



DEPARTMENT OF HEALTH & HUMAN SERVICES

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Comments:

Here's information on the 8% figure.

*Thanks _____
Amy*

People off Welfare

WR - Child Support

QUESTION:

How many people would get off welfare if all non-custodial parents paid the support they were supposed to pay?

ANSWER:

- ▶ Approximately 8 percent of the AFDC caseload would be able to move off welfare if they received child support payments.¹ In addition, for a custodial parent in a low wage job, child support could be the crucial factor preventing her from entering the welfare rolls.
- ▶ AFDC costs could be reduced by over 25 percent if child support awards were in place in all cases, and non-custodial parents paid appropriate support. This money would come from the 8 percent reduction in caseload and from the reimbursement the government would get for AFDC benefits paid to custodial parents on welfare.²

¹From TRIM microsimulation analysis done by the Urban Institute.

²Current Population Survey - Child Support Supplement and Survey of Income and Program Participation: unpublished ASPE tabulations; Office of Child Support Enforcement and Office of Family Assistance published reports: Family Disruption and Economic Hardship: Series P-70, No. 23.

February 23, 1995

QUESTION: Does the 8 percent figure refer to the current caseload?

ANSWER: The 8 percent figure was derived from 1989 data, (the most recent year of child support data available). This 8 percent can be applied to 1993 caseload since there is no reason to assume that the percent would have changed over that time period. It should also be noted that the 8 percent figure is based on custodial-parent families only--not on the entire caseload. The correct figure for the entire caseload is 6 percent.

QUESTION: How many people does the 8 percent number transfer into?

ANSWER: In 1993, the AFDC single-parent caseload was approximately 3.8 million. Eight percent of that is 304,000 families. This breaks-down into approximately 304,000 parents and 578,000 children, or 882,000 people.

WR - Child Support

8/16/96

NOTE TO BRUCE REED --

If the President talks about child support when he signs the welfare bill, he may want to use this new statistic from our Office of Child Support Enforcement:

"Last quarter, we collected 47 percent more child support than during the same period four years ago."

Please call me if you have any questions or need more details.

Thanks--
Sarah Gegenheimer

wp
Child Support enforcement



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States, Banks Ally for Child Support

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By Karen Gullo
 Associated Press Writer
 Friday, Jan. 28, 2000; 2:15 a.m. EST

WASHINGTON — Using new powers granted by Congress, the federal government found \$1 billion in the accounts of parents who owe overdue child support payments. States are seizing the accounts and getting parents to pay up.

Washington state officials have seized hundreds of accounts and collected \$2 million from deadbeat parents. Florida has seized 232 accounts and collected \$191,706.

In Ohio, one county child support office froze the accounts of 40 people who owed \$90,000. So far, more than \$40,000 owed to children has been collected and paid back. An additional 17 people have been notified their accounts could be seized.

"It's a very important tool for us," said Maricarol Torsok, director of a county child support office near Toledo, Ohio.

Torsok received the names of parents with bank accounts from the Department of Health and Human Services, which has been working with 2,300 banks across the country since August to find the accounts of 3 million parents who owe child support.

The department sends a computer tape with the names and Social Security numbers of delinquent parents to large multistate banks and brokerages, which in turn search their records to find a match.

So far 662,000 accounts were matched with names. States get the information within 48 hours of the match and move quickly to freeze the account and collect what's owed.

The bank account match system is part of a tough law passed by Congress in 1996 to track down parents who owe child support payments and tap their wages, tax refunds and bank accounts.

The law was revised in 1998 to give HHS the authority to do matches with large banks with branches in many states. States have until October to work out agreements with local banks to conduct their own matches.

"We are working harder than ever to ensure children get the support from both parents they deserve and need," HHS Secretary Donna Shalala said.

Some 30 million children are owed \$50 billion in child support and

funds are being collected in only 23 percent of all cases, according to The Association for Children for Enforcement of Support Inc., an advocacy group

One-third of all child support cases involve parents who live in a different state than the one that has ordered them to pay.

State officials say the bank account matching system works best when the parent has an account at banks within the state.

Torsok said her office received over 5,000 hits from HHS, many involving parents whose accounts were at out-of-state banks. Seizing those accounts involves many steps, so the state focused first on accounts at banks in Ohio.

Account holders are sent a notice saying that the state can take a variety of steps to seize their assets, including freezing bank accounts. They can request a hearing, but few do. Most deadbeats do not find out that their accounts have been seized until they try to access their account.

"The notice doesn't say in big bold letter that we're going to take your money, so if they choose to ignore the letter, they find out when they go to withdraw money," Torsok said.

Notification rules vary from state to state.

In Washington state, parents already under notice that they owe money do not receive any warning that their bank accounts are in jeopardy.

If the contents of the account holds less than what the parents owe, the state can take everything.

"This is a last resort collection tool, it's someone who owes arrears and is not cooperating," said Charles Donnelly, policy manager at the state's division of child support.

Many states have had serious problems delivering to families the fruits of collection efforts because of problems with new computer systems created to allow states to share information and track down deadbeats more easily.

Debbie Kline, project director at The Association for Enforcement of Support, applauded the bank match system, but questioned how quickly money collected will get to the kids that need it.

"This whole thing would work a lot better if the state systems worked," said Kline.

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W12 -
Child Support -
Fatherhood

WHITE HOUSE UNVEILS NEW RESPONSIBLE FATHERHOOD INITIATIVE TO PROMOTE WORK AND BOOST CHILD SUPPORT PAYMENTS

January 26, 2000

Today, the White House will unveil a major new initiative to promote work, child support, and responsible fatherhood. The responsible fatherhood initiative, part of the Administration's FY 2001 budget, will include new measures to 1) collect child support from parents who can afford to pay; 2) ensure that more child support goes directly to families, and 3) provide funds to help more "deadbroke" fathers who owe child support go to work. These responsible fatherhood proposals are a critical next step in welfare reform, and will build upon the Administration's efforts to help low-income families succeed in the workforce and help even more long-term welfare recipients go to work. The White House today will also announce new data showing that thanks to the Administration's child support crackdown, collections have nearly doubled since President Clinton and Vice President Gore took office.

COLLECTING MORE CHILD SUPPORT FROM FATHERS WHO CAN PAY. The Administration's budget will include new initiatives to crack down further on parents who owe child support. These initiatives will collect nearly \$2 billion for children over the next five years by:

- Booting the Cars of Deadbeat Parents. This will take nationwide a policy adopted in Virginia that immobilizes vehicles owned by deadbeat parents until they begin to pay what they owe. During the pilot phase, this initiative collected an average of \$5,000 from each deadbeat parent. This new tool will enable every state to collect more child support; there will be safeguards to ensure that those legitimately trying to pay are not targeted.
- Intercepting Gambling Winnings to Collect Past-Due Child Support. Gambling winnings are a form of income, which until now has been out of reach to families who are owed child support. Under this initiative, gambling establishments will check whether individuals with large winnings owe child support as they complete existing procedures for withholding federal income taxes. Gamblers owing child support will have their winnings seized.
- Denying Passports to Parents Who Owe \$2,500 or More in Child Support. This proposal will deny passports to parents owing more than \$2,500 in child support. This expands the current passport denial program, which rejects passport applications or renewal requests if child support arrearages exceed \$5,000, and currently results in 30-40 denied passports per day. Rejected parents often pay child support immediately in order to obtain their passports.
- Prohibiting Medicare Participation by Providers Owing Child Support. This bars doctors and other health providers who owe child support from becoming Medicare providers.
- Requiring More Frequent Updating of Child Support Orders. This proposal will require states to review support orders every three years for families receiving TANF and adjust them accordingly. New orders reflecting parents' updated salary information will bring more child support to children who need it.

STREAMLINING CHILD SUPPORT RULES SO MOTHERS GET MORE RELIABLE CHILD SUPPORT INCOME. The Administration's budget will contain a proposal that will ensure that more child support goes directly to families. Current child support distribution rules are complicated, and often result in government, not families, keeping child support monies paid by the father. Today's proposals will simplify distribution rules and provide incentives to states that pass through more child support payments directly to families. In states that adopt the new options, families that have left welfare will be able to keep all the child support paid by the noncustodial parent; families still working their way off welfare will be able to keep up to \$100 a month. These proposals will create a clearer connection between what a father pays and what his family gets, giving parents more reason to cooperate with the child support system.

HELPING LOW-INCOME FATHERS AND WORKING FAMILIES SUPPORT THEIR CHILDREN. The Administration's budget also proposes \$255 million for the first year of a new "Fathers Work/Families Win" initiative to help low-income non-custodial parents and low-income working families work and support their children.

- **Fathers Work.** To ensure that low-income fathers who are not living with their children provide the financial and emotional support their children deserve, the Administration's budget will include \$125 million for new "Fathers Work" grants. These grants will help approximately 40,000 low income non-custodial parents (mainly fathers) work, pay child support, and reconnect with their children. As part of this effort, states will need to put procedures in place to require more parents who owe child support to pay or go to work, expanding current requirements to include parents of children not on welfare. This initiative builds on over \$350 million in responsible fatherhood initiatives funded through the Labor Department Welfare-to-Work program.
- **Families Win.** To reward work and responsibility and ensure that all families benefit from the booming economy, the Administration's budget will include \$130 million in new grants to help hard-pressed working families get the supports and skills they need to succeed on the job and avoid welfare. These funds will leverage existing resources to help families retain jobs and upgrade skills, and get connected to critical work supports, such as child care, child support, health care, food stamps, housing, and transportation. Families Win grants will serve approximately 40,000 low-income families, including mothers and fathers, former welfare recipients, and people with disabilities. Within these funds, \$10 million will be set aside for applicants from Native American workforce agencies.

CHILD SUPPORT COLLECTIONS SET NEW RECORD, NEARLY DOUBLING SINCE 1992. The White House today will also announce new data showing that the Administration's child support campaign nearly doubled collections to \$15.5 billion in FY 1999, up from \$8 billion in 1992. A record \$1.3 billion of these collections came from withholding federal tax returns from deadbeat parents, with the balance coming from a variety of stronger enforcement tools put in place since 1992, allowing garnishing of wages, seizing of bank accounts, and taking of drivers and other licenses. The new data show that efforts to track deadbeat parents across state lines are working – 2.8 million parents were located in the first two years of operation of the National Directory of New Hires, which matches child support orders to employment

records. These statistics confirm promising trends, showing that paternity establishment – often the first step in collecting child support – tripled to nearly 1.5 million in 1998, and the number of child support cases with collections rose from 2.8 million in 1992 to 4.5 million in 1998.

EXTENDING WELFARE-TO-WORK GRANTS. To help more long-term welfare recipients and low-income fathers go to work and support their families, the Administration's budget will give state, local, tribal, and community- and faith-based grantees an additional two years to spend Welfare-to-Work funds, ensuring that roughly \$2 billion in existing resources continues to help those most in need. This will give grantees an opportunity to fully implement the \$3 billion Welfare-to-Work initiative the Administration fought to include in the 1997 Balanced Budget Act, as well as the program eligibility improvements enacted last year with the Administration's support.

NEW INITIATIVES ARE IMPORTANT NEXT STEP IN WELFARE REFORM. The initiative to be announced today is an important next step in welfare reform, which has moved millions of single parents (mainly mothers) into the workforce, and it is a logical extension of the existing Welfare-to-Work funds, which are helping long-term welfare recipients and low-income fathers work and support their families.

Three years after the enactment of the welfare reform law, we've seen revolutionary changes to promote work and responsibility. Numerous independent studies confirm that people are moving in record numbers from welfare to work, and welfare rolls are down by more than half since 1992 to their lowest level in 30 years. The 12,000 companies in the Welfare to Work Partnership launched by the Administration in 1997 have hired nearly 650,000 former welfare recipients. More than 1.3 million welfare recipients nationwide went to work in 1998 alone; the percentage of adults still on welfare who were working nearly quadrupled between 1992 and 1998, with all fifty states meeting the welfare reform law's overall work requirement. Today, there are 2.2 million fewer children living in poverty than in 1993, and the child poverty rate declined from 22.7 percent to 18.9 percent – the largest five year drop in nearly 30 years. The overall poverty rate fell to 12.7 percent in 1998, with 4.8 million fewer people in poverty than in 1993.

Welfare Reform Q&As
WHITE HOUSE UNVEILS NEW RESPONSIBLE FATHERHOOD INITIATIVE
TO PROMOTE WORK AND BOOST CHILD SUPPORT PAYMENTS
 January 25, 2000 DRAFT

Q: What is the President proposing to promote responsible fatherhood?

A: Today, the White House will unveil a major new initiative to promote work, child support, and responsible fatherhood. The responsible fatherhood initiative, part of President Clinton's FY 2001 budget, will include new measures to 1) collect child support from parents who can afford to pay; 2) ensure that more child support goes directly to families, and 3) provide funds to help more "deadbroke" fathers who owe child support go to work. These responsible fatherhood proposals are a critical next step in welfare reform, and will build upon the President's efforts to help low-income families succeed in the workforce and help even more long-term welfare recipients go to work. The White House today will also announce new data showing that thanks to the Administration's child support crackdown, collections have nearly doubled since President Clinton took office.

388 - Pass
815 - distrib.

Q: What tough new child support measures is the President proposing?

A: To collect more child support from fathers who can pay, the President's FY 2001 Budget will include several new initiatives to further crackdown on parents who owe child support and can afford to pay. These initiatives will collect nearly \$2 billion more over five years in support for children who need and deserve the support of both parents by:

Fed. cont. savings
- Pass. An 97m
- Distrib 996m
Gambling 189m
Adv. 232m
Match 41m
35 passport 183m
55 47m
35m
54m
Current law (attorneys)
Deadbeat 96m
Casinos
horse racing
Jai alai
348m
36m

Booting the Cars of Deadbeat Parents. This will take nationwide a policy adopted in Virginia that immobilizes vehicles owned by deadbeat parents until they begin to pay what they owe. During the pilot phase, this initiative collected an average of \$5,000 from each deadbeat parent. This new tool will enable every state to collect more child support; there will be safeguards to ensure that those legitimately trying to pay are not targeted.

Intercepting Gambling Winnings to Collect Past-Due Child Support. Gambling winnings are a form of income, which until now has been out of reach to families who are owed child support. Under this initiative, gambling establishments will check whether individuals with large winnings owe child support as they complete existing procedures for withholding federal income taxes. Gamblers owing child support will have their winnings seized.

Denying Passports to Parents Who Owe \$2,500 or More in Child Support. This proposal will deny passports to parents owing more than \$2,500 in child support. This expands the current passport denial program, which rejects passport applications or renewal requests if child support arrearages exceed \$5,000, and currently results in 30-40 denied passports per day. Rejected parents often pay child support immediately in order to obtain their passports.

102m - Soc Sec. recaps

T/A (1.9B)

- Prohibiting Medicare Participation by Providers Owing Child Support. This bars doctors and other health providers who owe child support from becoming Medicare providers.
- Requiring More Frequent Updating of Child Support Orders. This proposal will require states to review support orders every three years for families receiving TANF and adjust them accordingly. New orders reflecting parents' updated salary information will bring more child support to children who need it.

The President's budget will also contain a proposal that will ensure that more child support goes directly to families. Current child support distribution rules are complicated, and often result in government, not families, keeping child support monies paid by the father. Today's proposals will simplify distribution rules and provide incentives to states that pass through more child support payments directly to families. In states that adopt the new options, families that have left welfare will be able to keep all the child support paid by the noncustodial parent; families still working their way off welfare will be able to keep up to \$100 a month. These proposals will create a clearer connection between what a father pays and what his family gets, giving parents more reason to cooperate with the child support system.

Q: Aren't some of these new ideas going a bit too far? If a deadbeat's car is booted how is he supposed to get to work? Is the assertion here that gamblers are more likely to be deadbeats?

A: Absolutely not. Despite record child support collections, there are still too many parents who flagrantly ignore their obligations to their children. Clearly, the punishment meets the crime. By not paying their child support, deadbeat parents are renegeing on their financial responsibility to their children. The booting of vehicles will be used against the worst offenders – those who owe more than \$1,000 in past due support and have thumbed their noses at the state's previous attempts to collect. Even so, safeguards will be required to take extra care not to wrongfully embarrass anyone through administrative oversight or error. In Virginia's pilot program, parents paid \$5,000 on average in child support once their car was booted. Overall, we estimate that requiring states to have a policy in place to boot deadbeat's cars will increase child support collections to families by \$183 million nationwide over five years.

As for gambling winnings, gaming establishments already retain a portion of winnings for tax purposes. This proposal would only require that gaming establishments also have to check if individuals with winnings over a certain amount (\$600 to \$1,500 depending on the type of gambling) owe child support. If they do, winnings would be retained for the children of the gambler. This proposal would increase child support collections to families by \$348 million over five years.

Q: How does the process work to boot cars of deadbeats who owe child support?

A: The deadbeat parent must be at least \$1,000 in past due child support and have a current support obligation in order for the state to consider booting his car. Current law already requires that due process procedures be in place before liens are established and executed for purposes of child support enforcement. After all conventional enforcement remedies

have failed, such as wage garnishment, offsetting tax refunds, or seizing financial accounts, a lien can be placed on a deadbeat parent's car. Once a lien has been filed, the state child support agency will send a notice of intent to the non-custodial parent warning them of the action. Once the car has been booted by the sheriff or police department, the state child support agency must reach a payment agreement at which point the boot may be removed from the vehicle.

Currently, booting is occurring statewide in Virginia. As part of a pilot program in Fairfax County, Virginia, 70 cars were booted, garnering on average over \$5,000 from each deadbeat parent between March 1998 and December 1999. In addition, counties in Michigan and New Jersey are also using the car boot to strengthen their child support efforts.

Q: What are the new child support numbers released today?

A: Since taking office, the President has made child support enforcement a top priority, and those efforts are paying off for children across America. New figure released by the Department of Health and Human Services show that child support collections have nearly doubled since the President took office, from \$8 billion in 1992 to an estimated \$15.5 billion in 1999. Moreover, new figures show that a record \$1.3 billion of these collections came from seizing federal income tax refunds for tax year 1998 – again almost doubling the amount collected since 1992.

Q: What is the Fathers Work/Families Win program that the President is proposing?

A: To build on the investments and partnerships begun under the Welfare-to-Work program and the Workforce Investment Act, the President's budget proposes \$255 million for the first year of a new "Fathers Work/Families Win" initiative to help low-income non-custodial parents (mainly fathers) and low-income working families work and support their children. This effort represents the critical next stage of welfare reform which has moved millions of single parents (mostly mothers) into the workforce, and a logical extension of the existing Welfare-to-Work funds which are helping low-term welfare recipients and low-income fathers work and support their families. New competitive grants will be awarded to business-led local and state workforce investment boards who work in partnership with one-stop career centers, community and faith-based organizations, and agencies administering child support, TANF, food stamps, and Medicaid, thereby connecting low-income fathers and working families to the life-long learning and employment services created under the Workforce Investment Act.

Fathers Work Grants. To ensure that low-income fathers who are not living with their children provide the financial and emotional support their children deserve, the President's budget will include \$125 million for the first year of new Fathers Work grants to help approximately 40,000 low income non-custodial parents (mainly fathers) work, pay child support, and reconnect with their children. Funds could be used to provide job training, placement, and retention services including parenting education and other services that help non-custodial parents increase their employment and earnings, pay child support, and strengthen their connections with their children. As part

of this effort, states will need to put procedures in place to require more parents who owe child support to pay or go to work, expanding current requirements to include parents of children not on welfare. Currently this requirement applies to parents who owe child support for children receiving welfare. This initiative builds on over \$350 million in responsible fatherhood initiatives funded through the Department of Labor's Welfare-to-Work program to serve an estimated 125,000 low-income non-custodial parents.

Families Win grants. To reward work and responsibility and ensure that all families benefit from the booming economy, the President's budget will include \$130 million in new grants to help hard-pressed working families get the supports and skills they need to succeed on the job, move up the career ladder, and avoid welfare. These funds will build on and leverage existing resources to help families retain jobs and upgrade skills. All grantees will be expected to provide information and linkages to critical work supports, such as child care, child support, health care, food stamps, housing, and transportation. Families Win grants will serve approximately 40,000 low income families up to 200% of poverty, including mothers and fathers, former welfare recipients, and individuals with disabilities. Within these funds, \$10 million will be set aside for applicants from Indian and Native American workforce agencies.

Q: Why are you calling this the next step in welfare reform?

A: Since we have asked mothers to move from welfare to work, millions of families have moved from the dependency of welfare to the dignity of work. While many single mothers are doing a tremendous job of working and raising their children, they should not have to support their children alone. Every child deserves the support of two parents and these proposals will ensure that more fathers share responsibility for supporting their families. In addition, the Families Win grants will help low income working families, including former welfare recipients, succeed on the job, move up the career ladder, and avoid returning to welfare.

Welfare-to-Work and TANF

Q: Is the President backing away from his commitment to the Welfare-to-Work program?

A: No. We are extending this important initiative by giving state, local, tribal and community- and faith-based grantees an additional two years to spend Welfare-to-Work funds. This proposal will ensure that about \$2 billion in existing resources continues to help long-term welfare recipients and low-income fathers in areas of concentrated poverty go to work and support their families. This will give grantees an opportunity to fully implement the \$3 billion Welfare-to-Work initiative included in the 1997 Balanced Budget Act with the President's leadership, and the eligibility improvements enacted last year with the Administration's support. At the same time, the Fathers Work/ Families Win initiative takes the logical next step by building on the existing WtW and TANF efforts, and building the capacity of the Workforce Investment Act system to serve both low-income fathers and families.

Q: Why are you focusing on fathers – what about mothers?

A: This proposal does not focus on fathers at the expense of mothers. The Fathers Work grants will help raise the employment and earnings of low-income non-custodial parents (the vast majority of which are fathers) so they can meet their child support obligations. If we are to expect fathers to share in the responsibilities already carried by mothers under welfare reform, it is appropriate to devote resources to carrying out this requirement and helping those fathers who need help to go to work. Mothers on welfare are already required to work, and welfare block grant funds can be used to help both mothers on welfare go to work and succeed in the workforce, and to help low income working mothers who are not on welfare get jobs to prevent them from coming on to welfare. The Families Win grants will help low income single mothers, and two-parent families, whether or not they have been on welfare, get the additional skills and work supports they need to succeed on the job and move up the ladder. In addition, the Administration's Welfare-to-Work program helps long-term welfare recipients (mostly mothers) to get and keep a job, as well as helping low-income fathers. The two-year extension the President is proposing for current Welfare-to-Work grantees will allow states, communities, and tribes to use roughly \$2 billion in currently available resources to help even more long-term recipients over the next several years.

Q: How does this new child support work requirement work?

A: We will propose a child support legislative change to require states to put procedures in place to require more parents who owe child support to pay or go to work, expanding current requirements to include parents of children not on welfare. This broadens the existing requirement under which states need only have such procedures in place for parents who owe child support for children on welfare. Currently, about two-thirds of children owed child support are not on welfare [CHK], and this figure will continue to grow as more families leave welfare. Child support is a critical part of meeting the needs of low-income families and may become even more important once the family has left welfare. Currently while most states have a procedure on the books, most have not fully implemented them nor do they have fully developed employment programs for non-custodial parents in most places.

Q: Is this an unfunded mandate?

A: This is not an unfunded mandate because states still have latitude to define these procedures, including how will they be enforced. Under both current law, and our proposal, states simply have to have a procedure in place giving their courts or child support agencies the authority to require parents to owe support to work – states do not actually have to require work from every parent who owes support. However, with the new resources provided through the Fathers Work grants, in addition to the significant resources available through the Welfare-to-Work grants and TANF block grants that can be used to help non-custodial parents go to work, we think it is appropriate to strongly encourage states to expand these work requirements for more non-custodial parents.

Most low-income fathers want to work, and often work intermittently, but have very low earnings, and often have not accessed traditional employment programs. They are what many people call 'deadbroke' dads. There is encouraging evidence from places such as Tampa Bay, Florida that court-ordered employment, with resources to help fathers go to work, pays off. This program generates \$4 in child support collections for every \$1 invested in the program. Fathers in the Florida program are going to work at wages above the minimum wage, paying more child support, and being more involved with their children. Employers who have hired fathers through the program have been pleased with the participants and found they were highly motivated to work.

Q: How does the President's fatherhood initiative compare to last year's proposal?

A: For FY 2000, the Administration proposed to promote responsible fatherhood through a \$1 billion reauthorization of the Welfare-to-Work (WtW) program. The Administration proposal would have ensured that every state helps non-custodial parents (mostly fathers) meet their responsibilities by using at least \$150 million of their formula funds (20 percent) for job placement and job retention services for fathers who sign personal responsibility contracts committing them to work, establish paternity, and pay child support. While Congress did not provide additional resources for Welfare-to-Work last year, they did work with us to revise the eligibility requirements for the existing funds to more effectively serve both low-income fathers and long-term welfare recipients. Already, the WtW program has invested more than \$350 million in fatherhood employment projects operated mainly by local, community, and faith-based organizations.

Q: What's the Administration's record on the fatherhood issue?

A: With the Vice President's leadership, this Administration has worked for many years to strengthen the role of fathers in their children's lives. In 1993, Vice President Gore began meeting with fatherhood groups around the country, and at his third annual **Family Reunion Conference in 1994**, he challenged men to become actively involved in their children's lives and to provide emotional as well as financial support. This conference is widely hailed by fatherhood activists as a pivotal point in the development of the fatherhood movement which has resulted in the **National Practitioner's Network for Fathers and Families**; the **Father to Father** initiative that provides information to communities and individuals about strategies to support ways men reach out to one another with the intention of becoming better fathers; and almost \$20 million in private foundation funding for father-focused programs and research. With the Vice President's leadership, the President issued an **Executive Memorandum** in 1995 calling on federal agencies to incorporate fathers into their programs, research, and family-friendly workplace policies. Since then, a wide range of initiatives have been launched throughout the Federal government. For example, the Department of Education has made fathers a key part of their efforts to increase family involvement in children's learning and last October, the Secretaries of Education and Health and Human Services jointly hosted a **nationwide teleconference** to give teachers, school principals, and family service providers tools and strategies to successfully involve fathers in children's learning.

Pending Legislation Related to Fathers

Q: How does your child support proposal on “pass through” compare to pending legislative proposals?

A: Both Senator Kohl (with bipartisan support from Senator Snowe) and Senator Bayh (with bipartisan co-sponsors including Domenici) have introduced important legislation to encourage states to pass through more child support paid for children on welfare. We support the goal of both bills – to increase fathers’ incentive to pay child support and to increase the amount of child support that gets directly to poor children. We believe our budget proposal is very consistent with these legislative proposals.

Q: How do your proposals compare to the Bayh-Domenici fatherhood bill introduced in the Senate this Spring and the Johnson-Cardin bill Fathers Count Act that passed the House last Fall?

A: The Administration shares many of the same goals and ideas in terms of promoting responsible fatherhood, and we look forward to working with these members of Congress on this critical issue. Our proposals draw from both bills, but are more comprehensive than either of them. Like Senator’s Bayh and Kohl, we ensure that more child support goes to children (pass-through). Like Fathers Count and Senator Bayh’s bill, we provide grants to communities, though our Fathers Work grants are primarily focused on increasing employment. By sending grants to state and local business-led workforce boards, we strengthen the capacity of local one-stop career centers to work in partnership with a range of public and private entities including community and faith-based fatherhood groups, and link fathers to the ongoing employment services available through the Workforce Investment system

Welfare Reform Background

Q: How is welfare reform going?

A: In 1992, President Clinton promised to end welfare as we know it, and more than three years after the enactment of the welfare reform law, welfare reform is working. We’ve seen revolutionary changes to promote work and responsibility: welfare rolls are down by more than half to their lowest level in 30 years, and millions are moving from welfare to work – 1.3 million in just 1998 alone. All fifty states are meeting the law’s overall work requirement in 1998, and the percentage of adults still on welfare who were working reached 27 percent -- a nearly fourfold increase over the 7 percent in 1992. Census Bureau data show that the employment rate of people receiving welfare in the previous year has increased by 82 percent since 1992. Numerous independent studies also confirm that record numbers of people are moving from welfare to work.

Q: What were the bonuses the President announced in December?

A: In December, the President announced that 27 states were awarded the first high performance bonuses created to reward superior results in reforming welfare. The \$200 million in bonuses, which the President fought hard to authorize in the 1996 welfare

reform legislation, were given to the top ten states with the best records in each of four categories related to moving parents on welfare into jobs and their success in the workforce. The states ranked the highest in each category are Indiana (job placement), Minnesota (job success, measured by job retention and earnings), Washington (biggest improvement in job placement) and Florida (biggest improvement in job success, measured by job retention and earnings). According to reports filed by the 46 states competing for these bonuses, more than 1.3 million welfare recipients nationwide went to work in just the one year period between October 1997 and September 1998. Retention rates were also promising: 80 percent of those who got jobs were still working three months later. States also reported an average earnings increase of 23 percent for former welfare recipients, from \$2,088 in the first quarter of employment to \$2,571 in the third quarter.

Q: Has poverty among children increased under the Clinton/Gore Administration?

A: No. Overall, there are now 2.2 million fewer children living in poverty than in 1993 (15.7 million in 1993 compared to 13.5 million in 1998) and, the child poverty rate declined from 22.7 percent to 18.9 percent – the largest five-year drop in nearly 30 years. There have also been historic declines in the African-American and Hispanic child poverty rates, though both remain too high. From 1993 to 1998, the poverty rate among young children (under age six) has declined from a high of 26 percent (6.1 million children) to 20.6 percent (4.8 million children). This recent decrease came after a 52 percent increase between 1978 and 1993.

Q: Are there more children living in extreme poverty?

A: No. We're encouraged to see that the number of children living in extreme poverty (50% of the federal poverty level or \$6,400 for a family of three) dropped by nearly 600,000 between 1997 and 1998 (from 6.4 million to 5.8 million). The rate of extreme child poverty also dropped, from 9 percent to 8.1 percent. Since President Clinton and Vice President Gore took office, 1.2 million fewer children are living in extreme poverty – a drop of 18 percent, from 7 million in 1993 to 5.8 million in 1998.

Q: What has this Administration done to help families move out of poverty?

A: President Clinton and Vice President Gore have worked for the seven years to raise incomes, make work pay, help families make a successful transition from welfare to work, and extend opportunity to all. This includes raising the minimum wage, expanding the Earned Income Tax Credit, enacting the Children's Health Insurance Program, and promoting investment in underserved communities. The latest data released by the Census Bureau show we are making tremendous progress.

The President has warned Congress not to renege on the bipartisan commitment to help states and communities finish the job of welfare reform. He vigorously opposed attempts to cut the welfare block grant and the EITC tax refund for low income workers. The EITC lifted 4.3 million people out of poverty in 1998. To finish the job, we need to raise the minimum wage, increase our investment in childcare, transportation and housing vouchers, and help ensure that working families receive the health insurance and

nutritional assistance for which they are eligible. We must enact the FY 2001 EITC expansions and health coverage initiatives that have already been unveiled, along with a range of other initiatives that will be announced in the State of the Union.

Q: What has the President done to help welfare reform succeed?

A: The President started reforming welfare early in his first term, granting waivers to 43 states to require work and encourage personal responsibility, expanding the Earned Income Tax Credit and the minimum wage to make work pay, and pushing the Congress for nationwide welfare reform legislation which he signed into law in August 1996. Since 1996, he has launched The Welfare to Work Partnership, which now includes 12,000 businesses that have hired nearly 650,000 welfare recipients; issued an executive order to ensure the federal government hired welfare recipients (over 16,000 to date under the Vice President's leadership); and supported the launch of the Vice President's Welfare to Work Coalition to Sustain Success, an array of national civic, service, and faith-based groups working to help new workers with the transition to self sufficiency. He also fought for and won additional funds for welfare to work efforts, including \$3 billion for the Welfare-to-Work grant program administered by the Department of Labor, a new tax credit to encourage the hiring of long term recipients, funding for Welfare-to-Work transportation (\$75 million in FY 2000), and Welfare-to-Work housing vouchers (50,000 in FY 1999 and another 60,000 new Section 8 vouchers in FY 2000). And on April 10, the President put in place new welfare rules that make it easier for states to use TANF funds to provide such as child care, transportation, and job retention services for working families. The Welfare-to-Work amendments included in the recent budget agreement will also help states and communities more effectively serve hard-to-serve welfare recipients and low-income non-custodial parents (mostly fathers).

Q: What is the Administration doing to make sure families get the food stamps and Medicaid for which they are eligible?

A: Medicaid and Food Stamps are essential supports for working families. As these parents leave welfare for work, it is important for them to know that health insurance and nutritional assistance benefits are still available. It's also important that states reach out to low-income working families who may be eligible for these programs since Food Stamps and Medicaid could keep them off of welfare in the first place.

In December, the President unveiled a new regulation proposed by the Department of Health and Human Services (HHS) which awards \$200 million to high performing states that succeed in moving people from welfare to work, enrolling children and families in Medicaid, Children's Health Insurance Program (CHIP) and Food Stamps, and family formation. These new measures will ensure that welfare reform will continue to move millions of families from dependence to independence, by encouraging work, supporting working families to help them succeed and stay off welfare, and increasing the number of low-income children living with two married parents. We will also require states to certify that they are following Medicaid and Food Stamp laws as a condition of applying for the high performance bonus.

In addition, we've taken a number of actions to be sure both that states follow the law and that they do appropriate outreach. HHS has repeatedly urged states in many different

ways to pay attention to their eligibility and enrollment processes to ensure that those eligible for Medicaid, particularly children, are enrolled. In fact, all state Medicaid and TANF administrators received a letter in June of last year explaining actions states should take to ensure that all those eligible for Medicaid receive it, including making Medicaid and CHIP applications available at sites where TANF eligibility is evaluated and where "diversionary" assistance is provided. Since that time, more letters have been sent, including a 27-page guide on how states can improve their Medicaid and welfare systems. We also have launched a 50-state review process to make sure that all those who should receive Medicaid do.

In July 1999, the President took executive actions to help ensure working families who need Food Stamps have access. These steps included: a new policy making it easier for working families to own a car and still receive Food Stamps; a new regulation simplifying rules so that families do not have to report income as often and states won't be penalized for small errors in projecting families' future earnings; and a new public education campaign launched by Secretary Glickman to educate working families about Food Stamps.

In January, 1999, USDA sent a formal notice to every state outlining the law's requirements, including that states should ensure that applicants are fully aware of their right to file an application for Food Stamps when applying for cash assistance and should not automatically terminate Food Stamp benefits as people move to work.

LICENSE TO COLLECT

"There is more that we ought to do, I think, together. Our plan calls on states to deny drivers and professional licenses to people who refuse to pay their child support. Now, I know that's a tough idea, but let me tell you -- 19 states are doing that today, and they're collecting a lot more child support as a result of it. So I hope that the Congress will join us to make this provision also the law of the land."

—President Clinton addressing the National Association of Counties

In the pursuit of delinquent parents, who do not pay child support for their kids, states are turning to a successfully proven tool to enforce child support -- the threat and revocation of drivers, commercial and professional licenses.

President Clinton knew the value of license revocation and included it in his welfare reform proposal. Nine of the 19 states with license suspension or revocation programs reported that an estimated \$35 million has already been collected. If expanded nationwide, we estimate that license revocation can increase child support collections as much as \$2.5 billion over ten years, and the Congressional Budget Office estimates we could save the federal government \$146 million for the first five years.

Let's turn to the facts.

Everything you always wanted to know about license revocation, but were afraid to ask...

Nineteen states now have laws on the books to restrict or revoke drivers and professional licenses. The nineteen are Arizona, Arkansas, California, Florida, Illinois, Iowa, Kansas, Kentucky, Maine, Massachusetts, Minnesota, Montana, Nevada, Oklahoma, Oregon, Pennsylvania, South Dakota, Vermont and Virginia. Most are implemented. Several states are now proposing legislation for the program.

As President Clinton has called them "our nation's laboratories," states are experimenting with different combinations of license revocation. Eighteen states enforce orders with revoking occupational, professional, trade and business licenses. Though most states broadly define occupation, it can include doctors, lawyers, architects and real estate agents. Drivers licenses are revoked by seven states. Five states revoke commercial drivers licenses. Vehicle registrations can be revoked by three states.

A couple of states are extending beyond drivers and occupational licenses to other areas. Minnesota has tied the approval of student grants to paying child support. Massachusetts will revoke recreational permits if delinquent parents are not paying their child support.

Several factors prompt or "trigger" states to invoke the license revocation. Most trigger the action on a period of time that the non-custodial parent is delinquent in payments. The time ranges from 30 days to 6 months. Others base the revocation on the amount owed in arrears from \$1,000 to \$5,000. Some states take action based on court or administrative orders. In Nevada, decisions are at the discretion of the licensing authorities.

The President's Work and Responsibility Act proposed the first national approach for license revocation. Modeled after the successes in Maine and other states, the President introduced a requirement for all states to use the revocation of drivers, professional and recreational licenses to collect child support. The bill offered a Clinton hallmark in flexibility to the states on implementation of the program. Though some states would have to broaden the types of licenses subject to revocation, states under the President's plan would be able to continue their current successful programs.

Under due process, states will grant grace periods, temporary license and fair hearings for parents during the revocation process.

"It's a privilege to have a professional license or a driver's license, and it's a responsibility to pay your child support."

—Ted Kulongoski, Oregon Attorney General

Simple and Successful

"It's been incredibly successful," said Bill Kennemer, Republican State Senator in Oregon and sponsor of the state's license revocation legislation, "It's relatively simple and enjoys great public and legislative support." The report card is not complete, but the early grades are all A's.

Two significant features of license revocation have been successful in collecting child support. States find that the threat of revoking licenses is often enough to force delinquent parents to pay up. The threat of revoking a professional and commercial licenses is very effective in child support actions against self-employed parents whose wages can't be garnished.

Frequently cited as the success story, Maine started its program in August 1993. The state targeted and notified 21,018 delinquent parents that their drivers and/or professional licenses could be revoked. In May 1994, the state began sending notices that licenses would be revoked.

"These are chronic nonpayers who have insulated themselves from traditional child support enforcement remedies."

-Tom Mato, Legal Counsel Maine Department of Human Services

By February 1995, one and a half years since the program was initiated, 12,520 parents, or 60% of the original target group, had paid over \$23 million in child support. With over 21,000 potential licenses, Maine has only revoked 41. Thirty-nine were drivers' licenses, one was a master electrician's license and the other a motor vehicle inspection's license. In the vast majority of cases, just the threat of license revocation was enough.

The truck driver had been eluding the state of Maine for years. A long-distance hauler, he owed nearly \$20,000 in child support but refused to pay. Authorities knew his address but could not find a steady employer. Two months after the state threatened to revoke his driver's license, the trucker arrived at the state capitol with \$19,062 in hand.

In another case, a licensed real estate agent had never voluntarily paid support. After he too received a letter from the state warning of a potential license suspension, he paid his debt of \$11,153 in full.

One of the first states to start a license revocation program, California sent notices to 22,889 delinquent parents. The result of the notification letters prompted 10,160 parents to enter into payment agreements with the state. To date, without yet revoking one license, California estimates that over \$10 million has been collected for children. Ultimately the state expects to revoke 30% of the initial target group or about 6,860 licenses.

Massachusetts sent warning notices to 60,000 delinquent parents last year. From the first mailing, the state reports that it collected over \$600,000. Massachusetts has revoked 9 licenses.

South Dakota notified 13,000 delinquent parents that their drivers or occupational licenses would not be renewed unless child support was paid. Between 1,500 and 1,700 agreements to repay due child support were established. The result of the program has produced a 31% increase in collections. Within the first six to nine months, \$200,000 was collected. Since November 1993, the state has not renewed 5 licenses.

Montana had dramatic results in only three months. The state sent 800 notices warning nonpaying parents. Of that number, 182 were notices that Montana intended to suspend drivers and/or professional licenses. The response was immediate: 69 payment plans were put in place, 84 are pending and 72 wage withholding orders were issued to employers. In three months, \$120,000 was collected for Montana children. The state has revoked 12 licenses and 39 suspensions are pending.

Oregon produced successful results in six and half months. Notices sent to 1,341 delinquent parents pushed 402 parents into payment agreements, and Oregon quickly collected \$347,472 for children. The state has revoked 21 licenses since starting the program in July 1994.

Florida targeted 2,585 delinquent parents for warning notices to revoke drivers and professional (including teachers) licenses and vehicle registrations from January 1994 to February 1995. From this sample, 115 written agreements were established and \$389,210 was collected. The state has revoked 21 licenses.

Arkansas also targeted a group of 382 delinquent parents with notices to revoke commercial drivers and occupational licenses. Seventy agreements were entered into in response. Arkansas has collected \$106,664 from the initial target group. The state has revoked the most licenses to date with 84.

**STATE LICENSE REVOCATION INITIATIVES
FOR DELINQUENT CHILD SUPPORT COLLECTION**

<u>State</u>	<u>Licenses Affected</u>	<u>Revocation/Suspension</u>
Arizona	Professional, business & trade	Suspension, revocation, non-issuance or renewal
Arkansas	Commercial drivers, occupational, professional & business	Suspension for commercial drivers; suspension or revocation for others
California	Commercial drivers, professional, business, trade & commercial fishing	Non-issuance or renewal of license, revocation. Temporary, non-renewable license granted on either first issuance or renewal for 150 days.
Florida	Drivers licenses, vehicle registration, teachers, professional, business & trade	Suspension, revocation, non-issuance or renewal
Illinois	Drivers licenses, professional, business & trade	Suspension, revocation, non-issuance or renewal
Iowa	Commercial drivers, professional, business, occupational	Court may bar delinquent parent from engaging in license activity
Kansas	Professional	Suspension, revocation, non-issuance or renewal
Kentucky	Drivers licenses, commercial drivers	Suspension, non-issuance, or renewal
Maine	Drivers licenses, occupational	Revocation, non-issuance or renewal
Massachusetts	Drivers licenses, vehicle registration, professional, trade & recreational	Suspension, revocation, non-issuance or renewal
Minnesota	Occupational & student grants	Suspension

State	Licenses Affected	Revocation/Suspension
Montana	Drivers' licenses, vehicle registration, professional, business, occupational & trade	Suspension, non-issuance or non-renewal
Nevada	Occupational, professional licenses & permits	Discretion of licensing authorities
Oklahoma	Professional & trade	Suspension, non-issuance or renewal
Oregon	Commercial drivers, electricians, plumbers, commercial fishing, real estate, construction contractors & landscapers	Suspension
Pennsylvania	Professional & trade	Suspension, non-issuance or renewal
South Dakota	Drivers, professional, occupational & trade	Non-issuance or renewal
Vermont	Professional, business & trade	Non-issuance or renewal
Virginia	Business, trade, professional & occupational	Suspension

WR-CSE

Rahm/Bruce:

Just some random thoughts on child support enforcement for the next few weeks:

- POTUS talks about child support enforcement in NACO speech
- DES testimony on 3/10 to Finance Committee talks about child support
- POTUS meets with women members of congress
- POTUS/DES promote child support when on travel (states with waivers on child support: CT, IN, MI, MS, NY, OH, OR, VT, VA, WI)
- Ask OPM to hold a training session with the Cabinet or with Personnel Directors from the agencies on how to implement/how to comply with the new Executive Order
- As a condition of employment, require that all Federal job applicants attest to whether he or she is meeting any legally recognized child support obligations. And if past due child support is owed, require that the job applicant must have entered in to and be honoring a payment plan.
- Send SWAT teams of child support enforcement staff to the agencies to meet with those who are owed child support and help them to file claims on the spot.
- Tri-area initiative (DC, Virginia, Maryland) that makes the metropolitan area a model for child support enforcement cooperation among states and counties (this is currently in the beginning stages)
- In addition, promote, as part of any financial rescue plan for DC, high level commitment to significantly enhance interstate child support enforcement in the metropolitan area.

April 13, 1995



Income Maintenance Branch

Office of Management and Budget
Executive Office of the President
Washington, DC 20503

Please route to:

Emily Bromberg (for Mary Jo Bane)
Chris Cerf
Rahm Emanuel
Bruce Reed

Decision needed _____
Please comment _____
For your information _____
Per your request _____
See remarks below _____

cc: Ken Apfel

Subject: Child Support Enforcement

With informational copies for:

From: Keith Fontenot

Phone: 202/395-4686
Fax: 202/395 0851
Room: #8222

Ken Apfel will be scheduling a meeting in the next few days to continue the discussion on child support. Attached is a draft summary of the options that have been raised thus far. Ken would like to use this document to help facilitate discussion about the Administration's child support policy.

If you have any additions to or comments on the draft, please let me or Jeff Farkas (395-4686) of my staff know by noon on Monday, April, 17.

Thanks.

DRAFT

Child Support Enforcement

Over the past few weeks, additional steps to make the Federal Government a "model employer" in child support enforcement and other child support policies have been discussed. Potential options include action through Executive Order or Presidential Directive, pilot projects with selected states, or legislation.

Executive Order/Presidential Directive

Two options considered:

- Issuance of a new Executive Order or Presidential Directive placing conditions related to child support on the receipt of Federal privileges or benefits. Five major areas in which conditions could be established are:
 - Licenses and permits. Preliminary screening indicates the Federal Government issues relatively few licenses or permits that could be withheld from delinquent parents under current law (only four of the items reviewed by OLC fall into this category). Statutory changes would be required to make child support payment a condition of issuing many other licenses.
 - Grants and loans (i.e., student loans, SBA grants, research grants, etc.). Unclear whether withholding grants and loans is feasible or administrable. Would require additional investigation by OLC or HHS.
 - Federal benefits. HR 4 includes a provision that would deny Food Stamps to parents who are in arrears. Should this concept be extended to other programs? Two major issues: Would child support rights be assigned to the government, and would collection of support be a condition to receive benefits? The latter could have an effect on beneficiaries' ability to pay support. Raises feasibility and administrative questions.
 - Federal contractors. One option raised early on but not pursued is the placement of requirements on Federal contractors to become child support "model employers" (i.e., in terms of cooperation with state enforcement efforts, wage withholding, etc.). This option raises feasibility and administrative questions.
 - Tax code? Not discussed.
- Further guidance to agencies (i.e., memo from Director of OMB) on the previous Federal Government "model employer" Executive Order.
 - The EO requires agencies to submit compliance reports to OMB. Current draft memo requires additional, interim deliverables from DoD and HHS/OPM work groups.

-- Could potentially require additional agency actions. None put forward thus far.

Pilot Projects/Demonstrations

In conjunction with Executive Order/Presidential Directive action, a pilot project was discussed which could emphasize Federal efforts/partnerships with States.

- Potential new pilot initiative could involve granting designated States with access to certain Federal records to strengthen child support. SBA example: Allow State access to SBA loan application and renewal files to identify and pursue delinquent parents.
- Option to build on the 27 existing state child support GPRA demonstrations (which include projects to increase paternity establishment, strengthen enforcement, measure program performance, others).

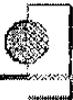
Legislation

Propose brief language for the Senate welfare reform bill.

- Grant broad discretion to withhold Federal licenses and other items from delinquent parents if appropriate. (Option would resolve issues raised by OLC.)
- Create broad authority to consider payment of child support as a condition in granting Federal loans or other benefits.

Option Not Discussed

- IRS Full Collections Authority. Currently, HHS can refer state-reported cases to IRS to collect overdue child support, but IRS has strict requirements before referrals can be made and the number of referrals from HHS is therefore very low. HHS and IRS would need to develop agreements in which the requirements could be eased and more cases could be referred to IRS for collections.



Cynthia A. Rice

04/21/97 07:47:12 PM

WR - Child Support Ideas

Record Type: Record

To: Bruce N. Reed/OPD/EOP

cc:

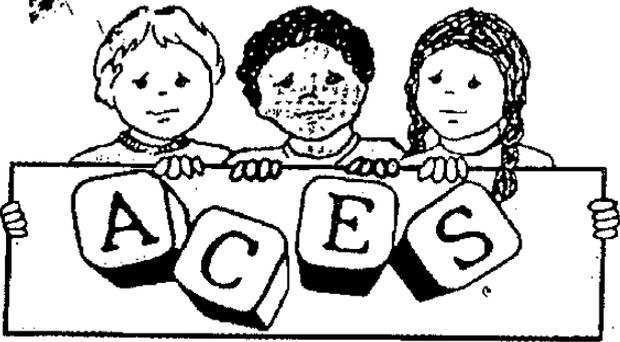
Subject: Child support enforcement radio address

Here's the info from the weekly report which Christa appreciated for the scheduling memo:

Child Support Enforcement: We have three child support enforcement announcements that we would like to combine into a radio address for May 3rd or May 10th. First, we are ready to transmit to Congress the 20th Annual Report to Congress on Child Support Enforcement prepared by HHS which shows that from 1992 to 1996 child support collections increased by 50%, from \$8 billion to a record \$12 billion; the number of paternities established nearly doubled increasing from 516,000 to nearly one million; and the number of child support cases with collections rose to 4 million, an increase of 43 percent, from 2.8 million.

Second, as a result of the Executive Order you signed on September 28, 1996, the Treasury Department has just notified the first 123,000 delinquent parents that their federal payments will be seized for past due child support. Thousands more payments will be seized as Treasury adds more types of federal payments and more states to its new system (the 123,000 are from just three states and the District of Columbia).

Third, in response to a directive you issued to the Attorney General on July 21, 1996, we are ready to transmit to Congress legislation which would establish felony violations for certain egregious actions taken to avoid paying child support. The legislation would make it a felony offense to 1) travel in interstate or foreign commerce with the intent to evade a support obligation that is greater than \$5,000 or has remained unpaid for longer than one year; 2) willfully fail to pay a support obligation regarding a child residing in another state if the obligation has remained unpaid for two years or is greater than \$10,000. The language is a revised version of language the Department of Justice sent to the Hill at the end of the 104th Congress.



File: WR - Child support ideas

cc: C. RICE

The Association for Children for Enforcement of Support, Inc.

Donna Shalala, Secretary
U.S. Department of Health and Human Services
200 Independence Avenue SW
Washington DC 20201

Dear Ms. Shalala:

It is ACES understanding that the Personal Responsibility and Job Opportunity Act requires the U.S. Department of Health and Human Services to enact new performance standards for the IV-D program. These new performance standards will be used to determine the incentive payments that states receive.

ACES has the following suggestions for performance standards:

Number of Paternities established should be 90%, states should exceed PEP regulations by 2 Percent to receive incentives.

The number of cases with collections should be 75% in order to receive incentive payments.

Number of successful locates that lead to collections should be 75% to receive incentive payments.

Number of cases with modifications completed per client request should be 75% to receive incentive payments.

Number of interstate (outgoing/incoming) successful collection rate should be 75% to qualify for incentive payments.

Number of IRS offsets/state offsets submitted should be 95% to receive incentive payments.

Number of cases needing liens/asset attachments/income withholding with successful collections should be 75% to receive incentive payments.

Number of cases where seek work/job participation is appropriate should be implemented 75% of the time in order to receive an incentive payment. Criteria should also be developed for these programs such as: ten signatures from potential employers, phone numbers of potential employers should be required, participants should be required to report to the child support agency each week. The agency should randomly check with potential employers

to verify that participants actually applied for work.

Number of cases that are reported to the credit bureau should be at least 75% of those one month behind in order for the state to receive an incentive payment.

Number of cases appropriate for license revocation/suspension should be acted upon 75% of the time to qualify for an incentive payment.

Number of applications processed/new cases opened/applications distributed with in 5 days should be 95% to qualify for incentive payments.

Number of cases needing court actions that require IV-D attorneys should be acted upon with-in 90 days 75% of the time to qualify for incentive payments.

Number of cases that qualify for Administrative hearings should be acted upon with-in 30 days 75% to receive incentive payments.

Here are some suggestions about regulations to require state IV-D Child Support Agencies to make voluntary acknowledgement of paternity more accessible to families in need. Paternity voluntary recognition forms should be places in WIC offices, IV-D offices, TANF offices, Health and Human Service offices, OB/GYN offices, Social Service Agencies, Court Houses, Midwives clinics, Lamaze clinics, Parenting classes locations, Schools, health departments, DMV, Bureau of Vital statistics.

Additionally, we believe the procurement regulations need to be changed to ensure that services are not paid for until delivered. For example a state would pay a deposit to a computer vendor for a statewide child support enforcement tracking system. Only when the system was on-line, working effectively and certified by the U.S. Department of Health and Human Services would the full payment be made to the computer vendor. We believe this type of policy would end some the "milking" of federal funds for broken and ineffective computer systems.

Sincerely,


Geraldine Jensen
President

THE WHITE HOUSE

Office of the Press Secretary

**EMBARGOED FOR RELEASE
until Saturday, March 18 at 10:06 AM**

March 17, 1995

**CLINTON ADMINISTRATION RELEASES REPORT SHOWING TOUGHER CHILD
SUPPORT ENFORCEMENT WOULD BRING IN MILLIONS MORE FOR KIDS,
REDUCE WELFARE COSTS**

President Clinton will call for tougher measures on deadbeat parents and outline his principles on welfare reform in his weekly radio address to the nation tomorrow, as welfare reform moves ahead in the House of Representatives and is expected to go to the House floor for voting on Tuesday. In his address, the President will reassert his commitment to a welfare reform plan that is tough on work and not cruel to kids and continue his effort to bring personal responsibility to our nation's welfare system. The President is committed to cracking down on deadbeat parents and in his remarks he will highlight a report which shows that if every deadbeat parent paid the child support they should, child support collections would increase by \$24 billion over 10 years.

Joining the President for the taping of his radio address will be several mothers who are all working for tougher child support enforcement laws because they know first hand that the present system is not working. One of these mothers, Gerri Jensen, will be the focus of an ABC Movie of the Week which airs nationally Monday evening. A complete list of the women, along with brief biographies, is attached.

Also attached is a report by the Department of Health and Human Services which shows that the President's child support enforcement plan would help millions of children and reduce the burden on taxpayers by reducing federal welfare costs by \$4 billion over 10 years.

All material is embargoed for release until Saturday, March 18 at 10:06 AM.

PAYING UP

"When we met in January we agreed, Democrats and Republicans alike, that the toughest possible child support enforcement must be a central part of welfare reform...we need national action on child support enforcement and national standards, because 30 percent of the cases where parents don't pay cross state lines. We've got to send a loud signal: No parent in America has a right to walk away from the responsibility to raise their children."

-- President Clinton addressing the National Association of Counties

Welfare as we know it will not end until the welfare system reflects the values that all Americans share: work, responsibility, family, and opportunity. We must offer more opportunity to move people from welfare to work, but we must also demand more responsibility. And to send that message loud and clear to men and women -- those who already have children and those who don't -- welfare reform must include tough child support enforcement measures.

The President's child support enforcement plan is a comprehensive approach designed to improve paternity establishment, get child support awards in place, update them periodically, and collect them when they are owed.

Five provisions in the Administration's plan would make a particular difference in child support collections in the next ten years: streamlined paternity establishment, new hire reporting, uniform interstate child support laws, computerized statewide collections, and license revocation. At the insistence of the Administration and many others of both parties, provisions similar to four of the five (all except license revocation) were subsequently included in the welfare reform legislation approved by the House Ways and Means Committee.

The Administration is pressing to include the fifth. If license revocation is included, all together, these five improvements would increase child support collections by \$24 billion in the next 10 years - helping millions of children who deserve the support of both parents.

And because many single women and their children don't get child support and end up on the welfare rolls, **the five provisions would also reduce federal welfare costs by \$4 billion over 10 years.** These savings are realized because increased child support payments offset welfare payments made to some families, and because child support payments will help some low-income women and children get off welfare.

STREAMLINED PATERNITY ESTABLISHMENT

Paternity establishment is the crucial first step toward securing an emotional and financial connection between father and child. Recognizing the critical importance of early paternity establishment, the Administration has already launched a major initiative aimed at increasing the use of voluntary paternity establishment programs in America's hospitals. Research suggests that the number of paternities can be increased dramatically if the process begins at birth, when the father is most likely to be present.

Our proposal includes provisions to expand the scope and effectiveness of current state-based paternity establishment procedures. The legal process for establishing paternity would be streamlined, so that states can establish paternity more quickly. States will also be given additional tools to process routine cases administratively, without having to depend on overburdened courts. And mothers on AFDC would have to identify the father before they could receive welfare benefits.

These improvements would increase child support collections by \$4.9 billion in the next 10 years - and would also reduce federal welfare costs by \$1.1 billion over 10 years.

NEW HIRE REPORTING

Currently, only a small percentage of legally due child support is ever paid. Many noncustodial parents who owe support have successfully eluded state officials, leading to a perception among many that the system can be beat. This perception must change. Payment of child support should be inescapable, and collection must be swift and certain. A broad variety of enforcement tools have been tried successfully in a number of states -- including license revocation and new hire reporting.

Many states have recently begun requiring employers to report all new hires to the state, a technique that has proven highly effective in finding parents who owe support. Having this information sent to one national directory will allow delinquent parents to be located anywhere in the country. In addition, it will allow parents to be found more quickly, and make it easier to find parents who change jobs frequently.

These improvements would increase child support collections by \$6.4 billion in the next 10 years - and would also reduce federal welfare payments by \$1.1 billion over 10 years.

UNIFORM INTERSTATE CHILD SUPPORT LAWS

New provisions will be enacted to improve state efforts to enforce interstate child support cases and to make interstate procedures more uniform throughout the country. Given the fact that 30 percent of the current caseload involves interstate cases, and the fact that we live in an increasingly mobile society, the need for a stronger federal role in interstate location and enforcement has grown. The reporting of new hires will allow tracking of delinquent parents across state lines, and will work in conjunction with uniform child support laws to increase interstate child support collections.

These improvements would increase child support collections by \$1.9 billion in the next 10 years - and would also reduce federal welfare payments by \$ 285 million over 10 years.

COMPUTERIZED STATEWIDE COLLECTIONS

With a current 17 million cases in the federal-state system and a growing caseload, we must move toward creating a child support system for the 21st century. Routine cases must be handled in volume.

The ability to maintain accurate records that can be centrally accessed is critical. We would ask all states to maintain a central registry and centralized collection and disbursement capability. The registry will maintain current records of all support orders and work in conjunction with a centralized payment center for the collection and distribution of payments. The state-based central registry of support orders and centralized collection and disbursement will enable states to make use of economies of scale and modern technology, such as that used by business -- high speed check processing equipment, automated mail and postal procedures, and automated billing and statement processing.

Centralized collection will vastly simplify withholding for employers since they will only have to send payments to one source. In addition, this change will ensure accurate accounting and monitoring of payments. States will monitor support payments to ensure that the support is being paid, and they will be able to impose certain enforcement remedies automatically.

These improvements would increase child support collections by \$8.4 billion in the next 10 years - and would also reduce federal welfare payments by \$1.4 billion over 10 years.

LICENSE REVOCATION

While the President's child support enforcement plan includes improvements in a number of areas, it is especially tough on collecting court-ordered awards. One important provision in the President's plan requires states to use the threat of revoking professional, occupational, and drivers' licenses to make delinquent parents pay child support.

License revocation is one of the most successful collection tools for child support enforcement. Threatening to revoke drivers' and occupational licenses has been very effective in several states, especially for child support actions against self-employed parents whose wages can't be garnished. For the nine states who keep records, collections are up a reported \$35 million because of license programs.

The President has repeatedly urged members of the House of Representatives to include child support enforcement -- and license revocation in particular -- in their welfare reform bill. Elements of the Administration's proposal have now been included in several congressional bills, including proposed legislation by Congresswoman Marge Roukema, Senator Bill Bradley, and Senator Olympia Snowe.

Nineteen states use the threat of license revocation now, and many include drivers' licenses as well as doctors', lawyers', architects' and real estate agents' licenses. In Maine, the technique has been so successful that only 41 licenses have actually been revoked -- in the other 21,000 cases, merely the threat of suspension was enough to collect the delinquent debt.

Taking license revocation programs nationwide could raise collections by \$2.5 billion over 10 years -- reducing federal welfare payments by \$400 million.

Dear Work Group:

I am 28 years old and have three very beautiful boys...My oldest son is very intelligent and at the top of his class in school. He wants to go to college to be a doctor. He is working very hard to get there. But I know I may not be able to afford this for him. I have to worry every month if our food will run out, or if our utilities will be shut off. My children already want jobs to help mommy out...My children keep saying "mommy, it'll be alright."... They don't understand how daddy lives so good. And mommy has to fight so hard to survive for so little. They are used to a different life and it's hard for them to see why it's changed. I only want to do my best for them. I can only pray for the country's children you will find a way to help them and us all.

Letter from an Indiana mother

**ESTIMATED COLLECTIONS:
CLINTON ADMINISTRATION CHILD SUPPORT PROVISIONS**

PROVISIONS	10 YEAR COLLECTIONS
NEW HIRE REPORTING	\$ 6.4 BILLION
UNIFORM STATE LAWS	\$ 1.9 BILLION
COMPUTERIZED STATEWIDE COLLECTIONS	\$ 8.4 BILLION
STREAMLINED PATERNITY ESTABLISHMENT	\$ 4.9 BILLION
LICENSE REVOCATION	\$ 2.5 BILLION
TOTAL	\$ 24 BILLION

**ESTIMATED WELFARE SPENDING REDUCTIONS:
CLINTON ADMINISTRATION CHILD SUPPORT PROVISIONS**

PROVISIONS	10 YEAR FED SAVINGS (Total)
NEW HIRE REPORTING	\$ 1.1 BILLION
UNIFORM STATE LAWS	\$ 285 MILLION
COMPUTERIZED STATEWIDE COLLECTIONS	\$ 1.4 BILLION
STREAMLINED PATERNITY ESTABLISHMENT	\$ 1.1 BILLION
LICENSE REVOCATION	\$ 400 MILLION
TOTAL	\$ 4.2 BILLION

CHILD SUPPORT PROFILES

Gerri Jensen. 42 years old. Ohio. Gerri Jensen is the President of the Toledo, Ohio-based Association for Children for Enforcement of Support (ACES). An advocate for children whose parents are not meeting their financial obligations, Gerri and her children were abandoned by her ex-husband and forced to live at the poverty level several years ago.

Sharon Clompton. 29 years old. Washington, D.C. Sharon has one son, age 10. Her son's father initially complied with the child support order, but in 1989 he moved out of state and stopped sending payment regularly. She has been trying for two years to get D.C. to transfer her case to Ohio and enforce her order. She has been working for the Secret Service for the last six years, but without the child support payments she is only one paycheck away from having to seek public assistance.

Lillian Perdomo. 34 years old. Washington, D.C. Lillian has had a child support order in place for five years, but has received few payments and little cooperation from the child support office. She is remarried now, but still in need of child support. She is currently trying to improve her education so she will be able to obtain a good-paying job.

Marie Sherrett. 41 years old. Maryland. Marie has been trying to enforce her child support order since 1988, but her husband, who lives out of state, has been difficult to track down. The mother of two children, one who is autistic and has special needs, Marie has been working three jobs in order to make ends meet.

Adrian Amos. 33 years old. Maryland. Adrian has been in court several times trying to enforce the child support order she has in place for her son, who is handicapped and needs costly medical care. The father of her son pays support only when threatened by the Maryland Social Services Department. Adrian was on welfare for seven years, but recently got a job at an elementary school and is now getting off of public assistance.

Debra Jennings. 41 years old. Ohio. Debra has not been receiving child support for eighteen years and is owed roughly \$17,000. Her ex-husband has earned over \$100,000 a year, while she is desperately trying to feed her children on her small income.

Susanne Berry. 34 years old. California. Susanne and her sixteen year old son have not received child support for eleven years, except for the small amount collected by the IRS. She has an interstate case, between California and Pennsylvania, and the child support agency has not been very helpful in enforcing her order.

3/16

NOTE TO BRUCE REED AND RAHM EMMANUEL --

Per your request, here are the relevant facts on child support enforcement and welfare reform. If you need more information, please let me know. I'd also appreciate it if HHS could review the final text of the speech, since some of these numbers are rather tricky.

There are five main child support provisions which were in the President's welfare reform plan: new hire reporting, uniform interstate child support laws, centralized state registries, mandatory paternity establishment programs, and license revocation. Four of them (all except license revocation) were subsequently included in the House Republican welfare bill.

Altogether, the five programs would increase child support collections by \$12 billion in the next 10 years. Please note that this additional child support money would go to women and children in all income brackets -- i.e., not just welfare recipients.

And together, the five provisions would reduce welfare costs by \$2.4 billion over 10 years. These are the Food Stamp, AFDC, and Medicaid savings realized because 1) increased child support payments offset welfare payments made to some families, and 2) they'd help some low-income women and children get off welfare.

When you look at license revocation alone, the relevant numbers are \$2.5 billion and \$400 million.

PLEASE NOTE:

You need to be careful how you describe these figures because they are "gross" collections and savings --- and do not account for the cost of buying computers, etc. to collect the money. Specifically, they can be described as "reductions in welfare spending" - but not as "savings to the taxpayers." We can get you "net" numbers if you prefer.

These figures should not be used in conjunction with the prior estimates of 800,000 women and children who could get off welfare if these child support measures were in place today -- those numbers are based on a "perfect world" scenario where paternity is established in every case, awards are always updated, etc.

In the same vein, these numbers also should not be used in conjunction with the \$34 billion child support "gap," which also reflects an ideal scenario. While the \$12 billion increase is good, it can't possibly measure up to the "perfect world."

Melissa

3/16

NOTE TO RAHM AND BRUCE --

This is the page you need to eat after you read it.

Please be aware that in the first 10 years, the costs of computer systems, etc. are eating up almost all of the savings - so the way you describe these numbers is very important. And most of the welfare savings are, in fact, not from people getting off the rolls - the payments will be enough to reduce their welfare checks, but not to get them off welfare entirely.

It's also important, for obvious reasons, that we not imply that the measure of successful welfare reform is cost savings -- the current House plan beats us by about \$60 billion by that standard. So if you decide to feature the welfare reduction numbers in a major way, it's also important to include our standard line about welfare reform not being deficit reduction and "let's not confuse the two."

Also - I'm required to pass along the opinion of this building that the value of child support is really the financial support it means for needy women and kids, not just the fact that it offsets welfare costs. In other words, we'd rather hype the \$12 billion figure than the \$2 billion figure.

And Bruce - David and Mary Jo really do want to see this text.

Thanks again --

Melissa

STATUTES REVIEWED RE: PERMISSIBILITY OF DENYING
LICENSES OR GRANTS FOR NONSUPPORT VIOLATIONS

Pell grants
Nat. service
SBA loans
HUD housing
FHA loans

I. Statutes Permitting Denial on NonSupport Grounds

1. Licenses for Deck/Engineering Officers. Issuance of licenses by the Secretary of Transportation for masters, mates, engineers, and radio officers is governed by 46 U.S.C. § 7101. Under subsection (c), the Secretary may determine whether an applicant is qualified "as to . . . character, [and] habits of life" in deciding whether to issue a license.

2. Vessel Pilot Licenses. The Department of Transportation's (DOT's) issuance of licenses for Vessel Pilot's is governed by the same provisions for character and habits of life set forth in 46 U.S.C. § 7101(c). In the case of pilots in particular, 46 U.S.C. § 7101(e) further requires that applicants must meet "any other requirement that the Secretary considers reasonable and necessary." Under that, the Secretary could establish a requirement for compliance with child support obligations.

3. Certificates of Registry for Purser, Medical Doctors, and Professional Nurses. DOT also issues certificates of registry required for pursers, doctors, and nurses serving in the Merchant Marine. Under 46 U.S.C. § 7101(f), the Secretary may issue certificates of registry for those classifications "to applicants found qualified as to character, knowledge, skill, and experience" (emphasis added). The "character" criterion is probably broad enough to encompass child support compliance.

4. Customs Broker Licenses. The Treasury Department (Treasury) grants licenses to individuals to become customs brokers pursuant to 19 U.S.C. § 1641. Subsection (b) of that provision gives the Secretary what appears to be complete discretion in determining who may receive such a license by allowing the Secretary to require the applicant to show that he or she is of "good moral character and qualified to render valuable service to others in the conduct of customs business." 19 U.S.C. § 1641(b)(2). The "good moral character" criterion is probably broad enough to encompass compliance with a child support enforcement order.

II. Statutes Not Permitting Denial on NonSupport Grounds

1. Aircraft Registration. 49 U.S.C. § 44103(a) provides that, "On application of the owner of an aircraft that meets the requirements of section 44102 of this title, the [Federal Aviation Administration] Administrator shall (A) register the aircraft; and (B) issue a certificate of registration to its owner." The registration requirements in section 44102 do not include any criteria that would encompass consideration of compliance with support payment requirements. The statute does provide that an owner's certificate of registration may be denied

persons whose certificates have been revoked for controlled substance violations, indicating that Congress specifies those acts of wrongdoing it wants to constitute grounds for denial of these licenses.

2. Merchant Mariners' Documents. 46 U.S.C. § 7302(a) provides that the Secretary of Transportation "shall issue a merchant mariner's documents to an individual required to have that document under part F of this subtitle if the individual satisfies the requirements of this part." The part enumerates various specific requirements, e.g., 46 U.S.C. § 7306 (general requirements and classifications for able seaman), but they do not encompass any criteria that would cover child support noncompliance. Significantly, the part does make specific provision for the Secretary's review of the applicant's criminal record and for drug testing of those seeking issuance or renewal of a merchant mariner's document.

3. Participating Physician under Medicare. Specific provisions for both "mandatory" and "permissive" exclusion of certain individuals from "participating physician status" under 42 U.S.C. § 1395u(h)(1) are set forth at 42 U.S.C. § 1320a-7. Grounds for mandatory exclusion are limited to certain criminal convictions. Grounds for permissive exclusion include convictions related to fraud, obstruction of justice, or controlled substances; revocation of State physician's license; and submission of excessive charges. An additional basis for permissive exclusion is prior suspension or exclusion from participation in a federal or state health program "for reasons bearing on the individual's . . . professional competence, professional performance, or financial integrity." The latter ground would not extend to mere child support noncompliance, since it encompasses only suspensions or exclusions resulting from the grounds cited.

4. Firearms Dealers Licenses. Treasury issues licenses to individuals engaged "in the business of importing, manufacturing, or dealing in firearms or importing or manufacturing ammunition" pursuant to 18 U.S.C. § 923. Although the Secretary has wide discretion to determine the form and content of the application for the license, subsection (d)(1) provides that an application must be approved if certain criteria are met. None of the criteria listed in this provision would allow the Secretary to deny a license to a dealer on the basis of noncompliance with a child support enforcement order.¹

¹ We note, however, that it is possible that a license could be denied for lying about being in arrears of a child support order because subsection (d)(1)(d) allows the Secretary to deny a license to a person who provides untruthful information on the application. Since the Secretary has discretion to

5. FCC Broadcast Licenses. Initially, a Presidential Executive Order directing denial of federal licenses on child support noncompliance grounds would not be binding on the FCC because, under prevailing constitutional doctrines, it is regarded as an independent agency whose licensing decisions cannot be controlled by Presidential directive. Secondly, even apart from the agency independence issue, we do not think that the standard of "public interest, convenience, or necessity" that governs issuance of FCC radio licenses is broad enough to encompass the enforcement of the child support obligations of licensees. Although that standard is broad, it does require some connection to broadcasting or radio matters. See NBC v. United States, 319 U.S. 190, 216 (1943).

6. Scholarships and Loan Repayment Programs for Indian Health Service Health Professions. The Department of Health and Human Service (HHS) administers six different grant programs for individuals pursuant to title 1 of the Indian Health Care Improvement Act. See 25 U.S.C. §§ 1611-1616j. Five of these programs do not give the Secretary discretion to add any qualification criteria that do not relate to merit or Indian ancestry. See §§ 1613, 1613a, 1616a, 1616i, 1616j. The Secretary does appear to have wide discretion in determining which individuals will be awarded Continuing Education Allowances pursuant to section 1615. However, the congressional statement of purpose states that these programs are intended to "remove the multiple barriers to the entrance of health professional into service and private practice among Indians" and the addition of a requirement of compliance with child support enforcement might be seen as a disregard for Congress' purpose.

III. Programs for which Insufficient Information was Provided

We received insufficient information from which to determine permissibility for several of the programs. If given more time and information, we would be happy to determine the feasibility of a child support enforcement compliance requirement for the programs listed below. However, given the time constraints, perhaps the General Counsel offices of the pertinent agencies are in a better position to make these determinations.

1. IRS "Enrolled Agents" Program. IRS was unable to provide any statutory or regulatory citation regarding this program or standards applied under it, and our research failed to

determine what questions should be asked on an application, he or she could require an applicant to answer a question concerning outstanding child support obligations. Anyone who lies about this information, apparently, could be denied an application.

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4. Research and Training Grants and Scholarship Programs Administered by HHS. We received information sheets on three HHS programs pursuant to the Public Health Service Act for which we had insufficient information to make a determination and we were unable to identify any statutory or regulatory provisions related or referring to such programs. These include: (1) the National Institutes of Health research and training grants, (2) grants for Health Care Policy and Research, and (3) Health Resources and Services Administration Grant, Loan, and Scholarship programs.

DRAFT

MEMORANDUM FOR HEADS OF DEPARTMENTS AND AGENCIES

SUBJECT: Improving Payment of Child Support

In Executive Order No. 12953 (February 27, 1995) this Administration committed the Federal Government, as an employer, to set an example of leadership in taking actions necessary to facilitate payment of child support by its employees. It is equally important that the Federal Government, in its governmental activities, undertake to promote and encourage payment of child support. In order to further this policy, I am now directing the additional steps set forth in this memorandum.

Actions. Federal departments and agencies are directed as follows:

1. Agency heads shall, to the extent permitted by law, and to the maximum extent practicable and appropriate, establish as a requirement or condition for a federal license or permit issued to individual, that the individual is not in violation of child support enforcement orders.

2. In order to carry out the foregoing, agency heads shall first undertake a review of each program administered by the agency in which the agency grants a license, permit or similar issuance authorizing or permitting an activity or matter by an individual person. The review shall examine whether it is permitted by law, and if so, appropriate, to establish a requirement or condition concerning compliance with child support orders.

3. The agency review shall be forwarded to the Director of the Office of Management and Budget ("Director"). The agency head shall consult with the Director prior to making a final decision as to whether to establish the condition. If the agency determines that it is appropriate to establish the condition, it shall promptly take such steps as may be required to establish the condition.

Handwritten signature/initials

4. The agency review shall be completed and forwarded to the Director within 120 days.

5. The Director may issue such guidance or instructions as the Director may find necessary or appropriate to assist in carrying out this directive. The definitions set forth in Executive Order No. 12953 shall also apply to this directive.

Independent Agencies. Independent agencies are requested to adhere to this directive.

Judicial Review. This directive is for the internal management of the Executive branch and does not create any right or benefit, substantive or procedural, enforceable by a party against the United States, its agencies or instrumentalities, its officers or employees, or any other person.

DRAFT

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SUBJECT: Improving Payment of Child Support

COMMVA

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enforcement

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shall report its findings

before making

Does this mean that we are not considering grants and scholarships anymore?

*of the office
and Management
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I. Statutes Permitting Denial on NonSupport Grounds

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file!!

**U.S. DEPARTMENT OF JUSTICE
OFFICE OF LEGAL COUNSEL
WASHINGTON, D.C. 20530**

FACSIMILE TRANSMISSION SHEET

DATE: March 22, 1995

FROM: Rosemary Hart and Geovette Washington

OFFICE PHONE: () 514-2027 and 514-3712

TO: Chris Cerf

OFFICE PHONE: () 456-6229

NUMBER OF PAGES: 2 (NOT INCLUDING COVER SHEET)

FACSIMILE NUMBER: () 456-2146

REMARKS:

*To read
the talk
- Kim*

March 20, 1995

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Alice M. Rivlin
Director, Office of Management and Budget

SUBJECT: Agency Actions to Comply with Executive Order #12953

The Administration is firmly committed to a strong system of child support and to the establishment of the Federal government as a model employer in promoting and enforcing child support. Toward these important national goals, Executive Order #12953, signed by the President on February 27, 1995, requires that all Federal agencies, including the Uniformed Services, cooperate fully in efforts to establish and enforce child and medical support, and that they provide information to employees and members about actions they should take and services that are available to them to ensure that support orders are met. A copy of the Executive Order is attached.

To meet these objectives, the Executive Order directs that the following reports be submitted to the Director of OMB:

- By May 26, 1995, all Federal agencies must submit a report on (1) the actions they have taken to comply with Part 3 of the Executive Order, "Immediate Actions to Ensure Children Are Supported by Their Parents," and (2) any statutory, regulatory, or administrative barriers that may prevent them from complying.
- By August 28, 1995, the Department of Defense, in a task force including the Departments of Health and Human Services, Commerce, and Transportation, is to submit a report on policy, regulatory, and legislative changes to improve child support compliance by the Uniformed Services.
- By August 28, 1995, the Office of Personnel Management and HHS, with other agencies as appropriate, are to submit a joint report on policy, regulatory, and legislative changes to improve child support compliance by Federal agencies.

In furtherance of the goals of the Executive Order and to ensure early identification and resolution of significant issues, I am requesting that the following actions be incorporated in the development of reports to OMB:

- Each agency, the task force on Uniformed Services, and the OPM/HHS working group should submit its required original report to the Director of OMB plus a copy to Jeff Farkas, Child Support Enforcement Examiner, Office of Management and Budget, Room 8222.
- Initial work plans and agendas describing issues that will be addressed by the Uniformed Services task force and the OPM/HHS working group should be submitted to OMB by April 15, 1995. OMB may provide additional guidance at that time.
- A preliminary report on the progress of the task force and working group should be submitted to OMB by July 14, 1995. This report should provide a brief summary of issues addressed to date,

tentative recommendations, and issues which remain to be considered.

OMB will provide reaction and guidance following submission of these items. If you have any questions regarding the Executive Order or the reports, please address them to Mr. Farkas at (202) 395-4686 or your OMB representative.

Thank you for your cooperation with this important Federal initiative.

HHS NEWS

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOR IMMEDIATE RELEASE
Wednesday, March 15, 1995

Contact: Michael Kharfen
(202) 401-9215

SURVEY MEASURES SUCCESS OF STATE LICENSE REVOCATION PROGRAMS

HHS Secretary Donna E. Shalala today released a review of the success of 19 state programs that revoke professional and commercial licenses, as well as drivers licenses, from non-custodial parents who fail to pay child support.

According to the review, the threat of license revocation has raised nearly \$35 million in just nine states which have collection statistics. HHS estimates that license revocation could increase total child support collections by as much as \$2.5 billion over 10 years.

"States have proven that the mere threat of revoking a drivers or occupational license can be very successful in collecting support for children," said Secretary Shalala. "The threat is particularly effective against self-employed parents whose wages can't be garnished."

In addition to potential increases in child support collections, the Congressional Budget Office estimates that the federal government could save \$146 million in welfare payments for the first five years as a result of a nationwide license revocation program. The reduced welfare spending would occur because increased child support payments would offset welfare payments made to families and help low-income women and children get off the welfare rolls.

According to the HHS survey, the 19 states are experimenting with different combinations of license revocation. Eighteen states threaten to revoke or suspend professional licenses. Drivers licenses can be revoked by seven states. Several factors trigger states to invoke license revocation, including the period the non-custodial parent is delinquent in payments or the amount owed in arrears.

In Maine, the threat of license suspension helped the state collect more than \$23 million since August 1993. The technique was so successful that only 41 licenses were actually revoked.

- MORE -

- 2 -

"I am pleased that the Ways and Means Committee has included many of the President's child support enforcement provisions in its legislation," said Secretary Shalala. "However, it is outrageous that the bill does not include license revocation. This is an effective, appropriate and necessary tool for assuring that millions of children get the support they desperately need."

Shalala said that to be successful, child support enforcement efforts must include measures to establish paternity, get child support awards in place, update them periodically and collect them when they are owed. The current legislation approved by the House committees added features of the President's child support enforcement plan, such as a national child support data bank to track delinquent parents across state lines, centralized state registries to keep track of child support orders and payments, uniform interstate child support enforcement laws, and expanded wage withholding.

One significant provision is missing, the secretary said. The Ways and Means Committee majority refused on a tie vote to include license revocation in its welfare reform bill. Many members of Congress of both parties have now joined President Clinton in urging that the provision be added, Secretary Shalala said.

The 19 states are Arizona, Arkansas, California, Florida, Illinois, Iowa, Kansas, Kentucky, Maine, Massachusetts, Minnesota, Montana, Nevada, Oklahoma, Oregon, Pennsylvania, South Dakota, Vermont and Virginia. Most are implemented. Several states are now proposing legislation for the program.

#

Child Support, 600 Study Says Taking Away Driver's Licenses Could Bring in Millions

WASHINGTON (AP) Parents are coming up with millions of dollars in past-due child support payments when threatened with the loss of their professional and driver's licenses, according to a federal survey released today.

The report, by the Department of Health and Human Services, tracks the experience of 19 states that revoke the professional, commercial, recreational or driver's licenses of parents who scorn court-ordered child support obligations.

HHS estimates that if similar programs were in place nationwide, child support collections would grow by \$2.5 billion over 10 years.

Federal welfare spending would also shrink, by \$146 million over the first five years, because the additional child support payments would help some low-income women and children leave public assistance, HHS said.

The department's study comes days before the House begins debate on Republican legislation to overhaul the nation's welfare system and strengthen child support enforcement.

The House Ways and Means Committee, which drafted a large part of the welfare bill, refused to include a requirement that states yank the licenses of non-paying parents.

GOP lawmakers who opposed the measure argued against imposing Washington's will on the states. Rep. Marge Roukema, R-N.J., and other female lawmakers are pushing to overturn the decision with an amendment.

According to HHS, the threat of license revocation has raised \$35 million in nine states that have collection statistics.

The money is small in comparison with the \$8.9 billion that public child support agencies collected in 1993, and the estimated \$34 billion that goes unpaid.

But supporters of a mandatory license revocation program say it is still an important tool in helping collect support that can make the difference between welfare and self-sufficiency for some families.

"As soon as you threaten to take a license away, the money mysteriously appears, from people who claim they didn't have it," said Roukema, the senior GOP woman in the House. "It's a very effective deterrent, no question about it."

David L. Levy, an attorney and president of the Children's Rights Council, an advocacy group for children, insists that it is the wrong way to go.

"We need to work harder at assuring that kids have parents, not just money machines," he said. "We prefer positive parenting approaches, rather than punitive legislation."

According to the HHS survey, the 19 states are experimenting with different combinations of license revocation. Eighteen states threaten to revoke or suspend professional licenses, while seven states can revoke driver's licenses.

Several factors trigger the decision to revoke a license, including how long a parent is delinquent and the amount in arrears.

In Maine, the threat of license suspension has helped the state collect more than \$23 million since the program began in 1993. Only 41 licenses have actually been taken away.

And without revoking one license, California has collected over

\$10 million since beginning its program in late 1992.

"States have proven that the mere threat of revoking a driver's or occupational license can be very successful in collecting support for children," said HHS Secretary Donna Shalala. "The threat is particularly effective against self-employed parents whose wages can't be garnisheed."

The 19 states with license revocation programs are Arizona, Arkansas, California, Florida, Illinois, Iowa, Kansas, Kentucky, Maine, Massachusetts, Minnesota, Montana, Nevada, Oklahoma, Oregon, Pennsylvania, South Dakota, Vermont and Virginia. The trend began in 1990, and most programs are relatively new.

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HOUSE OF REPRESENTATIVES

WASHINGTON, D. C. 20515

March 3, 1995

MARGE ROUKEMA
FIFTH DISTRICT
NEW JERSEY

The Honorable Newt Gingrich
The Speaker
H-232, The Capitol
Washington, DC 20515

Dear Mr. Speaker,

As you know, I have been spearheading our Republican efforts to ensure enactment of new and significantly tougher child support enforcement reforms.

However, I must express my view that the child support provisions approved today by the Committee on Ways and Means are, in a few areas, woefully inadequate. Specifically, I am concerned that the legislation lacks provisions establishing criminal penalties for willful evasion of child support and fails to encourage the revocation of a deadbeat parent's professional and/or driver's license.

I know you understand how strongly I feel on these issues. In this respect, I hope you will protect my right to offer amendments on the floor which will strengthen the child support provisions of H.R. 4.

Also, I would like to meet with you to discuss these matters further at your earliest convenience.

Sincerely,

A handwritten signature in cursive script that reads "Marge".

Marge Roukema
Member of Congress

Congresswoman

Marge Roukema

Fifth District - New Jersey

2469 Rayburn House Office Building/Washington, D.C. 20515 (202) 225-4465

Contact:

J. Craig Shearman
(202) 225-4465

Release:

March 3, 1995

Roukema to Still Seek License Revocation and Criminal Penalties on Child Support Despite Lack of Committee Action

Congress's chief proponent of tough child support enforcement today said she will continue to seek inclusion of support-related provisions on drivers' licenses and criminal penalties in the Personal Responsibility Act despite the failure of the House Ways and Means Committee to do so.

U.S. Congresswoman Marge Roukema, R-N.J.-5th, wrote to Speaker Newt Gingrich indicating that she will offer amendments to H.R. 4 when it reaches the House floor. One amendment would require that states revoke drivers' and professional licenses from deadbeat parents who fail to make court-ordered child support payments. The other would require that the states make failure to pay support a criminal offense.

Roukema's action follows completion of markup on H.R. 4, the Contract With America's welfare reform bill, by the Ways and Means Committee today. The committee approved a version of the bill that includes many of the child support provisions sought by Roukema but not her provisions on licenses and criminal penalties.

"We've had 10 years of this child support enforcement reform debate," Roukema said. "We know what needs to be done to correct this system and we need to do it now. We're trying to stop the waste of federal dollars through the tax system. The taxpayers are tired of paying for the deadbeats. No more excuses. No more delays."

"Taking licenses away from deadbeats is one of the simplest, most effective and easy-to-understand tools available to us," Roukema said. "It has produced remarkable results in the states where it has been tried. Threaten to take away a deadbeat's ability to drive a car and you'll be surprised how fast he pays up. We need this program nationally."

Maine, one of the first state to revoke deadbeats' licenses, has collected nearly \$23 million in outstanding support payments since instituting revocation in 1993. The technique has been so effective that only 41 licenses have actually had to be revoked -- in the other 21,000 cases handled so far the mere threat of license suspension has been enough.

"Criminal penalties are necessary because a parent's failure to support his or her child isn't just a legal crime -- it's a reprehensible moral crime as well," Roukema said.

--MORE--

While Roukema said the license and criminal penalty provisions must still be inserted into H.R. 4, she was pleased with the Ways and Means Committee's inclusion of most of the other provisions of her bill, H.R. 195, the Interstate Child Support Enforcement Act of 1995 (introduced January 4, 1995). She is also the main co-sponsor of H.R. 785, a similar but weaker bill backed by the congressional women's caucus that was introduced February 1.

"The committee has recognized what I have been saying since last year: effective reform of our interstate child support enforcement laws is an essential component of any welfare reform law Congress sends to the president's desk," Roukema said. "Make no mistake about it: child support enforcement is welfare prevention. Non-support of children by their parents is one of the primary reasons so many families end up on the welfare rolls to begin with."

Roukema said it is appropriate to include child support enforcement measures in the welfare reform bill because studies have found that between 25 and 40 percent of mothers on public assistance would not be on the welfare rolls if they were receiving adequate child support.

"Failure to pay child support is not a victimless crime," Roukema said. "The children going without these payments are the first victims. But the taxpayers are the ultimate victims when they have to pick up the welfare tab for the deadbeat parents who evade their financial obligations."

Roukema's H.R. 195 would, among other provisions, require that welfare mothers identify the fathers of their children at birth so support can be collected and welfare avoided. It would take drivers' and professional licenses away from deadbeats, require states to make nonpayment a criminal violation and allow wage-garnishment orders for support to be served across state lines without returning to court. It would also provide for increased use of credit reporting, national child support subpoenas and expanded national reporting of support orders. The military, home to 74,000 of the 100,000 federal employees who have not made their support payments, would be required to take a number of steps to improve compliance.

Roukema has long been a leader of Congress's efforts to improve child support enforcement, co-sponsoring both the Family Support Act of 1988 and the Child Support Enforcement Amendments of 1984.

CHILD SUPPORT ENFORCEMENT: THE CLINTON RECORD

Background

The goal of the Child Support Enforcement (CSE) program, established in 1975 under Title IV-D of the Social Security Act, is to ensure that children are supported financially by both of their parents.

Designed as a joint federal, state, and local partnership, the multi-layered program involves 50 separate state systems, each with its own unique laws and procedures. Some local child support offices are run by courts, others by counties, and others by state agencies. At the federal level, the Department of Health and Human Services provides technical assistance and funding to states through the Office of Child Support Enforcement and also operates the Federal Parent Locator System, a computer matching system that uses federal information to locate non-custodial parents who owe child support.

Today, despite recent improvements in paternity establishment and collections, this child support system fails many families. Paternity is not established for most children born out of wedlock, child support awards are usually low and rarely modified, and ineffective collection enforcement allows many non-custodial parents--especially in interstate cases--to avoid payment without penalty.

As a result, non-custodial parents paid only \$14 billion in child support in 1990. But if child support orders reflecting current ability to pay were established and enforced in all cases, single mothers would have received \$48 billion: money for clothing, food, utilities, and child care. Closing that \$34 billion gap is a top priority for this Administration.

Clinton Administration Increases and Innovations

- o **Federal employees:** Because of a complicated maze of overlapping federal laws and court decisions, it is sometimes difficult for the partners of federal employees to serve legal papers attempting to establish paternity and to collect child support payments. These problems are especially acute as they relate to the Armed Forces.

Today, the President signed an executive order to make the federal government a model employer in the area of child support enforcement. It requires all federal agencies, including the Armed Forces, to cooperate fully in efforts to establish paternity, and to ensure that children of federal employees are provided the support to which they are legally entitled.

The order would take a number of important steps, including: reducing by half the time agencies take to garnish federal paychecks and provide the support to the employees' children; requiring the Office of Personnel Management to publish a current listing of officials designated to handle child support cases so that parents can seek help; researching ways to improve the computer matching system that helps states find federal employees who owe child support payments; and cross-matching all cases referred by states to the IRS (for garnishment of income tax refunds) with federal personnel files.

- o **Increasing funding.** President Clinton has proposed yearly expansions in federal spending on child support, increasing federal spending by more than 25 percent since taking office. In 1993, the federal-state child support enforcement system collected a record \$9 billion from non-custodial parents.
- o **Seizing tax refunds.** On February 21, 1995, HHS announced the collection of a record \$703 million in delinquent child support for 1993 by garnishing income tax refunds of non-paying parents. Benefiting nearly one million families, the amount was 13 percent more than collections for 1992.
- o **Improving paternity establishment.** Already, the Clinton Administration has proposed, and Congress has adopted, a requirement for states to establish hospital-based paternity programs, as a proactive way to establish paternities early in a child's life.
- o **Prosecuting non-payers.** Billions of dollars more in support is owed to nine million children whose parents have crossed state lines and failed to pay. The Justice Department is aggressively investigating and prosecuting these cases under the Child Support Recovery Act.

Changes Under Welfare Reform

Building on the best state and federal initiatives, President Clinton's child support plan, introduced as part of last year's welfare reform legislation, would create an aggressive, coordinated system with automated collection and tougher enforcement. While the federal-state child support enforcement system collected \$9 billion from non-custodial parents in 1993, the reformed system under our plan would collect \$20 billion in the year 2000. The plan focuses on:

Universal paternity establishment. Performance incentives will encourage states to establish paternity for all births, and hospitals will expand efforts to get parents to voluntarily acknowledge paternity. Streamlined legal procedures and greater use of scientific testing will facilitate identification for those who do not voluntarily acknowledge their responsibilities. And we also will require each welfare applicant to supply the name and location of the child's father in order to receive benefits.

Fair award guidelines and periodic updating. A commission will study whether national awards guidelines should be adopted. States will automatically update awards for families as non-custodial parents' incomes change.

Automated monitoring and tracking. States will centralize and modernize their child support structures through the use of central registries that monitor payments automatically. A new national child support clearinghouse will catch parents who try to evade their responsibilities even if they flee across state lines.

New penalties for those who refuse to pay. Expanded wage-withholding and data-base matching will be used to enforce compliance. As a last resort, states will withhold the drivers' and professional licenses of parents who refuse to pay support. Even the threat of license suspension is a proven enforcement tool, and suspension also reaches self-employed people unaffected by wage-withholding.

Bruce --

Here's some case studies from Maine. also, please note that the speech now says we'd "let" states do license revocation. Actually, it's the Republicans who would "let" them while we require them. The language from the summary of our bill is "requiring states to use the threat of revoking professional, occupational, and drivers' licenses" to make delinquent parents pay child support.

Melissa



HOUSE OF REPRESENTATIVES

STATE HOUSE AUGUSTA 04333-0002

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5709

Sean F. Faircloth

122 Maple Street
Bangor, Maine 04401
Legislative Toll Free:
1-800-423-2900

Memo

To: Paul Legler
From: Rep. Sean Faircloth
Date: 12-6-93
RE: **Child Support and Maine's License Revocation Law**

You received my letters outlining license suspension in Maine. Maine's policy is the best version of this idea. When an obligor ignores a support order, the state may go to an administrative hearing seeking revocation of the delinquent parent's license (drivers or professional). The obligor may remove the matter to court (automatically staying the administrative process).

Most states limit license suspensions to contempt proceedings, but overburdened states attorneys rarely bother with contempt. Maine's law is fair to children, custodial parents, and taxpayers who otherwise unjustly bear the burden of the obligor's delinquency. Maine brings in far more money. Maine's law emphasizes that all parents (not just mothers) are responsible for their children. Some case examples:

- 1) A licensed realtor had never voluntarily paid support. In August he received a DHS letter warning of a potential license suspension action. He paid his debt of \$11,153 in full.
- 2) An obligor pleaded poverty for four years, claiming he could not find work. Upon receiving the warning letter, the obligor paid \$1,000 in a lump sum and agreed to pay \$200 per month an order he has consistently paid since then.
- 3) An obligor refused to pay support or even accept DHS mail for several years. When he got the letter, he had an attorney contact DHS and arrange to pay an arrearage of \$5,216.44.
- 4) Another obligor came to the DHS office and paid a \$3,000 debt in full and thanked DHS for motivating him to do the right thing.
- 5) A long haul trucker paid a \$19,000 lump sum to clear his arrearage.
- 6) A self-employed wilderness guide made support payments only rarely over three years. He had no assets subject to lien. He paid his back debt (\$4,857) in a lump sum, and has remained current on his child support payments ever since.

Some, who have money to obey child support orders, will not support their children without the Maine license law. Money recovered from this program is ahead of projections. Maine's license law fosters responsibility, helps children, and saves state and federal tax dollars. Please recommend the Maine license law to President Clinton. This program can help pay for welfare reform.

District 118 Part of Bangor

Draft, February 24, 1995

MAJOR DIFFERENCES IN CHILD SUPPORT BILLS
WRA, H.R. 785, PRA

While there are numerous minor differences between these bills, for the most part, they are very, very similar as to virtually all of the major provisions. Four areas where they do differ in significant ways are listed below:

- **Paternity Establishment** -- The WRA requires that State CSE agencies determine whether AFDC recipients are cooperating, determination is prior to receipt of benefits, the mother must meet new strict cooperation requirements, and there are possible penalties (loss of FFP) if the state then fails to establish paternity within one year. The PRA appears similar with the exception that there is no penalty for the state and the AFDC grant can be reduced for up to six months, if paternity is not established, even if the mother has fully cooperated. H.R. 785 is silent on these issues.
- **Reporting of New Hires** -- Both H.R. 785 and the WRA provide for employer reporting of new hires directly to a National Directory. In contrast, the PRA provides for initially reporting to state agencies and then the information is forwarded to the National Directory. (The PRA scheme is actually more difficult for employers and opposed by several employer organizations.)
- **National Guidelines Commission** -- Both the WRA and H.R. 785 call for the creation of a National Guidelines Commission to study child support guideline issues, including the feasibility of national guidelines. The PRA has no such provision.
- **Modification of Awards** -- all three bills take different approaches to the periodic modification (or updating) of child support awards. The WRA is the most comprehensive. It calls for the periodic modification of all awards (unless both parents agree to opt-out) and provides a streamlined administrative process to modify awards. H.R. 785 maintains existing law (requiring periodic modification in AFDC cases and others that request a review) and adds a provision for the periodic exchange of financial information between the parties. Parents can then request a review. The PRA essentially continues existing law except that states can alternatively choose to apply a COLA increase.

COMPARISON OF CHILD SUPPORT ENFORCEMENT BILLS

DRAFT, February 23, 1995

Clinton Administration -- Work and Responsibility Act of 1994	H.R. 785 Child Support Responsibility Act of 1995	Personal Responsibility Act
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<p>Sec. 601 Requires that the State CSE agency (rather than the welfare agency) determine whether AFDC applicants are cooperating in paternity establishment, determination is prior to receipt of benefits, and mother must meet new strict cooperation requirements.</p>	<p>No similar section.</p>	<p>Subtitle E, item 3 provides a similar cooperation requirement and shifting of cooperation determination as in WRA. Sec. 403 of <u>Title I</u> provides that, for a period not to exceed six months, the State shall provide the family with a lesser amount of support (maximum of \$50 per month or 15 percent of the monthly benefit) if paternity is not established, regardless of whether the mother has cooperated.</p>
<p>Sec. 602 Requires States to enter child support orders in state child support registries, collect support payments through a centralized collection unit (except where parents agree to opt-out under limited circumstances) and provide services equally to all those who want services.</p>	<p>Sec. 101 Identical to WRA except: (1) Does not include provision for voiding an alternative payment agreement when the party owing support fails to make a timely payment and it does not specify that the voided alternative agreement may not be renewed at a later time, instead parties may void agreement at any time; (2) No prohibition against fees for services except no fee for inclusion in central registry; (3) Does not require enforcement of orders in registry where parties have opted for alternative payment procedure (this is a clarification only).</p>	<p>Subtitle A, Item 1: appears to be similar.</p>

Clinton Administration -- Work and Responsibility Act of 1994	H.R. 785 Child Support Responsibility Act of 1995	Personal Responsibility Act
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<p>Sec. 603 Changes the distribution rules to provide that families leaving welfare will receive priority in payment of arrears. Promotes family reunification through a provision that, under certain circumstances, parents who marry or remarry can have arrearages owed to the state forgiven.</p>	<p>Sec. 102 Identical to WRA except it does not require suspension or cancellation of debts upon marriage of parents.</p> <p>NOTE: Bill includes mandatory child support pass-through of \$50, or, if greater, \$50 adjusted by the CPI, this is in §703(e) of Administration's proposal.</p>	<p>Subtitle A, item 2: appears similar to H.R 785 except that \$50 pass-through can be put into an escrow account until the recipient leaves AFDC, does not appear to make pass-through adjustable by CPI.</p>
<p>Sec. 604 Establishes due process rights to ensure that parties are notified of hearings and that parties receiving services have access to fair hearing or other formal complaint procedures.</p>	<p>Sec. 103 Identical to WRA except:</p> <ol style="list-style-type: none"> (1) Requires notice of determination if no change in modification; (2) Provides 30 days to challenge establishment or modification of child support order; (3) Forbids States from providing representation relating to establishment or modification of support order to noncustodial parent; (4) Right to fair hearing also extends to individuals "applying for" services as well as those receiving services; (5) Formal complaint process, other than "fair hearing", not allowed. 	<p>No similar section.</p>
<p>Sec. 605 Protects privacy rights with respect to sensitive and confidential information.</p>	<p>Sec. 104 Identical to WRA except:</p> <ol style="list-style-type: none"> (1) Prohibits release of information on the whereabouts of one party to another party if the State believes it may result in physical or emotional harm to the former. 	<p>Subtitle A, item 3 appears similar to H.R 785.</p>
<p>Sec. 606 Specifies requirements to facilitate access to services.</p>	<p>No similar section.</p>	<p>No similar section.</p>

Clinton Administration -- Work and Responsibility Act of 1994	H.R. 785 Child Support Responsibility Act of 1995	Personal Responsibility Act
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Sec. 611 Increases federal matching rate and imposes a maintenance of effort requirement.	Sec. 111 Identical to WRA.	Subtitle B, item 1 appears similar.
Sec. 612 Replaces current incentives with a system of performance-based incentives and penalties for paternities established, orders established, collections, and cost-effectiveness.	Sec. 112 Identical to WRA except: (1) Requirement for reinvestment of incentive adjustment in IV-D req'd. (this is implied by Admin. plan); (2) If the state fails to perform or submits incomplete or unreliable data, HR 785 specifies higher percentage penalties but such penalties would be taken against IV-D funds.	Subtitle B, item 2 appears similar to H.R. 785.
Sec. 613 Changes state reviews and audits to be based on performance outcomes.	Sec. 113 Identical to WRA except this bill adds clause regarding "info. necessary to measure State compliance with Fed. reqts. for expedited procedures & timely case processing."	Subtitle B, item 3 appears similar to H.R. 785.
Sec. 614 Includes requirements for automated data processing.	Sec. 115 Identical to WRA except: (1) Deadline for regulations added; (2) No cap on systems funding and no text on fund redistribution.	Subtitle B, items 4 & 5 appear similar to H.R. 785 except that there is a cap on systems funding as in the WRA.
Sec. 615 Provides for the development of national and state training programs. Requires a study and report to Congress on state staffing needs and efforts.	116 Identical to WRA, but does not include any mandated Federal training programs; adds a clause that specifies that staffing studies shall examine and report on effective staffing practices used by States & on recommended staffing procedures.	No similar section.

Clinton Administration -- Work and Responsibility Act of 1994	H.R. 785 Child Support Responsibility Act of 1995	Personal Responsibility Act
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Sec. 616 Provides for funding for technical assistance and operation of a National Clearinghouse.	Sec. 117 Identical to WRA except uses different terms rather than "National Welfare Reform Clearinghouse".	Subtitle B, item 6 appears similar to H.R. 785.
Sec. 617 Conforms data collection requirements and eliminates requirements for unnecessary or duplicative information.	Sec. 118 Identical to WRA.	Subtitle B, item 7 appears similar.
Sec. 621 Includes requirements for the central state registry, including maintaining and updating a payment record and extracting data for matching with other data bases.	121 Identical to WRA except added requirement for reporting child's birth date; would require recording of "circumstances under which order would terminate" as well as date; uses term "Data Bank" rather than "National Child Support Registry."	Subtitle C, item 1 appears similar to H.R. 785.
Sec. 622 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.	Sec. 122 Identical to WRA, except HR 785 does not use term "national" when referring to directory of new hires.	Subtitle C, item 2 appears similar to H.R. 785.
Sec. 623 Strengthens and expands income withholding from wages to pay child support.	Sec. 123 Identical to WRA.	Subtitle C, item 4 appears to have similar provisions to H.R. 785. Subtitle D, item 4 also add authority for the Secretary to issue uniform forms in interstate cases, while the WRA and H.R. 785 provide authority to define income and certain other terms.

Clinton Administration -- Work and Responsibility Act of 1994	H.R. 785 Child Support Responsibility Act of 1995	Personal Responsibility Act
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Sec. 624 Includes requirements for access to locator information from interstate networks and unions.	Sec. 124 Identical to WRA, except does not impose any requirements on labor unions to provide information.	Subtitle C, item 5 appears to have similar provisions, item 4 imposes a reporting requirement on unions as does the WRA.
Sec. 625 Establishes a National Welfare Reform Information Clearinghouse — which includes a National Child Support Registry, National Directory of New Hires, and expanded Federal Parent Locator Service.	Sec. 125 Identical to WRA except: (1) Exception for law enforcement officers and intelligence not included; (2) No disclosure to verify claims for SSI, EITC, Unemployment Compensation, Workers Compensation, etc. (3) Name is changed to Data Bank of Child Support Orders within the FPLS.	Subtitle C, item 6 appears similar to H.R. 785 except: (1) (item 3) requires that employers report new hires to state agencies (rather than directly to a national directory), under this section the state agencies then report to the National Directory. (2) Disclosure is allowed to verify other claims as in the WRA.
Sec. 626 Makes various amendments to remove barriers and increase effectiveness of electronic data matches for CSE purposes.	Sec. 123 and Sec. 125 include identical sections as in WRA.	Does not appear to have a similar section.
Sec. 627 Requires studies and demonstrations concerning Federal parent locator service.	No similar section.	No similar section.
Sec. 628 Requires use of Social Security numbers on marriage licenses, divorce decrees, child support orders, and birth records to facilitate identification of delinquent parents.	Sec. 126 Identical to WRA.	Subtitle C, item 8 appear similar.
Sec. 635 Requires the adoption of uniform state laws for interstate cases.	Sec. 131 Identical to WRA except: (1) No child-State jurisdiction/expedited appeal on constitutionality; (2) Parties option on jurisdiction excluded; (3) Sec. 132 Adds fix to full faith and credit law.	Subtitle D, item 1 & 2 appears similar to H.R. 785.

Clinton Administration -- Work and Responsibility Act of 1994	H.R. 785 Child Support Responsibility Act of 1995	Personal Responsibility Act
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<p>Sec. 636 Expands IV-D authority and requires that States use expedited processes to establish and enforce child support orders without obtaining a separate court order. Streamlines notice provisions and ensures more uniform intra-state procedures.</p>	<p>Sec. 133 Identical to WRA, except no requirement for administrative setting or modifying of order.</p>	<p>Subtitle D, item 5 appears similar to H.R. 785 (but description does not mention motor vehicle and correction records and unclear whether all cases have to file and update location information.)</p>
<p>Sec. 640 Streamlines the legal process for establishing paternities.</p>	<p>Sec. 141 Identical to WRA except: (1) Does not require States to provide for bringing actions prior to birth of child; (2) Extends sworn statement to justify genetic testing to parties denying sexual contact; (3) Imposes explicit notice requirements for voluntary acknowledgments; (4) Allows rescission by minors; (5) No Medicaid funds at risk; (6) 60 days to rescind an acknowledgment (contrast with "ripening after a year" in Admin. bill).</p>	<p>Subtitle E, item 1 appears similar to H.R. 785 except description does not include prohibition of jury trials, does not include option regarding waivers of State debts and adds provision for filing of acknowledgments and determinations with State Registry of birth records.</p>
<p>Sec. 641 Requires outreach to promote the voluntary establishment of paternity.</p>	<p>Sec. 142 Identical to WRA.</p>	<p>Subtitle E, item 2 appears similar to H.R. 785 (although description does not detail outreach means and does not mention enhanced funding).</p>
<p>Sec. 642 Provides for a state penalty for failure to establish paternity promptly once the mother has cooperated.</p>	<p>No similar section.</p>	<p>No similar section.</p>
<p>Sec. 643 Authorizes certain financial incentives to parents to establish paternity at State option.</p>	<p>No similar section.</p>	<p>No similar section.</p>
<p>Sec. 651 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.</p>	<p>Sec. 151 Identical to WRA except it does not specify guideline aspects to be evaluated and it is premised on need for national guideline being assumed; Admin. calls for "study" of that need.</p>	<p>No similar section.</p>

Clinton Administration -- Work and Responsibility Act of 1994	H.R. 785 Child Support Responsibility Act of 1995	Personal Responsibility Act
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<p>Sec. 652 Requires streamlined processes for periodic modification of all child support orders (unless both parents agree to opt-out).</p>	<p>Sec. 152 Annual exchange of information and 3 year review only upon request; does not refer to orders in registry as in Admin. bill; Admin. bill specifies the requisite percentage change (>20%) to warrant a review sooner than 3 yrs in addition to chg. in circ./HR 785 only refers to "substantial change in circumstances"; Admin. allows rev/mod if change is to child's circumstances; Admin. bill allows States to require that a minimum period elapse between reviews; HR 785 silent on this; Admin. bill would allow a State to refuse to modify if change not sufficient/HR 785--no reference to this; both bills delete explicit timeframes but refer to due process; no reference to use of automated system to enhance r & a activities as in Admin. proposal.</p>	<p>Subtitle F, item 1 provides that orders are to be reviewed every three years (this is in current law) <u>or</u> apply a COLA to the order and give the parties an opportunity to contest the adjustment, permissive reviews upon change in circ., one time notice of right to request review.</p>
<p>Sec. 653 Requires study on use of tax return information for modification of child support orders.</p>	<p>No similar section.</p>	<p>No similar section.</p>
<p>Sec. 661 Authorizes creation of a revolving loan fund for program improvements to increase collections.</p>	<p>No similar section.</p>	<p>No similar section.</p>

Clinton Administration -- Work and Responsibility Act of 1994	H.R. 785 Child Support Responsibility Act of 1995	Personal Responsibility Act
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Sec. 662 Makes certain changes to improve the federal income tax refund offset process.	Sec. 161 Identical to WRA except: (1) Priority for debts owed to Dept. of Educ. or HHS are not included; (2) Adds a section regarding treatment of lump sum tax refunds & creates a qualified asset account for deposit of offset amts. in AFDC cases.	Subtitle G, item 1 appears similar to WRA.
Sec. 663 Makes technical amendment to IRS full collection process.	Sec. 162 Identical to WRA.	Subtitle G, item 2 appears similar.
Sec. 664 Eliminates separate withholding rules for federal employees.	Sec. 163 Identical to WRA except: (1) This also applies to allow withholding of Federal compensation for death benefits, black lung benefits, & Veteran's pension, disability, or death benefits; (2) Sec. 164 Locator info. compensation for armed services added.	Subtitle G, item 3 & 4 appear similar to H.R. 785.
Sec. 665 Requires States to use procedures to place liens on motor vehicles.	Sec. 165 Identical to WRA.	No similar section.
Sec. 666 Makes amendments regarding voiding of fraudulent transfers.	Sec. 166 Identical to WRA.	Subtitle G, item 5 appears similar.
Sec. 667 Requires States to have laws providing for the suspension of both drivers and professional licenses.	Sec. 167 Identical to WRA except that it also includes recreational licenses.	Subtitle G, item 6 appears similar to H.R. 785.
Sec. 668 Requires child support arrearages of one month to be reported to credit bureaus.	Sec. 168 Identical to WRA except calls for reporting of arrearages of 90 days.	No similar section.

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Clinton Administration -- Work and Responsibility Act of 1994	H.R. 785 Child Support Responsibility Act of 1995	Personal Responsibility Act
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Sec. 669 Includes extended statute of limitation cases for collection of arrearages.	Sec. 169 Identical to WRA.	Subtitle G, item 7 appears similar.
Sec. 670 Requires States to charge interest or late penalties for late payment of support.	Sec. 170 Identical to WRA.	Subtitle G, item 8 appears similar.
Sec. 671 Bars visitation issues as defense in collection cases.	No similar section.	No similar section.
Sec. 672 Involves treatment of support obligations under bankruptcy code. (Not relevant since passage of Bankruptcy Reform Act last session.)	No similar section.	No similar section.
Sec. 673 Denial of passports for nonpayment of child support.	Sec. 171 Identical to WRA except that it provides for \$5,000 or 24 months of support.	Subtitle G, item 9 appears similar to H.R. 785.
Sec. 681 Authorizes child support enforcement and assurance demonstrations.	No similar section.	No similar section.
Sec. 682 Makes technical change to Social Security Act demonstration authority to give states may flexibility.	No similar section.	No similar section.
Sec. 691 Authorizes grants to States for access and visitation programs.	No similar section.	Subtitle I, item 1 appears similar to WRA.

Clinton Administration -- Work and Responsibility Act of 1994	H.R. 785 Child Support Responsibility Act of 1995	Personal Responsibility Act
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No similar section.	Sec. 114 Establishes procedures for collecting & reporting information & establishment & use of uniform definitions of terms connected with State data/information.	No similar section.
No similar section.	Sec. 172 International Child Support Enforcement, including sense of Congress regarding ratification of U.N. Convention of 1956; reqt. that international cases be treated as interstate cases.	No similar section.
No similar section.	Sec. 181 Technical correction to ERISA to allow QMCSO's to be obtained via administrative orders in addition to judicial orders.	Subtitle H, items 1 & 2 have similar sections to H.R. 785.
No similar section.	No similar section.	Subtitle D, item 3 provides for administrative enforcement in interstate cases.

CHANGES IN REPUBLICAN CHILD SUPPORT PROPOSAL

- * Section regarding liens against real and personal property of obligors who owe overdue support was DROPPED.
- * Federal Parent Locator Service (FPLS) provisions were WEAKENED. They took out the following three things:
 - o Expanding FPLS to include information on wages, etc.
 - o Requiring FPLS to obtain information from credit reporting agencies.
 - o Allowing the IRS to disclose tax return information on obligors.
- * WEAKENED provision regarding Collection of Social Security numbers. Some of the specifications for state responsibility were dropped. Just says states must collect information, but doesn't require them to do anything with it.
- * WEAKENED provision to require state laws providing for expedited procedures. Now only require financial institutions to tell whether an obligor has an account, not required to provide information on the account.
- * DROPPED provision regarding disclosure of tax return information.
- * DROPPED provision regarding reporting of arrearages to credit bureaus.
- * DROPPED Sense of Congress to ratify United Nations Convention of 1956.

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FINAL
DRAFT

March 2, 1995

Rep. Bill Archer
Chairman
House Ways and Means Committee

Dear Mr. Chairman,

I am writing to reiterate my firm belief that Congress must pass tough child support enforcement measures as part of welfare reform. When absent parents don't provide support, the inevitable result is more welfare, more poverty, and more difficult times for our children. It is essential that all Americans understand that if they parent a child, they will be held responsible for nurturing and providing for that child.

I am doing everything in my power to crack down on child support enforcement. In 1993, we collected a record \$9 billion in child support -- a 12% increase over the previous year. Last week, I signed an Executive Order to ensure that federal employees who owe child support live up to their responsibilities as parents, and that the federal government will do its utmost to help find parents with delinquent child support claims. Our welfare reform plan included the toughest child support measures ever proposed. If absent parents aren't paying child support, we will garnish their wages, suspend their license, track them across state lines, and if necessary, make them work off what they owe.

Parental responsibility should not become a partisan issue. At the bipartisan national Working Session on Welfare Reform that I hosted at Blair House, Republican and Democratic leaders from around the country and every level of government agreed that we should enact the toughest child support enforcement measures possible.

I hope the committee will not shy away from its responsibilities on this issue. A number of bills similar to our plan could serve as the foundation for any effort to reform child support -- including the one offered by Reps. Barbara Kennelly, Nancy Johnson, and others. Critical elements include denying welfare benefits to any unwed mother who does not cooperate fully in identifying the father, powerful measures for tracking interstate cases, and serious penalties -- including immediate wage withholding, license suspension, and if necessary, requiring work -- for parents who refuse to pay what they owe. We must also include both the performance incentives and resources states need to do the job right.

It is time to get serious about child support in this country. I look forward to working with the Congress to get it done.

cc: Rep. Sam Gibbons

CHILD SUPPORT ENFORCEMENT

General Facts

- o In 1991, 14.6 million children lived in a female-headed family, almost triple the number in 1960, and 56 percent of them lived in poverty (compared to 11 percent of children in two-parent families).
- o Despite recent improvements in paternity establishment and collections, the child support system fails many families: Paternity is not established for most children born out of wedlock, child support awards are usually low and rarely modified, and ineffective collection enforcement allows many non-custodial parents--especially in interstate cases--to avoid payment without penalty.
- o Paternity is currently established for only about a third of the nearly 1.2 million births per year to unmarried women; nearly 3.1 million children currently require paternity establishment.
- o Of the 10 million women potentially eligible to receive support for their children, 42 percent do not have an award in place.
- o Nearly two-thirds of single mothers are the sole financial contributors to the family. Sixty-five percent of absent fathers contribute no child support or alimony, and less than 6 percent contribute \$5,000 a year at most. A typical single mother receives only \$1,070 a year in both child support and alimony.
- o **Approximately 8 percent of the AFDC caseload would be able to move off welfare if they received child support payments. In 1993, this would translate into 304,000 families, or 304,000 single parents and 578,000 children who could leave the welfare rolls. (The total AFDC single-parent caseload in 1993 was approximately 3.8 million)**
- o Overall, non-custodial parents paid only \$14 billion in child support in 1990. But if child support orders reflecting current ability to pay were established and enforced, single mothers would have received \$48 billion: money for clothing, food, utilities, and child care. Closing that \$34 billion gap is a top priority for this Administration.

Clinton Administration Increases and Innovations

- o This week, HHS announced the collection of a **record \$703 million** in delinquent child support for 1993 by garnishing income tax refunds of non-paying parents. Benefiting nearly one million families, the amount was 13 percent more than collections for 1992.
- o The Clinton Administration has already proposed, and Congress has adopted, a requirement for states to establish hospital-based paternity programs -- a proactive way to establish a father's responsibility early in a child's life.
- o President Clinton has proposed annual expansions in child support enforcement, increasing resources by more than 25 percent since taking office. In 1993, the federal-state child support enforcement system collected a **record \$9 billion** from non-custodial parents.

Changes Under Welfare Reform

Building on the best state and federal initiatives, President Clinton's welfare reform plan would create an aggressive, coordinated system with automated collection and tougher enforcement. While the federal-state child support enforcement system collected \$9 billion from non-custodial parents in 1993, the reformed system under our plan would collect \$20 billion in the year 2000.

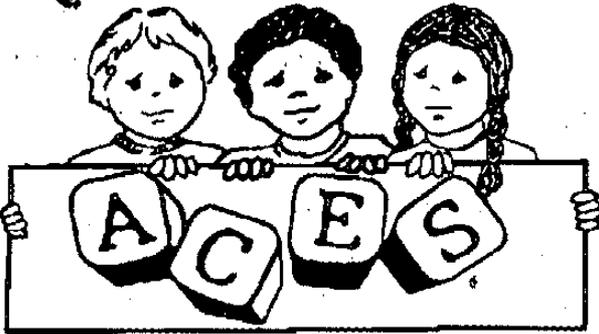
The Clinton plan focuses on:

Universal paternity establishment. Performance incentives will encourage states to establish paternity for all births, and hospitals will expand efforts to get parents to voluntarily acknowledge paternity. Streamlined legal procedures and greater use of scientific testing will facilitate identification for those who do not voluntarily acknowledge their responsibilities. And we also will require each welfare applicant to supply the name and location of the child's father in order to receive benefits.

Fair award guidelines and periodic updating. A commission will study whether national awards guidelines should be adopted. States will automatically update awards for families as non-custodial parents' incomes change.

Automated monitoring and tracking. States will centralize and modernize their child support structures through the use of central registries that monitor payments automatically. A new national child support clearinghouse will catch parents who try to evade their responsibilities even if they flee across state lines.

New penalties for those who refuse to pay. Expanded wage-withholding and data-base matching will be used to enforce compliance. As a last resort, states will withhold the drivers' and professional licenses of parents who refuse to pay support. Even the threat of license suspension is a proven enforcement tool, and suspension also reaches self-employed people unaffected by wage-withholding.



The Association for Children for Enforcement of Support, Inc.

February 7, 1995

Bruce Reed
The Whitehouse
Washington, DC 20006

Dear Bruce:

Her are some federal executive branch issues that ACES believes need attention.

Issue an Executive Order that all branches of the Armed Services should be required to cooperate with civilian authorities to establish paternity, and establish and enforce child support orders. All branches of the miliary should appoint a registered agent to accept legal notice of pending actions, facilitate voluntary acknowledgment of paternity and/or establishment of orders, and provide civilian authorities with needed information to locate and determine the income of a service member so that a fair amount of support can be awarded to be paid. An expedited process for income withholding of military pay should be developed. Military personnel should be authorized to arrange and implement blood testing for paternity cases or transport the service member to the local civil court from where the allegation of paternity has originated. The service member should be placed on administrative leave if sent to the local jurisdiction.

Issue an Executive Order requiring all federal agencies to adopt personnel policies that list payment of child support as a condition for employment with the U.S. Government. All federal employees should be asked to voluntarily make arrangements to pay child support due, as well as, those owed support payment should be encouraged to seek assistance from government child support agencies to collect support. Failure by federal employees to make arrangements to pay child support should be listed as a cause for disciplinary action after appropriate employment counseling has occurred.

An investigation into the feasibility of adopting one national computer system for child support enforcement.

The plan or automation requires each state to have a statewide computer system in place by 1995, currently only 10 out of the 50 states have this system. These state systems do not interlink with one another, but there are plans to interlink all of the computer systems. ACES proposes that a national computer system be set up from the beginning rather than linking each individual state system.

Please feel free to contact me anytime, to discuss these issues.

Gerri Jensen
ACES National President

WR Child Support

To: Melissa
From: Wendell
CC: David
Naomi

Attached is the information you requested. These numbers reflect the effect of selected child support provisions from the President's proposal in WRA. I want to warn you in the strongest possible terms that the 10 year collection numbers will not coincide with CBO numbers. However, CBO probably will not do 10 year numbers and they normally do not provide collection numbers with their budgetary tables. On the other hand, the 10 year collection numbers are the most dramatic and do a much better job of reflecting the impact of these policy changes. In many instances, provisions in the child support enforcement area are not fully implemented until the second five years. In addition, federal savings numbers only reflect AFDC and other welfare program savings and do not reflect the fact that many children not on welfare are receiving payments from their non-custodial parents.

Finally, I urge you not to add these components together. While the numbers associated with one or two provisions sound impressive, the entire 10 year collection numbers only fill a small portion of the current estimated gap between what is theoretically possible and current collections.

I hope the attached information satisfies your needs.

CHILD SUPPORT PROFILES

Gerri Jensen. 42 years old. Ohio. Gerri is the President of the Toledo, Ohio-based Association for Children for Enforcement of Support (ACES). ~~And~~ advocate for children whose parents fail to meet their financial obligations; she and her children were abandoned by her ex-husband and forced to live at the poverty level several years ago.

Sharon Clompton. 29 years old. Washington, D.C. Sharon has one son, age 10. Initially the father of her son complied with the child support order, but in 1989 he moved out of state and stopped sending payment regularly. She has been trying for two years to get D.C. to transfer her case to Ohio and enforce her order. She has been working for the Secret Service for the last six years, but without the child support payments she is only one paycheck away from having to seek public assistance.

Lillian Perdomo. 34 years old. Washington, D.C. Lillian has had a child support order in place for five years, but has received few payments and little cooperation from the child support office. She is remarried now, but still in need of child support. She is currently trying to improve her education so she will be able to obtain a good-paying job.

Marie Sherrett. 41 years old. Maryland. Marie has been trying to enforce her child support order since 1988, but her husband, who lives out of state, has been difficult to track down. The mother of two children, one who is autistic and has special needs, Marie has been working three jobs in order to make ends meet.

Adrian Amos. 33 years old. Maryland. Adrian has been in court several times trying to enforce the child support order she has in place for her son, who is handicapped and needs costly medical care. The father of her son pays support only when threatened by the Maryland Social Services Department. Adrian was on welfare for seven years, but recently got a job at an elementary school and is now getting off of public assistance.

Debra Jennings. 41 years old. Ohio. Debra has not been receiving child support for eighteen years and is owed roughly \$17,000. Her ex-husband has earned over \$100,000 a year, while she is desperately trying to feed her children on her small income.

Susanne Berry. 34 years old. California. Susanne and her 16 year old son have received no child support for eleven years, except what small amount has been collected through the IRS. She has an interstate case, between California and Pennsylvania, and has received very little assistance from the child support collection agency in enforcing her order.

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No Right to
Walk Away

SUPPORTING AMERICA'S CHILDREN

"When we met in January we agreed, Democrats and Republicans alike, that the toughest possible child support enforcement must be a central part of welfare reform...we need national action on child support enforcement and national standards, because 30 percent of the cases where parents don't pay cross state lines. We've got to send a loud signal: No parent in America has a right to walk away from the responsibility to raise their children."

-- President Clinton addressing the National Association of Counties

Welfare as we know it will not end until the welfare system reflects the values that all Americans share: work, responsibility, family, and opportunity. We must offer more opportunity to move people from welfare to work, but we must also demand more responsibility. And to send that message loud and clear to men and women -- those who already have children and those who don't -- welfare reform must include tough child support enforcement measures.

The President's child support enforcement plan is a comprehensive approach designed to improve paternity establishment, get child support awards in place, update them periodically, and collect them when they are owed.

Five provisions in the Administration's plan would make a particular difference in child support collections in the next ten years: streamlined paternity establishment, new hire reporting, uniform interstate child support laws, computerized statewide collections, and license revocation. Four of them (all except license revocation) were subsequently included in the welfare reform legislation approved by the House Ways and Means Committee. Altogether, these five improvements would increase child support collections by \$24 billion in the next 10 years - helping millions of women and children, who deserve the support of both parents.

The Admin is pressing to include this in the bill.
House Reps agreed
At the Admin's insistence, House Reps agreed
who don't get ch supp.
many thousands of

And, because many single women and their children end up on the welfare rolls, the five provisions would also reduce federal welfare costs by \$3 billion over 10 years. These are the Food Stamp, AFDC, and Medicaid savings realized because increased child support payments offset welfare payments made to some families, and because child support payments will help some low-income women and children get off welfare.

STREAMLINED PATERNITY ESTABLISHMENT

*Paternity
Establishment
in July
- of
low cases
birth
outside
marriage*

Paternity establishment is the crucial first step toward securing an emotional and financial connection between father and child. Recognizing the critical importance of early paternity establishment, the Administration has already launched a major initiative aimed at increasing the use of voluntary paternity establishment programs in America's hospitals. Research suggests that the number of paternities can be increased dramatically if the process begins at birth, when the father is most likely to be present.

Our proposal includes provisions to expand the scope and effectiveness of current state-based paternity establishment procedures. The legal process for establishing paternity would be streamlined, so that states can establish paternity more quickly. States will also be given additional tools to process routine cases administratively, without having to depend on overburdened courts.

p.e.
These improvements will increase child support collections by \$4.9 billion in the next 10 years - and would also reduce federal welfare costs by \$1.1 billion over 10 years.

NEW HIRE REPORTING

Currently, only a small percentage of legally due child support is ever paid. Many noncustodial parents who owe support have successfully eluded state officials, leading to a perception among many that the system can be beat. This perception must change. Payment of child support should be inescapable, and collection must be swift and certain. A broad variety of enforcement tools has been tried successfully in a number of states -- including new hire reporting.

The state of Washington, for example, requires employers in targeted industries to report all new hires to the state, a technique that has proven highly effective in finding parents who owe support. While an existing federal computer matching system allow state child support records to be matched against IRS records once a year (for purposes of finding delinquent parents and garnishing income tax refunds whenever possible) many parents change jobs frequently. *Having* employers send information to a central data base whenever new employees are hired *could* make this system much more efficient. *will*

The Admin's plan will call on

These improvements will increase child support collections by \$6.4 billion in the next 10 years - and would also reduce federal welfare payments by \$1.1 billion over 10 years.

UNIFORM INTERSTATE CHILD SUPPORT LAWS

New provisions will be enacted to improve State efforts to work interstate child support cases and to make interstate procedures

more uniform throughout the country. The fragmented system of State child support enforcement has caused tremendous problems in collecting support across state lines. Given the fact that 30 percent of the current caseload involves interstate cases, and the fact that we live in an increasingly mobile society, the need for a stronger Federal role in interstate location and enforcement has grown. Many of the recommendations of the U.S. Commission on Interstate Child Support will be included to improve the handling of interstate cases.

These improvements would increase child support collections by \$1.9 billion in the next 10 years - and would also reduce federal welfare payments by \$ 285 million over 10 years.

COMPUTERIZED STATEWIDE COLLECTIONS

~~There are~~ ^{CS} With a current 17 million cases and a growing caseload, we must move toward creating a child support system for the 21st century. routine cases must be handled in volume. Together, a central registry, a centralized collection and distribution system, increased administrative remedies, and an overall increase in automation and mass case processing can create a more effective, and faster, child support system.

The ability to maintain accurate records that can be centrally accessed is critical. All States will maintain a central registry and centralized collection and disbursement capability. The registry will maintain current records of all support orders and work in conjunction with a centralized payment center for the collection and distribution of child support payments. The state-based central registry of support orders and centralized collection and disbursement will enable states to make use of economies of scale and use modern technology, such as that used by business -- high speed check processing equipment, automated mail and postal procedures, and automated billing and statement processing.

Centralized collection will vastly simplify withholding for employers since they will only have to send payments to one source. In addition, this change will ensure accurate accounting and monitoring of payments. State will monitor support payments to ensure that the support is being paid, and they will be able to impose certain enforcement remedies at the State level administratively and automatically. Thus, routine enforcement actions that can be handled on a mass or group basis will be imposed through the central State offices using computers and automation. For States that opt to use local offices, this will supplement, but not replace, local enforcement action.

In addition to the current State caseload, all new and modified orders for support will be included in the central registry and will receive child support enforcement services automatically, without the need for an application. Certain parents, provided that they meet specific conditions, can choose to make their

payment outside the registry.

These improvements would increase child support collections by \$8.4 billion in the next 10 years - and would also reduce federal welfare payments by \$1.4 billion over 10 years.

LICENSE REVOCATION

While the President's child support enforcement plan includes improvements in a number of areas, it is especially tough in collecting court-ordered awards. One important provision in the President's plan requires states to use the threat of revoking professional, occupational, and drivers' licenses to make delinquent parents pay child support.

License revocation is ^{one of} ~~probably~~ ^{the} most successful collection tools ^{for} child support enforcement, ~~with the possible exception of wage garnishment.~~ Threatening to revoke drivers and occupational licenses has been very effective in several states, especially for child support actions against self-employed parents whose wages can't be garnished. For the nine states who keep records, collections are up a reported \$35 million because of license programs.

The President has repeatedly urged members of the House of Representatives to include child support enforcement -- and license revocation in particular -- in their welfare reform bill. Elements of the Administration's proposal have now been included in several congressional bills, including proposed legislation by Congresswoman Marge Roukema, Senator Bill Bradley, and Senator Olympia Snowe.

Nineteen states use the threat of license revocation now, and many use drivers licenses as well as ~~doctors', lawyers', architects', real estate agents', and wilderness guides'~~ licenses. In Maine, the technique has been so successful that only 40 licenses have actually had to be revoked -- in the other 21,000 cases, merely the threat of suspension was enough to collect the delinquent debt.

Taking license revocation programs nationwide could raise collections by \$2.5 billion over 10 years -- reducing federal welfare payments by \$400 million.

Dear Work Group:

I am 28 years old and have three very beautiful boys...
My oldest son is very intelligent and at the top of his class

in school. He wants to go to college to be a doctor. He is working very hard to get there. But I know I may not be able to afford this for him.

I have to worry every month if our food will run out, or if our utilities will be shut off. My children already want jobs to help mommy out. This is not fair for them to worry about. They should be children...

My children keep saying "mommy, it'll be alright."... They don't understand how daddy lives so good. He has a new car, goes to Colts and Cubs games, has a nice house, and lives great. And mommy has to fight so hard to survive for so little. They are used to a different life and it's hard for them to see why it's changed. I only want to do my best for them. I can only pray for the country's children you will find a way to help them and us all.

Letter from an Indiana mother

W. Edward Smith

THE WASHINGTON POST

AROUND THE NATION

Child-Support Truant's Household Auctioned

COLCHESTER, Vt. — Marilyn Nichols Kane watched yesterday as crowds of strangers picked through her former husband's lavish belongings put up for sale to pay the hundreds of thousands he owes her for child support.

"I cried yesterday," Kane said of her first look at the dinnerware, crystal, jewelry, antiques and appliances amassed by the man called America's worst deadbeat dad. "I saw the evil in this. I saw the decadence."

Her former husband, precious metals consultant Jeffrey Nichols, is in jail in New York City. He owes an estimated \$640,000

in back child support and pleaded guilty last month to a federal charge of leaving a state to avoid the obligation.

The contents of the large Vermont house he shared with his new wife, Suzan, were auctioned to about 350 people who jammed two large tents at a moving company warehouse.

Kane, a New York real estate agent, has called the auction "perfect justice."

After their 17-year marriage ended, she raised their three children in the meantime, prosecutors said. Nichols moved from New York to Florida to Canada to Charlotte, Vt., to escape his \$10,000 monthly support obligation.

Nichols and his second wife filled their house with furniture, dishes, knick-knacks

antiques and pseudo-antiques. She died of cancer last summer. In February, a judge ordered Nichols's belongings sold to pay some of what he owes Kane.

This was a man who valued things over people, Kane said. She hoped to make \$30,000 to \$50,000 from the auction.

Boy Rescued by Gorilla Upgrade

CHICAGO — A 3-year-old boy who fell into a gorilla habitat upgraded to serious condition after the gorilla who saved him from the hospital sources said.

The boy was not released, hospital sources said, after his 18-day stay at the field Zoo habitat. The gorilla is a male gorilla.

Clinton to Order Government To Help Collect Child Support

Mandate Targets 'Deadbeat Parents' in Federal Work Force

By Ann Devroy
Washington Post Staff Writer

President Clinton, who has made child support enforcement one of his social welfare priorities, on Monday will sign an executive order that gives the federal government stronger tools to help track down federal workers who do not pay child support or who dodge efforts to establish their paternity.

Administration officials estimate that at least 105,000 federal employees, including 74,000 in the military, will be affected. They are wanted by state officials—who are the prime authorities in child support cases—either in court-ordered child support enforcement cases or in proceedings to establish paternity. White House sources said they did not know how many area residents are involved.

Melissa T. Skolfield, a spokeswoman for the department of Health and Human Services, said that legislation and court cases have established that state laws take precedence in the tracking down and enforcement of child support and paternity cases. But states must find the offending parents to enforce their laws, and the federal government will now do more to help states find such parents who are federal workers.

For example, the Internal Revenue Service now garnishes tax refunds of deadbeat parents from names supplied by the states. Under the executive order, the government will speedily cross-match those names against federal employment records and tell the states if some of those deadbeat parents are federal workers. It was by doing such a cross-match from the names supplied to the IRS that HHS found that 105,000 federal workers are deadbeat parents.

HHS's Skolfield also said the government hinders enforcement because process servers often are



PRESIDENT CLINTON
child support is a priority

not allowed onto federal military bases in the United States and overseas.

The executive order would clear the way for service of legal papers to federal employees, will establish an Office of Personnel Management-HHS task force to monitor the effort and will require the Department of Defense to report back within 180 days on further actions that can be taken to find military employees, including legislative recommendations, if they are warranted.

The executive order will not only make it easier to track down federal employees who are failing to support children, it also will add some urgency to the federal effort and force personnel offices to give the effort high priority, sources said.

The order also asks that the government cut in half the time it spends—30 days now—between the day it garnishes a paycheck and the day it delivers the first payment to a custodial parent.

The military, an administration official said, is a big, big part of the problem when it comes to support issues. Overall slightly less than 3 percent of military personnel and 1.3 percent of civil-

ian federal workers are targeted in the action.

Advocacy groups that have pushed for stronger federal and state efforts to collect support from nonpaying parents said the Clinton action, while not a solution to the problem, even in the federal work force, is a good step forward. It is very important that the federal government set an example to collect child support. It directly helps children of federal workers and sends a message of the importance of living up to child support responsibilities, said Nancy Ebb of the Children's Defense Fund.

Clinton has long pushed for stronger government action to force parents to support their children, both as a moral issue and as a fairness issue. In the welfare reform package he submitted last year, Clinton proposed efforts to force compliance with court-ordered support findings, including penalizing parents who refuse to pay by requiring states to withhold drivers' and professional licenses.

Republicans had little new in child support compliance in their welfare reform package. But the White House is negotiating with House GOP leaders and expects acceptance of some initiatives aimed at beefing up the effort nationwide. The federal-state child support enforcement system collected \$9 billion last year. The White House has estimated a reformed system as part of overall welfare reform would collect \$20 billion in the year 2000.

Increasing child support has become one of the central elements of Democratic welfare reform proposals because, the more parents pay to support their children, the less the government has to spend. About 8 percent of the federal caseload could move off welfare if child support awards were established and collected—about 304,000 families.

Flat tax, other tax-reform ideas getting a serious new look By William Neikirk Chicago Tribune

WASHINGTON As many Americans rush to file their income tax forms before the Monday night deadline, a proposal for a single flat income tax rate may seem alluring next to the current system's bewildering, time-consuming complexity.

But junking the tax code in favor of a single rate with few or no deductions is not so simple, tax analysts say. For all the time it might save, they say it could cause many middle-income taxpayers to pay higher taxes and could even lower real estate values.

And yet the flat tax, along with other tax-reform ideas such as a national sales tax or a value-added tax, is getting a serious new look as House Majority Leader Richard Arney, R-Tex., pushes the flat tax in the House and Sen. Arlen Specter, R-Pa., a presidential candidate, pushes it on the campaign trail.

Overhauling the tax system, with the flat tax at the top of the list, could turn into a major issue in the 1996 presidential race. "We will have a major debate in 1996," said Henry Aaron, a Brookings Institution scholar specializing in taxes. "There's not a chance in hell anything will be done until 1997."

Arney would replace the current system of three different tax rates with a single 17 percent flat income tax rate. He would do away with most deductions, including the popular deduction for mortgage interest. Specter's plan calls for a single 20 percent rate, but he would keep the mortgage deduction intact.

Both men believe the system would bring enormous simplicity to the system and spur more economic activity. In the interest of protecting the poor, Arney would exempt a family of four earning up to \$36,800 annually from taxes, while Specter would set the ceiling for the exemption at \$25,500.

All this sounds good, the critics said, until you start looking at the details. Laura Tyson, chairwoman of the president's National Economic Council, said that in order for a single flat tax to bring in the same amount of money as the existing code does, the rate would have to be not 17 percent or 20 percent but 23 or 24 percent.

This was the basis for President Clinton's comment in a CNN interview Thursday night that the flat tax would increase taxes on most families earning under \$200,000 a year. "That is not the fair thing to do," he said.

Supporters of the flat tax immediately cried foul, saying Clinton was distorting the facts. Stephen Entin, a former Treasury Department tax aide in the Reagan administration, said the Arney bill makes up for an annual shortage of some \$40 billion with spending cuts.

"The whole bill is paid for," Entin said. He said flat tax opponents are, in effect, criticizing a straw man, not the Arney plan.

But critics retort that the Arney plan is a massive tax cut masking as tax reform. Any tax-overhaul plan should be, in their parlance, "revenue neutral," neither raising nor lowering taxes. Tyson said the Arney plan is short of this break-even point by \$180 billion, not \$40 billion.

Rob Shapiro, an economist for the Progressive Policy Institute and a Clinton campaign adviser, said the Arney plan hurts poor people by eliminating the earned income tax credit, which enables many low-income Americans to get a check from the Treasury even if they owe no taxes.

Going up the income ladder, Shapiro added, tax increases would start to kick in at \$50,000 to \$60,000 under a flat tax of 22 to 24 percent.

"Working people would be significantly worse off," he said.

The raging dispute over where a flat tax rate should be set does not even touch what may be the hardest problem of all: Going from one system to another without hurting many

Americans. "When you have major systemic changes," Aaron said, the rules governing the transition period "are the alpha and omega of the legislation."

If the mortgage interest deduction is eliminated, Aaron said, it could knock 10 percent to 15 percent off the price of owner-occupied homes and devalue an asset that is central to middle-class wealth in America.

(EDITORS: STORY CAN TRIM HERE)

Entin disagreed, saying the flat tax would touch off a construction boom that would prevent any price collapse. He also said that lower taxes on home lenders would cause mortgage interest rates to fall.

But Entin's view is in the minority. Opposition to doing away with the mortgage interest deduction is potentially so potent that Specter decided not to touch it in his bill.

The problems of transition also could sink the idea for supplanting the income tax with a sales tax or a value-added tax, which imposes a levy on sales of goods and services at each level of production.

Take a retired couple who have paid income taxes on their savings during a lifetime of work. Aaron said that when they finally decide to use their savings, they suddenly would be slapped by a sales tax. "It's what I call the gotcha tax," Aaron said.

Critics say that unless some provision is made to protect the elderly, the sales tax or value-added tax would be attacked by powerful interest groups representing them, such as the American Association of Retired Persons.

Critics said the flat tax, sales tax and value-added tax would have the effect of shifting more of the tax burden from the well-to-do to the middle class. The question is whether Americans want to throw out the principle of a "progressive" tax system in which tax rates increase as earnings rise.

"I have a sense this message has not seeped out in the public discussion," Aaron said. If the GOP pushes ahead with these tax proposals, he said, tax reform could suffer the same fate as Clinton's health-care bill in 1994.

"Is it worth raising taxes on the middle class so that those at the top can pay less?" said Dean Baker, an economist at the Economic Policy Institute, a liberal-leaning think tank.

Criticism over the flat tax and sales and value-added taxes could lead Congress to go to tax-revision measures that preserve progressive tax rates, yet offer generous tax deductions for savings. A plan offered by Sens. Sam Nunn, D-Ga., and Pete Domenici, R-N.M., would do just that.

President Clinton has yet to speak out on the Nunn-Domenici plan, or on other tax-overhaul bills that would help address what many economists say is America's biggest economic problem: A low level of savings and investment.

"We don't have many tools of economic policy left to solve this problem," Shapiro said. "The tax system is one of the few left that we've got."

More states enforcing law that cancels licenses of parents who fail to pay child support By Mike Dorning Chicago Tribune

AUGUSTA, Maine Child support authorities in this rocky, rural northeastern state are proving that the fastest way to deadbeat parents' wallets may be through their car keys.

Since August 1993, when the Maine Department of Human Services began enforcing a state law that allows it to revoke the driver's and professional licenses of parents who do not pay court-ordered child support, the state has collected \$24.9 million in support payments from its most recalcitrant deadbeat parents. The threat alone has proved so effective that only 41 licenses actually have been revoked.

Maine's example is inspiring imitation nationwide. The

welfare reform legislation passed last month by the U.S. House of Representatives would require all states to adopt similar policies.

Moreover, 19 states, including Illinois, already have made some type of provision to take license privileges away from parents who fail to pay child support.

"Experience shows that as soon as the deadbeats who have sworn they have no money find out their licenses are threatened, miraculously they seem to come up with the money," said U.S. Rep. Marge Roukema, R-N.J. The sponsor of the amendment that attached the license revocation measure to the House welfare bill, Roukema cited Maine's results when she offered the measure.

Indeed, some of the checks have been stunning. Mona Barry, a 32-year-old clerical worker from Phippsburg, Maine, opened her mailbox and found a check for \$6,700 shortly after her ex-husband was notified he might lose his driver's license. Although she had taken out a bank loan to pay doctor's bills for her daughter, Barry had not received a support payment for nearly two years, she said.

"I kind of went into shock," she said. "I thought I was seeing things. I handed it to my daughter and said, 'What's that number?'"

A real estate agent whose professional license was threatened showed up at a state office with \$11,000. And a long-haul trucker who had ignored his support payments for years and frustrated enforcement agents' attempts to find assets to seize, promptly supplied \$19,000 to keep his driver's license.

"He called in and said, 'Don't do anything rash,'" said Thomas Mato, legal counsel for the Child Support Enforcement Division of the Maine Department of Human Services.

License revocation provisions have such a tremendous impact because if the procedures are so designed, they can be applied with a speed and certainty not possible for most other sanctions available against deadbeat parents.

Contempt citations and criminal non-support prosecutions require court proceedings that put a burden of time and resources on strapped enforcement officials.

Furthermore, license revocation is not as easily circumvented by parents operating in the cash-only underground economy as other administrative remedies, such as wage withholding orders and liens on assets.

Driver's and occupational licenses are assets that are enormously valuable and difficult to hide under the name of a new spouse or lover. That combination of circumstances is well appreciated by any support enforcement agent who ever has watched a supposedly destitute parent drive away in a spouse's Mercedes.

As the number of children raised by divorced parents or born to never-married parents has grown, the stakes in enforcing child support orders have become enormous.

An Urban Institute report estimated that unpaid child support amounted to \$34 billion nationally in 1992.

A considerable amount of that burden falls on taxpayers through welfare payments to single mothers.

Many of them would not be on welfare if they received their child support payments; in the case of others, the government is entitled to collect the court-ordered child support of fathers as partial reimbursement for welfare payments.

National adoption of laws revoking the licenses of parents who fail to make child support payments would raise collections by \$2.5 billion over five years, the U.S. Department of Health and Human Services estimates.

The Congressional Budget Office projects the federal government would save \$146 million in welfare payments the first five years of such a national program.

(EDITORS: STORY CAN TRIM HERE)

Although Maine was not the first state to pass a law

revoking the licenses of parents who fail to pay support, it passed one of the earliest laws, and the impressive results there have earned Maine the most attention. Streamlined procedures the state adopted in its statute largely are responsible, administrators said.

While a number of the other states experimenting with license restrictions or revocations require time-consuming hearings either before a court or state licensing authorities before action is taken, Maine has delegated the power to revoke licenses to its child support enforcement division.

Parents who are targeted for failure to make support payments receive a notice 21 days before their license is canceled. Any request for a hearing must be filed within that period to stop the order, and the only challenges permitted are evidence of a mistaken identity or erroneous payment records.

The process also is halted temporarily if the parent files a court petition to modify the original order for reasons of hardship.

The national welfare reform legislation which still must pass the U.S. Senate would grant states the leeway to design their own administrative procedures for revoking licenses and to set their own guidelines for when licenses would be canceled.

Maine has mailed out reminders of the new statute to 21,000 parents who have gone at least 90 days without making a full child support payment. Nearly 13,000 of them either had paid their arrears or signed payment agreements with the state by March 28.

So far, Maine has sent only the official 21-day license revocation notices to 400 parents. Those targets were handpicked by case workers; most of those parents had especially longstanding debts and could not be pursued through wage withholding because they are self-employed, officials said.

"We've tried to do this judiciously and make sure undeserving people aren't subject to the threat," said Colburn Jackson, director of support enforcement.

Nonetheless, the broad discretion the Maine law grants to the child support enforcement bureaucracy worries Mary Henderson, a staff attorney for Pine Tree Legal Assistance, which provides legal services to Maine's low-income residents.

"I don't think we've seen the full potential damage it can do," Henderson said.

Although parents' child support obligations are set through court proceedings that take into account their abilities to make payments, parents whose financial circumstances change through a job loss or other misfortune often are slow to petition for modifications in the orders, Henderson said.

They may, for example, be reluctant to hire a lawyer while unemployed or hope their hardship will be temporary, she said.

Those parents usually are not aware that their mounting child support debt cannot be reduced retroactively when they eventually file a request for a modification, Henderson said.

Federal law forbids judges from reducing child support obligations incurred before the filing date of a modification petition.

"We cannot pretend that every person who falls behind in their child support is a deadbeat," Henderson said. "Many have paid religiously and suddenly run out of money and now are subject to license revocation."