

# CHILD SUPPORT AND FOSTER CARE

ORANGE COUNTY DEPARTMENT OF CHILD SUPPORT SERVICES

## ABSTRACT

This study examines foster care cases in the child support caseload in California to determine whether these orders have a negative impact on families, are consistent with state and federal policies, and are cost effective.

OC CSS Research

Second Edition: July 2020

## CONTENTS

Executive Summary.....	3
Background .....	4
Higher Costs .....	7
Complex Cases .....	7
Limited Information and Minimal Communication .....	7
Unproductive Work.....	7
Financial Analysis .....	9
Cost-Effectiveness to the Child Support Program.....	9
Return on Investment to the Child Welfare Program.....	11
Current State and Federal Policies and Procedures .....	12
Referral Policies .....	12
Inconsistent Application of Guidance .....	14
Negative Impact on Families.....	15
Conclusion.....	18
References .....	20
Appendix A – Other Options .....	21
Appendix B – Studies on Child Support and Foster Care .....	26
Appendix C – OCSE Guidance Regarding Referrals .....	27
Appendix D – Child Support Enforcement Tools.....	28
Appendix E – Cost-Effectiveness Calculations .....	31

## EXECUTIVE SUMMARY

Federal law requires the child support program to establish and enforce child support orders when appropriate against parents who have a child in foster care. The purpose of ordering parents to pay child support is primarily to offset government-incurred costs of the foster care program. This study uses California data to examine whether child support orders against these parents are cost effective, and discusses how these orders are referred and whether they could have a negative impact on families.

Specifically, this study presents data from the California child support program and child welfare program to answer the questions below:

- 1) **Are foster care cases similar to the rest of the child support caseload?** No, foster care cases are fundamentally different from non-foster care cases because at least one of the obligated parties is often working simultaneously towards reunification with the child. The child welfare agency assists in the reunification effort by requiring rehabilitative education, and programs designed to improve the parent's child-rearing skills. In addition, these parents are in deeper poverty, their payment rates are much lower, and the parent required to pay child support is more often the mother. No money goes directly to support the child. These funds are used exclusively to reimburse the federal government for stipends paid to foster parents, and county and federal governments for child welfare costs.
- 2) **Are child support orders against parents in the foster care system cost effective for the California child support program?** No. For every dollar expended, only 41 cents are collected. Furthermore, foster care cases can be more complex and require about 50% more effort to initiate and establish, but 25% less effort to enforce.
- 3) **Do child support collections from these orders substantially reimburse the federal government for foster care maintenance payments?** No, for every dollar in foster care maintenance payments expended, the federal government recoups only 4 cents through child support collections.
- 4) **Are child support enforcement actions consistent with state and federal child welfare policy goals?** Based on the income profile and the first-hand experience of child support professionals, paying child support places a financial burden that can hinder reunification requirements. Moreover, not paying child support subjects parents to enforcement actions that can also jeopardize reunification by weakening their financial stability.

## BACKGROUND

Since 1980, Title IV-E of the Social Security Act has funded the foster care program. If a family is receiving needs-based financial assistance at the time of the governmental intervention (i.e., child is removed from their home) or would qualify for such assistance, then Title IV-E of the Social Security Act funds the out-of-home placement, which triggers federal financial support. If the family does not qualify for financial assistance, then state and local governments fund the placement. This is often referred to as non-federal or non IV-E placement.

In Federal Fiscal Year (FFY) 2015, in California, most children entered foster care due to neglect (75%).<sup>1</sup> A smaller percentage was due to abuse (11%). Other reasons that children are removed from the home include: parental substance abuse, inability to cope, child behavior problems, inadequate housing, parental incarceration, and abandonment.

**Table 1: Definitions in California Law<sup>2</sup>**

Abuse	Neglect
<ul style="list-style-type: none"> <li>• A child is physically injured by other than accidental means</li> <li>• A child is subjected to willful cruelty or unjustifiable punishment</li> <li>• A child is abused or exploited sexually</li> </ul>	<ul style="list-style-type: none"> <li>• A child is neglected by a parent or caretaker who fails to provide adequate food, clothing, shelter, medical care, or supervision</li> </ul>

In FFY 2017, nearly 440,000 children were in the foster care system in the United States, including almost 52,000 children in California.<sup>3</sup> In State Fiscal Year (SFY) 2016, \$2.7 billion was spent on the foster care program nationwide, and \$540.2 million was spent in California.<sup>4</sup>

In FFY 2018, the child support program had over 62,500 foster care cases in California. A case is referred to as a “foster care” case if the payee receiving the child support payment is the child welfare program. These cases consisted of almost 60,000 parents and 84,000 children that were, or had been, in the foster care system. Note that some parents had multiple foster care cases in the child support caseload.

### Foster Care Cases vs. Entire Caseload

During FFY 2018, foster care cases represented 5% of the entire California child support caseload, less than 1% of the amount billed and collected for child support, and 3% of the total arrears balance in the state, as illustrated in Table 2.

<sup>1</sup> Data source: [https://www.childtrends.org/wp-content/uploads/2017/01/California-Foster-Care-Factsheet\\_2015.pdf](https://www.childtrends.org/wp-content/uploads/2017/01/California-Foster-Care-Factsheet_2015.pdf)

<sup>2</sup> Data source: <https://www.cdss.ca.gov/Reporting/Report-Abuse/Child-Protective-Services>. For detailed definitions, <https://www.childwelfare.gov/topics/systemwide/laws-policies/state/?CWIGFunctionsaction=statestatutes:main.getResults>

<sup>3</sup> Data source: <https://datacenter.kidscount.org/data/tables/6243-children-in-foster-care?loc=1&loct=2#detailed/2/2-53/false/871,870,573,869,36,868,867,133,38,35/any/12987>. Youth are categorized as being in foster care if they entered prior to the end of the current fiscal year and have not been discharged from their latest foster care spell by the end of the current fiscal year.

<sup>4</sup> Child Welfare Financing SFY 2016: A Survey of Federal, State, and Local Expenditures by Kristina Rosinsky and Sarah Catherine Williams

**Low Billing Amounts:** In the foster care caseload, the amount billed for current child support was \$15.4 million. This number represents less than one percent of the \$2.4 billion in total billing for current child support in California in FFY 2018.

**Low Collections:** In FFY 2018, California’s entire caseload collected a total of \$2.4 billion for current support and arrears. Of those collections, foster care cases collected approximately \$5.7 million for current support and \$14.3 million towards arrears. This is less than one percent of California’s \$1.6 billion of current support collections and 1.6% of the \$869 million dollars collected for arrears.

**Most Owe Arrears:** Approximately 60% of foster care cases owed arrears. As a group, foster care cases owed almost \$490 million. This represents 3% of the arrears balance of the entire child support caseload in California.

**Table 2: Foster Care Cases Compared to the Entire Caseload**

<b>FOSTER CARE CASES VS. ENTIRE CASELOAD</b> California (FFY 2018)			
	<b>Foster Care</b>	<b>Entire Child Support Caseload</b>	<b>Percent of Entire Caseload</b>
1) <b>Number of Cases</b>	62,545*	1.2 million†	5%
2) <b>Current Child Support Billed</b>	\$15.4 million	\$2.4 billion	Less than 1%
3) <b>Current Child Support Collected</b>	\$5.7 million	\$1.6 billion	Less than 1%
4) <b>Arrears Balance</b>	\$490 million*	\$17.5 billion†	3%
5) <b>Arrears Collected</b>	\$14.3 million*	\$869 million†	1.6%

*Data sources: California Department of Child Support Services Data Repository; Lines 1, 24, 25, 26 from CS 1257 for FFY 2018.*

*\* This data includes cases open during FFY 2018. The arrears balance contains the maximum amount for a case in FFY 2018.*

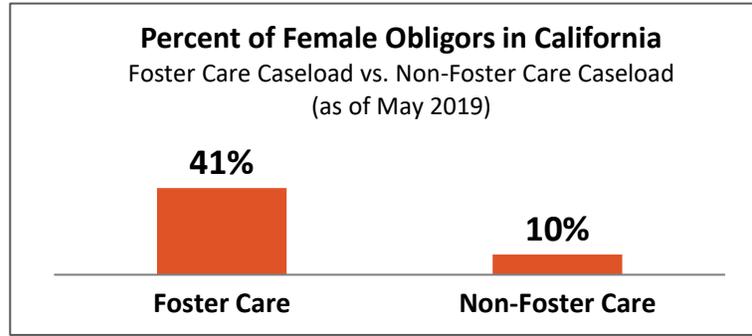
*† This data includes all cases open as of September 2018. The arrears balance is the amount as of September 2018.*

### Unique Foster Care Case Characteristics

By definition, children in this population were removed from their parent’s primary care. In contrast, children in non-foster care cases typically reside in the custody of one of the parents. In addition, obligors in the foster care caseload differ from obligors in the non-foster care caseload in several ways such as gender, child support order amount, percent of child support paid, and income.

**Gender<sup>5</sup>:** There is a substantially higher percentage of obligors who are female in the foster care caseload (41%) than in the non-foster care caseload (10%). This means that a large portion of obligors in the foster care caseload are mothers, who were previously the primary caregiver of the children.

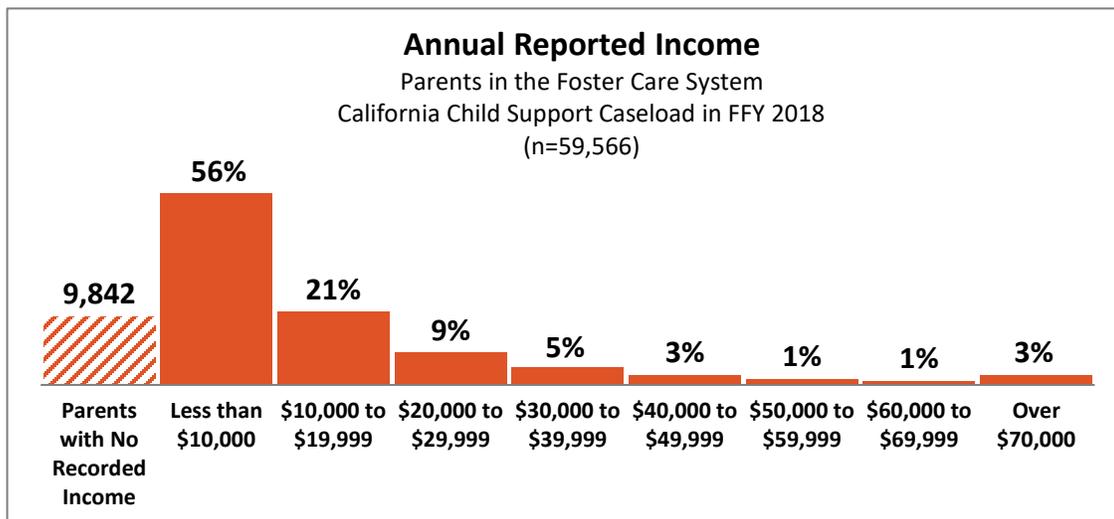
<sup>5</sup> Data is as-of May 2019.



**Child Support Amount:** Only 13% of foster care cases were billed for current child support. The median child support amount was \$250 for foster care cases.<sup>6</sup> In contrast, 34% of non-foster care cases were billed for current child support. The median child support amount was \$350 for non-foster care cases.<sup>7</sup>

**Percent of Child Support Paid (Federal Performance Measure 3)<sup>8</sup>:** Only 37% of child support is paid in the foster care caseload. In contrast, 67% of child support is paid in the non-foster care caseload.

**Low Income:** Of those with reported income in the Child Support Enforcement System (CSE), half had a monthly income of \$700 or less. As of May 2019, the non-foster care caseload had a median monthly income of \$1,700. In the foster care caseload, 86% earned less than \$30,000 per year. For context, a family of four requires an income between \$24,000 to \$39,000 (depending on county) to avoid poverty using the California Poverty Measure.<sup>9</sup>



<sup>6</sup> Data is for FFY 2018.

<sup>7</sup> Data is as of May 2019.

<sup>8</sup> Data is for FFY 2018.

<sup>9</sup> California Poverty Measure, 2014 Technical Appendices, Bohn, Danielson, Fisher, Kimberlin, Mattingly and Wimer. [https://inequality.stanford.edu/sites/default/files/CPM-2014\\_technical-appendix.pdf](https://inequality.stanford.edu/sites/default/files/CPM-2014_technical-appendix.pdf)

## Higher Costs

Establishment of foster care cases entails higher costs due to the complexity of these cases. For example, the case structure is unique in that the local child welfare agency serves as the custodial parent rather than an actual parent. In addition, some required work does not result in child support collections.

## Complex Cases

Based on an internal, organization-wide time study, we estimate that foster care cases require 50% more time and effort than non-foster care cases due to their complexity. This additional time and effort translate into higher costs to the child support program. According to comments received during a focus group with child support caseworkers, these cases were more difficult to work due to the following reasons:

- foster care cases often require extensive research;
- many parents have more than one child support case requiring complex case audits; and
- multiple court hearings in dependency and child support courts.

In addition, we observed that foster care cases were often intergenerational, consisted of blended families of foster care youth, and/or experienced frequent changes to the family's circumstances. These foster care cases do not fit the general characteristics of the rest of the caseload. As a result, caseworkers must allocate more time to working these cases than non-foster care cases.

## Limited Information and Minimal Communication

Child support orders for parents in the foster care system are difficult to establish and enforce because caseworkers often cannot locate these parents due to noncooperation or unstable housing. With a typical child support case, a custodial parent can provide information about the other parent's location. However, with foster care cases, the custodial parent is not an actual person but rather a local child welfare office. Thus, caseworkers must rely on limited access to one of the three administrative databases of public assistance cases in California, and on minimal communication with child welfare staff. Moreover, caseworkers experience delays in receiving updates about a family's circumstances such as parental rights termination. All of these dynamics make casework time-consuming and, by extension, more expensive to case manage.

## Unproductive Work

Often, work invested in foster care cases does not result in collection of money for various reasons. For example, the child support order is set at zero dollars; an order is never established; the parent does not pay child support; and referrals from the child welfare program are rejected. In her dissertation, Trish Skophammer (2017) describes these efforts as unproductive work because they do not result in any child

support collections.<sup>10</sup> Even the most aggressive enforcement tools are ineffective on these cases because many of these parents have no ability to pay child support. Table 3 displays categories of unproductive work on foster care cases in the child support caseloads of California and Minnesota.

**Table 3: Unproductive Work**

<b>UNPRODUCTIVE WORK</b> Child Support Caseload in California (FFY 2018)	<b>California</b>	<b>Minnesota<sup>11</sup></b>
<b>Sample Size</b>	62,545	1,000
<b>Percent with a Zero-Dollar Order</b> (of the foster care cases with an order)	48%	53%
<b>Percent with No Child Support Order</b> (of all foster care cases)	14%	45%
<b>Percent Billed for Current Child Support and Paid \$0</b> (of the foster care cases billed for current child support in FFY 2018)	46%	16%
<b>Rejected Referrals</b>	NA	NA

Data sources: California Statewide Data Repository; Line 24, 25, 26 from Preliminary CS 1257 for FFY 2018.

**Percent with a Zero-Dollar Order:** Of the cases with a child support order in California, 48% did not have any dollar amount ordered for child support. This large percentage speaks to the typical parent’s low income. In fact, half of those with a zero-dollar order had reported monthly income of \$600 or less. Such low income should lead to a thorough consideration as to whether these cases should be referred to child support at all since they have little or no ability to pay.

**Percent with No Child Support Order:** Of the entire foster care caseload, 14% did not have a child support order. These cases never had an order established because the child support program could not locate these parents, or because the family was reunified prior to an order being obtained, or parental rights were terminated prior to an order. This could speak to the instability, in terms of housing and employment, that this population faces.

**Percent Billed for Current Child Support and Paid \$0:** Of the foster care cases that billed current child support, 46% paid nothing. Of those with reported income, half of them had a monthly income of \$400 or less. This underscores that many parents do not have the ability to pay their child support.

**Rejected Referrals:** Child support caseworkers reject referrals when they are made in error. Caseworkers indicated, anecdotally, that such errors are frequent among foster care cases. The source of the errors could be due to both human and system errors. These erroneous referrals take time for the caseworker to research and they are ultimately rejected. Because no child support order is established, there is no opportunity to recoup the costs invested by the child support program to process these referrals.

<sup>10</sup> Skophammer, Trish. (2017). Child Support Collections to Offset Out-Of-Home Placement Costs: A Study of Cost Effectiveness.

<sup>11</sup> Ibid.

## Financial Analysis

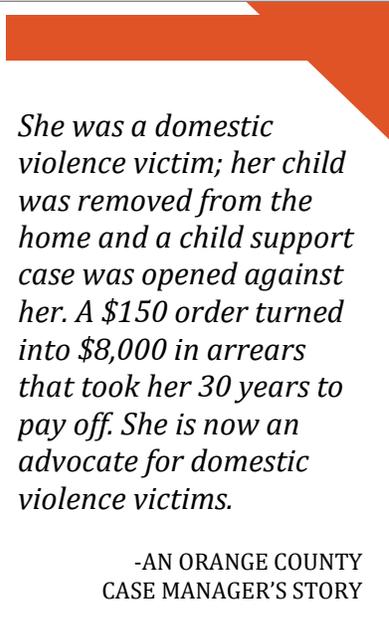
As noted previously, the purpose of ordering parents in the foster care system to pay child support is to offset government-incurred costs of foster care. However, data suggests that establishing and enforcing child support orders against parents in the foster care system is not cost effective, as these orders provide a low return on investment (ROI).

### Cost-Effectiveness to the Child Support Program

**Overall, for every dollar expended, an estimated 41 cents were recouped. Looked at differently, the child support program expended \$2.41 to recoup one dollar.** This amount is expected to decrease to 37 cents to the dollar in FFY 2020.

This portion of the cost-effectiveness analysis only considers costs to the child support program. It does not include costs to the court system or the child welfare program. In addition, these calculations are based on the estimated time required for a caseworker to work a foster care case versus a non-foster care case. Based on an internal time-study, it is estimated that the initiation and order establishment of foster care cases requires 50% more staff time to process, while enforcement requires 25% less effort than non-foster care cases.

For context, the cost-effectiveness of the entire child support caseload in California was \$2.52 in FFY 2018. That is, for every dollar expended, \$2.52 was collected in child support across all cases. As noted, only 41 cents were collected for foster care cases.



*She was a domestic violence victim; her child was removed from the home and a child support case was opened against her. A \$150 order turned into \$8,000 in arrears that took her 30 years to pay off. She is now an advocate for domestic violence victims.*

-AN ORANGE COUNTY  
CASE MANAGER'S STORY

The share of child support collections from foster care cases distributed to federal, state, and county governments is defined annually by the Department of Health and Human Services under sections 1905(b) and 1101(a)(8)(B) of the Social Security Act. According to the Federal Medical Assistance Percentages (FMAP) effective during FFY 2018, as well as the statewide ratio of federally funded to non-federally funded cases making payments, collections were reimbursed via the following partition: 35% for the federal government, 25% for the state, and 65% for counties. Thus, of the \$20 million in child support collected on foster cases in California, \$6.7 million went back to the federal government and \$13.4 million was distributed to California counties.

Under changes to the FMAP effective October 20, 2019, the share of recoupment dollars will shift some reimbursement to the state, with a partition of 35% for the federal government, 25% for the state, and 40% for the counties. Based on FFY 2019 collections of \$19.2 million, this would pay out \$6.6 million in recoupment collections to the federal government, a sum that is roughly unchanged from the prior year. California counties, however, would see a reduction of \$5.9 million from one year to the next, with a final reimbursement of \$7.5 million. Prior to FFY 2020, no money was returned to the state -- for every state dollar expended to manage foster care cases in the child support program, nothing was recouped.

Effective FFY 2020, the state will recoup 25% of collections from foster care cases, which equates to about \$5 million.

**Thus, for every federal dollar expended in FFY 2018 to manage foster care cases in the child support program in California, only 21 cents were recouped. Looked at differently, the federal government expended \$4.83 to recoup one dollar.** For FFY 2020, the amount returned is projected to decrease to 19 cents per dollar spent, or \$5.22 expended for every dollar recouped.

In FFY 2018, the state did not receive recoupment collections, but **the \$5 million in expected recoupment in FFY 2020 will return 29 cents for every dollar expended by the state. Looked at differently, the state government will have expended \$3.45 to recoup one dollar.**

**None of the expenses of the child support program are funded by California counties.** Because there is no cost to the counties, cost-effectiveness is not an appropriate metric. Combined, California counties received a net gain of \$13.4 million or 65% of all recoupment collections in FFY 2018, as illustrated in Table 4. In FFY 2020, that amount is projected to decrease to \$7.5 million or 40% of all recoupment collections.

**Table 4: Cost-Effectiveness in California**

<b>COST-EFFECTIVENESS OF FOSTER CARE CASES</b> California (FFY 2018)	<b>OVERALL</b>	<b>FEDERAL</b>	<b>CALIFORNIA STATE</b>	<b>All Counties Combined in California</b>
---	----------------	----------------	-------------------------	--

**OVERALL CHILD SUPPORT SERVICES EXPENDITURES**

(Based on "Annual Report to the Legislature" for FFY 2017)

1) Total Expenditures	<b>\$969 million</b>			
2) Number of Cases	<b>1.2 million</b>			
3) Cost Per Foster Care Case*	<b>\$1,193</b>			
4) Cost Per Non-Foster Care Case	<b>\$795</b>			

**CHILD SUPPORT SERVICES EXPENDITURES ON FOSTER CARE CASES**

5) Number of Foster Care Cases	<b>62,545</b> foster care cases in the child support program			
6) Total Expenditures	<b>\$74.6 million</b>	\$49.7 million	\$24.9 million	
7) Share of Expenditures	<b>100%</b>	67%	33%	

**RECOUPMENT ON FOSTER CARE CASES**

8) FFY 2018 Recoupment Amount**	<b>\$20 million</b>	\$6.7 million		\$13.4 million
9) FFY 2020 Projected Recoupment Amount***	<b>\$19 million</b>	\$6.6 million	\$5 million	\$7.5 million

**COST-EFFECTIVENESS**

10) FFY 2018 Return for Every \$1 Expended	<b>\$0.41</b>	\$0.21	\$0.00	
11) FFY 2020 Projected Return for Every \$1 Expended	<b>\$0.37</b>	\$0.19	\$0.29	

Data sources: Expense data is from "Annual Report to the Legislature" for FFY 2017. Recoupment data is from CS 34/35 Report for FFY 2018. \*This assumes that foster care cases require 1.5 times the time and effort of non-foster care cases. \*\*Based on the CS 34/35 Report for FFY 2018. \*\*\*Based on the CS 34/35 Report for FFY 2019.

### Return on Investment to the Child Welfare Program

In addition to spending money on child support enforcement for foster care cases, the federal government also spends money to support foster parents. These payments are funded by Title IV-E of the Social Security Act and are paid to foster parents (now known as **resource families**) to reimburse them for such costs as shelter, food, and clothing for foster children in their care.<sup>12</sup> Another purpose of child support orders against parents in the foster care system is to offset the cost of these maintenance payments to foster parents/resource families.

<sup>12</sup> Data source: [https://www.childtrends.org/wp-content/uploads/2018/12/CWFSReportSFY2016\\_ChildTrends\\_December2018.pdf](https://www.childtrends.org/wp-content/uploads/2018/12/CWFSReportSFY2016_ChildTrends_December2018.pdf)

Data suggests that these child support orders provide an even lower ROI in the context of foster care payments. **For every dollar in foster care maintenance payments issued in FFY 2018, the federal government recouped 4 cents via child support collections** as noted on Table 5. That amount is projected to hold steady for FFY 2019. A similar study in Wisconsin found that 2.8% of federal expenditures (agency costs and foster care maintenance payments) were recouped.<sup>13</sup> The study noted, however, the costs of the child support program were not included in the calculation that would have refined the recoupment percentage.

**Table 5: Recoupment on Foster Care Maintenance Payments in California**

<b>RECOUPMENT ON TITLE IV-E FOSTER CARE MAINTENANCE PAYMENTS California (2016)</b>	
<b>EXPENDITURES</b> (Based on "Child Welfare Agency Spending SFY 2016: California "for SFY 2016)" <sup>14,15</sup>	
1) Foster Care Maintenance Payments	\$181.2 million
<b>RECOUPMENT ON FOSTER CARE CASES</b> (Based on CS 34/35 Report for FFY 2016)	
2) Federal Recoupment Amount	\$6.7 million
<b>RECOUPMENT ON EXPENDITURES RATIO</b>	
3) Recoupment for Every \$1 Expended	\$0.04
4) Net Federal Expense	↓\$174.5 million

Data sources: Expense data is from "Child Welfare Agency Spending in California" for SFY 2016. Recoupment data is from CS 34/35 Report for FFY 2016.

## Current State and Federal Policies and Procedures

### Referral Policies

The U.S. Office of Child Support Enforcement (OCSE) and California's child welfare program provide detailed guidance and criteria for an appropriate referral to child support. However, these policies do not specifically acknowledge the impact that the child support program causes the parent when they do not pay their child support. Consequently, the referral policies could be working against the mission of family reunification due to the child support program's enforcement actions.

<sup>13</sup> Child Support Referrals for Out-of-Home Placements: A Review of Policy and Practice (2012) Chellew, Noyes and Selekman, Institute for Research on Poverty.

<sup>14</sup> State Fiscal Year (SFY) 2016 for California is July 1, 2015 to June 30, 2016.

<sup>15</sup> Data source: [https://www.childtrends.org/wp-content/uploads/2018/12/California\\_SFY2016-CWFS\\_12.13.2018.pdf](https://www.childtrends.org/wp-content/uploads/2018/12/California_SFY2016-CWFS_12.13.2018.pdf)

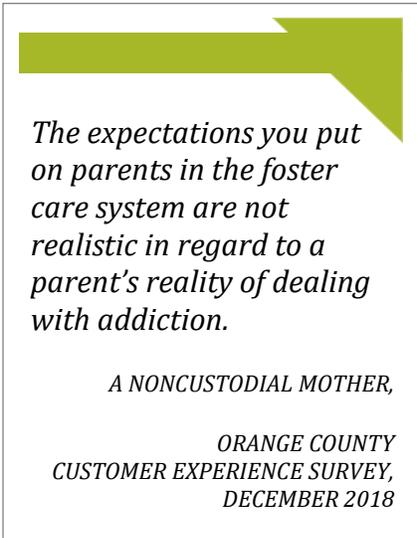
## Guidance from the U.S. Office of Child Support Enforcement

According to the OCSE<sup>16</sup>, the child welfare program must take steps to secure an assignment to the state of any rights to child support on behalf of each child who is receiving Title IV-E foster care maintenance payments. The child welfare program can refer the case to the child support program for child support services if the child welfare program finds it is “appropriate” to do so based on the circumstances of the case. When a child is in out-of-home placement, both parents are noncustodial and may be required to pay child support. While it is the child welfare program’s responsibility to determine which cases to refer, OCSE encourages the child welfare and child support programs at the state level to work together to develop criteria for appropriate referrals in the best interests of the child involved. Appendix C of this document provides more detail on the referral guidance from OCSE.

## California Child Welfare Services Manual of Policies and Procedures

California Child Welfare Services Manual of Policies and Procedures (MPP) also provides guidance on referrals in Division 31-503. For each child receiving Title IV-E foster care maintenance payments, the social worker determines whether to refer the case to the child support program. The social worker is expected to evaluate each case on an individual basis, considering the best interest of the child and the circumstances of the family which may include the following:

- employment status of the parent(s);
- housing status;
- impact on other children who may be at risk of removal;
- availability of community-based services;
- efforts to reunify;
- whether parental rights have been terminated; and/or
- connection with CalWORKs or other public assistance programs.



*The expectations you put on parents in the foster care system are not realistic in regard to a parent’s reality of dealing with addiction.*

*A NONCUSTODIAL MOTHER,*

*ORANGE COUNTY  
CUSTOMER EXPERIENCE SURVEY,  
DECEMBER 2018*

If the child’s case plan is family reunification, the social worker is directed to consider whether making child support payments would be a barrier to reunification because it would compromise the parents’ ability to meet the:

- requirements of the reunification plan;
- current or future financial needs of the child; and
- needs of other children in the household who may be at risk of removal.

---

<sup>16</sup> OCSE Action Transmittal Referrals IM\_12\_02

If the child's case plan is other than reunification, the social worker should consider whether making child support payments would be a barrier to a successful outcome of the case plan because it would compromise the parent's ability to meet the:

- requirements of the case plan;
- current or future financial needs of the child; and
- needs of other children in the household who may be at risk of removal.

If the child's case plan goal is legal guardianship with a relative and receipt of Kin-GAP<sup>17</sup> is anticipated, the social worker is directed to consider, prior to termination of dependency or wardship, whether making child support payments would pose a barrier to a successful outcome of the permanent plan because it would compromise:

- the stability of the current placement with the proposed related guardian; and/or
- the parent's ability to meet the needs of other children in the household who may be at risk of removal, if known.

### **Inconsistent Application of Guidance**

Given the lack of attention to the effects of specific child support enforcement actions and the discretion given to child welfare professionals, it is not surprising that referral policies are not being applied consistently throughout California. Families in the foster care system are being referred at different rates depending on the county handling their child welfare case.

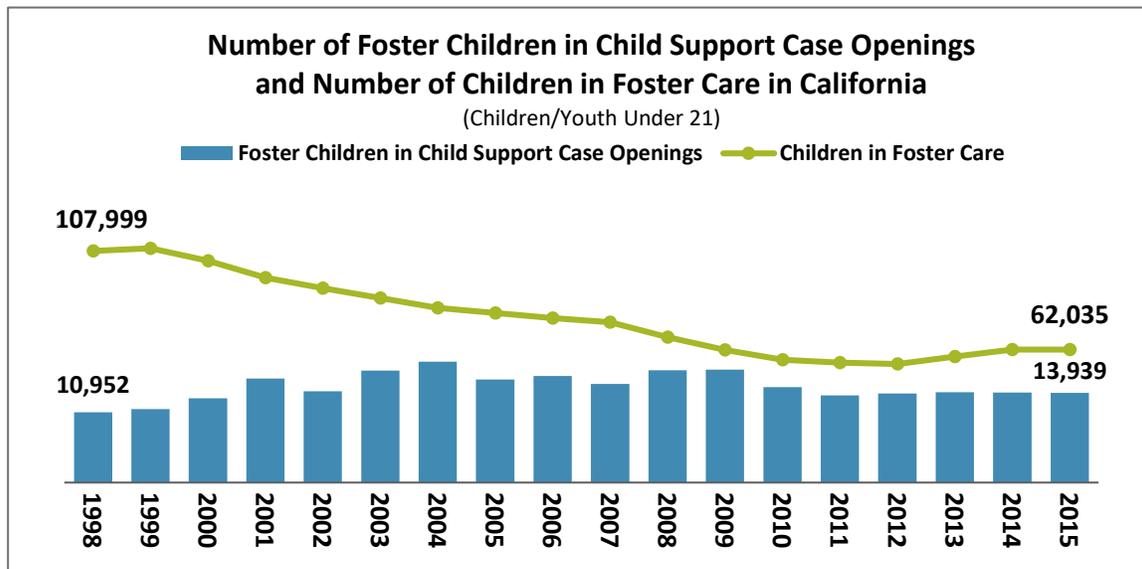
By comparing California data on the number of children in foster care on July 1 of each year against the number of foster children in child support case openings every year, one can infer the percentage of children in foster care who are being referred to the child support program.

For example, from 1998 to 2015, the number of foster children in child support case openings increased by 27% from 10,952 to 13,939. In contrast, the number of children in foster care throughout California decreased by 43% (107,999 to 62,035) during this same period.<sup>18</sup> Thus the data indicates that the percentage of children in foster care who are being referred to the child support program has increased over the period examined. This trend raises questions about the application of state and federal policies over time, and warrants reconciliation against the policy goal of family reunification.

---

<sup>17</sup> Kin-GAP is the Kinship Guardianship Assistance Payment program. It is a permanency option for children in long-term foster care placements with relative caregivers and in certain instances non-related caregivers that have established a familial relationship with the child. This program provides payments to the relative caregiver.

<sup>18</sup> Data on the number of children in foster care is from Kidsdata.org which was created by the Lucile Packard Foundation for Children's Health. It provides local data on California children including counts of children in foster care by age group from 1998 to 2015. Definition: Number of children/youth under age 21 in foster care on July 1 of each year (e.g., 62,035 California children under age 21 were in foster care on July 1, 2015).



At the local level, the following examples illustrate the uneven application of referral policies across California counties:

- Los Angeles County had almost 21,000 children in foster care and nearly 2,000 foster children in a child support case opening. Los Angeles County’s child welfare program appeared to refer a low percentage of families to the child support program.
- Fresno County had 2,100 children in foster care and nearly 1,300 foster children in a child support case opening in 2015. Fresno County’s child welfare program appeared to refer a higher percentage of families to the child support program.
- Orange County had 2,200 children in foster care and nearly 350 foster children in a child support case opening in 2015. Orange County’s child welfare program appeared to refer a percentage of families to the child support program that lies between the percentages of Los Angeles County and Fresno County.

### Negative Impact on Families

Consideration of various enforcement actions suggests that child support orders can have a negative impact on families in the foster care system. Conversations with child welfare professionals confirm that paying child support places a financial burden that can thwart reunification requirements. Additionally, not paying child support subjects parents to enforcement actions that can also jeopardize reunification.

Specifically, when parents fail to pay, the child support program uses enforcement tools meant to prompt their compliance (see Appendix D for a full description of each enforcement action). Each of these actions could hinder a family’s ability to reunify. Enforcement tools include:

- withholding of income, unemployment insurance benefits, and disability benefits;
- suspension or revocation of driver and professional license;

- bank levies;
- property liens;
- intercepts of tax refunds, worker's compensation payouts, and insurance payouts; and/or
- negative credit reporting

In addition, some potential impacts from enforcement actions that affect an individual's credit report include the inability to:

- secure housing to fulfill the housing requirement for family reunification;
- set up a utilities account for basic needs such as water and heat;
- attain a job due to credit background checks;
- take out a loan from a reputable source; and/or
- purchase a car needed to secure or maintain employment

Tax intercepts also pose a policy dilemma regarding foster care child support cases. This enforcement action is used by the child support program to divert a parent's tax refunds for past due child support. In FFY 2018 in Orange County, 18% of total child support payments in foster care cases resulted from a tax intercept. **Funds from tax intercepts do not go to the child, but rather are used to repay the federal government for stipends given to foster parents.**<sup>19</sup>



*The child support garnishment was so burdensome that the father quit his job at the lumberyard and started working under the table. To maintain his family's housing assistance voucher, he had to be able to prove income, which he could not because he was working under the table.*

*- A FORMER ORANGE COUNTY  
SOCIAL WORKER'S STORY*

Based on the average income profile of foster care cases, it is likely that the tax refunds intercepted by the child support program include the earned income tax credit (EITC) and additional child tax credit (ACTC).<sup>20</sup> These tax credits are designed to provide economic relief to low-income families with children.

To qualify, the parents must have earned less than \$53,930 (for the 2017 tax year), had up to three minor children with valid social security numbers in the home for more than 6 months, and provided more than half of the child's support during the tax year.<sup>21</sup>

Considering their very low income, on average, a tax refund represents a substantial part of the budget for the parents and likely aids in meeting the requirements of their family reunification plan. Thus, the use of tax intercepts against these parents is at odds with the intent of the EITC and ACTC. In order to remedy this conflict, a specialized case management approach for foster care cases could be developed to minimize harm caused to these families by enforcement actions.

---

<sup>19</sup> These stipends are for expenses related to foster youth in the foster parents' care.

<sup>20</sup> IRS, <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit>

<sup>21</sup> For example, a single parent with two children earning \$29,999 could expect to receive a \$3,166 tax credit to help offset the amount owed in taxes. If low-income wage earners owe \$0 in taxes, credits do not apply to them; however, under the ACTC, they are able to apply up to \$1,400 of the EITC toward their refund.

**Obligor is Often the Primary Caregiver:** In foster care cases, a child support order is often established against the parent who is working towards resuming the role of primary caregiver of the children. In non-foster care cases, the parent who has the greatest responsibility for the daily care of the children is almost never the obligor.

**Custodial Parent is Not an Actual Person:** The custodial parent in foster care cases is not an actual person but rather the local child welfare office.

**Payments are Not Disbursed to the Child's Custodial Parent:** In foster care cases, no portion of the child support payment goes directly to support the child. In contrast, for non-foster care cases some or all of the payments are disbursed to the child's custodial parent.

## CONCLUSION

Based on data collected and analyzed from the California child support caseload, evidence suggests that child support orders against parents in the foster care system are not cost effective and may be working against the mission of family reunification.

First, foster care cases are fundamentally different from non-foster care cases because at least one of the parents obligated to pay child support is often working with Social Services towards reunification with the child. In addition, these parents are in deeper poverty, their payment rates are much lower, and the parent required to pay child support is more often the mother. None of the collections goes directly to support the child. These funds are used to reimburse the federal government for stipends paid to foster parents.



*The mother found her special needs child soliciting online. The confrontation turned physical and her child was removed from the home. She was at risk of losing her job and the child support guideline amount put her at risk of losing her home and her younger child.*

*-ORANGE COUNTY  
ATTORNEY'S STORY*

Second, collecting child support from parents in the foster care system is costly for the California child support program with little return. For every dollar expended, only 41 cents are collected. Furthermore, foster care cases are more complex and require about 50% more effort to establish, but 25% less effort to enforce.

Third, for every dollar in foster care maintenance payments, the federal government recoups only 4 cents via child support collections.

Fourth, the child support program is not tailored to address the unique challenges of the foster care population. These parents have a combination of barriers that make it difficult for them to cooperate with the child support program and make payments.

Lastly, a child support order in foster care cases forces parents to make difficult life-altering choices:

On the one hand, paying child support leaves these families, who are typically in poverty, with fewer resources to meet reunification requirements such as securing safe housing, maintaining a job, and participating in reunification services.

On the other hand, not paying child support subjects parents to enforcement actions that can economically harm them, making it difficult to fulfill the requirements of family reunification.

Concerns raised in this analysis could be addressed in various ways. Below are a few options that focus on operations and policies at the local and state level. In addition, Appendix A contains other options for policymakers at the state and federal level.

**Invest Funds:** To increase cost-effectiveness and ROI, invest funds in a case management approach and screening tools that address a parent's ability to pay. Develop a case management approach for foster care cases. Revise referral policies, and increase staff training. Increase training of social workers, and grant access to social worker computer databases to the child support worker.

**Eliminate:** Alternatively, eliminate the cost by foregoing minimal reimbursement of child support by ceasing the referral of foster care cases.

## REFERENCES

- Annie E. Casey Foundation. (2016). KIDS Count Data Center. Retrieved from <https://datacenter.kidscount.org/>
- California Department of Social Services. (n.d.). Child protective services home page. Retrieved January 15, 2019, from <https://www.cdss.ca.gov/Reporting/Report-Abuse/Child-Protective-Services>
- Cancian, M., Cook, S.T., Seki, M., & Wimer, L. (2016). *Making parents pay: the unintended consequences of charging parents for foster care*. Madison, WI: Institute for Research on Poverty.
- Chelley, C., Noyes, J. L., & Selekman, R. (2012). *Child support referrals for out-of-home placements: A review of policy and practice*. Madison, WI: Institute for Research on Poverty.
- Child Trends. (2017). *Foster care federal fiscal year 2015* [Fact sheet]. Retrieved from [https://www.childtrends.org/wp-content/uploads/2017/01/California-Foster-Care-Factsheet\\_2015.pdf](https://www.childtrends.org/wp-content/uploads/2017/01/California-Foster-Care-Factsheet_2015.pdf)
- Child Trends. (2018). *Child welfare agency spending in California*. Retrieved from [https://www.childtrends.org/wp-content/uploads/2018/12/California\\_SF2016-CWFS\\_12.13.2018.pdf](https://www.childtrends.org/wp-content/uploads/2018/12/California_SF2016-CWFS_12.13.2018.pdf)
- Children's Bureau. (2018). *Case planning for families involved with child welfare agencies*. Retrieved from <https://www.childwelfare.gov/pubpdfs/caseplanning.pdf>
- Lucile Packard Foundation for Children's Health. (2016). *Children in Foster Care*. Available from <https://www.kidsdata.org>
- Office of Child Support Enforcement. (2007). *Disclosures of Child Support Enforcement Information to State IV-B & IV-E Child Welfare Agencies*. Retrieved from <https://www.acf.hhs.gov/css/resource/disclosures-of-cse-info-to-state-iv-b-and-iv-e-child-welfare-agencies>
- Rosinsky, K., & Williams, S.C. (2018). *Child welfare financing SFY 2016: A survey of federal, state, and local expenditures*. Retrieved from [https://www.childtrends.org/wp-content/uploads/2018/12/CWFSReportSFY2016\\_ChildTrends\\_December2018.pdf](https://www.childtrends.org/wp-content/uploads/2018/12/CWFSReportSFY2016_ChildTrends_December2018.pdf)
- Skophammer, T. (2017). *Child support collections to offset out-of-home placement costs: A study of cost effectiveness*. Minnesota: Hamline University.
- United States Department of Health and Human Services, Administration for Children and Families, Children's Bureau. (2018). *The AFCARS Report*. Retrieved from <https://www.acf.hhs.gov/sites/default/files/cb/afcarsreport25.pdf>

## APPENDIX A – OTHER OPTIONS

Policymakers, now provided with information regarding cost-effectiveness, may direct a review of the overall policy of recoupment and consider the following:

### 1. Increase training and collaboration between Child Support Title IV-D and Child Welfare Title IV-E components.

California has the most extensive regulatory guidelines in the country for screening of referrals to the child support program. The detailed regulatory framework provides an excellent filter through which all cases should pass prior to referral. Despite this framework -- which has been in place for almost 20 years -- many California parents with children in foster care are referred when their circumstances clearly do not justify establishment of a child support order. In fact, the referral rates have risen over the 20 years of the program. For the regulatory-based screening to be successful strong statements of purpose are needed from state and local child welfare leaders, as well as extensive and regular training on referral conditions.

One observation of the child welfare system is that social workers, dependency attorneys, and courts are overworked and have oversized caseloads. Their emphasis is, and should be, on child safety, parental success and family reunification. The time and cost required to bring practitioners in alignment with the overall goals of the IV-D/IV-E mandate is high, and is a distraction from core missions of both agencies. Given the dismally low rate of success in establishing orders, the low collections, the potential damage done to families attempting reunification, the cost may be considered prohibitive.

#### FEDERAL STATUTE

#### U.S. Code Title 42 Chapter 7 Subchapter IV Part E Section 671 – State Plan for Foster Care and Adoption Assistance

#### 42 USC §671(a)

(a) Requisite features of State plan: In order for a State to be eligible for payments under this part, it shall have a plan approved by the Secretary which...

(15) provides that—

(A) in determining reasonable efforts to be made with respect to a child, as described in this paragraph, and in making such reasonable efforts, the child's health and safety shall be the paramount concern;

(B) except as provided in subparagraph (D), reasonable efforts shall be made to preserve and reunify families—

(i) prior to the placement of a child in foster care, to prevent or eliminate the need for removing the child from the child's home; and

(ii) to make it possible for a child to safely return to the child's home;

(17) provides that, where appropriate, all steps will be taken, including cooperative efforts with the State agencies administering the program funded under part A and plan approved under part D, to secure an assignment to the State of any rights to support on behalf of each child receiving foster care maintenance payments under this part.

**CALIFORNIA STATUTE**

**Family Code Division 17 Chapter 2 Article 2 – Collections and Enforcement**

**Family Code §17552**

(a) The State Department of Social Services, in consultation with the Department of Child Support Services, shall promulgate regulations by which the county child welfare department, in any case of separation or desertion of a parent or parents from a child that results in foster care assistance payments under Section 11400 of, or a voluntary placement under Section 11401.1 of, or the payments for a minor child placed in the same home as a minor or nonminor dependent parent under Section 11401.4 of, the Welfare and Institutions Code, or CalWORKs payments to a caretaker relative of a child who comes within the jurisdiction of the juvenile court under Section 300, 601, or 602 of the Welfare and Institutions Code, who has been removed from the parental home and placed with the caretaker relative by court order, and who is under the supervision of the county child welfare agency or probation department under Section 11250 of, or Kin-GAP payments under Article 4.5 (commencing with Section 11360) or Article 4.7 (commencing with Section 11385) of, or aid under subdivision (c) of Section 10101 of, the Welfare and Institutions Code, shall determine whether it is in the best interests of the child or nonminor to have the case referred to the local child support agency for child support services. If reunification services are not offered or are terminated, the case may be referred to the local child support agency, unless the child's permanent plan is legal guardianship with a relative who is receiving Kin-GAP and the payment of support by the parent may compromise the stability of the current placement with the related guardian, or the permanent plan is transitional foster care for the nonminor under Section 11403 of the Welfare and Institutions Code. In making the determination, the department regulations shall provide the factors the county child welfare department shall consider, including:

(1) Whether the payment of support by the parent will pose a barrier to the proposed reunification, in that the payment of support will compromise the parent's ability to meet the requirements of the parent's reunification plan.

(2) Whether the payment of support by the parent will pose a barrier to the proposed reunification in that the payment of support will compromise the parent's current or future ability to meet the financial needs of the child.

(b) The department regulations shall provide that, where the county child welfare department determines that it is not in the best interests of the child to seek a support order against the parent, the county child welfare department shall refrain from referring the case to the local child support agency. The regulations shall define those circumstances in which it is not in the best interest of the child to refer the case to the local child support agency.

(c) The department regulations shall provide, where the county child welfare department determines that it is not in the child's best interest to have his or her case referred to the local child support agency, the county child welfare department shall review that determination periodically to coincide with the redetermination of AFDC-FC eligibility under Section 11401.5 of, or the CalWORKs eligibility under Section 11265 of, or Kin-GAP eligibility under Article 4.5 (commencing with Section 11360) or Article 4.7 (commencing with Section 11385) of Chapter 2 of Part 3 of Division 9 of, the Welfare and Institutions Code, and shall refer the child's case to the local child support agency upon a determination that, due to a change in the child's circumstances, it is no longer contrary to the child's best interests to have his or her case referred to the local child support agency.

(d) The State Department of Social Services shall promulgate all necessary regulations pursuant to this section on or before October 1, 2002.

(e) Notwithstanding any other provision of law, a nonminor dependent, as described in subdivision (v) of Section 11400 of the Welfare and Institutions Code, who is over 19 years of age, is not a child for purposes of referral to the local child support agency for collection or enforcement of child support.

(f) Notwithstanding any other law, a minor or a nonminor dependent, as defined in subdivision (v) of Section 11400 of the Welfare and Institutions Code, who has a minor child placed in the same licensed or approved facility pursuant to Section 11401.4 of the Welfare and Institutions Code is not a parent for purposes of referral to the local child support agency for collection or enforcement of child support.

## 2. Stop Establishment of New Orders in Foster Care Cases

According to California law, the child support program is not required to establish or enforce an order for a foster care case that was referred to them by the child welfare program, if determined that an order is not appropriate. Moreover, the child support program is not required to continue a child support order that it determines is not cost effective.

### **CALIFORNIA STATUTE**

#### **Welfare and Institutions Code Division 2 Part 1 Chapter 2 Article 25 – Support of Wards and Dependent Children WIC §903.4**

(4) The local child support agency shall not be required to petition the court for an order for continuing support and reimbursement if, in the opinion of the local child support agency, it would not be appropriate to secure that order. The local child support agency shall not be required to continue collection efforts for any order if, in the opinion of the local child support agency, it would not be appropriate or cost effective to enforce the order pursuant to Section 17552 of the Family Code.

## 3. Forgive Arrears

Another option is to forgive any child support debt that a family accrued when the children were in foster care. A 2001 California bill established Family Reunification, Compromise of Arrears program (FR-COAP) which allows noncustodial parents (NCP) to compromise certain types of arrears and interest owed. The purpose of FR-COAP is to reduce the financial hardship on families that have been reunified.

However, FR-COAP requires that parents make a lump sum payment or a payment plan before the remainder of their child support debt can be erased. Many parents cannot afford this lump sum payment. In addition, a parent must complete numerous forms and submit detailed paperwork which could pose a barrier to participating in the program.

The law could be broadened so that FR-COAP applies to all foster care cases and not just families who have reunified. Moreover, FR-COAP requirements could be relaxed to increase the number of parents participating in the program.

### **CALIFORNIA REGULATIONS**

#### **California Code of Regulations Title 22 Division 13 Chapter 1 Subchapter 1 Article 1 – Compromise of Assigned Arrearages - Family Reunification 22 CCR §110184**

“Compromise of Assigned Arrearages - Family Reunification” means an agreement to reduce arrearages, including interest, owed to the state in cases where separation or desertion of both parents from a child resulted in aid being granted for the child in the form of Aid to Families with Dependent Children-Foster Care (AFDC-FC) payments or California Work Opportunity and Responsibility to Kids Act (CalWORKs) payments inclusive of payments for Kinship Guardianship Assistance Payment Program (KinGAP).

## 4. Close Cases

According to federal regulations, the child support program has an obligation to work foster care cases that were referred to them by the child welfare program like any other case (OCSE-PIQ-07-03).<sup>22</sup> However, the child support program can close a case if it meets one of the closure criteria (45 CFR 303.11(b)). One criterion specifically addresses foster care cases. 45 CFR 303.11(b)(14) allows the child support program to close a case when the following occur:

- finding of good cause<sup>23</sup> or other exception to cooperation between the child support program and the child welfare program; and
- determination that continued enforcement of the child support order would risk harm to the child or caretaker relative.

### **FEDERAL REGULATIONS**

#### **Code of Federal Regulations Title 45 Subtitle B Chapter III Part 303 Section 303.11 – Case Closure Criteria 45 CFR 303.11(b)(14)**

(b) The IV-D agency may elect to close a case if the case meets at least one of the following criteria and supporting documentation for the case closure decision is maintained in the case record:

(14) There has been a finding by the IV-D agency, or at the option of the State, by the responsible State agency of good cause or other exceptions to cooperation with the IV-D agency and the State or local assistance program, such as IV-A, IV-E, Supplemental Nutrition Assistance Program (SNAP), and Medicaid, has determined that support enforcement may not proceed without risk of harm to the child or caretaker relative;

California law allows the child support program and the child welfare program to close a case if for “any other reason” child support is not in the best interest of the child. This could allow any foster care case to be closed as long as it meets other closing criteria. The FR-COAP program can play an important role in forgiving arrears so that these cases can be closed.

### **CALIFORNIA STATUTE**

#### **Welfare and Institutions Code Division 9 Part 3 Chapter 2 Article 7 – Enforcement WIC §11477.04**

(a) An applicant or a recipient shall be considered to be cooperating in good faith with the county welfare department or the local child support agency for purposes of Section 11477 and shall be eligible for aid, if otherwise eligible, if he or she cooperates or has good cause for noncooperation. The county welfare department shall make the good cause determination.

(b) Good cause shall be found if any of the following conditions exist:

(7) Any other reason that would make efforts to establish paternity or establish, modify, or enforce a support obligation contrary to the best interests of the child.

<sup>22</sup> U.S. Department of Health and Human Services, Administration for Children and Families. (2007). Policy Interpretation Questions: Disclosures of Child Support Enforcement Information to State IV-B & IV-E Child Welfare Agencies. OCSE-PIQ-07-03. Washington, DC: U.S. Department of Health and Human Services.

<sup>23</sup> According to OCSE (AT-99-04), “Congress made it clear that determinations of good cause were to be ‘defined, taking into account the best interests of the child, and applied’ by the State agency”. The “State agency” for foster care cases is the child welfare program.

## 5. Deviate from Guidelines

California law allows the court to deviate from the child support guidelines for reasons that are in the best interest of the child (Family Code §4056(a)(2)). Families in the foster care system have complicated circumstances that the child support guidelines do not take into consideration. The court can consider the family's situation in its entirety and set the order at an amount that is in the best interest of the children.

A 2012 study from the Institute for Research on Poverty inventoried deviation policies for foster care cases.<sup>24</sup> They found that two states – Nebraska and New Jersey – have non-specific deviation reasons that allow for a deviation when a child is in foster care. Some states – such as Georgia, Oklahoma, and Tennessee – have specific language in their guidelines that allow the court to deviate if it contributes to the reunification of the family. However, the court rarely used this option in those states.

In contrast, Minnesota prohibits a downward deviation from the guidelines when the support is assigned to the child welfare program unless the court specifically finds that failing to deviate downward imposes an extreme hardship on the parent.

In Orange County, a third of foster care cases go to court. Of the cases that go to court, 51% have an ordered amount of zero dollars. The large percentage of zero-dollar orders suggests that the court is deviating from child support guidelines in these cases.

However, deviation from the guideline can only be done on cases which go to court. If a respondent does not participate by filing an answer with the court, their case proceeds by default, and a guideline order is entered with no opportunity for deviation.

### **CALIFORNIA STATUTE**

#### **Family Code Division 9 Part 2 Chapter 2 Article 2 – Statewide Uniform Guideline**

#### **Family Code §4056(a)(2)**

(a) To comply with federal law, the court shall state, in writing or on the record, the following information whenever the court is ordering an amount for support that differs from the statewide uniform guideline formula amount under this article:

(3) The reasons the amount of support ordered is consistent with the best interests of the children.

---

<sup>24</sup> Chellew, C., Noyes, J. L., & Selekman, R. (2012). Child Support Referrals for Out-of-Home Placements: A Review of Policy and Practice.

## APPENDIX B – STUDIES ON CHILD SUPPORT AND FOSTER CARE

Few academic studies have examined the effect of child support on families in the foster care system. Below are two studies. The first is from the University of Wisconsin-Madison, Institute for Research on Poverty. The second is a doctoral dissertation from Hamline University.

**Cancian, M., Cook, S. T., Seki, M., & Wimer, L. (2017). Making parents pay: The unintended consequences of charging parents for foster care. *Children and Youth Services Review*, 72, 100-110.**

- The authors used child support and child welfare data from Wisconsin.
- Sample contained 3,000 mothers who had a child removed and placed in foster care in a two-year period between July 2004 and June 2006.
- They found that foster care cases with a child support order experienced a longer duration to family reunification compared to cases with no child support order.
- On average, an increase in the amount of child support by \$100 is associated with an increase in reunification time by 6.6 months.

**Skophammer, Trish. (2017). Child Support Collections to Offset Out-Of-Home Placement Costs: A Study of Cost Effectiveness.**

- The author used child support data from Minnesota.
- Sample contained 1,000 child support cases open between January 1, 2010 and December 31, 2015 in which the custodial parent is listed as the foster care agency.
- The author found that the Minnesota child support program is likely spending more than it collects from foster care cases.
- In 2015, estimated expenditures ranged from \$1.9 to \$6.8 million and collections was \$2.5 million.
- Using a low estimate for expenditures (\$1.9 million), the study found that net collections was approximately \$600,000 not including the cost of court hearings or costs to the child welfare agency in making referrals.
- Cost-effectiveness ratio is between \$0.36 and \$1.31 which is well below the federal benchmark of \$5.00 which maximizes incentive funding.
- In 2015, for all 10,807 child support foster care cases in Minnesota with an out-of-home placement, the collection rate was 47% (\$1.35 million/\$2.86 million).
- In a five-year period, a majority of cases in a random sample of 1,000 child support cases with an out-of-home placement experienced unproductive work – such as opening a case without establishing an order (445 cases), obtaining a zero-dollar order (293 cases), and collecting no money when an order existed (42 cases).
- Families are disproportionately poor; 80% had annual income of less than \$10,000.

## APPENDIX C – OCSE GUIDANCE REGARDING REFERRALS

### OCSE Examples of Appropriate Referral Circumstances:

- If a child is receiving Title IV-E foster care maintenance payments and it is likely that the child will remain in foster care for a sufficient period of time that justifies establishing a child support case. There is no minimum amount of time that a child needs to be in foster care before the state child welfare agency refers a case to the state child support agency for child support services. Thus, OCSE encouraged state child welfare and child support agencies to collaborate in assessing case circumstances under which a referral is appropriate.
- If establishing a child support case will aid in permanency planning for a child in foster care. Establishing a child support order and collecting child support against one or both parents of a child who is receiving Title IV-E foster care maintenance payments reinforces a message of parental responsibility and may motivate the parent(s) to take the steps necessary to regain or assume custody of the child, according to OCSE.
- If child support collected on behalf of a child in foster care will support relatives who want to care for a child. Child support can be an important resource for relatives who are willing to care for a child who is in foster care.

### OCSE Examples of Inappropriate Referral Circumstances:

- The child's adoption proceedings are pending in court.
- The parent(s) would be unable to comply with the permanency plan of reunification due to the financial hardship caused by paying child support.
- The child is expected to be in foster care for only a short time.
- The noncustodial parent is a potential placement resource. (However, in this situation, the child welfare agency may determine that it is still appropriate to pursue child support from the custodial parent from whom the child was removed.)

OCSE provides further clarification on referrals in its Policy Interpretation Questions Memo (PIQ-07-03) that was published on May 10, 2007. The question was posed, "Can the IV-D agency close a case that was referred by the IV-E agency?" OCSE responded with the following:

- Once the IV-E agency determines that it is appropriate to secure an assignment of rights and to refer a case, the IV-D agency has an obligation to work the case as it would any other. This includes keeping a case open unless one of the case closure criteria in 45 CFR 303.11 applies.
- For example, if medical support or arrearages are assigned, a request by the IV-E agency will not suffice to close the case under 45 CFR 303.11(b)(8). If no such assignment exists, the IV-D agency may close the case upon the IV-E agency's request.
- Likewise, 45 CFR 303.11(b)(9) allows the IV-D agency to close the case if the IV-E agency finds good cause or other exception to cooperation with the IV-D agency and either agency determines that continued enforcement would risk harm to the child or caretaker relative. (Case closure situations are further described in the OCSE Action Transmittal AT-99-04.)

## APPENDIX D – CHILD SUPPORT ENFORCEMENT TOOLS

Enforcement Tools Used in the Child Support Program	Impact of Enforcement Tools on Families	Trigger for Enforcement Tool to Go Into Effect
<b>1) Income Withholding Orders (IWO)</b>	CSS issues Administrative Income Withholding Orders (IWO) pursuant to Family Code 5246, and Federal law 42 USC 666(a)(1)(A) to deduct a specified amount from a parent's wages for payment of child support and arrears through the employer.	2 days from adding the monetary order to CSE
<b>2) National Medical Support Notice (NMSN)</b>	Family Code section 3761 authorizes the court to order the NCP's employer to enroll the DP(s) in an available health plan and deduct the premium from the NCP's wages at a reasonable cost.	2 days from adding the monetary order to CSE
<b>3) Unemployment/ Disability (DIB) Benefit Intercept</b>	CSS garnishes UIB/DIB through an electronic interface under California FC section 17518 and withholds up to 25% of benefit.	Arrears equal or greater than \$1.00
<b>4) Property Liens</b>	Federal law 42 U.S.C. § 666(a)(4)(A) and state law FC § 4506.1; 22 Cal. Code. Reg §116130 requires CSS to file a lien on every case with a monetary order in the county where NCP lives and works. There is a \$75 cost to the NCP per release of lien.	First month a monetary support obligation becomes enforceable and is added to CSE
<b>5) Credit Reporting</b>	Federal law 42 USC 666(7)(A) and State law FC section 4701, 22 CCR 116140(a) authorizes CSS to automatically submits all cases with a monetary order to each credit bureaus (Trans Union, Equifax, Experian/TRW and Innovis) regardless of payment status	30 days after a monetary order is added to CSE
<b>6) License Suspension or Revocation</b>	California Family Code section 17520 authorizes CSS to suspend or revoke business, professional, and driver's licenses.	30 days delinquent and arrears are greater than zero
<b>7) Passport Denial</b>	Title 42 USC sections 652(k) and 654(31), Title 22 Code of Federal Regulations sections 51.70(a)(8) and 57.72(a) allow the Secretary of State to revoke, restrict a current passport, or not to issue a passport to any individual who owes \$2,500 or more statewide in past due support.	Arrears of \$2,500 or more exists

Enforcement Tools Used in the Child Support Program	Impact of Enforcement Tools on Families	Trigger for Enforcement Tool to Go Into Effect
<b>8) FTB Tax Intercept/CA Lottery Winnings</b>	California Government Code section 12419.3, 12419.5 and California Code of Civil Procedure sections 708.730, 708.780 and 708.795 allow the Franchise Tax Board (FTB) to intercept state tax refunds due to an NCP or the money won by an NCP in the California State Lottery to satisfy support arrearages. AB1752 amended Revenue and Taxation Code 19271.6 which requires submission to FCP for all child support cases with arrearages, including those with functioning IWO and cases open in CSE for less than 90 days.	Arrears are more than 60 calendar days past due and exceed \$100
<b>9) IRS Tax Intercept</b>	Code of Federal Regulations section 303.72 enable the CSS to collect delinquent child support obligations by intercepting and redirecting federal income tax refunds.	Welfare arrears equal to or greater than \$150
<b>10) IRS Full Collections Project Save Our Children (PSOC)</b>	In May 2, 2001, CSS instituted a new procedure pertaining to "Project Save Our Children" (PSOC), a federal Office of Child Support Enforcement (OCSE) initiative. This enhanced the ability of state and local IV-D agencies to submit eligible cases for federal criminal prosecution under the authority of the Child Support Recovery Act of 1992, and the Deadbeat Parents Punishment Act of 1998.	Arrears must be at least \$5,000
<b>11) California Insurance Intercept Program (CIIP)/Workers Compensation or Personal Injury Claims</b>	California Code of Civil Procedure sections 704.160 and 708.410 allows CIIP, an interface with the Child Support Lien Network (CSLN), to match delinquent NCPs to insurance companies with a pending claim to recover arrears subsequent to the date of injury.	When a legitimate match is made by CSLN.
<b>12) Full Collection Program/Bank Levies</b>	FC sections 17453 and 17522.5 mandates CSS to administratively submit delinquent NCPs and collect from NCP's bank account or assets held by financial institutions (FI), without going through the judicial process via a bank levy (OTW/EOTW)	60 days delinquent and arrears are equal to or greater than \$100
<b>13) Special Enforcement Actions/Civil or Criminal Contempt</b>	Legal enforcement remedies allow the program to pursue contempt actions against delinquent NCPs. These legal enforcement remedies include Judgement Debtors, Job Seek, Civil Contempt, Writ of Execution of assets, Criminal Contempt Penal Code 270 and 166(a)(4), and Federal Prosecution. Per Code of Civil Procedure, §§ 1218, civil	When an NCP fails to comply with a court order (typically 3 months minimum of delinquency)

Enforcement Tools Used in the Child Support Program	Impact of Enforcement Tools on Families	Trigger for Enforcement Tool to Go Into Effect
	contempt is punishable by a fine of up to \$1000 per count, imprisonment of up to five days for each count, or both or community service.	

## APPENDIX E – COST-EFFECTIVENESS CALCULATIONS

The cost-effectiveness analysis only considers costs to the child support program. It does not include costs to the court system or the child welfare program. In addition, these calculations are based on the estimated time required for a caseworker to work a foster care case versus a non-foster care case. Based on an internal time-study, it is estimated that the initiation and order establishment of foster care cases requires 50% more staff time to process than non-foster care cases. Once the order is established, however, the level of effort required to enforce the order is 25% less than that of a typical, non-foster case. Using the aggregated ratio of pre-order to post-order cases statewide, the overall level of effort put forth in FFY 2018 to process foster care cases was 94% of the effort of non-foster care cases. In FFY 2019, the relative effort level rose slightly to 96%.

The share of child support collections from foster care cases distributed to federal, state, and county governments is defined annually by the federal Department of Health and Human Services under sections 1905(b) and 1101(a)(8)(B) of the Social Security Act. According to the Federal Medical Assistance Percentages (FMAP) effective during FFY 2018, collections from cases paid by federal funding were reimbursed via the following partition: 50% to the federal level, 0% to the state, and 50% to the counties. Collections from non-federally funded cases were fully reimbursed to the counties, with zero dollars going back to the federal or state levels.

Based on the ratio of federally and non-federally funded cases making payments as reported on the FFY 2018 CS 34/35 report, this equates to 35% for the federal government, 25% for the state, and 65% for counties. Thus, of the \$20 million in child support collected on foster cases in California, \$6.7 million went back to the federal government and \$13.4 million was distributed to California counties.

Under changes to the FMAP effective October 20, 2019, the share of recoupment dollars for FFY 2020 will shift some reimbursement to the state, with a partition of 50% federal, 30% state, and 0% county for federally funded cases, and 0% federal, 40% state, and 60% county for non-federally funded foster care cases. Based on the ratio of federal and non-federal cases making payments, the final share becomes 35% for the federal government, 25% for the state, and 40% for the counties.

Based on FFY 2019 collections of \$19.2 million, this would pay out \$6.6 million in recoupment collections to the federal government, a sum that is roughly unchanged from the prior year. California counties, however, would see a reduction of \$5.9 million from one year to the next, with a final reimbursement of \$7.5 million. Prior to FFY 2020, no money was returned to the state -- for every state dollar expended to manage foster care cases in the child support program, nothing was recouped. Effective FFY 2020, the state will recoup 25% of collections from foster care cases, which equates to about \$5 million.

The cost effectiveness measurement above is across all funding sources for the program. However, when considering only federal dollars, the cost effectiveness is even worse. Thus, for every federal dollar expended in FFY 2018 to manage foster care cases in the child support program in California, only 21 cents were recouped. Looked at differently, the federal government expended \$4.83 to recoup one dollar. For FFY 2020, the amount returned is projected to decrease to 19 cents per dollar spent, or \$5.22 expended for every dollar recouped.

In FFY 2018, the state did not receive recoupment collections, but the \$5 million in expected recoupment in FFY 2020 will return 29 cents for every dollar expended by the state. Looked at differently, the state government will have expended \$3.45 to recoup one dollar.

None of the expenses of the child support program are funded by California counties. Because there is no cost to the counties, cost-effectiveness is not an appropriate metric. Combined, California counties received a net gain of \$13.4 million or 65% of all recoupment collections in FFY 2018. In FFY 2020, that amount is projected to decrease to \$7.5 million or 40% of all recoupment collections.

**Table 1: Cost Effectiveness Calculations**

**FFY 2018 Foster Care Cost Effectiveness**

<ul style="list-style-type: none"> <li>▪ \$1,228 per establishment and intergovernmental foster care case</li> <li>▪ \$614 per enforcement foster care case</li> <li>▪ \$0.41 Overall ROI</li> <li>▪ \$0.21 Federal ROI</li> </ul>	<ol style="list-style-type: none"> <li>1. Level of Effort Multiplier based on stage of case (low for enforcement at 0.75 effort and medium for establishment and intergovernmental at 1.5 effort) for 62,545 foster care cases (25.64% establishment &amp; intergovernmental = 16,037 cases) (74.36% enforcement = 46,508 cases)</li> <li>2. (Total Child Support Expenditures / Child Support Cases) = Baseline Cost Per Case (<math>\\$969,104,530 / ((1.5 \times 16,037) + (0.75 \times 46,508) + (1.0 \times 1,124,788)) = \\$819</math> when establishment and intergovernmental foster care cases require 1.5 effort and enforcement foster care cases require 0.75 effort)</li> <li>3. (Baseline Cost Per Case x Level of Effort Multiplier) = Cost (<math>\\$819 \times 1.0 = \\$819</math> for non-foster care) (<math>\\$819 \times 1.5 = \\$1,228</math> for establishment and intergovernmental foster care case) (<math>\\$819 \times 0.75 = \\$614</math> for enforcement foster care case)</li> <li>4. (Cost x Foster Care Cases) = Total Foster Care Cost (<math>\\$1,228 \times 16,037 + \\$614 \times 46,508 = \\$48,250,779</math>)</li> <li>5. (Total Recoupment / Total Foster Care Cost) = ROI (<math>\\$20,023,913 / \\$48,250,779 = \\$0.41</math>)</li> </ol>
--	--

### FFY 2020 Foster Care Cost Effectiveness (Projected)

- \$1,334 per establishment and intergovernmental foster care case
- \$667 per enforcement foster care case
- \$0.37 Overall ROI
- \$0.19 Federal ROI
- \$0.29 State ROI

1. Level of Effort Multiplier based on stage of case (low for ENF at 0.75 effort and medium for establishment and intergovernmental at 1.5 effort) for 60,989 foster care cases  
(27.82% establishment & intergovernmental = 16,966 cases)  
(72.14% enforcement = 44,023 cases)
2. (Total Child Support Expenditures / Child Support Cases) = Baseline Cost Per Case  
 $(\$1,002,726,421 / ((1.5 \times 16,966) + (0.75 \times 44,023) + (1.0 \times 1,130,263))) = \$889$  when estimating and intergovernmental foster care cases require 1.5 effort and enforcement foster care cases require 0.75 effort
3. (Baseline Cost Per Case x Level of Effort Multiplier) = Cost  
 $(\$889 \times 1.0 = \$889$  for non-foster care)  
 $(\$889 \times 1.5 = \$1,334$  for establishment and intergovernmental foster care)  
 $(\$889 \times 0.75 = \$667$  for enforcement foster care)
4. (Cost x Foster Care Cases) = Total Foster Care Cost  
 $(\$1,334 \times 16,966) + (\$667 \times 44,023) = \$51,985,068$
5. (Total Recoupment / Total Foster Care Cost) = ROI  
 $(\$19,205,283 / \$51,985,068) = \$0.37$  ROI

**For more information contact: [CSS-Research@css.ocgov.com](mailto:CSS-Research@css.ocgov.com)**