

108TH CONGRESS
1ST SESSION

S. 669

To provide more child support money to families leaving welfare, to simplify the rules governing the assignment and distribution of child support collected by States on behalf of children, to improve the collection of child support, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 19, 2003

Ms. SNOWE (for herself, Mr. KOHL, Mr. ROCKEFELLER, Mrs. LINCOLN, Ms. LANDRIEU, Mr. BREAUX, Mr. BAYH, Mr. JOHNSON, and Mr. LIEBERMAN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide more child support money to families leaving welfare, to simplify the rules governing the assignment and distribution of child support collected by States on behalf of children, 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 Dis-
5 tribution Act of 2003”.

1 **SEC. 2. TABLE OF CONTENTS.**

2 The table of contents for 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. Mandatory review and adjustment of child support orders for families receiving TANF.

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. Increase in payment rate to States for expenditures for short-term training of staff of certain child welfare agencies.

TITLE IV—EFFECTIVE DATE

Sec. 401. Effective date.

3 **TITLE I—DISTRIBUTION OF**
4 **CHILD SUPPORT**

5 **SEC. 101. DISTRIBUTION OF CHILD SUPPORT COLLECTED**
6 **BY STATES ON BEHALF OF CHILDREN RE-**
7 **CEIVING CERTAIN WELFARE BENEFITS.**

8 (a) MODIFICATION OF RULE REQUIRING ASSIGN-
9 MENT OF SUPPORT RIGHTS AS A CONDITION OF RECEIV-
10 ING TANF.—Section 408(a)(3) of the Social Security Act
11 (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 such
 20 Act (42 U.S.C. 657(a)) is amended to read as
 21 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 434(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 use the
 25 grant made to the State under section 403(a) to pay

the amount, or to have the payment considered a qualified State expenditure for purposes of section 409(a)(7), but not both.

“(7) STATE OPTION TO PASS THROUGH ADDITIONAL SUPPORT WITH FEDERAL FINANCIAL PARTICIPATION.—

“(A) IN GENERAL.—Notwithstanding paragraphs (1), a State shall not be required to pay to the Federal Government the Federal share of an amount collected on behalf of a family that is not a recipient of assistance under the State program funded under part A, to the extent that the State pays the amount to the family.

“(B) RECIPIENTS OF TANF FOR LESS THAN 5 YEARS.—

“(i) IN GENERAL.—Notwithstanding paragraphs (1), a State shall not be required to pay to the Federal Government the Federal share of an amount collected on behalf of a family that is a recipient of assistance under the State program funded under part A and, if the family includes an adult, that has received the assistance for not more than 5 years after the date of en-

1 actment of this paragraph, to the extent
2 that—

3 “(I) the State pays the amount
4 to the family; and

5 “(II) subject to clause (ii), the
6 amount is disregarded in determining
7 the amount and type of the assistance
8 provided to the family.

9 “(ii) LIMITATION.—Of the amount
10 disregarded as described in clause (i)(II),
11 the maximum amount that may be taken
12 into account for purposes of clause (i) shall
13 not exceed \$400 per month, except that, in
14 the case of a family that includes 2 or
15 more children, the State may elect to in-
16 crease the maximum amount to not more
17 than \$600 per month.

18 “(8) STATES WITH DEMONSTRATION WAIV-
19 ERS.—Notwithstanding the preceding paragraphs, a
20 State with a waiver under section 1115, effective on
21 or before October 1, 1997, the terms of which allow
22 pass-through of child support payments, may pass
23 through payments in accordance with such terms
24 with respect to families subject to the waiver.”.

(B) STATE PLAN TO INCLUDE ELECTION
 AS TO WHICH RULES TO APPLY IN DISTRIB-
 UTING CHILD SUPPORT ARREARAGES COL-
 LECTED ON BEHALF OF FAMILIES FORMERLY
 RECEIVING ASSISTANCE.—Section 454 of such
 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-
 plies to the State) to the distribution of the amounts
 which are the subject of such sections, and for so
 long as the State elects to so apply such former sec-
 tion, the amendments made by subsection (e) of sec-
 tion 101 of the Child Support Distribution Act of
 2001 shall not apply with respect to the State, not-
 withstanding subsection (f)(1) of such section 101.”.

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

10 (2) CURRENT SUPPORT AMOUNT DEFINED.—
 11 Section 457(c) of such Act (42 U.S.C. 657(c)) is
 12 amended by adding at the end the following:

13 “(5) CURRENT SUPPORT AMOUNT.—The term
 14 ‘current support amount’ means, with respect to
 15 amounts collected as support on behalf of a family,
 16 the amount designated as the monthly support obli-
 17 gation of the noncustodial parent in the order re-
 18 quiring the support.”.

19 (c) BAN ON RECOVERY OF MEDICAID COSTS FOR
 20 CERTAIN BIRTHS.—Section 454 of such Act (42 U.S.C.
 21 654), as amended by subsection (b)(1)(B), is amended—

22 (1) by striking “and” at the end of paragraph
 23 (33);

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

1 (3) by inserting after paragraph (34) the fol-
 2 lowing:

3 “(35) provide that the State shall not use the
 4 State program operated under this part to collect
 5 any amount owed to the State by reason of costs in-
 6 curred under the State plan approved under title
 7 XIX for the birth of a child for whom support rights
 8 have been assigned pursuant to section 408(a)(3),
 9 471(a)(17), or 1912.”.

10 (d) STATE OPTION TO DISCONTINUE PRE-1997 SUP-
 11 PORT ASSIGNMENTS.—Section 457(b) of such Act (42
 12 U.S.C. 657(b)) is amended to read as follows:

13 “(b) CONTINUATION OF ASSIGNMENTS.—

14 “(1) STATE OPTION TO DISCONTINUE PRE-1997
 15 SUPPORT ASSIGNMENTS.—

16 “(A) IN GENERAL.—Any rights to support
 17 obligations assigned to a State as a condition of
 18 receiving assistance from the State under part
 19 A and in effect on September 30, 1997 (or such
 20 earlier date on or after August 22, 1996, as the
 21 State may choose), may remain assigned after
 22 such date.

23 “(B) DISTRIBUTION OF AMOUNTS AFTER
 24 ASSIGNMENT DISCONTINUATION.—If a State
 25 chooses to discontinue the assignment of a sup-

port obligation described in subparagraph (A),
 the State may distribute amounts collected pursuant to such assignment as if such amounts were assigned after the date applicable with respect to the State under such paragraph.

“(2) STATE OPTION TO DISCONTINUE PRE-2003
 SUPPORT ASSIGNMENTS.—

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

“(B) DISTRIBUTION OF AMOUNTS AFTER
 ASSIGNMENT DISCONTINUATION.—If a State chooses to discontinue the assignment of a support obligation described in subparagraph (A), the State may treat amounts collected pursuant to such assignment as if such amounts had never been assigned and may distribute such amounts to the family in accordance with subsection (a)(4).”.

(e) CONFORMING AMENDMENTS.—

(1) Section 404(a) of such Act (42 U.S.C. 604(a)) is amended—

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

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

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

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

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

13 (A) in subclause (I)(aa), by striking
 14 “457(a)(1)(B)” and inserting “457(a)(1)”; and

15 (B) by adding at the end the following:

16 “(V) PORTIONS OF CERTAIN
 17 CHILD SUPPORT PAYMENTS COL-
 18 LECTED ON BEHALF OF AND DISTRIB-
 19 UTED TO FAMILIES NO LONGER RE-
 20 CEIVING ASSISTANCE.—Any amount
 21 paid by a State pursuant to clause (i)
 22 or (ii) of section 457(a)(2)(B), but
 23 only to the extent that the State prop-
 24 erly elects under section 457(a)(6) to

1 have the payment considered a quali-
 2 fied State expenditure.”.

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.—In addition, a State may elect to have the
 14 amendments made by this section apply to the State
 15 and to amounts collected by the State, on and after
 16 such date as the State may select that is after the
 17 date of enactment of this Act and before October 1,
 18 2007.

19 **TITLE II—EXPANDED** 20 **ENFORCEMENT**

21 **SEC. 201. DECREASE IN AMOUNT OF CHILD SUPPORT AR-** 22 **REARAGE TRIGGERING PASSPORT DENIAL.**

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

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

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

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

9 (2) in subsection (c)—

10 (A) in paragraph (1)—

11 (i) by striking “(1) Except as pro-
 12 vided in paragraph (2), as used in” and in-
 13 serting “In”; and

14 (ii) by inserting “(whether or not a
 15 minor)” after “a child” each place it ap-
 16 pears; and

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

18 **SEC. 203. GARNISHMENT OF COMPENSATION PAID TO VET-**
 19 **ERANS FOR SERVICE-CONNECTED DISABIL-**
 20 **ITIES IN ORDER TO ENFORCE CHILD SUP-**
 21 **PORT OBLIGATIONS.**

22 Section 459(h) of the Social Security Act (42 U.S.C.
 23 659(h)) is amended—

24 (1) in paragraph (1)(A)(ii)—

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

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

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

4 “(VI) subject to paragraph (3),
 5 other than periodic benefits or pay-
 6 ments described in subclause (V), by
 7 the Secretary of Veterans Affairs as
 8 compensation for a service-connected
 9 disability paid by the Secretary to a
 10 former member of the Armed
 11 Forces;”; and

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

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

16 “(A) ALIMONY AND CHILD SUPPORT.—
 17 Subject to subparagraph (B), compensation de-
 18 scribed in paragraph (1)(A)(ii)(VI) shall not be
 19 subject to withholding pursuant to this sec-
 20 tion—

21 “(i) for payment of alimony; or

22 “(ii) for payment of child support if
 23 the individual is fewer than 60 days in ar-
 24 rears in payment of the support.

1 “(B) LIMITATION.—Not more than 50 per-
 2 cent of any payment of compensation described
 3 in subparagraph (A) may be withheld pursuant
 4 to this section.”.

5 **SEC. 204. MANDATORY REVIEW AND ADJUSTMENT OF**
 6 **CHILD SUPPORT ORDERS FOR FAMILIES RE-**
 7 **CEIVING TANF.**

8 (a) IN GENERAL.—Section 466(a)(10)(A)(i) of the
 9 Social Security Act (42 U.S.C. 666(a)(10)(A)(i)) is
 10 amended in the matter preceding subclause (I)—

11 (1) by striking “parent, or,” and inserting
 12 “parent or”; and

13 (2) by striking “upon the request of the State
 14 agency under the State plan or of either parent,”.

15 (b) EFFECTIVE DATE.—The amendments made by
 16 subsection (a) shall take effect on October 1, 2005.

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 Ways and Means of the
 23 House of Representatives and the Committee on Finance
 24 of the Senate 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 an estimate of the total amount of
 3 such undistributed child support and the average length
 4 of time it takes for such child support to be distributed.
 5 The Secretary shall include in the report recommendations
 6 as to whether additional procedures should be established
 7 at the Federal or State level to expedite the payment of
 8 undistributed child support.

9 **SEC. 302. USE OF NEW HIRE INFORMATION TO ASSIST IN**
 10 **ADMINISTRATION OF UNEMPLOYMENT COM-**
 11 **PENSATION PROGRAMS.**

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

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

18 “(A) IN GENERAL.—If a State agency re-
 19 sponsible for the administration of an unem-
 20 ployment compensation program under Federal
 21 or State law transmits to the Secretary the
 22 name and social security account number of an
 23 individual, the Secretary shall, if the informa-
 24 tion in the National Directory of New Hires in-
 25 dicates that the individual may be employed,

disclose to the State agency the name, address, and employer identification number of any putative employer of the individual, subject to this paragraph.

“(B) CONDITION ON DISCLOSURE.—The Secretary shall make a disclosure under subparagraph (A) only to the extent that the Secretary determines that the disclosure would not interfere with the effective operation of the program under this part.

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

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2001.

SEC. 303. INCREASE IN PAYMENT RATE TO STATES FOR EXPENDITURES FOR SHORT-TERM TRAINING OF STAFF OF CERTAIN CHILD WELFARE AGENCIES.

Section 474(a)(3)(B) of the Social Security Act (42 U.S.C. 674(a)(3)(B)) is amended by inserting “, or State-licensed or State-approved child welfare agencies providing services,” after “child care institutions”.

1 **TITLE IV—EFFECTIVE DATE**

2 **SEC. 401. EFFECTIVE DATE.**

3 (a) IN GENERAL.—Except as otherwise provided in
4 this Act, and subject to subsection (b), this Act and the
5 amendments made by this Act shall take effect on October
6 1, 2003, and shall apply to payments under part D of title
7 IV of the Social Security Act for calendar quarters begin-
8 ning on or after such date, and without regard to whether
9 regulations to implement such amendments are promul-
10 gated by such date.

11 (b) DELAY PERMITTED IF STATE LEGISLATION RE-
12 QUIRED.—In the case of a State plan approved under sec-
13 tion 454 of the Social Security Act which requires State
14 legislation (other than legislation appropriating funds) in
15 order for the plan to meet the additional requirements im-
16 posed by the amendments made by this Act, the State plan
17 shall not be regarded as failing to comply with the addi-
18 tional requirements solely on the basis of the failure of
19 the plan to meet the additional requirements before the
20 first day of the first calendar quarter beginning after the
21 close of the first regular session of the State legislature
22 that begins after the date of enactment of this Act. For
23 purposes of the previous sentence, in the case of a State
24 that has a 2-year legislative session, each year of such ses-

- 1 sion shall be deemed to be a separate regular session of
- 2 the State legislature.

