



Improved Collection Tools

Issue: NCSEA recognizes that there remains much room for improvement in child support collections. With the exception of income withholding, most child support collection actions vary from state to state, both in terms of the processes required by various state laws and the timing when collection actions are permitted. In addition, the inclination of state legislatures to add or expand existing enforcement tools is often constrained by the competitive disadvantage to certain segments of the business community if the new or expanded enforcement tool is not implemented on a national level. This paper focuses on additions and improvements that could be made to the enforcement tools mandated by federal law and to the sources of information that can be used to increase the amount of child support that is collected.

NCSEA position: NCSEA supports amendments to federal law and regulation that expand and improve the effectiveness of existing child support collection tools, add new collection tools, and improve access to information. The ideas and proposed legislation and regulations are identified as policy issues that would benefit the child support program and the families it serves. The policy proposals assume that additional federal resources would be available to implement them – either by broadening how the federal incentive match can be utilized or with additional federal resources.

Action needed:

Legislative

1. Expand and enhance existing enforcement tools
 - a) Require the United States Department of State to develop a process for revoking passports similar to the current process for denying passports to delinquent child support obligors.
 - b) Mandate states enact laws requiring insurance companies to report pending insurance claims, including the social security number of the claimant.
 - c) Mandate states enact laws creating on-line lien registries that apply to all real property, vehicles, and other property of an obligor by operation of law.
 - d) Require states to create electronic registries of professional licenses to which professional licensing authorities are required to submit information on a periodic basis.

- e) Require states to honor income withholding orders for unemployment insurance benefits from another state, including orders which combine child support and spousal support.
 - f) Require interaction between the federal Office of Child Support and Immigration and Customs Enforcement prior to authorizing legal residence or citizenship to a person who owes child support.
2. Improve access to information
 - a) Require cell phone companies, cable companies, and utilities participate in an electronic data match with state child support agencies, multi-state child support consortia, or the federal Office of Child Support.
 - b) Mandate states enact laws requiring the reporting of independent contractors on a similar basis to the current reporting of new employees.
 - c) Mandate states enact laws to create a central database of delinquent obligors that must be checked by probate administrators, executors, or attorneys when a probate is filed.
 3. New collection tools
 - a) Mandate states enact laws requiring the reporting and intercept of gambling proceeds in excess of an amount set by the federal Office of Child Support, and the inclusion of similar requirements in Indian gaming compacts.
 - b) Authorize the federal Office of Child Support to create a single point of contact for employers to report lump sum payments in lieu of reporting to each state in which the employer does business, including authority to share the results of any match with the employer and any state which has a child support case involving the employee receiving the lump sum.
 4. Improve internal interaction with IRS
 - a) Prohibit the Internal Revenue Service from holding states liable for fraudulent tax returns and refunds which are later reversed by the IRS.
 - b) Authorize IRS information to be disclosed by state and Tribal child support agencies for child support purposes with parents (including attorneys and other third parties authorized by the parent), courts, attorneys, public assistance agencies, and vendors providing services to a government child support agency.
 - c) Authorize tribal child support programs to access IRS and federal Office of Child Support databases and processes on a similar basis to existing access by state child support agencies.

Regulatory

1. Encourage development of federal or multi-state efforts to exchange information with employers, insurance companies, financial institutions, and other business partners of child support.
2. Contact the Judicial Conference of the United States to recommend a change to the Federal Rules of Civil Procedure to require notification to Child Support following certification of a class action and, prior to payment of any claim to a class member, notification by one of the parties to the action (as provided by the court) of the social security number or other personal

identifier of any claimant. Following any successful federal rule change, encourage states to seek similar changes in state rules of procedure regarding class actions.

3. Use available federal grant funds as seed money for creating multi-state consortia when appropriate to simplify and streamline the interaction between child support agencies and business partners.

Background: The Personal Responsibility Work Opportunity Reconciliation Act (PRWORA) provided numerous enforcement tools for which states were required to enact legislation, program and implement. Many of these tools assist the child support program in distinguishing between non-custodial parents who have an ability to pay but willfully refuse to do so and those non-custodial parents who are unemployed, underemployed, disabled, lack education and resources, or otherwise do not have the ability to pay. However, there are still gaps in the enforcement process leaving thousands of dollars available and beyond reach for individual families.

Accordingly, enforcement tools should be comprehensive, uniformly applied, automated and simultaneous to achieve the maximum amount of collections for the family. To be comprehensive and uniform, Federal legislation must mandate the occurrence of certain enforcement actions in every state. If after implementing all of the enforcement tools in states, collections are not achieved, it is likely that the individual non-custodial parent simply does not have the resources to pay child support and needs assistance from the child support agency to secure job training and placement and referral for other resources.

The application of an on-line lien registry to motor vehicles in all states supports the existing registries in some states by removing an incentive for potential vehicle sales to occur in a neighboring state where a registry may not exist. In addition, the on-line functionality allows for satisfaction of any lien to be taken into account by the buyer and seller of a vehicle even at a time outside normal office hours when a child support worker is not available.