

Fact Sheet

Performance Audit of the Statewide Child Support Collections and Disbursement Unit

In 1996, Congress effectively required that states develop highly automated state disbursement units (SDUs) to collect and disburse child support payments. The Department of Public Welfare contracted with Lockheed Martin to develop and operate such a unit for Pennsylvania. The SDU, located in Middletown, became fully operational in October 1999. Previously, this function had been the responsibility of county courts and their Domestic Relations Section (DRS) staff.

Findings: The report has 15 findings, including:

- ***DPW, its SDU vendor, and county DRS staff have taken steps to address many of the initial implementation problems.*** As occurred in other states, Pennsylvania's SDU immediately encountered startup problems. Steps were quickly taken to resolve or mitigate these issues but, as described in the report, significant problems remain. (p. 6)
- ***Parents do not have one place to obtain answers to questions about child support payments.*** The SDU's Customer Service staff did not have the expertise necessary to answer the questions they were receiving. DPW therefore allowed the SDU vendor to limit the information its staff provided and to refer other questions and problems to county DRS offices. Some DRS offices were not prepared to reassume these responsibilities and, until recently, did not have access to key information needed to answer certain payment questions. Parents and employers could thus find themselves being referred back and forth between SDU and county staff. (p. 7)
- ***The SDU vendor appears to be adhering to federal timeliness requirements, but payment delays can still occur.*** Virtually all "clean" payments, i.e., payments that contain all the information SDU requires, are disbursed within two business days. However, a family's child support can be delayed for a variety of other reasons that exempt them from the timeliness requirement. (p. 8)
- ***Families may not receive their child support if the payment is misapplied.*** This can happen if their payment is posted to the wrong account and if the SDU does not assume responsibility for the error (e.g., if the employer makes the error). DPW believes, incorrectly in our opinion, that federal rules prohibit them from establishing offsets to recover misapplied payments, a common practice when counties were disbursing funds. (p. 10)
- ***The SDU's posting practices can cause some families to lose their monthly child support.*** The SDU posts checks on the date received even if the check is not negotiable until a later date. In some situations (e.g., when an employer sends the withholding check prior to the month in which it is due), this can result in the monthly support check being diverted to pay past welfare arrears. When this happens, the family permanently loses that month's child support payment. DPW has recently taken steps to avoid this problem for some families. (p. 12)
- ***Non-custodial parents who have paid their child support on time can be improperly referred for enforcement actions.*** These situations can arise, for example, because of the SDU's procedures and the way in which DPW's automated enforcement system is programmed.
- ***Problems with payment coupons.*** SDU software problems caused former employees to remain on employer payment coupons, causing problems for employers and contributing to payments being sent to the wrong families. (p. 13)

Recommendations: The report contains 14 recommendations (pp. 22-27), including that DPW should:

- Work with county DRS offices to re-establish them as the primary point of contact for customer services.
- Assure that all families whose payments are posted to the wrong account are made whole. To accomplish this, we recommend establishing a separate account to be replenished through refunds of the misapplied payments.
- Require the SDU vendor to assume financial responsibility for misapplied payments resulting from its failure to add or remove employees from an employer's payment coupon.
- Allow county DRS staff to request changes to the "collection date" from the date the check is posted by SDU to the date on the check if the family would otherwise have its monthly support payment diverted to welfare arrears.
- Pay the custodial parent the interest earned on "unidentified" payments that are not disbursed within 30 days. DPW now uses this interest to help offset the cost of the SDU contract.
- Better inform families and employers on DPW's child support policies and procedures and how they can affect child support payments.
- Revise the contract with its SDU vendor, particularly with regard to customer services and the situations under which the SDU can send checks back to employers rather than research and correct the problem.
- Audit the bank accounts managed by the SDU vendor that use the Commonwealth's federal ID number.
- Improve communications among all parties, but particularly between DPW and the county courts and DRS offices.