CHILD SUPPORT ENFORCEMENT PROVISIONS INCLUDED IN PERSONAL RESPONSIBILITY ACT AS PART OF THE CWA

HEARING

BEFORE THE

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

COMMITTEE ON WAYS AND MEANS

HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

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CHILD SUPPORT ENFORCEMENT PROVISIONS INCLUDED IN PERSONAL RESPONSIBILITY ACT AS PART OF THE CWA

MONDAY, FEBRUARY 6, 1995

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HUMAN RESOURCES,
Washington, D.C.

The subcommittee met, pursuant to call, at 12 noon, in room B–318, Rayburn House Office Building, Hon. E. Clay Shaw, Jr., (chairman of the subcommittee) presiding.

[The press release announcing the hearing follows:]

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON HUMAN RESOURCES

FOR IMMEDIATE RELEASE
January 31, 1995
No. HR-4

CONTACT: (202) 225-1025

SHAW ANNOUNCES HEARING ON INCLUDING CHILD SUPPORT ENFORCEMENT PROVISIONS IN CONTRACT WITH AMERICA PERSONAL RESPONSIBILITY ACT

Congressman E. Clay Shaw, Jr. (R-FL), Chairman of the Subcommittee on Human Resources of the Committee on Ways and Means, today released additional details about a hearing he announced yesterday to discuss child support provisions that will be included in the welfare reform bill. **The hearing will take place on Monday, February 6, 1995, in Room B-318 of the Rayburn House Office Building, beginning at 12:00 noon.**

In view of the limited time available to hear witnesses, the Subcommittee will not be able to accommodate requests to be heard other than from those who are invited. Those persons and organizations not scheduled for an oral appearance are encouraged to submit written statements for the record of the hearing.

BACKGROUND:

The child support system in the United States is inadequate. Deadbeat parents first fail in their obligations to the child and also fail the taxpayers by forcing them, in many cases, to make up for their financial irresponsibility. A good child support enforcement system could substantially reduce reliance on Aid to Families with Dependent Children by single-parent families and would ensure that single parents living just above the poverty line would receive the child support they are due from deadbeat parents.

The hearing will focus on how to dramatically increase the number of nonpaying parents who are located as well as how to increase the number of the paternities established. The discussion also will include how to increase the amount of child support that is paid by non-custodial parents.

"Both parents must be held accountable," said Shaw. "It is unforgivable, it is wrong to walk out on a mother and child. It is even worse to do so and not adequately provide for them. Taxpayers shouldn't have to pick up the tab for deadbeat parents. Our bill will be designed to fix this problem."

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS

Any person or organization wishing to submit a written statement for the printed record of the hearing should submit at least six (6) copies of their statement by the close of business, Friday, February 10, 1995, to Phillip D. Moseley, Chief of Staff, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth Building, Washington, D.C. 20515. If those filing written statements wish to have their statements distributed to the press and interested public at the hearing, they may deliver 200 additional copies for this purpose to the Subcommittee on Human Resources, room B-317 Rayburn House Office Building, at least one hour before the hearing begins.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal-size paper and may not exceed a total of 10 pages.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. Statements must contain the name and capacity in which the witness will appear or, for written comments, the name and capacity of the person submitting the statement, as well as any clients or persons, or any organization for whom the witness appears or for whom the statement is submitted.

4. A supplemental sheet must accompany each statement listing the name, full address, a telephone number where the witness or the designated representative may be reached and a topical outline or summary of the comments and recommendations in the full statement. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press and the public during the course of a public hearing may be submitted in other forms.

* * * * * *

Mr. CAMP [presiding]. Good morning. The Ways and Means Subcommittee on Human Resources is now in session.

I have just a brief opening statement that I will make, then I will go to our first panel of colleagues.

Today we conclude our hearings on welfare reform. By the end of the day, we will have conducted 7 days of hearings and heard from over 170 witnesses. The many hours we have spent in hearings and the large number of witnesses representing a large variety of perspectives show the high level of interest in welfare reform.

All of us have learned a great deal and as will be evident later this week, when we make our plan public, the testimony has had a major impact on Republican welfare reform proposals.

The subject of today's hearing is child support enforcement. According to many experts, if we had a perfect system for establishing paternity, setting child support awards, and collecting support, we would collect about $48 billion per year. Yet only $14 billion is actually collected. That is an immense gap of $34 billion between potential and reality.

Behind the cold figure of $34 billion are a host of human issues that desperately need attention. Most important, several million American children are not getting the support they legally and morally deserve. As a result, many of them, especially those born out of wedlock, live in poverty.

Another big issue behind the $34 billion gap is the fact that when parents who do not live with their children fail to pay support, the bill is often passed to the taxpayers. In fact, the child support enforcement program is an attempt to do everything possible, both to make sure that children get the support they deserve and to protect taxpayers from irresponsible parents who fail to pay child support.

For 20 years, the Federal Government and States have been trying to improve our child support performance. Despite the fact that government collections increase every year, the collections gap is still huge and welfare rolls continue to grow.

Why can't we do a better job? Today's distinguished witnesses should be able to help our subcommittee find an answer to this question. The witnesses represent Federal and State government, the Clinton administration, Members of Congress, Republicans and Democrats, private child support organizations, parent groups, family law lawyers, and legal organizations.

I can assure the witnesses that the subcommittee will pay careful attention to their testimony. I hope the witnesses, the members of the subcommittee, and all parties interested in child support will recall the virtually nonpartisan nature of the child support debate. On two occasions in the past when Congress undertook major reforms of child support, there was virtually unanimous support across the political spectrum for the provisions we enacted.

As we now begin consideration of child support in the context of the highly partisan welfare reform debate, Mr. Shaw and Mr. Archer have agreed to put child support in the welfare reform bill. But all of us should be careful to avoid the mistake of the past 2 years, letting the highly charged welfare reform debate prevent Congress from passing good child support legislation. If the welfare

bill gets bogged down during its journey to passage, we should carefully consider removing child support for separate action on the floor of the House and Senate.

After our panel of Members of Congress, we begin with Dr. David Ellwood representing the Clinton administration. I want to commend the administration and Dr. Ellwood in particular for their superb work on child support enforcement. The administration bill is serving as a blueprint for all of the other bills now before the Congress.

Dr. Ellwood has done excellent work and the subcommittee looks forward to his testimony later.

But joining us now, we have on our first panel the Honorable Marge Roukema of New Jersey, the Honorable Henry Hyde of Illinois, the Honorable Nancy Johnson of Connecticut, the Honorable Barbara Kennelly of Connecticut, and the Honorable Constance Morella of Maryland. I also expect the Honorable Nita M. Lowey of New York will be joining us later.

By agreement, I understand Mrs. Kennelly will proceed.

[The opening statement of Mr. Camp follows:]

Opening Statement by Mr. Camp
Ways and Means Subcommittee on Human Resources
Hearing on Child Support Enforcement
February 6, 1995

Today we conclude our hearings on welfare reform. By the end of the day, we will have conducted seven days of hearings and heard from over 170 witnesses. The many hours we have spent in hearings and the large number of witnesses, representing a wide variety of perspectives, shows the high level of interest in welfare reform -- it also shows the endurance of our members. All of us have learned a great deal, and as will be evident later this week when we make our plan public, the testimony has had a major impact on Republican welfare reform proposals.

The subject of today's hearing is child support enforcement. If I could summarize the current status of this program in one word, the word would be "tantalizing". According to many experts, if we had a perfect system for establishing paternity, setting child support awards, and collecting support, we would collect about $48 billion per year. Yet only $14 billion is actually collected. That's an immense gap of $34 billion between potential and reality.

Behind the cold figure of $34 billion are a host of human issues that desperately need attention. Most important, several million American children are not getting the support they legally and morally deserve. As a result, many of them, especially those born out of wedlock, live in poverty.

Another big issue behind the $34 billion gap is the fact that when parents who do not live with their children fail to pay support, the bill is often passed to taxpayers. In fact, the child support enforcement program is an attempt to do everything possible both to make sure that children get the support they deserve and to protect taxpayers from irresponsible parents who fail to pay child support

For 20 years, the federal government and the states have been trying to improve our child support performance. Despite the fact that government collections increase every year, the collections gap is still huge and welfare rolls continue to grow. Why can't we do a better job?

Today's distinguished witnesses should be able to help our Committee find an answer to this question. The witnesses represent federal and state government, the Clinton Administration, member of Congress, Republicans and Democrats, private child support organizations, parent groups, family law lawyers, and legal organizations. I can assure the witnesses that the Committee will pay careful attention to their testimony.

I hope the witnesses, the members of this Subcommittee, and all parties interested in child support will recall the virtually nonpartisan nature of the child support debate. On the two occasions in the past when Congress undertook major reforms of child support, there was virtually unanimous support across the political spectrum for the provisions we enacted.

As we now begin consideration of child support in the context of the highly partisan welfare reform debate, Mr. Shaw and Mr. Archer have agreed to put child support in the welfare reform bill. But all of us should be careful to avoid the mistake of the past two years -- letting the highly charged welfare reform debate prevent Congress from passing good child support legislation. If the welfare reform bill gets bogged down during its journey to passage, we should carefully consider removing child support for separate action on the Floor of the House and Senate.

We begin our hearing today with Dr. David Ellwood, representing the Clinton Administration. At the risk of being accused of bipartisanship, I want to commend the Administration, and Dr. Ellwood in particular, for their superb work on child support enforcement. The Administration bill is serving as a blueprint for all the other bills now before the Congress. You have done excellent work, Dr. Ellwood, and the Committee looks forward to hearing your testimony.

STATEMENT OF HON. BARBARA B. KENNELLY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CONNECTICUT

Mrs. KENNELLY. Yes, Mr. Chairman, I will go first because I will then join you up on the panel. I——

Mr. CAMP. I need some help up here.

Mrs. KENNELLY. I did want to appear with the witnesses today because it has been a long time interest of mine. I am just so pleased that Mr. Shaw and the subcommittee decided that it was a good idea to have a child support enforcement hearing. We at the witness table who have worked so hard on this bill appreciate it very much.

Mr. Chairman, when parents evade their responsibility, children suffer, and as a result, taxpayers end up paying for those children. So to protect both children and taxpayers from the consequences of parents evading their responsibility, we need to improve our child support enforcement system. We need to send a clear and unmistakable message that both parents must be involved in supporting their children.

The five women you see before you have jointly introduced legislation that will clearly articulate this message by improving almost every aspect of child support enforcement. We are here to illustrate our strong support for the Child Support Responsibility Act, which is based on many of the recommendations of the nonpartisan U.S. Commission on Interstate Child Support of which I was a member along with Congresswoman Roukema.

First I want to emphasize that this bill, H.R. 785, would greatly improve the tracking and enforcement of child support orders across State lines—so important. This is so important because interstate cases count for roughly one-third of all child support awards, but yield only 8 percent of the collections. We certainly can do better.

To improve child support enforcement, H.R. 785 would require States to adopt a uniform law for complying with child support orders from other States. This would stop much of the confusion and delay that marks much of the current enforcement system. The bill would also set up a national registry to assist States in locating absent parents.

The registry would cross-reference a list of every new hire around the country with a catalog of every child support order. Once a match is made, the State or custodial parent can enforce direct wage holding on an absentee parent in another State.

This bill would also initiate several other changes that would help enforce orders both in and out of each State. It would increase penalties for noncustodial parents who refuse to pay child support, including suspending business and driver's licenses.

The legislation would increase the Federal match to State child support agencies and change the incentive structure to emphasize performance instead of process, which we all understand has gotten completely out of control.

Finally, the legislation would make it easier to modify the child support orders and to voluntarily establish paternity. I will put my whole testimony on the record, because I want the others to have their time.

But, Mr. Chairman, I do once again emphasize the importance of having child support enforcement travel along the same fence track that welfare reform is on. There is no doubt in my mind and everybody else who has spent time on this subject that if child support is collected, it means that somebody might be able to stay off welfare and if somebody is on welfare and the collection has taken place, they can get off welfare.

So it is just terribly important that these two pieces of legislation move side by side.

I thank you, Mr. Camp.

Mr. CAMP. Thank you very much.

Hon. Marge Roukema.

STATEMENT OF HON. MARGE ROUKEMA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mrs. ROUKEMA. Thank you, Mr. Chairman. I thank my colleagues.

I am going to repeat for emphasis some of the statements that have already been made by both you, Mr. Chairman, as well as panel member Ms. Kennelly. Let me first make a very declarative statement which I think we all agree to but I must say it. Effective reform of interstate child support enforcement laws must be an essential component of any welfare reform bill that we send to the President.

While Republicans and Democrats have different ideas about how to best reform the welfare system, we most readily agree that strong interstate child support enforcement must be part of any reform plan.

Make no mistake about it, Mr. Chairman. Effective enforcement reform is welfare prevention. I think the numbers prove that, and everyone here on this panel certainly will agree that nonsupport of children by their parents is one of the primary reasons why families fall on the welfare rolls to begin with, and children who are deprived of the support to which they are entitled face a lifetime of economic, social, and emotional deprivation. It is a national disgrace that our child support enforcement system continues to allow so many parents who can afford to pay for their children's support to shirk their obligations.

I won't go into the statistics now, but I think they are compelling and they will be included in the record. But they are familiar to all of us. In fact, very importantly, HHS has a report that found that a substantial increase in child support enforcement could reduce AFDC payments by 25 percent.

Another report, of which we are not as familiar, but bears close scrutiny by this subcommittee, is one from Columbia University that concluded that up to 40 percent of welfare families could be removed if child support laws were enforced.

Given the dire need for strong action, I am very pleased that House Speaker Gingrich is committed to making child support enforcement reform a legislative priority and is expanding that priority to this subcommittee's legislation.

I strongly support that commitment that we do pass a comprehensive welfare reform bill in the first 100 days. But I am delighted and most pleased that he and this subcommittee have rec-

ognized the need to expand it, the welfare reform bill, to include a component, a heavy component of child support enforcement.

I might say, Mr. Chairman, in your introduction you made some statement to the effect that it should be considered that if for any reason welfare reform were delayed, that we should move for a separate track of action this year. I would urge that it be concluded, that we must move a separate action this year on enforcement.

Now, Ms. Kennelly has gone into the nonpartisan U.S. Commission's Report on Interstate Child Support. I would submit for the record, Mr. Chairman, with unanimous consent, a summary of that Commission report. I think it would be helpful for you all to know.

[A summary of the report is being retained in the committee's files.]

I must say that, above all, the report has confirmed my conviction of longstanding that an interstate child support system is only as good as its weakest link. Many States do a fine job but they are inhibited, and the system falls apart because of lack of complete reciprocity on the parts of the 50 States. So reciprocity is the key to this Commission report and is the key to any reform measure.

The States must cooperate. As many of you know, I have introduced H.R. 195 this year. It is a compilation and advancement over H.R. 1600 from the last Congress. The legislation is designed to completely comply with the Interstate Commission's policies.

In addition, I am pleased to be working with the bipartisan efforts of Congresswomen Morella, Johnson, Schroeder, and Kennelly, and I certainly endorse their legislation which was introduced last week.

Among the most important and effective—some call it get tough, I call it tough-love reforms which are included in the report—I will limit my statement now to only one of those which I believe is essential, and it is in my legislation, and that is the requirement that the mother must cooperate at the time of birth in the hospital in establishing paternity. Of course we understand that she will not be 100 percent accurate.

There are backup systems to improve the accuracy. But the cooperation is the essential key; and that if the woman does not cooperate, the mother does not cooperate, then cash payments will be foreclosed in the future.

I think this is essential. I think it is not only essential in protection of the children, but I think it is essential that we reconfirm the positions of family and establish not only female but also male responsibility in the rearing of children.

One more point I want to make, which I do not believe is included in some of the other legislation, but I strongly endorse it in my legislation, it is a recommendation of the Interstate Commission, and that is to establish criminal penalties for willful violation. Criminal penalties that can range anywhere from $1,000 fine to 30 days in jail or up to 6 months in jail for repeat offenders.

The other issues, Mr. Chairman, such as withholding the driver's licenses and occupational licenses, Ms. Kennelly has made that point. I would simply state, particularly to my Republican colleagues, the experience of States like Maine that have been so effective and so successful in instituting these reforms. I would say to my colleagues that if States are indeed the laboratories of de-

mocracy, that we are looking to them for, we should adapt their effective reforms such as Maine has demonstrated in withholding driver's licenses to serve a national constituency.

Mr. Chairman, I would be happy to answer any questions on further details of the proposal.

[The prepared statement and attachment follow:]

Statement of
The Honorable Marge Roukema

Before starting my testimony, I would first like to congratulate my distinguished colleague from Florida -- Clay Shaw -- on his well-deserved promotion to the chair of the House Ways and Means Subcommittee on Human Resources. Mr. Chairman, you've waited years for this exciting opportunity and we are all supremely confident that you are up to the task of leading the Committee during the 104th Congress.

The people of the United States have given the Republican Party a historic opportunity to demonstrate our commitment to constructive change -- a change to more effective and efficient governance. These hearings represent the first step in what is sure to be a long and difficult process of fulfilling this commitment. I, for one, welcome the challenge.

WELFARE REFORM MUST INCLUDE CHILD SUPPORT REFORM

Let me begin my testimony with a simple, declarative sentence: Effective reform of our interstate child support enforcement laws must be an integral component of any welfare reform plan that the 104th Congress sends to President Clinton.

While Republicans and Democrats may have vastly different ideas about how best to reform our welfare system, most readily agree that strong interstate child support enforcement reform must be part of our reform plans.

Make no mistake about it: effective child support enforcement reform is welfare prevention. **Non-support of children by their parents is one of the primary reasons that so many families end up on the welfare rolls to begin with.**

Children who are deprived of the support to which they are entitled face a lifetime of economic, social and emotional deprivation. It's a national disgrace that our child support enforcement system continues to allow so many parents who can afford to pay for their children's support to shirk these obligations.

The time has come for us to acknowledge that failure to pay court-ordered child support is not a "victimless crime". The children going without these payments are the first victims. But American taxpayers are the ultimate victim, when they have to pick up the welfare tab for the deadbeat parents who evade their financial obligations.

Here are just a few of the key statistics:

* 23 million children are owed more than $34 billion in support payments;
* 5.4 million families never collect a dime of legal child support;
* The default rate for car loans is about 3%, while the default rate on child support payments is almost 50%!;
* Various studies have found that better enforcement of child support would **SUBSTANTIALLY** reduce welfare spending. An HHS report found that a

"substantial" increase in child support enforcement could reduce federal AFDC payments by 25%, while a Columbia University study concluded that up to 40% of welfare families could be removed with better enforcement of child support laws;

CHILD SUPPORT ENFORCEMENT REFORM IS A PRIORITY IN 1995

Given the dire need for strong action, I am very, very pleased to see that new House leadership, both Speaker Gingrich and Majority Leader Armey, are committed to making child support enforcement reform legislation a priority on our legislation agenda by **moving comprehensive welfare reform legislation, with a child support enforcement reform component, to the floor of the U.S. House of Representatives within our first 100 Days of session.**

I am committed to doing everything I can to help ensure that this happens -- all too frequently in the past, Congressional action on child support enforcement legislation has been promised but not delivered. We can't afford to delay any more. This time, we must act, and sooner rather than later.

U.S. COMMISSION ON INTERSTATE CHILD SUPPORT:

I have long been a leading voice in this debate, on both the Child Support Enforcement Amendments of 1984, and the Family Support Act of 1988. Along with my colleague Mrs. Kennelly, and Senator Bill Bradley, I served as a member of the U.S. Commission on Interstate Child Support Enforcement.

As we examine the various aspects of this complex issue, it may be useful to provide some background as to the nature, and membership of the Commission and its major recommendations.

The Commission was composed of experts in all areas of child support enforcement: family law judges and attorneys, state and local officials, caseworkers, and of course, parents and child support advocates. Our Commission was charged with a comprehensive review and report of recommendations for reform of our interstate child support system, which was completed in August of 1992.

Perhaps the most important fact revealed in the Commission's report was that our interstate child support system is only as good as its weakest link. States that have made child support a priority, and adopted aggressive reforms, are penalized by those states which have failed to reciprocate.

Or, as one of my county sheriffs told me, we will never be able to get parents to meet their child support obligations when they can "skip across" the Delaware or Hudson river into a neighboring state (PA or NY) to avoid payment.

That is precisely why we need comprehensive federal reform of our child support system -- to ensure that all states come up to the HIGHEST common denominator, not sink to the LOWEST common denominator as has happened all to frequently in the past.

At the same time, the Commission concluded that our current state-based system should be maintained, albeit with significant federal reforms. The Commission studied the idea of "federalizing" child support enforcement and collection, and ultimately concluded that maintaining a state-based structure was the preferred course of action.

SOME ESSENTIAL CHILD SUPPORT ENFORCEMENT REFORMS

As many members of the Subcommittee know, I have re-introduced my own child support enforcement reform package in this Congress as H.R. 195, which is essentially the same measure as H.R. 1600 from the 103rd Congress. This legislation is designed to enact the Interstate Commission's major recommendations. For the Committee's review, I have attached to my formal testimony a 1-page summary of this legislation.

In addition, I have continued to work with a bi-partisan collection of Congresswomen (including Connie Morella, Nancy Johnson, Pat Schroeder, Barbara Kennelley) in revising the Caucus on Women's Issues omnibus child support bill, which was just introduced last week as H.R. 785.

Among the most important and effective "get tough" reforms that I have endorsed, included in the legislation that I have written and supported, and which must be included in legislation that the 104th Congress approves are:

Enhanced Hospital-based Paternity Establishment Programs:

Although the Clinton tax package of 1993 contained language mandating comprehensive hospital-based paternity establishment programs, we need to take further action. Current law requires AFDC mothers to cooperate with the state in its efforts to establish paternity in order to be eligible for benefits. Yet, all too frequently uncooperative mothers are not sanctioned.

We must put some real teeth into this law so that mothers understand the basic choice they are faced with: cooperate in order to establish paternity and protect your eligibility, or refuse to cooperate and accept the consequences of that choice.

Establishing paternity establishes a potential for future financial support; but, most importantly, it re-establishes a code of conduct that fixes responsibility on the male, as well as the female, in the rearing of children -- Reconfirming these principles are essential to restoring respect for the family unit in our society.

Require States to Criminalize Failure to Pay Child Support

States must make it a crime to willfully fail to pay child support, and provide criminal penalties for 'deadbeat parents'. The federal government has wisely adopted federal criminal penalties for those who cross interstate lines to avoid child support. States should be held to the same standard, and use criminal penalties for those who choose to ignore their legal, financial and moral obligations.

Withhold Drivers' & Occupational Licenses for Deadbeat Parents

In our efforts to address some of the important gaps in our present system, all States need to withhold drivers' and occupational licenses from "deadbeat parents". This has already shown very promising results in a few select states which have adopted this innovative reform.

For example, the State of Maine reports that in the first year of its program, more than $11 million in back child support were collected under these sanctions. By applying such proven methods on a federal level, we can ensure that all States rise to the level of the best, rather than sink to the worst.

Increase Credit Reporting Efforts and Wage Garnishment

We need to increases the use of credit reporting and wage garnishment, as well as require uniform, national subpoenas to simplify burdensome paperwork requirements. We must improve and expand the national reporting of all support orders, and the computer data base of outstanding child support obligations.

The importance of the federal parent locator network cannot be understated. In fact, my own State of New Jersey, is using its computerized database of automobile registration to take aggressive action against auto scofflaws, intercepting tax refunds and garnishing paychecks. Frankly, if we can find the resources and find a way to crack down on automobile fines, I would hope we would find the same resources to help parents get their court-ordered child support!

In the past we have been told that problems in child support collection are a function of overwhelming caseloads and limited resources. Well, if we can find a way to put a lien on someone's house for a parking ticket, we ought to be able to use the same sanctions when they fail to pay child support.

Improving the federal data network on child support arrearage gives us the tool to put these tax intercepts, rebate refunds, and property liens to their fullest use!

Allow States to Serve Child Support Orders on Out-of-State Employers

We must change the law to definitively allow States to serve child support orders on out-of-state employers. This was clearly the intent of Congress when we adopted mandatory wage withholding for new child support orders. Unfortunately, the various levels of state bureacracy still make wage withholding unnecessarily complex and cumbersome.

We must streamlines this process, and removes levels of bureaucracy from the child support collection process in order to allow wage withholding to work simply and effectively. As the U.S. Commission noted, this "direct service" is one of the most successful methods of child support enforcement available, with success rates of 80% and more when used.

Prohibit the Federal Government from Aiding & Abetting Deadbeat Parents

Finally, we must adopt a pioneering reform that addresses the role of the federal government as an employer. We should prohibit the federal government from employing, paying benefits, or making loans to "deadbeat" parents!

We need to prohibit the federal government from "aiding and abetting" deadbeat parents who have failed to make court-ordered payments. The federal government should refrain from providing assistance to a "deadbeat parent" who owes more than $1,000 in back child support, and is making no court-arranged effort to repay the arrearage.

That we would refuse to subsidize the behavior of deadbeats would seem simple logic. Unfortunately, under current law, no such arrangement exists. Without such a safeguard, the government can and will continue to provide financial assistance and loans to a parent, without corresponding responsibility for court-ordered payment.

Our colleague from Florida, Mike Bilirakis, has been a real leader in this aspect of the child support enforcement reform debate. Last year, he authored an amendment to the Small Business Administration authorization bill that precluded individials from getting SBA benefits if they were delinquent in their child support.

He has continued to show strong leadership in this respect by introducing legislation this year, H.R. 104, which would broadly prohibit deadbeat parents from receiving any benefits from the federal government. I commend Congressman Bilirakis for his hard work and diligence in this matter.

Establish a National Child Support Withholding Form for New Employees

One final point: as of January 1, 1994, all new child support orders are being delivered through employer-based wage withholding. We should create a national child support "withholding form" for new hires, and improve the computerized federal database for tracking child support orders. In short, our system makes employers a pivotal part of the child support collection process -- it is only right that the federal government, in its role as employer to millions, meet its responsibilities in this important area just as private employers must now do.

In closing, I want to express my willingness to work with the entire Subcommittee, as well as Connie Morella, Nancy Johnson, Henry Hyde, Mike Bilirakis, and any interested members in forging the best possible child support enforcement reforms possible.

With that said, I'll conclude my statement. Again, I thank Chairman Shaw and the Subcommittee for providing me with this opportunity to testify on this topic. At this point in time, I'd be more than happy to answer any questions that the Subcommittee's members might have.

H.R. 195, INTERSTATE CHILD SUPPORT ENFORCEMENT ACT
Sponsored by
Congresswoman Marge Roukema

Comprehensive legislation implementing the recommendations of the U.S. Commission on Interstate Child Support Enforcement.

Key provisions:

* Requires new paternity establishment initiatives, including **mandatory** hospital-based paternity programs.

* Simplifies paternity establishment process, and, in contested paternity, shifts the burden of proof to a father who has **already** acknowledged paternity.

* Definitively authorizes "direct service" -- the procedure by which a parent owed child support can have the "deadbeat" spouse's wages garnished. **When direct service is used, success rates can be as high as 80%.**

* Requires States to criminalize willful failure to pay child support, and utilizes civil and criminal penalties on "deadbeats".

* Improved location of non-custodial parents and support order establishment. Creates a new line on the federal W-4 for every new employee to indicate child support obligations.

* Improves and updates the national computer network connecting state child support offices. Expands data bases to include the National Criminal Information Center (NCIC), quarterly IRS estimated tax reports; state motor vehicle registration; state bureau of corrections; occupational and professional licensing departments; public utility companies and credit reporting agencies.

* Withholds of drivers' and occupational licenses from "deadbeat parents" who owe back child support. This gets to the problem of wage garnishment for the self-employed.

* Increases use of credit reporting and garnishment.

* Creates uniform, national subpoenas to simplify burdensome paperwork requirements.

Mr. CAMP. Thank you. Thank you very much, and we will have our questions at the end of everyone's testimony.

Mrs. ROUKEMA. I also ask that my full statement be included in the record.

Mr. CAMP. So ordered. Everyone's full statements will be included in the record.

The Honorable Henry Hyde of Illinois.

STATEMENT OF HON. HENRY J. HYDE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. HYDE. Thank you, Mr. Chairman, and the distinguished members of this subcommittee.

I am very pleased to have the opportunity to testify today, and I will speak in advocacy of legislation which I have introduced with Representative Lynn Woolsey, H.R. 801, the Uniform Child Support Enforcement Act of 1995.

We must recognize the link between welfare rolls and the sorry state of child support enforcement. Too many single mothers and their children must go on welfare out of sheer desperation after failing to receive support payments.

The result: The poverty rate for families headed by single mothers is 32 percent. If we can increase the rate of child support collection, we can help these women and their children, at the same time easing the welfare burden on our States.

It is a fact that the present child support collection system is a colossal failure. The States establish and enforce support and the Federal Government pays two-thirds of their costs. But while the States in 1993 collected $8.9 billion in child support payments, this represents a mere $3.98 in collections for every $1 of administrative expense. In a report card issued by this subcommittee, State child support collection agencies received an average grade of D-plus. Half of the children owed money never receive all that they are entitled to.

We need to federalize support enforcement. The Uniform Child Support Enforcement Act has us take this step by putting the Internal Revenue Service in charge of child support enforcement nationwide.

The IRS is the one governmental agency that has the reputation and the statutory resources needed to make good on this country's promise to custodial parents that they will get their child support and at an affordable cost to us all.

Congress has enacted a broad scheme of penalties to enforce the tax laws, embracing both civil and criminal sanctions, interest, fines, and prison. I want the IRS to use these resources to enforce support orders. Present difficulties with the interstate enforcement of child support orders would be eliminated with a stroke of the pen. It would make no difference whatsoever to the IRS where a delinquent parent lives. No longer would custodial parents have to wait years while court systems in two different States or more coordinate their actions. No longer would delinquent parents be able to move from State to State to perpetually frustrate enforcement efforts. With heavy interest and penalty charges, it will no longer be to a noncustodial parent's benefit to delay or withhold payment of child support.

The Uniform Child Support Enforcement Act would make paying child support indistinguishable from paying taxes.

There are only two things in life that are sure: death and taxes. I would like to make child support a third one there.

Think of what a statement this would make. We as a nation would go on record as believing that the duty of support owed to one's children is as important as the duty owed to pay taxes.

Now, Mr. Chairman, I thank you.

Mr. CAMP. Thank you.

The Honorable Nancy Johnson.

STATEMENT OF HON. NANCY L. JOHNSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CONNECTICUT

Mrs. JOHNSON. Thank you, Mr. Chairman.

My testimony probably has more to do with the future of poverty in America than anything we are going to be talking about in the coming years. We will be testifying on a variety of aspects of H.R. 785, the bill introduced by a group of Members from the Congresswomen's Caucus, including Congresswomen Roukema and Kennelly, both of whom served on the Commission. But there are a few aspects of it that I want to point out.

First, we feel very strongly that a uniform State-based system is essential to improve the terribly low rate of child support collections in this country. We have taken the recommendations of the Interstate Child Support Commission along with the best State practices to create a bill that is tough but fair.

It is important to mention that the Child Support Responsibility Act focuses on preventing child support orders from falling into arrears in the first place, not just on collecting from nonpaying parents.

Clearly this is the most economical and commonsense way to go about putting together an effective system. The system of uniform laws and interacting databases set up by our bill is designed to maximize the amount of money that is collected on time.

Although Congresswoman Morella will speak in more detail about the databases our bill sets up, there is one area I want to mention specifically: employer involvement in the location of noncustodial parents and collection of support.

Clearly one thing our subcommittee must look at as we move child support legislation forward is the potential burden it places on employers. Under current law employers must withhold child support from employers' paychecks unless both parents opt out of that system. H.R. 785 requires employers to do just one more simple task: to send a copy of the new employee's W–4 form to a Federal data bank. The employer does not have to fill out a separate form, send it to multiple places, ask probing questions to the employee, or anything else. In this way the combination of databases established in our bill will match up parents who aren't paying their child support with new hire information, and will relay that information back to the States, who will then begin enforcement proceedings. The burden on the employer is minimal. Nothing more than mailing an already filled-out form. This system protects the privacy of employees who have opted out of income withholding since their employer would never be notified of their child support

order, and at the same time, those who are having their child support withheld will be matched with the correct terms and conditions as spelled out in the support order.

Furthermore, our bill centralizes collections and distributions for those families using the income withholding system. Under current law, States can choose to centralize this process at the State level or they can do it at the local level.

Employers face a burden in States where every income withholding order gets sent to a different location. For example, in a county-based system, an employer may have to send child support withheld to the appropriate county courthouse. Employers would have to keep track of whose withholding gets sent where, and whether that location changes if someone moves or the order is modified.

Imagine an employer in New York trying to keep track of the correct county address of their employer's withholding orders. Our bill simplifies current law and is business friendly by sending collections to one place in each State.

States that have a centralized distribution scheme have had greater success in getting the money to custodial parents. Massachusetts uses this model and has one of the most effective child support enforcement systems in the Nation. In addition, centralization combined with new hire reporting helps find noncustodial parents and get the correct amounts withheld.

Washington State has a centralized registry and W–4 reporting. They are able to promptly match new hires with outstanding support orders. As of 1992, they have the third best rate of locating absent parents in the country, up from 20th less than 10 years earlier.

Regarding paternity establishment, our bill makes improvements in the voluntary paternity establishment process. H.R. 785 states that when parents sign a voluntary acknowledgment of paternity after being told of their rights and responsibilities, that signature becomes a final judgment of paternity in 60 days.

In view of the time I won't go into the details, but our bill simplifies and streamlines the wide variety of processes in the States and in so doing will encourage more men to step forward and establish paternity.

Nothing could be more important. Of the children born to parents out of wedlock, only 25 percent ever get paternity established. Of the AFDC children, it is only 8 percent. When you consider that the most babies are born to teenagers who are over 20, the great majority are over 20, they are not high school boys, they are men over 20, it is an outrage that we are collecting from only 8 percent and we are identifying only 8 percent.

Only with this kind of systemic change are we going to be able to change those figures and do something about the kids in America and the poverty that so many of them live in.

I am pleased we have modified the review and adjustment process for support orders. I will submit my testimony and talk with you about that later. Finally, changes in the incentive payment structure so that the payment structure will be performance-based are very important to the success of this program.

I thank you for your patience, Mr. Chairman.

[The prepared statement follows:]

TESTIMONY BEFORE THE WAYS AND MEANS SUBCOMMITTEE ON HUMAN RESOURCES

REPRESENTATIVE NANCY L. JOHNSON

FEBRUARY 6, 1995

MR. CHAIRMAN, THANK YOU FOR THE OPPORTUNITY TO TESTIFY BEFORE YOUR SUBCOMMITTEE THIS AFTERNOON. I AM PLEASED TO SPEAK IN FAVOR OF THE CHILD SUPPORT RESPONSIBILITY ACT, H.R. 785, WHICH I INTRODUCED LAST WEEK WITH CONGRESSWOMEN ROUKEMA, KENNELLY, MORELLA, LOWEY, AND 15 OTHER COLLEAGUES FROM THE CAUCUS FOR WOMEN'S ISSUES.

MY COLLEAGUES AND I WILL BE TESTIFYING ON VARIOUS ASPECTS OF THIS BILL, AS WELL AS WHY WE FEEL STRONGLY THAT A UNIFORM, STATE-BASED SYSTEM IS ESSENTIAL TO IMPROVE THE TERRIBLY LOW RATE OF CHILD SUPPORT COLLECTIONS IN THIS COUNTRY. WE HAVE TAKEN THE RECOMMENDATIONS OF THE INTERSTATE CHILD SUPPORT COMMISSION ALONG WITH BEST STATE PRACTICES TO CREATE A BILL THAT IS TOUGH BUT FAIR. I FIRMLY BELIEVE THAT WE CANNOT REFORM OUR WELFARE SYSTEM WITHOUT TAKING A CAREFUL LOOK AT THE RESPONSIBILITIES OF THE NON-CUSTODIAL PARENTS AS WELL.

IT IS IMPORTANT TO MENTION THAT THE CHILD SUPPORT RESPONSIBILITY ACT FOCUSES ON PREVENTING CHILD SUPPORT ORDERS FROM FALLING INTO ARREARS IN THE FIRST PLACE, NOT JUST ON COLLECTING FROM NONPAYING PARENTS. CLEARLY, THIS IS THE MOST ECONOMICAL AND COMMON SENSE WAY TO GO ABOUT PUTTING TOGETHER AN EFFECTIVE SYSTEM. THE SYSTEM OF UNIFORM LAWS AND INTERACTING DATABASES SET UP BY OUR BILL IS DESIGNED TO MAXIMIZE THE AMOUNT OF MONEY THAT IS COLLECTED ON TIME.

ALTHOUGH CONGRESSWOMAN MORELLA WILL SPEAK TO YOU IN MORE DETAIL ABOUT THE DATABASES OUR BILL SETS UP, THERE IS ONE AREA THAT I WANT TO MENTION SPECIFICALLY: EMPLOYER INVOLVEMENT IN THE LOCATION OF NONCUSTODIAL PARENTS AND COLLECTION OF SUPPORT.

CLEARLY, ONE THING OUR COMMITTEE MUST LOOK AT AS WE MOVE CHILD SUPPORT LEGISLATION FORWARD IS THE POTENTIAL BURDEN PLACED ON EMPLOYERS. AS YOU KNOW, UNDER CURRENT LAW, EMPLOYERS MUST WITHHOLD CHILD SUPPORT FROM EMPLOYEES' PAYCHECKS UNLESS BOTH PARENTS OPT OUT OF THAT SYSTEM. H.R. 785 REQUIRES EMPLOYERS TO DO JUST ONE MORE SIMPLE TASK: TO SEND A COPY OF NEW EMPLOYEES' W-4 FORM TO A FEDERAL DATABANK. THE EMPLOYER DOES <u>NOT</u> HAVE TO FILL OUT A SEPARATE FORM, SEND IT TO MULTIPLE PLACES, ASK PROBING QUESTIONS TO THE EMPLOYEE, OR ANYTHING ELSE. IN THIS WAY, THE COMBINATION OF DATABASES ESTABLISHED IN OUR BILL WILL MATCH UP PARENTS WHO AREN'T PAYING THEIR CHILD SUPPORT WITH "NEW HIRE" INFORMATION, AND WILL RELAY THAT INFORMATION BACK TO THE STATES, WHO WILL THEN BEGIN ENFORCEMENT PROCEEDINGS. THE BURDEN ON THE EMPLOYER IS MINIMAL, NOTHING MORE THAN MAILING AN ALREADY FILLED-OUT FORM.

THIS SYSTEM PROTECTS THE PRIVACY OF EMPLOYEES WHO HAVE OPTED OUT OF INCOME WITHHOLDING, SINCE THEIR EMPLOYER WOULD NEVER BE NOTIFIED OF THEIR CHILD SUPPORT ORDER. AND, AT THE SAME TIME, THOSE WHO ARE HAVING THEIR CHILD SUPPORT WITHHELD WILL BE MATCHED WITH THE CORRECT TERMS AND CONDITIONS AS SPELLED OUT IN THE SUPPORT ORDER.

FURTHERMORE, OUR BILL CENTRALIZES COLLECTIONS AND DISTRIBUTIONS FOR THOSE FAMILIES USING THE INCOME WITHHOLDING SYSTEM. UNDER CURRENT LAW, STATES CAN CHOOSE TO CENTRALIZE THIS PROCESS AT THE STATE LEVEL, OR THEY CAN DO IT AT A LOCAL LEVEL. EMPLOYERS FACE A BURDEN IN STATES WHERE EVERY INCOME WITHHOLDING ORDER

GETS SENT TO A DIFFERENT LOCATION. FOR EXAMPLE, IN A COUNTY-BASED SYSTEM, AN EMPLOYER MAY HAVE TO SEND CHILD SUPPORT WITHHELD TO THE APPROPRIATE COUNTY COURTHOUSE. EMPLOYERS WOULD HAVE TO KEEP TRACK OF WHOSE WITHHOLDING GETS SENT WHERE, AND WHETHER THAT LOCATION CHANGES OR NOT IF SOMEONE MOVES OR THE ORDER IS MODIFIED. IMAGINE AN EMPLOYER IN NEW YORK TRYING TO KEEP TRACK OF THE CORRECT COUNTY ADDRESSES IN CALIFORNIA, TEXAS AND FLORIDA FOR THEIR EMPLOYEES' WITHHOLDING ORDERS. OUR BILL SIMPLIFIES CURRENT LAW AND IS BUSINESS-FRIENDLY BY SENDING COLLECTIONS TO ONE PLACE IN EACH STATE.

STATES THAT USE A CENTRALIZED DISTRIBUTION SCHEME HAVE HAD GREATER SUCCESS IN GETTING THE MONEY TO CUSTODIAL PARENTS. MASSACHUSETTS USES THIS MODEL AND HAS ONE OF THE MOST EFFECTIVE CHILD SUPPORT ENFORCEMENT SYSTEMS IN THE NATION. IN ADDITION, CENTRALIZATION COMBINED WITH NEW HIRE REPORTING, HELPS FIND NONCUSTODIAL PARENTS AND GET THE CORRECT AMOUNTS WITHHELD. WASHINGTON STATE HAS A CENTRALIZED REGISTRY AND W-4 REPORTING. THEY ARE ABLE TO PROMPTLY MATCH NEW HIRES WITH OUTSTANDING SUPPORT ORDERS, AND AS OF 1992, HAVE THE THIRD BEST RATE OF LOCATING ABSENT PARENTS IN THE COUNTRY, UP FROM 20TH LESS THAN 10 YEARS EARLIER.

REGARDING PATERNITY ESTABLISHMENT, OUR BILL MAKES IMPROVEMENTS TO THE VOLUNTARY PATERNITY ESTABLISHMENT PROCESS. H.R. 785 STATES THAT WHEN PARENTS SIGN A VOLUNTARY ACKNOWLEDGEMENT OF PATERNITY, AFTER BEING TOLD OF THEIR RIGHTS AND RESPONSIBILITIES, THAT SIGNATURE BECOMES A FINAL JUDGEMENT OF PATERNITY IN 60 DAYS. THE ONLY WAYS THAT THE FINAL JUDGEMENT CAN BE CHALLENGED ARE IN CASES OF FRAUD, DURESS, OR MATERIAL MISTAKE OF FACT. IN OTHER WORDS, IF A GENETIC TEST PROVES THAT A MAN IS NOT THE FATHER, THE FINAL JUDGEMENT RULING COULD BE OVERTURNED. THIS SIMPLIFIES AND STREAMLINES THE WIDE VARIETY OF PROCESSES IN THE STATES, AND IN DOING SO, WILL HOPEFULLY ENCOURAGE MORE MEN TO STEP FORWARD AND ESTABLISH PATERNITY.

I AM PLEASED THAT WE'VE MODIFIED THE REVIEW AND ADJUSTMENT PROCESS FOR SUPPORT ORDERS. UNDER CURRENT LAW, STATES ARE REQUIRED TO REVIEW EVERY AFDC CASE EVERY THREE YEARS, REGARDLESS OF WHETHER CIRCUMSTANCES HAVE CHANGED, AND AT THE PARENT'S REQUEST FOR ALL OTHER IV-D CASES, WITH CUMBERSOME NOTIFICATION REQUIREMENTS. IN CONTRAST, H.R. 785 REQUIRES PARENTS TO EXCHANGE FINANCIAL INFORMATION ANNUALLY, IN ORDER TO DETERMINE WHETHER CIRCUMSTANCES HAVE CHANGED THAT WOULD WARRANT A CHANGE IN THE SUPPORT ORDER. THE BILL ALLOWS PARENTS TO MODIFY ORDERS EVERY THREE YEARS IF THEY REQUEST A MODIFICATION, OR MORE FREQUENTLY IF THERE HAS BEEN A SUBSTANTIAL CHANGE IN CIRCUMSTANCES. SO, THIS PROVISION WILL FREE UP STATE IV-D WORKERS TO FOCUS ON THOSE CASES WHERE MODIFICATIONS HAVE BEEN ASKED FOR.

FINALLY, H.R. 785 CHANGES THE INCENTIVE PAYMENT STRUCTURE TO ONE THAT IS PERFORMANCE-BASED. CURRENTLY, INCENTIVES ARE AWARDED TO STATES BASED ON PROCESS-BASED COMPLIANCE. THIS BILL REWARDS STATES THAT SUCCEED IN THEIR MISSIONS -- TO ESTABLISH PATERNITIES FOR CHILDREN BORN OUT-OF-WEDLOCK, AND TO INCREASE OVERALL COLLECTIONS AND COMPLIANCE.

I HAVE HIGHLIGHTED JUST A FEW OF THE COMPONENTS OF THE CHILD SUPPORT RESPONSIBILITY ACT FOR YOU TODAY, BUT I WELCOME ANY QUESTIONS THAT YOU MAY HAVE ON ANY OTHER ASPECT OF OUR BILL, OR ABOUT WHY WE HAVE CHOSEN THE APPROACH WE DID. THANK YOU.

Mr. CAMP. Thank you very much.
The Honorable Constance Morella.

STATEMENT OF HON. CONSTANCE A. MORELLA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

Mrs. MORELLA. Thank you, Mr. Chairman and distinguished members of this very important subcommittee.

I am really very honored to be able to offer testimony this morning, and I want to thank this subcommittee for its leadership on one of the most pressing social issues of our day: the widespread weaknesses in our Nation's child support enforcement system. By conducting this hearing, and more importantly, by expediting child support enforcement within the context of welfare reform, this subcommittee has demonstrated keen understanding of a basic truth about welfare, and that is that when deadbeat parents fail to pay, taxpayers pick up the tab and our children pay the price.

As a Republican cochair of the Congressional Caucus for Women's Issues, I am here to urge your serious consideration of the Child Support Responsibility Act of 1995, H.R. 785, which is, as has been mentioned, bipartisan legislation developed by Members of the Caucus under the leadership of our colleagues, Nancy Johnson, Barbara Kennelly, Marge Roukema, and cosponsored by more than three women Members of Congress, including a member of this subcommittee, Jennifer Dunn, whose State of Washington has taken the lead, as has been mentioned, in child support enforcement.

I want to also mention that my colleague Nita Lowey couldn't be with us today because she is detained in New York.

Mr. Chairman, we are all aware of the statistics about deadbeat parents. We know, for example, that while our national default rate on car payments is only 3 percent, our default rate on child support payments is 39 percent and growing.

But rather than relaying the statistics, I would like to share with you a personal case that recently came to my attention, one that illustrates in practical terms the failures of our system and which will, I believe, highlight the strengths of this legislation that we have before us today.

Before I mention my constituent as the example, I would like to point out, you have a very able staff person, Ron Haskins, who is a constituent and a former member of the Montgomery County Maryland Childcare Commission, who understands the problems of child support that we faced in my jurisdiction.

Renee is one of my constituents, a college-educated commissioned officer of the Public Health Service. Her marriage collapsed 11 years ago when her husband began to beat her. She secured a restraining order and left him, gaining custody of her two children, ages two and three. Her husband was ordered to pay a total of $200 a month for the two toddlers, a very modest order with which he complied for 6 months, and then he stopped paying.

Her husband continued to avoid paying child support when she lost her job, so she had to turn to the only financial support she could get: welfare. But anxious to get off AFDC, she went to her

county child support office and asked for help in getting her husband to pay the support he legally owed, now $300 a month.

It was a straightforward case. She provided her husband's Social Security number, address, even information about where he worked. Several months and caseworkers later, however, in spite of the substantial information they had been given, the county still had not contacted Renee's husband. She then moved to a neighboring county so she could go back to school. That meant, in California, where she lived at that time and which operates on a county by county rather than a centralized State-based child support system, that meant opening up a whole new case file, registering her order with the court in the new county, explaining again her situation to a new set of caseworkers.

Again, in spite of the substantial information they had been given, it still took the agency 6 months to make contact with her ex-husband. But unlike the child support agency, he wasted no time in responding. He picked up and he moved to Louisiana.

Sometime later, after negotiating with child support officials in both her State and now in his, Renee again caught up with her husband and by this time he had left the work force entirely and was collecting workmen's compensation.

What did this mean for her? It meant that there were now no wages on which to legally enforce the child support order. Case closed.

Today, 11 years after the breakup of her marriage, with one of her toddlers now in high school and the other in junior high, Renee still collects no support from her ex-husband, and she knows that she probably never will.

So what does this case tell us about the way we must reform our child support enforcement system?

First of all, it tells us that we must have centralized information registries at the State level so that information can be readily available rather than regurgitated when a parent moves within a State or to another one. The Child Support Responsibility Act does just that.

Second, Renee's case illustrates that the problem with our current child support system is not so much a criminal one as a logistical one. Nonpayment of child support is already a criminal offense in virtually every State in the Union, and thanks to the efforts of Chairman Hyde, crossing State borders in an effort to evade child support is a felony. But in Renee's case, as in so many others, child support agencies drag their feet not because they don't have the power of the law behind them. But on the contrary, they do; but because they find the logistical hurdles overwhelming, they have few if any central registries against which to check a support order, no national directory of new hires with which to find out where the deadbeat parent is working. They don't even have a clear idea of which State has jurisdiction over the cases pending before them.

This bill before you addresses all of the issues, and with minimum bureaucratic involvement. It creates a national registry for all new child support orders so States can easily keep track of the orders nationwide.

In the case of Renee, officials in Louisiana would have been able to determine immediately that her ex-husband had a child support order delinquent in California.

Also, a directory of new hires so the States can determine where the deadbeat parents are working, which means that California would then have been able to determine it immediately.

Also, the legislation clears up that jurisdictional battle between States by stipulating the adoption of the Uniform Interstate Family Support Act, that model law would prevail. In that case, in Renee's case, that would have prevented California and Louisiana from wasting time wrangling over whose responsibility it is.

Finally, and I have more in my examples here which you will have on your record and have before you, it also states in that bill that the child support would include workmen's compensation, Federal salaries and pensions, as well as other instruments.

So deadbeat parents under that legislation would not be able to hide behind alternative income sources to evade child support payments.

It also builds on the current State-based enforcement system in keeping with the right of States to govern issues directly dealing with family law.

So, Mr. Chairman, and members of this subcommittee, I respectfully submit to you the need to be able to resolve this problem for child support enforcement. I would be glad to answer questions.

Thank you.

Mr. CAMP. Thank you. Thank you very much.

Mr. English may inquire.

Mr. ENGLISH. Thank you, Mr. Chairman.

I would like to thank the panelists for taking the time to come before us. Your statements have been powerful and persuasive.

We have often heard that the current Federal system for providing payments to States is ineffective. Does your bill contain a new incentive system, and if so, can you please describe it and give us a sense of how you think it will improve the current system?

Mrs. MORELLA. It does——

Mr. JOHNSON. In the bill that a number of us have sponsored, it takes the old incentive-based process that was based on paperwork and process, and turns it into a performance-based, incentive-based payment system, so that your effectiveness drives your reimbursements.

Mrs. MORELLA. May I comment on that also? Because that is absolutely true. It fundamentally alters the incentives in the current system because it rewards States not on process-based criteria as is currently the case, but based on results.

So in other words, rather than evaluating State agencies on their procedures, for example, how many cases did you open up, how many caseworkers do you have now working on it, the bill rewards them on their successes; how many delinquent parents did you collect from successfully.

If this legislation had been in effect, child support agencies would have a financial incentive to have collected the child support. So it does. Thank you for asking.

Mr. HYDE. If I may, in 1992 State child support agencies spent $1.32 billion on enforcement of child support orders and distribu-

tion of moneys to custodial parents. The Federal Government now reimburses the States at least 66 percent of these costs. My bill would cut off this subsidy, leaving the IRS almost $878 million to fund collection efforts without any new revenue sources.

The States would not need the money anymore because my bill would eliminate the current Federal mandate that they enforce support orders. The IRS would enforce it.

Mr. ENGLISH. Thank you.

Thank you, Mr. Chairman.

Mr. CAMP. Thank you.

Mrs. Kennelly may inquire.

Mrs. KENNELLY. Yes, Mrs. Johnson, would you like to give some of the reasoning why it was decided not to go toward the federalization of child support enforcement?

Mrs. JOHNSON. Well, the issues of State versus Federal jurisdiction are very significant. It is going to be hard to get State uniformity even through our system, but we do already have the Uniform Child Support Enforcement Act that 20 States have adopted. Others are looking at it. We are moving in that direction. We think the uniform data banks will really be superior.

Also, it is very difficult to deal with the court system and the order enforcement. I am not just sure how you get the IRS interfacing with the judiciary.

In our system, through the States' centralized data banks, we manage to centralize the child support orders and have a way of cross-checking them with current performance.

So we have stuck with our State-based system because we think the problems involved in a national system are too great.

Mrs. KENNELLY. Thank you.

I would also like to add to that that——

Mrs. ROUKEMA. May I add to that? Because, of course, you and I worked on that Commission, and there are two aspects of this. One, the Commission found exactly what Mrs. Johnson is saying, that it might not lead to efficiency in the first place, but you run into a terrible problem in trying to override or supersede State judicial systems with respect to divorce law. You run into terrible problems there.

I learned 10 years ago, when we first attacked this question of child support enforcement, that we should only concentrate on enforcing and simplifying the system once there is a legal child support order based on the individual State's judicial system. So we have tried to avoid that.

But second, you get into a lot of other problems that I don't know whether—I mean, I would like to work with Mr. Hyde, but I see some other problems that maybe would make it more difficult to use the IRS rather than the direct service that we are trying to use.

But with direct service, we readily agree that there is too much State bureaucracy there. But under our legislation, certainly under my legislation and the Commission's recommendations, by the direct wage withholding and the innovations of child locator system and the W–4 forms, we go directly to the employer, circumvent State bureaucracies and do what we call direct service.

So I think we have the best of both worlds here, but there may be some refinements we can work out with the IRS. But I think we should avoid a federalized system.

Mrs. KENNELLY. Mr. Hyde, one of the worries we have with the IRS is that people know how overworked the agency is. There is kind of a general knowledge that the amount of audits are not what they should be, that we have developed an underground economy because of the lack of ability of manpower and womanpower in the IRS to really have a hard oversight of what is going on.

Wouldn't there be an additional bureaucracy established to do child support enforcement?

Mr. HYDE. There is no question that it is a substantial task, to collect the child support around the country and distribute it. No doubt the IRS would need additional resources.

I simply think that one set of computers, without having to worry about Alabama's and Louisiana's and Maine's, one centralized system, it seems to me, could be very efficient and very effective, but indeed they probably would need more resources.

I am not sure they would welcome this task. But when you are confronted with tracing a deadbeat dad over several States, or even into another State, when you are confronted with getting your social service people interested enough to care, and then get them in the second State interested enough to care, it just seems to me the IRS has the computers and should have the computers, and we ought to make sure they have the personnel. They certainly have an attitude of collection.

I would like to give it a try. I would like to see if that wouldn't work. Frankly, the patchwork approaches haven't worked.

Mrs. KENNELLY. I mentioned this because when we originally began this legislation, we had the automatic refund child support enforcement deducted from the refund of your income tax. No, they didn't want it, and it took a lot to have them accept it.

I agree with you they have the computer ability. The problem is, I just don't see the IRS going out and establishing paternity.

Mr. HYDE. No, the paternity shouldn't be established by the IRS. I think the suggestions made in the Marge Roukema, Nancy Johnson, Connie Morella legislation, are excellent. But I don't think the IRS should have the task of establishing paternity.

But once it is established, a parent could opt out. In our plan they don't have to submit to this system, if it is convenient or they have a working arrangement. But if they do, they can, and the IRS would do the collecting.

Mrs. KENNELLY. It is just that we have worked so hard to get the IV–D agency—that is the agency that collects the AFDC at the State level—up to par, get them to put it on the front burner. If we go Federal, all those agencies, all that work is——

Mr. HYDE. They could go to work for the IRS. We will Ramspeck them in.

Mr. CAMP. Mr. Collins will inquire.

Mr. COLLINS. Thank you, Mr. Chairman.

I have heard a good bit about incentives to States. I recall back about 17, 18 years ago, in Butts County, Ga., which is a small, rural county, I was the chairman of a commission, and the District Attorney came to me 1 day, and we actually belonged to a four-

county circuit for the Superior Court, and said, Mac, we are establishing or want to establish an office of child support recovery, and we have been to the other three counties in the circuit, and we just wondered—we wanted to approach you and see if Butts County would be interested in setting up the office and operating the funding. The aide in his office would operate it.

When he got through explaining the incentive, I jumped on it in a heartbeat, because I knew if it worked it would be a few dollars there that would flow to the local government. Once I decided to do it, the other three counties decided they would do it.

Are there any incentives for local governments in place today or in your bills, or is it all State?

Mrs. JOHNSON. It is a combination.

Mrs. MORELLA. I was going to say, basically what it would do is take the current matching rate, which is 66 percent, increase it to 75 percent, and then paternity establishment would add that 15 percent overall performance. It is really via State. But the localities, I think, would reap some benefit from it.

But it is the State. But what we have done is kind of made this a State centralized situation. There would also be an enhanced match rate of 90 percent available for development of automative systems for 1996, with an 80-percent match available for 1999, and performance-based incentive payments that are applicable for that IV–D program. In other words, we have tried to enhance the incentives. The State would benefit and therefore the jurisdictions would.

Mr. HYDE. May I just point something out if I could, Mr. Collins? The budget of the IRS and their assisting units in Justice and Treasury added up to $6 billion in 1990, but that is less than 1 percent of the net revenues they have collected. So that is pretty efficient.

Now, I grant what Mrs. Kennelly said, there are shortcomings, there is money uncollected, and they could do a much better job. But when I look at these figures, maybe we don't give them enough and maybe we are reluctant to add resources to the IRS. But if they spend $6 billion and that is only 1 percent of the net revenues they collect, perhaps we are shortchanging them.

Now, the State system of child support collection, they collect $4 for every $1 in administrative expenses. The terms of efficiency and more bang for the buck, it looks like the Federal system might have some merit.

Mrs. KENNELLY. Mr. Hyde, could I just respond to that?

Mr. HYDE. Sure.

Mrs. KENNELLY. It just seems to go farther than that for me. With the IRS system in the United States, the Internal Revenue Code really has its relationship with the individual once a year at tax time. Child Support Enforcement is a system we have built up statewide. It goes on month to month. This goes beyond just collecting.

Mr. HYDE. But the monthly withholding—that is the taxpayer's relationship with the IRS—is a monthly affair, or more often, depending on how often the check comes.

Mr. COLLINS. Reclaiming my time, 30 seconds——

Mr. HYDE. I am sorry.

Mr. COLLINS. I am a Southern gentleman, but only so far. But with yours, Mr. Hyde, with the IRS you are guilty until you have proven yourself innocent.

Under the small employers, I have had a little taste of that too over the year, and there seems to be a little bit of a reluctance from small employers to get so deeply involved in trying to collect, whether it is child support or any other deduction.

Having been in small business for a number of years, and my wife actually kept books in the business and wrote the checks, it was 1 day a month she called Mother's Day, and that is the day she actually had to write those checks for the different jurisdictions in the State and mail them out.

Do you have any incentive or is there any way to overcome that opposition from small business that they may recoup some of their costs involved in child support recovery? Or is it just going to be another mandate for small businesses that already are burdened with a lot of mandates?

Mrs. MORELLA. I understand small businesses rather like the concept because they already have to fill out a form with their new hires, so they just make a duplicate of it, it goes to a centralized registry, and it expedites the entire procedure. They don't have to worry about filing many different forms if someone is in another State and that kind of harassment.

So what we have done is we have made it as simple as possible, bearing in mind that we do not want to add to any burden that small businesses might have with it. I think we have accomplished that.

Mr. COLLINS. In the system that I referred to in Georgia, papers are brought to you, delivered to you by the court of jurisdiction, and then you just deduct and mail a check. They handle all the paperwork today. But small businesses employing 30, 35 people, are bogged down with having to keep track of deductions from checks, and then transfer those payments on a monthly basis for up to five, six, seven, eight different people. It becomes a time consumer, a little bit of a bookkeeper problem because the small business is responsible, once that document is served to that businessowner, it is their responsibility to follow the instructions and jurisdiction of the court, and they have to, or else they become liable.

Mrs. ROUKEMA. Congressman, if the system—and I would like to work with you on this, and certainly the other authorities who have recommended our proposal that direct service—if we are able to circumvent under this proposal the State bureaucracy and go directly to the IRS withholding, it should in the best of all possible worlds just be another line on all the other wage withholding and IRS purposes that the small business has to deal with.

That is our intention here. It is not to give them yet another necessity for going through another State bureaucracy. It is quite the opposite. We are trying to minimize the effect and do it through an IRS wage withholding.

Mrs. JOHNSON. Presumably your wife would be able to just mail them all to the same address, certainly all the in-State ones to the same address. It would be much easier for the small business.

Mrs. MORELLA. My understanding is all of them would go to one address.

Mr. COLLINS. Mine is an example of one small businessperson out of 8 million across the country, but it is a concern, and it is—I want to see us recoup those funds. I want to see us get the child support by whatever means we have to go through. I think in the long run it will help the taxpayers of this country.

Mr. CAMP. The gentleman's time has expired.

Mr. Levin may inquire.

Mr. LEVIN. Thank you.

There is such a clear problem, let's spend a few minutes talking about the best practical answer that will really produce results. You were beginning to talk to Chairman Hyde about the IRS system, which is intriguing. Right now they send a lump sum every month. It is itemized, but I don't think it is entered until the end of the year. In other words, they don't have individual accounts.

So I take it that under a federalized system, there would have to be monthly entries for each person covered by an employer's submission?

Mr. HYDE. I would suppose so, but in this day of technology and computers that shouldn't be too tough.

Mr. LEVIN. They might have to do that for everybody covered by a report, not just pick out those who are subject to a support decree, right?

Mr. HYDE. That is right.

Mr. LEVIN. That means the IRS would have to begin to have monthly accounts for every taxpayer.

Mr. HYDE. Social Security does, Mr. Levin.

Mr. LEVIN. I am not saying it is a bad idea. We want to get working on this, and I salute everybody. We are working together on this, as I understand it. Now it is clear that child support is going to be part of the welfare legislation. So establishing monthly accounts for each taxpayer is one step that would have to be taken if we were to implement your plan.

Now, if there continues to be a default on the obligation, how would that be enforced? Who would enforce it under a federalized system?

Mr. HYDE. Well, the same way tax defaults are. Failure to pay would be subject to court enforcement.

Mr. LEVIN. Through the Federal courts?

Mr. HYDE. Yes. Now, who would have standing? The parent, the custodial parent. We have now made it a crime to cross a State line willfully, to willfully avoid paying the child support payment. If the amount is in excess of $5,000, the U.S. Attorney prosecutes that.

The potential of being swamped is there, but just like income tax, a few high-profile prosecutions on people have a therapeutic effect against the malefactors.

Mr. LEVIN. The enforcement would be, because I think there might be a considerable number of people who owe child support who would not have their entire obligation met by the amount withheld in the event of default. People who are unemployed for instance.

So there would be some considerable numbers for whom the system would not automatically work. It would be an improvement, and that is important. Then would it be left to the individual or

would it become the responsibility of the IRS to enforce the State's support decree?

Mr. HYDE. I would have enforcement authority with the IRS, but I wouldn't divest local authorities either. Whoever is going to have to support the child would have a direct monetary interest in seeing that the money is collected. I must say those are things that have to be thought about and worked on.

Enforcement is a problem, but I analogize it to taxes. We collect the taxes. The IRS collects them and the IRS—but this would require a monthly collection and a monthly disbursement by the IRS. So it is a considerable addition to what they do, and they would need additional resources, but again, you avoid the problem of dealing with interstate bureaucracies who may or may not be interested.

Mr. LEVIN. It might be possible to blend it, to have a role for the IRS instead of taking over the entire function.

Mr. HYDE. Sure.

Mr. LEVIN. But I think of one problem if you look at the friend of the court system, for example in a State like Michigan. If the IRS took over that responsibility, whether there would continue to be an entity with the resources to enforce child support. I think this is so important that we need to work together. Obviously, we have to work through the details and make sure——

Mr. HYDE. I couldn't agree more.

Mr. LEVIN. —we come up with a system that would really get at this. We have been talking about it for so long. All of you at the table, Mrs. Kennelly and others, have been working at this so long. We have got to see some real fruits of effort.

Mr. HYDE. I don't want to oversimplify it, and it is complicated. I just know there is an agency that does a pretty decent job collecting from people every month, anticipate they have resources that go across State lines. They are not bothered by that sort of thing. It is a national jurisdiction, and I would like to see if that agency could not be drafted to help this serious problem that is a national problem.

Mr. LEVIN. Absolutely. Thank you very much.

Thank you, Mr. Chairman.

Mr. CAMP. Thank you. I want to thank our members for their testimony.

We will proceed with panel two. From the U.S. Department of Health and Human Services, the Honorable David Ellwood, Ph.D., Assistant Secretary for Planning and Evaluation; accompanied by the Honorable Mary Jo Bane, Ph.D., Assistant Secretary for Children and Families; and Paul Legler, attorney advisor to the Assistant Secretary for Planning and Evaluation.

Dr. Ellwood, you may begin.

STATEMENT OF THE HONORABLE DAVID T. ELLWOOD, PH.D., ASSISTANT SECRETARY FOR PLANNING AND EVALUATION, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES; ACCOMPANIED BY THE HONORABLE MARY JO BANE, PH.D., ASSISTANT SECRETARY FOR CHILDREN AND FAMILIES, AND PAUL LEGLER, ATTORNEY ADVISOR TO THE ASSISTANT SECRETARY FOR PLANNING AND EVALUATION

Mr. ELLWOOD. Thank you and good afternoon, Mr. Chairman.

I certainly am grateful for the kind words you offered at the beginning of this hearing about my own work; but, frankly, it is really the work of all the people in this room that we were relying on. Just an extraordinary amount of effort has gone into this area in the last few years, and we are grateful to be able to work with all of you in focusing on it.

I must say I have to applaud your attention to the dire need to improve child support enforcement in this opportunity. President Clinton has taken this issue very seriously and has laid out an action plan that demands responsibility, protects our children, and saves millions of dollars. The President believes that child support enforcement must be an integral part of the welfare reform bill, particularly because it sends such a strong message to young people about the responsibility of both parents to support their children.

As the President said in the State of the Union Address, if a parent isn't paying child support they should be forced to pay. We should suspend driver's licenses, track them across State lines, and make them work off what they owe. Governments don't raise children, people do.

I understand that the President has sent to Chairman Shaw a letter congratulating this subcommittee for including child support enforcement provisions in your welfare bill just as we included it in our Work and Responsibility Act last year. We certainly look forward to working with you in a bipartisan pattern.

Mrs. KENNELLY. Mr. Chairman.

Mr. CAMP. Yes.

Mrs. KENNELLY. I would like to ask the President's letter be submitted into the testimony.

Mr. CAMP. Without objection.

Mrs. KENNELLY. Thank you, sir.

Mr. ELLWOOD. Thank you.

[The information follows:]

THE WHITE HOUSE

WASHINGTON

February 6, 1995

Dear Mr. Chairman:

I am writing to thank you for taking part in last week's bipartisan working session on welfare reform, and to commend your subcommittee for agreeing to include child support enforcement as part of your welfare reform legislation. The working session produced a remarkable consensus across party lines and from every level of government on the need for the toughest possible child support enforcement nationwide. I am glad to see your subcommittee moving quickly to embrace that recommendation.

Throughout my 14 years of work on the problem of welfare, as a governor and now as President, I have insisted that tough child support enforcement must be a centerpiece of welfare reform. If we're going to end welfare as we know it, we must make sure that all parents -- fathers and mothers alike -- take responsibility for the children they bring into this world. When parents don't provide the child support they owe, their children pay forever, and so do we. The welfare reform plan my Administration put forward last year included the toughest child support enforcement measures ever proposed, and I urge you to do the same.

We need to say to absent parents: If you're not paying your child support, we'll garnish your wages, suspend your license, track you across state lines, and if necessary, make you work off what you owe. A nation that values responsibility cannot tolerate a $34 billion child support gap between what absent parents ought to be paying and what they pay.

I commend your subcommittee for taking this action, and I look forward to working with you as welfare reform moves through Congress.

Sincerely,

Bill Clinton

The Honorable E. Clay Shaw, Jr.
Chairman
Subcommittee on Human Resources
Committee Ways and Means
House of Representatives
Washington, D.C. 20515

Mr. ELLWOOD. Child support is critical in ensuring economic security for millions of single parent families. Increased child support collections will save welfare dollars and assist welfare recipients in making a transition to self-sufficiency.

But child support enforcement is not just a welfare issue. According to a recent estimate, approximately half of all the children born in the United States between 1970 and 1984 are likely to spend time in a single-parent family. This is an issue about all Americans—upper income, middle income and those of low income.

President Clinton proposed a comprehensive welfare reform plan last year that contained the toughest child support enforcement measures in our Nation's history. It reflects the bipartisan consensus that you hear today among State officials and child support professionals throughout the country that the program can be turned around if the States are provided the tools and resources to do the job.

While significant differences remain in general between our proposal and the personal responsibility, we hope today's hearing will help us bridge disagreements that remain.

Much more, clearly, remains to be done. Mr. Camp, you already noted the $34 billion in uncollected child support out of $48 billion. Unfortunately, the current child support system seems to be sending exactly the wrong message in all sorts of ways. Instead of reinforcing families, the system seems to say that once a parent ceases to live with a child, his or her responsibilities for nurturing and supporting a child end, instead of demanding responsibility. So our system ends up supporting children when the parents don't.

In many ways, the child support provisions of the Work and Responsibility Act provide the State flexibility and performance-based incentives to encourage State innovation and the improvement of State programs. In other areas, though, it makes—it takes a more uniform approach and requires States to implement certain laws and procedures.

The case for this type of approach is compelling; and, frankly, we are very pleased with the preliminary consensus reached on this issue at the working session on welfare reform that the President held at Blair House on January 28.

Let me map out what I believe are the reasons for the current abysmal performance of our child support enforcement system and propose some remedies.

First, it is extremely easy for parents to avoid paying child support by moving across State lines. As was noted earlier, 30 percent of the caseload is interstate. One of the most important conclusions of the U.S. Commission on Interstate Child Support Enforcement is that there must be more uniformity throughout the program. Child support cases that are in-State today can be interstate tomorrow.

The second area where we must exert Federal leadership is the area of paternity establishment, roughly 57 percent of the potential collection gap of 34 billion. Fifty-seven percent can be traced to cases where there isn't even an award in place. We currently establish paternity for only about a third of the more than 1 million children that are born out of wedlock each year. This just has to change.

Under the administration's proposal, mothers who apply for AFDC must cooperate fully with paternity establishment procedures before receiving any benefits. It would be held to a new, stricter definition of cooperation which requires the mother provide both the father's name and other verifiable information that can be used to locate the father.

Mothers who refuse to cooperate and identify the father would be denied benefits except in certain very specific good-cause exemptions. In turn, once an AFDC mother has cooperated fully in providing information, States would then have 1 year to establish paternity or risk losing a portion of their matched benefits.

The Personal Responsibility Act, in contrast, proposes that children for whom paternity is not legally established would be simply ineligible for AFDC. Thus, under the Republican proposal, even if a mother fully cooperated and gave the name and address of the father, the child would be denied benefits for that period of time that it took the State to establish paternity.

This strikes us as unfair. Children should not be punished when the State bureaucracy is at fault in not establishing paternity.

Indeed, I commend to you the story provided by Congresswoman Morella to illustrate that State bureaucracies often don't follow up and often are at fault. Under the paternity provisions of the Personal Responsibility Act, in a single year an estimated 26 percent of new applicant children would be denied AFDC benefits because paternity was not yet legally established, whether or not the mother cooperated fully in identifying and locating the father.

Perhaps even more disturbing is the fact that States may have a financial incentive not to establish paternity. States actually could save money because they would not have to pay the State share of AFDC costs for the children for whom paternity was not established.

Once paternity and a child support order are established, we need to ensure the child support amount is fair. Approximately 22 percent, that is $7 billion of the $34 billion gap, is directly related to low or out-of-date awards. Awards must be based on the needs of the children—of the child, and they must reflect the current ability of the noncustodial parent to pay support. If the income is changing, we ought to routinely adjust payments accordingly.

Finally, another $7 billion is due to poor collection of awards that are currently in place.

To correct that final problem, we must adopt collection remedies that have proven successful in many States that you have heard about already today.

One example is a requirement that States have laws to suspend the driver's and professional licenses of those who can pay support but refuse to do so.

It would also require a child support system that is modernized for the 21st century. Child support enforcement needs to be run like modern businesses that use computers, automation and information technology. We need to rely less on an already overburdened court system and use administrative enforcement remedies for routine cases.

With an increasingly mobile society, the need for a stronger Federal role in interstate location enforcement has grown. Both the na-

tional tracking system and uniform interstate laws are necessary to increase the ability to collect interstate cases.

Since the child support program is cost effective—nearly $4 in child support for $1 invested—and since collections in the AFDC cases reduce welfare costs, subjecting child support enforcement to caps or similar spending limitations is especially shortsighted. It is an absolute essential that States have adequate resources as they build the child support systems of the future.

Welfare reform should strengthen child support enforcement, not weaken it by cutting State enforcement budgets. Central registries and the move toward automated enforcement will require an initial investment, but it is an investment well worth making. In fact, cost estimates show that even while this investment will have some costs in the first 5 years, it will provide tremendous savings in the future.

Budget cuts caused by caps or block grants that are part of the current welfare reform discussion could result in major cuts in the AFDC eligibility so the importance of the effective child support enforcement for these families would only grow.

All the welfare reform proposals being discussed place a strong emphasis on putting welfare recipients—most often mothers—into the work force; but, frankly, all too often discussion about putting fathers to work gets lost. That is not right. Ultimately, anything we ask of mothers we should also ask of fathers.

The administration's reform plan would, for the first time, make job funds available at State option for work and training programs for noncustodial parents who earn too little to meet their child support obligations. We ought to help those fathers who lack skills or contacts to get jobs.

But we ought to say to the fathers who can work and can find jobs but refuse to do so, pay up or go to work. Under the President's proposal, States can choose to make these programs mandatory so noncustodial parents work off what they owe.

In addition, under the President's proposal, demonstration grants for parenting and access programs—providing mediation, counseling, education and visitation enforcement—would foster noncustodial parents' ongoing involvement in children's lives. We need to send a message that fathers matter, not only as a source of financial support but as a source of emotional support. That may be one of the most important things.

Once again, Mr. Chairman, I want to congratulate you for deciding to add the child support provisions. This is certainly one of the President's highest priority, and we look forward to working with you on this issue.

[The prepared statement follows:]

TESTIMONY OF DAVID T. ELLWOOD
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Good morning, Mr. Chairman and members of the Subcommittee. Thank you for your invitation to appear before you today. As you know, we in the Administration consider child support enforcement to be an integral part of welfare reform, particularly because it sends a strong message to young people about the responsibility of both parents to support their children. As the President said in his State of the Union Address, If a parent isn't paying child support, we'll make them pay . . . governments don't raise children, people do."

We are pleased that you have recently agreed to add child support enforcement to your welfare reform bill. We look forward to working closely with you on this issue in the coming weeks.

Child support is a critical component in ensuring economic security for millions of single-parent families. Increased child support collections will save welfare dollars and assist welfare recipients in making the transition to self-sufficiency. We also believe that child support enforcement is an important preventive measure to ensure that abandoned single parents and their children don't need welfare in the first place. But child support enforcement is not just a welfare issue. According to a recent estimate, approximately half of all children born between 1970 and 1984 are likely to spend some time in a single-parent family. This is an issue that affects all Americans -- middle-class and those with low incomes.

President Clinton proposed a comprehensive child support enforcement reform plan last year that contained the toughest measures in our nation's history. Included in the Work and Responsibility Act of 1994, the proposal was built upon the efforts of the U.S. Commission on Interstate Child Support and best State practices that have already proven successful. It reflected a bipartisan consensus among State officials and child support professionals throughout the country that the program can be turned around if the States are provided the tools and resources to do the job.

Background

The American family has undergone dramatic structural changes over the last several decades. High rates of divorce and out-of-wedlock births are denying children the traditional support of a two-parent family, and because single parents are much more likely to struggle economically, are subjecting millions of children to a life in poverty.

The number of children in single-parent families has increased dramatically. In 1993, 15.8 million children under the age of 18 lived in a female-headed family, almost triple the number in 1960. Nearly one out of every four children is living in a single-parent home. In 1960, less than six percent of all births occurred outside of marriage and intact, two-parent families were the norm, not the exception. Currently nearly one half of all marriages end in divorce and over one million children are born out of wedlock each year. Indeed, 30 percent of all children born in 1992 were born to unmarried mothers. Of these newly formed single-parent families, a large majority -- 87 percent -- are headed by women.

The most disturbing aspect of these trends is that children in female-headed families are five times more likely to be poor than those families headed by a married couple. In 1991, 56 percent of all children in mother-only families lived in poverty compared to only 11 percent of children in two-parent families. In fact, the National Commission on Children reported that three out of every four children growing up in a single-parent family will live in poverty at some point during their first ten years of life, compared to one in five children growing up in two-parent families. These children are also much more likely to remain poor longer. Recent research has shown that children raised in single-parent families face a much higher risk of long-term poverty. According to one study, as many as 61 percent will live in poverty for at least seven years compared to only two percent of all children growing up in a two-parent family.

The low income status of female-headed families is not surprising when one parent is expected to do the job of two. Because many non-custodial parents fail to provide financial support, single parents must serve the difficult and dual role as both nurturer and provider. Full-time work must be balanced with daily caretaking

responsibilities and frequent crises including sick children, doctor's visits, and school emergencies. Life as a single parent is arduous and demanding because these responsibilities often fall on only one parent's shoulders. Moreover, these responsibilities, coupled with low wages in jobs traditionally held by women, seriously limit how much a woman can earn. According to 1990 Census data, the average annual income for all working single mothers is only $13,092, barely sufficient to raise a family of three out of poverty.

The Federal Role in Child Support Enforcement

Historically, family law was left generally to the discretion of the State. Until 1975, only a handful of States even operated child support programs and the record of receipt was dismal -- in 1975, only 23 percent of all eligible women received any child support at all. The Federal government intervened because States failed to run effective child support enforcement programs. Congress passed an amendment to the Social Security Act in 1975 which required each State to develop its own child support enforcement, or "IV-D" program, as a condition of participation in the Aid to Families with Dependent Children (AFDC). Additional reforms nearly a decade later, through the Child Support Amendments of 1984, gave more specific directives to States and mandated the adoption of a number of State laws and procedures.

The Family Support Act of 1988, strengthened the Child Support program further by requiring changes in State practices. Its focus on paternity establishment for cases in the IV-D system has helped to increase the total number of paternities established. In fact, the number of paternities established through IV-D agencies has more than doubled since 1987, rising from 269,000 to 554,000 in 1993. There is also evidence that the requirement that States use child support guidelines has generally resulted in higher and more equitable awards. Due in part to the FSA's approximately 50 percent of the collections within the IV-D system result from income withholding. As a result of these series of changes, total IV-D collections are on the rise -- increasing from $3.9 billion in 1987 to an estimated $9.8 billion in 1994.

The Omnibus Reconciliation Act of 1993, promises to further improve the child support system through in-hospital paternity establishment, a proven cost-effective way of establishing paternity.

The present child support system involves a partnership between the federal government and the States. The Federal government provides the majority of funding for State child support enforcement programs and the Federal Office of Child Support Enforcement (OCSE) provides technical assistance and policy guidance to States, performs audits, operates the Federal Parent Locator Service, and the tax offset program. State IV-D programs must provide child support services to all IV-D cases -- both AFDC recipients and all other individuals requesting assistance from the State to secure and enforce their support obligations. It is now estimated that more than half of all collections come through the IV-D collection system, 30 percent of which are AFDC collections.

The Federal interest in State child support enforcement programs is clear -- to offset the costs of AFDC, to reduce poverty and increase the economic well-being of our nation's children, and to provide a source of support that makes families self sufficient. Many observers credit the series of Federal actions outlined above for the significant improvements in child support enforcement that we have seen in recent years. Since the IV-D program was implemented in 1975, the rate of receipt has significantly increased for women of every marital status -- 92 percent for married women, 43 percent for divorced women, 94 percent for separated women, and 250 percent for women who were never married.

Much More Remains to Be Done

Despite this improvement and success, we still have a long way to go.
According to a recent Urban Institute study on potential child support collections, the present system falls far short of collecting the support that could theoretically be collected. According to the findings, if child support orders, reflecting current ability to

pay, were established for all children with a living noncustodial father and these orders were fully enforced, aggregate child support payments would have been as high as $47.6 billion in 1990. This estimate represents nearly three times the amount noncustodial fathers paid in child support in 1990 a gap of nearly 33.7 billion dollars.

Census data shows that in 1989, of the over ten million women potentially eligible for child support, 42 percent did not even have an award, and another 12 percent had an award, but actually received nothing. Indeed, only 26 percent of those potentially eligible had both an award and received the full amount. Of all women potentially eligible for child support, over half (5.4 million families), received no payment at all.

There are millions of noncustodial parents who do pay support, often because they care deeply about the well being of their children. But many more do not pay, or pay less than they should. Unfortunately the current child support system seems to be sending the wrong message in all sorts of ways -- once a parent ceases to live with a child, his or her responsibilities for supporting and nurturing the child end.

Fundamental Reform Is Needed

As the number of parents who need and request child support enforcement services continues to rise, States must be equipped to handle ever-increasing caseloads. Unless dramatic and fundamental changes in the child support system are made, however, States will be ill-prepared to adjust to the rapidly changing needs of the child support population. Problems with the current system are imbedded in the very way we treat the support obligation and the different individuals involved. All too frequently the custodial parents are punished because of the noncustodial parents' lack of support -- often leaving welfare as their only alternative -- while the noncustodial parents simply walk away.

Child support must be treated as a central element of social policy, not just because it will save welfare dollars, though it will, but because children have a fundamental right to and a need for support from both their parents. It is central to a new concept of government, one in which the role of government is to aid and reinforce the proper efforts of parents to provide for and nurture their children, rather than the government substituting for them. Child support must be an essential part of a system of supports for single parents that will enable them to provide for their families' needs adequately and without relying upon welfare.

WORK AND RESPONSIBILITY ACT -- CHILD SUPPORT ENFORCEMENT

As you know, President Clinton made tough child support enforcement an integral part of his welfare reform plan submitted last year. The Administration proposal was developed in close consultation with State and local child support directors, business organizations, and advocates. It was based heavily on the recommendations of the U.S. Commission on Interstate Child Support Enforcement, a commission established by Congress as part of the Family Support Act of 1988. And it incorporated the best State practices that have already proven successful, including the automated enforcement techniques pioneered by the State of Massachusetts.

In many ways, the child support provisions of the Work and Responsibility Act provide State flexibility and performance-based incentives to encourage State innovation and the improvement of State programs. In other areas, however, it took a more uniform approach and requires States to implement certain laws and procedures. The case for this type of approach is compelling.

First, it is extremely easy for parents to move across State lines. In fact, 30 percent of the caseload are interstate cases. In order to handle these cases in a systematic way, there must be a significant degree of uniformity in laws and procedures. Indeed, one of the central conclusions of the U.S. Commission on Interstate Child Support is that there must be more uniformity throughout the program -- a child support case that is in-state today can be interstate tomorrow. Delinquent parents simply cannot be allowed to evade their responsibilities by fleeing the State. The Commission recommendations for more uniformity have enjoyed widespread bipartisan support.

A second area where we must exert Federal leadership is in the area of paternity establishment. Despite improvements, states only establish paternity for about one-third of the more than one million births to unwed mothers each year. This has to change. We cannot afford to have another generation of children grow up without knowing their fathers and receiving the support they deserve. Strong Federal requirements in the area of paternity establishment are necessary so that we begin to have an immediate impact on paternity establishment rates.

Federal leadership also is needed in requiring the adoption of collection remedies that have proven to be successful in other States. One example is the requirement that States have laws to suspend the driver's and professional licenses of those who can pay support, but refuse to do so. We know from State experience that license suspension works and increases collections. Yes, we could wait for five, ten, or fifteen years for the majority of States to adopt such laws, but we as a nation, and the children owed support, cannot afford to wait that long. According to Congressional Budget Office estimates, requiring such laws could save the Federal government close to $150 million in the first five years alone.

The child support provisions in the Work and Responsibility Act had three major elements that we believed would result in a dramatically improved child support enforcement system: (1) Establish Awards in Every Case, (2) Ensure Fair Award Levels, and (3) Collect Awards that are Owed.

Establish Awards in Every Case

Paternity establishment is a crucial first step. Under no circumstances should a father be able to bring a child into this world and then just walk away. We need to send a clear message to parents, especially young parents, that bringing a child into this world brings with it real responsibilities. For fathers, this means that fathering a child will bring real and immediate financial consequences. Paternity establishment ought to be seen as a right of the child - a right to financial support, absolutely - but perhaps even more importantly, a right to the emotional connection and the chance for a nurturing relationship with the father. Paternity establishment can be an opportunity to make this initial connection.

Roughly 57 percent of the potential collection gap of $33.7 billion can be traced to cases in which no award is in place. Paternity, a prerequisite to establishing a support award, has not been established in about half of these cases. Several explanations account for the low paternity establishment rate. As mentioned above, States are working against the trend towards an increasing numbers of out-of-wedlock births. Moreover, paternity establishment has not been a high social or governmental priority in the past. Until very recently, the paternity establishment process did not even begin until the mother applied for welfare or sought support from the child support agency, often years after the birth of the child. Relationships and interests fade so that the longer the delay after birth, the less likely it is that paternity will ever be established.

Individuals faced with the decision whether or not to pursue paternity establishment, as well as the State involved, often lack the incentives to complete the process. For example, if the father's earnings are low, both the mothers and the States see little payoff in the short run if he is ordered to pay any support. Financial incentives built into the child support system favor those cases with immediate high payoffs. This short-term focus is particularly damaging to the success of the child support program because, in the long term, paternity establishment is cost effective.

Recognizing the critical importance of establishing paternity for every child, the Administration already has launched a major initiative in this direction by the creation of in-hospital paternity establishment programs enacted as part of the Omnibus Budget Reconciliation Act of 1993 (OBRA 1993). This approach already is having an impact, and such efforts at early voluntary acknowledgment should be expanded.

Mothers on AFDC must assign their right to support and cooperate with the State

in establishing paternity. If the mother refuses to cooperate, she can be denied benefits. States officials often blame the mothers and claim that a lack of cooperation is the reason that paternity establishment rates are so low. Mothers point to the State agencies and claim that poor State practices thwart their efforts to get paternity established.

The weight of the evidence suggests that there is some truth in both the states' and the mothers' perspective. A number of studies suggest that the mother almost always knows the identity of the father as well as his location at the time of the child's birth, and that a high percentage of mothers do provide full information on the father and his whereabouts. Nevertheless, research and anecdotal evidence indicate that a lack of cooperation is a problem in a significant number of cases. This is not surprising since the system often fails to collect support and the mother may be receiving some informal support under the table which may be jeopardized if she cooperates.

Our system should say to mothers, "Help us identify and locate the father, or you cannot get public aid, because parents have the primary responsibility for supporting their children." But at the same time, we also need to hold the State child support agencies responsible, and if the mother has done her part, they should be held accountable for having programs that get paternity established in a timely manner.

Cooperation from Mothers as a Condition of AFDC Benefits.
Under last year's Administration proposal, the responsibility for paternity establishment would be made clear both to parents and the agencies. Mothers who apply for AFDC must cooperate fully with paternity establishment procedures prior to receiving benefits and would be held to a new, stricter definition of cooperation which requires that the mother provide both the father's name and other verifiable information that can be used to locate the father. The process for determining cooperation also would be changed -- "cooperation" would be determined by the child support worker, rather than the welfare caseworker, through an expedited process that makes a determination of cooperation before an applicant may receive welfare benefits. Mothers who refused to cooperate and identify the fathers would be denied AFDC benefits (unless they met good cause exceptions). In turn, once an AFDC mother had cooperated in providing information, States would have one year to establish paternity or risk losing a portion of their Federal match for benefits.

This is a fair and balanced approach. It holds the mother responsible for her behavior and the State responsible for its behavior. The Personal Responsibility Act (H.R.4), in contrast, proposes that children for whom paternity is not legally established would be ineligible for AFDC. **Thus, under the Personal Responsibility Act, even if the mother fully cooperated and gave the name and address of the father, the child could be denied benefits for the period of time it took the State to establish paternity. That is unfair. Children should not be punished when the State is at fault for not establishing paternity quickly.**

Paternity establishment is a legal process, often involving the courts, that takes as long as one or two years for the child support agency to complete. Presently, in most States, voluntary acknowledgements do not "establish" paternity. They only create a presumption of paternity and information that can be used to establish paternity later, so a subsequent legal action may have to be brought to actually establish paternity. And for those cases in which paternity is not acknowledged in the hospital (presently the majority of cases) the father must be located, served legal process, appear in court, have genetic tests, etc., all of which take time. If the father lives in another State the process is even more time-consuming. Under the PRA, a child in one State could be punished for the lack of an effective paternity establishment program in another.

In addition, this Personal Responsibility Act requirement applies to all new applicant children, even those who are now ten or fifteen years old. For cases in which the child is older, States find it much more difficult and time-consuming to establish paternity because often no contact has been maintained and the mother may not know the whereabouts of the father. And if the father cannot be located, the child would never receive benefits.

Under this provision of the Personal Responsibility Act, in a single year, an estimated 26 percent of new applicant children would be denied AFDC benefits because paternity was not established at the time of application. Perhaps even more disturbing is

the fact that States may have a financial incentive not to establish paternity. States could actually save money because they would not have to pay the State share of AFDC costs for the children for whom paternity was not established.

Streamlining the Paternity Establishment Process. Under the President's proposal, the legal process for establishing paternity would be streamlined so that States could establish paternity quickly and efficiently. Early voluntary acknowledgement of paternity would be encouraged by building on the present in-hospital paternity establishment programs. For those cases that remained, States would be given additional tools they need to process routine cases without having to depend so heavily on courts that are already over-burdened.

Paternity Outreach. Outreach and public education programs aimed at voluntary paternity establishment would be greatly expanded in order to begin changing the attitudes of young fathers and mothers. Outreach efforts at the State and Federal levels would promote the importance of paternity establishment, both as a parental responsibility and as a right of the child to know both parents.

Paternity Performance and Measurement Standards. States would be encouraged to improve their paternity establishment rates for all out-of-wedlock births through performance-based incentives based on the number of paternities established for all cases in which children are born to an unmarried mother, regardless of welfare status.

Ensure Fair Award Levels

When paternity and a child support order are established, we need to ensure that the child support award amount is fair. This means an award based on the needs of the child, but one that also reflects the current ability of the noncustodial parent to pay support. If the noncustodial parent's income is climbing, we ought to routinely adjust the child support payments accordingly. Approximately 22 percent, $7.3 billion, of the $33.7 billion gap between what is currently due and what could theoretically be collected is attributable to low or out-of-date awards.

All States currently are required to use presumptive guidelines for setting and modifying all support awards, but States have wide discretion in developing guidelines, and awards for children in similar circumstances vary dramatically depending on the State where the award was set. There also remains much debate concerning the adequacy of support awards resulting from these guidelines.

The major problem with inadequate child support awards, however, is not the child support guidelines, but the failure of child support awards to be updated to reflect the noncustodial parent's current ability to pay. When child support awards are determined initially, the award is set using current guidelines that take into account the income of the noncustodial parent (and often the custodial parent's income as well). But parents' situations change over time, as do their incomes. Typically, a noncustodial parent's income increases and the value of the award declines with inflation, yet often awards remain at their original levels. The Family Support Act required that orders be updated for AFDC cases, but non-AFDC parents must still initiate the review, leaving the burden on the custodial parent to raise an often controversial and adversarial issue for both parents.

And in many States, particularly those with slow court-based systems, the process needs to be streamlined and automated.

Not keeping awards current can hurt either parent. If the noncustodial parent's income declines, such as through a sudden job loss over which he or she has no control, that individual may have difficulty seeking a downward modification of the award and instead face growing arrears that cannot be paid. That is not right either. In these cases, the child support obligation ought to be reduced accordingly without the parent having to go through an expensive legal process. Then child support agencies can focus their collection efforts on parents who have the ability to pay, but refuse to do so.

Another related problem is in current distribution policies. Often they do not support parents who leave AFDC for work because some States give themselves first priority to retain arrearages paid by the noncustodial parent for the family. This is short-sighted because families often remain economically vulnerable for a substantial period of time after leaving AFDC; about 45 percent of those who now leave welfare return within

one year. More than 70 percent return within five years. Ensuring that all support due to the family during this critical transition period is paid to the family can mean the difference between self-sufficiency or a return to welfare.

Modifications of Child Support Orders. Under last year's proposal, periodic, administrative updating of awards would be required for both AFDC and non-AFDC cases in order to ensure that awards accurately reflect the current ability of the noncustodial parent to pay support. The burden of asking for an increase, if it is warranted, would be lifted from the non-AFDC mother and would be done automatically, unless both parents declined a modification.

Distribution of Child Support Payments. Child support distribution policies would be made more responsive to the needs of families by reordering child support distribution priorities. For families who leave welfare for work, pre- and post-AFDC child support arrearages would be paid to the family first. Family formation also would be promoted by providing that families who unite or reunite in marriage would have any child support arrearages owed to the State forgiven under certain circumstances. States would also have the option to pay all current child support directly to families who are AFDC recipients.

National Commission on Child Support Guidelines. A National Guidelines Commission would also be established to study the issue of child support guidelines and make recommendations to Congress on the desirability of uniform national guidelines or national parameters for setting State guidelines.

Collect Awards That Are Owed

Currently, only about 69 percent of the child support now due is actually paid. Many noncustodial parents who owe support have successfully eluded State officials, leading to a perception among many that the system can be beat. We must change that. Once a fair child support obligation is established, it ought to be paid - no exceptions, no excuses, no way out. Payment of child support must be seen as an inescapable obligation.

This will require closing all the loopholes that allow parents to escape their responsibilities. It also will require a child support system that is modernized for the 21st century. Child support enforcement needs to be run like modern businesses that use computers, automation, and information technology. With 17 million cases and a growing caseload, we cannot improve collections simply by adding more caseworkers. Routine cases have to be handled in volume.

There is almost universal agreement among child support professionals on the need for one central State location to file orders and to collect and distribute payments in a timely manner. We must maintain accurate records that can be accessed centrally. Enforcement of support should then be automatic so that enforcement action is taken immediately whenever a child support payment is missed, instead of the present complaint-driven process in which the custodial parent only gets help when she complains loud and long enough.

Many enforcement steps currently require court intervention, even when the case is routine. And even routine enforcement measures often require individual case processing, as opposed to being able to rely on automation and mass case processing. We need to rely less on an already over burdened court system and to use administrative enforcement remedies for routine cases -- thus freeing up the courts to handle other cases.

When the collection of support crosses State lines, enforcement is even more difficult. As the U.S. Commission on Interstate Child Support reported, some of the most difficult cases involve families that reside in different States, largely because States do not have similar laws governing essential functions -- such as the enforcement of support, service of process and jurisdiction. According to a recent GAO report, even though interstate cases are just as likely to have awards in place, the chances of receiving a payment is 40 percent greater for in-state than interstate cases. This discrepancy raises a significant problem because interstate cases represent almost 30 percent of all child support awards, but they yield only seven percent of all IV-D collections.

With an increasingly mobile society, the need for a stronger Federal role in interstate location and enforcement has grown. Both a national tracking system and uniform interstate laws are necessary to increase the ability to collect in interstate cases.

State Role. Under last year's proposal, a State-based system would continue, but with bold changes that move the system toward a more uniform, centralized, and service-oriented program. All States would maintain a central registry that would maintain current records of all support orders and work in conjunction with a centralized payment center for the collection and distribution of child support payments. The State-based central registry of support orders and centralized collection and disbursement would enable States to make use of economies of scale and modern technology used by business -- high speed check processing equipment, automated mail and postal procedures, and automated billing and statement processing.

Centralized collection would vastly simplify withholding for employers since they would only have to send payments to one source. In addition, this change would ensure accurate accounting and monitoring of payments. State staff would monitor support payments to ensure that the support is being paid, and they would be able to impose certain administrative enforcement remedies at the State level automatically. Thus, routine enforcement actions that can be handled on a mass or group basis would be imposed through the central State offices using computers and automation. Local enforcement actions would still be used where appropriate.

Federal Role and Interstate Enforcement. To coordinate activity at the Federal level, a National Clearinghouse would be established, consisting of three components: an expanded Federal Parent Locator Service (FPLS), the National Child Support Registry, and the National Directory of New Hires. This would allow the Federal government to assist in tracking the interstate cases to ensure efficient location and enforcement when people cross State boundaries. The National Directory of New Hires is designed to vastly simplify reporting requirements for employers hiring new employees with child support obligations because they would only have to report to one location rather than to different State agencies as multi-state employers do now.

New provisions would be enacted to improve State efforts to work interstate child support cases and to make interstate procedures more uniform throughout the country. Many of the recommendations of the U.S. Commission on Interstate Child Support would be implemented to improve the handling of interstate cases, such as the mandatory adoption of the Uniform Interstate Family Support Act (UIFSA) and other measures to make the handling of interstate cases more uniform.

The combination of the National Clearinghouse and the adoption of UIFSA by all States would revolutionize interstate enforcement. Essentially, whenever a delinquent parent went to work anywhere in the country, the child support agency would be notified within days and would send a wage withholding order directly to the new employer. People no longer would be able to avoid payment by hopping from job to job across the country.

License Suspension and Other Tough Enforcement Measures. To ensure that people do not escape their legal and moral obligation to support their children, States would be given the enforcement tools they need, especially to reach the self-employed delinquent obligors and other individuals who have often been able to beat the system in the past. For example, States would be required to use the threat of revoking professional, occupational, and drivers' licenses to make delinquent parents pay child support. This threat has been extremely effective in Maine, California, and other States. Other important enforcement tools include expanded wage withholding, improved use of income and asset information, easier reversal of fraudulent transfers of assets, interest and late penalties on arrearages, expanded use of credit reporting, and authority to use the same wage withholding procedures for Federal workers and military personnel as are used for non-Federal employees.

The Need for Adequate State Resources

It is absolutely essential that States have adequate resources as they build the child support systems of the future. Central registries and the move towards automated

enforcement would require an initial investment. But, clearly, once those systems are up and running -- in four to five years -- the return in increased efficiency and collections could be immense. In fact, cost estimates show that even while this investment will have some cost in the first five years, it will provide tremendous savings in the future.

Budget cuts caused by caps or block grants that are currently being discussed could have a devastating effect on the ability of child support enforcement programs -- already faced with massive caseloads -- to provide basic services. Any cuts that reduce the number of caseworkers would be especially damaging. One State agency recently estimated that with caseloads approaching one thousand per caseworker, a caseworker had only eight minutes to spend per case per month -- barely enough time to find and open a file.

Since the child support program is cost efficient (nearly $4 in child support is collected for $1 invested) and since collections in AFDC cases reduce welfare costs, subjecting child support enforcement to caps or similar spending limitations is especially shortsighted. Under other welfare reform proposals, such as the Personal Responsibility Act, there would likely be massive cuts in AFDC eligibility, so the importance of effective child support enforcement for these families would only grow.

Under the proposal outlined in the Work and Responsibility Act, the States would have been offered a higher federal match coupled with the ability to earn performance-based incentives. This combination could give States -- even those presently performing poorly -- a running start towards modernizing their State child support systems while rewarding investment in the future and encouraging good performance.

Focusing on Fathers

All of the welfare reform proposals being discussed place a strong emphasis on putting welfare recipients, most often mothers, into the workforce. All too often, discussion about putting fathers to work gets lost. That is not right. Ultimately, anything we ask of mothers we should also ask of fathers.

Last year's reform plan would make JOBS funds available at state option for work and training programs for noncustodial parents who earn too little to meet their child support obligations. We ought to help those fathers who want to work, but who lack the skills or job contacts, to get jobs.

But we ought to say to the fathers who can work and can find jobs, but refuse to do so, "Pay up or go to work." Under the President's proposal from last year, States could choose to make these programs mandatory for fathers of children receiving benefits -- so that noncustodial parents work off what they owe. There has been only limited research and experimentation with programs that force the father to work, but some program results suggest that this approach may "smoke out" a great deal of money from fathers who are working in the underground economy. A single inflexible national program may be ill-advised, but it is time to experiment with such programs and get fathers to work. After all, how can we demand that welfare mothers go to work without holding the fathers to the same responsibility.

In addition, demonstration grants for parenting and access programs - providing mediation, counseling, education, and visitation enforcement -- would foster noncustodial parents' ongoing involvement in their children's lives. **We need to send the message that "fathers matter," not only as a source of financial support, but a source of emotional support as well.** That may be one of the most important things we can do.

Once again, Mr. Chairman, I want to congratulate you for deciding to add a child support provision to your welfare reform legislation. We in the Administration look forward to working with you on this issue. I would be pleased to answer any questions that you may have at this time.

Mr. CAMP. Thank you very much.

Looking through your written testimony, I have one point regarding the paternity establishment. If a mother does fully cooperate and gives the name and address, under our legislation, unless the State has disproved that allegation, benefits may not be denied to the child. I just wanted to point that out. It is on page 8 of our bill. So if the mother cooperates, the child would not be denied benefits for the period of time it took the State to establish paternity.

Mr. ELLWOOD. Mr. Chairman, this may be a source of confusion; and, if true—if what you say is true, then we are very pleased. Because we think it is very important that parents be required to cooperate fully, and the States have to certify that. But once the parent has cooperated, it is very important that the child not be denied.

As I read the Personal Responsibility Act, the parent could still get benefits, but the child could not. If that is a misinterpretation or we need to clarify that with amendments, I would be happy to work with you.

Mr. CAMP. Why don't you look at page 8 of our bill?

Mr. ELLWOOD. I am not sure I have it in front of me.

Mr. LEVIN. Mr. Chairman.

Mr. CAMP. We don't need to take hearing time.

I was going to recognize Mr. English to inquire.

Mr. ENGLISH. Thank you, Mr. Chairman. I will pass.

Mr. CAMP. Mrs. Kennelly.

Mrs. KENNELLY. Yes. Dr. Bane, there has been considerable discussion about taking programs that have been at the Federal level and putting them back to the States in a block grant form. As I recall—and I was not in public service at the time—but in 1975, when we had child support enforcement legislation before, that some States did fairly well. Many, many States did nothing about child support enforcement, and that is why it came to the Federal level. Would you comment on what you think the effect of putting child support enforcement into a block grant would be?

Ms. BANE. As Mr. Ellwood said, we would be very worried about the formulation of a block grant or a spending cap that would reduce the amount of money that the States invested in child support services because it is a cost-efficient investment and it is important to be able to collect it. So that would be the thing that we would be most worried about that.

Mrs. KENNELLY. Having said that, and I know you were in the room at the testimony of the bill being put in by the Women's Caucus, would you think that would be the better avenue to take?

Ms. BANE. I think we would have to look, Mrs. Kennelly, at the interaction between the child support provisions in the Women's Caucus bill and the spending caps that are in the Personal Responsibility Act.

Now the last time I looked at the Personal Responsibility Act—and I would be delighted to have misinterpreted it—the child support program did come under the overall spending cap that was in the bill. As best we could tell that would, in fact, mean then that you would be capping and limiting the amount, even if it was a good investment that the States would be able to spend on child support.

Mrs. KENNELLY. Would you also, Dr. Bane, having had the experience you have had in child support, would you comment on the suggestion about the W–4 form? Do you think that is something that could work—could increase child support collections?

Ms. BANE. I think the new hire reporting ideas are a terrific idea. I think it would make things easier for everybody and would, in fact, improve the amount of child support collected.

Mrs. KENNELLY. I will go a step further. With your vast experience, would you comment on the possibility that the IRS would be able to efficiently monitor child support enforcement?

Ms. BANE. I think that the IRS, as you noted earlier, could probably play an increased role in some ways. I think you might want to ask the IRS how they would feel.

Mrs. KENNELLY. They would not like it. I already know.

Ms. BANE. Being in the business of establishing orders of working with custodial parents and so on.

I would also just repeat one of the things that you said earlier, Mrs. Kennelly. We have invested a lot now in the States in developing their system, in getting computer systems in place. I think we have seen dramatic improvement. Collections have increased by $1 billion for every year in the last—many years. I think it would be a shame to toss that investment aside to go to a new and unproved system.

Mr. ELLWOOD. Could I also comment?

Mrs. KENNELLY. Surely, Doctor.

Mr. ELLWOOD. There are presently 42,000 employees that would suddenly become Federal employees under such a system. I think the point that you made earlier is a very important one.

I was one who started believing initially that this was an appropriate way to go; but, as you look at it, IRS is very good at collecting money annually. It does annual reconciliations. It is really not on the sort of week-to-week, month-to-month service basis that is critical.

They have—the IRS has only one client right now, and that is the Federal Government. Having every single custodial parent as a client and trying to work with them would prove to be, I think, much more difficult. So I think we should continue on this line. I think there is a lot you can do with a national clearinghouse. Use the IRS where it is useful, but the IRS is never going to be very good at establishing paternity or getting initial awards in place.

Mrs. KENNELLY. Let me ask you one more question, Doctor.

Both sides of the aisle, Members, you saw them as witnesses, you were here, really prevailed upon Mr. Shaw to bring forth child support enforcement at the same time he was conducting the welfare reform legislation under this subcommittee, and he was very kind and did it. Now we don't know exactly how it is going to move along. There is a possibility it will move along, it goes in the bill, and it becomes a block grant with the welfare reform.

There is a responsibility. There is a two-pronged track with a bill the women are introducing or similar with changes or there is the possibility that nothing happens. If you had the choice between a block grant and present law, where would you fall?

Mr. ELLWOOD. Well, needless to say, I am not enthusiastic about either outcome. I think that I really think there is so much biparti-

san support around this issue we just can't let whatever—politics or issues get in the way.

This is a problem that affects every child, and we just have to find a way to get around it. Frankly, I think that the kind of bill that has come out of the bill that you have introduced along with other Members of the Women's Caucus really is such a major step forward we just have to find a way to make sure it happens.

Mrs. KENNELLY. I will give you a copy of it. In fact, I think I gave you a copy of it.

Mr. ELLWOOD. Yes, you did.

Mrs. KENNELLY. You can see that is not a block grant.

Mr. ELLWOOD. It is indeed not a block grant. When 30 percent of your cases are interstate, it really is an area when there is a critical Federal role. I think every group that has ever studied this program that has been involved clearly has talked about the Federal role, and we even hear or see Congressman Hyde asking for an even larger Federal role. This is not a place where we want to let all flowers bloom. We need to have a lot of flexibility but clear national standards.

Mrs. KENNELLY. Thank you, Doctor.

Mr. CAMP. Mr. Collins may inquire.

Mr. COLLINS. Thank you, Mr. Chairman.

Mr. Ellwood, you hit on some of the areas that I was interested in, and Mrs. Kennelly brought these points out.

We are all very much used to enhancing the collections on behalf of children, especially these people who seem to know the system very well and will go to all extremes to try to avoid facing up to their obligation, many of them who do seek coverage out of State.

I think I read you pretty well in what your position is, but laying all politics aside, all partisanship aside, one, two, three, in 10 words or less for each one of those, what would you suggest we do to enhance this system that would improve the collections and help families?

Mr. ELLWOOD. I think there are three big issues: paternity establishment, updating of awards, and collecting awards that are due. With paternity establishment, it is important to start at the hospital because something like 70 percent of the parents are present at the birth at the hospital. We started last year. We can do a lot more.

You need to simplify it and get it out of the courts. Make that happen as quickly as possible. You need to insist on cooperation before paternity—before anybody can get AFDC benefits.

On updating of awards, you need a much simpler system. That is, by the way, more fair for both custodial and noncustodial parents. Sometimes your income goes down, and you need to get the award adjusted quickly.

Finally, we need much better enforcement systems. That has a lot to do with automation. This ought not to be a system with one person sending a sheriff out with an order, a contempt order, and picking it up. Automation is our only key.

That is why the IRS is so efficient. We do it automatically through wage withholding. We need a national clearinghouse. When an award is set in Florida, and the mother is in New Jersey, and the father is in Wisconsin—when the father goes to work, you

will know it right away. The award will start immediately being withheld and coming over to the custodial parent.

I think the W–4 reporting is actually a simplification, but 21 States are now doing it slightly differently. So an employer may have to send it to different States that have different forms. We need one national form there that you can also track very simply. I think there is a whole series of other enforcement measures.

One final point I would make, though, which is also in reference to an earlier issue. Having a centralized collection mechanism within each State so all the awards get sent to this same place gives you two things. Employers don't have to write out 30 checks to 30 different people whose addresses may change. It is one single agency.

Second of all, when that check is unpaid you know it immediately. You can immediately look and see whether there is some place else to find that as opposed to putting the mother or custodial parent to trying to enforce that award.

Mr. COLLINS. Let's look at the possibility Mr. Hyde talked about, using the IRS because they are well in touch with most everyone. If they had that ability to transfer funds, that would go back down to the person who had violated the obligation. Those would include all types of refunds, all types of funds. They would be due through the IRS system, including their earned income tax credit. Would that be true?

Mr. ELLWOOD. The current laws—as I understand it, we enhanced this somewhat—does allow any refund to be intercepted for purposes of child support payments. In other words, if you are owed a refund and you have an outstanding child support award, that could be picked up. It is not as widely used as it might be, partly because we have this fragmented system.

I don't know if, Paul, you want to comment on additional IRS provisions that we have.

Mr. LEGLER. There are two. The one he mentioned is the income tax refund offset, and there is also something called the IRS full collection process, which is already under existing law. The practical reality, though, is that very few States ever submit cases to the IRS, in many instances because the States feel that they can do just as good a job on their own.

Mr. COLLINS. OK. That is all I have. Thank you.

Mr. CAMP. Thank you.

Mr. Levin may inquire.

Mr. LEVIN. Thank you, Mr. Camp.

It has been mentioned I think before, but one sentence in your testimony I think needs to be reiterated many, many times. In 1991, 56 percent of all child-and-mother-only families lived in poverty, compared to only 11 percent of children in two-parent families. A lot of those children are living in this one-parent family where the parent is working—not on AFDC. So this is a working family issue as well as an AFDC issue, as you say.

This is a case where there has been State responsibility. Thirty percent are interstate. That means 70 percent are not. Why have the States failed? They were spurred on by legislation from here in the seventies. The 1988 act had some spurs with some needles in them.

Mr. ELLWOOD. Maybe I should turn this over to Mary Jo who has another title as well as her title of Assistant Secretary for Children and Families. That is Director of the Office of Child Support Enforcement.

Mr. LEVIN. Just briefly. Why have the States just failed to act effectively in many cases?

Ms. BANE. Well, I think they actually have, Mr. Levin, made considerable improvement.

Mr. LEVIN. In recent years.

Ms. BANE. I really believe that. There has been a big increase in collections. Automation at the State level is just now starting to show its effects. Automation took a long time because the case records were—they had to put them all on computers and punch them all in. That is just starting to show effects, and it is having quite a large effect.

I think, though, my own interpretation—it looked this way to me in New York—is that this wasn't a big deal. It wasn't an important issue for the States and that it really was the continued pressure from the Federal Government as well as from all the others who are interested in child support enforcement that got changes made in the laws and that started us on the road toward improvement. So I do think that this is an area where the Federal standards, the Federal pressure, the Federal funding is very important in order to keep this system moving.

Mr. LEVIN. Thank you.

By the way, Mr. Chairman, in terms of the Contract, I read page 8. What it seems to say I think confirms Mr. Ellwood's interpretation. It does talk about if the State has not disproved of the allegation then aid under the State plan may not be denied to the family by reason of subparagraph A.

But it then continues: but the needs of the dependent child shall be disregarded in determining the amount of such aid. It seems to me in pretty simple terms what this proposal says is that even where the mother has fully cooperated, if the State has not been able to establish paternity, there can be no assistance provided to the child.

Mr. CAMP. The food stamp payment would, of course, increase; but I think the point that you are trying to make is we need to make sure the State has an incentive to pursue this. I would agree with that, and I think that is something we are going to try to look at as well, to make sure the State doesn't sit on the file. I think that is the point you were trying to make.

Mr. LEVIN. But the question is, Mr. Camp, if there is an incentive on the part of the State or if there are circumstances that just don't permit the establishment of paternity, whether there should be the forfeiture of the payment. I——

Mr. CAMP. If the mother cooperates, the burden should be on the State; and I think we need to make sure that our legislation addresses that.

Mr. LEVIN. Good.

Mr. CAMP. There may be a point—as I said, I think you have a point on that aspect of this—so the State doesn't sit on the file.

Mr. LEVIN. I think it broadens the base of possible cooperation. There is already a broad base. I think the way you formulate it, there is much more common ground; and, hopefully, we can act.

Mrs. KENNELLY. Will the gentleman yield? You still have some time.

Mr. LEVIN. Yes.

Mrs. KENNELLY. Mr. Chairman, it isn't even sometimes the fault that the State is sitting on the case. The fault is it just can't be proven. It is impossible to prove the paternity. If it isn't proven the way the legislation reads, the child doesn't get the award. So it is a key piece that we have been looking at and we hope we can address.

Mr. LEVIN. In fact, as you said, that much of the gap here is because there is no award in place; and in a very substantial number of those cases, no paternity has been established. So we are not talking about a small minority of the cases.

Clearly, efforts have to be made to establish paternity way beyond; and we have been federally encouraging the States to do this. But there remains the question where the State cannot, should essentially the cash payment be withheld vis-a-vis the child? The Contract says yes. I think we need to seriously question it; and I think your statements, Mr. Chairman, are very encouraging.

Mr. CAMP. Ms. Dunn may inquire.

Ms. DUNN. Thank you very much, Mr. Chairman.

I have a couple of questions, Dr. Ellwood.

You mentioned in your testimony that the mother would be required to produce the name and quote other verifiable information on the father. Could you tell me what information you are talking about? How is that different from the way we are doing it now? Are we going to really be able to peg these people?

Mr. ELLWOOD. Yes. We spent actually quite a lot of time on this issue because I think you do want this delicate balance of holding the parents responsible who are responsible.

Current law, in theory, requires cooperation. But it has almost no content into what cooperation means. In theory, you can meet it often by talking to a regular AFDC worker and suggesting a name or whatever.

We are quite specific in what we say. Paul, who, frankly, really developed most of the specifics around all of our proposals, can comment further.

No. 1 is, you do have to provide the name or names if there is some uncertainty. No. 2, you have to give an address, a work address, other kinds of information that will help and that is sufficient to actually locate or identify the location of the father.

Ms. DUNN. What about a Social Security number?

Mr. ELLWOOD. Well, of course, there are many cases where you don't know the Social Security number; but that is certainly an example of the information that would be sufficient or would be helpful.

The State, furthermore, has to certify that you have cooperated. I mean, the State actually has to say that you have met those cooperation standards. Then and only then the burden shifts to the State, in which case we then say the State has 12 months to estab-

lish a paternity. There is a tolerance, and if they don't the State faces penalties.

So we have tried to separate those. That is very different in the current system where a worker just simply asks the question, you must be seen by a child support enforcement worker, and you must be certified to have cooperated before any payments can be made.

Mr. LEGLER. It is an up-front process prior to receipt of any benefits. What happens today is that the woman goes in to apply for AFDC, and she doesn't meet with the child support worker for maybe 6 months or 1 year later, and she is getting benefits during that period of time. There is very little incentive to cooperate at that point. Under our process it is up front. They have to cooperate prior to the receipt of benefits.

Ms. DUNN. If they don't cooperate, then no benefits.

Mr. ELLWOOD. Then no benefits.

Ms. DUNN. Let me just ask you about another number that I heard you use which stunned me, and it is—maybe I hadn't heard prior testimony. You used the number 42,000 people out there. Are these 42,000 you used in terms of employees being Federal employees rather than State? Is this the number of people who are actually out there trying to track these deadbeat parents?

Mr. ELLWOOD. I think that is—Mary Jo.

Ms. BANE. That is the number of people who are employed by State and local child support enforcement agencies, yes.

Ms. DUNN. Phenomenal. I would think a computer system could do great things in terms of cutting employees' salaries back and benefits.

Thank you, Mr. Chairman.

Mr. CAMP. Would the gentlelady yield to the gentleman from Georgia?

Ms. DUNN. Certainly. I would be happy to.

Mr. COLLINS. Thank you. Thank you, Mr. Chairman and Ms. Dunn.

I want to go back to the IRS with the possibility of them being a vehicle to help collect some of these funds. I know that it is only a percentage of those who fail to meet the obligation that are actually qualified for earned income tax credit.

But if I understand right, there is a movement to try to avoid abuse and fraud in the earned income tax credit process. There is now a movement to add those benefits weekly or to the payroll check itself, which then takes that refund at the end of year away from the IRS. What would you do in a case like that? Would you still go back to the employer?

Mr. ELLWOOD. The first thing to understand—to qualify for an earned income tax credit you must meet two general conditions. No. 1, you must have low earnings, must be working. No. 2, you must have children that you are responsible for.

In general, noncustodial parents, unless they have additional children through another marriage or if they became the custodial parent of some other of the children, wouldn't necessarily qualify for the earned income tax credit. So that would be less of an issue.

Mr. COLLINS. We did change that in 1993 where an individual could qualify.

Mr. ELLWOOD. There is a small amount for an individual. It is not—Paul.

Mr. LEGLER. I would just add that a very large percentage of people who are receiving the earned income tax credit receive refunds, and we are capturing that money right now through the existing income refund offset program.

Mr. COLLINS. If we had made that refund on earned income tax credit available through the payroll check based on the payroll dates, then that takes that away from the IRS—that responsibility.

Mr. ELLWOOD. Except that—in this hypothetical example, probably we will also know where that person is working, and we will have a system that automatically withholds it directly.

Mr. COLLINS. As I say, you will go into the employer.

Mr. ELLWOOD. Right. I think the more difficult cases in which we use the refund cases is where we don't have a record of the person working. It is one of the reasons why the W–4 reporting is so critical. As soon as you start a job we need to find you. We don't need to wait until the end of the tax year plus April 15 plus any extensions to try to recover the money. It is very important to do immediately.

Mr. CAMP. Thank you. I want to thank the panel for their testimony.

We will now proceed with panel number three: Margaret Haynes, director, Child Support Project, American Bar Association; Marilyn Ray Smith, president of the National Child Support Enforcement Association; Richard "Casey" Hoffman, president of Child Support Enforcement.

Mr. COLLINS [presiding]. We welcome the next panel, and we will begin with Margaret Haynes, director of the Child Support Project, American Bar Association, Washington, D.C.

Welcome, Ms. Haynes.

STATEMENT OF MARGARET CAMPBELL HAYNES, DIRECTOR, CHILD SUPPORT PROJECT, AMERICAN BAR ASSOCIATION, WASHINGTON, D.C.

Ms. HAYNES. Mr. Collins, members of the subcommittee, thank you for the opportunity to testify.

My name is Margaret Campbell Haynes. I chaired the U.S. Commission on Interstate Child Support. My testimony is also based on more than 10 years experience in child support as a prosecutor, researcher, and trainer in more than 35 States.

As you consider welfare reform, it is crucial that you also act on child support reform. Many custodial parents who are not on welfare nevertheless live in fragile financial circumstances.

Unlike welfare, however, there are few mysteries about what is needed to reform the child support system. In fact, there is overwhelming consensus on the most important elements. These elements are embodied in the report of the U.S. Commission on Interstate Child Support. That Commission included three congressional members: Senator Bradley, Congresswoman Kennelly, and Congresswoman Roukema.

My written testimony focuses on those reforms that I believe are most crucial to making the interstate system work. Embodied in these recommendations is a belief that we must have greater uni-

formity in State laws, greater use of technology and case processing that allows transfer of debt without transfer of cases.

Some of my remarks represent fine-tuning of Commission recommendations based on State experience and personal reflection since the report. Given time constraints, I would like to focus my oral testimony on registries of support orders, employer reporting of new hires, elimination of multiple cases, and training.

First, registries. Congress should require every State to establish a Registry of Support Orders. This registry should include every support order issued or modified in a State, regardless of IV–D status. Why involve the government in private cases? Because it is impossible to determine all outstanding orders against an obligor unless the system includes both IV–D and non-IV–D cases.

The registry will be especially important with enforcement. When we know all the orders against an obligor, we can better calculate arrears; and it allows us to conduct automated enforcement through data matches.

In addition to State registries of orders, we need a national registry of support orders. This would not duplicate State registries but contain minimum abstracted information. It would serve as a pointer, letting someone know all the States that have a support order involving Joe Smith. That way we can follow up with those States for more specific information.

Second, employer reporting of new hires. Please notice I did not call it W–4 reporting, which is often its shorthand expression. Given technology, we need to get away from the concept of tying it to one particular piece of paper.

There are four main elements: First, it must be universal; it must apply to all employers.

Second, it must be simple. All we need is the employee's name, date of birth, Social Security number, and the employer's Federal ID number and address.

Third, it must be flexible. We have to allow employers to transmit the information in multiple ways.

Fourth, it must be uniform. Multistate employers and the child support community agree that the Federal Government must take the lead in standardizing certain definitions and forms in order for employer reporting of new hires and income withholding to work.

Congress should establish a uniform definition of income and disposable pay subject to withholding for child support, a uniform ceiling on the amount of income that can be garnished for support, uniform standards regarding allocation of money when there are multiple orders, a uniform time period within which employers must report new hires, and a standard income withholding order and notice.

A third priority is we must eliminate multiple cases and orders. More is not always better, especially in the interstate arena.

There are three quick fixes I urge Congress to make.

First, require all States to enact the officially approved version of the Uniform Interstate Family Support Act or UIFSA. This act establishes one order between parties. If you leave it up to the States, we will have a uniform act that is not uniform.

Second, we need technical amendments to the full faith and credit bill that President Clinton signed last October so that it is con-

sistent with UIFSA. Those needed changes are in the Women's Caucus bill.

We need to require, third, that all States have laws creating administrative liens for child support by operation of law without the necessity of a prior notice and prior hearing. In other words, we will freeze the asset and then give the obligor his or her review.

We also need a procedure whereby this administrative lien of one State is recognized and enforced in a second State. We need to understand that with child support, we are talking about transferring a debt across State lines, and it is not always necessary to create a new case.

Finally, training should be a requirement in State plans such as in Congresswoman Roukema's bill. Far too often when budgets are tight, training of staff is the first casualty. Yet there is no greater investment we can make.

In conclusion, I realize that we are seeking more Federal mandates at a time when the mood in the country appears to be to the contrary. A national problem, however, where varying State laws and procedures are among the major hindrances to effective enforcement, demands a national solution.

Thank you.

[The prepared statement follows:]

STATEMENT OF MARGARET CAMPBELL HAYNES

before
Subcommittee on Human Resources
Committee on Ways and Means

February 6, 1995

Chairman, members of the Subcommittee on Human Resources, thank you for the opportunity to testify on needed reform to the child support system.

My name is Margaret Campbell Haynes. I am testifying as former chair of the US Commission on Interstate Child Support. My testimony is also based on more than 10 years experience in the child support system -- as a prosecutor, researcher, and trainer who has worked intimately with child support professionals in more than 35 states.

This subcommittee has an outstanding history of addressing the needs of children and their families. As you consider welfare reform, it is crucial that you also act on child support reform. Many custodial parents who are not on welfare nevertheless live in fragile financial circumstances. Seventy-five percent of custodial mothers entitled to child support either lack orders or do not receive full payment under such orders. In no other area of personal financial responsibility does this country tolerate such an abysmal record. Enforcement is especially problematic when the parents live in different states. Interstate cases represent about 30 % of the child support caseload, but only 10 % of the collections.

I. US Commission on Interstate Child Support

Congress authorized the Interstate Commission in the Family Support Act of 1988. Its purpose was to recommend improvements to the interstate establishment and enforcement of support awards. The 15 member Commission included three Congressional members: Senator Bill Bradley, Congresswoman Barbara Kennelly, and Congresswoman Marge Roukema. Each played an important role on the Commission. After 2 1/2 years of public hearings across the country, research, focused forums, briefings by experts on various subjects under consideration, and a national leadership conference on child support reform, the Commission presented its recommendations to Congress in 1992. Immediately thereafter, our Congressional members introduced legislation addressing our recommendations.

Since 1992, many of the Commission's recommendations regarding parentage and medical support have become federal law. However, much needed reform remains.

The Commission's report in 1992 galvanized a national debate on child support. It was a comprehensive report that was visionary, yet also practical. Many states have enacted parts of the Commission's recommendations, such as new hire reporting. Their experience allows us to move beyond the Commission's recommendations, to fine tune what is needed for process redesigns to work. Massachusetts enacted almost all of the Commission's recommendations directed to states. In doing so, the Department of Revenue "went beyond" the Commission in some areas such as automated administrative liens. Its experience should be reflected in any federal legislation so that all states will begin enforcing "wholesale" rather than on a manual, individual case by case basis.

My written testimony will focus on those reforms that I believe are most crucial to making the interstate support

system work. There are two points that need to made initially:

- to strengthen the child support system between states, by necessity one must correct the worst problems within a state.

- the artificial, inefficient enforcement barriers caused by state borders must be eliminated through greater uniformity in state laws, greater use of technology, and case processing that allows "transfer of a debt" without the transfer (i.e., creation) of a case.

The Commission's report provides the vision. State experience since the report provides much of the detail.

II. Redesigning the Child Support Program

A. Registries of Support Orders

To facilitate enforcement and the review of cases, Congress should require every state to establish a Registry of Support Orders. This registry should include <u>every</u> support order issued in the state, regardless of IV-D status. Some may argue that non-IV-D orders should not be included since parties should not have government intervention forced upon them. However, it is impossible to determine all outstanding orders against an obligor unless the system includes both IV-D and non-IV-D cases. State registries are essential for child support agencies to conduct automated enforcement through data matches. Although I believe a centralized state registry is preferable, you may wish to provide states the option of maintaining a unified state registry of orders through computer linkages connecting local agency and court registries.

In addition to state registries of support orders which would contain detailed information, there should be a national registry of support orders. This national registry would not duplicate or replace state registries. Rather, it would serve a "pointer" function. The national registry of order abstracts would have the minimum information --names of parties, social security numbers, and states(s) that have issued an order -- needed to then direct specific requests to the appropriate states. A state seeking information about outstanding support orders on a particular obligor could use the national network described below to query those identified states with outstanding support orders.

B. National Computer Network

"In a day of electronics where computers replace humans in every business, the child support system stands as a dinosaur fed by paper."[1] Congress should expand the Federal Parent Locate Service to create a national locate network based upon linkages among statewide automated child support systems and between state systems and federal parent locate resources. Through the network, child support agencies and attorneys could obtain address, income, and support order information for child support purposes.

The network would allow states to direct locate requests to a particular state or to broadcast the request nationwide. State data bases which should be accessible include publicly regulated utilities, employment records, vital statistics, motor vehicles, taxes, crime and corrections. When a

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[1] US Commission on Interstate Child Support, <u>Supporting Our Children: A Blueprint for Reform</u> (US Govt Printing Office 1992).

targeted state is unable to locate the person, the expanded FPLS would also be able to automatically reroute the request to other states, based on Department of Labor studies of migration patterns.

Some have argued that the national computer network is unrealistic. However, the technology is already being successfully used in the criminal arena. For example, under NLETS (National Law Enforcement Telecommunications Network), each state's law enforcement agency is linked with local data bases. NLETS then serves as a conduit linking 50 state computers together. States can retrieve information from other states through the network in a matter of seconds. Surely we can do as much for our children as we do in the criminal arena.

In order for such a system to be effective, the Federal Office of Child Support Enforcement needs to identify common data elements. Additionally, the system can only work to the extent that state data bases, including professional and licensing bureaus, are automated and use social security numbers as identifiers.

C. **Employer Reporting of New Hires**

All states now enforce child support orders through income withholding. Studies show, however, that in interstate cases there is an average of 13 to 20 weeks between location of an obligor's source of income and service of the withholding order on the out-of-state employer. During the delay, the obligor may move to new employment.

To ensure the availability of the most current employment information on obligors, Congress should require every state to mandate employer reporting of new hires. This new hire information would be matched against the registries of support orders. Any time there is a match, the state child support agency should be required to automatically generate an income withholding order or notice to the employer.

This is not a controversial recommendation. Almost half of the states now have a procedure for employer reporting of new hires. However, the laws and processes vary in each state. Multi-state employers are particularly burdened by the lack of uniformity. At a recent national conference on Reengineering Child Support Enforcement, there was consensus on the following elements of a new hire reporting system:

- It must be universal.

  All employers must be required to report the hiring of new employees.

- It must be simple.

  Employers should be required to report the employee's date of birth, social security number, and employer federal identification number and address. It is not recommended that employees self-report their support obligations. Obligors often do not know correct information about their support orders or to whom payments should be forwarded. Misinformation becomes especially problematic if employers begin withholding based on that information. Payments may be sent to the wrong location and the goal of prompt receipt of support by the obligee is frustrated.

- It must be flexible in terms of how the information is reported.

States should minimize the burden on employers by authorizing various formats and methods for transmitting the new hire information. Such methods should include automated or electronic transmission, transmission by regular mail, and transmission of a copy of the form required for purposes of compliance with section 3402 of the Internal Revenue Code of 1986.

- It must be uniform.

  Multi-state employers and the child support community agree that the federal government must take the lead in standardizing certain definitions and forms in order for employer reporting of new hires and income withholding to work. Congress should establish a universal definition of income and disposable pay that is subject to withholding, a uniform ceiling on the amount of income that can be garnished for support, and uniform standards regarding the allocation of multiple orders when an obligor is subject to several state withholding orders and lacks sufficient income to meet all of them. The Secretary of HHS should also develop a standardized income withholding order or notice that must be recognized by all employers.

There is less consensus on two other important areas: the entity to whom the new hires should be reported and the reporting time period.

Many argue that employers should be required to report new hires to a state entity, such as the State Employment Security Commission or the state IV-D agency. State reporting would allow states to easily use the information for other purposes, such as detecting fraud in the collection of state unemployment. Proponents of state reporting also believe that state registries of new hires would provide quick access to information on the majority of cases, since 2/3 of the cases handled by the child support agency involve noncustodial parents who reside in-state. Others argue that employers should be required to report new hires to a national entity. They believe that one information point is more acceptable to employers. They also argue that linkages among state automated systems in order to share the state new hire information with all states is unrealistic; that interstate enforcement would be facilitated by a national data bank of new hires. Whether Congress mandates state or national reporting of new hires, it is crucial that there be a tight turnaround time for information.

All agree that the reporting time period for employers should also be standardized nationwide, but there is no agreement on what that period should be. The Commission recommended that employers report new employees 10 working days from the point of hire. Current state law ranges from 5 to 35 days. Some payroll groups support a time period that is tied into an employer's payroll reporting period. Since employer address information is crucial not only for enforcement but also for locate, it is essential that Congress set a time period that ensures quick access to the information, while accomodating as much as possible employers' reasonable concerns.

D. If the Genes Fit: Determination of Parentage

With the high rate of nonmarital births in this country, it is vital that states do a better job in addressing parentage determination. A determination of parentage establishes fundamental emotional, social, legal and economic ties between a parent and child. Recent federal law requires states to establish expedited paternity procedures that include in-hospital parentage establishment. States must

also authorize a paternity acknowledgment that creates a presumption of parentage and upon which a support order can be based. The following additional legislation is needed:

- A requirement that the presumption of parentage created by a paternity acknowledgment becomes a conclusive adjudication of parentage, with res judicata effect, if there is no challenge within a limited time period;
- a prohibition of jury trials in paternity cases;
- a requirement that decisionmakers have the authority to issue temporary support orders based on clear and convincing evidence of paternity (e.g., genetic test results, insurance coverage listing the children as dependents);
- a requirement that putative fathers have standing and a reasonable opportunity to initiate a paternity action; and
- flexibility to states to experiment with providing incentives to parents for the establishment of paternity.

Since paternity establishment has received a great deal of attention in the context of welfare reform, it is important that Congressional members understand that paternity establishment is a legal proceeding. Any suggestion that the provision of AFDC should be dependent on a determination of parentage demonstrates a lack of understanding on what is legally necessary to determine paternity. A mother and child should not be punished because the alleged father cannot be located for service of process, or the state agency has not made due diligence to establish paternity. On the other hand, it is important that mothers seeking AFDC be required to provide information to child support agencies about the alleged father. Congress should shift the burden to the mother to prove cooperation by providing a name and social security number or name and two verifiable pieces of information about the alleged father, or to prove good cause for noncooperation. Currently, state agencies shoulder the burden of proving noncooperation by the mother in order to deny benefits.

E. When More is Not Better: Elimination of Multiple, Conflicting Orders

Under current law, multiple orders can exist that set conflicting support amounts for the same child(ren). There are two major reasons: First, until very recently, states were not required to give full faith and credit to ongoing child support orders. As a result, rather than enforce another state's support order, many states would enter their own conflicting order. Second, the Uniform Reciprocal Enforcement of Support Act (URESA) specifically provides that a URESA order exists independently from any other support order.

1. The Uniform Interstate Family Support Act (UIFSA)

The National Conference of Commissioners on Uniform State Laws (NCCUSL) last revised URESA in 1968. Although revolutionary when created, URESA is now drastically in need of an overhaul. In cooperation with the Interstate Commission, NCCUSL developed a new act called the Uniform Interstate Family Support Act. UIFSA was officially approved by NCCUSL in August 1992, and by the American Bar Association in February 1993.

UIFSA contains a number of key provisions. For example, UIFSA contains a broad long arm statute that, within the confines of Supreme Court decision, expands the opportunity for a case to be heard where the custodial parent and child reside. In addition, UIFSA contains provisions implementing direct income withholding, easing evidentiary rules in interstate cases so that documents "regular on their face" can be admitted, and allowing use of telephonic hearings and video conferencing.

One of the most major revisions to URESA is adoption of the "one order, one time" principle. To achieve one order, one time, UIFSA creates priorities to establish or modify a support order involving the same parties and child(ren). Where there multiple orders, it also establishes which order should be recognized and enforced prospectively.

Currently 21 states have enacted UIFSA; Massachusetts just passed it last week. Unfortunately, 3 states enacted UIFSA with major omissions. In order to ensure that this crucial uniform law really is uniform, Congress should require each state to enact the officially approved version of UIFSA as a condition of receiving federal funding.

2. Full Faith and Credit

In order to achieve a "one order, one time" rule, Congress recently amended 28 USC § 1738A to add a section that requires full faith and credit to child support orders, including ongoing and administrative orders, that are based on valid exercises of jurisdiction. In defining jurisdiction, the Act attempts to be consistent with the UIFSA. The Act will work well in a world where all states are UIFSA states and all orders were issued under UIFSA. However, UIFSA exists in a world where there are already multiple, conflicting orders. In order to reach one order, UIFSA establishes priorities for which of those orders must be recognized for prospective enforcement. Unfortunately, as currently enacted, 28 USC § 1738B conflicts with UIFSA. It requires recognition of orders that would not be entitled to recognition under UIFSA. There are several other inconsistencies with UIFSA that also need correcting. I urge Congress to make these technical amendments as quickly as possible. States are currently in a great deal of confusion. The inconsistencies were unintentional, and can be easily corrected.

F. Elimination of Multiple Cases

If we want to truly reengineer child support enforcement, we must change traditional thinking about case processing. Current federal regulations governing interstate cases encourage State 1 to initiate a case in State 2 when really all that is sought is enforcement against particular property or income of the obligor in State 2. Such processing creates unnecessary generation of petitions and forms, doubles manpower hours, and results in duplicated counting of cases for statistical purposes.

We need to start viewing cases from the perspective of a debt collector. Why should a second state begin an entire new case when enforcement in that state will be short-lived, lasting only as long as the property, lump sum payout, or stream of money exists? Especially when State 2 may only be the location of the obligor's property, not the obligor? Federal law and regulations should approach interstate enforcement from the perspective of transferring debts between states, not creating new cases. In order to achieve this goal, Congress should require states to recognize liens for child support enforcement, regardless of the issuing state or the presence of a case in the "property" state. Additionally, the funding formula should be examined to

ensure that it does not unnecessarily encourage the duplication of a case in a second state.

G. Investment in Human Resources

Far too often, when budgets are tight, training of staff is the first casualty. Yet there is no greater investment that can be made. The best automated system and most comprehensive laws will never replace the need for an adequate number of trained personnel to process child support cases.

Training responsibility rests with both the Federal Office of Child Support Enforcement and the states. Congress should require OCSE to develop core curriculum that states can adapt for use in their own training. In addition, OCSE should develop training for state child support directors. States, as a requirement for receipt of federal funding, should include within their state plans a demonstrated commitment to formal training of staff. Agencies should be required to provide training not only for IV-D personnel, but for other individuals and entities under cooperative agreements with agency, such as prosecutors and quasi-judicial decision-makers. Training is not a luxury. It ensures that problems are better anticipated, customers are better served, resources are more widely used, and appropriate legal remedies are sought.

H. Administrative Enforcement Remedies

Congress should do all that it can to move states away from manual, time-intensive enforcement of individual cases to automated enforcement of thousands of cases at a time. In order to effectively use technology, Congress needs to take the judgment status of support arrears one step further. Not only should support arrears be judgments, which cannot be retroactively modified, but they should also create an administrative lien or attachment by operation of law. Such lien should arise as soon as the debt accrues. No advance notice is constitutionally required. However, once the lien arises or property is attached, the child support agency should be required to provide the obligor a post-judgment notice and opportunity for a hearing, in compliance with state due process.

The combination of a state registry of support orders, data banks that include social security numbers as identifiers, administrative liens against any income and property of the obligor, and an automated system that can do batch matches has been tremendously successful in Massachusetts. It should serve as the model for legislation governing enforcement in all states.

I. IRS and Enforcement

For many reasons, I do not support "turning over" enforcement responsibilities from the states to the IRS. However, there are four areas in which I believe the IRS' current role in child support enforcement should be strengthened:

- Strengthen the full IRS collection procedure by replacing subjective determinations by IRS agents regarding the appropriateness of enforcement with objective criteria, and by eliminating the necessity of demonstrating that further enforcement techniques would be ineffective;

- Eliminate disparities between AFDC and nonAFDC IV-D cases regarding the availability of federal income tax refund intercept. The triggering arrearage in both cases should be less than $200, and arrearage should be collected regardless of the child's age;

- Require the IRS to promptly provide state child support agencies with income information for child support purposes; and

- Require the IRS to authorize state child support agencies, and entities with whom they have contracted for enforcement services, to use income tax information, without the necessity for independent verification.

J. Enforcement Against the Self-Employed

According to the IRS, an estimated 10 million individuals and businesses do not file returns. About 64 % of these nonfilers are self-employed. State remedies can increase enforcement from self-employed obligors. Based on proven best state practices, Congress should require all states to provide the following:

- suspension or revocation of professional and occupational licenses when there is a threshhold amount of arrears, with provision for a temporary license pending resolution of the matter;

- suspension or revocation of drivers licenses when there is an outstanding warrant or capias for failure to appear at a child support hearing;

- mandatory reporting of arrears and ongoing support obligations to credit bureaus;

- attachments of bank accounts for purposes of support enforcement; and

- liens or attachments on lump sum payouts such as lottery winnings.

K. Simplified Distribution

Title IV-D of the Social Security Act initially applied only to welfare cases. However, with the Child Support Enforcement Amendments of 1984, Congress made a commitment to all children. In order to ensure financial stability for all single parent households, Congress mandated that the child support program handle cases, without regard to income. Therefore, in addition to welfare cases, child support agencies handle cases on behalf of children whose custodial parents have applied for IV-D services. IV-D cases also include what are referred to as "continuation cases" -- cases where the custodial parent is currently not on AFDC yet there are "old" arrears that have been assigned to the State due to previous receipt of AFDC.

Michael Hammer wrote an article entitled, Reengineering Work: Don't Automate, Obliterate. It is the perfect maxim for current federal distribution rules. They are a nightmare. Their complexity makes it very difficult to program state child support automated systems. Rather than tinker around the edges, Congress needs to completely review and overhaul the distribution rules. Distribution policies should be simple, ensure financial stability during the transition from AFDC to self-sufficiency, and promote welfare avoidance.

L. Funding and Audits

Currently states receive 66 % of their funding for administrative costs from the federal government. Certain items such as automated systems and genetic testing are reimbursed at 90 percent. States also receive federal incentives of 6 to 10 % (based on collection efficiency) of the amount collected for both AFDC and nonAFDC IV-D cases.

However, federal incentives are capped in nonAFDC cases at 115 percent of the amount collected in AFDC cases.

Although everyone agrees that funding should be changed, there is not consensus on the elements of that change. I support the Commission's recommendation that Congress authorize a study to examine funding alternatives. Any funding scheme should reinforce Congressional commitment that agencies serve all children who need financial support, not just our country's poorest. It should also reward performance, not just reimburse expenditures. In the interim, I recommend three immediate changes:

- o revise the federal incentive formula to reflect a balanced program that serves both AFDC and nonAFDC families
- o revise the federal funding formula to provide incentives for health care support
- o require states to reinvest incentives into the child support program.

Audits of state IV-D programs should also focus more on performance criteria than allowed under current regulations. The goal should be to measure results, not process.

III. Conclusion

Welfare reform elicits a myriad of ideas, often untested, about how to "fix it." Fortunately, there are few mysteries about what is needed to reform the child support system. There is overwhleming consensus on the most important elements. We ask you to address child support another time, not in piecemeal fashion, but comprehensively. It is true that we are seeking more federal mandates at at time when the mood appears to be to the contrary. A national problem, however, where varying state laws and procedures are among the major hindrances to effective enforcement, demands a national solution.

Mr. COLLINS. Thank you, Ms. Haynes.

Marilyn Ray Smith, president of the National Child Support Enforcement Association, Cambridge, Mass.

STATEMENT OF MARILYN RAY SMITH, PRESIDENT, NATIONAL CHILD SUPPORT ENFORCEMENT ASSOCIATION, CAMBRIDGE, MASS.

Ms. SMITH. Good afternoon, Mr. Chairman.

Mr. COLLINS. For your information, each one of these full statements will be entered into the record.

Ms. SMITH. Thank you for this opportunity to testify. I am Marilyn Smith, president of the National Child Support Enforcement Association (NCSEA). I am also chief legal counsel and Associate Deputy Commissioner for the child support program in Massachusetts in the Department of Revenue.

The National Child Support Enforcement Association is the "big tent" that brings together child support professionals from all parts of the country. We have worked closely with the Interstate Commission, the Clinton administration, and Members of Congress to come up with recommendations that we know will work.

Three themes unite our recommendations:

First, declare once and for all that the mission of the child support program is to keep families off welfare and get rid of all provisions in the existing law that contradict that mission.

Second, create public-private partnerships to give child support agencies the information that we need to do the job. Give us tax information from the IRS so we can find hidden assets. Give us new hire information from employers so we can catch job hoppers as they go from State to State. Give us account information from banks so we can go where the money is. Give us Social Security numbers from licensing agencies so we can find delinquents who work, drive, and play and don't support their children.

Third, streamline legal processes to use technology to do high-volume data matches on routine cases, saving staff and courts for the tough, contested cases. The computer can locate absent parents, issue notices to modify and enforce orders, seize assets, and even send wage assignments and child support liens, bank levies, and license revocations across State lines in a paperless process.

Now, to highlight a few of our recommendations on paternity establishment, cooperation, and distribution of collections. You have already heard about at least two of these this afternoon.

We should indeed empower parents to establish paternity. More than 1 million children are born out of wedlock every year, and States are only able to establish paternity in about ½ million cases a year. We need to make it easier for parents to establish paternity on their own by making the voluntary acknowledgment the equivalent of a court order.

We must also change the culture to discourage out-of-wedlock births. We ask Congress to take the leadership in an aggressive campaign to encourage voluntary acknowledgment of paternity as a matter of the public health.

Similar campaigns have brought about a dramatic change in the American public's behavior about drunk driving, smoking, and wearing seatbelts. We should do no less for these most vulnerable

children who need two parents available for financial and emotional support.

Next, we need to require strict cooperation by applicants for welfare. Even though we are entering the information age, the best source of information about the noncustodial parent is still the custodial parent. In nonwelfare cases, custodial parents cooperate because the child support check means money in the pocket and food on the table. Welfare recipients often withhold crucial information that will enable the child support agency to tap into the information on the databases that are available.

One study found that half of the welfare recipients had given false or misleading information to child support agencies. They withhold information for a variety of reasons. Some may be valid, but it is time for us to start asking more questions and insisting on more answers.

However, we do not recommend establishing paternity as a condition of receiving benefits. We think this creates a hardship for families and chaos for agencies. We do recommend that custodial parents be held to stricter standards to cooperate with paternity and support.

We recommend that Congress condition receipt of welfare benefits upon providing verifiable information about each possible absent parent—such as Social Security number, date of birth, address, license number.

We also recommend that you make the child support agency responsible for determining cooperation, requiring the welfare agency to impose an effective sanction for failure to cooperate—something more than the current sanction of simply removing the recipient from the grant.

Next, we ask Congress to design simple rules for distributing child support collections to encourage families to leave welfare and to make for efficient program operations.

The current Federal rules for distributing money create accounting nightmares for parents, litigation from advocacy groups, headaches for computer programmers, and audit deficiencies for States. It is time to take this tiger by the tail and come up with a better way of doing business.

Again, is it the mission of the child support program to pay back welfare or to keep families off welfare? If it is to keep families off welfare, as we believe it is, then we need to change the rules for passing money to welfare families.

We must look not just at money collected but also at money saved as a result of more families staying off welfare. We also need to make better use of caseworkers who now spend too much time unscrambling accounts and doing arithmetic. Give States flexibility to experiment with passing child support collections on to the family, counting it as ADFC income.

We can encourage compliance from the father who gets satisfaction from knowing his payments go to the children. We can encourage cooperation from the mother who sees that the family is not totally dependent on welfare for subsistence. Then caseworkers will be freed up to accomplish the real business of child support—establishing paternity and collecting support—so families don't have to turn to public assistance for survival.

Mr. Chairman, I thank you very much for this opportunity to testify. The members of NCSEA stand ready to assist you in any way in improving the Nation's child support program.

[The prepared statement follows:]

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HUMAN RESOURCES

HEARING ON CHILD SUPPORT ENFORCEMENT LEGISLATION

Statement of

MARILYN RAY SMITH

President

NATIONAL CHILD SUPPORT ENFORCEMENT ASSOCIATION

February 6, 1995

Mr. Chairman, distinguished members of the Committee: thank you for the opportunity to testify on the next frontier of child support legislation.

My name is Marilyn Ray Smith. I am currently President of the National Child Support Enforcement Association (NCSEA). I am also Chief Legal Counsel and Associate Deputy Commissioner for the Child Support Enforcement Division of the Massachusetts Department of Revenue.

Founded in 1952, NCSEA's mission is to promote and protect the well-being of children and their families through the effective enforcement of child support obligations. NCSEA's membership consists of child support professionals from all over the country, and from all aspects of the child support community, including state and local agencies, program administrators, case workers, prosecutors, judges, court clerks, private sector vendors, advocates, and parents, all joined together to ensure children receive the child support they are due on time and in full.

Congress is about to embark upon the most significant reform of the welfare system in 50 years. Improving child support enforcement is necessary for real welfare reform. The role of fathers as well as mothers must be included in this debate. When paid on time and in full, and coupled with the custodial parent's earnings, child support can enable millions of families to get off and stay off the welfare rolls. And while the nation's child support system has come a long way in the last 20 years, it has not moved far enough fast enough.

The National Child Support Enforcement Association has worked closely with the U.S. Commission on Interstate Child Support, the Clinton Administration, and members of Congress in evaluating the most effective tools to improve the nation's child support program. We have also drawn upon our collective experience to come up with recommendations that we know will work.

We also know that government must do more with less. We therefore take a page from our colleagues in the private sector, and look for a clear mission, the right tools, and efficient systems. Three themes unite our recommendations:

- Declare once and for all that the mission of the child support program is take and keep families off welfare, and remove all provisions from existing law that contradict that mission;

- Give child support agencies the information they need to do the job -- information from licensing and tax agencies, employers, banks, credit bureaus, and parents.

- Reengineer processes to use technology to the fullest extent for high volume, computerized data matches and notices, and eliminate antiquated rules and regulations that stand in the way of establishing paternity and collecting money for families.

To achieve these goals, we have picked the proven winners. Each has demonstrated its effectiveness, and each has widespread support among child support experts. As is often said about child support, the "devil is in the details," so we are providing you not just broad direction but the necessary, technical ingredients for success. If we don't pay attention to the details, we will be doomed to continued disappointed expectations.

Empower Parents to Establish Paternity:

In 1992, 1.2 million American children were born out of wedlock; the number rises every year. Without a father to help support the family, most end up on AFDC. Recent changes in paternity law have not gone far enough. States still established paternity in only 517,000 cases in 1992.

We need to make it still easier for parents to acknowledge paternity in uncontested cases, and to adjudicate paternity in contested cases. By building on existing law, Congress should:

- Require that the voluntary acknowledgment have the force and effect of a judgment of paternity, unless challenged within six months, and serve as the basis for a child support order without further proceedings.

- Require that all acknowledgments and adjudications contain the Social Security numbers of both parents and be filed in one place in the State -- preferably the registry of vital statistics -- to make this information readily available through data matches if a child support order is ever needed.

- Give States incentives to provide parents multiple opportunities to acknowledge paternity -- not just at the hospital, but at health centers, law offices, welfare offices and other State and community agencies.

In addition, Congress should initiate an aggressive, comprehensive public relations campaign to encourage voluntary acknowledgment of paternity as a matter of public health. Rather than continuing to shovel sand against the tide, we must change the culture to discourage out-of-wedlock births. In just a few short years, as a result of similar campaigns, we have seen a dramatic change in the American public's attitudes about drunk driving, smoking, and wearing seat belts. We should do no less for our most vulnerable children.

Require Strict Cooperation by AFDC Applicants:

The best source of information about the noncustodial parent is still the custodial parent. In non-welfare cases, there is a strong inducement to cooperate because the child support check means additional money in the pocket and more food on the table. In AFDC cases, however, all too often the custodial parent withholds critical identifying information that will enable the child support agency to tap into the vast databases that are now available to find income and assets.

One study from Rutgers University found that more than half of the AFDC recipients had given false or misleading information to child support officials in order to protect the identity of one or more of their children's fathers. In Massachusetts, we find that a quarter of the cases we receive from the Welfare Department are "dead on arrival" -- not enough information to begin looking for more. Custodial parents withhold information, don't report cash payments, don't show up at hearings and appointments. They undoubtedly have many reasons, some of which may be valid, but it is time for us to start asking more questions and insisting on more answers.

States are criticized for failing to do an adequate job of establishing orders in AFDC cases. And there is no question that agencies could do a better job of interviewing parents, marketing the program, being more accessible -- all requiring more trained staff. Nevertheless, it is time to shift the burden to the custodial parent to provide some basic information in the first instance.

NCSEA does **not** recommend requiring custodial parents to establish paternity before receiving public assistance, however. We think this may create cruel hardship for families and disruptive chaos for agencies. However, we do recommend that custodial parents be held to stricter standards to cooperate to establish paternity and support. The existing standards are not specific enough. They are not clear and they have no real teeth. We therefore recommend the following:

- Make receipt of AFDC benefits conditional upon providing sufficient **verifiable** information about each possible absent parent -- such as name and Social Security number, or name and at least two other pieces of information such as date of birth, address, employer's name and address, telephone number, make, model, and registration number of car, driver's or professional license number, parents' name -- and appearing at required interviews, hearings or legal proceedings, or to submit (along with the child) to genetic tests.

- Give the child support agency the responsibility for determining cooperation.

- Require the welfare agency, upon notification of noncooperation, to immediately impose an **effective** sanction -- which is **not** the current sanction of removing the recipient from the AFDC grant.

- Upon denial of benefits for failure to cooperate, place the burden of demonstrating cooperation on the custodial parent in any fair hearing, while allowing exceptions for good cause or for cases where the **verified** facts of the case indicate that the probability of establishing paternity or a support order is unlikely, or will jeopardize the safety of the mother or child.

- Extend these provisions not just to prospective cases, but to existing cases through the redetermination process.

The current system of cooperation and sanctions has simply not worked. We can and must do better.

Design Simple, Family-Friendly Rules for Distributing Child Support:

The Federal rules governing distribution of collections are complex and outdated, and discourage families from becoming self-sufficient. Caseworkers must spend their energy untangling scrambled accounts, and custodial and noncustodial parents alike suffer from a system that appears arbitrary, unintelligible and hostile. The rules are difficult for States to follow, for staff to explain, for parents to understand. They create accounting nightmares for customers, litigation from advocacy groups, headaches for computer programmers, and audit deficiencies for States. It is time to take this tiger by the tail and come up with a better way of doing business.

The child support program for the last twenty years has had a contradictory mission: Is it to pay back welfare, or is it to keep families off welfare? If it is indeed the latter, as we believe it is, then we must re-examine this complex and vexing area of child support. Having dynamic enforcement remedies won't truly help families if we don't get the money to where it is needed most.

There are several proposals for redefining distribution rules, all needing cost-benefit and cost-avoidance analysis. Any proper analysis must look not only at possible decreased reimbursement for State and Federal AFDC costs, but also at the dysfunctions of the current system that waste valuable staff time and consume expensive computer resources. And we must recognize that the real benefit from distribution rules that are designed to encourage families to become or remain self-sufficient may be in money saved, not money collected. The best child support system will never collect all the AFDC paid out. We will do better by keeping families off welfare, rather than chasing dollars already paid out.

We therefore recommend that Congress give States the flexibility to:

- Re-evaluate the assignment to the State of past-due support that accrued before going on AFDC, to determine if it deters families from going on -- or off -- AFDC.

- Distribute payments of child support collections, first to current support and then towards arrears according to the status of the current support order: If the custodial parent receives AFDC, credit payments in excess of current support first to any AFDC arrears. If the custodial no longer receives AFDC, credit payments in excess of current support to any non-AFDC arrears.

- Pass all child support collections through to the AFDC family, counting the child support payments as income.

- Eliminate the $50 pass through or, in the alternative, hold it in escrow to be distributed to the AFDC recipient upon leaving public assistance, to provide a lump sum payment as incentive to assist in the transition to self-sufficiency.

Under a waiver from the Federal government, the State of Georgia distributes child support collections on behalf of AFDC recipients directly to the family up to the amount of the current monthly obligation. The money is counted as income and in many cases reduces

the welfare check, making it a supplement to child support. Georgia has found this program simple to administer, freeing staff to concentrate on the real business of child support: locating absent parents, establishing paternity, and collecting money. The father has the satisfaction of knowing that all his payments go to the children, and the family benefits from seeing that it is not totally dependent upon welfare for survival.

Adjust Orders to Keep Pace With Parent's Ability to Pay:

As children grow, so does the cost of raising them. But most orders are not easily adjusted to keep pace with the child's needs or the parent's ability to pay. The average child support award is less than half what a typical guideline calls for. However, the current Federal law is cumbersome, expensive, and time-consuming, requiring every case to be brought back for a court or administrative hearing. Quite simply, it is an example of micromanagement at its worst.

Congress can make it easy and inexpensive to adjust orders in millions of cases by giving States flexibility to use computers to generate notices of adjustment to both parents, based on cost of living adjustments (COLA), or based on computer analysis of tax and employment information. The current process requiring individual case reviews costs an estimated $730 per case, often more than the annual increase in the support order. Congress should therefore:

- Eliminate all currently federally mandated notice requirements except the one time notice to both parents informing them of the right to request a review and adjustment in accordance with child support guidelines, leaving other notices to State due process requirements.

- Give States the option to use wage or income tax data through automated matches to determine which AFDC cases are eligible for review and adjustment upon application of child support guidelines (rather than the existing system requiring full individual review of each case every three years).

- Allow States to meet the requirement for periodic review and adjustment through computerized notices which apply a cost of living adjustment to support orders at least every three years, without the need to show any other change in circumstances.

- Permit either parent to challenge the amount of the adjustment under either scenario within 30 days of receipt of the notice of adjustment, by requesting a full administrative or judicial review at State option, with the guidelines applied as a rebuttable presumption.

Keep Up With Interstate Job Hoppers:

Wage withholding is the best way to collect child support. Yet every year 59 percent of child support obligors hop from job to job, resulting in months of delay before the wage assignment catches up. Several States have demonstrated the power of new hire reporting, where the employer simply sends to a State agency a copy of the existing W-4 form. After a data match, the child support agency's computer can automatically issue a wage assignment and get the money flowing to the family once again.

The next step is to connect this information to an interstate new hire and quarterly wage reporting network, so that wage assignments can be electronically transferred from one

from State to State through computer matches of child support obligations against new hire and wage reporting information.

Congress should therefore require States to have laws that:

- Require all employers in the State -- **including the Federal government** -- to report all new hires to a State directory of new hires.

- Require all cases to have wage withholding orders that are transferable from employer to employer and from State to State through computer matches of child support obligations against new hire and quarterly wage reporting information.

Set Up and Connect State and Federal Central Registries:

Another crucial step in keeping up with interstate child support delinquents is building central registries of child support orders at the State and Federal level, so that the necessary basic case information is available for data matches to locate obligors and take appropriate action. These registries should contain all current IV-D cases, and at State option, nonIV-D cases.

Also at State option, States should be given the flexibility to maintain a unified, integrated registry by connecting local registries through computer linkages, as long as all cases in the State are included in any data matches and administrative enforcement remedies.

Cut the Child Support Deficit Through Automatic Liens:

A tried and true remedy for the tax man, the administrative lien is the sleeping giant for child support collectors, and the vehicle for moving from "retail to wholesale" in collection strategies. Yet liens (attachments) against real and personal property have not been used by States to their full potential. Upon locating property, many caseworkers still prepare individual liens and seek judicial approval for each case, a slow, ineffective process. As a result, some child support delinquents enjoy real estate, boats, fancy cars, bank accounts, and stocks and bonds, but do not support their children.

All cases now have wage assignments that can be sent across State lines without going to court in the responding State. Past-due support in all cases now becomes a judgment by operation of law. We next need to have in all cases child support liens that arise by operation of law, and that are entitled to full faith and credit and treated the same as a lien that arose in the responding State, without the need for judicial review or registration of the underlying order. Properly issued, the lien can become the basis for enforcement of all past-due support -- tax refund offsets, credit reporting, licensing revocation, and levies and seizures of bank accounts, worker's compensation claims, insurance and legal settlements, lotteries, or any other asset.

To make maximum use of this powerful tool, Congress should:

- Require States to have laws providing that child support liens arise by operation of law in cases with past-due support.

- Mandate that other States honor these liens without registration of the underlying order, unless the lien is contested on grounds of mistake of fact or invalid child support order.

- Permit transmission and recognition of liens across State lines by electronic means and data matches.

Give Child Support Agencies the Tax Facts:

Only the Internal Revenue Service has the full income and asset picture for child support delinquents, showing pension accounts, income from real estate, partnerships, stocks and bonds and other trails to where the money is. Yet this vital information is often beyond the reach of child support agencies.

Rather than transferring some or all of the child support program to the IRS, as some have proposed, it is, as the old proverb tells us, "better to take Mohammed to the mountain than the mountain to Mohammed." Congress should:

- Make IRS tax information available directly to child support enforcement agencies and their contractors, including copies of tax returns as well as electronic data matches, for use in locating obligors and in establishing, modifying and enforcing child support orders, without the need for independent verification of the information.

- Require information received from the IRS to be subject to the same rules of privacy and security that the State uses for all other child support case information.

There is no better way that Congress can signal the importance of child support enforcement as a national priority than by making tax information available to child support collectors.

Put the Brakes on Licensees Who Don't Pay Support:

A license -- whether it be professional, trade, recreational or driver's -- is a privilege, not a right. Yet obligors who are self-employed and not subject to wage withholding can get away with "working under the table," and avoiding child support. It is time to stop extending State and Federal licensing privileges to drive, to work, or to play to people who don't support their children, while making the rest of us foot the bill.

License revocation is the "Denver boot" of child support enforcement -- designed not to deny work opportunities but to compel a conversation with the child support agency about a payment agreement. But this remedy can be truly effective only if Social Security numbers are collected through the licensing process, so that thousands of license revocation notices can be issued via data matches. Congress should:

- Require States -- **and the Federal government** -- to deny or revoke professional, trade, recreational and drivers' licenses of obligors owing past-due support, when cost-effective.

- Require licensing agencies to collect Social Security numbers and disclose those numbers to the child support agency to help identity delinquent licensees.

Break Down the Barriers Between States:

Interstate cases, one-third of the caseload, are the most difficult, involving multiple jurisdictions with conflicting laws. Copies of documents must be assembled, copied, certified, sent to the appropriate jurisdiction, reviewed and acted upon on a case by case basis. The

current system is an unmanageable morass of scarce information and conflicting orders that confuse and frustrate both parents. No matter how good a particular State is in collecting child support, if remedies cannot easily cross State lines, the collection record will always be inadequate. For example, using automated enforcement remedies, Massachusetts has achieved a compliance rate of 80% on current support for in-state cases, but only 40% in interstate cases.

Many of our recommendations affect interstate cases -- central registries, new hire reporting, child support liens, even uniform distribution rules. There are at least three more areas where Congress can make important improvements to tighten up interstate enforcement:

- Mandate that all States adopt verbatim the Uniform Interstate Family Support Act (UIFSA), to replace the time honored but time worn Uniform Reciprocal Enforcement of Support Act (URESA), by creating a system of "one order, one place, one time," and an orderly process for modifications across State lines.

- Require State laws that permit the electronic, paperless transmission of orders, forms, and standard information across State lines and that allow enforcement to go forward without further judicial or administrative action unless the enforcement action is contested by the obligor on grounds of mistake of fact or invalid order.

- Require the Secretary of Health and Human Services to issue regulations defining a "child support case," in such a way to avoid double counting of cases, so that the only "child support case" is in the State of residence of the child on whose behalf support is sought, with distinctive terminology for circumstances where the obligor lives in a different State, or where only arrears are owed.

These changes will put in motion the next logical step for a paradigm shift that will have States transferring "debts for collection," instead of " child support cases" as traditionally defined. Child support payments are already a judgment by operation of law as they become due and unpaid, and entitled to full faith and credit. It is no longer necessary to take each case back to court before initiating collection, even in the interstate context, unless the obligor raises a specific defense.

Use Incentives to Invest in Families:

Incentives are a powerful motivator to produce desired results. If the mission of the child support program is to take and keep families off welfare, then Congress should structure the incentive program to reward the behavior it seeks. The current incentive structure is derived from AFDC collections. Rather than measuring a program's success in getting families **off** welfare, Congress rewards States for keeping families **on** welfare. Cost avoidance -- money saved because child support kept families off welfare -- is ignored.

We do not suggest that States deliberately keep families with paying child support cases on welfare in order to maximize incentives. However, it does seem perverse for Congress to reward the very behavior it is trying to avoid. States who focus on closing AFDC cases actually reduce potential income from the program. In Massachusetts, for example, in 1994, approximately $25.7 million was collected from 11,000 former AFDC cases, with an estimated savings of $38.5 million in cost avoidance for AFDC, Medicaid and Food Stamps. Had those collections been counted as AFDC collections for calculating the incentive payments, the State would have received an additional $4.5 million, or 42% more in incentive payments.

We recommend instead that Congress reward cost avoidance by redefining the incentives to include collections on former AFDC, foster care, and Medicaid only cases, along with AFDC collections, in the formula for calculating incentives. These families are a priority, as they are demonstrably the most at risk of going on, or returning to, public assistance. In addition, these incentives should **all** be reinvested in the child support program, not used to build roads or bridges, no matter how great the need in those areas.

We therefore recommend that Congress:

- Continue Federal match rates at current levels, including cases in the State's Central Registry and paternity services regardless of whether either parent signs a IV-D application for services.

- Redesign the system for calculating incentive payments so that States are rewarded for performance in the desired areas of establishment of paternity and support orders, medical support orders, collections, and cost effectiveness.

- Include collections on AFDC, former AFDC, foster care, and Medicaid only cases included in formula for calculating AFDC incentives.

- Direct the Secretary to establish a new incentive payment structure that complies with the above requirements in a revenue-neutral manner.

- Require the States to reinvest all incentive payments in the child support enforcement program.

- Require the Secretary to develop a simple method for measuring cost avoidance in public assistance programs as a result of child support enforcement efforts.

Provide Training for Better Service to Families:

Congress should adopt the Interstate Commission's recommendations on training, particularly those requiring minimum standards for initial and ongoing training and for sufficient funds to support quality programs. These programs should not be limited to employees of the child support agency, but should be available for all participants in the process, including district attorneys, judges, hearing officers, and the private bar.

Training may appear to be an expensive luxury, and in fact is often the first budget item to be cut in times of fiscal crisis. But as American business has learned the hard way from the competitive international marketplace, training of employees is the critical ingredient in delivering quality products and quality service. The axiom of Total Quality Service to "do it right the first time, every time, on time" is founded on training, training, and more training. Only then will staff have the necessary skills and vision to provide outstanding customer service.

Conclusion:

At every step of the way, we've got to reengineer child support. From locating noncustodial parents and establishing paternity, to obtaining a child support order, modifying the order and -- if a debt accrues -- enforcing the order, child support agencies need critical information, the cooperation of the private sector and, most important, the cooperation of custodial parents.

Our recommendations will encourage families to achieve -- and maintain -- independence from public assistance. And they strike the proper balance between Federal and State governments -- providing a national framework for an effective child support system while permitting States to exercise control over the administration of the program.

Mr. Chairman, thank you for your gracious invitation to testify before this distinguished Committee. Your vision and commitment to child support continue to be an inspiration to thousands of dedicated child support professionals through the country, and to have an extraordinary impact on the well-being of the nation's children. The members of the National Child Support Enforcement stand ready to assist you in this historic venture.

Mr. COLLINS. Thank you, Ms. Smith.

Next, we will hear from Richard "Casey" Hoffman from Child Support Enforcement, Austin, Tex.

Welcome.

STATEMENT OF RICHARD "CASEY" HOFFMAN, PRESIDENT, CHILD SUPPORT ENFORCEMENT, AUSTIN, TEX.

Mr. HOFFMAN. Mr. Chairman and members of the subcommittee, thank you for inviting me back to testify.

I am president of Child Support Enforcement (CSE), a private company in Austin, Tex., that was established 4 years ago to enforce court-ordered child support. CSE is the largest private company in the United States providing direct services to nonwelfare clients.

By way of background, I practiced family law for 18 years in Massachusetts, during which time I also served as President of the Massachusetts State Bar Association. In 1986, I was appointed a Special Assistant Attorney General to direct the Texas child support program. I served in that capacity for 5 years when Bob Romanow, a distinguished and successful businessman, decided to support privatization.

Mr. Chairman, let me first focus on just two of the cases I brought to the attention of the subcommittee. There are, of course, millions of cases like these in our country today. I believe what happened to the children of these families makes the best case for the lengthy and detailed legislative proposals I set forth in my written testimony.

First, there is Nancy Sessions of Long Island who was unable to enforce $45,000 in unpaid child support from a degreed engineer. After 9 years of watching her case go from New York to three other States for enforcement, she was told that it was hopeless. Within 3 days, CSE called to say that they had located him; and, shortly thereafter, he paid $37,000 and resumed his relationship with his children. Since she had to work two jobs to take care of their children during the years he neglected them, her two daughters missed out on a great deal of family activity.

There is Susan Schenck of Chapel Hill, NC., who was unable to enforce a claim of $40,000 in unpaid child support. Her former husband and his million dollar residence were featured in a 1993 edition of the Charlotte Observer. Mrs. Schenck saw that article.

Mr. Schenck, of course, has the best lawyer money can buy; and he says the statute of limitations makes $30,000 of what is owed uncollectible. Mrs. Schenck has taken a stand for herself and is picketing his custom homes and office with a 15-foot sign that says, don't support parents who don't support their children. He may have the statute of limitations, but she has the right to free speech and, hopefully, the right to collect child support.

Mr. Chairman, the No. 1 reason for more than 15 million cases stamped "no child support paid" is the overwhelming backlog of cases in the government program. Dedicated workers run from one case to the next in a frenzy of activity, having to spend valuable time dealing with complaints, audits, new directives, and computerization deadlines.

How can we reduce that caseload to manageable levels is the question we must address. Prioritization of the caseload is the answer.

The No. 1 priority has to be the neediest children. First work the cases on welfare and then the ones where families may very well end up on welfare if you don't collect the child support owed.

The two-tiered prioritization system I propose is the place to start. After the neediest families are served, it will be the choice of each State to decide who will be served and at what cost to the State.

The next step to reduce the caseload dramatically is to have a more "voluntary compliance" with a court order to be paid. Voluntary compliance of court orders is absolutely necessary, and it is to be achieved by imposing stiff economic penalties and having weekend jail time mandatory for repeat offenders.

We can send a tough message. My pay now or pay more later legislative proposal does just that. The key is to have the punishment be swift, severe, sure, and rarely forgiven. In my view, these folks are economic child abusers.

Since it is obvious the government can't work all the cases, we must take steps to bring in the private sector to expand the work force. There could be many more firms and perhaps 40,000 private attorneys to join the fight, providing you assure them that payment of their fees will be a priority in the court order if they collect the money owed. The penalty money generated from pay now or pay more later can be turned over to those who force compliance.

The principle is simple. The person who caused the problem must be made to pay for the cost of enforcement whenever possible, as well as the child support.

The GAO also recommended this as a way to reduce government cost. We can't always be looking to the taxpayers to bear the cost.

Creating competition will reduce the caseload, improve services and, most importantly, help the children of this country.

I also want to thank the subcommittee for inviting me and also for bringing this to the attention of the public in the way it has. It is most appreciated.

[The prepared statement and attachment follow:]

THE PRIVATE SECTOR AS A PARTNER IN SOLVING THE CHILD SUPPORT CRISIS

STATEMENT OF RICHARD "CASEY" HOFFMAN, PRESIDENT
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TESTIFYING BEFORE THE U.S. HOUSE OF REPRESENTATIVES, WAYS AND MEANS SUBCOMMITTEE ON HUMAN RESOURCES

Monday, February 6, 1995

Mr. Chairman, and distinguished members of the committee, thank you for inviting me back to speak to you again on the subject of welfare reform. I am President of Child Support Enforcement * CSE, a private company in Austin, Texas, that was established four years ago to enforce court ordered child support. CSE is the largest private company in the United States providing direct services to non-AFDC clients. We do not have government contracts nor have we ever bid on a government contract to provide child support services. My company is a founding member of the Child Support Council, a non-profit association of businesses organized by Darryll W. Grubbs to improve child support enforcement in the United States, and I am a member of the Board of Directors of the National Child Support Enforcement Association.

By way of background, I practiced family law for eighteen years in Massachusetts, during which time I also served as President of the Massachusetts State Bar Association and on the Governor's Child Support Commission. In 1986, I was appointed a Special Assistant Attorney General, to direct the Texas child support program. I served as IV-D Director for Texas for five years when Bob Romanow, a distinguished and successful businessman from Massachusetts, decided to support the privatization of the government's effort to collect child support.

During the years in which I headed the Texas IV-D agency, we were recognized by this committee, and by the National Child Support Enforcement Association (NCSEA), as the "Most Improved" child support enforcement program in the nation. I was also honored to receive a personal award from the National Child Support Enforcement Association for "Outstanding Individual Achievement" as the IV-D Director of the state child support program.

After years of participating in all aspects of Child Support Enforcement, I believe I can be of assistance to this important committee as it considers legislation that contains sweeping changes to the IV-D program. Sadly, the greatest expansion of poverty in the 1990's is with our nations children. The key to ending poverty for children as well as the feminization of poverty is to get tough with parents who won't support their children.

Permit me to begin by focusing on just a few of the millions of families that could not get help in collecting past due child support. As you may recall, over ninety percent of the clients at CSE had previously sought help from the government and that overburdened system brought about frustration, bitterness and unanswered questions for those custodial parents.

Why was Nancy Sessions of Glen Cove, Long Island unable to enforce forty thousand dollars in unpaid child support from a degreed engineer? After nine years of watching her case go from New York to three other states in order to find him, she was told that it was hopeless. In a front page New York Times story May 21, 1994, she is quoted as saying that within three days CSE called to say they had located him. He paid $37,000 and resumed his relationship with his children but she had to work two jobs to take care of their children during the years he neglected them.

Why was Arnold Jackson, a fireman from Chicago, unable to enforce $18,000 in unpaid child support from an airline stewardess? After five years of government involvement he sought help from the private sector. Why did wage withholding take years when the government knew or should have known that she was employed at a major airline? She paid $18,000 because a lien was placed on a settlement she received as a plaintiff in a personal injury claim. He now collects his support from a wage withholding order but unfortunately, his enforcement action resulted in a battle over custody. Although his daughters still live with him, he worries that his former wife will try to get back at him because the child support comes out of her check each month.

Why is Susan Schenck of Chapel Hill, North Carolina unable to enforce a claim of forty thousand dollars in unpaid child support over the last twenty years from Stephen Kaleel, a custom home builder in Charlotte, North Carolina, who sells houses that cost over $500,000. Mr. Kaleel and his million dollar personal

residence were featured in a 1993 edition of the ***Charlotte Observer***. Mr. Kaleel has the best lawyer money can buy and says the statute of limitations makes $30,000 of what is owed uncollectable. Mrs. Schenck has taken a stand for herself and is picketing Mr. Kaleel's homes and office with a 15 foot sign that says, "Don't Support Parents Who Don't Support Their Children." She was there this past Saturday and she will be back once a week until she is satisfied with the result. He may have the statute of limitations, but she has the right to free speech. Perhaps the ***Charlotte Observer*** will revisit his home, which is furnished with eight television sets, to find out why he didn't pay court ordered child support for more than 15 years.

Why is Sue Anderson of Bloomington, Minnesota unable to collect over $20,000 in unpaid child support from Mr. Gerald Anderson, a real estate broker in Plano, Texas, who is a former geophysicist that earned over $300,000 in one year at ARCO. What is even more disturbing is that his present failure to support his children follows after losing in court just two years ago. At that time, he paid all of the past due support, and in addition, had to pay over forty thousand dollars to Sue Anderson because CSE had obtained a lien on his ARCO benefits. Instead of learning from this expensive lesson, he chose to, once again, neglect his children and refuses to pay child support. He conveyed all assets to his present wife and spends the "child support" money on legal fees to delay the inevitable. Although he recently had a taste of jail, the economic penalty is not severe enough, so he continues to appeal the orders of the court.

Why is Michelle Foreman of Norfolk, Virginia, unable to enforce over $15,000 in unpaid child support from Walter Wilhelm of Hampton, Virginia? Mr. Wilhelm receives a check from the Florida Lottery Commission for $56,000 each year. With these winnings guaranteed for years to come he had his child support obligation reduced to $600 a month and still didn't pay it. Why did she accept the reduction? The system wore her down and she thought she might get <u>something</u> if she took a lesser amount. She was wrong!!

Why did Gail Allen of Austin, Texas, receive no child support for 10 years from a deputy warden of an Arizona prison who was only ordered to pay $75 a month? Gail Allen worked three jobs and her son just graduated from college.

Why did Jo Ann Anderson of St. Paul, Minnesota, have to hire CSE in Austin to collect past due support from a licensed physician who was working for the government in an adjoining state?

Why did these parents chose not to pay the child support after a court ordered them to pay? A primary factor, simply stated is that you probably won't be caught, and if you are, there are no consequences of any significance. There is only a one in five chance of being made to pay and you will not suffer any significant economic penalty or loss of freedom if they catch up with you.

OVERWHELMING CASELOADS BACKLOG THE SYSTEM

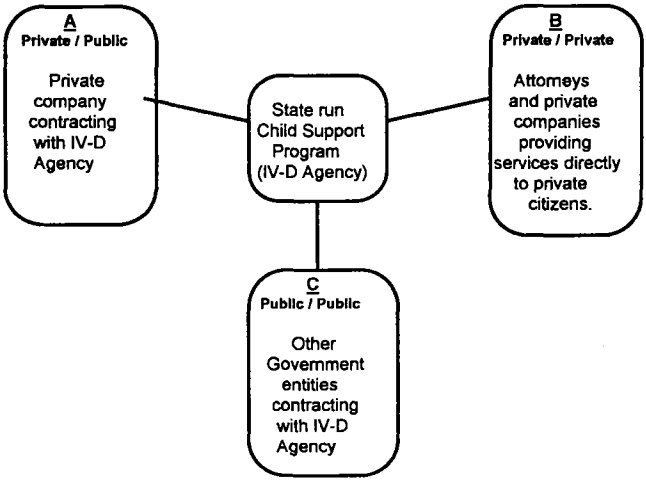
The present federal-state partnership has been in existence for 20 years and the IV-D program has never collected child support for more than one out of every five families. In fact, the percentage of paying cases has gone down for the last two years. I believe that the proponents of the Administration's plan would be hard pressed to prove that they could increase the paying caseload from 18% to 25% by the year 2000.

The mounting backlog of cases, and the ever-increasing number of new cases, overwhelm the best efforts of all state child support enforcement agencies to fully serve their clients. The Administration's plan proposes solutions that are well thought out and would make a difference in solving the problem ***<u>if</u>*** the taxpayers could afford them. In fact, their proposal is so thorough that it exacerbates the problem. It perpetuates the myth that the government alone can solve the problem when it can't. Even if Congress and the states could afford to fund all the jobs and computer projects that they are proposing, they can't solve this problem without the private sector. The government programs need to encourage the private sector and develop a strategy to attract thousands of attorneys and more private firms to complement their efforts.

The one question that I get asked over and over again is, how does CSE find 85% of the people they go after and collect on over 60% of these cases and why can't the government do that? Part of the answer is simple. Although we hire former government investigators, we keep their caseload at 1/3 to 1/5 of their government counterparts. We do not allow our dedicated, hardworking staff to be overrun by their caseload, which is exactly what happens in each and every state program. I believe we must focus on the important role of the private sector in solving the problem by reducing the government caseload to manageable levels. The Title IV-D program, as currently designed, will continue to fail unless the caseloads are reduced to manageable levels.

How can private sector entities play a vital and necessary role in solving the child support crisis and how do they currently fit into the existing system? Our present federal system allows for the state

child support programs to form relationships with three different primary components. (A) The state can contract with private companies that bid on government contracts to provide services to the state agency or its clients. Contracted services from the private sector should be considered if they produce results that are more cost effective than those provided by the state or they provide services the state is unable to offer. (B) In this component, we have private entities like CSE in Austin, Texas, and thousands of practicing lawyers who provide direct services to private citizens while occasionally interfacing with the IV-D agency. (C) The state child support agency can also contract with other government agencies or entities to provide services.



My testimony today focuses on the possibility of the private sector (in "B" above) providing a new and expanded workforce to complement the government's efforts at little or no expense to the taxpayer. Each case worked by the private sector, at no cost to the taxpayer, is one less case for the government to work. The use of the private sector to help reduce the government caseload to manageable levels is one of the most needed changes in order to win the child support war in this country. Our company has been successful and others like it can make a major contribution. I know it can be done and we can demonstrate how to accomplish it.

In my testimony before this committee on July 28, 1994, I discussed reinventing child support and submitted written testimony. I have previously made available to this Committee a report I co-authored entitled "Reinventing Child Support" which was prepared for the 104th Congress. The report, set out other specific actions that the Congress should consider beyond privatization in order to significantly reduce the government caseload and to prioritize the cases to be worked.

"PAY NOW OR PAY MORE LATER"

Before outlining exactly how the private sector can be encouraged to offer direct services to the non-welfare population, I wish to set forth one of the cornerstones of my proposal to reduce the government caseload. The person responsible for causing the child support problem should be held accountable and pay the cost of enforcement, as well as the child support owed. Every court order issued after December 31, 1995, should clearly set forth a specific penalty to be paid if you don't pay the child support on time and in the full amount and that money when collected should be used to offset the cost of enforcement. The "Pay Now or Pay More Later" concept described in an "op-ed" column I wrote in the ***New York Times*** on December 5, 1992, should be mandated by Congress just as wage withholding was in 1984. Without exception, judges should be required to issue a child-support order that sets a monthly child support payment plus a specific monetary penalty to be assessed each month the parent fails to pay on time.

For example, a parent who has not paid by the 10th of the month becomes liable for an automatic increase of $50 in his, or in some instances, her monthly payment. The fifty dollar increase is assessed for each month he or she fails to pay in full and on time. Today, parents who don't pay child support are penalized less frequently than people who are late on their electric bills. Increasing the stakes to get bills paid on time has a proven track record: Loans, credit cards, and even utility bills are usually paid on time if there is a penalty for lateness.

To guarantee fairness to parents who have fallen on hard times and are unable to pay, the court would require the filing of a "waiver of penalty" form no later than the 10th of the month. A judge could decide not to impose the penalty if serious hardship was proven. Is it unreasonable to hold a parent accountable to first pay his child support each month or suffer the consequences? Is it a terrible imposition to have to notify the court that you have fallen on hard times and provide proof so you won't be penalized?

Additionally, Congress should mandate that interest be paid on all outstanding balances. The interest could not be waived and that money would be for the benefit of the custodial parent who lost the present value of the money that was not paid on time.

For those who can afford to scoff at the economic penalties, I recommend that Congress mandate weekend jail time for second or third time offenders who did not learn the lesson of accountability and responsibility for their children at the first hearing. Congress needs to send the message that it's time to get tough with these economic child abusers.

A secondary benefit to be realized from these well publicized mandates would be increased "voluntary compliance" in other cases. Any action that reduces the government's workload saves taxpayer dollars. As the Internal Revenue Service knows, "voluntary compliance" with the tax laws increases in direct proportion to an increase in the odds of getting caught and being punished economically or through criminal indictment. One of the keys to voluntary compliance is to have economic and incarceration penalties that are **swift, sure, severe** and rarely forgiven if you are not responsible enough to notify the court when you have serious hardship and you are unable to make the payment timely.

With the passage of the "Pay Now or Pay More Later" mandate, I believe encouraging the growth of the private sector can be fashioned in several ways. In today's marketplace, private firms are able to work on behalf of custodial parents in solving the child support problem because they have minimized the financial risk to the parent seeking help. Firms like CSE work on a contingency basis and only get paid if they are successful in collecting the child support owed to their client. For those custodial parents who have been getting 100% of nothing for years, the opportunity to collect a significant percentage of the money owed makes for an easy choice. If they knew they were also going to get the benefit of penalties and interest imposed on their former spouse for failing to pay timely, the choice to take action would be made that much sooner. Waiting for years to seek help is not desirable for the child, the parent, the government or the firm trying to enforce the support order.

I believe that there are thousands of attorneys in each state who would represent custodial parents owed child support without requiring a retainer if they were satisfied that their fees would be paid in whole or in part under the penalty provision. Simply stated, the only way to assure the entry of this potentially large workforce is to create a reasonable likelihood they will be paid a fair fee for the work undertaken. For this reason, the penalty must not be waived if the non-paying parent didn't give the required notice to the court. Lastly it would be essential that all support orders in every state uniformly include the exact language mandated in the legislation.

The additional resources from the private sector could double–or even triple–the workforce available to attack the enormous backlog of cases. Instead of hiring more employees for government child support enforcement agencies, and creating an infrastructure to support them, you could have a combination of government and private sector entities that would have a powerful positive impact, solving the problem of non-support.

"THE VOUCHER SYSTEM"

My preference is to have the parent who caused the problem pay the fees incurred by the custodial parent. However, another alternative would be to create a voucher system for those who are not receiving welfare benefits. A government agency should be able to determine the minimum cost of providing services to a non-AFDC client to enforce court ordered child support. By offering the applicant for government services a voucher for 75% of the predetermined state cost on average on such a case, you would encourage the custodial parent to seek services from the private sector. The custodial parent could then present the voucher for use as a retainer for services to be rendered by the private firm or the attorney. The voucher would be a powerful tool to realize more enforcement effort at less cost to the taxpayer. The voucher would be redeemable for the face value by the provider of services, after the filing of an affidavit of services rendered. Assuming the private firm is successful in collecting the money owed, the government should have a reimbursement request on file with the court. The judge can then order the parent who violated the court order to reimburse the government for an amount equal to the face value of the voucher. This is a win/win situation for all concerned except the irresponsible non-paying parent.

At the very least, the voucher system I am proposing also has the possibility of reducing government costs by 25% on non-AFDC cases since the IV-D agency must work all non-AFDC cases according to the present regulations. Instead of spending an amount equal to 100% of the upfront cost of working a case, the IV-D Agency will only have to pay 75% if the applicant chooses to get help from the private sector. The voucher system may also encourage the government to provide more cost effective services and thereby reduce the amount of the voucher they will have to provide to a non-AFDC client who chooses the private sector.

Traditionally, attorneys have hired private agencies to do locate work and asset searches. Another tangential benefit of the voucher system, would be to allow the attorney or private firm to defray the cost of investigation by utilizing the voucher. However, I believe, in the long run, it would be more cost effective to have the automated government systems provide this information. In this way, we can build a strong working partnership between the public and private sectors.

The growth of the private sector using the voucher system will also create jobs, which in turn benefit the taxpayer. At CSE we strive to hire our former clients in administration and our client services department. Who would be better qualified to consider the needs of a parent struggling to raise children without receiving child support?

LOCATE INFORMATION

A second barrier for the practicing attorney who is interested in working on these cases is the problem of finding the non-custodial parent. Most practicing attorneys will decline a child support enforcement case unless they know they can serve the defendant with contempt or wage withholding citations so that they can be sure to have the power of the court to back them up if the individual does not respond positively to a demand for payment. It therefore becomes critical for the government (IV-D) agency to provide locate information to attorneys or any firm certified by them to receive such information. If the private sector is to make the fullest possible contribution to the child support enforcement enterprise, it is essential that use of the federal-state locate network be available to private enforcement agencies and private attorneys. This use, of course, would have to be regulated and monitored to ensure that there was no breach of confidentiality or improper use of information. Private agencies and attorneys would have to be approved or certified by the state enforcement agency. With the proper safeguards in place, access by private attorneys and private agencies to the information would result in a dramatic change in how child support enforcement is carried out in this country.

UNIVERSAL WAGE-WITHHOLDING

Wage withholding was significantly strengthened as an enforcement tool by the Family Support Act of 1988. Wage withholding for child support accounted for approximately 36 percent of all collections made by the IV-D program in FY 1988. Five years later, wage withholding made up nearly 50 percent of all collections nationwide.

With the enactment of Senate Bill 922 by the Congress at the end of 1994, we now have universal wage withholding across state lines. An employer in a state different from the court that issued the wage withholding order must now honor the order under the full faith and credit clause of the United States Constitution. There will still be a few bugs to work out if there are conflicting orders from two different state courts, but this tool will allow more attorneys to successfully collect back child support for their client. Additionally, the Federal Office of Child Support just released a "standard universal wage withholding" form for testing purposes. With the implementation of a universal wage withholding process, the private sector can make in-roads on cases where government agencies now collect only one out of every ten dollars owed. Those same interstate cases make up approximately 30% of the entire government caseload.

CREATING AN ADVISORY COMMITTEE TO FOSTER PRIVATE SECTOR INVOLVEMENT

Judging by past OCSE policy interpretations such as OCSE 92-13, as well as the expressed commitment of Judge David Ross (Deputy Director, OCSE), to support the involvement of the private sector in working child support cases, it appears that OCSE will be supportive of private sector involvement. A working advisory committee of government and private sector participants would be very helpful to move us forward much more quickly and effectively to develop the tools that the private sector needs. The Child Support Council has also contributed to the evolving role of the private sector in this solution and their continued involvement with OCSE will be helpful.

STATUTE OF LIMITATIONS DEFENSE NO LONGER PERMITTED

Lastly, I would recommend that the Congress mandate that each state preclude the use of a statute of limitations defense to defeat child support enforcement actions. Massachusetts and other states have no such barrier. As a result there is no incentive to "beat the system" by delaying tactics or hiding from the enforcement agency.

NO NEED FOR UNFUNDED MANDATES

Since I began writing about this subject in 1989, I have been strongly opposed to unfunded mandates imposed on the states. What I have proposed in this testimony has no direct financial impact on the states other than perhaps the cost of weekend jail time for those who are repeat offenders–a small price to pay for incarcerating arrogant parents who continue to resist being held accountable after the first trip to the courthouse.

An example of the failure of unfunded mandates on a federal agency is legislation passed as part of the Child Support Recovery Act of 1992. It was to be the beginning of our "get tough attitude" with child support deadbeats who crossed state lines. Almost two years later, fewer than fifty people have been prosecuted under this statute. The Justice Department was never provided the necessary resources, and it responded by establishing regulations that make it virtually impossible to get help and specifically exclude the private sector. It is very clear that the Justice Department has its own priorities and wants very little to do with child support enforcement irrespective of the pressure applied by Senator David Shelby. In the history of the IV-D program, there are other examples of expectations raised through legislation that went unfulfilled for lack of funding. The Justice Department, unlike the IV-D program, wasn't willing to be the sacrificial lamb for a program that sounded good but was destined to fail for lack of proper funding.

CREATE COMPETITION

I think it is important to encourage competition between the government and the private sector so that we get the best possible service at a fair price. I, therefore, support the recommendations of the U.S. General Accounting Office to require State IV-D agencies to charge fees for services to defray the burgeoning federal and state costs in working non-welfare cases. The collection of fees from parents who can afford to pay them directly to the government or from the collections realized in working the case, directly benefits the taxpayer.

At the present time, federal law permits state child support enforcement programs to charge non-welfare clients fees for services rendered. They may also recover administrative costs by charging a percentage of the child support they collect, against either the custodial parent or the non-custodial parent.

Unfortunately, there is a "disincentive" to states to collect fees, since the federal share of program costs paid to the state are reduced by the amount of fee collected. Instead, federal law should permit states to use fees collected to expand their programs without a total offsetting reduction of the amount of federal funding received. This would mean that through adoption of a fee schedule, the government child support program would stop functioning as virtually a free legal clinic and enforcement service for all families irrespective of their financial resources.

THE GOVERNMENT'S PRIMARY RESPONSIBILITY

I believe the government's first responsibility is to collect child support to get AFDC recipients off the welfare rolls and prevent those families with incomes below 175 percent of the poverty level from falling on to the welfare rolls. In order to meet this responsibility, you must focus government efforts on those cases where you can:

(1) Collect current support greater than the welfare benefits being received by AFDC clients.
(2) Modify current support orders to require payments above the monthly welfare benefits being received by AFDC clients and then collect on the order.
(3) Collect past due support owed to a custodial parent so that the family will not have to return to the welfare rolls.
(4) Establish paternity but also obtain, whenever possible, an order for support that is high enough to take the AFDC client off of welfare. (If you are then successful in enforcing the court order the family will be able to get off the welfare rolls.)

The key aspect missing from the excellent statistics for paternity establishment in some states is the collection of money from those parents who are adjudicated the responsible father. If we do not have collections on those paternity cases in excess of the AFDC benefits then we have only realized part of the goal.

TIER ONE OF A TWO-TIERED CASE MANAGEMENT SYSTEM

Consistent with the above responsibility, I urge the Congress to consider a two-tiered case management system for the IV-D agencies in order to break the vicious cycle caused by the overwhelming caseload in the present system. In the first tier, state and federal resources will be focused on the children most in need of help, those for whom the IV-D program was originally designed. The first tier includes families who receive welfare benefits of any kind, as well as families with incomes below 175 percent of the federal poverty level. It is obvious that the system must serve the needs of families who are on welfare and who are striving to achieve financial autonomy. However, we must also include in the first tier those families who are struggling to preserve their financial independence and to remain off the welfare rolls.

BENEFITING THE TAXPAYER

Focusing our efforts on the first tier of cases is also consistent with the original intent of Congress to recover tax dollars spent on welfare payments. Not only will we be removing families from the welfare rolls but, as fiscal conservatives point out, we can save tax dollars by keeping families from entering the welfare system. Based on U.S. Bureau of the Census data, it is possible to estimate that if, in 1989, parents who were raising children alone on incomes below the poverty level had received the full amount of support due them, some 140,000 families would have been able to rise above poverty. Welfare recipients who have job skills and tax credits may not escape poverty at the end of two years on welfare, but they surely will if they are receiving child support payments in a timely manner and for the full amount.

In 1992, although only 12.3 percent of the welfare cases in the IV-D caseload showed a collection, those payments allowed nearly a quarter of a million families to be removed from AFDC. The impact of child support collection upon the poverty of single-parent families would be even greater if the 57 percent of custodial mothers who do not have a support award were to receive one–and if the amount of the awards were consistent with state guidelines.

The potential for cost savings through reduction of welfare expenditures by effective child support enforcement is undisputed by the budget and policy experts. Professor Irwin Garfinkle of Columbia University estimates that the current welfare population could be reduced by one-quarter if child support were fully and regularly paid. Given the average monthly caseload of about 4.8 million families (in 1992), that could mean an annual savings of $6 billion in AFDC alone – perhaps as much as $14 billion in total welfare expenditures. A study by the inspector general of the U.S. Department of Health and Human Services found that most state agencies do not systematically pursue delinquent child support and that welfare collections could increase by up to 20 percent a year if aggressive efforts were undertaken. Savings of that magnitude could be translated into a funding source for the kinds of welfare reforms being proposed by both political parties.

Added to the reduction in the amount of actual expenditures for welfare is "cost avoidance"–that is, helping families to keep from having to turn to welfare in the first place. Although we don't know exactly the extent of the savings that cost avoidance would provide, a 1987 study sponsored by the federal government estimated that every $5 in non-welfare child support collected yielded $1 in indirect savings of AFDC, food stamps, and Medicaid that might otherwise have had to be paid out. Although admittedly speculative, that estimated cost-avoidance factor of 20 percent might translate into another savings in potential welfare expenditures of more than $1 billion, based upon current welfare expenditures. Those interested in this national problem have for many years urged the federal government to complete the work necessary for them to measure cost-avoidance savings. Determining, in hard numbers, the total cost savings achieved in the IV-D program would allow lawmakers to make informed business decisions as to how much to invest in the child support program and where to invest it. Massachusetts has been working on developing these statistics and may have developed a model worthy of consideration by the Congress.

PRIORITIZATION OF ENFORCEMENT IN THE FIRST TIER

Since some states do not have sufficient resources even to work all the cases in the first tier and since it is essential to remain focused on cost-effectiveness, we believe that prioritization of the cases in the first tier is also required. The starting point should be an assessment of the client's income and the welfare benefits paid to that family over the most recent three years.

Those cases in which the custodial parent is currently receiving AFDC benefits of any kind would be given top priority. Second priority would be assigned to cases in which the custodial parent is not presently receiving welfare benefits but was on AFDC or Medicaid for three or more months at some point within the most recent three years. The assumption here is that such families are still precariously close to returning to welfare. The third priority within this tier would be those families whose household income has averaged 175 percent or less of the federal poverty level figure over the last three years. This group would encompass those families who have never received welfare benefits but who are clearly at risk of becoming dependent on the welfare system.

After identifying the children most in need of help, you would want to ensure that the government IV-D program would invest its limited resources in the cases that are most likely to produce results, those that are relatively "fresh." Therefore, in any state that could not effectively work all the cases in the first tier, an additional prioritization plan would be put into effect. The cases to be prioritized would be those in which (1) paternity needs to be established or a support order entered for a child born within the last three years, (2) cases in which a child support order has been entered within the previous three years but no collection of support has been received, and (3) cases in which a child support order has been entered prior to the last three years and some collections have been recorded during that time. The assumption here is that an older case should not take precedence over a more recent welfare or low-income case that may hold a much greater promise of welfare cost recovery and cost avoidance over a longer period of time. Again, from a cost-effective standpoint, it is much less time-consuming and less costly to be working fresh cases than older cases.

SECOND-TIER CASES

All cases that do not meet the eligibility requirements of the first tier can be worked by states that have decided to invest sufficient resources into their program. These second-tier cases will be worked only when it has been certified that a state has effectively worked the cases in tier one. Redirecting the activities of the government program to serve primarily the needs of welfare and low-income families does not necessarily mean ignoring the child support enforcement needs of those whose incomes place them in tier two. Depending upon the changes in the program funding structure at the federal level, there will be states that not only choose to work tier two cases, but also have the resources to do so effectively. Most important, it will be left to each state to make a proper determination of the level of service to be provided. More than likely, many states will want to prioritize their resources on tier two cases by using the methodology of income means testing and "freshness" assessments previously described for tier one cases.

THE LIMITATIONS OF GOVERNMENT RESOURCES

The government child support program currently employs more than 42,000 persons nationwide. These dedicated individuals struggle each day to try to keep up with the influx of new cases. They cannot at the same time effectively work the backlog of cases and collect the billions of dollars in overdue child support. To pursue the tough cases as aggressively as possible takes a great deal of time. The limited resources of the government are adequate for only a finite number of clients. The remaining parents in need of services will have to seek help from resources outside of government.

Ideally, the government should serve all those requiring ans requesting child support services regardless of their income or net worth. The federal government created such an entitlement program, but never properly funded it. Now it can no longer afford it.

The need for moving beyond government becomes more obvious when we consider that in addition to the millions of non-welfare families who have asked the government for help and have not received one payment, there are millions of other families--perhaps as many as 10 to 15 million--needing help who either did not file an application with the government program or had their cases closed by the government.

IS IT THE RIGHT TIME FOR PRIVATIZATION?

Since it is apparent that the current government child support enforcement program lacks the resources to handle the growing needs of both a welfare and a non-welfare constituency effectively, it is imperative that the resources of the private sector be brought in to augment the limited resources of the state child support agencies.

Unfortunately, there is an uneasiness--even distrust--regarding the involvement of the private sector in child support enforcement. The notion among some advocacy groups seems to be that child support

enforcement, like the collection of taxes, is government's job. Others, however, have argued that it is not government's obligation to provide services but to see that they're provided.

Critics of privatization regard the private sector as suspect merely because of the profit motive, and for that reason they label it as untrustworthy. Moreover, they believe that government services are both free and selfless and that by virtue of its authority and power, government can get the job done more effectively than private entities can. But none of these criticisms of the participation of the private sector in child support enforcement hold up, as private companies, private attorneys, and private enforcement agencies have shown in the past few years.

Nothing intrinsic to child support enforcement requires that it be purely a government enterprise, and clearly there is no foundation to the belief that the services of the government program are free. In FY 1992, state and federal governments spent nearly $2 billion on the government child support enforcement program, $850 million of it on non-welfare cases. Although in most states, services are available in government cases virtually without cost to the user and regardless of financial need, they are paid for by the taxpayers as a whole, users and non-users alike. As for the overall effectiveness of the government program, the statistics cited thus far in this paper clearly demonstrate that the government cannot solve this problem alone.

In spite of lingering distrust, however, people are becoming increasingly aware that what traditionally have been considered government monopolies can be operated more efficiently and effectively by the private sector. Private companies can bring to tasks economies of scale, well-honed specialized ability, freedom from bureaucratic encumbrances, and greater cost-efficiency through lower administrative overhead and smaller workforces. Government cannot -- and need not -- do it all.

A CULTURAL SHIFT

The greatest expansion of poverty in the 1990's has occurred among out nation's children. Given the enormous wealth Americans enjoy, how can it be that more than one in five children in this nation live in poverty? Key to the problem: A staggering 33.7 billion dollars in child support went uncollected from non-custodial fathers in 1990. One solution: get tough with parents who won't support their children.

In 1991, eight million of the 14.6 million children lived in households headed by females. According to the latest statistics, only 26 percent of all eligible women received the full amount of child support to which they were entitled. With less than ten percent of the non-payers being female, common sense dictates the resolution to this problem lies in focusing on the men who aren't paying.

There is no need to turn this national scandal into a sexist fight, but there are a few ugly truths that need to be told. And who better than men to expose and confront the dirty little secret that men who abandon their children too frequently excuse themselves to other men, saying, "It's way too much of my income--she can't manage money--she won't use it for the kids." Only when men start holding each other accountable for their children's health and financial needs will the conspiracy of silence--the nod and the wink, the complicity--come to an end.

As caring and concerned citizens, responsible men who want to solve this problem have to let their views be heard. Men who are already speaking out should not be offended by this call to action. Having other men join the chorus is empowering and makes it that much easier to stay the course.

Over the years, men have dominated the institutions that could solve this problem; now it is time for these men not only to talk straight, but also to take action. All men, especially male legislators, judges, prosecutors, probation officers, child support investigators and employers must send a strong message within their respective workplaces, demanding that men be held accountable for the support of their children.

If taking care of our nation's children sounds too warm and fuzzy to you, then find your motivation to speak out as a taxpayer who is fed up with supporting other men's children. Nine out of every ten children on welfare are owed child support--forty percent of our welfare dollars are going to children whose fathers could afford to pay child support.

Regrettably, the statistics demonstrate clearly that we can' t rely on tough enforcement within the system to solve the problem. The government-funded child support programs have never successfully collected support from more than one in five parents who should be paying. In fact, the percentage has declined in the last two years to a lowly 18.2 percent.

Faced with those numbers, it's time to let go of the notion that we will win this war by relying strictly on jail and other macho solutions. Instead we need to focus on achieving more voluntary compliance by taking advantage of man's desire not to be despised by his fellow man.

Indeed, using public disapproval to change the attitudes of our brethren toward economic child abusers ought not to be an overwhelming task. It worked for Mother's Against Drunk Drivers (MADD), and surely their model is worth copying.

The men dodging their child support obligations should be "called out" by other men as greedy, insensitive, uncaring parents--a sure way to stop the bragging about beating the system. Men also need to eliminate any sympathetic response to complaints by those who do meet their court-ordered obligation. Many of these parents may be paying as much as they can, but the reality is that few pay what is truly needed to properly support their children.

Men need to take a stand for the children of this country. Only men making demands of other men will raise the expectations we have for the next generation of men, a significant number of whom will surely end up as single parents. When we have accomplished this task, we will have reached the moral high ground and will be ready to move forward with increased vigor to support men taking care of the emotional, as well as the financial, needs of their children.

CONCLUSION

Before designing a legislative strategy, it is necessary to dispel the fiction that government can effectively serve all those who require and request child support services. I do not lightly give up this idealized vision of solving this problem. Unfortunately, as all IV-D administrators know, the result of requests for full funding to adequately serve all in need is always the same; instead of full funding, there is more work and inadequate funding for the additional work. Now we have a cumbersome government child support system with some 13 million cases marked "No Payment Received." In addition, there may be, at least another 10 million families (probably many more) who are not part of the government caseload and who need child support collected. The needs of families due child support are growing exponentially, and not even the most dedicated state agency can fully meet those needs under the current system. It is time to move ahead with a different plan for the next ten years.

If what I have proposed is unacceptable to those who are not ready to give up on the government-providing free services for all, then they should come forward with their plan for working the mounting millions of cases--and for identifying the taxpayer dollars that will pay for it. I do not believe that the level of government funding for child support enforcement will ever be sufficient to meet the needs of all the parents who are owed child support.

Therefore, my vision for a strategic plan is grounded in reducing the government caseload to manageable levels. Efforts should be concentrated on case prioritization, increased privatization of child support enforcement collection efforts, and voluntary compliance. Finally, at every possible turn we must work to pass the cost of enforcement on to the parents who caused the problem by failing to pay child support in the first place--and not on to the rest of the taxpaying public.

We need not wait very long to implement some of the short-term goals. Over the next few months, by using federal waivers, the U.S. Department of Health and Human Services could grant exemptions to states to begin prioritization of the caseload. Public support for voluntary compliance could be marshaled immediately by leaders, in and out of government, if they were to speak out forcefully and demand changes. They should send the message that we as a society will not tolerate our children suffering such economic abuse. Congress can pass needed legislation. Most important, with the development of a strategic plan and the full mobilization of a greatly enlarged workforce of private sector child support businesses and professionals, the current spectacle of billions of dollars in uncollected support could become a thing of the past.

I would like to conclude my testimony with a comment on where the child support enforcement program can be in the year 2005. I am firmly convinced that there are enough dedicated people concerned about this issue to win the child support war. We have learned a great deal over the last ten years and that experience has pointed us in the right direction. My optimism for the future will come as no surprise to my colleagues. Thank you again for the opportunity to testify before this distinguished committee.

Mr. COLLINS. We thank each of you for your testimony. I have a couple of questions, and then we will go to Mr. English.

But, first of all, we are talking about uniformity here—that you all spoke of uniformity as a means of collection. Is there any uniformity—and I know there are variances in State by State, based on cost of living, but is there any uniformity in assessing the amount that the noncustodial parent should pay for each child?

Mr. HOFFMAN. There are guidelines in each State, Mr. Chairman, and they differ. So that there is not uniformity in setting the awards. It has been proposed that there should be, and I would strongly support that.

Ms. HAYNES. As Casey Hoffman pointed out, every State has a support guideline although they vary. There was a recommendation of the Interstate Commission that there be a guidelines commission at the Federal level to look at whether or not we should have a national guideline and, if so, to propose such a guideline.

You also have Bob Williams testifying later on who has played a key role in the development of guidelines in States.

Mr. COLLINS. One other thing, too. What about some guidelines in assuring that the custodial parent actually uses the funds for what they are meant to be used for and that is for the child? Having served in the State legislature I have heard noncustodial parents complain to the legislature about the fact that the legislature sets standards by which they are assessed the award but often those funds are actually not being used to benefit the child but to benefit the custodial parent.

Ms. HAYNES. I guess I have two comments. I have three children and if I had to account for every single penny that was spent on them, there is no way I could do that.

Courts have authority now in almost every State that I am aware of wherein if a judge feels that there has been an abuse of how the money has been spent, he has the discretion to order an accounting. There are a few States that by statute—I think New Jersey is one of those States—specifically legislate such authority. But I think it is in the inherent authority of a judge. I don't think it is something that needs a Federal mandate on States.

Mr. COLLINS. One other question. This will be my last question. What can we do to ensure that we are not establishing a system that will set priorities in collections? What I mean by that, if we have a unified Federal agency that is going to be doing the collecting or handling the paperwork and process for collecting, how do we ensure that they don't focus in just on those who are on the public dole because of the lack of nonpayment rather than taking care of all across the board?

Ms. SMITH. That is one of the issues that child support professionals are very much in favor of dealing with. One way of handling that is to make a uniform rule.

What we would recommend is that if there is not enough money to go around to satisfy all the orders and circumstances where a noncustodial parent has more than one family to support, that the money be distributed on a prorated basis. So it is based on the amount of the child support order that would have been taken into account and these are the needs of the family at the time that the order was set. So you don't have a situation——

In fact, right now, it is against Federal law for States to give priority to AFDC accounts. They must make sure that at least some money goes to every single family. But there is not uniformity, and there does need to be, and we think that is the fairest way done on a pro rata basis.

Mr. HOFFMAN. Mr. Chairman, I am for prioritizing the caseload, and I am for helping the neediest children first. With some 15 million cases marked unpaid, who should we help first? There is only so much money to go around.

I think it ought to be up to the States to have the choice after they prioritize the welfare caseload first and those people who are going to fall onto welfare.

I also have heard the comment that we ought to have more accountability on the part of the custodial parents, and I totally disagree with that. I think that kind of accountability doesn't take into account the meager pittances of child support that get paid to these custodial parents where you get $200 a month. My God, that doesn't even pay for child care, let alone worrying about whether she is drinking it up on beer.

That argument really does not address what is going on in the country right now when we start picking on the custodial parent and how they are going to spend the money. Plus who is going to enforce it? Who is going to be in those homes? How are they going to account for it? Who is going to do all this work? I would just offer that respectfully to the chairman that that is not a place for us to go.

Mr. COLLINS. Well, I am glad I asked that question.

I now turn to Mr. English.

Mr. ENGLISH. Thank you, Mr. Chairman.

Ms. Haynes, in your testimony you stressed the need to encourage States to adopt the Uniform Interstate Family Support Act. I wonder, are you aware of any opposition among the States or among child support enforcement associations to the Federal Government requiring States to adopt the act?

Ms. HAYNES. I am not aware of any objection, at least within the child support community, to requiring States to pass that. There are now 21 States with UIFSA—I think Massachusetts just passed it. Of the 21 States that have this uniform act, there are 3 States that did not pass a particular part of the act, which is the part having to do with direct income withholding.

One of the main reasons they did not pass that part of the act is because of the lack of uniformity in State laws right now. So I think if you require the uniform definitions that I was talking about you would be eliminating the only concern I have heard expressed to the act at all. Those three States did pass the rest of the act.

Mr. ENGLISH. Thank you.

What role do you foresee for the IRS in assisting with the enforcement of child support?

Ms. HAYNES. I do think there is a role for the IRS, although I am very strongly against turning over enforcement responsibilities to the IRS. There is a full IRS collection procedure now that basically lets the IRS collect child support debts like they do taxes.

It has not been very successful. One of the reasons is there are subjective criteria that IRS agents can use in collecting money and usually they decide not to collect. So we could replace that with an objective criteria.

Also, with the Federal income tax refund intercept there is a difference in how we treat AFDC and non-AFDC families. There is no reason for that distinction. I think, most importantly, what we want from the IRS is income information. Let's give that information to the States, and States that use privatization ought to be able to share that IRS information with the entities they have contracted with to do the enforcement. Right now, there is a prohibition against that.

Mr. ENGLISH. Thank you very much.

Mr. Chairman, I have no further questions.

Mr. COLLINS. Thank you.

Mrs. Kennelly.

Mrs. KENNELLY. Thank you, Mr. Chairman.

I am delighted to see Attorney Haynes here today. We all claimed we were on the Commission, but she is the one that did the work. I want the record to so state.

I would like you to comment on the possibility of having federalization of child support. A great deal of the Commission's time was spent on this, and I think you can be the one to tell us the perils of going Federal.

Ms. HAYNES. I think in addition to what has already been commented, federalization in my opinion doesn't correct the major problems. You can't enforce an obligation unless you can locate the obligor. Federal agencies only get address information annually or quarterly, whereas States get much more recent current address information through voter records, motor vehicles.

Another major enforcement problem is self-employed individuals. It is no surprise they are the biggest nonfilers of tax returns. States have many more options in terms of enforcing against that group. We can pull people's occupational licenses, their driver's license, require credit bureau reporting of ongoing support and arrears, and those are remedies that would be very effective.

I think my third concern is just accessibility to custodial parents. You have child support agencies and courts in many more locales than Social Security offices and IRS offices. The thought of thousands of custodial parents calling up IRS agents for information on their case is not something that I think would work.

Mrs. KENNELLY. I wonder if any of you would also comment about the fear I have. I see the welfare reform move going very much toward a block grant. Flexibility is a word we are hearing. You hear it constantly: Give the States the money, they will solve the problem.

Can any of you comment on what flexibility would do on the effort to collect for children?

Ms. SMITH. Child support agencies have always been laboratories for the great ideas in child support. The thing we would be concerned about in a block grant provision is that you still see an enormous disparity between States and the way they treat child support.

Our concern would be that given the block grant, the child support would then fall back into the stepsister status it used to have with the problems of AFDC programs or Medicaid and so on, and child support may be dwarfed by comparison.

The families we serve are many larger numbers than the families that the public assistance programs serve. In Massachusetts more than half our cases are nonwelfare cases. In some States two-thirds or more of the cases are nonwelfare cases.

I think it is very important to see child support as a law enforcement program. It is very important to have some Federal uniformity and consistency.

So basically, we need a system where, as we say in Massachusetts, "You can run but you cannot hide," because wherever you go in this country the same laws are going to stop you and the States are going to have the same kind of power. They will recognize each other's laws and we can cut a lot of the old legal barriers and processes out of the way.

Mrs. KENNELLY. Thank you.

Mr. Hoffman.

Mr. HOFFMAN. Thank you.

I served with Marilyn on the Massachusetts State Child Support Commission, and I also come from a State where the child support enforcement agency is in the Attorney General's office. In Massachusetts it is with the tax department. If a block grant were going to those kinds of agencies, it might work. But I am very, very fearful that if it goes into the Department of Health and Human Services in the different States, the money will go elsewhere.

That is why we moved the program in Texas into the Attorney General's office. Before that it was the poor, poor stepchild of DHS, and I would be very, very much worried about what would happen when it comes to the creativity needed to get the job done.

I think the people in the States have done a remarkable job in terms of having ingenuity in terms of developing ideas and programs. We would see the IV–D program hurt beyond imagination if there wasn't some kind of certainty as to how that money got spent.

Mrs. KENNELLY. Thank you.

Thank you, Mr. Chairman.

Mr. COLLINS. Thank you.

Ms. Dunn.

Ms. DUNN. Thank you, Mr. Chairman.

I am very interested in this partnership idea that you talked about, Mr. Hoffman. You mentioned the number 15 million deadbeat parents. Is that the number on file in your office or is that nationwide?

Mr. HOFFMAN. That is nationwide. The Federal Government puts out statistics as to how many cases are unpaid. My personal feeling is that there are many, many millions of cases of folks who never even bothered to go into the government system because it is backlogged so badly. So I feel that there may be another 10 million cases out there, and we just don't know about them.

There are folks who remarry, who wanted to get on with their life, who didn't want to be involved in the bureaucracy of State government. There are people who gave up in hopelessness. I think

the two women I talked about are good examples, and as a matter of fact, half of the cases I mentioned in my written testimony are people who never went into the government system.

Sometimes those of us who have been part of the government system for so long think that the whole problem can be looked at just by examining the government caseload. I think it goes far beyond that, and that is why I am in the private sector right now.

Ms. DUNN. What about the percentage of that group who are on welfare?

Mr. HOFFMAN. The percentage of people right now, I have forgotten, maybe Meg can tell me the percentage. You notice that Professor Ellwood did that very conveniently when he didn't know an answer, he asked another panel member.

I am trying to recollect. I think the caseload right now in the Federal Government is pretty equally divided. It may be 50 something percent favoring the nonwelfare.

But the interesting thing is the nonwelfare population is the population that overran the IV–D program. My written testimony is all about the backlog, because the States are so overrun.

So it was by offering services, quite frankly, to nonwelfare people, who probably could afford services elsewhere, that we saw the program overrun and get away from its original mission of helping folks who are on welfare.

Ms. DUNN. I am trying to create some parameters for myself in thinking about the size of this problem. What about the percentage of those 15 million or 15 million plus 10 million who are mothers?

Mr. HOFFMAN. Oh, I would again be speculating a little bit on this one. I would say that 90 percent were mothers. It may be a little bit higher than that.

Ms. DUNN. Looking for help, you are talking about?

Mr. HOFFMAN. Ninety percent are looking for help. The big problem with the government system is that we have had the IV–D program for 20 years. We have never collected in more than one in five cases. We have never gotten above 20 percent. In fact it has gone down the last 2 years.

Again, I think it is because the nonwelfare population has overrun the program, and we are not seeing the funding that we need to see.

Ms. DUNN. How do you receive payment in these cases? Is there some incentive? Is there an incentive we could incorporate into our plan, a bonus system or something so we can turn States around so we would have an incentive for States to collect the $5 billion that is not being collected?

Ms. SMITH. The way the current program is structured is that actually Congress is paying States to keep families on public assistance instead of paying States to take people off of public assistance, which is why I mentioned it is very important for us to get clear what our mission is.

In Massachusetts in 1994 we closed 11,000 AFDC cases, and on those cases we collected more than $25 million, plus an estimated savings of $38.5 million from AFDC savings, food stamps, and Medicaid. We lost $4.5 million in incentive moneys because that $25 million was not credited toward our AFDC collections. It ended up

being 42 percent less reimbursement through the incentive program that we would have otherwise gotten.

Massachusetts is one of the States that puts all its incentive money back into the child support program. This incentive money has really been the vehicle that has given us the opportunity for initiative, innovation, and creativity; why a lot of our programs are being used as examples for the rest of the country to model.

So one of the things we think Congress should do in looking at this whole incentive structure is to give States the same amount of credit they now get from collecting on AFDC cases, to collecting on Medicaid-only cases, foster care cases, and former AFDC cases because those are the families we really need to be putting our attention on.

Ms. HAYNES. I would also like to reiterate, since 1984 we have had Federal legislation requiring child support agencies to serve welfare and nonwelfare cases. I think it would be a horrible step backward if we made the child support program just look at welfare cases.

Having said that, we are schizophrenic in our Federal funding formula, and that is what Marilyn is talking about. We still cap it based on AFDC collections. We need a revised funding formula that reflects the mission of serving all children, regardless of whether somebody is on welfare or not.

Ms. DUNN. Let me just ask one last question, please, of Mrs. Smith. What percentage of parents, deadbeat dads, what percentage of those are difficult to identify? You mentioned that in your testimony, but I never heard how many of these fathers we are talking about, where a mother has a question about who the father is.

Ms. SMITH. So you are talking about circumstances of paternity where the mother names someone and——

Ms. DUNN. She might be wrong.

Ms. SMITH. We think it is a relatively small percentage, although it does happen—about 25 percent of our cases, for example, will ask for a blood test. Of those 25 percent, another 25 percent—or 6 percent of the total—will be excluded by the blood test results.

Whether there is more than one possible father, whether the mother has deliberately given the wrong name to the child support agency, is something that we don't know and we need to know more about, which is one of the reasons we support stricter cooperation requirements so that if the blood test result comes back, excluding the person that has been named, the mother is brought back in and further questions are asked so that you can start to narrow the field.

Ms. DUNN. That is not done now?

Ms. SMITH. It is not done with the same amount of rigor that it needs to be done.

Ms. DUNN. Thank you.

Mr. COLLINS. Thank you.

You all are such a good panel, I would like to ask one, maybe two additional questions. In a situation where an individual who owes child support—in other words, you can't get blood out of a turnip, what do you suggest we do with the turnip? Are there any exceptions?

Mr. HOFFMAN. If I may, Mr. Chairman, there are certainly people that we go after that just have fallen on hard times and don't have the resources to pay. Quite frankly, what you can do with those folks is merely monitor them and see whether or not they ever get in a situation where they are going to be receiving income.

The four primary reasons for nonpayment that we get in our company, No. 1, has to do with the bitterness that still exists. They just don't look at the children, the focus is that allegedly "horrible person" that I was married to.

The second most common reason, it is just outright greed—me, me, me, I want to have more toys.

There is an interesting group of parents who don't pay who are merely waiting for the knock on the door. They understand the statistics we have, they understand they have got a four out of five chance of beating it. When you find them and demand the money, they pay.

The last group of people are people who have second families and who are looking at children in their family unit as it exists, and they say, Well, I have these kids, and what we have to do is in the beginning very gently remind them that they have other children out there and they have that responsibility as well.

But the last group are people you find in mental hospitals, people on the street. There is certainly a group of people who are parents who really have fallen on hard times and you have to understand that.

Ms. SMITH. Can I comment on that? I think it is very much worth taking a look at some of the seek-work programs. We have in Massachusetts the Parents Fair Share Program, which was authorized as a demonstration grant. Under the Family Support Act that program found, as well as others around the country have found, that when you have people in court and the person says, "I don't have a job" and the court says, "Fine, there is a work program, show up at 9 Monday morning, and here is the address, and you have to be there 35 or 40 hours a week, a remarkable number of people say, I just remembered, Uncle Harry offered me a job and maybe I can pay a nominal amount for child support."

There is a certain amount of bluffing that we need to smoke people out. So we do need to have some work programs for noncustodial parents. We are not seeing them come into court starving to death. They are healthy, they are clothed, their needs are being met, but the needs of their children are not being met because they are not coming up with the basic minimal support order.

Mr. COLLINS. We thank you. You have been a very interesting panel and have presented good information. Thanks for being with us.

Our fourth panel will be moving toward the table. We will listen to your testimony.

We will begin with Mitchell Adams, Commissioner of Revenue, Commonwealth of Massachusetts, Boston, Mass.

STATEMENT OF MITCHELL ADAMS, COMMISSIONER OF REVENUE, DEPARTMENT OF REVENUE, COMMONWEALTH OF MASSACHUSETTS

Mr. ADAMS. Mr. Chairman, members of this distinguished panel, good afternoon. My name is Mitchell Adams, and as Commissioner of the Massachusetts Department of Revenue, I am responsible for tax administration and child support enforcement.

The key to an effective child support enforcement system is access to financial information. Today I would like to discuss how we can use information from employers, from the IRS, and banks to revolutionize the collection of child support enforcement.

The single-most lucrative new tool in child support enforcement is new hire reporting, also called W–4 reporting. It is a simple concept that is worth over $70 million to Massachusetts in annual collections and savings, and has allowed more than 1,900 of our families to leave welfare each year.

Like Bill Weld and Lt. Gov. Paul Cellucci, I am leery of saddling businesses with any additional governmental requirements. But I am here to tell you that new hire reporting works, and that it is only a minimal burden on employers.

Here is how it works. All Massachusetts employers notify the Department of Revenue within 14 days of an employment start date. This is essentially the most stringent requirement of any State. If the employee has a child support order, the Department of Revenue instructs the employer to withhold child support. It is that simple.

In addition, we lower the welfare caseload and cost of welfare substantially by cracking down on fraud when recipients are double dipping by receiving benefits illegally.

To be effective, new hires must be reported quickly. Not all of the current proposals meet this test, which is why we call some of them not-so-new-hire reporting.

Even with swift reporting of new hires, a family must still wait about 3 months for child support payments to resume after an obligor changes employment. That is too long a wait for families who need food on the table.

The solution to this problem comes in two parts. First, rather than report new hires to a newly created Federal bureaucracy which passes information on to the States, it would be far more effective for employers to report new hires directly to the States. Child support enforcement agencies can access new hire data from across the Nation directly via interstate computer network instead of getting the information indirectly from the Federal Government.

The second thing that must be done is to change Federal laws that give child support enforcement agencies and employers too much time to implement wage withholding. When coupled with changes to Federal wage withholding law, new hire reporting will ensure that families receive child support about 40 days after the obligor changes jobs.

Next I would like to discuss IRS information. As one who wears both tax administration and child support enforcement hats, I know how useful tax return information is as a child support enforcement tool. Massachusetts and Florida have moved child support to their revenue departments for this very reason.

The best way to illustrate how tax records can be used to enforce child support obligations is by telling you about a real life case. A child support obligor appeared in court in Massachusetts pleading poverty. He was self-employed, so there was no way to second guess his story, or so he thought.

Much to his surprise, our attorney had examined his Massachusetts income tax return and found that he had business income of more than $40,000 a year. Were it not for the tax information, the court would have issued an order of $50 a month. Instead, the obligor's child now has the benefit of $200 a week in child support.

Congress can send a message that paying child support is as important as paying taxes by requiring the IRS to make tax data available to States for child support enforcement purposes.

Finally, I would like to touch upon the benefit of access to bank account information.

I am reminded of the bank robber who, when asked why he robbed banks, said, "Because that is where the money is." Over the past few years we found that money owed by child support obligors is in the bank. By comparing our list of obligors who owe past-due support to financial information provided the Department of Revenue by the banks, we have been able to collect over $8.3 million in the last 24 months.

Because past-due support in Massachusetts is a judgment by operation of law, there is no need to go back to court to authorize seizure. We call it the bank match and levy program. But I am sure the families who receive the money just think of it as welcome relief.

To make it work on a national scale, Congress should require banks to report financial information to child support enforcement agencies and require those agencies to seize bank accounts administratively without obtaining a separate court order.

Thank you very much for this opportunity to discuss ways to ensure the economic security of our Nation's children and families and reduce welfare dependency.

[The prepared statement and attachments follow:]

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HUMAN RESOURCES

HEARING ON CHILD SUPPORT ENFORCEMENT LEGISLATION

Statement of

MITCHELL ADAMS

Commissioner of Revenue

DEPARTMENT OF REVENUE
COMMONWEALTH OF MASSACHUSETTS

February 6, 1995

Mr. Chairman, members of this distinguished panel, good afternoon. My name is Mitchell Adams, and as Commissioner of the Department of Revenue, I am responsible for tax administration and child support enforcement.

Lately there's been much talk about federal mandates imposed upon the states. While I generally view federal mandates with a healthy skepticism, child support enforcement is one area where there is a role for federal mandates. The reason for this is simple: About a third of the child support caseload is comprised of interstate cases, where the child and noncustodial parent live in different states. No matter how effective a given state's child support enforcement system, its success is heavily dependent on the effectiveness of the programs in other states. Just as we could not have an interstate highway system if each state built bridges at different heights, we cannot create an effective child support enforcement program without a few key laws that are standard across the country. In Massachusetts, we've adopted just about every recommendation made by the U.S. Commission on Interstate Child Support. The results are clear-cut: We collect 80% of all child support due from obligors who live in Massachusetts. Unfortunately, since many states haven't adopted the Commission's recommendations, we collect only 40% of the child support owed by the one in three obligors who lives out of state. Until Congress develops a set of rules that allow states to easily enforce cases across state lines, we'll never have an effective child support enforcement program.

The most important of these rules concern access to financial information. A child support enforcement program is only as good as the financial information it gets. The key financial information about obligors is in the hands of employers, the IRS and banks. If Congress puts this information to work for child support enforcement, child support enforcement will work for our nation's children. I'd like to discuss each of these areas in turn.

New Hire Reporting

The single most lucrative tool in child support enforcement is new hire reporting. New hire reporting is a simple concept that is worth over 70 million dollars in annual

collections and savings, and has allowed more than 1,900 Massachusetts families to leave welfare each year. By minimizing the disruption in child support payments that occurs when the obligor changes jobs, new hire reporting makes it feasible for families to make the transition from welfare to independence.

Like Governor Bill Weld and Lieutenant Governor Paul Cellucci, I'm leery of saddling businesses with additional government requirements. But I'm here to tell you that new hire reporting works, with minimal burden to employers. If Congress adopts a new hire system administered by state agencies linked by a national computer network, and streamlines the wage withholding rules, we'll be able to collect child support like never before.

Here's how new hire reporting works in Massachusetts. All employers notify the Department of Revenue within 14 days of an employee's first day on the job, using the reporting method that is most convenient and cost effective for the particular employer. Employers may report new hires by mailing or faxing a copy of the employee's W-4 form, by mailing or faxing a list of new hires, or by submitting a list on magnetic tape. We compare the new hires to our database of obligors. If an employee has a child support order, we instruct the employer to withhold child support. It's that simple.

Before we set up our new hire system, we consulted with employers. When we told them that new hire information would help us crack down on fraud that eats into business profits, they were very interested. It turned out that we were right. In its first year of operation, we used new hire reporting information to save about sixteen million dollars in unemployment compensation and welfare payments.

When we created our new hire program, one of the things we considered is requiring employers to ask their employees if they owed child support, and to immediately begin withholding. We decided against this idea for two reasons. First, it's more work for employers. Second, some obligors are bound to give incorrect or incomplete information to the employer, leading to problems that would take weeks or months for the employer and the child support enforcement agency to fix. It's much simpler and far more accurate for us to tell the employer who owes child support, how much the employer must withhold, and where to send it.

To be effective, new hires must be reported quickly. Not all of the current proposals meet this test, which is why we call some of them "not -so-new hire reporting." Under one proposal, a family would have to wait for more than a hundred days before receiving child support when the obligor changes jobs.

The Administration has proposed that employers report new hires ten days after the date of hiring. There is consensus that this reporting schedule is appropriate for smaller employers that report new hires manually. However, employers that report by automated means require an alternate reporting schedule that is tied to the payroll cycle, rather than the date of hiring.

There are a number of proposed reporting schedules, each of which requires reporting within ten calendar or work days of a given point in the payroll cycle. We

propose that employers who report new hires by magnetic tape or electronically be required to send a report within ten days of the date on which the new hire is added to the employer's payroll master file.

Even with swift reporting of new hires, a family could still wait about three months for child support payments to resume after an obligor changes employment. [See table 1, attached]. That's too long a wait for families who need food on the table.

There are two things that Congress can do to fix this problem. First, rather than report new hires to a newly-created federal bureaucracy which passes information on to the states, it would be far more effective for employers to report new hires directly to the states. Child support enforcement agencies can access new hire data from across the nation directly via interstate computer network, instead of getting the information indirectly from the federal government. State new hire directories would be inexpensive to establish, as new hire data can simply be added to existing databases of quarterly wage reporting maintained by every state. This is not an unfunded mandate, but rather a more effective way of doing business. In Massachusetts, when we automated the wage assignment process and coupled it with a new hire database, the cost of implementing wage withholding went from more than nine million dollars a year to less than $800,000 a year.

Most importantly, Congress can change federal laws that give child support enforcement agencies and employers too much time to implement wage withholding. Under current federal law:

- The child support enforcement agency has 15 days from the day it learns of a new employer to notify the employer to withhold child support;
- Employers don't have to implement withholding until the first pay period that occurs after 14 working days following the date that the child support enforcement agency mailed the notice;
- Once withheld, the employer has 10 working days to send the child support payment to the child support enforcement agency.;
- Finally, the child support enforcement agency has 15 days to distribute the payment to the family.

These lax time standards doom even the best new hire reporting system to failure. We propose the following new time standards:

- The child support enforcement agency must send an income withholding notice to the employer within three working days of the day on which a new hire report was incorporated into a state New Hire Directory database;
- The employer must implement wage withholding starting with the pay period during which it received the withholding notice, and remit child support payments within two working days of the date of withholding;
- The child support enforcement agency must send current support payments to the custodial parent within two working days of receipt.

This streamlined timeframe would drastically reduce the wait experienced by the family. When coupled with changes to federal wage withholding law, new hire reporting will ensure that families receive child support about 40 days after the obligor changes jobs.

[See table 2, attached.] This projection is consistent with our experience in Massachusetts, where it takes an average of 38 days for the family to receive the next payment after the obligor changes jobs.

IRS Data

Next I'd like to address the subject of improved access to IRS information. As the official in charge of both tax administration and child support enforcement in Massachusetts, I know how useful tax return information is as a child support enforcement tool. Massachusetts and Florida moved child support to their revenue departments for this very reason. The best way to illustrate how tax records can be used to enforce child support obligations is by telling you about a real-life case.

A child support obligor appeared in court, pleading poverty. He was self-employed, so there was no way to second-guess his story. Or so he thought. Much to his surprise, our attorney had examined his tax return, and found that he had business income of more than $40,000 a year. Were it not for the tax information, the court would have issued an order of $50.00 a month. Instead, the obligor's child now has the benefit of $200 per week in child support.

When we first decided to use Massachusetts income tax records to establish and enforce child support obligations, the naysayers predicted that taxpayers would stop reporting their true income. I'm pleased to report that the naysayers were wrong. We have seen no negative impact on the reporting of income by taxpayers.

Despite the benefits of access to tax information, our ability to use IRS information for child support enforcement has actually diminished over the past few years. The IRS once gave us information reported on returns by obligors themselves, such as business income and capital gains. Now all we get is information about obligors that financial institutions report to the IRS. Ironically, we receive information from the IRS for tax enforcement purposes that we cannot use for child support enforcement purposes. This situation hamstrings our efforts to establish, modify and collect child support obligations.

Let's send the message that collecting child support is every bit as important as collecting taxes. After all, there won't be any taxes to collect tomorrow if we don't support our children today. We recommend that Congress:

- Amend the tax code to provide child support enforcement agencies with the same access to IRS information currently enjoyed by tax administration authorities;
- Permit child support enforcement agencies and their contractors to use federal tax information to establish, modify and enforce child support obligations, without independently verifying the information;
- Apply the same confidentiality requirements and penalties now applicable to tax agencies to child support enforcement agencies and their contractors.

By providing IRS tax data, Congress will empower states to do the job of collecting child support using innovative tools such as bank match and levy.

Bank Data

Finally, I'd like to talk about access to account records maintained by banks and other financial institutions. I'm reminded of the bank robber who, when asked why he robbed banks, said "Because that's where the money is." Over the past few years, we have found that money owed by child support obligors is in the bank. Through our bank match and levy program, we've made sure that money doesn't sit in bank accounts while children go without support.

Bank match and levy works like this. We compare our list of obligors who owe past-due support to information provided by banks, other financial institutions and the IRS. When a match occurs, we send a levy notice to the appropriate bank or financial institution, instructing it to send us the money in the obligor's account, up to the amount of past due support that the obligor owes. Because past due support is a judgment by operation of state and federal law, there's no need to get a court order authorizing the levy.

During the past two years, we've scooped over $8.3 million dollars out of bank accounts. Unlike the bank robber who I quoted, we give the money to its rightful owners, families and taxpayers.

We'd like each state to replicate our success. To make it happen, Congress should:

- Require banks and other financial institutions to report quarterly to state child support agencies the names and Social Security numbers of their customers and account holders; and
- Require all states to use this information to administratively seize funds held in banks and other financial institutions by obligors who owe past due support, without the need for a separate court order.

Access to information held by employers, the IRS and banks will revolutionize the collection of child support. Thank you for this opportunity to suggest how we can ensure the economic security of children and families while reducing welfare dependency.

Table 1

PROPOSAL	STEPS														
	Employee Starts Work	Reporting obligation triggered	Employer reports to Federal New Hire Directory by tape	Federal New Hire Directory receives tape	Federal New Hire Directory conducts match	Federal New Hire Directory reports matches to IV-D agency	IV-D agency receives match data	IV-D agency sends withholding notice to employer	14 working days from day notice was mailed	Employer implements withholding (beginning of first pay period after 14 working days)	Employer withholds child support	Employer sends child support to IV-D Agency	IV-D agency receives child support	IV-D agency sends child supoprt to custodial parent	**Custodial parent receives child support**
# 1	Day 1	(added to master file) 9	19	22	24	26	29	32	52	57	67	81	85	86	**Day 88**
# 2	Day 1	(pay day) 11	29	31	33	37	39	44	64	71	81	95	99	100	**Day 102**
# 3	Day 1	(pay day) 11	22	24	26	30	32	37	57	64	74	88	92	93	**Day 95**
# 4	Day 1	(payroll period ending date) 5	17	19	23	25	29	32	52	57	67	81	85	86	**Day 88**

Table 2

		STEPS											
Department of Revenue's New Hire Reporting and Wage Withholding Proposal		Employee Starts Work	Employer adds employee to master file, triggering obligation to report	Employer reports new hire by tape to State Directory of New Hires	State Directory of New hires receives tape	IV-D agency conducts match against Directories	IV-D agency sends withholding notice to employer	Employer receives notice	Employer withholds child support	Employer sends child support to IV-D agency	IV-D agency receives child support	IV-D agency sends child support to custodial parent	**Custodial parent receives child support**
		Day 1	9	19	22	23	24	26	32	36	38	39	**Day 41**

Mr. COLLINS. Thank you.

Mr. Wallace Dutkowski. We don't have too many Dutkowskis in Butts County, Ga., director, Office of Child Support, State of Michigan Department of Social Services, Lansing, Mich.

Welcome.

STATEMENT OF WALLACE DUTKOWSKI, DIRECTOR, OFFICE OF CHILD SUPPORT, STATE OF MICHIGAN DEPARTMENT OF SOCIAL SERVICES, REPRESENTING THE AMERICAN PUBLIC WELFARE ASSOCIATION

Mr. DUTKOWSKI. Thank you, Mr. Chairman and members of the subcommittee. Thank you for the opportunity to testify today.

I am Wallace Dutkowski, director of the Office of Child Support for the Michigan Department of Social Services. I am testifying on behalf of American Public Welfare Association, APWA, which is a bipartisan organization that represents all of the State human services agencies and their administrators. Many of the proposals that are being discussed in Congress today were first State-level innovations.

APWA would like to thank the House Members who have displayed leadership by introducing comprehensive child support bills to strengthen State child support programs, including Mrs. Johnson, Mrs. Kennelly, Mrs. Morella, and Mrs. Roukema.

Today I would like to present the highlights of APWA's recommendations, but I urge you to review our written testimony for our indepth recommendations.

Reforming child support is a major APWA goal. In fact, it is the one program that, if properly reformed and adequately financed, can avoid government spending on welfare by ensuring that families receive the support they deserve from both parents.

APWA has six major child support reform goals: establishing paternity, effective information systems, sensible funding, performance incentives, simplified processing of interstate cases, and effective Federal leadership.

I will discuss a few of these priorities. First, paternity establishment. APWA strongly recommends strengthening the incentives for full cooperation by public assistance recipients and strengthening sanctions for failing to comply. APWA also recommends providing enhanced Federal funding for State paternity activities.

Second, APWA is concerned about the implementation of both current and proposed information systems, databases, and automated processes. States have been hampered in meeting statewide automated system requirements of the 1988 Family Support Act due to a lack of Federal resources and a lack of technical expertise at both the State level and in the private sector.

APWA urges Congress to extend the implementation deadline from October 1, 1995, to October 1, 1997, while retaining the 90 percent Federal matching rate for initial implementation costs.

APWA also recommends the following: new registries and databases for locating and tracking noncustodial parents who are not paying their child support, establishing a national registry of support orders, establishing a national index of new hires, and expanding the Federal parent locator service.

The third issue I would like to discuss is sensible funding and performance incentives. We must change our approach to child support funding and performance incentives. We must continue to adequately fund the program, at the very least maintaining the current funding level, or results will be hard to achieve as State responsibilities are added. APWA supports the approach taken by the Johnson bill to move funding for child support programs to a performance-based incentive structure.

Specifically, we must fund the results we want. APWA wants to reward the States not just for collections and cost effectiveness, as in the current system, but for establishing paternity, child support order establishment, enforcement, medical support, and cost effectiveness.

The current limited approach to the way State agencies earn money leads the program in the opposite direction from the range of outcomes we want for the program, an approach that is counterintuitive to good program management. An added benefit would be a decreased need for Federal micromanagement and excessive auditing.

Finally, APWA would oppose any efforts to require States to provide universal child support services for all families through a mandatory opt-out strategy. APWA urges Congress to allow the States the flexibility to choose either an opt-out or an opt-in strategy.

This is a complex issue, and I urge you to review page 2 of our written testimony for further details on this issue.

In conclusion, any new and strengthened measures provided to States for improving establishment and enforcement will only be as effective as the staff time and resources available. Currently, with approximately 1,000 cases per worker nationwide, workers are simply overwhelmed with unmanageable caseloads that continue to grow.

In Michigan, for example, even if a worker were able to devote some time to each of their case, the total time available per case would be about 9 minutes per month. Nine minutes is easily eroded by one phone call, reviewing one document, or even just finding the case file.

In closing, I want to emphasize APWA and the State and local human services administrators fully support enactment of comprehensive child support reform legislation. These issues require thoughtful consideration by the Congress.

We look forward to working with you on this important issue. We hope our comments today have been helpful. Thank you for the opportunity to testify today.

[The prepared statement follows:]

TESTIMONY OF WALLACE DUTKOWSKI
AMERICAN PUBLIC WELFARE ASSOCIATION

Mr. Chairman and members of the subcommittee, thank you for the opportunity to testify today. I am Wallace Dutkowski, Director of the Office of Child Support for the Michigan Department of Social Services. I am testifying today on behalf of the American Public Welfare Association (APWA) where I am an active member of the APWA Child Support Subcommittee. APWA is a 64-year old nonprofit, bipartisan organization representing all of the state human service departments as well as local public welfare agencies and individual members.

In my written testimony today I discuss APWA's recommendations for child support reform. **APWA's recommendations represent a bipartisan consensus of opinion among state human service administrators and state child support directors on child support policy.** Indeed, many of the reforms APWA proposes and that are being discussed in Congress today are innovations that state child support agencies have implemented and have found to be effective. With this in mind, Mr. Chairman, APWA urges you to listen to the states' experience as you move forward with child support reform.

Additionally, APWA would like to commend the Members who have displayed distinguished leadership by introducing comprehensive child support bills that would help strengthen state child support programs, including Mrs. Johnson, Mrs. Kennelly, Mrs. Morella, and Mrs. Roukema. APWA appreciates these members' efforts to craft sound comprehensive child support policy.

CHILD SUPPORT REFORM

Reforming child support is a major APWA goal. On July 27, 1994, APWA passed bipartisan recommendations that state and local human service administrators see as critical to restructuring the child support system. The resolution outlines new and strengthened child support measures at both the state and federal levels that are designed to shift the program's direction from one focused on passing audits and avoiding federal penalties to one designed to effectively and efficiently serve families and reduce the cost of public assistance. Indeed, child support is the *one program that - if properly reformed - can avoid government spending on welfare by ensuring that families receive the support they deserve from both parents.*

1. Establishing Paternity

APWA supports strengthened paternity establishment measures. APWA strongly recommends strengthening both the incentives for cooperation and full disclosure by the public assistance recipient and the sanctions for failing to comply. APWA also recommends improving paternity establishment through adoption of the Interstate Commission's "parentage" recommendations including providing enhanced levels of federal funding for states' paternity activities.

2. Effective Information Systems, Databases and Automated Processes

There are two categories of systems issues that APWA recommends Congress address: (a) states' current efforts to meet the requirements of the 1988 Family Support Act child support automated systems requirements, and (b) systems and databases that will be needed in the future to improve the child support program.

1988 Family Support Act Systems Requirements:
States have been hampered in meeting the requirements of the 1988 Family Support Act child support automated systems requirements due to: (1) lack of resources at the federal level leading to late regulations, late final implementation guidelines issued to states from HHS, and a lack of technical assistance from HHS, (2) lack of certified systems from which states could adopt a model, (3) lack of technical expertise at both the state level and within the private sector, and (4) an initially slow approval process. Therefore, APWA urges changes that would:

- Extend the implementation deadline for the first phase of child support information systems to incorporate the 1984 and 1988 child support amendments from October 1, 1995 to five years after the approval of each individual advanced planning document (APD) or October 1, 1997, whichever

comes later, while retaining the 90 percent federal matching rate for initial implementation costs;

- Ensure sufficient incentives, without funding caps, to allow for the appropriate adaptation of information systems and state registries to any proposed changes to the child support program;
- Provide reasonable time frames for planning, developing, and implementing any new child support information system requirements; and
- Require HHS/OISM to continue to provide technical assistance and timely issuance of new federal guidelines, regulations and systems requirements.

New Information Systems Proposals to Strengthen Child Support Programs:

New proposals APWA recommends include:

- Establishing a *national registry of support orders* that uses a uniform abstract of all new orders and that can be accessed by all state child support enforcement agencies.
- Establishing a *national index of new hires*, including state and federal locate information, asset information, paternity acknowledgment information, and social security numbers. All states should actively be connected through this mechanism. Relevant locate information from federal databases should be accessible through it and equivalent to the data provided to federal law enforcement agencies.
- Expanding the Federal Parent Locator Service (FPLS), improve its response time, and provide the ability to use it to check past information sent to states in order to avoid repeat information.

APWA cautions Congress to remember that whenever program changes are made that affect caseload management, automated systems changes are necessary. There should be federal interest and support for maintaining not only adequately funded but appropriately adapted systems. New information systems requirements will affect current system development and implementation. Examples of various new requirements that have been proposed in the past that would need systems adaptations include: (1) measuring statewide paternity establishment for those under one year old, (2) tracking whether paternity is established within a certain time period, and (3) exchanging data with Title IV-A (AFDC) and Title XIX (Medicaid) programs. States need flexibility to incorporate the new requirements as appropriate in the state.

APWA's Opposition to Universal Child Support Services (a IV-D Entitlement) for All Families as Provided through Proposed Mandated "Opt-Out" Strategy to State Centralized Collection and Disbursement

Although APWA supports many provisions of Rep. Johnson's newly introduced bill, and of the administration's child support bill introduced in the 103rd Congress, APWA is opposed to these bills' requirement that ***states extend government services to those families neither receiving AFDC nor in the current IV-D caseload whether they ask for it or not by requiring that all cases in the central registry also receive state centralized collection and disbursement unless both the father and the mother "opt-out" of services. In other words, the only way for these families to avoid this government service is for both the father and the mother, regardless of income if they are not on AFDC, to sign and file with the state agency a written agreement saying they do not want the government to serve them - "opting out" of government services. APWA does not support this mandated "opt-out" strategy for state child support services for all families. If a bill does contain this requirement, APWA recommends that states have the option to choose whether to administer centralized collection and disbursement either as an "opt-in" or an "opt-out" system.***

This measure could significantly increase child support caseloads. Currently most states serve about half the child support population. Both California and Texas expect this measure to double current caseloads. As previously discussed, due to resource shortages states already have difficulty serving those families currently receiving IV-D services. It is highly unlikely that states' staffing levels would increase to keep pace with the increasing caseloads. Indeed, doubling caseloads could wash out the impact

of increased enforcement tools, hampering many states' efforts to improve child support for years to come.

Further, automated systems' capacity to deal with such increased caseloads simply does not exist in some states. The hardware and on-line capacity of child support systems mandated under the 1988 Family Support Act are being built to handle *current* caseload projections, and many are falling short due to unexpected caseload increases associated with serving the current population. California, for example, is spending about $75 million developing and designing its information system for 2 million cases. California's quick estimate of systems upgrades to accommodate the additional non-AFDC cases that states could be mandated to serve under such a proposal would cost a similar amount. Many other states are also concerned about the systems costs related with increased caseloads. Also, increasing automated systems capacity does not necessarily decrease the need for staff. In fact, states say that as they increase systems capacity when they bring new information systems on-line, they are actually experiencing an increased need for personal interaction with those on their caseload due to the "ticklers" built into systems that automatically send notices to clients and prompt caseworker action.

3. <u>Sensible Funding and Performance Incentives</u>

As you know, we must continue to adequately fund the program, or results will be hard to achieve as state responsibilities are increased. APWA urges Congress to *increase—and at the very least, maintain—the current level of funding for child support* in order to support previous congressional mandates on the program and those which will be adopted through the current reform effort. Some bills—including the Johnson *bill—propose significant changes in the way state child support programs are funded by* moving toward a performance-based incentive structure. APWA supports this change and recommends that Congress enact the following funding proposal, which can be adapted for any funding level:

A. Redesign how incentive payments to states are calculated so that states are rewarded for performance for key outcomes, not just for collections and cost-effectiveness as in the current system. *This limited approach to the way state IV-D agencies earn money under the current system leads the program in the opposite direction from the range of outcomes that are desired throughout various aspects of the program. In turn, this conflict has led to increased levels of federal micromanagement and auditing in an attempt to steer states away from focusing too heavily on what is financially rewarded. This approach is counter-intuitive to good program management. APWA's recommendation, if enacted, would not only reward states for performance in more program areas, but would also reduce the need for federal micromanagement and excessive auditing.* Fortunately, Mrs. Johnson's bill moves funding in this direction. APWA recommends rewarding states on performance for the following program elements:

- paternity establishment;
- child support order establishment;
- enforcement;
- medical support; and,
- cost effectiveness.

Further, the current structure of incentives, which categorizes cases into AFDC and non-AFDC cases, disadvantages states that do a good job reducing welfare dependency. The solution is to recategorize all cases that states are mandated to serve—including Medicaid-only and post-AFDC cases—in the category of "AFDC public assistance cases" for incentive purposes. Under APWA's proposed framework, states would earn incentive payments on a broad range of important child support activities, regardless of whether a case is an AFDC or a non-AFDC case. States would strongly support this change.

B. Allow states to implement alternatives to the $50 disregard without requiring a waiver by allowing states to propose alternatives through state plan amendments. Alternatives to the current system that states may want to pursue include the flexibility for states to pass through all collections to the family. Unfortunately, this option is limited in some proposed distribution schemes,

including the distribution scenario proposed by the Clinton Administration last year.

C. Maintain the current level of flexibility for states to recover costs and charge fees. This recommendation is very important to ensure that states are not penalized when reforming child support.

D. Allow states the option of federal funding to provide visitation and custody services to noncustodial parents with child support orders. Michigan has just gone through a lengthy waiver process to be allowed federal funding for such visitation and custody programs. Other states should have this federal funding available to them *at the state's option without a waiver* to provide the visitation and custody services that can help meet the psychological as well as the financial needs of families. By doing so, Congress will help states be more effective at helping men be fathers to their children.

Indeed, states need Congress to help move child support programs away from the current misdirected funding structure that creates unintended disincentives in the program. States also need Congress to ensure adequate funding of the program overall; otherwise, reform will stifle effective and creative state child support efforts, and moreover, thwart the one system that can effectively prevent families from languishing on AFDC.

4. Simplified Processing of Interstate Cases

APWA commends Mrs. Johnson for providing many of these necessary interstate processes in her child support reform proposal. To overcome the problems related to processing interstate cases in the current child support system, APWA recommends:

- Ensuring that state laws and procedures for establishing and enforcing interstate cases are consistent by requiring states to implement the new Uniform Interstate Family Support Act (UIFSA) by a specific date, no later than July 1, 1996.
- Requiring a uniform interstate: (1) summons and subpoena power to IV-D agencies to acquire asset and locate information, (2) income withholding form, and (3) administrative levy, seizure or lien.
- Improving assistance with the collection of child support not only from federal and military employees, but federal contract employees, so that the federal government can serve as a model employer for the child support enforcement program. Currently, these employees are exempt.

5. Strong Enforcement Tools

Many new enforcement tools are needed if states are to collect child support effectively on the behalf of the children to whom it is owed. The following recommendations encompass a wide range of new enforcement mechanisms that states and families desperately need. Other measures APWA recommends—many of which are in Mrs. Johnson's and Mrs. Roukema's bills—include:

- Requiring states to develop uniform processes for reporting child support obligations, including both current support and arrears, to credit reporting agencies.
- Requiring states to enact laws requiring that certain lump sum payouts, including lottery winnings, insurance settlements, retirement funds, IRAs, and the proceeds of lawsuits, be used to satisfy past-due child support.
- Improve access to financial information by state child support enforcement agencies so they can establish a child support enforcement lien against any account to satisfy child support arrears.
- Requiring states to establish interest or late payment penalties to apply to overdue child support payments that would be treated as child support and subject to enforcement.
- Strengthening the current IRS "full collection process" through which states refer cases to the IRS for enforcement by relaxing existing procedural barriers and by authorizing additional resources to the IRS.

While APWA fully supports a stronger IRS role, APWA does not support federalizing the child support system. In fact, state child support programs have had difficulty gaining cooperation from the IRS simply to follow through with its current small role in child support. A shift to federalization, just as states are building up their establishment and enforcement capacities, would discard the effort and time invested over the past 18 years. It is difficult to imagine summoning sufficient resources to infuse into the federal government to support such a shift at the same time that the rest of the federal government is downsizing through buyouts and eventual layoffs. Moreover, developing the new network of service delivery at the federal level would not only be costly, but a logistical and administrative nightmare. In addition, there is no evidence that the current problems would be eliminated or reduced as a result of federalization. In fact, centralizing collections within the federal government could have adverse effects. Automation can produce a 24-hour turnaround on about 90 percent of collections (in Delaware, for example). Further, under a federalized system, custodial parents would wait longer for payments when wage attachment at the state level can collect and distribute payments more efficiently and states are proving they can do this well with resources and automation. Finally, many people operate under the following false assumption: approximately 82 percent of people in the general population earn wages that are taxed by the IRS; hence, the IRS could collect 82 percent of child support orders. The logic is skewed, however, because IV-D offices have found that those non-custodial parents in arrears do not replicate the national average of those with incomes taxed by the IRS. Many non-custodial parents in arrears work "under the table" or change jobs frequently. IV-D offices estimate that about 50 percent-to-60 percent actually would be reached through centralizing collections through the IRS. Generally, federalization models do not address collections from the other 40 percent of those in arrears. In fact, they remove the responsibility for these collections from states, and do not create a federal system to address the issue.

6. **Effective Federal Leadership**

Federal leadership is critical to the success of a national child support enforcement initiative. The Office of Child Support Enforcement (OCSE) must have the resources and incentives to help improve the program by acting as a partner, not just as a regulator. APWA recommends that Congress further strengthen the effectiveness of federal leadership by:

- Allowing states to use, without waivers, Title IV-D child support and any other job training funds for work programs for non-custodial parents who are not paying child support.
- Mandating that self-insurers governed by ERISA are required to provide access to coverage for all eligible children, regardless of their residence or the marital status of their parents;
- Ensuring that state IV-D agencies have timely, cost-effective and usable access to federal and state databases for paternity establishment, locate, and medical insurance and establishment purposes;
- Requiring that the Social Security Administration provide the state Child Support and Motor Vehicle agencies access to electronic verification of Social Security Numbers;
- Requiring the federal Office of Child Support Enforcement to develop child support enforcement agreements or treaties with all tribal councils that would apply to interactions with all states. The agreements should (1) address the need for child support among Native American children and among the children of tribal employees, (2) reflect the requirements of tribal justice systems, and (3) be fully supported by tribal governments; and
- Reforming the audit process. APWA's recommends (1) changing the audit from process-oriented to outcome-oriented using performance measures and (2) creating a sanction process emphasizing corrective action rather than financial penalties. This can be achieved by allowing half of audit penalties to be put in escrow for up to two years and returned to the state if the state passes the audit within the two-year period. States would view this as a good-faith effort to use audit data productively: it would give increased incentives to states to make positive changes in the program instead of using the audit data to penalize states that are already having a hard time complying with federal regulations.

CONCLUSION

We must remember that any new and strengthened measures provided to state child support agencies for improving establishment and enforcement will only be as effective as the staff time and resources permit. Currently, with approximately 1,000 cases per caseworker nationwide, workers are simply overwhelmed with unmanageable caseloads that continue to grow. In Michigan, for example, even if a worker were actually able to look at each case and devote time to it, **the total available time per case would only be about 9 minutes per month—or about 1 hour and 48 minutes each year**. In Virginia, California, and many other states, caseworkers face a similar problem: Virginia caseworkers have 8 minutes a month per case and California workers have about 9 1/2 minutes per month for each case. Eight or nine minutes is easily eroded by one phone call, one document, or even just finding the case file.

With phones ringing, correspondence mounting, families waiting in the lobby, and everything constituting a priority because child support payments so directly affect the money available to families to make ends meet, no matter how good a caseworker is, it is impossible to provide a satisfactory level of services without adequate resources.

CLOSING

In closing, Mr. Chairman, I want to emphasize that APWA and the state and local human service administrators fully support enactment of comprehensive child support reform legislation. The issues to be debated, however, are complex and require thoughtful and serious consideration by the Congress. We look forward to working with you on this important issue, and hope that our comments today have been helpful.

Thank you for the opportunity to testify today. I would be happy to answer any questions.

Chairman SHAW [presiding]. Thank you.

The next witness will be Robert Williams, president of Policy Studies, Inc.

STATEMENT OF ROBERT G. WILLIAMS, PH.D., PRESIDENT, POLICY STUDIES, INC.

Mr. WILLIAMS. Thank you, Mr. Chairman.

Mr. Chairman and distinguished members of the subcommittee, thank you for this opportunity to testify concerning privatization of child support operations.

My name is Robert Williams, and I am president of Policy Studies, Inc. of Denver, Colo. In 1991 my firm became the first private corporation to privatize operation of a IV–D child support agency when we assumed full responsibility for providing IV–D services in Tennessee's 10th judicial district. We now operate child support agencies covering 12 counties in 4 States. Other corporations operate IV–D agencies in Tennessee and in two other States, yet also provide supplemental services in numerous locations around the country.

Under privatization, we have been able to achieve dramatic increases in collections. The graph on page 2 of my written testimony shows the results that we have achieved in operating Tennessee's 10th judicial district.

During the first 3 years, we have more than doubled collections there, even though it had previously been regarded as one of the State's better performing districts. This has resulted in major savings and AFDC outlays for both the Federal Government and Tennessee.

Other uncounted savings were realized in the form of Medicaid and food stamp costs there. In addition, we have been able to improve the well-being of custodial parents and their children who are not dependent on government benefits, and enhance the quality of government services provided under the program.

While we have been able to improve collections and enhance customer service, we have also focused on increasing paternity establishments, one of the most important challenges of the program. Our most striking results have been obtained in Omaha, Nebr.

As you can see from the graph on page 3 of my written testimony, we are now establishing paternity there at more than 3½ times the rate that paternities were established by the State prior to privatization 2 years ago. This obviously helps to reduce payments to families receiving AFDC.

More surprisingly, separate samples by my firm and the State of Nebraska have shown that almost 30 percent of AFDC mothers are leaving the rolls within 6 months of our establishing paternity. This leads to a dramatic reduction in welfare dependency that is not measured by program statistics.

We believe that privatization is a powerful tool for improving the child support program that should be encouraged, although it is not a panacea.

To assure the continued development of privatization, we have two recommendations.

First, it is imperative that Congress authorize private contractor access to IRS data for IV–D enforcement and location purposes on

the same basis, and with the same restrictions and penalties as access is provided to publicly operated agencies. This is a point that was raised by Meg Haynes earlier today.

Despite current law allowing IRS to make data available to Federal, State, and local child support agencies, the IRS seems to be taking the position that it cannot release data to a private contractor operating a local agency or performing other IV–D functions.

Second, funding changes should be carefully scrutinized for their impact on privatization. Optimally, States should be given bonus funding to encourage privatization. In the absence of a bonus, it is important to maintain an existing or even greater level of performance incentives to States than is provided under current law. These performance incentives provide a flexible pool of funding for privatization and other innovative approaches.

In addition to these recommendations that would encourage privatization specifically, we urge the Congress to enact the types of general improvements that would strengthen the overall program such as new hire reporting, administrative liens, central payment processing centers, and simplification of payment distribution.

These are the types of reforms that will facilitate establishment and enforcement of orders everywhere, whether programs are operated by the public or the private sector.

We are proud to have an operational role in a program that has so many benefits, that saves money for other government agencies, that makes fathers accountable for children that they help create, and improves the lives of children and their custodial parents.

Thank you.

[The prepared statement and attachments follow:]

TESTIMONY CONCERNING PRIVATIZATION AS A MEANS OF IMPROVING CHILD SUPPORT ENFORCEMENT PROGRAMS

Robert G. Williams, Ph.D.
President, Policy Studies Inc.
Denver, Colorado

Introduction

Mr. Chairman and members of the Subcommittee, thank you for this opportunity to testify concerning privatization of child support enforcement functions. My company, PSI, has pioneered in the privatization of IV-D agencies and now operates nine child support offices covering 12 counties in 4 States (Arizona, Georgia, Nebraska, and Tennessee). Under contracts to those four States, these offices deliver the full range of IV-D child support services previously provided directly by publicly operated agencies.

Most of my testimony will focus on this concept of "full-service" privatization. The first such contract was awarded three and one-half years ago in Tennessee, and -- based on the positive early results -- States are rapidly turning to this approach as a powerful tool in their child support enforcement arsenal.

There are other forms of partial IV-D privatization which have worked well, such as bringing in private companies to collect on arrearages or to locate lost child support obligors. I will also specifically testify about the potential for privatization of statewide payment processing centers, which could bring dramatic efficiencies to the posting and distribution of child support payments. But I would like to make clear that I am NOT discussing the type of contingent fee private collection of child support that occurs outside of the IV-D program. Because that type of private collection of child support obligations diverts some of the critically needed child support into corporate hands, it substantially reduces the value of the financial support for the child and is not as effective in reducing dependency on welfare programs.

What is Full Service Privatization?

Under the concept of full-service privatization, States contract out the full range of IV-D responsibilities in a given locality. The private contractor then assumes the role that was previously played by a State or County office. Often the contractor hires staff that had worked for the public child support agency, then adds its own new staff and management. Once the contract begins, the private contractor operates the local IV-D agency. For example, PSI serves as the IV-D agency for Douglas County (Omaha), Nebraska, providing the full range of services (other than payment processing) previously provided jointly by the State and County.

These services include intake, paternity establishment, order establishment, enforcement (including medical support), review and adjustment, and location of obligors. Our offices take referrals from welfare agencies, as well as applications for services from non-welfare cases, and work the cases with all of the legal tools and data resources that publicly-operated child support agencies use. In three out of the four States, our attorneys

represent the States' interests in child support enforcement court actions. They have all of the authority that public attorneys have in IV-D cases other than criminal prosecution, which is rarely used even in public agencies.

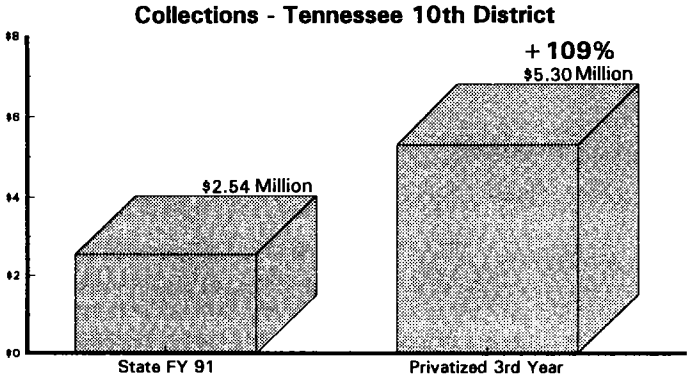
In turn, our company has the responsibility to comply with all Federal laws and regulations concerning child support enforcement, as well as all State laws and regulations. We are specifically required to comply with Federal audit standards, including the rigorous time standards for providing services. In all States where we operate, we are paid a percentage of collections made under our auspices. This makes us, as a private contractor, very focused on improving collections. But, it is important to note that the States pay that percentage; it is not deducted from the child support that is collected. The custodial parents (in non-AFDC cases) receive the full amount of child support collected on their behalf.

Full-service privatization has been implemented thus far for selected jurisdictions in six States: Arizona, Georgia, Mississippi, Nebraska, Tennessee, and Virginia. Wyoming plans to contract out operations for 60 percent of its IV-D caseload within the next few months. A number of other States are actively considering privatization.

What Has Been Gained From Full-Service Privatization?

In the three and one-half years since the first local district was contracted out, there have been impressive gains realized from this approach.

Increased collections. In the 10th Judicial District of Tennessee, the first district to be privatized, collections have increased by 109 percent during the first three years (see graph below). This increase was recorded even though this was regarded as one of the better performing districts in the State prior to privatization.



While our other privatized operations have shorter histories, they have also posted impressive gains in collections. Based on the information available to us, other private contractors have also boosted collections significantly in their jurisdictions.

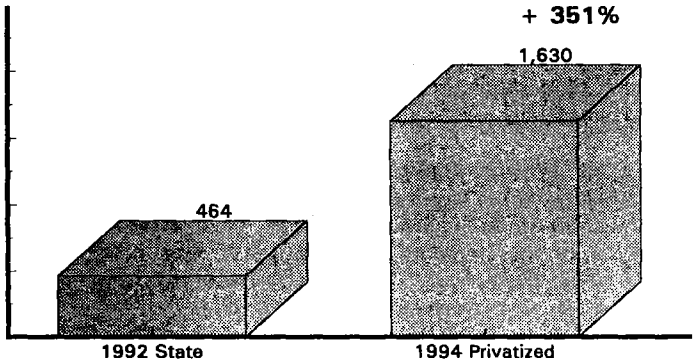
Improved customer service. It is important not to overlook one of the most significant benefits that has been achieved in privatized operations -- improved customer service. This program has daunting customer service problems: it combines the customer service challenges of the IRS (people forced to pay money) and welfare agencies (the need

to get money quickly to people who are in desperate need). Public agencies have too frequently retreated from customer contact, partly in self-defense, and partly because of a lack of service orientation.

Private contractors have been able to improve customer service through intensive staff training, staff performance standards, and, in some cases, specialized customer service units. Private contractors tend to be more service oriented than public service agencies. They also have the tools to provide better customer service. For private contractors involved in child support privatization, private contractors have a powerful incentive to provide effective customer service because of the need to maintain their reputations for future bidding purposes.

More paternity establishment. In all of our operations, we have focused on paternity establishment as a great need and we have been able to improve significantly on the performance of our predecessors. Our most dramatic results have been obtained in Omaha, Nebraska where we are now establishing paternities at more than 3 and 1/2 times the rate prior to privatization (see graph below). Over time this can be expected to reduce AFDC expenditures substantially, as well as meeting a critical social need in that locality.

Paternities - Douglas County, Nebraska



Despite this impressive gain in paternities, there is limited but persuasive evidence that the full impact of our work in reducing AFDC expenditures is not recognized. Based on two recent independent samples by the State and PSI, we found that almost 30 percent of custodial parents went off AFDC within six months of the time that we established paternity and a child support order. This is an extraordinarily positive result -- graphically demonstrating the cost avoidance impact of child support. But, once cases are off AFDC, the reduction of AFDC expenditures is no longer directly measured. Thus, like all child support agencies, the full impact of our work is not counted despite the dramatic contribution to dependency reduction.

What Are the Costs of Full-Service Privatization?

For agencies that have been privatized to date, initial costs of privatization have frequently been higher than for public operation. This is partly because States have been using privatization to add resources, but without adding staff to public payrolls.

Notwithstanding this initial cost, we believe that privatization has been quite cost-effective. More effective program administration results in higher AFDC recoupments for the States and the Federal government. It also results in reduced Medicaid costs and, for the Federal government, lower Food Stamp program costs.

From our experience, it appears that productivity is significantly higher under privatization. Thus, even where initial costs are higher, the additional outlay results in more orders established, and more aggressive enforcement of orders. This results in the increased collections which reduce public assistance costs and improve living standards of children whose parents are not living together.

Why Is Privatization More Effective?

Child support enforcement lends itself to privatization, for several important reasons having to do with performance-based compensation, a service orientation, flexibility, and management expertise.

First, the child support program benefits from a system of performance-based compensation. The program has a clear goals: establish child support obligations, enforce their payment, and adjust them periodically. These goals are all quantifiable and can be linked to payments. Contractors are usually paid based on collections (or other specific transactions). Contractors then base staff compensation on individual or team performance, at least in part. Pay for performance greatly improves productivity. It focuses the entire organization on maximizing collections and other desired objectives.

Second, the child support program requires a strong customer service orientation. While many publicly operated programs have been making great strides to improve their customer service, private sector organizations live or die by their customer service and they tend to place a premium on maintaining high standards in this area.

Third, private contractors have much more flexibility with personnel and other resources to adapt to the rapidly changing demands of this program. In Omaha, for example, we rapidly developed and implemented a sophisticated local office automation system, pending development of a statewide child support computer system. This increased productivity and improved caseload management substantially. In turn, we have realigned our staffing configuration several times to improve the efficiency of the operation. Either of these steps would be much more difficult and time consuming in a government setting.

Fourth, the private sector can bring to bear specialized management expertise on the demands of local operations. The IV-D program is inordinately complex and demanding to administer. It is difficult for governments to get and retain the kind of management talent that is needed to achieve peak program performance.

Child support enforcement also lends itself to privatization because it is, in part, a revenue program. It generates revenues by recouping AFDC expenditures, as well as by reducing Medicaid and Food Stamp costs. At the State level, increased collections also result in higher Federal incentive payments. This makes it feasible for governments to finance privatization under the realistic expectation that any extra costs will be recovered through increased revenues.

What Would Encourage Full-Service Privatization?

There have not been many impediments to full-service privatization. In the majority of States, local child support functions have historically been "contracted out" through cooperative agreements to other public agencies, such as District Attorneys and County Boards of Social Services. Conceptually, full-service privatization simply replaces these public "contracts" with private ones. In Tennessee, for example, the privatization contracts directly replace prior contracts with District Attorney Generals to operate the program locally. As States have assessed the benefits of privatization, compared with the constraints of public operation, more have been giving serious consideration to greater use of the private sector. However, there are existing and potential impediments that should be considered by this Congress in encouraging privatization.

Use of IRS data. Some of the most powerful tools granted to local child support agencies involve access to IRS data for locating obligors and their assets, and for obtaining collections through the IRS tax refund offset program. Authority to use IRS data for these purposes is extended in the Internal Revenue Code Sections 6103 (1)(6)(A)&(B), which allow disclosure of IRS data to Federal, State, and local child support enforcement agencies for the purposes of establishing and collecting child support, and Sections 6103(1)(10), which allows disclosure to agencies requesting a reduction.

Although these sections of the code allow disclosure of the relevant data to local child support agencies operating under Title IV-D of the Social Security Act, the IRS has recently been taking the position that these provisions do not allow disclosure to private contractors because they are not specifically authorized for receipt of data under the code. If this position were to hold, it would deny our access to IRS data for purposes of administering the tax offset program, for locating obligors, and for locating obligors' assets. This would hinder our ability to operate an effective child support enforcement program in the localities that we serve, and it would deprive children and custodial parents of needed child support.

It may be worth pointing out that we have been using IRS data for the past three and one-half years under the same rules and restrictions as public agencies, with no problems. If anything, we may be even more conscientious about handling such data carefully than some public agencies, because we are fully cognizant that any major unauthorized breach could threaten our contracts.

It is our position that we are the "local child support agencies" specified in the Internal Revenue Code in the areas where we have full-service contractual responsibility. We believe, further, that to deny us access to IRS data deprives custodial parents and their children in those areas the full benefit of location information and enforcement remedies available everywhere else. We also believe that this is contrary to the intent of Congress, but that this type of privatization was not specifically envisioned when these provisions of the IRS code were enacted.

We recommend that Congress amend the Internal Revenue Code to specify that disclosure of data in the appropriate sections be made to Federal, State, and local child support agencies, <u>and their contractual agents</u>. We do not believe it is necessary to add any restrictions on use of the data since these are already clearly spelled out in the Code. But we would have no objection to restating that any contractors may only use the data for the

stated purposes and that they must follow the same safeguards as public employees, as well as being subject to appropriate penalties for misuse.

Funding. Without any changes to the Federal/State funding formulas, privatization will continue to expand rapidly. States are finding that they can improve the efficiency and effectiveness of their services in a cost-effective manner by contracting out some or all of their responsibilities to the private sector. Proposed changes to the funding formulas should be carefully scrutinized for the potential adverse impact on privatization, however.

Optimally, to encourage privatization, a bonus or incentive payment could be built in to the funding provided to the States. This would further tip the balance toward using private contractors. If this is not feasible, we urge Congress to maintain a funding mix that maintains or increases the current level of incentive payments. Many States use incentives as a flexible source of funding for innovative approaches to improving their child support programs -- including privatization. By investing the incentives in privatization, the States can generate higher collections and more incentives, which can then be re-invested to improve program performance even more. Conversely, if incentives were reduced or eliminated, a major source of State funding for privatization would disappear. This would slow, or even reverse, the present trend toward privatization.

In summary, then, it would be optimal if States could be given additional funding to privatize, such as a higher match rate. In the absence of such direct encouragement, it is essential for the future of privatization if the present balance between administrative match and incentives be maintained. We would support the recommendations of the National Child Support Enforcement Association as one approach to program funding. Other approaches that tie incentive payments to program performance could also strengthen the program.

Program simplification. Both public and private operation of the IV-D program would benefit from simplification of the convoluted rules which govern this program. It is very frustrating to see our staff spending an inordinate amount of time on totally unproductive activities. Most of this down time relates to the system for distribution of financial payments, but other rules reduce productivity as well. As a privatized program operator, we are particularly sensitive to inefficiencies caused by poorly conceived operating requirements.

More effective enforcement remedies. Any measures that would strengthen enforcement remedies would help private operation of child support agencies as well as public operation. These include measures such as new hire reporting, centralized enforcement of income attachments and liens, and license revocation. We would welcome such program improvements because they would increase the cost-effectiveness of all child support operations.

What Other Types of Privatization Have Been Effective?

While most of my testimony has focused on full-service privatization, many States have also found it beneficial to privatize specific functions of child support enforcement. Some of the more notable include: (1) finding obligors whose location is unknown; (2) collecting arrearages while the agency concentrates on establishing orders and enforcing current support; (3) establishing paternity and/or child support orders; and (4) processing

child support payments. Results from these privatization ventures have generally been positive and, in our view, should be encouraged. The recommendations we have made concerning full-service privatization would facilitate functional privatization as well.

Development and Operation of Centralized Payment Processing Centers

Private sector techniques can be especially beneficial in processing child support payments. Financial institutions and other private sector organizations process millions of financial transactions every day. They have developed procedures and technologies to post and distribute payments quickly and inexpensively. These techniques can be adapted to child support payment processing with considerable savings in cost and processing time.

In Federal fiscal year 1992, States reported spending $331 million on child support payment processing and distribution -- 16.7 percent of total IV-D administrative expenditures. To place this figure in perspective, it is reported to be 15 percent more than they spend in establishing paternities, and almost half as much as they spent on the entire process of enforcing child support orders.

There are many factors contributing to this high cost. One of the most significant is the infrequent use of advanced payment processing technologies. The function of receipting (recording and posting) child support is not significantly different than the receipting of credit card or utilities payments, yet only a few child support agencies take advantage of the high volume payment processing technologies used by commercial payment processing centers.

Because of the similarity of the basic processes to private sector functions, and because of the richness and diversity of private sector resources in financial processing, this is a fertile area for privatization. Contracts can be structured to pay a contractor based on the number of transactions processed. An efficient contractor can provide the technology and efficient procedures to perform this function quickly and at a low cost.

With the current redundant structure, pending automated solutions, one study estimated that it cost $8.36 per IV-D payment for collection and disbursement in Nebraska's dual clerk/IV-D system. In contrast, it cost an estimated $3.00 per IV-D payment for collection and disbursement in Iowa's central payment center operated by the IV-D agency. Iowa's estimated cost would be even lower if that center were handling the additional volume represented by non-IV-D payments. While the payment and disbursement function in the two States are not identical, these estimates suggest the potential for reducing collection/distribution costs through centralization and use of advanced payment processing technologies.[1]

Similarly, a recent cost analysis in Minnesota found that the State would save at least $500,000 annually by moving to a centralized payment processing center. These savings

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[1]M. Levy, et al., *Analysis of the Iowa Collection Services Center: Process and Cost Analysis*, Report to Iowa Department of Human Services, Policy Studies Inc., September 1988. N. Starling, et al., *Child Support Receipting and Disbursing in Nebraska: Process and Cost Analysis*, Report to Nebraska Department of Social Services, Policy Studies Inc., September 1988.

would come from using high volume payment processing technologies to record and distribute payments, instead of processing remittances a few at a time in local offices.[2]

We recommend that Congress require States to establish centralized payment processing centers, unless a State can demonstrate that its existing decentralized system is more expeditious and cost-effective. It would be appropriate to provide enhanced funding for the development work so that these centers are developed more rapidly. States should then be encouraged to explore privatized operation of their centralized payment processing centers since this would likely be more cost-effective than State operation.

Conclusion

Child support enforcement services lend themselves to privatization and States should be encouraged to continue engaging the private sector for assistance in operating the program. Although not a panacea, privatization can be a powerful tool for increasing collections, improving customer service, and enhancing efficiency.

Because of the many advantages of privatization, States' efforts to involve private contractors have been expanding rapidly in recent years. In our view, little is needed in the way of Congressional action to further an already accelerating trend. At a general level, a statement of Congressional intent encouraging privatization of child support functions would provide a context for interpreting existing child support laws and the development of future legislation.

To facilitate continued movement toward privatization, however, it is essential to amend the Internal Revenue Code so that IRS data can be made available to contractors performing IV-D functions. The data should be disclosed on the same basis, and under the same restrictions and penalties, as to publicly operated State and local child support enforcement agencies. Failure to afford private contractor access to IRS data for purposes of locating obligors and their assets, and administering the tax refund offset program, may seriously jeopardize future full-service privatization of child support functions. It may also hinder the ability of State and local child support agencies to use contractors for specific functions, such as computer systems development, supplemental location of obligors, and operation of central payment processing centers.

We urge the Congress to consider the potential impact of funding formula changes on privatization. Optimally, States should get additional funding through increased incentives or administrative match for use of private sector contractors. In the absence of enhanced funding for privatization, we would ask Congress to recognize that continued and expanded use of privatization is sensitive to changes in the funding structure. Continued expansion of privatization is dependent on having flexible sources of funding, as represented by the current structure of incentive payments. Although the basis for those incentives should be changed, it is important to keep at least the same proportion of funding linked to performance incentives of some type.

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[2] M. Levy, et al., *Minnesota Centralized Payment Processing: Feasibility and Cost/Benefit Analysis*, Report to Minnesota Office of Child Support, Policy Studies Inc., November 1994.

On a specific issue, we strongly recommend that States be required to establish central payment processing centers to replace low volume local handling of child support remittances. This will reduce the "overhead" cost of processing payments. It will also help support other mass enforcement measures that are so critically needed in this program.

Other than measures specifically designed to promote privatization, the most important legislative changes for private sector operations are the same ones that strengthen the program where it is administered by the public sector. The program is in need of dramatic simplification. In addition, strengthened enforcement remedies, such as new hire reporting, mass administrative liens, and license revocation, will greatly increase our effectiveness, just as it will increase the effectiveness of publicly operated agencies.

By assisting in creating and sustaining a public/private partnership, we believe that Congress can dramatically strengthen a program that is already progressed rapidly in raising the living standards of many of our children, and in reducing welfare dependency.

Chairman SHAW. Thank you.

It is a personal pleasure for me to introduce our next witness, Hugh Maloney of Patterson & Maloney, Fort Lauderdale. He was the attorney on the first lawsuit I had anything to do with as a new lawyer in Fort Lauderdale.

As I recall, Hugh, you did quite well in that particular lawsuit. So it is a pleasure for me to welcome you here to Washington. We have your full statement which will become a part of the record. Please proceed as you see fit.

STATEMENT OF HUGH T. MALONEY, ATTORNEY, PATTERSON & MALONEY

Mr. MALONEY. Thank you, Mr. Chairman, members of the panel. I have got a little bit of the flu so I may break somewhere in the middle.

About the time that I met Congressman Shaw, I was practicing law in Fort Lauderdale, and I occasionally ran into a person who wasn't reporting all of his income to the IRS. Today I occasionally run into a person who is reporting all of his income to IRS.

When Congressman Shaw asked me if I had any ideas or to come here, I was very reticent. In fact, I think I have learned more here today myself than the panelists learned. But I have two particular points of view that I would like to espouse.

One, you cannot legislate responsibility. I didn't know that it was difficult to assign responsibility until I heard about the terrible paternity actions in the identification of fathers. But I haven't won a paternity action in the defense since they came out with the DNA testing. I can't realize how this could be such a problem if you require the person who is giving birth to somehow provide the blood and the information or they don't qualify for all of the things that they get today—prenatal care, the child delivery care, aftercare, childcare, food stamps, welfare. I don't think when you do things for people, that you necessarily enhance responsibility.

I am in favor of a central registry, the sharing of financial information, but not necessarily a uniformity, because it seems to me we are trying to get uniform in everything, and I was discussing with Mr. Williams outside the uniformities of child support guidelines. But I think it might cost me more to raise my kid on Park Avenue in New York than it would in Kissimmee. I think this is where we should allow localities to—we should define where they begin and where they can be more responsible by being closer to the problem.

I agree with privatization. I put a little comment on my statement that there are a lot of hungry lawyers out there today. Most people don't realize that, I think, that probably more than 50 percent of them make less than $25,000 or $30,000 a year. Some of them are very good people. Some of them, of course, are sharks. But it wouldn't be bad, to at least the sharks, if they were going to collect child support.

If this was assigned in pools into a State and there was some method of payment such as tax credits—and I say that that seriously because Mr. Collins was questioning about the burden of a business and reporting information. One simple way to reward business for doing something like that would be to provide a tax

credit to them. If he has 100 employees and it costs him so much money to do this, you would allow him *x* dollars on his income tax return as a tax credit.

If you could do away with, and I suggest that the reputation of government, at least from what I see, is poor, when we sit down and we talk about what we have accomplished with all our H.R.s and this bureau and that bureau, it is a dismal failure or we wouldn't be here today.

I suggest that we try to privatize it again, to make the funds available for the collection of data, for the establishment of institutions, private institutions who will first of all try and enforce the collection of the support, but even more important, I think, is the instilling of responsibility.

If we don't concentrate in that particular area, then we will continue to have worse problems with welfare, worse problems with responsibility for child support, worse problems with collection of income tax, worse problems in the crime area. This seems to me to be the glaring problem that is not being addressed when we just talk about methods of enforcement.

Thank you.

[The prepared statement follows:]

THE WAYS AND MEANS SUBCOMMITTEE ON HUMAN RESOURCES
MEETING OF FEBRUARY 6, 1995

Statement of Hugh T. Maloney, Lawyer from Fort Lauderdale, Florida
Speaking in the capacity of an individual citizen

Good Morning, I am Hugh T. Maloney and I appreciate this opportunity to address the Members of the House Ways and Means Subcommittee on Human Resources.

Honorable Members:

I have been invited to appear before the subcommittee to recommend whether or not the subcommittee should consider legislation re: child support and the collection thereof as a fulfillment of the "Contract With America." Before addressing any specific recommendations, I believe the following comments are necessary:

I have attempted to contact respected members of the Florida Bar regarding the represented huge delinquencies of child support to determine whether or not they had recommendations or suggested solutions. No one had a panacea.

When considering a solution or a recommendation, the first thing that was apparent was the lack of profile in the make-up of those in arrearage. By this I mean, who are the delinquents and in what amounts. As the members of the panel are well aware, we have members of a subculture in the United States. They are not only delinquent in child support payments, but in all other obligations and responsibilities, both as citizens and as individuals. Legislation, in my opinion, may assign responsibility and provide a method of enforcement, but it is never successful in instilling responsibility.

After identifying those persons in arrearage, and the amount of the arrearage, the second consideration should be to assess the cost of collection versus the amount to be collected and the chances of obtaining some acceptable fiscal result. When I began practicing law, child support collections were a minimal problem. This was also true of Federal Income Tax collection.

The third factor to be considered is whether there exists a conflict in receiving child support and the associated collection problems to the recipient, versus whether it is easier, and more profitable, to qualify for state or federal welfare.

In recent years Federal Legislation has mandated the judiciary make available prompt hearings on child support or they would lose Federal funding. In the state of Florida, the Florida Supreme Court directed the applicable procedural committees to come up with a rule whereby hearings would be held before Masters within a certain period of time. This has been accomplished and child support hearings are held earlier; however, though the hearing is early on, the payment is still far off.

Most jurisdictions, I am informed, have established some form of support enforcement governmental bureau which is supposed to collect and disburse child support payments to the proper recipient, all without the assistance of the recipient. Government does not necessarily do things better or cheaper, and it removes the responsibility from the recipient to do anything other than to sit back and let government take care of his or her problems. Most of what is heard about such support enforcement institutions is the bewailing of the delays and inefficiency. What is the cost, and effectiveness, of these institutions?

Pursuant to directives of the Federal Government, most states have enacted some form of reciprocal enforcement of support between states, providing for both civil and criminal enforcement, and outlining narrative procedures for registry and enforcing the same. I believe a simplified method of establishing the registration of a support order in every state or possession of the United States for easy enforcement through the existing judicial system is salutary. I do not, however, suggest the Internal Revenue Service be solicited to aid in the collection of child support.

I believe that in the "Contract With America," there should be an emphasis on reestablishing individual responsibility, not only for the payment of child support, but for meeting personal obligations. This cannot be accomplished overnight, but a goal and timetable for the withdrawal of

government should be established.

I hear and I read the horrors stated both to the Congress and the State Legislators that we must take care of our needy and we cannot throw the poor people out on the streets and let children starve. I agree that government has an obligation, as do all individuals, to help those who truly cannot help themselves. However, most alleged needy people have been enslaved through the opiate of welfare and are able to accept some responsibility. I doubt they will, while somebody else is doing it for them.

It would be interesting to establish the statistics on how many persons who are , and who are not, receiving their child support are obtaining benefits, either state or federally, for aid for dependant children, food stamps or other welfare payments or supplements. In today's "wise" society it would be unwise for anyone to take less in the way of child support if they could qualify for more in the way of welfare. Some persons take subrosa payments from delinquent fathers and collect welfare as well. This way, the recipient gets more and father pays less.

Two suggestions for improvement are:

1. Place more responsibility on the individual to collect his or her child support;

and

2. Make any form of welfare unavailable to a parent who is delinquent, or make that deadbeat parent's welfare payment directly to the child support recipient.

A concept to reduce the cost of collection to both federal and state governments might be

(a) establish the savings by disbanding the agencies;

(b) have private attorneys collect the arrearages;

and

(c) pay the attorneys one-half of the amount saved, not with cash, but with state and federal tax credits, based on some formula for the amount actually collected.

Chairman SHAW. Thank you, sir.

Our final witness on this panel is Debera Salam, who is the director of Federal compliance, American Society for Payroll Management, in Houston, Tex.

Ms. Salam, we also have your full statement. Please proceed as you see fit.

STATEMENT OF DEBERA J. SALAM, DIRECTOR, FEDERAL COMPLIANCE, AMERICAN SOCIETY FOR PAYROLL MANAGEMENT

Ms. SALAM. Thank you, Mr. Chairman and members. I am pleased to be here on behalf of the American Society for Payroll Management.

I have heard a lot of discussion today about wage withholding, new hire reporting, and a lot of questions about what that means to business, and I guess that is what we are here to talk about. Our organization has been involved heavily with not just looking at the impact on our members, who, by the way, are payroll and human resources professionals who have this job specifically, but we have also studied the impact on other employers outside of our organization. We have had the pleasure of working with Meg Haynes and the Interstate Commission on Child Support, and other organizations such as NCSEA.

We have carried their message back to employers, and carried the employer's message back to them, and we believe our testimony reflects a balance between the two, or a compromise, so to speak, of how to address child support issues.

Our studies show, and it might be surprising that they do, that most employers accept their social duty to assist government in child support enforcement, but believe that the system can be more efficient and less costly if it were designed with employers in mind. It is in this spirit that we are providing this testimony today.

Employer burden can be reduced and efficiency increased with more uniformity in certain State laws. I know you are talking about parental establishment and all of that. Of course, these issues don't concern employers.

I draw your attention to our testimony, where we list some of the areas where if there were uniformity, employers would not be as burdened as they are by the system today. The definition of income, definition of disposable earnings, the maximum amount that can be withheld from an employee's paycheck under the CCPA, the maximum administrative fee the employer can charge an obligor employee under Federal law, a standard for when the employer must begin withholding, when to stop employing, it goes on and on.

You can imagine for an interstate or multistate employer, where these laws vary State by State, it is virtually impossible to know what they are supposed to do with the withholding order.

Even for the small employer doing business in only one State, the simple task of paying child support withholding can be painfully difficult and far too costly. For instance, in Texas alone there are 255 registries to which child support is paid. It is conceivable that a small Texas employer having only 10 withholding orders issues 10 checks every week.

Hence, most of our proposals for improving this system center around the theme of increased uniformity. For instance, we have heard much today about the Uniform Interstate Family Support Act. It is not an idea. It is a reality in about 18 States in the United States.

So we as employers have experience from which to draw upon. Particularly in interstate cases, with respect to section 501, that is the direct servicing provision, and the only one that really affects employers, has raised numerous unanswered questions, even to the basic question of which State law prevails in an interstate case. We don't have a clear answer to that.

We also believe that employers are more vulnerable to litigation under UIFSA than they are under URESA. Even if Congress were to provide a definitive answer as to which law prevails under UIFSA, it makes it virtually impossible for employers to exercise, even for the largest and more technically proficient employer.

It is our belief that UIFSA creates more problems than it solves. Included again in our written continual is a list of areas that we urge you to standardize across State lines so that UIFSA can work and direct servicing will be a possibility.

New hire reporting is another area in desperate need of uniformity. Twenty States have adopted new hire programs with many more considering such legislation this year. The lack of uniformity among the States, unreasonable reporting timeframes, and extemporaneous data requirements has further increased employer burden and in some instances stymied compliance. I do have to say here, this is one area where we are really starting to hear a lot of complaints, particularly from multistate employers.

In order to quash the proliferation of these disjointed State new hire reporting programs, we urge Congress to adopt a national registry of new hires, requiring that employers provide only essential data with deadlines that coincide with our normal payroll cycles. That is, we generate reports when we pay our employees.

For instance, a reporting deadline based on a date of hire is a virtual 1-day mandate for most American businesses. It is conceivable that a leasing agency, for instance, will be required to submit 52 or more new hire reports every day. Such a system isn't efficient for the employer nor, we believe, the agency collecting it.

This is why we propose that magnetic and electronic filers be allowed to report their new hire information twice monthly, thereby generating new hire reports using the same systems that were designed to produce payroll checks and employment tax returns.

We also recommend that employers derive direct benefit from the new hire reporting program by using this new hire registry to control unemployment and workers compensation insurance fraud.

This, I think, would be something that would sell the program to business. There is a direct benefit, and this is where the benefit lies.

Our proposal for a new hire registry and its merits are explained in great detail in exhibits 1 and 2 of our testimony, and I urge you to please look at that proposal.

In an employer survey we conducted last year, our proposal for a national new hire registry actually garnered the approval of 96 percent of the businesses we surveyed. That was contingent on a

national program. The reason employers want the national program is because the State programs are literally strangling them in paperwork.

Again, I think this demonstrates my earlier comment that employers are not opposed to assisting the government in child support enforcement. They only ask that laws be thoughtfully drafted so that they can comply with them in their existing systems' technologies and human resources.

It looks like I am out of time here.

We urge Congress to be sensitive also to the relationship between employers and their obligee employees. We have a responsibility to ensure their privacy. We hope that you keep that in mind when drafting legislation.

Numerous other suggestions are included in the testimony. However, time does not permit me to elaborate on them.

We stand ready to work with you to develop comprehensive child support reform that serves our Nation's children at a reasonable cost to employers.

Thank you, Mr. Chairman and members, for hearing our testimony.

[The prepared statement and attachments follow:]

American Society for Payroll Management
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(212) 662-6010

Statement to the Subcommittee on Human Resources
Committee on House Ways and Means
February 6, 1995

by Debera J. Salam
ASPM Director of Federal Compliance

Chairman Shaw and Members,

I am pleased to appear before you on behalf of the American Society for Payroll Management, the group that represents the interests of large U.S. employers. We have been concerned about the wage attachment process because it puts a heavy administrative burden on employers. We have been involved from the beginning. ASPM worked closely with the Commission on Interstate Child Support when it developed its recommendations to Congress and as employers we accept the important role that we play in the child support system. I'm here today to offer suggestions that we believe are essential for improving the wage attachment system. In this spirit, we are providing the following comments on child support reform and the direction we think it should take.

***

• **The Uniform Interstate Family Support Act (UIFSA).** Although UIFSA was drafted with the intent of removing the legal issues surrounding the direct servicing of interstate child support orders, experience has shown that without modification of the practices of the individual states, UIFSA raises new problems and unanswered questions for employers.

Currently, there is no legal binding interpretation as to which state law governs the enforcement of the withholding order, whether it is the law of the issuing state or the law of the employee's work state. This presents enormous problems in interstate cases. If the law of the employee's work state were to prevail, states would be required to modify orders to conform to the laws applicable to the employee's work state. Such a system would invite confusion and errors. If the law of the issuing state were to prevail, employers of all size would be required to know the child support laws of all states from which orders originate. This too would result in confusion and errors. It is important that Congress make it clear which state's law prevails. In our view, and the consensus among many child support professionals, the law of the employee's work state should prevail. However, even this important interpretation will solve no real problems unless UIFSA is adopted with mandated state uniformity with respect to:

- The definition of income subject to withholding;
- The definition of disposable earnings;
- The maximum amount of disposable earnings subject to child support withholding
  (We recommend a uniform cap of 50%);
- The maximum administrative fee an employer can charge an employee
  (We recommend a maximum fee of $10 per pay period);
- Standard for when the employer must begin withholding (e.g., 14 days from receipt of order);
- When the employer is to stop withholding, or when the employee should check on the status of the withholding order (date specified in the order);
- When the employer must remit amounts withheld
  (We recommends payment within 10 days from the date withheld);
- The status of medical support orders and court fees with respect to the CCPA limit; and
- Standard allocation procedure for multiple withholding orders when disposable income is insufficient to all in full

UIFSA does not address the issue of competing interstate orders. It is possible that an employer will receive more than one withholding order for a single employee, each withholding order being issued from a different state. UIFSA does not address the problem of how the employer is to determine which order has priority. Guidance on multiple orders should be included in the withholding order, or the employer should be allowed to return the competing orders to the respective states for arbitration.

Without these modifications to UIFSA, we believe (and Montana, Maine, and South Dakota appear to agree with us) that the current system of reciprocity and registration (e.g., URESA) is superior to the "legalization" of direct servicing absent comprehensive standardization among the states.

• **New Hire Reporting**. So far, 20 states have new hire reporting programs, and the number continues to grow. Multi-state employers are already feeling the heavy burden that comes from the lack of uniformity among the new hire reporting rules, and the high volume of reports that they are supposed to issue according to various time frames. According to a 1994 ASPM employer survey on new hire reporting, 96% of 205 respondents favored semimonthly reporting of new hires to a national registry. Furthermore, survey findings indicate that the program could be used for other purposes that would benefit employers, such as uncovering unemployment insurance and workers' compensation insurance fraud. ASPM proposed that paper filers report their new hires within 10 days of the date of hire and that electronic and magnetic filers submit reports twice a month. All reports would go to a national registry. New hire reporting at the state level, with or without uniform reporting standards would be comparatively inefficient. For some multi-state employers, state level reporting could result in as many as 104 new hire report submissions per month (assuming semimonthly reporting). Should the report be due from the date of hire, it is likely that some employers would submit 104 reports daily. The cost to comply under a state-based program likely would breed poor compliance. (See Exhibit I and II for further details concerning ASPM's proposal for a national registry of new hires.)

• **Recovery of Employer's Cost.** Federal law currently allows employers to collect an administrative fee from the wages from whom child support is withheld. Based on studies conducted by ASPM, the average cost to employers to withhold and disburse child support is $10 per employee per wage attachment, but most states allow much lower fees, or no fee at all. We urge Congress to mandate that the administrative fee for child support withholding be no less than $10 for each pay period in which withholding is made from an employee's wages. We concur that the combined total of the child support withheld and the administrative fee not exceed the maximum percentage of disposable pay allowed by law (e.g., 50%).

• **Multiple Withholding Orders**. Where there is more than one child support withholding order against an employee's wages, and disposable pay is insufficient to cover both, states have developed their own allocation procedures: some require an equal allocation to all withholding orders (e.g., Texas), while others require that withholding orders be satisfied in the order in which they are received (e.g., Indiana). We propose that there single procedure for all states and suggest that prorate allocation among orders based on the number of dependent children is the best method. The agency issuing the orders should make these calculations, not the employer.

• **Uniform Withholding Orders.** A uniform withholding order is needed. We urge Congress to require that one federally-approved uniform withholding order form be used by all entities issuing child support withholding orders—both IV-D and non-IV-D. The current lack of uniformity in withholding orders invites costly errors for employers, enforcement agencies, and custodial parents. The new form should be employer friendly so that it gives the employer all the information needed to implement the wage withholding.

• **Paying Over Withheld Amounts.** Under the current system, most employers are required to issue a separate payment to each registry within the state. In Texas alone, there are 255 "court registries" to which child support withholding is paid. At this time, only 22 states have one central repository for the payment of child support. The requirement to issue multiple payments to multiple agencies is not only costly for employers, but can create problems for the collection agencies, and ultimately, the custodial parent. We propose that a single collection and disbursement operation be required in each state, and ultimately, to one national collection and disbursement point. This collection and disbursement function could be operated by private contractors under the supervision of a governing board. Through the use of such technologies as EFT, we suggest that efficiency would increase because withholding payments would no longer be transferred between agencies and across state lines as they are now. Errors also would be eliminated because the fewer the transactions, the fewer the errors.

• **Give Child Support Wage Attachments Top Priority.** Under the current laws, child support withholding may be interrupted by a bankruptcy order, and does not take priority over a federal tax levy unless the child support order was received before the levy. We urge Congress to pass legislation that gives child support specific and absolute priority over all other wage attachments. Legislative language should be specific that the employer only stops withholding for child support upon written notice from the court or social service agency.

• **Pay Over to Registry and not the Custodial Parents Whenever Possible.** Direct payment to the custodial parent unfairly places the employer in the middle between obligor and obligee. Making employers serve customer service representatives to custodial parents generally places them in an adversarial relationship with their employees and make take from employees their right to privacy. Therefore, we urge Congress to require that child support withheld from wages be paid to a registry and not paid directly to the custodial parent (for all existing and future withholding orders).

• **Immediate Withholding Upon Date of Hire.** Some have proposed that employees indicate whether or not they owe child support and report the amount of the child support owed on a modified Form W-4, and, using this information, the employer would begin withholding child support immediately. We oppose this because the employer cannot verify the information as to the amount of withholding or where the withholding is to be paid. Should this provision be included in the reform bill, we then urge Congress to include a protocol provision that would allow employers to hold the amounts withheld in trust until a confirming withholding order is received by the employer from the appropriate enforcement agency.

• **Reporting Child Support Withheld on Form W-2.** We believe that the proposal that employers be required to report the total amount of child support withheld on the Form W-2 goes too far. We believe this information is better obtained from the child support agencies.

• **Software Standards and Edit Criteria.** Most employers process their payrolls with the assistance of some type of automated system. With this in mind, software standards and edit criteria, where properly promoted by the Federal Office of Child Support Enforcement, or other national agency, would provide software vendors and payroll service providers an incentive for including routines that ensure that child support is withheld correctly and paid over timely. Currently, few payroll systems notify the user when the standard child support payment exceeds the maximum percentage of disposable pay. Some software systems attempt to prioritize wage attachments, but do so improperly. By providing guidelines to software vendors and service providers, who are relatively few in number, many employers will be in compliance with the many laws governing child support withholding, including the Consumer Credit Protection Act.

• **Outreach to Employers.** The laws governing child support withholding and certain provisions of the CCPA generally are not understood by employers, particularly for interstate orders. It is ASPM's belief that most instances of noncompliance are the result of ignorance and not willful disregard. In light of this, we encourage Congress require the development a program of employer outreach that includes seminars and easy-to-read publications. It is our further recommendation that employer groups, such as ASPM, be involved in the development of this outreach program.

ASPM stands ready to assist the subcommittee in any way it can.

EXHIBIT I

RESOLUTION OF THE AMERICAN SOCIETY FOR PAYROLL MANAGEMENT URGING CONGRESS TO AUTHORIZE THE DEVELOPMENT AND IMPLEMENTATION OF A NATIONAL NEW HIRE REGISTRY

Purpose

The purpose of this resolution is to bring about uniformity in the reporting of new hires and to ensure that these reporting requirements are reasonable and cost-effective for both government and business.

Resolution

1. Whereas, wage withholding for child support enforcement has been found to be the single most effective means of ensuring compliance with court-ordered obligations;

2. Whereas, the main impediment to a greater usage of wage withholding is the lack of information regarding the employment of obligors;

3. Whereas, several state child support enforcement programs have developed innovative programs mandating the reporting of new hire information in an effort to obtain wage assignment orders in a more expeditious manner;

4. Whereas, these programs have been so universally successful and cost-beneficial in the assistance they provide to the child support program in obtaining wage assignments and child support collections that it can be concluded that such a program could work on a national level;

5. Whereas, this enforcement technique has been endorsed as a best practice in child support enforcement by the U.S. Commission on Interstate Child Support, the American Public Welfare Association and the U.S. Office of Child Support Enforcement;

6. Whereas, the differences in reporting requirements between state programs provide problems for businesses (particularly multi-state employers) in complying to the fullest extent possible; and,

7. Whereas, there are several other potential spin-off benefits to a new hire reporting program such as potential cost containment of unemployment and worker's compensation insurance fraud;

8. Be it therefore resolved, that Congress authorize uniform standards for new hire reporting and authorize the implementation of a national databank of all new hires and rehires by taking the following steps:

a. Mandating that all employers report all of their new hires (See Model Design Document): (1) within 10 days of the date of hire if filing by paper, or (2) twice monthly if filing electronically or magnetically—1 report in the first half of the month and the other in the second half of the month.

b. Granting flexibility in the form in which employers report so that the reporting can be undertaken in an efficient manner, capturing information needed by users of the databank, utilizing paperless methods of data input to the greatest extent possible;

c. Requiring access by and providing appropriate federal funding to state child support enforcement programs to the databank for the purposes of locating obligors and issuing wage withholding orders;

d. Requiring access by and providing appropriate federal funding to state employment security agencies to protect against unemployment compensation fraud;

e. Allowing access by state workers' compensation insurance boards to protect against workers' compensation fraud;

f. Creating an advisory board of state child support enforcement administrators, employment security commissioners, payroll and human resources professionals and employers (or members of organizations representing employers, payroll and human resources professionals) to develop the program and its regulations and standards.

g. Passing legislation requiring that all employees be required to show their social security cards to employers at the time of hire and provide telephone verification support of social security numbers.

h. Ensuring that employer penalties for failure to report new hires are reasonable, and do not exceed the existing penalties for failure to file an information return (i.e., $50 for each failure to report to a

maximum penalty of $250,000 per year). Be it further resolved that the penalties are more severe in those instances in which the new hire not reported owed child support and such child support was in arrears.

MODEL DESIGN DOCUMENT
NATIONAL DATABANK FOR NEW HIRE REPORTING
(Proposed by the American Society for Payroll Management)

A. Purpose and Use of National New Hire Databank

The primary purpose of the national new hire databank is the location and swift execution of wage withholding orders for child support. However, in an effort to gain the greatest cost-benefit from the databank, the new hire data should also be used to prevent: (1) unemployment and workers' compensation insurance fraud, (2) locating individuals who have defaulted student loans under the guarantee student loan program, and (3) the prevention of welfare fraud. In that unemployment and workers' compensation insurance fraud contribute significantly to the increasingly high costs borne by business for these insurance programs, employers would directly benefit by extending new hire reporting to these areas.

B. Who Must Report?

All employers should be required to report new hires and rehires: (1) 10 days from the date of hire if filing by paper, or (2) twice monthly if filing electronically or magnetically. A rehire is not an employee with a lapse in pay, but rather an employee who was separated from employment and whose employment was subsequently reinstated. Employers are not required to report nonemployees (i.e., independent contractors). Penalties may be assessed for failure to report, however, these penalties should not exceed the federal penalties for failure to file information returns—$50 for each employee and for each month the employer fails to report, to a maximum penalty of $250,000 per year. A steeper penalty may be imposed if an employer fails to report a new hire who owes child support and child support arrearages.

C. What Must Be Reported ?

Employers shall submit to the databank: (1) date of hire, (2) employee name, (3) social security number, (4) date of birth, (5) employee's home address, including state and ZIP code, (6) employee's work state, (7) employer's payroll processing address, state and ZIP, (7) employer's federal identification number, and (8) employee's termination date.

D. Reporting Formats

Reporting formats should promote accuracy of input without creating a reporting hardship on business. The best method of reporting for small businesses would be toll-free access to Interactive Voice Response (IVR). Other methods of allowable reporting should be; (1) tape, (2) diskette, (3) cartridge, (4) Electronic Data Interchange, (5) modem access, and (6) pre-printed scannable forms. ***It is our belief that use of the Form W-4 for reporting new hires is impractical as the form does not contain all of the information necessary for new hire reporting.***

E. Social Security Numbers

Employees who wish to evade their child support obligations could escape detection through the national new hire databank by providing a false name and/or social security number to the employer. Thus, it is reasonable to believe that new hire reporting will create a significant increase in the number of invalid social security numbers reported to the Social Security Administration. Invalid social security numbers not only threaten the usefulness of the new hire data, but will increase the existing wage posting problem that plagues the Social Security Administration. In anticipation of this, the following is recommended:

(1) A federal requirement that all employees show their social security card to the employer at the time of hire;

(2) A penalty of $1,000 for providing an employer with a false name or social security number;

(3) Toll-free access for telephone verification of social security numbers to reduce the use of fraudulent cards and invalid socials security numbers.

F. Funding of Databank

The databank primarily can be funded by charging users access fees. The user fee can be justified through the cost savings realized by those who use the data. It should also be emphasized that because information is submitted by employers directly to the databank, the child support enforcement agencies are spared the expense of data gathering, data input, and data maintenance.

G. Administration of Databank

A private vendor should be sought to set up and maintain the databank with the oversight of an administratively appointed oversight board. Because the databank serves various agencies, the board should consist of members representing the various agencies that will make use of the databank.

EXHIBIT II

AMERICAN SOCIETY FOR PAYROLL MANAGEMENT
PRESS RELEASE
February 1, 1995

Contained in several proposed bills is a provision that would establish a national new hire reporting program (presumably replacing the state new hire reporting programs that have been proliferating in the last two years). Under some such proposals, all employers would be required to report new hires **10 days from the date on which the employer hires a new employee.** Because employers commonly enter new hires to the payroll/HR system just prior to the processing of payroll, the 10-day-from-hire-date mandate would, for most large businesses, be a daily mandate to load new hire data and a weekly mandate to report the data. This would be burdensome and costly for many businesses if enacted.

Many states require that new hires be reported 30 to 35 days from the date of hire—a reporting frequency that allows employers to establish one day per month in which to report new hires. This generally has been acceptable to employers, and it was thought, should federal legislation be enacted, a similar reporting frequency would be proposed. Unfortunately, there is tremendous opposition to a 35-day reporting window because monthly reporting "simply doesn't achieve the desired results."

However, legislators appears to be willing to look at other reporting alternatives. The Coalition of Child Support Enforcement (CCSE), a special consortium coordinated by the American Society for Payroll Management, has presented a compromise plan to the Administration and Congress that it feels meets the needs of government and business.

Following is a copy of the proposal and the survey that was distributed to employers and child support enforcement agencies in 1994. Of over 250 respondents, there was an approval rating of 95.6%. This strong response indicates that employers, particularly, multistate employers, are looking to Congress to end the onerous system of state new hire reporting that is proliferating today.

NATIONAL NEW HIRE REPORTING

Sponsored by the Coalition on Child Support Enforcement (CCSE) a subgroup of the American Society for Payroll Management

Many bills being introduced on child support reform would require that each employer provide prescribed information concerning new hires "not later than 10 days after the date on which the employer hires a new employee..." This provision does not take into account the customary hiring and recordkeeping practices of businesses and could impose hardship on many employers. Therefore...

We Propose That the Following Reporting Option be Added to Existing Bill Language:

Employers that file new hire data magnetically or electronically may report new hires twice monthly, the first report being filed in the first half of the month, no later than the 15th, and the second report being filed in the second half of the month, no later than the last day of the month. If the due date falls on a non-business day, the data is due on the next business day. [1]

If an employer chooses to file the new hire report on paper, the report is due 10 days from the date of new hire.

Benefits of Alternative Reporting Option

1. Encourages employers to file magnetically or electronically by allowing more time to report new hires. Magnetic/electronic reporting saves time and money, and improves the integrity of the data.

2. The proposed reporting frequency coincides with customary payroll reporting cycles. Most employers input new hire data to their payroll systems just prior to the payroll period ending date in order to meet payday deadlines. It is not customary business practice to input new hire data to payroll/human resource systems as soon as an individual is hired.

3. Ensures that employers will be able to timely report all new hires because employers must know about all new hires prior to the processing of payroll checks. Branch managers, supervisors, etc., do not always report new hires to human resources or payroll until the new hire requires a payroll check. Hence, the individual responsible for new hire reporting may not know of the new hire until it is time to process payroll checks.

4. Allows for semimonthly reporting (except for monthly payers) while eliminating the processing bottlenecks that would occur if all employers submitted their data to the registry on the same days each month.

5. A national registry is superior to state-based new hire reporting programs because it eliminates the reporting burden on multistate employers, ensures consistency in data collection and distribution regardless of the state from which the information is being reported, and reduces cost by freeing up human and computer resources in each state. For employers, it eliminates the problems associated with the inconsistency of state new hire reporting programs, and provides consistent access to data to all states because it is not dependent on the timeliness of each state to upload the information they collect.

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[1] Business days do not include Saturday, Sunday, federal holidays, or any other day in which the U.S. Post Office is closed.

Chairman SHAW. Thank you, Ms. Salam. Your entire testimony will be made part of the record.

Mr. Camp will inquire.

Mr. CAMP. Thank you, Mr. Chairman.

I want to thank Mr. Dutkowski for coming here today and testifying. He is one of the leading experts on collection of child support, and Michigan is one of the leading States in terms of child support enforcement collection. So I appreciate the wealth of experience and advice that you are bringing to this subcommittee.

I have just a few questions. Do the incentives in the current system need to be changed in your opinion?

Mr. DUTKOWSKI. They definitely need to be changed. I think Marilyn Smith made a very good point. The current incentive structure allows us to earn an incentive on cases where they are on public assistance. It is capped on cases when they are not on public assistance. In a State like Michigan, every time a case goes off public assistance, we lose incentive from the program.

So what we have is a bifurcated system where if our enforcement officers do a better job, more cases get off of assistance, we receive less incentive. We don't think that makes sense in the current range of things, because people who go off assistance are almost as vulnerable as the people who are on.

We think the two programs ought to be in sync in terms of the objectives.

Mr. CAMP. The information I receive is that we have a caseload of about 1.2 million cases and 20 or 30 percent of those are people residing out of State or are out of State, parents living out of State.

What are some of the problems in our current system as we try to not only get noncustodial parents to pay but to just find them?

Mr. DUTKOWSKI. Just location alone is difficult in terms of out of State, and I think you have heard today from a number of individuals who testified, there are different laws in every State on how to handle those in-State cases.

We support a set of mandatory regulations that all States have to abide by so we can prevent parents from State shopping for the most lenient States. For example, if Michigan does not have new hire reporting today, which it doesn't but which we are introducing, we don't want noncustodial parents moving to Michigan because it is harder to locate them.

So we feel that something like UIFSA is very important and it is important that it be mandated in a way consistent State to State so that we can find people and enforce orders consistently across State lines.

Mr. CAMP. What do you think is the most effective way for the Federal Government to help in the process of support collection, and if it is a universal system, how would we better coordinate the collection of child support at the interstate level?

Mr. DUTKOWSKI. Interstate child support is, of course, the biggest problem. You have heard it today. For us in Michigan, it is far and away the largest problem.

We took a novel approach. We asked the IRS under a waiver to take over enforcement of their State orders to see if we could improve on collections in their State cases alone, leaving us to deal

with the 75 percent of the cases that we have in Michigan, to concentrate on those Michigan residents.

That did not come about. We did not have that happen. But we would certainly like to use the IRS data that we don't have full access to, that we are unable to get. When we do get it, we have to independently verify before we can use it in court. So we find that to be very cumbersome.

I think access to more information, more database—for example, there are numerous databases on a Federal level that are being used for law enforcement purposes that the States do not have access to, very limited access to. We believe the States' child support programs ought to have access to those databases and live within the bounds of confidentiality. If we misuse the data, punish us, but don't prevent us from getting access to if so that we can locate absent parents.

Mr. CAMP. Thank you.

Chairman SHAW. Mrs. Kennelly.

Mrs. KENNELLY. Mr. Dutkowski, you mentioned the data processing collections, the date for that is going to run out and you asked for an extension. I can remember that in 1988, and there was quite a debate about putting it up as high as the 90-percent match.

Could you help us out on why it isn't done better when we have got that high a Federal match?

Mr. DUTKOWSKI. I urge you to take a look at the written testimony that I submitted, because the reasons are in there. But I will name a few I am personally experienced with in Michigan.

First of all, the regulations that we were going to have to implement were very late in coming, and we weren't sure what it was we had to build, to be perfectly honest. As we began building, we found there wasn't a lot of expertise in this area. If anybody thinks automated systems are easy, I sure have a job for them in Michigan, because it is so complicated.

If it was easy, we would have done it a long time ago, and it is not easy. So it takes us quite a while to take into consideration just the distribution of child support, how to handle that. So we don't have the expertise or have not had it. We have more of it now, and we are making much greater strides today. We are moving very rapidly. Michigan is very close to being fully implemented.

It is uncertain whether we are going to fully meet the October 1 deadline. But we are very close, and among the large States we may be as far along as any, if not further along. But there is a lot to do, and we want to make sure that these systems are done correctly the first time. We don't want to rush through and end up with a system that is not a good system because we hurry to meet an artificial deadline. We believe it is more important to concentrate on making sure the systems are working properly and done correctly the first time.

Mrs. KENNELLY. So it is not lack of money, it is complication of the systems?

Mr. DUTKOWSKI. That is correct, and a lack of technical resources. Even with the private sector, we are having staff hired away from our project now among States who have not yet begun to implement, and they are key staff in our implementation strategy. When you lose very key staff, it sets your program back as

well. So the lack of technical expertise out there, even among the private sector, is problematic for us.

Mrs. KENNELLY. We have heard a great deal today about the possibility of privatization of the child support enforcement system. Mr. Dutkowski has told us that it is a difficult situation. We wouldn't have had the Commission if it wasn't difficult. We wouldn't be wrestling with it all the years if it wasn't difficult. Yet I hear Mr. Maloney say one of the good reasons for privatizing is you could feed some hungry lawyers.

One gets a little worried that the lawyers—and I have great respect, my father, husband are lawyers, I am not knocking lawyers—I would hate to see us privatize and still have hungry kids and not have hungry lawyers.

Mr. Williams, could you describe to us, when you have a case, how the support goes?

Currently, government funding goes to IV–D agencies to collect child support awards. If we privatize and you get into the situation that probably lawyers would get very much more involved and you would have collection by private agencies, i.e. lawyers, so could you describe where would the money go under that circumstance?

Mr. WILLIAMS. I think—thank you for the question. I think what would happen would really depend on——

Mrs. KENNELLY. My question is, how do you get paid?

Mr. WILLIAMS. We get paid out of State administrative funds just as if we were a county agency. In fact, conceptually, if you look at how our privatization contract worked, formerly the operation was run by the 10th Judicial District Attorney General in Tennessee, and they essentially took that same contract with the same responsibilities, added a provision for payment and a provision for penalties, I am sorry to say, and made that into our contract as a private corporation.

So essentially, the extent to which we use lawyers is really dependent on the State in which we operate, because if it is a court-based process, as it is in Tennessee, for example, we would use lawyers in much the same way that a county attorney or a district attorney would use attorneys, although we do place a lot more emphasis, I think, on streamlined procedures and automation and so on for case processing.

In a State that is heavy on administrative process, where they rely less on lawyers, we would be able to rely less on attorneys too. So it really depends on the State where we operate. We are paid out of State administrative funds, not out of the child support that is collected on behalf of custodial parents.

Mrs. KENNELLY. Let me ask the same question to you, Mr. Maloney. You say on page 8, the States should get additional funding to increase incentives for use in private sector contractors.

So you are asking for increased incentives, funding for increased incentives. Then you want to privatize. Where is the savings?

Mr. MALONEY. Well, I don't know if you are reading from mine, but my proposal would be that——

Mrs. KENNELLY. I am sorry. It was Mr. Williams I was quoting from.

Mr. MALONEY. That is all right. I am used to getting beaten down as a lawyer. We all get it these days.

Mrs. KENNELLY. No, that is why I made sure I——

Chairman SHAW. If he asks for sympathy, don't give it to him.

Mr. MALONEY. If they don't collect, they don't get any money, almost like a contingency-type situation.

What I suggested is for somebody to identify how much it is costing. I have heard all sorts of statistics today, one of them, 42,000 employees. I sat down here and I said, $25,000 a year, salary, perks, benefits, that is $1,050 million a year. You can pay a lot of contingency fees, and I know a lot of people that would collect a lot of child support for that.

Mrs. KENNELLY. Thank you.

I think, Mr. Chairman, we are going to get our figures more organized here, and we will, before we resolve this question.

Chairman SHAW. Thank you.

Mr. Collins.

Mr. COLLINS. Mr. Chairman, I would like to yield my time to Ms. Dunn. She has someone she needs to be with.

Ms. DUNN. Thank you.

I will yield mine back to you, but I have somebody waiting that I would like to meet with in a few minutes.

I am feeling more and more like I like the privatization direction, and I think the incentives are there to make it successful. I think time becomes an incentive in the private sector as to profit. I think those are two very good incentives that we don't see as much as we probably should see, at least the influence of that sort of incentive in the public sector.

So what I am interested in doing now is developing a model where the private sector has a real role to play, and I am glad Mrs. Kennelly's relatives are lawyers because it doesn't bother me a bit to put some money in their pockets if they are able to gather up a little bit of incentive money from the job they do in finding out who these people are, pointing them out, and bringing money back to the families.

I think——

Mrs. KENNELLY. Would the gentlewoman yield?

Ms. DUNN. Certainly.

Mrs. KENNELLY. My point is not—I shouldn't have been facetious, because I don't like to attack lawyers, because it is so popular to do that. My point is, we block grant back to the States. We take this, we privatize, we are just saying we can't solve the problem.

Ms. DUNN. No, I don't think so. I will take back my time.

I would like to develop a model that would include the private sector and the public sector as partners. So my question to the panel is, what would be the best plan you could devise that would get us the biggest bang for the buck and take some folks off welfare and identify and hold accountable some of these deadbeat parents, who aren't paying their fair share now, and would eventually develop a plan that would be a lot less expensive for the taxpayers of the United States?

Mr. Williams, would you like to start?

Mr. WILLIAMS. I would be delighted to start, and thank you for the question.

I would like to stress what would make privatization work or privatize the administration of child support work is again exactly what would make public sector administration of child support work; and then I would like to see some additional incentives for States to privatize, and removal of the one impediment I see which has to do with IRS data.

But, specifically, I think, dealing with the welfare issue, one critical area is this whole issue of paternity establishment and what kind of criteria we set for cooperation, how we sanction people in a leadership between IV–D and the welfare agency; and I think that was pretty well covered in other testimony. I think getting new-hire reporting is so critical, because one study showed that the average length of an income withholding for an AFDC case—that 40 percent of AFDC income withholdings last less than 6 months. So that means you have to get information quickly as to where somebody has jumped in terms of a new employer in order to get that continual stream of child support.

Getting some administrative remedies, I think, would be very important, and as I say, removing the one impediment we see to privatization; because, in general, States are moving very quickly to privatize either administration of whole child support agencies, which is what our company has been doing, or administration of particular functions like locate and arrears collection.

Mr. MALONEY. There is only one thing that I wanted to point out. The true function of government is to take care of turnips. There are going to be people who cannot take care of themselves, and that is where government's efforts should be directed, to try to get the other people who can take care of themselves to accept that responsibility.

Ms. DUNN. Thank you.

Mrs. KENNELLY. Mr. Chairman, may I ask a question?

Ms. DUNN. I yield back.

Mr. CAMP. Would you like to yield to Mrs. Kennelly?

Ms. DUNN. Certainly. Go ahead.

Mr. CAMP. Mrs. Kennelly.

Mrs. KENNELLY. Are you saying the government should be involved with those who can't pay and the privatization, take those that can pay?

Mr. MALONEY. I think there should be some consideration of that, yes, because the ones that can't pay, the ones who are the unfortunates, it is the role of society to take care of them.

Mrs. KENNELLY. Mr. Maloney, aren't you just saying, where you make a profit, you would take the case, and where you can't, you would give it to the government?

Mr. MALONEY. Oh, no. No, not at all.

Mrs. KENNELLY. Thank you, Mr. Chairman.

Mr. SHAW. Mr. Collins will inquire.

Mr. COLLINS. Thank you, Mr. Chairman.

Mr. Williams, you mentioned in your written statement, Georgia; you have a program there. What part of Georgia is PSI doing some work for?

Mr. WILLIAMS. Fulton County, we have responsibility to administer child support services for the non-AFDC caseload, and the objective there was to enable State staff to be redirected to better col-

lect money on behalf of cases where the custodial parent is on welfare.

Mr. COLLINS. Do you work on a fee-up-front-plus contingency, or is it all contingency?

Mr. WILLIAMS. It is all contingency. We are paid there approximately 11 percent of collections to collect on behalf of the non-AFDC caseload and to perform all the child support enforcement services, including paternity establishment, review and modification, support enforcement, and that type of thing.

Mr. COLLINS. Do you have a staff in Fulton County?

Mr. WILLIAMS. We have 42 people.

Mr. COLLINS. How many?

Mr. WILLIAMS. Forty-two people.

Mr. COLLINS. How many of those 42 are attorneys?

Mr. WILLIAMS. Actually, none in Fulton County, because under our contract, the State separately provides attorney services through a different, privatized contract, but they control those directly through the Attorney General's office.

In our other offices, we typically have an attorney-to-staff ratio of maybe 1 attorney for 10 casework and administrative support staff.

Mr. COLLINS. In Georgia, are you held harmless as far as liability?

Mr. WILLIAMS. No. In no State are we held harmless, and in fact, a significant—not a trivial cost to us—is the cost of professional liability insurance.

Mr. COLLINS. That is all I have.

Thank you, Mr. Chairman.

Mr. SHAW. Thank you.

That will conclude the questioning of this panel. I would like to thank each one of you for being with us this afternoon. It is quite a task that we have before us in trying to make child support work in this country, but you have certainly given us a lot of good information. Thank you.

I now invite the final panel that we have this afternoon to please come and take their seats at the table.

We have Nancy Ebb, who is the senior staff attorney of the Children's Defense Fund in Washington, D.C.; Murray Steinberg, American Fathers Coalition from Richmond, Va.; Nancy Duff Campbell, the co-president of the National Women's Law Center in Washington, D.C.; Geraldine Jensen, national president, the Association for Children for Enforcement of Support; and Cynthia Ewing, senior policy analyst, Children's Rights Council, Washington, D.C.

We have your testimony, which will be made a part of the record, and each of you may proceed as you desire. Our first witness is Nancy Ebb.

STATEMENT OF NANCY EBB, SENIOR STAFF ATTORNEY, CHILDREN'S DEFENSE FUND, WASHINGTON, D.C.

Ms. EBB. Mr. Chairman, the Children's Defense Fund appreciates the opportunity to appear here today. We have worked for over a decade to try to improve child support. We want to make it what it should be a, regular, reliable source of support that helps

put a roof over a child's head, food on the table, and encourages custodial parents to view work as a viable alternative to welfare because they can rely on child support to augment their income.

Reform is urgently needed. A Children's Defense Fund report issued last summer underscores States' ability to make significant progress. Comparing State performance in 1983 with performance in 1992, we found States made real strides in improving paternity and locating noncustodial parents. In cases with collections, dollars collected, in constant dollars, improved moderately. States became moderately more cost effective, collecting more for each dollar they spend on enforcement.

But progress is undeniably slow. Even the best States fall far short of desirable performance. On the most basic of all measures, the percent of cases with any child support paid in a year, States are little better off than they were before a decade of efforts to reform. Indeed, we projected that at the current rate of improvement it would take 180 years, 10 generations of children, before we could anticipate that at least some child support was collected in each case.

Well, what do we do in light of this mixed picture of improvement and yet undeniably unacceptable performance for children? Our long-term preference for reform builds on the approach taken by Representatives Hyde and Woolsey, using the Federal Internal Revenue Service to collect support, freeing up scarce State resources to do what they do best: establishing paternity and the support obligation.

If that is not possible in the short term, we believe that legislation such as that introduced last week by Representatives Johnson, Kennelly, Roukema, Morella, and Lowey provides opportunities for new congressional leadership and a way to build on State successes.

States can do better. We know from the CDFs reports that there are huge gaps and that the best States far outperform the one that lags—the ones that lag behind. We need to capture their innovations and to ensure that they spread to all States across the country. We know that congressional leadership makes an extraordinary contribution in this area.

In fact, Mrs. Kennelly has asked what would happen if there were a block grant. What would happen if we didn't have this congressional leadership? I think history shows that Federal direction does make a difference.

Before 1984 some States served virtually no nonwelfare cases asking for help with child support. When Federal law said in 1984, yes, this is a State obligation and, yes, we will provide you with incentives for serving nonwelfare families, States responded. Similarly, when Congress said, in 1984 and 1988, we are serious about paternity establishment, States changed and State innovation sparked some remarkable improvements. The rate of establishing paternity about doubled from 1983 to 1992. So Federal direction really makes a difference.

So where are the most important improvements we can make? Our written testimony outlines where we think we need the system to go and many of those improvements are contained in the Child

Support Responsibility Act. We would like to flag a couple that it doesn't address.

One, notably, that we think is basic is the concept of child support assurance. Child support assurance, as Chairman Shaw has noted in the past, is an interesting idea because it provides security for working mothers. It is a prowork, proresponsibility idea that deserves to be tested.

We would also like to follow up on the colloquy between Mr. Clay and Mr. Levin about concerns with the Personal Responsibility Act and whether it conditions eligibility for basic subsistence help for children born out of wedlock on whether or not they have established paternity. We are concerned if basic help is denied to children whose parents are doing everything they can, within their power, to establish paternity.

Our written testimony contains an example of one such case where a 14-year-old interviewed in a focus group said, I don't know what is going on. I am just confused. I have these papers that come from the child support agency alternative attorney, that they told me to fill out with a form with the signature of the baby's father. But they never gave me the form. So I called the office and left a message on the machine, and they never call me. I call about every day, and they never call me.

Here is a 14-year-old mother who is doing everything she can in her power to establish paternity, but the agency is not responding.

We are concerned that we not penalize parents such as this trying to make their lives right and to cooperate. We look forward to following up on the colloquy between the Congressmen to try to make sure that doesn't happen.

We really appreciate the attention of the subcommittee to these issues and we look forward to working with you, to make child support a reality for our children.

[The prepared statement follows:]

TESTIMONY OF NANCY EBB
CHILDREN'S DEFENSE FUND

The Children's Defense Fund ("CDF") appreciates the opportunity to testify about child support. CDF is a privately supported charity that advocates for the interests of low income children. We focus today on the need for broad-based reform of the child support system. Such reform is key to overhauling welfare, providing for children's most basic economic security, and allowing children to grow in households sustained by the support of both parents.

THE IMPORTANCE OF CHILD SUPPORT FOR CHILDREN

The failure to pay child support is a problem in every state. Across the country, millions of children -- from every economic background -- are plagued by the failure of their parents to fully support them. Child support is an urgent public policy issue because it affects so many children, and because losing a parent from the home is often an economic disaster. Half of the 17.2 million children living in single-parent families in 1992 were poor, compared with a poverty rate of 10.9 percent among children in two-parent families.

Just because a parent is absent from the home does not mean that he or she should be absent from a child's life -- either emotionally or economically. Parents have an obligation to support their children to the best of their ability to do so. Yet too often, parents who leave the home also leave behind their sense of financial responsibility. Only 58 percent of custodial mothers had a child support order in 1990, according to the Census Bureau. Most custodial mothers without a child support order wanted one but could not get it. Even families with a child support order are not guaranteed support. Of those due support in 1989, half (49 percent) received no support at all or less than the full amount due.[1]

The sad truth of the matter is that as a country we are more faithful about paying for our cars than for our children: in 1992, the default rate for used car loans was less than three percent, while the delinquency rate for child support owed to mothers was 49 percent in 1990.

Children pay when parents do not. A 1992 survey of 300 single parents in Georgia, Oregon, Ohio, and New York documents the real harm children suffer when child support is not paid:

- ♦ During the first year after the parent left the home, more than half the families surveyed faced a serious housing crisis. Ten percent became homeless, while 48 percent moved in with friends or family to avoid homelessness.

- ♦ Nearly a third reported that their children went hungry at some point during that year, and over a third reported that their children lacked appropriate clothing, such as a winter coat.[2]

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[1]Bureau of the Census, "Child Support and Alimony: 1989," Current Population Reports Series P-60. The Census Bureau data, unlike that reported by the states to the federal Office of Child Support Enforcement, includes single-parent families that are not receiving support enforcement services from the state agencies (for example, parents who hire private attorneys to seek child support, parents who represent themselves, and parents who are not actively pursuing child support). Unless otherwise indicated, the measures used in this testimony are based on data reported by state child support agencies, rather than Census Bureau data.

[2]National Child Support Assurance Consortium, Childhood's End: What Happens to Children When Child Support Obligations Are Not Enforced, February 1993.

ENFORCING CHILD SUPPORT: ARE STATES DOING THE JOB?

Child support reform is urgently needed. A Children's Defense Fund report issued last summer underscores states' ability to make significant progress: comparing state performance in FY 1983 with performance in FY 1992, our report found that states had made real strides in improving paternity establishment and in locating non-custodial parents. In cases with collections, constant dollar amounts collected improved very modestly. States have become moderately more "cost-effective." collecting more dollars compared with each dollar they spend on enforcement.

However, progress is slow. Even the best states often fall far short of desirable performance. **Moreover, on the most basic of all measures -- the percentage of cases that have at least some child support collected[3] -- children are not significantly better off in 1992 than they were in 1983.**

The vast majority of children served by state child support enforcement agencies not only do not have full collections made on their behalf, but fail to have any collection made at all. **In 1983, states made some collections in 14.7 percent of their cases. By 1992, collections had edged up to 18.7 percent of the caseload.**[4] Indeed, we projected that at the current rate of progress it would take over 180 years before **each** child served by state child support agencies could be guaranteed that **any** child support would be collected in his or her case in a year. The failure to make more progress in cases with any collections is deeply troubling, since it highlights the failure of our current system to reach most children: only a small minority of children currently served by state child support agencies have any hope of obtaining even partial child support.

States can do better. Innovative states show us the capacity for improvement: Vermont, the top-ranked state for collections in FY 1992, made some collection in 40.3 percent of its cases, compared with only 8.6 percent in Rhode Island.

BUILDING ON STATE CREATIVITY: THE ROLE FOR CONGRESSIONAL LEADERSHIP

Wide gaps between states that pioneer effective practices and states that lag behind dramatize the critical role that state creativity can play in making child support work better for children. These gaps also underscore the need for federal leadership to ensure that all states adopt proven and successful tools for helping children.

Congressional leadership makes a difference. The history of the child support enforcement program underscores the difference that Congressional leadership can make, both in correcting state failures to serve children and in spurring remarkable state creativity:

- Although Title IV-D required that as of 1975 states provide child support enforcement help to both welfare and non-welfare families, some states virtually or totally ignored non-welfare families that asked for help. In North Carolina, for example, the state's child support enforcement manual specifically instructed workers

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[3] Because this number includes cases in which paternity has not been established, or there is not yet a child support order, it includes cases in which collections cannot be made. However, because state agencies are **responsible** for establishing paternity and obtaining orders in cases that need them, looking at the percentage of cases with any collections is a fair way of measuring overall system performance. If few cases have collections because the agency has not done the most basic work to establish paternity or obligations to pay, then the system is failing. The percentage of cases with any collections in some ways **understates** system problems, since it counts cases in which even the most token payment was made at some point during the year, rather than cases with full or significant ongoing collections.

[4] More recent national data from the federal Office of Child Support Enforcement's Eighteenth Annual Report to Congress indicate that the situation is not improving; in FY 1993, paying cases accounted for 18.2 percent of the national caseload -- a **decrease** from FY 1992.

not to take applications from non-welfare families.[5] In Florida, help for non-welfare families was limited. One non-welfare mother whose ex-husband owed more than $10,000 in back support, and whose only income was $200 per month, was put on a waiting list and told it would take six to twelve months to get help pursuing child support.[6]

Congress' enactment of the Child Support Enforcement Amendments of 1984, which reinforced the requirement that states help non-welfare families, and provided incentives for doing so, made an extraordinary difference: nationally, the non-welfare child support caseload almost quadrupled between 1983 and 1992, rising from almost 1.7 million in 1983 to almost 6.5 million in 1992.

♦ **Congressional action in 1984 and 1988 requiring that states extend the time during which a child could pursue paternity and creating paternity performance expectations resulted in impressive state improvements and an explosion of state creativity:** in 1983, the median state child support enforcement agency established 21.5 paternities for every 100 out-of-wedlock births in the state. By 1992, the median state agency established 43.6 paternities for every 100 out-of-wedlock births -- more than double the 1983 rate. Virginia, a pioneer in the use of hospital-based voluntary acknowledgments of paternity, reported to CDF that the state established more paternities in the first two years of their hospital-based project than they did in the previous 15 years of their child support agency's existence.

♦ **Congressional requirements in 1984 and 1988 that all states use wage withholding as the routine way to collect child support have changed the face of child support.** Previously, most states did not routinely obtain withholding orders in all cases in which the non-custodial parent was a wage-earner. Now, wage withholding accounts for more than half of all child support collected by state agencies.[7] Too often, parents change jobs, and wage withholding does not follow them. But when wage withholding works, and the non-custodial parent does not change jobs, it provides a steady source of support a child can rely on.

NEW OPPORTUNITIES FOR LEADERSHIP: LEARNING FROM STATE EXPERIENCE

The child support numbers paint a picture of a system that has made heartening steps forward. At the same time, it fails to deliver on its central promise: to make child support a regular, reliable source of support for children in single-parent families -- one they can rely on to help put food on the table and keep a roof over their heads. Fundamental reform is necessary to make child support deliver on this promise.

We appreciate this opportunity to comment on pending legislation that offers great hope for change, as well as to outline key components of reform that can make child support work for children. We would also like to flag some troubling provisions in the Personal Responsibility Act that penalize children for child support failures that are beyond their control. We'd like to suggest more constructive approaches that result in the outcome we all want -- a legal father for each child (except in those rare cases where establishing paternity would harm the family) and better support for children.

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[5]Carter v. Morrow, 526 F. Supp. 1225 (W.D.N.C. 1981), 562 F. Supp. 311 (W.D.N.C. 1983).

[6]Armstrong v. Florida Department of Health and Rehabilitative Services, Case No. 82-3274, State of Florida Division of Administrative Hearings, 8/2/83.

[7]Office of Child Support Enforcement, Eighteenth Annual Report to Congress, Tables 4 and 16.

Promising Legislation

The **Child Support Responsibility Act of 1995**, a bill co-sponsored by Representatives Johnson, Kennelly, Roukema, Morella, and Lowey, takes a comprehensive look at the current state-federal child support partnership. It makes resources for states available in a form more likely to result in effective help for children; strengthens federal help in pursuing child support; and incorporates the lessons of state successes in important areas such as locating absent parents, establishing paternity, and collecting child support. The bill draws on concepts that have widespread support, including interstate improvements arising out of the valuable work of Representatives Roukema and Kennelly and the U.S. Commission on Interstate Child Support, and organizes them in a coherent, comprehensive proposal.

If child support reform builds on the current federal-state system, this bill represents one of the most promising and bipartisan approaches. We strongly urge that it be used as a vehicle for change.

The **Uniform Child Support Enforcement Act of 1995** introduced by Representatives Hyde and Woolsey makes an important contribution by presenting a long-term blueprint for reform. We share their view that centralizing enforcement in a federal agency such as the Internal Revenue Service can help solve problems of interstate enforcement and boost collections. Using the tax system to collect support sends a powerful message: that supporting our children is as fundamental a civic responsibility as paying taxes, and that failure to comply has serious consequences.

It builds on the successful experience of having the Internal Revenue Service collect back child support by intercepting tax refunds due to non-custodial parents -- one of the most successful tools in our current child support toolbox. And it frees up state resources to do jobs best left at the state and local level: establishing paternity and child support obligations.

Key Components for Change

Child support improvements should be comprehensive, not piecemeal. They should address the fundamental resource issues; build on state innovation and require that all states are using state-of-the-art techniques; enhance federal help so states can do a better job; and ensure that children do not suffer while we work to hold parents responsible.

Streamlining government. Child support reform should build on the experience of states like Massachusetts, which cut through the bureaucratic red tape of record systems that could not work together effectively on child support cases **even on cases within the same state.** There should be a single, simple state database that enables states to collect and disburse child support, maintain simple case information in one place, and take automatic enforcement steps when payments for children are not made. This would enable states to keep accurate records of whether support has or has not been paid, and to take quick action for children without prolonged disputes about whether support is owed.

Stretching scarce resources. One of the biggest barriers to better child support performance is that states just plain don't have the resources to get the job done. The bottom line in child support is that, in general, you get what you pay for. CDF's fifty-state study found that the number of cases a child support worker has relates significantly to good outcomes for children. Generally, higher caseloads diminish the prospects for obtaining at least some collection for a child. **Sadly, the average caseload per full-time equivalent child support worker actually increased (or worsened) between 1983 and 1992.** Many child support agencies have such high worker caseloads that workers cannot provide timely,

effective services, no matter how dedicated they are.[8]

As we face an era of limited resources, it's essential to figure out how child support can work more effectively and target resources to where they will make a difference. Requiring that states take some enforcement steps **automatically** can free up worker time for harder-to-work cases that need personal intervention. Thus, for example, requiring states to keep a central, simple set of information and to have provisions for automatic liens means states can use good information and automation to free up valuable workers for other tasks. Automation alone cannot solve the problem of scarce resources, but it can cut down on unnecessary demands on workers and ensure that they can make the most progress for children.

Encouraging state investment can also help. Raising the basic proportion of federal dollars that are available to meet state dollars encourages states to invest in their child support programs. The **Child Support Responsibility Act of 1995**, for example, changes the federal match to encourage states to help children.

Rewarding good work helps. The history of the child support program is that states respond to federal incentives. The shift in 1984 to providing states with incentives for services to non-welfare families helped make an extraordinary difference in state willingness to serve these families. Incentives that reward good outcomes -- such as establishing paternity and a child support order, and collecting support -- can encourage states to target resources on services that make a real difference to children. The current incentive system, which rewards only cost-effective performance, should be changed.

Finding non-custodial parents. One of the chief roadblocks to establishing paternity or collecting support is the inability to locate many putative fathers and parents who owe support. States have improved their record: CDF's study found that the number of absent parents located (as a percentage of total caseload) more than doubled from 1983 to 1992.

Washington State improved its locate dramatically during these years and helped solve the problem of stale information with a novel approach: it created a central registry of child support orders, against which it matches information promptly reported by employers about newly hired employees. This means not only that the state does a better job locating noncustodial parents, but also that its information about where a parent works is fresh and produce better, prompter collections for children.

The **Child Support Responsibility Act of 1995** makes sure that all states benefit from Washington State's example, simplifying the process by having employers report to a single federal place and helping to solve the problem of locating parents in interstate cases. We're for it.

Including parents in the process. Many parents who need child support never get into the system. Others theoretically get help, but are at sea about the process. Overloaded workers just don't have the time to explain it. As one dedicated but frustrated worker put it,

> Our current caseload assignment per worker is 1000 cases and growing all the time ...[I]f a worker was actually able to look at each case and devote time to it the total

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[8]In 1990, the federal Office of Child Support Enforcement conducted an informal review of sample child support cases and found that one West Virginia office had three paralegals to work 3,500 cases. Another study found that the average full-time equivalent child support worker has over 1,000 cases. Center for Human Services, U.S. Department of Health and Human Services, A Study to Determine Methods, Cost Factors, Policy Options and Incentives Essential to Improving Interstate Child Support Collections: Final Report, 36 (1985).

available time would only be ... 8 minutes a month per case.[9]

An important series of focus groups by the Women's Legal Defense Fund underscored how many mothers wanted child support, but lacked key information about the system. As one fourteen year old mother told them:

> I don't know what's going on. I'm just confused ... I have these papers that come from the [child support agency attorney] and they told me fill out a form with the signature of the baby's father. But they never gave me the form, so I called the office and left a message on the machine and they never call me. I call about every day and they never call me ...

Outreach to parents, especially in the area of paternity, can make a real difference. So can coordinating intake between the welfare and the child support agency -- having child support workers who understand the program do the interviewing, instead of overwhelmed welfare workers, or establishing protocols for what information workers should gather and what they should do to follow up if vital facts are missing.

Building on state innovation. Reform that works should include collection techniques that work. All states should be asked to put into place proven techniques (such as suspending licenses when child support is not paid and repayment arrangements have not been made; issuing automatic liens when assets can be located; reporting to credit bureaus of child support delinquencies; and faster action through expedited procedures including administrative authority to order genetic testing or to issue subpoenas).

These techniques make a difference: in less than a year, for example, Maine's licensing provision resulted in collections of $12.6 million in back support from over 10,000 non-custodial parents -- yet the state only had to notify licensing authorities to revoke fifteen drivers' licenses and one electrician's license.[10]

Improving interstate enforcement. Since so many cases are interstate, states need common procedures to speed the process of handling them. The Uniform Interstate Family Support Act (UIFSA) is model legislation already adopted by 20 states that addresses this need. All states should be asked to adopt UIFSA in full.

Improving paternity. It's essential that more children born out-of-wedlock have paternity established. Better paternity establishment performance requires building on the hospital-based voluntary acknowledgment procedures required by OBRA 1993, and expanding the process to provide opportunities for acknowledging paternity once the child has left the hospital. This includes provisions that clarify the circumstances under which minor fathers have the legal capacity to acknowledge paternity.

Better paternity performance also requires more expedited procedures for contested paternity, so that cases do not languish without paternity establishment and a child support order, and adoption of UIFSA so there are uniform procedures for establishing paternity in interstate cases. It requires enhanced cooperation between the welfare agency and the child support agency (building on a recent survey by the Center for Law and Social Policy in which state child support directors identified lack of interagency cooperation, training, and followup as key factors in explaining poor paternity outcomes).

Child support assurance. Child support assurance, as the Chairman has noted in the past, is an interesting idea because it provides security for working mothers. It encourages them to work because they can rely on regular child support to augment

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[9]Testimony of Pat Addison, Senate Subcommittee on Federal Services, Postal Service and Civil Service, 7/20/84.

[10]U.S. Deparment of Health and Human Services, State Licensing Restrictions and Revocations, August 1994.

earnings that alone may not be enough to provide a viable alternative to welfare.

Child support assurance ensures that children receive a minimum level of support from their noncustodial parent. If the parent cannot provide that support, or fails to do so, government provides a minimum assured benefit, and pursues the noncustodial parent for reimbursement. It does not let non-custodial parents off the hook: it must be coupled with aggressive efforts to obtain reimbursement from the non-custodial parent when he or she fails to pay.

We are heartened by waivers granted to Connecticut and Virginia to show how child support assurance can help children and their families. Both states have small model programs that will measure whether guaranteeing regular child support can help former welfare families stabilize employment and succeed when they leave welfare. Other states -- Minnesota and Iowa, for example --have prepared proposals to test the success of assuring child support. **We strongly urge that at a minimum, child support reforms give states flexibility to conduct such demonstrations.**

Keeping up with children's needs. Children's economic needs change over time. So, too, do parents' circumstances and their ability to pay support. Regular review and modification can ensure that support effectively reflects children's needs and parents' ability to pay. At the same time, the process should not be so cumbersome that it bogs down the system and diverts scarce resources from other essential child support help. The **Child Support Responsibility Act of 1995** proposes a good middle road, with yearly exchanges of financial information so that parents can make an informed judgment about whether their child support order is fair (and ask for a modification if there is a substantial change), and less frequent formal reviews at the request of either parent.

It's also important to look at fairness for children. Recent studies suggest significant differences in child support for children with the same needs and parents with the same income depending solely on where they live and what guidelines are used to set support. A national child support guidelines commission could address these issues by suggesting fair guidelines that do not penalize children for an accident of residence.

Strengthening families. Except in troubled families, children thrive on the love and support of both parents. Two ongoing demonstration programs will offer some important lessons about whether there are ways to strengthen non-custodial parents' involvement and to improve their ability to support their children. Parents' Fair Share, authorized in 1988, uses limited amount of JOBS funds to help noncustodial parents get jobs and improve their long-term ability to support their children. Visitation and mediation demonstrations will help inform policymakers about strategies for reducing parent conflict about access to children. While both demonstration programs are ongoing and have not yielded final results, they will provide important insights for the future.

Improving paternity establishment without hurting children

Because paternity is the gateway to child support for children born out-of-wedlock, we are deeply committed to improving paternity establishment, and have worked on the issue for over a decade. **We are deeply concerned, however, about proposals contained in the Personal Responsibility Act that do not necessarily improve our record of establishing paternity, and certainly penalize children.**

As pending legislative proposals indicate, there is a sense that improving the system involves sending a clear and strong message to parents that establishing paternity is in their child's best interests, and that they are expected to cooperate with doing so. There is also a sense that the bottom line -- the number of children who have paternity established and who can hold parents accountable -- must improve. The question is what will work, and what is fair to children.

It is beyond dispute that the current system does not work well to establish paternity.

While federal legislation in 1984, 1988 and 1993 has significantly improved state paternity performance, the overall record is still dismal. **Indeed, state child support agencies do worse establishing paternity on behalf of non-AFDC clients who request their services than they do on behalf of AFDC clients.** Even when clients provide essential information to establish paternity, the system frequently -- and regrettably -- does not respond.

Strengthening cooperation requirements. One proposal to strengthen paternity establishment is to bolster current cooperation requirements. **We understand the importance of sending a strong message about the importance of cooperating with child support efforts. However, we believe that the cooperation requirement of the Personal Responsibility Act should be reframed to ensure that expectations are realistic and essential information is obtained.** As currently drafted, the PRA requires information that may be beyond the power of the mother to provide, while failing to pursue other information that may be equally valuable in locating the putative father and establishing paternity.

The PRA requires the mother of a child applying for AFDC whose paternity has not been established to provide the name and address of the alleged father (or the address of his immediate relative). If there is more than one possible father, she can name up to three but must have such an address for each.

This approach is too prescriptive. A mother may not have the putative father's current address, but may have other information that is at least as useful in locating him (for example, his Social Security number, place of employment, school, or parents' address). If a mother provides this information, shouldn't she be deemed cooperative even if she doesn't have the current address? Moreover, the PRA requirement makes no distinction between a mother of a newborn (who is more likely to have information about a current address) and the mother of a 12 year old (who may not have had contact with the father in many years).

If the goal is to send a strong message about the importance of paternity establishment, we suggest a cooperation requirement that the mother must provide a name and some identifying information that would allow a diligent state agency to locate him and begin the paternity process. The statute could list several different examples of the type of information that would satisfy the requirement, or could use more general language. Such a broader definition of acceptable information makes it far more likely that the agency will obtain **some** form of verification that enables the process to move ahead.

Denying help to a child until paternity is established. **We are deeply concerned about the PRA's proposal to deny welfare help to a child born out of wedlock until paternity is established.** Such a provision blurs the distinction between the expectation that families cooperate with efforts to establish paternity and the ability of the child support system to respond quickly and successfully when a family has cooperated. It penalizes a child for delays in establishing paternity that are often wholly beyond the control of the child and custodial parent.

It's just not right to deny help to a child until paternity is established if that child's family has done everything within its power to cooperate. The system responds poorly, and slowly, in many instances where families cooperate and even aggressively seek help with establishing paternity:

- **Even when welfare parents provide detailed information, some state agencies often fail to act.** For example, an Arizona study examined cases in which **the state agency had the name and address of 159 alleged fathers.** The agency also had the Social Security numbers of 109 of the men. Over two years, the agency located, 140, contacted 18, and **established paternity in 10 cases.** Similar studies from Nebraska and Wisconsin had similar, though less appalling, results.

♦ **Moreover, even when paternity is established, it takes a very long time to do so.** For example, in those few Arizona cases where paternity was established in a contested process, it took over 16 months to do so.

We are strongly supportive of improving states' paternity track record, and have outlined in detail strategies for doing so. But we oppose measures that penalize children for systems failures. And, like Representative Coble, we are troubled by a system that rewards states for failing to establish paternity by allowing them to save money on subsistence help to children.

* * * * * * * *

We very much appreciate the opportunity to testify today. We are encouraged by your attention to this vital issue for children. We look forward to working with you and your staff so that child support reform can be a reality for children.

Mr. COLLINS [presiding]. Thank you, Ms. Ebb.

Now we turn to Murray Steinberg, American Fathers Coalition, Richmond, Va.

STATEMENT OF MURRAY STEINBERG, AMERICAN FATHERS COALITION, RICHMOND, VA.

Mr. STEINBERG. Mr. Chairman, thank you for the opportunity of being here. I am honored to be here, substituting for Bill Harrington, National Director of the American Fathers Coalition, an umbrella organization of 280 fathers' rights organizations from all over the United States and a member of the U.S. Commission on Child & Family Welfare.

I am president of the Family Resolution Council, an organization I started as a nonprofit corporation to help people understand their rights and obligations under the law and to, hopefully, stay out of court. I have served on the Child Support Advisory Committee to the Division of Child Support Enforcement in Virginia, as well as a part of Republican Governor Allen's Welfare Reform Initiative Task Force.

Last year, Newsweek declared that 1994 was "The Year of the Father." From where I sit as a mediator and a counselor, it was "the year of the extinction of the father." Fathers in Virginia at a rate of close to 500 a day lose rights of access to their children by acts of judges. They do so under the color of law and pretty much in total disregard for our Constitution.

The Census Bureau says that close to 40 percent of the fathers in this country get zero visitation or court-ordered custody rights. Of those that do, 90 percent get 4 days a month. I might say, how would you like to see your child 4 days a month—but maybe you have teenagers. Just joking, of course.

That same U.S. Census Bureau——

Mr. COLLINS. I am in the grandchildren stage. All mine are grown, have reproduced, and I love it.

Mr. STEINBERG. Well, we know that children need both parents, all their extended family members and their grandparents, and it is not up to a court or a spouse to decide otherwise; and yet this happens day in and day out, and in Virginia it happens at an alarming rate.

The U.S. Census report also stated that 90.2 percent of the time when parents are given access to their children in the form of joint custody, they pay child support; and yet almost half that rate when they are not given any access to their children, close to 44.5 percent.

Recently the Governor of Virginia had a report given to him by his Commission on Citizen Empowerment, and in this final report was a brilliant idea. Brilliant idea: The fathers can be part of the solution rather than part of the problem. That we must, as a society, uphold the idea of involved, caring fathers in something that is both respected and expected. If we can restore a positive connotation to the idea of fatherhood, an idea that has been eroded by government, that is an indictment on government, we will see an increase in the number of men who play an active role in loving and caring for their children.

So we have a little twist on things, and the solution should be simple: If we get fathers as well as mothers involved in raising and having the responsibility that goes along with being caring and loving parents, children will be the winners.

As for the numbers that we see in the figures that you have been presented, I heard the number of $34 billion in child support uncollected mentioned. The number, reported to Congress in the 18th child support report, was only $5.2 billion. You can see how easily numbers can be distorted; you know that as well as I do.

One father that I counseled was recently released from prison. He was in prison for 14 years for allegedly abusing his child. He has now been absolved of that accusation. But now his wife, or ex-wife, has gone after him for $42,000 of arrearages in unpaid child support. Is this a deadbeat dad?

Another father that I counsel found his daughter after 8 years. The mother concealed her. The child surfaced in Mississippi. He now speaks to his daughter on the telephone. She is now 16 years old and has informed him she is pregnant out of the wedlock. He can't visit that child in Mississippi because the mother has filed charges for 8 years in back child support, $24,000; and he has been told if he steps foot in Mississippi, he will be arrested. Is this a deadbeat dad?

Another father told me that his wife married a wealthy man and that she said, you don't have to pay child support. So for 8 years he bought clothes for his daughter. He bought a car for his daughter and put money aside for an education. Guess what? She is getting a divorce from this wealthy man and is now coming after him for $28,000 in back child support. Is this a deadbeat dad?

Of course we know that, yes, all these men, together with the fathers who are back living with their children, and others who are actually deceased are part of the statistics that we hear about.

I see my time is running out, so I will try to jump to the solution. Of course, I have told fathers, get back actively in the children's lives if they are not already. I encourage it.

I have tried to contact the Justice Department and have been told that even though courts are violating our rights and courts are ignoring the Constitution and are gender biased, that the U.S. Department of Justice will not get involved in reviewing this situation because it is the State's affair. If you can, take action to get the Justice Department to investigate the very situation that I have described and to make the Constitution once again relevant in domestic relations cases.

Two, try to assure that all parents, whether through legislative action or whichever—that parents, lawyers, judges—are educated about the dynamics of the conflict and of the harm they are going to do their children and themselves. Encourage mediation; encourage shared parenting responsibility. Fathers that I know want this opportunity.

More than anything else, give fathers the right to be parents. Therein lies the answer to the child support deficit.

Thank you for the opportunity of being here.

Mr. COLLINS. Thank you, Mr. Steinberg.

[The prepared statement and attachment follow:]

TESTIMONY OF MURRAY STEINBERG
AMERICAN FATHERS COALITION

MY NAME IS MURRAY STEINBERG and I am honored to be here substituting for Bill Harrington, National Director of The American Fathers Coalition - an umbrella organization of 280 fathers rights organizations from all over the United States and a member of the U.S. Commission on Child & Family Welfare.

Four years ago I didn't know how to spell MEDIATOR and now I ARE ONE. I am the president of the FAMILY RESOLUTION COUNCIL in Richmond, Virginia, created to help people resolve family disputes OUT OF COURT so they may preserve their dignity, their resources, their lives!

Over the past four years I have been privileged to served on the Child Support Advisory Committee to the Division of Child Support Enforcement in Virginia, as well as Republican Governor George Allen's Welfare Reform Initiative Task Force. About a year ago I was part of a fifteen member delegation, set up by Bill Harrington and the American Father's Coalition who met with Dr. William Galston of the White House Staff and then met with Deputy Director Judge David Ross of the Office of Child Support Enforcement. We are extremely grateful to both men for the warm reception provided by them and their staffs. Subsequent meetings have resulted in substantive discussion.

THE YEAR OF THE FATHER

Newsweek magazine declared 1994 to be "The Year of the Father". From where I sit it may have been the year of "extinction of the Father." With a divorce rate higher than any country in the world, a welfare system that rewards the mother for having babies out of wedlock and then refusing to name the father, and a court system that makes fathers "visitors" in our children's lives, we might as well add the "American Father" to the list of endangered species along with the spotted owl and the Pacific steelhead salmon, known all to well by Congresswoman Jennifer Dunn of Washington State and Bill Harrington.

Every day, in Virginia alone, approximately 400 fathers are made visitors in their children's lives by the action of our courts in divorce cases.[1] Because about 30% of all birth in Virginia are out of wedlock,[2] about one hundred other cases involving an unmarried father also judicially remove a father from a child.

A Census Bureau report entitled "Child Support and Alimony:1989" released in Oct. 1991 tells us that 37.8% of fathers in this country get no court ordered visitation or joint custody rights. Of those that do over 90% are allowed to "visit" their children only four days a month. Even teenagers want more time with their parents than that!

That same 1991 Census report, stated that fathers who have joint responsibility of raising their children "joint custody" pay 90.2% of the time while those denied the right to be a parent pay at a 44.5% rate. So, if you are really concerned about money, for every dollar you allocate for child support enforcement, allocate one dollar to enforce RESPONSIBLE PARENTHOOD and get more bang for the buck! The need for the offices of Child Support Enforcement will be cut in half.

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[1] Virginia State of the Judiciary Report.

[2] Virginia Dept. of Health, Center for Health Statistics, 1993.

FIGURES DON'T LIE -- LIARS FIGURE

We have a system that has failed our children, and I don't mean the Child Support System. I mean the Judicial System including all the lawyers, stenographers, private investigators, paralegal, clerks, child protective service workers and child support enforcement workers. This industry I call the (F.D.A.) FAMILY DESTRUCTION ASSOCIATION is a 50 Billion Dollar a year industry. They're in the business to make money off of the destruction of our families!

You have heard the expression "GARBAGE IN - GARBAGE OUT." I cannot and will not condone one single father refusing to support his child, but the first figure you have been given of the extent of the child support problem is garbage. You have been fed a bunch of propaganda by those whose selfish interestS are to destroy the American family for profit. We do not have $34 Billion of Child Support going uncollected in this country. The exact number reported to Congress in the current 18th Child Support Report is $5.2 Billion.

One father I counseled just got out of prison after fourteen years served for false accusations of child abuse. His name is clear now, but the mother is taking him to court for $42,000 in back child support. IS HE A DEADBEAT DAD?

Another father I counseled has found his daughter, now sixteen, after eight years of being concealed from him by the mother. They are living in Mississippi now and his daughter told him by telephone that she is now pregnant. He can't visit his daughter though, because the mother has filed suit against him for $24,000 in unpaid child support and the authorities have informed him that there is on outstanding warrant for his arrest.
IS THIS A DEADBEAT DAD?

Another father told me that the mother of his child married a wealthy man and told him she didn't need the child support. During an eight year period he still spent money on his daughter for a car, clothes, and extras. Now guess what? The mother is divorcing the wealthy husband and is coming after the father for $28,000 in unpaid child support. IS THIS A DEADBEAT DAD?

Well, according to the official government statistics, the answer is YES, they're all included, together with fathers who are back living with their children, and those actually deceased.

FATHERS DON'T "VISIT" THEIR CHILDREN

You might be surprised to learn that of the hundreds of people I counsel each year, the number one concern of most is not financial child support. The #1 concern of all parents is
AN ONGOING RELATIONSHIP WITH THEIR CHILDREN!
So called VISITATION is #1.

"When did I waive my rights to be a father", one parent said? I don't remember doing so, and yet we go into a courthouse with all of our rights intact and come out with only those the court says we have. The U.S. Constitution is ignored in domestic cases in both state and federal courts. The appeal process takes from three to five years, costing a litigant in the neighborhood of one hundred thousand dollars, and is a waste of time. The Supreme Court has even ruled that judges are immune from liability, even if a judge's action "was in error, was done maliciously, or was done in excess of his authority."[3]

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[3] Stump v. Sparkman, 435 U.S. 349, 356, 98 S.Ct. 1099, 1104, 55 L.Ed.2d 331 (1978); Pierson v. Ray, 386 U.S. 547, 87 S.Ct. 1213, 18 L.Ed.2d 288 (1967), and 42 U.S.C. § 1985. North Virginia

THE FEDERAL COURTS that in years past were the protector of our Constitutional rights now declare that "[t]he statutes do not afford the lower federal courts jurisdiction over challenges to state-court decisions in particular cases even if those challenges allege that the state court's action was unconstitutional."[4] You are our only hope, if this government is to once again become a whole democracy "of the people, by the people, for the people."

"The state court took my child from me and now is charging me to see her" said another frustrated father. The mother told him if he would simply leave them alone she would not ask for a penny in child support. Her lawyer made him an offer that if he agreed to pay $825 a month he could see his daughter every other weekend and maybe one or two evenings each week. With a tear in his eye he said, "MY DAUGHTER IS NOT FOR SALE!"

GOD WAS RIGHT!

The answer is so simple. MAKE PARENTS RESPONSIBLE, for their children, both parents! Absent clear and convincing evidence of abuse, neglect, desertion, or a refusal to support, the state has no right to interfere in family affairs.

If courts do invade our lives and rights of privacy in family relations they should order that FATHERS SEE THEIR CHILDREN and not the opposite. They should order that fathers share the real life responsibility of raising their children and NOT THE OPPOSITE. Then financial child support will voluntarily take care of itself.

So please look at the cause of the problem and not the Dead Beat result. It may be politically popular to blame DEAD BEAT DAD's for the Federal deficit and the destruction of family values. But from where I sit fathers are the victims, along with their children, fathers are not the perpetrators of the injustice.

Fathers really are parents too, and want to be! Even fathers who are not so good at the job have plenty to offer a child. GOD made us with two parents. HE knew what HE was doing. For too long now social policy has been to condone and actually encourage the removal of fathers from the lives of our children. Children need and have the right to two parents, two sets of grandparents, and all extended family members, absent abuse, neglect or some other criminal act! For the courts to ORDER otherwise is unconstitutional, violates statutes and is contrary to GOD's law.

1995 - THE YEAR TO SURVIVE

Governor George Allen's Commission on Citizen Empowerment recently recommended a FATHERHOOD INITIATIVE promoting the benefits and rewards of fatherhood. It doesn't take a hundred million dollar study to determine the value of two parents.

As part of the Governor's Welfare Reform Initiative in Virginia I have shown the Governor how the state of Virginia can save roughly $50 million a year simply by supporting and enforcing a two parent system of Shared Parental Responsibility.

Women's Medical Center v. Balch, 617 F.2d 1045, 1048 (4th Cir. 1980).

[4] Steinberg & Steinberg v. Harris, 4th Cir. Dist. Ct., Unpublished Civil Action No. 3:95CV107, (Feb. 3, 1995).

PROJECTED SAVINGS TO THE STATE:		Annual Savings
COURTS	Reduced dockets by 70%	$ 24,000,000
C.P.S.	Reduce accusations of child abuse	2,500,000
D.C.S.E.	Reduce delinquent child support payments by 50%	8,000,000
Dept. of Corrections	Reduce number of inmates by 12% ...	5,400,000
	TOTAL ANNUAL SAVINGS	$ 39,900,000

This doesn't even include the additional income from sales and income tax revenue of those wage earning fathers or the savings from reduced welfare money paid to children with fathers actively in their lives.

Our local sheriffs report that between 20-30% of all persons incarcerated are there for civil domestic matters largely associated with child support. It makes no sense at all to incarcerate a parent for any civil matter.

1. It cost the state approximately $23,000 a year to house an inmate in Virginia.

2. While incarcerated, he/she cannot earn money to pay child support.

3. That person is no longer paying income tax or sales tax.

4. And most importantly, the child loses a parent during incarceration, doing irreparable harm to the child.

WHAT HAVE WE DONE!

Consider the following:

* 90% of homeless and runaway children come from single parent homes,[5]

* 85% of all youths incarcerated in jails,[6]

* 75% of adolescent patients at chemical abuse centers,[7]

* 71% of all high school dropouts,[8]

* 71% of teenage pregnancies,[9]

* 63% of youth suicides are children from single parent homes,[10] and

* 56% of child abuse occurs outside the two parent home.[11]

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[5] Rainbows for all God's Children.

[6] Avg. of two studies: Fulton Co. Ga. and Texas Dept. of Corrections. Virginia Department of Youth and Family Services - Client Profile Database, 1993 reported only 87% of committed juveniles do not live with both natural parents.

[7] Rainbows For All God's Children.

[8] National Principals Association annual report

[9] U.S. Department of Health and Human Services

[10] U.S. Bureau of the Census

[11] Annual Report Child Protective Services, Va. Dept. of Social Services.

Children from fatherless homes:

* are 40% more likely to repeat a grade in school,[12]

* are 70 % more likely to be expelled,[13]

* 46% live in poverty, compared to 5% among two-parent families,[14]

All these "at risk children" share one thing in common. They are being raised in a sole custody, single parent household, MOST WITHOUT A FATHER present.

THE CURE

CONGRESS IS OUR HOPE! Through enforcement of the U.S. Constitution by the Justice Department and enactment of new laws, where necessary, to preserve existing families while encouraging the development of new ones for our children's sake. Every governmental body under your control must be focused on "CHILDREN FIRST" as Judge Ross and the Office of Child Support Enforcement is!

Unfortunately, nothing will happen without your intervention. The Justice Department has already responded to a request to investigate Virginia courts, submitted on my behalf by Congressman Bliley. Assistant Attorney General Deval L. Patrick stating that although the issues raised are those of violations of Constitutional rights and gender bias by the courts, the matters "are properly within the jurisdiction of the courts and Virginia authorities/agencies." The response of the Civil Rights Division of the Justice Department defies their purpose for existence.

YOU MUST TAKE ACTION:

* to assure that parents, lawyers and judges are educated about the dynamics of family conflict and alternative dispute resolution;

* to encourage mediation and close the courthouse doors to all civil domestic disputes; and

* to encourage and support Shared Parental Responsibility (SPR) to spare our children needless harm.

Please take steps to get the government out of the business of domestic relations and give the responsibility back to the parents of children as well as to the parents of those children having children in their teens.

The Fathers I know want that opportunity more than anything else. Give Fathers the right to be a parent too! Therein lies the answer to the Child Support deficit.

THANK YOU for the opportunity of meeting with you and speaking.

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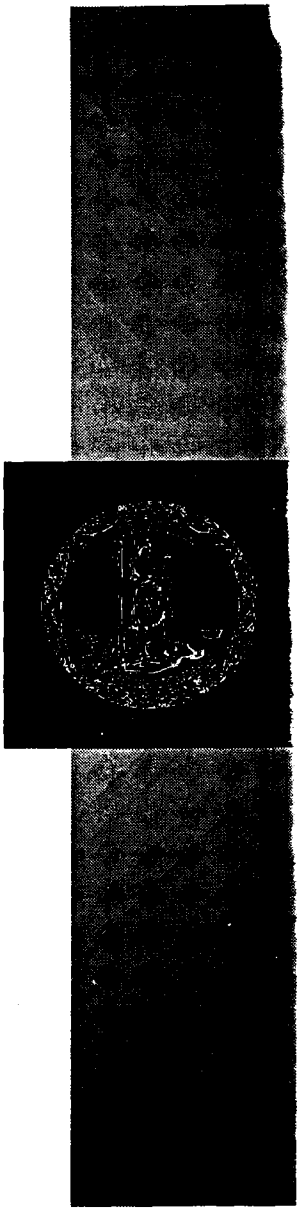
[12] Family Structure and Children's Health: U.S., 1988, National Center for Health Statistics.

[13] Same 1988 report from Nat. Center for Health Statistics.

[14] Virginia Dept. of Health, Center for Health Statistics, 1993.

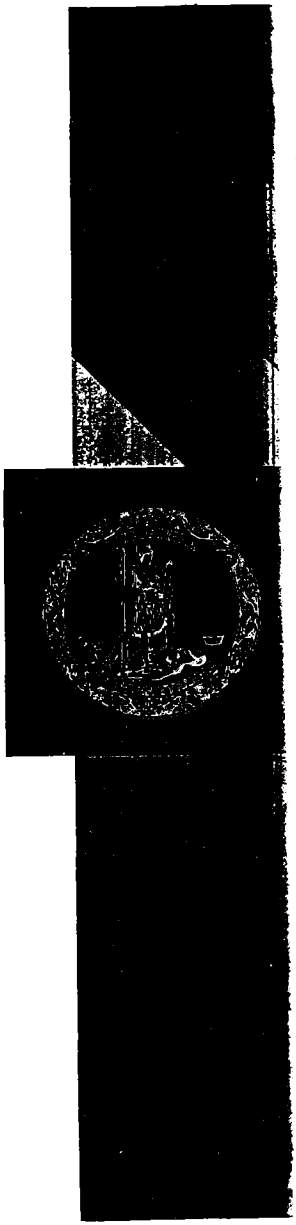
Governor's Commission on
Citizen Empowerment



Lift Every Voice

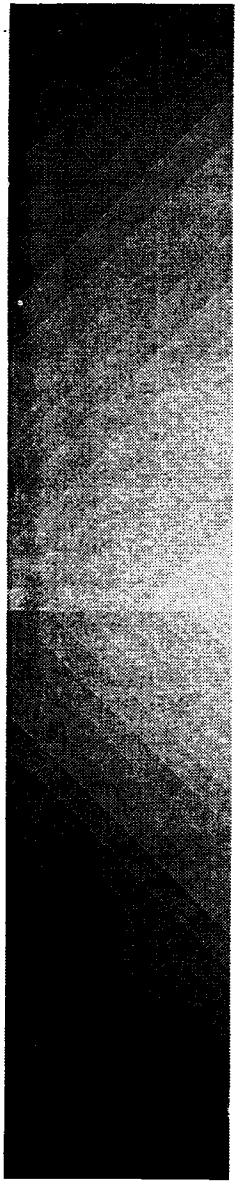
TO BE A COMMONWEALTH

Final Report
December 1994



Part One

THE FAMILY



The Unraveling Society

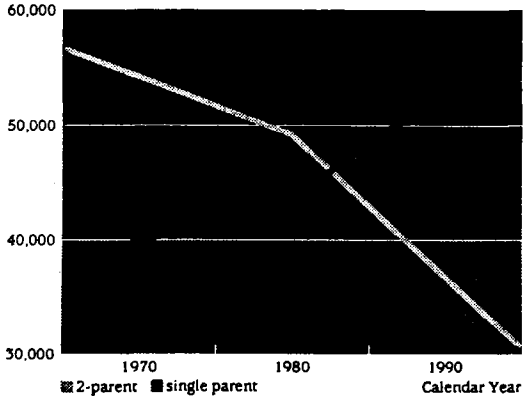
We are eyewitnesses to the fracturing of our culture: increased crime, out-of-wedlock births, drug use, illiteracy, divorce, teenage suicide, and poverty. As cultural changes have swept the nation, social policies have been unable to protect the most vulnerable and innocent victims — children. Too many children in the Commonwealth will go to sleep tonight in homes headed by one parent. These children not only lack the stability and support of a two-parent family; many will find themselves condemned to lives of poverty.

Families, community support organizations, and community role models who once reached out with helping hands to those in need no longer do so today to the degree they did in the past. They have been co-opted by a government that encourages disadvantaged families to turn to it — and ultimately to the welfare system — for assistance. But there, too, their hopes and dreams are often frustrated. As the Governor's Commission on Citizen Empowerment found after considerable analysis, the current system of public assistance does not work.

"We who are working in local Departments of Social Services become very frustrated and concerned when we see the programs we administer create in persons dependencies that did not exist when they walked through the door."

—Barbara Farmer, Abingdon town meeting.

Families in Poverty
1970-1990

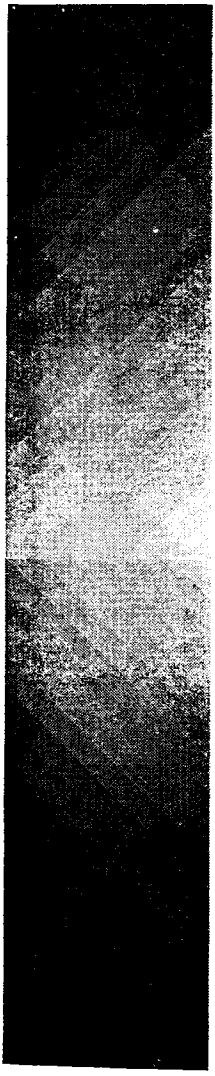


single parent	38,044	43,655	57,485
2-parent	56,597	49,209	30,780

Source: U.S. Bureau of the Census Data, 1990

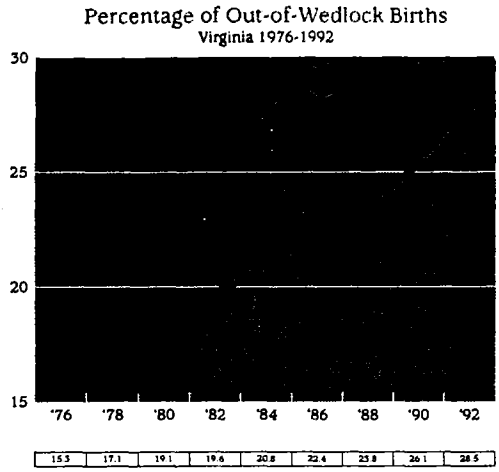
Despite an increase of over 600 percent in welfare spending between 1960 and 1990,[1] the welfare system has actually served to perpetuate poverty among many recipients by creating perverse disincentives for employment, savings, and marriage. For example, in 1960 — before the onset of the so-called "War on Poverty" — one-third of our poorest households were headed by people who worked. By 1991 that figure had dropped to 15 percent.[2] This is more than a statistic of the employment characteristics of welfare recipients; it is a measure of dependency upon public assistance. Individuals and families who seek assistance to overcome temporary difficulties now too often find themselves mired in the system of welfare.

If we are to reduce the social pathologies created by the welfare system, we must change the system that helps to spawn them. Unfortunately, there is no magic elixir that can instantly reduce the poverty and hopelessness many Virginians experience on a daily basis. But we can begin today to break the crippling cycle of dependency by dismantling the current system of welfare and replacing it with one that rewards personal responsibility and provides employment-based temporary assistance.



The Fragile Virginia Family

The strength of the family lies in its members' sense of responsibility and their willingness to sacrifice for each other. Against all odds — even slavery, wild frontiers, the Depression, and world wars — the family has survived and even flourished. But there is a sober consensus that crosses partisan, racial, religious, and economic lines that the American family is in trouble today.



Source: Virginia Department of Health, Center for Health Statistics, 1993

"No society has survived that has lost its families. Where families fall apart, societies fall apart."

—Dana Booth, Tidewater town meeting

The past twenty years have been calamitous for many Virginia families. In 1970, 20 percent of all marriages ended in divorce. By 1990, the rate had more than doubled. During that same period, out-of-wedlock births rose from 12.2 percent of all births to 26 percent. Most of the children born out-of-wedlock were born to poor women who had not graduated from high school, a significant number of whom were teenagers.[3]

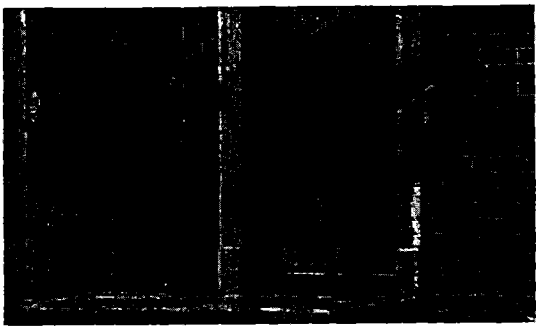
There is no denying that welfare weakens the family bond. For males, the welfare system teaches that they do not have to be accountable for their actions or the children they father. For the girls and women who bear their children, welfare offers a panoply of services — including food stamps, housing, and medical care — dependence upon which often exacerbate the consequences of their irresponsible actions. In the 1990s, we are reaping a bitter harvest from seeds sown in the well-intentioned but poorly conceived government programs of the 1960s and 1970s. It was not clear then what the cost would be to the American family, especially the poor. It is all too obvious now.

Recasting the Role of Government

Government must cease to be complicit in the disintegration of families in need of temporary assistance. Government has proven itself incapable of assisting families that seek to prevent family dissolution or rebuild broken homes. Nor has government been a positive source of economic support. What government can and must do is discard the current system of welfare in favor of policies and programs that compel personal responsibility and discourage destructive behavior. Government can no longer serve as an obstacle to economic and social advancement. Rather, it must contribute to an environment that empowers individuals to become self-sufficient and responsible for their actions, their children, and their future.

The Children: Our Future at Risk

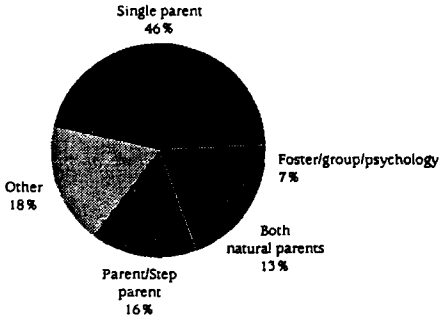
All children need nurturing from their families in order to mature and thrive, both physically and emotionally. Not surprisingly, the evidence overwhelmingly indicates the best environment for nurturing is a family in which both parents are present. However, not all children are so fortunate. Those raised by single parents are often poor and surrounded by crime and crumbling neighborhoods. Worse still, their futures are dimmed by lower levels of educational achievement, increased risk of preventable health problems, and a greater likelihood of future poverty. Our current welfare system promotes neither abstinence nor marriage. The absence of these two moral mainstays contributes to the birth of thousands of out-of-wedlock children who immediately become vulnerable to the increased risk of lifelong dependency.



Moving in Another Direction

There is a growing consensus that government intervention has been a major contributor to the dependency of welfare recipients and the social pathologies it has fostered. But if government replaces welfare and its attendant disincentives for responsible behavior with policies that reward personal responsibility and individual initiative, the home and community lives of our children will improve. Perhaps most important of all the changes that must be made is that government must condition the receipt of public assistance upon family cohesiveness, work, and responsible behavior.

Living Situation of Committed Juveniles in Virginia
1993



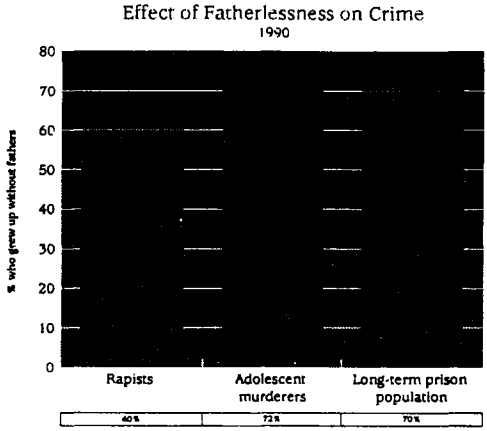
Source: Virginia Department of Youth and Family Services — Client Profile Database, 1993

Restoring the Role of Fathers

Fatherlessness is at the heart of many of the most virulent problems threatening America.

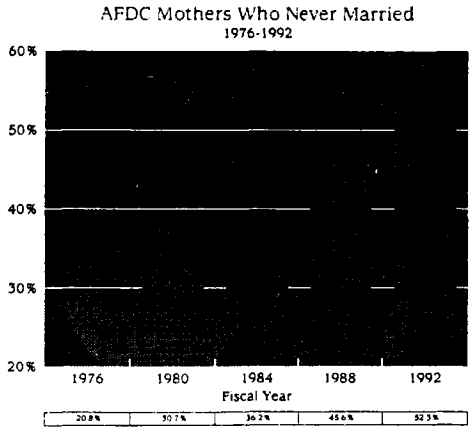
Poverty. Children in single-parent families are far more likely to be poor.[4] In Virginia, 46 percent of the children of single-parent families live in poverty, versus 5 percent among their two-parent counterparts. In fact, the U.S. Census Bureau found that the 1992 median income of two-parent families was more than three times higher than that of single-parent families.[5]

Crime. Most violent criminals are males who grew up without fathers, including 60 percent of rapists, 72 percent of adolescent murderers, and 70 percent of the long-term prison population.[6] In fact, according to the *Journal of Research in Crime and Delinquency*, the best predictor of violent crime in a neighborhood is the proportion of households without fathers.



Source: Dr. Wade Horn (Testimony at Norfolk town meeting, June, 1994)

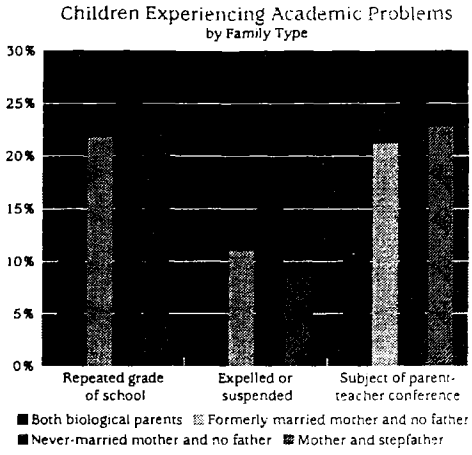
Teen Pregnancy. In one study of families, daughters of single parents were 164 percent more likely to have a baby out-of-wedlock than children who grew up in two-parent families, 111 percent more likely to have children as teenagers, and 92 percent more likely to be divorced or separated.[7]



Source: U.S. Bureau of the Census: March, 1992 Current Population Survey

"A Fatherhood Initiative"

The National Institute for Responsible Fatherhood and Family Development, created by Charles Ballard in Cleveland, has created a program in which fathers develop the skills they need to provide quality lives for their children and the children's mothers. Positive role models are provided to the young men so they can experience the intrinsic rewards of fatherhood. The role models become mentors and offer the young men counseling, skills for job-seeking, information on child care, referrals for housing, and help in completing their education. As young men accomplish their goals and take on the responsibility of being real fathers, they give up destructive and irresponsible behavior.



Source: Family Structure and Children's Health: U.S., 1988, National Center for Health Statistics.

Education. A study of 17,000 children living apart from their biological fathers found that they were 40 percent more likely to repeat a grade in school and 70 percent more likely to be expelled than children living with both parents.[8]

Increasing Fatherhood Participation

Cultural Change. We must as a society uphold the ideal of involved, caring fathers as something that is both respected and expected. If we can restore a positive connotation to the idea of fatherhood — an idea that has been eroded by government — we will see an increase in the number of men who play an active role in loving and caring for their children. Positive fatherhood programs like those pioneered by Don Eberly, Wade Horn, and Charles Ballard are important steps in this direction.

Financial Responsibility. Although parents must play an active role in the lives of their children, some will continue to refuse to do so. In those cases, we must focus our attention on the means by which financial support can be assured. Paternity establishment is an area where, although Virginia outperforms almost every other state,[9] there is much room for improvement. Paternity establishment policies should augment child support enforcement activities in order to require absent parents to fulfill at least the financial part of their responsibilities. As a result, their children will benefit materially from such sources as

child support, Social Security, and extra allowances granted to parents serving in the armed forces.

Role Models. Many children in welfare communities lack the positive male role models they need during their developmental years. Clergy, business leaders, elected officials, and professionals who live or work in the community can serve as positive role models, and it is imperative that they help guide at-risk children. Although changing attitudes is a long-term endeavor that will take great commitment on the part of all community members, expanding the number and activity of positive role models is an excellent point from which to start.

Mr. COLLINS. Now we will hear from Nancy Duff Campbell, co-president, National Women's Law Center, Washington, D.C.

STATEMENT OF NANCY DUFF CAMPBELL, CO-PRESIDENT, NATIONAL WOMEN'S LAW CENTER, WASHINGTON, D.C.

Ms. CAMPBELL. Thank you, Mr. Chairman. I am very happy to be here today, and I would like to not read my testimony, which is quite lengthy and will be submitted in the record, but just highlight a few of the points and really respond to some of the comments that have been presented already today.

I would like to start by reminding us all about why the Child Support Enforcement Program was created in the first place in 1975, and that was because there were problems with a private approach to child support and there were problems in the States in helping individuals to obtain child support. There had been a 1967 mandate in the Social Security Act that States establish paternity and get support, but the States were not able to do it. So, really, the program itself was a response to privatization and to failure of State efforts, and the solution was to establish a strong Federal-State partnership and to provide States with more resources to work in this area and to have some specific mandates that would help States meet their responsibilities.

For these very reasons and because the program has been a success, but not enough of a success, we believe that we must keep a very strong Federal-State program and that we cannot go to block grants and that we cannot go to a wholly privatized system.

That being said, there are some provisions of law that would allow us to look at some of these private efforts more closely. For example, the Congresswomen's bill does provide for contracting out certain functions, but it keeps State responsibility; it doesn't take money for private collections out of the child support payments that would otherwise be made to mothers; and it recognizes that families move back and forth between AFDC and non-AFDC and so it isn't easy for the State to say, OK, you, private efforts take the non-AFDC cases and we will take the AFDC cases.

So we support that kind of an approach to looking at this privatization.

States still haven't achieved the desired results in obtaining child support; however, we believe there are some specific reforms that need to be taken to improve State child support programs, and we think the best approach in the bills that have been introduced so far is that outlined in the bill by the women Members of Congress, that has been described in a fair amount of detail today and that we talk about in more detail in our testimony.

We think you need better enforcement provisions, you need better provisions to establish paternity, better provisions for setting and adjusting awards, better provisions for distributing the child support that is collected; and that you need to at least test, as Nancy Ebb has said, a program of child support assurance to see if it can improve the situation as well.

With respect to enforcement, we do have some doubts about whether anything less than Federal enforcement can do the job, such as is the bill that has been introduced by Ms. Woolsey and Mr. Hyde. But if the subcommittee is not prepared to move to fed-

eralization at this point, we think there are important State reforms that can be taken and, again, these are mainly in the Congresswomen's bill.

A lot has been talked about today in terms of these reforms, so I won't spend a lot of time on them. Basically they are having a central State registry; having a Federal registry that collects new hires from employer reports and matches them and gives them back to the States; better funding and better incentives that are based on State performance; and better procedures, such as UIFSA, that will help States to work with each other, particularly in interstate cases, and help speed up their own processes, particularly in paternity, where we know there are still a lot of problems.

With respect to paternity, we agree with those today who have said that the provisions in the Personal Responsibility Act are not the way to go here, but rather that we need more outreach by the States, more expedited procedures by the States, and better procedures that will make voluntary acknowledgments of paternity binding.

In just the last 2 years, the Congress required States to have voluntary establishment of paternity in hospitals. We don't have enough data yet at the Federal level to know how well this is working, for obvious reasons; but many States have been very effective in using these kinds of procedures, and they could be streamlined still more. But we should really give them a chance to work, because we think these are the kinds of procedures that bring mothers and fathers together to support their children, that lead to better visitation, and that avoid the other kinds of problems that we see down the line if we don't start off right with our families.

I just want to highlight two other aspects of reform that are important. One is to assure that more of the child support money that is collected goes to AFDC families and those that are getting off of AFDC, so that they can support themselves; this would also, as the previous panel said, improve and make it easier for State bookkeeping. In addition, we have to improve the adequacy of awards, not only at the beginning when they are set, but when they are modified. We strongly urge that you adopt the modification provisions of the Congresswomen's bill, which we think will save money, will save State resources, and will really make a difference in children's lives.

Thank you very much.

Mr. COLLINS. Thank you, Ms. Campbell.

[The prepared statement follows:]

TESTIMONY OF NANCY DUFF CAMPBELL
NATIONAL WOMEN'S LAW CENTER

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to appear before you today on behalf of the National Women's Law Center. The Center is a non-profit organization that has been working since 1972 to advance and protect women's legal rights. The Center focuses on major policy areas of importance to women and their families, including child support, employment, education, reproductive rights and health, child and adult dependent care, public assistance, tax reform and Social Security -- with special attention given to the concerns of low-income women.

The Center wishes to commend the Subcommittee for its leadership on child support issues. We are heartened by the many improvements that have been made in the law, especially in the last decade. At the same time, we are deeply disturbed by the continuing failure of the child support system to deliver on its promise: that child support should provide a regular, reliable source of support for children in single-parent households.

THE NEED FOR A STRONG FEDERAL-STATE CHILD SUPPORT ENFORCEMENT PROGRAM

There is a continued, critical need for a strong Child Support Enforcement Program.

The Child Support Enforcement Program was established in 1975 to respond to the widespread problem of nonsupport of children. Although the Social Security Act has included provisions aimed at improving child support collection since 1950, until 1975 both the establishment and enforcement of child support obligations had been left almost entirely to the states. The establishment of the Child Support Enforcement Program created a significant new federal-state partnership, aimed at improving the efforts of both the states and the federal government to enforce child support.

The impetus for this new partnership was two-fold. First, it was designed to respond to the significant growth in the Aid to Families With Dependent Children (AFDC) caseload in the 1960s, a growth that was attributable in part to a concomitant increase in the divorce rate and in the number of out-of-wedlock births. Second, it was intended to address the states' inability to comply with a 1967 mandate of the Social Security Act to establish paternity and collect child support and to work cooperatively with each other in achieving these goals. This inability, which was seen to have a direct effect on the number of families receiving AFDC benefits, prompted legislation that would explicitly define the functions and obligations of the states in establishing paternity and securing support, strengthen the federal regulatory and oversight role, and establish funding standards and procedures.

The result was the addition of the Child Support Enforcement Program as a new part D to Title IV of the Social Security Act. Basic responsibility for administering the new IV-D program was left to the states, subject to specific statutory requirements, with the federal government providing monitoring, technical assistance, and help in locating noncustodial parents and collecting support. Because the intent was not only to move families off the AFDC rolls but also keep them from having to resort to AFDC in the first instance, states were required to provide child support services to both AFDC and non-AFDC families. Federal funding was made available to match state expenditures, under a formula that has been increased several times since 1975. Under the current formula, the federal government provides, on average, 83 percent of the funding states need to run their IV-D programs.

The Child Support Enforcement Program, which has been strengthened by federal legislation several times since 1975, has resulted in cost-effective improvements in child support enforcement that have helped significant numbers of families and reduced welfare costs. In 1993 alone, $2.3 billion was spent to collect $9 billion -- nearly $4 collected for every $1 of administrative cost. In 1993, support was collected in 3.1 million cases, over one million of which were AFDC cases. Nearly 242,000 families left the AFDC rolls because of child support collections, and 12 percent of AFDC payments were recaptured because of child support collected. An untold number of families avoided resort to AFDC benefits because of child support collected.

It is vitally important, therefore, that the Child Support Enforcement Program continue as a strong federal-state program that serves both AFDC and non-AFDC families and provides matching funds to states based on state expenditures for such services. For this reason, we oppose the provisions of the proposed Personal Responsibility Act (PRA) that would convert the child support program to a discretionary program and impose a dollar limitation on the amount of federal funds that could be spent on the program, in combination with other programs such as AFDC, Supplemental Security Income (SSI) and the At-Risk Child Care Program. These changes could force states to restrict or deny services to individuals who need help in establishing paternity and securing child support, which could, in turn, force greater numbers of families to turn to AFDC or other forms of public assistance for support. The result would be a return to the ineffective state child support systems that existed before 1975, and an undoing of the substantial progress that has been made in child support enforcement since that time.

THE NEED FOR SIGNIFICANT CHILD SUPPORT REFORM

Although the Child Support Enforcement Program has helped many families achieve a greater measure of economic security, it has not yet achieved the desired results. In part, its failures are due to a continued, dramatic increase in the need for child support services since the program's inception in the mid-1970s.

Current projections are that more than half of all children born today will spend some time in a single-parent family before reaching age 18. In 1992, 27 percent of all children in the United States lived in a one-parent family, compared to 12 percent in 1970. Most of these children -- 66 percent -- lived with a parent who was divorced, separated or widowed; 34 percent lived with a parent who had never been married. Eighty-eight percent of these children lived with their mothers.

The poverty rate of children in single-parent, female-headed families is also dramatic -- over 50 percent. Millions of additional families live close to the poverty line. The dire economic strait of single-parent families is attributable, at least in part, to a lack of child support, and has swelled the caseloads of state IV-D programs. In 1993, there were over 17 million IV-D cases, compared to 7 million in 1993 -- a 143% increase over just ten years.

Despite a quadrupling of the amount of child support collected by state IV-D programs since 1978, the continuing increase in the number of families in need of support has resulted in little overall improvement in our nation's child support statistics. In 1989, the most recent year for which data are available, only 50 percent of all custodial-mother families had a child support order to receive payments, and half of these families received no support at all or less than the full amount due. For those families who received some child support, the average amount was under $3,000.

The states' failure to make needed reforms in their IV-D programs contributes to the continuing crisis in child support as well. A recent analysis by the Urban Institute estimates that the potential for child support collections exceeds $47 billion a year. With awards of only $20 billion currently in place, and only $13 billion actually paid, the potential collection gap is over $34 billion. Clearly our nation's child support system is failing many of America's families.

To remedy this failure, there must be significant reform of the overburdened, understaffed Child Support Enforcement Program. We are glad that the Subcommittee has recognized this need and will include child support provisions in its welfare reform bill. We know that several members are considering or advancing child support improvements as well. **The best and most comprehensive bill introduced thus far, H.R. 785, the Child Support Responsibility Act of 1995, has as its chief sponsors Representatives Nancy Johnson, Marge Roukema, Barbara Kennelly, Connie Morella and Nita Lowey.** This bill, which is based on the recommendations of the U.S. Commission on Interstate Child Support Reform and the best practices of states that have been most effective in improving child support enforcement, would build on and significantly improve the current Child Support Enforcement Program. **We urge the Subcommittee to use this bill as its vehicle for reform.**

Comprehensive child support reform must assure that 1) paternity is established promptly in all but the few cases where harm to the family could result; 2) awards are set at a reasonable level and adjusted to keep pace with inflation and changes in circumstances; 3) awards are collected routinely and promptly; and 4) a guarantee of child support in the form of child support assurance is implemented on a phased-in basis, or tested to evaluate its effectiveness. Our testimony addresses the provisions necessary to ensure these results.

ENFORCEMENT: COLLECTING AWARDS THAT ARE OWED

The costs to children of the failure to collect child support are immeasurable. As stated above, 50 percent of custodial mothers still do not have a child support award and, of those with an award, only half actually collect the full amount owed. Sadly, these numbers have not changed since 1978. The picture for those using the state IV-D system is even more bleak; in 1993, a collection of support was made in only 18.7 percent of IV-D cases. Of particular concern are interstate cases, which are approximately 30 percent of all child support cases but accounted for less than eight percent of IV-D collections in 1993.

This sorry record has many causes. Chief among them are insufficient staff and resources at the state and local levels; a multiplicity of actors (e.g., judges, court clerks, district attorneys, process

servers, sheriffs) who are outside the control of the IV-D agency but who must act efficiently if the agency is to do its job; diverse, and frequently inconsistent state laws that make processing interstate cases particularly difficult; and a lack of automation. Although the Family Support Act requires states to automate their systems, a recent GAO report reveals that many states will not meet the October, 1995 deadline as required by the law. More importantly, even if all 54 jurisdictions become automated, they will not necessarily be able to interface with each other's automated systems.

The Center believes the most effective solution to these problems would be to move the enforcement of child support obligations to the federal level. This would have several salutary effects: 1) free up state staff and resources to perform other functions such as establishing paternity, setting and modifying awards, and reaching out to additional families eligible for services; 2) provide a uniform national collection system that could reach obligated parents wherever they live or work; 3) greatly ease the burden on employers involved in income withholding, who would only have to deal with one entity and one set of policies and procedures; and 4) simplify significantly the tracking, monitoring and distribution of child support payments across the country.

If complete federalization of enforcement is not feasible in the short term, immediate improvements in the federal-state system must nonetheless be made. Several goals must be met. States must be able to share information with each other, easily enforce each other's orders, and act as a connected network rather than 54 independent actors. The federal government must help facilitate this exchange of information by the states and otherwise improve locate and enforcement, especially in interstate cases. Staffing and funding for state systems must be improved, and state procedures must be streamlined and made more uniform.

A. Central State Registry and Collection Unit

In order to improve enforcement, states must streamline their collection process by centralizing collection and disbursement. We strongly support, therefore, the provisions in the Child Support Responsibility Act that mandate that each state establish a central state registry and collection and distribution unit. The registry would maintain current records of support orders as well as payment records and other information relevant to the enforcement of awards, in a format permitting the information to be shared with and matched against data of other states and the federal government. The single centralized unit would collect and disburse support payments, whether by wage withholding or otherwise. State staff would monitor payments to ensure that support is paid and have the authority to impose certain enforcement remedies administratively. A centralized state system to oversee and monitor payments would improve the ability of states to nip nonpayment in the bud and prevent the accrual of years of arrearages. This would not only ensure that families receive child support in a prompt and reliable manner, it would also be cost-efficient; catching delinquent parents early in the process and imposing quick, inexpensive administrative remedies should save the states considerable amounts of money as they increase collections. In fact, a centralized registry and collection unit, with its ability to impose administrative remedies, has made Massachusetts one of the most effective child support enforcement systems in the nation.

Although requiring a central state registry and collection unit would make a state like California, with its 58 county-wide child support systems, more cohesive, it is also important to promote unified, state-wide systems. Having a unified state child support system is crucial for improving enforcement, since enforcing orders across county lines is often just as difficult as enforcing orders across state lines. We recommend, therefore, that states be encouraged to establish a unified child support enforcement program by increasing by five percentage points the federal match for states with such a program.

B. Expanded Federal Parent Locator Service

In order to improve child support enforcement, particularly interstate enforcement, the functions of the Federal Parent Locator Service (FPLS) should be expanded. The FPLS should include a registry of basic information provided by each state on each child support order issued or modified in the state, which would be matched against nationwide employer records. The FPLS would receive from employers W-4 reports on all newly hired employees, and match the reports against the registry information provided by the states to confirm that support is owed, to whom it is owed, and in what amount. This information would then be forwarded to the appropriate state registry, to aid in its collection and disbursement of child support payments. New-hire reporting would be easy for employers, as they would simply forward to one entity, the FPLS, information they are already required by the IRS to collect. The expansion of the FPLS would significantly enhance each state registry's ability to collect and enforce interstate orders in particular as it would allow individual states to access

a universal data base that would quickly identify obligors' current employers as well as flag the existence of orders issued in other states and/or multiple orders.

Several states have instituted a similar system of new-hire reporting, with the state of Washington's efforts perhaps the best known. In the initial 18 months of operation Washington State collected $22 in support for every $1 spent on the new-hire program. In large part due to this system, the state improved its ability to locate noncustodial parents dramatically, rising from twentieth nationally in 1983 to second in 1993, according to data of the Office of Child Support Enforcement.

The Child Support Responsibility Act expands the Federal Parent Locator Service to provide for new-hire reporting and other important locate services. Each state would be required to send to the FPLS an abstract of each child support case in its registry, and each employer would be required to report to the FPLS information about newly hired employees; the data in the two registries would then be matched every two working days and all matches reported to the appropriate state agency. The Child Support Responsibility Act also expands locate services by enabling states to use the FPLS in a greater range of circumstances, and by increasing the data sources the FPLS can access in order to obtain more information about the assets of individuals who owe child support. **These important extensions of the FPLS are important to ensuring an effective child support system.**

C. Staffing

A recent report by the General Accounting Office (GAO) highlights the staffing problems faced by those working in the trenches of the child support system. According to the report, the median caseload for IV-D workers is 1,000 and in most states caseloads per worker are rising. As a IV-D worker from Virginia recently testified before Congress, with her 1,000 cases she is only able to give 98 minutes a year -- eight minutes a month -- to each case, hardly enough time to retrieve the case file. Although the Secretary of Health and Human Services has statutory authority to establish minimum staffing requirements for IV-D programs, no Secretary has ever acted on this authority, and IV-D offices are notoriously understaffed and overworked. **If there is going to be a serious attempt to improve child support enforcement, staffing standards must be established for state IV-D offices.**

The Child Support Responsibility Act addresses the staffing problem by requiring the Secretary to conduct studies of the staffing of each state IV-D program and report her findings and conclusions to Congress. This is an important first step, but more should be done to assure that states act in response to the Secretary's findings. The Secretary should provide the conclusions of the staffing study to the states, and thereafter each state should be subject to a two percent reduction in its match rate if it has not met its performance standards and not implemented the proper staffing levels. In other words, if a state can meet its performance standards with a high caseload-to-worker ratio, it would not be penalized for not meeting its staffing standards.

In addition to recognizing the need to contain the quantity of a worker's caseload, efforts should be made to ensure the quality of a worker's performance. The federal government should be required to develop a core curriculum of training, and the states required to use this curriculum to provide staff training on an annual basis.

D. Funding

Improved enforcement is, of course, integrally tied to funding. We are pleased, therefore, that the Child Support Responsibility Act increases the basic federal match rate for state IV-D programs from the current 66 percent to 75 percent by 1998; has a maintenance of effort provision to ensure that states continue to contribute the non-federal share at FY 1995 levels despite the higher match; and shifts the measure of success for incentive payments to states from process to performance standards.

We are also pleased that the bill corrects the funding scheme of current law under which the AFDC system essentially pays the price for the wrongs of the IV-D system, and the IV-D system does not benefit from incentive payments earned because of the IV-D program's success. In order to hold the IV-D agency directly responsible for its own failures, the Child Support Responsibility Act reduces IV-D rather than IV-A payments when IV-D fails to achieve specific performance standards for establishing paternity and securing support. In addition, the bill requires that incentive payments earned by state child support systems -- which currently total over a quarter billion dollars annually -- are reinvested in child support services rather than used for other human services or

returned to the general treasury. This provision will encourage states to invest more in enforcement because it will ensure that state investments leverage significant program resources.

3. Streamlining and Uniformity of Procedures

Several provisions of the Child Support Responsibility Act require states to improve their procedures for enforcing support. One that is particularly important is the requirement that states adopt the Uniform Interstate Family Support Act (UIFSA), as approved by the National Conference of Commissioners on Uniform State Laws with some specified modifications. One of the reasons interstate orders are so hard to enforce is that there is often confusion about which state has jurisdiction to enforce or modify an order. UIFSA corrects this by establishing a scheme in which only one order is controlling at any one time, with one state maintaining continuing, exclusive jurisdiction. It is particularly important that federal law mandate that all states not only adopt the same version of UIFSA, but that they do so at the same time. Currently, 20 states have adopted UIFSA and, of these, a few have added individualized amendments. Thus, some of the states' versions of UIFSA vary slightly from the others, causing confusion among the states and an inability to achieve the uniformity needed to make UIFSA work.

4. Enhanced Locate and Enforcement Tools

States should be given enhanced locate and enforcement tools to improve collection. **Building on the successful models that have been tested in several states, all states should be required to 1) routinely report to consumer credit agencies the existence of a child support delinquency; 2) automatically issue a lien when an asset is located and there is an arrearage (as now done in Massachusetts); 3) intercept lottery winnings and other awards or prizes; 4) extend state statute of limitations laws so that child support arrears can be collected after the child reaches the age of majority or the age at which support is otherwise scheduled to cease under the order; and 5) deny or revoke driver's, recreational and professional licenses of noncustodial parents with outstanding child support arrearages (as now done in various forms in 15 states).** The Child Support Responsibility Act contains most of these provisions.

PATERNITY ESTABLISHMENT

In 1993, over 550,000 children had paternity established for them by the IV-D program -- a 63 percent increase from 1989. While this is a notable improvement, it represents only a fraction of the many children who need paternity established. Only about one-third of the nearly 1.2 million children born each year to unmarried women have paternity established, and there are nearly 3.1 million children in the IV-D system in need of paternity establishment. Yet paternity establishment is crucial to the economic well-being of children born outside of marriage; if paternity is not established, they not only lose the right to receive child support, but also the right to inherit from their father, or receive Social Security Survivor's benefits, veterans benefits, and the like.

Although we are strongly committed to improving the establishment of paternity, we cannot support the approach taken by the Personal Responsibility Act, which penalizes women and children for actions beyond their ability to control and will not result in an increase in the number of cases in which paternity is established. Under the PRA, the current cooperation requirement for AFDC mothers would be increased, and no child would be eligible for AFDC benefits until his or her paternity is established.

A. The Cooperation Requirement

The changes proposed by the PRA in the cooperation requirement would require many mothers to provide information they do not have and cannot obtain, while ignoring other, equally useful information. Under current law, in order to receive AFDC benefits mothers must cooperate with the state in identifying and locating fathers, establishing paternity, and obtaining support. To meet this requirement, the mother must provide information the state requests on the identity and location of the putative father, submit to genetic tests, appear at hearings, and otherwise assist the state in establishing paternity and securing support. Under the PRA, however, the mother can meet this requirement only by providing the names of no more than three possible fathers and their addresses or the addresses of their immediate relatives. Under this highly prescriptive provision, even if the mother is able to provide other, more valuable, information -- such as the father's Social Security number and current employer -- she will fail to meet the cooperation requirement. Moreover, the PRA makes no distinction between the mother of a newborn (who is more likely to have the address of a putative father

or his relatives) and the mother of an older child (who may not have been in contact with the father for many years). Because the failure to meet the cooperation requirement results in a denial of AFDC not only to the mother, as under current law, but to the child as well, it punishes the family for the failure to provide information the mother does not have and cannot obtain even when she could provide other information that would lead to the establishment of paternity.

In addition, the PRA's emphasis on cooperation is misplaced. The problems of state IV-D agencies in establishing paternity are not attributable to the failure of mothers to cooperate. The vast majority of AFDC mothers cooperate with the state in establishing paternity; in 1993, of the more than 3 million AFDC cases opened, only 2,355 -- .077 percent -- were determined to have failed to meet the AFDC cooperation requirement. In fact, states established a higher percentage of paternities for AFDC cases in 1993 than for non-AFDC cases. **The real problems of state agencies in establishing paternity are attributable to IV-D's inability to collect complete and accurate information that will enable it to identify and locate the putative father.**

A recent survey of state IV-D directors identifies several factors that impede the collection of accurate and complete information. First, because under current law the AFDC (IV-A) agency rather than the child support (IV-D) agency conducts the intake interview with the mother, IV-A workers do not understand or are not sufficiently concerned about the need to obtain information that will enable the IV-D agency to identify and locate the putative father. Second, information the IV-A workers obtain is not computerized and easily accessible to IV-D workers. Third, over half the states have no written protocols to guide IV-D workers in gathering missing information.

To remedy these problems, the IV-D agency should develop, and the IV-A agency use, a standardized form on which all the relevant information is gathered. In addition, states need to be sure that their new computer systems (which are required to be in place by October, 1995) are capable of instantaneous transmission of information from the AFDC worker to the child support worker. Finally, states should develop and use written protocols for follow-up when they receive incomplete information. All of these steps can and should be taken under current law or could be required by Congress.

B. The Denial of AFDC to Children Whose Paternity is Not Established

Even when the state is doing its job, the establishment of paternity can be a lengthy process. Therefore we are very concerned about the PRA's requirement that AFDC be denied to children whose paternity is not established, even when their mothers are fulling cooperating with the state. Drafting legal papers and locating and serving the putative father cannot be accomplished overnight. Time required to obtain lab results and substantial court delays also works to slow down the process. In recognition of this, Department of Health and Human Services regulations currently allow state child support agencies a minimum of 18 months to establish paternity. Studies from Arizona, Wisconsin, Colorado and Nebraska confirm that paternity establishment is typically a slow process, with average lengths of time to establish paternity ranging from seven months to two years, and in some states approaching three years. The PRA's denial of AFDC to children until their paternity is established punishes children for delays over which they have no control.

The PRA's proposed spending caps and denial of the entitlement to child support services will only worsen the situation. If children without paternity established are denied AFDC, these families more than ever will need the child support system to help them locate the putative father and establish paternity. With the funding for the child support program capped and families no longer entitled to services, these children will not be able to receive the help they need to establish paternity.

In fact, without the current law's requirement that states serve all individuals who request paternity services, we are concerned that states will decrease the number of paternity cases accepted in order to avoid the strict financial penalties imposed under current law -- made even stricter under the PRA -- on states that fail to establish a sufficient number of paternities. And since children without paternity established will, under the PRA, not qualify for AFDC, states will have an added monetary incentive to deny paternity establishment services to the lowest-income children.

C. Procedures to Improve the Establishment of Paternity

Rather than focus on provisions that penalize mothers and children for failures to establish paternity that are beyond their control, states should be required to improve their procedures for establishing paternity in several important respects.

States should do more to encourage voluntary establishment of paternity as quickly as possible. Fathers are more likely to acknowledge paternity at or soon after a child's birth rather than in later years. Since research indicates that 65 to 80 percent of fathers of out-of-wedlock children are present at the hospital at the time of birth or visit the child shortly after birth, it makes sense to encourage voluntary acknowledgement of paternity as soon after birth as possible. Congress recognized this when it passed the Omnibus Budget Reconciliation Act of 1993 (OBRA 1993), which incorporated many important reforms in the area of paternity establishment, including the requirement that states establish hospital-based procedures to voluntarily establish paternity.

Since these requirements have been in place for only a year, few data are available to measure their success. We know, however, that in states that had established procedures for hospital-based paternity prior to OBRA 1993, the results have been promising. For example, hospital-based paternity programs have been successful in achieving voluntary acknowledgements of paternity for approximately 40 percent of births outside of marriage in Washington State and West Virginia, and for 20-30 percent of such births in Virginia.

The Child Support Responsibility Act builds on the improvements to paternity establishment made in OBRA 1993. **Recognizing that outreach is vital to inform unmarried parents of the benefits of and the procedures involved in voluntarily establishing paternity, the bill requires states to publicize the availability and encourage the use of voluntary establishment procedures, and increases the federal match rate for state outreach efforts to 90 percent. We support these reforms.**

The bill also addresses problems that arise in converting a voluntary acknowledgement to a legal determination of paternity. Under OBRA 1993, a state has the option of treating a voluntary acknowledgement of paternity as either a conclusive or rebuttable presumption of paternity. In states that have chosen to treat the acknowledgement as a rebuttable presumption, however, some treat the acknowledgement as nothing more than a piece of evidence to be used in a later legal proceeding. This creates more problems than it resolves, as many parents walk away from the hospital thinking they have established paternity. At the same time, to avoid an attack on due process grounds, it is important to afford parents, particularly minor parents, with certain protections when a legal determination of paternity is created outside the oversight of a legal body. **The Child Support Responsibility Act includes specific provisions to assure that a voluntary acknowledgement of paternity results in a quick, conclusive and fair determination of paternity.**

In addition to these provisions to encourage the voluntary establishment of paternity, a combination of performance standards and performance-based incentives, coupled with required state procedures to improve establishment processes, would encourage states to improve their records of establishing paternity. For example, to ensure that paternity is established for as many children born out of wedlock as possible, regardless of the welfare or income status of their parents, the Child Support Responsibility Act measures each state's performance in establishing paternity based on the number of out-of-wedlock births in the state, not just the number of cases within the state's IV-D system. In addition, to supplement the requirement in OBRA 1993 that states use expedited processes to establish paternity, the bill mandates the use by states of a number of procedures that would streamline the paternity establishment process; for example, the bill gives the IV-D agency the authority to order parents to submit to genetic tests.

DISTRIBUTION OF CHILD SUPPORT PAYMENTS FOR FAMILIES WHO ARE ON OR HAVE BEEN ON AFDC

Under current law, families who are receiving or have previously received AFDC benefits often see very little of the child support collected on their behalf, with a good part of these collections going to the state. Changes must be made to ensure that more child support collected goes to these most-vulnerable families, so that noncustodial parents are encouraged to pay support and children directly benefit from the support collected.

A. Families Currently Receiving AFDC

Under current law, a family receiving AFDC must assign its rights to child support to the state, though the state is required to pass-through to the AFDC family the first $50 of monthly support collected if paid when due. Additional child support collected may be retained by the state to reimburse itself for AFDC paid to the family. The effect is that an AFDC family is better off by only $50 a month by collecting child support.

Required since 1984, the $50 pass-through has never been indexed for inflation; if it had, it would have increased 43 percent and be worth $71.36 today. **Recognizing that the value of the $50 pass-through has substantially eroded over the past 11 years, the Child Support Responsibility Act indexes it for inflation. In addition, the bill gives states the option of increasing the pass-through further, thereby allowing families to keep more of their child support collected without having it count against their AFDC grant.** A number of states have expressed interest in increasing the pass-through and have secured or are seeking waivers to do so. Just in the past year, for example, Connecticut received a waiver to raise the $50 pass-through to $100, and Ohio has a pending waiver to raise it to $75.

Increasing the pass-through would not only improve the economic security of AFDC children, but also make clear to mothers and fathers alike the benefits of child support. Indeed, many noncustodial fathers of AFDC children report that they are frustrated paying child support because their children see very little of that money. Knowing that their children are being increasingly helped by the child support they pay, noncustodial fathers will have more incentive to meet their child support obligations, and collection rates for this population should rise.

B. Families Formerly Receiving AFDC

Under current law, once a family leaves AFDC, the assignment for support ceases, but the state is entitled to keep any support collected that does not represent current support (i.e., represents arrears) until the state reimburses itself for the AFDC paid to the family. States have the option of paying child support arrearages first to the family and then to the state to recover unreimbursed AFDC, but only 19 states have chosen to exercise this option.

The Child Support Responsibility Act seeks to remedy the inequities of the current system, and we strongly support its efforts. Under the bill, former AFDC families would receive not only current child support payments, but also any child support arrearages that accrued when they were not receiving AFDC. This change is especially important for families who have just left the AFDC system; such families are particularly vulnerable since they are often in low-wage jobs and lacking job security. Receiving all child support owed them -- current payments as well as arrearages -- would help these families for whom child support truly means the difference between staying off AFDC and returning to the rolls.

SETTING REASONABLE AWARDS AND ADJUSTING THEM ROUTINELY

Child support reform should assure that awards are set at reasonable levels and adjusted to respond to rising costs and changing circumstances.

A. Setting Awards

Child support awards are often inadequate, providing insufficient income to adequately support children. In 1989, the average support amount awarded and due, $3,292, had to provide for an average of 1.6 children -- making the average annual award due $5.64 a day per child.[1] Yet according to U.S. Department of Agriculture estimates, it cost $3,930 to $5,860 a year to raise a child in 1991 in a lower-income, single-parent family. Although there is much to learn about the income of noncustodial fathers, it is clear that as a group they can afford to pay more child support than they do; an Urban Institute study shows that the average personal income of noncustodial fathers in 1990 was $23,006, with custodial mothers three times more likely to be poor than noncustodial fathers.

Under current law, states must have numeric guidelines for setting child support awards, and the guidelines must be treated by the decision-maker setting the award as a rebuttable presumption of the amount owed. Because guidelines vary significantly from state to state, however, award levels vary dramatically as well. According to a recent study by scholar Maureen Pirog-Good, in 1991 monthly support awards for low-income obligors ranged from $25 to $327, while for the highest-income obligors they ranged from $616 to $1,607, and the variation in awards was not due to differences in cost of living across the states. Not only are children not being awarded the child support they deserve, but the state in which their award is established arbitrarily determines the amount of their award.

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[1] This is the amount awarded by courts and administrative bodies; even less is actually collected. In 1989, the average award actually collected, $2,995, amounted to $5.13 a day per child.

The requirement that each state develop its own guidelines, established by federal law in 1984, has led to a useful period of experimentation among the states and increased understanding of alternative approaches to child support guidelines. Now is the time, however, to correct the inadequacies and inequities that have resulted from state efforts to date.

Accordingly, we support the creation of a national commission on child support guidelines to develop a uniform guideline that provides for adequate awards and takes into consideration changing income and family structure. The Child Support Responsibility Act establishes such a commission, and requires it to make recommendations to Congress based on its study of various guideline models, their benefits and deficiencies, and any needed improvements. Given the extreme variation in child support awards set under different state guidelines, and their inadequacy, this is an important reform.

B. Review and Adjustment of Awards

Establishing adequate child support orders is vitally important for children. But it is only part of the solution. **It is also crucial that an appropriate mechanism for updating and modifying child support orders be in place so that as families change, children grow, and the value of money diminishes over time, orders can be adjusted to reflect current circumstances.**

Current law establishes a complex system for the review and adjustment of child support orders. States are required to review all AFDC orders being enforced by the IV-D agency, unless neither parent has requested a review and the agency has determined that a review is not in the best interests of the child. States must also, upon the request of either parent, review every non-AFDC order being enforced by the IV-D agency at least once every three years.

There are three significant problems with the current scheme. First, parents are often reluctant to request a review; without financial information from the other parent, they cannot know if the effort to seek a modification will yield positive results, and getting such financial information is time-consuming and often costly. Second, even if parents come forward, the high percentage changes in award amounts required by some states before modifications will be made -- in some states as high as 25 percent -- often keep parents from actually obtaining adjustments in their orders.[2] Third, the current system is burdensome for child support agencies. The review and adjustment requirements are resource-intensive, resulting in a process that is either not done well, or is done at the expense of diverting resources from other important child support tasks. A simpler, more streamlined process would result in more families being helped, without taking time and money away from other child support agency functions.

We recommend a modification system that attempts to decrease rather than increase the bureaucracy and paperwork for the IV-D agency, while also assuring that needed adjustments in orders are made. Such a system, the principles of which have been endorsed by the National Child Support Enforcement Association, would contain three essential elements.

First, states would be required to assure that every order when it is established include provision for automatic, annual inflation adjustments, based on a recognized governmental source such as the Consumer Price Index. Under such a provision, which is a common component of orders secured by individuals outside the IV-D system, orders would not lose value over time and parents would share the costs of inflation rather than have its burden imposed solely on the custodial parent. With orders that keep pace with inflation, fewer parents would need or want to petition for further review and adjustment, and states would be spared needless expenditures of precious time and resources on the review process.

Second, states would be required to implement a simplified process for review and adjustment of orders. Under such a process, every three years both parents would be notified of and have the right to request a review and, if the adjusted amount under the state guidelines differs from the current order by more than the inflation adjustment(s), receive an additional adjustment. In addition, states would be required to review and adjust orders at any time, at the request of either parent, based on a substantial change in circumstances of either parent. This scheme would spare the state the effort

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[2] For example, a parent entitled to an adjustment that would increase her current award by 15 percent would not be permitted to obtain the adjustment in a state that required changes of 25 percent or more.

of conducting reviews or making adjustments in orders when only small changes would result, or for parents who do not want their orders modified. At the same time, it would assure that adjustments are made when appropriate.

Third, for this scheme to work effectively, parents need to be able to make an informed decision about seeking a review, and to evaluate whether they are likely to be able to obtain an adjustment. To accomplish this, parents would be required to exchange financial information on a yearly basis, on a standardized "information exchange form" established by the Secretary of HHS and provided by the state. With this information, each parent could decide whether and when to seek a review and adjustment.

We believe that this scheme would be less costly than the current modification system because more orders would be adjusted automatically, and fewer would be subject to the full review and adjustment process. Although we are pleased that the Child Support Responsibility Act contains the second two elements of this scheme, to be fully effective we believe a provision requiring the automatic adjustment of orders for inflation, absent from the bill, must also be a part of the scheme.

CHILD SUPPORT ASSURANCE

Child support assurance is a bold, new strategy for addressing the problems of the current child support system. It reinforces parental responsibility by insisting that parents pay and children receive child support. At the same time, it protects children when parents are unable or fail to pay support. Under a child support assurance program, the government provides an assured child support benefit on behalf of any child who has been awarded support but whose noncustodial parent cannot or will not pay, in whole or in part, the amount owed. The assured benefit is equal to a fixed benefit amount that varies according to family size, less the amount of child support collected.

Child support assurance is a new concept, but it builds on a concept already deeply embedded in American social policy -- the Social Security system. Just as Social Security insurance protects against the inability of parents to support their families due to disability, death or retirement, child support assurance protects against the inability or failure of parents to support their families due to divorce or separation.

Child support assurance provides families with the economic security that is lacking in the current child support system. The assured benefit would be universal, available to AFDC families and non-AFDC families alike. For those families eligible for public assistance, it would provide a benefit not subject to work disincentives or the stigma that is unfortunately attached to the receipt of means-tested benefits. As such, it would afford AFDC mothers a realistic chance of moving off welfare to support their families through a combination of child support, earnings from employment, and (if needed) the assured child support benefit.

At the same time, child support assurance focuses attention on the responsibility of the noncustodial parent for children's economic insecurity. Too often only the custodial parent is blamed for generating insufficient income to adequately support the children. Child support assurance, however, is premised on much stronger child support enforcement, sending a message that both parents are responsible for a child's support. Moreover, the noncustodial parent would be encouraged to pay by the knowledge that child support payments made would benefit the children and be supplemented by the assured benefit in cases where, because of the parent's low income, the award was less than the assured benefit amount.

We believe that a universal, phased-in child support assurance system should be put into place. If such a universal system is not put in place, however, Congress should authorize a significant number of broad-based demonstration projects that establish the viability of the approach, that expand rapidly to serve a greater population as program success is documented, and that test strategies for replicating the program and expanding it to national scale. Several states have received or are applying for federal waivers to initiate child support assurance demonstration projects -- including Connecticut, Virginia, Wisconsin, Minnesota, and Mississippi -- and other states are interested in testing the concept should it be more broadly authorized. We urge Congress to include such authorization in its reform package and test this worthwhile concept now, so that another generation of children does not have to wait for national policy to catch up with changed needs and changed demographics.

Mr. COLLINS. Geraldine Jensen, national president, Association of Children for the Enforcement of Support, Inc., Toledo, Ohio.

Welcome.

STATEMENT OF GERALDINE JENSEN, NATIONAL PRESIDENT, THE ASSOCIATION FOR CHILDREN FOR ENFORCEMENT OF SUPPORT, INC., TOLEDO, OHIO

Ms. JENSEN. Thank you, Mr. Chairman, members of the subcommittee.

ACES is the largest child support advocacy organization and contacted over 100,000 families last year; 88 percent told us they had to apply to welfare due to nonsupport. My family experienced this. My caseworker told me to sign up for welfare, since my ex-husband lived out of State and worked as a heavy equipment operator. He said, it will take 6 months to get the paperwork to Nebraska, then another year before anything happens.

To stay off of welfare, I worked two jobs, but work running a household and caring for my preschool-age sons was too much, and we ended up on AFDC.

I went to school. I became a practical nurse, and we got off of welfare. A year later, I became ill and had to return to the welfare rolls for 6 months. All through this time period, it became very evident to me that society condones irresponsible men who father children and treat women as the sole responsible parent. It is as if they actually believe she went out and got herself pregnant.

No one seems to care about the children's legal and moral right to child support. This is why I founded ACES, to organize parents to work for improved child support enforcement.

Some advocates, Members of the Congress and State officials, ask you to give States one more chance to collect support. Millions of our children have already lost their chance. In 1975, the year my youngest son was born, the State-based system was created. When he was 9, the child support amendments were enacted. The collection rate was about 20 percent; about half of the cases had payment—half of the cases had orders.

When he was 13, the collection rate was stagnant, and the 1988 Family Support Act was passed. In 1993, my son was 18. The collection rate was about 18.2 percent, and half of the children still did not have orders.

We have lost a whole generation to a broken system, not because of laws—lack of laws or money. We spend $1.9 billion a year. The problem is that the system is State-based and different everywhere. Judges review cases one at a time in an antiquated process designed for the 19th century when divorce and having children outside of marriage was unusual.

We need an administrative process to establish paternity and orders. We need jurisdiction to be in the State where the child lives. The enforcement system is like an old car; we spend a lot of money on repairs. It is time to buy a new car.

ACES supports the new system outlined in the Hyde-Woolsey bill and parts of the bill sponsored by Mrs. Johnson. It places enforcement in the IRS, making children as important as taxes.

From others you will hear, let private companies collect support, but privatization has failed. Tennessee, a State that has used pri-

vate collections for 5 years in four counties, has a collection rate under 18 percent in those counties.

You will hear, let the States do their own programs. Even if every State had income taxes like Massachusetts and was as aggressive as them, it would not solve the 36 percent of the cases that are interstate whose problems are caused by each State being different.

Massachusetts' success should teach us that the tax collection system works. It should be used as a model for the IRS.

You will hear, more funding incentives, charge fees. More money will not solve the problem. Ohio increased funding by 100 percent in the past 5 years; collections increased 3 percent. Idaho charges families $400 to establish paternity. This literally drives families onto welfare where they can get the service for free.

You will hear, enact UIFSA and more State laws. States can't enforce the laws they have now, or even ERISA, which is simpler than UIFSA.

You will hear, educate parents, monitor where the money is spent. Enforce visitation with support. Change custody.

States cannot possibly meet needs with the overwhelming burden that enforcement has already placed on them. We ask you to make dramatic changes. Remove enforcement from the States and local courts, place it in the IRS, as outlined in the Hyde-Woolsey bill.

This bill sets up a national registry, will match W–4s for child support orders, issue orders directly to employers; employers will have one place to send the income withholding check. They will not have to send it to 50 different State registries. We believe that this will increase collections from 18 to 80 percent.

The Hyde-Woolsey bill puts children first in society by placing them before taxes. Cost-neutral, it reduces child poverty by 40 percent, and it saves billions.

We also would like to see parts of H.R. 785 enacted which make Federal workers pay child support and parts of the STOP Act which prohibits nonpayers from receiving government benefits.

Please, for the sake of the children, no more halfway measures, no more money to inefficient State systems, and no more children who go to bed hungry because we don't have a national child support enforcement system that works.

Thank you.

Mr. COLLINS. Thank you, Ms. Jensen.

[The prepared statement and attachment follow:]

TESTIMONY OF GERALDINE JENSEN,
PRESIDENT OF THE ASSOCIATION FOR CHILDREN
FOR ENFORCEMENT OF SUPPORT, INC. (ACES)

SUB COMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS

MONDAY, FEBRUARY 6, 1995

ACES is the largest child support advocacy organization in the U.S. We have over 300 chapters in 47 states with over 25,000 members. ACES members are typical of the 10 million single parent families entitled to child support payments in the U.S. We have joined together to seek improved child support enforcement so that our children are protected from the crime of non-support, a crime which causes poverty.

Childhood's End," a study of 325 families the year after the father left the home, revealed that 75% of the families did not receive child support payments, 58% experienced a housing crisis (to avoid homelessness, 10% went to shelters; 48% moved in with friends or relatives), 36% of the children did not get medical care when ill, 32% of the children experienced hunger, 57% of the children lost regular day care, 26% of the children were left unsupervised while their mothers worked, and 49% of the children could not afford to participate in school activities due to lack of funds. The survey also showed that 91% of the families applied for government assistance within the first year after the father left; 52% received Food Stamps; 41% received Medicaid; and 40% received AFDC (Aid to Families of Dependent Children).

The suffering of millions of children living in poverty could be alleviated if the $34 billion owed to them in support payments were collected. The laws that were enacted to protect children from this disaster are not being efficiently enforced. Non-support affects over 23 million children in our nation.

Hunger, poverty, and poor health go together hand-in-hand. Undernourished children become more susceptible to illness or disease, yet proper medical care may be minimal or non-existent. Resulting from parents' non-compliance with medical support orders, over eight million children lack adequate medical and dental care.

Federal laws require child support agencies to obtain medical support orders for the children when the non-custodial parent has health insurance available through their employer, and to enforce these laws. Nevertheless, out of the 78% of the non-custodial parents who had health coverage available through their employers, only 23% had them covered voluntarily (U. S. Census, 1990). The legal right to health care was denied to children by absentee parents even though they had the option to include them in their medical insurance plan. The need for stronger enforcement policies exists.

The financial responsibility of raising children is placed in the hands of the government, while irresponsible parents have the ability to support their children financially. The Office of the Inspector General (OIG) reports that non-payers earning $10,000 or more, owe the government an estimated $765-$850 million, representing AFDC arrearages. Regular support payments are not received by 87% of families receiving AFDC. The monetary cost of neglect affects every member of society, a price our nation must pay -- a bigger price the children must pay - is poverty.

Children are the innocent victims of family break up and they should be protected from poverty. We need a national child support enforcement program that makes child support a regular, reliable source of income for children growing up with an absent parent.

Having the IRS collect child just like they do taxes would provide this, the 1995 Uniform Child Support Enforcement Act sponsored by Mr. Hyde and Mrs Woolsey sets up such a system.

Children need to be put before all other debts and support payments due to them need to be due until collected. Federal law should prohibit statute of limitations on child support cases.

Studies show that the best way to end the cycle of poverty is through education. Children growing up in single parent households entitled to support have fewer opportunities for higher education. A federal statute making duration of support to age 23 if the child is attending school, is needed.

STATE ENFORCEMENT SYSTEM OVERLOAD AND FAILURE

Some advocates, members of Congress, and state officials, will ask you to give states one more chance to collect child support. Millions of children have already lost their chance. In 1975, the year my youngest son was born, the state-based system was created. When he was nine, the Child Support Amendments were enacted to solve non-support problems, the collection rate was about 20% and half of the children needed support orders. When my son was 13, the collection rate was stagnant, the 1988 Family Support act was passed to improve collections. In 1993, my son was 18, the collection rate was about 18%, and 50% of the children still didn't have orders.

You will hear, "let the states do their own programs." Even if every state had state income tax so that they could set up a system like Massachusetts, it would still not solve 36% of the cases that are interstate and whose problems are caused by each state being different. Massachusetts' success teaches us that collection via the tax system works, it is a model for the IRS.

Massachusetts' success is based on using tax collection strategy. The system is designed to handle huge numbers of cases quickly, just like the IRS processes taxes. Most of the work is done automatically via computers based on group type and decisions rules governing actions to be taken and data bases to be searched. This has been effective. Eighty percent of the collections are now made without human intervention, new hire W-4 reporting, liens on worker's compensation and unemployment compensation, via this automated central registry approach prove that child support collections increase when the tax collection strategies are applied.

However, since Massachusetts can only apply these techniques to cases where the mother and father and child live in Massachusetts and because only half of their cases have orders and are not part of the automated locate system the collection rate has only reached 20% . Out of 214,000 cases in Massachusetts, about 44,000 received a payment in 1994. Last year, over 18,000 children needed paternity established, but only about 6000 children received services from the Department of Revenue. Massachusetts success through tax system collection, but failure to act on paternity cases, teaches us that the IRS could and should be responsible to collect support. But this effort keeps the states too busy with enforcement to effectively handle the paternity and establishment cases.

STATES NEED TO ESTABLISH PATERNITY AND ORDERS ADMINISTRATIVELY

We have lost a whole generation because of a broken system, not because of lack of laws or money, we spend 1.9 billion a year. The problems is that the system is state-based and different everywhere.

Judges review cases one at a time in an antiquated process designed for the 19th century - when divorce and having children outside of marriage was unusual.

We need an administrative process to establish paternity and orders. We need jurisdiction to be in the state where the child lives.

Jurisdiction being based in the state where the non-payor lives rather than in the state where the child lives gives home court advantage to the parent who has abandoned the child, the law breaker. The jurisdiction scheme outlined in UIFSA, Uniform Family Interstate Support Act, long arm statues, would encourage people to go to court in the state where they had sexual intercourse rather than in the state where the child lives. For example, if a couple went to Florida on Spring Break and conceived a child, and the mother went home to Virginia and gave birth and the father returned to his home state of Michigan, the jurisdiction plan of the commission would allow the case to go to court in Florida, where the child was conceived or Michigan where the father lives. The case could not be taken to court in Virginia where the child lives. Some say this gives families more choices. ACES believes this give attorneys more places to argue jurisdiction, and non-payors more places to run and hide. It certainly does not give the child anyone to count on to help them establish an order, nor does it provide taxpayers any accountability to ensure that efficient case management occurs.

We need a federal law that places jurisdiction of child support actions to establish and/or modify orders in the place where the child resides. A National Jurisdiction Act should have the following provisions: (1) interstate child support case to be cause of action (2) the venue for the action to be where the child resides (3) trial court of any state should have power to serve the defendant. The Parental Kidnapping Prevention Act is a model for child state jurisdiction.

IRS SHOULD COLLECT CHILD SUPPORT JUST LIKE IT COLLECTS TAXES

The enforcement system is like an old car. We have spent a lot of money on repairs, it is time for a new car! ACES supports the new system outlined in the Hyde-Woolsey Bill, it places enforcement in the IRS, making children as important as taxes.

ACES asks for dramatic changes. Remove enforcement from the state and local courts and place it in the IRS as outlined in the 1995 Uniform Child Support Enforcement Act. This bill sets up a national registry that will match W-4 forms with child support orders and issue a withholding order directly to employers. It allows employers to withhold support just like taxes and makes self- employed parents pay monthly. This will increase collections from 18% to 80%.

Use the current records sent to the federal government to attach the income tax refunds of those who fail to pay child support as a national registry of child support orders. Have employers send employees' W-% forms to this national registry to be matched so that payors can be identified. The employer will be notified to withhold child support payments just like they withhold taxes. this could increase collections from 18.2% to 59% since this is the percentage of Americans who work at jobs where they receive regular paychecks from an employer. Have self-employed Americans pay their support in the same manner as they pay taxes; i.e. quarterly, ahead, or monthly. This will increase the collection rate another 20% from a total of 79%.

The Hyde-Woolsey Bill puts children first in society by placing them before taxes. It is cost neutral. It reduces child poverty by 40% and it saves billions.

PRIVATIZATION OF CHILD SUPPORT ENFORCEMENT'S POOR TRACK RECORD

From others you will here, "let private companies collect support." Privatization has failed. Tennessee, the state that has used private collectors for five years in four counties, reports collections under 18%.

Department of Health and Human Services, Administration For Children and Families, provided ACES with the following information about privatization projects in Tennessee.

IV-D Caseload

Judicial District	Date Contracted	FY '90	FY '91	FY '92	FY '93	FY '94
7th	7/1/92	2996	2565	2733	2992	3669
10th	7/1/91	8535	6894	7705	8464	10426
20th	7/1/93	50141	59239	67361	44613	39370
29th	2/1/92	2637	4283	4483	4700	5347
		Cases with Collection				
7th	7/1/92	------	378	480	610	709
10th	7/1/91	102	672	1069	1670	1957
20th	7/1/93	610	2014	783	964	875
29th	2/1/92	54	685	757	831	1003

Tennessee's fiscal year begins on July 1, of the previous calendar year. For example, fiscal year 1994 began on July 1, 1993. The State provided the following comments regarding the figures for the 20th Judicial District (Davison County). The decrease in caseload figures for FY '93 an '94 is based on more accurate counting of cases and removal of closed cases from the caseload count. Collection case figures for FY '92, FY '93, and FY '94 are for AFDC cases only. The contractor has been able to provide figures on Non-AFDC cases with collections. This problem will be resolved with the implementation of the statewide computer system.

NATIONAL LOCATE SYSTEM NEEDED

We need a modern, efficient, national computer system to locate absent parents. This cannot be the statewide computer systems tied together. The federal government has given the states $863 million dollars to set up systems. Only 15 state have systems in place, few more will be on line by the October 1995 deadline. Please do not spend any more money on statewide computer systems until you investigate to determine why so much money has been spent with such poor results.

The national locate system needs to be set up from NLETS (State DMV records), NCIC (National Crime Institute Computer), Department of Labor (reports from all state Bureau of Employment Services), Treasury Department (bank records), Social Security records, and the IRS's own records. The reason that the locate system should be national and run by the IRS is to protect confidentiality. It is not possible to protect confidential records if the system is used by local county child support offices. Too many people will have access to too much confidential data. A national central locate

system could provide information to state child support agencies systems so that they can locate absent parents, they do not need direct access to the data bank to do this.

Also, enact laws to make federal workers and contractors pay support, and prohibit non-payors from receiving government benefits, as in the STOP Act, sponsored by Mr. Bilirakis.
ACES appreciates the efforts of Mr. Bilirakis to improve child support enforcement in the U.S. We support, HR 104, Subsidy Termination for Overdue Payments Act (STOP). It is time we stop rewarding those who fail to support their children.

ACES believes that HR 104 will encourage payment of child support, which precludes the use of federal taxpayers' dollars to assist individuals who neglect their children.

Provisions that require a 60-day delinquency and allow a "good cause" exception make sure that he bill is fair to those who are truly attempting to meet child support obligations.

PARTIAL SOLUTIONS WILL NOT HELP

You will hear, "enact UIFSA, more laws, hire more attorneys, judges, and suspend licenses." State's don't enforce the laws we have now, or use URESA which is simpler than UIFSA.

The Uniform Interstate Family Support Act was written to solve problems that occur on interstate cases such as one state not giving full faith and credit. It is no longer needed because Congress passed the 1994 FULL FAITH AND CREDIT ACT. This new federal law requires states to give full faith and credit to child support orders, allows modification of orders only at the request of both parents or in a new state only if no one lives in the state where the order originated.

The other provisions of UIFSA, long arm jurisdiction will not be needed if a federal law is passed placing jurisdiction where the child lives.

More state laws such a suspending professional and drivers licenses, will not work in many states because they are state-supervised, county run programs. For example, the professional licensing law has not been successful in California because if the Licensing Board checks the child support records in the county where the licensee lives, they will not find records for those whose child support order originates in another California county. So, if someone moves from Los Angeles to San Francisco and owes child support in Los Angeles, it will not be found. The new statewide computer system is supposed to solve this problem, however, it is not functioning in the northern part of the state. They have had repeated problems with the new system. California officials told ACES it will probably not meet the October 1995 deadline for having a system on-line.

VISITATION, CUSTODY, MONITORING WHERE CHILD SUPPORT IS SPENT ARE LOCAL JURISDICTION ISSUES

You will hear, "educate parents, monitor where the money's spent, enforce visitation with support, and change custody." State can't meet their responsibilities now.

Child support and visitation are separate issues. A parent who is unemployed and without income cannot pay support, this parent's rights to visitation should be protected and enforced. ACES believes that it is wrong to deny visitation when support is not paid and we believe it is wrong to withhold support when visitation is denied. These actions harm the child. We know from our experience, and from studies, that 13% of the parents who fail to

pay child support, state that they are withholding payments because the visitation is being denied. To prevent this from happening, we need an effective Custody Visitation Dispute Resolution Program in every local court jurisdiction. Since this system needs to be run by social workers and counselors, it should be separate from the court system, and funded by local taxes on marriage licenses or divorce filing fees.

Presumption of Joint Custody laws in California did not increase financial or emotional parental responsibility. Child support orders were 20% lower in joint custody cases based on shared care time.
The Center For Families in Transition's study of the families with joint custody, found children were more impoverished because of the lower support amounts ordered by the court and that fathers did not meet their 50% shared parenting time. They averaged only 30% of the children's care, which is the average amount of time on most standard visitation orders. California repealed Presumption of Joint Custody because of the negative affects on children.

Some argue that custodial parents should provide receipts or financial reports of where the child support payment are spent. This presents several problems. Who would be responsible to audit the receipts and/or financial reports. Would non-custodial parents be allowed to use the fact that the custodial parent bought jeans at a discount store, rather than a department store, as a basis for court action stating that the support money was not well spent? What if the jeans were bought at a department store, rather than the discount store, could the non-custodial parent use this as a basis to say the custodial parent wasted the support money because the child would outgrow the expensive clothes before they wore them out?

NATIONAL REGISTRIES THAT REPORT TO STATE REGISTRIES COMPLICATE AN OVERBURDENED SYSTEM

You will hear others who recommend a national child support registry that sends notices of those who match the W-4 form, to state agencies. Please don't set up state registries and then require employers to follow 50 different withholding laws.

The National to state registry scheme is unpractical and unworkable. Millions of cases will not get sent onto employers before casual and part time laborers leave their employment.
Schemes that only include up IV-D cases as part of the registries, will benefit attorneys and harm business. Attorneys will advise clients not to sign up with the IV-D agency. They will tell clients that it is better to have a private attorney handle the match. In reality, the only thing that private attorneys will do better than the state government, is collect a fee from families owed support.

Schemes that call for employers to issue income withholding checks directly to individual payees will harm businesses. If enacted, it would mean that the 3,000 weekly income withholdings being done by the GMC Factory in my hometown, would be by individual checks to different people rather than the one transaction to the child support agency . Instead of the government agency distributing payments to the families, GMC will have to take over this duty. Some of these checks will be for AFDC families, so Jeep will have to be told which checks to send to families and which to send to the state. Since the average length of time a family is on AFDC is 17 months, and many families are on AFDC more than once, GMC will certainly be kept busy sorting out who gets which check when. This distribution system being promoted by some is to ensure that private attorneys can act as reception sites for payments collected via income withholding. Then they can take their fee out of the child support before passing it onto the family.

FUNDING THE CHILD SUPPORT PROGRAM

You will hear, "more funding, more incentives, charge fees." More money will not solve the problem. Ohio increased funding by 100% in the past five years, but collections increased only 3%. Ohio spent $20 million in 1989 and $43 million in 1993, collection increased from 19% to 22% in this time period. The dollar amount of support increased from $460 million in 1989, to $780 million in 1993, but this increase was due to new support orders being based on the child support guidelines. This increased the average payment from $40 a week to $65 a week.

Idaho charges families $425 to establish paternity, this drives families onto welfare. Over 176,000 children are on welfare in Idaho. The Idaho Bureau of Child Support makes a profit every year, but the profit is not spent on child support. It becomes part of the welfare budget. In 1993, the Bureau received $353,344 in fees from families in need of child support. This, in addition to the funds they receive from the federal government, yielded Idaho a profit of $538,340.

NATIONAL CHILD SUPPORT GUIDELINES SHOULD BE PUT IN PLACE.

National guidelines are needed to guarantee children a fair level of support. Children's support orders should be determined by their needs and their parent's ability to pay, not by where they live and which state guideline applies. There must be a national process, as well, for periodically reviewing and updating child support orders to ensure that orders keep pace with children's needs and parents' income.

Adequate information is available, and sufficient experience can be found from state governments to develop fair national child support guidelines. A system which allows a non-custodial parent who lives in Alabama and earns $40,000 a year to pay only $60 a week, while a parent in New Jersey who earns $40,000 a year pays $120 a week, needs to end. This lack of fairness leads to non-support.

Please for the sake of the children, no more half way measures, no more money for inefficient state systems. Please no more children going to bed hungry because there is not a national system to enforce child support.

Mr. COLLINS. Next we will hear from Cynthia Ewing, senior policy analyst, Children's Rights Council, also from Washington.

STATEMENT OF CYNTHIA L. EWING, SENIOR POLICY ANALYST, CHILDREN'S RIGHTS COUNCIL

Ms. EWING. Thank you, Congressman Collins, acting as chair, and fellow subcommittee members, for allowing me to speak today.

I am probably one of the few speaking to you today who doesn't earn my living working in the child support industry. I have volunteered many, many hours over the last several years working with issues affecting children of divorced and unwed parents, and am currently serving on the Child Support Advisory Committee in Virginia, so I am working on these issues statewide.

It happens that it has become widely accepted that our child support system is broken, and I have heard a number of good recommendations today for tightening the screws further and bringing about bigger and bigger clubs. That is what has been the trend over the last several years, however; and we have spent billions and billions of dollars on the system since its inception in 1975, and since that time, we have seen virtually no improvement in the compliance rate. I would think this would cause us to stand back and reevaluate the system and how it is working from a holistic perspective.

I don't hear anyone asking the question, which I think is an important one, are our social policies discouraging parental responsibility rather than encouraging it?

I would have to say that is a definite yes, and I will give you four quick reasons why—two of which, Congressman Collins, you have mentioned before in raising questions.

First of all, we have archaic practices throughout the country that treat one parent as a disposable parent except for financial purposes.

Second, most of our child support guidelines throughout the country result in awards that are not based upon reality and perhaps not reasonable. They are all over the board. Indiana, for example, has the highest child support awards in the country for low-income families, but it is 37th in the cost of living.

There is also a lack of accountability required for where the child support is spent, where there is just cause shown that it may not be spent for the children. That is in practice. There may be the inherent ability of the judge to order that, but in practice it does not happen.

Fourth, in practice, there is a failure to consider a parent's ability to pay. I have asked, when otherwise responsible and caring parents are forced away, denigrated and punished without cause, is it any wonder that our system isn't working? I see the current hysteria that we must go after the so-called "deadbeats" with unrelenting fervor, and this appears to be fostered on the premise that the No. 1 problem facing our children today is poverty and that successfully enforcing child support will eliminate poverty.

Let me preface my comments, first of all, by saying that I have no compassion for any parent that walks away from their parental responsibility, that willfully walks away. But on the issue of pov-

erty, is poverty really the problem? Or is it simply the system of another social ill?

It has become fairly widely accepted that there is a strong relationship between family breakup and social problems. The studies are showing that better academics is linked to intact family structure, cultural values and parental involvement, not economics.

Then we have the data from the Kids Count Data Book, published by the Annie E. Casey Foundation. The study ranked States in their overall child wellness factor, which considers child poverty, teenage birth, juvenile crime, high school graduations, et cetera. We listed these States in their percentage of intact families and compared it to the State's child wellness ranking. The relationship is abundantly clear. No State that is high in percentage of intact families ranked low in child wellness or vice versa. Even States that are extremely poor financially, but high in intact, two-parent families, such as West Virginia, were ranked much better than prosperous States such as Florida, Georgia, and Illinois, which have high percentages of single-parent households.

I am sure that members of this subcommittee are aware of the studies that show that children raised in single-parent households are at greater risk of teenage pregnancy, juvenile delinquency, suicide, and poor academic performance; and this is in no way to condemn existing single parents who do their best to be the best parent they can, and many of them do that remarkably well. But we have to recognize that, in general, children do better when they have both parents involved.

Despite this fact, however, our policies continue to discourage two-parent families with the marriage tax penalty, public housing that discriminates against poor, two-parent families, welfare that won't provide for poor, two-parent families, and child support that is unconnected to parenting.

There is also the child support concept that is supported by some that more is better, and I would like to dispel this myth. Children's Rights Council has obtained data from the National Center of State Courts ranking the States by their average child support award. The findings show the States with the high award were the same States ranked low in child wellness; and those with low rewards ranked high in child wellness.

Further common sense would tell you, if we make the awards too high, compliance is less likely or impossible. But let's think about this. Aren't high and lucrative child support amounts incentives to divorce and unwed pregnancies? We need to reverse the trends we are seeing—stop calling for more destructive socialistic programs such as welfare, AFDC, food stamps, child support, and child support assurance, which increase the stakes and providing incentives for more divorces, single-parent households, unwed births.

America's children are being harmed by a deficit, but not a financial deficit. Poverty is not the problem, and money its not the solution. The real deficit harming and killing our children today is emotional deficit. America is suffering from the greatest parenting deficit in our Nation's history. I do have some specific recommendations outlined in my written testimony. I see my time is up.

Mr. COLLINS. Thank you.

[The prepared statement and attachment follow:]

TESTIMONY OF CYNTHIA L. EWING
SENIOR POLICY ANALYST, CHILDREN'S RIGHTS COUNCIL

Mr. Chairman and fellow Committee members, thank you for the opportunity to speak to you today. I am Cynthia Ewing, Senior Policy Analyst for the Children's Rights Council, a Washington, D.C. -based coalition of national affiliate organizations and 38 chapters in 29 states and Canada. Our organization represents more than 100,000 members. We have a prominent advisory panel consisting of leaders in government, academia, business, media, religion, medical and mental health professions, and the legal community.

With my CPA experience and my supporting career as CFO for several mid-size corporations, I have applied my financial expertise to the review and study of child support guidelines. I have reviewed state guidelines for reasonableness and equity and am fully aware of the disproportionate distribution of tax benefits related to child custody and support. I am currently serving on the Virginia Child Support Advisory Committee and recently completed service on a Virginia legislative study group reviewing child custody and visitation issues. Prior to residing in Virginia, I was actively involved with child support and other issues affecting children of divorced and separated parents in my former state of residence, Indiana.

Most of us recognize that the welfare system is broken, but we fail to recognize that the child support system is also broken. Over the past two decades, the Federal and state governments have spent billions of dollars on the huge, expensive, cumbersome and draconian child support bureaucracy. The trend has been to make child support awards higher and higher and to create tougher enforcement mechanisms for pursuing parents who do not and/or cannot pay those amounts. **What have we accomplished since the Federal government created the child support enforcement system in the mid-1970s?** The answer is basically nothing! Overall, there has been no improvement in the child support compliance rate in America over the past two decades. This fact should prompt us to step back and reevaluate the government's approach from a holistic perspective! We should ask ourselves the question:

"Are our social policies DISCOURAGING parental responsibility
rather than ENCOURAGING it?"

The answer to this question is a definitive "yes" and I would like to provide this distinguished committee with four reasons why I believe this to be the case.

First, as a direct result of our country's archaic child custody laws, judicial practices and bureaucratic policies, millions of fit, loving, and dedicated parents have been literally pushed away from their children. The misguided notion that upon divorce or separation of their parents, children need only ONE parent, permeates our country's judiciary, legislative bodies and social service agencies. Because of this attitude, we typically assign complete ownership and control of these children to ONE parent - the custodial parent. We relegate the OTHER parent, regardless of his/her fitness or demonstrated history of responsibility, to the status of "visitor" and "non-custodian", whose primary function is to send money. The first disincentive to being a financially responsible parent is provided at the onset of this process. Stripping a parent of his/her parental rights, referring to him/her in denigrating terms, and treating him/her as only a financial resource is a highly effective DEMOTIVATOR! Congress must recognize that parental rights and responsibilities go hand in hand and that any policy it formulates or supports which diminishes the role of either parent will be counterproductive to its child support and child welfare initiatives.

Second, in order for a child support system to work, the levels of child support must be reasonable and based on the TRUE costs of raising children. In practice, the child support guidelines are none of the above. Child support guidelines must reflect the basic fact that it costs more to maintain two households than one. Excessive child support awards which force obligors to work 2 or 3 jobs in order to meet their support payment are NOT serving the best interests of our children. Parents caught in this trap simply do not have the time to parent, to provide the emotional support and guidance which our children desperately need. Excessive

support awards which drive obligors themselves into poverty or homelessness are NOT serving the best interests of our children. While the media is quick to note that many custodial parents, primarily mothers, are living in poverty, they fail to report that the same may also apply to non-custodial parents. A University of Wisconsin study found that 58% of non-custodial parents are living below the poverty level. Congress must recognize the unfortunate fact that children of divorced or separated parents may never exist at the same standard of living they enjoyed as an intact family. Congress must accept that the overwhelming majority of children of unwed parents will likely be raised at a standard of living at or below the poverty level, regardless of the bureaucracy's success at collecting child support.

Third, there is the issue of accountability for child support. The simple fact that financial resources are being transferred from one parent to the other without any accounting of how this money is being spent is a disincentive. In many cases, it is blatantly obvious that so-called child support money is not being used for the benefit of the child. Just as there is a basic accountability requirement for anyone acting in a fiduciary capacity, there should be an accountability requirement placed on custodial parents for the use of the financial resources that are provided for the benefit of the child.

Fourth, there is the issue of the abilities of the parents to support their children and how government intrudes into the family based strictly upon the structure of that unit.
Please consider the following hypothetical, yet realistic, situation:

I have a husband and children and our family is intact. My husband becomes involuntarily unemployed and may go many, many months without a job. He is not able to support our children and may not be able to for a long time. How would each of you characterize this situation? Unfortunate or sad? What will you call my husband? A dead-beat? How is my government going to interfere in our family relationships? Will my government interfere with his ability to find a new job by revoking his driver's license or trade license? Will he be thrown in jail for not supporting our kids? Of course not! But, if my husband and I legally separate or divorce, everything is different. If he loses his job and cannot support our children, the government intrudes into our lives in a major way. I will likely be awarded custody of our children, he will be allowed to "visit" them per a schedule and he will be ordered to provide financial support. If he does not support our children, regardless of the fact that he has lost his job, he will be labeled a "deadbeat", have his trade license and driver's license revoked, and he may even be thrown in jail.

My point is this: As Congress reviews the various child support issues, including of course, the problems associated with support collection, it must keep in mind that a parent's ability to work, and thus his/her ability to support the children, is a critically important consideration and that this ability to support applies as much to divorced, separated or unwed parents as it does to parents in intact families. A number of studies, including at least one funded by the Federal government, have found that a parent's recent employment status and ability to pay is one of the most important predictors of noncompliance.

According to a GAO review of the Census Bureau data, 66 percent of noncompliance was reported by custodial mothers themselves as being because the fathers were unable to pay. However, noncustodial parents are not provided the AFDC-safety net as are custodial parents. If we define a "deadbeat" as a parent who does not contribute financially for one's child (whether willfully or not), we not only have "deadbeat dads" who are the ones that are degraded in the media, but a lot of "deadbeat moms", the ones that are on welfare. There is quite a disparate treatment of impoverished parents based upon either gender, who has won custody of the child, or who has been designated as the child support obligor.

When otherwise responsible and caring parents are forced away, denigrated and punished without cause, is it any wonder that the system is not working? But the

current hysteria that we must go after so-called "deadbeat" parents with an unrelenting fervor appears to be fostered by the premise that "the number one problem facing our children today is POVERTY" and that successfully enforcing child support will eliminate poverty.

The media has bombarded us with the message that financial poverty is the root of all the problems our children face. Whether it is the "Kids Count Data Book" put out by the Annie E. Casey Foundation and the Center for the Study of Social Policy, the Congressional report of the U.S. Commission on Interstate Child Support: "Supporting Our Children: A Blueprint for Reform", or "Beyond Rhetoric: A New American Agenda for Children and Families" - the final report of the National Commission on Children, POVERTY is that great enemy of our children.

But is it really? Is poverty the social "disease" or is it simply the symptom of another social ill? Is "poverty" simply the "politically correct" excuse or posture taken by our political and social policy agencies because they refuse to admit that our government has created this epidemic of "at-risk" children with its irresponsible social agenda towards families?

In her 1993 Atlantic Monthly article - "Dan Quayle Was Right" - social researcher Barbara Defoe Whitehead concluded: "If we fail to come to terms with the relationship between the family structure and declining child well-being, then it will be increasingly difficult to improve children's life prospects, no matter how many new programs the federal government funds. Nor will we be able to make progress in bettering school performance or reducing crime or improving the quality of the nation's future work force - all domestic problems closely connected to family breakup. Worse, we may contribute to the problem by pursuing policies that actually increase family instability and breakup."

In my opinion, this is precisely what the government has done.

According to Senator Christopher Dodd (D-CT), "whatever social behavior government rewards and subsidizes, we end up with more of that behavior." Take our government's posture toward rewarding and encouraging the single-parent household, whether by divorce or unwed circumstances.

America's social condition had been steadily deteriorating over the past 30 years. The divorce rate and the percentage of children living in single-parent households has tripled since the 1960s. Out-of-wedlock births have quadrupled. Frightfully, studies have shown that parents spend increasingly less time with their children than at any time in our history.

I submit that it is not financial poverty or child support deficiency that is the root of our children's problems. Rather, it is the fact that America is suffering from the greatest "PARENTING DEFICIT" in our nation's history. And our social policies continue to encourage this tragedy.

Many adults, particularly gender-feminists, have argued that all children need are one parent and money (child support, government give-aways, etc.) Yet the evidence simply does not bear this to be true.

A recent study in Michigan found that the "boat or refugee children" from the Far East, who had settled in America in the mid-80's and were attending public schools, are out-producing American children in the classroom - even though most of these refugee children live at or below poverty levels. The report concluded that "family structure, cultural values, parental involvement - NOT ECONOMICS - led to healthy, successful, well-adjusted children.

Similarly, a study in Pennsylvania found that children from poor, intact, two-parent families performed better academically than financially well-to-do children from single-parent households.

Perhaps the most conclusive illustration of the negative relationship between family structure and the wellness of our nation's children may be found in a report entitled "Kids Count Data Book: State Profiles of Child Well-being" published by the Annie E. Casey Foundation in conjunction with the Center for the Study of Social Policy. In the 'Kids Count' study, all states and the District of Columbia were ranked according to the well-being of their children, as measured by such parameters as child poverty, teen births, juvenile crime, high school graduation rates, violent deaths, etc. Although the report itself did not compare each state's overall rating in child wellness with the percentage of intact families in each state, such a comparison is easily derived. The states below are listed as to the percentage of "intact families" in each state (left column) and then the ranking by the "Kids Count Data Book" as to the state's child wellness (right column).

Ranking by % of intact families	STATE	Ranking by wellness of children
1.	North Dakota	4
2.	Idaho	16
3	Utah	7
4.	Nebraska	9
5.	Iowa	5
6.	Wyoming	12
7.	New Hampshire	1
8.	Rhode Island	14
9.	Wisconsin	8
10.	Kansas	13
11.	Connecticut	6
12.	Vermont	3
13.	Pennsylvania	22
14.	Hawaii	15
15.	South Dakota	20
16.	Montana	21
17.	Alaska	21
18.	Minnesota	26
19.	West Virginia	27
20.	Washington	17
21.	Maine	10
22.	Ohio	24
23.	Missouri	36
24.	Oklahoma	35
25.	Texas	31
26.	New Mexico	46
27.	Arizona	37
28.	Oregon	19
29.	New Jersey	18
30.	California	33
31.	Kentucky	32
32.	Virginia	23
33.	Colorado	25
34.	Massachusetts	11

Ranking by % of intact families	STATE	Ranking by wellness of children
35.	North Carolina	39
36.	Nevada	28
37.	Indiana	29
38	Delaware	34
39.	South Carolina	44
40.	Michigan	40
41.	Arkansas	41
42.	Maryland	30
43.	Illinois	38
44	Georgia	47
45.	New York	42
46.	Florida	45
47.	Alabama	48
48.	Tennessee	43
49.	Louisiana	49
50.	Mississippi	50
51.	District of Columbia	51

*Kids Count Data Book Statistics

The relationship between the percentage of "intact families" and child wellness which includes child poverty is abundantly clear. That is, no state which is high in percentage of intact families is low in child wellbeing, nor are states that are high in

child wellbeing low in intact families. Even states that are extremely poor financially, but are high in the percentage of intact, two-parent families (such as West Virginia), find that their children are doing much better than more prosperous states (such as Florida, Georgia, Illinois) which have high percentages of single-parent households.

I am sure that the members of this Committee are aware that the studies show that children from two-parent households are far less likely to be involved with drugs and crime than children raised in single-parent households. This is not to condemn existing single parents who work hard to be the best parents they can, many of whom do a remarkably good job rearing their children. But the fact remains that studies show that children from single parent homes are more at risk of teenage pregnancy, poor academic performance, juvenile delinquency, suicide and violent crimes.

Despite these facts, our policies continue to discourage two-parent families. Some of the ways the government actively discourages the two-parent family are:

the marriage tax penalty,
public housing that discriminates against two-parent families,
welfare that won't pay for poor two-parent families, and
child support that is unconnected to parenting.

The child support concept that is supported by some who purport to represent women and children is that "MORE IS BETTER". These 'protectors' of women and children argue passionately and vehemently that a child just needs one parent and money. I would like to dispel this "more is better" myth. The Children's Rights Council has obtained data from the National Center for State Courts on the ranking of states by their average child support award. The findings of this research show that states with HIGH average child support awards were the same states ranked low in child wellness. The states with LOW average child support are the same states ranked high in child wellness. The most profound examples are the states of Indiana and New Hampshire. The average child support award in Indiana is twice the amount of the average child support award in New Hampshire. Yet New Hampshire is ranked NUMBER ONE (#1) in child wellness, while Indiana is ranked 29th in child wellness. If child support were the key, Indiana would be #1 instead of 29th.

High child support awards appear to reward or encourage the "single-parent" household. States with low child support awards are high in two-parent, intact families and high in child wellness. Whereas, states with high child support awards are low in two-parent, intact families and low in child wellness.

When we financially reward divorce and unwed pregnancies, we foster more of that behavior.

We need to reverse the trend and we need to stop calling for more destructive socialistic programs such as welfare, AFDC, food stamps, child support, child support assurance, etc., which only increase the stakes and assure that we will have more divorces, more single-parent households, more unwed births. We need social policies that promote family formation and parent-child relationships.

America's children are being harmed by a deficit. But this is not a **financial** deficit. *Poverty is NOT the problem, and money is NOT the solution.* For the real deficit harming and killing our children is an **EMOTIONAL** deficit, caused by removing and denying emotional resources due our children. For our children's generation is the least loved, least nurtured, least parented generation ever.

Our government has a choice. It can remain on the same path and continue the anti- two-parent family and anti- parent-child policies while at the same time tightening the child support enforcement screws or it can look at different pro-family approaches. If the choice is to continue as is, maybe in another 25 years we

will be in the same position as we are today or perhaps our social condition will deteriorate even further.

LESS GOVERNMENT, MORE FREEDOM and LOWER TAXES.

This is the message that was heard last November and that message strongly applies to America's child support system.

I would like to make the following specific recommendations as a beginning for improvement of the current child support system. There is not going to be any recommendation that will be a panacea. But, we need to start taking steps in the right direction:

1. Provide block grants to the states.

Right now, there is a Federal mandate to the states for child support enforcement that is very detailed and specific. We suggest you consider turning child support into block grants for the states. This would allow greater flexibility for new initiatives by the states.

2. Provide for more access/visitation grants as a more cost-effective tool for assuring child support compliance and parental responsibility.

Federally funded researcher, Sanford Braver, Ph.D., Arizona State University, finds that the involvement in the child's life by a parent is the single most powerful indicator of the amount of child support that is paid. Federally funded researcher, Jessica Pearson of Denver, Colorado, finds that jurisdictions that provide outreach programs to non-custodial parents also show higher child support compliance, greater satisfaction by parents, and less court time -- all of which serve to help children emotionally and financially. The Federally funded $350,000 Iowa Access Demonstration grant is showing that access counselling to non-custodial parents provides for higher child support compliance.

There should be more funds for access counselling, mediation, and other informal methods of resolving custody and access/visitation disputes. This can be paid for out of existing child support enforcement funds, or by charging a reasonable user fee to parents.

3. Provide Parenting Education.

Both Democrats and Republicans support the idea of parenting education. Two to four hours of parenting education can help prepare parents for marriage, keep many marriages together, and help parents focus on their children in the event of separation. Let parents pay $25 or $50 towards their parenting education.

Elizabeth Hickey is the creator and director of Utah's first-in-the-nation mandatory parenting education program for separating parents. Elizabeth Hickey is national director of parenting education for the Children's Rights Council. The judges in Utah mandate parenting education for separating parents in Utah because they find it effective in reducing tension between parents, encouraging parental satisfaction and keeping parents out of courts. Connecticut and other states are jumping on the band wagon and mandating workshops for separating parents.

4. Remove the term "absent parent" from the Social Security Act.

In 1935, when the act was passed, it was for the purpose of addressing families where men were lost at sea or killed in mine accidents. Sixty years later, this antiquated title still exists and is applied to noncustodial parents. The mere fact that a parent is involuntarily designated a noncustodial parent by the system, does not make that parent "absent". Parents should be treated as human beings and as PARENTS, whether they win or lose the custody battle!

5. Order the Justice Department to uphold parents' constitutional and liberty rights to the care and control of their children.

On a daily basis throughout the country, under the "winner-take-all" custodial system, the courts interfere with rights of children to have the care and companionship of both parents. This is a violation of individual liberty interests and constitutional rights. The U.S. Supreme Court has on several occasions emphasized the importance of protecting the bond between parent and child, noting in one case that "the companionship, care, custody and management of his or her children" is an interest "far more precious" than any property right. By protecting a child's right to BOTH parents, custody battles will diminish thereby preserving the emotional and financial resources of the families.

Mr. COLLINS. I thank each of you, and your testimony will, in its fullness, be entered into the record. We will call on Ms. Dunn.

Ms. DUNN. May I pass my opportunity now and take it back a little bit later, Mr. Chairman? Thank you.

Mr. COLLINS. No objection.

Mrs. Kennelly.

Mrs. KENNELLY. Ms. Ewing, I agree with 99.9 percent of what you have to say. The problem is, it just doesn't always work out, and then we end up with some of these problems that we are trying to wrestle.

An intact family is always the best family, and if the parents are getting along and everything is going along smoothly, a child does test better and have a better life. But what we are wrestling with here is when things didn't work out and we are wrestling with it and finding out how difficult it is.

I agree with your testimony. I just have to say to you that when things don't work out, that is when we come in, not when things do work out.

Mr. Steinberg, I have been involved with child support enforcement—with Carroll Campbell when he first came. That is how we began in 1984. I received many letters from very unhappy fathers, and I would say right here that no mother should ever use a child as a tool of keeping this upset going; and where visitation is—should be, it should be. What happens is, you can't give up your responsibility of supporting your child even though you and your former wife are having a terrible time, and this has always been a problem.

I didn't quite—were you for the Woolsey-Hyde amendment?

Ms. EBB. We support it is as a long-term approach, absolutely. If the decision is made not to go with a federalized system for collection and enforcement, then we think the very strongest approach that can be taken to improve our current system of Federal-State partnership is precisely the bill that you and the other Congresswomen have introduced.

Mrs. KENNELLY. Ms. Jensen, you go very strongly toward the Woolsey-Hyde bill, from your testimony, and I know the experience you have had and the hard work you have given in this whole effort makes me think maybe I should start looking at the Woolsey-Hyde amendment, because we are wrestling this, so-hard-to-find solutions to the problems.

I also, in that figure you gave on 3.4—was it billion—uncollected?

Mr. STEINBERG. The figure——

Mrs. KENNELLY. The figure 5.4.

I would just like to point out, Mr. Steinberg, I believe that is the uncollected of people who have court orders in their hands, and not all those others that have no court order, such as in a situation where paternity hasn't been established.

But, no, this has been an excellent panel. You hear a lot of different points of view. But I would say to the chairman, as we all know—those testifying and those sitting on the panel—the reason we are attempting to wrestle with this as we have been trying to wrestle with it over the years, we still have terrible, terrible problems. We must continue because a child who doesn't have adequate support often ends up with a child that doesn't do well in school

and doesn't have a good life afterward. So we have to keep trying to find the answer.

Ms. Ewing.

Ms. EWING. Thank you, Congresswoman Kennelly.

I would like to point out, with the issues of child support enforcement, it looks as if we were just enforcing one aspect of the whole family situation, and if we are only focusing on the money and we fail to look at doing something about the other problems that affect these families, I don't see there being a lot of improvement overall in our child welfare. That is what concerns me.

Mrs. KENNELLY. I heard your concern, but what happens here, Ms. Ewing, is, we are public servants; we have to do it with the taxpayers, and when a parent isn't responsible for the child and the taxpayer ends up paying for that child—and this is one of the facets of this many-faceted problem, of course.

If we could deal with what I would love to deal with, and I think we have to spend even more time with it—avoidance of pregnancy and those kinds of things in welfare reform, of course we have to. But in this particular situation, we have parents that do walk away, do not take the responsibilities; and the child ends up in poverty and, therefore, the problems proceed on from there, so this is just—this little nut is about as hard as you could find to crack. I agree we should do a lot of other things, but we are trying to resolve this one, and a lot of us have worked on it and we know it is not easy.

Ms. CAMPBELL. Could I make a comment?

The Congress a few years ago created the U.S. Commission on Child and Family Welfare; it has been already alluded to regarding Mr. Harrington—and I am on the Commission, as well, and the very first order of business that we are looking at is custody and visitation policies. So I would hope very much that the Congress would wait to address these issues until the Commission has reported, because I think that is what we were charged to do, among other things, and hope that we can bring some useful information to bear on this issue which, I agree, is a very important issue.

Mrs. KENNELLY. To add to that, you cannot blame an individual for not wanting to pay child support if, in fact, he is being denied visitation; and that has been a problem all along. It is—the bottom line is the child, the one that ends up suffering even though the parent—because the parents can't get along.

Mr. COLLINS. Mr. Ensign.

Mr. ENSIGN. Yes. I can't see the name tags.

Ms. Ebb, could you explain to me what you feel the proper role is for the Federal versus the State in this area. I am sorry I wasn't here for your testimony earlier.

Ms. EBB. I think there is a threshold question of whether you are considering changing the basic structure of the system. To the extent that there is openness to that, I think we can make some extraordinary improvements in interstate collection and enforcement if we move enforcement to the Federal role, leaving paternity establishment and establishment of the original order up to the States. Those are sort of people-intensive activities that they really are best equipped to perform.

If we don't move to that kind of enhanced Federal role in terms of collection and enforcement, it is important to, I think, retain the current system of Federal-State partnership, to build up Federal supports where we can for States—for example, by creating a national new-hire requirement coordinated by the Federal Government—and to build up State capacity by increasing resources; by requiring that all States have in place state-of-the-art techniques pioneered by some States; and by enhancing the tools they have for things like establishing paternity.

I think one thing that would be a matter of serious concern would be to look at privatization as an alternative to the current system. Certainly what we have now in our system is the ability to contract with private providers where they can do what is being done by a State agency better, more efficiently or more cheaply; and that is important to look at everywhere where it is possible that they could do it better.

What I think would be harmful would be to abdicate the State's basic responsibility to oversee the overall system.

Mr. ENSIGN. You mentioned the technology that some States have and requiring it for all States. We just passed the unfunded mandates bill. We are looking at a Federal deficit and where new moneys are few and far between.

Where would you propose or from what programs would we take the money to do as you suggest, because the Federal Government would have to pay for those programs?

Ms. EBB. Well, first, I think that this is not really an unfunded mandate since Federal matching funds are available. But, second, I think that many of the provisions that we are urging that Congress adopt are, in the long run, cost savings.

Mr. ENSIGN. Except we look at static scoring; we don't look at dynamic scoring.

The other thing, if we require the States to do something, even if we are matching those funds, we are still requiring them to do that as an unfunded mandate if we tell them. Even if you are only paying half, that is still an unfunded mandate.

Ms. EBB. To the extent that this falls within the definition of an unfunded mandate, I think this is certainly one area where it is important to look at that and to say, here the investment pays off—it pays off in terms of recoveries for the government ultimately, because we are holding parents responsible; it pays off for children—and this is a place where investing in children provides outcomes that we all think are important.

Mr. ENSIGN. I agree with that. I am just pointing out some of the complexities in static versus dynamic scoring. Under the current rules, we are not allowed to look at dynamic scoring. This is a good point, that that sometimes does make sense.

Thank you, Mr. Chairman.

Ms. CAMPBELL. Could I respond just to that question? I think it is going to be interesting to get some costing out of the various bills, particularly section by section, and—for example, I am not sure if you were here when I testified either, but the modification scheme that is in the Congresswomen's bill we think really is a simpler and less costly scheme than is in the current bill, so that the administrative cost should go down at the same time as the re-

wards reaped from modifying awards go up, so that hopefully, if you can keep it in the same 5-year period, there may be—and I think there are in some of the bills—some measures that will save costs as well.

Ms. JENSEN. I would like to comment, too, the bill that I believe is the most cost efficient is the Hyde-Woolsey bill; and the reason for that is the Congressional Budget Office already has done some estimates that it would cost about $1 billion to put the national system in place in the IRS, but that it will recoup about $600 million in AFDC.

Then to pay for the other $400 million to put the system in place, if we take that from what we currently give the States, so instead of giving the States $1.9 billion we give them $1.5 billion. We put the new national system in place, we haven't spent any money, and we have provided the States $1.5 billion, which is almost as much money is they have to do one-half of the work, which is establishment of the orders and establishment of the paternity and having the IRS do the enforcement so that system is very cost effective. Certainly I would appreciate your looking at it very closely.

Mr. ENSIGN. Thank you.

Mr. COLLINS. Thank you.

Mr. Rangel.

Mr. RANGEL. Thank you, Mr. Chairman. I am sorry that I am late—and to the panel and other guests—but I couldn't get out of New York City earlier.

Mr. Steinberg, part four of your testimony, you seem to imply that fatherless homes, other single-parent homes are responsible for 90 percent of homeless and runaway children, 85 percent of youth in jail, 75 percent of drug abusers, 71 percent of all high school dropouts, 71 percent of teenage pregnancies, suicide, child abuse, low grades, likely to expel and to live in poverty.

Mr. STEINBERG. Yes, sir. I am glad you called those figures to our attention. That is correct.

Mr. RANGEL. Would you find it inconsistent to say that poverty has caused more inadequate housing, less health care, more overcrowded schools, substandard education, lower grades, higher high school dropouts, lesser expectation, more drug abuse, more teenage pregnancy, more crime, more violence, and more fatherless homes?

Mr. STEINBERG. Are you asking, would I say that is the cause or the effect? Because I don't believe that poverty, in itself, causes those things. I do believe that people that are in poverty are the end result of those statistics.

Mr. RANGEL. I wouldn't argue with you, but you don't mean to say that fatherless homes, in and of itself, cause all of the things that you mentioned?

Mr. STEINBERG. We can't deny the correlation. We are not saying that just because a father is not present, this is happening. Of course, there is no reflection on a mother being a bad parent; it's just a fact.

Mr. RANGEL. Then you can't deny the correlation between poverty causing this action, including kids having kids because they have low self-esteem, no expectations, and not even thinking about getting married because in most of these situations there is no eligible person to marry in the first place.

Mr. STEINBERG. I don't think anyone would argue those facts, and I don't think anyone would argue the fact that a father is important in a child's life; and I guess the point I am trying to make is that two parents are important in a child's life.

Mr. RANGEL. I will not challenge that, I encourage that. But you would be encouraging more two-parent families if you dealt with the problems of poverty, education, dropouts, and the opportunity for employment, wouldn't you?

Mr. STEINBERG. I think it is good to tie all of these things together.

Mr. RANGEL. I don't mean good. I am saying, if you really wanted more marriages and more fathers in the home, more people working, you need those things to make a good family unit.

Mr. STEINBERG. Absolutely.

Mr. RANGEL. More images where a child can say, I cannot get involved in this because I want to get married—and I assume that means, someone that is not into drugs, someone that is not with AIDS, someone that is not in jail—I want to get married to someone who is working. If they don't exist and there is nothing to lose, then we have to tackle both of those problems at the same time with the same figure, wouldn't you agree?

Mr. STEINBERG. Yes, sir. As others have pointed out, we are not just talking about a problem of divorce here.

About a third of the children born today are born out of wedlock, and these statistics also relate to them as well. We just emphasize the importance of the next endangered species—the American father.

Mr. RANGEL. The way you put this, one could say that all the kids in jail started off drinking milk, and no one could deny that either. But we want to say that you have got to go after both of these things.

Mr. STEINBERG. That is correct.

Mr. RANGEL. There is an inference in the attached testimony that welfare is responsible for most poverty. You don't associate yourself with this Lift Every Voice?

Mr. STEINBERG. One of the provisions in the welfare reform initiative of the State of Virginia was to the fatherhood initiative, to increase fathers' participation; and the Commission in Virginia there recognized the benefits of fatherhood and the fact that if fathers were brought into the lives of the children that not only would this help the children, but this would save the State money.

Mr. RANGEL. Well, it says the welfare system has actually served to perpetuate poverty among many recipients by creating perverse disincentives for employment. That is just something that they just threw in there, right? I mean, you wouldn't want to have to staple your integrity to that, would you?

Mr. STEINBERG. I didn't say I agreed with everything in the Commission's report.

Mr. RANGEL. That is all. Thank you so much.

Thank you, Mr. Chairman.

Mr. COLLINS. Thank you, sir.

I just want to ask a you couple of questions.

Ms. Jensen and Ms. Campbell pretty well gave their views on privatization. What about the other three? Would each of you have a quick comment on privatization of collection of funds?

Ms. EWING. Congressman Collins, I guess on that point I think it is worthwhile trying privatization. I am for less government and more privatization of a lot of areas that the government is currently working—you are handling.

But then again going back to my viewpoints, I think we can't just look at that in a vacuum. There are a lot of things we have to work on to improve the whole system.

Mr. COLLINS. Ms. Ebb.

Ms. EBB. There are areas where privatization can be helpful. For example, New York State, in creating a central collection and distribution system, looked at bringing in a private entity that had experience with payroll and where its expertise could do the function more efficiently and more cheaply than a government entity. That made sense, and when you look at that function in that State, it was appropriate to do it so long as the State kept control of the overall system.

It may make sense in some very dysfunctional State child support systems to bring in agencies to run particular counties. Or it may make sense to use private collection agencies to go after back support on a contingency basis in those cases where the State agency has written them off as uncollectible and it doesn't make sense to spend scarce State resources on those cases which would otherwise be sort of dead letter cases.

So in those areas, it does make sense for States to experiment, to see if it works, and where they actually have authority under current law to do so. What is troubling is where what you have is essentially a law enforcement function and you think about having the State abdicate its responsibility for providing those services, relying instead on a private market to provide services in cases where the rewards will not be great enough to attract private industry and where you really can't say to a child or to a custodial parent, we promise that this privately operated system will pay off for you.

So it is important to have the State retain responsibility for the basic function and to look at where it is appropriate to bring in private help.

Mr. COLLINS. Do you have an opinion on that, Mr. Steinberg?

Mr. STEINBERG. Yes, sir. I am on the Child Support Enforcement Advisory Committee for the Division of Child Support Enforcement in Virginia; and, yes, sir, they have tried privatization in certain areas of the State. I agree with other speakers, it does work, especially in cases where it is difficult to find the payer.

One of the complaints I get—I do counsel custodial parents, and the bottleneck of paperwork that goes on within the government system—in some cases, they get paid 3 months late, or in some cases, they just throw up their hands in frustration and say, I don't want to go through that system anymore, and I will try it on the outside.

Mr. COLLINS. Mr. Steinberg, you are here as a speaker on behalf of American fathers, and in your statistics, do you have anything that—do you have any numbers that would indicate how many fa-

thers who are not—who are noncustodial, but would like to be, or could afford to be and would actually qualify to be?

Mr. STEINBERG. No, sir, I don't have exact numbers. I can tell you that the present system discourages a father from even trying. Most fathers that have hired a lawyer, the first thing they tell them to do is to forget it, sign here, get on with your life, have another baby, forget your other child. So the system does not encourage a father to participate in a child's life.

Furthermore, if you ever try, you might wind up in court from 1 to 3 years and spend over $100,000 to find out, hey, I don't have any more than I started with and probably even less.

So the system itself sets up roadblocks and does not encourage a father to participate in a child's life. So I believe if the system were turned around—and I have said before, the courts should stay out of our lives.

Absent abuse, negligent, willful dissertation, some criminal act, refusal to support, really, we should fall back on the Constitution; and the First Amendment provides that courts should not get involved in our lives, but if courts do, why don't they order the fathers see their children and take responsibility for raising them instead of telling them they can't? Why do they do that?

So my answer is simplistic, but get parents, both parents, responsible for raising those children.

Mr. COLLINS. Well, again, we want to thank each of you for taking your time and testifying today before a panel of the subcommittee. It has been a very informative afternoon, one where I have enjoyed listening to the testimony, and I know my colleagues have also. Be careful and have a good day.

We stand adjourned.

[Whereupon, at 3:53 p.m., the hearing was adjourned.]

[Submissions for the record follow:]

POSITION PAPER

on

FEDERAL CHILD SUPPORT ISSUES

by the

AMERICAN ACADEMY OF MATRIMONIAL LAWYERS

The following represents the position of the American Academy of Matrimonial as a result of review of pending federal legislation relating to child support issues.

RECOMMENDATIONS FOR COMPREHENSIVE FEDERAL LEGISLATION

Our belief is that the federal government has a legitimate interest in ensuring basic legal rights for parents and children, including the right to be supported and the right to parent your children. We believe, however, that, whenever possible, the states should be allowed to refine the law to meet their own state's needs.

The Academy has already extensively analyzed the pending federal legislation relating to child support. A summary of those provisions we support for inclusion in a comprehensive federal proposal follows. For our specific position on these issues, please refer to our briefing book entitled "Comments and Analysis of Selected 1993 Federal Legislative Proposals Relating to Child Support."

A. Expand use of federal locator system.

(1) Include information for purposes of enforcing visitation as well as support. Proper safeguards should include privacy protection and protection for abused parents or children.

(2) Increase access to armed forces personnel information through the locate system.

(3) Allow access by private attorneys and pro se litigants.

B. Expand and make uniform the child support order registry.

(1) Allow all private parties to register.

(2) Use a uniform abstract of judgment.

(3) Include the respective findings of income of the parties whenever support is established or modified.

(4) Increase use of direct wage withholding.

(5) Eliminate need for "change in circumstances" when application of the guidelines results in a material change in the last support order.

(6) Include in orders that the parties have a duty to notify the other party and the court as to any changes of address and that failure to do so could result in an adverse judgment being entered in reliance on the last most recent address contained in the court records.

(7) Place in court order that release of the information is prohibited from the child support data base where abuse or safety is an issue.

(8) Include notice to the parties that child support records should be maintained in accordance with the deadlines contained in the statute of limitations.

C. Establish quantifiable maximum turnaround times for furnishing information and responding to requests.

D. Expand data base.

(1) Include capias or bench warrant information.

(2) Include public record information.

(3) Establish proper safeguards to protect privacy.

E. Expand/improve processes.

(1) Require adoption by the states of UIFSA (within constitutional parameters) without material change (see (2) below)

(2) Establish uniform national rules as to the proper forum state for establishment and modification jurisdiction which are consistent with the constitutional limits set forth in Kulko v. Superior Court, 436 U.S. 84 (1978)

(3) Require states to serve out-of-state process with the same priority and procedures used for in-state.

(4) Establish guidelines for service of process on federal employees and members of the armed forces.

(5) Create a presumption of address for future proceedings including enforcement and modification.

(6) Clarify that intrastate jurisdiction is child based.

(7) Provide for the use of a national subpoena duces tecum.

(8) Establish the priority of child support payments over federal debts.

(9) Increase coordination of information exchange between states, the on-line computerization to permit quicker access to wage and locate information on a national level by state agencies, private attorney and pro se parties to protect individual privacy. Establish standards for the input of information.

F. Expand the definition of child support.

(1) Include temporary child support orders in the definition of "final order."

(2) Include payments for or provisions for medical and health care expenses not covered by health insurance, whether current or in arrears.

(3) Extend child support for high school students until age 20.

(4) Change the statute of limitations on child support arrearage to the attainment of age 21 or 10 years from the date such support was due, whichever occurs later.

G. Expand enforcement.

(1) Establish models for the effective utilization of existing and proposed collection procedures.

(2) Require states to adopt occupational licensing restrictions, requiring due process standards and judicial decision making authority.

(3) Amend the PKPA to establish federal court jurisdiction over conflicting state court orders on child support and custody to expeditiously and more efficiently resolve which state has jurisdiction.

(4) Attach retirement benefits with proper safeguards.

(5) Attach bank accounts with proper safeguards.

H. Bankruptcy protections.

(1) Liberalize procedures for filing support debt claims in bankruptcy court.

(2) Eliminate the automatic stay as to paternity determinations, divorce actions, support establishment or modification and support collection actions.

(3) Expand the exception of discharge to include property division orders in addition to alimony, maintenance or support of a child or spouse.

I. Additional issues.

(1) Establish an Office of Child Support Enforcement.

(2) Continue and expand federal incentive payments to promote prompt and efficient transitions required by the enactment of new laws.

If further information or details are desired, please contact the American Academy of Matrimonial Lawyers at
(312) 263-6477.

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STATEMENT OF ROBERT D. EVANS
ON BEHALF OF THE AMERICAN BAR ASSOCIATION

Mr. Chairman and Members of the Subcommittee:

The American Bar Association appreciates the opportunity to submit its views to you on child support enforcement and welfare reform. The ABA is a national organization composed of 370,000 attorneys. I am Robert D. Evans, Director of the ABA Governmental Affairs Office in Washington, D.C..

The subject of welfare reform is one that is very important to our society and to our members, as citizens and as members of the legal profession. As lawyers, we work on everyday problems affecting families and children on public assistance. Traditionally, in areas where federal or state government has provided basic assistance, in housing, food, medical care, and general assistance, the Association has focused on concerns for a fair and just system in decision-making regarding eligibility and access to those assistance programs. We share many of your concerns and goals for a welfare system that strengthens families and assists persons to obtain work and achieve long-term self-sufficiency.

The ABA strongly supports the strengthening of child support enforcement, a key part of legislative proposals before the Subcommittee. We have very serious concerns about proposed limitations on eligibility for welfare assistance, however. The Association has been concerned in recent years, as states and the federal government seek to reform these programs, that new policies do not seek to cut off adults and children arbitrarily, without regard to their needs, and thereby deepen the level and problem of poverty in our society. We also have grave concerns that proposed limitations will result in increasing out-of-home placement of poor children, a result that we believe no one desires, and that these placements will place serious additional strains on the child abuse and neglect system, including the courts.

CHILD SUPPORT ENFORCEMENT:

The ABA recognizes the central role of parents' obligation to provide support to their children. This responsibility is basic to a responsible society. The facts of our failure to adequately enforce this obligation are well know to the Subcommittee and to the Congress. Whether as part of welfare reform or as separate legislation, we believe it is time for Congress to enact reforms that require this responsibility to be fulfilled.

The ABA supports in large measure the enactment into law of the recommendations of the U.S. Commission on Interstate Child Support, created by Congress in the Family Support Act of 1988. The Association has worked closely with the former Commission and with leaders in Congress on these recommendations. Margaret Campbell Haynes of the ABA Center on Children and the served as the chair of that Commission, and leaders of the Association's Section of Family Law have made a major contribution to them. Many of these reforms are contained in the Child Support Responsibility Act of 1995, H.R.785, legislation we strongly support, introduced February 1, 1995 by Representative Nancy Johnson.

The ABA urges Congress to pass legislation and to give priority to the following recommendations of the Interstate Commission:

1) Ensure uniform laws and procedures in interstate cases by mandating that states and territories enact verbatim the Uniform Interstate Family Support Act (UIFSA), effective on a specific date. One of the most crucial changes within UIFSA is the elimination of multiple, valid support orders that currently exist under the Uniform Reciprocal Enforcement of Support Act. Multiple orders lead to terrible confusion regarding the calculation of support arrears. Under UIFSA, there will only be one valid support order governing the parties at any point in time;

2)Amend the IRS W-4 form for reporting exemption claims to require new employees to report child support obligations and payment through withholding, in order to expedite the location of obligors and enforcement through income withholding;

3)Require employers to honor income withholding orders/notices issued by any state or territory;

4)Establish a national computer network for the exchange of information related to the establishment, enforcement and modification of support orders, and for the enforcement of visitation and custody orders;

5)Establish minimum staffing standards for child support agencies (IV-D agencies).

6)Provide training to child support caseworkers, court administrators, private and public attorneys, and judges involved in support cases;

7)Require states and territories to have laws and procedures for civil voluntary parentage acknowledgment; (The largest barrier for obtaining support orders for nonmarital children is that paternity must first be established. Further steps must be taken to encourage fathers to take responsibility for their children.)

8)Ensure that children receive adequate health care coverage by mandating that the insurance industry cooperate to provide coverage for all eligible children, regardless of their residence or the marital status of their parents;

9)Extend the availability of establishment and enforcement remedies currently only available to IV-D cases (handled by state and territory child support agencies) to cases brought by private attorneys on behalf of custodial parents and to pro se parties;

10)Conduct a study to determine the reasons for nonpayment of support; and

11)Strengthen enforcement remedies against the self-employed.

We would note that H.R.785 contains a provision to clarify that UIFSA criteria for determining full faith and credit for child support orders should be followed in states having adopted UIFSA. Under an amendment to 28 USC § 1738A enacted last year, a conflict was unintentionally created with UIFSA provisions on full faith and credit. A technical amendment provision on this issue should be part of any legislation that moves forward this year.

Through these steps, we believe that greater uniformity within the child support system and improved parent accessibility can and should occur through reforms at the <u>state</u> level. The ABA opposes the federalization of child support establishment, modification or enforcement, and supports strengthening establishment, modification and enforcement remedies through reform of the present state-based system.

There is an active debate now about whether child support services would be improved by "federalizing" the system, i.e., removing establishment, modification and enforcement responsibilities from state courts and administrative agencies and placing such activities within the responsibilities of the Social Security Administration and the Internal Revenue Service.

In addition, the ABA has concerns that a federal child support enforcement system would result in:

1)Decreased accessibility to custodial parents regarding location of child support services since IRS and SSA offices are not in as many locales as child support agencies and state trial courts;

2)Decreased client service;

3)Greater difficulty in tracking down the correct obligee for disbursement of payments with limited identifying information (particularly in light of the fact that there are potentially at least 11 million child support orders with payments due weekly, bimonthly or monthly);

4)Potentially greater emphasis placed on AFDC cases and recoupment of public expenditures than on parentage establishment and non-AFDC cases;

5)Dividing family law litigation between state and federal forums, with spousal support, property distribution, and custody being litigated at the state level, creating a significant increase in cost and multiplying the possibility of error;

6)The loss of innovation at the state level; and

7)Tremendous added costs. For example, when the Massachusetts Department of Revenue consolidated support collection and disbursement functions, it cost the state $111 per case and it took more than four years to complete the process. The cost of transferring cases from states to the federal government, plus the cost of federal salaries, could run into billions of dollars.

Rather than pay the massive cost for a federal system that would mostly duplicate the current system, the ABA recommends that Congress require greater uniformity of the best state laws and practices within the child support system.

PROPOSED LIMITATIONS ON AFDC ASSISTANCE:

In 1992, the ABA addressed a series of limitations on welfare programs that, at that time, were proposed by various state legislatures. After studying the issue, the Association adopted policy:

*Urging that welfare programs be funded at a level required to meet the need for the basic essentials of life;

*Resolving that reductions should not occur unless justified by careful study and analysis with full regard for their short and long term impact on individuals and budgets, and their compliance with state and federal constitutions;

*Opposing linking public assistance for needy persons to requirements which infringe on the right to privacy and on other individual freedoms, such as the right to travel.

Basic Necessities of Life. The ABA supports welfare funding that provides for the basic necessities of life. We are deeply concerned about the impact of key provisions in the proposed Personal Responsibility Act of 1995, H.R.4, and other proposals, which many experts believe, if implemented, will sever from welfare assistance "substantially more than half of the children" who would be eligible for aid under the current program. (Center on Budget and Policy Priorities, p. 62).

As noted in the previous discussion of child support enforcement improvements, the ABA strongly supports requirements that states do a better job in addressing parentage determination. These steps should include a requirement that the presumption of parentage created by a paternity acknowledgment becomes a conclusive adjudication of parentage, with res judicata effect, if there is no challenge within a limited time frame, and other steps to encourage and facilitate establishment of paternity. However, it is important that Congressional members understand fully that paternity establishment is a legal proceeding. While it is important and appropriate that mothers seeking AFDC be required to provide information to child support agencies about the alleged father, the provision of AFDC should not be dependent on a determination of parentage. A mother and child should not be punished because the alleged father cannot be located for service of process, or because the state agency has not made due diligence to establish paternity.

Proposed denial of eligibility based on parentage would affect the 2.8 million children currently receiving AFDC (29% of all children receiving AFDC) whose paternity has not been

established. A further 850,000 children born by 1998 to mothers who were on welfare when the child was conceived would be excluded from eligibility under the proposed "additional children" exclusion.

The proposed legislation would also limit eligibility for AFDC to a cumulative time period, a total of five years and permit states to limit eligibility to two years. The Center on Budget and Policy Priorities estimates at least 2.4 million families now receiving AFDC would become ineligible.

A total of in between five and six million children would be denied aid - and presumably without access to health care - once these steps were fully implemented. Additionally, under these proposals, families - even those without any income at all - are not be guaranteed nutrition assistance. Thus, it is conceivable that significant numbers of children and their parents would be without income and food stamps or access to other food resources such as school lunches or the WIC (Women, Infants and Children) feeding program.

In sum, it is possible that 2.5 million families would be without food and the resources needed to obtain shelter and other basic necessities. We urge those providing leadership on welfare reform in the Congress to maintain assistance programs that provide the basic necessities of life to poor children regardless of the parentage of their children or their parent's AFDC status at the time of birth.

Constitutional infringements

Perhaps, more seriously, certain proposed requirements violate Constitutional rights of children. The proposal to deny AFDC throughout childhood to a child born out of wedlock before the mother's 18th birthday or to a child born within ten months of the mother's receipt of AFDC, threaten total and permanent denial of needs-based cash assistance to millions of poor children. We believe this is contrary to the values our society places upon maintaining family life for children if at all possible. If adopted, these measures only will force poor children deeper into poverty, creating more serious problems for our governments and our communities such as crime, foster care, illness and adults who are incapable of work.

Child exclusions raise serious constitutional concerns. They irrationally penalize poor children for their parents' behavior. See Plyler v. Doe, 457 U.S. 202, 220 (1982) ("legislation directing the onus of a parent's misconduct against his children does not comport with fundamental conceptions of justice"). The fundamental right of procreation (Zablocki v. Redhail, 434 U.S. 374 (1978)) and equal protection of the laws are implicated in the proposals denying AFDC benefits to children conceived or born while their families are receiving benefits. Equal protection is implicated when the state classifies children on the basis of circumstances of their birth or the state's own failure to process paternity determinations.

Careful Study and Analysis

The proposed Personal Responsibility Act would radically revise welfare programs on which low-income individuals and families depend. These changes are not the result of pilots incubated at the state level, nor do they reflect ongoing variations in welfare program administration that some states have implemented. Instead, they are brand new provisions, completely untested, bringing with them vast and potentially tragic consequences for poor adults and children and new burdens for state administrators. This gamble is not justified at this time.

Block Grants

The PRA eliminates the entitlement status of most major low-income benefit programs, including Supplemental Security Income

for the elderly and disabled poor, parents and children under the Aid to Families with Dependent Children program, and food stamps and other nutrition programs. This undercuts the ability of such programs to rise and fall in relation to the need of low-income people for food and income assistance during times of economic downturns. It would also turn over to the states responsibilities for implementation and monitoring without guarantying or requiring that they provide the same degree of due process protections that are currently afforded recipients.

Entitlement programs are designed to provide basic subsistence needs and to be responsive to conditions in the national economy, such as increases in unemployment during economic downturns. Under a proposed capped block grant, states will inevitably fall short during those times and not be able to respond to the most basic needs of families and children for food, shelter and subsistence. We believe this level of inequity would be intolerable to our society.

The ABA believes that the idea of including child welfare services, including those going to foster care, is one that cannot be justified in terms of recent history. Approximately twenty (20) states currently have all or major portions of their child welfare services under court order or in litigation, in almost all cases due to failure to protect children from harm under mimimal standards. We believe that the federal obligation to set and enforce national standards for children in the child abuse and neglect and foster care populations is one that cannot be delegated to the states, and such a delegation is counter to our recent history.

New Demands Upon the Justice System
From Proposed Welfare Reform

H.R. 4, the Personal Responsibility Act, proposed elimination of welfare benefits for young unwed mothers and their children will also, we believe, place expensive and heavy new burdens on state justice systems.

These effects are of direct interest to the American Bar Association and its membership. The ABA has long supported policies to improve the foster care system, including the courts' handling of foster care cases. ABA goals include minimizing institutional care for children, through such measures as mandated case reviews and encouraging states to provide families with services to prevent out-of-home placements.

If federally funded welfare benefits are terminated for large numbers of children who are currently eligible, many new state supervised out-of-home placements will be needed for these children.[1] Additional children may be voluntarily placed in state care by unwed mothers unable to obtain state aid; dire financial circumstances may cause additional parents to abandon, leave unattended, or neglect their children.

When more children enter out-of home care, legal proceedings are required. When children enter state funded care, the matter must be brought before the state juvenile or family court. The law requires this to help assure that placement is necessary, that the child receives proper care, and that the child won't drift in

[1] §108 of the Family Responsibility Act would create a new program of grants to states, to help them to cope with the additional children unable to remain home. It would create a new Title IV-C of the Social Security Act, that would, among other things, provide grant funds to "establish and operate orphanages" and "to establish and operate closely supervised residential group homes for unwed mothers."

state care too long before being placed with a permanent family.

When a child is removed from home, the court's involvement is continuous and intensive. After approving the child's placement, the court must periodically review the case, and decide upon a permanent placement for the child before too much time has passed. Further, child welfare agencies need legal assistance in the court proceedings, parents typically need court appointed attorneys to represent them, and guardians ad litem are appointed for the children.

If a child must be placed because of parental impoverishment, court involvement is likely to last particularly long. One reason for this is the relative difficulty of terminating parental rights. State laws defining when parental rights may be terminated typically require a history of parental abuse or neglect and a likelihood of future abuse or neglect should a child be returned home. These factors usually are not present when impoverished children are placed in state care.

The justice system is particularly ill prepared to handle such an increase in cases because of recent sharp increases in the demands upon juvenile and family courts. In fact, such courts are already in a state of crisis in their handling of abuse, neglect, and foster care cases.

If large numbers of additional children are to enter state care due to parental impoverishment as the result of terminated state benefits, many new judges, courtrooms, and attorneys will need to be provided to handle these cases. State legislatures and court systems will need to plan for this influx, and there are no federal programs that would provide them with these increased personnel costs.

<u>How the Justice System Would Respond If Children Were Placed Into Foster Care Due to Family Impoverishment</u>

In some cases, courts would be unable to protect children endangered due to parental impoverishment. Poverty *per se* is not a legal basis for involuntary removal of a child from home. Most state laws authorize forced state intervention only when parents have deliberately failed to provide food, clothing, and shelter although they have the financial means to do so. In other words, forcible child protective intervention by the state can't be based solely on economic circumstances. This is because it has been assumed, up to now, that there would be a "safety net" to protect impoverished children. Some state laws, however, do allow state intervention *whenever* a child is endangered.

Of course, where children are placed due to parental impoverishment, parents may also have abused or neglected their children. A parent lacking money for food, shelter, or child care may, in a state of desperation, allow the child to be unattended or may even abuse the child. For example, if a parent leaves a child in dangerously cold or harsh conditions, where safe shelter facilities are available, this legally may constitute child neglect and provide a basis for forced state intervention.

Finally, even if a state does not forcibly intervene, an impoverished parent may (and thousands each year already do) approach the local public child welfare agency and seek to *voluntarily* place their child or children in foster care. When this occurs, judicial action is required by law, either immediately or after the child has remained in foster care for a specified time.

After a child's entry into foster care due to impoverishment, the child must remain in agency supervised foster care unless the parent has chosen to voluntarily relinquish all parental rights

or unless the most extreme abuse or neglect is involved. In the great majority of cases, the court will authorize a plan for family rehabilitation. This plan must be in writing. It will require services to be provided to the family to correct whatever conditions required the placement of the child. The court and responsible agency then will periodically review the case and the progress in implementing the plan.

After the child has been in out-of-home care for a prolonged period (such as 18 months) and is still not ready to go home, courts and agencies are legally required to consider alternative permanent placements. Examples of permanent placements are adoption, guardianship by a relative, or, in exceptional cases, planned permanent foster care with a specific foster family.

This long-term planning will be complicated if a child's placement is due primarily to poverty rather than abuse or neglect. Termination of parental rights or permanent loss of parental custody may not be possible if the sole basis for the placement is parental impoverishment and parents have not abandoned their children, since the placement (i.e., by demonstrating no interest in them). State laws clearly do not recognize persistent parental impoverishment as a basis for the termination of parental rights. Thus, unless parent are able to emerge from their condition of poverty, under current law, children may be forced to remain for years (possibly their entire childhoods) in out-of-home care.

A Current Initiative to Help Courts Perform Better in Child Abuse and Neglect Cases

The recently enacted Family Preservation and Support Act provides small grants to state court systems, intended to help improve their performance in abuse, neglect, and foster care cases. Partly because of recent sharp increases in the numbers of abuse and neglect cases, state court systems around the country have become overwhelmed by growing demands in child abuse and neglect cases. Not only are more cases brought before the courts, but, because of the recent emphasis on achieving permanency for foster children, each case now involves more hearings, and more issues to be resolved by the court.

The recent federal grants program is designed to help courts to reorganize and respond more effectively to handle cases involving abused and neglected children. If a large number of additional children enter the system due to family impoverishment, current efforts to improve this litigation will be immensely complicated.

Conclusion

No one can doubt the vital importance of preventing unwed pregnancies of young women. Further, we should not disregard the impact of practical incentives in determining behavior leading to such pregnancies. However, any such incentives must be narrowly tailored to avoid needless hardship and damage to children. Such incentives also must be tailored to avoid unintended effects such as generating large new numbers of children placed out-of-home and overwhelming the states' justice system for abused and neglected children.

STATEMENT OF BILL HARRINGTON, NATIONAL DIRECTOR
AMERICAN FATHERS COALITION

MY NAME IS BILL HARRINGTON AND I AM THE NATIONAL DIRECTOR OF THE AMERICAN FATHERS COALITION - AN UMBRELLA ORGANIZATION OF 280 FATHERS RIGHTS ORGANIZATIONS FROM ALL OVER AMERICA. OUR FIRST MEETING OF NATIONAL FATHERS LEADERS WAS AT THE WHITE HOUSE IN OCTOBER OF 1993 AND WE ARE NOW AN ESTABLISHED VOICE FOR RESPONSIBLE FATHERS AT THE NATIONAL LEVEL.

THANK YOU FOR THE INVITATION

WE THANK THE SUBCOMMITTEE ON HUMAN RESOURCES FOR THE OPPORTUNITY TO GIVE ORAL TESTIMONY. WE FULLY UNDERSTAND THAT FATHERS ARE A PART OF THE FAMILY CRISIS IN AMERICA, HOWEVER, IT IS OUR POSITION THAT FATHERS ARE A BIGGER PART OF THE SOLUTION. WE KNOW THAT CONGRESS IS NOW SENSITIVE TO FATHERS ISSUES AND WE ARE PLEASED TO WORK WITH THE WAYS & MEANS COMMITTEE AND ALL MEMBERS OF CONGRESS TO IMPROVE THE STATUS OF FATHER\CHILD RELATIONSHIPS IN AMERICAN LIFE AND TO SEE A REDUCTION IN PARENTAL BREAKUPS AND DISRUPTION OF INTACT FAMILIES. WE KNOW THAT IF FATHERS ARE ALLOWED TO RE-ENTER CENTRAL ROLES IN FAMILY LIFE THAT CHILDREN WILL BE THE WINNERS, AND THAT IS OUR PRIORITY.

I WORK IN A LAW OFFICE IN SEATTLE & TACOMA, THE PUGET SOUND AREA OF WASHINGTON STATE, WHERE HALF OF OUR WORK IS DOMESTIC RELATIONS. WE SEE THESE FAMILY LAW CASES EVERY DAY SO I KNOW CHILD SUPPORT ISSUES FIRST HAND FROM MANY PERSPECTIVES.

MY MOTHER, MY BROTHER, AND TWO OF MY SISTERS LIVE IN THE 8TH CONGRESSIONAL DISTRICT OF CONGRESSWOMAN JENNIFER DUNN'S WASHINGTON STATE DISTRICT AND BOTH SISTERS HAVE CHILD SUPPORT STORIES AND EXPERIENCES. ONE BROTHER-IN-LAW WAS ORDERED TO PAY CHILD SUPPORT AFTER 9 YEARS OF NOT KNOWING HE WAS EVEN A FATHER, EVEN THOUGH HE AND THE MOTHER WERE BOTH LIVING IN THE EASTGATE AREA OF BELLEVUE. THIS OTHER MOTHER WRONGFULLY DENIED HER DAUGHTER ANY KNOWLEDGE OR PARENTING BY HER FATHER, AND YET THIS MOTHER GETS FREE LEGAL SERVICES FROM THE STATE, AND THE FATHER IS DESIGNATED THE BAD GUY.

MY OTHER SISTER IN KENT DOES NOT RECEIVE CHILD SUPPORT FOR HER SON, AND HER NEW HUSBAND PAYS FAR TOO MUCH FOR HIS TWO CHILDREN, WHOM HE SEES REGULARLY. THIS IS SOCIETY'S IDEA OF A GOOD FATHER, A FATHER WHO WOULD WELCOME AN EVEN 50-50 SPLIT ON OVERNIGHT RESIDENTIAL TIME AND AN EVEN GREATER ROLE IN THE LIVES OF HIS CHILDREN. LAST YEAR THIS SISTER AND HER NEW HUSBAND HAD TO PAY OVER $1,500 IN ATTORNEY FEES JUST TO GET HIS TWO CHILDREN FOR A TRIP TO DISNEYLAND. THE NATURAL MOTHER FOUGHT AGAINST IT BECAUSE IT WAS HER "PREFERENCE" TO GO THERE FIRST WITH THE KIDS. THE MOTHER USED HER CHILD SUPPORT PAYMENT MONEY TO FIGHT AGAINST THE FATHER TAKING THE CHILDREN ON A TRIP. THIS IS JUST ONE STORY OUT OF ONE CASE, BUT IT IS REAL AND IT IS WRONG.

I HAVE SEEN ALL SIDES OF THESE CHILD SUPPORT STORIES, FROM FATHERS AND SECOND FAMILY MEMBERS IN PUBLIC MEETINGS AND ALSO FROM CLIENTS. ONE GENERAL CONCLUSION IS THAT THE SYSTEM IS GENERALLY NOT HELD IN HIGH REGARD.

ADDITIONALLY, SEVERAL OF OUR LAW OFFICE CLIENTS ARE IN THE 8TH CONGRESSIONAL DISTRICT FROM REDMOND, BELLEVUE AND KIRKLAND, ISSAQUAH, AND DOWN TO RENTON AND KENT, AND IT IS MY HOPE THAT CONGRESSWOMAN JENNIFER DUNN IS HEARING FROM THEM AND THEIR SUPPORTING FAMILY MEMBERS.

RESPONSIBLE FATHERS

AMERICA'S LARGE MAJORITY OF RESPONSIBLE FATHERS ARE HERE TODAY TO PROVIDE A NEW PERSPECTIVE ON WHAT IT REALLY MEANS TO SUPPORT CHILDREN. WE SEEK NON-ECONOMIC VALUE FOR PARENTING TIME WITH OUR CHILDREN AS OUR HIGHEST PRIORITY - THE ONGOING DIGNITY OF DAY TO DAY DIRECT SHARED PARENTING AS WHAT IS IN THE BEST INTEREST OF OUR CHILDREN. WE NEED TO CALL PARENTS AND EXTENDED FAMILY MEMBERS TO THEIR HIGHEST CALLING - AS DIRECTLY INVOLVED CAREGIVERS AND NOT JUST AS FINANCIAL PROVIDERS.

FATHERS SUPPORT CHILD SUPPORT

AMERICA'S RESPONSIBLE FATHERS SUPPORT THE EXISTENCE OF A CHILD SUPPORT SYSTEM AND WE ALSO SUPPORT THE EXISTENCE OF AN AGGRESSIVE CHILD SUPPORT ENFORCEMENT SYSTEM. OUR PROBLEM IS THE EXISTING SYSTEM IS NOT BASED ON RESPECT FOR DUE PROCESS RIGHTS EITHER FOR CHILDREN OR PARENTS, NOR IS THERE AN ACCURATE ASSESSMENT OF FAMILY LIFE ECONOMIC NEEDS. WE SEE THE NEED FOR ECONOMIC SURVIVAL OF BOTH PARENTS AS A PRIORITY, NOT JUST ONE PARENT AND THE CHILDREN. THE UNDERLYING POLICY ASSUMPTION FOR OUR EXISTING SYSTEM IS SINGLE MOTHER CUSTODY AND POSITIVE CHOICES FOR POVERTY AND DEPENDENCY LIFESTYLES FOR CUSTODIAL PARENTS AND CHILDREN. WE CLEARLY KNOW DEPENDENCY LIFESTYLES FOR CHILDREN ARE PROVABLY HARMFUL TO CHILDREN OVER THE COURSE OF THEIR LIVES, YET THE SYSTEM GROWS AND GROWS, AND MORE AND MORE CHILDREN ARE IN HARMFUL LIVING ENVIRONMENTS.

CHILD SUPPORT DISCRIMINATION AGAINST CUSTODIAL FATHERS

FOR FATHERS WHO ARE SINGLE PARENT HEADS OF HOUSEHOLDS, FATHERS RECEIVE CHILD SUPPORT ORDERS IS LESS THAN 10% OF THE CASES. OUT OF 1,400,000 FATHER HEADED HOUSEHOLDS ACCORDING TO THE 1990 CENSUS, CHILD SUPPORT ORDERS ARE ENTERED IN LESS THAN 300,000 CASES. EVEN WHEN ORDERS ARE ENTERED, THEY ARE USUALLY FOR LESS THAN STATE SUPPORT GUIDELINES. AGAIN, EVEN WHEN ENTERED, THESE ORDERS ARE NOT MET BY MOTHERS. FATHERS WHO SEEK ASSISTANCE FOR ENFORCEMENT ARE ROUTINELY IGNORED. THE SYSTEM DOES NOT WANT TO FIND MOTHERS IN CONTEMPT OF COURT FOR NON-PAYMENT NOR DOES IT WANT TO PUT MOTHERS IN JAIL FOR NON-PAYMENT. THIS IS A CLEAR EXAMPLE OF THE ANTI-FATHER GENDER BIAS OF THE CHILD SUPPORT ENFORCEMENT SYSTEM. FATHERS, AND FAMILY MEMBERS OF FATHERS, JUST DO NOT SEE UNIFORM ENFORCEMENT OF THE LAWS.

POVERTY IS NOT THE PROBLEM

WE HAVE ALLOWED POVERTY FOR CHILDREN TO BE A POSITIVE CHOICE MADE BY MOTHERS ALONE - WITHOUT REGARD TO THE ADVERSE EFFECTS OF DEPENDENCY LIFESTYLES UPON THE CHILDREN, AND WE HAVE RAISED BUREAUCRATIC SAFETY NETS DESIGNED TO SUPPORT EVERY WOMAN AND HER CHILDREN -REGARDLESS OF LIFESTYLES OR ECONOMIC WELLBEING - AND THEN WE BLAME FATHERS FOR EVERY TRAGEDY. OUR WHOLE FAMILY LAW SYSTEM, AND UNDERLYING THEORIES, NEED TO BE RE-EXAMINED, AND THEN RE-WRITTEN WITH A PRIORITY OF COMMON SENSE AND INTACT TWO PARENT VALUES.

AMERICA NEEDS A NEW NATIONAL CAMPAIGN AGAINST POVERTY, NOT A CONTINUING CAMPAIGN AGAINST FATHER PARENTING. IF CHILDREN ARE TO AVOID POVERTY, AS WE SEEM TO BE SAYING, THEN WE NEED TO LOOK TO FATHERS, AND FAMILY MEMBERS OF FATHERS, AS TEMPORARY CAREGIVERS OF THE CHILDREN AS WE HAVE RECOMMENDED. OUR PLAN

FILED LAST AUGUST 16TH WITH THIS SUBCOMMITTEE WILL DO MORE GOOD FOR CHILDREN IN THE SHORTEST TIME THAN ANY OTHER PROPOSAL OFFERED SO FAR.

OUR COUNTRY NEEDS CONFIDENCE IN OUR SOCIAL SERVICES SYSTEM, AND THE TRAGIC REALITY IS THAT WITH OUR TOO EASY DIVORCE SYSTEM, AND THE SKYROCKETING SCALE OF CHILDREN BORN TO NEVER-MARRIED PARENTS, THAT A MAJOR CHANGE IN ATTITUDE, VALUES, AND POLICY IS NEEDED NOW - TO HAVE ANY CHANCE OF RESTORING CONFIDENCE TO OUR SOCIAL SERVICES SYSTEM AND REAL HELP FOR NEEDY CHILDREN.

EASILY 2\3 OF ALL FATHERS WITH CHILDREN ON WELFARE HAVE FULL TIME JOBS WITH INCOMES OVER THE POVERTY LEVEL. WE DON'T NEED A JOBS PROGRAM - INSTEAD WE NEED JUSTICE AND FAIRNESS FOR FATHERS AND CHILDREN. MOTHERS NEED HELP WITH IF THESE CHILDREN WERE ALLOWED TO LIVE WITH THEIR FATHERS FOR UP TO THREE YEARS ON A TEMPORARY BASIS, OUR CHILD SUPPORT SYSTEM COULD EASILY SEE A 50% CASELOAD REDUCTION.

$67,000,000,000 TAXDOLLAR SAVINGS WITH FATHERS PROPOSALS

THE RESULT OF POSITIVE FATHER PARENTING PROPOSALS IS HUGS SAVINGS OF COMBINED FEDERAL AND STATE TAXDOLLARS. INSTEAD, THESE MONIES COULD BE TARGETED TO HELP THE TRULY NEEDY INSTEAD OF THOUSANDS OF CHILDREN WHO COULD LIVE WITH THEIR FATHERS OR FAMILY MEMBERS OF FATHERS. THESE WOULD BE FAMILY UNITS REQUIRING NO TAXDOLLAR SUPPORT.

CHILD SUPPORT ALONE - IS NOT THE SOLUTION

CHILD SUPPORT IS AN ECONOMIC TRANSFER SYSTEM WITHOUT AN ACCURATE NOR A FULLY UNDERSTOOD MISSION. IN WELFARE CASES, EVEN WITH FULL PAYMENT OF CHILD SUPPORT ON TIME AND IN FULL, OVER 95% OF THE MOTHERS WILL REMAIN ON WELFARE. THE SIMPLE TRUTH IS THAT MOTHERS MUST ALSO WORK TO HELP RISE ABOVE THE INCOME FOR THE POVERTY LEVEL. CHILD SUPPORT PAYMENTS CANNOT, AND ARE NOT, AN ESCAPE FROM POVERTY.

THE PUBLIC SEEMS TO BELIEVE WE HAVE AN ECONOMIC SUPPORT SYSTEM DESIGNED TO SUPPORT CHILDREN - AND WE DO NOT. INSTEAD, AMERICA HAS A SYSTEM OF ECONOMIC TRANSFER FROM ONE PARENT TO ANOTHER WITHOUT REGARD TO CHILDREN, A SYSTEM THAT EFFECTIVELY UNDERMINES MARRIAGE AND SUBSIDIZES DIVORCE. IN REALITY WE HAVE A CHILD SUPPORT SYSTEM THAT UNDERMINES THE FAMILY STABILITY MOST NEEDED FOR CHILDREN, -THE INSTITUTION OF MARRIAGE. WE HAVE REPLACED FAMILY VALUES WITH BUREAUCRATIC SOCIAL ENGINEERS, WHO THROUGH THE BEST OF INTENT - DO MORE LONG TERM HARM TO CHILDREN THROUGH WRONGFUL AND VERY PUNITIVE INTERVENTION INTO THE AFFAIRS OF THE FAMILY MEMBERS, ESPECIALLY THE PARENTS.

WE HAVE THE NOTION THAT ONE FULL TIME WAGE EARNING PARENT CAN FINANCIALLY SUPPORT TWO SEPARATE HOUSEHOLDS. THERE IS NO MATH FORMULA THAT CAN STRETCH ONE SALARY THAT FAR, YET INNER BELTWAY POLICY MAKERS SEEM TO KEEP TRYING, OVER AND OVER, WITH LESS AND LESS SUCCESS, AND WE LEARN OVER AND OVER THERE IS NO MAGICAL HUMPTY-DUMPTY CURE TO MAKE THE SYSTEM WORK AS ORIGINALLY INTENDED.

WE HAVE ALSO SEEN THE 1992 LAW - CRIMINALIZING SOME INTERSTATE CASES - HAS HAD NO EFFECT OF REDUCING CASELOADS OR INTERSTATE PROBLEMS. CRIMINALIZING INEFFECTIVE & IMPERFECT PARENTING DOES

LITTLE TO BUILD PARENTAL RESPECT IN THE LONG RUN FOR MOST PARENTS. WHAT IS NEEDED IS A MORE REALISTIC SYSTEM THAT REACHES PARENTS BEFORE THEY MOVE, AND NOT AFTER, TO ADDRESS THESE POSSIBLE PROBLEMS BEFORE THE PARENT ENTERS A CRIMINAL CONTEXT FOR WHAT OTHERWISE WOULD NOT BE SEEN AS CRIMINAL CONDUCT. THIS IS ESPECIALLY TRUE WHEN IT IS MORE LIKELY THE CUSTODIAL PARENT WAS THE PARENT TO MOVE AWAY FROM THE DECREE STATE RATHER THAN THE NON-CUSTODIAL PARENT WHO SEEMS TO GET THE BLAME.

DEFECTIVE ECONOMIC THEORY AT WORK

INSTEAD OF BUILDING ON THE SUCCESS OF THE WORKING, PRODUCTIVE AND RESPONSIBLE PARENT AS WHAT IS BEST FOR CHILDREN, BOTH THE FEDERAL GOVERNMENT AND ALSO THE INDIVIDUAL STATES HAVE CONTRIVED AN ECONOMIC TRANSFER SYSTEM, ESPECIALLY FOR WELFARE I-VD CASES, THAT TRANSFERS ECONOMIC ASSETS AND CONTROL, AWAY FROM THE ECONOMICALLY RESPONSIBLE AND PRODUCTIVE PARENT, TO THE LESS ECONOMICALLY SUCCESSFUL - LESS PRODUCTIVE PARENT - AND ALLOWED THAT PARENT A POSITIVE CHOICE TO PLACE CHILDREN INTO POVERTY LIFESTYLES WITH ALL ITS ANTI-SOCIAL ILLS - AND THEN WE BLAME THE ECONOMICALLY RESPONSIBLE PARENT FOR ALL THE PROBLEMS EXPERIENCED BY THE CHILDREN AS A RESULT OF DECISIONS MADE BY THE DEPENDENCY PARENT. AND WE CALL THIS ACCEPTABLE. THE AMERICAN FATHERS COALITION JOINS SEVERAL ORGANIZATIONS AND PROMINENT AMERICANS WHO ARE CALLING FOR MAJOR CHANGES AND WE ARE COLLECTIVELY SAYING - "WE DO NOT AGREE WITH THE EXISTING SYSTEM AND IT IS NOT ACCEPTABLE."

NEW CHILD SUPPORT SYSTEM NEEDED

WHAT IS NEEDED IS A NEW CHILD SUPPORT SYSTEM BASED ON REALITY OF TWO PARENTS DAILY INVOLVEMENT IN THE LIVES OF THEIR CHILDREN. WITH THIS POLICY IN WRITING, OUR ENTIRE SOCIAL SERVICES BUDGET FOR CHILDREN LIVING WITH SEPARATED PARENTS WOULD EASILY DECREASE. THEN WE COULD FOCUS ON THE MOST PROBLEMATIC CASES WHERE MORE ATTENTION - AND STRICTER ENFORCEMENT - IS NEEDED.

FIRST THINGS FIRST

BEFORE ANY POSSIBILITY OF NEW LEGISLATION ON ANY CHILD SUPPORT MATTER IS CONSIDERED - WE MUST FIRST HAVE THE CERTAINTY AND BELIEVABILITY OF STATISTICS - NUMBERS THAT MAKE SENSE, AND WILL CONTRIBUTE TO REALISTIC POLICY DECISIONS. IT IS MORALLY AND ETHICALLY WRONG TO GIVE FALSE HOPE TO MILLIONS OF MOTHERS IN DESPERATE SITUATIONS - TO THINK MILLIONS OF DOLLARS IN UNCOLLECTED, AND POSSIBLY COURT ORDERED CHILD SUPPORT - IS JUST ONE LAW AWAY FROM BEING AVAILABLE TO THEM - WHEN IT IS NOT EVEN REMOTELY POSSIBLE OR EVEN AVAILABLE. THIS WHOLE PROPAGANDA CAMPAIGN OF UNCOLLECTED $34 BILLION OF CHILD SUPPORT IS A CRUEL HOAX ON CUSTODIAL MOTHERS ALL OVER AMERICA.

THE $ 34,000,000,000 - 700% ERROR - "FRAUD" STATISTIC

CONGRESS HAS BEEN WRONGLY SUBJECTED TO IRRESPONSIBLE "HYPE" ON THE ANNUAL DEFICIT OF "ALLEGEDLY ORDERED" CHILD SUPPORT PAYMENTS IN THE AMOUNT OF $34 BILLION. THE EXACT NUMBER IN THE CURRENT 18TH CHILD SUPPORT REPORT TO CONGRESS IS $5.1 BILLION AS INDICATED ON PAGE 7. THE REPORT STATES THAT A TOTAL OF $16.3 BILLION IN CHILD SUPPORT PAYMENTS WERE DUE, AND $11.2 BILLION WERE COLLECTED. THIS REPRESENTS A 700% MARGIN OF ERROR - AND CONGRESS IS ASKED TO MAKE NEW POLICY ON THAT MARGIN OF ERROR.

THE $34 BILLION IS A BOOKKEEPERS PLAYNUMBER - NOT ANY FACTUAL NUMBER FOR ANY NATIONAL POLITICAL OFFICIAL TO STAND BEHIND AND DEFEND. THE NUMBER WAS CITED IN A REPORT ISSUED BY THE URBAN INSTITUTE. IN OUR OPINION THE REPORT HAS BEEN SEVERELY MISQUOTED, AND ONCE THE QUOTE APPEARED IN PRINT, IT WAS ONLY TOO EASILY REPEATED OVER AND OVER. CONGRESS HAS BEEN MISLED BY ADMINISTRATION OFFICIALS WHO HAVE TESTIFIED TO THE LEGITIMACY OF THE $34,000,000,000 NUMBER WHEN IT IS NOT A LEGITIMATE NUMBER. IT'S ONLY VALUE IS AS A PROPAGANDA TOOL WHERE IT HAS BEEN USED RATHER EFFECTIVELY.

CONGRESS IS INTENTIONALLY BEING MISLED BY OVERLY ZEALOUS PROPONENTS OF ADDITIONAL PUNITIVE CHILD SUPPORT MEASURES - RATHER THAN FOCUSING ON REAL NEEDS AND THE BEST INTEREST OF NEEDY CHILDREN. TO UNDERTAKE AN OVERHAUL OF THE CHILD SUPPORT SYSTEM - CONGRESS MUST USE ACCURATE AND DEPENDABLE DATA - AND IT MUST UNDERSTAND THE FATHER - NON-CUSTODIAL PARENT FACTOR BEFORE IT ENACTS MORE COUNTERPRODUCTIVE CHILD SUPPORT ENFORCEMENT MECHANISMS THAT ARE DESTINED FOR FAILURE.

RECENTLY - A CLINTON ADMINISTRATION, HHS-OFFICIAL, STATED THE $34 BILLION NUMBER WAS ONLY A HYPOTHETICAL GUESSTIMATE - AND NOT A NUMBER TO BE USED FOR POLICY MAKING. WE APPEAL TO YOU TO REALIZE THE GRAVITY OF THIS MISTAKE - A 700% MISTAKE, - BEFORE CONGRESSIONAL VOTES ARE TAKEN ON H.R. 4.

1990 CENSUS RESULTS OFFERS BEST DIRECTION FOR NEW POLICY

THE 1990 CENSUS PROVIDES US WITH THE BEST, AND MOST POSITIVE - MEASURING STICK OF WHERE WE NEED TO GO IN TERMS OF OFFICIAL CHILD SUPPORT POLICIES. WHEN FATHERS ARE IDENTIFIED, AND TREATED AS RESPECTABLE AND CARING PARENTS, AND OUR COURT SYSTEM EXTENDS SHARED DECISION MAKING, CHILD SUPPORT PAYMENTS ARE MADE ON TIME AND IN FULL IN OVER 90% OF THE CASES. WHEN SIGNIFICANT PARENTING TIME (FORMERLY VISITATION) IS ALLOWED TO NON-CUSTODIAL PARENTS, MOSTLY FATHERS, EVEN WITHOUT SPELLED OUT CUSTODY RIGHTS - CHILD SUPPORT IS STILL MADE IN FULL AND ON TIME IN OVER 80% OF THE CASES. WHEN FATHERS ARE NOT ALLOWED ANY RIGHTS AND ARE ALSO DENIED ACCESS OR REGULAR CONTACT WITH THEIR CHILDREN, THE CHILD SUPPORT PAYMENT RATE DROPS TO AROUND 35% OF THE CASES. WHEN FATHERS HAVE INCOMES ABOVE THE POVERTY LEVEL, AND CHILDREN ARE ORDERED TO REMAIN LIVING IN POVERTY WITH THEIR MOTHERS, WE HAVE A SYSTEM THAT DISCRIMINATES IN FAVOR OF POVERTY AND AGAINST CHILDREN. THIS IS THE TORTURED REALITY OF OUR CURRENT WELFARE SYSTEM.

THE LESSONS TO BE LEARNED FROM THE 1990 CENSUS - TO GAIN MORE VOLUNTARY PAYMENT OF CHILD SUPPORT - ARE SIMPLE AND DIRECT:

1 - TREAT PARENTS WITH DIGNITY AND RESPECT - ALLOWING THEM TO SEE THEIR CHILDREN ON A REGULAR BASIS AND NOT ENGAGE IN ALIENATING NOR DESTRUCTIVE BEHAVIOR - AND ORDERED CHILD SUPPORT PAYMENTS ARE MORE LIKELY TO BE MADE THAN NOT. IV-D STAFF MEMBERS NEED ADDITIONAL TRAINING ON THESE ISSUES AND BENEFITS FOR CHILDREN.

2 - ADDITIONAL PUNITIVE ENFORCEMENT MEASURES TO COLLECT SUPPORT PAYMENTS ARE NOT COST-EFFECTIVE AND IN THE LONG TERM - WORK TO UNDERMINE PARENTAL RESPECT.

NON-CUSTODIAL PARENT (FATHER) RESEARCH IS NEEDED

IN A 1987 REPORT TITLED - YOUNG UNWED FATHERS: Research Review, Policy Dilemmas and Options - COMMISSIONED BY THE DEPT. OF HHS AND UNDERTAKEN BY MAXIMUS INC. ON PAGE 2 OF THE EXECUTIVE SUMMARY IS THE FOLLOWING STATEMENT -

> "Much public attention has focused on the social costs and consequences of adolescent out-of-wedlock childbearing. Yet for far too long, unwed births have been viewed as a problem solely for young women. Research, programs, and policies have virtually ignored their male partners - the fathers of their babies." EMPHASIS ADDED.

AGAIN, ON FEBRUARY 26th, 1994, IN PRESIDENT CLINTON'S WELFARE REFORM TASK FORCE REPORT TO THE PRESIDENT - PAGE #-37 - IS THE FOLLOWING COMMENT:

> "Much needs to be learned about noncustodial parents, partly because we have focused relatively little attention on this population in the past, and we know less about what types of programs would work."

HOW CAN CONGRESS GO AHEAD IN GOOD CONSCIENCE AND ACT TO CREATE EVEN MORE PUNITIVE LAWS TO CRIMINALIZE IMPERFECT PARENTAL BEHAVIOR, LAWS AND REGULATIONS THAT MAY POSSIBLY DO EVEN MORE LONG TERM HARM TO FRAGILE PARENT\CHILD RELATIONSHIPS, ESPECIALLY IN A SOCIAL ENVIRONMENT WHERE SEPARATED PARENTS ARE UNDER ENORMOUS PRESSURE JUST TO SURVIVE, WITHOUT HAVING ANY STUDIES OR RELEVANT INFORMATION ON NON-CUSTODIAL PARENTS - MOST OF WHOM ARE FATHERS?

NON-CUSTODIAL MOTHERS

ADDITIONALLY, WHAT IS THE IMPACT ON NON-CUSTODIAL MOTHERS OF WHICH THERE ARE 3,000,000, AND HOW DOES THE EFFECT OF MORE PUNITIVE LAWS COMPARE AND CONTRAST BETWEEN NON-CUSTODIAL MOTHERS AND NON-CUSTODIAL FATHERS?

MAYBE THE FACT THAT NON-CUSTODIAL MOTHERS HAVE A WORSE RECORD ON CHILD SUPPORT PAYMENTS IS AN INDICATION THERE ARE STRUCTURAL FLAWS IN THE CHILD SUPPORT SYSTEM THAT NEED TO BE STUDIED "BEFORE" WE ACT ON NEW LEGISLATION. IF MOTHERS CANNOT ECONOMICALLY SURVIVE AND ALSO MAKE CHILD SUPPORT PAYMENTS, MAYBE THERE ARE CHANGES THAT NEED TO BE MADE. EQUAL PROTECTION DOCTRINE REQUIRES THE APPLICATION OF LAW TO BE FAIR AND EQUALLY APPLIED, BUT WE SEE RESULTS THAT ARE MORE ANTI-FEMALE, AND MAYBE THERE IS A MESSAGE THAT NEEDS TO BE HEARD. WE BELIEVE THERE ARE GENDER PROBLEMS AFFECTING BOTH NON-CUSTODIAL MOTHERS AND FATHERS THAT NEED TO BE REVIEWED.

THE AMERICAN FATHERS COALITION, ON BEHALF OF AMERICA'S LARGE MAJORITY OF RESPONSIBLE FATHERS, ASKS WHEN ANY SUCH SERIOUS QUESTIONS ABOUT NON-CUSTODIAL PARENTS, AND FATHERS SPECIFICALLY, WILL EVER BE UNDERTAKEN BY OUR FEDERAL GOVERNMENT? HOW CAN EFFECTIVE NEW POLICY INITIATIVES BE UNDERTAKEN BY CONGRESS THAT DIRECTLY AFFECT CHILD\FATHER RELATIONSHIPS, WITHOUT SUCH STUDIES AND WITHOUT ANY UP TO DATE IDEA OF WHAT MODERN FATHERS ARE ALL ABOUT AND HOW THEY ACT?

INSTEAD - CONGRESS IS PRESSURED TO CONTINUE TO ACT ON MYTH - OR WHAT WE THINK WE KNOW, WHEN IN REALITY WHAT WE THINK WE KNOW IS REALLY WRONG - AND DETRIMENTAL TO WHAT CHILDREN NEED MOST. WHAT AMERICA'S TROUBLED CHILDREN NEED FROM FATHERS IS POSITIVE FATHER PARENTING - YET THIS IS WHAT CONGRESS IS NOT PROPOSING AND RESPONSIBLE FATHERS WANT TO KNOW WHY? IF THERE ARE POSITIVE FATHER PROVISIONS INCLUDED IN WELFARE REFORM CURRENTLY UNDER CONSIDERATION, WE ASK THAT THEY BE IDENTIFIED?

BLOCK GRANTS AND FATHERS

BLOCK GRANT PROPOSALS BEFORE CONGRESS STILL LEAVE THE ISSUE OF CHILD SUPPORT ENFORCEMENT AT THE NATIONAL LEVEL. THIS HAS TO HAPPEN BECAUSE OF THE INTERSTATE NATURE OF CHILD SUPPORT COLLECTIONS. THIS SAME LOGIC SHOULD APPLY TO CUSTODY, DIVORCE, AND ALSO ENFORCEMENT OF PARENTING TIME BETWEEN CHILDREN AND PARENTS NOT LIVING TOGETHER.

WHAT IS THE DIFFERENCE BETWEEN CHILD CUSTODY AND CHILD SUPPORT IF THE PARENTS ARE IN TWO DIFFERENT STATES? WE SEE A MESS IN THE STATES ON CUSTODY ISSUES WHEN THE PARENTS ARE IN DIFFERENT STATES JUST AS THERE ARE MESSES IN CHILD SUPPORT CASES. THE AMERICAN FATHERS COALITION IS PROPOSING EQUAL FUNDING - AT THE NATIONAL LEVEL - FOR ENFORCEMENT OF PARENTING TIME JUST AS WE DO FOR CHILD SUPPORT.

STATES FAILURE TO RECOGNIZE PATERNITY RIGHTS OF FATHERS

THE RECENT "BABY RICHARD" CASE IN ILLINOIS, JUST AS THE "BABY JESSICA" CASE BETWEEN IOWA AND MICHIGAN IN 1993, HAVE SHOWN SERIOUS WEAKNESS IN THE FAILURE OF STATE GOVERNMENTS AND WELFARE IV-D STAFFERS TO RECOGNIZE AND EQUALLY APPLY CONSTITUTIONAL SAFEGUARDS TO FATHERS IN UNMARRIED PATERNITY CASES. A FAMOUS LAW REVIEW ARTICLE - A FATHER'S RIGHT: SOME INCONSISTENCIES IN THE APPLICATION OF DUE PROCESS AND EQUAL PROTECTION TO THE MALE PARENT - AMERICAN UNIVERSITY - SUMMER OF 19900 - BY CAROL LYNN TEBBEN, SHOWS THE DEPTH OF THIS PROBLEM.

WHAT WE ARE CONCERNED ABOUT IS MOTHERS WHO ARE ALLOWED TO SIGN UP FOR WELFARE AND COLLECTION OF CHILD SUPPORT WITH ONLY POSSESSION OF THE CHILD - AND NO VALID TEMPORARY OR PERMANENT CUSTODY ORDER. HOW IS THE BEST INTEREST OF THE CHILD ESTABLISHED WITHOUT NOTICE AND A HEARING CONDUCTED WITH THE PRESENCE OF THE FATHER. THE TRAGEDY IS THAT ONCE AN ORDER IS ENTERED, CHILD SUPPORT IS THE ONLY CONCERN TO OCSE STAFF. FEDERAL REGULATIONS REGARDING PARENTAL DUE PROCESS AND EQUAL PROTECTION RIGHTS WILL BE NEEDED ON THIS AREA SPECIFICALLY IF PATERNITY ESTABLISHMENT IS TOTALLY TURNED OVER TO THE STATES UNDER BLOCK GRANTS.

THE SEVERAL STATES HAVE FAILED TO DO THE JOB ON PATERNITY CASES, ESPECIALLY WITH A 3% PATERNITY ESTABLISHMENT RATE IN OKLAHOMA. WE CANNOT JUST HOPE THE STATES GET IT RIGHT SOME TIME IN THE FUTURE. IF AMERICA IS TO SEE FEWER "BABY JESSICA" TRAGEDIES, 14TH AMENDMENT EQUAL PROTECTION PROCEDURES NEED TO BE SPELLED OUT BY CONGRESS, AND THIS IS A FORMAL REQUEST BY THE AMERICAN FATHERS COALITION.

CHILD SUPPORT DIRECTOR - A NATIONAL ASSET

THE CLINTON ADMINISTRATION HAS DONE ONE SPECIAL POSITIVE THING FOR THE IMAGE AND CREDIBILITY OF THE NATIONAL OFFICE OF CHILD SUPPORT ENFORCEMENT. THIS IS THE EMPLOYMENT OF JUDGE DAVID GRAY ROSS - THE DEPUTY DIRECTOR OF THE OFFICE OF CHILD SUPPORT ENFORCEMENT.

IT HAS BEEN OUR PRIVLEDGE TO MEET WITH HIM ON SEVERAL OCCASIONS, AND WITH HIS DIRECT STAFF. WE HAVE SEEN THE GENUINE DESIRE TO MAKE PROGRESS ON PATERNITY ISSUES, MEASURES TO INCREASE VOLUNTARY PAYMENT OF CHILD SUPPORT, AND ON ISSUES OF ACCESS AND PARENTING TIME ENFORCEMENT BETWEEN PARENTS AND CHILDREN. WE ARE MAKING PROGRESS, AND EVEN THOUGH FATHERS ARE VERY CRITICAL OF MANY FACTORS IN THE EXISTING SYSTEM, CONGRESS SHOULD BE AWARE OF THE EFFORTS OF JUDGE ROSS TO HUMANIZE THE CHILD SUPPORT ENFORCEMENT SYSTEM. HIS WORK HAS BEEN TO BRING ABOUT A CIVILITY IN THE ONGOING DISCOURSE TO ENABLE MEANINGFUL DISCUSSIONS AND JOINT PROBLEM SOLVING, AND IN OUR OPINION IT IS WORKING, AND FATHERS WANT CONGRESS TO KNOW WE ARE NOW AN ONGOING PART OF THE ADMINISTRATIVE PROCESS OF CHILD SUPPORT ENFORCEMENT AND WE HOPE TO KEEP IT UP.

COMMENT ON CHILD SUPPORT RELATED ISSUES

1 - ACCESS\COUNSELING PROGRAMS NEEDED

Based on the 1990 Census data, what effective child support collection needs is respect by the parents. The more that non-custodial parents are treated with respect and day to day access to parenting of their children, the greater likelihood that ordered child support payments will be made. FATHERS FOR EQUAL RIGHTS of Iowa received one of the federal access demonstrations grants and the project is in the report writing phase. What we know is that voluntary payments of child support went up far beyond the cost of the access program. THE AMERICAN FATHERS COALITION RECOMMENDS $10,000,000 per year for the several states to use for two years to see what programs can be used most effectively at the state level. This is the best use of federal appropriations if any new programs are to be undertaken. IT IS TIME FOR CONGRESS TO SUPPORT BOTH SIDES OF DIVORCE DECREES, AND NOT JUST FOCUS ON CHILD SUPPORT ENFORCEMENT AS THE SINGLE REMEDY WHEN IT IS NOT WORKING.

2- PARENTING PROGRAMS NEEDED

One of the single greatest needs is for parenting programs for all young adults. America requires great efforts in drivers training for example, but we require nothing for new parents. Too many young parents today have no idea, and no experience from their personal family life, of how to prepare responsibly for proper child rearing. Every person applying for a marriage license or for any AFDC assistance should be required to enroll and complete a parenting class before receiving a marriage license or any public assistance. Part of the focus should be on family commitments and the necessity of both parents involvement for the children.

3 - DOWNWARD MODIFICATION

Non-custodial parents face enormous obstacles in approaching federal employees asking for assistance to reduce child support. Employees generally react with shock and disgust at such requests, and downward modifications are seemingly unilaterally rejected with minimum investigation, if even that. Non-custodial parents need more enforcement of these basic rights. Most mothers report to GAO and the Census Bureau the number one reasons fathers do not pay the required support is - THEY JUST DON'T HAVE IT. If this process is to work, and be effective, it can be used to reduce overcrowded dockets in our court system working to resolve these issues before they involve lawyers, judges, and

valuable courtroom space.

4 - LICENSING REVOCATION

FATHERS are opposed to new authority to repeal or suspend drivers licenses or other professional licenses. These measures are usually punitive in intent and counterproductive towards motivation to voluntary increases in payment of child support. The child support enforcement agencies are having enough trouble enforcing previous provisions without being asked to accept additional enforcement authority. The 1994 GAO analysis of the current OCSE bureaucracy left little to recommend confidence in the current operation. The children of America need to have a positive approach to collection of support - not more negative and punitive measures. This is where we must begin.

ADDITIONAL SUPPORT

Attached is a report on the relationship of poverty issues, child support, and the overall assessment of child well-being. It is authored by Sonny Burmeister of the Children's Rights Council of Georgia. Mr. Burmeister lives in the same Congressional District as the Speaker of the House. We recommend the reading of this report as the best way to understand the policy dilemma we are currently facing. If children are really our top priority, this report needs to be understood before we enact new legislation in a rush and end up doing more harm than good for America's needy children.

MARCH 6TH CONGRESSIONAL SYMPOSIUM

All members of Congress and staff are invited to attend the AMERICAN FATHERS COALITION -NATIONAL CONGRESS FOR MEN & CHILDREN sponsored Congressional Symposium scheduled for March 6th for a more indepth discussion of many of the issues discussed in this testimony and our previous statements. The symposium is set for 9am-12:00noon in the 9th floor meeting room in the Hart Senate Office Building.

CONCLUSION

1990 Census results show the cheapest and most effective way to voluntary increases in payments of ordered child support. Any other way requires additional expenditures of valuable taxdollars and yields marginal improvements, if any. It is time to give positive father parenting a fair opportunity to work. This has been the missing element of national family policy from the beginning, in the 1970's.

In today's world, children need both parents, and welfare reform cannot succeed without giving fathers a real opportunity to be involved in day to day parenting. This is the cheapest investment that government can make on behalf of children.

The AMERICAN FATHERS COALITION gives our support to members of Congress working for the best interest of children and adopting family values and policies that are PRO-FAMILY and FATHER-FRIENDLY.

Again, we thank the Subcommittee on Human resources for the invitation to testify and we are willing to respond to any written requests for additional information.

BILL HARRINGTON
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AMERICAN FATHERS COALITION
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POVERTY'S NOT THE PROBLEM MONEY'S NOT THE SOLUTION

by: H.W. (Sonny) Burmeister
President
Children's Rights Council of Georgia

"The great enemy of the truth is very often not the lie - deliberate, contrived and dishonest - but the myth - persistent, persuasive and unrealistic. Too often we hold fast to the cliches of our forebearers. We subject all facts to a prefabricated set of interpretations. We enjoy the comfort of opinion without the discomfort of thought." - President John F. Kennedy, 1962.

If you read the print media (magazines, newspapers, etc.) or watch television or listen to the radio, you are constantly bombarded with message that "the number one problem facing our children today is POVERTY".

Whether it's the "Kids Count Data Book" put out by the Annie E. Casey Foundation and the Center for the Study of Social Policy, the Congressional report of the U.S. Commission on Interstate Child Support: "Supporting Our Children: A Blueprint for Reform", or "Beyond Rhetoric: A New American Agenda for Children and Families" - the final report of the National Commission on Children, POVERTY is that great enemy of our children.

But is it really? Is poverty the social "disease" or is it simply the symptom of another social ill? Is poverty a "politically correct" position by our political and social policy agencies who are afraid to admit that our government has created this epidemic of "at-risk" children with its irresponsible social agenda towards families?

In my opinion, stating that poverty is hurting and harming our children is analogous to saying that pneumonia is the great killer of AIDS victims.

It is factual that the pneumonia and other associated illnesses of AIDS may actually result in the death of the AIDS victim, but it is still the fact that the AIDS virus is the originating disease and the true killer.

Likewise, it is factually correct that poverty is an ever increasing problem or symptom facing our children and families, but it is our social policies toward our children and families that are actually the disease.

According to social researcher Barbara Dafore Whitehead: "In the mid-1960's, Daniel Patrick Moynihan, then an assistant secretary of labor, was denounced as a racist for calling attention to the relationship between the prevalence of black single-mother families and the lower socioeconomic standing of black children."

States Whitehead: "It is risky to ignore the issue of changing family structure and the associated problems. Overall child well-being has declined, despite a decrease in the number of children per family, an increase in the educational level of parents, and historically high levels of public spending. After dropping in the 1960's and 1970's, the proportion of children in poverty has increased dramatically, from 15 percent in 1970 to 20 percent in 1990, while the percentage of adult Americans in poverty has remained roughly constant. The teen suicide rate has more than tripled. Juvenile crime has increased and become more violent. School performance has continued to decline. There are no signs that these trends are about to reverse themselves."

Whitehead, in her April 1993 Atlantic Monthly article concludes: "If we fail to come to terms with the relationship between the family structure and declining child well-being, then it will be increasingly difficult to improve children's life prospects, no matter how many new programs the federal government funds. Nor will we be able to make progress in bettering school performance or reducing crime or improving the quality of the nation's future work force - all domestic problems closely connected to family breakup. Worse, we may contribute to the problem by pursuing policies that actually increase family instability and breakup."

In my opinion, that is just what the American government and society has done.

According to U.S. Senator Christopher Dodd (D-CT), "whatever social behavior government rewards and subsidizes, we end up with more of that behavior." Take our government's posture toward rewarding and encouraging the single-parent family, whether by divorce or unwed circumstances.

According to Dr. David Popenoe, Ph.D. - associate dean for social and behavioral sciences at Rutgers University and co-chairman of the Council on Families in America: "the white family structure today is astonishingly similar to the black family structure in 1965, during the great debate on the "War on Poverty".

For example, in 1965, 51 percent of black teenage mothers were single. In 1990, among white teenage mothers, 55 percent are single. In 1965, 26 percent of black babies were born out of wedlock; in 1990, 19 percent of white babies were born to unwed mothers.

The family has been in steep decline. In the past 30 years, the divorce rate has tripled. So has the percentage of children living in single-parent families. Out-of-wedlock births have quadrupled. Fertility has dropped nearly 50 percent. Frightfully the studies have shown that parents spend increasingly less time with their children than ever before. America is suffering from the greatest "parenting deficit" in our nation's history. And our social policies continue to encourage this madness.

Many adults, particularly feminists, have argued that all children need are one parent and financial resources (money, child support, government give-aways, etc). Yet the evidence simply does not bear this to be true.

A recent study in Michigan found that the "boat or refugee children" from the Far East, who had settled in America in the mid-80's and were attending public schools, are out-producing American children in the classroom - even though most of these refugee children live at, in or below poverty levels. The report concluded that "family structure, cultural values, parental involvement - NOT ECONOMICS - led to healthy, successful, well-adjusted children.

Similarly, a study in Pennsylvania found that children from poor, intact two-parent families achieved academically better than well-to-do (financially) children from single-parent families.

But the real proof or evidence is in "Kids Count Data Book" itself - the "state by state profiles of child well-being" published by the Annie E. Casey Foundation in conjunction with the Center for the Study of Social Policy.
This project ranks all states and the District of Columbia as to the "wellbeing of its children". While the report has several categories and classifications of a child's wellbeing (such as low birth-weight babies, infant mortality, child death rate, teen births, juvenile crime, high school graduation rates, violent deaths, child poverty, etc.) it draws no correlation between the percentage of intact families and the child's wellness, or the overall state's rating.

So this author decided to do just that. States below are listed in order as to the percentage of "intact families" in each state (ranking shown on the left), and then the ranking by the "Kids Count Data Book" as to the state's child wellness is indicated to the right.

Ranking by % of intact families	*STATE*	*Ranking by wellness of children*
1.	*North Dakota*	*4*
2.	*Idaho*	*16*
3.	*Utah*	*7*
4.	*Nebraska*	*9*
5.	*Iowa*	*5*
6.	*Wyoming*	*12*
7.	*New Hampshire*	*1*
8.	*Rhode Island*	*14*
9.	*Wisconsin*	*8*
10.	*Kansas*	*13*
11.	*Connecticut*	*6*
12.	*Vermont*	*3*
13.	*Pennsylvania*	*22*
14.	*Hawaii*	*15*
15.	*South Dakota*	*20*
16.	*Montana*	*21*
17.	*Alaska*	*26*
18.	*Minnesota*	*2*
19.	*West Virginia*	*27*
20.	*Washington*	*17*
21.	*Maine*	*10*
22.	*Ohio*	*24*
23.	*Missouri*	*36*
24.	*Oklahoma*	*35*
25.	*Texas*	*31*
26.	*New Mexico*	*46*
27.	*Arizona*	*37*
28.	*Oregon*	*19*
29.	*New Jersey*	*18*
30.	*California*	*33*
31.	*Kentucky*	*32*
32.	*Virginia*	*23*
33.	*Colorado*	*25*
34.	*Massachusetts*	*11*
35.	*North Carolina*	*39*
36.	*Nevada*	*28*
37.	*Indiana*	*29*
38.	*Delaware*	*34*
39.	*South Carolina*	*44*
40.	*Michigan*	*40*
41.	*Arkansas*	*41*
42.	*Maryland*	*30*
43.	*Illinois*	*38*
44.	*Georgia*	*47*
45.	*New York*	*42*
46.	*Florida*	*45*
47.	*Alabama*	*48*
48.	*Tennessee*	*43*
49.	*Louisiana*	*49*
50.	*Mississippi*	*50*
51.	*District of Columbia*	*51*

** 1993 Kids Count Data Book statistics.*

The unmitigated reality shows a direct correlation between percentage of "intact families" and not only child poverty, but all child wellness categories. No state which is high in percentage of intact families is low in child wellbeing, nor are states that are high in child wellbeing low in intact families. Even states that are extremely poor financially, but are high in the percentage of intact, two-parent families (such as West Virginia), find that their children are doing much better than more prosperous states (such as Florida, Georgia, Illinois) which have high rates of single-parent families.

Tragically, politicians will continue to beat their chests during campaigns and media performances about the plight of our children and the poverty which clouds their futures.

They will call for more destructive socialistic programs such as welfare, AFDC, food stamps, child support, child support assurance, etc., which only increase the stakes and assure that we will have more divorces, more single parent families, more unwed births. While I don't disagree that families need public assistance, the administration of that family assistance can not destroy the families themselves. Welfare as we approach it today is the greatest form of economic slavery known to man. It is not a hand up, but a hand out.

Remember that biblical verse concerning welfare: "Give a man a fish and you feed him for a day; teach a man to fish and you've fed him for a lifetime."

The solution to welfare is to resolve poverty, and we resolve poverty by promoting individual productivity and responsibility. We resolve poverty with family structure, cultural values, parenting of our children, and jobs for our children's parents. We provide job training, job placement, childcare for working parents, and social policies that reward and encourage family formation, family preservation, and strengthen the very core family - - not destroy it. Most of all, you promote social responsibilities and consequences for all, not just a few.

Remember the words of Senator Christopher Dodd (D-CT): "Whatever social behavior government rewards and subsidizes, we end up with more of that behavior." Have we been rewarding anti-social, anti-family behavior? Is that why we have this explosion of single-parent households from both divorced and unwed families - all because we fostered and continue to promote the destruction of families. Children will continue to suffer and continue to pay the price economically, socially, spiritually, physically, and psychologically - because our social policies are driven to accommodate selfish, self-centered, "me-now" adults who in their own narcissistic existence, don't care what price their children pay.

Testimony of the American Payroll Association to the House Ways and Means Subcommittee on Human Resources

February 10, 1995

Submitted by
Carolyn M. Kelley
Director of Government Affairs
American Payroll Association

The American Payroll Association is a non-profit professional association representing 11,000 companies and individuals on issues relating to wage and employment tax withholding, reporting and depositing. Over 85% of the gross federal revenues of the United States are collected, reported and/or deposited through company payroll withholding. Under our system of voluntary compliance, we are the nation's tax collectors.

Under current proposals, we are as well the professionals who are responsible for withholding child support monies from employee wages. Employers currently collect, through wage withholding, 50% of all child support monies in the United States. Twelve percent of all employees have wage withholding orders in place. Under both current law and proposals being considered, these percentages will increase significantly. We are also the professionals who will provide new hire information on our employees to the proposed Federal Directory of New Hires.

The American Payroll Association has worked with federal and state child support enforcement agencies for a number of years and commends Congress for seeking to collect the $36 billion plus per year in child support monies which are currently outstanding. This is a serious problem in our country. APA understands that to do this, delinquent parents must be identified and located and monies withheld by employers from earnings.

APA supports mandatory wage withholding of child support orders and current efforts to locate non-custodial parents through new hire reporting. However, APA is concerned about the current burden on employers due to non-standardization of the child support order/mandatory wage withholding process and about potential hardships which will be placed on employers if current proposals (including new hire reporting) are enacted as written. Further, APA urges Congress to recognize that its goals, though worthy, will not be met unless American businesses can perform the tasks called for in any final legislation in a timely and accurate manner. We are concerned about the areas of lack of standardization in the entire wage withholding process, new hire reporting, and problems with adoption of Section 501 of the Uniform Interstate Family Support Act (UIFSA).

Mandatory Wage Withholding

The sole responsibility of employers in the child support enforcement process should be withholding monies from employee wages and remitting those monies to an appropriate central agency for disbursement. Thus, employers should never be asked to:

- mail checks to individual custodial parents or individual counties within any particular state.

- be placed in the role of enforcer against its employees.

- act as interpreters of and/or advisors on the law/court order to either our employees or custodial parents insofar as it affects anything outside the mechanics of withholding monies from wages and the disbursement of that money back to government agencies.

- make subjective decisions and/or calculations about what monies are owed due to arrearage or any other circumstances, including monies owed to more than one family.

- withhold monies before the receipt of a legally generated withholding order.

Very little emphasis has been placed on standardizing the various federal and state laws and procedural regulations affecting employer wage withholding of child support orders. This issue is crucial to employers. In order to avoid spiraling costs to employers, these issues should be addressed in the legislative language and not left to the whim of each agency and state's regulatory process. The greatest problems and costs for employers are associated with the lack of standardization in:

- definitions of both gross and net income (i.e. the income subject to the withholding orders.)

- definitions of disposable earnings. (Example: the federal requirements under the Consumer Credit Protection Act are earnings for services less taxes and mandatory contributions to a pension plan. States may exclude certain earning such as overtime and allow additional deductions such as union dues and medical insurance. This situation requires employers to make separate calculations for each of these states.)

- procedures for the timing of remitting the monies after withholding is executed.

- how the dollar amount to be withheld is stated on the withholding order itself.

- procedures for orders which are received late through no fault of the employer.

- procedures for when the employer should begin withholding.

- procedures for when the employer should stop withholding.

- procedures establishing priorities of withholding for multiple orders, especially where there is not enough wage to withhold full amounts.

- processing fees for courts, states, employers and any other fees.

The lack of a standardized withholding order form is very problematic for employers. Employers should be able to scan a form and easily determine (a) the amount to be withheld and
(b) where to send the monies.

Recommendations

- Provide for standardization of definitions, requirements, deadlines and data formats for both paper and automated transactions.

APA urges Congress to treat employers as partners in the mandatory wage withholding process. The cost of compliance for employers in the current non-standard system is too great and forces American businesses to unnecessarily divert resources from providing goods and services to a healthy economy to complying with confusing, non-standard laws and regulations.

New Hire Reporting

Employers understand it is important to capture employment information on all newly hired employees so that non-custodial parents who owe child support are located and the wage withholding process can begin.

Reporting deadlines:

Current proposals contain the requirement that certain information on new hires be reported by employers "not later than 10 days after date...on which the employer hires a new employee." This is not a workable, realistic deadline for automated reporting. APA has commented repeatedly in state and federal forums on this matter. Date of hire is not a good beginning point for establishing a reporting deadline for new hire information in automated environments. Ten days is not enough time for employers to accomplish the required reporting through automated systems in an accurate manner. This is especially true for large, decentralized employers with remote locations.

The states, it seems, have acknowledged this. Many states that have enacted new hire reporting have extended reporting periods. After hearing testimony from employers, Massachusetts legislated 14 days instead of 10 but allow an extended reporting period to those employers reporting electronically. Iowa changed state law from 10 to 15 days because of employer difficulty with helping the state to accomplish its goals. Texas will change from 10 to 35 days for the same reason. Michigan's new program will require 35 days and Virginia, West Virginia and Washington have all adopted 35 days.

The '10 days from hire' requirement poses the following problems for employers in an automated environment which make it difficult or impossible for employers to comply in a timely and accurate manner:

- Hiring is often done at remote locations. Hard copies of employment forms are sent to central human resources departments which then enter the data and provide it to the payroll department, which may or may not be at the same location.

- U.S. businesses pay their employees using pay periods which range from daily to monthly. Many larger companies use multiple pay periods for different employee groups. (For example, union, nonunion, salaried, hourly, commissioned, etc.). Typically, payroll departments are provided with employment forms prior to running a payroll. Not all employees begin work on the first day of any given pay period, and many times, not until the final day or two. They are therefore not added to the data base until the next cycle.

Given a semi-weekly pay period and several days to receive and enter data from the date of hire, it is not possible for employers in these kinds of automated environments to meet the '10 day from hire' requirement. At best, employers would have to establish costly, manual, paper systems, with the predictable level of inaccuracy. (It is important to note that some of the required data, such as date of birth, are not available from job applications due to EEOC and other labor laws. Thus, it is not possible for employers to collect the data prior to hire date.)

Use of tax forms:

One of the fallacies of past and current proposals is that employers could simply xerox a completed Form W-4 "Employee's Withholding Allowance Certificate" and send it to the appropriate agency. The Form W-4 does not contain required data elements such as date of birth and employer identification number (EIN). Further, Form W-4 is a tax form. APA does not support non-tax use of tax documents because of the very high penalties associated with information reporting through the tax system.

Instead of requiring the use of Form W-4, a simple, standardized list of requirements should be provided for paper filers, along with flexible guidance. It is conceivable that for very small

businesses, it would be easiest to xerox the Form W-4 and write in additional information. **This should be allowed, not required.**

Similarly, APA objects to any use of Form W-2 " Wage and Tax Statement" to report monies withheld. Because this information is not part of the tax-reporting system, businesses will have to build and maintain new data bases to report this information. This is a tremendously costly endeavor and an unfair burden on employers already acting as collection agents for child support enforcement purposes.

Recommendations

- APA recommends '10 days from date of hire' as a realistic due date for **paper filers.**

- Provide a workable, realistic deadline for employers reporting new hire data through automated systems.

For companies operating in automated environments, this is not a workable due date, as discussed above. APA supports use of electronic transmission and magnetic media as efficient, cost effective methods of communication for both businesses and government. A workable, realistic due date will act as an incentive to as many employers as possible to report electronically or by diskette or other magnetic media.

APA recognizes that for companies with multiple pay periods, reporting after each pay period would be a burden. It is conceivable that a large company with multiple pay periods could end up being required to report every day. We therefore recommend that companies submitting information either electronically or by magnetic media be required to report twice per month. (It is possible that some larger companies may chose to voluntarily report more frequently, and the legislation should be flexible enough to allow for this on a voluntary basis.)

This would result in the greatest number of electronic and magnetic media submissions to the Federal New Hire Data Bank, eliminating, as much as possible, costly and inaccurate manual processes and the staff needed for them. In addition the data being received into the Federal New Hire Data Bank would be more accurate and processing time and cost for both public and private sectors would be reduced.

- Eliminate any use of tax forms for non-tax purposes.

Eliminate any requirement to report on Form W-4 "Employee's Withholding Allowance Certificate." Instead, provide a simple, standardized list of requirements for paper filers, along with flexible guidance which provides for the voluntary use of Form W-4 with required data elements added. Similarly, eliminate any requirement for reporting on Form W-2 "Wage and Tax Statement."

- Provide for standardization

APA recommends reporting to a Federal New Hire Reporting Data Bank. It is much easier and less costly for employers to provide one tape, transmission, etc., and to correspond with one receiving agency. The unacceptable alternative is to report to states using up to 50 separate data formats with perhaps 50 different sets of requirements and due dates and 50 different agencies to communicate with.

Penalties

Distinctions should be made for employers who are making a good faith effort to comply, but due to circumstances beyond their control (or unrealistic legislated expectations) are occasionally late, from an employer who willfully avoids reporting. Penalties should be simple to calculate and not require lengthy audits to determine.

Recommendations

- Provide workable, realistic due dates for reporting so that U.S. businesses are not placed unfairly under penalty exposure.

- Provide a fair tolerance or safe harbor to protect employers who are trying to comply with requirements from being penalized for occasional problems.

- Ensure that there is a clear distinction in penalty application between those companies making a good faith effort to comply and those who are willfully non-compliant.

Adoption of the Uniform Interstate Family Support Act (UIFSA) as Currently Written

Under the Uniform Reciprocal Enforcement Support Act (URESA), orders from out of state were registered within the employee's work state, and therefore that state's regulations applied.

UIFSA seeks to provide agencies direct access to employers outside their state in order to decrease the time it now takes to begin collecting on out of state orders. A critical issue to employers is the current absence of legal guidance as to which state's laws apply, the issuing state or the employee's work state. This is very difficult for employers. Under URESA, a single state employer deals only with the regulations of that state.

Where UIFSA is adopted without this guidance, a single state employer is potentially required to withhold based on possibly 50 different sets of requirements and definitions.

In the past, payroll professionals responsible for processing child support orders were able to interpret most orders without having to confer with corporate or outside legal advisors. Many payroll departments are now so concerned about the validity of orders served directly under UIFSA's Section 501 and which processing laws to apply that they will no longer begin withholding until the orders have been reviewed by legal counsel. This is very expensive and may delay withholding, to the detriment of both the custodial parent and the employer, who is placed in an unfair penalty position and bears the cost of legal review.

Recommendations

Legislation must be enacted to specifically direct that the employee's work state determines the regulations that govern the withholding order, both for substantive and procedural guidance, before the across-the-board adoption of UIFSA.

Centralization of Collections

APA applauds the proposal that each state be responsible for providing for automated central collection and distribution of child support monies.

Recommendations

States should provide for automated, centralized collection and disbursements of child support monies. These state systems should allow employers the options of paying electronically and/or by a single check with a list of payments with corresponding identifiers. Employers should never be required to disburse checks to individual custodial parents.

*** *** ***

APA applauds Congress for addressing the serious problem of delinquent or non-existent child

support payments in this country and would like to help in any way we can to ensure that the public/private collection partnership is as effective and cost efficient as possible.

Written Statement On Behalf Of Ayuda

Concerning Child Support Enforcement and Welfare Reform

Submitted to the Committee on Ways and Means
Subcommittee on Human Resources
Congressman E. Clay Shaw, Jr., Chairman

Submitted by Phyllis A. Jaudes
Crowell & Moring

Counsel for Ayuda

February 9, 1995

Ayuda is a non-profit organization in the District of Columbia that provides legal and social services for foreign-born D.C. residents. Since 1985, Ayuda has been the only organization providing legal and social services for battered Spanish-speaking women in the District of Columbia. Ayuda is concerned about the impact on victims of domestic violence and their children of the proposed child support enforcement provisions and related provisions in pending welfare bills. Such provisions are closely linked, because together, they often form the only support net available to battered women and their children who are seeking to escape abusive homes and relationships.

Recently proposed child support provisions and provisions for welfare reform affecting benefits available to children have failed to consider the harmful effects of domestic violence on the women and children who are the vast majority of domestic violence victims. Numerous studies have shown that violence in the home causes psychological harm to children, even if the violence is not directed against the children, and that children coming from homes where domestic abuse was present are more likely to commit crimes as juveniles, and are more likely as adults to abuse or be abused by their own partners.

To be able to flee violent relationships, battered women and children must be able to survive economically. Battered women and their children often depend heavily on child support, and so Ayuda encourages Congress to enact provisions for better enforcement of child support awards and other mechanisms for making child support more accessible to battered women and their children. Nonetheless, recent proposals for reform to child support and public benefits programs -- such as those in this year's Personal Responsibility Act and last year's child support enforcement bill -- do not address the risks posed, both to children and to the other parent, by an abusive parent.

The proposals that have been made assume that a child is always better off maintaining contacts with both parents. However, where one parent has abused the other parent or the children, and where the victim and her children have been forced into shelter or have been forced to relocate in order to stop the violence, it is clear that both the children and the abused parent are better off if they have no contact whatsoever with the abusive parent. FBI statistics indicate that violence increases upon separation. Batterers, desperate to maintain control over their victims, will go to any lengths to find those victims and bring them back. This behavior has led virtually every state to pass anti-stalking laws in the last few years, in an effort to offer much needed protection to victims of domestic violence. Last year, in the Violence Against Women Act, Congress made protection orders

interstate-enforceable, to extend protection to battered women and children who must flee out of state. Judicial experts recognize that batterers' access to their children must be restricted. The National Council of Juvenile and Family Court Judges, in its 1990 report, recommends that batterers not receive visitation with their children until they have successfully completed a qualified batterer treatment program. These well-respected judicial experts recommend that all visitation be supervised in domestic violence cases, even after the batterer completes treatment.

Ayuda objects to statutory provisions that require any contact between an abuser and his victims, or permit the abuser to gain information about or influence over the abused partner and the children of the relationship. Any provisions that may construct another link between an abuser and a woman who seeks to put the abusive relationship behind her, create a real danger to the woman and her children.

First, Ayuda is particularly disturbed by proposals that would deny benefits to most legal immigrants and their children. Where child support and other benefits for U.S. citizen children are concerned, it is essential that legal immigrants and their children have access to the same sources of support as U.S. citizens. Many of Ayuda's clients are battered immigrant women who are lawful permanent residents and who contribute greatly to this country. They work cleaning our houses and offices, taking care of our children, and serving us in restaurants and hotels. Most of them have not become naturalized citizens primarily because they are working more than one job in order to help support their children, and most simply do not have the time to learn English and take citizenship classes, or else they lack resources to pay for child care so that they can attend these classes.

Battered immigrant women are particularly at risk if legal immigrants are treated differently from non-immigrants. Until recently, many women who were legal immigrants and entitled to be in this country were nonetheless trapped in abusive marriages or relationships for fear they might lose custody of their children, or for fear that somehow their batterers could cause them to lose their status as legal immigrants. Other immigrants who were eligible to remain legally in the United States were locked in violent marriages to citizen or resident abusers who refused to fill out immigration papers, or who withdrew such papers, so that their victims could not flee the violence or report child abuse. Ayuda has seen many cases of women locked into abusive relationships for two, five, seven or even twelve years. Last year, when Congress passed the Violence Against Women Act, these women were finally able to escape domestic violence, receive legal immigrant status, and protect their children from the dangers of a violent home. If legal immigrants are treated differently from citizens as to benefits and child support enforcement, these recent gains will be lost, and legal immigrants who are victims of domestic violence will suffer greatly -- as will their U.S. citizen children. Ayuda contends that there is no legitimate reason to treat legal immigrants differently from non-immigrants as to benefits and child support enforcement. However, if a distinction is made, it is critical that battered women be excepted. Legal immigrants who are victims of domestic violence must have full access to welfare benefits and to child support enforcement provisions, or they will not be able to flee violent homes and survive economically with their children.

Second, the proposals that emphasize establishing paternity, and requirements that women "cooperate" in establishing paternity in order to be eligible for benefits, require battered women to cooperate in making and maintaining contact with abusers when the women are trying to create new lives for themselves and their children that are apart from, and safe from, the abuser. In addition, proving paternity may give an abusive parent greater sway over the battered parent: the abuser can try to control the battered parent by means of

custody disputes and by other attempts to get involved with the children as a way to get at the mother. Any program focusing on paternity must include effective exceptions for victims of domestic violence.

An exception like the one presently in the Personal Responsibility Act is inadequate. An exception framed in this way ignores the strong link between emotional abuse and physical abuse, and also does not make clear that any physical harm or threat of physical harm to a child or the parent is a danger. Already overworked state agencies are unlikely to want to spend the time to examine the complex factual background of many domestic violence situations. In particular, they are not trained, as judges have been, to make difficult credibility decisions when there are no witnesses who can corroborate domestic violence. Additionally, fear of retribution from a batterer, and the stigmatization by friends, family and coworkers that domestic violence victims suffer, will prevent many women from seeking to use the exception.

In order to effectively protect victims of domestic violence and their children, a domestic violence exception must incorporate the many different forms of domestic violence that can serve as a basis for issuance of a protection order. Any battered woman or child who has received a protection order from a state court should qualify for the exception. Once a state court has determined that a protection order should issue, no further inquiry or proof should be needed. Furthermore, where the victim has not yet received a protection order, the exception should apply in cases where there are threats, fear or physical harm that would result in issuance of a protection order in that state. An individual woman claiming domestic violence must be able to prove her eligibility for the exception simply, and confidentiality provisions must exist to protect her from her batterer.

Third, Ayuda is concerned that child support enforcement procedures might include provisions giving noncustodial parents access to government registries and other information about the custodial parent and the children. Even when used solely to aid in collection of child support, unsecured data banks pose substantial threats to battered women and their children who are trying to make a life for themselves away from their abuser. If information banks and registries are adequately secured, their presence may well benefit battered women and their children by improving child support enforcement and provision of services. However, no serious study has been done to determine how to secure information registries. Statutory provisions should require states to work with domestic violence victims' advocates in establishing provisions to protect confidential information relating to victims of abuse and their children. In addition, disclosure of information in violation of such security provisions should be subject to criminal penalties. If the security system is adequate and enforced, battered women will feel able to use the benefits of the welfare and child support enforcement systems that they need to survive. Otherwise, such women and their children will face a Hobson's choice: live in severe poverty, or risk further contact with the abuser.

Finally, several other proposed changes to rules governing child support enforcement and public benefits for children may have harmful effects on battered women and their children. For instance, provisions creating "lifetime limits" on anyone receiving public benefits disproportionately harm battered women, who often require somewhat longer to pull their lives back together because of the many harmful effects of domestic violence on its victims. In addition, "lifetime limits" are unreasonable for victims of domestic abuse, because the reality for these women is that they often attempt to leave more than once before they actually succeed in leaving their abuser. Many battered women return to their abusers when the abusers promise to change, or if the abuser hunts down the battered woman and she feels endangered unless she goes back to him. National statistics indicate that most battered women make two to five attempts to leave

their abusers before they are able to get themselves and their children safely away. If "lifetime limits" are included, there should be a provision exempting battered women, or at least tolling the time during periods when a battered woman goes back to her abuser, so that she still has access to the safety net of public benefits should she be able to make a safe escape from the abuser later on.

Another suggested provision that significantly threatens battered women is the requirement that teenage mothers live with their parents in order to obtain benefits for the teens' children. This provision is extremely dangerous to the more than half of teen mothers seeking aid who were themselves the victims of abuse in their homes. Requiring them to live with their parents in order to receive benefits for themselves and their children puts the young mothers at risk, and also exposes their children to the same abuse that the teen mothers suffered. If a "live-in" requirement is adopted, there must be an exception where there is a history of violence or abuse in the home. Other proposals would entirely disallow benefits for children of young mothers, which will leave many young mothers and their children with no options but to live with families or partners who are abusive, since the mothers would likely be unable to support themselves unaided. Such a result would be harmful both to the mother and her children.

In conclusion, Ayuda asks this Subcommittee to consider fully the important concerns of battered women and their children, and to protect victims of domestic violence while still allowing them the access to the child support and benefits that they desperately need in order to escape violence and create a safe and secure life for themselves and their children.

Supplemental Sheet Accompanying

Written Statement On Behalf Of Ayuda

Concerning Child Support Enforcement and Welfare Reform

Submitted to the Committee on Ways and Means
Subcommittee on Human Resources
Congressman E. Clay Shaw, Jr., Chairman

Submitted by Phyllis A. Jaudes
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Counsel for Ayuda

February 9, 1995

Summary of Comments and Recommendations:

Recent proposals for child support enforcement provisions and provisions affecting public benefits available for children fail to adequately consider the harmful effects of domestic violence. The majority of victims of domestic violence are women and children, and for them, the combined "economic safety net" of adequate child support and adequate public benefits is often the only way for such victims to escape abusive homes and relationships. Congress should enact both provisions for better enforcement of child support awards in ways that safeguard victims of domestic violence, and provisions that insure availability of public benefits for victims of domestic violence and their children. Victims and their children are harmed by contact with an abusive partner. Domestic violence victims and their children must have access to support and benefits without having to maintain contact with the abuser. Immigrant women and teen mothers who are victims of domestic violence are particularly at risk if they lack full access to child support and to public benefits. Battered women should be excepted from requirements for establishing paternity and requirements that women "cooperate" in establishing paternity. Information registries, including those used for child support enforcement, must be secured as to information regarding battered women and their children. Battered women should have access to the combined "economic safety net" of child support and public benefits without time limitations, or with tolling of time limitations, to allow them adequate time to make a safe escape from domestic violence.

For submission of written comments, for the printed record, of the child support enforcement hearing. February 1995. Submitted by:

Margaret M. Brown
42 Rosemary Ave. Buffalo, NY 14216
(716) 835-3630

I am the wife of an NCP (non-custodial parent), and 2nd family hostage of the child-support system. I am disabled; put myself through college and graduate school; work full-time; and have a 21 month old son who has been in daycare since 8 weeks old. My husband pays support for a 15.5 year old child that most likely is not his offspring. He cannot get a paternity test at this late date. My husband works 2 jobs. The X and her 3rd husband hound us for $ that is not spent on the child we support. Yet, the X pays only $10./wk to her 2nd husband in support of the child she had with him.

My experience with the system, as well as those of NCP's and 2nd wives I've met on the internet, has led me to believe that the system is very unfair to NCPs, wives of 2nd families, and children of 2nd families. The system is rife with discrimination against men -- most of whom are NCPs. I am all in favor of collecting support from deadbeat parents, but anything past the age of 18 is unconstitutional. Slavery was outlawed in the constitution, and one adult forced to support another is slavery.

I ask that you:

- End child-support at age 18. What is given toward college is between the parents and the child, not the government. The CP and government are advised to foster a relationship between the child and the NCP, rather than destroy it, and then its far more likely that an NCP will willingly give the young adult college money. There is no law that requires parents of intact families to send their children to college, so making divorced parents do it is unconstitutional. Since I doubt the strong CP lobbies will allow this to happen, at the very least reduce the CS when a child reaches 18, pay the $ directly to the young adult (not the CP), make good progess toward the academic credential a requirement, and state that student loans are encouraged.

- The NCP pays all the taxes so give the NCP the tax deduction.

- Make paternity tests mandatory for all unwed parents. Give men going through a divore access to paternity tests. Give men who were divorced *prior* to the test being available, access to the test now.

- Make the CP accountable for how the $ is spent.

- Stop gender discrimination against fathers in family court.

- Make joint custody the status-quo.

- Take all members of 2nd families into account, with firm guidelines.

- Do not overturn old divorce agreements in regard to college and other issues.

- Stop using the term "dead-beat dad" during congressional hearings. (I watched on t.v. and heard it a lot.)

- Put an NCP advocate on the committee for future child-support issues.

Dear Mr. Moseley,

re: This is my written statement for the printed record of the 1985 Interstate Child Support Hearing.

I am the wife of an NCP (non-custodial parent). I am very much in favor of parents adequately supporting their children, and reducing the number of women and children receiving governmental assistance. At the same time, I hope that those making decisions will look at *both* sides of an issue (NCP vs. CP) and draft legislation that treats both parents equally -- while improving the lot of the child. You may think that I say this only because I am a 2nd wife, and that I would feel differently If I were collecting support. Not so. I wouldn't hesitate to collect a *fair* amount for my child. But I also would try for joint-custody in order to keep the father involved. I have never used men for $. I have never used the government for monetary handouts either. I am disabled with a congenital orthopedic defect and reconstructed hip socket. I could qualify for disability payments, but instead I achieved the skills I need to work in a sedentary job (computer programmer), so that I can be employed. I come from a working class family and had little help with college and *no* help with graduate school. My substantial student loans will be finally paid in August 1995. If I can do it, other people without disabilities certainly can! Also, I am very well-qualified to comment on this issue due to my personal experience, and my knowledge of NCP issues. As a computer programmer and information professional, I have been on the net since 1982. I have talked to hundreds of NCPs and read thousands of stories on various internet lists and usenet groups. I know what concerns lurk in the hearts of the NCP and 2nd families, and we are tired of not having representation. However, I speak only for myself as a private citizen -- wife of an NCP and mother of a 21 month old (2nd family) son. I do not represent any organizations.

1.) COLLEGE and WHEN DOES SUPPORT END
You are now hearing an expert opinion. I have a BA, a 54 cr. hr. MS and another 20+ hours of graduate school on top of that. I have worked in higher education since 1979. I worked for 1 year in a financial aid office and for 5 years in an admissions office. I know what goes on in higher education. First of all, higher education used to be for the top students, the ones with genuine brains. Not so anymore. Any child that can pay the bill, and can graduate with (some sort of) a highschool diploma will be admitted to college, because colleges need the $. Look at the terrible, terrible retention rates of colleges!!!! Those with easy admission standards have the worse rates of all. The students are admitted, they are not college material, so eventually they drop out or are dismissed -- after the parents have paid exorbitant bills. The child's self-esteem has taken a terrible blow, either that or their liver -- from excessive partying. Colleges will continue to feed on the wallets of parents and children who are willing to pay for non-college-material kids to be admitted. There is no accountability for the colleges! With the amount of $ involved, the colleges should be required to give a guarantee, that child X with X ability will be admitted and will be able to register for enough classes in his major (another big problem) to graduate in 4 years. There should be some sort of accountability put on the colleges. Then they will not be so willing to take the tuition $ from students who are not college material. There is nothing wrong with not being college material, except that our society puts such a misplaced emphasis on it. Students who are not academically talented would be much happier if they found their niche without the trauma of dropping out of college. They should be encouraged

to learn a trade instead. Skilled tradesmen are in short supply, but colleges keep enrolling students who would be better off learning a trade or skill at a 1 or 2 year college.

The entire college situation is another issue apart from the CS aspect. But, please, please do not make the current situation worse by *requiring* all divorced parents to send all children to college. Govenment intervention is not necessary here. Many NCPs willingly give money for college without government intervention. This is one of the things CPs should be made to think about when they have urges to interfere in the relationship between the NCP and the child. Making college mandatory and raising the age of child-support payments is just one more way the government gives the CP all the $ and control with no accountability. If either parent chooses not to pay for college, it is not the government's business. Parents of intact families are not required by the government to send their child to college, so why should divorced parents be? I don't think talented students should be prevented from going to college, but the preferred method of payment should be from STUDENT LOANS that the student pays back. With a part-time job and a student loan, the student can do it with little parental help, and will be less likely to waste her time flunking out of classes and going to beer bashes. The cream always will rise to the top, and doesn't need government intervention. The duds will always sink to the bottom and no amount of government intervention can prevent that. I put myself through college and graduate school as did my husband, thanks to loans, work and scholarships.

I see a trend whereby states are raising the age at which support ends. In Massachusetts the NCP of a child in college can be required to pay until age 23 or longer. Where will it end? 27? 30? 35? Never? Will NCPs next be supporting grandchildren? This is not only unfair, its unconstitutional. At age 18 children become adults. They should at that time be working or going to school, either of which should result in *less* support from parents not more. If the young adult of 18 chooses to work, that is their choice. They cannot be forced to attend college. Whatever room and board arrangements are made, these are not the government's business. If the young adult decides to attend college or technical training, then she should take out student loans to do so, with the parents deciding what if anything they wish to contribute. Here is where the government will find that joint custody pays off. If joint custody becomes the status quo, then both parents will have a relationship with the child and both parents will contribute voluntarily to education -- just like in intact families! The government creates the problem of parental disinterest and parental desire to be set free of financial drain, because the government creates a "winner takes all" situation in the first place, by giving complete control and excessive $ to the CP with no accountability. End support and government intervention when the child turns 18, or 4 years after the start of highschool -- whichever comes later. Period. Just like in intact families.

If the above solution is considered inadequate, then here is an alternate solution -- a compromise between the 2 extremes. Have a hearing take place at age 18, or 4 years after entry into highschool. Both parents and the offspring in question must be present. At this time the court will order the child-support stopped. (Since the person receiving the $ is not a child, any $ ordered should be called something different than child-support and should goto the young adult, not the CP.) At this time the young adult will present her future plans and the court will arbitrate on what (if any) contribution the parents will make toward these goals. Parents can comment on the feasibility of these plans. For example, if a child with a 75% highschool average wishes to attend Syracuse University, which would cost 16K per year, either parent could question this course and suggest a 2 year technical program at a community college instead. The parents will be given the option of paying

tuition (or other) bills, or giving a lump-sum payment, or paying an allowance directly to the child (not the CP). Whatever is decided the parent should pay less than what was being paid per week in support prior to age 18 and it will be made clear that *all* court-ordered support ends at age 21 -- or when the child shows lack of academic progress. Also, any $ after age 18 goes to the young adult, not to the CP. Finally, the child will be expected to finance a large part of their education through loans and jobs.

2.) TAX DEDUCTION
Why is the CP automatically given the tax deduction? The NCP pays in after-tax dollars, and the CP doesn't have to pay any tax on this income, yet the CP gets the deduction. Sure its not a lot of $ considering the high cost of CS, but its a morale thing. The NCP pays and pays and pays, yet the one time there is a rebate -- the CP gets it!!! This causes more ill-will among NCP's than any one thing I can think of!

3.) PATERNITY and PATERNITY TESTING.
Establishing paternity is finally being encouraged. Very good move! I applaud these efforts! At the same time, I hope efforts are made to treat the *men* equally too. My husband was tricked by his X into marrying her at 19 years old. She said he was the father and he believed her. Being a good catholic boy from St. Joe's he married her. After they divorced, in 1985, he discovered that he most likely is *not* the father of this child. The paternity test was not available in 1985. He didn't even find out for sure until 1989 that there was a problem! In 1989 he checked with his lawyer about paternity and was told that it was too late to do anything, even though the paternity test had not been available when he divorced. The X had their 1985 divorce agreement overthrown this past summer, in order to get more $ under the new guidelines. My husband got something signed that would admit his request for a paternity test into state supreme court. However, after much networking, our lawyer told us that his chances of having a paternity test ordered were slim or none, and that he'd be much better off bargaining with the X -- using the paternity action as leverage (threat). So bargain he did and the X agreed to take $50./less per week than she could have had under the new guidelines. This is still $90/wk. more than she is entitled too... Why is it that a mother in New York State can take a father down for a paternity test at any time up until the child is age 21, and the father can only do it if they are not married or (with luck) while going through a divorce? Why? Because of gender discrimination.

I hope that the new legislation that puts so much emphasis on establishing paternity, also will allow men with old paternity situations (like my husband's) who did *not* knowingly assume the responsibility, to also have access to paternity testing. This would benefit the child as well, because then the child would find out who her *real* father is, and the child has a right to know her real father. This sort of intrigue, the woman passing the child off on a man who is not the father, leads to many, many bad feelings. In my husband's case for example, he has had little contact with his "daughter" for years. He of course is depicted by the X as "the big jerk," yet she will never face the paternity test. I think it would be much healthier for all concerned -- my husband, the X, the child, the real father, my husband's son (with me) and myself -- if my husband was able to take the paternity test and clear this matter up. The X could then take the real father to court, so she would still get CS $, and the child would have a chance of having a relationship with her real father. If we do not get a chance to straighten out the paternity situation, I can just see the X and her daughter filing a lawsuit to contest my husband (and my) will in 30 years, and my son will have to deal with that! There are so many longterm implications. The X's skeleton fell out

of the closet and there is no use trying to stuff it back in. Better to clear the matter up and go by the truth. Please, please, please give men the same access to paternity testing that women have, including men with old paternity situations!!!

I'm also concerned that the new legislation encouraging men to acknowledge paternity in the hospital at birth, does not protect the rights of men. Think, about it. Men can only go on the words of the mother, and it is not uncommon for mothers to lie. What sort of man would question a woman he cares about, on her birth-bed, when she says that the "little angel" is his? Its too easy to dupe men into paternity. I read a few studies done in England that state that in some neighborhoods, 20%- 25% of fathers are not really the fathers of their children. With the stakes so high, and the technology available, the men AND CHILDREN should be protected. Yes, the children too. The paternity skeleton will inevitably fall out of the closet and the child will be traumatized to discover there is a paternity problem. Better to find the real father in the beginning. I suggest that for all unwed couples the paternity test be *mandatory* in order to protect the interests of the child. This would protect the man, and the child, and the real father will be named (at some point) so the real father would pay. This should be mandatory because, as I pointed out before, no man would question a woman he cares about, on her birth-bed, when she says the "little angel" is his. Also, I urge you to make paternity testing during divorce available for all men, if they request it. And for men with outstanding paternity situations (like my husband), for whom the test was not available at the time of divorce -- give them the same rights for paternity testing that women have.

#4. CHILD SUPPORT AMOUNTS and ACCOUNTABILITY
I realize that the child-support is calculated on an income-shared model, in order to (supposedly) insure the child the same cost of living she would have had if the parents had not divorced. Whether or not this is the best way to do it is highly debatable. I see so many problems with it. To start, my husband works a 2nd job (army reserves) to pay the support. What happens? The army reserve pay used to pay the support is counted as increased income so he has to pay even more support than he would have it he didn't work the 2nd job to pay support! There is no incentive for a man to try and advance in his career or work a 2nd job (at least one not under-the-table) because it can just be used to screw him some more to pay $ that is not used to support the child in question, but is frittered by the mother. I just will never understand what went on in the minds of the people who came up with this model. Obviously they do not pay child support! Also, in this model 2nd families can eat dogfood and buy garage sale clothes. We pay less to support our 21 month old son and he is in fulltime daycare and has far higher expenses than the other child we support (that most likely is not my husband's child anyway). My son wears garage sale clothes and plays with garage sale toys, while the guidelines insure the other child of this fabulous lifestyle. Not that the $ is spend on her anyway. Why is there is no accountability for the CP regarding how she spends the $? Why is the child calling grandparents and asking them to buy her clothes when we pay so much? Why? Because the mother spends it to pay her 3rd husband's child support -- courtesy of my husband who works 2 jobs. Prior to husband #3 she used it to support various live-in boyfriends, and also to pay for the son from her 2nd marriage who had a deadbeat dad. (She turned custody of the son over to the deadbeat dad because she couldn't get $ from him.) The CP should submit a yearly report showing receipts and how the $ was spent. Sure its a lot of work, but people do it all the time in order to document their taxes, and this will help the child receive the $. Another novel concept to include -- anyone who receives welfare should pay it back. Its not fair that the NCP pays and the CP on welfare gets a free ride. Also, CP's with no job skills should be in training to learn some, and making good progress. Sitting

on their ever-widening behinds collecting a check is unacceptable.

#6. GENDER DISCRIMINATION
There is much hidden gender discrimination against males in family court. I mentioned this in regard to a CP getting a paternity test at any time just by requesting it vs. an NCP having an expensive and nearly impossible chance of getting a paternity test. It also comes into play where custody is concerned. Men do not have a fair chance of getting custody, so many who want it do not even make the attempt. They are told from the outset by their lawyers that it will be a big expense for nothing. It also comes into play where child-support amounts are concerned. How many female NCPs are ordered to pay support and how much are they ordered to pay? Compare this to the male NCP's. My husband's X wife turned custody of her son, from her 2nd marriage over to her 2nd husband. She makes 19K and is ordered to pay $10./week child support. $10/wk.!!!! You can't support a dog on $10./wk! Whether or not she pays it is another question too.... I hope that the legislation demolishes gender discrimination against men, in family court.

#7 MAKE JOINT-CUSTODY THE STATUS-QUO
A better arrangement for the child would be if joint custody were strongly encouraged. Right now a "winner takes all" situation exists. The CP gets all the power and control, leaving the NCP naturally resentful. Joint custody should be the status quo. If there is a large income difference between the 2 parents, then the one with more should pay in order to equalize it. But both parents should have equal access and equal control of the child. The child will benefit greatly by having 2 active and devoted parents. Involved parents would also be more likely to pay for extras like higher education.

#8. 2nd FAMILIES
I was very pleased to see that the new legislation at least starts to take 2nd families into account. With intact families, as new family members are born, everyone else makes do with a little less, so its only fair that 2nd family obligations of the NCP are taken into account. At the same time, the new legislation does not go far enough. Insuring my 21 month old son's welfare is encouraged, but its left up to the court to decide -- which is very much how child-support awards were determined prior to reform. Having guidelines for children of 2nd families would be a step in the right direction. It is a necessity for me to work, so my son has been in daycare since he was 8 weeks old. Due to daycare he is far more expensive than the other child my husband supports, yet we spend far more on the other child. What would happen if I were laid off or my disability worsened and I had to quit work? We would be hurting greatly financially, but the X-wife would still get her same cut of $ because the 2nd family is not taken into account in hearings to lesson child-support due to hardships. I just hope I hold out long enough to pay off the X-wife. I encourage you to take a look at how 2nd families are treated under Australia's child support guidelines. There are many things about Australia's system that are superior to ours.

#9 OVERTURNING OLD DIVORCE AGREEMENTS
A divorce agreement is a legal agreement made between 2 consenting adults. I cannot believe that the government of a democracy should appoint itself to have these legal agreements overturned. In New York State the initial Guidelines passed in 1989 would have made old agreement automatically obsolete. Due to lobbying this was changed so that he CP at least had to request the new guidelines. Still, that is not fair. Men gave away homes, retirement accounts, alimony, savings, all sorts of things, to negotiate their divorce agreements. How can a 3rd party (government) intervene and toss it out the window? Are females such imbeciles that they need the

government to champion them in such unnecessary ways, and in ways so unfair to the NCP? I think not. We would not now be in such a mess with the X if the government had not made it so worth her while to be greedy. If she had never come after us for more $, my husband would never have rattled the paternity skeleton. But now that the government started, please continue until you have reached some semblance of fairness. The guidelines of 1989 left us screwed in terms of money, 2nd family considerations and chance for a paternity test. Things can't go back, so now that you've started keep going until all sides of the equation are treated fairly. And for future reference, when meddling with families, remember: Do not summon up that which you don't know and don't understand and that which you cannot lay to rest, and that which you personally would not want to deal with.....

#10 USING THE TERM "DEAD-BEAT DAD" and OTHERWISE DEGRADING FATHERHOOD
I watched the congressional hearings on television. May a plague of static cling and lint be visited on all the legislators, MAINLY GENTLEWOMEN, who used the offensive term of "dead-beat dad." I cannot express how insulting this is for the BEAT-DEAD Dads who pay and pay and try to remain part of their child's life, suffering from their devotion. The children benefit from a relationship with their father. Believe me, I have seen firsthand what happens when there is no relationship. Joint custody is the optimal solution, but at the very least fatherhood should be valued, and men should be treated as far more than sperm donors and wallet daddy's.

As the laws stand right now, A MAN WOULD BE BETTER OFF TO PAY A SURROGATE MOTHER TO HAVE A CHILD and then turn it over to him. I'm serious. Its a sick system that makes it preferable for a man to do that! I hope the system is made fair prior to my son coming of age, or I will have to suggest this option to him. At least then he will not be tortured.

#11 THE COMMITTEE TO GIVE INPUT
In this committee being set up to give input on the nationwide child support policy, it would be so DEMOCRATIC of you to appoint someone who has the NCP's interests at heart. (I nominate myself, in case anyone is interested. I am eminently well-qualified due to my work experience, and education -- as an information professional -- as well as my personal experience in such matters.)

In closing, I believe that individuals should *all* support themselves and work hard in that direction, rather than depending on handouts from either the government, X spouses, or parents. Parents should pay for their children, yes. But it should be a fair amount, using a system that does not discriminate based on gender, and the children should not automatically get support and higher eduction after 18. Also, 2nd families should be taken into account and treated fairly. So please look at both sides of the story prior to passing legislation. Remember, the NCPs and 2nd families are rallying, after years of being treated unfairly by child-support/custody legislation to date. We have the numbers and the influence to vote people out of office -- and one day we will -- if a fair system is not devised. If for any reason you wish to contact me, please send a letter to the address below.

Sincerely,

Margaret M. Brown
Wife of an NCP and 2nd Family Hostage

42 Rosemary Ave. Buffalo, NY 14216

STATEMENT OF CATHY BAYSE, PRESIDENT

EASTERN REGIONAL INTERSTATE CHILD SUPPORT ASSOCIATION

before

SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS

February 10, 1995

In my capacity as President of the Eastern Regional Interstate Child Support Association (ERICSA), I submit this statement on behalf of the Board of Directors and 4000 members of ERICSA in which we make recommendations for reform in several major areas of the child support system.

ERICSA is a not-for-profit corporation representing child support professionals nationwide, including caseworkers, child support administrators, attorneys, judges and other judicial officials, and administrative decision-makers. Since 1968, ERICSA has conducted an annual training conference which has served as a forum to improve communication and cooperation among states and jurisdictions, to propose reforms in the courts and child support enforcement systems, and to advance training and professional knowledge for all persons actively participating in the child support program.

The statement I am submitting has been approved and recommended by the Executive Committee of ERICSA's Board of Directors.

I. State and National Registries of Support Orders

ERICSA recommends that every state be required to establish a registry of support orders in order to aid in enforcement and review of support orders. At a minimum, the registry should include orders being enforced by the state IV-D program, and all non-IV-D orders where at least one of the parties has requested placement of the order on the registry. The registry should contain abstracted information from the support order, such as names and addresses of the parties, names and dates of birth of the children, and current support and arrearage payment terms.

In addition, ERICSA recommends the creation of a national registry of support orders. This registry should not duplicate the information on file with a state registry. We recommend that the national registry contain abstracted information limited to the names and social security numbers of the parties, and the state that issued the support order. Such a registry would facilitate interstate enforcement by quickly identifying all states with a support order involving the obligor.

II. National Computer Network

ERICSA strongly supports a national computer network that is built upon linkages between state automated child support systems and the Federal Parent Locate Service. Such a network would provide a national data base which would greatly assist a child support agencies' efforts to locate obligors, their income, and support order information.

III. Reporting of New Hires by Employers

ERICSA strongly recommends that Congress require the states to legislate that all employers report new hires. We recommend that employers report to their state child support agencies, rather than to a national data base, which ensures that an agency with a "vested" interest in child support enforcement is in a position to monitor employer compliance. Through the national computer network, the W-4 information can be matched against support orders

maintained on any state registry of support orders. The same outcome is achieved without the additional cost of creating a national system of reporting. ERICSA is also concerned that if the employee data is maintained at the national level there will be delays in matching the W-4 information against support orders. Since the majority of child support cases are intrastate where the obligor lives in the same state as the obligee, a state-maintained W-4 data base matched against a state registry of support orders will result in prompter enforcement for most of the cases than a federally maintained system. The national registry of support orders would facilitate the W-4 matching in interstate cases and reduce costs.

It is recommended that the employer be required to report the date of birth, social security number and address of the employee but that the employee not report the amount of his or her child support obligation as such information could be transmitted inaccurately. In addition, it is recommended that the employer be required to report new hires to the child support agency within 10 working days -- not a longer period that is calculated according to how often the employee is paid. The latter method of calculating is too lengthy and would delay income withholding but also it would minimize the importance of reporting for locate information.

IV. The Uniform Interstate Family Support Act (UIFSA)

The most frequently used remedy for establishing and enforcing child support in interstate child support cases is the Uniform Reciprocal Enforcement of Support Act (URESA). The name is actually a misnomer as the Act is not uniform; each state uses a different version of URESA. Furthermore, the Act predates the establishment of the IV-D program in 1975 and thus has not addressed the needs of the IV-D program since that time.
The National Conference of Commissioners on Uniform State Laws (NCCUSL) with the US Commission on Interstate Child Support developed a new act, the Uniform Interstate Family Support Act (UIFSA). This Act contains a number of significant changes which ERICSA has long advocated:

* UIFSA allows only one support order to be in effect at any one time. It provides for modification only in the state that issued the support order, unless all parties have left that state or agreed in writing for another state to exercise jurisdiction.

* UIFSA provides for one-state proceedings, such as a support or paternity action pursuant to a long-arm statute, and enforcement by direct income withholding. UIFSA also retains, with modification, the traditional two-state URESA proceeding.

* UIFSA authorizes transmission of evidence by electronic means and provides for telephone hearings.

* Information transmitted in the interstate forms is made prima facie evidence.

ERICSA urges Congress to require states to pass UIFSA in the form identical to that approved by the NCCUSL by a date certain. The only way to ensure a truly uniform act is to require states to enact the act verbatim.

V. Paternity

Federal law requires that states have laws that create a presumption of paternity based on a paternity acknowledgment. Since a presumption is rebuttable, these acknowledgments are not final judgments and are subject to challenge. ERICSA recommends that Congress require that paternity acknowledgments that create presumptions be made final judgments having a res judicata effect if not challenged within a specific period of time.

VI. Staffing

Child support workers currently operate under staggering caseloads. The average caseload for a full-time employee is over 1000 cases. It is crucial that Congress and state legislatures address that situation in order to ensure that children receive effective, timely child support services. ERICSA strongly supports the recommendation of the Interstate Commission that the Secretary of Health and Human Services conduct state-specific staffing studies. States should then be required to comply with the recommended ratios in order to continue receiving federal funds.

VII. Training

Employees of the child support agency, as well as those persons who are part of the child support process, including government attorneys, judges, and hearing officers are in great need of training, especially in the area of interstate child support enforcement. Child support professionals cannot meet the challenges of the child support program with sporadic and inadequate training. ERICSA recommends that the federal Office of Child Support Enforcement be required to develop training programs adaptable for a state's use. States should be required to provide ongoing training to its child support staff and should be provided the resources to do so. Quality ongoing training programs are essential if real change is to be made in the child support program.

VIII. Incentives and Funding

Under the current incentive program Congress rewards states based on AFDC collections. There exists a limit on the incentives awarded for collection on nonAFDC cases. Congress should revise the incentive program to treat AFDC and nonAFDC cases equally to show that Congress is interested in the welfare of all families. The calculation for incentive payments should be modified so that performance is rewarded and not just reimbursement of expenditures. Congress should also require that states reinvest incentives into the child support program.

ERICSA strongly opposes block grant funding of the child support program. Block grant funding will not meet the needs of a program.

IX. AFDC Applicants

States need a better means of handling noncooperative AFDC applicants. Congress needs to provide clearer standards that will have an effect on the noncooperative behavior, including effective and immediate sanctions other than removal from the grant which is ineffective. Currently, noncooperation is determined by the welfare agency and results of determinations are often delayed. Congress should place the responsibility of determining cooperation with the child support agency.

X. State-Based Reform

There has been an ongoing debate centered on whether some or all of the childs support services provided by state child support agencies (IV-D agencies) should be federalized. ERICSA is strongly opposed federalization of any of the services and suppports the Interstate Commission's conclusion that reforms to the child support system should occur within the context of greater uniformity in the current state-based system, not the creation of a new federal administrative system.

The IRS could strengthen its current role in the child support system by providing child support agencies with income information and by making intercept services equally available to AFDC and nonAFDC cases.

XI. Enforcement Through License Revocation

ERICSA recommends that Congress require states to have procedures for revocation or suspension of an obligor's occupational license when there is an arrearage of a threshold amount. States should also be required to establish procedures for not issuing or renewing drivers licenses where there is a failure to appear for a child support proceeding and a warrant exists.

XII. Enforcement Through Automatic Liens

Most states have utilized liens or attachments as an enforcement mechanism on a case-by-case basis which is not cost effective or efficient. ERICSA recommends that Congress require that states create laws authorizing a lien to arise by operation of law when a child support debt accrues. These administrative liens could then be enforced against obligors' assets which have been discovered through automated processes.

XIII. Conclusion

We commend this committee for its longstanding commitment to improved child support enforcement. The Child Support Enforcement Amendments of 1984 and the Family Support Act of 1988 were greatly needed legislation. However, the current child support system continues to be in need of reform in order to keep pace with the growing need for child support services. This reform requires federal and state legislation, as well as an infusion of resources. More uniformity is needed in how the states operate their child support programs, thus, ERICSA'S recommendations call for further legislative mandates to the states. However, each state still has the flexibility to respond to the individual needs of its families.

Thank you for the opportunity to provide this testimony on behalf of ERICSA. We look forward to working with you to ensure that children have the financial stability they so desperately need.

STATEMENT OF RUTH E. (BETTY) MURPHY, MARKETING CONSULTANT ON BEHALF OF ELECTRONIC PARENT LOCATOR NETWORK (EPLN) AND THE CONSORTIUM OF EPLN STATES (ALABAMA, ARKANSAS, FLORIDA, GEORGIA, KENTUCKY, LOUISIANA, NORTH CAROLINA, SOUTH CAROLINA, TENNESSEE, AND VIRGINIA)

The Subcommittee is to be commended for including child support enforcement in the Contract With America hearings. I would like to confine my remarks to the most basic problem that was outlined in your advisory dated January 31, 1995 - namely "how to dramatically increase the number of nonpaying parents who are located".

The answer to this problem is simple - The Electronic Parent Locator Network (EPLN). This system was designed, developed and implemented by a consortium of the southeastern states (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee) in Region IV under a grant from the Department of Health and Human Services. In 1989, at the duration of the grant, EPLN became a state owned and operated system. It has since expanded to include Virginia, Louisiana, and Arkansas as participating states. Maryland and West Virginia have also been added as access only states.

The fact that EPLN is a totally state owned and state operated locate system should appeal to the direction that our current Congress is leaning. Empowerment and Re-inventing government are key elements of EPLN. Currently located in the Southeastern states, EPLN has the capability of expanding nationwide and could be considered the prototype for a national locate system. Why re-invent the wheel tomorrow, when states can have a proven and tested system today?

The network encourages cooperation and communication among agencies within the participating states and between the states, themselves. States execute agreements with database owners, eg., Employment Security, Unemployment, Drivers Licenses, Corrections, etc., for data extracts to be stored on EPLN. Immediate on-line access to this data has led to more efficient locates resulting in faster processing of child support actions, court orders and collections. This often offsets or, in some cases, eliminates Aid to Families with Dependent Children (AFDC).

More than one out of every four births requires establishment of paternity. This cannot be accomplished without first locating the alleged parent. The act of establishing paternity does not automatically create an order for child support. So quite often, custodial parents are without child support orders. According to 1990 Census Bureau statistics, only 58 percent of the custodial mothers entitled to child support had a child support order. Although most wanted an order, many were unable to get one because the location of the absent parent was unknown.

Recent federal legislation has called attention to the difficulties experienced by state child support enforcement agencies in tracking absent parents who frequently change addresses or employment. The inability to locate these absent parents has severely impacted the effectiveness of state child support enforcement programs. Without the location of the absent parent, the process to establish paternity or a child support order cannot begin. Whether intrastate or interstate, if the location or employer of the delinquent absent parent is unknown, states are unable to take the first step to enforce these orders and collect support. In either case, it is the children who will suffer the consequences. The final outcome translates into a

EPLN

Electronic Parent
Locator Network

Welfare Program straining (bursting) the financial seams of the taxpayer's pocketbook.

Another point of frustration for custodial parents and caseworkers alike are the interstate cases. It is estimated that interstate cases make up one-third of the states' child support enforcement program total caseload. Yet, interstate collections amount to only one out every 10 dollars collected. Even with national adoption of the Uniform Interstate Family Support Act (UIFSA), unless the absent parent can be found, states cannot enforce and collect. In most states, the interstate locate process consists of labor intensive procedures, which include manual letter writing between states or inputting data into multiple computers.

It was the need to improve the locate procedure that was the driving force behind the development of the Electronic Parent Locator Network. Originally designed, developed and implemented under a research and demonstration grant awarded to South Carolina, the States formed a consortium of Region IV states to create an on-line locator system that could be used by state parent locator staff in real time in lieu of writing letters between participating states. The project worked so well that the consortium continued to operate the system after the grant had expired.

EPLN is a system designed to provide State Parent Locator Services immediate on-line access to other states' locator resources. Immediate is the key word in this process, since other locate systems define "quick locates" as taking, at the very least, 48 hours.

How EPLN accomplishes this is very simple. Participating states have on-line access to all other participating states' locate information through a single integrated data base containing selected information from various state agencies within those states. EPLN automates the location process with the use of state data bases such as Employment, Unemployment, Department of Motor Vehicles, Food Stamps and Corrections.

The EPLN system provides the State Parent Locate Service's caseworker the ability to search an integrated data base to obtain an absent parent's current residential or employment address. The caseworker has total flexibility to optimize each search by using a social security number or name only search, soundex search, metropolitan area search or a queued request search. Using either procedure, state or regional location information is available immediately.

The speed with which one can obtain locate data can sometimes make or break a case. Currently the participating states are receiving a 65 to 70 percent successful hit rate in locating absent parents with EPLN. EPLN's on-line capability saves an average of 75 days on location time, greatly reducing the letter writing and responding process associated with manual searches. The convenience of being able to access EPLN through the state computer and not bouncing back and forth between separate computers and different data base sources reduces time and frustration.

EPLN

Electronic Parent
Locator Network

Time means money. And state child support enforcement agencies are in an excellent position to understand the value of shortening the process and getting support into the hands of custodial parents. As Connie Putman, Program Specialist in Tennessee Child Support Services can attest to, this also "translates into savings to the State and Federal governments and society as a whole with an improvement in service to our client population. EPLN saves staff time, administrative time and expense and increases the number of successful non-custodial parent locates."

EPLN has proven its worth in other ways. Using EPLN to find missing social security numbers, states have increased submissions to the IRS for interception of Tax Refunds. Being able to access locate data without a SSN gives EPLN a distinct advantage over other locate systems. Storage of locate data assists in developing a work history and lifestyle profile of absent parents. The faster non-paying parents are located, the faster AFDC payments and other entitlement payments are reduced.

As new states join EPLN, one of the first ways they utilize EPLN is to apply the locate techniques to their "unworkable" cases or to clear up their cases that lack Social Security Numbers (SSN). "Using the search flexibility of EPLN, cases that would have fit the tax offset criteria if an SSN was available, were selected for a "Special Project". The result was a 67% hit rate on securing valid SSNs from EPLN searches, increasing collection potential of these cases", said Wayland Clark of Virginia Child Support Enforcement.

Prolonged delays caused by a time-consuming manual process prevent states from meeting federal timeframes. Failed audits result in Federal penalties that are counter-productive. EPLN has proven to be a valuable time-saving locate tool for it's member states.

At a time when few states were fully automated, the Region IV states took a very bold step in committing themselves to address the locate problem. Since the demonstration grant expired in December, 1988, the EPLN participating states have paid the operational costs to continue the network. Even in troubled budgetary times the states have set an example of how working closely together, what appeared to be unsolvable, can be changed for the betterment of all.

EPLN has received many accolades and awards over the years. The most recent was the 1994 Innovations Technology Award by the Council of State Governments.

As our Congressional leaders are searching for a way to increase locates of nonpaying parents, which in turn increases the amount of child support that is paid, the answer is close at hand. Look no further than the Electronic Parent Locator Network. Proven technology for a national locate system has already been developed, in place and working. This information highway is ready for action across the nation.

STATEMENT OF HON. NITA M. LOWEY

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE, I AM HERE TODAY WITH MY COLLEAGUE CONNIE MORELLA -- ON BEHALF OF THE BI-PARTISAN CONGRESSIONAL CAUCUS FOR WOMEN'S ISSUES -- IN STRONG SUPPORT OF H.R. 785, THE JOHNSON-KENNELLY-ROUKEMA-MORELLA "CHILD SUPPORT RESPONSIBILITY ACT OF 1995."

THE BI-PARTISAN CONGRESSIONAL CAUCUS ON WOMEN'S ISSUES HAS ENDORSED THE CHILD SUPPORT RESPONSIBILITY ACT -- AND STRONGLY, STRONGLY SUPPORTS IT. THE BILL HAS GROWN OUT OF THE HARD WORK AND LEADERSHIP OF MANY PEOPLE HERE WITH US TODAY. AS YOU KNOW, REPRESENTATIVES ROUKEMA AND KENNELLY SERVED ON THE INTERSTATE CHILD SUPPORT ENFORCEMENT COMMISSION AND HAVE LONG BEEN LEADERS IN THE EFFORT TO IMPROVE THE SYSTEM OF CHILD SUPPORT ENFORCEMENT. LIKEWISE, REPRESENTATIVE JOHNSON HAS LEAD THE COMMITTEE THIS YEAR IN ITS WORK TO REFORM THE SYSTEM. REPRESENTATIVE MORELLA AND I, AS CO-CHAIRS OF THE CONGRESSIONAL CAUCUS FOR WOMEN'S ISSUES, HAVE CONTINUED TO WORK WITH OUR COLLEAGUES ON THIS ISSUE. LIKEWISE, REPRESENTATIVE NORTON HAS CONTRIBUTED -- AT EVERY STEP -- HER KNOWLEDGE OF THE PROGRAM AND THE LEGAL ISSUES SURROUNDING CHILD SUPPORT ENFORCEMENT.

H.R. 785 IS THE CULMINATION OF THIS COOPERATIVE LEADERSHIP, AND HAS THE BI-PARTISAN SUPPORT OF AN OVERWHELMING MAJORITY OF THE WOMEN SERVING IN THE HOUSE OF REPRESENTATIVES, INCLUDING ALL THREE WOMEN SERVING ON THE WAYS AND MEANS COMMITTEE, TWO OF WHOM SERVE ON THIS SUBCOMMITTEE. LET ME JUST TAKE A MINUTE TO NAME A FEW OF THOSE I HAVEN'T YET MENTIONED: REPRESENTATIVES JENNIFER DUNN, KAREN THURMAN, ILEANA ROS-LEHTINEN, LYNN WOOLSEY, DEBORAH PRYCE, SUSAN MOLINARI, -- AND MANY OTHERS.

THIS OVERWHELMING LEVEL OF SUPPORT FROM WOMEN FROM BOTH SIDES OF THE AISLE STEMS FROM THE FACT THAT H.R. 785 DEALS EFFECTIVELY AND APPROPRIATELY WITH CHILD SUPPORT ENFORCEMENT.

AS WE ALL KNOW, OUR WELFARE SYSTEM IS BROKEN AND IT MUST BE FIXED. IT HAS CLEARLY FAILED BOTH THE TAXPAYERS AND THE RECIPIENTS. CONGRESS MUST REFORM THE SYSTEM TO EMPHASIZE WORK OVER WELFARE. I HAVE INTRODUCED MY OWN WELFARE REFORM BILL, THE "WORK-FIRST WELFARE REFORM" ACT, WHICH REMOVES BARRIERS TO WORK THAT EXIST IN THE CURRENT MALFUNCTIONING WELFARE SYSTEM.

WHILE WOMEN AND CHILDREN ARE THE PRIMARY RECIPIENTS OF WELFARE, WELFARE REFORM IS NOT SOLELY A WOMEN'S ISSUE. IN THE UNITED STATES TODAY, MORE THAN $34 BILLION IS POTENTIALLY AVAILABLE TO CUSTODIAL PARENTS AND THEIR CHILDREN --MORE THAN TRIPLE THE COST OF THE ENTIRE FEDERAL CONTRIBUTION TO THE WELFARE SYSTEM. EACH YEAR, DEADBEAT PARENTS FAIL TO PAY MORE THAN $5

BILLION IN CHILD SUPPORT -- MORE THAN 40% OF THE ENTIRE FEDERAL COST OF AFDC. IN FACT, ONLY 37% OF OUR NATION'S 10 MILLION CUSTODIAL MOTHERS ACTUALLY RECEIVED ANY CHILD SUPPORT IN 1989. FAMILIES ARE POOR IN OUR NATION, IN LARGE PART BECAUSE DEADBEAT DADS AREN'T CARRYING THEIR LOAD. THUS, BETTER CHILD SUPPORT ENFORCEMENT IS CRUCIAL TO REFORMING THE WELFARE SYSTEM. IMPROVING CHILD SUPPORT ENFORCEMENT WILL BE ONE STEP, ONE CRUCIAL STEP, IN REFORMING OUR WELFARE SYSTEM.

THE JOHNSON-KENNELLY-ROUKEMA-MORELLA BILL WILL DO THE JOB IMPROVING CHILD SUPPORT ENFORCEMENT IN THIS NATION. IT WILL HELP CUSTODIAL PARENTS COLLECT THE PAYMENTS THEY ARE OWED -- THE PAYMENTS THEY NEED TO CARE FOR THEIR CHILDREN -- PAYMENTS THAT WILL HELP KEEP THEIR FAMILIES OUT OF THE WELFARE SYSTEM.

SINCE REPRESENTATIVE MORELLA HAS SO ELOQUENTLY OUTLINED THE PROVISIONS OF THE BILL, LET ME JUST MAKE A FEW COMMENTS ABOUT THEM:

STATE REGISTRIES

** THE BILL ESTABLISHES A CENTRALIZED STATE COLLECTION AND DISBURSEMENT UNIT, AND STATE DATABASES TO COMPILE BASIC INFORMATION ABOUT EACH CHILD SUPPORT ORDER OPENED IN THE STATE.

BY ESTABLISHING DATABASES IN EACH STATE THAT COMPILE BASIC INFORMATION ABOUT EACH CHILD SUPPORT ORDER IN THE STATE, THIS BILL WILL SIMPLIFY THE PROCESS FOR PARENTS AND FOR BUSINESSES. CURRENTLY, PARENTS AND BUSINESSES MUST REPORT ORDERS TO NUMEROUS ENTITIES ACROSS DIFFERENT JURISDICTIONS. OUR BILL SIMPLIFIES THE SYSTEM.

NATIONAL REGISTRY

** THE BILL REVISES THE CURRENT NATIONAL CHILD SUPPORT ENFORCEMENT REGISTRY AND WILL REQUIRE THAT BASIC INFORMATION ON ALL NEW HIRES BE SUPPLIED BY EMPLOYERS.

THE CREATION OF A NATIONAL REGISTRY, WHERE INFORMATION ON CHILD SUPPORT ORDERS FOR ALL NEW HIRES WILL BE COLLECTED, SIMPLIFIES THE SYSTEM FOR STATES AND PARENTS. IF A PARENT OR STATE IS LOOKING FOR A DEADBEAT PARENT, THEY ONLY HAVE TO CHECK THE STATE REGISTRY -- FOR INFORMATION ON ALL 49 OTHER STATES, THEY CAN CHECK THE NATIONAL REGISTRY.

VOLUNTARY PATERNITY ESTABLISHMENT

** FOR PARENTS WHO VOLUNTARILY ESTABLISH PATERNITY, A SIGNED AFFIDAVIT WILL BE PRESUMED TO BE A FINAL JUDGMENT OF PATERNITY 60 DAYS AFTER SIGNATURE. BOTH PARENTS MUST BE INFORMED OF THEIR RIGHTS AND RESPONSIBILITIES BEFORE SIGNING THE ACKNOWLEDGEMENT.

STREAMLINING THE SYSTEM FOR VOLUNTARY PATERNITY ESTABLISHMENT MEANS FEWER FAMILIES WILL ENTER THE CHILD SUPPORT SYSTEM IN THE FIRST PLACE.

STATE UNIFORMITY

** STATES MUST ADOPT THE UNIFORM INTERSTATE FAMILY SUPPORT ACT (UIFSA) IN ITS ENTIRETY. THIS MODEL LEGISLATION, ALREADY ADOPTED IN 20 STATES, ESTABLISHES A FRAMEWORK FOR DETERMINING WHICH STATE RETAINS JURISDICTION OF INTERSTATE CASES, AND GOVERNS THE RELATIONSHIP AMONGST STATES IN THIS AREA. THE BILL REQUIRES STATES TO HAVE IN PLACE

- ADMINISTRATIVE AUTHORITY TO EXPEDITE CHILD SUPPORT PROCEEDINGS, SUCH AS GENETIC TESTING, SUBPOENA AUTHORITY, ACCESS TO FINANCIAL INFORMATION, AND POWER TO SUSPEND DRIVERS' LICENSES OF DEADBEAT PARENTS.

THIS IS ONE AREA WHERE THE STATES ACTUALLY WANT A MANDATE! THE STATES WANT A UNIFORM FRAMEWORK FOR DETERMINING WHICH STATE RETAINS JURISDICTION OF INTERSTATE CASES, AND THE PROCESS THROUGH WHICH STATES RESOLVE THESE MATTERS. ADOPTION OF THE UNIFORM INTERSTATE FAMILY SUPPORT ACT (UIFSA) IS THE FAIREST AND FASTEST WAY TO STREAMLINE THIS PART OF THE SYSTEM.

MODIFICATION AND ESTABLISHMENT OF SUPPORT ORDERS

** THE BILL SPECIFIES THAT CHILD SUPPORT ORDERS MAY BE REVIEWED BY A STATE AT THE REQUEST OF EITHER PARENT, EVERY

THREE YEARS, OR WHEN THERE IS A SUBSTANTIAL CHANGE IN THE FINANCIAL CIRCUMSTANCES OF EITHER PARENT.

BY REVISING CURRENT LAW -- WHEREIN STATES MUST EXAMINE AN ORDER EVERY YEAR, EVEN IF THERE HAVE BEEN NO CHANGES IN A PARENT'S CIRCUMSTANCES OR NO INTEREST EXPRESSED BY THE CUSTODIAL PARENT -- THIS BILL RELIEVES STATES OF A BURDENSOME, UNPRODUCTIVE REQUIREMENT, WHILE MAINTAINING THEIR IMPORTANT ROLE OF GUARANTEEING A CUSTODIAL PARENT'S ADEQUATE PAYMENT UNDER A CHILD SUPPORT ORDER.

ENFORCEMENT OF SUPPORT ORDERS -- PENALTIES

** THE BILL EXPANDS THE PENALTIES FOR CHILD SUPPORT DELINQUENCY TO INCLUDE THE DENIAL OF PROFESSIONAL, RECREATIONAL, AND DRIVER'S LICENSES TO DEADBEAT PARENTS; THE IMPOSITION OF LIENS ON REAL PROPERTY; AND THE AUTOMATIC REPORTING OF DELINQUENCY TO CREDIT BUREAUS.

OUR BILL STRENGTHENS THE CHILD SUPPORT ENFORCEMENT SYSTEM BY BUILDING UPON THE CURRENT STATE-BASED SYSTEM. WE THINK APPROPRIATE RESPONSIBILITY HERE RESTS WITH THE STATES. THE STATES HAVE ALWAYS HAD JURISDICTION OVER FAMILY LAW, AND THIS IS A FAMILY LAW ISSUE. WE CAN ALLOW STATES TO RETAIN THAT JURISDICTION, BUT IMPROVE THE SYSTEM BY COORDINATING INTER-STATE EFFORTS WITH UNIFORM GUIDELINES AND A ROLE FOR THE FEDERAL GOVERNMENT AS THE REPOSITORY AND TURNSTILE OF INFORMATION.

FURTHERMORE, OUR BILL, BY PRESERVING THE STATE-SYSTEM, ALLOWS FOR GREATER COORDINATION AMONG STATE-RUN PROGRAMS THAT AFFECT FAMILIES AND CHILDREN.

PROGRAM ADMINISTRATION AND FUNDING

** THE BILL PROVIDES INCENTIVE PAYMENTS OF UP TO 15% BASED ON PATERNITY ESTABLISHMENT AND OVERALL PERFORMANCE OF A STATE'S IV-D PROGRAM.

BY ALLOWING STATES THAT TRACK DOWN MORE DELINQUENT PARENTS TO KEEP A GREATER PERCENTAGE OF RECOVERED PAYMENTS, THIS BILL ENCOURAGES STATES TO AGGRESSIVELY PURSUE OVER-DUE CHILD SUPPORT ORDERS.

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE, IT IS OUR HOPE THAT YOU WILL INCORPORATE OUR BILL INTO COMPREHENSIVE WELFARE REFORM LEGISLATION. WE CANNOT AFFORD, AS A NATION ON BEHALF OF OUR FAMILIES AND CHILDREN, TO FAIL IN THIS EFFORT.

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To: Ways and Means Subcommittee on Human Resources
2/6/95 Hearing on child support enforcement provisions in Contract Personal Responsibility Act

Not every parent--labeled by an immune state agent or even a judge--is truly "deadbeat."

If we allow each state and every agent "the presumption of regularity" before objectively so labeling many citizens, we err.

The following non-standard--but very familiar--"deadbeat" stories behind the stories were shared with the subcommittee chair and should be instructive to all who want to encourage family preservation, not bankrupt a family unable to repurchase a child because of effective **LEGAL EXTORTION while constructively hostage holding (in foster care or coerced support thereof when needless).**

To: Rep. Clay Shaw
Re: CHILD SUPPORT ENFORCEMENT HEARING QUESTIONS
for Monday, 2/6 "Contract" Hearing
Date: 2/5/95

Congressman/Subcommittee Staff:

Just as "Taxpayers shouldn't have to pick up the tab for deadbeat parents," upbeat parents, **trying to repurchase their children from "the state"** (which should never have taken them or be making deals for them, if rebellious teens) **are sure to lose to superior force of legal extortion child support enforcement "bill collectors" may employ...even if it kills a family.**

PLEASE CONSIDER **THE WHOLE STORY** TO UNDERSTAND INNOCENT PEOPLE AND FAMILIES ARE DOOMED BY SEEMINGLY GOOD LAW AND PRACTICE RE CHILD SUPPORT ENFORCEMENT WHEN:

1. **Support orders are issued without regard to adjudicated claims of child abuse/neglect**; but, in many instances, seal the fate of innocent people whose "defense" funding (who ever banked for a false allegation?) is mandated over to "the state" poised to assume guilt, punish and take payment, then ask questions, if ever.

EXAMPLE:

I have a tape of a father dealing with a social worker trying to talk him into "terminating" his rights to twin girls, 10, who had not lived with him for years because of a false claim of child sex abuse--impossible because: he was not there; it was disproved by medical exam. When he asked a judge why the claim persisted since it was false, he was told "it was decided a long time ago." No proof or papers. Just a near-total break in parenting by a state wanting other paper parents to take over--THE KIDS AND THE COSTS.

WHEN HE SIGNS, NO ONE TALKS WITH HIM OR THEIR MOM. THEY BECOME "LEGAL STRANGERS" AND ARE PROSECUTED IF THEY TRY TO COMMUNICATE. IF THEY SEE THEIR CHILDREN ABUSED IN THEIR "PLACEMENT," THEY WILL BE IGNORED IF THEY REPORT IT. ON PAPER, THEIR DETERMINATION TO STAY INVOLVED MEANS THEY ARE "DEADBEATS." BUT, THE ORIGINAL PREMISE WAS WRONG; AND THAT DOES NOT MATTER TO CHILD SUPPORT COLLECTORS.

The state would stop tolling the parents' now maybe $15,000 bill if they would "give up" the girls; but, he said "no." **I call that offer legal extortion.**

2. **Teens want more freedom.** Choose a freer home, maybe an only child whose parents think a peer playmate might be fun and who fall for a "mean" step-mother or "punishing" step-father story and agree--before mom and dad know what is happening--to be the emergency foster home TO WHICH THE COURT WILL ORDER THE PARENTS TO PAY UPKEEP. **Parents are deprived care and control of their child, further insulted by being forced to pay, AND THEY WILL HAVE LITTLE OR NO MONEY TO "FIGHT" THE FULL FINANCES AND FORCE OF THE STATE TO PROVE INNOCENCE.**

Another father had an angry teen (as so many do). He put down his foot; but all **the kids know their CPS hotline number or how to get a guidance counselor to "make a report" on their parents.** His daughter had her "new" home picked out; and, anyone who understands child SUPPORT ENFORCEMENT knows "the state" can "MAKE"parents pay for "approved" "placement."

Never mind that move may allow the wild child to sneak out at night to do everything the parent/s tried to prevent.

The dad, after outlining 141 violations of state and federal law and policy and finding no one inspired to uphold any, suffered what we would call emotional collapse. Browbeaten "deadbeat."

3. **Some not so well-intended relatives** (not wonderful grandparents who willingly rear grand-children) offer to have the kids stay a while, only to decide to hang onto to them, seal it with an unproveable child abuse/neglect claim, then sic the government on the by-then downbeat parents for a **coerced transfer payment.** (When a "family" court can dis-member families without due process AND force grieving survivors to fund the travesty, we're mining the wrong field!!!)

A mother-in-law appeared happy to have her grand son around then petitioned for support. Had the child been home where his mother preferred, Greedy Grandma could not have mis-used state (or federal?) force. The "deadbeat" parents "won" on a technicality but lost to presumptions of Deadbeat-itis.

4. **Some agency** (CPS, school or doctor using CPS as "mandated" to begin what ends in separation/removal, etc.) **has court nail innocent parents for needless expenses** (iatrogenic, as medical/"therapy" from court-coerced, agency-contracted mental wealth evaluators), **flattening family, depriving child of best protectors AND STATE/AGENCY/IMMUNE ACTORS--LACKING FUNDING CONCERNS** (now it is popular and "legal" to get the parents presumed "unfit" by forced and perhaps unfair absence) **THAT PARENTS ARE BILLED FOR--HAS NO INCENTIVE TO REMEMBER ITS MAJOR TRADITIONAL, HISTORIC ROLE IS/WAS "FAMILY PRESERVATION."**

NCSAC

NATIONAL CHILD SUPPORT ADVOCACY COALITION

PREPARED BY RUTH E. (BETTY) MURPHY, DIRECTOR OF GOVERNMENT RELATIONS

CHILD SUPPORT ENFORCEMENT

IT'S NOT EASY FOR ANYONE

The National Child Support Advocacy Coalition (NCSAC) is the oldest and largest national network of individual advocates and independent child support advocacy organizations across the nation. NCSAC membership offers a broad based perspective representing the interests of both AFDC and non-AFDC families. NCSAC interfaces with local, state and federal government officials and monitors both state and federal legislation.

The object of the child support enforcement program is to hold parents accountable for supporting their children and to collect this support. Due to a number of obstacles, this program has yet to meet Congressional expectations. The potential for child support collections has been estimated at over $47 billion by a White House task force on welfare. This estimate has nearly doubled since a 1984 national study set the collection potential at $24 billion dollars. Of the $13 billion support collected in 1993, state child support enforcement agencies collected $8 billion.

Furthermore, studies have proven it is not the inability to pay, but rather refusal to pay that has plunged children into the depths of poverty. Most non-custodial parents are able-bodied and can contribute to the financial support of their children. Simply put, they do not pay because they know they can get away without paying.

We cannot depend solely upon legislation to fix the problems. There has to be improved cooperation between the states and the federal Office of Child Support Enforcement. More importantly, there has to be increased public awareness that non-support is a crime and should not be confused with welfare.

To this end, the majority of NCSAC members offer the following recommendations as a collective effort to assist in the development of a more effective child support enforcement program. NCSAC emphasizes "Child Support Enforcement" is not synonymous with Welfare. They are separate issues and should be dealt with accordingly.

ORGANIZATION AND STRUCTURE

1. The Federal Office of Child Support Enforcement (CSE) program should be a single and "separate" agency, reporting to an Assistant Secretary. Unless the Child Support program is separated from the Welfare program, it will always be viewed as a social problem.

2. The State structure should mirror the Federal design with reporting authority to the Governor.

3. This combined show of strength would send a message to the general public that non-support will not be tolerated.

4. The CSE program should not be federalized in IRS or SSA.

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FEDERAL COMPLIANCE WITH THE SOCIAL SECURITY ACT

Section 452 of the SSA sets forth duties of the Secretary of HHS. OCSE/HHS has failed miserably in the following:

1. Establish minimum organizational and staffing requirements.

2. Provide technical assistance to the States, for example: review of state computer contracts for compliance with federal regulations prior to execution of same, thereby saving millions in re-negotiations; distribution of Policy Interpretation Questions (PIQs) and responses to all State IV-D Directors, etc.

3. Receive applications from States to utilize U.S. Courts and follow through to completion.

4. Submit to Congress an annual report on all activities, not later than three months after the end of each fiscal year.

IMPROVEMENTS AT FEDERAL LEVEL

1. Equalize AFDC and Non-AFDC IRS tax intercept criteria. Currently submission threshold for AFDC is $150 and N-AFDC is $500.

2. Eliminate age 18 restriction in Non-AFDC IRS tax intercept cases.

3. Improve utilization of IRS full collection process.

4. W-2 forms should include child support withholdings.

5. W-4 reporting should be expanded to include Federal employees

6. Expand access to all tools available to IRS.
7. Amend the Fair Debt Collection Practices Act (FDCPA) to exempt collection of child support.

8. Amend the 1982 federal law permitting garnishment of military pay to comply with 1984 and 1988 child support withholding statutes.

9. Run annual SSN match against all federal agencies to identify delinquent civil service employees. Forward employment and medical insurance coverage data to states for enforcement.

10. Federal audits should measure performance rather than process.

11. Reconsider extending 90% Federal Financial Participation (FFP) for state automated systems.

12. Reactivate training contracts for legislators, judicial, state personnel and ABA Child Support Project.

13. Mandate all incentive moneys be reinvested in state IV-D programs.

14. Remove Non-AFDC incentive cap in order to increase interstate collections.

15. Extend FFP to reimburse state administrative costs for Non-IV-D automatic withholding cases.

16. Mandate universal statute of limitations for collection of child support arrears that would include exhaustion of all avenues (eg. Social Security Retirement Benefits, Pensions, Inherited Estates, etc. or upon death of non-paying parent).

17. Mandate states adopt Administrative Process.

18. Ratify United Nations Convention of 1956.

19. Establish a Central Agency through which States are mandated to enter reciprocal agreements with foreign countries participating in U. N. Convention of 1956.

20. Mandate corrective measures for delinquent parents at international level, such as: confiscation of passports; improved detection at U.S. borders through SSN crosschecks.

21. Currently international child support cases are entered by states as interstate cases. Consequently, data on international cases is non-existant. Require States to collect and include data in the Annual Report to Congress.

22. Add new categories to U.S. Bureau of Census studies on Child Support And Alimony to include: gender; residency; payment patterns; employment data (wage earner vs. self-employed); etc.

23. Extend FFP to reimburse states to enforce and collect medical arrears in IV-D cases

24. Mandate states to report all eligible AFDC and N-AFDC cases and amount of child support arrears to Credit Bureaus. Clarify which state is responsible for reporting arrears to credit bureaus in interstate cases.

PATERNITY

1. Require States to conduct DNA testing (specifically buccal swabs of saliva samples) at the birth of the child, rather than waiting until the child is 6 months of age which is the current practice. In addition to expediting the paternity establishment process, it produces less trauma to the newborn child.

2. Establish support obligations at birth.

3. Provide 90 percent FFP funding for all administrative costs to establish paternity.

ENFORCEMENT

There is no argument that locate is the number one obstacle impacting the effectiveness of the current system. One cannot begin paternity establishment, enforcement or collection actions unless the non-custodial parent can be found. State and Federal Parent Locate Services do not meet the challenges that are posed by determined child support evaders, especially where non-paying parents possess multiple Social Security Numbers, the self-employed, and interstate cases.

Proposed legislation should be amended to require that all states access each other's driver's license, employment, unemployment, corrections, etc. through a single network. Currently, the Electronic Parent Locator Network (EPLN), which can be accessed without a Social Security Number, provides this service in nine states and could easily be expanded throughout the nation.

1. Standardize all forms (withholding, garnishment, etc.)

2. Revoke/restrict licenses, including professional, drivers, etc.

3. Prioritize payment disbursement: Current, Non-AFDC arrears, state AFDC reimbursement, tax liabilities

4. State systems and programs should be uniform throughout the state

5. States should contract with Credit Bureaus for reporting of debts and locating purpose

6. States should create central registry for all child support orders

FEDERALIZATION OF CHILD SUPPORT ENFORCEMENT

An overwhelming majority of NCSAC members do not support federalizing child support enforcement under the Internal Revenue Service (IRS). To do so, would be like "jumping out of the frying pan into the fire". Recent General Accounting Office (GAO) reports detail problems and deficiencies at the IRS. The problems at the IRS mirror those found in state child support enforcement systems.

* Staffing imbalances

* Flawed staffing methodology

* Case prioritization schemes

* Large numbers of low priority cases not worked

* Inadequate collection process

* Inaccurate data and statistics
* IRS systems are "outdated, inefficient, unintegrated and error prone."

* Accounting errors

* collection efforts suspended on 40% of inventoried accounts

* Tax payer's lifestyle not considered in payment of debt

* Uncollectible accounts increased over 178% since 1987

Aside from these internal problems, the IRS has never enthusiastically embraced enforcement of child support. The cost and time required to transfer entire caseloads and train federal personnel would be staggering. In addition, already impoverished single parents would be further burdened until the IRS expands it's offices and services. All in all, a unwelcome move of this magnitude could only result in utter chaos and disaster.

CHILD SUPPORT ASSURANCE

Upon close examination of the child support assurance process, one finds it difficult to deny the strong similarities between assurance and welfare. Like welfare, child support assurance is:

* a benefit program
* funded by the federal government
* primarily created for impoverished single parent families
* treats symptoms, rather than cause
* promotes more government control over family life
* creates more disincentives than incentives

Advocates admit that only with a stronger and more improved child support enforcement program will child support assurance succeed. The child support enforcement program cannot reach that point without time and money. Are child support assurance advocates willing to wait? Or are they willing to jeopardize both programs? Our tax dollars cannot adequately fund both programs at this time.

Opposition to this entitlement program has raised many unanswered questions.

* Does the (Garfinkel) total net cost estimate of $2.1 billion only include eligible welfare cases?
* What is the duration of eligibility for child support assurance compared to welfare?
* Has this been factored into the cost estimate? What is the breakdown for welfare cases versus non-welfare cases?
* Will this program be available to all parents in possession of a child support order?
* Is it economically sound to consider extending this program to parents without child support orders?
* What is the additional tax burden in this case?
* Without reliable statistics and data, how can you project program costs?
* Will it really be cost effective?
* Do we want to create another layer of bureaucracy?
* What are the additional costs of assured health benefits?

* Many support awards are much lower than the published benefit levels. What are the projected costs in these cases?

* With no sound data on cases outside the IV-D system, how can you project these costs?

Presently State IV-D personnel cannot adequately handle the current caseloads. Child support assurance will increase administrative costs and the need for additional staff. Each year states encounter a strong reluctance from state legislators to invest in the child support enforcement program. With the current trend to limit welfare to two years, state legislators will have second thoughts about pouring money into another entitlement program that so closely resembles welfare?

Upon close scrutiny, proposed and current demonstration projects in progress are confined solely to cases presently on welfare or where the parent has recently gotten off welfare. Without demonstration projects that include N-AFDC cases, there is no sound and admissible data to support the computer projected costs as reported to Congress. Crystal ball gazing and hypothesizing are not consistent with the current administration's thrust of "Reinventing Government".

In conclusion, child support assurance in it's current form will not "end welfare as we know it", but will only disguise it under another name.

For further discussion and explanation, please contact Irene von Seydewitz, NCSAC President (908)745-9197 or Betty Murphy, Director of Government Relations (703)799-5659.

National Society of Professional Engineers

Statement for the Record
of the
National Society of Professional Engineers
on
Child Support Enforcement
before the
Subcommittee on Human Resources
Committee on Ways and Means
U.S. House of Representatives

February 8, 1995

The National Society of Professional Engineers (NSPE) is opposed to provisions contained in child support enforcement legislation that adversely affect professional licensure. We are opposed to Section 406 of the Interstate Child Support Enforcement Act of 1995 (H.R. 95, Kennelly, D-CT), Section 408 of the Interstate Child Support Enforcement Act (H.R. 195, Roukema, R-NJ), and Section 167 of the Child Support Responsibility Act of 1995 (H.R. 785, Johnson, R-CT). These sections require states to adopt procedures to withhold or suspend professional and other licenses of individuals who are delinquent in their child support obligations.

While NSPE strongly supports federal and state government efforts to use enforcement procedures to execute court judgements, we feel that the proposed professional license sanctions are an inappropriate use of this authority. The proposed sanctions impede the ability of state licensing authorities to fulfill their primary responsibility of protecting the public from unscrupulous or incompetent practitioners, infringe on the traditional prerogative of state governments to regulate professions and occupations, impose an unfunded mandate upon the states, and potentially infringe on the constitutional rights of licensees. We urge the Ways and Means Committee to exclude license sanction provisions from its version of welfare reform legislation.

The National Society of Professional Engineers was founded in 1934 and represents 70,000 engineers in over 500 local chapters and 52 state and territorial societies. NSPE is a broad-based interdisciplinary society representing all technical disciplines and all areas of engineering practice, including government, industry, education, private practice, and construction.

Preemption of State Authority and Unfunded Mandate

By mandating that the states adopt license sanction procedures (as a condition for receiving federal financial assistance), **the license sanction provisions of H.R. 95, H.R. 195, and H.R. 785 infringe on the traditional prerogative of state governments to regulate professions and occupations.** We are not alone in this sentiment. In fact, several members of the U.S. Commission on Interstate Child Support expressed similar objections to license sanction recommendations that were included in its final report to Congress. Those Commissioners appropriately recognized that licensure matters were within the province of state government. **Because the states, not the federal government, enact and administer professional licensing laws, they are in a better position than is the federal government to determine whether license sanctions are an appropriate enforcement tool.**

License sanction provisions appear to be premised on the flawed assumption that state legislatures will fail to adopt license sanction procedures unless compelled to do so by the federal government. This assumption ignores the fact that the legislatures of Arizona, Arkansas, California, Iowa, Maine, Montana, South Dakota, Vermont, Virginia, and others have already adopted such laws and that other states are also

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considering similar legislation, without any mandate from the federal government. **The license sanction mandates of H.R. 95, H.R. 195, and H.R. 785 smacks of inappropriate federal paternalism particularly because the states clearly expressed their interest in considering license sanctions long before the federal government.**

Furthermore, **enactment of license sanction provisions could impose an unfunded mandate upon the states,** as the legislation does not propose to reimburse the states for the cost of implementing the federal mandate. Funds for implementing the federal mandate will have to come directly out of the budgets of state licensing authorities. This will result in the diversion of personnel and financial resources away from the agencies' primary duty of investigating violations of and enforcing the state licensing statutes. **Adoption of license sanction provisions would, therefore, impede the licensing authorities' ability to fulfill their primary responsibility of protecting the public from unscrupulous or incompetent practitioners.**

Constitutional Concerns

We also believe that efforts to revoke, limit, or disqualify licensees from lawful practice based upon non-practice related criteria, as proposed by H.R. 95, H.R. 195, and H.R. 785, are troublesome on constitutional grounds and will set an alarming precedent by placing the discretion and authority to determine the practice qualifications of licensed professionals outside of the authority of the appropriate state licensing board. Among our concerns in this regard are the following:

- Non-practice related criteria restrain the right of citizens to practice a profession by creating a wholly unrelated and arbitrary standard by which one's fitness to practice a profession is judged;

- Non-practice related criteria are typically vague and overly broad and grant too much discretion and authority to enforcement officials;

- Non-practice related criteria are applied selectively only to those individuals required to hold a license to practice a profession, thus discriminating against those individuals; and

- Non-practice related criteria frequently require, under penalty of law, that all seeking licensure or renewal make self-incriminating statements or face fines or other penalties.

In its eagerness to adopt "get-tough" child support enforcement approaches that grab headlines, such as license sanctions, Congress may end up trampling on the rights of states and individuals in the process. We recommend that Congress evaluate the numerous other enforcement provisions under discussion which are likely to be more effective at collecting child support obligations than mandating the states to adopt license sanctions. **We are confident that upon closer evaluation, license sanctions will prove to be a tool that can easily be left to the states' discretion compared to other more far-reaching proposals in which a federal role is more appropriate.**

We appreciate the opportunity to submit comments on child support enforcement issues and look forward to continuing to provide assistance to Congress as it develops comprehensive welfare reform legislation. Thank you for considering our views.

Further information on this position can be obtained by contacting Bob Reeg in the NSPE Government Relations Department at 703/684-2873.

February 8, 1995

Dear Mr. Moseley,

Please accept the following as my written statement for the printed record of the 1995 Interstate Child Support Hearing:

My partner is the non-custodial father of a 5 year old boy who has multiple disabilities, including cerebral palsy. I am writing to this committee because I am very disturbed to hear about the legislation being considered regarding child support enforcement laws. I want to urge the committee to take into account the problems of the vast numbers of non-custodial fathers who pay their support and do genuinely care for their children and take responsibility for them, but who are unfairly prejudiced and victimized by a family court system which treats all men as criminals and all women and children as automatic victims of male neglect and abuse.

The personal circumstances which compel me to write to the committee are: my partner's ex wife, the mother of his disabled son, has sole custody of their child, and uses the power of her status to legally block him from a reasonable level of involvement in his son's schooling, therapy, medical treatment, etc. She also fails to provide adequately for the child's special needs, but because of his non-custodial status, the father is unable to assert these claims or seek the assistance of doctors, teachers or social service agencies in order to intervene and see that the child's special needs are met.

Because he is a non-custodial father, my partner is told that it is "none of his business", yet he is expected to give 20% of his income in child support, leaving him barely able to make ends meet and completely unable to pay off the substantial debts of the marriage, which at the time of divorce his ex-wife refused to help pay. The amount of support he pays was determined in the Delaware Family Court using that state's formula, which fails to take into account both Social Security benefits paid to the mother for having a disabled child, and child support paid to the mother from a previous ex-spouse for support of another child. All told, the mother's income exceeds the father's by an estimated 30%. Yet the mother will not purchase needed items such as crutches or adaptive seating without the intervention of a judge. The mother has also been known to leave the child in a variety unsound care situations, but because she is the sole custodian the court turns a deaf ear to these reports and views the father's reasonable concerns as typical male dominance and control.

My partner and his son are both victims of a system which empowers women to be financially, mentally and emotionally cruel to the fathers of their children and to abrogate their natural paternal rights. My partner is a very concerned, active, loving father, and would like nothing more than to have some control over his son's future, but because of the anti-male prejudice of the court, he is condemned to being treated as a steroetypical "deadbeat dad". This same system also empowers women to be as irresponsible with the welfare of their children as they may please, and be free from accountability. I wish to ask the committee to please recognize that contrary to the messages we regularly hear in the media, not all fathers are deadbeats and not all mothers are downtrodden and abused. In fact, quite often the roles are reversed, and the legislation which is being considered now is inadequate because it makes all fathers accountable for the crimes of a few.

Specfically, I wish to ask the committee to consider the following:

* Make joint custody the status-quo. Unless it can be proved that a father or a mother is truly endangering their child/ren, all parents should have legal rights to involvement in decision-making, education, medical treatment, etc. Or more precisely, no one parent should have the right to abort the parental rights of the other.

* Stop gender discrimination against fathers in family court. In my SO's case, he was unable to get documentation of alternative schooling for his disabled son because the judge permitted the mother to withhold her consent. This was an abuse of judicial office based on a maternal preference. It was not justifiable. Judges and courts must be held accountable for their favor-the-mother predilections.

*Abolish the use of the term "dead-beat dad" in the literature, the media and in Congressional hearings. To any father who works hard and pays his support even before he provides for his own basic needs, this term is hate speech, and it should be unconstitutional.

* Make the CP accountable for how support money is spent. Before custodial mothers start suing for additional support, they should be made to account for how the money they are presently receiving goes to the actual support of the child/ren. There are more than a few custodial mothers who spend the money on their social interests or personal items while the children go without necessities. The father has the right to know if his children are being supported or not.

* Take all members of new households and all expenses into account, with firm guidelines. The legislation shows a marked disregard for the fact that non-custodial parents very often have new households to contribute to, and those children and spouses are not to be relegated to second-class status. Also, second spouses should not be held accountable for paying support for a child of a mate's previous marriage. If that person's assets and income are to be factored in when figuring support, so should that person's expenses, debts, etc. It is not right to put a financial hardship on a new household in order to offset the presumed difficulties of a previous one.

* Make the custodial parent's total income a factor in figuring support, including non-taxable and other benefits and supports. If a non-custodial father's new spouse's income is to be considered as a part of his total worth, then a custodial mother's new spouse's income should also be accounted for.

* The tax deduction for dependents should be divided between the two joint custodial parents, not taken by one.

*Do not extend child-support past age 18. There is no law which requires parents of intact families to send their children to college, so making divorced parents do it is unconstitutional.

* Put a non-custodial parent advocate on the committee for future child-support issues.

I do not argue with the spirit of the legislation. I agree that it is important to reduce the hardship of custodial mothers and their children who have truly been abandoned by a supportive father. However, I feel strongly that the wave of anti-male sentiment in our culture which preceeds and will compound from the message of this bill is a true detriment to the development of a better, more equitable child welfare system in our country. It is not right for the image of the "renegade male" to dominate our cultural perception of all divorced fathers, or for divorced mothers to have the legal ability to exploit the popular notion of women as victims. I argue in support of the many, many non-custodial fathers who care and act responsibly, and I urge the committee to write legislation which ensures fairness and just treatment for them as well as for custodial mothers and their children.

Sincerely,

Kathleen L. Quinn
103 Wood Lane
Havertown, PA 19083
(610)446-2097

May 11, 1994

Mr. Ellis

The opportunity to speak at this hearing has stirred in me a flood of emotions, suggestions and ideas. I hope to articulate at least some of these for your benefit as you formulate guidelines for child support.

My views are somewhat passionate, but not without an adequate amount of rational thought and experience. I am a single father both paying and receiving child support. I've had experience in an intact home, as a non-custodial parent, in a split custody situation and as a custodial father; then later simultaneously as a custodial and non-custodial parent. At times I have wept over the situation. I care very deeply about my children, about other parents and children, and I care about my own well being, particularly since I know it affects my children.

In my presentation I would like to cover three areas: statutory authority and the resulting rules, my personal history, and the consequences of the law upon my personal life. Some of it may appear to be off the subject at least in terms of guidelines, but be forbearing and I'll attempt to give a cohesive, intelligent and relevant presentation.

First, my gut feelings and later experience with the guidelines were that they were somewhat ill conceived, and excessive. I believe this because government has defined a problem (non support) and offered a solution (increased support) that is reactionary, and, in my case, counterproductive to the intended purpose (ORS 25:275[3], ORS 416:405). The government has acknowledged in part that it (the courts) were part of the problem in consistency, inadequate amounts and enforcement of support. My contention is not with the government defining the problem or with their attempt to help solve the problem. My concern is that, as in the past, I see that the government continues to a be a part of the problem. Why?

Because the problem has not been fully and fairly defined. Consequently the solution is somewhat flawed. I contend that subpoenas, garnishments, lawyers, hearings, restraining orders, depositions and formulas are not substitutes for caring mothers and fathers. I'm sure you agree. And yet this seems to be the solution that is offered. **The government must stop disenfranchising parents from their offspring and homes without more significant explanation than irreconcilable differences.** I see this as part of the problem. We often do not even expect an explanation, or definition of irreconcilable differences. We (including the State of Oregon) sometimes treat our children with less regard than inanimate objects of a business agreement. I'm speaking about no-fault divorce. We do

not allow business assets to be stripped and contracts to be breached without just cause or recompense. And yet we have allowed people to be stripped of children, homes, cars, businesses, self respect, and their savings, sometimes on a whim. Some people have reacted unfavorably. They are dropouts, disenfranchised and more commonly called dead beats. Some of them are. But I, with all my heart, believe some of them have been victimized and deserve, instead of a wanted poster, reconciliation, and respect.

I would suggest that whoever is in your persuasion you enlist their help in strengthening the contractual nature of marriage. Instead of merely offering a limp solution "that the child is entitled to the income of both parents" believe that the family is entitled to stay together. Breach of vows must be significant enough to warrant divorce in circumstances where children are involved.

I would also suggest that the government is partly to blame for the support problems not only because of no fault divorce, but also because of the laxity in granting welfare. Don't misunderstand me. I have been on welfare. I learned my present occupation in a welfare program in California. I've been in the workforce continuously for the last 17 years. I am not adverse to our government helping others. But again we are not taking a broad enough view of the problem and consequently our solutions are skewed. And I believe they are gender biased. I don't think it's just coincidence that Human Resources, the agency that controls welfare, is also responsible for collecting child support. If you have more intact families and less illegitimacy you have less government expense. Like we hear so often, you can't legislate morality and you can't make people love each other, yet in some areas we try to do it all the time. At least the government should not become an enabler of irresponsible behavior. How? **Do not allow the recipients of welfare to remain on welfare without incurring directly some percentage of debt for their grant and enlist the help and advice of the other parent.** Continuing education and job search are already in place.

The problem that I and others see is that often one of the parents is disenfranchised by these trends in welfare and no fault divorce. You've probably heard this before. You're hearing it again! Why? Because its part of the problem! There is a distinction between a parent (a father) who abandons his responsibility and one who is abandoned or pushed out the door. **Sometimes the Justice Department enforces dysfunctional abusive behavior.** Sometimes the deadbeat receives the support! Do you believe that? If so, what will you do to end it? Denial is an aspect of dysfunction.

Since I do not feel that the problem has been adequately defined I believe the solution is inadequate and unfair. I intend to walk you through parts of my life and through my experience with the support guidelines and the principal participants in my experience. You can be the judge as to the fairness.

At this point I understand you have to deal within the constraints of the law and you may not fully agree with them yourself. You are in a good position to lobby for change. I have tried individually. On Christmas Day 1988 I wrote Senator Hatfield a letter expressing my concerns about the Federal Family Support Act. And later I contacted Representative Peter Courtney's office. I wholeheartedly believe in child support. What I'm not in agreement with as far as the law is concerned is the entitlement aspect of support (ORS.25:275 [2a]). I think it should be based primarily on ability to pay and need. I do not agree with a review granted every two years. Lawsuits are draining, emotionally and financially. I believe it is counter productive to the needs of the children. **It involves a lot of time from business on paperwork, can keep emotional wounds from healing, demoralize, dehumanize, and discredit a parent in the eyes of his or her children.** And quite frankly it drains finances from the children. These two aspects of the law should be changed. In other words **lower the liability**. You may have much more compliance with less enforcement if you do not disenfranchise a parent, place excessive burdens and empower them in simple ways.

The guideline changes I would recommend are simple. **Lower the liability** by ending the entitlement issue or lower the dollar amounts in the table, end review every two years, allow equal amounts for joint/non-joint children (ORS.25:275 [3]), figure support on net amounts, and allow the following as rebutting factors. I've tried to indicate in bold where they differ from existing guidelines or other suggestions.

(A) Evidence of the other available resources of **either** parent;

(B) The reasonable necessities of the parent, **including retirement planning due to age;**

(C) The net income of the parent remaining after withholding required by law or as a condition of employment;

(D) Either parent's ability to borrow; **and the effect support amounts have on ability to borrow**

(E) The number and needs of other dependents of a parent;

(F) The special hardships of a parent including, but not limited to, any medical circumstances and **visitation expenses** (transportation costs), if any, of a parent affecting

the parent's ability to pay child support; and **support abatement during summer to allow for extended visitation**

(G) The needs of the child;

(H) The desirability of the custodial parent remaining in the home as a full-time parent or working less than full-time to fulfill the role of parent and homemaker, **except where either household has a similar need, particularly with single parent households. And the desirability of keeping the non custodial parent involved, as in day care.**

(I) The tax consequences, if any, to both parents resulting from spousal support awarded and determination of which parent will name the child as a dependent; the formula presumes the custodial parent will have the tax exemption allowed for the child or children.

(J) The financial advantage afforded a parent's household by the income of a spouse or another person with whom the parent lives in a relationship similar to husband and wife(or domestic partnership).

(K) The financial advantage afforded a parent's household by benefits of self employment including those provided by a family owned corporation.

(L) Evidence that a child who is subject to the support order is not living with either parent nor is a "child attending school" as defined in ORS 107.108.

(M) Prior findings in a Judgment, Order, Decree or Settlement Agreement that the existing support award was made in consideration of other property, debt or financial awards, **including tax exempt status.**

(N) The net income of the parent remaining after payment of financial obligation mutually incurred during the **relationship including attorney's fees in related and subsequent hearings.**

(O) **Length of relationship, and/or employment as a factor in determining entitlement particularly if support amount adversely affects existing family structures, borrowing, retirement or estate planning.**

On the subject of my personal history, I'm 44, lived in Oregon most of my life. Locally, I attended public and private schools and the University of Oregon in Eugene. I served briefly in the U.S. Army during the Vietnam era. I've been active in church, Rotary Club, served on the board of directors of the Marion County Victim Offenders Reconciliation

Program. I have 4 children from two marriages. One lasted 12 years, the other was 5 weeks; both ended in trauma. My children are 22, 20, 13 and 7. I've been a single parent for about 13 years. My occupation is printing at the Confederation of Oregon School Administrators. I first became involved in printing in California, where I was enrolled in a program sponsored by the State Welfare Program. I was hired in 1977 at Ashton Photo for $2.75/hour. I have not enjoyed the easy life and neither have my three boys.

My first marriage ended in December 1980 in a very devastating manner. The mother of my three boys seemed to suffer a near complete mental and nervous breakdown and became paranoid and violently aggressive. In retrospect I see that both my children and I were emotionally abused and traumatized at her hands and from her condition. Some of us were physically abused. I can offer court documents to support my claim. She has had extensive problems with the law and various convictions throughout the decade.

Through prayer and strategically placing myself to be of help she turned the boys over to me and said she was leaving town.

I obtained full legal custody through default. During the spring of 1984 I was sleeping on the floor of a partially furnished two bedroom apartment that I had been living in for several weeks when I obtained custody. My three boys and I continued living in a two bedroom apartment from 1984-1989. We couldn't afford medical insurance, I received no child support, their mother was incapable of offering much as a parent. There were no support guidelines until 1989. The statutory basis (ORS.416.405) for some of these changes was a recognition that single parents suffered in raising children alone when emotional and financial support was not given by the absent parent. I find it somewhat bitterly ironic that the very purpose of the law was not only of no help to me, but has added further hardship upon my family. There are few days that go by that I don't think how can I effectively deal with the stress of this liability.

You may get a clearer picture of my position in a simple comparison. Since obtaining full custody of my three boys in 1984, I have received $4,984 in support. By contrast, since 1986 I've paid $10,720 for one child. A per month per child comparison would be $13.84 per month per child I have received to $120.45 per month that I have paid.

Why such an inequity? From the law's point of view I didn't have the benefit of the existing support guidelines for five years of custody. In addition, the boys' mother was unable to contribute much because of emotional disability, and to a degree, I'm morally unable to pursue child support in the manner others do.

My own most recent modification at times outraged me. I am reminded of the Golden Rule: **"Do unto others as you would have them do unto you."** I have a religious conviction to emotionally and financially support my children. But that conviction or sense of duty also gives me a right to use my discretion in assessing different needs. Unfortunately the government forces upon me a certain value I do not espouse. I found it most offensive that after years of hardship and work the modification by the court allowed me $316 of my gross income for two children while the presumed amount obligated me to pay $329 of my net income for one, which by comparison is $406 of my gross income. That allows me, after 17 years of working and 10 years of sole custody, a credit of $158 per child while obligating me to $406 for one child from a remarriage which the petitioner abandoned after five weeks on the very day her pregnancy was confirmed. You might argue with me: "But Mr. Seeley, weren't you successful in rebutting the support amount? Didn't the guidelines work?" Not when you consider that I incurred $4000 in attorney's fees. Over two years time that would come to $167 per month. So my net liability is $167 plus $240, or $407, which is $502 of my gross income. In addition, my health suffered, my job was negatively impacted and my savings and IRA were depleted, causing me to owe back taxes to the government. At the same time I have two children in college, one in braces and I'm not capable of helping them as much as they need. They feel some resentment.

I received no sympathy from my ex-spouse or her attorney. And oddly, I offered them in October of 1992 in my initial response that I would sign a stipulated order for $265. Eight months later she obtained through the court $240; it was not retroactive to the date of filing.

Another suggestion I will repeat is to make the support based on net income. I believe the response to this suggestion is and has been it is too easy to manipulate net income. That rebuttal is weak. We should allow this if only to make it more challenging for the lawyers. Federal and State tax liability at minimum standards is easy enough to determine. But while we are on the subject of manipulation, which is why I brought this up, expenses can also be manipulated and embellished by petitioners. In my own situation I faced a set of circumstances where my ex-spouse left a relationship with a combined income of about $40,000 per year. The relationship was short lived (six months) and financially unwise for her because she lost her Section 8 housing in the process. In order to make up the difference she brought suit against me. She alleged day care expense by as much as $349 per month but only furnished proof of $181 per month. She wanted to have me pay day care when I could have visitation. In their own callousness they merged the issue of visitation

with support. I fought them. The present set of rules can be manipulated, purposely or not. Shortly after the trial she was involved in another relationship with a subsequent marriage and substantial increase in income. Needless to say, I feel used and hurt in my capacity to give to my children.

In summary, I have pointed out certain areas that should be changed. By drawing upon my experience I have implied that I have been a battered spouse, abandoned, a recipient of welfare, a single parent of three minor children, raising children without child support or medical insurance. Obviously I have shared many common experiences and difficulties as single mothers. And yet I have hinted that the solution mandated by the State is counter productive, excessive, skewed, biased, reactionary and possibly abusive. It is not my purpose to have laws enacted to rectify my circumstances, but rather to defend against laws enacted to rectify others' circumstances. Circumstances that by statistical standards only considered women as the head of single parent households. It is reactionary to solve this problem without considering some of the other factors like the rash of divorce in the 70's due to the introduction of no fault divorce and the preposterous concept in vogue at the time that marriage enslaved women and women's liberation came only through divorce. While many of these women put themselves and their children into poverty, men, due to a fact of life prospered because they continued in the work force for significant lengths of time.

My own gains, while modest, were due to continuous employment for 17 years, even while I had custody and care of three minors during some of this time. It bothers me terribly that my efforts are trivialized by bureaucratic utopian ideology unrelated to reality. Perhaps one more recommendation could help children of divorce -- **determination of custody and related issues by jury**, thus empowering the parents in who decides the issues.

By maximizing my concerns I do not wish to minimize the plights of others, nor do I wish to question the sincerity of those who see child support in a different light. Human relationship difficulties are not solved by blame or "scapegoating." Let's find a more constructive approach. There is one.

Thank you.

Clark T. Seeley

COMMENTS IN RESPONSE TO REQUEST FOR WRITTEN COMMENTS

Submitted by: Philip L. Strauss
Assistant District Attorney
Office of the District Attorney,
City and County of San Francisco

Bankruptcy Issues Affecting the Collection of Child Support

I submit the following comments at the request of the Honorable Bill Thomas, Representative from California, for consideration by the House of Representatives, Committee on Ways and Means, Subcommittee on Human Resources. I direct these comments to bankruptcy laws which adversely affect the collection of child support. I also suggest simple legislative changes in the bankruptcy laws to improve the federal Child Support Enforcement Program under title IV-D of the Social Security Act.

I.

TREATMENT OF ASSIGNED SUPPORT

Support which has been assigned to the government as a condition of eligibility to receive public assistance should have the same protection in bankruptcy as unassigned support. To treat it otherwise is detrimental to the tax paying public. Recoupment of assigned support is returned to the state and federal governmental agencies which paid public assistance.

A. Dischargeability of Assigned Arrears

1. 42 U.S.C. §656(b) should be amended to read as follows:

"A debt which is in the nature of a support obligation enforceable under this title is not dischargeable in bankruptcy under Title 11."

2. Explanation: Many states provide for recoupment of aid paid for the period preceding the date a support order is established. In California statutory authority for such an action is found in Welfare and Institutions Code §11350. The Ninth Circuit Court of Appeals has ruled that since the custodial parent never had any right to the recouped aid, the parent could not have assigned it. And, therefore, the Court reasoned a liability for repayment of such a debt would not fall within the discharge exceptions of either 11 U.S.C. §523(a)(5) [exception to discharge of support obligations in bankruptcy] or in 42 U.S.C. §656(b) [the nondischargeability of support assigned under the Social Security Act]. (In re Ramirez, 795 F.2d 1494 (9th Cir. 1986).) On similar facts, the Seventh Circuit reached the opposite conclusion. (In re Stovall, 721 F.2d 1133 (7th Cir, 1983).)

And while Congress has twice amended the Bankruptcy Code provisions on the nondischargeability of support, courts in California remain in disagreement as to the continuing viability of Ramirez. It has been held inapplicable, In re Morris, 139 B.R. 17 (Brktcy.C.D.Cal. 1991), and applicable, In re Browning, 161 B.R. 841 (Bkrtcy.E.D.Cal. 1993).

The suggested amendment to the Social Security Act will clarify, once and for all, that any support obligation enforceable in the IV-D program will not be dischargeable. Peripheral issues, such as whether the support obligation has been assigned or reduced to a judgment at the time a bankruptcy petition is filed, will no longer be relevant. Or to put it

otherwise, if public assistance has been paid on behalf of a child, the responsible parent will not be able to discharge an obligation to repay his or her share of the debt as established by law.

B. Preferential Treatment of Support In Bankruptcy

1. Priority in Payment

(a) 11 U.S.C. §507(a)(7) should be amended by adding the underlined language:

> "Seventh, allowed claims for debts not dischargeable under section 656(b) of Title 42 or for debts to a spouse, or child of the debtor," etc.

(b) Explanation: The Bankruptcy Reform Act of 1994 provided that support debts should be paid as a priority over tax debts in bankruptcy. However, because certain language was omitted from the legislation, support assigned as a condition of receipt of public assistance did not have this priority. The above amendment would clarify that all support debts, assigned to the government or not, would be paid as the seventh priority in bankruptcy proceedings.

2. Protecting Liens Securing Payment of Support Obligations

(a) 11 U.S.C. §522(f)(1) should be amended by adding the underlined language:

> "(1) a judicial lien, other than a judicial lien that secures a debt not dischargeable under section 656(b) of Title 42 or a debt--" etc.

(b) Explanation: The Bankruptcy Reform Act of 1994 provided that support debts secured by a judicial lien could not be voided by the debtor in bankruptcy. However, because certain language was omitted from the legislation, support assigned as a condition of receipt of public assistance did not obtain this protection. The above amendment would clarify that all support debts, assigned to the government or not, would remain secured by a lien recorded prior to the bankruptcy.

3. Protecting Support Payments Against Trustee Avoidance

(a) 11 U.S.C. §547(c)(7) should be amended by adding the underlined language:

> "to the extent such transfer was a bona fide payment of a debt not dischargeable under section 656(b) of Title 42 or a debt to a spouse" etc.

(b) Explanation: The Bankruptcy Reform Act of 1994 provided that the bona fide payment of support debts during the 90 day period preceding the filing of a bankruptcy petition would not be recoverable by the trustee as a preferential transfer to creditors. However, because certain language was omitted from the legislation, support assigned as a condition of receipt of public assistance did not obtain this protection. The above amendment would clarify that the bona fide payment of all support debts, assigned to the government or not, would not be recoverable by the trustee as a preferential transfer.

II

COLLECTION OF SUPPORT DURING BANKRUPTCY

1. Amend the Social Security Act by adding subsection "(c)" to section 656 of Title 42 as follows.

> "(c) The filing of a petition under Title 11 does not operate as a stay under section 362(a) of that title with respect to the continued withholding of income pursuant to an income withholding order as defined by subsection (b) of section 666."

2. Explanation: 42 USC §666(a)(1) requires all states to have in effect laws mandating the withholding of income to pay support. Such laws must comply with the requirements of 42 USC §666(b) which provides an orderly vehicle for a support obligor to pay current support obligations and liquidate support arrears. The enactment of 42 USC §656(c), as outlined above, would require that Chapter 12 and 13 bankruptcy plans be structured so as not to interfere with the on-going collection of support. Chapter 7 and 11 bankruptcies would not be affected by this change since 11 USC §362(b)(2) already permits the continued operation of income withholding orders in such cases.

SUPPLEMENTAL INFORMATION

A. Witness Information:

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B Statement Summary:

A parent who receives public assistance assigns to the government all support rights such parent may possess in his or her own behalf and on behalf of the child for whom public assistance is paid. When such support is collected the government retains it up to the amount of public assistance it provided and pays the balance to the family. Section I in the comments would insure that when such support was owed to the government which paid the assistance, it would reveive the same treatment in bankruptcy as other support creditors.

Specifically, such assigned support would:

1. Not be dischargeable in bankruptcy
2. Receive priority in payment by the bankruptcy estate
3. Not lose its secured status
4. Not be recoverable as a preferential transfer.

Section II provides an orderly method for the collection of support during the bankruptcy proceeding. Since all states must have federally mandated laws which provide for the assignment of income to pay all current support and liquidate arrears, removing such orders from the operation of the automatic stay in bankruptcy would harmonize and rationalize the federal governmental approach to both areas of federal concern: child support and bankruptcy.

STATEMENT OF JOHN S. HIGGINS, JR.
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To the Ways and Means Committee

Subject: Child Support Enforcement - Bankruptcy Discharge

Under a decision of the Ninth Circuit Court of Appeals, **In re Ramirez**, 795 F.2d 1494 (1986), California Bankruptcy Courts have held that welfare reimbursement amounts owed to the state for past child support may be discharged in bankruptcy. This problem may be addressed by broadening the language of Section 456 of the Social Security Act to exempt from discharge debts "in the nature of" child support or enforceable under this Title (Title IV-D of the Social Security Act). This amendment will make clear that debts enforceable by state child support agencies will not be discharged by bankruptcy courts.

A proposed amended statute follows:

PROPOSED AMENDED STATUTE

Sec. 456. [42 U.S.C. 656](a)(1) The support rights assigned to the State under section 402(a)(26) or secured on behalf of a child receiving foster care maintenance payments shall constitute an obligation owed to such State by the individual responsible for providing such support. Such obligation shall be deemed for collection purposes to be collectible under all applicable State and local processes.
(2) The amount of such obligation shall be --
(A) the amount specified in a court order which covers the assigned support rights, or
(B) if there is no court order, an amount determined by the State in accordance with a formula approved by the Secretary, and
(3) Any amounts collected from an absent parent under the plan shall reduce, dollar for dollar, the amount of his obligation under subparagraphs (A) and (B) of paragraph (2).
(b) A debt which is in the nature of a ~~child~~ support obligation enforceable under this Title ~~assigned to the State under section 402(a)(26)~~ is not ~~released by a discharge~~ dischargeable in bankruptcy under title 11, United States Code.

PREPARED TESTIMONY OF REP. JERRY WELLER (IL-11)
MEMBER OF CONGRESS
COMMITTEE ON WAYS AND MEANS
February 6, 1995

Thank you, Mr. Chairman, for the opportunity to testify today in support of proposals to strengthen the child support enforcement program.

Before I begin, I would like to take this opportunity to applaud Rep. Hyde's efforts on this serious issue, particularly his success in the 102nd Congress that resulted in making it a felony for dead-beat dads to move across state lines in order to avoid making child support payments.

I think this law illustrates how important child support enforcement is to the well-being of millions of American families, and I commend Rep. Hyde for his leadership in this area.

As one of the chief sponsors of H.R. 11, the "Family Reinforcement Act," I feel that the condition of America's families is of utmost importance to the future of this country, and that we, in Congress, must act quickly and decisively to restore, encourage and protect this most basic unit of our society.

I am here today as a new member of Congress to voice my support for common sense measures like Rep. Bilirakis' H.R. 104, the "Subsidy Termination for Overdue Payments Act of 1995." It is past time that we say to dead-beat dads, if you do not pay your ordered child support, you will not receive one dime of federal assistance.

The tragic consequences of the current, ineffective child support enforcement efforts are widespread. Children in our cities, in our rural areas and in our suburbs are suffering, and will continue to suffer until dead-beat dads accept the moral and financial responsibility for the children that they have brought into this world.

Sadly, it is not uncommon for men to ignore the needs of their children, no matter how desperate that child's circumstances become. Hunger, homelessness, and living in poverty are the reality for many of the millions of children in our nation who have fathers who fail to make their support payments.

Too many single-parent families have no where else to turn but to resort to government support programs, like food stamps, AFDC, and Medicaid, and too many children go to bed hungry or do without, all because their dead-beat dads have outrun the current bureaucratic and time-consuming collection system. This has got to stop!

I find it unconscionable that only 51% of women who are supposed to receive child support payments receive the full amount, while 24% receive partial payment, and 25% of women due child support receive absolutely nothing! Court mandates and current enforcement measures are not enough. It is time to take direct action against dead-beat dads.

There is only one reason that Sandra Menendez-Green of Cook County, Illinois and her four-year old son Joshua, were forced to resort to welfare after finding themselves homeless and helpless because her son's father has not paid his ordered child support.

There is only one reason that Toni Mazanec of Kane County, Illinois has had to rely on her own father for the roof over her head while she pursues her six-year old son's father for over $13,000 in unpaid child support.

That one reason is that dead-beat dads have been allowed to get away with not fulfilling their responsibility to their children. There should be NO reason for any father to fail to support his child.

In 1993, the federal government spent $1.5 billion, with state governments spending an additional $700 million, in child support enforcement efforts. Despite this massive investment, states collected only $8.9 billion of the approximately $16 billion outstanding child support payments owed by dead-beat dads. This is by any measure an abysmal result.

Fathers must live up to their financial responsibility for their underage children, and if they won't do it willingly, then we must find a way to make them do it!

I am proud to be a co-sponsor of H.R. 104, the "Subsidy Termination for Overdue Payments Act of 1995." I strongly support Rep. Bilirakis' common sense proposal. It is only right to withhold federal assistance from any dead-beat dad until he has met his child support commitments.

I see no reason for the federal government to continue supporting a dead-beat dad that refuses to live up to his obligation to see that his children receive his moral as well as financial support.

Thank you, Mr. Chairman.