Calendar No. 761

98TH CONGRESS
2d Session

SENATE

REPORT
98-387

# CHILD SUPPORT ENFORCEMENT AMENDMENTS

APRIL 9 (legislative day, MARCH 26), 1984.—Ordered to be printed

Mr. DOLE, from the Committee on Finance,
submitted the following

# REPORT

[To accompany H.R. 4325]

The Committee on Finance, to which was referred the bill (H.R. 4325) to amend part D of title IV of the Social Security Act to assure, through mandatory income withholding, incentive payments to States, and other improvements in the child support enforcement program, that all children in the United States who are in need of assistance in securing financial support from their parents will receive assistance regardless of their circumstances, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

## I. Summary

The bill (H.R. 4325), as amended by the Committee, strengthens the child support enforcement and paternity establishment program authorized by title IV-D of the Social Security Act by requiring the States to implement effective enforcement procedures, by providing incentives to the States to make available services to both Aid to Families with Dependent Children (AFDC) and non-AFDC families and to increase the effectiveness of their programs, and by otherwise improving Federal and State administration of the program.

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

*Federal matching of administrative costs.*—The Federal matching share is gradually reduced from 70 percent as follows: 69 percent in fiscal year 1987, 68 percent in fiscal year 1988, 67 percent in fiscal

32-464 O

year 1989, 66 percent in fiscal year 1990, and 65 percent in fiscal year 1991 and years thereafter.

*Federal incentive payments.*—The current incentive formula which gives States 12 percent of their AFDC collections (paid for out of the Federal share of the collections) is replaced with a new formula that is designed to encourage States to develop programs that emphasize collections on behalf of both AFDC and non-AFDC families, and to improve program cost effectiveness. The basic incentive payment will be equal to 6 percent of the State's AFDC collections, and 6 percent of its non-AFDC collections. States may qualify for higher incentive payments, up to a maximum of 10 percent of collections, if their AFDC or non-AFDC collections exceed combined administrative costs for both AFDC and non-AFDC components of the program. The total dollar amount of incentives paid for non-AFDC families may not exceed the amount of the State's incentive payment for AFDC collections. States may exclude the laboratory costs of determining paternity from combined administrative costs for purposes of computing incentive payments. States are required to pass through to local jurisdictions that participate in the cost of the program an appropriate share of the incentive payments, as determined by the State, taking into account program effectiveness and efficiency. Amounts collected in interstate cases will be credited, for purposes of computing the incentive payments, to both the initiating and responding States.

As part of the new funding formula, the Committee has included "hold harmless" protection for fiscal years 1986 and 1987 which assures the States that for those years they will receive the higher of the amount due them under the new incentive and Federal match provisions, or 80 percent of what they would have received under prior law.

The provision is effective beginning with fiscal year 1986.

*Matching for automated management systems used in income withholding and other procedures.*—The amendment specifies that the 90 percent Federal matching rate that is available to States that elect to establish an automatic data processing and information retrieval system may be used, at the option of the State, for the development and improvement of the income withholding and other procedures required in the bill through the monitoring of child support payments, the maintenance of accurate records regarding the payment of child support, and the provision of prompt notice to appropriate officials with respect to any arrearages that occur.

The amendment also specifies that the 90 percent matching is available to pay for the acquisition of computer hardware.

The provision is effective October 1, 1984.

*Improved child support enforcement through required State laws and procedures.*—States are required to enact laws establishing the following procedures with respect to their IV–D cases:

1. Mandatory wage withholding for all IV–D families (AFDC and non-AFDC) if support payments are delinquent in an amount equal to 1 month's support. States must also allow absent parents to request withholding at an earlier date.

2. Imposing liens against real and personal property for amounts of overdue support.

3. Withholding of State tax refunds payable to a parent of a child receiving IV-D services, if the parent is delinquent in support payments.

4. Making available information regarding the amount of overdue support owed by an absent parent, to any consumer credit bureau, upon request of such organization.

5. Requiring individuals who have demonstrated a pattern of delinquent payments to post a bond, or give some other guarantee to secure payment of overdue support.

6. Establishing expedited processes within the State judicial system for determining paternity and obtaining and enforcing child support orders. Decisions or recommendations resulting from the expedited process must be reviewed (i.e., ratified, modified, or remanded) by judges of the courts. Appellate review would be conducted by the regular court system at the request of either party.

7. Notifying each AFDC recipient at least once each year of the amount of child support collected on behalf of that recipient.

The Secretary may grant an exemption to a State or political subdivision from the required procedures, subject to later review, if the State can demonstrate that such procedures will not improve the efficiency and effectiveness of the State IV-D program.

The provision is effective October 1, 1984. However, if a State agency administering a plan approved under part D of title IV of the Social Security Act demonstrates to the satisfaction of the Secretary of the Department of Health and Human Services, that it cannot, by reason of State law, comply with requirements of a provision mentioned above, the Secretary may prescribe that the provision will become effective beginning with the fourth month beginning after the close of the first session of such State's legislature ending on or after October 1, 1984.

*Fees for services to non-AFDC families.*—States will be required to charge an application fee for non-AFDC cases not to exceed $25. The amount of the maximum allowable fee may be adjusted periodically by the Secretary to reflect changes in administrative costs. The State may charge the fee against the custodial parent, or pay the fee out of State funds, or it may recover the fee from the absent parent.

In addition, a late payment fee must be charged to the noncustodial parents of AFDC and non-AFDC families on support that is overdue. The State may not take any action which would have the effect of reducing the amount of support paid to the child and will collect the fee only after the full amount of the overdue support has been paid to the child. The late payment fee provision is effective upon enactment.

*Periodic review of State programs; modification of penalty.*—The Director of the Federal Office of Child Support Enforcement is required to establish standards of performance and to conduct audits at least every three years to determine whether the standards and other requirements have been met. A more flexible penalty provision is provided, equal to at least 1 but no more than 2 percent for the first failure to comply substantially with the standards and requirements, at least 2 but no more than 3 percent for the second failure, and at least 3 but no more than 5 percent of the third and any subsequent consecutive failures. Annual audits would be re-

quired unless a State is in substantial compliance. If a State is not in substantial compliance, the penalty may be suspended only if the State is actively pursuing a corrective action plan which can be expected to bring the State into substantial compliance on a specific and reasonable timetable. A State which is not in full compliance would be determined to be in substantial compliance only if the Secretary determines that any noncompliance is of a technical nature which does not adversely affect the performance of the child support enforcement program.

The provision is effective beginning in fiscal year 1984.

*Special project grants to promote improvement in interstate enforcement.*—The Secretary is authorized to make demonstration grants to States which propose to undertake new or innovative methods of support collection in interstate cases. The authorization is $5 million in 1985, $10 million in 1986, and $15 million in 1987 and years thereafter.

*Extension of sec. 1115 demonstration authority to the child support program.*—The sec. 1115 demonstration authority is expanded to include the child support enforcement program under specified conditions.

The provision is effective upon enactment.

*Modification in content of annual report by the Secretary.*—The present annual report information requirements are expanded to include data needed to evaluate State programs.

The provision is effective for reports issued for fiscal year 1986 and years thereafter.

*Child support enforcement for certain children in foster care.*—State child support agencies are required to undertake child support collections on behalf of children receiving foster care maintenance payments under title IV–E, if an assignment of rights to support to the State has been secured by the foster care agency. In addition, foster care agencies are required to take steps, where appropriate, to secure an assignment to the State of any rights to support on behalf of a child receiving foster care maintenance payments under the title IV–E foster care program.

The provision is effective upon enactment.

*Continuation of support enforcement for AFDC recipients whose benefits are being terminated.*—States must provide that families whose eligibility for AFDC is terminated due to the receipt of (or an increase in) child support payments will be automatically transferred from AFDC to non-AFDC status under the IV–D program, without requiring application for IV–D services.

The provision is effective October 1, 1984.

*Increased availability of Federal parent locator services to State agencies.*—The present law requirement that the States exhaust all State child support locator resources before they request the assistance of the Federal Parent Locator Service is repealed.

The provision is effective upon enactment.

*Availability of social security numbers for purposes of child support enforcement.*—The absent parent's social security number may be disclosed to child support agencies both through the Federal Parent Locator Service and by the IRS.

The provision is effective upon enactment.

*Limitation on discharge in bankruptcy of child support obligations.*—The Bankruptcy Act is amended to provide that obligations that have been assigned to the State on behalf of a non-AFDC child as part of the IV-D enforcement process may not be discharged in bankruptcy. (Current law prohibits discharge in bankruptcy for obligations assigned to the State on behalf of an AFDC child.)

The provision is effective upon enactment.

*Collection of overdue support from Federal tax refunds.*—Current law requires the Secretary of the Treasury, upon receiving notice from a State child support agency that an individual owes past due support which has been assigned to the State as a condition of AFDC eligibility, to withhold from any tax refunds due that individual an amount equal to any past due support. The Committee amendment extends this requirement to provide for withholding of refunds on behalf of non-AFDC families, under specified conditions.

The provision is effective for refunds payable after the year ending December 31, 1985.

*Guidelines for determining support obligations.*—Each State must develop guidelines to be considered in determining support obligations.

The provision is effective October 1, 1986.

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

*Sense of the Congress that State and local governments should focus on the problems of child custody, child support, and related domestic issues.*—The Committee amendment incorporates the language of S. Con. Res. 84 urging State and local governments to focus on the vital issues of child support, child custody, visitation rights, and other related domestic issues that are within the jurisdictions of such governments.

## II. General Description of the Child Support Enforcement Program

### Background and Development

When the Committee on Finance reported amendments in 1974 to provide for the establishment of the child support enforcement program, it observed:

"The enforcement of child support obligations is not an area of jurisprudence about which this country can be proud."

Citing studies that had been done on the subject of nonsupport of children, the Committee commented:

"Thousands of unserved child support warrants pile up in many jurisdictions and often traffic cases have a higher priority. The blame for this situation is shared by judges, prosecutors and welfare officials alike, and is reinforced by certain myths which have grown up about deserting fathers."

The Committee's proposal to create a new child support enforcement program reflected a desire to improve in a very significant way the collection of support on behalf of children with absent parents. In presenting its rationale for the new program, the Committee stated:

"The Committee believes that all children have the right to receive support from their fathers. The Committee bill . . . is designed to help children attain this right, including the right to have their fathers identified so that support can be obtained. The immediate result will be a lower welfare cost to the taxpayer but, more importantly, as an effective support collection system is established fathers will be deterred from deserting their families to welfare and children will be spared the effects of family breakup."

In the years prior to enactment of the new child support program, the Committee had made continuing efforts to strengthen the law on behalf of children deprived of their parents' support because of desertion and illegitimacy.

As early as 1950 the Committee provided for prompt notice to law enforcement officials of the furnishing of Aid to Families with Dependent Children Program benefits with respect to a child who had been deserted or abandoned.

In 1967, the Committee instituted what it believed would be an effective program of enforcement of child support and determination of paternity. The 1967 amendments to the Social Security Act required the State welfare agencies to establish a single, identifiable unit with the responsibility of undertaking to establish the paternity of each child receiving welfare who was born out of wedlock and to secure support for him. If the child had been deserted by the parent, the welfare agency was required to secure support from the deserting parent, using any reciprocal arrangements adopted with other States to obtain or enforce court orders for support. The amendments also required the State welfare agencies to enter into cooperative arrangements with the courts and with law enforcement officials to carry out the program. In order to assist in locating absent parents, the law gave access to records of both the Social Security Administration and (if there was a court order) of the Internal Revenue Service.

Although it was hoped that the States would use the 1967 mandate to improve their programs in behalf of deserted children, there was in fact very little increased activity on the part of most States in the succeeding years. By 1972 the Committee had concluded that the law needed to be strengthened, and efforts began to enact new legislation that would require the States to improve their programs for establishing and collecting support. These efforts culminated in the enactment of the present child support enforcement program as title IV–D of the Social Security Act (P.L. 93–647).

The purpose of the current program is specifically stated in the law as "enforcing the support obligations owed by absent parents to their children and the spouse (or former spouse) with whom the children are living, locating absent parents, establishing paternity, and obtaining child and spousal support."

The structure of the program has not changed since its inception. Basic responsibility for child support and establishment of paterni-

ty is left to the States, but the Federal Government also plays a major role in monitoring and evaluating State programs, providing technical assistance, and, in certain instances, in undertaking to give direct assistance to the States in locating absent parents and obtaining support payments from them. The program provides child support enforcement services for both welfare and non-welfare families.

## Structure and Operation of the Program

### A. THE FEDERAL ROLE

One of the major concerns of the Committee when it designed the child support enforcement program was how to assure that the program would have sufficient visibility and stature to be able to operate effectively. The Committee bill thus required the Department of Health, Education, and Welfare (now Health and Human Services) to set up a separate organizational unit under the control of an Assistant Secretary for Child Support who would report directly to the Secretary. This provision was subsequently modified by conferees to omit the requirement that the unit be headed by an Assistant Secretary. However, the basic requirement of establishing a separate unit under the control of a person designated by and reporting directly to the Secretary was retained. Since the March 1977 reorganization of the Department, the Commissioner of Social Security has also served in the capacity of Director of the Office of Child Support Enforcement (OCSE).

The Director of the Office of Child Support Enforcement is given broad authority under the statute. He has the responsibility of establishing the standards for State programs which he determines to be necessary to assure that the programs will be effective. In addition, he is required to establish minimum organizational and staffing requirements for State child support agencies.

The Director is also required to review and approve State plans, and to evaluate the implementation of State programs to determine whether they are in conformity with the Federal requirements. He must conduct annual audits of State programs to determine whether the actual operation of the program in each State conforms to the Federal requirements, and must impose a penalty if he finds noncompliance. The penalty for noncompliance is a reduction of 5 percent in the Federal matching that would otherwise be payable to the State under the Aid to Families with Dependent Children (AFDC) program.

The statute also requires the Director of the OCSE to provide technical assistance to the States to help them establish effective systems for collecting child and spousal support and establishing paternity. In this connection, the office has established a National Child Support Enforcement Reference Center as a central location for the identification, collection, and dissemination of useful information from State and local programs. In addition, it has created a National Institute for Child Support Enforcement to provide training and technical assistance to persons working in the field of child support enforcement. Assistance and information under these proj-

ects and through OCSE are available to State legislators, judges, district attorneys, etc., as well.

Under the child support enforcement program, States may have access to the Federal courts to enforce court orders for support. It is the responsibility of the Director of the OCSE to receive applications from States for permission to use these courts. He must approve applications for use of the Federal district court if he finds that a State has not undertaken to enforce the court order of the originating State within a reasonable time, and that use of the Federal court is the only reasonable method of enforcing the court order.

Another tool available to the States is the Internal Revenue Service. The statute requires the Secretary of HHS, upon the request of a State, to certify to the Secretary of the Treasury for collection by the Internal Revenue Service of amounts which represent delinquent child support payments. The Secretary may certify only the amount delinquent under a court order, and only upon a showing by the State that it has made diligent and reasonable efforts to collect amounts due using its own collection mechanisms. States must reimburse the Federal Government for any costs involved in making the collections. Collections may be made on behalf of both AFDC and non-AFDC families.

This use of the IRS regular collection mechanism for child support was amplified in amendments enacted as part of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97–35) to allow, in addition, the collection of past-due support from Federal tax refunds. Under this new authority, upon receiving notice from a State child support agency that an individual owes past-due support which has been assigned to the State as a condition of AFDC eligibility, the Secretary of the Treasury is required to withhold from any tax refunds due that individual an amount equal to any past-due support. The withheld amount is sent to the State agency, together with notice of the taxpayer's current address.

The statute also requires the Secretary to establish and operate a Federal Parent Locator Service to be used to find absent parents in order to enforce child support obligations. Upon request, the Secretary must provide to an authorized person the most recent address and place of employment of any absent parent if the information is contained in the records of the Department of Health and Human Services, or can be obtained from any other department or agency of the United States or of any State.

Another major responsibility of the Secretary is to approve applications by the States for Federal matching funds to be used to establish automatic data processing and information retrieval systems designed to assist in the administration of the State child support program. Upon approval, a State may receive 90 percent matching funds to plan, design, develop and install or enhance the system.

Finally, the Secretary has the responsibility of assisting States in establishing adequate reporting procedures, and in providing the Congress with an annual report on all activities undertaken as part of the child support program.

B. THE STATE ROLE

The child support statute leaves basic responsibility for child support enforcement and establishment of paternity to the States. Each State is required to designate a single and separate organizational unit of State government to administer the program. The 1967 child support legislation had required that the program be administered by the welfare agency. The 1975 Act deleted this requirement in order to give each State the opportunity to select the most effective administrative mechanism. In practice, most States have placed the child support agency within the social or human services umbrella agency which also administers the AFDC program. However, two States have placed the agency in the Department of Revenue. The programs may be administered either on the State or local level. Eight programs are locally administered. A few programs are State administered in some counties and locally administered in others.

The States are required to have State plans which set forth their functions and responsibilities. The plan must provide that the State will undertake to secure support for an AFDC child whose rights to support have been assigned to the State. (Assignment of rights to support is a condition of eligibility for AFDC benefits.) It must also provide for the establishment of paternity for AFDC children. With respect to non-AFDC families, the State must make available, upon application filed with the State agency, the child support collection and paternity determination services which are provided under the plan for AFDC families. The State is allowed to charge non-AFDC families an application fee (which must be reasonable as determined under regulations by the Secretary), and may recover costs in excess of the fee. These costs may be collected from either the custodial parent or the absent parent, at State option.

Each State must also attempt to enter into cooperative arrangements with appropriate courts and law enforcement officials to assist the IV-D agency in administering the program. The agreements may include provision for reimbursing courts and law enforcement officials for their assistance.

The law requires the IV-D agency to establish a State Parent Locator Service to locate absent parents, using all sources of information available to the State, as well as the Federal Parent Locator Service. It must also maintain full records of collections and disbursements and have an adequate reporting system.

In order to facilitate the collection of support in interstate cases, the State must cooperate with other States in establishing paternity, locating absent parents, and in securing compliance with an order issued by another State.

The statute requires the State IV-D agency to use the IRS tax refund offset procedure for AFDC families, and also to determine periodically whether any individuals receiving unemployment compensation owe child support obligations. The State employment security agency is required to withhold unemployment benefits, and to pay to the child support agency any outstanding child support obligations established by an agreement with the individual or

through legal processes. Both of these procedures were added to the law in the Omnibus Budget Reconciliation Act of 1981.

Finally, the statute requires each State to comply with any other requirements and standards that the Secretary determines to be necessary to the establishment of an effective child support program.

### C. FEDERAL GARNISHMENT AND MILITARY ALLOTMENT PROVISIONS

Title IV–D of the Social Security Act also includes a provision allowing garnishment of wages and other payments made by the Federal Government for enforcement of child support and alimony obligations. The statute provides that moneys (the entitlement to which is based upon remuneration for employment) payable by the United States to any individual are subject to legal process brought for the enforcement against such individual of his legal obligation to provide child support or make alimony payments. The law sets forth in detail the procedures which must be followed for service of legal process, and specifies that the term "based upon remuneration for employment" includes wages, periodic benefits for the payment of pensions, retirement or retired pay (including social security and other retirement benefits), and other kinds of Federal payments.

As amended by Public Law 97–248, the law presently requires allotments from the pay and allowances of any member of the uniformed service (on active duty) when he fails to make child (or child and spousal) support payments. The requirement arises when the servicemember fails to make support payments in an amount at least equal to the value of 2 months' worth of support. Provisions of the Consumer Credit Protection Act apply so that the percentage of the member's pay which is subject to allotment is limited. The amount of the allotment is the amount of the support payment, as established under a legally enforceable administrative or judicial order.

## FINANCING

The Federal Government pays 70 percent of State and local administrative costs for services to both AFDC and non-AFDC families on an open-end entitlement basis. Funding for services to non-AFDC families was originally enacted on a temporary basis, but was made permanent in Public Law 96–272, enacted in 1980.

In addition, 90 percent Federal matching is available on an open-end entitlement basis to States that elect to establish an automatic data processing and information retrieval system. The Secretary must approve the system as meeting specified criteria before matching may be paid to the State.

Collections made on behalf of AFDC families are used to offset the cost to the Federal and State governments of welfare payments made to the family. The amounts retained by the government are distributed between the Federal and State governments according to the proportional matching share which each has under a State's AFDC program.

Finally, as an incentive to encourage State and local governments to participate in the program, the law provides for a pay-

ment equal to 12 percent of collections made on behalf of AFDC families. These incentive payments are deducted from the Federal share of collections and are to be retained by the level of government making the collection.

## Program Achievements

The child support enforcement program has grown significantly since its implementation in August 1975. From fiscal year 1976 through fiscal year 1983, more than $10.8 billion in child support payments had been collected, $4.7 billion on behalf of families receiving AFDC and $6.1 billion on behalf of non-AFDC families. The total amounts collected each year have increased from $511.7 million in fiscal year 1976 to more than $2.0 billion in fiscal year 1983, nearly four times the amount collected in fiscal year 1976.

Under the child support enforcement program, support payments made on behalf of AFDC children are paid to the State for distribution rather than directly to the family. If the child support collection is insufficient to make the family ineligible for AFDC, the family receives its full AFDC grant and the child support is distributed to reimburse the State and Federal Governments in proportion to their assistance to the family. In fiscal year 1983, $880 million in child support was collected on behalf of families receiving AFDC. The State share of the child support collected amounted to $396 million. This sum together with incentive payments from the Federal Government totaling $121 million, provided State and local governments with $313 million in revenue. (The State share of administrative expenditures amounted to $204 million [$396+$121−$204=$313].)

In fiscal year 1983, 800,000 parents were located, more than a four-fold increase over the 181,500 parents located in fiscal year 1976. In fiscal year 1976 paternity was established in 15,000 cases as compared to the approximately 209,000 paternities established in fiscal year 1983. During that same period, the number of support orders established increased from 24,000 to 495,000.

Nationally, the child support enforcement program recovered 6.8 percent of the $12 billion paid to AFDC recipients in 1982. During the period fiscal year 1979 through fiscal year 1982, States generally increased the percentage of AFDC payments recovered.

Over the years, increasing numbers of both AFDC and non-AFDC families have had collections made on their behalf. In 1978 the average number of AFDC cases in which a collection was made was 458,000. This increased to 594,000 in 1983, a 30 percent increase. Over this same period the average number of non-AFDC cases in which a collection was made increased from 249,000 to 502,000, an increase of 102 percent.

The following tables present data showing the development of the child support program in the last six years, both nationally and State-by-State.

## TABLE 1.—PROGRAM OPERATIONS, SUMMARY OF NATIONAL STATISTICS, FISCAL YEARS 1978–1983

[Numbers in thousands]

| | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | Percent change |
|---|---|---|---|---|---|---|---|
| Total child support collections | $1,046,690 | $1,333,259 | $1,477,575 | $1,628,894 | $1,771,482 | $2,023,416 | +93 |
| Total AFDC collections | $471,567 | $596,626 | $603,084 | $670,638 | $787,318 | $880,268 | +87 |
| Total non-AFDC collections | $575,123 | $736,633 | $874,491 | $958,257 | $984,164 | $1,143,148 | +99 |
| Total administrative expenditures | $312,339 | $359,860 | $449,513 | $512,531 | $592,368 | $690,902 | +121 |
| Federal incentive payments to States and localities | $54,096 | $66,636 | $72,443 | $90,936 | $106,638 | $120,718 | +123 |
| Average number of AFDC cases in which a collection was made | 458 | 463 | 503 | 548 | 562 | 594 | +30 |
| Average number of non-AFDC cases in which a collection was made | 249 | 224 | 247 | 331 | 447 | 502 | +102 |
| Number of families removed from AFDC due to child support collections | 19 | 25 | 40 | 46 | 32 | (1) | ..... |
| Number of parents located | 454 | 574 | 642 | 696 | 782 | 830 | +83 |
| Number of paternities established | 111 | 138 | 144 | 164 | 174 | 209 | +88 |
| Number of support obligations established | 315 | 349 | 374 | 415 | 469 | 495 | +57 |
| Percent of AFDC assistance payments recovered through child support collections | (1) | 5.8 | 5.5 | 5.7 | 6.8 | (1) | ..... |
| Total child support collections per dollar of total administrative expenses | $3.35 | $3.70 | $3.29 | $3.18 | $2.99 | $2.93 | −13 |

[1] Not available.

Source: Office of Child Support Enforcement; data revised as of March 28, 1984.

# TABLE 2.—STATE PROFILE OF COLLECTIONS AND EXPENDITURES, FISCAL YEAR 1983

[In thousands of dollars]

| State | Total collections | AFDC collections | Non-AFDC collections | Total expenditures |
|---|---|---|---|---|
| Alabama | 8,643 | 7,789 | 854 | 9,132 |
| Alaska | 9,704 | 1,780 | 7,924 | 4,028 |
| Arizona | 10,563 | 1,459 | 9,104 | 5,891 |
| Arkansas | 7,401 | 4,593 | 2,808 | 4,539 |
| California | 254,586 | 136,963 | 117,623 | 127,171 |
| Colorado | 17,178 | 9,330 | 7,848 | 7,987 |
| Connecticut | 39,227 | 20,628 | 18,599 | 11,899 |
| Delaware | 8,097 | 2,276 | 5,821 | 3,299 |
| District of Columbia | 3,521 | 2,421 | 1,100 | 4,968 |
| Florida | 19,080 | 10,408 | 8,672 | 15,718 |
| Georgia | 13,439 | 11,355 | 2,084 | 8,208 |
| Guam | 391 | 259 | 131 | 315 |
| Hawaii | 10,087 | 4,482 | 5,605 | 3,705 |
| Idaho | 4,696 | 3,812 | 884 | 2,157 |
| Illinois | 32,025 | 18,971 | 13,054 | 16,320 |
| Indiana | 20,789 | 17,646 | 3,142 | 6,766 |
| Iowa | 29,185 | 19,484 | 9,701 | 5,939 |
| Kansas | 9,924 | 7,810 | 2,114 | 5,220 |
| Kentucky | 19,711 | 6,325 | 13,387 | 7,674 |
| Louisiana | 26,477 | 9,653 | 16,824 | 12,861 |
| Maine | 10,235 | 8,402 | 1,833 | 2,942 |
| Maryland | 77,129 | 27,773 | 49,356 | 16,355 |
| Massachusetts | 72,319 | 40,476 | 31,844 | 19,794 |
| Michigan | 273,799 | 97,694 | 176,105 | 41,365 |
| Minnesota | 44,893 | 25,708 | 19,184 | 17,358 |
| Mississippi | 4,887 | 4,544 | 343 | 2,936 |
| Missouri | 18,118 | 11,500 | 6,618 | 9,080 |
| Montana | 2,415 | 1,834 | 582 | 1,128 |
| Nebraska | 20,324 | 3,959 | 16,365 | 3,546 |
| Nevada | 5,556 | 1,824 | 3,731 | 3,437 |
| New Hampshire | 11,640 | 2,667 | 8,972 | 2,198 |
| New Jersey | 143,225 | 41,103 | 102,122 | 36,082 |
| New Mexico | 4,614 | 2,891 | 1,722 | 3,221 |
| New York | 174,454 | 68,622 | 105,831 | 86,683 |
| North Carolina | 30,830 | 18,795 | 12,035 | 12,296 |
| North Dakota | 2,723 | 2,011 | 712 | 1,297 |
| Ohio | 34,862 | 33,403 | 1,459 | 19,824 |
| Oklahoma | 5,233 | 3,648 | 1,585 | 6,117 |
| Oregon | 35,869 | 12,688 | 23,181 | 11,032 |
| Pennsylvania | 285,829 | 47,135 | 238,694 | 42,962 |
| Puerto Rico | 31,985 | 917 | 31,068 | 3,332 |
| Rhode Island | 7,542 | 4,222 | 3,320 | 2,141 |
| South Carolina | 7,461 | 6,015 | 1,446 | 2,887 |
| South Dakota | 2,847 | 2,175 | 672 | 1,198 |
| Tennessee | 19,077 | 5,567 | 13,510 | 7,041 |
| Texas | 17,941 | 10,879 | 7,062 | 15,071 |
| Utah | 13,594 | 11,643 | 1,952 | 6,641 |
| Vermont | 2,831 | 2,629 | 202 | 958 |
| Virgin Islands | 684 | 140 | 544 | 319 |
| Virginia | 13,619 | 11,758 | 1,860 | 7,299 |
| Washington | 41,667 | 26,519 | 15,148 | 16,979 |
| West Virginia | 3,434 | 3,311 | 123 | 2,550 |
| Wisconsin | 56,041 | 39,582 | 16,459 | 20,662 |

## TABLE 2.—STATE PROFILE OF COLLECTIONS AND EXPENDITURES, FISCAL YEAR 1983—Continued

[In thousands of dollars]

| State | Total collections | AFDC collections | Non-AFDC collections | Total expenditures |
|---|---|---|---|---|
| Wyoming | 1,017 | 790 | 227 | 373 |
| Nationwide total | 2,023,416 | 880,268 | 1,143,148 | 690,902 |

Source: Office of Child Support Enforcement.

## TABLE 3.—CHILD SUPPORT COLLECTIONS PER DOLLAR OF ADMINISTRATIVE EXPENDITURES, FISCAL YEAR 1983

| State | Total collections/ total expenditures | AFDC collections/ total expenditures | Non-AFDC collections/total expenditures |
|---|---|---|---|
| Alabama | $0.95 | $0.85 | $0.09 |
| Alaska | 2.41 | .44 | 1.97 |
| Arizona | 1.79 | .25 | 1.55 |
| Arkansas | 1.63 | 1.01 | 62 |
| California | 2.00 | 1.08 | .92 |
| Colorado | 2.15 | 1.17 | .98 |
| Connecticut | 3.30 | 1.73 | 1.56 |
| Delaware | 2.45 | .69 | 1.76 |
| District of Columbia | .71 | .49 | .22 |
| Florida | 1.21 | .66 | .55 |
| Georgia | 1.64 | 1.38 | .25 |
| Guam | 1.24 | .82 | .42 |
| Hawaii | 2.72 | 1.21 | 1 51 |
| Idaho | 2.18 | 1.77 | 41 |
| Illinois | 1.96 | 1.16 | .80 |
| Indiana | 3.07 | 2.61 | .46 |
| Iowa | 4.91 | 3.28 | 1 63 |
| Kansas | 1.90 | 1.50 | .41 |
| Kentucky | 2.57 | .82 | 1.74 |
| Louisiana | 2.06 | .75 | 1.31 |
| Maine | 3.48 | 2.86 | .62 |
| Maryland | 4.72 | 1.70 | 3.02 |
| Massachusetts | 3.65 | 2.04 | 1.61 |
| Michigan | 6.62 | 2.36 | 4.26 |
| Minnesota | 2.59 | 1.48 | 1.11 |
| Mississippi | 1.66 | 1.55 | .12 |
| Missouri | 2.00 | 1.27 | .73 |
| Montana | 2.14 | 1.63 | .52 |
| Nebraska | 5.73 | 1.12 | 4.62 |
| Nevada | 1.62 | .53 | 1.09 |
| New Hampshire | 5.30 | 1.21 | 4.08 |
| New Jersey | 3.97 | 1.14 | 2.83 |
| New Mexico | 1.43 | .90 | .53 |
| New York | 2.01 | .79 | 1.22 |
| North Carolina | 2.51 | 1.53 | .98 |
| North Dakota | 2.10 | 1.55 | 55 |
| Ohio | 1.76 | 1.68 | .07 |
| Oklahoma | .86 | .60 | 26 |
| Oregon | 3.25 | 1.15 | 2.10 |
| Pennsylvania | 6.65 | 1.10 | 5 56 |
| Puerto Rico | 9.60 | .28 | 9 32 |
| Rhode Island | 3.52 | 1.97 | 1.55 |

## TABLE 3.—CHILD SUPPORT COLLECTIONS PER DOLLAR OF ADMINISTRATIVE EXPENDITURES, FISCAL YEAR 1983—Continued

| State | Total collections/ total expenditures | AFDC collections/ total expenditures | Non-AFDC collections/total expenditures |
|---|---|---|---|
| South Carolina | 2.58 | 2.08 | .50 |
| South Dakota | 2.38 | 1.81 | .56 |
| Tennessee | 2.71 | .79 | 1.92 |
| Texas | 1.19 | .72 | .47 |
| Utah | 2.05 | 1.75 | .29 |
| Vermont | 2.96 | 2.74 | .21 |
| Virgin Islands | 2.14 | .44 | 1.70 |
| Virginia | 1.87 | 1.61 | .25 |
| Washington | 2.45 | 1.56 | .89 |
| West Virginia | 1.35 | 1.30 | .05 |
| Wisconsin | 2.71 | 1.92 | .80 |
| Wyoming | 2.72 | 2.12 | .61 |
| Nationwide total | 2.93 | 1.27 | 1.65 |

Source: Office of Child Support Enforcement.

## TABLE 4.—TOTAL CHILD SUPPORT COLLECTIONS, FISCAL YEARS 1979–1983

[In thousands of dollars]

| State | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|
| Alabama | 6,854 | 6,573 | 5,021 | 8,060 | 8,643 |
| Alaska | 3,844 | 4,665 | 5,932 | 7,388 | 9,704 |
| Arizona | 6,411 | 7,073 | 8,755 | 10,421 | 10,563 |
| Arkansas | 3,921 | 4,568 | 4,856 | 5,553 | 7,401 |
| California | 199,945 | 194,793 | 201,426 | 247,023 | 254,586 |
| Colorado | 4,020 | 5,916 | 12,352 | 16,938 | 17,178 |
| Connecticut | 23,033 | 25,994 | 29,602 | 37,078 | 39,227 |
| Delaware | 5,813 | 6,460 | 6,945 | 7,383 | 8,097 |
| District of Columbia | 1,086 | 1,654 | 1,909 | 2,574 | 3,521 |
| Florida | 10,523 | 12,326 | 16,932 | 20,274 | 19,080 |
| Georgia | 5,553 | 6,480 | 8,304 | 9,500 | 13,439 |
| Guam | 79 | 104 | 149 | 259 | 391 |
| Hawaii | 5,150 | 6,951 | 7,547 | 8,224 | 10,087 |
| Idaho | 2,501 | 2,915 | 3,278 | 4,199 | 4,696 |
| Illinois | 10,740 | 12,447 | 13,943 | 21,600 | 32,025 |
| Indiana | 9,073 | 10,612 | 12,339 | 14,589 | 20,789 |
| Iowa | 13,017 | 16,037 | 21,488 | 26,809 | 29,185 |
| Kansas | 3,975 | 5,359 | 6,908 | 9,622 | 9,924 |
| Kentucky | 4,881 | 14,713 | 14,732 | 14,647 | 19,711 |
| Louisiana | 12,679 | 15,046 | 17,833 | 22,320 | 26,477 |
| Maine | 4,574 | 4,945 | 5,677 | 7,465 | 10,235 |
| Maryland | 20,856 | 26,398 | 35,193 | 55,830 | 77,129 |
| Massachusetts | 36,338 | 42,812 | 52,955 | 63,612 | 72,319 |
| Michigan | 248,414 | 290,152 | 305,396 | 240,438 | 273,799 |
| Minnesota | 21,370 | 24,898 | 29,988 | 37,834 | 44,893 |
| Mississippi | 1,662 | 2,128 | 2,510 | 2,691 | 4,887 |
| Missouri | 5,829 | 9,736 | 12,364 | 18,589 | 18,118 |
| Montana | 1,213 | 1,524 | 1,698 | 1,750 | 2,415 |
| Nebraska | 2,468 | 2,941 | 10,832 | 17,124 | 20,324 |
| Nevada | 3,868 | 3,076 | 4,011 | 4,712 | 5,556 |
| New Hampshire | 2,089 | 2,233 | 2,336 | 4,620 | 11,640 |

## TABLE 4.—TOTAL CHILD SUPPORT COLLECTIONS, FISCAL YEARS 1979–1983—Continued

[In thousands of dollars]

| State | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|
| New Jersey | 94,005 | 102,552 | 104,853 | 130,493 | 143,225 |
| New Mexico | 1,680 | 2,041 | 2,748 | 3,471 | 4,614 |
| New York | 136,361 | 145,014 | 141,670 | 151,802 | 174,454 |
| North Carolina | 9,168 | 11,443 | 17,196 | 22,267 | 30,830 |
| North Dakota | 1,723 | 1,667 | 1,936 | 2,312 | 2,723 |
| Ohio | 22,832 | 26,452 | 31,467 | 30,954 | 34,862 |
| Oklahoma | 1,826 | 2,234 | 3,224 | 3,896 | 5,233 |
| Oregon | 88,502 | 96,495 | 105,670 | 47,323 | 35,869 |
| Pennsylvania | 186,718 | 198,998 | 222,548 | 255,481 | 285,829 |
| Puerto Rico | 1,916 | 2,215 | 2,459 | 8,560 | 31,985 |
| Rhode Island | 3,575 | 3,727 | 3,772 | 5,381 | 7,542 |
| South Carolina | 3,639 | 4,505 | 5,323 | 6,153 | 7,461 |
| South Dakota | 1,407 | 1,634 | 1,768 | 2,122 | 2,847 |
| Tennessee | 8,976 | 11,143 | 10,145 | 17,491 | 19,077 |
| Texas | 8,207 | 9,877 | 11,633 | 13,841 | 17,941 |
| Utah | 6,624 | 7,427 | 9,710 | 11,948 | 13,594 |
| Vermont | 1,386 | 1,773 | 2,200 | 3,258 | 2,831 |
| Virgin Islands | 260 | 346 | 429 | 657 | 684 |
| Virginia | 9,197 | 8,749 | 9,904 | 12,230 | 13,619 |
| Washington | 27,018 | 28,298 | 31,756 | 36,627 | 41,667 |
| West Virginia | 1,413 | 1,976 | 2,349 | 2,637 | 3,434 |
| Wisconsin | 34,267 | 36,803 | 42,195 | 43,152 | 56,041 |
| Wyoming | 520 | 668 | 781 | 877 | 1,017 |
| Nationwide total | 1,332,999 | 1,477,564 | 1,628,944 | 1,762,061 | 2,021,901 |

Source: Office of Child Support Enforcement.

## TABLE 5.—TOTAL AFDC COLLECTIONS, FISCAL YEARS 1979–1983

[In thousands of dollars]

| State | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|
| Alabama | 6,838 | 6,572 | 5,021 | 8,060 | 7,789 |
| Alaska | 334 | 588 | 772 | 1,048 | 1,780 |
| Arizona | 642 | 926 | 1,221 | 1,250 | 1,459 |
| Arkansas | 2,428 | 2,388 | 2,684 | 3,032 | 4,593 |
| California | 117,532 | 95,127 | 100,437 | 136,394 | 136,963 |
| Colorado | 3,525 | 3,742 | 4,555 | 5,990 | 9,330 |
| Connecticut | 11,416 | 13,163 | 15,684 | 21,308 | 20,628 |
| Delaware | 1,386 | 1,700 | 2,001 | 1,958 | 2,276 |
| District of Columbia | 907 | 1,286 | 1,379 | 1,813 | 2,421 |
| Florida | 8,598 | 10,772 | 12,288 | 14,286 | 10,408 |
| Georgia | 4,771 | 5,720 | 7,441 | 8,107 | 11,355 |
| Guam | 78 | 103 | 117 | 165 | 259 |
| Hawaii | 2,544 | 2,853 | 3,127 | 3,345 | 4,482 |
| Idaho | 2,047 | 2,309 | 2,659 | 3,433 | 3,812 |
| Illinois | 9,916 | 11,271 | 12,347 | 17,015 | 18,971 |
| Indiana | 8,116 | 9,163 | 10,129 | 11,650 | 17,646 |
| Iowa | 10,654 | 12,774 | 15,218 | 18,114 | 19,484 |
| Kansas | 3,454 | 4,357 | 5,279 | 7,787 | 7,810 |
| Kentucky | 4,616 | 3,924 | 4,314 | 3,752 | 6,325 |
| Louisiana | 5,244 | 6,699 | 7,429 | 9,301 | 9,653 |
| Maine | 4,133 | 4,354 | 4,732 | 5,991 | 8,402 |

## TABLE 5.—TOTAL AFDC COLLECTIONS, FISCAL YEARS 1979–1983—Continued

[In thousands of dollars]

| State | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|
| Maryland | 10,929 | 13,153 | 15,912 | 16,317 | 27,773 |
| Massachusetts | 29,145 | 31,191 | 38,243 | 40,368 | 40,476 |
| Michigan | 76,375 | 77,595 | 87,304 | 101,339 | 97,694 |
| Minnesota | 14,510 | 16,269 | 20,290 | 23,125 | 25,708 |
| Mississippi | 1,556 | 1,956 | 2,284 | 2,396 | 4,544 |
| Missouri | 4,165 | 4,998 | 6,423 | 12,437 | 11,500 |
| Montana | 685 | 830 | 1,039 | 1,237 | 1,834 |
| Nebraska | 2,083 | 2,470 | 3,022 | 3,176 | 3,959 |
| Nevada | 517 | 685 | 879 | 1,510 | 1,824 |
| New Hampshire | 2,089 | 2,154 | 2,220 | 2,303 | 2,667 |
| New Jersey | 28,622 | 30,687 | 31,985 | 33,606 | 41,103 |
| New Mexico | 1,160 | 1,409 | 1,907 | 2,218 | 2,891 |
| New York | 56,588 | 48,694 | 47,790 | 54,632 | 68,622 |
| North Carolina | 7,714 | 9,414 | 11,774 | 12,795 | 18,795 |
| North Dakota | 1,379 | 1,325 | 1,542 | 1,763 | 2,011 |
| Ohio | 21,974 | 25,548 | 30,494 | 30,082 | 33,403 |
| Oklahoma | 1,260 | 1,524 | 2,254 | 2,607 | 3,648 |
| Oregon | 12,977 | 14,142 | 13,305 | 16,599 | 12,688 |
| Pennsylvania | 33,190 | 33,434 | 37,381 | 40,586 | 47,135 |
| Puerto Rico | 429 | 626 | 717 | 679 | 917 |
| Rhode Island | 3,438 | 3,581 | 3,624 | 3,869 | 4,222 |
| South Carolina | 3,159 | 3,775 | 4,437 | 4,712 | 6,015 |
| South Dakota | 1,137 | 1,264 | 1,225 | 1,432 | 2,175 |
| Tennessee | 3,871 | 4,167 | 3,519 | 5,901 | 5,567 |
| Texas | 6,370 | 7,155 | 8,308 | 6,869 | 10,879 |
| Utah | 5,441 | 6,111 | 8,133 | 10,065 | 11,643 |
| Vermont | 1,201 | 1,498 | 1,940 | 3,039 | 2,629 |
| Virgin Islands | 143 | 131 | 150 | 179 | 140 |
| Virginia | 9,080 | 8,264 | 8,737 | 10,398 | 11,758 |
| Washington | 18,318 | 18,128 | 19,244 | 22,160 | 26,519 |
| West Virginia | 1,251 | 1,843 | 2,201 | 2,488 | 3,311 |
| Wisconsin | 26,044 | 28,792 | 33,029 | 32,020 | 39,582 |
| Wyoming | 379 | 471 | 536 | 619 | 790 |
| Nationwide total | 596.366 | 603,074 | 670,688 | 787,322 | 880,268 |

Source: Office of Child Support Enforcement.

## TABLE 6.—TOTAL NON-AFDC COLLECTIONS, FISCAL YEARS 1979–1983

[In thousands of dollars]

| State | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|
| Alabama | 16 | (1) | (1) | (1) | 854 |
| Alaska | 3,510 | 4,077 | 5,159 | 6,340 | 7,924 |
| Arizona | 5,769 | 6,147 | 7,534 | 9,171 | 9,104 |
| Arkansas | 1,494 | 2,180 | 2,172 | 2,521 | 2,808 |
| California | 82,412 | 99,666 | 100,989 | 110,623 | 117,623 |
| Colorado | 496 | 2,173 | 7,797 | 10,948 | 7,848 |
| Connecticut | 11,617 | 12,830 | 13,918 | 15,770 | 18,599 |
| Delaware | 4,428 | 4,760 | 4,943 | 5,426 | 5,821 |
| District of Columbia | 179 | 368 | 530 | 761 | 1,100 |
| Florida | 1,926 | 1,554 | 4,643 | 5,988 | 8,672 |
| Georgia | 783 | 759 | 863 | 1,393 | 2,084 |

## TABLE 6.—TOTAL NON-AFDC COLLECTIONS, FISCAL YEARS 1979–1983—Continued

[In thousands of dollars]

| State | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|
| Guam | | (1) | 32 | 95 | 131 |
| Hawaii | 2,606 | 4,098 | 4,420 | 4,879 | 5,605 |
| Idaho | 454 | 606 | 617 | 765 | 884 |
| Illinois | 823 | 1,176 | 1,596 | 4,585 | 13,054 |
| Indiana | 957 | 1,450 | 2,210 | 2,939 | 3,142 |
| Iowa | 2,363 | 3,262 | 6,270 | 8,696 | 9,701 |
| Kansas | 520 | 1,001 | 1,629 | 1,835 | 2,114 |
| Kentucky | 266 | 10,789 | 10,418 | 10,895 | 13,387 |
| Louisiana | 7,434 | 8,348 | 10,404 | 13,018 | 16,824 |
| Maine | 441 | 591 | 945 | 1,474 | 1,833 |
| Maryland | 9,927 | 13,246 | 19,281 | 39,513 | 49,356 |
| Massachusetts | 7,193 | 11,621 | 14,712 | 23,244 | 31,844 |
| Michigan | 172,039 | 212,557 | 218,092 | 139,099 | 176,105 |
| Minnesota | 6,861 | 8,629 | 9,698 | 14,709 | 19,184 |
| Mississippi | 106 | 172 | 226 | 295 | 343 |
| Missouri | 1,664 | 4,738 | 5,941 | 6,152 | 6,618 |
| Montana | 528 | 694 | 659 | 513 | 582 |
| Nebraska | 385 | 471 | 7,810 | 13,949 | 16,365 |
| Nevada | 3,351 | 2,390 | 3,132 | 3,202 | 3,731 |
| New Hampshire | | 78 | 116 | 2,318 | 8,972 |
| New Jersey | 65,383 | 71,865 | 72,868 | 96,887 | 102,122 |
| New Mexico | 520 | 631 | 841 | 1,252 | 1,722 |
| New York | 79,773 | 96,320 | 93,880 | 97,171 | 105,831 |
| North Carolina | 1,454 | 2,029 | 5,422 | 9,472 | 12,035 |
| North Dakota | 344 | 342 | 394 | 549 | 712 |
| Ohio | 858 | 904 | 972 | 872 | 1,459 |
| Oklahoma | 566 | 710 | 970 | 1,289 | 1,585 |
| Oregon | 75,525 | 82,354 | 92,364 | 30,725 | 23,181 |
| Pennsylvania | 153,528 | 165,564 | 185,167 | 214,895 | 238,694 |
| Puerto Rico | 1,477 | 1,589 | 1,742 | 7,881 | 31,068 |
| Rhode Island | 137 | 146 | 148 | 1,512 | 3,320 |
| South Carolina | 480 | 730 | 886 | 1,441 | 1,446 |
| South Dakota | 270 | 370 | 543 | 690 | 672 |
| Tennessee | 5,105 | 6,976 | 6,626 | 11,591 | 13,510 |
| Texas | 1,837 | 2,722 | 3,324 | 6,973 | 7,062 |
| Utah | 1,183 | 1,317 | 1,577 | 1,883 | 1,952 |
| Vermont | 186 | 276 | 260 | 219 | 202 |
| Virginia | 116 | 484 | 1,167 | 1,832 | 1,860 |
| Virgin Islands | 117 | 215 | 278 | 479 | 544 |
| Washington | 8,699 | 10,170 | 12,512 | 14,467 | 15,148 |
| West Virginia | 162 | 133 | 147 | 149 | 123 |
| Wisconsin | 8,224 | 8,010 | 9,165 | 11,132 | 16,459 |
| Wyoming | 141 | 197 | 245 | 258 | 227 |
| Nationwide total | 736,633 | 874,491 | 958,257 | 974,739 | 1,143,148 |

[1] Collections too small to show in thousands.

Source: Office of Child Support Enforcement

# TABLE 7.—ADMINISTRATIVE EXPENDITURES FOR THE CHILD SUPPORT ENFORCEMENT PROGRAM, FISCAL YEARS 1979–1983 [1]

[In thousands of dollars]

| State | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|
| Alabama | 4,633 | 5,368 | 5,637 | 7,089 | 9,132 |
| Alaska | 2,137 | 2,245 | 2,422 | 2,807 | 4,028 |
| Arizona | 2,248 | 4,012 | 4,659 | 3,415 | 5,891 |
| Arkansas | 2,290 | 3,191 | 3,657 | 4,722 | 4,539 |
| California | 75,579 | 90,486 | 100,807 | 112,766 | 127,171 |
| Colorado | 3,919 | 5,497 | 6,068 | 6,835 | 7,987 |
| Connecticut | 5,463 | 6,436 | 7,833 | 9,462 | 11,899 |
| Delaware | 852 | 1,011 | 2,512 | 2,066 | 3,299 |
| District of Columbia | 1,652 | 2,650 | 3,255 | 4,267 | 4,968 |
| Florida | 7,049 | 9,709 | 10,345 | 14,109 | 15,718 |
| Georgia | 3,238 | 4,148 | 4,777 | 7,089 | 8,208 |
| Guam | 108 | 143 | 161 | 222 | 315 |
| Hawaii | 1,408 | 2,045 | 2,708 | 3,094 | 3,705 |
| Idaho | 1,063 | 1,157 | 1,464 | 1,684 | 2,157 |
| Illinois | 6,930 | 10,486 | 14,622 | 16,627 | 16,320 |
| Indiana | 4,269 | 5,532 | 6,147 | 7,619 | 6,766 |
| Iowa | 4,239 | 4,749 | 5,808 | 6,238 | 5,939 |
| Kansas | 1,819 | 3,236 | 3,843 | 4,660 | 5,220 |
| Kentucky | 4,027 | 4,771 | 6,012 | 7,075 | 7,674 |
| Louisiana | 7,079 | 7,818 | 9,401 | 10,546 | 12,861 |
| Maine | 1,229 | 1,564 | 1,863 | 2,625 | 2,942 |
| Maryland | 8,177 | 10,371 | 13,973 | 13,886 | 16,355 |
| Massachusetts | 6,710 | 9,986 | 14,271 | 16,533 | 19,794 |
| Michigan | 21,957 | 26,708 | 30,364 | 36,575 | 41,365 |
| Minnesota | 9,273 | 11,994 | 12,937 | 15,407 | 17,358 |
| Mississippi | 1,574 | 1,722 | 1,965 | 2,408 | 2,936 |
| Missouri | 5,355 | 6,385 | 7,287 | 7,627 | 9,080 |
| Montana | 943 | 1,002 | 1,062 | 1,049 | 1,128 |
| Nebraska | 1,378 | 1,585 | 2,328 | 3,577 | 3,546 |
| Nevada | 1,891 | 2,437 | 3,023 | 3,130 | 3,437 |
| New Hampshire | 847 | 1,032 | 1,019 | 1,483 | 2,198 |
| New Jersey | 21,677 | 24,809 | 28,578 | 33,260 | 36,082 |
| New Mexico | 1,437 | 1,859 | 2,147 | 2,674 | 3,221 |
| New York | 61,665 | 65,330 | 64,658 | 77,821 | 86,683 |
| North Carolina | 5,721 | 7,323 | 8,705 | 11,149 | 12,296 |
| North Dakota | 702 | 787 | 1,024 | 1,210 | 1,297 |
| Ohio | 11,409 | 15,511 | 18,307 | 18,525 | 19,824 |
| Oklahoma | 2,771 | 3,818 | 4,896 | 6,128 | 6,117 |
| Oregon | 7,475 | 10,101 | 11,569 | 11,300 | 11,032 |
| Pennsylvania | 13,499 | 24,715 | 29,943 | 34,527 | 42,962 |
| Puerto Rico | 862 | 1,017 | 1,667 | 2,868 | 3,332 |
| Rhode Island | 1,079 | 1,423 | 1,584 | 2,033 | 2,141 |
| South Carolina | 1,777 | 1,853 | 2,215 | 2,353 | 2,887 |
| South Dakota | 1,060 | 981 | 1,026 | 1,175 | 1,198 |
| Tennessee | 3,046 | 4,508 | 5,504 | 6,420 | 7,041 |
| Texas | 11,808 | 14,606 | 14,256 | 16,492 | 15,071 |
| Utah | 3,094 | 4,208 | 4,982 | 5,629 | 6,641 |
| Vermont | 649 | 799 | 891 | 812 | 958 |
| Virginia | 4,787 | 6,194 | 7,038 | 7,645 | 7,299 |
| Virgin Islands | 483 | 494 | 323 | 217 | 319 |
| Washington | 10,733 | 12,004 | 11,826 | 13,300 | 16,979 |
| West Virginia | 1,676 | 1,929 | 2,404 | 2,961 | 2,550 |

## TABLE 7.—ADMINISTRATIVE EXPENDITURES FOR THE CHILD SUPPORT ENFORCEMENT PROGRAM, FISCAL YEARS 1979–1983 [1]—Continued

[In thousands of dollars]

| State | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|
| Wisconsin | 7,562 | 12,329 | 11,433 | 15,211 | 20,662 |
| Wyoming | 162 | 205 | 278 | 380 | 373 |
| Nationwide total | 374,470 | 466,280 | 527,483 | 610,783 | 690,902 |

[1] Federal and State combined.

Source: Office of Child Support Enforcement.

## TABLE 8.—AFDC CHILD SUPPORT COLLECTIONS PER DOLLAR OF TOTAL ADMINISTRATIVE EXPENDITURES, FISCAL YEARS 1979–1983

| United States | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|
| Alabama | 1.48 | 1.22 | .89 | 1.14 | .85 |
| Alaska | .16 | .26 | .32 | .37 | 44 |
| Arizona | .29 | .23 | .26 | .37 | .25 |
| Arkansas | 1.06 | .75 | .73 | .64 | 1.01 |
| California | 1.56 | 1.05 | 1.00 | 1.21 | 1.08 |
| Colorado | .90 | .68 | .75 | .88 | 1.17 |
| Connecticut | 2.09 | 2.05 | 2.00 | 2.25 | 1.73 |
| Delaware | 1.63 | 1.68 | .80 | .95 | .69 |
| District of Columbia | .55 | .49 | .42 | .42 | .49 |
| Florida | 1.22 | 1.11 | 1.19 | 1.01 | .66 |
| Georgia | 1 47 | 1.38 | 1.56 | 1.14 | 1.38 |
| Guam | .73 | .72 | 72 | .74 | .82 |
| Hawaii | 1.81 | 1.40 | 1.15 | 1.08 | 1.21 |
| Idaho | 1.92 | 1.99 | 1.82 | 2.04 | 1.77 |
| Illinois | 1.43 | 1.07 | .84 | 1.02 | 1.16 |
| Indiana | 1.90 | 1.66 | 1.65 | 1.53 | 2.61 |
| Iowa | 2 51 | 2.69 | 2.62 | 2.90 | 3 28 |
| Kansas | 1.90 | 1.35 | 1.37 | 1.67 | 1 50 |
| Kentucky | 1.15 | .82 | .72 | .53 | 82 |
| Louisiana | .74 | .86 | .79 | .88 | .75 |
| Maine | 3.36 | 2.78 | 2.54 | 2.28 | 2.86 |
| Maryland | 1.34 | 1.27 | 1.14 | 1.18 | 1.70 |
| Massachusetts | 4.34 | 3.12 | 2.68 | 2 44 | 2.04 |
| Michigan | 3.48 | 2.91 | 2.88 | 2.77 | 2.36 |
| Minnesota | 1.56 | 1.36 | 1.57 | 1.50 | 1.48 |
| Mississippi | .99 | 1.14 | 1.16 | 1.00 | 1.55 |
| Missouri | .78 | 78 | .88 | 1.63 | 1.27 |
| Montana | .73 | .83 | .98 | 1.18 | 1.63 |
| Nebraska | 1.51 | 1.56 | 1.30 | .89 | 1.12 |
| Nevada | .27 | .28 | .29 | .48 | .53 |
| New Hampshire | 2.47 | 2.09 | 2.18 | 1.55 | 1.21 |
| New Jersey | 1.32 | 1.24 | 1.12 | 1.01 | 1.14 |
| New Mexico | .81 | .76 | .89 | .83 | 90 |
| New York | .92 | .75 | .74 | .70 | 79 |
| North Carolina | 1.35 | 1.29 | 1.35 | 1.15 | 1.53 |
| North Dakota | 1.96 | 1.68 | 1.51 | 1.46 | 1.55 |
| Ohio | 1.93 | 1.65 | 1.67 | 1.62 | 1.68 |
| Oklahoma | .45 | .40 | .46 | .43 | .60 |
| Oregon | 1.74 | 1.40 | 1.15 | 1.47 | 1.15 |
| Pennsylvania | 2.46 | 1.35 | 1.25 | 1.18 | 1.10 |

## TABLE 8.—AFDC CHILD SUPPORT COLLECTIONS PER DOLLAR OF TOTAL ADMINISTRATIVE EXPENDITURES, FISCAL YEARS 1979–1983—Continued

| United States | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|
| Puerto Rico | 51 | .62 | 43 | .24 | .28 |
| Rhode Island | 3.19 | 2.52 | 2.29 | 1.90 | 1.97 |
| South Carolina | 1.78 | 2.04 | 2.00 | 2.00 | 2 08 |
| South Dakota | 1.07 | 1.29 | 1.19 | 1.22 | 1.81 |
| Tennessee | 1.27 | .92 | .64 | .92 | .79 |
| Texas | .54 | .49 | .58 | .42 | .72 |
| Utah | 1.76 | 1.45 | 1.63 | 1.79 | 1.75 |
| Vermont | 1.85 | 1.87 | 2.18 | 3.74 | 2.74 |
| Virgin Islands | .30 | .27 | .47 | .82 | .44 |
| Virginia | 1.90 | 1.33 | 1.24 | 1.36 | 1.61 |
| Washington | 1.71 | 1.51 | 1.63 | 1.67 | 1.56 |
| West Virginia | .75 | .96 | .92 | .84 | 1.30 |
| Wisconsin | 3.44 | 2.34 | 2.89 | 2.11 | 1.92 |
| Wyoming | 2.33 | 2.29 | 1.93 | 1.63 | 2.12 |
| Nationwide total | 1.59 | 1.29 | 1.27 | 1.29 | 1.27 |

Source: Office of Child Support Enforcement.

## TABLE 9.—INCENTIVE PAYMENTS TO STATES AND LOCALITIES FOR AFDC COLLECTIONS, FISCAL YEARS 1979–1983

[In thousands of dollars]

| State | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|
| Alabama | 801 | 493 | 628 | 704 | 1,234 |
| Alaska | 7 | 9 | 113 | 158 | 245 |
| Arizona | 79 | 116 | 147 | 157 | 198 |
| Arkansas | 246 | 260 | 385 | 412 | 672 |
| California | 13,868 | 11,630 | 9,296 | 13,891 | 13,102 |
| Colorado | 407 | 524 | 755 | 914 | 1,337 |
| Connecticut | 430 | 809 | 2,325 | 3,117 | 2,977 |
| Delaware | 23 | 97 | 300 | 294 | 341 |
| District of Columbia | 11 | 51 | 169 | 223 | 267 |
| Florida | 445 | 1,381 | 2,080 | 1,871 | 2,108 |
| Georgia | 384 | 577 | 1,078 | 1,195 | 1,685 |
| Guam | | | 2 | 2 | 4 |
| Hawaii | 234 | 215 | 497 | 413 | 524 |
| Idaho | 6 | 64 | 428 | 463 | 471 |
| Illinois | 414 | 985 | 1,936 | 2,527 | 2,807 |
| Indiana | 943 | 1,173 | 1,502 | 1,401 | 2,424 |
| Iowa | 1,456 | 1,752 | 2,106 | 2,458 | 3,184 |
| Kansas | 255 | 408 | 770 | 1,085 | 1,103 |
| Kentucky | 552 | 463 | 666 | 502 | 896 |
| Louisiana | 731 | 923 | 1,181 | 1,202 | 1,503 |
| Maine | 61 | 238 | 699 | 892 | 1,250 |
| Maryland | 662 | 1,396 | 2,131 | 2,052 | 3,896 |
| Massachusetts | 46 | 1,471 | 5,597 | 6,071 | 6,046 |
| Michigan | 12,815 | 11,806 | 11,550 | 13,717 | 13,408 |
| Minnesota | 1,834 | 3,369 | 2,737 | 4,383 | 3,813 |
| Mississippi | 2 | 20 | 57 | 95 | 310 |
| Missouri | 586 | 683 | 888 | 1,816 | 1,622 |
| Montana | 15 | 26 | 153 | 182 | 274 |
| Nebraska | 265 | 328 | 419 | 423 | 527 |
| Nevada | 74 | 97 | 125 | 186 | 224 |

TABLE 9.—INCENTIVE PAYMENTS TO STATES AND LOCALITIES FOR AFDC COLLECTIONS, FISCAL YEARS 1979–1983—Continued

[In thousands of dollars]

| State | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|
| New Hampshire | 29 | 109 | 343 | 349 | 376 |
| New Jersey | 4,070 | 4,350 | 4,681 | 4,877 | 6,036 |
| New Mexico | 21 | 80 | 282 | 333 | 434 |
| New York | 8,787 | 7,499 | 7,163 | 8,193 | 10,308 |
| North Carolina | 1,021 | 1,253 | 1,724 | 1,898 | 2,801 |
| North Dakota | 191 | 186 | 219 | 251 | 284 |
| Ohio | 3,295 | 3,836 | 4,574 | 4,512 | 5,010 |
| Oklahoma | 42 | 119 | 326 | 387 | 547 |
| Oregon | 296 | 712 | 1,845 | 2,378 | 1,839 |
| Pennsylvania | 4,701 | 4,494 | 5,399 | 5,670 | 6,577 |
| Puerto Rico | 4 | 10 | 73 | 91 | 127 |
| Rhode Island | 53 | 170 | 500 | 552 | 619 |
| South Carolina | 328 | 283 | 381 | 512 | 698 |
| South Dakota | 45 | 52 | 118 | 183 | 378 |
| Tennessee | 493 | 576 | 568 | 835 | 782 |
| Texas | 188 | 491 | 1,114 | 959 | 1,609 |
| Utah | 596 | 744 | 1,238 | 1,509 | 1,791 |
| Vermont | 22 | 87 | 289 | 453 | 392 |
| Virgin Islands | 1 | 4 | 23 | 25 | 21 |
| Virginia | 262 | 693 | 1,130 | 1,502 | 1,728 |
| Washington | 201 | 927 | 2,817 | 3,247 | 3,882 |
| West Virginia | 31 | 34 | 389 | 369 | 492 |
| Wisconsin | 3,905 | 4,313 | 4,945 | 4,655 | 5,417 |
| Wyoming | 5 | 15 | 69 | 86 | 117 |
| Nationwide total | 66,250 | 72,411 | 90,931 | 106,636 | 120,718 |

Source: Office of Child Support Enforcement

## III. General Discussion of the Bill

### Statement of Purpose

### (Section 2 of the bill)

*Present law.*—The IV-D statute currently specifies that funds are authorized for the purpose of "enforcing the support obligations owed by absent parents to their children and the spouse (or former spouse) with whom such children are living, locating absent parents, establishing paternity, and obtaining child and spousal support . . . ." There is no language in the purpose clause spelling out that services are to be provided to both AFDC and non-AFDC families. However, there is a specific provision elsewhere in the statute requiring that the child support collection or paternity determination services established under a State's child support program "shall be made available to any individual not otherwise eligible for such services upon application filed by such individual . . . ."

*Committee amendment.*—The Committee is proposing to add language to the present purpose clause as follows: "and assuring that assistance in obtaining support will be available under this part to all children (whether or not eligible for aid under part A) for whom such assistance is requested." This language will make clear the

Committee's intent that the Administration and the States fully implement the provision in present law that requires the States to make available to non-AFDC families the services that are provided under the State program for AFDC families.

The amendment is effective upon enactment.

## Federal Matching of Administrative Costs

(Section 3 of the bill)

*Present law.*—The Federal Government pays 70 percent of State and local administrative costs for services to both AFDC and non-AFDC families, on an open-end entitlement basis. The estimated Federal share of administrative costs for fiscal year 1983 is $499 million. The Administration estimates that under present law the costs will increase to $538 million in 1984, and $564 million in 1985.

*Committee amendment.*—Federal matching funds will continue to be available to the States on an open-end entitlement basis. However, the percentage matching rate is gradually reduced as follows: 69 percent in fiscal year 1987, 68 percent in fiscal year 1988, 67 percent in fiscal year 1989, 66 percent in fiscal year 1990, and 65 percent in fiscal year 1991 and years thereafter.

The Committee believes that in a program which assures States of open-end funding on an entitlement basis, it is particularly appropriate for both the Federal and State governments to bear a substantial share of the financing requirements. By increasing the State matching share, the Committee expects that State responsibility for and interest in the effectiveness of child support enforcement and paternity establishment services will also be increased.

In 1975, when the IV-D program began, it was necessary to have a very high matching rate in order to persuade the States to participate. Now that the program has proved its value, as the testimony on behalf of the National Governors' Association before this Committee confirms, it is time to move toward a more equal sharing of the costs. The Committee recognizes that in the short run this small change in the Federal matching rate will not result in significant Federal savings. However, the Committee believes that, over time, the increased stake by the States in this program will have the effect of encouraging closer scrutiny of expenditures of scarce dollars. In addition, this matching arrangement will encourage increased emphasis on effective and efficient performance in order to obtain increased funds available from the new incentives.

It is not the intent of the Congress to match all costs that might be related to operating a child support enforcement program. For example, the Committee believes Federal matching should not be available for expenditures related to incarceration of delinquent obligors and providing defense counsel for absent parents. The Committee expects the Secretary to review expenditure claims to determine if they are an integral part of this program.

## Federal Incentive Payments

(Section 4 of the bill)

*Present law.*—The IV-D statute provides for an incentive payment to States and localities to encourage them to participate in the child support and paternity establishment program. The incentive is equal to 12 percent of collections made on behalf of AFDC families, and is financed totally out of the Federal share of collections. The incentive payments were $91 million in fiscal year 1981, $107 million in 1982, and $121 million in 1983. The Administration estimates that under present law the incentives would be $117 million in 1984, and $124 million in 1985.

*Committee amendment.*—The Committee amendment repeals the current 12 percent incentive formula, replacing it with a new formula that is designed to encourage States to develop programs that emphasize collections on behalf of both AFDC and non-AFDC families, and to improve program cost effectiveness. The new formula requires the Secretary of Health and Human Services to make incentive payments as follows:

The basic incentive payment will be equal to 6 percent of the State's AFDC collections, and, subject to the cap described below, 6 percent of its non-AFDC collections. To the extent that AFDC or non-AFDC collections exceed combined administrative costs for both AFDC and non-AFDC, higher incentives will be paid on a sliding scale up to 10 percent of AFDC and 10 percent of non-AFDC collections, according to the following cost/collection ratios:

*AFDC incentive*

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

*Non-AFDC incentive*

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

The total dollar amount of incentives paid for non-AFDC families may not exceed the amount of the State's incentive payment for

AFDC collections. The Committee believes that this "cap" provision will encourage the States to provide a balance in their programs, so that both AFDC and non-AFDC families may anticipate a fair share of program resources. The Committee believes that a "cap" on non-AFDC incentive payments is also necessary so that States will not be encouraged simply to transfer to the federally-financed IV-D program those child support activities which are currently being financed out of State and local funds, with no increase in the level of child support services.

The Committee amendment gives States the option of excluding the laboratory costs of determining paternity from combined administrative costs for purposes of computing incentive payments. This will mean that States will not be discouraged from using laboratory tests, which sometimes may be costly, as part of their paternity establishment procedures.

In order to assure the participation of localities in the child support enforcement program, the bill requires States to pass through to those localities which participate in the costs of the program their appropriate share of any incentive payments received by the States. The appropriate share will be determined by the State on the basis of each jurisdiction's contribution to the overall efficiency and effectiveness of the program. This determination should take into account the collections and expenses of various jurisdictions but would not necessarily be based strictly on the same cost-effectiveness ratio as applies to the Statewide determination of incentives. States might not wish, for example, to apply the provision in a way which would discourage jurisdictions from assuming administrative responsibilities such as processing applications or pursuing activities (such as paternity determination) which are essential to the program but do not yield immediate collections.

The Committee provision also requires that incentive funds must be estimated and projected on an annual basis so that States can be provided their payments in advance, subject to later adjustment.

To encourage increased cooperation among States in interstate cases, the bill provides that amounts collected in interstate cases will be credited, for purposes of computing the incentive payments, to both the initiating and responding States.

As part of the new formula, the Committee has included for fiscal years 1986 and 1987 "hold-harmless" protection for the States which assures that they will receive the higher of the amount due them under the new incentive and Federal match provisions, or 80 percent of what they would have received for that year under the provisions of prior law.

The provision is effective beginning with fiscal year 1986.

### Matching for Automated Management Systems Used in Income Withholding and Other Procedures

(Section 5 of the bill)

*Present law.*—Ninety percent Federal matching is available, on an open-end entitlement basis, to States that choose to establish an automatic data processing and information retrieval system. The system must be designed to assist program managers in the admin-

istration of the State plan, so as to control, account for, and monitor all the factors in the support enforcement collection and paternity determination process. Funds may be used to plan, design, develop, and install or enhance the system. The Secretary must approve the system as meeting specified conditions before matching is available. For fiscal year 1984, $15 million has been allocated for this use.

*Committee amendment.*—Language is added to clarify the Committee's intent that the 90 percent matching funds which are available for information systems under specified circumstances may also be used for the development and improvement of the income withholding and other procedures required by the bill, through the monitoring of child support payments, the maintenance of accurate records regarding the payment of child support, and the provision of prompt notice to appropriate officials with respect to any arrearages that occur. This use of the 90 percent matching funds is optional with the State.

In addition, the amendment clarifies the circumstances under which the 90 percent match may be used for computer hardware. Under current interpretation of the statute, States have been able to receive only small amounts of 90 percent matching funds in acquiring hardware, and this has been cited as one reason why the States have made little use of the 90 percent matching provision. The current interpretation is based on language that was included in the Finance Committee report when the provision was first enacted, which stated that the 90 percent rate would be available for the costs of developing and implementing computer systems, but not for the costs of operating them. The Department interpreted this language as allowing the use of the 90 percent funds for expenditures for hardware while a system is being developed and implemented, but not after actual implementation. Thus, a system that is leased or otherwise paid for over time, as is required by departmental regulations, may receive matching only for amounts actually paid out prior to the time the system begins to be used.

The Committee intends by this amendment that, although the costs of operating a system, including staff and other costs, should continue to be ineligible for the 90 percent match, expenditures for the hardware that is necessary to operate a system should be eligible, even though those expenditures continue beyond the date the system becomes operational.

The provision is effective October 1, 1984.

## Improved Child Support Enforcement Through Required State Laws and Procedures

(Section 6 of the bill)

*Present law.*—The child support enforcement statute does not specify the types of procedures States must use in operating their IV-D programs. In practice, States have adopted a variety of procedures for use in child support enforcement. In some States the procedures adopted have resulted in relatively effective programs. Many States, however, have not adopted particular procedures which have been found to be especially effective, such as manda-

tory income withholding. The result is that child support enforcement under the IV-D program is uneven from State-to-State, and in many cases is of limited effectiveness.

*Committee amendment.*—The Committee has had the benefit of extensive testimony on how to strengthen the child support enforcement program. Four hearings were held at which members of the Committee heard the recommendations of a wide range of persons concerned with the child support program, including Members of Congress, representatives of the Administration, State program administrators, representatives of State and local government, and both custodial and non-custodial parents and their spokesmen. Based on the thorough and detailed testimony presented to the Committee, it is the Committee's belief that the current program can be strengthened and improved if all State child support agencies are required to use certain procedures. These procedures have been found to be effective in individual States. The Committee believes that their effectiveness will be even greater if they are used in all States. It is anticipated that uniformity in enforcement procedures will result in increased compliance with child support orders throughout the Nation.

Under the Committee's bill, States are required to enact laws establishing the following procedures with respect to their IV-D cases:

*(1) Mandatory wage withholding.*—In the case of each absent parent against whom a child support order is or has been issued or modified in the State, the State must provide for withholding from wage income, in accordance with the following conditions:

Withholding must occur without amendment of the order or further action by the court. The Committee believes that this requirement is particularly crucial to the effectiveness of any income withholding provision, because it means that the custodial parent will not have to experience the costs and delays involved in returning to court to get a garnishment decree or a new support order. Under the Committee provision, the required withholding procedures must be provided without the need for any application therefor on behalf of all IV-D (both AFDC and non-AFDC) families. Families who are not receiving IV-D services may file an application for such services to trigger the initiation of withholding by the agency on their behalf.

The amount withheld must be the amount of the current support order, plus amounts for arrearages and, at State option, for a fee to the employer to cover the cost of withholding. The amount withheld for arrearages may be subject to limitations provided under State law. The fee to the employer will be established by the State. The total amount withheld may not exceed the limits provided in sec. 303(b) of the Consumer Credit Protection Act. The limits provided in that law are 50 percent of disposable income in the case of an absent parent who has a second family, and 60 percent in the case of an absent parent without a second family. These limits are each increased by 5 percent (to 55 and 65) if there are arrearages with respect to a period prior to the 12-week period which ends with the beginning of the pay period involved.

Withholding must begin the earlier of (a) when the arrearage reaches an amount equal to one month's support payment, or (b)

when an absent parent requests withholding. States retain the discretion which they have under current law to begin withholding at any earlier time. The Committee heard extensive testimony to the effect that there are significant benefits to early withholding. As far as the custodial parent is concerned, that parent will be able to count on receiving the support payment without extensive delays. The absent parent will not accrue large arrearages which are often difficult or impossible to pay. The Committee also heard testimony in support of allowing absent parents to request withholding to begin before any arrearage develops. When such a system is in effect, the withholding procedure does not carry with it the stigma that may be attached when withholding occurs only after there are arrearages.

The Committee bill requires that the withholding system must be administered by an entity designated by the State (the IV-D agency, or another public entity, such as the courts), and provision must be made for expeditious distribution of amounts withheld. The State may provide procedures for the collection from employers and distribution to families of withheld amounts other than through a public agency or entity, so long as such procedures are publicly accountable, allow prompt distribution, and permit the keeping of records to document the payment of support.

The bill includes due process protection for the absent parent. The State must send the absent parent advance notice of withholding and the procedures to be followed if he wants to contest the action on the grounds that withholding is not proper in the case because of mistakes of fact. The withholding must be carried out in full compliance with all procedural due process requirements of the States. If the absent parent contests the withholding, the agency administering the system must determine whether the withholding will actually occur, and must notify the individual of the date on which the withholding is to begin within not more than 30 days after the provision of the advance notice.

The State must have in effect a requirement that the employer of any individual who is subject to withholding must withhold from that individual's wages the amount specified in the notice provided to him by the administering agency. If the State chooses, the employer may withhold an additional amount as a fee to cover the costs to him of the withholding procedure. The notice provided to the employer to effectuate the withholding must contain only the information needed to comply with the court order.

The State must establish methods to simplify the withholding process for employers to the greatest extent possible, including permitting any employer to combine all withheld amounts into a single payment to the appropriate agency or agencies.

As a protection for employees, the bill also specifies that the State must provide for a fine against any employer who discharges, refuses to hire, or otherwise disciplines an individual because of withholding. In addition, the employer must be held liable for the amount he fails to withhold, following the receipt of proper notice.

State law also must make provision for withholding in interstate cases, provide for the priority of support collections under this procedure over any other legal process under State law against the same wages, and make provision for terminating withholding. As is

the case under present law, the State may make income other than wages subject to withholding.

*(2) Liens.*—States will be required to have procedures for imposing liens against real and personal property for amounts of overdue child support owed by a State resident or an individual who owns property in the State. However, States are given discretion to apply this procedure only in cases where they determine it is appropriate.

*(3) State income tax refund offsets.*—States that have State income taxes must provide for the withholding of any State tax refunds payable to a non-custodial parent who owes overdue child support payments. These tax refund withholding procedures must be applicable to AFDC cases and to non-AFDC cases. The withholding procedure must be used for interstate as well as intrastate cases. The State must send the individual prior notice of the proposed offset and information on the procedures to be followed to contest the withholding. The offset procedure must be consistent with the due process procedures of the State.

*(4) Providing information to credit agencies.*—States must make available to consumer credit agencies, at the request of such agencies, information regarding child support arrearages. The State must make available information on arrearages in excess of $1,000 and may make available information on smaller arrearages. The State must send the absent parent notice prior to the release of such information. The notice provided must indicate the procedures to be followed to contest the proposed release of information. The notification and procedures for contesting the proposed release of information to credit agencies must be in conformance with the due process procedures of the State. The State may charge a fee to the credit agencies who request and receive this information which cannot exceed the cost to the State of providing the information.

*(5) Security or bond in certain cases.*—States will be required to have in place procedures to require in appropriate cases that an individual give security, post a bond, or give some other type of guarantee to secure support obligations of noncustodial parents who have a pattern of not paying timely support. The State must send the individual prior notice, including information on the procedures to be followed to contest the action. Procedures must be in compliance with due process procedures of the State.

*(6) Expedited processes.*—States will be required to have in effect expedited processes within the State judicial system for establishing paternity and obtaining and enforcing child support orders. Decisions or recommendations resulting from the expedited process must be reviewed (i.e., ratified, modified, or remanded) by judges of the court. In addition, appellate review of child support decisions or actions resulting from the expedited processes would be conducted by the regular court system at the request of either party. The Committee recognizes that a variety of procedures are used by different States for establishing and enforcing support. This provision does not mandate a particular procedure nor authorize the Federal agency to impose its views as to the details of State court organization. What is required is that States adopt structures and procedures which will assure that child support and paternity actions are processed in an expeditious manner.

The Secretary's authority to waive required State practices would apply to political subdivisions of States due to variations within States in the effectiveness and timeliness of current processes. Jurisdictions that use administrative processes would qualify for a waiver on the same basis as States or political subdivisions using regular court processes.

*(7) Notification to AFDC recipient of child support collected.*—States are required to notify each AFDC recipient, at least once each year, of the amount of child support collected on behalf of that recipient.

*Exemption authority.*—The Secretary may grant an exemption to a State or political subdivision from the required procedures (other than item 7), subject to later review, if the State can demonstrate that such procedures will not improve the efficiency and effectivenesss of the State IV-D program.

*Effective date.*—October 1, 1984. If a State agency administering a plan approved under part D of title IV of the Social Security Act demonstrates, to the satisfaction of the Secretary of Health and Human Services, that it cannot, by reason of State law, comply with the requirements of a provision mentioned above, the Secretary may prescribe that the provision will become effective beginning with the fourth month beginning after the close of the first session of such State's legislature ending on or after October 1, 1984.

## Fees for Services

(Section 6 of the bill)

*Present law.*—States have the option of charging an application fee for furnishing services to non-AFDC families. The fee must be reasonable, as determined under regulations of the Secretary. Currently, the maximum allowable application fee is $20. (As an alternative, a State may use a fee schedule based on each applicant's income, in which case the schedule is required to be designed so as not to discourage application by those most in need of services.)

In addition, a State may at its option recover costs in excess of the fee. Such recovery may be from either the custodial parent or the absent parent. If a State chooses to make recovery from the custodial parent, it must have in effect a procedure whereby all persons in the State who have authority to order support are informed that such costs are to be collected from the custodial parent.

*Committee amendment.*—States will be required to charge an application fee for non-AFDC cases. The fee may not exceed $25, but, beginning in fiscal year 1986, the Secretary may adjust the maximum allowable fee amount to reflect changes in administrative costs. The State may charge the fee against the custodial parent or pay the fee out of its own funds. The State may also recover the fee from the absent parent. Additionally, the State may vary the amount of the fee to reflect ability to pay. The Committee believes that this minimal fee requirement represents a reasonable way to help defray some of the costs incurred in processing the application and in providing support enforcement services. This fee would still

be significantly less costly to the non-AFDC applicant than the cost of pursuing support enforcement through a private attorney.

In addition, States must have in effect a law under which a late payment fee is charged to the absent parents of AFDC and non-AFDC families on support that is overdue. The Committee believes that this late payment fee will have the effect of encouraging absent parents to meet their child support obligations fully and on time. In addition, the fee will help to defray the costs of the enforcement services, placing the burden more fairly on the individuals who are delinquent in their obligations, rather than on the taxpayers. The fee will be a uniform amount established by the State equal to 3 to 10 percent of the overdue support owed for months beginning the month following the enactment of this bill. The State may not take any action which would have the effect, directly or indirectly, of reducing the support paid to the child and will collect the fee only after the full amount of the overdue support has been paid to the child. The current law provision for optional State recovery of costs for services to non-AFDC families will remain unchanged.

PERIODIC REVIEW OF STATE PROGRAMS; MODIFICATION OF PENALTY

(Section 7 of the bill)

*Present law.*—The Director of the Federal Office of Child Support Enforcement is required to conduct an *annual* audit of each State's child support enforcement program to determine whether it complies with the requirements of the Federal statute. If he finds that the State has failed to have an effective program meeting the specified requirements, the Secretary of HHS must reduce the amount of Federal matching payable to the State under the AFDC program by 5 percent. This penalty has never been imposed and legislation has periodically been enacted to suspend its implementation.

*Committee amendment.*—When the Finance Committee recommended the enactment of the child support enforcement program in 1974, it envisioned an aggressive Federal role in assuring that States actually develop strong and effective systems for obtaining the support due to children from their absent parents. The Committee report stated:

"Up to now, the extent of HEW supervision of the child support program in most States has consisted of a perfunctory review of State plan material submitted by the State to see that it contains the statement that there will be a child support program which complies with the law. Under the Committee bill, this paper compliance would no longer suffice."

"HEW would have the duty of performing an annual audit in each State and of making a specific finding each year as to whether or not the child support program as actually operated in that State conforms to the requirements of law and the minimum standards for an effective support program which the bill requires the Department of Health, Education, and Welfare to establish. These audits are to be conducted by the new child support agency which the bill creates within the Department."

Other sections of the Committee amendment require States to adopt several specific procedures for establishing and enforcing support obligations. While these procedures have been found to be effective in a number of States, the success of the program will require more than technical compliance with the new Federal requirements. The Committee bill retains the basic approach of the original legislation under which the Federal Office of Child Support Enforcement is charged with responsibility for monitoring the effectiveness of State programs by establishing standards of performance and auditing State programs to assure that they meet those minimum standards.

Up to the present, the Office of Child Support has not fully implemented the requirements for the establishment of standards of effectiveness but has rather tended to audit for technical compliance with the specific requirements of Federal law. The Committee recognizes that there was a need in the early years of the program to assure that the basic framework was in place in each State and to develop the experience on which reasonable standards of effectiveness could be based. It is the Committee's understanding that the Department is now developing a set of performance standards to be implemented in the near future. While some of those standards may need to be revised in light of this legislation, the Committee wishes to restate emphatically that the law governing the child support program, both before and after the enactment of this bill, does call for the development and use of such standards.

In establishing standards of effectiveness, a reasonable degree of flexibility is essential. Based on the experience in the program to date, it should be possible to set standards which represent minimum acceptable levels of success in carrying out the various objectives of the child support program. As additional experience is gained and as the program matures, these standards should be modified to reflect the increasing capacity of the States to meet the goals of the program.

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

The Committee believes that the Department should be developing performance measures which will enable the auditors of the Federal Office of Child Support to determine whether States are effectively attaining each of the important objectives of the program. These objectives are clearly set forth in the law and include locating absent parents, establishing paternity, obtaining and collecting on support orders, cooperating with interstate support and paternity actions, and providing services for both welfare and non-welfare familes. It should, for example, be possible to establish guidelines to identify situations in which, on average, the promptness or success rate in responding to interstate enforcement requests falls below minimally acceptable levels of performance. The Committee

recognizes that the development and use of such standards is a significant administrative task which cannot be accomplished instantly. The mandate for carrying out this task has, however, been in the law for nearly ten years. In recommending the current legislation, the Committee is not abandoning these requirements of existing law but rather expects them to be more fully carried out.

One barrier to the full implementation of existing law has been the inflexibility of its penalty structure. Present law calls for a flat penalty—loss of 5 percent of AFDC funds—for any year in which a State fails the annual Federal audit in any respect. Application of this penalty has been repeatedly suspended by legislation on the basis that failure to suspend the penalty would penalize some States which actually had effective programs or which had made strong efforts to remedy the non-compliance.

The Committee amendment modifies the penalty provisions in several respects. First, the initial penalty level would be reduced from 5 percent of AFDC funds to at least 1 percent but no more than 2 percent of AFDC funds. If the penalty had to be applied for more than one year, the penalty would rise to 2 percent up to 3 percent in the second year, and 3 percent up to 5 percent in succeeding years. Second, unlike present law, which requires a penalty in every case where the audit discloses any area of non-compliance, the Committee amendment would allow the penalty to be waived if the Administrator finds that the noncompliance is not substantial and has no significant adverse impact on the effectiveness of the State's program. In addition, the Committee amendment would allow for a suspension and possible waiver of the penalty even if there is substantial noncompliance or failure to have an effective program, provided that the State demonstrates to the satisfaction of the Secretary that it has undertaken and is satisfactorily pursuing a corrective action plan which will remedy the problem within a reasonable period of time.

With these changes, the Committee believes that the audit and penalty provisions of the law should become a powerful tool for Federal oversight aimed at increasing the level of effectiveness of the child support enforcement program. The Committee believes that the audits should thoroughly examine the State programs and their effectiveness and therefore provides for a revised audit schedule on a triennial rather than annual basis. However, annual audits are to be conducted for any State found not to have a program in substantial compliance with Federal requirements and standards of effectiveness. This provision is effective on October 1, 1983.

In view of the changes proposed in the Committee amendment, the penalty provisions of the law will apply only in cases where States not only fail substantially to carry out the requirements of law but also refuse to undertake the necessary changes to correct that situation. For this reason, the Committee cannot foresee any situation in which legislative action to suspend these revised penalties would be appropriate. Accordingly, the Committee would expect to oppose any such efforts to enact waiver legislation.

## Special Project Grants To Promote Improvement in Interstate Enforcement

(Section 8 of the bill)

*Present law.*—States are eligible to receive Federal matching funds for interstate cases on the same basis as for intrastate cases. There is no special provision for funding of interstate activities.

*Committee amendment.*—The Committee recognizes that enforcement of interstate cases is one of the most difficult areas of child support enforcement. The time and skills which staff must dedicate to interstate cases are often far in excess of what is needed for cases when both parents reside within the State. To encourage States to develop efficient and effective ways of handling interstate cases, the Committee has included in its bill a provision to allow the Secretary to make demonstration grants to States which propose to undertake new or innovative methods of support collection in such cases. The Secretary may make a grant only upon a finding that the project involved is likely to be of significant assistance in carrying out the purpose of the demonstration program. Waivers may be granted if necessary to carry out the demonstration. In addition, it is expected that the Secretary will exercise discretion in making grants so as to assure that the States which receive them will use them to augment and improve existing State efforts to pursue and respond to interstate cases. The new funds authorized by the bill are not to be used to supplant current State and local funding efforts. The grant amount is not to be considered a State expenditure that is matchable.

In fiscal year 1985, $5 million is authorized for interstate grants. In 1986, the amount authorized is $10 million. Beginning in 1987, the annual amount authorized for the grants will be $15 million.

## Extension of Section 1115 Demonstration Authority to the Child Support Program

(Section 9 of the bill)

*Present law.*—Sec. 1115 of the Social Security Act authorizes the Secretary to grant waivers to States in the operation of their AFDC and medicaid programs, if he determines that the waivers are necessary to enable the States to conduct experimental, pilot, or demonstration projects which are likely to assist in promoting the objectives of the programs.

*Committee amendment.*—The sec. 1115 demonstration authority is expanded to include the child support enforcement program under the following conditions: (a) the intent of the requested waiver must be to test modifications that will improve the financial well-being of children, or otherwise improve the operation of the program; (b) a waiver will not be allowed for any modification that would disadvantage children in need of support; and (c) the requested waiver will not result in an increase in Federal AFDC costs.

The Committee believes that the waiver authority which the Secretary now has to allow demonstration activities in the AFDC and medicaid programs has been useful in enabling and encouraging

States to undertake innovative efforts to improve their programs. The Committee believes that this authority will be equally useful for the child support program.

The provision is effective upon enactment.

### Modification in Content of Annual Report by the Secretary

(Section 10 of the bill)

*Present law.*—Within three months after the end of each fiscal year, the Secretary must submit an annual report to Congress on child support program activities. The statute specifies certain data which must be included in the report.

*Committee amendment.*—The Committee believes that both the States and the Congress will be better able to evaluate the progress of the child support program if more detailed statistical information is made available than is now the case. At present, for example, there is no information available on child support enforcement activities made on behalf of families involved in interstate enforcement. There is also no information available on how much is being spent on the establishment of paternity, or the cost per case of this kind of activity. The Committee amendment therefore modifies the present reporting requirements to require the following information by State:

(1) the total number of cases in which a support obligation has been established in the past year and the total amount of such obligations for these cases;

(2) the total number of cases in which a support obligation has been established and the total amount of such obligations for these cases;

(3) those cases described in (1) in which support was collected during such fiscal year and the total amount of such collections; and

(4) those cases described in (2) in which support was collected during such fiscal year and total amount of such collections.

Additionally, the annual report must include information on the child support cases filed and the collections made in each State on behalf of children residing in another State or cases against parents residing in another State.

Finally, the annual report must detail how much in administrative costs is spent in each functional category (including paternity) of expenditures.

This provision is effective for reports issued for fiscal year 1986 and years thereafter. The information is to be separately stated for current and for past AFDC cases and for non-AFDC cases.

### Child Support Enforcement for Certain Children in Foster Care

(Section 11 of the bill)

*Present law.*—The Federal statute does not require State child support agencies to undertake collection of child support on behalf of children who are placed in foster care under title IV-E of the Social Security Act. In addition, there is no requirement that State

foster care agencies attempt to secure an assignment to the State of rights to support on behalf of children receiving foster care maintenance payments under the IV-E foster care program. These requirements were deleted when the foster care program was transferred from title IV-A to title IV-E by the Adoption Assistance and Child Welfare Act of 1980 (P.L. 96-272).

*Committee amendment.*—Under the Committee amendment, State child support agencies are required to undertake child support collections on behalf of children receiving foster care maintenance payments under title IV-E, if an assignment of rights to support to the State has been secured by the foster care agency. In addition, State foster care agencies are required to take steps, where appropriate, to secure an assignment to the State of any rights to support on behalf of a child receiving foster care maintenance payments under the title IV-E foster care program. The child support collections would be credited to the State as AFDC collections for purposes of determining the State's incentive payments. The Committee understands that many States have continued to administer the law as it existed prior to the 1980 amendments, even though there was no specific requirement in the law. In reinstituting the requirements, the Committee is attempting to assure equity in State activities with respect to children in foster care.

The provision is effective upon enactment.

### Continuation of Support Enforcement for AFDC Recipients Whose Benefits Are Being Terminated

(Section 12 of the bill)

*Present law.*—Apart from the general requirement of serving non-welfare families, there is no requirement that States continue support collection activities on behalf of families when they lose eligibility for AFDC. In some States, collection efforts on behalf of such families are immediately terminated. In others, collection efforts continue only for a few months.

*Committee amendment.*—States must provide that families whose eligibility for AFDC is terminated due to the receipt of (or an increase in) child support payments will be automatically transferred from AFDC to non-AFDC status under the IV-D program, without requiring application for IV-D services. The State child support agency must provide these families with the same services that are provided to other non-AFDC families. The Committee believes that it is particularly important that these families who are in transition from welfare to non-welfare status have the security of knowing that their child support payments will continue. Child support enforcement on behalf of these families may be crucial in enabling them to retain their economic independence.

The provision is effective October 1, 1984.

## Increased Availability of Federal Parent Locator Services to State Agencies

(Section 13 of the bill)

*Present law.*—Federal law requires operation by the Federal Government of a Parent Locator Service (PLS) to assist States in locating absent parents. States may use the Federal PLS only after there has been a determination that the absent parent cannot be located through procedures under the control of the State child support agency.

*Committee amendment.*—The Committee is proposing to repeal the requirement that the States exhaust all State child support locator resources before they request the assistance of the Federal PLS in locating absent parents. The Committee believes that States should be able to use all available location resources without delay, to assure that the enforcement process may be undertaken as expeditiously as possible.

The provision is effective upon enactment.

## Availability of Social Security Numbers for Purposes of Child Support Enforcement

(Section 14 of the bill)

*Present law.*—Child support agencies have access to certain types of information through the Federal Parent Locator Service and the Internal Revenue Service. The Secretary of HHS, through the Parent Locator Service, is authorized to furnish the agencies with the most recent address and place of employment of absent parents. The Secretary of the Treasury is authorized to release certain wage, income tax, and return information to Federal, State and local child support enforcement agencies if needed by such agencies for purposes of the child support enforcement program. Neither Secretary is authorized to release the absent parent's social security number.

*Committee amendment.*—Under the Committee amendment, the absent parent's social security number will be disclosed to child support agencies both through the Parent Locator Service and by the Secretary of the Treasury. The social security number has been found to be an extremely useful tool in enabling child support agencies to locate absent parents through cross-checking with other sources of information.

The provision is effective upon enactment.

## Limitation on Discharge in Bankruptcy of Child Support Obligations

(Section 15 of the bill)

*Present law.*—In general, the Bankruptcy Act does not allow discharge in bankruptcy from any debt to a spouse, former spouse, or child of the debtor, for alimony to, maintenance for, or support of such spouse or child, if it is in connection with a separation, divorce decree, or property settlement agreement. However, support obligations that are assigned generally may be discharged, unless

they are assigned to the State in connection with the collection of support by the IV-D agency on behalf of an AFDC recipient. In addition, a support obligation arising from a paternity determination is usually not protected from discharge in bankruptcy because it does not meet the requirement that it be in connection with a separation, divorce decree, or property settlement agreement.

*Committee amendment.*—It has come to the attention of the Committee that in at least one State the IV-D agency is required by State statute to accept assignment to the State of support obligations that it undertakes to enforce on behalf of non-AFDC families. Because the Bankruptcy Act currently allows discharge in bankruptcy in the case of assignment, except for assignment to the State on behalf of AFDC families, a non-AFDC family that chooses to use the IV-D enforcement services in that State runs the risk that all support rights due it may be discharged in bankruptcy. The Committee amendment would eliminate this risk to the use of IV-D services by amending the Bankruptcy Act to provide that obligations that have been assigned to the State as part of the IV-D enforcement process may not be discharged in bankruptcy, regardless of whether they are on behalf of an AFDC family or a non-AFDC family. In addition, the amendment would provide protection against discharge in cases where support is established on the basis of a paternity determination.

The provision is effective upon enactment.

### Collection of Past-Due Support From Federal Tax Refunds

(Section 16 of the bill)

*Present law.*—Upon receiving notice from a State child support agency that an individual owes past-due support which has been assigned to the State as a condition of AFDC eligibility, the Secretary of the Treasury is required to withhold from any tax refunds due that individual an amount equal to any past-due support. The withheld amount is sent to the State agency, together with notice of the taxpayer's current address. The Secretary of the Treasury is required to issue regulations, approved by the Secretary of Health and Human Services, prescribing the timing and contents of notices by the States. States are required to reimburse the Federal Government for the cost of the procedure. "Past-due support" is defined as the amount of a delinquency determined under court order or order of an administrative process established under State law for support and maintenance of a child, or a child and the parent with whom the child is living. Under present procedures, the State agency, or, at the option of the State, the Federal Office of Child Support Enforcement, must give an individual prior notice that the offset will occur, and the individual may contest the action with the State agency. In addition, the Internal Revenue Service must provide the taxpayer with a notice, concurrent with the offset, of the amount of the offset and of the State to which it has been paid.

*Committee amendment.*—The present system for withholding past-due support from Federal tax refunds is made available for non-AFDC children as well. State child support agencies will be required to submit to the IRS for withholding the names of absent

parents who owe past-due support to whom the withholding procedures may be applied. These must be limited to cases where there are arrearages of $500 or more, and which, on the basis of current payment patterns and the enforcement efforts that have been made, the State agency determines are unlikely to be paid before the offset occurs. In addition, States may limit arrearages which they submit to the IRS to amounts that have accrued since the State undertook to collect support for the non-AFDC family.

Once a State agency has determined that the name of an absent parent will be submitted to the IRS, it must send notice to that absent parent of the proposed offset, including the procedures to be followed in contesting the proposed offset. The notice must also inform the absent parent and his spouse, if any, of the procedures which may be taken to protect the unobligated spouse's portion of the refund.

If, on the basis of the information provided by the State child support agency (through the Department of Health and Human Services), the IRS determines that an income tax refund must be withheld to pay past-due support, the IRS must provide the taxpayer with notice, concurrent with offset, of the amount of the offset and of the State to which it has been paid so that any questions which the taxpayer may have about the child support obligation may be addressed to the appropriate State child support agency. The IRS notice must also inform the taxpayer that, in the case of a joint return where both spouses had income, the spouse who is not liable for the past-due obligation may file an amended tax form to recover the unobligated spouse's portion of the amount that was withheld. If the unobligated spouse subsequently files an amended return to secure his or her proper share of a refund, the IRS must pay that share to the individual.

As in the current procedure, amounts of refunds withheld by the IRS will be sent to the State child support agency that submitted the name for offset, so that they can in turn be paid to the family that is owed past-due support. It is expected that generally the State agency will make prompt payment to the families involved. However, if the IRS informs the State agency that the absent parent has filed a joint return, and therefore the possibility exists that the unobligated spouse may file an amended return to claim his or her share of the return, the State agency will be authorized to delay payment to the family that is owed past-due support for a period of up to six months or (if earlier), until the unobligated spouse has been paid the proper share of the refund. This will allow the State to keep sufficient funds on hand to reimburse the IRS for any claims that the IRS must pay to those unobligated spouses who file amended returns.

The IRS may charge the State a fee of up to $25 for processing each non-AFDC case submitted. The State may in turn require that a $25 fee be paid by the family requesting offset. This user fee is intended to be used to defray costs incurred by the IRS and the State in processing the non-AFDC cases and in meeting the notice requirements.

The amendment is effective for refunds paid after December 31, 1985.

## Guidelines for Child Support Awards

(Section 17 of the bill)

*Present law.*—Federal law requires States to have effective programs for establishing paternity, securing court orders for child support, and enforcing those orders. The law does not, however, address itself to the adequacy or reasonableness of the amount of support called for by these court orders. This is left entirely to the discretion of each State and its courts.

*Committee amendment.*—Although the child support enforcement program has greatly strengthened the ability of children to have support orders established and collected, there remains a continuing problem that the amounts of support ordered are in many cases unrealistic. This frequently results in awards which are much lower than what is needed to provide reasonable funds for the needs of the child in the light of the absent parent's ability to pay. In some instances, however, there are also awards which are unrealistically high.

Some States have established guidelines to be used by the courts in setting the amount of child support orders. Where these guidelines exist, overall award levels tend to be somewhat higher than where the amount of the order is entirely discretionary with each judge. Moreover, the existence of guidelines tends to assure that there is reasonable consideration given both to the needs of the child and the ability of the absent parent to pay. This provides some protection for both parties.

The Committee amendment requires each State to develop a set of guidelines to be considered by judges and others authorized to order support in the State in determining support orders. The development of such guidelines will necessarily require States to devote some study to what is appropriate and to review what other States have done. For this reason, the amendent allows two full years (until October 1986) for States to develop the guidelines. The exact nature of the guidelines will be determined by each State and may be established by law or by a judicial conference or other mechanism as may be appropriate in that State.

The Committee recognizes that the development of a court order is a complex determination requiring the consideration of many aspects of the individual circumstances of the parties involved, and that there may be a need for courts to have the flexibility to exercise discretion. For this reason, the amendment leaves to each State the decision as to how these guidelines are to be considered. It is the view of the Committee, however, that the very existence of a set of guidelines in each State will tend to improve the reasonableness and equity with which support orders are established. The Federal Office of Child Support Enforcement is directed to maintain information about State guidelines and to provide a source of technical assistance and information exchange among States on this topic.

## WISCONSIN CHILD SUPPORT INITIATIVE

(Section 18 of the bill)

*Present law.*—Although the Social Security Act allows the Secretary to waive certain requirements of the AFDC program for purposes of demonstration programs, there is no authority broad enough to allow a State to substantially restructure its AFDC and child support programs.

*Committee amendment.*—The State of Wisconsin has informed the Committee that it wishes to undertake a new child support initiative, which it believes will strengthen its programs on behalf of children. In order to allow the State to proceed with its initiative, the Committee amendment requires the Secretary of HHS to waive requirements of the AFDC and child support programs under specified conditions. The State may test its initiative in any county or counties, or throughout the State.

To qualify for waiver, the State must provide a complete description of the program which it will operate in place of the AFDC and child support programs, and make the description readily available to the public throughout the State. The Governor must provide assurances that, under the initiative, assistance will be provided to all children in need of financial support, and the State will continue to operate an effective child support enforcement program.

In addition, the State must agree that, during the period of the test, it will continue to determine eligibility for medical assistance under the State plan approved under title XIX of the Social Security Act, applying the criteria (insofar as may be applicable to members of families with dependent children affected by the initiative) in effect under its AFDC State plan approved for the month preceding the month in which the initiative becomes effective, except that the criteria shall be considered to have been changed to the extent necessary to comply with future changes in Federal law or regulations.

The State must specify measurable performance objectives, submit an evaluation plan, and agree to submit interim and final evaluations and reports, as the Secretary may require. In addition, the State must agree to obtain, at least once every two years, a financial and compliance audit of the funds it receives under this provision, and to obtain, after the initiative is ended, a final audit which must be made public.

The State's proposal must describe in detail how the initiative will affect children and families, with specific reference to the principles for calculating benefits and establishing and enforcing child support obligations. The description must also include estimates of cost and program effects and provide other relevant information necessary for the Secretary to determine whether the financial well-being of children and their families will be adversely affected by the initiative.

In general, the Federal payment which Wisconsin will be eligible to receive to operate its initiative will be equal to the State's proportionate share of the amount paid to all States for (1) AFDC benefit costs, (2) AFDC administrative costs, (3) child support administrative costs, and (4) child support incentive payments. The

State's proportionate share of each amount listed above shall be the portion of such amount that bears the same ratio to such amount as the corresponding amount advanced to the State for quarters in fiscal years 1984 through 1986 bears to the total corresponding amount advanced to all other States for such quarters.

The initiative proposed by the State and the related requested waivers will become effective within 120 days after its submission unless the Secretary determines that the financial well-being of children in the State will be adversely affected by the initiative. The Secretary must notify the State that, effective with the beginning of the following quarter (or later at the option of the State) the State may operate its initiative instead of its AFDC or child support programs in the areas designated by the State.

The State may cease the initiative and return to the administration of the regular AFDC and child support programs upon provision to the Secretary of at least 3 months notice. The Secretary may terminate approval of the initiative upon the giving of 3 months advance notice to the State if it is determined that the financial well-being of children in the areas where the initiative is in effect would be better achieved by operating the regular AFDC and child support programs.

The provision is in effect for quarters beginning after September 30, 1986, and ending before October 1, 1994.

### Sense of the Congress Language With Respect to Child Support, Child Custody, Visitation Rights, and Other Related Domestic Issues

(Section 19 of the bill)

The Committee amendment incorporates Senate Concurrent Resolution 84, which makes certain findings with respect to child support enforcement, and sets forth as the sense of the Congress that—

(1) State and local governments must focus on the vital issues of child support, child custody, visitation rights, and other related domestic issues that are properly within the jurisdictions of such governments;

(2) all individuals involved in the domestic relations process should recognize the seriousness of these matters to the health and welfare of our nation's children and assign them the highest priority; and

(3) a mutual recognition of the needs of all parties involved in divorce actions will greatly enhance the health and welfare of America's children and families.

It is the Committee's view that these issues are of the highest importance to the well-being of children in all the States. Greater emphasis must be placed on the fair establishment and enforcement of visitation rights.

## IV. Regulatory Impact

In compliance with paragraph 11(b) of rule XXVI of the standing rules of the Senate, the following evaluation is made of the regulatory impact which would be incurred in carrying out the bill:

The individuals most directly affected by any regulatory impact of this bill would be absent parents who have failed to provide the support payments properly due to their children. These individuals would, under the bill, be subject to having child support payments deducted from their paychecks or from State or Federal income tax refunds due them. They also would in some circumstances be subject to requirements for posting security bonds or having their property subjected to liens. There would also be a corresponding beneficial impact on the families of such individuals in that they would, as a result of the bill, receive support payments to which they are entitled. The Committee is unable to estimate the number of individuals who will be so affected because the procedures which the bill provides for will not, on a mandatory basis, be applied except where the absent parent is delinquent in meeting his obligations. A recent Census study showed that of the 8.4 million households of women with children of an absent father, 5 million had been awarded support and 1.9 million had received the full amount of support due. This would seem to indicate a potential impact of the procedures of this bill on up to 6 million absent parents and their families. The Committee would anticipate, however, that the very existence of the procedures provided for by this legislation would greatly increase the degree of voluntary compliance so that the procedures would actually have to be applied in far fewer instances.

The bill will also have a regulatory impact on employers who will be required to withhold child support payments from the wages of delinquent parents and perform related accounting activities. The bill also regulates such employers by prohibiting them from discharging or otherwise disciplining employees whose wages become subject to withholding under the bill. Again, the number of employers who will actually be required to implement withholding cannot be determined both because there are no available data as to the distribution among employers of employees who have child support delinquency and because the bill will have an as yet undetermined impact on voluntary compliance. All employers will have some regulatory impact to the extent that they may find it necessary to become familiar with the withholding procedures and, in many cases at least, to make appropriate modifications in their accounting systems to enable them to comply with any withholding orders.

The bill attempts to minimize the potential regulatory and economic impacts on employers by authorizing States to allow employers to also withhold an appropriate fee from employees with withholding orders to cover the processing costs. In addition the bill provides that States, insofar as feasible, should design their withholding requirements with a view to reducing the burden placed on employers.

The implementation of the procedures required by the bill will involve some additional paperwork burden on individuals and employers, particularly in the implementation of the income withholding provisions. The extent of this burden, however, will vary depending on such factors as the exact design of the State withholding system and the degree to which the employer and the State have computerized their accounting systems. Again, the bill at-

tempts to encourage a reduction in paperwork by expanding somewhat the existing favorable Federal matching for States to computerize their operations.

There are several provisions in the bill which have some impact on privacy. The bill requires that information concerning child support delinquencies be made available in certain circumstances to consumer credit reporting agencies. It also provides readier access to the Federal Parent Locator Service by child support agencies and authorizes the release to such agencies of information in Federal records concerning the social security number of absent parents. In the view of the Committee, the important objective of securing the support owed by absent parents to their children amply justifies the release of this information. In the case of the reporting of delinquencies to consumer credit organizations the bill includes safeguards to assure that the affected individuals have an opportunity to dispute the accuracy of such reports.

## V. Budgetary Impact

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
*Washington, D.C., March 27, 1984.*

Hon. ROBERT J. DOLE,
*Chairman, Committee on Finance,*
*U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for the Child Support Enforcement Amendments of 1984, amendments in the nature of a substitute for H.R. 4325, as ordered reported by the Senate Finance Committee on March 23, 1984.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

ERIC HANUSHEK
(For Rudolph G. Penner).

### CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: Amendments in the nature of a substitute for H.R. 4325.

2. Bill title: Child Support Enforcement Amendments of 1984.

3. Bill status: As ordered reported by the Senate Finance Committee on March 23, 1984.

4. Bill purpose: To amend part D of Title IV of the Social Security Act to reform the Child Support Enforcement program.

5. Estimated cost to the Federal Government: The estimated costs of these amendments to the Federal Government are shown in Table 1. These estimates assume an enactment date of May 1, 1984. Legislative language for many of the provisions was not available at the time CBO's cost estimate was completed.

TABLE 1.—ESTIMATED BUDGETARY EFFECTS OF CHILD SUPPORT ENFORCEMENT AMENDMENTS

[By fiscal year, in millions of dollars]

| | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 |
|---|---|---|---|---|---|---|
| Direct spending: | | | | | | |
| Function 600: | | | | | | |
| Budget authority | | 55 | 30 | 35 | 5 | −5 |
| Outlays | | 55 | 30 | 35 | 5 | −5 |
| Amounts subject to appropriation action: | | | | | | |
| Function 600: | | | | | | |
| Authorizations | | 5 | 10 | 15 | 15 | 15 |
| Outlays | | 5 | 10 | 15 | 15 | 15 |
| Total: | | | | | | |
| Budget authority/authorizations | | 60 | 40 | 50 | 20 | 10 |
| Outlays | | 60 | 40 | 50 | 20 | 10 |

Basis for estimate: These amendments would reform the Child Support Enforcement (CSE) program in a variety of ways. Among these reforms, the most important with respect to budgetary effects would be changing incentive payments to States, authorizing $5 to $15 million annually for the funding of special projects on interstate cases, mandating States to utilize certain enforcement techniques, requiring offsets against Federal and State income tax refunds for past-due support owed to non-AFDC families, reducing the Federal financing share, and requiring States to charge fees. Estimated budgetary effects of these reforms are very uncertain; hard data or reliable analyses and research on which estimates could be based are unavailable. Moreover, CSE programs vary considerably among States and localities so that national estimates are difficult, particularly since States and localities may react quite differently to legislative changes.

Table 2 shows CBO's federal outlay estimates for the major provisions with budgetary effects. A description of the methodology used for the estimates follows.

TABLE 2.—ESTIMATED OUTLAYS FROM THE MAJOR PROVISIONS OF CHILD SUPPORT ENFORCEMENT AMENDMENTS

[By fiscal year, in millions of dollars]

| Provision | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 |
|---|---|---|---|---|---|---|
| Changing incentive payment | | | 15 | 15 | 15 | 15 |
| Authorizing funds for interstate projects | | 5 | 10 | 15 | 15 | 15 |
| Mandating State enforcement techniques | | −15 | −40 | −40 | −45 | −45 |
| Requiring offsets against income tax refunds for non-AFDC families | | 65 | 50 | 50 | 35 | 35 |
| Reducing Federal financing share | | | | −10 | −25 | −35 |
| Requiring fees | | −5 | −15 | −15 | −20 | −20 |
| Other | | 5 | 10 | 10 | 5 | (1) |
| Impact on CSE case levels: | | | | | | |
| CSE expenditures | | 10 | 30 | 55 | 90 | 100 |
| Offsetting effects on public assistance | | −5 | −20 | −30 | −50 | −55 |
| Total outlays | | 60 | 40 | 50 | 20 | 10 |

[1] Less than $500,000

*Changing incentive payment.*—The current Federal incentive payment to States and localities to help finance the CSE program is equal to 12 percent of collections made on behalf of AFDC fami-

lies. These amendments would repeal this incentive payment on October 1, 1985 and would institute new incentives. The new incentives would be equal to 6 percent of AFDC collections and 6 percent of non-AFDC collections, each rising to 10 percent on a sliding scale depending on the ratio of collections to total administrative costs. The incentive paid on non-AFDC collections would be capped at 100 percent of the incentive paid on AFDC collections. In fiscal years 1986 and 1987, the States would receive no less than 80 percent of what they would have received under current law.

CBO estimates that the new incentives would add $15 million a year to outlays beginning in 1986. These estimates are based on State-by-State projections of CSE collections and costs consistent with total program collections and costs as estimated in CBO's baseline projections.

*Authorizing funds for interstate projects.*—Authorizations of $5 million in 1985, $10 million in 1986, and $15 million a year thereafter would be provided for projects on interstate collection of child support. CBO assumes full appropriation of the authorized amounts. Moreover, the estimate of outlays assumes full spending of the authorized levels in each fiscal year.

*Mandating State enforcement techniques.*—The amendments would require States to adopt by October 1, 1984 several enforcement techniques that are currently optional with the States. CBO estimates that this provision would reduce outlays $15 million in 1985, $40 million a year in 1986 and 1987, and $45 million a year in 1988 and 1989.

The most important technique that would be mandated is wage withholding, which is the payment of support by an employer from the wages of the absent parent. The bill would require withholding when past due support equals one month's support payment. There are no reliable analyses of the effect of wage withholding on child support collections or expenditures. The CBO estimate assumes that such collections would rise 10 percent as a result of wage withholding in the States not currently using withholding. Further, it is assumed that administrative costs would decline by 5 percent as a result of wage withholding because overdue support with its atendant court and other costs would be reduced. Resulting reductions in Federal outlays are estimated to be $15 million in 1985, $30 million a year in 1986 and 1987, and $35 million a year in 1988 and 1989.

Other mandated enforcement techniques include withholding from State income tax refunds of support to AFDC families that is past due, procedures for imposing liens against real and personal property for amounts of past-due support, imposing guarantees or bonds to secure support from absent parents with a pattern of past-due support, reporting of past-due support to credit agencies at their request, and requiring quasi-judicial procedures. CBO estimates that outlays would be reduced by $10 million a year beginning in 1986 as a result of these mandatory enforcement techniques, based on Administration estimates.

*Requiring offsets against income tax refunds for non-AFDC families.*—This provision would require that past-due support owed to non-AFDC children by absent parents be taken from the parents' Federal and State income tax refunds, beginning with 1985 tax

payments. Current law already requires such offsets against Federal income tax refunds for AFDC children. The budgetary effects of this provision are very uncertain; either net savings or net costs are possible. CBO's estimate shows costs of $65 million in fiscal year 1985, declining to $35 million by 1989.

Costs associated with the Federal refund offset include processing costs of the State and local CSE agencies and Internal Revenue Service (IRS) costs. Together, these costs total about $25 million a year. The most uncertain—and potentially largest—costs are for administrative or court hearings if the absent parent contests the offset. Two States that currently use State income tax offsets for non-AFDC families—Iowa and Wisconson—have few hearings. But the need for hearings depends on each State's laws, and some States believe that the tax offset provisions will require a large number of hearings. CBO's estimate assumes that administrative hearings would be required in 25 percent of the new cases and 12½ percent of the old cases, and that court hearings would be required in 15 percent of the new cases and 7½ percent of the old cases. Costs of a hearing are estimated to be $125 if administrative and $450 if in court. Costs to the Federal Government of these hearings would total $50 to $60 million a year.

The IRS would be allowed to charge States up to $25 a case to cover its costs, and States could in turn charge the non-AFDC family. CBO's estimate assumes that 25 percent of States would charge the family, raising $5 million in revenues each year.

Costs of implementing this provision would be partially offset by reduced public assistance expenditures on the families who receive the refund offset. CBO's estimate assumes that 800,000 cases in 1985, rising to 1,500,000 cases by 1989, would be involved in the offset program. Based on results of the AFDC offset program, it is assumed that 45 percent of the cases would receive an average $525 in offset child support. In total, added child support collections would be $190 million in 1986, rising to $350 million in 1989. Reduced public assistance expenditures are assumed to be 10 percent of the added child support collections, amount to $20 million in 1986 and $35 million in 1989. (The basis for the 10 percent estimate is discussed below.)

No added costs or savings are shown for the State refund offset provision. There would be few costs in addition to those for the Federal offset. One hearing would suffice for both the State and Federal offset. Only for an absent parent with a State tax refund but no Federal refund might there be added costs, and then only if a hearing is requested after the parent is notified of the offset amount. Such potential costs cannot be estimated because data on overlaps between Federal and State refunds for a single family are not available. There would be added costs for the State tax collection agencies, but these costs could well be offset by the reduced public assistance expenditures resulting from the added child support collections.

*Reducing Federal financing share.*—The Federal Government currently pays 70 percent of state and local government administrative costs for the CSE program. This bill would reduce the Federal share by one percentage point a year for five years beginning in 1987. The Federal share would be 69 percent in fiscal year 1987,

67 percent in 1989, and 65 percent in 1991. CBO's estimated savings for this provision are $10 million in 1987, $25 million in 1988, and $35 million in 1989.

*Requiring fees.*—States may currently charge fees to non-AFDC families, but few do. These amendments would require an application fee, not to exceed $25, be charged to non-AFDC families. A State could pay the fee out of its own funds or recover it from absent parents. In addition, States would be required to have in effect a law under which a late payment fee is charged to absent parents of AFDC and non-AFDC children. This fee would be 3 percent to 10 percent of the past-due support.

CBO estimates total savings from this provision to rise from $5 million in 1985 to $20 million in 1989. Most of these savings are from the application fee, which is assumed to average $15. Late payment fees are estimated to save only $5 million a year. States have difficulty collecting fees from absent parents, and many argue that it is not cost effective to do so. The CBO estimate assumes that a 3 percent fee is collected for one-quarter of the absent parents who owe support.

*Other.*—Several provisions would be likely to result in added outlays by the States for automatic data processing (ADP) systems, which are subject to a Federal match of 90 percent. The amendments would permit the use of these funds for systems that would improve wage withholding and for the acquisition of computer hardware. CBO estimates that Federal outlays would rise by $5 to $10 million a year through fiscal year 1988 with the need for, and acquisition of, more ADP systems.

These amendments have many other provisions that are not discussed here. They are estimated to have insignificant effects on outlays.

*Impact on CSE case levels.*—The intent of these amendments is to improve the effectiveness of the CSE program with respect to increasing child support collections, particularly for non-AFDC families. A number of the provisions are likely to bring more non-AFDC families into the CSE program than would have occurred without this legislation. It is, of course, impossible to know how many such new families would come into the program. The CBO estimate assumes that of the potential CSE families not expected to use the program under current law, 5 percent would come onto the program as a result of these amendments in 1985 and 20 percent would come on by 1989. The resultant numbers of new CSE families total 100,000 in 1985 and 660,000 by 1989. The CSE cost of servicing each of these new families is estimated to be $176 a year in 1985, rising to $214 by 1989. Given the Federal financing share, Federal outlays are estimated to rise as a result of these new cases by about $10 million in 1985 and $100 million by 1989.

These added outlays would be partially offset by reduced public assistance expenditures on these families as a result of increased child support collections. There are no reliable studies of the reduced public assistance costs that result from increases in child support collections for non-AFDC families. However, one recent study based on a few counties did report that 25 percent of non-AFDC cases received public assistance during the first year after their cases were opened and that $500 less a year in public assist-

ance was received for each case in which child support was paid. Based on these findings, the study estimated that public assistance savings (Federal plus State) in fiscal year 1981 were about $55 million. This represented 5.7 percent of non-AFDC collections and comparable savings to the Federal Government alone were 4.4 percent of collections. These estimated savings are too low, primarily because Medicaid was not included.

The CBO estimates consequently assume that reduced Federal public assistance expenditures would equal 10 percent of the added collections for the new CSE families. Collections are assumed to rise by the same percentages as cases rise. The added collections are estimated to total $75 million in 1985 and $530 million in 1989. The Federal shares of the reduced public assistance expenditures are then estimated to be about $5 million in 1985 and $55 million in 1989.

6. Estimated cost to State and local governments: Most of the bill's provisions that would affect Federal outlays would also change State and local government expenditures. The table shows these changes by provision, and they are discussed, in turn, below.

The altered incentives would provide States and localities with $15 million in added funds annually beginning in 1986. This would equal the cost of the altered incentives to the Federal Government.

The authorization of funds for interstate projects should not alter significantly the States' budgetary situation because Congressional intent is that these funds should be used only to augment and improve existing State efforts. However, there might be some substitution of these funds for current and planned State efforts in interstate collections.

Mandating State enforcement techniques would increase child support collections on behalf of AFDC families, reducing their AFDC benefits dollar for dollar. The States' share of these reduced benefits is 46 percent and States would also receive incentive payments for the added collections. As a result, State expenditures would be reduced by $20 million a year in 1985, $55 million in 1986 and 1987, and $60 million in 1988 and 1989.

TABLE 3.—ESTIMATED CHANGES IN STATE AND LOCAL EXPENDITURES

[By fiscal year, in millions of dollars]

| Provision | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 |
|---|---|---|---|---|---|---|
| Changing incentive payment | | | −15 | −15 | −15 | −15 |
| Authorizing funds for interstate projects | | (1) | (1) | (1) | (1) | (1) |
| Mandating State enforcement techniques | | −20 | −55 | −55 | −60 | −60 |
| Requiring offsets against income tax refunds for non-AFDC families | | 30 | 15 | 15 | 10 | 10 |
| Reducing Federal financing share | | | | 10 | 25 | 35 |
| Requiring fees | | −3 | −5 | −5 | −10 | −10 |
| Other | | (1) | 1 | 1 | 1 | (1) |
| Impact on CSE case levels: | | | | | | |
| CSE expenditures | | 5 | 15 | 25 | 40 | 45 |
| Offsetting effects on public assistance | | −5 | −15 | −20 | −30 | −35 |
| Total | | 7 | −59 | −44 | −39 | −30 |

[1] Less than $500,000.

Requiring offsets against income tax refunds would add to State and local expenditures—$30 million in 1985, declining to $10 mil-

lion in 1989. States and localities would have to pay their share of the administrative costs—30 percent in 1985, rising to 33 percent in 1989. These costs would be partially offset by their share of the reduced public assistance expenditures in AFDC and Medicaid as a result of the added child support collections.

Reducing the Federal financing share would shift Federal costs to States and localities. State and local costs would equal Federal savings: $10 million, $25 million, and $35 million in fiscal years 1987 through 1989, respectively.

The requirement for application and late payment fees would reduce State and local government expenditures by the State shares of program costs. Estimated savings would rise from $3 million in 1985 to $10 million in 1989.

Other provisions of the bill would have little effect on State and local government expenditures. Increased expenditures on ADP systems would have little effect because the States' share is only 10 percent.

The estimated increase in new families coming onto the CSE program as a result of these amendments would raise State and local expenditures by States' financing share of 30 to 33 percent. Partially offsetting these added expenditures would be reduced public assistance outlays, reflecting States' 46 percent share of AFDC and Medicaid.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Janice Peskin.

10. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

## VI. Vote of the Committee

In compliance with paragraph 7(c) of Rule XXVI of the Standing Rules of the Senate, the following statement is made relative to the vote of the committee on the motion to report the bill. H.R. 4325, as amended, was ordered favorably reported by a rollcall vote of 20 yeas and 0 nays.

## VII. Changes in Existing Law Made by the Bill, as Reported

In the opinion of the committee, it is necessary in order to expedite the business of the Senate, to dispense with the requirements of subsection 4 of Rule XXIX of the Standing Rules of the Senate (relating to the showing of changes in existing law made by the bill, H.R. 4325, as reported by the committee).

○