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MEMORANDUM

TO: Interested People

FROM: Paula Roberts

DATE: October 27, 1998

RE: Child Support Pass-Through Legislation

On October 8, 1998, Senator Kohl (D-Wis.) introduced legislation which would require the pass-through and disregard of all child support collected on behalf of families receiving Temporary Assistance for Needy Families (TANF). The "Children First Child Support Reform Act of 1998" (S.2586) will die at the end of this Congressional session, but Senator Kohl intends to reintroduce it and push for its passage in the next Congress.

Under current law, families receiving TANF-funded assistance must assign their child support rights to the state. 42 USC Section 608(a)(3). When child support is collected for a family receiving TANF-funded cash assistance, the money is first divided between the state and federal governments based on the state's Medicaid match rate. The federal government keeps its share. The state has a choice: it can keep its share, give it to the family, or split the funds, retaining part and providing the rest to the family. 42 USC Section 657(a)(1). Most states choose to keep their entire share. However, some pass-through a portion (typically \$50) and disregard this amount in calculating the family's TANF benefits. A few (including Wisconsin and Vermont) have federal waivers which allow them to pass-through all of the support collected to the family. Wisconsin disregards the support in calculating assistance: Vermont does not.

Current law also contains a complex scheme for distributing child support to families which have left assistance. This scheme contemplates that --no later than October 1, 2000--families will receive current support, arrears which accumulate after the family leaves assistance, and arrears owing from the time before the family went on assistance. Then the state will receive arrears owed for the period during which the family received assistance. It will split this collection with the federal government. 42 USC Section 657(a)(2). There are a few exceptions to this general rule: if the collection is made under a cooperative agreement with an Indian tribe, the distribution will be governed by the rules of that agreement, 42 USC Section 657(a)(4); if, in the past, the state used fill-the-gap budgeting, and has elected to continue this practice, then distribution will be done pursuant to that budgeting system, 42 USC Section 657 (e); and, if the collection is made through a federal tax intercept, then the state will get its arrears first. 42 USC Section 657(a)(2)(B)(iv).

Because this distribution scheme had the potential of giving states less of the child support collected for post- assistance families than the distribution scheme which was in place under the old Aid to Families with Dependent Children (AFDC) program, current law also contains a "hold harmless" provision which guarantees that each state will receive at least as much money from child support collections as it received in fiscal year 1995.

The Kohl bill eliminates both the TANF support assignment and the current distribution scheme. In so doing, it would greatly streamline the distribution of child support to families receiving TANF-funded assistance as well as to post-assistance families. Except in the case of families whose child support was collected under a cooperative agreement with an Indian tribe, all child support collected by the state child support agency would go to the families. The cumbersome accounting and record keeping scheme required under the current assignment and distribution statutes would be replaced by a simple straightforward distribution policy. As under current law, there would be a "hold harmless" clause, guaranteeing states that they would receive as much public assistance reimbursement as they received in fiscal year 1995.

In addition, under the Kohl bill, any child support passed through to a family receiving TANF-funded assistance would have to be disregarded in calculating the amount or level of the family's assistance. The state would have the option of including or excluding the child support in determining the family's income for TANF eligibility purposes.

In introducing his bill, Senator Kohl offered four reasons to support these changes: 1) putting more resources into the hands of families; 2) recognizing that in a world of time-limited benefits, the need to get child support to children takes on even greater importance; 3) streamlining the cumbersome, resource intensive, administratively complex distribution process contained in current law; and 4) encouraging noncustodial parents to meet their support obligations. Congressional Record, October 8, 1998, S 11981-11982. On the latter point, Senator Kohl noted:

...under current law, we have a system where the vast majority of children on public assistance never actually receive the child support that is paid on their behalf. The government keeps the money. The research shows that many noncustodial parents who pay support do not believe that their payment actually benefits their children. They realize and resent that they are paying the government. Worse yet, some noncustodial parents may decide not to pay support because it does not go to their children.

Senator Kohl continued by commenting that he sees this issue in the context of the need to put a firm financial base under the child support enforcement program so that it has the resources to do the job. However, "it is time for a child support financing system that truly puts families, not the government, first."

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Last Revised on Monday, November 02, 1998

Background: Sen. Kohl's Pass-Through Option Bill

I. Background: Under current law, states generally retain child support collected on behalf of TANF-assisted families as one of several sources of program financing. This support is split between the State and Federal Government as reimbursement for welfare services. Under welfare reform, states were given the option of continuing the previous \$50 pass-through, but most states have opted not to do so. However, some pass-through a portion (typically \$50) and disregard this amount in calculating the family's TANF benefits. A few (including Wisconsin and Vermont) have federal waivers which allow them to pass-through all of the support collected to the family. Wisconsin disregards the support in calculating assistance -- Vermont does not.

II. Issues: 1) Disincentives: Non-custodial parents of TANF assisted children are discouraged from paying support because their money goes to the government and does not benefit their children directly. Custodial parents also have less incentive to cooperate with the CSE agency since payments are generally not forwarded to them. 2) Burdens: Support is distributed according to when it accrues, whether a family is or ever was on public assistance and by which method it is collected. This distribution system has proven burdensome and costly both in terms of programming and personnel. 3) Unstable Financing: CSE caseloads have increased 44 percent since 1991, but TANF caseloads are decreasing. As discussed, states retain TANF collections, but distribute non-TANF collections directly to the families. Thus, increasing caseloads are generating a need for more resources, but the revenue-making portion of the caseloads is in flux.

III. Kohl Pass-Through Option Legislation

I **Option to Pass-Through for TANF:** States are given the option to pass-through all child support collections, including arrears, made on behalf of TANF families. If a state adopts a pass-through policy, the state can claim TANF MOE for passed-through support, even if that support is not disregarded. (Current law only allows states to claim TANF MOE credit for disregarded support.)

II **Family Income Protection:** States that adopt a pass-through policy must have budget mechanisms in place so that child support income is not counted against TANF eligibility or benefits until the family has the child support in hand.

III **Income Treatment Options: State has options to:**

(1) include child support as income when calculating eligibility for TANF;

(2) disregard child support in whole or in part when calculating the amount of a welfare benefit for a family, but if the state disregards 50 percent or more of the total child support payments, determined either on a case by case basis or in an annual aggregate, that state is no longer required to repay or calculate the Federal share of the payment.

IV **Maintenance of Effort:** Requires states that adopt a pass-through policy to fund child support program at highest of 1995-1998 level to ensure that program is not defunded simply because

more resources are going to families, excluding automated systems costs and enhancements.

Child Support Pass-through

Under AFDC, families applying for assistance assigned their child support rights to the state. Child support payments made by a noncustodial parent were thus paid to the child support agency rather than the AFDC family. If the child support payment was not large enough to disqualify the family from AFDC, the first fifty dollars of the child support payment was paid to the AFDC family each month as a "pass-through." In addition, the pass-through was disregarded in the families' benefit computation. The remaining portion of the child support payment that was not paid to the AFDC family was split between the state and federal government as reimbursement for monthly cash assistance payments. Under waivers, some states changed the pass-through amount and other states treated child support payments as unearned income, disregarding some portion of the payment for the purposes of benefit computation.

PRWORA repealed the federal law requiring the fifty dollar pass-through. Under PRWORA, a portion of the child support payment is paid to the federal government based on the Medicaid match rate in effect September 1996. The remaining portion of the payment is kept by the states. States may choose to discontinue the pass-through or maintain the pass-through at their own expense.

Table VI.6 shows that 18 states have maintained the fifty dollar pass-through that originated under AFDC, but 4 of those states have maintained the pass-through on a temporary basis. Thirty-three states have changed the pass-through amount significantly. Of those, 29 states discontinued the child support pass-through completely and one state (Kansas) maintains the child support pass-through at a reduced level, passing through forty dollars of the child support payment to the families. Two states increased the pass-through amount (Connecticut, Nevada), and one state (Wisconsin) passes through the entire child support payment, allowing families to keep a larger portion of the child support payment each month without lowering the families' cash assistance benefits.

Table VI.6: Amount of Child Support Pass-through

State	Amount of Child Support Pass-through	State	Amount of Child Support Pass-through
Alabama	\$50	Montana	*
Alaska	50 ¹	Nebraska	*
Arizona	*	Nevada	\$75
Arkansas	*	New Hampshire	*
California	50	New Jersey	50
Colorado	*	New Mexico	50 [†]
Connecticut	100	New York	50
Delaware	50	North Carolina	*
Dist. of Columbia	*	North Dakota	*
Florida	*	Ohio	*
Georgia	*	Oklahoma	50 ^{†2}
Hawaii	*	Oregon	*
Idaho	*	Pennsylvania	50 ³
Illinois	50	Rhode Island	50
Indiana	*	South Carolina	*
Iowa	* ⁴	South Dakota	*
Kansas	40	Tennessee	*
Kentucky	*	Texas	50
Louisiana	*	Utah	*
Maine	50	Vermont	* ⁵
Maryland	*	Virginia	50
Massachusetts	50	Washington	*
Michigan	50 [†]	West Virginia	50 ⁶
Minnesota	*	Wisconsin	Entire grant ⁷
Mississippi	*	Wyoming	*
Missouri	50 [†]		

Source: Office of Child Support Enforcement, "Child Support Report," December, 1997; and Urban Institute summary of state TANF decisions as of October 1997.

* State discontinued the child support pass-through.

† The child support pass-through is only in effect temporarily in these states.

1. The child support pass-through may continue past June 30, 1998 based on legislative approval.
2. The child support pass-through is only in effect until December 31, 1997.
3. Legislation passed in the fall of 1997 by the Pennsylvania state Legislature required the Department of Public Welfare to change the method of calculating the child support pass-through. However, Pennsylvania is currently under court order to continue the \$50 child support pass-through according to pre-welfare reform regulations until the resolution of pending litigation.
4. The child support pass-through is continued at \$50 for those receiving TANF assistance prior to July 1, 1997.
5. The child support pass-through is continued for recipients in a small control group. For recipients in the statewide demonstration, pass through the entire grant, deducting any amount in excess of \$50 from the cash assistance benefit.
6. The child support pass-through is replaced by an additional cash benefit which is equal to the amount of child support collected for the family, not to exceed \$50.
7. Wisconsin Works recipients receive the entire child support payment, all of which is disregarded for benefit computation but not for eligibility determination. A control group receives up to \$50 or the state share of the child support payment, whichever is greater, to be disregarded for cash assistance benefit computation but not for eligibility determination.



The Association for Children for Enforcement of Support, Inc.

United States Senate

Children First Child Support Reform

Please Co-Sponsor S. 1036

Senator Kohl's legislation, S. 1036, the Children First Child Support Reform Act of 1999, is designed to increase child support collections and create a public Child Support Enforcement (CSE) Program that truly serves children and families in need.

In 1997, Senator Kohl helped his State of Wisconsin become the only state that currently "passthrough", meaning lets families keep their own child support money) and "disregards" (meaning does not reduce the family's public benefit in kind) child support payments to TANF-assisted families. Passthrough and disregard policies increase child support collections by ensuring non-custodial and custodial parents that child support payments are directly benefitting their children. Unfortunately, in most states, support payments are retained by the government as reimbursement for welfare costs.

S. 1036 provides incentives to encourage, but not require, more states to follow Wisconsin's lead and help make the CSE program fairer and better for families by expanding passthrough and disregard policies. It will also help reduce administrative burdens on the states that more program resources can be focused on the more important goals of establishing and enforcing child support orders.

S. 1036, the Children First Child Support Reform Act:

- Expands Passthrough:** If states passthrough, or let families keep, more of their own child support, S. 1036 allows states to claim that support as a welfare expense.
- Expands Disregards:** If states passthrough and disregard, or do not count, most (50 % or more) of the support paid against families' welfare benefits, S. 1036 relieves the state of the obligation to pay the Federal Government its share of the collections.
- Protects Children and Families:** If states opt to passthrough and disregard more child support to families on public assistance, under S. 1036, that state must (1) maintain CSE program funding even though more child support payments are being distributed directly to the families; and (2) protect families from potentially unreliable or overdue child support payment. In other words, states would be required to institute a budget or planning process that does not decrease a family's public benefit until that family has actually had their child support in hand.

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pay child support for their children receiving public assistance to make a real difference in their children's lives, and encourage greater cooperation with the formal child support system.

Passing through child support collections directly to families would provide additional benefits to families. Custodial parents receiving public assistance would know just how much child support the noncustodial parent was contributing, and how child support could supplement their own earnings when they leave welfare. In addition, if systems were set up to pay child support directly to families, families leaving public assistance would be more likely to receive the child support due them in a timely way. Although families are entitled to receive current support payments as soon as they leave public assistance, as a practical matter such payments may be delayed for months as the child support and welfare agencies exchange information and try to redirect payments. Families are especially economically vulnerable when they first leave public assistance; research shows that families receiving child support income are less likely to have to return to public assistance.

In addition to benefiting low-income families, the approach taken in S. 1036 should work well for states. Many state administrators of child support and Temporary Assistance for Needy Families programs recognize that passing through child support to families receiving public assistance and disregarding at least some of that support in determining public assistance would promote their welfare reform goals. However, states have been deterred from implementing such policies for administrative and financial reasons. S. 1036 should address these concerns. First, it is administratively simple. The approach to the pass-through and disregard that S. 1036 promotes would simplify the complex rules for distributing child support collections created by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PWRORA). Other approaches to expanding the pass-through and disregard, such as encouraging states to pass-through and disregard some fixed amount of the support collected each month, would make the distribution system even more complex. Second, S. 1036 provides financial incentives for states to implement these policies. States that pass-through child support would be able to claim the passed-through amount as a welfare expenditure for purposes of meeting the TANF maintenance of effort requirements. In addition, states that disregard at least 50 percent of the passed-through child support would not have to calculate and pay the federal share of such collections.

We believe S. 1036 truly represents a significant step toward putting children first in child support reform. We hope that members of both parties in both Houses of Congress will support this important effort.

Sincerely,

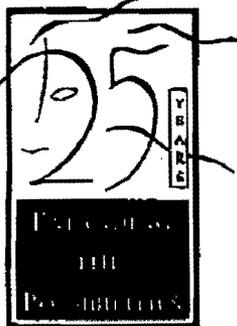


Nancy Duff Campbell
Co-President



Joan Entmacher
Vice President and Director of Family
Economic Security

NATIONAL WOMEN'S LAW CENTER



July 19, 1999

Senator Herbert Kohl
330 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Kohl:

We are writing to express our strong support for S. 1036, the Children First Child Support Reform Act of 1999. For more than 20 years, the National Women's Law Center has worked for improvements in the child support enforcement system, recognizing the critical difference that child support can make for children and the single parents, mostly mothers, who care for them. Especially for low-income parents struggling to achieve self-sufficiency quickly under new rules for public assistance, child support is more crucial than ever.

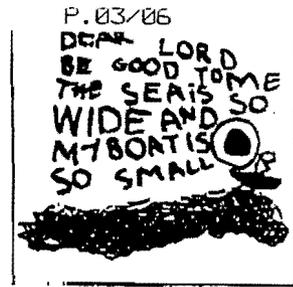
The Children First Child Support Reform Act, just as its name suggests, recognizes that child support should be, first, for children. Unfortunately, for some of our poorest children, it is not. In a majority of states, children in families receiving public assistance do not receive *any* of the child support paid on their behalf; the payments are retained by the states to reimburse themselves and the federal government for the costs of public assistance.

S. 1036 would provide incentives for states to pass through all child support collected to families, including families receiving public assistance. It also would provide incentives for states to disregard at least 50 percent of the child support collected in determining the amount of assistance provided for families. And it would protect families' income stability by ensuring that child support payments could not be counted as income until they were actually received by the families.

The pass-through and disregard policies S. 1036 would promote would make the child support program far more supportive of the efforts of poor parents to provide for their children. Low-income mothers and fathers are both deeply frustrated by a system that collects child support from the noncustodial parents of children receiving public assistance -- many of whom are low-income themselves -- but doesn't allow their payments to benefit their children directly. Broader adoption of disregard policies would enable noncustodial parents who

- Nancy Duff Campbell
 - Marcia D. Greenberger
Co-President
National Women's Law Center
 - Board of Directors:
 - Elizabeth J. Coleman, Chair
Director, Civil Rights Division
Anti-Defamation League
 - Richard I. Beattie
Chairman, Executive Committee
Simpson Thacher & Bartlett
 - Brookley Born
 - Nancy Duff Campbell
 - James E. Coleman, Jr.
Professor of Law
Duke University School of Law
 - Donna de Varona
Chair, Board of Stewards
Women's Study Foundation
 - Marcia D. Greenberger
 - Antonia Hernandez
President and General Counsel
Mexican American Legal
Defense and Education Fund
 - Anita F. Hill
 - Elaine R. Jones
Director/Counsel
NAACP Legal Defense &
Educational Fund, Inc.
 - Deborah Sloner Larkin
President's Council on
Physical Fitness and Sports
 - Rochelle B. Lazarus
President and CEO
Ogley & Mather Worldwide
 - John W. Martin, Jr.
Vice President General Counsel
Ford Motor Company
 - Judith A. Maynes
Vice President Law
AFNT
 - Gerald W. McEntee
President
American Federation of State,
County and Municipal Employees
 - Marilyn Monahan
 - William H. Neuhom
Senior Vice President
Law & Corporate Affairs
Microsoft Corporation
 - Maena S. Tucker
Fekkesman, Tucker, Lattin,
Fidell & Bank
- *Affiliations listed for identification purposes only.

With the law on your side, great things are possible



Children's Defense Fund

June 30, 1999

The Honorable Herbert H. Kohl
Hart Senate Office Building
Room 330
United States Senate
Washington, DC 20510

Dear Senator Kohl:

Thank you for the leadership role you are taking on child support pass-through and disregard policy. The Children's Defense Fund supports S. 1036, the Children First Child Support Reform Act of 1999, your legislation to give states the option to pass through and disregard child support collected on behalf of children receiving Temporary Assistance for Needy Families (TANF). We believe that it is important that states have at least this option. Like you, we believe such a policy is important for a number of reasons. By letting custodial parents know how much child support they can depend on, they are better able to budget family finances once they leave welfare. By letting children benefit from child support, a disregard improves their financial well being. It also gives them an important signal: the non-custodial parent cares about them, and is helping to provide for their support. By letting non-custodial parents help their children (instead of simply reimbursing the state for welfare payments), a disregard also gives non-custodial parents an incentive to pay and an important link with their children.

We are pleased that your approach recognizes the importance of protections so that a pass-through of child support does not disadvantage families. If child support goes down and welfare payments are not adjusted promptly, children are hurt. We appreciate your sensitivity to the importance of protections so that this does not happen. We look forward to working with you and your staff on this issue.

Very truly yours,

Deborah Weinstein
Director, Family Income Division

25 E Street NW
Washington, DC 20001
Telephone 202 628 8787
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E-mail
cdfinfo@childrensdefense.org
Internet



National Council of State Human Service Administrators

APHSAs Resolution on Child Support Passthrough

WHEREAS, child support is a critical source of support for low-income families;

WHEREAS, increased child support collections improves the lives of families and children;

WHEREAS, families on assistance who receive child support collections could benefit from their own resources and prepare for economic independence;

WHEREAS, the federal and state governments both share a commitment to serving families through the child support program;

THEREFORE, BE IT RESOLVED that the National Council of State Human Service Administrators supports states having the option to pass through some or all child support collections, including arrears, made on behalf of current or former assistance families* provided that: (a) the federal government would pass through its share of collections as well; (b) financing would not come as a result of reductions in other child support or other important human services spending; and (c) states can count toward maintenance of effort requirements (MOE) for TANF, the state share of funds passed through even if not disregarded.

*Includes TANF, former TANF, and former AFDC families.

Adopted by the National Council of State Human Service Administrators, July 20, 1999

106TH CONGRESS
1ST SESSION

S. 1036

To amend parts A and D of title IV of the Social Security Act to give States the option to pass through directly to a family receiving assistance under the temporary assistance to needy families program all child support collected by the State and the option to disregard any child support that the family receives in determining a family's eligibility for, or amount of, assistance under that program.

IN THE SENATE OF THE UNITED STATES

MAY 13, 1999.

Mr. KOHL (for himself, Mr. DODD, and Mr. ROCKEFELLER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend parts A and D of title IV of the Social Security Act to give States the option to pass through directly to a family receiving assistance under the temporary assistance to needy families program all child support collected by the State and the option to disregard any child support that the family receives in determining a family's eligibility for, or amount of, assistance under that program.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Children First Child
3 Support Reform Act of 1999”.

4 **SEC. 2. DISTRIBUTION AND TREATMENT OF CHILD SUP-**
5 **PORT COLLECTED BY THE STATE.**

6 (a) STATE OPTION TO PASS ALL CHILD SUPPORT
7 COLLECTED DIRECTLY TO THE FAMILY.—

8 (1) IN GENERAL.—Section 457 of the Social
9 Security Act (42 U.S.C. 657) is amended—

10 (A) in subsection (a), by striking “(e) and
11 (f)” and inserting “(e), (f), and (g)”; and

12 (B) by adding at the end the following:

13 “(g) STATE OPTION TO PASS THROUGH ALL SUP-
14 PORT COLLECTED TO THE FAMILY.—

15 “(1) IN GENERAL.—At State option, subject to
16 paragraph (2), and subsections (a)(4), (b), (e), (d),
17 and (f), this section shall not apply to any amount
18 collected on behalf of a family as support by the
19 State and any amount so collected shall be distrib-
20 uted to the family.

21 “(2) INCOME PROTECTION REQUIREMENT.—A
22 State may not elect the option described in para-
23 graph (1) unless the State ensures that any amount
24 distributed to a family in accordance with that para-
25 graph is not included in the income of the family for
26 purposes of determining the eligibility of the family

1 for, or the amount of, assistance under the State
 2 program funded under part A until the family has
 3 actually received the amount.

4 “(3) OPTION TO PASS THROUGH AMOUNTS COL-
 5 LECTED PURSUANT TO A CONTINUED ASSIGN-
 6 MENT.—At State option, any amount collected pur-
 7 suant to an assignment continued under subsection
 8 (b) may be distributed to the family in accordance
 9 with paragraph (1).

10 “(4) RELEASE OF OBLIGATION TO PAY FED-
 11 ERAL SHARE.—If a State that elects the option de-
 12 scribed in paragraph (1) also elects to disregard
 13 under section 408(a)(12)(B) at least 50 percent (de-
 14 termined, at the option of the State, in the aggre-
 15 gate or on a case-by-case basis) of the total amount
 16 annually collected and distributed to all families in
 17 accordance with paragraph (1) for purposes of deter-
 18 mining the amount of assistance for such families
 19 under the State program funded under part A, the

20 State is released from

21 “(A) calculating the Federal share of the
 22 amounts so distributed and disregarded; and

23 “(B) paying such share to the Federal
 24 Government.”

*released
from
Federal
share*

1 (2) AUTHORITY TO CLAIM PASSED THROUGH
 2 AMOUNT FOR PURPOSES OF TANF MAINTENANCE
 3 (OF EFFORT REQUIREMENTS.—Section
 4 409(a)(7)(B)(i)(I)(aa) of the Social Security Act (42
 5 U.S.C. 609(a)(7)(B)(i)(I)(aa)) is amended by insert-
 6 ing “, and, in the case of a State that elects under
 7 section 457(g) to distribute any amount so collected
 8 directly to the family, any amount so distributed (re-
 9 gardless of whether the State also disregards that
 10 amount under section 408(a)(12) in determining the
 11 eligibility of the family for, or the amount of, such
 12 assistance)” before the period.

COUNT
DISREGARD
TOWARDS
TANF MOE

13 (b) STATE OPTION TO DISREGARD CHILD SUPPORT
 14 COLLECTED FOR PURPOSES OF DETERMINING ELIGI-
 15 BILITY FOR, OR AMOUNT OF, TANF ASSISTANCE.—Sec-
 16 tion 408(a) of the Social Security Act (42 U.S.C. 608(a))
 17 is amended by adding at the end the following:

18 “(12) STATE OPTION TO DISREGARD CHILD
 19 SUPPORT IN DETERMINING ELIGIBILITY FOR, OR
 20 AMOUNT OF, ASSISTANCE.—

21 “(A) OPTION TO DISREGARD CHILD SUP-
 22 PORT FOR PURPOSES OF DETERMINING ELIGI-
 23 BILITY.—A State to which a grant is made
 24 under section 403 may disregard any part of
 25 any amount received by a family as a result of

1 a child support obligation in determining the
2 family's income for purposes of determining the
3 family's eligibility for assistance under the
4 State program funded under this part.

5 “(B) OPTION TO DISREGARD CHILD SUP-
6 PORT IN DETERMINING AMOUNT OF ASSIST-
7 ANCE.—A State to which a grant is made under
8 section 403 may disregard any part of any
9 amount received by a family as a result of a
10 child support obligation in determining the
11 amount of assistance that the State will provide
12 to the family under the State program funded
13 under this part.”.

14 (c) MAINTENANCE OF EFFORT REQUIREMENT.—
15 Section 454 of the Social Security Act (42 U.S.C. 654)
16 is amended—

17 (1) in paragraph (32), by striking “and” at the
18 end;

19 (2) in paragraph (33), by striking the period
20 and inserting “; and”; and

21 (3) by adding at the end the following:

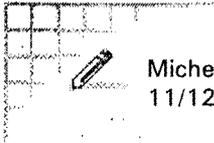
22 “(34) provide that, if the State elects to dis-
23 tribute support directly to a family in accordance
24 with section 457(g), the State share of expenditures
25 under this part for a fiscal year shall not be less

1 than an amount equal to the highest amount of such
2 share expended for fiscal year 1995, 1996, 1997, or
3 1998 (determined without regard to any amount ex-
4 pended that was eligible for payment under section
5 455(a)(3)).”.

6 (d) CONFORMING AMENDMENT.—Section 457(f) of
7 the Social Security Act (42 U.S.C. 657(f)) is amended by
8 striking “Notwithstanding” and inserting “AMOUNTS
9 COLLECTED ON BEHALF OF CHILDREN IN FOSTER
10 CARE.—Notwithstanding”.

11 (e) EFFECTIVE DATE.—The amendments made by
12 this section take effect on October 1, 1999.

○



Michele Ahern
11/12/98 09:33:43 AM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP
cc:
bcc:
Subject: Re: Can you remind me 

For FY99, estimated Federal share of collections is \$1.53 billion, net share (after subtracting incentives and hold harmless payments) is \$1.061 billion.

These numbers will be revised in early December for the 2000 budget.

Cynthia A. Rice



Cynthia A. Rice

11/11/98 06:45:12 PM

Record Type: Non-Record

To: Michele Ahern/OMB/EOP@EOP
cc:
Subject: Can you remind me

How much is the federal share of child support collections for TANF families each year?



DATE: _____

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REMARKS

Here is the Kohl bill.

S. 2586, Children First Child Support Reform Act of 1998
105th CONGRESS - 2d Session

IN THE SENATE OF THE UNITED STATES

October 8 (legislative day, OCTOBER 2), 1998

Mr. KOHL introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend parts A and D of title IV of the Social Security Act to require States to pass through directly to a family receiving assistance under the temporary assistance to needy families program all child support collected by the State and to disregard any child support that the family receives in determining the family's level of assistance under that program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the 'Children First Child Support Reform Act of 1998'.

SEC. 2. DISTRIBUTION AND TREATMENT OF CHILD SUPPORT COLLECTED BY OR ON BEHALF OF FAMILIES RECEIVING ASSISTANCE UNDER TANF.

(a) REQUIREMENT TO PASS ALL CHILD SUPPORT COLLECTED DIRECTLY TO THE FAMILY-

(1) IN GENERAL- Section 457 of the Social Security Act (42 U.S.C. 657) is amended--

(A) by striking all that precedes subsection (f) and inserting the following:

'SEC. 457. DISTRIBUTION OF COLLECTED SUPPORT.

'(a) DISTRIBUTION TO FAMILY-

'(1) IN GENERAL- Subject to paragraph (2) and subsection (f), any amount

collected on behalf of a family as support by a State pursuant to a plan approved under this part shall be distributed to the family.

(2) FAMILIES UNDER CERTAIN AGREEMENTS- In the case of an amount collected for a family in accordance with a cooperative agreement under section 454(33), the State shall distribute the amount so collected pursuant to the terms of the agreement.

(b) HOLD HARMLESS PROVISION- If the amounts collected which could be retained by the State in the fiscal year (to the extent necessary to reimburse the State for amounts paid to families as assistance by the State) are less than the State share of the amounts collected in fiscal year 1995, the State share for the fiscal year shall be an amount equal to the State share in fiscal year 1995.;

(B) by redesignating subsection (f) as subsection (c); and

(C) in subsection (c) (as so redesignated), by striking 'Notwithstanding' and inserting 'AMOUNTS COLLECTED ON BEHALF OF CHILDREN IN FOSTER CARE- Notwithstanding'.

(2) CONFORMING AMENDMENTS-

(A) Section 409(a)(7)(B)(i)(I)(aa) of the Social Security Act (42 U.S.C. 609(a)(7)(B)(i)(I)(aa)) is amended by striking '457(a)(1)(B)' and inserting '457'.

(B) Section 454B(c) of such Act (42 U.S.C. 654b(c)) is amended by striking '457(a)' and inserting '457'.

(b) DISREGARD OF CHILD SUPPORT COLLECTED FOR PURPOSES OF DETERMINING AMOUNT OF TANF ASSISTANCE- Section 408(a) of the Social Security Act (42 U.S.C. 608(a)) is amended by adding at the end the following:

(12) REQUIREMENT TO DISREGARD CHILD SUPPORT IN DETERMINING AMOUNT OF ASSISTANCE-

(A) IN GENERAL- A State to which a grant is made under section 403 shall disregard any amount received by a family as a result of a child support obligation in determining the amount or level of assistance that the State will provide to the family under the State program funded under this part.

(B) OPTION TO INCLUDE CHILD SUPPORT FOR PURPOSES OF

DETERMINING ELIGIBILITY- A State may include any amount received by a family as a result of a child support obligation in determining the family's income for purposes of determining the family's eligibility for assistance under the State program funded under this part.:

(c) ELIMINATION OF TANF REQUIREMENT TO ASSIGN SUPPORT TO THE STATE-

(1) IN GENERAL- Section 408(a) of the Social Security Act (42 U.S.C. 608(a)) is amended by striking paragraph (3).

(2) CONFORMING AMENDMENTS-

(A) Section 452 of the Social Security Act (42 U.S.C. 652) is amended--

(i) in subsection (a)(10)(C), by striking 'section 408(a)(3) or under'; and

(ii) in subsection (h), by striking 'or with respect to whom an assignment pursuant to section 408(a)(3) is in effect'.

(B) Section 454(5) of such Act (42 U.S.C. 654(5)) is amended by striking '(A) in any case' and all that follows through 'the support payments collected, and (B)'.

(C) Section 456(a) of such Act (42 U.S.C. 656(a)) is amended--

(i) in paragraph (1), by striking 'assigned to the State pursuant to section 408(a)(3) or'; and

(ii) in paragraph (2)(A), by striking 'assigned'.

(D) Section 464(a)(1) of such Act (42 U.S.C. 654(a)(1)) is amended by striking 'Section 408(a)(3) or'.

(E) Section 466(a)(3)(B) of such Act (42 U.S.C. 666(a)(3)(B)) is amended by striking '408(a)(3) or'.

(F) Section 458A(b)(5)(C)(i)(I) of the Social Security Act (42 U.S.C. 658a(b)(5)(C)(i)(I)), as added by the Child Support Performance and Incentive Act of 1998 (Public Law 105-200; 112 Stat. 645) is amended by striking 'A or'.

(d) EFFECTIVE DATES-

(1) IN GENERAL- Except as provided in paragraph (2), the amendments made by this section take effect on October 1, 1998.

(2) CHILD SUPPORT PERFORMANCE AND INCENTIVE ACT CONFORMING AMENDMENT- The amendment made by subsection (c)(2)(F) shall take effect on October 2, 1999.