

Child Support Pilot Projects:

**Effectiveness Cannot Be
Determined With Existing Data**

September 1996
93023

The first copy of each California State Auditor report is free.
Additional copies are \$3 each. You can obtain reports by contacting
the Bureau of State Audits at the following address:

**California State Auditor
Bureau of State Audits
555 Capitol Mall, Suite 300
Sacramento, California 95814
(916) 445-0255 or TDD (916) 445-0255 x 216**

OR

**This report may also be available
on the World Wide Web
<http://www.bsa.ca.gov/bsa/>**

Permission is granted to reproduce reports.

September 12, 1996

93023

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As required by the California Welfare and Institutions Code, Section 15200.98, the Bureau of State Audits presents its audit report concerning the effectiveness of the child support pilot projects (pilot projects) established in Merced and San Luis Obispo counties. Legislation allowed the two counties to fund pilot projects for child-related issues outside the Child Support Enforcement Program. This report concludes that we could not evaluate the effectiveness of the pilot projects because child support enforcement data does not directly relate to the programs funded by the pilot projects. In addition, neither the Department of Social Services nor the counties developed any other type of relevant data or performance measures that we could use to evaluate the success of the pilot projects.

Respectfully submitted,



KURT R. SJOBERG
State Auditor

Table of Contents

Summary *S-1*

Introduction *1*

Chapter

Child Support Enforcement Data
Cannot Be Used To Evaluate
the Pilot Projects 5

Recommendation ***13***

Appendix A

List of Excess Incentive Funds
Counties Were Required To Spend
by June 30, 1994 and 1995, or
Return to the State's General Fund 15

Appendix B

Data and Statistics Related to the
Child Support Enforcement Programs
of Merced and San Luis Obispo Counties
and Statewide 17

Responses to the Audit

Department of Social Services 23

***California State Auditor's Comments
on the Response From the
Department of Social Services*** ***27***

Merced County 29

***California State Auditor's Comments
on the Response From Merced County*** ***31***

San Luis Obispo County 33

Summary



Audit Highlights . . .

- Special legislation allowed Merced and San Luis Obispo counties to fund pilot projects for child-related issues outside the Child Support Enforcement Program.**
- We could not evaluate the effectiveness of the pilot projects because child support enforcement data does not directly relate to the programs funded by the pilot projects.**
- Neither the counties nor the department developed any other type of relevant data or performance measures that we could use to evaluate the success of the pilot projects.**

Results in Brief

The Department of Social Services (department) is responsible for the overall supervision of the Child Support Enforcement Program in California. District attorneys in each county administer the program locally. The federal government and the State provide incentive payments to the counties based on certain standards of performance in the Child Support Enforcement Program. Some counties accumulate "excess incentive funds" when incentive payments exceed the costs of administering their Child Support Enforcement programs. Counties are required to use their excess incentive funds to support child support enforcement activities. However, if they do not spend the excess incentive funds by a specific deadline, the counties must return the excess incentive funds to the State's General Fund unless they obtain an exemption from the department.

Special legislation allowed Merced and San Luis Obispo counties to divert a portion of their excess incentive funds to establish two-year pilot projects that addressed child-related issues outside their Child Support Enforcement programs. The purpose of the pilot projects was to determine whether allowing counties to divert the funds resulted in improvements in the Child Support Enforcement Program. Merced and San Luis Obispo counties operated pilot projects funded by their excess incentive funds during fiscal years 1993-94 and 1994-95.

This same legislation required the Bureau of State Audits to evaluate the effectiveness of the pilot projects using specified data pertaining to each county's Child Support Enforcement Program. However, we could not do this for two reasons. First, a direct relationship does not exist between the Child Support Enforcement Program data and the success of the pilot projects. Although indirect benefits may occur over time, we would not expect the pilot projects to measurably impact each county's Child Support Enforcement Program in the short term. Second, even if the data did apply to the pilot projects, our review indicates the data and statistics may not be reliable or comparable.

We also found that neither the counties nor the department developed any other type of relevant data or performance measures to evaluate the pilot projects. As a result, we were unable to determine whether the projects, which appear to provide worthwhile services, achieved their expressed statutory purpose of improving the counties' Child Support Enforcement programs.

Recommendation

The department should work with the counties operating pilot projects to develop performance measures that would allow it to determine whether similar projects in other counties would be beneficial.

Agency Comments

The department believes that the focus of the audit was incorrect. Additionally, it does not agree that the effectiveness of the pilot projects cannot be measured as required by the statute. Merced County stated that the audit should have focused on whether its pilot project had an adverse effect on its Child Support Enforcement Program. On the other hand, San Luis Obispo County agrees that its pilot project's effectiveness cannot be measured in any quantitative way with the existing data.

Introduction

Background

Provisions of the federal Social Security Act and the California Welfare and Institutions Code authorize state and county governments to establish a Child Support Enforcement Program. In California, the Child Support Enforcement Program is administered by the 58 elected district attorneys, through family support divisions in each county, under the supervision of the Department of Social Services (department). Through this program, counties in California locate absent parents, establish paternity for children born out of wedlock, establish and enforce court orders for child support, and collect and distribute child support payments. The department's Office of Child Support is responsible for managing, planning, monitoring, and evaluating the enforcement activities carried out by the county district attorneys' offices throughout the State.

The federal government provides funds to offset the counties' costs of administering the Child Support Enforcement Program. Generally, the federal government reimburses approximately 66 percent of the annual costs counties incur while administering the Child Support Enforcement Program. Each county is responsible for the remaining costs for administering its own Child Support Enforcement Program. In fiscal year 1993-94, the federal government reimbursed counties for approximately \$203 million of the \$293 million total administrative costs, and, in fiscal year 1994-95, for approximately \$235 million of the \$345 million total administrative costs.

Counties Receive Incentive Payments

The federal government and the State have also provided incentive payments to the counties to encourage them to maximize their collections of child support payments. The incentive funds are in addition to the reimbursement of 66 percent the federal government annually provides to the counties for the costs they incur while administering the Child Support Enforcement Program. Until January 1992, the counties received incentive payments based on a percentage

of their collection of child support payments. Beginning in January 1992, legislation required the department to establish a system to provide federal and state incentive funds based on the counties meeting certain standards of performance in their Child Support Enforcement Program. In fiscal years 1993-94 and 1994-95, the federal government and the State provided to California counties incentive payments totaling \$86.8 million and \$95.7 million, respectively.

The Welfare and Institutions Code restricts how counties can use these incentive payments. Any excess incentive funds—incentive payments the department pays to a county that exceed the county's cost of administering its Child Support Enforcement Program—must be used to support the child support enforcement activities of the county's district attorney. Amendments to the Welfare and Institutions Code require that, beginning July 1, 1993, counties spend all excess incentive funds on their Child Support Enforcement programs within two fiscal years following the fiscal year in which they receive the funds. Counties must return to the State's General Fund any excess incentive funds they have not spent by the deadline, unless exempted by the department as described below.

Certain Counties Have Accumulated Excess Incentive Funds

The department's Office of Child Support compiled data that indicates 19 counties accumulated excess incentive funds totaling approximately \$10.4 million between July 1, 1989, and June 30, 1992. Legislation required the counties, unless exempted by the department, to return any excess incentive funds not used to administer their Child Support Enforcement programs by June 30, 1994, to the State's General Fund. Department data also indicates 22 counties accumulated excess incentive funds for fiscal year 1992-93 totaling approximately \$7.7 million. Again, the counties, unless exempted by the department, were required to return funds not spent by June 30, 1995, to the State's General Fund. Appendix A, based on data compiled by the department, shows the excess incentive funds accumulated by the counties. The department is currently compiling the amount of excess incentive funds the counties accumulated during fiscal year 1993-94 that remained unspent as of June 30, 1996, and must be returned to the State's General Fund unless exempted.

***Counties Request Exemption
From the Two-Year Limit
on Using Excess Incentive Funds***

If a county is unable to use its excess incentive funds within the required two years, state regulations allow it to submit to the department a written plan, approved by the county's district attorney, for expenditure of the funds. The department must determine whether the plan is cost-effective and will require more than two years to expend the funds.

After reviewing the plans for fiscal years ended June 30, 1992, and 1993, the department did not require the return of excess incentive funds to the State because the counties had either spent them by the deadline or obtained approval to spend the funds on future projects. The plans delineated various ways the counties intended to use excess incentive funds within the Child Support Enforcement Program, such as the acquisition of additional office space and conversion to the new Statewide Automated Child Support System.

Legislation gave some counties an alternative means to use their excess incentive funds. Chapter 718, Statutes of 1992, amended the Welfare and Institutions Code to allow no more than three counties to divert a portion of their excess incentive funds to establish two-year pilot projects to address certain child-related issues outside the scope of the Child Support Enforcement Program. Ultimately, during fiscal years 1993-94 and 1994-95, Merced and San Luis Obispo counties operated pilot projects funded by their excess incentive funds. These pilot projects are the subject of this audit.

Scope and Methodology

Section 15200.98 of the Welfare and Institutions Code requires the Bureau of State Audits to evaluate the pilot projects operated by Merced and San Luis Obispo counties to determine the following:

- The percentage of open child support cases receiving payment;
- The total increase in the counties' child support collections compared to the increase statewide;

- The increase in administrative funding for the child support programs compared to the increase in administrative funding statewide; and
- The change in the cost-to-collection ratio for each county.

We reviewed laws, regulations, and procedures, and interviewed department staff to determine its role in relation to the Child Support Enforcement Program, the calculation of the excess funds used to support the pilot projects, and the pilot projects operated by Merced and San Luis Obispo counties.

To determine how counties spend excess funds, we reviewed records at the department and visited the district attorney's office in Merced and San Luis Obispo counties. We interviewed the staff responsible for the pilot projects as well as the staff in the child support enforcement area of the district attorneys' offices. Additionally, we examined accounting, payroll, and expenditure records at the two counties.

From the department's annual reports covering fiscal years 1990-91 through 1994-95, we obtained the data that the legislation requested concerning its Child Support Management Information System. However, in Appendix B, we only present the data for fiscal years 1992-93 through 1994-95 because we found some incomplete and inconsistent data in the annual reports for earlier years. To verify the accuracy of the data included in the annual reports, we performed limited testing at the two counties. Further, we interviewed staff at the department and the two counties to determine the relevance of the requested data to the pilot projects during fiscal years 1993-94 and 1994-95.

Chapter

Child Support Enforcement Data Cannot Be Used To Evaluate the Pilot Projects


Chapter Summary

Legislation has allowed Merced and San Luis Obispo counties to divert excess incentive funds from their Child Support Enforcement programs, which the Department of Social Services (department) supervises, to establish pilot projects dealing with other child-related issues. The same legislation also requires the Bureau of State Audits to evaluate the effectiveness of the pilot projects using specified data pertaining to each county's Child Support Enforcement Program. However, we cannot evaluate the effectiveness of the pilot projects using the data because a direct relationship does not exist between the Child Support Enforcement Program data and the success of the pilot projects. We also found that neither the counties nor the department developed any other type of relevant data or performance measures we could use to evaluate the pilot projects. As a result, we cannot determine whether the pilot projects have achieved their expressed statutory purpose of improving the collection efforts of the counties' Child Support Enforcement programs.


Legislation Allowed Certain Counties To Establish Pilot Projects

The chief of the department's Child Support Program Improvement Bureau stated that, despite their having excess incentive funds, family support divisions responsible for the Child Support Enforcement programs within the counties' district attorneys' offices have, in the past, experienced difficulty in obtaining approval from county administrative officers and boards of supervisors to increase staff or procure new or additional space and equipment. As a result, these counties have faced the possibility of having to return excess incentive funds to the State's General Fund. In 1992, the department, with the participation of representatives from the counties' district attorneys' offices, developed a plan for improving the Child Support Enforcement Program in California entitled

"Vision for Excellence." The plan suggested legislation to remove the restriction that all excess incentive funds be used only in the counties' Child Support Enforcement programs. The department anticipated that the removal of the restriction would enhance collections and increase operational efficiencies of local family support divisions by creating local stakeholders committed to the divisions' success. This led to legislation that allowed up to three counties to establish pilot projects for fiscal years 1993-94 and 1994-95.



Two counties established pilot projects to use excess incentive funds for child-related issues other than those connected to the Child Support Enforcement Program.



The resulting changes to the Welfare and Institutions Code allowed participating counties to use up to one-third of their excess incentive funds to address child-related issues not directly connected to the Child Support Enforcement Program. These services were intended to serve and protect the children of California through programs that would address teen pregnancy, parenting skills, family preservation, child abduction, and domestic violence. Additionally, the legislation required that counties use the funds diverted to pilot projects to enhance current funds and not to supplant existing funding. Although the law allowed pilot projects to operate in three of seven specified counties, only Merced and San Luis Obispo counties chose to participate during fiscal years 1993-94 and 1994-95.

Additional legislation approved in October 1993 allowed Merced County to continue to use its excess incentive funds for child-related services through June 30, 1996. This same legislation added Stanislaus County but did not include San Luis Obispo County. Legislation has recently been passed to extend the authority of Merced and Stanislaus counties and restore San Luis Obispo County's authority to use the excess incentive funds for child-related services until January 1, 1999.


The Department Had a Limited Role in the Pilot Projects

The legislation allowing the pilot projects did not identify a specific role for the department other than requiring it to cooperate with the Bureau of State Audits during the evaluation of these projects. Although it believes the legislation neither authorized nor required it to monitor or oversee the pilot projects, the department accepted some responsibility. Specifically, it sent letters to the counties the legislation identified explaining the purpose and requirements of the pilot projects and enclosed applications for participation. The department received and reviewed the applications from


Merced and San Luis Obispo counties and verified that they met established performance standards and therefore were eligible to receive a higher level of incentive funding—a condition for participating in the pilot projects. Once the department verified each county's eligibility, it notified them that their pilot projects were approved.

The application for the pilot projects consisted of a cover page that requested specific information including the name of a county contact person, estimated collections for fiscal year 1992-93, estimated excess incentive funds available as of July 1993, a list of the specific programs targeted by the pilot project, and certification by the county's district attorney and administrative officer that the funds would be used to enhance current funding and not to supplant existing funding.

According to the chief of its Office of Child Support, the department intended that each county planning to establish a pilot project submit an application that identified the county's plan for spending the excess incentive funds over the entire two years of the pilot project. Merced County's application did this. On the other hand, a misunderstanding between San Luis Obispo County and the department apparently occurred and, as a result, that county's application only addressed the excess incentive funds it intended to use for the first year of its pilot project.



After its initial approval of county applications, the department did not actively monitor or have a clear understanding of the use of the pilot project funds.




Once the application process was complete, according to the chief of its Office of Child Support, the department remained in contact with the counties and provided guidance upon request during the pilot projects. Additionally, the department obtained some brief updates and an annual report for fiscal year 1994-95 on each of the pilot projects. However, because it did not actively monitor the projects, the department did not have a clear understanding of how one county used its excess incentive funds for its pilot project.

Specifically, San Luis Obispo County's application stated it planned to use some excess incentive funds for teen pregnancy prevention. Ultimately, the county did not use any of its pilot project funds for teen pregnancy prevention. Yet, because the department was unaware of this, it provided the state auditor with a final report on the pilot projects dated March 19, 1996, in which it reported that San Luis Obispo County had spent some of its pilot project funds on a teen pregnancy prevention program.

Counties Spent More Than Originally Estimated on Their Pilot Projects

The department also did not have a clear understanding of the amount each county spent on the pilot projects. In its final report to the state auditor, the department indicated that, from March 1994 through June 1995, Merced and San Luis Obispo counties spent approximately \$390,000 and \$67,000 of their original allocated funds of \$477,000 and \$78,000, respectively. However, the counties' records indicate that Merced and San Luis Obispo counties actually spent approximately \$582,000 and \$142,000, respectively. When it requested the information from the counties, the department expected them to submit expenditure information for both fiscal years 1993-94 and 1994-95. However, the submitted reports clearly stated that the counties were providing the amount of expenditures incurred for their pilot projects during fiscal year 1994-95. Despite receiving brief status reports indicating that they had also incurred expenditures in fiscal year 1993-94, the department reported only the fiscal year 1994-95 expenditures as the final amounts spent for the two years of the pilot projects. As a result, the department was unaware that both counties actually exceeded the amounts they planned to spend as reflected in the initial allocations submitted to the department.


*Both counties exceeded
pilot project allocations
because of their
interpretation of the
law.*

The counties exceeded their initial allocations for different reasons. Although the legislation specified the counties could only spend up to one-third of their excess funds during the two-year operation of the pilot project, according to the district attorney, San Luis Obispo County calculated its initial allocation for the first year based on the amount of excess incentive funds it had available as of June 30, 1993. The department identified this amount, \$78,000, as San Luis Obispo County's original allocation for the entire two-year pilot project. San Luis Obispo County staff believed it was appropriate to calculate an additional amount for the second year of the pilot project using the excess incentive funds accumulated during fiscal year 1993-94. The county calculated this amount to be \$67,000, for a total of \$145,000 that it could use for its pilot project. The county spent \$142,000 for the pilot project, which exceeded the \$78,000 the department identified as the county's allocation. Because it believed the county spent only \$67,000 for the entire project, the department was unaware the county spent more than the initial allocation.

Merced County's original allocation was approximately \$477,000. However, subsequent legislation extended to June 30, 1996, Merced County's authority to use excess incentive funds for child-related services, and the new law did

not place any restrictions on the amount of excess incentive funds it could use for this purpose. Because the legislation became effective in October 1993, during the first year of Merced County's pilot project, the county's district attorney interpreted the legislation as overriding the original pilot project legislation that had established the one-third limit on the county's use of excess incentive funds. Although it did not intend for the counties to spend more than their initial allocations, the department does not believe either of the two counties acted contrary to the law.

***Merced and San Luis Obispo
Counties' Pilot Projects Focused
on Children as Victims of Crime***



*Merced County
developed its pilot
project to intensify its
prosecution of family
violence crimes.*

In March 1994, the Merced County District Attorney's Office developed its pilot project to target the county's family violence crimes for intense prosecution. To provide this more intense prosecution, the District Attorney's Office established a family violence unit, which it staffed with two attorneys, one investigative assistant, one legal secretary, two legal clerks, and one probation officer. It believes that having a centralized domestic violence unit improves its ability to track, build, and prosecute family violence cases. Before it established this unit, the District Attorney's Office treated domestic violence crimes as part of all other felony prosecutions handled by the pool of attorneys working within its office. Merced County's district attorney stated that the use of pilot project funds in this manner enhances current funding rather than supplants existing funding. Between March 1994 and June 1995, the county spent approximately \$582,000 on the administrative costs of the family violence unit, as shown in the following table.

Table 1

***Family Violence Unit Pilot Project
Expenditures for Merced County
Fiscal Years 1993-94 and 1994-95***

Expenditure Category	Fiscal Year 1993-94	Fiscal Year 1994-95
Salaries and benefits	\$ 90,280	\$297,911
Furniture and equipment	55,321	2,957
Data processing	9,456	22,899
Rents and leases	8,119	23,767
Spousal abuser prosecution program match		20,318
Other general expenses	22,706	28,048
Total	\$185,882	\$395,900


*San Luis Obispo County
focused its pilot project
on assisting children who
are victims of crime.*



In San Luis Obispo County, the District Attorney's Office focused its pilot project on assisting children who are victims of crime. Additionally, staff assigned to the pilot project worked on domestic violence cases. The excess incentive funds paid for the portion of the salaries and benefits of one district attorney investigator, a social worker, and victim witness assistance coordinators that related to the pilot project. San Luis Obispo County's district attorney believes its use of the pilot project funds in this manner enhances current funding rather than supplants existing funding. For the two years of the pilot project, the county spent approximately \$142,000 of its excess incentive funds on salaries and benefits of the staff assigned to the pilot project.

Effectiveness of the Pilot Projects


The legislation allowing the pilot projects requires the Bureau of State Audits to evaluate the effectiveness of the projects using specified data and statistics pertinent to each county's Child Support Enforcement Program. However, we could not, for two reasons, evaluate the effectiveness of the pilot projects using the data and statistics as requested in the legislation. First, a direct relationship does not exist between the Child Support Enforcement Program data specified (included in Appendix B) and the success of the pilot projects. Therefore, the data cannot demonstrate the impact or effectiveness of the pilot projects. Second, as we discuss in Appendix B, even if it did apply to the

pilot projects, the data and resulting statistics provided by the counties reflect some inconsistencies and may not be reliable or comparable.

According to Section 15200.98 of the Welfare and Institutions Code, the purpose of the pilot projects was to determine whether allowing counties to divert a portion of the excess incentive funds resulted in improvements in the Child Support Enforcement Program in those counties. The section required that we evaluate the pilot projects to determine, in participating counties, the percentage of open child support cases receiving payment, the total increase in child support collections as compared to the increase on a statewide basis, the increase in administrative funding for the child support program compared to the increase in administrative funding on a statewide basis, and the change in the cost-to-collection ratio. We have provided this information in Appendix B.



Since neither pilot project directly impacts the Child Support Enforcement Program, we could not conclude on their effectiveness. However, the counties contend they were beneficial.




However, the reader should exercise caution when reviewing this information. The data included in Appendix B reflects each county's collection efforts and the administrative funding for its Child Support Enforcement Program, whereas each county's pilot project focused on other child-related services. Consequently, we would not expect this data to reflect the impact of the pilot projects on the Child Support Enforcement Program.

The department anticipated the counties' Child Support Enforcement programs would benefit from the pilot projects. Specifically, it believed that by allowing them flexibility in making decisions to use excess incentive funds for other child-related services, the counties would be more willing to cooperate with the family services divisions' efforts to obtain additional resources to improve their programs. Therefore, the department expected the additional resources would improve the child support services and, therefore, the program outcomes.


The counties also contend the projects were beneficial. For example, the chief deputy district attorney for San Luis Obispo County stated its pilot project enhanced the cooperation between the county's administration and the District Attorney's Office as evidenced by the authorization of additional staffing and equipment over the last few years. Although we recognize that such indirect benefits may occur over time, in the short term, we would not expect the pilot projects to measurably impact each county's Child Support Enforcement Program.

***No Efforts Were Made To
Evaluate the Pilot Projects***

Because the department did not see its role as the monitor over the pilot projects, it did not require that performance measures be developed nor did it establish any other process that would provide information as to the success of the projects. Although the legislation authorizing the pilot projects did not identify a specific role for the department, we believe the department, by limiting its role, missed an opportunity to provide useful information as to whether similar projects would be beneficial in other counties. Generally, organizations establish pilot projects to provide trial situations that, if successful, others might eventually follow. In this case, if the counties' pilot projects were determined to be beneficial, they could be applied on a statewide basis, thus allowing other counties to use their excess incentive funds to address child-related issues outside the Child Support Enforcement Program.


By not developing any process to assess success, the department missed an opportunity to determine whether similar projects would be beneficial in other counties.

As discussed previously, the department contends the pilot projects will benefit the counties' Child Support Enforcement programs because of increased flexibility. Therefore, it seems reasonable that the department, as the state agency responsible for overseeing counties' child support enforcement activities, would ensure that it could determine whether the pilot projects would be beneficial in other counties. Instead, it expected the evaluation responsibilities for the pilot projects would be met by the Bureau of State Audits in this audit.


Because the department perceived its role as limited, it has not determined whether these projects should be allowed in all counties having excess incentive funds. Therefore, at this time, approval of similar projects has been limited to a few counties. Subsequent legislation has simply expanded to one other county the authorization to use excess incentive funds on child-related services outside the usual functions of the Child Support Enforcement Program. The legislation added Stanislaus County and extended Merced County's authorization until June 30, 1996. However, the legislation did not include San Luis Obispo County. Additionally, legislation has recently been passed to extend Merced and Stanislaus counties' authority and restore San Luis Obispo County's authority to use these funds for child-related services until January 1, 1999.

During our audit, we also attempted to identify alternative methods for evaluating the effectiveness of the pilot projects. However, neither San Luis Obispo nor Merced county developed any type of relevant data or performance measures we could use to evaluate the pilot projects. Further, as

discussed earlier, because the department did not believe that its role was to monitor the pilot projects, it did not require that performance measures be developed nor did it establish any other process that would provide information as to the success of the pilot projects. As a result, we were unable to determine whether the projects, which appear to provide worthwhile services, achieved their expressed statutory purpose of improving the counties' Child Support Enforcement programs.

Recommendation

The department should work with the counties operating pilot projects to develop performance measures that would allow it to determine whether similar projects in other counties would be beneficial.

We conducted this review under the authority vested in the state auditor by Section 8543 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,



KURT R. SJOBERG
State Auditor

Date: September 12, 1996

Staff: Karen L. McKenna, CPA, Audit Principal
Denise L. Vose, CPA
Christopher Harris
Kimiko Lauris

Appendix A

**List of Excess Incentive Funds
Counties Were Required To Spend
by June 30, 1994 and 1995, or
Return to the State's General Fund**

Counties	Fiscal Years 1989-90 to 1991-92	Fiscal Year 1992-93
Alameda	\$ 1,352,565	\$ 726,896
Contra Costa		374,179
Del Norte		112,916
Fresno	1,154,035	1,142,906
Humboldt	689,607	284,047
Imperial	5,264	
Kings		58,356
Lassen	13,229	80,919
Madera	511,712	213,492
Mendocino	441,586	154,490
Merced	1,107,810	239,844
Napa	154,452	
Nevada		44,578
Orange		933,731
Plumas	385,021	44,731
Riverside		299,249
San Benito	853	
San Bernardino	2,000,586	75,000
San Diego	1,854,711	
San Joaquin		299,751
San Luis Obispo		230,198
Shasta		99,774
Stanislaus	297,922	1,862,748
Siskiyou	75,986	
Tehama	53,000	49,015
Tulare	272,094	
Tuolumne		333,982
Yolo	39,485	39,317
Yuba	15,206	
Total	\$10,425,124	\$7,700,119

Source: Department of Social Services, Office of Child Support

Appendix B

Data and Statistics Related to the Child Support Enforcement Programs of Merced and San Luis Obispo Counties and Statewide

Section 15200.98 of the Welfare and Institutions Code required that the Bureau of State Audits evaluate the pilot projects operated in Merced and San Luis Obispo counties to determine the following:

- The percentage of open cases receiving payment (a comparison of cases that received child support payments to the number of open child support cases);
- The total increase in child support collections as compared to the total increase statewide;
- The increase in administrative funding for the Child Support Enforcement Program compared to the increase statewide; and
- The change in the cost-to-collection ratio.

We obtained the data requested in the legislation from the Department of Social Services' (department) annual reports for its Child Support Management Information System (CSMIS). We used a draft of the report dated June 13, 1996, for the fiscal year 1994-95 data. Section 11475.8 of the Welfare and Institutions Code requires the department to compile certain data and statistics on the Child Support Enforcement programs in California's 58 counties. The department collects the data monthly on a number of different forms that it requires the counties to complete. It compiles the data, calculates certain statistics, and prepares the CSMIS report to present this information annually and quarterly. The legislation requires a report to be distributed by the department annually to each member of the board of supervisors, the county executive officer, the district attorney, and the appropriate policy and fiscal committees of the Legislature.

We attempted to verify the accuracy of certain data and statistics that we obtained from the department's CSMIS report for Merced and San Luis Obispo counties. However, we encountered two significant problems. First, we were unable to verify the number of open child support cases because the counties maintain this information in data files that are continuously updated, and they do not maintain history or hard-copy printouts for specific points in time. Further, the department has informed us that the counts included in Table 2 are not a true reflection of the actual number of active cases for a county. The actual number of active cases is not reported. Instead, the counts reflect the current status of cases and the same case may be counted in more than one status. For example, if a noncustodial parent has two children who have the same mother, one on Aid to Families With Dependent Children and one who is not, this case would be included twice in Table 2.

Second, we attempted to verify the number of paying cases in a month for each county. We found that Merced County includes each payment made in a month in its count of cases receiving payments, regardless of whether multiple payments occurred on the same case file. On the other hand, San Luis Obispo County eliminates duplicate payments for a case file and counts it as one case receiving payment for the month. According to the department's instructions, San Luis Obispo County is correctly compiling the number of cases receiving payments. Because Merced County is not eliminating duplicate payments, it is overstating the number of cases receiving payments on the forms it submits to the department. Once the department compiles this data, it also overstates Merced County's percentage of cases receiving payments, as well as any statewide totals or comparisons. The shaded sections in Table 2 indicate the overstated case counts and comparisons.

According to the chief of its Office of Child Support, the department relies on the counties to follow the instructions provided to them to compile this data. The department performs a limited review of the data to ensure that entries are complete, mathematical computations are correct, and the counties have attached reconciliation data along with their reports. However, it does not perform reviews at the county level to ensure data is initially compiled correctly. Thus, the department was unaware that Merced County's information was misstated. Additionally, the department is unaware whether and to what extent other counties are misstating their data for similar or other reasons.

As a result of the inconsistencies we found during our limited review, caution should be exercised when using this information for comparison purposes. Moreover, as discussed in the body of the report, the data cannot be used to determine whether the pilot projects have been successful as a direct relationship does not exist between the data in this appendix related to the Child Support Enforcement Program of the counties and the success of the pilot projects.

Table 2

A Comparison of Child Support Cases Receiving Payments to Open Cases

	Total Open Cases ^a	Open Cases With Support Orders ^a	Cases Receiving Payments ^b	Ratio of Cases Receiving Payments to Total Open Cases ^c	Ratio of Cases Receiving Payments to Open Cases With Support Orders ^d
Merced					
1992-93	15,394	10,820	7,743	50.3%	71.6% ^e
1993-94	16,144	11,817	7,821	48.4	66.2
1994-95	17,169	13,781	9,201	53.6	66.8
San Luis Obispo					
1992-93	6,608	5,230	2,378	36.0	45.5
1993-94	7,396	5,998	2,391	32.3	39.9
1994-95	8,170	6,674	2,511	30.7	37.6
Statewide					
1992-93	1,857,611	810,797	312,205	16.8	38.5 ^e
1993-94	2,169,185	923,758	319,080	14.7	34.5
1994-95	2,399,560	1,047,789	490,326	20.4	46.8

^aOpen cases as reported by the counties do not represent the actual number of active cases for a county but the current status of a case, as described in the text. A support order is established by the court and specifies the terms under which child support is provided. However, not all open cases have a support order. For example, a support order cannot be established if a parent cannot be located.

^b"Cases receiving payments" are those cases for which the county received child support payments during each fiscal year. Footnote ^a defines cases as reported by the counties. The department uses June as a representative month for each fiscal year because some cases receive monthly payments, while other cases receive sporadic payments.

^cThis ratio compares the number of open cases receiving payments to total open child support cases.

^dThis ratio compares the number of open cases receiving payments to the number of open child support cases with support orders.

^eMerced County includes all payments made in a month in its count of cases receiving payments, regardless of whether multiple payments occurred on the same case file. Because Merced County is not eliminating duplicate payments, it is overstating the number of cases receiving payments included on the forms it submits to the department. When the department compiles this data, it also overstates Merced County's percentage of cases receiving payments, as well as any statewide totals or comparisons. The shaded sections indicate the overstated case counts and comparisons.

Table 3

***Increases in Child Support Collections
for Merced and San Luis Obispo Counties
Compared to Increases Statewide***

	Child Support Collections^a	Increase in Child Support Collections^b	Percentage Increase^c
<u>Merced</u>			
1992-93	\$ 9,777,815		
1993-94	10,674,703	\$ 896,888	9.2%
1994-95	12,450,781	1,776,078	16.6
<u>San Luis Obispo</u>			
1992-93	7,350,964		
1993-94	7,644,499	293,535	4.0
1994-95	8,160,135	515,636	6.7
<u>Statewide</u>			
1992-93	772,082,141		
1993-94	861,612,970	89,530,829	11.6
1994-95	924,607,386	62,994,416	7.3

^aThis column represents the total child support collections processed by the county for children living in California as well as in other states.

^bThis column represents the difference between the current and prior year.

^cThis column represents the increase in child support collections as a percentage of the prior year.

Table 4

***Increases in Administrative Funding
for Merced and San Luis Obispo Counties
Compared to Increases Statewide***

	Administrative Funding^a	Increase in Administrative Funding^b	Percentage Increase^c
<u>Merced</u>			
1992-93	\$ 2,274,892		
1993-94	3,282,218	\$ 1,007,326	44.3%
1994-95	3,840,267	558,049	17.0
<u>San Luis Obispo</u>			
1992-93	1,780,012		
1993-94	2,103,915	323,903	18.2
1994-95	2,712,759	608,844	28.9
<u>Statewide</u>			
1992-93	261,985,097		
1993-94	292,979,040	30,993,943	11.8
1994-95	345,069,633	52,090,593	17.8

^a"Administrative Funding" represents the total costs to administer the Child Support Enforcement Program for specific July 1 to June 30 fiscal years. The department's calculation of administrative funding does not include laboratory costs because laboratory costs are on a fee-for-service basis and do not affect the county's ability to collect child support payments.

^bThese figures show the difference between the current year and prior year.

^c"Percentage Increase" shows the increase in administrative funding as a percentage of the prior year.

Table 5**Changes in the Ratio of Child Support
Collections to Administrative Funding**

	Child Support Collections	Administrative Funding	Collections- to-Cost Ratio*
<u>Merced</u>			
1992-93	\$ 9,777,815	\$ 2,274,892	4.30
1993-94	10,674,703	3,282,218	3.25
1994-95	12,450,781	3,840,267	3.24
<u>San Luis Obispo</u>			
1992-93	7,350,964	1,780,012	4.13
1993-94	7,644,499	2,103,915	3.63
1994-95	8,160,135	2,712,759	3.01
<u>Statewide</u>			
1992-93	772,082,141	261,985,097	2.95
1993-94	861,612,970	292,979,040	2.94
1994-95	924,607,386	345,069,633	2.68

*"Collections-to-cost ratio" compares total child support collections to total administrative funding, excluding laboratory costs, as discussed in Table 4, for each fiscal year. We have presented this as collections-to-cost rather than cost-to-collections as specified in the legislation to be consistent with the department's reporting of the ratio.

DEPARTMENT OF SOCIAL SERVICES

744 P Street, MS 9-700, Sacramento, CA 95814



September 4, 1996

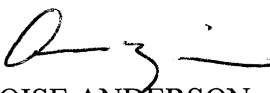
Kurt R. Sjoberg
California State Auditor
660 J Street, Suite 300
Sacramento, California 95814

Dear Mr. Sjoberg:

Thank you for the opportunity to comment on your August 28, 1996, draft audit report entitled "Child Support Pilot Projects." Enclosed is our comment to your report.

If you have any questions, please contact me at (916) 657-2598 or Ms. Leslie L. Frye, Chief, Office of Child Support at (916) 654-1556.

Sincerely,



ELOISE ANDERSON
Director

Enclosure

c: Jerry Demorest
Gordon Spencer
Barry T. LaBarbera

**CDSS' DETAIL RESPONSE TO BUREAU OF STATE AUDITS (BSA) DRAFT REPORT
ENTITLED "CHILD SUPPORT PILOT PROJECTS"**

BSA FINDINGS, RECOMMENDATION AND CDSS' RESPONSE

The auditors concluded that they could not evaluate the effectiveness of the pilot projects using the data and statistics as requested in the legislation because:

1. Direct relationship does not exist between the Child Support Enforcement Program (CSEP) data and the success of the pilot project, and,
2. Even if the data did apply to the pilot projects, the review indicates that the data and statistics may not be reliable or comparable.

The auditors recommended that CDSS should work with the counties operating pilot projects to develop performance measures that would allow CDSS to determine whether similar projects in other counties will be beneficial.

CDSS's RESPONSE

Incorrect Focus of the Audit

CDSS believes that the auditors did not establish a clear understanding of what the pilot project is and what it is intended to accomplish. As a result, the focus of the audit was incorrect. Many Family Support Directors expressed their concerns to OCS that despite having excess incentive funds, county Chief Administrative Officers and Board of Supervisors do not approve their requests for additional resources to improve child support operations. (1)*

The enabling legislation which established the "pilot project" was designed to determine whether allowing counties to divert a portion of their excess incentive funds would result in improvement in the CSEP in the pilot counties. Therefore, the focus of the audit should have been made as to whether the District Attorney was able to get more cooperation from the CAO and the Board of Supervisors in augmenting their staff, office space, equipment and other operational needs. We believe that augmentation in these areas would result in a higher number of paying cases, higher collections, increase in administrative funding and a change in cost-to-collection ratios, as described in the legislation. (1)

Instead of focusing on the areas described above, the audit elected to focus on other children's programs in the District Attorneys' Criminal Division where the diverted monies were spent. Since these programs have no direct relationship to the Child Support Program, the audit of these programs will not meet the mandate of the statute. (2)

*The California State Auditor's comments on this response begin on page 27.

The Department Had a Limited Role in the Pilot Projects

CDSS agrees with this finding with one exception. CDSS' role was limited by the statutory authority. The enabling legislation (AB 568) neither authorized nor required CDSS to actively review and monitor non-IV-D cases. Therefore, CDSS believes that the accuracy and the correctness of amounts and use of the monies were reserved for the BSA as part of the evaluation process. ③

Counties Spent More than Originally Estimated on Their Pilot Projects

CDSS agrees with this finding.

No Efforts Were Made to Evaluate the Pilot Projects

CDSS disagrees with this finding. CDSS believes that the statute clearly established the performance measures needed to determine the success of the pilot projects. ① ②

Effectiveness of the Pilot Projects

CDSS does not agree the effectiveness of the pilot projects cannot be measured as required by the statute. CDSS believes that collections, administrative costs and changes in collections-to-cost ratios could have been evaluated to determine if the statutory progress is achieved in these areas. With regard to the percentage of open child support cases receiving payment, the statute did not clearly indicate whether this performance measure is to be a comparison of cases that received child support payments to the number of child support cases. Since the auditors elected to use this interpretation, they were unable to do an evaluation in this area. ② ④

CDSS believes that the success of the pilot projects should have been evaluated by determining the percentage of increase in paying cases between fiscal years for each county. Further, CDSS believes that this would be acceptable since there is no requirement to evaluate success in the performance measure against a statewide basis. ④

CONCLUSION

It is CDSS' opinion that if the focus of the audit had been established correctly, the audit would have concluded that both Merced and San Luis Obispo Counties have received outstanding support from their respective CAOs and Board of Supervisors. Both counties were given approval to increase staffing, obtain additional office space and equipment, participate in the cost of SACSS without cost to the county general fund. As a result, the counties experienced increased in Child Support collections which reduced the welfare cost to the state, federal and county general funds. It should also be noted that administrative costs increased in both counties. And finally, there were changes in the ratio of Child Support collections to administrative funding. ①

Specific comments from Merced and San Luis Obispo Counties are attached as part of this response.

Comments

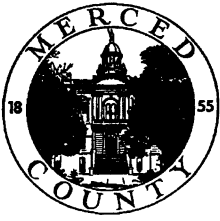
California State Auditor's Comments on the Response From the Department of Social Services

To provide clarity and perspective, we are commenting on the Department of Social Services' (department) response to our audit report. The following numbers correspond to the numbers we have placed in the department's response.

- ① Contrary to the department's assertion, we established a clear understanding of the pilot projects and correctly focused the audit. On page 11 of the report, we discuss the department's belief that the pilot projects would result in enhanced cooperation and, thus, the augmentation of resources. However, although we state that the counties believe that the projects were beneficial, the counties could provide no evidence that such increased cooperation had taken place. Further, neither the counties nor the department could demonstrate that the pilot projects measurably improved the Child Support Enforcement Program. In fact, in its response, San Luis Obispo County agreed that its pilot project's effectiveness cannot be measured in any quantitative way with the existing data.
- ② We disagree with the department's contention that our audit did not meet the mandate of the statute. The legislation required us to focus on the pilot projects and the use of these diverted funds, and to evaluate their effectiveness using specified data and statistics pertinent to each county's Child Support Enforcement Program. We indicate on page 10 that we could not evaluate the effectiveness of the pilot projects using the data and statistics because a direct relationship does not exist between the data and the success of the pilot projects. We presented information as to how the counties spent pilot project funds to provide the reader with a clear understanding of the pilot projects.
- ③ As stated on page 6, we recognize that the legislation did not identify a specific role for the department. However, the legislation did not preclude the department from reviewing or monitoring the projects. As stated on page 12, we believe the department, the state agency responsible for overseeing the

Child Support Enforcement Program, missed an opportunity to provide useful information as to whether similar projects could be beneficial in other counties.

- ④ We believe that the legislation was clear and required us to provide a comparison of cases that received child support payments to the number of open child support cases. The department contends that the success of the pilot projects should have been evaluated by determining the percentage of increase in paying cases between fiscal years for each county. As stated in Comment 2, we found that no direct relationship exists between the pilot projects and the number of paying cases. We have presented the cases receiving payments in Table 2 on page 19. However, we do not believe that this data is meaningful in evaluating the success of the pilot projects.



DISTRICT ATTORNEY

2222 'M' STREET
MERCED, CALIFORNIA 95340

TELEPHONE (AREA CODE 209) 385-7381
FAX (209) 385-7473

Gordon Spencer
District Attorney

Joseph Tresidder
Chief Deputy District Attorney

September 3, 1996

Department of Social Services
Child Support Division
744 P Street
Sacramento, Ca 95814

Re: Draft Audit Report, California State Auditors

To Whom It May Concern:

A draft copy of the California State Audit report concerning Child Support Pilot Projects was received and reviewed by the Merced County District Attorney's Office on August 29, 1996.

We agree as stated in the Summary Section, page S-1, paragraph 3 that the purpose of the Pilot Project was to determine if the use of the incentive funds would have an adverse effect on the county's Child Support Enforcement Programs. This was as stated the purpose of the Legislation and should have been the focus of the audit. The Merced County Family Support Division has continued, through out the operation of the pilot project period, to be one of the highest ranked divisions in the state in efficiency and success in collections. (1)*

We disagree with the statement on page S-2 which implies that the department and counties were at fault by not developing relevant data or performance measures to be used to evaluate the pilot projects. This was not a requirement of the legislation and we feel should not have been a focus of the audit. (2)

*The California State Auditor's comments on this response begin on page 31.

The use of the incentive funds has provided Merced County District Attorney's Office the opportunity to develop an aggressive prosecution program for crimes against children and families. Our Family Support Division has continued to increase in collections (a record twenty-seven percent), has increased staffing for needed projects, has moved in to larger new office space and has remained in compliance with the Tier I performance standards through out the Pilot Projects operation.

Sincerely,


Gordon Spencer
District Attorney

Comments

California State Auditor's Comments on the Response From Merced County

To provide clarity and perspective, we are commenting on Merced County's (county) response to our audit report. The following numbers correspond to the numbers we have placed in the county's response.

- ① Contrary to the county's statement, we did not report that the purpose of the pilot project was to determine if the use of the incentive funds would have an adverse effect on the county's Child Support Enforcement Program. Instead, on page 11, we state that the statutory purpose of the pilot projects was to determine whether allowing counties to divert a portion of the excess incentive funds resulted in improvements in the Child Support Enforcement Program.
- ② Although not required by the legislation, we believe that the Department of Social Services and the counties need to develop performance measures to determine whether similar projects in other counties would be beneficial.

Office of the District Attorney
County of San Luis Obispo



Barry T. LaBarbera
District Attorney

Daniel A. Hilford
Assistant District Attorney

Gerald T. Shea
Chief Deputy District Attorney

September 4, 1996

Department of Social Services
Child Support Division
744 P. Street
Sacramento, CA 95814

Re: Draft Audit Report, California State Auditors

To Whom It May Concern:

We are in receipt of a draft copy of the California State Audit Report concerning child support pilot projects and are pleased to have the opportunity to review and comment upon it. Our comments are as follows:

We agree with the general statement advanced by the audit that the pilot project's effectiveness cannot be measured in any quantitative way with the existing data. We feel confident, nevertheless, that the availability of pilot project funds has improved our relationship with the County Administrative Office, has allowed the District Attorney to provide valuable services to the community which would not otherwise have been available, and has aided in obtaining necessary funds for securing adequate staff and resources required to operate the Family Support Division successfully.

We also agree with the statement on page ch-7, paragraph 2, that the reader of the audit should exercise caution when reviewing the information in the appendices. In particular, table 2 of Appendix B does not reflect that beginning in the latter part of calendar year 1993 San Luis Obispo County began to implement a new state regulation which required that paternity and medical support be established in all Medi-Cal cases, including those in which the custodial parent declines child support services. This regulation has resulted in additional cases being counted in the Family Support division's caseload on which no child support payment is received, thus reducing the ratio of cases receiving payments in relationship to the number of open cases with support orders.

Additionally, Table 5 of Appendix B sets forth the cost to collection ratio without a specific reference to the required increase in administrative funding during fiscal years 93-94 and 94-95 attributable to the SACS Conversion Program. San Luis Obispo County has always been slated to be among the first counties scheduled to convert to the new program and accordingly technical support expenses were expended in large amounts during each of these fiscal years as we anticipated conversion.

Finally, as noted earlier, the San Luis Obispo District Attorney's Office has benefited from inclusion in the pilot project while remaining in compliance with the top tier of the performance standards of the state throughout the duration of the project.

Very truly yours,

Barry T. LaBarbera
District Attorney



By: Gerald T. Shea
Chief Deputy District Attorney

GTS:jl

cc: Dee Vose, California State Auditor's Office

cc: Members of the Legislature
Office of the Lieutenant Governor
Attorney General
State Controller
Legislative Analyst
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
Capitol Press Corps