

Returning Veterans and Child Support Arrears



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RETURNING VETERANS AND CHILD SUPPORT ARREARS

Cursory Statistical Overview

Veterans from the Afghanistan and Iraq face a wide array of significant challenges when they return home. Since October 2001, approximately 2.1 million troops have been deployed in support of both Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF), with 30,000 troops returning to California annually. About one-third of OEF/OIF veterans suffer from Post-Traumatic-Stress Disorder (PTSD), major depression, or Traumatic Brain Injury (TBI).



In addition, OEF/OIF veterans between the ages of 20—24 have the highest suicide rate among all veterans, and are nearly four times more likely to harm themselves than civilians from the same age group. Additionally, the problems encountered by veterans are not experienced in isolation; they can have a devastating impact on spouses, children, families, and our neighborhoods and communities. Though President Obama's administration has approved an unprecedented amount of funding to protect veterans against poverty, quality of life for veterans often fall victim to unforeseen or looming legal barriers. A family law matter, child support, evictions, warrants, license revocation, excessive probation fees perhaps are just a few examples of the legal barriers veterans face daily.

Of the millions of veterans living in the US, 1.5 million are female and 9 million are 65 and older. Thirty-five percent of all veterans served during the Vietnam Era (1964-1975), 4.5 million served during the Gulf War (August 2, 1990 to present), 2.3 million served in WWII, 2.7 million served in Korea, and 5.6 million served during peace time.¹

1

(www.census.gov/newsroom/releases/archives/facts_for_features_special_editions/cb10-ff21.html).



Where Veterans Live

The states with 1 million or more veterans include California (highest concentration in the U.S.), Florida and Texas.²

Annual Median Income

Veterans earn approximately \$35,402 annually compared with \$25,559 of the general population as a whole.³ And approximately 9.8 million veterans between the ages of 18-64 were in the labor force.⁴

Veterans with a Service Connected Disability

3.3 million veterans have been assigned a service connected disability. 652,000 veterans have a rating of 70% or more.⁵

In fiscal year 2009, \$95.6 billion were spent on veterans' benefits programs. \$44.7 billion went to compensation and pension payments, and \$43.4 billion went for medical, vocational rehabilitation and education benefits.⁶

ISSUES AFFECTING VETERANS

“By far the most common challenge facing veterans is transition back into the day to day world. It is not easy going from being on guard to danger at every corner to functioning and acting immediately and forcefully to stay alive to a low threat peaceful environment where measured and peaceful responses are the order of the

² Id.

³ Id.

⁴ Id.

⁵ Id.

⁶ Id.

day. Even simple everyday things like green grass and neon signs can seem overwhelming after months of brown deserts and blackouts.”⁷

“Family life and work life can seem mundane and the routines, policies and procedure of the civilian world leave one longing for an adrenaline rush and the immediate action that was part of military life when deployed.”⁸



Understanding how veterans transition back into mainstream society, the Family Policy Council of Olympia, Washington, identified military veteran transition back into society in three stages. These stages are:

1. Moving Forward After Separation

Combat-Influenced veterans are usually separated from their families for a minimum of one year. While reuniting with family members can be a joyous occasion, more often than not, children have grown, spouses have taken on new responsibilities and roles and the over-all home environment have changed.⁹

2. Using Different Skills

Skills used to keep combat-influenced veterans alive in a war zone **can disrupt** established life at home and work. Combat-influenced skills in family, work and community engagements can increase the risk of unemployment, divorce and other problems.¹⁰

3. Recovering From Intense Events

Some combat-influenced events, such as witnessing the death of a child or friend, increase the likelihood that depression, isolation, substance abuse or PTSD will occur.¹¹

⁷ “The wide array of issues impacting veterans and their families” 2011

⁸ Id.

⁹ Washington State Family Policy Counsel, www.fpc.wa.gov, (2005).

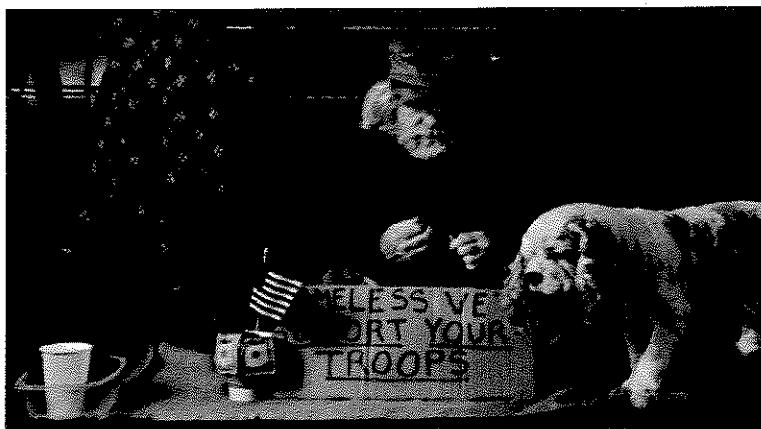
¹⁰ Id.

¹¹ Id.

While transition may be experienced in a three-step process, overall reintegration to society or the family can be more difficult. Reintegrating veterans have been forever influenced by their exposure to combat, having seen terrible unspeakable things. Veterans “can feel rejected when family and friends speak of wanting to have the person who left, their son or daughter, their husband or wife, back. This communicates lack of acceptance for the veteran who is in the here and now. But the veteran too often has expectations of returning home “to the way things once were” only to learn upon arrival that their spouse, children, family and friends have all grown and changed during their separation.”¹²

A greater impact on veteran reintegration is the psychological and physical challenges veterans face from multiple deployments. Reserve and National Guard personnel, who comprise nearly 47% of all U.S. military force in Iraq and Afghanistan, experienced two or even three deployments. Engaging in more than one combat deployment has a direct impact on the veteran’s physical and mental health; further complicating his/her transition back into society and the family.¹³

COMPROMISED TRANSITION AND REINTEGRATION



As of 2006, there were approximately 1,000,000 service members in rotation. Some 70% were married with families. 98.5% of military personnel engaged in combat were men.¹⁴ When the veteran returns home, an unprecedented number of veterans had difficulty with: PTSD, transitioning back into

mainstream society, reintegrating with their families, gaining employment, health issues, child custody issues, isolation, substance abuse, residuals of sexual assault, rehabilitating, and marital discord. Sadly, the difficulties our military veterans experience, all too often lead to divorce, and are compounded by the demands of child support obligations.

¹² Id.

¹³ Id.

¹⁴ American Coalition for Fathers and Children: Military-www.acfc.or/site/PageServer?pagenamemilitary_matters.

Divorce, Custody and Child Support

Divorce is a reality for all too many military families. Divorce overwhelmingly impacts military fathers and is increasingly affecting military mothers.¹⁵

Divorce and its attendant issue, child support, are of concern for both enlisted personnel and



called up reservists. Recent studies by the “Rand corporation and the GAO indicate there are specialties where called up reservists can receive less pay in their military positions than they receive in their civilian positions. When this happens the results may be catastrophic for the service member. Loss of driving privileges, passport revocation, bank account seizures and jail are some of the enforcement vehicles available to child support collection agencies when arrears accumulate.”¹⁶

Service members who experience divorces while deployed, or are otherwise subject to ongoing domestic relations related civil litigation while far from home face immensely complicated challenges. The Service Members Civil Relief Act of 2003 (SCRA) is intended to stop some of the apparent abuses and injustices that service members experience in civil court proceedings. Having legal representation and/or knowledge of the law and how to use the law properly is important. There is some good legislation designed to protect military personnel, however, more needs to be done to ensure that military service members, both men and women, are not abused by the nation they have taken the responsibility to serve and defend.¹⁷

¹⁵ Women Warriors, IAVA Issue Report, October 2009.

¹⁶ American Coalition for Fathers and Children: Military-www.acfc.or/site/PageServer?pagenamemilitary_matters.

¹⁷ Id.



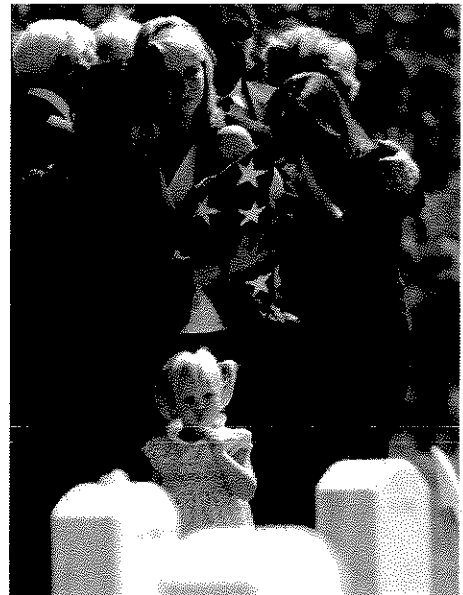
Failed Relationships, Mental Health and Suicide

Anxiety, depression, PTSD and related emotional conditions, including suicide are significant in the veteran community. In fact, suicide rates among veterans are higher than in the general population. With more than 1,000,000 men and women in military rotation, conservative estimates are that many thousands of returning veterans are suffering from PTSD. Col. Elspeth Ritchie, the behavioral health psychiatry consultant to the U.S. Army surgeon general said “there is currently little statistical evidence linking suicide with the number and length of soldier’s deployments.” She further stated, “failed relationships are believed to be the cause of 70-80 percent of suicides”, and that

“deployment –linked stress definitely could be be a factor behind strained relationships”.¹⁸ “The destruction of a veteran’s family appears to be the single most significant contribution to his or her suicide.”¹⁹

Department of Defense and VA officials are studying the problem to attempt to understand why veterans are increasingly taking their lives. Marine Corps General; James Amos summed it up best when he said, “We have looked at the data to try to find answers that will enable us to address this needless loss of life...The most likely cause is a failed relationship with a woman.”²⁰

In our society a failed relationship with a spouse has real consequences that can include being reduced to a second class citizen who is stripped of possessions, dignity and, most importantly for fathers and increasingly some mothers, stripped of a meaningful relationship with their children.

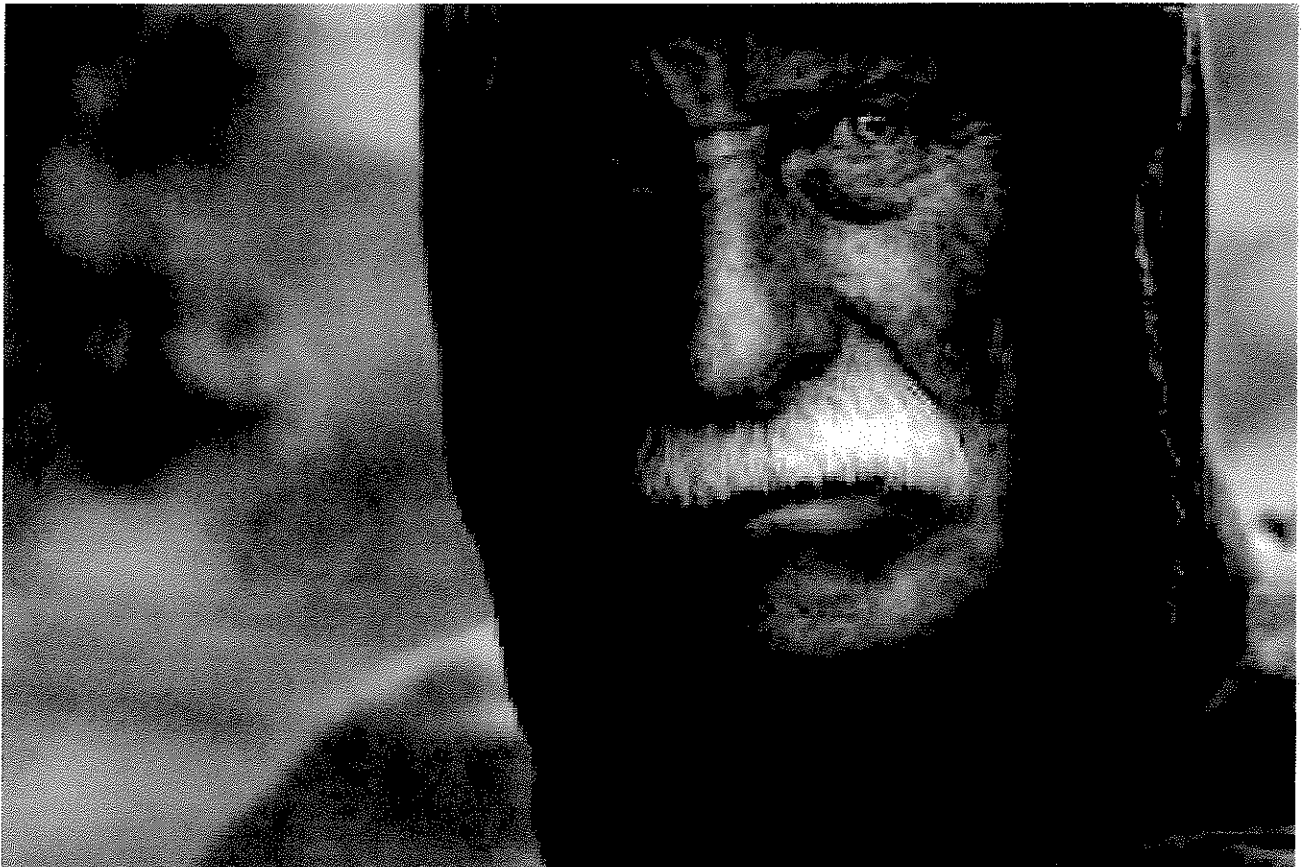


¹⁸ (National Guard News, Arlington VA, 8-20-07)

¹⁹ Id.

²⁰ Id.

Many veterans who are forced to engage in battle in a family court are forced to live on the street.²¹ In fact, California has the highest concentration of homeless veterans in the United States.²²



²¹ Id.

²² http://www.housingca.org/site/DocServer/fact-sheet_homelessness-veterans_2010_FINAL.pdf?docID=151

AVAILABLE TOOLS TO ASSIST VETERANS WITH CHILD SUPPORT OR ARREARS

I. California Department of Child Support Services, Compromise of Arrears Program.

In response to California's growing and uncollected child support arrears, in 2003, Assembly Bill 1752 (Chapter 225 Statutes of 2003) mandated, a pilot compromise program. As a result of AB 1752, the Department of Child Support Services (DCSS) developed the Compromise of Arrears Program (COAP).²³

The focus of the COAP program is to collect arrears from cases deemed "uncollectible" by extending to the non-custodial parent (NCP) a compromise, in exchange for repayment of arrears owed to either the government or custodial parent. In some cases, COAP may be available to NCP's who remain current on their child support payments.²⁴

After some modifications in 2006, DCSS increased outreach efforts to NCP's potentially eligible for the COAP program.²⁵ Through local child support agencies (LCSA), LCSA's work closely with qualified NCP's to ensure that the NCP receives all necessary assistance to complete the COAP application process. Presently, DCSS works with advocates and family law facilitators to identify and refer qualified NCP's to the COAP program.²⁶

To be eligible for COAP, the NPC must meet the following:

- The NCP owes the government at least \$5000 in arrears.
- It has been at least one year since the NCP last applied for a compromise of arrears.
- The NCP has not had a COAP agreement rescinded within in the last two years.
- The NCP has not been convicted or found in contempt of court for failure to pay child support within the last six months.
- The NCP has not intentionally failed to pay child support in anticipation of a compromise.
- The NCP is unable to pay off all arrears owed within the next three years.

²³ California Department of Child Support Services, Compromise of Arrears Program Report to the Legislature, January 2008 at pg.3.

²⁴ Id at pg. 5

²⁵ Id at pg. 7

²⁶ Id at pg. 8

- The NCP is able to pay current support, arrears owed to the family, and the agreed upon repayment to the government in a three-year period from the date of the Agreement.
- The NCP has no concealed income, assets, or any reasonably anticipated income or assets, nor intentionally withheld or falsified financial information.²⁷

Presently, COAP has been modified to allow NCP's to file a COAP application even if the NPC has open support cases in more than one county.

II Department of Veterans Affairs Compensation or Pension

Compensation and Pension, Compared	
Compensation	Pension
Based on reduced earning potential due to service-related disability.	Keeps certain wartime veterans out of extreme poverty.
Disabilities must be relate to service.	Any disability or age.
Veteran does not have to be completely disabled.	Veteran must be either completely disabled or age 65 or older.
No service restrictions.	Service restrictions – wartime, plus certain length of time.
2009 rate for single, totally disabled veteran is \$32,076.	2009 rate for a single, totally disabled veteran is \$11,830.
Income is never deducted from benefits.	Income reduces benefits dollar-for-dollar.

Overview of the VA Claims Process

- Veteran files claim with the Regional Office.
- Regional Office issues rating decision.
- Veteran files notice of disagreement within one year.
- Regional Office issues a statement of the case.
- Veteran files substantive appeal within 60 days or remainder of 1 year from the rating decision, whichever is later.

²⁷ Id at pgs. 8-9.

- Regional Office certifies the case to the Board of Veterans Appeals (BVA).

VA Compensation

An award of compensation is based upon the percentage the VA determines the veteran is disabled from employment. Below identifies the level of disability percentages, and the corresponding compensation payable to the veteran.

10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
\$123	\$243	\$376	\$541	\$770	\$974	\$1,228	\$1,427	\$1,604	\$2,673

VA Pension

“Pension is a benefit paid to wartime veterans who have limited or no income, and who are 65 years or older, or, if under 65, who are permanently and totally disabled.

Generally, you may be eligible if: you were discharged from service under conditions other than dishonorable, **AND** you served at least 90 days of active military service 1 day of which was during a war time period. If you entered active duty after September 7, 1980, generally you must have served at least 24 months or the full period for which called or ordered to active duty (there are exceptions to this rule), **AND** your countable family income is below a yearly limit set by law (the yearly limit on income is set by Congress), **AND** you are age 65 or older, **OR**, you are permanently and totally disabled, not due to your own willful misconduct.”²⁸

Assisting the veteran in locating competent VA claims representation may provide the veteran with an increased monthly income.

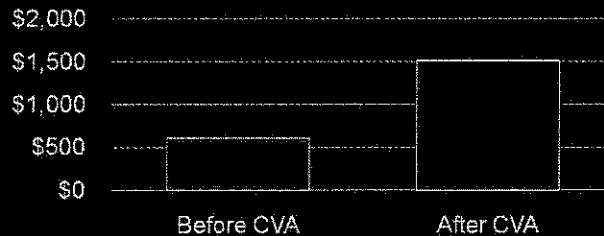
²⁸ <http://www.vba.va.gov/bln/21/pension/vetpen.htm#1>

Homelessness Among Veterans

Competent legal representation can make a big difference.

- After CVA involvement, our average client's income increases 249%, from **\$605** → **\$1508**

Average Monthly Income



- CVA has won over 1.3 million dollars for veterans since opening its doors in June 2009.

III. Apportionment of VA Compensation

The application process for apportionment is fairly simple. The custodian of the child writes a letter to the VA that includes the name and social security number of the veteran, the name and date of birth of the child, and the signature of the custodian. The custodian must also submit a document showing the veteran is the parent of the child, e.g., the paternity acknowledgment, or the birth certificate. The custodian may also submit a copy of the Order for Support and documentation of the arrearages, but the administration is not obligated to apportion the amount in the child support order. There are no guidelines similar to those courts follow. Each application is reviewed on a case by case basis. Once an apportionment is granted - and they routinely are - the custodian will receive benefits directly from the VA.²⁹

²⁹ Collecting Child Support from Disabled Veterans, by Zenell B. Brown, Senior Staff Attorney, Office of the Friend of the Court, 3rd, Judicial Circuit of Michigan. See also 38 U.S.C. § 5307 (2010).

SUMMARY

As OEF/OIF veterans return home, they will likely suffer from a myriad of physiological and psychological disabilities. Most OEF/OIF veterans will likely suffer from PTSD and TBI and will have a higher probability of experiencing a separation and/or divorce.

In order to protect the financial well-being of veterans, their spouses and children, there are program available which can effectively enhance the veteran's ability to comply with support orders. These programs include, but are not limited to, DCSS's COAP program, and compensation and pension benefits available through the Department of Veterans Affairs. In light of the aforementioned programs, advocates should consider other options to enhance a military veteran's ability to comply with support orders, while being able to handle his/her own financial, physical and emotional needs.

DISCUSSION OF POTENTIAL OPTIONS, INCLUDING POTENTIAL POLICY CHANGE – GROUP IDEA EXCHANGE

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California Department of Child Support Services



Compromise of Arrears Program Report to the Legislature

January 2008

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Executive Summary

In the mid 1990s, California experienced a dramatic growth in child support arrears. In 2000, in response to a legislative mandate to evaluate the collectibility of those arrears and gain an understanding of the debtors, the Department of Child Support Services (DCSS) contracted with the Urban Institute to conduct a study entitled "Examining Child Support Arrears in California: The Collectibility Study." A number of child support debt management strategies emerged from this study. One strategy was the creation of an opportunity for noncustodial parents to compromise child support arrears and interest owed as reimbursement for public assistance in exchange for partial repayment of arrears, and in some cases current child support to the family. In 2003, Assembly Bill 1752 (Chapter 225 Statutes of 2003) mandated several recommendations from the study, including a pilot compromise program. As a result, DCSS developed the Compromise of Arrears Program (COAP) that has been in statewide operation for over four years.

Since its statewide implementation in 2004, COAP has experienced a steady growth and has demonstrated effectiveness in reducing arrears. To date, DCSS has received over 10,000 compromise applications that total \$89 million in settled arrears. COAP continues to be a valuable tool for collecting arrears that were once deemed uncollectible and reducing California's growing child support arrears balance. COAP also assists California to meet federal performance measures in child support collections and supports the Department's mission to help families. In addition, COAP is recognized by the Urban Institute and the federal Office of Child Support Enforcement (OCSE) as an innovative initiative that is helping to reduce California's arrears growth.

Due to the implementation of COAP:

- More than \$89 million in arrears have been settled during the following state fiscal years (SFY)
 - SFY 03-04 - \$3.9 million
 - SFY 04-05 - \$15.5 million
 - SFY 05-06 - \$24.1 million
 - SFY 06-07 - \$46.0 million
- Over \$12 million has been collected on these settled arrears
 - SFY 03-04 - \$1.2 million on 141 cases
 - SFY 04-05 - \$3.4 million on 589 cases
 - SFY 05-06 - \$2.8 million on 991 cases
 - SFY 06-07 - \$5.1 million on 1,863 cases

DCSS recommends a two year extension of the offer in compromise program because COAP has proven to be a revenue-generating program, resolving large, uncollectible arrears balances and recouping public assistance expenditures for the state general fund. A two year extension will allow DCSS to evaluate program changes that will enhance the revenue generating capability of the program.

I - Statutory Report Requirement

This report is submitted to meet Assembly Bill 1808 (Family Code section 17560 section (l)) requiring the Department of Child Support Services (DCSS) to report on the results of the Compromise of Arrears Program (COAP) by January 2008.

II - Compromise of Arrears Program

A. Background

As of March 2000, California had a balance of \$14.4 billion in child support arrears. By 2003, arrears had grown to \$18 billion, which represented 20 percent of the nation's child support arrears. In comparison to the rest of the country, arrears in California were growing at a much faster rate. In *Examining Child Support Arrears in California: The Collectibility Study (2003)* the Urban Institute indicated that arrears were highly concentrated among a relatively small percentage of debtors who owed large balances. Nearly three quarters of the debt was held by a little more than one quarter of debtors, each owing more than \$20,000 in arrears. Of those arrears, 70 percent were owed to the government to recoup public assistance paid to families; only 30 percent was owed to families. Over half of the arrears were owed by noncustodial parents (NCPs) with net incomes below \$10,000. The Urban Institute estimated that by 2010, if no policy or programmatic changes were made, California could expect to collect only a quarter (\$3.8 billion) of the \$14.4 billion in child support arrears, and by that time the debt, including new arrears and interest, would increase to \$34 billion.

The study found the main factors contributing to California's large arrears balance included:

- Accrual of 10 percent annual interest on child support debt
- High child support orders established for low-income obligors
- Establishment of retroactive child support orders
- A limited number of child support orders adjusted downward

The Urban Institute made a series of recommendations to increase the collection of arrears and reduce their continued escalation. However, assuming every effort was made to increase arrears collection and reduce future arrears, they estimated that only a quarter of the existing debt was collectible. In order to address existing arrears, the Urban Institute also recommended that California develop policies to leverage government-owned arrears to improve collections.

In 2003 California enacted AB 1752 (Chapter 252, Statutes of 2003) which contained a series of measures to enhance child support collections, one of which was a time-limited offer in compromise program for arrears owed as reimbursement for public assistance. DCSS developed a statewide compromise program (COAP) in two phases. Phase one included a manual process with a single lump sum payment for arrears-only cases. Phase two included an automated process allowing payments over time for arrears-only and current support cases. The goals of COAP were to reduce California's arrears balance, increase support collections for families and the state General Fund, and increase performance on the federal performance measures for current support and arrears collections.

As discussed in detail in the *COAP Program Results* section, COAP collections on government-owed arrears were approximately \$1.2 million for State Fiscal Year (SFY) 2003-04; \$3.4 million for SFY 2004-05; \$2.8 million for SFY 2005-06, and \$5.1 million for SFY 2006-07. Experience has shown that:

- there is a growing interest in COAP among NCPs as a result of outreach efforts
- approximately 50 percent of NCPs who apply are determined eligible for the program
- approximately 11 cents on each dollar of government-owed arrears is collected through the COAP program¹

During the development of COAP, DCSS examined compromise of arrears and amnesty programs in 13 other states.² However, none of the other states' child support programs were similar to California's program in design or complexity. The surveyed states operated compromise and amnesty programs on a pilot basis, instituted short-term compromise programs, or restricted their programs to only one or two counties or a single city. Only a few states were able to provide any data, all of which was estimated. Most states did not collect data on their compromise programs because the programs were too complex, the programs were too new for data to be compiled and tested for reliability, or arrears reduction was tracked only as part of the state's overall child support enforcement effort. Some programs focused on behavioral change in NCPs (such as mandated enrollment in work or parenting programs) rather than arrears collection and compromise on the interest that had accrued.

The focus of the DCSS compromise of arrears program is to collect on cases deemed uncollectible by offering the NCP a compromise in exchange for partial repayment of government-owed arrears, repayment of custodial party (CP) arrears, and in some cases remaining current on child support payments. Because of the requirement to pay current support, COAP realized the added benefit of improving current support collections. COAP was also designed to gather program data in order to evaluate and report on program performance.

¹ COAP June 2007 for SFY 06-07 Reports

² Alaska, Colorado, Connecticut, Iowa, Maryland, Massachusetts, Michigan, Minnesota, New Mexico, South Dakota, Texas, Vermont, and Wisconsin

DCSS implemented the first phase of COAP on January 5, 2004. This manual process allowed for a compromise of arrears in exchange for a single, lump sum payment in cases involving arrears only (i.e., the NCP owes no current support). Upon execution of the compromise agreement, the NCP had to be able to pay the required arrears repayment amount and any arrears required to be paid to the CP under the federal rules of distribution. Meanwhile, DCSS worked collaboratively with six LCSAs (Amador, Orange, San Diego, Santa Cruz/San Benito, Solano, and Sonoma) to develop and test a web-based system that would automate COAP processes. DCSS began piloting the COAP automated system on January 26, 2004.

LCSAs were supportive of the program's concept but expressed concerns about implementation of COAP as it was originally designed. To respond to these concerns, DCSS organized a workgroup comprised of DCSS staff, representatives from the COAP Pilot LCSAs and LCSAs working with the manual process. The workgroup convened in November 2004 to discuss areas for potential program redesign. LCSA experience confirmed that COAP was too labor-intensive for LCSA staff, too complex for COAP applicants, and the automated process could not be successfully implemented statewide without making changes. The workgroup produced a plan to redesign the program to simplify the process. Workgroup recommendations included the following changes to streamline the application and review processes:

- The original COAP application was replaced by the Judicial Council's Income and Expense Declaration, because that form is used for various other child support actions and NCPs are familiar with it.
- The supporting documentation requirements were modified to include three rather than twelve months of pay stubs and a copy of tax return(s) only if the NCP had filed taxes within the last two years.
- NCPs with multiple cases in a single county were allowed to make an offer in compromise by continuing the manual process even after the release of the automated system.
- NCPs who failed the application process the first time were allowed to reapply for an offer in compromise after one year rather than having to wait for two years.
- The NCP's primary vehicle was exempt from being counted as an asset unless its value was greater than \$30,000. This allowed LCSAs to review the applications more quickly when the NCP's only asset was a primary vehicle.
- DCSS implemented an incentive payment reduction (or increase in compromise amount) for NCPs who chose to make their repayment in a single lump sum.
- DCSS established a state level review standard of 10 business days to either approve acceptable offers in compromise or notify the LCSA of issues that had to

be resolved because they affected the determination of acceptable compromise and repayment amounts.

- After the COAP agreement was established, the payments were monitored and compromises given monthly to establish a regular feedback loop with the NCP and to assist the LCSAs in determining non-compliance with the COAP agreement.
- In May 2006, DCSS began piloting a change to COAP eligibility criteria to allow NCPs who owed less than \$5,000 in arrears to make an offer in compromise through the COAP manual process. The Reduced Minimum Pilot operated in seven LCSAs and resulted in 26 additional applications being submitted to DCSS from those LCSAs in SFY 2006/07.³

COAP was redesigned in the Spring of 2005. The pilot LCSAs tested the redesign and regional training was provided to the remainder of the LCSAs in June 2005. On July 1, 2005, the redesigned COAP and its automated process were released statewide. Automation allows NCPs with arrears only and current child support cases to make an offer in compromise that could be paid over a 36-month period. The manual process allows NCPs with multiple cases in one LCSA to make a lump-sum offer in compromise. Since July 2005, DCSS and the LCSAs have worked together to make COAP successful.

In October 2006, Elaine Sorenson of the Urban Institute presented her revision of California's arrears growth estimates. She reported that COAP and the other mandated strategies contained in AB 1752 had slowed the growth of California's arrears balance.

B. Program Operations

1. Outreach

LCSAs perform outreach to NCPs and work with them directly to provide the assistance necessary to complete the COAP application process. The LCSAs ensure that all required documentation is received from the NCP to determine that the eligibility requirements are met. In 2004, DCSS decided to pursue localized versus statewide outreach because of the complexity of the program's eligibility criteria and a desire to reduce NCP frustration at failing to qualify for a compromise. Initially, DCSS focused on assisting LCSAs to continually review child support cases for potential eligibility for compromise as part of their normal business activities and then refer the identified cases to specialized COAP teams within the LCSA for further review and outreach.

In 2006, DCSS began providing technical assistance to California Superior Court Family Law Facilitators. With increased understanding of program eligibility criteria,

³ Central Sierra Region (Alpine/Amador/Calaveras), Merced, Sacramento, San Mateo, Santa Cruz, Shasta, and Sonoma

the number of successful referrals from the courts increased. LCSAs are responsible for outreach utilizing various methods to ensure that each county's unique population is identified. DCSS and the LCSAs determined that outreach should be managed at the local level for LCSAs to be able to manage their resources and avoid a large number of applications from NCPs expecting compromises for which they were ineligible under COAP policy.

It should be noted that LCSAs using a broad method of outreach receive more applications that result in denials than LCSAs that prescreen their cases for eligibility prior to contacting NCPs. Broader outreach methods include placing flyers and signage announcing COAP in LCSA lobbies or having LCSA staff who are first point of contact hand out COAP information and applications. More focused outreach includes training all LCSA staff in COAP eligibility criteria and setting up a referral system for staff throughout the LCSA to send names and case numbers to a specialized team. The COAP team members are fully trained and review the information to determine the likelihood that an NCP will be eligible for COAP. Upon that determination, the COAP team member makes the initial contact with the NCP and completes further assessment over the phone before sending him or her an application packet.

To assist in outreach to NCPs with limited English, DCSS has translated all of the COAP forms into Spanish. These forms are available at the LCSAs. DCSS is also in the process of completing the translation of COAP forms into the remaining five threshold languages.⁴

In 2007, DCSS highlighted COAP on its public website with a series of COAP pages that provide programmatic information including the eligibility criteria. DCSS is working cooperatively with the LCSAs to monitor the effectiveness of web pages in generating appropriate referrals for offers in compromise. With technical assistance and experience, LCSAs are increasing the effectiveness of their outreach strategies. DCSS is also working with advocates and family law facilitators to identify and refer NCPs who are most likely to be eligible for COAP.

2. Eligibility

To be eligible for COAP, the NCP must meet the following criteria:

- The NCP owes the government at least \$5000 in arrears.
- It has been at least one year since the NCP last applied for a compromise of arrears.
- The NCP has not had a COAP agreement rescinded within in the last two years.
- The NCP has not been convicted or found in contempt of court for failure to pay child support within the last six months.

⁴Armenian, Chinese, Hmong, Russian, and Vietnamese

- The NCP has not intentionally failed to pay child support in anticipation of a compromise.
- All of the NCP's child support cases are managed by one county.
- The NCP is unable to pay off all arrears owed within the next three years.
- The NCP is able to pay current support, arrears owed to the family, and the agreed upon repayment to the government in a three-year period from the date of the Agreement.
- The NCP has no concealed income, assets, or any reasonably anticipated income or assets, nor intentionally withheld or falsified financial information.

3. Application Process

Upon receipt of the application, the LCSA reviews the information submitted by the NCP for completeness and inclusion of all information necessary to make the appropriate eligibility determination. If the LCSA determines that a portion of the arrears is owed to the CP, the LCSA contacts the CP to discuss a voluntary compromise of the arrears. If the CP does not agree to the compromise, the CP arrears must be paid in full as part of the COAP agreement. After the application process is completed, the LCSA enters the NCP's verified information into either the automated system or the manual process workbook to determine the repayment and compromise amounts. COAP is statutorily required to collect the largest amount possible from the NCP in exchange for compromising arrears. The automated system and manual workbook utilize COAP policy to compare three options (the NCP offer, a minimum repayment, and a calculated repayment based upon the NCP's income and assets) and select the option that provides the most revenue to the state general fund.

After the arrears repayment and compromise amount are determined, the NCP is contacted to discuss the proposed repayment amount, including arrears that may be owed to the CP, and the NCP's ability to pay. If the NCP accepts the terms of the repayment, the LCSA will approve the application.

As allowed by current statute, DCSS delegates authority to LCSA directors or their designees to approve compromises under \$5,000. Compromises over \$5,000 are submitted to the DCSS for further review and approval.

4. The COAP Agreement

Once the application is approved, the LCSA prepares the *Agreement to Compromise Child Support* form. The LCSA reviews the agreement with the NCP to ensure all terms are understood. The NCP signs the agreement and submits the agreed upon initial or lump sum payment. The LCSA files the agreement with the court of appropriate jurisdiction. If the CP agrees to compromise any of his or her arrears, a copy of the CP stipulation is filed with the COAP agreement.

5. Continued Enforcement

The LCSA continues enforcement of the current support and arrears debt until fully paid or compromised under the agreement. All support collected through any enforcement action is credited toward the payments required under the compromise agreement. Enforcement includes wage withholding, liens, and tax refund intercepts. The LCSA may release any revoked license as part of the compromise agreement and/or discontinue other enforcement activities that do not directly collect funds. Continuous enforcement ensures that the NCP complies with the terms of the compromise agreement and that all collectible support is paid to the government and the family.

6. COAP Agreement Monitoring

The LCSA is responsible for monitoring NCP compliance with the COAP agreement and adjusting the case balances to reflect the compromise. If the NCP fails to comply with the terms of the agreement, or the LCSA later determines that the NCP concealed, withheld or falsified information, the agreement is rescinded. The LCSA provides written notification to the NCP and files a rescission notice with the court.

7. Technical Assistance and Oversight

As required by current statute and in an effort to ensure program integrity, cases with compromises over \$5,000 are reviewed and monitored for accuracy and compliance with all program requirements. The review also allows DCSS staff to evaluate the need for targeted technical assistance in specific LCSAs for performance improvement. DCSS further monitors LCSA performance by collecting and analyzing statistical information on applications submitted, approved, or denied; financial data related to compromise and repayment amounts; and collections on arrears. Monthly reports are prepared and shared with the LCSAs and other interested parties. Finally, DCSS periodically reviews LCSAs' denial of applications and approval of compromises less than \$5,000 to evaluate the need for targeted technical assistance to ensure that COAP is being administered uniformly throughout the state.

Using the information discussed above, DCSS COAP staff provide daily technical assistance by telephone to LCSA caseworkers and conduct regular onsite visits. Also, technical assistance may be requested directly by the LCSAs. Improving local COAP operations is viewed as a collaborative process with follow-up visits scheduled as necessary to train new staff and support existing staff with more difficult cases. The DCSS COAP staff has noted the positive impact of technical assistance efforts in the increased number and accuracy of applications submitted by the LCSAs involved.

DCSS also provides technical assistance to family law facilitators and advocate groups who often assist NCPs with completing applications for COAP. This is

designed to familiarize them with the eligibility requirements of COAP and ensure that they are able to adequately assist NCPs in putting together a complete application package.

C. COAP Program Results

DCSS examined a sample of 192 COAP cases and found that in 91 percent of the cases, NCPs applying for compromise had arrears that had been accruing for more than five years. (See Figure A) In addition, DCSS found that, of these NCPs, 48 percent had balances over \$20,000 and 32 percent had balances of \$10,000 to \$20,000. (See Figure B)

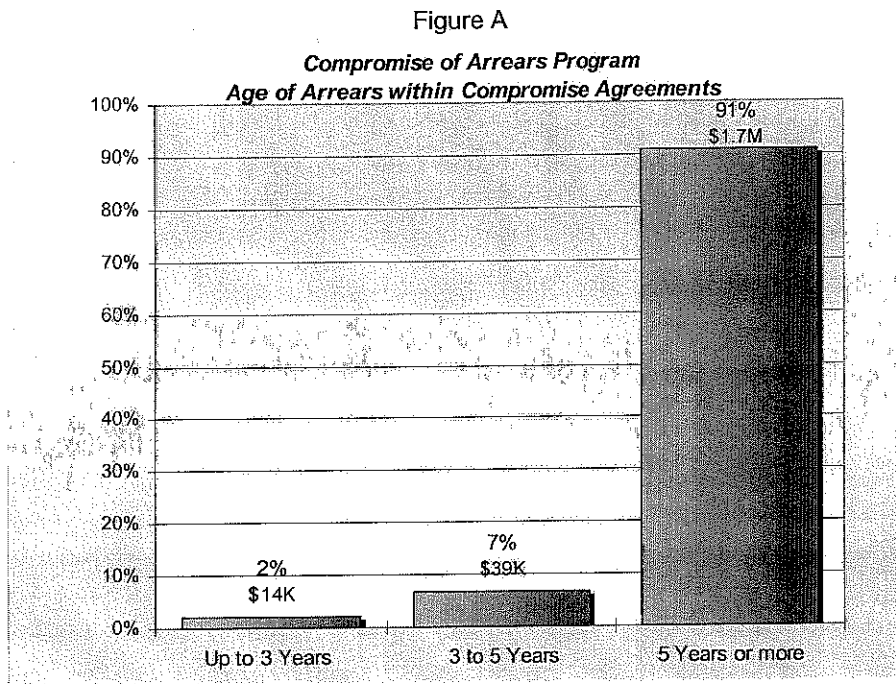
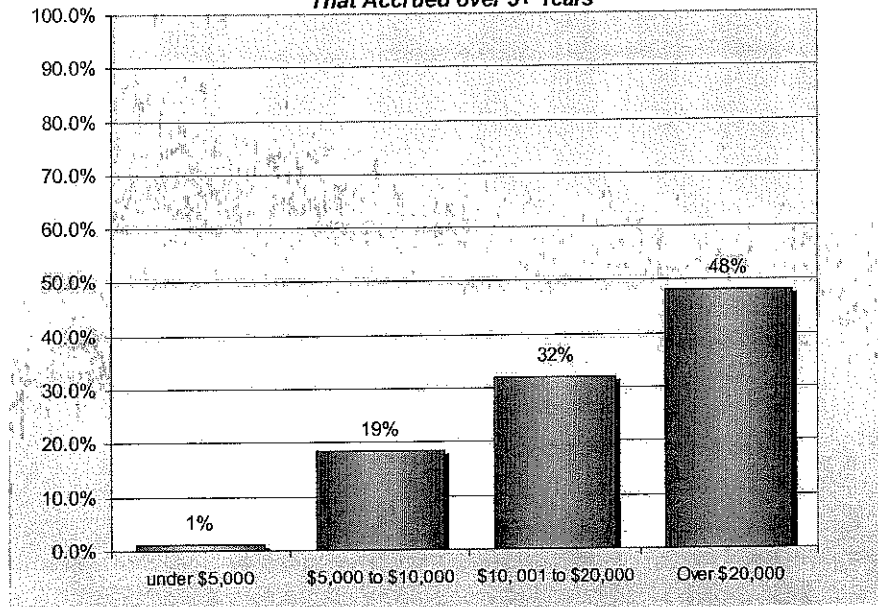


Figure B

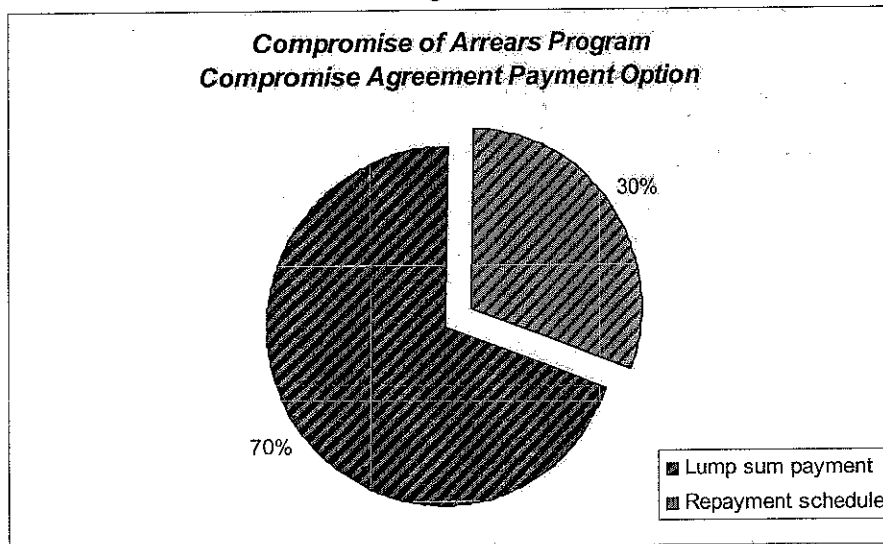
**Compromise of Arrears Program
Arrears Balances within Agreements
That Accrued over 5+ Years**



In 70 percent of the cases reviewed, the government-owed arrears were completely eliminated through the agreed upon compromise and lump sum repayment. For the remaining agreements (30 percent), NCPs are making monthly payments on a schedule of up to three years. (See Figure C)

Figure C

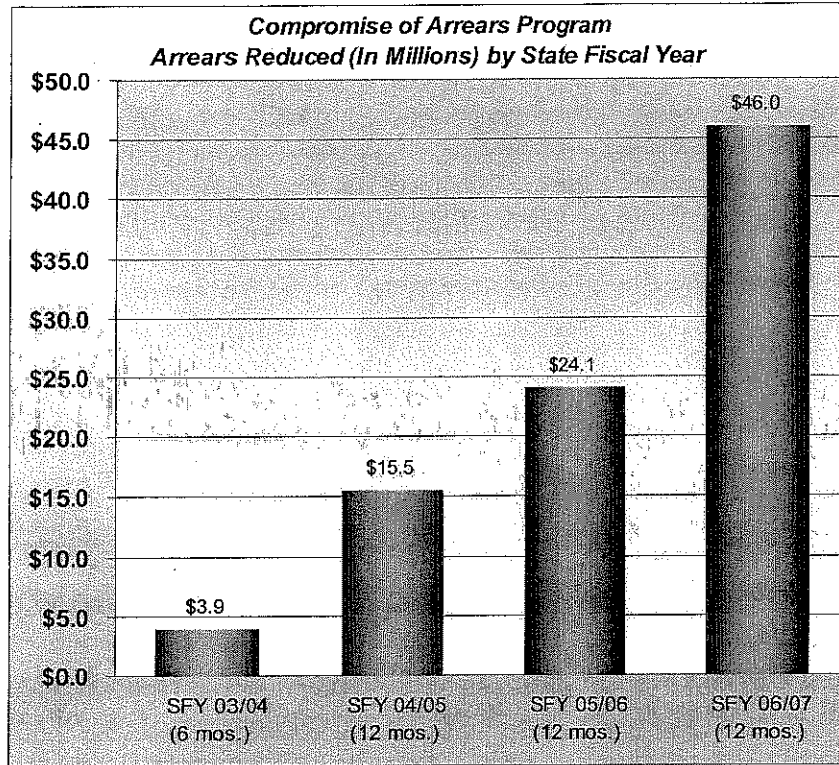
**Compromise of Arrears Program
Compromise Agreement Payment-Option**



COAP has shown consistent growth over the past three fiscal years. In its first six months of operation (SFY 2003-04), COAP resulted in approximately \$3.9 million in government-owed arrears settled. There was more than a four fold increase in

SFY 2004-05 when \$15.5 million in government-owed arrears were settled. SFY 2005-06 saw an increase to \$24.1 million and SFY 2006-07 saw continued growth with \$46 million in settled government-owed arrears. (See Figure D)

Figure D

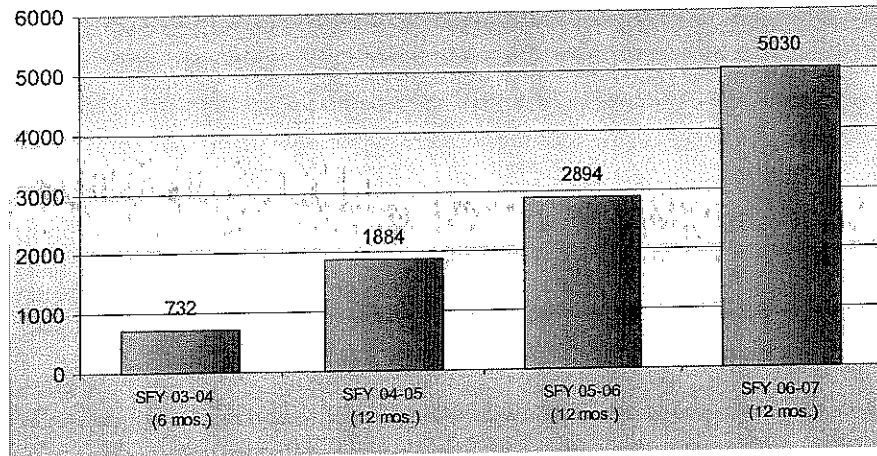


When provided an opportunity to resolve their debt, NCPs have not only come forward with offers in compromise but have also generally fulfilled the terms of their COAP agreements. Over the four years of operation, approximately 1% of the NCPs failed to meet their terms and had their COAP agreements rescinded. This success and the continued growth of the program indicates that COAP has proven to be an effective tool for reducing California's large arrears balance while improving collections and generating revenue for the state General Fund from what was once deemed uncollectible arrears.

1. Applications

There has been a steady increase in the number of applications received each year since the introduction of COAP in SFY 2003-04. For the six-month period beginning early January 2004 through June 30, 2004, 732 applications were received. Nearly 1,900 applications were received during SFY 2004-05. SFY 2005-06 applications increased to approximately 2,900. In SFY 2006-07 5,030 applications were received statewide. (See Figure E)

Figure E
Compromise of Arrears Program
Applications Received by Fiscal Year

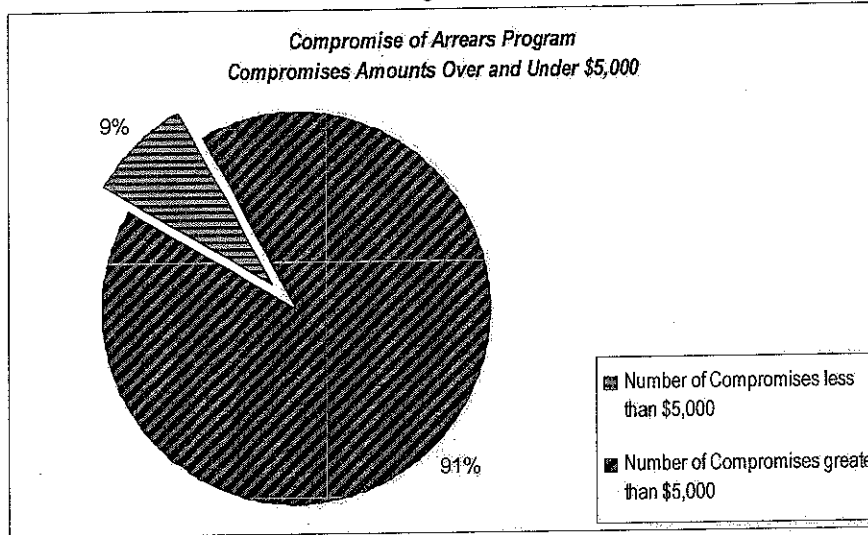


This continued increase in applications can be attributed to changes in program policy, ongoing technical assistance to LCSAs, and implementation of program automation.

In addition, the LCSAs' recognition of COAP as a viable collection tool has increased along with local outreach to NCPs. The feedback we've acquired via attorneys, advocates, LCSAs and NCPs, appears to indicate a greater knowledge of COAP and "word of mouth" advertisement within the NCP community is translating into an increase in interest and applications. Finally, DCSS staff has noticed that the increasing familiarity with COAP among advocates and family law facilitators has increased the number of application submitted each year.

Consistent with statutory requirements, DCSS reviews and approves all of the compromises over \$5,000, which account for about 90 percent of the COAP agreements statewide. (See Figure F) Less than 10 percent of COAP applications have compromises of government-owned arrears under \$5,000 and receive final approval at the local level. In addition, DCSS provides technical assistance to ensure that LCSAs operate COAP uniformly throughout the state. This uniformity provides NCPs the same opportunity to make an offer in compromise regardless of the county in which their child support cases are managed.

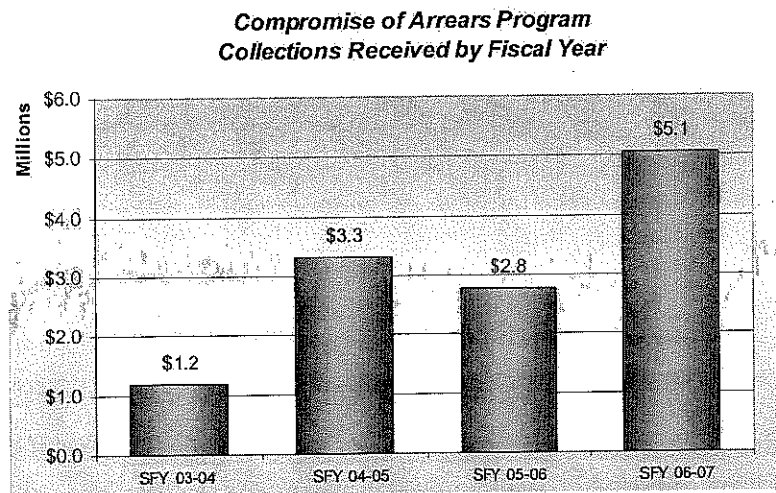
Figure F



2. Collections

Collections on compromise agreements received during the SFY 2003-04 were \$1.2 million in government-owed arrears. These collections represent a six-month period from the start of COAP in January through June 2004. In SFY 2004-05 collections increased to \$3.4 million. (See Figure G) This increase is attributed to a full year of program operation and familiarity with COAP in the LCSAs. In these first years, COAP was limited to cases with only arrears (no current child support) and the repayment had to be in a lump sum. In December of 2004 DCSS convened a COAP Redesign Workgroup of LCSA and State staffs that were familiar with COAP. The purpose was to identify areas of improvement that would make COAP more attractive to both the NCP community and LCSAs.

Figure G



DCSS introduced the improved COAP statewide in July 2005 after making several critical program changes. NCPs with cases including current support obligations were now allowed to participate. In addition a payment plan option was introduced allowing NCPs to spread their repayment out for up to three years. Another change was the implementation of an incentive payment reduction (or increase in compromise amount) for NCPs who chose to make their repayment in a single lump sum. Lastly, DCSS introduced a process that allows for more individualized application of deductions to income for NCPs.

Collections in SFY 2005-06 were \$2.8 million. This was a decrease in collections from SFY 2004-05 to SFY 2005-06 as a direct result of the program improvements instituted by DCSS. The incentive for lump sum repayments and the change in deductions reduced the repayment amount (increased the compromise amount) for NCPs. While the scheduling of repayments for up to three years spread the collections of those repayments over multiple fiscal years and reduced the collection in any single fiscal year. DCSS anticipated that an increased number of applications and successful offers in compromise would generate enough program growth to offset the reduction in repayment amounts, while the impact of payments over time would decrease as the program matured. This impact will become negligible in SFY 2008/09 when the repayment option has been in effect for three years. At that time, the collections for agreements spread out over SFY 2008/09, SFY 2009/10, and SFY 2010/11 will be offset by ongoing collections for agreements opened with payment plans in SFY 2005/06, SFY 2006/07, and SFY 2007/08.

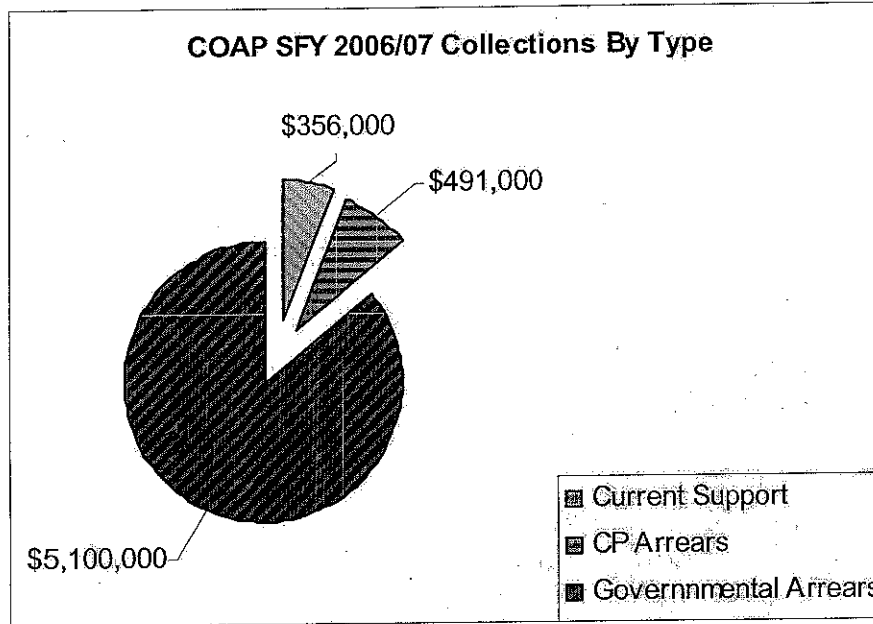
In SFY 06-07, \$5.1 million in arrears was collected through COAP surpassing all prior years. This year's collections showed an 82 percent growth in revenue generation over the prior year and a 55 percent growth in revenue generation over the past two years. DCSS believes that the increases in both applications and in revenue are due to multiple reasons. In addition to increased interest within the NCP community because of the improvements made in SFY 2005/06, DCSS has reached out to LCSAs with extensive technical assistance efforts. DCSS has also been involved in assisting Family Law Facilitators in improving their understanding of COAP and ability to assist NCPs in making offers in compromise. The knowledge that they have gleaned has enabled them to put forth not only more applications but ones that result in more compromises rather than denials.

The collections over the existence of COAP are summarized above in Figure G by SFY. However, as has been noted above COAP has undergone significant changes over time and a direct comparison in collections between years is not appropriate at this time.

In addition to the collection of government-owed arrears, which generates revenue for the state General Fund, DCSS collects funds for CPs as a direct result of COAP. These dollars are not included in the COAP fiscal reports, which are focused solely on collection of government-owed arrears. However, collections paid directly to CPs provide additional programmatic benefit. In SFY 2006/07, the COAP program

collected payments to CPs of approximately \$356,000 in current child support and \$491,000 in arrears. Adjusting for these collections, DCSS estimates all SFY 2006/07 COAP related child support collections at approximately \$5.9 million. Specific estimates by collection type are presented in Figure H and the table below.

Figure H



Child Support Collections From COAP			
Current Support	CP Arrears	Government-owed Arrears	Total Collections
\$356,000	\$491,000	\$5.1 Million	\$5.9 million

3. Program Costs

In the initial development of COAP, DCSS requested \$945,000 for local assistance using a methodology that considered the number of cases with arrears as identified by the original collectability study. The allocation was based on the following assumptions:

- Approximately 10,250 NCPs with uncollectible arrears would apply to LCSAs for an offer in compromise.
- Approximately 3,000 of these applicants would be assisted by other individuals and the LCSA review would take two hours per application.
- The remaining 7,250 applications would take approximately four hours per application.

- There would be a savings of 8,750 hours in activities that would have occurred during regular child support enforcement.
- LCSA caseworkers (paid at \$36 an hour) would process the applications.
- The LCSA supervisory and directorate level review of COAP applications would be part of existing administrative costs.

Local assistance funds were allocated based upon each LCSA's proportion of California's Permanently Assigned Arrears balance from Federal Fiscal Year 2003. After COAP was implemented in January 2004, the LCSAs informed DCSS that, although they had received significantly fewer applications than anticipated, the program required more staff resources than were supported by the COAP allocation. To address this issue, DCSS and the LCSAs worked collaboratively to redesign COAP with the specific goal of simplifying processes and reducing the amount of local staff time required to process a COAP application. This effort resulted in the redesign of the program discussed earlier in the Compromise of Arrears Program Background section. Both the LCSAs and DCSS anticipated that with redesign, smaller numbers of applications, and improved LCSA staff knowledge of COAP, the COAP local assistance budget would be adequate.

As DCSS and the LCSAs became more experienced with COAP during SFY 2005/06 and SFY 2006/07, the discussion concerning the adequacy of the COAP local assistance budget was reopened. Since the information from LCSAs was solely anecdotal, DCSS reviewed options for providing data-based information on local program costs. DCSS' intention was to use the data to design program improvements that would better align local costs to the existing allocation. During SFY 2006/07, DCSS began working with the Department of Finance Performance Review Unit (DOF-PRU) on an independent performance review of COAP. This review was seen as an opportunity to obtain the desired data on local program costs, as well as gain an independent assessment of possible performance improvements. At the request of DCSS, the Department of Finance Performance Review Unit (DOF-PRU) completed their review of COAP in the Summer of 2007 the results of which are shown in Section III below.

4. Cost Effectiveness

Another key element in evaluating COAP is cost effectiveness. DCSS collects and evaluates data on COAP related to cost effectiveness; however, due to federal funding, the cost effectiveness calculation varies for the State General Fund and for the program as a whole. Federal financial participation in the child support program is guided by one set of rules for expenditures in support of program activities and another set of rules for return of funds collected from NCPs as reimbursement for aid provided to their children. For federal funding in support of program activities, the State provides 34 cents of every dollar expended and the federal government provides the remaining 66 cents. For every dollar of government-owed arrears collected under COAP the state general fund receives 48 cents, the federal

government receives 46 cents and the county general funds receive the remaining 6 cents. For the purposes of this report, two calculations of cost effectiveness are presented: program costs compared with program collections as a whole, and the State share of COAP costs compared with the State share of COAP collections.

DCSS has calculated COAP's cost effectiveness by applying the funding and reimbursement distribution rules discussed above to the LCSA reported expenditures and adjusted collections amounts. The program's overall cost effectiveness ratio is \$1.55 in collections to every \$1 expended, as presented in the first table below. The State cost effectiveness ratio (based on the State share of collections and costs) is \$2.18 in collected child support for each \$1 of state general fund expended as presented in the second table.

<u>COAP Cost Effectiveness Across All Funding Streams</u>		
COAP Collections \$5.9 Million	COAP Costs \$3.8 Million	Cost Effectiveness \$1.55 to every \$1 Invested

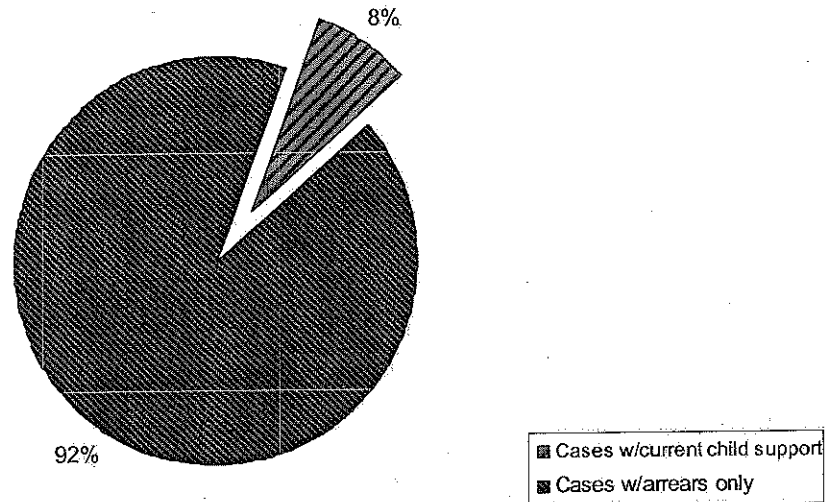
<u>COAP Cost Effectiveness State General Fund</u>		
State Share of Collections \$2.8 Million	State Share of Costs \$1.3 Million	State Cost Effectiveness \$2.18 to every \$1 Invested

5. Current Child Support

Although the majority of compromise agreements address arrears only, there is a small percentage of cases with a current child support order. (See Figure H) Because of COAP, NCPs who previously avoided paying child support have an incentive to meet their current support obligation because it is a condition of receiving the compromise of arrears. In order to receive the full compromise, NCPs are required to remain current on their current support obligations throughout the COAP repayment schedule. An NCP's failure to make timely current support payments results in a rescission of their compromise agreement and reinstatement of all compromised arrears, both principal and interest.

Figure H

**Compromise of Arrears Program
Agreements with Current Child Support**



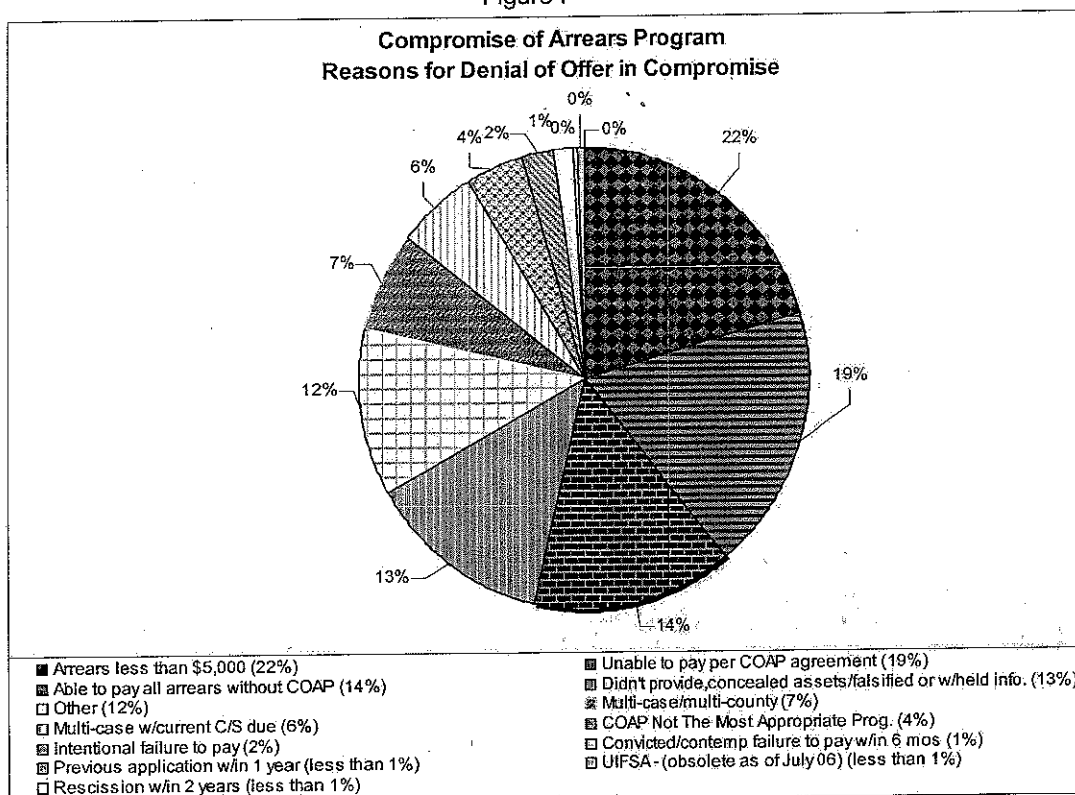
6. Denials

All NCPs have the opportunity to apply for COAP; however, there are a number of eligibility requirements (see page 8) that must be met before a compromise is approved. If the NCP fails to meet one or more of these eligibility requirements, the compromise will be denied by the LCSA.

An estimated 50 percent of offers in compromise are denied. Review of COAP program data reveals four main reasons for the denials: (See Figure I)

1. Arrears owed to the government are less than \$5000 (22%).
2. The NCP does not have the means to pay the required repayment amount as outlined in the COAP agreement (19%).
3. The NCP can afford to pay all the arrears they owe without a compromise (14%).
4. The NCP did not provide information necessary to complete the COAP application, concealed assets, falsified or withheld information (13%).
5. In addition to the four reasons above, approximately 12% of denials have been reported as "other" because the reason for denial was not included in the list of options available to LCSAs. Some examples of denials categorized as "other" are that the NCP died before the application process was completed, the child support case was closed, the CP was unwilling to compromise their arrears, the case was more appropriately resolved through family reunification compromise, the NCP withdrew the application, or the NCP never returned the COAP agreement.

Figure 1



D. COAP National Impact

In October of 2007 the federal Department of Health and Human Services Office of Inspector General released a report, entitled, State Use of Debt Compromise to Reduce Child Support Arrearages.⁵ California was one of five states selected for in-depth study and recognized as the only state consistently monitoring compromise cases for compliance with the program's terms and conditions. The study found compromise of arrearages to be a successful strategy for reducing states' arrears balances and recommended that the federal Administration for Children and Families (ACF) issue specific guidance to assist states in establishing compromise programs. The ACF noted that the federal Office of Child Support Enforcement (OCSE) included arrearage compromise as a topic in child support enforcement conferences and teleconferences, posted arrearage compromise materials on an electronic workplace site where states can share documents, and will include arrearage compromise as a topic in a new Project to Avoid Increasing Delinquencies initiative referred to as "PAID."

In its most recent federal initiative to assist states in child support enforcement, OCSE is partnering with states on the PAID initiative. The purpose of the initiative is to

⁵ The report is available on the internet at <http://www.oig.hhs.gov/oei/reports/oei-06-06-00070.pdf>

identify and disseminate key strategies that improve current support collections and arrears management. To accomplish this, OCSE has established new workgroups on arrears stratification analysis, cell phone data standards, and unreported/unearned income.

DCSS will be participating in the PAID initiative's workgroup on arrears stratification analysis. It is anticipated that California's Collectibility Study, State Use of Debt Compromise Report, and results of COAP will be part of the workgroup's analysis of arrears stratification. At OCSE's request, DCSS has made presentations on COAP at national conferences and technology transfer events within Region IX. In each of these venues, California's COAP has been highlighted as a national model for arrears management strategy.

III – Department of Finance Performance Review of COAP

Upon the request of DCSS, the Department of Finance Performance Review Unit (DOF-PRU) completed a performance review of COAP in the Summer of 2007. The results of the review were released to DCSS in November 2007. The review included an assessment of local program operation costs in comparison with the DCSS local assistance allocation. DOF-PRU visited six LCSAs representing approximately 40 percent of the statewide COAP activity and gathered information on local costs. Collectively, the LCSAs reported that local expenditures for COAP are approximately 300 percent of the amount of local assistance allocated for COAP activities. The specific findings are presented in the table below.

<u>DOF-PRU Local Operating Cost Findings for Six LCSAs</u>		
Local COAP Operating Cost	LCSA COAP Allocation	LCSA In-Kind Contribution
\$1,293,000	\$413,000	\$880,000

Using the data provided by DOF-PRU, DCSS applied the local cost of operation to the 2,068 applications received by each LCSA during SFY 2006/07 and determined an estimated \$637 per application local operations cost. Finally applying the \$637 average cost to the 5,030 applications received statewide in SFY 2006/07, DCSS estimated total local operations cost at approximately \$3.2 million. Finally, DCSS added the approximately \$600,000 of state operations costs and determined a total program cost of approximately \$3.8 million.

The review also included an overall finding that COAP should be continued beyond June 30, 2008, and a general recommendation that DCSS work collaboratively with the LCSAs to address statutory requirements and identify current departmental policy that decreases overall program cost efficiency. The review included the following detailed recommendations for improving COAP.

1. Change statute to give LCSAs the authority to approve all compromises.

2. Expand the DCSS role in monitoring LCSA compliance with COAP policy to ensure statewide program consistency.
3. Release COAP performance reports in a more timely fashion.
4. Determine whether the COAP Reduced Minimum Pilot should be discontinued or implemented statewide.
5. Expand COAP eligibility requirements to include NCPs with multiple cases in multiple LCSAs.
6. Simplify the COAP application and supporting document requirements.
7. Provide the COAP application in multiple languages.
8. Identify LCSA recommendations to improve the COAP automated system and where feasible alter the system.

The DOF-PRU found consensus among the LCSAs that COAP is a valuable child support collection tool that allows the LCSAs to make collections on old child support cases. DCSS is evaluating the DOF-PRU report with the dual objectives of maximizing collections and reducing program costs through process efficiencies. By pursuing these dual objectives, DCSS hopes to streamline programmatic requirements and increase the program's cost effectiveness. As an immediate step, DCSS is considering program improvements for implementation in SFY 2007/08, such as working with the LCSAs to develop an Offer in Compromise Workgroup, providing COAP forms in critical languages, reviewing the effectiveness of the COAP Reduced Minimum Pilot, and putting processes in place to ensure COAP Reports are released timely.

IV – Recommendation for COAP's Future: Two Year Extension

DCSS recommends extending the sunset date for COAP to July 1, 2010. This recommendation is based on the fact that after four years of operation, COAP has proven to be an effective tool for increasing revenue to the state general fund by facilitating the collection of child support payments on cases previously viewed as uncollectible. The program has demonstrated its usefulness to local child support agencies for managing child support arrearages, encouraging cooperation of noncustodial parents who have large child support arrears balances, and encouraging parents to stay current with their child support obligations.

Although COAP has been effective in generating child support collections, there is consensus among DCSS and LCSAs that program improvements could increase cost efficiencies, while continuing to serve the interest of the State. LCSAs, child support advocates, judicial stakeholders, and noncustodial parents support the program's continued operation. A two-year extension of COAP would allow DCSS to assess further refinements and focus on increasing the program's flexibility, cost-effectiveness, and revenue generating capabilities. DCSS will evaluate the program's eligibility and rescission criteria to maximize NCP participation in COAP. In addition, DCSS will continue to evaluate the DOF-PRU recommendations for making the program more efficient.

Improvements at the State and local levels will ensure that more of the older cases with large government-owed arrears balances can be resolved and closed, which will allow local child support agencies to focus resources on current child support cases and collections for families. A two-year extension will provide DCSS with the opportunity to ensure that the COAP program continues to meet the needs of local child support agencies and child support customers, and provides optimal collection capability for California's child support program and the state general fund.

Appendix A

Proposed Statutory Language

AMENDMENT TO
CALIFORNIA CODES
FAMILY CODE
SECTION 17560

TRAILER BILL LANGUAGE - AMENDING FAMILY CODE 17560
Family Code Section 17560 is amended to read as follows:

17560. (a) The department shall establish and operate a statewide compromise of arrears program pursuant to which the department may accept offers in compromise of child support arrears and interest accrued thereon owed to the state for reimbursement of aid paid pursuant to Chapter 2 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code. The program shall operate uniformly across California and shall take into consideration the needs of the children subject to the child support order and the obligor's ability to pay.

(b) If the obligor owes current child support, the offer in compromise shall require the obligor to be in compliance with the current support order for a set period of time before any arrears and interest accrued thereon may be compromised.

(c) Absent a finding of good cause or a determination by the director that it is in the best interest of the state to do otherwise, any offer in compromise entered into pursuant to this section shall be rescinded, all compromised liabilities shall be reestablished notwithstanding any statute of limitations that otherwise may be applicable, and no portion of the amount offered in compromise may be refunded, if either of the following occurs:

(1) The department or local child support agency determines that the obligor did any of the following acts regarding the offer in compromise:

(A) Concealed from the department or local child support agency any income, assets, or other property belonging to the obligor or any reasonably anticipated receipt of income, assets, or other property.

(B) Intentionally received, withheld, destroyed, mutilated, or falsified any information, document, or record, or intentionally made any false statement, relating to the financial conditions of the obligor.

(2) The obligor fails to comply with any of the terms and conditions of the offer in compromise.

(d) Pursuant to subdivision (k) of Section 17406, in no event may the administrator, director, or director's designee within the department, accept an offer in compromise of any child support arrears owed directly to the custodial party unless that party consents to the offer in compromise in writing and participates in the agreement. Prior to giving consent, the custodial party shall be provided with a clear written explanation of the rights with respect to child support arrears owed to the custodial party and the compromise thereof.

(e) Subject to the requirements of this section, the director may delegate to the administrator of a local child support agency the authority to compromise an amount of child support arrears up to an amount determined by the director to support an effective administration of the offers in compromise program.

(f) For an amount to be compromised under this section, the following conditions shall exist:

(1) (A) The administrator, director or director's designee within the department determines that acceptance of an offer in compromise is in the best interest of the state and that the compromise amount equals or exceeds what the state can expect to collect for reimbursement of aid paid pursuant to Chapter 2 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code in the absence of the compromise, based on the obligor's ability to pay.

(B) Acceptance of an offer in compromise shall be deemed to be in the best interest of the state, absent a finding of good cause to the contrary, with regard to arrears that accrued as a result of a decrease in income when an obligor was a reservist or member of the National Guard, was activated to United States military service, and failed to modify the support order to reflect the reduction in income. Good cause to find that the compromise is not in the best interest of the state shall include circumstances in which the service member's failure to seek, or delay in seeking, the modification were not reasonable under the circumstances faced by the service member. The director, no later than 90 days after the effective date of the act adding this subparagraph, shall establish rules that compromise, at a minimum, the amount of support that would not have accrued had the order been modified to reflect the reduced income earned during the period of active military service.

(2) Any other terms and conditions that the director establishes that may include, but may not be limited to, paying current support in a timely manner, making lump-sum payments, and paying arrears in exchange for compromise of interest owed.

(3) The obligor shall provide evidence of income and assets, including, but not limited to, wage stubs, tax returns, and bank statements, as necessary to establish the following:

(A) That the amount set forth in the offer in compromise of arrears owed is the most that can be expected to be paid or collected from the obligor's present assets or income.

(B) That the obligor does not have reasonable prospects of acquiring increased income or assets that would enable the obligor to satisfy a greater amount of the child support arrears than the amount offered, within a reasonable period of time.

(C) That the obligor has not withheld payment of child support in anticipation of the offers in compromise program.

(g) A determination by the administrator, director or the director's designee within the department that it would not be in the best interest of the state to accept or rescind an offer in compromise in satisfaction of child support arrears shall be final and not subject to the provisions of Chapter 5 (commencing with Section 17800) of Division 17, or subject to judicial review.

(h) Any offer in compromise entered into pursuant to this section shall be filed with the appropriate court. The local child support agency shall notify the court if the compromise is rescinded pursuant to subdivision (c).

(i) Any compromise of child support arrears pursuant to this section shall maximize to the greatest extent possible the state's share of the federal performance incentives paid

pursuant to the Child Support Performance and Incentive Act of 1998 and shall comply with federal law.

(j) The department shall ensure uniform application of this section across the state.

(k) This section shall remain in effect only until July 1, 2010, and as of that date is repealed unless a later enacted statute, that is enacted before July 1, 2010, deletes or extends that date. A local child support agency shall honor repayment schedules for the compromise program beyond June 30, 2010, in order to allow for successful completion of the compromise agreements.

Date:

Custodial Party's Name:

CSE Case Number:

Dear

You may qualify to reduce your child support arrears (past due support) owed to the government. The Compromise of Arrears Program (COAP) is a program designed to help non-custodial parents, such as you, reduce your child support debt. Child support arrears owed to the government may be reduced if your child support case meets certain criteria. Any reduction in your arrears will be based on your income, assets and expenses.

In order to be eligible for COAP, you must meet the following criteria:

1. You must complete the necessary application forms.
2. You must owe the government at least \$501.00 in child support arrears.
3. You have not stopped paying child support in anticipation of this program.
4. You do not conceal or misrepresent your income and/or assets.
5. You do not have the ability to pay all the child support arrears and interest you owe within the next three years without a compromise.
6. You have the ability to pay a reduced arrears amount, plus any support and arrears owed to the custodial party within three years.
7. If you owe current child support, you must pay the current support.
8. You have not been convicted, or had a contempt finding for failure to pay child support in the last six months.
9. You have not had an agreement denied in the last year.
10. You have not had an agreement rescinded in the last two years.

Attached is an Information Sheet (DCSS 0019) for this program. Also attached is the Income and Expense Declaration (FL-150), the Attachment to Income and Expense Declaration (DCSS 0576), and the COAP Documentation Checklist (DCSS 0208) for your convenience when applying for a compromise.

If you have any questions regarding this program, please contact
telephone number:

at this

Sincerely

LCSA Representative

Attachments

CHILD SUPPORT COMPROMISE OF ARREARS INFORMATION SHEET

DCSS 0019 (08/04/08)

INSTRUCTIONS: *This is an information sheet for people interested in the Child Support Compromise of Arrears Program.. Please read the following information.*

YOU MAY HAVE YOUR PAST DUE CHILD SUPPORT DEBT LOWERED IF YOU MEET ALL OF THE FOLLOWING:

- You owe past due child support to the government because your child(ren) is receiving or has received public assistance.
- You agree to pay all the past due child support owed to the family.
- The past due child support you owe to the government is \$501.00 or more.
- You are able to pay some of the past due child support owed to the government.
- You have not been found in contempt, or convicted of, failing to pay your child support in the last six months.
- You have not had a Compromise Agreement denied in the last year.
- You have not had a Compromise Agreement rescinded in the last two years.

HOW MUCH CAN THE DEBT BE LOWERED?

The amount your past due child support debt can be lowered is determined by a formula based on your ability to pay and the facts of your case.

WHAT DO I HAVE TO DO?

To get your past due child support lowered, you must do the following:

- Begin paying the current support obligation, if any. If you are paying now don't stop or you will not be eligible to participate.
- Ask for an Application for Compromise of Arrears package from your local child support agency, which includes the Income and Expense Declaration (FL-150), the Attachment to Income and Expense Declaration (DCSS 0576), and the Documentation Checklist (DCSS 0208).
- Fill out and return the Application for Compromise of Arrears to your local child support agency listed on page 3 of this form.

CHILD SUPPORT COMPROMISE OF ARREARS INFORMATION SHEET

DCSS 0019 (08/04/08)

RESPONSIBILITIES FOR PARTICIPATING IN THE COMPROMISE PROGRAM

You must do the following:

- Pay your current child support as ordered by the court.
- Pay all past due child support owed to the custodial party, or have it waived by the custodial party.
- Pay the reduced past due child support owed to the government in one lump sum, or within three (3) years.
- Give the local child support agency accurate information about all your income and assets. Income information includes, but is not limited to, pay check stubs, tax returns and bank statements. Asset information includes, but is not limited to, information about your home and other real estate, cars, boats, cash, stocks and other valuable personal property.

WHAT HAPPENS IF YOU SIGN A COMPROMISE AGREEMENT?

If you sign a compromise agreement, the local child support agency will continue to enforce your support order in full until past due support is paid or compromised.

This Agreement requires that you pay the custodial party and the State the amount specified in the Agreement. Additionally, the law requires that you pay the unassigned during assistance arrears (UDAA) to the custodial party. UDAA is the amount of unpaid child support arrears that is greater than the total amount of assistance paid to the custodial party. If such arrears have built up, you will still be responsible to pay these at the end of the Agreement, but you do not have to make a lump sum payment.

If you stay current on your payments within the compromise Agreement, you will receive the agreed upon compromise.

WHEN CAN YOUR AGREEMENT BE RESCINDED?

Any agreements between you and the local child support agency will be rescinded, and the past due support that would have been compromised will be reestablished immediately if you do any of the following:

- You fail to pay all of your current child support obligation at any time during the Agreement period, unless you have made contact with the LCSA requesting a modification.
- You did not provide the local child support agency with all of your income, assets, or other property information, or you purposely withheld any income, assets, or other property information that you knew you were going to receive at a future date.
- You purposely withheld, destroyed, mutilated, or falsified any information, document, or record, or purposely made false statements related to your financial condition.

CHILD SUPPORT COMPROMISE OF ARREARS INFORMATION SHEET

DCSS 0019 (08/04/08)

WHAT TO DO IF YOU HAVE QUESTIONS OR WANT MORE INFORMATION:

If you have any questions or you would like more information, please contact your local child support agency at the telephone number and address listed below. For legal help, contact your county court's Family Law Facilitator's Office, legal aid office, or an attorney.

Local Child Support Agency Address:

Local Child Support Agency Phone No.:

Local Child Support Agency Website:

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): TELEPHONE NO.: E-MAIL ADDRESS (Optional): ATTORNEY FOR (Name):	FOR COURT USE ONLY
SUPERIOR COURT OF CALIFORNIA, COUNTY OF STREET ADDRESS: MAILING ADDRESS: CITY AND ZIP CODE: BRANCH NAME:	
PETITIONER/PLAINTIFF: RESPONDENT/DEFENDANT: OTHER PARENT/CLAIMANT:	
INCOME AND EXPENSE DECLARATION	CASE NUMBER:

1. Employment (Give information on your current job or, if you're unemployed, your most recent job.)

Attach copies of your pay stubs for last two months (black out social security numbers).

- a. Employer:
- b. Employer's address:
- c. Employer's phone number:
- d. Occupation:
- e. Date job started:
- f. If unemployed, date job ended:
- g. I work about _____ hours per week.
- h. I get paid \$ _____ gross (before taxes) per month per week per hour.

(If you have more than one job, attach an 8½-by-11-inch sheet of paper and list the same information as above for your other jobs. Write "Question 1—Other Jobs" at the top.)

2. Age and education

- a. My age is (specify): _____
- b. I have completed high school or the equivalent: Yes No If no, highest grade completed (specify): _____
- c. Number of years of college completed (specify): _____ Degree(s) obtained (specify): _____
- d. Number of years of graduate school completed (specify): _____ Degree(s) obtained (specify): _____
- e. I have: professional/occupational license(s) (specify): _____
 vocational training (specify): _____

3. Tax information

- a. I last filed taxes for tax year (specify year): _____
- b. My tax filing status is single head of household married, filing separately
 married, filing jointly with (specify name): _____
- c. I file state tax returns in California other (specify state): _____
- d. I claim the following number of exemptions (including myself) on my taxes (specify): _____

4. Other party's income. I estimate the gross monthly income (before taxes) of the other party in this case at (specify): \$ _____
 This estimate is based on (explain): _____

(If you need more space to answer any questions on this form, attach an 8½-by-11-inch sheet of paper and write the question number before your answer.) Number of pages attached: _____

I declare under penalty of perjury under the laws of the State of California that the information contained on all pages of this form and any attachments is true and correct.

Date: _____

 (TYPE OR PRINT NAME)



 (SIGNATURE OF DECLARANT)

PETITIONER/PLAINTIFF: RESPONDENT/DEFENDANT: OTHER PARENT/CLAIMANT:	CASE NUMBER:
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Attach copies of your pay stubs for the last two months and proof of any other income. Take a copy of your latest federal tax return to the court hearing. (Black out your social security number on the pay stub and tax return.)

5. **Income** (For average monthly, add up all the income you received in each category in the last 12 months and divide the total by 12.)

	Last month	Average monthly
a. Salary or wages (gross, before taxes)	\$ _____	_____
b. Overtime (gross, before taxes)	\$ _____	_____
c. Commissions or bonuses	\$ _____	_____
d. Public assistance (for example: TANF, SSI, GA/GR) or bonuses <input type="checkbox"/> currently receiving	\$ _____	_____
e. Spousal support <input type="checkbox"/> from this marriage <input type="checkbox"/> from a different marriage	\$ _____	_____
f. Partner support <input type="checkbox"/> from this domestic partnership <input type="checkbox"/> from a different domestic partnership	\$ _____	_____
g. Pension/retirement fund payments	\$ _____	_____
h. Social security retirement (not SSI)	\$ _____	_____
i. Disability: <input type="checkbox"/> Social security (not SSI) <input type="checkbox"/> State disability (SDI) <input type="checkbox"/> Private insurance	\$ _____	_____
j. Unemployment compensation	\$ _____	_____
k. Workers' compensation	\$ _____	_____
l. Other (military BAQ, royalty payments, etc.) (specify):	\$ _____	_____

6. **Investment income** (Attach a schedule showing gross receipts less cash expenses for each piece of property.)

a. Dividends/interest	\$ _____	
b. Rental property income	\$ _____	
c. Trust income	\$ _____	
d. Other (specify):	\$ _____	

7. **Income from self-employment, after business expenses for all businesses**

I am the owner/sole proprietor business partner other (specify):
 Number of years in this business (specify):
 Name of business (specify):
 Type of business (specify):

Attach a profit and loss statement for the last two years or a Schedule C from your last federal tax return. Black out your social security number. If you have more than one business, provide the information above for each of your businesses.

8. **Additional income.** I received one-time money (lottery winnings, inheritance, etc.) in the last 12 months (specify source and amount):

9. **Change in income.** My financial situation has changed significantly over the last 12 months because (specify):

10. **Deductions**

	Last month
a. Required union dues	\$ _____
b. Required retirement payments (not social security, FICA, 401(k), or IRA)	\$ _____
c. Medical, hospital, dental, and other health insurance premiums (total monthly amount)	\$ _____
d. Child support that I pay for children from other relationships	\$ _____
e. Spousal support that I pay by court order from a different marriage	\$ _____
f. Partner support that I pay by court order from a different domestic partnership	\$ _____
g. Necessary job-related expenses not reimbursed by my employer (attach explanation labeled "Question 10g")	\$ _____

11. **Assets**

	Total
a. Cash and checking accounts, savings, credit union, money market, and other deposit accounts	\$ _____
b. Stocks, bonds, and other assets I could easily sell	\$ _____
c. All other property, <input type="checkbox"/> real and <input type="checkbox"/> personal (estimate fair market value minus the debts you owe)	\$ _____

PETITIONER/PLAINTIFF: RESPONDENT/DEFENDANT: OTHER PARENT/CLAIMANT:	CASE NUMBER:
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12. The following people live with me:

Name	Age	How the person is related to me? (ex: son)	That person's gross monthly income	Pays some of the household expenses?
a.				<input type="checkbox"/> Yes <input type="checkbox"/> No
b.				<input type="checkbox"/> Yes <input type="checkbox"/> No
c.				<input type="checkbox"/> Yes <input type="checkbox"/> No
d.				<input type="checkbox"/> Yes <input type="checkbox"/> No
e.				<input type="checkbox"/> Yes <input type="checkbox"/> No

13. Average monthly expenses Estimated expenses Actual expenses Proposed needs

- | | |
|--|--|
| <p>a. Home:</p> <p>(1) <input type="checkbox"/> Rent or <input type="checkbox"/> mortgage... \$ _____</p> <p style="margin-left: 20px;">If mortgage:</p> <p style="margin-left: 40px;">(a) average principal: \$ _____</p> <p style="margin-left: 40px;">(b) average interest: \$ _____</p> <p>(2) Real property taxes \$ _____</p> <p>(3) Homeowner's or renter's insurance (if not included above) \$ _____</p> <p>(4) Maintenance and repair \$ _____</p> <p>b. Health-care costs not paid by insurance... \$ _____</p> <p>c. Child care \$ _____</p> <p>d. Groceries and household supplies..... \$ _____</p> <p>e. Eating out..... \$ _____</p> <p>f. Utilities (gas, electric, water, trash) \$ _____</p> <p>g. Telephone, cell phone, and e-mail \$ _____</p> | <p>h. Laundry and cleaning \$ _____</p> <p>i. Clothes \$ _____</p> <p>j. Education..... \$ _____</p> <p>k. Entertainment, gifts, and vacation..... \$ _____</p> <p>l. Auto expenses and transportation (insurance, gas, repairs, bus, etc.)..... \$ _____</p> <p>m. Insurance (life, accident, etc.; do not include auto, home, or health insurance) \$ _____</p> <p>n. Savings and investments..... \$ _____</p> <p>o. Charitable contributions..... \$ _____</p> <p>p. Monthly payments listed in item 14 (itemize below in 14 and insert total here) .. \$ _____</p> <p>q. Other (specify): \$ _____</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>r. TOTAL EXPENSES (a-q) (do not add in the amounts in a(1)(a) and (b)) \$ _____</p> </div> <p>s. Amount of expenses paid by others \$ _____</p> |
|--|--|

14. Installment payments and debts not listed above

Paid to	For	Amount	Balance	Date of last payment
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	

15. Attorney fees (This is required if either party is requesting attorney fees.):

- a. To date, I have paid my attorney this amount for fees and costs (specify): \$
- b. The source of this money was (specify):
- c. I still owe the following fees and costs to my attorney (specify total owed): \$
- d. My attorney's hourly rate is (specify): \$

I confirm this fee arrangement.

Date:

 (TYPE OR PRINT NAME OF ATTORNEY) ▶ _____
 (SIGNATURE OF ATTORNEY)

PETITIONER/PLAINTIFF: RESPONDENT/DEFENDANT: OTHER PARENT/CLAIMANT:	CASE NUMBER:
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CHILD SUPPORT INFORMATION

(NOTE: Fill out this page only if your case involves child support.)

16. Number of children

- a. I have (specify number): _____ children under the age of 18 with the other parent in this case.
- b. The children spend _____ percent of their time with me and _____ percent of their time with the other parent.
(If you're not sure about percentage, or it has not been agreed on, please describe your parenting schedule here.)

17. Children's health-care expenses

- a. I do I do not have health insurance available to me for the children through my job.
- b. Name of insurance company:
- c. Address of insurance company:
- d. The monthly cost for the **children's** health insurance is or would be (specify):\$
(Do not include the amount your employer pays.)

18. Additional expenses for the children in this case

Amount per month

- a. Child care so I can work or get job training. \$ _____
- b. Children's health care not covered by insurance \$ _____
- c. Travel expenses for visitation \$ _____
- d. Children's educational or other special needs (specify below): \$ _____

19. Special hardships. I ask the court to consider the following special financial circumstances (attach documentation of any item listed here, including court orders):

Amount per month

For how many months?

- a. Extraordinary health expenses not included in 18b. \$ _____
- b. Major losses not covered by insurance (examples: fire, theft, other insured loss) \$ _____
- c. (1) Expenses for my minor children who are from other relationships and are living with me \$ _____
- (2) Names and ages of those children (specify):

(3) Child support I receive for those children. \$ _____

The expenses listed in a, b, and c create an extreme financial hardship because (explain):

20. Other information I want the court to know concerning support in my case (specify):

ATTACHMENT TO INCOME AND EXPENSE DECLARATION COMPROMISE OF ARREARS PROGRAM (COAP)

DCSS 0576 (05/01/07)

INSTRUCTIONS: This page, along with the Income and Expense Declaration (FL-150) is necessary to proceed with the Compromise of Arrears application process. Please answer all relevant questions and attach extra pages if necessary.

NAME	HOME TELEPHONE NUMBER
HOME ADDRESS	WORK TELEPHONE NUMBER
CITY STATE ZIP CODE	CELLULAR TELEPHONE NUMBER
SOCIAL SECURITY NUMBER* (See back of this form for Privacy Statement.)	CSE CASE NUMBER(S)
DATE OF BIRTH (Month/Day/Year)	OFFER FOR COMPROMISE **

** This includes all money owed to the government and money owed to the Custodial Party in arrears. Please keep in mind that your offer must be paid along with any current support obligation you may have, and you will have maximum of three years to repay the total amount approved.

VEHICLE INFORMATION:						
	YEAR	MAKE	MODEL	MILEAGE	ESTIMATED VALUE	AMOUNT OWED
1.						
2.						
3.						
4.						

REAL ESTATE INFORMATION (For property that you own):						
	Is this where you live now? YES or NO	TYPE (Residential, Land, etc.)	PERCENT OF OWNERSHIP	ADDRESS (Street, City, State, and Zip)	APPRAISED VALUE	AMOUNT OWED
1.						
2.						

Do you have any assets worth \$2,500 or more that are not listed above or on the Income and Expense Declaration (FL-150)? If so, please complete the following:

	TYPE - (Life Insurance with cash surrender value, jewelry, electronics, etc.)	ESTIMATED VALUE
1.		
2.		
3.		
4.		

ATTACHMENT TO INCOME AND EXPENSE DECLARATION COMPROMISE OF ARREARS PROGRAM (COAP)

DCSS 0576 (05/01/07)

*PRIVACY NOTICE

The Information Practices Act of 1977 (California Civil Code Section 1798.17) and the Federal Privacy Act of 1974 (Public Law 93-579) requires that this notice be provided when collecting personal information from individuals. Information requested on this form, including your Social Security Number, is used by the Department of Child Support Services (DCSS) for purposes of identification and communication with you. The DCSS is required, under Section 466(a)(13) of the Social Security Act, to collect the Social Security Number of any individual who is subject to a divorce decree, support order, or paternity determination or acknowledgement.

Social Security Number information is mandatory and will be kept on file at the local child support agency to locate and identify individuals and assets for the purpose of establishing, modifying, and enforcing child support obligations. Enrolling a child in health insurance may require the release of the child's Social Security Number and mailing address to the other parent's employer or the release of the child's Social Security Number to the other parent.

The information in your case may be discussed with, or given to the State or other public agencies that can legally receive such information, and to the other parent or his/her attorney to the extent required by law.

The agency official responsible for maintenance of the form is your local child support agency. Legal references authorizing solicitation and maintenance of this personal information include Family Code Section 17440(c) and 17212. Copies of this form are maintained in confidential files of the Department of Child Support Services or local child support agencies for 4 years and 4 months after the closure of your child support case. You have the right of access to this form upon request by calling the local child support agency handling your case.

CHILD SUPPORT COMPROMISE OF ARREARS PROGRAM (COAP) DOCUMENTATION CHECKLIST

DCSS 0208 (05/01/07)

INSTRUCTIONS: To help us process your COAP application, please attach the following paper work (including this form) when you submit your application package. Check the box on the left side next to each of the items that you have included with your application package. If you have any questions about this checklist, please call

INCOME

- Copies of your last year's federal tax return (if you have filed a tax return (s) in the last two years).
- Copies of your wage stubs for the last three months from all employers, or your most recent wage stub(s) with a Year to Date (YTD) figure (if employed less than three months with each employer).
- Documentation of other income such as Social Security, Unemployment benefits, State Disability Insurance benefits, Worker's Compensation, ect.
- Copies of your profit and loss statements, if self employed.
- If unemployed, explain how you are being supported financially: _____

DEDUCTIONS

- Cancelled checks for paid union dues (if not automatically paid out of your wages and reflected on your wage stubs).
- Cancelled checks or receipts for day care or preschool for legal dependents.
- Cancelled checks or receipts for court ordered child support or other proof of payment.
- Documentation from payroll officer of wage assignment payment history to the Custodial Party (if payment is disputed)

ASSETS

- The last three months of bank statements for all accounts your name is listed on. If you don't have any bank accounts, state how you cash your checks and pay bills: _____
- Statements of your financial assets such as; mutual funds, secured notes, stocks or bonds (if you have any).
- Documentation of life insurance policies with a cash surrender or loan value schedule (if you have any).
- Business partnership/interest assets (balance sheets).
- Current statement(s) from financial institutions for balances owed on cars, boats, motorcycles, trailers, etc.
- Documentation of property ownership and current statement(s) from financial institutions for balances owed on your home or rental property(ies).

LIVING EXPENSES

- Cancelled checks or receipts for rent you pay. If you don't pay any housing expenses, state who is providing you shelter at no cost: _____
- Cancelled checks or receipts for monthly utilities (gas, electric, water, and garbage). If you don't pay for utilities, state who pays for these bills: _____

OTHER

- Proof of financial hardships(s) claimed on the Income and Expense Declaration (FL-150).

For all of the above boxes that were not checked, please explain why the documents are not available (attach another sheet of paper if necessary) :

LCSA Representative:

INTENTIONALLY LEFT BLANK

CALIFORNIA

Department of Child Support Services Search  This Site California[Payments » Compromise of Arrears Program](#)

Compromise of Arrears Program (COAP)

In certain child support cases, the law allows for a parent to pay less than his or her total child support debt owed to the government because their child received public assistance during a time that the parent did not pay the court ordered child support. This is called a compromise of arrears.

There are a lot of things that have to be checked before a less than full payment can be accepted. If you, or someone you want to help, are interested in the Compromise of Arrears Program (COAP) please review program eligibility list.

To talk about making an offer in compromise, please contact your local child support agency (LCSA). They will help you decide whether you want to go through the process and submit all of the information required. Once you have turned in everything to the LCSA, the LCSA will be your contact point as your offer is reviewed.

There is a special compromise opportunity for certain military personnel. Current reservists or members of the National Guard that have been activated to military service and deployed out of state may receive a total compromise of any governmental arrears that accrued because their current support order was not changed to reflect the fact their pay in the military is less than their pay in the civil workforce.

For more information on the program policies and procedures of COAP, click on the links below. For a complete copy of the COAP Policies and Procedures Manual send a letter requesting a copy of the manual and a self-addressed standard (size 10) envelope with \$2.02 postage to the COAP Section:

*Department of Child Support Services
Compromise of Arrears Program Section
P.O. Box 419064, MS 240
Rancho Cordova, CA 95741-9064*

LINKS TO MORE COAP INFORMATION

[COAP Eligibility List](#)[Local Child Support Agencies](#)[COAP Application Review](#)[Compromises for Military Personnel](#)[Entering into an Agreement and Making Payment](#)

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COAP Eligibility List

The Local Child Support Agency (LCSA) determines the noncustodial Parent's (NCP's) eligibility for COAP in accordance with specific eligibility criteria including the following:

Minimum amount of Permanently Assigned Child Support Arrears (up to the Unreimbursed Assistance Pool amount) owed to the government of at least \$501.

No previous denial of COAP within one year prior to the date of denial letter.

No rescission of a previous COAP agreement within two years prior to the date of rescission notice.

No conviction or contempt finding for failure to pay child support within six months prior to the date of application.

No intentional failure to pay in anticipation of COAP.

The NCP does not have the ability to pay off all arrears owed, including interest, within three years from the date of application.

Ability to pay current support, arrears owed that are to be distributed prior to the arrears owed to the government and the arrears repayment amount as provided in the compromise agreement within a three-year period from the date of the Agreement from any source (e.g. gift, loan, income).

No concealment of any income, assets, or any reasonably anticipated income or assets, and no intentional withholding or falsifying of financial information.

If the NCP fails to meet the eligibility criteria, he/she is ineligible to participate in COAP. The LCSA informs the NCP that the application has been denied by sending the NCP a completed "Notice of Denial of Request for Compromise of Arrears." The LCSA also records the reason for the denial and the date the denial letter is sent to the NCP.

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Department of Child Support Services



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COAP Application Review

When a LCSA receives a COAP application package, the LCSA determines if that particular LCSA has case management authority and can process an offer in compromise. If not, the LCSA is to assist the NCP in applying to the LCSA with case management authority. If so, the LCSA is to review the application and the supporting documentation for completeness and inclusion of all necessary information.

The NCP is responsible to provide a complete application containing all of the supporting documentation the LCSA needs to verify the NCP's financial, asset, expenses, dependant, and hardship claims. If the application is incomplete, or lacks adequate supporting documentation, the LCSA is to contact the NCP by telephone, or in writing.

If the NCP fails to respond to requests for additional information necessary to complete the review process, the application can be denied for "failure or refusal to provide information necessary to process the case." The LCSA will send a denial letter notifying the NCP that the application has been denied. The NCP will not be eligible to re-apply for a compromise for one year from the date of the denial letter.

Prior to processing a COAP application the LCSA is to consider whether COAP is the best or only action appropriate to case management. Alternate actions LCSAs consider include, but are not limited to:

1. Compromise of Assigned Arrearages - Family Reunification Program (AB 1449). For more information, see California Code of Regulations, Title 22, Division 13, Chapter 9, Article 6.
2. Set aside of a presumed income order. For more information, see CSS Letter 03-18 (October 1, 2003).
3. Review and adjustment of a child support order. For more information, see CSS Letter 04-09 (May 6, 2004).
4. Case closure. For more information, see Title 22, Division 13, Chapter 8.

LCSAs may initiate multiple case management procedures. For example, a case established using presumed income might qualify for a set aside. When the order is set aside, the NCP may qualify for a compromise of arrears. In these situations, the LCSA initiates all appropriate actions, beginning with the most viable. If it is determined that COAP is not an option, the LCSA sends the NCP a Notice of Denial of Request for Compromise of Arrears, indicating in the "other" checkbox that COAP is not the appropriate remedy. The LCSA also informs the NCP of how the LCSA will proceed with the case. If it is determined that COAP is one of several actions needed, all other actions are completed prior to approval of the offer in compromise.¹

Once the COAP application is complete and the NCP has documented their claims the LCSA enters the NCP's information into either the COAP automated system or the COAP manual process workbook and the arrears repayment and compromise is determined automatically. Compromises are to be in the best interest of the State, in any circumstances where the LCSA is able to collect more in a lump sum than is indicated by the system or workbook, the repayment will be the greatest amount that can be collected.

COAP provides for basic deductions from an NCP's income and some assets. These deductions include basic living costs such as; housing costs, utilities, food; as well as, a liquidation cost for capital assets and a limited home equity. These deductions are applied automatically during the calculation of the compromise to ensure consistency statewide.

¹ Example: Child support obligations are integrated into compromises of arrears agreements. Therefore, any necessary review and adjustment of a child support order is completed prior to the LCSA or Department of Child Support Services (DCSS) approving an offer in compromise. NCPs are kept apprised that the processing of their COAP application is delayed by the review and adjustment of their child support order.

CALIFORNIA

Department of Child Support Services



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Compromises for Military Personnel

California Family Code section 17560 was amended on August 30, 2005 to increase the potential compromise of arrears for NCPs who have been, or are currently, reservists or members of the National Guard that have been activated to military service. NCPs interested in a compromise for military personnel should contact the LCSA managing their child support case. For contact information, click here.

If an NCP indicates that he or she is seeking a further compromise under California Family Code section 17560(8) (1) (B), the LCSA is to contact COAP Help if they need assistance.

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AMENDED IN ASSEMBLY JUNE 3, 2010
AMENDED IN SENATE SEPTEMBER 1, 2009
AMENDED IN SENATE JUNE 17, 2009
AMENDED IN SENATE JUNE 9, 2009
AMENDED IN SENATE MAY 5, 2009
AMENDED IN SENATE APRIL 13, 2009

SENATE BILL

No. 696

Introduced by Senator Wright

February 27, 2009

~~An act to add and repeal Section 40440.13 of the Health and Safety Code, relating to the South Coast Air Quality Management District, and declaring the urgency thereof, to take effect immediately. An act to amend Section 17560 of the Family Code, relating to child support.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 696, as amended, Wright. ~~South Coast Air Quality Management District: CEQA: permits.~~ *Child support: compromise of arrears.*

Existing law establishes a statewide compromise of arrears program pursuant to which the Department of Child Support Services may accept offers in compromise of child support arrears and interest accrued thereon owed to the state for reimbursement of aid paid pursuant to the California Work Opportunity and Responsibility to Kids Act. An offer in compromise must be rescinded and any compromised liability reestablished unless there is a finding of good cause or a determination by the director that it is in the best interest of the state to do otherwise. Existing law provides that the acceptance of an offer in compromise is

deemed to be in the best interest of the state with regard to arrears that accrued as a result of a decrease in income when an obligor was a reservist or member of the National Guard activated to United States military service, and failed to modify the support order to reflect the reduction in income.

This bill would provide that acceptance of an offer in compromise is deemed to be in the best interest of the state with regard to arrears that accrued as a result of a decrease in income when the obligor failed to modify the support order to reflect the reduction in income when an obligor was a reservist or member of the National Guard activated to United States military service, when the obligor was incarcerated for more than 90 days and does not have other sources of income, when the obligor's sole income was based on specified forms of public assistance, or when the obligor was receiving inpatient services in a medical facility for more than 90 days and does not have other sources of income.

~~(1) The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report (EIR) on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. CEQA exempts certain specified projects from its requirements.~~

~~Under existing law, every air pollution control district or air quality management district in a federal nonattainment area for any national ambient air quality standard is required to establish by regulation, a system by which all reductions in emissions of air contaminants that are to be used to offset certain future increases in the emission of air contaminants are banked prior to use. The South Coast Air Quality Management District (district) promulgated various rules establishing offset exemptions, providing Priority Reserve offset credits, and creating or tracking credits used for offset exemption or Priority Reserve projects. In *Natural Resources Defense Council v. South Coast Air Quality Management District* (Super. Ct. Los Angeles County, 2007, No. BS~~

110792), the superior court found the promulgation of certain of these district rules to be in violation of CEQA.

This bill would authorize the district to issue permits under specified circumstances, notwithstanding this court decision. The provisions of the bill would be repealed on May 1, 2012.

(2) This bill would state the findings and declarations of the Legislature concerning the need for special legislation:

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$ majority. Appropriation: no. Fiscal committee: no/yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17560 of the Family Code is amended to
2 read:

3 17560. (a) The department shall establish and operate a
4 statewide compromise of arrears program pursuant to which the
5 department may accept offers in compromise of child support
6 arrears and interest accrued thereon owed to the state for
7 reimbursement of aid paid pursuant to Chapter 2 (commencing
8 with Section 11200) of Part 3 of Division 9 of the Welfare and
9 Institutions Code. The program shall operate uniformly across
10 California and shall take into consideration the needs of the
11 children subject to the child support order and the obligor's ability
12 to pay.

13 (b) If the obligor owes current child support, the offer in
14 compromise shall require the obligor to be in compliance with the
15 current support order for a set period of time before any arrears
16 and interest accrued thereon may be compromised.

17 (c) Absent a finding of good cause, or a determination by the
18 director that it is in the best interest of the state to do otherwise,
19 any offer in compromise entered into pursuant to this section shall
20 be rescinded, all compromised liabilities shall be reestablished
21 notwithstanding any statute of limitations that otherwise may be
22 applicable, and no portion of the amount offered in compromise
23 may be refunded, if either of the following occurs:

24 (1) The department or local child support agency determines
25 that the obligor did any of the following acts regarding the offer
26 in compromise:

1 (A) Concealed from the department or local child support agency
2 any income, assets, or other property belonging to the obligor or
3 any reasonably anticipated receipt of income, assets, or other
4 property.

5 (B) Intentionally received, withheld, destroyed, mutilated, or
6 falsified any information, document, or record, or intentionally
7 made any false statement, relating to the financial conditions of
8 the obligor.

9 (2) The obligor fails to comply with any of the terms and
10 conditions of the offer in compromise.

11 (d) Pursuant to subdivision (k) of Section 17406, in no event
12 may the administrator, director, or director's designee within the
13 department, accept an offer in compromise of any child support
14 arrears owed directly to the custodial party unless that party
15 consents to the offer in compromise in writing and participates in
16 the agreement. Prior to giving consent, the custodial party shall
17 be provided with a clear written explanation of the rights with
18 respect to child support arrears owed to the custodial party and the
19 compromise thereof.

20 (e) Subject to the requirements of this section, the director shall
21 delegate to the administrator of a local child support agency the
22 authority to compromise an amount of child support arrears up to
23 five thousand dollars (\$5,000), and may delegate additional
24 authority to compromise up to an amount determined by the
25 director to support the effective administration of the offers in
26 compromise program.

27 (f) For an amount to be compromised under this section, the
28 following conditions shall exist:

29 (1) (A) The administrator, director or director's designee within
30 the department determines that acceptance of an offer in
31 compromise is in the best interest of the state and that the
32 compromise amount equals or exceeds what the state can expect
33 to collect for reimbursement of aid paid pursuant to Chapter 2
34 (commencing with Section 11200) of Part 3 of Division 9 of the
35 Welfare and Institutions Code in the absence of the compromise,
36 based on the obligor's ability to pay.

37 (B) Acceptance of an offer in compromise shall be deemed to
38 be in the best interest of the state, absent a finding of good cause
39 to the contrary, with regard to arrears that accrued as a result of a
40 decrease in ~~income when an obligor~~ *the obligor's income when*

1 *the obligor failed to modify the support order to reflect the*
2 *reduction in income and under any of the following circumstances:*

3 *(i) The obligor was a reservist or member of the National Guard;*
4 *was activated to United States military service, and failed to modify*
5 *the support order to reflect the reduction in income. Good.*

6 *(ii) The obligor was incarcerated for more than 90 days and*
7 *does not have other sources of income.*

8 *(iii) The obligor's sole income was based on Supplemental*
9 *Security Income/ State Supplementary Payments (SSI/SSP),*
10 *CalWORKs, or any other public assistance program for which*
11 *eligibility is determined on the basis of need.*

12 *(iv) The obligor was receiving inpatient services in a medical*
13 *facility for more than 90 days and does not have other sources of*
14 *income.*

15 *(2) Good cause to find that the compromise is not in the best*
16 *interest of the state as described in paragraph (1) shall include*
17 *circumstances in which the ~~service member's~~ obligor's failure to*
18 *seek, or delay in seeking, the modification were not reasonable*
19 *under the circumstances faced by the ~~service member~~. The director,*
20 *no later than 90 days after the effective date of the act adding this*
21 *subparagraph, shall establish rules that compromise, at a minimum,*
22 *the amount of support that would not have accrued had the order*
23 *been modified to reflect the reduced income earned ~~during the~~*
24 *period of active military service under the above circumstances.*

25 *(2)*

26 *(3) Any other terms and conditions that the director establishes*
27 *that may include, but may not be limited to, paying current support*
28 *in a timely manner, making lump-sum payments, and paying*
29 *arrears in exchange for compromise of interest owed.*

30 *(3)*

31 *(4) The obligor shall provide evidence of income and assets,*
32 *including, but not limited to, wage stubs, tax returns, and bank*
33 *statements as necessary to establish all of the following:*

34 *(A) That the amount set forth in the offer in compromise of*
35 *arrears owed is the most that can be expected to be paid or collected*
36 *from the obligor's present assets or income.*

37 *(B) That the obligor does not have reasonable prospects of*
38 *acquiring increased income or assets that would enable the obligor*
39 *to satisfy a greater amount of the child support arrears than the*
40 *amount offered, within a reasonable period of time.*

1 (C) That the obligor has not withheld payment of child support
2 in anticipation of the offers in compromise program.

3 (g) A determination by the administrator, director or the
4 director's designee within the department that it would not be in
5 the best interest of the state to accept or rescind an offer in
6 compromise in satisfaction of child support arrears shall be final
7 and not subject to the provisions of Chapter 5 (commencing with
8 Section 17800) of Division 17, or subject to judicial review.

9 (h) Any offer in compromise entered into pursuant to this section
10 shall be filed with the appropriate court. The local child support
11 agency shall notify the court if the compromise is rescinded
12 pursuant to subdivision (c).

13 (i) Any compromise of child support arrears pursuant to this
14 section shall maximize to the greatest extent possible the state's
15 share of the federal performance incentives paid pursuant to the
16 Child Support Performance and Incentive Act of 1998 and shall
17 comply with federal law.

18 (j) The department shall ensure uniform application of this
19 section across the state.

20 ~~SECTION 1. The Legislature finds and declares all of the~~
21 ~~following:~~

22 ~~(a) As a result of the superior court decision in Natural~~
23 ~~Resources Defense Council v. South Coast Air Quality~~
24 ~~Management District (Super. Ct. Los Angeles County, 2007, No.~~
25 ~~BS 110792) holding that the South Coast Air Quality Management~~
26 ~~District (district) violated the requirements of the California~~
27 ~~Environmental Quality Act (CEQA) (Division 13 (commencing~~
28 ~~with Section 21000) of the Public Resources Code) in the~~
29 ~~promulgation of certain district rules, the district is unable to issue~~
30 ~~over a thousand pending permits that rely on the district's internal~~
31 ~~offset bank to offset emissions.~~

32 ~~(b) The district may also have to set aside several thousand~~
33 ~~permits that were previously issued in reliance on the district's~~
34 ~~internal offset bank.~~

35 ~~(c) Prompt legislative action is necessary as an interim measure;~~
36 ~~otherwise projects will be stopped from going forward or frozen~~
37 ~~in place, representing significant losses to the economy and the~~
38 ~~loss of numerous well-paying jobs.~~

39 ~~(d) Nothing in the case described in subdivision (a) requires the~~
40 ~~setting aside of any permit issued by the South Coast Air Quality~~

1 Management District to any essential public service, that relied on
2 Rule 1309.1, nor any permit that relied on Rule 1304, between
3 September 8, 2006, and November 3, 2008:

4 SEC. 2. Section 40440.13 is added to the Health and Safety
5 Code, to read:

6 40440.13. (a) Notwithstanding the decision of the court in
7 Natural Resources Defense Council v. South Coast Air Quality
8 Management District (Super. Ct. Los Angeles County, 2007, No.
9 BS 110792), the south coast district may issue permits in reliance
10 on, and in compliance with, south coast district Rule 1304, as
11 amended on June 14, 1996, except for an electrical generation
12 facility, and Rule 1309.1, as amended May 3, 2002, for essential
13 public services, as defined in subdivision (m) of Rule 1302, as
14 amended December 6, 2002.

15 (b) Nothing in this section affects the decision in the case
16 described in subdivision (a) concerning the adoption, readoption,
17 or amendment, or environmental review, of south coast district
18 Rule 1315.

19 (c) In implementing subdivision (a), the south coast district shall
20 rely on the emission reduction credit tracking system used prior
21 to the adoption of Rule 1315, until a new tracking system is
22 approved by the United States Environmental Protection Agency
23 and is in effect, at which point that new system shall be used by
24 the south coast district in implementing subdivision (a). The south
25 coast district shall make information concerning the credits, and
26 the tracking of these credits, available to the public.

27 (d) This section shall remain in effect only until May 1, 2012,
28 and as of that date is repealed, unless a later enacted statute, that
29 is enacted before May 1, 2012, deletes or extends that date.

30 SEC. 3. The Legislature finds and declares that a special law
31 is necessary and that a general law cannot be made applicable
32 within the meaning of Section 16 of Article IV of the California
33 Constitution because of unique circumstances concerning the South
34 Coast Air Quality Management District.

35 SEC. 4. This act is an urgency statute necessary for the
36 immediate preservation of the public peace, health, or safety within
37 the meaning of Article IV of the Constitution and shall go into
38 immediate effect. The facts constituting the necessity are:

39 Due to the court decision in Natural Resources Defense Council
40 v. South Coast Air Quality Management District (Super. Ct. Los

1 ~~Angeles County, 2007, No. BS 110792), the South Coast Air~~
2 ~~Quality Management District is unable to issue over a thousand~~
3 ~~pending permits that are either exempt from offset requirements~~
4 ~~or qualified to use offset credits from the district's Priority Reserve~~
5 ~~and is required to set aside thousands of permits already issued.~~
6 ~~Therefore, in order to allow the district to issue permits in an~~
7 ~~expeditious manner as an urgent interim measure, it is necessary~~
8 ~~that this act take effect immediately.~~

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Understanding the Psyche of Military Personnel

8 Battlefield Skills that Make Life in the Civilian World Challenging

Adapted from James Munroe, Ed.D, Boston VA Healthcare System,

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1. **Safety.** Military personnel in the war zone must be on constant alert for danger. Every day events at home, like a traffic jam, can trigger a sense of danger and vulnerability. The soldier veteran may seek constant control and vigilance. People accustomed to safety may not understand.
2. **Trust and Identifying the Enemy.** To survive, military personnel must learn quickly not to trust in the war zone. It's better to assume that everyone is the enemy until proven otherwise. At home, mistrust and suspiciousness severely damage most important relationships, including marriage.
3. **Mission Orientation.** The primary task in the military is to complete the mission ordered from above. All attention and resources are directed to its completion. In the civilian world, individuals are expected to take initiative, seek out tasks, balance competing priorities, and decide for themselves how to proceed.
4. **Decision Making.** In the war zone, following orders is critical to personal safety, the well-being of comrades, and the success of the mission. Military personnel whose rank requires decision making must give life-and-death orders, even when all the information is not available. At home, especially in families, decision making tends to be a cooperative. People take time to consider questions and options and to seek out additional information.
5. **Response Tactics.** In the war zone, survival depends on automatic response to danger. It is critical to act first-with maximum firepower-and think later. Keeping all supplies and equipment, including weapons, clean, well-maintained, and in their proper place is critical to response. At home, messy rooms and dirty dishes feel dangerous, and the veteran's response to these realities may intimidate or frighten family members.
6. **Predictability and Intelligence Control.** In the war zone, troops are in serious danger if the enemy can predict their movements, routine, location or intentions. Military personnel learn to vary their routine and withhold information. But at home, employers expect routines and children need them.

7. **Emotional Control.** Combat exposes military personnel to overwhelming events that elicit fear, loss and grief. Yet the job requires that they move on quickly, staying alert and vigilant. The range of acceptable emotions may narrow to anger and irritability. Drugs and alcohol help sustain emotional numbing, even after the veteran comes home. Emotions that are dangerous in combat are critical for relationships at home.

8. **Talking About the War.** It's hard to talk about how the war changed the individual. War may challenge the veteran's core beliefs about humanity and justice in the world. There are few opportunities to reflect on this in the combat situation. At home, it is difficult to explain to civilians-to people who live in safety-what happened in combat, what decisions are made, why those decisions were necessary. Talking about the war may overwhelm the veteran with horror or grief. And the veteran may be afraid that their stories will upset people they care about or lead to rejections.