

Child Support Provisions in TANF Reauthorization Bills

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Child Support Provisions in House and Senate Bills

- Changes to assignment and distribution laws.
- Other changes to child support laws.

Assignment: Current Law

- Families applying for TANF assistance must assign (sign over) to the state all rights to unpaid child support owed before and during the assistance period.

Assignment: Current Law

- Assignments of support owed while families receive TANF assistance are permanent.
- Assignments of support owed before families apply for TANF are temporary and conditional.
- States may not keep more support than the amount of assistance paid out.

Assignment: Current Law

- Support owed while a family receives TANF is “permanently” assigned to the state.
- Even after a family leaves TANF, the state has a claim against support permanently assigned during the assistance period.

Assignment: Current Law

- So long as a family receives TANF, the state “temporarily” owns the rights to support owed before the assistance period.
- The state can claim the pre-assistance support if collected while the family is receiving TANF.

Assignment: Current Law

- After the family leaves TANF, the state “conditionally” owns the rights to support owed before the family received TANF.
- The “condition” is met when the state collects arrears through a federal tax offset. Otherwise, the support rights revert to the former TANF family.

Assignment: House Bill

- The House-passed bill would not change current law.

Assignment: Senate Finance Bill

- Families applying for TANF must permanently assign support owed during assistance period.
- Beginning Oct. 2007, families would not assign pre-assistance support.
- States would have options to:
 - implement upon enactment.
 - cancel older pre-assistance assignments.

Distribution: Current Law

- While a family is receiving TANF, the state's claim to support is paid off before the family's claim.
- After a family leaves TANF, support owed to the family is paid off first, *except* for arrears collected through a federal tax offset.

Distribution to Families Receiving TANF: Current Law

- Support collected for a family receiving TANF is paid to the state first.
- A state has the option to keep the support or “pass through” some or all of the support to the family.
- Either way, the state must pay the federal government a share of the support.

Distribution to Families Receiving TANF: House Bill

- If a state *increases* the amount of support it passes through (and disregards for TANF benefits), the federal government would waive a limited portion of its share, effective Oct. 2005.
- The federal government would waive its share in the *increase*, up to the greater of a \$50 increase or a \$100 pass-through.

Distribution to Families Receiving TANF: Senate Finance Bill

- The federal government would waive its share to the extent that a state passes through (and disregards) the support, up to \$400 for 1 child and \$600 for 2 children, effective upon enactment.
- The federal government would waive its share under existing pass-through state policies.

Distribution to Former TANF Families: Current Law

- In general, once a family leaves TANF, support owed to the family is paid first.
- Monthly support is paid to the family.
- Arrears are paid to the family if collected by a method other than federal tax offset, but paid to the state when collected through a federal tax offset.

Distribution to Former TANF Families: House Bill

- State option to pay arrears collected through a federal tax offset to former TANF families, effective Oct. 1, 2005.
- To elect this option, states would have to convert their distribution system. Whether families or states get the support would depend upon the date collected, not the date owed.

Distribution to Former TANF Families: Senate Finance Bill

- State option to pay arrears collected through federal tax offsets to former TANF families, effective upon enactment.
- IRS offset priority for child support, whether or not assigned.
- States could claim TANF Maintenance of Effort (MOE) credit for expanded distribution.

Other Child Support Provisions in House and Senate Finance Bills

- Mandatory review and adjustment of TANF orders.
- Decreased threshold for passport denial from \$5,000 to \$2,500.
- Garnishment of veteran's disability pay.
- Federal tax offset for arrears owed to adult children.
- Federal administrative offset for Social Security benefits.

Other Child Support Provisions in House and Senate Finance Bills

- HHS report on undistributed collections.
- Use of New Hire data to administer Unemployment Insurance program.
- Funding levels set for Federal Parent Locator Service (FPLS) and federal technical assistance and training funds.

Review and Adjustment in House and Senate Finance Bills

- **Current law:** States must review and adjust support orders every 3 years upon request of either parent (or at state option if there is an assignment under Part A).
- **House bill:** States must review orders under assignment, effective Oct. 1, 2005.
- **Senate bill:** Same.

Other Child Support Provisions in House Bill Only

- Additional \$25 annual fee deducted from collections over \$500 for families who never received TANF.

Other Child Support Provisions in Senate Finance Bill Only

- Federal seizure of assets held in multi-state financial institutions.
- Federal matching of insurance data.
- Federal withholding of gambling proceeds.
- Garnishment of Longshore and Harbor Workers Compensation.

Other Child Support Provisions in Senate Finance Bill Only

- Improvements in interstate laws (UIFSA and FFCCSO).
- Availability of statewide computer system for interstate cases.
- Tribal access to FPLS data.
- Access and visitation grants to increase to \$20 million by FY 2007, including tribal set-aside.
- Amended state corrective action year.

Multi-State Financial Institution Data Matching: Senate Finance Bill

HHS, through FPLS, is authorized to:

- (1) Assist states in reaching agreements with multi-state financial institutions.
- (2) Perform data matches.
- (3) Seize assets.

Multi-State Financial Institution Data Matching: Senate Finance Bill

HHS responsibilities:

- To issue notice of lien or levy to institutions to (1) encumber assets for 30 days, and (2) transfer assets to HHS.
- To provide lien notice to individuals, including (1) due process right to contest to state agency, and (2) HHS procedures for joint assets.
- To transfer seized funds to the state.

Multi-State Financial Institution Data Matching: Senate Finance Bill

State responsibilities:

- To provide advance notice to individuals: (1) to contest within 21 days of lien; (2) to secure joint assets.
- To provide for administrative review, prompt resolution, and expedited refund.
- To ensure that due process protections are consistent with federal tax offset protections.
- To reimburse federal costs.

Insurance Data Comparisons: Senate Finance Bill

HHS, through the FPLS, is authorized to:

- (1) Compare obligor data with data maintained by insurers on claims, settlements, awards, and payments.
- (2) Furnish data matches to state.
- (3) States to reimburse costs.

Gambling Winnings: Senate Finance Bill

- HHS, through the FPLS, is authorized to intercept gambling winnings.
- Gambling establishments may not pay out winnings until reporting identity and net amount to HHS.

Gambling Winnings: Senate Finance Bill

HHS responsibilities:

- To conduct data match.
- To direct gambling establishment to withhold past-due support.
- To authorize gambling establishment to withhold 2% of winnings (taken first from excess).
- To require gambling establishment to provide written due process notice.
- To require gambling establishment to transfer support to HHS (in same manner as withheld federal tax).
- To transfer support to state.

Gambling Winnings: Senate Finance Bill

State responsibilities:

- To have procedures requiring compliance by gambling establishments subject to state laws.
- To subject gambling establishments to non-compliance sanctions and liability.
- To provide obligors with written notice that winnings may be subject to withholding.
- To provide for contests, prompt resolution, and expedited refund.
- To reimburse federal costs.
- Requirement for participating tribes.

Tribal Provisions: Senate Finance Bill

- Tribal access to the FPLS.
- Tribal set-aside of access and visitation grants: \$1.67 million by FY 2007.
- Requirement to implement gambling provisions.
- States and tribes or tribal organizations may enter into cooperative agreements, regardless of funding status under sec. 428 of the Social Security Act.

Corrective Action Year: Senate Finance Bill

- Corrective action year is “the period that begins with the date on which the Secretary makes a finding” and “ends on September 30 of the fiscal year following the fiscal year in which the Secretary makes such a finding.”
- A state will not be penalized if the state “has corrected the non-compliance in the fiscal year in which the Secretary makes the finding of the non-compliance.”
- Amendments effective to FY 2002 determinations and succeeding fiscal years.