Breaking Ice and Melting Differences

2017

WICSEC

Western Interstate Child Support Enforcement Council

Anchorage, Alaska
September 24-28, 2017

Interstate Child Support Payment Processing

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Introduction

- On July 17, 2017, the federal Office for Child Support Enforcement (OCSE) issued Action Transmittal AT-17-07
- Guidance devoted to Interstate Child Support Payment Processing including:
    - Case processing options
    - Record keeping duties
    - Best practices for UIFSA section 319 redirection
    - Scenarios and diagrams

Introduction

- IV-D agencies must determine most appropriate service for interstate cases
- AT-17-07:

  “It is up to the state providing IV-D services to the custodial parent to select the best case processing approach given the facts of the case, including the status of the case in any other involved states.”

Introduction

- Choices for interstate cases include:
  - **Payment forwarding**
  - **One-state remedies including direct income withholding**
  - **Interstate IV-D case referral**
  - **UIFSA 319 redirection**

Payment Forwarding

Payment Forwarding

- Child support payments are forwarded from one state's SDU to another state's SDU
- States must cooperate with payment forwarding requests

Payment Forwarding

Transmittal 3 check box:

The requesting agency asks for the following payment processing action:
[ ] Forward payments received by your agency's SDU to the requesting agency's SDU for disbursement. Send payments to: (SDU Name and Address): Payment Locator Code: __________
State ______________________

Payment Forwarding

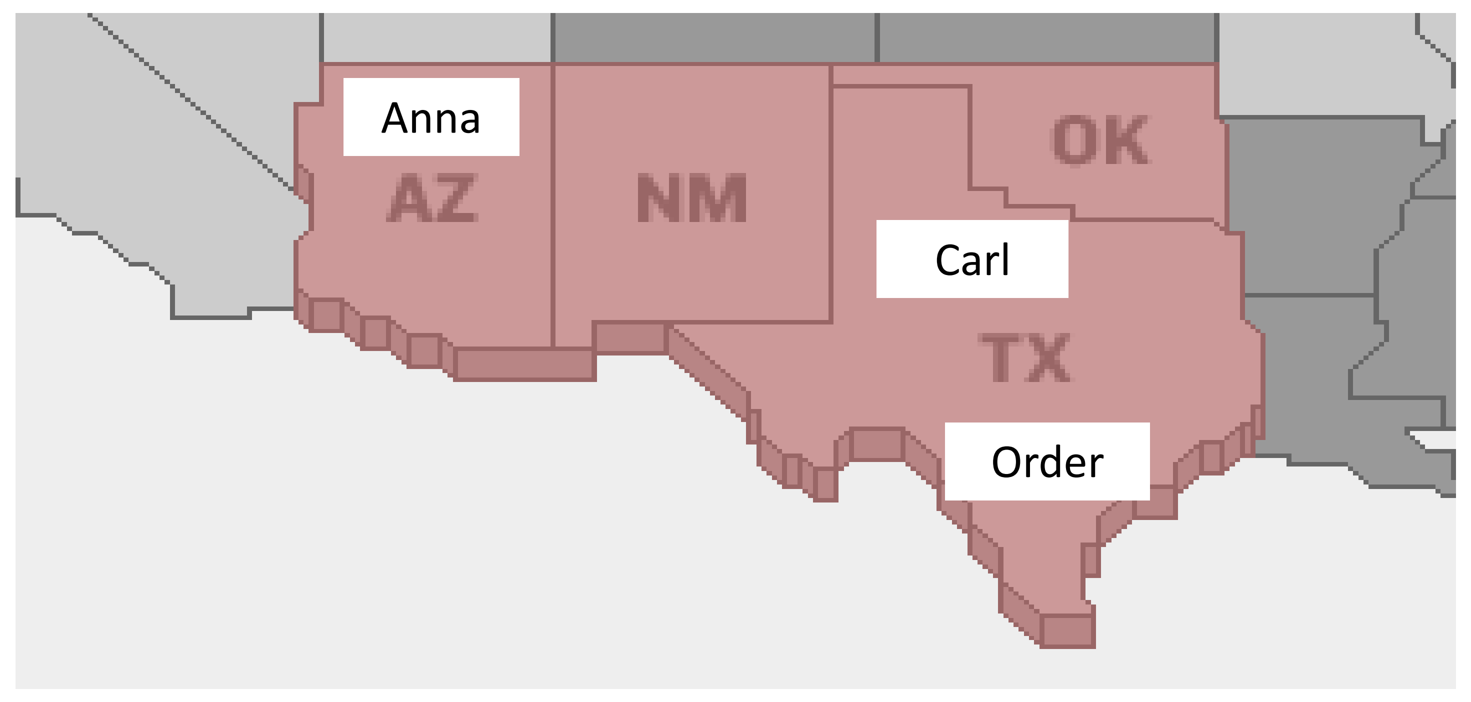
- Effective where payments are flowing, and parent receiving support moves and applies for services or assistance in new state
- FFP available to both states facilitating payment forwarding
- Both states count collections for incentive purposes

Scenario

- Anna moves with her son to Arizona and applies for TANF. An order for support was entered in Texas and the father Carl still resides there.
- The IV-D agency in Arizona investigates and finds that Texas has an open IV-D case and an income withholding order collecting support.

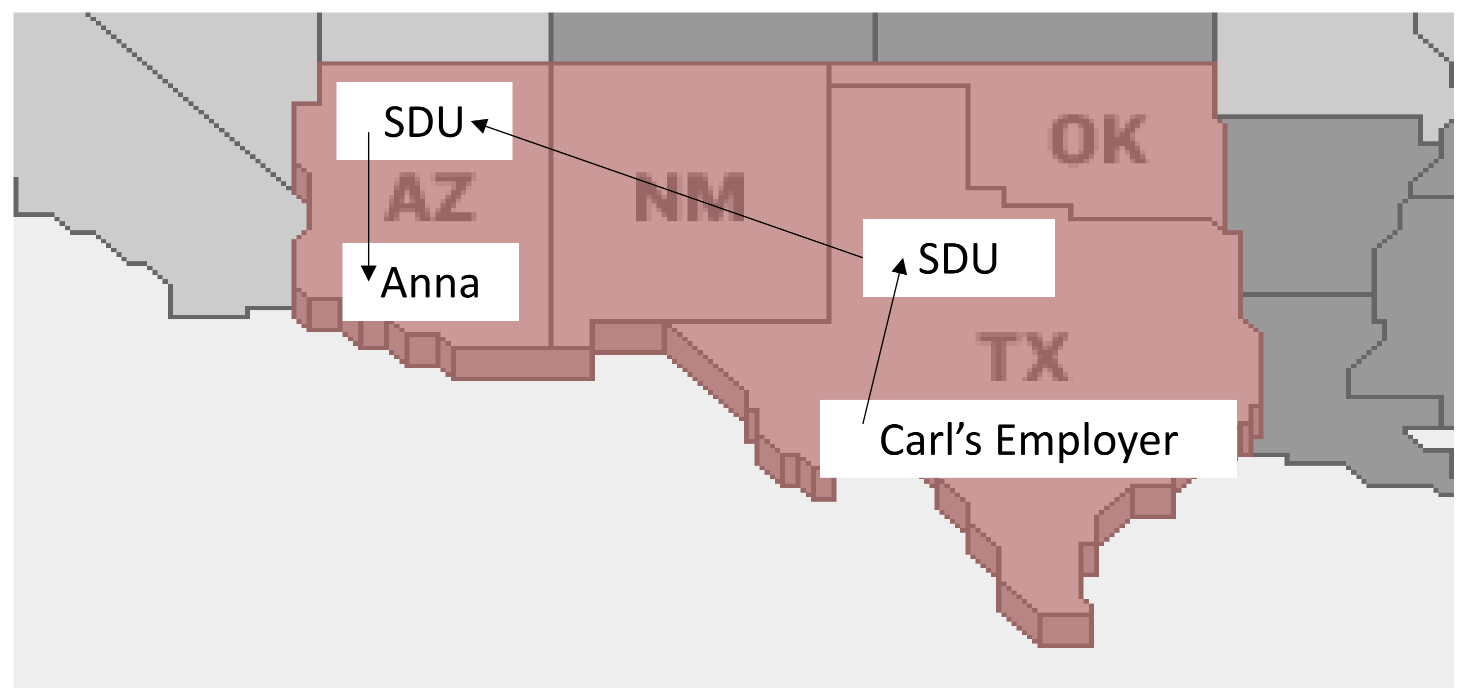
Scenario

- What should Arizona do?



Scenario

- Arizona can send a Transmittal 3 to Texas asking for payment forwarding from Texas's SDU to Arizona's SDU
- Texas must comply with request



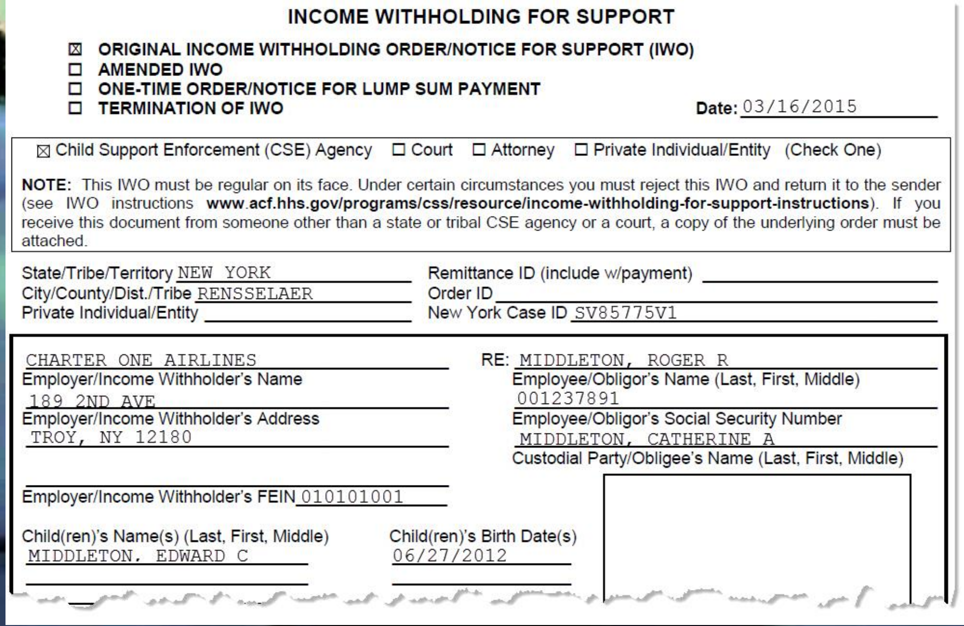
One-State Remedies: Direct Income Withholding

Direct Income Withholding

- If parent resides in other state, IV-D agency must determine whether one-state remedies are appropriate, including direct income withholding
  - 45 CFR 303.7(c)(3)
- Employers must treat out-of-state withholding orders as if issued by in-state tribunal
  - UIFSA sections 501, 502

Direct Income Withholding

- The income withholding order must reflect payment location designated by order
  - AT-17-07
  - PIQ-01-01



INCOME WITHHOLDING FOR SUPPORT

☒ ORIGINAL INCOME WITHHOLDING ORDER/NOTICE FOR SUPPORT (IWO)
☐ AMENDED IWO
☐ ONE-TIME ORDER/NOTICE FOR LUMP SUM PAYMENT
☐ TERMINATION OF IWO

Date: 03/16/2015

☒ Child Support Enforcement (CSE) Agency ☐ Court ☐ Attorney ☐ Private Individual/Entity (Check One)

NOTE: This IWO must be regular on its face. Under certain circumstances you must reject this IWO and return it to the sender (see IWO instructions **www.acf.hhs.gov/programs/css/resource/income-withholding-for-support-instructions**). If you receive this document from someone other than a state or tribal CSE agency or a court, a copy of the underlying order must be attached.

State/Tribe/Territory NEW YORK
City/County/Dist./Tribe RENSSELAER
Private Individual/Entity

Remittance ID (include w/payment)
Order ID
New York Case ID SV85775V1

CHARTER ONE AIRLINES
Employer/Income Withholder's Name
189 2ND AVE
Employer/Income Withholder's Address
TROY, NY 12180

Employer/Income Withholder's FEIN 010101001

RE: MIDDLETON, ROGER R
Employee/Obligor's Name (Last, First, Middle)
001237891
Employee/Obligor's Social Security Number
MIDDLETON, CATHERINE A
Custodial Party/Obligee's Name (Last, First, Middle)

Child(ren)'s Name(s) (Last, First, Middle)
MIDDLETON, EDWARD C

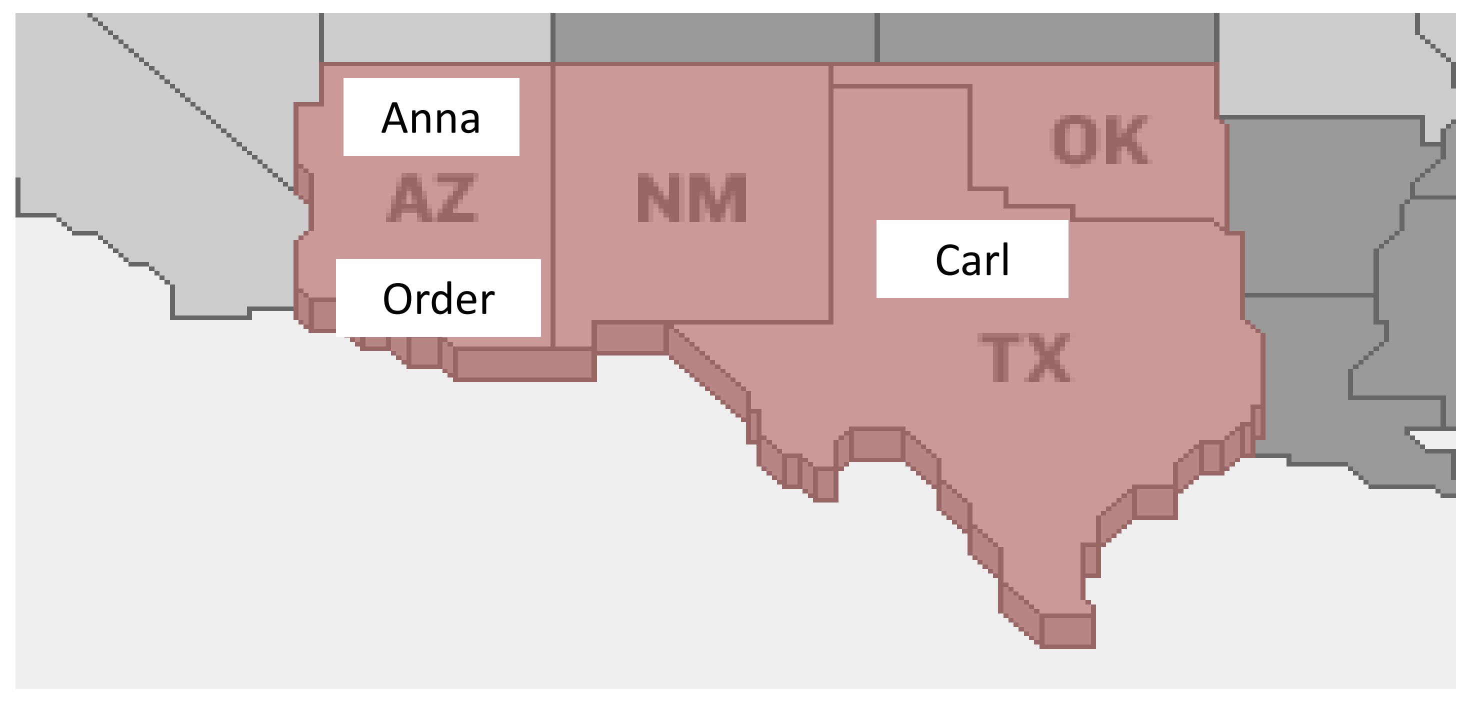
Child(ren)'s Birth Date(s)
06/27/2012

Scenario

- Anna receives child support services and a support order is entered in Arizona for Carl to pay Anna support for their son
- Carl moves to Texas and stops paying support

Scenario

- What should Arizona do?

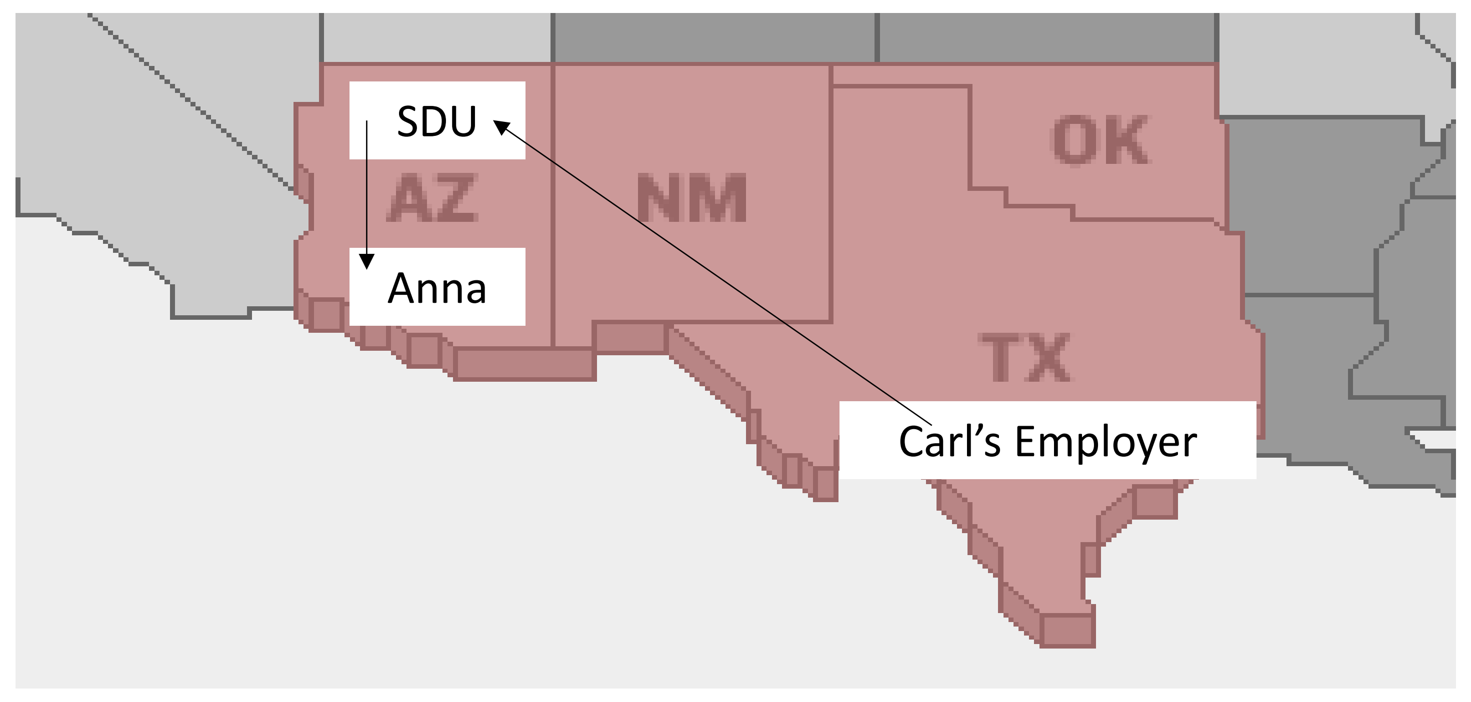


Scenario

- 45 CFR 303.7(c)(3) requires Arizona to determine whether direct enforcement of its order through income withholding is appropriate
- If Arizona locates employer for Carl in Texas, UIFSA section 501 allows Arizona to send its income withholding order
- UIFSA section 502 requires Texas employer to honor Arizona's income withholding order as if it was from Texas

Scenario

- Payments will flow from Carl's employer in Texas to Arizona's SDU to Anna

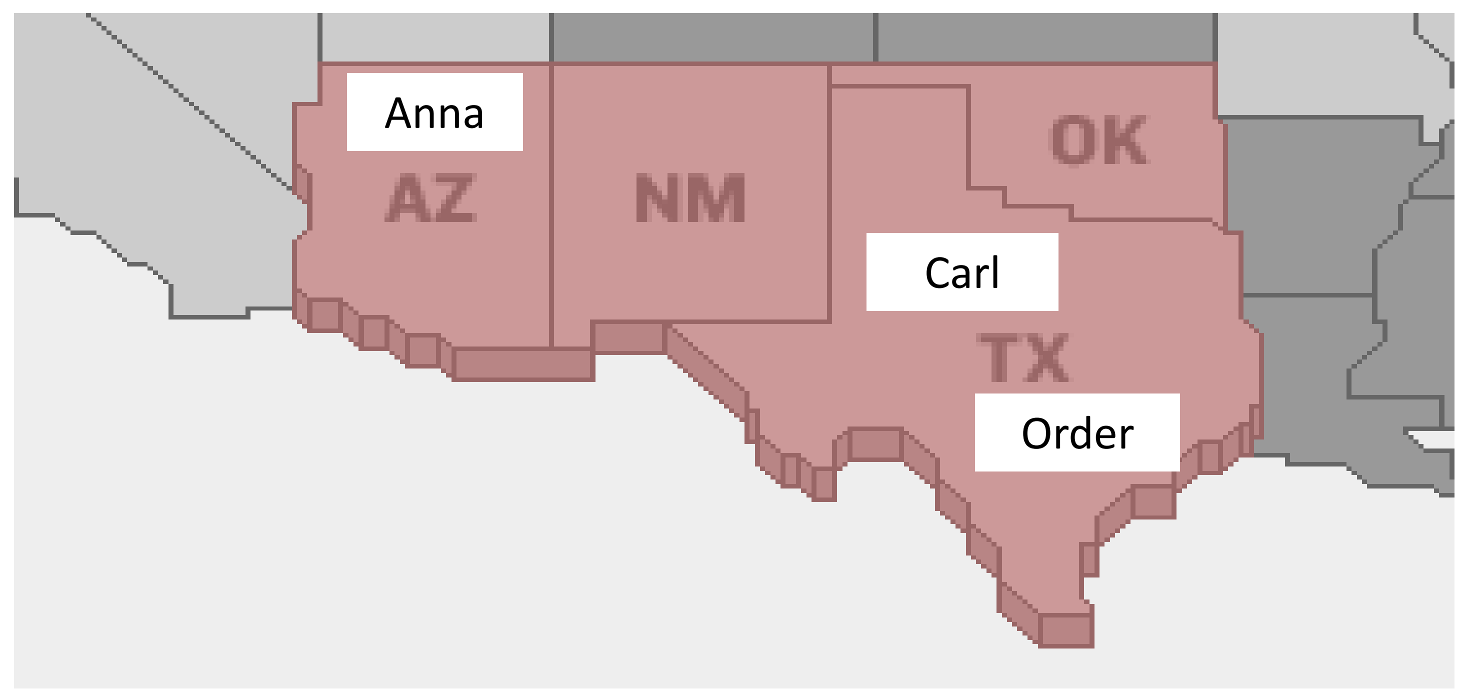


Another Scenario

- Anna applies for TANF when she moves to Arizona
- An order for support was entered in Texas and the father, Carl, still resides there

Another Scenario

- What should the Arizona IV-D program consider in deciding most appropriate service for case?

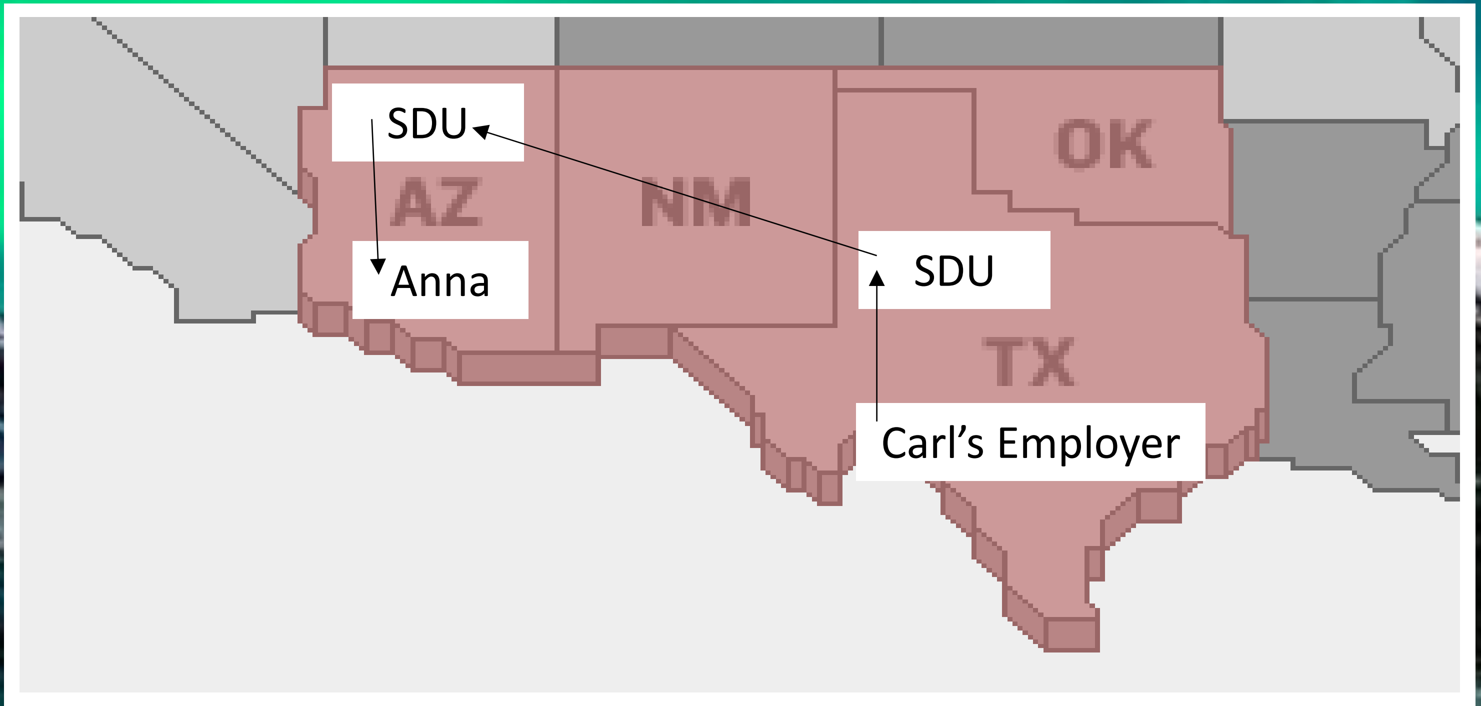


Another Scenario

- Arizona should determine:
  - Open IV-D case in Texas?
  - Paying income withholding order collecting support?
- Arizona should obtain Texas's order and case and payment information through available interstate communication tools and Transmittal #3 if necessary

Another Scenario

- If there is a current income withholding order collecting support from Carl's employer in Texas, Arizona should request payment forwarding from Texas on Transmittal #3

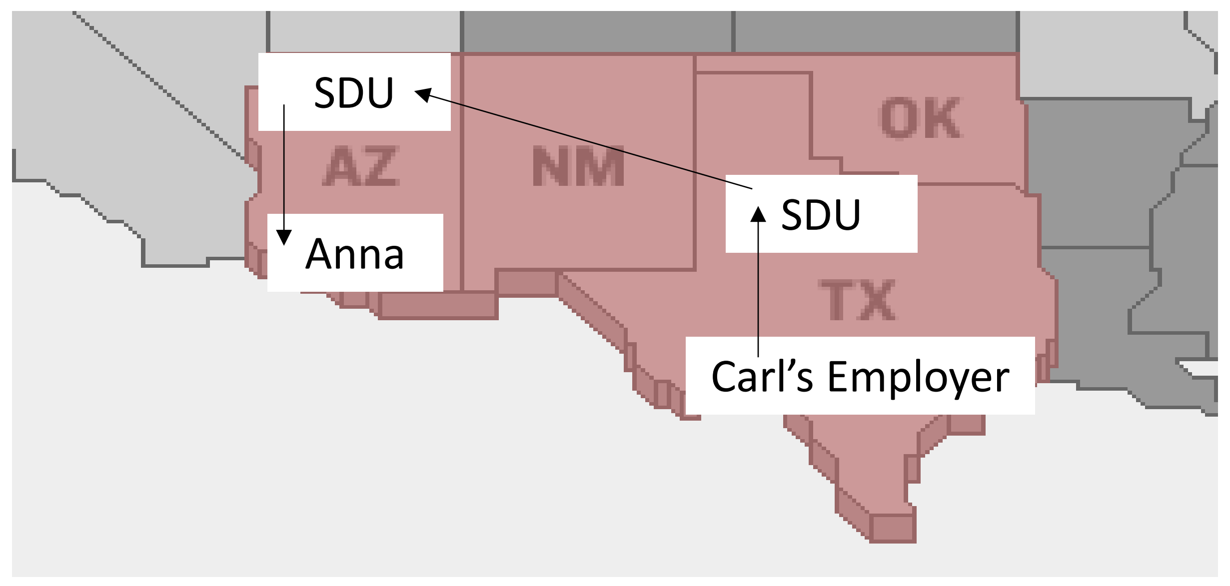


Another Scenario

- If no paying income withholding order, 45 CFR 303.7(c)(3) requires Arizona to determine whether direct enforcement of its order through income withholding is appropriate
- If Arizona locates employer for Carl in Texas, UIFSA section 501 allows Arizona to send its income withholding order
- But Arizona does not have authority to change payment location on Texas's order

Another Scenario

- If Arizona serves its income withholding notice on Carl's employer in Texas, it must designate Texas's SDU as payment location under Texas's order and request payment forwarding from Texas



Important Best Practice

- When using direct income withholding on another state's order, **enforcing state must**:
  - Obtain other state's identifying case and payment location information using available interstate communication tools or from state directly
  - Include other state's identifying case and payment location on income withholding order
    - Manual operation allowed – off-line document generation must be captured
  - Send payment forwarding request on Transmittal #3

Two-State Enforcement

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Two-State Enforcement

- Initiating state sends case to responding state
- “Interstate IV-D case” in regulations and AT-17-07
- History back to Child Support Enforcement Amendments of 1984 and OCSE’s final rule of 1988
- UIFSA and federal regulations detail responsibilities
    - 45 CFR 303.7
    - UIFSA sections 507, 601, 602, 603

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Two-State Enforcement

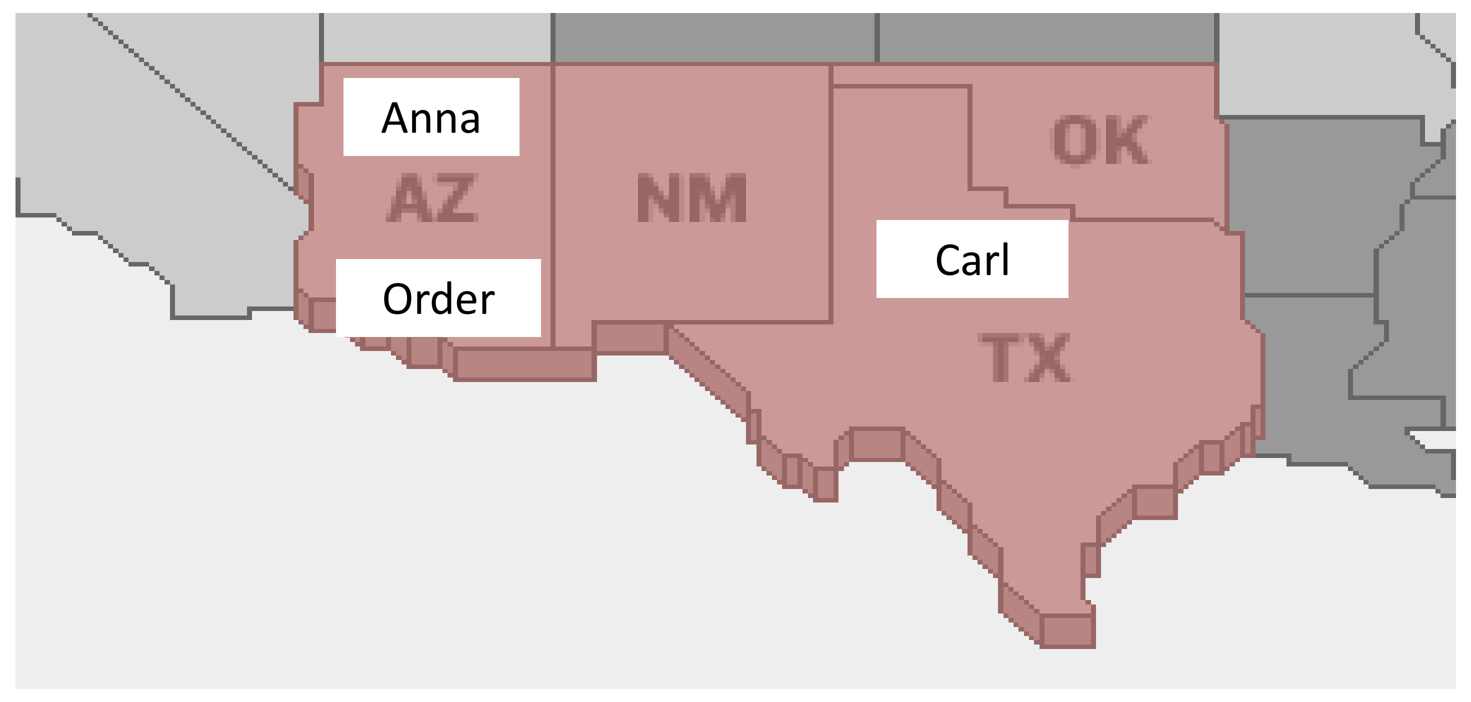
- Responding state uses intrastate enforcement against parent including own income withholding order and SDU payment location
- The income withholding order must reflect payment location of responding state
- Responding state must send payment to initiating state within 2 business days

Scenario

- Anna receives child support services and a support order is entered in Arizona for Carl to pay Anna support for their son
- Carl moves to Texas and stops paying support

Scenario

- What should Arizona do?

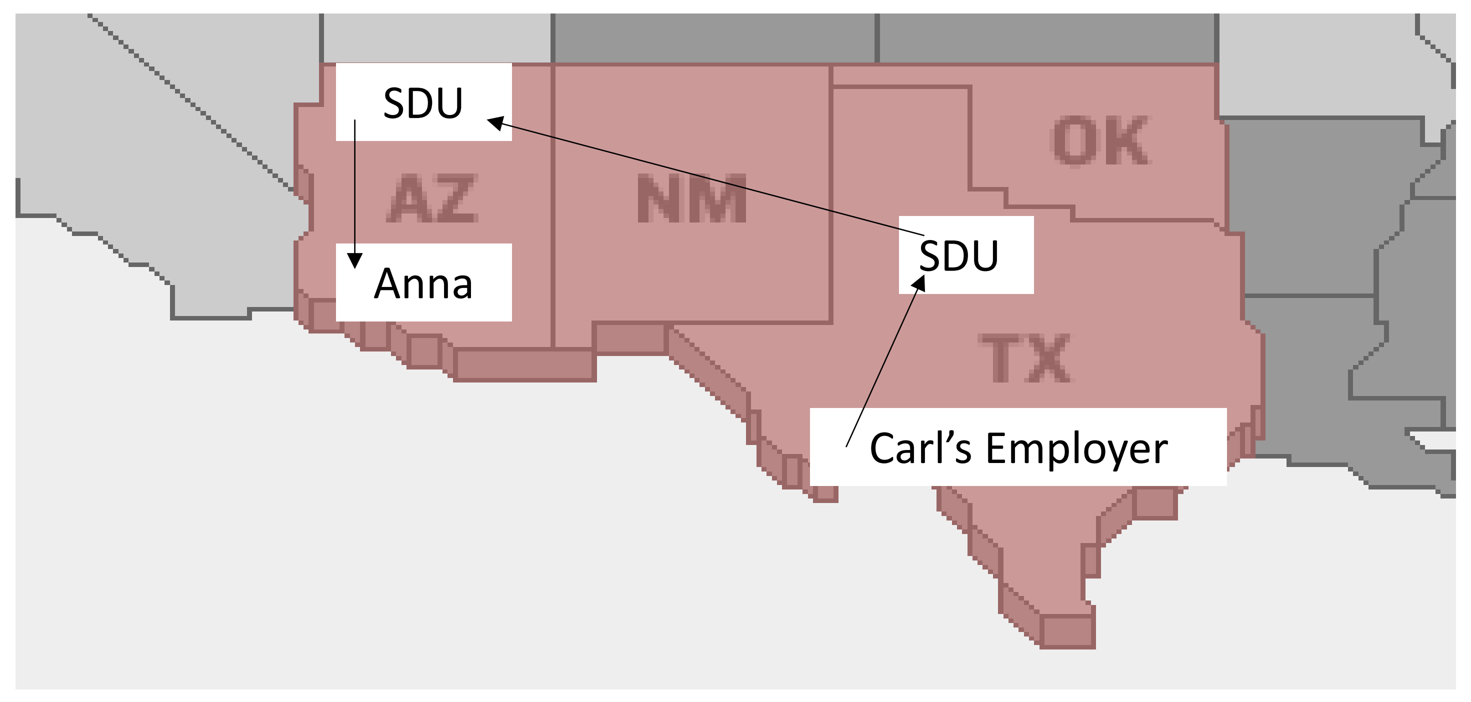


Scenario

- Remember 45 CFR 303.7(c)(3) requires Arizona first to determine whether direct enforcement of its order through income withholding is appropriate
- If Arizona cannot locate employer for Carl in Texas or if Texas may be able to use other enforcement mechanisms against Carl, initiating interstate IV-D case to Texas may be most appropriate action
- Transmittal #1 allows Arizona to request registration and enforcement of its order in Texas

Scenario

- After Texas receives referral from Arizona, Texas becomes responding state and uses its intrastate remedies – including its income withholding through its SDU – to collect support for Arizona

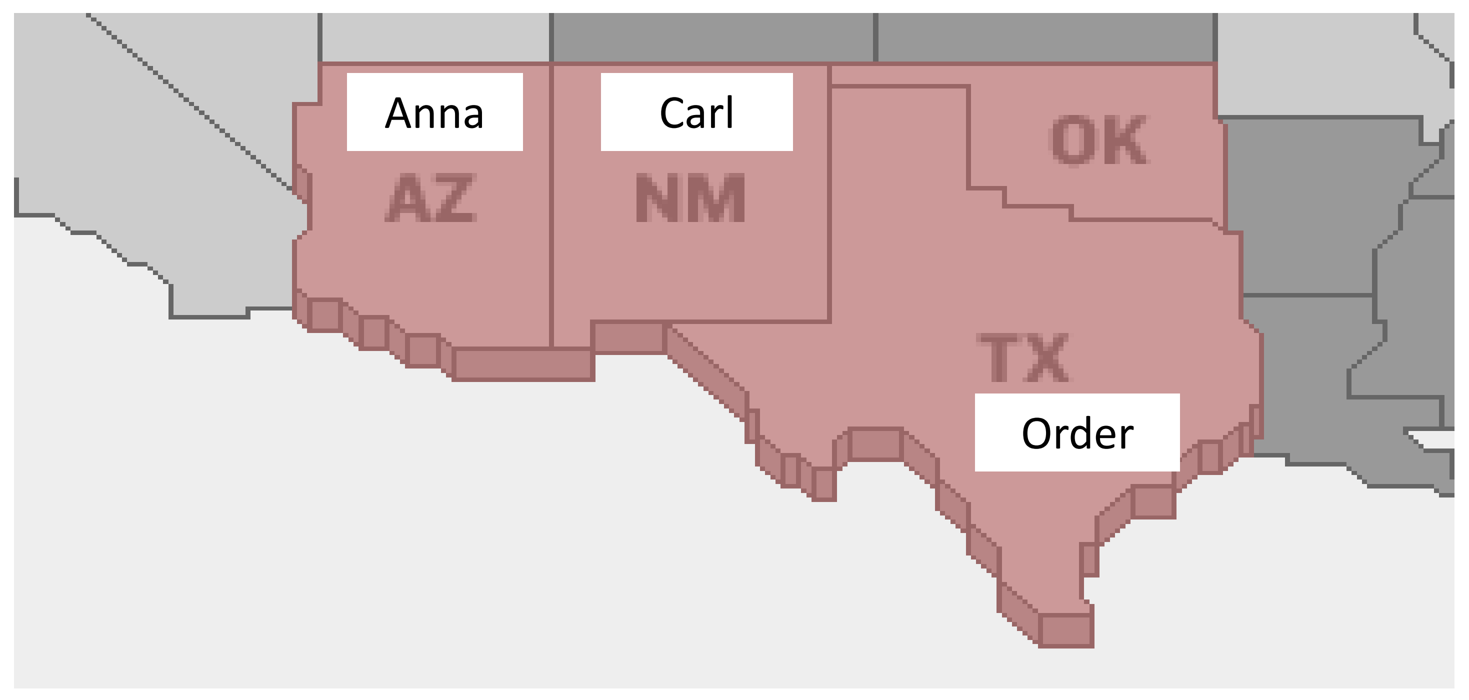


Another Scenario

- Anna applies for child support services when she moves to Arizona
- An order for support was entered in Texas
- Carl, the noncustodial parent, now resides in New Mexico

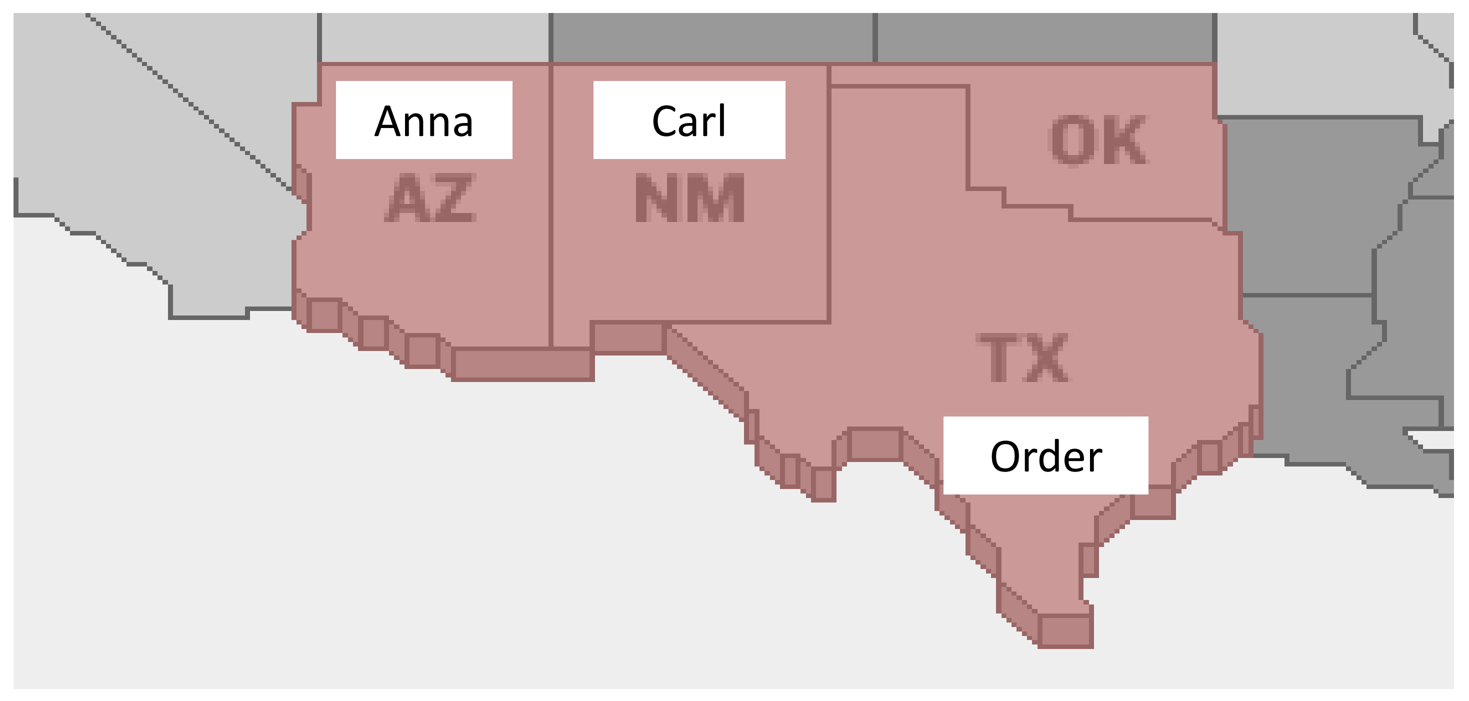
Another Scenario

- What should the Arizona IV-D program consider in deciding most appropriate service for case?



Another Scenario

- Arizona should determine:
  - Open IV-D case in Texas?
  - Open IV-D case in New Mexico?
  - Paying income withholding order collecting support?

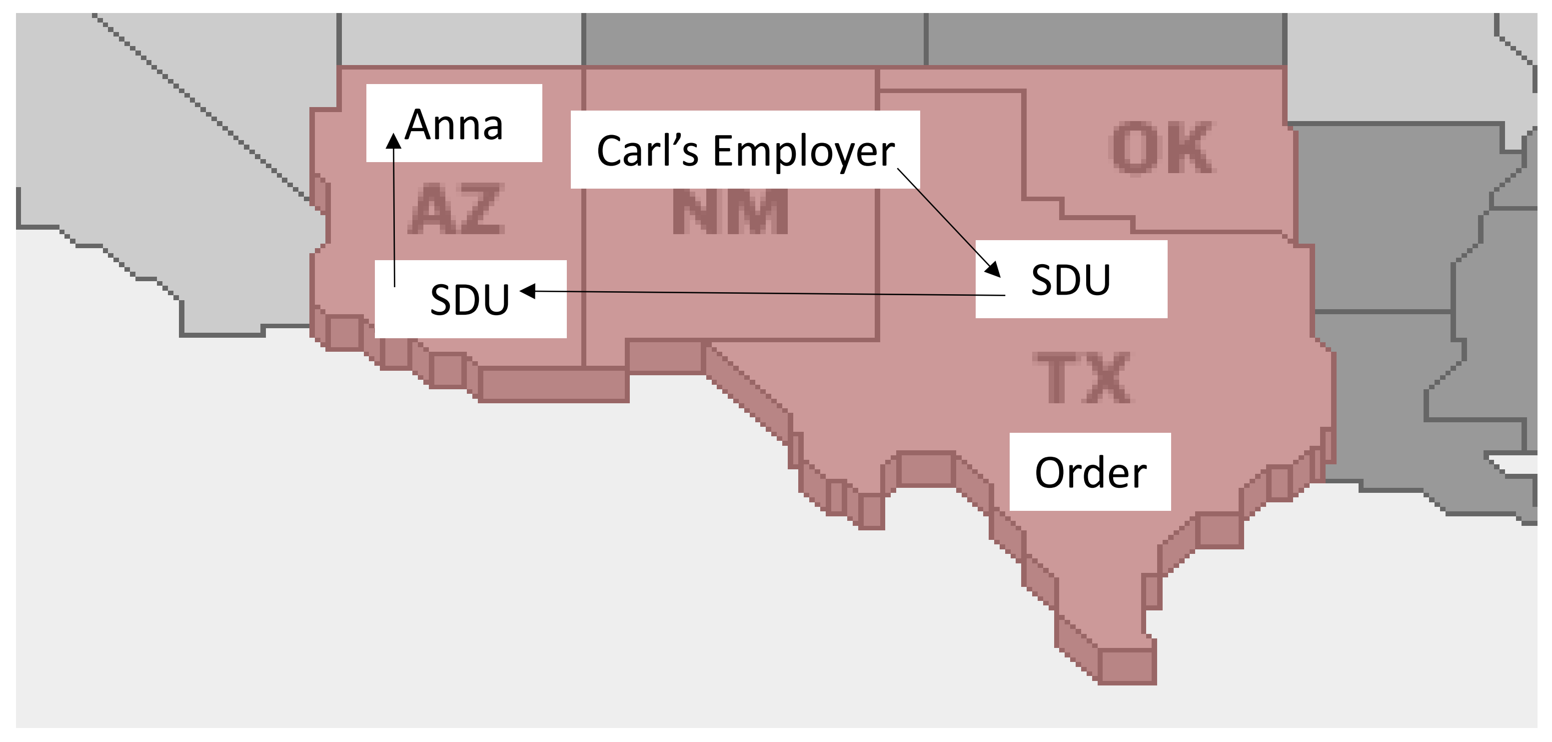


Another Scenario

- Arizona should obtain Texas's order and case and payment information through available interstate communication tools
- If Texas has open IV-D case and is using direct income withholding to collect support from noncustodial parent's employer in New Mexico, Arizona should request payment forwarding from Texas on Transmittal #3

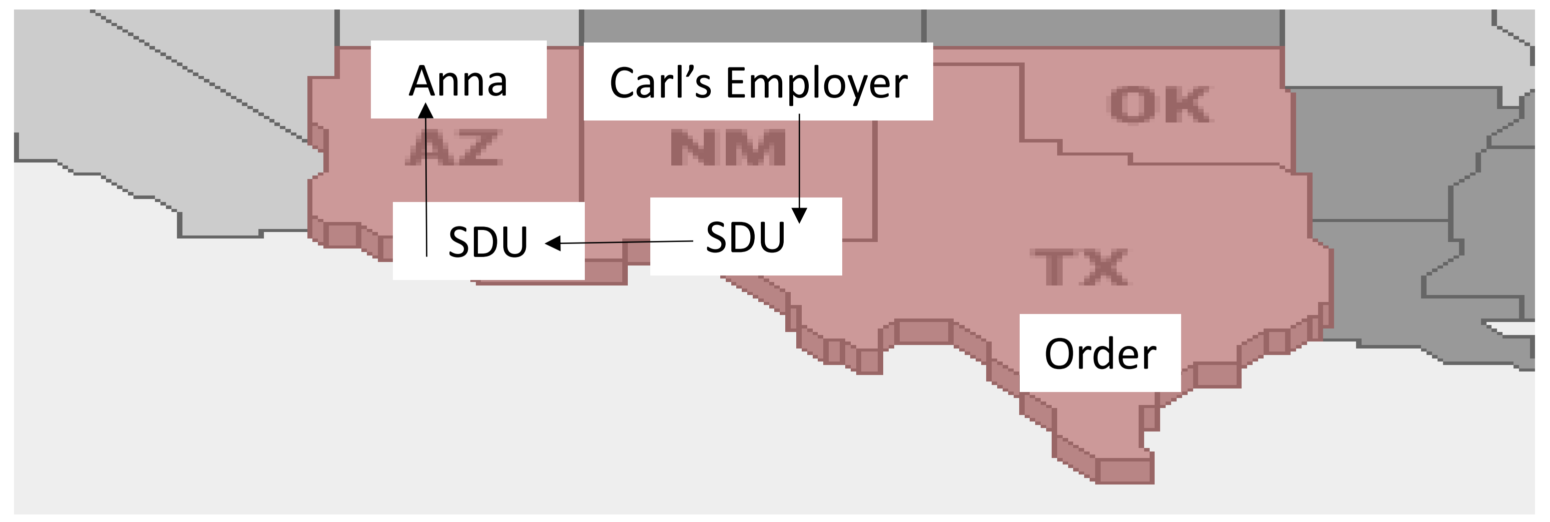
Another Scenario

- Payments will flow from noncustodial parent's employer in New Mexico to Texas's SDU to Arizona's SDU to custodial parent



Another Scenario

- If there is no paying income withholding order, Arizona may decide that most appropriate service is to initiate interstate IV-D case to New Mexico
- New Mexico, as responding state, will serve its income withholding order on Carl's employer in New Mexico and payments will flow to New Mexico's SDU to Arizona's SDU to Anna



Payment Records

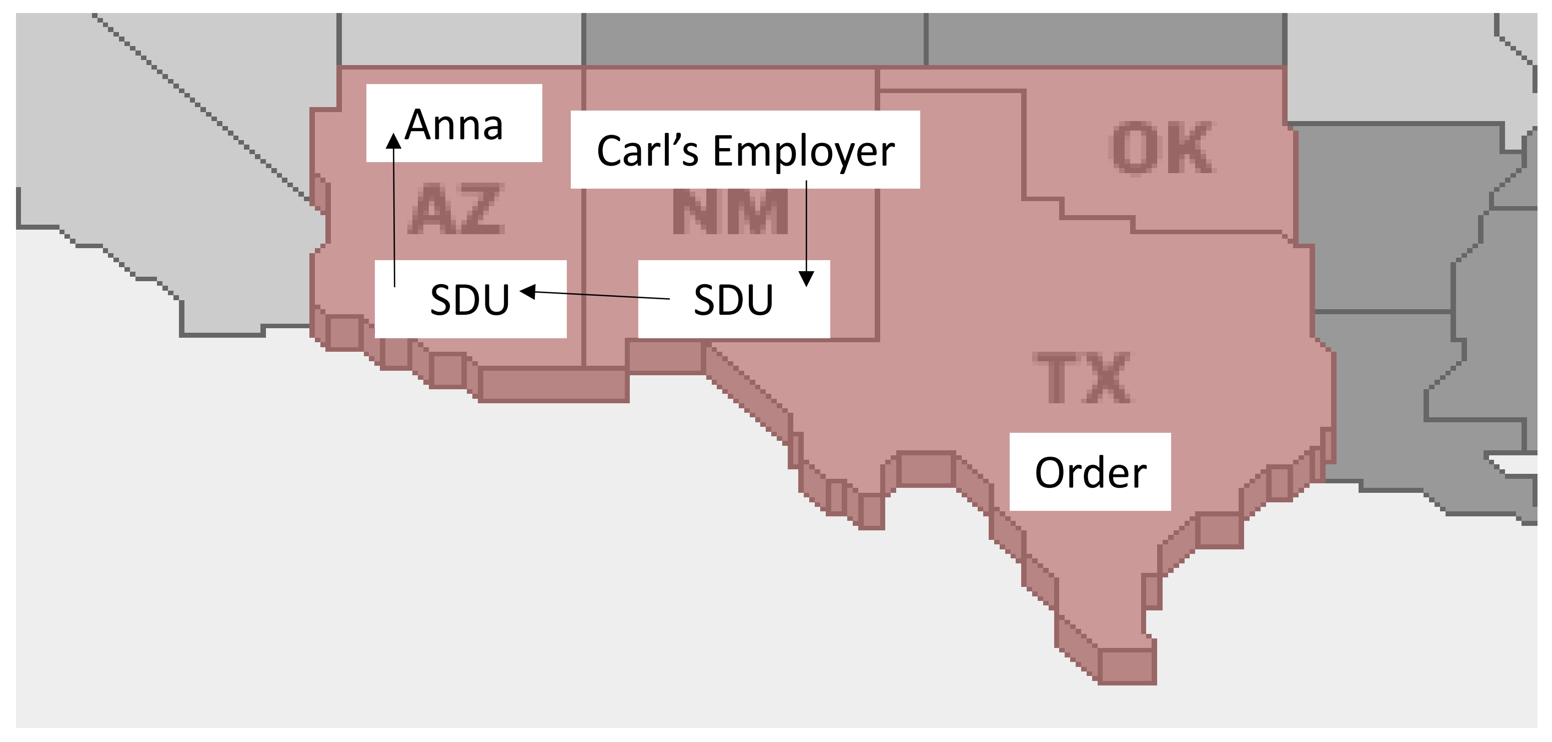
- In every IV-D case, IV-D agency must keep payment record of following: amount of support owed; arrearages, interest, and late payment penalties; collections; and distributions
- For all cases including non-IV-D orders, each state's SDU must maintain information on all support payments collected and disbursed by SDU
- Under UIFSA, tribunal issuing controlling order has authority and responsibility to determine arrearages still owed regardless of IV-D status

Two-State Enforcement

- If initiating state is not order state, initiating state must inform order state of enforcement action
  - If order state has open IV-D case, notice allows it to coordinate enforcement
  - Notice is necessary for accurate record keeping purposes (UIFSA sections 209 and 604 comments)
  - Order state has option to designate manner and frequency of payment notification

Another Scenario

- Here, Arizona must notify Texas of referral of interstate IV-D case to New Mexico



UIFSA 319 Redirection

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UIFSA 319 Redirection

- Sections 307(e) and 319(b) & (c) were added to UIFSA 2001
  - New payment “redirection” option for state agencies
- Now that UIFSA 2008 is uniform, all states have option
- Available only where:
  - Everyone has left order-issuing state
  - Custodial parent receives IV-D services

UIFSA 319 Redirection

- AT-17-07 Best practice requested by NCCSD:
  States should request UIFSA 319 redirection only if order-issuing state does *not* have open IV-D case

UIFSA 319 Redirection

- Imposes limited duty on order state to redirect payments
- Depending on state law, child support agency or tribunal may direct payments to new location
- New location must be SDU in state where parent owed support is receiving services
- Order state also sends either income withholding order or administrative notice of change of payee to employer
- Order state can request payment information from requesting state

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Scenario

- Anna applies for child support services when she moves to Arizona
- An order for support was entered in Texas
- Carl, the noncustodial parent, now resides in New Mexico

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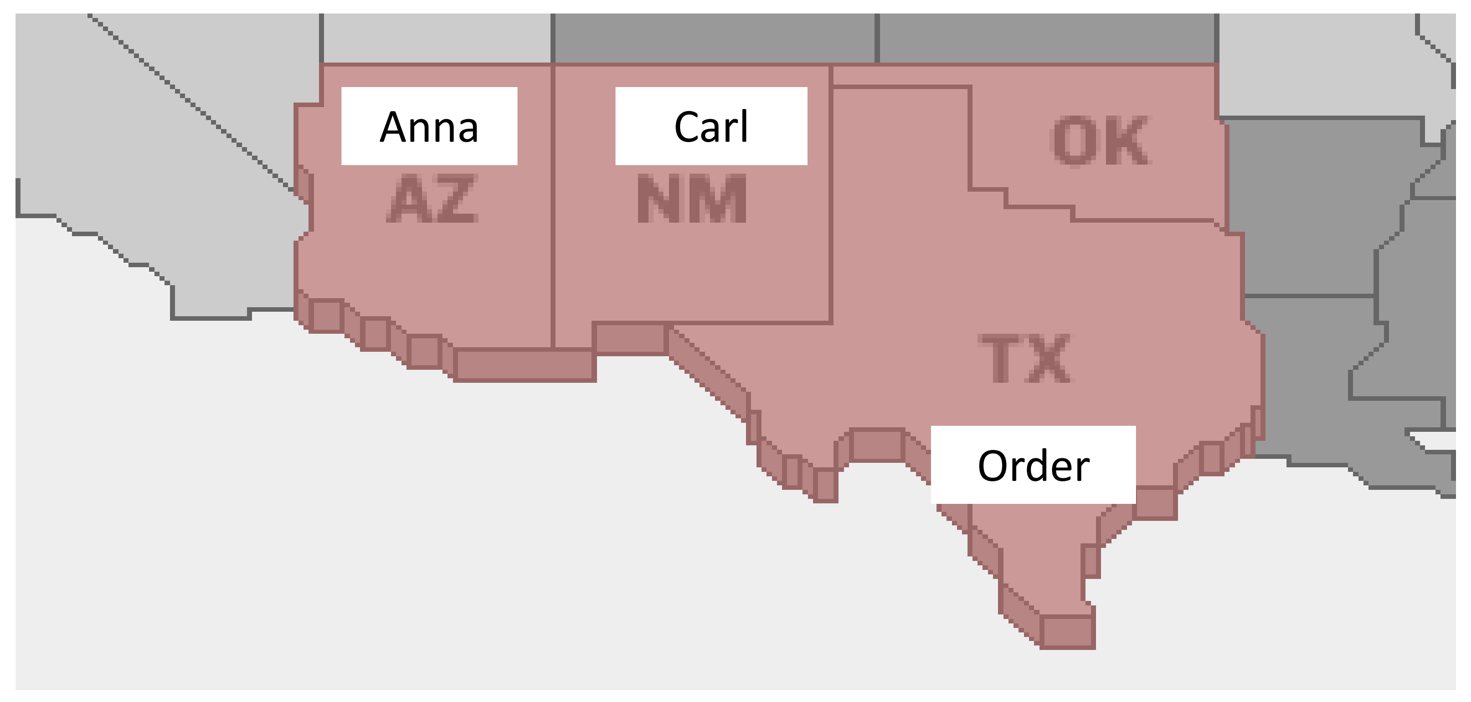
Scenario

- What should the Arizona IV-D program consider in deciding whether to request UIFSA section 319 redirection?

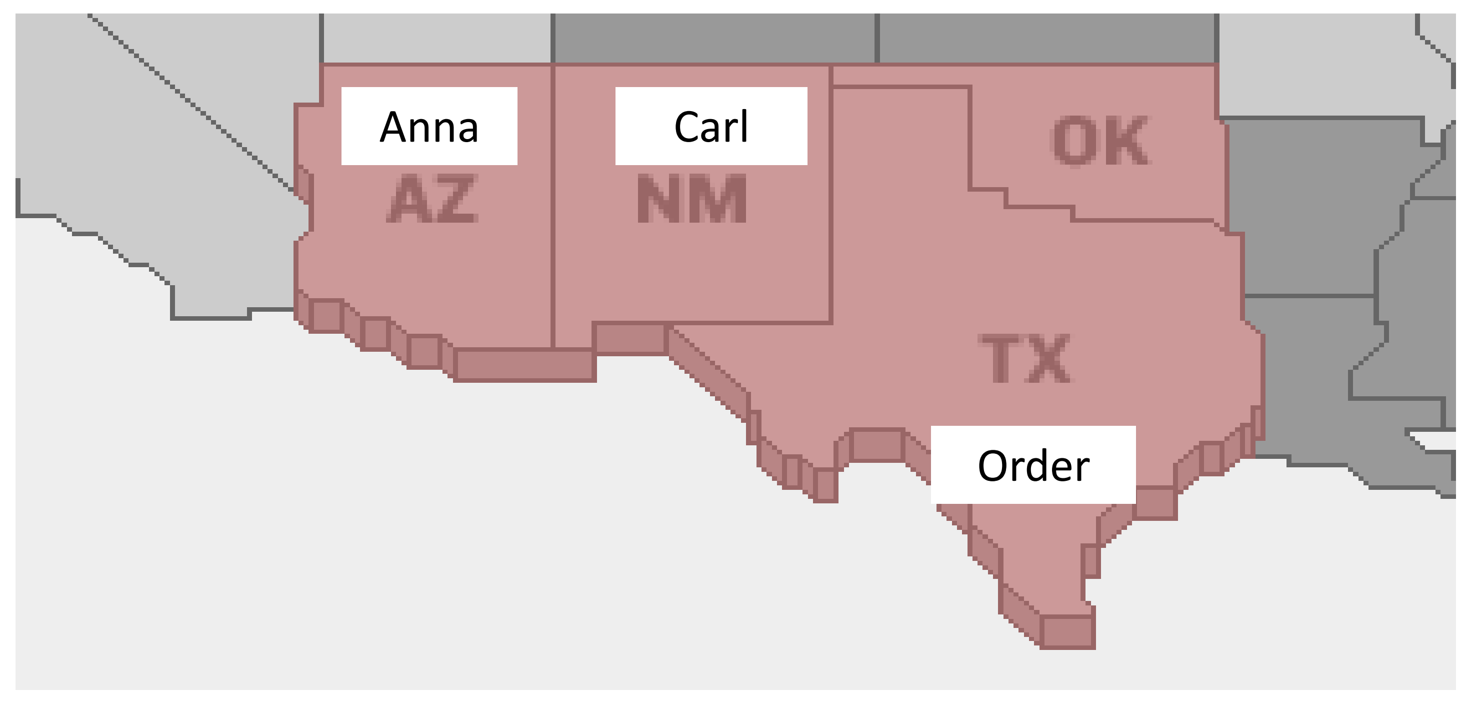


Scenario

- Arizona should determine:
  - Open IV-D case in Texas?
  - Open IV-D case in New Mexico?
  - Paying income withholding order collecting support?
- Arizona should obtain Texas's order and case and payment information through available interstate communication tools

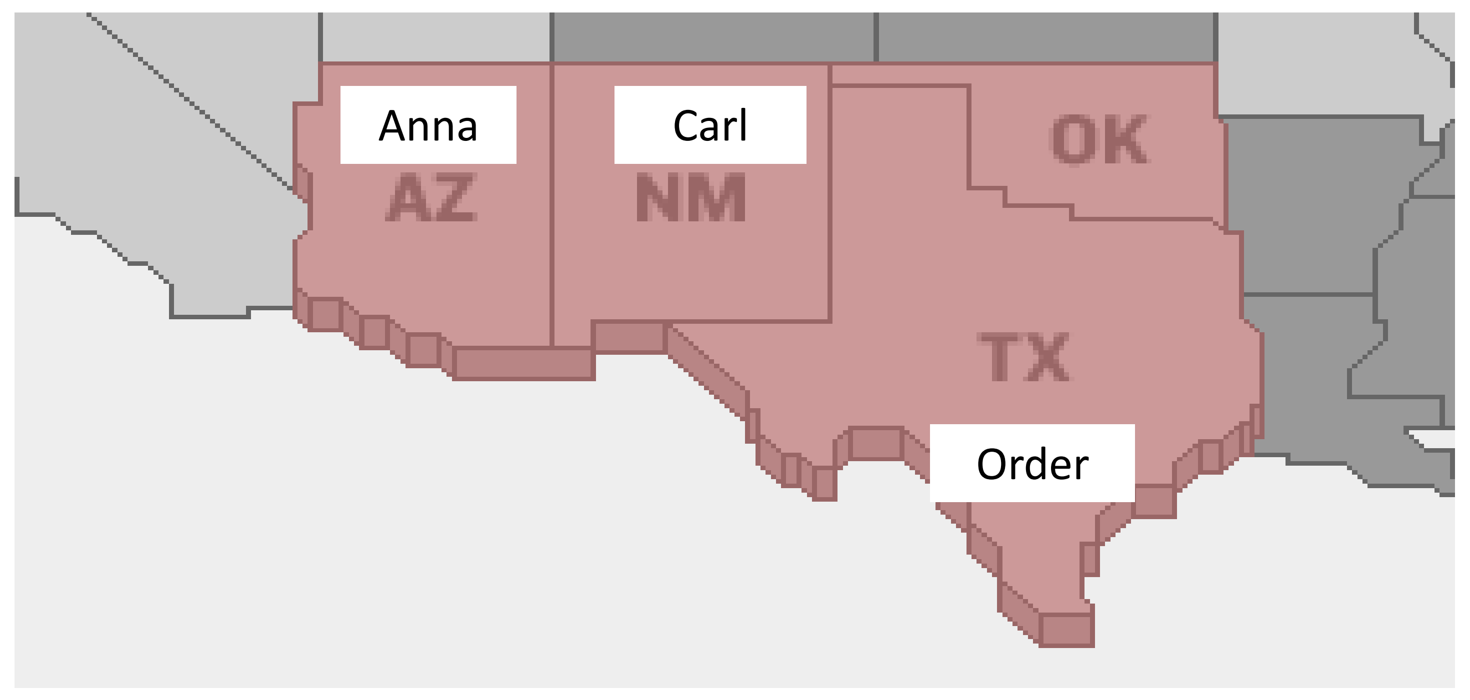
Scenario

- If Texas does *not* have open IV-D case **and**
- If there is paying income withholding order,
  - Arizona may consider requesting UIFSA 319 redirection from Texas



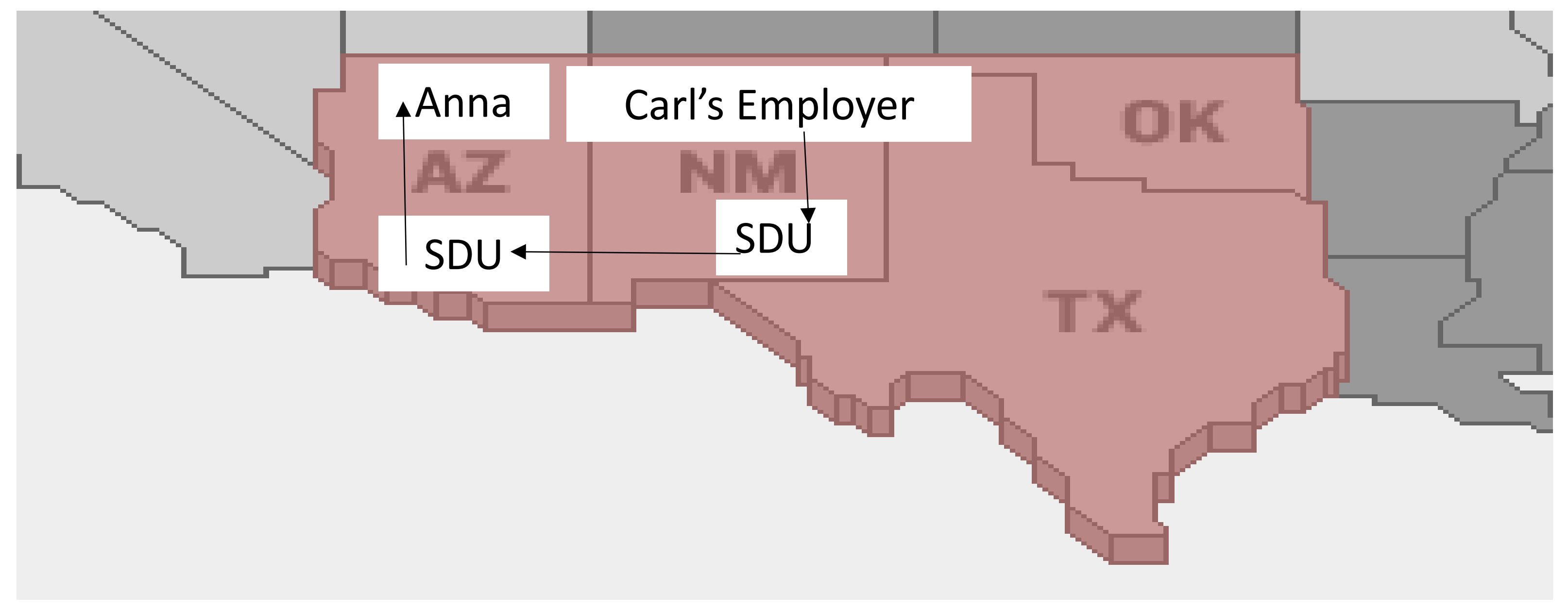
Scenario

- If Arizona requests UIFSA section 319 redirection from Texas, Arizona will use new intergovernmental form "Child Support Agency Request for Change of Support Payment Location Pursuant to UIFSA § 319"



Scenario

- Texas will change payment location on order from its SDU to Arizona's SDU
- Texas will send new income withholding order to Carl's employer with Arizona's SDU listed as payment location
- Following redirection, payments flow from Carl's employer to the Arizona SDU to Anna



Summary

- States must consider all options on most appropriate services for each individual case
- States must cooperate in enforcing support obligations across state lines
- Order state should be kept apprised of any enforcement action taken by other states
- Interstate communication is key!

Questions?