

2-YEAR EXTENSION OF AUTOMATION DEADLINE

SEPTEMBER 19, 1995.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ARCHER, from the Committee on Ways and Means,
submitted the following

R E P O R T

[To accompany H.R. 2288]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 2288) to amend part D of title IV of the Social Security Act to extend for 2 years the deadline by which States are required to have in effect an automated data processing and information retrieval system for use in the administration of State plans for child and spousal support, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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I. INTRODUCTION

A. PURPOSE AND SCOPE

The Committee bill extends the date by which states must implement automated data system requirements enacted by the Family Support Act of 1988 from October 1, 1995 to October 1, 1997.

B. BACKGROUND AND NEED FOR LEGISLATION

There is nearly universal agreement that the nation's child support enforcement system is less effective than it could and should be. The Clinton Administration has recently calculated that over \$30 billion in potential child support goes unpaid each year. If a substantial portion of this money were paid, taxpayers would spend less on welfare, the need for elaborate and expensive government programs to encourage payment of child support would be reduced, and most important, millions of children would enjoy an increase in their standard of living and many would escape poverty.

One of the most important elements in an improved child support system is automatic data processing. The major overhaul of Federal child support laws passed by Congress in the Family Support Act of 1988 contained extensive requirements that states had to meet in establishing automatic data processing systems. More specifically, the state systems had to have the capability to: (a) control and monitor the major factors in support collection and paternity establishment, (b) provide coordination with records of the state Aid to Families and Dependent Child program, (c) provide security against unauthorized access, (d) facilitate income withholding and other collection procedures, and (e) provide management information on all child support cases being handled by the state IV-D program.

The Committee on Ways and Means, which played a lead role in the development of these data processing requirements, realized at the Family Support Act passed that the requirements would be difficult to implement. In 1988, few states had automated even a significant portion of their child support program. To make certain that the Department of Health and Human Services (HHS), the private contractors that would help states design and implement their systems, and the states themselves moved aggressively on the data processing requirements, Congress provided states with 90 percent federal funding and established October 1, 1995 as the deadline for completing the systems.

Although every state has an approved plan for implementing a system that meets all the requirements of the 1988 legislation, to date only one state has actually finished their system and received final approval from HHS. HHS estimates that even six months after the deadline, only 18 states will be able to meet all the requirements of the 1988 law.

An informal survey of states, HHS officials, and outside observers reveals several factors that contributed to the difficulty states have experienced in meeting the October 1, 1995 deadline. Perhaps the single most important factor was that HHS did not publish final regulations that provided detailed specifications for the data systems until October 14, 1992, 4 years after the legislation was signed by President Reagan. Thus, states were not given definitive

specifications for their data systems until 3 years before the systems had to be in place and operating. Until the specifications were issued, states could neither finalize planning of their systems nor sign final agreements with contractors to begin implementation. Nearly everyone seems to agree that the 4 year lag in issuing regulations was a major cause of states failing to meet the October 1, 1995 deadline.

Other factors mentioned as having contributed to the delay were a shortage of technical assistance from HHS, some delays in approval of the advance planning documents that states had to have approved before they could begin implementing their systems, a shortage of qualified vendors with the expertise necessary to help states design and implement effective data processing systems, and lack of staff in the state child support offices who had extensive experience with data systems.

Given these barriers to timely implementation, many of which were beyond the control of the states, the Committee believes it would be unfair to impose financial penalties on states for failing to meet the October 1, 1995 deadline. All the states have a plan in place and are working diligently toward implementation of their system. Thus, the Committee, on a bipartisan basis, has decided that a 2-year extension of the deadline is warranted.

Although this legislation does not extend the 90 percent federal money, it is the intention of the Subcommittee to revisit this issue in the context of welfare reform later this Fall.

C. LEGISLATIVE HISTORY

Committee bill

H.R. 2288 was introduced on September 8, 1995, by Mr. Shaw, Chairman of the Subcommittee on Human Resources of the Committee on Ways and Means, Mr. Ford, the ranking minority member of the Subcommittee, and all Republican and Democrat members of the Subcommittee. The bill was marked up by the full Committee on Ways and Means on September 12, 1995, at which time the Committee ordered it favorably reported by voice vote with a quorum present.

Legislative hearings

The Subcommittee on Human Resources of the Committee on Ways and Means held child support enforcement hearings on February 6 and June 13, 1995. In addition, a number of witnesses during the welfare reform hearings conducted during January and February of 1995 made comments or recommendations about child support enforcement.

The Subcommittee heard testimony from Representative Nancy Johnson of Connecticut, Representative Barbara Kennelly of Connecticut, Representative Henry Hyde of Illinois, Representative Marge Roukema of New Jersey, Representative Constance Morella of Maryland, Assistant Secretary for Children and Families Mary Jo Bane, Assistant Secretary for Planning and Evaluation, and Paul Legler from Health and Human Services, and others familiar with this issue.

Many of those who testified this year joined witnesses heard by the Committee in previous years in alerting the members of the Committee to the problems states were having in meeting the October 1, 1995 deadline for automatic data processing requirements. Many predicted that very few states would meet the deadline.

II. EXPLANATION OF PROVISIONS

SECTION 1. 2-YEAR EXTENSION OF AUTOMATION DEADLINE

Present law

States are now required to complete implementation of automatic data processing systems that meet five major federal requirements as outlined in section 454(16) of the Social Security Act. In order to avoid financial penalties and mandatory correction procedures, states must have their systems in place by October 1, 1995.

Explanation of provision

The Committee bill extends the deadline for automated data systems from October 1, 1995 to October 1, 1997. This change gives states an additional 2 years to complete their data processing systems.

Reasons for change

To date, only one state has met the data processing requirements. HHS has informed the Committee that even 6 months after the October 1 deadline, only 18 states will have met the requirement. Clearly, there is a problem if only one state is able to meet a federal deadline, and if only 18 states can meet the requirements even 6 months after the deadline. An informal survey of states, HHS officials and interested outside sources by Committee staff revealed several reasons for the difficulty states are having in meeting the deadline. The most important seems to be the fact that final regulations on the data systems were not published by HHS until 4 years after the legislation passed. Until the final regulations were published, states could not begin to implement their systems. Other factors mentioned as barriers to implementation were lack of technical assistance from HHS, difficulty in finding experienced and qualified contractors, and shortage of experienced staff at the state level.

III. VOTES OF THE COMMITTEE

In compliance with clause 2(l)(2)(B) of rule XI of the Rules of the House of Representatives, the following statement was made concerning the vote of the Committee in its consideration of the bill, H.R. 2288.

MOTION TO REPORT THE BILL

The bill, H.R. 2288, as introduced, was ordered favorably reported by voice vote on September 12, 1995, with a quorum present.

IV. BUDGET EFFECTS OF THE BILL

A. COMMITTEE ESTIMATE OF BUDGETARY EFFECTS

In compliance with clause 7(a) of rule XIII of the Rules of the House of Representatives, the following statement is made:

The Committee agrees with the estimate prepared by the Congressional Budget Office (CBO) which is included below.

B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES

In compliance with clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives, the Committee states that the Committee bill results in no new budget authority and no new tax expenditures.

C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives requiring a cost estimate prepared by the Congressional Budget Office (CBO), the following report prepared by CBO is provided:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 15, 1995

Hon. BILL ARCHER,
*Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed H.R. 2288 as ordered reported by the House Committee on Ways and Means on September 12, 1995. CBO estimates that enactment of H.R. 2288 would have no effect on the federal budget and no impact on the budgets of state and local governments. Because enactment of H.R. 2288 would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

H.R. 2288 would amend the Social Security Act to extend for two years the October 1, 1995 deadline by which states are required to have in effect an automated data processing and information retrieval (ADP) system for use in the administration of the child support enforcement program. Because the bill would not extend the 90 percent enhanced federal match for ADP systems which automatically expires September 30, 1995, the legislation would simply ensure that no financial penalty would be applied to a state that had not finished its ADP system by October 1, 1995. Because CBO assumes that no such penalties would be applied under current law, we estimate that the bill would have no effect on the federal budget.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Sheila Dacey.

Sincerely,

JAMES L. BLUM
(For June E. O'Neill, Director).

V. OTHER MATTERS REQUIRED TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee on Ways and Means reports that the need for this legislation was confirmed by the oversight hearings of the Subcommittee on Human Resources.

In the 104th Congress, the Subcommittee on Human Resources of the Committee on Ways and Means held a total of two hearings on child support enforcement as follows:

On February 6, 1995, the Subcommittee held a hearing on child support enforcement. This hearing focused on how to increase the number of non-paying parents who are located as well as how to increase the number of paternities established and the amount of child support that is paid by non-custodial parents.

On June 13, 1995, the Subcommittee held a hearing on child support enforcement and supplemental security income. This hearing included financing and state incentive payments, cost recovery in the non-AFDC program, distribution of collections, new hire reporting, privatization, paternity establishment, and automatic data processing.

In addition, a number of witnesses during the welfare reform hearings conducted during January and February of 1995 made comments or recommendations about child support enforcement, alerting the members of the Committee to the problems states were having in meeting the October 1, 1995 deadline for automatic data processing requirements.

B. SUMMARY OF FINDINGS AND RECOMMENDATIONS OF THE GOVERNMENT REFORM AND OVERSIGHT COMMITTEE

In compliance with clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee states that no oversight findings or recommendations have been submitted to the Committee on Government Reform and Oversight regarding the subject of the bill.

C. INFLATIONARY IMPACT STATEMENT

In compliance with clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee states that the provisions of the bill not to have an overall inflationary impact on the economy.

VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE IV OF THE SOCIAL SECURITY ACT

**TITLE IV—GRANTS TO STATES FOR AID AND SERVICES TO
NEEDY FAMILIES WITH CHILDREN AND FOR CHILD-WEL-
FARE SERVICES**

* * * * *

PART D—CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

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DUTIES OF THE SECRETARY

SEC. 452. (a) * * *

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(d)(1) Except as provided in paragraph (3), the Secretary shall not approve the initial and annually updated advance automated data processing planning document, referred to in section 454(16), unless he finds that such document, when implemented, will generally carry out the objectives of the management system referred to in such subsection, and such document

(A) provides for the conduct of, and reflects the results of, requirements analysis studies, which include consideration of the program mission, functions, organization, services, constraints, and current support, of, in, or relating to, such system,

(B) contains a description of the proposed management system referred to in section [455(a)(1)(B)] 454(16), including a description of information flows, input data, and output reports and uses,

* * * * *

(2)(A) The Secretary shall through the separate organizational unit established pursuant to subsection (a), on a continuing basis, review, assess, and inspect the planning, design, and operation of, management information systems referred to in section [455(a)(1)(B)] 454(16), with a view to determining whether, and to what extent, such systems meet and continue to meet requirements imposed under paragraph (1) and the conditions specified under section 454(16).

(B) If the Secretary finds with respect to any statewide management information system referred to in section [455(a)(1)(B)] 454(16) that there is a failure substantially to comply with criteria, requirements, and other undertakings, prescribed by the advance automated data processing planning document theretofore approved by the Secretary with respect to such system, then the Secretary shall suspend his approval of such document until there is no longer any such failure of such system to comply with such criteria, requirements, and other undertakings so prescribed.

* * * * *

(e) The Secretary shall provide such technical assistance to States as he determines necessary to assist States to plan, design, develop, or install and provide for the security of, the management information systems referred to in section [455(a)(1)(B)] 454(16).

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STATE PLAN FOR CHILD AND SPOUSAL SUPPORT

SEC. 454. A State plan for child and spousal support must—

(1) provide that it shall be in effect in all political subdivisions of the State;

* * * * *

(24) provide that if the State, as of the date of the enactment of this paragraph, does not have in effect an automated data processing and information retrieval system meeting all of the requirements of paragraph (16), the State—

(A) will submit to the Secretary by October 1, 1991, for review and approval by the Secretary within 9 months after submittal an advance automated data processing planning document of the type referred to in such paragraph; and

(B) will have in effect by October 1, [1995] 1997, an operational automated data processing and information retrieval system, meeting all the requirements of that paragraph, which has been approved by the Secretary.

The State may allow the jurisdiction which makes the collection involved to retain any application fee under paragraph (6)(B) or any late payment fee under paragraph (21).

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