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Los Angeles Times February 4, 1998, Wednesday.

## CALIFORNIA AND THE WEST; STATE MAY GET BREAK ON CHILD SUPPORT LAW

BY: MELISSA HEALY, TIMES STAFF WRITER

Seeking to dig California out of a \$4-billion hole, a House panel Tuesday approved relaxing the 1996 welfare reform bill's provisions requiring the states to centralize their systems for tracking child support payments by absent parents.

The new measure, which was adopted without dissent by the House Ways and Means subcommittee on human resources, is expected to glide through the House and Senate with little resistance.

Subcommittee Chairman Clay Shaw (R-Fla.) said negotiations over the measure had reached a "high water mark for bipartisan cooperation" within the subcommittee. But he acknowledged that the compromise fully satisfied neither children's advocates, who tried to preserve the 1996 provisions, nor the states, which sought further relief from federal requirements and penalties.

"At this point, both sides seem to be mad at us—so we probably have it just about right," Shaw said.

Under the 1996 welfare reform law, California faces a \$ 4-billion fine this year for failing to centralize the county computer systems that track child support payments by absent parents.

The revisions adopted by Shaw's subcommittee would leave the state facing penalties of about \$ 12 million this year and \$ 24 million in 1999.

The law would also relax the definition of a centralized computer tracking system. California officials told legislators that they could probably comply with the new definition within 30 months, allowing the state to dodge all or most of the \$ 48-million penalty that it would have to pay in 2000.

California's 57 county district attorneys, however, have expressed little optimism about converting to the "locally linked" system envisioned by the House measure. The county officials, who oversee child support enforcement, have long held out against state and federal efforts to impose standardization.

Rep. Robert T. Matsui (D-Sacramento) said Tuesday that he strongly supported the effort to spare California a devastating financial penalty. But he warned state and county officials not to come to Congress for another bailout in three years if they fail to draw their systems together to the federal government's satisfaction.

"If there's a will, they can do it," Matsui said. "But if they think after three years that they'll get relief. . . ." Noting that only 14% of single-parent families receive the child support they are owed, Matsui said: "This has got to be dealt with."

The provisions adopted by the House subcommittee may be in for some minor changes when they progress to a drafting session of the full House Ways and Means Committee this month.

In the Senate, where the measure is to be taken up in coming weeks, Sen. Dianne Feinstein (D-Calif.) is expected to lead a drive to relax penalties even further. That will probably run into strong opposition from children's advocates, who argue that relaxing federal standards further will leave more children without parental support.

At the same time, children's advocates actively promoted the measure approved Tuesday by the subcommittee.

As drafted by the House subcommittee, the provision would allow California to receive federal reimbursement for building a system of child support enforcement that is not strictly centralized. The welfare law now dictates that states should lose federal

Please contact Larry McSwain if you would like to receive the WR Daily Report by e-mail or if you have questions about articles found in this publication. (lmcswain@acf.dhhs.gov (e-mail) or 202-401-1230(voice)).

File -  
child support -  
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press

assistance for child support enforcement if every county or region does not adopt identical hardware and software systems to track the whereabouts and employment status of absent parents who owe child support.

The newly drafted bill would encourage states such as California, which allows its counties to operate a number of dissimilar systems, to narrow the number of operating systems to just a few. And it would require states to maintain most of their significant data on absent parents in a common computer language in a single "warehouse."

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PR Newswir February 4, 1998, Wednesday*

**Pa. Gov. Ridge Visits With Employees of Mothers Work to Talk About His Tax Cut For Working Families;  
Family of 6 Earning Up to \$37,000 Will Pay No Tax, Save More Than \$1,000**

The day after he unveiled a 1998-99 budget that proposes tax cuts for the fourth straight year, Pennsylvania Gov. Tom Ridge visited Mothers Work Inc. (Nasdaq: MWRK) to talk to employees about the centerpiece of his new tax-cut plan — a \$54 million tax cut for working families.

"This tax cut will put more money into the pockets of nearly 370,000 Pennsylvanians," Gov. Ridge said. "That's money they can use for a down payment on a car, to start a savings account or just to help with groceries. It's about opportunity. And I urge the General Assembly to pass it."

Under Ridge's proposal, a family of four earning \$25,000 or less will pay zero state income tax, saving \$700 a year. A family of five will pay zero state income tax up to \$31,000, saving that family \$868 a year. A family of six will pay zero income tax up to \$37,000, saving that family \$1,036 a year. Ridge noted that, of the 42 states that levy an income tax, not one has such a generous provision in effect now.

"Let's make Pennsylvania the first," Gov. Ridge said.

Ridge sat down with Mothers Work employees today to discuss this initiative, as well as other proposals in his budget for working families, such as a dramatic expansion to CHIP — the Children's Health Insurance Program — to provide health care to another 122,000 kids of working families.

Ridge's tax-cut plan makes two straight years that he has sought income-tax cuts for working Pennsylvania families. When combined with last year's \$25 million income-tax cut, total beneficiaries will number more than 500,000.

Ridge's budget cuts seek a total \$128 million in additional tax cuts to ease the burden on working families and to create more jobs.

Mothers Work, based in Philadelphia, has more than 640 retail locations and generates more than \$250 million in annual sales. The company employs more than 400 people in the Philadelphia area and provides hundreds of subcontracting jobs within the Philadelphia area.

Mothers Work was created in 1982 by Rebecca Matthias, a 1997 recipient of Ridge's "50 Best Women in Business Award." Matthias started this company with her own money when she could not find appropriate clothing as a pregnant woman in the business world.

Ridge noted that through his Land Recycling Program, administered by the Department of Environmental Protection, Mothers Work was able to purchase an abandoned property and be released from future liability while the site was being cleaned up. Without the release from liability, it is unlikely Mothers Work would have purchased and reused the site, which has resulted in significant new jobs for the area.

Since the Land Recycling Program, now a national model, took effect in summer 1995, 41 cleanups have been completed in the five-county Philadelphia area for a total of 171 across the Commonwealth.

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AP Online -- September 11, 1997; Thursday 03:49 Eastern Time

### Congress Helps States Avoid Penalty

BYLINE: LAURA MECKLER

AP-Child-Support

File -  
Child Support -  
Computer Systems -  
Meckler

Some of the nation's largest states, facing massive penalties for failing to computerize child support systems, are unlikely to be severely fined, although they've had nearly a decade and millions of dollars to do the job.

Congress is set to pass legislation allowing the Department of Health and Human Services to impose smaller fines on states that miss an Oct. 1 deadline.

Only 16 state systems have approved systems, though many others are expected to be certified this month.

Still, HHS believes at least eight states will not be ready California, Hawaii, Illinois, Maryland, Michigan, Nevada, Ohio and Pennsylvania, plus the District of Columbia.

Congress extended the deadline once, and federal law now directs HHS to cut all child support funding to states without working child support collection systems.

That means, for instance, that California would lose \$340 million next year, Michigan would lose \$106 million, and Maryland would lose \$59 million in federal funding.

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USA TODAY - September 11, 1997, Thursday, FIRST EDITION

**Child support enforcement network stalled**

*BYLINE: Richard Wolf*

Please contact Dana Colarulli if you would like to receive the WR Daily Report by e-mail or if you have questions about articles found in this publication. (dcolarulli@acf.dhhs.gov (e-mail) or 202-401-6951 (voice)).

*Welfare Reform Daily Report — September 10, 1997 (PAGE 9)*

WASHINGTON -- A \$ 2 billion, decade-long effort to computerize the nation's child support collection system has stalled because at least eight states cannot meet federal requirements.

With child support being paid in only 20% of the nation's cases, officials had hoped to track delinquent parents across state lines by forcing all states to build centralized computer systems that could work together. About a third of child support cases involve an out-of-state parent.

But two years after the original deadline and with another one looming Oct. 1, only 16 state systems have been approved by the federal government. Twenty-six others are within striking distance. But at least eight states and the District of Columbia cannot meet federal standards. One of those states is California, which has 12% of the nation's child support cases.

Under welfare reform laws passed in 1988 and 1996, states face the loss of federal child support and welfare funds for failing to computerize their systems. But since that would penalize poor families, the fines are unlikely to be enforced.

Instead, Congress and the Clinton administration may try again next year to improve interstate collections without demanding a one-size-fits-all system, which has been opposed by states in which county governments run the programs.

Both the number of parents who pay child support and the amount collected has been increasing for two decades. But that success barely has kept pace with the overall growth in cases and money owed. As a result, success rates remain below 20%, with fewer than 4 million of 20 million cases producing payments.

Increasing support collections is a central goal of welfare reform, second only to moving recipients into jobs. The government is trying to do that by cracking down on noncustodial parents, usually fathers, and demanding cooperation from custodial parents, most often mothers. "This is probably the silent trigger that's really going to make welfare reform work," says Rep. E. Clay Shaw, R-Fla., an author of last year's law.

The new computer systems are intended to help states locate parents who owe child support. Then they can establish paternity and enforce court orders for payment. But state officials, arguing that some federally mandated systems already are outmoded, say states need more flexibility.

"We built a nice 1985 Edsel," says Jim Zingale, deputy director of Florida's revenue department. "Everybody's solutions aren't the same in the computer world today."

53RD STORY of Level 1 printed in FULL format.

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Daily News (New York)

August 01, 1997, Friday

SECTION: Editorial: Pg. 43

LENGTH: 603 words

HEADLINE: DEADBEAT DADS GET ODD COUPLE ON THEIR CASE

BYLINE: BY COKIE ROBERTS AND STEVEN V. ROBERTS

BODY:

Talk about the odd couple of American politics.

She has one of the most liberal voting records in Congress. He has one of the most conservative. She comes from a California district known for new-age religion and old-left politics. He comes from an Illinois district of strait-laced suburbs and straight ticket voting.

She is a welfare mother-turned-businesswoman. He is a professional politician and proud of it. They are Lynn Woolsey, Democrat, and Henry Hyde, Republican, and they have teamed up to put much-needed heat on deadbeat dads.

Hyde and Woolsey have introduced legislation to make the payment of child support the responsibility of the federal government, and the Internal Revenue Service the collection agency.

Last year the two lawmakers asked the General Accounting Office to review the states' child-support enforcement efforts. The GAO's findings: The state systems are a dismal failure. Fewer than 20% of court orders mandating child support are carried out. And this sorry showing comes after more than \$ 2 billion in federal money was doled out to the states to improve their collection procedures.

"A lot of little kids are undergoing economic child abuse," Hyde fumes. "With welfare reform kicking in, payment of child support becomes even more important because mothers could find themselves without income."

Hyde authored legislation five years ago that outlawed crossing state lines to avoid paying child support. But that law doesn't get to inefficiencies in state collection. In Illinois, he has found, \$ 1 is spent to collect \$ 2.13 in child support, versus \$ 1 the IRS spends to collect \$ 100 in taxes.

Hyde's bill would require employers to withhold child support from paychecks just as they do income and payroll taxes, and authorize the IRS to collect the money and turn it over to the Social Security Administration to pay out to custodial parents.

Woolsey was the obvious choice for a Democratic co-sponsor. It's an issue she's long been involved with politically and personally. Almost 30 years ago, her husband left her with three children under the age of 6. His refusal to pay support forced her onto the welfare rolls until she was able to land a job with a high-tech company, where she eventually became a top executive.

Daily News (New York) August 01, 1997, Friday

When she came to Congress in 1993, she started pushing for child-support enforcement legislation. When the Republicans took the House in 1994, Hyde asked her to sign on to an earlier version of the bill they've just reintroduced.

Were you surprised, we asked Woolsey, to find Henry Hyde, Mr. Conservative, Mr. Anti-Abortion, approaching you on an issue like child support?

"He and I are just opposites on almost everything," she answered. "But we make a good team. He is a very principled man, and I've come to respect him."

Woolsey admitted that she saw Hyde as a right-wing caricature before she came to Congress. She reminds us that her district, the San Francisco suburbs of Marin County, is one of the country's most progressive (some would say wacky). But, she added, "the voters really appreciate the fact that we've formed a bi-partisan team. They like to know that things aren't always black and white."

Hyde sees child-support enforcement as part of his pro-life stance: "It's an old canard that we care about the child only up until the time he's born."

He knows selling a new federal program, particularly one involving what he calls "the hated IRS," will be tough. He's determined to do something, saying of his conservative colleagues, "I want to see their solution if they don't want mine."

LOAD-DATE: August 01, 1997

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THURSDAY, JULY 17, 1997

The Washington Post

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### Solicitor General Sets Departure

Acting Solicitor General Walter Dellinger, the government's top courtroom lawyer since June 1996, will leave his post next month, the Justice Department announced yesterday.

Dellinger will represent the government one last time, on Aug. 11, in oral arguments over the Food & Drug Administration's proposed regulation of nicotine and tobacco products, in the U.S. Court of Appeals for the 4th Circuit. Dellinger will then return to a professorship at Duke University law school. His wife, Anne, who had worked in Washington during Dellinger's early days in the Clinton administration, returned to their North Carolina home two years ago.

Dellinger first joined the Justice Department in 1993 as head of the Office of Legal Counsel.

President Clinton has yet to name a successor to lead the prestigious solicitor general's office, known to the public mostly through its representation of the federal government in Supreme Court cases. Seth Waxman, who is deputy solicitor general, is among the leading candidates.

The administration is struggling to fill several top Justice Department vacancies. The nominations of Eric H. Holder Jr., to be deputy attorney general, and Joel Klein, to be assistant attorney general for the antitrust division, have been pending in the Senate for several months. (Waxman has been filling in as deputy attorney general since spring.) Separately, Clinton has named Raymond Fisher to be associate attorney general, Bill Lam Lee to be assistant attorney general for the civil rights division and Beth Nolan to lead the Office of Legal Counsel. The nominations are pending.

## Nation's Child Support System Criticized

### GAO Faults U.S. for Inadequate Leadership, States for Poor Improvement

By Barbara Vobejda  
Washington Post Staff Writer

The General Accounting Office yesterday issued a harsh assessment of the nation's child support system, saying the federal government has provided inadequate leadership and states have failed to make improvements that would allow them to collect billions of dollars owed by deadbeat parents.

Despite the mandate of a 1988 law and the expenditure of \$2.6 billion, most states have not computerized their collection systems, a step seen as essential in bringing in more of the \$34 billion owed in child support.

While the total amount of child support collected has increased significantly since 1990, states collect money in fewer than one-fifth of cases in which it is owed.

"The current system remains a failure," said Rep. Lynn C. Woolsey (D-Calif.), who requested the study with Rep. Henry J. Hyde (R-Ill.). The two members of Congress are introducing legislation that would take responsibility for child support collection away from states and turn it over to the federal government.

Efforts to improve child support collection are considered essential to the success of welfare reform because as many as a quarter of those on welfare could go off the rolls if they received the support they were owed.

Welfare legislation enacted last year imposes extensive new requirements on states to centralize and

automate their child support collection systems, building on the requirements of the 1988 law. But the poor performance described in yesterday's report bodes ill for the success of the child support efforts in the new law.

"The findings confirm our worst fears about the program and reinforce in our minds the need for the federal government to take over the job of enforcing child support orders," Hyde said in a prepared statement.

Efforts to automate child support collection date back to 1980, when Congress agreed to help states pay for computerized systems that would keep track of court orders mandating parents to pay child support. In 1988, Congress required states to set up the computerized registries, setting a 1995 deadline. But states were plagued with technical glitches, cost overruns and friction with counties and court systems, some of which maintain their own child support records.

As a result, the deadline was extended to October 1997. Still, just 15 states have met the requirement so far, and the GAO predicts many states will fail to meet the new deadline.

Officials at the Department of Health and Human Services, which oversees the system, say nine states have indicated they may miss the October deadline. If that happens, about 44 percent of the national caseload will not be included in automated systems, the GAO reported, be-

cause those states include California and others with large populations.

The report blames the federal government for failing to improve its oversight, saying the Office of Child Support Enforcement at HHS "has allowed some funds to be spent without ensuring that states were progressing toward effective or efficient systems."

HHS spokesman Michael Kharfen said the Clinton administration was disappointed that some states have encountered problems, but "we disagree that there's been a lack of federal leadership. . . . It is the states' responsibility to design and implement these systems."

He said HHS has withheld federal funds in some cases until states have met certain goals.

Elisabeth Donahue, counsel at the National Women's Law Center, said, "Many states don't want to put much of their own resources into these programs; they don't do a good job collecting money, but they want to retain control of it. . . . This is the states' last chance."

Paula Roberts, a senior staff attorney at the Center for Law and Social Policy who tracks child support collections, said that if nearly half of all cases are not included in automated systems by the deadline this year, "there is not a chance" that the changes envisioned in the new welfare reform bill will be realized.

"Once again, the moms and dads who need child support have been made big promises that we can't deliver on," she said.

PHOTOCOPY PRESERVATION

# Child-Support Collection Net Usually Fails

By ADAM CLYMER

WASHINGTON, July 16 — Delinquent parents shirk court orders to pay child support in 4 of every 5 cases, and Federal efforts to help states increase compliance rates have failed, the General Accounting Office reported today.

The 50 states have been under increasing Federal pressure to make sure that child support is collected. But the G.A.O. report found that despite some improvements, the system was still porous: "States have underestimated the magnitude, complexity and costs of their projects and operations, and they could have received better guidance from the Federal Government."

Representatives Henry J. Hyde, Republican of Illinois, and Lynn C. Woolsey, Democrat of California, who requested the report by the non-partisan investigative arm of Congress, said it showed that collection of child support should be turned over to the Internal Revenue Service. They proposed legislation that would also have the Social Security Administration disburse payments to parents or to state welfare agencies.

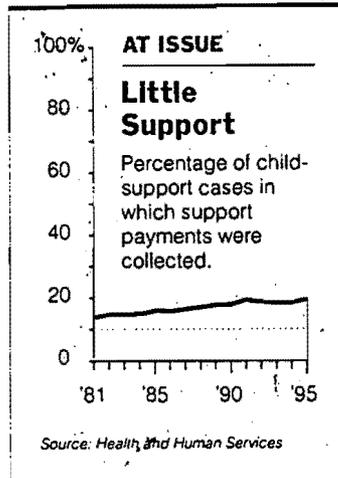
Mr. Hyde said the problem was made more urgent by changes in the welfare law. Custodial parents who exhausted their welfare eligibility would have an even more urgent need for support payments, he said.

Deducting child support from paychecks, just like taxes, Mr. Hyde said, "is the one method left to us to insure that, finally, child support orders are worth the paper they are printed on."

"No longer will deadbeat parents be able to move from state to state to perpetually frustrate enforcement efforts," he added.

Ms. Woolsey said that under their proposal "the children stop being punished over the emotions of the separation or the divorce." Ms. Woolsey said that when she and her husband divorced about 30 years ago, he never paid any of the court-ordered child support, so she worked and went on welfare.

The accounting office's report singled out the Office of Child Support Enforcement in the Department of Health and Human Services for "limited leadership and oversight." The report criticized the office for not following recommendations the



The New York Times

G.A.O. made five years ago that included withholding Federal financial help for computerizing inadequate state programs.

The Department responded by saying that the accounting office assumed it had more authority to tell the states what to do than the law allowed. And while it said nothing about the rate of compliance, the Department said that total collections have increased from \$8 billion in 1992 to \$12 billion in 1996. But the G.A.O. report noted that while collections increased, so did support orders, which meant the rate remained relatively constant.

According to reports by the Department, collection rates increased modestly, from 13.9 percent in 1981 to 19.3 percent in 1991, but slipped a bit before recovering to 19.4 percent in 1995, the last year for which statistics are available. There was huge variation among states, with Minnesota's record of collecting in 40 percent of cases the best, and Indiana's 10 percent the worst. The District of Columbia, Illinois, and Tennessee each collected in only 11 percent of the cases. Connecticut collected in 16 percent, New York in 15 percent and New Jersey in 24 percent. California, with nearly 4 million children covered by support orders, collected in just 14 percent of the cases.

The report warned that the \$2 billion that the Federal Government has spent helping states computerize their systems for tracking delin-

quent parents may prove grossly inadequate, even without the additional requirements imposed by the 1996 welfare law.

The report said the 12 states that have developed computer systems that meet the department's standards represent only 14 percent of the national cases. The accounting office said that many of the larger states that have assured the department that they would meet this year's deadline for certification of their computer systems were being too optimistic.

One major obstacle to the Hyde-Woolsey proposal is the hostility to the Internal Revenue Service in Congress, especially among Republicans, and to giving the agency additional powers. But Mr. Hyde, a conservative, said that in the face of the accounting office's "appalling" findings, it was time to take that step.

"Governmental child support collection efforts must be consolidated at the Federal level," Mr. Hyde said, "and support must be collected with the same efficiency and resolve with which Federal taxes are collected."

Under the Hyde-Woolsey plan, employees would indicate on tax withholding forms the monthly amount of any court-ordered obligation. Failure to do so would constitute a tax law violation punishable by a year in prison.

Employers would deduct and withhold support payments, just as they withhold taxes, and failure to withhold would be punished just as failure to withhold taxes is sanctioned. But the custodial parent could choose, if payments were being made regularly, to let current procedures continue without the I.R.S. deducting from the other parent.

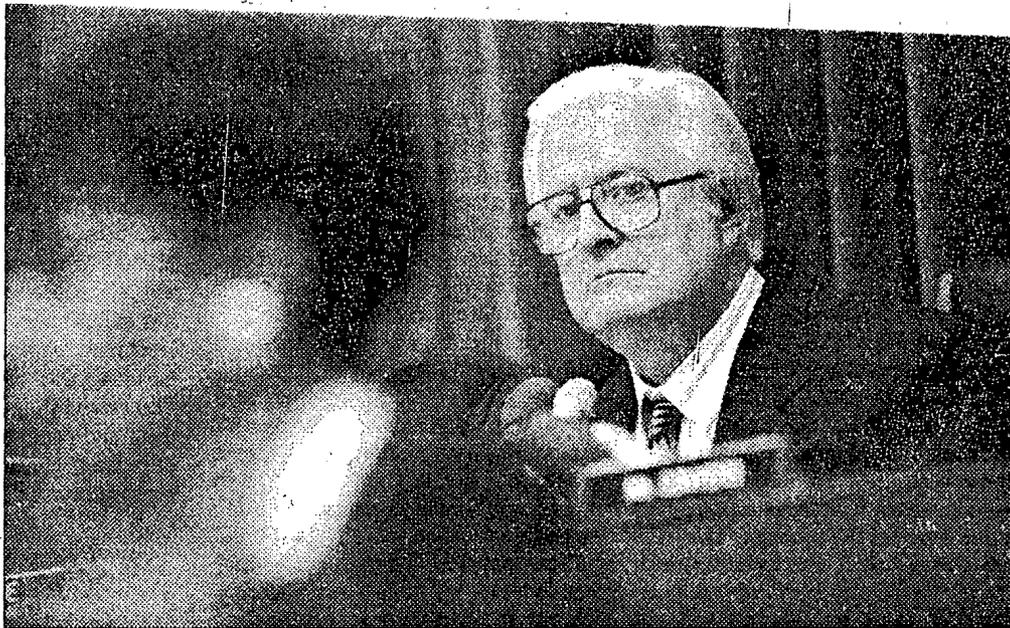
The I.R.S. would also have access to a national register of support orders. If a parent failed to pay the amount of support ordered by the tax deadline, the I.R.S. would assess and collect the amount in the same way it collects unpaid Federal taxes.

"The present difficulties with the interstate enforcement of child support will be eliminated with the stroke of a pen," Mr. Hyde said. "No longer will custodial parents have to wait years while court systems in different states coordinate their actions."

The New York Times

THURSDAY, JULY 17, 1997

Rep. Henry J. Hyde (R-Ill.), chairman of the House Judiciary Committee, requested the GAO study on child support along with Rep. Lynn C. Woolsey (D-Calif.).



FILE PHOTO/BY RAY LUSTIG—THE WASHINGTON POST

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THURSDAY, JULY 17, 1997

The New York Times

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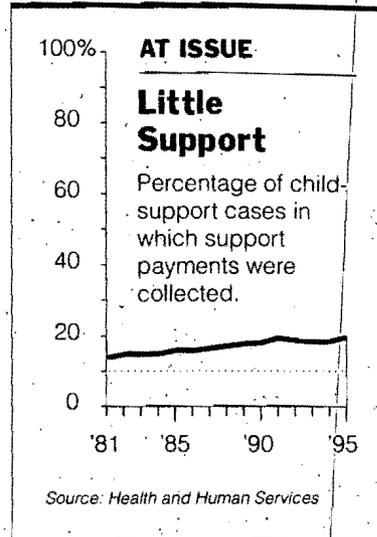
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The Department responded by saying that the accounting office assumed it had more authority to tell the states what to do than the law allowed. And while it said nothing about the rate of compliance, the Department said that total collections have increased from \$8 billion in 1992 to \$12 billion in 1996. But the G.A.O. report noted that while collections increased, so did support orders, which meant the rate remained relatively constant.

According to reports by the Department, collection rates increased modestly, from 13.9 percent in 1981 to 19.3 percent in 1991, but slipped a bit before recovering to 19.4 percent in 1995, the last year for which statistics are available. There was huge variation among states, with Minnesota's record of collecting in 40 percent of cases the best, and Indiana's 10 percent the worst. The District of Columbia, Illinois, and Tennessee each collected in only 11 percent of the cases. Connecticut collected in 16 percent, New York in 15 percent and New Jersey in 24 percent. California, with nearly 4-million children covered by support orders, collected in just 14 percent of the cases.

The report warned that the \$2 billion that the Federal Government has spent helping states computerize their systems for tracking delin-

quent parents may prove grossly inadequate, even without the additional requirements imposed by the 1996 welfare law.

The report said the 12 states that have developed computer systems that meet the department's standards represent only 14 percent of the national cases. The accounting office said that many of the larger states that have assured the department that they would meet this year's deadline for certification of their computer systems were being too optimistic.

One major obstacle to the Hyde-Woolsey proposal is the hostility to the Internal Revenue Service in Congress, especially among Republicans, and to giving the agency additional powers. But Mr. Hyde, a conservative, said that in the face of the accounting office's "appalling" findings, it was time to take that step.

"Governmental child support collection efforts must be consolidated at the Federal level," Mr. Hyde said, "and support must be collected with the same efficiency and resolve with which Federal taxes are collected."

Under the Hyde-Woolsey plan, employees would indicate on tax withholding forms the monthly amount of any court-ordered obligation. Failure to do so would constitute a tax law violation punishable by a year in prison.

Employers would deduct and withhold support payments, just as they withhold taxes, and failure to withhold would be punished just as failure to withhold taxes is sanctioned. But the custodial parent could choose, if payments were being made regularly, to let current procedures continue without the I.R.S. deducting from the other parent.

The I.R.S. would also have access to a national register of support orders. If a parent failed to pay the amount of support ordered by the tax deadline, the I.R.S. would assess and collect the amount in the same way it collects unpaid Federal taxes.

"The present difficulties with the interstate enforcement of child support will be eliminated with the stroke of a pen," Mr. Hyde said. "No longer will custodial parents have to wait years while court systems in different states coordinate their actions."

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# \$2 billion search fails to catch deadbeat parents

**OUR VIEW** Stories of improvement prove illusory as states bungle 17-year, high-tech plan to collect child support.

Disturbed by news that states had failed to collect more than 80% of delinquent child-support payments in 1980, the federal government set out to help. It began paying states to develop computer systems that would track deadbeat parents.

Seventeen years later, with an Oct. 1 completion deadline looming, the project is a \$2 billion fiasco.

Thirty-five states and 60% of the nation's child-support cases are not fully computerized. And states still fail to collect more than 80% of overdue child support, with past-due accounts now topping \$32 billion.

The news comes amid a drumbeat of stories trumpeting rising child-support collections thanks to new laws requiring states to garnish wages, seize assets and revoke the driver's licenses of delinquent parents. But that, too, is an illusion.

Child-support payments are indeed up. Collections in cases of delinquency nearly doubled between 1990 and 1995. But only because the number of divorced parents ordered to help support their children jumped 60% during the same period.

Advocacy groups say much of the blame belongs right where it did two decades ago: on computers inadequate to track the 36% of deadbeat parents who move out of state.

So what happened to taxpayers' \$2 billion? It was wasted on ineffective and incompatible computer systems, according to an investigation by Congress' General Accounting Office.

The study tells a tale of expensive foot-dragging by states and lackadaisical leadership and oversight by the feds — with plenty of private-sector inefficiency thrown in.

The federal government was three years late developing system requirements, forcing costly modifications. Ignoring earlier GAO recommendations, the government refused to penalize the many states that missed deadlines and misspent funds.

No one knows how much more time and money will be needed to turn the half-baked, 50-state patchwork into a fully functioning national computer network.

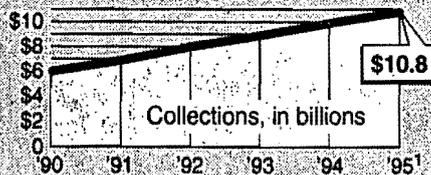
Unfortunately, neither taxpayers nor the 30 million children who are due child support can afford to wait.

President Clinton estimates 700,000 mothers and children have been forced on welfare because they don't receive the child support they should. That's a cost of \$4.2 billion each decade to cover the flouted parental obligations.

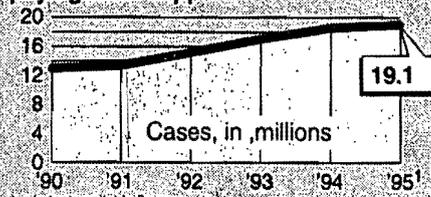
Even more troubling, under welfare reform, states will begin to phase out cash

## Child support

States are collecting more child support from deadbeat parents ...



... but only because there are more deadbeats to catch and more parents paying child support.



1 - Latest available figures  
Source: Department of Health and Human Services

By Genevieve Lynn, USA TODAY

welfare in October 1998, including aid to families in need of money to make up for outstanding child support.

The Clinton administration insists states can fix their failed child-support collection systems with more time and money — as if 17 years and \$2 billion aren't a fair test of a failed idea.

A fresh start makes more sense.

One solution is touted by Congress' latest odd couple. Conservative Henry Hyde, R-Ill., has paired up with former welfare mom Lynn Woolsey, D-Calif., to push for legislation that would take child-support collection duties away from the states and give them to the Internal Revenue Service.

The idea makes sense. As much as folks love to hate the IRS, it does a good job of collecting debts.

The IRS is already in the child-support collection business and has been since 1981 when it began tapping into the income-tax refunds of parents who owe back child support. Since then, the IRS has caught 10 million deadbeat parents and recovered more than \$6 billion for their children. Without the IRS' help in docking tax refunds, collection rates would be even lower.

This bill expands on that success by allowing the IRS to collect child-support payroll deductions. State courts would continue to decide who must pay and how much.

At a time when Washington is focused on transferring duties to the states, increasing the IRS' duties goes against the grain. But states had the first shot at developing child-support collection systems to protect their most vulnerable residents. Their sub-20% collection rates show how miserably they have failed.

Now it's time to make child-support payments as ordinary — and as inevitable — as paying taxes.

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# PHOTOCOPY PRESERVATION

Other barriers to a successful welfare-to-work transition the study cited include inadequate child care, housing and transportation needs as well as generally low skill levels.

A.T. Kearney recommended several steps to create more successful welfare-to-work structures, including establishing a regional cooperative framework among Bay Area counties; realigning funding to better serve those in need; redesigning training programs to reflect growth occupations and develop "soft skills" used to get and keep jobs; and developing partnerships with local employers and other business organizations.

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The Washington Times - October 12, 1997, Sunday, Final Edition

**Maryland still behind on welfare deadline**  
BYLINE: Sean Scully; THE WASHINGTON TIMES

Copy + file  
① Welfare - State Facts - Maryland  
~~Child Support - Computer Systems - Press~~

\*\*\*\*NETWORK IS OVERDUE, OVER BUDGET AND WILL BRING PENALTIES.\*\*\*\*

It's five years overdue, \$100 million over budget, and there's no way to tell when, exactly, it will be finished.

And because it's so late, Maryland taxpayers could lose almost \$300 million in federal aid next year.

Like all 53 other states and territories, Maryland has been trying since 1990 to automate its welfare system, building a computer network to calculate benefits and track child-support payments. The original plan called for the \$35 million project to be finished in 1992.

To date, the state and federal government have spent more than \$130 million and don't expect to see the final jurisdiction - Baltimore City - automated until next March. Baltimore has almost half of the state's welfare and child-support cases.

And even when Baltimore is integrated into the network, there will be at least three more years of work to bring the computer system in line with all the new requirements of welfare reforms passed by state and federal legislators in recent years.

"I've never dealt with such a frustrating thing in my life - it's years and years of banging my head against the wall," says Delegate Martha Klima, Baltimore County Republican and one of many legislators who've been following the computer saga. "Well, now the wall is bloody."

Maryland was one of 17 states - along with the District and the U.S. Virgin Islands - that missed the federal deadline of Oct. 1 to have a statewide system in place. Unless Congress changes current law, the Department of Health and Human Services will cut off Maryland's federal funds for child-support collections and Temporary Assistance to Needy Families, the new version of a welfare program long called Aid to Family With Dependent Children. This year, that aid amounted to \$281 million - \$59 million for child support and \$222 million for welfare benefits.

"We're not in favor of extending the deadline," HHS spokesman Michael Kharfen said, although the agency might support a lesser penalty than cutting off all aid. "There needs to be accountability in states or there need to be financial consequences."

And accountability seems to be at the core of Maryland's computer mess.

As far back as 1992, legislative auditors criticized the program, saying the contractor failed to meet promised deadlines and the Department of Human Resources showed a "lack of adequate and aggressive management of these projects."

Remarkably, there was no project manager for the computer system until 1995 - meaning no single official could be held accountable for its failures.

Please contact Dana Colarulli if you would like to receive the WR Daily Report by e-mail or if you have questions about articles found in this publication. (dcolarulli@acf.dhhs.gov (e-mail) or 202-401-6951 (voice)).

**PHOTOCOPY  
PRESERVATION***Welfare Reform Daily Report - October 14, 1997 (PAGE 20)*

"I don't think there's any one person you can point to - it was a combination of things," current project manager Jack Pepper said.

After an extensive review in 1994, the state fired the first contractor, SystemHouse. But instead of abandoning the project, the state passed it on to Andersen Consulting, which is the current contractor.

"They never had a plan," said John D. O'Neill, founder of Maryland Taxpayers Association and a longtime critic of the computer program. "They didn't know what . . . they were doing. . . . They've done so much wrong."

But Mr. Pepper insists the project is "on the right track," and insists that early planners simply underestimated the scope of the project. Since the system was designed in 1989, he said, the state and federal government have totally revamped welfare, a problem that added time and money on top of the early contractor problems and management failures.

"This project has had a troubled history," he said, "but that history has been overcome."

Moreover, Mr. Pepper said, it isn't fair to say that the project is \$100 million over budget - the original \$35 million was for development costs alone. The current cost estimate of more than \$130 million includes operational expenses and the cost of adding new features and welfare reform changes.

Mr. Pepper cannot, however, provide a breakdown of development costs and operation costs. He said he is working on those figures and should have them by January.

In theory, the new computer system will make child-support and welfare programs more efficient, saving the taxpayer money. While he has some anecdotal evidence that this is true, Mr. Pepper does not have those figures either, making it impossible to do a cost-benefit analysis. That, too, should be ready by January, he said.

Mr. O'Neill said he has no confidence that the state will every sort out the mess, despite Mr. Pepper's assurances.

"This is just going to go on and on and on," he sighed.

In April, the program irritated legislators by asking for an additional \$23.6 million to extend the contract with Andersen and increase the staff working on the computers from five to 52. Without consulting the General Assembly, the state Board of Public Works granted the request, which would allow the contractors to keep working on the computers through 1999.

The federal government stepped in, however, saying the state should have put the extra work out for competitive bid. The Department of Human Resources is now seeking new bids, but Mr. Pepper says the mix-up will delay completion of the computer system even further.

Some legislators worry that the system will never be finished.

"It has been totally mishandled," said Delegate Robert Flanagan, Howard County Republican and member of the House Appropriations Committee. "And it's turned into a bottomless pit into which we are throwing money."

*Copyright 1997 Business Wire, Inc.  
Business Wire - October 10, 1997, Friday*

**The California Endowment Awards More Than \$ 16 Million to California Non-Profit Organizations**  
*DATELINE: WOODLAND HILLS, Calif.*

Oct. 10, 1997—The California Endowment (The Endowment) announced grant awards totaling \$ 16,099,765 between April and August 1997 to non-profit organizations serving California's vulnerable populations.

Grants were awarded from The Endowment's responsive grants program, the Community Health Investment Program (CHIP), and from a special allocation in response to welfare reform.

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- ① Welfare - State Funds - Maryland
- ② Child Support - Computer Systems - Press

## Welfare as we know it in Maryland

It seems the District's isn't the only area government susceptible of the kind of mismanagement that ends up costing taxpayers serious money. The Washington Times' Sean Scully reported this week that the state of Maryland (along with the District) has missed the federal deadline of Oct. 1 for automating its welfare system.

It has been seven years now that the state Department of Human Resources has been trying to build a computer network capable of calculating welfare benefits and tracking child-support payments. Begun in 1990, the \$35 million project was supposed to have been finished by 1992. So far, the state and the feds have spent \$130 million - and haven't managed to get Baltimore City's welfare rolls computerized. Considering that half the state's welfare and child-support cases are to be found in Baltimore, and that the city isn't expected to be on the program until March, that constitutes a pretty big lapse. And even after Baltimore becomes automated, it will reportedly take another three years to get the program fully up to speed.

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PAGE 9/22

Welfare Reform Daily Report - October 14, 1997 (PAGE 8)

And, it must be noted, this mess has been in the making almost since the program started in 1990. Consider:

- In 1992, auditors from the legislature found that the contractor failed to meet deadlines and that Human Resources had failed to provide "adequate and aggressive management."
- It took two more years before the state, in 1994, fired the first contractor and hired another.
- It wasn't until a year after that, in 1995, that the program acquired its first project manager.
- And he, after two years on the job, is unable to come up with an accounting of development and operation costs - or with figures that could show whether the system will actually save any money.

To top it all off, the bungling of the project is very likely to cost the state a bundle. The official penalty for missing that Oct. 1 automation deadline is the cut-off of federal welfare funds. In other words, bureaucratic incompetence in the state of Maryland could end up losing the state close to \$300 million in federal welfare and child-support money. And where else is the deficit going to be made up but out of the taxpayers' wallets?

Over to you, Gov. Glendening

## PHOTOCOPY PRESERVATION

*Welfare Reform Daily Report — October 8, 1997 (PAGE 12)*

Some claimants deliberately travel to Canada to file claims rather than being sponsored by family already here, she said.

Once here, there's no cost to claiming status, and claimants are eligible for welfare and some medical coverage. If sponsored, however, relatives must pay for a \$ 975 application fee and look after the claimant.

Davis said some claimants facing deportation are appealing to international tribunals to delay their removal and buy time in Canada.

Lynn Grittani of the Ontario social services ministry said the provincial government has asked Ottawa to tighten its sponsorship criteria and administrative measures.

She refused to comment on Davis' report.

Immigration spokesman Rene Mercier said the payment of welfare to claimants is a policy matter which only Immigration Minister Lucienne Robillard can address.

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AP Online — October 06, 1997; Monday 15:06 Eastern Time

**States Lax on Child Support**  
BYLINE: LAURA MECKLER

*File -  
Child Support -  
Computer Systems -  
Press*

Two-thirds of the states failed to meet a deadline to install computer systems tracking child support, with one-third not even close to compliance and facing massive fines.

Officials had predicted about a dozen states would miss the Oct. 1 deadline, but nearly a week later, 33 state systems have not been certified as complete by federal inspectors.

Of those, 16 states are ready to be certified, including four already reviewed and 12 ready for review, said Michael Kharfen, spokesman for the Department of Health and Human Services.

That leaves 17 states representing nearly half the nation's child support cases with systems that are not even near completion.

The computerized systems are important because one-third of all child support cases involve an out-of-state parent, and the automated systems should help find parents who move from state to state. They'll also help track in-state cases by making a wealth of employment and other information about parents available electronically.

States have spent \$2.6 billion on this task since 1980, when Congress agreed to pay for 90 percent of the cost of computerization.

Still, some of the biggest states have failed to complete their systems, although some are closer than others. In Ohio, for instance, a statewide system is in place, but it includes only a handful of cases in each county. In Maryland, the system is working everywhere but Baltimore.

Federal law requires HHS to cut all child support funding to states without working child support collection systems. For California, that's \$340 million next year. Michigan would lose \$106 million; Maryland, \$59 million.

And without a working child support system, a state is also in jeopardy of losing its entire federal welfare grant. That's \$3.7 billion for California, \$775 million in Michigan and \$229 million in Maryland.

No fines are expected until mid-1998, after a series of reports, reviews and appeals are completed.

Please contact Dana Colarulli if you would like to receive the WR Daily Report by e-mail or if you have questions about articles found in this publication. (dcolarulli@acf.dhhs.gov (e-mail) or 202-401-6951 (voice)).

**PHOTOCOPY  
PRESERVATION***Welfare Reform Daily Report - October 8, 1997 (PAGE 13)*

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Congress extended the computer deadline once already, and now state officials are lobbying for another extension.

"We do not disagree with the objective of the federal legislation ... (but) I have to deal with what the reality is," said Sen. Mike DeWine, R-Ohio, who signed a letter asking for a six-month delay on fines.

Asked how he could justify another delay, DeWine said: "I feel I had no choice representing the state of Ohio."

Rep. Clay Shaw, R-Fla., chairman of the House Ways and Means human resources subcommittee, plans legislation early next year giving HHS authority to impose smaller fines, ranging from 1 percent to 20 percent of a state's child support money. His plan would also let HHS negotiate plans to suspend fines while states fix the problem.

He also is exploring more flexibility for states that have decentralized computer systems. California, for instance, is testing a statewide system, but counties are balking that they don't want to give up the systems they operate on their own.

But Shaw is not in any hurry to push the legislation tempering fines, saying the threat of fines may "spur states to action."