

ALASKA LEGISLATURE COMMITTEE FILES 1983-1984 86/2

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STATE OF ALASKA

DEPARTMENT OF REVENUE

CHILD SUPPORT ENFORCEMENT DIVISION

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December 30, 1983

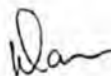
Elizabeth Hickerson
Senate Advisory Council
1024 W. 6th Ave., Suite 203
Anchorage, AK 99501

Dear Elizabeth:

Attached is Press Release #83-205 for HR 4325 from the Senate Finance Committee. I am extremely pleased to note that Senator Dole views the most important feature of the bill to be the encouragement to states to improve collections for the non-welfare as well as welfare caseload.

The text for the resolution on the non-AFDC IRS refund intercept may be something that could be included in written testimony for this hearing. All indications are that this bill has the best chance to make it into law this next year. If I can be of any further help, please let me know.

Sincerely,



Dan R Copeland
Director

DRC:tg

Enclosure

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P R E S S R E L E A S E

FOR IMMEDIATE RELEASE
December 12, 1983

UNITED STATES SENATE
COMMITTEE ON FINANCE
SD-219 Dirksen Senate
Office Building

SENATE FINANCE COMMITTEE SETS HEARING ON
CHILD SUPPORT ENFORCEMENT PROGRAM REFORM PROPOSALS

Senator Robert J. Dole (R., Kans.), Chairman of the Senate Finance Committee, announced today that the Committee will hold a hearing on Tuesday, January 24, 1984, on pending legislation dealing with the Child Support Enforcement Program.

The hearings will begin at 2:00 p.m. on January 24, 1984 in Room SD-215 of the Dirksen Senate Office Building.

In announcing the hearing, Senator Dole said "the Finance Committee and two of its subcommittees received testimony earlier this year on the Child Support Enforcement Program. Most recently, in September, the Secretary of Health and Human Services, the Honorable Margaret M. Heckler, appeared before the Subcommittee on Social Security and Income Maintenance Programs. Secretary Heckler's statement focused on S. 1691, the Administration bill which is aimed at refining the child support program and improving its effectiveness and efficiency. S. 1691 was introduced in July and cosponsored by every majority member of the Finance Committee along with several other Senators." Senator Dole continued.

"The Finance Committee has set child support enforcement reform as a top priority for the Second Session of the 98th Congress. Therefore, it is important to move quickly to conduct a hearing on the pending legislation in preparation for a speedy mark-up," Senator Dole said. "It is my hope that an Administration representative will appear to comment on the House bill (H.R. 4325), as well as the several bills pending in the Senate."

The Finance Committee is especially interested in comments regarding the financial incentive formula included in the Administration bill and the one included in the House bill. Both formulas are intended to encourage States to improve collections for the nonwelfare cases as well as the welfare caseload. "This is one of the most important features of the various reform bills," Senator Dole concluded.

A number of interested individuals and organizations have already submitted statements to Senator Bill Armstrong's Subcommittee on Social Security and Income Maintenance Programs. Those statements will be distributed to the members of the Committee and included in the record of this hearing. Should these individuals or organizations wish to expand their earlier statements to include specific comments on the House bill, those additions will be included in the record of this hearing.

Requests to Testify.--Witnesses who wish to testify at the hearing must submit a written request to Roderick A. DeArment, Chief Counsel, Committee on Finance, Room SD-219 Dirksen Senate

Office Building, Washington, D.C. 20510, to be received not later than the close of business on Tuesday, January 10, 1984. Witnesses will be notified as soon as practicable thereafter whether it has been possible to schedule them to present oral testimony. If, for some reason, a witness is unable to appear at the time scheduled, he may file a written statement for the record in lieu of the personal appearance. In such a case, a witness should notify the Committee of his inability to appear as soon as possible.

Consolidated testimony.--Senator Dole urges all witnesses who have a common position or who have the same general interest to consolidate their testimony and to designate a single spokesman to present their common viewpoint orally to the Committee. This procedure will enable the Committee to receive a wider expression of views than it might otherwise obtain. Senator Dole urges that all witnesses exert a maximum effort to consolidate and to coordinate their statements.

Legislative Reorganization Act.--Senator Dole stated that the Legislative Reorganization Act of 1946, as amended, requires all witnesses appearing before the Committees of Congress "to file in advance written statements of their proposed testimony, and to limit their oral presentations to brief summaries of their argument."

Witnesses scheduled to testify should comply with the following rules:

- (1) All witnesses must submit written statements of their testimony.
- (2) Written statements must be typed on letter-size paper (not legal size) and at least 100 copies must be delivered not later than close of business on Friday, January, 20, 1984.
- (3) All witnesses must include with their written statements a one-page summary of the principal points included in the statement.
- (4) Oral presentations should be limited to a short discussion of principal points included in the summary. Witnesses must not read their written statements. The entire prepared statement will be included in the record of the hearing.
- (5) Not more than 1 minute will be allowed for the oral summary.
- (6) Each witness will be permitted four additional minutes to answer questions from the members of the Committee.

Written statements.--Witnesses who are not scheduled to make oral presentations, and others who desire to present their views to the Committee, are urged to prepare a written statement for submission and inclusion in the printed record of the hearing. These written statements should be typewritten, not more than 25 double-spaced pages in length, and mailed with five copies to Roderick A. DeArment, Chief Counsel, Committee on Finance, Room SD-219 Dirksen Senate Office Building, Washington, D.C. 20510, not later than Tuesday, February 7, 1984. On the first page of your written statement, please indicate the date and subject of the hearing.

DR110

CHILD SUPPORT ENFORCEMENT AMENDMENTS OF 1983

NOVEMBER 10, 1983.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 4325]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means to whom was referred the bill (H.R. 4325) to amend part D of title IV of the Social Security Act to assure, through mandatory income withholding, incentive payments to States, and other improvements in the child support enforcement program, that all children in the United States who are in need of assistance in securing financial support from their parents will receive such assistance regardless of their circumstances, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

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The amendments (stated in terms of the page and line numbers of the introduced bill) are as follows:

In the table of contents on page 2, strike out the item relating to section 16 and insert in lieu thereof the following:

- Sec. 16. Inclusion of medical support in child support orders.
- Sec. 17. Increased availability of Federal parent locator service to State agencies.

Sec. 18. Extension of eligibility under title XIX when support collection results in termination of AFDC eligibility.

Sec. 19. General effective date.

Page 5, lines 19 and 20, strike out "(under applicable State paternity laws)".

Page 6, lines 2 and 3, strike out "past-due" and insert in lieu thereof "overdue".

Page 7, line 3 after "agency" insert "or other entity".

Page 8, lines 2 and 3, strike out "portion thereof which represents arrearages" and insert in lieu thereof "amounts to be withheld to satisfy arrearages".

Page 14, lines 10 and 11, strike out "average support collections, and any other actual or estimated data which" and insert in lieu thereof "and average support collections, and such other actual data or estimates as".

Page 18, lines 8 and 9, strike out "the dollar amount" and insert in lieu thereof "125 percent of the dollar amount".

Page 20, lines 3 and 4, strike out "participates" and insert in lieu thereof "participate".

Page 20, lines 20 through 23, strike out "as in effect prior to such amendment (in connection with the administration of the State's child support enforcement plan approved under section 454 of such Act)".

Page 22, line 17, strike out "7(a)" and insert in lieu thereof "6(a)".

Page 22, line 23, strike out "1984" and insert in lieu thereof "1985".

Page 24, lines 17 and 18, strike out "Effective upon the enactment of this Act, section" and insert in lieu thereof "Section".

Strike out line 19 on page 28 and all that follows down through line 7 on page 33 and insert in lieu thereof the following:

MODIFICATIONS IN CONTENT OF SECRETARY'S ANNUAL REPORT

Sec. 12. (a) Section 452(a)(10) (C) of the social security Act is amended—

(1) by inserting "(i)" immediately after "(C)"; and

(2) by adding at the end thereof the following new clause:

"(ii) the payment status of all active child support cases in each State at the time the report is submitted (with a separate description of those cases which are interstate in nature), as more particularly set forth in subsection (f);".

(b) Section 452 of such Act is further amended by adding at the end thereof the following new subsection:

"(f)(1) The information with respect to active child support cases in each State which is required by subparagraph (C) (i) of subsection (a)(10) to be contained in any report submitted under such subsection shall specifically include the following, separately stated for each of the 12 categories of cases specified in paragraph (2):

"(A)(i) The total number of such child support cases (filed with the State agency of such State under this

PART) in which the full amount of the support obligation has been paid for all months in the particular fiscal year to which the report relates, with the amounts of the support obligations involved in those cases:

"(ii) the total number of such cases in which at least 90 percent but less than the full amount of the support obligation has been so paid, with the amounts of the support obligations established and support collections made in those cases;

"(iii) the total number of such cases in which at least 66 $\frac{2}{3}$ percent but less than 90 percent of the support obligation has been so paid, with the amounts of the support obligations established and support collections made in those cases;

"(iv) The total number of such cases in which at least 33 $\frac{1}{3}$ percent but less than 66 $\frac{2}{3}$ percent of the support obligation has been so paid, with the amounts of the support obligations established and support collections made in those cases;

"(v) the total number of such cases in which some but less than 33 $\frac{1}{3}$ percent of the support obligation has been so paid, with the amounts of the support obligations established and support collections made in those cases; and

"(vi) the total number of such cases in which no part of the support obligation has been paid, with the amounts of the obligations involved in those cases; and

"(B) the number of such child support cases (filed with the State agency of such State under this part), in each of the six subclasses described in clauses (i) through (vi) of subparagraph (A) within each of such categories, which were filed in such State on behalf of children residing in another State or against parents residing in another State in the particular fiscal year to which the report relates, specifying (for each such subclass)—

"(i) the total number of such cases which were initiated in the State of filing, with the amounts of the support obligations established and support collections made in those cases.

"(ii) the number of such cases which were initiated in another State (identifying each such State by name) in which State of filing was requested to take action to establish paternity, obtain support obligations, or collect support.

"(iii) the number of the cases described in clause (ii) in which action was taken in response to the request, and

"(iv) the actions (described in clause (ii)) which were so taken.

Such information shall also include any other matter which the Secretary may deem necessary for an effective

when support collection results in

under applicable State pater-

past-due" and insert in lieu

or other entity".

portion thereof which repre-

sents "amounts to be with-

drawn from average support collections,

of which" and insert in lieu

of such other actual

support dollar amount" and insert

the dollar amount".

and insert in lieu

of "as in effect prior to such

administration of the State's

law under section 454 of such

and insert in lieu thereof

and insert in lieu thereof

"Effective upon the enact-

ment of this Section".

Section that follows down through

the following:

SECRETARY'S ANNUAL REPORT

(D) of the social security

report after "(C)"; and

of the following new

all active child support

cases the report is submitted

of those cases which are

particularly set forth in

her amended by adding

the following subsection:

Section to active child sup-

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subparagraphs (2);

of such child support cases

filed in such State under this

assessment of the current status of interstate child support collections.

"(2) The categories of child support cases (filed with the State agency of a State under this part) with respect to which information is to be provided in the report, under subparagraphs (A) and (B) of paragraph (1), shall include—

"(A) four categories of cases in which the support rights involved are assigned to the State under section 402(a)(26) and in which the child is currently receiving aid to families with dependent children, as follows:

"(i) all such cases in which a support obligation has been established,

"(ii) all such cases in which a new or increased support obligation was so established during the particular fiscal year to which the report relates,

"(iii) those cases described in clause (i) in which support was collected under this part during such fiscal year, and

"(iv) those cases described in clause (ii) in which support was collected under this part during such fiscal year;

"(B) four categories of cases in which the support rights involved are assigned to the State under section 402(a)(26) but in which the child is not currently receiving aid to families with dependent children, as follows:

"(i) all such cases in which a support obligation has been established.

"(ii) all such cases in which a new or increased support obligation was so established during the particular fiscal year to which the report relates,

"(iii) those cases described in clause (i) in which support was collected under this part during such fiscal year, and

"(iv) those cases described in clause (ii) in which support was collected under this part during such fiscal year; and

"(C) four categories of cases to which neither subparagraph (A) nor subparagraph (B) applies, as follows:

"(i) all such cases in which a support obligation has been established,

"(ii) all such cases in which a new or increased support obligation was so established during the particular fiscal year to which the report relates,

"(iii) those cases described in clause (i) in which support was collected under this part during such fiscal year, and

"(iv) those cases described in clause (ii) in which support was collected under this part during such fiscal year."

(c) The amendments made by this section shall apply with respect to reports (under section 452(a)(10) of the Social Security Act) for fiscal years beginning on or after October 1, 1986.

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cases (filed with the part) with respect to in the report, under paragraph (1), shall include— in which the support the State under section is currently receiving children, as follows:

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lowing a support obligation

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in clause (ii) in which for this part during such

to which neither subparagraph applies, as follows: in a support obligation

which a new or increased established during the which the report relates, in clause (i) in which for this part during such

in clause (ii) in which for this part during such

This section shall apply section 452(a)(10) of the beginning on or after

Page 35, before the period in line 21, insert the following: “; except that costs incurred by such a Commission or its members for transportation within the State, and such other costs incurred by the Commission or its members as may be specifically allowed by the Secretary in regulations, shall be considered for purposes of section 455(a)(1) of the Social Security Act to be expenditures for the operation of the State’s plan approved under section 454 of such Act”.

Page 38, line 4, strike out the period and insert in lieu thereof a comma.

Page 39, after line 2, insert the following new section:

INCLUSION OF MEDICAL SUPPORT IN CHILD SUPPORT ORDERS

SEC. 16. The Secretary of Health and Human Services shall issue regulations to require that State agencies administering the child support enforcement program under part D of title IV of the Social Security Act petition for the inclusion of medical support as part of any child support order whenever health care coverage is available to the absent parent at a reasonable cost. Such regulations shall also provide for improved information exchange between such State agencies and the State agencies administering the State medicaid programs under title XIX of such Act with respect to the availability of health insurance coverage.

Page 39, after line 2, insert the following new section:

INCREASED AVAILABILITY OF FEDERAL PARENT LOCATOR SERVICE TO STATE AGENCIES

SEC. 17. Section 453(f) of the Social Security Act is amended by striking out “, after determining that the absent parent cannot be located through the procedures under the control of such State agencies,”.

Page 39, after line 2, insert the following new section:

EXTENSION OF ELIGIBILITY UNDER TITLE XIX WHEN SUPPORT COLLECTION RESULTS IN TERMINATION OF AFDC ELIGIBILITY

SEC. 18. Section 406 of the Social Security Act is amended by adding at the end thereof the following new subsection:

“(h) Each dependent child, and each relative with whom such a child is living (including the spouse of such relative as described in subsection (b)), who becomes ineligible for aid to families with dependent children as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D, and who has received such aid in at least three of the six months immediately preceding the month in which such ineligibility begins, shall be deemed to be a recipient of aid to families with dependent children for purposes of title XIX for an additional four calendar months beginning with the month in which such ineligibility begins.”.

Page 39, line 4, strike out "Sec. 16." and insert in lieu thereof "Sec. 19."

I. SUMMARY EXPLANATION OF H.R. 4325: THE CHILD SUPPORT ENFORCEMENT AMENDMENTS OF 1983

I. STATEMENT OF PURPOSE FOR THE TITLE IV-D CHILD SUPPORT ENFORCEMENT (CSE) PROGRAM

A "Purpose" section would be added stating that assistance in obtaining support be made available to all AFDC and non-AFDC children for whom such assistance from the IV-D program is requested. (Report language will make clear that this has always been the intent of the IV-D program.)

II. STATE REQUIREMENTS

The following requirements would be effective October 1, 1985; however, if the State can show with detailed evidence that any of the requirements in A through H below would not be effective or efficient in that State, the Secretary may waive that requirement for a specified period of time.

A. *Income withholding*

1. (a) In the case of any noncustodial parent against whom a support order is or has been issued in the State, whenever child support arrearages occur (or earlier at State option), the State must provide for the withholding of wages for AFDC and non-AFDC IV-D cases, or for anyone who applies for IV-D services in order to initiate withholding, under conditions and procedures established in accordance with the requirements summarized in 2-10 below. (b) The amount withheld, subject to Consumer Credit Protection Act limitations, must be the amount of current support that is owed, plus any arrearages (the amount withheld for arrearages may be subject to limitations provided under State law), plus a fee (the amount to be established by the State) to be paid to the employer.

2. Withholding must begin when the arrearage reaches an amount equal to one month of support payments. A State may begin withholding at some earlier point; and must begin withholding earlier if requested by the absent parent.

3. (a) The initiation of withholding procedures must be automatic in the case of IV-D (AFDC and non-AFDC) cases that meet the conditions summarized below, and can be triggered for other families by the obligee filing an application for services with the IV-D agency. (b) The execution of withholding orders must occur without the need for amendment of the support order.

4. The withholding of income for child support payments must be administered by a public agency designated by the State (such as the IV-D agency). The State may establish or allow procedures which provide for the collection from employers of withheld support payments and disbursement to obligee families through other than a public agency, so long as such procedures are publicly accountable, allow prompt disbursement, and permit the keeping of records to monitor and document the payment of support.

16." and insert in lieu thereof

**L. 4325: THE CHILD SUPPORT
PAYMENTS OF 1983**

**TITLE IV-D CHILD SUPPORT
PROGRAM**

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REQUIREMENTS

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5. (a) The obligor must get prior notice of withholding action and notification of procedures to be followed to contest the proposed withholding because of mistakes of fact; and the notification and other procedures must comport with the due process procedures of the State. (b) The final decision as to whether or not withholding will occur must be made no later than 30 days after the date the obligor parent is notified of proposed income withholding actions.

6. Employers of individuals for whom withholding proceedings have been established, upon receiving proper notice from the State to begin withholding for child support payments (which must be a separate document containing no information other than the amount to be withheld and the amount of the fee to be retained by the employer, or other information necessary for the employer to comply with the withholding order), must be (a) required to withhold from wages and forward to the appropriate agency (or comply with state approved alternative procedures summarized in II.A.(5) above) the amount specified in the notice plus a fee to be paid to the employer (unless any such fee is waived by the employer); (b) allowed to combine all amounts withheld from employees for child support into one check to the appropriate agency, and otherwise simplify the withholding process; (c) held liable to the State (on behalf of the State in AFDC cases and on behalf of the obligee in non-AFDC cases) for any amount they fail to withhold, and (d) subject to a fine if an employee is discharged from employment, refused employment or subjected to disciplinary action because of withholding for child support even if there are other withholdings for the same employee for other purposes.

7. Withholding for child support payment must take priority over any legal process against the same wage.

8. Wages must be subject to withholding; and, the State may make other income subject to withholding, such as, but not limited to, commissions and bonuses, retirement benefits, pensions, workers compensation, dividends, royalties and trust accounts.

9. The state must make provision for withholding on interstate cases.

10. There must be provision for terminating withholding.

11. All child support orders issued or modified in the State after October 1, 1985 must include provision for withholding of wages if arrearages occur. Withholding must be applied under the conditions and procedures established by the State for cases that are not IV-D cases in accordance with the requirements and procedures summarized in items 1-10 above for IV-D cases.

B. Procedures to improve establishment of, compliance with, and enforcement of court order

States must make reasonable efforts to expedite and otherwise improve the establishment of, compliance with, and enforcement of obligations resulting from a court or administrative order. States should make reasonable efforts to reduce adversary nature of support proceedings; to achieve better understanding and communication between obligee and obligor regarding the support obligation and visitation rights, agreements and arrangements (in order to obtain greater assurance of compliance with all obligations, rights and agreements arising under or related to the court or adminis-

trative order); to reduce court backlogs so that support decisions can be made promptly.

C. State income tax refund offsets

States that have State income taxes must provide for the withholding of any State tax refund payable to a non-custodial parent who owes past-due child support payments. These tax refund withholding procedures must be applicable to AFDC and, at the option of the State, to non-AFDC cases and must be used for interstate as well as intrastate cases. The obligor must get prior notice of the proposed offset and notification of procedures to be followed to contest the amount of past-due support; and the offset procedure must comport with the due process procedures of the State.

D. Liens against property

States must establish procedures for imposing liens against both real and personal property for amounts of past-due support owed by a State resident individual who owns such property in the State.

E. Paternity status

State paternity laws must permit the establishment of paternity for both AFDC and non-AFDC children until a child's 18th birthday.

F. Imposition of security or bond

States must provide for the imposition of security, a bond, or other guarantee to secure payment in the case of absent parents who have a pattern of past-due support payments. The obligor must get prior notice and notification of procedures to be followed to contest the proposed security or bond; the procedure must comport with the due process procedures of the State.

G. Providing information on past-due support to credit agencies

States must make available to consumer credit agencies, at the request of such agencies, information regarding child support arrearages. The State must make available information on arrearages in excess of \$1,000 and may make available information on smaller arrearages. The obligor must receive prior notice of the release of such information which indicates the procedures to be followed to contest the proposed release of information. The notification and procedures for contesting the proposed release of information to credit agencies must comport with the due process procedures in the State. The State may charge a fee to the credit agencies who request and receive this information which cannot exceed the cost to the State of providing the information.

H. Tracking and monitoring support payments

When a State has instituted the income withholding requirements and procedures, and established the public agency or alternative publicly accountable procedures that will administer income withholding, summarized in II(A) above, the State must provide that, at the request of the absent or custodial parent, child support payments must be made through the agency that administers

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income withholding, even though there are no arrearages and
income withholding procedures have not been applied. In such a
case, the State must charge a fee equal to any cost incurred by the
State, up to a maximum of \$25 per year.

I. Continue child support enforcement services for families that lose AFDC eligibility

In order to provide for the continuation of child support enforce-
ment services, the State must provide that AFDC recipients whose
eligibility for AFDC is terminated due to the receipt of (or an in-
crease in) child support payment or for other reasons will be auto-
matically transferred from AFDC to non-AFDC status under the
State IV-D program, without requiring reapplication or the pay-
ment of fees; and will be provided child support enforcement serv-
ices on the same basis and under the same conditions as other non-
AFDC cases.

J. Enforcement of both child and spousal support

States must pursue the enforcement and collection of spousal
support as well as child support when amounts for both are com-
bined in a single order. (This is presently a State option.)

K. Publicize the availability of child support enforcement services

States must frequently publicize, through public service an-
nouncements and other means, the availability of child support en-
forcement services, together with information as to the application
fee for such services, if any, and a telephone number or postal ad-
dress to be used to obtain additional information.

III. STATE CHILD SUPPORT MONITORING AND INCOME WITHHOLDING PROCEDURES

The provisions in current law under which 90 percent Federal
matching funds are available for the development of automated
management systems will be amended to made clear that, if a
State meets the requirements in current law, these matching funds
can be used by States for the development and improvement of pro-
cedures necessary to implement and effectively carry out the
income withholding and other requirements contained in this bill
pertaining to the monitoring of child support payments, keeping
accurate records regarding the payment of child support, and pro-
viding prompt notification to appropriate officials of any arrear-
ages that occur.

IV. FEDERAL CHILD SUPPORT FINANCING PROVISIONS

A. Incentive payments

1. The current 12 percent incentive payment, which is based
solely on collections made on behalf of AFDC families, will be re-
pealed as of October 1, 1985. The new incentive payment described
below, which is based on collections for both AFDC and non-AFDC
families, will be effective October 1, 1985. However, for FY 1986
only, States will receive the higher of the amount due them under

the new incentive structure or 80 percent of what they would have received under current law.

2. The basic incentive payment will be 4 percent of a State's AFDC collections and 4 percent of a State's non-AFDC collections.

3. To the extent that AFDC or non-AFDC collections exceed combined administrative costs for both AFDC and non-AFDC, higher incentives will be paid on a sliding scale up to 10 percent of AFDC and 10 percent of non-AFDC collections, as follows:

AFDC incentive		Non-AFDC incentive	
Ratio of AFDC collections to combined AFDC/non-AFDC administrative costs	Incentive equal to 125 percent of AFDC collections	Ratio of non-AFDC collections to combined AFDC/non-AFDC administrative costs	Incentive equal to 125 percent of non-AFDC collections
1.0:1	5.0	1.0:1	5.0
1.1:1	5.5	1.1:1	5.5
1.2:1	6.0	1.2:1	6.0
1.3:1	6.5	1.3:1	6.5
1.4:1	7.0	1.4:1	7.0
1.5:1	7.5	1.5:1	7.5
1.6:1	8.0	1.6:1	8.0
1.7:1	8.5	1.7:1	8.5
1.8:1	9.0	1.8:1	9.0
1.9:1	9.5	1.9:1	9.5
2.0:1	10.0	2.0:1	10.0

4. The total dollar amount of incentive paid for non-AFDC collections will be capped at an amount equal to 125 percent of the state's incentive payment for AFDC collections.

5. At state option, the laboratory costs of determining paternity may be deducted from combined administrative costs for purposes of computing incentive payments.

6. Where part of the cost of child support operations is borne by local governments, incentive payments must be passed through to local levels.

7. Incentive funds must be estimated and projected on an annual basis so that States will have an estimate in advance as to the amount of their incentive payments.

8. Amounts collected in interstate cases will be credited, for purposes of computing incentive payments, to both initiating and responding states.

B. Special funds for Interstate collections

For each fiscal year beginning with fiscal 1985, \$15 million will be available to the Secretary of HHS to fund special projects developed by States with the objective of utilizing innovative techniques or procedures for, and otherwise improving, child support collections in interstate cases.

C. Administrative match:

The Federal IV-D matching rate will remain at 70 percent.

D. Audit and penalties

1. Graduated penalties of 2, 3, and 5 percent of AFDC matching, with correction periods provided to improve performance, will replace current penalty provisions effective October 1, 1983.

2. The audit schedule will be put on a 3-year cycle

V. OTHER PROVISIONS

A. Effective upon enactment, the Secretary of HHS is directed to issue regulations requiring State IV-D agencies to petition for inclusion of medical support as part of any child support order whenever such health care coverage is available to the absent parent at a reasonable cost.

B. Effective upon enactment, AFDC recipients who have received AFDC for at least three of the last six months, and who lose eligibility for AFDC due to an increase in child support payments, will continue to be eligible for Medicaid for four months following their loss of AFDC eligibility.

C. Effective upon enactment, the requirement that States, in effect, must exhaust all State child support locator resources before they may request the assistance of the Federal parent locator service is repealed. In other words, States will be able to request the assistance of the Federal parent locator service without the requirement that they first exhaust all State resources.

D. The content of the annual CSE report by Secretary will be modified, effective beginning FY 1987, to include the following information:

(1.) The number of AFDC and non-AFDC cases in which there are preexisting or newly established support obligations, the amount of those obligations, the number of such cases with collections and the amount collected;

(2.) the number of cases with support obligations in which 33-66%, under 33% and 0% was paid; and

(3.) data regarding interstate collections.

E. Current law will be amended to provide that, effective October 1, 1983, the support rights of children living in foster care homes under title IV-E of the Social Security Act be assigned to the State where appropriate, and collected by the State IV-D agency as was provided for children in foster care under IV-A prior to the enactment of the Adoption Assistance and Child Welfare Act of 1980.

F. Current law will be amended to provide for waiver authority for the IV-D Child Support Enforcement (CSE) program under section 1115 of the Social Security Act, under the following conditions: (a) the intent of the requested waiver must be to test modifications that will improve the financial well-being of children; (b) a waiver will not be allowed for any modification that would disadvantage children in need of support; and (c) the requested waiver will not result in an increase in Federal AFDC cost.

G. The Department of HHS will be required to approve requests from the State of Wisconsin for waivers of Federal IV-D CSE and IV-A AFDC requirements that will allow the State to continue to receive Federal CSE and AFDC matching funds while testing modifications in both programs contained in its "Child Support Initiative," if the requested waivers meet the conditions summarized in 1 and 2 below.

1. The purposes of the requested waiver authority should be (a) to improve the financial well-being of children; (b) to obtain flexibility in the manner and procedures to be used in provid-

at of what they would have

be 4 percent of a State's
ite's non-AFDC collections.
DC collections exceed com-
DC and non-AFDC, higher
e up to 10 percent of AFDC
as follows:

Non AFDC incentive	
AFDC collections to combined AFDC/ AFDC administrative costs	Incentive equal to the percent of non- AFDC collections
.....	50
.....	55
.....	60
.....	65
.....	70
.....	75
.....	80
.....	85
.....	90
.....	95
.....	100

re paid for non-AFDC collec-
equal to 125 percent of the
lections.

sts of determining paternity
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and projected on an annual
imate in advance as to the

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s, to both initiating and re-

78
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o fund special projects devel-
lizing innovative techniques
roving, child support collec-

I remain at 70 percent.

7 percent of AFDC matching,
rove performance, will re-
ve October 1, 1983.

ing IV-D CSE assistance to single parent households in gaining adequate child support, including the provision of IV-D services whether or not a family formally applies for such services; (c) to permit the State to test alternative IV-D and AFDC procedures in different sub-state areas without being out of compliance with "statewide" requirements; (d) to permit the State to establish alternative arrangements for the payment of child support in order to reinforce parental responsibility for the child; and (e) to permit the State to use Federal AFDC matching funds to insure that there is an adequate level of support when the contribution of the absent parent, by itself, is inadequate (including the provision of such support to non-AFDC families without requiring them to reduce income and assets to the prevailing AFDC eligibility level);

2. The alternative IV-D CSE and AFDC procedures or modifications allowed under the requested waivers must not disadvantage children in need of child support or make children in the State worse off financially than they would be without the modifications in the State AFDC and IV-D program. The State can receive no more Federal AFDC funds than they would without the modifications.

VI. STATE COMMISSIONS ON CHILD SUPPORT

1. The Governor of each State will be required to appoint a State Commission on Child Support. The Commission must include representation from all aspects of the child support system, including custodial and non-custodial parents, the IV-D agency, the judiciary, the governor, the legislature, child welfare and social services agencies, and others.

2. Each State Commission should examine the functioning of the State child support system with regard to securing support and parental involvement for both AFDC and non-AFDC children, including but not limited to such specific problems as:

Visitation:

Establishment of appropriate objective standards for support;

Enforcement of interstate obligations; and

Additional federal or state legislation needed to obtain support for all children.

3. The Commissions should be established promptly and should make reports on their findings available to the public by October 1, 1985.

4. Cost of operating the commissions will not be eligible for federal administrative match; except for costs incurred by the Commission or its members for transportation within the State, and such other costs incurred as may be specifically allowed by the Secretary of HHS, which will be matched as State IV-D administrative expenses.

5. Any state which has in place objective standards for child support obligations or which has had a commission or council within the last five years is not required to establish a commission under this legislation. Furthermore, the Secretary may waive the requirement for a Commission at the request of a State if the Secretary determines the State is making reasonable progress in improving its child support enforcement program.

Alaska State Legislature

Advisory Council Members
Senator Kerttula, Chairman
Senator Bennett
Senator Fahrenkamp
Senator Vic Fischer



1024 W. 6th Avenue, Suite 203
Anchorage, Alaska 99501
Phone: (907) 274-1426

SENATE ADVISORY COUNCIL

MEMORANDUM

TO: Senator Rick Halford
FROM: Elizabeth Hickerson
RE: DEPARTMENT OF LAW/CHILD SUPPORT ENFORCEMENT CASELOAD STATISTICS
DATE: DECEMBER 23, 1983

Beverly Haywood, Legal Administrator Office of the AG, provided the following caseload information for the Human Services Section of the Department of Law. In addition to the child support enforcement (CSE) proceedings and the legal work for the Department of Health and Social Services, this section is responsible for legal services to the Departments of Education and Labor. Human service-type cases can be assigned to attorneys in other sections; for example, work for the Division of Corrections is usually done by the criminal attorneys rather than the civil attorneys. According to Ms. Haywood the number of cases, other than Corrections cases, assigned outside the section is statistically insignificant.

STATEWIDE LIST OF ALL ATTORNEYS AND PARALEGALS IN THE HUMAN SERVICES SECTION

Anchorage

Barry, Elizabeth
DeYoung, Jan Hart
Edwards, Donald
Fites, Deborah (paralegal)
Janidlo, Thomas
Landau, Robert
Olsen, Dianne
Stahl, Paul
Stillner, Walt

Juneau

Bomengen, Kristen (paralegal)
Robertson, Rick
Scoccia, Linda
Shaw, Elizabeth

Fairbanks

Alderman, Karol (paralegal)
Munson, Myra
Olson, Randy
Snow, Rebecca

CASELOAD FY83 (1,964 closed cases only, open cases not included)

Cases for Department of Education - 81
Cases for Department of H&SS/CORRECTIONS - 41
Cases for Department of H&SS/CHILDREN'S PROCEEDINGS - 545
Cases for Department of H&SS/MENTAL - 239
Cases for Department of H&SS/GUARDIANSHIPS - 66

Cases for Department of H&SS/OTHER - 126
Cases for Department of Labor/ESD - 50
Cases for Department of Labor/OSHA - 44
Cases for Department of Labor/WG & HR - 121
Cases for Department of Labor/WORKERS' COMP. - 38
Cases for Department of Labor/OTHER - 13
Cases for Department of Revenue/CHILD SUPPORT ENFORCEMENT - 600

OPEN CASELOAD AS OF NOVEMBER 1983 (1,373 cases)

Cases for Department of Education - 53
Cases for Department of H&SS/CORRECTIONS - 35
Cases for Department of H&SS/CHILDREN'S PROCEEDINGS - 359
Cases for Department of H&SS/MENTAL - 34
Cases for Department of H&SS/GUARDIANSHIPS - 61
Cases for Department of H&SS/OTHER - 77
Cases for Department of Labor/EDS - 35
Cases for Department of Labor/OSHA - 49
Cases for Department of Labor/WG & HR - 123
Cases for Department of Labor/WORKERS' COMP. - 91
Cases for Department of Labor/OTHER - 9
Cases for Department of Revenue/CHILD SUPPORT ENFORCEMENT - 447

MSG 83-00024803 PRTY 1 12/30/83 12:34 14 ORIG: LA24 IN= 0002 OUT= 0004
FROM: E.HICKERSON/SAC TO: BILLY BERRIER
SUBJECT: LAH4 SUBJ: SEN. HALFORD'S REQUEST FOR DRAFT RESOL.

SENATOR HALFORD REQUESTED THAT I FORWARD THE FOLLOWING FOR DRAFT:

SENATE JOINT RESOLUTION

WHEREAS MILLIONS OF AMERICA'S CHILDREN ARE BEING ECONOMICALLY DEPRIVED AND CANNOT ACHIEVE TRUE POTENTIAL IF FINANCIAL SUPPORT IS WITHHELD BY ONE OR BOTH PARENTS, AND

WHEREAS CONGRESS ESTABLISHED THE CHILD SUPPORT PROGRAM (TITLE IV-D OF THE SOCIAL SECURITY ACT) TO PROVIDE AN OPPORTUNITY FOR ALL CHILDREN TO RECEIVE SUPPORT FROM THEIR PARENTS THROUGH MORE EFFECTIVE ENFORCEMENT OF STATE AND FEDERAL CHILD SUPPORT LAWS; AND

WHEREAS THE PURPOSE OF THE PROGRAM WAS TO ASSURE COMPLIANCE WITH OBLIGATIONS TO PAY CHILD SUPPORT TO EACH CHILD IN THE UNITED STATES LIVING WITH ONE PARENT, WHETHER OR NOT ELIGIBLE FOR AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC), AND

WHEREAS ALL ENFORCEMENT TOOLS SHOULD BE AVAILABLE EQUALLY TO ALL CHILD SUPPORT CASES; AND

WHEREAS FEDERAL LAW HAS MANDATED ALL STATES TO ATTACH TAX REFUNDS THROUGH THE INTERNAL REVENUE SERVICE FOR GOVERNMENTAL REIMBURSEMENT OF PAYMENTS MADE FOR AFDC CASES ONLY; AND

WHEREAS NONPAYMENT OF SUPPORT TO CHILDREN OFTEN FORCES THE CUSTODIAL PARENT TO SEEK PUBLIC ASSISTANCE FOR THE MAINTENANCE OF THE CHILD;

AS IT IS SOLICITED BY THE ALASKA STATE LEGISLATURE THAT CONGRESS IS RESPECTFULLY REQUESTED TO AMEND PART D OF TITLE IV OF THE SOCIAL SECURITY ACT TO PROVIDE THAT THE PROCEDURES WHICH ARE PRESENTLY AVAILABLE TO AFDC FAMILIES FOR THE COLLECTION OF PAST DUE CHILD SUPPORT FROM FEDERAL TAX REFUNDS SHALL ALSO BE AVAILABLE TO CHILDREN OF NON-AFDC FAMILIES.

COPIES OF THIS RESOLUTION SHALL BE SENT TO THE HONORABLE GEORGE BUSH, VICE-PRESIDENT OF THE UNITED STATES AND PRESIDENT OF THE U.S. SENATE, THE HONORABLE THOMAS P. DUNNELL, JR., SPEAKER OF THE U.S. HOUSE OF REPRESENTATIVES, AND TO THE HONORABLE TED STEVENS AND THE HONORABLE FRANK MURKOWSKI, U.S. SENATORS AND THE HONORABLE BOB YOUNG, U.S. REPRESENTATIVE, MEMBERS OF THE ALASKA DELEGATION TO THE 99TH CONGRESS.

IF YOU HAVE QUESTIONS OR NEED MORE INFORMATION, PLEASE CALL LAH4 22

Alaska State Legislature

Advisory Council Members
Senator Kerttula, Chairman
Senator Bennett
Senator Fahrenkamp
Senator Vic Fischer



1024 W. 6th Avenue, Suite 203
Anchorage, Alaska 99501
Phone: (907) 274-1426

SENATE ADVISORY COUNCIL

MEMORANDUM

TO: SENATOR RICK HALFORD
FROM: ELIZABETH J. HICKERSON *EJH*
RE: CHILD SUPPORT ENFORCEMENT
DATE: JANUARY 9, 1984

In response to your request for information on the federal tax intercept program for child support, I offer the following memorandum. Attachments include:

correspondence received from Dan Copeland, Child Support Director and President of the National State Directors' Association;

correspondence received from Senator Ted Stevens;

legislation pending before the U. S. Congress;

memo on the child support enforcement caseload in the Attorney General's office; and

articles on child support.

The federal law mandates all states to attach tax refunds through the Internal Revenue Service (IRS) for reimbursement of child support in Aid to Families with Dependent Children (AFDC) cases only. Monies collected in AFDC cases go to the federal or state government for reimbursement of public assistance payments made to the custodial parent and children, whereas, monies collected in non-AFDC cases would go to the custodial parent and children for their support, as ordered by the court.

In FY 83 the Child Support Enforcement Agency in Alaska certified and submitted \$6.1 million in arrearages to the IRS for collection. The attachment process netted \$186,000 in collections which is a 3.1% return. Dan Copeland, Director of the Agency, estimates that in FY 84, \$6.7 million will be submitted with a collection of \$230,000. Mr. Copeland believes that the low collection rate is due to the lack of or incomplete record of the nonpaying parent with the IRS. (see attached correspondence)

Efforts are underway to extend this collection procedure to non-AFDC cases. Pending bills are attached. Senator Ted Stevens has indicated that he supports measures that would strengthen the collection of past due child support payments in non-AFDC cases. (letter attached) HR 4325 is scheduled to be heard before the Senate Finance Committee on January 24, 1984. (notice and bill attached)

According to testimony presented by the IRS on these bills, the IRS is hesitant to become a child support collection agency. They advocate that the primary purpose of the agency is to enforce the tax code.

Major arguments favoring intercept for non-AFDC cases include the following.

1. It is an excellent collection tool for arrearages, particularly where the noncustodial parent lives in another state or has not been located through standard procedures.
2. Intercept of tax refunds is an incentive to the nonpaying parent to begin making regular support payments.
3. Expansion of the intercept program emphasizes the commitment made by the federal and state to non-AFDC cases.
4. Collection of support obligations often makes it possible for custodial parents to remain economically secure, without resorting to public assistance.
5. With funding levels for federal and state assistant programs on the decline, it becomes necessary for the true obligor to be located and force to comply with the moral and legal obligations that accompany parenthood.

I have forwarded a draft resolution to Legal Services urging Congress to pass legislation extending the intercept program to non-AFDC cases. You should have received the resolution at your Juneau office.

In addition to extending the intercept program to non-AFDC cases, the state should consider sponsoring a multi-media campaign aimed at making parents responsible for the support of their children. This idea is not new, yet the Child Support Enforcement Agency has not designed such or even request assistance.

Further the Attorney General's office does not prosecute the criminal nonsupport laws found at AS 11.51.120.

If I can be of further assistance to you on this issue please contact me.

STATE OF ALASKA
DEPARTMENT OF REVENUE

BILL SHEFFIELD, GOVERNOR

CHILD SUPPORT ENFORCEMENT DIVISION

201 E. 9TH AVENUE, SUITE 202
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-3441

November 30, 1983

Elizabeth Hickerson
Senate Advisory Council
1024 West 5th Ave.
Anchorage, AK 99501

Re: Intercept of IRS Refunds, Non-AFDC Child Support

Dear Ms. Hickerson:

In response to Senator Halford's request for information about intercepting IRS refunds for non-AFDC child support cases, I would like to offer the following:

As Alaska's state Child Support Director and as the President of the National State Directors' Association, I was one of the leading supporters of the concept and the various pieces of Congressional legislation to require the IRS intercept process be made available for the non-AFDC caseload. This effort has included testifying before committees in both Houses of Congress and numerous work sessions with Congressional aides. At all times I had full support from the Commissioner and Governor's office.

There are two primary reasons for supporting the IRS non-AFDC intercept process.

1. It is an excellent collection tool for arrearages and frequently is a factor in getting the absent parent to start paying ongoing support again. While there are a number of administrative requirements, the process reaches a great number of cases that otherwise may not have a collection. All of the ongoing collection procedures continue while the IRS mechanism is at work. Once a collection is made, the contact with the absent parent often makes them consider paying again.

In a number of cases, this intercept process is one of the most effective interstate collection techniques. It is the only process that effectively solves one of the most complicated problems where the absent parent lives in one state and works in another.

Elizabeth Hickerson
 Page 2
 November 30, 1983

The results from the AFDC intercept process have been as follows:

NATIONAL

<u>Fiscal Year</u>	<u>Cases Submitted</u>	<u>Arrearages Submitted</u>	<u>Number of Collections</u>	<u>Dollars Collected</u>	<u>Average per Case</u>
82	551,000	\$2,163,679,400	273,090	\$158,915,280	619
83	872,320	\$3,053,150,000	323,130*	\$169,353,500*	524

ALASKA

<u>Fiscal Year</u>	<u>Cases Submitted</u>	<u>Arrearages Submitted</u>	<u>Number of Collections</u>	<u>Dollars Collected</u>	<u>Average</u>
82	227	\$1,582,500	99	\$35,000	858
83	927	\$6,092,500	211*	\$186,000*	881
84	1,148	\$6,741,500	-	-	-

*Collections through 8-31-83.

To get a better understanding as to why the dollars collected as compared to the arrearages submitted are so low, the 1,148 cases submitted in 1983 for 1984 intercept were reviewed. The results indicated the latest filing date for those cases were as follows:

<u>Latest Filing Date</u>	<u>Number of Cases</u>	
1982	396	34.5%
1981	200	17.4%
1980	82	7.1%
1979	20	1.7%
1978	12	1.0%
1977	4	.4%
Unaccountable record w/IRS	162	14.1%
No record on file w/IRS	181	15.8%
SSI not on file w/IRS	91	8.0%
	<u>1,148</u>	<u>100.0%</u>

2. Possibly more important than the impact as a major collection tool, support for this process would make it clear that the program intent included the non-AFDC caseload. The availability of this process would expand the child support program to a number of non-AFDC custodial parents that have almost given up.

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Page 3
November 30, 1983

In the past the Reagan Administration has made every effort to steer the program away from all aspects of the non-AFDC caseload. In testimony before a Ways and Means subcommittee on 7-14-83, this narrow program emphasis was completely reversed by the Health and Human Services Secretary, Margaret Heckler. The State Directors' Association was pleased with this turn of events because they had been admittedly opposing that effort. Many of the child support agencies in the lower 49 are still reluctant to accept the Administration's new found interest in this area. Support for this concept from the Administration would be one of the most tangible and believable statements for the non-AFDC program.

Several bills that provide for the IRS intercept have been introduced in Congress. They are as follows:

HR 2090	S-388
HR 2374	S-1708
HR 3545	
HR 216	

Each of them allows the states to intercept the IRS refunds for the non-AFDC cases in a manner similar to the way it is done for the AFDC cases. Generally, the states were to limit the arrearage submitted for intercept to the past due amounts which accrued after the date the case was filed with the state agency. This limitation was an item that was discussed as a way to resolve the problem of incorrect arrearages. Many of the objections to the process centered around the point that a custodial parent could falsely claim there was a past arrearage. The limitation concept came up after most of the bills were introduced, and it helped resolve several of the challenges. All of the bills require that the absent parent be given notice, and an opportunity to respond before any amount is withheld.

One of the problems that came up in discussing the process was the matter of intercepting that portion of the refund that was due to the current spouse of an absent parent. This problem currently exists for the AFDC intercept, and numerous lawsuits were filed to stop the process. So far it would appear that all of these will be settled without damaging the intercept effort. On an individual case basis, the problem develops after the refund has been intercepted and at a later date the unobligated spouse files an IRS form, 1040X. This form is used when one spouse proves that a particular portion of the refund was theirs. Under the current AFDC situation a refund or reimbursement is possible because the funds were sent on to the state and federal government. However, in some cases the states had trouble funding the reimbursement because different fiscal years were normally involved. Due process and the constitutional rights of the unobligated spouse were the concerns in this area. The potential for the problem becomes much more

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complicated in the non-AFDC cases as the funds are sent on to the custodial parent. For example when the 1040X is filed and a refund needs to be made, the custodial parent may not have the money or inclination to send the funds back to an absent parent that may still be delinquent. At this point the IRS is considering this aspect of the problem, and attempts to resolve it for the AFDC part of the program were made. Representative William Thomas of California in the Ways and Means Committee attempted to work out a provision which would require the absent parent to make the 1040X declaration upon filing their tax return. The attempt did not make it into draft legislation. Solving the 1040X problem for the AFDC area would also resolve the issue without pointing out the complications that would develop in the non-AFDC area.

The opposition to the process is in two areas:

As a matter of principle IRS opposes using their agency for anything except the strict enforcement of the tax code. Since a large part of the funds collected on the AFDC cases go to the Federal government, IRS has accepted the AFDC intercept. In the first year of operation the IRS received a \$17 per case payment for handling. This has been changed to \$11 per case, and the funds have been used to automate the refund process. While this payment has been helpful to them, they still are making every effort to stop what they see as a further intrusion into their tax enforcement role. IRS points out that their job is to handle the 71.6 million individual income tax refunds rather than process the potential for about 280,000 child support intercepts.

I spoke with Roscoe Eggers, Commissioner of the IRS, about the non-AFDC intercept. He made it very clear that he personally opposed all attempts to use the IRS files for anything except tax enforcement. His testimony indicated the same thing. His staff has continued to discuss and oppose the proposal with a number of the Congressional staff aides in the various Finance committees with particular impact in the tax authorization areas. It is my understanding that many of the aides in these committees are ex-IRS employees so the avenue of opposition is difficult to track.

Both IRS and the Federal Office of Child Support Enforcement (OCSE) have testified that the amounts of the refunds are decreasing. Neither have directly attributed this to the Child Support intercept, but they have strongly hinted at it. Studies are underway by IRS and OCSE to determine why refunds are declining, and IRS has expressed concern that the delinquent child support taxpayers may change their deductions to avoid the possibility of a refund. The IRS study may attempt to support this as they are quick to point out that the interest earned on the refund float is considerable.

The second area where the non-AFDC intercept process is hitting opposition is coming from the Reagan Administration. Secretary Heckler has testified that she thinks "it creates a very serious administrative burden." In her

Elizabeth Hickerson
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November 30, 1983

testimony before a Senate finance committee she expressed her reservations in this area. It is my opinion that the Administration recognizes that the IRS intercept for the non-AFDC caseload will force them into making a real commitment to the non-AFDC work.

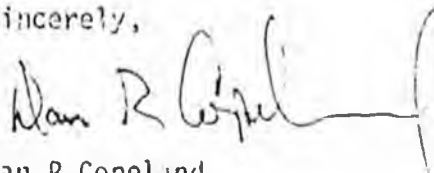
I have included a copy of Secretary Heckler's testimony about the non-AFDC intercept. All of the problems she refers to are problems that are the everyday work of doing the non-AFDC caseload. Any forced asset seizure or interruption, whether through IRS intercept, wage attachment or credit bureau filing requires an accurate record of debt, notice of delinquencies, rights to a hearing and then proper disbursement of the assets seized. Every seizure in the non-AFDC caseload started with an arrearage record that may be incorrect because the custodial parent has remained silent about a direct payment. The real question is not "can an agency do the IRS intercept for the non-AFDC caseload?" The real question is "can an agency do reliable non-AFDC work?" This non-AFDC IRS intercept process will force every state in the nation and the Administration to make a major commitment to the non-AFDC program.

All of the bills as mentioned earlier in this letter began to stall for various reasons. To capitalize on the momentum that had developed by their introduction, the staff within the Public Assistance subcommittee within Ways and Means captured all of the ideas in a draft proposal. Somewhere late during this summer it was accepted that this proposal would become the vehicle for moving child support legislation. The State Directors' Association reviewed and made suggestions for the proposal at a number of different stages.

The non-AFDC intercept was included, but various problems related to the process continued to surface. As a result the tax refund intercept slid back to a point that it is only a requirement to do a state tax refund intercept for AFDC cases. The language goes on to make it optional for non-AFDC. This proposal was passed by the House and is HR 4325. Senate staff was involved in the proposal and the preparation of the bill and have indicated the bill will pass as it stands. The bill does include a number of other very good procedures that need to become law, but every effort should continue with regard to the non-AFDC IRS intercept.

Please do thank Senator Halford for his continued interest in the child support program.

Sincerely,



Dan R Copeland
Director

DRC:tg

Enclosures

cc: Robert Heath, Commissioner

STATE OF ALASKA
DEPARTMENT OF REVENUE

BILL SHEFFIELD, GOVERNOR

CHILD SUPPORT ENFORCEMENT DIVISION

201 E. 9TH AVENUE, SUITE 202
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-3441

November 8, 1983

Elizabeth Hickerson
Senate Advisory Council
1029 W. 6th Ave., Suite 203
Anchorage, AK 99501

Dear Elizabeth:

Your question about Maryland intercepting IRS refunds is one that many people ask. Maryland and many other states like Alaska intercept state income tax refunds or PFD checks. The explanations as to why the process does not extend to the Federal level have not been adequate. In response to this a number of Congressional people have offered amendments to correct this, but IRS has a strong lobbied effort to stop the process.

Included with this letter are copies of the procedures used to intercept the refunds for the AFDC cases. A copy of an overview section (page 4 of 6) includes a statement about the three years CSED has been doing the intercept. The last two pages of that overview indicates our dependency on Federal funds.

A copy of a NRFSEA Legislative Bulletin is also included. The hearing of 10/4/83 to take testimony from other witnesses was delayed until late October and then cancelled. A bill in the Ways and Means Committee has taken the spotlight, and all future effort appears to be centered on the House proposal.

I will let you know as soon as something is resolved there.

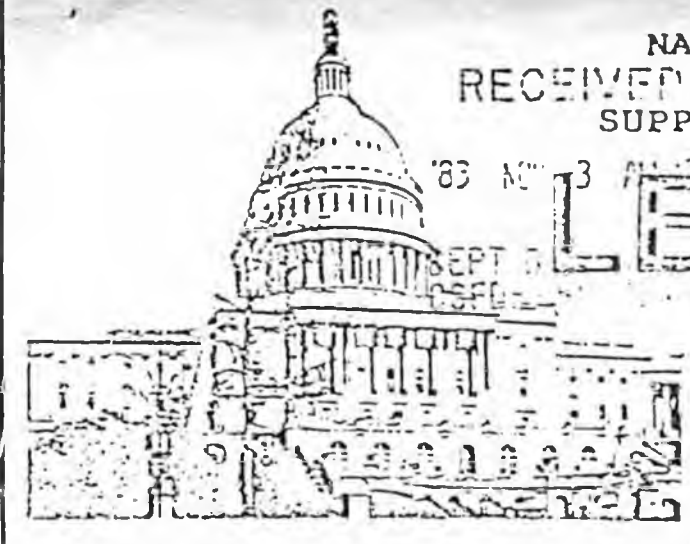
Sincerely,



Dan R Copeland
Director

Attachments

DRC:tg



RECEIVED

NATIONAL RECIPROCAL AND FAMILY SUPPORT ENFORCEMENT ASSOCIATION'S

Carol —
Dan —

'83 NOV 3

LEGISLATIVE

BULLETIN

Vol. 1

October 1983

No. 4

Senate Finance Committee Hearing on Administration Bill, H.R. 3546 and S. 1691

Hearings were held September 15th with Secretary Heckler testifying on the Administration bill. In addition to her comments on the success and failure of the program, she pointed out her desire to meet with and discuss the program with leadership from the House Ways and Means and Senate Finance Committees. She also made it very clear to all present that she is very supportive and interested in the program. She was emphatic in her testimony that funding should be based on performance and stated that the President wanted a bill signed by the end of this congressional session.

Due to time limitation, other witnesses will be heard on October 4th.

NR-SEA will have a four-member panel testify before the Senate Finance Committee on October 4th. Wanda Raich, President of NRFSEA, will be providing a total overview of the organization's position; however, due to the time limitations placed on testifying, it was decided that the remaining panel members would restrict their comments to a particular subject matter. Therefore, Sue Hunter, President, Louisiana Child Support Association, will be testifying on the funding issues within the bill; Ray Weaver, Past President, Colorado Family Support Council, will be testifying on the mandatory laws; and Bill Snyder, President, Missouri Child Support Enforcement Association, will be addressing mandatory fees. We would also like to encourage the membership to provide written comments on the Administration's bill.

Those who wish to submit written statements on the Administration's bill need to do the following:

1. Written statement should be typewritten, not more than 25 double-spaced pages in length;
2. Send five copies to:

Roderick BaAnant, Chief Counsel
Committee on Finance
Room 50-219, Dirksen Senate Office Bldg.
Washington, DC 20510

3. Deadline for written statements - Tuesday, October 18, 1983; and
4. On the cover sheet to the written statement, refer to:

Finance Subcommittee on Social Security
and Income Maintenance Programs
October 4, 1983 - Second Hearing on Proposals to
Restructure the Child Support Enforcement Program

Senate Finance Committee Hearing on IRS

Senator Grassley (Iowa), Chairman of the Senate Finance Subcommittee on Oversight of the IRS, conducted hearings on September 16th. The purpose of the hearing was to review and evaluate the present Intercept project and examine the possibility of expanding the project to non-AFDC clients. Testifying on behalf of NRFSEA was John Abbott, President-Elect. Also offering testimony was Sam Copeland, Alaska; Bonnie Becker, Minnesota; Mike Barber, California; Fred Schutman, DCSE; Senator Charles Percy, Illinois; and Roscoe L. Egger, Commissioner of I.R.S. All spoke in favor of expanding services to non-AFDC clients and other areas except for Mr. Schutman and Commissioner Egger.

Commissioner Egger absolutely did not wish to expand the program. He stated that a study is being done, which should be completed by mid-October, for which the Committee could use to assess the feasibility of further expansion. His main concern was with what irregular tax withholding patterns were already developing due to the Intercept program and how expanding the program would affect these patterns.

Congressional Action Thatable

Everyday that goes by makes it less likely any bill will be passed that reduces funding this fiscal year, i.e., for that fiscal year beginning 10/1/83. While a bill may be passed, it will probably address some of the less controversial issues; however, there is always the possibility that the funding issue will be addressed with the effective date being October 1, 1984. NRFSEA and others have worked hard to inform Congress of the many pitfalls that exist with some of the proposals being offered.

To assist you with planning for the forthcoming year, these items appear likely, at this point:

- House Ways and Means Committee bill markup beginning the week of September 25, 1983;
- Senate Finance Committee markup in mid-October; and
- A Conference Committee between the House and Senate Committees could meet sometime in late October or early November.

Both the Senate and House Committees are extremely interested in the program and wish to make program improvements; therefore, the final bill will probably contain many of the following points:

- Increase emphasis on non-AFDC with changes in the purpose statement and the inclusion of non-AFDC in the incentive payment section of the funding formula;
- Depending on the IRS study concerning the tax intercept program, there is a strong possibility that non-AFDC clients will be included if the amounts of the arrearages are reduced to judgment or documented through central registry files (note that the first possible tax year for this mandate will be the tax year starting 1/1/85);
- Mandatory wage withholding with an effective date of no earlier than 10/1/84, and a possibility of an effective date of 10/1/85, thus giving the states additional time to implement this requirement;
- Mandatory state tax intercept effective date - same as state mandatory wage withholding;
- Mandatory expedited establishment and enforcement of orders (states to establish an administrative or quasi-judicial process) - effective date - same as mandatory wage withholding;
- Waiver provisions for the mandated three laws are the same as found currently in the Administration's bill;
- Audit and penalty requirements as set forth in the Administration's bill (however, we are still trying to persuade OCSE to exclude third party liability and paternity costs);
- Funding for clearinghouses and automated systems at 90% FFP rate (it should be understood that this will be for state systems only and we are hoping to increase the \$20 million to at least \$40 million.);
- Medical support provision (we would like these activities limited to information gathering only and prefer not to do enforcement activities.);
- Reporting arrearages to the credit bureau;
- Lien against real property (we are hoping not to limit this to real property only.); and
- Funding... It is difficult at this time to forecast what final action will be taken on this issue; however, points that are under consideration are:
 1. Some type of incentive for non-AFDC cases;
 2. Reduction in present AFDC incentive rate to offset incentives being paid for non-AFDC work;
 3. Some type of reduction in the FFP rate if states do not pass the mandatory laws within the time frame set forth;
 4. An overall reduction in FFP with an effective date after 10/1/84 and the reduction of FFP might be phased in incrementally over several years;
 5. An additional bonus through increasing FFP to those states that demonstrate an improvement in their non-AFDC program, interstate program, and good faith implementation of mandated laws; and
 6. Some type of incentive split on interstate cases that incur some payment to both states involved.

General Information

It was announced by Secretary Heckler that Ms. Martha McSteen had been named Director of the Social Security Administration. As you recall, a vacancy occurred when Mr. Jack Svahn left the Department to join the President's staff in last summer.

If you are not familiar with the medical liability activities which will be required, information is available in the Federal Register in the Thursday, August 4th, Vol. 48, No. 315 issue. Sections referred to are 45 CFR 302, 304 and 306.

Members of this year's Legislative Committee from NFSEA are listed below. Should you have any concerns or questions concerning proposals, please contact any member of the Legislative Committee and they will all try to assist you in every way possible. In addition to the Legislative Committee, once again this year the Committee will be expanded to include a member from each of the State Family Support Councils that are affiliated with NFSEA. Hopefully, by networking information out through the Family Support Councils, information will be more readily available at the local level.

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Margaret Malone from the Library of Congress compiled a comparative analysis on the major bills before Congress. She has given her permission for us to share this information with our membership. Therefore, attached to this newsletter is the document which she developed.

Also enclosed for your information is a copy of the "Legislative Recommendations" passed by the NFSEA Board of Directors in St. Louis in August.

Child Support Enforcement Overview

The short term objectives of increasing the AFDC recovery and the non-AFDC collection rate both drive at returning the financial responsibility of the minor children to both of the responsible parents. The long term effect of the return of this responsibility will lessen the family's dependence on the taxpayer supported AFDC and other welfare related programs. The ultimate goal is to have the community at large enforce an ongoing ethic in which all responsible parents provide the needed support to their minor children without any governmental intrusion.

OPERATIONAL STATEMENTS

The immediate objective is to increase the amount of reimbursement on AFDC recovery cases and increase both the collection rate and reliability of payment on non-AFDC cases. Over the past five years the collections have more than doubled. The following depicts the degree of success that the Division has had in achieving the goal of collecting child support for women and children.

	\$ Collected	%Increase Over Previous Year	Employees	Collections Per Employee	Population Census (7/1)	CSED Caseload (6/30)
FY 79	5,100,000		54	94,444	413,700	5,947
FY 80	5,600,000	10%	55 (2%)*	101,818	419,700	6,774
FY 81	6,800,000	21%	62 (13%)*	109,677	435,200	6,511
FY 82	8,700,000	28%	67 (8%)*	129,850	460,300	6,266
FY 83	11,700,000	34%	76 (13%)*	153,947	Unpublished	6,887

* % of Increase over the Previous Year

The continued impetus of the Child Support Division is directly related to several factors. The team concept contributes greatly to the collection increases. The team concept coupled with continued improvements in the on-line computer system and staff increases, have created the environment necessary to manage the caseload which has resulted in significant collection increases.

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PROGRAM Revenue Collection & Management

BRU Child Support Enforcement Division

COMPONENT Child Support Enforcement Division

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TEAM CONCEPT

The team concept was introduced in March 1979 with minimal staff. By 1981 the entire Division had reorganized to take full advantage of the team approach. Each collection team has approximately 1,200 cases to control. These cases are distributed among the teams based upon the first two letters of an obligor's last name. With this type of distribution there is no case transfer when an obligor moves and each team has a similar mix of tough and easy collection cases. With sufficient staff to monitor all correspondence and action both coming and going on all cases, the officer can assign routine collection work to one section of the team. The paraprofessional can then handle the next level of difficult cases. The officer in charge is able to handle the more difficult cases while supervising the team as a whole. The officer is now close enough to both the caseload and the work performance of the team members on a daily basis to plan and direct the team's resources.

The office works towards making the routine collection work the major part of the team's workload. This would mean that all cases are paying regularly and only need a reminder on an occasional missed payment. Unfortunately, some cases have a tendency to lean towards non-payment even after reminders. This requires the officer to apply an appropriate collection action which could be an attachment of wages or assets, liens upon property, or referral to the Department of Law for legal action. In all cases the officer is responsible to see that the action is done correctly and that the end results are steady payments.

The establishment teams follow a similar pattern where responsibility for all actions on a case are assigned to one team. The case does not leave the team until an order has been established or the officer has determined that the case should be closed.

The team approach has greatly improved the agency's ability to manage the caseload and the related activity. As a direct result of the team concept, collections have risen significantly. Additional positions are being requested in this budget to establish a new collection team in response to the need of women and children to further increase the collection rate and reliability of their child support payments.

FIELD OFFICES

Field offices were established in Fairbanks and Juneau in FY 83. The advent of the field offices allows specialized

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contact of residents of these vicinities in seeking and applying for child support services. The parties to a child support case have more immediate access to case status information. The field offices allow for more speedy services and are able to get the appropriate information necessary at the point of initial contact instead of via the mail system. The field offices enhance enforcement efforts in these areas.

COMPUTER SUPPORT

The Division has been implementing and consistently improving an on-line data base computer system. The on-line system provides a good accounting network and has greatly enhanced the amount of work and the number of cases upon which the Division can do active collection work. It is the major case management tool, providing an automatic case by case suspense and tracking mechanism with full automated correspondence capacities. The system will streamline the clerical burdens while providing near instant notice and appropriate correspondence upon delinquency to help keep greater portions of the caseload current with less effort. Thus more time is made available for the more difficult collection cases.

IRS DEBT OFFSET - AFDC CASES ONLY

Federal law has mandated all states to attach tax refunds through the Internal Revenue Service for reimbursement of child support on AFDC cases. Specific criteria has been regulated which limits the usage of the law, but it does provide a very usable mechanism to pursue arrears on the AFDC caseload. In FY 83 the Division certified and submitted 6.1 million in arrearages. The attachment process netted \$186,000 in collections which is a 3.1% return. Efforts are underway at the national level to make this intercept process available for non-AFDC cases.

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

** Estimate

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PERMANENT FUND DISTRIBUTION

The agency has actively pursued the attachment of permanent fund dividends. Collections were approximately 1.6 million in FY 83. Further distributions in the forthcoming years will also be subject to attachment to satisfy payment of past due arrearages owed in benefit of children of the responsible parent, or to satisfy state subrogated claims for AFDC cases.

PENALTY & INTEREST

Effective January 1, 1983 penalty and interest is to be collected on all payments 10 days past due and arrears accruing after 1/1/83. This is providing incentive to the obligor to make full and timely child support payments. It is projected that the collections of penalties will reduce the federal funds available to the agency.

FEES FOR NON-AFDC SERVICES

Current Federal law allows the decisions of charging a collection fee to remain with the states. However, there is a growing possibility that Federal law may change to require a mandatory fee chargeable to both parents.

DEFINITIONS

Agency

Refers to the Child Support Enforcement Division.

Custodial Parent or Oblige

After one or both of the parents abandon the family, the custodial parent or obligee is the person charged with the immediate care and responsibility of the minor children's physical custody.

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Absent Parent or obligor

After one or both of the parents abandon the family, the absent parent or obligor is the person who is no longer living with and providing the immediate care and responsibility to the minor children. This does not in any way relieve the absent parent of the financial responsibility .

AFDC

(Aid to Families with Dependent Children). This aid granted to the custodial parent creates an obligation due and payable to the State of Alaska from the absent parent.

Non-AFDC Case

This type of case involves a custodial parent who is not on any form of welfare. Continued collections in this case help keep the family out of the welfare structure.

AFDC Recovery

CSED collects AFDC reimbursements from the absent parents and distributes the funds to the State and Federal governments. In addition to this, some funds may be distributed back to the families, thus taking them off of AFDC.

Federal Financial Participation (FFP)

The Federal government shares the cost of running the child support program by paying a percentage of the Division expenditures on a match basis. The current match rate for expenditures is 70% Federal, 30% State. The Federal deficits which created pressure to move the program toward an AFDC caseload are still growing. However, the attention that the program has been receiving has stopped the immediate attempts to move the program in the AFDC direction.

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Child Support Enforcement Division
Revenue/Expenditure Report FY 82

	<u>Federal Funds</u>	<u>State Funds</u>	<u>Total</u>
Actual Expenditures for FY 82	\$1,963.4	\$ 654.5	\$2,617.9
Incentives Paid to Alaska (Program Receipts)	168.3	(168.3)	-0-
FY 82 Actual Expenditures Total by Funding Source	\$2,131.7	\$ 486.2	\$2,617.9
Other Funds:			
Personal Service Allow. (9.1%)	\$ 131.2	\$ (131.2)	\$ -0-
AFDC Recoupment	(454.9)	(455.0)	(909.9)
Incentives to Other States for Alaska	29.8	-0-	29.8
Interest Income	(24.1)	(8.0)	(32.1)
 Total Cost of Child Support Program	(1) \$1,813.7	(2) \$ (108.0)	\$1,705.7

(1) FEDERAL EXPENDITURES -

This represents the total expenditures required on a federal level to fund Alaska's Child Support Enforcement Program.

(2) STATE NET PROFIT -

This represents the direct cash received over the costs to run the program.

Child Support Enforcement Division
Revenue/Expenditure Report FY 83

	<u>Federal Funds</u>	<u>State Funds</u>	<u>Total</u>
Actual & Estimated Expenditures for FY 83	\$2,376.0	\$978.8	\$3,354.8
Incentives Paid to Alaska (Program Receipts)	239.4	(239.4)	-0-
FY 83 Estimated Expenditure Cost by Funding Source	\$2,615.4	\$739.4	\$3,354.8
<u>Other Funds:</u>			
Personal Service Allow. (29.3%)	\$ 468.7	\$(468.7)	\$ -0-
AFDC Recoupment	(850.5)	(849.0)	(1,699.5)
Incentives to Other States for Alaska	29.3	-0-	29.3
Interest Income	(17.5)	(7.5)	(25.0)
Total Cost of the Child Support Program	(1) \$2,245.4	(2) \$(585.8)	\$1,659.6

(1) FEDERAL EXPENDITURES -

This represents the total expenditures required on a federal level to fund Alaska's Child Support Enforcement Program.

(2) STATE NET PROFIT -

This represents the direct cash received over the costs to run the program.

8440

ATTACHMENT OF FEDERAL INCOME TAX RETURNS

Cross-Reference

Congress has passed legislation which allows collection of delinquent Child Support obligations by the attachment of Federal Income Tax returns. Requests for collection by refund offset may be made for cases which involve delinquent court or administratively ordered amount of child support which has been assigned to the state under the Assignment of Rights. Case selection and submission to the IRS intercept shall be made according to federal regulation. The case criteria for using this method includes the following:

1. The support obligation must have been established by a court order or by an order of an administrative process and currently must be a domestic Court Case.
2. The payee must be currently receiving public assistance or there is a subrogated debt.
3. The payor must be three (3) months or more in arrears.
4. The minimum amount of arrears must equal \$150 or more.
5. The social security number of the obligor must have been received and entered into the computer record.
6. Reasonable efforts to collect must have been undertaken prior to submittal.

Cases where there is an amount of past due support owed to the state, but which are not current IV-A cases, are eligible for submittal under the tax refund offset program.

Each enforcement team is responsible for:

1. Reviewing their respective cases.
2. Selecting the cases that meet the criteria.
3. Verifying the social security number of the payor and ensuring its entry into the computer system.
4. Code the respective cases into the tract system with code IRS.
5. Submit the list of cases to the section supervisor prior to September 1.

The respective cases will be compiled on a magnetic tape in late September of each year and will include the following:

1. Case number
2. Case code name
3. Social Security number of the payor
4. Total arrears (3 months or more in arrears and \$150 or more).

8441 Upon completion of the magnetic tape by the Systems Section, a report cover letter will be prepared and signed, by the CSEO IV or the Director, to be forwarded with the tapes to the OCSE Central Office.

The enforcement teams will periodically check for payments being made on these cases. Should a payment be received on a case prior to the receipt of any attached federal income tax refund, coordinate with the section supervisor. A tape update must be provided to IRS on a scheduled basis or announced.

8442 PRE-OFFSET NOTICES

Following submittal of the certified cases, CSED shall issue a pre-offset notice to the obligor for each case submitted. Notice shall be sent to the last known address containing the arrearage amount to be offset and a Division contact person for inquiries.

8443 DELETIONS AND (DOWNWARD) MODIFICATIONS

Each Enforcement Team shall notify the Accounting Supervisor of any deletions and modifications required. Deletions and modifications shall be submitted to OCSE Central office according to OCSE instructions, by the Accounting Supervisor.

8444 REFUND OF OFFSET COLLECTIONS

CSED shall make prompt refund to the taxpayer of amounts improperly offset. Reimbursement shall be made upon notification from the Enforcement team to the Accounting Supervisor and supported by a memo that states the obligor's tax refund was improperly offset (and reason) and accompanied by the Notice of Offset from IRS to the obligor. Reimbursement shall be made from the Revolving Fund. AFDC Accounting will reimburse the Revolving Fund upon receipt of the tax refund remittance from OCSE.

Eff. Date:

Supersedes Proc.

Approved:

Sections:

Child Support
Enforcement Agency

of:

to

Cross-
Reference

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DISTRIBUTION OF COLLECTIONS FROM OFFSETS

Collections received by CSED as a result of refund offset, shall be distributed as past-due support as under CFR Section 302.51 (b) (4) and (5). Amounts collected in excess of the total unreimbursed AFDC payments but not in excess of the assigned support arrearage must be paid to the family. If amounts collected exceed the total assigned support arrearage, that excess amount must be refunded to the taxpayer. Amounts collected in error must be refunded to the taxpayer.

Any monies collected by CSED through the tax refund offset process must be applied only to the original arrearages which were certified. That amount is the debt which was claimed in the pre-offset notice. Arrearage amounts accumulated after the certification for IRS tax refund intercept may not be satisfied by offset of the income tax refund just received.

This does not preclude CSED from negotiating with the absent parent to apply any excess amount of the offset toward satisfaction of any arrearage accrued after the certification date.

8450

BANKRUPTCY

When the Bankruptcy Court sends a Notice to the Division, which declares that an obligor has filed for bankruptcy and has claimed child support as a debt, the respective enforcement team should immediately do the following:

1. Determine if there are assets to be attached. If assets are available, file a copy of an existing judgment or Administrative Lien on the Bankruptcy Court.
2. If the matter is coded IV-A or IV-B, request an accounting of the debt due the State of Alaska from the AFDC accounting supervisor and request a compliance.
3. Upon completion of the compliance and an accounting of the debt due the state, refer the case to the Department of Law.

Upon receipt of the matter, the Department of Law will file the appropriate papers with the Bankruptcy Court.

Should the payee contact the Division and advise that the Bankruptcy Court has discharged the child support debt, we should contact the Department of Law, advise one of the attorneys of the circumstances, and inquire as to how the Bankruptcy Court should be approached.



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.

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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.



National Council of State Child Support Enforcement Administrators

Senate Finance Committee
Fiscal Year 1984 Budget Proposals
June 15 & 16, 1983

Testimony Provided By:
Dan R Copeland
President

Good afternoon, 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 State Child Support agency. The National Council includes the operational head of each state Child Support agency. The Council members get a first hand working view of the child support program and its impact on public entitlements.

Each of us recognize that over the years the public entitlement expenditures have increased at an alarming rate. In response to this, the Administration, through their current budget proposal, is attempting to redefine what Congress set up in 1975 with the original Child Support Legislation. This proposal includes two distinctly different sections which are not related in any manner. However, they are presented together and this tends to cover certain policy changes.

At this point, the proposal has not been reduced to legislation but the Federal Office of Child Support Enforcement has explained it to the Council. The first part of the budget proposal, known last year as restructuring and known this year as performance funding, redirects the program to the AFDC governmental reimbursement work. The emphasis is on collections which are sent on to the state and federal government. Doing collection work for the custodial parent and child or non-AFDC work is merely tolerated and does not have direct or sufficient funding.

The National Council is opposed to the funding proposal. I have included a survey summary clearly indicating that opposition. The reasons for opposition are also summarized.

The proposal is narrow and shortsighted in light of the long term problem. A transition period from the current funding mechanism is offered but that does not alter the proposal's basic premise.

In addition to the basic policy deficiencies, the proposal has numerous operational defects. To begin with, the term "total collections" is redefined to include only AFDC collections as retained within each state. This will force many states to discourage or significantly reduce their interstate work. Under the proposal, any effort spent on the non-AFDC caseload will have a punitive financial impact. The proposal's non-AFDC 18 million dollar bonus payments, when spread over 50 states, is not adequate in concept or amount.

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Doing paternity establishment work does not produce an immediate collection. Under this proposal the states will be forced to reduce the paternity work. The majority of collections come from states that are dominated by local or county level operations. The proposal does not allow for stable funding which is essential to county participation.

The second part of the proposal is not a matter of funding but deals with legislation for operational improvements like wage assignments, administrative process and income tax refund intercepts. It is important to recognize that this part of the proposal is separate and totally unrelated to the funding issue. Many of the states are already working on the same type of improvements in their own state.

The Council recognizes that the Child Support process appears simple on the surface but in fact it is extremely complicated. To provide an overview from the practitioners point of view the attached Status Report is offered for general review.

In closing the Council is requesting this committee to consider the extreme defects in the funding proposal and then totally reject this part of the Administration's budget presentation.

The issue is fairly simple. Does Congress want the Child Support Program to be a Child Support service or source of government revenue. The National Council is committed to doing both. The Administrations proposal is an attempt to limit our efforts to the governmental reimbursement work.

Please reject this narrow concept.



National Council of State Child Support Enforcement Administrators

Wayn & Means Committee
Program Financing
Economic Equity Act of 1983
July 14, 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. This provides the Council with a unique view of the program. We see the day-to-day destructive impact that the lack of child support creates. We also see and work with the state legislative bodies, Congress and the Administration. All of these form the direction for the program.

With the original legislation, direction from Congress was straightforward. This body wanted the program to address all child support. However, the consistent direction from the Administration has been that the program should aim at that child support which the government can keep and use to make a profit. This narrow focus has created a massive hue and cry from the custodial parents. As bad as it may seem from their view point, it can also be very hard on the absent parent.

First the welfare programs lead the absent parent to believe that the government will take care of his children. While there are millions of children currently receiving some form of assistance, there are more that start out above the poverty level. Their loss from the lack of child support is in their standard of living, self esteem and eventually some type of welfare or delinquency program. By the time the child requires government involvement, the father has developed two significant items. First he is facing an arrearage that appears too large and unfair in his mind. Second he is well into the habit of not paying child support. Even in the best of circumstances we all find changing an established pattern to be very difficult. The children are the ultimate losers but as he sees less of them that is less and less apparent to him.

From the custodial parents' view point, each day the hard financial facts of life force her to at least consider applying for welfare. She must constantly decide whether or not it is bad enough to give up and apply for the services. Her inner sense tells her that getting out of the welfare cycle is almost impossible, but the immediate needs of her children often leave her with no other choice.

In any event the two separated parents find themselves in adversarial positions. With child support in a delinquent and bitter status, visitation or anything requiring adult-like communication becomes virtually impossible. Once things reach this stage (and they usually do) enforcement or collection work is far more expensive, both parents feel rotten about the situation and the children are the ultimate losers.

-over-

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To correct the situation as it stands now, as the enclosed survey response indicates the Administration's current child support funding proposal must be scrapped. It must be replaced with a funding plan that is in line with the Child Support Purpose Statement in the Economic Equity Act. This plan should include funding for paternity establishment, interstate collections and all aspects of non-AFDC and AFDC work. To stimulate performance the Administration's proposed collections to cost ratios for audit criteria could be used. These ratios would have to exclude the paternity establishment costs and include all interstate collections. In an effort to reemphasize the importance of paternity establishment and non-AFDC work, the administrative match for these activities should be raised from 70 to 75 percent. Separate cost centers could be required or the lower 70% would be used. The increase in required federal funds would be minimal while the impact would be substantial.

The second part of the Administration's proposal includes mandatory laws for collection work. The proposed changes are very similar to the enforcement enhancements in the Economic Equity Act. Each of these changes is discussed in the enclosed Status Report and the Council urges this committee to support them.

In closing, I would like to point out that there are a lot of children waiting to see what we are going to do.



National Council of State Child Support Enforcement Administrators

Senate Finance Committee
Economic Equity Act of 1983
S-888/Child Support Enforcement
June 20 & 21, 1983

Testimony Provided By:
Dan R Copeland
President

Good afternoon, 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 State Child Support agency. The National Council includes the operational head of each state Child Support agency. This provides the Council members with a first hand working view of the child support program and its impact on public entitlements.

The National Council is extremely pleased with the attention the Economic Equity Act has brought to the Child Support Program. The Act offers a number of technical and operational improvements that the Council supports. Many of the more effective states already have these provisions in their statutes.

While these improvements are significant, the most far reaching and important aspect of the Act is in the change of the Purpose Statement as in Title V, Part A, Section 501(a). This change reads as follows:

"The purpose of the program authorized by this part is to assure compliance with obligations to pay child support to each child in the United States living with one parent."

In looking at that statement, I feel compelled to point out that there are many people in the child support network that have thought the current statute language makes this same requirement. In spite of this, this Administration, through the Federal Office of Child Support Enforcement (OCSE), has consistently offered funding changes that direct the program in a manner that would limit our efforts to the AFDC child support work.

This inconsistency between Statute language and OCSE funding direction has been a major point of question for the people doing the collection work. Conflict in the basic program direction has been one of the most significant factors in limiting the program's overall effectiveness. For example, many very effective state programs are declared inefficient when in reality they meet all program requirements and do an excellent job. Obviously the reverse can also be true. Then there are states that are truly ineffective and these are shielded by the differences in program direction. Unfortunately, the state Directors find themselves working with OCSE over program direction rather than improvement.

-over-

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The National Council prepared a Program Status Report and this policy inconsistency is raised throughout the report. On page 19 of the report, the Council calls for the following basic policy decision to be made.

"Should the Child Support Program be viewed as a service or a revenue generated oriented program?"

The Economic Equity Act makes it clear that all child support is important and both objectives can be met.

Please do understand that the Purpose Statement in the Act will require more than an approval vote from Congress. It is a major commitment to do child support work for more than government reimbursement. The long term benefits in financial and social impact will be far greater than the short term financial requirement. The Council strongly recommends that this Committee recognize the benefits of supporting the Economic Equity Act with your vote and adequate, stable funding.



National Council of State Child Support Enforcement Administrators

Testimony provided to the House Appropriations Committee May 10, 1983

Good afternoon, 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 State Child Support agency. The National Council includes the operational head of each state Child Support agency. The Council members get a first hand working view of the child support program and its impact on public entitlements.

Each of us recognize that over the years the public entitlement expenditures have increased at an alarming rate. In response to this, the Administration, through their current budget proposal, is attempting to redefine what Congress set up in 1975 with the original Child Support Legislation. This proposal includes two distinctly different sections which are not related in any manner. However, they are presented together and this tends to cover certain policy changes.

The first part of the budget proposal, known last year as restructuring and known this year as performance funding, redirects the program to the AFDC governmental reimbursement work. The emphasis is on collections which are sent on to the state and federal government. Doing collection work for the custodial parent and child or non-AFDC work is merely tolerated and has insignificant funding.

The National Council is opposed to the funding proposal. I have included a survey summary clearly indicating that opposition. The reasons for opposition are also summarized.

The proposal is a narrow, shortsighted fix to a long term problem. A transition period from the current funding mechanism is offered but that does not alter the fact that the proposal's basic premise is limited and incorrect.

In addition to the basic policy deficiencies, the proposal has numerous operational defects. To begin with, the term "total collections" is redefined to include only AFDC collections as retained within each state. This will force many states to discourage or significantly reduce their interstate work. Any effort spent on the non-AFDC caseload will have a punitive financial impact under the proposal's bonus plan. When spread over 50 states the 18 million dollar payment for non-AFDC work is not adequate in concept or amount. Doing paternity establishment work does not produce an immediate collection. Under this proposal the states will be forced to reduce the paternity work. The majority of collections come from states that are dominated by local or county level operations. The proposal does not allow for stable funding which is essential to county participation.

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-over-

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The Council recognizes that the Child Support process appears simple on the surface but in fact it is extremely complicated. To provide an overview from the practitioners point of view the attached Status Report is offered for general review.

In closing the Council is requesting this committee to consider the extreme defects in the funding proposal and then totally reject this part of the Administration's budget presentation.

The issue is fairly simple. Does Congress want the Child Support Program to be a Child Support service or source of government revenue. The National Council is committed to doing both. The Administrations proposal is a poor attempt to limit our efforts to the governmental reimbursement work.

Please reject this narrow concept.



National Council of State Child Support Enforcement Administrators

September 30, 1983

Good Morning:

This wrap-up letter will be the last Presidential correspondence that you will be receiving via the dog sleds. Without a doubt the past year has been one of the most challenging and satisfying experiences I have been through. We have helped the Reagan Administration go through a near complete change of heart in looking at the program. Your input has been a major factor in that change.

During the St. Louis NRFSEA meeting, August 19 to 25, the Council was very active with the Administration, Congressional Staff, Council and NRFSEA members. The affiliation with NRFSEA has been strengthened to our mutual benefit. In the future I would ask each of you to encourage everyone in your state to put more into both organizations.

Tuesday Afternoon Round Table Discussion

In light of all the divergent ideas and changing concepts that are under consideration for the program, I wanted to get a number of the people involved all in the same room to discuss their views.

With this in mind we held a round table discussion with the clear understanding that many of the ideas were not finalized and would not be finalized in this meeting. The concept was that the discussion would help in the compromising and understanding necessary to help the program. The following were included or listened to in the discussion:

About twenty state directors
A number of NRFSEA members
LaVonn Bliesner of HHS
Martha Phillips of Ways & Means
Fred Schutzman of OCSE
Bob Harris of OCSE
Keith Basset of OCSE
Dave Smith of OCSE

Fred began the session with a general discussion about the current status of the Administration's proposal. He indicated the Administration supported the concepts in the Economic Equity Act but thought some parts of it, with regard to Child Support, were too extensive to implement. He talked of the general problem that Performance Funding was attempting to address in that the FFP concept was based on spending.

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The Council presented their concern with the FFP cut and the program instability that the cut would create even if replaced in some other fashion. A second and near overriding concern was that the attention being brought to the program would greatly increase the service requirements. All of the funding proposals and the discussions to support each of them seem to miss the fact that this increased service requirement is coming.

Martha and LaVonn seemed to be in general agreement that improvement to the program would come through "putting teeth into legislation". These improvements and Secretary Heckler's continued involvement would make the funding available go a lot farther and help to get additional funding.

Keith Basset presented a quick history of the audit criteria changes. He began with the original 19 compliance points and moved through the various performance criteria that OCSE and the Council have worked out.

At times the meeting was a bit tense for we all understood that we could not get to a point that anything could be called resolved. However the session helped everyone get a clearer picture of other view points.

Wednesday - Directors Meeting

The Directors meeting was attended by representatives of 26 states. Topics of discussion were as follows:

a) NRFSEA Nominations for Officers

The slate of nominees for the NRFSEA officers included John Abbott of Utah as their President Elect. John is currently the Council's Past President and was elected to be next year's Secretary-treasurer.

b) Re-election Process

Just prior to the meeting, Mr. Abbott expressed his concern to me in that he did not think it was appropriate for him to hold officer positions in both organizations. As such he submitted his resignation to the Council as the Secretary-treasurer. There was discussion about requesting that he retract his resignation and serve in both positions. He declined the offer and this raised the question as to the Council's official re-election process. Sam Ashdown, Florida and Tony DiNallo, Connecticut, agreed to review the by-laws. Further review is underway but at this point it was moved and seconded that the Council would trust the judgment of the incoming President Jerry Brockmyre, Michigan. He would appoint someone to fill the position.

c) Council Status Report

A general discussion of the Council's first Status Report included the concept of who the report was prepared for, the time involved in the writing and publishing. Suggestions for doing a second report were considered and President Elect, Brockmyre has indicated that he will pick this project up when he takes office on 10/1/85.

One of the primary subjects for the report will be the non-AFDC area but Mr. Brockmyre has requested that each of you consider other areas. Involvement from each of you would be most helpful. Once all the subjects are selected and a general theme has been established he will appoint various members to draft language on the topics. The review, redrafting and final editing will take considerable time and effort. He is anticipating a final product for the congressional session by Spring 1984. Please do provide him with every assistance you can.

Ways & Means Mark-Up

At that point we were anticipating a Ways and Means Mark-up session on 9/13/83. As it turned out this session did not start until 9/29/83 and then it got cut off before it could finish. The attached letter of 9/6/83 was sent to each member. The general intent of the letter was to express our concerns over the lack of additional funds for the program while there is a major effort in process to expand the program. The mark-up session of 9/29/83 produced a five page document that Mr. Brockmyre is sending to each of you. It appears that the mark-up session will start again in late October.

Annual Meeting - May 1984

Luis Rumbaut of the District of Columbia was appointed to select the site for next year's Council meeting. As discussed in the May '83 meeting the President will poll the Directors as to their preference on weekend meetings.

Long Range Planning Document

The long range planning document to include incorporation, state dues, an office in Washington and other items were discussed. I assigned this task to the Executive Committee and Mr. Brockmyre will follow through with this.

Senate Finance Hearings

Two Finance Hearings were scheduled for September 15 and 16, 1983. Senator Armstrong's subcommittee on Social Security and Income Maintenance anticipated a full hearing on Child Support on the 15th. As the witness list grew, the subcommittee decided to have only Secretary Heckler provide testimony and a second hearing was set for October 4, 1983. A copy of the testimony as she presented it, and the questions and answers are included for your review. Her complete lack of detail with regard to the bonus payments was noted by the Committee members. The questions and answers were of particular interest. Since that time the October 4 hearing has also been cancelled to be rescheduled at a later date. Again the target is late October.

Page 4
September 30, 1983

Senator Grassley's Oversight of the IRS Subcommittee held a hearing on the Refund Intercept Process. Roscoe Eggers of the IRS testified in opposition to the intercept process. Fred Schutzman testified as to the general success and problems as experienced by the previous offset experience. Several other Congressional members supported the concept. For the council, Bonnie Becker, Minnesota, Jerry Brockmyre and myself testified in support of the concept. Copies of our testimony are available to each of you. Since that time IRS has brought considerable pressure to the Congress and many of the members that were supporting the intercept are backing down. The major problems seem to rest on the potential for incorrect arrearage statements and the subsequent amendment process through the 1040X. In the Ways & Means Committee, Representative William Thomas of California is trying to work out something that will resolve these problems. At this point there is no final answer but it looks bleak for the non-AFDC intercept.

In light of the fact that you will get this letter when Jerry Brockmyre has assumed his position as President, please do not hesitate to call him for anything. In spite of the fact that he says "Good Afternoon" to me every time I say "Good Morning" I think he will do a fine job. Once again, thanks for everything and please give your all to Mr. Brockmyre.

Sincerely yours,



Dan R Copeland
President

DRC:Dm

enclosures

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United States Senate

COMMITTEE ON APPROPRIATIONS
WASHINGTON, D.C. 20510

November 28, 1983

Elizabeth Hickerson
Senior Advisory Council
1024 West 6th, Suite 203
Anchorage, Alaska 99501

Dear Elizabeth:

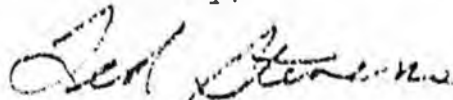
Thanks for calling my Anchorage office about legislation pending in the Senate to reform the Child Support Enforcement Program. I'm glad to know of your interest in this issue.

Several bills have been introduced in the Senate to upgrade the program's effectiveness. Less than 50% of the women due child support payments receive the full payment, and 28% of these women receive nothing. Senator Armstrong's bill, S. 1691, is pending in the Senate Finance Committee, where subcommittee hearings were held in September. S. 1708, introduced by Senator Grassley, and S. 1777, sponsored by Senator Tribble, are also pending in the Finance Committee. The Economic Equity Act, which I am cosponsoring, also includes a section to strengthen and expand the Child Support Enforcement program. I also cosponsored National Child Support Enforcement Month, now PL98-68. For your review, enclosed are copies of these bills.

Thanks again for sharing with me your interest in this program.

With best Wishes,

Cordially,



TED STEVENS

Enclosure

2374

HR 2374 - House EEA
D. Kennedy
3-24-83

98TH CONGRESS
1ST SESSION
H. R. 2374

To amend part D of title IV of the Social Security Act and title 11 of the United States Code to provide for improvements in the child support enforcement program.

IN THE HOUSE OF REPRESENTATIVES

MARCH 24, 1983

Mrs. KENNELLY (for herself, Mrs. SCHROEDER, Mr. STARK, Mr. MATSUI, Mr. HEFTTEL of Hawaii, Mr. GUARINI, Mr. CONABLE, Mr. BLAGGI, Ms. FERRARO, and Mr. MIKULSKI) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend part D of title IV of the Social Security Act and title 11 of the United States Code to provide for improvements in the child support enforcement program.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SHORT TITLE

4 SECTION 1. This Act may be cited as the "Child Sup-
5 port Enforcement Improvements Act of 1983".

1 PURPOSE OF THE PROGRAM

2 SEC. 2. (a) Section 451 of the Social Security Act is
3 amended by striking out "For the purpose of enforcing" and
4 inserting in lieu thereof the following:

5 "(a) The purpose of the program authorized by this part
6 is to assure compliance with obligations to pay child support
7 to each child in the United States living with one parent.

8 "(b) In order to achieve the purpose set forth in subsec-
9 tion (a), by enforcing".

10 (b) The section heading of section 451 of such Act is
11 amended to read as follows:

12 "PURPOSE OF PROGRAM; APPROPRIATIONS".

13 COLLECTION OF PAST-DUE SUPPORT FROM FEDERAL TAX

14 REFUNDS

15 SEC. 3. (a) Section 464(a) of the Social Security Act is
16 amended—

17 (1) by inserting "or which such State has agreed
18 to collect under section 454(6)," after "402(a)(26),";
19 and

20 (2) by inserting before the period at the end there-
21 of the following: "in the case of past-due support as-
22 signed to such State pursuant to section 402(a)(26), or,
23 in the case of past-due support which such State has
24 agreed to collect under section 454(6), shall pay such
25 amount to the State agency for distribution, after de-

1 duction of any fees imposed by the State to cover the
2 costs of collection, to the child or parent to whom such
3 support is owed”.

4 (b) Section 6402(c) of the Internal Revenue Code of
5 1954 is amended by inserting “or which has agreed to collect
6 such support under section 454(6) of such Act” after “the
7 State to which such support has been assigned”.

8 (c) The amendments made by this section shall become
9 effective 90 days after the date of the enactment of this Act.

10 CHILD SUPPORT CLEARINGHOUSE

11 SEC. 4. (a) Section 454(10) of the Social Security Act is
12 amended to read as follows:

13 “(10) provide that the State will maintain a child
14 support clearinghouse or comparable procedure—

15 “(A) through which all payments for the sup-
16 port and maintenance of a child, and payments for
17 the support and maintenance of a child and the
18 parent with whom the child is living, which are
19 owed by absent parents residing or employed in
20 such State, pursuant to any support order which
21 is issued, modified, or enforced after December
22 31, 1983, will be recorded;

23 “(B) into which any such support payments
24 shall be paid, recorded, and forwarded—

98TH CONGRESS
1ST SESSION

H. R. 216

HR 216 1

IRS intercept - Non AFDC
1-3-83

To amend part D of title IV of the Social Security Act to provide that the procedures which are presently available to AFDC families for the collection of past-due child and spousal support from Federal tax refunds shall also be available to non-AFDC families.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 1983

Mr. LONG of Maryland introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend part D of title IV of the Social Security Act to provide that the procedures which are presently available to AFDC families for the collection of past-due child and spousal support from Federal tax refunds shall also be available to non-AFDC families.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) section 464(a) of the Social Security Act is amended
4 by inserting "or which such State has undertaken to collect
5 under section 454(6)," after "which has been assigned to
6 such State pursuant to section 402(a)(26),".

1 (b) Section 6402(c) of the Internal Revenue Code of
2 1954 is amended by inserting "(or which has undertaken to
3 collect such support under section 454(6) of such Act)" after
4 "the State to which such support has been assigned".

5 SEC. 2. The amendments made by the first section of
6 this Act shall take effect on the date of the enactment of this
7 Act.

○

Union Calendar No. 300

98TH CONGRESS
1ST SESSION

H. R. 4325

[Report No. 98-527]

To amend part D of title IV of the Social Security Act to assure, through mandatory income withholding, incentive payments to States, and other improvements in the child support enforcement program, that all children in the United States who are in need of assistance in securing financial support from their parents will receive such assistance regardless of their circumstances, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 8, 1983

Mrs. KENNELLY (for herself, Mr. FORD of Tennessee, Mr. CAMPBELL, Mr. STARK, Mr. MOORE, Mr. PEASE, Mr. FRENZEL, Mr. HANCE, Mr. THOMAS of California, Mr. MATSUI, and Mr. FOWLER) introduced the following bill; which was referred to the Committee on Ways and Means

NOVEMBER 10, 1983

Additional sponsors: Mrs. SCHROEDER, Ms SNOWE, Ms. FERRARO, Ms. KAPTUR, Mrs. HALL of Indiana, Mr. FLIPPO, Mr. ANTHONY, Mr. WHEAT, Mr. SHANNON, Mr. DOWNEY of New York, Mr. LELAND, Mr. HEFTEL of Hawaii, Mrs. ROUKEMA, Mrs. BOXER, Mrs. JOHNSON, Mr. GUARINI, Mr. SWIFT, and Mr. CONABLE

NOVEMBER 10, 1983

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

(Omit the part struck through and insert the part printed in *italic*)

1 purpose of enforcing a support order of that or any
2 other jurisdiction--

3 "(A) any refund of State income tax which
4 would otherwise be payable to an individual will
5 be reduced, after notice to that individual of the
6 proposed reduction and the procedures to be fol-
7 lowed to contest it (and after full compliance with
8 all procedural due process requirements of the
9 State), by the amount of any past-due support (as
10 defined in section 464(c)) owed by such individual,
11 in every case where the support obligation in-
12 volved has been assigned to the State pursuant to
13 section 402(a)(26), and in any other case at the
14 option of the State; and

15 "(B) the amount by which such refund is re-
16 duced will be retained by the State for distribution
17 in accordance with section 457(b)(3), and notice of
18 the individual's home address will be furnished to
19 the State agency administering the plan approved
20 under this part.

21 The Secretary may prescribe regulations specifying the
22 minimum amount of a refund, and the minimum
23 amount of past-due support, to which the procedures
24 required by this paragraph may apply.

CHILD SUPPORT ENFORCEMENT AMENDMENTS OF 1983

NOVEMBER 10, 1983.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ROSTENKOWSKI, from the Committee on Ways and Means,
submitted the following

REPORT

[To accompany H.R. 4325]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means to whom was referred the bill (H.R. 4325) to amend part D of title IV of the Social Security Act to assure, through mandatory income withholding, incentive payments to States, and other improvements in the child support enforcement program, that all children in the United States who are in need of assistance in securing financial support from their parents will receive such assistance regardless of their circumstances, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

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The amendments (stated in terms of the page and line numbers of the introduced bill) are as follows:

In the table of contents on page 2, strike out the item relating to section 16 and insert in lieu thereof the following:

Sec. 16. Inclusion of medical support in child support orders.

Sec. 17. Increased availability of Federal parent locator service to State agencies.

trative order); to reduce court backlogs so that support decisions can be made promptly.

C. State income tax refund offsets

States that have State income taxes must provide for the withholding of any State tax refund payable to a non-custodial parent who owes past-due child support payments. These tax refund withholding procedures must be applicable to AFDC and, at the option of the State, to non-AFDC cases and must be used for interstate as well as intrastate cases. The obligor must get prior notice of the proposed offset and notification of procedures to be followed to contest the amount of past-due support; and the offset procedure must comport with the due process procedures of the State.

D. Liens against property

States must establish procedures for imposing liens against both real and personal property for amounts of past-due support owed by a State resident or an individual who owns such property in the State.

E. Paternity statute of limitations

State paternity laws must permit the establishment of paternity for both AFDC and non-AFDC children until a child's 18th birthday.

F. Imposition of security or bond

States must provide for the imposition of security, a bond, or other guarantee to secure payment in the case of absent parents who have a pattern of past-due support payments. The obligor must get prior notice and notification of procedures to be followed to contest the proposed security or bond; the procedure must comport with the due process procedures of the State.

G. Providing information on past-due support to credit agencies

States must make available to consumer credit agencies, at the request of such agencies, information regarding child support arrearages. The State must make available information on arrearages in excess of \$1,000 and may make available information on smaller arrearages. The obligor must receive prior notice of the release of such information which indicates the procedures to be followed to contest the proposed release of information. The notification and procedures for contesting the proposed release of information to credit agencies must comport with the due process procedures in the State. The State may charge a fee to the credit agencies who request and receive this information which cannot exceed the cost to the State of providing the information.

H. Tracking and monitoring support payments

When a State has instituted the income withholding requirements and procedures, and established the public agency or alternative publicly accountable procedures that will administer income withholding, summarized in II(A) above, the State must provide that, at the request of the absent or custodial parent, child support payments must be made through the agency that administers

98TH CONGRESS
1ST SESSION

H. R. 4325

II

IN THE SENATE OF THE UNITED STATES

NOVEMBER 16 (legislative day, NOVEMBER 14), 1983
Received; read twice and referred to the Committee on Finance

AN ACT

To amend part D of title IV of the Social Security Act to assure, through mandatory income withholding, incentive payments to States, and other improvements in the child support enforcement program, that all children in the United States who are in need of assistance in securing financial support from their parents will receive such assistance regardless of their circumstances, and for other purposes.

1 *Be it enacted by the Senote and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SHORT TITLE; TABLE OF CONTENTS

4 SECTION 1. This Act may be cited as the "Child Sup-
5 port Enforcement Amendments of 1983".

TABLE OF CONTENTS

- Sec. 1. Short title; table of contents.
 Sec. 2. Purpose of the program.
 Sec. 3. Improved child support enforcement through required State laws and procedures.
 Sec. 4. 90-percent matching for automated management systems used in income withholding and other required procedures.
 Sec. 5. Continuation of support enforcement for AFDC recipients whose benefits are being terminated.
 Sec. 6. Financial incentives for balanced and efficient State programs.
 Sec. 7. Special project grants to promote improvements in interstate enforcement.
 Sec. 8. Periodic review of effectiveness of State programs; modification of penalty.
 Sec. 9. Extension of section 1115 demonstration authority to child support enforcement program.
 Sec. 10. Child support enforcement for certain children in foster care.
 Sec. 11. Enforcement with respect to both child and spousal support.
 Sec. 12. Modifications in content of Secretary's annual report.
 Sec. 13. Requirement that availability of child support enforcement services be publicized.
 Sec. 14. State commissions on child support.
 Sec. 15. Wisconsin Child Support Initiative.
 Sec. 16. Inclusion of medical support in child support orders.
 Sec. 17. Increased availability of Federal parent locator service to State agencies.
 Sec. 18. Extension of eligibility under title XIX when support collection results in termination of AFDC eligibility.
 Sec. 19. General effective date.

PURPOSE OF THE PROGRAM

3 SEC. 2. Section 451 of the Social Security Act is
 4 amended by striking out "and obtaining child and spousal
 5 support," and inserting in lieu thereof "obtaining child and
 6 spousal support, and assuring that assistance in obtaining
 7 support will be available under this part to all children
 8 (whether or not eligible for aid under part A) for whom such
 9 assistance is requested."

10 IMPROVED CHILD SUPPORT ENFORCEMENT THROUGH
 11 REQUIRED STATE LAWS AND PROCEDURES

12 SEC. 3. (a) Section 454 of the Social Security Act is
 13 amended—

1 (1) by striking out "and" at the end of paragraph
2 (18);

3 (2) by striking out the period at the end of para-
4 graph (19) and inserting in lieu thereof "; and"; and

5 (3) by adding after paragraph (19) the following
6 new paragraph:

7 "(20) provide that (subject to section 466(d)) the
8 State (A) will have in effect all of the laws required by
9 section 466, and (B) will implement the procedures
10 (designed to improve child support enforcement effec-
11 tiveness) which are embodied or prescribed in such
12 laws."

13 (b) Part D of title IV of such Act is further amended by
14 adding at the end thereof the following new section:

15 "REQUIREMENT OF STATUTORILY PRESCRIBED PROCE-
16 DURES TO IMPROVE EFFECTIVENESS OF CHILD SUP-
17 PORT ENFORCEMENT

18 "SEC. 466. (a) In order to be in compliance with the
19 provisions of section 454(20)(A) at any time, each State must
20 have enacted (and have in effect at that time) laws establish-
21 ing, embodying, or requiring the use of the following proce-
22 dures, consistent with regulations of the Secretary, to in-
23 crease the effectiveness of the program it administers under
24 this part:

1 “(1) Procedures (more particularly set forth in
2 subsection (b)) for the withholding from income of
3 amounts payable as support.

4 “(2) Procedures assuring (in accordance with reg-
5 ulations of the Secretary) that the State will make all
6 reasonable efforts to expedite and otherwise improve
7 the establishment of, compliance with, and enforcement
8 of child support obligations and any related obligations
9 arising under or in connection with the support orders
10 involved.

11 “(3) Procedures under which, at the request of
12 the State child support enforcement agency, for the
13 purpose of enforcing a support order of that or any
14 other jurisdiction—

15 “(A) any refund of State income tax which
16 would otherwise be payable to an individual will
17 be reduced, after notice to that individual of the
18 proposed reduction and the procedures to be fol-
19 lowed to contest it (and after full compliance with
20 all procedural due process requirements of the
21 State), by the amount of any past-due support (as
22 defined in section 464(e)) owed by such individual,
23 in every case where the support obligation in-
24 volved has been assigned to the State pursuant to

1 section 402(a)(26), and in any other case at the
2 option of the State; and

3 “(B) the amount by which such refund is re-
4 duced will be retained by the State for distribution
5 in accordance with section 457(b)(3), and notice of
6 the individual’s home address will be furnished to
7 the State agency administering the plan approved
8 under this part.

9 The Secretary may prescribe regulations specifying the
10 minimum amount of a refund, and the minimum
11 amount of past-due support, to which the procedures
12 required by this paragraph may apply.

13 “(4) Procedures under which liens are imposed
14 against real and personal property for amounts of past-
15 due support (as so defined) owed by an absent parent
16 who resides or owns property in the State.

17 “(5) Procedures which permit the establishment of
18 an individual’s paternity for any child at any time prior
19 to such child’s eighteenth birthday.

20 “(6) Procedures which require in appropriate
21 cases that an individual give security, post a bond, or
22 give some other guarantee to secure payment of past-
23 due support (as so defined) if such individual is an
24 absent parent who has a demonstrated pattern of over-
25 due support payments, after notice to such individual of

1 the proposed requirement and the procedures to be fol-
2 lowed to contest it (and after full compliance with all
3 procedural due process requirements of the State).

4 “(7) Procedures by which information regarding
5 the amount of past-due support (as so defined) owed by
6 an absent parent residing in the State will be made
7 available to any consumer credit bureau organization
8 (as defined in section 416 of Public Law 96-374) upon
9 the request of such organization; except that (A) if the
10 amount of the past-due support involved in any case is
11 less than \$1,000, information regarding such amount
12 shall be made available only at the option of the State,
13 (B) any information with respect to an absent parent
14 shall be made available under such procedures only
15 after such parent has been notified of the proposed
16 action and given a reasonable opportunity to contest
17 the accuracy of such information (and after full compli-
18 arce with all procedural due process requirements of
19 the State), and (C) a fee for furnishing such informa-
20 tion, in an amount not exceeding the actual cost there-
21 of, may be imposed on the requesting organization by
22 the State.

23 “(8) Procedures under which child support pay-
24 ments under this part will be made through the State
25 agency or other entity which administers the State's

1 income withholding system (described in paragraph (1)
2 and subsection (b)) in any case where either the absent
3 parent or the custodial parent requests it, even though
4 no arrearages in child support payments are involved
5 and no income withholding procedures have been insti-
6 tuted; but in any such case an annual fee for handling
7 and processing such payments, in an amount not ex-
8 ceeding the actual costs incurred by the State in con-
9 nection therewith or \$25, whichever is less, shall be
10 imposed on the requesting parent by the State.”.

11 “(b) Under the procedures referred to in subsection
12 (a)(1) (relating to the withholding from income of amounts
13 payable as support)—

14 “(1) in the case of each absent parent against
15 whom a support order is or has been issued or modified
16 in the State, so much of his or her wages must be
17 withheld, in accordance with the succeeding provisions
18 of this subsection, as is necessary to comply with the
19 order and to provide for the payment of any fee to the
20 employer which may be required under paragraph
21 (6)(A) (except that the amounts withheld shall not
22 exceed the amounts permitted under section 303(b) of
23 the Consumer Credit Protection Act (15 U.S.C.
24 1673(b)), and the amounts to be withheld to satisfy ar-

1 rearages may be appropriately limited by the State
2 law);

3 “(2) such withholding must be initiated without
4 the necessity of any application therefor in the case of
5 a child (whether or not eligible for aid under part A)
6 with respect to whom services are already being pro-
7 vided under this part, and will be initiated upon the
8 filing of an application for services under this part with
9 the State agency in the case of any other child in
10 whose behalf a support order has been issued or modi-
11 fied in the State; and in either case such withholding
12 must occur without the need for any amendment to the
13 support order involved or for any further action by the
14 court or other entity which issued it;

15 “(3) such withholding must be carried out in full
16 compliance with all procedural due process require-
17 ments of the State and must begin as soon as is admin-
18 istratively feasible, in any event by the earliest of (A)
19 the date on which such procedures become effective,
20 the date on which such order becomes effective, the
21 date on which the payments which the absent parent
22 has failed to make under such order are at least equal
23 to the support payable for one month, or (if the absent
24 parent contests the withholding) the date specified in
25 the notice given such parent under paragraph (5)(B).

whichever of the four is latest, (B) the date as of which the absent parent requests that such withholding begin, or (C) such earlier date as the State may select;

“(4) such withholding must be administered by a public agency designated by the State, and the amounts withheld must be expeditiously distributed by the State or such agency in accordance with section 457 under procedures (specified by the State) which provide for the keeping of adequate records to document payments of support and permit the tracking and monitoring of such payments, except that the State may establish or permit the establishment of alternative procedures for the collection and distribution of such amounts (under the administration of such public agency) otherwise than through such public agency so long as the entity making such collection and distribution is publicly accountable for its actions taken in carrying out such procedures, and so long as such procedures will assure prompt distribution, provide for the keeping of adequate records to document payments of support, and permit the tracking and monitoring of such payments;

“(5) the State (A) must provide advance notice to each individual to whom paragraph (1) applies regarding the proposed withholding and the procedures the

1 individual should follow if he or she desires to contest
2 such withholding on the grounds that withholding (in-
3 cluding the amount to be withheld) is not proper in the
4 case involved because of mistakes of fact, and (B) if the
5 individual contests such withholding on the grounds
6 specified in clause (A), shall determine whether such
7 withholding will actually occur, and (if so) shall notify
8 the individual of the date on which such withholding is
9 to begin, within no more than 30 days after the provi-
10 sion of such advance notice;

11 “(6)(A)(i) the employer of any individual to whom
12 paragraph (1) applies, upon being given notice as de-
13 scribed in clause (ii), must be required to withhold from
14 such individual's wages the amount specified by such
15 notice (which shall include a fee, established by the
16 State in accordance with criteria prescribed by the
17 Secretary, to be paid to the employer unless waived by
18 him or her) and pay such amount (after deducting and
19 retaining any portion thereof which represents the fee
20 so established) to the appropriate State agency (or
21 other entity authorized to collect the amounts withheld
22 under the alternative procedures described in para-
23 graph (4)) for distribution in accordance with section
24 457; and

“(ii) the notice given to the employer must be a separate and distinct document, containing no matter other than the amounts to be withheld from the employee’s wages, the date on which the withholding is to begin, the amount to be retained by the employer as a fee for effectuating the withholding, and such other information as may be necessary for the employer to comply with the withholding order;

“(B) methods must be established by the State to simplify the withholding process for employers to the greatest extent possible, including permitting any employer to combine all withheld amounts into a single payment to the appropriate State agency (with the portion thereof which is attributable to each individual employee being separately designated);

“(C) the employer must be held liable to the State for any amount which such employer fails to withhold from wages due an employee when such amount is required under this subsection to be so withheld (up to the amount of the arrearage) following receipt by such employer of proper notice under subparagraph (A); and

“(D) provision must be made for the imposition of a fine against any employer who discharges from employment, refuses to employ, or takes disciplinary action against any individual subject to wage withhold-

1 ing because of the existence of such withholding and
2 the obligations or additional obligations which it im-
3 poses upon the employer;

4 “(7) provision must be made under State law for
5 the priority of support collection under this subsection
6 over any other legal process under State law against
7 the same wages;

8 “(8) the State may take such actions as may be
9 necessary to extend its system of wage withholding
10 under this subsection so that such system will include
11 withholding from forms of income other than wages, or
12 will include the imposition of bonding or other require-
13 ments in cases involving individuals whose income is
14 from sources other than wages, in order to assure that
15 child support owed by individuals in the State will be
16 collected without regard to the types of such individ-
17 uals' income or the nature of their income-producing
18 activities;

19 “(9) the State must make such arrangements and
20 enter into such agreements with other States as may
21 be necessary—

22 “(A) to extend its withholding system under
23 this subsection so that such system will include
24 withholding from income derived within such

State in cases where the applicable support orders were issued in other States, and

“(B) to encourage the extension of the withholding systems of other States under this subsection so that such systems will include withholding from income derived in those States in cases where the applicable support orders were issued in such State,

in order to assure insofar as is possible that child support owed by individuals in such State or any other State will be collected without regard to the residence of the child for whom the support is payable or of such child’s custodial parent; and

“(10) provision must be made for terminating withholding.

in order to assure that income withholding as a means of collecting child support is available without the necessity of filing application for services under this part, the laws referred to in subsection (a) must require in the case of any State that all child support orders which are issued or modified in such State on or after the effective date of this section shall include provision for withholding from income whenever arrearages occur.

“(c) As used in this section, the term ‘wages’ means any and all cash remuneration for employment, determined with-

1 out regard to any exclusions from or limitations on such term
2 (or the term 'employment') which may be applicable under
3 other provisions of this Act or under other Federal, State, or
4 local laws.

5 “(d) If a State demonstrates to the satisfaction of the
6 Secretary, through the presentation to the Secretary of such
7 data pertaining to caseloads, processing times, administrative
8 costs, and average support collections, and such other actual
9 data or estimates as the Secretary may specify, that the en-
10 actment of any law or the use of any procedure or procedures
11 required by or pursuant to this section will not increase the
12 effectiveness and efficiency of the State child support enforce-
13 ment program, the Secretary may exempt the State for a
14 specified period of time, subject to the Secretary's continuing
15 review and to termination of the exemption should circum-
16 stances change, from the requirement to enact the law or use
17 the procedure or procedures involved.”.

18 (c) The amendments made by this section shall become
19 effective October 1, 1985.

20 90-PERCENT MATCHING FOR AUTOMATED MANAGEMENT
21 SYSTEMS USED IN INCOME WITHHOLDING AND OTHER
22 REQUIRED PROCEDURES

23 SEC. 4. (a) Section 454(16) of the Social Security Act is
24 amended by striking out “and (D)” and inserting in lieu
25 thereof the following: “(D) to facilitate the development and

1 improvement of the income withholding and other procedures
2 required under section 466(a) through the monitoring of child
3 support payments, the maintenance of accurate records re-
4 garding the payment of child support, and the provision of
5 prompt notification to appropriate officials with respect to
6 any arrearages in child support payments which may occur,
7 and (E)".

8 (b) Section 455(a)(3) of such Act is amended—

9 (1) by inserting after "automatic data processing
10 and information retrieval system" the following: "(in-
11 cluding the hardware components thereof)"; and

12 (2) by inserting before the semicolon at the end
13 thereof the following: ", or meets such requirements
14 without regard to clause (D) thereof".

15 (c) The amendments made by this section shall apply
16 with respect to quarters beginning after the date of the enact-
17 ment of this Act.

18 CONTINUATION OF SUPPORT ENFORCEMENT FOR AFDC

19 RECIPIENTS WHOSE BENEFITS ARE BEING TERMINATED

20 SEC. 5. (a) Section 457(e) of the Social Security Act is
21 amended—

22 (1) by striking out "may" in the matter preceding
23 paragraph (1) and inserting in lieu thereof "shall"; and

24 (2) by striking out "the net amount of" in para-
25 graph (2), and by striking out "to the family" and all

1 that follows in such paragraph and inserting in lieu
2 thereof "to the family (without requiring any formal
3 reapplication and without the imposition of any appli-
4 cation fee) on the same basis as in the case of other
5 individuals who are not receiving assistance under part
6 A of this title,".

7 (b) The amendments made by subsection (a) shall
8 become effective October 1, 1985.

9 FINANCIAL INCENTIVES FOR BALANCED AND EFFICIENT
10 STATE PROGRAMS

11 SEC. 6. (a) Section 458 of the Social Security Act is
12 amended to read as follows:

13 "INCENTIVE PAYMENTS TO STATES

14 "SEC. 458. (a) In order to encourage and reward State
15 child support programs which perform in a cost-effective and
16 efficient manner to secure support for all children who have
17 sought assistance in securing support, whether such children
18 reside within the State or elsewhere and whether they are
19 eligible or ineligible for aid to families with dependent chil-
20 dren under a State plan approved under part A of this title
21 (and regardless of the economic circumstances of their par-
22 ents), the Secretary (subject to section 6(b) of the Child Sup-
23 port Enforcement Amendments of 1983) shall pay to each
24 State for each fiscal year, on a quarterly basis (as described

1 in subsection (d)) beginning with the quarter commencing Oc-
2 tober 1, 1985, an incentive payment equal to—

3 “(1) 4 per centum of the total amount of support
4 collected during the fiscal year in cases (filed with the
5 State agency under this part) in which the support ob-
6 ligation involved is assigned to the State pursuant to
7 section 402(a)(26) (with such total amount for any
8 fiscal year being hereafter referred to in this section as
9 the State's 'AFDC collections' for that year), plus

10 “(2) 4 per centum of the total amount of support
11 collected during the fiscal year in all other cases filed
12 with the State agency under this part (with such total
13 amount for any fiscal year being hereafter referred to
14 in this section as the State's 'non-AFDC collections'
15 for that year);

16 except that (A) if subsection (b) applies with respect to a
17 State's AFDC collections or non-AFDC collections for any
18 fiscal year, the percent specified in paragraph (1) or (2) (with
19 respect to such collections) shall be increased to the higher
20 percent determined under such subsection (with respect to
21 such collections) in determining the State's incentive pay-
22 ment under this subsection for that year, and (B) the dollar
23 amount of the portion of the State's incentive payment for
24 any fiscal year which is determined on the basis of its non-
25 AFDC collections under paragraph (2) (with or without the

1 application of subsection (b)) shall in no case exceed 125 per
2 centum of the dollar amount of the portion of such payment
3 which is determined on the basis of its AFDC collections
4 under paragraph (1) (with or without the application of such
5 subsection).

6 “(b) If the total amount of a State’s AFDC collections
7 or non-AFDC collections for any fiscal year bears a ratio to
8 the total amount expended by the State in that year for the
9 operation of its plan approved under section 454 (with the
10 total amount so expended in any fiscal year being hereafter
11 referred to in this section as the State’s ‘combined AFDC/
12 non-AFDC administrative costs’ for that year) which is equal
13 to or greater than one, the percent specified in paragraph (1)
14 or (2) of subsection (a) (with respect to such collections) shall
15 be increased to—

16 “(1) 5 per centum, plus

17 “(2) one-half of 1 per centum for each full one-
18 tenth by which such ratio exceeds one;

19 except that the percent so specified shall in no event be in-
20 creased (for either AFDC collections or non-AFDC collec-
21 tions) to more than 10 per centum. For purposes of the pre-
22 ceding sentence, laboratory costs incurred in determining pa-
23 ternity in any fiscal year may at the option of the State be
24 excluded from the State’s combined AFDC/non-AFDC ad-
25 ministrative costs for that year.

“(c) In computing incentive payments under this section, support which is collected by one State on behalf of children residing in another State shall be treated as having been collected in full by each such State.

“(d) The amounts of the incentive payments to be made to the various States under this section for any fiscal year shall be estimated by the Secretary at or before the beginning of such year on the basis of the best information available; and the Secretary shall make such payments for such year, on a quarterly basis (with each quarterly payment being made no later than the beginning of the quarter involved), in the amounts so estimated, reduced or increased to the extent of any overpayments or underpayments which the Secretary determines were made under this section to the States involved for prior periods and with respect to which adjustment has not already been made under this subsection. Upon the making of any estimate by the Secretary under the preceding sentence, any appropriations available for payments under this section shall be deemed obligated.

“(e) If one or more political subdivisions of a State participate in the costs of enforcement and collection of support in cases filed with the State agency of such State during any period, such subdivision or subdivisions shall be entitled to receive an appropriate share (as determined under regulations prescribed by the Secretary) of any incentive payments

1 made to the State under this section with respect to that
2 period, and the State's right to receive such incentive pay-
3 ments shall be conditional upon its execution of an agreement
4 satisfactory to the Secretary to pay such share to such subdi-
5 vision or subdivisions."

6 (b) The amendment made by subsection (a) shall become
7 effective October 1, 1985; but if the total amount of the in-
8 centive payments to which any State is entitled under section
9 458 of the Social Security Act as amended by subsection (a)
10 for the fiscal year 1986 is less than 80 per centum of the
11 amount that would have been payable to such State for that
12 fiscal year under section 458 of such Act if such section as in
13 effect prior to such amendment had remained in effect and its
14 provisions had been applied to collections made by such State
15 in that fiscal year, the Secretary of Health and Human Serv-
16 ices shall make such additional payments to the State under
17 section 458 of such Act (as amended by subsection (a)), for
18 quarters in the fiscal year 1986, as may be necessary to
19 assure that the total amount of such incentive payments for
20 that fiscal year is no less than 80 per centum of the amount
21 that would have been so payable under section 458 of such
22 Act as in effect prior to such amendment.

1 SPECIAL PROJECT GRANTS TO PROMOTE IMPROVEMENTS
2 IN INTERSTATE ENFORCEMENT

3 SEC. 7. Section 455 of the Social Security Act is
4 amended by adding at the end thereof the following new sub-
5 section:

6 "(e)(1) In order to encourage and promote the develop-
7 ment and use of more effective methods of enforcing support
8 obligations under this part in cases where either the children
9 on whose behalf the support is sought or their absent parents
10 do not reside in the State where such cases are filed, the
11 Secretary is authorized to make grants, in such amounts and
12 on such terms and conditions as the Secretary determines to
13 be appropriate, to States which propose to undertake new or
14 innovative methods of support collection in such cases and
15 which will use the proceeds of such grants to carry out spe-
16 cial projects designed to demonstrate and test such methods.

17 "(2) A grant under this subsection shall be made only
18 upon a finding by the Secretary that the project involved is
19 likely to be of significant assistance in carrying out the pur-
20 pose of this subsection; and with respect to such project the
21 Secretary may waive any of the requirements of this part
22 which would otherwise be applicable, to such extent and for
23 such period as the Secretary determines is necessary or desir-
24 able in order to enable the State to carry out the project.