

**REPORT OF THE  
JOINT LEGISLATIVE AUDIT  
AND REVIEW COMMISSION**

**INTERIM REPORT:  
CHILD SUPPORT ENFORCEMENT**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**SENATE DOCUMENT NO. 42**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
2000**

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## Preface

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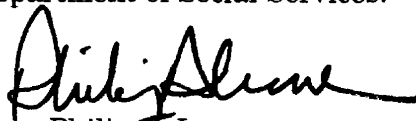
Senate Joint Resolution 553 of the 1999 General Assembly Session directed the Joint Legislative Audit and Review Commission (JLARC) to evaluate the caseload, management, employment levels, and workload of the Division of Child Support Enforcement (DCSE), including the district offices. DCSE is the largest division in the Department of Social Services in terms of staff and budget, and is responsible for collecting and enforcing child support in the State. DCSE serves over one-fourth of Virginia's children and its caseload comprises over 400,000 cases. DCSE is funded primarily with federal funds, and in the past generated a revenue surplus for the State.

This review is being conducted in two phases. The first phase includes a review of the child support enforcement caseload and funding of the child support enforcement program. The second phase review, which will be completed in 2000, will examine the child support enforcement program in more detail, and will address issues such as local implementation of the program, automation, and adequacy of staffing levels.

This first phase of the study found that DCSE's caseload size per caseworker, while substantial, may be somewhat overstated, because some cases can be closed or excluded from the caseload figure due to minimal work activity. DCSE should make analyzing and cleaning the statewide caseload a priority in order to accurately reflect the general workload of the division staff, as well as to arrive at an accurate figure for calculating the amount of incentive funding the State could receive.

This study also found that the dramatic decline in the welfare caseload and several federal changes are causing DCSE, for the first time, to experience a budget deficit and increased budget instability. The report identifies several options that the State has for addressing the projected budget deficit. In the short term, the General Assembly may wish to replace the lost federal funding with a general fund appropriation.

On behalf of the JLARC staff, I wish to express our appreciation for the assistance and cooperation provided during the first phase of this review by the Division of Child Support Enforcement and the Department of Social Services.



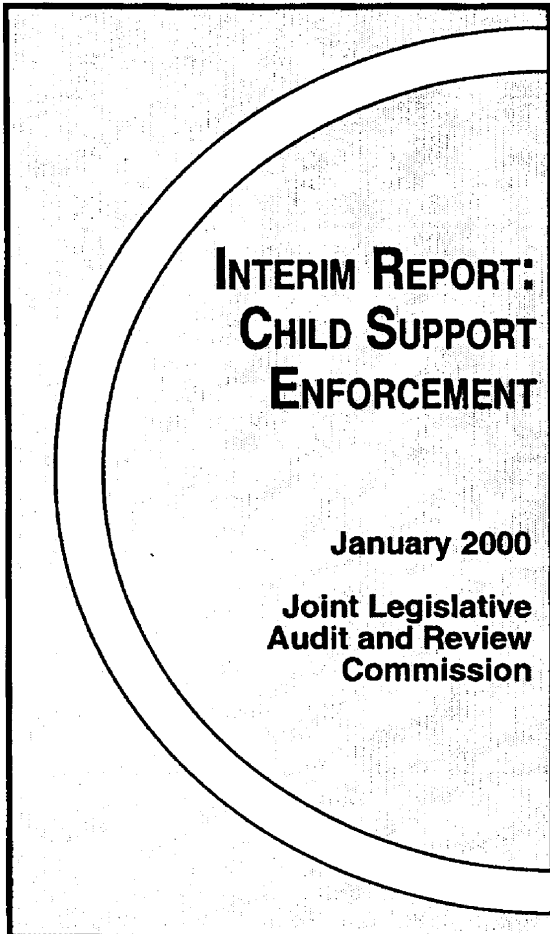
Philip A. Leone

Director

January 18, 2000



# JLARC Report Summary



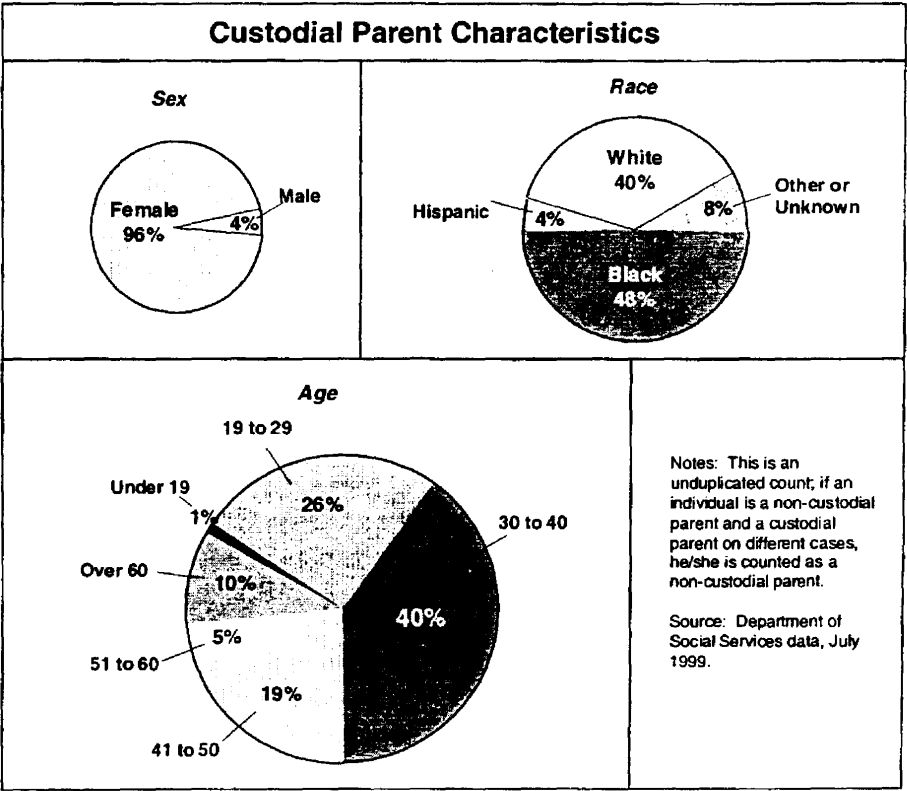
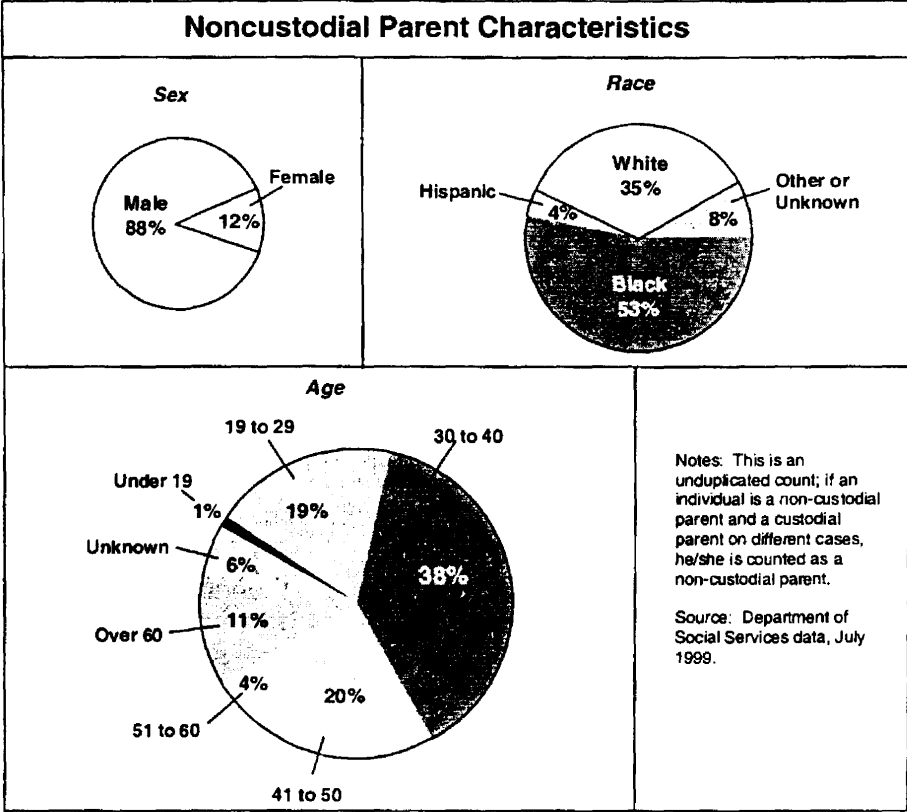
**T**he Division of Child Support Enforcement (DCSE) in the Department of Social Services (DSS) is the agency responsible for collecting and enforcing child support in the State of Virginia. Child support is a financial payment from a noncustodial parent to a custodial parent for the care of a child or children (a custodial parent is the parent who has custody of the child and who receives the child support on behalf of the child; a noncustodial parent is the parent who pays the child support). Enforcing child support involves several activities:

- **Intake** – the initial opening of the case.

- **Locate** – the process of finding the noncustodial parent.
- **Establish Paternity** – the process of legally identifying the father of the child.
- **Establish a Support Order** – the process of establishing a support order, which legally obligates the noncustodial parent to pay child support.
- **Collect Support or Enforce the Order** – the process of receiving and distributing child support to the family, or attempting to enforce the support order if the noncustodial parent fails to pay support.

DCSE is the largest division in DSS in terms of staff and budget. Most of its services are carried out through a network of 22 district offices, four of which are privatized. As of July 1999, DCSE had 422,371 cases in its caseload, the majority of them (75 percent) involving custodial parents not receiving public assistance. The division serves approximately 553,200 children, 293,650 custodial parents, and 376,700 noncustodial parents. Almost half of these noncustodial parents are delinquent in paying child support. The dollar value of the past-due balance for these delinquent cases is almost \$1.6 billion. The characteristics of the custodial and noncustodial parents are displayed in the graphics on the next page.

Because DCSE serves such a large proportion of Virginia's children, and because of other concerns about the size and funding of the program, House Joint Resolution 553 from the 1999 General Assembly directed JLARC to evaluate the activities of DCSE, including the district offices. The



mandate directs JLARC to examine, among other things deemed relevant, the caseload, management, employment levels, and workload of the State and district DCSE offices and make recommendations as to how the program can be improved to better meet the needs of Virginia's children. To address these broad issues, the study is being conducted in two phases. This interim report is the result of Phase I, which addresses the child support enforcement caseload and funding of the child support enforcement program. The conclusions of this first phase of the study are:

- DCSE's caseload size and caseload per caseworker appear to be at least somewhat overstated.
- Between 9 and 26 percent of DCSE's reported caseload is estimated to be "unworkable" or "inactive" (these include cases that can be closed, cases that are determined to be "unworkable" because they have been in one status for over three years or there is very little information available, and cases that are "inactive" because DCSE has not performed any significant action on the case for over a year).
- When these cases are excluded for workload purposes, the adjusted caseload per caseworker declines to between 648 and 803 cases, instead of the unadjusted caseload of 878.
- DCSE should make analyzing and cleaning the statewide caseload a priority. This process will enable State policy makers to be aware of the true need for staff and resources to adequately administer the child support enforcement program. As detailed in Chapter II, to the extent that some cases may be closed, DCSE may

receive more federal funding when calculations are based on a lower caseload size.

- The dramatic decline in the welfare caseload and several federal changes are causing DCSE, for the first time, to experience a budget deficit and increased budget instability. The projected deficit is \$3.2 million for FY 2000 and \$6.7 million for FY 2001.
- The State has several options for addressing DCSE's projected budget deficit. In the short term, the General Assembly may wish to replace lost federal funding with general funds.

#### **Up to One Fourth of DCSE's Caseload May Be "Inactive" or "Unworkable"**

DCSE has reported an average caseload of almost 900 cases per caseworker. JLARC staff analyzed all 422,371 cases in DCSE's caseload in order to develop a more accurate figure reflecting actual workload per caseworker. The JLARC staff analysis classified a case as "inactive" or "unworkable" if it met one or more of the following criteria:

- The case meets one of DCSE's 12 reasons that a case can be closed.
- The noncustodial parent is on TANF or Supplemental Social Security Income. (DCSE also considers these cases unworkable.)
- The case has been in a single processing status for three or more years, excluding the enforcement status.
- The case has not had a significant action (as defined by DCSE) performed in one or more years.

- The case has been assigned a low priority by DCSE's automated case management system and is also in the locate status.

Based on the JLARC staff analysis, DCSE's caseload per caseworker appears to be at least somewhat overstated because a portion of the cases are "inactive" or "unworkable." The table below illustrates that out of the current statewide DCSE caseload of 422,371 cases, up to 26 percent of the caseload (110,813 cases) might be classified as "inactive" or "unworkable," and might therefore be excluded from the caseload for workload purposes. The dollar value of the past-due balance for these cases is \$119 million.

Based on the adjusted caseload size, JLARC staff calculated an adjusted caseload per caseworker, as shown in the table on the next page. Without any adjustments for inactive and unworkable cases, the current caseload size is 878 cases for each of the 481 caseworkers. Utilizing the adjusted caseload size, however, the caseload per caseworker is reduced by 75 to 230 cases. A nine percent reduction in caseload translates to an adjusted caseload per caseworker of 803, while a 26 percent reduction in caseload translates to an adjusted caseload per caseworker of 648.

**Recommendation.** The Department of Social Services should initiate a statewide caseload clean-up effort to remove old cases from DCSE's active caseload,

<b>Steps to Determine an Adjusted Statewide Caseload Size</b>		
	<b>Number of Cases</b>	<b>Dollar Value of Cases</b>
<b>Number of Current Cases</b>	<b>422,371</b>	<b>\$1,583,584,965</b>
<u>DCSE Criteria</u> Estimated number of cases that could be closed based on DCSE's case closure criteria	(46,058)	(\$17,637,737)
Estimated number of additional cases that are unworkable according to DCSE's criteria	(3,678)	(\$24,314,723)
<u>JLARC Staff Criteria</u> Estimated additional cases that are unworkable due to length of time in processing status (three or more years)	(22,356)	(\$1,640,406)
Estimated additional cases that are inactive due to lack of significant action by DCSE in the past year	(28,192)	(\$74,727,865)
Estimated additional cases that are unworkable because they are in locate status and have a priority of 3 in APECS	(10,529)	(\$933,415)
<b>Subtotal (Estimated Maximum for Inactive or Unworkable Cases)</b>	<b>110,813</b>	<b>\$119,254,146</b>
<b>Adjusted DCSE Caseload Size and Outstanding Balance Value</b>	<b>311,558</b>	<b>\$1,464,330,819</b>



DCSE's Adjusted Caseload per Caseworker					
DCSE Caseload Size		Adjusted Caseload Size			
		9 Percent		26 Percent	
# of <u>Caseworkers</u>	# of Cases	# of <u>Caseworkers</u>	# of Cases	# of <u>Caseworkers</u>	# of Cases
481	422,371	481	386,223	481	311,558
<b>878 cases per caseworker</b>		<b>803 cases per caseworker</b>		<b>648 cases per caseworker</b>	

where appropriate, to determine how many cases are workable, and to develop an adjusted caseload that can be used to assess the workload of the division. In addition, DCSE should develop additional performance measures for the district offices to improve the management of their caseloads. These performance measures should be based on statewide norms established for the percentage of clients in each processing status, length of time in processing status, number of cases with support orders and past-due accounts, and other relevant indicators.

**Several Recent Changes, Mostly at the Federal Level, Are Causing DCSE to Experience a Budget Deficit and Increased Budget Instability**

DCSE is funded primarily with federal funds; in FY 1999, less than one percent of DCSE's budget came from the State general fund. The federal funding comes from three sources. First, the federal government reimburses DCSE for 66 percent of its administrative costs and 90 percent of its paternity testing costs. Second, the federal government allows DCSE to keep almost half of the child support it collects on behalf of Temporary Assistance for Needy Families (TANF) recipients to reimburse the State for TANF benefits – this is referred to as retained collections. Third, the federal government pays DCSE an incentive payment, which is based on how much DCSE collects

for both TANF and non-TANF cases. Although this funding structure is beneficial to the State because it has to contribute few general fund dollars to the program, the funding structure also results in budget instability because much of DCSE's budget is based on how much child support it will collect in the upcoming year, which is difficult to estimate.

In the past, the federal funding structure allowed many states, including Virginia, to receive more federal funds than it took to operate the child support enforcement program, which resulted in a funding surplus for the states. Recent changes, however, have had a serious impact on DCSE's budget, and the result has been that DCSE experienced a budget deficit of \$7.7 million in FY 1999 and is projecting a deficit through FY 2002. In addition to a 20 percent increase in DCSE's operating costs in FY 1999, there are three major reasons for DCSE's projected deficit:

1. **Declining TANF caseloads caused by welfare reform and a strong economy are reducing federal funds.** Much of the federal funding (retained collections and the incentive payment) that DCSE receives is based on the amount of child support it collects for custodial parents who are on TANF. The more DCSE collects for these TANF cases, the more federal funding it receives.

While welfare reform has been positive for the states, it has had an unintended negative effect on child support enforcement funding, because declining welfare caseloads result in declining TANF collections, and therefore decreased federal funding for DCSE.

2. **Virginia's decision to continue using the "disregard" is contributing to DCSE's deficit.** The federal welfare reform law requires TANF recipients to assign their child support rights to the State in order to receive TANF benefits, which means that the State can keep the entire child support amount collected on behalf of TANF recipients. In Virginia, the State allows the custodial parent to keep \$50 of their child support payment each month to encourage them to cooperate with the child support enforcement program. This \$50 payment is referred to as the "disregard." This payment assists the State in drawing down federal TANF dollars (maintenance of effort requirement). However, it has a negative effect on DCSE's budget, because it reduces DCSE's retained collections and DCSE receives no federal reimbursement for this expenditure.
3. **Changes in the distribution of past-due TANF collections decrease the State's retained TANF collections.** Prior to welfare reform, past-due child support that was collected from former public assistance cases could either be sent to the family or used to reimburse the State and federal governments for past public assistance payments. The federal welfare reform law, however, mandates that the states distribute

these collections to families first, which substantially reduces the amount that the State and federal governments may recoup. While this policy is beneficial to former TANF families, it further reduces the retained collections that are kept by DCSE.

In addition to these changes, the federal government recently repealed the hold harmless provision in the welfare reform law, which allows a state to keep the amount of its federal fiscal year 1995 child support enforcement collections for TANF families, even if the state collects less than the 1995 amount. Repeal of this provision will likely result in a further reduction in federal funds for DCSE in the future. Other federal changes have also been proposed that, if implemented, could have serious negative effects on DCSE's budget, including a reduction of the federal reimbursement rate for the states' child support costs (from 66 to 50 percent) and a reduction of the reimbursement rate for paternity testing expenditures (from 90 to 66 percent).

In addition to having a budget deficit, several other changes are affecting DCSE's budget by making it even more unstable than it has been in the past. For example, the federal government recently changed the way incentive payments are awarded, and the impact on DCSE remains to be seen. Instead of basing the incentive payment on collections only, the incentive will now be based on paternity establishments, cases with support orders, collections of current support, collections on past-due support, and cost effectiveness. The new system also includes a maintenance of effort requirement for the child support enforcement program. Another significant change is that the amount of federal incentive money available is capped, which means that the states will be competing against each other for funds. Although DCSE estimates that it

will fare well in the new incentive system, the effects on its budget cannot be known for sure, which makes DCSE's future funding unstable.

The result of all of these changes and proposed changes is that DCSE is experiencing a deficit and DCSE's funding sources have become even more unstable than in the past. Given the number of children that DCSE serves and the child support enforcement program's critical role in welfare reform, the General Assembly may wish to consider some of the options discussed in this report to address DCSE's budget deficit. In the short term, it appears that a general fund appropriation to replace the lost federal funding may be the best approach. In the longer term, JLARC staff analyses of

DCSE's staffing and workloads should help to provide some further direction on whether DCSE's resource levels need to be increased, remain about the same, or be reduced.

Phase II of the child support enforcement study will examine several issues, including implementation of the program at the local level, the efficiency and effectiveness of the program, the adequacy of staffing levels, the adequacy of central office management and oversight of the program, the organizational placement of DCSE, the adequacy of DCSE's information technology, and whether any practices used by the privatized offices could be beneficially utilized by DCSE's district offices.



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## I. Introduction

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According to a recent General Accounting Office study, nearly two-thirds of the 13.7 million American women and men raising children alone did not receive any child support in 1995. Child support is defined as a financial payment from a noncustodial parent to a custodial parent for the care of a child or children (a custodial parent is the parent who has custody of the child and who receives the child support on behalf of the child; a noncustodial parent is the parent who pays the child support). Child support can be made by voluntary arrangements or it can be ordered by the courts or a child support agency.

Collecting child support is difficult for a variety of reasons. Many custodial parents head poor families that receive cash assistance under the Temporary Assistance for Needy Families (TANF) program, while others are at risk of becoming impoverished. Although it appears that the rate of growth in the number of single parents has stabilized, nearly one-fourth of the 69 million children under age 18 living in the United States reside in a one-parent family. In addition, the number of families with a mother who has never married has increased fifteenfold from 248,000 to 3.8 million since 1970. In these cases, paternity must be established before the father has a legal obligation to financially support the child.

Other national trends also indicate the need for an effective child support enforcement program. Approximately 5.5 million children under the age of six live in poverty. The number of children living apart from their fathers has increased 280 percent from 1960 to 1995, and that increase is estimated to grow to 440 percent by 2005.

In 1975, Congress established the child support enforcement program, a federal-state partnership, to ensure that legally responsible persons contribute toward the financial support of their children to the best of their ability. The program is a critical aspect of the states' human service delivery systems because it is one of the key ways to keep single parents and their children off public assistance. In addition, payment of child support can help the federal government and states recover some of their public assistance payments to needy families by allowing them to retain a portion of child support payments collected. Child support has been considered particularly important in the era of time-limited public assistance, because it is a critical source of income for families after they leave the welfare rolls.

However, declining welfare caseloads and recent federal mandates are prompting close examination of Virginia's child support enforcement program. In Virginia, the child support program is moving from a "money making" program that provided \$1.5 million in "profits" to the State general fund in state fiscal year (FY) 1998 to one that had a deficit in FY 1999 and is expected to operate at a loss over the next several years. This potential budget deficit has prompted State policy makers to question the factors that are impacting the funding for child support enforcement services and the necessity to develop funding options to offset these changes.

Another concern State policy makers frequently mention about Virginia's child support enforcement program is its size. Virginia is the 15<sup>th</sup> largest program in the nation based on the number of cases and the amount of child support collected. The program is charged with collecting child support for approximately 25 percent of Virginia's children, and approximately \$1.6 billion in overdue child support. Currently, Virginia's child support enforcement program has a caseload of over 400,000, which translates to an average caseload per caseworker of close to 900. Because this caseload size far exceeds typical caseload figures for human services caseworkers, State policy makers have questioned how child support enforcement offices are handling this many cases.

This report presents an analysis of the funding issues for the child support enforcement program and examines the characteristics and size of the caseload. The remainder of this chapter provides: background information on the child support enforcement program, including information on the federal child support enforcement program; a discussion of the general characteristics of Virginia's child support enforcement program, including organization, staffing levels, and workload; and a summary of previous JLARC and other agency studies on Virginia's child support enforcement program. The approach and organization of this study are outlined at the end of this chapter.

## THE CHILD SUPPORT ENFORCEMENT PROGRAM IN THE U.S.

Before examining the child support enforcement program, it is important to understand the basic case processing steps that a child support enforcement agency follows to collect support from noncustodial parents. The five basic steps are:

- **Intake** – the initial opening of the case.
- **Locate** – the process of finding the noncustodial parent.
- **Establish Paternity** – the process of legally establishing the father of the child.
- **Establish a Support Order** – the process of establishing a support order, which legally obligates the noncustodial parent to pay child support.
- **Collect Support or Enforce the Order** – the process of receiving and distributing child support to the family, or attempting to enforce the support order if the noncustodial parent fails to pay support.

These steps are described in more detail in Exhibit 1. The remainder of this section provides background information on the child support enforcement program in the U.S.



<b>Exhibit 1</b>
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<b>Steps in the Child Support Enforcement Process</b>
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<b><i>Intake</i></b>
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Intake is the initial opening of the case. The child support agency obtains information from the custodial parent about the noncustodial parent, such as name, social security number, date of birth, address, and place of employment.
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<b><i>Locate the Noncustodial Parent</i></b>
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The first major step in the child support enforcement process is often locating the noncustodial parent. This can be a relatively simple task if the custodial parent has the noncustodial parent's address, social security number, and place of employment, or it can be extremely difficult if the custodial parent lacks basic information on the noncustodial parent. Locate efforts can include direct contact with individuals; contacts with public and private institutions, such as credit bureaus or state and federal income tax agencies; and use of computer database searches.
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<b><i>Establish Paternity</i></b>
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Paternity establishment is the identification of the legal father of a child. Without paternity establishment, children have no legal claim on their father's income. Paternity is established in either of two ways: (1) through voluntary acknowledgement by the father or (2) if contested, through a determination made on the basis of scientific (blood or DNA) and testimonial evidence. Paternity can be established judicially (by the courts) or administratively (by a qualified employee of the child support agency).
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<b><i>Establish a Support Order</i></b>
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A child support order legally obligates noncustodial parents to provide financial support for their children (and medical insurance coverage when available at reasonable cost) and stipulates the amount of the obligation. The child support enforcement agency helps in the determination of a child's financial needs and the extent to which the noncustodial parent can provide financial support and medical insurance coverage. Support orders are subject to periodic review and adjustment at least every three years in public assistance cases and upon parental request in non-public assistance cases. Support orders can be established judicially or administratively.
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<b><i>Collect Support or Enforce the Order</i></b>
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The child support enforcement agency receives and processes all child support payments, and then distributes them to the custodial parent. If a child support payment is not received, the agency must enforce payment. To enforce payment on delinquent cases or to ensure regularity and completeness of current accounts, child support enforcement agencies have a wide array of techniques at their disposal, such as federal and state tax intercepts, garnishments, liens, and wage withholding, among others.
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Source: JLARC staff analysis of various child support enforcement documents.
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## **The Mission of the Child Support Enforcement Program Has Changed from Recovering Costs to Helping Improve Self Sufficiency**

The federal child support enforcement program was created in 1950. At that time, the program focused on obtaining support for children who were receiving public assistance benefits. Child support establishment and collection for children who were not receiving public assistance was considered a domestic relations issue that should be dealt with at the state level by the courts.

In 1975, Congress enacted Title IV-D of the Social Security Act (also called the Child Support Enforcement and Paternity Establishment Program), which created a federal-state program for the establishment and enforcement of child support obligations. Title IV-D required every state to create or designate a single and separate organizational unit responsible for the state's child support enforcement program (also referred to as the IV-D program). It also required families receiving public assistance to assign (turn over) their right to receive child support to the state. This allowed the state to keep a portion of the child support payment, which was used to reimburse the state for the family's public assistance payment. At that time, state legislatures often viewed this cost recovery goal as the main goal of the program.

Amendments made in 1984 to Title IV-D expanded the child support enforcement program to all children, not just those receiving public assistance. These amendments also sought to improve the effectiveness of state IV-D programs by requiring states to enact legislation strengthening their enforcement laws. The Family Support Act of 1988 further strengthened the program. This act required all states to implement a statewide automated computer system for child support enforcement cases by October 1, 1995 (this date was later extended).

Two more recent federal acts have made significant changes to the child support enforcement program: the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and the Child Support Performance and Incentive Act of 1998. Under PRWORA, each state must operate a child support enforcement program that meets federal requirements in order to be eligible for TANF funds. It also changes the way that child support payments made to families on TANF are distributed, which will be discussed in more detail in Chapter III of this report.

PRWORA also requires states to implement several new initiatives to improve the collection of child support. For example, each state must implement: a state directory of new hires, to which employers are required to submit certain data about all newly hired employees; a state case registry, which includes information for all child support cases in the state, even private cases not using the services of the child support enforcement agency; and a system whereby financial institutions' records are matched with child support enforcement records to determine if delinquent noncustodial parents have accounts at the financial institutions.

One of the major impacts of PRWORA, however, was a shift in the emphasis of the child support enforcement program from cost recovery to improving the self sufficiency of families. Since child support payments are viewed as a key way to keep

families off public assistance, child support has become an integral part of PRWORA. This has led child support agencies to become more involved with other social services and public health programs that help improve self sufficiency. For example, many child support enforcement agencies have become more involved with programs to encourage abstinence or programs to encourage fathers to become more involved with their children.

The Child Support Performance and Incentive Act of 1998 also makes several changes to the child support enforcement program. The most significant change alters the federal government's method for awarding incentive payments to states, which will be discussed in more detail in Chapter III.

### **The Federal and State Governments Both Have Important Roles in the Child Support Enforcement Program**

Basic responsibility for administering the child support enforcement program is left to the states, but the federal government plays a major role. The Office of Child Support Enforcement (OCSE) is responsible for administering the program at the federal level. This office is under the jurisdiction of the Assistant Secretary for Family Support within the Department of Health and Human Services. OCSE's major responsibilities include:

- funding, monitoring, and evaluating state programs;
- establishing standards for state programs for locating absent parents, establishing paternity, and obtaining support payments;
- reviewing and approving state plans;
- providing technical assistance; and
- giving direct assistance to states in locating absent parents and obtaining support payments.

The federal government has several mechanisms to provide assistance to the states in performing their locate, paternity establishment, and enforcement functions, such as the federal courts and the Federal Parent Locator Service (FPLS). The FPLS can access data from the Social Security Administration, Internal Revenue Service, Selective Service System, Department of Defense, Veteran's Administration, National Personnel Records Center, and state employment security agencies.

The federal government places several requirements on the states in terms of administering the program. For example, each state must designate a "single and separate" organizational unit of state government to administer the program. In addition, states must have plans that set forth the details of their program; these plans must be approved by OCSE. States must also: develop cooperative agreements with courts and law enforcement officials to assist the child support agency in administer-

ing the program; cooperate with other states in establishing paternity, locating non-custodial parents, and enforcing support orders; operate a parent locator service to find absent parents; and maintain full records of collections and disbursements. States are also required to use several enforcement tools and techniques, including:

- imposing liens against real and personal property for amounts of overdue support;
- withholding state tax refunds payable to a parent who is delinquent in support payments;
- reporting the amount of overdue support to a consumer credit bureau;
- withholding, suspending, or restricting the use of drivers' licenses, professional or occupational licenses, and recreational licenses of noncustodial parents who owe past-due support;
- performing quarterly data matches with financial institutions;
- requiring unemployed noncustodial parents who owe child support to a child receiving TANF benefits to participate in appropriate work activities; and
- requiring individuals who have demonstrated a pattern of delinquent payments to post a bond or give some other guarantee to secure payment of overdue support.

States are also required to petition to include medical support as part of any child support order whenever health care coverage is available to the noncustodial parent at a reasonable cost.

The states do have some flexibility in administering the program. For example, the law allows programs to be administered either at the state or local level. Some states' programs are administered by local government agencies, such as district attorneys offices; some states have hybrid systems in which some counties have state-administered programs and some counties have locally-administered programs; and some states' programs are administered centrally. Virginia has a centralized system, where the program is administered centrally and services are provided by 18 State-operated offices and four privately operated (but State-supervised) offices.

States also have flexibility in the way they establish support orders and paternity. States can establish paternity and child support orders either by judicial or administrative processes. In states with a judicial process, all child support cases must go through the courts. Virginia is one of ten states in which support orders can be established through administrative means. An administrative process has many benefits. Orders can be established more quickly because documents do not have to be filed with the court clerk, and time-consuming problems in scheduling court time are eliminated. In addition, an administrative process saves money because of reduced court costs and attorney fees. Cases still go through the courts if an administrative action is contested or if the force of the courts is necessary. It is interesting to note that the Minnesota Supreme Court recently ruled that the state's administrative child sup-

port process was unconstitutional because it “violates the separation of powers doctrine by infringing on the district court’s original jurisdiction, by creating a tribunal which is not inferior to the district court, and by permitting child support officers to practice law.”

## **VIRGINIA’S CHILD SUPPORT ENFORCEMENT PROGRAM**

In Virginia, the Division of Child Support Enforcement (DCSE) in the Department of Social Services (DSS) is the “single and separate” organizational unit that is responsible for administering the child support enforcement program. DCSE is the largest division in DSS in terms of budget and staff. DCSE’s mission is to promote strong, self-reliant families by delivering child support enforcement services, as provided by law.

Virginia’s child support enforcement program was established in 1975. At that time, DCSE had responsibility only for public assistance child support cases; non-public assistance cases were handled by the courts. In the mid-1980s, DCSE assumed responsibility for non-public assistance cases when the State designated DSS as Virginia’s child support enforcement agency and required the courts to transfer 60,000 to 70,000 non-public assistance cases to DSS.

The transition of cases from the judicial system to DCSE was difficult, and DCSE was overwhelmed by the number of new cases. This resulted in a class action law suit alleging failure to comply with federal regulations. DSS voluntarily entered into an interim consent agreement, which went into effect in 1990 and is still in effect today. The consent agreement requires DSS to complete tasks such as payment processing and case management activities in accordance with time frames and performance requirements.

Because of these problems and because DCSE requested a substantial number of new positions, the Department of Planning and Budget conducted a major study of DCSE in 1988. As a result, more district offices were established, DCSE’s maximum employment level (MEL) was increased, and new State legislation was passed to strengthen and streamline the child support enforcement process, including streamlined appeal procedures and immediate wage withholding. DCSE also adopted a standardized regional and district office structure, the goal of which was to place child support services as closely as possible to customers, provide a clear chain of command and accountability, make the best feasible use of technology available at the time, and satisfy judicial requirements to have services available in every judicial district.

### **Organization of DCSE**

DCSE has a three-tiered organizational structure, composed of the central office, two regional offices, and 22 district offices. The central office is responsible for overall administration and management of the program. There are four major units within the central office:

- **Director's Office** – responsible for planning and setting the overall direction of the program, and serving as the main liaison between Virginia and the federal government.
- **Legal Services** – responsible for the legal aspects of the child support enforcement program. When cases cannot be resolved administratively by DCSE, this office conducts extensive court work including all elements of case review, document preparation, discovery, investigation, and bankruptcy activities involved in representing the caseload.
- **Interprogram Coordination and Operations** – responsible for all operational aspects of the program, such as customer services, staff development, grants, central registry and locate, Electronic Parent Locator Network (EPLN), and privatized office contract administration.
- **Program Administration and Support** – responsible for evaluating and monitoring the district offices, monitoring legislation, developing the State plan, managing DCSE's regulatory process, interpreting policy, and providing program-related staff development.

There are also several units in DSS that provide assistance to DCSE. The Division of Information Services provides DCSE's technology and information services; the Division of Finance receives and disburses child support payments and handles DCSE's budget; the Division of Human Resources Management assists with all human resources-related needs, such as hiring; and the Inspector General's office is responsible for conducting hearings in cases where clients want to appeal DCSE decisions.

Most service delivery is carried out through a network of district offices (see Figure 1). There are two regional offices – an eastern office in Virginia Beach and a western office in Roanoke – and 22 district offices. In addition, many of the district offices have caseworkers co-located at local departments of social services and other sites on a part-time basis to increase citizen accessibility to child support enforcement services.

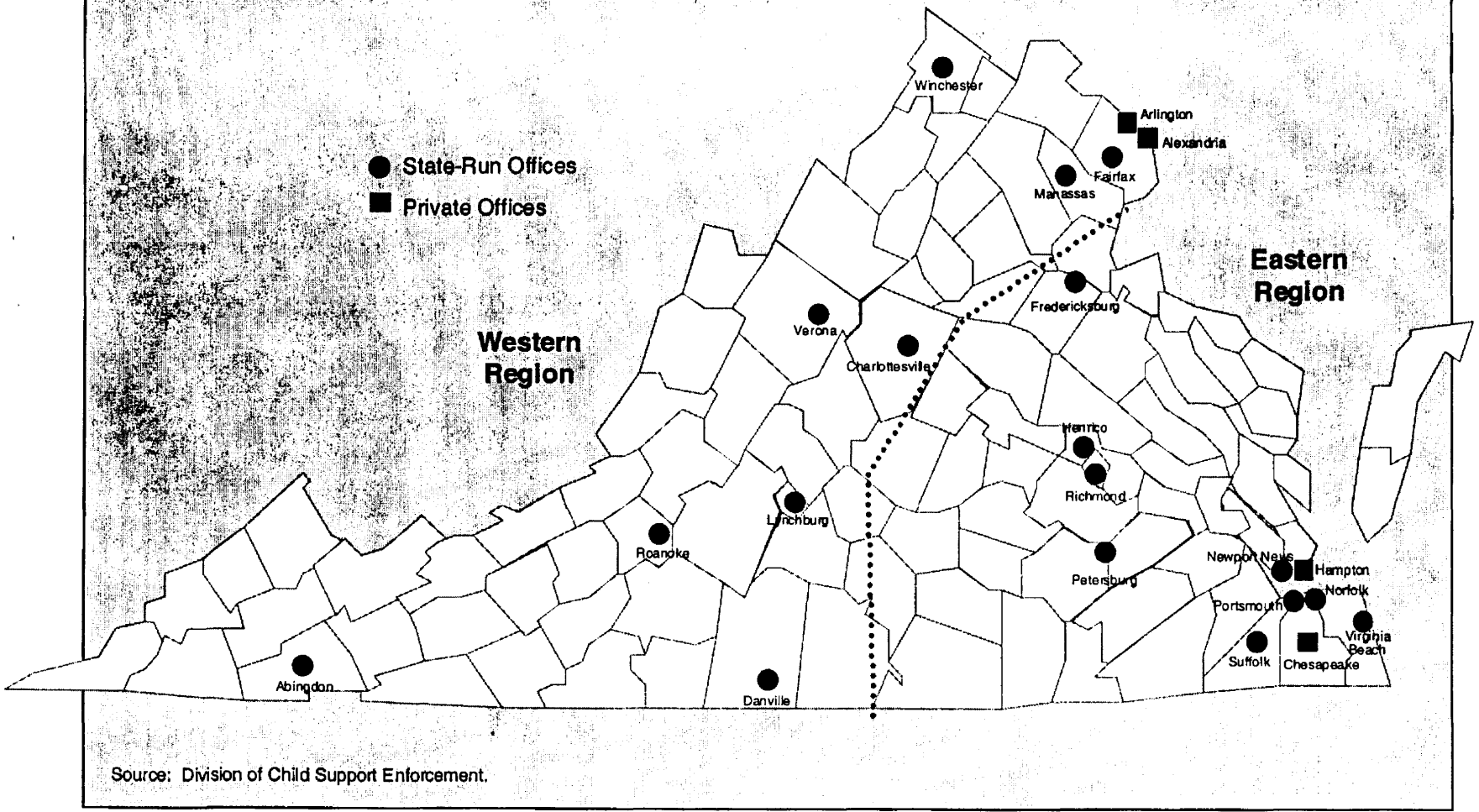
The regional offices serve as a coordination point between the DCSE director and the 22 district offices; they also handle complaints regarding the district offices and serve as a central point for gathering statistics from the district offices. The district offices are responsible for carrying out the major child support enforcement functions at the local level – locating absent parents, establishing paternity, establishing support orders, and enforcing child support orders. Four of the 22 district offices have been privatized (Alexandria, Arlington, Chesapeake, and Hampton), but still receive supervision and monitoring from the regional and central offices.

### **Funding of Virginia's Child Support Enforcement Program**

The majority of DCSE's funding for its own operations comes from the federal government; less than one percent of DCSE's FY 1999 funding was from State general funds, which were used to address DCSE's budget shortfall. DCSE's FY 1999 appro-

Figure 1

# Office Locations of the Virginia Division of Child Support Enforcement



Source: Division of Child Support Enforcement.

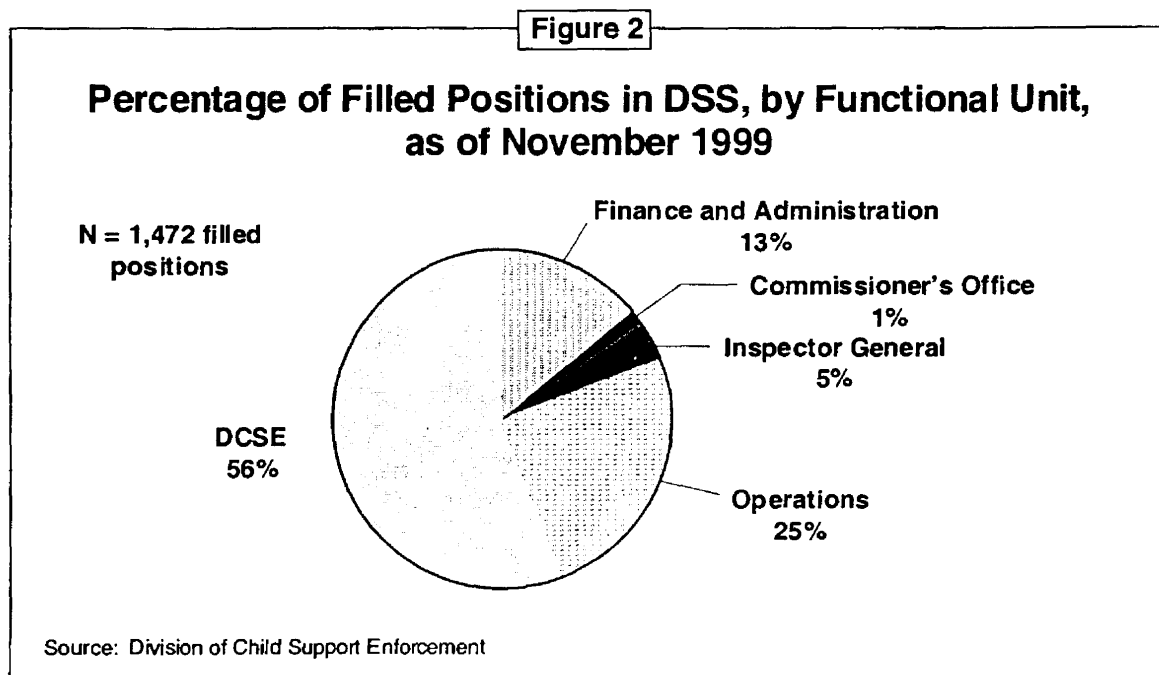
priation was \$353 million. Of this amount, the greatest portion (about four-fifths) is the anticipated child support that DCSE will collect on behalf of custodial parents, while about one-fifth is funding available for DCSE to spend on its operations.

According to the amended 1998 Appropriation Act, 18 percent (\$63 million) of DCSE's FY 1999 budget was for support enforcement and collection services, 3 percent (\$11 million) was public assistance child support collections, and 79 percent (\$279 million) was non-public assistance child support collections (funding that went to the custodial parent). Chapter III of this report, "Funding of the Child Support Enforcement Program," discusses DCSE's funding structure in more detail.

### Staffing Levels

Because of the large child support enforcement caseload, staffing levels at the State, regional, and district offices are critical. DCSE is the largest division in DSS, comprising approximately 60 percent of DSS' total MEL and 56 percent of DSS' filled positions, as shown in Figure 2. DCSE's current MEL is 953. Approximately 20 percent of DCSE's MEL positions are located at the central office (this includes 53 positions that perform legal services for the district offices), and the remaining 80 percent are located at the two regional and 18 State-operated district offices throughout the State (staff at the four privatized offices are not included in DCSE's MEL).

There are 756 MEL positions at the district offices. Approximately 432 of these positions, or 57 percent, are classified as caseworkers. The remaining 324 positions at the district offices are administrative, financial, and support staff, who perform tasks such as opening new cases, responding to customer questions and concerns, and making adjustments to client accounts.





DCSE funds several positions in DSS' central office that perform child support enforcement-related activities (these positions are included in DCSE's MEL). Approximately 66 of DCSE's MEL positions are in the DSS central office. The DSS positions include 41 positions in the Division of Finance, 17 positions in the Division of Information Services, two positions in the Division of Human Resources Management, and six positions in the Inspector General's Office. Prior to 1997, all staff who worked on child support enforcement activities were part of DCSE. However, DSS reorganized and several DCSE positions were transferred to DSS' central office, even though they still perform child support enforcement activities.

As of August 1, 1999, there were a total of 895 filled positions performing child support enforcement activities. Approximately 831 of these filled positions were in DCSE and 63 were in DSS' central office. As of August 1, DCSE was experiencing an eight percent vacancy rate. DCSE also had 24 wage staff and 100 contract staff as of August 1, some of which were used to offset the vacancies.

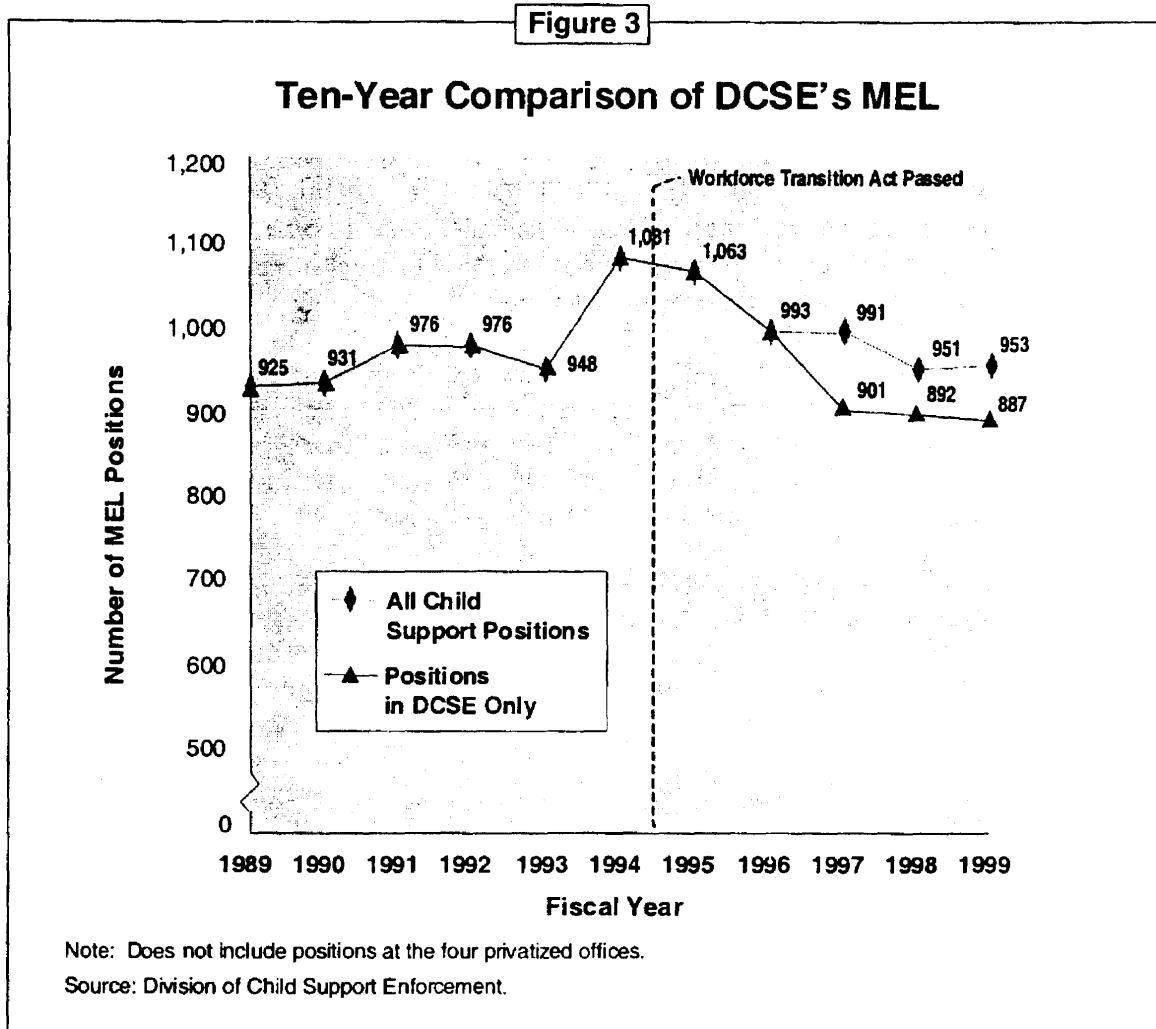
As shown in Figure 3, DCSE's peak staffing level occurred in 1994, when DCSE had a total MEL of 1,081. DCSE's lowest staffing levels occurred in 1989, when DCSE's total MEL was 925. When looking only at the positions in DCSE, and excluding the child support enforcement-related positions in the DSS central office, DCSE's lowest staffing level occurred in 1999.

The number of positions in DCSE has fluctuated throughout the past 10 years. There are several reasons for this. As stated before, some of these positions were transferred to the DSS central office and are still performing child support enforcement activities. Some of these positions, however, have been transferred to DSS for non-child support enforcement activities. Other positions were transferred to other agencies, were lost due to the Workforce Transition Act, or were abolished due to departmental restructuring and budget cuts. During this same time period, DCSE has also been authorized to fill existing vacancies. For example, DCSE was given approval to hire 101 additional staff in 1998.

## **Workload**

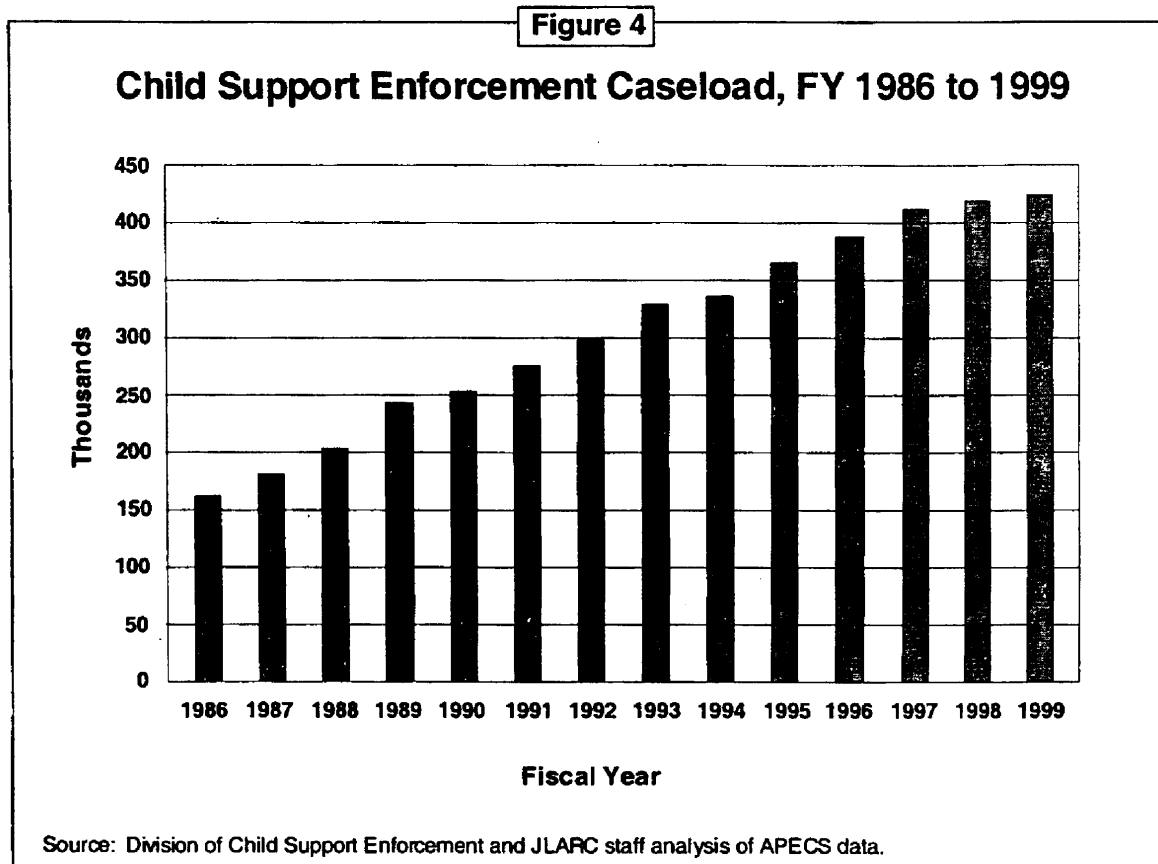
DCSE serves all custodial parents who receive TANF, which is a requirement of the TANF program, and all other parents who request assistance from the division. The division delivers child support services to approximately 553,000 children, which is 25 percent of all Virginia's children. As of July 1, 1999, DCSE had 422,371 open child support cases; this figure is lower than the number of children served because there can be several children on each case.

More recently, DCSE has been required to become more involved with private child support enforcement cases, which are cases that do not request assistance from DCSE. Although these cases are not included in DCSE's caseload, they do cause additional work for DCSE. For example, new federal legislation requires DCSE to create a State Case Registry, which contains information on all child support enforcement cases in the State, even cases that are not receiving services from DCSE.



DCSE's overall caseload (TANF and non-TANF cases) has increased each year over the prior year since at least 1986. Figure 4 shows the increase in the overall caseload that has occurred. Across the period, the average annual rate of increase was about 7.7 percent, and the caseload more than doubled over these years. However, the overall growth rate has slowed in recent years.

Another trend in recent years is that DCSE's TANF caseload has been declining, while the size of the growth in its non-TANF caseload has accounted for the overall caseload increase. Virginia's TANF caseloads have declined as welfare reform has been implemented against the backdrop of a strong economy, and this appears to have had an impact on DCSE's TANF caseload. DCSE's TANF caseload decreased by 30 percent when the July 1999 figure is compared with July 1994. DCSE's non-TANF caseload increased by 61 percent during the same time period, and more than offset the TANF caseload decline. Therefore, DCSE's total caseload increased 24 percent during this period.



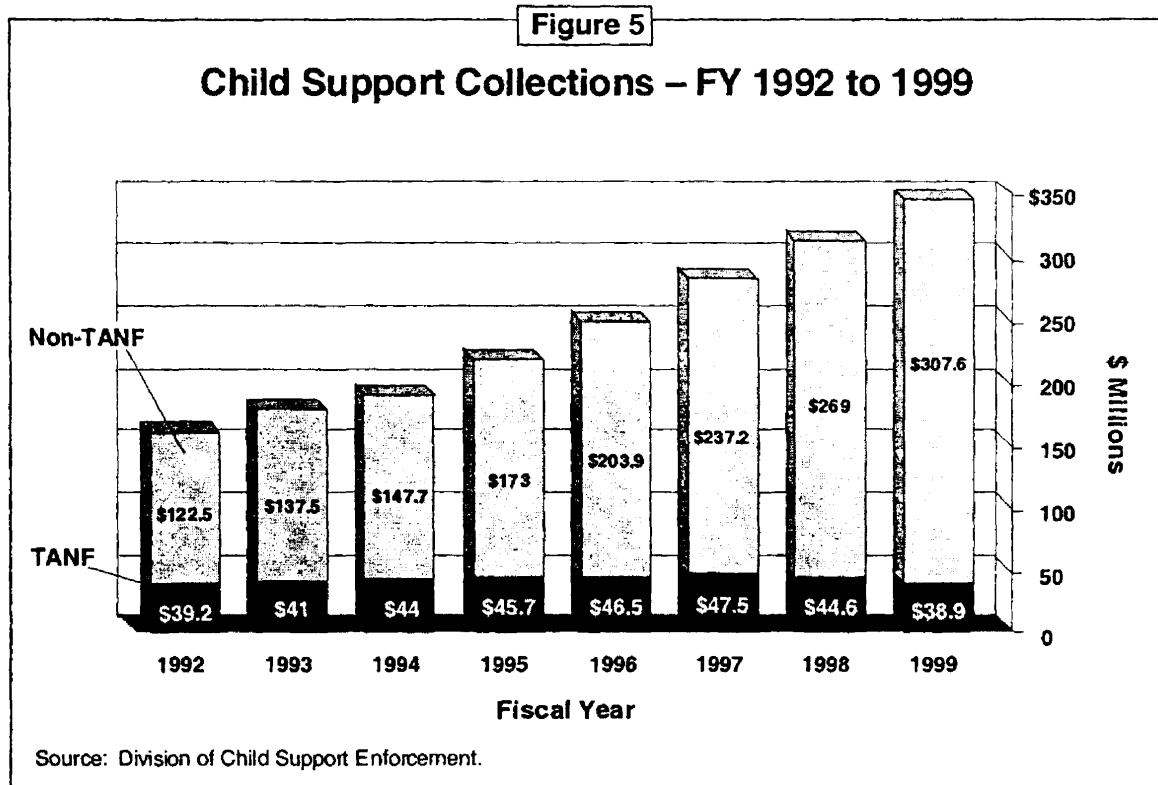
In addition to the overall caseload increases, the division's total collections have been increasing. Figure 5 shows the increase in collections since FY 1992. As shown in the chart, the collections from TANF cases began to decrease in FY 1998, while collections from non-TANF cases have increased each year. One reason for the decrease in TANF collections may be the decreasing TANF caseload.

### Recent DCSE Initiatives

DCSE has initiated several nationally recognized programs to increase child support collections. Two of these are described below.

**KidsFirst.** The KidsFirst Campaign was an initiative by DCSE to "get tough" on delinquent parents. Delinquent parents were granted amnesty from prosecution if they turned themselves in to DCSE and set up a payment plan. Some parents with outstanding warrants for child support avoidance were arrested, and new warrants were issued to many others. DCSE has also put boots on the cars of some delinquent parents. DCSE indicated that the KidsFirst Campaign has resulted in \$59 million in amnesty collections from delinquent parents. Approximately 29,000 delinquent parents have paid child support and 400 people have been arrested.

**Most Wanted Lists.** Since 1989, DCSE has compiled several lists of the most wanted child support evaders and distributed posters throughout the State. The goal



of these posters is to publicize the child support enforcement program and help attach a stigma to parents who do not pay their required child support. Individuals selected to be on the poster are chosen based on several criteria, such as amount of past-due child support owed, and based on input from the district offices. They are generally the most egregious cases where other enforcement efforts have not been successful.

Since 1989, these Most Wanted posters have brought about the apprehension of numerous noncustodial parents who ignored their child support obligation. From the "Heartless Thirteen," released in February 1999, four individuals had been found as of July 1999. Six individuals have been apprehended from the "Delinquent Dozen" poster released in 1998, and four individuals have been apprehended from the "Egregious Eleven" list released in November 1997. Some of the located parents have paid their past-due support in full. Extradition has been pursued in some cases, while other parents have been placed under wage withholding.

### PREVIOUS JLARC AND OTHER AGENCY STUDIES

Several studies have been conducted that have addressed some aspects of Virginia's child support enforcement system, both within the State and by outside parties such as the General Accounting Office. Exhibit 2 summarizes several of these studies. Topics covered by these studies include automation, privatization, and the relationship between child support and visitation.

## Exhibit 2

## Summary of Child Support Enforcement Studies

Report Title	Year	Summary
<i>Post Majority Child Support and Occupational License Withholding for Failure to Pay Child Support</i> (HD 30) – Division of Legislative Services	1994	Report addresses two issues: (1) the use of occupational license withholding to enforce child support, and (2) whether child support should be paid past the age of majority. The report did not make specific recommendations, but did contain several letters from various parties who were against the ideas of withholding occupational licenses and requiring noncustodial parents to pay for a child's post-secondary education past the age of majority.
<i>Need for Regulation of Private Child Support Collection Firms</i> (HD 26) – Department of Social Services	1995	Examined the need for the regulation of private child support collections agencies, based on allegations of inappropriate business practices. Report recommended: registration of all businesses engaged in child support collection services within the State; issuance of approved child support guidelines which must be provided to all customers of the private collection firms; and a 24-month assessment of the nature and number of complaints concerning private child support enforcement practices.
<i>Review of Child Support Guideline</i> (SD 52) – Secretary of Health and Human Resources	1995	Child support guidelines are required to be reviewed by a panel in order to determine the adequacy of the guideline for determination of appropriate awards for the support of children. This report made no significant changes to the guideline for the 1995 Session of the General Assembly.
<i>Early Results on Comparability of Privatized and Public Offices</i> – General Accounting Office (GAO)	1996	As part of a report on child support enforcement privatization initiatives in the states, GAO analyzed the performance and cost-effectiveness of full-service privatization in three states, including Virginia. The study compared a privatized office in Virginia with a comparable state-run office, and found that the privatized office collected support payments from 41 percent of cases reviewed, a rate almost twice that of the public office. In addition, GAO found that the private office was 60 percent more cost effective than the state-run office (based on the ratio of administrative costs to collections).
<i>Privatization Study: Division of Child Support Enforcement</i> (HD 2) – Department of Social Services	1997	DCSE is required to evaluate the privatized district offices annually. This report is the first such evaluation. The report examines the Chesapeake and Hampton offices for FY 1995 and 1996, and compares them to two similar State-run offices. The report found that the private offices had higher collections and were more cost effective. Concluded that privatization of full-service child support offices is a viable alternative which should continue to be used on a pilot basis and studied in order to evaluate its value for wider implementation.

(continues)

## Exhibit 2 (continued)

## Summary of Child Support Enforcement Studies

Report Title	Year	Summary
<i>Special Report: Status of Automation Initiatives of the Department of Social Services – Joint Legislative Audit and Review Commission (JLARC)</i>	1998	As part of its report on the status of automation initiatives in DSS, JLARC reviewed DCSE's Automated Program to Enforce Child Support (APECS) system. JLARC staff found that APECS is an antiquated system that needs to be updated. Although the study noted that DSS was working to improve APECS, the report raised concerns about whether DSS had sufficient basis for the funding request that it had submitted for implementing its re-engineering effort and whether the department was proceeding with a project for which it would be able to receive full federal funding and approval.
<i>Privatization Study: Division of Child Support Enforcement – Department of Social Services</i>	1998	This second annual report on the privatized offices found that "the private offices are doing an excellent job overall of collecting child support." The report found, however, that the private offices collected more on non-TANF cases than TANF cases, which may indicate that they are focusing their efforts on easier-to-collect cases. This report also found that the state offices are doing much better in establishing paternity, and that the results are mixed on establishing support orders. DSS recommended changing the way the contractor is paid by not basing the payment solely on collections.
<i>Final Report to the Commonwealth of Virginia Commonwealth Competition Council: Employee Stock Ownership Plan (ESOP) Pre-Assessments</i>	1998	The Commonwealth Competition Council contracted for an analysis of 11 State government functions to identify the top three potentially successful Employee Stock Ownership Plan (ESOP) candidates. Child support enforcement was identified as one of the top three candidates for ESOP, which is the concept of an employee-owned, privatized office. The report stated that significant additional due diligence is required to validate the concept of an employee owned, privatized DCSE which can increase collections with the addition of more field staff, improve throughput per existing staff, lower costs, and improve quality and overall performance.
<i>Child Support and Visitation (HD 43) – Virginia Bar Association's Coalition on Family Law</i>	1999	The Virginia Bar Association's Coalition on Family Law studied the relationship between visitation rights and child support obligations. The study found that the current statute (which, in cases involving shared custody, requires the support amount paid by the noncustodial parent to be reduced if the child spends 110 or more days with the noncustodial parent) is not in the best interest of children or their parents. The study recommended, among other things, changes that would reduce or eliminate the "cliff effect" (which results in a reduction in support received once the 110-day threshold of shared custody has been reached) and clarifying the definition of what constitutes a "day" of visitation for purposes of determining the amount of a child support obligation.

(continues)

## Exhibit 2 (continued)

## Summary of Child Support Enforcement Studies

Report Title	Year	Summary
<i>Privatization Study: Division of Child Support Enforcement – Department of Social Services</i>	1999	This third annual report on the privatized offices concluded that two of the four privatized offices have done a good job overall collecting child support, although the main contributor to this success was collections on non-TANF cases. The other two privatized offices collected less support than the state offices. When assessing child support collected per dollar spent, two of the offices performed better than the state offices, and two did not perform as well as the state offices. The report found that the state offices are doing a much better job establishing paternity. The overall recommendation of the report is that further evaluation needs to be completed prior to expanding privatization efforts.

Source: JLARC staff analysis of various child support enforcement reports.

### JLARC REVIEW

HJR 553 directs JLARC to evaluate the activities of the Division of Child Support Enforcement, including the “local offices.” (Although the study mandate refers to the local offices, they will be referred to as district offices throughout this report to be consistent with DSS terminology and to differentiate between local social services offices.) The study should examine, among other things deemed relevant, the caseload, management, employment levels, and workload of the State and district DCSE offices and make recommendations as to how the program can be improved to better meet the needs of Virginia’s children.

To address these broad issues, the study is being conducted in two phases. This interim report is the result of Phase I, which was conducted this year. Phase I addresses two issues that are of concern to the General Assembly and DCSE:

- Will current funding sources for child support enforcement meet future needs?
- What is DCSE’s active, workable caseload?

Phase II of the study will address several additional issues. These issues are:

- How effective and efficient is the child support enforcement system in Virginia?
- Are DCSE’s staffing levels adequate to deal with the growing caseload, and are the positions utilized efficiently?

- Does the central office provide adequate management and oversight of the child support enforcement program?
- How is the child support enforcement program being implemented at the district office level? What is the quality of customer service that the district offices provide?
- Is DCSE's organizational placement appropriate, and does it maximize the program's efficiency and effectiveness?
- Is DCSE's information technology adequate to accomplish its mission efficiently and effectively?
- Are there any practices used by the privatized offices that could be beneficially utilized by DCSE's district offices?

Phase II of the study will be completed prior to the 2001 General Assembly session.

### **Research Activities**

Research activities for this phase consisted of four major tasks: (1) structured interviews, (2) site visits, (3) analysis of caseload data, and (4) document reviews. Each of these activities is discussed briefly below.

**Structured Interviews.** Interviews were conducted with staff from DCSE's central office, as well as staff from the DSS central office who work on child support enforcement activities. JLARC staff also interviewed staff at the regional and district offices (discussed below). In addition, JLARC staff met with legislative staff and staff from the Department of Planning and Budget to discuss funding issues.

**Site Visits.** JLARC staff conducted site visits at six district offices, including one privatized office. The offices selected include three large offices (above the mean in terms of budget size, staff positions, and number of cases) and three small offices (below the mean on each of these indicators). The offices were also selected based on their geographic location, to ensure that most areas of the State were covered in Phase I. JLARC staff also visited the Western Regional Office. Prior to the beginning of this study, staff visited the Eastern Regional Office.

**Analysis of Caseload Data.** The goal of the caseload analysis was to describe DCSE's caseload and develop a more accurate figure reflecting actual workload per caseworker. To accomplish this task, JLARC staff requested and analyzed various data from DCSE's case management system (Automated Program to Enforce Child Support, or APECS). Data were provided to JLARC staff as of July 30, 1999. The data were used to create a caseload database that included the entire population of DCSE's open cases (422,371 cases). The database contained over 50 variables for each case,



including information such as type of case, case processing status, monthly child support payment amount, amount of outstanding child support owed (if any), date of last significant action, and number of days in processing status.

**Document Reviews.** JLARC staff reviewed various federal and State child support enforcement documents, including the State plan, federal and State strategic plans, federal and State regulations, DCSE management and statistical reports, performance/management audit reports from other states, and General Accounting Office reports on child support enforcement.

## **REPORT ORGANIZATION**

This interim report is organized into three chapters, including this introduction. Chapter II describes and analyzes DCSE's caseload, and develops an adjusted caseload figure that more accurately reflects workload per caseworker. Chapter III presents information on DCSE's funding structure, and presents options for addressing DCSE's funding issues.



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## II. Child Support Enforcement Caseload

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As the Division of Child Support Enforcement's (DCSE) caseload has grown over the years, so has the workload of its caseworkers. Currently, the average caseload per caseworker is close to 900, which appears to be a staggering figure. The General Assembly has granted DCSE additional positions to handle its growing workload, but not all of these positions have been filled and the caseload per caseworker is still high. This can result in poor customer service for clients, caseworker "burnout," and an inability to work cases in a timely manner.

However, the major finding resulting from JLARC staff's analysis of caseload for this interim report is that DCSE's caseload per caseworker appears to be at least somewhat overstated. Of DCSE's reported (July 30, 1999) caseload, 311,500 to 386,000 cases appear to be active, workable cases, and between 36,000 and 110,800 cases (or between 9 and 26 percent of the reported caseload) are "inactive" or "unworkable." When these cases are excluded from the caseload for workload purposes, the adjusted caseload per caseworker declines to between 648 and 803 cases, which may still be high, but does not appear as overwhelming as the figure prior to adjustment (878). DCSE is carrying some old or "inactive" cases in its caseload, and some of its cases could potentially be closed.

DCSE needs to report a caseload figure for workload purposes that focuses on active, workable cases. This type of figure will be a more accurate representation of the general workload of division staff. The inclusion of inactive or unworkable cases in figures that are used by policy makers to address funding and staffing issues can damage the credibility of an agency. The proposed approach does not mean, however, that all of these cases can or should be closed by DCSE; and if cases are closed, it does not preclude them from being opened again in the future if the custodial parent provides new information that can legitimately lead to more progress on the case. It may be appropriate for DCSE to use a small number of staff to try to make at least some progress on certain cases that have seen little activity over the years. However, this irregular caseload and the staff who are assigned to it should be reported separately, so that policy makers can obtain a figure that reflects only the cases that typically receive some sort of action.

To the extent that DCSE can close more of the cases, this data cleaning may also have the benefit of enabling DCSE to receive more federal funding. Some of the performance measures upon which the new incentive funding structure being implemented by the federal government are based are calculated using total caseload, and DCSE could score higher on these measures (thereby increasing its federal funding) if some of the old, "inactive" cases were closed. Thus, a cleanup of the caseload could be helpful in addressing some of the federal funding issues that are discussed in Chapter III of this report.

This chapter presents the results of JLARC's staff analysis of DCSE's caseload. It provides descriptive information on DCSE's clients and on DCSE's caseload, and

develops a more accurate figure reflecting actual workload per caseworker. It also assesses whether there are substantial differences between TANF and non-TANF cases, and among DCSE's 22 district offices.

## CLIENT CHARACTERISTICS

DCSE works with three main client groups: custodial parents (CPs), noncustodial parents (NCPs), and children. The custodial parent is the parent that has custody of the child and who receives the child support on behalf of the child; the noncustodial parent is the parent who pays the child support. In July 1999, there were 376,695 noncustodial parents and 293,647 custodial parents in DCSE's caseload (this is an unduplicated count since noncustodial parents and custodial parents can be on more than one case).

As shown in Figures 6 and 7, approximately 88 percent of noncustodial parents are men, while approximately 96 percent of custodial parents are women. The largest percentage (38 percent) of noncustodial parents and custodial parents are in the 30 to 40 age range.

Figures 6 and 7 also show that approximately 53 percent of noncustodial parents are black and 35 percent are white. Hispanics comprise 4 percent of noncustodial parents, and the "other" category includes American Indians and Asians. The race distribution for custodial parents is similar to noncustodial parents. Approximately 48 percent are black and 40 percent are white.

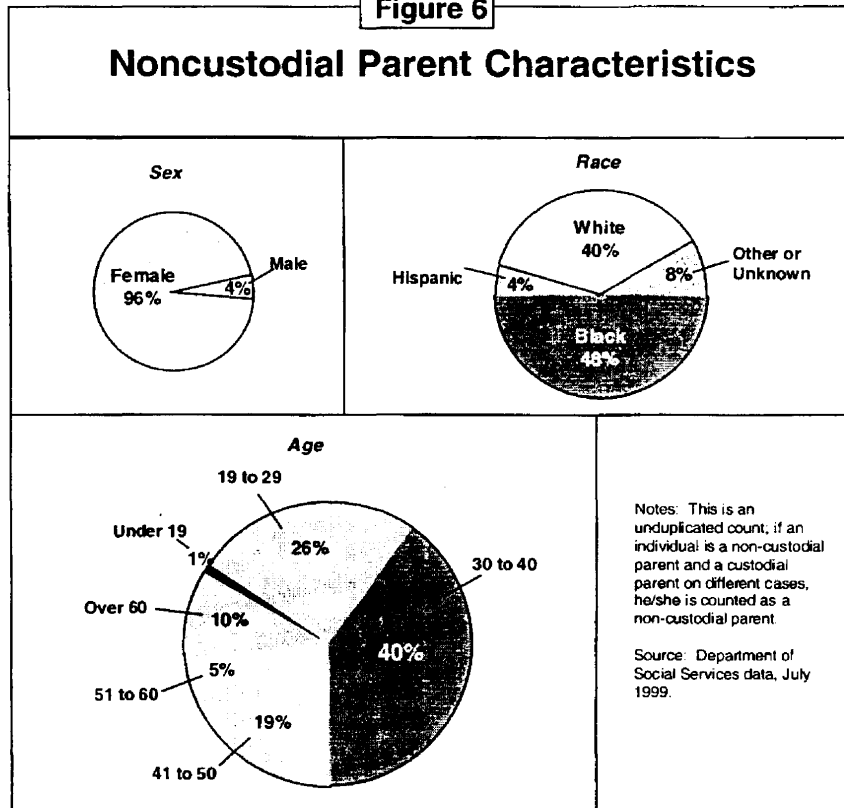
According to JLARC staff's analysis of DCSE's caseload, approximately 178,406 cases had an employed noncustodial parent, which is 42 percent of all cases. When looking only at TANF cases, 37 percent of cases have a noncustodial parent who is employed, compared to 44 percent of non-TANF cases. The high unemployment rate among noncustodial parents is one of the reasons collecting child support is difficult.

Figure 8 shows the age distribution of the 553,201 children in DCSE's caseload as of July 1999. Within this group, about seven percent are actually 21 years and older. These individuals are still reported because they are owed past-due child support. They could also be cases where the support order requires the noncustodial parent to pay child support after age 18 because the child has special needs.

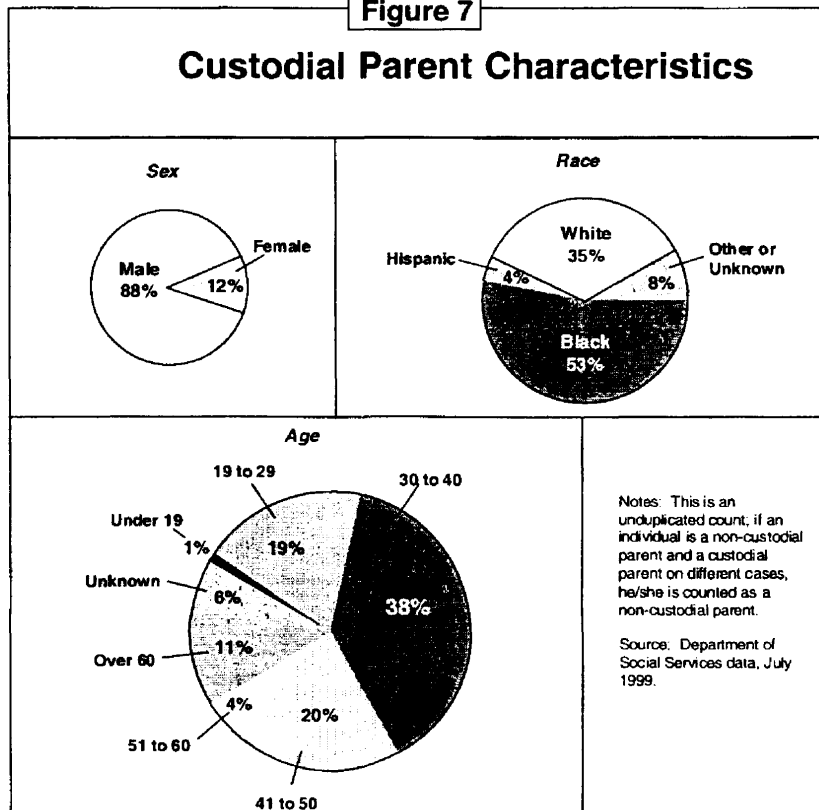
Figure 9 shows that most cases (76 percent) involve only one child. Of the cases with four or more children, 885 cases had five children, 211 cases had six children, 77 cases had seven children, 22 cases had eight children, 15 cases had nine children, and 7 cases had more than nine children.

Information regarding the income levels of DCSE's clients was not easily obtainable from DCSE's case management system (Automated Program to Enforce Child Support, or APECS). The Center for Law and Social Policy, a national nonprofit orga-

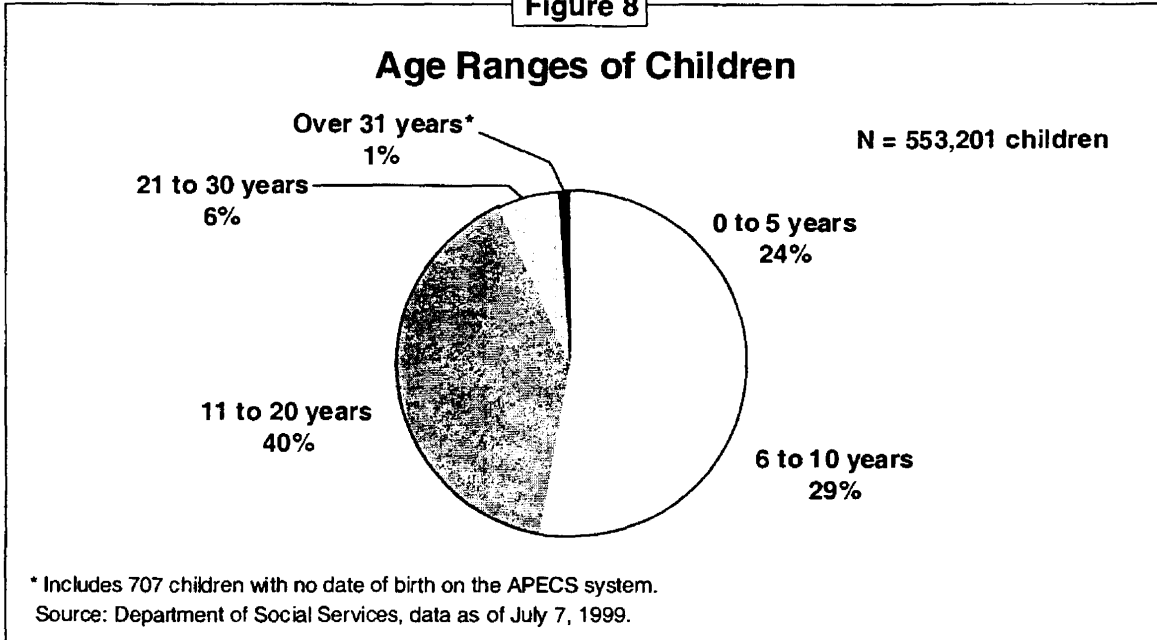
**Figure 6**



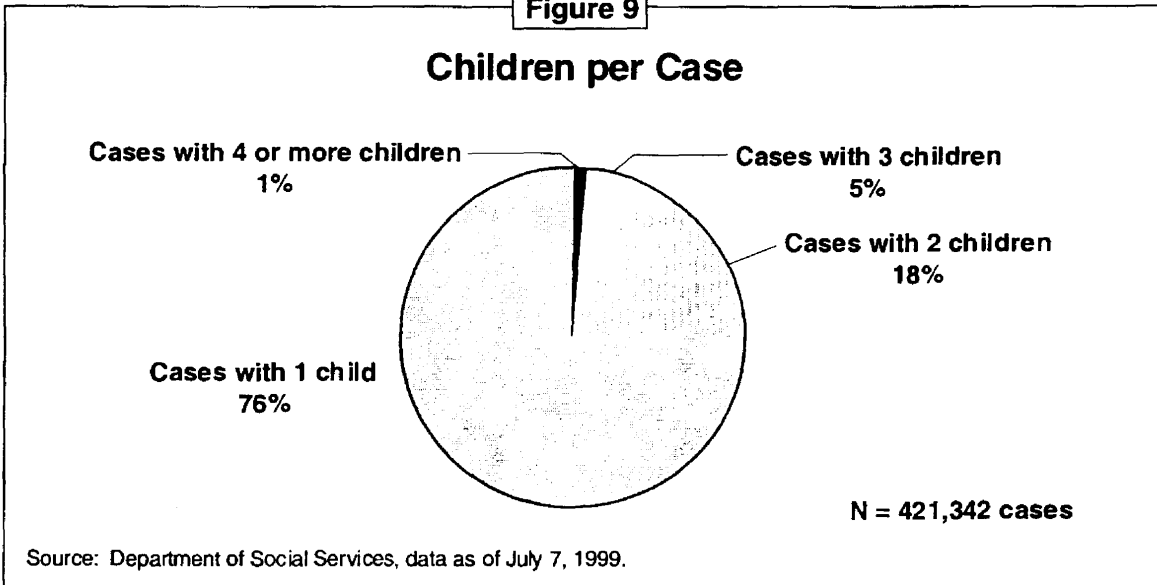
**Figure 7**



**Figure 8**



**Figure 9**



nization specializing in law and policy affecting the poor, has general information on the incomes of families receiving child support in 1995. The center found that 38 percent of non-TANF families who receive no other public assistance had incomes below 200 percent of the poverty level, which was \$24,316 for a family of three in 1995. Only 35 percent of these families were above 300 percent of the poverty level. This helps to illustrate that many of DCSE's clients, even the non-TANF clients, are low income.

## GENERAL CASELOAD CHARACTERISTICS

DCSE had 422,371 open cases as of July 30, 1999. A very small percentage of these cases (0.1 percent) were categorized as incomplete, which means that DCSE did not have adequate information, such as the last name of the noncustodial parent, to open the case. Once the missing information is received, these cases become open cases. The percentage of the total statewide caseload in the district offices ranges from one to seven percent, with the Arlington, Alexandria, and Winchester offices having the smallest caseloads and Fairfax, Roanoke, Danville, Norfolk, and Virginia Beach having the largest caseloads. One percent of the cases are also assigned to the central office. See Appendix C, Table C-1, for the number of cases and the percentage of the statewide caseload in each district office.

### **The Majority of Child Support Enforcement Cases Involve Custodial Parents Who Are Not Receiving Public Assistance**

There are 12 different types of child support enforcement cases. In general, these 12 case types can be categorized into three groups: TANF, non-TANF, and "other" cases, as shown in Exhibit 3. This categorization is important to DCSE because much of DCSE's federal funding is based on TANF cases, which will be discussed in Chapter III.

As shown in Figure 10, 76 percent of DCSE's cases are non-TANF cases. Figure 10 also provides a further breakdown of each of the three major case types. Within the three major case types, the most common type of case is the Non-Public Assistance case in the non-TANF category; these cases comprise 39 percent of the total caseload. The second most common type of case is the Medicaid Assistance Only Full Services case in the non-TANF category, comprising 19 percent of all cases.

The percentage of TANF cases in the district offices varies widely, from 16 percent of the total caseloads in Fairfax and Winchester, to 37 percent in Richmond. Portsmouth and Abingdon also have high TANF caseloads, at 34 percent and 33 percent, respectively. Most of the cases handled by the central office are "other" cases. Appendix C, Table C-2, provides more detailed information on the types of cases in each district office.

Child support enforcement cases can also be categorized according to their intrastate or interstate status. The majority of DCSE's cases are intrastate cases, which are cases that are initiated in Virginia and the noncustodial parent lives in Virginia. Interstate cases are generally cases where the case is initiated in Virginia, but the noncustodial parent lives in another state; a case is also categorized as interstate if the case is initiated in another state, but the noncustodial parent lives in Virginia. This categorization is important because interstate cases are generally more time consuming to work than intrastate cases.

**Exhibit 3**

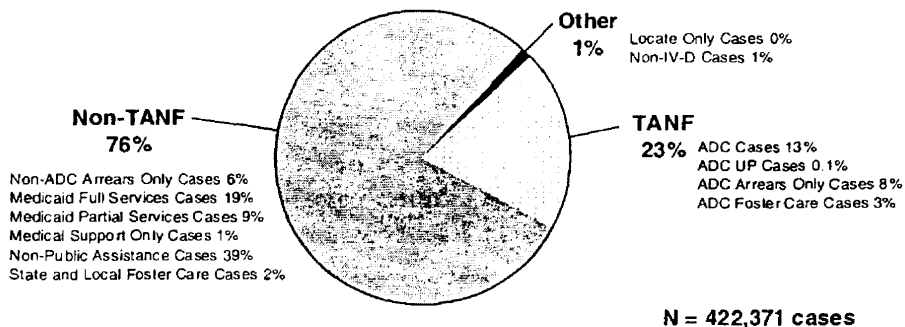
**Types of Child Support Enforcement Cases**

<b>TANF Cases</b>	
<b>ADC Case:</b>	Custodial parent or dependents are active to TANF.
<b>ADC UP Case:</b>	Custodial parent or dependents and NCP are active to TANF.
<b>ADC Arrears Only Case:</b>	The child support enforcement case is only open for the collection of TANF past-due balances owed to the Commonwealth of Virginia; there is no current support order.
<b>ADC Foster Care Case:</b>	The child meets the eligibility requirements for TANF but receives foster care maintenance payments instead of a TANF grant because the child is separated from his or her parents or other relatives. These cases are referred to DCSE by local social service departments.
<b>Non-TANF Cases</b>	
<b>Non-ADC Arrears Only Case:</b>	The child support enforcement case is only open for the collection of past-due balances owed to the client; there is no current support order.
<b>Medicaid Assistance Only Full Services Case:</b>	Medicaid case in which the applicant or former TANF recipient is receiving full services (child support enforcement services and medical support services).
<b>Medicaid Assistance Only Partial Services Case:</b>	Medicaid case in which the client (the child) is receiving medical support services only, but not child support.
<b>Medical Support Only Case:</b>	Medicaid partial services case is closed and the customer applied for medical support services only. DCSE continues to provide medical support only unless an application for full services is received.
<b>Non-Public Assistance Case:</b>	Case is not actively receiving any TANF-related assistance. Application is made for full child support services.
<b>State and Local Foster Care Case:</b>	Child is receiving state and local foster care services. Client is the social service department that has custody of the children. Application for this case type is made by the social service department.
<b>Other Cases</b>	
<b>Locate Only Case:</b>	Interstate cases in which another state is requesting Virginia to locate a noncustodial parent. No other services are provided. This case type is only available for use by central registry.
<b>Non-IV-D Case:</b>	Cases which do not meet the definition of IV-D cases, but for which DCSE is required to provide services. They are generally cases that are not requesting DCSE's services, but are required by federal law to flow through DCSE because they have income withholding orders, or spousal only situations (instate or interstate). These cases are usually processed by central office caseworkers.

Source: DCSE Policy Manual.

**Figure 10**

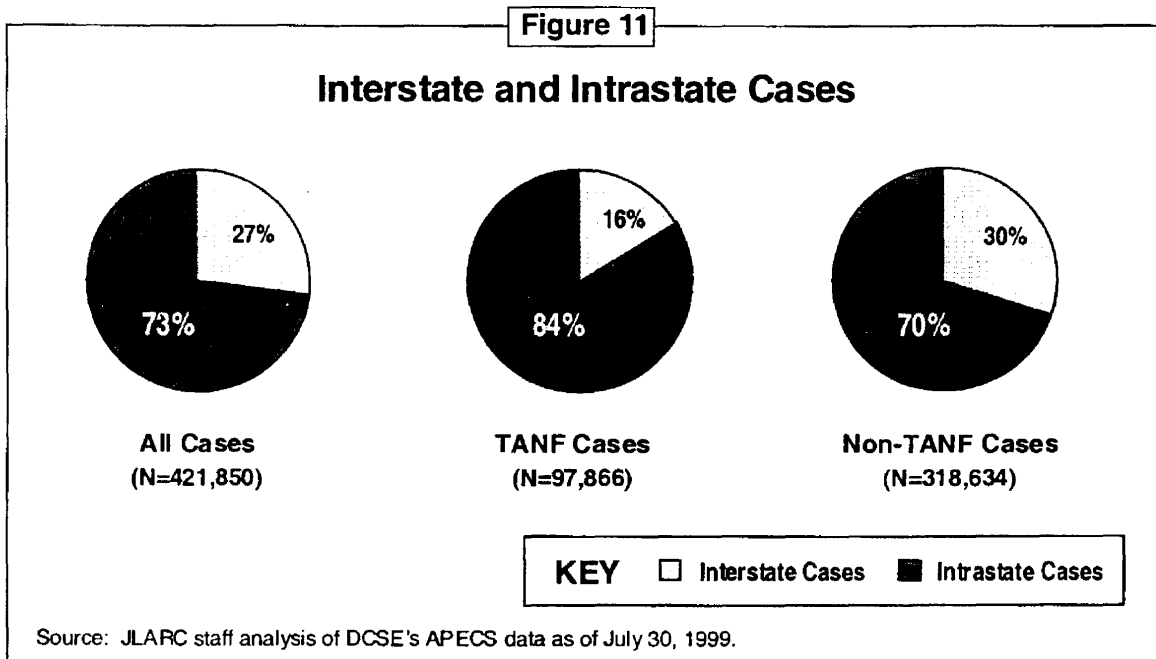
**Distribution of Cases by DCSE Case Type**



Source: JLARC staff analysis of DCSE's APECS data as of July 30, 1999.



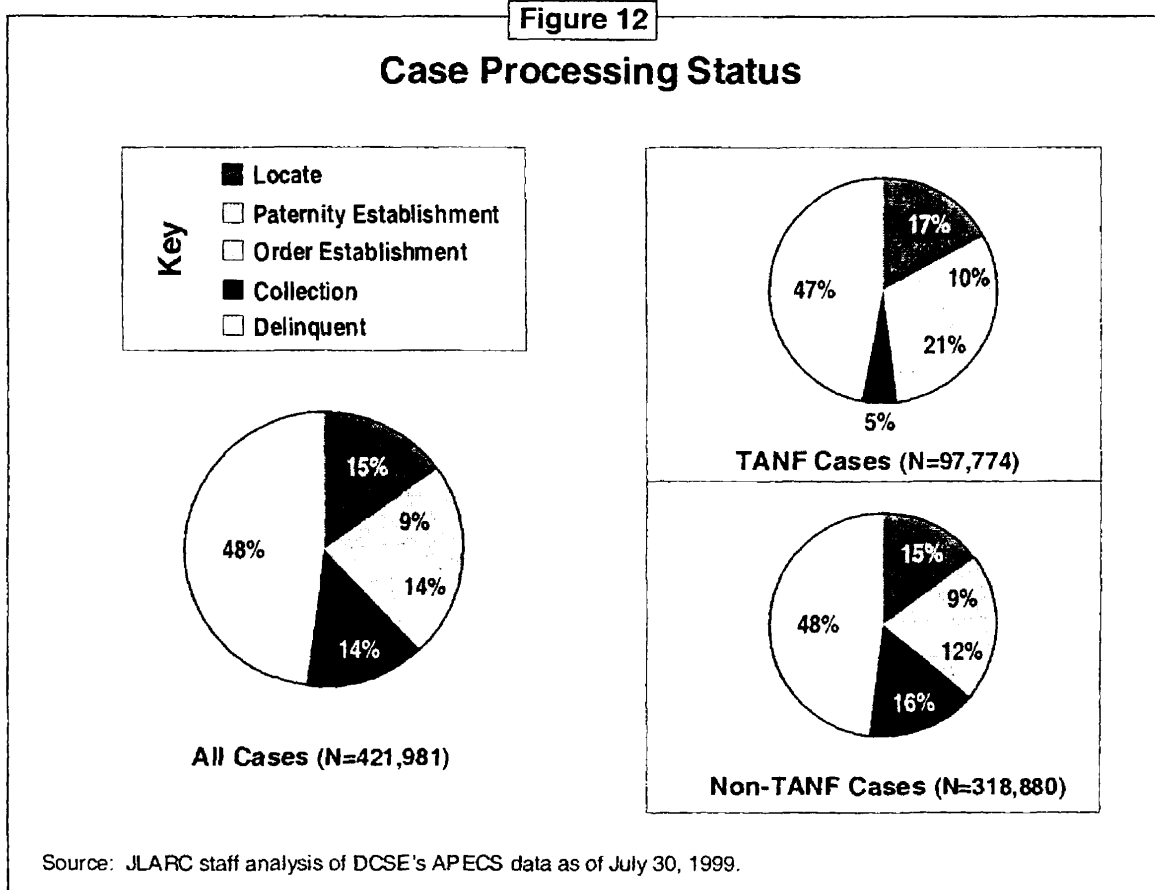
As shown in Figure 11, 73 percent of DCSE's cases are intrastate cases and 27 percent are interstate cases. Of the interstate cases, 71 percent are cases in which Virginia is the initiating state, which means that the noncustodial parent lives in another state and Virginia is requesting assistance from that state. In 29 percent of the interstate cases, Virginia is the responding state, which means that another state is requesting Virginia's assistance because the noncustodial parent lives in Virginia. Figure 11 also shows that non-TANF cases are substantially more likely to be interstate cases than TANF cases.



### Almost Half of DCSE's Cases Are Delinquent in Paying Child Support

As described in Chapter I of this report, a child support enforcement case moves through several different processing statuses as it progresses through the child support enforcement system. DCSE's APECS system tracks each case according to its processing status. The five processing statuses are: intake, locate, paternity establishment, support order establishment, and enforcement. The enforcement status has two sub-statuses: collection and delinquent. If a case is in the collection status, the noncustodial parent is paying current support and has no past-due balance. If a case is in the delinquent status, the noncustodial parent is not paying current support or has a past-due balance, or both. DCSE's goal is to have a high percentage of cases in the collection status.

Figure 12 shows the percentage of cases in each processing status. The highest percentage of cases, 48 percent, are delinquent. Figure 12 also shows that the two areas in which there is a substantial difference between TANF and non-TANF cases (in terms of processing status) are the order establishment and collection statuses.



Non-TANF cases are substantially more likely to be in the collection status than TANF cases. This difference in collection status is partly due to the fact that more TANF cases are still in the order establishment process than the non-TANF cases. However, for both TANF and non-TANF cases, almost half (47 percent and 48 percent, respectively) of the cases are delinquent.

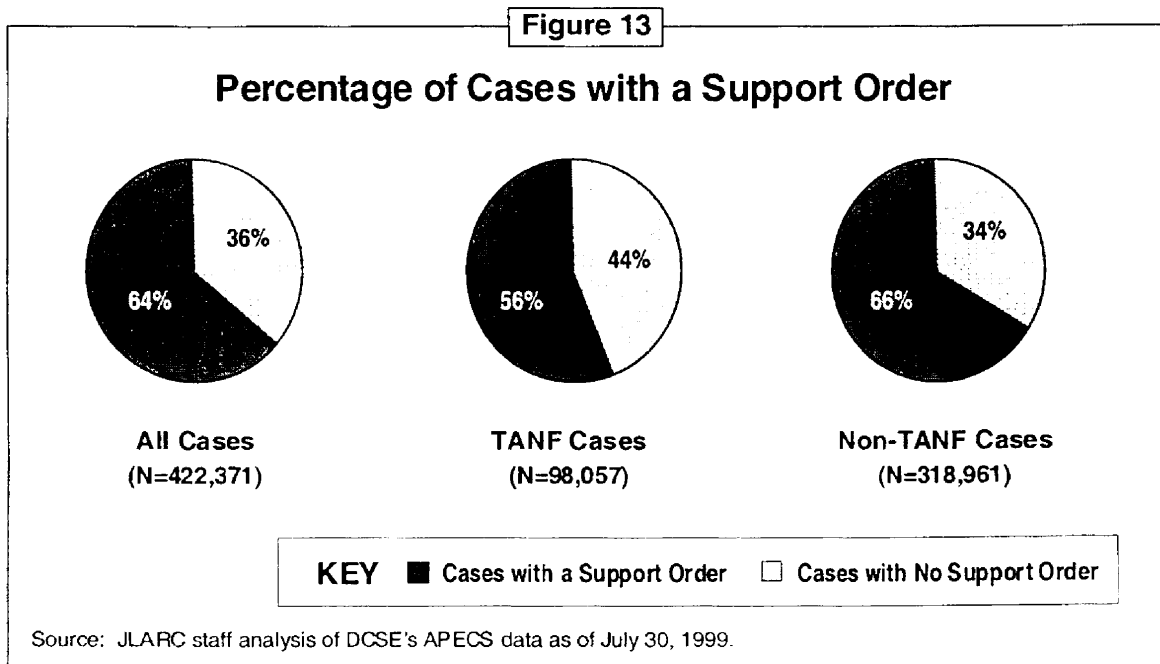
In the district offices, the percentage of cases in each processing status varies widely. The percentage of cases in the locate status ranges from 7 percent to 24 percent. The percentage of cases in paternity establishment ranges from 3 percent to 21 percent. For cases in support order establishment, percentages range from 7 percent to 24 percent. For cases in the collection status, percentages range from 6 percent to 22 percent and for cases in the delinquent status, percentages range from 27 percent to 60 percent (see Appendix C, Table C-3, for the specific data for each district office). During Phase II of this study, JLARC staff will examine the factors that impact these substantial differences at the local service delivery level.

### Almost \$1.6 Billion Is Owed to Virginia's Children

As stated earlier, 48 percent of DCSE's cases are delinquent, which means that they have past-due child support balances. The dollar value of this past-due support was \$1.58 billion as of July 30, 1999. Of that amount, \$279 million (18 percent) is owed for TANF cases, \$1.28 billion (81 percent) is owed for non-TANF cases, and \$22 million (1 percent) is owed for "other" cases. The average amount owed for all cases, including cases with no past-due balance, is \$3,749. When looking only at cases that have a past-due balance, the average amount owed is \$7,470. The most owed for a single case is \$566,491. Appendix C, Table C-4, provides the amount that is owed in each district.

**Cases with Support Orders.** Before DCSE can begin collecting child support on a case, a support order must be established. The support order legally obligates the noncustodial parent to provide financial support for the child and stipulates the amount of the obligation. The support order can be established administratively (by a qualified DCSE employee) or judicially (by the courts). Figure 13 shows the percentage of cases that do not have a support order established. Overall, 34 percent of cases do not have a support order, which means that DCSE should be able to collect support from the remaining 64 percent of its cases. Non-TANF cases are moderately more likely to have a support order than TANF cases.

In the district offices, the percentage of cases with no support order ranges from a low of 20 percent (Suffolk) to a high of 64 percent (Arlington). The districts with a high percentage of cases with no support order may be examined more closely in Phase II to determine why this is the case. Abingdon (50 percent) and Richmond (44 percent) have the highest percentage of TANF cases with no support order, and Fairfax



(19 percent) and Verona (19 percent) have the lowest. (See Appendix C, Table C-5, for information on each district office.)

**Cases with Past-Due Balances.** As shown in Table 1, of the cases that have an outstanding balance (211,980 cases), the largest percentage of cases (31 percent) owe from \$1,000 to \$5,000. Approximately 10 percent of cases owe \$20,000 or more, and 31 percent owe \$1,000 or less. A small number of cases (1,100 cases) owe less than \$1.00.

This table provides an indication of the difficulty DCSE has in collecting support. Approximately 10 percent of cases owe over \$20,000, and it seems unlikely that DCSE will be able to collect such high amounts from noncustodial parents if the non-custodial parent has allowed such a large balance to accrue. The 13 percent of cases that owe \$10,000 to \$20,000 may also be difficult to collect from. DCSE recently began a 17-month study of its outstanding balances to determine, among other things, the true amount of past-due balances in child support cases, the percentage of the past-due balance that is uncollectible, and what resources are most productive for collecting past-due balances. This study is scheduled to be completed in February 2001.

Table 2 shows that, when examining these outstanding balances by type of case, there is very little difference between TANF and non-TANF cases in the lower dollar ranges (less than \$500). However, as the dollar amount of outstanding balances increases, more TANF cases have balances in the mid-ranges (between \$500 and \$5,000), while more non-TANF cases have outstanding balances in the higher dollar ranges (over \$5,000). In the district offices, the offices in Northern Virginia have the highest percentages of cases that owe in the higher dollar ranges (over \$5,000), potentially because of the higher incomes in this area of the State. Verona, Lynchburg, and Roanoke have the lowest percentages of cases that owe in the higher ranges. (See Appendix C, Table C-6, for information on each district office.)

Table 1

### Past-Due Balance Ranges

Past-Due Balance Ranges	Number of Cases (N=211,980)	Percentage of Total Cases with a Past-Due Balance	Dollar Value of Cases with a Past-Due Balance
Less than \$100*	16,096	8	\$633,457
\$100 - \$500	29,306	14	\$8,074,218
\$500 - \$1,000	20,012	9	\$14,669,429
\$1,000 - \$5,000	65,446	31	\$170,404,716
\$5,000 - \$10,000	31,836	15	\$228,067,642
\$10,000 - \$20,000	27,131	13	\$387,364,620
\$20,000 - \$30,000	11,551	5	\$280,719,479
Over \$30,000	10,602	5	\$493,651,404

\*Does not include cases with a balance of zero.

Source: JLARC staff analysis of DCSE's APECS data as of July 30, 1999.

Table 2

**Outstanding Balance Ranges by Case Type**

Arrearage Ranges	% of TANF Cases (N=50,030)	% of Non-TANF Cases (N=157,582)	% of Other Cases (N=4,368)
Less than \$100*	8	8	6
\$100 - \$500	13	14	23
\$500 - \$1,000	11	9	14
\$1,000 - \$5,000	37	29	31
\$5,000 - \$10,000	14	15	12
\$10,000 - \$20,000	10	14	10
\$20,000 - \$30,000	3	6	3
Over \$30,000	3	6	2

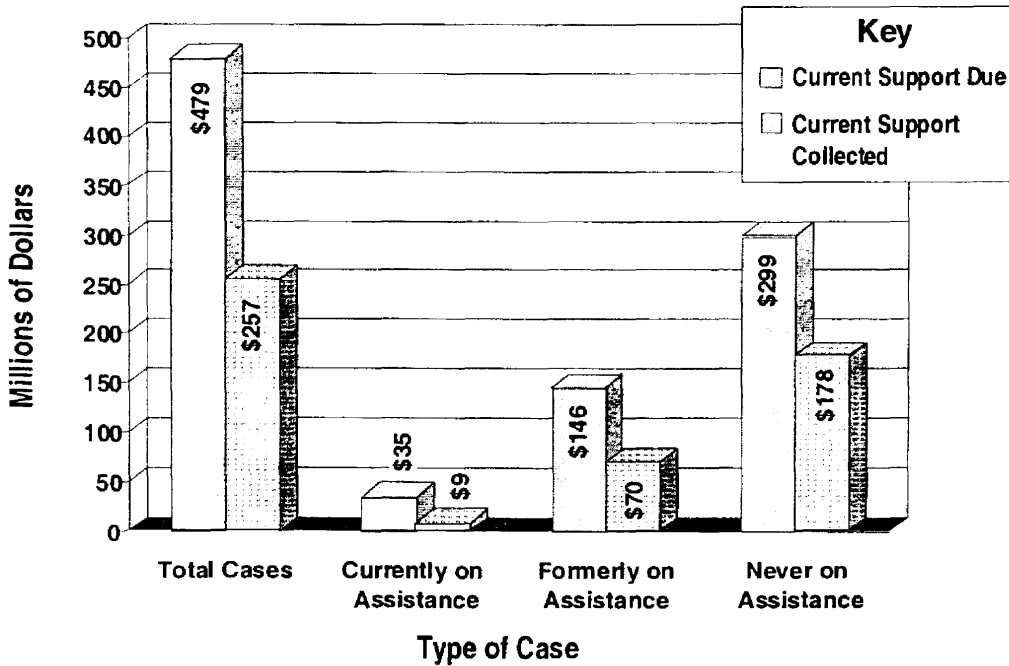
\*Does not include cases with a balance of zero.

Source: JLARC staff analysis of DCSE's APECS data as of July 30, 1999.

Figure 14 shows that DCSE collected 54 percent of the total current support that was owed in federal fiscal year 1999 (current support is support that is due in the current month). DCSE collected 59 percent of the current support owed for cases that have never been on public assistance, but only 27 percent of the support owed for cases currently receiving public assistance.

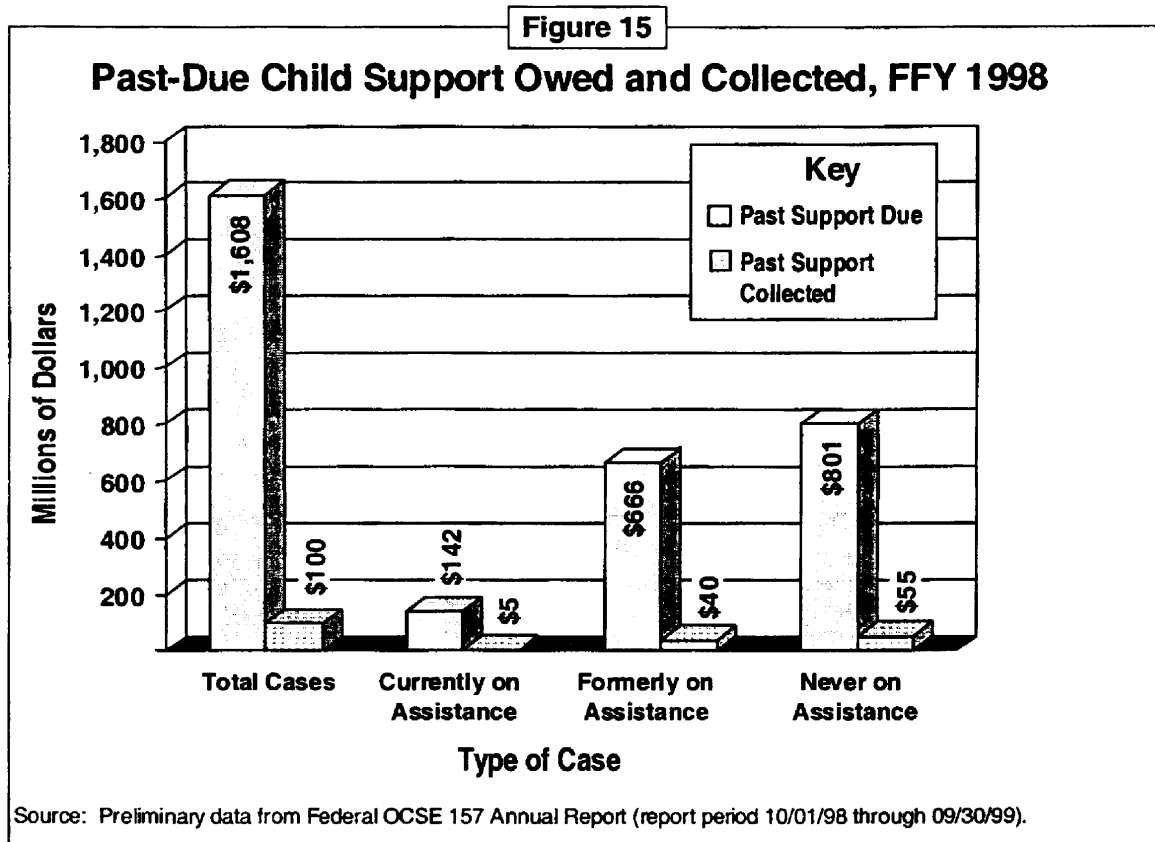
Figure 14

**Current Child Support Owed and Collected, FFY 1998**



Source: Preliminary data from Federal OCSE 157 Annual Report (report period 10/01/98 through 09/30/99).

DCSE was less successful in collecting past-due support. As shown in Figure 15, DCSE collected six percent of the total past-due support in federal fiscal year 1999. DCSE collected four percent of past-due support from cases currently receiving public assistance, and seven percent of past-due support from cases that never received public assistance. However, when looking at the number of cases with a past-due balance that paid toward that balance in FY 1999, DCSE was more successful. Approximately 50 percent of cases with a past-due balance actually paid toward their balance in FY 1999.



### ANALYSIS OF DCSE'S CASELOAD

The goal of JLARC's caseload analysis was to develop a more accurate figure reflecting actual workload per caseworker. JLARC's staff analysis examined DCSE's caseload to determine if it included: (1) cases that can be closed, (2) cases that are "unworkable," and/or (3) cases that are "inactive." JLARC staff defined "inactive" cases as cases that have not had a significant action performed in one or more years. "Unworkable" cases are cases that have not been able to move to the enforcement status or cannot result in a collection; this is primarily caused by lack of adequate information on the noncustodial parent. To determine whether each case is "inactive" or "unworkable," or can be closed, JLARC staff used five criteria, shown in Exhibit 4. If a case met one or more of these criteria, it was excluded from DCSE's caseload.

## Exhibit 4

<b>JLARC Staff Criteria for Inactive and Unworkable Cases</b>	
<b>Caseload Factors</b>	<b>JLARC Staff Criteria for Classifying Cases as Inactive or Unworkable</b>
<b>DCSE's Caseload Factors</b>	
Case meets one of DCSE's 12 criteria for case closure (see Table 3).	JLARC staff used the same definition as DCSE, which is the case is inactive if it meets one of DCSE's 12 criteria for case closure.
Case meets one of DCSE's two criteria for unworkable cases (see Table 4).	JLARC staff used the same definition as DCSE, which is the case is unworkable if it meets one of DCSE's criteria for unworkable cases.
<b>JLARC's Caseload Factors</b>	
Length of time in processing status.	If case has been in its processing status for over three years (except for the enforcement status), case is classified as "unworkable."
Last significant action date on case.	If case has not had a significant action in over one year, case is classified as "inactive." If case had no action in more than one year and it is in the collection or delinquent processing status, case is classified as "inactive" if DCSE has not received a child support payment in over one year.
Priority assigned to the case by the APECS system.	If case has a priority of 3 and the case is in the locate processing status, case is classified as "unworkable."
Source: JLARC staff analysis.	

To determine the number of cases that met one or more of these criteria, JLARC staff requested and analyzed various data from DCSE's APECS system. These data were used to create a caseload database that included the entire population of DCSE's open cases. Based on an analysis of this caseload database, an adjusted caseload figure was developed. The remainder of this chapter presents the results of the JLARC staff caseload analysis, by identifying the number of cases that: (1) can be closed, (2) are "unworkable," and (3) are "inactive." It also assesses whether there are substantial caseload differences between TANF and non-TANF cases, and among the district offices.

### **Up to Ten Percent of the Caseload Appears to Meet DCSE's Case Closure Criteria**

DCSE's Policy Manual outlines 12 reasons that a child support enforcement case can be closed. These reasons mirror federal case closure regulations. DCSE indicated that the central office does not regularly assess cases on a statewide basis to determine if they can be closed, primarily because of lack of time and resources. DCSE staff indicated that a major statewide case clean-up has not occurred since 1994, when cases were converted to the APECS system. The central office did, however, instruct the district offices to clean up their caseloads in the spring of 1999. The central office

indicates that these instructions were given to prepare for the new automated withholding system. In addition, during JLARC staff site visits, several districts indicated that they currently have special projects underway to clean up their caseload and close old cases.

Table 3 on the next page lists each of DCSE's 12 case closure reasons, and shows that up to 46,058 cases (11 percent of all cases) could potentially be closed based on JLARC staff's analysis of four of the 12 case closure reasons, although DCSE staff believe this figure is closer to 10,000 cases. (DCSE staff do acknowledge, however, that additional cases may be able to be closed based on the eight case closure criteria for which data were not available.) The number of cases that met eight of the criteria could not be estimated based on the information that was requested from DCSE. Therefore, a range of between 10,000 and 46,000 cases probably provides a conservative estimate of the lower and upper bound for the number of cases that potentially could be closed. Approximately 19 percent of the 46,058 potential cases (8,945 cases) are TANF cases. In the district offices, the percentage of their caseload that meets the case closure criteria ranges from less than one percent in Abingdon to 21 percent in Arlington and Fairfax (see Appendix C, Table C-7).

It is in DCSE's best interest to close cases that meet the case closure criteria, particularly in light of the new incentive funding structure discussed in Chapter III. Many of the performance measures on which the federal incentive payments are based are calculated using total caseload as the denominator, and DCSE could score higher on these measures if old, non-paying cases were closed, thereby making the denominator smaller. For example, the performance measure that measures an agency's success in establishing support orders is calculated by dividing the total number of cases into the number of cases with child support enforcement orders. As shown in Exhibit 5 below, a smaller denominator results in a higher percentage of cases with support orders.

In addition to potentially resulting in additional federal funding, closing cases is beneficial because it results in cleaner, better data and results in a more accurate representation of the general workload of the division staff. The inclusion of inactive or unworkable cases in figures that are used by policy makers to address funding and staffing issues can damage the credibility of an agency. It is important to note that if a case is closed, it can be opened again in the future if the custodial parent provides new information that can legitimately lead to more progress on the case.

<b>Exhibit 5</b>	
<b>Example of How Closing Cases Can Result in a Higher Score on Some Performance Measures</b>	
<i>Before Cases Are Closed</i>	<i>After Cases Are Closed</i>
$\frac{25 \text{ cases with support orders}}{125 \text{ total cases}} = 20\%$	$\frac{25 \text{ cases with support orders}}{100 \text{ total cases}} = 25\%$
<small>Source: Federal Register, Vol. 64, No. 195, October 8, 1999, Proposed Rules, and JLARC staff analysis.</small>	



Table 3

## Cases that Meet DCSE's Case Closure Criteria

Twelve Case Closure Criteria	Estimated No. of Current Cases That Meet Criteria
1. Current support order does not exist and arrears are less than \$500 (see assumption 1 below).	438
2. NCP or putative father is deceased.	*
3. DCSE cannot establish paternity (see assumption 2 below).	11,083
4. Location of NCP is unknown, and regular attempts using multiple sources to locate the NCP have been unsuccessful for more than three years (see assumption 3 below).	34,537
5. NCP has no income or assets, and cannot pay support for the duration of the child's minority because NCP is (1) institutionalized in a psychiatric facility, (2) incarcerated with no chance of parole, or (3) has a medically verified total and permanent disability.	*
6. NCP is a citizen of and lives in another country and has no reachable income or assets, or the Commonwealth is unable to establish reciprocity with the country where the NCP lives.	*
7. DCSE has used all applicable locate services for a Locate Only case (see assumption 4 below).	2
8. A non-TANF applicant/recipient requests closure of his/her case and there is no assignment to the Commonwealth of medical support or arrears that accrued under a support order.	*
9. The local department of social services finds good cause in TANF, Medicaid only, or AFDC/FC cases why DCSE may not continue efforts to secure support without risk of harm to the CP or child.	*
10. For non-TANF cases, DCSE is unable to contact the CP within a 60-calendar-day period despite an attempt by at least one letter sent by first class mail to the applicant/recipient's last known address.	*
11. For non-TANF cases, the applicant/recipient is not cooperative regarding an action that is essential for the next step in providing services.	*
12. For incoming interstate cases, the initiating state fails to take an action which is essential for the next step in providing services.	*
<b>ESTIMATED CASES THAT COULD BE CLOSED (UNDUPLICATED COUNT)</b>	<b>46,058</b>
<p>JLARC staff assumptions in developing these estimates:</p> <ol style="list-style-type: none"> <li>1. If case is in the enforcement status, does not have a support order, and arrears are less than \$500, JLARC staff assumed case meets this case closure criterion.</li> <li>2. If a case has been in paternity status for three or more years, JLARC staff assumed that paternity cannot be established and this criterion is met.</li> <li>3. If a case has been in locate status for three or more years, JLARC staff assumed that this criteria was met.</li> <li>4. If a Locate Only case has been open for three or more years, JLARC staff assumed that DCSE has used all applicable services to locate the noncustodial parent.</li> </ol> <p>*Information not readily available.</p>	
Source: DCSE Policy Manual, and JLARC staff analysis of DCSE's APECS data as of July 30, 1999.	

### DCSE Has Many Cases in Its Caseload that Are “Unworkable”

There are three reasons that a case could be classified as “unworkable” for this analysis: (1) it meets DCSE’s criteria for an “unworkable” case, (2) it has been in a processing status for three or more years, or (3) it has been assigned a priority of 3 by the APECS system and it is also in the locate processing status. Each of these is described below.

**DCSE’s Unworkable Criteria.** For the most part, DCSE does not distinguish between active and inactive cases; all cases are considered active cases. There are, however, three types of cases that DCSE considers “unworkable”:

1. Cases for which good cause exists or existed. (Good cause applies to TANF cases. It is “a reasonable anticipation that pursuing paternity or support will result in physical or mental harm to the child or custodial parent.”)
2. Cases involving noncustodial parents that receive public assistance.
3. Cases involving noncustodial parents that receive Supplemental Social Security Income (SSI).

If good cause exists, a case can be closed. In the other two situations, the case remains open in the event that the noncustodial parent’s status changes. Table 4 shows that 2.3 percent, or 9,674, of DCSE’s cases fall into two of the “unworkable” categories, based on JLARC staff analysis of APECS data. Data for cases that involve good cause are not readily available because these cases are closed.

Prior to May 1998, DCSE classified six types of cases as unworkable. For example, if the noncustodial parent was incarcerated, the case used to be considered unworkable. Now, however, all cases, except for the three exceptions listed above, are considered workable. Therefore, the number of cases that DCSE now considers unworkable is a conservative number.

**Length of Time in Status.** Another indication of “workability” is the length of time a case has been in a particular processing status. As stated before, cases are supposed to move from one processing status to the next; the goal is for a case to be in

**Table 4**

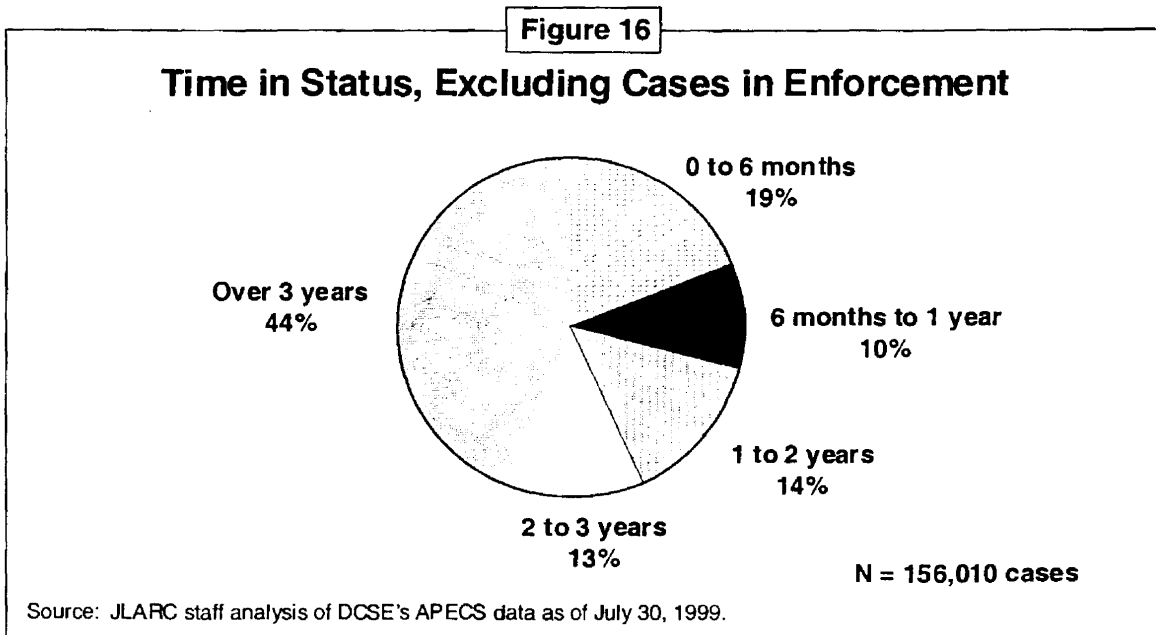
### Number of Cases that DCSE Considers Unworkable

DCSE Unworkable Reason	Number of Cases	Percentage of Total Cases
Cases involving NCPs that receive public assistance	4,274	1.0
Cases involving NCPs that receive SSI	5,400	1.3
<b>TOTAL</b>	<b>9,674</b>	<b>2.3</b>

Source: JLARC staff analysis of DCSE’s APECS data as of July 30, 1999.

the enforcement status because this is when DCSE is able to begin collecting child support. The longer a case has been in a single processing status (with the exception of the enforcement status), the less likely it is to be workable. If, for example, a case has been in the locate status for an extended period of time, it probably means that DCSE is not able to locate the noncustodial parent; this could be because the custodial parent has not provided DCSE with adequate information about the noncustodial parent or the noncustodial parent moves frequently.

As shown in Figure 16, 44 percent, or 68,644, of DCSE's cases (excluding cases in enforcement) have been in a single processing status for over three years. Table 5 shows that, of the cases in the locate status, approximately 55 percent have been in that status for over three years. Of the cases in paternity establishment, 30 percent have been in that status for more than three years, and of the cases in order establishment, 39 percent have been in that status for over three years.



**Table 5**

**Time in Status by Processing Status, Excluding Cases in Enforcement**

Processing Status	Percentage of Time in Status (N=156,010)				
	0 - 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	Over 3 Years
Locate (N=62,793)	13	8	13	11	55
Paternity Establishment (N=36,504)	29	13	16	12	30
Order Establishment (N=56,713)	19	10	15	16	39

Source: JLARC staff analysis of DCSE's APECS data as of July 30, 1999.

In the district offices, the percentage of cases in a single processing status for over three years ranges from 20 percent to 54 percent. Charlottesville, Fairfax, and Manassas have the highest percentages of cases (excluding cases in enforcement) that have been in a processing status for over three years. This means that these cases are unlikely to be moved to the enforcement status and result in a collection. Suffolk, Abingdon, and Norfolk had the lowest percentage of cases in a processing status for over three years. (See Appendix C, Tables C-8 and C-9, for information on each district office.) A high number of cases in a single processing status for an extended period of time could be reflective of a lack of resources in the division.

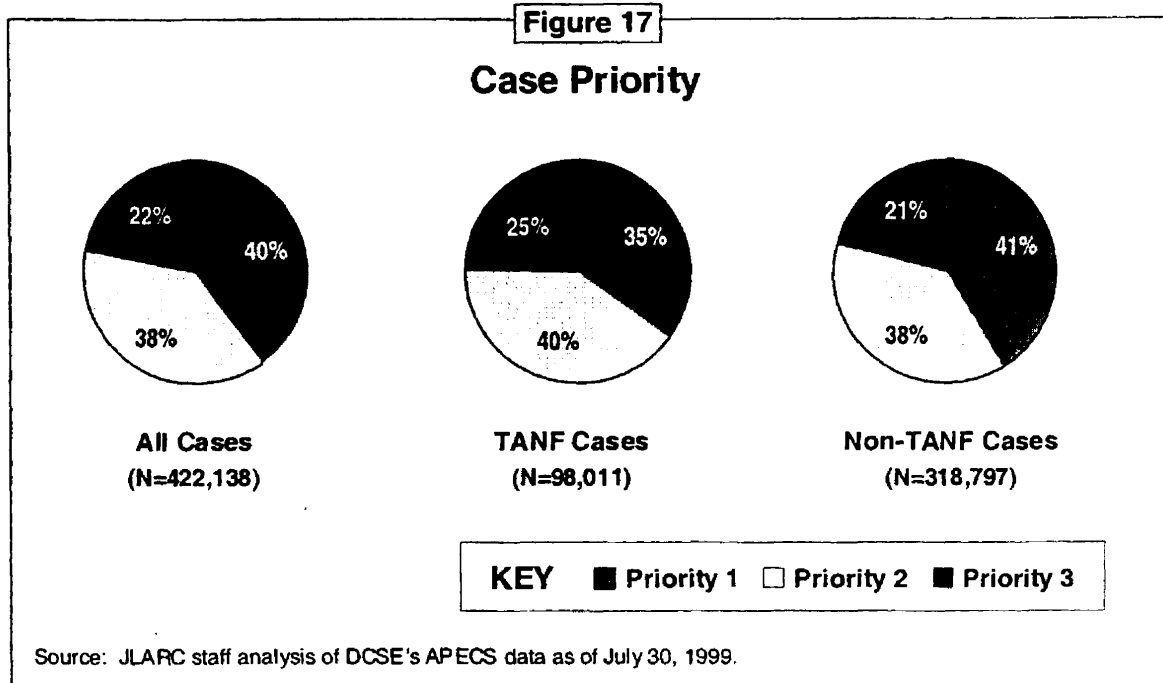
**Priority Number.** In addition to the length of time in a processing status, the APECS system's case prioritization provides another indication of a case's "workability." The APECS system assigns each case a priority number ranging from 1 to 3 based on the presence or absence of information about the noncustodial parent. The criteria for prioritization are different for each processing status (see Exhibit 6), but in general, the less information that DCSE has on a noncustodial parent, the lower the priority it is assigned. Cases that have a priority of 3 are less workable than cases with a priority of 1 or 2.

As shown in Figure 17, a substantial percentage of cases (22 percent) have been assigned a priority of 3 by the APECS system. There is a discrepancy, however, between the APECS priority system, which the district offices report is followed in practice, and central office management's position as to how they think cases should be handled. DCSE central office management state that even though APECS assigns each case a priority number, staff are not supposed to give priority to specific cases; all cases are supposed to be given equal priority. However, staff at the district offices stated that it is only natural for a caseworker to give priority to a case that has sufficient information (for example, social security number, address, and name of employer) over a case that has insufficient information, because the case with sufficient information is more likely to be worked successfully.

Exhibit 6

<b>DCSE Case Prioritization Criteria for Each Processing Status</b>			
<b>Processing Status</b>	<b>Priority 1</b>	<b>Priority 2</b>	<b>Priority 3</b>
Locate	Cases have a social security number <u>and</u> a date of birth for the NCP.	Cases have a social security number <u>or</u> a date of birth for the NCP.	Cases have neither a social security number or a date of birth for the NCP.
Paternity, Establishment, Collection	Cases have an address <u>and</u> current employer for the NCP.	Cases have an address <u>or</u> current employer for the NCP.	Cases have neither an address or current employer for the NCP.
Delinquent	Cases have an income withholding in place.	Cases have no income withholding, but there is a current employer.	Cases have no income withholding and no current employer.

Source: DCSE Policy Manual.



When assessing differences between TANF and non-TANF cases, there appears to be a slight difference in the percentage of TANF and non-TANF case that are assigned a priority of 3, with 4 percent more TANF cases being priority 3. On the other hand, a moderately higher percentage of non-TANF cases are assigned a priority of 1 than TANF cases. As stated earlier, TANF cases are important to DCSE because much of DCSE's federal funding is based on TANF collections.

Most of the cases that have been assigned a priority of 3 are in the locate and delinquent statuses (see Table 6). For locate cases, this means that DCSE does not have adequate information to locate the noncustodial parent. For delinquent cases, it means that the noncustodial parent has no current employment and there is no current withholding order in place.

**Table 6**

### Case Priority by Processing Status

Case Processing Status	Priority 1 (N=165,781)	Priority 2 (N=162,407)	Priority 3 (N=93,639)
Locate	10	11	32
Paternity Establishment	6	18	0
Order Establishment	9	26	1
Enforcement:			
Collection	21	14	0
Delinquent	54	31	67

Source: JLARC staff analysis of DCSE's APECS data as of July 30, 1999.

In the district offices, the percentage of cases with a priority of 3 ranges from 15 percent to 29 percent. Arlington, Fairfax, and Newport News have the highest percentage of their cases that are priority 3 (the central office also has a high percentage of priority 3 cases), and Verona and Petersburg have the lowest. Fredericksburg, Suffolk, and Richmond have the highest percentage of cases in priority 1 status. (See Appendix C, Table C-10, for information on each district office.)

### **Up to 17 Percent of DCSE's Cases Appear to Be "Inactive"**

As stated earlier, JLARC staff made the assumption that cases that have not had a significant case action in more than one year can be considered "inactive" or serve as a proxy for cases that have minimal activity. (This analysis did not include actions that may have been made on an individual rather than a case.) These cases are therefore excluded from DCSE's caseload when calculating the number of cases per caseworker for this analysis.

Significant actions are defined by DCSE based on federal reporting requirements; there are approximately 414 significant actions (see Appendix D). Since making a child support payment is not recorded as a significant action by APECS, if a case had a payment in the last year, this was considered a significant action for this analysis. The significant actions are not weighted in terms of resource time or significance. Therefore, actions can range from something that appears significant and resource intensive, such as filling out a state tax intercept application with a client or manually checking a database for locate purposes, to something that seems less resource-intensive and significant like notifying the client of a DCSE action. JLARC's staff analysis attempted to weight the actions for workload purposes based on whether they were generated by the caseworker or by the APECS system, with the assumption that caseworker actions are more resource intensive. Examples of caseworker-generated actions include establishing a support order appointment or performing a manual locate attempt. Examples of system-generated actions include automated database searches, such as a search of the National Directory of New Hires.

Table 7 shows that 17 percent of DCSE's cases have not had a significant action in the past year, and nine percent of the cases have not had a significant action in over three years (excludes cases in enforcement for which a payment has been received in the last year). Table 7 also shows whether the last action was generated by a caseworker or by the APECS system, which indicates the level of effort required by the caseworker. As shown in the table, in cases where there has been no significant action in over three years, the last action that was taken in 59 percent of the cases was a system-generated action, which provides a further indication that caseworkers are not actively working on these cases (although the computer continues to search databases for information on noncustodial parents).

Tables 8 through 11 show the most common actions for cases in each processing status: locate, paternity establishment, order establishment, and enforcement. The tables also show whether the actions were generated by a caseworker or by the APECS system.

Table 7

## Last Significant Action Date

Last Significant Action*	Percentage of Cases (N=410,301)	% of Caseworker-Generated Actions	% of System-Generated Actions
0 – 30 days	37	72	28
31 – 90 days	18	72	28
91 days – 6 months	22	32	68
6 months – 1 year	6	84	16
1 – 2 years	8	69	31
2 – 3 years	4	67	33
Over 3 years	5	41	59

\*Last action date is taken from the APECS aging extract that corresponds to each case's processing status.

Source: JLARC staff analysis of DCSE's APECS data as of July 30, 1999.

As shown in Table 8, a large percentage of locate actions are generated by the APECS system; many of these actions are computer-generated database searches. For example, the APECS system periodically submits locate cases to the Federal Parent Locator Service (FPLS). Locate actions typically require less caseworker intervention than other actions.

Most of the common paternity and order establishment actions, on the other hand, are caseworker generated (see Tables 9 and 10). "Notification of DCSE action" was the second and first most common action for cases in these processing statuses, respectively.

Table 8

## Most Common Locate Actions\*

Most Common Locate Actions	% of Actions (N=62,793)	% System Generated	% Caseworker Generated
1. State police locate submit	55	100	0
2. Federal Parent Locator Service locate submit	14	100	0
3. Absent parent referred to locate unit	11	5	95
4. Federal Parent Locator Service locate submit	7	100	0
5. Quarterly wage from National Directory of New Hires locate request match	4	100	0
6. DPT locate submit	2	100	0
7. Electronic Parent Locator Network checked: manual locate attempt	1	0	100
8. Postmaster verification request	1	0	100
9. Quarterly wage from National Directory of New Hires-Federal Case Registry proactive match	1	100	0
10. DMV checked: manual locate attempt	1	0	100

\*Includes 96 percent of all locate actions.

Source: JLARC staff analysis of DCSE's APECS data as of July 30, 1999.

Table 9

## Most Common Paternity Actions\*

Most Common Paternity Actions	% of Actions (N=36,495)	% System Generated	% Caseworker Generated
1. Paternity start date XX/XX/XXXX	22	43	57
2. Notification of DCSE action	12	0	100
3. Establish paternity appointment/hearing	9	0	100
4. Paternity hearing	8	0	100
5. Closure intent notice	7	0	100
6. AFDC client moved to VIEW program	5	99	1
7. Contact letter to non-TANF custodial parent	5	0	100
8. Administrative summons	4	0	100
9. Noncustodial parent closed locate successfully	3	0	100
10. Interstate contact letter	2	0	100

\*Includes 76 percent of all paternity establishment actions.

Source: JLARC staff analysis of DCSE's APECS data as of July 30, 1999.

Table 10

## Most Common Establishment Actions\*

Most Common Establishment Actions	% of Actions (N=56,713)	% System Generated	% Caseworker Generated
1. Notification of DCSE action	12	0	100
2. Noncustodial closed locate successfully	8	0	100
3. Notification of emancipation	7	100	0
4. Established support order/health care appointment/ hearing	5	0	100
5. Case converted from old system to APECS	5	100	0
6. Financial statement sent to CP/NCP to complete	4	0	100
7. Closure intent notice	4	0	100
8. ADC case discontinuance	4	100	0
9. Established support order appointment/hearing	4	0	100
10. Contact letter to non-TANF custodial parent	4	0	100

\*Includes 58 percent of all support order establishment actions.

Source: JLARC staff analysis of DCSE's APECS data as of July 30, 1999.



The most common enforcement actions are a combination of system- and case-worker-generated actions (see Table 11). Approximately 23 percent of the enforcement actions were a notification of a DCSE action.

Within the district offices, the percentage of cases that have had no significant action in over one year ranges from 10 percent to 27 percent. Manassas, Arlington, and Alexandria have the highest percentage of cases with no action in over one year. There are many possible reasons why an office could have a high percentage of cases with no action. It could be because an office has a more difficult caseload, or because of a lack of resources to deal with cases in a timely manner. Or it could be because the office has inadequate follow-up procedures or a staff that could be more productive. Suffolk, Newport News, and Henrico have the lowest percentage of cases with no action in over one year. (See Appendix C, Tables C-11 and C-12, for information on each of the district offices.)

When examining how the last action was generated (by caseworker or by the APECS system), Norfolk, Suffolk, and Abingdon have the highest percentage of cases generated by a caseworker. This could mean that the cases in these districts are more difficult to work and require more effort by caseworkers. These offices may be more closely examined in Phase II to determine if their caseload is more difficult, and to assess the adequacy of the resources to deal with their caseloads. Alexandria, Arlington, and Manassas have the highest percentage of system-generated actions. (See Appendix C, Table C-13, for information on each district office.)

Table 11

### Most Common Enforcement Actions\*

Most Common Enforcement Actions	% of Actions (N=215,037)	% System Generated	% Caseworker Generated
1. Notification of DCSE action	23	9	91
2. Case referred to private collection agency	9	100	0
3. State tax/lottery intercept letter to NCP	8	100	0
4. Order entered	7	0	100
5. Withholding of earnings	5	0	100
6. Show-cause/contempt hearing	3	0	100
7. Current support order extension updated	3	0	100
8. Notification of emancipation	3	100	0
9. Case sent to private district for locate	2	100	0
10. Interstate status report	2	0	100
*Includes 66 percent of all enforcement actions.			
Source: JLARC staff analysis of DCSE's APECS data as of July 30, 1999.			

### **Up to One Fourth of DCSE's Cases Could Be Excluded from the Statewide Caseload for Workload Purposes**

The goals of this final caseload analysis were to develop an adjusted statewide caseload figure based on the number of unduplicated "active" and "workable" cases in DCSE's caseload, and to determine the value of the past-due balances for each of these criteria. The prior sections examined each of the five JLARC staff criteria for classifying "inactive" or "unworkable" cases separately, but did not account for clients that may meet the criteria for more than one category.

Table 12 presents the final results of the adjusted statewide caseload analysis. The caseload adjustment criteria in this table are presented in a hierarchical fashion, which presents the DCSE criteria first. In addition, once the noncustodial parent meets the criteria, he or she can no longer be included in the lower criteria. The table illustrates that out of the current statewide DCSE caseload of 422,371 cases, the number of cases that can be classified as "inactive" or "unworkable" could range as high as 110,800, although DCSE believes this number is closer to 36,000. In addition, another 33,000 cases in DCSE's caseload are in the collections processing status (this excludes cases with medical support only), which means that the noncustodial parent paid their current support and they have no past-due balances. These cases require minimal work on the part of the caseworkers. However, a case can move in and out of the collection status if the noncustodial parent does not pay on time every month, so excluding these cases from the caseload for workload purposes may not be appropriate.

It is important to note that JLARC staff are not recommending that these "inactive" and "unworkable" cases be closed, although after additional analysis by DCSE, many of them may be able to be closed. The purpose of this analysis was to demonstrate the workability of cases in the current workload and the number of cases that DCSE is actively working on.

In the district offices, the percentage of the districts' caseloads that are inactive or unworkable ranges from 13 percent to 49 percent. The offices in Northern Virginia have the highest percentage of cases that are inactive or unworkable, and Suffolk and Norfolk had the lowest percentage. See Appendix C, Table C-14, for information on each district office.

Next, JLARC staff looked at the past-due balances for the noncustodial parents that meet the criteria for "inactive" or "unworkable" to determine the dollar value of the past-due balances for each of the five criteria. As shown in Table 12, of the \$1.58 billion owed by all of the noncustodial parents in the statewide caseload, approximately \$1.46 billion is from "active" cases, assuming that 26 percent of the caseload is inactive or unworkable. The remaining \$119 million, or eight percent of the total past-due balance, could potentially be considered uncollectible because it is from "inactive" or "unworkable" cases. One explanation for why the inactive past-due account value is not higher is that these cases are "inactive" or "unworkable" because DCSE does not have enough information to locate and process the noncustodial parents to establish collection amounts.

Table 12

### Steps to Determine an Adjusted Statewide Caseload Size

	Number of Cases	Dollar Value of Cases
<b>Number of Current Cases</b>	<b>422,371</b>	<b>\$1,583,584,965</b>
<u>DCSE Criteria</u>		
Estimated number of cases that could be closed based on DCSE's case closure criteria <sup>1</sup>	(46,058)	(\$17,637,737)
Estimated additional cases that are unworkable according to DCSE's criteria <sup>2</sup>	(3,678)	(\$24,314,723)
<u>JLARC Staff Criteria</u>		
Estimated additional cases that are unworkable due to length of time in processing status (three or more years) <sup>3</sup>	(22,356)	(\$1,640,406)
Estimated additional cases that are inactive due to lack of significant action by DCSE in the past year <sup>4</sup>	(28,192)	(\$74,727,865)
Estimated additional cases that are unworkable because they are in locate status and have a priority of 3 in APECS <sup>5</sup>	(10,529)	(\$933,415)
<b>Subtotal (Estimated Maximum for Inactive or Unworkable Cases)</b>	<b>110,813</b>	<b>\$119,254,146</b>
<b>Adjusted DCSE Caseload Size and Outstanding Balance Value</b>	<b>311,558</b>	<b>\$1,464,330,819</b>
<sup>1</sup> JLARC staff had data for only four of the 12 criteria. <sup>2</sup> If a case is unworkable according to DCSE's unworkable reasons, the only actions that cannot be taken are enforcement actions; other actions, such as locate and paternity establishment, can still be conducted. Therefore, only cases that meet DCSE's unworkable criteria and are also in the enforcement status were considered unworkable for this analysis. <sup>3</sup> Excludes cases in the enforcement processing status. <sup>4</sup> All cases in the locate, paternity establishment, and order establishment processing statuses that have had no action in over one year are included. If a case is in the enforcement status, it is included only if a child support payment has not been received in a year or more. <sup>5</sup> JLARC staff excluded priority 3 cases that were in other processing statuses (besides locate) from this analysis because, although DCSE has limited data on these cases, caseworkers still may be able to work the cases. As stated before, however, priority 3 for a locate case means that DCSE does not have a social security number or date of birth for the NCP, both of which are important pieces of information for a locate case. Therefore, it is unlikely that these cases are actively being worked on.		
Source: JLARC staff analysis of DCSE's APECS data as of July 30, 1999.		

The final step in the analysis was to establish an adjusted caseload size per caseworker. Without any adjustments for inactive and unworkable cases, the current caseload size is 878 cases for each of the 481 caseworkers (see Table 13). Utilizing the adjusted caseload size, however, the caseload per caseworker is reduced by 75 to 230 cases per worker. A nine percent reduction in caseload translates to an adjusted caseload per caseworker of 803, while a 26 percent reduction in caseload translates to an adjusted caseload per caseworker of 648.

Table 13

### DCSE's Adjusted Caseload per Caseworker

DCSE Caseload Size		Adjusted Caseload Size			
# of Caseworkers*	# of Cases	9 Percent		26 Percent	
		# of Caseworkers*	# of Cases	# of Caseworkers*	# of Cases
481	422,371	481	386,223	481	311,558
<b>878 cases per caseworker</b>		<b>803 cases per caseworker</b>		<b>648 cases per caseworker</b>	
*Includes 432 caseworker positions at the state-run district offices, 44 caseworker positions at the privatized offices, and 5 caseworker positions at the central office. DCSE positions are funded positions; filled positions may be lower.					
Source: DCSE Staffing Report – August 1, 1999, and JLARC staff analysis of DCSE's APECS data as of July 30, 1999.					

While this adjusted caseload size may still seem like an extremely high number when compared to the caseloads of traditional human service caseworkers, whose caseloads are generally 50 cases or less depending on the complexity of the cases, it is important to distinguish between child support enforcement caseworkers and traditional human service caseworkers. Child support enforcement caseworkers typically do not handle a case from beginning to end. They are more specialized and focus on specific functional activities, such as locating noncustodial parents or enforcing child support orders. The approach of child support enforcement caseworkers is more hands off due to the nature of the work; they also utilize the computer more frequently in working their cases. Traditional human service caseworkers, on the other hand, handle a single case from beginning to end. For each case, they typically conduct an initial assessment of the client's needs, develop a service plan, monitor the plan, and conduct periodic follow-up. Therefore, it is difficult to compare a child support enforcement caseworker's workload to other human services caseworkers. Still, it is important to note that 648 cases per caseworker is a heavy workload.

#### DCSE Should Make Analyzing and Cleaning the Statewide Caseload a Priority

Having a more accurate caseload figure will allow for more informed decision-making by State policy makers faced with the decision of having to allocate more general fund money for staff and computer resources to adequately administer the child support program. In addition, as discussed in Chapter III of this report, inactive and unworkable cases can negatively affect DCSE's incentive payment under the new incentive funding formula. It may be appropriate for DCSE to use a small number of staff to try to make at least some progress on certain cases that have seen little activity over the years. However, this irregular caseload and the staff who are assigned to it should be reported separately, so that policy makers can obtain a figure that reflects only the cases that typically receive some sort of action.

The JLARC staff analysis of information found on DCSE's APECS system demonstrates the feasibility of using this information to develop performance measures to monitor the caseload size at the State and district levels. This system already generates a series of "worklists" for the district offices to help them manage their caseloads. However, during the JLARC site visits to these offices, many indicated that they do not have time to research the noncustodial parents that are on these lists, and the lists are not particularly useful because many clients appear on more than one list. These reports could be streamlined, similar to the JLARC staff analysis on caseload adjustments, to develop a hierarchical system and to eliminate duplication of clients on more than one list.

DCSE could also use the APECS data to enhance, but not replace, its performance standards for the district offices. JLARC staff analysis found that there were substantial differences among district offices in the percentage of clients in each processing status, length of time in the processing status, the number of cases with support orders and past-due accounts, and the number of cases that could be closed.

***Recommendation (1).*** The Department of Social Services should initiate a statewide caseload clean-up effort to remove old cases from DCSE's active caseload, where appropriate, to determine how many cases are workable, and to develop an adjusted caseload figure that can be used to assess the workload of the division. In addition, DCSE should develop additional performance measures for the district offices to improve the management of their caseloads. These performance measures should be based on statewide norms established for the percentage of clients in each processing status, length of time in processing status, number of cases with support orders and past-due accounts, and other relevant indicators.

## OTHER POTENTIAL CASELOAD ISSUES TO ADDRESS IN PHASE II

Phase II of this study will more closely examine several of the issues raised in this caseload analysis. Based on this Phase I caseload analysis, the following research questions for Phase II have been developed.

1. What are the characteristics of DCSE's inactive, unworkable cases?
2. Could DCSE address its inactive, unworkable caseload if it had additional resources (for example, better technology, more funding for staff development, more staff)?
3. Are resources distributed equitably throughout the district offices, based on their active, workable caseloads?

4. Can a weighting system be applied to DCSE's active cases to help determine the complexity of each district's caseload?
5. What internal and external factors impact the district offices' ability to manage their caseloads?

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### **III. Funding of the Child Support Enforcement Program**

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A significant portion of the states' funding for child support enforcement comes from the federal government. In recent years, the federal government has viewed the child support enforcement program as a "money-making" program for the states. This is because, in many states, including Virginia, the federal funding received for the program is more than the money expended by the states to operate the program. This has resulted in a surplus or "profit" for certain states. A recent General Accounting Office report estimates that states made a total of \$467 million on the program in federal fiscal year 1997.

Because states are also maintaining large surpluses due to the welfare reform efforts, Congress and the administration are looking for ways to reduce the federal government's funding commitment to the child support enforcement program. Most of the changes that have been implemented, or are proposed, are designed to eliminate the perceived surplus at the state level and to shift more of the cost to be funded by the states.

The findings in this chapter indicate that, in Virginia, the changes that are being implemented at the federal level are beginning to result in a loss of federal funds for the Division of Child Support Enforcement (DCSE), which has caused DCSE, for the first time, to have a funding deficit. This will require the State to find other funding sources to continue operating the child support enforcement program at its current level. In addition, a State policy – Virginia's decision to continue to give DCSE's TANF clients \$50 of their child support payment each month instead of keeping the entire amount to reimburse the State for the clients' TANF benefits – provides a benefit to TANF clients, but also negatively affects DCSE's budget.

This chapter discusses the current funding structure of the child support enforcement program, recent changes that have affected the program's funding, and the future of child support enforcement funding in Virginia. It also presents several options to address DCSE's budget deficit. In addition to the options that are presented, a clean-up of DCSE's caseload figures, as discussed in the previous chapter, may result in additional federal incentive funding that would reduce the extent to which other options must be utilized.

#### **DCSE'S CURRENT FUNDING STRUCTURE RESULTED IN SURPLUS FUNDS OVER THE PAST SEVERAL YEARS**

In the past, DCSE has required limited State general fund dollars to operate the child support enforcement program. In fact, as stated above, the federal funding structure has actually allowed DCSE to have a program surplus, which has been returned to the general fund each year. This section describes how DCSE is funded and how this has allowed DCSE to have a surplus.

### **Current Funding of Virginia's Child Support Enforcement Program**

Virginia's child support enforcement program is financed by three major streams of money:

1. **Federal reimbursement for allowable expenditures** – the federal government reimburses the State for 66 percent of all allowable expenditures on child support activities. Allowable expenditures include expenditures for locating parents, establishing paternity (laboratory costs for blood testing are reimbursed at 90 percent), establishing orders, and collecting payments.
2. **Child support collections** – money collected on behalf of TANF recipients is treated as government revenues that are shared between the State and federal governments to reimburse them for TANF expenditures. In FY 1999, the federal government kept 51.6 percent of each child support payment received by TANF recipients and Virginia kept the remaining 48.4 percent. This percentage is based on the Federal Medical Assistance Percentage (FMAP), which changes every year. The State's percentage of this amount is referred to as "retained collections."
3. **Federal incentive payments** – the federal government provides states with incentive payments to encourage states to collect child support from both TANF and non-TANF cases. Under the incentive formula, Virginia receives a payment equal to at least six percent of TANF collections; there is no limit on the amount of incentive the State can receive for TANF cases. The incentive for non-TANF collections, however, is capped at 115 percent of the TANF incentive.

DCSE receives limited general fund dollars. In FY 1999, DCSE was appropriated \$1.5 million (or less than one percent of its total appropriation), which was intended to cover DCSE's budget shortfall based on its projections of expenditures and federal revenues. In addition, DCSE makes limited use of user fees as a revenue source. DCSE collects attorneys fees and blood testing fees in disputed situations, but the State's share of these fees was only \$153,000 in FY 1998.

In the past, the sum of the three major streams of funding described above has exceeded expenditures for the child support enforcement program in many states, including Virginia. In other words, many states have had a surplus on their child support programs. Exhibit 7 shows that Virginia's net child support enforcement expenditures in FY 1997 were \$24.6 million, after federal reimbursement for allowable expenditures. Virginia then received from the federal government an additional \$21.1 million in retained collections and \$6.9 million in federal incentives. This means that Virginia had a surplus of \$3.4 million. Until recently, states have been free to spend this surplus in any manner they see fit. In Virginia, this "profit" was returned to the general fund.



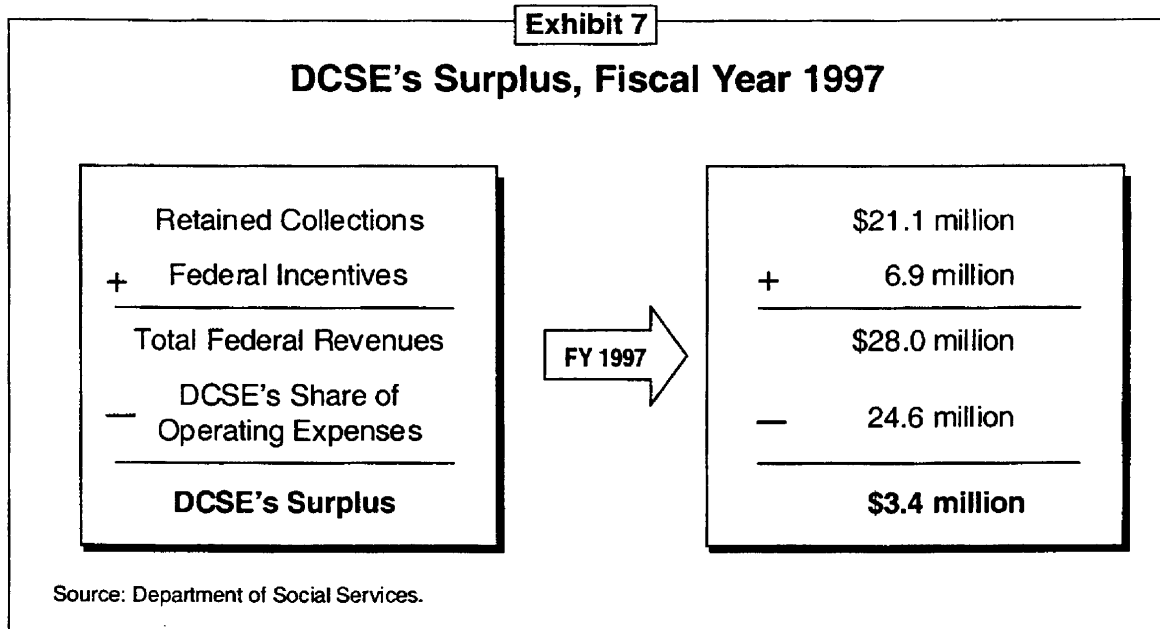


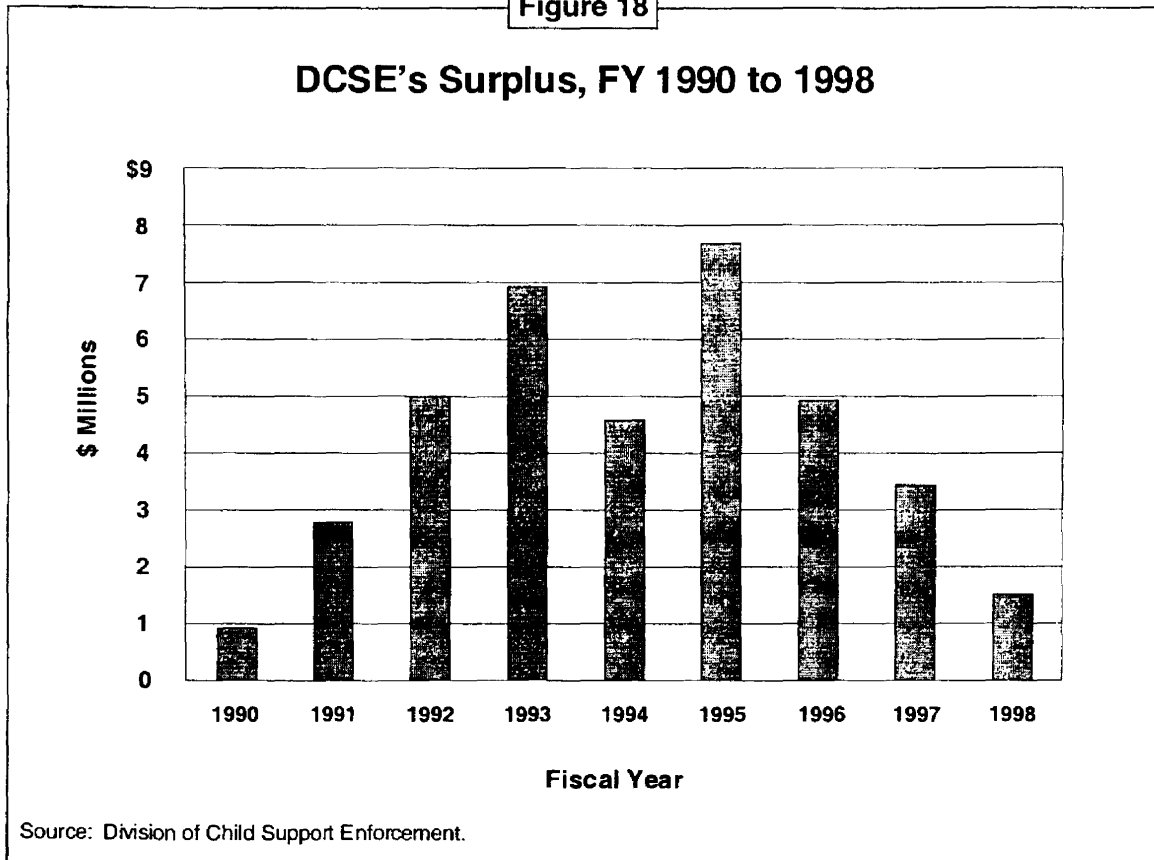
Figure 18 shows the amount of the child support enforcement surplus that has been returned to Virginia's general fund since FY 1990. DCSE indicated that it has contributed more than \$37 million to the general fund since 1990.

The current funding structure makes DCSE's budget unstable because DCSE must estimate the amount of child support it will collect in the upcoming year and the amount of federal revenues that it will receive. If circumstances change during the year and the estimate is incorrect, then the revenue DCSE expected to receive could change. For example, federal incentives are estimated and paid to DCSE four times a year. If DCSE overestimates the incentive amount, the difference must be paid back to the federal government. This situation occurred in FY 1998, when DCSE overestimated its incentive payment by \$3.2 million and had to reimburse the federal government in 1999.

### Virginia's Funding Structure Compared to Other States

It is difficult to compare Virginia's funding structure to other states because of the various ways that child support enforcement programs are organized throughout the U.S. Some states' programs, for example, are operated at the local level and receive local funds, and some states receive a larger percentage of their budgets from state general funds. In addition, some states do not use retained collections to fund their child support programs. The federal funding structure is similar for all states, however, and many other states besides Virginia had a surplus for their child support enforcement programs in recent years. In FY 1997, for example, Virginia was one of 32

Figure 18



states that had a surplus, and ranked 14<sup>th</sup> in the amount of profit. Eighteen states had deficits in that fiscal year.

A recent survey by The Lewin Group found that most states levy some type of fee for child support services, such as application fees, blood and genetic testing fees, monthly transaction fees, or tax intercept fees. Most states reported, however, that the revenue generated from fees is a very small percentage of their total revenues, and they do not significantly impact the program's funding structure. Appendix E provides additional information on each state.

### **SEVERAL FACTORS CONTRIBUTE TO DCSE'S RECENT AND PROJECTED BUDGET DEFICITS**

As discussed above, DCSE is funded primarily from federal funds. In the past, Virginia, and many other states, have had a surplus for the child support enforcement program. Recent changes, however, mostly due to welfare reform, are having a major impact on Virginia's child support enforcement program, and, instead of generating a surplus for the State, the program began to operate at a deficit in FY 1999. In

other words, State expenditures for the program are exceeding incoming federal dollars. The deficit in FY 1999 was \$7.7 million and the projected deficit for FY 2000 is \$3.2 million. The Department of Social Services (DSS) addressed part of DCSE's FY 1999 deficit by shifting funds within the agency and by using the general funds that were appropriated, but it still must request additional general funds to deal with the remainder of the deficit. In FY 2000 and beyond, DCSE will need to request additional general funds, or find other sources of income, to address its deficit.

At the same time these welfare reform-related changes are occurring, the federal government is making several significant changes to the program's funding structure because of the perception that the states are generating surpluses from their child support enforcement programs. These changes will also have a major impact on the funding of Virginia's child support enforcement program.

This section describes the various changes that are impacting DCSE's budget, describe the reasons for DCSE's projected deficit and its unstable budget, and discuss whether other states are experiencing similar problems. The three major reasons for DCSE's deficit that are largely outside of their control are: (1) declining TANF caseloads that have resulted from welfare reform and a strong economy, (2) Virginia's continued use of the disregard for TANF clients, and (3) changes in the distribution of TANF arrears. An additional factor that contributed to the deficit in FY 1999, and has an impact in future years, is an increase in the agency's operating expenses. DCSE's operating costs in FY 1999 were 20 percent higher than in FY 1998.

There are also other federal changes on the horizon that could have serious impacts on DCSE's budget, including repeal of the "hold harmless" provision and a potential reduction of the federal matching rate for allowable costs from 66 percent to 50 percent. Another change has a potential impact on DCSE's budget but it is currently unclear whether it will be positive or negative. This change is the federal government's new incentive system, and even if it results in more funding for DCSE, it still adds to the budget instability. Each of these changes is discussed below.

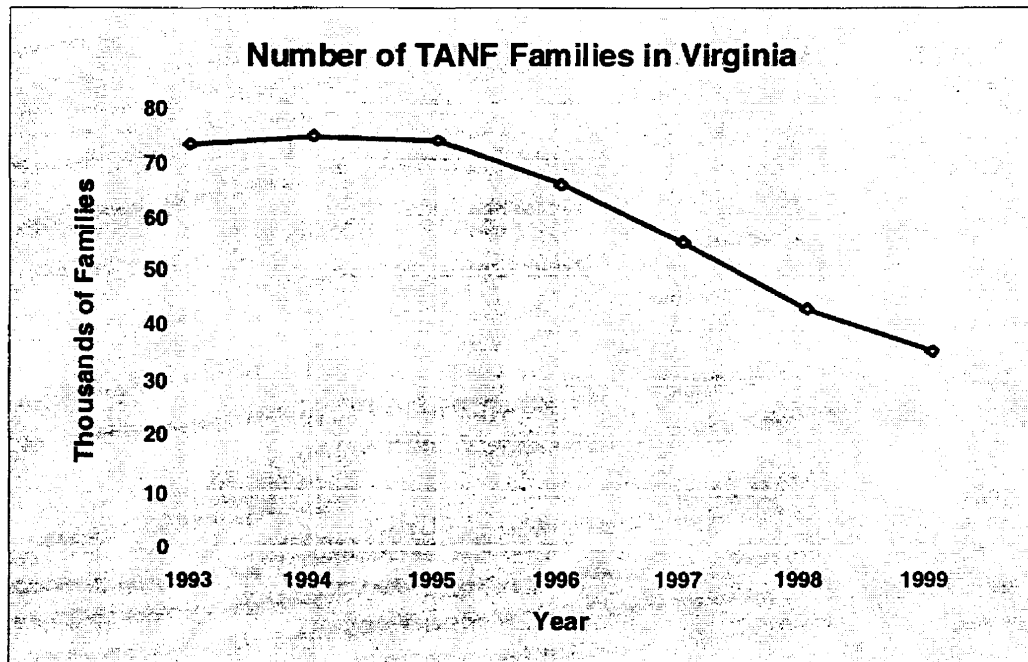
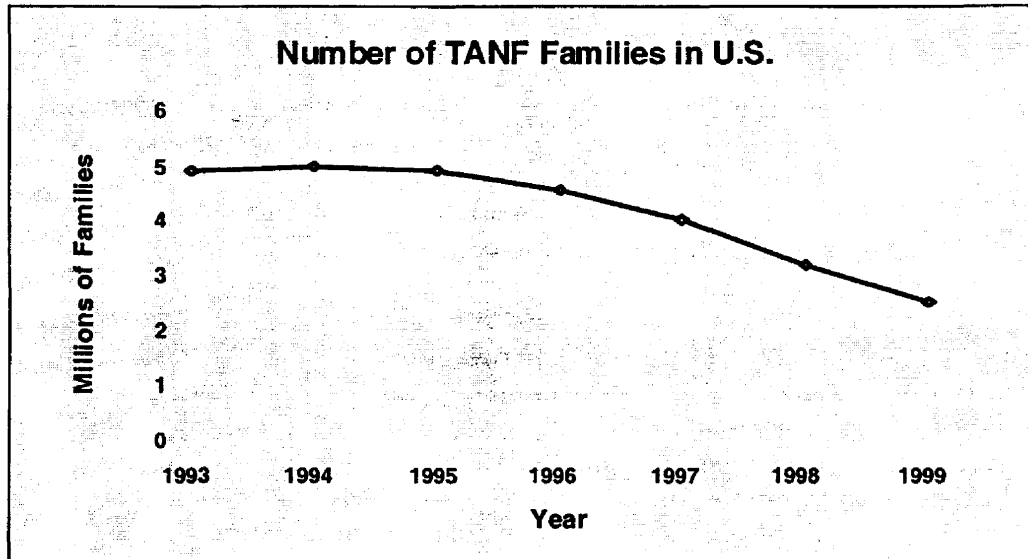
### **Declining TANF Caseloads Caused by Welfare Reform and a Strong Economy Are Reducing Retained Collections and the Federal Incentive Payment**

When Congress passed the legislation for welfare reform in 1996, state policy makers were worried about how they would fund potential increases in welfare caseloads with a fixed amount of federal funding. Instead, because of the strong national economy and dramatically falling caseloads, states found that they were not able to spend all the money appropriated, which created a "welfare surplus." While this has been positive for the states, the welfare reform effort has also had an unintended negative effect on child support enforcement funding because of declining welfare caseloads (see Figure 19).

As stated earlier, much of the federal incentive payment under the current incentive system is based on the amount of child support collected for TANF cases. As TANF caseloads have declined, so too have TANF collections and the incentive pay-

Figure 19

### Decline in TANF Families in U.S. and Virginia



Source: Department of Health and Human Services.

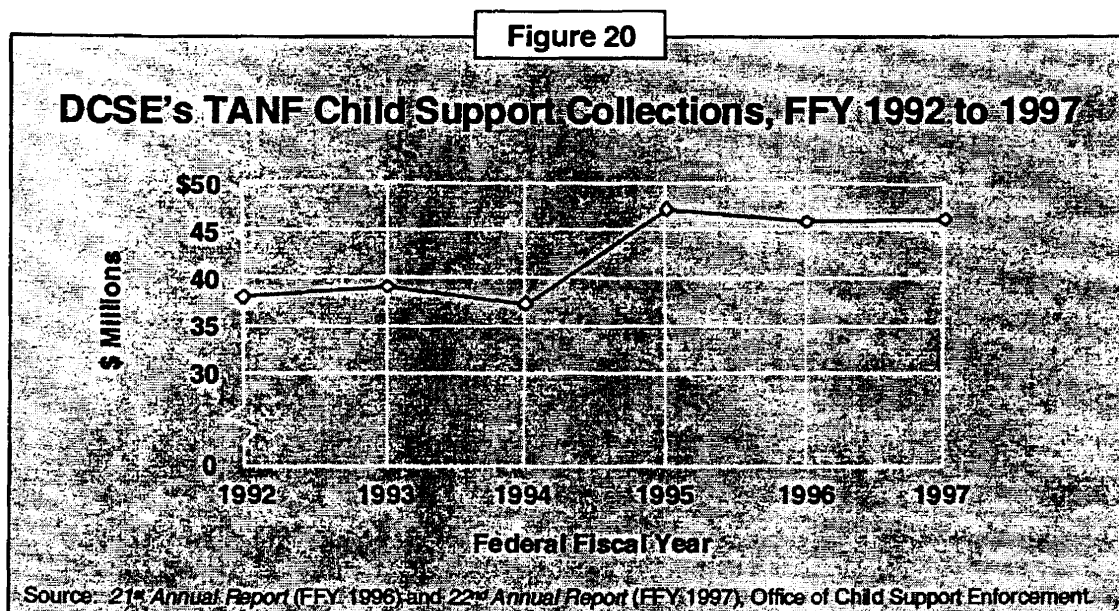
ment. In addition to reducing the incentive payment, declining TANF caseloads also reduce DCSE's retained TANF collections.

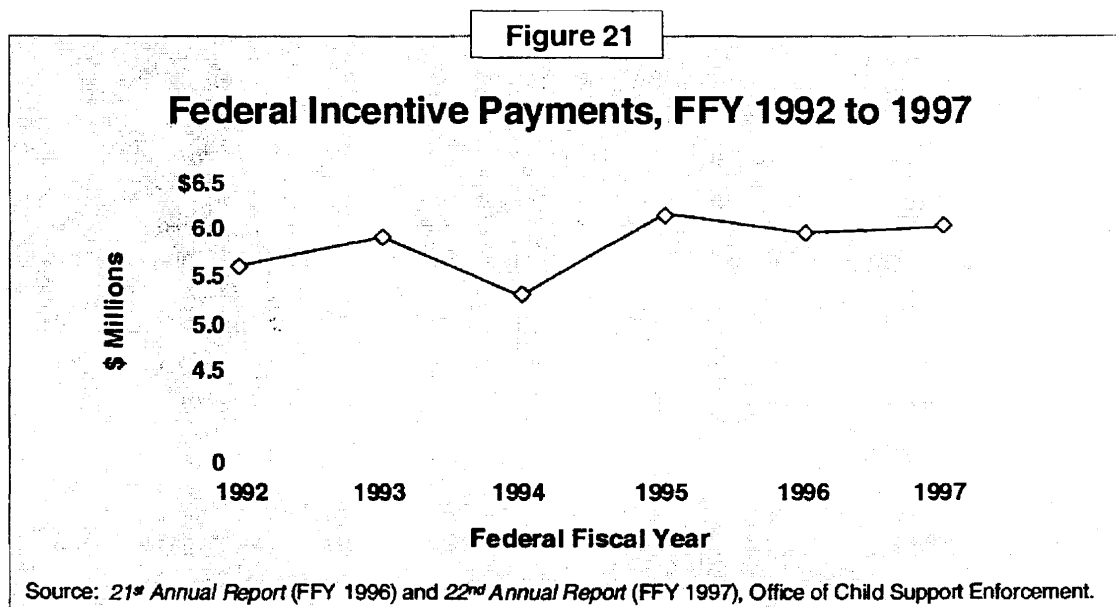
In Virginia, the percentage change in the number of families on TANF from 1993 to 1999 (50 percent reduction) was slightly larger than the change in the number of families on TANF in the U.S. overall (46 percent reduction). According to the most recent data available from the federal Office of Child Support Enforcement (OCSE), the effect of this decline in TANF caseloads began to be felt in Virginia's TANF child support collections in FFY 1996 (see Figure 20). TANF collections decreased slightly from federal fiscal year 1995 to 1996, and only increased slightly from 1996 to 1997. Moreover, data from DCSE for state fiscal year 1998 show that TANF collections declined to \$44.6 million.

DCSE's federal incentive payments, which are partially based on TANF child support collections, also increased slightly from FFY 1996 to 1997 according to OCSE (see Figure 21). However, DCSE's estimated incentive for state fiscal year 1999 is \$5.1 million, a 15 percent decrease since 1997.

### Virginia's Decision to Continue Using the Disregard Is Contributing to DCSE's Deficit

Federal law requires TANF recipients to assign their child support rights to the State in order to receive TANF benefits. In just over half of the states, the state keeps the entire child support payment that would have been made to a custodial parent, if the custodial parent is on welfare, in order to reimburse the state for the

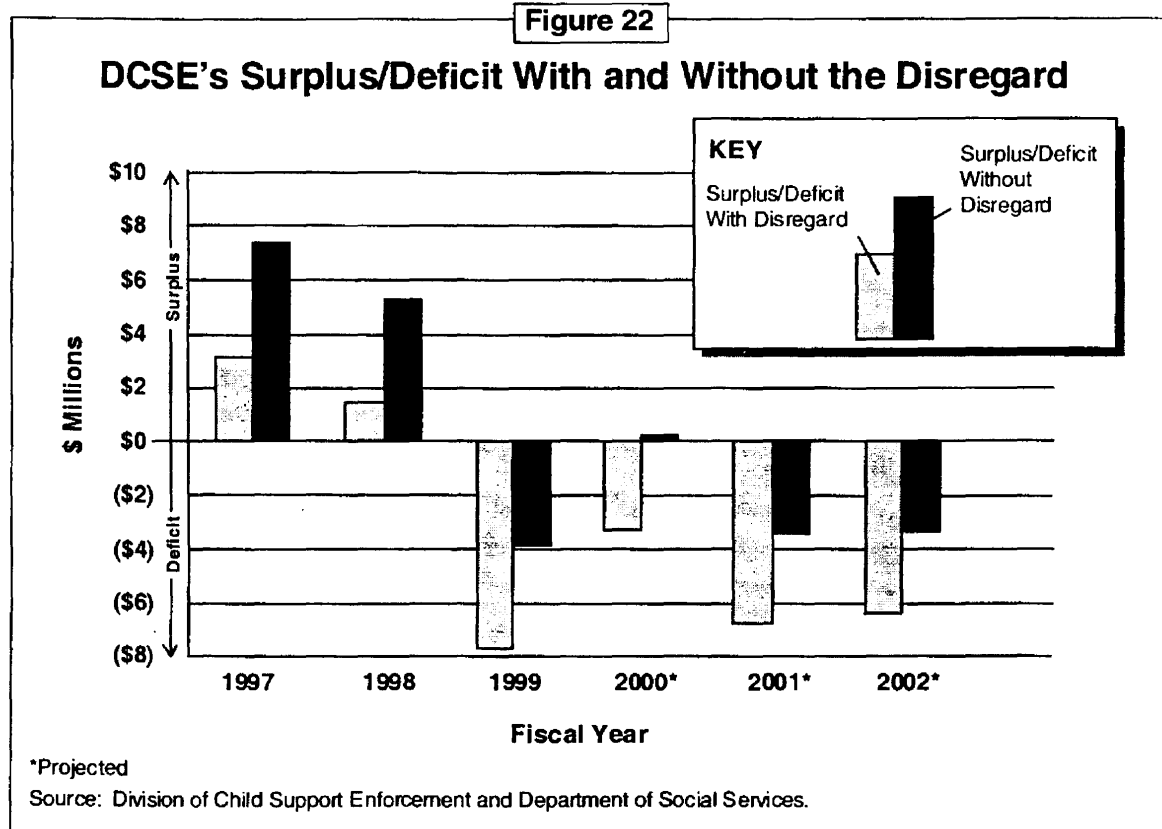




TANF payment (or if the child support amount is more than the TANF payment, the custodial parent keeps the difference). Just under half of the states, including Virginia, do not deduct all of the payment from the TANF benefit. In Virginia, the State allows the custodial parent to keep \$50 of their child support payment each month. This \$50 payment is often referred to as the “disregard,” because the State disregards this amount when determining the amount of the TANF recipient’s TANF benefit. (Some states refer to this as a “pass through.”) The purpose of this \$50 disregard payment is to encourage custodial parents to comply with the child support enforcement program in identifying the noncustodial parent.

Prior to implementation of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), all states were required to pass through the first \$50 of a child support payment to the custodial parent. However, in order to increase a state’s retained collections, PRWORA gave states the option of passing through a portion of the child support payment to the custodial parent, rather than requiring states to do this; states could choose to keep the entire child support payment. Virginia chose to continue giving custodial parents the \$50 disregard payment in order to supplement their TANF check, and therefore these families have somewhat more income available for the care of the children. This policy choice may in part be due to the fact that Virginia’s TANF benefit for a family of three is relatively low. Virginia’s maximum payment in 1997 was \$354 per month, which ranked 29<sup>th</sup> among the states.

However, as shown in Figure 22, DCSE estimates that because Virginia continues to use the disregard, DCSE’s surpluses are smaller and their deficits are more severe. In addition, the federal government no longer recognizes the disregard, which means that Virginia now loses \$25 in federal match on each disregard payment. Prior to PRWORA, the child support remaining after the \$50 was deducted was split between the state and federal governments. Now the full child support amount must be



split between the State and federal governments, so the State loses \$25 on each child support payment. This is explained in the following case study from the *1997 Report of the Temporary Assistance to Needy Families Advisory Committee*, prepared for the Virginia Secretary of Health and Human Resources.

**Prior to PRWORA:** Ms. Smith receives \$230 monthly from AFDC (\$115 in state dollars and \$115 in federal dollars). Mr. Smith pays child support of \$100. \$50 is sent to Ms. Smith. The remaining \$50 is split between the state and federal government — \$25 each.

**After PRWORA:** Ms. Smith receives \$230 monthly from TANF. Mr. Smith pays child support of \$100. \$50 is sent to Ms. Smith. The remaining \$50 is available to repay the state and federal government for the TANF grant. However, the federal government gets its share based on the full collection of \$100, without taking into account the \$50 disregard. The federal government gets \$50 and the State gets \$0.

As of January 1, 1999, Virginia was one of 23 states that continued to use some form of disregard payment. Of the neighboring states, Tennessee continues to pass through a portion of the child support payment, West Virginia increases the TANF grant by up to \$50 a month for those on whose behalf current support is collected, and North Carolina and Maryland discontinued the disregard. There are states that be-

lieve that the disregard no longer provides an effective incentive for custodial parents to cooperate with the child support program. PRWORA states that TANF benefits can be cut off for non-cooperation with the child support enforcement program, which many feel provides a better incentive to cooperate. In Virginia, the *1997 Report of the Temporary Assistance to Needy Families Advisory Committee* recommended phasing out the disregard payment by discontinuing it for all new TANF recipients.

Although the disregard has a negative effect on DCSE's budget, it does have one significant benefit for DSS' budget. Virginia counts the disregard cost, estimated at \$9.1 million in the 1998-2000 biennium, toward the minimum State spending requirement, or maintenance of effort (MOE), for the federal TANF block grant. Without this \$9.1 million, Virginia may not meet its MOE requirement, and severe fiscal penalties could be incurred, including a reduction in the TANF block grant.

### **Changes in the Distribution of Past-Due TANF Collections Decrease the State's Retained TANF Collections**

Prior to PRWORA, past-due child support that was collected from former public assistance cases could either be sent to the family or used to reimburse the State and federal governments for past public assistance payments. During the 1995-96 welfare reform debate, the federal policy of allowing states to decide who gets to keep these past-due collections once the family leaves welfare received intense criticism. With the increased emphasis on helping mothers leave welfare and achieve self sufficiency, the additional money custodial parents could receive from past-due child support took on additional meaning. Therefore, PRWORA mandated that the states distribute these collections to families first, which substantially reduces the amount that the State and federal governments may recoup. This new policy is referred to as the "family first" policy. While this policy is beneficial to former TANF families, it further reduces the amount of public assistance dollars that can be recovered by the State. The new distribution rules are complex, with different rules for past-due support balances that occurred before and after the custodial parent was receiving TANF. The main effect of this new policy is that another source of revenue for DCSE is reduced.

### **The New Federal Incentive System May Enhance DCSE's Funding, But the Impact Remains to Be Seen**

As stated earlier, much of the states' child support enforcement funding comes from federal incentive payments. Incentives are based on both TANF and non-TANF collections, although the non-TANF incentive is capped at 115 percent of the TANF incentive. Exhibit 8 illustrates how the incentive is calculated, assuming that a state collected \$50 million in TANF collections and \$100 million in non-TANF collections. As shown in the exhibit, the amount of the non-TANF collections has no impact on the incentive received (unless non-TANF collections are less than TANF collections, which would result in a lower non-TANF incentive).



## Exhibit 8

### Formula for Calculating Federal Incentive Payment

**TANF Incentive:** The incentive is six percent of TANF collections (\$50 million in this example).  $\$50 \text{ million} \times 6\% = \mathbf{\$3 \text{ million}}$

**Non-TANF Incentive:** The incentive for non-TANF collections is capped at 115 percent of the TANF incentive (even though \$100 million, or twice the TANF amount, was collected).  $\$3 \text{ million} \times 115\% = \mathbf{\$3.45 \text{ million}}$

**Total Incentive:** The total incentive is the sum of the TANF and non-TANF incentives.  $\$3 \text{ million} + \$3.45 \text{ million} = \mathbf{\$6.45 \text{ million}}$

Source: JLARC staff analysis of various child support enforcement documents.

Incentive payments, especially for non-TANF cases, have been controversial since the inception of the child support program, primarily because states are guaranteed an incentive payment equal to six percent of collections, regardless of the performance of their child support enforcement programs. In addition, the incentive payment structure focuses on collections, and ignores other important child support functions such as paternity and support order establishment. The incentive payments are also part of the reason that states have made a profit on their child support enforcement programs.

To address some of these concerns, the 1996 federal welfare reform law required the federal Health and Human Services Secretary, in consultation with state child support enforcement directors, to develop a performance-based, revenue neutral system of incentive payments (that is, the new system cannot cost more than the current incentive system costs the federal government). The Secretary's report made several recommendations to improve the incentive system, many of which were addressed in the Child Support Performance and Incentive Act of 1998. This act makes significant changes to the child support incentive system. There are five major changes:

1. The performance measures on which the incentives are based will change. Instead of basing performance on collections only, performance will be based on paternity establishments, cases with support orders, collections of current support, collections on past-due support, and cost effectiveness.
2. The incentive amount that is available for all 50 states will be capped, which means that, in essence, the states will be competing against each other for funds. The cap will be \$422 million in FY 2000. The cap increases slightly each year, up to \$483 million in FY 2008.

3. The amount upon which the new incentive is based will be larger than the current base. The current base is TANF collections (plus an additional incentive for non-TANF cases which is 115 percent of the TANF incentive), which were \$47 million in FFY 1998. DCSE estimates that the new base – which is calculated using TANF, non-TANF, and former TANF collections – will be at least \$390 million, and possibly higher.
4. The maximum incentive each state can receive will be 4.5 percent of the base amount (instead of the current 6 percent).
5. DCSE is required to spend the same amount each year as they spent in the base year from non-incentive funds (base year is 1998, or an average of the 1996, 1997, and 1998 amounts, whichever the State chooses). This is basically a maintenance of effort requirement.

Another significant change resulting from the new incentive system is that the State's TANF grant can be reduced by up to five percent if the child support enforcement program performs poorly under the new performance measures.

The new incentive system will be phased in, beginning in FFY 2000 (which began October 1, 1999). In FFY 2000, two-thirds of the incentive will be calculated using the old system and one-third will be calculated using the new system. In FFY 2001, one third will be calculated using the old system and two-thirds will be calculated using the new system. In FFY 2002, the new system will be totally phased in.

The effects of the new incentive system on DCSE's budget are unclear at this time because the pool of incentive funds available to all states is capped. DCSE's estimated incentive for FY 1999 was \$5.1 million. DSS financial staff believe that Virginia will fare better in the new system over the next few years (see Table 14). They anticipate increases in each of the next three years, and estimate that Virginia would receive as much as \$13 million in FY 2002 (when the new system is fully implemented) if there were no federal cap. Because of the cap, however, it is more difficult to estimate the amount of incentive funding DCSE will receive because it depends on how well other states perform, and DSS projects the incentive is likely to be closer to \$8 million. This results in increased budget instability for DCSE.

**Table 14**

### DCSE's Projected Incentive With and Without the Cap

	Projected FFY00 Incentive	Projected FFY01 Incentive	Projected FFY02 Incentive
Projected incentive without the cap	\$7,304,325	\$10,178,175	\$12,967,500
Projected incentive with the cap	\$6,000,000	\$7,000,000	\$8,000,000

Source: Department of Social Services.

### Other Potential Federal Changes Could Have Serious Negative Effects on DCSE's Budget

There are several other proposed changes at the federal level that could have a serious negative impact on DCSE's budget. The President's fiscal 2000 budget request proposed to reduce the match rate for paternity testing from 90 percent to 66 percent and repeal the "hold harmless" provision, which was enacted as part of PRWORA as a safety mechanism to ensure that states' retained collections for TANF families would not be affected by declining TANF caseloads. H.R. 3443, the Foster Care Independence Act of 1999, as introduced, originally proposed to use the same two child support cuts as an offset for the expansion of the Independent Living program, although the proposal to reduce the match rate was later struck from H.R. 3443. Another proposal being discussed is the reduction of the federal reimbursement rate for allowable child support enforcement costs from 66 percent to 50 percent. Each of these potential changes is discussed below. In April 1999, DCSE estimated that the State would lose \$4.3 million in FY 2000 if the hold harmless provision were repealed and the paternity testing reimbursement rate were reduced.

**Repeal of the Hold Harmless Provision.** The hold harmless provision allows a state to keep the amount of its FFY 1995 child support enforcement collections for TANF families, even if the state collects less than the 1995 amount. The proposal to repeal the hold harmless provision is included in H.R. 3443, the Foster Care Independence Act of 1999, which was passed by the Congress in November 1999 and was signed into law by the President in December 1999. The federal government plans to use the funds saved from repealing this provision to expand the Independent Living program provided under foster care.

Table 15 shows that, in 1997 and 1998, DCSE's retained TANF collections were above the hold harmless floor, which is the amount of DCSE's retained collections in 1995, or \$9.9 million. However, in FY 1999, DCSE's retained TANF collections were less than the hold harmless floor, which means that DCSE should receive a hold harmless payment of over \$2 million from the federal government to make up the difference. It is expected that future retained TANF collections will be less than the hold harmless floor, which means that DCSE would have received a hold harmless payment from the federal government if the hold harmless provision had not been repealed. When DSS

Table 15

#### Differences Between Virginia's Hold Harmless Floor and Actual Retained TANF Collections

Fiscal Year	Hold Harmless Floor	Retained TANF Collections
1997	\$19.9 million	\$21.1 million
1998	\$19.9 million	\$20.5 million
1999	\$19.9 million	\$17.8 million

Source: Department of Social Services.

prepared DCSE's budget estimates for FY 2000 to FY 2002, they assumed that the hold harmless provision would be repealed; therefore, these budget estimates do not incorporate a hold harmless payment.

***Reduction of Federal Reimbursement Rate for Allowable Costs from 66 Percent to 50 Percent.*** Reduction of the reimbursement rate for allowable costs would have a serious impact on DCSE's budget. Based on FY 1999 operating expenditures, Virginia would have lost approximately \$10 million dollars in federal funding. Although many believe it is unlikely that the reimbursement rate will be reduced, the possibility remains a concern due to the large amount of funding that is at stake.

***Reduction of Federal Reimbursement Rate for Paternity Testing from 90 Percent to 66 Percent.*** Although the language that would have reduced this reimbursement rate was struck from H.R. 3443, the proposal could be raised again. DCSE estimates that reducing the match rate for paternity testing from 90 percent to 66 percent would result in a loss of \$303,000 using FY 1998 data.

Both the National Governors' Association (NGA) and the National Council of State Legislatures (NCSL) are opposed to these reductions in child support funding. NGA's web site states:

Governors believe that any reduction in the federal government's financial commitment to the child support system would be a breach of the 1996 welfare reform agreement and could negatively impact states' ability to serve families. Because of the complexity of the child support system, any programmatic or funding changes will have an impact on many human services programs administered by the states.

In a September 24, 1999 letter to the U.S. House Speaker, the leadership of NCSL stated:

We urge you to reject reductions to the Child Support program contained in the [Labor, Health, Human Services and Education Appropriations] bill. The bill would eliminate hold harmless payments and reduce the enhanced federal match rate for paternity establishment. The proposals result in direct cost shifts to the states that are strongly opposed by state legislators. States must meet increasing federal goals for paternity establishment. These changes will reduce the states' ability to collect payments and will ultimately hurt families.

It is still unclear whether the proposals to reduce the reimbursement rates will be implemented, which creates further uncertainty and instability in DCSE's budget.

### DCSE's Operating Costs Rose Sharply in FY 1999

Another factor that contributed to the deficit situation in FY 1999 is that operating costs were 20 percent greater than in the year before (see Figure 23). DSS attributes most of the increase in expenditures to its pilot privatization projects, the purchase of new computers, and the hiring of some additional staff. DCSE's projected State share of operating expenses in FY 2001 and FY 2002 is about 17.5 percent greater than its share in FY 1998.

### The Net Effect of Currently Expected Changes Is a Budget Deficit for DCSE

The net effect of all of the changes that are currently expected by DSS is that DCSE is experiencing a budget deficit, which, in the short run, may require that DCSE obtain additional general fund dollars if the program is to continue operating at its current level. In the long run, there may be other options, which are described in the next section of this report. It is important to reiterate that, even though the \$50 disregard payment is a significant contributor to the deficit, it has a positive effect on DSS' budget because it allows DSS to meet its maintenance of effort requirement for TANF funds. Without this payment, DSS might not be able to meet its maintenance of effort, which could result in two major penalties: a dollar-for-dollar reduction of the amount of the TANF grant the following year, and a reduction of the TANF grant by the amount of the State's Welfare to Work grant.

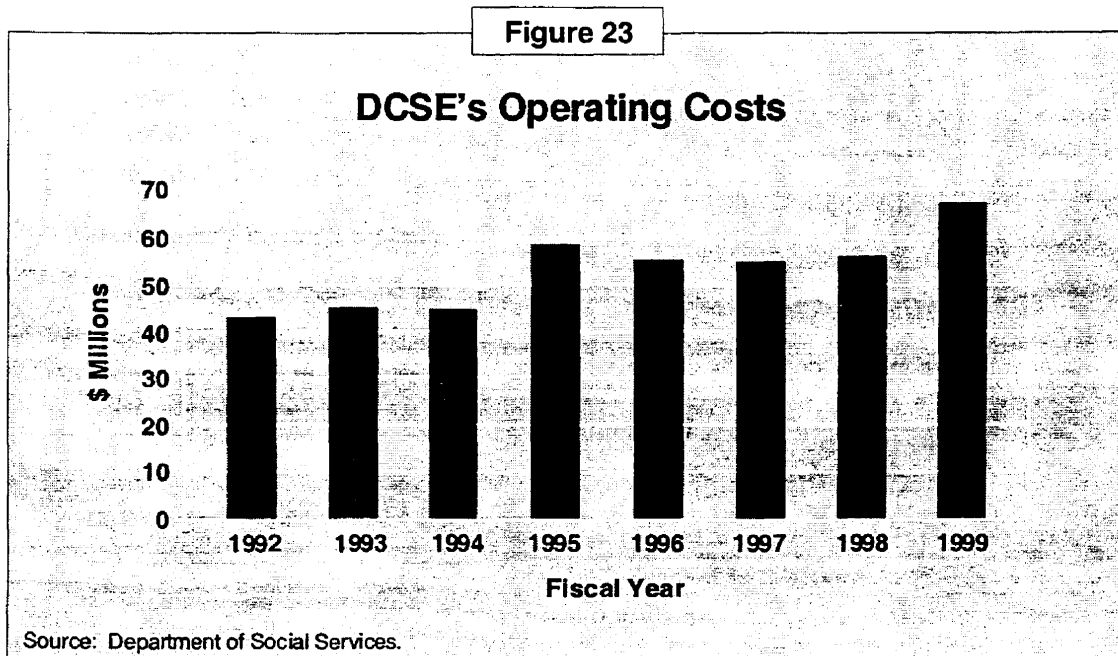


Table 16 summarizes DCSE's revenues and expenditures for fiscal years 1998 through 2002. The final surplus/deficit numbers are projections that are based on a variety of assumptions. If certain federal changes that are currently expected do not occur, the forecasted numbers will change. Similarly, if the federal reimbursement rate for allowable costs and paternity testing were reduced, then the projected deficits would increase. As shown in the table, DCSE has already experienced a deficit in FY 1999. This was partially addressed within the department, but DCSE has also had to request some general funds from the General Assembly, which will either be approved or rejected during the 2000 General Assembly session. In FY 2000, the deficit is less than the other years because DCSE is assuming that they will receive the FY 1999 hold harmless payment of \$2.3 million.

A reduction in funding for the child support enforcement program could have serious impacts on the program. First, DCSE risks losing its incentive payment if it does not meet the maintenance of effort requirement under the new incentive system. If DCSE lost the incentive payment, it would result in an additional loss of federal funds because of the federal government's 66 percent reimbursement rate. Second, a reduction in funding could result in staff cuts at DCSE, which could result in declining performance levels. Under the new incentive system, a state's TANF grant can be

Table 16

## DCSE Revenue/Expenditure Summary, FY 1998 – 2002

	FY 1998	FY 1999	FY 2000 <sup>1</sup>	FY 2001 <sup>1</sup>	FY 2002 <sup>1</sup>
<b>Revenues</b>					
Federal incentives	6,789,848	5,115,750	6,000,000	7,000,000	8,000,000
Retained TANF collections	20,522,115	17,764,583	15,806,525	14,896,867	14,031,962
Hold harmless payment <sup>2</sup>	0	0	2,300,000 <sup>3</sup>	0 <sup>4</sup>	0 <sup>4</sup>
Other	0	0	100,000 <sup>5</sup>	0	0
<b>Total revenues</b>	<b>27,311,963</b>	<b>22,880,333</b>	<b>24,206,525</b>	<b>21,896,867</b>	<b>22,031,962</b>
<b>Expenditures</b>					
State share of operating expenses <sup>6</sup>	(19,529,490)	(21,886,528)	(22,181,178)	(22,956,701)	(22,950,137)
\$50 disregard payout	(4,880,713)	(3,832,045)	(3,448,841)	(3,276,398)	(3,122,579)
Prior-year incentive adjustment <sup>5</sup>	(717,034)	(3,160,945)	0	(500,000)	(500,000)
Other	(773,823)	(1,740,921)	(1,793,149)	(1,846,944)	(1,902,351)
<b>Total expenditures</b>	<b>(25,901,060)</b>	<b>(30,620,439)</b>	<b>(27,423,168)</b>	<b>(28,580,043)</b>	<b>(28,475,067)</b>
<b>Total surplus/(deficit)</b>	<b>1,410,903</b>	<b>(7,740,106)</b>	<b>(3,216,643)</b>	<b>(6,683,176)</b>	<b>(6,443,105)</b>

<sup>1</sup>Numbers are estimates.

<sup>2</sup>Virginia receives this payment if the retained collections are less than the 1995 floor of \$19.9 million.

<sup>3</sup>The hold harmless payment to be received in FY 2000 is for FY 1999. This number is different from the number in Table 15 because it was calculated based on data from the federal fiscal year, not the state fiscal year.

<sup>4</sup>Assumes the hold harmless provision will be repealed.

<sup>5</sup>Prior-year incentive adjustment – incentive payments are estimated and paid in advance, and then adjusted at the end of each fiscal year.

<sup>6</sup>Federal government reimburses the state for 66% of its general operating expenditures, 90% of its paternity testing expenditures, and 80% for selected automation enhancements.

Source: Department of Social Services.

reduced by up to five percent if the child support enforcement program performs poorly. In addition, reducing staff could result in decreased services to clients.

### **Other States Are Also Experiencing Budget Shortfalls**

As evidenced by NGA and NCSL's opposition to proposed federal changes, many other states are facing similar budget problems as Virginia. For example, other states are experiencing significant drops in their TANF caseloads and declining revenues resulting from the change in distribution of past-due TANF balances. In addition, other states are facing budget instability because of the unknown effects of the new incentive system.

Based on a report by the General Accounting Office, 27 states experienced deficits in 1997. States are addressing these budget shortfalls in various ways, according to a 1998 survey by The Lewin Group for the federal OCSE. Some states, for example, are attempting to reduce costs by implementing hiring freezes, reducing travel, and delaying or canceling purchases. Some states are asking their state legislatures for state general funds to compensate the child support agency for lost federal revenues. Some states are planning to implement user fees, and some states are hoping that the new incentive system will result in more federal monies. One state requested that their state legislature finance the child support program entirely through general fund appropriations. The state would then retain the federal incentive monies and retained collections that are earmarked for the child support enforcement program.

### **THE STATE HAS SEVERAL OPTIONS FOR ADDRESSING DCSE'S BUDGET DEFICIT**

As shown in this chapter, all states are currently facing many challenges in financing their child support system. The dramatic decline in the welfare caseload and the federal changes that impact child support financing increase the uncertainty of how best to address these changes. An increasing number of states have begun to pay out more to operate their child support enforcement programs than they receive back in recovered welfare payments and incentive payments. Beginning in 1999, Virginia has begun to experience a budget deficit in administering the child support enforcement program.

Through the NGA and NCSL, the states have requested that the federal government not back down on its financial commitment to the child support system because of the impact on the states' ability to serve families. In the meantime, states are utilizing various options to address their budget deficits.

Five funding options for addressing Virginia's projected deficit are described in Exhibit 9. Within each option, the advantages and disadvantages are also provided. The General Assembly may wish to consider such options in developing short-range

## Exhibit 9

## Options for Addressing DCSE's Projected Deficit

Option	Advantages	Disadvantages
<p>1. Give DCSE a larger general fund appropriation to replace federal funding that has been lost.</p>	<ul style="list-style-type: none"> <li>• Allows DCSE to provide services at the level it has provided in the past.</li> <li>• DCSE avoids risking a two-for-one loss of federal funds for the child support program by not meeting the maintenance of effort requirement under the new incentive system.</li> <li>• DCSE avoids risking a reduction of the TANF grant. (Under the new incentive system, the TANF grant could be reduced by up to five percent for poor performance. If DCSE is not given general funds to replace lost federal funds, staffing levels or services may have to be reduced, which could result in poor performance.)</li> </ul>	<ul style="list-style-type: none"> <li>• Negatively impacts State's general fund, to an extent projected below:               <ul style="list-style-type: none"> <li>– \$3.2 million in 2000</li> <li>– \$6.7 million in 2001</li> <li>– \$6.4 million in 2002</li> </ul> </li> </ul>
<p>2. Give DCSE a general fund appropriation that is above and beyond the federal funding that has been lost so that they can hire more staff and/or improve other resources. This may help DCSE "score" well on the new performance measures and thereby increase incentive funding payments.</p>	<ul style="list-style-type: none"> <li>• Allows DCSE to increase services to clients.</li> <li>• Study by the Center for Law and Social Policy found that states that spent the most per case also had higher collections than states that spent less. A recent staffing study by DCSE also shows that more staff results in better service and higher collections.</li> </ul>	<ul style="list-style-type: none"> <li>• Negatively impacts State's general fund.</li> <li>• General Assembly may wish to defer or take somewhat limited action on this option until completion of the JLARC staff analysis of DCSE staffing next year.</li> </ul>
<p>3. Change DCSE's funding structure so that its entire budget is a general fund appropriation, and then reimburse the general fund at end of year with retained collections and federal incentive payments.</p>	<ul style="list-style-type: none"> <li>• Provides DCSE with a stable source of funding.</li> </ul>	<ul style="list-style-type: none"> <li>• Would still result in a deficit for the general fund if federal revenues were less than the general fund appropriation.</li> <li>• Could remove DCSE's incentive to increase collections and be efficient (because stable source of funding exists).</li> </ul>

(continues)



## Exhibit 9 (continued)

## Options for Addressing DCSE's Projected Deficit

<p>4. Eliminate the \$50 disregard.</p>	<ul style="list-style-type: none"> <li>• Helps to reduce DCSE's deficit (by \$3.4 million in FY 2000), and reduces the amount of general funds the State may have to provide DCSE.</li> </ul>	<ul style="list-style-type: none"> <li>• Takes money (\$50/month) from the children and families on public assistance.</li> <li>• State would have to find other sources of funds to meet the TANF maintenance of effort requirement, which may be difficult.</li> <li>• Noncustodial parent may be less likely to pay child support if none of the money is going to the child.</li> </ul>
<p>5. Charge fees to clients (application fees, annual service fees, or income tax offset fees) or charge a percentage service fee of all child support collections. (Refer to Appendix E for information on states that currently charge fees.)</p>	<ul style="list-style-type: none"> <li>• Provides an additional funding source besides general fund monies.</li> </ul>	<ul style="list-style-type: none"> <li>• Since not all clients will pay, the clients that do pay will end up subsidizing the program.</li> <li>• Fee revenue will not be enough to fund entire program.</li> <li>• There is little incentive to collect fees because DCSE gets to keep only 34 percent of these recovered costs (the remainder is returned to the federal government).</li> <li>• Mandatory fees could serve as a barrier to applicants who do not have the means to pay for services, or could discourage clients from seeking services because fee is paid whether child support is collected or not.</li> <li>• If fee was based on income, verifying income could be cumbersome and costly.</li> <li>• Effort required to collect fees may not be worth the amount collected.</li> <li>• Takes money away from children and families.</li> </ul>

Source: JLARC staff review of various documents and interview notes.

and long-range plans for meeting the financial needs of the child support enforcement program, since it appears likely that some amount of general funds will be needed to meet the federal mandates and changes. It should be noted that some of the work in the next phase of this study, which will address DCSE staffing, could produce some cost savings or indicate the need for some additional funding. This will depend on the adequacy and efficiency of DCSE's current staffing relative to workload demands.

In the short term, it appears that option one, a general fund appropriation to replace the lost federal funding, may be the best approach, although this is a policy choice. Option two, which would enhance DCSE's resources for the long term, appears to be premature. Option three is a major structural change that would not necessarily remedy the deficit situation. With regard to option four, the General Assembly has considered the issue of the disregard before, and did not change it. The option could have a negative impact on the families involved. A number of disadvantages are enumerated in the exhibit for option 5. Whichever option is selected in the short term, however, the General Assembly may also wish to memorialize the State's congressional representatives to support legislation that would prevent the federal government from putting a state like Virginia into a deficit situation. Further, DCSE should work to clean its caseload data, as discussed in Chapter II. This activity, which should be done anyway to ensure the integrity of reported workload measures, is expected to also potentially increase Virginia's federal incentive payments and thus reduce the deficit.

In the longer term, analyses of DCSE's staffing and workloads should help provide some further direction on whether DCSE's resource levels need to be increased, remain about the same, or can be cut. This decision has an obvious impact on DCSE's budget picture. JLARC staff will be examining the efficiency and effectiveness of DCSE's operations in the second phase of the review.

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## Appendixes

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**Appendix A**  
**Study Mandate**

**General Assembly of Virginia – 1999 Session**

**House Joint Resolution No. 553**

*Directing the Joint Legislative Audit and Review Commission to evaluate the activities of the Office of Child Support Enforcement.*

Agreed to by the House of Delegates, February 5, 1999

Agreed to by the Senate, February 18, 1999

WHEREAS, each year more children are added to the rolls of children living with single parents and depending upon child support to exist financially; and

WHEREAS, child support payment is crucial for most single parents who have custody of the children and nonpayment or payment in an untimely fashion can cause great hardships not only on the custodial parent but, ultimately, the children; and

WHEREAS, over the years the Office of Child Support Enforcement (OCSE), both on the state and local level, has implemented numerous initiatives which are designed to facilitate court orders for payment of child support, identify paternity, and guarantee payment by the responsible parent; and

WHEREAS, it is crucial that such payments are expedited in order to prevent hardship on the custodial family and to prevent families from being forced to turn to public assistance in order to care for the children; and

WHEREAS, although OCSE has been diligent and creative in its efforts to collect as much child support as possible, there may be other avenues to explore which may increase the results of its work; and

WHEREAS, a recent report indicates that there exists a severe shortage of social services workers in many of the mandated programs which affects the effectiveness of any program and this problem may exist in OCSE as well; and

WHEREAS, the Joint Legislative Audit and Review Commission (JLARC) is currently conducting a broad review of health and human resources agencies and issues, pursuant to House Joint Resolution No. 137 (1998); now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Legislative Audit and Review Commission be directed to evaluate the activities of

the Office of Child Support Enforcement, including the local offices. The study should, among other things deemed relevant, examine the caseload, management, employment levels, and work load of the state and local OCSE and make recommendations as to how the program can be improved to better meet the needs of our children.

All agencies of the Commonwealth shall provide assistance to JLARC for this study, upon request.

JLARC shall submit an interim report to the Governor and the 2000 Session of the General Assembly and shall complete its work in time to submit its final findings and recommendations to the Governor and the 2001 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

## **Appendix B**

### **Agency Responses**

As part of an extensive data validation process, the major entities involved in a JLARC assessment effort are given an opportunity to comment on an exposure draft of the report. Page numbers used in the agency responses refer to the exposure draft and may not correspond to page numbers in this final report. Appropriate technical corrections resulting from the written comments have been made in this version of the report.

The appendix contains the response from the Department of Social Services.







DEC - 9 1999

7 R ROW BUILDING  
7 BROAD STREET  
RICHMOND, VIRGINIA 23219-1849

(804) 692-1944

FOR HEARING IMPAIRED  
VOICE TDD:  
1-800-828-1120

**COMMONWEALTH of VIRGINIA**  
**DEPARTMENT OF SOCIAL SERVICES**

Clarence H. Carter  
Commissioner

December 8, 1999

Mr. Philip A. Leone  
Director, Joint Legislative Audit and Review Commission  
Suite 1100, General Assembly Building  
Capitol Square  
Richmond, Virginia 23219

Dear Mr. Leone:

Thank you for the opportunity to submit comments on the exposure draft of the *Interim Report: Child Support Enforcement*, as authorized by House Joint Resolution 553 of the 1999 General Assembly. Thank you also for meeting on December 7<sup>th</sup> with members of the staff of this Department, and for the professional and constructive approach of the JLARC staff throughout this Phase I of what will be a two-year study.

In general, the Department agrees with the study's principal thrust: that is, that there should be enhanced statewide caseload clean-up efforts to close cases having no likelihood of success in providing financial and medical child support, when allowable under federal laws and regulations. We also agree that closing such cases would have some beneficial impact on federal program incentive measures, and accordingly on federal financing of the program. And, we agree that further efforts should be undertaken to enhance the performance measures for child support district offices in order to improve their caseload management.

Where we differ with the exposure draft is regarding the practical impacts of especially the efforts to close unproductive cases, or to prioritize still-open but unproductive cases to minimize the amount of staff time spent on them. Those concerns take two avenues. First, federal legal and regulatory constraints would not allow as many closures as estimated in the exposure draft. Second, federal constraints also prohibit the Department from prioritizing its active child support cases: all are required to be worked to the maximum feasible extent, even if long periods must or do occur between productive events.

*An Equal Opportunity Agency*

**VSSA**  
PEOPLE HELPING PEOPLE

Philip A. Leone  
December 8, 1999  
Page 2

Our respective staffs have done what was possible within available data and time constraints, to deal with these concerns. We are satisfied that with continued cooperation, we will mutually be able to resolve any remaining differences about them.

We look forward to the Commission meeting on December 13<sup>th</sup>, and to working cooperatively to assist JLARC staff both in wrapping up the Phase I study and in conducting Phase II during 2000.

Sincerely,

A handwritten signature in black ink, appearing to read "Clarence H. Carter". The signature is fluid and cursive, with a large initial "C".

*for* Clarence H. Carter  
Commissioner

CHC:jsc

## Appendix C

### Caseload and Case Status Data

Table C-1 District Office Caseloads		
District	Number of Cases	Percentage of Statewide Caseload
Abingdon	22,096	5
Alexandria*	6,262	1
Arlington*	7,221	2
Central Office	5,169	1
Charlottesville	12,962	3
Chesapeake*	15,234	4
Danville	28,121	7
Fairfax	28,682	7
Fredericksburg	14,212	3
Hampton*	19,473	5
Henrico	20,113	5
Lynchburg	18,555	4
Manassas	20,173	5
Newport News	23,109	5
Norfolk	27,588	7
Petersburg	18,600	4
Portsmouth	15,470	4
Richmond	27,442	6
Roanoke	28,535	7
Suffolk	10,873	3
Verona	14,884	4
Virginia Beach	27,605	7
Winchester	9,992	2

\*Privatized office  
 Total number of cases is 422,371.  
 Source: JLARC staff analysis of APECS data as of July 30, 1999.

<b>Table C-2</b>			
<b>Percentage of TANF, Non-TANF, and Other Cases by District</b>			
<b>District</b>	<b>TANF Cases</b>	<b>Non-TANF Cases</b>	<b>Other Cases</b>
Abingdon (N=22,096)	33	67	0
Alexandria* (N=6,262)	25	75	0
Arlington* (N=7,221)	20	80	0
Central Office (N=5,169)	0	1	99
Charlottesville (N=12,962)	26	74	0
Chesapeake* (N=15,234)	22	78	0
Danville (N=28,121)	18	82	0
Fairfax (N=28,682)	16	84	0
Fredericksburg (N=14,212)	18	82	0
Hampton* (N=19,473)	21	79	0
Henrico (N=20,113)	22	78	0
Lynchburg (N=18,555)	23	77	0
Manassas (N=20,173)	19	81	0
Newport News (N=23,109)	25	75	0
Norfolk (N=27,588)	29	71	0
Petersburg (N=18,600)	22	78	0
Portsmouth (N=15,470)	34	66	0
Richmond (N=27,442)	37	63	0
Roanoke (N=28,535)	25	75	0
Suffolk (N=10,873)	21	79	0
Verona (N=14,884)	19	81	0
Virginia Beach (N=27,605)	20	80	0
Winchester (N=9,992)	16	84	0

\*Privatized office  
Source: JLARC staff analysis of APECS data as of July 30, 1999.

Table C-3 Percentage of Cases in Each Processing Status by District Office						
District	Percentage of Cases					
	Intake	Locate	Paternity	Order Estab.	Collection	Delinquent
Abingdon (N=22,096)	0	7	3	24	22	43
Alexandria* (N=6,262)	1	19	21	19	6	34
Arlington* (N=7,221)	0	24	16	24	8	27
Central Office (N=5,169)	1	1	0	2	14	83
Charlottesville (N=12,962)	0	13	9	12	16	50
Chesapeake* (N=15,234)	0	19	9	16	12	44
Danville (N=28,121)	0	15	7	11	18	49
Fairfax (N=28,682)	0	23	13	19	10	33
Fredericksburg (N=14,212)	0	13	7	16	15	49
Hampton* (N=19,473)	0	17	12	14	12	45
Henrico (N=20,113)	0	18	5	9	11	57
Lynchburg (N=18,555)	0	15	7	12	17	50
Manassas (N=20,173)	0	18	13	18	11	40
Newport News (N=23,109)	0	16	9	9	10	56
Norfolk (N=27,588)	0	10	14	13	12	52
Petersburg (N=18,600)	0	16	12	14	12	45
Portsmouth (N=15,470)	0	12	12	16	10	50
Richmond (N=27,442)	0	14	10	14	8	54
Roanoke (N=28,535)	0	12	6	14	17	50
Suffolk (N=10,873)	0	9	7	7	17	60
Verona (N=14,884)	0	12	5	16	19	47
Virginia Beach (N=27,605)	0	20	9	10	13	47
Winchester (N=9,992)	0	13	7	10	19	50

\*Privatized office  
Source: JLARC staff analysis of APECS data as of July 30, 1999.

**Table C-4  
Amount Owed by District Office**

District	Total Amount Owed	Percentage of Total Amount Owed
Abingdon	\$73,458,913	5
Alexandria*	\$24,123,649	2
Arlington*	\$24,504,026	2
Central Office	\$20,629,918	1
Charlottesville	\$47,864,078	3
Chesapeake*	\$54,914,531	3
Danville	\$92,058,982	6
Fairfax	\$124,270,875	8
Fredericksburg	\$57,524,753	4
Hampton*	\$76,373,485	5
Henrico	\$105,492,724	7
Lynchburg	\$57,248,232	4
Manassas	\$86,191,983	5
Newport News	\$94,987,609	6
Norfolk	\$104,827,323	7
Petersburg	\$56,704,741	4
Portsmouth	\$59,335,089	4
Richmond	\$104,692,035	7
Roanoke	\$89,248,896	6
Suffolk	\$42,106,075	3
Verona	\$43,680,986	3
Virginia Beach	\$97,157,267	6
Winchester	\$46,188,797	3

\*Privatized office  
Source: JLARC staff analysis of APECS data as of July 30, 1999.

**Table C-5  
Percentage of Cases with No Support Order, by Case Type and District**

District	Total Cases With No Order	Percentage of Cases with No Support Order		
		TANF	Non-TANF	Other
Abingdon (N=22,096)	33	50	50	0
Alexandria* (N=6,262)	57	29	71	0
Arlington* (N=7,221)	64	23	77	0
Central Office (N=5,169)	2	0	10	90
Charlottesville (N=12,962)	32	33	67	0
Chesapeake* (N=15,234)	42	27	73	0
Danville (N=28,121)	30	23	77	0
Fairfax (N=28,682)	55	19	81	0
Fredericksburg (N=14,212)	33	25	75	0
Hampton* (N=19,473)	41	26	74	0
Henrico (N=20,113)	29	33	67	0
Lynchburg (N=18,555)	31	26	74	0
Manassas (N=20,173)	47	25	75	0
Newport News (N=23,109)	33	29	72	0
Norfolk (N=27,588)	33	33	67	0
Petersburg (N=18,600)	41	25	75	0
Portsmouth (N=15,470)	35	40	60	0
Richmond (N=27,442)	37	44	56	0
Roanoke (N=28,535)	29	23	76	0
Suffolk (N=10,873)	20	27	73	0
Verona (N=14,884)	29	19	81	0
Virginia Beach (N=27,605)	37	25	75	0
Winchester (N=9,992)	27	24	76	0

\*Privatized office  
Source: JLARC staff analysis of APECS data as of July 30, 1999.

**Table C-6  
Arrearage Ranges by District**

District	Percentage of Cases						
	< \$500	\$500-1,000	\$1,000-5,000	\$5,000-10,000	\$10,000-20,000	\$20,000-30,000	Over \$30,000
Abingdon (N=9,768)	23	10	30	14	12	6	5
Alexandria* (N=2,269)	18	8	25	16	17	8	9
Arlington* (N=1,988)	16	7	26	15	17	7	11
Central Office (N=4,243)	29	14	31	12	9	3	2
Charlottesville (N=6,696)	21	10	31	16	12	5	4
Chesapeake* (N=6,925)	20	9	31	14	14	7	5
Danville (N=14,516)	24	9	31	15	13	5	3
Fairfax (N=9,896)	17	7	24	15	16	9	12
Fredericksburg (N=7,397)	21	9	30	15	14	6	5
Hampton* (N=9,241)	22	10	29	14	13	6	6
Henrico (N=12,060)	18	8	29	17	15	7	6
Lynchburg (N=9,610)	23	11	33	15	11	4	3
Manassas (N=8,367)	16	8	29	15	16	8	9
Newport News (N=13,095)	22	10	31	15	13	6	5
Norfolk (N=15,154)	20	10	33	15	12	5	4
Petersburg (N=8,666)	22	9	32	15	13	5	3
Portsmouth (N=8,334)	19	9	33	16	13	5	4
Richmond (N=15,144)	17	10	36	16	12	5	4
Roanoke (N=15,194)	24	10	33	15	11	4	3
Suffolk (N=6,976)	25	10	31	15	11	5	3
Verona (N=7,502)	28	11	30	13	10	4	3
Virginia Beach (N=13,588)	23	10	30	15	12	5	5
Winchester (N=5,351)	21	8	30	15	13	6	7

\*Privatized office  
Source: JLARC staff analysis of APECS data as of July 30, 1999.



**Table C-7  
Percentage of District Caseloads That Meet DCSE's Case Closure Criteria**

District	Percentage of District's Caseload
Abingdon (N=22,096)	1
Alexandria* (N=6,262)	17
Arlington* (N=7,221)	21
Central Office (N=5,169)	1
Charlottesville (N=12,962)	11
Chesapeake* (N=15,234)	15
Danville (N=28,121)	10
Fairfax (N=28,682)	21
Fredericksburg (N=14,212)	6
Hampton* (N=19,473)	15
Henrico (N=20,113)	11
Lynchburg (N=18,555)	10
Manassas (N=20,173)	17
Newport News (N=23,109)	11
Norfolk (N=27,588)	7
Petersburg (N=18,600)	14
Portsmouth (N=15,470)	10
Richmond (N=27,442)	10
Roanoke (N=28,535)	9
Suffolk (N=10,873)	3
Verona (N=14,884)	6
Virginia Beach (N=27,605)	12
Winchester (N=9,992)	7

\*Privatized office  
Source: JLARC staff analysis of APECS data as of July 30, 1999.

<b>Table C-8</b>				
<b>Time in Status by District, Excluding Cases in Enforcement</b>				
<b>District</b>	<b>Percentage of Time in Status</b>			
	<b>Less Than 1 Year</b>	<b>1 - 2 Years</b>	<b>2 - 3 Years</b>	<b>Over 3 Years</b>
Abingdon (N=7,437)	39	16	16	30
Alexandria* (N=3,584)	23	19	14	44
Arlington* (N=4,609)	25	15	12	48
Central Office (N=132)	26	10	7	58
Charlottesville (N=4,186)	27	13	10	51
Chesapeake* (N=6,621)	23	17	13	47
Danville (N=8,863)	28	13	11	48
Fairfax (N=15,736)	25	11	10	54
Fredericksburg (N=5,034)	32	15	19	33
Hampton* (N=8,174)	25	15	11	49
Henrico (N=6,316)	34	12	11	42
Lynchburg (N=6,058)	28	13	10	49
Manassas (N=9,638)	20	15	13	52
Newport News (N=7,436)	34	14	11	42
Norfolk (N=9,703)	38	20	14	28
Petersburg (N=7,646)	24	13	14	49
Portsmouth (N=5,709)	27	18	14	41
Richmond (N=10,230)	29	12	18	41
Roanoke (N=8,176)	26	14	15	45
Suffolk (N=2,428)	53	18	9	20
Verona (N=4,779)	30	14	13	43
Virginia Beach (N=10,601)	30	16	14	40
Winchester (N=2,914)	39	12	12	38

\*Privatized office  
Source: JLARC staff analysis of APECS data as of July 30, 1999.

**Table C-9  
Time in Status by District and Case Type**

District	Percentage of Time in Status							
	TANF				Non-TANF			
	< 1 Yr.	1-2 Yrs.	2-3 Yrs.	> 3 Yrs.	< 1 Yr.	1-2 Yrs.	2-3 Yrs.	> 3 Yrs.
Abingdon	38	16	16	30	39	15	16	29
Alexandria*	26	17	15	42	22	20	13	44
Arlington*	23	13	10	55	25	16	13	46
Central Office	0	0	0	0	60	0	10	30
Charlottesville	30	13	11	46	25	12	9	53
Chesapeake*	26	19	13	42	22	16	13	49
Danville	30	14	12	44	28	13	11	48
Fairfax	33	14	13	40	24	10	9	57
Fredericksburg	36	11	25	27	31	17	17	35
Hampton*	31	17	10	41	22	14	12	52
Henrico	39	13	11	37	32	12	11	45
Lynchburg	33	17	10	41	27	12	10	51
Manassas	30	15	14	41	17	15	12	56
Newport News	42	16	13	29	30	13	10	47
Norfolk	42	24	14	20	35	18	14	33
Petersburg	34	13	15	37	21	12	13	53
Portsmouth	31	19	15	35	24	17	13	45
Richmond	36	13	20	31	24	11	17	48
Roanoke	32	16	18	34	24	14	14	49
Suffolk	54	18	8	21	53	18	9	20
Verona	42	14	13	31	28	14	13	45
Virginia Beach	36	18	14	31	28	15	14	43
Winchester	39	16	15	30	39	10	11	40

\*Privatized office  
Source: JLARC staff analysis of APECS data as of July 30, 1999.

<b>Table C-10</b>			
<b>Percentage of Cases in Each Priority Status, by District</b>			
<b>District</b>	<b>Priority 1</b>	<b>Priority 2</b>	<b>Priority 3</b>
Abingdon (N=22,078)	35	45	20
Alexandria* (N=6,262)	28	48	24
Arlington* (N=7,220)	19	52	29
Central Office (N=5,143)	27	35	38
Charlottesville (N=12,928)	42	34	24
Chesapeake* (N=15,230)	43	38	19
Danville (N=28,115)	41	39	20
Fairfax (N=28,682)	27	44	29
Fredericksburg (N=14,194)	52	29	19
Hampton* (N=19,471)	31	46	24
Henrico (N=20,104)	37	37	26
Lynchburg (N=18,545)	42	37	21
Manassas (N=20,168)	32	45	23
Newport News (N=23,099)	30	41	29
Norfolk (N=27,577)	44	37	19
Petersburg (N=18,592)	45	37	18
Portsmouth (N=15,465)	39	42	19
Richmond (N=27,435)	47	33	20
Roanoke (N=28,524)	43	38	19
Suffolk (N=10,864)	48	31	21
Verona (N=14,867)	53	33	15
Virginia Beach (N=27,591)	41	34	25
Winchester (N=9,984)	43	36	22

\*Privatized office  
Source: JLARC staff analysis of APECS data as of July 30, 1999.

**Table C-11  
Last Significant Action Date by District**

District	Percentage of Cases				
	Less Than 6 Months	6 Months – 1 Year	1 - 2 Years	2 - 3 Years	Over 3 Years
Abingdon (N=21,439)	71	8	11	5	5
Alexandria* (N=6,023)	70	5	8	6	10
Arlington* (N=6,976)	68	8	8	7	9
Central Office (N=5,089)	72	8	5	6	8
Charlottesville (N=12,598)	71	6	10	5	7
Chesapeake* (N=15,032)	81	5	7	4	4
Danville (N=27,438)	74	6	9	5	7
Fairfax (N=28,152)	71	8	8	4	9
Fredericksburg (N=13,834)	77	6	7	6	4
Hampton* (N=18,910)	83	4	5	4	5
Henrico (N=19,513)	86	4	5	2	2
Lynchburg (N=18,032)	75	5	9	4	7
Manassas (N=19,700)	67	6	11	5	11
Newport News (N=22,309)	83	6	6	3	2
Norfolk (N=26,486)	81	6	7	4	2
Petersburg (N=18,103)	73	6	8	6	7
Portsmouth (N=14,757)	78	9	9	3	2
Richmond (N=26,678)	78	7	8	4	3
Roanoke (N=27,362)	72	7	10	6	6
Suffolk (N=10,643)	85	5	6	3	1
Verona (N=14,544)	76	5	8	5	7
Virginia Beach (N=26,957)	83	5	6	3	3
Winchester (N=9,726)	77	6	8	4	5

\*Privatized office

Source: JLARC staff analysis of APECS data as of July 30, 1999.

**Table C-12**  
**Last Significant Action Date by District and Case Type**

District	Percentage of Cases					
	TANF			Non-TANF		
	< 1 Year	1-3 Yrs.	> 3 Yrs.	< 1 Year	1-3 Yrs.	> 3 Yrs.
Abingdon	81	16	2	78	16	6
Alexandria*	77	16	7	75	14	11
Arlington*	81	14	6	75	15	10
Central Office	100	0	0	73	14	13
Charlottesville	76	18	5	78	15	7
Chesapeake*	85	11	3	86	10	4
Danville	77	18	4	80	12	8
Fairfax	78	15	7	79	12	9
Fredericksburg	82	16	2	83	12	5
Hampton*	88	8	4	86	9	5
Henrico	85	12	2	92	6	2
Lynchburg	79	17	4	81	12	7
Manassas	76	17	7	73	16	11
Newport News	87	12	1	89	8	2
Norfolk	87	11	1	87	11	2
Petersburg	79	17	5	79	13	7
Portsmouth	86	13	1	86	11	3
Richmond	82	15	3	87	10	3
Roanoke	79	18	3	78	15	7
Suffolk	89	10	1	91	8	1
Verona	81	15	3	80	12	8
Virginia Beach	87	11	2	89	8	3
Winchester	82	15	4	83	11	6

\*Privatized office  
Source: JLARC staff analysis of APECS data as of July 30, 1999.

**Table C-13**  
**Last Action Type by District**

District	Percentage of Last Actions Generated by the System	Percentage of Last Actions Generated by a Caseworker
Abingdon (N=21,412)	30	70
Alexandria* (N=5,978)	51	49
Arlington* (N=6,936)	50	50
Central Office (N=4,969)	7	93
Charlottesville (N=12,569)	41	59
Chesapeake* (N=15,002)	42	58
Danville (N=27,337)	43	57
Fairfax (N=28,115)	42	58
Fredericksburg (N=13,775)	32	68
Hampton* (N=18,882)	43	57
Henrico (N=19,449)	37	63
Lynchburg (N=17,961)	42	58
Manassas (N=19,657)	47	53
Newport News (N=22,264)	40	60
Norfolk (N=26,396)	28	72
Petersburg (N=18,069)	39	61
Portsmouth (N=14,632)	35	65
Richmond (N=26,645)	41	59
Roanoke (N=27,191)	39	61
Suffolk (N=10,57)	29	71
Verona (N=14,499)	37	63
Virginia Beach (N=26,873)	35	65
Winchester (N=9,696)	32	68

\*Privatized office

Source: JLARC staff analysis of APECS data as of July 30, 1999.

**Table C-14**  
**Percentage of District Caseloads That Are Inactive or Unworkable**

District	Percentage of District's Caseload
Abingdon (N=19,157)	25
Alexandria* (N=5,927)	43
Arlington* (N=6,796)	49
Central Office (N=3,829)	16
Charlottesville (N=11,273)	31
Chesapeake* (N=13,903)	33
Danville (N=24,331)	29
Fairfax (N=26,586)	44
Fredericksburg (N=12,840)	25
Hampton* (N=17,805)	31
Henrico (N=18,275)	23
Lynchburg (N=16,638)	29
Manassas (N=18,036)	42
Newport News (N=20,649)	24
Norfolk (N=25,318)	21
Petersburg (N=16,952)	35
Portsmouth (N=14,120)	27
Richmond (N=25,346)	28
Roanoke (N=24,961)	28
Suffolk (N=9,492)	13
Verona (N=13,252)	25
Virginia Beach (N=25,057)	26
Winchester (N=8,797)	22

\*Privatized office  
Source: JLARC analysis of APECS data.



## Appendix D

### APECS Significant Events Codes

APECS Code	Definition
AANL	ADV NOTICE OF LIEN: ASO/OS ORDER
ADMN	ADMIN. OBLIGATION ESTABLISHED
ADMS	ADMIN. MEDICAL SUPPORT ESTABLISHED
AF13	ADC CLIENT GOOD CAUSE CHGD
AF20	ADC CASE DISCONTINUANCE - RSN: ###
AF40	# MOS REMAIN FOR VIEW CLI
AFAM	MEDICAL ORDER APPL - FACE TO FACE
AFAO	ADMIN. ORDER APPL - FACE TO FACE
AFCB	CREDIT BUREAU APPL - FACE TO FACE
AFDS	DISTRAINT/SEIZURE APPL-FACE TO FACE
AFFT	IRS INTERCEPT APPL - FACE TO FACE
AFLI	LIEN APPL - FACE TO FACE
AFMW	MANDATORY WITHHLD APPL-FACE TO FACE
AFOT	OTHER APPL - FACE TO FACE
AFOW	WITHHOLD & DELIVER: NON-PART APPL
AFST	STATE TAX INTRCPT APPL-FACE TO FACE
AFVP	VENDOR PAYMENT APPL - FACE TO FACE
AFWD	WITH. & DELIVER APPL-FACE TO FACE
AGE	NOTIFICATION OF EMANCIPATION
AIRS	APPL FOR COLL OF CHLD SUPPT BY IRS
AJAH	ORDER TO WITHHOLD: JT ACCT HOLDER
ALSD	LIEN FOR SUPPORT DEBT
ALSR	LIEN FOR SUPPORT DEBT RELEASE
AOAP	ORDER TO WITHHOLD: SERVE AP
AOR1	VERIFY RECEIPT OF ASSETS
AOR2	VERIFY ANSWER TO ORDR TO WITHHOD
AOR3	SEND ORDR TO DELIVER: APPL PD OVER
AORD	ORDER TO DELIVER
AORW	ORDER TO WITHHOLD: SERVE FINAN INST
APAH	NOTICE OF DCSE APPEAL HEARING
APAM	APPL DECISION: VERIFY MAIL SERVICE
APAO	APPL DECISION: VERIFY MAIL SERVICE
APAR	APPL RULING ISSUED: VERIFY SERVICE
APCB	APPL DECISION: VERIFY MAIL SERVICE
APDS	APPL DECISION: VERIFY MAIL SERVICE
APFT	APPL DECISION: VERIFY MAIL SERVICE
APH3	DCSE SUSTAINED: PROCEED W/ENFORCEMT
APH4	APPL DECISION SERVED : ####
APH5	VERIFY DCSE COMPLIANCE W/DECISION
APPL	#### APPL SCHEDULED FOR #####
APRQ	#### TYPE APPL RQST RECEIVED
ARAM	MEDICAL ORDER APPEAL REQUEST
ARAO	ADMIN. ORDER APPEAL REQUEST

ARCB	CREDIT BUREAU APPEAL REQUEST
ARDS	DISTRAINT/SEIZURE APPEAL REQUEST
ARFT	IRS TAX INTERCEPT APPEAL REQUEST
ARLI	LIEN APPEAL REQUEST
ARMW	MANDATORY WITHHOLDING APPL REQUEST
AROT	OTHER APPEAL REQUEST
AROW	WITH. & DELIVER: NON-PART APPL REQ
ARRN	NADC ARREARS ONLY IVD TYPE ASSIGNED
ARST	STATE TAX INTERCEPT APPEAL REQUEST
ARVP	VENDOR PAYMENT APPEAL REQUEST
ARWD	WITHHOLD & DELIVER APPEAL REQUEST
ATAM	MEDICAL ORDER APPL - TELEPHONIC
ATAO	ADMIN. ORDER APPL - TELEPHONIC
ATAR	ADMIN. REVIEW APPT - REQ: ##
ATBT	BLOOD TEST APPOINTMENT: ##
ATCB	CREDIT BUREAU APPL - TELEPHONIC
ATCP	DOCUMENT/COURT PREP APPOINTMENT: ##
ATDS	DISTRAINT/SEIZURE APPL - TELEPHONIC
ATEP	ESTABLISH PATERNITY APPT/HEARING:##
ATFT	IRS TAX INTERCEPT APPL - TELEPHONIC
ATHC	ESTAB. PAT & HLTH CARE APPT/HRG: ##
ATHO	ESTAB. HEALTH CARE ORD APPT/HRG: ##
ATLI	LIEN APPL - TELEPHONIC
ATMW	MAND. WAGE WITH. APPL- TELEPHONIC
ATOT	OTHER APPL - TELEPHONIC
ATOW	WITH & DELIVER: NON-PART APPL-TELE
ATPS	ESTB PAT & SUPPT ORDER APPT/HRG: ##
ATSA	STATUS APPOINTMENT - REQUEST: ##
ATSH	EST SUPP ORD/HLTH CARE APPT/HRG: ##
ATSO	ESTABLISH SUPPORT ORDER APPT/HRG:##
ATSR	SUPPT ORDER REVIEW/ENFORCEMENT: ##
ATST	STATE TAX INTERCEPT APPL-TELEPHONIC
ATVP	VENDOR PAYMENT APPL - TELEPHONIC
ATWD	WITHHOLD & DELIVER APPL-TELEPHONIC
AVA1	FILE LIEN: APPEAL PD EXPIRED
AVAC	ADV NOTICE OF LIEN: VA COURT ORDER
BOEM	BOE LOCATE MATCH
BOES	BOE LOCATE SUBMIT
BOND	BOND ##### POSTED BY #####
BTHE	HEARING TO COMPEL BLOOD TEST
CAD1	CHECK FOR RESPONSE FROM CP
CADC	CONTACT LETTER TO ADC CP
CAPD	CHILD CAP INDICATOR SET
CARR	CRIMINAL ARRAIGNMENT
CBAC	BANKRUPTCY CHECKLIST
CBSU	CASE ##### TO CR/BUR IN 5 DAYS
CCIN	CLOSURE INTENT NOTICE
CCLN	CLOSURE NOTICE
CDLM	DMV LOCATE MATCH - CDL
CFRA	CASE IN NEED OF FINANCIAL REVIEW
CLOC	CASE CLOSED SUCCESS. LOCATE ONLY
CMOD	ORDER/CHRG DATE CHNG SPT TYPE
CNAT	NOTIFICATION OF DCSE ACTION

CNPA	CONTACT LETTER TO NADC CP
CNTP	CONTEMPT ORDER ENTERED
CONV	CONVERTED FR #####: #####/##
CPRS	ORDER WITH PROBATED SENTENCE
CTHE	SHOW-CAUSE/CONTEMPT HEARING
CTXF	CERTIFIED FOR FEDERAL TAX
CTXS	CERTIFIED FOR STATE TAX
CWPM	CONCEALED WEAPONS PERMIT MATCH
DHPM	DHP LOCATE MATCH
DHPS	DHP LOCATE SUBMIT
DISP	DISMISSED WITH PREJUDICE
DISW	DISMISSED WITHOUT PREJUDICE
DMVM	DMV LOCATE MATCH - NO LIC/VEH
DMVS	DMV DRIVERS LIC. LOCATE SUBMIT
DNHE	DEFAULT NON-SUPPORT HEARING
DPHE	DEFAULT PATERNITY HEARING
DPTM	DPT LOCATE MATCH
DPTS	DPT LOCATE SUBMIT
DUDL	DUE DILIGENCE UNCLM PROP LTR SENT
EAS1	ENTER ORDER: APPEAL PD EXPIRED
EASM	ADJUSTED ADMIN SUPPORT ORDER
EASO	ADMINISTRATIVE SUPPORT ORDER
ECL1	CONTACT LETTER TO ABSENT PARENT
ECLA	CONTACT LETTER TO ABSENT PARENT
ECPN	CHANGE IN PAYEE NOTICE
EFNS	FINANCIAL STATEMENT
EORA	ADMINISTRATIVE SUMMONS: ##
EORD	ORDER ENTERED
ERSD	REQUEST FOR SUBPOENA DUCES TECUM
FCRA	CREDIT AGENCY REPORTING LETTER
FCRS	AP SUBMITTED TO CREDIT BUREAUS
FIDM	FIN INST. MATCH-
FIDS	FINANCIAL INSTITUTION SUBMIT
FPLA	FPLS LOCATE SUBMIT
FPLE	AP REFERRED TO FPLS FOR SSN
FPLL	FPLS LOCATE SUBMIT
FPLM	FPLS RESPONSE RECEIVED
FPLN	FPLS LOCATE SUBMIT
FPLS	AP REFERRED TO FPLS
FTIL	TAX INTRCPT LETTER: EXCESS MONEY
GC01	NCP CALLED - INCOMING, NO NEW INFO
GC02	NCP CALLED - INCOMING, NEW INFO
GC03	CALLED NCP - OUTGOING, NO NEW INFO
GC04	CALLED NCP - OUTGOING, NEW INFO
GC05	CP CALLED - INCOMING, NO NEW INFO
GC06	CP CALLED - INCOMING, NEW INFO
GC07	CALLED CP - OUTGOING, NO NEW INFO
GC08	CALLED CP - OUTGOING, NEW INFO
GC09	NCP LETTER OUTGOING
GC10	NCP LETTER INCOMING
GC11	CREDIT BUREAU CHECKED - NO INFO
GC12	CREDIT BUREAU CHECKED - NEW INFO
GC13	OTHER LOC. SOURCES CHECKED NO INFO

GC14	OTHER LOC. SOURCES CHECKED NEW INFO
GC15	ASSET INFORMATION RECEIVED
GC16	EMPLOYER INFORMATION RECEIVED
GC17	NCP ADDRESS INFORMATION RECEIVED
GCAC	GC CASE RETRIEVAL ACKNOWLEDGED
GCSE	CASE RETRVD FROM GCS-REF IN ERR
GCSF	CASE RETRVD FR GCS-NI
GCSP	CASE RETRVD FR GCS-WW
GCSR	CASE RETURNED FROM GCSR-EOC
GDHE	GUARDIAN AD LITEM HEARING(APPOINT.)
GIFM	GIF LOCATE MATCH
GIFS	GIF LOCATE SUBMIT
HFRL	HUNTING/FISHING LIC REVOC LETTER
HLDC	HOLD ACCOUNT AT CASE LEVEL
HLDP	HOLD ACCOUNT AT PARTICIPANT LEVEL
IACK	ACKNOWLEDGMENT RECD FROM OTHER STTE
IADM	ADMIN REVW CONDUCTED BY OTHER STATE
IAMN	ACKNOWLEDGEMENT MEMO: NON IV-D
IARR	ARRS PAYMENTS ORDERED BY OTHER STTE
IASR	ANSWER TO STATUS REQUEST
ICHE	INTERVENING COMPLAINT HEARING
ICOR	CERTIFICATE AND ORDER
ICPL	INTERSTATE CASE PROBLEM LETTER
ICSE	CHILD SUPPT ENFORCEMENT TRANSMITTAL
ICTL	INTERSTATE CONTACT LETTER
IDCO	DETERMINATION OF CONTROLLING ORDER
IENF	ENFR ACTION INITIATED BY OTHER STTE
IENT	OBLIG ESTABLISHED BY OTHER STATE
IGTU	GENERAL TESTIMONY FOR URESA
ILAM	ILA LOCATE MATCH
ILAS	ILA LOCATE MATCH
ILIE	NOTICE OF INTERSTATE LIEN
IMOD	OBLIGATION MODIFIED BY OTHER STATE
INCS	IMPORTANT NOTICE CHILD SUPPORT
IOTH	OTHER RESPONSE RECD FROM OTHER STTE
IOTR	ORDER TRANSMITTAL
IPAF	PATERNITY AFFIDAVIT
IPAT	PATERNITY ESTABLISHED BY OTHER STTE
IREG	REG OF FOREIGN ORDER BY OTHER STATE
IRET	REQUEST RETURNED BY OTHER STATE
IRPS	INTERSTATE REQ FOR IV-D SERVICES
IRST	INTERSTATE REGISTRATION STATEMENT
IRSU	IRS UNACCOUNTABLE TAPE UPDATE
ISRQ	INTERSTATE STATUS REQUEST
ISTR	INTERSTATE STATUS REPORT
ISUB	INTERSTATE SUBPOENA
IUSP	UNIFORM SUPPORT PETITION
IWGE	WAGE WITH INITIATED BY OTHER STATE
JCDN	COURT DATE NOTICE
JCOM	CONSENT ORDER OF SUPPT: MODIFICATN
JCOP	CONSENT ORDER OF SUPPT: PATERNITY
JLSC	LEGAL SERVICES CASE REFERRAL
JMO1	MOTION TO RQST INCREASE IN SUPPORT

JMO2	MOTION TO REQUEST MEDICAL SUPPORT
JMOA	MOTION AND ORDER TO AMEND ORDER
JMS1	SHOW CAUSE: FAILURE TO PAY SUPPORT
JMS2	SHOW CAUSE: FAILURE TO BLOOD TEST
JMS3	SHOW CAUSE: FAILURE TO PAY FOR TEST
JMS4	SHOW CAUSE: FAIL TO PROVIDE MED CVG
JMS5	SHOW CAUSE: EMPL FAIL TO COMPLY
JMSC	MOTION FOR SHOW CAUSE SUMMONS
JOFS	JUDGMENT AND ORDER FOR SUPPORT
JPDO	PAYROLL DEDUCTION ORDER FOR SUPPORT
JPDS	PETITION AND ORDER FOR SUSPENDED LIC
JPS1	PETITION: MEDICAID-ONLY PAT/MED CVG
JPS2	PETITION: ESTB PAT/SUPPT/MED COVRG
JPS3	PETITION: ADC/NADC PAT/SUPP/MED CVG
JPSC	PETITION FOR SUPPORT: CIVIL
JPTO	PARENTAGE TEST ORDER
JRWS	REQUEST FOR WITNESS SUBPOENA
JSCV	SUMMONS: COMMONWEALTH OF VIRGINIA
LAPC	LOCATED BY AP CONTACT
LBOE	LOCATED BY BOARD OF ELECTIONS
LBOT	LOCATED BY OTHER SOURCE
LCLI	LOCATED BY CLIENT
LCRB	LOCATED BY CREDIT BUREAU
LCRC	CORP REQUEST FOR CUSTOMER INFO
LDCM	LOCATED BY DEPT OF COMMERCE
LDHP	LOCATED BY DEPT OF HEALTH PROFESS
LDMV	LOCATED BY DMV DRIVERS LICENSE
LDOC	LOCATED BY DEPT OF CORRECTIONS
LDPT	LOCATED BY DPT AUTOMATED SYSTEM
LDSS	LOCATED BY DSS AUTOMATED SYSTEM
LDVR	LOCATED BY VITAL RECORDS
LEIR	EMPLOYER INFORMATION REQUEST
LEMP	LOCATED BY EMPLOYER
LEPL	LOCATED BY EPLN
LFPL	LOCATED BY FPLS
LFTR	REQ FOR FEDERAL TAX RETURN INFO
LGIF	LOCATED BY GAME & INLAND FISHERIES
LIEN	LIEN ##### ENTERED BY #####
LINF	INFORMATION REQUEST
LINS	LOCATED BY IMMIGRATION & NAT. SERV
LIOC	LOCATE UNSUCCESSFUL
LIRS	LOCATED BY IRS: 419/1099/TAX CERT
LLDS	LOCATE DATA SHEET
LLRL	LOCATE REQUEST LETTER TO INS
LLSS	LOCATED BY LOCAL DSS
LMVR	LOCATED BY DMV VEHICLE REGISTRATION
LNPR	LOCATED BY NATIONAL PARENT LOCATOR
LOCO	LOCATE ONLY CASE STATUS OPENED
LOCT	LOCATE PROCESS STATUS ASSIGNED
LOSU	LOCATE BY OTHER STATE UNSUCCESSFUL
LOTH	LOCATED BY OTHER MEMO
LOTS	LOCATED BY OTHER STATE
LPOF	LOCATED BY POST OFFICE

LPRI	LOW PRIORITY LETTER
LPTA	LOCATED BY PROPERTY TAX ADMIN
LPVR	POSTMASTER VERIFICATION REQUEST
LRIE	LOCATE REFERRAL IN ERROR
LRPS	REPORT OF SEARCH
LRR1	REQUEST ADDRESS CONFIRMATION
LSDX	LOCATED BY SSI
LSSA	DSS APPL FOR VITAL RECORD INFO
LSTT	LOCATED BY STATE TAX
LSUC	AP CLOSED LOCATE SUCESSFULLY
LTEL	LOCATED BY TELEPHONE INQUIRY
LTLR	LOST TOLERANCE LETTER
LUIB	LOCATED BY VEC UI BENENFITS
LUTI	LOCATED BY UTILITIES
LVEC	LOCATED BY VA EMPLOYMENT COMM
LWRC	LOCATED BY WORKMANS COMP.
MAEC	VEC CHECKED: MANUAL LOCT ATTEMPT
MBMV	DMV CHECKED: MANUAL LOCT ATTEMPT
MCTX	TAXATION CHECKED: MANUAL LOCT
MDCB	CREDIT BUREAU CHECKED: MANUAL LOCT
MESS	DSS CHECKED: MANUAL LOCT ATTEMPT
MFHT	MINOR FATHER PAT/SPPT ORD/HLTH HRNG
MFLN	EPLN CHECKED: MANUAL LOCT ATTEMPT
MGHS	VITAL RECORDS CHECKED: MANUAL LOCT
MHIN	HEALTH INSURANCE NOTICE: CP
MHIO	HEALTH INSURANCE ORDER
MHIR	HEALTH INSURANCE ORDER RELEASE
MHNS	IMMIGRATION CHECKED: MANUAL LOCT
MIDC	CORRECTIONS CHECKED: MANUAL LOCT
MIHE	MOD. FOR INCREASE(SUPPORT) HEARING
MINO	MEDICAL INSURANCE OBTAINED
MJTA	PROPERTY TAX CHECKED: MANUAL LOCT
MKDC	COMMERCE CHECKED: MANUAL LOCT
MLIR	IRS 419 CHECKED: MANUAL LOCT
MMHE	MOD. FOR MEDICAL SUPPORT HEARING
MMPU	UTILITIES CHECKED: MANUAL LOCT
MNOT	OTHER SOURCE CHECKED: MANUAL LOCT
MODD	MODIFICATION ORDER(DECREASE)
MODI	MODIFICATION ORDER(INCREASE)
MODM	MODIFIED TO INCLUDE MED. SUPPORT
NCLT	COOP/NONCOOP LTR SENT TO IVA
NCRF	CP NON-COOP REFERRED TO IVA
NCRM	CP NON-COOP REMOVED/SENT TO IVA
NDF4	W4 FROM FCR-NDNH PROACTIVE MATCH
NDFQ	QW FROM FCR-NDNH PROACTIVE MATCH
NDFU	UI FROM FCR-NDNH PROACTIVE MATCH
NDL4	W4 FROM NDNH LOCATE REQUEST MATCH
NDLQ	QW FROM NDNH LOCATE REQUEST MATCH
NDLU	UI FROM NDNH LOCATE REQUEST MATCH
NDN4	W4 FROM NDNH-FCR PROACTIVE MATCH
NDNQ	QW FROM NDNH-FCR PROACTIVE MATCH
NDNU	UI FROM NDNH-FCR PROACTIVE MATCH
NHRM	NEW HIRE MATCH

NISD	NOTICE OF INTENT TO SUSP DRIV LIC
NLOC	AP REF TO LOCT ON CASE #####
NOLS	NOTIFICATION OCC LICENSE SUSPENSION
NPRA	NPRC LOCATE SUBMIT
NPRL	NPRC LOCATE SUBMIT
NPRM	NPRC LOCATE MATCH
NPRN	NPRC LOCATE SUBMIT
NPRS	NPRC LOCATE SUBMIT
NRDL	DRIV LIC NOT REINSTATED
NREQ	LOCATION NO LONGER REQUIRED
NSDL	DRIVERS LICENSE NOT SUSPENDED
NSHE	NON-SUPPORT HEARING
NTLI	40 DAY NOTICE FOR LIEN
NTLN	20 DAY NOTICE FOR LIEN
NTWH	40 DAY NOTICE FOR ORDER TO WITHHOLD
OAHE	ORDER AND ARREST HEARING
OCBT	ORDER COMPELLING BLOOD TEST
OEST	CSUP EXTENSION ADDED
OMOD	CSUP EXTENSION UPDATED
OPLO	LOCATE ONLY CASE OPENED
PBTA	BLOOD TEST APPOINTMENT LETTER
PCAD	DELAY REF TO PRIV COLL AGCY - 6 MOS
PCAS	STOP REF TO PRIV COLL AGCY
PCWD	PCA DELAY STATUS CODE DEL BY WRKR
PCWS	PCA STOP STATUS CODE DEL BY WRKR
PDPT	DECLARATION OF PATERNITY
PEST	PATERNITY ESTABLISHED DISP= XXXX
PGTO	GENETIC TESTING ORDER: ##
PNOT	EFT PRENOTE LETTER CREATED & MAILED
POLM	STATE POLICE LOCATE MATCH
POLS	STATE POLICE LOCATE SUBMIT
PORA	ORDER TO APPEAR: PATERNITY
PPCN	PATERNITY CERTIFICATION NOTICE
PRIC	NON-REVIEW: EMANCIPATION OF CHILD
PRII	NON-REVIEW: NOT INTEREST OF CHILD
PRIP	NON-REVIEW: DEATH OF PARENT
PRIR	NON-REVIEW: NO NADC CP/AP REQUEST
PRIS	NON-REVIEW: NO CURRENT SUPPT OBLIG
PRWG	NOTICE OF PROPOSED WAGE WITHHOLDING
PTHE	PATERNITY HEARING
PTRL	PATERNITY TRIAL
PTRW	90DAY PAT/SO ENDXXXXDAYS 0000000000
PTSD	PATERNITY START DATE XX/XX/XXXX
PUTA	PUTATIVE FATHER ESTABLISHED
PVAB	VOLUNTARY AGREEMENT FOR BLOOD TEST
RARD	REVIEW REQUEST DENIED LETTER
RARW	NOTICE OF REVIEW WITHDRAWAL
REIN	REINQUIRE IN NINETY DAYS
REST	ACCT STMT ARCHIVE RETRIEVAL REQ
REVD	RECORD UNMATCHED FROM BATCH REVIEW
RLOC	ABSENT PARENT REFERRED TO LOCT UNIT
RPAY	DR LIC SUSP STOPPED DUE TO PMT
RQRG	REQUEST VIRGINIA REGISTRATION

RSCH	CASE RESCHEDULED
RSDL	REINSTATE DRIV LICENSE
SLIC	DRIVERS LICENSE SUSPENDED
SPAY	STANDARD PAYMENT AGREEMENT
SPRW	WAIVER OF FORMAL SERVICE OF PROCESS
SSNA	AP REFERRED TO FPLS FOR SSN
SSNL	AP REFERRED TO FPLS FOR SSN
SSNN	AP REFERRED TO FPLS FOR SSN
SSNP	SSN PROVIDED BY FCR
STIL	STATX INTRCPT LETTER: EXCESS MONEY
TPAY	TEMPORARY PAYMENT AGREEMENT
TPCA	CASE REF TO PRIVATE COLL AGENCY
TPDO	CASE SENT TO PRIV. DIST FOR LOCATE
TREV	CASE REQUIRES 3 YR CLOSURE REVIEW
TSHE	TEMPORARY SUPPORT HEARING
TSTI	STATE/LOTTERY INTRCPT LETTER TO AP
TVPI	VENDOR PAYMENT INTERCEPT NOTIFICATN
UADC	UNWORKABLE AP RECEIVES ADC
UADD	UNWORKABLE NO ADDRESS
UINC	UNWORKABLE NCP INCARCERATED
UINS	UNWORKABLE AP INSTITUTIONALIZED
ULLI	UNWORKABLE INSUFFICIENT AP DATA
ULOC	UNWORKABLE AP UNABLE TO LOCATE
USSI	UNWORKABLE AP RECEIVES SSI
UUNK	UNWORKABLE AP IS UNKNOWN
VAPM	VIRGINIA POWER LOCATE MATCH
VAPS	VIRGINIA POWER LOCATE SUBMIT
VCQM	VEC QUARTERLY LOCATE MATCH
VCWM	VEC WEEKLY LOCATE MATCH
VDLM	DMV LOCATE MATCH -DR LICENSE
VEC	VEC MATCH RECEIVED FOR UI INTERCEPT
VECM	VEC LOCATE MATCH RECEIVED
VECS	VEC LOCATE SUBMIT
VEHM	DMV LOCATE MATCH - VEHICLE
VEHS	DMV VEHICLE REG. LOCATE SUBMIT
VIEW	AFDC TO VIEW
WAGE	WAGE ASSIGNMENT ENTERED
WARR	ORDER/WARRANT FOR ARREST ISSUED
WCGA	COAST GUARD ALLOTMENT REQUEST
WCML	COMPLIANCE LETTER
WCMP	COMPLIANCE PROVISIONS
WEAR	ASSIGNMENT OF EARNINGS
WGHE	WAGE ASSIGNMENT HEARING
WGRE	ARREARS SATISFIED REVIEW WW/CASE
WMAR	MILITARY ALLOTMENT REQUEST
WNPA	WITH. OF EARN: NOTICE OF PROP. ACTN
WORK	WORKABLE STATUS ASSIGNED
WTPW	WANTED PERSON MATCH
WVEA	VEC WITHHOLDING OF EARNINGS
WVML	VEC COMPLIANCE LETTER
WVMP	VEC COMPLIANCE PROVISIONS
WWEA	WITHHOLDING OF EARNINGS
WWRL	WITHHOLDING RELEASE



**Appendix E**

**Comparison of Selected State Financial Information**

	<b>Estimated State Surplus / (Deficit) – FY 1997</b>	<b>State Uses Disregard or Other Form of Pass-through?</b>	<b>State Charges User Fees<sup>1</sup>?</b>
Alabama	(3,290,905)		✓
Alaska	5,628,650	✓	✓
Arizona	(3,344,185)		✓
Arkansas	(5,641,213)		✓
California	177,731,427	✓	
Colorado	8,999,890		✓
Connecticut	17,120,569	✓	✓
Delaware	(1,281,765)	✓	✓
District of Columbia	(375,821)		✓
Florida	11,547,158		✓
Georgia	4,950,930	✓	✓
Guam	(727,038)	N/A	N/A
Hawaii	1,645,645		
Idaho	(358,589)		✓
Illinois	6,609,567	✓	✓
Indiana	10,311,881		✓
Iowa <sup>2</sup>	10,173,323		✓
Kansas	3,651,692	✓	✓
Kentucky	1,691,156		
Louisiana	(1,027,718)		✓
Maine	10,146,483	✓	✓
Maryland	(321,631)		✓
Massachusetts	22,964,102	✓	✓
Michigan	32,652,828	✓ <sup>3</sup>	✓
Minnesota	10,559,586		
Mississippi	(2,523,105)		✓
Missouri	1,850,554		
Montana	(260,039)		✓
Nebraska	(3,409,424)		
Nevada	(4,158,831)	✓	✓
New Hampshire	1,577,606		
New Jersey	17,605,878	✓	✓
New Mexico	(4,074,136)	✓	✓
New York	63,691,714	✓	✓
North Carolina	1,587,632		✓
North Dakota	821,150		
Ohio	(3,674,606)		✓
Oklahoma	3,150,124		✓
Oregon	1,767,372		✓
Pennsylvania	30,183,573	✓	✓
Puerto Rico	(7,390,997)	N/A	N/A
Rhode Island	9,183,961	✓	✓
South Carolina	(817,850)	✓	✓
South Dakota	1,098,701		✓
Tennessee	(947,506)	✓	✓

	Estimated State Surplus / (Deficit) – FY 1997	State Uses Disregard or Other Form of Pass-through?	State Charges User Fees <sup>1</sup> ?
Texas	410,190	✓	
Utah	(1,395,212)		✓
Vermont	745,853	✓	
Virgin Islands	(227,358)	N/A	N/A
<b>Virginia</b>	<b>9,215,419<sup>4</sup></b>	✓	✓
Washington	33,264,513		✓
West Virginia	(1,777,699)	✓	✓
Wisconsin	1,982,694	✓ <sup>5</sup>	✓
Wyoming	(681,634)		✓
<b>TOTAL</b>	<b>466,814,559</b>	<b>23</b>	<b>41</b>

Source: "Child Support Enforcement: Effects of Declining Welfare Caseloads Are Beginning to Emerge," June 1999, General Accounting Office; "State Financing of Child Support Enforcement Programs: Briefing on Findings," The Lewin Group, Inc. and ECONorthwest, November 23, 1998 (data as of September 1998).

<sup>1</sup>Fees include application fees, payment processing fees, tax intercept fees, blood and genetic testing fees, and monthly transaction fees.

<sup>2</sup>Iowa has eliminated the disregard, except in the case of families that receive a disregard payment pre-PRWORA. Those families receive a disregard payment until they no longer receive assistance.

<sup>3</sup>Michigan has an equivalent to the disregard; the "child support participation payment" is financed through a general fund appropriation.

<sup>4</sup>Virginia's actual profit was \$3.2 million in 1997. This \$9.2 million figure is higher because it was calculated before the disregard payments were paid; in addition, this information is from the federal fiscal year, while the \$3.2 million figure is from the state fiscal year, which may account for some of the difference.

<sup>5</sup>Wisconsin has a federal waiver program to pass through all current child support collections to families.

NOTE: Three states (Georgia, South Carolina, and Tennessee) have eliminated the disregard, but still pass through a portion of the child support payment to the family to "fill the gap" between the TANF payment and the state's standard of need.

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## JLARC Staff

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*DIRECTOR:* PHILIP A. LEONE  
*DEPUTY DIRECTOR:* R. KIRK JONAS

*DIVISION I CHIEF:* GLEN S. TITTERMARY  
● *DIVISION II CHIEF:* ROBERT B. ROTZ

---

*SECTION MANAGERS:*

PATRICIA S. BISHOP, FISCAL AND ADMINISTRATIVE SERVICES

JOHN W. LONG, PUBLICATIONS AND GRAPHICS

GREGORY J. REST, RESEARCH METHODS

---

*PROJECT TEAM LEADERS:*

CRAIG M. BURNS

LINDA BACON FORD

STEVEN E. FORD

HAROLD E. GREER, III

● CYNTHIA B. JONES

WAYNE M. TURNAGE

---

*PROJECT TEAM STAFF:*

ARIS W. BEARSE

KELLY D. BOWMAN

GERALD A. CRAVER

LISA V. FRIEL

APRIL R. KEES

ERIC H. MESSICK

JASON W. POWELL

SUZANNE R. PRITZKER

LAWRENCE L. SCHACK

● CHRISTINE D. WOLFE

---

*FISCAL ANALYSIS SECTION:*

WALTER L. SMILEY, SECTION MANAGER

DANIEL C. ONEY

KIMBERLY A. MALUSKI

---

*ADMINISTRATIVE AND RESEARCH SUPPORT STAFF:*

KELLY J. GOBBLE

JOAN M. IRBY

BETSY M. JACKSON

BECKY C. TORRENCE

LISE E. VENNING

GORDON POINDEXTER, INTERN

JOE ZDRILICH, INTERN

---

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