

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW AND ADJUSTMENT OF
SUPPORT ORDERS**



**JUNE GIBBS BROWN
Inspector General**

**March 1999
OEI-05-98-00100**

OFFICE OF INSPECTOR GENERAL

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, is to protect the integrity of the Department of Health and Human Services programs as well as the health and welfare of beneficiaries served by them. This statutory mission is carried out through a nationwide program of audits, investigations, inspections, sanctions, and fraud alerts. The Inspector General informs the Secretary of program and management problems and recommends legislative, regulatory, and operational approaches to correct them.

Office of Evaluation and Inspections

The Office of Evaluation and Inspections (OEI) is one of several components of the Office of Inspector General. It conducts short-term management and program evaluations (called inspections) that focus on issues of concern to the Department, the Congress, and the public. The inspection reports provide findings and recommendations on the efficiency, vulnerability, and effectiveness of departmental programs.

OEI's Chicago regional office prepared this report under the direction of William Moran, Regional Inspector General and Natalie Coen, Deputy Regional Inspector General. Principal OEI staff included:

REGION

Joe Penkrot, Project Leader
Victoria Jacobs, Lead Analyst

HEADQUARTERS

Alan Levine, Program Specialist
Linda Hall, Program Specialist
Rada Spencer, Program Specialist

To obtain copies of this report, please call the Chicago Regional Office at 312-353-4124. Reports are also available on the World Wide Web at our home page address:

<http://www.dhhs.gov/progorg/oei>

EXECUTIVE SUMMARY

PURPOSE

This inspection describes the States' methods of reviewing and adjusting child support orders since welfare reform.

BACKGROUND AND METHODOLOGY

The Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA) of 1996 substantially changed States' responsibilities to review and adjust child support orders. Under PRWORA, periodic reviews of child support orders are no longer required. Child Support Enforcement agencies (called IV-D agencies) are required to notify all parents, public assistance and non-public assistance, custodial and non-custodial, every 3 years, of their rights to request reviews of their child support orders. The IV-D agencies must conduct a parent-requested review if none has been performed within the last 3 years. States may act on behalf of public assistance custodial parents and initiate a review.

To obtain information on how States now address review and adjustment of child support orders, we surveyed the IV-D directors in all States. In addition to this survey, we collected more in-depth information through site visits to 10 States: New York, Massachusetts, Vermont, Michigan, Minnesota, Iowa, Mississippi, Oklahoma, Nevada and Oregon.

Subsequent to our field work and draft report, the President issued the proposed fiscal year 2000 budget calling for the restoration of the periodic review of public assistance child support orders. In our draft report, we urged a reevaluation of Federal review and adjustment policies in light of the merits of periodic reviews as demonstrated by the OIG's past research, other recent research cited in this report, and caseworker interviews. The findings and recommendations in this report speak to current conditions and suggest ways to improve the current processes. Our recommendations will still apply if the review and adjustment changes the Administration proposes become law.

FINDINGS

Thirty-two States have discontinued or plan to discontinue the triennial review of public assistance cases. As a result, most child support orders will not be reviewed unless a parent requests the review or a IV-D worker elects to initiate a review.

Twenty-eight States no longer review all of their public assistance child support orders every 3 years as previously required under Federal law. Four additional States plan to discontinue the triennial review by the year 2000. Of the eight States with the largest volume of child support orders, only Ohio plans to continue to review all public assistance child support orders every 3

years. Most of the States will rely on parental requests and caseworker discretion to initiate reviews.

We have concerns about four implementation issues: notification of parents of the right to request a review, medical support, collection of basic data and downward adjustments.

Nine States do not have plans to notify parents of their right to request a review of their child support order every 3 years and therefore may be out of compliance with Federal law. In the majority of States we visited, local offices do not always adjust orders to add medical support when it is found to be available in a review. Most States have very little data on the reviews and adjustments the State conducts. Many States treat downward adjustments of support orders differently than upward adjustments.

Increased computer system capabilities and a focus on administrative rather than judicial remedies facilitate the review and adjustment process.

Improvements in automated systems, the use of child support guidelines and an increasing reliance on administrative rather than judicial processes have converged to make review and adjustment simpler and less resource intensive for the local office caseworker.

The majority of caseworkers interviewed said that periodic IV-D initiated reviews are worthwhile to conduct.

While no States have cost-benefit data on their overall review and adjustment process, the majority of caseworkers we interviewed felt that the benefits of conducting reviews outweighed the costs. Likewise, the results of a modification demonstration project in Genesee County, Michigan and a November 1997 Assistant Secretary for Planning and Evaluation report highlight the benefits of conducting periodic reviews.

RECOMMENDATIONS

As noted above, the President has included a proposal to restore periodic reviews in his fiscal year 2000 budget. This proposal is responsive to our findings of reduced State review activity, process improvements, and the merits of a triennial review policy. In addition to the proposed 3 year review of support orders for TANF families, we feel the Office of Child Support Enforcement should:

Remind States that they are required to notify parents every 3 years of their right to request a review of child support orders.

The PRWORA requires States to provide notice to parents every 3 years, informing them of their right to request a review of their order. Since some States are unclear on this point, the Office of

Child Support Enforcement (OCSE) should provide State IV-D agencies with clarification on this requirement.

Urge States to use the review and adjustment process as an opportunity to ensure that medical support is provided.

The OCSE should urge States to use the review and adjustment process as an opportunity to ensure that medical support is provided if and when it is available. Where needed, OCSE should also work with IV-D agencies to encourage the judiciary in their State to adjust cases to add medical support even if no monetary change to the support order will occur.

Encourage States to collect basic data on the review and adjustment process as well as cost-benefit data including requests for downward modifications.

Most States do not have any data on the review and adjustment process. These States are unable to report information on reviews they conduct or the success of these reviews. The OCSE should encourage States to track basic information on the reviews the IV-D offices initiate, the reviews the offices conduct in response to parental requests, including requests for downward adjustments, and the costs and benefits of these reviews.

Encourage States to review child support orders for families leaving welfare

In addition to periodically reviewing support orders on public assistance cases, reviews targeted to parents exiting from TANF warrant particular attention. Reviews conducted as parents exit from TANF would likely benefit the government through reduced welfare recidivism and avoidance of the costs associated with receipt of other public benefits. By referring cases near welfare exit to the local child support office for review, TANF agencies may contribute to the families' self-sufficiency when off welfare and help government avoid the costs of further dependence on public benefits. This type of coordination would serve as a good example of how TANF and Child Support agencies can work together to achieve the goals of welfare reform.

AGENCY COMMENTS

All agency comments were made to our draft report which preceded the President's proposed budget. That proposal calls for a restoration of the triennial review of child support orders by States on public assistance cases. The Assistant Secretary for Children and Families (ACF) and the Assistant Secretary for Management and Budget (ASMB) provided formal comments to the draft report, while ASPE provided informal comments. All concurred with the report's findings and recommendations and offered suggestions for clarifying the report and making technical changes. Where appropriate, we changed the report to reflect their comments.

Among other things, ACF asked that we recognize their efforts in providing information on review and adjustments. We added language to the body of the report that recognizes steps that ACF has made in this area. The ASMB, while agreeing with the recommendations in our draft report, had questions about the cost of reevaluating Federal review and adjustment policies. In light of the President's budget proposal, we eliminated this recommendation. The ACF and ASMB comments are included in Appendix B.

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	
INTRODUCTION	1
FINDINGS	5
! Discontinuing triennial reviews	5
! Concerns about notification, medical support, data collection and downward adjustments . .	7
! Computer capabilities and administrative reviews and adjustments	10
! IV-D workers views on periodic reviews	11
RECOMMENDATIONS	14
APPENDICES	
A: Tables	A-1
B: Agency Comments	B-1

INTRODUCTION

PURPOSE

This inspection describes the States' methods of reviewing and adjusting child support orders since welfare reform.

BACKGROUND

In addition to eliminating the Aid to Families with Dependent Children (AFDC) program, the Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA) of 1996 substantially changed States' responsibilities to review and adjust child support orders. Previously, the Family Support Act of 1988 required State child support agencies (called IV-D agencies) to review AFDC cases at least every 3 years. These reviews were meant to ensure that child support orders were commensurate with non-custodial parents' earnings. New and modified child support orders were to be based on State-established guidelines and medical support was to be ordered if the non-custodial parent's employer made it available.

Under PRWORA, periodic reviews of child support orders are no longer required. Rather, State IV-D agencies may opt for up to three methods of reviewing and adjusting child support orders. State IV-D agencies may elect to continue the traditional review method, under which information pertaining to the order is collected and reviewed against the guidelines to determine if an adjustment is appropriate. States may also use a limited automated method, under which the order is matched against State data (i.e. tax or wage) to determine if an adjustment is appropriate. In addition, State IV-D agencies may use Cost of Living Adjustments (COLA) to adjust orders periodically without reviews. Besides State variation in reviewing and adjusting orders, many IV-D programs are operated by counties. So within a State, county IV-D agencies may choose between the different approaches to review and adjustment.

Every 3 years, IV-D agencies are required to notify all parents, public assistance and non-public assistance, custodial and non-custodial, of their rights to request reviews of their child support orders. The IV-D agencies must conduct a parent-requested review if none has been performed within the last 3 years. If it has been less than 3 years since the order was last reviewed, IV-D agencies may place limits on the frequency of reviews or monetary thresholds before proceeding with the requested reviews or adjustments. When any child support adjustment is proposed, regardless of the method used, the IV-D agencies must notify the affected parties and offer the opportunity to contest the proposed change.

States may act on behalf of custodial parents receiving Temporary Assistance to Needy Families (TANF)¹ and initiate a review. Few requests for review and adjustment from TANF custodial parents are expected since they assign child support collections to the State when they enroll in TANF. Thus, these parents have little incentive to request a review.

Earlier Office of Evaluation and Inspections studies urging systematic and periodic review of child support orders² demonstrated that many child support orders were established when the non-custodial parents were young and/or earned little money. Once established, these orders were seldom, more often never, reviewed and adjusted. The Family Support Act addressed these issues. Consequently, many old child support orders were updated to meet child support guidelines. Newly-established child support orders were required to follow these guidelines in determining appropriate support obligations.

A four State review and adjustment demonstration, authorized under the Family Support Act, showed that increased collections due to adjustments surpassed the cost of conducting reviews and adjustments. The overall benefit-cost ratio from the review and modification effort was 2.71. Reviews conducted on both AFDC and non-AFDC cases proved to be cost-beneficial.³

It is unknown what effect the PRWORA changes to reviews and adjustments will have on child support collections. If States opt to discontinue their periodic review of public assistance cases, potential increases in public assistance collections may be forfeited. Besides potential losses in State and Federal collections on behalf of TANF clients, the PRWORA changes may negatively affect these clients. If child support orders for TANF parents are not modified regularly, custodial parents leaving the program may have a more difficult time attaining self-sufficiency.

The absence of periodic reviews may also impact non-custodial parents adversely. Periodic incremental increases in child support payments may be easier for non-custodial parents to comply with than a very large increase at one time. In addition, when IV-D agencies periodically review court orders to determine if the amounts ordered are equitable, non-custodial parents may have support orders reduced if their earnings decrease. Some IV-D agencies feel the willingness of their agency to show an evenhanded approach toward non-custodial parents may improve child support collections. Under PRWORA, it is now incumbent on custodial and non-custodial parents to specifically request a review to adjust their order to reflect income changes in States that discontinue the systematic triennial reviews.

-
- 1 The TANF program succeeds the AFDC program and aims at enabling families to exit from welfare through work and with assistance from child support and transitional benefits like Medicaid, transportation and child care.
 - 2 "Child Support Enforcement Collections on AFDC Cases - Modification of Court Orders," OEI-05-86-00035 and "Child Support Enforcement Collection For Non-AFDC Clients," OEI-05-88-00340.
 - 3 Caliber Associates. 1992. "Evaluation of Child Support Review and Modification Demonstration Projects in Four States." Cross-site final report. Fairfax, VA.

Since PRWORA, the Office of Child Support Enforcement (OCSE) has taken a number of steps to ensure that States are aware of the legislative requirements. The OCSE issued a legislative implementation guide on review and adjustment, held a national review and adjustment forum and briefed their regional offices on the new review and adjustment mandates for States.

The OCSE has also funded four pilot review and adjustment programs. Alaska, Vermont and Maine will test different automated approaches to identifying, reviewing and adjusting child support orders. Oklahoma will attempt to solicit more parental requests for review and adjustments through an outreach program.⁴ The demonstration projects are to be conducted from October 1997 through September 2000. The OCSE also awarded a cross-site evaluation of these projects.

SCOPE AND METHODOLOGY

This evaluation is an early assessment of how States implement the review and adjustment changes in PRWORA. To obtain information on how States address review and adjustment of child support orders, we surveyed the IV-D directors in all States as well as the District of Columbia, Puerto Rico and Guam.⁵ In addition to this survey, we collected more in-depth information through site visits to 10 States: Iowa, New York, Nevada, Massachusetts, Michigan, Minnesota, Mississippi, Oklahoma, Oregon and Vermont. We selected these States to represent a geographic mix and a mix of State approaches to review and adjustment. We also selected States with both county-administered and State-administered systems and 2 of the 4 States awarded OCSE demonstration grants for review and adjustment pilot programs.

In each State visited, we interviewed State IV-D staff responsible for review and adjustment and conducted two local office visits.⁶ In the local offices we interviewed a manager and a caseworker. We spoke to 19 local office managers and 19 caseworkers.

We asked all respondents basic descriptive questions regarding COLAs, IV-D initiated reviews, and reviews conducted in response to parental requests. On the survey we asked all States how they used each of these three means to conduct reviews. On our site visits, we asked more in-depth questions regarding State and local implementation of the review and adjustment process. We made our site visits between January and April 1998 and collected survey data through July 1998.

4 Additional information on Oklahoma's project is contained in our companion report "Review and Adjustment of Support Orders in Ten States," OEI-05-98-00102.

5 In this report, we include all 53 respondents when referring to States.

6 In Minnesota we only visited one local office since this State was visited during the pre-inspection phase of our study.

We solicited 1997 summary data on review and adjustment through our survey and site visits. In addition, we collected and reviewed any evaluations or other reports available on review and adjustment activities in our site visit States.

We limited this inspection to a description of the review and adjustment processes IV-D agencies currently use. We did not perform a case review. We did not compare or rank IV-D agencies or compare review and adjustments now to those performed prior to PRWORA. We did not directly assess the affect of review and adjustment on TANF clients. We also did not identify or establish a definitive standard for reviewing and adjusting child support orders.

Our review was conducted in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

FINDINGS

Thirty-two States have discontinued or plan to discontinue the triennial review of public assistance cases. As a result, most child support orders will not be reviewed unless a parent requests the review or a IV-D worker elects to initiate a review.

Twenty-eight States no longer review all of their public assistance child support orders every 3 years as previously required under Federal law. While 17 States still conduct these reviews, 4 States plan to discontinue the triennial review by the year 2000. In most of these States, review of child support orders will depend upon parent request or the discretion of a IV-D worker. Of the eight States⁷ with the largest volume of child support orders, only Ohio plans to continue to review all public assistance child support orders every 3 years. In addition to the termination of the triennial review, States are implementing other changes to the review and adjustment process. Seven States no longer initiate any reviews of child support orders. (See Table 1 in Appendix A.)

Thirteen other States perform triennial reviews and have no plans to discontinue them at this time.

States no longer conducting triennial reviews of public assistance cases	28
States planning to discontinue triennial reviews of public assistance cases by 2000	4
States no longer conducting any IV-D initiated reviews	7

IV-D Discretionary Reviews

In the 46 States still conducting some IV-D initiated reviews, the extent of review initiation and review selection policies vary. Most of the States use both an automated system and IV-D worker discretion to identify cases for review. Frequently, the system identifies a list of cases for review and the local office or IV-D worker decides whether to conduct the reviews.

Several States now use different criteria to identify cases for review. For example, instead of selecting cases for review based on receipt of public assistance and date of last review, Illinois

7 The "big eight" States are California, Florida, Illinois, Michigan, New York, Ohio, Pennsylvania, and Texas.

and Iowa review cases with the potential to add medical support to the court orders. New York limits its selection of cases for review to cases not modified since prior to September 15, 1989. South Carolina annually reviews a randomly selected sample of cases in each region of the State.

Cost Of Living Adjustments

At the time of our study, only Minnesota used the COLA method to adjust support orders. In Minnesota, a COLA based on the Department of Labor’s consumer price index is applied to all IV-D child support orders biannually. Minnesota applies COLAs to approximately 34,000 cases each year, increasing the support awarded statewide by more than \$6 million annually. The State’s costs of operating the COLA are minimal - about \$25,000 a year. According to Minnesota IV-D staff, very few non-custodial parents contest the COLA adjustments to their court orders.

Eight other States have legislation authorizing the use of a COLA to adjust support orders. New Jersey and Puerto Rico plan to start using the COLA method by 2000. Iowa and New York will begin using a COLA by September 1998. Iowa and New York will operate their COLA programs on a more voluntary basis than Minnesota. In Iowa, COLAs will not be applied automatically. Either parent can request a COLA if it has been at least 2 years since the support order was last reviewed or COLA-adjusted. Both parents must agree to the COLA before it is applied. If one parent does not agree to the COLA, the case will revert to a full review.

In New York, application of the COLA will vary depending on whether or not the custodial parent is a recipient of public assistance. On public assistance cases, COLAs will be applied to all cases when the cumulative cost of living index in the years since the order was last reviewed is at least 10 percent. Application of the COLA in non-public assistance cases will require a request from either parent and must also meet the same 10 percent cost of living threshold.

Automated Review and Adjustment

No States currently use PRWORA’s automated review option to review and adjust child support orders entirely through an automated data match. Alaska, Maine and Vermont are experimenting with methods to do this using OCSE grants. Massachusetts’ system identifies IV-A cases for the 3 year review with the greatest potential for adjustment through an automated match with the State’s tax and wage data. The local IV-D offices conduct a modified “fast track” review of these cases followed by an extensive review of the remaining cases.

Thresholds for Adjustment

After reviewing a child support order, 48 States require that any proposed adjustment change the existing child support order by a minimum percentage and/or monetary amount before making the adjustment. State percentage thresholds range from 10 percent to 25 percent and dollar thresholds range from a \$10 monthly change in the order to \$100 a monthly change in the order.

Forty States adhere to these thresholds even if the order has not been reviewed in the last 3 years. (See Table 2 in the Appendix A.)

High thresholds may prevent some custodial parents from receiving award increases which, although incremental, could contribute significantly to the parent's ability to maintain self-sufficiency. In the absence of review and adjustment data, States are not able to judge whether their thresholds prevent many parents from receiving increased awards.

We have concerns about four implementation issues: notification of parents of the right to request a review, medical support, collection of basic data and downward adjustments.

Responses to our survey and site visit interviews revealed implementation gaps in the review and adjustment process. While lapses in parent notification indicate possible non-compliance with Federal law, the other issues raise efficiency and effectiveness concerns.

(1) Notification of Parents

Eighteen States do not currently notify parents every 3 years of their right to request a review of their child support order. Nine of these States do not plan to implement a routine parental notification process by the year 2000 as required by welfare reform. Most of these States inform parents of the right to request a review in their initial order, through websites, public service announcements or pamphlets or by relying on IV-D workers to inform them. Several States believe that notifying parents of this right in the initial court order suffices and no additional notifications are required. Unless parents in these States see the general publicity or are otherwise advised, they may not be informed of their right to request a review after the notification in the initial court order.

None of the States we visited use pro-active measures to promote review requests from custodial parents close to exiting public assistance. According to respondents in these States, the overwhelming majority of requests for review come from parents on non-public assistance cases rather than those on public assistance. Since child support collected on public assistance cases is assigned to the State and not paid to the custodial parent, custodial parents receiving public assistance seldom request a review of the child support order.

With limited exception, IV-D offices do not trigger reviews for cases close to exiting public assistance. The Worcester IV-D office in Massachusetts is beginning a project where the local Department of Transitional Assistance office will notify them of welfare cases nearing the TANF time limit to prompt reviews. In Oregon, public assistance workers can pend cases to the child support workers for review, but they are not required to do so.

The point of exit from public aid is an optimal time to encourage custodial parents to request a review of child support orders since any increase in a child support order could facilitate custodial parents leaving public assistance and preventing that family's return to public assistance. According to an analysis of AFDC exit data, women receiving child support were less likely to

return to AFDC. Likewise, research has shown that the level of child support received by a young woman in the first years of a child's life is positively related to her ability to sustain self-sufficiency later.⁸ For custodial parents leaving TANF rolls because of mandated time limits, increased child support payments may be an important part of the safety net of services and funds for that family, reducing the family's need for other public benefits.

(2) Medical Support

All States report that they check for medical support availability as part of their review process. All States, except Arizona, Puerto Rico and Vermont, report that even if their review indicates that the proposed adjusted order does not meet their thresholds for adjustment, they adjust orders to add medical support only. Vermont will adjust an order solely to add medical support only if the parent explicitly asks for medical support to be attached.

Although most States' policy requires adding medical support to court orders upon review, local IV-D office implementation of this policy varies. Our interviews with local IV-D office managers and workers provide a different picture of medical support than the State survey responses indicate. While most of the State staff interviewed said that medical support is always attached to court orders when available, local IV-D office managers and workers in 7 of the 10 States we visited, provided a mix of responses as to whether medical only adjustments are pursued. In these seven States, at least one of the IV-D workers or local office managers interviewed stated that they sometimes do not pursue attaching medical support to an order if the order does not otherwise meet the threshold for adjustment.

In a few of these States, respondents attributed the resistance to adjusting orders for only medical support to judicial opposition to pursuing adjustments for this single purpose. Judges may resist hearing medical only adjustments for several reasons. The cost of providing medical support incurred by the non-custodial parent is often considered in the calculation of the monetary award. In these cases, attaching medical support may result in a lower monetary order. If a child is receiving Medicaid, the judge may feel that the current order without medical coverage is preferable to replacing Medicaid with private coverage and lowering the monetary order. Respondents also reported that in some cases judges resist hearing medical only adjustments because they view these cases as a low priority in a voluminous caseload.

In other States, local practice regarding the pursuit of medical support varies simply because local interpretation of the State's policy in this area varies. In some cases, caseworkers and local office managers reported that they did not believe their State's policy was to pursue medical only adjustments. In two of the States, confusion regarding when it is appropriate to attach medical support is the source of variation in local implementation. In these States, the IV-D worker decides whether medical support should be attached to the court order based on the non-custodial

8 Daniel Meyer and Marcia Cancian. "Child Support and Economic Well-Being Following an Exit from AFDC", Office of Child Support Enforcement, Child Support Report, Vol. XIX, No. 5, May 1997.

parent’s wages and the “reasonable cost” of the medical coverage. Child support workers expressed frustration that they do not have clear guidance on reasonable cost and when they are expected to use it as a standard to determine whether to pursue medical support.

None of the four States (Iowa, Minnesota, New York, Vermont) using or planning to use the COLA method in the immediate future report that medical support will be attached to orders as part of the COLA process. However, in Iowa COLAs will only be applied to cases which already include medical support. In Iowa, if a parent requests a COLA on a case without medical support, a full review of the case will be conducted. As some States move to rely on COLAs to adjust orders, ignoring medical support availability inevitably will result in children with no medical coverage, when medical coverage is available through the non-custodial parent’s employment.

(3) Data Collection

Most States, even those with certified child support systems, could not provide the number of reviews conducted, the number of orders adjusted, average adjustment amounts, the number of parental requests received, any break-down of the volume of their requests, and the number of contested adjustments which are altered or eliminated. Only Alaska, Iowa, Illinois, Michigan, Minnesota and Montana reported having any cost-benefit analysis information on their review and adjustment process.

(4) Downward Adjustments

Although all States report that non-custodial parents can request review of a support order, some States vary their treatment of cases based on which parent made the request for review or if the adjustment will be a decrease, rather than an increase.

Seventeen States proceed with the adjustment process differently if a parent requested review indicates a decrease in the award is appropriate. In 12 of these 17 States, the IV-D agency notifies both parties of the potential for a downward adjustment. The non-custodial parent must file “pro se”⁹ for the adjustment. In Massachusetts and South Dakota, the IV-D agencies also expect non-public assistance custodial parents to file pro se for adjustments. Because the Illinois IV-D agency feels that representing a non-custodial parent to lower a support order constitutes a conflict of interest regarding the child, they hire a private attorney to represent the non-custodial parent if the parent files for a downward adjustment. Guam dissuades non-custodial parents from pursuing any downward adjustments. North Carolina and South Carolina do not adjust any orders downward. Mississippi has a “clean hands” statute under which only non-custodial parents without arrears may have their orders reviewed or adjusted.

Of these 17 States, 13 of the 14 States which initiate reviews of child support orders also treat downward adjustments differently than upward adjustments when the IV-D agency initiates the review. In addition, Ohio which does not treat downward adjustments differently in response to parent requested reviews, treats downward adjustment differently in response to IV-D initiated reviews. When a IV-D initiated review indicates the need for a downward adjustment, the Ohio IV-D agency allows the local IV-D offices the discretion to decide whether or not to pursue downward adjustments.

Acting independently of stated policy differences, local IV-D offices sometimes treat reviews for custodial and non-custodial parents differently. For example, in a few of the States we visited, State policy staff reported that the IV-D agency conducts reviews in response to requests from non-custodial parents. Yet some local IV-D office managers and workers advised that their offices do not conduct reviews for non-custodial parents.

Views of the IV-D agency's role and responsibilities towards non-custodial parents varied among States, local offices and even among workers within individual offices. Several IV-D workers emphasized that they feel their responsibility is to custodial parents and their children rather than the non-custodial parents. Other IV-D workers expressed the belief that the IV-D system should treat custodial and non-custodial parents equally for fairness and effectiveness reasons.

A few representatives of IV-D agencies who pursue downward adjustments indicated that this practice engenders greater non-custodial parent cooperation in the child support process. According to these respondents, non-custodial parents are more inclined to pay their child support awards if the IV-D agency honors their requests for review and conducts downward adjustments where appropriate for two reasons: (1) The non-custodial parents view the system as one that is working with, not against, them and; (2) Non-custodial parents are more likely to stay current in their payments if the amount due keeps pace with their income. In other words, if a non-custodial parent's income drops due to a job loss and the award is not adjusted downward to a level feasible for the non-custodial parent to pay, they may cease payment all together.

Increased computer system capabilities and a focus on administrative rather than judicial remedies facilitate the review and adjustment process.

Improvements in automated systems, the use of child support guidelines and an increasing reliance on administrative rather than judicial processes have converged to make review and adjustment simpler and less resource intensive for the local IV-D office caseworker.

Automation¹⁰ Used to Conduct Reviews

10 Automation refers to the use of computer systems and interfaces with other databases to conduct the reviews.

Most of the States we visited use automated systems to assist IV-D workers conduct the review and adjustment process. In 7 of 10 States we visited, the system identifies cases to review; generates notices to parents and employers soliciting information; checks State wage information; calculates whether the order meets the threshold for adjustment and generates notices of determination and any proposed adjustment.

A few State systems contain additional features which facilitate the review and adjustment process. Massachusetts' child support system provides IV-D workers with more non-custodial parent income information by automatic interfaces with the State's tax and wage databases. Using these interfaces, their child support system identifies which cases have the greatest potential for adjustment on cases ready for their 3 year review.

Oregon and Oklahoma take advantage of automated interfaces with State wage data to provide immediate information to IV-D workers. Whenever a worker opens the computer file on a child support case, the non-custodial parent's last quarter earnings are displayed in a corner of the primary screen for that case. On this screen, the IV-D worker can easily see whether the earnings appear to be higher and whether a review should be pursued.

The Oregon system also has a mechanism to allow other State staff to automatically notify a IV-D worker of the potential for adjustment. Staff in the State's TANF and child support agency can "pend" a case for review. When this occurs, the system notifies both the IV-D worker and supervisor that the case is pended and action is required.

Vermont's child support system also can alert supervisors of actions to be taken by IV-D workers. Vermont's system tracks all of the dates that actions are taken on a review and measures them against the expected action dates under the State's required time-frames. The system alerts the supervisor when an expected action date is reached without a recorded action. The system continues to monitor action on the case and alert management as overdue dates on events are reached.

Court Involvement and Due Process

Minimal judicial involvement, coupled with due process measures, facilitate the review and adjustment process. In the majority of the States we visited, judicial involvement is mostly limited to signing the adjusted orders and hearing contested cases. All of the States we visited appear to have appropriate mechanisms in place to notify parents of various steps in the review and adjustment process and to give parents adequate opportunity to contest proposed adjustments. These pro-active measures, ensuring due process, minimize complications when it comes time to finalize the adjustment.

The majority of caseworkers interviewed indicated that periodic IV-D initiated reviews are worthwhile to conduct.

In IV-D offices that initiate reviews of support orders, as well as offices that no longer initiate reviews, IV-D workers we spoke with pointed out the benefits of a periodic IV-D initiated review process. These IV-D workers cited reviews that discovered large increases in the non-custodial parent's income. The resulting modified child support orders brought additional needed resources to the non-custodial parent's children. Several IV-D workers also pointed out that their State benefits financially from public assistance case reviews, especially when an increased child support order leads to a family's leaving public aid.

Although IV-D workers advocated conducting periodic IV-D initiated reviews, several reported that they do not conduct these reviews on a systematic basis due to limited staff resources and other office priorities. As a counterpoint to these views, other IV-D workers said that automation and administrative procedures reduce the time and resources needed to conduct reviews and adjustments.

The Benefits of Periodic Reviews

Periodic reviews of child support orders detect fluctuations in the income of non-custodial parents. Although many non-custodial parents may have low earnings when a child is born, their earning power often matures over the child's first 18 years of life. Earlier OIG evaluations and other research demonstrate that even poor fathers can substantially contribute to their children's well-being over time, even though payments may not always be regular.¹¹

A modification project in Genesee County, Michigan demonstrated that increased support payments due to periodic reviews can reduce welfare costs and benefit the families of both TANF and non-TANF custodial parents. To respond to Federal triennial review requirements, Genesee County in Michigan conducted a 3 year support modification project, concluding on September 30, 1996. In this project, 2,503 AFDC orders were modified with an average monthly increase of \$44.55 and 1,634 non-AFDC orders were modified with an average monthly increase of \$38.95. Total increased collections through September 30, 1996 were close to \$8.5 million.

Over 1,500 AFDC cases were closed after modification of an order under the Genesee project. Although reasons for AFDC closures were not obtained, Genesee County surmised that increased child support payments contributed significantly to the closure of many cases. In addition, according to the Genesee County report, increased payments in non-AFDC cases most likely deterred some families from applying for public assistance.

A November 1997 Assistant Secretary for Planning and Evaluation (ASPE) report also indicates that increased support awards, gained through periodic reviews, result in reductions in public assistance. This report estimates that there will be 116,000 fewer TANF child support order

11 Op. Cit. OEI-05-86-00035 and OEI-05-88-00340. Also, the Institute for Research on Poverty Discussion Paper (967-92), "Can Fathers Support Children Born Out of Marriage?" by Phillips, Garfinkel and Meyer, and Brien and Willis "The Partners of Welfare Mothers: Potential Earnings and Child Support," The Future of Children, Vol. 7, No. 1, Spring 1997, support this notion.

modifications annually under an optional review regime versus the former triennial approach to review and adjustments. Since State and Federal agencies share child support collections on public assistance cases, this reduction is estimated to result in a \$136-\$291 million annual net revenue loss to the States and a Federal annual net loss of \$89 -\$184 million.

The revenue loss represents unrealized increases in child support collections accrued to the government on behalf of TANF recipients and unrealized savings from the TANF, Food Stamp and Medicaid programs. Under a mandatory review policy, the program savings would have resulted through the replacement of program benefits with increased child support awards.

The savings achieved through a mandatory review policy computed in the ASPE report do not include the benefits of reviews accrued to the families after exiting public assistance. In addition to the savings accrued by the government, increased awards may be the critical difference enabling a family to achieve and maintain self-sufficiency. As discussed earlier, reviewing child support orders when a custodial parent exits public assistance may reduce welfare recidivism and promote self-sufficiency. An August 1998 General Accounting Office report, "Child Support an Uncertain Income Supplement for Families Leaving Welfare," GAO/HEHS-98-168, highlights the importance of child support to post-assistance families.

RECOMMENDATIONS

Subsequent to our field work and draft report, the President issued the proposed fiscal year 2000 budget calling for the restoration of the periodic review of public assistance child support orders. In our draft report, we urged a reevaluation of Federal review and adjustment policies in light of the merits of periodic reviews as demonstrated by the OIG's past research, other recent research cited in this report, and caseworker interviews. The findings and recommendations in this report speak to current conditions and suggest ways to improve the current processes. Our recommendations would still apply if the review and adjustment changes the Administration proposes become law.

The Office of Child Support Enforcement should remind States that they are required to notify parents every 3 years of their right to request a review of child support orders.

The PRWORA requires States to provide notice to parents every 3 years informing them of their right to request a review of their order. While OCSE has undertaken some steps to ensure that States are aware of their review and adjustment notification responsibilities, our survey found some States unclear on this point. At present, 18 States do not provide this notification and 9 States do not have any plans to implement a periodic notification. These States use other methods to publicize the right to request a review. However, these methods do not uniformly inform all parents of this right at least once every 3 years. The OCSE should provide State IV-D agencies with clarification and further guidance on this requirement. The OCSE regional offices should collect notification method information on States in their regions to ensure parents are being notified as the law requires.

As State IV-D agencies eliminate or reduce their initiation of reviews of child support orders, the adjustment of support orders becomes increasingly dependent upon parent-requested reviews. Parents need to be adequately informed of the right to request a review. Requesting a review of child support orders may be critical for custodial parents leaving TANF rolls. In these cases, additional child support payments may be an important part of sustaining self-sufficiency for that family.

If the periodic review of public assistance child support orders is restored, the onus for initiating reviews on non-public assistance cases still falls to those parents. Parents need to be adequately informed in these cases. Additional child support payments may be important in assisting families maintain their self-sufficiency and avoid welfare dependency. Additionally, non-custodial parents need to be informed of their rights to request a review, whether or not the custodial parent is receiving welfare.

The Office of Child Support Enforcement should urge States to use the review and adjustment process as an opportunity to ensure that medical support is provided.

The OCSE should urge States to use the review and adjustment process as an opportunity to ensure that medical support is added to support orders, where it is available, even if no monetary change to the support order occurs. Where needed, OCSE should also work with IV-D agencies to encourage the judiciary in their State to adjust cases to add medical support in these cases. Additionally, OCSE should advise the recently-established medical child support working group of these issues for their consideration.¹²

The review of child support orders provides IV-D agencies an opportunity to identify health coverage not previously available. States are required to include health coverage in any child support order where non-custodial parents have access to group health insurance for their children. If health insurance is not available at the time of the initial support order, the order must require non-custodial parents to obtain health coverage if and when it becomes available through current or future employment. For States to adhere to these requirements, IV-D agencies should always check for medical support availability when reviewing an order. Available medical coverage should be added to the support order, even if the order does not otherwise meet a State's monetary criteria for adjustment. In some of the States we visited local offices do not always pursue an adjustment to add medical coverage if the proposed adjusted order does not meet the minimum monetary or percentage thresholds.

The attachment of medical support to a child's support order may be the only means of health insurance available to a child. In the case of children eligible for Medicaid or other public health programs, the attachment of medical support through the review and adjustment process may lead to significant reductions in public expenditures on children's health programs.

The Office of Child Support Enforcement should encourage States to collect basic data on the review and adjustment process as well as cost-benefit data including requests for downward modifications.

The OCSE should encourage States to track the reviews the IV-D offices initiate, the reviews the offices conduct in response to parental requests, including requests for downward adjustments, and the costs and benefits of conducting these reviews. The OCSE should work with States to use their certified child support systems to collect this data. Most States do not have any data on the review and adjustment process. These States are unable to report information on reviews they conduct or the success of these reviews.

States and OCSE would benefit from data on the review and adjustment process in several ways:

12 The Child Support Performance and Incentive Act of 1998 (P.L. 105-200) required the Departments of Health and Human Services and Labor to establish a medical support work group to examine a number of issues. Among the issues are impediments to medical support and the priority of withholding medical support when it might adversely affect the amount of child support payments.

- Knowledge of the number of requests for reviews that IV-D offices typically handle and the number of reviews they initiate would facilitate management of local office workloads,
- State and local offices could target their review resources more efficiently if they knew whether certain types of cases more typically result in adjustment when reviewed and the comparative amounts of the adjustments,
- Data on overturned or altered adjustments would help IV-D offices assess the accuracy of their review and adjustment process and contribute to the periodic review of State guidelines, and
- Cost benefit data on the review and adjustment process could help determine more effective and informed State and Federal policies in the future.

The Administration for Children and Families should encourage States to review child support orders for families leaving welfare.

In addition to periodically reviewing support orders on public assistance cases, reviews targeted to parents exiting from TANF warrant particular attention. Reviews conducted as parents exit from TANF would likely benefit the government through reduced welfare recidivism and avoidance of the costs associated with receipt of other public benefits. If a custodial parent receives a higher child support award, they are less likely to need Food Stamps, Medicaid, emergency assistance or other public benefits after exiting welfare.

Reviews of support orders upon a custodial parent’s exit from public assistance are also likely to benefit custodial families through enhanced economic well-being. By referring cases near welfare exit to the local child support office for review, TANF agencies may contribute to the families’ self-sufficiency when off welfare and help the government avoid the costs of further dependence on public benefits. This type of coordination would serve as a good example of how TANF agencies and Child Support agencies can work together to achieve the goals of welfare reform.

AGENCY COMMENTS

All agency comments were made to our draft report which preceded the President’s proposed budget. That proposal calls for a restoration of the triennial review of child support orders by States on public assistance cases. The Assistant Secretary for Children and Families (ACF) and the Assistant Secretary for Management and Budget (ASMB) provided formal comments to the draft report, while the Assistant Secretary for Planning and Evaluation (ASPE) provided informal comments. All concurred with the report’s findings and recommendations and offered suggestions for clarifying the report and making technical changes. Where appropriate, we changed the report to reflect their comments. The text of the ACF and ASMB comments follows a discussion of their comments.

The ACF requested a chart showing the method of review and adjustment each State uses. We chose not to include such a chart for several reasons. First, as our report demonstrates, States have recently or will soon change the methods used for reviewing and adjusting child support orders. A chart at this time will soon be outdated and unreliable. Second, a very brief notation of a State's process may be misleading. We do provide an extensive look at these processes in the ten States we visited for this report in our companion report, "Review and Adjustment of Support Orders in Ten States," OEI-05-98-00102.

The ACF also suggested that our recommendation to collect accurate cost information on performing reviews and adjustments can be accomplished through a broader effort to collect data rather than specifically on this issue. While we agree data may be collected in this fashion, we feel that collecting data specific to reviews and adjustments will make a more compelling case to Congress of the importance of the periodic review of child support orders.

In concurring with our recommendations, ACF cited their work with father's groups who are concerned that child support orders reflect their ability to pay. We agree that having equitable child support determined is an integral part of the review and adjustment process. We added language stressing the need for States to collect data on these cases as well as on review and adjustment cases initiated by States or custodial parents.

Both ACF and ASMB pointed out actions ACF has taken to educate States on the new review and adjustment requirements. We included these efforts in the report.

Our draft report contained a recommendation that ACF reevaluate Federal policy on review and adjustments with an emphasis on parents who leave the TANF rolls. The ASMB had expressed concern over the costs of doing this. However, in the final report and in view of the President's calling for legislation requiring States to restore the triennial review of public assistance child support cases, we changed this recommendation to urge ACF to encourage States to review child support orders on cases where the family is exiting TANF.

The ASMB questioned whether the parents paying child support would have sufficient funds to pay adjusted orders over a sustained period of time and whether there was cost avoidance for governments resulting from increased child support collections. We feel there is ample evidence to suggest the worthiness of having support orders reviewed and adjusted to reflect the noncustodial parents' earnings. Respondents told us that if court orders are considered fair and in line with the ability to pay, noncustodial parents are more likely to fulfill their child support obligations. The great bulk of child support payments are deducted automatically by employers and are not subject to the discretion of the obligors. As such, child support collections are considerably less discretionary and are much more consistent and reliable for employed noncustodial parents than they were even 10 years ago. Should noncustodial parents become unemployed or suffer a long-term reduction in wages, they can and should request to have their child support order reviewed and adjusted to meet the State's guidelines. Besides the Genessee County project we cite in the report that shows the great potential for reducing welfare costs as a result of adjusted court orders, the report cites earlier OIG and Caliber Associate evaluations that

demonstrate the ability of noncustodial parents to pay child support. We have added citations of other research that also speaks to these points.

The ASMB noted that States face “Year 2000 problems” and may not be able to provide the information on reviews and adjustments that we recommend be collected. We believe the “Year 2000 problem” is a short-term problem that States will overcome, and in the future States will be able to provide this data. Many respondents in States we visited indicated they are expecting further developments in automation. We expect these advances will enhance their capabilities to collect data.

The ASMB thought it would be useful to know the percentage of child support caseloads represented by the ten States we visited. We did not consider State caseload in making our selections. Our methodology focused on identifying a mix of approaches that States use to review and adjust child support orders.

The ASMB indicated that the chart on page 4 be expanded to include States that are continuing the triennial review of cases. We included this information in the text of the report.

The ASMB suggested referencing the review and adjustment work that the Office of Child Support Enforcement has done and the medical support working group. We have included these references in the report.

The ASPE comments focused on the importance of collecting information on downward adjustments to child support orders. We included specific language to the report to emphasize the need to collect information on all reviews and adjustments.

APPENDIX A

TABLES

TABLE 1: IV-D INITIATED REVIEWS

State	Currently conduct triennial review of all public assistance orders	Plan to discontinue triennial review by 12/31/99	Currently conduct any IV-D initiated reviews
Alabama	Yes	No	Yes
Alaska	Yes	Yes	Yes
Arizona	No	N/A	No
Arkansas	No	N/A	Yes
California	No	N/A	No
Colorado	No	N/A	Yes
Connecticut	Yes	No	Yes
Delaware	No	N/A	No
Florida	No	N/A	Yes
Georgia	No	N/A	Yes
Guam	Yes	No	Yes
Hawaii	No	N/A	Yes
Idaho	Yes	No	Yes
Illinois	No	N/A	Yes
Indiana	No	N/A	No
Iowa	No	N/A	Yes
Kansas	Yes	No	Yes
Kentucky	Yes	No	Yes
Louisiana	No	N/A	No
Maine	No	N/A	Yes
Maryland	Yes	Yes	Yes
Massachusetts	Yes	No	Yes
Michigan	Yes	No	Yes
Minnesota	No	N/A	Yes
Mississippi	No	N/A	No
Missouri	No	N/A	Yes

State	Currently conduct triennial review of all public assistance orders	Plan to discontinue triennial review by 12/31/99	Currently conduct any IV-D initiated reviews
Montana	No	N/A	Yes
Nebraska	Yes	No	Yes
Nevada	Yes	No	Yes
New Hampshire	Yes	Yes	Yes
New Jersey	Yes	No	Yes
New Mexico	Yes	No	Yes
New York	No	N/A	Yes
North Carolina	Yes	No	Yes
North Dakota	Yes	No	Yes
Ohio	Yes	No	Yes
Oklahoma	No	N/A	Yes
Oregon	No	N/A	Yes
Pennsylvania	Yes	Yes	Yes
Puerto Rico	No	N/A	Yes
Rhode Island	No	N/A	No
South Carolina	Yes	No	Yes
South Dakota	Yes	No	Yes
Tennessee	No	N/A	Yes
Texas	No	N/A	Yes
Utah	No	N/A	Yes
Vermont	Yes	No	Yes
Virginia	Yes	No	Yes
Washington	Yes	No	Yes
Washington D.C.	Yes	No	Yes
West Virginia	No	N/A	Yes
Wisconsin	No	N/A	Yes
Wyoming	No	N/A	Yes

TABLE 2: THRESHOLDS FOR ADJUSTMENT

State	Thresholds of change in monthly order which must be met to adjust a support order	Apply threshold if it has been more than three years since order was reviewed
Alabama	10%	Yes
Alaska	15%	Yes
Arizona	15%	Yes
Arkansas	\$100 (*non-custodial parent's monthly gross income) or 20%	Yes
California	\$50 & 30%	Yes
Colorado	10%	No
Connecticut	15%	Yes
Delaware	\$25	Yes* (unless custodial parent is on TANF)
Florida	\$50 or 15%	No
Georgia	\$25 & 15%	Yes
Guam	10%	Yes
Hawaii	\$10	Yes
Idaho	\$50	No
Illinois	\$10 or 20%	Yes
Indiana	20%	Yes
Iowa	20%	Yes
Kansas	No threshold	NA
Kentucky	15%	No
Louisiana	No threshold	NA
Maine	15%	Yes
Maryland	25%	Yes
Massachusetts	20%	Yes
Michigan	\$20 or 10%	No
Minnesota	\$50 & 20%	Yes
Mississippi	25%	Yes
Missouri	20%	No

State	Thresholds of change in monthly order which must be met to adjust a support order	Apply threshold if it has been more than three years since order was reviewed
Montana	\$25	Yes
Nebraska	10%	Yes
Nevada	15%	Yes
New Hampshire	\$50 & 20%	Yes
New Jersey	20%	Yes
New Mexico	No threshold	NA
New York	10%	Yes
North Carolina	15%	No
North Dakota	15%	Yes
Ohio	10%	Yes* (option of child support office or court)
Oklahoma	25%	Yes
Oregon	\$50 or 15%	Yes
Pennsylvania	No threshold	NA
Puerto Rico	25%	Yes
Rhode Island	No threshold	NA
South Carolina	20%	Yes
South Dakota	\$25 & 20%	Yes
Tennessee	\$15 & 15%	Yes
Texas	\$100 or 20%	Yes
Utah	10%	Yes
Vermont	10%	Yes
Virginia	\$25 or 10%	Yes
Washington	\$100 & 25%	Yes* (unless a parent requests the review)
Washington D.C.	15%	Yes
West Virginia	15%	Yes* (10% threshold)
Wisconsin	\$40 & 10%	No
Wyoming	20%	Yes

APPENDIX B

AGENCY COMMENTS



DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of the Assistant Secretary, Suite 600
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

December 4, 1998

TO: June Gibbs Brown
Inspector General

FROM: Olivia A. Golden *Olivia A Golden*
Assistant Secretary
for Children and Families

SUBJECT: OIG Draft Report: "Review and Adjustment of Support Orders,"
OEI-05-98-00100

Thank you for the opportunity to respond to the Office of Inspector General's draft report of findings on the Review and Adjustment of Child Support Orders. If you have questions pertaining to this response, please contact David Gray Ross, Commissioner, Office of Child Support Enforcement, at (202) 401-9370.

Attachment

COMMENTS OF THE ADMINISTRATION FOR CHILDREN AND FAMILIES ON
THE OFFICE OF INSPECTOR GENERAL DRAFT REPORT "REVIEW AND
ADJUSTMENT OF SUPPORT ORDERS" (OEI-05-98-00100)

General Comments:

The Federal Office of Child Support Enforcement (OCSE) would like to thank the Office of Inspector General (OIG) for its report "REVIEW AND ADJUSTMENT OF SUPPORT ORDERS (OEI-05-98-00100)." We found the statements regarding the importance of reviews and adjustments to obligors particularly astute and helpful. The appended charts are illustrative of the information contained in the report, though it would also be helpful if a chart were included showing which method of performing reviews and adjustments each State has chosen.

Background: Review and Adjustment Accomplishments and Goals

Since the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) with its new child support review and adjustment requirements, OCSE has taken a number of steps to ensure that States are aware of the legislative requirements, and OCSE also has a number of demonstrations in this area as well. OCSE issued a legislative implementation guide on review and adjustment, held a national review and adjustment forum, and briefed the Regional Offices on how States are implementing the review and adjustment mandates. OCSE has awarded five review and adjustment demonstration projects, including a cross-site evaluation project.

OCSE will share OIG's recommendation that States use the review and adjustment process as an opportunity to ensure that medical support is provided with the medical child support working group.

OIG Recommendation:

OCSE should remind States that they are required to notify parents every 3 years of their right to request a review of child support orders.

Response:

Soon after the passage of the Personal Responsibility and Work Opportunity Act of 1996 (PRWORA), OCSE issued a number of legislative implementation guides, including one on review and adjustment, that were widely distributed to our child support partners in the States and Federal Regional offices. The guides provided a plain English explanation of the new review and adjustment requirements, their effective date, examples of State practices in this area, and the names and telephone numbers of helpful contacts who could answer questions on the new review and adjustment requirements. In November 1997, OCSE held a national forum on the new review and adjustment requirements in St. Louis, Missouri, that was well attended by State and Federal child support practitioners. Earlier this year, at one of OCSE's regular weekly calls with our Federal Regional offices, OCSE held a briefing on States' new review and adjustment requirements, and urged our Regional Offices to remind the States in their regions of the new requirements. OCSE will

continue to work with States on the implementation of the PRWORA review and adjustment requirements.

OCSE has awarded a number of demonstration projects focusing on various aspects of the review and adjustment process in Alaska, Oklahoma, Maine, and Vermont. OCSE has also awarded a cross-site evaluation grant that will provide a comparative analysis of the projects. The Oklahoma project will involve an intense public information campaign, including interactive computers at malls.

A minor point, there is a typographical error on the top of page 7, line four, should read "TANF rolls" not TANF "roles".

OIG Recommendation:

OCSE should urge States to use the review and adjustment process as an opportunity to ensure that medical support is provided.

Response:

This past summer, Congress passed the Child Support Performance and Incentive Act of 1998 (PL 105-200) that requires the Departments of Health and Human Services and Labor to establish a medical child support working group. Congress directed the working group to examine a number of issues, including the priority of withholding of amounts for child and medical support obligations, and measures for eliminating impediments to the effective enforcement of medical support orders. The working group may therefore consider medical support in the context of the review and adjustment process, and OCSE will share the OIG's recommendation with the working group.

OIG Recommendation:

OCSE should encourage States to collect basic data on the review and adjustment process, as well as cost-benefit data.

Response:

OCSE requires States to provide us with data on the total number of child support orders enforced or modified that include health insurance, and we publicize this information in our annual report at Table 50. OCSE can encourage States to collect outcome information, but gathering accurate cost information needed to perform a cost/benefit analysis can be accomplished as part of a broader effort to categorize all costs incurred in administration of the child support enforcement program.

OIG Recommendation

OCSE should reevaluate Federal review and adjustment policy giving particular attention to the costs and benefits of conducting reviews for parents exiting public assistance.

Response:

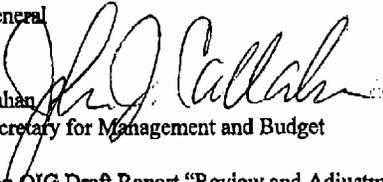
OCSE has awarded a demonstration project to Vermont that will design and test streamlined methods for reviewing and adjusting child support orders by concentrating on

the automated approach, comparing it with the other approaches and evaluating the costs and benefits of each.

OCSE and the States are devoting much of our time and resources to the implementation of PRWORA, but we anticipate that OIG's report and recommendations on the benefits of review and adjustment, particularly in the context of individuals leaving welfare, may lead to a reexamination of the importance of review and adjustment and possible strategies to improve review and adjustment processes and requirements. ACF and OCSE have been working extensively with father's groups, for whom recognition that child support orders that adequately reflect their ability to pay, is a very important concern.



MEMORANDUM TO: June Gibbs Brown
Inspector General

FROM: John J. Callahan 
Assistant Secretary for Management and Budget

SUBJECT: Comments on OIG Draft Report "Review and Adjustment of Support Orders"

Thank you for the opportunity to comment on the draft report entitled "Review and Adjustment of Support Orders" (OEI-05-98-00100). While we support any mechanism that will allow children to receive additional child support, we have concerns about the costs implied by the recommendations.

The report recommends that the Office of Child Support Enforcement (OCSE) should conduct an evaluation of Federal review and adjustment policy. The report notes that the evaluation should include examination of the costs and benefits of targeting review to parents exiting public assistance with no information on how such families would be tracked or where the funds for such research would be available. We believe that such an evaluation would be costly and, in terms of requesting information from States, there is no statutory authority.

In the executive summary, the report notes that the review would "likely benefit the government through reduced welfare recidivism and avoidance of the costs associated with receipt of other public benefits" without any citation of evidence for that supposition. Such an assertion also assumes that non-custodial parents would have sufficient funds to pay adjusted orders over a sustained period of time. In addition, the report indicates that families receiving child support (whether medical or cash) are less likely to receive public benefits. However, child support is not always received every month, forcing some families to cycle in and out of public benefit programs. This cycling may somewhat reduce welfare costs, but the report should note that this reduction may be very limited by the erratic receipt of child support.

In States where judges take into account medical support when determining cash assistance, such an adjustment may actually result in less money going to families, particularly if the children were already covered under Medicaid or the Children's Health Insurance Program. Since many children with medical support orders do not receive private insurance, this can be a costly problem. The report may also want to note that as a result of the recent child support legislation (PL 105-200) a work group has been formed to look at medical support issues.

Page 2.

While the report points out an area of concern that should be followed up on, there is no indication of the extensive work that OCSE has already done in this area. After the passage of welfare reform, OCSE issued a number of legislative implementation guides, including one on review and adjustment, that were widely distributed to our child support partners in the State and Federal Regional offices. The guides contained extensive information on this area and included contact numbers for additional technical assistance. Last year, OCSE held a national forum on the new review and adjustment requirements and earlier this year, OCSE held a briefing on States' new review and adjustment requirements, and urged our Regional Offices to remind the States in their regions of the new requirements.

The report does not note the fact that some States are already facing considerable difficulty in meeting current child support requirements. Some States are still not certified and many will be facing Y2K problems. The report may want to note the National Conference on State Legislatures recommendation for a moratorium on all new State requirements that will cause difficulty in becoming Y2K compliant.

Comments on Specific Statements:

Under scope and methodology on page 3, the report lists its reasons for including certain States. While geographic diversity is interesting, it would be useful to know what percentage of child support caseloads are represented by the selected States.

On page 4, the table accounts for only 39 States. We believe it would be useful to include a 4th category on the table to indicate the activities of the missing States.

On page 14, as noted above, the OIG does not indicate where funds for the extensive evaluation should come from. Additionally, it notes that particular attention be paid to domestic violence and custody disputes without any discussion of the relevance of these issues to review and adjustment.

Staff should refer questions on this report to Audrey Smolkin, Office of Budget, on 690-7196.