

108TH CONGRESS  
2D SESSION

# H. R. 4859

To amend part D of title IV of the Social Security Act to improve the collection of child support, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 19, 2004

Mr. KENNEDY of Minnesota (for himself, Mr. DAVIS of Alabama, Mr. BEAUPREZ, Mr. SESSIONS, and Mr. CARDOZA) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend part D of title IV of the Social Security Act to improve the collection of child support, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Child Support Im-  
5 provement Act of 2004”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents of this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

#### TITLE I—DISTRIBUTION OF CHILD SUPPORT

Sec. 101. Distribution of child support collected by States on behalf of children receiving certain welfare benefits.

#### TITLE II—EXPANDED ENFORCEMENT

Sec. 201. Decrease in amount of child support arrearage triggering passport denial.

Sec. 202. Use of tax refund intercept program to collect past-due child support on behalf of children who are not minors.

Sec. 203. Garnishment of compensation paid to veterans for service-connected disabilities in order to enforce child support obligations.

Sec. 204. Improved interstate enforcement.

#### TITLE III—MISCELLANEOUS

Sec. 301. Report on undistributed child support payments.

Sec. 302. Use of new hire information to assist in administration of unemployment compensation programs.

Sec. 303. Improving Federal debt collection practices.

Sec. 304. Maintenance of technical assistance funding.

Sec. 305. Maintenance of Federal parent locator service funding.

Sec. 306. Electronic disbursement of child support payments to families.

Sec. 307. Optional expansion of State disbursement unit to create a centralized payment location for all child support wage withholding.

Sec. 308. Implementation of medical support performance measure.

Sec. 309. Authority to continue State program for monitoring and enforcement of child support orders.

#### TITLE IV—EFFECTIVE DATE

Sec. 401. Effective date.

- 1 **TITLE I—DISTRIBUTION OF**
- 2 **CHILD SUPPORT**
- 3 **SEC. 101. DISTRIBUTION OF CHILD SUPPORT COLLECTED**
- 4 **BY STATES ON BEHALF OF CHILDREN RE-**
- 5 **CEIVING CERTAIN WELFARE BENEFITS.**
- 6 (a) MODIFICATION OF RULE REQUIRING ASSIGN-
- 7 MENT OF SUPPORT RIGHTS AS A CONDITION OF RECEIV-
- 8 ING TANF.—Section 408(a)(3) of the Social Security Act
- 9 (42 U.S.C. 608(a)(3)) is amended to read as follows:

1           “(3) NO ASSISTANCE FOR FAMILIES NOT AS-  
2       SIGNING CERTAIN SUPPORT RIGHTS TO THE  
3       STATE.—A State to which a grant is made under  
4       section 403 shall require, as a condition of paying  
5       assistance to a family under the State program  
6       funded under this part, that a member of the family  
7       assign to the State any right the family member  
8       may have (on behalf of the family member or of any  
9       other person for whom the family member has ap-  
10      plied for or is receiving such assistance) to support  
11      from any other person, not exceeding the total  
12      amount of assistance so paid to the family, which ac-  
13      crues during the period that the family receives as-  
14      sistance under the program.”.

15       (b) INCREASING CHILD SUPPORT PAYMENTS TO  
16      FAMILIES AND SIMPLIFYING CHILD SUPPORT DISTRIBU-  
17      TION RULES.—

18           (1) DISTRIBUTION RULES.—

19           (A) IN GENERAL.—Section 457(a) of the  
20       Social Security Act (42 U.S.C. 657(a)) is  
21       amended to read as follows:

22       “(a) IN GENERAL.—Subject to subsections (e) and  
23      (f), the amounts collected on behalf of a family as support  
24      by a State pursuant to a plan approved under this part  
25      shall be distributed as follows:

1           “(1) FAMILIES RECEIVING ASSISTANCE.—In the  
2 case of a family receiving assistance from the State,  
3 the State shall—

4           “(A) pay to the Federal Government the  
5 Federal share of the amount collected, subject  
6 to paragraph (3)(A);

7           “(B) retain, or pay to the family, the State  
8 share of the amount collected, subject to para-  
9 graph (3)(B); and

10          “(C) pay to the family any remaining  
11 amount.

12          “(2) FAMILIES THAT FORMERLY RECEIVED AS-  
13 SISTANCE.—In the case of a family that formerly re-  
14 ceived assistance from the State:

15          “(A) CURRENT SUPPORT.—To the extent  
16 that the amount collected does not exceed the  
17 current support amount, the State shall pay the  
18 amount to the family.

19          “(B) ARREARAGES.—Except as otherwise  
20 provided in an election made under 454(34), to  
21 the extent that the amount collected exceeds the  
22 current support amount, the State—

23               “(i) shall first pay to the family the  
24 excess amount, to the extent necessary to

1 satisfy support arrearages not assigned  
2 pursuant to section 408(a)(3);

3 “(ii) if the amount collected exceeds  
4 the amount required to be paid to the fam-  
5 ily under clause (i), shall—

6 “(I) pay to the Federal Govern-  
7 ment, the Federal share of the excess  
8 amount described in this clause, sub-  
9 ject to paragraph (3)(A); and

10 “(II) retain, or pay to the family,  
11 the State share of the excess amount  
12 described in this clause, subject to  
13 paragraph (3)(B); and

14 “(iii) shall pay to the family any re-  
15 maining amount.

16 “(3) LIMITATIONS.—

17 “(A) FEDERAL REIMBURSEMENTS.—The  
18 total of the amounts paid by the State to the  
19 Federal Government under paragraphs (1) and  
20 (2) of this subsection with respect to a family  
21 shall not exceed the Federal share of the  
22 amount assigned with respect to the family pur-  
23 suant to section 408(a)(3).

24 “(B) STATE REIMBURSEMENTS.—The  
25 total of the amounts retained by the State

1 under paragraphs (1) and (2) of this subsection  
2 with respect to a family shall not exceed the  
3 State share of the amount assigned with respect  
4 to the family pursuant to section 408(a)(3).

5 “(4) FAMILIES THAT NEVER RECEIVED ASSIST-  
6 ANCE.—In the case of any other family, the State  
7 shall pay the amount collected to the family.

8 “(5) FAMILIES UNDER CERTAIN AGREE-  
9 MENTS.—Notwithstanding paragraphs (1) through  
10 (3), in the case of an amount collected for a family  
11 in accordance with a cooperative agreement under  
12 section 454(33), the State shall distribute the  
13 amount collected pursuant to the terms of the agree-  
14 ment.

15 “(6) STATE FINANCING OPTIONS.—To the ex-  
16 tent that the State’s share of the amount payable to  
17 a family pursuant to paragraph (2)(B) of this sub-  
18 section exceeds the amount that the State estimates  
19 (under procedures approved by the Secretary) would  
20 have been payable to the family pursuant to former  
21 section 457(a)(2)(B) (as in effect for the State im-  
22 mediately before the date this subsection first ap-  
23 plies to the State) if such former section had re-  
24 mained in effect, the State may elect to have the

1 payment considered a qualified State expenditure for  
2 purposes of section 409(a)(7).

3 “(7) STATE OPTION TO PASS THROUGH ADDI-  
4 TIONAL SUPPORT WITH FEDERAL FINANCIAL PAR-  
5 TICIPATION.—

6 “(A) FAMILIES THAT FORMERLY RE-  
7 CEIVED ASSISTANCE.—Notwithstanding para-  
8 graph (2), a State shall not be required to pay  
9 to the Federal Government the Federal share of  
10 an amount collected on behalf of a family that  
11 formerly received assistance from the State to  
12 the extent that the State pays the amount to  
13 the family.

14 “(B) FAMILIES THAT CURRENTLY RE-  
15 CEIVE ASSISTANCE.—

16 “(i) IN GENERAL.—Notwithstanding  
17 paragraph (1), in the case of a family that  
18 receives assistance from the State, a State  
19 shall not be required to pay to the Federal  
20 Government the Federal share of the ex-  
21 cepted portion (as defined in clause (ii)) of  
22 any amount collected on behalf of such  
23 family during a month to the extent that—

24 “(I) the State pays the excepted  
25 portion to the family; and

1                   “(II) the excepted portion is dis-  
2                   regarded in determining the amount  
3                   and type of assistance provided to the  
4                   family under such program.

5                   “(ii) EXCEPTED PORTION DEFINED.—  
6                   For purposes of this subparagraph, the  
7                   term ‘excepted portion’ means that portion  
8                   of the amount collected on behalf of a fam-  
9                   ily during a month that does not exceed  
10                  \$400 per month, or in the case of a family  
11                  that includes 2 or more children, that does  
12                  not exceed an amount established by the  
13                  State that is not more than \$600 per  
14                  month.

15                  “(8) STATES WITH DEMONSTRATION WAIV-  
16                  ERS.—Notwithstanding the preceding paragraphs, in  
17                  the case of a State that, on the date of enactment  
18                  of this paragraph, has had in effect since October 1,  
19                  1997, a waiver under section 1115 permitting pass  
20                  through payments of child support collections—

21                         “(A) the State may continue to distribute  
22                         such payments to families without regard to the  
23                         expiration date of such waiver; and

24                         “(B) the requirement under paragraph (1)  
25                         to pay to the Federal Government the Federal



share of the amount collected on behalf of a family shall not apply to the extent that—

“(i) the State distributes such amount to the family; and

“(ii) such amount is disregarded in determining the amount and type of assistance paid to the family.”.

(B) STATE PLAN TO INCLUDE ELECTION AS TO WHICH RULES TO APPLY IN DISTRIBUTING CHILD SUPPORT ARREARAGES COLLECTED ON BEHALF OF FAMILIES FORMERLY RECEIVING ASSISTANCE.—Section 454 of the Social Security Act (42 U.S.C. 654) is amended—

(i) by striking “and” at the end of paragraph (32);

(ii) by striking the period at the end of paragraph (33) and inserting “; and”; and

(iii) by inserting after paragraph (33) the following:

“(34) include an election by the State to apply section 457(a)(2)(B) of this Act or former section 457(a)(2)(B) of this Act (as in effect for the State immediately before the date this paragraph first ap-

1       plies to the State) to the distribution of the amounts  
2       which are the subject of such sections, and for so  
3       long as the State elects to so apply such former sec-  
4       tion, the amendments made by subsection (e) of sec-  
5       tion 101 of the Child Support Improvement Act of  
6       2004 shall not apply with respect to the State, not-  
7       withstanding subsection (f)(1) of such section 101.”.

8               (C) APPROVAL OF ESTIMATION PROCE-  
9       DURES.—Not later than the date that is 6  
10       months after the date of enactment of this Act,  
11       the Secretary of Health and Human Services,  
12       in consultation with the States (as defined for  
13       purposes of part D of title IV of the Social Se-  
14       curity Act), shall establish the procedures to be  
15       used to make the estimate described in section  
16       457(a)(6) of such Act.

17       (2) CURRENT SUPPORT AMOUNT DEFINED.—  
18       Section 457(c) of the Social Security Act (42 U.S.C.  
19       657(c)) is amended by adding at the end the fol-  
20       lowing:

21               “(5) CURRENT SUPPORT AMOUNT.—The term  
22       ‘current support amount’ means, with respect to  
23       amounts collected as support on behalf of a family,  
24       the amount designated as the monthly support obli-

1       gation of the noncustodial parent in the order re-  
2       quiring the support.”.

3       (c) BAN ON RECOVERY OF MEDICAID COSTS FOR  
4 CERTAIN BIRTHS.—Section 454 of the Social Security Act  
5 (42 U.S.C. 654), as amended by subsection (b)(1)(B), is  
6 amended—

7           (1) by striking “and” at the end of paragraph  
8       (33);

9           (2) by striking the period at the end of para-  
10       graph (34) and inserting “; and”; and

11          (3) by inserting after paragraph (34) the fol-  
12       lowing:

13           “(35) provide that the State shall not use the  
14       State program operated under this part to collect  
15       any amount owed to the State by reason of costs in-  
16       curred under the State plan approved under title  
17       XIX for the birth of a child for whom support rights  
18       have been assigned pursuant to section 408(a)(3),  
19       471(a)(17), or 1912.”.

20       (d) STATE OPTION TO DISCONTINUE OLDER SUP-  
21 PORT ASSIGNMENTS.—Section 457(b) of the Social Secu-  
22 rity Act (42 U.S.C. 657(b)) is amended to read as follows:

23       “(b) CONTINUATION OF ASSIGNMENTS.—

24           “(1) STATE OPTION TO DISCONTINUE PRE-1997  
25       SUPPORT ASSIGNMENTS.—

1           “(A) IN GENERAL.—Any rights to support  
2 obligations assigned to a State as a condition of  
3 receiving assistance from the State under part  
4 A and in effect on September 30, 1997 (or such  
5 earlier date on or after August 22, 1996, as the  
6 State may choose), may remain assigned after  
7 such date.

8           “(B) DISTRIBUTION OF AMOUNTS AFTER  
9 ASSIGNMENT DISCONTINUATION.—If a State  
10 chooses to discontinue the assignment of a sup-  
11 port obligation described in subparagraph (A),  
12 the State may treat amounts collected pursuant  
13 to such assignment as if such amounts had  
14 never been assigned and may distribute such  
15 amounts to the family in accordance with sub-  
16 section (a)(4).

17           “(2) STATE OPTION TO DISCONTINUE POST-1997  
18 SUPPORT ASSIGNMENTS.—

19           “(A) IN GENERAL.—Any rights to support  
20 obligations accruing before the date on which a  
21 family first receives assistance under part A  
22 that are assigned to a State under that part  
23 and in effect before the implementation date of  
24 this section may remain assigned after such  
25 date.

1           “(B) DISTRIBUTION OF AMOUNTS AFTER  
2           ASSIGNMENT DISCONTINUATION.—If a State  
3           chooses to discontinue the assignment of a sup-  
4           port obligation described in subparagraph (A),  
5           the State may treat amounts collected pursuant  
6           to such assignment as if such amounts had  
7           never been assigned and may distribute such  
8           amounts to the family in accordance with sub-  
9           section (a)(4).”.

10       (e) CONFORMING AMENDMENTS.—

11           (1) Section 404(a) of the Social Security Act  
12       (42 U.S.C. 604(a)) is amended—

13           (A) by striking “or” at the end of para-  
14       graph (1);

15           (B) by striking the period at the end of  
16       paragraph (2) and inserting “; or”; and

17           (C) by adding at the end the following:

18           “(3) to fund payment of an amount pursuant to  
19       clause (i) or (ii) of section 457(a)(2)(B), but only to  
20       the extent that the State properly elects under sec-  
21       tion 457(a)(6) to use the grant to fund the pay-  
22       ment.”.

23           (2) Section 409(a)(7)(B)(i) of such Act (42  
24       U.S.C. 609(a)(7)(B)(i)) is amended—

1 (A) in subclause (I)(aa), by striking  
2 “457(a)(1)(B)” and inserting “457(a)(1)”; and  
3 (B) by adding at the end the following:

4 “(V) PORTIONS OF CERTAIN  
5 CHILD SUPPORT PAYMENTS COL-  
6 LECTED ON BEHALF OF AND DISTRIB-  
7 UTED TO FAMILIES NO LONGER RE-  
8 CEIVING ASSISTANCE.—Any amount  
9 paid by a State pursuant to clause (i)  
10 or (ii) of section 457(a)(2)(B), but  
11 only to the extent that the State prop-  
12 erly elects under section 457(a)(6) to  
13 have the payment considered a quali-  
14 fied State expenditure.”.

15 (3) Section 6402(c) of the Internal Revenue  
16 Code of 1986 (relating to offset of past-due support  
17 against overpayments) is amended—

18 (A) in the first sentence, by striking “the  
19 Social Security Act.” and inserting “of such  
20 Act.”; and

21 (B) by striking the third sentence and in-  
22 serting the following: “The Secretary shall  
23 apply a reduction under this subsection first to  
24 an amount certified by the State as past due  
25 support under section 464 of the Social Secu-

1           rity Act before any other reductions allowed by  
2           law.”.

3       (f) EFFECTIVE DATE.—

4           (1) IN GENERAL.—The amendments made by  
5       this section shall take effect on October 1, 2007,  
6       and shall apply to payments under parts A and D  
7       of title IV of the Social Security Act for calendar  
8       quarters beginning on or after such date, and with-  
9       out regard to whether regulations to implement such  
10      amendments (in the case of State programs operated  
11      under such part D) are promulgated by such date.

12          (2) STATE OPTION TO ACCELERATE EFFECTIVE  
13      DATE.—A State may elect to have the amendments  
14      made by this section apply to the State and to  
15      amounts collected by the State and to payments  
16      under parts A and D of title IV of the Social Secu-  
17      rity Act, on and after such date as the State may  
18      select that is after the date of enactment of this Act  
19      and before October 1, 2007.

## **TITLE II—EXPANDED ENFORCEMENT**

### **SEC. 201. DECREASE IN AMOUNT OF CHILD SUPPORT AR- REARAGE TRIGGERING PASSPORT DENIAL.**

(a) IN GENERAL.—Section 452(k)(1) of the Social Security Act (42 U.S.C. 652(k)(1)) is amended by striking “\$5,000” and inserting “\$2,500”.

(b) CONFORMING AMENDMENT.—Section 454(31) of the Social Security Act (42 U.S.C. 654(31)) is amended by striking “\$5,000” and inserting “\$2,500”.

### **SEC. 202. USE OF TAX REFUND INTERCEPT PROGRAM TO COLLECT PAST-DUE CHILD SUPPORT ON BE- HALF OF CHILDREN WHO ARE NOT MINORS.**

Section 464 of the Social Security Act (42 U.S.C. 664) is amended—

(1) in subsection (a)(2)(A), by striking “(as that term is defined for purposes of this paragraph under subsection (c))”; and

(2) in subsection (c)—

(A) in paragraph (1)—

(i) by striking “(1) Except as provided in paragraph (2), as used in”; and  
inserting “In”; and



1 (ii) by inserting “(whether or not a  
 2 minor)” after “a child” each place it ap-  
 3 pears; and

4 (B) by striking paragraphs (2) and (3).

5 **SEC. 203. GARNISHMENT OF COMPENSATION PAID TO VET-**  
 6 **ERANS FOR SERVICE-CONNECTED DISABIL-**  
 7 **ITIES IN ORDER TO ENFORCE CHILD SUP-**  
 8 **PORT OBLIGATIONS.**

9 Section 459(h) of the Social Security Act (42 U.S.C.  
 10 659(h)) is amended—

11 (1) in paragraph (1)(A)(ii)—

12 (A) in subclause (IV), by striking “or”  
 13 after the semicolon;

14 (B) in subclause (V), by inserting “or”  
 15 after the semicolon; and

16 (C) by adding at the end the following:

17 “(VI) subject to paragraph (3),  
 18 other than periodic benefits or pay-  
 19 ments described in subclause (V), by  
 20 the Secretary of Veterans Affairs as  
 21 compensation for a service-connected  
 22 disability paid by the Secretary to a  
 23 former member of the Armed  
 24 Forces;”; and

25 (2) by adding at the end the following:

1           “(3) LIMITATIONS WITH RESPECT TO COM-  
2           PENSATION PAID TO VETERANS FOR SERVICE-CON-  
3           NECTED DISABILITIES.—

4           “(A) ALIMONY AND CHILD SUPPORT.—  
5           Subject to subparagraph (B), compensation de-  
6           scribed in paragraph (1)(A)(ii)(VI) shall not be  
7           subject to withholding pursuant to this sec-  
8           tion—

9                   “(i) for payment of alimony; or

10                   “(ii) for payment of child support if  
11                   the individual is fewer than 60 days in ar-  
12                   rears in payment of the support.

13           “(B) LIMITATION.—Not more than 50 per-  
14           cent of any payment of compensation described  
15           in subparagraph (A) may be withheld pursuant  
16           to this section.”.

17 **SEC. 204. IMPROVED INTERSTATE ENFORCEMENT.**

18           (a) IN GENERAL.—Section 466(f) (42 U.S.C. 666(f))  
19 is amended—

20                   (1) by striking “January 1, 1998” and insert-  
21                   ing “January 1, 2005”;

22                   (2) by striking “and as in effect on August 22,  
23                   1996,”; and

24                   (3) by striking “adopted as of such date” and  
25                   inserting “adopted as of August, 2001”.

1 (b) FULL FAITH AND CREDIT FOR CHILD SUPPORT  
2 ORDERS.—Section 1738B of title 28, United States Code,  
3 is amended—

4 (1) by striking subsection (d) and inserting the  
5 following:

6 “(d) CONTINUING EXCLUSIVE JURISDICTION.—

7 “(1) IN GENERAL.—Subject to paragraph (2), a  
8 court of a State that has made a child support order  
9 consistent with this section has continuing, exclusive  
10 jurisdiction to modify its order if the order is the  
11 controlling order and—

12 “(A) the State is the child’s State or the  
13 residence of any individual contestant; or

14 “(B) if the State is not the residence of  
15 the child or an individual contestant, the con-  
16 testants consent in a record or in open court  
17 that the court may continue to exercise jurisdic-  
18 tion to modify its order.

19 “(2) REQUIREMENT.—A court may not exercise  
20 its continuing, exclusive jurisdiction to modify the  
21 order if the court of another State, acting in accord-  
22 ance with subsections (e) and (f), has made a modi-  
23 fication of the order.”;

24 (2) in subsection (e)(2)—

1 (A) in subparagraph (A), by striking “be-  
2 cause” and all that follows through the semi-  
3 colon and inserting “pursuant to paragraph (1)  
4 or (2) of subsection (d);” and

5 (B) in subparagraph (B), by inserting  
6 “with jurisdiction over at least 1 of the indi-  
7 vidual contestants or that is located in the  
8 child’s State” after “another State”;  
9 (3) in subsection (f)—

10 (A) in the subsection heading, by striking  
11 “RECOGNITION OF CHILD SUPPORT ORDERS”  
12 and inserting “DETERMINATION OF CONTROL-  
13 LING CHILD SUPPORT ORDER”;

14 (B) in the matter preceding paragraph (1),  
15 by striking “shall apply” and all that follows  
16 through the colon and inserting “having per-  
17 sonal jurisdiction over both individual contest-  
18 ants shall apply the following rules and by  
19 order shall determine which order controls.”;

20 (C) in paragraph (1), by striking “must  
21 be” and inserting “controls and must be so”;

22 (D) in paragraph (2), by striking “must be  
23 recognized” and inserting “controls”;

1 (E) in paragraph (3), by striking “must be  
2 recognized” each place it appears and inserting  
3 “controls”;

4 (F) in paragraph (4)—

5 (i) by striking “may” and inserting  
6 “shall”; and

7 (ii) by striking “must be recognized”  
8 and inserting “controls”; and

9 (G) by striking paragraph (5);

10 (4) by striking subsection (g) and inserting the  
11 following:

12 “(g) ENFORCEMENT OF MODIFIED ORDERS.—If a  
13 child support order issued by a court of a State is modified  
14 by a court of another State which properly assumed juris-  
15 diction, the issuing court—

16 “(1) may enforce its order that was modified  
17 only as to arrears and interest accruing before the  
18 modification;

19 “(2) may provide appropriate relief for viola-  
20 tions of its order which occurred before the effective  
21 date of the modification; and

22 “(3) shall recognize the modifying order of the  
23 other State for the purpose of enforcement.”;

24 (5) in subsection (h)—

1 (A) in paragraph (1), by striking “and  
2 (3)” and inserting “, (3), and (4)”;

3 (B) in paragraph (2), by inserting “the  
4 computation and payment of arrearages, and  
5 the accrual of interest on the arrearages,” after  
6 “obligations of support,”; and

7 (C) by adding at the end the following:

8 “(4) PROSPECTIVE APPLICATION.—After a  
9 court determines which is the controlling order and  
10 issues an order consolidating arrears, if any, a court  
11 shall prospectively apply the law of the State issuing  
12 the controlling order, including that State’s law with  
13 respect to interest on arrears, current and future  
14 support, and consolidated arrears.”; and

15 (6) in subsection (i), by inserting “and sub-  
16 section (d)(2) does not apply” after “issuing State”.

## 17 **TITLE III—MISCELLANEOUS**

### 18 **SEC. 301. REPORT ON UNDISTRIBUTED CHILD SUPPORT** 19 **PAYMENTS.**

20 Not later than 6 months after the date of enactment  
21 of this Act, the Secretary of Health and Human Services  
22 shall submit to the Committee on Finance of the Senate  
23 and the Committee on Ways and Means of the House of  
24 Representatives a report on the procedures that the States  
25 use generally to locate custodial parents for whom child

1 support has been collected but not yet distributed. The  
2 report shall include—

3 (1) an estimate of the total amount of undis-  
4 tributed child support;

5 (2) an estimate of the average length of time it  
6 takes undistributed child support to be identified  
7 and distributed; and

8 (3) recommendations—

9 (A) as to whether additional procedures,  
10 including incentives, should be established at  
11 the Federal or State level to—

12 (i) reduce the backlog of undistributed  
13 child support;

14 (ii) close cases in compliance with reg-  
15 ulatory standards in which the custodial  
16 parent cannot be located;

17 (iii) expedite the payment of undis-  
18 tributed child support; and

19 (iv) establish measures to help man-  
20 age the growth in the level of undistributed  
21 child support; and

22 (B) for measures to evaluate State per-  
23 formance with respect to undistributed child  
24 support payments.

1 **SEC. 302. USE OF NEW HIRE INFORMATION TO ASSIST IN**  
2 **ADMINISTRATION OF UNEMPLOYMENT COM-**  
3 **PENSATION PROGRAMS.**

4 (a) IN GENERAL.—Section 453(j) of the Social Secu-  
5 rity Act (42 U.S.C. 653(j)) is amended by adding at the  
6 end the following:

7 “(7) INFORMATION COMPARISONS AND DISCLO-  
8 SURE TO ASSIST IN ADMINISTRATION OF UNEMPLOY-  
9 MENT COMPENSATION PROGRAMS.—

10 “(A) IN GENERAL.—If a State agency re-  
11 sponsible for the administration of an unem-  
12 ployment compensation program under Federal  
13 or State law transmits to the Secretary the  
14 name and social security account number of an  
15 individual, the Secretary shall, if the informa-  
16 tion in the National Directory of New Hires in-  
17 dicates that the individual may be employed,  
18 disclose to the State agency the name, address,  
19 and employer identification number of any pu-  
20 tative employer of the individual, subject to this  
21 paragraph.

22 “(B) CONDITION ON DISCLOSURE.—The  
23 Secretary shall make a disclosure under sub-  
24 paragraph (A) only to the extent that the Sec-  
25 retary determines that the disclosure would not



1           interfere with the effective operation of the pro-  
2           gram under this part.

3           “(C) USE OF INFORMATION.—A State  
4           agency may use information provided under this  
5           paragraph only for purposes of administering a  
6           program referred to in subparagraph (A).”.

7           (b) EFFECTIVE DATE.—The amendment made by  
8           this section shall take effect on October 1, 2001.

9   **SEC. 303. IMPROVING FEDERAL DEBT COLLECTION PRAC-**  
10           **TICES.**

11          (a) IN GENERAL.—Section 3716(h)(3) of title 31,  
12          United States Code, is amended to read as follows:

13          “(3) In applying this subsection with respect to any  
14          debt owed to a State, other than past due support being  
15          enforced by the State, subsection (c)(3)(A) shall not apply.  
16          Subsection (c)(3)(A) shall apply with respect to past due  
17          support being enforced by the State notwithstanding any  
18          other provision of law, including sections 207 and  
19          1631(d)(1) of the Social Security Act (42 U.S.C. 407 and  
20          1383(d)(1)), section 413(b) of Public Law 91–173 (30  
21          U.S.C. 923(b)), and section 14 of the Act of August 29,  
22          1935 (45 U.S.C. 231m).”.

23          (b) EFFECTIVE DATE.—The amendment made by  
24          subsection (a) shall take effect on October 1, 2004.

1 **SEC. 304. MAINTENANCE OF TECHNICAL ASSISTANCE**  
2 **FUNDING.**

3 Section 452(j) of the Social Security Act (42 U.S.C.  
4 652(j)) is amended by inserting “or the amount appro-  
5 priated under this paragraph for fiscal year 2002, which-  
6 ever is greater,” before “which shall be available”.

7 **SEC. 305. MAINTENANCE OF FEDERAL PARENT LOCATOR**  
8 **SERVICE FUNDING.**

9 Section 453(o) of the Social Security Act (42 U.S.C.  
10 653(o)) is amended—

11 (1) in the first sentence, by inserting “or the  
12 amount appropriated under this paragraph for fiscal  
13 year 2002, whichever is greater” before “, which  
14 shall be available”; and

15 (2) in the second sentence, by striking “for  
16 each of fiscal years 1997 through 2001”.

17 **SEC. 306. ELECTRONIC DISBURSEMENT OF CHILD SUPPORT**  
18 **PAYMENTS TO FAMILIES.**

19 Section 454A(g) of the Social Security Act (42  
20 U.S.C. 654a(g)) is amended by inserting at the end the  
21 following:

22 “(3) ELECTRONIC DISBURSEMENT REQUIRE-  
23 MENT.—

24 “(A) IN GENERAL.—Not later than Octo-  
25 ber 1, 2008, each State disbursement unit oper-  
26 ated under section 454B shall implement a sys-

tem to electronically disburse, through direct deposit or a widely accessible card-based system, all child support collections disbursed to families under that section.

“(B) STATE OPTION TO REQUIRE CARD-BASED PAYMENT.—A State may require a payment recipient to accept payment through a card-based system if the recipient has declined to accept payment by direct deposit or does not have an account to which payment may be made by direct deposit.

“(C) OPT-OUT.—Notwithstanding subparagraph (A), a State disbursement unit may maintain a nonelectronic system for disbursing child support collections to custodial parents under section 454B after October 1, 2008, if the State notifies the Secretary in writing by October 1, 2008, that the State intends to maintain such a system.”.

**SEC. 307. OPTIONAL EXPANSION OF STATE DISBURSEMENT UNIT TO CREATE A CENTRALIZED PAYMENT LOCATION FOR ALL CHILD SUPPORT WAGE WITHHOLDING.**

Section 454B(a)(1)(B) of the Social Security Act (42 U.S.C. 654b(a)(1)(B)) is amended by inserting “or, at

1 State option, all support orders, regardless of date  
2 issued,” after “in which the support order is initially  
3 issued in the State on or after January 1, 1994,”.

4 **SEC. 308. IMPLEMENTATION OF MEDICAL SUPPORT PER-**  
5 **FORMANCE MEASURE.**

6 (a) DEADLINE FOR IMPLEMENTATION OF PERFORM-  
7 ANCE MEASURE.—

8 (1) IN GENERAL.—Subject to paragraphs (2)  
9 and (3), the Secretary of Health and Human Serv-  
10 ices (in this section referred to as the “Secretary”)  
11 shall prescribe regulations to implement the per-  
12 formance measure developed under section  
13 201(d)(2)(A) of the Child Support Performance and  
14 Incentive Act of 1998 (Public Law 105–200; 112  
15 Stat. 657).

16 (2) REQUIREMENTS.—In prescribing such regu-  
17 lations, the Secretary shall ensure that the perform-  
18 ance measure described in paragraph (1) is imple-  
19 mented in such a manner that the measure—

20 (A) is based on reliable and accurate data;

21 (B) ensures the discretion of States, in es-  
22 tablishing and enforcing medical support obliga-  
23 tions, to consider the forms of public and pri-  
24 vate health care coverage most appropriate to  
25 each individual case; and

1 (C) encourages continual improvement in  
2 the effectiveness of States in establishing and  
3 enforcing such obligations.

4 (3) DEADLINES.—

5 (A) REGULATIONS.—The regulations re-  
6 quired to be prescribed under paragraph (1)  
7 shall take effect not later than 3 years after the  
8 date of enactment of this Act.

9 (B) INCORPORATION INTO INCENTIVE PAY-  
10 MENT SYSTEM.—Not later than 2 years after  
11 the date that is the earlier of—

12 (i) the date the regulations required  
13 to be prescribed under paragraph (1) take  
14 effect; or

15 (ii) the date that is 3 years after the  
16 date of enactment of this Act,

17 the Secretary shall, in a revenue neutral man-  
18 ner, incorporate the regulations required to be  
19 prescribed under paragraph (1) into the incen-  
20 tive payment system established by section 458  
21 of the Social Security Act (42 U.S.C. 658a).

22 (b) INTERIM FUNDING.—

23 (1) INCREASED FEDERAL SHARE OF EXPENDI-  
24 TURES.—During the period described in paragraph  
25 (2), the Secretary, notwithstanding section

1       455(a)(1) of the Social Security Act (42 U.S.C.  
2       655(a)(1)), shall pay to each State for each quarter  
3       an amount equal to 90 percent of the total amount  
4       expended during the quarter that is attributable to  
5       the following:

6               (A) Expenditures for such modification of  
7       the statewide automated system as is necessary  
8       to facilitate establishing and enforcement of  
9       medical support obligations under part D of  
10      title IV of the Social Security Act (42 U.S.C.  
11      651 et seq.).

12              (B) Expenditures for the issuance of the  
13      National Medical Support Notice on behalf of a  
14      child described in section 454(4) and the proc-  
15      essing of information received as a result of the  
16      issuance of such notice.

17              (C) Expenditures for services to identify  
18      potential health care coverage for a child de-  
19      scribed in section 454(4) and to enroll such a  
20      child in health care coverage through the  
21      issuance of a National Medical Support Notice.

22              (2) PERIOD DESCRIBED.—For purposes of  
23      paragraph (1), the period described in this para-  
24      graph is the period that—

1 (A) begins on the first day of the first  
2 quarter that begins at least 1 month after the  
3 date of enactment of this Act; and

4 (B) ends on the last day of the first quar-  
5 ter that begins at least 1 year after the date on  
6 which the Secretary certifies through a posting  
7 to an Internet website, that the regulations re-  
8 quired to be prescribed under subsection (a)(1)  
9 are incorporated, in accordance with subsection  
10 (a)(3)(B), into the incentive payment system es-  
11 tablished by section 458 of the Social Security  
12 Act (42 U.S.C. 658a).

13 **SEC. 309. AUTHORITY TO CONTINUE STATE PROGRAM FOR**  
14 **MONITORING AND ENFORCEMENT OF CHILD**  
15 **SUPPORT ORDERS.**

16 The Secretary of Health and Human Services shall  
17 not require the State of Texas, in operating the program  
18 established under part D of title IV of the Social Security  
19 Act, to apply for a waiver from the requirements of section  
20 454(4)(A)(ii) of such Act (42 U.S.C. 654(4)(A)(ii)) to  
21 continue to operate the State's program for monitoring  
22 and enforcement of a court order without the necessity  
23 of a written application, as in effect on the date of enact-  
24 ment of this Act. Such State may continue to operate such  
25 program and expand it to additional counties, as the State

1 determines necessary, without the necessity of applying for  
2 a waiver from the Secretary so long as an individual to  
3 whom the support is owed and who would otherwise have  
4 to sign a written application for services under such pro-  
5 gram has an opportunity to decline such services.

## 6 **TITLE IV—EFFECTIVE DATE**

### 7 **SEC. 401. EFFECTIVE DATE.**

8 (a) IN GENERAL.—Except as otherwise provided in  
9 this Act, and subject to subsection (b), this Act and the  
10 amendments made by this Act shall take effect on October  
11 1, 2004, and shall apply to payments under part D of title  
12 IV of the Social Security Act for calendar quarters begin-  
13 ning on or after such date.

14 (b) DELAY PERMITTED IF STATE LEGISLATION RE-  
15 QUIRED.—In the case of a State plan approved under sec-  
16 tion 454 of the Social Security Act (42 U.S.C. 654) which  
17 requires State legislation (other than legislation appro-  
18 priating funds) in order for the plan to meet the additional  
19 requirements imposed by this Act or the amendments  
20 made by this Act, the State plan shall not be regarded  
21 as failing to comply with the additional requirements sole-  
22 ly on the basis of the failure of the plan to meet the addi-  
23 tional requirements before the first day of the first cal-  
24 endar quarter beginning after the close of the first regular  
25 session of the State legislature that begins after the date



1 of the enactment of this Act. For purposes of the pre-  
2 ceding sentence, in the case of a State that has a 2-year  
3 legislative session, each year of the session shall be consid-  
4 ered to be a separate regular session of the State legisla-  
5 ture.

