

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is a darker shade of blue. The hourglass is centered on the page.

WikiLeaks Document Release

<http://wikileaks.org/wiki/CRS-RL33881>

February 2, 2009

Congressional Research Service

Report RL33881

*Child Support Provisions Considered But Not Enacted
During the 2002-2005 Welfare Reauthorization Debate*

Carmen Solomon-Fears, Domestic Social Policy Division

February 15, 2007

Abstract. This report provides a brief discussion of 12 child support provisions that were considered during 2002-2005 within the context of welfare reauthorization but not enacted in P.L. 109-171 or any other federal law. To the extent that some of these provisions had broad support, they may be considered again in the 110th Congress. The Administration has included several of the provisions in its FY2008 Budget.

WikiLeaks



Child Support Provisions Considered But Not Enacted During the 2002-2005 Welfare Reauthorization Debate

Carmen Solomon-Fears
Specialist in Social Policy

February 15, 2007

<http://wikileaks.org/wiki/CRS-RL33881>

Congressional Research Service

7-5700

www.crs.gov

RL33881

Summary

The Child Support Enforcement (CSE) program, Part D of Title IV of the Social Security Act, was enacted in January 1975 (P.L. 93-647) and most recently amended by the Deficit Reduction Act of 2005 (P.L. 109-171). The CSE program is administered by the Office of Child Support Enforcement (OCSE) in the Department of Health and Human Services (HHS), and is funded by general revenues. All 50 states, the District of Columbia, Guam, Puerto Rico, the Virgin Islands, and nine tribal nations operate CSE programs and are entitled to federal matching funds. In FY2005, the CSE program collected \$23 billion in child support on behalf of more than 17 million children. The CSE program is intended to help strengthen families by securing financial support for children from their noncustodial parent on a consistent and continuing basis.

Although the Deficit Reduction Act of 2005 (enacted February 8, 2006) included significant changes to the CSE program, it did not include many of the child support provisions that had been considered during the preceding four-year debate within the context of welfare reauthorization. This report discusses 12 such provisions that were passed by either the House or the Senate Finance Committee (or both). The Administration has included several of these provisions in its FY2008 budget. Of the 12 provisions, five aimed at enhancing CSE collection tools would have (1) eased the collection of child support from veterans' disability compensation benefits; (2) facilitated the collection of child support from Social Security benefits; (3) allowed the HHS Secretary to act on behalf of states to seize financial assets (held by a multi-state financial institution) of noncustodial parents who owed child support; (4) facilitated the collection of child support from longshore and harbor workers' compensation; and (5) required states to adopt a later version of the Uniform Interstate Family Support Act (UIFSA) so as to facilitate the collection of child support payments in interstate cases.

Other provisions included an array of measures aimed at making the CSE program more efficient and effective. The provisions would have (1) required the HHS Secretary to submit a report to Congress on the problems of undistributed child support collections; (2) designated Indian tribes and tribal organizations as persons authorized to have access to information in the Federal Parent Locator Service (FPLS); (3) changed the language of current law to require the Secretary of Education to reimburse the HHS Secretary for *any* costs incurred by the HHS Secretary in providing requested information on new hires (from the National Directory of New Hires, which is part of the FPLS) to help the Education Secretary locate persons who had defaulted on student loans; (4) increased federal funding for the CSE access and visitation program; (5) prohibited states from collecting child support from noncustodial fathers to repay Medicaid costs associated with the birth of a child; and (6) required each health care plan administrator to notify the state CSE agency when a child has lost health care coverage. The final provision discussed in this report would have gradually reduced the federal matching rate for CSE expenditures, from 66% to 50%. **Table A-1** shows the welfare reauthorization legislation in which these 12 child support provisions appeared. This report will not be updated.

Contents

Background	1
Child Support Provisions Considered But Not Enacted.....	2
Expansion of CSE Collection/Enforcement Tools	3
Garnishment of Compensation Paid to Veterans for Service-Connected Disabilities in Order to Enforce Child Support Obligations	3
Improving Federal Debt Collection Practices	4
Identification and Seizure of Assets Held by Multi-State Financial Institutions	5
Claims Upon Longshore and Harbor Workers' Compensation for Child Support.....	7
State Law Requirement Concerning the Uniform Interstate Family Support Act (UIFSA)	8
Other Provisions.....	9
Report on Undistributed Child Support Payments.....	9
Tribal Access to the Federal Parent Locator Service	11
Reimbursement of HHS Secretary's Costs of Sharing Information in the National Directory of New Hires with the Department of Education	12
Grants to States for Access and Visitation Programs	13
Ban on Repayment of Medicaid Birth Costs	14
Required Notice to State Child Support Enforcement Agency When a Child Loses Health Care Coverage.....	15
Reduction in Rate of Federal Reimbursement of Child Support Administrative Expenses	15

Tables

Table A-1. Selected Child Support Provisions in Selected Welfare Reauthorization Bills, 2002-2005.....	17
---	----

Appendixes

Appendix. Child Support Provisions in Welfare Measures	17
--	----

Contacts

Author Contact Information	19
----------------------------------	----

Background

The Child Support Enforcement (CSE) program, Part D of Title IV of the Social Security Act, was enacted in January 1975 (P.L. 93-647). The CSE program is administered by the Office of Child Support Enforcement (OCSE) in the Department of Health and Human Services (HHS), and is funded by general revenues. All 50 states, the District of Columbia, Guam, Puerto Rico, the Virgin Islands, and nine tribal nations operate CSE programs and are entitled to federal matching funds.

When the CSE program was first enacted in 1975, one of its primary goals was to recover the costs (of federal and state governments) of providing cash welfare to families with children. Over the years, the CSE program has evolved into a multifaceted program. While cost-recovery still remains an important function of the program, other aspects of the program include service delivery and promotion of self-sufficiency and parental responsibility. In FY2005, the CSE program collected \$23 billion in child support on behalf of more than 17 million children, of which \$21 billion went to families and \$2 billion was retained by the states and federal government as recovered welfare costs. The CSE program is intended to help strengthen families by securing financial support for children from their noncustodial parent on a consistent and continuing basis and by helping some families to remain self-sufficient and off public assistance by providing the requisite CSE services. In FY2004, more than 331,000 families were able to end their enrollment in the Temporary Assistance for Needy Families (TANF) program due to receipt of child support payments according to the federal Office of Child Support Enforcement (OCSE).

Although the CSE program generally garners bipartisan support, for most of its history changes to the program have been achieved in tandem with more controversial changes to other social programs. This was illustrated in the 1996 welfare reform law. P.L. 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, was a major piece of social legislation, most known for ending the cash welfare entitlement for needy families with children, creating the Temporary Assistance for Needy Families (TANF) block grant, setting a five-year time limit on aid, and requiring more work from welfare recipients. In addition to making changes to a number of other social programs, the 1996 welfare reform law included over 40 provisions that made significant changes to the CSE program.

The original funding authority for TANF and mandatory child care provided in the 1996 welfare law expired at the end of FY2002 (September 30, 2002).¹ President Bush submitted his welfare reauthorization proposals to Congress in February 2002. Many policymakers and child support advocates maintained at the start of the welfare reauthorization debates that child support should be included in the discussions in light of the key role that child support plays in promoting self-sufficiency. Though Congress debated welfare legislation throughout the four years 2002 through 2005, it did not pass comprehensive welfare reauthorization legislation (the major areas of contention were work requirements and child care funding, not the proposed CSE changes²).

¹ Although the 1996 welfare law (P.L. 104-193) included many CSE provisions, unlike the TANF provisions, they were not time-limited. The CSE program is permanently authorized.

² The House and Senate versions of the CSE provisions included in P.L. 109-171, the Deficit Reduction Act of 2005 (S. 1932), were similar if not identical in most cases. The notable exception was the CSE provision related to a state's option to "pass through" to TANF families some of the child support collected on the family's behalf (with the federal government sharing in some of the costs). Although the intent of providing TANF families with more of the child support collected for them was the same in both the House and Senate versions of S. 1932, the approaches used to (continued...)

However, a scaled-back version of welfare reauthorization legislation was ultimately included in broader budget spending reconciliation legislation, the Deficit Reduction Act of 2005 (P.L. 109-171).³

P.L. 109-171 was signed into law on February 8, 2006. The act, among other things, extended funding for the basic TANF block grant through FY2010, increased the percentage of TANF families that are required to participate in work or work activities, increased funding for child care, established healthy marriage promotion grants and responsible fatherhood initiatives, and revised the CSE program.⁴

Although P.L. 109-171 included significant changes to the CSE program,⁵ it did not include many of the child support provisions discussed and considered within the four-year welfare reauthorization debate. This report provides a brief discussion of 12 child support provisions that were considered during 2002-2005 within the context of welfare reauthorization but not enacted in P.L. 109-171 or any other federal law.⁶ To the extent that some of these provisions had broad support, they may be considered again in the 110th Congress. The Administration has included several of the provisions in its FY2008 Budget.

Child Support Provisions Considered But Not Enacted

The child support provisions discussed below were all either passed by the House or by the Senate Finance Committee (or both), and many also were supported by the Administration. Although few of the provisions elicited controversy, they were not included in P.L. 109-171 or any other federal law.⁷ Because the welfare and child support provisions were included in budget reconciliation legislation, there was concern that some provisions would be struck during the Senate's consideration of the bill due to the Byrd rule.⁸ This report describes these child support

(...continued)

attain that objective varied significantly. P.L. 109-171 includes a compromise of the two approaches.

³ See CRS Report RL33418, *Welfare Reauthorization in the 109th Congress: An Overview*, by Gene Falk, Melinda Gish, and Carmen Solomon-Fears.

⁴ *Ibid.*, p. 1.

⁵ For information on the child support provisions included in P.L. 109-171, see CRS Report RS22377, *Child Support Provisions in the Deficit Reduction Act of 2005 (P.L. 109-171)*, by Carmen Solomon-Fears.

⁶ Several national CSE organizations and some children's advocacy groups have expressed concern and criticism over the provisions in P.L. 109-171 regarding the financing of the CSE program. These groups are calling for (1) restoration of the authority to federally match CSE incentive payments that states reinvest back into the CSE program, (2) restoration of the 90% federal match for genetic testing associated with paternity determination, and (3) repeal of the \$25 annual CSE user fee for certain custodial parents. Such proposals or provisions are not discussed in this report because they were not part of the 2002-2005 welfare reauthorization debate nor have such proposals been introduced in the 110th Congress.

⁷ In some cases, the child support provisions in the House and Senate bills were identical. In other cases they were similar. This report does not discuss any differences in bill language.

⁸ Under the Byrd rule, the Senate is prohibited from considering extraneous matter as part of a reconciliation bill or conference report on a reconciliation bill. "Extraneous matter" generally means that the provision does not produce a change in outlays or revenues or is outside the jurisdiction of the committee that submitted the provision for inclusion in the reconciliation measure; however, the term remains subject to interpretation by the presiding officer (who relies on the Senate Parliamentarian). The Byrd rule is enforced when a Senator raises a point of order during consideration (continued...)

provisions and includes a table that highlights the major welfare reauthorization measures in which these 12 provisions were included during the 2002-2005 period. (See **Table A-1.**) The 12 provisions below are not arranged with respect to importance or any other measure. However, they are classified into two categories: (1) expansion of CSE collection/enforcement tools and (2) other provisions.

Expansion of CSE Collection/Enforcement Tools

The CSE agency is second only to the Internal Revenue Service (IRS) in terms of its collection/enforcement apparatus. Child support collection methods used by CSE agencies include income withholding, interception of federal and state income tax refunds, interception of unemployment compensation, liens against property, security bonds, reporting child support obligations to credit bureaus, regular billings, delinquency notices, garnishment of wages, revocation of various types of licenses (drivers', business, occupational, recreational), denial of passport, attachment of lottery winnings and insurance settlements, and seizure of assets held by public or private retirement funds and financial institutions. Income withholding continues to be the most effective method of collecting child support. In FY2005, income withholding accounted for 69% of total child support collections. All jurisdictions also have civil or criminal contempt-of-court procedures and criminal nonsupport laws.

Even with its array of collection procedures, the CSE program has consistently collected only a small fraction of the child support obligations for which it has responsibility—18% in FY2005. Although this percentage is higher if past-due child support payments (i.e., arrearages, which generally are hard to collect) are not considered in the equation, it is still relatively low at 60%—that is, in FY2005, the CSE program collected only 60% of *current* child support payments/obligations.⁹

The provisions discussed below seek to expand and/or enhance the ability of states to collect child support payments by revising some CSE enforcement tools and adding others.

Garnishment of Compensation Paid to Veterans for Service-Connected Disabilities in Order to Enforce Child Support Obligations

The disability compensation benefits of veterans are treated differently than most forms of government payment for purposes of paying child support. Whereas most government payments are subject to being automatically withheld to pay child support, veterans' disability compensation is not subject to intercept.¹⁰ Thus, in general, veterans' disability compensation

(...continued)

of a reconciliation bill or conference report. If the point of order is sustained, the provision or amendment in question is stricken unless its proponent can muster a 3/5 (60) Senate majority vote to waive the rule. For more details, see CRS Report RL30862, *The Budget Reconciliation Process: The Senate's "Byrd Rule"*, by Robert Keith.

⁹ U.S. Department of Health and Human Services. Office of Child Support Enforcement. *Child Support Enforcement, FY2005 Preliminary Report*. May 2006.

http://www.acf.dhhs.gov/programs/cse/pubs/2006/reports/preliminary_report/

¹⁰ Pursuant to Section 459(h) of the Social Security Act certain federal benefits or payments which are based on "remuneration" from employment are subject to income withholding, garnishment or other legal proceedings for payment of child support or alimony. Moneys considered to be based on remuneration from employment include wages, salary, commission, bonus, pay, allowances (including sick pay and incentive pay); Social Security benefits, (continued...)

benefits are exempt from being considered moneys paid or payable to an individual (based on remuneration from pay) for purposes of paying child support or alimony. Prior to 2004, there was one exception to this rule. The exception occurred when a disabled veteran elected to forego some of his or her retirement pay in order to collect additional disability payments.¹¹ In other words, if a disabled veteran accepted disability compensation instead of retirement pay, he or she was subject to having his or her disability benefits offset to meet child support obligations.

P.L. 108-136, enacted November 24, 2003, enables veterans to receive *both* military retired pay and veterans' disability compensation.¹² P.L. 108-136 eliminated the need to forego retirement pay for disability compensation payments.

Given that veterans' disability compensation is not subject to intercept, several House and Senate bills included a provision that would have allowed veterans' disability compensation benefits to be intercepted (withheld) and paid on a routine basis to the custodial parent. The proposed provision would have made all veterans' income subject to income withholding for child support obligations.

Supporters of the provision maintain that the provision would provide more child support collections to families of disabled veterans and make the treatment of veterans' disability payments more consistent with other forms of government payment with regard to obtaining child support obligations. Opponents of the provision contend that Congress should stand by its long history of protecting the payments made to disabled veterans from garnishment or other legal claims. They argue that the federal government should put protections in place so that veterans' disability compensation payments will not be diverted from the children to others (e.g., former spouses) who need them less than the disabled veteran.¹³

Improving Federal Debt Collection Practices

Federal law (the Debt Collection Improvement Act of 1996—P.L. 104-134) stipulates that the Treasury Department has the authority to compare the names and taxpayer identifying numbers of debtors with the names and taxpayer identifying numbers of recipients of federal payments. The Department of the Treasury (or other designated federal disbursing agency) has the authority to

(...continued)

including disability payments; funds provided by the federal government for the payment of pensions, retirement or retired pay, or annuities; death benefits; Black Lung benefits; Workers' Compensation benefits; and Railroad Retirement benefits.

¹¹ The advantage to veterans of replacing retirement pay with disability pay is that the disability pay is not subject to taxation.

¹² Pursuant to P.L. 108-136, as of January 1, 2004, qualified disabled military retirees now get paid both their full military retirement pay and their veterans' disability compensation. P.L. 108-136 phases out (over nine years) the veterans' disability offset, which means that military retirees with 20 or more years of service and a 50% (or higher) veterans' rated disability will no longer have their military retirement pay reduced by the amount of their veterans' disability compensation. However, pursuant to P.L. 109-163 (the National Defense Authorization Act of Fiscal Year 2006), disabled veterans (deemed to be 100% "unemployable") would be eligible for full concurrent receipt of their disability compensation and their military retirement pay beginning October 1, 2009, four years earlier than the previous law's provision. (For additional information on concurrent receipt of military retirement pay and veterans' disability benefits, see CRS Report RL33449, *Military Retirement, Concurrent Receipt, and Related Major Legislative Issues*, by Charles A. Henning.)

¹³ U.S. House of Representatives. Committee on Veterans' Affairs. Meeting to discuss *Garnishment of Benefits Paid to Veterans for Child Support and Other Court-Ordered Obligations*. August 5, 1998.

offset Social Security benefits, certain Black Lung Board benefits, and certain Railroad Retirement benefits to collect delinquent nontax debt owed to the United States (if the debt is more than 180 days past-due), subject to an annual \$9,000 (\$750 per month) exemption.¹⁴ The law only applies to federal debts such as student loans, housing loans, and small business loans. It does not apply to a debt owed to a state. Thus, the law prohibits the offset of federal benefit payments to collect delinquent state-enforced child support obligations because child support debt is owed to states rather than the federal government. Child support arrearage payments, which are enforced by states, cannot be offset from Social Security benefits/payments.

Generally, Social Security benefits are not subject to garnishment, attachment, or other legal process, pursuant to Section 207(a) of the Social Security Act. However, Social Security benefits are attachable for child support purposes, because Section 207 of the act is expressly overridden by Section 459(a) of the act, which provides that payments from the federal government, the entitlement to which is based upon remuneration for employment, are subject to income withholding, garnishment, or other legal process brought by a state CSE agency or custodial parent for purposes of enforcing child support obligations.

Over the last several Congresses, both the House and the Senate have considered a provision to expand the federal administrative offset program by allowing states to collect past-due child support via the Department of Treasury's withholding of Social Security benefit payments. This provision also was proposed in the Administration's FY2003 and subsequent budgets. The Congressional Budget Office (CBO) has estimated that these offsets could yield about \$65 million annually by 2010, but it notes that some (perhaps half) of this child support money would have been collected anyway through the federal income tax refund offset program.¹⁵

The proposed federal debt collection improvement provision would add another enforcement method for states to collect past-due child support obligations. It would increase child support payments to custodial families of children who have a noncustodial parent who is the recipient of Social Security benefits, while maintaining a specified amount of income for those Social Security beneficiaries.¹⁶

Identification and Seizure of Assets Held by Multi-State Financial Institutions

P.L. 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (often referred to as the 1996 welfare reform law) required states to enter into agreements with

¹⁴ Given that Social Security benefit payments are intended to provide the elderly, blind, and disabled, and retirees with a minimal source of income, these payments have generally been considered off limits from the reach of creditors. Acknowledging this, Congress provided protections for consumers facing offsets. In addition to the due process requirements, Congress exempted the first \$9,000 of annual benefits and later, by regulation, specifically exempted Supplemental Security Income (SSI) benefits.

¹⁵ The federal income tax refund offset program intercepts income only once a year and generally is first applied to any state debt whereas the administrative offset procedure is a continuous process and administrative offset funds are first applied to any debt owed the custodial family.

¹⁶ Although Social Security benefits can be attached via income withholding or garnished via court proceedings, the proposal to expand federal debt collection practices would add another venue through which states could collect past-due child support obligations. An offset is defined as an amount of money intercepted from a parent's state or federal income tax refund, or from an administrative payment such as federal retirement benefits, in order to satisfy a child support debt. An offset is performed administratively whereas garnishment (which is a *legal proceeding* under which part of a person's wages and/or assets is withheld for payment of a debt) must be obtained through a court proceeding.

financial institutions conducting business within their state for the purpose of conducting a quarterly data match. The data match is intended to identify financial accounts (in banks, credit unions, money-market mutual funds, etc.) belonging to parents who are delinquent in the payment of their child support obligation. Under current law, HHS matches lists of noncustodial parents who owe child support arrearages against data from financial institutions to identify assets that might be seized to pay past-due child support. HHS forwards any matches to states so that states can pursue the collection. When a match is identified, state CSE agencies may issue liens or levies on the accounts to collect the past-due child support from the noncustodial parent. During 2004, the Financial Institution Data Match program found over 1.9 million financial accounts belonging to about 1.1 million noncustodial parents nationwide; child support collections totaling \$98 million were seized by the states and distributed to custodial parents.¹⁷

State CSE officials maintain that the seizure of assets through the Financial Institution Data Match program has been a successful addition to the array of CSE tools. But, they also state that the financial match program works best when the custodial parent has an account at a bank or banks within the state. This is because in some cases, multi-state financial institutions will not honor a seizure by a state unless the institution has branch offices in the state. Also, some states have policies of pursuing matching only when a large financial asset is identified or only when the arrearage is longstanding or no current payments are being made. Moreover, in some cases, state law prohibits the placement of liens or levies on accounts outside of the state.

In 1998, Congress made it easier for multi-state financial institutions to match records by permitting the Federal Parent Locator Service (FPLS) to help them coordinate their information. Pursuant to P.L. 105-200, the FPLS uses its national file of delinquent noncustodial parents (i.e., noncustodial parents who owe past-due child support payments) for the data match with multi-state financial institutions and transfers matched data to state CSE agencies. Under P.L. 105-200, the state CSE agency and not the FPLS has the authority to seize assets to obtain child support payments.

Given that interstate cases make up about one-third of the CSE caseload but represent only about 6% of total child support collections,¹⁸ and that effective use of the Financial Institution Data Match program in cases dealing with multi-state financial institutions reportedly has been elusive for many states, several Senate bills (but not House bills) included a provision that would have allowed for federal seizure of accounts in multi-state financial institutions for child support purposes. This proposal was also included in several Administration budgets beginning with FY2004.

The proposed provision would have authorized the HHS Secretary, via the FPLS, to assist states to perform data matches comparing information from states and participating multi-state financial institutions with respect to persons owing past-due child support. The proposed provision would have authorized the Secretary via the FPLS to seize assets, held by such financial institutions, of noncustodial parents who owe child support arrearage payments, by issuing a notice of a lien or levy and requiring the financial institution to freeze and seize assets in accounts in multi-state financial institutions to satisfy child support obligations. It would have required the Secretary to

¹⁷ U.S. Department of Health and Human Services. Administration for Children and Families. Payments to States for Child Support Enforcement and Family Support Programs. FY2007 Justification of Estimates for Appropriation Committees. p. F-13.

¹⁸ *Child Support Enforcement, FY2005 Preliminary Report*. May 2006.

transmit any assets seized under the procedure to the state for accounting and distribution. The provision would have stipulated that the Secretary must inform affected account holders/ asset holders of their due process rights.

The proposed provision would have given the federal government the authority to act on behalf of states to seize financial assets for the purpose of paying child support. This proposed authority would have resolved problems of jurisdiction in cases where a state is pursuing an asset in a different state. Supporters of this provision contend that it would make the existing financial institution match program more effective.

This provision had many opponents. Opponents of the provision contend that federalizing the multi-state financial institution levy process is not the appropriate answer. Instead they say that federal law should be clarified/strengthened by stipulating that a state must have laws requiring all financial institutions doing business in the state to honor levies issued by any CSE agency, regardless of whether it is an in-state or out-of-state financial institution. They argue that a federalized levy program would preempt state law governing property rights. They say that although the levy process should be made more uniform and easier to follow for financial institutions, states should continue to have exclusive control of the levy process. Opponents of the provision also claim that customer service issues would arise from wrongly attached accounts, confusion regarding appeals, and lack of conformity regarding the priority of accounts for freezing and minimum/maximum amounts that are subject to seizure.¹⁹

Claims Upon Longshore and Harbor Workers' Compensation for Child Support

The Longshore and Harbor Workers' Compensation Act, administered by the U.S. Department of Labor, provides medical benefits, compensation for lost wages, and rehabilitation services to longshoremen, harbor workers and other maritime workers who are injured during the course of employment or suffer from diseases caused or worsened by conditions of employment. These benefits are paid directly by an authorized self-insured employer; or through an authorized insurance carrier; or, in particular circumstances, by a Special Fund administered directly by the Division of Longshore Compensation. Benefits paid by the federal Special Fund are subject to attachment or garnishment for payment of child support obligations. However, benefits paid by employers or private insurers of longshore, harbor, or other maritime workers are not subject to attachment or garnishment.²⁰

Several Senate bills (but not House bills) included a provision that would have amended the Longshore and Harbor Workers' Compensation Act to ensure that longshore or harbor workers benefits that are provided by both the federal government or by private insurers are subject to garnishment for purposes of paying child support obligations. This provision also was proposed in several Administration budgets, beginning with the FY2004 budget. Although some opponents of the provision contend that longshore and harbor workers' compensation should not be subject to further garnishment, supporters of the provision argue that longshore and harbor workers compensation laws are out of sync with federal policy which generally is to make benefits based

¹⁹ National Child Support Enforcement Association. *Resolution Opposing Federalization of the Multi-State Financial Institution Data Match Program*, adopted February 12, 2005.

²⁰ U.S. Department of Labor. Employment Standards Administration. Division of Longshore and Harbor Workers' Compensation. Chapter 6-203—Payment Procedures <http://www.dol.gov/esa/owcp/dlhwc/lspm/lspm6-203.htm>.

on remuneration from employment (which includes worker's compensation benefits paid or payable under federal or state law) available for the payment of child support.

State Law Requirement Concerning the Uniform Interstate Family Support Act (UIFSA)

Several Senate bills (but not House bills) included a provision that would have required that, to receive CSE funding, each state's Uniform Interstate Family Support Act (UIFSA) include any amendments officially adopted as of August 2001 by the National Conference of Commissioners on Uniform State Laws (NCCUSL).

Some of the 2001 changes adopted by the NCCUSL included increased emphasis on the need to determine the controlling order in the case of multiple child support orders, modification of current rules regarding the enforcement of modified orders, more direction regarding international child support cases, clarification regarding duration of child support, and procedures regarding use of telephone hearings. With respect to controlling orders, the 2001 changes clarify current law by stipulating that a court of a state that has established a child support order has continuing, exclusive jurisdiction to modify its order if the order is the controlling order and the state is the child's state or the residence of any individual contestant; or if the state is not the residence of the child or an individual contestant, the court has the contestant's consent in a record or in open court that the court may continue to exercise jurisdiction to modify its order.

The main reason that Congress (as part of the 1996 welfare reform law) required states, as a condition of receiving CSE funding, to adopt the Uniform Interstate Family Support Act (UIFSA) was to reduce the problems associated with the establishment and enforcement of child support in interstate cases. One of the major barriers to interstate collection of child support prior to UIFSA was the "multiple-order" world under the Uniform Reciprocal Enforcement of Support Act (URESA). URESA expressly provided that a URESA order did not nullify, and was not nullified by, any other child support order.²¹

By the early 1990s, it was universally recognized that uniform processing of interstate cases would increase the efficiency and effectiveness of the CSE program. Thus a major purpose of UIFSA was to establish a "one-order" world, meaning that a court or child support agency would have continuing, exclusive jurisdiction if it has issued a child support order and is the residence of the custodial parent, noncustodial parent, or child.

The 1996 welfare reform law (P.L. 104-193) required that, to receive CSE funding, on and after January 1, 1998, each state must have in effect the Uniform Interstate Family Support Act (UIFSA), as approved by the American Bar Association on February 9, 1993, and as in effect on August 22, 1996, including any amendments officially adopted as of such date by the National Conference of Commissioners on Uniform State Laws.

UIFSA requires states to treat past-due child support obligations as final judgments that are entitled to full faith and credit in every state. This means that a person who has a child support

²¹ The Uniform Reciprocal Enforcement of Support Act (URESA) was established in 1950 by the National Conference of Commissioners on Uniform State Laws. For states that adopted it, it was the primary way to enforce another state's child support orders. Before 1950, a U.S. parent who wanted to obtain child support against the other parent who lived in another state had to travel to the noncustodial parent's state to take legal action.

order in one state does not have to obtain a second order in another state to obtain child support should the noncustodial parent move from the issuing court's jurisdiction. The 1996 welfare reform law (P.L. 104-193) clarified the definition of a child's home state, made several revisions to ensure that the full faith and credit laws can be applied consistently with UIFSA, and clarified the rules regarding which child support orders states must honor when there is more than one order.

Given that about 33% of all CSE cases involve more than one state, it is generally considered important that states have the same basic laws for handling interstate cases. After all of the states had adopted UIFSA as required by the 1996 welfare reform law, the National Conference of Commissioners on Uniform State Laws adopted amendments in 2001 (at the request of the CSE officials and workers) to improve the processing of interstate child support cases. Supporters of the provision that would require states to incorporate these amendments maintain that it would make the CSE program more effective by requiring all states to adopt the more current version of UIFSA. They contend that the provision would ensure that all interstate cases are handled under a similar statutory framework, thus moving closer to the "one-order" world in which a child would not be seriously disadvantaged in obtaining child support just because his or her parents do not live in the same state.

Other Provisions

In the last section, the five provisions discussed sought to expand and/or enhance the ability of states to collect child support payments by revising some CSE enforcement tools and adding others. The rest of this report discusses an array of unrelated provisions that proponents argued would make the CSE program more efficient and effective. The provisions would have (1) required the HHS Secretary to submit a report to Congress on the procedures states use to locate custodial parents for whom child support has been collected but not yet distributed; (2) designated Indian tribes and tribal organizations as persons authorized to have access to information in the Federal Parent Locator Service; (3) changed the language of current law to require the Secretary of Education to reimburse the HHS Secretary for *any* costs incurred by the HHS Secretary in providing requested information on new hires (from the National Directory of New Hires which is part of the FPLS) to help the Education Secretary locate persons who had defaulted on student loans; (4) increased federal funding for the CSE access and visitation program; (5) prohibited states from collecting child support from noncustodial fathers to repay Medicaid costs associated with the birth of a child; and (6) required the health care plan administrator to notify the state CSE agency when a child lost health care coverage.

The seventh provision discussed in this section would have reduced the federal matching rate for CSE expenditures from 66% to 62% in FY2007, 58% in FY2008, 54% in FY2009, and 50% in FY2010 and each fiscal year thereafter.

Report on Undistributed Child Support Payments

In recognition that custodial parents rely heavily on child support to meet their children's basic needs, both House and Senate bills over the last several Congresses have included a provision that would have required the Secretary of HHS to submit to the House Ways and Means Committee and the Senate Finance Committee a report on the procedures states use to locate custodial parents for whom child support has been collected but not yet distributed. According to the proposal, the report must include an estimate of the total amount of undistributed child support

and the average length of time it takes undistributed child support to be distributed. Also, to the extent the Secretary deems appropriate, the report must include recommendations as to whether additional procedures should be established at the state or federal level to expedite the payment of undistributed child support.

Although data are available from FY1999-FY2005 on undistributed child support collections, the Government Accountability Office (GAO) has stated that during much of that period the amounts may not have been accurate because state CSE agencies had different interpretations of what constituted undistributed collections.²² In 2002, a former Commissioner of the Office of Child Support Enforcement, Sherri Heller, said that the problem of undistributed collections has always existed. However, the Commissioner stated, “automation is helping us to quantify the problem that has always been there. I don’t think that automation or state disbursement units created the problem of undistributed collections. I think it’s shone a spotlight on it.”²³

Undistributed child support collections increased from \$545 million in FY1999 to a record \$738 million in 2001, and dropped to \$479 million in 2004. In FY2005, nearly \$497 million in child support was collected but was not distributed to custodial parents; 60% of that amount was in the process of being distributed²⁴ and 40% (\$201 million) was considered unresolved,²⁵ and thereby had a lower probability of being distributed to custodial parents. In FY2005, undistributed child support collections as a percentage of total distributed collections ranged from a low of 0.6% in Montana to a high of 6.8% in Hawaii; the percentage for the nation as a whole was 2.2%. (The text box shows the yearly, not cumulative, amount of child support payments collected from noncustodial parents by state CSE agencies but not distributed to custodial parents.)

Undistributed Child Support Collections, 1999-2005 (in millions of \$)	
	Net Yearly Amount
1999	545.4
2000	647.0
2001	738.2
2002	656.9
2003	532.2
2004	479.3
2005	496.5

Source: Prepared by the Congressional Research Service using data from the Office of Child Support Enforcement, Department of HHS.

Note: The accuracy of the data is in dispute because in earlier years state definitions of “undistributed collections” differed.

Some of the reasons given for the delay of distribution or nondistribution of child support collections include incomplete information accompanying the payment, payment exceeds the amount owed, incorrect address, insufficient information to link the payment to the proper case, collections held by the State Disbursement Unit pursuant to a court order, and the federal law that allows child support collections from joint tax refunds to be held for up to 180 days.

²² U.S. Government Accountability Office. *Child Support Enforcement: Better Data and More Information on Undistributed Collections Are Needed*, GAO-04-377. April 15, 2004.

²³ U.S. Department of Health and Human Services. Office of Child Support Enforcement. *Child Support Report, Vol. XXIV, No. 10*, September 2002.

²⁴ The amount of child support collections in the process of being distributed (or pending amount) is defined as undistributed collections that have been identified and allocated to a particular account and which the state reasonably expects to distribute and disburse through normal processing at a date certain or a date determined by law. The pending amount includes collections from federal income tax refund offsets that by law may be held for up to six months.

²⁵ Unresolved amounts are defined as undistributed collections that either have not been fully identified or allocated and do not have a definite disbursement date due to insufficient information.

The issue of undistributed collections has generated considerable interest among parents, advocacy groups, and Congress. States contend that they have focused on the problem and have made some progress in reducing the amount of undistributed child support collections, but also indicate that there are in some cases good reasons for not distributing some payments. For example, they cite legal issues, such as the pending determination of custody, that may need to be resolved before payments are released; states could lose anywhere from thousands to millions of dollars a year if they prematurely distributed the IRS income tax refund intercept collections from joint tax returns. Parents and advocacy groups maintain that unresolved undistributed child support collections ultimately go into state and federal treasuries.

According to the National Council of Child Support Directors:

States support the establishment of a national goal for a reduction in UDC [undistributed collections]. The setting of such a goal can be accomplished once the data from the reporting categories of UDC on the OCSE 34A form and the draft schedule is available. Until such data is available it would be difficult to set a realistic national goal for UDC as we will not have a clear understanding as to the level of UDC for individual states or the nation as a whole. Once such data is available, it will provide the opportunity to establish a benchmark for improvement.

Until all states know where they are through consistent, nationally standardized reporting of UDC, rather than setting a concrete standard, NCCSD supports a goal of continuous improvement by each state, no matter where they are along the path toward reducing UDC. A national goal of continuous improvement by each state will require a way to track a state's performance over time.²⁶

Tribal Access to the Federal Parent Locator Service

States were historically required to provide CSE services to Indian tribes and tribal organizations as part of the CSE caseloads. The 1996 welfare reform law (P.L. 104-193) allowed direct federal funding of tribal CSE programs at a 90% federal matching rate.²⁷ Currently, nine Indian tribes or tribal organizations operate CSE programs. They are the Chickasaw Nation, Navajo Nation, Puyallup Tribe, Sisseton-Wahpeton Sioux Tribe, Lac du Flambeau Tribe, Menominee Tribe, Port Gamble S'Klallam, Lummi Nation, and the Forest County Potawatomi. In FY2005, tribes collected \$10.9 million on behalf of 25,000 families.²⁸

Although locating the noncustodial parent and his or her assets is a major component in a successful CSE program, tribes and tribal organizations are legally precluded from direct access to the Federal Parent Locator Service (FPLS); however, they can receive FPLS data from a state if an Intergovernmental Agreement exists between the tribe and the state.

The Federal Parent Locator Service (FPLS) is a national location system operated by the federal Office of Child Support Enforcement to assist states in locating noncustodial parents, putative

²⁶ National Council of Child Support Directors. *Position Paper on Undistributed Child Support Collections*. December 19, 2003.

²⁷ The 90% federal matching rate only applies for the first three years. After the third year, tribes receive 80% direct-federal funding of their program needs. Tribes that are unable to meet the non-federal match may request a waiver.

²⁸ *Child Support Enforcement, FY2005 Preliminary Report*, May 2006 http://www.acf.dhhs.gov/programs/cse/pubs/2006/reports/preliminary_report/.

fathers, and custodial parties for the establishment of paternity and child support obligations, as well as the enforcement and modification of orders for child support, custody and visitation. It also identifies support orders or support cases involving the same parties in different states. The FPLS consists of the Federal Case Registry, Federal Offset Program, Multi-state Financial Institution Data Match, National Directory of New Hires, and the Passport Denial Program. Additionally, the FPLS has access to external sources such as the Internal Revenue Service (IRS), the Social Security Administration (SSA), Department of Veterans Affairs (VA), the Department of Defense (DOD), and the Federal Bureau of Investigation (FBI). The FPLS is only allowed to transmit information in its databases to “authorized persons,” which include (1) child support enforcement agencies (and their attorneys and agents); (2) courts, (3) the resident parent, legal guardian, attorney, or agent of a child owed child support; and (4) foster care and adoption agencies.

Both House and Senate bills have included a provision that would have designated Indian tribes and tribal organizations as persons authorized to have access to information in the Federal Parent Locator Service. This provision also was proposed in several Administration budgets beginning with the FY2004 budget. Supporters of the provision maintain that the provision would give tribal CSE programs access to the FPLS, to which state CSE agencies currently have access, so that they can use it to locate noncustodial parents to establish paternity and collect child support payments (especially those made on behalf of tribal families). Supporters mention that the FPLS is an integral part of the general success of the CSE program and argue that allowing tribes and tribal organizations direct access to it will increase the effectiveness of the tribal CSE programs. Direct access to the FPLS is considered especially beneficial for jurisdictions or entities that do not have a computerized system. Direct access to the FPLS would help tribal CSE programs to quickly locate the assets of noncustodial parents.

Reimbursement of HHS Secretary’s Costs of Sharing Information in the National Directory of New Hires²⁹ with the Department of Education

Federal law (P.L. 106-113) authorized the Department of Education to have access to the National Directory of New Hires. The provisions were designed to improve the ability of the Department of Education to collect on defaulted loans and grant overpayments made to individuals under the Higher Education Act of 1965. The Federal Office of Child Support Enforcement (OCSE) and the Department of Education negotiated and implemented a Computer Matching Agreement in December 2000. Under the agreement, the Secretary of Education is required to reimburse the HHS Secretary for the *additional* costs incurred by the HHS Secretary in furnishing requested information. Although several other agencies have access to the National Directory of New Hires, they are required to reimburse the HHS Secretary for *any* cost incurred by the HHS Secretary in providing requested information on new hires, not just the *additional* costs.

²⁹ The National Directory of New Hires (NDNH) is a database that includes information on (1) all newly hired employees, compiled from state reports (and reports from federal employers), (2) the wage reports of existing employees, and (3) unemployment compensation claims. The wage and unemployment compensation information is furnished by the State Directories of New Hires on a quarterly basis. The NDNH collects information that includes the name, address and Social Security number of the employee and the employer’s name, address, and tax identification number. The NDNH is a component of the Federal Parent Locator Service (FPLS), which is maintained by the federal Office of Child Support Enforcement (OCSE) and is housed at the Social Security Administration’s National Computer Center in Baltimore, Maryland.

Pursuant to the 1996 welfare reform law, the HHS Secretary is required to share information from the National Directory of New Hires with state CSE agencies, state agencies administering the TANF program, the Commissioner of Social Security, the Secretary of the Treasury (for Earned Income Tax Credit purposes and to verify income tax return information), and researchers under certain circumstances. Subsequently, the following agencies have been granted access to the National Directory of New Hires: (1) The Department of Education (to collect on defaulted student loans and grant overpayments); (2) the Department of Housing and Urban Development (to verify the employment and income of persons receiving federal housing assistance); (3) State Workforce Agencies responsible for administering state or federal Unemployment Compensation programs (to determine whether persons receiving unemployment compensation are working); and (4) the Department of the Treasury (to collect non-tax debt (e.g., small business loans, VA loans, agricultural loans, etc.) owed to the federal government).

Federal law stipulates that a state or federal agency that receives information from the HHS Secretary from the National Directory of New Hires must reimburse the Secretary for *costs* incurred by the Secretary in providing the information (i.e., meaning “all” or “any” costs incurred in providing the specified information). Unlike the provisions related to other agencies, the section of the law pertaining to reimbursement of HHS costs by the Department of Education specifies that the Department of Education only needs to reimburse the HHS Secretary for “additional” costs incurred. Both House and Senate bills have included a provision that would have amended the reimbursement of costs provision by eliminating the word *additional*, thereby requiring the Secretary of Education to reimburse the HHS Secretary for any costs incurred by the HHS Secretary in providing requested information on new hires.

Grants to States for Access and Visitation Programs

Many noncustodial parents argue that it is unfair to look at the child support issue only from the viewpoint of the custodial parent. Traditionally, courts have sided with mothers in awarding custody, and, in this view, have paid insufficient attention to enforcing visitation rights of fathers. As a result, they say, mothers have had the rewards and obligations connected with rearing children, while fathers have sometimes had no share in the rewards, but have the continuing obligation to pay support. To be fair, some say federal laws and procedures should be reformed not only with respect to enforcement of the child support obligation, but also with respect to visitation and custody rights. Historically, Congress has held that visitation and child support should be legally separate issues; and that only child support should be under the scope of the CSE program. However, Congress also has indicated that fathers should be involved in their children’s lives.

The 1996 welfare reform law (P.L. 104-193) authorized grants to states (via CSE funding) to establish and operate access and visitation programs. The purpose of the grants is to facilitate noncustodial parents’ access to and visitation of their children. An annual entitlement of \$10 million from the federal CSE budget account is available to states for these grants. Eligible activities include but are not limited to mediation, counseling, education, development of parenting plans, visitation enforcement, and development of guidelines for visitation and alternative custody arrangements. The allotment formula is based on the ratio of the number of children in the state living with only one biological parent in relation to the total number of such children in all states. The amount of the allotment available to a state is this same ratio to \$10 million. The allotments are to be adjusted to ensure that there is a minimum allotment amount of \$100,000 per state for any year after FY1998. States may use the grants to create their own programs or to fund programs operated by courts, local public agencies, or nonprofit

<http://wikileaks.org/wiki/CRS-RL33881>

organizations. The programs do not need to be statewide. States must monitor, evaluate, and report on their programs in accord with regulations issued by the HHS Secretary.

Senate bills (but not House bills) included a provision that would have increased funding for the Access and Visitation program. This provision also was proposed in several Administration budgets, beginning with the FY2004 budget. Under the Senate bills, the Access and Visitation grants would have increased from \$10 million annually to \$12 million in FY2006, \$14 million in FY2007, \$16 million in FY2008, and \$20 million annually in FY2009 and each succeeding fiscal year. The proposed Senate provision would have extended the Access and Visitation program to Indian tribes and tribal organizations that had received direct child support enforcement payments from the federal government for at least one year. The proposed provision included a specified amount to be set aside for Indian tribes and tribal organizations: \$250,000 for FY2006; \$600,000 for FY2007; \$800,000 for FY2008; and \$1.670 million for FY2009 or any succeeding fiscal year.

The provision would have increased the minimum allotment to states to \$120,000 in FY2006, \$140,000 in FY2007, \$160,000 in FY2008, and \$180,000 in FY2009 or any succeeding fiscal year. The minimum allotment for Indian tribes and tribal organizations would have been \$10,000 for a fiscal year. The tribal allotment would not be able to exceed the minimum state allotment for any given fiscal year.

Research indicates that children raised by married biological parents (who live together) are more successful in school, are emotionally and socially healthier, more likely to avoid teen pregnancy, delinquency, and crime during their teenage years, and are more likely to have stable above-poverty level incomes as adults.³⁰ Supporters of the provision contend that families need more than child support alone. They maintain that Access and Visitation programs facilitate noncustodial parents' access to their children and help both parents create a more stable and supportive environment in which to raise their children. Supporters of the provision say that states are serving an increased number of families with their Access and Visitation programs and claim that many families requesting the services are on "waiting lists."

Ban on Repayment of Medicaid Birth Costs

Currently, if a custodial parent has no private medical coverage at the time of her child's birth, the father can be held financially responsible for payment of the birth costs even in cases where the costs associated with the birth of the child are very high. Federal law permits states to use the CSE program to collect money from noncustodial fathers to reimburse the Medicaid agency for birth costs of children receiving Medicaid benefits and services.

Several House and Senate bills included a provision that would have prohibited states from collecting child support from noncustodial fathers to repay Medicaid costs associated with the birth of a child.

Among the reasons given for the high percent of child support arrearages, especially among low-income noncustodial fathers, are that too many child support orders are established by default

³⁰ Sara McLanahan and Gary Sandefur, *Growing Up With a Single Parent: What Hurts, What Helps* (Cambridge, MA: Harvard University Press, 1994), see also L. Bumpass, "Children and Marital Disruption: A Replication and Update," *Demography*, vol. 21(1984), pp. 71-82; Rebecca A. Maynard, ed., *Kids Having Kids: A Robin Hood Foundation Special Report on the Costs of Adolescent Childbearing* (New York, 1996).

(resulting in orders that are too high relative to the noncustodial parent's ability to pay), too many orders automatically include retroactive support for TANF families (including Medicaid birth costs), and too few noncustodial parents have their support orders modified when they have a change in financial circumstances. Supporters of the provision contend that the prohibition on collecting child support to repay Medicaid costs associated with the birth of a child has the potential to prevent many low-income noncustodial fathers from accumulating significant debt.

Required Notice to State Child Support Enforcement Agency When a Child Loses Health Care Coverage

Federal law requires a health care plan administrator to notify qualified beneficiaries (i.e., the custodial parent) of their beneficiary rights with regard to health care coverage (of the child) when or if one of the following events occurs: (1) the noncustodial parent with the health care coverage dies; (2) the noncustodial parent with the health care coverage loses his or her job or starts working fewer hours; (3) the noncustodial parent with the health care coverage becomes eligible for Medicaid benefits; (4) the noncustodial parent with the health care coverage becomes involved in a bankruptcy proceeding pertaining to his or her former employer; (5) the noncustodial parent with the health care coverage gets divorced or obtains a legal separation; or (6) the child of the noncustodial parent with the health care coverage ceases to be a dependent child. (With respect to (5) and (6), the noncustodial parent (i.e., the covered employee) is required to notify the health care plan administrator of such an event.)

Several Senate bills (but not House bills) included a provision that would have required the health care plan administrator to notify the state CSE agency if the noncustodial parent with the health care coverage dies, loses his or her job or is working fewer hours, becomes eligible for Medicaid benefits, or is involved in a bankruptcy proceeding pertaining to the noncustodial parent's former employer. This provision also was proposed in several Administration budgets, beginning with the FY2005 budget. The proposed provision also would have required the health care plan administrator to notify the state CSE agency if the noncustodial parent with the health care coverage gets divorced or obtains a legal separation, or if the noncustodial parent's child ceases to be a dependent child (in cases where the noncustodial parent has notified the plan administrator of such an occurrence).

Supporters of the provision maintain that it is important for children to have continuous health care coverage. They contend that if the state CSE agency (the agency responsible for establishing and enforcing medical child support) is made aware of information related to a child's loss of health care coverage, it can take appropriate action to ensure that the child's coverage does not lapse.

Reduction in Rate of Federal Reimbursement of Child Support Administrative Expenses

The CSE program is a federal-state matching grant program under which states must spend money in order to receive federal funding. For every dollar a state spends on CSE expenditures, it generally receives 66 cents from the federal government. States also receive CSE incentive payments from the federal government. Although the actual dollars contributed by the federal government are greater than those from state treasuries, the level of funding allocated by the state or local government determines the total amount of resources available to the CSE agency. In March 2004, the CSE program was cited by the Office of Management and Budget (OMB) as

being the most cost-effective program among all social services and block grant/formula programs reviewed government-wide.³¹

The House budget reconciliation bill in 2005 (but not the Senate bill) included a provision that would have gradually reduced the general CSE federal rate of 66% to 50% (over the period FY2007-FY2010). The Senate was opposed to this reduction in CSE funding and included “Sense of the Senate” language in its deficit reduction omnibus budget reconciliation bill (which at the time did not include welfare reauthorization or CSE provisions) that said it affirmed that the federal funding levels for the rate of reimbursement of child support administrative expenses should not be reduced below the levels provided in present law (i.e., 66%).³²

Some policymakers view the federal reimbursement of state CSE expenditures as too high. They contend that states should pay a higher proportion of CSE costs. They assert that a less generous federal matching rate would induce states to operate more efficiently. Others contend that states faced with enforcing an array of federal laws and caseloads comprised of a larger share of nonwelfare families should not be confronted with higher CSE costs. They also argue that the large interstate segment of the CSE program demonstrates the need for relatively high federal funding. They support a continuation of the federal financial commitment to the CSE program.

The National Governors’ Association has argued that any reduction in the federal government’s financial commitment to the CSE system could negatively impact states’ ability to serve families. It contends that continued implementation of the state requirements mandated in 1996 without stable federal funding would result in a significant cost shift to the states, which could jeopardize the timely and effective implementation of reform provisions and therefore could have a negative impact on the children and families the CSE program is designed to serve.³³

According to the National Council of Child Support Directors, a reduction in the federal matching rate for CSE expenditures from 66% to 50% would unravel many of the significant gains that have been realized since enactment of the 1996 welfare reform law and have a negative impact on the families that have transitioned off welfare or avoided welfare altogether due to collections made by the CSE program.³⁴

³¹ U.S. Department of Health and Human Services, Administration for Children and Families, HHS News, *Child Support Effectiveness Cited By OMB*, March 31, 2004.

³² Although CBO did not provide a cost estimate for reducing federal matching funds from 66% to 50% (as a stand-alone provision), its cost estimate for reducing the federal match rate *together with* eliminating the federal match on state incentive payments reinvested back into the CSE program was \$4.854 billion for the period FY2006-2010. A separate CBO cost estimate of eliminating the federal match on state incentive payments reinvested back into the CSE program was \$1.636 billion for the period FY2006-2010. Although a straight subtraction to isolate the federal match provision is not appropriate, the cost estimates do illustrate the significant savings that would have been obtained if the provision had passed.

³³ National Governor’s Association. *HR-14: Child Support Financing*; available online at <http://www.nga.org/Pubs/Policies/HR/hr14.asp> Winter Meeting, 1999.]

³⁴ National Council of Child Support Directors. Letter Related to Reduction in Federal Financial Participation in the CSE Program. November 8, 2005. Also, see National Child Support Enforcement Association. Letter Regarding Proposed Cuts in CSE Funding. December 2, 2005.

Appendix. Child Support Provisions in Welfare Measures

Table A-1. Selected Child Support Provisions in Selected Welfare Reauthorization Bills, 2002-2005

Provision	Administration Budget Proposals, FY2003-2007 (2002-2006)	H.R. 4737— as passed by the House (2002)	H.R. 4737— as reported by Senate Finance Comm. (2002)	H.R. 4— as passed by the House (2003)	H.R. 4— as reported by Senate Finance Comm. (2003)	S. 667— as passed by Senate Finance Comm. (2005)	S. 1932— as passed by the House (Nov. 18, 2005)
Garnishment of Compensation Paid to Veterans for Service-Connected Disabilities in order to Enforce Child Support Obligations		X		X	X	X	X
Improving Federal Debt Collection Practices	X	X		X	X	X	
Identification and Seizure of Assets Held by Multi-State Financial Institutions	X				X	X	
Claims Upon Longshore and Harbor Workers' Compensation for Child Support	X				X	X	
State Law Requirement Concerning the Uniform Interstate Family Support Act (UIFSA)			X		X	X	
Report on Undistributed Child Support Payments		X	X	X	X	X	X
Tribal Access to the Federal Parent Locator Service	X				X	X	X
Reimbursement of HHS Secretary's Costs Associated With Sharing Information in the National Directory of New Hires With the Department of Education					X	X	X
Grants to States for Access and Visitation Programs	X				X	X	
Ban on Repayment of Medicaid Birth Costs			X				

Provision	Administration Budget Proposals, FY2003-2007 (2002-2006)	H.R. 4737— as passed by the House (2002)	H.R. 4737— as reported by Senate Finance Comm. (2002)	H.R. 4— as passed by the House (2003)	H.R. 4— as reported by Senate Finance Comm. (2003)	S. 667— as passed by Senate Finance Comm. (2005)	S. 1932— as passed by the House (Nov. 18, 2005)
Required Notice to State Child Support Enforcement Agency When a Child Loses Health Care Coverage	X					X	
Reduction in Rate of Reimbursement of Child Support Administrative Expenses							X

Note: The FY2003 Budget, released in February 2002, included the improvement of federal debt collections provision. The FY2004 Budget, released in 2003, included provisions related to garnishment of Longshoremen's benefits; freezing and seizing of assets in multi-state financial institutions; allowing tribes and tribal organizations to have direct access to the Federal Parent Locator Service (FPLS); and increasing funding for the CSE Access and Visitation program. The FY2005 Budget, released in 2004, included a provision related to notifying CSE agencies when a child loses health care coverage. The FY2006 and FY2007 Budgets, released in 2005 and 2006, respectively, included each of the earlier provisions. Each of the budgets incorporated the provisions of the earlier budgets. Moreover, the Administration's budget proposals included many other CSE provisions, most of which were incorporated in P.L. 109-171.

H.R. 4737, the Personal Responsibility, Work, and Family Promotion Act of 2002, a comprehensive welfare reauthorization bill, was introduced by the House Republican leadership on May 15, 2002. It was passed by the House on May 16, 2002 by a vote of 229-197. A more bipartisan version of the bill (renamed the Work, Opportunity, and Responsibility for Kids Act of 2002), under the leadership of Senate Finance Committee Chairman Baucus, was reported (with an amendment in the nature of a substitute) by the Senate Finance Committee on July 25, 2002 (approved 13-8). No further action took place on H.R. 4737.

H.R. 4, the Personal Responsibility, Work, and Family Promotion Act of 2003, a comprehensive welfare reauthorization bill (backed by the Administration) was introduced on February 4, 2003. It was passed by the House on February 13, 2003 by a vote of 230-192. The Senate Finance Committee, under the leadership of Senate Finance Committee Chairman Grassley, reported H.R. 4 (with an amendment in the nature of a substitute) on October 3, 2003 (approved 9-8). The bill was renamed the Personal Responsibility and Individual Development for Everyone Act, i.e., the PRIDE Act. The consideration of the bill on the Senate floor was brought to a close (after several days of debate) on April 1, 2004. The Senate did not complete action on the bill and the funding of the TANF block grant was temporarily extended via several short-term extension measures.

S. 667, the Personal Responsibility and Individual Development for Everyone Act (i.e. PRIDE Act), a comprehensive welfare reauthorization bill, was reported by the Senate Finance Committee on March 30, 2005.

S. 1932, the Deficit Reduction Omnibus Reconciliation Act of 2005, was passed by the Senate on November 3, 2005, by a vote of 52-47. The Senate bill did not include provisions related to welfare reauthorization. The House passed H.R. 4241 (the Deficit Reduction Act of 2005)—which contained all but one of the CSE provisions in H.R. 240 as approved by the House Ways and Means Subcommittee on Human Resources on March 15, 2005—on November 18, 2005 by a vote of 217-215 and then inserted the text into S. 1932. Thus, S. 1932 as passed by the House contained welfare reauthorization measures, including child support provisions.

Author Contact Information

Carmen Solomon-Fears
Specialist in Social Policy
csolomonfears@crs.loc.gov, 7-7306

<http://wikileaks.org/wiki/CRS-RL33881>