

The Story Behind the Numbers

The Impact of Nonmarital Birth Data on the Child Support Enforcement Program's Performance

This "Story Behind the Numbers" focuses on differences between nonmarital birth data submitted by the States to the Federal Office of Child Support Enforcement (OCSE) on the OCSE 157 Report.

Also highlighted are nonmarital birth data published by the National Center for Health Statistics (NCHS) and the relationship of NCHS published data to the statewide paternity establishment percentage and IV-D program performance.

Background Information

The Child Support Performance Incentive Act of 1998 (CSPIA) re-emphasized the importance of establishing paternity for children born out of wedlock by authorizing the payment of incentives to State IV-D programs based on their paternity establishment performance. IV-D programs are permitted to choose one of two alternative measures: IV-D Paternity Establishment Percentage (PEP) or statewide PEP.

The IV-D PEP examines the total number of children in the IV-D caseload born out of wedlock with paternity established or acknowledged compared to the total number of children in the IV-D caseload who were born out of wedlock. The statewide PEP defines its numerator and denominator as follows:

- ♦ *Numerator* — the total number of minor children born out of wedlock for whom paternity has been established or acknowledged during the fiscal year (FY);
- ♦ *Denominator* — the total number of children born out of wedlock during the preceding fiscal year.

The United States Department of Health and Human Services (DHHS) administers this State IV-D performance incentive program through OCSE. IV-D programs submit their performance data annually on the OCSE 157 Report within thirty days of the end of a Federal Fiscal Year. IV-D programs may submit a revised OCSE 157 Report no later than three months after the end of the Federal Fiscal Year. In addition to incentives offered for IV-D performance, States are assessed

penalties for not making progress toward and maintaining certain PEP targets.

Differences Between OCSE and NCHS Counts of Nonmarital Births

State vital statistics agencies provide nonmarital birth data to both State child support agencies that report statewide PEP and NCHS. In turn, State child support agencies use the information to complete their OCSE 157 Reports. Although both start from the same data source (i.e., the State vital statistics agency), there are differences between these two counts of nonmarital births. Three issues in particular appear to be responsible for almost all of the differences:

- ♦ *Counting births by State of occurrence vs. State of mother's residence.* In reporting their statewide PEP denominators, IV-D programs count all nonmarital births occurring within their jurisdictions, regardless of the State of mother's residence; that is, births are counted in the jurisdiction where the baby was born. However, NCHS has typically published nonmarital births categorized by State of mother's residence, that is, in the State where the mother lives. This means that if a mother was a resident of Iowa and gave birth to a nonmarital child in a hospital across the State line in neighboring Nebraska, NCHS would report that nonmarital birth for Iowa, but the Nebraska IV-D agency would report the nonmarital birth on its OCSE 157 Report.
- ♦ *Differences in reporting period.* IV-D programs' OCSE 157 Reports generally reflect data for the Federal Fiscal Year, although some States report by State fiscal year or calendar year. NCHS publishes data for the calendar year.
- ♦ *A shorter time to report data after the close of a reporting period tends to lead to more unreported data.* IV-D programs must report the most recent fiscal year's nonmarital birth data within thirty days of the end of the Federal Fiscal Year. However, since the fiscal year crosses two calendar years, the State vital statistics agencies will not have received all of the nonmarital birth records before the deadline to submit the OCSE

The Story Behind the Numbers

157 Report. By comparison, State vital statistics agencies have up to six months after the end of a calendar year to report nonmarital births to NCHS.¹

In FFY2003, 27 States used the statewide PEP. The first three columns of data in Table 1 (see page 3) show the differences between the number of nonmarital births reported by OCSE (Federal Fiscal Year 2003) and NCHS (Calendar Year 2003) among States using the statewide PEP. The percentage differences range from a low of 0.72% in Texas to a high of 43.90% in the District of Columbia. (NOTE: the District of Columbia difference is largely an anomaly because the major birthing centers for the tri-state region are in the District.)

After retabulating the raw data reported to NCHS to be consistent with the data definitions IV-D programs used for reporting data to OCSE, most of the differences were virtually eliminated, as shown by the data in the fourth, fifth, and sixth columns of Table 1. OCSE attempted to contact States where large differences remained after retabulating the NCHS data. In most cases, States attributed the remaining differences to acceptable practices, as described in the right-hand column of Table 1.

Relationship of Nonmarital Birth Data to IV-D Program Establishment Performance

State child support enforcement agencies may find that the NCHS reports of nonmarital births may provide useful information to forecast caseloads, plan future staffing configurations, improve paternity acknowledgment programs, and direct paternity establishment operations. For example, the percent of nonmarital births to residents appears to be a better predictor of future IV-D applicants in a State than the percent of nonmarital births occurring in the State, since custodial mothers, not their children, are the ones who apply for IV-D services. This factor also would influence a IV-D program's IV-D PEP. A State IV-D program might want to compare its own program trends with those reflected in the NCHS data to make sure it is prepared for changes in service demand and related program performance.

Nonmarital Births in Bordering States

In reviewing the NCHS data files, it appears that IV-D agencies could use data from vital statistics to identify neighboring States where residents are regularly using birthing facilities. States that find that a large number of their residents give birth across State lines would be well served to closely coordinate their paternity acknowledgment and establishment activities with the birthing States. Both States would benefit from coordinated programs to promote in-hospital paternity establishment and from access to each other's birth records. This information would be valuable for States regardless of whether they use the statewide or IV-D PEP. A good example of information sharing is the reciprocal agreement between Washington and Oregon. Either of them can file acknowledgment forms and paternity actions in the other State's vital statistics office without charging fees when a child is born in the other State.

Conclusion

Successful reconciliation of vital statistics birth data reported to OCSE and NCHS indicates that there is no misreporting of data to either agency. Differences between the IV-D-reported and NCHS-reported nonmarital birth counts generally result from: (a) differences in tabulation procedures reflecting the State of the mother's residence or where the birth occurred; (b) differences in the reporting periods reflecting calendar and fiscal years; and (c) varying timelines for reporting and adjusting data to account for corrected and updated counts. Although different from the data reported to OCSE for measuring performance, the published NCHS data can help States plan for the impacts of birthing trends on the IV-D program's performance levels and workload.

Endnotes

¹ The OCSE 157 Report requires that States report the nonmarital births for the fiscal year just ending and the nonmarital births reported on the previous year's OCSE 157 Report for the prior fiscal year. NCHS reports and data would be available to verify the latter but not the former.

The Story Behind the Numbers

Table 1: Reconciliation of Selected States' NCHS and OCSE Nonmarital Birth Data

	OCSE 157 Report (Line 8) FFY 2003	NCHS Final Birth Data CY 2003	Percent Difference	Adjusted NCHS Data*	Percent Difference	Adjusted Reporting Period	Reason for Difference after Retabulating NCHS Data
Alaska	3,410	3,487	2.21%	3,402	0.24%	FFY03	
California	174,823	181,364	3.61%	174,702	0.07%	CY02	
Colorado	16,109	18,519	13.01%	18,677	13.75%	FFY03	
District of Columbia	5,877	4,084	43.90%	5,957	1.34%	FFY03	
Florida	82,876	84,762	2.23%	83,311	0.52%	FFY03	
Georgia	51,074	51,854	1.50%	51,633	1.08%	FFY03	
Hawaii	6,060	6,058	0.03%	6,069	0.15%	FFY03	
Illinois	61,772	64,439	4.14%	62,721	1.51%	FFY03	
Iowa	11,093	11,395	2.65%	11,547	3.93%	FFY03	Vital Statistics agency processed birth records for reporting period after the calculation date for Line 8.
Kansas	12,188	12,475	2.30%	12,309	0.98%	CY02	
Maryland	24,095	26,084	7.63%	24,121	0.11%	FFY03	
Massachusetts	21,973	22,263	1.30%	21,847	0.58%	SFY03	
Michigan	44,255	45,386	2.49%	44,009	0.56%	CY02	
Missouri	27,041	27,426	1.40%	27,406	1.33%	FFY03	
Nebraska	7,290	7,687	5.16%	7,291	0.01%	SFY03	
New Jersey	30,118	34,313	12.23%	33,811	10.92%	FFY03	Vital Statistics agency processed birth records for reporting period after the calculation date for Line 8.
New York	89,776	92,597	3.05%	92,409	2.85%	FFY03	
Ohio	51,623	54,130	4.63%	53,227	3.01%	FFY03	
Oklahoma	15,291	18,915	19.16%	18,049	15.28%	CY02	NCHS includes nonmarital birth data from the Chickasaw Nation; OCSE data does not include them.
Oregon	13,971	14,586	4.22%	14,585	4.21%	FFY03	Vital Statistics agency processed birth records for reporting period after the calculation date for Line 8.
Pennsylvania	47,768	49,547	3.59%	48,903	2.32%	FFY03	
Tennessee	29,129	29,367	0.81%	29,127	0.01%	CY02	
Texas	130,419	129,484	0.72%	127,540	2.26%	FFY03	
Utah	8,653	8,590	0.73%	8,812	1.80%	FFY03	
Virginia	30,445	30,816	1.20%	30,445	0.00%	FFY02	
West Virginia	7,476	7,235	3.33%	7,482	0.08%	FFY03	
Wyoming	1,876	2,186	14.18%	2,047	8.35%	FFY03	

* Adjusted to match the method IV-D agencies use to count nonmarital births on the OCSE 157 report.

The Story Behind the Numbers

U.S. Department of Health and Human Services

Administration for Children and Families

Office of Child Support Enforcement <http://www.acf.hhs.gov/programs/cse/>



The Story Behind the Numbers

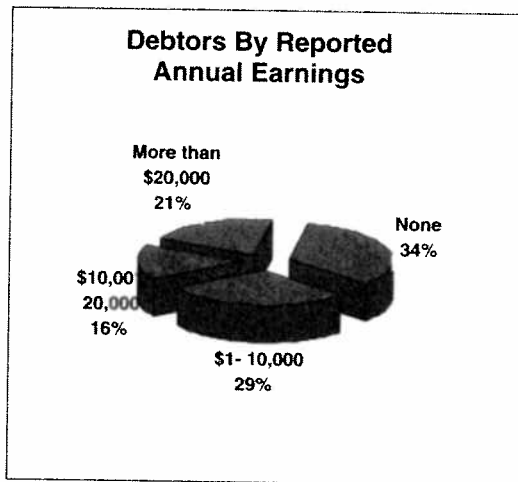
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The Story Behind the Numbers

Who Owes the Child Support Debt?

States report that over \$90 billion has accumulated in unpaid child support since the inception of the federal child support program in 1975. As of April 2003, over \$70 billion was certified by states for the Federal Offset Program. This debt was owed by 5 million debtors in 6.7 million child support cases. The following analysis focuses only on the certified debt.

OCSE wants to know how much of this debt can reasonably be expected to be paid. OCSE did a data match comparing the debtors from the Federal Offset File* with the Quarterly Wage Files**. Here is what we found:



Most child support debtors report little or no earnings.

- 63% of the debtors, holding 70% of the \$70 billion debt, had **reported** earnings of less than \$10,000.
 - 29% had reported earnings between \$1 and \$10,000.
 - 34% had no reported earnings.

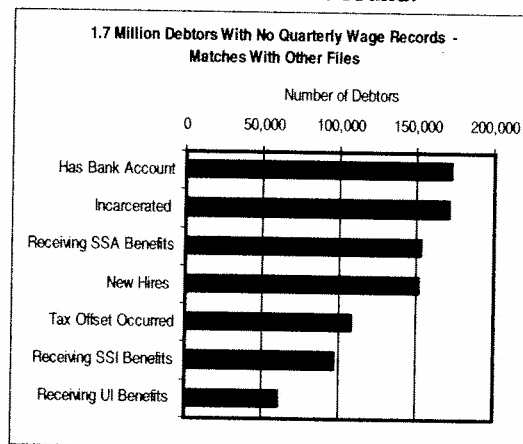
Why do 1/3 of debtors have no reported earnings?

Does this mean they had no income? Not necessarily.

- Not all earnings are reported to state Quarterly Wage files.
 - Only wages for “covered” employment (i.e., employment subject to the state Unemployment Insurance Tax) are required to be reported. For example, earnings for the self-employed and independent contractors are not covered.
 - Federal and military employment are not reported to state Quarterly Wage files. However, these were included in this match done by OCSE.
- Some earnings that should be reported by employers are not.
- Earnings from illegal activities or those being paid “under the table” are not reported.

Why should we be concerned about debtors with no reported earnings?

Because they represent 34% of the debtors and owe over 42% of the certified debt. OCSE did matches of this group with other databases. Here is what we found:



What do we know about these debtors with no reported earnings?

Matches of this group with other databases indicate that:

- 10 % have bank accounts. The value of these accounts is in excess of **\$1 billion**.
 - Over 11,000 debtors had accounts in excess of \$10,000.
- A significant number were receiving federal benefits, such as Social Security and Unemployment Insurance benefits, which are attachable to pay child support.
- Some appeared in the National Directory of New Hires, indicating new employment.
- For others, a Federal tax refund offset to pay child support occurred.
- Others were incarcerated.

What does this tell us?

While it appears that most child support debt is owed by persons with little or no income, does that mean we should forget about collecting on that debt?

No. Further analysis indicates that there are untapped resources available to pay some of this child support debt. Child support enforcement agencies have to systematically utilize tools other than wage withholding to enforce these orders. The purpose of debt analysis isn't to justify writing off debt; it is about being smarter to get debt paid.

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Arrears Management

The best way to reduce the total national child support debt is to avoid accumulating arrears in the first place. The best ways to avoid the accumulation of arrears are to set appropriate orders initially, modify orders via simple procedures promptly when family circumstances change, and immediately intervene when current support is not paid. Parents should share in the cost of supporting their children according to their ability. Designing a system that establishes appropriate orders will encourage payment of child support.

And what do we do about people who have accumulated large debts, but clearly are unable to pay these extremely large debts? In FY 2003, we only collected 58% of current support due. Preliminary data from one state indicate that only about 30% of non-custodial parents with orders make a payment consistently each month. Also, we know that about 50% of the debt is owed to the government. We need to be more creative in finding ways to leverage the old government debt in order to encourage the payment of current support. We need to find a way to do this that avoids sending the message that obligors can ignore support obligations because of the possibility that the state may eventually accept less than the full amount owed. This may mean targeting certain groups of debtors who are low-income and are most likely to accumulate the debt, for interest amnesty or debt compromise programs. We want child support to be a reliable source of income for children.

***Federal Offset File:** The Federal Offset Program assists states with collection of child support debt by enforcing four remedies. States submit cases with child support debt that meet certain minimum requirements.

****Quarterly Wage File:** Employers report wages that were paid to an employee during the quarter, to the state agency, as required by state law. Federal agencies and each state collect quarterly wage data and forward this information to the National Directory of New Hires.

***The Story Behind the Numbers
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