

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	Our weekly on child support and SC [South Carolina] (partial) (1 page)	12/17/99	P5
002. draft	Welfare Weekly Report Drafts (partial) (3 pages)	12/02/99	P5

COLLECTION:

Clinton Presidential Records
 Domestic Policy Council
 Cynthia Rice (Subject Files)
 OA/Box Number: 15429

FOLDER TITLE:

Child Support-South Carolina

rx28

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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Ray Martinez
12/17/99 09:52:18 AM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP

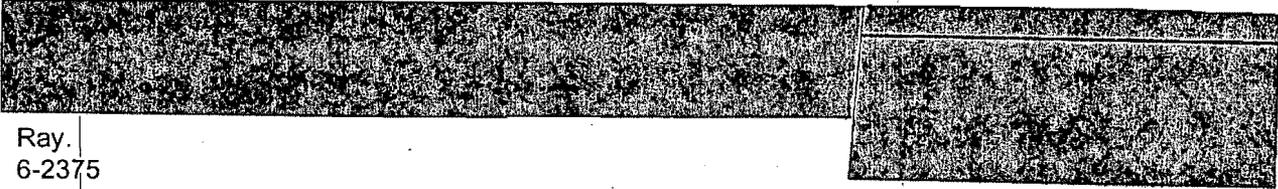
cc:

Subject: Re: Our weekly on child support and SC

Cynthia:

I've been on the road for the past few days...sorry I hadn't responded. No phone call has been made from Hodges to the President on this issue, although the issue remains at the top of the governor's list, so I'm told. His DC rep -- Michael Tecklenburg, assured me a few days ago that the governor did not intend to bring the subject up with the President when the DGA governors convene with him this afternoon (I'll be in the meeting) although Michael did not rule out a call to the President on this subject in the future. In any case, Michael said if such a call is ever made, he would give me a heads-up before the call.

P5(4)



Ray.
6-2375

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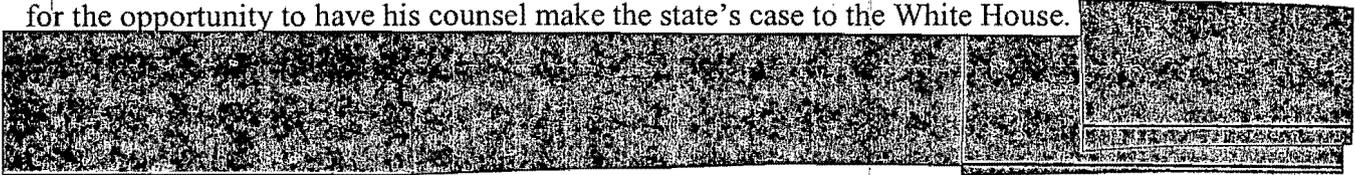
RR. Document will be reviewed upon request.

Revised

Substance Abuse Treatment Grants: We thought you would be pleased to know about another budget win that didn't get a lot of attention amidst all the other good news. Our budget negotiators, with significant support from the Congressional Black Caucus, managed to more than double funding for SAMHSA's Targeted Capacity Expansion Grants that provide competitive grants to help communities address emerging substance abuse issues and unmet treatment needs, including HIV/AIDS, women moving from welfare to work, and high levels of substance abuse among Native Americans. Your FY 2000 budget proposed \$110 million (double the FY 1999 level of \$55 million), and the final budget deal included \$114 million.

Child Support – South Carolina: In response to a memo from Intergovernmental Affairs, you asked us to look into concerns raised by Governor Hodges of South Carolina regarding his state's child support program. South Carolina has not yet put in place a statewide child support computer system, which was required by the 1988 Family Support Act to make child support collection more efficient. Because of the difficulties a handful of states were having in completing their systems, last year we proposed and Congress enacted a provision to make the penalties more fair – rather than lose 100 percent of federal child support payments, states that missed the deadline would lose 4 percent of funds the first year, with penalties rising in subsequent years. States must opt for this alternative penalty, and must complete a corrective compliance plan to qualify. Other states, such as California, which have not yet completed its systems have opted for the alternative penalty. South Carolina, however, has chosen to appeal its penalty, and the matter is under review at the HHS administrative appeals board.

The governor, who met recently with Secretary Shalala to discuss the matter, has asked for the opportunity to have his counsel make the state's case to the White House.

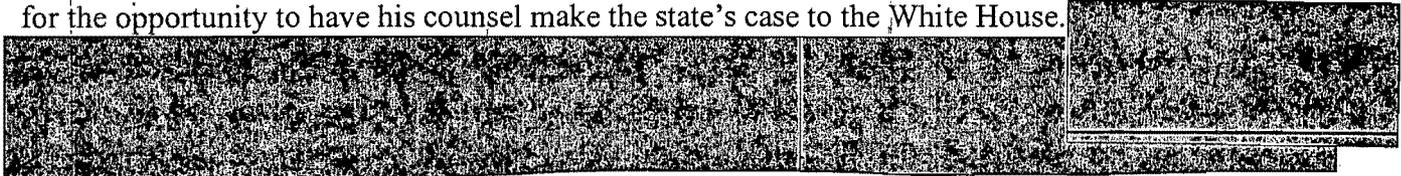


Unfortunately, HHS has little discretionary authority to provide relief to the state if it does not opt for the alternative penalty. As Secretary Shalala told the governor, the law does not allow for a "good faith" exception that state is seeking (South Carolina, like California, hired a private contractor that failed to produce a workable system). Secretary Shalala offered to provide technical assistance to the state in developing a corrective compliance plan so the state could opt for the alternative penalty. We believe the state's best option is to take the alternative penalty – by appealing a case that the state seems to be unlikely to win, the state risks triggering the 100 percent penalty, losing \$21.5 million this year. Even if the state then opts for the alternative penalty, it would lose some funds irrevocably if it had not prepared a corrective compliance plan in time to immediately qualify for the alternative.

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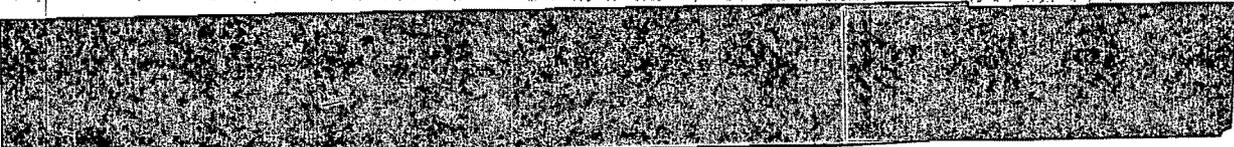
End's draft

Child Support – South Carolina. In response to a memo from Intergovernmental Affairs, you asked us to look into a situation in South Carolina where Governor Hodges met with Sec. Shalala to discuss the status of the State's child support system. The Governor was hoping that the Secretary would intervene in the state plan disapproval process so that the State would not be penalized for failing to implement a statewide automated child support program. The penalty the State faces is a suspension of all federal payments for South Carolina's child support program, which is approximately \$21.5 million. In addition, TANF funding could be jeopardized (\$99.9 million). The State could, however, request an alternative penalty. Last year, you signed the Child Support Performance and Incentive Act, in light of the fact that many states were at risk of State Plan disapproval and subsequent termination of all federal child support funding, which provides for substantially lesser penalties.

The State is appealing the HHS decision on the basis that they made a "good faith" effort to get a new computer system in place but that their contractor (Unisys) did not deliver a usable computer network. Currently, 42 state systems have been certified by HHS and are operational. Eight states have chosen the alternative penalty, including California, which has similar – although more severe – problems than South Carolina, scrapping a \$100 million investment in a computer system.

The Secretary told the Governor that she did not have the legal authority to provide relief from the State Plan disapproval process and HHS OGC concurred that the State's "good faith" effort is not a basis of relief under the law or regulations. By not choosing the alternative penalty, the State is risking the loss of a significant amount of federal funding. Although the alternative penalty has a fiscal impact as well, Sec. Shalala offered to provide technical assistance to the State on developing a corrective compliance plan, which is required under the alternative penalty. Unfortunately, there is little discretionary authority to provide relief from the State Plan disapproval process.

P5(4)



CR

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

11-9-99

Copied
Entire Report:

Ibarra
Podesta

pg 1
Reed
Podesta

November 5, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Mickey Ibarra *Mickey*

SUBJECT: Office of Intergovernmental Affairs Weekly Report

BORDER ISSUES

Border Health Commission: On November 3, IGA and Maria Echaveste hosted a meeting with staff from the relevant departments to develop an action plan for the appointment of the Border Health Commission. The State and Justice Departments were charged with reviewing the options discussed. Our goal is to have the commission appointed before President Zedillo's visit to the White House next month.

Southwest Border Initiative: An interim report from the Southwest Border working group is due to the Vice President in approximately two weeks. Secretary Summers will convene the first of several regional forums with community leaders and local and state elected officials in Tucson, Arizona on November 15th to pursue the goals and mission of the Executive Order.

NEW MARKETS

IGA provided staff support for the New Markets tour this week. Local and state elected officials have been very responsive to our requests for their participation and support.

OKLAHOMA CITY

Dale Haney, head gardener, has agreed to mount the Edward T. Murrah Building stone for display next to the tree that you planted to commemorate the Oklahoma City bombing tragedy. Mark Schwartz, former NLC president and Oklahoma City council member, who recently presented you with the stone, is very pleased.

GOVERNORS

Governor Hodges (D-SC): Secretary Shalala met with Governor Hodges to discuss HHS' suspension of approximately \$21.5 million in federal payments for the State's child support enforcement system. South Carolina is appealing HHS's decision. Secretary Shalala and HHS officials have pledged to continue to work closely with Governor Hodges' staff to resolve this issue.

*Reed
and try to meet*

SC

Statewide computer system not in place
Only state out of compliance that hasn't
applied for alternative penalty

SC had contract w/ UMISYS

In litigation w/ UMISYS now

SC argument = they tried in good faith

\$21 mi in 1998	→ penalty	750K
	199	1.7
	100	3-4 mi

starts @ 4% and goes up

SC has appealed penalty to MD hearing officer
no timetable for action - expect 30-60 days
Re to Olima who has 60 days to act

If lose appeal

- could still opt for alt penalty
- but need to have constructive compliance plan in effect
- haven't even submitted
- danger = then'd lose \$ in they won't get back before

SC

ERIC

~~Wants~~ Governor wants to call President
Wants call → by Friday

SC legal counsel →

~~Wants~~

want us to listen to arguments
I & A will call WH counsel + see if
we can do this

4. Child Support Systems Implementation: Please provide an update on States' efforts in implementing both the 1988 FSA and the FY 1996 PRWORA child support systems requirements. Please identify major obstacles to certification and detail the Department's efforts, where appropriate to help States overcome these obstacles.

ACF Response: Family Support Act Requirements

As of August 4, 1999 Forty-one (41) States and territories have statewide automated CSE systems that have been certified as meeting Family Support Act of 1988 automation requirements. Of the remaining 13 jurisdictions, up to seven States have submitted Corrective Compliance plans that indicate that they will be compliant before October 1, 1999. Of the remaining six States, one State is scheduled for statewide operations by March 2000, three by September 2000 and two by 2002. The States who will not be operational until after Sept 1999 are all States with county-based child support programs, and the two States who will not be operational statewide until after 2002 are States who besides being county-based, have terminated the contracts with vendors who were originally contracted to develop and implement the statewide CSE system. Both are beginning the redesign and reprocurement of their statewide CSE systems.

PRWORA requirements

Based on the States progress in meeting the earlier program deadlines for certain PRWORA requirements, the majority of States appear to be likely to meet the October 1, 2000 deadline for CSE system enhancements. However, OCSE still is required to certify States compliance with PRWORA requirements. This will require on-site reviews in each State, the majority of which will take place in Federal Fiscal Year 2001. By October 1, 2000, States must modify their CSE systems to meet PRWORA mandates. The major automation requirements are: Federal & State Case Registry, National and State Directory of New Hires, Financial Institution Data Match, State Disbursement Unit, Interstate Case Processing and Networking, new distribution requirements, revised Federal reporting requirements and a variety of enforcement techniques.

Ongoing or Planned Activities in 2001

To assist the States in meeting both FSA '88 and PRWORA system requirements, OCSE has undertaken the following activities:

Issued the automation regulations and the functional requirements for new PRWORA automation requirements timely,
Provided extensive systems guidance in the form of Interface Guidance Documents, Data Specifications and Data Element Dictionary,

Ensured that policy guidance including definitions, Action Transmittals and Dear Colleague letters that could possibly impact systems development are issued quickly and widely disseminated.

Provided technical assistance to States in the form of developing bridge programs, testing tools for financial distribution, interstate case processing and performance measures, operate hotlines, conference calls, workshops, national and regional conferences and on-site technical assistance where needed.

Utilized a Federal IV&V contractor to conduct IV&V assessment reviews to determine the scope and type of State IV&V needed for States whose action or inaction indicated the need for IV&V.

Provided an enhanced level of on-site technical assistance for systems development from a combination of Federal and Federal contractor staff.

Conducted incremental PRWORA certification reviews to determine progress in meeting functional certification requirements.

5. Child Support Research: Please describe the Department's efforts to monitor the impact of child support policy changes under PRWORA, and to identify policies and program models that increase the effectiveness of child support enforcement efforts. Please include the following information:

1. An update on all child support waivers, including a description of the waiver evaluation, and preliminary evaluation findings.
2. A description of all new and on-going child support research funded by the Department that will be conducted during FY 2000 and FY 2001. Please identify the source of funding for each of these activities.