

# COMMITTEE REPORT

## SENATE

FURTHER:

2/9/84

Date 3/22/84

Mr. President

The Committee on FINANCE considered SJR 30

enforcement of child support obligations.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for \_\_\_\_\_
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

*John ...*  
*Bob ...*  
*Bob ...*  
*...*  
*...*  
*...*  
*...*  
*...*

MEMBERS HAVING  
OTHER RECOMMENDATIONS

\_\_\_\_\_  
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*...*

Chairman

Chairman recommendation

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date \_\_\_\_\_

**REQUEST**

Bill/Resolution No: SJR-30  
 Title: Relating to the Enforcement of  
Child Support Obligations  
 Sponsor: Halford  
 Requestor: Senate Judiciary  
 Date of Request: 1-17-84

**FISCAL DETAIL**

Agency Affected: Revenue  
 Program Category Affected: Revenue  
Collection & Management  
 BRU, Program of Subprogram(s) Affected:  
Child Support Enforcement Division

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
<b>OPERATING</b>						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<b>TOTAL OPERATING</b>	-	N/A	N/A	N/A	N/A	N/A
<b>CAPITAL</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>REVENUE</b>	N/A	N/A	N/A	N/A	N/A	N/A

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<b>TOTAL</b>	N/A	N/A	N/A	N/A	N/A	N/A

**POSITIONS:**

FULL-TIME		-	-	-	-	-
PART-TIME	N/A	-	-	-	-	-
TEMPORARY		-	-	-	-	-

**SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:**

N/A

**ANALYSIS:** Attach a separate page for analysis.

1. One page analysis attached.
2. One document attached.

Prepared By: Dan R Copeland  
 Division: Child Support Enforcement Division

Phone: 276-3441  
 Date: 1-19-84

Approved by Commissioner: Robert Heath  
 Agency: Revenue

Date: 2/6/84  
 Phone: 465-2300

**Distribution (by Agency preparing fiscal note):**

Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

FISCAL NOTE ANALYSIS  
SJR-30, January 19, 1984

In Alaska offsetting IRS refunds for the AFDC caseload was very effective. Significant collection totals were noted, but there was a more important aspect to the process. Many of the absent parents that would not have paid anything were caught by the IRS network. One of the reasons for this is that this offset process is one of the few effective ways to collect on an interstate case or deal with self-employed people.

Alaska has had the following governmental reimbursement results:

<u>Calendar Year</u>	<u>Cases Submitted</u>	<u>Collections</u>	<u>Arrearages Submitted</u>
1982	227	\$85,000	\$1,582,500
1983	927	\$186,000	6,092,500
1984	1,148	\$230,000*	6,741,500

\*Estimated

At the national level the following governmental reimbursement results have been noted:

<u>Calendar Year</u>	<u>Cases Submitted</u>	<u>Collections</u>	<u>Number of Collections</u>	<u>Average</u>
1982	561,000	\$168,915,000	279,000	\$605.00
1983	872,000	\$169,353,500	323,000	\$524.00

This decline in the average amount of each offset has been the cause for concern. IRS and the Administration's Office of child Support Enforcement (OCSE) are doing formal studies in this area. IRS has stated that their opinion is that the taxpayers are changing their tax status to avoid refunds which are subject to offset. This is part of their rationale for opposing further entry in this area.

Here in the State of Alaska the process has been an extremely important tool. Adding the non-AFDC caseload to this process would greatly improve the whole effort. However, in other states this process in the non-AFDC area would be the catalyst to force a major policy change. There are many states that attempt to steer their workload away from the non-AFDC areas so that they may concentrate on AFDC or governmental reimbursement. Once this process is required for the non-AFDC caseload, the states that concentrate on just the AFDC work would be forced to change and work all cases. This policy change would be the most significant and positive improvement for the child support program.



# National Council of State Child Support Enforcement Administrators

Committee on Finance  
Subcommittee on Oversight of  
the Internal Revenue Service  
Tax Refund Offset Program and S-150  
September 16, 1983

Testimony Provided by:  
Dan R Copeland  
President

Good Morning, I am Dan R Copeland, President of the National Council of State Child Support Enforcement Administrators. I also serve as the Director of the Alaska Child Support Agency. Our National Council includes the operational head of each state child support agency.

The Council is committed to the principle that all enforcement tools should be available equally to all child support cases. This should include AFDC and non-AFDC or instate and interstate casework. It is imperative that all absent parents recognize that all collection methods will apply to their own individual obligation to pay without regard to the economic status or location of the custodial parent with their child.

Many of the bills now facing Congress include a purpose statement that would imply this type of universal approach. The offset of IRS refunds for all cases rather than just the AFDC situations would be one of the most tangible statements made in this regard. In opening the IRS refund offset process to the non-AFDC caseload it must be recognized that this has the potential for greatly expanding the number of custodial parents that will want to use the child support system. Many custodial parents that have given up any thought of receiving child support will see this process as one last hope. It is most important that we make sure their hopes are not lost.

Many substantial barriers stand in the way of allowing the IRS refund offset process to work to its fullest extent. The first and most significant factor is in the basic program intent. While child support and the non-AFDC caseload is currently receiving a lot of attention many of the state and local political jurisdictions need assurances that child support services and not government AFDC reimbursement is the program objective. This very basic message, that child support is to be viewed as a service to the public will take time to be accepted. Acceptance of this will have a substantial impact in how the state and local jurisdictions implement the process of offsetting IRS refunds for non-AFDC cases. Once the basic program intent is established nationwide down through each county and local child support operations, the offset process will become one of the most effective collection tools available.

The success of the AFDC IRS offset process is one of the driving factors in the push to expand the program to include the non-AFDC caseload. During FY 82, better than 547,000 AFDC arrearage cases were submitted to IRS and 262,030 or 48% of these cases produced an actual cash response. In this first year of operation over \$166,000,000 was collected and distributed to the state and federal governments. The figures are indicators of success but a more important fact is that many of the cases that proved to be uncollectable in the past now produced amazing results.

-over-

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Salt Lake City, Utah 84115  
(801) 486-1812

Testimony  
Page 2  
September 16, 1983

In many instances the process of offsetting the refunds is declared to be a simple and inexpensive process. When compared to some of the routine child support problems this may be true but in fact there is considerable effort involved. The states, counties and federal governments all go through a notice process which insures due process prior to attachment. Once the notice is sent out on all of the cases a great number of the absent parents contact the appropriate agency to work out payment arrangements. The phone calls and office contact continue to create extensive workload requirements at the local operational level. Naturally this notice process will find some cases where the arrearages are incorrect and adjustments are required. These adjustments are made timely and without serious problems in most cases.

During June 1982 the Federal Office of Child Support Enforcement conducted a review of selected state 1981 IRS submissions. These reviews were instrumental in refining the process with quality assurance mechanisms, additional pre-offset notices, and quicker deletions or releases. All indications are that the operations of the 1982 tax year refund process will be more efficient than the previous year.

One of the first questions that often develops when looking at the IRS offset process for non-AFDC cases is whether or not it can be done. This question is asked because there are numerous problems associated with the non-AFDC caseload that are not common to the AFDC cases. Doing the IRS offset process on the non-AFDC caseload forces people to recognize these difficult situations on a large number of cases as a group. However, it is important to recognize that each of these problems is a part of every enforcement action on each individual non-AFDC case. For example, in every instance there is the possibility that the absent parent has sent the money directly to the custodial parent and the arrearages as stated are incorrect. If this is the case, the due process requirements for all seizure actions protect the absent parent with notice and time to respond. This is currently a routine part of every agency that handles non-AFDC cases. If it is used in filing liens attaching wages, offsetting state refunds, seizing bank accounts, and will be a requirement in any IRS offset process. While using the IRS offset process for the non-AFDC cases will cause certain problems, all of these problems are resolvable and the process should become law.

The real question to be asked is not whether or not a state could operate a non-AFDC IRS offset program. In actual practice the bottom line question is whether or not the states and local operations have the ability to accept the additional non-AFDC service requirements in all areas.

Introduced: 1/12/84  
Referred: Judiciary and  
Finance

BY HALFORD, KERTTULA,  
JOSEPHSON, FAIKS, V.FISCHER,  
P.FISCHER, PETTYJOHN, KELLY,  
ELIASON AND STURGULEWSKI

1 IN THE SENATE

2

SENATE JOINT RESOLUTION NO. 30

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

Relating to the enforcement of child

6

support obligations.

7

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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WHEREAS millions of children in the United States are being econom-

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ically deprived and cannot achieve their true potential if financial sup-

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port is withheld by one or both parents; and

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WHEREAS Congress established a child support enforcement program in 42

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U.S.C. 651 - 665 (Title IV, Part D, Social Security Act) to provide an

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opportunity for all children to receive support from their parents through

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more effective enforcement of state and federal child support laws; and

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WHEREAS the purpose of the child support enforcement program was to

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ensure compliance with obligations to pay child support for each child in

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the United States living with one parent, and various enforcement tools

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were provided in 42 U.S.C. 651 - 665 to fulfill this purpose; and

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WHEREAS one of the enforcement tools is a provision in 42 U.S.C. 664

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allowing states to attach tax refunds through the Internal Revenue Service

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for reimbursement to the states for payments made to custodial parents, but

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the use of this particular enforcement tool was limited to Aid to Families

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with Dependent Children (AFDC) cases; and

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WHEREAS all of the enforcement tools in 42 U.S.C. 651 - 665 should be

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available for use in every child support enforcement case; and

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WHEREAS nonpayment of child support often forces the custodial parent

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to seek public assistance for the maintenance of the child; and

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WHEREAS numerous state and federal programs other than the Aid to

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Families with Dependent Children program are facing substantial budgetary

1 restrictions and are negatively affected by the failure to enforce child  
2 support obligations adequately;

3 BE IT RESOLVED by the Alaska State Legislature that Congress is re-  
4 spectfully requested to amend 42 U.S.C. §64, and any related law, to pro-  
5 vide that the procedures that are presently available to AFDC families for  
6 the collection of past due child support from federal tax refunds shall be  
7 available to all children in the United States on an equal basis.

8 COPIES of this resolution shall be sent to the Honorable George Bush,  
9 Vice-President of the United States and President of the U.S. Senate; the  
10 Honorable Thomas P. O'Neill, Jr., Speaker of the U.S. House of Representa-  
11 tives; and to the Honorable Ted Stevens and the Honorable Frank Murkowski,  
12 U.S. Senators, and the Honorable Don Young, U.S. Representative, members of  
13 the Alaska delegation in Congress.

## Senator Vic Fischer


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Alaska State Legislature  
1024 W. 6th Avenue, Suite 204C  
Anchorage, Alaska 99501 (907) 278-3654  
During Session • Pouch V • Juneau, Alaska 99811 (907) 465-4954



3/22/84

### MEMORANDUM

TO: Members, Senate Finance Committee  
FROM: Sen. Vic Fischer   
RE: SJR 30

Title: Relating to the enforcement of child support obligations.

Sponsors: Halford, Kerttula, Josephson, Faiks, V. Fischer, P. Fischer,  
Pettyjohn, Kelly, Eliason, and Stugeulevski

The purpose of this resolution is to urge the U. S. Congress to amend federal law to allow states to attach federal tax refunds for non-AFDC child support orders. Attaching of tax refunds is now required by federal law for overdue child support orders in AFDC cases but not allowed for non-AFDC cases. The federal law SJR 30 urges support for would provide the same enforcement tools for all child support obligation cases.

(Information provided by: Dan Copeland, Director, Division of Child Support Enforcement, AK Dept. of Revenue 276-3441)

VF/JH

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VF/JH

COMMITTEE REPORT  
SENATE

FURTHER: FINANCE

1/12/84

Date: Feb 8, 1984

Mr. President:

The Committee on JUDICIARY has had SJR 30

enforcement of child support obligations.

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

*Bill*  
*[Signature]*  
*[Signature]*  
*[Signature]*  
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 \_\_\_\_\_

*Bill Ray*  
 CHAIRMAN  
 DO PASS

A M E N D M E N T

OFFERED IN THE SENATE:

By: The Judiciary Committee

To: SJR 30 ~~SENATE BY KX No.~~ \_\_\_\_\_

HOUSE BILL No. \_\_\_\_\_

PAGE: \_\_\_\_\_

LINE: \_\_\_\_\_

Page 2 line 8: Add the following: "The Honorable Ronald Reagan,  
President of the United States, The Honorable Margaret M. Heckler,  
Secretary of the Department of Health & Social Services"