wisconsin will be released to newspapers and other news media, she said.

The list is the second phase of the 'most wanted' campaign that began May 20 with the printing of 2,000 posters featuring the pictures of eight men who owe child support payments ranging from $6,230 to $68,909.

Together, the men, from eight different counties, owe $242,061 in back child support.

The posters were distributed around the state and put up in public buildings such as libraries and courthouses.

Southwick said the posters — as well as newspaper, TV and radio news coverage of the poster campaign — resulted in "100 plus" phone calls to the hot line listed on the posters.

Many people have called to get information about how to get someone on the "most wanted" posters, she said.

Those callers are referred to local county child support enforcement officials who have the primary responsibility for enforcement efforts. Those officials refer names of deadbeat parents to the state for possible inclusion on the "most wanted" posters or lists.

Other calls to the hot line have produced leads on the possible whereabouts of several of the men featured on the first poster, Southwick said.

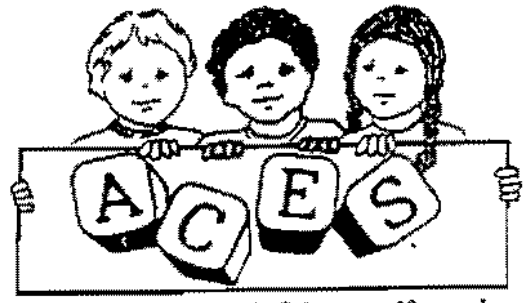
Those leads are being pursued by investigators, she said.

"You don't know whether they will result in finding someone, but it's a start," she said. "We're getting valuable information."

State officials are working to verify information about deadbeat parents who may be included on future lists and posters, Southwick said.

There is no shortage of candidates. In Wisconsin, more than $1 billion is owed in back child support payments.

Facts About Child Support Enforcement



The Association for Children for Enforcement of Support, Inc.

change IRS reg — $750+ states not submit

Rt to sue

Release military DNA testing to states

CSE platform

OCSE - elevate to Top Cop

Most Wanted lists

The Current System Is Not Working.

* Only 18.2% of cases result in collections, even though taxpayers spend $2.24 billion per year on public child support enforcement.

* 1.6 million children on AFDC lack even a basic child support order.

* Children are owed more than 35 billion in unpaid support.

* 36% of child support cases are interstate cases. Non-custodial parents who owe child support can avoid paying by moving to another state, because states usually can't collect across state lines.

* Taxpayers have invested over $2 billion in state based child support computer systems, but these systems are incomparable and plagued with problems. The deadline for completing these systems was October, but only Montana had a certified system by the deadline.

* The average number of child support cases per state child support worker is 1,000. That means that if child support workers used their time exclusively for casework, they would average 10 minutes per month per case.

Effective Child Support Enforcement Reduces Welfare Dependency:

* Eight out of ten children relying on welfare are entitled to some form of child support.

* Full child support collection could result in a $4.7 billion decrease in AFDC, food stamps, and Medicaid costs.

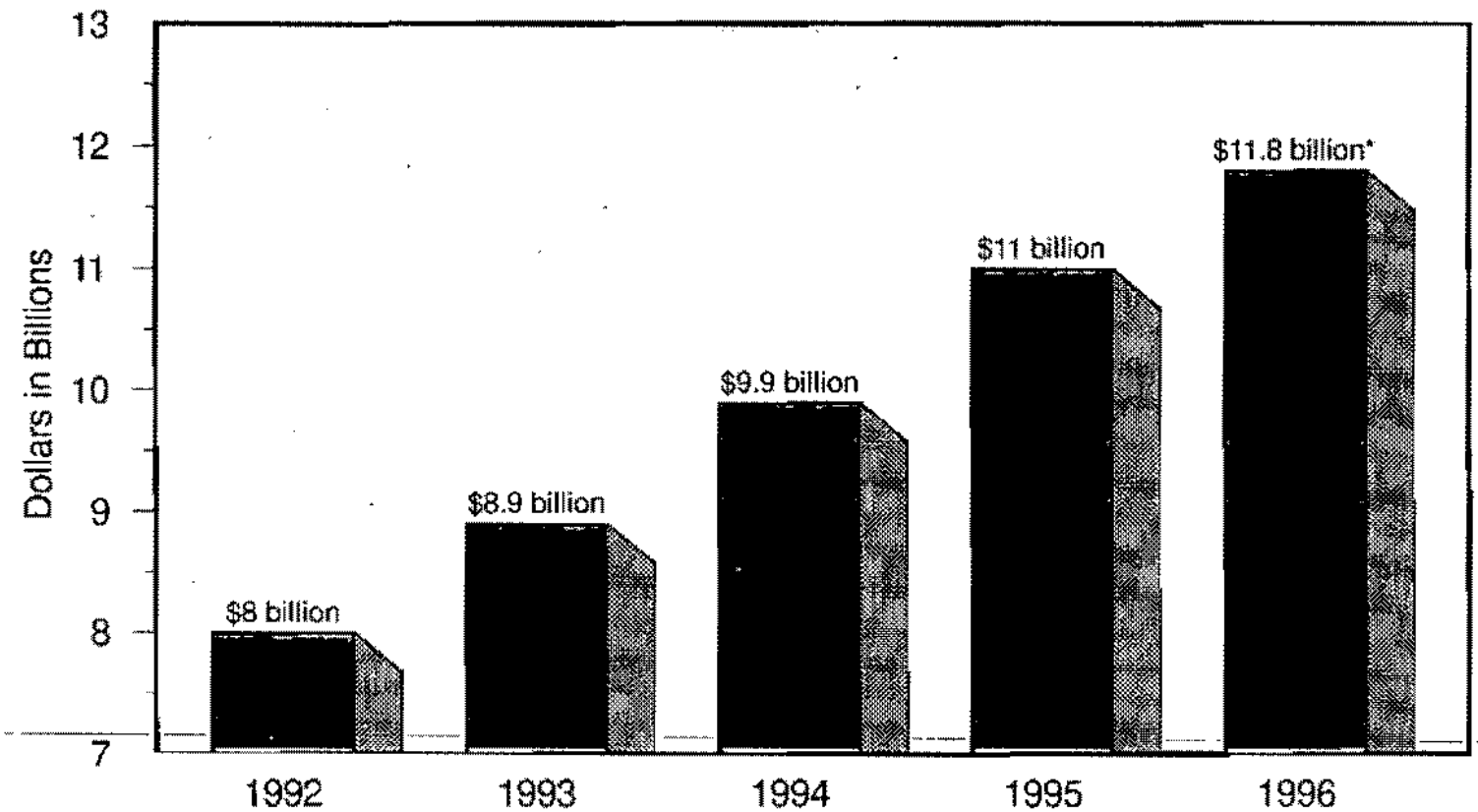
* Welfare caseloads would be reduced by one-third if families could rely on $3,000 per year in child support.

* $1 in potential welfare costs is avoided for every $5 in child support collected for families trying to stay off welfare - a savings of $1.3 billion.

* Collecting $60 in support every week is enough to encourage a family to choose work over welfare.

ACES
The Association for Children for Enforcement of Support
2260 Upton Avenue
Toledo, OH 43606
1-800-537-7072

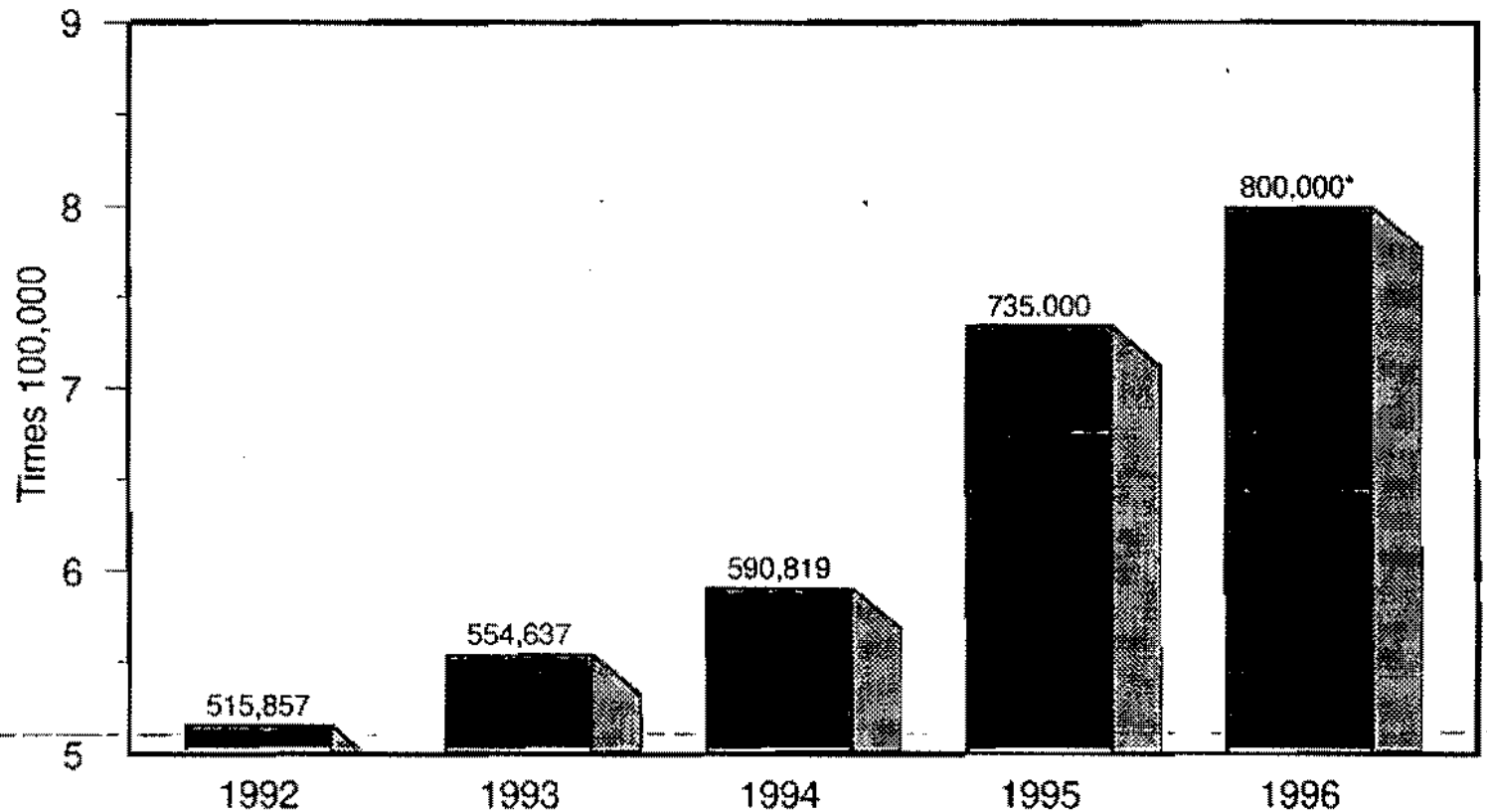
Child Support Collections Have Increased Under the Clinton Administration



Source: Administration for Children and Families, U.S. Department of Health & Human Services
*Preliminary Estimate

CT JAN97 SG0106 p1

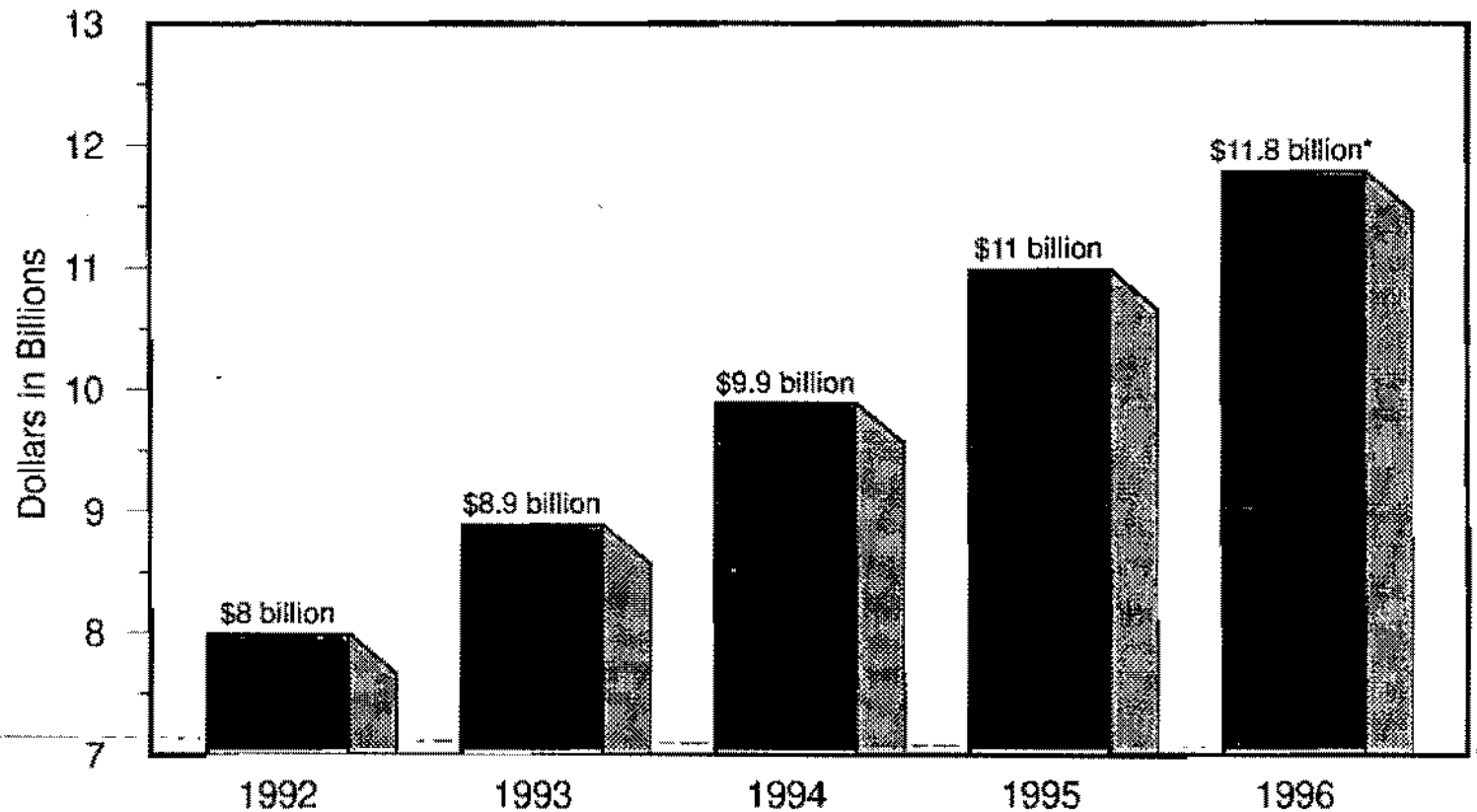
Paternity Establishments Have Increased Under the Clinton Administration



Source: Administration for Children and Families, U.S. Department of Health & Human Services
*Preliminary Estimate (All Numbers Rounded)

CT JAN97 SG0103 p3

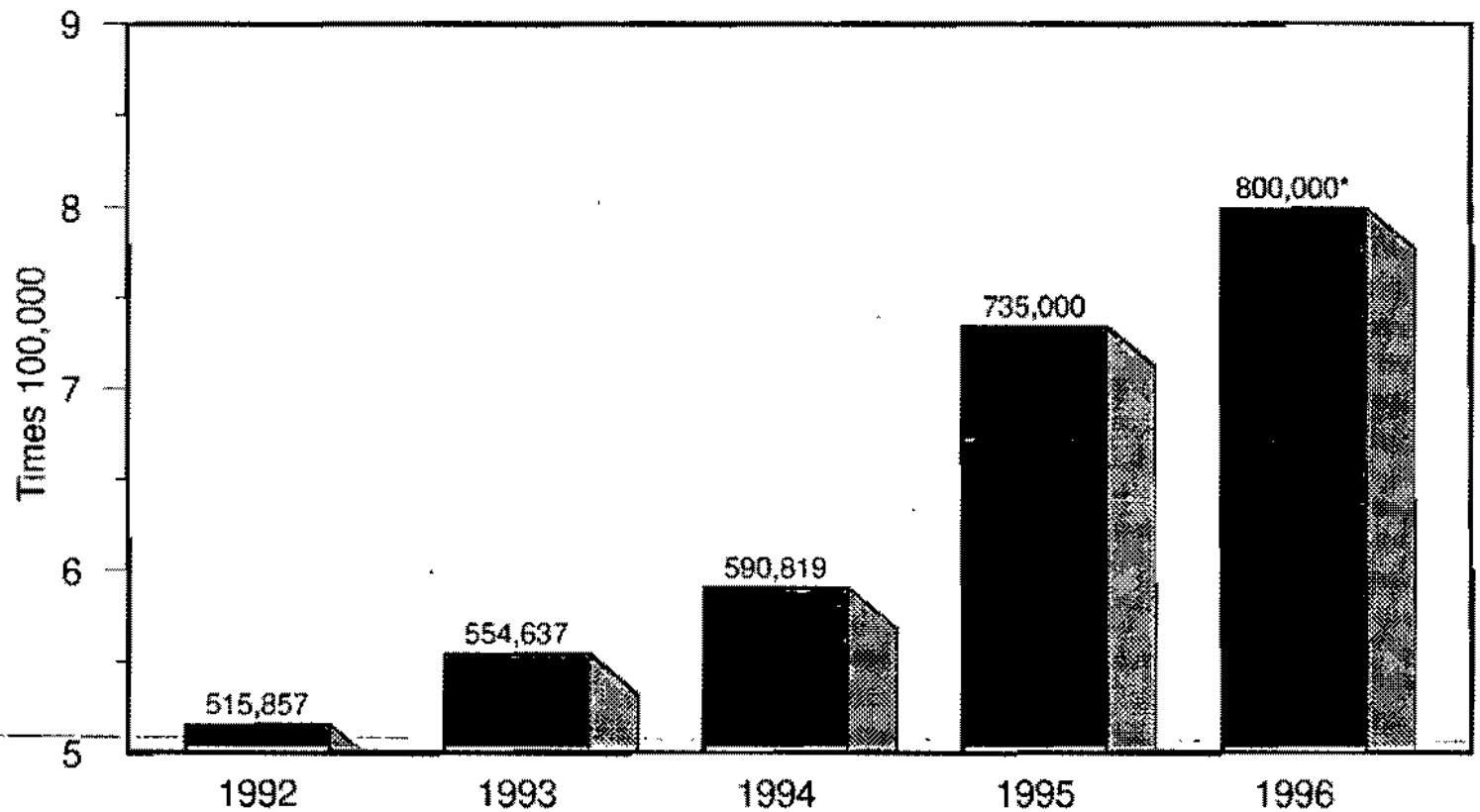
Child Support Collections Have Increased Under the Clinton Administration



Source: Administration for Children and Families, U.S. Department of Health & Human Services
*Preliminary Estimate

CT JAN97 930109 p1

Paternity Establishments Have Increased Under the Clinton Administration



Source: Administration for Children and Families, U.S. Department of Health & Human Services
*Preliminary Estimate (All Numbers Rounded)

CT JAN97 SGA108 03

Clinton Presidential Records
Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a publication.

Publications have not been scanned in their entirety for the purpose of digitization. To see the full publication please search online or visit the Clinton Presidential Library's Research Room.

United States General Accounting Office

GAO

Report to the Chairman, Committee on the Budget, House of Representatives

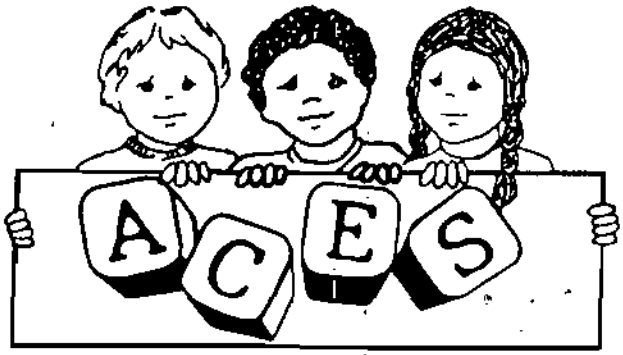
October 1996

CHILD SUPPORT ENFORCEMENT

States' Experience With Private Agencies' Collection of Support Payments

GAO 75 years 1921-1996

GAO/HEHS-97-11



The Association for Children for Enforcement of Support, Inc.

February 21, 1997

Bruce Reed
Chief of Domestic Policy
Old Executive Office
Washington DC, 20500

Dear Bruce,

Thank you for your assistance in including the need for making it a felony to fail to pay support in some interstate cases. We appreciate all of your efforts for children entitled to child support.

Sincerely,

Gerri

Gerri Jensen, President
Michelle Hanneman, Assistant Director
Lynda Benson, Board President

ACES NATIONAL HEADQUARTERS, 2260 UPTON AVE., TOLEDO, OH 43606
800-537-7072 419-472-6609

THE WHITE HOUSE

Rahm Emanuel
Bruce Reed
Elena Kagan

Child Support Enforcement Report Summary mentioned in Cabinet Affairs weekly report.

Anne McGuire
67069

EMBARGOED UNTIL PUBLISHED DOCUMENT

TABLE OF CONTENTS

Foreword by Secretary Shalala

A Proclamation by President Clinton

Table of Contents and List of Tables

I. Introduction and Overview

Introduction to the CSE Program
Overview of FY 1995 Achievements
National Strategic Plan Adopted
Model Employer Executive Order Issued
Twentieth Anniversary Observed

II. Renewed and Improved Partnerships

In-Hospital Paternity Acknowledgement Programs Expanded
Enforcement Techniques Strengthened
Criminal Nonsupporters Prosecuted
State and Regional GPRA Demonstrations
Regulations Re-invented and Other Initiatives

III. Shared Planning and Goals

Performance Measures Developed
Training and Technical Assistance
Consumer Services Emphasized
Electronic Funds Transfers Programs Piloted
Systems Automation Extended

IV. Research, Oversight, and Reporting Results

OCSE Research Broke New Ground
The Parent Locator Service and Other Federal Systems
Program Audits, Oversight and Related FY 1995 Regulations

V. Summary of FY 1995 Program Results

Graphs Displaying Selected Program Data
and Five-Year Programmatic Trends

Appendices:

A: State Box Scores

B: State Data Tables

C: Notes on State Data Tables

D: Glossary of Financial and Statistical Terms

E: FY 1995 Action Transmittals

F: State IV-D Agency Listing

G: OCSE Organizational Charts

H: Federal Legislative History of Child Support Enforcement

I: An Annotated List of State and Regional GPRA Projects for FY 1995

I. Introduction and Overview

INTRODUCTION TO THE CHILD SUPPORT ENFORCEMENT PROGRAM

The Child Support Enforcement program began in 1975 when Congress enacted title IV-D of the Social Security Act for the purpose of establishing and enforcing the support obligations owed by noncustodial parents to their children. The Child Support Enforcement program is a joint undertaking involving Federal, State, and local cooperative efforts.

The Office of Child Support Enforcement (OCSE) within the Administration for Children and Families of the Department of Health and Human Services is the Federal agency that oversees administration of the program. The Federal government sets program standards and policy, evaluates States' performance in conducting their programs and offers technical assistance and training to States. It also conducts audits of State program activities, and operates the Parent Locator Service, National Training Center and National Reference Center. The Federal government pays the major share of the cost of funding the program. OCSE acts as the agent of the Internal Revenue Service in facilitating collection of overdue support from Federal income tax refunds. OCSE prepares this annual report to Congress based on States' reports of their activities.

State governments work directly with families through State Child Support Enforcement (CSE) agencies and/or their local counterparts. These agencies work closely with officials of family or domestic relations courts or use administrative processes in order to establish paternity, establish support orders, collect child support and distribute amounts collected. They also work with prosecuting attorneys and other law enforcement agencies to establish and enforce support orders. Each State CSE agency operates under a State plan approved by OCSE. State governments and, in some States, city, county, and/or local governments participate in funding the program.

The Child Support Enforcement program directly serves a variety of families. It serves families receiving assistance under the title IV-A Aid to Families with Dependent Children (AFDC) program, families receiving assistance under the title IV-E Foster Care program, families receiving assistance under the title XIX Medicaid program, families who formerly received assistance under the above programs, and all other families who apply for services.

Much of the child support collected for families in the AFDC program is used to repay assistance that they receive under those programs. Federal law requires applicants for and recipients of title IV-A AFDC, and Medicaid to assign their support rights to the State in order to receive assistance. The AFDC families receive up to the first $50 of any current child support collected each month, as well as any current support collected that is above the amount of assistance received.

For some families, the child support collection is enough to enable them to leave the AFDC rolls. Child support collected for families who are not receiving government assistance goes directly to those families to help them remain self-sufficient.

The Magnitude of the Nonsupport Problem

The latest available information confirms that child support is critical to the lives of America's children and families. The report, Child Support for Custodial Mothers and Fathers: 1992, reveals that millions of mothers and fathers are rearing children without the financial support of the other parent. This report is based on a survey that is cosponsored by the Census Bureau and the Office of Child Support Enforcement.

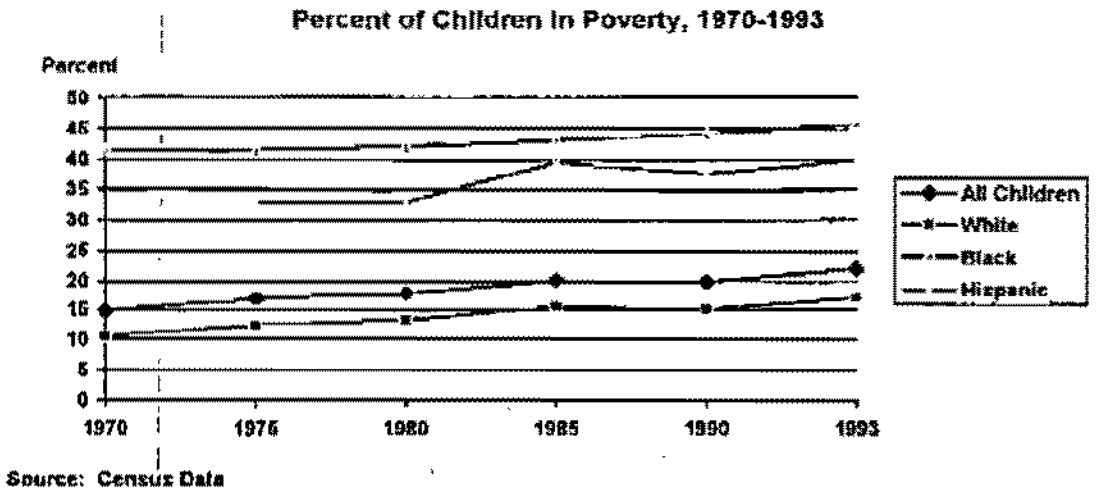
According to the report, only half of all families with one custodial parent and with a child support award received the full amount of child support due to them. "Can we say we are doing enough for children, when millions of parents don't know if they can put food on their child's table while absent parents evade their responsibility?" said Secretary Shalala. "Today's report clearly demonstrates that we need tough child support enforcement to insure children get the help they deserve. The Clinton Administration has a plan that would increase child support collections by $24 billion over 10 years resulting in $4.2 billion in welfare savings," added Secretary Shalala.

The Census Bureau reports that 11.5 million families are potentially eligible for child support because one parent lives elsewhere. Slightly more than half, 54% or 6.2 million families, had a child support order in place. Of those with orders, 5.3 million were due payment and 4 million received all or some payment. The total amount families received was $11.9 billion in child support leaving $5.8 billion uncollected of the $17.7 billion due in 1991. These numbers reflect only the amount of child support owed for custodial parents who had child support orders.

This is the first Census report on child support to present information on the growing number of custodial fathers. In 1991, 14 percent, or 1.6 million one custodial parent families, were headed by fathers. More than half of custodial fathers had no child support awards. Of those with awards and payment due, about two-thirds received some payment. More than half of custodial mothers have child support awards and about three-fourths received some payment.

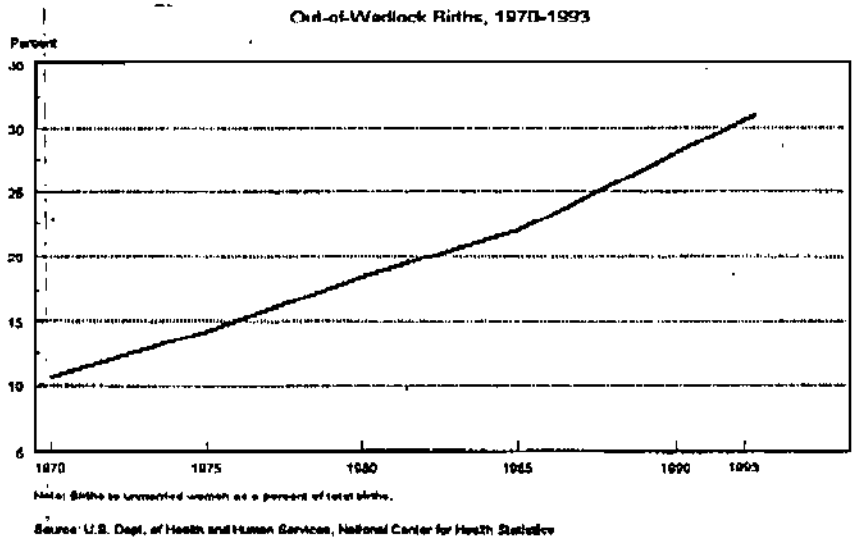
Social Indicators Chart Future Challenges

The child support program can be viewed in the context of general social indictors. There are indicators that can be used both to chart changes across the nation and to monitor overall progress. While the child support enforcement program can affect these indicators, many other external factors also influence them significantly. Nevertheless, only when these factors begin to show improvement can Federal, State and local governments truly claim success.

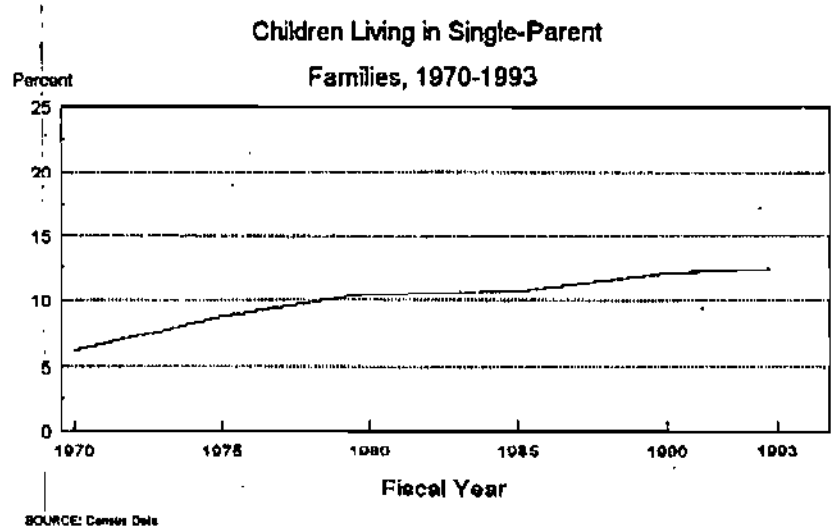


Today, the needs of children and families are more complex and urgent than ever before. Too many children live in poverty. Too many children are not supported, emotionally or financially, by both their parents. The challenges are great, but the risks of not achieving our goals are even greater. Strong and healthy children and families improve the quality of life for us all.

The American family has undergone dramatic structural change in the last two decades. A steady increase in the incidence of out-of-wedlock births and high rates of divorce are denying children the traditional support of a two-parent family.



The numbers show that nearly one of every four children now lives in a single-parent home and, over time, about half of all children are likely to spend some time in a single-parent home. Child support is a critical component for ensuring economic stability for millions of single-parent families. While many single parents can and do raise their children well on their own, the financial burden of serving as the family's sole provider too often puts the children at risk of living in poverty. A better job of assuring that all children receive support from both of their parents can be done.



OVERVIEW OF FY 1995 ACHIEVEMENTS

During fiscal year 1995, State CSE agencies were able to:

* Establish paternity for 903,000 children, an increase of 77 percent since fiscal year 1992;*
* Establish 1,051,336 support orders;
* Locate 4,950,112 parents, their employers, income or assets; and
* Collect a record $10.8 billion on behalf of children, a 36 percent increase from fiscal year 1992 child support collections.

This report is organized to focus on the constructive steps taken in FY 1995 to serve children better. The CSE program concentrated major efforts in FY 1995 on consulting with State and regional staff in developing a national strategic plan, on reaffirming the government's role as a model employer and on building renewed and improved partnerships with other stakeholders in the child support system. The essence of our partnerships will be a shared strategic vision, joint planning to achieve that vision, and collective development of performance measures focused on outcomes that test our progress. In addition, FY 1995 was a banner year for State adoption and implementation of new hire reporting, license suspension, and interstate legislation, as well as the first meaningful reporting on the progress that States are making in establishing paternities through in-hospital voluntary acknowledgement programs.

NATIONAL STRATEGIC PLAN ADOPTED

In FY 1995, after a year of intensive work and negotiations, Federal and State child support enforcement authorities reached consensus on a national strategic plan as a pilot under the Government Performance and Results Act.

Signed into law by President Clinton in August, 1993, the Government Performance and Results Act (GPRA) reforms the way Federal agencies perform. The law requires programs to decide what they want to achieve and report on their performance. When implemented, GPRA will:

* OCSE estimates that, nationally, 903,000 paternities were established by child support enforcement agencies during the 1995 fiscal year. This takes account of both the 659,373 paternities reported to OCSE by State child support agencies, as well as in-hospital acknowledgements (for States who voluntarily furnished such data). In-hospital numbers include an unknown number of acknowledgements for children in the IV-D caseload.

* improve the effectiveness of Federal programs by promoting a new focus on results, service quality, and public satisfaction;

* systematically report on progress in achieving program objectives as stated in agency strategic plans and annual performance plans; and

* initiate reform with a series of pilot projects in setting program goals, measuring program performance against these goals, and reporting publicly on their progress.

By September, 1997, all Federal agencies will develop comprehensive five-year strategic plans that include mission statements and long range goals and objectives the agency expects to achieve. As a "living" document, subject to periodic revision, the strategic plan must be flexible enough to accommodate new legislative mandates and other programmatic changes. At each stage of the document's development and throughout the life of the program, Federal agencies must seek input from the people they serve, from state partners, and from others directly concerned with the program. Agencies' annual performance plans will describe the results they expect to achieve in the coming fiscal year, along with the performance indicators they will use to measure results. Six months after the end of the fiscal year, agencies will report to the public, the President, and Congress on how well they did. Program results at the national level will be tied to budgeting.

Before implementing GPRA in all Federal programs, the Office of Management and Budget (OMB) is pilot testing GPRA's concepts in over 70 selected Federal agencies during fiscal years 1994-1996. All of the pilot programs are developing five-year strategic plans and annual performance plans by which they will be measured at the end of the pilot period. The Child Support Enforcement Program is one of only four in the Department of Health and Human Services designated by OMB to be a GPRA pilot.

Under the GPRA pilot project, Federal, State, and local child support or IV-D functions remain the same, but GPRA refocuses and restructures their work toward achieving specific and measurable program results. GPRA activities, conducted by Administration for Children and Families regional offices, and in State and local IV-D offices include strategic planning, performance planning, and special demonstrations. All GPRA activities are coordinated, integrated, and mutually supportive.

The national strategic plan for the CSE Program underwent several revisions with widespread, thoughtful input from IV-D agency officials, advocacy organizations, custodial and noncustodial parents, vendors to the child support community, and State and local support enforcement workers. Closure on the plan occurred February 28, 1995, during a facilitated national videoconference of IV-D directors and Federal CSE staff. At the final talks, 23 State CSE programs were represented, as nearly 100 Federal, State, and local staff took part in a telephone and videoconference.

The accomplishment of consensus on the five-year national strategic plan drew spontaneous applause from the group of 25 meeting in Washington, DC. Cecelia Burke, then President of the National Council of State Child Support Enforcement Administrators and Director of the IV-D program in Texas, acknowledged the event as a milestone in Federal and State relations. "For the first time ever," she said, "we have a strategic plan for the whole program. I feel we are moving into a new realm with OCSE, when you consider the magnitude of what we have just accomplished here."

In accepting the national strategic plan as a working blueprint for the CSE program over the next five years, all IV-D partners--Federal, State, and local--signaled their agreement on the goals and objectives for the program that focused on children having parentage established and financial and medical support from both parents. Leaders noted, however, that current legislative activity may bring substantial change to the program, therefore, the strategic plan is seen as a "living document," flexible with regard to local issues, though still national in scope and open to revision as required by events.

For FY 1995, OCSE's two measures of successful program results, nationwide, are the total number of paternities established and total child support dollars collected.

MODEL EMPLOYER EXECUTIVE ORDER ISSUED

Executive Order 12953 signed by President Clinton on February 27, 1995, established the executive branch of the Federal government, through its civilian employees and uniformed services, as a "model employer" in promoting and facilitating the establishment and enforcement of child support. At the signing, President Clinton described the executive order as "another major step in our efforts to bring the Federal government in line with the basic values of ordinary Americans."

The executive order requires all Federal agencies and uniformed services to cooperate fully in efforts to establish paternity and child support orders and to enforce the collection of child and medical support in all situations where such actions may be required. The order also requires agencies to provide information to their personnel concerning the services that are available to them and to ensure that their children are provided the support to which they are legally entitled.

To implement this order,

* Every Federal agency must review its procedures for wage withholding, and implementing regulations, to ensure that it is in full compliance with the requirements of 42 U.S.C. 659. Every agency shall endeavor, to the extent feasible, to process wage withholding actions consistent with the requirements of 42 U.S.C. 666(b).

* Beginning no later than July 1, 1995, the Director of the Office of Personnel Management shall publish annually in the Federal Register the list of agents (and their addresses) designated to receive service of withholding notices for Federal employees.

* Every Federal agency shall assist in the service of legal process in civil actions pursuant to orders of State courts to establish paternity and establish or enforce a support obligation by making Federal employees and members of the uniformed services stationed outside the United States available for the service of process.

* Every Federal agency shall cooperate with the Federal Parent Locator Service by providing complete, timely, and accurate information to assist in locating noncustodial parents and their employers.

* The master file of delinquent obligors that each State child support enforcement (CSE) agency submits to the Internal Revenue Service for the purpose of Federal income tax refund offset shall be matched at least annually with the payroll or personnel files of Federal agencies to determine if there are any Federal employees with child support delinquencies. The list matches shall be forwarded to the appropriate State CSE agency to determine, in each instance, whether wage withholding or other enforcement action is appropriate.

* All Federal agencies shall advise current and prospective employees of services authorized under title IV-D of the Social Security Act that are available through the States.

The Office of Child Support Enforcement has worked to promote implementation of the order. In April 1995, OCSE and the Office of Personnel Management (OPM) jointly hosted a conference attended by over 100 Federal agencies to facilitate implementation of the EO. Bruce Reed, the Deputy Assistant to the President for Domestic Policy, provided the keynote speech, "Leading by Example: The Federal Government's Commitment to Improving Child Support Enforcement in the Federal Workforce." OCSE conducted a training workshop for Federal, State, and local staff on the EO at the 5th Annual Training Conference and at the National Child Support Establishment Association (NCSEA) conference and developed an informational video and flyer, "Child Support Information for Federal Employees." In addition, OCSE assigned a staff person to serve as coordinator for the EO and on three occasions OCSE developed messages informing all HHS employees of their obligations under the EO.

TWENTIETH ANNIVERSARY OBSERVED

Over the past twenty years, the Child Support Enforcement Program has matured into a public service that puts children first. The record shows continuing program improvements that have earned the

program bipartisan support and produced high expectations for the future. In 1995, the Child Support Enforcement Program celebrated 20 years of existence. In proclaiming August National Child Support Awareness Month, President Clinton stated, "This program has been instrumental in giving hope and support to American's children while fostering strong families and responsible parenting." (See *A Proclamation* in the preface.)

Secretary Shalala Salutes Child Support Workers

Speaking on July 12th to nearly 500 child support professionals from across the country at a luncheon celebrating the Child Support Enforcement Program's 20th anniversary, HHS Secretary Donna Shalala paid tribute to OCSE's State and local partners. "You know child support in America," she said to those she called "the real frontline troops."

"You know the needs of our children. Every day you live and breathe the needs of families for whom the prompt and full payment of child support becomes an issue of survival. You see the anguished faces of parents fighting to go it alone to stay just above the poverty line. You see the confusion, the bewilderment of young children caught in emotional and financial squeeze plays. You know firsthand that child support is about money--for clothing, food, utility bills, day care, school field trips. But you also know that child support is about much more than money. It's about engagement and involvement in a child's life, emotional support, love, and understanding. It's about both parents being a part of a child's life."

The Honorable Russell B. Long, former Louisiana Senator and the legislative force behind the pivotal 1975 child support enforcement law, also addressed the gathering. Senator Long, warmly received by an audience that included many with keen memories of his contributions, recalled some of the legislative debate that resulted in the new law and a national Child Support Enforcement Program. "I never dreamed," he said, "our efforts would bear fruit of the magnitude I see today."

OCSE Deputy Director David Gray Ross acknowledged the achievements of his predecessors, many of whom were in the audience, and thanked all of the participants for providing hope and support to America's children since 1975. In addition to the remarks of Secretary Shalala, Senator Long, and Deputy Director Ross, congratulatory messages from President Clinton (see letter on the following page) and former President Gerald Ford were read to the assembled guests. Former President Ford wrote, "...[The Child Support Enforcement Program] is more than the mere savings of welfare dollars. There are now untold numbers of children who have the emotional, as well as financial, support of both parents because...of your efforts and the efforts of those who preceded you."

June 20, 1996

NOTE TO RAHM AND BRUCE:

Henry Hyde and ACES', Jerri Jensen's child support group, held a press conference today on state child support computer systems. Hyde has asked GAO to do another audit of the computer systems -- while most states have systems in place, only six have been certified. Hyde is using this to challenge the executive action -- our response, of course, is that states can do this with their current resources (most of the new hire work is done through the state employment security agencies, anyway). Attached is some material from the press conference, and talking points/questions and answers that we put together.

You should also know that Dorian Friedman of USN&WR is working on a piece tracking the Clinton/GOP record on family friendly policies: Family and Medical Leave Act, EITC, child tax credit, etc. Bruce, you may get a call from her today.

Thanks,

Melissa

HENRY J. HYDE
6TH DISTRICT, ILLINOIS

COMMITTEES
CHAIRMAN
JUDICIARY

INTERNATIONAL RELATIONS

2110 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-1306
(202) 225-4561

Congress of the United States
House of Representatives
Washington, DC 20515-1306

June 20, 1996

The Honorable Charles A. Bowsher
Comptroller General of the United States
U.S. General Accounting Office
441 G St., N.W.
Washington, D.C. 20548

Dear Mr. Bowsher:

The General Accounting Office prepared the report Child Support Enforcement: Timely Action Needed to Correct System Development Problems (GAO/IMTEC-92-46, Aug. 13, 1992) in response to a congressional request to review the effectiveness of Department of Health and Human Services oversight of state efforts to develop automated systems for child support enforcement. Federal law requires that states develop these systems which are to be used in making child support case management and the collection of and distribution of funds to custodial parents more effective and efficient. The federal government has a large stake in the success of these efforts because it funds 90% of state development and installation costs -- apparently expending well over one billion dollars to date -- and because custodial parents often must resort to the AFDC program when their child support payments do not arrive. Thus, HHS's Office of Child Support Enforcement is charged with oversight over state efforts.

What have American taxpayers and the millions of children dependent on child support gotten for their money? How effective has been HHS's oversight? In its 1992 report, GAO found that:

> [HHS's Office of Child Support Enforcement] has not required needed changes on some states' seriously flawed systems. As a result, development of three severely flawed systems continued for a period ranging from 3 to 8 years, at a total cost of over $32 million in federal funds, before these efforts were stopped and redirected. OCSE officials have allowed federally financed projects to proceed without effective corrective actions because they believe states have primary responsibility for system development. Regardless of who has primary development responsibility, law and regulations require OCSE to assess states' development efforts and allow it to suspend funding if states do not adhere to approved plans.

In addition, the results of OCSE's office of audit reviews of states' child support programs are not regularly used by the OCSE systems division, which is responsible for assessing states' systems. Although these audit reviews frequently identify automated system problems, OCSE has no policy requiring the systems division to pursue resolution of these findings with states.

I am concerned that there has been little apparent improvement in the four years since the issuance of your report. Congress recently found it necessary to extend by two years -- until October 1997 -- the deadline by which all states must have federally-certified computer systems up and running. By the approach of the original October 1995 deadline, only one state had an operational computer system meeting HHS requirements.

Also troubling is a study just issued by ACES -- the Association for Children for Enforcement of Support -- which reports on a state-by-state basis the state of, and problems with, system development. ACES says it has documented serious development problems in nearly every state in the Union.

I am requesting that GAO update its 1992 report. I would ask that as part of its update, GAO address the following questions:

* Has HHS implemented the recommendations made by GAO in 1992?
* Is HHS now providing effective oversight of and assistance to state computer system development?
* What is the status of system development and implementation in each state?
* What else needs to be done by the federal government to ensure that state computer systems are developed and put into operation in the most expedient and cost-effective manner possible?
* Why did it take four years after the passage of the Family Support Act of 1988 for HHS to issue regulations providing states with detailed specifications for their computer systems?
* Are the charges and the analysis in the ACES report accurate?
* Exactly how much money has been expended by federal taxpayers on the subsidization of state computer system development?

My assumption is that GAO, as part of its research, will need to visit selected states to evaluate their system development efforts. The information gathered will help GAO provide a nationwide picture of the current state of automation. I would anticipate a GAO report by early 1997.

I appreciate your assistance. Please contact Glenn Leuschner in my office to discuss any concerns related to this request.

Sincerely yours,

Henry J. Hyde

HJH/gmf

CHILD SUPPORT ENFORCEMENT, 104th CONGRESS

Comparison of Title IX of H.R. 4, as passed by the Senate
and
Title IX of H.R. 4, as passed by the House

H.R. 4, as passed by the Senate	H.R. 4, as passed by the House
Sec. 901. State Obligation to Provide Child Support Enforcement Services. Clarifies state obligation to provide child support enforcement services such that services will be provided for each child receiving assistance under IV-A, IV-B and Title XIX. All others must apply for services.	**Section 701** contains the same provisions. **Section 711** contains a requirement that all orders issued after 10/1/98 be included in state registry.
Sec. 902. Distribution of Child Support Collections. Changes distribution priorities to provide that families leaving welfare receive priority in payment of post-AFDC arrears only. Pre-AFDC arrears may be paid to the state first or to the family first, at state option. Specifies that states may either retain, or distribute to the family, the state share, with the state sending the federal share to the federal government. Defines "cash assistance" as assistance under Title IV-A or benefits under Title IV-E. Changes "federal share" definition to incorporate a federal reimbursement percentage in cases in which support was not owed to the family. Distribution requirements generally become effective October 1, 1999 except for the definition changes and distribution requirements related to cash assistance.	**Section 702** Changes distribution priorities to provide that families leaving welfare receive priority in payment of arrears. Specifies that states may either retain, or distribute to the family, the state share, with the state sending the federal share to the federal government. Former cash assistance families would receive current support, then arrearages prior and after assistance, followed by assigned arrears to the state for reimbursement of assistance, with the remainder going to the family. Defines "cash assistance" as assistance under Title IV-A, benefits under Title IV-B, or IV-E. Changes "federal share" definition to incorporate a federal reimbursement percentage in cases in which support was not owed to the family. Distribution requirements generally become effective October 1, 1999 except for the definition changes and distribution requirements related to cash assistance. Unlike section 902 of Senate bill, it does not include a clerical amendment.
Sec. 903. Rights to Notification and Hearings. Requires states to have procedures for providing notices of proceedings and copies of orders to recipients of program services or parties to cases being served under Title IV-D, and access to a fair hearing or other formal complaint procedure regarding delivery of program services.	No such provision.
Sec. 904. Privacy Safeguards. Protects privacy rights with respect to confidential information.	**Section 703** contains the same provisions.

H.R. 4, as passed by the Senate	H.R. 4, as passed by the House
Sec. 911. State Case Registry. Includes requirements for the central state registry, including maintaining and updating a payment record and extracting data for matching with other databases. Allows automated linkages of local registries; adds amount of any lien to the case record; omits termination date of order in state case registry yet Federal Order Registry requires updating of expiration dates on orders; adds explicit references to Internal Revenue Code restrictions on information sharing.	**Section 711** contains the same provisions.
Sec. 912. Collection and Disbursement of Support Payments. Includes requirements for the centralized collection and disbursement of support payments, including the monitoring of payments, generating wage withholding notices, and automatic use of administrative enforcement remedies. Requires states to have sufficient staff to carry out these activities. Permits linkages of local disbursement units to form centralized state disbursement unit for collection and disbursement of child support payments provided Secretary of HHS agrees such system is not more costly nor more time-consuming to establish or operate than a single state disbursement unit and employers have one point of remittance for income withholding. Requires distribution w/in 2 business days of receipt of collection; transmission of withholding orders to employers w/in 2 business days of notice of income source subject to withholding with an exception to the requirement to allow delay in disbursing arrearage collections pending resolution of any timely appeal regarding amount of arrearage owed.	**Sections 712** is identical except that it only specifies that the Secretary agree that the linkage of local disbursement units must not cost more or take more time to establish (not operate) than a centralized unit and there is no provision permitting retention of arrearages until the resolution of a timely appeal.

H.R. 4, as passed by the Senate	H.R. 4, as passed by the House
Sec. 913. State Directory of New Hires. Generally. Requires employers and labor organizations to report, name, address, Social Security Number, Employer Identification Number on new hires to State Directory of New Hires within the later of 30 days of hire or "in the case of an employer who reports magnetically or electronically, the first business day of the week following" date such newly hired employee first receives wages; requires the report to be the W-4; contains a multistate employer provision that allows an employer to report to a designated state where it's employees work; state option for a nominal penalty for failure to report, enhanced penalty based on conspiracy; information reported on new hires to the State Directory must be entered into the data base within 5 business days of receipt; State Directory must perform database matching using SSNs and report findings to any state; Directory must also report information to the National Directory within 2 business days, issue withholding notices within 2 business days of match, provide extracts of SESA information to National Directory quarterly, as well as other uses of new hire; adds Social Security Act §454 state plan requirement. Limits required SSN matching to IV-D cases, not all cases in registry. Deadline for states to begin performing automated data crossmatching between their IV-D caseload and the State New Hire Directory database is October 1, 1998.	**Section 713** is the House version and is generally similar. It allows employers 15 days to report. It uses different wording and organization to define "labor organizations" and "governmental entities" as employers. Allows employers to use a form "equivalent to the W-4". The House version contains a multistate employer provision that allows an employer to report to the state where the greatest number of its employers work. There is also no state requirement to enter the data within 5 business days of receipt. The House allows four days instead of two for reporting newly entered data from the State Directory to the National Directory of New Hires. Deadline for cross-matching IV-D caseload and State New Hire Directory is 10/1/97.
Sec. 914 Amendments Concerning Income Withholding. Strengthens and expands income withholding from wages to pay child support. Reduces the time for employers to remit withheld wages to 2 business days (current regulations give 10 working days); adds a state law requirement allowing issuance of withholding orders by agency electronically and without notice to obligor; makes revisions to current statutory language governing providing notice to obligors concerning wage withholding actions and procedures for contesting such.	**Section 714** is similar except that it does not specify due process procedures to follow. Makes optional the administration (tracking/monitoring) of non-IV-D withholding by a public entity;

H.R. 4, as passed by the Senate	H.R. 4, as passed by the House
Sec. 915. Locator Information from Interstate Networks. Includes requirements for access to locator information from interstate networks.	Section 715 contains the same provisions.
Sec. 916. Expansion of the Federal Parent Locator Service (FPLS). The authority of FPLS to obtain information and locate individuals is expanded under this section. The language permits access to FPLS for the enforcement of child visitation orders, including expansion of the definition of "authorized person" to include an absent parent only with regard to a court order against a resident parent for child visitation rights. FPLS will be able to obtain information facilitating the discovery or location of any individual under an obligation to pay support or provide visitation or for whom a support or visitation order is sought, information on wages and benefits and asset information. This section grants the right of governmental entities to be reimbursed for fees under this section. A federal case registry of child support orders is to be established. Guidelines for the National Directory of New Hires are detailed, including a requirement that data be entered into the National Directory two days after receipt. The Social Security Administration is called upon to verify SSNs.	Section 716 of the House version is substantially similar. However, it does not grant FPLS authority to collect information on assets. It also does not address visitation rights. It also does not specify a timeframe for entering data received by the National Directory of New Hires.
Sec. 917. Collection and Use of Social Security Numbers for Use in Child Support Enforcement. Requires use of Social Security Numbers on applications for professional licenses, commercial driver's license, occupational license, marriage license, divorce decree, support order, paternity determination or acknowledgement and death certificate.	Section 717 contains similar provisions.
Sec. 921. Adoption of Uniform State Laws. Mandates adoption of UIFSA with minor modifications. Does not specify "in its entirety" as the Interstate Commission recommended.	Section 721 contains the same provisions.
Sec. 922. Improvements to Full Faith and Credit for Child Support Orders. Clarifies priorities for recognition of orders.	Section 722 contains the same provisions except that it misses a technical correction.

H.R. 4, as passed by the Senate	H.R. 4, as passed by the House
Sec. 923. Administrative Enforcement in Interstate Cases. Requires states to respond within 5 business days to a request from another state to enforce a support order. Electronic means are encouraged for transmitting requests.	**Section 723** contains the same provisions.
Sec. 924. Use of Forms in Interstate Enforcement. Calls for the promulgation of forms to be used in interstate income withholding cases, the imposition of liens and administrative subpoenas across state lines, after consultation with advisory committee which includes state IV-D Directors.	**Section 724** contains the same provisions, except does not include advisory committee.
Sec. 925. State Laws Providing Expedited Procedures. State IV-D programs are granted the authority to take several actions "without the necessity of obtaining an order from any other judicial or administrative tribunal, but subject to due process safeguards as appropriate." These actions include ordering genetic testing for paternity establishment, issuing a subpoena for financial or other information, and requiring all entities to respond to requests for information. States are granted access to public records such as vital statistics of marriage birth and divorce, state and local tax records, real and titled personal property, license records, employment security records, public assistance programs, motor vehicle records and corrections records. The Senate version also grants access to certain private records such as public utility and cable television records and financial institution data. Other administrative measures provided in this section include the power to change the payee to the state, to order income withholding and to size assets to satisfy arrearages and to increase the amount of the award to pay arrearages. Automation is encouraged as a means of implementing the administrative remedies called for in H.R. 4. Due process is to be protected under the state's administrative process.	**Section 725** of the House bill is substantially weaker than the Senate version, the WRA or the legislation filed to implement the recommendations of the Interstate Commission because it does not have the provision allowing for access to public and private records as part of the package of administrative enforcement practices. Does allow administrative authority to enter default orders.

H.R. 4, as passed by the Senate	H.R. 4, as passed by the House
Sec. 931. **State Laws Concerning Paternity Establishment.** Streamlines the legal processes for establishment of paternity. Allows establishment of paternity anytime before a child turns 21. Provides for mandatory genetic testing in contested cases. Enhances the process for voluntary acknowledgement of paternity and requires a state form for voluntary acknowledgement. States must have good cause exceptions. Establishes a threshold probability for the establishment of paternity. Requires default orders in certain cases. Does not allow trial by jury. Orders temporary child support in certain cases. Establishes a national paternity acknowledgement affidavit. Clarifies that other administrative and judicial means can also be utilized to establish paternity.	**Section 731** makes similar changes. It only allows for the establishment of paternity until the child turns 18. The House version also does not require a state acknowledgement form.
Sec. 932. **Outreach for Voluntary Paternity Establishment.** Mandates that state programs "publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support by means the state deems appropriate." Does not delineate any methods for outreach.	**Section 732** contains the same provisions.
Sec. 933. **Cooperation by Applicants for and Recipients of Temporary Family Assistance.** Specifically shifts to the states the responsibility for determining and redetermining whether recipients of temporary assistance for needy families (Title IV-A) are cooperating with child support enforcement efforts. It further specifies actions with which the state must require recipients to cooperate, as well as the duty of the IV-D agency to promptly notify the individual and the state Title IV-A agency of the determination and basis for any finding of noncooperation.	**Section 733** is similar, but does not have the further specifications and IV-D agency requirements that Senate version contains. NOTE: related section 405 of Title I reduces the child's portion of the monthly benefit if paternity is not established.
No similar section.	**Section 741. Federal Matching Payments.** Under a heading "increased base matching rate," the House bill maintains the current base matching rate of 66 percent. A maintenance of effort is also required of states so that total spending by a state program in a fiscal year cannot be decreased.

H.R. 4, as passed by the Senate	H.R. 4, as passed by the House
Sec. 941. Performance-Based Incentives and Penalties. Establishes a committee, that includes IV-D Directors, to develop incentive formula to be distributed from the pool of the federal share of collections; lists five criteria (paternity establishment percentage, percentage of cases with orders, percentage of cases with collections, ratio of support collected to support due, and cost effectiveness) and seven factors to be included in the formula; total incentives would be based on FY 94 incentives plus a portion of additional federal welfare recoupment; incentives capped based on state expenditures; provision for state sharing incentives with local political subdivisions; change effective upon enactment, except law in effect before enactment applies for purposes of incentive payments for fiscal years prior to FY 2000. "State" excludes Indian tribal lands.	**Section 742** Adjusts the matching rate for FFP based on performance. A state can earn incentives up to 12 percent FFP for performance in paternity and 12 percent in connection with overall performance in child support enforcement. A second "paternity establishment percentage" (PEP) is created that judges a state by the total number of children in the state that were born out of wedlock and have attained one year for whom paternity was established during the year divided by the number of children born out of wedlock during the year. The "overall performance" standard takes into account the other four factors included in the Senate version. Incentives are capped and limited to the June 1994 cost estimates performed for this section of the legislation. The requirement for the IV-D PEP is increased from 75 percent to 90 percent. Presumably, the IV-D PEP will be used to penalize states when necessary and the new PEP will be used to provide incentives. States must also show improvement in "overall performance" or risk penalties. Does not exclude tribal lands as part of "State". **Section 104 of the bill**, under conforming amendments, amends the IV-D PEP in section 452(g)(2) to exclude children receiving Temporary Family Assistance. This would essentially exclude most children needing paternity establishment from the formula and appears to be a drafting error.
Sec. 942. Federal and State Reviews and Audits. Changes the audit process to be based on performance measures. In addition, requires information to be provided "necessary to measure state compliance with federal requirements for expedited procedures."	**Sec. 743** uses most of the same language as the Senate version except it adds "timely case processing" as part of measuring state compliance and insinuates the necessity of process as well as performance-based measurement.
Sec. 943. Required Reporting Procedures. Requires states to collect and report program data in a uniform manner as a state plan requirement.	**Sec. 744** contains the same provisions, and adds that the Secretary's uniform definition include measurement of timely case processing.

H.R. 4, as passed by the Senate	H.R. 4, as passed by the House
Sec. 944. Automated Data Processing Requirements. Revises requirements for the state automated data processing systems. Contains a new implementation timetable that extends the deadline to 10/1/97 by which a state must have an automated case tracking and monitoring system meeting all Federal IV-D requirements up through the enactment of the Family Support Act of 1988. Sets a deadline of October 1, 1999 for implementation of new requirements except that the deadline shall be extended by one day for each day (if any) that the Secretary fails to meet the deadline for prescribing final regulations. The Secretary is to prescribe final regulations not later than two years after enactment. Extends 90 percent funding for the amount approved for states in the Advance Planning Documents submitted on or before May 1, 1995. Sets funding at 80 percent or the state's regular FFP amount, whichever is higher for new requirements. Caps aggregate spending on the new automated system at $260,000,000.	**Section 745** is similar to Section 445. However, it does not extend the October 1995 deadline.
Sec. 945. Technical Assistance. Sets aside one percent of the federal share of reimbursed public assistance for information dissemination and technical assistance to states, training of state and federal staff, staffing studies and related activities needed to improve programs including technical assistance concerning state automated systems; and research, demonstration, and special projects of regional or national significance relating to the operation of state programs. An additional two percent is set aside for the operation of the Federal Parent Locator Service to conduct its expanded responsibilities, including those for interstate cases.	**Section 746** contains the same provisions.
Sec. 946. Reports and Data Collection by the Secretary. Conforms data collection requirements and eliminates requirements for unnecessary or duplicative information. Several new data reports are to be included in the annual report to Congress including information about compliance, by state, with standards for program operations such as time limits for service delivery and distribution of payments.	**Section 747** does not include the provision concerning information about compliance.

H.R. 4, as passed by the Senate	H.R. 4, as passed by the House
Sec. 951. National Child Support Guidelines Commission. Establishes a National Commission on Child Support Guidelines, charged with studying feasibility and necessity of a standard national guideline for setting child support award amounts. Does not specify authorization of appropriation for Commission. It is also vague where the Commission's authority lies and what the Commission shall undertake.	No similar provision.
Sec. 952. Simplified Process for Review and Adjustment of Child Support Orders. Requires streamlined processes for periodic modification of all child support orders. Reviews would occur every three years, but only upon request. Language permits states to either review against guidelines or use a COLA method with the opportunity to contest the COLA and make a request for a review using guidelines; reviews may be performed using automated methods; permissive reviews based upon change in circumstances; and notice provided of right to request reviews. Unlike current law, review is not mandatory in AFDC cases.	**Section 751** contains similar provisions, except that review is mandatory in IV-D cases.
Sec. 953. Furnishing Consumer Reports for Certain Purposes Relating to Child Support. Expands access and use of consumer reports by child support agencies for establishing and modifying child support provided paternity has been established; child support agencies must notify the party that the state agency is obtaining a report.	**Section 752** contains the same provisions.
Sec. 954. Nonliability for Depository Institutions Providing Financial Records to State Child Support Enforcement Agencies in Child Support Cases. Specifies that depository institutions would not be liable for disclosing financial information to the child support enforcement agency; child support enforcement agency would be prohibited from disclosing information obtained except for child support purposes.	No similar provision.
No similar section.	**Section 761. Federal Income Tax Offset.** Makes certain changes to improve the federal income tax offset process.
Sec. 961. Internal Revenue Service Collection of Arrearages. Makes technical correction to IRS full collection process.	No similar provision.

H.R. 4, as passed by the Senate	H.R. 4, as passed by the House
Sec. 962. Authority to Collect Support from Federal Employees. Eliminates separate withholding rules for federal employees. Applies to withholding of federal compensation for death benefits, black lung benefits, workers' comp and veteran's benefits. Adds protection from penalty/liability against federal employees for disclosure. Determination of the amount of withholding would exclude certain taxes, health and life premiums and retirement contributions. Specifies that money subject to this process are due from the executive, legislative and judicial branches of the federal government.	**Section 762** contains the same provisions.
Sec. 963. Enforcement of Child Support Obligations of members of the Armed Forces. Sets forth processes for payment and enforcement of child support obligations for members of the armed forces.	**Section 763** contains similar provisions.
Sec. 964. Voiding of Fraudulent Transfers. Makes amendments regarding voiding of fraudulent transfers.	**Section 764** contains the same provision.
Sec. 965. Work Requirement for Persons Owing Child Support. Requires the state to seek a judicial or administrative order that requires any individual owing support to pay such support or participate in work activities.	**Section 766** is limited to past-due support.
Sec. 966. Definition of Support Order. Provide for the definition of a support order. Broadens the language in the definition of "support order" as follows: As used in this part, the term 'support order' means a judgment, decree, or order, whether temporary, final, or subject to modification, issued by a court or an administrative agency of competent jurisdiction, for the [H.R.4 instead says "process established under state law that requires"] support and maintenance of a child, including a child who has attained the age of majority under the law of the issuing state, or a child and the parent with whom the child is living, which provides for monetary support, health care, arrearages, or reimbursement, and which may include related costs and fees, interest and penalties, income withholding, attorneys' fees, and other relief."	**Section 767** defines support order as "an order issued by a court or an administrative process established under state law that requires support and maintenance of a child and the parent with whom the child is living".

H.R. 4, as passed by the Senate	H.R. 4, as passed by the House
Sec. 967. Reporting Arrearages to Credit Bureaus. Requires all delinquencies and their amounts to be reported to credit bureaus.	No similar provision.
Sec. 968. Liens. Requires liens on real and personal property by operation of law and extension of full faith & credit to liens arising in another state without registration of order in state where property is situated.	**Section 768** contains the same provision.
Sec. 969. State Law Authorizing Suspension of Licenses. Requires states to have laws providing for the suspension of driver's, professional, occupational, and recreational licenses.	**Section 769** contains the same provisions.
Sec. 970. Denial of Passports for Nonpayment of Child Support. Establishes a process by which HHS can submit the names of delinquent obligors in excess of $5,000 to the State Department for the denial of their passports.	No similar provision.
Sec. 971. International Child Support. Designates the Secretary of Health and Human Services as the central authority for enforcement in international cases and authorizes the State Department to negotiate reciprocal agreements with foreign countries.	No similar provision.
Sec. 972. Denial of Means-Tested Federal Benefits to Noncustodial Parents Who Are Delinquent in Paying Child Support. A non-custodial parent who is more than 2 months delinquent in paying child support is not eligible to receive any means-tested federal benefits. Exception for unemployed non-custodial parents who enter a repayment agreement and meet the terms of repayment.	No similar section.
Sec. 973. Child Support Enforcement for Indian Tribes. States are required to make reasonable efforts to enter cooperative agreements with Indian tribes for the enforcement of child support obligations. Provides that the Secretary may, in appropriate cases, make direct payments to Indian tribes with approved child support enforcement plans with the Secretary to make appropriate adjustments to the "State allotment" to take into account any payments under this section.	No similar section.

H.R. 4, as passed by the Senate	H.R. 4, as passed by the House
Sec. 974. Financial Institution Data Matches. Requires states to enter agreements with financial institutions doing business with the state to develop a data match system. Financial institutions are to provide certain information on accounts and to respond to notices of liens or levies.	No similar section.
Sec. 975. Technical Correction to ERISA Definition of Medical Child Support Order. Similar to language included in S. 442 and S. 456 making technical corrections to the medical support provisions of OBRA 1993 except that it refers to "administrative process under state law" rather than "administrative adjudicator."	**Section 771** contains the same provisions.
Sec. 976. Enforcement of Orders for Health Care Coverage. It adds a new state law requirement to section 466 of the Act which provides that the State IV-D agency have procedures for notifying new employer of an absent parent, when the absent parent was providing health care coverage of the child in the previous job, of the medical support obligation. The notice would operate to enroll the child in the absent parent's health plan, unless the absent parent contests the notice.	No similar provision.
Sec.977. Enforcement of Orders Against Paternal Grandparents in Cases of Minor Parents. Adds a new state law requirement that a child support order of a child of minor parents, if the mother is receiving cash assistance, may be enforceable against the paternal grandparents.	No similar section
Sec. 981. Grants to States for Access and Visitation Programs. Authorizes grants to states for access and visitation programs. Contains no appropriations clause as in WRA; calls for regulations rather than requirements to address grant project evaluations.	**Section 781** contains the same provision.

CSE

HUNDRED FOURTH CONGRESS
BILL ARCHER, TEXAS, CHAIRMAN

PHILIP M. CRANE, ILLINOIS
BILL THOMAS, CALIFORNIA
E. CLAY SHAW, JR., FLORIDA
NANCY L. JOHNSON, CONNECTICUT
JIM BUNNING, KENTUCKY
AMO HOUGHTON, NEW YORK
WALLY HERGER, CALIFORNIA
JIM McCRERY, LOUISIANA
MEL HANCOCK, MISSOURI
DAVE CAMP, MICHIGAN
JIM RAMSTAD, MINNESOTA
DICK ZIMMER, NEW JERSEY
JIM NUSSLE, IOWA
SAM JOHNSON, TEXAS
JENNIFER DUNN, WASHINGTON
MAC COLLINS, GEORGIA
ROB PORTMAN, OHIO
PHILIP S. ENGLISH, PENNSYLVANIA
JOHN ENSIGN, NEVADA
JON CHRISTENSEN, NEBRASKA

SAM M. GIBBONS, FLORIDA
CHARLES B. RANGEL, NEW YORK
FORTNEY PETE STARK, CALIFORNIA
ANDY JACOBS, JR., INDIANA
HAROLD E. FORD, TENNESSEE
ROBERT T. MATSUI, CALIFORNIA
BARBARA B. KENNELLY, CONNECTICUT
WILLIAM J. COYNE, PENNSYLVANIA
SANDER M. LEVIN, MICHIGAN
BENJAMIN L. CARDIN, MARYLAND
JIM McDERMOTT, WASHINGTON
GERALD D. KLECZKA, WISCONSIN
JOHN LEWIS, GEORGIA
L.F. PAYNE, VIRGINIA
RICHARD E. NEAL, MASSACHUSETTS

PHILIP D. MOSELEY, CHIEF OF STAFF

JANICE MAYS, MINORITY CHIEF COUNSEL

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6348

MEMORANDUM

TO: Washington Press Corps

FR: Ellen Dadisman
202/225-4021

DATE: February 2, 1995

RE: Welfare Reform – Child Support Enforcement

Attached for your information are two letters from Congressman Ford to Congressman Shaw proposing a more moderate approach to some welfare reform issues.

Please let me know if you need more information.

ONE HUNDRED FOURTH CONGRESS
BILL ARCHER, TEXAS, CHAIRMAN

PHILIP M. CRANE, ILLINOIS
BILL THOMAS, CALIFORNIA
E. CLAY SHAW, JR., FLORIDA
NANCY L. JOHNSON, CONNECTICUT
JIM BUNNING, KENTUCKY
AMO HOUGHTON, NEW YORK
WALLY HERGER, CALIFORNIA
JIM McCRERY, LOUISIANA
MEL HANCOCK, MISSOURI
DAVE CAMP, MICHIGAN
JIM RAMSTAD, MINNESOTA
DICK ZIMMER, NEW JERSEY
JIM NUSSLE, IOWA
SAM JOHNSON, TEXAS
JENNIFER DUNN, WASHINGTON
MAC COLLINS, GEORGIA
ROB PORTMAN, OHIO
PHILIP S. ENGLISH, PENNSYLVANIA
JOHN ENSIGN, NEVADA
JON CHRISTENSEN, NEBRASKA

SAM M. GIBBONS, FLORIDA
CHARLES B. RANGEL, NEW YORK
FORTNEY PETE STARK, CALIFORNIA
ANDY JACOBS, JR., INDIANA
HAROLD E. FORD, TENNESSEE
ROBERT T. MATSUI, CALIFORNIA
BARBARA B. KENNELLY, CONNECTICUT
WILLIAM J. COYNE, PENNSYLVANIA
SANDER M. LEVIN, MICHIGAN
BENJAMIN L. CARDIN, MARYLAND
JIM McDERMOTT, WASHINGTON
GERALD D. KLECZKA, WISCONSIN
JOHN LEWIS, GEORGIA
L.F. PAYNE, VIRGINIA
RICHARD E. NEAL, MASSACHUSETTS

PHIL, P.D. MORRISSEY, CHIEF OF STAFF

JANICE MAYS, MINORITY CHIEF COUNSEL

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6348

February 1, 1995

The Honorable Clay Shaw
Chairman
Subcommittee on Human Resources
Committee on Ways and Means
Room B-317 Rayburn Building
Washington, D.C. 20515

Dear Clay:

I appreciate very much our conversations over the past few days about working together on welfare reform. I sincerely believe – as I think you do – that there is considerable room for Democrats and Republicans to agree on welfare issues. Toward that end, I would like to share with you one proposed compromise on the question of the eligibility of teenage parents for aid to families with dependent children (AFDC).

We can all agree that teen pregnancy – and growth in the number of out-of-wedlock births – is a problem that must be addressed. I think we all also recognize that government alone can not solve this problem. We must help teenagers to have a vision for their own future and to delay parenthood until they are emotionally and financially capable of nurturing their child. That task requires a concerted effort by our communities, our religious leaders, parents, the media, and politicians.

In the Family Support Act of 1988, we recognized that it is wrong to encourage a teen parent to move out on their own, supported by the welfare system. So the Act gave states flexibility – permitting them to require young mothers to live at home as a condition of receiving AFDC. Under these circumstances States are also permitted to pay the welfare check to the parent of the minor mother.

It seems to me that there are additional steps that could be taken today to discourage teen parenthood. However, the proposals in the Contract with America are too draconian. As I understand the Contract, any child of a minor mother born out-of-wedlock would be permanently ineligible for aid. It would be counterproductive and damaging to children, in my view, to punish – for life – a child who did not choose to be born out-of-wedlock. Toward that end, I propose the following alternative:

- **Establish incentives for responsible behavior.**– Require minor parents to live at home (or, if that is not possible, under the supervision of another adult or in a group home) in order to be eligible for AFDC. Require school-age parents to stay in school. And require full cooperation – up-front, before any benefits are paid – with paternity establishment efforts.

- **Aggressively enforce child support obligations as a means to hold both parents responsible for supporting the child.**– That means working to establish awards in every case, ensuring fair awards levels, and collecting awards that are owed.

- **Reduce teen pregnancy and out-of-wedlock births.**– Lead a national campaign against teen pregnancy; establish a national clearinghouse on teen pregnancy prevention; and conduct demonstration projects of prevention approaches.

It is my view, Clay, that steps like the ones I have outlined will go a long way toward addressing the problem we face with teen parenthood, without unfairly and unnecessarily penalizing the children born into these families. I look forward to talking with you further about this.

Sincerely,

Harold Ford
Ranking Minority Member
Subcommitte on Human Resources

HF/dp

B. ARCHER, TEXAS, Chairman

PHILIP M. CRANE, ILLINOIS
BILL THOMAS, CALIFORNIA
E. CLAY SHAW, JR., FLORIDA
NANCY L. JOHNSON, CONNECTICUT
JIM BUNNING, KENTUCKY
AMO HOUGHTON, NEW YORK
WALLY HERGER, CALIFORNIA
JIM McCRERY, LOUISIANA
MEL HANCOCK, MISSOURI
DAVE CAMP, MICHIGAN
JIM RAMSTAD, MINNESOTA
DICK ZIMMER, NEW JERSEY
JIM NUSSLE, IOWA
SAM JOHNSON, TEXAS
JENNIFER DUNN, WASHINGTON
MAC COLLINS, GEORGIA
ROB PORTMAN, OHIO
PHILIP S. ENGLISH, PENNSYLVANIA
JOHN ENSIGN, NEVADA
JON CHRISTENSEN, NEBRASKA

SAM M. GIBBONS, FLORIDA
CHARLES B. RANGEL, NEW YORK
FORTNEY PETE STARK, CALIFORNIA
ANDY JACOBS, JR., INDIANA
HAROLD E. FORD, TENNESSEE
ROBERT T. MATSUI, CALIFORNIA
BARBARA B. KENNELLY, CONNECTICUT
WILLIAM J. COYNE, PENNSYLVANIA
SANDER M. LEVIN, MICHIGAN
BENJAMIN L. CARDIN, MARYLAND
JIM McDERMOTT, WASHINGTON
GERALD D. KLECZKA, WISCONSIN
JOHN LEWIS, GEORGIA
L.F. PAYNE, VIRGINIA
RICHARD E. NEAL, MASSACHUSETTS

PHIL G. MOSELEY, CHIEF OF STAFF

JANICE MAYS, MINORITY CHIEF COUNSEL

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6348

February 2, 1995

The Honorable Clay Shaw
Chairman
Subcommittee on Human Resources
Committee on Ways and Means
Room B-317 Rayburn Building
Washington, D.C. 20515

Dear Clay:

I write today to share with you my thoughts on the issue of child support enforcement, and paternity establishment in particular. This is another area of welfare reform where I believe Democrats and Republicans can find broad consensus.

A typical child born in the United States today will spend some time in a single-parent home. Despite concerted efforts by all levels of government, the current system fails to ensure that children receive adequate support from both parents. Recent analyses by the Urban Institute suggest that the potential for child support collections is approximately $48 billion per year. Yet only $20 billion in awards are currently in place, and only $14 billion is actually paid.

The problem is threefold. First, for many children born out-of-wedlock, a child support order is never established. Second, when awards are established, they are often too low, are not adjusted for inflation, and are not sufficiently correlated to the earnings of the noncustodial parent. And third, of awards that are established, the full amount of child support is collected in only about half the cases.

To my disappointment, the Contract with America included no direct child support provisions. It does, however, contain one paternity establishment provision: AFDC benefits would be denied to any child whose paternity has not been established, even if the parent has fully cooperated with efforts to establish paternity and the State or court is at fault.

Both the Clinton Administration and, soon, the Women's Caucus, have proposed comprehensive child support enforcement measures. There are many similarities between these efforts, as the enclosed table illustrates. I would recommend that you consider adding a comprehensive child support section to your welfare reform proposal and that it be based on what the Administration and the Women's Caucus propose.

Specifically, I suggest the following:

- **Replace the paternity establishment provision in the Contract with a tough, but more humane, requirement.**– Require more rigorous, up-front, cooperation with paternity, as the Clinton Administration has proposed, but don't punish the family for the failure of the State or the court to act promptly. Instead, require the State to establish paternity within one year or face a penalty.

- **Work to establish awards in every case.**– This can be accomplished by streamlining the paternity establishment process, making cooperation from mothers a real condition for receiving AFDC benefits, expanding outreach and education programs aimed at voluntary paternity establishment, holding States to performance-based incentives for improving paternity establishment rates; and giving States administrative authority to establish awards.

- **Ensure fair award levels.**– Require universal, periodic, administrative updating of awards for all cases; pass on more of child support collected to families leaving welfare; and establish a national commission to study State guidelines and the desirability of uniform national guidelines.

- **Collect awards that are owed.**– Bring State administrative systems into the 21st Century by requiring a central registry and centralized collection and disbursement capability; establish a national clearinghouse to aid with enforcement, particularly of interstate cases; revoke professional, occupational, and drivers' licenses to make delinquent parents pay child support; use universal wage withholding, better asset and income information, easier reversal of fraudulent transfers of assets, interest and late penalties on arrearages, expanded use of credit reporting, easing of bankruptcy-related obstacles, and wage garnishment procedures for all employees. Also establish a performance-based financing and incentive system.

Clay, a complete child support package like the one I have outlined here, will send a cle r message – to both parents – that they are expected to support their families. That s, I believe, precisely the kind of message we want to send in welfare reform.

Although child support was not part of the original Contract with America you are t be commended for your willingness to add these provisions to the bill. I also appr ciate knowing, as you told me today, that we will begin the markup on Monday, Febr ary 13, and that you will do all in your power to provide us with a mark-up doc ment by February 8th. If you are able to do that, it will be easier for us to identify – in dvance – what amendments we plan to offer. That should help you determine, earl during the week of February 13th, just how much time to set aside for the markup and ow to organize our deliberations.

I look forward to our continuing conversations about this and other welfare refon ı issues.

Sincerely,

Harold Ford
Ranking Minority Member
Subcommitte on Human Resources

HF/dc ı

Office of the Deputy Attorney General
Washington, D.C. 20530

Child Support Enforcement

December 1, 1994

MEMORANDUM

TO: Ron Klain
Chief of Staff

FROM: Andrew Fois AF
Associate Deputy Attorney General

DATE: December 1, 1994

RE: Child Support Enforcement ("Deadbeat Dads")

Child support enforcement is a major issue. According to government estimates, the total uncollected child support in the United States is approximately $34 billion and increasing. There are presently 14 million child support cases currently pending in the U.S. and more than half of all court ordered child support goes unpaid.

In the 102d Congress, the Child Support Recovery Act was enacted that, inter alia, created a federal offense for willful failure to pay child support with respect to a child living in another state. the support obligation must be greater that $5,000 and outstanding for longer than one year. During the 104th Congress, the Senate unanimously adopted a resolution criticizing DOJ for its lackluster enforcement of this statute which at the time consisted of a handful of cases.

The Department has been working over the past several months to develop policies and strategies to improve its child support enforcement efforts. As part of that strategy, we plan to make an announcement, along with HHS Secretary Shalala, of a three-pronged enforcement strategy as follows:

1. <u>Aggressive Investigation and Prosecution</u>

-- Review of over 150 child support cases referred from HHS.

-- Filing of charges in 34 of those cases today representing more than $1 million in overdue support (making a total of 45 cases in past 12 months).

-- Active investigation of more than 200 additional cases initiated in last several months.

-- Forwarding to U.S. Attorney Offices today an additional 50 referrals received from HHS.

2. Effective and Efficient Partnerships

-- Establishment of referral and information sharing procedures between U.S. Attorney Offices and state child support agencies.

-- Establishment of regular referral and review procedures between HHS and DOJ.

3. Comprehensive Training and Support

-- Designation of a child support enforcement coordinator in each of the 94 U.S. Attorney Offices.

-- Development of prosecutive guidelines to assist U.S. Attorneys prosecute the most egregious cases in a fair and uniform manner.

-- Training conferences for U. S. Attorneys, Assistants and F.B.I. agents such as two, two-day conferences last week. Development of manuals and materials.

We also intend to highlight several individual cases by way of description of the narratives and/or attendance of the victims at the announcement event. Our effort in the past months has included working closely with USAO's, FBI, HHS the Hill, interest groups etc. We have also already arranged for the AG to make two public statements to DOJ conferences stressing the importance of the issue.

The Event:

Present plans are to make this announcement at the AG's regular press availability on December 8 with Secretary Shalala accompanied by written press release and simulataneouls filing of as many of the 34 cases on that date as practicable.

Other Options

Other event options include:

1. A White House event with the POTUS, AG and HHS Secretary. This should then include victims, national interest group representatives and perhaps leading Members of Congress such as Hyde, Schumer and Kohl (Shelby?).

2. A DOJ-HHS press conference on a day other than the regular availability.

Issues:

1. The AGAC has expressed its opposition to making any kind of announcement from main Justice by the AG or anyone of that level. They prefer to quietly file the cases individually and locally. They argue the following:

a. 34 cases is insufficient to support a major announcement and will lead to embarrassment and criticism of a lack of commitment to the issue.

b. A major announcement will result in a deluge of calls to their offices that they will not be able to handle.

One or the other of these two may be true but it seems that both cannot be.

OPA believes that while 34 is not a large number of cases standing on its own, as part of an enforcement strategy package this constitutes a good press availability event. Also, it seems to me that 34 cases conveys the message that federal activity in this area must be and will be of a limited and targeted nature. Moreover, 34 cases is still seven times more than before and represents just one wave in the present pipeline. Finally, there is nothing to be gained by waiting to generate a larger number of cases. It will be months before any more than a handful of cases are likely to be ready and by then most of these 34 will have already been filed. Therefore, the decision is to do one of these options now or not at all.

2. Referral Policy

It is and should be our policy that while referral through the local agency is preferred, it is possible to initiate a case on direct referral to the USAO. In fact, some of the 34 were direct referrals. This is a very big issue with the groups and the Hill but the AGAC would prefer a very firm stand against direct referrals.

WORKING GROUP ON WELFARE REFORM, FAMILY SUPPORT AND INDEPENDENCE

CHILD SUPPORT ENFORCEMENT PROPOSAL

(Including Child Support Assurance Demonstrations and Noncustodial Parent Provisions)

~~Confidential~~ Draft

Not for Quotation, Circulation or Citation
May 3, 1994

TABLE OF CONTENTS

BACKGROUND AND SUMMARY i

The Strategy: Build a child support system for the 21st century. ii

ESTABLISH AWARDS IN EVERY CASE ii

ENSURE FAIR AWARD LEVELS iii

COLLECT AWARDS THAT ARE OWED iv

GUARANTEEING SOME LEVEL OF CHILD SUPPORT --
CHILD SUPPORT ASSURANCE vi

ENHANCING RESPONSIBILITY AND OPPORTUNITY
FOR NONCUSTODIAL PARENTS vii

I. ESTABLISH AWARDS IN EVERY CASE 1

Paternity Performance and Measurement Standards 1

Financial Incentives for Paternity Establishment 2

Streamlining the Paternity Establishment Process 3

Encouraging Early Establishment of Paternity 3
Simplifying Paternity Establishment 4
Paternity Outreach 7

Improving Cooperation among AFDC Mothers in the
Establishment of Paternity 8

Cooperation Standards and Good Cause Exceptions 8
Cooperation Prior to Benefits 10
State Paternity Cooperation Responsibilities and Standards 11

Accreditation of Genetic Testing Laboratories 12

Administrative Authority to Establish Orders Based on Guidelines 13

II. ENSURE FAIR AWARD LEVELS 15

National Commission on Child Support Guidelines 15

Modifications of Child Support Orders 16

Distribution of Child Support Payments 19

Priority of Child Support Distribution 19
Treatment of Child Support for AFDC Families - State Option 20
Priority of Federal Income Tax Refund Offset 21

III. COLLECT AWARDS THAT ARE OWED 22

Overview 22

State Role 22

Central State Registry 22

Option for Integrated State Registry 24

Automated Mass Case Processing and
Administrative Enforcement Remedies 25

Centralized Collection and Disbursement
Through a Central Payment Center 26

Eligibility for IV-D Enforcement Services 29

Opportunity to Opt-Out 29

Federal Role 30

National Clearinghouse 30
National Child Support Registry 30

National Directory of New Hires 31

National Locate Registry 33

Expanded Role of Internal Revenue Service 35

Enhancing Data Exchange 35
IRS Tax Refund Offset 35

IRS Full Collections 36

Interstate Enforcement 36

Other Enforcement Measures 41

Privacy Protection 49

Funding 51

Federal Financial Participation and Incentives 51

Unified State System FFP Enhancement 52

Central Registry and Payment Center Start-up Enhanced FFP 53

State/Federal Maintenance of Effort 53

Revolving Loan Fund 54

Program Management 55

Training 55

Technical Assistance 56

Audit and Reporting 57

Staffing Study 59

Expanded Outreach 59

Customer Accountability 60

IV. GUARANTEEING SOME LEVEL OF SUPPORT -- CHILD SUPPORT ASSURANCE 62

V. ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NONCUSTODIAL PARENTS 66

Access and Visitation Grants 66

Training and Employment for Noncustodial Parents 67

JOBS Participation 68

WORK Participation 69

Demonstration Grants for Paternity and Parenting Programs 70

Appendix A: Effective Implementation Dates 71

CHILD SUPPORT ENFORCEMENT

BACKGROUND AND SUMMARY

In spite of the concerted efforts of Federal, State and local governments to establish and enforce child support orders, the current system fails to ensure that children receive adequate support from both parents. Recent analyses by The Urban Institute suggest that the potential for child support collections exceeds $47 billion per year. Yet only $20 billion in awards are currently in place, and only $13 billion is actually paid. Thus we have a potential collection gap of over $34 billion.

The signals the system sends are unmistakable: all too often noncustodial parents are not held responsible for the children they bring into the world. Less than half of all custodial parents receive any child support, and only about one-third of single mothers (mothers who are divorced, separated, or never married as opposed to remarried) receive any child support. Among never-married mothers, only 15 percent receive any support. The average amount paid is just over $2,000 for those due support. Further, paternity is currently being established in only one-third of cases where a child is born out-of-wedlock.

The problem is primarily threefold: First, for many children born out-of-wedlock, a child support order is never established. Roughly 57 percent of the potential collection gap of $34 billion can be traced to cases where no award is in place. Paternity, a prerequisite to establishing a support award, has not been established in about half of these cases.

Second, when awards are established, they are often too low, are not adjusted for inflation, and are not sufficiently correlated to the earnings of the noncustodial parent. Fully 22 percent of the potential collection gap can be traced to awards that were either set very low initially or never adjusted as incomes changed.

Third, of awards that are established, the full amount of child support is collected in only about half the cases. The remaining 21 percent in the potential collection gap is due to failure to collect on awards in place.

The typical child born in the U.S. today will spend time in a single parent home. The evidence is clear that children benefit from the financial support and interaction with two parents--single parents cannot be expected to do the entire job of two parents. If we cannot solve the problem of child support, we cannot possibly adequately provide for our children.

The Strategy: Build a child support system for the 21st century.

The proposal has three major elements:

- Establish Awards In Every Case
- Ensure Fair Award Levels
- Collect Awards That Are Owed

In addition, two other elements are proposed:

- Guarantee Some Level of Child Support--Child Support Assurance Demonstrations
- Supports and Nonfinancial Expectations for Noncustodial Parents

I. ESTABLISH AWARDS IN EVERY CASE

Current System

States currently establish paternity for only about one-third of the out-of-wedlock births every year and typically try to establish paternity only for women who apply for welfare, which sometimes occurs years after the birth of the child. Time is of the essence in paternity establishment; the longer the delay after the birth, the harder it is to ever establish paternity. Research indicates that between 65 percent and 80 percent of the fathers of children born out-of-wedlock are present at birth or visit the child shortly after birth. So beginning the paternity establishment process at birth or shortly thereafter is critical. Research also demonstrates that paternity establishment is cost effective. Even men who have low incomes initially often have quite significant earnings several years later, so the financial benefits to the children within a few years are significant. States are also hampered by a lack of incentives and cumbersome procedures for establishing paternities. Scientific testing for paternity has now become extremely accurate, yet many state systems fail to take full advantage of this scientific advancement.

Proposal

Under the proposal:

- *States will receive Federal funding to implement a paternity establishment program that expands the scope and improves the effectiveness of current State paternity establishment procedures. Under new Federal requirements, States must ensure that*

paternity is established for as many children born out-of-wedlock as possible, regardless of the welfare or income status of the mother or father, and as soon as possible following the child's birth. Each State's performance will be measured based not only upon cases within the State's current IV-D (child support) system, but upon all cases where children are born to an unmarried mother.

- *States will be encouraged to improve their paternity establishment records through a combination of performance standards and performance-based incentives. To facilitate the process, States will be required to streamline paternity establishment processes and implement procedures that build on the successes of other States.*

- *Outreach efforts at the State and Federal levels will promote the importance of paternity establishment both as a parental responsibility and a right of the child.*

- *The responsibility for paternity establishment will be made clear for both the parents and the agencies. AFDC mothers must cooperate fully with paternity establishment procedures prior to the receipt of benefits under a new stricter definition of cooperation. "Cooperation" will be determined by the IV-D (child support) worker, not the IV-A (welfare) worker, through an expedited process. State agencies will be required to either establish paternity if at all possible or impose a sanction in every case within strict timelines. Good cause exceptions will continue to be provided in appropriate circumstances.*

- *Agencies will be given authority to administratively establish child support orders following appropriate guidelines.*

II. ENSURE FAIR AWARD LEVELS

Current System

Much of the gap between what is currently paid in child support in this country and what could potentially be collected can be traced to awards that were either set very low initially or are never adjusted as incomes change. All States are required to have guidelines, but the resulting award levels vary considerably. Awards are not updated for every case on a routine basis to reflect changed circumstances and AFDC and non-AFDC families do not receive similar treatment. Distribution and payment rules often place families' needs second.

Proposal

Under the proposal:

- *A National Commission will be set up to study the issue of child support guidelines and the advisability of establishing a national guideline to insure equitable awards;*

- *Universal, periodic, administrative updating of awards will be required for both AFDC and non-AFDC cases to ensure that awards accurately reflect the current ability of the noncustodial parent to pay support; and*

- *Revised distribution and payment rules will be designed to strengthen families. For those leaving welfare for work, arrearages will be paid to families first and arrearages owed to the State will be forgiven if the family unites or reunites in marriage.*

III. COLLECT AWARDS THAT ARE OWED

Current System

Enforcement of support is handled by State and local IV-D agencies, with tremendous state variation in terms of structure and organization. Cases are too often handled on a complaint-driven basis with the IV-D agency only taking enforcement action when the custodial parent pressures the agency. Many enforcement steps require court intervention, even when the case is routine. And even routine enforcement measures often require individual case processing rather than relying upon automation and mass case-processing. States are often not equipped with the necessary enforcement tools--tools that have proven successful in other States--to insure that people do not escape their legal and moral obligation to support their children.

When payments of support by noncustodial parents or their employers are made, they go to a wide variety of different agencies, institutions and individuals. As wage withholding becomes a requirement for a larger and larger segment of the noncustodial parent population, the need for one, central state location to collect and distribute payments in a timely manner has grown. Also, the ability to maintain accurate records that can be centrally accessed is critical. Computers, automation and information technology, such as those used by business, are rarely used to the extent necessary.

Welfare and non-welfare cases are handled differently, with less help for poor and middle class women outside the welfare system. States require a written application, and often a fee, in order to provide enforcement services to a non-welfare parent. The incentives built into the system mean that non-welfare cases often receive second-hand services.

The Federal government currently has a role in enforcement through tax intercepts and full collection programs by the IRS and operation of the Federal Parent Locator Service (FPLS) by the Office of Child Support Enforcement (OCSE). Given that about 30 percent of the current caseload involves interstate cases and that we live in an increasingly mobile society,

the need for a stronger federal role in location and enforcement has grown, particularly in interstate cases.

Through direct Federal matching, the Federal government currently pays 66 percent of most State and local program costs with a complicated incentive formula which caps the incentive for non-AFDC cases. There is almost universal agreement that the current funding and incentive structure fails to achieve the right objectives. In addition, existing audit procedures involve too many technical requirements and serve to address a State's deficiencies after the fact. Too little technical assistance is provided to States before problems occur.

Proposal

Under the proposal:

- *The State based system will continue, but with bold changes which move the system toward a more uniform, centralized and service oriented program. All States will maintain a State staff in conjunction with a central registry and centralized collection and disbursement capability. The State staff will monitor support payments to ensure that the support is being paid and will be able to impose certain enforcement remedies at the State level administratively. Thus, routine enforcement actions that can be handled on a mass or group basis will be imposed through the central State office using computers and automation. For States that opt to use local offices, this will supplement, but not replace, local enforcement actions. States will be encouraged through a higher Federal match to operate a uniform State program entirely under the authority of the State's designated agency.*

- *States will be required to establish a Central State Registry for all child support orders established in that State. The registry will maintain current records of all support orders and serve as a clearinghouse for the collection and distribution of child support payments. This will be designed to vastly simplify withholding for employers as well as insure accurate accounting and monitoring of payments.*

- *Welfare and non-welfare distinctions will be largely eliminated and all cases included in the central registry will receive child support enforcement services automatically, without the need for an application. Certain parents, provided that they meet specified conditions, can choose to be excluded from payment through the registry.*

- *The Federal role will be expanded to ensure efficient location and enforcement, particularly in interstate cases. In order to coordinate activity at the Federal level, a National Clearinghouse (NC) will be established consisting of three registries: the National Locate Registry (an expanded FPLS), the National Child Support Registry, and the National Directory of New Hires.*

- *The IRS role in full collections, tax refund offset, and providing income and asset information access will be expanded.*

- *Federal technical assistance will be expanded to prevent deficiencies before they occur. While penalties will still be available to ensure that States meet program requirements, the audit process will emphasize a performance based, "state friendly" approach.*

- *The entire financing and incentive scheme will be reconstructed offering States a higher Federal match and new performance-based incentive payments geared toward desired outcomes.*

- *New provisions will be enacted to improve State efforts to work interstate child support cases and make interstate procedures more uniform throughout the country.*

- *IV-D agencies will be able to quickly and efficiently take enforcement action when support is not being paid. IV-D agencies will use expanded access and matching with other state data bases to find location, asset and income information and will be provided administrative power to take many enforcement actions. A variety of tough, proven enforcement tools will also be provided.*

IV. GUARANTEEING SOME LEVEL OF CHILD SUPPORT – CHILD SUPPORT ASSURANCE

Current System

Improving child support enforcement is absolutely essential if we are going to make it possible for people to move from welfare to work. Single parents cannot be expected to bear the entire financial burden of supporting their children alone. We have to do everything possible to ensure that the non-custodial parent also contributes to the support of his or her child. Still, there will be cases where the support from the non-custodial parent will not be available; for instance, in cases where the non-custodial parent has been laid off from a job or presently has very low income.

Child Support Assurance is a program that will seek to combine a dramatically improved child support enforcement system with the payment of a minimum child support payment so that the custodial parent could count on some minimum level of support even if the noncustodial parent is unable to pay. Currently, no state has such a program, although the Child Assistance Program (CAP) in New York State has some similar features. Many States have indicated a strong interest in implementing such a program if they could receive some federal assistance.

Proposal

- *State demonstrations encompassing a variety of different child support assurance approaches.*

V. ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NONCUSTODIAL PARENTS

Current System

Issues concerning child support enforcement and issues concerning non-custodial parents cross-cut to a great degree. The well-being of children who only live with one parent will be enhanced if emotional and financial support were provided by both of their parents. Yet, the needs and concerns of noncustodial parents are often ignored under the present system. Instead of encouraging noncustodial parents to remain involved in their children's lives, the system often drives them away.

Proposal

Under the proposal:

- *The system will focus more attention on this population and send the message that "fathers matter." The child support system, while getting tougher on those that can pay but refuse to do so, will also be fairer to those noncustodial parents who show responsibility towards their children. Some of the elements above will help. There will be better tracking of payments to avoid build-up of arrearages and a simple administrative process for modifications of awards. Downward modifications of awards will be made when income declines so that these parents are not faced with awards that they cannot pay. Paternity actions will stress the importance of getting fathers involved earlier in the child's life.*

In addition:

- *Grants will be made to States for access and visitation related programs; including mediation (both voluntary and mandatory), counseling, education and enforcement.*

- *States will have the option to use a portion of JOBS program funding for training and work readiness programs for noncustodial parents with children receiving AFDC.*

- *States will have the option to use a portion of WORK program funding for noncustodial parents whose children are receiving AFDC or have arrearages owed to the State for past due child support. States could choose to make participation by non-custodial fathers mandatory or voluntary.*

- *Paternity and Parenting Demonstration grants will be made to states and/or community based organizations to develop and implement a noncustodial parent*

(fathers) component for existing program for high risk families (e.g., Healthy Start, Teen Pregnancy and Prevention) to promote responsible parenting, including the importance of paternity establishment and economic security for children and the development of parenting skills.

CHILD SUPPORT ENFORCEMENT PROPOSAL

I. ESTABLISH AWARDS IN EVERY CASE

The first step in ensuring that a child receives financial support from the noncustodial parent is the establishment of a child support award. This is normally done through a legal proceeding to establish paternity or at a legal proceeding at the time of a separation or divorce. States currently receive Federal funding for paternity establishment services provided through the IV-D agency. This proposal expands the scope and improves the effectiveness of current State paternity establishment procedures. States are encouraged to establish paternity for as many children born out-of-wedlock as possible, regardless of the welfare or income status of the mother or father and as soon as possible following the child's birth. This proposal further requires more outreach about paternity establishment to stress that having a child is a two-parent responsibility. Building on the President's 1993 mandate for in-hospital paternity establishment programs, it further encourages nonadversarial procedures to establish paternity as soon as possible following the child's birth, streamlines procedures surrounding genetic parentage testing, and requires efforts to remove barriers to interstate paternity establishment.

Paternity Performance and Measurement Standards

Under current law, state performance is only measured against those cases in the IV-D child support system that need paternity established. Children are often several years old or older by the time they enter the IV-D system (normally when the mother applies for welfare). Research shows that the longer the paternity establishment process is delayed, the less likely it is that paternity will ever be established, so it is important to start early, before a mother goes on welfare.

Under the proposal, each State's paternity establishment performance will be measured based not only upon cases within the State's current IV-D child support system, but upon all cases where children are born to an unmarried mother. States will then be encouraged to improve their paternity establishment for all out-of-wedlock births through performance-based incentives. (Current paternity establishment performance standards for IV-D cases will also be maintained.)

(1) *Each State will be required, as a condition of receipt of Federal funding for the child support enforcement program, to calculate a State paternity establishment percentage based on yearly data that record:*

(a) *all out-of-wedlock births in the State for a given year, regardless of the parents' welfare or income status; and*

(b) *all paternities established for the out-of-wedlock births in the State during that year.*

(2) *The age of the child at the time paternity is established will be reported, enabling States to determine exactly how long it is taking to establish paternity.*

(3) *The Secretary shall prescribe by regulation the acceptable methods for determining the denominator and the numerator of the new paternity establishment performance measure with a preference for actual number counts rather than estimates.*

Financial Incentives for Paternity Establishment

In order to encourage States to increase the number of paternities established, the Federal government will provide performance-based incentive payments to States based on improvements in each State's paternity establishment percentage. The incentive structure will reward the early establishment of paternity so that States have both an incentive to get paternities established as quickly as possible and an incentive to work older cases. (See also State Paternity Cooperation Responsibilities and Standards, p. 11). Finally, current regulations establishing timeframes for establishing paternity will be revised since the administrative procedures required under the proposal will allow cases to be processed more quickly.

(1) *Federal Financial Participation rate (FFP) will be provided for all paternity establishment services provided by the IV-D agency regardless of whether the mother or father signs a IV-D application.*

(2) *Performance-based incentives will be made to each State in the form of increased FFP of 1 to 5 percent. The incentive structure determined by the Secretary will build on the performance measure so that States that excel will be eligible for incentive payments.*

(3) *At State option, States may experiment with programs that provide financial incentives to parents to establish paternity. Such programs, upon approval of the Secretary, will be eligible for FFP. The Secretary will additionally authorize up to three demonstration projects whereby financial incentives are provided to parents for establishing paternity.*

(4) *the Secretary will issue regulations establishing revised timeframes for establishing paternity.*

Streamlining the Paternity Establishment Process

Encouraging Early Establishment of Paternity

Very little outreach is currently conducted about the importance and mechanics of establishing paternity in public health related facilities (e.g. prenatal clinics or WIC clinics), even though these facilities have significant contact with unmarried pregnant women. For example, in 1990, less than 1 percent of all counties reported they conducted outreach about paternity establishment in prenatal clinics. Conducting outreach in these public-health related facilities will not only broaden knowledge about the benefits of establishing paternity in general, but will also enhance the effectiveness of hospital-based programs. By the time the parents of an out-of-wedlock child are offered an opportunity to establish paternity in the hospital, the parent(s) will have already had an opportunity to obtain information about and reflect upon why they should establish paternity for their child.

As part of the effort to encourage the early establishment of paternity, the proposal allows State agencies and mothers to start the paternity establishment process even before the child is born. Since fathers are much more likely to have a continuing relationship with the mother at that time, locating the father and serving him with legal process is much easier. If the father does not acknowledge paternity, a genetic test can then be scheduled immediately after the birth of the child.

Experience has also shown that while a high proportion of fathers are willing to consent to paternity in the hospital, there are some who are unwilling to voluntarily acknowledge paternity outright but would do so if genetic testing confirmed parentage. The hospital based paternity establishment process can be further streamlined by providing the opportunity for genetic testing right at the hospital. This is an efficient use of resources since hospitals are already fully equipped to obtain samples for these tests and blood tests are already performed on newborns at the hospital for other purposes.

As part of the State's voluntary consent procedures, each State must:

(1) *require, either directly or under contract with health care providers, other health-related facilities (including pre-natal clinics, "well-baby" clinics, in-home public health service visitations, family planning clinics and WIC centers) to inform unwed parents about the benefits of and the opportunities for establishing legal paternity for their children; this effort should be coordinated with the U.S. Public Health Service and the U.S. Department of Education. WIC program information shall also be available to the IV-D agency in order to provide outreach and services to recipients of that program.*

(2) require full participation by hospitals and other health-related facilities to cooperate and implement in-hospital paternity establishment programs as a condition of reimbursement of Medicaid.

As part of a State's civil procedures for establishment of paternity, each State must:

(1) have statutes allowing the commencement of paternity actions prior to the birth of the child and expedited procedures for ordering genetic tests as soon as the child is born, provided that the putative father has not yet acknowledged paternity;

(2) make available procedures within hospitals to provide for taking a blood or other sample at the time of the child's birth, if the parents request the test.

Simplifying Paternity Establishment

Currently, acknowledgements of paternity must create either a rebuttable or conclusive presumption of paternity. A rebuttable presumption means that even though someone has admitted paternity, they can later come in and offer other evidence to "rebut" their previous acknowledgement. This leaves many cases dangling for years and years. The parents believe in some cases that paternity is established when, in fact, it is not. Under the proposal, rebuttable presumptions "ripen" into conclusive presumptions after one year. A conclusive presumption acts as a judgment so that paternity has, in fact, been officially established. States are allowed some flexibility to tailor due process provisions.

The vast majority of paternity cases can be resolved without a trial once a genetic test is completed. Such tests are highly accurate and will effectively either exclude the alleged father or result in a paternity probability over 99 percent. Virtually all alleged fathers will admit to paternity when faced with such results. Currently in most States, however, changes in the legal process have not kept up with the changes in genetic testing technology, resulting in an unnecessary and inefficient reliance on the courts to handle the matters surrounding genetic tests.

Under the proposal, States will no longer have to start a legal proceeding through the courts and have a court hearing simply to have a genetic test ordered. States are also precluded from requiring a court hearing prior to ratification of paternity acknowledgments. These procedures will speed up what is otherwise unnecessarily a very time consuming and labor intensive process. Another delay in the process occurs if the father fails to show for an ordered blood test. Often the IV-D agency must go back to court to get a default order entered, even though this process could be handled more efficiently on an administrative basis. Under the proposal, the IV-D agency will be given the authority to enter default orders without having to resort to the courts.

The Federal government currently pays 90 percent of the laboratory costs for paternity cases requiring genetic testing and will continue to do so. However, there is currently a great deal of variation at the State and local level regarding whether and under what circumstances the costs of genetic testing are passed onto fathers facing a paternity allegation. The proposal will eliminate the current variation by requiring all States to advance the costs of genetic tests, and then allowing recoupment from the alleged father in cases where he is determined to be the biological father of the child. By advancing the costs of genetic testing, there is no financial disincentive for alleged fathers to evade genetic testing. At the same time, requiring that an alleged father reimburse the state for the cost of genetic tests should he be determined to be the biological father eliminates any incentive for fathers to request genetic tests as a "stalling" technique and promotes voluntary acknowledgment of paternity when appropriate.

In the event that a party disputes a particular test result, the dispute should normally be resolved through further testing. The party should be given the opportunity to have additional tests but also be required to incur the costs of those additional tests. This will help to ensure that the opportunity to request additional testing is used only in cases where there is a legitimate reason to question the original test results and not used as a delaying tactic to avoid establishing paternity.

Currently, research on non-custodial fathers suggests that many fathers who might otherwise be open to the idea of establishing paternity are deterred from doing so because they may then be required to pay large amounts of arrears and/or face delivery-associated medical expenses in addition to ongoing support obligations. For low-income fathers with limited incomes, this poses a special problem. Providing the administrative agency/court the authority to forgive all or part of these costs will reduce disincentives to establish paternity in certain cases.

IV-D agencies currently are not encouraged to bring a paternity action forward on behalf of the putative father, even in cases in which the mother is not cooperating with the State in establishing paternity. In some states, fathers have no standing to bring paternity actions at all. If the primary goal is to establish paternity for as many children born out-of-wedlock as possible, IV-D agencies should be able to assist putative fathers as well as mothers in establishing paternity for a nonmarital child.

Under the OBRA of 1993 amendments, States are required to have expedited processes for paternity establishment in contested cases and each State must give full faith and credit to determinations of paternity made by other States. In order to further streamline the treatment of contested cases, the proposal provides that States can set temporary support in appropriate cases. This discourages defendants in paternity actions from contesting cases in order to simply delay the payment of support. The proposal also abolishes jury trials for paternity cases unless required under a State constitution. Jury trials are a remnant from the time when paternity cases were criminal in nature. Almost two-thirds of the States still allow jury trials. While rarely requested, jury trials delay the resolution of cases and take a heavy toll

on personnel resources. With the advent of modern scientific genetic testing, they serve very little purpose, as almost all cases will ultimately be resolved based on the results of the tests. The proposal also eases certain evidentiary rules, allowing cases to be heard without the need for establishing a foundation for evidence that is normally uncontroverted.

As part of a State's civil procedures for establishment of paternity, each State must:

(1) provide that acknowledgments of paternity create either a rebuttable or conclusive presumption of paternity. If a rebuttable presumption of paternity is created, States must provide that the presumption ripens into a conclusive legal determination with the same effect as a judgment no later than 12 months from the date of signing the acknowledgment. States may, at their option, allow fathers to move to vacate or reopen such judgments at a later date in cases of fraud or if it is in the best interest of the child.

(2) provide administrative authority to the IV-D agency to order all parties to submit to genetic testing in all cases where either the mother or putative father requests a genetic test; and submits a sworn statement setting forth facts establishing a reasonable possibility of the requisite sexual contact, without the need for a court hearing prior to such an order;

(3) preclude the use of court hearings to ratify paternity acknowledgments;

(4) provide administrative authority to the IV-D agency to enter default orders to establish paternity specifically where a party refuses to comply with an order for genetic testing;

(5) advance the costs of genetic tests, subject to recoupment from the putative father if he is determined to be the biological father of the child (Federal funding will continue at 90 percent for laboratory tests for paternity); if the result of the genetic testing is disputed, upon reasonable request of a party, order that additional testing be done by the same laboratory or an independent laboratory at the expense of the party requesting the additional tests;

(6) provide discretion to the administrative agency or court setting the amount of support to forgive delivery medical expenses or limit arrears owed to the State (but not the mother) in cases where the father cooperates or acknowledges paternity before or after a genetic test is completed;

(7) allow putative fathers (where not presumed to be the father under State law) standing to initiate their own paternity actions, even if the mother of the child is not cooperating with the State;

(8) establish and implement laws which mandate, upon motion by a party, a tribunal in contested cases to order temporary support according to the laws of the tribunal's State if:

(a) the results of the parentage testing create a rebuttable presumption of paternity;

(b) the person from whom support is sought has signed a verified statement of parentage; or

(c) there is other clear and convincing evidence that the person from whom support is sought is the particular child's parent;

(9) enact laws which abolish the availability of trial by jury for paternity cases unless required by the State constitution; and

(10) have and use laws that provide for the introduction and admission into evidence, without need for third-party foundation testimony, of pre-natal and post-natal birth-related and parentage-testing bills; and each bill shall be regarded as prima facie evidence of the amount incurred on behalf of the child for the procedures included in the bill.

Paternity Outreach

Paternity establishment is recognized as an important strategy to combat the high incidence of poverty among children born out of wedlock. Yet to date, there has been no cohesive national strategy to educate the public on this issue. As a result, many parents do not understand the benefits of paternity establishment and child support and are unaware of the availability of services. This proposal calls for a broad, comprehensive outreach campaign at the Federal and State level to promote the importance of paternity establishment as a parental responsibility and a right of the children.

A combined outreach and education strategy will build on the Administration's paternity establishment initiative included in last year's budget law, OBRA of 1993, by underscoring the importance of paternity establishment for children born outside of marriage and the message that child support is a two-parent responsibility. States will be asked to expand their point of contact with unwed parents in order to provide maximum opportunity for paternity establishment and to promote the norm that paternity establishment is doing the right thing for their children.

Under the proposal:

(1) the Department of Health and Human Services, in cooperation with the Public Health Service and the Department of Education, will take the lead in developing a comprehensive media campaign designed to reinforce both the importance of paternity establishment and the message that child support is a "two parent" responsibility;

(2) States will be required to implement outreach programs promoting voluntary acknowledgment of paternity through a variety of means including, but not limited to, the distribution of written materials at schools, hospitals, and other agencies. States are also encouraged to establish pre-natal programs for expectant couples, either married or unmarried, to educate parents on their joint rights and responsibilities in paternity. At State option, such programs could be required of all expectant welfare recipients;

(3) States will be required to make reasonable efforts to follow up with individuals who do not establish paternity in the hospital, providing them information on the benefits and procedures for establishing paternity. The materials and the process for which the information is disseminated is left to the discretion of the States, but States must have a plan for this outreach, which includes at least one post-hospital contact with each parent whose whereabouts are known (unless the State has reason to believe that such contact puts the child or mother at risk);

(4) all parents who establish paternity, but who are not required to assign their child support rights to the State due to receipt of AFDC, must, at a minimum, be provided subsequently with information on the benefits and procedures for establishing a child support order and an application for child support services; and

(5) upon approval of the Secretary, Federal funding will be provided at an increased matching rate of 90 percent for paternity outreach programs.

Improving Cooperation among AFDC Mothers in the Establishment of Paternity

Cooperation Standards and Good Cause Exceptions

Currently, cooperating with the IV-D agency in establishing paternity is a condition of eligibility for AFDC and Medicaid recipients. Cooperation is defined as appearance for appointments (including blood tests), appearance for judicial or administrative proceedings, or provision of complete and accurate information. The last standard is so vague that "true" cooperation is often difficult to determine. Research suggests that a greater percentage of

mothers know the identity and whereabouts of the father of their child than is reported to the IV-D agency. Better and more aggressive procedures can yield a much higher rate of success in eliciting information about the father from the mother than is currently achieved.

The proposal contains several provisions aimed at significantly increasing cooperation among AFDC mothers while at the same time not penalizing those who have fully cooperated with the IV-D agency but for whom paternity for their child is not established due to circumstances beyond their control. Increased cooperation will result in higher rates of paternity establishment.

Under the proposal:

(1) the new cooperation standards described herein will apply to all applications for AFDC or appropriate Medicaid cases for women with children born on or after 10 months following the date of enactment;

(2) the initial cooperation requirement is met only when the mother has provided the State the following information:

(a) the name of the father; and

(b) sufficient information to verify the identity of the person named (such as the present address of the person, the past or present place of employment of the person, the past or present school attended by the person, the name and address of the person's parents, friends or relatives that can provide location information for the person, the telephone number of the person, the date of birth of the person, or other information that, if reasonable efforts were made by the State, could lead to identify a particular person to be served with process);

(c) if there is more than one possible father, the mother must provide the names of all possible fathers;

(3) the continued cooperation requirement is met when the mother provides the State the following information:

(a) additional reasonable, relevant information which the mother can reasonably provide, requested by the State at any point;

(b) appearance at required interviews, conference hearings or legal proceedings, if notified in advance and an illness or emergency does not prevent attendance; or

(c) appearance (along with the child) to submit to genetic tests;

(4) *good cause exceptions will be granted for non-cooperation on an individual case basis using strict application of the existing good cause exceptions for the AFDC program.*

(5) *State IV-D workers must inform each applicant of the good cause exceptions available under current law and help the mother determine if she meets the definition.*

Cooperation Prior to Receipt of Benefits

Currently, many local IV-D agencies do not conduct intake interviews at all but rather rely on information (e.g., identity and location of the father) obtained by the IV-A agency. Those IV-D agencies that conduct intake interviews do not schedule them until after the mother has already applied for and been determined eligible to receive AFDC benefits. This practice reduces the incentive of AFDC mothers to cooperate with the IV-D agency in providing complete and accurate information about the father of their child because questions regarding cooperation do not arise until after eligibility for AFDC has been approved and the family is receiving benefits.

The proposal will increase the incidence of paternity establishment by making receipt of benefits conditional upon fulfilling the cooperation requirement; IV-D agencies will have to determine whether the cooperation requirement has been met prior to the receipt of benefits. States will be encouraged, but not required, to facilitate this change in procedure by either co-locating IV-A agencies and IV-D agencies or conducting a single IV-A/IV-D screening or intake interview. AFDC applicants who fail to fulfill the new cooperation requirement will be sanctioned.

(1) *Applicants must cooperate in establishing paternity prior to receipt of benefits:*

(a) *using the new cooperation standards, an initial determination of cooperation must be made by the state IV-D agency within 10 days of application for AFDC and/or Medicaid;*

(b) *if the cooperation determination is not made within the specified timeframe, the applicant could not be denied eligibility for the above benefits based on noncooperation pending the determination;*

(c) *once an initial determination of cooperation is made, the IV-D agency must inform the mother and the relevant programs of its determination;*

(d) *individuals qualifying for emergency assistance or expedited processing could begin receiving benefits before a determination is made.*

(2) Failure to cooperate with the IV-D agency will result in an immediate sanction:

(a) sanctions will be based on current law. States are required to inform all sanctioned individuals of their right to appeal the determination.

(b) if a determination is made that the custodial parent has met the initial cooperation requirement and the IV-D agency later has reason to believe that the information is incorrect or insufficient, the agency must:

(i) try to obtain additional information; and if that fails

(ii) schedule a fair hearing to determine if the parent is fully cooperating before imposing a sanction;

(c) if a mother fails to cooperate and is determined ineligible for benefits, but subsequently chooses to cooperate and takes appropriate action, Federal and State benefits will be immediately reinstated.

(d) if the determination results in a finding of noncooperation and the applicant appeals, the applicant could not be denied benefits based on noncooperation pending the outcome of the appeal. States can set up appeal procedures through the existing IV-A appeals process or through a IV-D appeals process.

(3) States are encouraged to either co-locate IV-A and IV-D offices, provide a single interview for IV-A and IV-D purposes, or conduct a single screening process.

State Paternity Cooperation Responsibilities and Standards

States will be held to new standards of responsibility for determining cooperation and ensuring that information regarding paternity is acted upon in a timely fashion. Under the proposal, if the mother meets this stricter cooperation requirement and provides full information, the burden shifts to the state to determine paternity within one year from the date the mother met the initial cooperation date. This is a shorter time period than what was required by regulation under the Family Support Act of 1988 and under the proposed OBRA of 1993 regulations.

If the state fails to establish paternity within the new specified one-year timeframe, it will lose Federal FFP for those cases. This FFP penalty does not exist under current law, and provides a significant incentive for states to work their incoming paternity cases in a timely fashion. A tolerance level is allowed for cases where paternity cannot be established despite

the State's best efforts. Other paternity standards under existing law will be maintained to encourage States to continue to work all new and old IV-D cases.

For all cases subject to the new cooperation requirements:

(1) State IV-D agencies must either establish paternity if at all possible or impose a sanction in every case within one year from the date that the initial cooperation requirement is met; or

(2) If the mother has met the cooperation requirements and the State has failed to establish paternity within the one year time limit, the State will not be eligible for FFP of the AFDC grant for those cases. (The Secretary will establish by regulation a method for keeping track of those cases. The FFP penalty will be based on an average monthly grant for cases where paternity is not established rather than by tracking individual cases.) The Secretary shall prescribe by regulation a tolerance level, for which there will be no penalty, for cases where paternity cannot be established despite the best efforts of the State. The tolerance level shall not exceed 10 percent of the State's mandatory cases that need paternity established in any given year.

Accreditation of Genetic Testing Laboratories

In 1976 a joint committee of the American Bar Association (ABA) and the American Medical Association (AMA) established guidelines for paternity testing. In the early 1980's, the Parentage Testing Committee of the American Association of Blood Banks (AABB), under a grant from the Federal Office of Child Support Enforcement, developed standards for parentage testing laboratories. These standards served as a foundation for an inspection and accreditation program for parentage testing laboratories. In addition, the Parentage Testing Committee developed a checklist for inspectors to use in determining if laboratories are in conformance with the standards required for AABB accreditation. These standards are subject to future revision as the state-of-the-art and experience dictate.

Using accredited laboratories ensures that laboratories do not take shortcuts, employ unqualified personnel, fail to perform duplicate testing or otherwise compromise quality control. Thirty-six of the fifty-four IV-D Child Support Enforcement agencies currently use solely AABB accredited laboratories for paternity testing. Under the proposal, the Secretary will authorize an organization such as the AABB or a U.S. agency to accredit laboratories conducting genetic testing and States will be required to use only accredited laboratories.

State law often fails to keep pace with scientific advances in genetic testing. For instance, while DNA testing for paternity cases is widely accepted in the scientific community, some state laws remain from a time prior to DNA testing. Such state laws may refer only to

"HLA" or "blood" testing, so state agencies are unable to contract with laboratories using more modern techniques. Under the proposal, States must amend their laws to accept all accredited test results with the type of tests to be determined by the authorized organization or agency based upon what testing is widely accepted in the scientific community.

(1) The Secretary will authorize an organization or U.S. agency to accredit laboratories conducting genetic testing and the procedures and methods to be used; and

(2) States are required to use accredited labs for all genetic testing and to accept all accredited test results.

Administrative Authority to Establish Orders Based on Guidelines

Establishing paternity alone does not establish an obligation to pay support. An obligation to pay support is only created when the proper authority issues an order that support be paid (i.e., an "award" of support). Sometimes this is done when paternity is established and sometimes not--there are many state variations. States also vary in how they establish an award when someone enters the IV-D system in non-paternity cases. A few States provide administrative authority to establish child support orders. Many State require that a separate court action be brought.

Establishing support awards is critical to ensuring that children receive the support they deserve. Under the proposal, all IV-D agencies will have the authority to issue the child support award. This will vastly simplify and speed-up the process of getting an award in place. Adequate protections are provided to ensure that award levels are fair; the IV-D agency must base the award level on state guidelines and States are provided the flexibility to set up procedural due process protections. These administrative procedures apply to paternity and IV-D cases only. Legal separations and divorces may still be handled through the court process.

(1) States must have and use simple administrative procedures in IV-D cases to establish support orders so that the IV-D agency can impose an order for support (based upon State guidelines) in cases where:

(a) the custodial parent has assigned his or her right of support to the state;

(b) the parent has not assigned his or her right of support to the State but has established paternity through an acknowledgment or State administrative procedure; or

(c) in cases of separation where a parent has applied for IV-D services and there is not a court proceeding pending for a legal separation or divorce. At State

option, States may extend such authority to all cases of separation and divorce, but they are not required to do so.

(2) *In all cases appropriate notice and due process as determined by the State must be followed.*

II. ENSURE FAIR AWARD LEVELS

National Commission on Child Support Guidelines

States are currently required to use presumptive guidelines in setting and modifying all support awards but have wide discretion in their development. While the use of state-based guidelines has led to more uniform treatment of similarly-situated parties within a state, there is still much debate concerning the adequacy of support awards resulting from guidelines. This is due to inadequate information on the costs of raising a child by two parents in two separate households and because disagreements abound over what costs (medical care, child care, non-minor and/or multiple family support) should be included in guidelines. The issue is further compounded by charges that individual State guidelines result in disparate treatment between States and encourage forum shopping.

To resolve these issues and ensure that guidelines truly provide an equitable and adequate level of support in all cases, the proposal creates a national commission to study and make recommendations on the desirability of uniform national guidelines or national parameters for setting guidelines.

(1) *Congress shall create a twelve-member National Commission on Child Support Guidelines no later than December 1994, for the purpose of studying the desirability of a uniform, national child support guideline or national parameters for State guidelines.*

(2) *The U.S. House of Representatives and the U.S. Senate shall appoint three members each, and the Secretary of the Department of Health and Human Services shall appoint six members within six months of enactment. Appointments to the Commission must include a State IV-D Director and members or representatives of both custodial and non-custodial parent groups.*

(3) *The Commission shall prepare a report not later than two years after the date of appointment to be submitted to Congress. The Commission terminates six months after submission of the report.*

(4) *If the Commission determines that a uniform guideline should be adopted, the Commission shall recommend to Congress a guideline which it considers most equitable, taking into account studies of various guideline models, their deficiencies, and any needed improvements. The Commission shall also consider the need for simplicity and ease of application of guidelines as a critical objective.*

In addition, the Commission should study the following:

(1) the adequacy of existing state guidelines

(2) the treatment of multiple families in State guidelines including:

(a) whether a remarried parent's spouse's income affects a support obligation;

(b) the impact of step and half-siblings on support obligations; and

(c) the costs of multiple and subsequent family child raising obligations, other than those children for whom the action was brought;

(3) the treatment of child care expenses in guidelines including whether guidelines should take into account:

(a) current or projected work related or job training related child care expenses of either parent for the care of children of either parent; and

(b) health insurance, related uninsured health care expenses, and extraordinary school expenses incurred on behalf of the child for whom the order is sought;

(4) the duration of support by one or both parents, including the sharing of post-secondary or vocational institution costs; the duration of support of a disabled child including children who are unable to support themselves due to a disability that arose during the child's minority;

(5) the adoption of uniform terms in all child support orders to facilitate the enforcement of orders by other States;

(6) the definition of income and whether and under what circumstances income should be imputed;

(7) the effect of extended visitation, shared custody and joint custody decisions on guideline levels; and

(8) the tax aspects of child support payments.

Modifications of Child Support Orders

Inadequate child support awards are a major factor contributing to the gap between the amount of child support currently collected versus the amount that could potentially be collected. When child support awards are determined initially, the award is set using current

guidelines which take into account the income of the noncustodial parent (and usually the custodial parent as well). Although the circumstances of both parents' (including their income) and the child change over time, awards often remain at their original level. In order to rectify this situation, child support awards need to be updated periodically so that the amount of support provided reflects current circumstances. Recent research indicates that an additional $7.1 billion dollars per year could be collected if all awards were updated (based upon the Wisconsin guidelines).

The Family Support Act of 1988 responded to the problem of inadequate awards by requiring States to review and modify all AFDC cases once every three years, and every non-AFDC IV-D case every three years for which a parent requests a review. Although a good start, there are several shortcomings with current policy.

First, requiring the non-AFDC custodial parent, usually the mother, to initiate review places a heavy burden on the mother to raise what is often a controversial and adversarial issue. Research indicates that a significant proportion of mothers would rather not "rock the boat" by initiating a review, even though it could result in a higher amount of child support. In order to eliminate this burden on the non-AFDC custodial parent and this inequitable treatment of AFDC and non-AFDC cases, child support awards of non-AFDC children should be subject to automatic review and updating just as current law now provides for AFDC children.

Second, current review and modification procedures are extremely labor intensive, time-consuming, and cumbersome to implement. This problem is particularly pronounced, although not limited to, States with court-based systems. Improvements in automated systems will help diminish some of the time delays and tracking problems currently associated with review and modification efforts. However, a simplified administrative process for updating awards is also needed for States to handle the volume of cases involved in a more efficient and speedier manner.

(1) *States shall have and use laws that require the review and adjustment of all child support orders included in the State Central Registry once every three years. The State shall provide that a change in the support amount resulting from the application of guidelines since the entry of the last order is sufficient reason for modification of a child support obligation without the necessity of showing any other change in circumstances. (States may, at their option, establish a threshold amount not to exceed 5 percent since entry of the last order.)*

(2) *States may set a minimum timeframe that runs from the date of the last adjustment that bars a subsequent review before a certain period of time elapses, absent other changed circumstances. Individuals may request modifications more often than once every three years if either parent's income changes by more than 20 percent.*

(3) *States are not precluded from conducting the process at the local or county level. Telephonic hearings and video conferencing are encouraged.*

(4) *To ensure that all reviews can be conducted within the specified timeframe, States must have and use laws which:*

(a) *provide the child support agency administrative power to modify all child support orders and medical support orders, including those orders entered by a court;*

(b) *require all reviews and modifications of existing orders included in the registry to be conducted through the State or local child support agency;*

(c) *provide full faith and credit for all valid orders of support modified through an administrative process;*

(d) *require the child support agency to automate the review and modification process to the extent possible;*

(e) *ensure that interstate modification cases follow UIFSA and any amending Federal jurisdictional legislation for determining which state has jurisdiction to modify an order;*

(f) *ensure that downward modifications as well as upward modifications must be made in all cases if a review indicates a modification is warranted;*

(g) *simplify notice and due process procedures for modifications in order to expedite the processing of modifications (Federal statutory changes also);*

(h) *provide administrative subpoena power for all relevant income information; and*

(i) *provide default standards for non-responding parents.*

(5) *The Secretary of Health and Human Services and the Secretary of the Treasury shall conduct a demonstration to determine if IRS income data can be used to facilitate the modification process.*

Distribution of Child Support Payments

Priority of Child Support Distribution

Families are often not given first priority under current child support distribution policies. The proposal will make such policies more responsive to the needs of families by reordering child support distribution priorities, giving States the option to pay current child support directly to families who are recipients and reordering Federal income tax offset priorities.

When a family applies for AFDC, an assignment of support rights is made to the State by the custodial parent. Any child support paid is retained by the State to reimburse itself and the Federal government for AFDC benefits expended on behalf of that family. When someone goes off public assistance, payments for support obligations above payment of current support (i.e., arrearages) may be made to satisfy amounts owed the State and the family. States currently have discretion to either pay these child support arrearages first to the former AFDC family or to use such arrearage payments to recover for past unreimbursed AFDC assistance. Only about 19 States have chosen to pay the family arrearages first for missed payments after the family stops receiving AFDC benefits.

The proposed change will require all States to pay arrearages due to the family before reimbursing any unreimbursed public assistance owed to the State. Such a change will strengthen a families post-AFDC self-sufficiency. Families often remain economically vulnerable for a substantial amount of time after leaving AFDC; about 25 percent of those who leave return within a year and another 25 percent return within two years. Ensuring that all support due to the family during this critical transition period is paid to the family can mean the difference between self-sufficiency or a return to welfare.

States that have already voluntarily implemented this policy believe that such a policy is more fair to the custodial family who now depends on payment of support to help meet its living expenses. States have also found it difficult to explain to custodial and non-custodial parents why support paid when a family has left welfare should go to reimburse the state arrearages first before arrearages owed the family are paid. If child support is about ensuring the well-being of children, then the children's economic needs should be taken care of before state debt repayment.

Public policy also ought to promote the establishment of two-parent families. Having two-parents living together within marriage provides children with more emotional and financial support than having two parents living apart. Under current law, child support arrears are not dischargeable even if the parents marry or reconcile. In these circumstances, the family must pay back itself, or the State, if the family was on AFDC. For families with no AFDC arrearages, such payments are illogical and inefficient; a check must be written by the family, sent to the IV-D agency, credited against the arrearage amount, and re-issued by the state back to the family. For families with AFDC arrearages, such payments are not re-issued to the family, but are be used to reduce the State and Federal debt. This can make

low income families even poorer. Under the proposal, families who unite or reunite in marriage can have their arrearages suspended or forgiven if the family income is less than twice the Federal poverty guideline. Protections will be included to ensure that marriage (or remarriage) is not undertaken for the sole purpose of eliminating child support arrearages.

(1) States shall distribute payments of all child support collected in cases in which the obligee is not receiving AFDC, with the exception of moneys collected through a tax refund offset, in the following priority:

(a) to a current month's child support obligation;

(b) to debts owed the family (non-AFDC obligations); if any rights to child support were assigned to the State, then all arrearages that accrued after or before the child received AFDC shall be distributed to the family;

(c) subject to (2), to the State making the collection for any AFDC debts incurred under the assignment of rights provision of Title IV-A of the Social Security Act;

(d) subject to (2), to other States for AFDC debts (in the order in which they accrued); the collecting State must continue to enforce the order until all such debts are satisfied and to transmit the collections and identifying information to the other State;

(2) If the noncustodial and custodial parents unite or reunite in a legitimate marriage (not a sham marriage), the State must suspend or forgive collection of arrearages owed to the State if the reunited family's joint income is less than twice the Federal poverty guideline.

(3) The Secretary shall promulgate regulations that provide for a uniform method of allocation/proration of child support when the obligor owes support to more than one family. All States must use the standard allocation formula.

(4) Assignment of support provisions shall be consistent with (1) above.

Treatment of Child Support for AFDC Families - State Option

With the exception of the $50 pass-through, states may not pay current child support directly to families who are AFDC recipients. Instead child support payments are paid to the State and are used to reimburse the State for AFDC benefit payments. Many States have found that both AFDC recipients and noncustodial parents misunderstand and resent child support being used for state debt collection. Under waiver authority, Georgia has undertaken a demonstration to pay child support directly to the AFDC family and a number of other States

have expressed interest in this approach. The proposal will allow states the option to pay child support directly to the AFDC family, thereby allowing States to choose the distribution policy that will work best in their state. The AFDC benefit amount is reduced in accordance with state policy to account for the additional family income. This policy change makes child support part of a family's primary income and places AFDC income as a secondary source of support.

(1) At State option, States may provide that all current child support payments made on behalf of any family receiving AFDC must be paid directly to the family (counting the child support payments as income).

(2) The Secretary shall promulgate regulations to ensure that States choosing this option have available an AFDC budgeting system that minimizes irregular monthly payments to recipients.

Priority of Federal Income Tax Refund Offset

The Federal income tax offset is used to collect payment of overdue child support. Non-AFDC intercepts were given a low priority--after the collection of all other Federal debts. The needs of children should take precedence over all other debts, including tax debt. Non-AFDC tax offsets represent a significant amount of money that, if distributed to children, could help prevent impoverishment as well as reduce government welfare expenditures.

(1) The Federal income tax code shall be revised to provide the following priority of tax refund offsets to satisfy debts:

(a) child support or alimony owed to a family (non-AFDC arrearages);

(b) Federal tax debts;

(c) child support owed to a State or local government (AFDC arrearages); and

(d) remaining debts delineated in their order under Section 634 of the Internal Revenue Code.

III. COLLECT AWARDS THAT ARE OWED

Overview

Currently, enforcement of support cases is too often handled on a complaint-driven basis with the IV-D agency only taking enforcement action when the custodial parent pressures the agency to take action. Many enforcement steps require court intervention, even when the case is a routine one, and even routine enforcement measures often require individual case processing rather than relying upon automation and mass case processing.

Under the proposal, all States will maintain a central state registry and centralized collection and disbursement capability through a central payment center. State staff will monitor support payments to ensure that the support is being paid and will be able to impose certain administrative enforcement remedies at the State level. Thus, routine enforcement actions that can be handled on a mass or group basis will be imposed through the central State office using computers and automation. States may, at their option, use local offices for cases that require local enforcement actions. State staff thus will supplement, but not necessarily replace, local staff.

The Federal role will be expanded to ensure efficient location and enforcement, particularly in interstate cases. In order to coordinate activity at the Federal level, a National Child Support Enforcement Clearinghouse (NC) will be established to help track parents across state lines. The National Clearinghouse includes a national child support registry, a national locate registry, and a national directory of new hires. The National Clearinghouse will serve as the hub for transmitting information between States, employers, and Federal and State data bases. Interstate processing of cases will be made easier through the adoption of uniform laws for handling these types of cases.

The proposal includes a number of child support enforcement tools--tools that have been proven effective in the best performing States. Finally, changes in the funding and incentive structure of the IV-D program and changes designed to improve program management and accountability are proposed.

STATE ROLE

Central State Registry

Currently, child support orders and records are often scattered through various branches and levels of government. This fragmentation makes it impossible to enforce orders on an efficient and organized basis. Also, the ability to maintain accurate records that can be centrally accessed is critical. Under the proposal, States will be required to establish a Central State Registry for all child support orders established or registered in that State. The

registry will maintain current records of all the support orders and serve as a clearinghouse for the collection and distribution of child support payments. This will vastly simplify withholding for employers. The creation of central state registries was one of the major recommendations of the U.S. Commission on Interstate Child Support and is a concept supported by virtually all child support professionals and advocacy groups.

(1) As a condition of receipt of Federal funding for the child support enforcement program, each State must establish an automated central state registry of child support orders.

(2) The registry must maintain a current record of the following:

(a) all present IV-D orders established, modified or enforced in the State;

(b) all new and modified orders of child support (IV-D and non-IV-D) established by or under the jurisdiction of the State, after the effective date of this provision; and

(c) existing child support cases not included in the IV-D system at the date of enactment at either parent's request.

(3) The State, in operating the child support registry, must:

(a) maintain and update the registry at all times;

(b) meet specified timeframes for submission of local court or administrative orders to the registry, as determined by the Secretary;

(c) receive out-of-state orders to be registered for enforcement and/or modification;

(d) record the amount of support ordered and the record of payment for each case that is collected and disbursed through the central payment center;

(e) conform to a standardized support abstract format, as determined by the Secretary, for the extraction of case information to the National Registry and for matches against other data bases on a regular basis;

(f) program the statewide automated system to extract weekly updates automatically of all case records included in the registry;

(g) provide a central point of access to the Federal new-hire reporting directory and other Federal data bases, statewide data bases, and interstate case activity;

(h) routinely match against other State data bases to which the child support agency has access;

(i) use a uniform identification number, preferably the Social Security Number, for all individuals or cases as determined by the Secretary;

(j) preclude the child support agency from charging a fee to any custodial or noncustodial parent for inclusion in the registry, and agencies are precluded from imposing any new fees on custodial parents for routine establishment, enforcement or modification of cases handled through the registry;

(k) maintain procedures to ensure that new arrearages do not accrue after the child for whom support is ordered is no longer eligible for support or the order becomes invalid (e.g., triggering notices to parents if order does not terminate by its own terms or by operation of law);

(l) use technology and automated procedures in operating the registry wherever feasible and cost-effective;

(m) ensure that the interest or late payment fees charged can be automatically calculated;

(n) ensure that the registry has access to vital statistics or other information necessary to determine the new paternity performance measure. (If automated elsewhere, access to these other data bases should be automated as well); and

(o) ensure that the system is capable of producing a payment history as determined by the Secretary.

Option for Integrated State Registry

(4) States may, at their option, maintain a unified, integrated registry by connecting local registries through computer linkage. (Local registries must be able to be integrated at a cost which does not exceed the cost of a new single central registry.) Under this option, however, the State and State staff must still perform all of the activities described herein for central registries and must maintain a State Central Payment Center for collection and disbursement of payments.

Automated Mass Case Processing and Administrative Enforcement Remedies

In most States, routine enforcement actions, which are necessary in thousands or tens of thousands of cases, are still handled on an individual case basis. Often these actions require court involvement in each individual case or, at the very least, initiation of the routine action at the local level. Such a process by its nature is slow and cumbersome, causing many cases to simply never receive the attention they deserve. A few States, such as Massachusetts, are handling routine enforcement actions by using mass case processing techniques and imposing administrative enforcement remedies through centralized case handling. Computer systems routinely match child support files of delinquent obligors against other data bases, such as wage reporting data and bank account data, and when a match is found can take enforcement action automatically without human intervention. The system automatically notifies the obligors of the actions being taken and offers an appeal process. The vast majority of obligors do not appeal, so the case proceeds routinely and the support is obtained and sent to the families due support.

The use of such mass case processing techniques and administrative remedies has significantly reduced the number of cases where the IV-D agency has to resort to contempt or other judicial measures. This also frees up staff to work paternity cases or other more labor intensive enforcement measures. The proposal requires all States to develop the capacity to handle cases using mass case processing and the administrative enforcement remedies.

(1) *As a condition of State plan approval, the State must have sufficient State staff, State authority and automated procedures to monitor cases and impose those enforcement measures that can be handled on a mass or group basis using computer automation technology. "State staff" are staff that are employed by and directly accountable to the State IV-D agency (private contractors are allowed). (Where States have local staff, this supplements, but does not necessarily replace, local staff. Therefore, local staff are still provided where necessary.)*

Specifically the State shall:

(2) *monitor all cases within the registry on a regular basis, determining on at least a monthly basis whether the child support payment has been made;*

(3) *maintain automation capability whereby a disruption in payments triggers automatic enforcement mechanisms;*

(4) *administratively impose the following enforcement measures without need for a separate court order:*

(a) order wages to be withheld automatically for the purposes of satisfying child support obligations, and direct wage withholding orders to employers immediately upon notification by the national directory of new hires;

(b) attach financial institution accounts (post-judgment seizures) without the need for a separate court order for the attachment; (States can, at their option, freeze accounts and if no challenge to the freeze of funds is made, turn over the part of the account subject to the freeze up to the amount of the child support debt to the person or State seeking the execution);

(c) intercept certain lump-sum monies such as lottery winnings and settlements to be turned over to the State to satisfy pending arrearages;

(d) attach public and private retirement funds in appropriate cases, as determined by the Secretary;

(e) attach unemployment compensation, workman's compensation and other State benefits;

(f) increase payments to cover arrearages;

(g) intercept State tax refunds; and

(h) submit cases for Federal tax offset.

(5) State laws and procedures must recognize that child support arrears are judgments by operation of law and reducing amounts to money judgments is not a prerequisite to any enforcement.

Centralized Collection and Disbursement Through a State Central Payment Center

Under current law, payments of support by noncustodial parents or by employers on behalf of noncustodial parents are made to a wide variety of different agencies, institutions and individuals. As wage withholding becomes a requirement for a larger and larger segment of the noncustodial population, the need for one, central location to collect and disperse payments in a timely manner has grown. States vary regarding how the child support payments are routed. In some States, locally distributed child support payments stay at the local level, with the remainder going to the State for distribution. In other States, all the money is transmitted to the state and is then distributed to either the family or to the governmental entity receiving AFDC reimbursement. A few States are beginning to collect and distribute child support payments at the State level.

Collection and distribution practices vary in non-IV-D cases as well. Some States route the money through local clerks or courts. In other States the non-IV-D child support payments flow entirely outside of government, from the obligor or his or her employer directly to the custodial parent.

Under the proposal, payments made in all cases entered in the central registry are processed through a Central Payment Center, run by the State government as part of the Central Registry or contracted to a private vendor. (Parents may opt out of payment through the State Central Payment Center under certain conditions; see p. 29 for further detail.) This eases the burden on employers by allowing them to send withholdings to one location within the state instead of to several county clerks or agencies. In addition, distribution and disbursement is accomplished based on economies of scale, allowing for the purchase of more sophisticated processing equipment than many counties could individually purchase, ensuring speedy disbursement and central accountability in intercounty cases. State governments will be able to credit their AFDC reimbursement accounts quickly and parents who opt for direct deposit could have their share of the support almost immediately deposited.

(1) Through a fully automated process, the State Central Payment Center must:

(a) serve as the State payment center for all employers remitting child support withheld from wages; and

(b) serve as the State payment center for all non-wage withholding payments through the use of payment coupons or stubs or electronic means, unless the parties meet specified opt-out requirements. States, at their option, may allow cash payments at local offices or financial institutions only if the payments are remitted to the State Central Payment Center for payment processing by electronic funds transfer within 24 hours of receipt.

(2) In fulfilling these obligations, the State Central Payment Center must:

(a)) accept all payments through any means of transfer determined acceptable by the State including the use of credit card payments and Electronic Funds Transfer (EFT) systems;

(b) generate bills which provide for accurate payment identification, such as return stubs or coupons, for cases not covered under wage withholding;

(c) identify all payments made to the State Central Payment Center and match the payment to the correct child support case record;

(d) *disperse all collections in accordance with priorities as set forth under the proposal;*

(e) *disburse the child support payments to the custodial parents through a transmission process acceptable to the State, including direct deposit if the custodial parent requests;*

(f) *provide that each child support payment made by the noncustodial parent is processed and sent to the custodial parent within 24 hours from when it was initially received (exceptions by regulation for unidentified payments);*

(g) *maintain records of transactions and the status of all accounts including arrears, and monitor all payments of support;*

(h) *develop automatic monitoring procedures for all cases where a disruption in payments triggers automatic enforcement mechanisms;*

(i) *accept and transmit interstate collections to other States using electronic funds transfer (EFT) technology; and*

(3) *In order to facilitate the quick processing and disbursement of payments to custodial parents, States are encouraged to use Electronic Funds Transfer (EFT) systems wherever possible.*

(4) *States must also be able to provide parents up-to-date information on current payment records, arrearages, and general information on child support services available. Use of automated Voice Response Units (VRU) to respond to client needs and questions, the use of high-speed check-processing equipment, the use of high-performance, fully-automated mail and postal procedures and fully automated billing and statement processing are encouraged; the Federal Office of Child Support Enforcement (OCSE) will facilitate private businesses in providing such technical assistance to the States.*

(5) *States may form regional cooperative agreements to provide the collection and disbursement function for two or more States through one "drop box" location with computer linkage to the individual State registries.*

(6) *States must enact procedures providing that in child support cases, a change in payee may not require a court hearing or order to take effect and may be done administratively, with notice to both parties.*

Eligibility for IV-D Enforcement Services

Under the existing system, child support services are provided automatically to recipients of AFDC, Medicaid and, in some cases, Foster Care Assistance. Other single parent families, however, must seek services on their own by making a written application to the IV-D agency. Further, they must pay an application fee unless the State elects to pay the fee for them. Women may be intimidated from initiating a request for services and many States view the written application requirement as an unnecessary bureaucratic step.

To foster an environment where routine payment of child support is inescapable without placing the burden on the custodial parent to take action, all cases included in the central registry (that is, all families with new and modified orders for support, all families currently receiving IV-D services and any other family desiring inclusion in the registry) will receive child support enforcement services automatically, without the need for application. However, in situations where compliance with the order is not an issue, parents can opt to be excluded from payment through the central payment center. This essentially carries forward the flexibility provided under existing immediate wage withholding requirements.

(1) *All cases included in the State's central registry shall receive child support services without regard to whether the parent signs an application for services. Current child support cases not covered through the IV-D system at the time of enactment could also request services through the State child support agency.*

(2) *Under no circumstances may a State deny any person access to State child support services based solely on the person's nonresidency in that State or require the payment of any fees by the custodial parent for inclusion in the central registry.*

Opportunity to Opt-Out

(3) *Parents with child support orders included in the central registry can choose to opt-out of payment through the central payment center if they are not otherwise subject to a wage withholding order (current provisions for exceptions to wage withholding are preserved).*

(4) *Parents who opt-out must file a separate written form with the agency signed by both parties, indicating that both individuals agree with the arrangement.*

(5) *If the parents choose to opt-out of wage withholding and payment through the central payment center, the noncustodial parent fails to pay support, and the custodial parent notifies the agency for enforcement action, compliance will be monitored by the State thereafter.*

FEDERAL ROLE

National Clearinghouse (NC)

The National Clearinghouse will consist of four registries, three of which have direct bearing on improving child support enforcement: the National Child Support Registry, the National Locate Registry (an expanded FPLS), and the National Directory of New Hires. (The National Welfare Receipt Registry is not discussed in this document.) The NC shall operate under the direction of the Secretary of Health and Human Services.

National Child Support Registry

The Family Support Act of 1988 mandated the implementation and operation of a comprehensive, statewide, automated child support enforcement system in every State by October 1, 1995. Statewide automation will help correct some of the deficiencies associated with organizational fragmentation as well as alleviate another problem - ineffective case management. For interstate case processing, the Child Support Enforcement Network (CSENet), currently being implemented, is designed to link together statewide, automated systems for the purpose of exchanging interstate case data among States. While all States will eventually be linked through CSENet, no national directory or registry of all child support cases currently exists. A national registry in combination with statewide automated systems has the potential to greatly improve enforcement nationally, through improved locate and wage withholding, and to also improve interstate case processing.

Under the proposal, a National Child Support Registry will be operated by the Federal government to maintain an up-to-date record of all child support cases and to match these cases against other databases for location and enforcement purposes. The primary function of the Registry is to expedite matches with other major databases.

(1) *The Federal government will establish a National Child Support Registry that maintains a current record of all child support cases based on an extract of information from each State's Central Registry. The National Registry will:*

(a) *contain minimal information on every child support case from each State: the name and Social Security Number of the noncustodial parent (or putative father) and the case identification number;*

(b) *interface with State Central Registries for the automatic transmission of case updates;*

(c) *match the data against other Federal data bases;*

(d) *point all matches back to the relevant State in a timely manner; and*

(e) interface and match with National Directory of New Hires.

(2) The Secretary shall determine the networking system, after considering the feasibility and cost, which may be any of the following:

(a) building upon the existing CSENet interstate network system;

(b) replacing the existing CSENet;

(c) integrating with the current SSA system; or

(4) integrating with the proposed Health Security Administration's network and data base.

National Directory of New Hires

A National Directory of New Hires, operated by the Federal government, will be created to maintain an up-to-date data base of all new employees for purposes of determining child support responsibility. Information will come from transmission of the W-4 form, which is already routinely completed or through some other mechanism as the employer chooses. Information from the data base will be matched regularly against the National Registry to identify obligors for automatic income withholding and the appropriate State will be notified of the match. This national directory will provide a standardized process for all employers and interstate cases will be processed as quickly as intrastate cases.

Currently, information about employees and their income is reported to State Employment Security Agencies on a quarterly basis. This data is an excellent source of information for implementing wage withholding as well as for locating the noncustodial parent to establish an order. A major drawback, however, is that this data is approximately three- to six-months old before the child support agency has access to it. A significant number of obligors delinquent in their child support change jobs frequently or work in seasonal or cyclical industries. Therefore, it is difficult to enforce child support through wage withholding for these individuals. At least ten States have passed legislation and implemented a process requiring employers to report information on new employees soon after hiring. Several others have introduced legislation for employer reporting.

The problem with continuing on the current path is that each State is taking a slightly different approach concerning who must report, what must be reported, and the frequency of reporting, etc. Also, while improving intrastate wage withholding, this approach does little to improve interstate enforcement. The time has come for more standardization as well as expansion through a national system for reporting new hire information. Many employers and the associations which represent them, such as the American Society for Payroll Management, are calling for a centralized, standardized single reporting system for new hire

reporting to minimize the burden on the employer community. A National Directory of New Hires will significantly reduce the burden on employers, especially multi-state employers, as well as increase the effectiveness for interstate wage withholding.

(1) *The Secretary of Health and Human Services shall operate a new National Directory of New Hires which maintains a current data base of all new employees in the United States as they are hired.*

(2) *All employers are required to report information based on every new employee's W-4 form (which is already routinely completed) within 10 days of hire to the National Directory:*

(a) *employers may mail or fax a copy of the W-4 or use a variety of other filing methods to accommodate their needs and limitations, including the use of POS devices, touch tone telephones, electronic transmissions via personal computer, tape transfers, or mainframe to mainframe transmissions;*

(b) *information submitted must include: the employee's name, Social Security Number, date of birth, and the employer's identification number (EIN);*

(3) *employers will face fines if they intentionally fail to: comply with the reporting requirements; withhold child support as required; or disburse it to the payee of record within five calendar days of the date of the payroll.*

(4) *The National Directory of New Hires shall:*

(a) *match the data base against several national data bases on at least a weekly basis including:*

(i) *the Social Security Administration's Employer Verification System (EVS) to verify that the social security number given by the employee is correct and to correct any transpositions;*

(ii) *the National Child Support Registry; and*

(iii) *the Federal Parent Locate Service (FPLS);*

(all cases submitted to the National Child Support Registry and other locate requests submitted by the States shall be periodically cross-matched against the National Directory of New Hires);

(b) *notify the State Registry of any new matches including the individual's place of employment so that States can initiate wage withholding for cases where wages are not being withheld currently or take appropriate enforcement action; and*

(c) retain data for a designated time period, to be determined by the Secretary.

(5) The State Employment Security Agencies (SESAs) shall submit extracts of their quarterly wage reporting data to the National Directory of New Hires. The SESAs shall utilize a variety of automated means to transmit the data electronically to the National Directory of New Hires. The National Directory shall take appropriate measures to safeguard the privacy and unauthorized disclosure of the wage reporting data submitted by SESAs.

(6) States shall match the hits against their central registry records and must send notice to employers (if a withholding order/notice is not already in place) within 48 hours of receipt from the National Directory of New Hires.

(7) A feasibility study shall be undertaken to determine if the New Hire Directory should ultimately be part of the Simplified Tax and Wage Reporting System, or the Social Security Administration's or the Health Security Act-created data bases.

National Locate Registry

States currently operate State Parent Locator Services (SPLS) to locate noncustodial parents, their income, assets and employers. The SPLS conducts matches against other state databases and in some instances has on-line access to other State databases. In addition, the SPLS may seek information from credit bureaus, the postal service, unions, and other sources. Location sources may vary from State to State depending on the individual State's law. One location source used by the SPLS is the Federal Parent Locator Service (FPLS). The FPLS is a computerized national location network operated by OCSE which obtains information from six Federal agencies and the State Employment Security agencies (SESAs). In order to improve efforts to locate noncustodial parents, under the proposal, OCSE will significantly expand the Federal Parent Locate Services and make improvements in parent locator services offered at the Federal and State levels. The FPLS shall operate under the National Clearinghouse as the "National Locate Registry."

(1) The OCSE shall expand the scope of State and Federal locate efforts by:

(a) allowing States (through access to the National Locate Registry) to locate persons who owe a child support obligation, persons for whom an obligation is being established, or persons who are owed child support obligations by accessing:

(i) the records of other State IV-D agencies and locate sources;

(ii) Federal sources of locate information in the same fashion; and

(iii) other appropriate data bases.

(b) requiring the child support agency to provide both ad-hoc and batch processing of locate requests, with ad-hoc access restricted to cases in which the information is needed immediately (such as with court appearances) and batch processing used to troll data bases to locate persons or update information periodically;

(c) for information retained in a State IV-D system, providing for a maximum 48 hours turnaround from the time the request is received by the State to the time information/response is returned; for information not maintained by the State IV-D system, the system must generate a request to other State locate data bases within 24 hours of receipt, and respond to the requesting State within 24 hours after receipt of that information from the State locate sources;

(d) allowing the National Locate Registry access to information from quarterly estimated taxes filed by individuals;

(e) developing with the States an automated interface between their Statewide automated child support enforcement systems and the Child Support Enforcement Network (CSENet), permitting locate and status requests from one State to be integrated with intrastate requests, thereby automatically accessing all locate sources of data available to the State IV-D agency; and

(f) defining parent location to include the residential address, employer name and address, and parents' income and assets.

(2) States shall have and use laws that require unions and their hiring halls to cooperate with IV-D agencies by providing information on the residential address, employer, employer's address, wages, and medical insurance benefits of members;

(3) The Secretary shall authorize:

(a) a study to address the issue of whether access to the National Locate Registry should be extended to noncustodial parents and whether, if it were, custodial parents fearful of domestic violence could be adequately protected and shall make recommendations to Congress; and

(b) a study to address the feasibility and costs of contracting with the largest credit reporting agencies to have an electronic data interchange with FPLS, accessible by States, for credit information useful for the enforcement of orders, and if the Fair Credit Reporting Act is amended, for establishment and adjustment of orders.

(c) demonstration grants to States to improve the interface with State data bases that show potential as automated locate sources for child support enforcement.

Expanded Role of Internal Revenue Service

The Internal Revenue Service (IRS) is currently involved in the child support enforcement program both as a source of valuable information to assist in locating noncustodial parents, their assets and their place of employment, and as a collection authority to enforce payment of delinquent support obligations. In FY 1992, well over one-half of a billion dollars was collected by the IRS on behalf of over 800,000 child support cases. This proposal focuses on strengthening the IRS role in child support enforcement in three areas: enhancing data exchange; expanding the tax refund offset program; and, expanding the full collection process.

Enhancing Data Exchange Between IV-D Child Support and the IRS Data

Privacy restrictions in the Internal Revenue Code currently limit the use of data maintained by the IRS in child support cases. States have found the rules to be unduly restrictive especially in that full financial disclosure is essential to assure that appropriate orders are set in accordance with an obligors ability to pay. Access to information as it is reported to the IRS will greatly enhance State enforcement efforts and the utility of the locate network. Accordingly, under the proposal the Secretary of the Treasury will establish a process whereby States can readily obtain access to IRS data.

(1) The Secretary of the Treasury shall institute procedures whereby States can readily obtain access to IRS data (including 1099 data) for the purposes of identifying obligors' income and assets. All IRS data transmitted to States must be made available to child support enforcement agencies. Safeguards must be in place to protect the confidentiality of the information.

IRS Tax Refund Offset

Current statutory requirements for Federal tax refund interception set different criteria for AFDC and non-AFDC cases. One especially inequitable difference is that the tax refund offset is not available to collect past-due child support for non-AFDC children who have reached the age of majority, even if the arrearage accrued during the child's minority. The proposal will eliminate all disparities between AFDC and non-AFDC income tax refund offsets for child support collection purposes.

(1) *The disparities between AFDC and non-AFDC cases regarding the availability of the Federal income tax refund offset shall be eliminated, the arrearage requirement shall be reduced to an amount determined by the Secretary, and offsets shall be provided regardless of the age of the child for whom an offset is sought. Timeframes, notice and hearing requirements shall be reviewed for simplification. IRS fees for Federal income tax offsets shall be recovered from the noncustodial parent through the offset process.*

IRS Full Collections

Currently, the IRS full collection process (which may include seizure by the IRS of property, freezing of accounts, and other procedures) is available to States as an enforcement tool in collecting delinquent child support payments. While use of the IRS full collection process could be an effective enforcement remedy, especially in interstate cases, it is currently used only rarely, in part, because the current process is prohibitively expensive and cumbersome. The proposal will require the Secretary of Treasury to improve the full collection process by establishing a simplified and streamlined process, with uniform standards for collection, including the use of an automated collection process for child support debts. Fees will be added to the amount owed and collected at the end of the collection process, rather than requiring the parent seeking the support to pay the amount up-front.

(1) *To improve enforcement mechanisms through the IRS Full Collection process, the Secretary of the Treasury shall:*

(a) *simplify the IRS full collection process and reduce the amount of arrearages needed before one may apply for full collection;*

(b) *set uniform standards for full collection to ensure that the process is expeditious and implemented effectively;*

(c) *require the IRS to use its automated tax collection techniques in child support full collection cases. Case submitting and subsequent activity logging will be processed using automation and retrieved by either the IRS or the Department of Health and Human Services (without permitting DHHS access to other cases). States will also be able to access OCSE for information about their cases (without accessing other State's cases), with appropriate safeguards; and*

(d) *IRS's fees for use of full collection shall be added to the amount owing and be collected from the noncustodial parent at the end of the collection process. The IRS will not charge an extra submission fee if a State updates the arrears on an open case.*

INTERSTATE ENFORCEMENT

Currently, many child support efforts are hampered by States' inability to locate noncustodial parents and secure orders of support across State lines. New provisions will be enacted to improve State efforts to work interstate child support cases and make interstate procedures more uniform throughout the country.

Under current law, most States handle their interstate cases through the use of versions of the Uniform Reciprocal Enforcement of Support Act (URESA), promulgated in 1950 and changed in 1952, 1958 and 1968. Using URESA may result in the creation of several child support orders in different States (or even counties within the same state) for different amounts, all of which are valid and enforceable. Interstate income withholding, an administrative alternative to URESA, is not widely used and limits the enforcement remedy of withholding.

Under the proposal, States will be required to adopt verbatim URESA's replacement, the Uniform Interstate Family Support Act (UIFSA). UIFSA ensures that only one State controls the terms of the order at any one time. UIFSA, unlike URESA, includes a comprehensive long-arm jurisdiction section to ensure that as many cases stay in one State as is possible. Direct withholding will allow a State to use income withholding in interstate cases by serving the employer directly without having to go through the second State's IV-D agency. Liens entered in one state will be given full force and effect in another state if the noncustodial parent has property in the second State, without having to go through a lengthy judgment domestication action and redundant lien-imposition process. Additionally, a subpoenas will be honored across State lines so that States could quickly obtain wage information from out-of-state employers. Interstate locate through the National Clearinghouse should improve locate capability dramatically, by linking state agencies, Federal locate sources and the new hire data base.

We will also ask Congress to express its sense that it is constitutional to use "child-state" jurisdiction, which if upheld by the Supreme Court, will allow agencies to bring the child support case where the child resides instead of where the noncustodial parent lives if he or she has no ties to the child's state. This extends long arm jurisdiction's reach to all cases instead of just most cases.

While all States have implemented immediate wage withholding programs for child support payment, there are significant variances in individual State laws, procedures and forms. Those differences are significant enough to bog down the interstate withholding system. Even within States, forms and procedures may vary, resulting in slow or inaccurate case processing. The proposal will amend Federal law so that income withholding terms, procedures and definitions are uniform to improve interstate wage withholding effectiveness and fairness and facilitate a more employer-friendly withholding environment. The net effect of UIFSA, direct and uniform withholding, national subpoenas, interstate lien recognition,

interstate communication, and child-state jurisdiction is to almost eradicate any barriers that exist to case processing simply because the parents do not reside in the same state.

To facilitate interstate enforcement efforts, each State must have and use laws, rules and procedures that:

(1) provide for long-arm jurisdiction over a nonresident individual in a child support or parentage case under certain conditions;

(2) require Social Security Numbers of all persons applying for a marriage license or divorce to be listed on the supporting license or decree;

(3) require Social Security Numbers of both parents to be listed on all child support orders and birth certificates;

(4) adopt verbatim the Uniform Reciprocal Enforcement of Support Act (URESA) drafting committee's final version of the Uniform Interstate Family Support Act (UIFSA), to become effective in all States no later than October 1, 1995 or within 12 months of passage, but in no event later than January 1, 1996;

(5) give full faith and credit to all terms of any child support order (whether for past-due, currently owed, or prospectively owed support) issued by a court or through an administrative process;

(6) provide that a child support lien administratively or judicially imposed in one State may be imposed in another State through summary recordation in another State's central clearinghouse or other designated registry and the lien is to be given full faith and credit, and shall encumber the nonexempt real and personal property of the noncustodial parent for the same amount as it encumbers in the original State, including any unpaid arrearages accruing after the lien's initial imposition;

(7) provide that out-of-State service of process in parentage and child support actions must be accepted in the same manner as are in-State service of process methods and proof of service so if service of process is valid in either State it is valid in the hearing State;

(8) require the filing of the noncustodial parent's and the custodial parent's residential address, mailing address, home telephone number, driver's license number, Social Security Number, name of employer, address of place of employment and work telephone number with the appropriate court or

administrative agency on or before the date the final order is issued; in addition:

(a) presume for the purpose of providing sufficient notice in any support related action, other than the initial notice in an action to adjudicate parentage or establish or modify a support order that the last residential address of the party given to the appropriate agency or court is the current address of the party, in the absence of the obligor or obligee providing a new address;

(b) prohibit the release of information concerning the whereabouts of a parent or child to the other parent if there is a court order for the physical protection of one parent or child entered against the other parent;

(9) provide for intrastate transfers of cases to the city, county, or district where the child resides for purposes of enforcement and modification, without the need for refiling by the plaintiff or re-serving the defendant; require the State child support agency or State courts that hear child support claims to exert statewide jurisdiction over the parties and allow the child support orders and liens to have statewide effect for enforcement purposes;

(10) make clear that visitation denial is not a defense to child support enforcement and the defense of nonsupport is not available as a defense when visitation is at issue;

(11) require States to use and honor out-of-state subpoenas, based on a Federal form, with nationwide reach for use in child support cases at the local and State level to reach individual income information pertaining to all private, Federal, State and local government employees, and to all other persons who are entitled to receive income; and provide that:

(a) the scope of the subpoena is limited to the prior 12 months of income;

(b) payors may honor the subpoena by timely mailing the information to a supplied address on the subpoena; and

(c) information provided pursuant to the subpoena is admitted once offered to prove the truth of the matter asserted.

In addition, the Federal government shall:

(1) make a Congressional finding that child-state jurisdiction is consistent with the Due Process clauses of the Fifth and Fourteenth Amendments, Section 5, the Commerce Clause, the General Welfare Clause, and the Full Faith and Credit Clause of the United States Constitution, so that due process is satisfied when

the State where a child is domiciled asserts jurisdiction over a nonresident party, provided that party is the parent or presumed parent of the child in a parentage or child support action;

(a) test the constitutionality of this assertion of child-state jurisdiction by providing for an expedited appeal to the U.S. Supreme Court directly from a Federal court;

(2) provide that a State that has asserted jurisdiction properly retains continuing, exclusive jurisdiction over the parties as long as the child or either party resides in that State;

(a) when no State has continuing exclusive jurisdiction when actions are pending in different States, the last State where the child has resided for a consecutive six month period (the home State) can claim to be the State of continuing and exclusive jurisdiction, if the action in the home State was filed before the time expired in the other State for filing a responsive pleading and a responsive pleading contesting jurisdiction is filed in that other State;

(3) provide that a State loses its continuing, exclusive jurisdiction to modify its order regarding child support if all the parties no longer reside in that State or if all the parties consent to another State asserting jurisdiction;

(a) if a State loses its continuing, exclusive jurisdiction to modify, that State retains jurisdiction to enforce the terms of its original order and to enforce the new order upon request under the direction of the State that has subsequently acquired continuing, exclusive jurisdiction;

(b) if a State no longer has continuing jurisdiction, then any other State that can claim jurisdiction may assert it;

(c) when actions to modify are pending in different States, and the State that last had continuing, exclusive jurisdiction no longer has jurisdiction, the last State where the child has resided for a consecutive six month period (the home State) can claim to be the State of continuing, exclusive jurisdiction, if:

(i) a responsive pleading contesting jurisdictional control is filed in a timely basis in the nonhome State, and

(ii) an action in the home State is filed before the time has expired in the nonhome State for filing a responsive pleading;

(4) provide that the law of the forum State applies in child support cases, unless the forum State must interpret an order rendered in another State, so that the

rendering State's law governs interpretation of the order; In cases in which a statute of limitations may preclude collection of any outstanding child support arrearages, the longer of the forum or rendering State's statute of limitations shall apply; and

(5) provide that all employers can be served directly with a withholding order by any State, regardless of the State issuing the order; The Secretary shall develop a universal withholding form that must be used by all States.

In addition:

(1) Section 466 of the Social Security Act will be amended so that income withholding terms, procedures, forms and definitions of income for withholding purposes are uniform to ensure interstate withholding efficiency and fairness, based on regulations promulgated by the Secretary;

OTHER ENFORCEMENT MEASURES

Currently, State and Federal enforcement efforts are often hampered by cumbersome enforcement procedures that make even routine enforcement actions difficult and time consuming. In order to enable States to take more efficient and effective action when child support is not paid, the proposal requires States to adopt several additional proven enforcement tools and streamline enforcement procedures.

Administrative Liens

Liens have two faces. They are either passive encumbrances on property that entitle the lienholder to money when the property changes owners, or they are proactive collection tools that force the obligor to relinquish the property to satisfy the child support debt through levy, distraint, foreclosure or other legal procedures. Under current law, States must have and use procedures to impose liens on personal and real property. However, because they are rarely imposed, States forego the chance to collect millions of dollars of child support. The time consuming and cumbersome nature associated with the case-by-case judicial activity required to impose liens is a major reason for their limited use. Under the proposal, liens will be easier to impose because States will be required to have and use laws that allow for the administrative imposition of liens on nonexempt real and titled property for all cases with orders in which there are two months or more of child support arrears.

Universal Wage Withholding

Withholding child support directly from wages has proven to be one of the most effective means of ensuring that child support payments are made. Currently, all IV-D orders should generally be in withholding status if the parties have not opted out or a decisionmaker has not found good cause. IV-D orders entered prior to 1991 in which no one has requested withholding or the obligor has not fallen behind by one month's worth of support are the only orders that do not have to be in withholding status. Arrearage-triggered IV-D withholding requires prior notice in all but a handful of States. Non-IV-D orders entered after January 1, 1994 are subject to immediate withholding if the two opt-outs are not invoked. Other non-IV-D orders may be in withholding status, depending on if there are arrearages and whether the parties took the appropriate action to impose if the withholding State does not impose it automatically in non-IV-D cases.

While the patchwork of orders subject to withholding is gradually being filled in, one way to speed up the universality of withholding is to require withholding in all cases unless the parties opt out or a court finds good cause. As under current law, if an arrearage of one month of support accrues whether or not there is an opt out, withholding must be implemented; however, it should be implemented automatically without need of further court action in non-IV-D cases as well, and without need for notice prior to withholding in the arrearage-triggered cases. Universalizing withholding (except for opt outs) makes the system equal for the non-IV-D and the IV-D parent. It allows for the immediate implementation of withholding when an obligor begins a new job. Imposing withholding without prior notice gives the States the jump on collection, instead of waiting up to 45 days for resolution. In the very few cases in which withholding might be incorrectly imposed, a hearing will be immediately available to the aggrieved obligor to satisfy due process concerns and to ensure accurate withholding (if a phone call to the agency does not quickly resolve the dispute).

Access to Records

Access to current income and asset information is critical to tracking down delinquent noncustodial parents who are trying to escape their responsibilities. The need to petition the courts for information on the address, employer, and income of parents on a case-by-case basis impedes the ability of States to effectively carry out child support enforcement actions. Recognizing the value of timely and systematic access to information, the proposal will require States to make the records of various agencies available to the child support agency on a routine basis, through automated and nonautomated means. In addition, the proposal will require that child support agencies be granted access to specific case-related financial institution records for location or enforcement action.

Reducing Fraudulent Transfer of Assets

A major problem in some child support cases occurs when an obligor transfers his or her assets to someone else to avoid paying support. To protect the rights of creditors, States have enacted laws under the Uniform Fraudulent Conveyance Act and the Uniform Fraudulent Transfer Act to allow creditors to undo fraudulent transfers. Applying such laws

to child support will provide equal protection to the support rights of custodial parents as applied to any other creditor and may deter obligors who are considering fraudulent transfer. The proposal will make it easier to take legal steps against parents who intentionally transfer property to avoid child support payment.

License Revocations

An effective enforcement tool recently implemented by a number of states is withholding or suspending professional/occupational licenses and, in some states, also standard driver's licenses of noncustodial parents owing past-due child support. States that have added this procedure to their arsenal of enforcement remedies have favorable perceptions about its effectiveness, noting that it has both increased the amount of arrearages collected and served as an incentive for noncustodial fathers to keep current in their monthly child support obligation. Often the mere threat of suspending a license is enough to get many recalcitrant obligors to pay. The proposal requires all states to adopt such laws while allowing State flexibility to tailor due process protections.

Statute of Limitations for Child Support Arrearages

Under current law, each state may decide when it no longer has the power to collect old debts. Usually invoking a state statute of limitations is done by the debtor, and is not automatic. Some state statute of limitations for child support debts are as short as seven years. Under the proposal, a uniform and extended statute of limitations for collecting child support debts of 30 years after the child's birth will be required. This ensures that a non-payor is less likely to forever escape payment simply because they have avoided payment in the short-term.

Interest on Arrearages

Child support debts are currently at a competitive disadvantage compared to commercial debts. While many States have the authority to apply interest to delinquent support, few routinely do so and thus there is no financial incentive for a noncustodial parent to pay support before paying an interest accruing debt. To raise the priority of child support debts to at least that afforded to other creditors, the proposal will require States to calculate and collect interest or late penalties on arrearages.

Expanded Use of Credit Reporting

Credit Bureaus can be an effective mechanism for collecting information needed to locate parents and establish awards at the appropriate level and for ensuring that child support payments are kept current. Under current law, credit report information may be used for locate and enforcement purposes. Agencies may not use credit reports for establishment or modification purposes, however. States are also not required to report arrearages upon a

request from a credit bureau unless the arrearages are in excess of $1000. (States may report, at state option, when a lesser amount is owed.) This proposal will give IV-D agencies access to all credit bureau information for consideration in establishing, modifying, and enforcing child support orders. Since credit reports are likely to fully disclose income generating activities, such reports can be extremely important in identifying assets and income needed to establish awards. Additionally, requirements for States to report child support arrears of more than one month would encourage non-custodial parents to stay current in their payment of support, because non-payment could jeopardize their credit rating. Many States have improved their credit reporting activities regarding child support arrearages. This proposal will ensure uniformity among the states and prevent any one state from becoming a safe-haven for non-paying parents.

Bankruptcy

Although a noncustodial parent obligated to pay support may not escape the obligation by filing bankruptcy, the ability to collect amounts due is hampered by current bankruptcy practices. One of the difficulties faced is that the filing of a bankruptcy action automatically "stays" or forbids various actions to collect past-due support. In order to continue child support collections, permission from the Bankruptcy Court must be granted to lift the automatic stay. Another obstacle is a requirement that the attorney handing the child support creditor's claim must either be a member of the Federal bar in the jurisdiction where the bankruptcy action is filed, appear by permission, or find alternative representation. In addition, child support obligations are often treated less favorably than other financial obligations such as consumer debts and, under a Chapter 13 bankruptcy proceeding, an individual debtor is allowed to pay off debts over an extended period of time--usually three to five years. Even though the current child support continues and arrearages cannot be forgiven through bankruptcy, the ability to collect these arrearages quickly can be thwarted when, as under current practice, a bankruptcy payment plan could require a different payment arrangement on support arrearages than that imposed by a court or administrative support process.

The proposal will eliminate these types of bankruptcy related obstacles to collecting child support. It will remove the effects of an automatic stay with respect to child support establishment, modification, and enforcement proceedings, require the establishment of a simple procedure under which a support creditor can file their claim with the bankruptcy court, treat unsecured support obligations as a second priority claim status, and require that the bankruptcy trustee recognize and honor an arrearage payment schedule established by a court or administrative decisionmaker. These changes will facilitate the uninterrupted flow of support to children in the event the obligor files for or enters into bankruptcy.

Federal Garnishment

Garnishment of Federal employees salaries and wages for child support was authorized prior to the requirement that all States have and use wage withholding procedures which do not

require specific court or administrative authorization. The Federal garnishment statute was not changed to make its procedures consistent with the requirements for all other child support wage withholding. The proposal will simplify the implementation of child support wage withholding by requiring that the same procedures be used for Federal and non-Federal employees.

Veterans Benefits

Current law exempts certain veteran's benefits from the involuntary withholding of child support payments. Additionally the veteran is responsible for ensuring that the dependent's benefits are provided to the dependent when the child does not reside with his or her parent. These legislative exclusions mean that child support from veteran's payments and pensions is treated differently from child support payable from other pension and disability benefits. By making Federal garnishment requirements consistent with those already placed on other employers, this proposal will ensure that choices made by the veteran do not adversely affect the well-being of his or her children. All veterans benefits will be subject to withholding for child support purposes and dependent benefits will be payable directly to the custodial parent.

Passports

Collecting child support from persons who have left the country is extremely difficult, even if the United States has a reciprocal agreement with the country in which the noncustodial parent currently resides. If there is no reciprocal agreement with that country, it is often virtually impossible to collect child support from the noncustodial parent. Under the proposal, passports and visas will not be issued for foreign travel for the most egregious cases in which support is owed--those owing over $5,000 in past due support.

Tax Deduction Coordination

Currently the non-custodial parent can claim a deduction for a dependent who does not live with him/her, if the custodial parent has signed an agreement giving the dependent deduction to the non-custodial parent. Under the proposal, it will still be possible for the non-custodial parent to take such a deduction, but only if he/she has paid all child support due during the tax year. This will act as an incentive for non-custodial parent to keep current with their support obligation.

Verification of Social Security Numbers

Currently, OCSE and the Social Security Administration (SSA) have an agreement to allow State IV-D agencies, through OCSE, to participate in SSA's Enumeration Verification System (EVS). This is a critical tool to IV-D agencies in helping to ensure the accuracy of Social Security Numbers (SSNs) for use in location, enforcement, and collection of child support. State child support enforcement agencies generally have access to their own State Department of Motor Vehicle (DMV) records. States which require motorists to disclose

their SSN at the time of application for a driver's license report serious problems (including data entry errors) in maintaining accurate records. While SSA cannot "disclose" SSNs to a State DMV, current law does not prevent "verification" of SSNs submitted by the State to ensure data integrity. Under the proposal, all State DMVs will be guaranteed access to SSA's system for verification of SSNs.

In order to enforce orders of support more effectively, States must have and use laws that provide IV-D agency administrative authority to carry out the enforcement functions described below without the necessity of court approval (in addition to those enumerated on pp. 25-26 for monitoring by State staff):

(1) automatically impose administrative liens on all nonexempt real and titled personal property if arrearages equal two months' worth of support (less than two months' worth at State option); the liens shall cover all current and future support arrearages and shall have priority over all other creditors' liens imposed after the child support lien's imposition; in appropriate cases the agency shall have the power to freeze, seize, sell and distribute encumbered or attached property;

In addition, the State must have and use laws that:

(2) require the State agency to initiate immediate wage withholding action for all cases for which a noncustodial parent has been located and wage withholding is not currently in effect, without the need for advance notice to the obligor prior to the implementation of the withholding order;

(3) empower child support agencies to issue administrative subpoenas requiring defendants in paternity and child support actions to produce and deliver documents to or to appear at a court or administrative agency on a certain date; sanction individuals who fail to obey a subpoena's command;

(4) provide, at a minimum, that the following records are available to the State child support agency through automated or nonautomated means:

(a) recreational licenses of residents, or of nonresidents who apply for such licenses, if the State maintains records in a readily accessible form;

(b) real and personal property including transfers of property;

(c) State and local tax departments including information on the residence address, employer, income and assets of residents;

(d) publicly regulated utility companies and cable television operators; and

(e) marriages, births, and divorces of residents;

(5) provide, at a minimum, the following records of State agencies are available to the State child support agency: the tax/revenue department, motor vehicle department, employment security department, crime information system, bureau of corrections, occupational/professional licensing department, secretary of state's office, bureau of vital statistics, and agencies administering public assistance. If any of these State data bases are automated, the child support agency must be granted either on-line or batch access to the data.

(6) provide for access to financial institution records based on a specific case's location or enforcement need through tape match or other automated or nonautomated means, with appropriate safeguards to ensure that the information is used for its intended purpose only and is kept confidential; a bank or other financial institution will not be liable for any consequences arising from providing the access, unless the harm arising from institution's conduct was intentional;

(7) provide indicia or badges of fraud that create a prima facie case that an obligor transferred income or property to avoid a child support creditor; once a prima facia case is made, the State must take steps to avoid the fraudulent transfer unless settlement is reached;

(8) require the withholding or suspension of professional or occupational licenses from noncustodial parents who owe past-due child support or are the subject of outstanding failure to appear warrants, capiases, and bench warrants related to a parentage or child support proceeding;

(a) the State shall determine the procedures to be used in a particular State and determine the due process rights to be accorded to obligors.

(b) the State shall determine the threshold amount of child support due before withholding or suspension procedures are initiated.

(9) suspend the driver's licenses, including any commercial licenses, of noncustodial parents who owe past-due child support:

(a) the suspension shall be determined by the IV-D agency, which shall administratively suspend licenses. The State shall determine the due process rights to be accorded the obligor, including, but not limited to, the right to a hearing, stay of the order under appropriate circumstances, and the circumstances under which the suspension may be lifted;

(b) *the State shall determine the threshold amount of child support due before withholding or suspension procedures are initiated.*

(10) *extend the statute of limitations for collection of child support arrearages until the child for whom the support is ordered is at least 30 years of age.*

(11) *calculate and collect interest or late penalties on arrearages (accrued after the date of enactment) for non-payment. (Late penalties may be imposed on a monthly, quarterly, or annual basis.) All such charges must be distributed to the benefit of the child (unless child support rights have been assigned to the State). The Secretary shall establish by regulation a rule to resolve choice of law conflicts.*

In addition, Congress shall:

(12) *amend the Fair Credit Reporting Act to allow State agency access to and use of credit reports for the location of noncustodial parents and their assets and for establishing and modifying orders to the same extent that the State agency may currently use credit reports for enforcing orders;*

(13) *require reports to credit bureaus of all child support obligations when the arrearages reach an amount equal to one month's payment of child support;*

(14) *amend the Bankruptcy Code to allow parentage and child support establishment, modification and enforcement proceedings to continue without interruption after the filing of a bankruptcy petition; preclude the bankruptcy stay from barring or affecting any part of any action pertaining to support as defined in section 523 of Title 11;*

(a) *amend the Bankruptcy Code to state that the debt owed to a child support creditor is treated as a debt outside the Chapter 11, 12, or 13 Plan unless the child support creditor acts affirmatively to opt in as a creditor whose debt is part of the Plan; estate assets may be reached while in the trustee's control to satisfy the child support debt;*

(b) *allow child support creditors to make a limited appearance and intervene without charge or having to meet special local court rule requirements for attorney appearances in a bankruptcy case or district court anywhere in the United States by filing a form that includes information detailing the child support creditor's representation, and the child support debt, its status, and other characteristics; and*

(c) *amend the Bankruptcy Code to clarify that State public debts and assigned child support based on the provision of Title IV-A and IV-E expenditures are to be treated as child support for the purpose of dischargability under 11 U.S.C. section 523; and*

(d) *amend the Bankruptcy Code to preclude businesses from discharging child support debts withheld from wages but not yet forwarded to the IV-D agency;*

(15) *amend and streamline Sections 459, 461, 462 and 465 of the Social Security Act and companion laws to make the garnishment of Federal employees salaries, wages and other benefits and income consistent with the terms and procedures of the IV-D withholding statute (466(b) of the Social Security Act);*

(16) *amend laws and procedures to allow the garnishment of veterans benefits and to ensure that the Department of Veterans Affairs shall provide a simple administrative process for apportionment of benefits without the need for a veteran's approval, and shall publicize its availability to the nonveteran parent whenever a veteran applies for a benefit and indicates, under penalty, that he or she is not residing with his or her dependents*

(17) *amend laws and procedures to ensure that passports, and visas for persons attempting to leave the country, are not issued if they owe more than $5,000 in child support arrearages. The State Department may match its list of applicants against an FPLS abstract from the Locate Registry of noncustodial parents with orders who owe more than $5,000.*

(18) *revise the tax code to prohibit a noncustodial parent who has a support arrearage for a taxable year to claim the children, for whom support is in arrears, as a dependent for Federal income tax purposes for that year.*

The Social Security Administration shall be authorized to:

(19) *provide the State IV-D or Department of Motor Vehicle agency access to electronic verification of Social Security Numbers.*

Privacy Protection

Historically, child support enforcement agencies have had access to information unavailable to other Federal and or State agencies because of the special nature of its mission--ensuring that children receive appropriate financial support from their parents. Parents cannot be located and orders can not be established and enforced unless the State has access to a wide array of information sources which identify places of employment and other information about assets and income. Under current Federal and State regulations and rules, information

obtained for child support purposes is protected from unwarranted disclosure. The proposal ensures that privacy safeguards continue to cover all sensitive and personal information by extending such protections to any new sources of information. States are required to ensure that safeguards are in place to prevent breeches of privacy protection for individuals not liable or potentially liable for support and to prevent the misuse of information by those employees and agencies with legitimate access for child support purposes only.

(1) States shall:

(a) extend their data safeguarding state plan requirements to all newly accessible information under the proposal. States shall also institute routine training for state and local employees (and contractors shall be required to do the same for their staff) who handle sensitive and confidential data.

(b) regularly self-audit for unauthorized access or data misuse, and investigate individual complaints as necessary.

(c) have penalties for persons who obtain unauthorized access to safeguarded information or who misuse information that they are authorized to obtain. Supervisors who knew or should have known of unauthorized access or misuse shall also be subject to penalties.

(2) Procedures for protection of tax records should include such protections as:

(a) data matching performed by staff having access only to related data fields necessary to perform child support functions;

(b) controlling access to individual child support computer records by the use of individual passwords; and

(c) monitoring access on a regular basis by use of computerized audit trail reports and feedback procedures.

In addition:

(3) All child support enforcement staff shall be kept informed of Federal and state laws and regulations pertaining to disclosure of confidential tax and child support information.

(4) Access to state vital statistics shall be restricted to authorized IV-D personnel.

(5) The Federal government shall ensure that New Hire information is limited to IV-D agency use by authorized persons (as defined under current law).

(6) *The Secretary shall issue regulations setting minimum privacy safeguards that States must follow to ensure that only authorized users of personal information have access to it solely for official purposes.*

Funding

Federal Financial Participation and Incentives

The current funding structure of the Child Support Enforcement program is comprised of three major components: direct Federal matching, incentive payments to States, and the States' share of child support collections made on behalf of AFDC recipients.

Direct Federal matching, known as Federal financial participation or FFP, provides for 66 percent of most State/local IV-D program costs. A higher rate, 90 percent, is paid for genetic testing to establish paternity and, until October 1, 1995, for comprehensive state wide automated data processing (ADP) systems. The Federal government also pays States an annual incentive based on collections and cost effectiveness equalling 6-10 percent of collections from the Federal share of AFDC-related collections. States must pass on part of the incentive to any local jurisdiction that collected the child support if the State required the jurisdiction to participate in the program's costs.

Currently, States may profit from the IV-D program's funding structure irrespective of their performance. The proposed child support financing reforms are primarily directed at the Federal financial participation and the payment of incentives. Basic FFP will be increased from 66 percent to 75 percent to ensure that all States had a sufficient resource base to operate an efficient and effective program. Incentives will be based on State performance in the areas of paternity establishment, order establishment, collections and cost-effectiveness. Such incentives will ensure that States focus on the results that are expected from the program activities.

States and the Federal Government will still share in the reduction in costs resulting from support collections made on behalf of AFDC recipients.

(1) *The Federal government will pay 75 percent of State administrative costs. All cases included in the State's Central Registry will be eligible for federal funding.*

(2) *States are eligible for incentive payments in the following areas:*

(a) *paternity establishment -- earning a 1 to 5 percent increase in FFP for high paternity establishment rates, as determined by the Secretary; and*

(b) *overall performance -- earning a 1 to 10 percent increase in FFP for strong overall performance which factors in:*

(i) *the percentage of cases with support orders established (number of orders compared to the number of paternities established and other cases which need a child support order);*

(ii) *the percentage of overall cases with orders in paying status;*

(iii) *the percentage of overall collections compared to amount due;*

(iv) *cost-effectiveness.*

(3) *All incentives will be based on a formula to be determined by the Secretary.*

(4) *All incentive payments made to the States must be reinvested back into the State child support program.*

(5) *States will continue to receive their share of AFDC reimbursements.*

(6) *Congress should appropriate sufficient money so that the OCSE can carry out the functions and directives within this proposal.*

Unified State System FFP Enhancement

States may operate their child support enforcement program as a state-administered system or as a county-based program. Thus, the current child support system is not just a program which reflects the differences of 54 state-level political jurisdictions, it also reflects the difference of several thousands of substate jurisdictions (primarily counties) which actually operate the child support program. The proliferation of differing policies and procedures that results from such decentralized decision-making, has made intrastate enforcement almost as difficult as those that cross state lines. Such internal state complexity has made it next to impossible for many states to take full advantage of the increased effectiveness and efficiency that can result from highly automated mass case processing techniques. The proposal will reward states for unifying their decision making and program operations by increasing the State's FFP by 5 percent.

(1) *If a State has a unified state program, the Federal government will pay an additional five percent for a total FFP of 80 percent.*

(2) *A unified state program is one which includes:*

(a) all authority, accountability and responsibility for operation of a statewide program centered at the State level in a unified State agency;

(b) single-agency administration and central policy-making over the child support enforcement program;

(c) statewide uniformity of case-processing procedures and forms;

(c) uniform hearing and appeal process;

(d) all financing decisions at the State (not local) level;

(e) Non-Federal funding appropriated at the State (not local) level; and

(f) personnel and contracting decision-making reside at the State IV-D agency (personnel will be employees of the State IV-D agency except that the Secretary shall establish by regulations any exceptions not to exceed 10 percent of the State's IV-D personnel).

Registry and Clearinghouse Start-up Enhanced FFP

Enhanced funding for the automated central registries and centralized collection distribution systems is critical to enable States to implement these new requirements.

(1) States will receive enhanced FFP at a 90%/10% Federal/State match rate for the planning, design, procurement, conversion, testing and start-up of their full-service, technology-enabled state registries and centralized payment centers. (This includes necessary enhancements to the automated child support system to accommodate the proposal.)

(2) States shall be held harmless from sanctions involving current Federal requirements for systems certification during conversion to central registries/central payment center (for a limited period of time to be determined by the Secretary) provided they continue to make good faith efforts as defined by the Secretary to implement those present requirements that are consistent with the new Federal requirements.

State/Federal Maintenance of Effort

(1) Using a maintenance of effort plan, the Federal government will require States to maintain at least their current level of contribution to the program, representing the State FFP match and any other State funds or receipts

allocated to the child support program. The Federal government's current FFP and incentive payment to the State shall be the floor amount a State may receive under the revised FFP and incentive proposal.

Revolving Loan Fund

In order to encourage ongoing innovation in the IV-D program, it is proposed that a revolving loan fund be created. The revolving loan fund will allow the Federal government more flexibility in helping States develop and implement innovative practices which have significant effects on increasing collections and ongoing innovation.

(1) *The Federal government through OCSE shall provide a source of funds appropriated up to $100 million to be made available to States and their subdivisions to be used solely for short-term, high-payoff operational improvements to the State child support program. Projects demonstrating a potential for increases in child support collections will be submitted to the Secretary on a competitive basis. Criteria for determining which projects to fund shall be specified by the Secretary based on whether adequate alternative funding already exists, and whether collections can be increased as a result. Within these guidelines, States shall have maximum flexibility in deciding which projects to fund.*

(2) *Funding will be limited to no more than $5 million per State or $1 million per project, except for limited circumstances under which a large State undertakes a statewide project, in which case the maximum for that State shall be $5 million for the project. States may supplement Federal funds to increase the amount of funds available for the project and may require local jurisdictions to put up a local match.*

(3) *Funding will be available for a maximum of three years based on a plan established with the Secretary. OCSE must expeditiously review and, as appropriate, fund the approved plan. At the end of the project period, recipients must pay funds back to the Revolving Fund out of increased performance incentives.*

(4) *Beginning with the next Federal fiscal year after the project ends, the Federal government shall offset half of the increase in the State's performance incentives every year until the funds are fully repaid. If the State fails to raise collections that result in a performance incentive increase at the projected attributable level, the funds will be recouped by offsetting the FFP due to a State by a sum equal to one-twelfth of the project's Federal funding, plus*

interest, over the first twelve quarters beginning with the next fiscal year following the project's completion.

Program Management

Dramatically improving child support enforcement requires improved program management at both the State and Federal levels. The proposal includes several provisions designed to lead to better program performance and better services.

Training

From 1979 through the late 1980s OCSE contracted with outside organizations to provide on-site training to States across a broad range of topics. In early 1991, OCSE established the National Training Center within the Division of Program Operations to takeover many training functions formerly performed by contractors. The purpose of the Center is to bolster States' training initiatives through curriculum design/development, dissemination of information and materials and, to the extent resources permit, the provision of direct training. While a few States have developed training standards for staff, there is currently no mandate that States have minimum standards for persons involved in the child support program.

Under the proposal, the Federal share of funding for training, technical assistance and research will significantly increase and will be earmarked each year for such things as training, technical assistance, research, demonstrations and staffing studies. Furthermore, States will be required to have minimum standards for training in their State plans. Under the proposal, OCSE will also develop a training program for State IV-D Directors. The IV-D program's complexity and importance to children and family self-sufficiency require that States have experienced and well-trained managers. Experts often point to the leadership experience of IV-D managers as a major factor in a state's performance.

(1) *an amount equal to four (4) percent of the Federal share of child support collections made on behalf of AFDC families in the previous year shall be authorized in each fiscal year to fund technical assistance, training, research, demonstrations, staffing studies, and operation of the National Clearinghouse.*

(2) *OCSE shall provide a Federally developed core curriculum to all States to be used in the development of State-specific training guides. OCSE shall also develop a national training program for all State IV-D directors.*

(3) *States must also have minimum standards in their State plans for training, based on the newly developed state-specific training guide, that include initial*

and ongoing training for all persons involved in the IV-D child support program. The program shall include annual training for all line workers and special training for all staff when laws, policies or procedures change.

(4) In addition, funds under Title IV-D of the Social Security Act shall be made available to States for the development and conduct of training of IV-A and IV-E caseworkers, private attorneys, judges and clerks who need a knowledge of child support to perform their duties but for whom a cooperative agreement does not exist for ongoing child support activities.

Technical Assistance

Currently, States complain that they receive very little technical assistance from the Federal government. Indeed, the level of technical assistance provided to State child support enforcement agencies has declined significantly over the past several years because of staff and resource limitations. Aside from the provision of training and publication dissemination, most of the assistance provided is in the nature of problem identification through program reviews.

Under the proposal, OCSE will provide comprehensive direct technical assistance in a variety of forms to States. In particular, OCSE will take an active role in developing model laws and identifying best practices that States may adopt, reviewing State laws, procedures, policies, and organizational structure, and providing enhanced technical assistance to meet the program's goals. Such provision of technical assistance will be designed to prevent program deficiencies before they occur.

The OCSE shall provide technical assistance to States by:

(1) developing model laws and identifying model legislation and "best" State practices that States may follow when changing State laws to meet new Federal requirements;

(2) reviewing State laws, policies, procedures, and organizational structure, including cooperative agreements, as part of the State plan approval process;

(3) providing a State with a written assessment of its program and, when appropriate, identifying areas in which the State is deficient;

(4) providing enhanced technical assistance to States to meet the program's goals; and

(5) allowing staff and expenses funding to match program funding.

Audit and Reporting

The Federal statute mandates periodic comprehensive Federal audits of State programs to ensure substantial compliance with all federal requirements. If deficiencies identified in an audit are not corrected, States face a mandatory fiscal penalty of between 1 and 5 percent of the Federal share of the State's AFDC program funding. Once an audit determines compliance with identified deficiencies, the penalty is lifted.

The detail-oriented audit is time-consuming and labor intensive for both Federal auditors and the States. One result is that audit findings do not measure current State performance or current program requirements. States contend that the audit system focuses too much on administrative procedures and processes rather than performance outcomes and results. However, it is widely agreed that efforts to pass the audit have been a significant driving force behind States' improved performance. While two-thirds of the States fail the initial audit, three-fourths of these same States come into compliance after a corrective-action period and avoid the financial penalty.

The proposal will simplify the Federal audit requirements to focus primarily on performance outcomes and require States to conduct self-reviews to assess whether or not all required services are being provided. Federal auditors will assess States' data used to determine performance outcomes to determine if it is valid and reliable and conduct periodic financial and other audits as the Secretary deems necessary. If State self-reviews or the level of grievances/complaints indicates that services are not being provided, OCSE will evaluate the State's program and ascertain the causes for the problems to help States correct the problems.

One-half of any audit penalties will be put in escrow for up to two years and returned to the State if the State passes the audit in the two-year period.

(1) Audit procedures by the Secretary shall include:

(a) simplifying the Federal audit requirements to focus primarily on performance outcomes;

(b) requiring States to develop their own control systems to ensure that performance outcomes are achieved, while making the results subject to verification and audit;

(2) States shall:

(a) *develop internal automated management control reporting systems that provide information to enable States to assess their own performance and employees' workload analysis, on a routine, ongoing basis so that exceptions can be called to the program management's attention;*

(b) *develop computer systems controls that provide reasonable assurances that computer-based data are complete, valid, and reliable;*

(c) *in accordance with Federal regulations, annually conduct a self-review to assess whether or not the State meets the program's specified goals, performance objectives and any recently completed staffing studies, as well as ensure that all required services are being provided.*

(3) *Federal auditors shall:*

(a) *at a minimum, based upon the GAO Government Auditing Standards, every 3 years, assess the reliability of the computer-processed data (or results provided as a result of the self-review). These audits will: (a) examine the computer system's general and application controls; (b) test whether those controls are being complied with; and (c) test data produced by the system on computer magnetic tape or other appropriate auditing medium to ensure that it is valid and reliable;*

(b) *if a State has failed a previous audit, continue to evaluate on an annual basis, whether the State has corrected the deficiencies identified under (1) above;*

(c) *if the State self-reviews determine that the Federal requirements are not being met, ascertain the causes for the deficiency/weakness so that States will be able to take better corrective actions; and*

(d) *if the State's report on the status of grievances/complaints indicates substantial and material noncompliance with the program requirements, then evaluate the State's program.*

(e) *each State will also be subject to periodic financial audits to ensure that their funds are being allocated and expended appropriately and adequate internal controls are in place which will help ensure that all monies are being safeguarded. The Secretary may conduct such other audits as deemed necessary to ensure compliance.*

(4) *The Secretary shall promulgate regulations to revise the penalty process for failures to meet the program's performance goals and objectives and/or failure to generate reliable and valid data.*

(a) *Penalties shall be imposed immediately after a corrective action period, but one-half of the penalties shall be put in escrow for a period of up to two years to be returned to the State if the State passes the audit in the two-year period.*

(b) *Penalties placed in escrow can be used by the State to contract for technical assistance at the discretion of the Secretary.*

Staffing Study

Insufficient staff levels have been cited as the greatest barrier to effectively processing child support cases. Despite significant State savings from the program, staffing levels have not kept pace with caseloads ever increasing in size and complexity. Comprehensive data on staffing is almost nonexistent. To address this information vacuum, staffing studies will be conducted for each State child support enforcement program, including an assessment of the effects of automation on human resource needs. States can use this information for informed personnel and budgetary decision-making.

(1) *The Secretary of Health and Human Services or a disinterested contractor shall conduct staffing studies of each State's child support enforcement program. Such studies shall include a review of the automated case processing system and central registry/central payment center requirements and include adjustments to future staffing if these changes reduce staffing needs. Such staffing studies may be periodically repeated at the Secretary's discretion. The Secretary shall report the results of such staffing studies to the Congress and the States.*

Expanded Outreach

No manner of child support reform will be truly successful unless parents are aware of and have reasonable access to services. Despite the fact that State child support agencies are currently required to advertise the availability of services, many families remain unaware of the program and still others find that services are not easily accessible.

In addition to the paternity establishment outreach provisions described earlier, the proposal will require each State to develop an outreach plan to inform families of the availability of IV-D services and to provide broader access to services, including initiatives which target the needs of working families and non-English speaking families. The Federal government will aid this effort by developing outreach prototypes and a multi-media campaign which focuses on the positive effects a noncustodial parent's involvement can have on a child's life as well as the detrimental effects of a parent's failure to participate.

(1) *In order to broaden access to child support services, each State plan must:*

(a) *respond to the need for office hours or other flexibility that provide parents opportunity to attend appointments without taking time off of work; and*

(b) *develop and appropriately disseminate materials in languages other than English where the State has a significant non-English-speaking population; staff or contractors who can translate should be reasonably accessible for the non-English-speaking person provided services.*

(2) *To aid State outreach efforts, OCSE must:*

(a) *develop prototype brochures that explain the services available to parents with specific information on the types of services available, the mandated time frames for action to be taken, and all relevant information about the procedures used to apply for services;*

(b) *develop model public service announcements for use by States in publicizing on local television and radio the availability of child support services;*

(c) *develop model news releases that States could use to announce major developments in the program that provide ongoing information of the availability of services and details of new programs; and*

(d) *focus more resources on reaching putative fathers and noncustodial parents through a multimedia campaign that acknowledges positively those who comply and spotlights the detrimental effects on a child of a parent's failure to financially and emotionally participate in the child's life.*

Customer Accountability

Under current law, OCSE has few requirements regarding how IV-D offices are to interact with the "customer," i.e., the affected family members, and how State agencies should respond to child support customers' complaints. Under the proposal, States will be required to notify custodial parents on a timely basis before all scheduled establishment and modification hearings or conferences. The State agency has 14 days to provide a copy of any subsequent order to the custodial parent. If someone receiving IV-D services feels the services provided were inadequate, he or she may request a fair hearing or a formal review process. Complaint and disposition reports shall be forwarded to the Department of Health and Human Services. These reforms give the "customers," the children's parents acting on behalf of the children, the redress that seems lacking in many States when the system fails to perform adequately. A mandatory formal grievance system should take care of most

complaints, with a back-up right to sue in case the state grievance system inadequately resolves serious deficiencies of the program.

(1) *State agencies shall notify custodial parents in a timely manner of all hearings or conferences in which child support obligations might be established or modified;*

(2) *State agencies shall provide custodial parents with a copy of any order that establishes or modifies a child support obligation within 14 days of the issuance of such order;*

(3) *An individual receiving IV-D services shall have timely access to a State fair hearing or a formal, internal complaint-review process similar to a State fair hearing, according to regulations established by the Secretary, provided that there is no stay of enforcement as a result of the pending fair hearing request (reports of complaints and dispositions shall also be reported to the Secretary);*

(4) *It is the intent of Congress that the express purpose of Title IV-D is to assist children and their families in collecting child support owed to them. Individuals who are injured by a State's failure to comply with the requirements of Federal law, including State plan requirements of various titles of the Social Security Act, should be able to seek redress in Federal court. (No specific private cause of action to enforce child support provisions of the law are contained herein because there is already a private cause of action under 42 U.S.C. 1983 to redress state and local officials' violations of Federal child support statutes.)*

Effective Date

Unless otherwise stated in the Appendix, the amendments made by this Act shall take effect on October 1, 1994.

IV. GUARANTEEING SOME LEVEL OF SUPPORT – CHILD SUPPORT ASSURANCE DEMONSTRATIONS

Improving child support enforcement is absolutely essential if we are going to make it possible for people to move from welfare to work. Single parents cannot be expected to bear the entire financial burden of supporting their children alone. We have to do everything possible to ensure that the non-custodial parent also contributes to the support of his or her child. Still, there will be cases where the support from the non-custodial parent will not be available; for instance, in cases where the non-custodial parent has been laid off from a job or presently has very low income.

Child Support Assurance (CSA) is a program that will provide a minimum insured child support payment to the custodial parent even when the noncustodial parent was unable to pay. With such a program, a combination of work and child support could support a family out of welfare and provide some real financial security. Unlike traditional welfare, Child Support Assurance will encourage work because it allows single parents to combine earnings with the child support payment without penalty. Also, according to some experts, Child Support Assurance will change the incentives for a mother to get an award in place and it will focus attention on the noncustodial parent as a source of support.

No state currently has a Child Support Assurance program, although the Child Assistance Program (CAP) in New York State has some similar features. Many States have expressed an interest in trying a Child Support Assurance program, provided that some federal assistance and direction could be provided. Major questions surround such programs - costs, implementation strategies, anti-poverty effectiveness, the effect on AFDC participation, etc. And unless the state really does a good job in enforcement, there is as question about whether such a program lets the noncustodial parent off the hook for payment.

State demonstrations will be used to try out Child Support Assurance with States being allowed some state flexibility to try different approaches. Evaluations of the demonstrations will be conducted and used to make recommendations for future policy directions.

(1) Congress will authorize and appropriate funds for three CSA demonstration programs: Yes!

(a) Demonstrations shall serve ___ percent of the national potentially eligible child support eligible families.

(b) Each demonstration will last seven to ten years. An interim report will be due four years after approval of the demonstration grant.

(c) The Secretary shall determine from the interim reports whether the programs should be extended beyond seven to ten years and whether additional State

demonstrations should be recommended, based on various factors that include the economic impact of CSA on both the noncustodial and custodial parents, the rate of noncustodial parents' child support compliance in cases where CSA has been received by the custodial parent, the impact of CSA on work-force participation and AFDC participation, the anti-poverty effectiveness of CSA, the effect on paternity establishment rates, and any other factors the Secretary may cite.

(d) As part of the demonstrations, some States will have the option of creating work programs so that noncustodial parents could work off the support if they have no income.

(e) The demonstration projects are based on a 90%/10% federal/state match rate (the higher federal match applies only to administrative costs attributable to the program and that portion of the benefits that does not represent the reduction in AFDC due to receipt of the CSA benefit.)

(f) The Secretary may terminate the demonstrations if the Secretary determines that the State conducting the demonstrations is not in substantial compliance with the terms of the approved application.

(g) The Secretary may approve both state-wide demonstrations and demonstrations that are less than state-wide.

(h) The Secretary shall develop standards for evaluation including appropriate random assignment requirements.

(i) The Secretary shall allocate up to ___ percent of AFDC collections for evaluation.

(2) The child support assurance criteria for the State demonstration programs will require that:

(a) the CSA program be administered by the state IV-D agency, or at state option, its department of revenue; in order to be eligible to participate in the CSA program, States must ensure that their automated systems that include child support cases are fully able to meet the CSA program's processing demands, timely distribute the CSA benefit, and interface with an in-house (or have on-line access to a) central statewide registry of CSA cases.

(b) States are provided flexibility in designing the benefit scales within the following parameters: benefit levels between $1,500 per year for one child and $3,000 per year for four or more children and benefit levels between $3,000 per year for one child and $4,500 per year for four or more children.

(c) CSA basic benefit amounts are indexed to the adjusted Consumer Price Index.

(d) CSA benefits are counted as private child support for the purpose of eligibility for other government programs;

(e) CSA benefits are deducted dollar for dollar from an AFDC grant, except that in low benefit States, the Secretary shall have discretion to approve applications for programs with less than a dollar for dollar deduction. (Also, where CSA removes someone from the AFDC grant, States may, at their option, continue eligibility for other related benefits that would have been provided under the AFDC grant.) If a State chooses it may supplement the CSA basic benefit amount by paying the FMAP contribution of any supplement up to $25, and all of any supplement over $25.

(f) CSA eligibility is limited to children who have paternity and support established. Waivers from this requirement may be granted only in cases of rape, incest, and danger of physical abuse.

(g) CSA benefits are treated as income to the custodial parent for State and Federal tax purposes. At the end of the calendar year, the state will send each CSA recipient a statement of the amount of CSA provided and private child support paid during the calendar year. If the CSA benefits exceed the support collected, the difference is taxable as ordinary income.

(h) money collected from the noncustodial parent be distributed first to pay current support, then CSA arrearages, then family support arrearages (see distribution section of enforcement), then AFDC debts.

(i) in cases of joint and/or split custody, a person is eligible for CSA if there is a support award that exceeds the minimum insured benefit or the court or agency setting the award certifies that the child support award will be below the minimum CSA benefit if the guidelines for sole custody were applied to either parent.

Additional Demonstrations

(1) At least two additional demonstrations will approved for an advanced minimum child support payment program. Under these demonstrations, States must:

(a) establish a minimum child support obligation of at least $50 per child. (The $50 minimum obligation will be set at the time the order is established or when an existing order is modified);

(b) provide that the recipients who leave AFDC and other custodial parents who are not on AFDC could apply for advanced payment of the $50 minimum payment. States must guarantee the $50 per month minimum payment to the custodial parent even if it fails to collect from the noncustodial parent;

(c) at State option, States may require the noncustodial parent to work off the support due.

Section 1115 Waivers

(1) the prohibition in Section 1115(3)(c) against child support enforcement demonstrations that increase costs to the Federal government under the Aid to Families with Dependent Children (AFDC) program is repealed.

V. ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NON-CUSTODIAL PARENTS

Issues concerning child support enforcement and issues concerning non-custodial parents cross-cut to a great degree. The well-being of children, who only live with one parent, will be enhanced if emotional and financial support were provided by both of their parents. There are many reasons that such support is not provided. In some cases non-custodial parents are unwilling to provide financial support. Proposed improvements in the child support enforcement system will reduce such willful denial of financial support.

There are other impediments to the lack of parental support from non-custodial parents. Some parents have difficulties negotiating successful parenting partnerships once the family is no longer living together. Such families often can benefit from programs which focus on the need by the children to have continuing relationships with both parents.

Other parents have inadequate skills and resources to provide adequate support for their children. These parents are often part of the growing number of workers with low and very low incomes. Young workers, the less well-educated, and minorities in particular have disproportionately borne the brunt of the economic changes of the past few decades. These parents need help in obtaining skills and jobs which will help them meet their financial child support responsibilities.

Finally, some non-custodial parents have difficulty understanding their rights and responsibilities as parents, because they had missing or inadequate role models when they were children. These parents need programs to help them reconnect to a family structure in which they can nurture and support their children. These programs will help communities and families work together to improve the wellbeing of our most vulnerable children.

As there is not a long track record of research and evaluation on programs for non-custodial parents, it is envisioned that new programs should be modest and flexible, growing only as evaluation findings begin to identify the most effective strategies.

Access and Visitation Grants to States

Children need emotional and social support of both parents, as well as financial support. While it is necessary to clearly distinguish between obligations for financial support and other parent-child interactions, positive parent-child interactions may have an effect on support payment compliance as well as other aspects of child well-being. There is also evidence that many parents need help in understanding how to implement cooperative parenting after a divorce or separation occurs and that children are harmed by the continuation of hostile relationships between their parents. The Family Support Act of 1988 authorized Access demonstration to determine if such projects reduced the amount of time required to resolve

access disputes, reduced litigation relating to access disputes, and improved compliance in the payment of support. These demonstrations are coming to a close and there is no provision for the on-going funding of additional projects.

This proposal will supplement state efforts to provide increased support for access and visitation projects which reinforce the need for children to have continued access to and visitation by both parents.

(1) Grants will be made to States for access and visitation related programs; including mediation (both voluntary and mandatory), counseling, education, development of parenting plans, visitation enforcement including monitoring, supervision and neutral drop off and pick up and development of guidelines for visitation and alternative custody arrangements.

(a) The Administration for Children and Families, Department of Health and Human Services will administer the program.

(a) States will be required to monitor and evaluate their programs; evaluation and reporting requirements will be determined by the Secretary;

(c) States may sub-grant or contract with courts, local public agencies or to private non-profit agencies to carry out the approved grant work;

(d) Program(s) operating under the grant will not have to be state-wide;

(e) Funding will be authorized as a capped entitlement under section IV-D of the Social Security Act. State grantees will receive funding at the regular FFP program rate. Projects will be required to supplement rather than supplant State funds.

Training and Employment for Noncustodial Parents

There is evidence that one of the primary reasons for non-support by some non-custodial parents is unemployment and underemployment. In a recent GAO report evidence was presented that about 29 percent of non-custodial fathers under age 30, many of whom were non-marital fathers, had income below the poverty level for one or no income at all. It will be difficult for these fathers to contribute much to the financial support of their children without additional basic education, work-readiness and job training which would enhance their earning capacity and job security.

Under current law the Secretary is permitted to fund a limited number of demonstrations to provide services to non-custodial parents. This proposal would provide states with the option of developing JOBS and WORK programs for the non-custodial parents of children who are

receiving AFDC or have child support arrearages owed to the state from prior periods of AFDC receipt. States will be given the flexibility to develop different models of non-custodial parent programs which could best address the needs of children and parents in their state. Evaluations will be required as appropriate for the options developed by the States. As the child support system becomes more vigorous in its pursuit of financial support for all children, recognition needs to be given to the fact that some fathers are as poor as the mothers and children who are receiving AFDC. These parents need to be provided with opportunities to fulfill their role as financial providers for their children.

(1) *Noncustodial parents' participation in JOBS and WORK programs could be operated as a combined or as separate programs.*

JOBS Participation

(1) *At State option, up to 10 percent of JOBS program funding could be used for training and work readiness programs for noncustodial parents.*

(a) *States must follow evaluation and reporting requirements, including random assignment, as determined by the Secretary.*

(b) *At State option, participation by non-custodial parents could be mandatory or voluntary but the non-custodial parents' children will have to be receiving AFDC or WORK services at the time of referral in order to participate. Paternity, if not already established, will have to be voluntarily acknowledged prior to participation in the program. Arrears do not have to have accrued in order for non-custodial parents to be eligible to participate. For those parents with no identifiable income, participation could commence as part of the establishment or enforcement process.*

(c) *Non-custodial parents could continue participating in the program even if the child(ren) became ineligible for AFDC. However, if the non-custodial parent voluntarily left the program, was placed in a job, or was terminated from the program, he could not be readmitted unless his child(ren) was once again reliant on AFDC (or similar) benefits.*

(d) *States are not required to provide the same JOBS services to custodial and non-custodial parents, although they may choose to do so. The non-custodial parent's participation will not be linked to self-sufficiency requirements or JOBS/WORK participation by the custodial parent.*

TIME LIMITS?

(e) *At State option, the child support obligation could be suspended or reduced to the minimum while the noncustodial parent was participating in JOBS activities*

WHY?

which did not provide a stipend or wages sufficient to pay the amount of the current order.

(2) *Parenting and peer support services will be eligible for FFP.*

(3) *Payment of training stipends will be allowed and such payments will be eligible for FFP. Stipends could be garnished for payment of current support.*

(4) *State-wideness requirements will not apply.*

(5) *This option will be effective FY 1997; however, the Secretary will have the authority to approve a State's grant in advance of the effective date, if the State agreed to minimum evaluation and reporting requirements.*

WORK Participation

(1) *At State option, up to 10 percent of WORK program funding could be used for work programs and work opportunities for noncustodial parents.*

(a) *States must follow evaluation and reporting requirements, including random assignment, as determined by the Secretary.*

(b) *At State option, participation by non-custodial parents could be mandatory or voluntary but the non-custodial parents' children will have to be receiving AFDC/JOBS/WORK services at the time of referral or have arrearages owed to the State for periods when the children were participating in the AFDC/JOBS/WORK program. Paternity, if not already established, will have to be voluntarily acknowledged prior to participation in the program. Arrears do not have to have accrued in order for non-custodial parents to be eligible to participate. For those parents with no identifiable income, participation could commence as part of the establishment or enforcement process.*

Why MAX kids?

(c) *Non-custodial parents could continue participating in the program even if the their children became ineligible for AFDC. However, if the non-custodial parent voluntarily left the program, was placed in a job, or was terminated from the program, he could not be readmitted unless his child(ren) was once again reliant on AFDC (or similar) benefits or arrears to the State were still outstanding. Participation in JOBS is not a prerequisite for participation in WORK. The non-custodial parent's participation will not be linked to self-sufficiency requirements or JOBS/WORK participation by the custodial parent.*

(d) *States will not have to provide all WORK opportunities offered to custodial parents in their non-custodial parents WORK program, although they may choose to do so.*

(e) *Parenting and peer support services will be eligible for FFP.*

(f) *Payment of WORK stipends will be required. Stipends could be garnish to pay current child support.*

How are wages set?

(g) *State-wideness requirements will not apply.*

Demonstration Grants for Paternity and Parenting Programs

There is considerable evidence that increased poverty is not the only adverse affect on children of fatherless families. Fathers have an important role to play in fostering self-esteem and self-control in children and in increasing and promoting the career aspirations of both sons and daughters. Some clinical researchers and social commentators believe that much of the increase in violent behavior among teenage boys is at least in part due to the lack of positive male role-models and supportive fathering in many communities. But good fathering is especially difficult for the many men who themselves belong to a second and third generation of "fatherless" families or whose own role models for parenting were abusive or neglectful. This proposal would focus on helping fathers (primarily poor, young, non-marital fathers) understand and accept their responsibilities to nurture and support their children. Building on programs which seek to enhance the well-being of children this proposal would facilitate the development of parenting components aimed specifically at fathers whose participation in the lives of their children is often ignored or even unintentionally discouraged.

(1) *Demonstration grants will be made available to states and/or community based organizations to develop and implement non-custodial parent (fathers) components for existing programs for high risk families (e.g. Head Start, Healthy Start, Family Preservation, Teen Pregnancy and Prevention) to promote responsible parenting, including the importance of paternity establishment and economic security for children and the development of parenting skills.*

(2) *Grants must last three years, have an evaluation component and be replicable in similar programs.*

(3) *Funding appropriation will be a capped set-aside within WORK at $10 million for the first 5 years.*

WHY?

APPENDIX A

EFFECTIVE DATES FOR IMPLEMENTING HYPOTHETICAL REFORMS

The following schedule assumes passage of Federal legislation before October 1, 1994. Legislation amending existing Federal statutes outside of Title IV-D of the Social Security Act is effective upon enactment unless stated otherwise. Legislation amending Federal responsibilities under Title IV-D is effective October 1, 1994.

Any state requirement that requires legislation to be effective within two years of the date of enactment of the Federal legislation should have an additional caveat: "...or, if the state legislature meets biennially, within three months after the close of its first regular session that begins after enactment of this bill."

Page #	Proposed Requirement	Effective Date
1	Paternity	
1	New paternity measurement	Oct. 1, 1995
2	FFP - paternity (see FFP phase in below)	Oct. 1, 1997
2	Performance-based incentives	Oct. 1, 1996
2	Federally approved state incentives/demos	Oct. 1, 1996
3	State/health care provider information	Oct. 1, 1996
4	Simplified paternity procedures	Oct. 1, 1995
7	State outreach requirements	Oct. 1, 1996
7	Enhanced FFP (90%) for paternity outreach	Oct. 1, 1995
8	Cooperation and good cause requirements	10 months after enactment
12	Accreditation of genetic testing labs	
	fed regulations	Oct. 1, 1995
	effective for 1st new state contract	Oct. 1, 1995
13	Administrative authority for establishment	Oct. 1, 1997
15	National Commission on Child Support Guidelines	
	Authorized	Oct. 1, 1994
	Named by	March 1, 1995
	Report due	July 1, 1997
16	Review and Adjustment for All Cases	Oct. 1, 1999
19	Distribution Changes	
20	New priority/multiple orders	Oct. 1, 1997
13	Treatment of child support in AFDC cases	Oct. 1, 1995

21	Tax offset-returns filed	after Jan. 1, 1996
22	Central State Registry	
	Automated requirements tied to current FSA/OCSE requirements	Oct. 1, 1995
	Other requirements	Oct. 1, 1997
26	Central Payment Center	
	Centralized collection/distribution start up	Oct. 1, 1997
	Statewide distribution	Oct. 1, 1998
28	Administrative Action to Change Payee	Oct. 1, 1995
29	National Child Support Registry	
	Funding	Oct. 1, 1994
	On-line/fully operational	Oct. 1, 1997
31	National Directory of New Hires	
	Funding	Oct. 1, 1995
	On-line for all States	Jan. 1, 1997
	Universal ER reporting requirements	Jan. 1, 1997
31	Feasibility Study (STAWRS, SSA, AHSA)	
	Funded	Oct. 1, 1994
	Let	Dec. 1, 1994
	Due	June 1, 1995
	HHS/IRS decision	Aug. 1, 1995
33	National Locate Registry	
	Funding	Oct. 1, 1994
	On-line/fully operational	Oct. 1, 1997
34	Union Hall Cooperation - State Laws	Oct. 1, 1995
34	Studies: Locate and Credit Reporting Agencies	
	Funded	Oct. 1, 1995
	Let	Dec. 1, 1995
	Due	Dec. 1, 1996
35	IRS Data (IRS and state changes)	Oct. 1, 1995
35	IRS Tax Offset- Effective for returns	after Jan. 1, 1996
36	IRS Full Collection	
	Nonautomated changes	Oct. 1, 1995
	Automated funding	Oct. 1, 1994
	Automated IRS implementation	Oct. 1, 1995

	Interstate Enforcement	
38	UIFSA (legis. flexible until 1/1/96)	Oct. 1, 1995
39	Federal request for information	
	OCSE distributes form	Oct. 1, 1995
	nationwide force effective	Oct. 1, 1995
38	Other state laws	Oct. 1, 1995
41	Other Enforcement Measures	
41	State enforcement law changes	Oct. 1, 1995
41	Exception: liens and immediate wage withholding in all non-IV-D cases	Oct. 1, 1997
45	Tax Deduction Coordination	Jan. 1, 1996
49	Privacy Protections	
	Federal regulations	Oct. 1, 1995
	State implementation	Oct. 1, 1996
51	Federal Financial Participation	
	66% to 69%	Oct. 1, 1995
	70% to 72%	Oct. 1, 1996
	73% to 75%	Oct. 1, 1997
51	Incentives	
	Federal reg promulgation	Oct. 1, 1995
	Paternity standard	Oct. 1, 1997
	Overall performance	Oct. 1, 1997
52	Enhanced (80%) Unified System	Oct. 1, 1997
53	Enhanced (90%) ADP System Enhancement	
	Start up	Oct. 1, 1994
	Sunsets	Oct. 1, 1999
53	State/Federal Maintenance of Effort	Oct. 1, 1997
54	Revolving Loan Fund	Oct. 1, 1995
55	Training/Technical Assistance	
	OCSE begins its efforts	Oct. 1, 1994
55	OCSE Earmarked Funding	Oct. 1, 1994
	State requirements	Oct. 1, 1995
57	Audit and Technical Assistance	
	Technical assistance funding	Oct. 1, 1994
	Federal audit regulations	Oct. 1, 1995

	State-based audit requirements	Oct. 1, 1996
59	Staffing Studies Funded	Oct. 1, 1994
	Studies completed	Oct. 1, 1996
59	Outreach	
	States begin to meet goals	Oct. 1, 1995
	OCSE requirements/funding	Oct. 1, 1995
60	Customer Accountability	
61	Fair hearings	
	Federal regulations	Oct. 1, 1995
	State implementation	Oct. 1, 1996
62	Child Support Assurance (CSA) Demonstrations	
	Fed/state funding for CSA	Oct. 1, 1995
	State interim reports	Jan. 1, 1999
	State final reports	Oct. 1, 2002-5
	Federal reports to Congress	Apr. 1, 2005
	Federal administrative funding	Oct. 1, 1994
	Federal regulations	Oct. 1, 1995