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General Accounting Office
Washington, D.C. 20548

Accounting and Information
Management Division

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December 31, 1998

The Honorable William V. Roth, Jr.
Chairman
The Honorable Daniel Patrick Moynihan
Ranking Minority Member
Committee on Finance
United States Senate

The Honorable Bill Archer
Chairman
The Honorable Charles B. Rangel
Ranking Minority Member
Committee on Ways and Means
House of Representatives

Subject: Child Support Enforcement: Issues in Establishing an Instant Check System for Child Support Orders

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 took steps to address concerns about low payment rates in child support cases. The law called on (1) states to collect the names of all newly hired employees and to communicate these data, as well as their child support data, to the Department of Health and Human Services (HHS) and (2) HHS to establish a nationwide matching system that would identify parents obligated to pay child support at the time they take a new job.

Accordingly, HHS' Office of Child Support Enforcement (OCSE) expanded its Federal Parent Locator Service (FPLS) system, adding (1) the Federal Case Registry of Child Support Orders, which contains state case registry information, and (2) the National Directory of New Hires, which consolidates all state new hire data. These databases are used to identify and periodically report to the states information on individuals liable for child support to facilitate collection and other actions.

In July 1998, the Congress asked us to review the feasibility of another child support enforcement system. Specifically, section 405(a) of the Child Support Performance and Incentive Act of 1998 (Public Law 105-200) requires us to

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study and report by December 31, 1998, on the feasibility and cost of creating and maintaining an instant check system for child support orders under which an employer would be able to determine whether a newly hired employee is required to provide support under a child support order.

To meet this legislative requirement, we evaluated federal laws and regulations on the use of data from the Federal Case Registry of Child Support Orders and the National Directory of New Hires and on information technology. We also interviewed OCSE officials to discuss the child support program and the implications of an instant check system for child support orders. In addition, we discussed with the Immigration and Naturalization Service (INS) and the Social Security Administration (SSA), and obtained documentation on the operation of INS' basic pilot "instant check" system for determining whether a new employee is legally eligible for employment. We did not verify the cost estimates provided by INS regarding the development and implementation of this pilot system. We also interviewed two employers who are members of OCSE's FPLS Working Group. In addition, we contacted the American Payroll Association, which provided the views on an instant check system for child support orders from six employers in its association.

Although no specific system design was proposed in the law, an instant check system for child support orders might work as follows: (1) shortly after hiring an applicant, an employer would access OCSE's Federal Case Registry of Child Support Orders by telephone or computer and provide information that would allow the system to authenticate the employer as an authorized user, (2) the employer would submit a query using information that identifies the employee (such as name and social security number), and (3) the data provided by the employer would be matched against the Federal Case Registry of Child Support Orders and the employer would be informed of the results of the match, i.e., the employee does not have a child support obligation, the employee does have a child support obligation, or additional information is needed. Depending upon the answer provided to the employer, the process could end, the employer might have to contact the state in which child support is owed, or the employer might have to provide additional or corrected data and submit another query. Additionally, in cases in which the employee disagrees with the results of a query, an appeals process might be initiated.

ISSUES AFFECTING THE FEASIBILITY OF AN INSTANT CHECK SYSTEM FOR CHILD SUPPORT ORDERS

Several issues would need to be considered before determining the feasibility of an instant check system for child support orders. A feasibility study normally includes (1) a determination of the viability of applying automated systems to improve program operations, (2) an analysis of the proposed system's objectives, functional requirements, and design concepts, and (3) an evaluation of alternative approaches for reasonably achieving the objectives.

However, before the feasibility of an instant check system for child support orders could be determined, we identified several overarching issues that would need to be addressed. These include the following.

- **Legislation.** Two legislative barriers would have to be addressed. First, unless employers are required by law to use the instant check system for child support orders, it may be difficult to obtain their cooperation or develop enforcement mechanisms. Second, 42 U.S.C. section 653, which limits access to child support case information, would have to be amended to grant employers access to such information.
- **Privacy and Safeguards.** Office of Management and Budget (OMB) Circular A-130 requires agencies to (1) consider the effects of their actions on the privacy rights of individuals and ensure that appropriate legal and technical safeguards are implemented and (2) establish a level of security commensurate with the risk and magnitude of the harm resulting from the loss, misuse, or unauthorized access to or modification of the information. Accordingly, OCSE would need to implement a system that includes physical and technical controls to prevent and/or detect unauthorized use. This could be problematic considering that, according to the Bureau of the Census, in 1996 the nation had over 6.7 million employers. Abuses that OCSE would have to guard against include access by unauthorized users and inappropriate use of the system by employers (such as submitting queries for nonemployment-related reasons).
- **Employer Concerns.** An official of the American Payroll Association who queried six employers in that group told us that they did not support the concept of an instant check system for child support orders because it would place an additional burden on the employer. Other concerns that were raised by the American Payroll Association official or by these employers were that (1) small employers may not have access to a computer modem, (2) employers, rather than the government, would be enforcing child support orders, and (3) some employers could abuse the system by using it to prescreen applicants or to check on nonapplicants. We also interviewed two employers that serve on OCSE's FPLS Working Group. These employers were likewise concerned that an instant check system for child support orders would be a burden on employers. In particular, one employer was concerned that such a system (1) would require the employer to take additional action if an employee was liable for child support and (2) might require that an employer develop or modify systems to support this process. Further, multistate employers currently have the option of reporting all of their new hires through a single state; this same employer was concerned that this option might be lost under an instant check system for child support orders.
- **Training and Support.** In order for an instant check system for child support orders to be effectively used, training and support would have to be

provided to the millions of employers who would be required to use it. For example, OCSE would need to develop support processes to resolve inquiries from employers and employees if a problem arises or in the case of an appeal. INS, in conjunction with SSA, established a basic pilot "instant check" program in which some employers query an SSA system by telephone and, in some cases, an INS system electronically, to determine whether a new employee is legally eligible for employment. According to INS, about a third of all queries to INS required support by its staff.

Once issues such as the above are addressed, other factors would need to be considered in deciding how to develop and implement a system. The Clinger-Cohen Act requires agency heads to design and implement a process for maximizing the value and assessing and minimizing the risks of information technology acquisitions. Guidance prepared by OMB and by us¹ on how to implement such a process call on agencies to assess projects' benefits, costs, and risks. Items to consider before undertaking an information technology project include the project's return-on-investment, its link to the business' objectives or strategic plans, and evidence of compliance with the organization's overall system architecture.

Regarding the assessment of costs, insufficient information is available on how an instant check system for child support orders would be designed in order to perform a cost analysis. Essential elements in such an analysis would include costs for computer hardware, software development, maintenance, training, and support. According to INS, its basic pilot "instant check" system, with about 1,400 reporting locations,² cost \$308,000 to develop and about \$240,000 annually to operate. These figures do not include all costs, such as those associated with INS staff who handle errors and appeals. The cost of an instant check system for child support orders would almost certainly be considerably greater since the number of employers reporting would likely be substantially higher.

AGENCY COMMENTS

We requested comments on a draft of this letter from HHS. HHS' Assistant Secretary for Children and Families provided us with written comments in which she stated that an instant check for child support orders would provide a major technological challenge because of the heavy volume of transactions and transmissions that would occur. In addition, HHS believes that an instant check

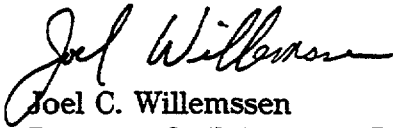
¹Evaluating Information Technology Investments: A Practical Guide (OMB, November 1, 1995) and Assessing Risks and Returns: A Guide for Evaluating Federal Agencies' IT Investment Decision-making (GAO/AIMD-10.1.13, February 1997).

²According to an INS official, 628 employers are enrolled in the pilot program. Some employers report to INS from more than one location.

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system for child support orders would raise serious data security and privacy issues and would create a significant training and workload burden to employers, which would hinder compliance. Finally, HHS stated that change from the current National Directory to an instant check system for child support orders could undermine the critical state/employer partnerships that have proven successful in the collection of child support. HHS' written comments are reprinted in the enclosure to this letter.

If you have any questions concerning this letter, please contact me at (202) 512-6253 or by e-mail at *willemssenj.aimd@gao.gov* or Linda Lambert, Assistant Director, at (202) 512-9556 or by e-mail at *lambertl.aimd@gao.gov*.



Joel C. Willemssen
Director, Civil Agencies Information Systems

Enclosure

COMMENTS FROM THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

DEPARTMENT OF HEALTH & HUMAN SERVICES

December 21, 1998

ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of the Assistant Secretary, Suite 600
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

Mr. Joel C. Willemsen
Director, Civil Agencies Information Systems
Accounting and Information
Management Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Willemsen:

Thank you for providing us with a draft copy of the report entitled Child Support Enforcement: Issues in Establishing an Instant Check System for Child Support Orders (GAO/AIMD-98-43R).

As you mention in the beginning of your report, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 authorized the establishment of the National Directory of New Hires (NHDH). The Office of Child Support Enforcement successfully implemented the NDNH on October 1, 1997, with all States reporting new hire data. It was anticipated that when all States were fully operational, we would receive approximately 60 million new hire reports annually. In the first year of operation, the NDNH received over 43 million new hire records from employers, although many State Directories of New Hires were not required to be fully compliant until October 1, 1998. These numbers clearly indicate strong employer compliance and support for the program. In addition to its use for child support purposes, information in the NDNH has been successfully used by the Social Security Administration, an authorized user of the data, to detect overpayments in the Supplemental Security Income program.

Your report addresses the feasibility and cost of creating and maintaining a nationwide instant child support order check system, allowing employers to access the Federal Case Registry (FCR) to determine if a newly hired employee is required to pay child support. With 6.6 million employers in the United States hiring an estimated 60 million new employees per year, this would result in approximately 400,000 daily transactions and transmissions with the FCR. This volume of transmissions and transactions would present a major technological challenge. Furthermore, this approach fails to take into consideration how employers would communicate the fact of employment to the child support enforcement agency so that the agency could initiate the appropriate enforcement action.

We agree that this type of arrangement raises serious data security and privacy issues. Your report indicates that OCSE would have to guard against inappropriate uses of the system by 6.6 million employers, such as submitting queries for non-employment related reasons. Due to the sheer number of users, appropriate use would be virtually impossible to ensure. We also agree

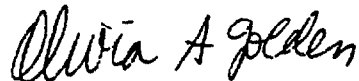
ENCLOSURE

ENCLOSURE

that this new system would create a significant training and workload burden to employers, which would hinder compliance. We believe that a change from the NDNH to an instant check system could undermine the critical State/employer partnerships that have proven to be so successful in collection of support to date.

We hope these comments are helpful and appreciate the opportunity to respond.

Sincerely,



Olivia A. Golden
Assistant Secretary
for Children and Families

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