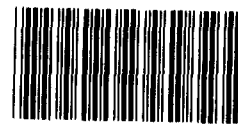


July 1990

# CHILD SUPPORT ENFORCEMENT

## More States Reporting Debt to Credit Bureaus to Spur Collections



142107

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RELEASED

**Human Resources Division**

B-234817

July 31, 1990

The Honorable Daniel P. Moynihan  
United States Senate

Dear Senator Moynihan:

In a January 30, 1989, request and in later discussions with your office, we were asked to provide information on state reporting of child support debt to credit bureaus to increase collections. Specifically, you asked that we determine

- the states that are reporting child support debt to credit bureaus,
- the procedures for such credit reporting,
- the evidence available on the effects of credit reporting on child support collections, and
- any legal implications of credit reporting.

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**Results in Brief**

Since 1984, an increasing number of state child support enforcement agencies have begun reporting child support debt to credit bureaus to help increase collections from noncustodial parents. As required by federal law, all state agencies have procedures to respond to credit bureau requests for information about such parents' child support debt. In addition, many agencies have gone beyond this legal requirement and are routinely reporting information to credit bureaus. How, when, and what information is reported, however, vary among the agencies. While little empirical evidence is available on the effects of credit reporting, most agencies that have reported information to credit bureaus believe it results in increased collections. Our research and discussions with federal and state child support enforcement officials disclosed few federal or state legal impediments to state agencies' reporting child support debt to credit bureaus.

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**Background**

The Congress created the Child Support Enforcement Program in the Social Services Amendments of 1974. The purpose of this program is to strengthen state and local efforts to locate noncustodial parents, establish paternity, obtain support orders, and collect support payments. The Office of Child Support Enforcement (OCSE) in the Department of Health and Human Services (HHS) is responsible for administering the program at the federal level. OCSE's responsibilities include approving state plans, auditing state program compliance, and funding 66 percent of states'

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operating costs. State child support enforcement agencies have responsibility for program administration at the state and local levels. State and local agencies' responsibilities include submitting and implementing program plans and providing such services as collecting and distributing child support payments.

Since the program's inception, the Congress has passed various laws aimed at increasing the program's effectiveness, including the Child Support Enforcement Amendments of 1984. Among other things, these amendments set minimum standards for states' reporting child support debt to credit bureaus by requiring states to enact laws establishing procedures for responding to credit bureaus' requests for information about noncustodial parents who are \$1,000 or more in arrears and live in the state. Some states have gone beyond what the amendments require and are routinely reporting some child support information to credit bureaus, such as when a noncustodial parent's child support arrears reach a certain level. This report provides information primarily about state agencies' routine reporting of child support debt to credit bureaus.

Credit bureaus combine information from child support agencies with credit information from other sources and sell it in the form of credit reports to credit grantors, such as banks. Credit grantors use these reports, among other things, to decide whether to approve car, home, and other loan applications, taking into consideration such factors as applicants' outstanding debt and payment histories. Credit bureaus reportedly maintain information on over 100 million consumers nationwide.

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## Scope and Methodology

To collect information on child support agencies' credit-reporting activities and experiences, we (1) conducted telephone interviews of child support enforcement officials in the 50 states and the District of Columbia, Puerto Rico, Guam, and the Virgin Islands (hereafter referred to as states); (2) interviewed federal child support and credit industry officials, such as representatives of credit bureaus and credit grantors; and (3) reviewed records and interviewed officials of Nebraska's state child support enforcement agency and the local agency in Marion County, Indiana, both of which use routine credit reporting.

To identify evidence on the effects of credit reporting, we reviewed relevant literature; interviewed and gathered information from state child support enforcement agency officials; and reviewed the results of an OCSE-funded study of the effects of credit reporting in Marion County,

Indiana. To identify legal issues, we (1) reviewed the Social Security Act, Fair Credit Reporting Act, and Privacy Act of 1974 and (2) discussed the legal implications of credit reporting with officials in state agencies, HHS, and the Federal Trade Commission's Division of Credit Practices.

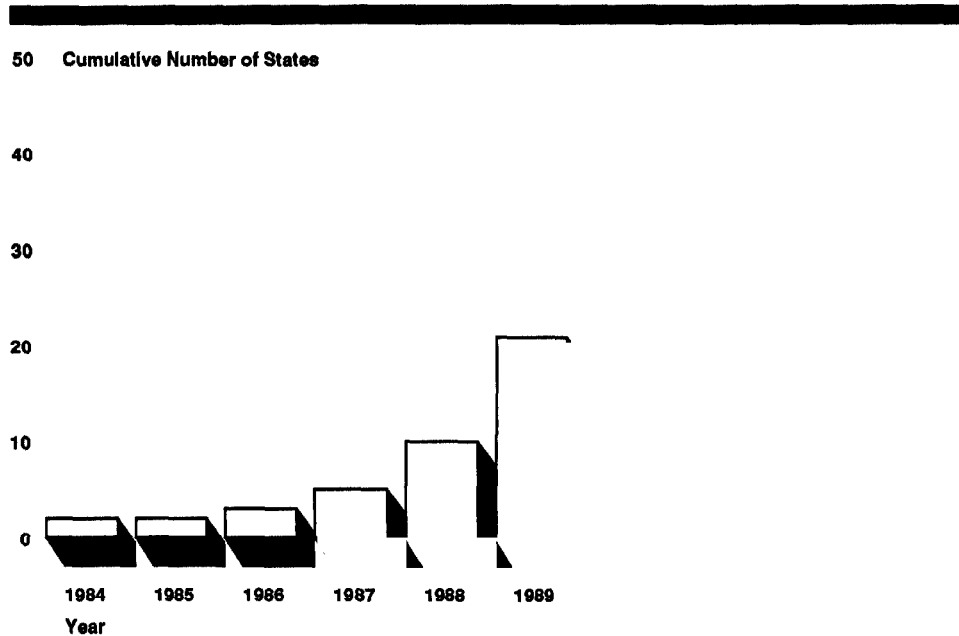
We did not independently verify all information provided by federal, state, and local officials or reported in the OCSE-funded study.

Our work was conducted between December 1988 and January 1990 and, with the above exception, was done in accordance with generally accepted government auditing standards.

## Many State Agencies Use Routine Credit Reporting; Others Plan to Follow

In addition to establishing the credit-reporting procedures required by the 1984 Child Support Enforcement Amendments, all states have, or plan to establish, procedures for automatically or periodically reporting to credit bureaus child support debt and various other information on noncustodial parents. As shown in figure 1, the number of state agencies using such routine reporting has grown from 2 in 1984 to 21 as of September 1989. Eight additional state agencies had established routine credit-reporting procedures by that time, but had not yet used them.

**Figure 1: Growth in State Agency Use of Routine Credit Reporting**  
(Jan. 1984 - Sept. 1989)



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The other 25 state agencies said they plan to use routine reporting in the future.<sup>1</sup> Officials in 17 of these agencies said they plan to establish procedures by the end of 1992, and another plans to do so in 1995. The other seven did not estimate when they would have the procedures developed. The status of each state's development and use of routine credit-reporting procedures is illustrated in figure 2.

The 29 state agencies with routine reporting procedures established them for different reasons. Officials in 17 agencies said that the major reason was to help increase support collections. In seven other agencies, the main reason was that routine reporting was viewed as a cost-effective way of complying with the federal requirement to respond to credit bureau inquiries. Two others adopted routine reporting primarily because of OCSE prompting, and the remaining three had different reasons.

State agencies that had not established routine reporting procedures indicated several reasons why they had not. Twenty-two agencies cited concerns related to their lack of automated information or credit bureaus' preference for automated reporting. Others noted that (1) information on noncustodial parents might be inaccurate; (2) routine reporting procedures might be costly to establish or operate; (3) federal or state laws and regulations restrict credit reporting, such as limiting who can be reported; and (4) local jurisdictions already routinely report.

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## States' Procedures for Reporting to Credit Bureaus Vary

State child support enforcement agencies' credit-reporting procedures vary. The 21 agencies that routinely report to credit bureaus use different criteria for deciding whom to report, provide different information, and have other procedural differences. Agencies also use different criteria and provide different information in responding to credit bureaus' inquiries (see app. I).

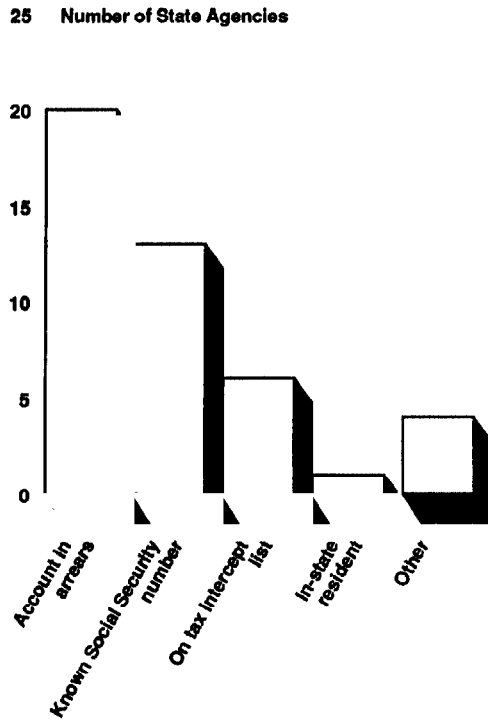
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<sup>1</sup>Officials in five of these agencies said that one or more local jurisdictions in their states already use routine reporting.



report.<sup>2</sup> Seventeen agencies use dollar thresholds, ranging from \$1 to \$2,000, as their arrears criteria. Eleven use days-in-arrears thresholds, ranging from 1 to 60 days. Some state agencies also use other criteria in deciding whom to report to credit bureaus. For example, New York reports noncustodial parents only if the state agency knows such parents' social security numbers and the parents (1) are in arrears, (2) live in the state, and (3) are on federal and state income tax refund intercept lists.<sup>3</sup> Appendix II provides the criteria that each state agency uses in deciding whom to report.

**Figure 3: Criteria State Agencies Use for Routine Reporting** (Sept. 1989)



**Minimum Reporting Requirements**

Note: This is based on the 21 state agencies that routinely report child support information (see app. II).

<sup>2</sup>Vermont reports virtually all noncustodial parents, including those who are current with their support payments. California, which did not routinely report to credit bureaus, was required by state law to develop, by July 1, 1990, statewide procedures for reporting all court-ordered obligations. These requirements are more aggressive than existing federal requirements.

<sup>3</sup>Intercepting federal or state income tax refunds is a technique for collecting child support debt. It involves reducing the amount of the noncustodial parent's tax refund by the amount of the parent's arrears.

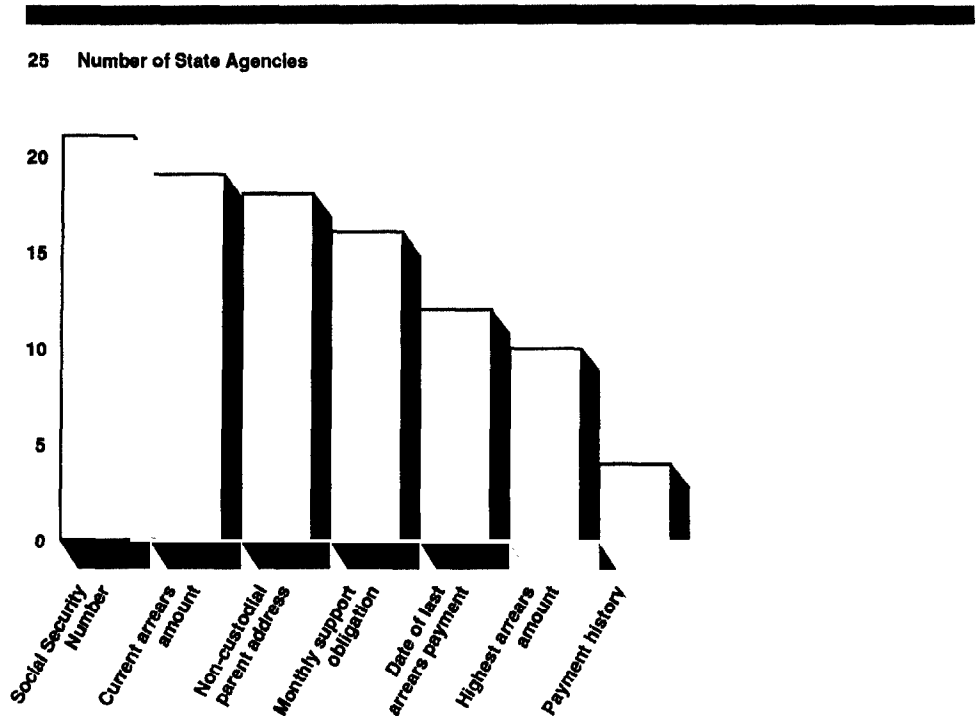
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OCSE and some credit industry officials told us they would like more state agencies to report all noncustodial parents, including those without arrears. OCSE officials said that they would like states to report all such parents because, among other reasons, doing so would enhance credit bureaus' effectiveness as an information source for locating noncustodial parents whose whereabouts are unknown. OCSE officials also said that credit bureaus normally do not request information about specific individuals from state agencies, preferring instead to routinely receive such information. Credit industry officials said that other sources generally report information on all persons, regardless of whether they are behind in their payments. Further, the industry officials believe that noncustodial parents who pay support on time should benefit from having this favorable information in their credit reports.

The state agencies with routine reporting experience also report different types of information to credit bureaus, as shown in figure 4. For example, 19 agencies provide information on noncustodial parents' current arrears, and 16 report monthly support obligations. Appendix III provides details on the types of information that each state agency routinely reports to credit bureaus.



**Figure 4: Information State Agencies Routinely Report** (Sept. 1989)



Note: This is based on the 21 state agencies that routinely report child support information (see app. III).

There are also procedural differences among state agencies, such as when agencies report noncustodial parents and how the agencies maintain and update parents' payment records reported to credit bureaus. Differences in state agencies' routine reporting practices are illustrated by comparing Alaska's and Nebraska's systems.

Alaska's child support enforcement agency maintains automated state-wide child support account information, including such data as monthly obligations, payments, and current arrears. The agency's computer scans the accounts each month to identify noncustodial parents whose child support debt has become \$1,000 or more in arrears for at least 30 days. If this threshold has been met, the agency notifies the noncustodial parent by regular mail that his or her information will be provided to the credit bureau. If the parent does not contest the proposed action within 15 days, the information is reported to the local credit bureau using an automated data tape. Each month the state agency automatically updates the arrears information with the credit bureau.

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In contrast, Nebraska's child support enforcement agency reports non-custodial parents once a year if they are in arrears \$25 or more for at least 1 day. Each September, the Nebraska agency uses district court records to add new names to a list of noncustodial parents with such arrears for both the state income tax refund intercept program and credit reporting. In October, a notice is mailed to the parents advising them of the intended tax intercept and that information may be reported to credit bureaus. The parents have until the end of November to contest either action. A list of parents who have not brought their accounts current is then sent to the credit bureaus in December using an automated data tape. Each month thereafter, the court clerks manually update the payment records for noncustodial parents who have been reported to the credit bureaus and send the updated information to the state agency. In turn, the state agency transmits the revised information to the credit bureaus by automated data tape.

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### Limited Evidence Indicates Positive Effects From Credit Reporting

The limited evidence that is available on the effects of credit reporting indicates positive results. An OCSE-funded study as well as data systematically gathered by four states with routine reporting experience indicate that credit reporting results in increased collections. Also, officials in state agencies with credit-reporting experience generally believe reporting results in increased collections, but they had little empirical evidence to support their belief. The OCSE-funded study and some state agency officials also reported other benefits associated with credit reporting.

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### Empirical Evidence Indicates Routine Credit Reporting Results in Increased Collections

Available empirical evidence, although sparse, indicates that routine credit reporting results in increased collections. The OCSE-funded study of the effects of routine credit reporting in Marion County, Indiana, indicated that collections on noncustodial parents' accounts reported to credit bureaus were 20 percent higher than collections on unreported accounts. During the 11-month study period—August 1988 through June 1989—total collections averaged \$1,208 for reported parents compared to \$1,006 for unreported parents. OCSE officials said that child support agencies with less aggressive enforcement procedures than those used by Marion County, whose collections per dollar spent are much higher than the comparable national figure, may have reaped even greater benefits from credit reporting.

Data systematically gathered by officials in 4 of the 21 states with routine reporting experience also indicated increased collections. For example, in Maine, after receiving the state agency's notice that their

account information was going to be reported to the credit bureau, over 1,000 noncustodial parents took actions, such as paying their child support debt or signing agreements to pay or have wages withheld. Collections during the month following the notifications were reported to be more than \$555,000 greater than collections during the same month of the previous year. An agency official believed that credit reporting was responsible for some of the increase, but noted that other factors also could have contributed. Child support collections in New Mexico also reportedly increased over \$400,000 during the 15-month period following the agency's initial notification that noncustodial parents' account information was going to be reported to credit bureaus.

### Officials Believe Credit Reporting Results in Increased Collections

State and federal child support enforcement officials believe credit reporting results in increased support collections. Officials in the 35 state agencies that have reported information to credit bureaus—21 that routinely report and 14 that have responded to credit bureau inquiries—generally believe that such reporting results in increased collections. Officials in 20 agencies said credit reporting results in increased collections of arrears; 18 of these officials also said it results in increased monthly collections. Officials in two agencies noted that credit reporting was particularly effective in collecting child support from self-employed noncustodial parents, whose income cannot be withheld through an employer.

Officials in 14 state agencies provided examples of cases in which collections had been made as a result of credit reporting. A Kentucky parent made a cash payment of eighteen 100-dollar bills to avoid being reported to the credit bureau. In Kansas, a noncustodial parent made a \$38,000 lump-sum payment as a result of credit reporting.

OCSE also believes routine reporting results in increased collections. In its November 1988 publication, A Guide About Child Support Enforcement for Credit Grantors, OCSE stated that routine credit reporting encourages noncustodial parents to make timely support payments. Also, OCSE believes that credit reporting helps keep such parents from overextending themselves, thereby increasing their ability to pay child support.

### Related Benefits

Other benefits associated with credit reporting have been identified. The OCSE-funded study and officials in 28 state agencies with credit-

reporting experience reported that credit bureaus are a useful information source for locating noncustodial parents whose whereabouts are unknown.<sup>4</sup> The study also reported that credit bureaus were a good source of information about noncustodial parents' assets, such as automobiles. Such information is useful for placing liens on such assets.<sup>5, 6</sup>

## Few Legal Impediments to Credit Reporting

Federal and state laws present few legal impediments to state agencies' reporting child support debt to credit bureaus. A few state agency officials erroneously believe federal law limits which noncustodial parents can be reported to credit bureaus. Federal law, however, merely sets forth minimum reporting requirements, including who must be reported, and does not preclude states from reporting others. Concerning state law, agency officials in two states said such laws prevent routine reporting but are being revised to allow such reporting. Further, our research and discussions with agency officials identified no court decisions or current lawsuits relative to the reporting of child support information to credit bureaus.

## Federal Laws Set Forth Basic Requirements, Present No Major Obstacles to Credit Reporting

Two federal laws—the Social Security and Fair Credit Reporting Acts—specifically address credit reporting and provide safeguards to protect noncustodial parents.<sup>7</sup> Neither precludes states from reporting any noncustodial parent with a legitimate support obligation. Some state agency officials, however, erroneously believe the Social Security Act restricts who can be reported to credit bureaus.

The Social Security Act sets forth specific credit-reporting requirements for state child support enforcement agencies. It requires state agencies to provide information in response to credit bureau inquiries about noncustodial parents who are \$1,000 or more in arrears and live in the state. Before information is disclosed, however, agencies must notify the

<sup>4</sup>Our report, *Interstate Child Support: Better Information Needed on Absent Parents for Case Pursuit* (GAO/HRD-90-41, May 24, 1990), discusses information sources useful for locating noncustodial parents.

<sup>5</sup>The Child Support Enforcement Amendments of 1984 require states to establish procedures to impose liens against real or personal property. A lien, which is another tool for collecting debt, including overdue child support, is a claim against property.

<sup>6</sup>State agencies may buy information about noncustodial parents from credit bureaus whether or not the agencies report child support information.

<sup>7</sup>Our legislative review also included the Privacy Act of 1974, as amended. This law applies only to federal agencies and not to state child support enforcement agencies.

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parents of the proposed action and provide them an opportunity to contest its accuracy. In addition, the law requires that all procedural due process requirements of the state be met.

The Fair Credit Reporting Act governs credit bureaus' use of consumer credit information, including that provided by state child support enforcement agencies. The law also provides the following safeguards for persons reported to credit bureaus, including noncustodial parents whose child support information has been reported to credit bureaus by state agencies.

- A consumer has a right to contest any item in his or her report. If an item is contested, the credit bureau must reverify the information within a reasonable time. If the report is corrected, the consumer may request that the correct information be forwarded to earlier recipients of the report without charge.
- Credit bureaus must furnish to consumers, upon their request, the names of all parties to whom the consumer's credit report had been provided within the last 6 months.
- Any person reported to a credit bureau has the right to place a statement in his or her credit report refuting entries made by others, including child support agencies, if the credit bureau does not resolve the problem.
- Credit bureaus may not disclose information in a consumer's credit report except under certain circumstances.<sup>8</sup>

A few state agency officials have erroneously interpreted the Social Security Act to restrict whom they can report to credit bureaus. Officials in several states said that this law allows them to report only parents with arrears. While the Social Security Act establishes minimum requirements for credit reporting, nothing in the law prohibits child support enforcement agencies from providing information to credit bureaus on any noncustodial parent with a legitimate child support obligation.

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<sup>8</sup>Credit bureaus may provide state child support agencies any noncustodial parent's name, address, and employer, but may not provide other information in the parent's credit report unless the agency certifies that the information will be used for permissible purposes. In a July 26, 1979, letter to OCSE, the Federal Trade Commission said that collecting child support pursuant to an existing court order is a permissible purpose.

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## Few State Legal Impediments to Credit Reporting Identified

According to state officials, state laws also present few legal impediments to state agencies' reporting child support debt to credit bureaus. Officials in two states identified laws that have prevented routine credit reporting, but said that these laws were being revised to allow such reporting. Officials in several other state agencies said that although state laws affect credit reporting, they do not present significant impediments.

Officials in Arkansas and Michigan said that state laws that have prevented routine credit reporting were being revised to allow such reporting. An Arkansas official said that the state ceased routine reporting because a noncustodial parent had challenged the state's right to do so. The parent had argued that Arkansas law permitted responding only to credit bureau inquiries about specific individuals. Although no lawsuit was filed, the state stopped reporting and is redrafting its legislation to specifically permit routine reporting. Similarly, a Michigan official said that state law had been interpreted to prohibit providing information to credit bureaus except in response to specific individual inquiries, but that a new law was being drafted to permit routine reporting of information about all parents in arrears more than 1 month or \$1,000.

Some state privacy and other laws affect credit reporting, but were not identified by state agency officials as major impediments. Officials in three states said state privacy laws are considered when providing information to credit bureaus, but are not significant obstacles to credit reporting. In addition, officials in several other state agencies said that state laws limit them to reporting only those noncustodial parents who have arrears.

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## Agency Comments

HHS agreed with our findings and said that OCSE is issuing a letter to states clarifying that federal law and regulations set a minimum standard—not limits—for states' credit reporting. We incorporated HHS's suggested changes to clarify the report as appropriate, including changing the credit-reporting status of Arizona. (See app. IV.)

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As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies to other interested congressional committees, the Secretary of Health and Human Services, the Director of the Office of Child Support Enforcement, and the state child

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support agencies. We will also make copies available to others on request.

If you have any questions about this report, please contact me on (202) 275-5365. Major contributors to this report are listed in appendix IV.

Sincerely yours,



Gregory J. McDonald  
Associate Director,  
Income Security Issues





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**Abbreviations**

GAO	General Accounting Office
HHS	Department of Health and Human Services
OCSE	Office of Child Support Enforcement

# Selected Information on State Agency Procedures for Responding to Credit Bureau Inquiries

Table I.1: Criteria Used in Deciding Whom to Report in Response to Credit Bureau Inquiries

State	Minimum amount in arrears	Minimum days in arrears	Known social security number	On income tax intercept list <sup>a</sup>		Other
				Federal	State	
Alabama	\$1,000		X			
Alaska			X			
Arizona	•	30	X			
Arkansas			X			
California			X			
Colorado	•	31	X	X	X	In-state parents only
Connecticut	1,000					
Delaware	1,000					
District of Columbia	1,000					
Florida	500					
Georgia	500	30	X	X		
Guam				•	•	
Hawaii	1,000	•	X			X
Idaho	500	31	X	X		
Illinois	1,000	0	X			
Indiana	<sup>b</sup>	7				<sup>b</sup>
Iowa			X			
Kansas	100	1				
Kentucky	150					
Louisiana	•	30	•			
Maine	50	30				
Maryland	1	1				
Massachusetts	1,000					
Michigan						
Minnesota	1,000		X			
Mississippi	200	30	X			
Missouri	1,000	30	X	X	X	
Montana	1	1				
Nebraska	25	1	X			
Nevada						In-state parents only
New Hampshire	•	31	X			
New Jersey	1,000					
New Mexico	1,000	60	X			
New York	1,000		X	X	X	In-state parents only
North Carolina	500					
North Dakota	1,000	30	X			In-state parents only
Ohio			X			<sup>c</sup>

(continued)

**Appendix I  
Selected Information on State Agency  
Procedures for Responding to Credit  
Bureau Inquiries**

State	Minimum amount in arrears	Minimum days in arrears	Known social security number	On income tax intercept list <sup>a</sup>		
				Federal	State	Other
Oklahoma	1,000	60				
Oregon			X			
Pennsylvania	1,000	<sup>d</sup>				In-state parents only
Puerto Rico			X		•	In-state parents only
Rhode Island	150	30				
South Carolina	1,000					
South Dakota	1	1				
Tennessee			X			
Texas	1,000	30	X	X		
Utah						
Vermont						
Virgin Islands	500					
Virginia			•			
Washington	1,000					
West Virginia	1,000					In-state parents only
Wisconsin	1,000		•			
Wyoming					<sup>c</sup>	

Legend

X = Needed for noncustodial parent to be reported

Blank = Not needed

• = State agency official did not know

<sup>a</sup>A collection technique that involves reducing noncustodial parent's tax refunds by amount of arrears.

<sup>b</sup>The arrears amount may vary by county; it is not specified by the state agency. Counties may also set other criteria.

<sup>c</sup>Counties may set other criteria.

<sup>d</sup>Days in arrears varies by county and terms of court order.

<sup>e</sup>Does not report married noncustodial parents who voluntarily acknowledge paternity of a child born out of wedlock; policy being revised.

**Appendix I  
Selected Information on State Agency  
Procedures for Responding to Credit  
Bureau Inquiries**

**Table I.2: Information Reported to Credit Bureaus**

<b>State</b>	<b>Social security number</b>	<b>Noncustodial parent's address</b>	<b>Monthly support obligation</b>	<b>Current arrears amount</b>	<b>Highest arrears amount</b>	<b>Last arrears payment</b>	<b>Payment history</b>
Alabama	X			X			
Alaska	X	X	•	•	•	•	•
Arizona			X	X			
Arkansas	X	•	X	X	X	X	X
California	X	X	X	X		X	
Colorado	X	X		X			
Connecticut	X	X	X	X	X	X	X
Delaware	X	X	X	X	X	X	X
District of Columbia	X	X	X	X		X	
Florida			X	X		X	
Georgia	X	X	X	X		X	
Guam			X	X		X	
Hawaii				X			
Idaho	X	X	X	X	X	X	X
Illinois	X	X	X	X	X	X	
Indiana	•	•	X	X	X	X	X
Iowa	X	X	X	X		X	X
Kansas	X	X	X	X			
Kentucky	X	X	X	X	X		
Louisiana	X		X	X	X	X	
Maine			X	X		X	
Maryland			X	X			
Massachusetts	X	X	X	X	•	•	•
Michigan			X				
Minnesota	X	X		X			
Mississippi	X		X	X			
Missouri	X	X	X	X			
Montana	X	X	X	X		X	X
Nebraska	X	X	X	X	X	X	
Nevada			X	X		X	X
New Hampshire	X	X	X	X	X	X	X
New Jersey	X	X	X	X		X	
New Mexico	X	X	X	X		X	
New York	X	X	X	X	X		
North Carolina				X			
North Dakota	X		X	X	X		X
Ohio							

(continued)

**Appendix I  
Selected Information on State Agency  
Procedures for Responding to Credit  
Bureau Inquiries**

<b>State</b>	<b>Social security number</b>	<b>Noncustodial parent's address</b>	<b>Monthly support obligation</b>	<b>Current arrears amount</b>	<b>Highest arrears amount</b>	<b>Last arrears payment</b>	<b>Payment history</b>
Oklahoma	X	X	X	X	X	X	
Oregon			X	X		X	X
Pennsylvania	X			X			
Puerto Rico	X	X	X	X	X	X	X
Rhode Island	X	X	X	X	X	X	
South Carolina	X	X		X	X		X
South Dakota	X	X	X	X		X	
Tennessee	X	X			X	X	X
Texas	X	X	X	X	X	X	X
Utah	X			X	X		
Vermont	X	X	X	X	X	X	X
Virgin Islands	X	X	X	X	X	X	X
Virginia	X	X	X	X			
Washington	X		X	X			
West Virginia			X	X			
Wisconsin	X		X	X		X	•
Wyoming	X	•	X	X	•	•	X

Legend

- X = Yes
- Blank = No
- = State agency official did not know

# Criteria Used by State Agencies for Routinely Reporting to Credit Bureaus

State <sup>a</sup>	Minimum amount in arrears	Minimum days in arrears	Known social security number	On income tax intercept list <sup>b</sup>		Other
				Federal	State	
Alaska	\$1,000	30	X			<sup>c</sup>
Delaware	1,000					
District of Columbia	1,000					
Florida	500		X			
Georgia	500		X	X		
Idaho	500	31	X	X		
Kentucky	150					
Louisiana	<sup>d</sup>	30	•			
Maine	50	30				
Massachusetts <sup>e</sup>	1,000		X			
Missouri <sup>f</sup>	1,000	30	X	X	X	
Nebraska	25	1	X		X	
New Mexico	1,000	60	X			
New York	1,000		X	X	X	In-state parents only
North Dakota	1,000	30	X			In-state parents only
Oklahoma	1,000	60				
Oregon	<sup>g</sup>	<sup>g</sup>	X			
Rhode Island <sup>h</sup>	<sup>d</sup>	31	X			
Tennessee	2,000		X	X		<sup>i</sup>
Utah	1	30				<sup>j</sup>
Vermont						<sup>k</sup>

### Legend

X = Needed to report noncustodial parent

Blank = Not needed to report noncustodial parent

• = State agency official did not know or not applicable

<sup>a</sup>Arizona, Arkansas, Illinois, Iowa, Kansas, Montana, New Jersey, and Washington had routine reporting procedures, but had not used them at the time we interviewed state officials.

<sup>b</sup>A collection technique that involves reducing noncustodial parents' tax refunds by amount of arrears.

<sup>c</sup>Does not report out-of-state noncustodial parents if another state is involved in enforcement.

<sup>d</sup>Amount not specified.

<sup>e</sup>Began reporting in February 1989, but temporarily stopped reporting from July through October due to problems with data accuracy.

<sup>f</sup>Manually reports when all other enforcement options are unsuccessful. State is developing an automated system.

<sup>g</sup>Reports when arrears equal 3 months of payments.

<sup>h</sup>Reported 6,000 cases on June 30, 1989. No additional reporting due to problems with data accuracy. State plans to resume reporting in January 1991, when a new automated information system is installed.

<sup>i</sup>Reports noncustodial parents of children on welfare once each year, and updates information when payments are made. State is developing procedures for reporting nonwelfare cases.

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**Appendix II**  
**Criteria Used by State Agencies for Routinely**  
**Reporting to Credit Bureaus**

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<sup>1</sup>Report only noncustodial parents with arrears recognized by the district court, which may be as low as \$1 but usually total \$100 or more.

<sup>1</sup>Does not report if risk of spousal abuse would increase.



# Information Reported by State Agencies Routinely Reporting to Credit Bureaus

State <sup>a</sup>	Social security number	Noncustodial parent's address	Monthly support obligation	Current arrears amount	Highest arrears amount	Last arrears payment	Payment history
Alaska	X	X	X	X	X	X	
Delaware	X	X	X	X	X	X	X
District of Columbia	X	X	X	X		X	
Florida	X		X	X			
Georgia	X	X	X	X		X	
Idaho	X	X		X		X	
Kentucky	X	X	X	X	X		
Louisiana	X		X	X	X	X	
Maine	X	X		X			
Massachusetts	X	X		X		X	
Missouri	X	X	X	X			
Nebraska	X	X	X	X	X	X	
New Mexico	X	X	X	X	X	X	
New York	X	X	X	X	X		
North Dakota	X		X	X	X		X
Oklahoma	X	X	X	X	X	X	
Oregon	X	X	X	X		X	X
Rhode Island	X	X	X	X		•	•
Tennessee	X	X		<sup>h</sup>			
Utah	X	X		<sup>c</sup>			
Vermont	X	X	X	X	X	X	X

## Legend:

X = Yes

Blank = No

• = State agency official did not know

<sup>a</sup>Arizona, Arkansas, Illinois, Iowa, Kansas, Montana, New Jersey, and Washington had routine reporting procedures, but had not used them at the time we interviewed state officials.

<sup>b</sup>Reports noncustodial parents of children on welfare once each year, and updates information when payments are made. State is developing procedures for reporting nonwelfare cases.

<sup>c</sup>Report only noncustodial parents with arrears recognized by the district court, which may be as low as \$1 but usually total \$100 or more.

# Comments From the Department of Health and Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

JUN 21 1990

Mr. Lawrence H. Thompson  
Assistant Comptroller General  
United States General  
Accounting Office  
Washington, D.C. 20548

Dear Mr. Thompson:

Enclosed are the Department's comments on your draft report, "Child Support Enforcement: More States Reporting Debt to Credit Bureaus to Spur Collections." The comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

The Department appreciates the opportunity to comment on this draft report before its publication.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "R. Kusserow".

Richard P. Kusserow  
Inspector General

Enclosure

**Appendix IV  
Comments From the Department of Health  
and Human Services**

**COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES ON THE  
U.S. GENERAL ACCOUNTING OFFICE'S REPORT, "MORE STATES REPORTING  
DEBT TO CREDIT BUREAUS TO SPUR COLLECTIONS"**

General Comments

We agree with GAO's overall findings relative to States reporting to credit bureaus. The following are some areas we suggest clarification or emphasis:

1. Clarification is needed regarding the definition of an operating system for States reporting to credit bureaus. The Office of Child Support Enforcement (OCSE) collects quarterly information from regional offices on the status of States in reporting information to the credit reporting agencies (CRAs). Our reports show that as of September 30, 1989, 17 States have operating systems for reporting to CRAs, as opposed to 22 in GAO's report. The five States that we show a different status for are: Arizona and New Jersey as pilot testing; Massachusetts as developing; and Missouri and Washington as planning.

The difference may be in the definition used for identifying States with an operating system. Our definition of an operating system is that a State has an established system to routinely report child support data to a credit reporting agency which includes one of the following methods of reporting: (1) an automated or manual operation; (2) routinely provides data to CRAs; (3) IRS tape exchange; (4) updates information monthly to yearly; or (5) an operating agreement with one or more CRAs.

2. We suggest emphasizing in the report that the law and regulation set minimum requirements and do not limit credit reporting. In fact, the reporting requirement as outlined is less than the credit industry standard of monthly updated information. The report should encourage States to explore expanded reporting - an example is California's credit reporting which goes beyond what is required.

The OCSE is issuing a letter to States to clarify that the law and regulation set a minimum standard, not the limit, for States' credit reporting.

We concur with GAO's position that any research or experimental design not prohibit credit reporting services.

# Major Contributors to This Report

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# Related GAO Products

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Interstate Child Support: Better Information Needed on Absent Parents for Case Pursuit (GAO/HRD-90-41, May 24, 1990).

Child Support: State Progress in Developing Automated Enforcement Systems (GAO/HRD-89-10FS, Feb. 10, 1989).

Interstate Child Support: Case Data Limitations, Enforcement Problems, Views on Improvements Needed (GAO/HRD-89-25, Jan. 27, 1989).

Child Support: Need to Improve Efforts to Identify Fathers and Obtain Support Orders (GAO/HRD-87-37, Apr. 30, 1987).

Child Support: States' Progress in Implementing the 1984 Amendments (GAO/HRD-87-11, Oct. 3, 1986).

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