



3 of 11 DOCUMENTS

Copyright 1999 Times Mirror Company
Los Angeles Times

May 7, 1999, Friday, Home Edition

SECTION: Part A; Page 3; Metro Desk

LENGTH: 949 words

HEADLINE: HUGE PENALTY LOOMS IN CHILD SUPPORT SNAFU;
GOVERNMENT: FAILURE TO CREATE ONE OVERALL COMPUTER SYSTEM COULD COST STATE \$4.3
BILLION IN WELFARE FUNDS, FEDERAL OFFICIALS WARN.

BYLINE: NICHOLAS RICCARDI and GREG KRIKORIAN, TIMES STAFF WRITERS

BODY:

California's chronic failure to create a statewide computer system for child support payments may take a staggering toll on its treasury, with federal officials warning they may impose up to \$ 4.3 billion in new penalties, officials confirmed Thursday.

The potential fines arise from the lack of a federally mandated computer system for which the state already faces cumulative penalties of up to \$ 400 million.

In recent days, federal officials have told the state that California also faces the loss of funds for its welfare program because it does not have a federally required single system for distributing child support collected for low-income families. Instead, that money is disbursed by county district attorneys, who have long resisted efforts to make them relinquish the child support program.

"It is an absolutely staggering, indeed crippling, amount in penalties ," state Sen. Adam Schiff (D-Burbank) said Thursday by phone from Washington, D.C., where he and other legislators were meeting with federal officials to demonstrate their resolve to reform California's child support system.

"If the prior penalties were a hammer," Schiff said, "this is a death-delivering club."

Although there are several steps to be taken before any penalties are actually imposed, the federal government is sending an clear message that it is prepared to imposed substantial fines if the state does not eventually comply.

The state has several options. It can appeal the federal findings within 60 days, or simply let the Health and Human Services decision stand, which would trigger an automatic reconsideration by Washington.

Said Assemblywoman Dion Aroner (D-Berkeley): "The feds are sending us another signal: . . . 'Get your house in order and do it quickly.' "

HUGE PENALTY LOOMS IN CHILD SUPPORT SNAFU; GOVERNMENT: FAILURE TO CREATE ONE OVERALL COMPUTER SYSTEM COULD COST STATE \$4.3 BILLION IN WELFARE FUNDS, FEDERAL OFFICIALS WARN. Los Angeles Times May 7, 19

Although the letter to the state from the U.S. Department of Health and Human Services was dated last Friday, Schiff said he and some other lawmakers only learned of the potential fines this week when they were in Washington, D.C., to meet with federal officials on a variety of legislative issues including reform of the child support system.

On Tuesday, Schiff, Aroner and others discussed the potential fines during meetings that included a session with Health and Human Services Secretary Donna Shalala.

During that meeting, officials said, Shalala made it clear the agency still has some long-held concerns about California's child support program, specifically concerning its lack of a single computer system which was mandated years ago by Congress.

Facing some \$ 400 million in penalties, state officials have been addressing the lack of a single computer system with increasing haste. Gov. Gray Davis so far has maintained that the counties should be responsible for the fines because they--not the state--are responsible for delays.

Now the stakes have increased considerably, with the federal government warning that California's failure to implement a so-called State Disbursement Unit for welfare-related child support cases puts the entire \$ 4.3 billion in welfare funding at risk.

"It's unfathomable," Aroner said of the level of potential penalties. "You sit there and say it's ridiculous, it'll never happen, but people are looking at a Congress that would be happy to take money away."

Anita Gore, spokeswoman for the state Health and Human Services Agency, said, "Certainly, we are taking it very seriously. We do believe that we can work with the federal government on this to reach an agreement."

State sources are hoping they will be able to avoid the penalties through negotiations and increased work on child support reform, and officials in Washington said Thursday that they are keeping their doors open.

"We're doing everything we can to work with the state," said one Health and Human Services spokeswoman. "The most important thing is to keep the money coming to the kids. That's the reason for the law in the first place."

Several state officials said they believe they are making the case in Washington that California is ready to reform its child support system, the nation's largest and, by many accounts, its worst.

Schiff, for example, said he believes Shalala was impressed with the resolve of California lawmakers to take dramatic steps on child support.

"We made it clear to her we are aggressively moving toward one computer system, that we are taking unprecedented action toward elevating the status of child support in the state, creating a new department and taking the program away from the district attorneys over time," said Schiff, who chairs the Senate Judiciary Committee.

Still, he and others were not discounting the possibility that the federal government, weary of California's excuses, will impose penalties.

"We have just begun the process of appeals and I think we have a good strong start at it," said Schiff. "But I am not willing to take any breaths yet."

Longtime child support advocates said Thursday that the latest threatened penalty only underscores how state officials have believed, mistakenly, that they could skirt federal regulations indefinitely.

"The state, driven by the counties that wanted to operate just as they had been, figured they could just continue on without penalties," said Leora Gershenzon of the National Center for Youth Law.

HUGE PENALTY LOOMS IN CHILD SUPPORT SNAFU; GOVERNMENT: FAILURE TO CREATE ONE
OVERALL COMPUTER SYSTEM COULD COST STATE \$4.3 BILLION IN WELFARE FUNDS, FEDERAL
OFFICIALS WARN. Los Angeles Times May 7, 19

Added Nora O'Brien, state director of the Assn. for Children for Enforcement of Support: "Once again, children will suffer because of the failure of the system."

"Failure to Provide," a series of stories from last fall on the dysfunctional state of Los Angeles County's child-support system is available on The Times' Web site:

<http://www.latimes.com/support>

LOAD-DATE: May 7, 1999