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To: Cynthia A. Rice

cc:

Subject: Re: Re: Louisiana waiver request

No, they submitted quite a bit of material, the bottom line of which is that they would like to waive the family-first distribution rules to permit recovery of the courts' 5% fee up front from any collections that flow through the state disbursement unit. That is why we are thinking that it might work to let Louisiana have courts and parents designate their support and fees payments.

Please call, john

Proposed Response to Louisiana Waiver Request

Background: Since there are concerns about waiving the distribution requirements, we are proposing to offer alternatives to a waiver or a legislative amendment to allow Louisiana to continue its current practice of funding the Hearing Officer Program through fees.

Proposed process:

- o Clear approach with Dept. and DPC
- o Judge Ross will talk to the Louisiana IV-D Director to lay out possible alternatives to the waiver request that are consistent with Federal law.
- o Simultaneously, we will meet with Subcommittee and Cong. McCreery's staff to outline the same alternatives
- o Complete all this by Friday, February 20th

New Proposed Alternative: Under current law, if a payment is designated as a fee by the obligor, it is not a support payment and therefore not subject to distribution requirements. The distribution rules apply to the entire payment if there is no fee designation because the assumption is that the payment is a child support payment.

Louisiana has several options for providing for designation of the fee payment. The court could order the obligor to include a designation with each payment or this could be accomplished through the use of coupons which distinguish fees from child support.

If fees were so designated, the State Disbursement Unit could collect the fees on behalf of the courts and forward them to the courts, with reimbursement to the SDU for the costs of doing so. Any payments received without such a designation would be distributed as support under Federal requirements and in such cases the courts would lose some fees they are currently collecting.

While this new approach requires State to take some action to ensure designation of payments as fees, this approach is allowed under current law, and most importantly, avoids the need for a waiver or legislation.

Other alternatives available to Louisiana

- o Cooperative agreement with the IV-D agency and:
 - State legislature appropriates funding for State match
 - Use State incentives funding for State match
- o Collect various types of fees that are not taken off the top
- o Contract with the courts to pay the Hearing Officers

John Monahan

2/17

4d-5180