

109TH CONGRESS  
1ST SESSION

# S. 321

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

FEBRUARY 8, 2005

Ms. SNOWE (for herself, Mr. KOHL, Mr. ROCKEFELLER, and Ms. LANDRIEU) 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 2005”.

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

7       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.

# 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:

10           “(3) NO ASSISTANCE FOR FAMILIES NOT AS-  
 11   SIGNING CERTAIN SUPPORT RIGHTS TO THE  
 12   STATE.—A State to which a grant is made under

1       section 403 shall require, as a condition of paying  
2       assistance to a family under the State program  
3       funded under this part, that a member of the family  
4       assign to the State any right the family member  
5       may have (on behalf of the family member or of any  
6       other person for whom the family member has ap-  
7       plied for or is receiving such assistance) to support  
8       from any other person, not exceeding the total  
9       amount of assistance so paid to the family, which ac-  
10       crues during the period that the family receives as-  
11       sistance under the program.”.

12       (b) INCREASING CHILD SUPPORT PAYMENTS TO  
13       FAMILIES AND SIMPLIFYING CHILD SUPPORT DISTRIBU-  
14       TION RULES.—

15               (1) DISTRIBUTION RULES.—

16               (A) IN GENERAL.—Section 457(a) of such  
17       Act (42 U.S.C. 657(a)) is amended to read as  
18       follows:

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

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

1                   “(A) pay to the Federal Government the  
2                   Federal share of the amount collected, subject  
3                   to paragraph (3)(A);

4                   “(B) retain, or pay to the family, the State  
5                   share of the amount collected, subject to para-  
6                   graph (3)(B); and

7                   “(C) pay to the family any remaining  
8                   amount.

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

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

16                   “(B) ARREARAGES.—Except as otherwise  
17                   provided in an election made under 434(34), to  
18                   the extent that the amount collected exceeds the  
19                   current support amount, the State—

20                   “(i) shall first pay to the family the  
21                   excess amount, to the extent necessary to  
22                   satisfy support arrearages not assigned  
23                   pursuant to section 408(a)(3);

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

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

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

12                         “(iii) shall pay to the family any re-  
13                         maining amount.

14                         “(3) LIMITATIONS.—

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

22                         “(B) STATE REIMBURSEMENTS.—The  
23                         total of the amounts retained by the State  
24                         under paragraphs (1) and (2) of this subsection  
25                         with respect to a family shall not exceed the

1 State share of the amount assigned with respect  
2 to the family pursuant to section 408(a)(3).

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

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

“(6) STATE FINANCING OPTIONS.—To the extent that the State’s share of the amount payable to a family pursuant to paragraph (2)(B) of this subsection exceeds the amount that the State estimates (under procedures approved by the Secretary) would have been payable to the family pursuant to former section 457(a)(2)(B) (as in effect for the State immediately before the date this subsection first applies to the State) if such former section had remained in effect, the State may elect to use the grant made to the State under section 403(a) to pay the amount, or to have the payment considered a

1 qualified State expenditure for purposes of section  
2 409(a)(7), but not both.

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)(B)(ii), a State shall not be required  
9 to pay to the Federal Government the Federal  
10 share of an amount collected on behalf of a  
11 family that formerly received assistance under  
12 the State program funded under part A, to the  
13 extent that the State pays the amount to the  
14 family.

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

17 “(i) IN GENERAL.—Notwithstanding  
18 paragraph (1), in the case of a family that  
19 includes an adult that has received assist-  
20 ance from the State for not more than 5  
21 years after the date of enactment of this  
22 paragraph, a State shall not be required to  
23 pay to the Federal Government the Fed-  
24 eral share of the excepted portion (as de-  
25 fined in clause (ii)) of any amount col-

1                   lected on behalf of such family during a  
2                   month to the extent that—

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

5                         “(II) the excepted portion is dis-  
6                         regarded in determining the amount  
7                         and type of assistance provided to the  
8                         family under such program.

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

19                         “(8) STATES WITH DEMONSTRATION WAIV-  
20                         ERS.—Notwithstanding the preceding paragraphs, in  
21                         the case of a State that, on the date of enactment  
22                         of this paragraph, has had in effect since October 1,  
23                         1997, a waiver under section 1115 permitting pass-  
24                         through payments of child support collections—

1                     “(A) the State may continue to distribute  
2                     such payments to families without regard to the  
3                     expiration date of such waiver; and

4                     “(B) the requirement under paragraph (1)  
5                     to pay to the Federal Government the Federal  
6                     share of the amount collected on behalf of a  
7                     family shall not apply to the extent that—

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

10                         “(ii) such amount is disregarded in  
11                     determining the amount and type of assist-  
12                     ance paid to the family.”.

13                     (B) STATE PLAN TO INCLUDE ELECTION  
14                     AS TO WHICH RULES TO APPLY IN DISTRIB-  
15                     UTING CHILD SUPPORT ARREARAGES COL-  
16                     LECTED ON BEHALF OF FAMILIES FORMERLY  
17                     RECEIVING ASSISTANCE.—Section 454 of such  
18                     Act (42 U.S.C. 654) is amended—

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

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

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

1                 “(34) include an election by the State to apply  
2                 section 457(a)(2)(B) of this Act or former section  
3                 457(a)(2)(B) of this Act (as in effect for the State  
4                 immediately before the date this paragraph first ap-  
5                 plies to the State) to the distribution of the amounts  
6                 which are the subject of such sections, and for so  
7                 long as the State elects to so apply such former sec-  
8                 tion, the amendments made by paragraphs (1) and  
9                 (2) of subsection (e) of section 101 of the Child Sup-  
10                 port Distribution Act of 2005 shall not apply with  
11                 respect to the State, notwithstanding subsection  
12                 (f)(1) of such section 101.”.

13                 (C) APPROVAL OF ESTIMATION PROCE-  
14                 DURES.—Not later than the date that is 6  
15                 months after the date of enactment of this Act,  
16                 the Secretary of Health and Human Services,  
17                 in consultation with the States (as defined for  
18                 purposes of part D of title IV of the Social Se-  
19                 curity Act), shall establish the procedures to be  
20                 used to make the estimate described in section  
21                 457(a)(6) of such Act.

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

1                 “(5) CURRENT SUPPORT AMOUNT.—The term  
2                 ‘current support amount’ means, with respect to  
3                 amounts collected as support on behalf of a family,  
4                 the amount designated as the monthly support obli-  
5                 gation of the noncustodial parent in the order re-  
6                 quiring the support.”.

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

10                 (1) by striking “and” at the end of paragraph  
11                 (33);

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

14                 (3) by inserting after paragraph (34) the fol-  
15                 lowing:

16                 “(35) provide that the State shall not use the  
17                 State program operated under this part to collect  
18                 any amount owed to the State by reason of costs in-  
19                 curred under the State plan approved under title  
20                 XIX for the birth of a child for whom support rights  
21                 have been assigned pursuant to section 408(a)(3),  
22                 471(a)(17), or 1912.”.

23                 (d) STATE OPTION TO DISCONTINUE OLDER SUP-  
24 PORT ASSIGNMENTS.—Section 457(b) (42 U.S.C. 657(b))  
25 is amended to read as follows:

1       “(b) CONTINUATION OF ASSIGNMENTS.—

2           “(1) STATE OPTION TO DISCONTINUE PRE-1997  
3           SUPPORT ASSIGNMENTS.—

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

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

20           “(2) STATE OPTION TO DISCONTINUE POST-1997  
21           ASSIGNMENTS.—

22           “(A) IN GENERAL.—Any rights to support  
23           obligations accruing before the date on which a  
24           family first receives assistance under part A  
25           that are assigned to a State under that part

1 and in effect before the implementation date of  
2 this section may remain assigned after such  
3 date.

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

13 (e) CONFORMING AMENDMENTS.—

14           (1) Section 404(a) of such Act (42 U.S.C.  
15 604(a)) is amended—

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

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

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

21           “(3) to fund payment of an amount pursuant to  
22 section 457(a)(2)(B), but only to the extent that the  
23 State properly elects under section 457(a)(6) to use  
24 the grant to fund the payment.”.

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

23 (B) by striking the third sentence and in-  
24 serting the following: "The Secretary shall  
25 apply a reduction under this subsection first to

1           an amount certified by the State as past due  
2           support under section 464 of the Social Secu-  
3           rity Act before any other reductions allowed by  
4           law.”.

5           (f) EFFECTIVE DATE.—

6           (1) IN GENERAL.—The amendments made by  
7           this section shall take effect on October 1, 2008,  
8           and shall apply to payments under parts A and D  
9           of title IV of the Social Security Act for calendar  
10          quarters beginning on or after such date, and with-  
11          out regard to whether regulations to implement such  
12          amendments (in the case of State programs operated  
13          under such part D) are promulgated by such date.

14           (2) STATE OPTION TO ACCELERATE EFFECTIVE  
15          DATE.—In addition, a State may elect to have the  
16          amendments made by this section apply to the State  
17          and to amounts collected by the State, on and after  
18          such date as the State may select that is after the  
19          date of enactment of this Act and before October 1,  
20          2008.

## **TITLE II—EXPANDED ENFORCEMENT**

3 SEC. 201. DECREASE IN AMOUNT OF CHILD SUPPORT AR-  
4 REARAGE TRIGGERING PASSPORT DENIAL.

5 (a) IN GENERAL.—Section 452(k)(1) of the Social  
6 Security Act (42 U.S.C. 652(k)(1)) is amended by striking  
7 “\$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”.

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

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

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

19 (2) in subsection (c) —

20 (A) in paragraph (1)—

21 (i) by striking “(1) Except as pro-  
22 vided in paragraph (2), as used in” and in-  
23 serting “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—

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. MANDATORY REVIEW AND ADJUSTMENT OF**  
18               **CHILD SUPPORT ORDERS FOR FAMILIES RE-**  
19               **CEIVING TANF.**

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

23               (1) by striking “parent, or,” and inserting  
24       “parent or”; and

3 (b) EFFECTIVE DATE.—The amendments made by  
4 subsection (a) shall take effect on October 1, 2007.

### **TITLE III—MISCELLANEOUS**

## 6 SEC. 301. REPORT ON UNDISTRIBUTED CHILD SUPPORT

## 7 PAYMENTS.

8        Not later than 6 months after the date of enactment  
9 of this Act, the Secretary of Health and Human Services  
10 shall submit to the Committee on Ways and Means of the  
11 House of Representatives and the Committee on Finance  
12 of the Senate a report on the procedures that the States  
13 use generally to locate custodial parents for whom child  
14 support has been collected but not yet distributed. The  
15 report shall include an estimate of the total amount of  
16 such undistributed child support and the average length  
17 of time it takes for such child support to be distributed.  
18 The Secretary shall include in the report recommendations  
19 as to whether additional procedures should be established  
20 at the Federal or State level to expedite the payment of  
21 undistributed child support.

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

4       Section 453(j) of the Social Security Act (42 U.S.C.  
5    653(j)) is amended by adding at the end the following:

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

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

21               **“(B) CONDITION ON DISCLOSURE.**—The  
22       Secretary shall make a disclosure under sub-  
23       paragraph (A) only to the extent that the Sec-  
24       retary determines that the disclosure would not  
25       interfere with the effective operation of the pro-  
26       gram under this part.

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

5   **SEC. 303. INCREASE IN PAYMENT RATE TO STATES FOR EX-**  
6                   **PENDITURES FOR SHORT-TERM TRAINING OF**  
7                   **STAFF OF CERTAIN CHILD WELFARE AGEN-**  
8                   **CIES.**

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

13                 **TITLE IV—EFFECTIVE DATE**

14   **SEC. 401. EFFECTIVE DATE.**

15                 (a) IN GENERAL.—Except as otherwise provided in  
16 this Act, and subject to subsection (b), this Act and the  
17 amendments made by this Act shall take effect on October  
18 1, 2005, and shall apply to payments under part D of title  
19 IV of the Social Security Act for calendar quarters begin-  
20 ning on or after such date, and without regard to whether  
21 regulations to implement such amendments are promul-  
22 gated by such date.

23                 (b) DELAY PERMITTED IF STATE LEGISLATION RE-  
24 QUIRED.—In the case of a State plan approved under sec-  
25 tion 454 of the Social Security Act which requires State

1 legislation (other than legislation appropriating funds) in  
2 order for the plan to meet the additional requirements im-  
3 posed by the amendments made by this Act, the State plan  
4 shall not be regarded as failing to comply with the addi-  
5 tional requirements solely on the basis of the failure of  
6 the plan to meet the additional requirements before the  
7 first day of the first calendar quarter beginning after the  
8 close of the first regular session of the State legislature  
9 that begins after the date of enactment of this Act. For  
10 purposes of the previous sentence, in the case of a State  
11 that has a 2-year legislative session, each year of such ses-  
12 sion shall be deemed to be a separate regular session of  
13 the State legislature.

○