Diana Fortuna

DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of the Assistant Secretary, Suite 600
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

May 18, 1998

MEMORANDUM TO BRUCE REED

Los Angeles County is seeking to reduce the penalty that would be imposed on the State of California for failing to meet the October 1, 1998 date by which the State was to have in place a statewide automated child support enforcement system. The County's basic argument is that it has in place an automated system that "meets Federal certification requirements" and should therefore not be penalized for the State's failure to put in place a statewide automated system. The County's system was developed under waivers granted to the State of California, which permitted the State to claim 90% Federal reimbursement for the costs of the County's system and to operate the system separately as part of the State's statewide system. Both waivers have expired.

There are strong reasons against incorporating LA's proposal into H.R. 3130:

- **Equity.** It would be unfair to treat California differently than other States. The statutory requirement is for a State to have a <u>statewide</u> automated child support system. California did not meet that statutory requirement. The fact that Los Angeles has a functioning (but <u>not</u> a certified) system does not support a reduction in the penalty levied against California for the State's having failed to meet the statewide system requirement.

- **Interstate and intercounty concerns.** The fact that Los Angeles has a functional child support system produces relatively little benefit to California and the national child support enforcement program. We estimate that something like 30% of the national child support enforcement caseload involves parents who live in different states; the percentage who live in different counties, especially in a state like California, no doubt is even higher. Without <u>statewide</u> systems, it is impossible to have an efficient and effective State child support program; without a State-level system, it is very difficult to deal with interstate cases. The focus of the systems requirement is on <u>statewide</u> systems.

- **LA County is not unique.** Several other States (e.g., Michigan, Indiana, Pennsylvania, and Ohio) have implemented functional child support systems in at least some of their counties; but, because they have not implemented such systems statewide, as required by law, they are, like California, subject to a penalty. California's receipt of a waiver and enhanced funding to build a system in Los Angeles is insufficient reason to treat California more favorably that other States. We are concerned that opening this issue up will encourage other States to seek partial exemptions from penalties.

- **Penalty is an internal California issue.** The decision of whether and how to pass along to counties any penalty levied against a State is an internal State decision. Congress should not interpose itself between Los Angeles County and the California legislature.

  We have no indication at this point that CA intends to pass the penalty along to any counties, including LA. We understand that there is some sentiment in the California legislature to absorb the penalty at the State level, at least initially, in order to maintain some control and leverage over county participation in the California child support system.

- **LA County has no special status.** Despite its assertions of special status, Los Angeles has no separate status in terms of its child support automated system. Los Angeles' system has not been, and could not be, certified as meeting Family Support Act requirements. (The recent legislation allowing Los Angeles County to receive enhanced systems funding specifically does <u>not</u> treat the County as a State, and thus is not a precedent relevant to the systems penalty. The majority of funding comes from the State.) California currently has no waiver or any other Federal approval to permit the continued operation of the Los Angeles child support system as a separate system. (California is likely to request such a waiver as part of its efforts to implement a child support system, but has not yet done so.) There is no compelling argument that distinguishes California from the other States that are subject to a penalty.

- **The fact LA received a waiver to develop a system and did so is not relevant.** LA's functioning computer system does not mitigate the fact that CA does not have a system to properly handle all of its cases.

- **Impact on pending child support legislation.** Depending on how language is drafted, this proposal could have financial repercussions for H.R. 3130. It is not clear whether this proposal seeks to reduce the State's overall penalty or whether it would forbid the penalty to be passed on to LA County. If the penalty relief is structured in a way that reduces the entire CA penalty, this would incur costs to the legislation. Alternatively, if the penalty relief is structured only to assist LA County, we may risk undermining our relationship with the State.

- **Timing**. H.R.3130 is still in the process of negotiations, and opening up the legislation for special exemptions may adversely impact the final negotiations for this legislation.

John Monahan
Principal Deputy Assistant Secretary
for Children and Families

THE WHITE HOUSE

WASHINGTON

ASAP.
cc Julie Fernandes

May 6, 1998

MEMORANDUM FOR: JOHN PODESTA
JOSH GOTBAUM
JERRY MANDE
CYNTHIA RICE
RAY FISHER, DEPARTMENT OF JUSTICE
JIM ANGUS, DEPARTMENT OF JUSTICE - INS
LANCE SIMMENS, HEALTH AND HUMAN SERVICES

FROM: Lynn Cutler and Karen Skelton KES

SUBJECT: Briefing for the Los Angeles County Board of Supervisors

CC: Mickey Ibarra
Dawn Smalls
Jill Pizzuto

Thank you for agreeing to meet with the Los Angeles County Board of Supervisors on Thursday, May 7, in the Vice President's Ceremonial office in room 274 of the Old Executive Office Building.

The agenda for this closed press briefing is as follows:

10:00	Greeting by Lynn Cutler and Karen Skelton
10:05	John Podesta, Overview of Presidential Priorities
10:20	Mickey Ibarra, Intergovernmental overview
10:30	Ray Fisher wanted Holder - topic unclear
10:45	Jim Angus 2 topics?
11:00	Cynthia Rice/Jerry Mande - Tobacco
11:15	Lance Simmens
11:25	Josh Gotbaum

In attendance from Los Angeles County will be the five County Supervisors, Los Angeles District Attorney Gil Garcetti, Undersheriff Jerry Harper, and approximately twenty Washington representatives and staff. Several of the supervisors have been strong supporters of the Administration. This meeting will provide an opportunity for the supervisors to present their agenda for strengthening cooperation between the Administration and Los Angeles County.

A few basic facts about Los Angeles County. The population is approximately 9,600,000 residents and covers an area of 4,083 square miles. The County encompasses 88 incorporated cities. Each supervisor represents widely diverse populations of nearly two million citizens; each county district is represented by two or three Congressional Members, with a total of 17 U.S. Representatives from Los Angeles County.

In 1912, Los Angeles voters approved the Charter County form of government, with a five-member Board of Supervisors. Supervisors are elected by district to serve four-year alternating terms at elections held every two years.

Possible discussion items include national tobacco legislation, naturalization, eligibility of legal immigrants for food stamps, child health programs, Los Angeles County drainage area, reimbursement of criminal alien incarceration costs, and automated child support systems.

LOGISTICS

When you arrive, Lynn Cutler will briefly introduce you.
Please plan to deliver brief opening comments and then answer questions.

YOUR ROLE AND CONTRIBUTION

Over the past few years, the Administration has enjoyed strong relations and a positive, open dialogue with the Los Angeles County Board of Supervisors. This meeting will enable you to convey the Administration's policy agenda and epress your concerns for the implications of upcoming legislative issues for Los Angeles County.

Aside from John Podesta, who will give an overview of Presidential priorities, each of you has been asked to participate for your expertise. Please be prepared to answer specific questions, and when possible, please be as specific to Los Angeles as possible.

PARTICIPANTS

Elected Officials

Hon. Yvonne Brathwaite Burke (D), Chairman of the Board of Supervisors, Third District
Hon. Don Kanbe (R), Supervisor, Fourth District
Hon. Gloria Molina (D), Supervisor, First District
Hon. Zev Yaroslavsky (D), Supervisor, Third District
Hon. Michael Antonovich (R), Supervisor, Fifth District
Hon. Gil Garcetti, Los Angeles District Attorney
Hon. Jerry Harper, Undersheriff

County Departmental Representatives

Lynn Bayer, Director, Public School Services
DeWitt Clinton, County Counsel
John Clemons, Principal Analyst, Intergovernmental Relations
Mark Finucane, Director, Health Services
Jonathan Freedman, Principal Analyst, Intergovernmental Relations
David Janssen, Chief Administrative Officer
Geraldine Kariya, Assistant Administrative Officer, Intergovernmental Relations
Marshall Langberg, Assistant Division Chief, Intergovernmental Relations
Harry Stone, Director, Public Works.

Approximately fifteen Washington representatives and staff members.

Thank you for participating in this briefing. If you have any questions, please call me at 6-2896.

Di Fr → Erskine

John → "on P desk"

talked bef mtg

GG: Conflicting signals

Not opposed? — John not opposed easier

Arr 3:15 Sacra ET
Garcetti
ofc 213 - 889 - 3410
La 3418

built computer
req'd mainframe

What LA system don't do was by agreement w/ feds
up in 10/95, largest in US, beat deadline

fri deadline - Thurs

In the tank

Will call from Cinci

25% LA Cty / CA

Yr 1 - LA Cty - 1.5m
2 - 3m
3 - 6m

Frohman
622-1906
David Smith
Anty Andrews from
AFLCIO

Larry Silverman DD diff Roth + Shaw
- another ~~krg~~
Roth / Shaw
213 - 889 - 3410

Garcetti: 3130 Hse

Roth willing if we say OK
+ Shaw

LA been a model
cutting edge

VP & Podesta

THE WHITE HOUSE
WASHINGTON

– desperately wants to cave

Gutless – Podesta driving nuts

Is there? LA County

Talked to DS – dumb idea
DCOS less luck
Whose conf? Shaw
VP leg people
Comm → Shaw: willing
Spt ltd only big c's allws –
Tech feasible getout?

Kay

— "worked tog."

THE WHITE HOUSE
WASHINGTON

VP → 225.1025

ask Haskins?

– where

whether our view makes 9 diff

Garcetti ≠ Shaw

Got small $ last yr. agreed

Don't want to take lead

So RH sd so, but if someone else tk strong pos, wld go along, W/dn't cause trouble

Dsn't think

—

LA County

Letter: Health and Human Services has also recently recognized that LA County's system could be certified separately in its March 2, 1998 proposed rules (42 CFR Part 307)

This is not true. The March 2, 1998 notice of proposed rulemaking refers to the proposed allocation of the $400 million in enhanced funding for PRWORA enhancements. Los Angeles drafted and succesfully sought enactment of a amendment in the Balanced Budget Act of 1997 that specified that Los Angeles should be treated as a separate system in the allocation of the enhanced funding amount States and territories. The NPRM simply complies with the statute. It makes no mention of certification of the Los Angeles automated system.

Bullet # 1
Los Angeles was never required to develop its own automated system. The former Administrator of FSA, Wayne Stanton, prior to the requirement of a single statewide CSE system, offered 1115 waivers to several large counties to demonstrate the benefits of automation for their counties. Wayne County, Michigan and other counties declined the offer to submit a 1115 waiver. Again, Los Angeles county was not required to develop a CSE system. Other jurisdictions declined the offer of enhanced funding.

Bullet # 2
Los Angeles did not meet its child support collections required under the 1115 waiver.

Betsy and Gaile calculated that LA county owed us about $3000 for having missed the FY94 collection target (repayment of the difference between 90% and 66%). Wayne Doss agreed to submit an adjusted county claim for this amount. He wanted to avoid a letter from us because of fears about bad publicity.

For FY95, they missed the target by $19 million, and would owe us about $4.5 million. I don't know if they ever submitted their last collection report. Gaile has some spreadsheets on this but there might be more in the official file, wherever it is.

Bullet #3
Los Angeles county did implement the portion of the alternative system configuration that they were required to by February 5, 1995, but it isn't full statewide functionality. Los Angeles was not required to have certain statewide functionality such as interstate case processing.

Bullet #4
Los Angeles was not permitted to submit its Advance Planning Documents and accounting documentation directly to ACF. It was required to submit them through the State. This process is the same for other California counties seeking interim funding for their automated systems prior to 1992 and for States who have separate projects. (i.e. the Statewide CSE system may be a

separate project and require a separate APD than the Data Center project which is also a separate project. But both most be submitted by the State) We provide funding approval to the State, not the county.

Bullet #5
ACF has never reviewed the interface to the SACCS system which is no longer operational. We can not verify or dipute this statement.

Bullet #6
Los Angeles sought special legislation to obtain the enhanced funding for PRWORA enhancements. They wrote the proposed legislative amendment so that it would apply only to Los Angeles.

Bullet #7
Again, Los Angeles was not required to develop a separate automated system for their county. They did receive $55 million reimbursable at 90/10% Enhanced FFP for their county automated system, which none of the other jurisdictions receiving alternative system configurations received, but ACF did not "require" them to accept the enhanced funding.

cc Cynthia Rice
Barbara Chow
Edwin Lau
HHS { John Monahan
Lauren Griffin
Note Feinstein letter.
—Diana

faxtransmittal

Date: April 24, 1998

To: Diana Fortuna
Office of Domestic Policy, The White House

Fax #: (202) 456-7431 / 202-456-7028

Phone: 456-5570

Subject: Los Angeles Child Support Penalties

Pages: ~~4~~ 13 (including cover sheet)

Comments:

Enclosed you will find a number of documents that I believe are helpful in advancing our position that Los Angeles County should be exempted from any child support automation penalties.

Enclosed you will find two Los Angeles Times Editorials that spoke to this issue; a letter from Senator Feinstein to the president on this matter; a list of specific points indicating the unique nature of Los Angeles County's exemption and finally the remarks of Los Angeles County District Attorney Gil Garcetti on this matter.

I truly appreciate your time on this matter. As you can tell, this issue is of grave concern to this office and the well being of children throughout California.

Robin Rushdan

LAWRENCE S. SILVERMAN
Legislative and Policy Coordinator
Los Angeles County District Attorney
Bureau of Family Support Operations
5770 South Eastern Avenue
Commerce, California 90040-2924
(213) 889-3410
FAX (213) 838-9545
PGR (800) 467-3700 PIN 6047263

DIANNE FEINSTEIN
CALIFORNIA

COMMITTEE ON FOREIGN RELATIONS
COMMITTEE ON THE JUDICIARY
COMMITTEE ON RULES AND ADMINISTRATION

United States Senate

WASHINGTON, DC 20510-0504

(202) 224-3841

April 8, 1998

The Honorable William Jefferson Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C., 20500

Dear Mr. President:

I am writing to urge the Administration to support an exemption for Los Angeles County from the penalties imposed on states for not having a certified child support enforcement system as required under the 1988 Family Support Act and the 1996 Welfare Reform.

As you may know, both the House and the Senate have recently passed different versions of the Child Support Performance and Incentive Act, HR 3130, which lowers the penalties imposed on states who missed the October 1, 1997 deadline.

Neither bill provides exemptions for Los Angeles County despite the fact that L.A. County has successfully completed its system by the October 1997 deadline. In 1989, Health and Human Services provided separate funding for L.A. County and urged L.A. County to create its own system separate from the rest of California because of its large caseload, which is larger than 42 other states. Health and Human Services has also recently recognized that L.A. County's system could be certified separately in its March 2, 1998 proposed rules (42 CFR Part 307).

Both Representative Shaw and Senator Roth's staff have indicated that their members will support a penalty exemption for L.A. County if the Administration demonstrates its support. Your action now is key to continuing the LA County federal success model.

For California, 25 percent of the penalty will be borne by LA County, the largest county in the nation serving 550,000 families.

Mr. President, this is an urgent and time sensitive matter since the Conferees will meet soon to determine whether L.A. County will be exempted from the penalties in the final bill. I urge you to support this provision in conference and I would appreciate your timely response. Please let me know as soon as possible.

With warmest personal regards.

Sincerely yours,

Dianne Feinstein
United States Senator

DF:jd
cc: Mayor Richard Riordan
Gil Garcetti, Los Angeles County District Attorney
Members of the Los Angeles County Board of Supervisors
Members of the Los Angeles City Council

Los Angeles Times
Editorial
1/29/98

The Poor Would Pay This Penalty

The politicians in Washington have a darned odd if not heartless way of helping people in dire need. The president and the Congress supposedly have a goal of assisting custodial parents in collecting child support payments. Now, penalties loom for California and the 15 other states and territories that have been unable to construct statewide child support computer tracking systems, as required by federal law.

Here's the travesty. The states that failed now face the loss of temporary aid to needy families. In California, that amounts to $3.7 billion in block grants. What lunacy. This policy would cause endless pain to poor mothers and their children.

Moreover, Los Angeles County, which was allowed to create its own computer tracking system and has successfully done so, figures to be penalized along with the rest of California, according to a staffer of the House human resources subcommittee. A hearing on the matter is scheduled for today.

"They've had years to do this," the staffer insisted. Yes, but the federal government was three years late in promulgating guidelines on how computer tracking systems ought to work. What penalties did the government face for that?

Now. Rep. E. Clay Shaw Jr. (R-Fla.), who chairs the human resources subcommittee, has the opportunity and the apparent inclination to come up with reduced sanctions. That's the right thing to do. Los Angeles County should be praised, not penalized, for its efforts. Congress has a lot to learn about humanity if that does not happen.

RD

B14 THURSDAY, DECEMBER 4, 1997 / VC

LOS ANGELES TIMES EDITORIALS

And the Kids Pay the Price

U.S. and state bungling on child support payments has abounded

For nine years now, bunglers in Sacramento and Washington have collectively jeopardized the well-being of millions of poor California children who are owed child support payments. Those children and their custodial parents figure to lose big because of $4 billion in outlandish federal penalties.

As of Dec. 31, the state will be officially out of compliance with a federal mandate to computerize child support data. Washington has threatened to withdraw $240 million earmarked for the computer project itself. But far more harmful, a block grant of $3.7 billion for temporary aid to needy families, such as mothers and children without child support, may be lost because of the state's inability to develop a statewide, automated child support tracking system.

This is the unanticipated result of the federal Family Support Act of 1988, a law that was meant to help children, not penalize them. Now, congressional action is needed to preserve benefits for these youngsters.

There's plenty of blame to spread around. Early on, the Californians in Congress should have pointed out that the state would need much more time, but they didn't. The ammunition clearly was at hand: California has more child support cases than the next two most populous states combined.

Federal officials were three years late in promulgating guidelines. Their absurd suggestion to California was to emulate New Hampshire's statewide system. New Hampshire has fewer residents than the San Fernando Valley and fewer than 45,000 support cases. California has nearly 2.4 million cases.

Part of the irony is that federal officials recognized that Los Angeles County's child support caseload was so huge it deserved to have its own computer system, separate from the rest of the state. That has resulted in a system that works well for Los Angeles. The state, because of its own enormous caseload, should have been given some special consideration as well, along with more time to get a system in place.

Meanwhile, state officials doggedly pursued a computer system designed by Lockheed-Martin-IMS that simply did not meet California's needs. State officials didn't drop the project until this month, a year or more later than they should have.

California has rightly, if belatedly, decided to work on another computer system. Perhaps as many as two or three regional computer systems will be required to handle the caseload. Now, congressional action is required to give California and as many as 16 other states more time and/or to reduce the scope of the federal penalties faced by each. Both are warranted. Children should not be punished for the ineptitude of so many of their elders.

020

WHY LOS ANGELES COUNTY SHOULD BE GRANTED AN EXEMPTION FROM ANY CHILD SUPPORT SYSTEM PENALTY IMPOSED AGAINST CALIFORNIA

- Los Angeles County is the only local jurisdiction in the country, not a state or territory, that was required by the federal Department of Health and Human Services to develop its own child support automation system.
- Los Angeles County was the only jurisdiction in the country, not a state or territory to receive enhanced federal funds. In exchange for federal funding, the county was required to double child support collections in five years to help offset the federal cost, which it did.
- Los Angeles County fully implemented its system on February 5, 1995 prior to the original October 1, 1995 federal deadline.
- Los Angeles County was required to submit separate Advance Planning Documents and separate accounting documentation than those required for the state project.
- Los Angeles County has accomplished everything that the federal government required of it including building a link to the now failed California State System.
- Los Angeles is the only jurisdiction, not a state or territory recognized to receive federal funding to make automation modifications necessary to accommodate the requirements of Welfare Reform.
- While four other federal waivers were granted, all were at the request of states, none was required by the federal government and none was granted separate funding.

kd

REMARKS BY LOS ANGELES DISTRICT ATTORNEY GIL GARCETTI REGARDING CHILD SUPPORT AUTOMATION PENALTIES

Experts suggest that a society can be judged by the way it treats its children. The importance we place on meeting such basic needs as economic security, quality education, health care and childcare is a valid measure of our commitment not only to our children but also to our future as a nation.

Measured against this standard, the United States is in danger of being judged harshly. Unless Congress acts to make dramatic changes to current law, millions of single parent families will soon lose grasp of one of the sole remaining strings in the safety net left to them in the wake of welfare reform. Because of failed efforts by many states, including California, to build child support computer systems, more than half of all children in the United States could find their access to child support services eliminated or drastically reduced at the very time they are needed most.

Sadly, child support enforcement is one of the crucial services modern government provides it youngest and neediest citizens. With alarming frequency, children have become the innocent victims of one or another of the growing social dysfunctions of modern day adulthood--broken marriages and soaring out of wedlock birth rates. Children raised in these situations are far more likely to drop out of school, to become participants in our juvenile justice system and, ultimately, to be charged in our criminal justice system. The risk of these unwanted outcomes is magnified when children do not receive financial support from an absent parent.

While child support cannot take the place of a caring parent, the regular receipt of child support can play an important role in helping children to reach their full potential. The failure of parents to provide emotional support for their children is deplorable; the failure to provide financial support is unlawful.

In California, the ultimate responsibility for enforcing support obligations belongs to district attorneys. With the advent of welfare reform and strict limits on the receipt of benefits, the role of district attorneys in enforcing child support orders will be more crucial than ever in helping families move from dependency to self-sufficiency.

Ironically, the ability of district attorneys to provide support enforcement services is imperiled at the very time that many families will need the help most. The threat comes in the form of enormous financial penalties that the federal government is poised to levy against California. Why? Because the state failed to meet federal deadlines for developing a child support automation system that would link the efforts of district attorneys throughout California.

Actually, the federal government approved <u>two</u> computer developments for California: the first to serve Los Angeles County, whose program is larger than 42 states, and the second to serve the other 57 counties. In Los Angeles County, the District Attorneys office succeeded in bringing its child support system on-line in February 1995. It has been operating with increasing success ever since.

Unfortunately, the state of California failed to meet the federal government's October 1, 1997 deadline for completing its system development. As a result , under federal law, the state now faces a penalty in the form of a loss of all federal welfare funds (called TANF for Temporary Assistance to Needy Families) as well as all federal child support funding. This amounts to a $4 billion annual penalty. Make no mistake: This is a penalty against the children of California. The loss of services will hit them directly and severely.

Paradoxically, even though Los Angeles County met the federal deadline and fulfilled all the requirements placed on its automation development by the federal government, children and families here will be forced to share in the penalty along with their counterparts in the rest of the state.

California is not alone in this predicament. Altogether, fourteen states, the District of Columbia and the Virgin Islands failed to meet the October, 1997, federal deadline. Added together, the combined child support caseloads of these states represent more than half of all child support cases in the country. As a recent report by the General Accounting Office suggests, the blame for the current predicament does not belong to states alone. The federal department of Health and Human Services and private vendors must share responsibility, as well. Still with the future of so many children at risk, the focus must be shifted from fixing blame to ensuring that states achieve automation as soon as possible while at the same time fostering the delivery of essential benefits and services. It does no good to penalize states if the true consequences are exacted from families.

Congress must take immediate action to replace the current "nuclear"penalty with a new approach designed to encourage states to complete automation projects as soon as possible. In our view, a system of targeted penalties which escalate over time but which is limited to a portion of a state's child support funding makes the most sense. In addition, states that meet defined milestones toward completion of their automation development should be accorded substantial forgiveness of the penalty for each year they make satisfactory progress. Importantly, Congress must recognize the success achieved by the Los Angeles County District Attorney office in completing its automation effort on time and within budget. To do so, Congress should exclude Los Angeles County's federal funding when calculating prospective penalties against California. If the purpose of penalties is to ensure future compliance with federal requirements, there is no rationale purpose to be achieved by levying penalties against an agency which did all that was asked of it.

While automation setbacks in California and elsewhere are regrettable, it makes no sense to respond by slashing services to children in need. Rather than looking for ways to mete out punishment, federal, state and local officials must cooperate to identify more resources with which to fight the scourge of child poverty. If we don't, we will deserve whatever judgment history gives us.

Proposed language is on page #3

II

105TH CONGRESS
2D SESSION

S. 1798

To provide for an alternative penalty procedure for States that fail to meet Federal child support data processing requirements.

IN THE SENATE OF THE UNITED STATES

MARCH 19, 1998

Mrs. FEINSTEIN introduced the following bill; which was read twice and referred to the Committee on Finance

---

A BILL

To provide for an alternative penalty procedure for States that fail to meet Federal child support data processing requirements.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ALTERNATIVE PENALTY PROCEDURE FOR CHILD SUPPORT DATA PROCESSING REQUIREMENTS.

(a) IN GENERAL.—Section 455(a) of the Social Security Act (42 U.S.C. 655(a)) is amended by adding at the end the following:

"(4)(A) If—

"(i) the Secretary determines that a State plan under section 454 would (in the absence of this paragraph) be disapproved for the failure of the State to comply with section 454(24)(A), and that the State has made and is continuing to make a good faith effort to so comply; and

"(ii) the State has submitted to the Secretary a corrective compliance plan that describes how, by when, and at what cost the State will achieve such compliance, which has been approved by the Secretary,

then the Secretary shall not disapprove the State plan under section 454, and the Secretary shall reduce the amount otherwise payable to the State under paragraph (1)(A) of this subsection for the fiscal year by the penalty amount.

"(B) In this paragraph:

"(i) The term 'penalty amount' means, with respect to a failure of a State to comply with section 454(24)—

"(I) 4 percent of the penalty base, in the case of the 1st fiscal year in which such a failure by the State occurs;

"(II) 8 percent of the penalty base, in the case of the 2nd such fiscal year;

"(III) 16 percent of the penalty base, in the case of the 3rd such fiscal year; or

"(IV) 20 percent of the penalty base, in the case of the 4th or any subsequent such fiscal year.

Proposed language

"(ii) The term 'penalty base' means, with respect to a failure of a State to comply with section 454(24) during a fiscal year, the amount otherwise payable to the State under paragraph (1)(A) of this subsection for the preceding fiscal year, minus the applicable share of such amount which would otherwise be payable to any county to which the Secretary granted a waiver under the Family Support Act of 1988 (Public Law 100–485; 102 Stat. 2343) for 90 percent enhanced Federal funding to develop an automated data processing and information retrieval system provided that such system was implemented prior to October 1, 1997.

"(C)(i) The Secretary shall waive a penalty under this paragraph for any failure of a State to comply with section 454(24)(A) during fiscal year 1998 if—

"(I) by December 31, 1997, the State has submitted to the Secretary a request that the Secretary certify the State as having met the requirements of such section;

Federal Register / Vol. 63, No. 40 / Monday, March 2, 1998 / Proposed Rules

Conditions That Must Be Met for 80 Percent Federal Financial Participation

Pub. L. 104–193 provides enhanced funds to complete development of child support enforcement systems which meet the requirements of both the Family Support Act and PRWORA. From this we conclude that no change in the conditions for receipt of funds was anticipated by Congress. Thus, we propose to retain in 45 CFR 307.31 the same conditions for receipt funds at 80 percent FFP which appear at § 307.30 (a), (b), (c), and (d) and apply to claims for FFP at the 90 percent rate.

Throughout this notice of proposed rulemaking we use "State" as the inclusive term for States, Territories and approved systems as described in 42 U.S.C. 655(a)(3)(B)(iii) (section 455(a)(3)(B)(iii) of the Act) as added to the Act by section 5555 of the Balanced Budget Act of 1997 (Pub. L. 105–33). The technical amendments to section 455(a)(3)(B) of the Act changed the entities included in the allocation formula by adding "system" to States and Territories. For purposes of this proposed rule, a system eligible for enhanced funding is a system approved by the Secretary to receive funding at the 90 percent rate for the purpose of developing a system that meets the requirements of section 454(16) of the Act (42 U.S.C. 654(16)) (as in effect on and after September 30, 1995) and section 454A of the Act (42 U.S.C. 654A), including a system that received funding for this purpose pursuant to a waiver under section 1115(a) of the Act (42 U.S.C. 1315(a)). We believe that the Los Angeles County child support enforcement system is the only non-State system which meets these requirements.

Note!

COMPARISON OF FIRST NINE MONTHS PERFORMANCE
FOR PAST THREE YEARS
OFFICE OF THE DISTRICT ATTORNEY
COUNTY OF LOS ANGELES
BUREAU OF FAMILY SUPPORT OPERTATIONS

SUPPORT ORDER COLLECTIONS

	JULY- MARCH
1995-96	128,878,263
1996-97	136,615,343
1997-98	173,420,138
	(26.9% increase over previous year same period)

COURT ORDERS ESTABLISHED

1995-96	18,271
1996-97	20,790
1997-98	38,539
	(85.4% increase over previous year same period)

PATERNITIES ESTABLISHED

1995-96	26,128
1996-97	28,423
1997-98	54,768
	(92.7% increase over previous year same period)

EARNINGS ASSIGNMENT COLLECTIONS

1995-96	54,798,504
1996-97	66,933,017
1997-98	86,334,606
	(29.0% increase over previous year same period)

*Could be finished today - get details

Karen + Kay
Monahan & Co.
Lauren

Morgan Roth
Chafee
Baucus Brasley

OK not to oppose
What does it mean - do not oppose

last issue - Penalty structure
off the table CA

Impt to finish bef Mem Day

Narrow relief

If in conf -

Burden on CA Sens

5/15

~~Juanita Sislow Hart Research~~

~~Recruitmt i spec res proj~~
~~Wld like to include me~~
~~1-800-390-1819~~

~~Nicole~~
~~1-1 interv~~
~~commandch~~

Kam -
Talked to Ron, int'd, had'nt seen lang; who wld say bal of penalty
Karen → Larry - went further - sd spt.

Curtesy - sounds like want to cave

- Lauren Chow, Larry Silverman

- ~~f~~ misimpression,