

Overview

Distribution of collections within the IV-D child support program is governed by a set of complex rules defined by federal law. The manner in which a payment is distributed depends on the following:

- The distribution options chosen by the state;
- Whether or not child support has been assigned to the state for current or past periods;
- The type of collection (e.g. income withholding, state tax offset, federal tax offset, voluntary payment, etc.);
- Whether or not the obligor has more than one support order;
- The nature of the debt owed (e.g. current, past due support or fees, penalties, costs, etc.); or
- The date of collection.

Policy

Assignment

In order to receive Personal Opportunity with Employment Responsibility (POWER) grants, an applicant shall sign a statement allowing Wyoming to keep the child or medical support and/or spousal support received on his/her behalf or on behalf of the child(ren) for whom the applicant is requesting monthly POWER grants. Since the distribution rules discussed below are dependent upon the assistance status, it is imperative that members of the Wyoming Child Support Program (CSP) understand basic and complex assignment situations as described in Appendix [14.A – Assignment Scenarios](#).

The Deficit Reduction Act of 2005 (DRA) established a number of new options and requirements for the assignment of support rights and the distribution of child support collections.

Prior to October 1, 2009 when a custodial parent applied for POWER, the custodial parent assigned all child and spousal support arrears that were past-due at that time to the State of Wyoming. This included any judgments in favor of the custodial parent.

Effective October 1, 2009, assignment of support rights is limited to the period of time the family receives POWER benefits. The assignment is limited to the amount of child support accruing during the family's assistance period only, not to exceed the unreimbursed public assistance (URPA) amount. Any child support arrearages that accrue prior to the period the family receives POWER benefits will no longer be assigned.

Effective May 1, 2021, the Wyoming CSP elected to implement Pass Through in accordance with DRA distribution rules. This allows current assistance families to receive \$100.00 in child support for one child and \$200 for two or more children. Pass -Through payments are paid to the family and are disregarded in determining the type and amount of assistance provided to the family.

Assignment of Support Rights

Assignments executed on or after October 1, 2009 will be limited to the amount of support that accrues during the assistance period, not to exceed the cumulative amount of URPA.

Distribution Sequence in Former-Assistance Cases

The DRA required states to choose between distributing arrears in Former-Assistance cases using Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) distribution rules or using

the new DRA distribution rules contained under the amended section 457(a)(2)(B) of the Act. Wyoming chose to continue with the existing PROWRA distribution rules.

Discontinuation of Assignments

As noted above, the DRA provides that States may not take any assignments of Pre-Assistance Arrearages in any new POWER cases starting October 1, 2009. However, pre-assistance arrearages assigned prior to October 1, 2009 will remain in effect.

Never Assign Cases

Under certain circumstances, child support should not be assigned to the State of Wyoming. If the case worker believes the "Never Assign Arrears" box should be marked, the case worker will discuss with the District CSP Office Manager. If the District CSP Office Manager agrees, the District CSP Office Manager will e-mail the appropriate person at the State Disbursement Unit (SDU) with the request to mark the "Never Assign Arrears" box.

Distribution Rules

Distribution priorities are based upon federal law and are programmed into a table in POSSE. Distribution rules changed on October 1, 1997 and then again on October 1, 2009. The most recent change to the distribution rules occurred on May 1, 2021 when Wyoming CSP elected to implement pass through DRA distribution rules. [Appendix 14.B - Distribution Matrix](#) provides in detail the distribution priorities utilized in Wyoming.

Basically, support payments will be distributed as follows and in the order listed with non-judgment categories paid before those amounts reduced to judgment.

Priority 1: Current Support

- Child support;
- Medical support
- Spousal support.

Priority 2: Arrears Non Assigned

- Child support;
- Medical support;
- Spousal support;
- Title XIX;;
- Interest; and
- Penalties.

Priority 3: Arrears Assigned

- Child support;
- Medical support;
- Spousal support;
- Title XIX;
- Interest; and
- Penalties.

Priority 4: Costs

- Genetic testing;
- Attorney fees;
- GAL fees;
- Indigent counsel fees;

- Administrative costs;
- Other costs/fees;
- Interest; and
- Penalties.

Current Assistance Cases

On May 1, 2021, the Wyoming CSP elected to implement Pass Through in accordance with DRA distribution rules. This allows current assistance families to receive \$100.00 in child support for one child and \$200 for two or more children. Pass -Through payments are paid to the family and are disregarded in determining the type and amount of assistance provided to the family. These payments also follow the same distribution as listed above, except for while the CP is receiving Power the assigned arrears will be paid before non assigned arrears. This includes Single and Joint Return Federal Tax Offset payments.

Note: The date of assignment is determined by the effective date of the custodial parent's POWER grant.

Federal Tax Offset (TOP)

Any collection received through the federal TOP as described in [9.2 Enforcement – Administrative Enforcement Remedies](#) will be applied to current support and certified arrearages. **These payments cannot be applied to any arrears that were certified after the offset occurred.**

On October 1, 2021, the Wyoming CSP elected to implement the new distribution sequence for Former-Assistance cases under the DRA, States must treat Federal tax refund offset collections the same as any other collection for purposes of distribution. Wyoming CSP has elected to follow DRA distribution rules and will distribute Federal tax refund offset collections first to current support, then to arrearages.

Federal tax refunds are collected and distributed in the following manner:

- **Single Return** – Upon receipt of a single return, the SDU will distribute the payment to the custodial parent within 2 days from the file received date. The federal tax refund will be applied to current support and then the certified arrears amount. Anything in excess of the certified arrears amount will be refunded to the non-custodial parent.
- **Joint Returns** – Upon receipt of a joint federal tax refund, the SDU will apply the payment to the current support owed to the custodial parent within 2 days and will refund any amount in excess of the certified amount to the non-custodial parent/current spouse within 2 days from the file received date. In addition, section 464(a)(3)(B) still applies and permits a delay in distribution in non-IV-A cases for up to six months in joint return cases.

Exceptions to Distribution Rules

Once the SDU receives a collection and enters it in POSSE, POSSE will utilize the distribution rules to distribute the payment within 2 days except under the following limited circumstances:

- The inability to identify the appropriate case;
- A pending legal dispute regarding current support amount and/or arrears balance;
- If the collection is:
 - A Federal Tax Offset Joint Return payment pending the 6-month wait period;
 - A Lien Payment are held for 20 Days;
 - A Future dated payment; or
- Foreign currency as described in [11.4.2 Intergovernmental – International – Currency Conversion](#).

Cross Reference

[Appendix 14.A – Assignment Scenarios](#)

[Appendix 14.B – Federal Distribution Matrix](#)

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