

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

8180 ○ HOUSE STATE AFFAIRS ○

445

1 income withholding order under AS 25.27.062 [SERVICE OF NOTICE UNDER  
2 AS 25.27.150], or (2) the date of service of a notice and finding of financial  
3 responsibility under AS 25.27.160, the agency may assert a lien upon the real or  
4 personal property of the obligor, in the amount of the obligor's liability.

5 \* Sec. 24. AS 25.27.230(c) is amended to read:

6 (c) The lien shall attach to all real and personal property of the obligor and be  
7 effective on the date of recording of the lien with the recorder of the recording district  
8 in which the property attached is located. A lien against earnings shall attach and be  
9 effective upon filing with the recorder of the recording district in which the employer  
10 does business or maintains an office or agent for the purpose of doing business. A  
11 lien filed at the offices of the Commercial Fisheries Entry Commission in Juneau  
12 against a limited entry permit issued under AS 16.43 is considered to have been  
13 filed against the permit in all recording districts in which the permit holder uses  
14 the permit.

15 \* Sec. 25. AS 25.27.250(a) is amended to read:

16 (a) At the expiration of either (1) 15 [30] days from the date of service of an  
17 income withholding order under AS 25.27.062 or notice under AS 25.27.150, or (2)  
18 30 days from the date of service of a notice and finding of financial responsibility  
19 under AS 25.27.160, the agency may issue to any person, political subdivision, or  
20 department of the state an order to withhold and deliver property.

21 \* Sec. 26. AS 25.27.250(b) is amended to read:

22 (b) All real or personal property belonging to the obligor is subject to an order  
23 to withhold and deliver, including, but not limited to, earnings that are due, owing, or  
24 belonging to the debtor. In calculating the amount to be withheld and delivered  
25 under an order issued under this section, the agency shall give credit to the  
26 obligor for the cost to the obligor of medical and dental insurance for the children  
27 and educational payments for the children to the extent that the insurance  
28 coverage and educational payments are required in the applicable child support  
29 order and are actually paid for by the obligor.

30 \* Sec. 27. AS 25.27.250(f) is amended to read:

31 (f) If a person, political subdivision, or department of the state upon whom

1 service of an order to withhold and deliver has been made possesses property due.  
2 owing, or belonging to the obligor, that person, subdivision, or department shall  
3 withhold the property immediately upon receipt of the order and shall deliver the  
4 property to the agency [UPON DEMAND] after the expiration of the 14-day period  
5 from the date of service of the order or expiration of the period specified in  
6 AS 25.27.062(e), whichever is earlier. The agency shall hold property delivered  
7 under this subsection in trust for application against the liability of the obligor under  
8 AS 25.27.062, 25.27.120, or 25.27.160 [AS 25.27.130] or for return, without interest,  
9 depending on final determination of liability or nonliability under this chapter. The  
10 agency may accept a good and sufficient bond to secure payment of past, present,  
11 and future support conditioned upon final determination of liability in lieu of  
12 requiring delivery [DELIVERING] of property under this subsection.

13 \* Sec. 28. AS 25.27.250 is amended by adding a new subsection to read:

14 (j) A person, political subdivision, or department that fails to comply with an  
15 order to withhold and deliver served under this subsection is subject to penalties under  
16 AS 25.27.260. A person, political subdivision, or department may, for each payment  
17 made under an order to withhold and deliver, deduct \$5 from other wages or salary  
18 owed to the obligor.

19 \* Sec. 29. AS 25.27.255(a) is amended to read:

20 (a) The agency shall pay to the obligee all money recovered by the agency  
21 from the obligor under an income withholding order except for court costs and money  
22 assigned to the agency under AS 25.27.120 - 25.27.130. However, if there is more  
23 than one income withholding order under this chapter against an obligor, the  
24 agency shall allocate amounts available for withholding in a manner that gives  
25 priority to current support up to the limits imposed under 15 U.S.C. 1673(b)  
26 (sec. 303(b), Consumer Credit Protection Act). Notwithstanding the priority given  
27 to current support, the agency shall establish procedures for allocation of support  
28 among obligees so that in no case will the allocation result in a withholding order  
29 for one obligee not being implemented.

30 \* Sec. 30. AS 25.27.260 is amended to read:

31 Sec. 25.27.260. CIVIL LIABILITY UPON FAILURE TO COMPLY WITH

1 AN ORDER OR LIEN. If a [ANY] person, political subdivision, or department of the  
2 state (1) fails to make an answer to an order to withhold and deliver within the time  
3 prescribed in AS 25.27.250; (2) fails or refuses to deliver property in accordance with  
4 an order issued under AS 25.27.250; (3) pays over, releases, sells, transfers, or conveys  
5 real property subject to a lien recorded under AS 25.27.230 to or for the benefit of the  
6 obligor or any other person; (4) fails or refuses to surrender upon demand property  
7 attached; or (5) intentionally fails or refuses to honor an assignment of wages or an  
8 income withholding order under AS 25.27.062 that was served [PRESENTED] by the  
9 agency through personal service by a process server or through certified mail.  
10 return receipt requested, the person, political subdivision, or department of the state  
11 is liable to the agency in an amount equal to 100 percent of the amount constituting  
12 the basis of the lien, order to withhold and deliver, attachment, or withholding of  
13 wages or income, together with costs, interest, and reasonable attorney fees.

14 \* Sec. 31. AS 25.27.260 is amended by adding a new subsection to read:

15 (b) A person, political subdivision, or department of the state that intentionally  
16 fails or refuses to honor a properly served income withholding order under  
17 AS 25.27.062 that is not being enforced by the agency is liable to the obligee in an  
18 amount equal to 100 percent of the amount ordered to be withheld together with costs,  
19 interest, and reasonable attorney fees.

20 \* Sec. 32. AS 33.30.131(b) is amended to read:

21 (b) Unless alternative arrangements are expressly approved by the  
22 commissioner, when a prisoner is employed outside a correctional facility as part of  
23 a prerelease or short-duration furlough program, or as part of serving time in a  
24 correctional restitution center under AS 33.30.151 - 33.30.181, the earnings of the  
25 prisoner shall be delivered to the commissioner. If an employer transmits the earnings  
26 to the commissioner, the employer has no liability to the prisoner for the earnings. The  
27 commissioner shall disburse the earnings of the prisoner, in an order determined  
28 appropriate, under procedures adopted by the commissioner to

29 (1) pay for the room, board, and personal expenses of the prisoner in  
30 an amount or at a rate determined by the commissioner;

31 (2) pay any restitution or fine ordered by the sentencing court;

1 (3) reimburse the state for an award made for violent crimes  
2 compensation under AS 18.67 arising out of the criminal conduct of the prisoner;

3 (4) pay a civil judgment arising out of the criminal conduct of the  
4 prisoner; and

5 (5) support the dependents of the prisoner, and to provide child support  
6 payments as required by AS 25.27 [AS 25.27.062].

7 \* Sec. 33. Alaska Rule of Civil Procedure 90.3(d) is amended to read:

8 (d) HEALTH INSURANCE - CREDITS. The court shall address coverage of  
9 the children's health care needs and require health insurance if insurance is available  
10 to either parent at a reasonable cost. The court shall consider whether the children  
11 are eligible for services through the Indian Health Service or other insurance  
12 coverage before ordering the obligor to provide health care coverage through  
13 insurance or other means. In calculating a child support award, credit will be given  
14 for medical and dental insurance, or educational payments for the children which are  
15 required by the court or administrative order and actually paid.

16 \* Sec. 34. AS 25.27.255(b), 25.27.255(c) and secs. 2 and 5, ch. 75, SLA 1991, are  
17 repealed.

18 \* Sec. 35. TRANSITIONAL PROVISION. (a) Notwithstanding other provisions of this  
19 Act, in the case of a support order issued by a court on or after January 1, 1994, and before  
20 the effective date of this Act, the court shall, upon filing of a motion by an obligee who is the  
21 subject of the support order, issue an immediate income withholding order for support,  
22 regardless of whether support payments are in arrears, unless

23 (1) a written agreement exists between the obligor and the obligee that  
24 provides for an alternative arrangement;

25 (2) the obligor demonstrates, and the court finds, that there is good cause not  
26 to require immediate income withholding; or

27 (3) the support order is being enforced by the child support enforcement  
28 agency.

29 (b) An immediate income withholding order issued under this section is governed by  
30 AS 25.27, as amended by this Act, and shall be treated as an immediate income withholding  
31 order issued under AS 25.27.062(a).

1 \* Sec. 36. This Act takes effect on the 10th day after the date it becomes law under  
2 AS 01.10.070(a).

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. CSSB-190(FIN)

Revision Date: April 4, 1994 Dept. Affected: Revenue  
 Title: Enforcement of Support Orders BRU: Child Support Enforcement Div.  
 Component: Child Support Enforcement Div.  
 Sponsor: Senate Judiciary Committee  
 Requestor: Senate Judiciary Committee COMPONENT SERIAL NO. \_\_\_\_\_

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CAPITAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CHANGE IN REVENUES ( )</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**FUND SOURCE**

(Thousands of Dollars)

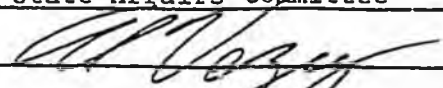
1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimate of any current year (FY94) cost: \$ 0

**POSITIONS**

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)

Prepared by: Rep. Al Vezev, Chairman HSTA Phone: 465-3719  
 Division: House State Affairs Committee Date: May 2, 1994  
 Approved by Commissioner:  Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**

For further distribution information, call the Governor's Legislative Office

# FISCAL NOTE

4  
 Bill Version: CS 98 190 (FIN)  
 (S) Publish Date: 4-11-94

STATE OF ALASKA  
 1994 LEGISLATIVE SESSION

Revision Date: 04/11/94 Dept. Affected: Alaska Court System  
 Title: An Act relating to income withholding BRU: Trial Courts  
and other methods of enforcement for orders of child support Components:  
 Sponsor: Senate Judiciary by request  
 Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 768

EXPENDITURES/REVENUES		(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	
PERSONAL SERVICES							
TRAVEL							
CONTRACTUAL							
SUPPLIES							
EQUIPMENT							
LAND & STRUCTURES							
GRANTS & CLAIMS							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	
1005 GF/Program Receipts							
1006 GF/MHTIA							
Other							
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

POSITIONS							
FULL-TIME							
PART-TIME							
TEMPORARY							

Estimate of current year (FY 94) cost: \$ None

ANALYSIS: (Attach a separate page if necessary)  
 No fiscal impact.

Prepared by: C. S. Christensen III, Staff Counsel Phone: 264-8228  
 Agency: Alaska Court System Date: 04/11/94  
 Approved by: Arthur H. Snowden, II, Administrative Director Date: 04/11/94  
 Agency: Alaska Court System

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

FISCAL NOTE

45 CFR Ch. III (10-1-93 Edition)

in the United States district court. If the request fails to meet these requirements, the application shall be denied and returned to the IV-D agency with an explanation of the refusal to certify.

[47 FR 24719, June 8, 1982, as amended at 54 FR 32312, Aug. 4, 1989]

§ 303.80 Recovery of direct payments.

(a) *Definition.* Direct payment means an assigned support payment from an absent parent which is received directly by an AFDC recipient.

(b) *Direct payments that must be recovered by the IV-D agency.* In States that place the responsibility for recovery of direct payments with the IV-D agency under the State plan option at § 302.31(a)(3)(ii) of this chapter, the IV-D agency must recover all such payments. The only exception is a direct payment retained by the recipient during the period when the sanction for failure to cooperate is in effect, as provided at 45 CFR 232.12(d).

(c) *What the IV-D agency must do prior to establishing a repayment agreement with an AFDC recipient.* Before establishing a repayment agreement with an AFDC recipient, the IV-D agency must:

(1) Document that the recipient has, in fact, received and retained direct payments, and the amounts;

(2) Provide written notice of intent to recover the payments to the recipient that includes the following:

(i) An explanation of the recipient's responsibility to cooperate by turning over direct payments as a condition of eligibility for AFDC, and the sanction for failure to cooperate as provided at § 232.12(d) of this title;

(ii) A detailed list of the direct payments which have been retained by the recipient, as documented by the IV-D agency, including the dates and amounts of these payments as well as a description of any documentary evidence (such as photocopies of the checks) which the IV-D agency possesses;

(iii) A proposal for a repayment plan between the recipient and the IV-D agency;

(iv) An explanation that repaying retained direct payments to the IV-D agency according to a signed repayment plan which meets the conditions of paragraph (d) below is a condition of

Office of Child Support Enforcement, ACF, HHS

SB-190  
Fed. REGS.  
§ 303.100

cooperation under § 232.12(b)(4) of this title.

(3) Provide the recipient with an opportunity for an informal meeting to clarify the recipient's responsibilities and to resolve any differences regarding repayment of the directly received support by the recipient.

(d) *Requirements of the repayment agreement.* The repayment agreement between the IV-D agency and the recipient who has received and retained direct payments must be reasonably related to:

(1) The recipient's income and resources including the AFDC grant; and

(2) The total amount of retained support.

(e) *Referrals to the IV-A agency for a determination of failure to cooperate.* The IV-D agency must refer a case to the IV-A agency with evidence of failure to cooperate if:

(1) The recipient refuses to sign a repayment agreement; or

(2) The recipient enters into a repayment agreement but subsequently fails to make a payment under the terms of the agreement.

(f) *Subsequent notification to the IV-A agency as required.* If the IV-D agency has referred a case to the IV-A agency with evidence of failure to cooperate for either of the reasons in paragraph (e) of this section the IV-D agency must notify the IV-A agency when either of the following changes in circumstances occurs:

(1) The recipient who refused to enter into a repayment agreement consents to do so and signs the agreement; or

(2) The recipient who defaulted on an agreement begins making regularly scheduled payments according to the agreement. Under this paragraph, a regularly scheduled payment is a payment made in the current month for the amount specified in the initial repayment agreement between the IV-D agency and the recipient. The resumption of regularly scheduled payments cannot be interpreted to mean payment of amounts which were not paid during the period of default, nor amounts which could be categorized as balloon payments or which would be due as a result of an acceleration clause. To recover amounts due from any period of default, the IV-D agency

must extend the duration of the repayment agreement.

[47 FR 43956, Oct. 5, 1982, as amended at 50 FR 34696, Aug. 27, 1985]

§ 303.100 Procedures for wage or income withholding.

(a) *General withholding requirements.*

(1) The State must ensure that in the case of each absent parent against whom a support order is or has been issued or modified in the State, and is being enforced under the State plan, so much of his or her wages must be withheld, in accordance with this section, as is necessary to comply with the order.

(2) In addition to the amount to be withheld to pay the current month's obligation, the amount to be withheld must include an amount to be applied toward liquidation of overdue support.

(3) The total amount to be withheld under paragraphs (a)(1), (a)(2) and, if applicable, (f)(1)(iii) of this section may not exceed the maximum amount permitted under section 303(b) of the Consumer Credit Protection Act (15 U.S.C. 1673(b)).

(4) In the case of a support order being enforced under the State plan, the withholding must occur without the need for any amendment to the support order involved or any other action by the court or entity that issued it other than that required or permitted under this section.

(5) If there is more than one notice for withholding against a single absent parent, the State must allocate amounts available for withholding giving priority to current support up to the limits imposed under section 303(b) of the Consumer Credit Protection Act (15 U.S.C. 1673(b)). The State must establish procedures for allocation of support among families, but in no case shall the allocation result in a withholding for one of the support obligations not being implemented.

(6) The withholding must be carried out in full compliance with all procedural due process requirements of the State.

(7) The State must have procedures for promptly terminating withholding:

(i) In all cases, when there is no longer a current order for support and all arrearages have been satisfied; or,

(ii) At State option, when the absent parent requests termination and withholding has not been terminated previously and subsequently initiated, and the absent parent meets the conditions for an alternative arrangement set forth under paragraph (b)(3) of this section.

(8) The State must have procedures for promptly refunding to absent parents amounts which have been improperly withheld.

(9) The State may extend its withholding to include withholding from forms of income other than wages.

(10) Support orders issued or modified in IV-D cases must include a provision requiring the absent parent to keep the IV-D agency informed of the name and address of his or her current employer, whether the absent parent has access to health insurance coverage at reasonable cost and, if so, the health insurance policy information.

(b) *Immediate withholding on IV-D cases.* (1) In the case of a support order being enforced under this part that is issued or modified on or after November 1, 1990, the wages of an absent parent shall be subject to withholding, regardless of whether support payments by such parent are in arrears, on the effective date of the order, except that such wages shall not be subject to withholding under this paragraph in any case where:

(i) Either the absent or custodial parent demonstrates, and the court or administrative authority finds, that there is good cause not to require immediate withholding; or (ii) A written agreement is reached between the absent and custodial parent, and, at State option, the State in IV-D cases in which there is an assignment of support rights to the State, which provides for an alternative arrangement.

(2) For the purposes of this paragraph, any finding that there is good cause not to require immediate withholding must be based on at least:

(i) A written determination that, and explanation by the court or administrative authority of why, implementing immediate wage withholding would not be in the best interests of the child; and

(ii) Proof of timely payment of previously ordered support in cases involving the modification of support orders.

(3) For purposes of this paragraph, "written agreement" means a written alternative arrangement signed by both the custodial and absent parent, and, at State option, by the State in IV-D cases in which there is an assignment of support rights to the State, and reviewed and entered in the record by the court or administrative authority.

(c) *Initiated withholding in IV-D cases.* In the case of wages not subject to immediate withholding under paragraph (b) of this section, including cases subject to a finding of good cause or to a written agreement:

(1) The wages or the absent parent shall become subject to the withholding on the date on which the payments which the absent parent has failed to make under a support order are at least equal to the support payable for one month or, if earlier, and without regard to whether there is an arrearage, the earliest of:

(i) The date on which the absent parent requests that withholding begin;

(ii) The date on which the custodial parent requests that withholding begin, if the State determines, in accordance with such procedures and standards as it may establish, that the request should be approved; or

(iii) Such earlier date as State law or procedure may provide.

(2) The State must send the advance notice required under paragraph (d) of this section to the absent parent within 15 calendar days of the appropriate date under paragraph (c)(1) of this section if the absent parent's address is known on that date, or, if the absent parent's address is not known on that date, within 15 calendar days of locating the absent parent.

(3) The only basis for contesting a withholding under this paragraph is a mistake of fact, which for purposes of this paragraph means an error in the amount of current or overdue support or in the identity of the alleged absent parent.

(d) *Advance notice to the absent parent in cases of initiated withholding.* (1) On the date specified in paragraph (c)(2) of this section, the State must send ad-

vance not  
garding t  
notice mu

(i) Of t  
that is ov  
wages tha

(ii) Tha  
ing appli  
quent em  
ment;

(iii) Of  
contestin  
the only  
holding is

(iv) Of  
absent pa  
in order t  
that fall  
in the sp  
in the St  
begin wit

(v) Of t  
if the ind  
ing, incl  
lished ur  
tion.

(2) (i)  
notice to  
graph (d  
State pro  
ent cont  
sponse t  
paragrap  
apply in  
had a wi  
August 1  
on that c  
any othe  
essary to  
ess requi.

(ii) Ar  
(d)(2)(i)  
meet all  
tion and  
ployer u  
tion witi  
propriat  
(c)(1) of  
address  
the empl  
that dat  
locating

(e) *Sta  
parent c  
response  
must est  
an abse  
holding.  
sending*

of timely payment of preferred support in cases involving modification of support orders. For purposes of this paragraph, "written agreement" means a written arrangement signed by the custodial and absent parent, or, at the option of the State in which there is an assignment of support rights to the State, a written agreement entered in the record of the court or administrative author-

ity. *Initiated withholding in IV-D cases.* The amount of wages not subject to immediate withholding under paragraph (d) of this section, including cases involving a finding of good cause or to a written agreement:

(i) The amount of wages or the absent parent's net income, subject to the withholding date on which the payments to the absent parent has failed to appear on a support order are attributable to the support payable for the month or, if earlier, and without regard to whether there is an arrearage, of the earliest of:

(i) The date on which the absent parent's wages that withholding begin;

(ii) The date on which the custodial parent requests that withholding of the State determines, in accordance with such procedures and as it may establish, that the withholding could be approved; or

(iii) An earlier date as State law or the State may provide.

(ii) The State must send the advance notice required under paragraph (d) of this section to the absent parent within 10 calendar days of the appropriate date for paragraph (c)(1) of this section if the absent parent's address is known on that date, or, if the absent parent's address is not known on that date, within 15 calendar days of locating the absent parent.

(iii) The only basis for contesting a withholding under this paragraph is a finding of fact, which for purposes of this paragraph means an error in the information of current or overdue support or the identity of the alleged absent

parent. *Advance notice to the absent parent of initiated withholding.* (1) On the date specified in paragraph (c)(2) of this section, the State must send ad-

advance notice to the absent parent regarding the initiated withholding. The notice must inform the absent parent:

(i) Of the amount of overdue support that is owed, if any, and the amount of wages that will be withheld;

(ii) That the provision for withholding applies to any current or subsequent employer or period of employment;

(iii) Of the procedures available for contesting the withholding and that the only basis for contesting the withholding is a mistake of fact;

(iv) Of the period within which the absent parent must contact the State in order to contest the withholding and that failure to contact the State within the specified time limit will result in the State notifying the employer to begin withholding; and

(v) Of the actions the State will take if the individual contests the withholding, including the procedures established under paragraph (e) of this section.

(2) (i) The requirement for advance notice to the absent parent under paragraph (d)(1) of this section and for State procedures when the absent parent contests the withholding in response to the advance notice under paragraph (e) of this section do not apply in the case of any State which had a withholding system in effect on August 16, 1984 if the system provided on that date, and continues to provide, any other procedures as may be necessary to meet the procedural due process requirements of State law.

(ii) Any State in which paragraph (d)(2)(i) of this section applies must meet all other requirements of this section and must send notice to the employer under paragraph (f) of this section within 15 calendar days of the appropriate date specified in paragraph (c)(1) of this section if the employer's address is known on that date, or, if the employer's address is not known on that date, within 15 calendar days of locating the employer's address.

(e) *State procedures when the absent parent contests initiated withholding in response to the advance notice.* The State must establish procedures for use when an absent parent contests the withholding. Within 45 calendar days of sending advance notice to the absent

parent under paragraph (d) of this section, the State must:

(1) Provide the absent parent an opportunity to present his or her case to the State;

(2) Determine if the withholding shall occur based on an evaluation of the facts, including the absent parent's statement of his or her case;

(3) Notify the absent parent whether or not the withholding is to occur and, if it is to occur, include in the notice the time frames within which the withholding will begin and the information given to the employer in the notice required under paragraph (f) of this section; and

(4) If withholding is to occur, send the notice required under paragraph (f) of this section.

(f) *Notice to the employer for immediate and initiated withholding.* (1) To initiate withholding, the State must send the absent parent's employer a notice which includes the following:

(i) The amount to be withheld from the absent parent's wages, and a statement that the amount actually withheld for support and other purposes, including the fee specified under paragraph (f)(1)(iii) of this section, may not be in excess of the maximum amounts permitted under section 303(b) of the Consumer Credit Protection Act (15 U.S.C. 1673(b));

(ii) That the employer must send the amount to the State (or to such other individual or entity as the State may direct) within 10 working days of the date the absent parent is paid, and must report to the State (or to such other individual or entity as the State may direct) the date on which the amount was withheld from the absent parent's wages;

(iii) That, in addition to the amount withheld for support, the employer may deduct a fee established by the State for administrative costs incurred for each withholding, if the State permits a fee to be deducted;

(iv) That the withholding is binding upon the employer until further notice by the State;

(v) That the employer is subject to a fine to be determined under State law for discharging an absent parent from employment, refusing to employ, or taking disciplinary action against any

absent parent because of the withholding;

(vi) That, if the employer fails to withhold wages in accordance with the provisions of the notice, the employer is liable for the accumulated amount the employer should have withheld from the absent parent's wages;

(vii) That the withholding under this section shall have priority over any other legal process under State law against the same wages;

(viii) That the employer may combine withheld amounts from absent parents' wages in a single payment to each appropriate agency requesting withholding and separately identify the portion of the single payment which is attributable to each individual absent parent;

(ix) That the employer must implement withholding no later than the first pay period that occurs after 14 working days following the date the notice was mailed; and

(x) That the employer must notify the State promptly when the absent parent terminates employment and provide the absent parent's last known address and the name and address of the absent parent's new employer, if known.

(2) In the case of an immediate wage withholding under paragraph (b) of this section, the State must issue the notice to the employer specified in paragraph (f)(1) of this section within 15 calendar days of the date the support order is entered if the employer's address is known on that date, or, if the address is unknown on that date, within 15 calendar days of locating the employer's address.

(3) In the case of initiated withholding, if the absent parent fails to contact the State to contest withholding within the period specified in the advance notice in accordance with the requirements of paragraph (d)(1)(iv) of this section, the State must send the notice to the employer required under paragraph (f)(1) of this section within 15 calendar days of the end of the contact period if the employer's address is known on that date, or, if the address is unknown on that date, within 15 calendar days of locating the employer's address.

(4) If the absent parent changes employment within the State when a withholding is in effect, the State must notify the absent parent's new employer, in accordance with the requirements of paragraph (f)(1) of this section, that the withholding is binding on the new employer.

(g) *Administration of withholding.* (1) The State must designate a public agency to administer withholding in accordance with procedures specified by the State for keeping adequate records to document, track, and monitor support payments.

(2)(i) The State may designate public or private entities to administer withholding on a State or local basis under the supervision of the State withholding agency if the entity or entities are publicly accountable and follow the procedures specified by the State; and (ii) the State may designate only one entity to administer withholding in each jurisdiction.

(3) Effective October 1, 1995, the State must be capable of receiving withheld amounts and accounting information which are electronically transmitted by the employer to the State.

(4) Amounts withheld must be distributed in accordance with section 457 of the Act and §§302.32, 302.51 and 302.52 of this chapter.

(5) The State must reduce its IV-D expenditures by any interest earned by the State's designee on withheld amounts.

(h) *Interstate withholding.* (1) The State law must provide for procedures to extend the State's withholding system so that the system will include withholding from income or wages derived within the State in cases where the applicable support orders were issued in other States. A State may require registration of orders from other States for purposes of enforcement through withholding only if registration is for the sole purpose of obtaining jurisdiction for enforcement of the order; does not confer jurisdiction on the court or agency for any other purpose (such as modification of the underlying or original support order or resolution of custody or visitation disputes); and does not delay implementation of withholding beyond the time-

frames established of this section:

(2) The State employers to copy notice issued.

(3) Within 20 days of termination the State must initiate a particular receipt necessary to carry out the amount received of the support order necessary, the order is entered into the State's withholding system and receipt of a receipt of the initiating agency.

(4) The State parent is employed in the State; paragraph (h)(5) of this section of the notice (h)(3) of this section.

(5) The State parent is employed in the State; (i) Within 15 days of termination of the absent parent, send the State parent, if appropriate with the requirements of this section;

(ii) Provide the State parent an opportunity to contest the withholding, if appropriate; paragraph (e) of this section.

(iii) Send no notice to the State parent in accordance with paragraph (f) of this section.

(iv) Notify the State parent of the State's custody of the child when the absent parent is employed in the State; name and address of the State parent and new employer.

(6) The withholding order is in full compliance with the procedural due process requirements of the State in which the child is employed.

(7) Except with respect to withholding must be

the absent parent changes em-  
 ployment within the State when a  
 new employer is in effect, the State must  
 designate the absent parent's new em-  
 ployer in accordance with the require-  
 ments of paragraph (f)(1) of this section  
 so that the withholding is binding on the  
 new employer.

**Administration of withholding.** (1) The  
 State must designate a public entity  
 to administer withholding in ac-  
 cordance with procedures specified in  
 paragraph (f)(1) of this section. The  
 State must keep adequate records to  
 document, track, and monitor with-  
 holding payments.

The State may designate public en-  
 tities to administer withhold-  
 ing on a State or local basis under  
 supervision of the State withhold-  
 ing agency if the entity or entities are  
 accountable and follow the proce-  
 dures specified by the State; and the  
 State may designate only one entity  
 to administer withholding in ac-  
 cordance with this section.

Effective October 1, 1995, the State  
 must be capable of receiving withheld  
 amounts and accounting information  
 electronically transmitted from the  
 employer to the State.

Withholding amounts must be dis-  
 burse in accordance with section 457  
 of the Act and §§ 302.32, 302.51 and 302.52  
 of this chapter.

The State must reduce its IV-D  
 expenditures by any interest earned by  
 the State's designee on withheld  
 amounts.

**Interstate withholding.** (1) The  
 State must provide for procedures  
 under which the State's withholding sys-  
 tem that the system will include  
 withholding from income or wages de-  
 rived within the State in cases where  
 enforceable support orders were issued  
 in other States. A State may regis-  
 ter orders from other States for  
 purposes of enforcement of with-  
 holding only if registration is the  
 sole purpose of obtaining enforce-  
 ment for enforcement of the order  
 does not confer jurisdiction on the  
 State or agency for any other pur-  
 pose such as modification of the un-  
 derlying original support order or  
 modification of custody or visitation dis-  
 cretion and does not delay implementa-  
 tion of withholding beyond the time-

frames established in paragraph (h)(5)  
 of this section.

(2) The State law must require em-  
 ployers to comply with a withholding  
 notice issued by the State.

(3) Within 20 calendar days of a deter-  
 mination that withholding is required  
 in a particular case, and, if appro-  
 priate, receipt of any information nec-  
 essary to carry out withholding, the  
 initiating State must notify the IV-D  
 agency of the State in which the ab-  
 sent parent is employed to implement  
 interstate withholding. The notice  
 must contain all information necessary  
 to carry out the withholding, including  
 the amount requested to be withheld,  
 a copy of the support order and a state-  
 ment of arrearages, if appropriate. If  
 necessary, the State where the support  
 order is entered must provide the in-  
 formation necessary to carry out the  
 withholding within 30 calendar days of  
 receipt of a request for information by  
 the initiating State.

(4) The State in which the absent  
 parent is employed must implement  
 withholding in accordance with para-  
 graph (h)(5) of this section upon receipt  
 of the notice required in paragraph  
 (h)(3) of this section.

(5) The State in which the absent  
 parent is employed must:

(i) Within 15 calendar days of loca-  
 tion of the absent parent and his or her  
 employer, send notice to the absent  
 parent, if appropriate, in accordance  
 with the requirements of paragraph (d)  
 of this section;

(ii) Provide the absent parent with an  
 opportunity to contest the withhold-  
 ing, if appropriate, in accordance with  
 paragraph (e) of this section;

(iii) Send notice to the employer in  
 accordance with the requirements of  
 paragraph (f) of this section; and

(iv) Notify the State in which the  
 custodial parent is receiving services  
 when the absent parent is no longer  
 employed in the State and provide the  
 name and address of the absent parent  
 and new employer, if known.

(6) The withholding must be carried  
 out in full compliance with all proce-  
 dural due process requirements of the  
 State in which the absent parent is em-  
 ployed.

(7) Except with respect to when with-  
 holding must be implemented which is

controlled by the State where the sup-  
 port order was entered, the law and  
 procedures of the State in which the  
 absent parent is employed shall apply.

(i) *Provision for withholding in all child  
 support orders.* Child support orders is-  
 sued or modified in the State between  
 October 1, 1985, and January 1, 1994, or  
 modified on or after January 1, 1994,  
 must have a provision for withholding  
 of wages, in order to ensure that with-  
 holding as a means of support is avail-  
 able if arrearages occur without the ne-  
 cessity of filing an application for IV-  
 D services. This requirement does not  
 alter the requirement governing all IV-  
 D cases in paragraph (a)(4) of this sec-  
 tion that enforcement under the State  
 plan must proceed without the need for  
 a withholding provision in the order.

[57 FR 30682, July 10, 1992]

#### § 303.101 Expedited processes.

(a) *Definition.* *Expedited processes*  
 means administrative or expedited ju-  
 dicial processes or both which in-  
 creases effectiveness and meet process-  
 ing times specified in paragraph (b)(2)  
 of this section and under which the  
 presiding officer is not a judge of the  
 court.

(b) *Basic requirement.* (1) The State  
 must have in effect and use expedited  
 processes as specified under this sec-  
 tion to establish and enforce support  
 orders in intrastate and interstate  
 cases.

(2) Under expedited processes, actions  
 to establish or enforce support obliga-  
 tions in IV-D cases must be completed  
 from the time of successful service of  
 process to the time of disposition with-  
 in the following time frames: (i) 90 per-  
 cent in 3 months; (ii) 95 percent in 6  
 months; and (iii) 100 percent in 12  
 months.

(3) The State may include paternity  
 establishment in the expedited proce-  
 sses in effect in the State.

(4) If a case involves complex issues  
 requiring judicial resolution, the State  
 must establish a temporary support ob-  
 ligation under expedited processes and  
 may then refer the unresolved issues to  
 the full judicial system for resolution.

(c) *Safeguards.* Under expedited proce-  
 sses:

(1) Orders established must have the  
 same force and effect under State law

**§ 666. Requirement of statutorily prescribed procedures to improve effectiveness of child support enforcement**

(a) In order to satisfy section 454(20)(A) [42 USCS § 654(20)(A), each State must have in effect laws requiring the use of the following proce-

dures, consistent with this section and with regulations of the Secretary, to increase the effectiveness of the program which the State administers under this part [42 USCS §§ 651 et seq.]:

(1) Procedures described in subsection (b) for the withholding from income of amounts payable as support.

(2) Procedures under which expedited processes (determined in accordance with regulations of the Secretary) are in effect under the State judicial system or under State administrative processes (A) for obtaining and enforcing support orders, and (B) at the option of the State, for establishing paternity. The Secretary may waive the provisions of this paragraph with respect to one or more political subdivisions within the State on the basis of the effectiveness and timeliness of support order issuance and enforcement within the political subdivision (in accordance with the general rule for exemptions under subsection (d)).

(3) Procedures under which the State child support enforcement agency shall request, and the State shall provide, that for the purpose of enforcing a support order under any State plan approved under this part [42 USCS §§ 651 et seq.]—

(A) any refund of State income tax which would otherwise be payable to an absent parent will be reduced, after notice has been sent to that absent parent of the proposed reduction and the procedures to be followed to contest it (and after full compliance with all procedural due process requirements of the State), by the amount of any overdue support owed by such absent parent;

(B) the amount by which such refund is reduced shall be distributed in accordance with section 457(b)(4) or (d)(3) [42 USCS § 657(b)(4), (d)(3)] in the case of overdue support assigned to a State pursuant to section 402(a)(26) or 471(a)(17) [42 USCS §§ 602(a)(26), 671(a)(17)], or, in the case of overdue support which a State has agreed to collect under section 454(6) [42 USCS § 654(6)], shall be distributed, after deduction of any fees imposed by the State to cover the costs of collection, to the child or parent to whom such support is owed; and

(C) notice of the absent parent's social security account number (or numbers, if he has more than one such number) and home address shall be furnished to the State agency requesting the refund offset, and to the State agency enforcing the order.

(4) Procedures under which liens are imposed against real and personal property for amounts of overdue support owed by an absent parent who resides or owns property in the State.

(5)(A)(i) Procedures which permit the establishment of the paternity of any child at any time prior to such child's eighteenth birthday.

(ii) As of August 16, 1984, the requirement of clause (i) shall also apply to any child for whom paternity has not yet been established and any child for whom a paternity action was brought but dismissed because a statute of limitations of less than 18 years was then in effect in the State.

(B) Procedures under which the State is required (except in cases where the individual involved has been found under section 402(a)(26)(B) [42 USCS § 602(a)(26)(B)] to have good cause for refusing to cooperate) to require the child and all other parties, in a contested paternity case, to submit to genetic tests upon the request of any such party.

(6) Procedures which require that an absent parent give security, post a bond, or give some other guarantee to secure payment of overdue support, after notice has been sent to such absent parent of the proposed action and of the procedures to be followed to contest it (and after full compliance with all procedural due process requirements of the State).

(7) Procedures by which information regarding the amount of overdue support owed by an absent parent residing in the State will be made available to any consumer reporting agency (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f)) [15 USCS § 1681a(f)]) upon the request of such agency; except that (A) if the amount of the overdue support involved in any case is less than \$1,000, information regarding such amount shall be made available only at the option of the State, (B) any information with respect to an absent parent shall be made available under such procedures only after notice has been sent to such absent parent of the proposed action, and such absent parent has been given a reasonable opportunity to contest the accuracy of such information (and after full compliance with all procedural due process requirements of the State), and (C) a fee for furnishing such information, in an amount not exceeding the actual cost thereof, may be imposed on the requesting agency by the State.

(8)(A) Procedures under which all child support orders <sup>not described in (B)</sup> ~~of described in (B)~~ will include provision for ~~wages~~ <sup>arrearages</sup>, in order to assure that withholding as a means of collecting child support is available if arrearages occur without the necessity of filing application for services under this part [42 USCS §§ 651 et seq.].

"(B) Procedures under which all child support orders which are initially issued in the State on or after January 1, 1994; and are not being enforced under this part [42 USCS §§ 651 et seq.] will include the following requirements:

"(i) The wages of an absent parent shall be subject to withholding, regardless of whether support payments by such parent are in arrears, on the effective date of the order; except that such wages shall not be subject to withholding under this clause in any case where (I) one of the parties demonstrates, and the court (or administrative process) finds, that there is good cause not to require immediate income withholding, or (II) a written agreement is reached between both parties which provides for an alternative arrangement.

"(ii) The requirements of subsection (b)(1) (which shall apply in the case of each absent parent against whom a support order is or has been issued or modified in the State, without regard to whether the order is being enforced under the State plan).

"(iii) The requirements of paragraphs (2), (5), (6), (7), (8), (9), and (10) of subsection (b), where applicable.

"(iv) Withholding from income of amounts payable as support must be carried out in full compliance with all procedural due process requirements of the State."

Applies to Ct. orders as of 1/1/94

(9) Procedures which require that any payment or installment of support under any child support order, whether ordered through the State judicial system or through the expedited processes required by paragraph (2), is (on and after the date it is due)—

(A) a judgment by operation of law, with the full force, effect, and attributes of a judgment of the State, including the ability to be enforced,

(B) entitled as a judgment to full faith and credit in such State and in any other State, and

(C) not subject to retroactive modification by such State or by any other State;

except that such procedures may permit modification with respect to any period during which there is pending a petition for modification, but only from the date that notice of such petition has been given, either directly or through the appropriate agent, to the obligee or (where the obligee is the petitioner) to the obligor.

(10)(A) Procedures to ensure that, beginning 2 years after the date of the enactment of this paragraph, if the State determines (pursuant to a plan indicating how and when child support orders in effect in the State are to be periodically reviewed and adjusted) that a child support order being enforced under this part [42 USCS §§ 651 et seq.] should be reviewed, the State must, at the request of either parent subject to the order, or of a State

child support enforcement agency, initiate a review of such order, and adjust such order, as appropriate, in accordance with the guidelines established pursuant to section 467(a) [this section].

(B) Procedures to ensure that, beginning 5 years after the date of the enactment of this paragraph or such earlier date as the State may select, the State must implement a process for the periodic review and adjustment of child support orders being enforced under this part [42 USCS §§ 651 et seq.] under which the order is to be reviewed not later than 36 months after the establishment of the order or the most recent review, and adjusted, as appropriate, in accordance with the guidelines established pursuant to section 467(a) [42 USCS § 667(a)], unless—

(i) in the case of an order with respect to an individual with respect to whom an assignment under section 402(a)(26) [42 USCS § 602(a)(26)] is in effect, the State has determined, in accordance with regulations of the Secretary, that such a review would not be in the best interests of the child and neither parent has requested review; and

(ii) in the case of any other order being enforced under this part [42 USCS §§ 651 et seq.], neither parent has requested review.

(C) Procedures to ensure that the State notifies each parent subject to a child support order in effect in the State that is being enforced under this part [42 USCS §§ 651 et seq.]—

(i) of any review of such order, at least 30 days before the commencement of such review; and

(ii) of the right of such parent under subparagraph (B) to request the State to review such order; and

(iii) of a proposed adjustment (or determination that there should be no change) in the child support award amount, and such parent is afforded not less than 30 days after such notification to initiate proceedings to challenge such adjustment (or determination).

Notwithstanding section 454(20)(B) [42 USCS § 654(20)(B)], the procedures which are required under paragraphs (3), (4), (6), and (7) need not be used or applied in cases where the State determines (using guidelines which are generally available within the State and which take into account the payment record of the absent parent, the availability of other remedies, and other relevant considerations) that such use or application would not carry out the purposes of this part [42 USCS §§ 651 et seq.] or would be otherwise inappropriate in the circumstances.

(b) The procedures referred to in subsection (a)(1) (relating to the withholding from income of amounts payable as support) must provide for the following:

(1) In the case of each absent parent against whom a support order is or has been issued or modified in the State, and is being enforced under the State plan, so much of such parent's wages (as defined by the State for purposes of this section) must be withheld, in accordance with the succeeding provisions of this subsection, as is necessary to comply with the order and provide for the payment of any fee to the employer which may be required under paragraph (6)(A), up to the maximum amount permitted under section 303(b) of the Consumer Credit Protection Act (15 U.S.C. 1673(b)) [15 USCS § 1673(b)]. If there are arrearages to be collected, amounts withheld to satisfy such arrearages, when added to the amounts withheld to pay current support and provide for the fee, may not exceed the limit permitted under such section 303(b) [15 USCS § 1673(b)], but the State need not withhold up to the maximum amount permitted under such section in order to satisfy arrearages.

(2) Such withholding must be provided without the necessity of any application therefor in the case of a child (whether or not eligible for aid under part A [42 USCS §§ 601 et seq.]) with respect to whom services are already being provided under the State plan under this part [42 USCS §§ 651 et seq.], and must be provided in accordance with this subsection on the basis of an application for services under the State plan in the case of any other child in whose behalf a support order has been issued or modified in the State. In either case such withholding must occur without the need for any amendment to the support order involved or for any further action (other than those actions required under this part [42 USCS §§ 651 et seq.]) by the court or other entity which issued such order.

(3)(A) The wages of an absent parent shall be subject to such withholding, regardless of whether support payments by such parent are in arrears, in the case of a support order being enforced under this part that is issued or modified on or after the first day of the 25th month beginning after the date of the enactment of this paragraph [enacted Oct. 13, 1988], on the effective date of the order; except that such wages shall not be subject to such withholding under this subparagraph in any case where (i) one of the parties demonstrates, and the court (or administrative process) finds, that there is good cause not to require immediate income withholding, or (ii) a written agreement is reached between both parties which provides for an alternative arrangement.

(B) The wages of an absent parent shall become subject to such withholding, in the case of wages not subject to withholding under subparagraph (A), on the date on which the payments which the absent parent has failed to make under a support order are at least equal to the support payable for one month or, if earlier, and without regard to whether there is an arrearage, the earliest of—

- (i) the date as of which the absent parent requests that such withholding begin,
- (ii) the date as of which the custodial parent requests that such withholding begin, if the State determines, in accordance with such procedures and standards as it may establish, that the request should be approved, or
- (iii) such earlier date as the State may select.

(4)(A) Such withholding must be carried out in full compliance with all procedural due process requirements of the State, and (subject to subparagraph (B)) the State must send advance notice to each absent parent to whom paragraph (1) applies regarding the proposed withholding and the procedures such absent parent should follow if he or she desires to contest such withholding on the grounds that withholding (including the amount to be withheld) is not proper in the case involved because of mistakes of fact. If the absent parent contests such withholding on those grounds, the State shall determine whether such withholding will actually occur, shall (within no more than 45 days after the provision of such advance notice) inform such parent of whether or not withholding will occur and (if so) of the date on which it is to begin, and shall furnish such parent with the information contained in any notice given to the employer under paragraph (6)(A) with respect to such withholding.

(B) The requirement of advance notice set forth in the first sentence of subparagraph (A) shall not apply in the case of any State which has a system of income withholding for child support purposes in effect on the date of the enactment of this section [enacted Aug. 16, 1984] if such system provides on that date, and continues to provide, such procedures as may be necessary to meet the procedural due process requirements of State law.

(5) 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

*Applies to  
CSED  
orders as  
of  
10/90*

[42 USCS § 657] under procedures (specified by the State) adequate to document payments of support and to track and monitor 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 supervision 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.

(6)(A)(i) The employer of any absent parent to whom paragraph (1) applies, upon being given notice as described in clause (ii), must be required to withhold from such absent parent's wages the amount specified by such notice (which may include a fee, established by the State, to be paid to the employer unless waived by such employer) and pay such amount (after deducting and retaining any portion thereof which represents the fee so established) to the appropriate agency (or other entity authorized to collect the amounts withheld under the alternative procedures described in paragraph (5)) for distribution in accordance with section 457 [42 USCS § 657].

(ii) The notice given to the employer shall contain only such 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 each appropriate agency or entity (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 following receipt by such employer of proper notice under subparagraph (A), but such employer shall not be required to vary the normal pay and disbursement cycles in order to comply with this paragraph.

(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 absent parent subject to wage withholding required by this subsection because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer.

(7) Support collection under this subsection must be given priority over any other legal process under State law against the same wages.

(8) The State may take such actions as may be necessary to extend its system of withholding under this subsection so that such system will

include withholding from forms of income other than wages, in order to assure that child support owed by absent parents in the State will be collected without regard to the types of such absent parents' income or the nature of their income-producing activities.

(9) The State must extend its withholding system under this subsection so that such system will include withholding from income derived within such State in cases where the applicable support orders were issued in other States, in order to assure that child support owed by absent parents 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.

(10) Provision must be made for terminating withholding.

(c) Any State may at its option, under its plan approved under section 454 [42 USCS § 654], establish procedures under which support payments under this part [42 USCS §§ 651 et seq.] will be made through the State agency or other entity which administers the State's income withholding system in any case where either the absent parent or the custodial parent requests it, even though no arrearages in child support payments are involved and no income withholding procedures have been instituted; but in any such case an annual fee for handling and processing such payments, in an amount not exceeding the actual costs incurred by the State in connection therewith or \$25, whichever is less, shall be imposed on the requesting parent by the State

(d) If a State demonstrates to the satisfaction of the Secretary, through the presentation to the Secretary of such data pertaining to caseloads, processing times, administrative costs, and average support collections, and such other data or estimates as the Secretary may specify, that the enactment of any law or the use of any procedure or procedures required by or pursuant to this section will not increase the effectiveness and efficiency of the State child support enforcement program, the Secretary may exempt the State, subject to the Secretary's continuing review and to termination of the exemption should circumstances change, from the requirement to enact the law or use the procedure or procedures involved.

(e) For purposes of this section, the term "overdue support" means the amount of a delinquency pursuant to an obligation determined under a court order, or an order of an administrative process established under State law, for support and maintenance of a minor child which is owed to or on behalf of such child, or for support and maintenance of the absent parent's spouse (or former spouse) with whom the child is living if and to the extent that spousal support (with respect to such spouse or former spouse) would be included for purposes of paragraph (4) or (6) of section 454 [42 USCS § 654(4), (6)]. At the option of the State, overdue support may include amounts which otherwise meet the definition in the first sentence of this subsection but which are owed to or on behalf of a child who is not a minor child. The option to include support owed to children

who are not minors shall apply independently to each procedure specified under this section.



DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF CHILD SUPPORT ENFORCEMENT

ADMINISTRATION FOR CHILDREN AND FAMILI  
370 L'Enfant Promenade. S.W.  
Washington. D.C. 20447

Program Instruction

ACTION TRANSMITTAL  
OCSE-AT-93-06

TO: STATE AGENCIES ADMINISTERING CHILD SUPPORT ENFORCEMENT PLANS UNDER TITLE IV-D OF THE SOCIAL SECURITY ACT AND OTHER INTERESTED INDIVIDUALS

SUBJECT: Statutory Requirements for Immediate Wage Withholding in All Child Support Orders Initially Issued In the State Not Being Enforced Under Title IV-D of the Social Security Act

STATUTORY REFERENCE: 42 U.S.C. 666(a)(8)(B)

EFFECTIVE DATE: January 1, 1994

BACKGROUND: Section 101 of the Family Support Act of 1988 (P.L. 100-485) amended section 466 of the Social Security Act (the Act) to require that States enact laws and implement procedures for immediate wage withholding in certain cases. For those cases being enforced under title IV-D of the Act, section 466(b)(3)(A) requires States to provide for immediate withholding, in all new or modified orders established on and after November 1, 1990, regardless of whether child support payments are in arrears, on the effective date of the order. Two exceptions to imposing immediate withholding are permitted: (1) if one of the parties demonstrates, and the court or administrative process finds good cause not to require withholding; (2) or a written agreement is reached between both parties for an alternative arrangement. Final regulations at 45 CFR 303.100 implementing this statutory mandate were published on July 10, 1992 [OCSE-AT-92-02].

Section 101 of the Family Support Act also requires that, effective January 1, 1994, States implement immediate withholding in all support orders initially issued in the State which are not being enforced under title IV-D. This program

BACKGROUND INFO.

instruction provides guidance for States in enacting laws and developing procedures, in accordance with amended section 466(a)(8)(B) of the Act, under which all child support orders which are initially issued in the State on or after January 1, 1994, and are not being enforced under title IV-D of the Act are subject to immediate withholding.

ATTACHMENT: State Plan Preprint Page 2-12-8B

INQUIRIES: ACF Regional Administrators



Robert Harris  
Acting Deputy Director  
Office of Child Support Enforcement

**I. Introduction**

This Action Transmittal sets forth the statutory requirements which States must meet in implementing section 466(a)(8)(B) of the Act. States may choose to extend these immediate wage withholding requirements to apply to orders in non-IV-D cases which are modified after January 1, 1994, in addition to orders initially issued after that date. The instructions also address issues raised with respect to implementing immediate withholding in non-IV-D cases.

**II. State Plan Requirements**

As a condition of Federal funding, a State must comply with the statutory requirements of Section 454 of the Act. Section 454(20) requires that the State IV-D plan provide that the State shall have in effect all of the laws required under the mandatory procedures established in section 466 of the Act. Since the requirements for non-IV-D withholding are part of the mandatory procedures set forth in section 466, States must demonstrate conformity with these requirements as a condition for having an approved State IV-D plan. Section 466(a)(8)(B) of the Act specifies that each State must have laws requiring the use of procedures under which all child support orders initially issued in the State on and after January 1, 1994 and which are not being enforced under Title IV-D will include provisions for:

- Immediate withholding, with exceptions for good cause and alternative arrangements;
- Withholding for overdue support in addition to current support;
- Limitations on amounts withheld based on the Federal Consumer Credit Protection Act (CCPA);
- Withholding without the need to apply for IV-D services or amendment to the order or further action by court/administrative authority;
- Administration of withholding by a public agency or a publicly-accountable alternative;
- Prompt distribution of amounts withheld;
- Employer requirements; 25.27.250
- Priority over other legal process against the same wages under State law; 25.27.250 I.
- Optional extension to other forms of income;
- Extension to enforcement of orders of other States; 25.27.022
- Provisions for terminating withholding. 7 AS 25.27.02

These requirements will be described and discussed in the following section.

Attached, is a new State plan preprint page at page 2-12-8B, which must be submitted to the ACF Regional Office by March 31, 1994 (i.e., the end of the first quarter in which the requirement is effective). States failing to demonstrate conformity with the statutory requirements will be subject to State plan disapproval procedures outlined in OCSE-AT-86-21. Non-conformity could result in the suspension of all IV-D funding as well as a portion of title IV-A funding to the State.

### **III. Explanation of Non-IV-D Withholding Requirements**

Section 466(a)(8)(B) of the Act requires immediate withholding for all non-IV-D child support orders initially issued in the State on or after January 1, 1994. In addition, by cross-reference, it extends the same statutory requirements applicable to title IV-D at paragraph (1) and, where applicable, paragraphs (2), (4), (5), (6), (7), (8), (9) and (10) of section 466(b). The specific requirements applicable in non-IV-D cases effective January 1, 1994, are:

#### **A. When Immediate Withholding Is Required; Exceptions**

The wages of a non-custodial parent must be subject to withholding, regardless of whether support payments by such parent are in arrears, on the effective date of the order. As in the case of orders being enforced in IV-D cases, two exceptions to immediate withholding are permitted. Wages shall not be subject to withholding in any case where: (1) one of the parties demonstrates, and the court (or administrative process) finds, that there is good cause not to require immediate withholding; or (2) a written agreement is reached between both parties which provides for an alternative arrangement.

#### **B. Limitations on Amounts Withheld**

(1) So much of the non-custodial parent's wages must be withheld as is necessary to comply with the order and provide for any fee to the employer which may be required, up to the maximum amount permitted under section 303(b) of the Consumer Credit Protection Act (15 U.S.C. 1673(b)) [CCPA].

(2) If there are arrearages to be collected, amounts withheld to pay such arrearages, when added to the amounts withheld to pay current support and provide for the fee, may not exceed the limit permitted under such section 303(b), but the State need not withhold up to the maximum amount permitted under such section in order to satisfy arrearages.

**C. No Further Action By Court**

Withholding must occur without the need for further action (other than those actions required under these procedures) by the court or other entity which issued such order.

**D. Administration of Withholding by Public Agency**

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 under procedures (specified by the State) adequate to document payments of support and to track and monitor such payments.

The law also allows a State to establish or permit the establishment of alternative procedures for the collection and distribution of such amounts (under the supervision of a public agency) otherwise than through a public agency so long as:

(a) The entity making the collection and distribution is publicly accountable for its actions taken in carrying out such procedures; and,

(b) The procedures assure prompt distribution, provide for the keeping of adequate records to document payments of support, and permit the tracking and monitoring of such payments.

**E. Employer Responsibilities**

1) The employer of any parent who is subject to immediate withholding in a non-IV-D case, upon being given notice of such action, must be required by the State to withhold from the non-custodial parent's wages the amount specified by the notice (which may include a fee, established by the State, to be paid to the employer unless waived by the employer).

(2) The employer must pay such amount (after deducting any fee) to the appropriate agency (or other entity authorized to collect such amounts withheld under the alternative procedure established by the State) for distribution.

(3) The notice given to the employer shall contain only such information as may be necessary for the employer to comply with the withholding order.

(4) 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 each appropriate

agency or entity (with the portion which is attributable to each individual employee being separately designated).

(5) The employer must be held liable to the State for any amount which the employer fails to withhold from wages due an employee following receipt by the employer of notice, but the employer shall not be required to vary the normal pay and disbursement cycles in order to comply with this paragraph.

(6) 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 a non-custodial parent subject to wage withholding because of the existence of the withholding or additional obligations which it imposes upon the employer.

**F. Priority Over Other Legal Process**

The State must provide that withholding of child support obligations be given priority over any other legal process under State law against the same wages.

**G. Other Forms of Income**

The State may take such actions as may be necessary to extend its system of withholding so that the system will include withholding from forms of income other than wages, in order to assure that child support owed by non-custodial parents in the State will be collected without regard to the types of such parents' income or the nature of their income-producing activities.

**H. Interstate Requirements**

The State must extend its withholding system so that such system will include withholding from income derived within the State in cases where the applicable support orders were issued in other States, in order to assure that child support owed by non-custodial parents in the State or any other State will be collected without regard to the residence of the child for whom the support is payable or of the child's custodial parent.

**I. Termination**

Provision must be made for terminating withholding.

**J. Due Process Requirements**

Withholding from income of amounts payable as support must be carried out in full compliance with all procedural due process requirements of the State.

**IV. Availability of Federal Financial Participation (FFP)**

Although States are required to enact laws and procedures for non-IV-D withholding as a condition of having an approved State IV-D plan, the activities mandated at section 466(a)(8)(B) of the Act are for cases not being enforced under a IV-D State plan. FFP is only available for services provided in cases receiving services under title IV-D of the Act. However, in cases where a State has chosen to use its IV-D agency to implement non-IV-D withholding, FFP would only be available for the IV-D costs incurred in implementing a cost allocation system to identify expenditures in IV-D and non-IV-D cases.

**V. Exemptions**

The provisions at section 466(d) of the Act with respect to exemptions apply to the non-IV-D withholding requirements. States may request, and OCSE may approve, an exemption from one or more of the requirements for the enactment of any law or the use of any procedure or procedures for non-IV-D withholding if the State can demonstrate that the adoption of such laws or procedures would not improve the effectiveness and efficiency of the State child support program. Requests should be sent the appropriate ACF Regional Office in accordance with regulations at 45 CFR 302.70(d) and program instructions set forth in OCSE-AT-88-19.

**VI. Questions & Answers Regarding Statutory Requirements**

1. **Question:** Must a public agency administer non-IV-D withholding? What are possible options a State may consider in meeting the administrative requirements?

**Answer:** The State must specify which public entity is responsible for immediate wage withholding in non-IV-D cases. As the Federal statute provides, States may establish, or permit the establishment of, alternative procedures to carry out non-IV-D withholding as long as the entity it designates is under the supervision of a public agency. The entity must follow procedures which will assure prompt distribution of amounts withheld, provide for the keeping of adequate records to document payments of support, and permit the tracking and monitoring of such payments.

A State could designate the IV-D agency, or the entity which administers withholding in IV-D cases, to be responsible for the administration of non-IV-D withholding. If so, there must be a system for allocating costs between IV-D and non-IV-D operations, since FFP is not available for providing services to non-IV-D cases.

Since October 1, 1985, States have had the option set forth in §302.57 of establishing procedures under which support payments are made through the IV-D agency or the entity designated by the State to administer the State's withholding system upon the request of either the non-custodial parent or custodial parent, regardless of whether or not arrearages exist or withholding procedures have been instituted. States may charge a fee for these services, not to exceed \$25 annually and not to exceed State costs. A State may adapt this option to meet the 1994 non-IV-D withholding requirements.

A State could also opt to designate clerks of court or other appropriate judicial entities to administer non-IV-D withholding, since immediate withholding is applied at the time the support order is initially entered.

Alternatively, the State could choose a private entity, such as a bank, to administer this activity in non-IV-D cases as long as the entity is publicly accountable for the collection and distribution of support withheld.

**2. Question:** Must the State designate only one entity in each jurisdiction to administer withholding?

**Answer:** No. Although IV-D regulations at 45 CFR 303.100(g)(2)(ii) require that States may designate only one entity to administer withholding in each jurisdiction, such a restriction does not apply to withholding in non-IV-D cases.

**3. Question:** If there is no FFP for non-IV-D withholding activities, may the State pass costs on to the user through fees or other cost recovery systems?

**Answer:** Yes. States may finance their withholding responsibilities in non-IV-D cases by charging fees and recovering costs. However, in cases where the State has elected to use the option set forth at 45 CFR 302.57, and all withholding payments are made through the IV-D agency or entity designated by the State to administer the State's IV-D withholding system, the fee must not exceed \$25 per year or actual costs (whichever is less). If the State designates a bank or other public entity (other than the agency designated to administer IV-D withholding), then these limitations do not apply.

**4. Question:** Is non-IV-D withholding subject to specific regulatory requirements at 45 CFR 303.100, for timeframes for distribution of amounts withheld?

**Answer:** No. Federal regulatory requirements applicable to IV-D cases do not apply to immediate wage withholding in non-IV-D cases.

5. **Question:** Must States meet the criteria in Federal regulations for a finding of good cause or for an alternative arrangement in IV-D cases in extending immediate withholding to non-IV-D cases?

**Answer:** No. Federal regulations at 45 CFR 303.100(b)(2) and (3), which set certain minimum criteria for good cause findings and alternative arrangements in IV-D cases, do not apply to non-IV-D cases. Consequently, States may develop their own criteria for non-IV-D cases which differ from or are consistent with those required under IV-D regulations.

6. **Question:** Is the State responsible for sending the notice of withholding to the employer in non-IV-D cases effective January 1, 1994?

**Answer:** No. Federal statutory requirements for withholding in non-IV-D cases do not require States to send the withholding notice to the employer. States may choose to do so or may direct the obligor, obligee, or their attorneys, to send the withholding notice to the employer as soon as the initial child support order is issued.

Many States have already developed standardized wage withholding notices which incorporate the information which must be given to employers. States may adapt these documents for use in non-IV-D situations.

7. **Question:** Is the State required to take enforcement actions in non-IV-D cases when there have been good cause findings, or alternative arrangements and the non-custodial parent subsequently becomes delinquent in an amount which would trigger an initiated withholding under IV-D requirements? Or when the non-custodial parent leaves employment and becomes delinquent?

**Answer:** No. The statute does not require the State to take enforcement actions, initiate, or to re-initiate withholding in non-IV-D cases beyond subjecting the non-custodial parent to immediate withholding when a child support order is initially issued in the State. Enforcement of withholding orders may be done by States or left to obligees or their attorneys to take such action. Any individual who wants child support enforcement services may also apply for IV-D services.

8. **Question:** What are the State's responsibilities with respect to allocation of withheld amounts when there are multiple withholding notices involving both non-IV-D and IV-D cases for a single non-custodial parent?

**Answer:** If multiple withholdings from a single non-custodial parent's earnings involve both a IV-D and a non-IV-D case, Federal requirements must be applied to all withholdings with respect to that non-custodial parent. Federal regulations at 45 CFR 303.100(a)(5), governing IV-D cases, require States, in cases where there are more than one withholding against a single non-custodial parent, to allocate withholding, but in no case should the allocation result in one family getting nothing. For consistency, States may choose to adopt allocation methods mandated in Federal regulations for IV-D cases for all withholdings, whether IV-D or non-IV-D. Since receipt of current support is essential to many families, the State should attempt to ensure that current support is paid first to any family due current support.

9. **Question:** Do the specific criteria for termination of withholding in IV-D cases apply to non-IV-D withholding?

**Answer:** No. Federal regulations at 45 CFR 303.100(a)(7) which set certain minimum criteria for termination of withholding in IV-D cases do not apply to non-IV-D cases.



## DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILI  
 370 L'Enfant Promenade, S.W.  
 Washington, D.C. 20447

OFFICE OF CHILD SUPPORT ENFORCEMENT

34 MAR 16 21 3: 09  
Program Instruction

ACTION TRANSMITTAL

OCSE-AT-94-02

March 11, 1994

TO: STATE AGENCIES ADMINISTERING CHILD SUPPORT  
 ENFORCEMENT PLANS UNDER TITLE IV-D OF THE SOCIAL  
 SECURITY ACT AND OTHER INTERESTED INDIVIDUALS

SUBJECT: Revised Program Instructions for the Statutory Requirements for  
 Immediate Wage Withholding in All Child Support Orders Initially Issued  
 In the State Not Being Enforced Under Title IV-D of the Social Security  
 Act.

STATUTORY  
 REFERENCE: 42 U.S.C. 666(a)(8)(B)

POLICY  
 ISSUANCES: PIQ-93-08, PIQ-93-09 and DC-94-01

EFFECTIVE  
 DATE: January 1, 1994

BACKGROUND: This Program Instruction supersedes instructions contained in OCSE-AT-  
 93-06 issued on April 5, 1993, and consolidates PIQs 93-08, 93-09 and  
 Dear Colleague letter 94-01.

Section 101 of the Family Support Act of 1988 (P.L. 100-485) requires that, effective January 1, 1994, States implement immediate withholding in all support orders initially issued in the State which are not being enforced under title IV-D of the Social Security Act (the Act). This program instruction provides guidance for States in enacting laws and developing procedures, in accordance with 42 U.S.C. 666(a)(8)(B), under which all child support orders which are initially issued in the State on or after January 1, 1994, and are not being enforced under title IV-D of the Act are subject to immediate withholding.

Subsequent to the issuance of OCSE-AT-93-06, we received several inquiries regarding the requirement at §666(a)(8)(C)(iii) and §666(b)(5)

of the Act that non-IV-D withholding be administered by a public agency or publicly accountable entity. In response to these inquiries we further emphasized and clarified options available to States in administering a non-IV-D withholding program. These clarifications are contained in OCSE PIQ-93-08 dated December 28, 1993, OCSE PIQ-93-09 dated December 30, 1993 and Dear Colleague Letter DC-94-01 dated January 4, 1994. The information contained in these policy issuances has been used to update Section VI. Questions & Answers Regarding Statutory Requirements in this updated program instruction.

SUPERSEDED  
MATERIAL:

OCSE-AT-93-06, except for Attachment: State Plan Preprint page  
2-12-8B.

INQUIRIES:

ACF Regional Administrators



David Gray Ross  
Deputy Director  
Office of Child Support Enforcement

## I. Introduction

This Action Transmittal sets forth the statutory requirements which States must meet in implementing section 466(a)(8)(B) of the Act. States may choose to extend these immediate wage withholding requirements to apply to orders in non-IV-D cases which are modified after January 1, 1994, in addition to orders initially issued after that date. The instructions also address issues raised with respect to implementing immediate withholding in non-IV-D cases.

## II. State Plan Requirements

As a condition of Federal funding, a State must comply with the statutory requirements of Section 454 of the Act. Section 454(20) requires that the State IV-D plan provide that the State shall have in effect all of the laws required under the mandatory procedures established in section 466 of the Act. Since the requirements for non-IV-D withholding are part of the mandatory procedures set forth in section 466, States must demonstrate conformity with these requirements as a condition for having an approved State IV-D plan. Section 466(a)(8)(B) of the Act specifies that each State must have laws requiring the use of procedures under which all child support orders initially issued in the State on and after January 1, 1994 and which are not being enforced under Title IV-D will include provisions for:

- Immediate withholding, with exceptions for good cause and alternative arrangements;
- Withholding for overdue support in addition to current support;
- Limitations on amounts withheld based on the Federal Consumer Credit Protection Act (CCPA);
- Withholding without the need to apply for IV-D services or amendment to the order or further action by court/administrative authority;
- Administration of withholding by a public agency or a publicly-accountable alternative;
- Prompt distribution of amounts withheld;
- Employer requirements;
- Priority over other legal process against the same wages under State law;
- Optional extension to other forms of income;
- Extension to enforcement of orders of other States;
- Provisions for terminating withholding.

These requirements will be described and discussed in the following section.

States failing to demonstrate conformity with the statutory requirements will be subject to State plan disapproval procedures outlined in OCSE-AT-86-21. Non-conformity could

result in the suspension of all IV-D funding as well as a portion of title IV-A funding to the State.

### III. Explanation of Non-IV-D Withholding Requirements

Section 466(a)(8)(B) of the Act requires immediate withholding for all non-IV-D child support orders initially issued in the State on or after January 1, 1994. In addition, by cross-reference, it extends the same statutory requirements applicable to title IV-D at paragraph (1) and, where applicable, paragraphs (2), (4), (5), (6), (7), (8), (9) and (10) of section 466(b). The specific requirements applicable in non-IV-D cases effective January 1, 1994, are:

#### A. When Immediate Withholding Is Required; Exceptions

The wages of a non-custodial parent must be subject to withholding, regardless of whether support payments by such parent are in arrears, on the effective date of the order. As in the case of orders being enforced in IV-D cases, two exceptions to immediate withholding are permitted. Wages shall not be subject to withholding in any case where: (1) one of the parties demonstrates, and the court (or administrative process) finds, that there is good cause not to require immediate withholding; or (2) a written agreement is reached between both parties which provides for an alternative arrangement.

#### B. Limitations on Amounts Withheld

(1) So much of the non-custodial parent's wages must be withheld as is necessary to comply with the order and provide for any fee to the employer which may be required, up to the maximum amount permitted under section 303(b) of the Consumer Credit Protection Act (15 U.S.C. 1673(b)) [CCPA].

(2) If there are arrearages to be collected, amounts withheld to pay such arrearages, when added to the amounts withheld to pay current support and provide for the fee, may not exceed the limit permitted under such section 303(b), but the State need not withhold up to the maximum amount permitted under such section in order to satisfy arrearages.

#### C. No Further Action By Court

Withholding must occur without the need for further action (other than those actions required under these procedures) by the court or other entity which issued such order.

**D. Administration of Withholding by Public Agency**

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 under procedures (specified by the State) adequate to document payments of support and to track and monitor such payments.

The law also allows a State to establish or permit the establishment of alternative procedures for the collection and distribution of such amounts (under the supervision of a public agency) otherwise than through a public agency so long as:

- (a) The entity making the collection and distribution is publicly accountable for its actions taken in carrying out such procedures; and,
- (b) The procedures assure prompt distribution, provide for the keeping of adequate records to document payments of support, and permit the tracking and monitoring of such payments.

**E. Employer Responsibilities**

- 1) The employer of any parent who is subject to immediate withholding in a non-IV-D case, upon being given notice of such action, must be required by the State to withhold from the non-custodial parent's wages the amount specified by the notice (which may include a fee, established by the State, to be paid to the employer unless waived by the employer).
- (2) The employer must pay such amount (after deducting any fee) to the appropriate agency (or other entity authorized to collect such amounts withheld under the alternative procedure established by the State) for distribution.
- (3) The notice given to the employer shall contain only such information as may be necessary for the employer to comply with the withholding order.
- (4) 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 each appropriate agency or entity (with the portion which is attributable to each individual employee being separately designated).
- (5) The employer must be held liable to the State for any amount which the employer fails to withhold from wages due an employee following receipt by the employer of notice, but the employer shall not be required to vary the normal pay and disbursement cycles in order to comply with this paragraph.

(6) 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 a non-custodial parent subject to wage withholding because of the existence of the withholding or additional obligations which it imposes upon the employer.

**F. Priority Over Other Legal Process**

The State must provide that withholding of child support obligations be given priority over any other legal process under State law against the same wages.

**G. Other Forms of Income**

The State may take such actions as may be necessary to extend its system of withholding so that the system will include withholding from forms of income other than wages, in order to assure that child support owed by non-custodial parents in the State will be collected without regard to the types of such parents' income or the nature of their income-producing activities.

**H. Interstate Requirements**

The State must extend its withholding system so that such system will include withholding from income derived within the State in cases where the applicable support orders were issued in other States, in order to assure that child support owed by non-custodial parents in the State or any other State will be collected without regard to the residence of the child for whom the support is payable or of the child's custodial parent.

**I. Termination**

Provision must be made for terminating withholding.

**J. Due Process Requirements**

Withholding from income of amounts payable as support must be carried out in full compliance with all procedural due process requirements of the State.

**IV. Availability of Federal Financial Participation (FFP)**

Although States are required to enact laws and procedures for non-IV-D withholding as a condition of having an approved State IV-D plan, the activities mandated at section 466(a)(8)(B) of the Act are for cases not being enforced under a IV-D State plan. FFP is only available for services provided in cases receiving services under title IV-D of the Act.

However, in cases where a State has chosen to use its IV-D agency to implement non-IV-D withholding, FFP would only be available for the IV-D costs incurred in implementing a cost allocation system to identify expenditures in IV-D and non-IV-D cases.

V. Exemptions

The provisions at section 466(d) of the Act with respect to exemptions apply to the non-IV-D withholding requirements. States may request, and OCSE may approve, an exemption from one or more of the requirements for the enactment of any law or the use of any procedure or procedures for non-IV-D withholding if the State can demonstrate that the adoption of such laws or procedures would not improve the effectiveness and efficiency of the State child support program. Requests should be sent to the appropriate ACF Regional Office in accordance with regulations at 45 CFR 302.70(d) and program instructions set forth in OCSE-AT-88-19.

VI. Questions & Answers Regarding Statutory Requirements

1. Question: Must a public agency administer non-IV-D withholding? What are possible options a State may consider in meeting the administrative requirements?

Answer: The State must specify which public entity is responsible for immediate wage withholding in non-IV-D cases. As the Federal statute provides, a State may establish, or permit the establishment of, alternative procedures to carry out non-IV-D withholding as long as the entity it designates is under the supervision of a public agency. The entity must follow procedures which will assure prompt distribution of amounts withheld, provide for the keeping of adequate records to document payments of support, and permit the tracking and monitoring of such payments.

A State could designate the IV-D agency, or the entity which administers withholding in IV-D cases, to be responsible for the administration of non-IV-D withholding. If so, there must be a system for allocating costs between IV-D and non-IV-D operations, since FFP is not available for providing services to non-IV-D cases.

A State could also opt to designate clerks of court or other appropriate judicial entities to administer non-IV-D withholding, since immediate withholding is applied at the time the support order is initially entered.

Alternatively, the State could choose a private entity, such as a bank, to administer this activity in non-IV-D cases, or opt for a procedure where the employer sends the withheld amount directly to the custodial parent's bank account through electronic funds transfer (EFT) or by check. The bank records associated with the custodial parent's account would provide an adequate payment record. A bank, whether under contract to the State to handle all payments, or a number of banks with individual custodial parent bank accounts, would meet the test for an alternative system, since a bank is publicly

accountable entity under both State and Federal law. This approach would assure prompt distribution, provide for keeping adequate records to document payment of support, and permit the tracking and monitoring of such payments.

2. Question: Must the State designate only one entity in each jurisdiction to administer withholding?

Answer: No. Although IV-D regulations at 45 CFR 303.100(g)(2)(ii) require that States may designate only one entity to administer withholding in each jurisdiction, such a restriction does not apply to withholding in non-IV-D cases.

3. Question: If there is no FFP for non-IV-D withholding activities, may the State pass costs on to the user through fees or other cost recovery systems?

Answer: Yes. States may finance their withholding responsibilities in non-IV-D cases by charging fees and recovering costs. States may recover the full cost of administering withholding in non-IV-D cases from the custodial parent or non-custodial parent. The \$25 annual fee restriction in 45 CFR 302.57(b)(3) does not apply to recovery of costs for performing non-IV-D withholding activities.

4. Question: Is non-IV-D withholding subject to specific regulatory requirements at 45 CFR 303.100, for timeframes for distribution of amounts withheld?

Answer: No. Federal regulatory requirements applicable to IV-D cases do not apply to immediate wage withholding in non-IV-D cases.

5. Question: Must States meet the criteria in Federal regulations for a finding of good cause or for an alternative arrangement in IV-D cases in extending immediate withholding to non-IV-D cases?

Answer: No. Federal regulations at 45 CFR 303.100(b)(2) and (3), which set certain minimum criteria for good cause findings and alternative arrangements in IV-D cases, do not apply to non-IV-D cases. Consequently, States may develop their own criteria for non-IV-D cases which differ from or are consistent with those required under IV-D regulations. States could, for example, design criteria for alternative arrangements which allow the parents, in cases in which they do not want payments to go through the public agency or publicly accountable entity, or do not want to pay any fee that may be imposed, to choose on a case-by-case basis to have withholding implemented through a system where the employer would send withheld amounts directly to the custodial parent (as opposed to the public agency or publicly accountable entity). States would still need to establish a system for non-IV-D withholding which meets the mandatory requirements at 42 USC 666(a)(8)(B), but the volume of cases under that procedure may be lessened by affording parents an alternative arrangement.

6. Question: Is the State responsible for sending the notice of withholding to the employer in non-IV-D cases effective January 1, 1994?

Answer: No. Federal statutory requirements for withholding in non-IV-D cases do not require States to send the withholding notice to the employer. States may choose to do so or may direct the obligor, obligee, or their attorneys, to send the withholding notice to the employer as soon as the initial child support order is issued.

Many States have already developed standardized wage withholding notices which incorporate the information which must be given to employers. States may adapt these documents for use in non-IV-D situations.

7. Question: Is the State required to take enforcement actions in non-IV-D cases when there have been good cause findings, or alternative arrangements and the non-custodial parent subsequently becomes delinquent in an amount which would trigger an initiated withholding under IV-D requirements? Or when the non-custodial parent leaves employment and becomes delinquent?

Answer: No. The statute does not require the State to take enforcement actions, initiate, or to re-initiate withholding in non-IV-D cases beyond subjecting the non-custodial parent to immediate withholding when a child support order is initially issued in the State. Enforcement of withholding orders may be done by States or left to obligees or their attorneys to take such action. Any individual who wants child support enforcement services may also apply for IV-D services.

8. Question: What are the State's responsibilities with respect to allocation of withheld amounts when there are multiple withholding notices involving both non-IV-D and IV-D cases for a single non-custodial parent?

Answer: If multiple withholdings from a single non-custodial parent's earnings involve both a IV-D and a non-IV-D case, Federal requirements must be applied to all withholdings with respect to that non-custodial parent. Federal regulations at 45 CFR 303.100(a)(5), governing IV-D cases, require States, in cases where there are more than one withholding against a single non-custodial parent, to allocate withholding, but in no case should the allocation result in one family getting nothing. For consistency, States may choose to adopt allocation methods mandated in Federal regulations for IV-D cases for all withholdings, whether IV-D or non-IV-D. Since receipt of current support is essential to many families, the State should attempt to ensure that current support is paid first to any family due current support.

8. Question: Do the specific criteria for termination of withholding in IV-D cases apply to non-IV-D withholding?

Answer: No. Federal regulations at 45 CFR 303.100(a)(7) which set certain minimum criteria for termination of withholding in IV-D cases do not apply to non-IV-D cases.

(7) \_\_\_\_\_  
Date Referred: April 18, 1994

HOUSE COMMITTEE REPORT  
FURTHER REFERRALS:

Judiciary  
Finance

Date of Committee Action: 5-6-94

The STATE AFFAIRS Committee considered:

CSSB 190(FIN) am

CS FOR SENATE BILL NO. 190(FIN) am

ENFORCEMENT OF SUPPORT ORDERS

"An Act relating to income withholding and other methods of enforcement for orders of support; relating to medical support orders; amending Alaska Rule of Civil Procedure 90.3(d); and providing for an effective date."

RECOMMENDATIONS:

be replaced with HC SCSSB - 190 (STA)  the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: SENATE letter of Intent

ATTACHES NEW FISCAL NOTE(S): \_\_\_\_\_ (Dept)

APPROVES PREVIOUS: \_\_\_\_\_ (Dept/Date)

fiscal impact \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note HSTA

zero fiscal note(s) ALASKA COUNTY SYSTEM

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
				<input checked="" type="checkbox"/>	
	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	
	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	
					<input checked="" type="checkbox"/>

CHAIRMAN'S SIGNATURE

*Suggested, but not amended*

8-LS1001M.1 ✓  
Lauterbach  
5/5/94

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HCS CSSB 190(STA) Draft 8-LS1001M

Page 11, after line 29:

Insert a new bill section to read:

\*\* Sec. 23. AS 25.27 is amended by adding a new section to read:

Sec. 25.27.229. ADVERSE ACTION AGAINST DELINQUENT OBLIGOR'S OCCUPATIONAL LICENSE. (a) The agency shall compile and maintain a list of obligors who are not in substantial compliance with a support order. The list must include the names, social security numbers, dates of birth, and last known addresses of the obligors. The list shall be updated by the agency on a monthly basis.

(b) The agency shall, on a monthly basis, provide a copy of the list to each licensing entity through a computer-readable magnetic medium. A licensing entity subject to this section shall implement procedures to accept and process the list. Notwithstanding any other law to the contrary, a licensing entity may not issue or renew a license for a person on the list except as provided in this section.

(c) Promptly after receiving an application from an applicant and before issuing or renewing a license, a licensing entity shall determine whether the applicant is on the most recent list provided by the agency. If the applicant is on the list, the licensing entity shall immediately serve notice under (e) or (f) of this section of the licensing entity's intent to withhold issuance or renewal of the license. The notice shall be made personally or by mail to the applicant's last known mailing address on file with the licensing entity.

(d) Except as provided for commercial fishing licenses under (e) of this section, a licensing entity shall issue a temporary license valid for a period of 150 days to an applicant whose name is on the list if the applicant is otherwise eligible for a license. The temporary license may not be extended. Only one temporary license may be issued during a regular license term and its validity shall coincide with

the first 150 days of that license term. A license for the full or remainder of the license term may be issued or renewed only upon compliance with this section. If a license or application is denied under this section, funds paid by the applicant or licensee may not be refunded by the licensing entity.

(e) If the Department of Fish and Game receives an application under AS 16.05.480 for issuance or renewal of a commercial fishing license, other than a crewmember fishing license, from an applicant whose name is on the list, the Department of Fish and Game shall issue the license if the applicant otherwise qualifies for it. Along with the license, the Department of Fish and Game shall send to the applicant a notice that the license will not be reissued or renewed the next time it is applied for if the applicant's name is on the list at the time of the subsequent application unless the department receives a release from the agency.

(f) Notices for use under (c) and (e) of this section, as applicable, shall be developed by each licensing entity under guidelines provided by the agency and are subject to approval by the agency. The notice must include the address and telephone number of the agency and shall emphasize the necessity of obtaining a release from the agency as a condition for the issuance or renewal of a license. The notice must inform an applicant whose license is governed by (d) of this section that the licensing entity shall issue a temporary license for 150 calendar days under (d) of this section if the applicant is otherwise eligible and that, upon expiration of that time period, the license will be denied unless the licensing entity has received a release from the agency. The notice must also inform the applicant that, if a license or application is denied under this section, funds paid by the applicant will not be refunded by the licensing entity. The agency shall also develop a form that the applicant may use to request a review by the agency. A copy of this form shall be included with each notice sent under (c) or (e) of this section.

(g) The agency shall establish review procedures consistent with this section to allow an applicant to have the underlying arrearage and relevant defenses investigated, to provide an applicant information on the process of obtaining a modification of a support order, or to provide an applicant assistance in the establishment of a payment schedule on arrearages if the circumstances warrant.

(h) If the applicant wishes to challenge being included on the list, the

applicant shall submit to the agency a written request for review within 30 days after receiving the notice under (c) or (e) of this section by using the form developed under (f) of this section. Within 30 days after receiving a written request for review, the agency shall inform the applicant in writing of the agency's findings. The agency shall immediately send a release to the appropriate licensing entity and the applicant if any of the following conditions is met:

(1) the applicant is found to be in substantial compliance with each support order applicable to the applicant or has negotiated an agreement with the agency for a payment schedule on arrearages and is in substantial compliance with the negotiated agreement; if the applicant fails to be in substantial compliance with an agreement negotiated under this paragraph, the agency shall send to the appropriate licensing entity a revocation of any release previously sent to the entity for that applicant;

(2) the applicant has submitted a timely request for review to the agency, but the agency will be unable to complete the review and send notice of findings to the applicant in sufficient time for the applicant to file a timely request for judicial relief within the 150-day period during which the applicant's temporary license is valid under (d) of this section or before the subsequent licensing period under (e) of this section; this paragraph applies only if the delay in completing the review process is not the result of the applicant's failure to act in a reasonable, timely, and diligent manner upon receiving notice from the licensing entity that the applicant's name is on the list;

(3) the applicant has, within 30 days after receiving the agency's findings following a request for review under (2) of this section, filed and served a request for judicial relief under this section, but a resolution of that relief will not be made within the 150-day period of the temporary license under (d) of this section or before the subsequent licensing period under (e) of this section; this paragraph applies only if the delay in completing the judicial relief process is not the result of the applicant's failure to act in a reasonable, timely, and diligent manner upon receiving the agency's notice of findings;

(4) the applicant has obtained a judicial finding of substantial compliance.

(i) An applicant is required to act with diligence in responding to notices from the licensing entity and the agency with the recognition that the temporary license granted under (d) of this section will lapse after 150 days or that a subsequent license will not be issued under (e) of this section and that the agency and, where appropriate, the court must have time to act within that 150-day period or before the subsequent license is needed, as applicable. An applicant's delay in acting, without good cause, that directly results in the inability of the agency to complete a review of the applicant's request or the court to hear the request for judicial relief within the required period does not constitute the diligence required under this section that would justify the issuance of a release.

(j) Except as otherwise provided in this section, the agency may not issue a release if the applicant is not in substantial compliance with the order for support or is not in substantial compliance with an agreement negotiated under (h)(1) of this section. The agency shall notify the applicant in writing that the applicant may request any or all of the following: (1) judicial relief from the agency's decision not to issue a release or the agency's decision to revoke a release under (h)(1) of this section; (2) a judicial determination of substantial compliance; (3) a modification of the support order. The notice must also contain the name and address of the court in which the applicant may file the request for relief and inform the applicant that the applicant's name shall remain on the list if the applicant does not request judicial relief within 30 days after receiving the notice. The applicant shall comply with all statutes and rules of court implementing this section. This section does not limit an applicant's authority under other law to request an order to show cause or notice of motion to modify a support order or to fix a payment schedule on arrearages accruing under a support order or to obtain a court finding of substantial compliance with a support order.

(k) A request for judicial relief from the agency's decision must state the grounds on which relief is requested and the judicial action shall be limited to those stated grounds. The court shall hold an evidentiary hearing within 20 calendar days of the filing of service on the opposing party. The court's decision shall be limited to a determination of each of the following issues:

- (1) whether there is a support order or a payment schedule on

arrearages;

(2) whether the petitioner is the obligor covered by the support order;  
and

(3) whether the obligor is in substantial compliance with the support order or payment schedule.

(l) If the court finds that the obligor is in substantial compliance with the support order or payment schedule, the agency shall immediately send a release under (h) of this section to the appropriate licensing entity and the applicant.

(m) When the obligor is in substantial compliance with a support order or payment schedule, the agency shall mail to the applicant and the appropriate licensing entity a release stating that the applicant is in substantial compliance. The receipt of a release shall serve to notify the applicant and the licensing entity that, for the purposes of this section, the applicant is in substantial compliance with the support order or payment schedule unless the agency, under (a) of this section, certifies subsequent to the issuance of a release that the applicant is once again not in substantial compliance with a support order or payment schedule.

(n) The agency may enter into interagency agreements with the state agencies that have responsibility for the administration of licensing entities as necessary to implement this section to the extent that it is cost effective to implement the interagency agreements. The agreements shall provide for the receipt by the other state agencies and licensing entities of federal funds to cover that portion of costs allowable in federal law and regulation and incurred by the state agencies and licensing entities in implementing this section.

(o) Notwithstanding any other provision of law, the licensing entities subject to this section may levy a surcharge on a fee collected to cover the costs of implementing and administering this section.

(p) The process described in (h) of this section is the sole administrative remedy for contesting the issuance to the applicant of a temporary license or the denial of a license under this section. The procedures specified in AS 44.62.330 - 44.62.630 (Administrative Procedure Act) do not apply to the denial or failure to issue or renew a license under this section.

(q) The agency and licensing entities, as appropriate, shall adopt regulations

necessary to implement this section.

(r) In this section,

(1) "applicant" means a person applying for issuance or renewal of a license;

(2) "license" *JH*

(A) means, except as provided in (B) of this paragraph, a license, certificate, permit, registration, or other authorization that, at the time of issuance, will be valid for more than 150 days that may be acquired from a state agency to perform an occupation, including the following:

(i) license relating to boxing or wrestling under AS 05.10;

(ii) authorization to perform an occupation regulated *★*  
under AS 08; *State Bar*

(iii) teacher certificate under AS 14.20;

(iv) commercial fishing license under AS 16.05.480, except for a crewmember fishing license;

(v) entry permit or interim use permit under AS 16.43;

(vi) authorization under AS 18.08 to perform emergency medical services;

(vii) asbestos worker certification under AS 18.31;

(viii) boiler operator's license under AS 18.60.395;

(ix) certificate of fitness under AS 18.62;

(x) hazardous painting certification under AS 18.63;

(xi) security guard license under AS 18.65.400 - 18.65.490;

(xii) license relating to insurance under AS 21.27;

(xiii) employment agency permit under AS 23.15.330 - 23.15.520;

(xiv) endorsement to operate a commercial motor vehicle or school bus under AS 28.15;

(xv) registration as a broker-dealer, agent, or investment adviser under AS 45.55.030;

(xvi) certification as a pesticide applicator under AS 46.03.320;

(xvii) certification as a storage tank worker or contractor under AS 46.03.375; and

(xviii) certification as a water and wastewater works operator under AS 46.30;

(B) does not include

(i) a vessel license issued under AS 16.05.490 or 16.05.530;

(ii) a license issued under AS 47.35; or

(iii) a business license issued under AS 43.70;

(3) "licensee" means a person holding a license or applying to renew a license;

(4) "licensing entity" means the state agency that issues or renews a license; in the case of a license issued or renewed by the Department of Commerce and Economic Development after an applicant's qualifications are determined by another agency, "licensing entity" means the department;

(5) "list" means the list of obligors compiled and maintained under (a) of this section;

(6) "substantial compliance with a support order or payment schedule" means that, with respect to a support order or a negotiated payment schedule under (g) of this section, the obligor has no more than \$2,500 past due and has cumulatively paid an amount equal to or greater than the amount due for one month during the past 12 months."

Renumber the following bill sections accordingly.

Page 15, after line 17:

Insert a new bill section to read:

"\* **Sec. 36. REPORT.** (a) In furtherance of the public policy of increasing child support enforcement and collections, on or before November 1, 1996, the child support enforcement agency shall make a report to the legislature and the governor based on data collected by the

licensing entities and the agency in a format prescribed by the agency. The report must contain

(1) the number of delinquent obligors on the list maintained by the agency under AS 25.27.229, added by sec. 23 of this Act;

(2) the number of delinquent obligors who also were applicants or licensees subject to AS 25.27.229;

(3) the number of new licenses and renewals that were delayed or denied and temporary licenses issued subject to AS 25.27.229 and the number of new licenses and renewals granted following receipt by licensing entities of releases under AS 25.27.229 by May 1, 1996; and

(4) the costs incurred in the implementation and enforcement of AS 25.27.229.

(b) A licensing entity receiving an inquiry from the agency under (a) of this section shall cooperate with the agency. When queried as to the licensed status of an applicant who has had a license denied under AS 25.27.229 or has been granted a temporary license under AS 25.27.229, the licensing entity shall respond only that the license was denied or the temporary license was issued."

Renumber the following bill sections accordingly.

Page 16, line 1:

Delete "This Act takes"

Insert "Sections 1 - 22, 24 - 35, and 37 of this Act take"

Delete "it becomes"

Insert "those sections become"

MAR 09 1994

## EMPLOYER REPORTING PROJECT STATUS AFTER THE FIRST TWO YEARS

The Alaska Legislature amended child support laws in the 1991 Legislative Session, to allow the Child Support Enforcement Division to require selected employers, with 20 or more employees, to report all new hires and rehires to the Alaska Child Support Enforcement Division within 30 days. Alaska was subsequently awarded a three year Employer Reporting Project demonstration grant which began in October of 1991. Alaska is in the third year of this three year demonstration grant.

The first year of the project targeted reporting from employers who reported 50 or more "obligor employees" during the proceeding three years. There was a 35% increase in collections from the prior year which were attributed to the Employer Reporting Project.

The second year of the project extended the target group to seasonal employers. Seasonally employed obligors were often missed due to the delay of information reported to the Department of Labor. There was a 35% increase in the number of obligors found among the seasonal workers and a 27% increase in collections from the prior year were attributed to the Employer Reporting Project.

In the third year of the project employers will be selected by industry type.

The Employer Reporting Project clearly demonstrates that the prompt identification of newly hired or rehired employees enables Alaska Child Support Enforcement Division to initiate withholding sooner with resulting increased collections. The early reporting of information also assisted in the location of alleged fathers thereby expediting the establishment of paternity and support orders.

Contact Vickie Mitchell, Interstate Manager, at 907-269-6900 please leave a message and she will return your call..



**AER**

**ALASKA EDUCATIONAL RESOURCES**

**EMPLOYER REPORTING PROJECT EVALUATION  
(Second Year)**

**PREPARED FOR**

**CHILD SUPPORT ENFORCEMENT DIVISION  
550 W. 7TH AVENUE, SUITE 310  
ANCHORAGE, AK 99501-3556**

**2/14/94**

Prepared by  
Ray Fenton, Ph.D.  
Donna Fenton  
Tom Straugh, Ph.D.

Alaska Educational Resources  
P.O. BOX 142792  
Anchorage, Alaska 99514-2792  
Phone: (907) 696-4868 FAX: (907) 269-2222

## ACKNOWLEDGEMENTS

This evaluation could not have been completed without the assistance of Alaska Child Support Enforcement Division Staff who worked closely with the evaluation team in the definition of the task, location and development of critical data, selection of comparison groups, and preparation of needed reports.

Vickie Mitchell was responsible for the overall project. She freely provided her time and expertise in helping the evaluation team to understand the functioning of CSED data systems, explaining the coding and processing of information, facilitating the collection of information, and serving as a liaison with other CSED staff.

The data processing staff played a special role in the completion of the evaluation. Susan Goodman participated in planning and problem solving meetings. Merrill Hagens developed and refined the reports on which the evaluation rests. Ms. Hagens freely shared her programming expertise, was unflagging in her assistance in providing useful reports, and was able to quickly resolve data related problems.

## EXECUTIVE SUMMARY

The Alaska Child Support Enforcement Division of the Alaska Department of Revenue has successfully established a direct employer reporting program to aid in the identification of individuals who owe child support and to speed up the process of making collections. The second year of the federally funded pilot project has extended the program to include employers which have large numbers of known obligors, brought on during the first year, and those employing seasonal workers.

There were substantial increases in the number and amount of collections from project obligors. The goal of a 25% increase in collections was more than achieved with an actual increase of 27%. The percent of payments relative to obligations reached 77% for the original employers group and 81% for the seasonal employers.

There was a substantial increase in the dollar amount of child support orders with the average obligation for employees of firms participating in the program increasing by 12% (\$3,094 to \$3,472). This did not quite meet the program goal of a 15% increase.

There was a more than 500% increase in the number of withhold and distribute orders in the second year of the program with the most notable increase in successful locates being found in the newly added seasonal group. The number who were successfully located increased from 4 in the pre-project year to 362 in the first year of reporting for seasonal obligors.

There was a ten fold increase in the number of modifications from 6 to 61 which went far beyond the 12% called for in the proposal.

The cost effectiveness ratio surpassed the target of 1:3 with approximately \$3.09 collected for each dollar spent on the program. The total collection which might be attributed to the program based on an increase of 2.3 payments per obligor is \$621,690.

The employer reporting system has proved successful in meeting the program goals of implementing a direct employer reporting system which speeds up the location of obligors and increases the number of payments made for child support.

The Child Enforcement Support Division made a substantial effort to increase collections and the number of reviews and modifications for all obligors. This overall activity of CSED resulted in the employer reporting groups and the comparison groups to achieve statistically significant gains. While the employer reporting groups consistently have the highest obligations and percentage of collections, the comparison groups made notable gains and, perhaps because of the nature of the jobs and employers, have higher average payments. This suggests that the expansion of the employer reporting system to include additional employers will result in even greater gains in collections in year three of the program.

## TABLE OF CONTENTS

	Page
INTRODUCTION.....	1
PARTICIPATING EMPLOYERS.....	3
METHODOLOGY.....	7
RESULTS.....	8
Did the program speed up the process of locating obligors and issuing orders?.....	8
Did the employer reporting system increase the amount collected?.....	10
Did employer reporting result in an increase in successful locations for order establishments?.....	13
Did employer reporting result in an increased number in modifications?.....	14
What are the effects of employer reporting by age group?.....	15
What are the effects of employer reporting by area of Alaska and location of the obligation?.....	16
What are the effects of employer reporting on the number and amount of disbursements to AFDC and to other agencies?.....	17
What special findings are related to the expansion of the program to include seasonal employers?.....	18
How cost effective is the employer reporting program?.....	20
CONCLUSIONS.....	21
APPENDIX A.....	22
TESTS OF SIGNIFICANCE: DIFFERENCE IN PRE-POST GROUPS DIFFERENCE IN PRE-POST DIFFERENCES	

## List of Tables

		Page
Table 1	Participating Employers.....	4
Table 2	Pre-Post Comparison of Orders - All Groups.....	9
Table 3	Pre-Post Change in Collections - Target Group 1 (period 1).....	10
Table 4	Pre-Post Change in Collections - Target Group 1 (period 2).....	10
Table 5	Pre-Post Change in Collections - Target Group 2.....	11
Table 6	Collections and Obligations - All Groups.....	11
Table 7	Payment to Obligation Gap Reduction - All Groups.....	12
Table 8	Pre-Post Comparison of Orders - All Obligor Under Employer Reporting.....	13
Table 9	Modification Summary - Target Group 1.....	14
Table 10	Modification Summary - Target Group 2.....	15
Table 11	Pre-Post Collections by Age - All Obligor Under Employer Reporting.....	16
Table 12	Pre-Post Collections by Region - All Obligor Under Employer Reporting.....	17
Table 13	Pre-Post Disbursements - All Obligor Under Employer Reporting.....	18
Table 14	Pre-Post Collections by Region - Target Group 2.....	19
Table 15	Pre-Post Disbursements - Target Group 2.....	19
Table 16	Program Collections/CSED Cost Summary.....	20

**Child Support Enforcement  
Employer Reporting Project  
Second Year Evaluation - February, 1994**

**INTRODUCTION**

Child support enforcement is always difficult. Agencies must locate and attach the income of absent parents who often do not willingly pay for the support of their children. In 1990, only 38% of monthly scheduled obligations were collected and only 33% of those payments were made voluntarily. Alaskan children are due more than 30 million dollars in support.<sup>1</sup>

Another continuing problem directly related to the support of children is establishing paternity. As many as 20% of the children born in the United States are born to single mothers. From 50-80% of children in the households receiving AFDC are born to unmarried parents. A key element in the collection of child support for the children of unmarried mothers is the identification and location of the absent father.<sup>2</sup>

Prior to the development of the Employer Reporting Project, the Child Support Enforcement Division (CSED) matched records of obligors against Alaska Department of Labor, Employment Security Division quarterly reports. The time from the employment of an obligor to the successful match of CSED files against the DOL files could take as long as five months. The five month lag made for a substantial delay in the collection of child support from some obligors and permitted other obligors who work in the highly seasonal Alaskan economy to completely avoid payments.

The Alaska Legislature recognized the problems related to the collection of child support and revised the laws in 1991 to speed up the process of obligor identification and collection. Beginning January 1, 1992, employers with 20 or more employees were required upon notification to provide information concerning new hires and rehires on a monthly basis directly to the Alaska Department of Revenue Child Support Enforcement Division.<sup>3</sup>

The employer reporting law is a "pilot project" with an expiration date of January 1, 1995. If the direct reporting of employers provides the benefit of increased child support without undue hardship to employers, it is expected that permanent legislation will be passed which will make direct employer reporting a continuing feature of child support enforcement.

---

<sup>1</sup>Glenda Straube, Employer Reporting Project: First Year Evaluation - Alaska's Improvement Demonstration Grant. Child Support enforcement, Department of Revenue, State of Alaska, Juneau, AK, December, 1992.

<sup>2</sup>Child Support Technology Transfer Project, A Guide to Initiating A Paternity Consent Process, Office of Child support enforcement, 1989, p. 5.

<sup>3</sup>1991 Session Laws of Alaska, CSHB43(FIN)am Chapter 75.

The Alaska Child Support Enforcement Division found funding for a three year direct employer reporting demonstration project from the United States Department of Health and Human Services Administration for Children. The CSED proposal called for the implementation of the Alaska Employer Reporting Project over three years.

- Year 1- establish the employer reporting project with employers who have historically hired large percentages of obligors.
- Year 2 - extend the employer reporting system to collections from seasonal workers who would have otherwise been missed entirely (fishing, tourism, construction).
- Year 3 - emphasize increased collections from employers in specified industries (SIC codes).

The same four hypotheses were set out for the three periods, changing only the groups of obligors identified for emphasis and analysis.<sup>1</sup> The hypotheses set out in the grant application are:

1. Collections will significantly increase from obligors who work for employers in the target, or experimental, groups.
2. Obligor in the target groups will be identified and served in a shorter period of time for purposes of paternity and order establishments.
3. There will be a greater proportion of child support modifications in AFDC cases in the target group than in the control group.
4. Modifications in the target group will generate an increase in monthly child support due.

The performance standards set out in the grant are ambitious and reflect high expectations about the effects of the project. These goals set out in the grant are a clear guide for use in judging the success of the project. It is expected that:

1. For purposes of total collections, the project will be considered successful if there is a 25% increase in the amount of collections from the targeted group.
2. The project will be considered successful if the cost/effectiveness ratio of collections for the target groups meets or exceeds \$3.00.

---

<sup>1</sup>Glenda Straube, Employer Reporting Project: First Year Evaluation - Alaska's Improvement Demonstration Grant. Child Support enforcement, Department of Revenue, State of Alaska, Juneau, AK, December, 1992.

3. The project will be considered successful if there is a 12% increase in the successful locations of absent parents for paternity and order establishments.
4. The project will be considered successful if there is a 12% increase in the number of modifications and a 15% increase in the dollar amount of child support orders in the target group.

The CSED developed a series of procedures for direct reporting. Employers are encouraged to file reports on magnetic tape, computer disk, or paper reports. CSED staff met with employers and provided information to employers to assist in developing reporting procedures.

### **PARTICIPATING EMPLOYERS**

Employers were selected for participation by the CSED, following the pattern proposed in the grant, with a first year emphasis on the employers with the largest numbers of obligors and second year expansion to employers with seasonal workforces. Companies were chosen from an Alaska Department of Labor report which identified the largest 100 employers in the state based on CSED experience with the employment patterns of obligors. Table 1 lists the participating employers and the number of obligors identified for each employer during the second year of the evaluation.

Employers in the first year included some of the largest retail and service companies in the state. Second year employers tended to be much more seasonal and include a number of businesses related to tourism, fishing, logging, and other summer activities. A few of the employers had no obligors during the second year of the project.

**Table 1**  
Participating Employers - Year Two Obligors

Target Group 1 Employers	N	Target Group 2 Employers	N
S.E. Stevedoring Corp	71	Klukwan Forest Products	7
State of AK - Dept. of Administration	128	Anchorage Cold Storage	1
McDonalds	42	Taku Smokeries	2
Northwest Arctic Borough School. District	45	J.C. Penney Co.	8
West Coast Stevedoring Corp	2	Phoenix Logging	1
H.C. Price Cons. Co.	8	Tundra Tours	9
H.C. Price Co.	24	Icicle Seafoods	6
University of Alaska	39	Maniilaq Association	10
AK Pulp Corporation	20	Cominco Alaska	2
Carr Gottstein Foods Co.	52	Unalakleet Native Corp.	2
KTN Pulp Mill	9	Norton Sound Health Corp.	4
VRCA Environmental Services	18	Cook Inlet Processing Inc.	28
Houston Contracting Co - AK Ltd.	37	ERA Aviation	3
Osborne Consol Co. , Osborne Const.	18	Inlet Fisheries Inc	10
VECO Inc	40	Sheraton Anchorage Hotel	4
Burger King	17	Peak Oilfield Svc. Co.	16
Tesoro Northshore Co.	27	Nabors Alaska Drilling Inc.	6
North Slope Borough School Dist.	4	Beaver Village Council	1
Natchiq Inc.	4	Anchorage Westward Hilton Corp.	2
North Slope Borough	9	Trident Seafoods Corp.	6
AK Petroleum Contractors	56	Alaska Commercial Company	7
NANA Marriott Joint Venture	15	Fred Meyer Shopping Centers	8
Westmark Hotels	5	Denali Commercial Mgmt. Co.	1
Pizza Hut	20	Hoovers Movers Inc.	1
Arco AK Inc.	3	Yukon Kuskokwim Health Svc. Co.	8
CONAM Const.	3	Hickel Investment	1
Anchorage School District.	40	SE AK Regional Health Corp.	1
NW. Restaurants - Burger King	2	Sea Land Freight Svc.	2
Tesoro Petroleum Corp.	4	Sea Alaska Heritage Foundation	1
Carr Gottstein Properties	1	Anchorage Daily News	2
Dragnet Fisheries Co.	3	Denali Foods Co.	8
Captain Cook Hotel	5	Tlingit & Haida Community Council	1

table cont

Participating Employers cont

Target Group 1 Employers	N	Target Group 2 Employers	N
Municipality of Anchorage	12	Port Graham village Council	1
Seahawk Seafoods Inc.	4	Lamonts Inc.	2
ABM Company of the West	24	Safeway Inc.	1
United Healthservices Inc.	3	Market Basket Inc.	4
Tesoro Northstore Co.	4	PACE Membership Warehouse	3
Fairbanks Memorial Hospital	4	U.I.C. Construction Inc.	1
Call Earl #1 Chevron	4	United Parcel Svc. Inc.	2
Delta Western	1	ARA Services	4
GE Operations Support	3	Campbell Inc.	1
Maniliaq Manpower	1	Woolworth Corp.	4
CONAM Alaska	1	Southeast Ak Regional Health Corp	2
Carr Gottstein Inc.	1	Peter Pan - King Cove	3
		Alaska Sales and Service	3
		Ribelin Lowell & Co.	1
		Klondike Painting and Decorating	1
		Sound Development	1
		North Pacific Processors	3
		Hope Cottages	0
		U-Haul of Alaska	3
		City of Kwethluk	1
		Tommys Inc.	2
		Spenard Builders Supply	3
		Costco Wholesale Corp.	2
		Earth Movers of Fairbanks	1
		ENSTAR Natural Gas Co.	1
		Markair Express Co.	1
		AK Specialized Ed. & Training	1
		Golden Frontier Enterprises	1
		Alaska Airlines	0
		Forty Niner Transportation Inc.	1
		AK Aviation Radio	1
		E.&S. Diversified Svcs	2
		Pavless Drug Stores	1
		Markair	4
		Sears Roebuck and Co	2
		1st National Bank of Anchorage	1
		Alaska USA Federal Credit Union	0

The evaluation for the first year (9 months) of the project found a 37% increase in collections from obligors, a cost effectiveness ratio of 2:1, and a 47% increase in the service of paternity and order establishments. The report failed to provide tests of significant differences for gains and did not address the increase in the percentage of modifications or the increase in dollar amount of support orders.

The second year evaluation extends the first year evaluation to cover the period 10/1/92 to 9/30/93. It examines the major questions identified in the grant proposal and extends the analysis to include statistical testing for the significance of differences.

## METHODOLOGY

Alaska Educational Resources developed a research design based on the information provided by CSED, the data available from CSED data files, and the requirements of the grant. Target groups of first and second year participants and comparison groups were identified based on a uniform set of criteria. The criteria included the following:

- Each case must be an active case during the critical time periods.
- Each case must contain complete data.
- Each case must clearly fall into only one of the identified groups.

COMPARISON GROUPS		
GROUPS	PRE	POST
<u>TARGET #1</u>		
Obligors Represented by Employers with Large # Matches	1/1/91 - 9/30/91 <sup>0</sup> 10/1/91 - 9/30/92 <sup>1</sup>	1/1/92 - 9/30/92 <sup>1</sup> 10/1/92 - 9/30/93 <sup>2</sup>
<u>TARGET #2</u>		
Obligors Represented by Seasonal Employers	10/1/91 - 9/30/92 <sup>0</sup>	10/1/92 - 9/30/93 <sup>1</sup>
<u>COMPARISON</u>		
Obligors Represented by Employers Not Reporting <sup>a</sup>	1/1/91 - 9/30/91 10/1/91 - 9/30/92	1/1/92 - 9/30/92 10/1/92 - 9/30/93
<sup>0</sup>	This period represents the time when employer reporting was not in effect.	
<sup>1</sup>	This time frame represents the first period employer reporting was in effect.	
<sup>2</sup>	This time frame represents the second period employer reporting was in effect.	
<sup>a</sup>	Two comparison groups were pulled for the '92-'93 period to match the size of each target group. The larger one is about 3 times the size of the smaller.	

Target and comparison groups were selected by CSED. The two target groups, first year companies and second year companies, were reviewed by Alaska Educational Resources. Cases excluded from the analysis included those with errors in data entry, coding problems, or missing transaction dates. Altogether, 80 of a potential 1,173 cases were excluded resulting in an exclusion rate of 6.8%.

CSED developed a series of reports which calculated the number of participants in various groups, averages of various amounts, actions with related time periods, and the standard deviations related to various averages. Alaska Educational Resources verified the calculations by independently calculating statistics from samples of data. Costs attributed to the employer reporting system, which included amortized costs of equipment and excluded the costs of evaluation, were provided by Vickie Mitchell of CSED.

Where appropriate, mean differences from pre- and post-periods and between target and comparison groups were tested using t-tests for repeated measures.<sup>1</sup> Computations were done using Excel 4.0 on a Macintosh computer. Statistics were then compared with a standard table to determine if the critical values required for statistical significance had been attained.<sup>2</sup>

## RESULTS

Results, which follow, are presented as answers to a series of questions derived from the hypotheses and performance standards articulated in the CSED grant proposal. The emphasis in the analysis is on the growth from pre- to post-reporting periods and cost. Means for obligations and payments were statistically compared from pre- to post-periods and between Target and Comparison groups. Pre- and Post-test differences reported below are substantial and statistically significant. Worksheets showing the means, differences, t-test values, degrees of freedom, and levels of significance are attached in Appendix A.<sup>3</sup>

### **Did the program speed up the process of locating obligors and issuing orders?**

The most direct measure of the effect of the process is the number of days between the date that an obligor is hired and the service of a withhold and deliver order. The fewer the days, the higher the number of potential payments and the more likely that a seasonally employed obligor will be located in time to make some collection. Similarly, the shorter the time, the more likely that an individual will be identified for the service of other potential orders.

---

<sup>1</sup>Formulae for mean comparisons for averages and differences were derived from William L. Hays, *Statistics for the Social Sciences*, 2nd. NY: Holt, Rinehart and Winston, 1973. Formulae for calculating the degrees of freedom for testing the significance of differences between group differences were derived from Jay Devore, *Probability and Statistics for Engineering Science*, 2nd., Pacific Grove CA: Brooks Grove Publishers, 1991.

<sup>2</sup>E.S. Pearson and H.O. Hartley (eds.), *The Biometrika Tables for Statisticians*, vol. 1, *Biometrika*, 1966.

<sup>3</sup>Standard deviations are large because of distributions which reflect the differences between groups of obligors who make few payments and those who make regular payments. The data does not appear to have a normal distribution.

When the differences between the pre- and post-periods for the two selected target groups are considered, it is clear that the program is effective in shortening the time for service of withhold and delivers orders.

**Table 2**  
Pre-Post Comparison of Orders - All Groups  
Number of Orders and Average Number of Days

	Pre- Period						Post- Period					
	WID		Paternity		Admin		WID		Paternity		Admin	
	N	Days	N	Days	N	Days	N	Days	N	Days	N	Days
<b>All</b>	241	22	57	32	79	31	1,463	9	61	64	66	43
<b>T- 1</b>	228	22	44	32	55	30	911	7	41	69	38	51
<b>C- 1</b>	625	19	41	14	51	37	703	22	23	18	53	30
<b>T- 2</b>	4	5	9	18	19	38	362	9	10	72	16	27
<b>C- 2</b>	154	12	4	22	11	26	208	11	16	46	24	33

All = All obligors with employer reporting/ T-1 = First Year Emp./T-2 = Seasonal  
C-1 & C-2 = Related comparison groups

Overall, there is a substantial decrease in the time for a withhold and deliver order to be issued with a 9 day average in the post-reporting period and a 22 day average in the pre-reporting period. That is an overall gain of 13 days or approximately 60%.

When the original first year employer and seasonal employer groups are examined separately it appears that the 15 day gain made by the original group is greater than the 4 day gain for the seasonal groups. However, only 4 of the 362 seasonal obligors served in the second period had actually been found during the first period.

This increase from 4 to 362 obligors found in the seasonal group compares with an increase from 154 to 208 found in the control group, a 35% increase. This phenomenal increase in the number of obligors found among the seasonal workers may be the most significant result of the second year of the program.

The gain found in the number and the speed of issuance of withhold and deliver orders was not matched by increases in the issuance of other types of orders. The time for issuance of paternity orders increased from 32 to 64 days. The time lag for Administrative orders grew from 31 to 43 days. Of course, the issuance of Paternity and Administrative Orders are subject to a variety factors beyond those related to withhold and deliver orders and are less directly related to the identification of the initial place of employment.

**Did the employer reporting system increase the amount collected?**

The overall collections from 1173 individuals participating in employer reporting were \$3,145,239. This was an increase of \$667,173 or 27%. Part of this increase is due to administrative orders increasing some obligations to reflect increases in the rate of inflation. There was also an increase in the number of case reviews and administrative orders for all groups in 1993 over 1992 which is reflected in the substantial increases in the collections for both the target and comparison groups.

Tables 3, 4, and 5 provide a breakdown of the average collections by obligor for both of the Target groups. The first table reflects the pre- and post-periods for the first year (9 months) for Target Group 1. The two tables that follow indicate changes in collections for the current year. The substantial increases in percentages of collections reflect the overall increase in the efforts of CSED to review all cases and to increase collections.

**Table 3**  
Pre-Post Change in Collections - Target Group 1  
Average Total Collections per Obligor  
1/1/91 through 9/30/91; 1/1/92 through 9/30/92

	<b>Pre- Period</b>	<b>Post- Period</b>	<b>Change</b>
	Collected	Collected	
<b>Target Group 1 - Large # Matches</b> N = 308	\$ 1,374	\$ 1,693	+ 23%
<b>Comparison Group 1</b> N = 322	\$ 1,045	\$ 1,479	+ 42%

**Table 4**  
Pre-Post Change in Collections - Target Group 1  
Average Total Collections per Obligor  
10/1/91 through 9/30/92; 10/1/92 through 9/30/93

	<b>Pre- Period</b>	<b>Post- Period</b>	<b>Change</b>
	Collected	Collected	
<b>Target Group 1 - Large # Matches<sup>1</sup></b> N = 839	\$2,301	\$2,808	+22%
<b>Comparison Group 1</b> N = 859	\$1,763	\$2,492	+41%

<sup>1</sup>This is the second year of participation in employer reporting for this group.

**Table 5**  
**Pre-Post Change in Collections- Target Group 2**  
**Average Total Collections per Obligor**  
**10/1/91 through 9/30/92; 10/1/92 through 9/30/93**

	<b>Pre-Period</b>	<b>Post-Period</b>	<b>Change</b>
	<b>Collected</b>	<b>Collected</b>	
<b>Target Group 2 - Seasonal</b> N = 258	\$ 1,884	\$ 2,524	+ 34%
<b>Comparison Group 2</b> N = 267	\$ 1,731	\$ 2,348	+ 36%

Examination of the tables shows that consistently higher amounts were collected from employer reporting groups. There were substantial, statistically significant<sup>1</sup> gains in the amounts collected for both the target and comparison groups.

Table 6 shows that employees who were under employer reporting tended to make more payments with a lower average payment than for the obligors indicated in the comparison groups. Target Group 1 obligors made an average of 12.5 payments of \$225 dollars while the members of the comparison group made only 9.8 payments of \$254. Obligor with the seasonal employers identified as Target 2, made an average of 10.2 payments of \$252 while comparison group 2 made on average 8.6 payments of \$274.07. The difference in payment amounts, of course, is related to both the amount of obligation and the wages available for collection. No effort was made to examine the average wages paid by the various companies though examination of the companies suggests that a large number of the institutions identified in the first year are engaged in retail trade or service industries where wages tend to be lower.

**Table 6**  
**Collections and Obligations - All Groups**  
**Averages per Obligor**

	<b>Average # Payments</b>	<b>Average Obligation</b>	<b>Average Amount Paid Per Obligor</b>	<b>Average Payment</b>	<b>Percent of Oblig. Paid</b>
<b>Target Group 1 - Large # Matches</b>	12.48	\$3,662.41	\$2807.89	\$224.96	76%
<b>Comparison 1</b>	9.8	\$3,629.29	\$2,492.13	\$253.61	69%
<b>Target Group 2 - Seasonal</b>	10.02	\$3,122.48	\$2,523.88	\$251.71	82%
<b>Comparison 2</b>	8.56	\$3,530.97	\$2,347.50	\$274.07	66%

<sup>1</sup>See Appendix A for summary of statistical comparisons.

Comparison of the mean differences in payments shows that for both the Target 1 and Target 2 groups the increase in total paid obligations was statistically significant from the pre to post-periods. The average increase for the employee in the Target 1 group for the second year of group reporting was \$507 ( $p < .01$ ,  $t = 3.62$ ,  $df = 838$ ). The average increase for the employee in the Target 2, Seasonal group for the first year of employer reporting over the prior year was \$639 ( $P < .05$ ,  $t = 2.64$ ,  $df = 259$ ).

When the gains are examined as a percentage of the obligation, it is clear that the employer reporting system is having an effect. The Target Group 1 obligors in the employer reporting system are paying 77% of their annual obligation as opposed to those in the comparison group who are paying only 69%. For the seasonal group, the employer reporting group are paying an average of 81% of their obligations while those in the comparison group only paid 66%.

It is likely that one of the primary reasons for the increase in the percentage of payments relative to obligation is due to the increased average number of payments for the employer reporting groups. The 2.7 additional payments generated for the employers with large numbers of obligors would translate into an average increase in payments of \$602.89 or approximately 16% of the total obligation. For the seasonal worker group, the average of 1.46 additional payments would result in an increase of \$367.49 or approximately 12% of the total obligation.

Increased payments are a means of reducing the gap which exists between payments and obligations. When examined as the difference in the ratio between payments and obligations over the two years, the percentages of gap reduction are notable and reflects the increases in percentage of obligation paid for both the employer reporting and the comparison groups. The Target Group 1, is, of course, in the second year of the employer reporting project and had notable increases in the amount of obligations and amount paid during the prior year. As a result Group 1 has a smaller gap to close.

**Table 7**  
**Payment to Obligation Gap Reduction - All Groups**  
**Averages per Obligor**

	Pre- Period		Post- Period		Pd / Oblig Change	Gap Reduction
	Pd/Oblig	% Paid	Pd/Oblig	% Paid		
Target Group 1 - Large # Matches	\$2,301/3,346	69%	\$2,808/3,662	77%	+8%	12%
Comparison 1	\$1,763/3,045	58%	\$2,492/3,629	69%	+11%	19%
Target Group 2 - Seasonal	\$1,884/2,861	66%	\$2,524/3,122	81%	+15%	23%
Comparison 2	\$1,731/2,965	59%	\$2,348/3,531	67%	+8%	14%

While there were significant increases in the amount of collections for both target and comparison groups, the gains made by the employer reporting group had a greater impact on the reduction of the total percentage of obligation than the increases in collections for the comparison groups.

**Did employer reporting result in an increase in successful locations for order establishments?**

There are a variety of types of orders issued by CSED related to the establishment of obligations beyond the basic Withhold and Deliver Orders, which have been discussed extensively in a prior section. Other common orders relate to establishing paternity or the amount to be withheld and delivered by an employer. Table 2 above provides an overall view of the changes in orders between the pre- and post-comparison periods. The increase in Withhold and Deliver Orders from 241 to 1,463 reflects an increase of over 500% in successful services.

When the groups in employer reporting are contrasted with their comparison groups, the comparable gains are from 625 to 703 (12%) for Comparison Group 1 and 154 to 208 (35%) for comparison group 2. The increase for the Target Group 1 from 228 to 911, approximately 300%, suggests that the substantial gains experienced with a group of employers will continue as the project matures.

Table 8 indicates that the number of successful services for Paternity Complaints and Administrative Orders were not substantially different from period 1 to period 2 for those under employer reporting. Table 2 above shows similar small differences for the target and comparison groups.

**Table 8**  
Pre-Post Comparison of Orders - All Obligor Under Employer Reporting  
Number of Orders and Average Number of Days

Order	Pre- Period		Post- Period		Change in Service Days
	Number of Services	Average Number of Days	Number of Services	Average Number of Days	
Withhold and Deliver (WID)	241	22	1,463	9	-13
Paternity Complaint	57	32	61	64	+32
Admin	79	31	66	43	+12

### Did employer reporting result in an increased number in modifications?

Modifications of cases take place for a number of reasons. Common reasons include administrative orders which result from changes in the status of the obligor and court orders. Modifications have not been tracked on a regular basis and were not included in the first year evaluation report because of incomplete data. This year, a special series of reports were prepared by CSED which include the information on the review and modification of cases. Some of this information may still be incomplete for some obligors but care is now being taken to include data on modifications. This should result in a further improvement in the information for the third year evaluation. While information on modifications is included here, it should be treated with caution.

Modifications may take more than a year to process and, with the increased emphasis on the review and potential modification of all CSED cases, large differences may be expected for both the target and the comparison groups. While the overall number of modifications is small for both the target and comparison groups, the increase in the number of modifications over the past two periods has been substantial. It is notable that there are greater increases in actual modifications for the target groups than for the comparison groups.

**Table 9**  
Modification Summary - Target Group 1

	<b>Pre- Period</b>	<b>Post- Period</b>	
	N	N	% Change
<b>Review Requests</b>			
- Target	98	135	38%
- Comparison	114	154	35%
<b>Review Completed</b>			
- Target	7	37	429%
- Comparison	5	37	640%
<b>Modifications</b>			
- Target	4	40	900%
- Comparison	3	25	733%

**Table 10**  
Modification Summary -- Target Group 2

	<b>Pre- Period</b>	<b>Post- Period</b>	
	N	N	<b>% Change</b>
<b>Review Requests</b>			
- Target	23	53	130%
- Comparison	25	41	69%
<b>Review Completed</b>			
- Target	2	11	450%
- Comparison	4	9	125%
<b>Modifications</b>			
- Target	0	8	
- Comparison	3	4	33%

**What are the effects of employer reporting by age group?**

Employer reporting should impact all obligors because of the increase in the number of potential collections. A differential effect on collections by age group should be expected because of the traditional higher job turnover and seasonal employment of younger workers. However, this may have less of an effect in Alaska where all employers react to some extent to seasonal changes.

Table 11 shows that there has been a substantial increase in the percent of average obligation paid for all of the individuals participating in employer reporting as well as increases in the amount of obligations, 9%. While the average percent of obligation paid did increase from 11% to 24% for the youngest category reported, the small number in the group minimizes the impact. It is notable that a number of older obligors, those with higher obligations and collections, have percentages paid of over 100% showing that they are now paying down their arrears.

**Table 11**  
**Pre -Post Collections by Age- All Obligor Under Employer Reporting**  
**Average Collections per Obligor**

Age	N	Pre- Period			Post- Period			% Change
		Average Due per Obligor	Average Total Collected per Obligor	% Paid	Average Due per Obligor	Average Total Collected per Obligor	% Paid	
< 21	16	\$ 939	\$ 106	11%	\$2,925	\$ 697	24%	+13%
22 - 30	252	\$2,725	\$ 995	37%	\$3,536	\$1,696	48%	+11%
31 - 40	546	\$3,415	\$2,134	62%	\$3,711	\$2,689	72%	+10%
41 - 50	307	\$3,023	\$3,010	100%	\$3,196	\$3,546	111%	+11%
> 51	39	\$2,724	\$3,327	122%	\$2,593	\$3,559	137%	+15%
Unkn	13	\$2,279	\$ 513	23%	\$2,165	\$ 841	39%	+16%
<b>Total</b>	1173	\$3,095	\$2,113	68%	\$3,472	\$2,681	77%	+9%

% change  $\geq$  100 indicates arrears were collected

**What are the effects of employer reporting by area of Alaska and location of the obligation?**

Alaska is a large and diverse state with a small population spread over the area equal to approximately a third of the contiguous United States, the "Lower 48." The state is characterized by concentrations of population in urban supply centers and very small rural communities. Many of the large employers are concentrated in the urban centers even though they may have employees in rural areas.

Table 12 provides some insight into the distribution of obligors and the relative success of employer reporting for various regions. Data is organized by the zip codes of employers. The table also includes a grouping of information by interstate and responding cases.

In general, it appears that the greatest success in increasing the percentage of obligation paid has been in the urban centers where employment may be more stable. However, the somewhat tenuous nature of the relationship between employer address and actual work location, suggests caution in making an assumption about the relative success of the system by region. All regions show an actual increase in the average total collected per obligor.

**Table 12**  
**Pre-Post Collections by Region- All Obligor Under Employer Reporting**  
**Average Collections per Obligor**

Area	N	Pre- Period			Post- Period			% Change
		Average Due per Obligor	Average Total Collected per Obligor	% Paid	Average Due per Obligor	Average Total Collected per Obligor	% Paid	
Inter-state	864	\$3,349	\$2,048	61%	\$3,721	\$2,625	71%	+10%
Respdg	309	\$2,383	\$2,292	96%	\$2,778	\$2,840	102%	+6%
Anch	641	\$3,073	\$2,104	68%	\$3,452	\$2,732	79%	+11%
Fbks	215	\$3,136	\$1,837	59%	\$3,368	\$2,383	71%	+12%
Jun	40	\$2,883	\$2,064	72%	\$3,532	\$2,910	82%	+10%
SE	114	\$3,209	\$2,546	79%	\$3,647	\$3,048	84%	+5%
Oth Ak	100	\$3,432	\$2,261	66%	\$3,758	\$2,543	68%	+2%
Other	63	\$2,553	\$2,151	84%	\$3,175	\$2,546	80%	-4%
<b>Total</b>	<b>1,173</b>	<b>\$3,095</b>	<b>\$2,113</b>	<b>68%</b>	<b>\$3,472</b>	<b>\$2,681</b>	<b>77%</b>	<b>+9%</b>

**What are the effects of employer reporting on the number and amount of disbursements to AFDC and to other agencies?**

The direct effect of employer reporting is an increase in the number and amount of disbursements made to agencies. The increase in number of payments and associated collections make more funds available for the reduction in obligations.

The average increase in disbursements for the second year of employer reporting for all obligors is 26%. There was a 32% increase in the number of disbursements to AFDC and a 31% increase in the total amount disbursed. The total increase in the amount collected from obligors and disbursed to agencies was over \$637,000. AFDC received an additional \$192,000.

**Table 13**  
Pre-Post Disbursements - All Obligor Under Employer Reporting

Recipient	Pre- Period		Post- Period		% Change in Amount
	Number Disbursed	Amount Disbursed	Number Disbursed	Amount Disbursed	
Obligee /Other State	6,879	\$1,819,273	9,270	\$2,235,111	+23%
AFDC	2,679	\$ 618,209	3,530	\$ 810,214	+31%
Foster Care	58	\$ 6,186	78	\$ 16,105	+160%
Other	148	\$ 49,670	278	\$ 69,742	+40%
<b>TOTAL</b>	<b>9,764</b>	<b>\$2,493,339</b>	<b>13,126</b>	<b>\$3,131,172</b>	<b>+26%</b>

**What special findings are related to the expansion of the program include to seasonal employers?**

The seasonal employers added in the second year of the pilot test of direct employer reporting differ from the first year employers in that they have more transient work force, fewer employees, and fewer obligors.

As shown in Table 14, the largest number of obligors from the seasonal employers are still located in urban areas. When compared with the obligors from the first year target group, the obligors employed by the more seasonal employers had a larger percentage increase in the percent of obligation paid (15% vs 9%) and a higher overall increase in the amount of increased payments to AFDC and other agencies.

The most notable feature of the addition of the seasonal employers is the increase in the number of Withhold and Deliver Orders served on seasonal employees. The number of orders served increased from 4 in the prior period to 362 in the post reporting period. This has been the greatest gain made in any area by the employer reporting program. It demonstrates that the system is effective in locating a substantial number of transient, seasonal employees who would not otherwise be found and served.

Table 15 provides an additional picture of how collections have increased the amount of disbursements to agencies.

**Table 14**  
Pre-Post Collections by Region- Target Group 2  
Average Total Collections per Obligor

Area	N	Pre- Period			Post- Period			% Change
		Average Due per Obligor	Average Total Collected per Obligor	% Paid	Average Due per Obligor	Average Total Collected per Obligor	% Paid	
Inter-state	187	\$3,012	\$1,892	63%	\$3,336	\$2,404	72%	+9%
Respdg	73	\$2,475	\$1,866	75%	\$2,577	\$2,830	110%	+35%
Anch	142	\$3,113	\$2,019	65%	\$3,228	\$2,790	86%	+21%
Fbks	54	\$2,672	\$1,294	48%	\$3,041	\$1,886	62%	+14%
Jun	8	\$1,809	\$1,686	93%	\$3,445	\$2,407	70%	-23%
SE	16	\$2,432	\$1,971	81%	\$2,267	\$1,958	86%	+5%
Oth AK	22	\$2,893	\$1,760	61%	\$3,277	\$2,579	79%	+18%
Other	18	\$2,552	\$2,757	108%	\$2,964	\$2,827	95%	-13%
<b>Total</b>	<b>260</b>	<b>\$2,861</b>	<b>\$1,884</b>	<b>66%</b>	<b>\$3,122</b>	<b>\$2,524</b>	<b>81%</b>	<b>+15%</b>

**Table 15**  
Pre-Post Disbursements - Target Group 2

Recipient	Pre- Period		Post- Period		% Change in Amount
	Number Disbursed	Amount Disbursed	Number Disbursed	Amount Disbursed	
Obligee /Other State	1,319	\$367,753	1,931	\$496,895	+35%
AFDC	482	\$112,408	608	\$140,130	+25%
Foster Care	18	\$ 1,302	12	\$ 2,385	+83%
Other	23	\$ 8,580	48	\$ 11,789	+37%
<b>TOTAL</b>	<b>1,842</b>	<b>\$490,043</b>	<b>2,599</b>	<b>\$651,149</b>	<b>+33%</b>

### How cost effective is the employer reporting program?

The economic gains from implementation of the monthly direct employer reporting program most clearly stem from the increase in average collections per obligor generated by the increase in the number of payments. The gain may be estimated by considering the effects of added collections on the employer reporting groups.

A weighted average of the two comparison groups shows an average number of payments of 9.5. The average for all obligors under the employer reporting system is 11.6. This is a 2.3 payment advantage for employer reporting.

The 2.3 payment advantage results in an average increase in payments of \$530 for each obligor or an estimated \$622,000 for the program. This estimate is conservative given that the average payment made for the comparison group members is more than \$20.00 above the average for the current target groups suggesting that an extension of the program might yield an increase in payments to more than \$530 per obligor.

**Table 16**  
Program Collections/CSED Cost Summary

Collections and Costs	Numbers
(a) Estimated Collections Attributed to Program <sup>(e X h)</sup>	\$ 621,690
(b) Program Costs	\$ 201,219
(c) Net Estimated Collections Attributed to Program <sup>(a-b)</sup>	\$ 420,471
(d) Cost/Benefit Ratio	1:3.1
(e) Number of Obligor in Program	1,173
(f) Program Cost per Report Received from Employers <sup>(b/1227)</sup> <sup>1</sup>	\$ 164
(g) Estimated Collections per Report Received from Employers <sup>(a/1227)</sup>	\$ 506
(h) Estimated Collections per Obligor Attributed to Program <sup>2</sup>	\$ 530
(i) Program Cost per Obligor <sup>(b / e)</sup>	\$ 172
(j) Estimated Net Collections per Obligor (Collections Attributed to Program) <sup>(h-i)</sup>	\$ 358

<sup>1</sup>Estimated # Reports @ 1227 given data from 9 months

<sup>2</sup>Ave \$ per Pmt(230.60) X Extra # Payments Attributed to Program(2.3)

The \$621,690 in additional collections was offset by the \$201,219 cost of the program. This results in a cost benefit ratio of 1:3.1 and a net increase in collections over cost of \$420,471.

## CONCLUSIONS

The Alaska Child Support Enforcement Division of the Alaska Department of Revenue has successfully established a direct employer reporting program to aid in the identification of individuals who owe child support and to speed up the process of making collections. The second year of the federally funded pilot project has extended the program to include employers of both large numbers of known obligors, brought on during the first year, and those employing seasonal workers.

There were substantial increases in the number and amount of collections from project obligors. The goal of a 25% increase in collections was more than achieved with an actual increase of 27%. This reflects an increase in the total collected for all obligors in the employer reporting system from \$2,478,066 to \$3,145,239.

There was a substantial increase in the dollar amount of child support orders with an average obligation for employees of firms participating in the program increasing by 12% from \$3,094 to \$3,472. This did not quite meet the program goal of a 15% increase.

There was a more than 500% increase in the number of Withhold and Deliver Orders in the second year of the program with the most notable increase in successful locates being found in the newly added seasonal group where the number who were successfully located increased from 4 to 362.

There was a ten fold increase in the number of modifications from 6 to 61 which went far beyond the 12% called for in the proposal.

The cost effectiveness ratio surpassed the target of 1:3 with approximately \$3.09 collected for each dollar spent on the program. The total collection which might be attributed to the program based on an increase of 2.3 payments per obligor is \$621,690.

The employer reporting system has proved successful in meeting the program goals of implementing a direct employer reporting system which speeds up the location of obligors and increases the number of payments made for child support.

The Child Enforcement Support Division made a substantial effort to increase collections and the number of reviews and modifications for all obligors. This overall activity of CSED resulted in the employer reporting groups and the comparison groups to achieve statistically significant gains. While the employer reporting groups consistently have the highest obligations and percentage of collections, the comparison groups made notable gains and, perhaps because of the nature of the jobs and employers, have higher average payments. This suggests that the expansion of the employer reporting system to include additional employers will result in even greater gains in collections in year three of the program.

APPENDIX A  
TESTS OF SIGNIFICANCE

DIFFERENCE IN PRE-POST GROUPS  
DIFFERENCE IN PRE-POST DIFFERENCES

DIFFERENCE IN PRE-POST GROUPS	MEANS		STANDARD DEVIATIONS		SIZES		MEANS DIFFERENCE	t-Value	LEV OF SIG
	GROUP 1	GROUP 2	GROUP 1	GROUP 2	GROUP 1	GROUP 2			
<b>SEASONAL COS</b>									
PRE 1 VS C 2 AVG AMT PER PD	\$251.71	\$274.07	317.77	520.86	260	269	\$22	0.60	NSD
PRE 1 VS C 2 AVG TOTAL PD	\$2,523.88	\$2,347.50	2824.98	3213.62	260	269	(\$176)	0.67	NSD
PRE VS POST 1 AVG OBLIGATION	\$2,861.25	\$3,122.48	3005.16	2902.29	260	260	(\$261)	-1.01	NSD
PRE VS POST 1 AVG TOTAL PD	\$1,884.39	\$2,523.88	2705.01	2824.98	260	260	(\$639)	-2.64	0.001
PRE VS POST C 2 AVG OBLIGATION	\$2,964.92	\$3,530.97	3174.18	3181.02	269	269	(\$566)	-2.07	0.05
PRE VS POST C 2 AVG TOTAL PD	\$1,730.77	\$2,347.50	2713.44	3213.62	269	269	(\$617)	-2.40	0.01
PRE 1 VS C 2 AVG TOTAL PD	\$1,884.39	\$1,730.77	2705.01	2713.44	260	269	\$154	0.65	0.1 - NSD
<b>COS WITH LARGE # MATCHES</b>									
YEAR 2 VS YEAR 1 VS C 1 AVG AMT PER PD	\$224.96	\$253.62	278.72	311.95	839	859	(\$29)	-2.00	0.05
YEAR 2 VS YEAR 1 VS C 2 AVG TOTAL PD	\$2,807.89	\$2,492.13	2830.56	3054.34	839	859	\$316	2.21	0.05
YEAR 1 VS YEAR 2 VS C 1 AVG OBLIGATION	\$3,346.37	\$3,662.41	3134.03	3260.08	839	839	(\$316)	-2.02	0.05
YEAR 1 VS YEAR 2 VS C 1 AVG TOTAL PD	\$2,301.35	\$2,807.89	2997.83	2830.56	839	839	(\$507)	-3.62	0.001
YEAR 1 VS YEAR 2 VS C 1 AVG OBLIGATION	\$3,044.95	\$3,629.29	3236.88	3560.96	859	859	(\$584)	-3.55	0.001
YEAR 1 VS YEAR 2 VS C 1 AVG TOTAL PD	\$1,763.28	\$2,492.13	2641.34	3054.34	859	859	(\$729)	-5.29	0.001
YEAR 1 VS YEAR 2 VS C 1 AVG TOTAL PD	\$2,301.35	\$1,763.28	2897.83	2641.34	839	859	\$538	4.00	0.001
<b>COMPARISON OF GROUPS</b>									
PRE 1 VS POST 1 AVG TOTAL PD	\$1,884.39	\$2,301.35	2705.01	2897.83	267	835	(\$417)	-2.15	0.001
POST 1 VS PRE 1 AVG TOTAL PD	\$2,523.88	\$2,807.89	2824.98	2830.56	267	858	(\$284)	-1.43	NSD

csed diff tests

DIFFERENCE IN PRE-POST DIFFERENCES	MEANS				STANDARD DEVIATIONS	
	PRE-Target	POST- Target	PRE- C-1	POST- C-1	PRE-Target	POST- Target
Diff AVE obligation Target Group 1 vs C-1	2861.25	3122.48	2964.92	3530.97	3005.16	2902.29
Diff AVE paid Target Group 1 vs C-1	1884.39	2523.88	1730.77	2347.5	2705.01	2824.98
Diff Ave obligation Target Group 2 vs C-2	3346.37	3662.41	3044.95	3629.29	3134.03	3260.08
Diff Ave paid Target Group 2 vs C-2	2301.35	2807.89	1763.28	2492.13	2897.83	2830.56
Source for t-statistic:						
TEXT: STATISTICS FOR THE SOCIAL SCIENCES WILLIAM L. HAYS SECOND EDITION HOLT, RINEHART, AND WINSTON 1973						
Source for df - Smith Sattertwate t-test:						
TEXT: PROBABILITY AND STATISTICS FOR ENGINEERING AND SCIENCE JAY DEVORE SECOND EDITION PACIFIC GROVE CA: BROOKS GROVE PUB 1991						

csed diff tests

PRE- C-1	POST- C-1	<i>SIZES</i> Target	Comparison	DIF GROUP 1	DIF GROUP 2	DIF STD DEV 1	DIF STD DEV 2	DIF OF DIFFS
3174.18	3181.02	260	269	-261.23	-566.05	259.098095	273.992286	304.82
2713.44	3213.62	260	269	-639.49	-616.73	242.563165	256.441984	-22.76
3236.88	3560.96	839	859	-316.04	-584.34	156.123578	164.192128	268.3
2641.34	3054.34	839	859	-506.54	-728.85	139.851311	137.775736	222.31

csed diff tests

T	SIGNIF T	DF
13.1505683	0.001	132.47
-1.0489861	NS	132.61
34.5121667	0.001	451.11
32.9902468	0.001	460.36