



Welfare Recoupment vs. Families First: What Does it Take to Change State Policies?

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California's Path to Families First

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A Long and Windy Road

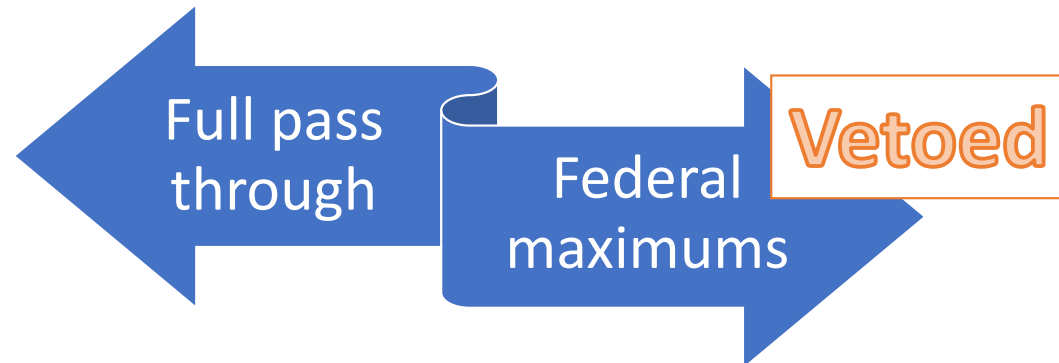
- Policy bill proposing pass through changes
- Deficit Reduction Act of 2005 (DRA) change via Emergency Order
- Administration proposal in increase pass through and disregard
- Permanent change to DRA distribution
- Administration proposal to pass through arrears to formerly assisted families
 - Legislative counter-proposal
 - Final legislation – September 27, 2022



2019

SB 337 – Senator Skinner

- Began with proposal of full pass through for currently TANF-assisted
- Ended with increased pass through to Federal maximums
- Vetoed due to budgetary impact





2020

CARES Act



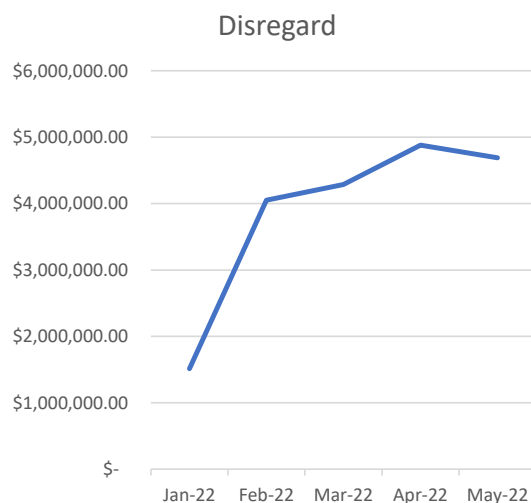
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- First round stimulus funds are subject to IV-D intercept.
- California operated under PRWORA distribution; Federal tax refund intercept applied to assigned arrears first.
- California DCSS sought Executive Order allowing suspension of one line in the Code of Civil Procedure that required application to assigned arrears.
- Executive Order N-59-20
- Fast system change to distribute to families ⚡



2020

- State fiscal year budget 2020-21 Administration proposal



- Increase pass through to Federal maximums of \$100/200.
- Approved July 2020!
- Implemented effective January 1, 2022.
 - Required new IV-A indicator of assistance unit size.



2021

- Executive Order unexpectedly ends June 30 – what now?
- Quick action to include full Deficit Reduction Act of 2005 (DRA) distribution change in State Fiscal Year 2021-22 budget.
- Approved July 2021.
 - No further system changes needed.
- Layers upon Uncollectable (assigned) Debt provisions approved at the same time.



2022 Budget Process

Administration Proposal

- Implement option to pass through assigned arrears to formerly assisted families as of January 2023.

Legislative Counter Proposal

- Implement option to pass through assigned arrears to formerly assisted families as of January 2023

AND

- Use State General Fund to pass through all support to currently TANF-assisted families as of January 2025.



2022 Budget Final Plan

- Pass through assigned arrears to formerly-assisted families as of July 1, 2023.
 - Provide report to Legislature by May 2023 of potential public benefit program eligibility impacts.
 - Must detail the need for an opt-out and proposed informational materials.
- Fully disregard all support received by State Only funded aid recipients as of January 2024, e.g., timed out/fleeing felon.
- Intent to pass through and disregard all support to currently TANF-assisted families by January 2025.
 - Budget review (trigger) in Spring 2024.
 - Joint IV-A and IV-D workgroup to study potential impacts with Report due in April 2024.



Michigan and Family-First Child Support

Erin Frisch
IV-D Director



History

- Pre-2012 provided a pass-through and disregard of \$50 to families that received cash assistance and called it the “Client Participation Payment” (CPP).
 - Was also disregarded for food assistance cases with federal waiver.
- The CPP was discontinued in fiscal year 2012 due to budget reductions.



Recent Changes

- April 2019, submitted a proposal to pass through child support for families receiving FIP assistance. The proposal was included in the fiscal year 2020 executive budget and passed by the legislature.
- January 1, 2020 federal participation version (\$100 for one child and \$200 for 2 or more) of pass through for current support on current assistance cases.
 - Initially was able to disregard for food assistance, then lost waiver and had to count.
 - Data analysis shows no one has lost their food assistance due to additional child support.



Notification to 3000 participants

Michigan Department of Health and Human Services
Office of Child Support

More Money For Your Family



Beginning January 2020, you may get some of your child support payments when you get cash assistance. **You can keep this money and your cash assistance.**

When the parent who owes you child support pays on time, **the Michigan State Disbursement Unit (MiSDU) will send you some or all of this money instead of sending it to the state.**

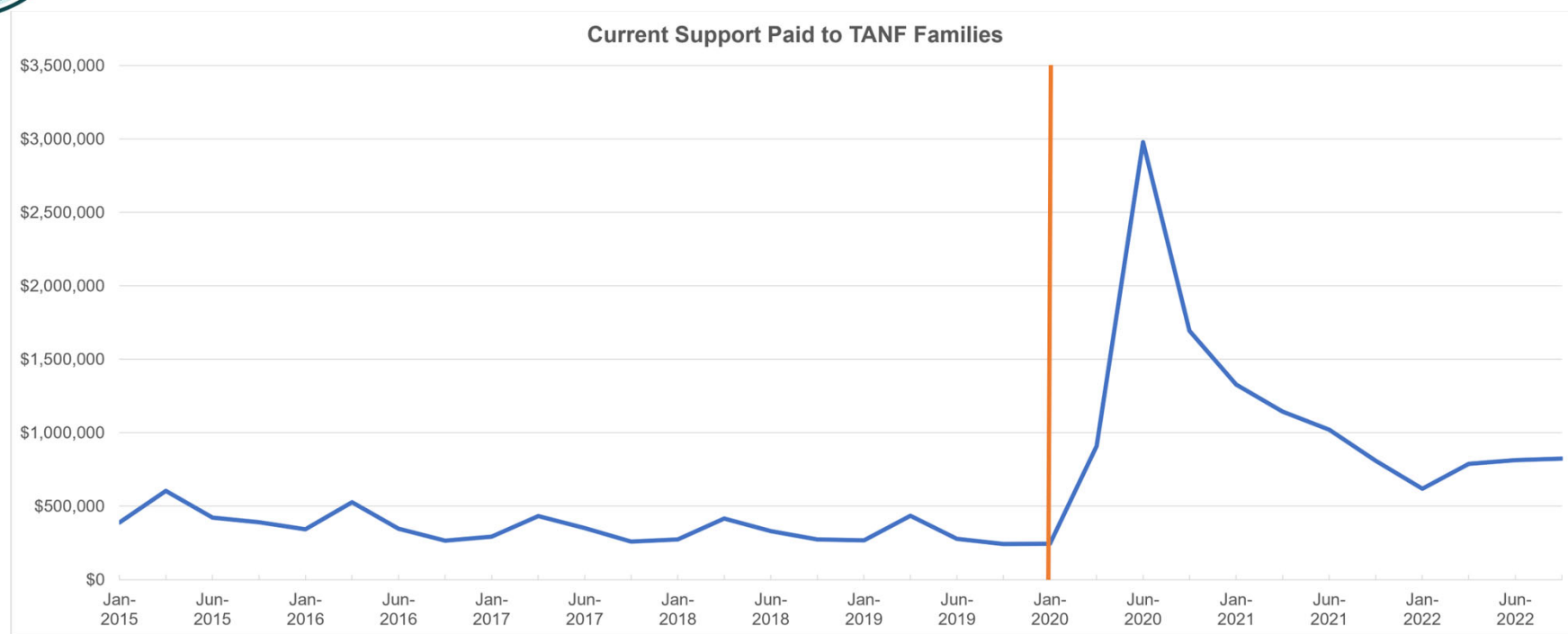


- If you have **1 child** on your case, you can receive **up to \$100** in child support each month.
- If you have **2 or more children** on your case, you can receive up to **\$200** in child support each month.



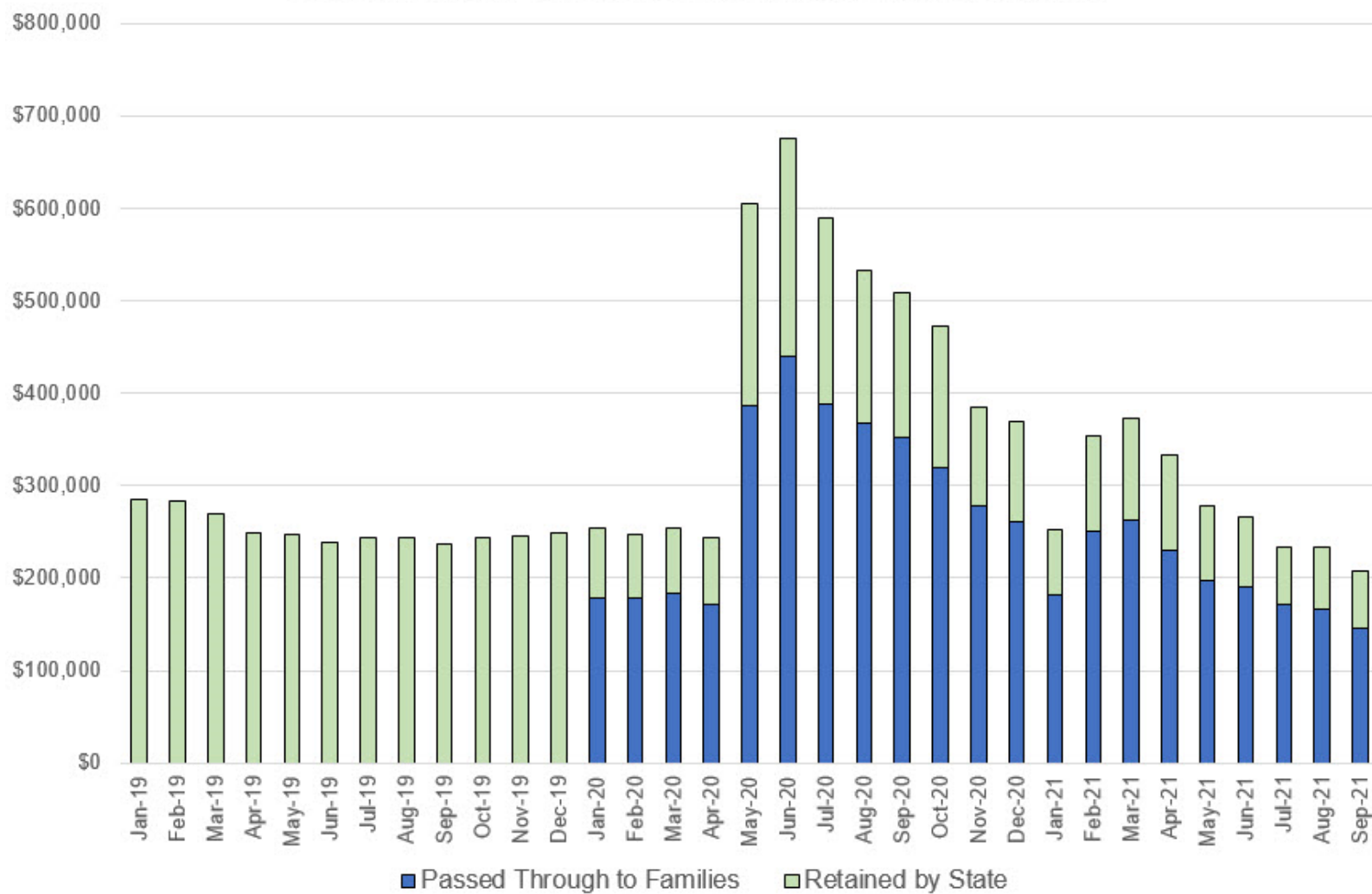
How Does It Work? Let's say you have one child on your case, and you get **\$403** in cash assistance in March. The parent who owes child support pays **\$100** in March. You will get your cash assistance **and** your child support.

\$403	Cash Assistance
+ \$100	Child Support
\$503	Total Income to You





Current Support Paid on Cases with Families Receiving TANF





Impacts

FY20:

- Total amount passed through between January 2020 through September 2021 = \$5,295,714

FY21:

- Current support paid on child support cases with families receiving TANF = \$3,757,868
- Amount passed through to the families = \$2,651,841



Fiscal Year 2022 Budget

- FY22 Budget Proposal to increase pass through in executive budget and passed by legislature.
- January 1, 2023 full pass through for current support on current assistance cases using state General Fund for federal portion.



Revised letter based on parent feedback

Michigan Department of Health and Human Services
Office of Child Support

Good News for Your Family



Jennifer, beginning January 2023, you can keep all of your current child support payments when you get cash assistance. You can keep this money and your cash assistance.

Your child support payments depend on the amount owed and how much is paid each month. **You will receive 100% of the child support paid if it is paid in the month it is due.**



How Does It Work? Let's say you have one child on your case, and you get **\$306** in cash assistance in March. The child support due each month is \$130. The parent who owes child support pays **\$130** in March. You will get your cash assistance **and** your child support.

\$306	Cash Assistance
+ \$130	Child Support
\$436	Total Amount to You



Next Up?

- Arrears on current assistance cases
- Former assistance cases
- Considerations for system modernization



New Mexico Families First Distribution Rule Changes

Overcoming Challenges



BEFORE WE START.

On behalf of all colleagues at the Human Services Department, we humbly acknowledge we are on the unceded ancestral lands of the original peoples of the Apache, Diné and Pueblo past, present, and future.

With gratitude we pay our respects to the land, the people and the communities that contribute to what today is known as the State of New Mexico.



Evening drive through Corrales, NM in October 2021.
By HSD Employee, Marisa Vigil



MISSION

To transform lives. Working with our partners, we design and deliver innovative, high quality health and human services that improve the security and promote independence for New Mexicans in their communities.

GOALS



We help NEW MEXICANS

1. Improve the value and range of services we provide to ensure that every qualified New Mexican receives timely and accurate benefits.



We make access EASIER

3. Successfully implement technology to give customers and staff the best and most convenient access to services and information.



We communicate EFFECTIVELY

2. Create effective, transparent communication to enhance the public trust.



We support EACH OTHER

4. Promote an environment of mutual respect, trust and open communication to grow and reach our professional goals.



Families First Distribution Rule Changes

Challenges

- **New Mexico Followed the PRWORA Distribution Rules**
 - Federal Tax Refund Offset (FTRO) collections went to assigned arrears first for TANF recoveries on all Former TANF Assistance cases
 - \$1.74 million in TANF recoveries were expected to be collected as part general fund budget each year
- **To move to Deficit Reduction Act (DRA) Distribution rules – Families First - for all collections a need of \$1.74 million from the state legislature**
- **System Changes**
- **Regulation Changes**
- **Education and Outreach**





Families First Distribution Impact former TANF assistance families

- \$1,500 Federal Tax Refund Intercepted from the IRS from Non-Custodial Parent

	Case Type	Payment Amount	Payment Type	Distribution of Collections During the Month			Pass-through 100% applied to assigned arrears	Final Disbursement to Family and Retained by State		State Share (20.09%)	Federal Share (79.91%)
				Current Support	Arrearages						
					Family	State					
1. Current Policy (PRWORA)/No PT	FA	\$1,500	FTRO		\$500	\$1,000		\$500	\$1,000	\$201	\$799
2. PRWORA Distribution + FA PT	FA	\$1,500	FTRO		\$500	\$1,000	\$1,000	\$1,500	\$0	\$0	\$0
3. DRA Distribution + FA PT	FA	\$1,500	FTRO	\$150	\$1,000	\$350	\$350	\$1,500	\$0	\$0	\$0



Show Me the Money

\$1.74 Million
Investment for
New Mexico
Families –
Benefits BOTH
Current and
Former Assistance
Families

Collections Distributed as Assistance Reimbursement			Federal Reports	
YEAR	TANF Current Assistance	TANF Current Assistance Case/NCP Count	Fed Share	State Share
SFY17	\$1,537,622	1,645	\$ 1,091,286.47	\$ 446,335.68
SFY18	\$1,377,437	1,538	\$ 990,739.79	\$ 386,697.52
SFY19	\$1,445,316	1,506	\$ 1,044,097.98	\$ 401,217.52
SFY20	\$2,264,744	1,860	\$ 1,768,051.13	\$ 496,692.67
SFY21	\$2,856,641	2,225	\$ 2,269,895.60	\$ 586,745.75

Collections Distributed as Assistance Reimbursement			Federal Reports	
YEAR	TANF Former Assistance	TANF Former Assistance Case/NCP Count	Fed Share	State Share
SFY17	\$4,638,171	4748	\$4,383,588	\$1,792,205
SFY18	\$4,679,385	4674	\$4,358,306	\$1,698,517
SFY19	\$4,748,406	4928	\$4,474,457	\$1,719,265
SFY20	\$8,338,355	6788	\$8,293,448	\$2,309,651
SFY21	\$6,543,227	6041	\$7,466,211	\$1,933,658



CSED Families First Distribution Changes

\$1.74M to properly fund the child support program resulting in as much as \$6.96 million in child support payments to low-income, **former TANF** families and kids.



Meet Alana and Marcus

- Alana, single mom to son Marcus (age 7)
- Alana lost her job in 2019, relied on 12 months of TANF for cash assistance while she looked for work. Received about \$500/month in TANF cash assistance (\$6,000 for the year).
- Marcus's father is not making regular child support payments.
- CSED Received \$1,500 in 2020 stimulus payments that was intercepted by the IRS.

Current Distribution Rules	Families First Distribution Rules
\$1,000 paid back to the State and Federal Govt.	\$150 paid toward current monthly obligation
\$500 paid toward family arrears	\$1,000 paid toward family arrears
\$0 paid to toward current monthly support	\$350 distributed to State and Fed. Govt but passed-through to the family
Total to Alana and Marcus: \$500	Total to Alana and Marcus: \$1,500



CSED Families First Distribution Changes

Deficit Reduction Act (DRA) distribution rules and the \$1.74M to properly fund the child support program will allow CSED to implement the \$200 pass-through for **Current TANF** assistance families with 2 or more children.

Meet Lisa, Maria, and Michael

- Lisa is a single mom to Maria (10) and Michael (7) and is currently receiving TANF cash assistance
- Maria and Michael's father is not making regular child support payments.
- CSED Received \$1,500 in 2020 stimulus payments that was intercepted by the IRS.



Current Distribution Rules	Families First Distribution Rules
\$1,500 paid back to the State and Federal Govt.	\$200 distributed toward current monthly obligation—qualifies for pass-through
\$0 paid toward family arrears	\$1,300 paid toward State and Fed. Govt. (TANF recoveries)
\$0 paid to toward current monthly support	\$0 distributed to Family arrears
Total to Lisa, Maria and Michael - \$0	Total to Lisa, Maria, and Michael - \$200 pass through



Families First Distribution Rule Changes

Former TANF Assistance	Current TANF Assistance
Distribution for ALL collections including Federal Tax Refund Offsets to ensure families are paid first	Distribution for ALL collections including Federal Tax Refund Offsets + increases pass through
Current Support (Monthly Obligation)	Current Support (Monthly Obligation)
Never-Assigned arrearages (Family arrears)	Assigned Arrearages (TANF recovery)
Pass-through Assigned arrearages (TANF recovery)	Never-Assigned arrearages (Family arrears)
	Pass-through up to \$100 for one child and up to \$200 for two or more children
	Pass-through limitation is \$200
	Pass-through must be disregarded



Families First Distribution Rule Changes

- **NM IV-D program received funding to implement Families First Distribution Rule Changes (Deficit Reduction Act (DRA)) during the 2022 Legislative session**
 - Major system changes are in process and the new DRA distribution rules will be implemented January 2023.
 - Regulation changes were also required and were published in September 2022
 - New Mexico received funding to allow a pass through of all collections for Former Assistance cases
 - New Mexico will also pass through up to \$100 for a family with 1 child and up to \$200 for a family with 2 or more children on Current Assistance cases





NM Works Regulation for Disregard of child support

The Income Support Division (ISD) is preparing NM Administrative Code (NMAC) changes to disregard the increase of the pass-through to current TANF assistance cases up to \$200 for 2 or more children.

- NMAC 8.102.520.9 is a NM Works regulation and was not a proposed CSED regulatory change.



Questions and comments?

INVESTING FOR TOMORROW, DELIVERING TODAY.