

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, California 95814



September 28, 2006

ALL COUNTY INFORMATION NOTICE NO. 1-44-06

TO: ALL COUNTY WELFARE DIRECTORS
ALL CalWORKs PROGRAM SPECIALISTS
ALL FOOD STAMP PROGRAM SPECIALISTS
ALL CONSORTIA PROJECT MANAGERS

SUBJECT: NEW PROCESSES FOR THE AUTOMATED STATEWIDE
ALLOCATION OF CHILD SUPPORT PAYMENT
DISBURSEMENTS AND THE REDIRECTION OF PAYMENTS

REASON FOR THIS TRANSMITTAL

- State Law Change
- Federal Law or Regulation Change
- Court Order
- Clarification Requested by One or More Counties
- Initiated by CDSS

The purpose of this notice is to provide County Welfare Departments (CWDs) with information regarding changes in the way child support payments are being processed through the State Disbursement Unit (SOU) of the California Department of Child Support Services (DCSS) and the potential impact of these changes to public assistance recipients and CWD operations.

These changes are the result of the implementation of another phase of the California Child Support Automation System being implemented by DCSS. The two changes are: 1) the statewide allocation of payments (effective July 31, 2006); and 2) the redirection of support payments to the SOU, effective September 1, 2006.

Enclosed for your information is DCSS Child Support Services Letter #06-24, dated July 5, 2006. This letter was provided to all California Local Child Support Agencies (LCSAs) to provide implementation guidelines, including detailed examples of the statewide allocation process. Remitters (i.e., non-custodial parents [NCPs] and employers) of child support payments were notified of the changes through a statewide information and outreach campaign, with instructions on how and where to send payments effective September 1, 2006. In addition, DCSS has provided notices (see enclosure) explaining the changes to all custodial parents (CPs) receiving IV-D services. Recipients who have questions about these new changes should be referred to their LCSA offices.

Background

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 requires states to implement a single statewide child support system, including a central location for processing all child support collections and disbursements that will provide statewide management capabilities and reduce the costs associated with the receipt and disbursement of child support collections. The SOU satisfies the federal requirement for

a single location for employers and NCPs to send child support payments. All court-ordered collections that are enforced by local child support enforcement agencies (i.e., IV-0 cases) and some wage assignment collections for private child support orders (i.e., non IV-0 cases) will be sent directly to the SOU.

Statewide Allocation and Redirection of Child Support Payments

Prior to the implementation of statewide allocation on July 31, 2006, an NCP or his/her employer submitted payment for the NCP's court-ordered child support obligation directly to an LCSA in a specific county. That LCSA would then credit the payment against any current or past due child support for the NCP's child/children living in that county. In most instances, if the NCP was obligated to pay child support (under a court order) to another child/children living in another county, that county would need to have executed a separate collection action in order to receive any payment. Statewide allocation may have an impact on IV-0 clients in that the amount of the support payment may be different from what they had been receiving previously. This change would occur if an NCP has more than one case and enforcement actions have not been established for each case (see examples below).

Redirection for IV-0 means that, effective September 1, 2006, child support payments from NCPs and wage assignment collections from their employers will be submitted directly to the SOU rather than to a Local Child Support Agency (LCSA). Redirection for non IV-0 means that, effective September 1, 2006, wage assignment collections will be sent directly to the SOU rather than to individual CPs. Redirection enables employers to submit all of their IV-0 and non IV-0 wage assignment collections to the SOU in one payment.

In addition, because all (i.e., IV-0 and non IV-0 wage assignment) collections and disbursements **will** now be handled via the SOU, there may be a change in the timing of the receipt of some child support payments.

Possible Impact on CalWORKs Recipients

60-Month Time Limit

The new statewide allocation may have an impact on a CalWORKs recipient's 60-month time limit [refer to M.P.P. § 42-302.21(g)]. The following describes the possible impacts:

1. The CP may reach the 60-month time limit sooner if the NCP has other established child support obligations and the amount of support collected now divided between more than one CP. This could result in the original CP receiving smaller support payments than he/she was receiving prior to statewide allocation thereby lowering the offset of months on aid.
2. It may take longer for the CP to reach their 60-month time limit if he/she did not previously receive child support payments or if statewide allocation results in higher support payments than they had been receiving previously, resulting in a greater offset of months on aid.

3. There should be no impact to the CP's 60-month time limit if:
 - a. the NCP has no other established child support cases to allocate payments to, or
 - b. the NCP has other established child support cases, but the amount of the allocation does not change.

\$50 Disregard

If statewide allocation results in a support payment of \$50 or less per case, the CP will only be eligible to receive the amount collected up to the \$50 disregard. (See MPP 82-520.2).

If the CP previously received no support payments and, due to statewide allocation, the CP is allocated a support payment more than \$50, the CP will begin receiving a \$50 disregard payment. (See MPP 82-520.2).

Examples of Statewide Allocation for IV-D Cases

1. An NCP owes support for his/her two aided children, one living in County A and one in County B. The NCP is obligated by separate court orders to pay \$200 per month for each child. The NCP (or his/her employer) sends a support payment (\$200) for the child living in County A. In the past, the entire payment would have been submitted to the LCSA in County A, credited only to the case in County A, and \$50 would have been passed on to the CP as a disregard. As a result of statewide allocation, the payment will now be pro-rated between the cases in counties A and B. The case in County A will be credited with \$100 and the case in County B will be credited with \$100. Each of the cases would be eligible for the \$50 disregard where previously only the case in County A would have received that payment. Because the case in County A is now receiving a smaller amount of child support, it may take less time for the 60-month time limit to expire. On the other hand, it may take longer for the case in County B to reach the 60-month limit because support payments are now being allocated to the child on that case.
2. An NCP owes support for his/her two aided children, one living in County A and one in County B. The NCP is obligated by separate court orders to pay \$100 per month for each child. The NCP (or his/her employer) sends a support payment (\$80) for the case in County A. In the past, the entire payment would have been submitted to the LCSA in County A, credited only to the child living in County A, and \$50 would have been passed on to the CP as a disregard. As a result of statewide allocation, the payment will be pro-rated (\$40 per case) between the cases in both counties. The impact on the case in County A is that the disregard payment will decrease to \$40. The case in county B (which previously received no child support payment whatsoever) will now receive an allocated portion of the support paid and will receive a \$40 disregard payment. Because the case in County A is now receiving a smaller amount of child support, it may take less time for the 60-month time limit to expire. On the other hand, it may take longer for the case in County B to reach the 60-

month limit because support payments are now being allocated to the child on that case.

If you have any questions or require further information, please contact David Badal of the Program Technology and Support Bureau at (916) 653-5528. If you have any questions regarding the impact of disregard payments on the calculation of benefits, please contact your consultant in the CalWORKs Eligibility Bureau.

Sincerely,

DEBORAH ROSE, Chief
Program Integrity Branch

Enclosure