

FY 2017 Budget & Child Support

The FY 2017 Budget proposes increased funding and program authority around six areas that would benefit the children and their families who participate in the child support program.

Child Support Technology Fund

The FY 2017 Budget includes a new proposal to create a Child Support Technology Fund to promote the replacement of aging child support systems to increase system security, efficiency, and integrity. The aim of this proposal is to develop certifiable model systems and leverage reusable technology to create cost efficiencies and provide better services to child support customers. There is great need for state child support systems replacement. Old legacy systems cannot effectively use or deploy most modern technologies, and some of the older systems are at risk of failure. The fund would also be available for OCSE to develop technology for state and tribal use. This fund would provide \$164 million over 10 years. In addition, the proposal includes an enhanced federal financial match for state systems development before the model systems are available to allow states to modernize more quickly and avoid system failure.

Child Support Research Fund

The Budget is again proposing the creation of a Child Support Research Fund of \$1 billion over 10 years to spark research, build the child support evidence base, and tailor the appropriate child support enforcement tools for each family. Family-centered strategies are especially needed to increase labor market attachment and child support payments to poor and low-income families. Traditional enforcement remedies applied in cases with noncustodial parents who face multiple barriers to supporting their children are often counterproductive because they can create disincentives to work and payment, negatively affect family ties, and contribute to a cycle of crime, incarceration, and recidivism. The first part of the Research Fund would provide \$50 million per year in competitive grant program funding, open to state child support agencies, to test and evaluate family-centered strategies to improve program effectiveness. The second part would provide a \$50 million mandatory formula grant component per year, to be divided among 54 state child support agencies on an ongoing basis.

Strengthening Establishment and Enforcement

This year's Budget includes several proposals aimed at increasing collections and program efficiency. It includes five new enforcement tools, including:

- Requiring a business or government entity that receives services from an independent contractor to report specific information about those individuals to State Directories of New Hires;
- Allowing single-state financial institutions to participate in OCSE's multistate financial institution data match program;
- Requiring states to adopt OCSE-developed tools to promote interstate cooperation, as directed, such as Query Interstate Cases for Kids (QUICK) and the electronic document exchange system, two applications within OCSE's State Services Portal;
- Compelling state workers' compensation agencies to adhere to the same rules and processes as those workers' compensation agencies who have elected to participate in OCSE's insurance match program; and
- Requiring state child support programs to have and use laws to intercept gaming winnings to satisfy past-due support.

The request also includes proposals included in prior Budget requests:

- Providing tribal programs with access to the same enforcement tools that are available to states;
- Mandating data comparisons with insurance claims, payments, settlements, and awards;
- Requiring employers to report lump sum payments for intercepts;
- Closing a loophole to allow garnishment of longshoremen's benefits;
- Improving the processes for freezing and seizing assets in multistate financial institutions;
- Modifying the threshold at which states become subject to performance penalties based upon their paternity establishment percentage to better reflect state performance;
- Requiring each state's use of procedures to review and adjust child support debt owed to the state, and to discourage accumulation of unpaid child support debt during incarceration;
- Improving coordination between child support and Social Security benefits received by families;
- Increasing state flexibility to retroactively modify child support orders;
- Limiting interest charged on child support arrears;

- Increasing state flexibility to determine when to report child support arrears to credit bureaus; and
- Revising Title IV-D to consolidate and clarify various data matching, safeguarding, and disclosure authorities, including National Directory of New Hires (NDNH) access principles.

- Require all states to include parenting time opportunities in all new child support orders beginning in FY 2022, just as custody arrangements are typically settled at the same time divorces are finalized.
- Require strong family violence safeguards as part of this process, including an approved plan developed in collaboration with local victim service providers.
- Encourage states to undertake activities that support access and visitation services that will not only improve parent-child relationships and outcomes for children, but also result in improved collections.
- Update the statutory purposes of the child support program to recognize the program's evolving mission and activities that help parents cooperate and support their children.

Child Support and Fatherhood Initiative

The child support program plays an important role in facilitating family self-sufficiency and promoting responsible fatherhood. Building on this role, the FY 2017 Budget request includes a Child Support and Fatherhood Initiative included in prior budgets to encourage noncustodial parents to support their children and play an active role in their lives. The proposed initiative builds on the family distribution reforms included in the 1996 and 2006 statutes. It invests \$1.3 billion over 10 years to encourage states to pass through child support collections to TANF families, so that when parents pay child support, their children benefit. Families would receive an additional \$1.9 billion in child support payments, reducing their reliance on other social services programs. Specifically:

- States would no longer be required to reimburse the federal government for any part of current child support payments that the state distributes to the family.
- States would be allowed to discontinue assigning child support payments to the state when a family is receiving TANF assistance.
- To encourage states to take up family distribution options, the proposal includes short-term funding to offset a significant share of state costs in implementing this policy.
- The proposal also provides limited resources to help states make necessary improvements to their systems technology to support the distribution changes.
- The proposal requires child support payments made on behalf of children in foster care to be used in the best interest of the child, rather than as general revenue for the state.

The Budget also provides \$448 million over 10 years to support safe increased access and visitation services and integrating these services into the core child support program to improve collections and parent-child relationships and outcomes for children. Research shows that when parents are engaged in the lives of their children, they are more likely to meet their financial obligations. This creates a double win for children — an engaged parent and financial security. The proposal would:

- Make federal resources available to states that choose to include parenting time opportunities in initial child support orders beginning in FY 2017.

Medicaid and Child Support Proposals

A joint proposal with the Centers for Medicare & Medicaid Services (CMS) would allow states to eliminate Medicaid's requirement to assign the right to cash medical child support to the state as a condition of eligibility to reduce barriers to health care access and increase resources for the poorest families. Allowing the child support program to require low-income noncustodial parents to use their limited resources in their best interest of their child, rather than to repay Medicaid, will make more cash support available to help meet the child's needs — food, clothing, shelter, school supplies, and out-of-pocket medical expenses. In addition, the Budget prohibits recovery of Medicaid birthing costs from noncustodial parents, so that when they do the right thing and pay child support, their children will benefit.

NDNH Access Proposals

The FY 2017 Budget proposes to build on OCSE's strong history of data stewardship and protection to include a package of proposals to allow certain additional programs and agencies authority to access NDNH data for program integrity, implementation, and research purposes. These agencies include: Treasury/Do Not Pay system; CMS; Department of Agriculture Rural Housing Service; Railroad Retirement Board; Department of Labor; and statistical and evaluation agencies.

Our full budget request can be found at <http://www.acf.hhs.gov/programs/olab>.

FY 2013 statistics published

The FY 2013 Annual Report to Congress has recently been posted on the OCSE Researchers webpage. The report includes individual state and tribal pages as well as information on collections, expenditures, paternities, orders established, and other program statistics from 2013.

OCSE FY 2017 Budget Proposals and Treasury Proposal to Improve Disclosure for Child Support Enforcement

New Proposals in FY 2017

	Proposal Title	Description	Budget Impact (in millions)	
			5-year	10-year
Child Support Technology Fund	Child Support Technology Fund	Create a Child Support Technology Fund to promote the replacement of aging child support systems to increase system security, efficiency, and integrity. The aim of the proposal is to maximize reusable technology to create savings and cost efficiencies for the states and federal government and provide better service delivery to child support customers.	-\$438	-\$467
New Child Support Enforcement Proposals	Independent Contractors	Require a business or government entity that receives services from an independent contractor to report specific information about those individuals to State Directories of New Hire (SDNH).	-\$102	-\$269
	Single-State Financial Institutions	Allow single-state financial institutions to participate in OCSE's multistate financial institution match program.	-\$11	-\$30
	Require OCSE-developed Tools to Promote Interstate Cooperation	Require states to adopt OCSE-developed tools to promote interstate cooperation, as directed, such as Query Interstate Cases for Kids (QUICK) and Electronic Data Exchange (EDE), two applications within OCSE's State Services Portal.	-\$2	-\$6
	Workers' Compensation Agencies	Compel state workers' compensation agencies to adhere to the same rules and process as those workers' compensation agencies who have elected to participate in OCSE's insurance match program.	-\$2	-\$4
	Gaming	Require state child support programs to have and use laws to intercept gaming winnings to satisfy past-due support.	-\$8	-\$30
New Child Support-Related Treasury Proposal in FY 17	Improve Disclosure for Child Support Enforcement	The proposal would amend Title 26 of the U.S. Code to: (1) consolidate the child support enforcement disclosure rules into a single provision; (2) define key terms for purposes of this proposal such as "child support enforcement agency" and "agent;" (3) permit disclosure to Tribal child support enforcement agencies and other critical entities; and (4) update and streamline the items of tax return information that may be disclosed to each party depending on the purpose and need for the disclosure.		
NDNH Access Proposals	Treasury/DNP	Allow Treasury's Do Not Pay (DNP) to serve as a pass-through between NDNH and programs authorized NDNH access for improper payment purposes.		
	HHS/CMS	Assist with income and employer verification and improve the ACA advance premium tax credit payment accuracy to reduce improper payments.		
	USDA/Rural Housing	Verify eligibility and validate income source information provided by single family housing loan applicants and multifamily housing project-based tenants.		
	Railroad Retirement	Establish eligibility for processing disability benefits in a more efficient manner.		
	DOL/UI	Require (rather than permit) states to cross-match with NDNH to identify improper payments.		
	Multi/Statistical and Evaluation Access	Access to NDNH for specified federal statistical agencies for statistical, research, evaluation, and performance measurement purposes.		
	Workforce Programs	Provide access to Workforce Programs for program administration and authorize data exchanges between state child support and workforce agencies.		

Prior Year OCSE Proposals

	Proposal Title	Description	Budget Impact (in millions)	
			5-year	10-year
Child Support Research Fund	Child Support Research Fund	Encourage state IV-D programs to implement family-centered services to support parents in their efforts to support their children, and tailor the appropriate child support enforcement tools for each family.	\$500	\$1,000
Family Distribution Reforms	Allow States to Increase Distribution and Discontinue TANF Assignment	States would no longer be required to reimburse the federal government for any part of current child support payments that the state distributes to the family and states would be allowed to discontinue assigning child support payments to the state when a family is receiving TANF assistance.	\$113	\$507
	Encourage Distribution Options	Encourage states to pass through current child support collections to TANF families, rather than retaining payments for cost recovery purposes, so that when parents pay child support, their children benefit.	\$188	\$713
	Provide Distribution Systems Funding	Provides limited resources to help states make necessary improvements to their systems technology to support the distribution changes.	\$100	\$100
	IV-E – In the Best Interest of The Child	Requires child support payments made on behalf of children in Foster Care to be used in the best interest of the child, rather than as general revenue for the state.	\$238	\$492
Medicaid Cost Recovery	Eliminate Cash Medical Support Assignment	Allow states to eliminate Medicaid’s requirement to assign the right to cash medical child support to the state as a condition of Medicaid eligibility.	\$28	\$125
	Birthing Costs	Prohibit birthing costs reimbursement.		
Update Child Support Purpose and Promote Parenting Time Opportunities	Update Child Support Purpose	Update the statutory purposes of the Child Support Program to recognize the program’s evolving mission and activities that help parents cooperate and support their children.		
	Promote Parenting Time Opportunities	Support safe increased access and visitation services and integrating these services into the core child support program.	\$116	\$448
Strengthen Efficient Establishment and Enforcement	Data Comparisons with Insurance Claims and Lump Sum Payments	Mandate data comparisons with insurance claims, payments, settlements, and awards. Requiring employers to report lump sum payments for intercept.	-\$113	-\$309
	Garnish Longshoremen’s Benefits	Close a loophole to allow garnishment of longshoremen’s benefits.	-\$14	-\$32
	Freeze and Seize Assets	Improve the processes for freezing and seizing assets in multistate financial institutions.	-\$8	-\$18
	Modify PEP	Modify the threshold at which states become subject to performance penalty based upon their paternity establishment percentage to better reflect state performance.		
	Tribal Child Support Programs	Providing tribal child support programs with access to enforcement tools currently available to state child support programs, as well as sustained support for model tribal computer systems.		
	Review and Adjust Child Support Debt Owed to the State	Require each state’s use of procedures to review and adjust child support debt owed to the state, and to discourage accumulation of unpaid child support debt during incarceration.		
	Data Matching, Safeguarding, and Disclosure Authorities	Revise Title IV-D to consolidate and clarify various data matching, safeguarding, and disclosure authorities, including NDNH access principles.		
	Social Security Benefits	Improve coordination between Social Security benefits and child support.		
	Modify Orders Retroactively	Increase state flexibility to modify child support orders retroactively.		
	Interest on Arrears	Limit interest on child support arrears.		
	Credit Bureau Reporting	Increase state flexibility to determine when to report child support arrears to credit bureaus.		