

Questions and Answers on Welfare Caseloads
October 10, 1997

Caseload Numbers

Q: Why do you say that welfare reform has been a success?

A: As I announced on Thursday, welfare caseloads have fallen more than 3.6 million since I became President, a drop of 26 percent. They've dropped 1.7 million in the 10 months since I signed welfare reform into law (June 1997 are the latest numbers available.) This is the largest caseload decline in history.

The bipartisan welfare plan that I signed into law last year requires work and personal responsibility and has the toughest child support laws on record. In exchange, it provides child care and medical care -- and opportunity for a better future. I began reforming welfare even before signing this national legislation by granting waivers to 43 states to begin to reform their systems.

Q: Isn't the decline in caseloads due mainly to the good economy?

A: Welfare caseloads are the best measure we have right now of the success of welfare reform. According to a May report by the Council of Economic Advisors (CEA), over 40 percent of the reduction in the welfare rolls can be attributed to the strong economic growth during the Clinton Administration, nearly one-third can be attributed to waivers granted to states to test innovative strategies to move people from welfare to work, and the rest is attributed to other factors -- such as the Clinton Administration's decisions to increase the Earned Income Tax Credit, strengthen child support enforcement, and increase funding for child care.

Q: How can you use the decline in the welfare caseloads as a measure of success when we don't know what's happening to these former recipients?

A: Not enough time has passed for full-scale research studies to be completed, but we do know that almost all these people have left the rolls voluntarily, since very few time limits of any kind have gone into effect yet. The natural inference is that the people leaving welfare have found better opportunities and more self-sufficient lives. The preliminary studies we have support this conclusion. An analysis of the Massachusetts caseload found that about half those who left the rolls found jobs, nearly a third had other means of support or had left the state, 9 percent had children who had grown too old to qualify, and 6 percent were in the process of reapplying for welfare. A new Maryland study found that more than half were working and four-fifths were still off the rolls six months after they left. Also, a study by the San Francisco Federal Reserve found that since August, the labor force participation rate has increased among female heads of household, which suggests that the women coming off the welfare rolls are entering the labor market.

Work Participation Rates

Q: Why are so many states not meeting the work rates? Does that mean welfare reform is a failure?

A: Almost all the states are meeting the work rates for one-parent families, which make up a full 93 percent of the caseload. The only work rates states are having trouble meeting are the much higher ones that apply to two-parent families, which account for only 7 percent of the caseload. [The law requires 25 percent of the total welfare caseload to work in 1997 and 75 percent of the two parent families to work.]

Q: How many states do you expect to fail the work rates?

A: We are not sure. States have until mid-November to report data. Informally, most states have told us they will meet the overall 25 percent work rate, but many have reported concerns about meeting the 75 percent two-parent rate. As you may know, the Associated Press surveyed states and found that 19 states expect to fail the two-parent work rates and seven states do not know.

Q: Will the Administration penalize states that fail the work rates?

A: We expect to impose penalties on states that do not meet work rates. We believe it is critical that states place a priority on putting welfare families to work. The law does give states a credit toward the work rates for success in reducing the caseload; because of that credit, some states that don't expect to meet the work rates may in fact do so. The law also allows HHS to accept a corrective action plan submitted by the state in lieu of imposing a penalty. We will evaluate these corrective action plans on a case by case basis.

Fair Labor Standards Act and Worker Protections

Q: Why are you undermining welfare reform by insisting that participants in workfare programs get the protections of the Fair Labor Standards Act (FLSA) and other employment laws?

A: I believe that worker protection laws, such as the Fair Labor Standards Act, should apply to workfare participants in the same way they apply to other workers. If a workfare participant counts as an "employee" under these laws, then she should get protection. No one doing real work should be paid a subminimum wage.

And I believe that paying working welfare recipients the minimum wage and giving them other worker protections will promote, not undermine, the goals of welfare reform, because it will give them the ability to support their families and break the cycle of dependency.

We will work with states to ensure that they can comply with this policy, without undue financial burden, while still meeting the welfare law's work requirements. Of course, if states place welfare recipients in private jobs, then the minimum wage already applies. And we are working to minimize costs associated with the application of employment laws to welfare participants in other ways.

Child Support Computer Systems

- Q:** Haven't a lot of states failed to meet the October 1st deadline for putting state-wide child support computer systems in place? What is the Administration planning to do about this?
- A:** States have had nine years to develop these computer systems, and we don't intend to extend the deadline any further. We do, however, believe that the current law -- which requires us to withhold all federal child support funds when a state misses the deadline -- will undermine efforts to collect child support for needy families. Thus, we intend to work with members of Congress to devise an improved penalty structure that will ensure that states work hard to get their computer systems in place while not hurting overall child support collection efforts. [Note: 17 states and the District of Columbia did not meet the deadline.]

Edwin Lau

09/05/97 10:04:06 AM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP
cc:
bcc:
Subject: Re: Child Support Question

the federal match for administrative child support costs is 66%; the enhanced ADP match is 90% until the end of FY97 to meet State plans filed prior to 09/30/95; ADP costs for State plans filed after this date are matched at 80%, with total federal spending capped at \$400 M.

Let me know if you need anything else.

(I'll get back to you this afternoon on the implementation strategy)

Cynthia A. Rice



Cynthia A. Rice

09/05/97 09:07:13 AM

Record Type: Record

To: Edwin Lau/OMB/EOP
cc:
Subject: Child Support Question

Could you remind me -- what is the federal match now for child support enforcement costs? What is the standard rate and what is the enhanced computer systems rate (if that is still in effect)?

 Edwin Lau

09/08/97 11:55:36 AM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP
cc:
bcc:
Subject: Re: Child Support Question 

State costs incurred in FY 1997 that are consistent with the State Plan are eligible for a federal reimbursement at the 90% rate for up to two years after FY 1997.

Cynthia A. Rice

 Cynthia A. Rice

09/05/97 10:33:36 AM

Record Type: Record

To: Edwin Lau/OMB/EOP
cc:
bcc:
Subject: Re: Child Support Question 

Does this mean 90% for costs incurred before the end of FY 1997 -- i.e., the federal reimbursement may happen after FY 1997?

Edwin Lau

 Edwin Lau

09/05/97 10:04:06 AM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP
cc:
bcc:
Subject: Re: Child Support Question 

the federal match for administrative child support costs is 66%; the enhanced ADP match is 90% until the end of FY97 to meet State plans filed prior to 09/30/95; ADP costs for State plans filed after this date are matched at 80%, with total federal spending capped at \$400 M.

Let me know if you need anything else.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Melissa T. Skolfield

Assistant Secretary for Public Affairs

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To: Cynthia Rice

Fax: 456-7431 Phone: _____

Date: 6/30 Total number of pages sent: 4

Comments:

*Hi - Sorry so messy... didn't
get final yet. I'll send
it when I do, but in the
meantime here's draft Q+A*

Joy

Draft Questions and Answers on GAO Child Support Computer Systems Report

Q The GAO report places some of the blame for the state child support computer systems on a lack of strong federal leadership and direction. What is your reaction?

We disagree in general that there has been a lack of federal leadership. Child support is a top priority of the Clinton administration. Child support is critical to provide basic necessities of food, clothing and shelter for children. It is also crucial to help families achieve self-sufficiency.

When we have worked hard to provide tech assistance, yet, it is the states' responsibility to implement these important computer systems. The law clearly places this significant project in their hands. HHS has pushed the states to meet deadlines, provided technical assistance and where necessary suspended funding to states which were not making progress. And there's accomplishments to note. Over 80% of the states and territories will meet the October 1, 1997 deadline. We're not completely satisfied. But, we have learned valuable lessons on the complexity of these systems, the time needed to ensure quality, the relationships with contractors and the value of federal technical assistance that will better inform the new requirements for states under welfare reform.

We don't believe in federal cookie cutter, one size fits all, computer systems for the states. When Congress required the states to develop these systems, the statute sought specific outcomes, such as improved collection and disbursement of funds and more efficient accounting of dollars, but it did not prescribe the equipment to meet those expectations. We believe in a strong federal/state partnership. One, for example, that has produced a 50 percent increase in child support collections from 1992 to 1996. We do believe also that the states have to be held accountable, but should have the flexibility to develop the systems that will best meet their unique circumstances.

Q Do you agree with any of the recommendations in the report?

A Yes, we agree that we should increase the resources and expertise in HHS to provide an increased level of technical assistance to the states. We also agree that the new requirements for states in the new welfare reform law should be prepared and disseminated as quickly as possible.

Q Will all the states meet the October 1, 1997 deadline?

A States have made substantial progress in implementing their systems. We expect that the majority of states will meet the deadline.

Q How many states are now certified?

A Twelve states have been certified (Arizona, Connecticut, Delaware, Georgia, Louisiana, Mississippi, Montana, Utah, Virginia, Washington, West Virginia and Wyoming), while 5 states are very close to certification. Though a state may not yet be certified does not mean that it has a computer system that is working. Over 40 states have statewide operational computer systems. The remaining states have pilot systems that are being tested.

Q How many states will be certified by the deadline?

A We estimate that approximately 40 states will either be certified or have their systems ready to be certified by October 1.

Q Which states will not meet the deadline and why?

*Melissa A
Here are MK's
draft BRAs
FYI - Fill in
at 10/1/97
needed
John*

*Tom Petty
Good!
Monahan &
Boudette
need to
clear
ASAP -
maybe
ASPE too
as a
caution??
m*

A As many as 9 states say they are concerned that they will not meet the deadline. There are several main reasons why states have had difficulties. States have experienced contractor problems. States with county-based child support programs, like these states, have encountered jurisdictional problems between the counties and the states. These are large states and installing new, big and complicated systems have simply taken longer for the states to set up. It is important to note that though these states may not meet the certification deadline, they are making progress in implementing the computer systems with the support of the Clinton administration. For example, Maryland has enrolled all but one its counties into the statewide system.

Q According to the report, over \$2.7 billion federal dollars has been spent on these computer systems and yet still some states won't make the deadline. Critics claim that this money has made contractors rich while families fail to get the support they need. Some say money has been wasted and that HHS has not been doing enough oversight. How do you respond?

A We are concerned about the cost of these systems. And we are disappointed that some states have had problems and will still fail to make the deadline. Congress gave the states the responsibility for these important computer systems and the funds to build them. We believe it is the federal government's responsibility to push states to meet the deadlines, provide technical assistance and hold them accountable for when states are not making progress. That's why we did not support the extension of the deadline in 1995. That's why we've worked with states to help with technical support. And that's why we approved funding only when the state demonstrated the cost effectiveness of the system.

is this true? ask many B.

ask for? lobby

Yet, we don't believe that money has been wasted. During the same time period that over \$2 billion was invested in computer systems, the program collected over \$88 billion in child support. The GAO and HHS agree that automation efforts to date have improved the effectiveness of the program, worker productivity and monitoring program activities. We've seen increased collection, such as Connecticut's 18 percent increase. Checks are getting to families faster, as in West Virginia cut the time checks are sent from 10 days to 24 hours. Los Angeles County now finds ~~522 percent more delinquent parents than before their new computer system.~~ Also, the computer systems represent on average only 6 percent of total administrative spending for child support programs and 2 percent of recent child support collections.

for?

Q The report and critics say that one of these reasons why the states will fail to meet the deadline is because HHS was slow to get guidance and regulations to the states? Do you agree?

A We agree that they were late. The regulations were issued in 1992, two years from when they were supposed to be issued under the previous administration. But the states did have the statute which described the requirements for the systems. *And since taking office in 1993, we've made CSE a top priority.*

Q California seems to be a particular problem. The state has spent hundreds of millions of dollars and audits of its system show that it's not working. The state may have to start from scratch. Are you concerned about California and what do you think should be done?

A We are deeply troubled by what is happening in California. California is now testing its system in several counties. The state will have to make a difficult decision on how to proceed. We are ready to work with the state. Yet, for the sake of California children who need their child support, we believe the state must act quickly and be held accountable for implementing a quality and effective computer system.

Q Would you support another extension of the deadline?

is the case a bad one?

- A No. We would be concerned that simply extending the deadline would undermine efforts -- ours and States -- to implement fully functional systems quickly and would send the wrong message regarding the importance of future systems-related deadlines imposed by last year's welfare reform legislation.
- Q What would happen to states if they fail to meet the deadline?
- A States could jeopardize federal funding for their child support programs. But, even with that potential penalty, we believe it is critical for children to get the support they deserve.
- Q Some states are now working with Congress on ideas beside extending the deadline to help states, such as changes in penalties. Also, a proposal is that states could meet the statewide requirements by using existing county systems. Will you support such proposals?
- A The administration's first priority is for children to get the child support they need and their families are helped to self-sufficiency. We believe that firm deadlines and mechanisms to ensure accountability are necessary to focus efforts and help overcome the obstacles inherent in implementing any major computer system. Congress would have to act to change the law's current requirements. We will consider proposals, as long as they ensure that states make timely progress and are held accountable.

6/27/97 4:30 pm

Talking Points on GAO State Child Support Computer Systems Report

- o Child support is a top priority of the Clinton administration. We believe in a strong federal/state partnership that has produced positive results for children. For example, we have increased child support collections by 50 percent from 1992 to 1996. This partnership will result in over 80 percent of the states and territories meeting the October 1, 1997 deadline for their child support computer systems.
- o Congress provided the funding. HHS provided the technical assistance. But, it the states that are responsible to deliver the systems.
- o Fifteen states are now certified. We are not satisfied that some states say they will not meet the deadline. This effort has not been easy. States encountered problems with contractors, difficult negotiations with counties and the sheer complexity of these automated systems. Yet, we have proof that computers improve the rate of collection and get checks to children faster.
- o Nevertheless, we believe in holding states accountable for completing these systems. A deadline and possibility of loss of federal funding give a strong message that we're serious. We are prepared to work with the states and Congress to meet the test of accountability while achieving quality computer systems to help children get the support they deserve and need.

7/2/97 11:40 am

Questions and Answers on GAO Child Support Computer Systems Report

Q The GAO report places some of the blame for the state child support computer systems on a lack of strong federal leadership and direction. What is your reaction?

A We disagree that there has been a lack of federal leadership. Child support is a top priority of the Clinton administration. Child support is critical to provide basic necessities of food, clothing and shelter for children. It is also crucial to help families achieve self-sufficiency.

We believe in a strong federal/state partnership. One, for example, that has produced a 50 percent increase in child support collections from 1992 to 1996. Within this partnership, it is the states' responsibility to implement these important computer systems. The law clearly places this significant project in their hands. HHS has pushed the states to meet deadlines, provided technical assistance and where necessary suspended funding to states which were not making progress.

This partnership has produced important accomplishments in child support systems. Over 80% of the states and territories will meet the October 1, 1997 deadline. We're not completely satisfied. But, we have learned valuable lessons on the complexity of these systems, the time needed to ensure quality, the relationships with contractors and the value of federal technical assistance that will better inform the new requirements for states under welfare reform.

We don't believe in federal cookie cutter, one size fits all, computer systems for the states. When Congress required the states to develop these systems, the statute sought specific outcomes, such as improved collection and disbursement of funds and more efficient accounting of dollars, but it did not prescribe the equipment to meet those expectations. We do believe also that the states have to be held accountable, but should have the flexibility to develop the systems that will best meet their unique circumstances.

Q What is the October 1, 1997 deadline?

A Under the Family Support Act of 1988, states are required to install state-wide computer systems that will improve the delivery of child support services and enhance the accountability of federal and state funds. States were to build these automated systems and have them certified by HHS by October 1, 1995. In 1995, Congress extended the deadline to October 1, 1997.

Q Do you agree with any of the recommendations in the report?

A Yes, we agree that we should increase the resources and expertise in HHS to provide an increased level of technical assistance to the states. We also agree that the new requirements for states in the new welfare reform law should be prepared and disseminated as quickly as possible.

Q Will all the states meet the October 1, 1997 deadline?

A States have made substantial progress in implementing their systems. We expect that the majority of states will meet the deadline.

Q How many states are now certified?

A Fifteen states have been certified (Arizona, Colorado, Connecticut, Delaware, Georgia, Idaho, Louisiana, Mississippi, Montana, New Hampshire, Utah, Virginia, Washington, West Virginia and Wyoming), while 5 states are very close to certification. Almost all the states have a state-wide computer system working even though they may not yet be certified. The remaining states have pilot systems that are being tested.

Q How many states will be certified by the deadline?

A We estimate that approximately 40 states will either be certified or have their systems ready to be certified by October 1.

Q Which states will not meet the deadline and why?

A As many as 9 states say they are concerned that they will not meet the deadline. There are several main reasons why states have had difficulties. States have experienced contractor problems. States with county-based child support programs, like these states, have encountered jurisdictional problems between the counties and the states. These are large states and installing new, big and complicated systems have simply taken longer for the states to set up. It is important to note that though these states may not meet the certification deadline, they are making progress in implementing the computer systems with the support of the Clinton administration. For example, Maryland has enrolled all but one its counties into the statewide system.

Q According to the report, over \$2.7 billion federal dollars has been spent on these computer systems and yet still some states won't make the deadline. Critics claim that this money has made contractors rich while families fail to get the support they need. Some say money has been wasted and that HHS has not been doing enough oversight. How do you respond?

A We are concerned about the cost of these systems. And we are disappointed that some states have had problems and will still fail to make the deadline. Congress gave the states the responsibility for these important computer systems and the funds to build them. We believe it is the federal government's responsibility to push states to meet the deadlines, provide technical assistance and hold them accountable for when states are not making progress. That's why we've worked with states to help with technical support. And that's why we approved funding only when the state demonstrated the cost effectiveness of the system.

Yet, we don't believe that money has been wasted. During the same time period that over \$2 billion was invested in computer systems, the program collected over \$88 billion in child support. The GAO and HHS agree that automation efforts to date have improved the effectiveness of the program, worker productivity and monitoring program activities.

We've seen increased collection, such as Connecticut's 18 percent increase. Checks are getting to families faster, as in West Virginia cut the time checks are sent from 10 days to 24 hours. Also, the computer systems represent on average only 6 percent of total administrative spending for child support programs and 2 percent of recent child support collections.

Q The report and critics say that one of these reasons why the states will fail to meet the deadline is because HHS was slow to get guidance and regulations to the states? Do you agree?

A We agree that they were late. The regulations were issued in 1992, two years from when they were supposed to be issued under the previous administration. But we believe that this was not a major factor in the delays experienced by some states. And since taking office in 1993, we've made child support enforcement a top priority.

Q California seems to be a particular problem. The state has spent hundreds of millions of dollars and audits of its system show that it's not working. The state may have to start from scratch. Are you concerned about California and what do you think should be done?

A We are deeply troubled by what is happening in California. California is now testing its system in several counties. The state will have to make a difficult decision on how to proceed. We are ready to work with the state. For the sake of California children who need their child support, we believe the state must act to better implement a quality and effective computer system.

Q Would you support another extension of the deadline?

A No. We would be concerned that simply extending the deadline would undermine efforts -- ours and States -- to implement fully functional systems quickly and would send the wrong message regarding the importance of future systems-related deadlines imposed by last year's welfare reform legislation.

Q What would happen to states if they fail to meet the deadline?

A States could jeopardize federal funding for their child support programs. By the end of the year states will have to amend their state plans to include the certification of the computer systems. If the state has not yet been certified, then its state plan will not be in compliance. HHS will then notify the state of its non-compliance and, after an appeal period, federal funds for the child support enforcement program may be terminated. But, even with that potential penalty, we believe it is critical for children to get the support they deserve.

Q Some states are now working with Congress on ideas beside extending the deadline to help states, such as changes in penalties. Also, a proposal is that states could meet the statewide requirements by using existing county systems. Will you support such proposals?

A The administration's first priority is for children to get the child support they need and their families are helped to self-sufficiency. We believe that firm deadlines and mechanisms to ensure accountability are necessary to focus efforts and help overcome

the obstacles inherent in implementing any major computer system. We will discuss proposals, as long as they ensure that states make timely progress and are held accountable.

7/2/97 11:40 am



ADMINISTRATION FOR CHILDREN AND FAMILIES

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TO: Cynthia Rice
456-7431 (fax)

DATE: 9/2/97

 URGENT AS REQUESTED COMMENT CLEARANCE FYI REPLY ASAP

John asked that I send you a copy of this draft & a sketch presents our proposed response to a question about the penalties for co systems.

We support using a go to address this issue rather than raising in the testimony (as suggested by OMB). This is also a less specific response than OMB suggested in the testimony.

We are still waiting for OMB clearance of testimony.

I'd be happy to discuss - already

Q. A number of States are very concerned about the consequences of failing to meet the child support systems deadline of October 1, 1997. Do you really intend to cut off all title IV-D funding should a State fail to have a certified automated system by that date?

A. Obviously, no one wants children to be hurt by jeopardizing State child support program funding. However, the Federal law is very clear on the conditions for receipt of Federal funding for the costs of operating State child support enforcement programs: States must have an approved State child support plan. Any State that does not submit a State plan amendment by December 31, 1997, attesting that the State has a automated system meeting Federal requirements would be subject to State plan disapproval, and loss of all Federal title IV-D funding.

Follow up Q. Do you have any ideas we could consider to avoid this undesirable impact on families?

A. Should the Congress want to consider alternatives to the current conditions in federal law, the Administration would be happy to work ^{with} the Committee in discussing possible options.



DATE: _____

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OFFICE OF THE ASSISTANT SECRETARY FOR LEGISLATION
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FROM:

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- BARBARA P. CLARK
- GREG JONES
- PATRICIA SAVAGE
- JOSEPH WARDEN
- LAUREN GRIFFIN
- LULA BARNES

TOTAL PAGES
INCLUDING COVER): 11

REMARKS:

*Cynthia -
I hope these are helpful.
(It may be more than you need.)*

- Lauren

WHAT'S WRONG WITH MULTIPLE COUNTY BASED SYSTEMS?

Question

Are there good reasons why multiple county child support enforcement systems linked together are not as good as a single statewide system?

Answer

There are numerous reasons why a single statewide child support system is more functionally robust and capable than multiple, linked county-based systems can be. The following examples may shed some light on the considerable differences between using disparate linked systems and having a single statewide system. It should be noted that these examples can be applied to all of the States currently experiencing significant system installation problems, such as California and Michigan.

1. First and foremost is the time and effort required to modify or enhance multiple systems versus a single statewide system. In the child support enforcement environment, one is constantly challenged by new, changing, and increasingly complex statute and regulation, and the need to rapidly modify our existing systems as a consequence. Whether we are referring to a single statewide system or multiple linked systems they all share one similarity: they are extremely complex, large scale applications that require substantial resources to operate and maintain, much less enhance to meet new requirements.

For example: those States that have begun to estimate the level of effort to accomplish changing their systems to meet PRWORA [Welfare Reform] have all stated that they fully expect to use the full three years allotted to accomplish this mission [September 1997 to September 2000.] Now consider that the average number of project staff dedicated to a State's application development effort is upwards of 80 members, not including the many more trainers, and field office support staff, etc., needed to support the State's system. Now imagine that a State has a network of county-based, electronically linked systems that have to be modified to meet PRWORA. Can a State truly afford to have each of its counties competing for the same available resources to needed to complete the planning, design, development, testing and installation of software enhancements to their computer systems? We hear time and again from State's and the private sector alike how thinly spread contractor resources, skilled in the development of child support-specific systems, has been nationwide. To keep multiple county-based systems up-to-speed can only exacerbate the resource problems?

2. Another reason is the symbiotic relationships each of a State's multiple county-based systems must maintain with one another for all of them to work. A real-life example of this dilemma is in the State of Kentucky. A full two years ago, ACF granted Jefferson County, Kentucky the authority to pursue the enhancement of their county-based system to meet the requirements of the Family Support Act, and with the State's blessing and support, to then interface that county system with the State's own statewide child support system. Though much has been accomplished, the State still does not have a working interface between the two

systems that addresses the information sharing and data integrity needs of both jurisdictions. Without the interface, workers across the State and in Jefferson County will have to rely on using a smorgasbord of temporary, labor intensive information sharing solutions to get the data residing in one another's jurisdictions needed to work their own cases. A problem that does not exist with a single, statewide system.

3. Another issue is the need to maintain identical upgrade/enhancement paths for each and every county-based system. For instance, in the Jefferson County example above, what will happen to the interface between the two systems when each jurisdiction begins to make the necessary changes to meet the PRWORA? Not only do both systems have to be enhanced, but an interface that essentially migrates data between the two systems must also be upgraded. If either project suffers delay, both system upgrades must be delayed for fear of negatively impacting the interface between the two systems. Both systems must remain in synchronization or data integrity becomes a serious issue.

4. Multiple, county-based systems also entail substantial computer hardware and software considerations. For example, in the early 1990's, the State of Wisconsin was building a statewide system based on client-server and PC-based technologies. The system's design included a complicated configuration of numerous hardware and software components which all had to interoperate. Unfortunately, the State learned that as one of the software or hardware components was upgraded, the interoperability between the components failed, thus requiring all of the other system components to be upgraded, even if they were relatively new.

Now imagine such complications on a broader scale, such as a statewide network linking mainframe-based, client server-based and PC-based county systems together. A hardware or software component in one county's system becomes obsolete and must be migrated to a newer technology that is unsupported by the State. Further, the "new and improved" county system now cannot communicate with some of the older county systems in the electronically linked network of county-based systems.

5. And of course, we have the cost factor. Do we support the operational and maintenance costs associated with just one system in each State, or multiple county-based systems in each State. For example, in Maryland, the operational costs associated with the single statewide child support system are anticipated to be upwards of \$9 million annually. Maryland has 23 counties. A conservative estimate of one quarter of that total would be more than five times [\$51.75 million] the current projected cost of \$9 million annually. Remember, each of these systems would essentially be as equally large and complex as any other. And this estimate doesn't even account for the software enhancement and maintenance costs that would accumulate annually from 23 separate systems.

ARE WE GETTING OUR MONEY'S WORTH?

Question

Is the Federal Government getting its money's worth for CSE automation?

Answer

Yes. Although, to-date we have approved approximately \$2.66 billion in total automation costs since 1981, of which approximately \$2.02 billion represents the Federal share of those costs, it still represents only about 12% of total child support administrative expenditures. In addition, these figures are actually considerably lower when referring to only automation costs associated with the Family Support Act. Almost \$250 million was spent by States prior to the enactment of the Family Support Act in 1988. In addition, roughly \$400 million of the \$2.66 billion total has been spent since 1988 for the ongoing operational costs of the older systems being replaced or enhanced.

Many States that have finished their automated systems have found that they have reached their break-even point years before the original forecasts made in their cost-benefit analyses.

Some examples:

1. Washington State - Automation has increased their ratio of clerical to professional staff

thereby eliminating the need for 400 clerical staff. The SEMS system has contributed to increased productivity, over the last 8 years, collections per employee has increased from \$162,135 to \$371,000 per year.

2. Montana: They are starting to see increasing rate of collections. Their break-even point is now three years earlier than anticipated.

3. Georgia: Reported record collections for their State fiscal year. \$303 million in 1996, a \$47 million increase over FY 1995. STARS has enabled the State child support program to issue checks on a daily basis, instead of weekly. Approximately 10,000 checks totaling \$1 million every night five days a week. Over \$1.8 million distributed to families through STARS. STARS has reduced the average turnaround of child support in Georgia from the payment parent to the family by an average of seven days.

4. Arizona: Cost/Benefit - Break even was mid-year 1994. Twelve year schedule that includes operational Atlas I project with cumulative project costs of \$60,987,961 and benefits of \$1,065,072,000. Or \$407,391,264 in benefits attributable to just ATLAS II over the status quo of ATLAS I.

WHAT DO THESE SYSTEMS DO?

Question

What is it that these systems do that, apparently, makes them so difficult to build? Do you think the requirements are too rigid and strict?

Answer

There are many things that these systems are designed to do. First, let me say that it's not likely that the Federal government, nor State governments, can continue to hire more and more caseworkers in order to keep up with the constant growth of their child support caseloads, much less with the additional program requirements that Federal and State laws are providing to help America's families become and remain self-sufficient. Automation is vital to the success of this program. For example, our systems are expected to provide the following capabilities to workers in the field:

1. Maintaining information such as social security numbers, names, dates of birth, home addresses and mailing addresses (including postal zip codes) on individuals, including data necessary to meet Federal Reporting Requirements.
2. Periodically verify information on individuals referred to Federal, State and local agencies, both intrastate and interstate, through electronic interfaces.

3. Maintaining information pertaining to: delinquency and enforcement activities; Intrastate, interstate and Federal location of absent parents; establishment of paternity; and the establishment of support obligations.
4. Collecting and distributing both intrastate and interstate support payments.
5. Computing and distributing incentive payments to political subdivisions.
6. Maintaining accounts receivable on all amounts owed, collected, and distributed;
7. Accepting electronic case referrals and updates from the State's TANF, Medicaid, and Foster Care programs; as well as sending case and financial data to the systems.
8. Providing security to prevent unauthorized access to, or use of data in the system.
9. Providing management information on all IV - D cases.
10. Having effective electronic interfaces with various State agencies [motor vehicle, revenue, labor, vital statistics, etc.] to gather and filter data on absent parents for location purposes.

STATUS OF STATES' SYSTEMS

Question

What is the status of the automated systems in the States today? How many are certified, and how much longer will it take to get them all certified?

Answer

At this time we have 16 States certified as meeting the Family Support Act of 1988, and they are "Montana, Delaware, Georgia, Virginia, West Virginia, Washington, Arizona, Utah, Connecticut, Wyoming, Mississippi, Louisiana, New Hampshire, Idaho, Colorado, and Oklahoma."

In addition, we have five States that are in the review process and should be certified soon. They are: "Guam, Wisconsin, New York, New Jersey, and Rhode Island."

We are projecting that by October 1, another 19 States will request certification reviews of their systems, with another 3 to 5 more by December 31, for a total of up to 24 more that could be certified by the end of this calendar year or shortly after. If all of these systems do, in fact, meet all of the certification requirements, then we would have only 10 States' systems not completed in calendar year 1997.

BACKGROUND: There are probably five States that won't be ready even in calendar year 1998. These five appear to be California, Michigan, Ohio, Indiana, and Illinois. The reasons for their not getting their systems built and installed timely appear to BE organizational. Each of these States has a county-based program in which the State has had tremendous difficulties in persuading their counties' child support agencies [Clerks of Court or Friends of the Court or District Attorneys, etc.,] to move to the State's new automated system.

There are many other reasons that these systems are not completed. These reasons run the gamut from severe contractual disagreements between the States and their contractors, to constantly changing leadership in the management of system projects and State agencies, to a severe limitation of State resources, to, at times, ineffectual project management. We have been working extensively with each of these States, as we have with all of the States not yet certified.

ACF PROVIDES ASSISTANCE

Question

Can you describe some of the additional, supportive efforts your Office, and ACF have taken to help the States meet the October 1, 1997 deadline?

Answer

We have provided, and continue to provide short-notice on-site assistance to States that request our advice and consultation on any number of project management and system design and development issues. In Fiscal Year 1997 alone, our staff conducted over 45 visits to States' system project sites to provide technical assistance and guidance to their project teams, or to conduct system reviews.

In addition, we continue to bring together the States' project teams at twice-yearly conferences where they can formally and informally share their experiences and expertise with one another in getting these systems built. We also provide technical resources through our national child support enforcement network [CSENet] contractor for assistance in the building their interstate communication network.

We continue to work through a number of other vehicles to reach out to States. These include numerous public, private and not-for-profit sponsored conferences around the country,

including:

American Public Welfare Association [APWA]

National Child Support Enforcement Association [NCSEA],

Eastern Regional Interstate Child Support Enforcement Association [ERICSA],

Western Interstate Child Support Enforcement Association [WICSEA],

One-State Interstate Conference,

Bankers Electronic Data Interchange Council [BEDIC]

National Automated ClearingHouse Association [NACHA]

OCSE provides other means of technical assistance, including: an Internet web site, a resource library, a quarterly newsletter, and periodic announcements and regulatory, policy, and informational mailings to States' project directors and managers, and program/agency heads. Finally, OCSE has initiated a number of contracted technical assistance efforts to support the States both now and in the future as the States work towards implementation of welfare reform. These contract resources will be addressing areas for States' child support project teams, from improved document generation capabilities for systems, to providing highly technical quality assurance resources for specific, one-time reviews of State project activities in areas such as software design, to project management and organization, to, say, software and hardware testing. Many of OCSE's technical assistance efforts, and the contracted technical resources in particular, are being purposely directed towards the largest caseload States [the Big Eight States].

CHANGES UNDER PRWORA

Question

What is the scope for systems in the Welfare Reform legislation [PRWORA]? Do you believe they are too much to ask to have completed before January 1, 2001?

Answer

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 [Welfare Reform] contains many new provisions for automated systems. They include:

1. Distribution of support payments, including changes in the treatment of payments on arrears, and treatment of State tax offset collections.
2. Establishment of a State Case Registry, including information on non-IV-D cases with orders, and the transfer of information to the National Case Registry.
3. Changes that reflect new interstate forms resulting from the PRWORA requirement to implement the Uniform Interstate Family Support Act
4. Enforcement of orders received from other States when the other State retains the case, including the maintenance of records on such activity.

5. System must be used to implement new expedited administrative procedures including, increasing the amount of the monthly support payment to include an amount for arrears, intercepting or seizing benefits through State or local governments, intercepting or seizing judgments, settlements of lottery winnings, and assets of the obligor held in financial institutions.

7. New reporting requirements, including the number of families that go off assistance due to child support, and compliance with responding to request for assistance from other States, and in interstate activities, etc.

8. New more flexible review and adjustment requirements of support orders.

9. States must, to the maximum extent possible, use automation to do matches with financial institutions to identify the accounts of non-custodial parents who owe support.

CSENET

Question.

What is CSENet?

Answer

CSENet is the Child Support Enforcement Network. It is a nationwide telecommunications network linking State child support enforcement systems together. It is not a data base; no information is retained at the CSENet host.

CSENet was conceived as a means of overcoming some of the barriers to interstate case processing:

1. time spent waiting for interstate child support information;
2. redundant case entry (with CSENet States systems communicate with each other);
3. administrative costs (e.g., reduced manual processing of paperwork by caseworkers)
4. data quality (e.g., edits ensure completeness, consistency, validity).

Over the network States use standard transactions to electronically request or report absent parent location, child support establishment, enforcement and collection as well as transfer interstate case information between States.

CSENet consists of 3 major components: workstation, host, network. Workstations are already located in each State. The host is at a PC located at our contractor's office in Manassas, Virginia. The network uses FTS2000 lines.

CSENet was developed and currently operates under a 10 year contract which is not to exceed \$15.5 million. If the contract reaches that limit before the 10 years is concluded, we would recompet. It was awarded in 1991.

VALUE OF CSENET

Question

What value does CSENet add to child support enforcement?

Answer

CSENet has met its original objective of creating a telecommunications network which allows State IV-D agencies to communicate with each other about interstate cases.

Interstate cases account for about 30% of the child support caseload nationally. These are some of the most complicated and difficult cases we handle. CSENet allows automated system-to-system interaction about these cases.

CSENet is also a critical support for the Federal Case Registry, as mandated under the requirements of the PRWORA of 1996. The FCR is a statutorily mandated, Federally maintained data base of individuals associated with child support cases. It is a pointer system which informs one State that another State(s) may have an interest in the same individual.

CSENet is a nationwide communication network linking State CSE systems. Once the FCR informs a State that another State has an interest in the same case or has located an absent parent in another State, CSENet provides the telecommunication network to follow-up for action. The FCR and expanded Federal Parent Locator Service locate individuals and assets; CSENet allows a IV-D agency to work the case.

**CHILD SUPPORT ENFORCEMENT
AUTOMATION COSTS FOR STATES
1981 - 1996**

Total All Automation Costs Approved: \$2,661,941,715

Total Federal Share: \$2,016,364,197

Total State Share: \$654,577,518

Total Enhanced [90%] Federal Funding Share 1981 To 1996: \$1,043,916,894

Total Regular [66%] Federal Funding Share 1981 To 1996: \$972,447,302

Total All Automation Costs Prior To 1988: \$250,000

Total All Operational Costs From 1988 To 1996: \$400,000

Total Automation Costs Since FSA-88 [1988 To 1996]: \$2,011,000,000

[Note: These are all enhanced and regular FFP eligible costs]

ADVANTAGES OF STATEWIDE SYSTEM

Question: Why must States have a statewide child support system?

Answer: The requirement for a "single statewide" system is statutory.

The 2 significant advantages of a single statewide system are: 1) efficiency; and 2) economy.

Efficiency - With a statewide system child support cases can be processed readily by the system, with caseworker intervention only at critical points.

A single statewide system means vital case information and essential action is readily transmitted between local offices and between local offices and the state system. In addition, state systems can communicate about interstate cases.

For example, the system will search the state's caseload data base to determine if the case is previously known. It will also search DMV records, etc to obtain the most current address for the absent parent.

This information is returned for the worker to initiate the next appropriate action, such as enforcement, establishment or long-arm enforcement. If the absent parent lives in another county or the support

order was issued by another court, the worker can immediately communicate with the other office.

Economy - A single statewide system should be a savings for taxpayers. It is more costly to fund a number of disparate information systems: costly in dollars and costly in lost information and missed enforcement opportunities.

COUNTY SYSTEM OR STATE SYSTEM

Question: While the statute requires a single statewide system, what will you do if a county believes its system is better and wants to use it?

Answer: "Better" is a subjective measure, especially when comparing systems. A "better" system may mean that it's more familiar; it may mean that it includes more specialized functions; it could mean that a difficult system might require re-engineered business practices.

At the Federal level we have some flexibility in working with States on their planning documents. States and the corporate community also have flexibility in designing and planning systems. By approaching child support systems as partners we learn and exchange ideas about what's working and what is not.

In circumstances where counties believe that their current system is preferable to the State's, the State has the option to increase the functionality of its system to satisfy county needs. As long as the resulting system meets Federal requirements and is cost effective, Federal matching funds will be available.

PENALTY FOR FAILING TO MEET SYSTEMS DATELINE

Question: What will happen if a State does not meet the statutory deadline of September 30, 1997 for an automated systems which meets the Family Support Act requirements?

Answer: Having a comprehensive child support system operating statewide is a State Plan requirement. No later than the end of the first quarter of FY 1998 a State must certify to us through its State Plan that its system meets Family Support Act requirements. Under current law we will notify any State without such a system in place that we intend to disapprove its State plan and notify the State of its appeal rights. The penalty for failure to meet the statutory October 1 deadline is cessation of all Federal child support enforcement funding. I should note that if a State is not operating a child support enforcement program under an approved State plan, its TANF funds are also in jeopardy.

CONSEQUENCES OF PENALTY

Question: Will you penalize States that do not meet the deadline?

Answer: Failure to meet the statutory deadline for a child support system which is operating statewide and meets the Family Support Act requirements begins a disapproval process. While I certainly would not prejudge the outcome of the appeal included in that process, I can describe the consequences of a disapproval.

The statute compels the Office of Child Support Enforcement to notify any State without a certified system in place that we intend to disapprove its State plan and notify the State of its appeal rights. The penalty for failure to meet the statutory October 1 deadline is cessation of all Federal child support enforcement funding.

If a State is not operating a child support enforcement program under an approved State plan, its Temporary Assistance to Needy Families funds are also in jeopardy.

ALLOCATION OF \$400M FOR SYSTEMS FUNDING

Question: What is ACF's plan for allocating the \$400 million available for systems enhancements?

Answer: The Personal Responsibility and Work Opportunities Act requires the Secretary to issue regulations which specify a formula for allocating \$400 million among the States and Territories, and now, "certain systems." The allocation formula must take into account the relative size of State IV-D caseloads and the level of automation needed to meet the title IV-D automated data processing requirements.

ACF realizes that States need to know their allocation of enhanced funding as quickly as possible in order to begin planning system enhancements. Several months ago ACF submitted the proposed regulation to OMB for clearance. However, recent legislation which provides an allocation to Los Angeles County caused us to pull the regulation back to amend it. We hope to publish the notice of proposed rulemaking very soon.

IMPACT OF FSA DELAY**ON THE FY2000 DEADLINE FOR PRWORA REQUIREMENTS**

Question: Will the delay in meeting Family Support Act system requirements for a statewide, operational automated system affect the States' ability to meet the October 2000 deadline for implementing the PRWORA requirements?

Answer: Many of the PRWORA requirements arise from existing State initiatives. The initiatives required by PRWORA already exist in a number of States; some of them are States without a certified system.

Although implementation of the FSA requirements has been time consuming, they lay the groundwork for the PRWORA changes. With completion of the FSA system requirements, States will have completed the difficult process of standardizing throughout the State, child support policies, procedures, definitions, and legal forms as a prerequisite to automation.

The PRWORA requirements build on this infrastructure mandated by the Family Support Act system requirements. In a number of instances the PRWORA requirements were such a logical extension of the child support structure that the requirements were implemented along with the Statewide system.

28 States have implemented New Hire Projects

34 States have enacted UIFSA

18 States have centralized disbursement units

41 States have implemented some form of State licensing restriction



Cynthia A. Rice

09/09/97 11:58:45 AM

Record Type: Record

To: Keith J. Fontenot/OMB/EOP, Edwin Lau/OMB/EOP, Barry White/OMB/EOP, Melissa N. Benton/OMB/EOP

cc:

Subject: Child Support Q&A

How about this? Keith -- I'll fax to your number the Q&A HHS just sent me on the same topic. Very weak! Although I adopted some of there "the law is the law" stuff up front.

Also, I think the new version of the testimony is fine.

Q: Do you really intend to disapprove State plans for those States whose automated systems are not in compliance? What other options do you have for responding to such States?

A: The federal law is very clear that States must have a comprehensive state-wide computer system in place in order to continue to receive federal child support funds. We intend to enforce the law. But obviously, no one wants to hurt children by jeopardizing State child support systems. Thus, should the Congress be willing to discuss additional penalties which would allow the State child support programs to continue running while providing strong financial incentives for them to come into compliance, we would be happy to work with you.

Withholding all federal funds would still remain a very real possibility, but new penalties, which were tough, automatic, and rapid when a State fails to meet the deadline for certification and continued to increase as long as a State remains out of compliance, would create a real and immediate incentive for States to comply while maintaining the operation of the program. The Administration would be very interested in working with the Committee to develop additional penalties along these lines.