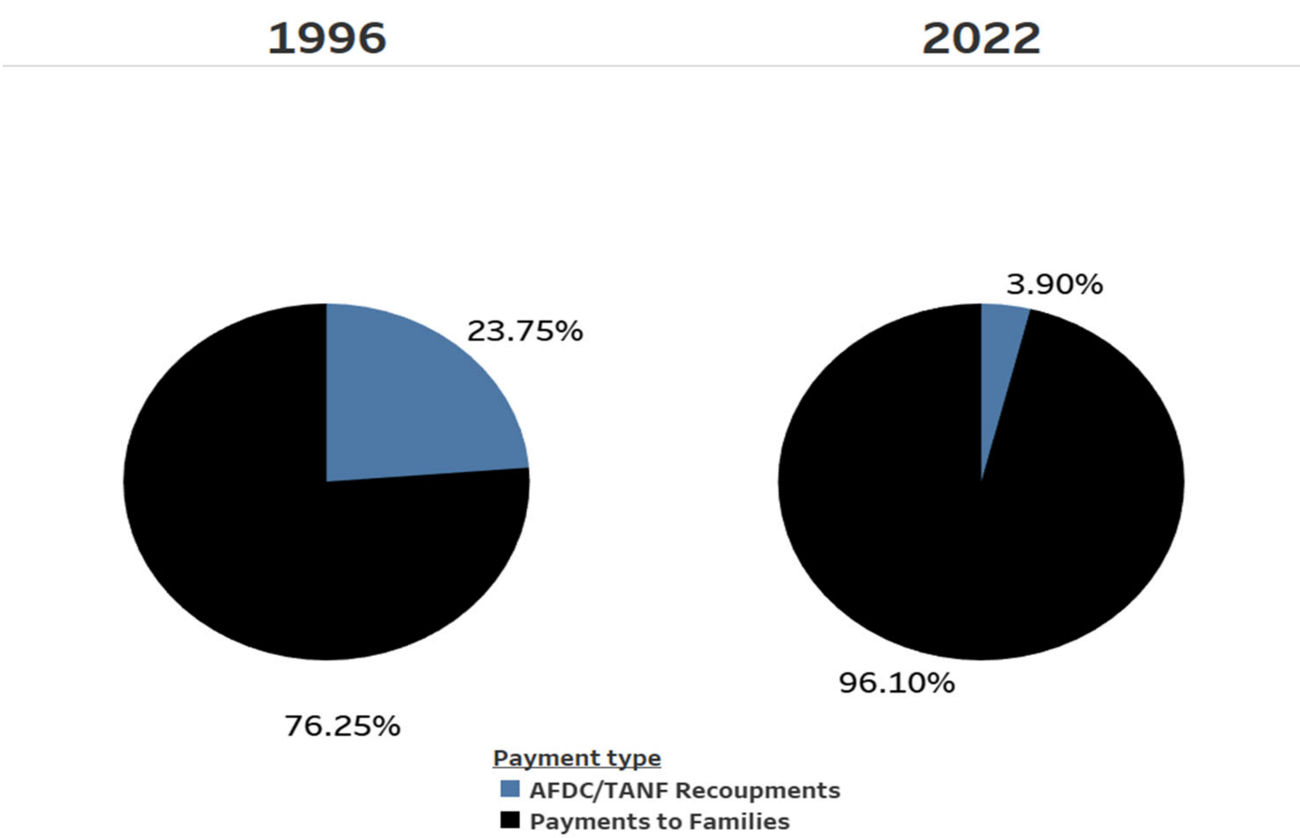
Distribution Outside the (Retained Support) Box

How States are Changing their Policies to Pass-Through Retained Support

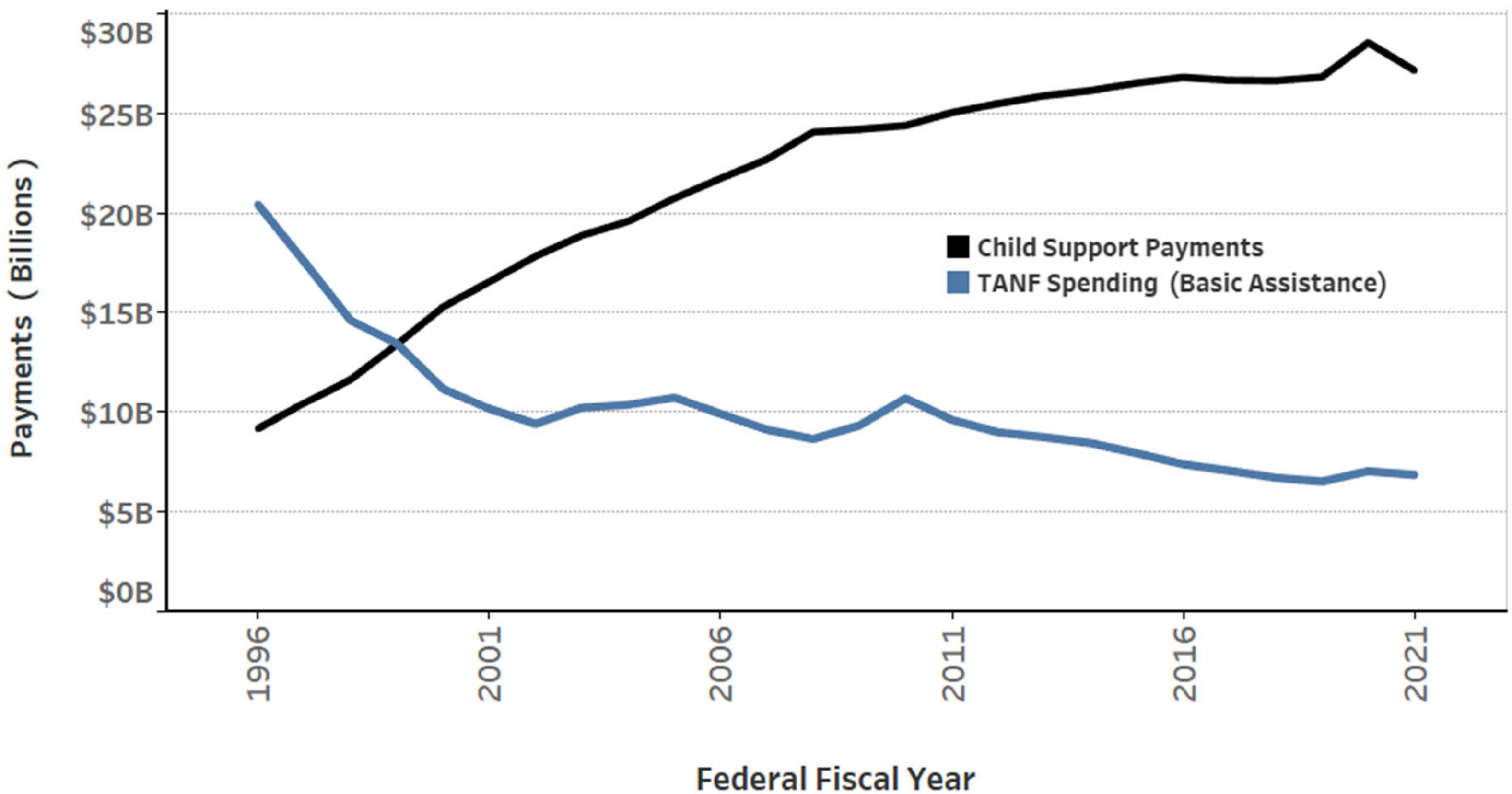
Speakers

- Diana Azevedo-McCaffrey, CBPP
- Kristie Gordy, Wyoming
- David Kilgore, California
- Kathy Sokolik, Public Knowledge
- Melanie Vigil, New Mexico
- Bob Williams, Veritas HHS

Retained Collections vs. Payments to Families Welfare Reform and Now



TANF Benefits Paid vs. Child Support Payments to Families



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The Sticking Point
Retained Collections vs. State Admin Costs

- Most states use retained/recouped collections to help fund IV-D program
- Retained collections for current TANF cases = 5.8 percent of state costs (2022)
- Recouped collections for former TANF cases = 9.6 percent (2022)

Advocacy Strategies & Goals

Strategies

- Build policy expertise
- Write series of papers on different policy opportunities
- Foster community and advocacy momentum with Child Support Advocates group (70 advocates from 22 different states)
- Provide technical assistance to advocates
- Develop national strategy to make change happen on the fed. level

Advocacy goals

- Maximize child support income going to both current and former TANF families
- Minimize families denied TANF and other benefits because of cooperation requirements
- Address inequities of child support system for custodial and noncustodial parents

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California's Journey

Change	Timeline
DRA distribution adopted; tax refunds (CARES Act stimulus) to families	May 2020; made permanent 2022
Current assistance pass through and disregard increased to Federal max	Implemented January 2022; enacted June 2020
Former assistance pass through of assigned arrears; retain assignment	Implementing for collections after May 1, 2024; enacted September 2022
Current assistance full pass through and disregard (potential!)	Intent language enacted June 2022; budget trigger review May 2024

California’s Journey

Public Benefit Program	Eligibility Impact/Mitigation
SNAP	130% of FPL; no ability to mitigate
WIC	185% of FPL; no ability to mitigate
State-funded cash aid	$ for $ over Federal maximum; as of 1/1/2024 or when automation is ready, all child support disregarded
SSI	Child support is unearned income to SSI recipient or applicant; no ability to mitigate
Medicaid/Medi-Cal	MAGI qualification not impacted; only non-MAGI applicants impacted

California’s Journey

Lessons Learned
Data, data, data: Be prepared to paint a picture of the families you’ll impact with your proposed change.
Budget details: Get in the weeds and make sure you can clearly explain impacts to Federal/State/County share.
Impacts to Other Programs: Research (or phone a friend!) eligibility impacts for other benefit programs as a result of receiving child support arrears.
Made a Technology Plan Right Away: Financials are complex to change, and not partnering with our Tech team right away led to delay in implementation.

NM CSSD Families First Distribution Rule Changes effective January 2023

FORMER TANF ASSISTANCE	CURRENT TANF ASSISTANCE
Distribution for <u>ALL</u> collections including Federal Tax Refund Offsets + pass through of <u>ALL</u> assigned arrears to the families.	**Distribution for <u>ALL</u> collections including Federal Tax Refund Offsets + increased pass through**
• Current Support (Monthly Obligation)	• Current Support (Monthly Obligation)
• Never-Assigned arrearages (Family arrears)	• Assigned Arrearages (TANF recovery)
• Pass-through **<u>ALL</u>** Assigned arrearages (TANF recovery) to the family	• Never-Assigned arrearages (Family arrears)
	• Pass-through up to $100 for one child and up to $200 for two or more children to the family
	• Pass-through limitation is now $200
	• Pass-through must be disregarded for TANF eligibility purposes

NM has not taken the option to discontinue the assignment of arrears

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NM CSSD Families First Distribution Changes

For SFY23, the NM Child Support program requested and received $1.74M to properly fund the child support program's implementation of the Deficit Reduction Act (DRA) distribution rules changes. It allowed NM CSSD to increase the **Current TANF** assistance pass-through to "up to $200" (from "up to $100" for any family) for families with 2 or more children and allow IRS payments to follow the same distribution rules as regular payments.

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 his ongoing child support payments of $200 per month.
- NM CSSD Received $1,500 in 2020 stimulus payments that was intercepted by the IRS.

Pre-January 1, 2023, NM Distribution Rules	Current Families First Distribution Rules
$0 distributed toward current monthly obligation	$200 distributed toward current monthly obligation – qualifies for pass-through
$1,500 paid toward State and Federal Govt. shares	$1,300 paid toward State and Federal Govt. shares
$0 distributed toward Family arrears	$0 distributed toward Family arrears
Total to Family - $0	**Total to Family - $200 pass through**

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NM CSSD Families First Distribution Changes

The $1.74M NM CSSD received allowed NM CSSD to implement the **Former TANF** assistance pass-through of the federal and state share of the collections to NM families and allow IRS payments to follow the same distribution rules as regular payments. This could result in as much as $6.96 million in child support payments going to low-income, **former TANF** families.

Meet Alana and Marcus

- Alana, single mom to son Marcus (age 7)
- Alana divorced and lost her job in 2019, relied on 12 months of TANF cash assistance while she looked for work. She received about $500/month in TANF cash assistance ($6,000 for the year) before finding a full-time job.
- Marcus's father made his regular ongoing child support payments of $150 per month.
- No Family Arrears
- CSED Received $1,500 in 2020 stimulus payments that were intercepted by the IRS.

Pre-January 23, 2023, NM Distribution Rules	Current Families First Distribution Rules
$1,500 paid toward State and Federal Govt. shares	$150 distributed toward current monthly obligation – if obligation not met
$0 distributed toward current monthly obligation	$0 distributed toward Family arrears because there are none
$0 distributed toward Family arrears	$1,350 paid toward State and Federal Govt. shares that is passed through to the family
Total to Family - $0	**Total to Family - $1,500**

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LESSONS LEARNED FROM IMPLEMENTING DRA DISTRIBUTION RULE CHANGES

CURRENT ASSISTANCE PASS THROUGH	FORMER ASSISTANCE PASS THROUGH
• Need to work closely with your public assistance agency to ensure the disregard is possible and can be implemented at the same time. • Know the State will see a decrease in TANF recoveries and timely request appropriations to cover the loss. • Policy and System changes take time, effort and excellent coordination of resources. • Communicate with staff on upcoming changes • Know how the increased pass-through amount will affect programs, like SNAP.	• Know the State will pay the federal shares of collection to the Federal Govt, see a decrease in state TANF recoveries and timely request appropriations to cover these costs. • Policy and System changes take time, effort and excellent coordination of resources. • Be prepared for increased inquiries from families who start receiving payments they know used to go to the State. • Communicate with staff on upcoming changes. • Know how the increased pass-through amount will affect programs, like SNAP.

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WY Home Matters (WHM) is a framework that guides how we work across systems and with communities to engage and serve children, vulnerable adults, and their families.

WHM is built on **core values** and a belief that children and vulnerable adults do best when they can stay safely at home.

Safe at Home

All children and adults deserve to be safe in their own homes, wherever home is to them.

Opportunities for Success

All families deserve a fair chance at success. Our job is to promote family strengths and to provide access to services that allow families to stay safely together.

Supporting the People who Support the Families

Our greatest resources are those people serving families directly in their communities - our staff and our partners.

Wyoming’s Journey

Change	Timeline
DRA distribution adopted; tax refunds (CARES Act stimulus) to families	May 2020; Permanent October 1, 2021
Current assistance pass through and disregard	Implemented May 1, 2021
Former assistance pass through of assigned arrears; discontinuance	Due to be completed Fall 2023
Current assistance full pass through	TBD

Wyoming’s Journey

Public Benefit Program	Eligibility Impact/Mitigation
Temporary Assistance for Needy Families - Cash Assistance	Amount set by legislature; Passthrough income is exempt
Child Care Assistance	175% of FPL; full disregard
Low Income Energy Assistance	60% of State Median Income; full disregard
SNAP	130% of FPL; no ability to mitigate
WIC	185% of FPL; no ability to mitigate
SSI	Child support is unearned income to SSI recipient or applicant; no ability to mitigate

Contact Us!

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