



AMERICAN PUBLIC WELFARE ASSOCIATION

Cornelius D. Hogan, President  
A. Sidney Johnson III, Executive Director

**Child Support Information Systems**

**Written Testimony**

**Mr. Robert Doar  
Director of the New York State  
Office of Child Support Enforcement**

**for**

**the American Public Welfare Association (APWA)**

**Before**

**the House Ways and Means  
Human Resources Subcommittee**

**Wednesday, September 10, 1997**

## INTRODUCTION

My name is Robert Doar. Thank you for the opportunity to testify today. I am the Director of the New York State Office of Child Support Enforcement. I am here to testify on behalf of both the Pataki administration and the American Public Welfare Association—a bipartisan organization that represents the human service agencies of the 54 states and jurisdictions on policy issues.

~~The purpose of my testimony is to say that federal-state systems procedures need to be changed, both in the short-term to allow states that are not expected to meet current certification requirements to continue to deliver effective child support programs, and in the long-term to better meet the systems and program demands of the post-welfare reform world.<sup>1</sup>~~

But first, a little background: As you know, the Family Support Act of 1988 required states to implement statewide automated child support systems by 1995. Congress extended this deadline by two years because the Department of Health and Human Services (HHS) was two years late in issuing regulations, impeding state start-up. Thank you for that extension. It has allowed the majority of states the time necessary to complete their systems. In fact, New York—while having faced many challenges—expects to meet the 1997 deadline. While only a handful of states are expected to miss the deadline, they are large states, comprising perhaps 45 percent of the nation's child support caseload. ~~The largest states have faced the greatest challenges because federal rules fail to allow the flexibility needed to meet the certification requirements.<sup>2</sup>~~

During this period, while states struggled with the system certification requirements, we also made significant progress in helping the people we serve. And the numbers show that:

- In 1992, annual collections totaled \$6 billion. In 1996, annual collections exceeded \$12 billion—a 100% increase.
- In 1992, paternity establishments totaled 512,000. By 1996, paternity establishments had doubled to just over 1 million.
- In 1992, 2.8 million families received child support collections through this program. In 1996, 4 million families received child support—a 43% increase.

In order for this improvement to continue, we need changes to the federal-state systems procedures.

These changes will benefit all states. First, an estimated one-third of the child support caseload is interstate. All states depend on each other for effective interstate enforcement. If one state suffers, we are all impacted—as are the nation's families. Second, all states must implement the new program and systems requirements enacted by Congress in July 1996. Unless we change the way we do business, we will perpetuate the very problems we face today.

<sup>1</sup> Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) (P.L. 104-193), enacted into law on August 22, 1996.

<sup>2</sup> See Appendix A for details about the federal approval process and inherent barriers.

I'd like to emphasize this last point. Next year is going to be a pivotal year for the Personal Responsibility and Work Opportunity Reconciliation Act—the most important piece of social legislation passed since the Voting Rights Act. In order for states to meet the needs of those who are on welfare, or are recently off welfare, or are trying to avoid welfare, we must have effective child support programs. ~~And unless we make changes to the systems certification process and the method by which we deal with states that fail to meet certification, we will not be able to fulfill the vital mission you gave us last year—to help families reach self-sufficiency by delivering effective child support services.~~

## **I. SOLUTIONS TO ENSURE IMPLEMENTATION OF 1997 CHILD SUPPORT SYSTEMS**

In July 1997, APWA asked the Administration and Congress to allow states that have been unable to meet the 1997 deadline the flexibility they need to comply. Our recommendations, which have also been adopted by the National Child Support Enforcement Association (NCSEA) and the National Council of State Child Support Enforcement Administrators (NCSCSEA), call for the following:

1. Amend federal policy to ~~allow states that are not federally certified by October 1, 1997 to have federal funding available to operate their child support and TANF programs by replacing the child support information systems State Plan disallowance process with a corrective action period (CAP) that permits continued federal funding of programs.~~ This solution is critical because the immediate penalties and federal funding reductions will ~~cripple program services~~ to the point that affected states will not be able to help the child support clients they serve today;<sup>3</sup>
2. Change the state system certification requirements to focus on expected program outcomes—rather than specifying specific architectural design requirements—to assure the best results from state and federal investments in technology; and
3. Allow a ~~state to link Title IV-D~~<sup>4</sup> child support automated systems if the linkage results in a seamless uniform system that meets the current program requirements and the state child support agency determines, after considering cost-effectiveness, caseload size and customer orientation, that linking systems is the best way to meet requirements.<sup>5</sup>

### **Many Causes Contributed to Systems Delays**

Causes of states' inability to meet the statutory deadline are numerous and federal, state, county and private sector partners share the blame.

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<sup>3</sup> Strict interpretation of existing law and regulation could result in a loss of federal funds for states' child support programs of both a state's TANF block grant funds, as well as all of its child support administrative funds.

<sup>4</sup> Title IV-D of the Social Security Act authorizes the federal and state child support programs.

<sup>5</sup> See Appendix B for an explanation of the difference between statewide and single statewide system.

~~First, no models exist for implementing such large complex automation to serve the multitude of parties and meet the political and regulatory needs of the numerous jurisdictions involved in administering the child support program.~~ States must partner with counties, courts, district attorneys and prosecutorial offices, employers, financial institutions, and other state agencies such as vital statistics, employment security, welfare, Medicaid, food stamps, and revenue. They must track current information for both custodial parents, noncustodial parents, and their children and respond immediately to their customer service needs. Even private sector experts have said that never before has automation been implemented to manage such complex relationships.

To further complicate child support systems development, ~~HHS prescribed through its certification requirements and other regulatory and policy materials, specific systems architectural and software configurations, which were developed based on technology known during the 1980s but which are not necessarily appropriate in light of current technology.~~ These requirements put states in the position of developing systems to meet certification requirements rather than to accomplish the mission of the child support program.

Other causes include:

- ~~Federal barriers such as the transfer requirement<sup>6</sup> and prescriptive process-oriented certification criteria (see Appendix A for a more detailed discussion);~~
- ~~Changes mid-stream in technologies, management, and federal regulations and requirements (examples include that HHS made the transfer requirement optional too late and failed to make certification standards available in final form until June 1993);~~
- ~~Lengthy processes for state procurement and federal approval of private sector contracts;~~
- ~~A shortage of talented and experienced technical staff and project and executive managers among states, the federal government, and the private sector;~~
- ~~The private sector's inability to complete contracted work to specifications or within time frames; and~~
- ~~The significant length of time needed to convert large caseloads from their old format to the new format used by the statewide automated system.~~

### **Large Systems Development is Inherently Risky in Both Public and Private Sector**

Systems development in both the private and public sectors is a complex, lengthy process. Failures are public and painful, such as the recently revealed difficulties the Internal Revenue Service has had in updating its antiquated system. The following data on private computer development and implementation projects illustrate the risk:

- many large projects requiring extensive software design and development, system integration, and large outsourcing tend to fail,
- 30%-50% of large computer implementations (over \$1 million) fail in some manner,
- only 10%-16% of large projects meet deadlines and budget,

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<sup>6</sup> The transfer requirement directed states implementing an automated system to acquire it by locating and using an federally-approved information system already operating in another state.

- almost 30% are canceled before completed, and
- over 50% of software projects overran estimates by 189%, costing U.S. companies \$59 billion a year in 1994.<sup>7</sup>

### **Despite Systems Challenges, Child Support Program Continues Improving**

~~Although some states have yet to achieve full system certification, the child support program continues to make significant improvements.~~ Governors across the nation laud the record state collections of \$12 billion in 1996, an increase of 50% since 1992. Paternity establishment almost doubled to nearly 1 million cases in FY 1996, from 516,000 in 1992. And the number of families actually receiving child support rose to 4 million cases with collections, an increase of 43 percent, over 2.8 million in 1992.

~~Despite these programmatic improvements, a strict interpretation of existing law, regulation and policy could result in a loss of federal funds for state programs: both a state's TANF block grant funds as well as all of its child support administrative funds are subject to penalty.~~ These penalties would pose significant fiscal difficulties for states and ensure a reversal of the program improvements realized to date. Currently, there is no corrective action process by which HHS can pursue alternate methods of achieving state compliance with these requirements, other than withholding significant amounts of federal funds. A corrective action period must be established.

## **II. SOLUTIONS TO ENSURE AN EFFICIENT, EFFECTIVE FEDERAL-STATE SYSTEMS RELATIONSHIP OVER THE LONG-TERM**

States strongly support efforts to ensure effective stewardship of public funds. We want a process that meets this goal while ensuring, rather than inhibiting, program performance. Information technology can and should improve the business of the program it supports, and the federal-state relationship should guarantee it does. Instead, the current child support systems development effort has driven states to focus on meeting prescriptive certification requirements, not necessarily to focus on improving program efficiency and effectiveness. APWA calls on the federal government to address this and other problems that will continue to plague human service systems unless they are fixed.<sup>8</sup>

To do so, APWA recommends that the federal government<sup>9</sup>:

1. ~~Fundamentally alter its philosophy~~ toward human service information systems development, financing, procurement, regulation, and systems approval with a particular focus on integrating automation into the overall strategic plan of the human service program; and

<sup>7</sup> Source: David Wright Tremaine LLP, compiled from original sources.

<sup>8</sup> As mentioned in footnote 2 above, see Appendix A for details about the federal approval process and inherent barriers.

<sup>9</sup> See Appendix C for copy of APWA letter to Assistant Secretary Olivia Golden urging establishment of such a process.

2. ~~Establish in cooperation with APWA, states and other appropriate groups a state-federal information-technology-partnership-with-strong-involvement-of-state-program-and-information-systems-staff-to-submit-recommendations-to-the-Administration-and-Congress, as necessary.~~ The recommendations should address current barriers and solutions to information systems development with a focus on reengineering the systems approval process.

### **Overhaul of the Federal Systems Approval Process**

Even prior to the debate over welfare and child support reform, states and APWA called for substantive overhaul to the federal APD and certification processes, warning about the problems. In response, HHS established a State-Federal Information Technology Partnership<sup>10</sup> in 1993 to develop consensus on a number of policy items—both short-term and long-term—to begin reforming the manner that federal and state governments acquire, apply, and implement human service information systems.

Fortunately, the Partnership's work led to positive administrative changes such as making the transfer requirement an option (as discussed earlier) and rewriting regulations to raise the equipment and service threshold amounts above which APDs and related procurement documents must be submitted for prior federal approval.<sup>11</sup> Removing these and other barriers has incrementally contributed to improving the federal financial oversight process and serves as a promising sign that a continued state-federal partnership could lead to additional progress.

### **Prior Federal-State Focus on Change Needs Follow-Through**

As part of this same change in policy, HHS and FNS stated that they “intend to revise their APD regulations to provide additional relief and flexibility to States” and that they were committed to “investigating new ways to further modify or replace the existing APD process.” They listed the following areas to be further investigated and initiatives to be undertaken with State representatives:

1. alternative funding of state systems;
2. performance and accountability standards;
3. application software ownership rights<sup>12</sup>;
4. APD review and operating standards;
5. Regional Office consistency;
6. technical assistance and model systems;
7. cooperative purchasing;

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<sup>10</sup> The IT partnership included representatives from the APWA-Information Systems Management Affiliate, APWA, the National Association of State Information Resource Executives, and federal agencies including HHS Office of Systems, the HHS Health Care Financing Administration, and the USDA Food and Consumer Service (the federal agency that funds the state-administered Food Stamp Program).

<sup>11</sup> See Appendix D for a copy of the Administration's policy statement, HHS/FNS Action Transmittal 94-5.

<sup>12</sup> See Appendix E for APWA Resolution from March 1, 1995 calling to make proprietary rights an option.

8. allocation of common costs;
9. the role of State Chief Information Technology officials.

While APWA and New York commend the agencies for this foresight, we are now urging them to study and implement the technology reforms we desperately need. Since the above ideas were generated over three years ago, additional concepts have been discussed.<sup>13</sup> For example, current federal provisions require that state human service programs develop and submit state plans to receive federal program funding; state directors must also conduct internal strategic planning to operate sound programs. ~~Information-technology-development-could-be-integrated-into-this-state-planning-process-to-ensure-program-goals-are-met-in-a-cost-effective-way.~~

## SUMMARY

Child support agencies are implementing the major new program and systems requirements the new welfare reform law mandates—and that states support. Even under such pressure, states continue to increase their performance in the child support program. ~~In-New-York,-we-will-collect-more-than-\$800-million-on-behalf-of-the-people-we-serve-this-year.~~ That represents a ~~\$220-million-increase-over-1994-(a-28%-increase-for-the-calendar-year).~~ Still, many barriers impede state agencies from applying good business practices to program operation and the automated systems development and implementation that support programs. Now is the time to follow through with analyzing and implementing options for change. APWA looks forward to continued work with Congress and the federal agencies to modernize federal information systems approval processes to ensure both state financial accountability and program performance.

Thank you for the opportunity to testify today.

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<sup>13</sup> See Appendix F for a list of options and ideas states have generated as discussion items for developing solutions to address systems problems.

## **LIST OF APPENDICES**

**Appendix A:** Current Systems Approval Processes

**Appendix B:** Statewide Systems vs. Single State Systems

**Appendix C:** APWA Letter to HHS Calling for Systems Reform Partnership

**Appendix D:** Joint Policy Statement of HHS and FNS Calling for Further Study of Systems Problems, Action Transmittal 94-5

**Appendix E:** APWA Resolution to Make Proprietary Ownership Rights an Option

**Appendix F:** Options and Ideas for Discussion to Reform Systems Approval Processes

## APPENDIX A

### Current Systems Approval Processes

The current APD and certification processes are cumbersome and time-consuming. They slow states' implementation of critical information systems projects and they do not logically relate to or ensure state systems or program performance.

#### Explanation of APD and Certification Processes

The federal government has established two principal processes for systems approval—Advance Planning Documents (APD) and certification.<sup>14</sup>

#### *Advance Planning Document Process*

The APD process applies to systems expenditures for the child support, child welfare, Medicaid and Food Stamp programs. (Until PRWORA's enactment, the APD process also applied to AFDC, JOBS, and child care systems.) The federal agencies with responsibility for human service information systems approval—the HHS Administration for Children and Families, the HHS Health Care Financing Administration, and the U.S. Department of Agriculture Food and Consumer Service—have designed the APD process to:

- broadly describe the state's plan for managing the design, development, implementation, and operation of a system that meets federal, state, and user needs in an efficient, comprehensive, and cost-effective manner;
- establish systems and program performance goals in terms of projected costs and benefits; and,
- secure federal financial participation (FFP) for the state.

The APD process requires states to submit to federal agencies of one or a series of documents—a Planning APD (PAPD), an Implementation APD (IAPD), an Annual APD Update (APD-U), and as-needed, other APD Updates, solicitation documents, contracts, and contract amendments:

*Planning APD*—a written plan of action to determine the need for, feasibility of, and projected costs and benefits of an automated data processing equipment or services acquisition. Includes statement of need, project management plan for planning, planning project budget, and estimate of total project cost.

*Implementation APD*—a written plan of action to request federal financial participation in the costs of designing, developing, and implementing the system. Includes statement of needs and objectives; summary of results of requirements analysis, feasibility study, and alternative analysis (multiple alternatives), cost-benefit analysis (for each alternative), project management plan, proposed budget, and prospective cost allocation.

*Annual APD Update*—an annual written report on the status of systems projects, requests for additional funding, and reporting of post-implementation costs and benefits. Includes references to the approved APD and all approved changes, project status report, revised project management plan, revised project

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<sup>14</sup> This summary of APDs and certification is based on information in the HHS September 1996 State Systems APD Guide and the June 1993 HHS document, "Automated Systems for Child Support Enforcement: A Guide for States."

budget, cost allocation/distribution changes, and actual costs and benefits (once the system is operational.).

*As-Needed APD Updates*—a written report for requesting additional funding, clarifying project information requirements, and requesting HHS approval for significant project changes.

*Contracting Documents*—states must submit for prior approval sole source justifications, solicitation documents, contracts, and contract amendments.

### ***Certification Process***

For child support information systems, HHS added by regulation to the APD procedure a certification process for verifying that a state's automated child support information system is *comprehensive, statewide, operational, efficient and effective, and integrated*. In making the certification, HHS assesses the system in eight functional areas that are meticulously detailed in a certification guide: case initiation, locate, establishment, enforcement, case management, financial management, reporting, and security and privacy. States have encountered significant barriers to successful systems development inherent in these procedures and call for their reform.

### **Transfer Requirement**

One regulatory barrier, the "transfer requirement," has caused numerous problems and inefficiencies for states and private sector companies over the years in all human service programs. In July 1994 APWA and states succeeded in convincing HHS and the USDA Food and Consumer Service to make the transfer requirement an option rather than a mandate, but the problems states faced continue to plague systems in place today.

The transfer requirement directed states implementing an automated system to acquire it by locating and using a federally-approved information system already operating in another state. This requirement was based on a false presumption that states had identical systems and program needs. In addition, the transfer requirement locked states into replication of old technologies. In order to innovate, states had to entirely tear down and rebuild the transferred system rather than improving architectural models and adopting contemporary technologies.

One example is California's child support information system. California's information systems vendor decided to transfer the New England Child Support Enforcement System (NECSSES). NECSSES was designed using early systems technology, to serve Maine and New Hampshire, each with caseloads of approximately 45,000—52 times less than the child support caseload of California. The system has been unable to handle these larger caseloads, and California counties are seeking alternate systems strategies, especially those that use more modern client-server technology.

### **Examples of Drawbacks of the Current APD and Certification Processes:**

- The exacting APD documentation process requires extensive time for state staff to complete and federal staff to review and approve.
- Federal staff time spent conducting complex document reviews diminishes their role in evaluating alternative systems and disseminating best practice information. This same dynamic is true at the state level.
- The prescriptive, lengthy bureaucratic APD process hinders state flexibility and contributes to delays in state systems development and implementation—to the point that by the time the system is implemented, innovation is squelched or the technology is outmoded.

- The federal focus on process compliance rather than project and program outcomes forces states to invest resources in point-by-point responses to regulatory specifications rather than improving program performance through strategic use of automation.
- These systems processes are not integrated into program planning even though the purpose of automation is to enhance program outcomes.

Examples of Specific APD Requirements that States Find Problematic:

- Even though system upgrades have become a routine process in states, the federal process requires prior federal approval of routine system modifications and enhancements—diverting resources to bureaucratic processes rather than allowing a focus on program outcomes. For example, routine technological upgrades, replacement of obsolete or depreciated equipment, and normal system growth are not considered operational expenses and are thus subject to APD prior approval.
- Redundant processes require not only federal agency approval of the overall APD, but also a second separate review of the specific contracts and Requests for Proposals already included in the APD review.

Examples of Specific Certification Requirements that States Find Problematic:

- The interpretation of the term “statewide” forces states to use a single software, hardware and architectural configuration rather than allowing a programmatic and functional definition that requires uniform outcomes across local jurisdictions using automation to produce a seamless single state system (see Appendix B for a more detailed discussion of this problem).
- The criteria for determining whether a system has met a certifiable level of automation is so detailed that it compels states to automate operations to unnecessary degrees with no evidence of cost-benefits.
- The requirement that all system functions be fully coordinated and integrated can require unnecessary programming when the need for such integration may not expand beyond limited functional areas or may only reach a minute population.
- Some certification requirements unnecessarily involve the child support program as a middle broker in transactions that could be more efficiently and effectively performed between primary parties. One example is the area of IV-E foster care distribution.

Neither the APD nor certification processes provide a corrective action process for states not meeting system certification deadlines. Such a process would allow these states to demonstrate the steps they are taking to meet certification requirements.

## APPENDIX B

### Statewide Systems vs. Single State Systems

The Family Support Act of 1988 required that state child support programs implement automation to achieve specific program outcomes. Federal system regulations for these child support automated systems interpret the statutory requirement for a "single statewide system" to mean that every child support worker/organization use a single software, hardware and architectural configuration to meet the goal of "statewideness." The current certification process has focused on each state having only one automated system and with all the users in the state required to use that single system. This requirement has caused major problems for many states, particularly large, county-based states.

What is needed today is a redefinition of *single state system* to mean a system that is operational statewide and meets all programmatic requirements. This system could be comprised of more than one linked automated system. The key to this concept is that, to the external world (the other states, federal databases, and the recipients of service), the child support system would function as a single system. Access would be through a single point of entry for other states and the federal linked databases.

The technology to effectively and efficiently link various systems and produce a single database has only recently become feasible. Today's technology not only allows for linking different automated systems but allows states to do so with lower development costs than building and deploying a single new system.

Comparison of the characteristics of a Single System and a Statewide System:

#### Single State System: A Current Problem

Definition - This is a technical definition of a system requiring a single software, hardware and architectural configuration. It is one way to automate an entire state.

Efficiency & effectiveness - The common belief is that a single software, hardware and architectural configuration is the least expensive model. New technology has undercut the need for uniformity of structure. Having a single hardware platform and operating system for the entire state does not assure efficient and effective development or operation of the system.

#### Statewide System: A Needed Solution

Definition - This is a programmatic and functional definition which requires uniform outcomes across local jurisdictions using automation.

Efficiency & effectiveness - Linking various systems may be more efficient and effective because decision making is based on programmatic functionality and available technology, not on the technical aspects of the architecture.

Design Philosophy - One size fits all. Requires sacrifices in many areas in order to find an agreed upon approach for handling caseloads of 150 to 2,000,000.

Potential for Successful Implementation - Although feasible in smaller state administered programs, this concept has proven to be unsuccessful for many large, county based systems.

Data element structure - All data elements on the system are identical from site to site. Allows data matches with other states, federal data bases and allows for standard federal reporting.

Functionality - Performs all federally required activity in the FSA 88 system regulations, in the manner prescribed by the federal certification requirements.

Development time frames - Long for nearly all states. Particularly lengthy for large, county based states as business process compromises must be made.

Training Requirements - Usually lengthy due to the need to train all the state child support staff on a new system.

Design Philosophy - Focus is on local needs and differences. E.g. allows for specialization of functions in one site and generalization of functions in another.

Potential for Successful Implementation - This concept may be the only way large, county based states can implement all the requirements of the FSA 88 system.

Data element structure - All elements have the same definition in all sites. The local data elements may have a slightly different structure from one site to another other, but exist in a standard form in a central location so they appear to the external world as if they are identical. Allows data matches with other states, federal data bases and allows for standard federal reporting.

Functionality - Performs all required functions to produce results required by federal regulations.

Development time frames - Potentially shorter due to the flexibility to modify already existing systems.

Training Requirements - Potentially shorter because only missing functionality from currently used local systems must be added.

## Conclusion

“Statewideness” is a programmatic concept of ensuring that services are provided uniformly across a state, and that states can interact with on another using a common “language.” Achieving statewideness is not dependent on a particular software, hardware or architectural configuration. New technology can enable states to achieve “statewideness” through standard requirements for data and communication protocols, without the need to abandon local automation initiatives. The focus should be on the desired outcome—“statewideness”—not on the process of a “single statewide system.”

APPENDIX C

APWA Letter to HHS Calling for Systems Reform Partnership



AMERICAN PUBLIC WELFARE ASSOCIATION

Cornelius D. Hogan, President  
A. Sidney Johnson III, Executive Director

August 11, 1997

Olivia Golden  
Principal Deputy Assistant Secretary  
Administration for Children and Families  
Department of Health and Human Services  
Aerospace Building, Suite 600  
370 L'Enfant Promenade, SW  
Washington, DC 20447

COPY

Dear Olivia,

I am writing to ask for your assistance in an area that is a major concern to states—information systems. At the recent APWA meeting of the National Council of State Human Service Administrators, APWA adopted two policy agreements geared to resolving both the short-term challenges some large states are facing with their child support information systems and the long-term problems that are embedded in the current federal-state information systems process.

**Information Systems Challenges and Solutions**

As you know, APWA is very interested in working to address and avoid in the future the problems states currently face with:

- the October 1997 child support information systems deadline, and
- the federal-state relationship regarding human service information systems development, financing, procurement, regulation, and approval—including the advance planning document (APD) and certification process.

APWA on behalf of state human service commissioners urges you to continue building on the federal-state partnership in child support by using your administrative authority to work with states to address the 1997 systems crisis. APWA recommends that HHS adopt following solutions to this problem: (1) change the child support information systems state plan disallowance process to allow for a corrective action plan (CAP) that permits for continued federal funding during the CAP period; (2) allow a state to link a limited number of local systems if this linkage is requested by the state agency, is warranted by the state's caseload size, and results in a seamless, uniform system that meets the current program requirements; and, (3) adapt the current state system certification requirements to focus instead on expected program results such as PRWORA's changes to the child support system.

Further, APWA believes that the challenges states and the federal government are now facing related to child support systems are a symptom of broader problems that exist in the federal-state systems relationship. Therefore, I strongly urge your agency to undertake a concerted effort in partnership with states to examine this process, define the problems, and rapidly address them to ensure they are avoided in the future.

Attached are two APWA Resolutions on these topics: one reflects systems solutions related to the 1997 child support deadline and the other focuses on the need for broader systems approval reform to avoid such problems in the future.

Additionally, APWA is interested in working with Congress as necessary to facilitate quick implementation of such solutions, and has communicated this to the Hill.

Thank you very much for focusing federal attention from your office on this area of utmost importance. It will help states as well as the families that benefit from human service programs nationwide. APWA sincerely appreciates the work of your office and looks forward to a strong partnership to resolve the information systems challenges facing state and federal government.

I hope to be in touch soon about next steps for such a partnership to move forward in this areas.

Sincerely,

A handwritten signature in dark ink, appearing to be "A. Sidney Johnson III", written over a light-colored background.

A. Sidney Johnson III  
Executive Director

Attachments

APPENDIX D

Joint Policy Statement of HHS and FNS  
Calling for Further Study of Systems Problems, AT #94-5

**Administration for Children  
and Families (ACF)**

U.S. Department of Health and Human Services  
Administration for Children & Families  
370 L'Enfant Promenade  
Washington, DC 20447

**Food and Nutrition Service  
(FNS)**

U.S. Department of Agriculture  
Food and Nutrition Service  
3101 Park Center Drive  
Alexandria, VA 22302

**Action Transmittal**

Transmittal No. AT-94-5

Date: July 22, 1994

**TO :** STATE PUBLIC ASSISTANCE AGENCIES, STATE INFORMATION EXECUTIVES, AND OTHER INTERESTED PARTIES

**SUBJECT :** FEDERAL/STATE INFORMATION TECHNOLOGY POLICY

**RELATED REFERENCES:** 45 CFR PART 95, SUBPART F  
7 CFR Part 277

**PURPOSE:** This Action Transmittal (AT) implements short term changes in policy, which can be made within current law and regulations, to the Advance Planning Document (APD) requirements of the Department of Health and Human Services (HHS), in particular the Administration for Children and Families (ACF) and the Health Care Financing Administration (HCFA), and the Department of Agriculture, Food and Nutrition Service (FNS). These policy changes will provide greater flexibility within the existing APD process, while Federal and State representatives investigate more far reaching alternatives for changing or replacing the APD process. The policies detailed in this document will enhance State systems development and eliminate excessive paper work.

**BACKGROUND:** Funding for State automatic data processing (ADP) systems which support Federally funded public assistance, child welfare, and child support enforcement programs, are subject to the provisions of 45 CFR Part 95, Subpart F and 7 CFR Part 277. These are generally known as the advance planning document (APD) requirements or process. The APD process ensures that Federal funds for capital investments in automation and technology projects are spent appropriately and wisely; and provides a source of information about State systems projects which is shared with other States.

**DISCUSSION:** As part of the Federal government's initiative to reinvent processes and improve service to the States, Federal and State representatives worked together, through an Information Technology Work Group, to identify action items which would make the existing APD process more flexible and effective.

HHS and FNS anticipate that the policies instituted in this AT will result in: a reduction in State systems project delays; States developing personal computer (PC) based (client server) systems; States purchasing rather than leasing PCs; an increased emphasis on new ideas and new technology; reduced paperwork and recordkeeping; and associated cost savings.

In addition to the actions being taken within this AT, HHS and FNS intend to revise their APD regulations to provide additional relief and flexibility to States.

For the longer term, the two Departments will be investigating ways to further modify, or replace the existing APD process. Areas to be further investigated and initiatives to be undertaken with State representatives include: 1) alternative funding of State systems; 2) performance and accountability standards; 3) application software ownership rights; 4) APD review and operating standards; 5) Regional Office consistency; 6) technical assistance and model systems; 7) cooperative purchasing; 8) allocation of common costs; and 9) the role of State Chief Information Technology officials.

APPENDIX E

**APWA Resolution Urging  
Revision of Regulations Restricting Software Ownership Rights**

- WHEREAS, Information systems play an essential, fundamental role in supporting both the administrative and program capacity for delivering social services in an efficient and effective manner, and
- WHEREAS, Many social service systems are mandated by federal statutory and regulatory requirements and the costs for software development, operations, maintenance, and enhancements of these systems are a significant burden on state budgets; and
- WHEREAS, Federal regulations at 45 CFR 95.617 and 7 CFR 277.18(1) (Software and Ownership Rights for HHS and FCS, respectively) require that a "state and local government will have all ownership rights in software or modifications thereof and associated documentation designed, developed or installed with federal financial participation [FFP]," and that "the federal government reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use" such material, and that "FFP is not available for proprietary applications software developed specifically for the public assistance programs" covered by these regulations, and that these regulations are not based in statutory language; and
- WHEREAS, States are allowed to lease general-purpose, commercially available software packages with FFP (such as Windows and word processing packages) and are allowed to lease commercially-available systems that require customization (such as financial systems), but are not allowed to lease systems covered under the Social Security Act as cited above, even though similar restrictions do not exist for other state systems supporting programs not funded under the Social Security Act but that are leased with FFP; and
- WHEREAS, Such restrictive regulations have the effect of increasing software costs by (a) preventing states from leasing software from vendors who would incur all development costs, and who would then spread their development costs over sales to multiple states, and who would retain the rights to the software that they paid to develop; and (b) forcing each state to develop its own separate software for welfare, child welfare, child support enforcement, Medicaid, etc.; and
- WHEREAS, The Federal-State Information Technology Partnership—made up of representatives from the American Association of Public Welfare Information Systems Managers Affiliate (AAPW-ISM), the National Association of State Information Resource Executives (NASIRE), and systems experts from HHS, USDA, and OMB—in May 1994 recommended examining "changing application software ownership rights policy" to "consider allowing vendors to retain ownership of application software and allow them to offer it to individual states for a fee;" and
- WHEREAS, Removing software ownership restrictions would increase the options available to states for acquisition of necessary software without increasing states' paperwork or staffing levels and without restricting states' options to pursue the current method of independent software development and state ownership of software rights; and
- WHEREAS, Trends in technology have resulted in decreased costs for hardware and proprietary software, but increased costs for custom software, so that software restricted from proprietary ownership can be an expensive path for states; and
- WHEREAS, With purchase of non-restricted software a state can know exactly what it is buying and can calculate the life-cycle costs; and
- WHEREAS, An expected effect of eliminating the restriction on software ownership rights is that software costs would decrease, software quality would improve, and systems would be available sooner to support social service administration and service delivery;
- THEREFORE BE IT RESOLVED that the National Council of State Human Service Administrators urges the U.S. Department of Health and Human Services and the U.S. Department of Agriculture to revise their regulations governing software and ownership rights:

1. To continue to provide FFP for software development for public assistance programs, and to require that state and local governments have all ownership rights to software and documentation that they pay to develop with FFP.
2. To expand FFP regulations to include purchase and leasing of proprietary software developed specifically for public assistance programs, and
3. To eliminate the regulatory requirement that states have ownership rights to all software installed with FFP.

Adopted by the National Council of State Human Service Administrators  
March 1, 1995

## APPENDIX F

### Options and Ideas for Discussion to Reform Systems Approval Processes

The following items are options APWA recommends for consideration to replace the current APD and certification processes:

- Allow a corrective action period for systems implementation. Current federal compliance requirements related to system development are very specific; consequences of non-compliance are vague. Policies, where existent, appear to require HHS to impose severe penalties on states in the event of non-compliance—a consequence that would insure that struggling states could not meet such requirements.
- Integrate the information systems approval process into the overall state plan approval process required in each federal human service program area, rather than continuing it as a stand-alone approval disconnected from the program that the system is intended to serve.
- Implement an information systems approval process that relies on the assessment of outcomes based upon functional performance standards tied to program goals and demonstrated returns on investment, rather than based on line-by-line review of planning and implementation documents at the front-end that are de-linked from program objectives;
- Implement a routine auditing process contingent upon relief from burdensome APD and certification requirements and targeted investigations if the federal government suspects that laws have been violated; and,
- Redirect federal activities to oversight of new systems development and implementation rather than modifications or replacement of components to already-approved systems.

**COMMITTEE ON WAYS AND MEANS**

U.S. HOUSE OF REPRESENTATIVES  
WASHINGTON, DC 20510

SUBCOMMITTEE ON HUMAN RESOURCES  
SEPTEMBER 10, 1997

**SUPPLEMENTAL DATA**

John E. Mahoney, Director  
Oakland County, Department of Information Technology  
1200 N. Telegraph Road  
Pontiac, MI 48341-0421

(248) 858-0815

Robert J. Daddow, Director  
Oakland County, Department of Management and Budget  
1200 N. Telegraph Road  
Pontiac, MI 48341-0421

(248) 858-0490

Concerns of Oakland County of the effects of Federally mandated programs. Regulations as written place the State and Local agencies in conflicting positions while attempting to provide quality service to their constituents in a cost effective manner.

## COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES  
WASHINGTON, DC 20510

SUBCOMMITTEE ON HUMAN RESOURCES  
SEPTEMBER 10, 1997

RE: Child Support Enforcement System - Oakland County Concerns and Recommendations

Oakland County appreciates the invitation to express its concerns involving the State of Michigan's implementation of the Child Support Enforcement System (CSES) in connection with the Family Support Act of 1998 (FSA88). It is the County's belief that changes to the existing federal legislation should be flexible, allow for the use of locally-based computer systems, and create incentives targeted at improving collections. To date, the State of Michigan has not been successful in obtaining changes in federal legislation that could otherwise mitigate the need for a State-wide computer system - a system that has proven to be ineffective, does not work for larger counties, and has been costly to create and operate.

Over the past 90 days, Oakland, Wayne, Macomb and Genesee Counties met to discuss their common problems with the State's CSES implementation. These four counties represent approximately 55% of the entire State's case load, or roughly 450,000 Friend of the Court cases. Each County believes that their individual systems satisfy their local user requirements.

These local systems provide functions and features individually that would be sorely missed if eliminated through implementation of a common, State-wide system. At times, a common system could result in the denigration of the current system functionality. Locally-based systems can be spared through the extraction of data needed to meet federal guidelines and yet, maintain their regional specialization. It is quite likely that this approach could be implemented at a minimum cost and in a more timely manner than a common State-wide system used by 83 independent counties.

Oakland County has several key features in its system that are not being considered as part of the base State-wide system, including imaging, voice mail, and electronic funds transfer (EFT: wire transfers). The County eliminated over 26 positions and improved access to case files when it installed imaging. Presently, the County may be unable to access these images under a State-wide system that fails to address this concern - making record access impossible. Voice mail involves thousands of automated calls tied directly to the computer system account balances avoiding the need for attended telephone call processing, thus diverting staff time to more effective uses. The State-wide benchmark for collections and receipts processing under consideration is to ensure that recipients are mailed a check within **two days** of the receipt of funds - Oakland turns around over 40% of the case load (all that are on EFTs) **in hours**. If a State-wide system denigrates the cash payment processing in Oakland County, who will be held accountable for this reduction in service?

These are but small examples of the many functions and features that would be eliminated if the State continues to pursue a path of a single system that improves most county child support enforcement systems, but does not target a high water mark of technology currently available. The State has interpreted the federal guidelines as stating that there must be a single State system serving each of the State's 83 independent counties which range in size from hundreds of cases to almost 300,000 cases in Wayne County. The imposition of this federal mandate has required

the replacement of hardware, software and requisite training of local personnel that is costly to manage and terribly inefficient.

Alternatively, the County would strongly suggest that defining the core elements of the data required to improve child enforcement to be maintained centrally is key to the proposed "Data Warehouse" concept. Once defined, the independently maintained county systems can pass the data to the central repository upon which all counties could access through a low-cost browsing tool as needed. This proposal is far cheaper, easier to manage and should be able to be installed in each county and the State with a minimum of effort. However, the State is unwilling to consider this option as the federal administrators have denied the State this option.

Federal legislation should set the goals necessary to enable the States to accomplish the policy concerns of Washington D.C. It is fundamentally troublesome to not only set policy goals, but to dictate how the goals shall be carried out when technology is moving as rapidly as it is. Goals, combined with a properly installed incentives/disincentives, should be the mechanism behind the ensuring compliance with Washington's goals. After all, Michigan lead the nation in aggregate collections through its decentralized county-based child support enforcement systems in 13 of the past 15 years - we must be doing something right!

An article entitled "The Child Support Computer Meltdown" (Governing, September 1997 issue) clearly indicates that the entire child support enforcement system requirements mandated by the federal government must be challenged, it's simply is not working as anticipated. Ms. Dawn Shattuck, Chief Information Officer of the State's Family Independence Agency, has indicated that child support enforcement systems must be flexible to allow for local needs, complexities and case loads. This article reinforces the position taken by the four Counties noted above and Oakland in particular over the past several years.

Recently, the County requested that the following language be included in the "Balanced Budget Act of 1997" legislation:

**States with local or court-based collection systems may meet regulatory compliance by establishing a state-wide central repository for data (e.g. data warehousing), provided such data is accessible to all parties involved in child support enforcement efforts.**

The County strongly encourages that this language be included in future legislation that addresses the CSES efforts for Michigan, if not the nation. It is hoped that the above memorandum briefly outlines the County's concerns.

Robert J. Daddow, Director  
Department of Management and Budget  
Oakland County, Michigan

John E. Mahoney, Director  
Department of Information Technology  
Oakland County, Michigan

Testimony of Nick Turetsky

Senior Staff Attorney, Center for Law and Social Policy

before the

Subcommittee on Human Resources,

Committee on Ways and Means,

U.S. House of Representatives

September 10, 1997

Center for Law and Social Policy  
1616 P Street, NW, Suite 150  
Washington, DC 20036  
(202) 528-5140

Summary of the Testimony of Vicki Turetsky  
Senior Staff Attorney, Center for Law and Social Policy  
1616 P Street, N.W. Washington, DC 20036; (202) 328-5140

To date, only 16 states have a certified child support computer system as required by the Family Support Act of 1988. Most states will miss the extended October 1, 1997 deadline. While the majority of uncertified states are in the final stages of implementing certifiable systems, some of the largest states with locally-administered programs are lagging far behind. Because they do not meet federal state plan requirements, these states are at risk of losing all of their child support and TANF federal funding. CLASP recommends the following course of action:

1. The deadline should not be extended again. Instead, the U.S. Department of Health and Human Services (HHS) should begin the formal sanctioning process for every state that misses the deadline. Congress should consider clarifying or expanding the authority of HHS to use a range of more limited and graduated sanctions.
2. All states that miss the deadline should be required to develop a serious corrective action plan. The plan should be developed through a rigorous problem-solving process led by HHS in each state and modeled on a structured systems development approach that assesses progress at each critical milestone.
3. The plan should be tailored to each state, but it must not circumvent federal requirements. In particular, Congress should hold states to the current requirement that the system must be statewide.
4. HHS should evaluate its current capacity to implement a rigorous corrective action process, and should be encouraged to hire impartial outside experts to help HHS structure and guide a corrective planning process that can really work.
5. HHS should report quarterly to Congress and make any recommendations it has for improving the computer problem-solving process.
6. HHS, with the help of states' advocates and experts, should reassess and restructure the current computer certification process.

Members of the Subcommittee:

I am a Senior Staff Attorney at the Center for Law and Social Policy. CLASP is a non-profit organization engaged in research, analysis, technical assistance and advocacy on issues affecting low income families. We do not receive any federal funding. I appreciate this opportunity to testify about the October 1997 child support computer deadline. CLASP has tracked child support computer developments for several years. In my testimony, I will focus on the problem-solving steps that Congress and HHS should take to respond to the anticipated failure of most states to have a certified system by the extended deadline.

**Why is automation so important?** When Congress enacted the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, it counted on the child support program to help families leave or stay off of TANF. The child support provisions of the Act were designed to help states substantially improve their performance and to open up a real possibility of child support payments to families. The Act builds on existing state automation requirements, and assumes that states would finish their systems on time. If states do not get their systems in place, the most critical improvements in the new law can not be implemented.

It is clear that without automation and the new legislative improvements, nationwide child support performance is going nowhere fast. CLASP's five-year analysis of state child support performance indicators between 1991 and 1995<sup>1</sup> (including 4 of the 5 recommended in the incentive report) indicates that nationwide performance was flat for most indicators. For the most part, child support performance did not improve at all during the five-year period, despite slowed caseload growth, a drop in non-marital birth rates, and a strong economy during the last two years of the period. Expenditures grew faster than collections. Even if all computer costs are excluded, cost-efficiency barely improved. However, 1995 data does offer modest encouragement, with collections increasing at a faster pace than the caseload. This may mean that partial automation may be starting to show some results. (See graphs at end of this text.)

**How far behind are state computers?** Let me say first that it is not altogether clear which states are close to certification and which states are further behind. HHS and the states need to put the problem squarely and openly on the table, so that Congress and the public can accurately assess the magnitude of the problem. It does seem clear that there are really two different groups of states that will miss the deadline. There are states that have some level of automation and, while they will miss the deadline, they are relatively assured of getting there. This is probably the majority of states. Then there are perhaps a handful of other states that are floundering. These states include California and some of the other big, locally-administered states responsible for a disproportionate share of the nationwide caseload. California alone represents 12 percent of the nationwide caseload.

With the deadline three weeks away, only 16 states are actually certified. This represents less than 20 percent of the nationwide IV-D caseload. A dozen more states are in the review pipeline, that is, they have requested or obtained certification reviews. If you assume that all of the states in the pipeline meet the certification requirements -- which is a generous assumption -- less than half (43 percent) of the nationwide caseload would be in certifiable states. Others, of course, may submit review requests in the next three weeks. It will take HHS several months after the deadline to complete their reviews.

Some states are not even close to making the deadline. According to the GAO, as many as 14 states may not have certifiable systems by the deadline. This represents 44 percent of the nationwide caseload.<sup>2</sup> Results of a survey conducted a year ago by the Inspector General for

<sup>1</sup> 1995 is the last available year for which data has been made available. Data is from U.S. Department of Health and Human Services (HHS), *Child Support Enforcement: 20th Annual Report to Congress For the Period Ending September 30, 1995* and preceding annual reports.

<sup>2</sup> HHS, Office of Inspector General, *Implementation of State Child Support Certified Data Systems*, OEI-04-96-00010 (April 1997).

HHS<sup>3</sup> indicated that 16 states were lagging far behind in the development process, and had not begun to convert their data or implement their systems, both difficult and lengthy stages in the process.

Finally, child support computer costs are escalating rapidly. Federal child support costs increased 78 percent in 1995 alone. In 1997, total computer development and operational costs can be expected to hit \$3 billion.

Why have states have such difficulty developing automated systems? There are a number reasons. Delayed federal specifications, a poorly structured technology transfer policy, a narrow certification process, ineffective state and vendor working relationships, a shortage of expertise -- all of these contributed to delayed implementation nationwide. But I would like to focus on one particular problem here. States with complex administrative and political environments have had the most trouble implementing child support systems.

Let me be clear. This is not simply a big state problem, although big caseloads are a part of the complexity. Rather, it is primarily those big states in which the child support program is administered through counties, the local courts, or other local governments that have had the most trouble planning and implementing systems. Several of these states operate fragmented, decentralized programs with many state and local players including locally elected officials. Often local players with ties to the governor and state legislature have resisted state direction. Sometimes, no one has really taken control of the development process. CLASP's analysis of per-case cost data reflects that by and large, the decentralized states are also more expensive to automate.

You can not easily automate without the hard work of simplifying and standardizing your underlying business practices. For the states in the most trouble, the main problem does not appear to be the technology. It is the program underneath the technology. You can not overlay a computer system on top of a fragmented program and expect it to work well. Systems have been made much more complex than they need to be in order to accommodate divergent county practices. It is no surprise that the computer does not work if it includes a half dozen different options simply to open a case file. The Little Hoover Commission, a state commission charged with assessing California's child support program, found that the state's county-driven computer system "made implementing SACSS a nightmare. Because every county has its own existing system and its own level of technology, SACSS has had to be shoe-horned to fit each county."<sup>4</sup>

There has been considerable discussion in recent weeks about whether to modify the requirement that states have a statewide system. I strongly urge members of this Subcommittee to retain the current statewide requirement. States and localities should not be allowed to avoid the tough management decisions about how to streamline the state program. In fact, there may be a variety of technological solutions, and HHS can evaluate them. However, the system must operate uniformly statewide and it must be seamless to families, employers, and other states. New York should be able to go to California to get action, and should not have to deal with each county separately.

What should be done? The bottom line is that Congress must be confident that all states will either be able to implement a functional, certified computer, or be held accountable for failing. Any further use of federal computer funds must be carefully monitored and rigorously cost-justified. The deadline should not be extended. Enhanced federal funding should not be extended. Instead, I recommend the following approach:

1. HHS should begin the formal sanctioning process for every state without a certified

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<sup>3</sup> U.S. General Accounting Office, *Child Support Enforcement: Strong Leadership Required to Maximize Benefits of Automated Systems*, GAO/AIMD-97-72 (June 1997).

<sup>4</sup> State of California, Little Hoover Commission, *Enforcing Child Support: Parental Duty, Public Priority* (May 1997), 84.

computer by October 1. The main point of sanctions should be to focus federal and state attention and resources on the problem. The risk of sanctions should be real enough and tough enough to motivate the state legislature to break through logjams, without devastating program beneficiaries -- low-income families receiving TANF and child support services. Ideally, HHS would have a range of graduated, credible sanctions at its disposal and would use them judiciously. These potentially could include a loss of incentive payments.

2. Next, all states that miss the deadline should be required to develop a serious corrective action plan. The plan should be developed through a structured federal-state problem-solving process in each state. States that are closer to completion would have to lay out a real timetable and submit to federal inspections prior to certification. States that are in more serious trouble would have to enter into a rigorous assessment and planning process led by HHS. The planning process must be tough, disciplined, and skilled. It would tackle not only technical compliance, but managerial and structural barriers that have impeded systems development. The plan should be based on a structured systems development approach that assesses progress at each critical milestone. The GAO has made a number of recommendations in this area.

3. The plan should be tailored to each state, but it must not circumvent federal requirements. In particular, the Congress should hold states to the requirement that the system must be statewide. The plan would also look forward, building towards changes needed by the year 2000.

4. Such a process would demand much more leadership, resources and expertise from HHS than the current certification process has required. To succeed, HHS must provide in-depth, hands-on direction and must have the power to impose sanctions. HHS should be encouraged to evaluate its current capacity, and to hire impartial outside experts that are proficient not only in the technology, but also in program management and decision-making processes. Such experts could help HHS structure and guide a corrective planning process that can really work.

5. HHS should report quarterly to Congress and make any recommendations it has for improving the computer problem-solving process. The GAO should continue to fulfill its important oversight role.

6. HHS, with the help of states, advocates, and experts, should reassess and restructure the current certification process.

Is there room in the current law to implement the recommended process? Let me put it this way: the legal framework does not make it easy. While there may be room for alternative interpretations, Congress may want to provide HHS with clearer authority on how it should handle the sanctioning process. If Congress decides to clarify HHS's authority, it should do so in a way that is narrowly tailored to the computer problem, and preserves the overall integrity of the plan disapproval process.

Historically, HHS has interpreted the law to create two separate sanctioning tracks. The first track is a "plan disapproval" process. In order to qualify for federal child support funding, states must have an approved state plan. In order to have an approved child support state plan, the state must have a computer. In order to qualify for TANF funding, the state must certify that the state will operate a child support program under an approved child support state plan. Historically, HHS has interpreted the law to mean that if a state plan is missing anything, the plan can not be approved and all child support funds must be cut off. If the child support state plan can not be approved, then TANF funds also are at risk. In other words, if a state fails to get its computer system up on time and the state's child support plan is not approved, then the state could lose all

of its child support and TANF funding.

The second track is a "corrective compliance" action. If the child support state plan has everything it is supposed to have, but the state does not live up to its state plan, then HHS has treated the problem as a compliance issue, subjecting the state to the 1 to 5 percent penalty on TANF funds provided for in section 409(a)(8) of the Social Security Act. In a corrective compliance action, the state must submit and comply with a corrective plan. There are no express sanctions against child support funds. In other words, if the state does not comply with its state plan, the state is subject to TANF penalties, but not child support penalties.

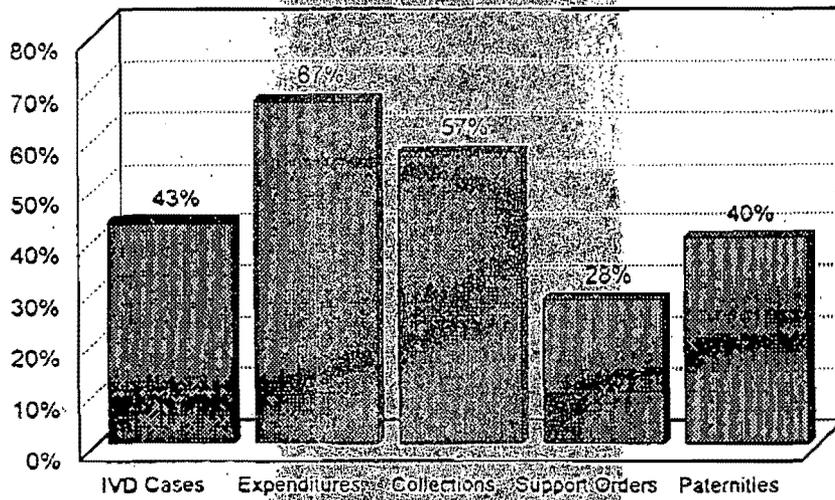
Neither process is perfectly suited to the computer problem, but as a practical matter, the noncompliance process is the better alternative. The plan disapproval process leads to a complete cut-off of child support and TANF funding. This result would be devastating to families, without solving the problem. On the other hand, the main problem with the noncompliance process is that the sanctions may not be tough enough to force real problem resolution. The noncompliance process results in a relatively small cut in TANF funds and leaves child support funds untouched.

**Conclusion.** We can not strengthen the capacity of state child support programs without automation. It is critical that HHS and remaining uncertified states solve the problems, and implement competent systems that meet federal requirements now and in the future. If they can not, then Congress must consider a different approach to the child support program.

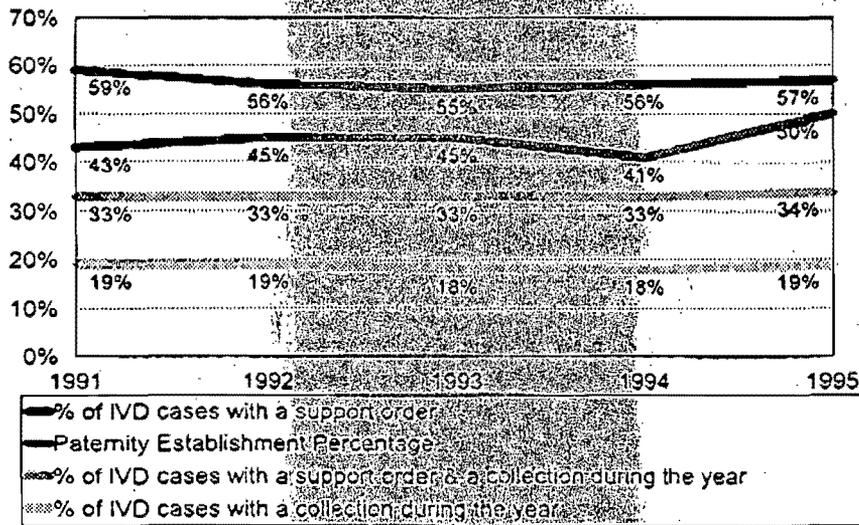
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<sup>5</sup> The plan disapproval process was recently described in an HHS action transmittal to states, OCSE-AT-97-05 (April 28, 1997).

**% Increase in Child Support Caseload, Expenditures and Outcomes 1991-1995**



**Child Support Performance Rates 1991-1995**



For Release on Delivery  
Expected at  
10 a.m.  
Wednesday,  
September 10, 1997

# CHILD SUPPORT ENFORCEMENT

## Leadership Essential to Implementing Effective Automated Systems

Statement of Joel C. Willemsen  
Director, Information Resources Management  
Accounting and Information Management Division



Mr. Chairman and Members of the Subcommittee

We appreciate the opportunity to share with you today the results of our recent review of automated systems being developed by the states to aid in the enforcement of child support payments. Our report on this subject, published June 30,<sup>1</sup> details a number of recommendations we believe the Department of Health and Human Services (HHS) must implement to increase the likelihood that states will develop effective systems.

Collection of child support continues to lag nationwide; according to HHS, payment is made in only about 20 percent of cases. As a result, millions of children may not be adequately provided for or may need to rely on welfare. Child support payments will become even more important to recipients who may cease to be covered under the new welfare legislation.

Along with evaluating the implications of the welfare reform legislation, our review focused on the status of state development activities, including costs incurred, and the role of HHS in overseeing state efforts. As you know, current law calls for implementation and federal certification of statewide systems to track determination of paternity and child support collections by October 1 of this year—just 3 weeks from today.

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<sup>1</sup>Child Support Enforcement: Strong Leadership Required to Maximize Benefits of Automated Systems (GAO/AIMD-97-72, June 30, 1997)

In brief, Mr. Chairman, our review found that while automation can be quite beneficial in locating more noncustodial parents and increasing collections, the progress of many states in implementing automated systems has been slow. At the same time, a great deal of money has been spent, with the federal government funding 90 percent of state costs associated with systems development. The lack of progress can be partly attributed to the limited leadership of HHS' Office of Child Support Enforcement (OCSE) and the inadequate systems approaches of some states. Specifically, OCSE did not perform technical reviews commensurate with the size and complexity of this nationwide undertaking. OCSE did not require states to follow a structured systems development approach, nor did it assess progress at critical decision points, thereby missing opportunities to intervene and successfully redirect systems development. As a result, development in many states has floundered, even as funding continued to be approved.

Our report makes several specific recommendations to the Secretary of Health and Human Services designed to help states develop automated child support enforcement systems that perform as required, and to maximize the federal government's return on costly technology investments.

My testimony today will discuss the benefits that automated systems are beginning to provide as well as the cost to date, problems that impeded early progress, the need for stronger federal leadership, and challenges posed by the new welfare legislation.

## THE CHILD SUPPORT ENFORCEMENT PROGRAM

The general well-being of children and families has long been a critical national policy goal. The Child Support Enforcement Program was created by the Congress in 1975 as title IV-D of the Social Security Act. Its goals are to increase the collection of child support from noncustodial parents, and to reduce the federal, state, and local expenditures that often fill the gap when such support is not provided. In 1996, over 8 million children relied on welfare, constituting over two-thirds of those individuals receiving benefits under Aid to Families With Dependent Children (AFDC).<sup>2</sup>

State-administered, the child support program is overseen by CCSE along with HHS regional offices nationwide. Total collections jumped 80 percent from 1990 to 1995--from \$6 billion to almost \$11 billion. Yet the total number of cases also increased over the same period, rising from 13 million to 20 million. Consequently, the number of cases in which collections are being made has remained between 18 and 20 percent.

State programs are directly responsible for providing the child support enforcement services that families need; these services can range from establishing a child's paternity to locating the absent parent and obtaining a court order for payment, along with collection. These state programs are organized in different ways and follow different

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<sup>2</sup>Effective July 1, 1997, AFDC was replaced by TANF--Temporary Assistance for Needy Families--in block-grant form.

policies and procedures; some are managed centrally, while others are run locally by government entities or private contractors.

As in many other areas, automation has been viewed as a critical tool in addressing the rapidly growing caseloads and increasing costs. In 1980, the Congress, seeking to promote the use of automated systems to assist in child support collection, authorized federal payment of 90 percent of states' total costs in planning, designing, developing, installing, or enhancing such systems.

OCSE requires that these systems be implemented statewide and be capable of performing several specific functions.<sup>3</sup> The Family Support Act of 1988 mandated that each state have such a system operational by October 1, 1995. However, when only five states were able to meet this date, the Congress extended the deadline by 2 years, to October 1 of this year.

Developing these systems requires completion of a difficult, complex series of tasks. Along with funding, law and regulations require the federal government--through HHS--to provide leadership and technical assistance and to set standards for effective systems development. The federal government must also oversee the process through state visits, review of planning documents, and a final, on-site certification once a state

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<sup>3</sup>These functions include case initiation, case management, financial management, enforcement, security, privacy, and reporting--all requirements that can help locate noncustodial parents and monitor child support cases.

requests it. OCSE also has the authority to suspend or withhold funding, although--until recently--this was rarely invoked. Once certified, states can obtain additional federal funding--66 percent--for operations and maintenance.

SYSTEMS COSTLY YET SHOW BENEFITS  
SOME STATES WILL MISS DEADLINE

Many states have made progress in their automation projects, and officials report tangible benefits from their systems. Benefits reported by state program and systems personnel include an improved ability to locate noncustodial parents through the ability of automated systems to interface with other state and federal databases, improved tracking of paternity establishment and enforcement actions, an increase in dollars collected, and a decrease in the amount of time needed to process payments achieved through greater worker efficiency and productivity.

Benefits do, however, come at a high price. As the chart attached to my statement today indicates, through fiscal year 1996, that price has been a federal contribution of about \$2 billion of the total \$2.6 billion spent. And as costs have continued to mount, states' progress has varied considerably; many states seriously underestimated the costs and time required for developing such systems.

According to both state and federal officials, at least some states will be unable to make next month's deadline. At the close of our audit work on March 31 of this year, OCSE's director of state child support information systems estimated that 14 states--representing 44 percent of the nation's total caseload--would likely miss the October certification deadline. Irrespective of the specific numbers, however, it seems clear that on October 2, the challenge of implementing these systems nationwide will, to a great extent, remain.

### PROBLEMS IMPEDED EARLY DEVELOPMENT PROGRESS

Historically, three major problem areas have impeded progress in developing and implementing child support systems. The first was OCSE's delay in setting systems requirements. Private industry and all levels of government acknowledge the importance of defining requirements because of the substantial payoff later in developing systems that are cost-effective, completed on time, and meet users' needs. Originally expected in 1990, final requirements were not established until June 1993. Obviously, states could proceed only so far in development until knowing what specific functions their systems would need to perform; this also caused problems with contractors. OCSE explained this delay by citing its own failure to use an incremental approach to defining requirements, along with a lengthy review process.

The second area that made the development process more difficult for states was a 1990 OCSE decision that states transfer--for their own use--systems that were already in operation in other states. The idea behind this mandate is sound: software reuse, as it is called, can reduce development time and cost, improve productivity, and improve the reliability of the software itself. However, this directive was made before OCSE had assessed whether a sufficient number of systems were available to be transferred. In fact, only eight certified systems were in use--and these were certified on the basis of OCSE's older requirements. No systems had been certified using the more extensive 1988 requirements. Consequently, many states attempted to transfer systems that were incomplete and/or otherwise incompatible, causing additional expense and delay.

Third, OCSE has been reluctant to implement a recommendation made in our 1992 report--to suspend federal funding when major problems are identified. It cited its belief that the "most constructive approach, especially with a statutory deadline, is to provide technical assistance to the [s]tates rather than suspend funding." It has temporarily, however, withheld funding when it found variations in cost figures or had other concerns about a system's direction.

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Child Support Enforcement: Timely Action Needed to Correct Systems Development Problems (GAO/IMTEC-92-46, Aug. 13, 1992)

INEFFECTIVE FEDERAL LEADERSHIP  
INHIBITS STATES' PROGRESS

In addition to these early problems, OCSE's oversight of state child support systems has been narrowly focused throughout and, as a result, ineffective in assessing the states' systems development approaches and progress. One of the primary ways in which OCSE obtains information about state plans and progress is through state advance planning documents and their updates. Yet OCSE does not use these tools to proactively oversee, monitor, or control major investments in systems development projects. Rather, it operates in large part through paperwork review tied to funding authorization and monitoring of self-assessed progress.

OCSE also does not require that states follow a structured, disciplined approach to systems development because--according to OCSE itself--it lacks the necessary technical expertise and resources to evaluate progress at critical points in the systems development process. Instead, it has focused mainly on whether states are meeting or expect to meet systems requirements--according to the states' own evaluations--and their progress toward meeting this October's deadline.

Another critical factor is whether actions cited in planning documents provided to OCSE are properly carried out and reflect what the states are actually doing. We found that states were sometimes put in a position of having to present inaccurate--some felt

impossible--schedules showing that they would indeed meet the October deadline; otherwise, continued funding was jeopardized. As one state official put it, "[the planning documents] are an administrative exercise to justify obtaining funding."

OCSE's oversight has also been constrained by its timing. Since the detailed certification reviews of systems come only at the end of the development process, when invited in by states that see their systems as complete, the opportunity to change direction early--when problems are first noted--is missed.

A final problem we see in OCSE's approach is that it monitors systems development strictly on a state-by-state basis. What would be more helpful to the states--especially those farther behind in the development process--would be a nationwide perspective in which trends could be assessed and best practices and lessons learned could be shared, in the hopes that similar problems could be avoided by other states.

#### WELFARE REFORM RAISES THE STAKES

As you know, Mr. Chairman, the welfare reform legislation enacted last year dramatically altered the nation's welfare system by requiring work in exchange for time-limited assistance.<sup>5</sup> Child support is an integral part of welfare reform, because for those

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<sup>5</sup>The Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

who find themselves newly ineligible for traditional welfare benefits and, for whatever reason, unable to work, child support payments may be the only remaining means of support.

Given this new reality, states are required to operate child support enforcement programs that meet federal requirements in order to be eligible for Temporary Assistance for Needy Families block-grant funding. OCSE plans to release guidance to states incrementally as policy decisions are made final; this is critical if states are to incorporate such new requirements while at the same time finishing development of basic child support enforcement systems.

Another demand that must be simultaneously met is the need to develop systems--and reconfigure existing systems that interface with them--that can process date-sensitive information into the next century and beyond--what has come to be known as the Year 2000 problem.<sup>6</sup>

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<sup>6</sup>The Year 2000 problem arises because many computer systems were designed such that using "00" to signify the year can be read as 1900, rather than 2000. See Year 2000 Computing Crisis: Time Is Running Out for Federal Agencies to Prepare for the New Millennium (GAO/T-AIMD-97-129, July 10, 1997).

## FEDERAL LEADERSHIP MUST BE STRENGTHENED

The challenges being faced by those forced to do without the child support to which they are entitled compel the federal government to fulfill its legislative mandate of providing leadership and ensuring that systems are developed that can help track noncustodial parents who are not paying child support. To enhance the likelihood of developing effective systems, we have recommended that the Secretary of Health and Human Services direct that the Assistant Secretary, Administration for Children and Families, take a number of actions, including

- developing and implementing a structured approach to reviewing automation projects;
- developing a mechanism for verifying that states follow generally accepted systems development practices to minimize project risks and costly errors;
- using an evaluative approach for planned and ongoing state information technology projects, one that focuses on expected and actual costs, benefits, and risks;
- conducting timely post-implementation reviews on certified child support systems to determine whether they are providing expected benefits; and
- providing the states with technical requirements for implementing welfare reform systems with sufficient time to allow the states to meet new legislatively mandated deadlines.

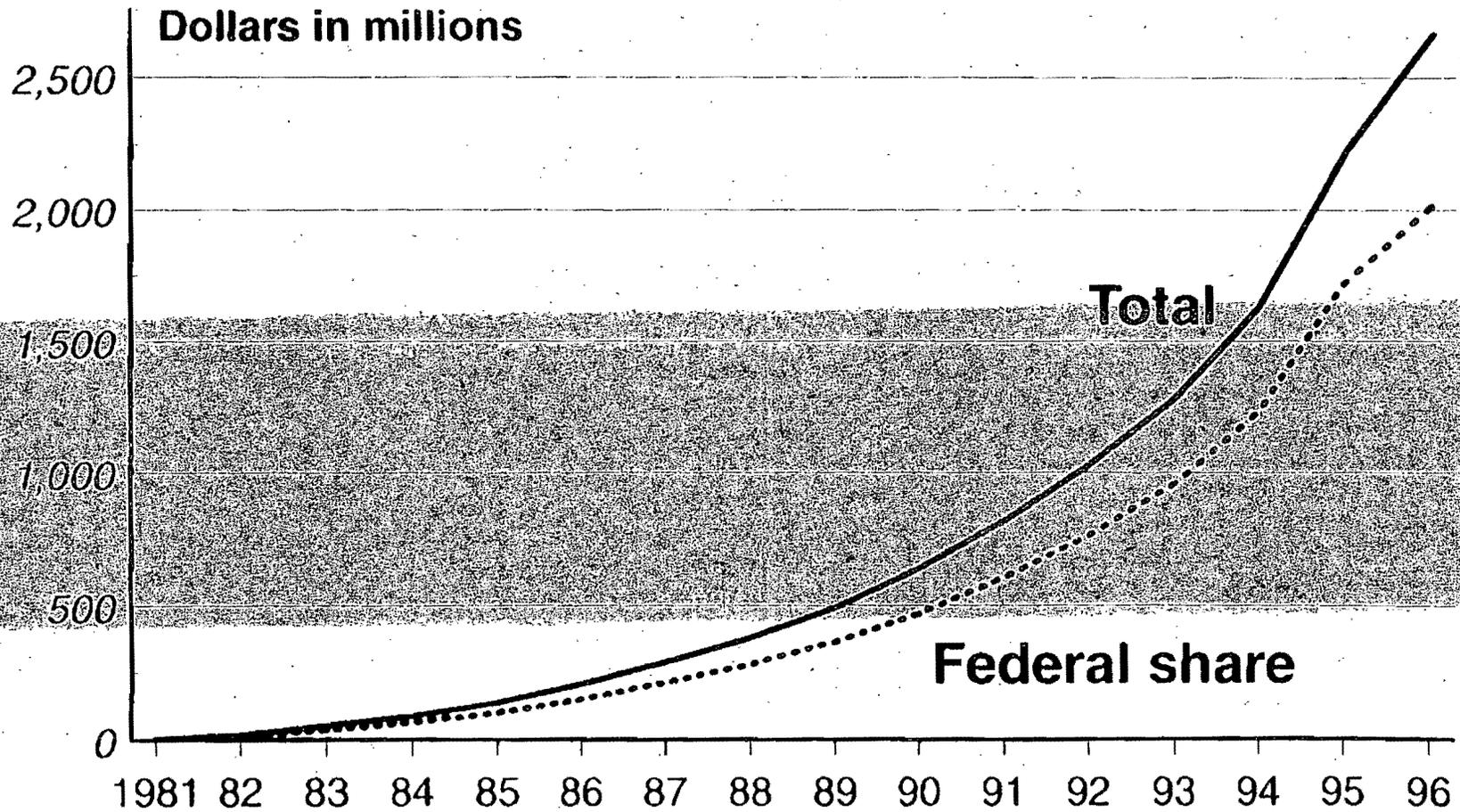
Quick action on these and other recommendations that we have made can go a long way toward implementing effective systems that will locate more noncustodial parents and increase collections.

Mr. Chairman, this concludes my statement. I would be happy to respond to any questions that you or other Members of the Subcommittee may have at this time.

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# Cumulative Funds Spent on Child Support Enforcement Systems, Fiscal Years 1981-1996



Source: HHS.

Jim Zingale  
Deputy Executive Director  
Florida Department of Revenue  
501 South Calhoun Street  
Room 104 Carlton Building  
Tallahassee, Florida 32399-0100  
(850) 488-5846  
(850) 488-0024 fax  
zingalej@DOR.state.FL.US