

MANAGING CHILD SUPPORT ARREARS

An Evolving Discussion Framework

**The Combined Summaries of
ACF Regions I, II and III Meetings
on Managing Arrears**

*A compendium of notes and outcomes of discussions
of the Northeast Federal, State and Private Partners
Roundtable convened in April and September 2001,
September 2002, September 2004, October 2005, and
September 2006*

July 2013

This document summarizes recorded notes of roundtable discussions during the six Northeast Regional Meetings on Managing Arrears conducted over the period from April 2001 to September 2006.

The views expressed in these summaries are those of the participants. These summaries are not to be considered as official policy documents of the U.S. Department of Health and Human Services (HHS) or its agencies, and they do not necessarily reflect the views of HHS or its interpretation of federal law.

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For more information, please contact Jens Feck, Program Manager, Office of Child Support Enforcement, New York Regional Program Unit, at Jens.Feck@acf.hhs.gov.

PREFACE

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People sometimes assume that administrative practices change primarily in response to formal policy-making or citizen pressure. However, a common way that administrative practices change is through exchange of best practices, dialogue, relationship-building and consensus-building among the administrators themselves. This report, *Managing Child Support Arrears*, is a case study of how one set of federal and state administrators initiated a problem-solving dialogue to identify, develop, and successfully implement innovative approaches to a growing problem—unpaid child support arrears.

At the suggestion of a state child support director, Program Manager Jens Feck, then a program specialist, convened a roundtable consisting of federal and state child support administrators, family advocates, and researchers to examine improved approaches to reducing the accumulation of unpaid child support debt. The roundtable group continued to meet, holding six face-to-face discussions between 2001 and 2006. Emerging research by Elaine Sorensen, then from the Urban Institute, revealed that most state unpaid child support debt is owed by noncustodial parents earning less than \$10,000 per year, is assigned to states to repay public assistance and not owed to families, is old debt, and is largely uncollectible.

Jens documented the discussion process through meticulous meeting notes as the group looked at emerging research, studied the underlying causes of unpaid debt, identified public policy considerations and administrative assumptions, and began to shift from a solely debt-driven collections model to one that includes the parental engagement, early intervention, caseload segmentation, order adjustment and debt management strategies that are in place today in state child support agencies.

The child support program operates on an interstate basis and therefore requires close federal, state, and tribal cooperation. The meeting notes contained in the report capture step-by-step how administrative change happens across jurisdictions—conversation by conversation—as federal and state administrators collaborate together to address implementation challenges. It is my hope that this case study will prove to be valuable to students of public policy, as well as the child support community.

Vicki Turetsky
Commissioner
Office of Child Support Enforcement

TABLE OF CONTENTS

INTRODUCTION.....	5
THE FIRST MEETING.....	8
ARREARS MANAGEMENT – A DISCUSSION FRAMEWORK	10
I. PREVENTION OF ARREARS.....	10
II. ORDER ESTABLISHMENT.....	17
III. EARLY INTERVENTION	26
IV. ACCRUED ARREARS MANAGEMENT.....	31
ADDENDUM A – Highlights of Issues.....	40
ADDENDUM B – Highlights of Strategies	40
THE SECOND MEETING	41
POLICY QUESTIONS, ANSWERS AND RELATED ISSUES.....	42
CALIFORNIA’S COLLECTIBILITY STUDY AND OTHER NON-HUB-SPECIFIC ARREARS MANAGEMENT ISSUES AND IDEAS.....	46
STATE UPDATES.....	49
NEXT STEPS.....	55
ADDENDUM C – Best Practice Updates	57
ADDENDUM D – 2 nd Meeting Participant List	78
THE THIRD MEETING.....	79
STATE UPDATES.....	80
COLORADO’S ARREARS FORGIVENESS STUDY	87
UPDATE ON CALIFORNIA’S COLLECTIBILITY STUDY.....	89
OCSE’S REPORT ON POLICY AND PRACTICE OPTIONS FOR LOW-INCOME NONCUSTODIAL PARENTS.....	91
THE CLASP OVERVIEW OF ARREARS MANAGEMENT	95
NEXT STEPS.....	96
ADDENDUM E – Connecticut’s Incarcerated NCP Study	97
ADDENDUM F – 3 rd Meeting Participant List	105
THE FOURTH MEETING	106
STATE UPDATES.....	108
ARREARS MANAGEMENT AND AUTOMATION.....	119
ARREARS MANAGEMENT AND ORDER ESTABLISHMENT.....	127
NEXT STEPS.....	133
ADDENDUM G – Connecticut Public Act No. 03-258	135
ADDENDUM H – Connecticut Arrearage Adjustment Regulations	139
ADDENDUM I – OCSE 2003 Best Practices Compendium Reprint.....	145
ADDENDUM J – 4 th Meeting Participant List	146
THE FIFTH AND SIXTH MEETINGS.....	147
FINAL THOUGHTS AND ROLLOUT TO THE NATIONAL LEVEL.....	149
STATE UPDATES.....	155
ADDENDUM K – State Interest Practices	168
ADDENDUM L – 5 th and 6 th Meeting Participant List.....	175
ACRONYM GLOSSARY	176

INTRODUCTION

Twelve years ago, the Administration for Children and Families' (ACF) New York regional office initiated a discussion with state child support directors and community groups to identify the reasons for child support arrears and to make recommendations. The increasing accumulation of child support arrears was an emerging topic of concern in the child support community.

At the time, the New York regional office was part of ACF's Northeast Hub, along with the Boston and Philadelphia regional offices. The respective regional administrators and Office of Child Support Enforcement (OCSE) program managers created and sponsored the Northeast Arrears Management Discussion group, which held its first meeting in April of 2001. Fifteen of the sixteen jurisdictions¹ that made up the former Northeast Hub² attended that meeting, along with federal officials from all three regional offices and representatives from the Urban Institute, the National Partnership for Community Leadership (NPCL), the Center for Law and Social Policy (CLASP) and the American Public Human Services Association (APHSA). The Northeast Arrears Management Discussion group would meet five more times, with the last meeting in September 2006.

This document summarizes all six meetings and illustrates how the group's discussions, conclusions, and recommendations eventually fostered national OCSE initiatives such as PAID (Project to Avoid Increasing Delinquencies) and the Family-Centered initiative, supported research such as the Urban Institute's "Assessing Child Support Arrears in Nine Large States and the Nation" report, and led to the creation of national workgroups such as OCSE's "Unreported and Underground Income" and "Arrears Stratification" workgroups. Since the last meeting in 2006, OCSE has issued numerous state guidance and technical assistance documents on the topic of arrears management, and many of the ideas and good practices identified by the discussion group are being implemented to this day.

To understand why arrears accumulate and how they can be prevented, the discussion group closely examined the child support establishment process and virtually every other step associated with the life of an order, including how orders are enforced, modified and closed, and how a parent's ability to pay support is strengthened.

In order to manage such comprehensive discussions and effectively share recommendations, best practices and conclusions, the Northeast Arrears Management group decided to organize its discussions and summaries into four distinct categories: (1) Prevention; (2) Order Establishment; (3) Early Intervention; and (4) Accrued Arrears Management.

The group began using a case segmentation approach early on, laying the groundwork for a range of early intervention strategies. It categorized obligors (those with an obligation to pay child support) into four distinct categories: (1) The able and willing to pay; (2) able but unwilling to pay; (3) not able but willing to pay; and (4) not able and not willing to pay.

¹ New Jersey, New York, Connecticut, Maine, Vermont, Rhode Island, Massachusetts, New Hampshire, Virginia, West Virginia, Maryland, Pennsylvania, Delaware, Washington DC, Puerto Rico and the U.S. Virgin Islands.

² ACF is no longer organized into Hubs but continues to operate out of the ten Regional Offices.

Such categorization allowed the discussion group to connect specific strategies and best practices directly to those obligors where the strategy or best practice was likely to be most effective and productive.

The group’s summaries below follow this categorization principle throughout, and most of the studies and writings on arrears management issued since have adopted similar categorizations in order to make sense of a potentially overwhelming topic or to otherwise narrow the focus to a particular topic of interest.

At the conclusion of the first meeting, the Northeast Arrears Management Discussion group developed a two-fold matrix that highlights issues as well as respective strategies across all of the four topic categories. The matrix captures some of the key issues that arise when a jurisdiction begins to consider an initiative to prevent the accumulation of arrears and/or to manage already accumulated arrears, as well as some of the most effective corresponding strategies that are likely to lead to the prevention and/or reduction of arrears.

The matrix below also appears as an addendum to this summary. Virtually every page of this summary connects to one of the listed issues and strategies on this matrix, as it provides the additional background and details that will assist child support professionals with implementing successful arrears management strategies in their own jurisdictions.

HIGHLIGHTS OF ISSUES

Prevention	Order Establishment	Early Intervention	Accrued Arrears Management
Arrears Bucket Analysis	Re-examine Establishment Process	Staff Training and Caseloads	Who Consents to Compromise
Pre-IV-D ³ outreach	Court or Administrative	Interstate Actions	Conflicts with Public Policy
Involvement of CBOs ⁴	Re-examine Retroactive Concept	Reduce Delays in Enforcement	Who is Able & Who is Not Able to Pay
Cost-effectiveness	Review Need for “Add-on” Amounts	Immediate Termination if Appropriate	Define State Reason for Policy
Focused NCP ⁵ / Potential-NCP Outreach	Accommodate Low-Income NCPs	NCP Access to Modifications	Effect on State Incentive Payments
NCP-Friendly Outreach	Review Default Process	Review and Adjustments	Enforce or Suspend Enforcement

³ IV-D refers to Title IV-D of the Social Security Act, which establishes and funds State Child Support Agencies

⁴ CBO stands for Community-Based Organization

⁵ NCP stands for Noncustodial Parent

HIGHLIGHTS OF STRATEGIES

Prevention	Order Establishment	Early Intervention	Accrued Arrears Management
Dissect Caseload Develop Matrix	Develop More Appropriate Guidelines ⁶	Match with Vital Registry to Terminate Orders	Caseload Clean-up – Apply Case Closure Criteria
Use Internet – Websites	Cap Retroactive and Add-on Amounts	Pro-active Contact at Child Emancipation	Maximize Use of FIDM ⁷
Cross-train with CBOs	Temporary Default Orders – Keep Record Open	Frequent Automatic Reviews of Order or Pro-active Contact	Suspend Enforcement in Exchange for Payment Plan
Segregate Unable from Unwilling NCP	Regular Review of Guidelines	Pro-active NCP Contact at Time of Unemployment	Suspend Interest in Exchange for Payment Plan
Include CP ⁸ Outreach	IV-D as Gate to WtW ⁹ and CBOs	Simplify Modification Process	Compromise/Forgive Uncollectable Arrears
Use Innovative Media	Self-support Reserves for NCPs	30/90-day Contact after Non-Payment	Sell Policy as “Cost-Effective”

The accumulation of arrears is a matter that needs to be addressed on a continuing basis, and more needs to be done before all jurisdictions consistently establish appropriate and fair orders, and quickly modify those orders when appropriate while collecting the child support due to children and families by applying all available and suitable enforcement techniques.

OCSE believes that this summary is as relevant today as it was when first written, and they encourage the reader to find and identify at least one good idea or best practice that addresses a local need and that appears viable given local realities. Once implemented and tested, the idea or practice may help to avoid or reduce arrears to the same extent as that already experienced by hundreds of other child support professionals, many of whom contributed their expertise, skills and ideas to the drafting of this arrears management digest.

⁶ Refers to State Child Support Guidelines used to establish the amount of the obligation

⁷ FIDM stands for Financial Institution Data Match

⁸ CP stands for Custodial Parent

⁹ WtW stands for Welfare to Work

THE FIRST MEETING **NORTHEAST REGIONAL ARREARS MANAGEMENT GROUP**

(ESTABLISHING A DISCUSSION FRAMEWORK AND DEVELOPING GUIDING PRINCIPLES)

INTRODUCTION: State child support directors and managers from 15 Northeast Hub jurisdictions, along with their federal and private partners, met in Philadelphia on April 11 and 12, 2001, to discuss a broad range of issues surrounding an emerging topic of national interest: child support arrears management. The meeting's ambitious goal was to organize identified issues and corresponding strategies within a framework conducive to developing guiding principles and effective state arrears management policies. That goal is accomplished, and the resulting framework and content are outlined below. However, this is only an initial step and the development and implementation of successful and cost-effective arrears management and prevention policies continues to be a work-in-progress. Accordingly, the Northeast regional partnership has agreed to reconvene periodically in order to further this discussion, share successes and failures of ongoing as well as pilot programs, analyze implementation impediments, develop best practices, and potentially propose overriding guiding principles of national significance.

The compiled definitions, issues and strategies outlined in the following *Arrears Management Framework* were identified during four simultaneously facilitated roundtable discussions between state child support directors and senior management, private sector organizations (CLASP, CSF, NPCL and the Urban Institute), and OCSE program managers. The framework design was completed during a subsequent group meeting of all roundtable participants. The meeting agenda encompassed broad-based discussion points relevant to issue description, identification of corresponding solutions and strategies, and development of guiding principles and next steps. Participants received extensive resource material both prior to the meeting and on-site. At the conclusion of the meeting, state participants agreed to implement at least one new idea generated during roundtable discussions – initially, one that would not require a modification to existing policy or law. Private partners agreed to share soon-to-be-released arrears management reports and to incorporate the meeting outcomes into the thought-process underlying future reports. OCSE agreed to facilitate continued Northeast regional discussions through the establishment of a dedicated arrears management web-site.

The meeting opened with remarks by David Lett, Region III Administrator; Frank Fuentes, OCSE Acting Commissioner; Mary Ann Higgins, Region II Administrator; and Alisha Griffin, child support director for the State of New Jersey. These remarks had two themes in common: the national importance of arrears management, and the benefit of pulling together a broad range of Northeast regional assets in response to a state request for technical assistance. The meeting closed on two parallel themes: (1) that effective arrears management policies can enhance virtually all program functions and improve program efficiency and customer service; and (2) that the multi-regional sponsorship of this meeting, combined with the collaboration between pertinent Northeast partners and the access to regional resources, were indispensable to the success of this meeting.

In conclusion, the meeting participants hope that the attached summary of their combined effort offers guidance on an issue that is common to all, and yet is defined by operational systems that vary from state to state – at times in the extreme. Participants hope that this report and future updates can contribute substantively to a national dialogue around the prevention of arrears and the management of accrued arrears.

(February, 2010: The *Northeast Arrears Management* workgroup – hereinafter also referred to as the *Northeast Workgroup* - conducted a total of six meetings; the last meeting was held in September 2006. This compendium contains a summary of all meetings, and it offers one of the most comprehensive reports available on arrears management issues and strategies. The individual summaries were recently updated to include new cross-references and to delete outdated contact information. The views expressed in these summaries are those of the participants. These summaries are not to be considered as official policy documents of the U.S. Department of Health and Human Services (HHS) or its agencies and they do not necessarily reflect the views of HHS or its interpretation of federal law. Please note that any cited federal and/or state practice, policy or law may have been amended, modified or terminated subsequent to the date of the original publication. For the current status of any practice, policy or law, please contact the respective state child support agency or OCSE regional office. Errors, omissions or misrepresentations in the citation of a practice, policy, law or report are not attributable to any official or representative of the respective state or organization. If you have general questions about the *Northeast Workgroup* or this compendium, please contact Jens A. Feck, Program Manager, OCSE Regional Program Unit, New York Region II, at Jens.Feck@acf.hhs.gov.)

ARREARS MANAGEMENT – A DISCUSSION FRAMEWORK

Meeting participants unanimously agreed to organize the ideas and information generated during the roundtable discussions into four distinct categories: *Prevention*; *Order Establishment*; *Early Intervention*; and *Accrued Arrears Management*. Each category contains the following sub-categories: Definitions; Issues; Strategies and Next Steps. This categorization serves two purposes: Organizing information into a framework useful in the generation of guiding principles and state-specific strategies; and organizing current and future data on the impact, success and cost-effectiveness of arrears management strategies. (Outstanding policy issues listed in the *Next Steps* section are addressed in the 2nd Meeting summary).

I. PREVENTION OF ARREARS

The ability of state, private, faith-based and child support agency action to prevent the accrual of arrears weaves throughout most discussions on arrears management, and extends to preventive actions that may be appropriate prior to the initial request for child support services and even prior to the birth of a child. It is nonetheless appropriate to assign this concept a distinct category, given the importance, potential impact and far-ranging nature of arrears prevention activities. (At a subsequent meeting, participants decided to merge *Prevention* into the *Early Intervention* category). This category emphasizes those activities with the least amount of overlap into the remaining categories. Preventive activities that relate more directly to order establishment, early intervention and arrears management will be discussed in the corresponding framework section.

Defining Arrears:

The initial step in any process to manage arrears should be the analysis of the arrears bucket (the totality of accrued arrears). This involves identifying and segregating the bucket into its respective elements. The following elements, or any combination thereof, will most likely make up any given state's arrears total:

- Child support;
- Spousal support;
- Interest;
- Medical support for child;
- Medical support for mother;
- Birthing costs;
- Legal costs;
- Genetic test costs;
- Child care; and
- Fees.

The child support arrears element may need to be broken down into two additional sub-components:

- Unpaid amount towards current support – prospective from order date; and
- Unpaid amount towards fixed retroactive support – retroactive from order date.

The second sub-component, retroactive arrears, usually accrues “automatically” as a result of a state law or policy establishing mandatory or discretionary retroactive child support obligations (retroactive to or prior to the filing of a support petition). The actual amount of the retroactive obligation is usually determined by a tribunal at the same time that the current support amount is established (i.e., the potential retroactive obligation has no legal consequence until it is adjudicated).

In some states the legal obligation to pay support is only retroactive to the filing date of the support petition. In other states the legal obligation may be retroactive for a specified number of years, or even to birth. In those states where retroactivity is limited to the filing date, retroactive amounts may nonetheless be substantial if there are significant delays between the filing and the hearing dates. Finally, in some states the period of retroactivity depends on the parties’ wedlock/out-of-wedlock status – out-of-wedlock status usually resulting in a shorter period of retroactivity. Because many noncustodial parents (NCPs) are not aware of the potential duty to pay retroactive support, the length of the retroactive timeframe in a particular state may very well determine the importance of pre-child support preventive strategies.

Once a state has identified the elements of its arrears bucket, it may want to determine why a particular arrears component continues to accrue. Generally speaking, arrears accrue because the noncustodial parent either (1) failed or refused to pay even though he or she has the ability to pay, or (2) failed to pay due to past and/or present financial inability. This financial inability may relate to post-order-establishment decreases in financial resources or it may relate to the fact that, at the time of order-establishment, the current support amount exceeded the capability to pay. Meeting participants identified a number of scenarios that could underlie a financial inability and that might explain the “why” of arrears:

- Default obligations that are based on insufficient data about NCP ability to pay;
- Imputed NCP income that does not reflect actual NCP ability to pay (Note: the need for imputing income is not limited to default situations);
- Obligations based on inappropriate guidelines or failure to properly apply the guidelines;
- Retroactive amounts based on past ability to pay rather than current ability to pay;
- Multiple family/order situations, where total needs exceed the ability to pay, especially in those states that do not have a law or uniform standard providing for credit for prior obligations;
- NCP incarceration not followed by timely review and adjustment or modification (in some states case law discourages downward modifications based on incarceration);
- Unemployment or under-employment not followed by timely review and adjustment or modification;
- Interest on arrears (at times the interest on arrears may exceed the arrears amount);
- NCP lacks information about or access to the modification process, and the case should have been modified;

- Arrears accumulated due to delays in the establishment of an order, and/or delays in the implementation of immediate income withholding; and
- NCP making direct payments or providing in-kind support to the custodial parent (CP) and/or child, or cohabiting with the CP and making no payments, even though under a legal obligation to pay to the child support agency.

A state may find it helpful to organize the various elements and terms associated with its arrears bucket into a matrix. The matrix could be used to analyze the entire arrears bucket or the arrears account of an isolated case. The validity and usefulness of the matrix would of course depend on a particular state’s ability to input accurate data. A sample matrix is found below (many variations are possible, and tables could be expanded to include assessments of current collectibility based on case- and NCP-specific data such as history of payments, current income and age of debt):

Arrears Reason ⇒ Arrears Type ↓	Automatic Application of Policy or Law	Discretionary Application of Policy or Law	Failure to Pay but Appears Financially Able	Inability to Pay (Short Term and Long Term)
Child Support Current	X	Not applicable		
Child Support Retroactive				
Spousal Support	X	Not applicable		
Interest				
Medical Spt/child	X	Not applicable		
Medical Spt/mother				
Birth costs				
Legal costs				
Genetic test costs				
Child Care				
Fees				

Issues:

A state may need to address various issues prior to the development of appropriate prevention strategies, including:

- **Analysis of arrears “bucket.”** As stated, meeting participants agreed unanimously that the first step in arrears management should be the analysis of the arrears bucket. The completion of this exercise should allow the state to identify and segregate the source of the majority of arrears, and hopefully the reasons why noncustodial parents failed to comply with the respective obligations. This information is the key to targeting preventive actions.
- **Conflicts with public policy.** Generally speaking, *prevention of arrears* strategies do not foster public policy conflicts. Preventing arrears up-front is the antithesis of compromising arrears, which some view as rewarding “criminal” behavior. Preventing

arrears is a proactive policy that is NCP-, CP- and child-friendly, and it will likely have a positive impact on IV-D (Title IV-D of the Social Security Act) incentive payments. It is also a cornerstone of the universal public policy that all children are entitled to adequate and timely support.

- **Cost-effectiveness.** Not every potential or actual noncustodial parent will benefit equally from a given prevention strategy (or benefit at all). A state may therefore need to target strategies in order to maximize the effectiveness of the arrears accrual prevention message. If a state decides to implement a strategy that targets a pre-child support population, it may want to first identify those individuals who are most likely to become potential noncustodial parents (teenagers, young fathers, etc.). A secondary and narrower identification would consist of potential noncustodial parents who are most likely to benefit from a specific prevention strategy. Finally, the state should identify available resources (staff and financial) that can be devoted to prevention efforts. As the Northeast jurisdictions engage in more preventive strategy pilots, any ensuing cost-benefit calculations will hopefully support arguments before legislators and budget-managers that prevention activities are effective if adequately funded.

In deciding on the noncustodial parent target group parameters (both as to potential and current NCPs), states may want to consider the following: (1) based on various studies, about 50 to 60 percent of a total arrears bucket may be owed by NCPs who earn less than \$20,000 annually¹⁰; (2) based on experiential evidence, a division of NCPs into respective target groups should be more sophisticated than a division solely based on the case's public assistance status; and (3) an individual categorization should not necessarily be permanent in that the NCP's ability to pay can be very fluid and will most likely change over time. In conclusion, a state should recognize that a case may need to be subjected to different arrears prevention/management policies during its lifetime.

- **NCP-friendly activities.** In order to be effective, the targeted noncustodial parent must understand and believe the prevention of arrears message. At a minimum, this means that the following outreach elements need to be modified and adapted to address the diverse needs and characteristics of each particular group within the greater NCP population: (1) language; (2) the media used to reach the target group; (3) the messenger; (4) the terminology; and (5) the particular group's concept of "debt" (which may differ from the child support concept).

Strategies:

The appropriateness and success of any given strategy will differ from state to state due to the significant variance in arrears definitions, arrears make-up, and the timeframe of retroactive obligations, noncustodial parent populations and state resources. If a cited strategy has already been implemented, the respective state citation is included.

¹⁰ 9-05 Update: OCSE-IM-04-04 says 70% of debt is owed by NCPs w/reported income of \$10,000/yr. or less.

- **Arrears analysis.** Participants recommend that the initial step of any state prevention effort should be the analysis of the “arrears bucket”. A state should determine to what extent the automated system can be of assistance in this process. For purposes of federal reporting, the state is only required to provide information on the total amount of arrears due, the total amount distributed as arrears, the number of cases with arrears, and the number of cases paying toward arrears. (See lines 26-29, Form OCSE-157.) Unfortunately, this data offers little in terms of conducting meaningful arrears analyses. Participants recommend that states review their system’s ability to generate ad hoc reports that could divide the arrears bucket into the elements suggested above. For example, ad hoc reports could be generated that are based on state-specific data elements and/or case notes. Connecticut already has a system ability to segregate current arrears from retroactive arrears that were set at the time of order establishment. Virginia is currently processing data in order to develop a detailed dissection of its caseload, and the end product, when released, may result in further guidance and good practices. (Note: also see California’s arrears analysis in this document.) The system effort could include a general case clean-up strategy that may result in establishing more accurate arrearage totals. Case clean-up activities can include:

1. Matches with vital statistics/probate records to identify deceased NCPs, followed by corresponding adjustments in the arrears balance, if appropriate. Also consider www.ancestry.com as a website resource for death record information.
2. Recommendations that similar matches be conducted with SSA “death records”. (Note: FPLS is currently in negotiations with SSA to establish a proactive match between SSA death records and FCR data.)
3. Recommendations to use CSENet to obtain and update arrears balances in interstate actions.

The completed arrears analysis and case clean-up effort should have a positive impact upon virtually all aspects of arrears management; and knowledge of the following three data elements may be especially helpful in deciding upon the most appropriate prevention techniques and other aspects in arrears management:

1. Retroactive arrears as a percentage of total arrears;
2. Interest as a percentage of total arrears; and
3. Identifying NCPs likely to accumulate arrears.

The automated child support enforcement system database may be able to provide information in order to determine the degree that retroactive obligations and/or interest constitute *arrears issues* in a particular state. However, most automated systems offer few if any data elements that are helpful in segregating noncustodial parents into unwilling, unable and other applicable categories. CBOs, credit histories, NDNH and Quarterly Wage records, etc., should be consulted to obtain data that may be more useful, relevant and current. A review of private industry practice with respect to credit extensions and debt management might also offer additional insight on how to best categorize obligor payment types. In conclusion, there is a consensus among the

Northeast states that more research and studies are needed in order to better judge who is or will likely be the unwilling instead of the unable payor.

As a state identifies the major components of its arrears bucket, learns to distinguish between willing and unwilling noncustodial parents, and appreciates the various scenarios that give rise to arrearage accumulations, it will be better equipped to develop and identify appropriate prevention and outreach activities.

- **Prevention and outreach activities.** The following information may be of interest as states begin to develop or re-design outreach activities addressing both potential and actual noncustodial parents. The overriding goal of all preventive actions is to provide information about those aspects of the child support process that, if ignored or misunderstood, are most likely to result in the accumulation of arrears.
 1. **Use of technology and web resources.** New Jersey operates a voice response system that refers noncustodial parents to appropriate web-based resources and information. Massachusetts will soon operate an enhanced interactive website. New Mexico also operates an interactive website. This technology can be expanded and used to inform potential NCPs of the consequences of failing to appear at tribunal hearings and on state laws, if any, establishing a duty to support a child prior to the filing of a legal action. Innovative technology can also be used to inform potential noncustodial parents about child support guidelines and the establishment process. There is a consensus that too many parents leave a tribunal “without a clue” as to how their obligation was established. Early sharing of information about the process and about the kind of financial information that is critical to fair guideline calculations should significantly improve the perception and reality of that first noncustodial parent/child support contact.
 2. **Family Service Agency partners.** Massachusetts uses the mandated In-Hospital paternity program to conduct extensive outreach to potential noncustodial parents relative to all child support functions. Extending the information offered in the hospital setting to include arrears prevention information appears to be a cost-effective outreach alternative that is available to all states. Likewise, states should review existing relationships, cooperative agreements and collaborative efforts with all other family service agencies, such as Head Start, IV-A and IV-E programs, to see how information currently provided about the child support program can be amended to include a pro-active arrears prevention message. And child support programs should not overlook their own waiting rooms as an outreach opportunity. To date, many local offices are devoid of posters, brochures or other outreach material offering arrears prevention information.
 3. **Community-based organizations (CBOs).** The child support program may need to take the initial step and learn about available community resources, with follow-up focus on those CBOs that are most likely able and willing to assist with outreach activities. It is important that communications with the CBO be as

straightforward and comprehensible as the eventual communications with noncustodial parents. Cross training activities between child support and CBO staff present an excellent opportunity for sharing relevant prevention information and barriers. For example, in Connecticut, CBOs have a standing invitation to attend all child support training events. This has fostered a sense of trust and cooperation between the child support agency and the CBO. Legal Aid offices are also excellent and sometimes overlooked outreach partners, especially in terms of their ability to provide technical information about the court process and child support guidelines in simple non-legal language. Organizations that provide information on parenting skills and parental responsibility should also be approached and involved to the extent possible.

CBOs may likewise offer the best opportunities to reach out to non-English speaking NCPs. CBOs that primarily serve non-English speaking populations should also be consulted whenever foreign-language outreach material is being drafted. Failure to do so may lead to failed outreach efforts. For example, the various nationalities within the Hispanic community may attach very different and possibly offensive connotations to the same Spanish word.

4. **Media and innovative ideas.** What type of media will most likely reach the NCPs that you need to reach? While web sites are very effective communication tools, many NCPs do not have access to the Internet. Likewise, placing CSE public notices on the legal-notice page of a newspaper may be equally ineffective. Instead, meeting participants suggest the following somewhat unique techniques: (1) using rap music to spread the message; (2) including a message on streamers found on the bottom of the screen at many cable TV stations; (3) establishing a “Psychic Child Support Hotline” that offers free advice; (4) distributing pamphlets, in various languages, at schools and other public sites, that answer the “10 most frequently asked questions about arrears management” (Note: “arrears management” may not be the most user-friendly language – i.e., an example of what not to say if you want successful outreach); (5) establishing a national 1-800 number that offers 10 info-bites that apply to all states (e.g., rights to modification services); and (6) use of continuous videos, similar to the paternity videos used in West Virginia waiting rooms.

Rhode Island’s *Dads Make a Difference* project, that uses teens to train other teens on parenting, is an example of an existing successful program that is open to incorporation of an arrears prevention message. In addition to schools, prisons also represent excellent sites where a positive outreach message can be connected to a captive audience.

5. **Outreach to CPs.** Providing custodial parents with information about arrears prevention may also be a worthwhile activity considering that many custodial parents have spouses who pay child support to second families. Educating custodial parents (who are receiving tribunal-ordered support) on how the acceptance of in-kind support or direct support payments may result in arrears

accrual (and the corresponding potential of committing fraud if the custodial parent is a TANF recipient) can likewise be an effective arrears prevention message. Collaborating with the IV-A agency is an integral part of this effort.

In conclusion, outreach activities to prevent arrears need to address the appropriate audience and provide timely and specific information in plain and understandable language that will help the targeted noncustodial parent population avoid a child support debt.

Next Steps:

Meeting participants recommend or request that:

- OCSE explore the availability of grants to support a national arrears prevention awareness campaign.
- OCSE compile and distribute descriptive information about pilot programs that focus on arrears prevention activities (along with pilot programs on all other arrears management projects).
- States initiate or continue arrears analysis projects and share outcomes.
- States implement as many new prevention ideas as possible and share outcomes.
- States explore the feasibility of research and/or studies to assist states in dividing NCPs into “able” and “unable,” and “willing” and “unwilling” groups.

II. ORDER ESTABLISHMENT

Meeting participants are in consensus on at least two points related to order establishment: (1) the order establishment methodology is one of the most significant factors influencing the likelihood of future arrears accumulations, and (2) the state to state variances with respect to the two most important components in the process – guidelines on setting current support and laws affecting retroactive support – are momentous. Several participants expressed a strong conviction that the order establishment process may need to be revisited at the national level. Such review inherently leads to a struggle between flexibility and expanded mandates - and reaching an acceptable balance between expected conflicting needs and interests will be a challenge. Nonetheless, the total national child support debt is currently estimated at over \$80 billion, and to the extent that the order establishment process is a contributing factor, change may be inevitable.¹¹

Definitions:

The following terms may be relevant to order establishment and should be defined consistent with applicable federal and/or state law and policy:

¹¹ At the end of FY08, the total amount of arrearages reported for all previous fiscal years was over \$105 billion.

- **Service** – how is it accomplished, on whom, how is it documented, and does it meet due process – practices and laws vary from state to state.
- **Order** – contested or by consent, administrative or court, temporary or final.
- **Default order** – required if NCP was served and fails to appear – in some states obligation is based on imputed income, in others, for example Connecticut (and, previously, Maine), the obligation defaults to the PA grant amount if no other information (past or present) is available to apply guidelines – however, Connecticut leaves the record open for 4 months for the NCP to present additional information.
- **Child support guidelines** – must take into consideration all earnings and income of the NCP, must be based on specific descriptive and numeric criteria and result in a computation of the obligation (a rebuttable presumption), and must provide for the child’s health care needs – no other federal requirements apply – guidelines vary significantly across the nation.
- **Review of guidelines** – must be reviewed, and revised, if appropriate, at least once every four years – review must consider economic data on the cost of raising children and must analyze frequency of deviations.
- **Imputed income** – the ability to establish an income amount when the NCP fails to provide income information, or when the NCP is determined to be willfully unemployed or under-employed – imputed income can be based on minimum wage, average wage, CP testimony, and/or independent evidence such as tax returns and past work history.
- **Self-support reserve** – dollar amount some states set aside from available income to provide for the NCP’s minimum needs – usually incorporated into guidelines.
- **Retroactive support obligation** – the amount of support an NCP may be required to pay for a period prior to the date that a support order is established – In West Virginia and Connecticut, the retroactive period is 3 years for out-of-wedlock parties, in North Dakota it can be retroactive to birth, in other states it is left to court-discretion, and in several it goes back to the date of filing – approximately 16 states routinely charge interest on retroactive amounts. (See Addendum K.)
- **Multiple cases** – situations where the NCP has children living with multiple CPs, and/or with the NCP, and where the children may or may not be subject of a support order or otherwise receiving support – some guidelines provide automatic credit for all NCP children, whether subject to an order or not – in contrast, other states have no statute and/or no uniform standard pursuant to which an NCP with prior legal support obligations receives credit in the computation of a subsequent obligation.

Issues:

The following issues relate to order establishment:

- **Conflicts with public policy.** The order establishment process can touch upon several areas of potential conflict and diverging interests. The overriding conflict is the one between the needs of children and the ability of NCPs to support their children. Other conflicts exist between the public’s desire to recoup welfare payments, to recoup case-related costs, and to charge interest on public and private debt, set once again against the NCP’s limited financial resources. To the extent that staff time and effort are required to enhance the order establishment process, there is a conflict between needs

and available resources. As a state attempts to reach a balance and consensus with respect to any of these conflicting interests, meeting participants recommend the involvement of all interested partners, including but not limited to the courts, the Executive branch, the Legislative branch, advocacy groups, Bar Associations, WtW and WIB agencies, other states and ACF regional offices.

- **NCP appearance.** The state has an overriding interest in having the noncustodial parent appear at the time of order establishment. The state may need to review the entire order establishment proceeding to determine the extent to which each segment of the process promotes or undermines this interest. This includes a review of the effectiveness of pre-child support Prevention Activities that focus on informing the noncustodial parent about the procedure and importance of the initial hearing. Other issues include the content of the initial summons and notice; the ability to reach non-English speaking individuals; the setting of the hearing; the ability of high-income noncustodial parents to benefit from a default setting; and the interplay with the noncustodial parent's interest in establishing visitation rights.
- **The courts.** Which tribunal is best suited to establish a fair order expeditiously? Several meeting participants believe that orders are more quickly established administratively, while some argued that states that exclusively generate judicial orders benefit from higher payment rates. Others mentioned that the judicial process may lead to greater delays between establishment and implementation of wage retention; or that the courts are more likely to bypass child support mandates relative to income withholding, guidelines and the prohibition on direct payments. So, while some child support programs may view the courts as a barrier to successful arrears management, virtually all agree that if the courts are involved in the process, partnerships and collaboration need to replace misgivings and the aforementioned issues need to be addressed and resolved. Accordingly, the immediate concern should be the enhancement of the process, regardless whether judicial or administrative.
- **Child support guidelines.** A state is responsible for ensuring that the guidelines are fair, are being applied consistently, and are being reviewed on a regular basis. But while a review should be conducted every four years, not every state has been able to meet this mandate – thereby possibly contributing to the arrears problem. Fortunately, some states believe that guidelines should be reviewed on a more frequent cycle, especially if there is early evidence of significant numbers of deviations from the formula. In reviewing the guidelines, a state needs to decide who should be involved in the process; and when it comes to potential revisions, a state needs to ensure that the guidelines can be successfully applied to low-income noncustodial parents.
- **Default orders.** While most meeting participants agree that a state should be reluctant to issue default orders, if the noncustodial parent fails to appear, a default order must in fact be issued. Absent testimony about income and assets, a state may need to resolve two issues: (1) what should be the basis for the obligation, and (2) should the no-show noncustodial parent be allowed to subsequently challenge the default amount.

- **Retroactive amounts and other monetary obligations.** In addition to establishing a current obligation for child and medical support (and possibly spousal support), the initial order may also contain an arrears judgment for a retroactive obligation, along with judgments for legal costs, genetic test costs, birthing costs, fees, and a provision for late-payment charges and/or interest on any or all of the above. A state should want to know how the ability to pay child and medical support is affected by these other obligations. To the extent that a tribunal has discretion under state law, it may want to re-examine when to pursue a particular non-child-support obligation, how that obligation is best established, and how that decision-making process should interact with and be guided by the NCP's overall ability to pay.

Strategies:

Meeting participants recommend the following strategies (already implemented or otherwise suggested) that may enhance a state's order establishment process:

- **Court vs. administrative process.** Within the context of judicial-child support collaboration, courts may be convinced that the limited transfer of some order establishment functions to an administrative (or more informal) process could be of mutual benefit. For example, during the last three years, New Jersey has been issuing administrative orders in consent cases, significantly expediting the establishment process. In Maryland and Delaware, both parents attend settlement conferences (a concept that can be applied to both the judicial and administrative process), with settlement rates as high as 70 percent. In addition to expediting the procedure, the settlement conference approach tends to improve the proceeding's overall atmosphere – a potential benefit, given anecdotal evidence that a noncustodial parent is 35 percent more likely to pay support if he or she was treated with *respect* in the establishment process. Also, by actively engaging the noncustodial parent in the establishment proceeding, he or she is more likely to be aware of the initial payment due date, potential delays in initiating income withholding, and his or her rights to adjustment and modification proceedings.
- **Getting the NCP to appear.** Most states agree that default orders need to be avoided whenever possible; and for good reason, since experiential evidence indicates that default cases have significantly lower compliance rates. Initially, a state may want to calculate the number of default orders as a percentage of all orders issued, in order to measure the extent of the problem in its jurisdiction. If defaults are in fact an issue, both in terms of frequency and compliance, an initial strategy could be the implementation of appropriate Prevention Techniques (see Section I) that focus on education and the repercussions intrinsic to defaults. Additional strategies to obtain higher participation rates focus on the format and terminology of the summons or notice to appear. For example, in Connecticut, the use of “**YOU MUST APPEAR**” language on the initial notice has increased the appearance rate to 90 percent. Whatever notice is used, it is important that it is easy to understand and available in the languages that may be spoken in a particular city or community. (Various telecommunications vendors have translation capabilities – all available resources should be explored to reduce translation

expenses.) Tribunals may also need to be challenged to verify that minimum due process requirements were met before concluding that a failure to appear should result in default – especially when the legitimacy of the service of process appears questionable. And if the noncustodial parent is in default, a participant suggested that in conjunction with the issuance of a temporary order, a bench warrant be issued to increase the likelihood of the noncustodial parent’s attendance at a subsequent hearing to establish a final and more appropriate order.

Whether or not a child support hearing meets the noncustodial parent’s expectations about entitlement to visitation rights can also be a major factor influencing the willingness to appear and cooperate. While there is no consensus on what visitation-related functions child support can or should perform (in light of the historic Legislative and legal separation of the issues), there is some agreement that child support should partner with, and possibly fund, CBOs and other entities that facilitate visitation, supervision and/or mediation. The existing process for authorizing grants to states for Access and Visitation Programs could very well be the cornerstone of any such effort.

- **Establishing a default order.** Most states agree that establishing (and publicizing) a pre-determined order amount in default situations (such as using the TANF grant amount, a specified amount, or the minimum wage) is not a good idea for at least two reasons: (1) the “educated” higher-income NCP will willingly fail to appear if the default order is virtually guaranteed to be less than an order based on actual income, and (2) for the no-show low-income NCP, a pre-determined amount may guarantee accumulation of potentially uncollectible arrears. (Note: Maine suspects that its past practice of using TANF grants as the default order amount was a windfall to many NCPs.) In striking the balance between the need to establish a default order and the desire to establish a fair order, meeting participants have the following suggestions:
 1. **Temporary orders.** Make all default orders provisional or temporary (as is done in New York) so that, if justified, established obligations are easily modified.
 2. **Avoid standard default amount.** Allow the default order amount to be based on case-specific factors rather than uniform standards. For example, in Puerto Rico, CPs are allowed to testify relative to NCP income, past work history, assets, etc., on which an “income-estimation” can be based.
 3. **Matches with financial data.** Use historical income and tax data to set a more “reasonable” default order.
 4. **Keep the record open.** Allow the noncustodial parent to appear after the initial establishment of the default order to provide actual evidence of income and ability to pay. For example, in Connecticut, the default record is kept open for 4 months, during which timeframe the noncustodial parent can appear and provide updated income information (the parent is notified of this right at the time of order service). In Massachusetts, the record is kept open for one year, during which timeframe the default order can be set aside based on updated income information. Maryland has

a similar process, as long as the noncustodial parent can provide acceptable documentation of income. In some states, the amount is changed prospectively, not retroactively, while in others, such as Connecticut, an order based on new evidence replaces the initial order.

- **Appropriate guidelines or “Getting the right order in the first place goes a long way towards managing arrears.”** A majority of states agree that establishing an appropriate support amount is contingent upon accurately determining income - and then applying that income to a formula that calculates a fair amount of child support, yet leaves the noncustodial parent with the ability to provide for other children, if any, and basic personal needs. Establishing income can be relatively simple if the noncustodial parent is employed and receiving regular and consistent wages. In those cases where the noncustodial parent is self-employed, under-employed or unemployed, or if reliable evidence of actual income or ability to earn income is not available for any other reason, many states resort to imputing income. The same recommendations on imputing income cited in the subsection above also apply here. (Under-employed and unemployed NCPs are discussed in more detail in the following subsection). Meeting participants caution against a process that may lead to an over-estimation of income. To avoid the long-term effects of either over- or under-estimation, some participants recommend that any time an order is based on imputed income, it should be issued as a temporary or provisional order, for the same reasons that Default Orders are best established as temporary or provisional orders. Once income is established, guidelines are applied, resulting in a recommended amount (the rebuttable presumptive amount) as computed by the formula, or, if the case is subject to special deviation circumstances, an amount as established by the tribunal. Meeting participants make the following recommendations relative to child support guidelines:
 1. **Regular reviews.** Guidelines need to be reviewed, and if appropriate, revised on a regular basis. Several participants believe that guidelines are often unfair since they do not keep pace with socio-economic changes. To expedite the review, Rhode Island recommends that the process not be tied to Legislative approval. Most if not all participants agree that economists should be included in any guideline review.
 2. **Self-support reserve.** Guidelines should establish an adequate self-support reserve to provide for basic needs of low-income noncustodial parents. (The concept that the noncustodial parent is entitled to a form of “self-reserve” already exists in federal law. The Consumer Credit Protection Act establishes a limit on the amount of support that can be withheld from wages. Given that about 70 percent of collected support comes from income withholding, if obligations routinely exceed CCPA limits, a state is virtually guaranteed to have a substantial arrears problem.) Generally, participants are in agreement that guidelines should balance low-income family needs with low-income obligor realities. A possible solution is to look to outside entities that can be a source of extra income or assets to each or both sides of the equation. For example, participants suggest that the order establishment process in low-income cases should serve as a gateway to other services, such as housing, CHIP, child care, etc. Finally, to the extent that the existing guideline formula cannot be

applied successfully to low-income cases, child support may need to take the lead on requesting formula deviations.

3. **Multiple families.** Guidelines should take into account multiple-family realities as part of the obligation calculation process. Not all do. For example, in Maryland, state law is silent as to multiple-families, and no uniform standard provides a credit based on other obligations. In contrast, in the Virgin Islands, the guidelines automatically provide credit for every other noncustodial parent's child (as long as paternity is established), whether or not a respective support obligation exists. The fact that the aforementioned CCPA limits apply regardless of the number of obligations a noncustodial parent has is in itself another valid reason to consider multiple-family obligations before they lead to potentially uncollectible arrears.
- **Under-employed and unemployed noncustodial parents.** Not all under-employed or unemployed noncustodial parents are willfully under-employed or unemployed. Nor is their alleged status necessarily accurate. (Interestingly enough, Rhode Island reports that some unemployed noncustodial parents, in order to avoid the "nuisance" of court-ordered job searches, will lie and testify that they are employed, resulting in orders based on non-existent income. A poster in the courtroom waiting area advising of the consequences of such perjury might be an effective prevention technique.) Participants recommend that the state segregate, to the extent possible, those noncustodial parents that have taken deliberate action to reduce income from those that are truly unemployed or not able to be consistently employed (for example, seasonal workers). Existing interfaces with the NDNH, internal revenue agencies, etc., and collaboration with CBOs may assist in the segregation process. If the unemployment status is willful or voluntary, income should be imputed – something that Massachusetts has successfully done for years. If the unemployment status is not willful or voluntary, child support should attempt to:
 1. Collaborate with fatherhood groups and similar CBOs to assist noncustodial parents who may not be immediately employable (including those with substance abuse issues), and
 2. Collaborate with WtW/WIBs and Labor Departments to assist noncustodial parents who may be employable. Generally speaking, WtW (Note: now WIA with different rules) entities may be able to assist the noncustodial parent who is under-employed or unemployed, or having difficulty paying child support (as defined by the state), if the child(ren) is on TANF or TANF eligible.
 - **Retroactive obligations.** Meeting participants cited several arguments both for and against the concept of establishing retroactive obligations. For example, avoiding retroactive obligations will, simply stated, avoid arrears. Reducing or eliminating the retroactive obligation may enhance the noncustodial parent's ability and willingness to comply with the current obligation. On the other side, if orders are only prospective, the noncustodial parent has a built-in incentive to evade service of process for the initial hearing. Equally important, many have the ability to pay retroactive support, and the

custodial parent and child are most often in need of retroactive financial assistance. As stated earlier, state law establishes the period of retroactivity in most jurisdictions, and accordingly, flexibility may be limited. However, participants believe that the following suggestions can be helpful in developing useful strategies, one or more of which may be applicable in any given state:

1. **Ability to pay.** Base retroactive support amounts solely on the noncustodial parent's current ability to pay.
 2. **Mitigating case-specific factors.** Determine the retroactive period based on case specific circumstances; for example, did the noncustodial parent delay the establishment process or was the custodial parent or state directly or indirectly responsible for the delay; when or how was paternity established (unknowing father vs. evading father issue); etc.
 3. **Charge now – collect/settle later.** Collect the amount of retroactive arrears allowable under law, recognizing that the ability to pay changes over the lifetime of a case, and keep open the option of eventual settlement or compromise.
 4. **Mitigating noncustodial parent factors.** Consider mitigating factors related to past conduct when determining the retroactive obligation; for example, give credit for direct or in-kind support paid to the custodial parent prior to the order establishment (in TANF cases, custodial parent may need to be advised of potential consequences if support during the TANF period is acknowledged – it is also recommended that any *credit* policy clearly indicate that future direct support will not be credited against the prospective obligation); other mitigating factors can include past periods during which the child lived with the noncustodial parent or a third party, and past periods of noncustodial/custodial parent cohabitation.
 5. **Cap arrears.** Consider applying a policy similar to New York's policy of capping retroactive arrears to \$500 if the noncustodial parent can establish an income below the poverty level; i.e., this policy could be applied to retroactive and/or future arrears accrual.
- **Other “add-on” obligations.** Most meeting participants accept the proposition that establishing a fair and collectible child support obligation is difficult enough. Every obligation added on to the current child support amount, from interest to fees, makes the process that much more difficult. While everyone agrees that medical support and child care should be a component of every support order whenever appropriate, there was little consensus on the remaining “add-ons.” Participants were in general agreement that to the extent permissible under state law, each state should revisit its policy on pursuing “non-child-support” obligations. The completed arrears analysis could be useful in determining the extent to which a particular “add-on” is even an issue in a particular state.

The most controversial “add-on” is interest. Several participants believe that charging interest or any type of penalty may be counter-productive to the primary mission of collecting child support, benefiting neither the custodial parent nor the child. Maine and others indicated that their systems did not even have the capability to account for interest (creating additional issues in interstate actions, whenever Maine and similarly situated states have to interact with states where interest is routinely charged). On the other hand, if interest is not charged, will a noncustodial parent pay all other high-interest debt first? And the ability to charge interest may offer the child support agency additional leverage in potential repayment negotiations – i.e., waiving interest in exchange for good payment behavior. Nonetheless, if interest usually tends to accrue at a higher rate than the rate it is being paid, as one participant suggested, a state may want to examine to what extent the interest charge may lead to a senseless cycle of interest-generated arrears accumulations leading to arrears payment plans ultimately encouraged by interest waivers. Finally, a state should have the system capability to suspend the accrual of interest on collections held in escrow or temporarily held as a tax refund intercept in joint returns.

A state may want to consider the following potential strategies relative to “add-ons”:

1. **Caps.** Cap the amount of “add-on” collections (just as retroactive support may be capped) if the noncustodial parent’s income falls below an established threshold; and/or
2. **Flexibility.** Provide flexibility when it comes to “add-on” collections. For example, in Rhode Island, birthing and interest costs are negotiable, and the Court has discretion to stay interest charges.

In conclusion, it is important that the ultimate order establishment policy maintain the integrity of the order, ensuring that both parents continue to have reason to respect the process, and that both have the expectation that the order will be enforced in a timely and consistent manner. At the same time, the order amount that is established must be based on a reasonable likelihood that it can be collected, especially with cases involving low-income noncustodial parents. There is a consensus improving the establishment process may be one of the most effective ways to reduce the rate of arrears growth.

Next Steps:

Meeting participants recommend the following:

- States, in partnership with OCSE, should consider compiling and sharing four-year guideline reviews.
- Consider initiating a discussion/review of the order establishment process at the national level.
- Northeast states implement as many enhancements in the establishment process as possible and share outcomes.

III. EARLY INTERVENTION

Early intervention relates to up-front strategies designed to avoid or minimize the accrual of arrears. The concept is closely tied to prevention and education strategies that (1) emphasize noncustodial parent responsibility and (2) inform them of their right to request review and adjustment, modification and termination services. Early intervention also applies to developing strategies where the child support agency takes the initial step to avoid arrears accrual. The concept has two primary guiding principles: Immediately enforce the order whenever necessary and immediately adjust the order amount whenever appropriate.

Definitions:

The following terms may be relevant to early intervention and should be defined consistent with applicable federal and/or state law and policy:

- **Review and adjustment** – the periodic review of the obligation, and, if appropriate, its subsequent adjustment, conducted at the request of either party (or another state) or conducted automatically at regular intervals. Federal law currently does not require automatic reviews, and states only need to review and adjust in response to a request.
- **Modification** – the ability to adjust the obligation at any time based on a change in substantial circumstances.
- **Age of emancipation** – the age to which the noncustodial parent is normally required to support his child (in some states the age of emancipation is 18, in others it is 21; in Massachusetts support can run to age 23; and in New Jersey, the age of emancipation is not even codified).¹² In several states, the legal age of emancipation does not terminate the legal obligation to pay if the child is attending a full-time educational institution; if the child is incapacitated, the obligation to support may continue for the lifetime of the child.
- **Termination** – the date on which the legal obligation to support terminates. This can be based on the child’s emancipation, death of the child or noncustodial parent, noncustodial parent’s incapacity, being granted child custody or changes in the parents’ relationship.

Issues:

A state may need to address several issues during the strategy development phase, including:

- **Staff training and caseloads.** Staff training, whether related to outreach, conflict resolution or customer service is an important element in all aspects of arrears management. It is especially significant in early intervention strategies due to the high degree of staff involvement. Before training begins, a state should review current case management techniques to determine if they have kept pace with the latest

¹² New Jersey is expected to codify an age of emancipation in 2010.

enforcement methods made available under state and federal law. Second, training should not only focus on enforcement skills, but also on the very different set of skills required for negotiations and interactions with high-risk noncustodial parents. A state may also want to explore the benefit level of involving existing customer service staff in early-intervention outreach activities. Finally, a state should determine to what extent a worker's caseload affects the ability to provide appropriate early intervention services.

- **Interstate cases.** Several meeting participants felt that delays in enforcing interstate cases were a significant contributing factor in arrears accumulation. They blamed two-state interstate enforcement actions for the longest delays. States need to determine to what extent one-state interstate actions can be better utilized. Finally, "arrears prevention" may need to become its own topic in on-going interstate discussions.
- **Automation.** The automated system can have a positive and negative impact upon early intervention capabilities. For example, in some states, workers complain that overwhelming worklists undermine otherwise good intentions to provide early intervention services in a timely and meaningful fashion. On the other hand, automated systems could be enhanced to segregate the cases in need of early intervention from the remaining caseload, allowing staff to focus on those cases. Automated systems may also assist states in providing more timely services to the interstate caseload.
- **Wage withholdings.** Delays between order establishment or modification and the initiation of wage retentions, and delays in initiating new wage retention whenever a noncustodial parent switches jobs also contribute to arrears accumulation. States should explore strategies to reduce delays whenever possible.
- **Order terminations.** States may need to review the process for terminating orders and determine whether the process is being conducted in a timely manner. This includes an examination of who can or must initiate the termination – for example, state law may require the noncustodial parent to affirmatively request a termination. Finally, in the event that a termination was not initiated or completed in a timely manner, a state needs to decide whether to adopt a corresponding adjustment policy.
- **Noncustodial parent access to the child support process.** The noncustodial parent's access to modification and termination services depends not only upon notice but also upon the ease or complexity of the process. States should try to ensure easy and open access to any service that may mitigate arrears accrual.

Strategies:

Meeting participants recommend the following strategies (already implemented or otherwise suggested) that may enhance a state's ability to avoid arrears accrual:

- **Review and adjustment/modifications.** Immediate intervention whenever a noncustodial parent's capacity to pay changes may be a key factor in avoiding

inappropriate arrears accrual. Strategies, as suggested below, may be proactive, or reactive to a noncustodial parent or other party's request:

1. **Conduct reviews more frequently.** While a state is only required to provide review and adjustment services in three-year cycles (and only if requested), allowing for more frequent reviews should help to ensure that the initial obligation continues to be fair to both parties on a future and uninterrupted basis. For example, New Jersey conducts reviews every two years.
2. **Conduct automatic reviews.** Federal law no longer requires an automatic and periodic review and adjustment of either TANF or Non-TANF cases. No studies have been done to determine if reviews occur less frequently now that they must be requested – however, it is fair to assume that the more often reviews are conducted, the less likely that inappropriate arrears will accrue. Partly for that reason, Connecticut continues to conduct automatic partial reviews at regular intervals. New Jersey likewise automatically reviews cases on a periodic basis, and in selected Non-TANF cases, issues notices to the parties to determine interest in conducting a complete review/adjustment process. New Jersey also has a COLA adjustment policy (not requiring guideline computations unless contested) that significantly simplified the process and reduced the appeal rate. In addition, New Jersey reports that its proactive customer contact also supports general case clean-up efforts (for example, in response to the review/adjustment notice, a custodial parent may inform the agency that the child is emancipated).
3. **Provide timely actual notice to noncustodial parents.** West Virginia includes a notice about modification rights in the notice about the unemployment benefits intercept. Other states provide a notice whenever the child support system becomes aware that the noncustodial parent is unemployed. In Puerto Rico, the child support agency conducts outreach at private or government entities about to experience major layoffs, providing detailed information about modification rights (this may require establishing an interface with unions or DoL). The Virgin Islands intends to provide notice of modification rights to all newly incarcerated noncustodial parents. (The law regarding incarceration varies from state to state. In Connecticut, case law discourages downward modifications when a noncustodial parent is incarcerated. Arizona suspends the order upon incarceration. Meeting participants recommend a middle ground to the extent allowable under existing state law: Consider a downward modification based on incarceration, but only after determining that the noncustodial parent has no assets to pay support. This is in line with Maryland's most recent case law holding that incarceration will not imply an inability to pay, but it also is not a presumptive indication of an attempt to evade the obligation. See Addendum E for comprehensive information about state practices.)
4. **Simplify the process.** Use settlement conferences and hearing officers to process modifications – a solution also possible in a judicial process as long as it includes eventual judicial ratification. In fact, some judges believe that contempt actions are

really modification actions in disguise, and they may view this as an effective way to keep the number of contempt actions to manageable levels.

Develop user-friendly pro-se packages. In one state, where all modification actions have to be filed in the court, a pro-se package is readily available but difficult to complete. If the forms cannot be readily simplified, a state can provide noncustodial parents with information about fatherhood groups and other CBOs that are willing to assist in the completion of forms. In Maryland, the child support agency funds a city position assigned to help parents complete pro-se forms. Pro-se packages should be readily available in every jurisdiction, and they could be distributed via the Internet, as is being done in New Jersey and planned in Massachusetts. New Hampshire held evening workshops on the pro-se process – even though turnout was not as great as expected.

Some meeting participants suggested establishment of “Pro-se Courts,” where clerks would assist with the completion and filing of petitions, where filing fees would be minimal or eliminated, and where the court would facilitate the service of process. Mock calculations were also encouraged as a “best practice”; sort of a practice run to determine whether proceeding with a full-blown modification was justified, and a way to avoid using resources on requests that would ultimately be denied.

5. **Publicize information about review/adjustment and modification rights.** As part of the state’s general prevention activities, Delaware operates an elaborate voice-response system to provide information about the modification process. In addition, it would be in a state’s best interest if appropriate CBO’s were well informed about that state’s law and procedure on this issue.
- **Prompt termination of orders.** The following strategies may benefit any effort to terminate orders timely whenever factually appropriate.
 1. **Termination language.** Add language that the obligation will terminate upon a certain event, to the extent possible. However, in most jurisdictions, only marriage will automatically terminate an order, and most other grounds for termination will require some tribunal action.
 2. **Proactive contacts.** In jurisdictions where reaching the age of emancipation does not necessarily result in a termination of the obligation, take proactive steps to resolve the issue. For example, whenever a child reaches age 18, Connecticut is considering having the system automatically generate a letter to the custodial parent requesting information as to the child’s school status. If the parent fails to respond within a specified period, the order is terminated.
 3. **Caseload matches.** Match the caseload against vital statistics/probate records to identify deceased noncustodial parents. (Also see discussion on vital statistics matches at Section I, “Strategies,” “Arrears Analysis.”) However, if a noncustodial

parent is deceased, the child support agency may need to determine whether the estate can satisfy any outstanding arrears before a case is actually closed.

4. **Adjustment policy.** Establish a policy that allows you to adjust arrears for any amounts accumulated between the date when an obligation should have terminated and the date when it was terminated.
- **Wage withholdings and other enforcement techniques.** Enforcement tools should be initiated automatically and immediately whenever appropriate. (Participants acknowledge the fact that a state’s due-process laws may undermine that goal and serve to delay some enforcement efforts.) The following strategies, some of which extend the boundary of traditional enforcement actions, may further enhance efforts to avoid arrears accrual, especially when automated enforcement tools are not available or applicable.
 1. **Up-front notice.** Provide up-front information to noncustodial parents that they have an obligation to make support payments directly to the child support agency if the obligation is not being deducted from their paycheck. This is especially important in jurisdictions that routinely experience delays between order establishment and wage retention, and those that have large populations that engage in seasonal employment, frequently switching jobs. The notice could be incorporated into the order or served along with the order as part of a separate document.
 2. **Interim notice.** Whenever the agency receives notice from an employer that a noncustodial parent is no longer employed, immediately issue a notice that he or she may be entitled to modification services, but is otherwise obligated to continue paying support and required to inform the agency when re-employed.
 3. **30-day contact.** Consider New Hampshire’s successful policy of contacting all noncustodial parents whenever the account is 30 days in arrears. The contact can be made directly by staff or by a notice that carries an appropriate rights-and-responsibilities message. There is experiential evidence of a link between the length of time since the last payment and the success in obtaining a future payment – possibly the reason why implementing New Hampshire’s 30-day policy has been a positive experience.
 4. **90-day contact.** Automatically sort cases based on a 90-day non-payment history, and order the noncustodial parent to appear before an Administrative Hearing Officer in order to identify and resolve the non-payment issues.
 - **Interstate cases.** The concept of immediate enforcement of orders to avoid arrears accrual can be more difficult to implement with respect to the interstate caseload. Implementation hurdles include unreasonable delays in appropriate action by the Responding State, and/or a Responding State tribunal’s concerns about the validity of the debt. In response, meeting participants recommend the use of one-state interstate actions. This maintains the Initiating State’s control over the process and its timeliness.

Several one-state interstate actions are very effective, others less so. For instance, one-state interstate lien actions are very useful in seizing all available assets to pay off arrears – but not every financial institution will necessarily honor a lien from another state. In the event that a state learns about a financial institution that will not accept liens from other states, or if a state is concerned about the adequacy of its state law in regard to establishing a mandate that such liens must be recognized, requests for technical assistance to (1) educate the financial institution, and/or to (2) analyze the state law, could be directed to the appropriate regional office for technical assistance and clarification.

Next Steps:

Meeting participants recommend the following:

- Consider availability of SIP grants for projects to make the Review and Adjustment process as fair and user-friendly as possible.
- Increase utilization of one-state interstate actions that lead to arrears reduction.
- Request federal clarification on child support’s minimum responsibility to represent a requesting party in a review and modification action.
- Northeast states implement as many new early intervention techniques as possible and share outcomes.

IV. ACCRUED ARREARS MANAGEMENT

The underlying purpose of the strategies outlined in Sections I, II and III above is to avoid the accrual of child support arrears. As these strategies are implemented and reach maximum effectiveness, the scope of the prospective challenge to manage accrued arrears will diminish. However, as previously stated, the FY00 national total of accrued arrears stands at \$80 billion – and the strategies outlined above will do little if anything to reduce this debt. Accordingly, states may need to answer several questions with respect to accrued arrears: (1) What portion of the total arrears “bucket” is supportable and verifiable; (2) What portion of the total is likely to be “collectible”; (3) What are the best strategies to collect the “collectible”; and (4) What should be done with the “uncollectible” debt? Virtually all aspects of these questions touch upon two main case-specific factors: (1) What is the underlying reason for the arrearage in a particular case, and (2) will a particular noncustodial parent ever be able to satisfy the arrearage?

Definitions:

The following terms are relevant to Accrued Arrears Management. The majority of the terms cited in the previous Sections are equally relevant to this Section.

- **Unreimbursed Public Assistance (URA) and TANF Arrears.** URA is the difference between the cumulative amount of assistance paid to a family and the assigned child support collected and credited against that amount. Child support’s responsibility is limited to collecting what is owed pursuant to a child support order. However, in some

states a non-IV-D agency may enforce the collection of URA amounts that exceed the child support order. A conflict may arise if the arrears management policy does not extend to the collection of the URA excess (e.g., if the arrears are forgiven but the custodial parent's URA is not).

- **OCSE incentive formula.** With respect to arrears, a state's federal incentive payment is based on the number of cases in which a collection is made towards arrears, rather than the dollar amount of collections towards arrears. Accordingly, a collection of \$1 towards arrears qualifies a case under the criteria.
- **Arrears compromise, forgiveness or adjustment.** Action to exempt all or a portion of the TANF or Non-TANF arrearage, or any other outstanding obligation. Must have the consent of all parties that have or may have an interest in the arrearage. (Note: the federal interest in arrears does not vest until a payment on arrears is collected and available for distribution; accordingly, federal consent is not necessary in the compromise phase – see [PIQ-99-03](#).)
- **Statute of limitations.** Establishes a time frame after which an arrears amount may no longer be enforced. For example, Maryland has a 3-year statute if a debt is not reduced to judgment and a 12-year statute if the debt is reduced to judgment. In most jurisdictions, the judgment can be renewed prior to the expiration of the statutory period.

In the event that a state decides to adopt a policy authorizing the compromise or settlement of arrears, it first needs to determine who has a financial and legal interest in the various portions of the arrears bucket. Potential interests are as follows:

- Child Support Arrears owed to the custodial parent and only requiring custodial parent consent (never assigned and unassigned arrears).
- Child Support Arrears owed to the state and only requiring state consent (permanently assigned arrears).
- Child Support Arrears potentially owed to both the state and custodial parent and requiring both state and parent consent (conditionally assigned arrears; i.e., the state retains interest if a collection is made via IRS offset).
- Child Support Arrears owed to the state, but only temporarily, therefore potentially requiring both state and custodial parent consent (temporarily assigned arrears).

(Note: The question of whether a custodial parent's consent is needed to compromise temporarily assigned arrears is formally answered in the Policy Questions, Answers and Related Issues section of the Second Meeting summary.)

A similar determination needs to be made for any component of the arrears bucket that is based on something other than child support -- for example, interest, fees, spousal support, medical support and child care. A state may want to develop a state-specific matrix (see sample below) that outlines the various arrears components, with cross-references to the corresponding parties of interest.

Sample Consent Matrix

Arrears Type ⇒	Never & Unassigned	Permanently Assigned	Conditionally Assigned	Temporarily Assigned	Spousal Support	Fees
State Consent	No	Yes	Yes	Yes	No	Yes
CP Consent	Yes	No	Yes	Yes	Yes	No

The matrix can be expanded to include information about whether or not a particular type of arrearage should ever be compromised, and if so, under what circumstances. (Note: Permanently assigned arrears, if in excess of the URA balance, may revert to Unassigned.)

Issues:

A state may need to address the following issues prior to formulating an arrears management policy:

- **Conflicts with public policy.** The extent to which an accrued arrears management policy allows for compromise or suspension of enforcement activities will determine the extent of potential conflicts with existing public policy, law and/or various interest groups, including custodial parents. Generally speaking, the following conflicts may arise:
 1. Only pursuing “collectible” arrears vs. the desire to fully recoup welfare payments.
 2. Negotiated suspension of enforcement vs. legal requirements to enforce.
 3. Desire to increase federal incentive payments vs. reluctance to compromise debt.
 4. Giving selected delinquent noncustodial parents a justified break vs. sending a positive message to paying noncustodial parents.
 5. The good intention to manage arrears vs. the perception that one is rewarding criminal behavior.

Meeting participants highlight the importance of ensuring that accrued arrears management policies, if adopted, must not undermine the willingness of paying noncustodial parents to continue to honor their obligations. This is especially true for those who have paid all support due even during times of personal financial hardship. (States, such as Maryland, that have already initiated limited arrears compromise pilots indicate that it is still too early to tell if there will be a backlash from noncustodial parents who regularly pay support.)

- **Suspending enforcement.** The ability of the state to offer a suspension of certain enforcement techniques can be an effective tool in negotiating a payment plan with the noncustodial parent. Meeting participants recognize, however, that certain enforcement methods cannot be suspended since federal statute and/or state laws mandate their use. Wage withholding and federal and state tax refund offsets were specifically cited as non-negotiable federal mandates (assuming that arrears exceed statutory threshold amounts). In response to a policy clarification, credit bureau reporting was added to the

list. Policy makers also need to verify that state law does not mandate an action that federal law may not, and that the list of federal mandates has not been expanded.

- **Compromising arrears.** The child support agency should satisfactorily resolve several items before considering any compromise (a/k/a adjustment or forgiveness) action:
 1. Does child support have a comfortable degree of certainty that the arrears at issue are in the appropriate “bucket”, and that they have properly identified all parties who need to consent to the compromise?
 2. Does the custodial parent have the authority to compromise arrears under state law? For example, in West Virginia, a custodial parent is not allowed to compromise arrears but can indicate that arrears are not owed. In that state, only the court has ultimate jurisdiction to authorize a compromise.

In addition, a state may need to fashion a policy that ensures, to the extent possible, that the partial or complete compromise of the debt will have a positive effect upon future willingness or ability to pay current support. In the end, the actual impact upon the future payment of current support (both with respect to the affected noncustodial parent and the overall noncustodial parent population) may very well influence a state’s final decision to compromise or continue to compromise.

- **Selling off arrears.** Virginia indicated that it was considering the viability and legality of selling TANF arrearage accounts to a collection agency for a to-be-negotiated fraction of the dollar value. The concept found appeal among several meeting participants, including one who carried more than \$2 billion worth of outstanding debt. However, since the federal government retains an interest in arrears that vests at the time of collection, it is presently unclear whether the “sale” of arrears is permissible under federal law, and no state action should be taken until OCSE issues a policy clarification (for clarification, see [PIQ 01-04](#)).
- **Domestic violence.** Any aspect of arrears management that can be perceived as benefiting noncustodial parents and that involves or requires custodial parent consent can also heighten the potential for domestic violence. For example, the District of Columbia cited its experience that many requests for case closure were the result of threats of violence. States should take proactive steps to ensure that consent to compromising arrears (or any other action that may require consent) is not the result of similar threats of violence. Some participants suggested that any proposed policy that increases the potential for domestic violence should be rejected.
- **Interest and the arrears “bucket.”** For states that charge interest on overdue support payments, the question of whether that interest is included in the arrears amount reported to OCSE was not immediately resolved.
- **Able to pay vs. unable to pay.** Most meeting participants agree that prior to formulating final accrued arrears management policies, if they are to be successful and sustainable,

the state must be able to distinguish between noncustodial parents who appear to have an ability to pay and those who do not appear to have an ability to pay off arrears. The previously outlined discussions, issues and strategies relative to noncustodial parent classifications should be applicable here (e.g., the type classified as not having the likely ability to satisfy retroactive arrears may have the same essential characteristics of those not able to satisfy subsequently accrued arrears).

- **Accrued arrears management philosophy.** A state should clearly outline what it hopes and intends to accomplish through accrued arrears management. If the priorities are not clear, chances are the state will send a wrong message. Is the policy purpose to close dead cases, to collect all arrears, to focus on “collectible” arrears, or to simply appear more efficient by reducing arrears using all available means? A state needs to keep in mind that how its arrears management philosophy is ultimately justified may have a significant impact on the future integrity of child support orders, on relations with custodial parents and on prospective payments. It therefore makes sense that the policy for reducing a legal debt is justified as a cost-effective management tool and that it is not perceived as a windfall for the noncustodial parent. Finally, participants recommend that the adopted policy reflects the current state of the economy (a significant determinative factor relative to ability to pay), and that the policy can be easily adjusted in order to accommodate future economic changes.

Strategies:

Meeting participants recommend the following strategies (already implemented or otherwise suggested) that may enhance a state’s ability to successfully manage accrued arrears.

- **Caseload Clean-up.** To the extent that the state has not already conducted the clean-up activities recommended in Section I and III, the following should be considered:
 1. **Matches with Vital Registry.** Conduct matches with Vital Statistics and Probate Records to identify all deceased noncustodial parents in the caseload. Request regular regional office updates on proposed plans to match FCR with SSA death records and utilize this process once implemented. Prior to case closure, ensure that no action can be taken to satisfy arrears (e.g., levies against the estate).
 2. **Emancipated children.** Identify all cases in which children are emancipated and the current order remains in effect, and request regular custodial parent updates on the child’s school status to determine continued eligibility to receive current support.
 3. **Federal case closure criteria or “closing dead cases.”** Review cases to determine whether they qualify for case closure pursuant to 45 CFR 303.11. For example, case closure is allowable when the arrearage is less than \$500 or unenforceable under state law, or when the noncustodial parent’s location is unknown and the state’s diligent efforts to locate have been unsuccessful. Even where modification of an incarcerated noncustodial parent’s order is not legally permissible, if incarcerated

without chance for parole and the noncustodial parent is not able to pay support for the duration of the child's minority, it may be possible to close the case.

4. **CSENet.** To the extent possible, maximize the use of CSENet to update, verify and correct arrears balances in interstate cases.
 5. **Unreimbursed Public Assistance (URA).** Federal regulations mandate that the history of past assistance paid to a family is maintained for a period of at least 3 years (beyond 3 years is optional). Should a state determine that large URA balances are counterproductive to arrears management goals, if permissible under state law, it may decide to calculate URA only for the minimum period of three years retroactive from the date of a given distribution. (See [OCSE-AT-97-17](#)).
 6. **Interest.** To the extent that state law allows interest to be excluded from officially reported arrears, appropriate adjustments should be made to the arrears "buckets."
- **Enforcement.** Massachusetts points out, even one dollar of debt collection counts towards the federal incentive calculation, and that state routinely attempts to collect at least something in every arrears case. If the enforcement effort goes beyond automated collection functions and requires more intense staff involvement, efforts should focus on those noncustodial parents determined by a state as most likely able to pay (this may involve the use of credit histories, CBO assistance and private industry best practices, ultimately leading to a segregation of the collectible debt from the uncollectible debt). Most meeting participants agree that a state should aggressively attempt to use all available enforcement techniques prior to considering debt compromise. Some suggestions are as follows:
 1. Maximize use of FIDM. New Jersey has found that the expanded use of FIDM led to the satisfaction of a significant number of outstanding TANF arrears accounts.
 2. Expand use of one-state interstate actions.
 3. Emphasize the importance of good credit (ability to refinance at lower interest rates) and publicize the thresholds for credit bureau reporting to encourage payments.
 - **Suspending enforcement and other state strategies.** Many states have been successfully offering a suspension of certain enforcement tools in exchange for regular payments towards current support and/or arrears. While some enforcement tools must be utilized (see *Definitions Subsection* above), generally speaking, a state has broad discretion as to when and how to enforce an obligation. In some states (and if permissible under state policy) the child support agency may be able to reduce future payments towards arrears in exchange for regular future payments. These strategies are based on a performance-based approach – i.e., the noncustodial parent makes regular payments in exchange for some state concession. Most include some pre-determination of a limited capacity to pay. Some states apply the strategy to all noncustodial parents; other states limit the strategy to arrears-only cases. Suggested strategies are as follows:

1. **Amnesty programs.** Suspend outstanding warrants (on a one-time basis) in exchange for a lump-sum payment towards arrears or in exchange for an agreement to pay off arrears pursuant to a mutually agreed upon schedule. Virginia combined an amnesty program with an innovative initial enforcement action – i.e., arrest warrants were issued against 57,000 targeted noncustodial parents, who were then given the opportunity to enter into payment plans. If a payment plan was accepted, the warrant was quashed. To date, 24,000 agreements have been reached.
2. **Licenses.** Agree not to suspend licenses (especially effective as to driver’s licenses) for as long as the noncustodial parent makes payments on an approved schedule.
3. **Interest.** Suspend future interest charges on arrears for as long as the noncustodial parent makes payments pursuant to an approved schedule.

A corresponding strategy is to adopt a policy that applies payments to the debt (principal) first, in order to reduce the rate at which interest would otherwise accumulate.

4. **Court-based enforcement.** Suspend contempt actions as long as the noncustodial parent makes payments pursuant to a schedule, or as long as the noncustodial parent cooperates with work searches and other re-employment activities. For example, in Maryland, court-based enforcement actions are suspended if the noncustodial parent signs and complies with a Personal Responsibility contract and/or attends substance abuse counseling and treatment.
- **Third-party payments toward arrears.** In a pilot project conducted in Allegheny County, Pennsylvania, the Goodwill Foundation pays a percentage of arrears (up to a maximum grant of \$5,000) in exchange for the noncustodial parent’s participation in a program designed to facilitate gainful employment and encourage the future regular payment of child support. Payments are made each time the noncustodial parent completes a significant program benchmark toward employment and compliance with the support obligation. The program lasts a maximum of six months, and the child support order can be modified during the enrollment period. Program activities range from parenting and Life Skills training to driver’s education (and acquisition of a vehicle as needed for employment purposes through Goodwill’s auto auction) and post-employment career development. Within the first year, 2 noncustodial parents completed the program, 14 actively participated and 4 were terminated for non-compliance; 15 were employed with a mean wage per hour of \$7.74.
 - **Compromise and settlement.** A number of meeting participants expressed reluctance about compromising all or even a portion of a noncustodial parent’s debt. For example, West Virginia took the position that compromise may never be a good policy (even though the state may consider writing off a debt after 10 years of account inactivity). The general preference of meeting participants was for enforcement, suspension of enforcement in lieu of a payment plan, or holding arrears in abeyance – i.e., “it is better to defer the collection than to forgive the debt permanently.” Maine stated that it

probably would not agree to compromise large amounts of arrears, believing that the future usually holds out collection opportunities. In identifying policy considerations, the group also considered the likelihood of future collections success using automated tools as well as equity issues.

Compromising arrears may nonetheless be an appropriate accrued arrears management technique for some states under some circumstances. For example, one state conducted a match between the SCR and Mental Health records and found that more than 5,000 noncustodial parents experienced mental health problems of varying degrees. Arguably, a percentage of those may have a permanent inability to pay either current or retroactive support, or they may have lacked the capacity to request modifications in the past. Other states may have “questionable” TANF arrears that should not be enforced, but could be used as compromise leverage to negotiate a payment plan for the supportable remainder of the debt. New Hampshire believes that the system of computing arrears is at times unfair, especially when the noncustodial parent had no pre-summons knowledge about his or her duty to support. The following examples reflect some circumstances under which some jurisdictions may consider compromise appropriate:

1. **Arrears-only cases.** Connecticut has a compromise policy that currently requires court approval (legislation is pending to grant child support independent authority to compromise). The policy is limited to TANF arrears-only cases, is based on the state’s best interests, and results in the stipulation of a reduced amount in conjunction with a payment plan.
2. **Formula-based policy.** Virginia has a debt-compromise statute that uses a formula to establish a reduced debt amount based on the number and amount of periodic payments that would otherwise be required to pay off the existing debt. Vermont uses a formula to calculate a *percentage lump-sum payment* of the total debt, the percentage being dependent upon the estimated number of years that would otherwise be required to pay off the debt (the higher the number, the lower the percentage). The entire debt is erased if the lump-sum payment is made.
3. **Low-income noncustodial parents.** Maryland operates a pilot compromise program that is limited in scope to TANF debt and low-income noncustodial parents who are presently receiving services from a CBO (substance abuse, unemployed, low skill/educational levels, etc). The CBO refers the noncustodial parent, and he or she must agree to cooperate with the CBO in the respective service plan that is designed to lead to eventual employment and regular payment of current support. Child support screens the cases, and if accepted, suspends enforcement actions. If the noncustodial parent successfully completes the initial 6 months of training, the debt is reduced by 25 percent. Thereafter, each completed 6-month period of regular current support payments qualifies for an additional 25 percent reduction, up to and until the entire TANF debt is forgiven.

Domestic violence can be an issue whenever the custodial parent’s involvement is required in the arrears management process. Participation is most likely required when the state decides to compromise the debt or limit the use of what would otherwise be routine enforcement actions. Meeting participants recommend that caseworkers receive appropriate training for domestic violence and recognize that it can be an issue even in cases without a domestic violence indicator. If the case history includes evidence of domestic violence (or the potential for domestic violence), one state recommends that any suspension or compromise action is subject to court approval. In conclusion, states should take proactive steps to ensure the custodial parent’s required involvement in any arrears management action is accomplished safely and that decisions are voluntary.

Next steps:

Meeting participants recommend the following:

1. Request federal clarification on whether credit bureau reporting is a mandated enforcement action.
2. Request federal clarification on whether TANF arrears can be sold to collection agencies.
3. Request federal clarification on whether the interest on debt charged in a particular state has to be included in the arrears amount reported on OCSE Forms.
4. Request federal clarification on whether the custodial parent has to consent to the compromise of temporarily assigned arrears.
5. Request federal clarifications on mandates to collect arrears after all children in the order have emancipated and are no longer entitled to current support.
6. Share end-result of Massachusetts analysis of appropriate arrears management policies with respect to criteria, internal process, etc., when available.
7. Explore desirability and need for state-developed national standards so that noncustodial parents receive equal and similar treatment across state lines.
8. Explore possibility of developing an “inactive/suspense” case type that is only subject to “automated” enforcement, based on a pre-determination that the state has taken all reasonable steps to enforce and collect, but without success.
9. Northeast states implement as many new Accrued Arrears Management techniques as possible and share outcomes.

ADDENDUM A – Highlights of Issues

Prevention	Order Establishment	Early Intervention	Accrued Arrears Management
Arrears Bucket Analysis	Re-examine Establishment Process	Staff training and caseloads	Who consents to compromise
Pre-IV-D outreach	Court or Administrative	Interstate actions	Conflicts with public policy
Involvement of CBOs	Re-examine retroactive concept	Reduce delays in enforcement	Who is able and who is not able to pay off
Cost-effectiveness	Review need for “add-on” amounts	Immediate termination if appropriate	Define state reason for policy
Focused NCP/potential NCP outreach	Accommodate low-income NCPs	NCP access to modifications	Effect on state incentive payments
NCP-friendly outreach	Review Default process	Review and adjustments	Enforce or suspend enforcement

ADDENDUM B – Highlights of Strategies

Prevention	Order Establishment	Early Intervention	Accrued Arrears Management
Dissect Caseload Develop Matrix	Develop better guidelines	Match with Vital Registry to terminate orders	Caseload clean up – apply case closure criteria
Use Internet – Websites	Cap retroactive and add-on amounts	Proactive contact at child emancipation	Maximize use of FIDM
Cross-train with CBOs	Temporary Default orders – keep record open	Frequent automatic reviews of order or pro-active contact	Suspend enforcement in exchange for payment plan
Segregate Unable from Unwilling NCP	Regular review of guidelines	Proactive NCP contact at time of unemployment	Suspend interest in exchange for payment plan
Include CP outreach	IV-D as Gate to WtW and CBOs	Simplify modification process	Compromise uncollectible arrears
Use innovative media	Self-support reserves For NCPs	30/90-day contact after non-payment	Sell policy as “cost-effective”

THE SECOND MEETING

NORTHEAST REGIONAL ARREARS MANAGEMENT GROUP

INTRODUCTION: Region I, II and III state child support directors, managers and their private and federal partners convened in Philadelphia on November 8 and 9, 2001, to continue the arrears management discussion that was initiated earlier that year. The focus of the second meeting was threefold: (1) resolve outstanding policy issues and identify new issues; (2) summarize *Northeast Workgroup* activities implemented since last April and identify corresponding *good ideas* and *best practices*; and (3) identify Next Steps.

The meeting opened with remarks by David Lett, ACF Region III Administrator; Mary Ann Higgins, ACF Region II Administrator; and Joanne Krudys, ROII CSE program manager. Each speaker stressed the continued importance of developing appropriate and innovative arrears management policies. The officials likewise recognized and applauded the lead Northeast states have taken with regard to this issue. The meeting included presentations by David Arnaudo, Deputy Director, OCSE Division of Planning, Research and Evaluation, who outlined the details of a recent task order designed to benefit low-income noncustodial parents, and Sheck Chin, Special Assistant to the Director of the Division of Policy, who provided responses to several outstanding policy issues. Elaine Sorensen (Urban Institute) provided an overview on California's recent study to estimate the collectibility of outstanding arrears. The meeting concluded with state activity, best ideas and next-step discussions, led by Alisha Griffin, New Jersey Director, and Teresa Kaiser, Maryland Director. Jens Feck, ROII Program Specialist, moderated the meeting and summarized the outcome.

The meeting was conducted in conjunction with the *Northeast Hub Welfare-to-Work and Child Support Conference*,¹³ jointly sponsored by the Administration for Children and Families and the U.S. Department of Labor. Arrears-meeting participants thus had the unique opportunity to collaborate simultaneously with their state and U.S. Department of Labor and Welfare-to-Work partners and to learn about myriad noncustodial parent-friendly programs that promise a potential for successful integration into arrears management policies.

The outcome reflects the accomplishments Northeast states have made in re-examining, re-defining and re-inventing arrears management policies – a direct consequence of last April's joint commitment to address this important national issue. The summary captures the meeting participants' thoughts and good ideas, organized under the previously established *Discussion Framework's* four categories: *Prevention*; *Order Establishment*; *Early Intervention*; and *Accrued Arrears Management*. All policy initiatives and enhancements cited in this summary seek to improve customer service, program efficiency and collection rates. However, adequate statistical or anecdotal information is not yet available to evaluate the effectiveness of some new initiatives. Participants recommend that Northeast states meet again to complete the evaluation processes and further supplement the list of best ideas and practices. In conclusion, the Northeast partnership remains committed,

¹³ ACF regional offices were previously organized into geographical "Hubs"; the Northeast Hub included Regions I, II and III. The Hub organizational structure no longer exists.

through this and future summary updates, to contribute to the national dialogue around preventing and managing arrears.

POLICY QUESTIONS, ANSWERS AND RELATED ISSUES

The first regional meeting ended with several policy issues and questions remaining unresolved. OCSE offered the following clarifications and policy statements in response.

1. **Question:** What is child support’s minimum responsibility in representing the requesting party in the Review and Adjustment process?

Answer:

- a. States are mandated to conduct Reviews and Adjustments.
- b. If appropriate as a result of the review, states must adjust the order in accordance with state guidelines for setting child support award amounts.
- c. There is no IV-D requirement to “represent” either party in the process of conducting a review and/or adjusting the order.
- d. The state’s role is not to advocate either an increase or a reduction in the amount of the order, but rather, to facilitate whatever adjustment is appropriate.
- e. While it may be true that indigent obligors can be entitled to representation under state law or court rule, Congress enacted Title IV-D of the Act to establish and enforce the obligations owed to custodial parents, not to defend obligors who failed to comply with such orders.
- f. Appointment of defense counsel for obligors is a state or local governmental responsibility beyond the scope of functions required by Title IV-D.
- g. FFP is not available for costs associated with the legal representation of either party in IV-D cases. (See PIQ 93-04; 45 CFR 304.23 lists expenditures not eligible for FFP.)

- 1A. **November Meeting Follow-up Question:** Is Federal Financial Participation (FFP) available for legal representation in Review and Adjustment proceedings that may be required pursuant to UIFSA?

Answer:

- a. States are required to provide Review and Adjustment services upon request in UIFSA cases; however, there is no specific federal requirement under the child support program to provide legal representation for applicants or recipients of services. States may refer them to pro-se processes.

See OCSE [IM-93-03](#) for additional information regarding the role of the state child support agency and its personnel in performing child support functions. The IM illustrates alternatives states may wish to consider to address or alleviate concerns about the scope of their role, as well as resolving such issues as representation, conflicts of interest, and children’s best interest when taking action to establish, enforce or adjust a child support order. The

paragraph under “Review and Adjustment” encourages states to enact legislation or obtain an Attorney General’s opinion that specifically identifies who the child support agency and its attorney represent. It may also be helpful for states to include an explicit statement on the application or referral form that provision of child support services does not constitute or create an attorney-client relationship between either party and the state child support agency or its employees or agents. Attorneys performing child support functions described above are eligible for FFP.

2. **Question:** Is credit bureau reporting a federally mandated enforcement action?

Answer:

- a. Credit bureau reporting requirements are found in section 466(a)(7) of the Social Security Act (the Act).
- b. States are required to have procedures that establish periodic reporting of child support arrears information to Credit Reporting Agencies.
- c. States must report to Credit Reporting Agencies the name of any parent who owes overdue support and is at least two months delinquent, subject to three exceptions/conditions: (1) if the amount of arrears is less than \$1,000, reporting is optional; (2) prior to reporting, notice and the opportunity to contest must be provided to the noncustodial parent; and (3) reporting is waived if the state has determined that the Credit Reporting Agency does not have sufficient capability to make systematic and timely use of such information, or if the Agency has not furnished satisfactory evidence to the state that it is in fact a legitimate Credit Reporting Agency.

3. **Question:** Can child support sell TANF arrears at discounted rates?

Answer:

- a. [PIQ 01-04](#) expresses OCSE’s position regarding the sale of child support arrearages to a private firm at discounted rates.
- b. Any attempt to discount assigned child support arrearages would be prohibited by the Act and implementing regulations.
- c. Distribution requirements of child support collections in section 457 of the Act require the state to pay the federal government its full share of any assigned collection.
- d. So long as the debt remains enforceable in the original judgment amount, the federal government is entitled to the full federal share of a collection assigned to the state under Title IV-A (TANF) regardless of whether the collection is made by a state agency, paid voluntarily, or collected by a private entity.

4. **Question:** If a state charges interest on overdue child support, does the outstanding interest charge have to be included in the “arrears amount” reported on OCSE reports?

Answer:

- a. If interest is considered child support under state law, then the interest charged is included in the arrears amount and should be reported on line 26 of OCSE 157 (Annual Report).

5. **Question:** Does a CP have to consent in order for the state to compromise temporarily assigned arrears?

Answer:

- a. Any compromise of child support arrears that have not been permanently assigned to the state would require the agreement of the obligee. State law may further require that the court or administrative authority must endorse any agreement affecting child support to ensure that the best interests of the child are protected.
- b. Child support arrearages that have been permanently assigned to the state under Titles IV-A, IV-E or XIX of the Act may be compromised by an agreement between the obligor and the state (as the assignee of the obligee). (See [PIQ 00-03](#))

6. **Question:** Is there a federal mandate that obligates states to collect arrears if all children are emancipated and no longer entitled to current support?

Answer:

- a. 45 CFR 302.33(a)(1)(I) establishes that child support services will be available for anyone applying for service.
- b. As long as collections of arrears are enforceable under state law, the state should seek arrears until the case closure.

For more information or questions relative to the above cited policy issues, contact OCSE.

OCSE staff also presented information on research activities and funding sources that can support a variety of state efforts to enhance and/or initiate arrears management policies. For example, states were encouraged to consider SIP grants as a potential option for funding *arrears prevention* campaigns or other arrears management activities.

The OCSE presentation concluded with an overview of task order 24 (dated 10-16-01), which seeks to examine at least 16 OCSE-identified policies or practices in terms of their corresponding impact upon the payment compliance rates of low-income noncustodial parents (negative, positive or neutral). The task order will also examine the specific child support guideline issues that were raised in an OIG report on low-income fathers. Arguably, the task order may constitute a first-step response to last April's Northeast Hub request that the entire order establishment process be discussed and reviewed at the national level. The task order's specific targeted policy areas are as follows:

- Establishing appropriate orders: guidelines, minimum order amounts and deviations.

- Dealing with missing and incomplete income information: automatic interfaces with data banks to generate more reliable income info.
- Retroactive support and fees: fees and length of retroactivity of obligation.
- Interest on arrears: imposing and collecting interest on unpaid support.
- Notifying noncustodial parents: how is a noncustodial parent notified of variety of child support actions.
- License revocation: license revocation as a sanction and tool to encourage compliance.
- Default procedures: how is order established when noncustodial parent fails to appear.
- Review and Adjustment: periodic and “substantial change of circumstance” modifications.
- Appeals: focus on appeal of default orders based on relevant employment info.
- Incarceration: modification and suspension during periods of incarceration.
- Arrearage management: adjustments to arrears balance to encourage payment of current support.
- Amnesty: policies to encourage noncustodial parents to renegotiate payment plans or come forward for other actions without fear of penalty.
- Case management: use of specialized case workers, telephone contacts and other customer services to promote communications with low-income parents.
- Referrals to employment programs: linkages and referrals to programs offering employment services.
- Access and visitation programs: linkages and referrals to programs offering access and visitation services.
- Reunification: collection suspension and compromise of arrears when parents reunite, marry or remarry.

The contractor is charged with conducting a national search for relevant state and local practices that address low-income noncustodial parent issues, and, based thereon, to develop a list of promising approaches in each of the stated policy areas.

CALIFORNIA'S COLLECTIBILITY STUDY AND OTHER NON-HUB-SPECIFIC ARREARS MANAGEMENT ISSUES AND IDEAS

The California Study – a Preview:

Elaine Sorensen of the Urban Institute provided a brief summary of the Urban Institute's recent project to determine the collectibility of California's child support arrearage. Total current national arrears are estimated at over \$84 billion (source: OCSE, August 2001). California's share of the total amounts to approximately \$14.4 billion (source: DCSS, March 2000). The Urban Institute's study attempts to determine how much of California's child support debt is realistically collectible. The study relied heavily on the use of automated databases and respective data cross-matching. Databases, other than the DCSS Integrated Intercept data base, included tax files from 1996 to 1998, EDD quarterly earnings files, FIDM, Wage Master files, MediCal, and state prison, youth authority and death records. Some of the study's highlights are as follows:

- Median debt was \$9,447 while average debt was \$17,288.
- The significant discrepancy between the median and average debt amounts relates to the fact that only 11 percent of noncustodial parents owe 45 percent of the total debt.
- Noncustodial parents with incomes of less than \$15,000 per year owe 80 percent of the total debt.
- 22 percent of debtors had a recent annual net income of between \$1 and \$5,000, a ratio of debt to net income of 7.58, and a ratio of annual current support to net income of 2.11.

In conclusion, based on three different assumptions, i.e., that either 30, 40 or 50 percent of net income will be paid towards child support, it is estimated that over a period of 10 years, respectively, only 15, 20 or 25 percent of the March 2000 debt will be paid off. For more information, please contact the Urban Institute or OCSE.

CLASP indicated that it was in the process of using the aforementioned Urban Institute data in order to develop specific debt collection strategies for California. In addition, CLASP will be recommending policy changes and initiatives designed to avoid future arrears accrual. These recommendations will address the impact of (1) interest charged on the debt, and (2) default order avoidance. The expected study completion date is December 2001.

With respect to the "interest on debt" issue, participants relate that information presented at recent workshops and meetings seems to indicate that states that currently charge interest will continue to do so, and that states that do not currently charge interest are unlikely to start doing so. Participants also referenced a 1993 Washington State study that concluded that the administrative cost of imposing an interest charge on arrears outweighs the potential monetary benefit. A 1994 Policy Studies Inc. report prepared for Oregon likewise concluded that it would not be cost-effective to enter positive interest balances on existing cases as part of its automated system case reconciliation process. The report estimated that less than \$3.5 million of the \$421 million in accrued interest would be

collected over a four-year post-implementation period. For more information on the status of the CLASP CA report, please contact CLASP. For more information on the Oregon study, please contact Policy Studies.

Other Issues and Ideas:

- OCSE recently issued Information Memorandum [IM-01-09](#) (dated 11-13-01) that encourages state agencies, courts, legal associations and the Department of Defense to timely inform all reservists activated for Operation Enduring Freedom of their right to request a review, adjustment and/or modification of their current child support award or obligation, and to assist reservists in that process. The IM is consistent with Northeast Hub recommendations that all custodial and noncustodial parents be provided timely and regular notice of their rights to seek order modifications, via proactive measures by child support agencies in collaboration with non-IV-D partners.
- California recently enacted legislation that mandates IV-D/IV-E collaboration for developing standards and policies pursuant to which IV-E cases would be referred to child support for establishment and enforcement activities. The legislation requires standards under which IV-E cases would not be referred to child support if the act of paying child support were likely to interfere with state efforts at family reunification. The legislation also calls for an arrears forgiveness policy that would apply to cases where a family has already reunited, and the payment of arrears is likely to undermine said reunification. State agencies have been given two years in which to develop and implement the mandated standards and policies.
- The National Center for Strategic Nonprofit Planning and Community Leadership (NPCL), Partners for Fragile Families Peer Learning College, issued a “Managing Arrears: Child Support Enforcement and Fragile Families” report in May 2001. The report offers a wide range of recommendations that can assist states in the development of arrears management policies, especially those designed to target low-income parents. The report can be obtained at the “workplace” section of the NPCL website, www.npcl.org.
- Meeting participants offered a unique and potentially promising arrears management proposal for consideration. The proposal applies to upward modifications of the current support amount, and suggests that the additional amount of current support a noncustodial parent would otherwise be required to pay is applied as an additional payment towards outstanding arrears instead. (For example, the noncustodial parent has substantial arrears and an existing order of \$200 towards current and \$50 towards arrears. Pursuant to a modification process, the noncustodial parent would be required to pay an additional \$50 in current. The tribunal instead requires the noncustodial parent to continue to pay \$200 towards current and increases the payment towards arrears to \$100.) A child support guideline deviation scheme is probably required for such policy to meet federal and state mandates. For example, to redirect the current amount towards arrears, a tribunal may decide that application of the guidelines would be unjust or inappropriate based on a finding that the total outstanding arrears amount is large enough to undermine the noncustodial parent’s future ability to pay current

support. The tribunal may also need to determine that the arrears are not the result of willful failure to pay. (See section 467(b)(2) of the Act.) Such guideline deviation and *redirection* policy would not reduce the total dollar amount paid to the Non-TANF family; instead, it would reduce the total arrears amount – a portion of which may eventually be uncollectible anyway. (Note – a state that decides to explore this concept may need to consider the following: (1) if applied to TANF arrears, the family would experience a net loss in support, and (2) if applied to Non-TANF arrears, the policy may constitute an indirect compromise of arrears, and as such, may require custodial parent consent.)

- Minnesota has completed a Child Support Delivery Study that establishes a Client Analytic System. The System design segregates noncustodial parents into five major categories (based on readiness, willingness and ability to comply with child support obligations). Corresponding child support strategies and actions were crafted to meet the needs of each group – with the overriding goal to maximize the payment compliance rate in each category. Special outreach brochures aimed at each noncustodial parent category were recently distributed. In general, the categories and corresponding child support strategies follow:

1. Complying NCP	-	Reinforce and reward
2. Misinformed/uninformed NCP	-	Inform
3. Unable to pay NCP	-	Enable and connect
4. Reluctant NCP	-	Motivate and prod
5. Evading NCP	-	Compel

- The American Public Human Services Association’s (APHSA) June 2001 Washington Memo included a 7-page article on Child Support Arrears, citing the considerable attention that has recently focused on this subject, and mentioning the Northeast Hub’s April 2001 meeting as an example. The article discusses the major reasons that underlie arrears accumulations, and provides examples of strategies that can both prevent and reduce arrears. For more information, please contact APHSA.
- The National Conference of State Legislatures has established a workgroup addressing child support arrears and other issues impacting low-income fathers and families.

STATE UPDATES

This section outlines recent Northeast state arrears management activity, grouped, to the extent possible, under the following categories: Prevention/Early Intervention; Order Establishment; and Accrued Arrears Management. Addendum C of this Summary provides additional and detailed information on several of the activities cited below in more formalized “Best Practices – Good Ideas Implementation Updates.”

Prevention and Early-Intervention:

New Hampshire – State has a Fatherhood project linked to TANF employment projects. Success of the project is tied to assignment of a full-time staff person who has extensive experience in areas of public assistance, employment and child support. As a result of the project, District offices are seeing significant increases in referrals to TANF employment programs. Prior to the Fatherhood project, a failure to keep referral records, and a failure to obtain post-referral feed-back were seen as reasons for historic low participation rates, and new project-initiated changes that mandate record keeping and post-referral feed-back are seen as reasons for current success. The project is statewide.

New Hampshire – State has implemented a weekly and monthly reporting system within the local and district office network that identifies/segregates cases that have and have not received payments towards arrears, and further identifies cases in which all payments have recently stopped. Child support employees use the reports to better focus work efforts. State believes that this formal and regular case segregation has resulted in a 5 percent increase of cases paying towards arrears over the last year.

Maryland – State has drafted and is seeking a sponsor for legislation that would temporarily reduce an obligor’s child support obligation to \$25 per month, for as long as the obligor is incarcerated and for a 60-day period following the obligor’s release. Application is limited to periods of incarceration that exceed one year, and the law does not apply if the obligor was jailed due to failure to pay support, for domestic violence or a crime against a child. The modification occurs only at the obligor’s request, and only after the obligor is released, and all assets available to the obligor during the incarceration must be considered during the modification process.

New York – State initiated a Child Support and Welfare-to-Work Information Sharing Project on October 30, 2001, establishing a formal process whereby child support shares information with WtW programs with respect to noncustodial parents in TANF cases. The project’s aim is for WtW programs to contact noncustodial parents in TANF cases who are unemployed or underemployed and connect them with available WtW programs. Ultimate goals include the regular payment of child support and a family’s financial self-sufficiency.

New Hampshire – The Berlin Local Office (servicing a rural area with a relatively high unemployment rate) has divided its caseload into maintenance and enforcement cases. Noncustodial parents in cases assigned to the enforcement side receive a debt notice upon 30 days of non-payment; a license revocation notice after 60 days along with notice for

request for a show-cause hearing. While caseworker ownership was an issue, enforcement workers report that the case segregation based on case-status (maintenance or enforcement) rather than case-identifier (either parent's name), and a corresponding division into different skill level functions, increased overall case processing efficiency.

Puerto Rico – The Commonwealth continues its outreach program to employees who expect to experience layoffs or similar workforce reductions. The outreach is initiated based upon information provided by the Department of Labor (notice of plant closings, etc.), and takes place at the actual site of employment. A one-stop task force (representing all government agencies, including child support) conducts the outreach visit designed to assist employees who face imminent layoffs. At times, requests for modifications can be completed on-site. Child support was able to reach 298 affected employees during the period from July to September 2001, and has the following replication advice critical to the program's success: (1) coordinate with your employer community; (2) intervene with employees prior to the layoff; and (3) collaborate with DoL.

Connecticut – State recommends simplifying all notices to the noncustodial parent to the fullest extent possible. Since statutory requirements may nonetheless mandate the use of certain and more complicated language, child support has devised a lawyer-friendly response: Put simplified language addressing noncustodial parent needs on the front page; put the otherwise required "legalese" on the back page.

New York – State has a county-based child support system. In order to spread the new arrears management philosophy, the state office initiated a county-level training program designed to educate legal staff on arrears management issues and policies. Generally speaking, Northeast Hub states agree that training for and by child support staff is critical to successful arrears management, and the training process must result in staff buy-in to the policy.

Pennsylvania – State has a unique program that seeks to reduce continued arrears build-up by eventually terminating the support obligations of noncustodial parents who are mothers. This *Motherhood Program* offers services and training to noncustodial mothers designed to result in regaining custody of her children.

Connecticut – State is developing a proposal to prevent the establishment of unrealistically high arrearage debts in TANF default situations. In the past, retroactive support was established using a flat grant default judgment. Under the new proposal, retroactive support would be based upon the noncustodial parent presumably earning the state sanctioned minimum wage. Generally speaking, all Northeast states recognize the importance of establishing fair child support obligations whenever the noncustodial parent is in default, and whenever income has to be imputed.

Virginia – State, in recognition of staffing issues (insufficient staff to adequately process caseload), recommends that child support agencies collaborate with other state agencies that may provide services essentially similar or identical to certain child support case

processing functions. For example, law enforcement agencies may be able to assist with locate and service functions.

Order Establishment:

New York – State has “minimum order” program designed to encourage low-income noncustodial parents to participate in the order establishment process, thereby avoiding default situations, potentially higher current support amounts, and potential future arrearages. If the noncustodial parent appears, the program provides that current child support amount, whenever appropriate, is set at \$25 per month, and that arrears are capped at \$500.00.

New Jersey – State initiated a “Benchmark” project that provides Judges with concise yet basic information on how to move unemployed and underemployed noncustodial parents into appropriate WtW and related work programs. Generally speaking, WtW entities in most states are able and willing to accept additional parents for job training and placement, and in many instances, the lack of referrals is the reason for open slots.

New Hampshire – State child support legal unit has established an interface relationship with the state Department of Corrections and is accepting referrals from the Department for paternity and order establishment services, as well as requests for review, adjustment and modification services. The child support side of the process is centralized so that a particular district office is not unduly burdened – e.g., a district may include several DoC sites.

New Jersey – State child support agency has intensified collaboration with the Family Court in order to enhance the Court-to-child support interface process. Because of this process, the data exchange begins immediately after the verbal entry of the order. Prior to this new agreement, the data exchange did not begin until after the order was signed by the presiding Judge – a process that often resulted in substantial delays in child support actions to initiate income withholding and otherwise enforce the order, and always resulted in increased amounts of “built-in” arrears. (Note – with few exceptions, findings and conclusions do not change between issuance of the verbal order and execution of the written order.)

West Virginia – State has no maximum limit on the retroactive period of a child support obligation. The state sees child’s rights and needs relative to child support as overriding, and will pursue retroactive support obligations even against noncustodial parents whose parental rights have been terminated – i.e., who no longer have a legal obligation to pay current support.

New Hampshire – State is using language on summons and notice-to-appear similar to the “YOU MUST APPEAR” language used in Connecticut. It finds that “you must appear” or “you must attend” language is very useful in drawing noncustodial parents into the establishment process and thereby avoiding default situations.

Accrued Arrears Management:

Virginia – State has initiated a two-phase pilot “Barriers Project” that provides the Family Court with an alternative to jailing noncustodial parents whose payments are irregular and who have substantial arrears. Instead, they are *sentenced* to the Barriers Project, a case management process that relies on a network of community agencies that can identify and address specific barriers – e.g., transportation, drug/alcohol addiction, irregular work patterns, conflicts with the custodial parent or children, etc. The case manager identifies the appropriate service agency, makes the referral and then evaluates the agency’s impact upon the future ability to pay regular support. The project focuses on noncustodial parents who are willing yet presently unable to pay support.

Pennsylvania – State recently lowered the threshold amount for state tax intercepts to \$11.00 (in many states, the threshold amount is set at the federal TANF threshold of \$250.00). Because more cases qualified for state tax intercepts, the state collected an additional \$1,300,000 between April and August 2001.

New Jersey – State conducted an Amnesty Project in October 2001, under which active child support-related warrants were voided upon receipt of a payment towards arrears. State collected over \$800,000 in one week.

Pennsylvania – State is expanding the Allegheny County Goodwill Foundation program (a pilot project that uses foundation money to pay off child support debt) to a statewide, state-funded program in 2002. Under the program, the state pays up to \$5,000 of TANF and/or Non-TANF arrears, conditional upon the noncustodial parent’s participation in work programs. If the state payment is applied to TANF arrears, the state calculates and forwards the federal share; i.e., the TANF arrears are paid, not compromised.

Maryland – State submitted a grant application to put into effect and evaluate the outcomes of a small program of welfare-to-work qualified incarcerated obligors enrolled in a rehabilitation/employment program. The state would expunge arrears of qualifying incarcerated noncustodial parents up to the amount of the state debt upon release and successful completion of the program resulting in employment and wage withholding for current support. The expungement policy does not apply to any arrears accrued prior to the time of incarceration. If the grant is approved the state will implement the program for 200 obligors and evaluate the results in terms of outcomes for children and families (future support and parenting time).

New Hampshire – State builds upon its interface with the Department of Corrections (for case establishment and review referrals) and further collaborates with DoC to use the Department’s data and human resources whenever making decisions about an incarcerated noncustodial parent’s ability to pay arrears. Many states see a benefit in establishing child support/DoC relationships. New Jersey, among others, intends to initiate such interface in the near future.

Maryland – Pursuant to state law, interest accrues on child support arrears. However, in recognition of the extent to which interest is a significant factor in arrears accumulation, state child support takes no action to charge or collect the interest.

New Jersey – State is actively pursuing the collection of arrears as an alternative to arrears compromise, by focusing, for example, on the FIDM collection process (which has resulted in substantial collections towards TANF arrears), and interfaces with Vital Statistic’s records in order to match probate assets against outstanding arrears.

Virginia – State, in managing accrued arrears, divides noncustodial parents into four groups:

1. Able and willing to pay
2. Able but unwilling to pay
3. Not able but willing to pay
4. Not able and not willing to pay

Segregating noncustodial parents into the four groups allows the state to develop specific strategies and policies for each type. For example, in designing the above-cited “Barriers Project” (see first paragraph under this section), the state focused on the “not able but willing to pay” group. This management strategy is used in a variety of jurisdictions, including Vancouver, B.C., which bases all child support actions on the respective noncustodial parent-type. (Notation – These strategies are for the most part consistent with the NE Discussion Framework approach, i.e., that the initial step in arrears management should always be the analysis of the arrears bucket. This includes identifying the reason for the noncustodial parent’s failure to comply and the make-up of the arrears bucket – on both a global and individual basis. While some meeting participants suggested there is a disharmony between the noncustodial parent-based grouping approach and the NE designed process-based grouping approach, the reality is that either approach can give rise to and correspondingly group any of the cited best ideas/best practices. The process-based approach may have the advantage of being able to better fine-tune potential child support responses. For example, within the *Northeast Workgroup* discussion framework, “*Not able but willing to pay NCPs*” who (1) owe arrears consisting of interest only, or who (2) owe arrears based on a failure to timely request a modification, or who (3) have recently entered the child support process, can each be assigned to one of three distinct groupings with three respectively distinct responses.)

West Virginia – State also divides noncustodial parents into the “able and willing,” “able and not willing,” “not able but willing” and “not able and not willing” categories in conjunction with the development of arrears management strategies, and in order to target specific policies to the appropriate sub-group.

Connecticut – State has passed legislation that allows the Commissioner of Social Services to establish criteria and procedures for the adjustment of TANF arrears. Regulations are being drafted. The regulations will also allow the child support director to settle arrears accounts by accepting a lump-sum settlement payment. The state will base the settlement regulation on the theory that a partial but substantial payment today, if invested wisely, may be of

more value in the end than receiving installments on the total debt over an extended period. In addition, the state is considering extending the time limit for modifications for default orders from 4 to 6 months. The state hopes that the various arrearage adjustment and prevention programs will reconnect noncustodial parents with their children, as they will no longer feel the need to stay away from their children because they are unable to meet their financial obligations.

Maryland – State has developed an Arrearage Expungement program that allows child support to expunge a portion or all of the TANF debt whenever the debt is a result of the noncustodial parent's failure to file a request for modification/suspension/termination in which he or she would have likely prevailed. Situations where the noncustodial parent could have but failed to file an appropriate request include incarcerations, disabilities or child placement with the noncustodial parent. The program, intended to be statewide, is currently implemented on a case-by-case basis and operates pursuant to state law. The program depends upon partnership with the Department of Corrections and state organizations charged with developing, monitoring and operating fatherhood programs.

West Virginia – State has a limited Amnesty Program expiring end of 2001, only applicable to interest that accrued on outstanding arrears. Under the program, if the noncustodial parent fully satisfied the principal arrears amount, the interest that had accrued would be compromised. Few took advantage of this offer.

Vermont – Information obtained subsequent to meeting: State code provides that child support may suspend the enforcement and collection of TANF arrears when the parents have reunited, if the reunited family unit has a gross income of less than 225 percent of the poverty level. The TANF arrears are reduced to a lump-sum judgment, and the suspension of collection efforts holds as long as family income remains united and under the income threshold level. For additional information regarding compromise policies with respect to parents that marry or remarry, please see [PIQ-99-03](#) (issued March 22, 1999), and Washington's statute and rules authorizing the forgiveness of arrears in limited "hardship" cases whenever the parties reunite.

NEXT STEPS

Participating states agreed to pursue the following next-steps. Northeast states that were not able to participate at the second meeting are encouraged to submit additional suggestions for next-steps. The *Northeast Regional Managing Arrears Project National Workplace Center* continues to be available for this and all other arrears-related communications.

- Northeast states are encouraged to submit follow-up reports on any and all arrears management policies and procedures that are in progress or being implemented. Reports should include sections on outcomes, lessons learned and replication tips. Suggested format: the “Best Practices- Good Ideas Implementation Updates”. Reports can be posted on the OCSE National Workplace Center or submitted to the respective regional office for distribution.
- Northeast states are encouraged to meet again in 2002, preferably in conjunction with some other regional or national meeting. States believe that continued on-site meetings are necessary to conduct effective group discussions relative to arrears management issues and proposed policies. *Northeast Workgroup* meetings and corresponding state/federal/private-partner interactions have also played an integral part in the tri-regional development of innovative arrears management proposals.
- Northeast states believe that their arrears management proposals and practices have reached a degree of maturity that warrants national distribution. States recommend that child support directors and programs in all 54 jurisdictions have access to the Workplace and all NE produced documents, including the best practice updates.
- Northeast states recommend that they market those arrears management policies and procedures that seem most appropriate in a particular jurisdiction to that state’s community and legislative leaders, child support partners and, most important, child support staff. The NE Best Practice Updates (and corresponding descriptions of successes, outcomes and replication tips) are recommended as marketing tools.
- Northeast states see a need for more research (OCSE task orders, etc.) and for more technical assistance, with particular focus on the following arrears management issues:
 1. What is the best “carrot-stick” policy relative to arrears compromise? For example, should credits against arrears be phased-in; if so, in what increments; and should credits ever be retractable based on future non-compliance with the compromise terms?
 2. How can states better profile noncustodial parents into the “able,” “not able,” “willing” and “not willing” categories? What kind of system-based technical assistance is available and helpful in enhancing a state system’s capability to segregate noncustodial parents and to analyze the effectiveness of respective enforcement tools?
 3. When states compromise TANF arrears, is there an obligation, legal or moral, to also adjust the Unreimbursed Public Assistance balance? If so, what kind of child support/TANF collaboration is required, and at what level (state and/or federal).

4. When the state adjusts the arrears balance (TANF and/or Non-TANF) should the state also adjust the amount of the payment towards arrears? What works best: an increase in the amount as compensation for the compromise; or a decrease in order to better ensure future compliance?

ADDENDUM C – Best Practice Updates

Connecticut:

- Category:**
1. Arrears Prevention (X)
 2. Accrued Arrears Management (X)

Goal:

1. The goal is to prevent establishment of unrealistically high arrearage debts.
2. The goal is to encourage the positive involvement of noncustodial parents in the lives of their children as well as to encourage noncustodial parents to begin making regular support payments.

Description:

1. In the arena of arrearage prevention, we are discussing the establishment of arrears based upon the state sanctioned minimum wage as opposed to a flat grant default judgement. In an instance such as this if it is determined that the obligor actually has a different ability to pay during the period in question the order would be modified to reflect the realistic amount.
2. Legislation has been passed that will allow the Commissioner of Social Services to establish criteria and procedures for adjustment of arrearage monies owed to the state. The commissioner shall establish an arrearage adjustment program in which past due owed by any obligor assigned and payable to the state through the child support agency may be adjusted. We are in the process of developing regulations and criteria. We are also considering extending the time limit for modification for default orders from 4 months to 6 months.

Part two of this regulation will address lump sum final balance stipulations. The granting of this type of adjustment would be at the discretion of the IV-D Director and would have to meet specific criteria. If the request meets the criteria the account would be adjusted according to the principle of present value of money to be received in installments over a long period of time. The premise of this adjustment is that a significantly lower amount of money received today and invested wisely has the potential to meet or exceed the amount received in installments over an extended period.

Results:

We anticipate that an arrearage prevention and/or adjustment program will help to provide an atmosphere whereby noncustodial parents will not feel overwhelmed by insurmountable arrearage amounts. We anticipate noncustodial parents no longer feeling the need to hide or stay away from their children because they are unable to meet their financial obligations.

Location:

The regulation will support a statewide initiative, however during the rollout period it may be confined to the three towns that contain our statewide Fatherhood Initiative pilot sites, Norwich, Cheshire and Bridgeport. The three fatherhood initiative sites represent both rural and urban areas.

Some portion of the program may be modeled after the Maryland state Owed Child Support Arrears Leveraging Program prototype.

Funding:

The legislative proposal and subsequent regulations are designed to be cost-neutral to the agency.

Replication Advice:

It is too early in the process to offer advice or suggestions.

Maryland:

Type: Proposed Legislation*: Abatement of Child Support For Incarcerated Obligor
(*To be proposed in Maryland legislative session, January-April, 2002)

Category: Arrears Prevention (X)

Goal:

The goal of the proposed legislation is to prevent the accrual of child support arrears when an obligor is incarcerated, earning no income, and he/she has no other resources available to pay a child support obligation.

Description:

The proposed legislation will operate to temporarily abate or reduce an obligor's child support obligation to \$25.00 per month while the obligor is incarcerated and for 60 days following the obligor's release.

The law will be applicable only to obligors who are incarcerated for more than 12 months, and only if the cause of the incarceration was not due to failure to pay child support, domestic violence, or a crime against a child.

The law is intended to operate judicially. Once an obligor is released, he/she must request a child support modification hearing. At that hearing, the judge, applying the new law, would review the obligor's circumstances to determine resources available while incarcerated, if any, including work release, and would appropriately abate the child support obligation from the date the obligor was incarcerated. The judge would also set an appropriate level of current support. Once the court has appropriately modified the child support obligation, including any arrears, the local Child Support Enforcement Office will appropriately adjust the obligor's case on the system.

Along with the legislation, the success of the measure in preventing accrual of child support arrears will depend on an effective exit interview with incarcerated obligors upon release.

Partners: The proposed law's success will require partnership with the Department of Corrections, and with the state organizations charged with developing, monitoring, and running fatherhood programs in Maryland.

Results:

Because the legislation has not been proposed, there are no results to report at this time.

Location:

The proposed law is intended to apply to all Maryland child support obligations, regardless of where the obligor is incarcerated. This law is an original law that has not been adapted from a practice or law from another jurisdiction.

Funding:

While it is not anticipated that this law will have a significant fiscal impact, funding is anticipated to be provided by the state, FFP, and TANF.

Replication Advice:

Not applicable at this time.

*** A COPY OF THE PROPOSED LEGISLATION FOLLOWS. UPDATES TO THIS SUMMARY WILL BE PROVIDED AFTER THE LEGISLATION IS REVIEWED BY THE MARYLAND ASSEMBLY.**

Article - Family Law

§ 12-104. Modification of child support award.

(a) *Prerequisites.*—The court may modify a child support award subsequent to the filing of a motion for modification and upon a showing of a material change of circumstance.

(b) *Retroactivity of modification.*—The court may not retroactively modify a child support award prior to the date of the filing of the motion for modification.

(c) ABATEMENT OF CHILD SUPPORT ARREARS OTHERWISE PERMITTED BY LAW SHALL NOT BE CONSIDERED A RETROACTIVE MODIFICATION OF A CHILD SUPPORT AWARD.

§ 12-104.1. TEMPORARY MODIFICATION WHEN OBLIGOR INCARCERATED.

(A) CHILD SUPPORT PAYMENTS SHALL BE TEMPORARILY MODIFIED, WITHOUT A HEARING OR COURT ORDER, TO \$25.00 PER MONTH DURING ANY PERIOD WHEN THE OBLIGOR IS INCARCERATED, IF

(I) THE TERM OF INCARCERATION IS GREATER THAN 12 MONTHS;

(II) THE OBLIGOR IS NOT ON WORK RELEASE AND HAS NO RESOURCES WITH WHICH TO MAKE THE PAYMENT; AND

(III) THE REASON THE OBLIGOR IS INCARCERATED IS NOT DUE TO FAILURE TO PAY CHILD SUPPORT, DOMESTIC VIOLENCE, OR A CRIME AGAINST A CHILD.

(B) IF AN OBLIGOR'S CHILD SUPPORT PAYMENTS HAVE BEEN MODIFIED PURSUANT TO PARAGRAPH (A) OF THIS SECTION, THE MODIFICATION SHALL BE EFFECTIVE ON THE FIRST DAY THE OBLIGOR WAS INCARCERATED AND SHALL CONTINUE FOR 60 DAYS AFTER THE OBLIGOR'S RELEASE.

(D) CHILD SUPPORT ARREARS ACCRUED DURING ANY PERIOD WHEN THE OBLIGOR'S CHILD SUPPORT OBLIGATION WAS MODIFIED UNDER PARAGRAPH (A) OF THIS SECTION MAY BE

ABATED OR EXPUNGED BY ORDER OF COURT UPON THE REQUEST OF EITHER PARTY OR THE ADMINISTRATION.

NOTE: CHANGES/ADDITIONS TO CURRENT LAW APPEAR IN ALL CAPITAL LETTERS.

Maryland:

Type: Arrearage Expungement Program

Category: Arrears Prevention (X)
Accrued Arrears Management (X)

Goal:

The goal of the program is to encourage obligors to pay their current support obligations by addressing one of the barriers to payment of current support: large child support arrears.

Description:

The Arrearage Expungement Program is an administrative policy designed to allow the local child support enforcement offices to recommend certain cases for expungement of all or part of the state-owed child support arrears cases based upon either the temporary lack of income of the obligor or the child returning to reside with the obligor.

The program applies to obligors whose child support arrears accrued in situations where, if the obligor had properly filed a Motion to modify the child support obligation, the obligation would likely have been modified, suspended, or terminated. Those situations include when an obligor was incarcerated and had no income or other resources out of which child support may be paid, when the obligor suffered a mental or physical disability resulting in a loss of income that prevented the obligor from making child support payments as well as state arrears that are owed when the parties marry or when the child who is the subject of the arrears order returns to the home of the obligor.

The program gives the local offices the discretion, with the Executive Director's approval, to determine the appropriate action or compromise required of the obligor to expunge the arrearage and to articulate why this would be in the best interests of the child.

The program operates administratively under the authority of a Maryland law (FL 10-112) that allows for the settlement of child support arrears owed to the state, if the Executive Director of the Child Support Enforcement Administration believes the compromise to be in the best interests of the state and the request of the Administration is approved by the court. Additionally, Maryland law FL 10-118 provides the CSEA with the authority to proceed in any manner that operates to serve the best interests of a child.

Participation in the Arrearage Expungement Program is allowed only by referral from the local offices or community based organizations. Expungement is granted only for state-owned arrears, and only for the period for which an obligor can provide appropriate supporting documentation.

Partners: The proposed law's success will require partnership with the Department of Corrections, and with the state organizations charged with developing, monitoring, and running fatherhood programs in Maryland.

A COPY OF THE PROGRAM OUTLINE AND SAMPLE FORMS/PLEADINGS ARE ATTACHED. UPDATES TO THIS SUMMARY WILL BE PROVIDED AFTER THE PROGRAM IS IMPLEMENTED.

Results:

Because the Program has not yet been implemented, there are no results to report at this time.

Location:

The program in the future is intended to apply to all Maryland child support obligations, statewide by referral – however, the program will begin as a pilot project on a case-by-case basis to evaluate its efficacy pending documentation that the arrears leveraging program is resulting in positive outcomes for children and legislative support has been obtained. This program is an original program that has not been adapted from a practice or law from another jurisdiction.

Funding:

While it is not anticipated that this law will have a significant fiscal impact, funding is anticipated to be provided by the state, FFP, and TANF.

Replication Advice:

Not applicable at this time.

ARREARAGE EXPUNGEMENT PROGRAM

- I. Goals of Program
 1. To assist obligors who now have children in the home for whom state debt is owed for a prior period.
 2. To assist obligors with state arrears that accrued during a period of time when they were unable to work but failed to request a modification.

- II. Selection Criteria
 1. Not eligible for MD Arrears Leveraging Program AND
 2. Incarcerated for more than 18 months (or incarcerated within the Department of Corrections) without work release or other resources to make payments;
 3. physically or mentally disabled;
 4. change in custody to obligor;
 5. reunited and living with mother and children; OR
 6. extreme hardship resulting in significant reduction in income, where cause of reduction in income is not voluntary impoverishment

- III. Referral Process
 1. Local office/ CBOs will be educated about the existence of the program and the selection criteria.
 2. Local office/ CBOs identifies obligors who appear to qualify for program.
 3. CBOs fill out referral form and forward to appropriate local office for review and/or local office selects obligors eligible for program.
 4. Local office sends a letter inviting participation in program along with Verification Checklist to obligor.
 5. If case was referred from CBO and obligation does not appear appropriate for expungement, then obligor is sent a letter stating he/she does not appear to qualify for program and the reason why. The letter should advise the obligor to return to the local office if the obligor wishes to get more information about the selection criteria for the program.

- IV. Expungement Process
 1. Local office receives response from obligor indicating desire to participate in expungement process.
 2. Local office works with obligor to gather documentation indicated on the Verification Checklist, as appropriate, on a case-by-case basis.
 3. All necessary Verification Documents received.
 4. Local office reviews documents and compares to notes in file, checks FIDM information for “hidden” assets and to make final determination of eligibility.
 5. Local office audits obligor’s account verifying dates and amounts eligible for expungement.
 6. Local office drafts proposed Stipulation of Settlement setting forth terms of expungement. Terms could include payment of a portion of arrears owed, enrollment in drug, alcohol, or employment programs, establishment of earnings withholding, a promise to gain employment or proof of employment, promise to

avoid accrual of arrears in future by filing timely motion to modify, etc., as appropriate.

7. Stipulation of Settlement of state-owed arrearage and proposed order drafted by local office and forwarded to local CSE attorney for approval and signature.
8. File including summary of basis for expungement, verifying documentation, Stipulation of Settlement of state-owed arrearage and proposed order forwarded to Teresa Kaiser or her agent for review and sign-off.
9. Pleadings signed by Teresa Kaiser or her agent and returned to local office.
10. Local office forwards pleadings to court, with explanatory cover letter, and sends copies to obligor, obligor's file, and Teresa Kaiser's designated agent.
11. Teresa Kaiser's designated agent works with local offices and their attorneys to track progress and resolve any problems.
12. Local office/attorneys receive final order expunging arrears and adjust the system to reflect the reduction in the obligor's child support arrears.
13. Local office forwards Order to obligor with letter explaining adjusted amount of arrears owed, if any and reminding of terms of Stipulation of Settlement.
14. Teresa Kaiser's designated agent to record Order for statistical purposes:
 - a. date of order
 - b. basis for expungement
 - c. amount expunged
 - d. a description of the terms of settlement
 - e. any amount collected pursuant to terms of settlement

V. Forms

1. Arrearage Expungement Referral Form
2. Letter to Obligor explaining program and requesting verifying documentation
3. Verification Checklist
 - Stipulation of Settlement and/or Expungement of state-owed arrearage with Executive Director's approval (Pursuant to FL §10-112)
4. Proposed order
5. Cover letter to Clerk of Circuit Court
6. Cover letter to obligor with copy of Order and explanation of new arrearage owed/summary of responsibilities under terms of Stipulation of Settlement.

PLAINTIFF'S NAME	)	IN THE
Plaintiff)	
	)	CIRCUIT COURT FOR
v.)	
	)	_____ COUNTY
DEFENDANT'S NAME)	
Defendant	)	Court Case No.: _____
	)	Child Support Case No.: _____
)	

**STIPULATION OF SETTLEMENT/EXPUNGEMENT OF
STATE-OWED ARREARAGE**

The Defendant, on his/her own behalf, and the state of Maryland, represented by the attorney for the _____ County Office of Child Support Enforcement, hereby stipulate to the following:

1. That during the period from _____ to _____, the obligor failed to pay all or part of his court-ordered child support obligation, thereby accruing a child support arrearage owed to the state of Maryland in the amount of \$_____.
2. That the obligor's failure to pay child support during the above period was due to _____
_____.
3. That the obligor has agreed as follows:

In consideration of the above, in consideration of the obligor's payment of the sum of \$_____, which payment was made on _____; the parties hereby agree as follows:

1. The Defendant's child support arrears owed to the state of Maryland that were incurred during the period from _____ to _____ in the amount of \$_____ shall be expunged;
2. The obligor's child support arrearage shall be adjusted to reflect a total arrearage owed as of _____ (date) to the state of Maryland in the amount of \$_____, and owed to the Plaintiff in the amount of \$_____; and
3. Any arrears owed directly to the Plaintiff shall remain the responsibility of the Defendant.

Defendant
Address/Telephone #

Date

Support Enforcement Agent

Office of Child
Support Enforcement
Address/Telephone #

Date

Attorney

County
Office of Child Support Enforcement
Address/Telephone #

CERTIFICATION OF CSEA EXECUTIVE DIRECTOR

Pursuant to FL 10-112, and upon review of the above-referenced child support case, I hereby certify that I have determined it to be in the best interests of the state of Maryland and of the child(ren) in this case that the Defendant's child support arrearage be settled and expunged as specifically described in the above Stipulation of Settlement.

Teresa L. Kaiser, Executive Director
Child Support Enforcement Administration

PLAINTIFF'S NAME	)	IN THE
Plaintiff)	
	)	CIRCUIT COURT FOR
v.)	
	)	_____ COUNTY
DEFENDANT'S NAME)	
Defendant	)	Court Case No.: _____
	)	Child Support Case No.: _____
)	

**CONSENT ORDER FOR EXPUNGEMENT OF
STATE-OWED CHILD SUPPORT ARREARAGE**

The Defendant and the state of Maryland having voluntarily signed this Consent Order with the intention of being bound by its terms, it is the _____ day of _____, 2011 hereby

ORDERED, that the child support arrearages owed to the state of Maryland that accrued during the period from _____ to _____ in the amount of \$_____ shall be and are hereby EXPUNGED; and it is further

ORDERED, that the obligor's child support arrearage shall be adjusted to reflect a total arrearage owed as of _____ (date) to the state of Maryland in the amount of \$_____; and it is further

ORDERED, that this Consent Order shall not reduce or expunge any arrearage owed directly to the Plaintiff, and the Defendant shall remain responsible for all such arrears; and it is further

ORDERED, that all prior orders of this Court shall remain in full force and effect to the extent that they are not superceded by this Consent Order.

 Judge of the Circuit Court
 For _____ County

Serve On:
 Defendant
 Address
 CSE Attorney
 Address
 Teresa Kaiser
 Executive Director CSEA
 Address

State-Owed Arrearage Expungement Program
REFERRAL FORM

Name of Referring Party: _____ Date: _____
Title: _____ Telephone: _____
Organization: _____
Address: _____

NAME OF CHILD SUPPORT OBLIGOR: _____
OBLIGOR'S SOCIAL SECURITY #: _____

Current Mailing Address:

Other Address (explain):

Telephone number(s) where Obligor can be reached:

Child Support Case Number(s):

BASIS FOR REQUEST FOR EXPUNGEMENT OF CHILD SUPPORT ARREARAGE:

The obligor is requesting the expungement of state-owed child support arrears that accrued during the period from _____ to _____ because he/she was unable to work and had no income due to (check all that apply):

- _____ incarcerated
_____ physically or mentally disabled
_____ change in custody to obligor
_____ reunited and living with mother and children
_____ other extreme hardship resulting in significant reduction in income (explain) _____

DATE

Obligor's Name
Address

**Re: CSEA State-Owed Child Support
Arrearage Expungement Program
Case number:
CSES Number:
Name of Custodial Parent
Name of Children**

Dear Obligor:

The _____ County Bureau of Support Enforcement has received a referral for you (or has determined you are eligible) to participate in the state of Maryland Child Support Enforcement's Arrearage Expungement Program (hereinafter, the "Program"). Through this Program, you may be eligible for an expungement (forgiveness) of all or a portion of the child support arrearages that you currently owe to the state of Maryland in the above-captioned case. These arrears accrued when you failed to pay court-ordered child support during a time that the custodian of your child(ren) was receiving services from the state of Maryland.

Attached is a Verification Checklist with certain items checked. If you are interested in participating in the Program, you need to provide our office with as many of the checked items as you can obtain. These documents should relate to the period of time for which you are requesting your arrears be expunged.

Once we have received the requested documents from you, we will contact you to let you know whether you are eligible for an arrearage expungement and in what amount. If you need assistance identifying or locating the necessary documents, or if you have any questions, please call _____.

I encourage you to take advantage of this unique program at your earliest opportunity. Please be advised that even if you are eligible for an expungement, the Office of Child Support Enforcement will continue our efforts to collect the current support and any arrears owed until a court has excused you from your obligation.

Sincerely,

Local Office Director/Asst. Director

Enclosure

cc: Teresa Kaiser
TK's Designated Agent

State-Owed Arrearage Expungement Program
VERIFICATION CHECKLIST

- _____ 1. Written statement of the facts relating to inability to pay child support during the period for which expungement of arrears is sought.
- _____ 2. Letters or Affidavits from your child(ren)'s mother, family members, church members, neighbors, employer supporting your statement of the facts.
- _____ 3. Documents showing dates incarcerated.
- _____ 4. Records from Department of Corrections or from Parole and Probation.
- _____ 5. Documents showing dates hospitalized.
- _____ 6. Documents verifying dates you were unable to work due to physical or mental disability.
- _____ 7. Medical and/or dental records relating to your own health or disability.
- _____ 8. Court documents: _____
- _____ 9. School records relating to your children showing their address is the same as yours or identifying you as the primary caretaker.
- _____ 10. Medical or dental records relating to your children showing their address or showing you as primary caretaker.
- _____ 11. Daycare records/receipts.
- _____ 12. Proof of income: pay stubs, checking or savings account records.
- _____ 13. Disability pay records.
- _____ 14. Documents showing your address during the period of time for which you are requesting the expungement.
- _____ 15. Other: _____

With respect to each item checked, please provide the documentation and information requested. Your case will not be considered eligible for CSEA's arrearage expungement program until CSEA has reviewed the information you provide. If you have any questions, please call _____.

DATE

Clerk of Circuit Court for
_____ County
Address

Re: Case Name
Case Number: _____

Dear Sir/Madam Clerk:

Enclosed for filing in the above-captioned matter, please find a Joint Stipulation of Settlement and a Consent Order. These pleadings are filed in accordance with Family Law 10-112, and the arrearage expungement request has been approved by the Executive Director of the Child Support Enforcement Administration, Teresa Kaiser.

Would you kindly file these pleadings and then forward them to the appropriate Motion's Judge for review and for execution of the Consent Order. Should you have any questions or need additional information, please call _____.

Thank you for your assistance with this matter.

Very truly yours,

CSEA Attorney

Enclosures

cc: Teresa Kaiser, Executive Director, Child Support Enforcement Administration
TK's designated agent
Obligor
Local Office

DATE

Obligor's Name
Address

**Re: CSEA State-Owed Child Support
Arrearage Expungement Program**

Dear Obligor:

Enclosed you will find a copy of the executed Consent Order dated _____. The CSEA is pleased that we could assist you in adjusting your account to more fairly represent your child support obligation in light of your unique circumstances. Pursuant to this Consent Order and the terms of our agreement, your account will be adjusted to reflect the expungement of your state-owed child support arrears, as specifically described in the Consent Order. Similarly, our office looks forward to your

_____(describe terms of settlement, any promises made by the obligor).

Please understand that an obligor may only receive an arrearage expungement through this program one time. Accordingly, should your circumstances change in the future, please be sure to contact the CSEA and/or the circuit court, as appropriate, to seek a modification of your child support obligation before child support arrears begin to accrue.

Our office wishes you the best of luck in the future. If you have any additional questions or need our assistance in the future, please call us at _____.

Sincerely,

Local Office Director/Asst. Director

Enclosure

cc: Teresa Kaiser, Executive Director, Child Support Enforcement Administration
TK's designated agent
Obligee
CSEA Attorney

New Hampshire:

Category:	Arrears Prevention	(X)
Goal:	Operational Reporting System used to reduce Arrearage.	
Description:	<p>Weekly reports of the federal incentive measurements for each office are given to each district. This includes the percentage of cases that have made a payment on arrearage and gives the district office information about where and when to allocate resources.</p> <p>Monthly reports of the district office caseload data summaries identify cases that have and have not received payment on arrearage. The district can then identify cases to work. In addition the report identifies which cases have stopped making payments.</p>	
Results:	The district offices have responded by helping increase percentage of cases paying on arrearage by over 5 percent in a year.	
Location:	Statewide	
Replication Advice:	<p>Requires staff experienced in Access and Excel application. On-the-job experience will suffice, but a basic training program helps.</p> <p>Reports should be frequent enough so that supervisors will have up to date information to sort and select.</p>	

New Hampshire:

Category:	Arrears Prevention	(X)
Goal:	Fatherhood project linked with TANF employment project.	
Description:	New Hampshire has assigned a staff person full time to a Fatherhood Project. This person has extensive experience in public assistance, employment and child support.	
Results:	Since a record is being kept of referrals for each district office and feedback given, District Office referrals to TANF employment programs are rapidly increasing.	
Location:	State wide in conjunction with agencies authorized to train TANF-associated or potentially associated members.	
Replication Advice:	Previous program of not recording referrals led to low participation rates. Extensive information sessions with supervisors were helpful.	

New Hampshire:

Category: Arrears Prevention (X)
Order Establishment (X)

Goal: The New Hampshire DCSS Legal Unit has established contact with the Family Resource Center of the New Hampshire Department of Corrections and is accepting referrals from them for paternity establishment, support order establishment, and review and adjustment, and modification of court orders.

Description: Incarcerated noncustodial parents are a substantial problem because many of them have current court orders that do not relate appropriately to their income. As a result, the accrued arrearage acts as a barrier to their engagement with their children and adjustment after incarceration.

Location: The DOC Family Resource Center is in Laconia but its program is statewide.

Replication Advice: The DCSS Legal unit, which is centralized, is proving to be the correct tool for this program because it centralizes the process without unduly burdening any one district office.

New Hampshire:

Category: Arrears Prevention (X)

Goal: To divide the collection caseload of the Berlin Local Office into maintenance and enforcement caseloads.

Description: All cases requiring current enforcement action are transferred to the enforcement caseload. After thirty days of non-payment, a case is assigned to the action section and a notice of debt is sent. After sixty days a Drivers License Revocation Action Notice and a pre-show cause appointment notice is sent to the non-custodial parent, and a notice of a request for a show-cause court hearing is sent to the court.

Results: Enforcement workers report that they can work more efficiently by dividing caseloads into different skill-level functions.

Location: Berlin is in a rural area with a relatively high unemployment rate.

Replication Advice: This process was a difficult sell because of case workers' "ownership" issues with their caseload but based on the experience in Berlin, another small office is planning to adopt the practice.

Using a pilot district office to develop experience and be a model for other offices makes the idea more attractive for other offices.

New Hampshire:

Category:	Arrears Prevention (X) Accrued Arrears Management (X)
Goal:	Adjusting support orders to noncustodial parents' income.
Description:	Using review and adjustment and modification procedures as a tool to prevent arrears from accruing.
Results:	Proactively identifying adjustment as a remedy for unemployment cases is leading to a reported increase in modification hearings in counties that are experiencing increasing unemployment. Workers have moved the adjustment or modification process up front in assessing enforcement actions.
Location:	Primarily being utilized in the New Hampshire north county.
Replication Advice:	Frequent mention of the Review and Adjustment process and modification procedures increases the enforcement staff awareness and willingness to use the process. It is in the reduction of current support of formerly well paying cases that the best result can be expected. Chronic offenders do not seem to respond well. Arrearage reduction incentives do not seem to be effective in dealing with them.

ADDENDUM D – 2nd Meeting Participant List

David Welker
Juanita DeVine
Elaine Sorensen
David Arnaudo
Barbara Cleveland
Paula Roberts
Justin Latus
Mike Hansen
Alisha Griffin
Myles Schlank
Dail Moore
Todd Areson
Mary B. Williams
Charles Koontz
Valerie Merritt Kelly
Robin Waddell
Marceline D. Alexander
Joan Kaub
David Panke
Bob Piekut
Aleida Varona
Carmen Arraiza
R. Thomas Clifford
Charles E. Hayward
Carolyn Crumbley
Gail Keller
Jens A. Feck
Shawkat Rana
Teresa Kaiser
Margot Bean
Sheck Chin
Chuck Kenher

THE THIRD MEETING

NORTHEAST REGIONAL ARREARS MANAGEMENT GROUP

INTRODUCTION: Region I, II and III Child Support Directors, managers and their private and federal partners convened the third *Child Support Arrears Management* meeting on September 22, 2002, in Crystal City, Virginia. The meeting carries on a progressive discussion that was initiated in Philadelphia in April 2001, and the agenda reflects the states' continued determination to share *best ideas* and proven initiatives, to discuss the pros and cons of specific policies and practices, and to consider new and innovative projects that support the prevention of arrears accumulation.

The meeting opened and closed with remarks by Joanne Krudys, ROII CSE program manager, and Louis Katz, ACF Assistant Regional Administrator. Jens Feck, ROII CSE program specialist, moderated the discussions and summarized the outcome. The participants, representing seven states, the Commonwealth of Puerto Rico and the Virgin Islands, invited the child support Directors from California and Colorado and the Urban Institute to present respective overviews of California's Collectibility Study and Colorado's Arrears Forgiveness Study. OCSE provided an update on the *Low-Income Non-Custodial Parent* study being conducted by Policy Studies, Inc. and the Center for Policy Research. The Center for Law and Social Policy offered a thought-provoking overview of arrears management issues.

Participants unanimously agree that the key to successful arrears management is by avoiding arrears accumulation. The general consensus is that arrears are best avoided if states: (1) limit the number of default orders and establish equitable obligations; (2) limit the amount of built-in arrears at the time of order establishment; and (3) immediately intervene when current payments are not made. In fact, the great majority of the policies and procedures outlined in this summary are designed to realize one or more of these three objectives.

ROI, II and III states intend to push forward with existing and new initiatives. Looking ahead, participants anticipate that current policies may need to be amended in response to new concerns, economic fluctuations and other external factors, and existing projects may have to be redesigned based on future results and outcomes. It is precisely because of the shifting and evolving nature of the topic that meeting participants see a significant benefit in the continuation of tri-regional arrears management discussions – with a hopeful eye on the eventual turnaround in arrearage accumulation. Last, but not least, participants hope that the theoretical and practical outcomes of their meetings will continue to support and encourage arrears management initiatives across the nation.

STATE UPDATES

The following section outlines recent *arrears management* activities in ACF Region I, II and III jurisdictions (consisting of 16 states). The activity reports summarize planned and on-going policies, procedures and practices that, to varying degree, update the reports cited in the *Second Meeting* summary. The reports reflect progress to date, as well as revisions in thinking driven by interim evaluations, the regional discussions and changing conditions. The state activities are grouped, to the extent possible, under the previously established *Discussion Framework* categories: Order Establishment, Prevention and Early Intervention and Accrued Arrears Management.

Order Establishment:

Delaware – The child support agency is changing its past policy of attempting to fit all low-income noncustodial parents into one child support guideline *box*. Pursuant to a new policy, the state will attempt to treat low-income noncustodial parents on an individual basis, using the factors and merits particular to each individual case to fashion a more appropriate support obligation.

Maryland – State has adopted a new policy with respect to changes in the physical custody (or the household) of a child receiving support. The child support agency now redirects payments or halts the obligation immediately upon receipt of evidence of a change in the child's custody. Prior to the new policy, the flow of money did not change until child support had evidence of a legal change in custody. Under the new policy, action to change legal custody now follows the administrative act to redirect the money.

West Virginia – State also has a *moving child* policy (see Maryland above). The new caretaker is asked to sign an affidavit alleging physical custody of the child, notice of which is provided to the current parties in the case. If no party files an objection within a ten-day appeals period, the money is redirected to the new caretaker without the need for further court or administrative action.

Maryland – State realizes that its Child Support Guidelines need to be reviewed and possibly modified. The guidelines have not been changed since 1988, and, as is true for many other jurisdictions, the somewhat antiquated guidelines may no longer be appropriate in today's environment. Child support recommends that the guidelines are more equitable when applied to low-income noncustodial parents – this is partially in recognition of its arrears-bucket analysis that shows that 60 percent of all debt is owed by parents who earn less than \$20,000 per year. (Note: California suggests that it is very important to establish clear guidelines and specific policies prior to treating low-income noncustodial parents in a manner substantially different from the general noncustodial parent population in order to anticipate and defuse the possibility of constitutional challenges.)

Connecticut – State, in default cases, heretofore calculated the retroactive support obligation based on the TANF grant amount (a policy that could be subject to legal challenges based on the fact that the retroactive obligation is not being established pursuant

to the actual or implied ability to pay). The obligation, both current and retroactive, will soon be established on the imputed ability to earn minimum wage at forty hours or less. The state also intends to revise the child support guidelines to ensure that they treat low-income noncustodial parents equitably. However, it is unlikely that the revised guidelines will include a self-reserve amount (the state's TANF time limit is 21 months – if a self-reserve amount is established, it may result in scenarios where the custodial parent receives no basic TANF grant, but the noncustodial parent benefits from the self-reserve).

Connecticut – Child support is reviewing (and potentially revising and improving) all documents and letters that are used during the initial child support/noncustodial parent contact phase. Child support's goal is to draft communications that are customer friendly, lead to personal contact with the noncustodial parent, and result in better income and asset information. For example, previously used financial forms were eight pages in length, and not surprisingly, seldom completed or returned. New forms try to overcome such response barriers, and all of the new forms contain a built-in fatherhood-friendly message.

Connecticut – State currently offers a four-month window during which the noncustodial parent can challenge a default obligation based on new, accurate and admissible evidence of actual income. This window will now be extended to one year, identical to the state's time period otherwise applicable to general civil defaults.

Prevention and Early Intervention:

New Jersey – In a judicial child support environment, it is critical that court orders are entered into the child support automated system as soon as possible in order to minimize initial arrears accumulations through immediate enforcement. Child support is addressing the issue through collaboration with the court system and the joint development of corrective actions. For example, in Hudson County, court clerks have the ability to enter orders directly into the child support database. Depending on the County, anywhere from 35 to 58 percent of the orders are entered into the database within eight days. The goal is that at least 60 percent of all orders are entered within eight days.

New Jersey – Child support concluded a six-month pilot *Bench Card* project that offers a judge immediate basic information about Welfare-to-Work (WtW) and similar employment services currently available to noncustodial parents. Via the project, every case in arrears is offered the services of a One-Stop employment office. Initial data indicated that a significant number of cases meeting the broad eligibility criteria had long-standing orders and inaccurate arrears balances (in part, complicating the process of establishing WtW eligibility). In response, child support changed eligibility criteria by limiting cases to those that were less than two years old or that came before the court pursuant to a bench warrant. This newer and more circumscribed caseload, with correspondingly more accurate arrears balances and other relevant data elements, is now being subjected to an aggressive push into work programs. To supplement the project, letters have been issued to noncustodial parents in arrears to provide information about relevant employment services.

New Jersey – Child support has entered into a Memorandum of Understanding with the Department of Corrections to offer a Nurturing Parent Curriculum to inmates, beginning six months prior to an inmate’s release. The project is conducted in partnership with the Departments of Labor, Education, Parole and other relevant entities. Prior to release, the inmates develop a *Complete Family Plan* that addresses employment, order adjustment, visitation and other family issues. They expect 600 inmates to complete the program in 2002.

Massachusetts – Child support also considers the expeditious entry of court orders into the system an absolute priority. The state follows a 48-hour timeframe policy for court-to-child support-system referrals. However, court orders drafted by private attorneys often do not contain the minimum data elements, and are seldom filed within timeframe requirements. Collaboration with and training of members of the Bar Association are options under consideration that could lead to improvements in quality and timeliness of these referrals.

Massachusetts – Child support has instituted an aggressive caseworker-driven enforcement policy that focuses on the eight-week period immediately after order establishment. If an obligor fails to comply with the order during this period, the case is immediately referred back to the court for further action. This policy establishes up-front the seriousness of the obligation, and, if appropriate, it could facilitate a more timely review of the appropriateness of the obligation. Child support finds that the immediate focus on new cases is much more cost-effective and productive than a focus on older cases with large arrearages. In further support of this policy, the agency cites a direct correlation between the time that a case was last subjected to a contempt hearing and that case’s payment rate.

Massachusetts – The state’s Department of Corrections offers a grant based program to inmates at the time of inmate processing, a so called “happy hour”, that encompasses a child support presentation with focus on order modifications. Child support services include the provision of information about procedures to initiate UIFSA-type modifications that do not require the inmate’s presence in court. The state has approximately 22,000 inmates who owe more than \$15 million in arrears. Empirical evidence shows that the program reduces the inmates’ anxiety with respect to their support obligations.

Puerto Rico – The Commonwealth’s Department of Labor has established a *Quick Response Task Force* that reaches out to about-to-be displaced or laid-off workers, preferably at the site of employment. The task force includes representatives from child support and WtW entities. To date, more than 1,800 employees in 48 companies have received comprehensive services that address the impending loss of employment. Child support offers downward modification services to noncustodial parents, as well as upward modification services to custodial parents. (New Jersey expressed interest in the project, and may consider expanding its existing contact with employers relative to wage withholding and medical support to include WtW and child support issues.)

Puerto Rico – Child support, in cooperation with the Department of Corrections (which allows child support access to its database), provides Responsible Fatherhood and child support information to incarcerated noncustodial parents. While some inmates are able to

and do pay support, others are offered appropriate information about modification services and other customer rights (so far, more than 390 inmates have received services). A theatre group has produced vignettes that provide culturally sensitive fatherhood messages. Child support intends to collaborate with private prison-rights attorneys to ensure continuation of the program. (Inmates incarcerated pursuant to contempt actions are separated from the general prison population, significantly easing child support access to these individuals. However, since findings of contempt usually imply a willful failure to pay support, it is not suggested that this group of inmates would necessarily receive modification services.)

Delaware – Child support points out that arrears often accumulate solely based on how a state conducts its business. For example, the state used to assign cases to caseworkers based on the type of case scenario (interstate, intrastate, etc.). This meant that when a case type switched from intrastate to interstate, a new caseworker would have to be assigned. The transfer period, ranging from one to two weeks, resulted in corresponding or longer delays and inaction with respect to worker-driven enforcement methods. Child support has now issued a new policy that assigns cases to the caseworker for the life of the case.

Maryland – Child support is in the process of establishing an electronic interface with the Department of Corrections in order to identify WtW eligible noncustodial parents. Identified candidates would be encouraged to apply and qualify for pre-release employment services.

Connecticut – State may soon address the circumstances of incarcerated noncustodial parents. Child support will propose legislation that mandates the automatic suspension of the support obligation if sentence is in excess of six months. The automatic suspension would not apply if an interested party can provide evidence that the noncustodial parent has sufficient assets with which to pay support. Suspending the obligation by operation of law appears to have two immediate benefits: no one needs to file for or conduct modification hearings and bypassing the court's discretionary powers may ensure more uniform application.

(There is no consistency with respect to policy on incarcerated noncustodial parents. Connecticut surveyed other child support directors on this issue – see *Addendum A*. Thirty-one states responded. The tabulated response indicates that approximately half of the states are willing to provide some type of modification service for inmates, and half are not.)

Accrued Arrears Management:

Massachusetts – State posts on its website the names and last known location (city and state information) of obligors who owe more than \$50,000 in unpaid support if they have not made a payment in six months. Specific arrears balances are not published. These delinquent obligors are advised that they can have their names removed if they make regular payments equivalent to one month's worth of their current support, plus an additional 25 percent toward the arrears balance. The list is updated monthly.

Massachusetts plans to add names of those owing lesser amounts in the near future. (The Virgin Islands initiated a similar project in 1990, publishing the names of obligors who owed more than \$5,000, but only after obligors were given the opportunity to enter into payment

plans. The project was abandoned in 1995, when an obligor who did not owe arrears was inadvertently included on the published list.)

Massachusetts – State relies heavily on the License Revocation process to collect arrears. Through this process, more than \$1 million has been collected for more than a thousand child support cases. Child support also reports that the license revocation process significantly contributes to case-clean-up efforts, correcting case data via the appeals process and often identifying open cases that meet closure requirements. (E.g., in response to a plan to suspend approximately 1,750 professional licenses, 1,000 obligors paid, 250 licenses were suspended and 500 cases were closed.)

Massachusetts – State has been charging interest and penalties since 1998. However, child support is primarily using these charges as a leverage to collect arrears. For example, interest charges can be waived if the obligor pays at least 75 percent of the current obligation and if he is making payments towards arrearages. Child support reports that many obligors willingly pay off arrears in exchange for a full waiver of all interest and penalties. Surprisingly, or not so, many obligors in TANF cases have taken advantage of the offer, at times making \$10,000 to \$40,000 lump-sum payments to satisfy arrears. (Some managers and staff may believe that, generally speaking, TANF obligors do not have the resources or means to satisfy accumulated arrears – as Massachusetts demonstrates, that belief does not necessarily reflect reality in every jurisdiction.)

Massachusetts – Child support, as part of its overall staff training efforts, encourages front-line staff to use every contact and conversation with a noncustodial parent as an opportunity to encourage that parent to enter into a payment plan or to otherwise satisfy arrears balances.

Pennsylvania – Child support uses its customer service staff to reach out to noncustodial parents. The customer service workers, who normally receive and answer customer calls and complaints, are assigned to an enforcement caseload every Wednesday night. At that time, the workers use their communication skills to call obligors and encourage them to enter into payment plans or otherwise satisfy arrearages. Child support estimates that for every dollar in labor costs it collects about \$12 in arrears – a very impressive cost/effectiveness ratio.

Virgin Islands – Child support has recently initiated an *arrears clean-up* project in conjunction with its automated old-system-to-new-system data-conversion project. While very labor intensive, the project has already identified more than \$6 million in erroneous arrearages. The project includes notice to each obligor of the newly calculated arrears balance, and information about the right to request a review hearing. The experience so far has been that few obligors decide to challenge the newly calculated but otherwise alleged balance. As enforcement methods such as license revocation are initiated based on the new arrears balances (and some yet to be reviewed accounts), it is expected that additional appeals will result in additional balance adjustments – and possibly some case closures.

Delaware – State is also in the process of analyzing its arrears bucket. Child support staff is currently adjusting arrears balances that may have been calculated incorrectly by the system or are incorrect due to conversion errors. Both the projects in the Virgin Islands and in Delaware point to the benefits of including an arrears analysis in the initial phase of any arrears management effort. The analysis will help to define the true extent of the problem, ensure that future enforcement steps are appropriate, and maximize the identification of cases eligible for closure.

West Virginia – State has a limited Amnesty Program that waives interest in exchange for payment of support. The program has been well received, and it was recently extended by legislative action. Under the program, all interest is waived if the noncustodial parent pays off all arrears and pays all current support for at least one year. Any waiver action requires the custodial parent’s prior consent since child support does not separately account for interest that is due to the state or the custodial parent (i.e., interest due is co-mingled into one account).

Delaware – State is considering a pilot *Support Arrears Elimination Program*. The pilot would forgive a percentage of arrears in exchange for compliance with the current obligation. For example, arrears would be reduced by 20 percent if the obligor stays current for four months. Arrears would be reduced by 40 percent if the obligor stays current for eight months. The pilot project, if implemented, will only apply to a targeted group of noncustodial parents (e.g., low-income and/or previously incarcerated parents), and would only extend to arrears owed to the state. Final terms and parameters are still being negotiated with stakeholders. Legal authority is apparently not an issue since the Attorney General already has the power to compromise state debt.

Maryland – State’s *Arrears Leveraging Program* is already two years old. The program’s success is credited to IV-D’s extensive partnering with all relevant Community Based Organizations (CBO), and the program’s dual focus on collecting support and putting a dad back into the life of his children. The program targets low-income noncustodial parents who are willing to pay support, and it trades the reduction of bad debt (i.e., arrears unlikely to be collected) in exchange for good behavior. The program initially leads to a debt reduction of 25 percent, with additional debt reductions possible after a six-month program compliance period. For the first 124 participants, the state collected approximately \$340,000 in current support and leveraged approximately one-third of the \$1.3 million in arrears available for leveraging. Outreach for the program and child support in general has been accomplished through a collaboratively produced six-video public television series. Excerpts of the excellent and powerful video were viewed by meeting participants. Some commented that the video conveyed a clear and important message that the Leveraging Program is not open to *dead beats* who intend to cheat the system.

(Maryland points to the importance of ensuring that your CBO partners clearly understand that not every person who qualifies for CBO services is necessarily a good or appropriate candidate for arrears leveraging. CBOs must realize that Maryland’s eligibility criteria for leveraging are very narrowly construed, and that individuals who fail to pay merely to qualify under the program are certainly not the candidates child support is looking for. However, it

is doubtful that a lack of eligible candidates will ever be an issue, given that noncustodial parents who earn less than \$20,000 owe 60 percent of Maryland's debt.)

Maryland – State is considering implementation of a *Debt Expungement Program* in the event that the *Arrears Leveraging Program* is ultimately judged to be successful (see above synopsis of arrears leveraging program). The *Expungement Program's* initial focus is on erasing support debt that may have accumulated during incarceration – but the program may expand to include other mitigating circumstances. The program, if implemented, will initially apply only to TANF debt but may expand to non-TANF debt. Prior to an expansion to non-TANF debt, the state will probably need to enact legislation that establishes a legal presumption that an incarcerated person has a limited and fixed (in terms of dollars) capacity to pay support.

Connecticut – State enacted an Arrears Adjustment statute effective as of June 2001. Implementing regulations are currently being drafted. Noncustodial parents may be required to meet the following criteria to be eligible for adjustments:

1. Prior to enrollment, no payments to arrears during the previous year.
2. Satisfactory progress in a fatherhood program, as certified by child support.
3. Either living with children or paying current support (minimum 10 of 12 months).

Noncustodial parents will receive a 5 percent adjustment for participation in the fatherhood program, an additional 25 percent adjustment if current support was paid for 10 out of 12 months, and an additional 5 percent for steady employment during the previous year. Additional adjustments may be made for payment of current support in future years, or for increasing the number of steady-employment hours.

COLORADO'S ARREARS FORGIVENESS STUDY

Colorado's caseload represents approximately one percent of the national caseload. In contrast, the state's arrears total represents approximately 2.1 percent of the nation's total arrearage. The discrepancy between these percentages and the corresponding public policy implications called for a proactive response. The child support agency initiated the response with an analysis of the composition of its arrears bucket (partially financed by an OCSE grant). Highlights of the analysis are as follows:

- Approximately half of arrears are owed to the government (state and federal).
- Approximately half of arrears are owed to custodial parents.
- The arrears total is approximately \$1.1 billion.
- Incarcerated noncustodial parents only owe approximately \$1 million in arrears.
- Interest due represents only 4.6 percent of total arrears (note that not all counties charge interest).
- One-third of noncustodial parents had more than one child support order.
- The average monthly earnings of a noncustodial parent in arrears are \$1,393.
- The average arrears case is 7 years old and has an arrears balance of \$14,000.

The child support agency then considered operational factors that might have had a bearing on arrears accumulation and the below-average payment rate to current support. These factors include: (1) that support obligations are retroactive to the birth of the child or the date of the parents' separation, and (2) that the child support guidelines date back to 1991, possibly contributing to the establishment of less than appropriate order amounts in more recent years. (The guidelines were reviewed and modified in 2002, effective January 2003, and they now include a \$50 minimum order provision and a self-support reserve that attempts to equalize the effects of poverty.)

The accumulated data and research led to the first point of study: Does the suspension of retroactive child support result in better payment rates for current support? The parameters of the question address the impact of the "retroactive-to-birth" provision (and the corresponding potential for substantial amounts of retroactive support obligations) in terms of the popular viewpoint that the presence of large arrears has a discouraging effect on the payment of current support.

To answer the question, the child support agency established an experimental group (who were not charged retroactive support) and a control group (who were charged retroactive support pursuant to standard practice) under the umbrella of an Arrears Forgiveness project. No participant in either group was aware of the study, and the experimental group did not know that they received preferential treatment. The outcome of the study is as follows: The presence of or lack of retroactive support had no calculable influence on the payment of current support, as measured at six-month intervals during the two-year project period.

According to the child support agency, the study does not imply that the noncustodial parent knowingly committed to the payment of current support in exchange for the forgiveness of retroactive support. It is also agreed that the above study did not differentiate between

cases with large and small arrearages. Arguably, this lack of segregation eliminates the possible influence of the size of the arrears amount as a potential outcome factor upon the payment rate of current support. Meeting participants therefore concur that similar studies conducted under somewhat altered criteria and controls may generate different outcomes and divergent conclusions.

More recently, Colorado initiated a new Arrears Forgiveness project that is based on the give-and-take concept. The child support agency targeted noncustodial parents with arrears of \$1,500 or higher and approached them via letters (on less-intimidating fatherhood program letterheads) that encouraged active participation in the project. The offered deal was in fact encouraging: if the noncustodial parent remained current in the obligation for ten months, \$5,000 in arrears would be forgiven. (In Larrimore County, child support offered a 10 percent reduction in arrears for each month of current support.)

Surprisingly, participation rates never exceeded the 7.5 percent to 13 percent range. The project primarily attracted noncustodial parents with already good payment histories, and few with poor payment histories. A participant's eventual success rate was also very much dependent upon his earning status – the higher the earnings, the more likely that the noncustodial parent successfully completed project requirements. Common characteristics of those who failed were disabilities, low-income, second families, and problems with visitation. Notwithstanding the less than encouraging participation rates, the project did increase collection rates, and it did reduce arrears.

The conclusions drawn from the aforementioned studies (the lack of effect and the unwillingness to voluntarily participate, especially with respect to non-payers) have understandably led Colorado to focus more on avoiding arrears and less on forgiving arrears. To maximize arrears avoidance, Colorado is currently considering, or has already implemented, the following:

- Revise the child support guidelines, and establish a noncustodial parent self-reserve amount.
- Plan to introduce and enact legislation that will eliminate the interest charges on child support debt. The legislation, to be enacted by or during 2003, is based on the belief that charging interest has no positive effect upon the payment of current support.
- Maximize use of credit bureau reporting as an effective way to get noncustodial parents to pay serious attention to their obligation.
- Collaborate with judges to obtain consensus on how to best treat incarcerated noncustodial parents.
- Revisit and enhance the Review and Adjustment process.
- Collaborate with fatherhood programs to reach common ground on how child support can be more responsive to fatherhood issues without compromising its mission to collect fair support on behalf of children.
- Address noncustodial parent employment needs.
- Revisit and review the order establishment process, including the establishment of retroactive support and the imputation of income in default settings.

UPDATE ON CALIFORNIA'S COLLECTIBILITY STUDY

California reported approximately \$14.4 billion in accumulated child support arrears when the Collectibility Study was initiated. The debt now stands at approximately \$17 billion. Child support is presently conducting more research and collecting additional background data before finalizing legislative and policy proposals that are expected to effectively address this increasingly difficult issue.¹⁴

The primary purpose of the Collectibility Study is to identify and define that share of California's support debt that is realistically collectible. The Study's preliminary findings indicate that only 25 percent of the \$14.4 billion of debt will be collected over the next 10 years, and that the state's total debt will increase to \$34 billion during that same period (on the assumption that the status quo remains unchanged). These findings further suggest that before the state can hope to have a significant and positive impact on arrears accumulation, it may need to reach beyond the aggressive collection of past-due support and rethink and reinvent entire aspects of the child support operation. That process has begun. The state has hired a contractor who is currently developing a wide range of state-specific recommendations that address both the management of existing arrears and their future avoidance. Child support suggests that the evolving recommendations will likely speak to the following points:

- That the primary focus should be on aggressive enforcement.
- That the secondary focus should be on ending the accrual of additional arrears.
- That the number of default orders must be reduced. (Around 70 percent of all orders are established by default – usually with high amounts in the erroneous belief that this would encourage noncustodial parents to appear and appeal. In Los Angeles County, the default rate is over 80 percent!)
- That the state's policy of allocating payments first to interest and then to principal is a significant contributor to the arrears problem. While the abolishment of interest is probably not politically feasible, considerations may need to include a reduction in the rate or a change in the payment application policy.
- That the state should grant child support the authority to forgive arrears with the understanding that such authority serves as a tool to improve performance. Their preference is that any forgiveness policy be implemented on an individual basis guided by noncustodial parent-specific factors; and that the counties have a limited authority to forgive up to a set dollar amount with the state's authority extending to amounts above that limit.

California may find that the final draft of policy recommendations, as state-specific as it must be, is nonetheless likely to reflect and encompass a substantial number of the arrears management experiences coming out of Regions I, II and III and other jurisdictions across this nation. If so, it would be a reaffirmation of the continuing importance of discussing and sharing arrears management ideas at both the local and national level.

¹⁴ See the subsequent 2007 study by The Urban Institute, *Assessing Child Support Arrears in Nine Large States and the Nation* (<http://aspe.hhs.gov/hsp/07/assessing-CS-debt/>).

Preliminary Data Results:

The final report that summarizes California's Collectibility Study has not yet been released. However, some preliminary findings have been made available, courtesy of the Urban Institute. Highlights of the findings are as follows (1999 and 2000 data):

- CA's caseload represents 12 percent of the national caseload.
- CA's arrearage represents 20 percent of the total national arrearage.
- Out of 834,000 NCPs, 22,000 were incarcerated (state prisons only).¹⁵
- 70 percent of arrears is owed to the state.
- 70 percent of arrears is owed by NCPs whose income is less than \$10,000.
- 25 percent of NCPs who owe arrears had no recent income (2 years back).
- The average arrears amount is \$17,000.
- For NCPs with an income between \$1,000 and \$5,000, the average support obligation was \$280.
- For NCPs with an income between \$25,000 and \$30,000, the average support obligation was \$360.
- One-third of NCPs who report no income nonetheless paid some support. (Potential evidence of the *underground economy*.)
- 27 percent of the arrears total represents interest due on principal.
- 70 percent of debtors have wage withholding in place.
- The median annual earnings of employed debtors are \$14,110, compared to other state workers whose median annual earnings are \$16,635.

The study's underlying data, and most critically the actual noncustodial parent income data, was applied to a microsimulation model to reach the key conclusion that California is not likely to collect more than \$3.8 billion over the next ten years towards the \$14.4 billion that was owed as of March 2000. The Urban Institute indicates that better results are doubtful even under an aggressive enforcement plan due to the fact that a relatively small number of low-income noncustodial parents (earning less than \$10,000 per year) owe more than \$10 billion of the total debt. The Urban Institute also suggests that the factors sharing responsibility for the current crisis (among them the high default rate, inadequate modification services, retroactive support and the multiple orders issue) will, if not resolved, continue to advance the ongoing explosion in the overall arrears amount.

It is this kind of sobering arrears analysis that may in fact be the requisite first step any jurisdiction needs to take before reaching consequential conclusions concerning arrears-related causes and solutions. And while not every state's analysis may need to be as complex or expansive, California's ongoing experience certainly reinforces the advisability of the suggestion made at the April 2001 Northeast Hub meeting that knowledge of your arrears *bucket* is the best foundation for effective arrears management actions.

¹⁵ A national study issued around the time of this meeting apparently indicates that approximately 10% of all incarcerated individuals are in federal Jail, 33% in local or county jail, and 57% in state prison.

OCSE'S REPORT ON POLICY AND PRACTICE OPTIONS FOR LOW-INCOME NONCUSTODIAL PARENTS

OCSE, Policy Studies, Inc. and the Center for Policy Research are engaged in an on-going study that seeks to identify effective policies and practices with respect to low-income noncustodial parents. The project partially responds to studies by the Office of the Inspector General and other entities that report on the large percentage of total arrears owed by low-income parents who may in fact never have the resources to ever satisfy their debt.

Preliminary outcomes have already reinforced initial beliefs that the most effective way to avoid arrears for low-income noncustodial parents is to secure their participation in the order establishment process and to ensure that the process ends with a reasonable obligation. States may need to supplement this approach by maximizing access to and use of computerized wage data so that at least a minimum amount of earnings information is available for all cases, including defaults. There is widespread consensus that the ultimate beneficiary of any of these efforts should be the family. Designing a system that establishes fair and reasonable obligations that encourage rather than discourage the payment of child support will go a long way toward reaching that goal.

Some of the options and suggestions currently under review are categorized below.

Establishing Appropriate Orders

- Base orders solely on the ability to pay and utilize computerized income information in default cases.
- Set temporary orders at default hearings. Do not establish permanent arrearages until the NCP appears at a hearing.
- Set reasonable minimum obligations if the NCP income falls below the self-support reserve amount.
- When imputing income, do not assume that NCP's work full time - especially if the NCP has a history of sporadic unemployment or underemployment.
- Account for multiple family situations and ensure that the total amount of all orders does not exceed a set percentage of available NCP income.
- Consider in-kind contributions such as child-care and medical support when establishing the obligation.
- Establish a self-support reserve that is regularly updated.
- Equalize the respective standards of living in poverty situations.
- Reconsider the imposition of fines and penalties. These charges may merely add to the arrearage and may not be effective to secure future payments.

Service of Process

- Try to minimize the number of default cases by implementing more effective service of process procedures and by reaching out to low-income noncustodial parents whenever possible. It is important to convey the message that attendance and providing income information is an act of self-interest.
- Restrict the use of substitute service, especially for paternity establishments. Monitor the method of service, especially when performed by private process servers.
- Provide complete locate information to process servers.
- Use simple and plain language on all appearance notices – be sure that low-income obligors understand what you are saying.
- Use bilingual notices whenever appropriate.
- Be flexible with hearing times, sites and process.
- Eliminate filing fees if they discourage legal actions such as modifications, motions for visitation, etc.
- Require that a notice to show cause is served in conjunction with any notice of default hearing.
- Offer remedial opportunities after default orders are issued – for example, motions to set aside, amend or reopen default obligations based on evidence of actual assets and earnings.
- Issue temporary or provisional default orders.
- Adopt a staff-wide philosophy that default orders should be avoided, that respondents receive actual notice of proceedings, and that obligations should be fair and reasonable.
- Use multiple means of service of process.

Review and Adjustment of Child Support Orders

- Reevaluate existing thresholds in the review and adjustment process; consider lowering the threshold if the obligor has large arrears.
- Provide for a simple pro-se modification process for low-income cases.
- Encourage modifications based on changes in circumstances especially when the noncustodial parent is unemployed or incarcerated.
- Notify parties of their right to request reviews and adjustments and modifications.
- Automate the pre-review process.
- Expedite the review and adjustment process and avoid hearings if possible.
- Conduct telephonic review and adjustment hearings.

Use of Enforcement Remedies

- Pursue alternatives to jail time (use civil rather than criminal contempt); e.g., consider diversion programs, lump sum payments and purge bonds, and community service.
- Use the following diversion programs if appropriate: employment training, drug treatment, parenting classes and mental health services.
- Temporarily defer sentencing in contempt proceedings to open a payment window.

- Actively pursue the motor vehicle suspension process – suspend the process in lieu of lump sum payment, payment plans or voluntary wage withholding.

Arrears Avoidance vs. Retroactive Support

- Cap the amount of retroactive support.
- Impose retroactive support based on available current income.
- Expand caseworker discretion in the process.
- Restrict the imposition of retroactive support when appropriate and if permissible.

Accumulated Arrears Management

- Consider capping arrears for low-income noncustodial parents (especially when there is a history of low earnings).
- Review individual arrears accounts to verify that the accumulation occurred under equitable circumstances.
- Consider arrears forgiveness if the arrears are not the result of willful actions by the NCP.
- Compromise state debt (especially if the debt is considered uncollectible) in exchange for positive action (payment on current, participation in fatherhood or WtW programs, etc.).

Marriage Reconciliation

- Consider the suspension of child support obligation during sustained periods of reconciliation and cohabitation (requires frequent monitoring).
- Consider compromising arrears owed by reconciling and cohabiting couples.
- Sponsor, co-sponsor and otherwise encourage *marriage promotion* and *divorce prevention* demonstrations.

Interest, Penalties and Fees

- Consider that all charges in excess of child support are especially burdensome for the low-income noncustodial parent and imposition of same may discourage the payment of current support.
- Exempt low-income NCPs from court, genetic testing and similar fees.
- Exempt low-income NCPs from fees associated with the modification process.
- Consider that charging for genetic testing may discourage testing and may result in questionable paternity establishments. In this era of paternity disestablishments, genetic testing should be encouraged, not discouraged.
- Cap fees and other add-ons for low-income NCPs.
- Reduce and/or eliminate interest and penalty payments.

Amnesty Programs

- Establish strict time limits for amnesty programs.

- Precede programs with extensive publicity.
- Offer to revise payment plans as an incentive to increase low-income NCP participation.

Ancillary Services

- Access and Visitation programs have proven to be a positive factor in raising child support payment rates.
- Encourage (and train) front-line staff to refer problem cases to mediation or otherwise appropriate services.
- If circumstances do not permit regular visitation, encourage supervised visitation as an alternative.
- Extend Access and Visitation services to low-income never-married parents.
- When possible, encourage joint-custody orders; joint custody appears to encourage the payment of child support.
- Maximize collaboration with all types of employment services, whether offered through the TANF program, Department of Labor, CBOs or fatherhood entities.
- Collaborate with Marriage Promotion programs and demonstration projects.
- Collaborate with Divorce Prevention programs and demonstration projects.

THE CLASP OVERVIEW OF ARREARS MANAGEMENT

CLASP recognizes that the *arrears problem* encompasses a profound diversity of issues and policy considerations. CLASP, from the viewpoint of a child support advocate, is especially concerned about the impact of accumulating arrears upon the reputation and image of the child support program. It recommends that the problem may be best attacked with a balanced approach that needs to embrace a significant focus on the payment of current support. CLASP finally recommends that decision-makers consider the following points when shaping arrears management policy so that the needs and concerns of all the interested parties may be addressed:

- Utilize aggressive enforcement techniques that reveal errors in arrears balances and ultimately lead to case clean-up activities. The key is to focus on the prevention of arrears whenever possible.
- Begin with a thorough examination of the order establishment process. Identify and recognize those components of the process that are out of sync with the obligor's underlying ability to pay support.
- Analyze the arrears *bucket* and use the resulting state-specific data to politically sell proposed policy changes.
- Recognize that some of the arrears accumulate due to inappropriate and counter-productive business practices.
- Understand the difference between *forgiving*, *adjusting* and *compromising* arrears. While states may have their own definitions, consider that arrears arguably could be subject to *forgiveness* if the arrears did not accumulate because of an obligor's willful refusal to pay. *Adjustment* in turn should not be tied to past behavior but instead to the current ability to pay. And *compromise* (or leveraging) should depend upon some corresponding good behavior by the obligor.
- Target the specific groups of noncustodial parents that are most likely to accumulate arrears in your state (for example, incarcerated parents, low-income parents and those that are facing layoffs and other negative economic circumstances).
- Approach and involve all of your stakeholders, including members of the legislative and judicial branch. Consider individual approaches to stakeholders that include presentations of stakeholder-relevant factual information.
- Consider that the issue surrounding incarcerated noncustodial parents is currently a hot national topic. Interest in this issue can be the hook that gets the state's stakeholders to approach a wider range of arrears management concerns.

CLASP may consider drafting a state matrix of arrears management practices. Such matrix would be a substantial contribution to any state effort to reinvent and/or enhance order establishment, enforcement and prevention policies.

NEXT STEPS

Participants recognize the significant progress they have made since the date of the first arrears management meeting in April 2001. They also recognize that time spent developing new management strategies and policies may have been at the expense of efforts to change the attitude of front-line child support staff to one of greater acceptance and support of a child support world that is rapidly changing to accommodate arrears management concerns. Therefore, participants suggested that future progress might depend on the level of involvement, education and support that is extended to the entire organizational structure.

Participants are also unanimous in acknowledging the benefits derived from regional discussions around arrears management issues, and they intend to continue the discussion at future meetings. Participants make the following recommendations with respect to future meetings:

- Presentations by *outside* child support directors and public interest groups have been extremely helpful and stimulating, and selected directors and other interested parties should be invited to attend future meetings.
- Future discussions, whenever possible, should be conducted within the context of *personal responsibility*.
- Meetings and related activities should be coordinated with the work of the Big10+ group and other relevant workgroups under an umbrella of national collaboration on arrears management issues.
- Future discussions may need to connect to the pending Workforce Investment Act and other legislation that directly impacts low-income noncustodial parents.
- The sharing of summaries and other tri-regional work products should continue via the OCSE network, the IV-D link, the *Child Support Report* and state and federal websites.
- The time may have come to focus future meetings on some of the individual factors that appear to contribute the most to inappropriate arrears accumulations. Possible topics are:
 1. The order establishment process
 2. Multiple order situations
 3. Service of process
 4. Review and Adjustment policies

The *Northeast Agenda Committee* will be issuing corresponding proposals and suggestions for Region I, II and III state comment by June 2003.

ADDENDUM E – Connecticut’s Incarcerated NCP Study

Survey Regarding Establishment or Modification of Support Orders With Respect to Incarcerated NCPs

(Compiled December 9, 2001; Revised 9-15-02 by Diane M. Fray, IV-D Director, CT)

-Reproduced with the permission of Diane M. Fray-

1. Do you establish (or try to establish) a child support order against an NCP if he is incarcerated?

Alabama: Alabama has no specific law or policy regarding establishing orders against incarcerated noncustodial parents. However, generally we would wait until he is released because he does not have the ability to pay while incarcerated.

Arkansas: No

California: Yes

Colorado: Yes

Connecticut: No

D.C.: The District does not usually attempt to establish a child support order against an incarcerated NCP because DC has case law stating that an NCP has a right to have his/her order suspended during incarceration, unless s/he has income while incarcerated.

Florida: No, unless the state can prove current ability to pay. If a source of income is identified, an obligation can be established.

Guam: Yes, if paternity is not established and if the NCP is on a work release program.

Illinois: No

Indiana: Yes

Kentucky: Yes

Louisiana: No, unless there is income to calculate the proper support amount. For example, if the NCP is in a work release program. We do pursue establishment of paternity if it is an issue.

Maine: Generally yes and no, there are several factors to consider. Has the action already been filed? If we begin an action and the NCP becomes incarcerated, or if we find out he is incarcerated, we would continue and get the order. Have we searched for years to locate this NCP? Is the incarceration for a short period? Does the NCP have any assets? Is the NCP on work release?

Maryland: Yes but it is a zero order unless there is an income flow.

Massachusetts: Yes, and we are starting to work on procedures for establishing minimum orders through hearing by affidavit or videoconference.

Minnesota: In general, child support magistrates have been entering findings stating that the obligor's income is diminished due to incarceration, reserving child support in the order, and requiring the obligor to provide financial information upon release that will form the basis for an order for support at that time.

Montana: No

Nebraska: Establish paternity, yes. Nebraska law allows for child support to be established, but the majority of Nebraska courts reserve the setting of the child support until incarcerated noncustodial parent is released. If a child support order is established it generally is for the minimal amount which is \$50/month.

New Hampshire: Yes. In most cases we request an order in accordance with the statutory minimum child support obligation of \$50.00 per month. The obligation would be suspended with accrual while the NCP is incarcerated. Upon release from incarceration, or release to a work release program, we would pursue a modification for current support and payment towards any accrued arrears.

New Mexico: Yes

North Dakota: Yes

Oklahoma: Yes

Oregon: We do not establish (or try to establish) a child support order against an incarcerated NCP, unless we've ascertained that the NCP has sufficient income or resources to pay on the order or unless the incarceration is expected to last less than six months.

Pennsylvania: Establish paternity but no monetary order unless on work release.

Rhode Island: We generally do not file a motion for support for an incarcerated dad but we will pursue establishment of paternity.

South Carolina: This is not done in most instances. Court action against an incarcerated individual requires the appointment of a guardian ad litem to safeguard the person's rights. This is cost prohibitive and cumbersome. In cases involving an incarcerated obligor, staff determines the earliest possible release date and then prompts to check for the obligor's release at that time.

South Dakota: Yes

Tennessee: Establish paternity and reserve the order amount while incarcerated.

Texas: Yes

Utah: Yes (with qualifications)

Virginia: Establish paternity in all cases where there is an incarceration. We set the release date in our computer to tell us 30 days before the release date. Then we seek to establish the order. To establish it on a prisoner with, say, a life sentence or a death sentence merely runs up arrears and punishes the state on incentives.

Washington: Yes, we will establish paternity and child support against an NCP who is incarcerated.

Wisconsin: Yes

2. If yes to question 1, what criteria are used to establish the amount of the order? (Examples - imputed based on ability prior to incarceration; standard minimum order; other).

Alabama: N/A

Arkansas: N/A

California: No special criteria would be used to establish support amount.

Colorado: We use the child support guidelines, this allows for minimum orders of \$20-50; counties and courts may impute wages to the incarcerated if they consider him voluntarily unemployed or underemployed. This consideration is within the discretion of the court.

Connecticut: N/A

D.C.: If there is income, we use the guideline.

Florida: If the state can prove current ability to pay and a source of income is identified, an obligation can be established.

Guam: Standard minimum order of \$50 per child per month.

Illinois: The criteria we are looking at is a \$10 order for support.

Indiana: Prior ability or at least minimum wage.

Kentucky: Based on the child support guidelines, which has a minimum amount.

Louisiana: N/A

Maine: Law provides in 19A MRSA 2001(5)(D) that "a party who is incarcerated in a correctional or penal institution is deemed available only for employment that is available through such institutions." We could look to other assets as provided by 19A MRSA 2007 which sets out grounds for deviation - other income such as a trust fund, income producing property, disability benefits.

Maryland: Zero Order

Massachusetts: The court sets the order amount, but the child support agency (DOR) recommends the minimum amount (\$50/month), unless the NCP is on work release or has assets.

Minnesota: In general, child support magistrates have been entering findings stating that the

obligor's income is diminished due to incarceration, reserving child support in the order, and requiring the obligor to provide financial information upon release that will form the basis for an order for support at that time.

Montana: N/A

Nebraska: Minimal order - \$50/month.

New Hampshire: The New Hampshire Child Support Guidelines provide a minimum child support obligation of \$50.00 per month. The court may impute wages for the NCP, usually based upon previous employment, if the custodial party, or the state, argues that the NCP's incarceration is due to fault and should not justify the imposition of the minimum obligation.

New Mexico: Incarceration is viewed as a voluntary situation. The support guidelines are utilized using imputed income.

North Dakota: Our case law holds that the guidelines pertain to incarcerated NCPs and that the income should be imputed on minimum wage when the NCP has no other income.

Oklahoma: Minimum Order

Oregon: In the short-term circumstances described above, we would typically impute a minimum-wage income and a minimum order under Oregon's guidelines, unless we had information indicating a higher ability to pay. In other words, we'd just follow Oregon's normal child support guidelines as if the NCP was not incarcerated.

Pennsylvania: N/A

Rhode Island: N/A

South Carolina: N/A

South Dakota: We impute income for the NCP at the minimum wage level.

Tennessee: Generally reserve support amount while incarcerated. If a source of income is identified, would apply child support guidelines as appropriate. TN's guideline approach (percent of net income) allows for a minimal payment.

Texas: Texas law provides that a noncustodial parent owes a duty to support his (or her) child based on the parent's income [Texas Family Code Ch 154]. Many Texas courts view the obligor's incarceration as "intentional employment," and therefore set support based on the obligor's income ability prior to this incarceration. If no income history is available, the court usually sets support based on a minimum wage presumption.

Utah: We do not impute in this situation. In the past we have established a standard minimum of \$20 per the statutory guidelines, but more recently we have discussed the possibility of holding the support amount in reserve "to be determined" under the guideline table upon release from prison. In the meantime at least paternity is established if paternity was the primary issue.

Virginia: N/A

Washington: Administrative Orders: if the NCP is incarcerated with a release date at least 12 months in the future and has no income or assets, the Division of Child Support will establish an administrative support order for \$0.00 per month. **Judicial Orders:** practices vary by county in Washington, but generally Superior Courts will enter an order for \$25 per month per child. Based on the facts of the case, for example, length of incarceration, assets or income available to the inmate, a few courts will enter a zero order and set a review hearing shortly after the inmate's release date. Incarceration is a basis to rebut the presumptive \$25 minimum per child per month support amount.

Wisconsin: Based on the child support guidelines, which has a minimum amount.

3. Do you modify an existing child support order if the NCP becomes incarcerated?

Alabama: No.

Arkansas: Incarcerated NCP would have to hire an attorney and petition the court.

California: Not automatically.

Colorado: This is at county CSE or court discretion. Not automatic, NCP must request.

Connecticut: Family Support Magistrates do not usually modify orders.

D.C.: CSED does not initiate the modification. The NCP has to move for a modification in Court, and the modification is only retroactive to the date of filing the motion. CSED is working with a prisoners' legal services organization to provide information, form pleadings, etc. to incarcerated NCPs to advise them of their rights and facilitate the process.

Florida: No, the Title IV-D agency will not file a petition for modification once a noncustodial parent is incarcerated.

Guam: No

Illinois: Yes we will modify an existing order for an incarcerated NCP.

Indiana: No, per state case law an incarcerated individual should not be rewarded (by having support order lowered) for being incarcerated.

Kentucky: Yes

Louisiana: No, the court can order the suspension of collection for the duration of the incarceration; however, arrears accrue in these situations.

Maine: We do not move to modify on behalf of the NCP if we learn he is incarcerated. However, we explain their need to modify their court order. If the NCP has an administrative order we explain the need to modify and how to begin the administrative process. We do not oppose requests for modification generally.

Maryland: Not usually. We have drafted legislation that will be introduced this session to reduce support to \$25/month for periods of incarceration over a year if there is no other income.

Massachusetts: There is a separate procedure for incarcerated NCPs to request modification. They file their complaint for modification with DOR. DOR files it with the court and serves the custodial parent. Then it is held until the NCP notifies DOR that he is about to be or has been released. The matter is then marked up for hearing and the court decides on the modification complaint (and can modify back to the date of service on the custodial parent or any date since then or choose not to modify). We are working on a different procedure for longer term (mostly state prison) inmates, which would have the hearing immediately, with the NCP participating by affidavit or videoconference, if the custodial parent doesn't stipulate to a temporary order for the minimum amount until the NCP is on work release or released. If the NCP doesn't cooperate with DOR or the court after work release or release, the order would revert to the pre-mod amount.

Minnesota: When an obligor becomes incarcerated it may be a significant change of circumstances, which renders the existing order unjust or unfair. If so, the obligor should request a review/modification of the order. Then the order is modified based upon the financial information provided.

Montana: Incarcerated individuals may apply to the CSED or the district court for a modification. However, current Montana Supreme Court case law, and therefore CSED policy, provides that incarceration does not constitute a substantial and continuing change in circumstances sufficient to warrant a modification.

Nebraska: No, Nebraska State Statute §43-512.15 states that a review and modification cannot be done when "the variation from the guidelines is due to a voluntary reduction in net monthly income". Breaking the law which leads to an individual being incarcerated at one of the state's correctional facilities is based on "voluntarily" breaking the law, which in turn is a "voluntary" reduction in their salary.

New Hampshire: In TANF cases we do pursue modifications and, in most cases, do seek imposition of the statutory minimum obligation of \$50.00 per month. We have a prisoner outreach program to educate incarcerated obligors as to their statutory rights and responsibilities toward their child support obligation. In Non-TANF cases it would be the responsibility of the obligor to pursue a court modification of their support obligation with proper notice and an opportunity to be heard on the issue provided to the custodial party.

New Mexico: No

North Dakota: Orders are not automatically adjusted merely because the NCP is jailed; however, either party can request a review.

Oklahoma: Yes, if brought to our attention.

Oregon: Yes, if a party to the order so requests.

Pennsylvania: Generally only if requested to do so by the NCP.

Rhode Island: If the obligor files a motion to modify/review we ask the court to look at all the circumstances and to make a decision on a case-by-case basis. In a recent Supreme Court decision on incarcerated dads, the Family Court Judge ruled that he would not suspend a child support order for an incarcerated dad because he in essence through his own fault was incarcerated and should not benefit from that. The dad appealed and the Supreme Court would not hear the case. Accordingly, the issue is still open.

South Carolina: Modification would be within the discretion of the Family Court judge, but in almost all cases, judges do not modify support orders in cases of incarceration. Reduction of the obligation would be seen as rewarding the criminal behavior of the obligor.

South Dakota: No. However, either parent may file a petition for modification without OCSE's involvement. In these cases, however, some courts have ruled the NCP's reduction in income is a result of his/her voluntary acts, and therefore have dismissed the modification action. We have a statute that states the court may deviate from the application of the guidelines in situations involving the voluntary act of either parent, which reduces the parent's income.

Tennessee: Generally, if the NCP requests, we do.

Texas: If any obligor (incarcerated or otherwise) applies for IV-D services and requests a modification of support, the CSD accepts the application and analyzes whether the obligor meets the modification criteria as set out in Texas law: a material and substantial change in circumstances, or it has been three years since the support order was last modified or initially set and the monthly support obligation in place differs by 20 percent or \$100 from the amount that would be ordered based on obligor's current income.

Utah: We are not required to pursue a modification in this situation under state law, because the act, which resulted in the NCP in prison was "voluntary". However, recently we have discussed whether we should reconsider past policy and practice, considering the effect it has on the percentage of current support paid ratio, the percentage of cases with arrears receiving payments on arrears ratio, and the build up of arrears that may be uncollectible.

Virginia: We do not downwardly modify orders when a person is incarcerated. They are considered voluntarily unemployed.

Washington: no automatic mechanism to modify an existing order when an NCP becomes incarcerated. The NCP may petition to modify an existing order or the agency may petition if we are reviewing a case for modification.

Wisconsin: Yes.

4. If yes to question 3, what are the criteria for the amount of the new order?

Alabama: N/A

Arkansas: N/A

California: See response to question number two.

Colorado: \$20-50 per month is within guideline, however frequently the NCP is considered voluntarily unemployed and wages are imputed.

Connecticut: N/A

D.C.: The criterion of the new order is the amount of the NCP's income. If none, the order is suspended.

Florida: N/A

Guam: N/A

Illinois: The criteria are a change in income of at least \$20 or 100 percent reduction in income.

Indiana: N/A

Kentucky: They will be modified downward to the minimum amount.

Louisiana: N/A

Maine: The new order would be based on the NCPs income from employment available through the correctional facility.

Maryland: N/A

Massachusetts: Same as #2 with provisions

Minnesota: Obligor should request a review/modification of the order. Then the order is modified based upon the financial information provided.

Montana: N/A

Nebraska: N/A

New Hampshire: In most cases the incarcerated NCP has minimal, or no income, which would result in a minimum order for support upon calculation in accordance with the Child Support Guidelines. As noted above the court may impute income and apply the Child Support Guidelines to the imputed income.

New Mexico: N/A

North Dakota: The case law applies to establishment and review and adjustment situations.

Oklahoma: Minimum order

Oregon: We have an administrative rule OAR 461-200-3300 that describes how we proceed when the NCP is incarcerated.

Pennsylvania: Current income and assets if any.

Rhode Island: If the obligor files a motion to modify/review we ask the court to look at all the circumstances and to make a decision on a case-by-case basis, considering the following: the length of incarceration, the resources and assets of the inmate, whether he is on work release, whether he is willing to participate in a job training and placement program, etc.

South Carolina: N/A

South Dakota: N/A

Tennessee: Apply net income to child support guideline chart, which allow for minimal payment.

Texas: Incarceration is not an explicit consideration for the setting of support. If the court decides that the incarcerated obligor has become voluntarily unemployed, it will set support based on the obligor's pre-incarceration income; otherwise, the court will use the minimum wage income presumption. In some instances, the court may articulate reasons for deviating from the child support guidelines and set support at a lesser amount.

Utah: If we were to do this, it would likely result in the standard minimum in the guideline table (\$20). We would want to include language in the modified order that would either revert to the original amount upon release from prison, or authorize an automatic adjustment of the support award under the guideline table upon release from prison (if possible).

Virginia: If an order is already established, it will generally be reduced to our state minimum amount, which is \$65.

Washington: Modification of the order must be based on a substantial change of circumstances. If the NCP becomes incarcerated after an order was established, the order may be modified based on the NCP's current income. The same standards apply as for order establishment. See answer #2.

Wisconsin: Minimum amount.

5. If your state establishes obligations for past due support, do you assess the NCP for periods of incarceration?

Alabama: Yes, unless the court orders otherwise.

Arkansas: Yes, if the court did not abate support for periods of incarceration.

California: There is no provision in either regulation or statute that would take into account periods of past incarceration in establishing a child support obligation for past due child support. Section 17402 of the Family Code provides for the establishment of retroactive child support. This period is limited to a one year retroactive time period

Colorado: Yes

Connecticut: Not at the present time, unless NCP had assets, or other income.

D.C.: Arrears accrue under a pre-existing child support order until a modification takes effect.

Florida: Florida law limits the establishment of retroactive support to a period not to exceed 24 months prior to the date of filing. In situations where the noncustodial parent is incarcerated during this period, the court will make the determination of whether the noncustodial parent had the ability to pay during those periods.

Guam: Yes, for a period of 3 years, and if he/she is a participant in a work release program.

Illinois: Yes

Indiana: Yes

Kentucky: We do not establish obligations for past due support.

Louisiana: No, the court can order the suspension of collection for the duration of the incarceration however, arrears accrue in these situations.

Maine: No, however, if the NCP has income through the correctional facility we could base an obligation on that amount. Rarely happens that NCP has such income.

Maryland: N/A

Massachusetts: Not generally.

Minnesota: N/A

Montana: We may, but it is unlikely given our policy as discussed at Question 1 above. Our statutes allow establishment of a support obligation from the date of birth of the child at issue or the parties separation. Liability due to the payment of public assistance may only extend to the two year period preceding commencement of the action. Common commencement dates are the date the application or interstate referral was received for non-public assistance cases and the date public assistance benefits began in public assistance cases. Caseworkers have some discretion in alleging a commencement date based on the facts of the case.

Nebraska: Yes, but it is at the discretion of the court. We can establish orders for retro child support in paternity establishment cases back to the date of the child's birth.

New Hampshire: In public assistance cases we do not pursue past due support. We establish prospective child support orders, generally from the date of the hearing forward. In Non-TANF cases most obligees pursue child support from the date of the filing of the petition. Some have successfully pursued child support beginning at earlier dates, including the child's date of birth.

New Mexico: Yes

North Dakota: We do not pursue support for prior periods. In TANF cases we go back to the date of assignment or birth of the child, whichever is later. In non-TANF cases we go back to the date of application, which may include all or part of the time of incarceration.

Oklahoma: Minimum order.

Oregon: No, unless there is evidence of ability to pay. Our thinking on this is that if we take steps to avoid having the NCP build up a huge arrearage while incarcerated and unable to pay, we diminish the likelihood of him/her being confronted with this huge debt upon release. This huge debt could simply induce the NCP to give up and ignore the debt, or to recidivate, whereas if we prevent this from occurring, then having a manageable child support obligation upon release will foster a greater likelihood of support order compliance.

Pennsylvania: Depends on the circumstances of the case; generally, only if there was an ability to pay based on income and assets.

Rhode Island: At the present time if the order continues to run the obligor owes all past due support even during the period of incarceration. He must file a motion to modify to get relief from the order. We are working on a program with the Corrections Dept. If the inmate, upon release, cooperates with the job training and placement program and pays support continuously we will agree to waive a portion of TANF arrears.

South Carolina: does not establish obligations for past due support. Obligations begin on the date of the initial court hearing or administrative conference.

South Dakota: Yes

Tennessee: A judgment for past due support, say, from the time a child is born until a support order is established is based upon the NCP's ability to pay during the period.

Texas: Generally, yes. Courts generally follow the same rationale as explained in 2 (above) with respect to setting retroactive support in a paternity action. The CSD petitions the court to award support, based on the obligor's income, for the retroactive period.

Utah: If this question is referring to establishing a past due support amount at the same time a first-time current support order is established, we have done this in the past, but have changed direction on the issue, particularly in paternity cases. We are more concerned with establishing paternity and prospective current support and less concerned with retro arrears.

Virginia: Working prisoner cases is clear a last priority. Having to establish a Guardian Ad Litem and pay more lawyers further penalizes the state and lowers your cost effectiveness.

Washington: Yes, DCS assesses support beginning with the date of the public assistance authorization or receipt of a non-assistance application. If the NCP was incarcerated during some or all of the arrears period DCS computes support based on the income standards as set forth in answer #2.

ADDENDUM F – 3rd Meeting Participant List

Chris Arciero
David Arnaudo
Pauline Burton
Curtis Child
John Clark
Barbara Cleveland
Jens Feck
Diane Fray
Alisha Griffin
Andrew Haman
Terri Hopkins
Teresa Kaiser
Louis Katz
Joan Kaub
Chuck Kenher
Joanne Krudys
Carol Sims
Marilyn Ray Smith
Elaine Sorensen
Carolyn Thomas
Vicki Turetsky
Aleida Varona
David Welker
Juanita DeVine

THE FOURTH MEETING **NORTHEAST REGIONAL ARREARS MANAGEMENT GROUP**

(FOCUS ON ORDER ESTABLISHMENT AND THE USE OF AUTOMATION AND THEIR RESPECTIVE RELATIONSHIP TO ARREARS AVOIDANCE)

INTRODUCTION: Child Support Program (IV-D) Directors from Regions I, II and III, child support managers and their judicial, private and federal partners met on September 19, 2004, in Arlington, Virginia, for the fourth *Northeast Workgroup* meeting on arrears avoidance and accrued arrears management issues. The meeting agenda diverged from previous agendas in one significant aspect: Participants divided into two workgroups, the first group focusing on the relationship between order establishment and arrears avoidance, and the second group focusing on the importance of automation to arrears management. The meeting agenda retained the traditional *State Update Session*, designed to offer all participants the opportunity to report on current state activities and corresponding *good ideas* and *best practices*.

The meeting was moderated by John Clark, ROIII program specialist, and workgroup discussions were facilitated by Chuck Kenher and Chris Arciero, ROI program specialists. This summary was drafted by Jens Feck, ROII program specialist. The participants represented nine states, the District of Columbia, the U.S. Virgin Islands, the Urban Institute, the Center for Law and Social Policy, the American Public Human Services Association, the federal Office of Child Support Enforcement and the Boston, New York and Philadelphia regional offices of the Administration for Children and Families (ACF).

Meeting participants shared a variety of viewpoints and at times articulated substantially divergent issues shaping their individual state arrears management situations. Several concepts and proposals, however, received widespread affirmation during the opening session. Examples include the propositions that: (1) employer compliance with New Hire Reporting requirements is at a less than desirable level and may need to be revisited and enhanced in order to properly support *early intervention* arrears management practices; (2) matches between the IV-D-caseload and SSI-recipient data should be conducted at regular intervals in order to identify obligors who are truly *dead-broke* (and whose orders may not have been adjusted accordingly); (3) regularly available economic data (tax, wage, etc) that is being used to analyze a state's accumulated arrearage may need to be carefully examined and evaluated before final conclusions are drawn - for instance, when data matches fail to identify any reported income for segments of the obligor population even though these same obligors are simultaneously matched with tax refunds; (4) collaboration with the judicial system needs to be enhanced to better address potentially dissimilar interests that, if left unresolved, may aggravate arrears accrual; and (5) equity concerns should continue to play a vital role in the decision-making process.

The meeting once again validated the Northeast's leading role as arrears management practitioners and innovators: continually pushing ahead with both established and experimental arrears management projects and united in commitment to serve the needs of

parents and their children. All members of the discussion group hope that the following summary, and the incorporated updates of best practices and good ideas, serve to reflect this commitment, and more importantly, offer inspiration and information in support of new or ongoing arrears management initiatives in other jurisdictions and tribal nations.

The Agenda Committee presently consists of Alisha Griffin, New Jersey IV-D Director, Marilyn Ray Smith, Massachusetts IV-D Director, Benidia Rice, Washington D.C. IV-D Director, Chuck Kenher, Region I Program Specialist, Joan Kaub, Region III Program Specialist, and Committee Lead Jens Feck, Region II Program Specialist.

STATE UPDATES

The following section offers a synopsis outline of arrears management activities in ACF Region I, II and III jurisdictions (consisting of 13 states, the District of Columbia, the Commonwealth of Puerto Rico and the U.S. Virgin Islands). The *Updates* summarize planned, newly initiated and on-going policies, procedures and practices that, to varying degree, update the reports cited in the *Third Meeting* summary. The summaries below reflect progress made to date and oftentimes embody a fine-tuning of an approach and/or philosophy developed years ago. The updates continue to be grouped, to the extent possible, under the previously established Discussion Framework categories: *Order Establishment, Prevention and Early Intervention* and *Accrued Arrears Management*. (See the *First Meeting Summary* for background on the development of the Discussion Framework.)

Order Establishment:

Washington DC – The DC Guidelines Commission issued recommendations in July 2004 that are expected to lead to a major overhaul of the District’s child support guidelines. The recommendations reflect a general belief that the most effective way to prevent arrears accumulation is to establish fair orders up front, by way of balancing the needs of children with the noncustodial parent’s ability to pay. The recommended changes specifically focus on the need to establish fair orders for low-income noncustodial parents. Establishing fair orders, based on realistic assumptions, should prevent the accumulation of unwarranted arrears. DC’s effort supports two important arrears management principles: guidelines should be reviewed, and adjusted, on a regular basis to ensure that fair orders continue to be established in light of changing economic and related conditions, and guidelines should address the unique circumstances of low-income noncustodial parents.

General comments on guidelines: Guideline revisions are being considered all over the nation, and finding the right balance between the needs of children, CPs, and noncustodial parents, especially low-income noncustodial parents, can be a challenging task involving competing and compelling interests. For example, a meeting participant questioned whether or not it is equitable to consider only a partial percentage (e.g. 20 percent) of a noncustodial parent’s income when presumably 100 percent of a CP’s income is dedicated to raising the child or children. This alleged inequity cannot be overlooked in the overall effort to manage arrears – and the greater the perceived inequity, especially in the context of proposing revisions to child support guidelines, the greater the challenge to garner CP and public acceptance.¹⁶

Arguing in favor of lower or capped percentages, another meeting participant proposed a rule of thumb holding that whenever child support obligations rise above 35 percent of income, compliance will conversely drop – and this proposition was supported by reference

¹⁶ The Atlanta Journal-Constitution, in the June 26, 2005 Sunday Home Edition, in reference to “widely cited research” done by Columbia University professor Irwin Garfinkel, states that “Garfinkel found that after child support is subtracted from the noncustodial father’s income and added to the mother’s and child’s income, the standard of living of the dad is still about twice that of the mothers and children.”

to the high arrears balances held by young African-American males – ages 16 to 20 – who often experience relatively low employment rates; the implication being that virtually all of the respective obligations exceed 35 percent of the available income. Of course, there is also validity in the proposition that the income amount is as important a variable as the percentage of income applied to support, and as income, and/or assets, move up or down, the rule-of-thumb percentage may need to be similarly adjusted.

OCSE-[IM-04-04](#), based on FY03 data, seems to support the argument that a significant portion of debt is in fact held by low-income noncustodial parents. The reports' underlying analysis reflects that 63 percent of all debtors, holding 70 percent of the national child support debt, report income of less than \$10,000 per year, with more than half of those reporting no income. A few meeting participants expressed caution about placing too much reliance on some of the "conclusions" drawn from various data analysis, and, in support of such concern, cited aforementioned data anomalies such as debtors showing no reported income while apparently receiving tax refunds.

The aforementioned viewpoints and concerns imply that any discussions about guideline revisions and accrued arrears may benefit by including the following talking points:

- What is the state's comfort level with the economic data that is being used to support a proposed revision to the child support guideline formula, especially in light of at least experiential evidence suggesting a significant number of parents are self-employed and/or operate in the underground economy?
- How accurate is the economic data used to support the actual numbers or percentages to be plugged into a guideline (percentage, income shares or other model?)
- Would it be more appropriate to establish fixed dollar amounts or capped percentages with respect to those obligors where substantial evidence supports actual income of less than \$10,000?

Connecticut – The child support program continues with its efforts to obtain timely and accurate financial data for the establishment process, by way of initiating a constructive dialogue with noncustodial parents as early as possible in the process through revision of its initial contact forms. By reducing legalese, simplifying and reorganizing the presentation of factual material, and engaging fatherhood communities as well as child support practitioners in the forms development process, the forms have become more user and father-friendly. It is anticipated that the forms will result in earlier and higher quality contacts between the program and noncustodial parents. In addition to providing better customer service, the forms should also serve the goal of arrearage prevention by getting cases to agreement or court earlier, and opening the door to a fuller understanding by noncustodial parents of the need for their full participation in the establishment process.

Replication advice: It is important to obtain staff input throughout the process in order to develop final forms that are no longer "legal" sounding, and likewise do not "talk down" to obligors.

New Jersey – State is expanding its focus beyond establishing fair orders to ensuring that orders are in fact established in all cases when appropriate and possible. The need to establish new orders appears to be most significant with respect to the child support TANF (welfare) caseload. New Jersey is in a continuing process of conducting a statewide audit and analysis of all TANF cases that do not have paternity and/or orders established in order to determine existing barriers to establishment. Generally speaking, this is an important issue in most jurisdictions, as reflected in the following data cited in the Child Support Enforcement FY04 Preliminary Report: Nationwide, only 52.9 percent of TANF cases have an established order, compared to 80.9 percent of former assistance cases, and 75.9 percent of never assistance cases. In a number of states, this disparity is significantly more pronounced.

New Jersey anticipates the following results from its audit and analysis:

- Identification of barriers to establishing paternity and child support orders
- Determination of best practices
- Establishment of a work plan that includes specific statewide and county improvement goals; and
- Improving the ability of TANF clients to become self-sufficient and move off of TANF

The identification of establishment barriers and the determination of best practices can be directly tied to the arrears management goal of establishing fair orders up front. Specifically, the identification of barriers to order establishment in TANF cases, which often include low-income noncustodial parents as participants, may incorporate points of interest including barriers to obtaining accurate and timely income information, and as these barriers are addressed and resolved, the evolved order establishment process should lead to more realistic and payable order amounts.

Connecticut – The *State Commission for Child Support Guidelines*, which is charged with reviewing Connecticut’s Child Support and Arrearage Guidelines every four years, began its present review cycle in October 2002 and is expected to complete its review by the end of 2004. While no Commission actions are final until the legislative committee assigned to the regulatory process approves the official regulatory amendments, it is instructive to note a few of the issues the Commission has addressed during its deliberations aimed at ensuring fair initial support orders. After all, the establishment of child support guidelines that result in appropriate current support orders certainly serves the goal of preventing the accumulation of unrealistic arrearages that may never be paid, while at the same time increasing among parents the perception of fairness that should in turn lead to increased compliance with the orders.

Some of the issues already addressed by the Commission are as follows:

- Consideration of additional allowable deductions, resulting in more accurate determinations of net income;
- Reduction from 52 to 45 wage hours in routine gross income calculations;
- Elimination of presumptive support obligations for noncustodial parents earning less than \$50 per week;

- Elimination of an obligation to pay Husky health insurance contributions for low-income obligors; and
- Revision of the calculation method for determining percentage contributions to unreimbursed medical expenses and the child care contribution to allow consideration of alimony paid by one parent to the other.

Prevention and Early Intervention:

Virginia – State is conducting a 36-month OCSE-funded research study (9-03 through 9-06), designed to study strategies and resources that will provide assistance to low-income noncustodial parents who either owe arrears or are likely to accumulate same. The study’s goals are as follows:

- To develop and implement customer-centered services and procedures that result in consistent payments and that help avoid the accumulation of arrears;
- To prepare, validate and implement a model tool that will successfully classify the risk of noncustodial parents falling into arrears, and which then will be used by Establishment staff at time of case intake and by Enforcement staff on an on-going basis, to identify at-risk noncustodial parents; and
- To arrange negotiations with noncustodial parents on both TANF and non-TANF cases to settle arrearages, equitable to all parties and consistent with Virginia law, to reinforce consistent payment on current support.

The study’s principle objectives are as follows:

- Achieve a reduction in the time required to establish paternity.
- Establish support obligations that are viewed as equitable by all parties and that result in more consistent payments.
- Train Establishment and Enforcement staff to be perceived as more customer-friendly by both parents.
- Design an arrearages prediction tool that is helpful to normal case processing by Establishment and Enforcement staff.
- Reduce the rate of accumulation of arrearages in new cases.
- Reduce arrearages in Arrears Only cases and in Current cases.
- Increase consistency in the noncustodial parent’s mean payment amount and payment frequency.

The customer services that will be provided free of charge to consenting noncustodial parents (in three experimental offices located in Richmond, Portsmouth and Norfolk) include employment assistance and training, financial and debt management, mentoring/parenting skills and mediation.

Virginia – State is conducting a 36-month OCSE-funded research study (9-02 through 9-05) to reduce the backlog of CSE court cases requiring personal service, by working in tandem with a local law enforcement unit designated to locate and personally serve papers on either or both parents regarding initial petitions, motions to amend and orders to show cause.

The state is using available automated systems (e.g. NCIC, Accurant, and APECS, the automated system that includes data from the National Directory of New Hires, the Federal Case Registry, FIDM, the federal tax intercept program, Virginia Inmate Release, and additional and similar automated matches) in conjunction with a special CSE unit (working in partnership with the Chesapeake Sheriff's Office) to support this project. The project has four subordinate goals:

- To increase the number and percentages of cases where Service of Process is *actual* (personal) rather than *constructive* (posted);
- To reduce the average time required to establish paternity and the obligation for; support subsequent to case opening in the Chesapeake CSE office (opening per local application or intrastate/interstate request);
- To increase the amount of child support collected from the backlog of "dead file" interstate and intrastate cases pending in the Chesapeake Juvenile & Domestic Relations court and CSE office; and
- To identify and provide Chesapeake-area youth and adults a basic law-based education on (1) the laws and penalties associated with child support, generally, and with sexual relations with minors, specifically, and (2) parenting and local fatherhood initiatives.

Through March 2004, the Sheriff's CSE Unit has processed almost 1,500 court papers for personal service while maintaining a 95 percent successful service rate (the Unit delivers initial petitions to both parents). The successful service rate with respect to more than 140 outstanding *capias* arrest warrants was 74 percent. The Unit maintains a standing caseload of 300 court documents requiring service.

Connecticut – The state child support program, building on past initiatives to prevent the accumulation of large arrearages, has proceeded statutorily to ensure that starting arrearages (a/k/a retroactive support or past due support) established in court are realistic and reflective of the obligor's actual ability to pay. A set of statutory amendments passed in the 2003 legislative session continued the principle of basing retroactive support on past ability to pay, but changed the substitute methods for assessing arrearages when past ability is unknown.

While current ability to pay is still relied on as the first alternative to assess starting arrearages when past ability is unknown, additional back-up methods to assess ability are now employed, instead of resorting, as was the case under former law, to the amount of public assistance, if any, paid to support the child. The standards now used, by statute, are: (1) the obligor's work history is considered first and (2) the state minimum wage in effect during the periods being assessed is considered next. A further proviso is that only actual earnings, and not imputed amounts, can be used for periods during which the obligor was a full-time high school student or was incarcerated, institutionalized or incapacitated.

The aforementioned amendments also include additional protections to ensure that in cases where the court had to rely on substitute methods to determine past ability to pay because

the obligor failed to appear in the case, an adjustment of the arrearage finding is possible if information becomes available that would have substantially affected the court's determination. Under former law, adjustment could be made, but only for a period of four months from notice to the obligor. The new law allows adjustment for twelve months following receipt of notice.

The former law also required that the obligor make the motion for adjustment. Pursuant to the new law, the child support agency must make the motion if it obtains the required information. Finally, while the former law made reference to obligor notification, the requirement was not very specific. The new law requires that the support order provided to the obligor must "state in plain language the basis for the court's determination of past support, the right to request an adjustment and to present information concerning the obligor's past ability to pay, and the consequences of a failure to request such adjustment."

As is true with similar legislative initiatives, resistance can be encountered at both the judicial level as well as with Office of the Attorney General. Some courts (and attorneys) still prefer to set retroactive support at the level of assistance paid out. Others, even though willing to forgo the full amount of the accrued maintenance, want to charge the noncustodial parent based on a 40 hour work week even though actual income may be unknown (in contrast, the child support program's policy is to use a 32 hour work week).

Since implementation of the new legal standards, the child support agency is not aware of any increases in the number of noncustodial parents choosing not to appear at support hearings in hopes of obtaining a lower order amount. In addition, the agency has not experienced an increase in the number of noncustodial parents requesting modifications of retroactive support – however, some magistrates have at least initially reported filings at above average rates.

Maryland – The *State Child Support Enforcement Administration (CSEA)*, in partnership with the *Department of Public Safety and Correctional Services (DPSCS)*, is conducting a program that allows incarcerated obligors to apply for modifications of court orders in order to prevent accrual of often substantial arrears during the time of incarceration. The program provides that DPSCS personnel forward requests for modifications to the local child support office for processing. Electronic file sharing will allow DPSCS staff to alert child support staff of upcoming release dates, allowing them to process timely resumption of the obligation.

CSEA expects that the program will lead to reduced arrears balances. Seven percent of the state's noncustodial parents are currently incarcerated (FY03). This group is estimated to owe about ten percent of the total arrears amount, or \$140 million. Exact estimates of the fiscal impact of the proposed program may be available at a later date. CSEA is expected to complete a data match with DPSCS to determine the amount of reduction in arrears that would have resulted if this program had been in effect during the last ten years.

The program is planned to be operational in all of Maryland's correctional facilities. In FY04, the program was in place in the Baltimore City Child Support Office. Baltimore City has the largest population of incarcerated obligors.

Replication Advice: It is important to include attorneys from the correctional facilities in the planning process in order to resolve privacy of criminal history issues. It is also important to be aware of technical system issues arising from any attempt at data information sharing between individual and separate computer systems.

Connecticut – State has drafted statutes, regulations and procedures to help incarcerated obligors prevent large arrearage accumulations. A statute passed in 2004 mandated that courts, upon proper motion, modify the current support orders of institutionalized or incarcerated obligors based on the present income of the obligor, in accordance with the child support guidelines. This provision overturns prior case law that had imposed a continuing obligation on such individuals to provide support at the level ordered prior to their incarceration or institutionalization.

As of late 2004, response to the statute has been mixed. Magistrates have reported that some inmates have requested modifications. However, a Support Enforcement Services pilot in a local office received no requests for assistance in response to letters sent out to inmates advising them that they could receive assistance with modifications. In addition, the courts and many non-assistance custodial parents have raised objections with respect to the new statute and implementing policy.

Replication Advice: Officials of the Department of Corrections and Judicial Magistrates and Judges can be resistive. It is recommended that child support conduct “informational sessions” on arrears management to better explain the underlying reasons for any respective policy change, prior to the implementation of new procedures.

(See Addendum G: Public Act No. 03-258)

Rhode Island – State, in an effort to facilitate the modification process and referrals to job training and placement services, intends to modify the content of a notice that is currently issued automatically upon the occurrence of a 30-day delinquency. The current notice uses a threatening tone and focuses on potential enforcement tools. The notice will be modified to alter the tone and to include information on modification services and options and the availability of job training and placement services.

New Jersey – The state, in an effort to improve the collectibility of child support in TANF cases, is conducting its second statewide audit and analysis of all TANF cases with an established order but with no or sporadic and inconsistent collection activity.

The state is anticipating the following results:

1. Determining the quality/appropriateness of the orders
2. Determining barriers to collection
3. Establishing a work plan to improve the order establishment and collection process with both statewide and county specific strategies

New York – State conducts a yearly project under which noncustodial parent names are shared with Workforce Investment Act (WIA) and like-purpose agencies for their use in outreach activities and actual service provisions. Onondaga County has been particularly active with using the child support information, and the county has been very successful in connecting noncustodial parents with more and better jobs and in maintaining high job retention rates. The New York City child support office has an equally successful relationship with the STEP employment program, and the office holds regular meetings with program officials and local Magistrates in order to discuss and resolve issues and further improve service provisions.

New Jersey – The state child support program, in conjunction with the Department of Corrections and Department of Labor, developed a Responsible Parenting Program with focus on inmate parents who are within 1 year to 6 months from release. The purpose of the program is to provide parents about to exit correctional facilities an opportunity to *get back on their feet* and to meet their financial obligations, including child support. The project depends on a regular matching process/interface in order to identify, target and track shared clients.

The project provides parent inmates the following pre-release services: a 16-week parenting program; job services leading to job acquisition and maintenance; literacy services; and family programs and aftercare inventory.

Final components (pending development and grant acquisition as of late 2004) will include a Legal Representation program and Visitation and Access services. Under these programs, legal and other assistance will be provided to parent inmates on a full range of family court issues.

A Policy Workgroup is also being established. The workgroup will use projects findings and data to potentially modify and/or adjust existing policy, from prison entry to exit, with respect to inmates who are child support obligors. Project funding consists of state funds and TANF grant monies.

Replication Advice: Successful implementation both requires and leads to culture change.

New York – State is successfully using the internet in order to conduct outreach activities as well as offer easily accessible case-specific information. To promote outreach activities, the child support agency has developed a basic online education program that addresses the informational needs of both parents as well as community-based organizations.

In addition, outreach is conducted with the Department of Corrections, Probation (outreach activities with that agency resulted in joint production of a successful video) and Head Start.

The state also provides website-based case information for noncustodial parents. The information includes the total arrears amount and details on the last ten payments. The website likewise offers the ability to download payment coupons.

Accrued Arrears Management:

West Virginia – State erected a billboard to publicize and increase public awareness of its Amnesty Program (a program that waives interest in exchange for payment of current support).¹⁷

The state also initiated a special one-month project during which caseworkers were encouraged to file liens whenever possible on cases with arrears.

Finally, the state initiated an on-going two-month project to identify obligors who have not made a payment for at least 6 months, and to initiate a call to the obligor to determine the reasons for non-payment, if any.

Results: There was no evidence that placement of the billboard generated any significant additional interest in the Amnesty Program. The lien-filing project, however, has been successful. The child support program received several (3-5) substantial lump sum payments towards arrears that were directly attributable to liens filed during the project period – and more lump sum payments are expected in the future. The project yielded an additional bonus – it served as a training tool, making staff more aware of the potential of this enforcement technique, and they are now more consistently filing liens in all appropriate cases.

Maryland – State has initiated a project whereby state owed arrears are partially forgiven in exchange for obligors completing job training and making regular support payments – the ultimate goal is to assist obligors in accepting responsibility to retain gainful employment and to pay regular child support payments.

The Maryland Child Support Enforcement Administration (CSEA), in partnership with Community-Based Organizations and Fatherhood programs in Baltimore City, developed this program in November 2000 in order to assist low-income obligors who owe high arrears balances to Maryland State. Such obligors are given the opportunity to have the balance of the state owed arrears accumulated at the time of entry into the program expunged in return for compliance with the program requirements. Participants must complete the CBO training program and make regular payments of the current monthly child support obligations. Upon graduation and at the end of each six-month period of regular payment of current support, one fifth of the participant's total state owed arrears amount is expunged.

Results: The University of Maryland School of Social Work is analyzing data from the project and intends to publish a formal report regarding the outcomes of the project upon project completion. The project is expected to be completed in 2005. Some tentative data currently available indicates that the project will be successful. As of late 2004, the program had 137 participants. Approximately \$331,231 of state owed arrearages was expunged at that time.

¹⁷ Since interest on support owed to the state and the custodial parent is commingled, waiving the entire interest amount requires CP consent. For other instances requiring CP consent, see the Consent Matrix.

Connecticut – State is in the process of establishing an arrears adjustment program that forgives state owed arrears in order to encourage regular support payments and positive involvement of obligors in the lives of their children.

The child support program continues to pursue the regulatory adoption process for regulations supporting a program of arrearage adjustments for participants in fatherhood programs, and for obligors with large state-owed arrearages who wish to settle the debt in full by a single advance payment.

Arrearage adjustment is the remaining piece in Connecticut’s overall arrearage management program. The other components are prevention of arrears and fair order establishment. The regulations have been subjected to public hearing, submitted to and approved by the state Attorney General, and finally readied for submittal to the designated legislative committee. The regulations were ultimately approved and filed with the Secretary of State’s Office on May 24, 2004.

Upon full implementation, the arrearage adjustment regulations will make it possible for noncustodial parents who are participating in a fatherhood program to have their state-owed arrearages substantially reduced, provided they make regular current support payments, demonstrate successful participation in the fatherhood program, and meet program goals for appropriate involvement and interaction with the child. The amount of the arrears reduction will depend upon the level of consistency in the payment of current support, and reductions are only permissible in cases exhibiting high levels of compliance with existing court orders or substantial contributions for a child residing with the obligor. Additional reductions will be possible for obligors who maintain steady employment.

A steering committee was convened in 2004 in order to determine procedures, necessary forms, memorandum of agreements, parent friendly descriptions of the process, etc. Implementation is expected in early 2005 for noncustodial parents who are already participants in the DSS pilot fatherhood programs.

(See Addendum H: Regulation 17b-179)

New Jersey – The state, in an effort to understand the makeup of its arrears caseload toward improving arrears management practices, is participating in an analysis being conducted by the Urban Institute to determine profiles of and information about cases with arrears.

At the conclusion of the project, the state is expecting to:

1. Better understand its caseload and what precipitates the growth in arrears;
2. Better determine collectibility of current arrears; and
3. Establish a service of work projects.

Massachusetts – State has adopted new regulations that allow the child support agency to engage in a process called “Equitable Adjustment.” Pursuant to the regulations, the agency

can settle debts owed to the state for less than the full amount due, provided the debt accumulated under one of three scenarios:

1. when there is a legitimate question about whether the arrearage accrued under equitable circumstances,
2. when there is substantial doubt about the state's ability to collect the debt, or
3. when the obligor displays no present or future ability to pay the full amount.

For additional detail, see Commonwealth of Massachusetts Regulation 830 CMR 119A.6.2: Settlement or Equitable Adjustment of Child Support Arrearages Owed to the Commonwealth.

Massachusetts – State has legislatively changed how its annual interest (12 percent) and penalty (6 percent) rates are assessed. The new regulations provide that the imposition of interest and penalties can be waived or adjusted when certain hardship situations are alleged and documented. In addition, the state can waive the assessment of interest and penalties for any month in which current support or arrears-only payments are made in full. This regulation is founded on the child support agency's long-standing belief that interest and penalties can be used as successful leverage in arrears management, and that any relief provision must be part and parcel of a quid quo pro approach – that is, the agency must get something in return for adjusting or forgiving a debt.

For additional detail, see Commonwealth of Massachusetts Regulation 830 CMR 119A.6.1.

ARREARS MANAGEMENT AND AUTOMATION

The national arrears total exceeded the \$100 billion mark in October of 2004.¹⁸ This represents a ten-fold increase over the last two decades and a \$20 billion increase since the first *Northeast Workgroup* meeting in early 2001. Nevertheless, it is important to underscore that this is a cumulative figure representing a build-up of arrears that accumulated over close to three decades. It is also appropriate to recommend that the accumulated arrears total should always be reported within the context of the hundreds of billions of dollars of child support that have been collected and distributed during the same period. Even so, arrearages at the individual case, state or national level continue to be perceived by most as a significant and persistent fiscal and social issue. This is true notwithstanding the fact that a sizeable portion of the total arrears bucket represents penalties and interest on the debt – such a detail being of small comfort to the custodial parent who may have had to take out a high-interest loan in lieu of receiving regular child support payments.

The *Northeast Workgroup* participants have addressed the issue of arrears management by establishing an A-to-Z foundation of all-inclusive issues and corresponding strategies on which state and community projects, programs and policies have been built. Meeting participants believe the time has now come to supplement prior discussions with a more detailed analysis of the major factors that directly affect the growth and/or reduction of arrears. The topics chosen for this meeting were (1) Automation, and its relationship to arrears management, and (2) Order Establishment, and the relationship between the initial obligation and arrears accrual. This summary begins with a discussion of “Arrears Management and Automation” topic.

Automation may relate to arrears management issues in several ways: (1) automation can be a tool to effectively identify cases that are potentially eligible for arrears management actions such as enforcements, modifications or arrearage adjustments; (2) automation can go beyond mere case identification and actually become the driving force behind the initiation and completion of functions such as a fully automated review and adjustment process (and such high level automatic processing may also be a solution available to resolve potential staff resource issues)¹⁹; and (3) over-reliance on automation can also create legitimate concerns, especially in situations where the noncustodial parent is not actively participating in the process, and where the reliability of data underlying the automated process is questionable.

The various automation possibilities, issues and concerns raised by meeting participants can be categorized into those that mostly apply at the federal or national level and those that are more applicable at the community or state level. The following bullets are categorized accordingly, and they comprise recommendations for feasibility studies, recommendations for actions and initiatives, information sharing and just plain observations. Participants hope this outline leads to appropriate follow-up action at both state and national levels.

¹⁸ The \$102 billion total as of the end of FY04 may be slightly overstated to the extent that arrears in interstate cases may be counted by both the responding and the initiating State.

¹⁹ For further discussion on the impact of staffing and staff caseload issues, see page 26 herein.

National Automation Issue & Information Bullets:

- **SSI Data Match:** Participants recommend that OCSE study the feasibility of conducting automated SSI data matches that are easily downloaded and available for use by individual jurisdictions. Currently, SSI data is available to states via the FPLS *State Verification and Exchange System (SVES)* match – however, this match is not automatic and only conducted upon request. In addition, states have to modify their automated systems in order to accept the SVES record format.

The failure to have timely and accurate SSI data often results in financial institution data match (FIDM-generated) levies that subsequently have to be rescinded because of the receipt of delayed information that the account holder is an SSI recipient. Obviously, implementation of an enhanced SSI-child support data match would allow for the up-front elimination of SSI recipients from the FIDM and MSFIDM process (and segregation from any other inappropriate enforcement action) and would result in substantial staff and resource savings at both financial institutions and child support programs. Timely and accurate information about a noncustodial parent's SSI status would also facilitate overall state efforts to better segregate *unable* obligors from the *unwilling*.

- **Quarterly Wage and New Hire Data:** Participants suggest that Quarterly Wage and New Hire data may be underutilized in many jurisdictions – in more ways than one. For example, in addition to providing relevant income information, quarterly wage (QW) data can also be useful in evaluating new hire reporting compliance. (Unfortunately, multi-state new hire reporting rules complicate a compliance evaluation using QW data, a reason some participants suggested that the entire process would be simplified if new hire reporting was processed at the federal level.)

Participants also observed that local policies and practices regarding the use of QW and New Hire matches might at times be less than efficient. For example, many frontline caseworkers continue to issue follow-up employment verification requests to employers newly identified in connection with a New Hire hit. The better practice is to follow a “hit” with immediate issuance of a wage withholding notice – no matter the eventual outcome, the employer will only have to handle respective paperwork once, and the child support program is ensured that the process meets the federal two-day timeframe.²⁰

Arizona may offer a best practice with respect to the efficient use of New Hire data. The state's Directory of New Hires and the child support automated system are

²⁰ Section 453A(e)-(g) of the Act lays out specific processing requirements for data in the SDNH: Within two business days after the new hire data is entered into the SDNH: (1) the State must conduct a match between the social security numbers in new hire reports and in its State child support case registry; (2) the State must notify the Child Support Agency if a match occurs; and (3) if a matched employee's income is subject to wage withholding pursuant to section 466(b)(3), the Child Support Agency must generate and transmit a notice of wage withholding to the employer.

linked, matches are subjected to a series of system filters that direct cases not eligible for initiated withholding to manual intervention, and wage withholding notices are automatically issued for all other cases within 48 hours – including an automatically calculated payment towards arrears whenever appropriate.

- **Postal Verification System:** Participants encourage all jurisdictions to explore the feasibility of using the new automated Postal Verification (PV) system. (The verification process is based on change of address filings with the Postal Service.) For additional detail on how Illinois successfully implemented this system in 2003, see the relevant excerpt from the *OCSE 2003 Best Practices Compendium*. (See Addendum I.)

New York is currently using the Postal Service’s delivery confirmation website to confirm service of various documents – however, this requires case-by-case processing, a major drawback. West Virginia in turn inserts a special bar code on selected mailings allowing the postal service, if the addressee has moved with no forwarding address, to read the bar code, destroy the letter, and electronically forward a message to child support informing them of the failed delivery. While this process is used only for documents and communications that the agency does not need or want returned, use of the process for this category of mailing does save the agency the cost and handling of return postage – which can be substantial on a cumulative basis.

State Automation Issue & Information Bullets:

- **Early Intervention:** Automation can be used to proactively identify cases that should be subjected to early intervention techniques. For example, Massachusetts conducts a monthly match with the Department of Corrections to identify newly incarcerated obligors who appear to be eligible for modification services. The information received through this proactive contact may also resolve and/or update various other case-specific data fields (for example, the legal status of dependents and the noncustodial parent’s involvement in other support actions).
- **Other Automated Enforcement, Early Intervention and Case Processing Techniques:** Existing automated child support systems and other automated systems, preferably interfaced with the child support system, can be successfully used to assist caseworkers in various enforcement related activities. Examples are as follows:
 1. North Carolina uses an alert system that initiates automated phone calls to noncustodial parents who fall behind in their payment schedules. A participant suggests that in designing such a system, it is important to include a direct link to the child support system mainframe. The policy component of the design should also address privacy issues, raised by automated phone messages that may be received by household members other than the noncustodial parent, and all applicable state and federal privacy laws should be reviewed. (*Pro-active contact* projects will benefit if the case-intake

process is extended to include routine requests for a party's email address, cell phone number and other high-tech contact points.)

2. New York is testing an electronic payment process with Western Union which would allow noncustodial parents with no alternative means for making EFT transactions to use Western Union facilities to pay child support obligations.
3. New York has implemented an automated interface between the courts and the child support system, so that an order entered electronically into the court system is simultaneously entered into the child support system (using a PDF format). In Rhode Island, some court motions are being automated, with respective savings to staff time and resources. In addition, the use of laser signatures on wage withholding forms has been successfully implemented in both Rhode Island and Massachusetts.
4. A participant indicated that modifying the license suspension process so that pre-suspension notices are automatically generated as obligors exceed the 30-day threshold is a proven and successful system enhancement. Usually, it is the threat of a suspension rather than the suspension itself that tends to generate a payment and automating the threat-notice process is significantly more effective than processing the notices on a case-by-case basis. The same holds true for automating any other license suspensions process. Participants also point out that responses to pre-suspension notices often encompass receipt of new information, such as evidence of past direct payments, etc, and that this new information can create new case clean-up opportunities.
5. FIDM automation represents another example of a cost-effective and efficient system enhancement project. For example, the Puerto Rico child support agency has implemented an entirely automated interface with several local banks that is capable of completing the entire FIDM process from account identification to imposition and collection of the lien without any caseworker intervention.
6. A participant suggested that automated systems be used to identify child support cases with arrears that meet certain threshold criteria (e.g., 3, 4 or 5 months with no payments received – or any other timeframe or threshold criteria acceptable to the state). Crossing a particular threshold would automatically trigger the scheduling of a contempt/modification hearing, or other appropriate action/response. North Dakota presents an excellent example of a comprehensive automated trigger process.²¹

²¹ North Dakota is implementing a comprehensive *uniform trigger* criteria plan. The state, based on past experience that certain enforcement techniques such as driver's license revocations do not evoke an equal "fear" in all NCPs, plans to implement a "60-day" threshold that will trigger every enforcement technique available to the child support agency. The caseworker will then be able to identify and immediately use the enforcement tool that is expected to carry the biggest "sting" to a particular NCP. The case will also be entered into an *arrears registry* that may trigger other arrears management activities such as contempt actions or referrals to workforce programs.

7. A participant suggested that customer service functions should be analyzed for automation possibilities and then automated to the fullest extent possible.

Other Matters of Interest:

- **[DCL-04-22](#)**: All states are encouraged to review OCSE-DCL-04-22, the “Guide for Automating Case Closure,” which sets forth the program and system requirements for implementing an automated case closure process. Automating case closure not only furthers arrears management goals, but it also can have a positive impact on data reliability audits and incentive payments (e.g., automatically closing qualifying cases without orders, that may otherwise remain in open status, can have a positive impact on the “Percentage of Cases with Support Orders” performance standard).
- **New Case Category**: Some participants suggested that an appropriate entity explore the degree of national interest in developing a new case category for incarcerated obligors and similarly situated cases in which a collection on arrears is highly unlikely. Noncustodial parents in this new category would continue to be subjected to all appropriate enforcement functions, but a lack of collections in such cases, or the corresponding rise in arrears, would not count against the state with respect to incentive and penalty calculations.
- **Categorizing Arrears by Age**: Other participants suggested that OCSE consider a plan to categorize arrears by age. Such process may allow states to better establish a historic perspective on the rate of arrearage increases, as well as improve a state’s ability to distinguish between what might be collectible versus uncollectible debt.
- **[DCL-02-09](#)**: Participants encourage any state interested in establishing an automated review and adjustment process to read the executive summary on Alaska’s Electronic Modification (ELMO) process. ELMO has been on-line since April 2000.

(Reprint of relevant sections of DCL-02-09): “ELMO uses income information from sources linked electronically to CSED’s automated child support system to review child support orders. ELMO reviews all current child support order amounts annually. Each month it cycles through all orders established in prior years of the same month. After it conducts a pre-screening of basic case eligibility, ELMO then searches for income information from automated sources. If it finds income information for four consecutive quarters, it conducts a guidelines calculation. In turn, if that calculation results in at least a 15 percent difference in the existing order amount (which is the threshold specified in the Alaska Child Support Guidelines), ELMO targets that order for a manual review. The direction of the proposed adjustment may be upward or downward.

ELMO was developed with the automated capacity to not only target cases for review but automatically issue a modified child support order if appropriate and no requests for a full manual review were made. In piloting this feature, however, some parents in non-public assistance cases complained that they did not want to pursue modification even if it was warranted because they did not want to “rock the boat” with the other parent.

As a consequence, the operation of ELMO was scaled down to a tool for targeting cases for review. ELMO conducts its review using income information from automated sources and generates a report of its finding. A caseworker manually reviews all cases ELMO targets for modification. The caseworker verifies that Alaska has the controlling order and meets other review criteria. If this is verified, the benefiting party is first notified to determine whether they would like to continue with the review. In public assistance cases where ELMO has indicated an upward modification, the review always continues since the benefiting party assigns his or her current support rights to the state.”

Success of the project has been evident since the release of FY 2001 data. In that year, the number of reviews increased by 400 percent, recorded differences between initial order amounts and modified order amounts were substantial (an average of 181 percent), over two-thirds of the orders targeted for review were actually modified, and 90 percent of the modified orders were modified upward. Finally, the average review and adjustment completion timeframe was reduced to 72 days, which is significantly shorter than the permissible timeframe of 180 days. As an added bonus, ELMO’s income-data search capability has been used to significantly reduce the number of new orders which otherwise would have been established based on imputed income.

- **Use of Private Locate Sources:** Massachusetts pointed out that locate information obtained from private sources can at times be more accurate and timely than the locate information that is otherwise routinely available to child support agencies. This appears to be particularly true with respect to the identification of deceased individuals. The state has contracted with a private locate company that is producing an 80 percent hit rate. (Some of the generated data is turning out to be old, so the *useful* hit rate does come in at a lower percentage.) Pursuant to the contract, the state pays on a case-per-case basis.

Several meeting participants expressed interest in private locate sources in order to supplement the locate information that is currently available to states through the *Federal Parent Locator Service* (FPLS). Subsequent to the meeting, a federal official indicated that OCSE appears to be legally capable to enter into such contracts and apparently is already obtaining locator information from private databases as part of Project Save Our Children (PSOC). In addition, OCSE obtains locate information from financial institutions via the MSFIDM process, and legislation is pending in Congress that would enable OCSE to obtain personal injury claim information from insurance companies.

Debt Analysis and Enhancing Arrears Management:

Understanding the details and specifics of a state’s “arrears bucket” continues to be of significant importance in developing relevant and appropriate state-specific arrears management policies and practices. Currently, arrears analyses are being funded at the state and/or federal level (U.S. HHS Assistant Secretary for Planning and Evaluation and the Office of Child Support Enforcement), and projects are underway in a number of states, including Massachusetts and Texas. The following outline of the preliminary analysis of

arrears in Massachusetts is based on information provided courtesy of Elaine Sorensen, Ph.D., of the Urban Institute.

- Preliminary results of the debt analysis in Massachusetts indicate that a significant portion of the total debt (approximately one-third) is attributable to interest and penalties owed.²²
- The analysis points to three groups of noncustodial parents who account for approximately 80 percent of the state's debt²³:
 1. NCPs with reported income and relatively appropriate order amounts, but whose arrears nonetheless increased at the annual rate of at least \$1,000 (31 percent);
 2. NCPs with reported income, but whose orders are set at obligations greater than 50 percent of reported income (23 percent); and
 3. NCPs with no reported income in the last 5 years, who have current cases, and who made no payments in the last 3 years (27 percent).
- The state was able to use the arrears analysis information (cited in the previous bullet) to more appropriately categorize and respectively refer noncustodial parents for further and enhanced enforcement action, for possible modification services, or for possible case closure (respective reference is made to the categories cited at 1., 2. and 3. above).
- The state was also able to use the complete package of arrears analysis information to more easily and appropriately identify all cases that met the initial selection criteria of its Equitable Adjustment project.

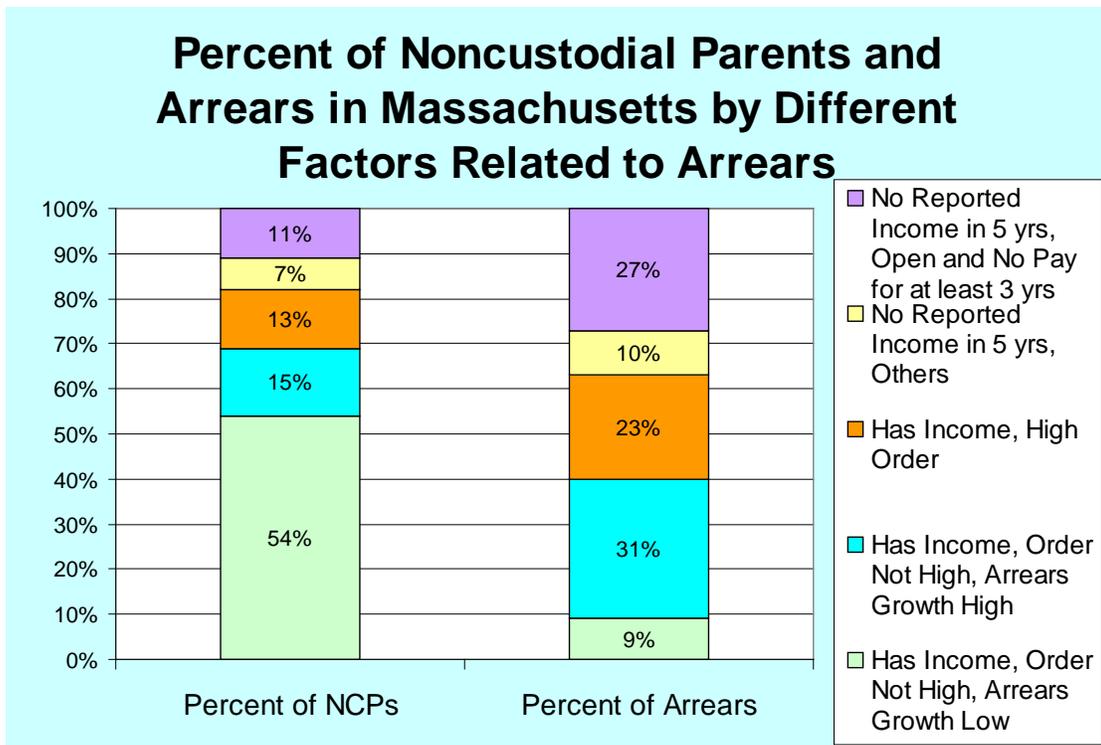
The arrears analysis conducted in Massachusetts and Texas, together with experiences gained in other jurisdictions, point to some general summary conclusions:

- Interest continues to be a major factor contributing to arrears growth;
- Incomplete enforcement actions (the failure to apply all or any applicable enforcement techniques) are also a critical contributing factor to arrears growth;
- Analysis continues to support concerns that order obligations appear to be set too high for some obligors, especially those with low or no reported wages; and
- Experimentation with compromising or adjusting arrears continues at the state level in an ongoing effort to determine what policies work best.

²² States that routinely charge interest include Alabama, Alaska, Arizona, California, Georgia, Massachusetts, Michigan, Minnesota, Nebraska, North Dakota, Oklahoma, Rhode Island, Texas, Virginia, West Virginia and Wisconsin. Also see Addendum K.

²³ The MA arrears analysis was helped by the fact that the child support program is located in the State Tax Agency, providing researchers with direct access to five consecutive years of participant income and tax data.

The following slide is just one example of how data obtained as part of an arrears analysis can be presented and used to stimulate discussions about state specific arrears management responses and alternatives. (The slide is reprinted with the permission of Elaine Sorensen, the Urban Institute.)



ARREARS MANAGEMENT AND ORDER ESTABLISHMENT

The overriding nexus between arrears management and order establishment continues to be the extent of a state's ability to determine and set child support obligations that are fair to children and noncustodial parents alike. Operating on the assumptions that noncustodial parents are more likely to comply with fair orders, and that states will find it easier to enforce such orders, most appear to agree that establishing a "fair" support amount is one of the most important steps towards arrears avoidance. While coming to a consensus on the exact meaning of "fair" may be as difficult as reaching harmony on who should be the intended beneficiary of the "fair" order, most child support professionals agree that the process of establishing a fair obligation requires the full participation of all parties. This in turn leads to another point of general agreement: If there is less than full participation by any of the parties to the establishment process, a "bad" or "inappropriate" child support order will be the most likely result (in most jurisdictions, the noncustodial parent's failure to participate leads to a *default* order).

There are myriad Best Practices and Good Ideas with respect to establishing a fair order – and many of them are cited in the preceding three Meeting Summaries and in the outline below. However, before applying any given Best Practice to a particular jurisdiction, it may be advisable to answer three preliminary questions: (1) Under what organizational structure is the existing Best Practice operating (is this a state or county-based program, and is this a judicial, quasi-judicial or administrative environment); (2) are potential structural differences between the Best Practice jurisdiction and the adopting jurisdiction going to impact on the practice; and (3) is the terminology used to describe the Best Practice similarly defined in the adopting jurisdiction.²⁴

The ultimate success of implementing a Best Practice or Good Idea in a given jurisdiction, particularly in those states with a judicial establishment process, may also very much depend on the relationship and the extent of collaboration that exists between the child support program and the state's judiciary. This is true with respect to virtually all child support functions, but especially true with respect to the court establishment of orders.²⁵

The goals and mission of the court and the child support agency may overlap as well as diverge, and without coordination and collaboration, conflicts will likely arise. For example, during the establishment process, the child support agency is usually exclusively focused on the amount of the current child and medical support obligation while the focus of the court can be much more expansive, taking into account all of the issues that can confront a child being raised in a single-parent household. Successfully addressing these overriding and

²⁴ For example, in most states, the concept of default orders is founded in the adequacy of service on the NCP and the NCP's subsequent failure to appear. The assumption is that while the NCP should be aware that an action for child support exists, he/she is not willing to participate in the process. In turn, the concept of default and the corresponding assumptions are radically different in California. Here, NCPs not only receive notice of the proceeding, but they are also given notice of a proposed order amount – accordingly, an NCP's failure to appear may reflect his/her agreement with the proposed amount rather than an unwillingness to participate.

²⁵ IV-D/Court collaboration is equally important in jurisdictions that establish IV-D orders administratively. These jurisdictions still depend on the courts with respect to contempt actions and appeals, and, to varying degree, IV-D agencies may ultimately provide services to orders initially established in the court.

sometimes conflicting family issues that impact upon the decision-making process at the child support agency as well as the judiciary requires a high level of judicial-agency communication and collaboration – and meeting participants recommend that Best Practices with respect to the order establishment process are best implemented in such a collaborative environment.²⁶

Child support professionals are in general agreement that the issue of inappropriate orders can be addressed from two perspectives: (1) redesign the order establishment process in order to minimize the reliance on guesswork in setting a support obligation, and (2) maximize efforts to ensure that noncustodial parents fully participate in the establishment process. Most likely, the best results will be achieved if a state addresses the issue from both perspectives and with equal commitment to each. Meeting participants hope that the following outline of suggested *good ideas* and actual practices serves to promote the common goal of establishing appropriate and fair orders in as many cases as possible.

- **Contingency, Temporary and Interim Orders:** States are encouraged to issue temporary orders in lieu of final default orders in all situations where the comfort level with the accuracy of income and asset data falls below acceptable levels. Establishing a temporary order means that the obligation amount is subject to review for a specified period (e.g. in Massachusetts, the default order is subject to review for one year from the date of establishment) or that the case is automatically scheduled for a future review hearing on a date certain or triggered by a specified event. This grants the noncustodial parent a subsequent ability to argue for a modification of the obligation amount long before he or she would otherwise be able pursuant to the terms of a state's *Review and Adjustment* plan.²⁷ Generally, noncustodial parents may also be more eager to appear at subsequent and timely hearings, since the service of process they ignored for the initial hearing may have already escalated to wage withholding notices, contempt motions or other intended enforcement actions; that is, the entire process has moved from threat-level to reality show, with real-life impacts.

States are likewise encouraged to enhance or redefine the engagement between the child support agency and custodial parents and TANF agencies. Full collaboration

²⁶ A National Judicial-Child Support Task Force, consisting of child support professionals from OCSE-AFC, State and Tribal CSE agencies, State Courts, State Court Administrators and National Court and Judicial Associations is currently in the process of promoting IV-D/judicial collaboration and establishing collaboration models and guiding principles. Task Force workgroups are separately addressing issues including Avoidance of Inappropriate Orders, Inter-jurisdictional Case Processing, Model Problem Solving Courts, Arrears Reduction, Collaborative Planning and Education and Cross-Training of Judges. For more information, please contact OCSE.

²⁷ In most jurisdictions, orders are not subject to review and possible adjustment unless the order is at least two to three years old or the requesting party can prove a substantial change in circumstances from the time the order was issued. A mere showing that a current support amount is not appropriate based on current income is usually not sufficient to support a claim of a substantial change in circumstances, and it may be impossible to prove a substantial change in circumstances if the default order had no findings with respect to specific income or assets data. Federal law only requires that orders are subject to review and possible adjustment at least once every three years. A more recent federal law (the Deficit Reduction Act of 2005) mandates a review process for all TANF cases at least once every three years even if no party to the case requests a review.

between these entities and individuals can lead to important sources of information about a noncustodial parent's income, assets and other relevant economic data – and such data can greatly assist a tribunal. In fact, it may be critical to reaching an appropriate comfort level when establishing an order amount in a default situation.

- **Pre-Court Consent Meetings, Conferences and Outreach:** A consistent theme in any discussion about noncustodial parents and their child support hearings is that a state needs to *de-mystify* the establishment process. Before and even after being served with a summons or notice of hearing, some will wonder if they will be arrested or need to obtain legal counsel, and most critically, if participation is really worth their while. Accordingly, the child support program should seize every opportunity to walk a noncustodial parent through the process to provide accurate and relevant information and to emphasize the mutual benefits of appearing and participating.

A number of states, such as Connecticut, provide for formal pre-court meetings and informational conferences in order to boost participation. In the Virgin Islands, all cases are scheduled for consent conferences (informal opportunities for explaining the child support guidelines and establishment process, and entering into consent orders) prior to the scheduling of more formal and traditional administrative hearings. States should also explore all available opportunities for engaging third parties in the pre-tribunal informational process. This can include outreach to community based organizations, Legal Service corporations, Bar Associations, fatherhood groups, and self-help centers established by any of the aforementioned entities, including the child support agency. (For example, West Virginia has self-help centers operated by the Bar Association and Washington DC has established community outreach camps.)

- **Service of Process:** This is most likely the tribunal's first contact with the noncustodial parent – and arguably the most significant contact. Service of Process has two important components:
 1. How is the service accomplished; and
 2. What are the Notice's content, format and style?

The Service Component

1. Some states have had success with establishing in-house service of process units. Virginia reports that, after creating a separate service-of-process-focused unit, their service success rates increased to 95 percent for regular service and 74 percent for bench warrant service, while simultaneously achieving a reduction in their 3-month backlog down to 1½ months. Both Connecticut and the Virgin Islands also report success with respective in-house service units staffed by child support employees, while cautioning, however, that elements of danger often go hand-in-hand with service in isolated areas or upon certain individuals. (Virgin Islands' child support process servers, who are employees of the Department of Justice umbrella

agency, are usually licensed to carry firearms – even though use of a weapon has never been required.) Generally speaking, participants with in-house service units were pleased with their performance and believed these single-purpose units tended to be more effective than the Sheriff’s office or other third party service providers. When private process servers are used, participants recommend adoption of Delaware’s policy of only paying per successful service rather than per case. (Also see the discussion about the use of private vendors for locate services.)

2. West Virginia has an agreement with the Department of Motor Vehicles to obtain photos submitted as part of the driver’s license application process, and to use these photos in conducting personal service of process. Use of the photos can help to bring the error rate in personal service down to zero, while also enabling process servers to identify noncustodial parents who might otherwise be able to deny their true identity. States, whenever appropriate, are encouraged to establish similar cooperative agreements with their DMV.
3. Service by mail is getting wider acceptance and application. However, the use of *certified* mail is getting mixed reviews. Massachusetts reports a less than satisfactory experience with respect to its past use of certified mail and personal service. Court rules in that state were recently amended to allow the use of 1st Class Mail, as long as the mailing was left at the last known or usual place of residence and not returned as undeliverable. Prior to the Court rule amendment, state experience has been that addressees were frequently not willing to sign certified mail certificates (an issue compounded by the fact that in many service situations, people other than the addressee would sign the certificate). So far, implementation of the new rule has had no negative impact on the default rate, and has significantly reduced service related expenses.

West Virginia reports that its use of certified mail has been very effective, and under their policy, the noncustodial parent is required to sign the certificate. New York has taken the middle road, initiating a New York City pilot to use priority mail and the delivery confirmation option to accomplish service. The pilot has been very successful, increasing attendance at hearings, and the visual impact of priority mail is cited as a contributing factor.

Service by mail is nonetheless the cause for some concern, especially with respect to First Class delivery. What assurances does the state really have that respondents in these actions had actual knowledge of their hearings, a real opportunity to participate and present evidence, or that the resulting orders are always jurisdictionally valid orders. Participants therefore suggest that no matter what avenue a state takes when it comes to service, it must evaluate the corresponding impact on the default order rate, and reconsider and/or revise the service of process policy accordingly.

4. Some states recommend that child support agencies combine an automated postal verification system (see Addendum I) with an automated calling service that reminds participants of the hearing date, time and place. Empirical evidence suggests that using an automated calling service can significantly increase hearing attendance by both parents.

The Notice Component

1. The quality of the notice of hearing may very well determine whether the noncustodial parent ultimately decides to participate in the establishment process. Meeting participants define a high-quality notice as one that is user-friendly and easily understood. The good notice should explain what would happen at the hearing, what documentation a participant needs to bring, and possibly even refer to appropriate behavior and dress. The notice should speak to and resolve potential fears, and reinforce the idea that it is in the noncustodial parent's interest to participate. The notice (and all related documents) should also be available in multi-language versions whenever appropriate.
2. Connecticut had substantial success with increasing noncustodial parent participation by revising all of its child support communications to be more user friendly; and New York attributes its higher participation rate to a combination of its use of priority mail and simplified, straightforward explanations of the establishment process. Not surprisingly, one state participant that was experiencing problems with engaging both parents in the child support process also reported that many parties to the process have complained that they do not understand any or most of the corresponding written communications.

Additional Order Establishment Issues and Related Matters of Interest:

- **Criminal Enforcement:** Massachusetts is in the process of enacting legislation that authorizes the issuance of "child support warrants". In most states, criminal prosecutions and criminal contempt proceedings in child support cases are rare, partly due to the applicability of "rights to counsel" guarantees, which can contribute to the higher expense and time delays associated with these proceedings. In turn, a civil capias or writ is seldom given the same urgency as a criminal warrant, and as such is often relegated to the bottom of the pile, essentially becoming unenforceable. Massachusetts will address these concerns by integrating the new child support warrants into the state's criminal warrant system, thereby greatly enhancing the likelihood that the respondent will be located and brought to court in a timely fashion.

- **Medical Support:** Meeting participants agreed with the proposition that Title IV-D’s definition of support includes the concept of cash medical support, thereby making cash medical support subject to all child support enforcement actions.

Whether or not to pursue cash medical support (in situations where the noncustodial parent is not able to obtain insurance coverage at reasonable cost) is still an open question in many jurisdictions. Some meeting participants had questions about how to best reimburse the state Medicaid agency for cash medical support collected. Others recited problems with some courts (specifically, the reluctance of some judges) to order medical support, even when it is available through the place of employment. Finally, some participants expressed concern that their state’s eligibility for incentives may be negatively affected as a result of ordered but uncollected cash medical support.²⁸

These and the many other issues surrounding medical support continue to gain momentum, possibly making this the next “hot topic” in child support enforcement. Many participants believe that the implementation difficulties associated with medical support may need to be addressed on a continued and possibly more focused basis, at either the state, regional or federal level, or even by regional groups similar in make-up to the *Northeast Workgroup*. And as more and more child support professionals see this issue evolving within the context of the significant amount of state funds devoted to medical care, and IV-D’s inherent ability to shift at least a portion of those state costs to private insurance plans and cash medical support, successful implementation of the medical support mandate will more than likely be a win-win situation for all.

²⁸ For an interesting outline on establishing and enforcing cash medical support orders, please see the article on the “New Jersey Medical Support Collaboration Study” in the April 2003 issue of the OCSE Child Support Report (Volume XXV, No. 4.) The article, and the more detailed project description in DCL-03-10 (both available on the OCSE website), discuss best practices with respect to the establishment, enforcement (via wage withholding) and distribution of cash medical support, and emphasizes the need to establish cash medical support pursuant to income based guidelines. Certainly, the proposition that States need to establish “fair” orders so that they are collectible rather than arrears generating equally applies to the establishment of cash medical support orders, and many of the issues and strategies discussed with respect to arrears management are likewise applicable.

NEXT STEPS

Meeting participants once again acknowledged the significant benefits and achievements produced as a result of their tri-regional discussions on arrears management. While the viability and usefulness of continued discussions around arrears management issues is still under consideration, participants agreed to continue issuing state updates on ongoing and new arrears management policies, procedures, laws and projects. Given the group's longstanding cohesion and existence, this may also be an opportune time to consider addressing a new topic of national concern, using the same agenda committee and group process that has proven to be so successful in addressing the arrears problem.

For now, the *Northeast Workgroup* recommends that state and federal policy and decision makers consider the following items for potential action:

- State and federal entities are encouraged to re-examine the entire new hire reporting process, identify potential problem areas and issues, and propose appropriate process modifications and enhancements. The call for this review is based on empirical evidence that new hire reporting compliance may be at less than acceptable levels. Suggested actions include revitalized OCSE efforts to develop national marketing and informational plans; a revision of the W-4 form to clearly identify it as the preferred form for reporting new hires; initiation of new and better compliance reviews by cross-referencing quarterly wage data; and federalization of the new hire process (in furtherance of compliance reviews with respect to multi-state employers).

Meeting participants recommend that the overall enhancement plan recognizes and addresses new and revived employer resistance to new hire reporting, arising from employers' fears that their employees' privacy rights will be undermined by allowing ever greater access to FPLS data for non-IV-D purposes.

- OCSE is encouraged to assist states in efforts to categorize a state's total arrears amount by both the age of arrears and between principal amounts, interest and penalties. The resulting data is deemed to be useful in formulating even more appropriate and effective arrears management policies.
- OCSE is encouraged to explore the feasibility of establishing an automated and easily conducted data match between SSI and child support databases. Currently, SSI recipients are identified on a limited case-by-case and non-systemic basis, and as a result, significant unwarranted arrears continue to accumulate in the respective caseload.
- OCSE is encouraged to explore the feasibility of contracting with private locate companies in order to supplement the locate information that is currently available through the *Federal Parent Locator Service*. Expansion of the scope of the locate contracts that may already be in effect between PSOC and private vendors should be part of the feasibility study.

- OCSE is encouraged to explore the feasibility of establishing a new case category to include noncustodial parents (e.g., incarcerated) who are not currently in a financial position to pay either towards current or past-due support (e.g., income limits current payments to 10 percent or less of amount due) and whose case is not subject to case closure. Cases in this category would be subject to the full range of enforcement actions, arrears would continue to accrue based on the actual payment history, but the lack of collections on current support or arrears would not be considered or included for incentive calculations (specifically, the *percentage of current support due that is collected* and the *percentage of cases with arrearage payments* calculations).

Northeast Arrears Management Discussion Group – Next Steps:

- Meeting participants agree that state updates on new and ongoing arrears initiatives should continue to be submitted, compiled and distributed at the national level.
- Meeting participants agree that Arrears Management continues to be an issue of major local and national concern, and that the ability to avoid the accumulation of arrears and successfully handle accrued arrears is a substantial component of a successful child support program.
- Meeting participants will attempt to identify arrears management issues and strategies, if any, that have not yet been discussed at previous meetings, and decide to what extent additional discussions on this topic, if any, will add to the content of the existing meeting summaries.
- Meeting participants will decide whether or not the *Northeast Workgroup* should reconvene to discuss a new topic of regional and national interest, and if yes, to develop an appropriate discussion framework.

ADDENDUM G – Connecticut Public Act No. 03-258

(Note: See Section 4 – in bold below – for new law on incarcerated obligors)

Public Act No. 03-258

AN ACT CONCERNING VOLUNTARY PATERNITY ESTABLISHMENT AND THE JOHN S. MARTINEZ FATHERHOOD INITIATIVE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 17b-27 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2003*):

(a) Each hospital or other institution where births occur, and each entity that is approved by the Commissioner of Social Services to participate in the voluntary paternity establishment program, shall, with the assistance of the commissioner, develop a protocol for a [hospital-based] voluntary [acknowledgment of] paternity establishment program as provided in regulations adopted pursuant to subsection (b) of this section, which shall be consistent with the provisions of subsection (a) of section 46b-172 and shall encourage the positive involvement of both parents in the life of the child. [Such] Each such protocol shall assure that the participants are informed, are competent to understand and agree to an affirmation or acknowledgment of paternity, and that any such affirmation or acknowledgment is voluntary and free from coercion. Each such protocol shall also provide for the training of all staff members involved in the voluntary paternity establishment process so that such staff members will understand their obligations to implement the voluntary paternity establishment program in such a way that the participants are informed, are competent to understand and agree to an affirmation or acknowledgement of paternity, and that any such affirmation or acknowledgment is voluntary and free from coercion. No entity may participate in the program until its protocol has been approved by the commissioner. The commissioner shall make all protocols and proposed protocols available for public inspection. No entity or location at which all or a substantial portion of occupants are present involuntarily, including, but not limited to, a prison or a mental hospital, but excluding any site having a research and demonstration project established under subsection (d) of section 1 of public act 99-193, may be approved for participation in the voluntary paternity establishment program; nor may the commissioner approve any further site for participation in the program if it maintains a coercive environment or if the failure to acknowledge paternity may result in the loss of benefits or services controlled by the entity, which are unrelated to paternity.

(b) The Commissioner of Social Services shall adopt regulations in accordance with chapter 54 to implement the provisions of subsection (a) of this section. Such regulations shall specify the requirements for participation in the voluntary paternity establishment program and shall include, but not be limited to, provisions (1) to assure that affirmations of paternity by the mother and acknowledgments of paternity by the putative father are voluntary and free from coercion, and (2) to establish the contents of notices which shall be provided to the mother and to the putative father before affirmation or acknowledgment. The notice to

the mother shall include, but not be limited to, notice that the affirmation of paternity may result in rights of custody and visitation, as well as a duty of support, in the person named as the father. The notice to the putative father shall include, but not be limited to, notice that: [he] (A) He has the right to: (i) Establish his paternity voluntarily or through court action, or to contest paternity; [, including the right to] (ii) appointment of counsel; [,] (iii) a genetic test to determine paternity [,] prior to signing an acknowledgement or in conjunction with a court action; and (iv) a trial by the Superior Court or a family support magistrate, and [that] (B) acknowledgment of paternity will make him liable for the financial support of the child until the child's eighteenth birthday and may result in rights of custody and visitation being conferred on the father. In no event shall the mother's failure to sign an affirmation of paternity in the hospital or with any other entity agreeing to participate in the voluntary paternity establishment program be considered failure to cooperate with the establishment of support for the purposes of eligibility for temporary assistance for needy families.

(c) The Department of Public Health shall establish a voluntary acknowledgment of paternity system consistent with the provisions of subsection (a) of section 46b-172.

Sec. 2. Subdivision (5) of subsection (a) of section 17b-745 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2003*):

(5) (A) Said court or family support magistrate shall also have authority to make and enforce orders for the payment by any person named herein of unpaid support contributions for which any such person is liable in accordance with the provisions of subsection (b) of section 17b-179, or section 17a-90, 17b-81, 17b-223, 46b-129 or 46b-130 or, in IV-D cases, to order such person, provided such person is not incapacitated, to participate in work activities which may include, but shall not be limited to, job search, training, work experience and participation in the job training and retraining program established by the Labor Commissioner pursuant to section 31-3t.

(B) In the determination of child support due based on neglect or refusal to furnish support prior to the action, the support due for periods of time prior to the action shall be based upon the obligor's ability to pay during such prior periods, as determined in accordance with the child support and arrearage guidelines established pursuant to section 46b-215a. The state shall disclose to the court any information in its possession concerning current and past ability to pay. [With respect to such orders entered on or after October 1, 1991, if] if no information is available to the court concerning past ability to pay, the court may determine the support due for periods of time prior to the action as if past ability to pay is equal to current ability to pay, if current ability is known. [or, if not known, based upon assistance rendered to the child.] if current ability to pay is not known, the court shall determine the past ability to pay based on the obligor's work history if known, or if not known, on the state minimum wage that was in effect during such periods, provided only actual earnings shall be used to determine ability to pay for past periods during which the obligor was a full-time high school student or was incarcerated, institutionalized or incapacitated.

(C) Any finding [as to] of support due for periods of time prior to [the action which is made without information concerning past ability to pay] an action in which the obligor failed to appear shall be entered subject to adjustment. [when such information becomes available to the court.] Such adjustment may be made upon motion of any party, [within four] and the state in IV-D cases shall make such motion if it obtains information that would have substantially affected the court's determination of past ability to pay if such information had been available to the court. Motion for adjustment under this subparagraph may be made

not later than twelve months from the date upon which the obligor receives notification of (i) the amount of such finding of support due for periods of time prior to the action, and (ii) the right [within four] not later than twelve months from the date of receipt of such notification to present evidence as to such obligor's past ability to pay support for such periods of time prior to the action. A copy of any support order entered, subject to adjustment, that is provided to each party under subsection (c) of this section, shall state in plain language the basis for the court's determination of past support, the right to request an adjustment and to present information concerning the obligor's past ability to pay, and the consequences of a failure to request such adjustment.

Sec. 3. Subdivision (7) of subsection (a) of section 46b-215 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2003*):

(7) (A) Said court or family support magistrate shall also have authority to determine, order and enforce payment of any support due because of neglect or refusal to furnish support prior to the action.

(B) In the determination of support due based on neglect or refusal to furnish support prior to the action, the support due for periods of time prior to the action shall be based upon the obligor's ability to pay during such prior periods, as determined in accordance with the child support and arrearage guidelines established under section 46b-215a. The state shall disclose to the court any information in its possession concerning current and past ability to pay. [With respect to such orders entered into on or after October 1, 1991, if] If no information is available to the court concerning past ability to pay, the court may determine the support due for periods of time prior to the action as if past ability to pay is equal to current ability to pay, if current ability is known. [or, if not known, based upon assistance rendered to the child.] If current ability to pay is not known, the court shall determine the past ability to pay based on the obligor's work history, if known, or if not known, on the state minimum wage that was in effect during such periods, provided only actual earnings shall be used to determine ability to pay for past periods during which the obligor was a full-time high school student or was incarcerated, institutionalized or incapacitated.

(C) Any finding [as to] of support due for periods of time prior to [the] an action [which is made without information concerning past ability to pay] in which the obligor failed to appear shall be entered subject to adjustment. [when such information becomes available to the court.] Such adjustment may be made upon motion of any party, [within four] and the state in IV-D cases shall make such motion if it obtains information that would have substantially affected the court's determination of past ability to pay if such information had been available to the court. Motion for adjustment under this subparagraph may be made not later than twelve months date from the date upon which the obligor receives notification of (i) the amount of such finding of support due for periods of time prior to the action, and (ii) the right [within four] not later than twelve months from the date of receipt of such notification to present evidence as to such obligor's past ability to pay support for such periods of time prior to the action. A copy of any support order entered, subject to adjustment, shall state in plain language the basis for the court's determination of past support, the right to request an adjustment and to present information concerning the obligor's past ability to pay, and the consequences of a failure to request such adjustment.

Sec. 4. (NEW) (*Effective October 1, 2003*) Notwithstanding any provisions of the general statutes, whenever a child support obligor is institutionalized or incarcerated, the Superior Court or a family support magistrate shall establish an initial order for current support, or

modify an existing order for current support, upon proper motion, based upon the obligor's present income in accordance with the child support guidelines established pursuant to section 46b-215a of the general statutes.

Sec. 5. Section 52-362j of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2003*):

For the purposes of sections 52-362d, 52-362e, 52-362g, and 52-362h:

(1) "Past-due support" means any one or a combination of the following: (A) Court ordered current support or arrearage payments which have become due and payable and remain unpaid; (B) unpaid support which has been reduced to a judgment or otherwise found to be due by a court of competent jurisdiction, whether or not presently payable; (C) support due for periods prior to an action to establish a child support order, [, provided such amounts are based upon the obligor's ability to pay during the prior periods if known or, if not known, on the obligor's current ability to pay if known, or, if not known, upon assistance rendered to the obligor's child.]

(2) "Overdue support" means a delinquency accruing after the entry of an initial court order establishing a child support obligation.

Sec. 6. (NEW) (*Effective October 1, 2003*) There is established within the Department of Social Services, within available appropriations, the John S. Martinez Fatherhood Initiative. Said initiative shall promote the positive involvement and interaction of fathers with their children with an emphasis on children eligible or formerly eligible for services funded by the temporary assistance for needy families block grant and shall identify those services that effectively encourage and enhance responsible and skillful parenting and those services that increase the ability of fathers to meet the financial and medical needs of their children through employment services and child support enforcement measures. The objectives of the initiative shall be to: (1) Promote public education concerning the financial and emotional responsibilities of fatherhood; (2) assist men in preparation for the legal, financial and emotional responsibilities of fatherhood; (3) promote the establishment of paternity at childbirth; (4) encourage fathers, regardless of marital status, to foster their emotional connection to and financial support of their children; (5) establish support mechanisms for fathers in their relationship with their children, regardless of their marital and financial status; and (6) integrate state and local services available for families.

Approved July 9, 2003

ADDENDUM H – Connecticut Arrearage Adjustment Regulations

Section 1. The Regulations of Connecticut State Agencies are amended by adding sections 17b-179b-1 to 17b-179b-4, inclusive, as follows:

(NEW) Section 17b-179b-1. Definitions

As used in sections 17b-179b-1 through 17b-179b-4, inclusive, of the Regulations of Connecticut State Agencies:

- (1) “Arrearage” means either one or a combination of (A) court ordered current support payments which have become due and payable and remain unpaid; and (B) support due for past periods that has been found owing by a court of competent jurisdiction, whether or not presently payable;
- (2) “Arrearage adjustment” means a reduction, by the Department of Social Services or any bureau, division, or agency of the department, or agency under cooperative or purchase of service agreement therewith, of the total arrearage owed as of the first day of the qualifying year by a noncustodial parent to the state in a child support case in accordance with sections 17b-179b-1 to 17b-179b-4, inclusive, of the Regulations of Connecticut State Agencies, and includes an equivalent reduction of the amount of unreimbursed assistance;
- (3) “Arrearage adjustment program” means the system of scheduled arrearage adjustments prescribed by sections 17b-179b-1 to 17b-179b-4, inclusive, of the Regulations of Connecticut State Agencies for the purpose of encouraging the positive involvement of noncustodial parents in the lives of their children and encouraging noncustodial parents to make regular support payments;
- (4) “Child support case” means one in which the Department of Social Services or any bureau, division, or agency of the department, or agency under cooperative or purchase of service agreement therewith, is providing child support enforcement services under Title IV-D of the federal Social Security Act;
- (5) “Current child support obligation” means a court ordered amount for the ongoing support of a child, and does not include payments on an arrearage;
- (6) “Custodial party” means the individual who has primary physical custody of a child, or, in foster care cases, the Commissioner of the Department of Children and Families;
- (7) “Domestic violence” means (A) physical acts that result in or are threatened to result in physical or bodily injury; (B) sexual abuse; (C) sexual activity involving a child in the home; (D) forced participation in nonconsensual sexual acts or activities; (E) threats of or attempts at physical or sexual abuse; (F) mental abuse; or (G) neglect or deprivation of medical care.
- (8) “Parenthood Program” means any project, site or program that meets the requirements of section 17b-179b-2 of the Regulations of Connecticut State Agencies, and shall include the research and demonstration projects established under subsection (d) of section 1 of Public Act 99-193;
- (9) “Noncustodial parent” means the parent who does not have primary physical custody of a child;
- (10) “Obligor” means the individual required to make payments under a current child support or arrearage obligation;

(11) “Qualifying year” means the twelve-month period beginning with the date a noncustodial parent enters into a voluntary agreement to participate in the arrearage adjustment program;

(12) “Starting arrearage” means the total arrearage owed, as of the first day of the qualifying year, to the State of Connecticut by a noncustodial parent or obligor in a child support case; and

(13) “Unreimbursed assistance” means the portion that has not been repaid to the State of Connecticut of the total assistance provided under the aid to families with dependent children, state-administered general assistance or temporary family assistance programs to or in behalf of either parent, such parent’s spouse, or such parent’s child; such portion being the subject of the state’s claim under section 17b-93 of the Connecticut General Statutes.

(NEW) Section 17b-179b-2. Parenthood Program requirements

(a) In general

(1) Certification:

Participants in a Parenthood Program shall be eligible for an arrearage adjustment under section 17b-179b-3 of the Regulations of Connecticut State Agencies only if such program is designated initially and certified annually by the Commissioner of Social Services as a participating program that provides services that promote the positive involvement and interaction of noncustodial parents with their children.

(2) Exception:

Notwithstanding subdivision (1) of this subsection, the research and demonstration projects established under subsection (d) of section 1 of Public Act 99-193 shall not require certification to participate in the arrearage adjustment program.

(b) Program components

A Parenthood Program seeking designation or certification as a participating program under subsection (a) of this section shall demonstrate to the satisfaction of the Commissioner of Social Services that such program provides a minimum curriculum of at least twenty-four hours of programming over an eight week period, and a plan of service to assist male or female noncustodial parents to identify and resolve problems, build healthy relationships with their children, and establish or strengthen collaborative co-parenting alliances with the custodial party. To meet these requirements, a participating program shall provide services directly and by referral in at least the following areas:

- (1) education, training and employment placement;
- (2) parenting education and services to strengthen the parent-child relationship;
- (3) counseling, support and self-help;
- (4) legal assistance and court advocacy;
- (5) mental health and substance abuse services;
- (6) conflict resolution and anger management;
- (10) mentoring;
- (11) relationship and co-parenting mediation; and
- (12) pregnancy prevention.

(c) Administrative requirements

(1) In general:

A Parenthood Program seeking designation or certification as a participating program under subsection (a) of this section shall demonstrate to the satisfaction of the Commissioner of

Social Services that such program has and will use the forms and procedures prescribed by such commissioner to administer the provisions of sections 17b-179b-1 to 17b-179b-4, inclusive, of the Regulations of Connecticut State Agencies.

(2) Voluntary agreement:

The voluntary agreement required under subdivision (4) of subsection (a) of section 17b-179b-3 of the Regulations of Connecticut State Agencies shall, at a minimum:

(A) state the rights and responsibilities of the noncustodial parent or obligor under the arrearage adjustment program;

(B) clearly define the activities required for participation in the arrearage adjustment program;

(C) specify the outcomes expected from successful participation in the arrearage adjustment program; and

(D) state the total arrearage amount that may be subject to adjustment.

(NEW) Section 17b-179b-3. Arrearage adjustment program for Parenthood Program participants

(a) Eligibility for program

A noncustodial parent or obligor shall be eligible for the arrearage adjustment program for Parenthood Program participants if the Department of Social Services determines, based on information provided by a participating program or otherwise available to the department, that the requirements of this subsection are met. The requirements of this subsection may be met retroactively in the case of participants in programs that were established under subsection (d) of section 1 of Public Act 99-193 as research and demonstration projects or funded under the federal Temporary Assistance for Needy Families block grant.

(1) The noncustodial parent begins and continues to make regular current support payments after non-payment of support for a year or more. For the purpose of this subdivision, such support payments shall not include recoveries of past-due or overdue support pursuant to child support enforcement actions taken by the State of Connecticut under sections 52-362d-2, 52-362d-4, 52-362d-5, 52-362e-2, or 52-362e-3 of the Regulations of Connecticut State Agencies;

(2) The noncustodial parent or obligor is participating and making satisfactory progress in a Parenthood Program, as demonstrated by quantifiable achievements that facilitate positive involvement with the child or the participant's ability to provide support, such as (A) signing a paternity acknowledgment, (B) signing a voluntary support agreement, (C) signing a co-parenting or mediation agreement, (D) attending one or more child development classes or (E) registering with the Department of Labor for skills training;

(3) The noncustodial parent meets program goals for appropriate involvement and interaction with the child or children and (A) has an active child support case where an arrearage is owed to the State of Connecticut and there is a current payment due to the custodial party or (B) is an obligor who now resides with the child or children to whom support is owed;

(4) The noncustodial parent or obligor applies for an arrearage adjustment and enters annually into a voluntary agreement with the Commissioner of Social Services or such commissioner's designee that complies with subdivision (2) of subsection (c) of section 17b-179b-2 of the Regulations of Connecticut State Agencies; and

(5) The noncustodial parent or obligor has no felony convictions, as known or reported to the Department of Social Services or attested by such parent or obligor, during the year for which an adjustment is requested.

(b) Adjustment amounts

(1) Qualifying Year:

(A) Completes Parenthood Program

A noncustodial parent or obligor who successfully completes a Parenthood Program shall receive a one-time arrearage adjustment in the qualifying year of five percent of the starting arrearage.

(B) Pays support or lives with child

(i) A noncustodial parent or obligor who, during the qualifying year, receives an adjustment under subparagraph (A) of this subdivision shall be eligible to claim an arrearage adjustment in accordance with the following “Arrearage Adjustment Table – Qualifying Year” if such parent or obligor:

(I) pays the full amount of the current child support obligation due to the custodial party,

(II) resides with the child and documents substantial contributions for support of the child or is the primary caregiver for the child, provided the custodial party acknowledges or consents in writing to such arrangement and there is no evidence of domestic violence for the qualifying year, or

(III) becomes the custodial party and resides with the child, in which case the acknowledgment or consent of the other parent shall not be required.

ARREARAGE ADJUSTMENT TABLE - QUALIFYING YEAR	
<i>If the obligor meets the criteria under paragraphs (I), (II), or (III) for the following number of months during the qualifying year:</i>	<i>the arrearage adjustment shall be in the following percentage of the starting arrearage:</i>
12	20%
11	15%
10	10%

(ii) The arrearage adjustment specified under subclause (i) of this subparagraph may be granted on the basis of criterion (I) of said subclause exclusively, criterion (II) of said subclause exclusively, criterion (III) of said subclause exclusively, or on the basis of any combination of such criteria, provided at least one criterion is satisfied during the period specified in the “Arrearage Adjustment Table”.

(iii) A noncustodial parent or obligor who is denied an arrearage adjustment on the basis of only an allegation of domestic violence shall be entitled to a desk review of the denial by the Commissioner of Social Services or such commissioner’s designee.

(C) Maintains steady employment

A noncustodial parent or obligor who receives an adjustment under subparagraph (B) of this subdivision and maintains employment for an average of at least one hundred twenty hours per month during the qualifying year shall receive an additional arrearage adjustment of five percent of the starting arrearage to be added to the percentages specified in subparagraph (B) of this subdivision.

- (2) Subsequent years
- (A) Pays support or lives with child
- (i) A noncustodial parent or obligor who received an adjustment for the immediately preceding year shall be eligible to claim an additional arrearage adjustment in accordance with the following “Arrearage Adjustment Table – Subsequent Years” if, during a subsequent year, such parent or obligor:
- (I) pays the full amount of the current child support obligation due to the custodial party,
- (II) resides with the child and documents substantial contributions for support of the child or is primary caregiver for the child, provided the custodial party acknowledges or consents in writing to such arrangement and there is no evidence of domestic violence for the qualifying year, or becomes the custodial party and resides with the child, in which case the acknowledgment or consent of the other parent shall not be required.

ARREARAGE ADJUSTMENT TABLE - SUBSEQUENT YEARS				
<i>If the obligor meets the criteria under paragraphs (I), (II), or (III) for the following number of months during the subsequent year:</i>	<i>the arrearage adjustment shall be in the following percentages of the starting arrearage in the indicated subsequent years:</i>			
	<i>first ...</i>	<i>second ...</i>	<i>third ...</i>	<i>all additional...</i>
12	15%	10%	10%	10%
11	10%	5%	5%	0%
10	5%	0%	0%	0%

(ii) The arrearage adjustment specified under subclause (i) of this subparagraph may be granted on the basis of criterion (I) of said subclause exclusively, criterion (II) of said subclause exclusively, criterion (III) of said subclause exclusively, or on the basis of any combination of such criteria, provided at least one criterion is satisfied during the period specified in the “Arrearage Adjustment Table”.

(iii) A noncustodial parent or obligor who is denied an arrearage adjustment on the basis of only an allegation of domestic violence shall be entitled to a desk review of the denial by the Commissioner of Social Services or such commissioner’s designee.

(iv) A noncustodial parent or obligor who signs a voluntary agreement to participate in the arrearage adjustment program and who fails to qualify for a scheduled adjustment without good cause shall be eligible to receive a future adjustment only if such parent or obligor signs a new voluntary agreement. In such cases, any future adjustments shall be in the amounts prescribed in this subdivision for subsequent years, and not in the amounts prescribed in subdivision (1) of this subsection for the qualifying year.

(B) Maintains steady employment:

A noncustodial parent or obligor who receives an adjustment under subparagraph (A) of this subdivision and, during the subsequent year, as compared to the preceding year:

- (i) maintains employment for a greater average number of hours per month,
- (ii) increases earnings, or
- (iii) enhances employability through education or training

shall receive an additional arrearage adjustment of five percent of the starting arrearage to be added to the percentages specified in subparagraph (A) of this subdivision.

ADDENDUM I – OCSE 2003 Best Practices Compendium Reprint

U.S. POSTAL SERVICE – ADDRESS CHANGE SERVICE

Goal: Use the technology available through the U.S. Postal Service (USPS) to:

- automatically update addresses
- remove undeliverable addresses
- reduce the cost of forwarding mail to the custodial and noncustodial parents' new address
- validate NCP addresses provided by tape matches

Description: In January of 2003, the Illinois Department of Public Aid, Division of Child Support Enforcement implemented the U.S. Postal Service automated "Address Change Service" to forward mail, electronically update address changes and remove undeliverable mail addresses from the automated child support data base called the Key Information Delivery System (KIDS).

The Address Change Service is also used to determine if a noncustodial parent's mail address should be validated. When a tape match with another agency, such as the Illinois Department of Professional Regulations, Illinois Secretary of State, Department of Revenue or other agencies, provides an address for an NCP, an address verification form is mailed directly to the address. If the Address Change Service tape matches do not electronically remove the mail address within thirty days (two Address Change Service reporting periods) delivery of the form is assumed and the mail address is validated by KIDS.

The use of the Address Change Service reduced the use of the USPS "Address Information Request" form previously used to validate addresses. The "Address Information Request" form is now only used to validate a PO Box address and then get box holder's residential address. This is done because a residential address is needed for service of process.

The United States Postal Service (USPS) Domestic Mail Manual (DMM) can be accessed at: <http://pe.usps.gov> for current information about how the USPS Address Change Service handles "Change Service Requested" mail.

Results: Ninety-two agency forms have been phased into this process. The cost savings is not fully representative of savings that will occur when all system-generated forms have been tied to this process for one year.

The testing of Address Change Service started in September 2002. As of September 22, 2003, Address Change Service has processed 90,527 mail items, of which 63,614 provided the new address. Testing included the tax offset notices, some of which were sent to previous addresses. This skewed the effectiveness of Address Change Service processing. During the first and second quarter 2003 Address Change Service reports show that only 8 percent of the records reported were undeliverable.

Mail forwarded, Change of Address Provided (COA)

- Mail items forwarded/change of addresses provided	63,614	
- Previous postage due cost (\$.70 each) eliminated for 63,614	\$44,529.80	
- Cost (\$.20 each) for 63,614 electronic address update	\$12,722.80	
-Cost savings		\$31,807.50
- Labor hours saved electronically update 63,614 addresses	1,272 hours	

(NIXIES) Address Removed, Event Created, Reason for Non-Delivery provided

- Number of NIXIES reported by Address Change Service	26,913	-
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- Postage due cost for returning 26,913 undeliverable mail items.	0	
- Cost (\$.20 each) for 26,913 electronic notices of non-delivery	\$5,382.60	
- Cost of reporting 26,913 electronic notices of non-delivery	\$5,382.60	
- Labor hours saved by removing 26,913 addresses electronically	538 hours	

Total Postage Due to Cost Savings: \$26,424.90

Value of 1197 Labor Hours saved: \$57,340.80

Savings from Automated Validation of Addresses: Not Calculated

Note: It takes two hours to manually process 100 mail items.

Location: All mail centrally generated by KIDS will be processed by Address Change Service. Staff throughout Illinois can check the delivery/non-delivery status of any form processed by Address Change Service. KIDS tracks when a specific form is forwarded to a new address or is undeliverable. The Address change Service provided the specific reason for non-delivery of each form that was mailed to the custodial or noncustodial parent.

Funding: Regular IV-D funds are used.

Account Reconciliation: The Address Change Service sends an itemized bill with the total number of COAs and Nixies for each tape that is provided. For audit purposes, a totals report containing the number of Nixies is created with the completion of the run for each tape. To date totals have matched.

Replication Advice: Coordination between program and information technology staff is essential. Analysis of forms is useful in prioritizing documents for implementation. Illinois has gathered research and analysis information into a packet available to other states upon request.

Contact:

Mike Troesch
Public Service Administrator
Phone: (217) 524-8307
Email: AIDD52W1@mail.idpa.state.il.us

ADDENDUM J – 4th Meeting Participant List

Diane Fray
Marilyn Ray Smith
Sharon Santilli
Kevin P. Landry
Benidia A. Rice
Lynne Maylone Fender
Charles Hayward
Carol Sims
Brian Shea
Todd Areson
Susan S. Perry
Garrett Jacobs
David Welker
Misty Peal-Auville
Carolyn D. Thomas
Margot Bean
Alisha Griffin
Kathryn Dyjak
Elaine Sorensen
Vicki Turetsky
Juanita DeVine
Mike Fitzgerald
John Clark
Chuck Kenher
Chris Arciero
Dennis Putze
John Langrock

THE FIFTH AND SIXTH MEETINGS **NORTHEAST REGIONAL ARREARS MANAGEMENT GROUP**

INTRODUCTION: ACF Regional Office I, II and III Child Support Program Directors, managers, and their private and federal partners met for half-day meetings on October 23, 2005 and again on September 10, 2006. The meetings were held in Washington D.C. in conjunction with concurrently held OCSE national conferences. The two meeting agendas retained the traditional *State Update* Session that offers all attendees the opportunity to report on new or existing arrears management activities and corresponding *good ideas* and *best practices*. The meeting agendas also focused on recent Arrears Studies, the complex and oftentimes controversial issues surrounding incarcerated noncustodial parents and the future of the *Northeast Workgroup*.

Jens A. Feck, OCSE ROII program manager and program specialist, moderated and summarized the meetings. The participants represented eleven states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, the Urban Institute, the Center for Law and Social Policy, the federal Office of Child Support Enforcement and the Boston, New York and Philadelphia regional offices of the Administration for Children and Families (ACF). Many of the attendees at the 2005 and 2006 meetings have been active participants in the *Northeast Workgroup* since its inception in 2000.

In 2007, *Northeast Workgroup* members decided, albeit reluctantly, to end the formal meeting process. The decision was based on the workgroup's success over the preceding years to fully elevate its arrears management discussion to the national level. Accordingly, the time had come to fuse the work of the sixteen Northeast jurisdictions into the emerging national discussion rather than to continue with potentially duplicative discussions at the regional level. The group also believed that future meetings (now that a *discussion framework* was fully developed) should focus on very specific elements and practices that effect arrears accrual. Expanding those meetings and related activities to input from all fifty-four Child Support Enforcement jurisdictions would inevitably lead to the most broad-based sharing of best practices as well as the development of the most comprehensive recommendations.

The cessation of the workgroup meetings temporarily disconnected a *family* of child support professionals who had dedicated many weekends over the years to collectively address one of the most complex and confounding aspects of the child support process, oftentimes at workgroup members' personal expense. Laudably, the cessation was the direct result of the group's aforementioned success in engaging the entire child support community in a discussion on the causes of arrears accumulation and the methods to efficiently manage those arrearages.

To that extent, the workgroup's dissolution ironically represents the workgroup's crowning achievement. Fortunately, the *family* separation did not last long, as several members of the former workgroup reunite as valued members of recently implemented national

initiatives, including the PAID initiative,²⁹ and the “Arrears Stratification,” “Cell Phone” and “Unreported & Underground Income” workgroups.³⁰ Our *family* continues to offer innovative ideas and fresh perspectives, and, as was true since inception, *family* members remain steadfast in their commitment to ensure that the child support and establishment process is not only protective of our children’s best interests, but, in a harmonizing context, considerate of the rights and needs of both parents as well.

The summary addendum outlined below represents the final chapter of the workgroup’s thoughts, accomplishments and vision. It has been a long, fruitful and award-winning journey right up to the end, and every page of this combined set of summaries is a tribute to the achievements and contributions of hundreds of professionals working on behalf of children and families.

But the work goes on, and the reader is encouraged to contact his or her state child support agency or the federal Office of Child Support Enforcement in DC or one of the ten regions³¹ to learn about the most recent arrears management activities and get updated information about specific state and federal office efforts to increase collections and avoid arrears accumulation.

²⁹ PAID: “Project to Avoid Increasing Delinquencies.” PAID is a national initiative to increase collections of current support and to prevent and reduce arrears so that child support will be a reliable source of income for more families. More information about the PAID initiative is provided in the next Section below.

³⁰ More information about some of the listed arrears-management related workgroups is provided below.

³¹ Please go to the OCSE website at <http://www.acf.hhs.gov/programs/css> to obtain contact information for OCSE, for the ten OCSE regional offices and for all 54 child support agencies (50 States, Washington DC, Guam, Puerto Rico and the U.S. Virgin Islands.) The website also provides comprehensive information about most aspects of the national and state programs, including information about PAID and all other arrears-management related activities, including many not mentioned in this summary.

FINAL THOUGHTS AND ROLLOUT TO THE NATIONAL LEVEL

The final two meetings were relatively brief and pertained largely to sharing state updates with respect to new and ongoing arrears management activities. The *State Updates* section summarizes the updates presented at the meetings and incorporates more recent 2008/2009 updates as well.

Participants agreed that the time had come to concentrate the focus of future discussions on more specific arrears management issues, given that a workable discussion framework was now firmly established (segregating arrears management topics into *order establishment, prevention & early-intervention* and *accrued arrears management* categories) and a corresponding comprehensive list of respective issues and best practices had been developed. Participants noted the following issues as potential focal points of future conversations:

- The underground economy and the tie-in to the drug culture
- Incarcerated noncustodial parents
- Arrears studies – accuracy, viability and interpretation
- The nexus between managing arrears and increasing collections

The Underground Economy:

Meeting participants believe that the underground economy impacts upon child support enforcement in two major ways: (1) hidden assets and income complicate the process of correctly identifying parents who truly have limited abilities to pay support, and (2) as long said assets and income remain hidden, children are potentially denied their fair share as support.

By definition, measuring the underground economy (also referred to as “tax evasion,” “cash pay,” “tax gap,” “payments under-the-table” and “off-the-books”) may be more of an art than a science, but estimates go as high as \$1 trillion, and the growth rate may be edging out the real economy.³² One meeting participant referred to a study by Dr. Ronald Mincy of the Urban Institute, which estimates that approximately thirty percent of noncustodial parents had some kind of off-the-books income.³³

Participants highlighted the illicit drug culture’s significant connection to the underground economy, and they recommend that these interactions be further studied and evaluated as both a source of as well as a barrier to income. Some participants recommended that illegal income from various sources be identified as subsets of unreported income, so customized enforcement techniques can be developed. Maine recommended that confiscated drug

³² See “Going Underground: America’s Shadow Economy,” Jim McTague, Barons, January 6, 2005. Also see FairTax.Org, TaxFoundation.Org and “American Demographics” by Tibbett Speer.

³³ The reference was not further identified.

monies should be seized to pay child support to the extent that confiscated funds are available for attachment pursuant to state or federal law.

Several participants proposed that we investigate the extent to which web-based income contributes to the underground economy, and caseworkers dealing with parents with no known income source should consider searching the web for potential business activities and associated revenues. This could be a case-by-case process or an automated batch process – for example, the feasibility of child support agencies matching with eBay and similar accounts should be explored and pursued whenever possible.

Finally, participants applied great value to reaching out to private industry with long-term experience in finding assets not otherwise easily found. Empirical evidence suggests that some obligors who are successful in avoiding child support enforcement actions are less successful in avoiding payments towards certain private debt, and we need to examine the “why.”

In conclusion, many participants believe that “underground” monies represent the largest *bucket of assets* not yet fully tapped for purposes of paying current support and satisfying accumulated arrears. The more we learn about this source of money, the better we are able to address the various and significantly different scenarios that co-exist within the group of noncustodial parents who allegedly have “little or no reported income.”

Incarcerated Non-Custodial Parents:³⁴

Meeting participants acknowledged that practices, policies and laws that address the relationship between child support and incarcerated noncustodial parents vary from state to state and at times from county to county. As recently as 2004, twenty-one states considered incarceration a form of voluntary unemployment that cannot be used as a basis for requesting a downward modification of the obligation.³⁵ In these states, the issue remains on the table, but the child support agency’s ability to address the issue may be severely restricted. In Pennsylvania, where there is no statutory prohibition against a modification based on incarceration, some counties may suspend the obligation; others may not. In Rhode Island, a court may decide that incarceration, as a voluntary act, should not be rewarded through a downward modification or suspension, yet another court may suspend the order if the incarceration is long-term with little likelihood of parole.

Connecticut, in response to an April 2008 Region III OCSE Network request on information about existing practices applicable to incarcerated or just-released parents, may have

³⁴ In 2007, an estimated 809,900 State and Federal prisoners were parents to over 1.7 million children (Lauren E. Glaze and Laura M. Maruschak, *Parents in Prison and Their Minor Children*, U.S. Department of Justice, Bureau of Justice Statistics, NCJ 222984 - Washington D.C., U.S. Department of Justice, August 2008).

³⁵ See page 18 of the “Working with Incarcerated and Released Parents: Lessons from OCSE Grants and State Programs” Resource Guide – March 2006. The Guide was prepared by the Center for Policy Research for the Office of Child Support Enforcement, Administration for Children and Families, Department of Health and Human Services.

summarized the issue best: While options are still being considered, the state has reached the conclusion that a one-size fix will not work. They recommend that policy makers consider some of the following issues before developing final recommendations:

- How are inmates released into the community (parole, halfway house, probation or no formal supervision)?
- What impact should the inmate's pre-conviction employment status have?
- Is there a need to differentiate between pre-sentence and sentenced inmates?
- Have you involved community groups that deal with former or current inmates in your discussions, and if not, should they be consulted?
- What programs exist for former inmates in your state or county?

Variations in these and many other applicable factors, if not considered, may undermine the goals and success of any given policy, and, as Connecticut points out, a state may have to develop more than one policy in recognition of the significant differences within the general inmate population.

Shortly after the last *Northeast Workgroup* meeting, OCSE released DCL-06-31 (September 29, 2006), which announced two new publications dealing with incarcerated noncustodial parents: "*Working with Incarcerated and Released Parents: Lessons from OCSE Grants and State Programs, A Resource Guide*" and "*Incarceration, Reentry and Child Support Issues: National and State Research Overview*."

Everyone with a stake in this issue is encouraged to read these comprehensive guides for a more complete understanding of respective challenges and promising practices. Readers are also referred to Addendum E, Connecticut's Survey, for additional information about existing state practices.³⁶

Arrears Studies:

Participants at the last meeting received a *pre-release* preview of the Urban Institute's "*Assessing Child Support Arrears in Nine Large States and the Nation*" study prepared for OCSE. The final report was issued on July 11, 2007, and it is now available at <http://aspe.hhs.gov/hsp/07/assessing-CS-debt>.

Workgroup members have always insisted that understanding the composition of child support arrears (and who owes them) is a critical first step in developing appropriate and effective state and/or county policies and procedures that address arrears management. However, several participants continue to caution against drawing quick conclusions that

³⁶ Other resources include publications and studies by the Council of State Governments Justice Center and a 2006 publication by the Center for Law and Social Policy ("*Realistic Child Support Policies that Support Successful Re-entry*," by Vicki Turetsky), all of which address re-entry issues applicable to child support. Vicki Turetsky is a founding member of the *Northeast Workgroup* and the current OCSE Commissioner.

rely on data, which may not be complete or fully accurate, especially when conclusions are reached with respect to the collectibility of accrued arrears.

A footnote in a recent “The Story Behind the Numbers: Effects of Child Support Order Amounts on Payments by Low-Income Parents” publication ([IM-07-04](#)) reminds everyone that when it comes to reported income data, “a limitation to these studies is that they only consider earnings reported to the *State Unemployment Compensation Quarterly Wage Files*, which do not capture total income. These files do not include unearned income, and not all earnings are reported to Quarterly Wage Files. For example, earnings for the self-employed and independent contractors are not captured in Quarterly Wage Files.” Earnings from the underground economy, as discussed in the subsection above, will also not be reflected in any of the referenced data bases.

Some participants pointed out that official income data may also be occasionally misleading. For example, an individual with \$70,000 in earnings but \$80,000 in depreciation deductions may show up on official reports as someone with “no reported income.” It is therefore important that studies that categorize noncustodial parents based on reported income clearly define “reported income” as well as all other applicable categorization terms. (The need to carefully define terms and to recognize that some terms are defined and used differently from state to state has been a consistent theme at *Northeast Workgroup* meetings.) Participants also recommend that credit reports and state tax returns (and all other potential data mining sources) are accessed and reviewed before a final decision about a person’s available income is reached.

Nonetheless, no one disputes that many low and mid-income noncustodial parents have child support obligations that exceed their current (and most likely future) abilities to pay, leading to unrealistic expectations on behalf of custodial parents and potentially uncollectible arrearages accruing in child support case accounts. Such noncustodial parents probably fall into the “willing to pay support but not financially able” category,³⁷ and they are often identified as appropriate targets of arrears compromise or forgiveness policies. But even for this group, financial circumstances may improve, and no one should automatically assume that a determination that arrears may be *uncollectible* deserves a status of permanence.

The aforementioned Urban Institute study probably represents the most comprehensive current work on the subject. The study considered three basic questions:

1. Who owes the arrears – the study found that most of the arrears (54 percent) are owed by a small number of obligors (11 percent), nearly three quarters of whom had no reported income or income of \$10,000 a year or less.

³⁷ The *Northeast Workgroup* identified four NCP categories: “willing and able,” “willing and not able,” “not willing and able” and “not willing and not able”.

2. How collectible are the arrears – the study concluded that for seven of the nine states examined, only 40 percent of the arrears owed at the time of the study would be collected over the next ten years while at the same time, arrears owed to the seven states would grow by 60 percent over the next ten years.
3. Why have arrears grown so rapidly – the study identified the routine assessment of interest on arrears as the primary factor for the dramatic growth in arrears.³⁸ (When the first *Northeast Workgroup* meeting was held in early 2001, nationwide arrears added up to approximately \$80 billion. As of FY 2008, the arrears total exceeds \$105 billion. The Urban Institute identified assessment of retroactive support as another significant factor, along with non-compliance of current support orders.)

Readers are referred to “The Story Behind the Numbers: Understanding and Managing Child Support Debt” ([IM-08-05](#)), which provides a more comprehensive overview of the Urban Institute analysis. (Three *Northeast Workgroup* member states are part of the nine study states: New York, New Jersey and Pennsylvania.)

In conclusion, each state has to decide how extensive its arrears analyses needs to be and how the study’s outcome will be used to shape child support policy. These decisions are ultimately influenced by factors that vary substantially from jurisdiction to jurisdiction. However, absent an existing detailed state study, the Urban Institute’s *Nine State* study offers relevant and valuable information that helps child support professionals as well as the general public to better understand some overriding and universal factors underlying arrears build-up. The study also assists policy makers and others by placing arrearages in their appropriate context, and as such it helps to set the stage for developing more successful state responses and solutions.

The Nexus between Managing Arrears and Increasing Collections:

A number of meeting participants re-emphasized previous recommendations that comprehensive arrears management policies should always focus on collecting arrears first before consideration is given to arrears compromise or forgiveness. Workgroup discussions oftentimes focused on enhancing and expanding enforcement tools, and the last meeting put specific emphasis on the need to regularly review the new hire reporting process and to ensure that it operates efficiently and effectively on a continuing basis.³⁹

Several participants believe that employer outreach should be conducted regularly and periodically, based on doubts that all new employees are being consistently reported as required by law, especially when outreach activities lack continuity. Virginia addressed

³⁸ Please see attached Addendum K, an outline of state interest policies compiled by the ROIX OCSE Unit based on FY08 information contained in the Intergovernmental Reference Guide at sections F2-F4.1.

³⁹ Wage withholding is the most cost-effective enforcement tool available, and its successful implementation depends largely upon an effective New Hire reporting process. In FY07, 69.7% of child support payments were collected via income withholding.

these concerns by providing all new employers with an informational package that is supplemented with additional information available on the state's child support website. The District of Columbia provides new employer outreach through a contracted vendor. States that conduct Employer Summits or similar outreach events find that these provide golden opportunities to address questions and confusion that may otherwise remain unresolved.

New Jersey refocused its attention on the lien and levy process and the state initiated a project to utilize this enforcement tool in the top 250 cases with large arrears balances. Maine's enforcement staff uses subpoena powers to find hidden income and assets. Massachusetts initiated a *Top Ten Arrears* project where caseworkers regularly review their ten cases with the highest arrears and initiate increased enforcement actions when appropriate.⁴⁰ All participants are reviewing their utilization of SVES data to ensure the maximization of benefits.

Several *Dear Colleague Letters* (DCL) issued in 2006, 2007, and 2008, provide additional information about established as well as new enforcement techniques. The reader may want to review DCL-06-40, "*Current Collections and Arrears Management Peer-to-Peer Training Conference Notes*," DCL-07-35, "*Federal Tax Refund Offset Changes for Non-Minor Children in Non-TANF Cases*" and DCL-08-33, "*Update on the OCSE Insurance Match Program*."

In conclusion, discussions cited in the subsections above about the continuing difficulty to accurately identify (and thereby potentially misidentify) a "willing but not able" noncustodial parent reinforce the notion that the initial step in addressing accrued arrears should always be: *Consider enforcement first*.

⁴⁰ See PAID Update #2 for more details. Information on how to access all PAID Updates is provided in footnote 31.

STATE UPDATES

The following section outlines recent (2006 to 2009) arrears management activities in ACF Region I, II and III jurisdictions (consisting of 13 states, the District of Columbia, the Commonwealth of Puerto Rico and the U.S. Virgin Islands). The *Updates* summarize planned, newly initiated and on-going policies, procedures and practices that, to varying degree, build on the previously published *State Updates*. The summaries below reflect progress made to date and oftentimes embody a fine-tuning of an approach and/or philosophy developed years ago. The updates continue to be grouped, to the extent possible, under the previously established Discussion Framework categories: *Order Establishment, Prevention and Early Intervention* and *Accrued Arrears Management*. (See the *First Summary* for background on the development of the Discussion Framework.)

Order Establishment:

Connecticut – The child support program obtains timely and accurate financial data for the establishment process by initiating a constructive dialogue with noncustodial parents early in the process through revision of its initial contact forms. By reducing legalese, simplifying and reorganizing the presentation of factual material, and engaging fatherhood communities as well as child support practitioners in the forms development process, the forms have become more user and father-friendly. The forms have resulted in earlier and higher quality contacts between the program and noncustodial parents. In addition to providing better customer service, the forms also serve the goal of arrearage prevention by getting cases to agreement or court earlier, and opening the door to a fuller understanding by noncustodial parents of the need for their full participation in the establishment process.

Replication advice: It is important to obtain input throughout the process in order to develop final forms that are no longer “legal” sounding, and likewise do not “talk down” to obligors.

Virgin Islands – The Virgin Islands child support agency recently modified standard form administrative orders to include a provision that self-terminates the current obligation once all children reach the age of majority, without the need for the agency to motion for and obtain a termination order. The CP receives prior notice and can object based on evidence of a child’s secondary school status or disability. A more unique provision provides that upon termination of the current support obligation, if arrears are owed, payment towards arrears will continue at the current payment rate. This eliminates the need to modify orders and respective income withholding notices when the case switches from current to arrears-only.

Connecticut – The *State Commission for Child Support Guidelines*, which is charged with reviewing Connecticut’s Child Support and Arrearage Guidelines every four years, issued updated guidelines in 2005, and is expected to begin another review process before the end of 2008. The 2005 Commission addressed many issues aimed at ensuring fair initial support

orders, which serves the goal of preventing the accumulation of unrealistic arrearages that may never be paid, while at the same time increasing among parents the perception of fairness that should in turn lead to increased compliance with the orders.

Some of the issues addressed in the present regulations include:

- Additional allowable deductions, resulting in more accurate determinations of net income;
- Reduction from 52 to 45 wage hours in routine gross income calculations;
- Elimination of presumptive support obligations for noncustodial parents earning less than \$50 per week;
- Elimination of an obligation to pay Husky (SCHIP) health insurance contributions for low-income obligors; and
- Revision of the calculation method for determining percentage contributions to unreimbursed medical expenses and the child care contribution to allow consideration of alimony paid by one parent to the other.

Connecticut – The state child support program, building on past initiatives to prevent the accumulation of large arrearages, has proceeded statutorily to ensure that starting arrearages (e.g., retroactive support or past due support) established in court are realistic and reflect the obligor’s actual ability to pay. Several amendments passed in the 2003 legislative session continued the principle of basing retroactive support on past ability to pay, but changed the substitute methods for assessing arrearages when past ability is unknown.

While current ability to pay is still relied on as the first alternative to assess starting arrearages when past ability is unknown, additional back-up methods to assess ability are now employed, instead of resorting, as was the case under former law, to the amount of public assistance, if any, paid to support the child. By statute, the standards now used are: (1) the obligor’s work history is considered first and (2) the state minimum wage in effect during the periods being assessed is considered next. A further proviso is that only actual earnings, and not imputed amounts, can be used for periods during which the obligor was a full-time high school student or was incarcerated, institutionalized or incapacitated.

The aforementioned amendments also include additional protections to ensure that in cases where the court had to rely on substitute methods to determine past ability to pay because the obligor failed to appear in the case, an adjustment of the arrearage finding is possible if information becomes available that would have substantially affected the court’s determination. Under former law, adjustment could only be made for a period of four months from notice to the obligor. The new law allows adjustments twelve months following receipt of notice.

The former law also required that the obligor make the motion for adjustment. Pursuant to the new law, the child support agency must make the motion if it obtains the required information. Finally, while the former law made reference to obligor notification, the

requirement was not very specific. The new law requires that the support order provided to the obligor must “state in plain language the basis for the court’s determination of past support, the right to request an adjustment and to present information concerning the obligor’s past ability to pay, and the consequences of a failure to request such adjustment.”

Since implementation of the new legal standards, the child support agency is not aware of any increases in the number of noncustodial parents choosing not to appear at support hearings in hopes of obtaining a lower order amount. In addition, the agency has not experienced an increase in the number of noncustodial parents requesting modifications of retroactive support – however, some magistrates have reported filings at above average rates.

Prevention and Early Intervention:

Pennsylvania – Crawford County, PA, established a successful “early intervention” collaborative partnership with the Department of Labor (Career Link) that provides employment services to noncustodial parents unable to meet their child support obligation. This effort was recognized as a PAID promising practice and distributed to the national child support community in September 2007.

The results of the collaboration between the Domestic Relations Section and Career Link are:

- 144 NCPs were ordered to participate;
- 87 NCPs were employed or removed from the program;
- 57 NCPs were active participants;
- 80 NCPs would otherwise have been scheduled for contempt; and
- 3 NCPs were actually scheduled for contempt.

\$86,536 was collected as a direct result of the collaboration between 10/06 and 6/07.

The Office of Child Support Enforcement and the Pennsylvania Bureau of Child Support Enforcement are working with the Pennsylvania Department of Labor and the US Department of Labor-Employment Training Administration to further publicize this initiative.

West Virginia – State received an 1115 grant in 2004 titled: “*Public Awareness Campaign to Educate Incarcerated Adults about their Child Support Obligations.*” A video and brochure were developed to provide information about child support to incarcerated parents; both products continue to be used. Prison staff receives orientation and shows the video to inmates during their orientation and shortly before their release; the orientation continues to be provided. The benefits of the project include petitions to the court that lead to more realistic orders; improved collections and an improved collection/order ratio for the state; reduced contempt petitions for nonpayment; and compliance with support orders upon release of noncustodial parents from prison.

New Jersey – After-Court Interview Pilot: The pilot seeks to enhance client services, as well as provide an opportunity to gather quality case data immediately after court to ensure timely entry onto the automated system. The pilot ensures that child support customers receive case specific information and obtain a full understanding of child support services before they leave the court that day. It is currently operational in three counties and is being considered for expansion statewide.

New York – A relatively new state earned income tax credit was implemented for Tax Year 2006 (in coordination between OTDA and the Department of Taxation and Finance). This initiative provides low-income noncustodial parents with the opportunity to receive a tax credit if they have paid an amount equal to the current support due for the year, and they are otherwise qualified. The sliding scale credit is available to parents with incomes between \$3,000 and \$32,000 a year and can be worth as much as \$1,030 annually. The state reports that in tax year 2006 over 2,100 noncustodial parents received over \$2 million in credits as a result of this initiative.

Virginia – State created a subset caseload in late 2006 including and targeting noncustodial parents with new obligations or with prior obligations, but new to DCSE. This initiative started in the Lynchburg District Office and is being replicated in several other District Offices. The project mandates an immediate contact, either in person or phone, with the noncustodial parent. Focus is put on conducting a non-threatening and informative contact resulting in better communication and cooperation not only in the near future, but also over the long term. During the first three months of the project, the compliance rate for the targeted noncustodial parents was 70 percent.

Connecticut – State piloted an early intervention program consisting of a Court Payment Card that the noncustodial parent receives before leaving the courthouse and focuses on compliance with new child support orders. The goal is to increase noncustodial parent awareness and encourage a pattern of paying from the inception of the court order. (The Payment Card is handed to the noncustodial parent immediately after the Family Support Magistrate enters an order.) The wallet-sized card contains information such as:

- The amount of the order;
- How and where to pay on the order until payments are automatically deducted from the NCP's pay check; and
- Addresses and phone numbers of offices that can be contacted to get assistance or additional case related information if the NCP has questions regarding the order.

Connecticut – State has statutes, regulations and procedures to help incarcerated obligors prevent large arrearage accumulations. A law was passed in 2004 mandating that courts, upon proper motion, modify the current support orders of institutionalized or incarcerated obligors based on the obligor's present income, in accordance with the child support guidelines. This provision overturns prior case law that had imposed a continuing obligation on such individuals to provide support at the level ordered prior to their incarceration or

institutionalization. The statute (CGS §46b-215e) was amended in 2006: (1) to clarify that substantial assets, in addition to present income, should be considered in setting the support obligation, and (2) to prohibit downward modification if the incarceration was due to an offense against the family.

Support Enforcement Services (SES) became much more pro-active in providing review and adjustment (R&A) information to inmates in 2006, targeting the mailing of R&A information packets to inmates with longer sentences and younger children and simplifying the review process. The result of this effort has been a sharp increase in modification actions requested by inmates. In addition, SES continues its policy, adopted in 2002, of waiting at least 90 days after an inmate is released to initiate any contempt action for non-payment.

Replication Advice: Officials of the Department of Corrections and Judicial Magistrates and Judges can be resistive. It is recommended that child support conduct “informational sessions” on arrears management to better explain the underlying reasons for any respective policy change, prior to the implementation of new procedures.

Puerto Rico – The Commonwealth has a unique statute that requires any applicant for virtually any licenses to provide a child support Non-Debt Certificate before the respective license can be issued or renewed. The certificates are available on-line as of 2010.

New Hampshire – In response to efforts to encourage district office initiatives, one large office is piloting a project to review new court orders in the first thirty days and make telephone calls to provide information for payers and to identify and solve problems. The case technician, who opens the case on NECSES, the state’s case management system, and sends out initial correspondence, calls the obligor and informs him or her of all aspects of the child support process. The technician answers questions and makes note of important obligor statements for follow up by the caseworker. The obligor may say that the order has changed, that payments have gone directly to the obligee, he or she may provide a new address or information about the employer or unemployment, or state that they have no intent on paying. Most of the obligors are appreciative of the information exchange opportunity provided through this phone call. The case technician also reminds the child support caseworker if something hasn't been provided by the obligor, such as employer or address information, so that the caseworker can follow up. The technician also reminds the caseworker when 30 days have passed without payment since the initial contact letters were mailed.

On April 1, 2008, the average number of days before the first payment was received was 71.3 days. As of June 13, 2008, the average number of days before the first payment was 67.16, and the average as of September 18, 2008 was 54.2 days. This was a decrease of 17 days, on average, before the first payment was received.

District of Columbia – The District was awarded an 1115 Grant for “Modifying Orders of DC Prisoners” in 2006. The project’s goal is to reduce the accumulation of arrears. The District of Columbia recently enacted a law that requires judges to inform individuals being

sentenced to prison that they have the right to petition the court for a modification of their child support order. The law also requires that the court give individuals the opportunity to file a petition for modification during their sentencing hearing. As part of the project CSSD staff visited Rivers Correctional Institution in Winton, NC, in mid-October to meet with DC prisoners incarcerated there who have child support cases. One hundred and twenty inmates participated in four information sessions presented by CSSD and learned about the basics of child support. They were given the opportunity to: 1) voluntarily acknowledge paternity, 2) obtain genetic testing, and 3) prepare a Motion to Modify or Suspend Child Support Due to Incarceration. The prisoners welcomed the opportunity to meet with CSSD staff. Twenty fathers signed voluntary acknowledgements of paternity, obligating them to provide child support payments when they leave prison. Many of the fathers clearly missed their families, and they were eager to discuss how they could be there for their children once they were released. About 50 fathers took genetic tests, enabling CSSD to resolve paternity and proceed with establishment when appropriate. Twenty-seven fathers were served with Notices of Hearing and Orders Directing Appearance for telephonic hearings on paternity and order establishment. Approximately 30 prisoners filed motions to modify their child support orders.

Maryland – Project Fresh Start is a two-year program that provides incarcerated noncustodial parents the opportunity to modify child support orders upon entry or while in prison to reduce or eliminate the accumulation of large arrearages. In addition, this program provides training and job services for noncustodial parents leaving prison to increase their ability to meet their child support obligations.

The project targets incarcerated noncustodial parents who have an active Prince George’s County child support obligation, who are incarcerated in a local, state or federal institution, and who are serving a minimum sentence of six months or are recently released.

Vermont – The state’s Account Intervention & Management (AIM) initiative targets noncustodial parents who have not made a payment in 90 days and only 1 in the prior 12 months. These individuals are contacted by phone, mail, and in person to secure payments.

Another AIM practice is to have new noncustodial parents meet with a caseworker at the onset of their case to ensure they receive and understand important information and begin a good rapport with the enforcement agency.

Finally, there are plans to develop a pilot program with correctional facilities, targeting noncustodial parents in assistance cases whose release dates are approaching. The child support agency will try to help them get off on a “good foot” by paying current and/or arrears in a consistent manner.

New York – The state child support agency participated on a statewide prisoner re-entry task force in 2008 that offered regional meetings to parole and probation staff. In addition, beginning in March 2009, DCSE will be providing child support information to a central criminal justice database so that probation and parole officers can search to see if their

client owes child support and, if they do, they may make paying child support a condition of their client's probation or parole.

New York – State was awarded a SIP grant of \$99,830 in September 2007 for expansion of the *Parent Success Initiative* (PSI) in Onondaga County. PSI is an early intervention project that provides parenting and job placement services to interested noncustodial parents through collaboration between courts and community service agencies. Through this grant the state's *Unified Court System* will expand PSI by serving an additional 200 court mandated referrals per year. The court will order eligible noncustodial parents to participate in PSI parenting and placement services. The grant funds a resource coordinator and intake team to screen and monitor progress of participating noncustodial parents.

Puerto Rico – The Commonwealth has created a Rapid Response Task Force that addresses the needs of workers facing imminent layoffs before the layoff occurs. Employers are required to inform the Department of Labor of planned layoffs and similar workforce reductions, and receipt of such notice triggers a Task Force visit at the site of employment. Employers are required by law to provide employees the opportunity to visit with the Task Force during working hours. The Task Force consists of the child support agency as well as agencies that provide employment related services. Employees with child support orders (obligors and obligees) are advised of their rights to request modification services, and information on all aspects related to loss of employment is provided.

Accrued Arrears Management:

Delaware – State has received media attention for its *Most Wanted Posters*, which have been posted on its website and received coverage on television and in the print media. The public can provide “tips” to DCSE through its Customer Service Unit or by calling Delaware Crime Stoppers. Tips received by Crime Stoppers can lead to a reward of up to \$1,000 in cash if the provided information is substantial and results in an arrest. Tipsters do not have to identify themselves. As of April 2008, Crime Stoppers has paid 16 tipsters a total of \$1,575 (or approximately \$98.00 per tip). Out of 89 noncustodial parents on the posters, 41 have resolved their outstanding warrants. The goal is to reduce the accumulation of arrears and increase collections.

Maryland – The University of Maryland, School of Social Work, has completed and published a comprehensive study of Maryland's arrears entitled “Confronting Child Support Debt: A Baseline Profile of Maryland's Arrears Caseload.” The report categorizes the types of arrears owed, who owes the arrears, and who is owed the arrears. The analysis results in identifying pragmatic practices and suggestions for reducing the amount of arrears owed. The report link is: <http://www.familywelfare.umaryland.edu/reports/arrears.pdf>

Maryland – The Maryland Legislature established a Task Force to Improve Child Support Compliance in Prince George's County in July 2007. The Task Force was developed to plan and draft legislation to improve child support compliance in Prince George's County for noncustodial parents with more than \$10,000 in child support arrears and who have failed

to make a child support payment for twelve or more consecutive or nonconsecutive months. The Task Force was also charged with identifying methods to increase paternity and court order establishments. The link to the Legislation is:

http://senate.state.md.us/2007RS/chapters_noln/Ch_246_hb0636E.pdf

New York – DCSE has opted to proactively match all new cases forwarded to the FCR with SVES data since July 2007. When a match between a noncustodial parent and a current SSA Title II account occurs, an employer/income payor record is automatically generated and a Notice of Income Withholding is issued. DCSE may expand the match to include the entire existing caseload as well as extend the process to “suspended” benefit accounts. Estimated new collections from SSA Title II benefits for September through June 2008 totaled \$5.8 million.

Maryland – The Child Support Payment Incentive Program (PIP) is a new program designed to encourage noncustodial parents to be consistent in making child support payments by:

- Reducing permanently assigned state owed arrears in half if the noncustodial parent makes full current child support payments for twelve consecutive months; and
- Eliminating the balance if the noncustodial parent makes full current child support payments for twenty-four consecutive months.

To participate in the PIP, the noncustodial parent must:

- Be associated with a case in which there are permanently assigned arrears owed to the State of Maryland;
- Have a Maryland court order;
- Have an income less than 225 percent of the federal poverty level (aspe.hhs.gov/poverty); and
- Not have been terminated from PIP more than two times.

If the noncustodial parent is authorized to participate in the PIP, the noncustodial parent must enter into an agreement with the child support agency. The PIP agreement includes an arrearage reduction schedule and a statement that all enforcement activities will be suspended, except those that are federally mandated, which include but are not limited to Passport Denial and federal tax intercept. (Wage withholding and credit bureau reporting are also federally mandated enforcement actions.)

Maryland Family Law Article 10-112.1 establishes the Payment Incentive Program and is effective June 1, 2008.

Maryland – The Family Employment and Support Project in Baltimore County is a court-supervised program that assists noncustodial parents who are behind in their child support payments to obtain full time employment. Over 85 percent of the participants have a criminal record and two out of three parents in the program are now employed and paying

child support. This successful initiative was the result of a Special Improvement Project Grant. The Court recently hosted visitors from several jurisdictions interested in learning about the project's success.

Pennsylvania – Lancaster County, Pennsylvania has a successful Bench Warrant/Amnesty Initiative. This has reduced the overall number of outstanding warrants countywide. Results are:

- Obtained collections on unpaid child support cases;
- Identified and utilized new technologies to facilitate operation; and
- Leveraged enforcement actions to gain voluntary compliance.

Between 9/1/07 and 1/25/08, 238 defendants were targeted in sweeps. During that period:

- 105 defendants were arrested;
- 38 warrants were dismissed as result of voluntary compliance;
- 61 percent of the warrants in the target group were resolved; and
- \$105,633.50 was collected on target cases.

This initiative was described during an October 2008 NCSEA Tele-Talk and submitted to OCSE as a possible best practice.

Pennsylvania – Carbon County, Pennsylvania has developed an effective strategy to insure collections from unwilling noncustodial parents. When a noncustodial parent is found in contempt and sentenced to jail, the effective date of the sentence is delayed for six months. The purge conditions are simple: (1) Fully comply with the existing support order, and (2) if a payment is missed, late, or partial, the sentence is moved forward and served immediately. If the noncustodial parent makes consistent payments, the contempt conviction will not be implemented and the parent will not serve the jail sentence. This creates consistency and is intended to develop patterns of making full payments on time over a six-month period.

Nevertheless, several noncustodial parents went to jail, and their failure to comply with the conditions of the suspended sentence consistently occurred within the first two months of the imposition of the suspended sentence.

The Extended Sentence Project was initiated in August 2007 and continues to the present.

From August 2007 through June 19, 2008, collections processed under the Extended Sentence Project cases totaled \$65,411.79. The total only includes money collected through direct payments and wage attachments. It does not include any collections received through other enforcement remedies such as FIDM or IRS intercepts.

During this period, 60 defendants with 67 cases received suspended extended sentences. They are categorized as: (1) Completed with Success, (2) Completed and Failed, and (3) Actively Complied. As of June 19, 2008, 70 percent of cases are either “Completed with Success” or “Actively Complied.” The 18 failure cases applied to 14 defendants. Since their incarceration, 5 of these defendants (8 cases among them, 13 percent of the 60 cases) are making best efforts to come into compliance by making payments, petitioning for furlough, and/or requesting work release. The result is that 83 percent of the “failure” cases eventually complied, are complying, or are trying to comply, and only 17 percent of the 60 defendants are sitting in jail serving their sentence.

Virginia – The Cell Phone subpoena program has been successful in locating noncustodial parents with no current address information. As of June 2008, approximately 600 delinquent parents have been located as a result of subpoenas and are now paying child support. Virginia is currently conducting automated matches with Verizon, Sprint/Nextel, AT&T and T-Mobile. The child support director is co-chairing the OCSE National Cell Phone Workgroup in an attempt to implement automated cell phone matches nationally.

Virginia – The Virginia General Assembly passed legislation, effective July 1, 2008, authorizing the Division of Child Support Enforcement to establish intensive case monitoring pilot programs in four jurisdictions. The purpose of the pilot is to reduce jail overcrowding, provide less costly child support enforcement alternatives, and maximize the potential for child support payments. Non-custodial parents for whom routine enforcement processes have proved ineffective will be referred to the program at the discretion of judges in four courts or by voluntary participation.

Puerto Rico – Puerto Rico was the first jurisdiction to implement a fully automated FIDM lien and levy process, taking advantage of its long-standing relationship with Banco Popular (the SDU collection vendor and PR’s largest bank). The process automatically matches all appropriate child support cases with Banco Popular accounts. If a match is identified, the system automatically generates a lien notice to the bank and account holder, and if no timely appeal is filed, the bank is automatically notified and the respective lien amount is automatically transferred to child support. The automated process has now been extended to most of PR’s major banks.

West Virginia – State has a *Lien Project* with a goal of filing liens in 80 percent of a designated caseload by 9/30/09. Performance standards are established for child support specialists for filing of liens. Some counties have already achieved this goal. Many noncustodial parents pay as soon as they are notified a lien has been filed because they don’t want anything clouding the title to their property.

West Virginia – State recently opened table gaming casinos and the Bureau for Child Support Enforcement is implementing procedures to collect from these establishments. A new web-based system has been developed which will allow both the casinos and the Lottery Commission to access a file to determine whether an obligor owes arrears. If arrears are owed, they will be able to print two copies of the income withholding notice

(one for the obligor/one for the casino or Lottery Commission's records) and an identifying coupon to accompany the payment. This system is expected to be implemented during 2009.

West Virginia – Effective July 1, 2008, the rate of simple interest on arrearages was reduced from ten percent to five percent.

Connecticut – State has established an arrearage adjustment program that reduces state-owned arrearages for participants in a fatherhood program in order to encourage regular support payments and positive involvement of obligors in the lives of their children, and permits settlement of amounts scheduled for a lengthy repayment period to be liquidated by a single lump sum payment of a scheduled percentage of the full arrearage. Regulations for the arrearage adjustment program were adopted in May 2004.

The arrearage adjustment regulations have made it possible for noncustodial parents who are participating in a fatherhood program to have their state-owned arrearages reduced, provided they make regular current support payments, demonstrate successful participation in the fatherhood program, and meet program goals for appropriate involvement and interaction with the child. The amount of the arrearage reduction depends upon the level of consistency in the payment of current support, and reductions are only permissible in cases exhibiting high levels of compliance with existing court orders or substantial contributions for a child residing with the obligor. Additional reductions are possible for obligors who maintain steady employment, increase earnings or enhance employability through education or training.

Implementation occurred in early 2005 for noncustodial parents who are already participants in the DSS pilot fatherhood programs.

New Hampshire – In the larger district offices (7 of 13) a project is being piloted to provide caseload Excel workbooks to workers on a weekly basis, allowing them to review selected caseload data (such as date of last payment and address and employment information) on a comprehensive and frequent basis by blending ORS, Access and Excel.

Caseworkers can review the report information and record comments for future reference next to the case data. They can then get the reports refreshed with new case data and review their previous comments. It's a way for workers to review past observations and case actions and compare changes in case information. For instance, if a caseworker implements wage assignments, they can observe a new date of last payment in a refreshed report next to their original comments. So far, this project involves more than 20 percent of child support workers and is popular because workers can determine the information they want and request it. It's a more collaborative effort than just receiving standardized reports. There is an exchange of views between workers, supervisors, and performance management staff. It is New Hampshire's experience that this formal and regular case electronic reporting contributes to maintaining its relatively high collection rate on arrearages. An increasing number of supervisors and workers are participating in this

project and requesting their own reports. Correspondingly, child support workers have increased their Excel and Access skills.

Pennsylvania – The Bureau of Child Support Enforcement (BCSE) has conducted extensive outreach/technical assistance efforts with the counties to insure program compliance and improved performance. This outreach includes compliance audits, corrective action follow-up visits and self-assessment redesign workshops. The success of this effort is indicated by measurements substantiating that Pennsylvania meets, and usually substantially exceeds, federal program compliance standards.

Through effective outreach efforts by BCSE, the county staff now utilizes the automated system's data warehouse to conduct internal program compliance reviews and performance assessments. This combination of BCSE outreach and internal county performance assessment has contributed to Pennsylvania's arrears management improvements.

Rhode Island – State designed a project to improve its performance through strategies that reduce the denominators and increase the numerators for the various federal performance measures (PM). The focus includes automating as much of the project as possible to supplement recent staffing cuts endured by the child support agency.

The project is being implemented in stages, with the PM denominator being addressed in two ways. First, to prevent additional arrears from accruing, child support orders are terminated on the automated system when the youngest child reaches age of 18. Previously, the suspend date fell on the child's 19th birthday to accommodate the outer limits of the law. RI found that the additional year was unnecessary and often inappropriate and added significant arrears on each case. Second, one person has been assigned to address case cleanup of arrears beginning with the cases with the highest arrears to determine if the arrears are accurate; if not, the arrears are removed from the system. This project began a year ago with four employees who worked arrears cleanup in addition to their normal casework. The project suffered because staff was compelled to dedicate most of their time to their caseload and this was a secondary function. Subsequently, one worker was removed from casework to work full time on this growing issue.

The PM numerator is addressed as follows: First, the order amount is automatically increased by 10 percent when the noncustodial parent falls 14 days in arrears, a process that affects some 200 cases per week. Second, the state is implementing a new state law that addresses cases where the current support order still exists but the child is emancipated and there is an arrearage. The law permits the termination of current orders upon emancipation, but it allows the obligation to remain in effect as a payment towards arrears without the necessity of filing a Motion before the Court. This is a significant change in the state's otherwise highly judicial process. Finally, for older, arrears-only cases, the state will file, via batch match, special Motions in an automated fashion to be heard before the court. The pleading is called a Motion to Establish an Arrears Order. This will result in

further cleanup of cases and removal of arrears, as the parties appear in court and demonstrate the arrears are either incorrect or not due. Correct arrears amounts are then adjudicated and appropriate arrears orders established.

New York – The state child support agency initiated a Pilot Program for low-income noncustodial parents in TANF Cases (limited to cases with permanently assigned arrears) in December 2008 in an effort to improve child support compliance and ensure that child support orders are in alignment with the parent’s ability to pay support. The program targets noncustodial parents with income at or below the federal poverty level who are currently under criminal supervision (Corrections/Probation/Parole) and who have a current support obligation greater than \$25 per month with arrears over \$500. (Cases subject to family violence or *good cause* cooperation exemptions cannot participate.) The Pilot Program allows the agency to administratively review applicable cases and, if appropriate, initiate downward modifications and approve arrears adjustments. The program will collect data on outcomes and payment compliance.

ADDENDUM K – State Interest Practices

This table was compiled by OCSE staff in ROIX (San Francisco) based on FY08 information contained in the Intergovernmental Referral Guide (IRG) at sections F2-F4.1. Please refer to the IRG for the most current information as certified by the state.

State	Interest Charged (Y/N)	Interest rate(s) & basis of application (information from IRG F2 - F4.1)	Types of arrears	Legislative cite(s) if provided in the IRG
AL	Yes	Interest rate of 12% per annum is set by statute and charged on the unpaid principle at the end of each month. Interest is charged in the amount of 12% per year at the end of each month on the unpaid retroactive judgment.	Missed Arrears Retroactive support, Adjudicated arrears	
AK	Yes	6% per annum. Charged the end of the month the support was due and not paid. Statutory interest rates. No interest prior to January 1, 1983; 12% from January 1, 1983 - September 30, 1996; 6% from October 1, 1996. AS 25.27.025 and 15 AAC 125.840 As ordered in the judgment.	Missed Arrears Retroactive Support Adjudicated arrears	
AZ	Yes	10% simple interest per annum Prospective from date of court order - 10% simple per annum	Missed & Adjudicated arrears Retroactive Support*	* AZ House Bill 2276 mandates interest will not accrue on past support judgments entered in court on or after 9/26/08. Past support judgments entered in court before 9/26/08 will continue to have interest charged on the principal balance.
AR	Yes	State law provides for 10% per annum. Interest should be reduced to a judgment by a court or a sum certain indicated by the other state.	Missed and Adjudicated arrears	
CA	Yes	Statutory rate of 10% per annum. Interest accrues beginning the first day of the month following either the date installment is due (if payable in installments), or from date of entry of judgment.	Missed Arrears, Retroactive Support, Adjudicated Arrears	(Code of Civil Procedure §'s 685.010, 685.020, and 685.030, Family Code Section 17433.5)
CO	Yes	Under Colorado Revised Statutes, interest may be calculated for child support arrearages. The following interest percentages can be calculated: prior to June 30, 1975, 6% simple interest; July 1, 1975, through June 30, 1979, 8% simple interest; July 1, 1979 through June 30, 1986, 8% compounded interest; after July 1, 1986, through the present, 12 percent compounded interest. From date of order forward. A judgment is not required. "See response to F2.1"	Missed and Adjudicated Arrears Retroactive Support	
CT	No			

State	Interest Charged (Y/N)	Interest rate(s) & basis of application (information from IRG F2 - F4.1)	Types of arrears	Legislative cite(s) if provided in the IRG
DE	No			
DC	No			
FL	Yes/No	Interest is charged on judgments. A missed payment becomes a judgment by operation of law. Interest rates on judgments are determined annually by the state Comptroller. Interest rates on judgments are determined annually by the state Comptroller. For current rates: http://www.dbf.state.fl.us/interest.html	Missed Arrears Adjudicated Arrears	
GA	Yes/No	Prior to 12/31/2006, Georgia orders accrued interest at the rate of 12 percent per year. The interest rate was lowered to 7 percent per year effective January 1, 2007. This change is not retroactive. GA OCSA will enforce interest on a foreign order that is registered in GA, however for orders issued in GA, OCSA only enforces interest on orders established by OCSA. 12% per year through December 31, 2006. 7% per year effective January 1, 2007. The lower interest rate change was not retroactive.	Missed Arrears Adjudicated Arrears	
GU	Yes/No	6% per annum effective January 1, 2008. Before January 1, 2008, the interest rate was 12% per annum.	Missed Arrears & Adjudicated Arrears	
HI	No			
ID	No			
IL	Yes	A support obligation, or any portion of a support obligation, which becomes due and remains unpaid for 30 days or more shall accrue interest at the rate of 9% per annum.	Missed and Adjudicated Arrears & Retroactive Support	
IN	Yes	If arrearage amount determined in a court entry, interest accrues at statutory rate of 8% per annum. If court has adjudicated an accrued arrearage, interest is 8% annum. If court adjudicates an accrued arrearage, interest, per state law on judgments accrues at 8% on adjudicated amounts. In addition, if requested by a party and per a specific child support only statute, court may order interest at up to 1.5% per month.	Missed Arrears Retroactive Support Adjudicated Arrears	
IA	No/Yes	Only if reduced to or included in judgment. State allows 10% interest but does not require Child Support Recovery Unit to collect - not commonly enforced. Only if reduced to a judgment. State allows 10% interest but does not require Child Support Recovery Unit agency to collect - not commonly enforced.	Retroactive Support Adjudicated Arrears	

State	Interest Charged (Y/N)	Interest rate(s) & basis of application (information from IRG F2 - F4.1)	Types of arrears	Legislative cite(s) if provided in the IRG
KS	No/Yes	Kansas does not charge interest on missed payments but Kansas law provides for the assessment and collection of judgment interest. However, the Kansas IV-D program does not calculate or enforce judgment interest. From date of judgment.	Missed and Adjudicated Arrears Retroactive Support	
KY	No	Yes, only if court ordered. (Statutory rate of 12%)	Adjudicated Arrears	
LA	No			
ME	No	Although the State of Maine does not charge interest it is authorized by statute. 19-A MRSA §2354 states that Commissioner (DHHS) may collect interest of 6% per annum on any support due or owing to the Department. 14 MRSA §1602-B authorizes pre-judgment interest of 8% per annum and §1602-C authorizes post-judgment interest of 15% per annum.	Missed Arrears	19-A MRSA §2354; 14 MRSA §1602-B ; §1602-C
MD	No/Yes	Law allows for 10% simple interest on money judgments. Only applied in limited number of cases by direction of the court.	Adjudicated Arrears	
MA	Yes	12% annually. Depending upon payments received, in accordance with Massachusetts' regulations, obligors might not be assessed interest or might be eligible to apply for a waiver under certain circumstances.	Missed & Adjudicated Arrears and Retroactive Support	M.G.L. c.119A, s6(a) 830 CMR s119A.6.1
MI	No	Michigan charges surcharge, not interest. Michigan assesses a surcharge, defined as support pursuant to MCL 552.603a, twice a year on all unpaid support showed owing on January 1 and July 1. [Charging interest on child support debts is against state law [MCL 552.608(8)]." However, support is not exempt from surcharge if the original order was entered by the court before July 1, 2004. If the retroactive support is ordered to be paid in periodic payments, those periodic payments which come due and remain unpaid are subject to surcharge.	Missed Arrears Retroactive Support	MCL 552.608(8)
MN	Yes	The interest for judgments is set by legislature. If there is court ordered obligation to pay a portion of the retroactive support on a monthly basis, and the obligor does not pay, then the annual judgment rate plus 2% is charged. If there is not a court ordered obligation to pay a portion of the retroactive support on a monthly basis, then interest is not charged.	Missed Arrears Retroactive Support	For current and previous Minnesota interest rate information see http://www.mncourts.gov/district/2/?page=1308

State	Interest Charged (Y/N)	Interest rate(s) & basis of application (information from IRG F2 - F4.1)	Types of arrears	Legislative cite(s) if provided in the IRG
		Judgment rates plus 2% for child support. The current judgment rate is 5% so child support 7%, spousal maintenance 5%.	Adjudicated Arrears	
MS	Yes	It depends on the order. Yes, if and when a payment is missed; usually 8%. When ordered by the Court; usually 8%.	Missed Arrears Retroactive Support Adjudicated Arrears	
MO	Yes	1% per month simple interest once reduced to a lump-sum judgment. Obligees must compute and file computation with the circuit clerk to make interest collectible. 1% per month simple interest on Missouri orders. By law, the interest accrues and attaches to the underlying support order. Obligees must compute and file computation with the circuit clerk to make interest collectible.	Retroactive Support Adjudicated Arrears	
MT	No			
NE	Yes	In Nebraska, child support is considered a judgment. The interest rate on judgments is fixed at a rate equivalent yield of the average accepted auction price for the last auction of one-year Treasury bills, and takes effect two weeks after the publication of the auction price by the Secretary of the Treasury, pursuant to Neb. Rev. Stat. §45-103	Missed Arrears, Retroactive Support, Adjudicated Arrears	Neb. Rev. Stat. §45-103
NV	Yes/No	NRS 99.040 Interest rate when no express written contract fixes rate. 1. When there is no express contract in writing fixing a different rate of interest, interest must be allowed at a rate equal to the prime rate at the largest bank in Nevada, as ascertained by the Commissioner of Financial Institutions, on January 1 or July 1, as the case may be, immediately preceding the date of the transaction, plus 2%, upon all money from the time it becomes due. NRS 99.040 LINK http://leg.state.nv.us/NRS/NRS-099.html#NRS099Sec040 Interest rate when no express written contract fixes rate. 1. When there is no express contract in writing fixing a different rate of interest, interest must be allowed at a rate equal to the prime rate at the largest bank in Nevada, as ascertained by the Commissioner of Financial Institutions, on January 1 or July 1, as the case may be, immediately preceding the date of the transaction, plus 2%, upon all money from the time it becomes due.	Missed Arrears Adjudicated Arrears	NRS 99.040 I NRS 99.040 LINK http://leg.state.nv.us/NRS/NRS-099.html#NRS099Sec040 I
NH	No			
NJ	No			

State	Interest Charged (Y/N)	Interest rate(s) & basis of application (information from IRG F2 - F4.1)	Types of arrears	Legislative cite(s) if provided in the IRG
NM	Yes	4.0% from May 19, 2004 to current; 8.75% from June 18, 1993 to May 18, 2004; 15.0% from June 17, 1983 to June 17, 1993 Court's discretion.	Missed & Adjudicated Arrears Retroactive Support	
NY	Yes/No	9%, but only on arrearages reduced to a money judgment by court. If a money judgment is granted for any arrearage: 9% per year.	Missed Arrears Adjudicated Arrears	
NC	No			
ND	Yes	The interest rate is equal to the prime rate as published in the Wall Street Journal on the 1st Monday in December of each year plus 3 percentage points and rounded up to the next 1/2 percentage point. For CY08, the interest rate is 10.5%. Interest may not be compounded. The IV-D program will calculate interest on arrears that accrued after 7-1-02. For arrears that accrued on or before 7-1-02, the IV-D program will calculate interest effective 1-1-04. Otherwise, interest will only be added to the IV-D program's records if a court has ordered the interest amount to be calculated by some other individual or entity and has approved the calculated amount. For purposes of interest, arrears must be due in a month prior to the current month.	Missed Arrears, Retroactive Support, Adjudicated Arrears	
OH	Yes/No	The court shall assess interest on the amount of support an obligor failed to pay if the court determines the failure to be willful and the arrears accrued after July 15, 1992. Interest can be assessed if the arrears have been reduced to judgment.	Missed Arrears Adjudicated Arrears	
OK	Yes	43 O.S. Section 114 Interest accrues at the statutory rate of 10% per year. Interest accrues at the statutory rate of 10% per year	Missed & Adjudicated Arrears Retroactive Support	43 O.S. Section 114; Oklahoma Administrative Code 340:25-5-140.1
OR	Yes	Oregon Revised Statute (ORS) 82.010 provides for 9% interest. Interest is added only if a party requests and provides an accounting that includes a calculation of accrued interest. Periodic updates must be provided in order for a case to reflect ongoing interest accrual.	Missed Arrears, Retroactive Support, Adjudicated Arrears	ORS 82.010
PA	No			
PR	No			
RI	Yes	1% per month on unpaid balance	Missed Arrears, Retroactive Support, Adjudicated Arrears	
SC	No			

State	Interest Charged (Y/N)	Interest rate(s) & basis of application (information from IRG F2 - F4.1)	Types of arrears	Legislative cite(s) if provided in the IRG
SD	No/Yes	Discretionary with the courts on whether to grant interest or not. 1% per month if awarded. % per month. However, South Dakota DCS does not compute or collect interest.	Retroactive Support, Adjudicated Arrears	
TN	No			
TX	Yes	Interest accrues on the delinquent child support at the rate of 6% simple interest per year from the date support is delinquent (payment considered delinquent if not received before the 31st day after payment due date). NOTE TO F3: Interest is charged for post-judgment retroactive support. NOTE TO F3.1: Interest accrues from the date the Texas order is rendered at the rate of 6% simple interest per year.	Missed & Adjudicated Arrears Retroactive Support	Texas Family Code section 157.265.
UT	No/Yes	Federal post-judgment rate plus 2% on judgments. Rate changes each January.	Adjudicated Arrears	
VT	Yes/No	Effective 7/1/2004, surcharge at the rate of 12% per annum (simple not compounded) is calculated on all past due arrears, whether adjudicated in Family Court or not. As a matter of policy, OCS is not currently charging interest in TANF cases. In Non-TANF cases, surcharge is charged only on past due arrears, which are treated as judgments as a matter of law.	Missed Arrears Adjudicated Arrears	15 V.S.A. sec. 606(b), (d).
VA	Yes	Statutory rate of 6% on amount unpaid after 30 days. 01-Jul-73 30-Jun-81 8% 01-Jul-81 30-Jun-83 10% 01-Jul-83 30-Jun-87 12% 01-Jul-87 30-Jun-91 8% 01-Jul-91 30-Jun-04 9% 01-Jul-04. Currently 6%	Missed and Adjudicated Arrears Retroactive Support	
VI	No			
WA	No/Yes	Only if reduced to or included in judgment.	Retroactive Support & Adjudicated Arrears	
WV	Yes	5% per annum simple interest beginning 7/1/08; 10% per annum simple interest from 7/1/95 to 6/30/08. Other rates applied prior to July 1995. See F2.1 1) No pre-judgment interest is charged. 2) Once the retroactive support becomes a judgment, interest is charged from the date of the order forward.	Missed & Adjudicated Arrears Retroactive Support	(WV Code 48-1-302)
WI	Yes	1% per month charged on all arrearages greater than one month's worth of support. If a person misses the court-ordered periodic payment on retroactive support, the missed payments are charged interest.	Missed Arrears, Retroactive Support, Adjudicated Arrears	

State	Interest Charged (Y/N)	Interest rate(s) & basis of application (information from IRG F2 - F4.1)	Types of arrears	Legislative cite(s) if provided in the IRG
WY	Yes	<p>Some judges put interest in the support order and some don't. There may be a 10% penalty on current missed obligation payments. 10% interest may be charged on amount reduced to judgment.</p> <p>10% interest may be charged on amount reduced to judgment.</p>	<p>Missed Arrears</p> <p>Retroactive Support & Adjudicated Arrears</p>	

ADDENDUM L – 5th and 6th Meeting Participant List

FIFTH MEETING:

Kevin P. Landry
Benidia A. Rice
Jens A. Feck
Joan Kaub
Carolyn D. Thomas
Margot Bean
Alisha Griffin
Elaine Sorensen
Dennis Putze
John Langrock
Silvia Bula
Eileen Brooks
Andy Hamman
Paula Roberts
Cindy Holdren

SIXTH MEETING:

Dolores O’Neill
Michele Monahan
Stephen Hussey
Charisse Hutton
Bille Jo Raymond
Alisha Griffin
Scott Cade
Joseph Jackins
Adrianna Day
Vicki Turetsky
Elaine Sorensen
Eileen Brooks
Margot Bean
Dennis Putze
John Langrock
Jens A. Feck
Joan Kaub
Chuck Kenher
Juanita DeVine

ACRONYM GLOSSARY

ACF	Administration for Children and Families – the federal agency in the Department of Health and Human Services (HHS or DHHS – also see “DHHS” below) that houses the Office of Child Support Enforcement (OCSE – also see “OCSE” below).
APECS	Automated Program to Enforce Child Support – Virginia’s Automated Child Support Enforcement System.
APHSA	American Public Human Services Association – a nonprofit bipartisan organization of state and local human services agencies and individuals.
AT	Action Transmittal – OCSE policy documents that are available for review on the OCSE website – the documents are numbered, and the first two numbers refer to the year the AT was issued.
BCSE	Bureau of Child Support Enforcement – the name of Pennsylvania’s child support enforcement agency.
CBO	Community Based Organization – organizations whose mission may include providing support and assistance to parents and/or children – CBO’s often partner with child support enforcement agencies on behalf of parents and children.
CCPA	Consumer Credit Protection Act – the federal law that limits the amount that may be withheld from earnings to satisfy child support obligations and other garnishments – state or Tribal law may further limit the amount that can be withheld from a paycheck.
CFR	Code of Federal Regulations – the majority of regulations applicable to child support enforcement programs are located at 45 CFR Parts 301 to 310.
CHIP	Child Health Insurance Program – a program administered by HHS that provides matching funds to states for health insurance for families with children – the program is designed to cover uninsured children in families with incomes that are modest but too high to qualify for Medicaid (also see SCHIP below).
CLASP	Center for Law and Social Policy – a nonprofit organization that advocates for policies that improve the lives of low income people.
COLA	Cost of Living Adjustment – modifications of support obligations can be based on the economy’s increasing or decreasing cost of necessities of life, such as food, shelter and clothing – states may use a COLA instead of basing a modification request on a current application of the child support guidelines (also see “R&A” below).
CP	Custodial Parent – the person who has primary care, custody and control of the child(ren), and who may be entitled to receive child support – the CP can also be a “custodial party”, that is, a relative, or other person or entity with legal custody of the child(ren) – also referred to as the “obligee”.
CSE	Child Support Enforcement – usually as in “CSE agencies” – these agencies exist in every state, Guam, Puerto Rico, U.S. Virgin Islands and many Tribes

and they operate to locate noncustodial parents (see “NCP” below) or putative fathers for the purpose of establishing, enforcing and/or modifying child support obligations, and collecting and distributing child support money (also see “IV-D” below).

CSEA	Child Support Enforcement Administration – Maryland’s child support enforcement agency.
CSENet	Child Support Enforcement Network – the OCSE nationwide telecommunication system that links states’ CSE agencies together for the effective processing of interstate cases.
CSF	Center for the Support of Families
CSSD	Child Support Services Division – the name of Washington D.C.’s child support enforcement agency.
DCL	OCSE Dear Colleague Letters – OCSE policy and informational documents that are available for review on the OCSE website – the documents are numbered, and the first two numbers refer to the year the DCL was issued.
DCSE	Division of Child Support Enforcement – the name of New York’s, Virginia’s and Delaware’s child support enforcement agency.
DHHS	Department of Health and Human Services – the federal agency that houses the federal Office of Child Support Enforcement (also see “OCSE” below) – DHHS may also be referred to as HHS.
DMV	Division of Motor Vehicles – CSE agencies may interface or collaborate with this agency for location and enforcement purposes.
DoC	Department of Corrections – CSE agencies may interface or collaborate with this agency for location and enforcement purposes.
DoL	Department of Labor – CSE agencies may interface or collaborate with this agency for location and enforcement purposes.
DSS	Department of Social Services – may refer to the state umbrella agency that houses the state’s child support enforcement agency – the name of the agency may vary from state to state and variations include Department of Human Services, Human Resources, Health and Social Services, etc. – a smaller number of state child support enforcement agencies are housed in the Department of Justice or the Department of Revenue.
EDD	Employment Development Department – a California agency whose functions include connecting employers with job seekers.
EFT	Electronic Financial Transaction – process by which money is transmitted electronically from one bank account to another.
ELMO	Evaluation of Electronic Modification – Alaska’s study to develop and test a more efficient method of reviewing and adjusting child support order amounts, funded with a grant from OCSE – ELMO is an automated system that uses income information from sources linked electronically to the child support enforcement agency’s automated system to review, and if appropriate, modify orders on an annual basis.
FCR	Federal Case Registry – a national database maintained by OCSE that includes information on individuals in all IV-D cases and all non-IV-D orders entered or modified on or after October 1, 1998 – FCR receives its

information from the State Case Registry (SCR – also see “SCR” below) located in every state and proactively matches the information with previous submissions to the FCR and with employment information contained in the National Directory of New Hires (NDNH – also see “NDNH” below) and returns successful matches to the appropriate state for processing.

FFP **Federal Financial Participation** – may also be referred to as “Federal Funding Participation” – the portion of a state’s child support enforcement agency’s expenditures that are paid for with a federal match – for most if not all expenditures, the current FFP rate is 66 percent.

FIDM **Federal Institution Data Match** – a process whereby information on accounts held by banks, savings and loan companies, brokerage houses and other financial institutions is matched against those child support obligors who owe past-due child support (past-due support is also referred to as arrears or arrearages).

FPLS **Federal Parent Locator Service** – an assembly of systems operated by OCSE to assist states with locating noncustodial and custodial parents for the purpose of establishing, enforcing and modifying child support obligations, visitation and custody – FPLS has access to data from the National Directory of New Hires (NDNH), the Federal Case Registry (FCR), the Federal Offset Program (FOP), the Federal Administrative Offset Program (FAOP), the Passport Denial Program (PDP), the Multi-State Financial Institution Data Match (MSFIDM), the Internal Revenue Service (IRS), the Social Security Administration (SSA), Veteran’s Affairs (VA), the Department of Defense (DoD), the National Security Agency (NSA), and the Federal Bureau of Investigation (FBI) – in addition to providing locate information, FPLS collects money towards arrears through FOP and FAOP and provides asset information through MSFIDM – FPLS can be used in certain circumstances to enforce custody and visitation orders and to assist in cases of parental kidnapping.

FY **Fiscal Year** – the federal FY runs from October 1 to September 30 – many state fiscal years run from July 1 to June 30.

HHS **Department of Health and Human Services** – also see “DHHS” above.

IV-A **Refers to Part A of Title IV of the Social Security Act** – this Part contains provisions for the Temporary Assistance for Needy Families Program (TANF) which replaced the AFDC Program (also known as welfare programs) – the state agency administering the IV-A program may be referred to as the “IV-A agency” or “TANF agency” – with few exceptions, applicants for TANF benefits must assign their child support rights to the state and they are automatically referred to the child support enforcement agency for establishment and/or enforcement services.

IV-D **Refers to Part D of Title IV of the Social Security Act** – this Part mandates and contains the statutory provisions for the child support enforcement program – the state child support enforcement program is often referred to as the “IV-D agency” or “CSE agency” – said agency is the single and separate organizational unit in a state that has the responsibility for administering the

State Plan for child support under Title IV-D of the Social Security Act – the IV-D agency is responsible for servicing “IV-D child support cases”, which consist of cases referred to by the IV-A, IV-E and Medicaid agencies, cases referred to by other states pursuant to UIFSA (see “UIFSA” below), cases referred to by other countries pursuant to U.S. and state reciprocal arrangements, and cases where a case participant has directly applied for IV-D services – all child support cases that are not part of the IV-D caseload are referred to as “Non-IV-D cases” – IV-D agencies usually represent the interests of the state and/or the best interests of children, and the agencies provide services to both custodial and noncustodial parents – the actual relationship between the agency and its customers is defined by state law.

- IV-E** **Refers to Part E of Title IV of the Social Security Act** – this Part contains provisions for federally funded foster care programs – the state agency administering the IV-E program may be referred to as the “IV-E agency” or “foster care agency” – with few exceptions, IV-E foster care cases are referred to the child support enforcement agency for establishment and/or enforcement services against the respective parents of the foster care child.
- IM** **Information Memorandum** – OCSE information-sharing documents that are available for review on the OCSE website – the documents are numbered, and the first two numbers refer to the year the IM was issued.
- IRG** **Interstate Roster and Referral Guide** – IRG is an OCSE information resource tool used to facilitate the exchange of child support information between states – IRG data includes the states’ profiles of services, valid Federal Information Processing Standards (FIPS) codes and addresses, and demographic data on international child support enforcement agencies – the OCSE website includes a link to IRG. (Now known as the Intergovernmental Reference Guide.)
- IRS** **Internal Revenue Service** – with the assistance of OCSE, states can intercept IRS income tax refunds in order to satisfy child support arrears.
- MSFIDM** **Multi-State Financial Institution Data Match** – process by which child support obligors who owe past-due support are matched with accounts held in financial institutions doing business in more than one state – also see “FIDM” above.
- NCIC** **National Crime and Information Center** – states may use data from the NCIC for parent locator services.
- NCSEA** **National Child Support Enforcement Association** – a nonprofit organization that promotes child support enforcement.
- NCP** **Noncustodial Parent** – the parent who does not have primary care, custody or control of the child(ren), and who may be obligated to pay child support – also referred to as the “obligor”.
- NDNH** **National Directory of New Hires** – a national database containing new hire and quarterly wage data from every State Directory of New Hires (see “SDNH” below), new hire data from federal agencies and Unemployment Insurance (UI) data from State Workforce Agencies (SWA) – NDNH is part of

the OCSE's expanded FPLS – Tribes can choose to obtain access through agreements with a state child support enforcement agencies.

- NE** **Northeast** – the 16 jurisdictions comprising federal Regions I (Boston), II (New York) and III (Philadelphia): Maine, Vermont, New Hampshire, Rhode Island, Massachusetts, Connecticut, New York, New Jersey, Puerto Rico, U.S. Virgin Islands, Delaware, Pennsylvania, Virginia, West Virginia, Maryland and Washington D.C.
- NECSSES** **New England Child Support Enforcement System** – New Hampshire's automated child support enforcement system – initially developed in a joint effort with Maine.
- NPCL** **National Partnership for Community Leadership** – a nonprofit organization with a mission to improve the governance and administration of nonprofit, tax-exempt organizations and strengthen community leadership through family and neighborhood empowerment.
- OCSE** **Office of Child Support Enforcement** – the federal agency responsible for the administration of the Child Support Enforcement program – created by Title IV-D of the Social Security Act in 1975, OCSE is responsible for the development of child support policy, oversight, evaluation and audits of state and Tribal child support enforcement programs – OCSE operates the FPLS, NDNH and FCR – OCSE is part of the Administration for Children and Families (ACF), which is within the Department of Health and Human Services (HHS).
- OIG** **Office of Inspector General** – an office within HHS – the OIG's statutory mission is to protect the integrity of HHS programs as well as the health and welfare of the beneficiaries of those programs – the mission is carried out through a nationwide network of audits, investigations and inspections.
- PA** **Public Assistance** – a PA child support case signifies that the custodial parent receives public assistance – also can be referred to as a TANF or IV-A child support case (also see "TANF" below and "IV-A" above).
- PAID** **Project to Avoid Increasing Delinquencies** - PAID is OCSE's national initiative to increase collections of current support and to prevent and reduce arrears so that child support will be a reliable source of income for more families.
- PIP** **Payment Incentive Program** – Maryland's program that encourages the payment of child support.
- PIQ** **Policy Interpretation Questions** - OCSE policy documents that are available for review on the OCSE website – the documents are numbered, and the first two numbers refer to the year the PIQ was issued.
- PM** **Performance Measure** – may refer to state or federal performance measures – the Federal Government pays incentives (or may impose penalties) based upon performance under the following criteria: paternity establishment rate; order establishment rate; percentage of current support collected; percentage of cases with arrears that received a payment towards arrears; and the cost-effectiveness ratio.
- PSI** **Parents' Success Initiative** – New York's early intervention program providing parenting and job placement services.

PSOC	Project Save Our Children – a project operated by OCSE in conjunction with the HHS Office of Inspector General – PSOC acts as an agent for referring state child support enforcement agencies solely for the completion of location and investigation services on child support cases referred for federal criminal prosecution – federal criminal prosecutions require some interstate activity and they are filed pursuant to the Deadbeat Parents Punishment Act (DPPA) of 1998.
PV	Postal Verification – address information/verification provided by the U.S. Postal Service based on change of address filings with the Postal Service.
QW	Quarterly Wage – employers report QW data on all employees on a quarterly basis to the State Workforce Agency in the state in which they operate – the data is then submitted to the NDNH, which then compares the data against child support order information contained in the FCR for possible enforcement of child support obligations by wage garnishment.
R&A	Review and Adjustment – periodic process (based on one-, two- or three-year cycles) in which current information is obtained from both parties in a child support case and evaluated in accordance with the state’s child support guidelines to decide if a support order needs to be adjusted – state child support enforcement agencies initiate the review upon request but must automatically review cases referred by the TANF agency at least once every three years – the process may be based upon application of a COLA (see “COLA” above) – modification requests that are based on a “substantial change in circumstances” need not meet the state’s definition of “periodic” and can usually be requested at any time.
RO	Regional Office – there are ten federal HHS-ACF regional offices, and each RO has an OCSE unit – the RO units report directly to OCSE’s central office in Washington D.C. – individual RO offices are designated by Roman numerals – e.g., ROII (New York) and ROIX (San Francisco).
SCHIP	State Child Health Insurance Program – also known as the Child Health Insurance Program (CHIP – see CHIP above).
SCR	State Case Registry – a database maintained by each state that contains information on individuals in all IV-D child support cases and all non-IV-D orders entered or modified on or after October 1, 1998 – information submitted to the SCR is transmitted to the FCR (see “FCR” above) where it is compared to cases submitted to the FCR by other states, as well as employment data in the NDNH – any matches found are returned to the appropriate states for processing.
SDNH	State Directory of New Hires – a database maintained by each state which contains information about individual submitted by their employer within twenty days of the respective new hire date – the data is transmitted to the NDNH (see “NDNH” above) where it is compared to the employment data from other states as well as child support data in the FCR (see “FCR” above) – any matches are returned to the appropriate states for processing.
SIP	Special Improvement Project – grants awarded by OCSE for projects that further the goals of the national child support program.

SSA	Social Security Administration – OCSE interfaces and collaborates with SSA for location and enforcement purposes.
SSI	Supplemental Security Income – a federal income supplement program funded by general tax revenues (not by social security taxes) – not applicable to residents of U.S. territories (in the CSE context, that includes Guam, Puerto Rico and the U.S. Virgin Islands).
SSN	Social Security Number – a critical data element used in locating NCPs and CPs as well as NCP assets, and for other data matching purposes.
STEP	Step Through Employment Program – a New York City project, conducted in collaboration with CBO’s and the family court, which helps unemployed and underemployed NCPs.
SVES	State Verification and Exchange System – a system administered by the Social Security Administration (SSA) that provides information on Title II (SSA retirement, survivors, disability and health insurance benefits), Title XVI (SSI benefits) and prisoner data from federal, state and local correctional facilities – the information is used by state CSE agencies to enforce child support obligations.
TANF	Temporary Assistance for Needy Families – time-limited public assistance payments made to poor families, based on Title IV-A of the Social Security Act. TANF replaced the Aid to Families with Dependent Children (AFDC – otherwise known as welfare) when the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) was signed into law in 1996 – applicants for TANF are automatically referred to the state child support enforcement agencies for establishment and enforcement actions – referral to child support allows states to recoup or defray some of its public assistance expenditures with funds from NCPs.
TO	Task Order – OCSE may award Task Orders to study matters of interest to the child support enforcement community.
UIFSA	Uniform Interstate Family Support Act – model law enacted verbatim by all states and territories that provides mechanisms for establishing, modifying and enforcing child support orders in interstate cases (when the NCP and CP live in different states).
URA	Unreimbursed Public Assistance – the cumulative amount of money paid to the family for all months which has not been repaid by assigned child support payments collected.
UUI	Unreported and Underground Income – OCSE has formed a UUI workgroup to develop enforcement strategies against NCPs with UUI.
WIA	Workforce Investment Act – enacted in 1998 to replace the Job Training Partnership Act and certain other federal job training laws with new workforce investment systems.
WIB	Workforce Investment Boards – regional entities created to implement the Workforce Investment Act (WIA) – every community in the fifty states, the District of Columbia and U.S. territories is associated with a local WIB – the WIB’s main role is to direct federal, state and local funding to workforce

development programs that may also benefit CPs and NCPs – WIBs also oversee One-Stop Career Centers.

WtW

Welfare-to-Work – Welfare-to-Work, created in 1997 as a complement to Welfare Reform, has the goal of moving welfare recipients and certain noncustodial parents into unsubsidized, lasting jobs which may lead to self-sufficiency – the WtW program was modified with the implementation of WIA.