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GAO

Report to the Secretary of Health and Human Services

April 1987

# CHILD SUPPORT

AD-A179 979

## Need to Improve Efforts to Identify Fathers and Obtain Support Orders



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United States  
 General Accounting Office  
 Washington, D.C. 20548

Human Resources Division

B-219523

April 30, 1987

The Honorable Otis R. Bowen, M.D.  
 The Secretary of Health  
 and Human Services

Dear Mr. Secretary:

This report discusses child support agencies' efforts to determine paternity and obtain support orders for children receiving Aid to Families With Dependent Children. We made this review to determine whether (1) states' efforts to carry out these activities are adequate, (2) data compiled on these activities are sufficient and reliable for program oversight, and (3) recent legislative changes affect the activities.

The report contains recommendations to you in chapter 5. As you know, the head of a federal agency is required by 31 U.S.C. 720 to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Director, Office of Management and Budget; various congressional committees; and other interested parties. We will make copies available to others upon request.

Sincerely yours,

Richard L. Fogel  
 Assistant Comptroller General



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# Executive Summary

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## Purpose

States must attempt to obtain child support for children who receive Aid to Families with Dependent Children (AFDC). The Department of Health and Human Services' (HHS's) latest data (1979) show that nearly 75 percent of the more than 7 million AFDC children lack child support orders.

Also, HHS data show that nearly half of the children who apply for AFDC are born out of wedlock. To get a support order, they must have a paternity determination that legally identifies the father. A support order provides a basis to collect support from absent fathers to help offset AFDC costs, which in 1985 totaled \$14 billion.

In 1975, the Congress created the Child Support Enforcement Program to strengthen state and local efforts to locate absent fathers, determine paternity, obtain support orders, and collect support payments. GAO made this review to determine (1) if efforts to determine paternity and obtain support orders for AFDC children are adequate and, if not, why not; (2) whether data compiled on these program activities are sufficient and reliable for program oversight; and (3) the potential impact of recent legislative amendments to the program.

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## Background

The program was created to meet both financial and social objectives—reduce welfare costs and promote family responsibility by deterring abandonment of children. In 1984 the Congress amended the program in an effort to strengthen states' child support enforcement and collection efforts. HHS's Office of Child Support Enforcement pays 67 percent of the program costs, manages the program at the federal level, and oversees the states' operations. States and counties pay the remaining costs. States oversee local offices (the principal day-to-day managers) and report program results to HHS. HHS reports specified program activities to the Congress. (See pp. 10 to 12.)

AFDC agencies refer children to child support agencies and provide information to help the child support agencies locate fathers, determine paternity, obtain support orders, and collect support payments. (See pp. 13 and 14.)

GAO's program assessment is based on random samples of 1,578 children receiving AFDC in June 1984 in eight locations (two each) in California, Florida, Michigan, and New York—four states that account for about 35 percent of all AFDC recipients. (See pp. 15 to 19.)

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## Results in Brief

Four of every 10 AFDC sampled children who needed paternity determinations and/or support orders did not receive them because their cases (1) were never opened, (2) were closed prematurely, or (3) remained open but unattended. Often these practices resulted from poor case management systems and an emphasis on developing cases that offer the highest child support collections for the least effort. (See pp. 20 to 33.) Federal oversight was inadequate, and state reporting on program operations was not sufficiently accurate and complete to enable HHS, the Congress, and others to assess program performance. (See pp. 34 to 40.)

In response to a GAO survey of states' views of the 1984 Child Support Enforcement Amendments, 49 states said the amendments would help in collecting and enforcing support payments. But only 20 believed the amendments would help in determining paternity, and 29 felt they would help in obtaining support orders. California responded that a new formula for federal incentive payments included in the amendments undermines jurisdictions that spend time and money to determine paternity because they must focus on enforcement efforts to maximize incentive payments. (See pp. 42 to 45.)

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## Principal Findings

When they became eligible for AFDC, 7 of 10 children in GAO's sample needed paternity determinations and/or support orders. For 42 percent of these, the child support agencies' efforts to determine paternity or obtain support orders were inadequate. Regarding those who did not need a paternity determination or a support order, about half already had support orders, and most of the others had fathers at home who were unemployed or incapacitated. (See pp. 20 to 23.)

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## Some Children Denied Paternities and Support Orders

Efforts to determine paternity or obtain support orders were inadequate because (1) AFDC agencies did not refer all cases to child support agencies or (2) child support agencies did not open cases for some referrals, closed some cases prematurely, or did not work on open cases for at least 6 months. There was a lack of effective state case tracking and monitoring systems and case closure criteria. Also, standard practice at five of the eight local agencies was to concentrate efforts on cases offering the highest collections for the least effort, and away from more difficult-to-develop cases. (See pp. 23 to 33.)

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### Inadequate Federal Oversight

Although federal standards are used to assess states' collection performance, there are no standards to assess how effectively agencies determine paternity and obtain support orders. According to the Office of Child Support Enforcement's audit director, the agencies' audit staffing is inadequate to meet the increasing demands of the Child Support Enforcement Amendments of 1984 and address the problems identified in our review. (See pp. 35 to 37.)

Although required by law to provide assurance that the Congress and agency top management are regularly informed of management problems, the HHS inspector general has elected not to review the Office of Child Support Enforcement's program management, thus not providing the oversight of that office that is provided for other HHS components. The reason given by the inspector general's office was that such a review might duplicate the work of the Office of Child Support's audit division. However, while the Audit Division reviews states' program management, it does not review the federal program management because it has not been directed to do so. (See p. 37.)

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### Inadequate Data and Reporting

GAO found that some information HHS reports to the Congress on program accomplishments is based on state-provided data that are neither accurate nor complete. This makes it difficult to assess program performance and improvement potential. In 1984, Office of Child Support auditors also concluded that state-reported data were of questionable reliability, a result, according to the audit director, of states and localities not following the office's instructions and of inadequate federal reporting criteria. (See pp. 37 to 40.)

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### Recommendations

GAO recommends that the Secretary of HHS direct the Office of Child Support Enforcement to

- require that AFDC agencies refer cases to the child support agencies and that child support agencies open cases and pursue paternity and support orders as required by federal law and regulations;
- set performance standards for establishing paternity and obtaining support orders and review states' operations to determine whether standards are followed;
- provide guidance and assist states in developing case tracking and monitoring systems and develop case closure criteria;

- continue efforts to obtain accurate data from the states on paternity determinations and support orders and expand the reporting requirements to obtain data on the states' performance of these tasks to enable HHS to determine whether congressional intent for the program is being met and to aid in fulfilling HHS's oversight responsibilities; and
- assess its program audit and oversight operations and capabilities and recommend needed enhancements to the Secretary. (See pp. 50 to 54.)

GAO also recommends that the Secretary request the HHS inspector general to review the operations of the Child Support Enforcement program. (See p. 50.)

## Agency Comments

In commenting on a draft of this report, HHS discussed a number of actions planned or underway to address GAO's recommendations, but took issue with GAO's position that the Office of Child Support Enforcement should assess local office staff sufficiency and develop case closure criteria because states' flexibility may be limited. GAO disagrees. GAO believes that local office staff strength should be assessed and does not believe case closure criteria would adversely affect state administration.

Also, HHS believes that GAO's recommendation that the Office of the Inspector General review the Office of Child Support Enforcement's operations, including the internal audit function, should reach farther. HHS proposed transferring the internal audit function to the Office of the Inspector General, by amending the Social Security Act. GAO believes that both the Office of the Inspector General and the Office of Child Support Enforcement can carry out their appropriate audit functions without duplication. (See p. 50 to 54 and app. VIII.)



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**Abbreviations**

AFDC	Aid to Families With Dependent Children
GAO	General Accounting Office
HHS	Department of Health and Human Services
OCSE	Office of Child Support Enforcement
OIG	Office of the Inspector General

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# Introduction

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## Events Leading to the Child Support Enforcement Program

Of the estimated 62 million children living in the United States, more than 10 percent receive assistance from the Aid to Families with Dependent Children (AFDC) Program. In fiscal year 1985, AFDC children and their custodians received cash payments totaling \$14 billion.

When the Congress created the program in 1935, most children were eligible because their fathers were deceased. By the 1960's, however, most AFDC families were eligible because the father lived outside the home and did not provide adequate, if any, support. By 1982, the Department of Health and Human Services (HHS) found that 86 percent of AFDC children had fathers living outside the home.<sup>1</sup>

Often the absent father provides no support because there is no court order requiring it. Also, about half of AFDC children are born out of wedlock and, before they can obtain a support order, must have their paternity legally established.

In 1967, concerned with the increasing costs of AFDC and the social effects of paternal abandonment on children, the Congress amended the Social Security Act to require states to attempt to establish paternity and obtain support for AFDC children. Because only a few states vigorously implemented the 1967 requirements, the Congress concluded that effective child support enforcement could be achieved only by increasing federal supervision of and assistance to state enforcement programs.

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## Creation, Administration, and Funding of the Program

In 1975, the Congress enacted title IV-D of the Social Security Act to create the Child Support Enforcement Program. (See app. I for the program's basic provisions.) The program's purpose is to strengthen state and local efforts to find absent fathers, establish paternity, obtain support orders, and collect support payments. The 1975 law required that, as a condition of AFDC eligibility, families must assign to the state their rights to support payments. (The program also serves a growing number of non-AFDC families whose participation is voluntary.)

The Office of Child Support Enforcement (OCSE), within HHS, manages the program at the federal level and is responsible for establishing program standards, ensuring that state programs are effective, and

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<sup>1</sup>For fewer than 2 percent of the children, the absent parent was the mother. Most of the remaining 12 percent had both parents in the home but the father was unemployed or incapacitated. Because the absent parent in our sample was almost always the father, this report uses "father" to mean "absent parent."

reporting program results to the Congress. States have oversight responsibilities, but local offices are the program's principal managers.

Initially, the federal government paid 75 percent of state programs' administrative expenses. By fiscal year 1983, the federal share had dropped to 70 percent.<sup>2</sup> In addition, states are entitled to bonuses based on both AFDC and non-AFDC collections. These bonuses range from 6 to 10 percent, depending on collection efficiency (see p. 68).<sup>3</sup> Except for the first \$50 of monthly child support collected, which is turned over to the AFDC family, collections offset the AFDC provided. Federal, state, and local governments share the collections in the same proportion they contribute to AFDC program costs. The federal government pays about half of the AFDC program costs. State and local governments pay the balance. Thus, if a state contributes 40 percent of the AFDC program costs, it receives 40 percent of AFDC child support collected, plus any bonus earned.

In fiscal year 1984, states reported that there were 6.1 million AFDC child support cases (monthly average) and collections exceeded \$1 billion. Collections and the administrative cost-sharing arrangement allowed almost all states to realize program savings. The states' total share of collections (\$582 million) was over 200 percent of administrative costs (\$216 million).<sup>4</sup> Thus, the states had \$366 million to offset AFDC costs. Because reimbursements to the states exceeded the federal share of collections, the federal government had a deficit: administrative costs of \$507 million and collections of \$402 million. Thus, only 79 percent of its child support administrative costs were offset by collections. Appendix II provides a statistical overview of the program for five consecutive fiscal years.

## Financial and Social Objectives of the Program

The Congress established the program to meet both financial and social objectives. These objectives included

- reducing the cost of welfare,
- providing children with the identities of their fathers so they can receive support and secure inheritance rights,

<sup>2</sup>As a result of reductions required by the Balanced Budget and Emergency Deficit Control Act of 1985, the federal share was reduced to about 67 percent for fiscal year 1986.

<sup>3</sup>Until October 1985, the collection bonus was 12 percent of AFDC collections only.

<sup>4</sup>Some of the administrative costs were for providing services to non-AFDC families, but accurate data were not available to identify the amount. (See app. II.)

- deterring fathers from deserting their families, and
- sparing children the effects of family breakup.<sup>5</sup>

Alarmed at the continuing parental evasion of child support responsibilities and the consequent social and economic effects, the Congress enacted the Child Support Amendments of 1984 (Public Law 98-378) in August 1984. The amendments were designed to strengthen states' child support enforcement and improve support collections. (See app. VI.) The Senate Finance Committee report on these amendments reaffirmed the importance of both financial and social objectives being pursued.<sup>6</sup> The report encouraged HHS to establish performance standards for determining whether states are effectively carrying out the program, including determining paternity and obtaining support orders. The Committee expressed concern that its endorsement of collection standards not be viewed as endorsing a short-term cost-effectiveness approach that would discourage states from devoting resources to such tasks as paternity determination, which may involve high costs. The amendments are discussed further in chapter 4.

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## Determining Paternity and Obtaining Support Orders: Purpose and Procedures

A paternity determination, which legally identifies the father of a child born out of wedlock, may be necessary to obtain a court order for payment of support. A paternity determination also can provide the following social benefits:

- Encourages the idea that unmarried men are responsible for the consequences of their behavior and discourages the idea that the out-of-wedlock child is solely the mother's responsibility.
- Reduces the stigma of illegitimacy and helps give the child a sense of identity.
- Increases the child's opportunity to develop a close parental relationship.
- Improves the child's health prospects, because many diseases are passed to children by their parents. Knowledge of the absent parent's health history may even save the child's life.<sup>7</sup>

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<sup>5</sup>S. Rep. No. 1356, 93rd Cong., 2nd Sess. (1974).

<sup>6</sup>S. Rep. No. 387, 98th Cong., 2nd Sess. 32 (1984).

<sup>7</sup>National Institute for Child Support Enforcement, Benefits of Establishing Paternity, June 1981, p. 4.

A support order legally obligates an absent father to provide financial support and generally stipulates the amount and frequency of payments. Without a support order, AFDC children and their families would often collect no child support. Obtaining a support order can provide immediate as well as long-range economic benefits to AFDC families and taxpayers. The families keep the first \$50 of support collected each month, in addition to their AFDC benefits. If a family goes off AFDC, child support can help keep the family self-sufficient. For taxpayers, child support collected for families on the rolls can reduce AFDC costs, and continued collections for those leaving the rolls can help avoid costs by keeping these families off.

### Procedures for Determining Paternity

Details and circumstances of paternity determinations vary, but the following generally is what takes place. The mother, citing insufficient income and resources, applies for assistance at the local AFDC office. An AFDC worker determines if the family is eligible and whether paternity needs to be determined. The mother is required to cooperate as a condition of receiving AFDC. If paternity needs to be determined, the AFDC worker gathers, for each alleged father, information on whereabouts, job history, and social security number. Federal regulations (45 C.F.R. 235.70) require that the child support agency be notified once AFDC is provided. This generally involves the AFDC office forwarding to the child support agency a referral form that contains information about the alleged father. Federal regulations (45 C.F.R. 303.2) require that upon receipt of the referral form, the child support agency immediately open the case by establishing a case record containing all information collected pertaining to the case, including information on the absent parent.

The child support agency's first step to establish paternity is to find the alleged father and ask him if he is the father. If he agrees, generally he will be asked to sign a voluntary paternity acknowledgement which, in some states, must be approved in court. In cases where the alleged father denies paternity, a court will decide, based on scientific and testimonial evidence. A blood test is ordered to determine if the alleged father can be excluded as the natural father, and a detailed statement of facts is prepared about the alleged relationship. Using this evidence, the court may dismiss the case or enter an order of paternity, a prerequisite to obtaining a court order requiring an absent father to pay support.



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## Procedures for Obtaining a Support Order

In obtaining a support order, the child support agency first assesses how much the absent father can pay.<sup>8</sup> Generally the assessment is made through contacts with the absent father, the mother, the current or past employer, credit agencies, banks, etc. This assessment can be made by the child support agency, the court, or a third party who has contracted with the child support agency to provide the service. It also may be done through an arrangement that shares responsibility. The assessment serves as a guide in setting the amount of the legally binding support order.

Various methods have been used to establish the support order and to set the amount and terms of payments. In many jurisdictions, all parties are required to appear in court, even when there is no disagreement about ability to pay. Commonly referred to as the court-oriented system, this method in some localities has been criticized because crowded court calendars lead to delays in hearing and adjudicating cases.

Other jurisdictions use quasi-judicial officers to perform duties that might otherwise be handled by judges. Generally, the court retains final authority to approve or disapprove quasi-judicial decisions. Finally, some jurisdictions have a hearings officer establish support orders completely outside the court system—referred to as an administrative process. Regardless of the process, the result should be the same: a legally enforceable agreement that establishes the absent father's obligation to pay child support.

The Child Support Enforcement Amendments of 1984 required that states institute a quasi-judicial or administrative process as of October 1985 to expedite child support and paternity actions, unless they could show that their current court system was efficient and no change was warranted. Since many states already comply with this requirement, it is likely that the court system of establishing child support orders will be used less frequently in the future.

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<sup>8</sup>The case referral process from the AFDC office to the child support agency on cases requiring only a support order is the same as that described under "Procedures for determining paternity."

## Why We Examined Efforts to Determine Paternity and Obtain Support Orders

Our earlier work reinforced the findings of HHS's 1979 AFDC Characteristics Study, which showed that only 26 percent of the children receiving AFDC had support orders, and the 1982 AFDC Characteristics Study, which reported that the proportion of children of unmarried parents rose from 31 percent in 1975 to over 46 percent by 1982, increasing the need for paternity establishment services.<sup>9</sup>

In 1984, as the Child Support Enforcement Program approached its 10th anniversary, we completed the first two of a planned series of reports on the program's activities. Our initial work focused on collection activities. These reports—U.S. Child Support: Needed Efforts Underway to Increase Collections From Absent Parents (GAO/HRD-85-5) and Child Support Collection Efforts for Non-AFDC Families (GAO/HRD-85-3)—were issued on October 30, 1984. We reported that absent parents were paying about half the support owed and that few standards existed to govern enforcement of child support orders. Also, during our review, the Congress was considering the Child Support Enforcement Amendments of 1984.

We concluded that the 1984 amendments could significantly enhance collections and correct deficiencies we noted. We also concluded, however, that because the amendments emphasized collections, OCSE should plan to monitor the new law's effect, if any, on local agencies' ability to carry out other program functions, including determining paternity and obtaining support orders.

## Objectives, Scope, and Methodology

The objectives of our review were to determine whether

- a sample of AFDC children in a variety of locations receive the paternity determinations and support orders they need;
- agencies administering the program can reasonably be expected to determine more paternities and obtain more support orders and, if so, how;
- the data reported on the program activities are sufficient and reliable enough for the Congress and others to form reasonable expectations and assess program effectiveness; and
- the Child Support Enforcement Amendments of 1984 have the potential to improve efforts to determine paternity and obtain support orders.

<sup>9</sup>The 1982 AFDC Characteristics Study did not include the proportion of children covered by a support order.

We performed our work at

- OCSE headquarters in Rockville, Maryland, and at its Atlanta, Chicago, New York, and San Francisco regional offices;
- state child support agencies in California, Florida, Michigan, and New York;
- eight local AFDC and child support offices in Contra Costa and Sacramento Counties, California; Miami and Pensacola, Florida; Bay and Genesee Counties, Michigan; and Schenectady and Suffolk Counties, New York.

We selected our four review states because in fiscal year 1983 (the latest year for which sufficient usable data were available), they had:

- four of the five largest child support enforcement programs,
- 33 percent of the nationwide child support caseload,
- a mix of state and locally administered programs,
- geographical balance, and
- as a group, 35 percent of all AFDC recipients and 45 percent of all AFDC payments.

To provide a contrast of case development performance, we selected two local child support agencies in each state. In consultation with OCSE, we created an index of case development performance—the number of support orders obtained in 1983 as a percentage of child support cases opened in 1983. We used data reported to OCSE by the states to develop the index. Although our prior work in this area led us to question the accuracy of some of the data, these were the only case development data available. For each state, we computed a statewide index, then selected one local agency above and one below the index. Originally we intended to use the performance indices as a basis to compare the effectiveness of various paternity and support order establishment techniques. Later work showed that certain reported performance data used to develop the indices were unreliable (see p. 38); therefore, they could not be employed to compare results of techniques used. We discussed our final choices with state child support officials.

At each local AFDC agency, we selected a random sample of 100 AFDC cases active in June 1984. Our methodology let us project to all AFDC cases at each site in June 1984, with a 95-percent confidence interval and an error rate of plus or minus 7 percent. Our sample cases included 1,578 children. A breakdown of AFDC universes, the sampled AFDC cases,

their related child support cases, and the number of children by local agency is shown in table 1.1.

**Table 1.1: Profile of Agencies Sampled**  
(June 1984)

Local agencies	AFDC cases		Children	Child support cases
	Universe	Sampled		
Schenectady	1,740	106 <sup>a</sup>	216	147
Suffolk	12,712	100	199	125
Contra Costa	18,350	100	152	118
Sacramento	21,924	100	239	145
Miami	23,162	100	185	128
Pensacola	5,616	100	210	160
Bay	2,800	100	195	117
Genesee	15,136	100	182	141
<b>Total</b>	<b>101,440</b>	<b>806</b>	<b>1,578</b>	<b>1,081</b>

<sup>a</sup>Our sample was drawn before our sample plan was finalized.

Once our sample of 806 AFDC cases representing 1,578 children were identified, we went to the child support agencies to identify the absent parents associated with the sample cases. Because some children in a single AFDC case had different absent fathers and each father constitutes a separate child support case, there were 1,081 child support cases compared to 806 AFDC cases for the 1,578 children. We examined these children's AFDC and child support case files to determine whether they needed and received paternity determinations and support orders. We also examined federal, state, and local policies and practices to determine how they influenced the results we observed. A pro forma workpaper was filled out for each absent parent based on case file information supplemented by child support enforcement office workers' testimonies where necessary. Case development actions from case opening through December 31, 1984, were recorded.

We interviewed the OCSE director and other headquarters and regional staff, the directors and staff in state and local child support agencies, and staff in local AFDC agencies. We discussed HHS program oversight with the HHS assistant inspector general for audit. We also reviewed six of our previous reports on child support that addressed the implementation of the Child Support Enforcement Program and ways to increase

collections from absent parents.<sup>10</sup> To assist in providing a broad perspective on the child support program, we reviewed pertinent studies and literature. Finally, our Office of General Counsel reviewed enabling federal child support enforcement legislation, including the 1984 amendments and implementing regulations.

Because our sample children were the clients of AFDC and child support offices, what happened to them may be viewed as a comment on the performance of these offices. The definition of performance, however, should not be restricted to the number of paternity determinations and support orders obtained as a percentage of those needed. Performance also includes the degree of reasonable effort expended in pursuit of these goals. Thus, though the agencies may not have obtained a paternity determination or a support order, if the reasons given for their actions were not contrary to federal requirements and appeared reasonable, we counted the performance as adequate. We defined adequate and inadequate performance as follows:

- Cases not referred by AFDC agencies to child support agencies and cases referred but not opened by child support agencies were considered evidence of inadequate performance.
- For referred cases that were opened then closed, if we determined the agencies' reasons for closing were justified—for example, the child was beyond legal age limit for determining paternity—we judged agency performance to be adequate. Otherwise, we considered it inadequate.
- For cases open at the time of our review, we determined the length of time since action was last taken to develop the case. If action had been taken within the 6 months ended December 1984, we judged the performance to be adequate. Otherwise, we judged it inadequate. In the absence of federal or state criteria, we decided more than 6 months was an unreasonable length of time for open cases to remain unattended by the child support agencies. We chose 6 months because, in a similar respect, the AFDC program generally requires that cases be reviewed every 6 months to redetermine eligibility.

Data examined in this study cannot—and should not—be projected beyond the specific populations examined. The study's design, however,

<sup>10</sup>Collection of Child Support Under the Program of Aid to Families With Dependent Children (B-164031(3), Mar. 13, 1972); New Child Support Legislation—Its Potential Impact and How to Improve It (MWD-76-63, Apr. 5, 1976); U.S. Child Support: Needed Efforts Underway to Increase Collections From Absent Parents (HRD-85-5, Oct. 30, 1984); Child Support Collection Efforts for Non-AFDC Families (GAO-HRD-85-3, Oct. 30, 1984); States' Implementation of the 1984 Child Support Enforcement Amendments (GAO-HRD-86-40BR, Dec. 24, 1985); States' Progress in Implementing the 1984 Child Support Enforcement Amendments (GAO-HRD-87-11, Oct. 3, 1986).

allowed for examining examples of procedures used in a variety of situations that may occur elsewhere.

After we had completed our fieldwork, we analyzed the potential of the 1984 amendments to improve efforts to determine paternity and obtain support orders by

- analyzing each provision to form an opinion on the potential impact, particularly in relation to the problems we identified, and
- drawing upon the results of a separate GAO review, which included asking all the states for their views on the potential effects.

Except for not doing reliability assessments of local agencies' computer systems used in managing the child support program, we made our review in accordance with generally accepted government auditing standards. We did our fieldwork from May 1984 to July 1985.

# Agencies' Performance in Pursuing Paternity and Support Orders Appeared Inadequate for Many Sample Children

Our review of a sample of AFDC children in eight locations indicated that 27 percent needed neither paternity determined nor a support order obtained. Of those in need, the agencies' performance appeared to be inadequate for 42 percent, adequate for 56 percent, and we could not tell for the other 2 percent.

Because of poor management practices, child support agencies did not open cases for 110 children, prematurely closed cases for 69 children, and did not work for extended periods on other cases representing 281 children. Five of eight child support agencies tended to bypass cases they considered difficult to develop or of low collection potential in favor of cases with high collection potential. We believe this emphasis on achieving the program's financial objective contributed to some cases not being opened, or no attempt being made to establish paternity and secure support for other cases. Treating cases in this manner is contrary to federal law and regulations.

## Overview of GAO Sample

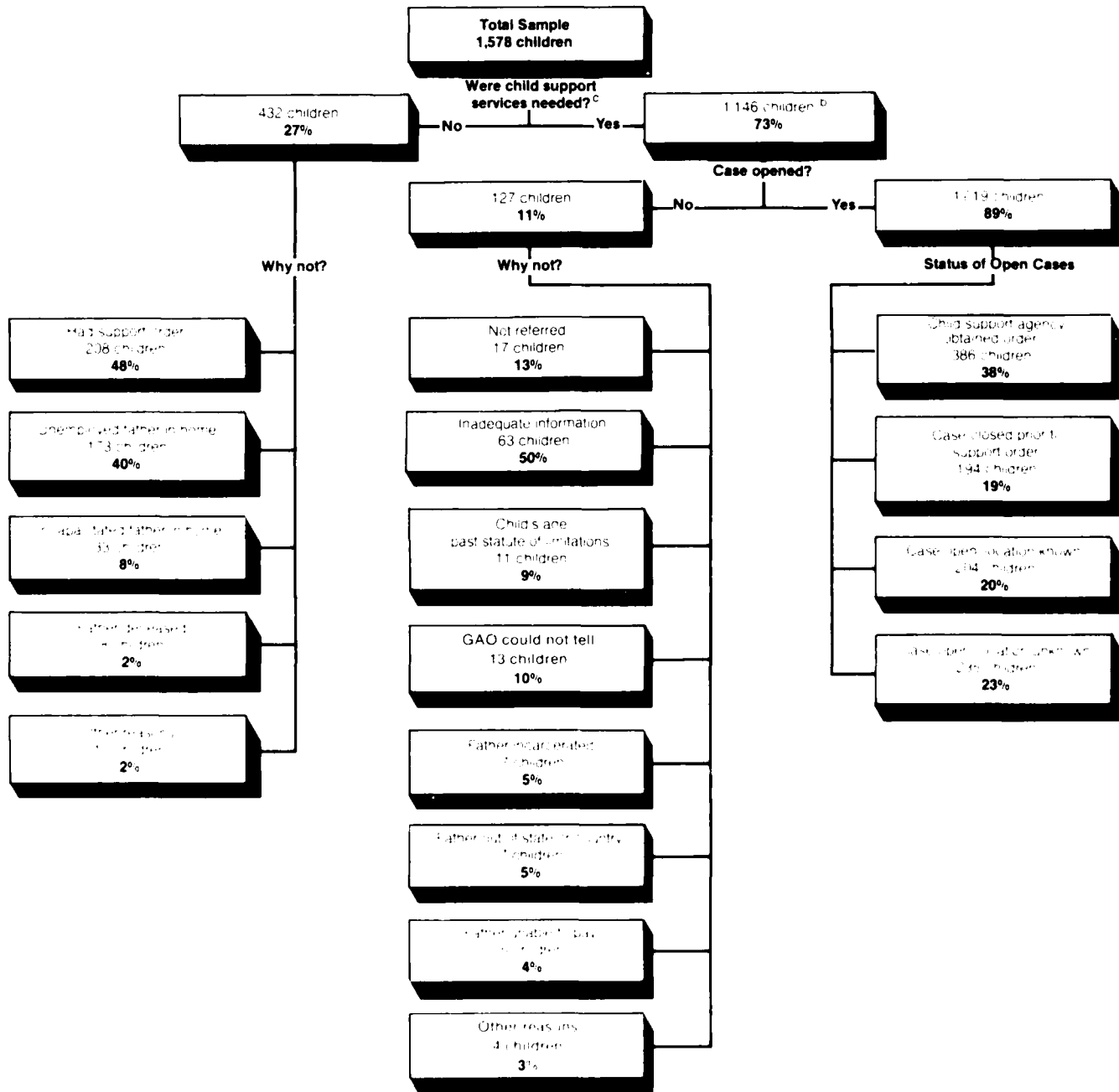
We examined a sample of 1,578 children at the eight locations receiving AFDC benefits in June 1984 to determine whether

- they needed paternity determinations and/or support orders and
- the agencies' efforts to determine paternity and obtain support orders were adequate.

We tracked agency actions to assist children from the time of AFDC eligibility through December 1984. Figure 2.1 shows the status of these children's cases as of December 31, 1984.

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**Figure 2.1: Status of Sampled Children's Cases as of December 31, 1984\***





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<sup>a</sup>The status of the combined eight samples is not intended to represent the status of the combined universes at the eight locations.

<sup>b</sup>699 of these children needed paternity determinations as well as support orders - 283 had them by December 31, 1984.

<sup>c</sup>Services include all tasks from opening a case to obtaining a support order.

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**Some Children**  
**Required Neither**  
**Paternity**  
**Determinations Nor**  
**Support Orders**

Any assessment of performance that fails to take into account the fact that not all children need paternity determinations and support orders will generate unrealistic expectations for the program. Of the 1,578 children in our sample, 432 (or 27 percent) did not need paternity determinations or support orders because

- a support order had been obtained before AFDC eligibility (208, or 13 percent);
- both parents were in the home, but the family was eligible for AFDC because the principal earner was unemployed or incapacitated (206, or 13 percent);
- the absent parent was dead (8, or 0.5 percent); or
- other reasons (10, or 0.6 percent).

In comparing the eight locations, we found the percentage of children needing neither paternity determinations nor support orders when they became eligible for AFDC ranged from 68 percent in Bay County, Michigan, to 6 percent in Miami, Florida. This wide disparity was due largely to (1) more out-of-wedlock births in Miami and (2) mothers in Bay County being likely to have been married, divorced, and having a support order when they applied for AFDC. Appendix IV describes how needs varied among all locations.

Some children had obtained a support order before they became eligible for AFDC—usually by the mother hiring a private attorney who pursued her case through the local court system. Generally the only support order service such children need is a change of payee from the custodial parent to the state. We found that at the time of AFDC eligibility, the children who had support orders averaged 13 percent overall. The range was from 4 percent in Suffolk County, New York, to 42 percent in Bay County, Michigan. We are not aware of any national data on the number of AFDC children who had support orders when they became eligible for AFDC.

About half the states (including those, except Florida, in our review) allow AFDC eligibility for children with both parents in the home—if the

principal earner is unemployed. In all states, children are eligible for AFDC if the principal earner is incapacitated. Obviously, at-home parents under such circumstances are not candidates for paternity determinations or support orders. In our sample, 206 children had both parents in the home because the principal wage earner was unemployed (173) or incapacitated (33). The percentage of such children in our sample ranged from zero in Pensacola to 27 percent in Sacramento, and averaged 13 percent (206 of 1,578) overall. Nationwide, about 10 percent of the children receiving AFDC have both parents in the home.<sup>1</sup>

### For Many Children, Efforts to Determine Paternity and Obtain Support Orders Were Inadequate

We judged the agency efforts on behalf of 42 percent of the children who needed paternity determinations and/or support orders to be inadequate. Often the efforts were inadequate because of poor case management practices at the local AFDC and child support agencies.

Of the 1,578 children in our sample, 1,146 (73 percent) needed support orders when they became eligible for AFDC; 699 of the 1,146 also needed paternity determinations. Table 2.1 shows, in the aggregate, the outcomes for such children by the end of our study period. Appendix IV provides more information about outcomes by location.

**Table 2.1: Outcomes for Children Who Needed Paternity Determinations and/or Support Orders as of December 1984**

	Needed support order		Also needed paternity	
	Number	Percent	Number	Percent
Children needing paternity/order	1,146	100	699	100
Children who got them	-386	-34	-283	-41
Children who did not	760	66	416	59

As of December 31, 1984, the end of our case analysis period, 760 children (1,146-386) in our sample lacked support orders, and 416 (699-283) were also without paternity determinations. As shown in table 2.2, we determined that for 259 of the 760 children, the agency performance, although unsuccessful, appeared adequate. For 24, information was not sufficient for us to make a judgment. For the remaining 477, we judged the performance inadequate because

- AFDC agencies failed to refer cases to the child support agencies or

<sup>1</sup>Because so few children not needing services fall into the deceased parent or miscellaneous reason categories (see figure 2.1), we did not compute ranges or compare their totals to national statistics

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- child support agencies (1) did not open cases or closed cases for reasons we judged unjustified or (2) failed to attend to cases for more than 6 months.

As shown in table 2.2, adding the 760 children who did not get orders to the 386 from table 2.1 who did allows us to compute the performance success rate for all 1,146 children needing services.

**Table 2.2: Evaluation of Agencies' Performance to Determine Paternity and/or Obtain Support Orders**

<b>Case status</b>	<b>Performance appeared adequate</b>	<b>We could not tell</b>	<b>Performance appeared inadequate</b>	<b>Total</b>
Not referred	0	0	17	17
Not opened	0	0	110	110
Closed	101	24	69	194
Open	158	0	281	439
<b>Subtotal</b>	<b>259</b>	<b>24</b>	<b>477</b>	<b>760</b>
Children with orders (table 2.1)	386	•	•	386
<b>Total</b>	<b>645</b>	<b>24</b>	<b>477</b>	<b>1,146</b>
Percent of total	56	2	42	100

**Cases Not Referred by AFDC Agencies**

Federal regulations (45 C.F.R. 235.70) require that within 2 working days of the AFDC agency providing aid to a child eligible due to continued absence of a parent, it refer the child's case to the child support agency. A copy of the AFDC case record or all relevant information as prescribed by the child support agencies is to be referred. In two of the eight locations we visited, AFDC agencies did not refer cases for 17 of 332 children who had absent fathers. Thus, these children received no attention from the child support agency.

The Suffolk County Child Support Agency received no AFDC referral for 14 (8 percent) of the 167 Suffolk children in our sample. The agency's director informed us, however, that the July 1985 implementation of New York State's Child Support Management System had corrected the problem. He said this system provides for daily computerized notification of the child support agency on all children added to or deleted from AFDC. Because the system was being implemented near the end of our review, we were unable to assess whether the problem had been corrected. Because there were only three nonreferrals in Schenectady County, we did not attempt to identify whether corrective action had been taken.

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**Referred Cases Not Opened**

Federal regulations (45 C.F.R. 303.2) require that upon receipt of the referral, the child support agency immediately establish a case record on the absent parent. The record is to contain all information that pertains to the case, including a record of communications to and from AFDC agencies. Section 454(4)(A) of the Social Security Act requires that states attempt to establish paternity for each referred child unless doing so is against the child's best interests. Obviously, if a case is not opened, no paternity attempt can be made.

Seven of the eight child support agencies we visited (all except Schenectady) did not open cases and establish records for 110 children referred by AFDC agencies. Besides being contrary to federal law and regulations, not opening cases (1) results in some children being denied paternity determinations and support orders and (2) distorts statistics needed by program managers and the Congress to accurately measure performance and identify problems that may require corrective legislative actions.

Table 2.3 shows, by location, children who were referred but did not have cases opened and, according to the child support agencies, the reasons why. For 13 children, agency officials were unable to tell why no action was taken. Because of the absence of records in the child support agencies, the information shown in table 2.3 was obtained through examination of AFDC records and discussions with child support officials, who after reviewing the information we obtained at AFDC agencies, had to reconstruct their actions from memory. We did not attempt to verify the validity of the data in the AFDC records.

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**Table 2.3: AFDC Children for Whom Cases Were Not Opened and Why**

Reasons	Suffolk	Sacramento	Contra Costa	Miami	Pensacola	Genesee	Bay	Total
Inadequate information on alleged father	•	12	2	44	5	•	•	63 <sup>a</sup>
Absent father incarcerated	•	2	•	5	•	•	•	7 <sup>b</sup>
Absent father unable to pay	•	4	•	•	•	1	•	5 <sup>b</sup>
Out-of-state paternity action needed	•	•	•	•	•	3	•	3 <sup>b</sup>
Absent father in a foreign country without a reciprocity agreement	•	•	•	4	•	•	•	4 <sup>c</sup>
Child older than state law age limit for establishing paternity	•	•	•	•	•	10	1	11 <sup>c</sup>
Mother's good cause claim upheld <sup>d</sup>	1	1	•	•	•	1	•	3 <sup>e</sup>
Absent father determined to be unknown	•	•	•	1	•	•	•	1 <sup>e</sup>
Reasons unknown	2	4	•	7	•	•	•	13 <sup>d</sup>
<b>Total</b>	<b>3</b>	<b>23</b>	<b>2</b>	<b>61</b>	<b>5</b>	<b>15</b>	<b>1</b>	<b>110<sup>e</sup></b>

<sup>a</sup>There was not enough information for these 76 (63+13) cases to form an opinion on whether they would benefit from further action

<sup>b</sup>Might benefit from further effort

<sup>c</sup>Not likely to benefit from further effort

<sup>d</sup>When a mother's good cause claim is upheld, a waiver from cooperating with the child support agency is granted because the agency has determined that cooperation might result in physical or emotional harm to the child or mother

<sup>e</sup>90 of 110 children who did not have cases opened required paternity determinations as well as support orders

Though cases should have been opened for all 110 children to comply with federal regulations and to create a child support record, doing so for 19 of them would probably not have benefited the children because the AFDC records showed that

- the absent father was in a foreign country without a reciprocity agreement (4),
- the child was older than the age allowed by the state for establishing paternity (11),
- encouraging the alleged father to support his abandoned children would have endangered the family (3), and
- the absent father was determined to be unknown (1).

Based on OCSE instructions in effect at the time of our review, these 19 cases could have been closed after the child support agencies created a

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record and determined that the AFDC referral information was correct. (See p. 28.) While we recognize that these cases likely would not benefit from further action, we considered the agency performance on these cases inadequate because they did not open the cases and establish records as required by federal regulations.

While the remaining cases for 91 children might have benefited from further action, there was not enough information available to form a judgment on 76 of them. Inadequate information about the absent father on the AFDC referral form was the most frequent reason given for not opening these cases (63 of 76). In the two locations where this practice was most common (56 of the 63 cases), the child support agencies made little or no attempt, not even interviewing AFDC mothers, to obtain the necessary information. Yet studies by OCSE and others have found that referral information can be greatly enhanced when child support agency workers interview AFDC clients.

Not opening cases because of inadequate information was most common in Sacramento and Miami. Sacramento did not open cases for 12 children and Miami did not open cases for 44 because the information on the AFDC referral form was reportedly inadequate. Officials in both offices said they lacked sufficient staff to attempt to interview the children's mothers, although federal regulations (45 C.F.R. 303.20(c)(1)) require child support agencies to have sufficient staff for activities associated with initial case opening. Accordingly, staff in those locations concentrated on cases that they believed required less staff time and effort.

All 12 children (with unopened cases) in Sacramento and 34 of the 44 in Miami required a paternity determination as well as a support order. Projecting from our sample results, we estimate that in June 1984, about 3,700 AFDC children recipients in Sacramento may not have had their child support cases opened because of inadequate referral information. Corresponding figures for Miami were about 5,300 children.<sup>2</sup>

The remaining 15 of the 110 children's cases were not opened because child support agencies reportedly determined from the AFDC referral information that the father was

- incarcerated (7),
- unable to pay (5), or
- out of state (3).

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<sup>2</sup>Appendix V discusses data projections and their error rates

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Although determining paternity and establishing a support order when the alleged father is incarcerated or out of state may be difficult, circumstances do change, and an opportunity may present itself in the future. Similarly, those unable to pay may be able to make their support payments in the future. Not opening a case may deny permanently the opportunity for further child support assistance.

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**Cases Closed Prematurely**

Neither the Social Security Act nor federal regulations provide case closure criteria. In July 1983, however, OCSE gave the states instructions for reporting on closed cases. These instructions,<sup>3</sup> which applied to agency activities during the period covered by our review, included among allowable reasons for closing cases: the alleged father was deceased, in a foreign country without a reciprocity agreement, or determined to be unknown; the children were older than the state law limit for establishing paternity; or the family or children went off AFDC. The instructions required that if a state wished to close cases for other reasons, it should contact OCSE beforehand for approval.

OCSE withdrew the instructions in October 1985 (after our review period), leaving this matter to the discretion of states and local jurisdictions. An OCSE deputy director said the closure instructions were withdrawn because requirements for prioritizing cases published in federal regulations made them unnecessary, by saying that no class of cases were to be neglected or excluded because of prioritization. However, the prioritization regulations do not specifically address case closure, and their utility as a protection against premature closure of cases is limited to those child support offices that use written prioritization procedures approved by OCSE. At the time of our review, five of our eight sample offices (Schenectady, Sacramento, Contra Costa, Genesee, and Bay counties) did not.

Child support agencies closed cases without obtaining a support order for 194 children in our sample. Table 2.4 shows, by location, the numbers of children whose cases were closed and the reasons why. For the majority of cases, the reasons for closing cases were recorded in the child support agency records. However, as was true with cases not opened, because of incomplete child support agency records, some of the information shown in table 2.4 was obtained through discussions with agency officials, who had to reconstruct their actions by reviewing the

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<sup>3</sup>OCSE Action Transmittal 83-15.

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information we obtained at the AFDC agencies, by examining their incomplete files, and from memory. For 24 children, agency officials were unable to tell why the cases had been closed.

**Table 2.4: AFDC Children for Whom Cases Were Closed Without Support Orders and Why**

Reasons	Schenectady	Suffolk	Sacramento	Contra		Miami	Pensacola	Genesee	Bay	Total
				Costa	Costa					
Inadequate information on alleged father	•	•	24	5	•	•	2	•	1	32 <sup>a</sup>
Absent father incarcerated	•	•	6	1	•	•	4	1	•	12 <sup>a</sup>
Absent father unable to pay	•	•	12	6	•	•	•	1	1	20 <sup>a</sup>
Out of state paternity action required	•	•	4	•	•	•	1	•	•	5 <sup>a</sup>
Absent father out of country	•	•	1	•	•	•	•	•	•	1 <sup>b</sup>
Child older than state law limit for establishing paternity	•	1	•	•	•	•	•	2	•	3 <sup>b</sup>
Mothers' good cause claim upheld <sup>c</sup>	•	1	•	•	•	•	•	•	•	1 <sup>b</sup>
Absent father determined to be unknown	•	•	1	3	1	•	3	•	1	9 <sup>b</sup>
Family or children off AFDC	4	9	6	•	•	•	15	5	3	42 <sup>b</sup>
Absent father died after case was opened	1	1	•	•	2	•	•	1	•	5 <sup>b</sup>
Absent father and mother reconciled	•	3	3	3	•	•	•	•	1	10 <sup>b</sup>
Case changed to unemployed parent	•	•	2	•	•	•	•	•	•	2 <sup>b</sup>
Rape case	•	•	•	1	•	•	•	•	•	1 <sup>b</sup>
Case transferred to another county	•	•	•	1	•	•	•	•	•	1 <sup>b</sup>
Mother refused to cooperate	•	•	1	•	•	•	•	•	•	1 <sup>b</sup>
Cannot find absent father	•	•	10	8	•	•	4	1	•	23 <sup>b</sup>
Child died at birth	•	•	1	•	•	•	•	•	•	1 <sup>b</sup>
Adoption pending	1	•	•	•	•	•	•	•	•	1 <sup>b</sup>
Reasons unknown	•	4	•	•	15	•	4	1	•	24
<b>Total</b>	<b>6</b>	<b>19</b>	<b>71</b>	<b>28</b>	<b>18</b>		<b>33</b>	<b>12</b>	<b>7</b>	<b>194<sup>d</sup></b>

<sup>a</sup>These 69 received inadequate service.

<sup>b</sup>These 101 received adequate service.

<sup>c</sup>See table 2.2

<sup>d</sup>111 of the 194 children who had cases closed required paternity determinations as well as support orders



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We question the first four reasons (69 children at five of the eight locations) listed in table 2.4. Also, they were not among the allowable reasons cited in OCSE's 1983 instructions. Agencies in three of the four states in our study closed cases for these reasons, but none of the states requested approval beforehand, according to an OCSE official.

The agencies reportedly closed cases for 32 children due to what they termed "inadequate information" about the alleged father. Closing cases for this reason was most common in Sacramento (24 of the 32 children). Sacramento's written procedures require that once cases are opened, mothers must be interviewed in an attempt to obtain information about the absent father. Thus, at some point mothers related to the 24 children may have been interviewed, but records were not adequate for us to determine this with certainty. Compared to the other locations, however, the number of cases closed for "inadequate information" in Sacramento seems high, suggesting a possible need for additional efforts there to obtain information about absent fathers.

According to the agencies, the remaining 37 children's cases were closed because the alleged father was either incarcerated (12), unable to pay (20), or out of state (5). These conditions, in our view, do not justify closure for the same reasons we discussed for unopened cases (see p. 28). Paternity determinations were needed for 16 of these 37 children.

When projected to the local AFDC population, our sample results become much more significant. For Sacramento we estimated that cases needing only a support order but closed because the agency determined the absent father could not pay represented about 3,400 AFDC children in June 1984. Because some of the absent fathers may be able to provide support later, it seems unfair to children and taxpayers to remove the cases, possibly forever, from the scope of monitoring and review.

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**Open Cases Left**  
**Unattended Too Long**

Cases for 439 children (38 percent of the total sample needing services) remained open without support orders at the end of our case analysis period. In some cases no attempt was made to determine paternity or obtain a support order. We were able to determine the length of time 410 of the children's cases were open—an average of 33 months. We reviewed the 439 children's cases to determine when the child support agency last took action. As shown in table 2.5, we found no documents, notations, or other evidence showing action within the 6 months preceding our file review in 197 case files for 281 children. In the absence of federal or state criteria, we decided more than 6 months was an

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unreasonable length of time for open cases to remain unattended by the child support agencies. We chose 6 months because the AFDC program generally requires that cases be reviewed every 6 months to redetermine eligibility.<sup>4</sup> In 77 of the 197 cases, the agencies knew the locations of the alleged fathers.

**Table 2.5: Length of Time Since Open Cases Worked as of December 31, 1984**

	Open cases	No evidence of action in 6 months or more <sup>a</sup>				Total
		Over 6 to 12	Over 12 to 18	Over 18 to 24	Over 24	
Schenectady	53	16	5	2	8	31
Suffolk	35	8	4	3	10	25
Sacramento	23	2	2	4	1	9
Contra Costa	35	10	7	3	4	24
Miami	53	7	5	5	19	36
Pensacola	54	10	9	3	13	35
Genesee	44	5	2	4	12	23
Bay	27	2	5	2	5	14
<b>Overall</b>	<b>324<sup>b</sup></b>	<b>60</b>	<b>39</b>	<b>26</b>	<b>72<sup>c</sup></b>	<b>197<sup>d</sup></b>

<sup>a</sup>Months since last evidence of work performed

<sup>b</sup>These cases represent 439 children

<sup>c</sup>These cases included 103 children who needed support orders. 58 of whom also needed paternity determinations.

<sup>d</sup>These cases represent 281 children

A study in 1983 demonstrated that the development potential of cases declines as they age. The study showed that while a sample of local offices obtained support orders for 34 percent of the children sampled, 27 percent were obtained in the first year of case development, 5 percent in the second year, and only 2 percent in the third year.<sup>5</sup>

The agencies apparently overlooked the cases in table 2.5 because either they had no mechanism to bring them to child support workers' attention or available mechanisms were not used. Although not a requirement, in a 1983 report on potential program improvements, OCSE indicated that some type of case tracking and control system, either manual or automated, was desirable. In addition, federal regulations require states who apply for optional enhanced federal funding for

<sup>4</sup>If there was any indication of action within 6 months, we considered the agency performance adequate. Otherwise, we considered it inadequate.

<sup>5</sup>Maximus Inc., *Evaluation of the Child Support Enforcement Program*, Final Report (McLean, VA: April 1983), p. IV-27.

automated systems to propose systems capable of monitoring all the factors involved in the paternity determination and support collection processes. OCSE's regulations require that if agencies prioritize cases, they must establish a mechanism to periodically review low-priority cases. OCSE has not, however, defined the time frames for periodic review.

Five of the eight local agencies lacked automated systems to track and control location and status of cases. Suffolk, Miami, and Pensacola had automated systems. Suffolk County officials said they used their system but review dates generally were set on a 1-year cycle and staff did not always annotate the files to show cases had been examined. Officials in Miami and Pensacola told us they rarely used their system's monitoring capability because of lack of staff.

We believe monitoring was especially needed in both Miami and Pensacola because both put cases into a unique status: "deferred." This description was used for cases that, based on a review of the referral information, the agencies considered to have poor potential for development and ultimate collections. For most cases the location of the alleged father was unknown. Deferred cases were put aside for development whenever time and resources might permit. We were told, however, that because of the staffing limitations at both locations, these cases were not likely to be developed. Miami deferred cases for 61 children and Pensacola for 47 children.

Officials in both Michigan locations were unaware that cases had been inactive for long periods. In New York, the director of the Schenectady County Child Support Enforcement Program said he believes some periodic monitoring is performed every 6 months through receipt of AFDC recertification forms. He said that although these forms are reviewed to determine any change in the absent father's status, the files may not always reflect this review. Local California officials said that, because of staffing constraints, cases are not reviewed periodically.

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## **Emphasis on Financial Objective Contributes to Poor Case Management**

Our review disclosed that five of the eight child support agencies in three states managed cases in a way that emphasized the financial objective to enhance collections and contain costs, and deemphasized paternity determinations. Staff resources were directed toward cases with the greatest apparent collection potential and away from cases that appeared to require greater development effort, such as those needing paternity determinations. Thus, they denied some children the social

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benefits resulting from determining paternity, such as reducing the stigma of illegitimacy. We believe this emphasis contributed toward some cases not being opened or no attempt being made to establish paternity or secure support for other cases as previously discussed.

Miami and Pensacola followed Florida state policy, which assigns first priority to cases with the greatest collection potential. Paternity determinations, unless they had good prospects for collections as well, were placed in a deferred status and were not likely to receive further attention. In both locations, officials said setting priorities was necessary because, based on state standards, the agencies were understaffed. Miami estimated it could process 25 percent of its new cases in a timely way. Pensacola estimated it could process 50 percent.<sup>6</sup> Federal regulations require that state and local agencies have sufficient staff to carry out program activities related to determining parents' legal obligations. (The regulations do not define "sufficient staff.") Although the regulations permit states to implement case prioritization procedures, they must ensure that no service be systematically excluded. In issuing the regulations, OCSE stressed that states are not to neglect or exclude any cases from receiving services as a result of implementing prioritization systems.

In following California state policy, Sacramento and Contra Costa closed cases requiring a support order when they determined that the father, based on his current income, was unable to pay child support. Further, because of staffing constraints, both California locations did not periodically review cases still requiring additional development.

In New York, the Suffolk County child support agency director told us that, as a matter of policy, he emphasizes collections. According to the director, because of budget constraints, fewer and fewer staff are being devoted to paternity and support order efforts, but he said even with more staff, he would continue to emphasize collections because of the financial returns.

Improved federal and state oversight and reporting of program operations, subjects discussed in the following chapter, could help correct the problems cited in this chapter.

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<sup>6</sup>Because of time constraints, we did not assess the validity of these estimates.

# Improved Federal and State Oversight and Reporting Needed

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## Oversight

The Social Security Act requires OCSE to set standards to assure that state programs are effective, set minimum staffing requirements for state and local agencies, hold states accountable for operating effective programs, and periodically audit each state's operations. Also, the HHS Office of the Inspector General (OIG) is charged with providing assurance that the Congress and agency top management are regularly informed of management problems.

We believe paternity determination and support order establishment problems identified by our review escape detection partly because OCSE's oversight is not designed to evaluate how well state and local child support agencies deliver these services. Also, in some cases noncompliance with federal law and regulations went undetected. OCSE's policy has been to provide technical assistance and guidance to agencies when requested, and not to establish and enforce operating standards for an effective program. Following OCSE's lead, states have not required local offices to adhere to operating standards more restrictive than the broad compliance requirements in state plans. Although OCSE has an audit division, it audits only state—and not OCSE—operations, and may lack sufficient staff to meet newly expanded audit responsibilities. The HHS assistant inspector general for audit (in office during our review) maintained that the OIG did not want to duplicate OCSE auditors' work, and thus provided no program oversight of the Child Support Enforcement Program. The current assistant inspector general for audit added that the OIG has refrained from making reviews of the program because the division of audit responsibility between the OIG and OCSE has not been clearly established.

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## Role of the State Agencies

The Social Security Act requires that OCSE hold states and territories accountable for operating effective programs. To receive federal funds, a state must have an approved state plan. The state plan is an agreement with the federal government to perform minimum duties imposed by the Congress through statutes and by HHS through regulations. The principal program managers are the local offices. State agencies, rather than being active overseers of local operations, generally act as reporting and funding conduits between the federal government and local offices.

Because the four states we visited used various operating approaches, it is difficult to generalize about the extent to which they are aware of problems and influence corrective actions at the local level. However, we did note oversight problems in all four states.

- In California and New York, state offices find it difficult to influence changes in local operations because the local offices are units of county governments, which control funding and resource allocations.
- In Michigan, the state office is responsible for overseeing the activities of more than 150 state-run offices at the local level. Despite monthly reviews of each local office for compliance with federal regulations, the state was unaware that cases in the two offices we visited had not been worked for periods up to 6 months and much longer.
- In Florida, the state office is responsible for overseeing activities of state-run offices at the local level. The state reviews each local office's operations once a year. The focus of these reviews varies from year to year, covering such matters as administrative costs and quality of AFDC referral information. Despite these reviews, the state was unaware that the Miami office failed to open certain categories of cases.

#### Role of OCSE

Section 452(a)(1) of the Social Security Act requires OCSE's director to establish such standards as he determines to be necessary to assure that state programs are effective. The act does not define an effective program. Until 1985, according to OCSE officials, submission of a state plan in accordance with federal regulations and evidence of compliance with it through OCSE audit, in effect, met the requirements of an effective program. Evidence of compliance consisted solely of determining that required procedures existed—not that they worked or were being followed.

OCSE has provided technical assistance to state and local agencies when requested and has published numerous "how to" publications and conducted training courses. But the publications are informational only, and participation in the training is optional. While these activities are appropriate, they do not enable OCSE to fulfill its responsibility to ensure that state programs are effective.

As a result of the 1984 amendments, in October 1985 OCSE expanded the scope of its audits by (1) broadening compliance reviews and (2) establishing performance standards, but only for the collections function. The expanded compliance reviews will require OCSE auditors to determine whether states are complying with the law and regulations in 75 percent of the cases examined. Activities to be examined for compliance include determining paternity and obtaining support orders. For example, the auditors will determine whether the states' efforts to determine paternity and obtain support orders comply with federal regulations—but will not assess the effectiveness of these processes.

For collections, however, the OCSE auditors also will use specified performance indicators to measure the effectiveness of collection procedures. (App. VII discusses the new standards.) Additional collection performance standards will take effect in October 1987. OCSE's Audit Division director informed us that standards also are needed to measure the effectiveness of paternity and support order development, but OCSE has no immediate plans to develop such performance measures.

The Senate Finance Committee, in its report on the Child Support Enforcement Amendments of 1984, expressed concerns about the lack of performance standards for some program objectives.

"While the ability of an agency to minimize unnecessary costs is always a valid element in judging its efficiency, that is only one of a number of important measures of performance. The Committee does not intend that its endorsement of performance standards should be seen as sanctioning a simple short-term cost-effectiveness approach which would discourage States from serving clients with more difficult and costly problems or from devoting resources to such elements as paternity determination which may involve high initial costs.

"The Committee believes that the Department should be developing performance measures which will enable the auditors of the Federal Office of Child Support to determine whether States are effectively attaining each of the important objectives of the program. These objectives are clearly set forth in the law and include locating absent parents, establishing paternity, obtaining and collecting on support orders, cooperating with interstate support and paternity actions, and providing services for both welfare and non-welfare families." (S. Rep. No. 98-387, at 32).

The OCSE audit director told us that developing performance standards for paternity and support order establishment is complicated by the insufficient data states now report on the performance of these tasks, which is the subject of the section beginning on page 37.

Under its expanded procedures, OCSE plans to complete audits of the 50 states', three territories', and the District of Columbia's child support programs at least every 3 years, or annually if a state or territory is facing penalties resulting from a prior audit. According to the OCSE audit director, the agencies' audit staff is inadequate. Beginning with the fiscal year 1986 audits, each state will require from 1,000 to 1,200 staff days of audit effort during the triennial reviews. This represents from 18,000 to 21,600 staff days a year, or from 90 to 108 staff. As of October 1986, OCSE had 61 field auditors available to perform such audits, a number that may be reduced by budget constraints. This staffing level may limit OCSE's ability to effectively perform its program evaluation audits and may hamper its ability to perform other types of

work, such as administrative cost audits and reviews of the problems we have noted. According to the audit director, OCSE has not formally requested additional staff for the Audit Division.

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### Role of the HHS Office of Inspector General

In 1976, Congress created the OIG within the Department of Health, Education, and Welfare (now HHS). The OIG was established to create an independent and objective unit to supervise, coordinate, and strengthen department auditing activities; improve compliance with audit and investigative standards; and provide greater assurance that the Congress and agency top management are regularly informed of management problems. According to the assistant inspector general for audit (in office during our review), the OIG did not review the child support enforcement program on the grounds that such reviews might have duplicated work performed by OCSE's internal audit division—a function mandated by the Congress when the program was enacted. However, because the OCSE audit division has not been so directed, it does not audit OCSE operations.

In commenting on a draft of this report, the current assistant inspector general for audit said that the OIG has refrained from making reviews of the program because the division of audit responsibility between the OIG and OCSE has not been clearly established. He said HHS's efforts to remedy this situation by transferring the audit function to the OIG through legislative amendment<sup>1</sup> have been unsuccessful; thus, the confusion surrounding audit responsibilities and duplication of effort remains unresolved.

Thus, the Child Support Enforcement Program, including the internal audit function, does not get the same OIG oversight that other HHS offices receive. In addition, the OIG is not providing assurance that the Congress and top management are regularly informed of management problems.

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### Data and Reporting Problems

Section 452(a)(10) of the Social Security Act requires that each fiscal year, HHS submit to the Congress a complete report on all activities of the program. The law lists certain data that must be included, but also states that the reports need not be limited to the listed items. Our work and work by the OCSE internal audit staff raise questions about the sufficiency and reliability of some of the information in these reports. What

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<sup>1</sup>Proposed in the President's fiscal year 1985 budget; not passed by the Congress because it was deemed inappropriate to use the appropriation process to correct this situation (see p. 86).



is reported, in our view, does not provide an accurate and complete picture of program operations to enable the Congress and others to properly assess program performance.

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### Unreliability of Data at the Local Agencies

Because the underlying records maintained at the program delivery level are inaccurate, some of the data now reported by the states and used in HHS's annual report to the Congress are unreliable.

Two of the four states we visited, for example, did not have reliable statistical information on paternities determined and support orders obtained by local offices. OCSE told us the only case development statistics available were those reported to OCSE by the states on the number of paternities determined, support orders obtained, and cases opened. Using these statistics to decide what locations we would visit for our study, we developed an index to assess local office effectiveness in obtaining support orders by comparing, for a year, orders obtained to cases opened.

This method proved inadequate in two of the four states because of the unreliability of statistics reported. Suffolk County, selected for review because reported statistics showed it to be below average in obtaining support orders, turned out to be underreporting the number of support orders obtained. Had it correctly followed the state's instructions, the county's success rate for 1984 would have been approximately 31 percent instead of the 24 percent it reported.

In Florida, information at the state level indicated Miami was determining paternities for 20 percent of new case openings and obtaining support orders for 15 percent. We found Miami's figures did not include a large number of cases that should have been opened, but were not. Including these cases reduced Miami's performance to 9.5 percent on paternity determinations and 7 percent on support orders. In California and Michigan we found statistics reported more closely reflected performance.

Also, as discussed in chapter 2, all of the eight locations had questionable case management practices that resulted in misleading program data. Besides cases not referred to the child support agencies or referred but not opened, some cases were closed prematurely. The statistical picture of the program in HHS's annual report does not reflect these practices.



# Expected Impact of 1984 Amendments on Paternity Determination and Support Order Establishment

Alarmed at the continuing parental evasion of child support responsibilities and the consequent social and economic effects, the Congress enacted the Child Support Enforcement Amendments of 1984 (Public Law 98-378) in August 1984. The amendments contain 28 provisions (summarized in app. V) designed to make the program more effective. As stated in an earlier report,<sup>1</sup> we believe that the amendments could significantly improve the enforcement and collection of child support in the United States. In this chapter we discuss the anticipated impact of the amendments on states' efforts to determine paternity and obtain support orders.

## State Views of Amendments' Potential Effects

In a separate review, we asked the 50 states and the District of Columbia for their opinions on the extent to which they thought the amendments would help or hinder efforts to determine paternity, locate the absent parent, obtain support orders, and collect and enforce support payments.<sup>2</sup> As shown in table 4.1, most states responded that the amendments would have the greatest impact on collecting and enforcing support payments.

**Table 4.1: State Opinions of Effect of 1984 Amendments**

Service	Responses (number of states)				
	Greatly hinder	Moderately hinder	Little or no effect	Moderately help	Greatly help
Determining paternity	1	•	30	11	9
Locating the absent parent	•	•	39	11	1
Obtaining a support order	•	1	21	20	9
Collecting and enforcing support payments	•	•	2	16	33

With regard to determining paternity, extending statutes of limitation for determining paternity (see below) was the feature most often mentioned as likely to be most helpful. With regard to establishing support orders, the requirement to expedite processes (see p. 45) was mentioned most often as likely to be the most helpful feature. In responding to our

<sup>1</sup>U.S. Child Support: Needed Efforts Underway to Increase Collections From Absent Parents (HRD-85-5, Oct. 30, 1984).

<sup>2</sup>States' Progress in Implementing the 1984 Child Support Enforcement Amendments (GAO/HRD-87-11, Oct. 3, 1986.)

questionnaire, California said the new federal incentive formula (see p. 44) undermines jurisdictions that spend time and money to determine paternity. The state said that under the amendments, jurisdictions must focus on short-term enforcement efforts in order to maximize incentives and not on paternity cases that may have long-term payoffs.

### Likely Effects of Five Provisions on Problems Noted in the Paternity and Support Order Functions

We believe that five of the amendments could affect the paternity determination and support order functions and that items 3 and 4 may further the states' emphasis on collection and enforcement functions. The provisions are:

1. Extending statutes of limitation for determining paternity.
2. Continuing services for families leaving AFDC.
3. Revising federal incentive payments.
4. Strengthening federal review of state program operations.
5. Requiring expedited processes.

### Extending Statutes of Limitation for Establishing Paternity

This provision requires states to extend existing statutes of limitation for establishing paternity to a child's 18th birthday. We found that a lower age limit applied only to about 2 percent of the children needing service in our sample. In Michigan, for example, support orders were not obtained for 16 children because they were older than the statutory age of 6 and these cases were closed. We found a similar situation for two children in New York where, at the time of our review, the age limit was 10. In California and Florida, statutes of limitation on paternity already complied with the amendments. As of March 31, 1986, however, all but six states had statutes of limitation extending at least to age 18. Those with lower age limits were Kentucky, Michigan, Montana, Pennsylvania, South Dakota, and West Virginia.

### Continuing Child Support Services for Former AFDC Recipients

This provision requires that states continue to provide child support services, without application or fee, to families whose AFDC eligibility has ended. Because participation is voluntary, however, it is uncertain how many families will continue in the program once their AFDC is discontinued. Our sample contained 42 children whose cases were closed

before obtaining a support order because the family or children went off of AFDC.

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### Federal Incentive Payments

This provision awards states a bonus of 6 to 10 percent of their total AFDC and non-AFDC support collected for the year. The size of the bonus depends on ratios of AFDC and non-AFDC collections to total administrative costs. (App. VI explains the formula.) Formerly the incentive was 12 percent of only AFDC support collected. Because no incentives have been established for other program tasks, including determining paternity and obtaining support orders, we believe the incentive formula may encourage states to continue favoring cases with high collection potential.

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### Periodic Review of State Programs

This provision requires OCSE to audit states' child support operations at least every 3 years to determine whether requirements prescribed by federal law and regulations have been met. Under the penalty provisions, a state's AFDC matching funds must be reduced by an amount equal to at least 1 but not more than 2 percent for the first failure to comply substantially with the requirements; at least 2 but no more than 3 percent for the second failure; and at least 3 but no more than 5 percent for the third and any subsequent consecutive failures.

OCSE developed two audit criteria, which it began using in fiscal year 1986, to determine whether a penalty will be assessed. First, a state must have documented procedures to carry out the program—including determining paternity, obtaining support orders, and collecting payments—and must be following them in a substantial number of cases. This determination will not, however, include an assessment of the effectiveness of the states' processes. Second, a state must meet a specified collection performance standard. If a state fails either test, a penalty will be assessed.

While the first audit criterion should ensure that states are in compliance with federal regulations, it will not ensure that their processes are effective. On the other hand, the second criterion should encourage states to improve their collection effectiveness. Thus, OCSE's implementation of this provision may also encourage states to continue giving priority to cases with the highest collection potential because there are no corresponding performance standards for measuring the effectiveness of efforts to determine paternity and obtain support orders.

We also found a significant number of cases needing paternity determined and/or a support order had not been examined for 6 months or longer. At least two of the eight agencies lacked adequate records and reports to identify this problem and officials, in response to our inquiries, said they were unaware that these open cases had been inactive so long.

The 1984 amendments required expanded program audits. In preparing to meet the new requirements, during 1984 and 1985, OCSE's Audit Division evaluated state and territorial systems for recording, summarizing, and reporting program collection, expenditure, and statistical data to OCSE. The testing disclosed that while collection and expenditure systems generally were reliable, 53 of 54 statistical reporting systems were not fully reliable because

- case data were omitted, inaccurate, or unsupported by documentation;
- case classifications were not consistent with federal requirements;
- procedures had not been developed to report certain case activities.

These results were shared with the states, and OCSE regional offices were tasked to ensure that corrective action is taken. In mid-1986 the regional offices were following up to determine what action the states had taken. According to the OCSE audit director, as of October 1986, the regions had reported that 32 states had taken some corrective action, which the Audit Division plans to verify.

The audit director told us that the statistical problems were caused primarily by states and localities not following OCSE reporting instructions. He also said, however, that some of these instructions should have been more specific.

### Insufficiency of Data

Our review of the statute and legislative history indicates that the Congress expects both the social and the financial objectives of the program to be pursued. In our view, HHS does not gather sufficient data to allow an adequate assessment of whether the social objectives are being met. Most of the data compiled and reported to the Congress focus on program cost and support collections. Presently, the Social Security Act specifies that the number of paternities determined and support obligations established in the current fiscal year be reported annually. Although authorized to do so, HHS neither compiles nor reports information on the number and percentage of

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- the AFDC population needing paternity and/or support orders;
- cases referred by AFDC agencies to child support agencies;
- cases opened that need paternity only, paternity and support orders, or support orders only;
- cases closed each year and the reasons for these closures; and
- the percentage of the total child support caseload for which paternity has been established.

We question how an adequate assessment of program performance can be made without such data. Moreover, although the 1984 amendments modified HHS's annual report content, these data were not required to be reported. (See app. VI.)

## Expedited Processes

Unless they have been able to show that their court systems are efficient and offer no reasons for change, states are required to have expedited processes to establish and enforce support orders. The provision allows, but does not require, states to use expedited processes to establish paternity.

Avoiding the full judicial process is expected to accelerate establishment of support orders. OCSE's January 13, 1986, regulations to implement the amendments specify that the time from the date of filing for a hearing to the date a support order is established must be no more than 3 months for 90 percent of all cases and no more than 6 months for 98 percent. All cases must be completed within 1 year. The regulations, however, affect cases after substantial development has been completed and cases are being readied for hearing. The provision will not affect cases not opened or closed too soon, and the effect on those left opened but not worked remains to be seen.



# Conclusions and Recommendations

## Conclusions

Despite significant accomplishments since the program's inception in 1975, many AFDC children who need paternity determinations or support orders do not get them. The latest HHS national data show that in 1982 about half the children applying for AFDC need paternity determined compared to less than one-third when the program was established, making the local agencies' task more difficult.

We believe that the results being achieved by the child support enforcement agencies in determining paternity and obtaining support orders, and their compliance with federal laws and regulations, can be improved through better case management and stronger state and federal oversight. We also believe the agencies' current emphasis on the financial objective contributed to some cases not being opened, some being closed too soon, and others remaining open but unattended. Treating cases in this manner is contrary to federal law and regulations. At the same time, we believe that data reported on program activities need to be more accurate and complete to enable the Congress and others to properly assess program operations and form more accurate expectations for AFDC children needing services.

Five of the eight local agencies we visited said they had insufficient staff to perform certain tasks for which federal regulations require sufficient staff. Because of time constraints, we did not evaluate the adequacy of the agencies' staff and believe OCSE should do so to ensure compliance with staffing requirements in federal law and regulation.

Although certain provisions of the 1984 Child Support Enforcement Amendments likely will assist the paternity and support order processes and significantly improve the enforcement and collection process, we believe the law's primary emphasis on collection and enforcement processes may reinforce the program's current financial focus.

Thousands of AFDC children may be denied the opportunity to obtain paternity determinations and support orders because either AFDC agencies do not refer their cases to child support agencies or child support agencies do not open, prematurely close, or open but leave their cases too long unattended because they appear difficult to develop or offer low collection potential.

We believe that the following factors contribute to such deficiencies:

- Poor local agency management practices, including inadequate efforts to obtain information about some absent fathers and the closing of cases for such questionable reasons as the father being incarcerated.
- Lack or insufficient use of case tracking and monitoring systems resulting in some managers not being aware, for example, that cases go unattended for long periods. This deficiency required managers to reconstruct from memory actions on some cases we reviewed.
- Lack of federal case closure criteria.
- *Passive federal and state oversight, with states limiting their roles to acting as conduits for data and funds between federal and local child support agencies; OCSE reviewing state and local plans and activities for compliance rather than effectiveness; and the HHS's OIG electing not to review OCSE's operations.*
- Federal emphasis on the program's financial objective, as evidenced by: (1) performance standards for the collection process but not to measure the effectiveness of such processes as paternity determination and support order development; (2) incentive payments for collections but not for paternity determinations and support orders; and (3) 1984 Child Support Enforcement Amendments that focus primarily on collections.
- Consequent practice at five of the eight agencies we visited to concentrate efforts on cases offering the highest collections and away from cases more difficult to develop.

## Recommendations

We recommend that the Secretary of HHS require the director of OCSE to take the following steps to improve state efforts to determine paternity and establish support orders:

- Take appropriate steps to ensure that AFDC agencies refer cases and child support agencies open cases and pursue paternity and support orders as required by federal law and regulation.
- Develop case closure criteria and provide guidance and assist states in developing case tracking and monitoring systems for local child support agencies to ensure that cases do not go unattended for long periods and that efforts to determine paternity and obtain support orders and provide other assistance are adequate.
- Develop and implement performance standards for determining paternity and obtaining support orders and audit local agencies to determine whether these standards are followed. Such audits should include an assessment of the sufficiency of staff as specified by federal regulations.

- Assess the OCSE program audit and oversight operations and capabilities and recommend needed improvements to the Secretary.
- Continue efforts to obtain accurate data from the states on paternity determinations and support orders and expand the reporting requirements to obtain data on the states' performance of these tasks to enable OCSE to decide whether congressional intent for the program is being met and to aid in fulfilling HHS's oversight responsibilities.

We also recommend that the Secretary request the HHS inspector general to review the operations of the Child Support Enforcement Program to provide needed assurance that the Congress and agency top management are regularly informed of OCSE management problems.

## Budgetary Impact of Our Recommendations

We recognize that, particularly in this period of severe budget restraints, over the short term program costs could be increased by our recommendations, especially those aimed at recognizing the Congress' desire that the program's social as well as financial objectives be accomplished.<sup>1</sup> Over the long term, however, we believe such costs may be somewhat reduced by collections resulting from improved paternity and support order efforts. Also, although not necessarily quantifiable, expected social benefits resulting from such efforts should prove valuable for welfare children and perhaps society in general. Similarly, we recognize that improving reporting could increase operating costs. But such improvements cannot be considered solely from a cost standpoint. Evaluation is a fundamental part of program administration, and HHS and the Congress both need to know how well the program is meeting its goals. Currently, information is lacking to accomplish this.

<sup>1</sup>Under the Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudmann-Hollings), the fiscal year 1986 federal matching rate was reduced for child support administrative expenditures, including computer-related costs. The President's 1987 budget provides for these expenditures to remain at about the same level as the reduced 1986 expenditures.

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# Agency Comments and Our Evaluation

In commenting on our draft report (see app. VIII), HHS discussed a number of actions planned or underway to address our recommendations, but took issue with our position that OCSE should develop case closure criteria and assess local office staff sufficiency. Also, HHS believes that our recommendation that the OIG review OCSE operations (including OCSE's internal audit function) did not go far enough. HHS proposed that the Social Security Act be amended to transfer OCSE's audit function to the OIG. These and other HHS comments are discussed below. Changes were made in the report as appropriate, to address HHS's technical comments.

## Ensure Child Support Cases Are Referred, Opened, and Properly Pursued

HHS discussed a number of actions it is taking or plans to take in response to our recommendation that steps be taken to ensure that child support cases are referred, opened, and pursued as required by federal law and regulation. These actions—including reviews of the AFDC/child support interface and promoting demonstration projects to strengthen the intake process—are designed primarily to identify and develop various types of technical assistance and training for the states. On page 35 of the report, we recognize that OCSE activities to provide technical assistance and training are appropriate, but because of their limited effects in the past, we point out that such activities alone will not enable OCSE to ensure that state programs are effective and comply with federal law and regulations. We continue to believe that OCSE needs to be more prescriptive with the states in addressing these problems.

In further commenting on this recommendation, HHS said that the federal oversight role to ensure that child support orders are established and enforced is limited to providing triennial audits to determine whether the state is "complying substantially" with federal law. We believe the federal oversight role is, and needs to be, broader and more frequent if necessary as provided for in the law. As HHS points out in another section of its comments (see p. 80), in addition to the audits, during fiscal year 1987 OCSE plans to conduct program reviews of 15 states' operations in establishing paternity and support orders. Such reviews are to focus on mandated enforcement techniques and the AFDC/child support agencies' interface process. We believe that these reviews, in conjunction with the audits, can be used to address our recommendation more directly than providing technical assistance and training.

## Develop Case Closure Criteria

HHS said that establishing specific case closure criteria has been left to states' discretion to allow flexibility because of state law differences. We continue to believe that definitive case closure criteria, such as those that OCSE had in effect before October 1985 (see p. 28), are needed to avoid case closings for such questionable reasons as the fathers being incarcerated, unable to pay, or out-of-state. As stated on page 28, these conditions can change, presenting an opportunity to pursue paternity or collect support. We believe that HHS can develop national criteria for closing cases that recognize unique provisions in state laws. As discussed on page 30, one location may have closed many children's cases because at the time their absent fathers could not pay. We continue to believe that it is unfair to both the children and taxpayers to remove such cases, possibly forever, from the program's purview.

HHS also commented that under OCSE's September 1984 regulations setting forth procedures for case assessment and prioritization, states that choose to prioritize their cases must ensure that no class of cases are systematically excluded. As we discussed on page 28, the prioritization regulations do not specifically address case closure, and only three of our eight sample locations had elected to use prioritization procedures.

## Develop Case Tracking and Monitoring Systems

In responding to our recommendation that OCSE provide guidance and assist states in developing case tracking and monitoring systems, HHS said OCSE has provided funds and continues to provide guidance to the states for implementing automated systems. As stated on page 32, at the time of our review, five of the eight sampled local agencies lacked automated systems to track and control case status and location. Further, two of the three agencies with automated systems rarely used them for monitoring cases.

HHS also commented that under OCSE's case prioritization regulations, cases that are categorized as low priority must be periodically reviewed for changes in circumstances or new information, to ensure tracking and monitoring of cases. Again, as we point out on page 28, the regulations affect only those child support offices that elect to use prioritization procedures approved by OCSE. At the time of our review, only three of eight sampled local offices had elected formal prioritization procedures. Thus, the other five offices were not affected by the 1984 regulations.

We continue to believe that OCSE should emphasize the use of case tracking and monitoring systems to ensure cases do not go unattended—

which is what we found—and that paternity and support order development efforts are adequate.

### Develop Performance Standards and Audit for Compliance

HHS said that after evaluating data compiled during a completed study of the cost and benefits of paternity establishment, OCSE plans to develop performance standards for this function. HHS noted that paternity performance indicators should be put into effect during fiscal years 1989-90.

HHS also said that OCSE regularly assesses the paternity and support order efforts' effectiveness through comprehensive performance-based audits of each state's program not less than triennially, as required by the 1984 amendments. We discuss these audit requirements on page 35 and point out that while collection efforts are to be evaluated for their effectiveness, states' paternity and support order efforts are to be evaluated only for compliance with federal regulations, and not for effectiveness. Because of the importance of these functions, we believe that HHS should expedite its timetable for instituting paternity and support order standards to the extent possible, and effectiveness reviews of these functions should begin as soon as possible.

### Assess Staff Sufficiency

HHS did not agree that OCSE audits should include an assessment of state and local agency staff. HHS said that if program performance standards are being met, there should be no question regarding the adequacy of the staff involved. If standards are not being met, then the state IV-D agency must determine what corrective actions are needed, including the possible need for additional staff. Although this may be true, we note that federal regulations specifically require state child support agencies to be staffed sufficiently to perform certain tasks. Officials at five of the eight local agencies we visited told us that they had insufficient staff to perform tasks for which federal regulations require sufficient staff. Accordingly, we continue to believe that OCSE, as part of its audits, should separately assess staffing sufficiency to ensure states are complying with federal regulations.

### Assess OCSE Audit and Oversight Capabilities

HHS said that because of increasing demands resulting from the 1984 amendments, and as part of an overall plan to reassess the OCSE audit system, such actions as increased reliance on automation already have been taken to better manage and more efficiently use audit resources.

Also, HHS said it is exploring the desirability and feasibility of transferring the audit function to the OIG.

While we did not assess the effect of the actions HHS discussed, simply transferring the OCSE audit function to the OIG without assigning additional staff may not result in adequate audit coverage. As we discuss on page 36, as of October 1986, OCSE had 61 field auditors but needed an estimated 90 to 108 auditors.

### Continue Efforts to Obtain Accurate and Sufficient Data

Regarding our recommendation that efforts be continued to obtain accurate state data on paternities and support orders, HHS said that corrective action is underway in a number of states. We also recommended that HHS expand the reporting requirements to include more data on states' performance of these functions. HHS said that OCSE has already expanded the state reporting requirements to obtain more detailed information on program activities through use of a revised financial/statistical report.

### OIG Reviews of OCSE

Regarding our recommendation that the Secretary request the inspector general to review the Child Support Enforcement Program, HHS said our recommendation should reach farther in order to provide the long-range solution needed to resolve an underlying problem. HHS said the OIG has not been precluded specifically from reviewing OCSE operations, but has refrained from doing so because of unclear statutory division of audit responsibility between the two offices. HHS also said that OIG audits of the program, as we recommend, would result in duplicating some of the OCSE audit division's work. HHS believes that the Social Security Act should be amended to permit the Secretary to transfer the OCSE audit function to the OIG if, in the Secretary's opinion, more efficient and effective oversight of OCSE would result.

We agree that the OIG is not precluded from reviewing OCSE operations. We believe the current organizational structure can provide for both audit groups to effectively coordinate their efforts so that our recommendation will be implemented. As we noted on page 37, OCSE audits only cover state and not the federal program operations. Also, we noted that the OIG was established by the Congress to create an independent and objective unit to supervise, coordinate, and strengthen department auditing activities; improve compliance with audit and investigative standards; and provide greater assurance that the Congress and agency top management are regularly informed of management problems. We



believe that the OIG can carry out these responsibilities as we recommended without duplicating the OCSE audit effort. During its 10 years of existence, except for GAO reviews, the Child Support Enforcement Program has not been reviewed in the manner that the OIG specifically is charged with providing. Consequently, Congress and top management are not informed regularly of OCSE management problems that OIG audits might identify.

To avoid duplication of effort, we note that GAO internal audit standards recommend reliance on internal auditors' work to the maximum extent practicable. Should the OIG conduct its review by considering and, as appropriate, relying on available OCSE audit work, any duplication of work would be kept to a minimum.

Regarding the possible confusion at HHS about audit responsibilities, HHS should pursue clarification through appropriate legislative proposals.

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### HHS Comments on GAO Conclusion That There Is a Federal Emphasis on Collections

HHS took issue with our conclusion that there is a federal emphasis on the program's financial (versus social) objectives, as we state on page 33. To support its case HHS cited OCSE's case prioritization regulations, efforts underway to improve coordination between the AFDC and child support programs, and features of the 1984 amendments that facilitate paternity and support order establishment.

As we stated earlier, OCSE's case prioritization regulations apply only to agencies that elect to use prioritization procedures approved by OCSE. While we recognize that the regulations preclude using collection potential as the sole basis for prioritizing cases, we do not believe compliance with the regulations will materially alter the current state emphasis on collections. Further, while we strongly support improved AFDC and child support agency coordination, we also fail to see how such improved coordination might shift the states' financial emphasis.

Regarding the 1984 amendments, HHS commented that although they should significantly increase collections, they also should affect all program functions. In chapter 4 of this report, we recognize that the amendments should affect paternity and support order efforts. But based on our survey of all states' views on the subject and our analysis of the amendments' potential effects, we continue to believe that their emphasis is on the program's collection function.



# Basic Provisions of the Child Support Enforcement Program

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## General

As authorized by title IV-D of the Social Security Act, the Secretary of HHS has an organizational unit (OCSE) to operate the Child Support Enforcement Program at the federal level. The OCSE director reports directly to the Secretary.

The primary responsibility for operating the program is vested in the states pursuant to a state plan.

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## Federal

### OCSE Responsibilities

- Review and approve state plans.
- Establish standards for effective state programs, including minimum organizational and staff requirements.
- Maintain records of program operations, expenditures, and collections.
- Conduct audits of each state program at least every 3 years.
- Provide technical assistance to the states, including assistance with reporting procedures.
- Operate a federal parent locator service.
- Certify to the Secretary of the Treasury delinquent support amounts for collection through the federal tax refund offsets.
- Review and approve applications from states for permission to utilize the courts of the United States.
- Review and approve states' applications for development and enhancement of statewide automatic data processing and information systems.
- Provide annual report to the Congress.

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## State

### AFDC Agency Responsibilities

- As a condition of eligibility, obtain from each applicant for, or recipient of, AFDC an assignment of support rights to the state.
- Enlist the cooperation of the AFDC applicant or recipient in establishing paternity and securing support, unless it is determined that such cooperation is not in the best interest of the child.

### Child Support Enforcement Agency Responsibilities

- Establish paternity for children.
- Secure support on behalf of children and collect spousal support.

- Enter into cooperative agreements with appropriate courts and law enforcement officials.
- Operate a parent locator service.
- Cooperate with other states through reciprocal agreements and, where such means are ineffective, subject to OCSE approval, utilize the federal courts.
- Maintain a complete record of collections and disbursements.
- Collect overdue support by state income tax refund offset.
- Publicize the availability of support enforcement services.

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## Financing

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### Federal Share

- Payments to states of 70 percent of total spent for child support operations, including duties performed by court personnel (excluding judges).
- Incentive payments to states and political subdivisions from 6 to 10 percent for both AFDC and non-AFDC collections.
- Payments to states of 90 percent of expenditures for development and enhancement of statewide automatic data processing and information systems that conform to specification required by law.

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### State Share

- Assumption of 30 percent of expenditures for child support enforcement operations.
- Assumption of 10 percent of expenditures for development and enhancement of statewide automatic data processing and information retrieval systems that conform to specifications required by law.

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## Operations

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### Distribution of Collections

Support payments collected under assignment must be made to the state and distributed as follows:

- The first \$50 of monthly child support received per AFDC family goes to the family.
- The balance goes to the state and federal governments as reimbursement for assistance payments to the family in the same proportion they participate in financing the state's AFDC program.

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**Appendix I  
Basic Provisions of the Child Support  
Enforcement Program**

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Support payments collected by a state without an assignment must be paid to the family. Costs incurred in making collections may be deducted according to the state plan.

# Child Support Enforcement Program Statistical Overview for Five Consecutive Fiscal Years

000 omitted for all figures except ratios

	1980	1981	1982	1983	1984
<b>Total caseload</b>	5,432	6,266	7,028	7,516	7,999
AFDC caseload	4,583	5,112	5,547	5,828	6,136
Non-AFDC caseload	848	1,155	1,481	1,688	1,863
<b>Total collections</b>	\$1,477,564	\$1,628,927	\$1,770,378	\$2,024,184	\$2,378,088
AFDC collections	603,074	670,637	785,931	879,862	1,000,453
State share <sup>a</sup>	346,754	392,620	460,223	516,263	581,529
Federal share	246,304	266,395	310,931	349,061	402,157
Payments to AFDC families	10,016	11,621	14,776	14,538	16,768
Non-AFDC collections	874,491	958,291	984,447	1,144,322	1,377,634
<b>Total administrative expenditures<sup>b</sup></b>	465,604	526,423	611,792	691,106	722,910
State share	116,602	131,652	152,914	203,967	215,841
Federal share	349,002	394,771	458,878	487,139	507,069
<b>Program savings</b>					
State share	230,152	260,969	307,309	312,296	365,687
Federal share	-102,698	-128,377	-147,946	-138,078	-104,912
<b>Total fees and costs recovered for non-AFDC Cases</b>	4,943	5,419	2,966	2,682	2,970
<b>Cost-effectiveness ratios</b>					
<b>Total collections/ total costs</b>	<b>3.17</b>	<b>3.09</b>	<b>2.89</b>	<b>2.93</b>	<b>3.29</b>
AFDC collections/ total costs	1.30	1.27	1.28	1.27	1.38
Non-AFDC collections/ total costs	1.88	1.82	1.61	1.66	1.91

Source: OCSE, Ninth Annual Report to Congress for the Period Ending September 30, 1984, pp. 58-59.

<sup>a</sup>Includes federal incentive payment.

<sup>b</sup>States in general have not accurately reported the breakout of expenditures between the AFDC and non-AFDC portions of the program.

## AFDC Children's Need for Paternity Determination and/or Support Order Services

Of the 1,578 children in our sample, 432 (or 27 percent) did not require paternity and/or support order services because

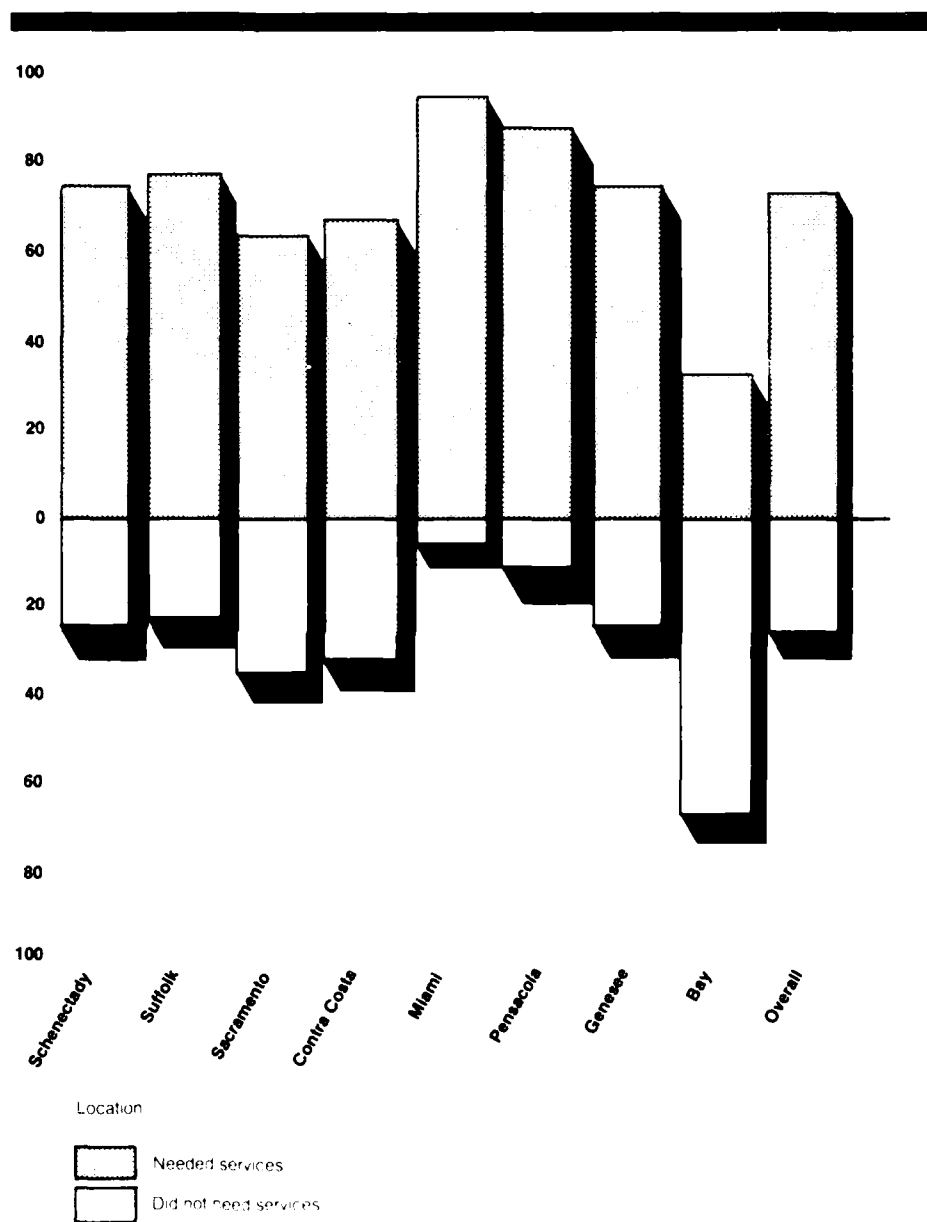
- a support order had been obtained before AFDC eligibility (208, or 13 percent);
- both parents were in the home, but the family was eligible for AFDC because the principal earner was unemployed or incapacitated (206, or 13 percent);
- the absent parent was dead (8, or 0.5 percent); or
- other miscellaneous reasons (10, or 0.6 percent).

The remaining 1,146 children (73 percent) required paternity and/or support order services. This group includes two types of cases: those that require a support order only (430) and those requiring both a paternity determination and a support order (699). For an additional 17 children whose cases were not forwarded to the child support agencies by the AFDC agencies, we could not determine the specific services needed.

Figure III.1 depicts how the two groups of cases were distributed in the local agencies we visited. The bottom half of the chart represents children in the first group who did not require child support services when they became eligible for AFDC. The top half of the chart represents children who required either a support order or both paternity and a support order when they became eligible for AFDC.

Appendix III  
 AFDC Children's Need for Paternity  
 Determination and/or Support  
 Order Services

Figure III.1: Percentages of Children Who Needed and Did Not Need Services When They Became Eligible for AFDC





# Local Agencies' Success Rates Vary Greatly

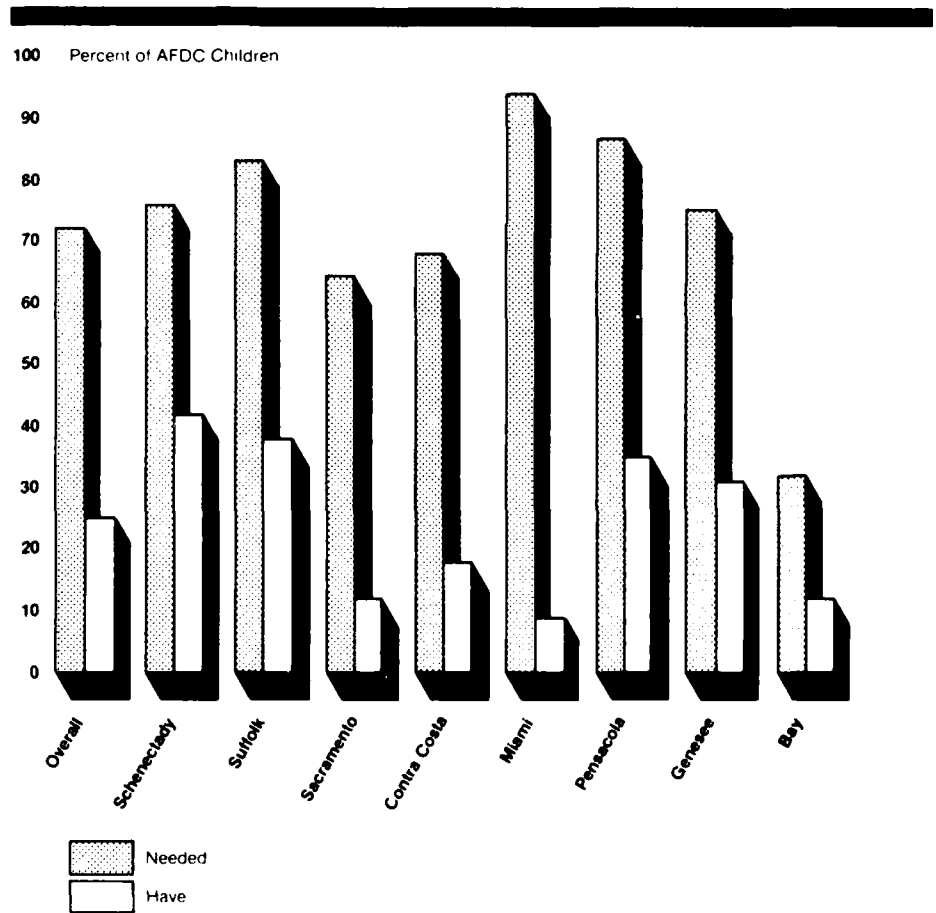
The following charts show paternity determinations and support orders obtained as a percentage of those needed. They should not be taken as the sole measure of agency performance because they do not recognize the effect of cases that have little or no potential for development.

Figure IV.1 relates, for each location, the percentage of sampled AFDC children who needed support orders to those who had them by the end of our study period, December 31, 1984.

Figure IV.2 shows the results for those sampled AFDC children who required both paternity determinations and support orders.

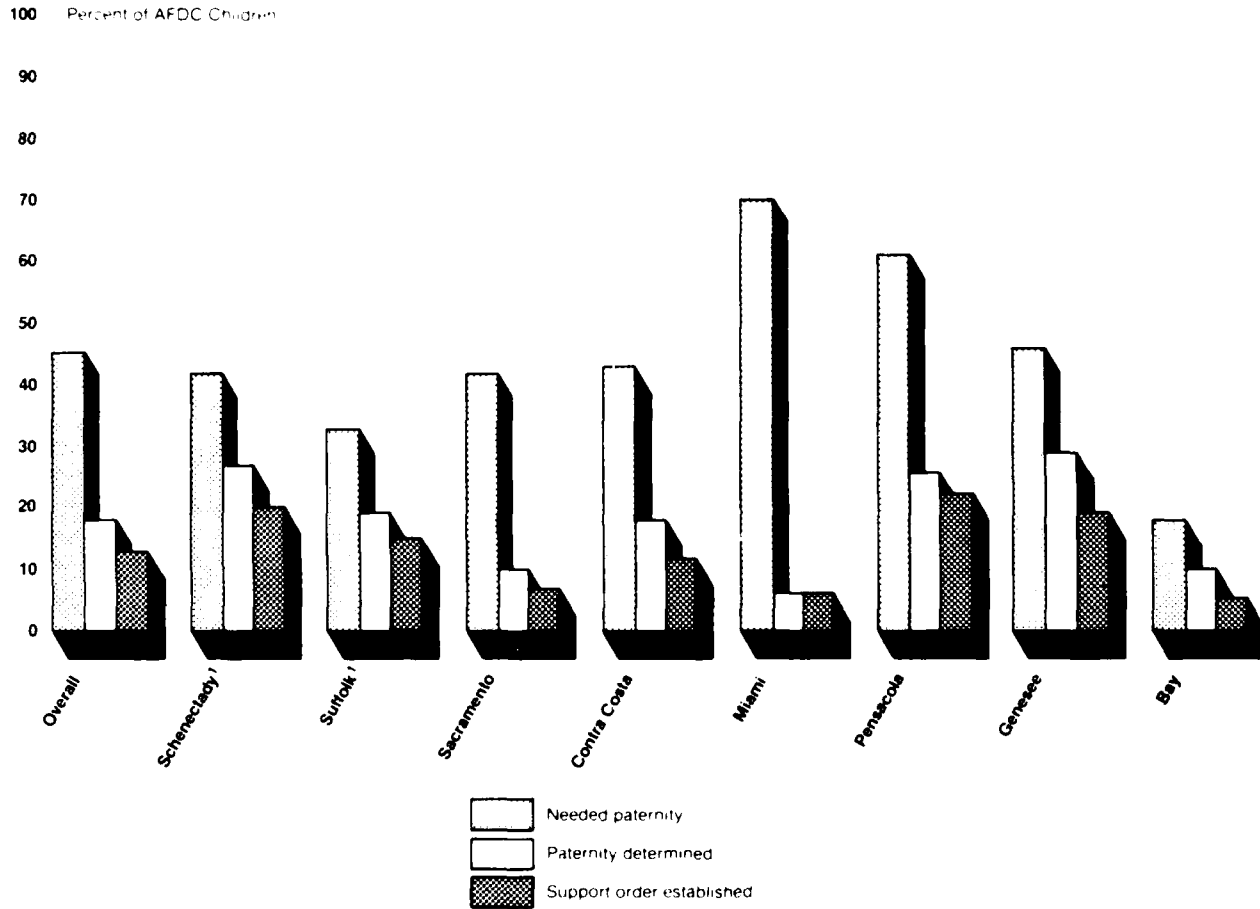
Figure IV.3 shows the results for those sampled children who needed a support order only.

**Figure IV.1: Percentage of Sample AFDC Children Without Support Orders When They Became Eligible for AFDC and Those With Them by the End of Study**



Appendix IV  
Local Agencies' Success Rates Vary Greatly

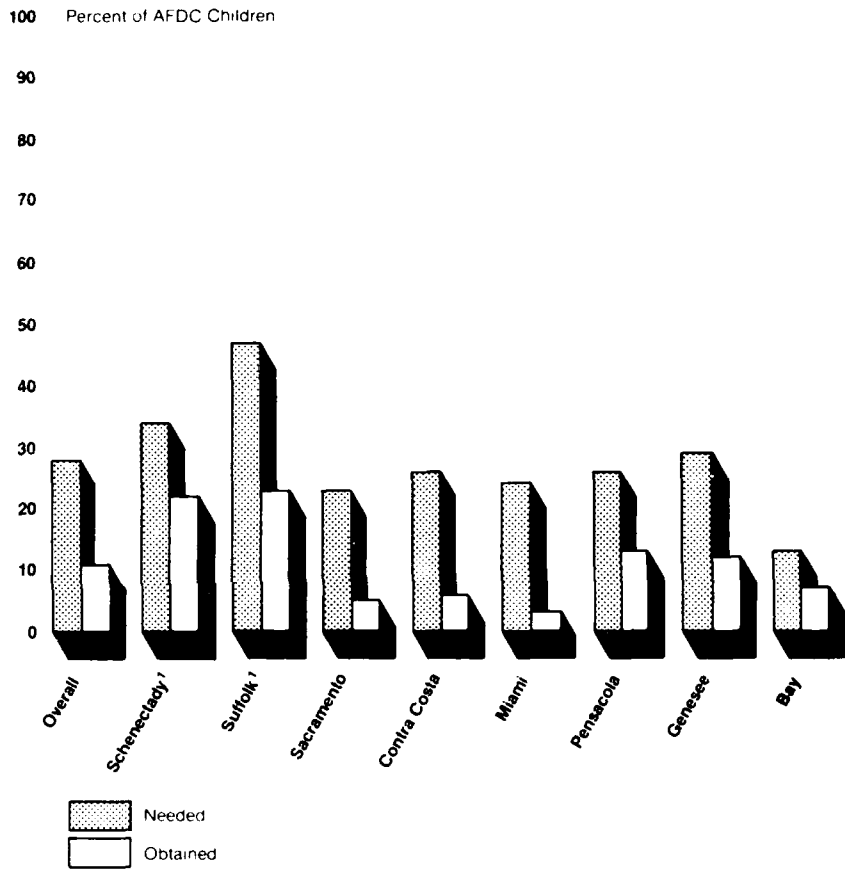
Figure IV.2: Percentage of Sample Children Needing Both Services When They Became Eligible for AFDC and Those Who Received Services by the End of the Study Period



<sup>1</sup> The aggregate needs reflected on Figures 2 & 3 for Schenectady and Suffolk Counties are slightly less than shown on Figure 1 because samples included children for which we could not determine the specific services needed.

Appendix IV  
Local Agencies' Success Rates Vary Greatly

**Figure IV.3: Percentage of Children Needing a Support Order Only and the Percentage With Support Orders at the End of the Study Period**



<sup>1</sup> The aggregate needs reflected on Figures 2 & 3 for Schenectady and Suffolk Counties are slightly less than shown on Figure 1 because samples included children for whom we could not determine the specific services needed.

# Data Projections

Because we reviewed random samples of cases for children receiving AFDC in June 1984, each estimate from the sample data has a measurable precision or sampling error. The sampling error is the maximum number by which the estimate obtained from a statistical sample can be expected to differ from the true universe characteristics that we are attempting to estimate. Sampling errors are usually stated at a certain confidence level—in this case, 95 percent. This means the chances are 19 out of 20 that, if we reviewed the entire universe of all AFDC children at a location, the results of such a review would differ from our sample estimates by less than the sampling errors of such estimates.

Using the appropriate statistical techniques, we developed estimates from the sample data where appropriate. Table V.1 provides the data projects and sampling error.

**Table V.1: Data Projections and Sampling Error**

Category	Number of children	
	Estimate	Sampling error (+ or -)
<b>Sacramento</b>		
1. Number of AFDC children recipients in June 1984 who needed paternity determinations and did not have child support cases opened on their behalf because of inadequate information on the absent parent	3,684	2,601
2. Number of AFDC children recipients in June 1984 who needed support orders and had child support cases closed because it was determined that their absent parents were currently unable to pay child support	3,377	2,945
<b>Miami</b>		
3. Number of AFDC children recipients in June 1984 who needed paternity determinations and did not have child support cases opened on their behalf because of inadequate information on the absent parent	5,342	2,746

# Summary of Child Support Enforcement Amendments of 1984

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## Section 1—Contents

Section 2—Purpose of the program. Language is added to the statement of purpose assuring that services will be made available to non-AFDC families.

Section 3—Improved child support enforcement through required state laws and procedures. States are required to enact laws establishing the following procedures:

1. Mandatory wage withholding for all families (AFDC and non-AFDC) if support payments are delinquent in an amount equal to 1 month's support. States must also allow absent parents to request withholding at an earlier date.
2. Imposing liens against real and personal property for amounts of overdue support.
3. Withholding state tax refunds payable to a parent of a child receiving services, if the parent is delinquent in support payments.
4. Making available information regarding the amount of overdue support owed by an absent parent to any consumer credit bureau, upon request of such organization.
5. Requiring individuals who have demonstrated a pattern of delinquent payments to post a bond or give some other guarantee to secure payment of overdue support.
6. Establishing expedited processes within the state judicial system or under administrative processes for obtaining and enforcing child support orders and, at the option of the state, for determining paternity.
7. Notifying each AFDC recipient at least once each year of the amount of child support collected on behalf of that recipient.
8. Permitting the establishment of paternity until a child's 18th birthday.
9. At the option of the state, providing that child support payments must be made through the agency that administers the state's income withholding system if either the custodial or noncustodial parent requests that they be made in this manner.

The Secretary of HHS may grant an exemption to a state from the required procedures, subject to later review, if the state can demonstrate that such procedures will not improve the efficiency and effectiveness of the state Child Support Enforcement Program.

Service fees to non-AFDC families. States will be required to charge an application fee, not to exceed \$25, for non-AFDC cases. The state may charge the fee against the custodial parent, pay the fee out of state funds, or recover the fee from the noncustodial parent.

In addition, states may charge absent parents a late payment fee equal to between 3 and 6 percent of the amount of overdue support. The state may not take any action that would have the effect of reducing the amount paid to the child and will collect the fee only after the full amount of the support has been paid to the child. The late payment fee provision is effective upon enactment.

Most of the enforcement provisions became effective October 1, 1985.

Section 4—Federal matching of administrative costs. The federal matching share is gradually reduced from 70 percent to 68 percent in fiscal years 1988 and 1989, and 66 percent beginning in fiscal year 1990.

Section 5—Federal incentive payments. The current incentive formula, which gives states 12 percent of their AFDC collections (paid for out of the federal share of the collections), is replaced with a new formula that will be equal to 6 percent of the state's AFDC collections and 6 percent of its non-AFDC collections. States may qualify for higher incentive payments, up to a maximum of 10 percent of collections, if their AFDC or non-AFDC collections exceed combined administrative costs for both AFDC and non-AFDC components of the program, as table VI.1 shows.

Appendix VI  
 Summary of Child Support Enforcement  
 Amendments of 1984

Table VI.1: Ratios for AFDC and Non-AFDC Incentive Payment

Ratio of collections to combined AFDC/non-AFDC administrative costs	Incentive equal to this percent of collections
less than 1.4 : 1	6.0
1.4 : 1	6.5
1.6 : 1	7.0
1.8 : 1	7.5
2.0 : 1	8.0
2.2 : 1	8.5
2.4 : 1	9.0
2.6 : 1	9.5
2.8 : 1	10.0

The total dollar amount of incentives paid for non-AFDC families may not exceed the amount of the state's incentive payment for AFDC collections for fiscal years 1986 and 1987. Thereafter the incentive paid for non-AFDC collections will be capped at an amount equal to 105 percent of the incentive for AFDC collections in fiscal year 1988, 110 percent in fiscal year 1989, and 115 percent beginning in fiscal year 1990. For fiscal year 1985, the amount of the AFDC incentive was calculated on the basis of AFDC collections without regard to the provision added by the Deficit Reduction Act of 1984. That provision requires that the first \$50 collected on behalf of an AFDC family in any month must be paid to the family, without reducing the amount of the family's AFDC payment.

States may exclude the laboratory costs of determining paternity from combined administrative costs for purposes of computing incentive payments.

States are required to pass through to local jurisdictions that participate in the cost of the program an appropriate share of the incentive payments, as determined by the state, taking into account program effectiveness and efficiency. Amounts collected in interstate cases will be credited, for purposes of computing the incentive payments, to both the initiating and responding states.

As part of the new funding formula, "hold harmless" protection is provided for fiscal years 1986 and 1987, which assures the states that for those years they will receive the higher of the amounts due them under

the new incentive and federal match provisions, or no less than 80 percent of what they would have received in fiscal year 1985 under prior law.

The provision became effective in fiscal year 1986 (October 1, 1985).

Section 6—Federal matching for automated management systems used in income withholding and other procedures. The 90-percent federal matching rate currently available to states to establish an automatic data processing and information retrieval system may be used to develop and improve income withholding and other required procedures. The 90-percent matching also is available to pay for the acquisition of computer hardware.

The provision became effective October 1, 1984.

Section 7—Continuing support enforcement for AFDC recipients whose benefits are terminated. States must provide that families whose eligibility for AFDC is terminated will be automatically transferred from AFDC to non-AFDC status without requiring application services or payment of a fee.

The provision became effective October 1, 1984.

Section 8—Special project grants to promote improvement in interstate enforcement. The Secretary is authorized to make demonstration grants to states that propose to undertake new or innovative methods of support collection in interstate cases.

Section 9—Periodic review of state programs; modifications of penalty. The director of OCSE is required to conduct audits at least every 3 years to determine whether the standards and requirements prescribed by law and regulations have been met. Under the penalty provisions, a state's AFDC matching funds must be reduced by an amount equal to at least 1 but no more than 2 percent for the first failure to comply substantially with the standards and requirements, at least 2 but no more than 3 percent for the second failure, and at least 3 but no more than 5 percent for the third and any subsequent consecutive failures.

Annual audits are required unless a state is in substantial compliance. If a state is not in substantial compliance, the penalty may be suspended only if the state is actively pursuing a corrective action plan, approved



by the Secretary, which can be expected to bring the state into substantial compliance on a specific and reasonable timetable. If, at the end of the corrective action period, substantial compliance has been achieved, no penalties would be due. If substantial compliance has not been achieved, penalties would begin at the end of the corrective action period if the state has implemented the corrective action plan. A state that is not in full compliance may be determined to be in substantial compliance only if the Secretary determines that any noncompliance is of a technical nature that does not adversely affect the performance of the Child Support Enforcement Program.

The provision became effective in fiscal year 1984.

Section 10—Extension of section 1115 of the Social Security Act to the child support system. The section 1115 demonstration authority is expanded to include the Child Support Enforcement Program under specified conditions.

The provision became effective upon enactment.

Section 11—Child support enforcement for certain children in foster care. State child support agencies are required to undertake child support collections on behalf of children receiving foster care maintenance payments under title IV-E of the Social Security Act, if an assignment of rights to support to the state has been secured by the foster care agency. In addition, foster care agencies are required to secure an assignment to the state or any rights to support on behalf of a child receiving foster care maintenance payments under the title IV-E foster care program.

The provision became effective October 1, 1984.

Section 12—Collecting spousal support. Child support enforcement services must include the enforcement of spousal support, but only if a support obligation has been established with respect to the spouse, the child and spouse are living in the same household, and child support is being collected along with spousal support.

The provision became effective October 1, 1985.

Section 13—Modifying annual report content. The information requirements of the Secretary's annual report on Child Support Enforcement Program activities are expanded to include the following data.

1. The total number of cases in which a support obligation has been established in the past year and the total amount of obligations.
2. The total number of cases in which a support obligation has been established and the total amount of obligations.
3. Cases described in (1) in which support was collected during a fiscal year and the total amount.
4. Cases described in (2) in which support was collected during a fiscal year and the total amount.

Additionally, the annual report must include information on the child support cases filed and the collections made in each state on behalf of children residing in another state or cases against parents residing in another state. The annual report must also detail how much in administrative costs is spent in each functional expenditure category (including paternity). This information is to be separately stated for current and past AFDC and non-AFDC cases.

The provision becomes effective beginning with the report issued for fiscal year 1986.

Section 14—Requirement to publicize the availability of child support services. States must frequently publicize, through public service announcements, the availability of child support enforcement services, together with information as to the application fee for services and a telephone number or postal address to be used to obtain additional information.

The provision became effective October 1, 1985.

Section 15—State commissions on child support. The governor of each state is required to appoint a state commission on child support. The commission must include representation from all aspects of the child support system, including custodial and noncustodial parents, the child support enforcement agency, the judiciary, the governor, the legislature, child welfare and social services agencies, and others.

Each state commission is to examine the functioning of the state child support system with regard to securing support and parental involvement for both AFDC and non-AFDC children, including but not limited to such specific problems as (1) visitation, (2) establishment of appropriate

objective standards for support, (3) enforcement of interstate obligations, and (4) additional federal and state legislation needed to obtain support for all children.

The commission was to submit to the governor, and make available to the public, reports on its findings and recommendations no later than October 1, 1985. Costs of operating the commissions will not be eligible for federal matching.

The Secretary may waive the requirement for a commission at the request of a state, if he determines that the state has had such a commission or council within the last 5 years or is making satisfactory progress toward fully effective child support enforcement.

Section 16—Requirement to include medical support as part of any child support order. The Secretary is required to issue regulations to require state agencies to petition to include medical support as part of any child support order whenever health care coverage is available to the absent parent at a reasonable cost. The regulations must also provide for improved information exchange between the state child support enforcement agencies and the medicaid agencies with respect to the availability of health insurance coverage.

Section 17—Availability of federal parent locator services to state agencies. The present requirement that the states exhaust all state child support locator resources before they request the assistance of the federal parent locator service is repealed.

The provision became effective upon enactment.

Section 18—Guidelines for determining support obligations. Each state must develop guidelines to be considered in determining support obligations.

The provision is effective October 1, 1987.

Section 19—Availability of social security numbers for purposes of child support enforcement. The absent parent's social security number may be disclosed to child support agencies both through the federal parent locator service and by the Internal Revenue Service.

The provision became effective upon enactment.

Section 20—Extending Medicaid eligibility when support collection results in termination of AFDC eligibility. If a family loses AFDC eligibility as the result (wholly or partly) of increased collection of support payments under the Child Support Enforcement Program, the state must continue to provide Medicaid benefits for 4 calendar months beginning with the month of ineligibility. (The family must have received AFDC in at least 3 of the 6 months immediately preceding the month of ineligibility.)

The provision became effective upon enactment. It is applicable to families becoming ineligible for AFDC before October 1, 1988.

Section 21—Collection of overdue support from federal tax refunds. Current law requires the Secretary of the Treasury, upon receiving notice from a state child support agency that an individual owes past due support which has been assigned to the state as a condition of AFDC eligibility, to withhold from any tax refunds due that individual an amount equal to any past due support. Under specified conditions the amendments extend this requirement to provide for withholding of refunds on behalf of non-AFDC families.

The provision is effective for refunds payable after the year ending December 31, 1985, and before January 1, 1991.

Section 22—Wisconsin child support initiative. The Secretary is required to grant waivers to the state of Wisconsin to allow it to implement its proposed child support initiative in all or parts of the state as a replacement for the AFDC and child support programs. The state must meet specified conditions and give specific guarantees with respect to the financial well-being of the children involved.

The provision is effective for fiscal years 1987-94.

Section 23—Sense of the Congress that state and local governments should focus on the problems of child custody, child support, and related domestic issues. State and local governments are urged to focus on the vital issues of child support, child custody, visitation rights, and other related domestic issues that are within the jurisdictions of such governments.

# Performance Indicators and Audit Criteria

Beginning with the fiscal year 1986 audit period, OCSE will use three performance indicators to measure whether each state has an effective child support program. The level of performance reached in each indicator category will be assigned a numerical score based on OCSE tables. A state's total score must equal or exceed 70 in order to meet OCSE audit criteria. The following performance indicators and scoring tables will be used to measure state performance in fiscal years 1986 and 1987.

**Table VII.1: Dollar of AFDC IV-D Collections Per Dollar of Total IV-D Expenditures<sup>a</sup>**

Level of performance	Score
\$ .00	0
\$ .01 - \$ .09	2
\$ .10 - \$ .19	4
\$ .20 - \$ .29	6
\$ .30 - \$ .39	8
\$ .40 - \$ .49	10
\$ .50 - \$ .59	12
\$ .60 - \$ .69	14
\$ .70 - \$ .79	16
\$ .80 - \$ .89	18
\$ .90 - \$ .99	20
\$1.00 - \$1.19	22
\$1.20 - \$1.39	24
\$1.40 or more	25

<sup>a</sup>Less laboratory costs incurred in determining paternity at state option.

**Table VII.2: Dollar of Non-AFDC IV-D Collections Per Dollar of Total IV-D Expenditures<sup>a</sup>**

Level of performance	Score
\$ .00	0
\$ .01 - \$ .09	4
\$ .10 - \$ .19	8
\$ .20 - \$ .29	12
\$ .30 - \$ .39	16
\$ .40 - \$ .49	20
\$ .50 - \$ .59	24
\$ .60 - \$ .69	28
\$ .70 - \$ .79	32
\$ .80 - \$ .89	36
\$ .90 - \$ .99	40
\$1.00 - \$1.19	44
\$1.20 - \$1.39	48
\$1.40 or more	50

<sup>a</sup>Less laboratory costs incurred in determining paternity at state option.

Appendix VII  
Performance Indicators and Audit Criteria

Table VII.3: AFDC IV-D Collections  
Divided by IV-A Assistance Payments<sup>a</sup>

Level of performance	Score
0 to 1.9 percent	0
2 to 3.9 percent	5
4 to 4.9 percent	10
5 to 5.9 percent	15
6 to 6.9 percent	20
7 or more	25

<sup>a</sup>Less payments to unemployed parents.

Beginning in fiscal year 1988, OCSE will supplement the performance indicators mentioned with the following new indicators:

1. AFDC IV-D collections on support due (for a fiscal year) divided by total AFDC support due (for the same fiscal year).
2. Non-AFDC IV-D collections on support due (for a fiscal year) divided by total non-AFDC support due (for the same fiscal year).
3. AFDC IV-D collections on support due (for prior periods) divided by total AFDC support due (for the same periods).
4. Non-AFDC IV-D collection on support due (for prior periods) divided by total non-AFDC support due (for the same periods).

A new scoring system will be created to measure acceptable state performance.

# Comments From the Department of Health and Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

FEB 13 1987

Mr. Richard L. Fogel  
Assistant Comptroller General  
U.S. General Accounting Office  
Washington, D.C. 20548

Dear Mr. Fogel:

The Secretary asked that I respond to your request for the Department's comments on your draft report, "Child Support: Need to Improve Efforts to Identify Fathers and Obtain Support Order." The enclosed comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

We appreciate the opportunity to comment on this draft report before its publication.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "R. Kusserow".

Richard P. Kusserow  
Inspector General

Enclosure

Appendix VIII  
Comments From the Department of Health  
and Human Services

COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES ON THE  
U.S. GENERAL ACCOUNTING OFFICE'S DRAFT REPORT: "CHILD SUPPORT:  
NEED TO IMPROVE EFFORTS TO IDENTIFY FATHERS AND OBTAIN SUPPORT  
ORDERS"

These comments address GAO's findings and recommendations on State child support agencies' performance in paternity and support order establishment, Federal and State oversight, and data and reporting problems. Our response concerning the impact of the 1984 Child Support Enforcement Amendments is incorporated throughout.

GAO Recommendation:

That the HHS Secretary require the Director of the Office of Child Support Enforcement (OCSE) to take appropriate steps to ensure that AFDC agencies refer cases and child support agencies open cases and pursue paternity and support orders as required by Federal law and regulation.

Department Comments:

The Family Support Administration (FSA) is working to improve the coordination between the AFDC and Child Support programs through the IV-A/IV-D Interface Improvement Project. Performance reviews of AFDC and child support program interface will be conducted in selected localities. This initiative will have the immediate benefits of improving the interface in those jurisdictions plus identifying the various types of technical assistance and training needed.

We are also promoting the use of pilot and demonstration projects designed to test new and innovative approaches to improve interface and provide States with basic alternatives for strengthening the intake process. Training materials, "best practice" write-ups and model forms will be developed and disseminated.

The Federal Government's role in overseeing the actual operation of State IV-D agencies to ensure that child support orders are established and enforced is limited to providing triennial reviews to determine whether the State is "complying substantially" with the requirements of title IV-D. As noted below, OCSE audits measure such compliance according to specific performance-based criteria.



Appendix VIII  
Comments From the Department of Health  
and Human Services

-2-

GAO Recommendation:

That the HHS Secretary require the Director of OCSE to develop case closure criteria and provide guidance and assist States in developing case tracking and monitoring systems for local child support agencies to ensure cases do not go unattended for long period of time and that efforts to determine paternity and obtain support orders and provide other assistance are adequate.

Department Comments:

On September 19, 1984, OCSE published final regulations setting forth requirements and procedures for case assessment and prioritization. Under these regulations, States which choose to implement a prioritization system to handle their caseload must ensure that no class of cases, such as those requiring paternity establishment, are systematically excluded under the system. State agencies must initially review each case and obtain any necessary additional information before placing the case within the system, ensuring that cases referred from AFDC will be opened and information necessary to work a case will be obtained. Cases which are categorized as low priority must be periodically reviewed for changes in circumstances or new information, to ensure tracking and monitoring of cases. This review includes contacting the custodial parents to advise them that additional information may result in higher priority for a case. The establishment of specific case closure criteria is left to the discretion of the States to give them flexibility because of differences in State law, such as the age of majority.

OCSE has funded efforts to improve case tracking and monitoring systems and guidance continues to be provided to States in implementing such systems. In addition, FSA has developed a comprehensive strategy for transferring automated systems from State to State using 90 percent Federal matching funds. This strategy includes a review process for certification of systems appropriate for transfer to other States.

With respect to GAO's finding that efforts are concentrated on cases offering the highest collections for the least effort because of a Federal emphasis on collections, Federal regulations preclude the use of collection potential as the sole basis for case prioritization and preclude the systematic exclusion of any needed service. These requirements were included to ensure that cases needing paternity or support order establishment receive the attention they are due.

We believe that these regulations, our IV-A/IV-D Interface Improvement Project and other initiatives, and aspects of the 1984 Amendments belie GAO's conclusion that the Federal Government overemphasizes the financial objective of the program.

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GAO's conclusion is based on lack of performance standards and incentives for paternity and support order establishment and a perceived focus on collections in the 1984 Amendments. OCSE's intent to develop performance standards for paternity establishment is discussed under the next section of our comments.

Although the 1984 Amendments mandate enforcement techniques which will significantly increase collections, they impact on the entire Child Support Enforcement system. They allow States to exclude laboratory costs incurred in determining paternity from IV-D administrative costs for the purpose of calculating incentive payments. This is meant to respond to State criticism that establishing paternity is particularly costly.

The Amendments also require States to provide for paternity establishment until a child's eighteenth birthday; require States to use expedited processes to establish support orders, and at State option, paternity, which should reduce backlogs; and allow States to access the Federal Parent Locator Service without first exhausting State location resources, which should help in obtaining information necessary to provide services.

GAO Recommendation:

That the HHS Secretary require the Director of OCSE to develop and implement performance standards for determining paternity and obtaining support orders, and audit local agencies to determine whether these standards are followed. Such audits should include an assessment of the sufficiency of staff as specified by Federal regulations.

Department Comments:

As noted in the preamble to OCSE's revised audit regulations published on October 1, 1985, OCSE plans to develop performance measures for paternity establishment after evaluation of data compiled by the Costs and Benefits of Paternity Establishment Study, conducted by the Center for Health and Social Services Research and funded by OCSE. Paternity performance indicators should be put into effect during FY 1989-1990.

OCSE does regularly assess the effectiveness of paternity and support order establishment. The 1984 Amendments revised the OCSE audit process to require a comprehensive performance-based audit of each State Child Support Enforcement program not less often than triennially. Beginning with the FY 1984 audit period, OCSE program review audits measure States' ability to substantially comply with program requirements. The substantial compliance definition is performance-based. To be found in substantial compliance with title IV-D program requirements,

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States must fully meet certain operational criteria and meet the functional criteria in 75 percent of the cases reviewed. For example, of those cases in the sample which require paternity establishment, action must have been taken in 75 percent of the cases reviewed.

These audits provide clear indicators of State performance. For the period covering FY 1984, audits were conducted in 31 States. Audits have been finalized for 23 States and eight of those States have been identified as failing to substantially comply with title IV-D program requirements and have received penalty notices from OCSE. Of those States, three failed in the area of paternity establishment, two because of failure to provide location services, and one because of failure provide both location and paternity establishment services. Corrective action plans have been approved for five of these States.

In addition to audits, OCSE will conduct program reviews of State operations in the areas of establishing paternity and support orders during FY 1987. These reviews will focus on implementation of the mandated enforcement techniques and the IV-A/IV-D interface process. At present 50 reviews are planned, with on-site reviews in 15 States.

While the audit regulations require that staff be performing each program requirement, the performance indicators and the substantial compliance standards do not measure staffing, nor should they. If the program performance standards are met, there should be no question regarding the adequacy of the staff involved. If the standards are not met, the State IV-D agency must determine what corrective action is necessary including, if necessary, the hiring of additional staff. We believe it is more important to hold States accountable for the level of performance than the level of staffing.

GAO Recommendation:

That the HHS Secretary require the Director of OCSE to assess the OCSE program audit and oversight operations and capabilities and recommend needed improvements to the Secretary.

Department Comments:

The Audit staff has had increasing demands placed on it by the provisions of the 1984 Amendments and regulatory changes. However, action has already been taken to reduce the size of the OCSE audit sample while still maintaining a statistically significant level. Other management improvements, including reliance on automation, have been made to better manage the process and to more efficiently use audit resources.

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These activities are part of a larger plan to reassess the current audit system, determine inadequacies and institute necessary changes, including reassessing the audit sampling process and regulatory requirements. We are also exploring the desirability and feasibility of transferring the audit function to the Office of the Inspector General.

With respect to GAO's finding of inadequate State oversight of local agency activity, we stress that the State IV-D agency is responsible and accountable for the operation of the IV-D program and must ensure that all functions are being carried out properly, efficiently and effectively.

GAO Recommendation:

That the HHS Secretary require the Director of OCSE to continue efforts to obtain accurate data from the States on paternity determinations and support orders and expand the reporting requirements to obtain data on the States' performance of these tasks to enable OCSE to decide whether congressional intent for the program is being met, and to aid in fulfilling HHS' oversight responsibilities.

Department Comments:

As indicated in GAO's report, OCSE auditors have evaluated State systems for reporting program collection, expenditure and statistical data. Corrective action is underway in a number of States to eliminate problems disclosed by the auditors. The corrective action will be verified by the auditors. The periodic revalidation of these systems is necessary to ensure that the data reported for incentive calculation and performance measurements are the best possible.

OCSE has already expanded the information States must report. Beginning in FY 1986, a revised financial/statistical report, the OCSE-56, must be submitted. This report contains detailed information about program activity, some of which will be used beginning in the FY 1986 audit period to compute the performance indicators to determine whether States have effective IV-D programs. OCSE auditors will examine the reliability of the information to ensure that the performance indicators are accurate and reliable.

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GAO Recommendation

That the Secretary request the HHS Inspector General to review the operations of the Child Support Enforcement program to provide needed assurance that the Congress and agency top management are regularly informed of management problems.

Department Comment

We do not believe that GAO's recommendation goes far enough to provide the long range solution needed to resolve an underlying problem.

Although the Office of Inspector General has not specifically been precluded from reviewing OCSE operations, it has refrained from doing so because the statutory division of audit responsibility between this office and OCSE is not clear. The Social Security Act requires the Department to place all program operation and audit responsibilities for Child Support Enforcement (CSE) in one distinct unit of the Department reporting directly to the Secretary. Specifically, section 452 of the Act expressly assigns to a "separate organizational unit" (OCSE) the responsibility to conduct "complete audits" of each State's CSE program and to submit annually to the Congress a full and complete report on all activities undertaken. The CSE Act, which predated the statutory Inspector General's Office, had as one purpose the creation of a more independent audit function. However, we believe that the establishment of a statutorily independent OIG eliminates the necessity of an independent OCSE audit function.

P.L. 94-505 assigns responsibility to the HHS Inspector General for the conduct and supervision of audits and investigations of HHS programs and operations. Specifically, that Act provides that the IG shall "supervise, coordinate, and provide policy direction for auditing and investigative activities relating to programs and operations of the Department." To fulfill this mandate, the IG Act also authorized the transfer to the OIG of offices and functions that are related to the responsibilities of the OIG. Under this authority, audit and investigative functions within the Social Security Administration and the Health Care Financing Administration have been transferred to the OIG. However, audit functions exercised by the OCSE were not transferred because, according to the Office of General Counsel, the transfer authority granted under P.L. 94-505 was not intended to override organizational requirements imposed by other statutory provisions. Thus, the Department is of the opinion that the audit responsibility cannot be redelegated to the IG without legislative amendment (although the Inspector General believes there is a plausible argument that P.L. 94-505 authorizes his office to conduct such audits).

In order to identify and regularly inform the Congress and agency

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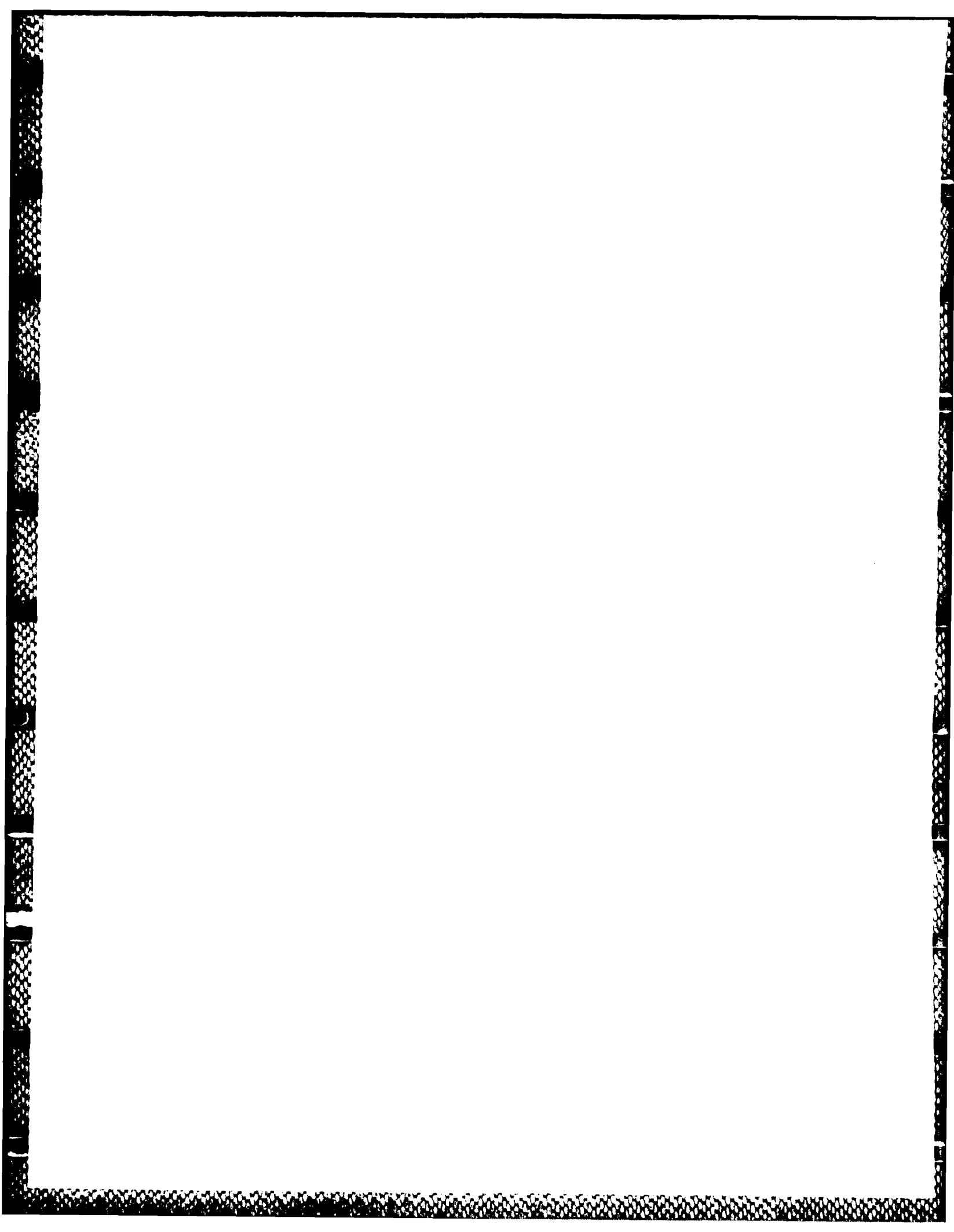
top management of management problems in the OCSE program, we believe it would be necessary for the OIG to duplicate at least some of the "complete audits" of each State's program, in order to tie in deficiencies noted at the State level to specific improvements needed at the Federal program management level. GAO's limited recommendation, therefore, would result in duplicating an audit responsibility reserved by the OCSE audit division.

We believe the better solution would be a congressional expression clarifying this issue by amending the Act to permit the Secretary to transfer the OCSE audit function to OIG if it is the opinion it would result in more efficient and effective oversight on behalf of OCSE. Such a move would significantly improve the audit function by ensuring that auditors of OCSE programs and management are independent and able to report objectively to departmental management and the Congress. Because the OIG organization is extensive, with over five times the number of field offices (67 versus 12 locations) that OCSE currently has, OIG can be expected to perform the audit function more economically and efficiently than OCSE. OIG has audit oversight responsibility for more than one half of HHS grants to States. Moreover, because of its extensive experience and expertise in reviewing both Federal and nonfederal audit reports, OIG with its inhouse audit quality assurance process can ensure that audits of OCSE operations and activities, at both the State and Federal management levels, are made in accordance with GAO standards.

As noted in the report, the size of the OCSE audit staff by itself is inadequate for a national operation and therefore will always be less than fully effective. Given that OCSE has been assigned additional audit responsibilities, the audit division may be further limited in effectively performing evaluation audits as well as other types of work involving problems GAO has noted.

Department efforts to remedy this situation through legislative amendment have been unsuccessful to date. The President's FY 1985 budget included a provision transferring the OCSE audit function and staff to the OIG. Unfortunately, the provision was not passed because it was deemed inappropriate to use the appropriation process to correct this situation.

We believe that, until such time as the OCSE audit function and staff can be legally transferred to the OIG, confusion surrounding overlapping audit responsibilities and duplication of effort will remain unresolved to the detriment and limitation of effectiveness of OCSE.



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