



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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# Improving Child Support Enforcement

*Opportunities to Increase Collections and Establish  
Performance Goals*

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*An Operational Review by the:*

**Fraud, Waste, and Abuse  
Prevention Division**



STATE OF OHIO  
OFFICE OF THE AUDITOR

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December 24, 1998

Mr. Wayne Sholes, Director  
Ohio Department of Human Services  
30 East Broad Street  
Columbus, Ohio 43266-0423

Dear Director Sholes:

I am pleased to provide you with our report entitled "Improving Child Support Enforcement: Opportunities to Increase Collections and Establish Performance Goals". Our review had two objectives: (1) to profile Child Support Enforcement caseloads in order to help establish collection goals for Ohio's county Child Support Enforcement Agencies and the Department of Human Services, and (2) to identify opportunities to help the state and counties achieve these goals. The report recognizes Ohio's collection successes and recommends actions that should increase collections and help Ohio achieve realistic collection goals.

We appreciate the cooperation shown us by your staff during the course of the review. Copies of our report are being sent to the members of the General Assembly, County Directors of Child Support Enforcement, and other interested parties. If you or your staff have any questions concerning the report or would like to discuss its contents, please call John Butts, Chief of our Fraud, Waste, and Abuse Prevention Division, at (614) 728-7142.

Yours truly,

A handwritten signature in black ink, appearing to read "Jim Petro", written over a large, stylized flourish that loops around the text.

JIM PETRO  
Auditor of State

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## **EXECUTIVE SUMMARY**

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*During Federal Fiscal Year 1997, Ohio collected an estimated \$1.5 billion in child support for disbursement to custodial parents and reimbursement of funds paid to public assistance recipients. Ohio has improved its collection rate on cases with support orders from 37 percent in 1991 to nearly 46 percent in 1997. Nevertheless, it still has nearly \$2.7 billion in unpaid child support arrearages.*

*With the passage of federal and state welfare reform legislation, which included new child support enforcement requirements, state and county child support agencies (CSEAs) are seeking to improve child support collections. As a result, the Ohio Department of Human Services (ODHS) asked the Auditor of State (AOS) to assist in the development of child support collection goals and new means to meet these goals. Based on a comprehensive assessment of test cases and the availability of case management/collection tools, the AOS believes that ODHS can reasonably establish a long-range collection rate goal between 70 and 80 percent for cases with support orders.*

*This operational review assessed a random sample of 940 support cases from 12 counties of various population for factors affecting collection success. The review included successful collection cases, unsuccessful collection cases and cases without support orders from each county. Results and consequent recommendations from the review reveal the need for:*

**MORE ACCURATE REPORTING OF COLLECTION RATES.** *Sample testing showed the 12 county CSEAs under-reported their collection rates by an average 10 percentage points. This was primarily due to obsolete local CSEA information systems that have hindered reporting on collection activities by not eliminating cases that qualify for closure. CSEA directors stated that investments in new technology had been deferred because ODHS is currently implementing the Support Enforcement Tracking System (SETS), a statewide child support computer system that is designed to alleviate the problem. Implementation of this new system has been delayed, but ODHS expects it to be fully operational by July 1, 1999<sup>1</sup>.*

**BETTER CASE MANAGEMENT.** *Current information systems have not supported an organized, systematic approach to case management. For example, auditors noted that 14 percent of support-order cases lacked documentation detailing why collections were not taking place. Though CSEA workers in our sample counties were each typically responsible for 700 or more*

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<sup>1</sup>The scope of this project did not include an evaluation of SETS or its implementation except to confirm that the design features proposed for SETS address many of the problems associated with collection performance at the county level. However, it is clear that until SETS is fully implemented and operating according to design, substantive progress in improving child support collections will be hampered.

*cases, many counties still track cases manually and inefficiently repeat steps in the collection process.*

***RECOMMENDATION:*** *ODHS should work with county CSEAs to improve case management through such actions as the timely implementation of SETS and if appropriate, a review of case documentation standards to ensure that case files contain the history and information necessary to ensure appropriate collection actions and avoid duplication of effort.*

**BETTER PRIORITIZATION OF CASES.** *Another consequence of obsolete information systems is the inability, because of federal legal restrictions, to suspend collection efforts on “temporarily uncollectible” cases, such as when the obligor is in jail or becomes enrolled on welfare. These cases remain active and CSEA workers must take the time to revisit them periodically even if nothing has changed.*

***RECOMMENDATION:*** *ODHS should seek a federal waiver, or recommend legislative change, that would allow for the suspension of temporarily uncollectible cases. ODHS should also develop a system of case profiling that helps CSEAs most effectively focus their resources. For example, it could use SETS to place such cases in a “suspended” mode and revisit the case through data matching. The computer would reactivate the case when the situation changes, such as the obligor leaving the public assistance rolls.*

**GREATER USE OF ADMINISTRATIVE PROCEDURES IN SUPPORT OF COURT ACTIONS.** *Delays in obtaining access to the courts may slow the collection process. One option to speed up some actions is for CSEAs to make greater use of powers they are granted under the Ohio Administrative Code. For example, the review found potential for CSEAs to exercise greater administrative authority in establishing and modifying support orders for cases with arrearages (past amounts due). The review found that many cases with an arrearage had no orders to pay off the arrearage, or orders under \$22 monthly.*

***RECOMMENDATION:*** *To avoid lengthy waits for court hearings, ODHS should work with CSEAs and local courts to increase the use of administrative processes to establish and amend support orders and to help courts streamline their dockets. For this to be successful, CSEAs must also develop close relationships with courts to identify criteria for determining cases meriting administrative or judicial action. Cross-training court staff on CSEA administrative processes and initiatives will help in developing these relationships.*

**GREATER USE OF WELFARE INFORMATION AND IMPROVED COORDINATION WITH COUNTY WELFARE AGENCIES.** *Cases where the custodial parent receives welfare comprise 40 percent of ODHS’s total caseload, yet these cases had only a 16.4 percent collection rate in*

*1997. The information exchange process between CSEA workers and welfare caseworkers is very paper-intensive, and the review found instances where information obtained by one party was not used by the other.*

*RECOMMENDATION: ODHS should work with county CSEAs to build stronger relationships with county human services (IV-A) departments. CSEAs and welfare departments could improve coordination in such areas as implementing an automated link between SETS and the welfare computer system (CRIS-E), working together during welfare intake interviews, more effective use of sanctions if a custodial parent is uncooperative in providing child-support information, and providing job training support to obligors with seek work orders.*

*INCREASED USE OF AVAILABLE COLLECTION TOOLS. CSEAs do not universally apply the use of available collection tools such as wage withholding, license suspensions and tax refund offsets. Such tools, especially wage withholding, are highly effective in ensuring successful collections.*

*RECOMMENDATION: ODHS should encourage county CSEAs to use collection tools that are highly productive (e.g. wage withholding, automated bank debits for the self-employed, criminal charges to secure lump sum payments) and provide the automation and training necessary to take advantage of other available tools (e.g. license suspensions, tax offsets, national data bases).*

*PERFORMANCE MEASURES AND COUNTY-SPECIFIC SHORT TERM GOALS TO REACH LONG TERM GOAL. Accurate measures of collection performance at the CSEA level are currently lacking but are necessary before ODHS can establish goals and track progress towards meeting those goals.*

*RECOMMENDATION: ODHS should develop performance baselines to be used in establishing short term goals. The short term goals should recognize each county's unique circumstances (e.g. population, economic environment, caseload, current collection performance). A model for establishing short term goals is discussed in this report and shown in Appendix C. Once established, progress in achieving the short goals should be reviewed annually and the goals should be adjusted as necessary as counties move closer to achieving the long term goal.*

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## ABBREVIATIONS

AOS	Auditor of State	MIS	Management Information System
AP	Absent Parent	ODHS	Ohio Department of Human Services
BWC	Bureau of Workers' Compensation	OAC	Ohio Administrative Code
CSEA	Child Support Enforcement Agency	ORC	Ohio Revised Code
CSEM	Child Support Enforcement Manual	SETS	Support Enforcement Tracking System
CY	Calendar year	SFY	State fiscal year
DHS	Department of Human Services	SSA	Social Security Administration
FFY	Federal fiscal year	SSI	Supplemental Security Insurance
FPLS	Federal Parent Locator Service	TANF	Temporary Assistance to Needy Families
GAO	General Accounting Office		

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## **BACKGROUND**

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The Child Support Enforcement Program was created in 1975 under Title IV-D of the Social Security Act to assist custodial parents in securing financial support for their children. Child support enforcement agencies are also charged with collecting child support to offset payments made under the Temporary Assistance to Needy Families (TANF)<sup>2</sup> (Title IV-A), Medicaid, and Foster Care (Title IV-E) programs. A primary objective of the child support efforts is to help public assistance recipients move toward financial independence and to keep at-risk families from needing public assistance.

At the national level, the Child Support Enforcement Program is administered by the Office of Child Support Enforcement within the U.S. Department of Health and Human Services. Each state must maintain a child support agency to carry out national program objectives. Ohio has a state supervised, county-administered child support enforcement program. The Office of Child Support within the Ohio Department of Human Services (ODHS) directs Ohio's child support program, and each county operates its own IV-D Child Support Enforcement Agency (CSEA). Acting under state guidance, each CSEA is generally responsible for establishing paternity, locating non-custodial parents, and collecting and disbursing support payments.

Child support enforcement issues received renewed public interest with the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Ohio's House Bill 352, passed in 1997, mirrored many of the new federal child support enforcement requirements for establishing paternities, enforcing collections, automating child support case management, and other related matters.

## **THE COLLECTION PROCESS**

The overall responsibility of CSEAs is to collect ordered support from obligors and disburse these payments to corresponding custodial parents. CSEAs are required to provide these services to families who receive Medicaid or cash public assistance, apply for support services under the IV-D program, or have children in foster care. CSEAs also collect processing charges and medical reimbursements, make reimbursements to public assistance agencies for payments received by IV-A recipients, and establish or enforce support orders.

A child support order is needed to begin the collections process, and paternity establishment is key to an agency's ability to obtain a support order. In Ohio, several methods, in combination with an administrative or court order, are used to establish paternity:

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<sup>2</sup> Formerly the Aid to Families with Dependent Children Program

- Interstate Paternity Procedures (reliance on another state's paternity determination)
- Paternity Acknowledgment (parent's signed statement)
- Genetic Testing (if the test is 99% positive or higher)
- Marriage

Once paternity is established, child support can be ordered either administratively or via a court order, depending on county preference and case circumstance. Ordering support includes determining an obligor's income source. If the obligor is employed, a wage withholding order is usually established. If the obligor is self-employed, the court/CSEA may order direct payment, cash bond, bank account debit, or a combination of these. If payments cease and new information is not reported timely, location activities may have to begin again and a new collection method may need to be established. Appendices A and B contain flowcharts of the collection process.

Establishing and enforcing a child support order can be a lengthy process, depending on case circumstances. For instance, the agency may be required to find assets of the obligor if support payments cease, modify child support orders, and provide location services. Any one or a combination of these services may be necessary to establish or reestablish payment. Thus, the child support process can involve many participants in addition to the parents and case workers, such as employers, courts and attorneys, banks and credit bureaus, and other state agencies.

Counties may also assign cases to an ODHS-approved private collection agency. In 1997, ODHS selected three private agency vendors. Each county may choose their preferred vendor and contract with that vendor for services. Generally, the private agencies receive cases that have gone at least six months without a collection or a successful lead. All payments collected by these private agencies are sent to the CSEA and then passed on to the obligee, and vendor payments are made by ODHS based upon dollars collected.

## **CHILD SUPPORT COLLECTION PERFORMANCE INDICATORS**

Since 1991, collection rates (the percentage of child support cases with collections) have improved and helped Ohio become a national leader in child support enforcement. Table 1 shows Ohio's increasing collection rates over the past seven state fiscal years. Ohio reported that its collection rate (the number of child support cases in which a collection occurred) for cases with orders improved from 37.1 percent to 45.7 percent from 1991 to 1997 -- a 23 percent improvement. Ohio's 29.6 percent collection rate for ALL cases compared favorably with a 20 percent national collection rate in 1996 (the most recent federal figure available).



**Table 1: Ohio Collection Rates and Caseload for State Fiscal Years 1991 Through 1997**

Year	Collection Rate (Cases with Support Orders) (%)	% Annual Change	Collection Rate (All Cases) (%)	% Annual Change	Caseload	% Change
1991	37.1	--	19.0	--	1,106,194	--
1992	35.5	(4.3)	20.3	6.8	1,126,881	1.9
1993	37.0	4.2	22.6	11.3	1,133,144	0.6
1994	41.9	13.2	25.9	14.6	1,110,892	(2.0)
1995	42.1	0.5	27.5	6.2	1,075,712	(3.2)
1996	43.9	4.3	29.6	7.6	1,106,911	2.9
1997	45.7	4.1	32.7	10.5	1,103,918	(0.3)

Source: ODHS 4223 Quarterly Child Support Reports (rounded)

Table 2 shows that between 1992 and 1997, Ohio's dollar collections increased by about 50 percent. The amount collected as a percent of the total amount owed also increased steadily from 1992 through 1997.

**Table 2: Total Dollars Collected Versus Total Amount Owed,  
Federal Fiscal Years 1992 Through 1997**

Year	Collections (millions)	Estimated Amount Owed (millions)	% Collected of Amount Owed
1992	*\$972	\$3,420	28.4
1993	*\$1,035	\$3,101	33.4
1994	*\$1,090	\$3,597	30.3
1995	\$1,243	\$3,731	33.3
1996	\$1,352	\$3,922	34.5
1997	*\$1,463	\$4,116	35.5

\* Figures estimated from ODHS SFY collections

Source: ODHS 4234 Annual and 4289 Monthly Reports

CSEA cases are made up of:

- IV-A cases                      Custodial parents receiving public assistance benefits.
- IV-D cases                      Custodial parents not receiving public assistance but who have applied for CSEA services
- Non IV-D cases                Custodial parents who did not apply for child support services, but were ordered by the court to have the CSEA process payments.
- IV-E cases                      Children under the custody of a children services agency and the Department of Youth Services.

The greatest growth in collections has occurred with IV-D cases. Since 1991, Ohio's collection rates have increased 101 percent for IV-D clients and 56 percent for IV-A clients. Collections for IV-A cases present a particular challenge. Table 3 shows that in 1997 IV-A cases comprised 40 percent of the total ODHS-reported caseload, but had only a 16.4 percent collection rate, indicating an area for needed improvement.

**Table 3: Stratification of Case Types**

	<b>Dollars Collected, SFY 1997 (millions)</b>	<b>% of Dollars Owed<sup>a</sup></b>	<b>% of Total Collections</b>	<b>Caseload, SFY 1997</b>	<b>% of Total Caseload</b>	<b>Caseload Collection Rate (%)</b>
<b>IV-A/IV-E</b>	\$134	3.3	9.4	444,308	40.2	16.4
<b>IV-D</b>	\$966	23.6	67.5	519,929	47.1	46.5
<b>NON IV-D</b>	\$331	b	23.1	139,681	12.7	b
<b>Totals</b>	\$1,431	N/A	100.00	1,103,918	100.0	N/A

<sup>a</sup>-Estimated figures extrapolating ODHS federal fiscal year estimates into state fiscal year estimates

<sup>b</sup>-Dollars Owed and Cases with collections are not reported for Non IV-D cases on ODHS 4223 or 4289 Reports

Source: ODHS 4223 Quarterly and 4289 Monthly Reports (rounded)

Tables 1 and 2 show that from 1991 to 1997 collection rates and dollars collected increased while child support caseloads decreased. ODHS officials attribute this decrease to a number of factors including a large number of children who reached age eighteen and are no longer eligible for child

support, the recent introduction of the Support Enforcement Tracking System (SETS) which has caused counties to closely review their caseloads and close unnecessary cases, and the decline in the IV-A caseload. According to ODHS officials, many IV-A clients who go off public assistance allow their cases to be closed or request them to be closed, which the county will do as long as no order for support has been established and no money is owed to the state for reimbursement of IV-A funds.

### **THE SUPPORT ENFORCEMENT TRACKING SYSTEM (SETS)**

The Support Enforcement Tracking System (SETS) is a statewide child support computer system currently being placed into production. The creation of SETS was mandated by the Family Support Act of 1988. It is an online database system with case management functions. SETS is designed to support front-line child support professionals in:<sup>3</sup>

- Facilitating the collection of standard case information;
- Providing standard procedures for initiating and implementing case actions statewide;
- Automatically processing data to facilitate:
  - case initiation and update,
  - location of absent parents,
  - establishment of paternity,
  - establishment of adjustment of support obligations,
  - monitoring delinquency and enforcement activity,
  - collection, allocation, and disbursement of support payments,
  - aging and tracking the status of cases,
  - reporting required data,
  - reducing bookkeeping tasks associated with the collection and payment process,
  - effectively generating default notices and triggering appropriate enforcement measures,
  - increasing inter-county access to data through a single statewide database, and
  - eliminating duplication of tasks.

The Support Enforcement System was required to be fully operational by October 1, 1995. When Ohio and other states implementing similar systems were unable to meet this requirement, the federal government extended this deadline to October 1, 1997. Ohio's system, like many states, was not fully operational at that time, and ODHS is currently working to bring the system online at full capacity by June 1, 1999. SETS was not reviewed as part of this project.

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<sup>3</sup> Ohio Department of Human Services, "SETS Procedural Manual", Version 2.0.0-6/98, p.2.0 - 2

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## **PURPOSE, SCOPE AND METHODOLOGY**

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This review was performed at the request of the Ohio Department of Human Services. Our objectives were to profile CSEA caseloads in order to help establish collection goals and to identify opportunities to help the state and counties achieve these goals.

To meet these objectives, AOS auditors did the following:

- Obtained and analyzed state reports and manuals regarding child support collections.
- Interviewed ODHS Office of Child Support Enforcement managers, including the Deputy Director, to discuss collection policies and procedures.
- Interviewed statisticians in ODHS' Fiscal Office who were charged with compiling county collection data and reporting the statewide data to the federal government.
- Obtained and analyzed state reports containing child support enforcement data. These Reports included:
  - ODHS 4223 Quarterly Child Support Reports, 1992 through 1997
  - ODHS 4289 Monthly Dollars Collected Report, 1992 through 1997
  - Summary of Estimated Child Support Arrearage, FFY 1992 through 1997
- Interviewed CSEA managers and staff, including directors, concerning collection activities, the effectiveness of collection tools, and barriers to collections.
- Interviewed interested third parties such as the Ohio Child Support Enforcement Directors Association, the Association for Children for the Enforcement of Support, and several large private and public employers.
- Profiled 940 collection cases from 12 CSEAs.

To profile and analyze CSEA collection cases, the counties were stratified by population into large, medium, and small counties, using criteria established by ODHS. Each population group was further stratified into "high" collection rate and "low" collection rate counties, based on data reported by CSEAs to ODHS for calendar year 1997. Two high-collection rate and two low-collection rate counties were then randomly selected from the large, medium, and small counties to arrive at the twelve test counties.

Within each county, 120 cases with support orders were randomly selected from the total population

of cases open and eligible for collection in calendar year 1997.<sup>4</sup> Each case was reviewed to determine whether or not successful collections were occurring. A successful collection was one in which payment was received in 50 percent or more of the eligible collection quarters in 1997. A collection quarter was eligible if the case was open to receive a collection for the entire second month of that quarter (February, May, August, November). This is the same method used by the federal government to calculate collection rates from figures reported by the state governments.

Then, 25 cases with successful collections and 25 cases without successful collections were randomly selected from the 120 and profiled to determine the circumstances that may have contributed to the collection success or lack of collection success. Circumstances such as collection method used, amount collected, adequacy and accuracy of case documentation, location of the obligor, arrears, and average months in arrears were tabulated.

In addition, random samples of 30 cases without support orders (35 in Portage County) were pulled in each test county to determine why no order had been established and the potential effect of such findings on future collectibility.

This arrangement led to 965 cases being selected for detailed review -- 25 successful collection cases, 25 non successful collection cases, and 30 (35 in Portage County) cases without support orders in each of 12 counties. Of the 965 cases selected for review, 25 were dropped because of limited availability of data leaving 940 for review. These 25 were dropped because of insufficient case documentation at the county level such that the current case situation was unknown and payment history could not be reconciled.

The work was performed from January 1998 through July 1998 in accordance with generally accepted government auditing standards at ODHS headquarters in Columbus, Ohio and at the Ashtabula, Champaign, Clermont, Crawford, Cuyahoga, Franklin, Lake, Portage, Ross, Shelby, Summit, and Wayne County CSEAs.

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## **RESULTS**

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Our results include a discussion of (1) the case profiling that was performed in 12 CSEAs, (2) opportunities to improve child support collections, and (3) a methodology to establish collection goals for the state and counties.

### **RESULTS OF CSEA CASE PROFILING**

AOS auditors profiled 940 randomly selected child support cases from 12 counties to identify

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<sup>4</sup> The only cases excluded were cases that were closed during the first two months of the year or opened during the last two months of the year.

characteristics of cases with different degrees of collection success. The most prevalent characteristic of paying obligors, those making most of their monthly payments, was that they tended to have a wage withholding order. Table 4 profiles reasons for missed payments. The obligors were separated into those who (1) missed some payments although by Federal standards they were “payers”, (2) missed half or more of their payments and were considered “non-payers” by Federal standards, or (3) did not have an order established to make payments.

Missed payments among “payers” occurred primarily because:

- payers appeared to earn insufficient income (typically direct payers and/or those with multiple orders) (about 26 percent)
- the case file lacked sufficient information to determine why payments were missed (about 19 percent), or
- the case needed a hearing date established (about 16 percent).

Those missing all/most payments did so primarily because:

- the obligor was not locatable (about 20 percent),
- the case file did not have sufficient information to determine why collections were not made (reason unknown) (about 18 percent), or
- the obligor was unemployed (about 17 percent).

Those cases where no order for support was established occurred due to:

- non-cooperation from the obligee (about 25 percent),
- a hearing was needed to establish paternity or amend/establish a support order (about 16 percent), or
- a lack of information that hindered the enforcement process (about 12 percent).

**Table 4: Breakout of Reasons for Missed Payments**

Reason for Non Payment of Support Payment or Order Establishment	Payers (92 Missed Payments)*		Non-Payers (290 Missed Payments)		No Support Order (353 Cases)	
	Number	(%)	Number	(%)	Number	(%)
<b>Obligor Not Paying Order in Full or Regularly Because of Insufficient Income</b> ( <i>Many were direct payers and obligors with multiple orders and limited pay</i> )	25	27.2	21	7.2	0	NA
<b>Case action log incomplete, or case file otherwise lacked information to determine reason for non payment</b>	19	20.7	53	18.3	34	9.6
<b>Case File Lacked Information</b> ( <i>Absent Parent (AP) name, Social Security Number, or other data that would enable collection effort</i> )	1	1.1	11	3.8	58	16.4
<b>Hearing Needed</b> ( <i>Generally, a custody or paternity hearing was pending depending on case type</i> )	13	14.1	16	5.5	55	15.6
<b>Obligor Unemployed</b> ( <i>Including those receiving Unemployment Comp and those not</i> )	11	12	49	16.9	4	1.1
<b>Job hoppers</b> ( <i>Obligor Failed to Report Timely or Moving to Avoid Withholding Order</i> )	11	12	15	5.2	12	3.4
<b>Obligor Not locatable</b> ( <i>AP information known, but AP unlocated</i> )	6	6.5	59	20.3	39	11
<b>Obligor in Jail/Prison</b> ( <i>AP was incarcerated, usually a short sentence in the case of paying obligors</i> )	5	5.4	31	10.7	27	7.6
<b>Obligor In-Home</b> ( <i>Parents cohabitating</i> )	1	1.1	4	1.4	27	7.6
<b>SSA Benefits</b> ( <i>AP was receiving retirement or survivor benefits</i> )	0	0	10	3.4	0	0
<b>TANF/Food Stamps</b> ( <i>AP was receiving public assistance cash or food stamps</i> )	0	0	10	3.4	5	1.4
<b>SSI Benefits</b> ( <i>AP was receiving non attachable Supplemental Security Insurance</i> )	0	0	3	1.0	11	3.1
<b>Veterans Benefits</b> ( <i>AP was receiving Retirement of Disability</i> )	0	0	2	0.7	0	0
<b>BWC</b> ( <i>AP was receiving Workers Compensation</i> )	0	0	1	0.3	0	0
<b>Non-cooperation by the obligee</b>	0	NA	3	1.0	73	20.7
<b>AP Deceased</b>	0	0	2	0.7	4	1.1
<b>Good Cause Determined</b> ( <i>AP was not pursued for benefit of children</i> )	0	0	0	0	4	1.1
<b>TOTAL</b>	92	100	290	100	353	100

\* Out of 297 payer cases.

Source: AOS sample data (Columns may not sum to 100 percent because of rounding.)

County CSEA staff believe that some of those obligors that were unemployed, or could not be located, probably consisted of self-employed individuals who were hiding income and resources. The CSEAs identified self-employed obligors who refused to pay as particularly difficult to collect

from since tax records comprise the only source of earnings data for this group. Generally, tax information is not available to the CSEAs even at the state level without court intervention.

CSEA directors concurred that paying obligors tended to have a wage withholding order, adding that paying obligors also tended to maintain employment with a single employer for long periods. Those that missed payments were the opposite. They moved from job to job and had no wage withholding order. So called “job hoppers” left jobs as soon as a wage withholding order was sent to their current employer or simply floated from job to job to avoid making payments.

**Case Type Comparisons (IV-A, IV-D, and Non IV-D)**

Case type correlated with collection success in that IV-D and Non IV-D cases were more likely to have collections than IV-A cases. In addition, a higher percent of the no support order cases were IV-A than those with support orders. Non-cooperation by the custodial parent and lack of information were the main reasons why IV-A cases were not moving toward the establishment of paternity or support orders and into the collection pipeline. Table 5 shows the composition of our sample cases by case type and collection status.

**Table 5: Breakout of Sample Cases by Case Type and Collection Status**

Case Type	All Cases (%)	Payers (%)	Non-payers (%)	No Order (%)
IV-A	24	10	20	38
IV-D	65	80	71	47
Non IV-D	6	6	7	6
IV-E	1	1	1	2
Unknown	4	3	1	7
Totals	100	100	100	100
<b>Total Cases</b>	940	297	290	353

Note: Some case types were identified as unknown when case files did not contain sufficient information to determine the case type.

Source: AOS sample data.



County directors and ODHS officials concurred that they have more difficulty collecting on IV-A cases. CSEA officials believe that non-custodial parents of welfare families tend to be less educated, have fewer job skills, and have cyclical earnings, all of which translates into missed payments and growing arrearages. When combined with a lack of cooperation by custodial parents, IV-A collections have suffered.

## **OPPORTUNITIES TO IMPROVE CHILD SUPPORT COLLECTIONS**

Audit staff noted six areas where ODHS and CSEAs could improve collection rates. These included better reporting from the local level to ODHS, better case documentation and prioritization, greater use of administrative procedures in support of court actions, more use of IV-A information and better coordination with IV-A staff, and increased use of available collection tools.

### ***Case Management Problems May Result in Under Reported Collection Rates***

Testing at the counties found that collection rates reported by CSEAs to ODHS in 1997 were not accurate. Our sample results showed higher collection rates in eight of the twelve counties tested, ranging up to a 50 percentage point difference in Shelby County. (They reported an 18.8 percent collection rate; our test showed about a 69.0 percent collection rate.) Four counties appeared to have over-reported their collection rate, including Wayne and Ross counties which over-reported by about 15 percentage points. Overall, the 12 counties under-reported their collection rates by an average of 10 percentage points. (CSEAs reported 46 percent; our test results showed 56 percent.) Larger counties' collection rates increased in three out of four sample counties with Cuyahoga County being about 11.2 percentage points higher (reported at about 34.8 percent; tested at about 46.0 percent). Because larger counties have higher caseloads, an under-reported collection rate has more impact on the statewide average. See Table 6 for further details.

**Table 6: Comparison of Tested County Collection Rates to Reported Rates  
For Calendar Year 1997 (Cases with Support Orders)**

County	Reported Rate <sup>5</sup> (%)	AOS Tested Rate (%)	Over or (Under) Reported
<b>Large Counties</b>			
Cuyahoga	34.8	46.0	(11.2)
Franklin	54.6	49.1	5.5
Lake	34.5	52.6	(18.1)
Summit	50.9	53.4	(2.5)
<b>Medium Counties</b>			
Ashtabula	32.3	48.0	(15.7)
Clermont	63.2	70.5	(7.3)
Portage	25.2	38.7	(13.5)
Wayne	76.0	60.6	15.4
<b>Small Counties</b>			
Champaign	21.2	64.1	(42.9)
Crawford	69.9	66.2	3.7
Ross	75.8	60.5	15.3
Shelby	18.8	69.1	(50.3)
<b>Average</b>	<b>46.4%</b>	<b>56.6%</b>	<b>(10.2%)</b>

Several causes of inaccurate reporting were identified, including obsolete MIS systems at the local level and poor case file management -- which in turn led to a large number of nonpaying cases that were being carried as open cases when they should have been closed. In addition, some of the local MIS systems were unable to generate accurate case activity histories for reporting periods. Auditors found the Franklin county MIS system facilitated well documented cases and efficient work processing. County directors stated that they had not invested in newer technology because they were waiting for SETS to be implemented.

During the sampling phase, audit staff noted that some counties had closed cases in prior periods but failed to remove them from their MIS systems. This failure inflated their caseload and lowered the collection rate. SETS is designed to alleviate this problem, and in fact, AOS reviewers noted case closings were occurring as counties prepared for this conversion. With new federal rule changes that shorten the time a case with an unknown father or limited information must remain open, CSEAs will likely close even more cases in the future.

<sup>5</sup> ODHS. SFY 1997 (Self-reported by counties)(rounded)

### ***Better Case Management Should Improve Efficiency and Increase Collections***

Case management activities have a strong correlation to collection success. Based on the data in Table 4, which highlights reasons for non-payment or inability to establish a support order, almost 24 percent of the collection failures were at least partially related to case management deficiencies. Of the 735 cases missing payments or lacking an order, 14 percent had incomplete case logs and 10 percent lacked critical obligor identifiers.

- ***Poor Case Documentation Adversely Affected Collection Success***

Cases with poor case notes were less likely to have a collection. For example, missed payment cases in the payer sample that were identified as “unknown cause” (which made up about 18.3 percent of the cases missing payments) were so identified because the case record was incomplete and lacked information about why collections were not occurring. The same observation applied to the non-payer cases. Generally, in these cases, documentation was such that a reviewer was unable to determine if steps were taken to obtain collections or the outcomes of any steps that were taken. Likewise, the sample counties with the lower collection rates, tended to have more cases categorized as unknowns. Some cases had no documented comments for over 2 or 3 years. The SETS system is designed to assist CSEA workers with case documentation and other case management activities.

The lack of an effective electronic case management system likely contributed to poor case documentation. In most of the counties in the AOS sample, each CSEA worker was responsible for at least 700 child support cases. Given the obsolete computer systems that existed at the county level, caseload management was very labor intensive and prone to errors. For example, AOS auditors noted instances where case files indicated the appropriate action to take, but because the worker failed to follow through, the same process began again in the following months. An efficient electronic case management system should track case actions and provide notice for needed actions. Repeating steps in the collection process is an inefficient use of time and wastes resources.

In one county with low collection rates, the director stated that a failure of their local MIS caused the loss of collection history data for the entire caseload. In the 18 months that followed, only cases with regular payments were recalculated and reloaded into the system. Many other cases lacked accurate historical data, thus requiring that arrearages for court-bound cases be calculated by hand. This was inefficient and time consuming, and this county likely missed opportunities for collections through tax refund offsets.

- ***Inability to Prioritize Caseloads May Also Adversely Affect Collection Success***

ODHS is mandated by the federal government to treat all cases equally. Nonetheless, cases are not

equal in terms of collectibility. If a systematic approach is not used to prioritize collection efforts, dollar collections may suffer as limited resources are used to pursue unproductive cases.

Currently, CSEAs cannot officially suspend collection activity on “temporarily uncollectible” cases. It may be desirable to designate cases (such as short-term imprisonment cases or those of obligors temporarily enrolled on public assistance) as temporarily uncollectible, allowing them to be placed in a “suspended” mode and revisited by electronic tickling or data matching. With data matching, the case would be activated when the situation changed, such as the obligor leaving the public assistance rolls. Currently, these cases remain open and active with CSEA workers revisiting them at least quarterly or for specific purposes (such as reviews to identify tax refund offsets). Therefore, cases are revisited when nothing has changed, or not revisited as soon as something does change. The current system is somewhat inefficient in this regard. Profiling, combined with improved electronic case management tools, could help counties focus resources on the right case at the right time.

Electronic tickling could also be used when payments are not received. Because local MIS systems lack this capability, CSEA workers indicated they usually took action on delinquent obligors when the custodial parent called to inform them no payments had been received. Otherwise, the CSEA worker may not have known because payments are processed by the accounting departments. SETS is designed to help alert workers about missed payments and also when case actions are due.

Auditors noted that worker activities were sometimes driven by the “squeaky wheel”. Frequent custodial parent contact with the CSEA was more likely to lead to case review. The cases of custodial obligees that didn’t make frequent contact with the CSEA seemed less likely to receive attention unless some other information triggered a need for review. CSEA workers confirmed that this occurred.

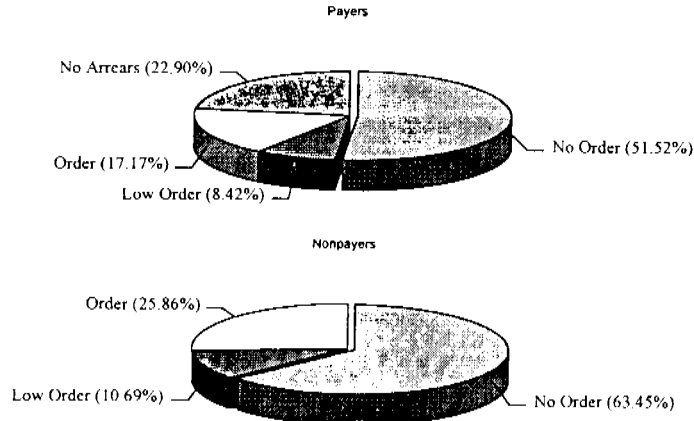
### ***More Effective Use of Administrative Processes Might Improve Collections***

Timely establishment and modification of support orders is critical to an effective collection process, and in Ohio, county family services courts generally assume responsibility for this function. Thus, delays in gaining access to the courts may slow the collection process. When local court proceedings in large counties need to be rescheduled, it often takes several months to obtain another court date. During the time between court hearings, individuals can disappear, change employment, or take measures to interfere with the procedures, which may require additional enforcement measures (e.g. locating the obligor) prior to the case being eligible for the next court appearance. Therefore, the faster a case can be processed, the less likely that any circumstances will change before a court appearance.

One option to simplify and speed up some of the actions that take place in court hearings is for CSEAs to make greater use of administrative processes. Ohio Administrative Code Section 5101:1-32-01, defines administrative procedures as "...a statutory system granting authority to an administrative agency to determine paternity and to establish, modify and enforce child support orders. The CSEA in each Ohio county is the local agency granted authority to conduct and perform the administrative process function...". As part of the administrative process, CSEAs also have the ability to establish medical support, wage withholdings, and hearings; modify support orders; issue work activity orders; claim lump sums and income tax refunds; and seek liens on property.

One area where CSEAs might exercise greater administrative authority is in the establishment and modification of support orders for cases with arrearages. AOS auditors found that many cases with an arrearage had no order, or orders under \$22 monthly, set up to pay off the arrearage. AOS auditors found that 519 cases of the 587 cases with orders (about 88 percent) had an arrearage. Of the 519 cases with arrearages, 337 (about 65 percent) had no payment ordered to pay off the arrearage. An additional 56 cases (about 11 percent) were paying \$5 per week (approximately \$22 monthly) or less. The following graph breaks out these results for payers and non payers of child support.

### Cases with Arrearage



CSEA directors agreed that greater use could be made of administrative procedures, not only to bolster collection of arrearages but also to modify other support orders and establish paternity. However, they recognized that ultimate enforcement authority rests with the courts. To be successful, counties must agree on which actions will be processed administratively (which helps courts streamline dockets) and those that will be processed judicially (bringing the full power of the court to bear on delinquent obligors). When counties work together in this way, CSEA staff can focus their efforts on productive activities. They also have the assurance that their local court will

support their administrative decisions and take necessary action against hard-core deadbeat parents.

### ***Stronger Relationships with Court Systems Could Improve Collections***

The degree to which CSEAs developed their relationships with local courts affected their access to the courts and ultimately their success in making collections. CSEA staff agreed that it was important to find out how the local court wanted work to be processed, what types of cases the court would hear, and how aggressive the court wanted to be in pursuing various enforcement functions like criminal non-support charges. The courts have considerable power in determining the fate of a child support case because they can set the amount of a support order, and because they may levy contempt charges, criminal non-support charges, and jail sentences against delinquent obligors.

CSEAs from our sample that had close ties with the court or county prosecutor's office (Summit, Wayne, and Shelby) generally had higher collection rates. (See Table 6.) A CSEA director in one of the above counties noted that their seek work orders had "more teeth" because failure to comply with the seek work order could quickly become a contempt charge and result in jail time because the court administered (by having obligors report directly to the court) this process. When the CSEA administered the process themselves (by having obligors report to the CSEA), the director felt the obligors didn't take them as seriously. The court's power to charge obligors with contempt and jail time appeared to be more compelling than administrative threats. County CSEAs with strong ties to the courts may also have a comparative advantage with their administrative processes because the administrative processes and judicial processes may be perceived as one and the same.

### ***More Coordination and Information Sharing with IV-A Agencies Could Improve Collections***

IV-A agencies are closely tied to the CSEAs because TANF and Medicaid recipients are mandated by law to cooperate with the CSEAs in collecting child support for their children. IV-A staff at the county level generally have the first contact with IV-A child support obligees. Although welfare clients are mandated to cooperate with the local CSEA, the initial information is collected by IV-A staff during the intake and reapplication interviews and passed onto IV-D workers for action. Logically, the more information that is gathered at the initial IV-A interview, the faster location, paternity and support order establishment efforts can begin.

One of the obstacles in the sharing of information between IV-A and IV-D agencies is that it is paper intensive. Information gathered by IV-A agencies is generally passed to the CSEA via a paper report that contains additions and changes in absent parent data within the IV-A computer system (called CRIS-E). Initially, most CSEA test counties use this paper report to establish their CSEA cases, identify obligees, and set intake appointments. The report also contains any changes made to absent parent information in the local human services agency's computer system. Local CSEA workers

must “sift through” this report to determine if a change of information occurred that is relevant to the related child support case.

Because this process is paper intensive, AOS auditors found instances where information obtained by IV-A workers was not utilized by CSEA workers and vice versa. For example, AOS auditors identified cases where an obligor was in the home, and one agency was aware of the situation but not the other. In these situations, the IV-A agency may have overpaid welfare benefits if the IV-D agency failed to forward this information. Likewise, if the IV-A agency did not forward this information, the CSEA might have continued to look for the absent parent when the family was actually intact. This lack of communication leads to resources being devoted to unproductive case activities and creates “false” arrearage. More timely sharing of such information would likely increase CSEA performance and efficiency.

ODHS expects that SETS will interface with the IV-A computer system and increase information sharing; however, that link is not yet operational.

- ***Increased IV-A/IV-D Coordination May Also Improve Client Cooperation***

As noted earlier, IV-D and Non IV-D cases had higher collection rates while IV-A collections lagged behind. Our work showed that this occurred, in part, because IV-A obligees were less likely to give complete information or fully cooperate with the CSEA. Since obtaining child support information is not a primary task of IV-A workers, CSEA workers also believe that IV-A workers sometimes do not adequately probe applicants to obtain this information. For the non-support order cases in the sample, which were comprised to a great extent of current and prior IV-A participants, non-compliance or lack of information accounted for about 43 percent of the failures to establish an order.

IV-D involvement in interviews of welfare applicants may provide an opportunity to improve client cooperation. The Supervisor of Policy and Program Development in Nevada’s Office Child Support Enforcement stated that their efforts to include a CSEA worker in IV-A interviews decreased welfare applicants reporting fathers as “unknown” by about 65%. ODHS managers supported this technique, saying that some Ohio CSEAs were already successfully partnering case management efforts with IV-A agencies.

Another area for increased IV-A and IV-D coordination is in the use of sanctions. If a welfare recipient is uncooperative they may be sanctioned by having their cash and medical benefits reduced or terminated, unless they can provide good cause for not cooperating. Good cause includes domestic violence, rape, or incest. More effective use of sanctions and identification of good cause could move more non-support order cases toward collection and/or result in appropriate case

closures. However, CSEA workers must request sanctions only when appropriate, and IV-A workers must take action on these requests for them to work as intended.

To test the effectiveness of the use of sanctions, AOS auditors tracked the results of twenty-one sanction requests in one metropolitan county. Results were mixed in that sanctions appeared to be effective when properly requested, although better coordination between the IV-A and IV-D functions would have made them more effective. Of the 21 sanction requests:

Nine sanctions were properly requested and:

- 4 obligees cooperated after the sanction was applied.
- 1 cooperated after sanction notification but before application of the sanction.
- 1 had their case closed after the sanction was requested
- 1 refused to cooperate and had benefits sanctioned.
- 2 sanctions were not taken by IV-A but should have been taken.

Two sanctions were properly requested but case situation changes would not allow sanction because:

- 1 case was being closed prior to receipt of the sanction request.
- 1 case had been transferred to another county prior to receipt of the sanction request.

Ten sanctions should not have been requested by the IV-D worker because:

- 7 IV-A cases had been closed prior (some as much as 3 years prior) to the request.
- 3 IV-A cases had custodial parents/guardians who were not receiving benefits themselves, and therefore, could not be sanctioned.

- ***IV-D Workers Might Benefit from IV-A Computer Training***

Although CSEA staff have access to the state-wide IV-A computer system (called CRIS-E), AOS auditors found that some county CSEA staff were unable to fully utilize the system. For example, the 10 inappropriate sanction requests cited above could have been avoided if the IV-D worker first checked the applicants' status in CRIS-E, though perhaps the reason checks did not occur was because the worker(s) lacked an understanding of CRIS-E. This system can also be very useful in locating obligors and determining employment information, and also in detecting parents that are cohabitating. For example, AOS auditors used CRIS-E's W-4 New Hire subsystem to query records by name to detect absent parents with unusual names and unknown social security numbers. In addition, auditors noted that CSEA staff were not fully utilizing tools such as Internet access to assist with location activities. AOS auditors used this tool to locate Ohio prison inmates, identify deceased obligors, and identify potential obligor addresses. CSEA staff likely missed opportunities for collecting on orders by not using the available tools.



- ***Welfare Reform Provides Opportunities for Increased IV-A and IV-D Coordination***

Under recent welfare reform legislation, local IV-A and IV-D agencies will need to work together to meet federal mandates. New federal incentive initiatives will reward local human services departments for reducing out-of-wedlock births, and CSEAs will be rewarded for establishing paternities. Also, IV-A agencies will be rewarded for moving TANF recipients off the rolls permanently. Welfare recipients seem more likely to successfully leave the welfare rolls if child support is collected and paid regularly. In "Welfare Reform: Child Support an Uncertain Income Supplement for Families Leaving Welfare", the U.S. General Accounting Office (GAO) cited a 1993 Wisconsin study of divorced women that showed "receiving even minor amounts of child support can play a significant role in keeping families self-sufficient<sup>6</sup>." This lends support to the program's original purpose of strengthening state and local efforts to obtain child support for families receiving assistance.

As noted earlier, one of the administrative authorities granted to CSEAs is the ability to require obligors to seek work if an obligor cites unemployment as the reason for non-payment of child support. CSEAs acknowledged the usefulness of "seek work orders" but noted that such orders were often not successful when obligors lacked the skills or work habits necessary to obtain and retain a job. A key feature of welfare reform and the Ohio Works First program is to provide job training to persons currently receiving public assistance so that they can become productive members of society. ODHS and several CSEAs are exploring opportunities to make these training programs available to child support obligors under the assumption that a custodial parent would be less likely to need public assistance if a non-custodial obligor obtained a job as a result of the training. Given that unemployment was a reason that about 10 percent of the 587 obligors with support orders in our sample missed some or all of their support payments, providing increased job training opportunities to obligors deserves consideration, and requiring such training could easily be built into CSEA seek work orders.

### ***Increased Use of Certain Collection Tools Could Increase Collections***

Child support enforcement agencies have a number of collection tools available to them. These tools include wage withholding orders, federal tax offsets (capturing obligors' federal tax refunds), lump sum collections, professional and occupational license suspensions, and new national data bases. Auditors noted opportunities where better use of collection tools could help CSEA collect more child support.

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<sup>6</sup> GAO/HEHS-98-168, August 1998, U.S. General Accounting Office; which cited Daniel R. Meyer, "Child Support and Welfare Dynamics: Evidence From Wisconsin," *Demography*, Vol. 30 (1993), pp.45-62

• **Direct Paying Not as Successful as Wage Withholding**

In our sample cases, wage withholding was the most effective support collection tool, as more collections occurred by wage withholding than any other collection tool. County directors concurred that having a withholding order was preferable to having obligors pay directly (e.g. send a monthly payment to the CSEA), because, in their opinion, direct-paying obligors were more likely to skip payments. For example, CSEA workers told us that direct-paying obligors might withhold payments during custody/visitation disputes. In addition, the establishment of a wage withholding order also allowed the county access to an employer's lump sum distributions, such as bonuses.

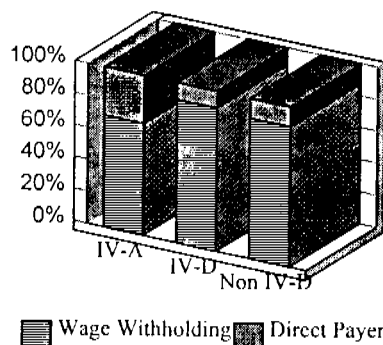
The number of payers (235 of 297 or 80 percent) who had wage withholding orders, when contrasted with the number of non-payers (44 of 290 or 15 percent) who had wage withholding orders, supports the premise that wage withholding is an excellent collection tool. Moreover, of the 235 payers with wage withholding orders in place, 173 (74 percent) made all their payments each month. By contrast, only 26 payers (44 percent) of the 59 who made direct payments made all required payments.

Although some direct-paying obligors in the AOS sample were unlikely candidates for wage withholding because they were self-employed, other direct paying obligors were paying directly simply because they had started making payments in this manner before wage withholding became a collection option and had not been changed to withholding. Even for those direct-paying obligors who are not candidates for wage withholding, automatic bank account withdrawals is an option that seems preferable to relying on an obligor to send a monthly check.

The following graph shows that IV-D and Non IV-D cases were collected primarily through wage withholding, while IV-A cases were more likely to be collected by direct payment.

**Wage Withhold vs. Direct Payment**

No Missed Payments in CY 1997



### ***Better Identification of Tax Refund Offset Cases Should Improve Collections***

Most counties reported that tax refund offsets, both federal and state, were effective collection tools. To request tax refund offsets, CSEAs identify cases with arrearages of \$500 or more and forward them to ODHS, which consolidates the requests and refers them to the appropriate tax agency. AOS auditors noted that in order to identify case arrearages of \$500 or more, some counties were reviewing their caseload and calculating arrearages manually because their MIS systems were unable to make the calculation. This was very inefficient and cases eligible for a tax offset were likely missed. ODHS anticipates using SETS to handle this process in the future. According to ODHS staff, SETS, which is a statewide system, will be able to identify a consolidated list of offset cases.

- ***Lump Sum Collections from Criminal Charges Appeared Limited***

The primary method used by CSEAs in our sample to obtain lump sum payments was by wage withholdings through employers. Employers must report, prior to issuance, any lump sums due an obligor (i.e., bonuses). The CSEA may then capture this lump sum to cover an arrearage. In our sample, lump sums were generally limited to this type of employer withholdings or tax offsets. The filing of criminal non-support charges to secure lump sum payments was rarely used in our sample, although some of the CSEAs in our sample stated they used the threat of criminal non-support actions as a bargaining tool. Also, employees from the Delaware County CSEA, who were contacted in the planning stages of this project, stated that their county had just received a \$26,000 lump sum payoff of arrearage after charging an obligor who resided in Alaska with criminal non-support.

The Massachusetts Child Support Enforcement Division reported arresting 48 delinquent non-custodial parents in 1997. These arrests netted \$892,755 in child support payments.<sup>7</sup> Likewise, in June 1997 Virginia offered 57,000 delinquent non-custodial parents amnesty from criminal charges if they contacted the child support agency to arrange payment. By October 1997, Virginia reported cash payments totaling \$6.65 million from 11,000 obligors. They also arrested 107 obligors and served 1,885 more with summonses.<sup>8</sup>

- ***License Suspensions Underutilized***

License suspensions have proven effective in other states, particularly in securing collections from the self-employed. Beginning in November 1996, the Ohio Revised Code (Section 2301.373)

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<sup>7</sup> U.S. Department of Health and Human Services, Administration for Children and Families, Office of Child Support, "Compendium of State Best Practices" (4<sup>th</sup> Ed.), p. 26

<sup>8</sup> Ibid. p. 28

authorized the suspension of professional and occupational licenses of persons who are delinquent in paying court ordered child support. We did not detect the use of this tool in any of our sample cases. Previous AOS work<sup>9</sup> showed that counties make limited use of license suspensions, primarily because of limitations in the MIS capabilities of individual licensing boards and CSEAs. In our April 30, 1998 report, we encouraged ODHS to develop automated links with licensing boards to take fuller advantage of this tool. ODHS responded that such links were anticipated with the full implementation of SETS. ODHS initially anticipates matching CSEA delinquent obligors with the Bureau of Motor Vehicles commercial driver's license holders.

- ***New National Data Bases Should Facilitate Locations***

Newly created national databases should greatly reduce the number of obligors that go unlocated, especially on interstate cases. The National Child Support Enforcement Association estimates that 30 percent of the nation's 19 million child support cases are comprised of non-custodial parents with children residing in different states.<sup>10</sup> Federal welfare reform instituted two important Federal Parent Locator System (FPLS) initiatives that will benefit Ohio's collections. FPLS is controlled by the Office of Child Support Enforcement.

The first initiative involves enhancements to the National Directory of New Hires. This database will now include new hire reports whereby employers are required to notify state agencies with certain information about new employees. As of September 1998, 52 states and territories and more than 100 federal agencies participated in this effort.<sup>11</sup> In addition, the FPLS will gather quarterly earnings data (48 states participating) and unemployment insurance data (49 participating).

Between October 1997 and June 1998, ODHS reports sending 1.9 million new hire records to the National Directory of New Hires. Quarterly earnings data was also sent by the Ohio Bureau of Employment Services. According to ODHS, the Federal Parent Locator System will not fully match data until October 1998. To date, the system has been used to match tax offset records against postal records and to perform other smaller specialized matches. The National Child Support Enforcement Association reported 700,000 interstate matches. ODHS indicates these projects only scratch the surface of the new federal system's potential.

The second national initiative is the Federal Case Registry. This database will include each state's

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<sup>9</sup>AOS/FWAP-98-079L.; April 30, 1998

<sup>10</sup> "Child Support", National Child Support Enforcement Association, Summer 1998 Edition, Volume XXIX, No. 3, p. 12

<sup>11</sup> *ibid.*, p. 12

IV-D, IV-A cases and non IV-D cases established after October 1, 1998. The Registry will assist with locating obligors by matching Ohio's cases against other states' cases and against national employment data.

The improvements in the Federal Parent Locator System and the creation of the Federal Case Registry should enhance tools for locating obligors and their employers. They should also help reduce the number of obligors that go unlocated. CSEA directors believe that improved location services would be a great benefit to them in enforcing and establishing support orders.

### **SETTING COLLECTION GOALS**

Our review results showed that a CSEA's collection performance is dependent on many factors - some of which are controllable by a CSEA and some of which are not. Proper case documentation, accurate performance indicators, effective working relationships with local courts and IV-A agencies, and effective use of collection tools are at least partially under the control of a CSEA. On the other hand, a CSEA has little or no control over state and federal procedural requirements, the incoming caseload, or local economic conditions. All of these factors deserve consideration in establishing collection goals.

In establishing collection goals for CSEAs, AOS auditors made the following assumptions.

- CSEAs first need to establish an accurate performance baseline, against which future progress can be measured.
- Collection goals should be based on performance indicators for which the state and counties are being held accountable under existing legislation.
- Although it is desirable to establish state wide, long term goals, short term goals also need to be established in recognition that CSEAs will begin at different starting points in terms of collection performance and operate in different collection environments. These factors will also affect each CSEAs potential rate of improvement from year to year.
- Based on the results on the AOS sample, AOS auditors believe it is feasible to adopt a long range collection rate goal of between 70 percent and 80 percent of cases with support orders. The long range goal recognizes the availability of new collection tools and the opportunities to improve current collection performance discussed earlier.

### ***Developing an Accurate Baseline***

As a first step in setting collection goals, CSEAs need accurate performance data to establish a starting point, or baseline, against which future progress can be measured. The data to establish this baseline performance does not currently exist, as evidenced by the wide variation between the reported and tested collection rates in our sample counties. In one sample county, for example, the CSEA reported a 18.8 percent collection rate in FFY 1997, while our testing revealed a 69.1 percent collection rate.

At present, CSEAs appear to lack the means of accurately measuring their collection performance. One method of establishing an accurate baseline would be to sample existing cases and project a collection rate -- the method used in this review. As the SETS rollout continues, it should be possible to rely on SETS data to establish a performance baseline and chart future collection progress.

### ***Defining Performance Indicators***

Although this review focused on developing goals for collection rates for cases with support orders, collection goals could and probably should be based on other performance measures as well, such as dollars collected as a per cent of dollars owed. Basing goals solely on case collection rates may overlook the fact that, according to federal criteria, a successful case collection does not necessarily mean that all the dollars owed on that case were collected. For example, a successful case collection means only that some dollars were collected during the month being measured.

ODHS' new child support enforcement incentive structure contains performance standards that could be used to establish collection goals. While earlier incentives were driven by IV-A caseload activities, new incentives encompass the activities of the entire CSEA caseload (less Non IV-D cases). These performance standards, created by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, include: establishment of paternity, establishment of support orders, collection of current support, collection of past-due support, and cost effectiveness. These standards are being applied directly to the counties such that counties compete against each other for their maximum possible incentives based upon their proportionate share of statewide collections. Counties may earn up to their maximum incentive based on performance in the following categories:

- up to 25 percent from paternity establishment, measured as:  
Current Year Established ÷ Prior Year-End Needing Establishment
- up to 25 percent from support order establishment, measured as:  
Total Cases With Orders ÷ Total Number of Cases

- up to 25 percent from collection of current support, measured as:  
Total Current Support Collected ÷ Total Current Support Owed
- up to 10 percent from cost effectiveness, measured as:  
Total Collection ÷ (1997 Expenditures – SETS Expenditures)
- up to 15 percent from collection of past-due support, measured as:  
Total Cases Paying Arrears ÷ Total Cases With Arrears

### ***Tailoring Short Term Goals to CSEA Collection Environments***

In the short term, differences among counties (e.g. caseload, starting point percent of IV-A cases, economic conditions) need to be considered as counties begin moving towards the long term goal. For example, in the sample of medium-sized counties, collection rates for cases with orders ranged from 38.7 percent to 70.5 percent. Under these circumstances, it may not be productive to set up an incentive system that funnels all rewards to the highest performing CSEA, given that the CSEAs are beginning at different starting points, and improvements are particularly sought from those CSEAs that have the farthest to go to reach the long term goal.

Another aspect of tailoring short term goals to the collection environment is to recognize that counties cannot be expected to improve at the same rate from year to year. In the above example, the CSEA with a 70.5 percent collection rate has likely reached a point where further improvement will be more difficult than the CSEA with a 38.7 collection rate, which is likely to have more untried opportunities to improve its collection rate.

In consideration of the above factors, short term goals could be stated in terms of a percentage improvement over the previous year's performance. (The initial short term goal could be stated as a percentage improvement over the baseline performance.) As performance begins to approach the long term goal, the expected rate of improvement would decrease, recognizing that additional improvements will become more difficult. Thus, for example, a lower performer might have a 10 percent improvement goal, while a high performer might have 3 percent improvement goal. This approach encourages lower performers to make the greatest improvements. A similar technique has been used by other large organizations who have established performance goals for ongoing activities. For example, the Internal Revenue Service adopted this approach in establishing performance goals for its tax return processing centers.

Attachment C presents a model for how the short term goal setting process might work based upon the above principles. In further recognition of the differing collections environment, the model breaks counties down by relative size. ODHS, for example, distinguishes between large, medium,

and small counties, and this breakdown was used to select CSEAs for this review. Although not without flaws, the breakdown tends to correlate with some of the factors that affect collectibility, such as case load, access to courts, familiarity with local residents, and similar variables. Within the large, medium, and small categories, counties could be further stratified into high, medium, and low performers. Using this strategy, CSEA short term goals would be tailored to both past performance and collection environment. The goals would be readjusted each year to reflect any change in performance category.

### ***Establishing a Long Term Goal***

As discussed previously, it is not realistic to expect all cases with orders to be collectible 100 percent of the time. This is because obligors lose jobs, disappear, become incarcerated, join public assistance rolls, change jobs without timely reporting, or simply ignore collection efforts. Likewise, administrative or legal delays may prevent the proper attachment of a support order. If one accepts that a 100 percent collection rate is not feasible, the question then becomes what is a reasonable collection goal -- one that challenges CSEAs but does not create false expectations from policy makers? There is probably no definitive answer to this question; however, AOS auditors believe it is reasonable to expect CSEAs to achieve successful collection rates between 70 percent and 80 percent of cases with support orders.<sup>12</sup> AOS auditors arrived at this estimate by taking into consideration new tools and technology available through recent legislation, and the opportunities for improvement in collection performance noted during case reviews.

AOS auditors identified four enforcement activity areas where improvements over current collection performance seem reasonable:

- better case management through better case automation,
- better information sharing and coordination with courts and IV-A agencies,
- better use of available collection tools, and
- improved locator tools available through emerging technologies.

These areas stem from our case file analysis that showed lost collections due to poor case management, unlocated obligors, delayed hearings, and insufficient information about income sources. Collectively, lost collections attributable to these factors applied to about 50 percent of the

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<sup>12</sup> Although performance goals based on other measures such as dollars collected may be desirable, these measures were not included in the scope of this project. Therefore, the ensuing discussion focuses on the rationale for a collection goal based on cases.



cases with support orders in our sample.<sup>13</sup> If collections improved significantly for these types of cases, CSEAs could expect to achieve collection rates of between 70 and 80 percent, given that another 35 percent of the cases in our sample represented obligors who already paid in full regularly. Table 7 shows the the percent of cases with orders in our sample (587) where payments were missed and collection improvements appear possible.

**Table 7: Non Collection Factors Offering Opportunities for Improvement**

Reason for Non Collection	Per Cent of Sample
Case Action Log Incomplete or Case File Lacked Critical Information (e.g parent name or SSN) to Pursue Collection	12.3
Obligor Not Locatable	11.1
Obligor Claimed Unemployed	10.2
Obligor Failed to Pay Full Order	7.4
Case Needed Hearing	4.9
Job Hopper (CSEA unable to establish withholding)	4.4
TOTAL	50.3

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## **CONCLUSIONS**

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Ohio's child support collection rates have increased for all cases by about 72 percent since 1991. Over this same period, Ohio has also increased dollar collections by about 50 percent. Despite this progress, ODHS and the AOS believe that further improvement in collection performance is possible.

Many of the opportunities to improve collection performance revolve around the implementation of SETS -- the state-wide system to manage case workloads that is now scheduled to be fully implemented by July 1999. For example, obsolete, local MIS systems in CSEAs contributed to inaccurate reporting about collection performance and failed to support an organized, systematic approach to case management. The lack of an organized approach to case management allowed cases

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<sup>13</sup> Our sample included 587 cases with support orders of which 205 cases (35 percent) paid in full regularly. The balance included 290 non payer cases and 92 payer cases that had some missed payments.

to get lost in the shuffle, led to duplication of effort, and caused cases that should have been closed to remain in active status. In many CSEAs, cases were being tracked manually while counties awaited the arrival of SETS. Because agencies were not managing their caseloads in an efficient and effective manner, collection performance suffered.

The AOS also saw opportunities to improve collections through better cooperation among collaborating agencies and the greater use of available collection tools. As Ohio's counties move to implement welfare reform and changes in child support, opportunities are increasing closer partnerships with local courts and human services agencies that will facilitate child support collections. Increased use of wage withholding, license suspensions, and computer tools should also increase collections.

Currently, ODHS and the CSEAs lack accurate measures of collection performance that can be used to establish short term goals and measure progress towards meeting those goals. This report proposes a model for establishing such goals and discusses how the short term goals might be used to achieve an overall long term goal. Based on opportunities that were identified to improve collection performance, the AOS estimates that CSEAs can reasonably expect successful collections on between 70 and 80 percent of its cases with support orders, up from the 45.7 percent reported in SFY 1997.

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## ***RECOMMENDATIONS***

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The following recommendations to ODHS are intended to address potential areas for improvement in the state's child support collections. Implementing these recommendations should help to increase Ohio's collection rate, and to

ensure parental support for children.

1. ODHS should work with county CSEAs to improve case management through such actions as the timely implementation of SETS and if appropriate, a review of case documentation standards to ensure that case files contain the history and information necessary to assure appropriate collection actions and avoid duplication of effort.
2. ODHS should seek a federal waiver, or recommend legislative change, that would allow for the suspension of temporarily uncollectible cases. ODHS should also develop a system of case profiling that helps CSEAs most effectively focus their resources. For example, it could use SETS to place such cases in a "suspended" mode and revisit the case through data matching. The computer would reactivate the case when the situation changes, such as the obligor leaving the public assistance rolls.
3. To avoid lengthy waits for court hearings, ODHS should work with CSEAs and local courts

to increase the use of administrative processes to establish and amend support orders and to help courts streamline their dockets. For this to be successful, CSEAs must also develop close relationships with courts to determine cases for administrative action and those for judicial action. Cross-training court staff on CSEA administrative processes and initiatives will help in developing these relationships.

4. ODHS should work with county CSEAs to build stronger relationships with county human services (IV-A) departments. Areas for greater cooperation include implementing an automated link between SETS and CRIS-E, working together during welfare intake interviews, more effective use of sanctions, staff cross training, and providing job training to obligors with seek work orders.
5. ODHS should encourage county CSEAs to use collection tools that are highly productive (e.g. wage withholding, automated bank debits for the self-employed, criminal charges to secure lump sum payments) and provide the automation and training necessary to take advantage of other available tools (e.g. license suspensions, tax offsets, national data bases).
6. ODHS should develop performance baselines to be used in establishing short term goals. The short term goals should recognize each county's unique circumstances (e.g. population, economic environment, caseload, current collection performance). A model for establishing short term goals is discussed in this report and shown in Appendix C. Once established, progress in achieving the short goals should be reviewed annually and the goals should be adjusted as necessary as counties move closer to achieving the long term goal.

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## AGENCY COMMENTS

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To provide an opportunity for comment, a draft of this report was sent to the Director of ODHS on November 13, 1998. ODHS, in its response dated November 24, 1998, stated that it was generally encouraged by the overall findings and with the analysis of collection problems facing Ohio. ODHS also stated that virtually all of the AOS recommendations have either been implemented or are in final development at this time. For example, ODHS noted that it is bridging the CSEA/Court gap by sponsoring an Administrative-Judicial workgroup, which include judges, magistrates, CSEA directors, CSEA attorneys, and county and state staff from throughout Ohio. This workgroup is drafting solutions to jurisdictional problems, and will provide valuable input into the legislative process.

ODHS expressed concern that the \$2.7 billion in unpaid child support cited in the report, while technically accurate, artificially inflates arrearage totals because it includes arrearages up to 25 years old. Many other states, ODHS noted, automatically extinguish unpaid arrearages after 5 years, or upon the child's emancipation. Therefore, ODHS believes that the \$2.7 billion figure is not

reflective of current Ohio support efforts, nor a good performance indicator.

The AOS understands that Ohio arrearage totals may not be comparable with arrearage totals in other states and encourages ODHS to seek ways for more standardized reporting. At the same time, however, the arrearage total cited in the report is a figure reported to the federal government and the best available performance indicator for unpaid child support.

ODHS also questioned the report's reference to a lack of performance measures at the county level. The AOS agrees that performance measures exist at the county level, and these measures are summarized on pages 24 and 25 of this report. Missing, however, are accurate measures of *collection* performance, as reflected in the inaccuracies in collection data reported by the counties to the state. The AOS agrees that SETS, when properly implemented, should greatly aid more accurate measurement and reporting.

ODHS also offered a number of suggestions to correct technical inaccuracies in the report. Changes were made to the draft where appropriate.

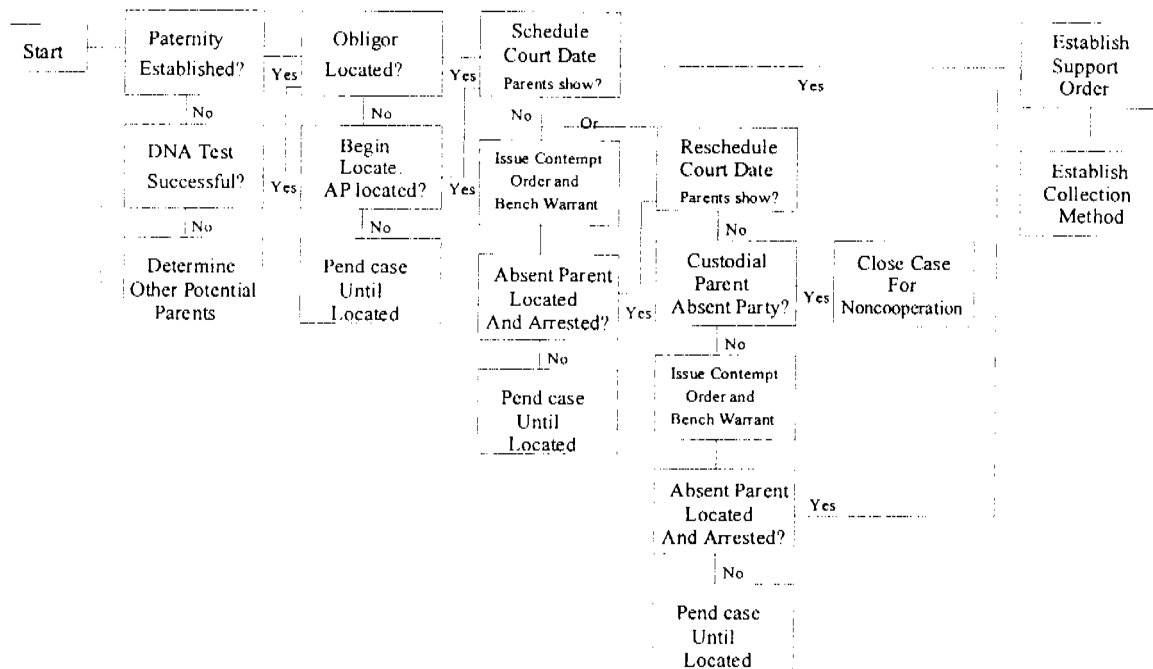
See page 34 for ODHS' full response.

A copy of the draft report was shared with the Ohio Child Support Enforcement Directors Association. In a December 16, 1998 phone conference, a spokesperson for the Association offered several suggestions to improve the accuracy of the report, but stated in general that the Association agreed with the presentation and recommendations in the report.

### Appendix A

The process for collecting child support can be cumbersome. In general, the establishment of paternity and support orders may be done administratively by the CSEA which has become common practice. However, when no agreement on paternity or support can be reached, the court system is often called upon to make a determination for the parties involved. The following example focuses more on court appearance, which generally requires more effort on the part of CSEA staff.

## Flowchart of Child Support Collection Process

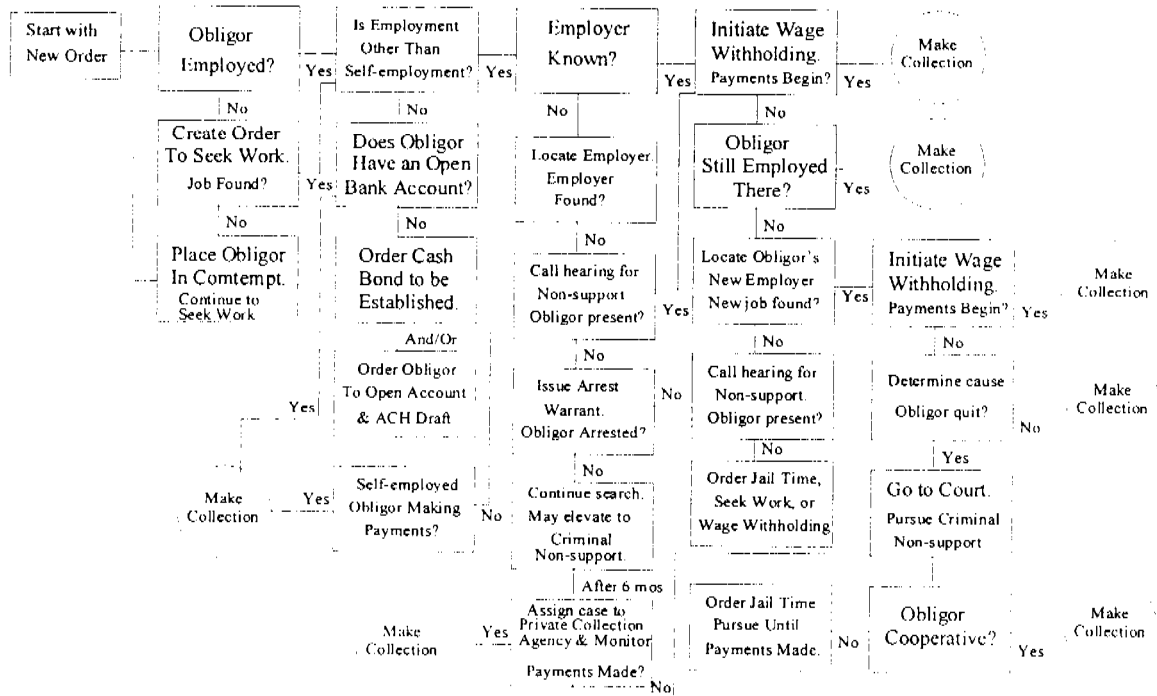


If an obligor stops making payments, the case may be referred back to enforcement staff for administrative default notice to the obligor, locate services, identification of new employers or other income streams, administrative seek work orders or other activity. In addition, if administrative efforts fail the case may go back to court where obligors may face legal charges of contempt or criminal non-support. Sometimes payment has ceased because physical custody of the children has changed and changes must be made to the support arrangement and custody arrangement.

### Appendix B

Once an order is established, a method of collection must be determined. Generally, the CSEA will pursue administrative procedures to obtain payment. Sometimes court action is necessary such as the establishment of a wage withholding garnishment with the obligor's employer. However, the CSEA may administratively establish a wage withholding order on arrears. Wage withholding can be made against earned income, unemployment and workers compensation benefits, and some forms of Social Security. If an obligor has arrears in excess of \$500, the CSEA may administratively certify the case for federal tax offset and capture any federal return due the obligor. The following is a basic illustration of collection methodology.

## Flowchart of Collection Method Establishment



Appendix C

# Goal Setting Model for Ohio's Counties

	Large Counties	Medium Counties	Small Counties
High Performer 55-65%	County A County C County E Annual Goal: 3% Growth Over Current	High Performer 65-75%	County J County K County M Annual Goal: 3% Growth Over Current
Medium Performer 45-54%	County B County F County H Annual Goal: 6% Growth Over Current	Medium Performer 55-64%	County L County O County Q Annual Goal: 6% Growth Over Current
Low Performer Below 45%	County D County G County I Annual Goal: 10% Growth Over Current	Low Performer Below 55%	County N County P County R Annual Goal: 10% Growth Over Current
			High Performer 70-80%
			County S County U County V Annual Goal: 3% Growth Over Current
			Medium Performer 45-54%
			County T County X County Y Annual Goal: 6% Growth Over Current
			Low Performer Below 45%
			County W County Z County AA Annual Goal: 10% Growth Over Current

This model is a pictorial representation of the goal setting methodology. Actual goals and performance benchmarks would be determined by baseline data gathered through sampling in each county or SETS performance data when available. In addition, counties may move from a low-performance group to a medium-performance group when their performance fell in that range, or downward in the case of a drop in performance. The purpose of goal setting is to keep each group moving upward toward the state's overall goal.



# Ohio Department of Human Services

30 East Broad Street, Columbus, Ohio 43266-0423

November 24, 1998

John Butts, Chief  
Fraud, Waste and Abuse Prevention Division  
Auditor of State  
88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Dear Mr. Butts:

Attached please find the response and comments of the Ohio Department of Human Services in response to the submission of your report. Thank you for your time and effort in this matter, and for the opportunity to review the report.

Sincerely,

A handwritten signature in cursive script that reads "Wayne W. Sholes/g.r.s.".

Wayne W. Sholes  
Director





## *ODHS Response to AOS Operational Review*

We are very appreciative of the work and effort which went into the preparation of the Report by AOS. We were most encouraged by the overall findings contained in the review, and with the analysis of the collection problems we face. We would, however, like to address some specifics which may have been misconstrued during the review process.

First, ODHS/OCS is very pleased with the recognition by AOS that up to 30% of child support is uncollectible, and that your office recommends a statewide goal of 70-80% collection rate as realistic and achievable. This figure, of course, reflects many other factors. Numerous obligors are unable to be located, working in “underground” economies such as cash-paid casual labor, tips-only jobs such as bartending, or as self-employed sub-contractors. Also included are transients and incarcerated obligors, which are virtually uncollectible. Further, as you are aware, arrears in Ohio accumulate without being extinguished except by court or administrative order. Thus, the \$2.7 billion in unpaid child support cited in both the Executive Summary and elsewhere in the Review includes arrearages from cases up to 25 years old. Due to a lack of uniformity among the courts in Ohio regarding these arrears, Ohio consistently appears as a state with artificially high arrearage totals. Many other states automatically extinguish unpaid arrears after 5 years, or at least upon the child’s emancipation. Although the \$2.7 billion figure is technically accurate, it is not reflective of current Ohio support efforts, nor a good performance indicator. It would be statistically unsound to average our collection ratios over the last 25 years to gauge our current performance; likewise it is unsound to use the total uncollected support to weigh our current efforts.

The inaccuracies of collection rates by the counties is a problem that ODHS has recognized for some time. SETS will ameliorate that problem, as well as numerous other tracking-based problems cited in the Review. Although the Review mentions “temporarily uncollectible” cases as a specific category for prioritization purposes, federal regulations specifically prohibit such a categorization by either ODHS/OCS or a county CSEA.

The reference in the Review to lack of performance measures is puzzling, because CSEM 1020-1023 has very specific performance measures for CSEAs. In practice, the CSEAs do not compete against each other, they compete against themselves. Ohio is on the leading edge of performance based measures, having implemented the federal criteria well ahead of the federal mandate. It also appears that the Review suggests CSEAs participate in job training support to obligors with seek work orders. Unfortunately, only IV-A funds are available for that function, so any CSEA participation would not be subject to any federal financial assistance.

The Review describes the paternity process with several presumptions, three of which are incorrectly stated. First, paternity acknowledgment is not a presumption, it creates a paternity finding (ORC 2151.232, 3111.211, 5101.314). Second, genetic testing creates a presumption only in accordance with a court or administrative action, not as a stand-alone means of establishing paternity (ORC 3111.03(A)(5)). It does establish paternity administratively (ORC 3111.122(C)(2)(a)). Third, there is no presumption at this time for a father listed on a birth

certificate, although there formerly was such a provision.

The Review also states that private collection agencies may be used for support collection “as a last resort”. ODHS currently has three vendors available for counties to choose, at their discretion, for whatever collections they choose to refer. Although there are certain requirements for use of the vendors, it should not be stated that they are used as a last resort.

ODHS cannot agree with the statement that Ohio’s collection rate in 1992 “was low enough to warrant annual federal audits and monetary sanctions”. Rather, Ohio’s collection rate has traditionally been higher than the national average, and is significantly above the national average today. In 1992, federal reviews were activity-based rather than outcome-based, which meant that Ohio was penalized because the federal audit found lower activity than the national average, **even though Ohio’s outcomes were better than the national average.** The federal program now recognizes that fallacy, and has changed to outcome-based measures, at which Ohio excels.

We are very confused by the figures in Table 2. The last column, reflecting a percentage indicating amount collected divided by amount owed, does not appear to be accurate. In 1992, if \$950,000,000 was collected out of \$3,390,000,000 owed, the percentage would be 28.023%, rather than the 19.3% listed. In 1993, the correct percentage would be 32.868%, not 23.6%. In 1994, the correct percentage would be 31.652%, not 22.0%. For 1995, the percentage would be 33.324%, rather than the listed 25.1. In 1996, the correct percentage would be 34.472%, not 25.9%. In 1997, the correct percentage would be 35.03%, not 26.9%. These percentages show not only an increase every year, but reflect averages **substantially** above the national average. Additionally, we cannot recreate the dollar totals you list for support owed. The ODHS 4234 you cite as quarterly is a yearly report, and the figures from our 4234s and 4289s for those years do not match the totals you have listed.

Tables 1 and 2 do show an increase in collections coupled with a decreasing caseload, but ODHS does not attribute that to a large number of emancipated children, as stated in the Review. Emancipation numbers in Ohio have not increased significantly, to our knowledge.

Table 6, last column, appears to have the over and under reporteds reversed. If under-reportings are in parentheses, as the heading states, then Cuyahoga, Lake and Summit should be listed as under-reported, not over-reported. The same error appears in the medium and small county portions also.

The references to case management deficiencies should be greatly alleviated by SETS. Protocols are established, and SETS has established guidelines for case management. SETS will also assist in upgrading case documentation in those counties which experience such deficiencies. ODHS must again remind AOS that federal regulations prohibit us from tagging a case as “temporarily uncollectible”, no matter how desirable that may appear at first glance.

ODHS also notes that AOS seems to ignore the major role played by administrative enforcement of child support orders. While the review discusses establishment and modification at length, no mention is made of enforcement measures, such as default notices, wage withholdings with arrears payments, and other methods. AOS also erroneously states that counties must agree on

whether actions will be processed administratively or judicially. In practice, administrative remedies precede judicial action in virtually every instance, as mandated by statute. For instance, paternities **cannot** be filed judicially until the administrative process is exhausted (ORC 3111.22(A)(1)). Administrative defaults must occur as a first step in enforcement proceedings. The Court system is viewed now as a “last resort” after administrative remedies fail, not as an “either-or” option.

ODHS is also bridging the CSEA/Court gap by sponsoring an Administrative-Judicial workgroup, which includes judges, magistrates, CSEA directors, CSEA attorneys, and county and state staff from throughout Ohio. This workgroup is drafting solutions to jurisdictional problems, and will provide valuable input into the legislative process.

Finally, in our review of Appendices A and B, these seem to summarize only the court portions of child support. Appendix A does not provide for any part of the administrative paternity process, nor for the administrative establishment or enforcement of support obligation. Appendix B also seems to encompass mainly court-driven proceedings. The administrative process in Ohio has worked exceedingly well, and is responsible for the largest paternity establishment increase in Ohio history. The administrative support process is streamlined, and provides significant enforcement tools without the necessity of court action. By omitting these foundational procedures, a true picture of child support in Ohio cannot be formed.

In summary, we are very gratified that AOS recognizes the inherent limitations of the child support collection process, and has agreed with our previous assessment that 70-80% compliance is a realistic goal. We are also appreciative of the many suggestions in the review, and are pleased to state that virtually all AOS recommendations have either been implemented or are in final development at this time. We look forward to the completed installation of SETS, along with our current tools, to continue our mission to support Ohio’s children to the best of our ability.

