

August 1992

# CHILD SUPPORT ENFORCEMENT

## Timely Action Needed to Correct System Development Problems



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**Information Management and  
Technology Division**

B-244322

August 13, 1992

The Honorable Lloyd Bentsen  
Chairman, Committee on Finance  
United States Senate

The Honorable Daniel P. Moynihan  
Chairman, Subcommittee on Social  
Security and Family Policy  
Committee on Finance  
United States Senate

The Honorable Donald W. Riegle, Jr.  
Chairman, Subcommittee on Health for  
Families and the Uninsured  
Committee on Finance  
United States Senate

In response to your request, we reviewed the Department of Health and Human Services' (HHS) oversight of states' efforts to develop automated systems for child support enforcement programs. These programs are directed at locating parents not supporting their children, establishing paternity, obtaining court orders for the amounts of money to be provided, and collecting these amounts from the noncustodial parents. Efficiently achieving these goals depends in part on the effective planning, design, development, and operation of automated information systems.

About \$860 million in federal funds is expected to be spent between fiscal years 1992 and 1995 on states' automated child support systems—more than three times the amount that was expended from 1981 to 1991. Because of your concern that these funds be used as effectively as possible, our objective was to assess whether the Office of Child Support Enforcement (OCSE) within HHS' Administration for Children and Families is taking effective oversight actions on states' development of automated child support systems. Details of our objective, scope, and methodology are provided in appendix I.

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## Results in Brief

Although taking timely corrective action on known problems is critical to developing well-designed automated systems that can help expedite payments for children, OCSE has not required needed changes on some states' seriously flawed systems. As a result, development of three severely flawed systems continued for a period ranging from 3 to 8 years, at a total cost of over \$32 million in federal funds, before these efforts were stopped and redirected. OCSE officials have allowed federally financed projects to proceed without effective corrective actions because they believe states have primary responsibility for system development. Regardless of who has primary development responsibility, law and regulations require OCSE to assess states' development efforts and allow it to suspend funding if states do not adhere to approved plans.

In addition, the results of OCSE's office of audit reviews of states' child support programs are not regularly used by the OCSE systems division, which is responsible for assessing states' systems. Although these audit reviews frequently identify automated system problems, OCSE has no policy requiring the systems division to pursue resolution of these findings with states.

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## Background

The amount of child support payments due nationwide is staggering. The Bureau of the Census estimated that \$16.3 billion was due from noncustodial parents in 1989, \$5.1 billion of which was uncollected. Billions of dollars more are potentially outstanding for cases in which child support payment orders have not yet been obtained. These cases involve about 42 percent of the total number of noncustodial, nonsupporting parents. Because of the high number of nonsupporting parents, millions of children must rely on welfare programs. For example, as of February 1992, over 9 million of the 13.6 million people receiving benefits from the Aid to Families with Dependent Children (AFDC) program were children.

The Child Support Enforcement Program was established in 1975 to help strengthen families and reduce welfare dependency by placing the responsibility for supporting children on the parents. In providing most of the funding for the child support program,<sup>1</sup> the federal government, through OCSE, is responsible for providing administrative oversight, regulation, and technical assistance to the states. States are responsible for

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<sup>1</sup>The federal government provides 66 percent of the costs incurred by states in the administration of the program, and 90 percent of the costs of planning, designing, developing, installing, or enhancing automated systems.

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locating noncustodial parents, establishing paternity, and collecting payments. For fiscal year 1990, OCSE reported that states had collected \$6.0 billion while total administrative expenditures were \$1.6 billion.

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### States Are Developing Automated Systems Intended to Improve Child Support Enforcement

In 1980 the Congress acted to promote the development of automated systems that could improve the performance of the child support program. Public Law 96-265 authorized the federal government to pay up to 90 percent of the states' total costs incurred in planning, designing, developing, installing, or enhancing statewide automated child support systems.

Proposed child support systems are required, by law, to be implemented statewide—including all political jurisdictions and for all existing cases—and capable of carrying out mandatory functional requirements. These functional requirements include case initiation, case management, financial management, enforcement, security, privacy, and reporting. Incorporation of these requirements can facilitate locating noncustodial parents and monitoring child support cases. For example, by linking automated child support systems to other state databases, information can be obtained about a noncustodial parent's current address, held assets, and employment status. Systems can also be connected to the court system to access key information on child support orders.

To receive 90-percent federal funding for the development of such systems, a state is required to develop and submit an Advanced Planning Document to OCSE that describes its proposed system. OCSE's division of child support information systems, and HHS regional, program, and financial management staff, review this document. The systems division's review is focused on ensuring that the proposed system (1) incorporates the minimum functional requirements, and (2) will meet federal, state, and user needs in a cost-effective manner. If OCSE approves the Advanced Planning Document, then a state begins receiving the 90-percent funding and OCSE initiates monitoring of the state's development of its system. Federal regulations require states to update their approved plans and to submit updates when projects have significant changes in budget or scope. Federal regulations also give OCSE the authority to suspend 90-percent funding if a state's development does not adhere to its approved plan.

When system development is considered complete, a state requests the federal government to certify or approve that its system meets requirements. After certification, a state is authorized to receive additional

funding for its operational system. Specifically, the Child Support Enforcement Amendments of 1984 authorize the federal government to provide states with 90-percent funding for computer hardware and software to operate certified automated child support systems.

The Family Support Act of 1988 mandates that all states have a fully operational automated child support system that meets federal requirements by October 1, 1995, at which time 90-percent development funding is to be discontinued. Further, if a state does not have its system certified as fully operational by this date, the Act declares that the state's child support program may have its program funding reduced.

While an increasing number of states now have operational automated child support systems, overall progress in developing certified systems has been slow. We previously reported that as of May 1988, only two states had federally certified systems.<sup>2</sup> Over the last 4 years, eight more states have been certified, bringing the total certified as of April 1992 to ten. States with these certified systems are expected to more quickly locate noncustodial parents and to better monitor child support cases. Table 1 presents the overall status of states' automation efforts over the last several years.

**Table 1: Status of States' Automated Child Support Systems During Fiscal Years 1987 to 1992**

Status <sup>a</sup>	1987	1988	1989	1990	1991	1992
Certified	0	2	4	8	8	10
Development	25	24	23	22	22	22
Planning	17	16	17	18	18	20
Other	12	12	10	6	6	2

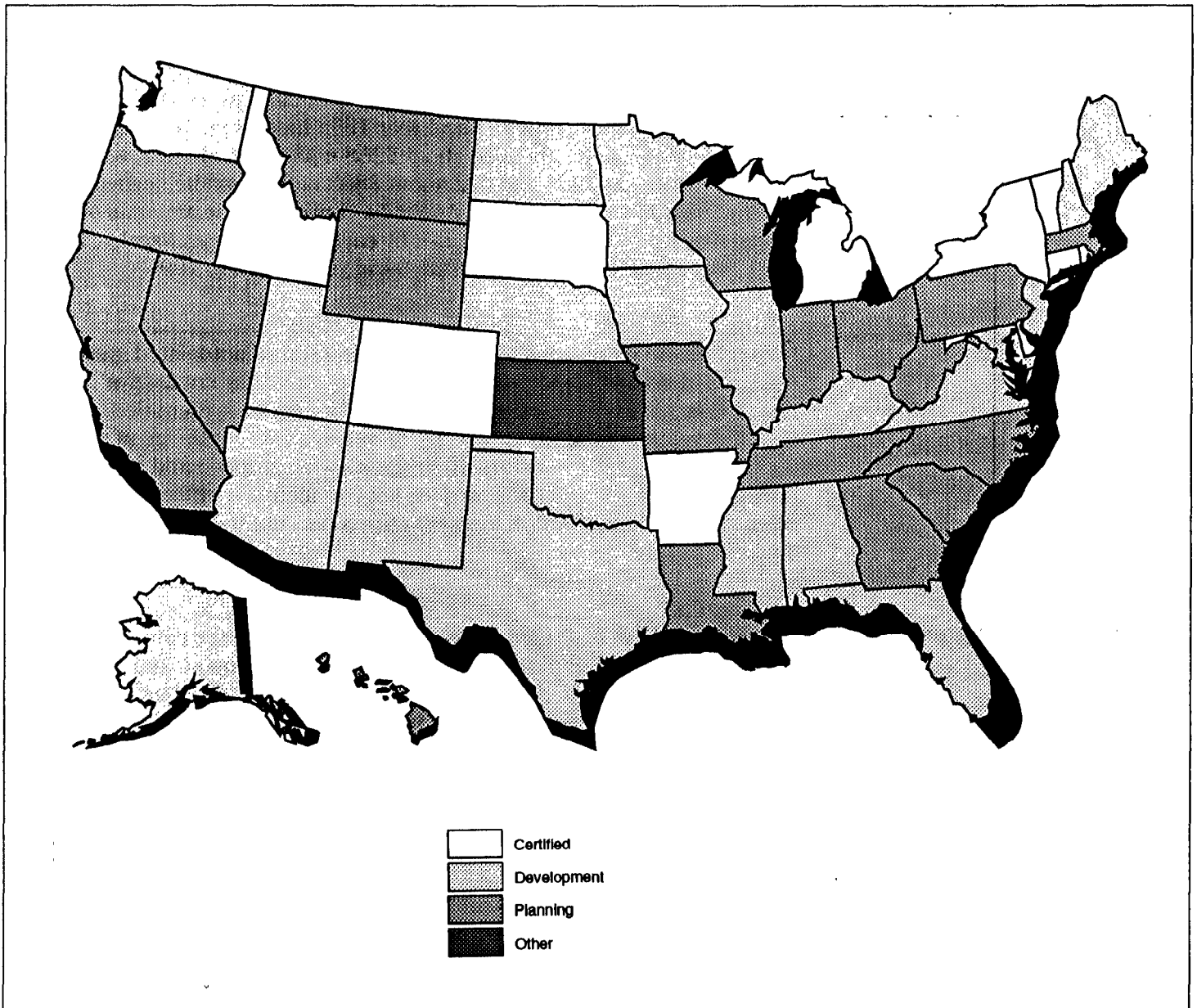
<sup>a</sup>Status is defined as follows: (1) Certified—approved by OCSE as meeting the federal program requirements established in the 1984 Child Support Amendments; these systems must still be enhanced to meet the 1988 Family Support Act requirements. (2) Development—status may range from writing software to implementing a system. (3) Planning—states performing initial planning to develop system, such as developing detailed requirements. (4) Other—states without OCSE-approved system plans for implementing 90-percent federally funded automated child support system.

Note: The District of Columbia, Guam, Puerto Rico, and the Virgin Islands are included in this status summary.

<sup>2</sup>Child Support: State Progress in Developing Automated Enforcement Systems (GAO/HRD-89-10FS, Feb. 10, 1989).

Figure 1 below shows the status of each state's automated child support system.

Figure 1: Status of States' Automated Child Support Systems



Due in part to states' slow progress in developing and implementing automated child support systems and to the 1988 Family Support Act that required all states to have a fully operational system, the bulk of federal funding for states' development activities is expected to occur within the next few years. For example, while OCSE has provided California with only \$6.7 million through fiscal year 1991, it expects the state to need \$112 million for fiscal years 1992 to 1995. In total, more than 75 percent of the \$1.12 billion in 90-percent federal funding estimated to be needed for state systems development through fiscal year 1995 has not yet been spent. OCSE estimates that it expended about \$258 million for states' systems through fiscal year 1991 and that about \$863 million will be needed for fiscal years 1992 through 1995. Appendix II provides the amounts of 90-percent federal funding expended by each state through fiscal year 1991, and expected to be spent from fiscal years 1992 to 1995.

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### **Lack of OCSE Action Allows Some States to Continue Developing Costly, Problematic Systems**

In carrying out its responsibility for assessing states' automated systems, OCSE has identified many problems. However, OCSE has not always required states to remedy these problems when they are identified. As a result, development of three severely flawed systems continued at a total cost of over \$32 million before these efforts were stopped and redirected. Further, OCSE's systems division does not routinely use office of audit reports to help monitor development efforts because it is not required to do so.

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### **OCSE Is Responsible for Reviewing States' Systems Development**

According to laws and regulations, OCSE is responsible for continually reviewing and assessing the planning, design, development, and installation of automated systems to determine whether such systems will meet federal requirements.<sup>3</sup> If systems do not meet requirements, OCSE is authorized to suspend further federal funding.

We reported in 1987 on the lack of OCSE oversight of states' automated systems.<sup>4</sup> In response to our concerns, OCSE has taken some positive steps. For example, OCSE's systems division, the organizational unit responsible for reviewing and approving states' development and installation of

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<sup>3</sup>Social Security Disability Amendments of 1980; Family Support Act of 1988; the Child Support Enforcement Amendments of 1984; and 45 CFR Part 74, 95, and 307.

<sup>4</sup>GAO/IMTEC letter to the Administrator, Family Support Administration, HHS, B-221220, Feb. 20, 1987.



automated child support systems, disseminated guidance to states on developing systems. OCSE also requires its system division to conduct compliance reviews to determine if states are following approved plans during system development.

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### Some Problem-plagued State Systems Have Continued Development Without Correction

The compliance reviews conducted by OCSE's systems division have identified numerous deficiencies with states' development of automated child support systems. For example, in four of the seven states we visited that were developing automated child support systems, the systems division identified such problems as (1) systems being designed without addressing mandated federal requirements, (2) systems not being statewide in scope, and (3) states lacking plans for operating contractor-developed systems. Rather than directing needed remedial actions when these problems were identified, OCSE informed the states of the deficiencies and then continued to fund the systems based on states' assurances that the problems would be addressed.

According to OCSE's systems division director and analysts responsible for the states we reviewed, states have primary responsibility for developing their systems and therefore the federal government should not assume a primary role in directing how states should develop systems and remedy problems. However, law and regulations require OCSE to monitor 90-percent federally funded child support systems to ensure that they are successfully developed. Further, OCSE is authorized to suspend federal funding if a state is not adhering to its approved plan.

OCSE's approach has allowed some systems with known problems to continue through the system development life cycle without receiving corrective action. Correcting known problems near the end of system development is more costly than fixing them when they are first identified. In a worst-case scenario, extended delays in fixing major system development problems can lead to decisions to stop development and start over. This unfortunate situation has occurred in three of the states we reviewed. In these cases, over \$32 million in federal funds was spent on systems in which problems had been identified but were not addressed until development was considered nearly complete.

- One state spent over \$17 million on a development spanning 7 years before the effort was stopped and redirected because of system design flaws. OCSE initially became aware of system problems in 1987 and then raised further concerns about the system design in its 1988 review. At this point, OCSE

asked the state to follow its approved plan and comply with federal requirements, but took no further action. Two years later, another OCSE compliance review again found substantial management and technical problems with the project. The state and OCSE later agreed to stop the project, salvage what remained of the failed effort, and initiate action to contract out for a new automated system.

- In another state, OCSE determined that the planned system was not designed to handle all cases as required, but continued funding the project for 3 years. After spending \$11 million, the state agreed to terminate the system. This state is now developing a new federally funded system.
- In another case in which a state had been receiving 90-percent federal funding since 1982 for system development, OCSE conducted three reviews in the middle to late 1980s that questioned whether the system would meet federal requirements. In 1989 OCSE again determined that the system did not meet federal requirements and therefore suggested that the state hire a contractor to conduct a requirements analysis. After expending about \$4 million on the system development, the state later agreed to stop the project and hire a contractor to develop a requirements analysis and a request for proposals for a state system.

In addition to these systems, OCSE's lack of action has also been demonstrated on another system currently under development. This system has outstanding problems that have not yet been resolved. In this case, OCSE is questioning whether the proposed system, initially approved in 1986, will be implemented statewide. However, the development is being allowed to continue based on the state's assurances that the system will meet federal requirements when it is completed. Allowing system development to continue based on assurances that issues will be resolved when development is complete rather than requiring that statewide needs be immediately addressed increases the risk of a system that will not meet requirements.

### Problems Identified by OCSE Office of Audit Often Not Considered

OCSE's office of audit is responsible for reviewing state child support programs and determining if they comply with federal program requirements. In conducting these program reviews, the office of audit has frequently identified problems with states' development or operation of the automated systems supporting their child support programs. Identified problems have ranged from systems that (1) did not comply with program requirements, (2) had inadequate case management subsystems, (3) could not accurately account for collections and accounts payable, or (4) could not produce sufficient data to allow for audit. To address identified

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problems, the office of audit directs its recommendations to state agency officials for corrective action and follows up on these when it conducts its next review of the state, which generally occurs every 1 to 3 years.

The value of the office of audit's reports has been reduced because the systems division does not always use these reports in its legislatively-mandated role of continually monitoring states' development efforts. In evaluating states' child support programs, OCSE's office of audit generally works independently of the systems division. OCSE does not have a policy requiring the systems division to use the results of office of audit reviews. Consequently, the systems division does not always act on the results of the office of audit's reviews by pursuing resolution of identified deficiencies with states. According to the office of audit's director, the office's reports are distributed within the agency in the belief that the results will be used. He added that while he was uncertain of the extent to which the office's reports were used, he knew that little discussion on the results of the reviews occurred between systems division and office of audit staff.

According to the OCSE office of audit director and regional audit managers, systems division analysts have begun requesting office of audit staff to accompany them on compliance and certification reviews of state systems. Such coordination can be beneficial in identifying key system problems.

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## Conclusions

Rather than require states to correct known problems, OCSE has adopted an approach of permitting problematic systems to continue to be funded and developed without necessary corrective action. Such an approach entails the risk of needing to fix serious problems later in the system development process, when it is much more costly and time-consuming to do so. This could further delay some states' progress in developing certified child support systems, thereby potentially postponing expected increases in child support collections. In addition, the systems division is not required to act on the results of office of audit reports. Given the magnitude of planned federal funding for states' development activity in the next few years, it is critical that OCSE address these issues.

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## Recommendations

We recommend that the Director of OCSE require states to implement needed corrective actions for federally funded systems when problems are first identified. In those instances where major problems endanger the system's success or prevent it from meeting federal program requirements, we recommend that the Director use existing authority to suspend further federal funding until the state can demonstrate that it has corrected the problems. We also recommend the Director establish and implement a policy requiring the systems division to pursue resolution of system deficiencies identified by the office of audit, as part of its oversight of states' development of automated systems.

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## Agency Comments and Our Evaluation

HHS' Administration for Children and Families stated that it disagreed with the overall thrust of our report. HHS said the report did not recognize OCSE's constructive approach, which emphasizes technical assistance to achieve corrective action, failed to acknowledge the substantial benefits directly attributable to child support systems, and presented an incomplete understanding of the extent of cooperation among OCSE offices responsible for system oversight. We reviewed HHS' comments and see no reason to change our conclusions and recommendations. HHS' comments are reprinted in appendix III.

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## Lack of Timely Action to Resolve System Deficiencies

According to HHS, our report did not sufficiently acknowledge OCSE's emphasis on providing assistance to constructively resolve problems without suspending federal funding. HHS added that it has not hesitated to suspend federal funding in those cases where it was warranted. Regarding the flawed state projects described in the report, HHS believed that OCSE acted appropriately in monitoring these projects. It also contended that the report did not acknowledge the substantial benefits that have accrued from each of these states' child support automation efforts.

We recognize in our report that OCSE has taken some positive steps in providing assistance to states in developing their automated systems. We point out that the systems division disseminated guidance to states on developing systems and is conducting compliance reviews that have identified systems deficiencies. However, we disagree with OCSE's approach to continue funding systems with serious problems that endanger the projects' success. As discussed in our report, such an approach involves the risk of needing to fix serious problems later in the development process, when it is much more costly and time-consuming to do so. Rather than merely accepting state assurances that serious system

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problems will be fixed, OCSE must act decisively to direct states to correct these problems when they are identified.

We acknowledge that since the inception of the child support automation program OCSE has periodically suspended state funding for automation projects. However, three of the six cited suspensions occurred more than 6 years ago. Further, of the three remaining suspension actions taken within the last 6 years (two in 1988 and one in 1991), two of the states involved had their funding restored based on their assurances that problems would be fixed. In one of these cases OCSE suspended the state's funding in 1988, but resumed funding in the next quarter based on the state's assurance that problems would be remedied. Four years later, this state's effort remains in the development phase. In another case, OCSE suspended funding in 1991 for a period of 8 months. However, after the state submitted documents indicating it planned to take corrective actions, federal funding for this 8-month period was provided at the rate of 66 percent. Further, starting in January 1992 OCSE again began providing 90-percent funding to the state.

We also disagree with HHS' assertion that OCSE acted appropriately in monitoring the four projects highlighted in the report. In the first example, HHS maintains that no development funding was approved after the systems division conducted a review and found that corrective actions were not taken. However, according to systems division documents, 90-percent funding for the project continued for over a year after this review and then was reduced to 66-percent funding. We confirmed this with systems division officials after receiving HHS' comments. Regarding the second example, OCSE was aware of the project's "insurmountable technological constraints" for at least 18 months before the state agreed to terminate the system. The third case again reflects OCSE's lack of action on flawed state projects—HHS' comments indicate that the state, not OCSE, took the initiative to terminate the system. In the fourth example, HHS maintains that OCSE would not have approved the project without a commitment from the state to implement a statewide, comprehensive system. However, 6 years after initial approval of this project, uncertainty remains about whether this system will be statewide. In May 1992 HHS sent a letter to the state again expressing concern that certain counties were reluctant to be included in the system.

HHS also commented that we failed to acknowledge the substantial benefits directly attributable to the flawed automated child support systems. However, OCSE could not provide any evidence to us that the benefits cited in its comments resulted from these flawed automated systems because it

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has not gathered any data to demonstrate this. Indeed, the benefits mentioned in HHS' comments reflect aggregate increases in child support collections in these states. While an automated system can be expected to provide some benefits, the increases cited by HHS could be due in part to legislative changes contained in the Family Support Act of 1988 that provided child support programs with new methods to collect payments. For example, the Act provides for immediate income withholding of wages of an absent parent.

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### **Coordination of OCSE Offices**

HHS stated that the draft report presented an incomplete understanding of the extent of cooperation and coordination among the OCSE offices responsible for systems oversight and monitoring. It added that a substantial amount of coordination exists between the systems and audit offices to identify, verify, and rectify system deficiencies. HHS added that we should acknowledge the systems division's efforts to identify and verify systems deficiencies addressed in office of audit reviews.

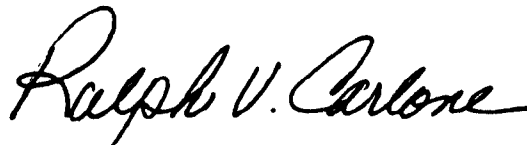
We acknowledge that regional and financial management staff have a role in reviewing states' automation efforts and recognize in the report that OCSE's systems division analysts have begun requesting office of audit staff to accompany them on the division's compliance reviews. Our concern is centered on OCSE not requiring the systems division to follow up and use office of audit reports. Many of the audit office's reports highlight systems-related problems that should be considered by the systems division in monitoring states' automation efforts. For example, in one state the office of audit identified problems with the automated system's distribution of child support payments. The audit office's subsequent review 3 years later identified the same uncorrected system deficiency. Required systems division follow up when the deficiency was initially identified could have possibly fixed this problem.

Regarding the systems division's efforts to verify deficiencies in audit reviews, HHS' comment that the systems division director and division analysts review all audit reports does not address needed follow up and resolution of the office of audit's reviews. While some informal discussions between the staffs of the systems division and audit office may have occurred, the director of the office of audit and several regional audit managers could not ever recall having a scheduled meeting with the systems office concerning the results of their audits.

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We conducted our review between January 1991 and June 1992, in accordance with generally accepted government auditing standards. As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the date of this letter. We will then send copies to the Secretary of Health and Human Services; the Director, Office of Management and Budget; and interested congressional committees. Copies will also be made available to others upon request.

This report was prepared under the direction of Frank Reilly, Director, Human Resources Information Systems, who can be reached at (202) 512-6408. Other major contributors are listed in appendix IV.



Ralph V. Carlone  
Assistant Comptroller General

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**Abbreviations**

AFDC	Aid to Families with Dependent Children
GAO	General Accounting Office
HHS	Department of Health and Human Services
HRD	Human Resources Division
IMTEC	Information Management and Technology Division
OCSE	Office of Child Support Enforcement

# Objective, Scope, and Methodology

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The Chairmen of the Senate Committee on Finance; Senate Committee on Finance, Subcommittee on Social Security and Family Policy; and Senate Committee on Finance, Subcommittee on Health for Families and the Uninsured requested that we review HHS' oversight of states' efforts to develop automated systems for child support enforcement programs. Our specific objective was to determine whether OCSE is taking effective oversight actions on states' development of automated child support systems.

To accomplish our objective, we reviewed federal laws and regulations on OCSE's oversight of states' development of automated systems. We assessed OCSE systems and audit guidelines, policies and procedures, and correspondence. We also interviewed officials in OCSE's systems division and office of audit to discuss their roles and responsibilities in overseeing the planning, development, and implementation of state child support enforcement systems. To obtain an understanding of the problems and issues that exist at the state level, we analyzed planning documents, compliance reports, certification reports, financial reports, reports on failed systems, and audit reports of state programs and automated systems.

To identify the impact of OCSE's monitoring approach, we visited seven states and identified OCSE's actions in overseeing these states' efforts to automate child support programs. We selected these states because they either (1) had experienced difficulties in developing automated child support systems, or (2) were in the initial stages of developing their systems. For these states, we reviewed various state and contractor systems-related documents and correspondence, and interviewed state agency officials on the development of their systems. In addition, we analyzed the chronology of events for each state's development effort to track OCSE's involvement and actions.

We performed our work at OCSE headquarters in Washington, D.C., and at HHS regional offices in Atlanta, Georgia; Chicago, Illinois; and Dallas, Texas. We visited the following states to review their automation efforts: Virginia, Ohio, Wisconsin, Georgia, Kentucky, New Mexico, and Texas.

We obtained comments from HHS' Administration for Children and Families on a draft of this report. These comments and our analysis are included in the report.

# Federal 90-Percent Funding for Development of States' Automated Child Support Systems

State	Expended Through Fiscal Year 1991	Estimated Expenditures For Fiscal Years 1992 To 1995	Total Expenditures Through Fiscal Year 1995
Alabama	\$13,600,000	\$13,000,000	\$26,600,000
Alaska	0	19,000,000	19,000,000
Arizona	9,700,000	13,000,000	22,700,000
Arkansas	2,800,000	6,000,000	8,800,000
California	6,700,000	112,000,000	118,700,000
Colorado	11,200,000	7,500,000	18,700,000
Connecticut	5,500,000	7,500,000	13,000,000
Delaware	1,400,000	3,000,000	4,400,000
District of Columbia	190,000	10,000,000	10,190,000
Florida	14,000,000	25,000,000	39,000,000
Georgia	4,500,000	20,200,000	24,700,000
Guam	0	5,500,000	5,500,000
Hawaii	1,100,000	16,000,000	17,100,000
Idaho	2,400,000	12,000,000	14,400,000
Illinois	3,030,000	19,500,000	22,530,000
Indiana	700,000	19,500,000	20,200,000
Iowa	6,900,000	6,000,000	12,900,000
Kansas	90,000	6,000,000	6,090,000
Kentucky	5,600,000	11,500,000	17,100,000
Louisiana	390,000	15,000,000	15,390,000
Maine	3,580,000	7,000,000	10,580,000
Maryland	4,000,000	16,000,000	20,000,000
Massachusetts	2,000,000	26,000,000	28,000,000
Michigan	20,600,000	28,000,000	48,600,000
Minnesota	11,900,000	15,000,000	26,900,000
Mississippi	730,000	21,000,000	21,730,000
Missouri	610,000	16,000,000	16,610,000
Montana	290,000	8,500,000	8,790,000
Nebraska	4,800,000	10,800,000	15,600,000
Nevada	200,000	9,000,000	9,200,000
New Hampshire	3,730,000	8,000,000	11,730,000
New Jersey	24,000,000	21,800,000	45,800,000
New Mexico	3,500,000	10,000,000	13,500,000
New York	33,700,000	25,600,000	59,300,000
North Carolina	370,000	18,000,000	18,370,000
North Dakota	375,000	3,300,000	3,675,000
Ohio	1,900,000	24,500,000	26,400,000
Oklahoma	5,600,000	11,500,000	17,100,000

(continued)

**Appendix II  
Federal 90-Percent Funding for Development  
of States' Automated Child Support Systems**

<b>State</b>	<b>Expended Through Fiscal Year 1991</b>	<b>Estimated Expenditures For Fiscal Years 1992 To 1995</b>	<b>Total Expenditures Through Fiscal Year 1995</b>
Oregon	97,000	17,500,000	17,597,000
Pennsylvania	800,000	38,000,000	38,800,000
Puerto Rico	1,000,000	9,300,000	10,300,000
Rhode Island	6,040,000	4,500,000	10,540,000
South Carolina	3,350,000	16,000,000	19,350,000
South Dakota	1,000,000	2,100,000	3,100,000
Tennessee	230,000	23,600,000	23,830,000
Texas	2,500,000	26,500,000	29,000,000
Utah	2,200,000	11,700,000	13,900,000
Vermont	921,000	2,100,000	3,021,000
Virginia	11,000,000	22,500,000	33,500,000
Virgin Islands	0	6,100,000	6,100,000
Washington	0	16,500,000	16,500,000
West Virginia	218,000	12,700,000	12,918,000
Wisconsin	16,500,000	20,000,000	36,500,000
Wyoming	124,000	6,800,000	6,924,000
<b>Totals</b>	<b>\$257,665,000</b>	<b>\$863,100,000</b>	<b>\$1,120,765,000</b>

# Comments From the Department of Health and Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES  
Office of the Assistant Secretary, Suite 800  
370 L'Enfant Promenade, S.W.  
Washington, D.C. 20447

June 26, 1992

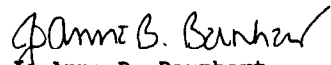
Mr. Ralph V. Carlone  
Assistant Comptroller General  
United States General  
Accounting Office  
Washington, D.C. 20548

Dear Mr. Carlone:

Enclosed are the Administration for Children and Families' comments on your draft report, "Child Support Enforcement: Action Needed on Flawed Information System Developments." The comments are subject to re-evaluation when the final version of this report is received.

We appreciate the opportunity to comment on this draft report before its publication.

Sincerely,

  
Anne B. Barnhart  
Assistant Secretary  
for Children and Families

Enclosure

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

COMMENTS ON THE U.S. GENERAL ACCOUNTING OFFICE'S REPORT "Child Support Enforcement: Action Needed on Flawed Information System Developments (GAO/IMTEC/-92-46)."

General Comments

At the request of Senators Lloyd Bentsen, Daniel P. Moynihan, and Donald W. Riegle, Jr., the GAO examined the Department of Health and Human Services' oversight of States' efforts to develop automated systems for Child Support Enforcement programs. Our response to the GAO report takes exception to a number of areas, namely:

- 1) the title of the report ("flawed systems"), is misleading and does a disservice to those States whose development efforts are and have been well managed;
- 2) the report's limited view of the Federal government's oversight role, and in particular, the lack of acknowledgement of the statutory provisions of this oversight role which emphasize technical assistance;
- 3) the failure of the GAO to recognize and acknowledge the actual benefits achieved by those States' systems referred to in the report as "flawed"; and
- 4) the implication that the Office of Child Support Enforcement's (OCSE's) Systems Office and Program Office fail to work together and share information.

We take exception with the GAO report's title. We believe the title, which makes reference to "flawed" systems, inaccurately categorizes States' system development projects. The term "flawed" creates the false impression that a significant number of system development projects fall into this category. In fact, just the opposite is true.

We strongly disagree with the overall thrust of the report. Specifically, that OCSE is not effectively monitoring States' efforts to develop automated systems or taking timely action to require that States resolve system deficiencies. In assessing OCSE's monitoring efforts, the report reflects misconceptions regarding OCSE's roles and responsibilities in monitoring and oversight of States' development efforts. The report's analyses fail to recognize the proven decision processes and criteria used by OCSE for Federal monitoring of system projects. Contrary to the report's focus which we feel suggests a narrowly defined, reactive mode of operation, OCSE's position has been to pursue a more constructive approach with States--one of technical assistance to achieve corrective action and stability. This constructive approach is wholly consistent with the intent of the legislative authority, namely:

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- o to provide such technical assistance to States as determined necessary to assist States to plan, design, develop, and install automated Child Support systems (Section 452(e) of the Social Security Act); and
- o to allow for the suspension of Federal funding of a State's system development project when there is a failure to substantially comply (emphasis added) with the criteria and requirements prescribed in their approved Advance Planning Document (Section 452(d)(2)(B) of the Social Security Act).
- o to allow States to amend their approved plans to reflect changes in project scope, budget and schedule annually and as-needed (Section 452(d)(1) of the Social Security Act).

The report takes a narrow view of the legislative authority for OCSE's oversight and monitoring role of States' system development projects. For example, the report paraphrases the above citation from the law to imply that suspension should be used in cases where a project is not in compliance with its approved plan. Such an interpretation is not supported by the legislation's important inclusion of the term "substantially" in relation to States' compliance with their approved plans. Nor does this aspect of the legislative authority appear in the GAO report.

A key component of OCSE's oversight and monitoring role is to guide States to successful system implementations over the long term by providing technical assistance to States in the planning, design, development and installation of their systems. When problems arise with States' development efforts, OCSE seeks to provide coordinated technical and programmatic assistance to constructively resolve problems without suspension of Federal funding. We believe this management approach for systems oversight and monitoring results in substantial State benefits, some of which are briefly described later in this response.

In those cases where technical assistance and corrective action have not resolved system deficiencies, OCSE has not hesitated to use its authority to take swift and decisive action to suspend the Federal funding of a State's system development effort. In addition to withholding project funding pending submission of an approvable plan, OCSE has judiciously used its formal authority to suspend States' development projects six times over the years. The report, however, fails to address the numerous instances where OCSE has judiciously taken such decisive action. OCSE's approach has enhanced the level of communication and cooperation between the Department and States in identifying system deficiencies, defining solutions, and implementing corrective actions.

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Further, the GAO report does not reflect other important factors. For example, though the report presents a limited assessment of States' system development costs, no consideration is included in the report of the quantifiable benefits accruing as a result of Child Support automation efforts. In discussing a very few "flawed" system development projects, the report fails to acknowledge the substantial benefits received by these States' Title IV-D programs which are directly attributable to the use of these Child Support systems. OCSE's decisions regarding the projects discussed in the report would have been better illustrated were the benefits derived from those systems also discussed.

Finally, the report also presents an incomplete understanding of the extent of cooperation and coordination among the OCSE offices responsible for systems oversight and monitoring, including the role of the OCSE regional offices. We believe the report would be improved if the frontline role that OCSE's regional offices play in the oversight of these system development efforts was more fully described. Likewise, in the report more emphasis should be placed on the cooperative policies and procedures currently in place in OCSE regarding participation in reviews of States' automation projects.

In summary, while we concur with the GAO regarding the importance of Federal monitoring and oversight, we question the applicability of the report's findings and recommendations. We believe the expectations expressed in the report do not recognize the strong oversight and coordination processes that currently exist, nor OCSE's overall role in assisting States to automate their Child Support programs.

Following is a more detailed response to the specific GAO recommendations and findings.

GAO Recommendation

That the Director of OCSE require States to implement needed corrective actions for Federally funded systems when problems are first identified. In those instances where major problems endanger the system's success or prevent it from meeting Federal program requirements, the GAO recommends that the Director of OCSE use existing authority to suspend further Federal funding until the State can demonstrate that it will correct the problems.



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Department Comment

We question how the GAO could have analyzed the cost of the system development projects cited in the report without having considered the actual derived benefits achieved as a result of those automation efforts. In each of the three States referenced in the report, positive quantifiable benefits to the respective programs were achieved that exceeded the costs incurred by the respective development projects. Though we agree with the report's finding that each of the referenced State system projects did suffer organizational, programmatic or technical deficiencies, each State demonstrated its continuing commitment to use the system and to complete the development of a comprehensive, statewide Child Support system. It is this commitment from a State, and the State's substantial compliance with its approved plan for system development that enables OCSE to continue to work with a State to correct any deficiencies rather than take punitive actions such as project suspension.

The GAO report implies that comments by the systems office director and other officials, regarding the States' primary role in developing their own systems, are somehow contrary to OCSE's role in oversight and monitoring of States' 90-percent funded systems. This is another example of the misinterpretation in the report of the States' and OCSE's primary roles and responsibilities. We argue that OCSE's responsibility is to review and approve States' plans for development, conduct monitoring and oversight of States' projects, and provide technical assistance when needed. Our role reflects the legislative intent of the Title IV-D program as a Federal/State partnership.

We believe the efforts undertaken by the OCSE in monitoring States' development efforts in recent years have been exhaustive. Of the four projects cited in the report, we find no evidence that the report is correct in its suggestion that OCSE should have taken suspension actions earlier in those projects' lifecycles. Each State's project has an annual decision point wherein the OCSE can approve continued funding or halt funding. The deferral or disapproval of funding effectively suspends a States' project pending corrective actions to its approved plan.

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The following comments address the examples of "flawed" system projects described in the GAO report.

- o In the report's first example of a system project, the report does not mention the fact that no additional funding for development was approved after the systems division conducted a follow-up review and found that corrective actions had not been taken regarding several outstanding technical and programmatic issues. This lack of context is further misleading when in the same example, the report states that the State and OCSE later agreed to stop the project. The "later" period of time was a full two years later during which no revised plan that the State submitted was approved. This denial of Federal approval of the State's project development plan constituted an effective use of the OCSE's authority to suspend a project -- a use of authority that the report suggests OCSE does not employ.
- o In the report's second example of a system development project, the report cites that OCSE determined that the planned system was not designed to handle all cases as required, but continued funding the project for three years. The report does not describe the frequent technical assistance provided by OCSE to the State. Nor does the report address OCSE's decision to terminate the project based on insurmountable technological constraints related to that system's operating system platform.
- o The report's third example of a system development effort reflects a limited assessment of that project. Though reference is made to the project's beginning in 1982 and the expenditure of about \$4 million on development, like the two previous examples, no mention is made concerning OCSE's decision not to suspend the project. With each successive review by OCSE of that State's project, necessary enhancements were identified for incorporation to the system; enhancements which were pursued by the State. During the lifecycle of that project, significant Federal legislation of the Title IV-D program was twice enacted requiring substantial revisions to the State's system development plan. Based on the last review of the State's project by OCSE, the State with OCSE's concurrence, determined that the system's eight year old architecture would not support the scope of enhancements necessary to meet the requirements of the program and remain a stable platform over an additional three year development and five-to-seven year operational life expectancy.
- o The fourth and final system development project used as an example in the report, implies that OCSE has failed to take a suspension action against a State's development project due to a potential issue of statewideness. GAO's report

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does not recognize that OCSE's responsibility is to insist upon and receive the commitment of States to develop and implement a Child Support system that encompasses all political subdivisions. The State in question has repeatedly given that commitment in its Federally approved Advance Planning Documents. Without a commitment from that State to implement a statewide, comprehensive system, OCSE would not have approved the project. Therefore, we strongly disagree with the report's assertion that a suspension action should have been taken against this State.

Another issue not addressed by the report in its examples of system projects is the report's failure to weigh the substantial, quantifiable benefits garnered by each of those States; benefits directly attributable to each of those States' respective systems. Each State has shown annual increases in total collections, increases which have exceeded those attributable to normal caseload growth or increases in staffing. In the report's second and third examples of system development projects, the State that spent \$11 million has seen a ratio of benefits to cost in excess of 4 to 1. The third State cited as an example in the report has seen an increase in program benefits derived by the system that have been conservatively estimated at 10 to 1 over the life of that system. In the first project example cited by the report, that State's system has achieved a 1.5 to 1 ratio of benefits to cost.

However, an important secondary impact of those States' development efforts has been the importance of having a base of automation to build upon for their new development efforts. A far greater percentage of cases are now automated versus manually processed; a factor that is expected to decrease the time, effort and cost involved in data collection and conversion to their new systems.

While citing the perceived problems, the GAO only casually notes the number of highly successful system implementations which have occurred in this period. We believe that OCSE has done an outstanding job in its oversight and monitoring role of States' system development projects over the five years since the last GAO report.

**GAO Recommendation**

The GAO recommends that the OCSE Director establish and implement a policy requiring the Systems Office to pursue resolution of system deficiencies identified by the Program Office's audit division, as part of its oversight of States' development of automated systems.

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We do not understand the GAO report's recommendation that the Director of OCSE establish a policy requiring the systems office to pursue resolution of system deficiencies identified by the program office since that is now being accomplished. We believe there is a substantial level of coordination and cooperation between the systems and program offices to identify, verify, and rectify actual system deficiencies found during program audits of States' Title IV-D programs. We believe that the GAO report fails to recognize these management processes.

Over the last three years, OCSE's systems office has conducted fifteen reviews where operational aspects of the systems were evaluated for certification. Of that number, the program office has actively participated in all but three reviews. Further, during the same time frame, the program office's audit division has participated in a total of twenty State systems reviews conducted by the systems office. OCSE's systems office has also incorporated the participation of OCSE's program office's policy division in ten certification and compliance reviews over the last twenty-seven months. Yet this comprehensive level of coordination between OCSE's systems and program offices over the last three years does not appear in the report.

Moreover, the GAO report does not consider the process by which the program office's audit division's review findings are identified, or the process through which audit review findings are verified as actual system deficiencies and then addressed. Program results audits focus on prior periods of time for purposes of determining compliance with Federal requirements which, if not followed, could result in substantial financial sanctions. In many cases, the State systems included in the audit report are not a part of the same systems development effort being monitored by OCSE's systems office. In most instances, if potential problems are found on audits in progress, OCSE's systems office has already been notified early in the audit review process, and the State subsequently notified of the need for corrective action. Numerous examples are available of systems office reviews having coordinated the identification and verification of potential systems-related audit findings into a systems review report. More importantly, OCSE's systems office requires States to update their approved Advance Planning Documents (APDs) to address any verified system deficiencies, and provides technical assistance to those States as needed.

We believe the report should place into context the comment on page 15 of the report, by the program office's director, audit division, that, "... little discussion on the results of the reviews occurred between the systems office and the program office's audit division staff..." The lack of context in this statement is due to the lack of recognition in the report of the

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methodology employed by OCSE's systems office to independently verify potential system-related audit review findings and to pursue corrective actions with the States. The report should acknowledge the systems office's efforts to identify and verify potential systems-related deficiencies addressed in program office audit reviews, as well as the management processes in place to ensure that relevant program office audit findings are addressed in States' system planning and development efforts. The systems office director reviews all program office audit reports, as do the respective division analysts.

Further, there is a substantial degree of participation by OCSE's regional offices in State systems oversight. Participation on State system reviews routinely includes financial management, program and systems staff from the respective regional office. The regional offices' also have the responsibility to: review States' system development APD's and provide written comments to be used in response to the States; conduct ongoing monitoring of States' development projects; provide technical assistance to States; and advise OCSE's central office of potential issues with these projects. These same staff in the regional offices have the responsibility to work with States on resolving audit findings. It was unfortunate to not find reference to the significant efforts, involvement and contributions of these various components within OCSE to the oversight, monitoring, and review of States' systems development projects.

We believe that the report should present a more accurate picture of the coordination found in OCSE's oversight, monitoring and review of States' system development projects. Recognition in the GAO report of the systems office's incorporation of available resources in the areas of program, audit, policy, and financial management in its reviews, and the office's use of the findings of the collective "review team" would clarify some of the misconceptions in the report.

In consideration of the report's recommendation, OCSE will continue to strengthen what we believe to be an effective collaboration of the systems, program and regional offices, in the review and monitoring of States' system development projects.

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