

Kansas Department of

# **Social and Rehabilitation Services**

Janet Schalansky, Secretary

For additional information contact:

**Joint Committee on Children's Issues**  
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**Child Support Enforcement Update**

**Integrated Service Delivery**  
Candace Shively  
785.296.3271

Office of Planning and Policy Coordination  
Tanya Dorf, Director

Docking State Office Building  
915 SW Harrison, 6<sup>th</sup> Floor North  
Topeka, Kansas 66612-1570  
phone: 785.296.3271  
fax: 785.296.4685  
[www.srskansas.org](http://www.srskansas.org)

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**Janet Schalansky, Secretary**

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**Child Support Enforcement Update**

Madam Chair and members of the committee, I am here today to provide an update on the Child Support Enforcement program of SRS. Child Support Enforcement (CSE) is a federal-state partnership founded on Title IV-D of the Social Security Act. It is designed to promote parental responsibility for the financial well-being of children, as well as to encourage and strengthen households with children in their efforts to be independent of public assistance.

Federal law requires each state to administer an effective, uniform, statewide child support program. The Kansas CSE Program is a multifaceted state, county, judicial, and private operation which must meet detailed federal requirements concerning all phases of operation. Failure to meet Title IV-D standards can result in fiscal sanctions to the TAF (Temporary Assistance to Families) and CSE programs. For those members of the committee who may be less familiar with the history and structure of the Kansas CSE Program, an attachment to this testimony provides additional background information.

Federal activity in the child support arena always has an impact on the Kansas CSE Program. As some of you are already aware, the U.S. Congress is considering additional changes to Title IV-D, many of which will accelerate the transition of state CSE programs from government revenue producers to integral partners in providing social and economic services to families. This fundamental shift to a "Family First" philosophy began in 1996 with enactment of federal welfare reform. We are unsure at present what changes are likely to be mandated or permitted as state options; we continue to monitor the proposals and offer comments about their impact on our state and its citizens. We remain very concerned about mandates which would require extensive computer programming or divert existing CSE resources from essential CSE functions. We are also hopeful that greater federal flexibility, combined with improvements in our state economy, will someday allow us to adopt more "family-friendly" distribution policies in Kansas.

A current project in Shawnee County, funded in part by a grant from the U.S. Dept. of Health and Human Services, is just one example of the direction we would like to take CSE in the future. I am very pleased to tell you that, in recognition of its excellence, the Shawnee County project has been selected to receive this year's Commissioner's Award for State/Judicial Coordination from the U.S. Department of Health and Human Services. In a nutshell, the project is a collaboration between the Shawnee County District Court, the local Topeka CSE Unit, and the local office of the Department of Human Resources to transform unemployed nonpayers into working parents who voluntarily support their children. We extend our congratulations and thanks to all the participants in Shawnee County who have worked together to make this a reality.

Finally, the State of Oklahoma stirred up a bit of controversy earlier this summer by adopting a policy of opening a new Oklahoma CSE case only if there was at least one minor child. This policy included incoming interstate referrals from other state CSE agencies, such as ours. In order to remain within the federal rules, Oklahoma was careful to allow closure of existing cases without minors only if less than \$500 of past due support remained. Because Kansas does so much

interstate business with Oklahoma, our agency and our customers stood to suffer material harm if access to enforcement in Oklahoma remained restricted. We immediately voiced our concerns to the Director of the Oklahoma Child Support program. We also asked federal representatives at HHS' Regional Office in Kansas City whether Oklahoma's actions were permitted under Title IV-D. Other states took similar steps.

The federal Office of Child Support Enforcement (OCSE) has not commented or acted formally on the inquiries they have received. Many states are concerned that larger, budget-strapped states will pick up on Oklahoma's idea and use it to refuse to enforce arrearages owed to other states, with disturbing consequences for state and family budgets across the nation. Federal administrators are strongly discouraging other states from adopting similar restrictions, letting it be known that such policies are not favored by OCSE.

In reaction to the concerns that have been raised, Oklahoma recently announced that it would re-evaluate its policy. It is too soon to know for sure whether the policy will be revised or rescinded, but we are hopeful that the controversy will be resolved in favor of those who are owed past due support, regardless of the child's age.

In closing, I would characterize the next few years as a period of transition, with CSE adopting more and more "Family First" concepts. This means considering not just debts and assets but the broader conditions of families as we review our policies and adapt to changes in Title IV-D. It means continuing to seek grants and funding for projects to encourage and support parents who owe support, like the Shawnee County project. And it means continuously improving the way we do business to achieve as much as possible on behalf of Kansas' children.

## Child Support Enforcement Program (CSE)

The Child Support Enforcement Program, operates under Title IV-D of the federal social security act, has two primary purposes: (1) to ease the taxpayers' burden for public assistance to children not being supported by both parents, and (2) to promote financial stability for the appalling number of children living in or near poverty. By pursuing these goals, CSE helps families become independent of public assistance; reduces net state expenditures for public assistance and for the care of children in state custody; helps parents expand their children's opportunities; and returns the responsibility for supporting children to parents whenever possible.

Federal law requires each state to administer an effective, uniform, statewide child support program. The Kansas CSE Program is a multifaceted state, county, judicial, and private operation which must meet detailed federal requirements concerning all phases of operation. Failure to meet Title IV-D standards can result in fiscal sanctions to the TAF (Temporary Assistance to Families) and CSE programs.

CSE services include:

- ◆ Locating absent parents and their assets;
- ◆ Establishing parentage, as needed;
- ◆ Establishing support orders, including medical coverage;
- ◆ Ensuring regular payment of support through income withholding orders;
- ◆ Enforcing past due support through administrative actions, such as interception of federal and state tax refunds;
- ◆ Enforcing past due support through court actions, such as garnishment of bank accounts; and
- ◆ Modifying ongoing support orders, as needed, to reflect the child's current needs and the parent's ability to provide support.

CSE cases fall into two broad categories:

- ◆ Temporary Assistance to Families (TAF). When a child's custodian applies for public assistance (TAF), that child's cash support and medical support rights are assigned to the state. If CSE collects support in a TAF case, it is used to reimburse the state and federal governments for the public assistance provided to the child's family. Any collections beyond the claim for reimbursement are passed on to the family.
- ◆ Non-TAF. Federal law requires the CSE Program to provide services to any family, regardless of income, that applies for support enforcement services. CSE is also required to provide Non-TAF services when a family stops receiving TAF benefits, at the custodial parent's discretion. The idea is to prevent the need for TAF and other forms of public assistance by insuring reliable support payments, and to provide equal treatment under the law for all children. It is important to note that about 60% of Kansas' Non-TAF families formerly received public assistance.

The CSE Non-TAF caseload also includes cases in which a minor child has been placed in the custody of SRS or the Juvenile Justice Authority (JJA), and the custodial agency has applied for CSE services. Under Kansas law, the state is entitled to retain child support collected in these cases to reimburse the costs of care incurred while the child is

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in state custody; the terms of the assignment are similar to the TAF assignment described above. Unless the child is in a federally-funded program, the state retains 100% of the support collected.

**Structure and Caseload.** The Department of Social and Rehabilitation Services (SRS) is the designated Title IV-D (CSE) agency for the State of Kansas. CSE operates under the Integrated Service Delivery (ISD) Division of SRS. The CSE caseload consists of approximately 140,000 TAF and Non-TAF cases serving over a quarter million people.

CSE services are provided across Kansas by full and part-time SRS staff and by more than 20 contractors. CSE's enforcement contractors are selected through competitive procurement and presently include a county prosecutor, several district court trustees, and a variety of private sector vendors. Other private contractors include the Kansas Payment Center vendor, a paternity testing laboratory, credit bureaus, and process servers.

**CSE Program Funding.** Kansas currently funds the CSE Program from four sources:

1. Federal financial participation (FFP) and incentive payments. The current FFP rate for CSE administrative costs is 66%. As a result of federal welfare reform, incentive payments now are based upon the state's performance in a number of areas, including overall collections. To remain eligible for IV-D federal funds, the CSE Program must be in compliance with IV-D state plan requirements.
2. The State's share of retained support collections (i.e., reimbursement). For state-funded programs, Kansas retains 100% of collections. For federally-funded programs, Kansas retains 40% of such collections. In October 2000, new federal rules for distributing support collected after closure of a TAF case began reducing the amount CSE could retain as reimbursement. This decline, on top of earlier declines in the number of open TAF CSE cases, makes it increasingly difficult for CSE to be a revenue-producing program for the State of Kansas. This downward trend is expected to continue, although it will be slowed by any increase in the number of open TAF cases.
3. IV-D cost recovery fees. Currently, a 4% cost recovery fee is charged on all collections for cases which have no current public assistance eligibility (cash, medical, food stamps, or child care). Under federal law, 66% of this IV-D program income must go to the federal government. (NOTE: CSE cases are automatically exempted from any Kansas district court trustee fees that might otherwise apply.)
4. State general funds. State general funds are only required for any portion of CSE Program costs that exceed CSE's total revenue from federal funding, the state's share of support collected and retained in the SRS Fee Fund, and IV-D cost recovery fees.

**Noteworthy Facts.**

Collections. In state fiscal year 2003 CSE's total support collections topped \$147 million, \$109 million of which was passed on to families. Altogether, more than one billion dollars of support have been collected for families and taxpayers since the Kansas IV-D program's inception in 1976.

Cost Avoidance. Federal rules permit TAF cash assistance to be ended when current support payments exceed the cash grant. Such closures provide significant advantages to the state and, though difficult to quantify, the cost avoidance is clearly beneficial to the state. CSE services to the family continue automatically, providing a safety net that reduces the risk of the family returning to dependence on public assistance and is especially important for people affected by the five-year lifetime limit on TAF eligibility. CSE collection efforts in FY2002 contributed directly to the closure of over 2,890 cash assistance cases.

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Establishment of cash and medical support orders. In state fiscal year 2003, CSE will establish over 8,000 support obligations. Whenever possible, CSE also establishes a medical support (health insurance) order for the child. In Medicaid cases, CSE routinely shares its health insurance information with the Medicaid fiscal agent, allowing the state to reduce or recover Medicaid costs.

Paternity. Paternity establishment by the CSE Program also plays a vital role in SRS' mission. CSE often recovers the state's birth expenses and public assistance. Children benefit from having their parentage established because it opens the avenue to cash and medical support from the second parent, access to more complete family medical information, and potential inheritance and other rights.

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