

GAO

Testimony

Before the Subcommittee on Federal Services, Post Office and
Civil Service, Committee on Governmental Affairs
U.S. Senate

For Release on Delivery
Expected at 9:30 a.m.
Wednesday, July 20, 1994

**CHILD SUPPORT
ENFORCEMENT**

**Federal Efforts Have Not Kept
Pace With Expanding Program**

Statement of Joseph F. Delfico, Director
Income Security Issues
Health, Education, and Human Services Division



020494/159159

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss child support enforcement (CSE) and the record of the federal office responsible for ensuring that states develop effective CSE programs.

Nonpayment of child support contributes to childhood poverty, as well as to increases in the number of families receiving Aid to Families with Dependent Children (AFDC) benefits. Today, more than one-fifth of America's children live in poverty, and for the last 5 years, AFDC rolls have been increasing at alarming rates. To help families avoid poverty and welfare dependency, the Congress created the CSE program in 1975 as a federal-state partnership. The Congress tasked the federal Department of Health and Human Services' (HHS) Office of Child Support Enforcement (OCSE) with providing leadership, technical assistance, standards and oversight to state programs, which were tasked with collecting the support. Despite this federal-state partnership, in 1992 only about 19 percent of approximately 15 million children and families depending on the program received full or partial child support.

You asked us to address (1) various aspects of OCSE's responsibilities in the CSE program, including how well OCSE is discharging its responsibilities; (2) whether federal audit activities as currently structured play a constructive role in helping states improve their programs; and (3) changes state and local programs want the federal government to make in order to enhance child support collections. In addition, you asked for our views on the implications of welfare reform proposals and the Government Performance and Results Act of 1993 (GPRA) for OCSE.

Our work to date suggests that OCSE has had difficulty meeting its responsibilities. Reorganization and budget cuts, the lack of a strategic vision, inadequate communications with HHS regional offices and states, and flawed program data have limited OCSE's capacity. In addition, federal audits--OCSE's main tool for assessing program effectiveness--offer limited insight into state program performance while consuming over half of OCSE resources. To enhance their collection efforts, states we visited expressed a desire for greater technical assistance and training from OCSE, as well as a more collegial approach to regulations development. Regarding welfare reform implications, new requirements common to several reform proposals would add to OCSE's responsibilities for providing guidance through regulations and technical assistance and monitoring state programs. Our work to date shows that these are areas already burdened with meeting the demands of existing requirements.

As you know, OCSE has been selected as a pilot agency for the implementation of GPRA. We believe GPRA may provide a catalyst for program improvements at the national level and encourage a stronger federal-state partnership with a greater focus on results. But the improvements this federal initiative can make are yet to be

realized. Moreover, they will be limited without equally intensive efforts by individual state programs.

I will now, in the remainder of my statement, provide an overview of the CSE program and then elaborate on our findings as they relate to OCSE, welfare reform, and opportunities for OCSE to improve.

BACKGROUND

The CSE program is characterized by (1) an expanding mission; (2) growing caseloads and collections, with limited progress being made in key areas such as order establishment¹ and the number of cases in which collections are made; and (3) uneven state leadership.

Expanding Mission Creates Greater Complexity and Competing Expectations

Originally designed to focus on welfare cost recovery, in the last 10 years, the program has undergone two major expansions in philosophy and scope in response to a growing need for child support. The 1984 child support amendments required state and local programs to equally serve AFDC and non-AFDC families who apply for services and greatly enhanced the available enforcement tools. Four years later, the Family Support Act of 1988 set standards for paternity establishment² and timeliness of services, and added requirements to ensure the fairness and currency of support awards.

As a result of these changes, CSE's mission has become less clear over time, and different stakeholders--such as the Congress, OCSE, and the states--have differing expectations of the program. The emphasis has expanded from easing taxpayer burden by recovering AFDC payments to include providing greater financial and medical support to children in both AFDC and non-AFDC families. In addition, some required program activities, such as medical support and paternity establishment, use program resources without generating increased collections in the short term or at all.

¹A support order establishes the legal obligation of the noncustodial parent to pay child support.

²Paternity establishment is the identification of a child's legal father. Paternities are established in either of two ways: (1) through a voluntary acknowledgment by the father or (2) if the case is contested, through a determination based on scientific and testimonial evidence.

Growth and Mixed Performance

The CSE caseload has grown both in size and difficulty. Between 1980 and 1992, the caseload grew 180 percent, from 5.4 million to 15.2 million. The largest portion of this increase was in non-AFDC cases, which grew from 15 percent to almost 43 percent of the caseload. Not only are there more cases and services required today than formerly--more cases are difficult to serve, such as those involving young, unwed, and unemployed parents.

Although the program's performance has improved over the years, the overall level of performance is still rather low. Between 1980 and 1992, collections increased over 400 percent. However, the program experienced much smaller growth in other key areas. For example, the recovery of AFDC costs increased from a rate of 5.2 to 11.4 percent. Similarly, the proportion of cases for which collections were achieved increased from 13.7 to 18.7 percent. Between 1980 and 1990, the number of support orders established, expressed as a percentage of total caseload, gradually increased from 7 to 8 percent.³

State Programs Vary

States are at different points in developing their CSE programs and the specific tools they need. Our visits to eight states⁴ suggest that decisions about improving automation, adding resources, and expanding the program's administrative authority to deal with increasing workloads lie within the control of state leadership and reflect the investment states are willing to make. For example, some states have overcome or reduced barriers to program improvement in their states without the impetus of a federal mandate. Others, however, have not accepted emerging approaches, such as new-hire reporting by employers,⁵ that are now proposed under welfare reform.

FEDERAL LEADERSHIP NEEDS STRENGTHENING

OCSE's resources and tools for managing the CSE program have not kept pace with program expansions. Its ability to provide

³Due to new reporting requirements effective in fiscal year 1991, the support order data for 1991 and 1992 are not comparable to prior years.

⁴As part of our work, we visited the following states: Arizona, Iowa, Kentucky, Massachusetts, New York, Oregon, Texas, and Virginia.

⁵In some states, employers are required to provide information identifying all newly hired employees to a central state database.

national leadership has been diminished directly through budget cuts and indirectly through reorganization. Only now, as a result of GPRA, is OCSE beginning to put a strategic planning and performance measurement system in place that can guide program efforts. Long-standing flaws in program data have yet to be corrected.

Reorganization and Budget Cuts Reduced OCSE's Resources

Reorganization and budget cuts have reduced OCSE's capacity to provide training and technical assistance and conduct state program reviews. In fiscal year 1986, OCSE was combined with five other major HHS programs into the Family Support Administration (FSA). As a result of this reorganization, OCSE lost direct control of its budgetary and administrative functions, personnel decisions, and automated systems, as well as direct control and supervision of HHS regional office CSE specialist staff.⁶ In fiscal year 1986, before the reorganization, OCSE controlled 342 full-time positions--95 in regional offices and 247 in Washington, D.C. In fiscal year 1987, however, OCSE's authorized positions dropped to 151, all in headquarters. In fiscal year 1994, OCSE authorized staff was 143.

As states have been tasked to make significant changes to their programs to comply with the 1988 amendments, OCSE's ability to deliver direct, hands-on technical assistance to states has virtually disappeared. From 1985 to 1992, OCSE's authority to contract for technical assistance, publications development, data processing, and other services was reduced from \$7.1 million to \$2.1 million. Its contract authority for training and technical assistance alone was reduced from \$3 million to \$300,000. In fiscal year 1992, only 17 percent of OCSE staff were devoted to providing training and technical assistance to states. OCSE officials and HHS regional staff also said that limited travel funds have restricted their ability to meet with each other and state program staff.

In addition, there is no formal process for regional office feedback to OCSE on the results of regional resource expenditures on CSE. OCSE officials told us that under the current organization and operating process they do not know for sure the extent of resources HHS regions will devote to state technical assistance, training, and state program reviews. For example, in 1993 OCSE believed the regions were going to develop joint plans with states to increase AFDC recovery, but OCSE did not know what was done.

⁶A reorganization in April 1991 combined FSA, the Office of Human Development Services, and the Maternal and Child Health block grant programs administered by the Public Health Service into the Administration for Children and Families (ACF), where OCSE is today.

States currently must deal with at least five different HHS organizational units for their CSE programs, and some HHS regional staff told us they believed that added layers of bureaucracy impeded communication among the states, regions, and OCSE. Similarly, OCSE officials confirmed there have been communication breakdowns with the regions. They said that regional staff have misconstrued information and communicated inaccurate messages to the states. State program officials testified before the congressionally established Commission on Interstate Child Support that policy was often interpreted differently by regional offices and OCSE auditors.⁷

OCSE's Planning, Goal Setting, and Performance Measurement Falls Short

To date, OCSE's planning, goal setting, and performance measurement efforts fall short of the results-oriented approach it must now take under GPRA. At the time of our review, OCSE had no strategic plan laying out short- and long-term goals for the national CSE program. In addition, OCSE did not have a strategic plan for how it will lead the program over the years. Furthermore, OCSE had not formulated a plan for its own day-to-day operations. Only one goal--paternity establishment--has been defined for the program, and that was defined by the Congress when it legislated paternity establishment standards.

Program Data Are Seriously Flawed

Despite nearly 20 years of performance reporting, program data remain seriously flawed because of OCSE's failure to establish adequate reporting standards and the states' limited reporting capabilities. The resulting lack of accurate and consistent data hinders meaningful planning, analysis, performance measurement, and management improvement. For example, an unduplicated caseload count is difficult to obtain. Similarly, consistent data on amounts of child support owed are not available because of such things as states' differing procedures for writing off debts, judgment setting practices, and statutes of limitations.

In addition, the numerous qualifications states attach to the data they report to OCSE cast doubt on the data's reliability. These qualifications explain year-to-year variances in reported data and reveal the nature and range of problems states experience. For example, variances have been explained by lax data entry by local offices, changes in reporting methodology, and failure to report data.

⁷See the U.S. Commission on Interstate Child Support, Supporting Our Children: A Blueprint for Reform (Washington, D.C.: GPO, 1992), p. 249.

AUDITS PROVIDE LIMITED INSIGHT INTO PERFORMANCE

Audits, OCSE's primary tool for assessing program effectiveness, provide only a partial picture of state performance with little insight into ultimate case outcomes and the extent to which the actions taken have been productive. The audits focus on compliance with federal requirements for written procedures and service delivery. Accordingly, audit results highlight what state programs have not done, rather than what state programs have accomplished and which actions have been particularly successful. Although audits consume over half of OCSE's staff resources, audits frequently are not timely, with final reports often issued a full 2 years after the period of performance being audited. At the time of our review, OCSE had not yet begun to audit the additional requirements of the 1988 amendments.

Although state officials complain that audits are too late to be a useful management tool for them, they acknowledge that the audits and the threat of penalties have helped their programs get state legislative attention and resources. In addition, a number of states have developed their own internal mechanisms to monitor compliance and performance among offices.

In September 1993, OCSE proposed revised audit regulations that it believes will move the audit toward a more results-oriented focus and allow audit results to be reported in a more timely manner. However, the proposed regulations do not add any new performance indicators or revise the current ones that are limited to cost-effectiveness and AFDC recovery. In addition, while the proposed regulations reduce some requirements, they add others, making their net effect on audit timeliness difficult to predict.

STATES SEE NEED FOR ENHANCED FEDERAL-STATE PARTNERSHIP

Over the years, working relationships among OCSE, HHS regional CSE personnel, and state officials have been strained, and communications breakdowns have occurred. States have expressed a need for greater technical assistance and training and want to see more collegial approaches to developing regulations.

Problems in Federal-State Communication

States have complained of vague, inconsistent, and untimely policy interpretations from OCSE and HHS regions. One state CSE director described current communication channels as "convoluted layers" similar to a "black hole" where things just "disappear." In addition, the lateness of regulations has made it more difficult for states to comply with the law. In some cases, the late issuance of regulations caused state directors to go back to their legislatures to request additional legislative changes. For example, final regulations implementing the 1988 amendments' requirement for wage withholding (on delinquent non-AFDC cases and

all new or modified CSE cases), were issued in July 1992, almost 2 years after the statutory effective date of November 1990.

States Want More Technical and Training Assistance

Most state officials we talked with want more technical and training assistance from OCSE and HHS regions. They believe the HHS regional offices need to be more proactive in sharing information with the states and helping states provide additional supports to one another. In some regions, states are beginning to work with HHS regional staff. For example, in two regions, states are developing new approaches to providing technical assistance and training that OCSE might encourage in other federal regions. In one of these regions, states have established a steering committee composed of the chief executive officers of states' human service agencies and the Administration for Children and Families regional administrator. A child support work group that reports to the steering committee is focusing on common training needs and federal-state communication. In the other region, state child support training coordinators are forming a regional training network, following up on an idea that originated during a 1991 OCSE national training conference. The group plans to share materials, attend each others' training sessions, develop training packages for line workers, and serve as consultants to each other and their CSE directors.

States Want More Input Into Regulations Development

Some program officials in the states we visited suggested that OCSE should take a more collegial approach to developing regulations, soliciting more involvement from states early in the process. Some believe that OCSE does not get enough state input or adequately respond to state comments on the impact of implementation of new policies and proposed regulations. These officials believe the approach currently used for developing federal regulations solicits state comments too late and does not encourage a federal-state dialogue. They would like to see states involved before proposed regulations are drafted, when OCSE is wrestling with the issues. One program official suggested an alternative approach that would have OCSE identifying issue areas and using the HHS regional CSE specialists to discuss the issues with the states and collect ideas from the states for OCSE. Program officials in other states believed this approach would allow states to participate in the process well before the regulations are drafted and public comments are solicited. They also believed this approach would save time by reducing state comments later, after the draft regulations are published.

THE CHALLENGE OF WELFARE REFORM

Implementing welfare reform would present challenges for OCSE and state programs through further expansions of program requirements and services. Our work suggests that OCSE may find it difficult to provide the leadership needed to implement additional requirements.

New requirements common to several welfare reform proposals would add to OCSE's responsibilities for providing guidance through regulations and technical assistance and monitoring state programs--areas that, our work shows, are already burdened with meeting the demands of existing requirements. For example, the addition of computerized registries of support awards and employer reporting of newly hired employees would require OCSE to issue guidance and oversee the development and implementation of the registries.

As we have previously reported, however, OCSE has not always exercised effective oversight of states' development of child support automated management information systems. In its compliance reviews of states' systems development efforts, OCSE's systems division identified and reported to states on numerous deficiencies. OCSE did not, however, exercise the authority it has to suspend federal funding for CSE computer system development⁸ if states do not adhere to their approved system development plans. As a result, three flawed systems continued for a period of 3 to 8 years, at a total cost of over \$32 million in federal funds, before these efforts were stopped and redirected.⁹

OPPORTUNITIES FOR IMPROVEMENT

While our work is still underway, we have identified several potential opportunities to improve OCSE's management capacity. I would like to briefly discuss three of these opportunities today.

First, in light of OCSE's diminished management capacity and impending welfare reform, we believe the GPRA implementation has the potential to fill a void in federal leadership by requiring OCSE to develop a "national agenda" that will drive agency and CSE program actions. The planning and evaluation discipline imposed by GPRA can be a first step in a process of making federal program management more effective. Specifically, GPRA requires OCSE to develop (1) a strategic plan, (2) an annual performance plan, and (3) annual performance reporting that will provide information for

⁸The federal government matches 90 percent of state costs of system development.

⁹See Child Support Enforcement: Timely Action Needed to Correct System Development Problems, (GAO/IMTEC-92-46, Aug. 13, 1992).

policy decisions and plan revisions. OCSE's GPRA pilot status gives it an opportunity to develop the tools that will be needed to meet the challenge of implementing welfare reform.

Second, one tool OCSE will need is a reengineered audit function. We believe it is essential that the federal government maintain a program monitoring function to ensure that children in need of child support are being effectively served. However, the scope and approach of this monitoring function need to be reconsidered. While the audits have spurred state actions, we believe it is time for the program audit role to be reexamined and reinvented to provide a monitoring capability that supports the accomplishment of a strategic plan and accurate performance reporting.

The audit process also bears reexamination in light of state efforts to monitor compliance and evaluate program performance. While these efforts may not sufficiently meet government auditing standards, OCSE could consider ways to work with states to develop an audit program that does meet the standards. This would allow OCSE to rely more on state audit efforts, as has been proposed by the Administration in its welfare reform plan. In addition, OCSE could develop an audit program that tests the quality of state audits through periodic evaluation of state findings rather than auditing the state directly.

OCSE has started to revise the audit process, but more could be done in response to GPRA and state-initiated self-monitoring. In response to GPRA requirements for annual performance reporting, the audit could be shifted from ensuring compliance to ensuring data quality and investigating performance problems. The audit could also be used to evaluate the validity of the required processes and time frames in reaching program goals.

Finally, HHS and OCSE officials should look into alternatives to the current organizational structure, since this structure has produced ineffective communication among all parties. Federal officials need to consider what organizational changes are necessary to support OCSE's performance goals and program mission priorities. To this end, they should consider (1) what the role of regional HHS personnel is and how regional resources should be spent on CSE and (2) where federal resources should be devoted to foster state goal achievement. Our forthcoming report will discuss these and other issues in more detail.

Within the relatively short time that the current OCSE leadership has been in place, they have begun work on GPRA implementation and initiated discussions with states to build better working relationships. Such efforts and more will be needed to implement welfare reform.

Mr. Chairman, this concludes my statement. I will be glad to answer any questions you or the members of the Subcommittee may have.

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

U.S. General Accounting Office
P.O. Box 6015
Gaithersburg, MD 20884-6015

or visit:

Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC

Orders may also be placed by calling (202) 512-6000
or by using fax number (301) 258-4066.

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (301) 258-4097 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

**United States
General Accounting Office
Washington, D.C. 20548-0001**

**Bulk Mail
Postage & Fees Paid
GAO
Permit No. G100**

**Official Business
Penalty for Private Use \$300**

Address Correction Requested
