

*Boddicker
Drunkhous
Burnett*

HSB 147

HUMAN RESOURCES

Succeeded By

SENATE/HOUSE FILE **SF/HF**
BY (PROPOSED DEPARTMENT OF
HUMAN SERVICES BILL)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to child support enforcement, including child
2 support recovery in instances of guardianships, income
3 withholding, interest on child support collected, and payments
4 to financial institutions for record matters, and providing
5 for retroactive applicability.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 ~~Section~~ 1. Section 234.39, Code 1999, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 5. If the department makes a subsidized
4 guardianship payment for a child, the payment shall be
5 considered a foster care payment for purposes of child support
6 recovery. All provisions of this and other sections, and of
7 rules and orders adopted or entered pursuant to those
8 sections, including for the establishment of a paternity or
9 support order, for the amount of a support obligation, for the
10 modification or adjustment of a support obligation, for the
11 assignment of support, and for enforcement shall apply as if
12 the child were receiving foster care services, or were in
13 foster care placement, or as if foster care funds were being
14 expended for the child. This subsection shall apply
15 regardless of the date of placement in foster care or
16 subsidized guardianship or the date of entry of an order, and
17 foster care and subsidized guardianship shall be considered
18 the same for purposes of child support recovery.

19 Sec. 2. Section 252B.13A, Code 1999, is amended by adding
20 the following new subsection:

21 NEW SUBSECTION. 3. Notwithstanding section 12C.7,
22 subsection 2, interest earned on moneys received under this
23 section shall be credited to the department for use by the
24 unit.

25 Sec. 3. Section 252D.23, Code 1999, is amended to read as
26 follows:

27 252D.23 FILING OF WITHHOLDING ORDER -- ORDER EFFECTIVE AS
28 DISTRICT COURT ORDER.

29 An income withholding order entered by the child support
30 recovery unit pursuant to this chapter shall be filed with the
31 clerk of the district court. In lieu of any signature on the
32 order which may otherwise be required by law or rule, the
33 order shall have affixed the name and address of the
34 appropriate child support office. For the purposes of
35 demonstrating compliance by the payor of income, the copy of

1 the withholding order or the notice of the order received,
 2 whether or not the copy of the order is file-stamped, shall
 3 have all the force, effect, and attributes of a docketed order
 4 of the district court including, but not limited to,
 5 availability of contempt of court proceedings against a payor
 6 of income for noncompliance. However, any information
 7 contained in the income withholding order or the notice of the
 8 order related to the amount of the accruing or accrued support
 9 obligation which does not reflect the correct amount of
 10 support due does not modify the underlying support judgment.

11 Sec. 4. Section 252I.4, subsection 3, Code 1999, is
 12 amended to read as follows:

13 3. The unit may pay a reasonable fee to a financial
 14 institution for conducting the data match required in
 15 subsection 2, not to exceed the lower of either one hundred
 16 fifty dollars for each quarterly data match or the actual
 17 costs incurred by the financial institution for each quarterly
 18 data match. However, the unit may also adopt rules pursuant
 19 to chapter 17A to specify a fee amount for each quarterly data
 20 match based upon the estimated state share of funds collected
 21 under this chapter, which, when adopted, shall be applied in
 22 lieu of the one hundred fifty dollar fee under this
 23 subsection. In addition, the unit may pay a reasonable fee to
 24 a financial institution for automation programming development
 25 performed in order to conduct the data match required in
 26 subsection 2, not to exceed the lower of either five hundred
 27 dollars or the actual costs incurred by the financial
 28 institution. The unit may use the state share of funds
 29 collected under this chapter to pay the fees to financial
 30 institutions under this subsection. For state fiscal years
 31 beginning July 1, 1999, and July 1, 2000, the unit may use up
 32 to one hundred percent of the state share of such funds. For
 33 state fiscal years beginning on or after July 1, 2001, the
 34 unit may use up to fifty percent of the state share of such
 35 funds. Notwithstanding any other provision of law to the

1 contrary, a financial institution shall have until a date
2 provided in the agreement in subsection 2 to submit its claim
3 for a fee under this subsection. If the unit does not have
4 sufficient funds available under this subsection for payment
5 of fees under this subsection, the cost may be carried forward
6 to a future year. The unit may also use funds from an amount
7 assessed a child support agency of another state, as defined
8 in section 252H.2, to conduct a data match requested by that
9 child support agency as provided in 42 U.S.C. § 666(a)(14) to
10 pay fees to financial institutions under this subsection.

11 Sec. 5. RETROACTIVE APPLICABILITY. Section 2 of this Act
12 amending section 252B.13A is retroactively applicable to July
13 1, 1998.

14 EXPLANATION

15 This bill makes changes in laws relating to child support
16 enforcement.

17 The bill provides that for the purposes of child support
18 recovery, subsidies paid by the department of human services
19 to guardians of children are to be considered the same as
20 foster care payments. This codifies language that accompanies
21 a proposal in the department's appropriations bill which
22 provides some permanency to children who cannot return to live
23 with their biological parents, but it is also not appropriate
24 to terminate parental rights. The child is therefore placed
25 with a permanent guardian, rather than in foster care. The
26 department pays a subsidy to the guardian, and the child
27 support recovery unit continues to collect child support from
28 the parent to reimburse the state as it would if the child
29 were in foster care.

30 The bill provides that interest earned on moneys received
31 for child support by the child support recovery unit and
32 deposited in the state treasurer's account is to be credited
33 to the unit rather than credited to the state general fund.
34 This provision is retroactively applicable to July 1, 1998.

35 The bill also provides that income withholding orders

1 entered by the unit are to include the name and address of the
2 appropriate child support office, in lieu of any signature
3 otherwise required, in order to provide a contact for
4 employers and parents.

5 The bill also specifies the means by which the unit may pay
6 financial institutions for costs associated with data matches,
7 including costs of automation programming development
8 necessary to conduct the data matches.

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THOMAS J. VILSACK, GOVERNOR
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
CHARLES M. PALMER, DIRECTOR

January 14, 1999

TO: Members of the General Assembly

FR: Karla McHenry

The Iowa Department of Human Services (DHS) is proposing amendments to make improvements to child support enforcement. The proposals are:

Increase funding to the child support recovery program by taking advantage of federal matching funding currently being lost due to an inconsistency between federal reimbursement regulations and Iowa Code. The proposal is to provide an exception to the current requirement in section 12C.7 that interest earned on collections deposited in the State Treasurer's account and now credited to the General Fund be, instead, credited to the Child Support Recovery Unit effective July 1, 1998.

Improve the timely issuance of income withholding order, amendment and termination forms by removing the requirement for a staff person signature and including a requirement for a listing of the appropriate child support office for the obligor to contact.

By providing two sources of funding for the Child Support Recovery Unit (CSR) to pay financial institutions for their costs in matching records with CSRU to identify accounts held by delinquent obligors. The two sources are the state share of collections from administrative levies on delinquent obligors' accounts at financial institutions, and an amount CSRU may assess child support agencies in other states who request data matching on their cases of delinquent obligors. State law already allows reimbursement for conducting the matches, but does not clearly allow reimbursement for development costs, nor does it provide a source of funding for reimbursement to financial institutions.

DHS is also proposing accompanying statutory language to a DHS children's services proposal for subsidized guardianships in the proposed DHS appropriations bill. The 1996 Session Laws (see 1996 Sessions Laws, Chapter 1213, Section 10, subsection 15), and this year's proposal include a provision that subsidy payments to guardians be treated the same as foster care payments for child support recovery purposes. Therefore, the proposed language in the child support bill would place similar language in the Code to be used if the General Assembly approves the subsidized guardianship appropriation as an alternative to long term foster care.

For additional information regarding this proposal, or other questions, please contact Karla Fultz McHenry, Legislative Liaison, at 281-4848.

FOR CUSTOMER SERVICE CALL: (515) 242-5530 OR 1-888-229-9223
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MAR 10 1999

Place On Calendar

HOUSE FILE 585
BY COMMITTEE ON HUMAN RESOURCES

(SUCCESSOR TO HSB 147)

WITHDRAWN

4-27-99 (P. 1755)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

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HF 585

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19 Sec. 2. Section 252B.13A, Code 1999, is amended by adding
20 the following new subsection:

21 NEW SUBSECTION. 3. Notwithstanding section 12C.7,
22 subsection 2, the federal share of interest earned on moneys
23 received under this section shall be credited to the
24 department for use by the unit. For the purposes of this
25 subsection, "federal share of interest" means an amount equal
26 to the loss of federal financial participation to the child
27 support program under Title IV-D of the federal Social
28 Security Act due to treatment of interest as program income
29 under federal law and regulations.

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32 252D.23 FILING OF WITHHOLDING ORDER -- ORDER EFFECTIVE AS
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**HOUSE FILE 585
FISCAL NOTE**

A fiscal note for House File 585 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 585 makes various changes to laws relating to child support enforcement. Section 2 of the Bill amends Section 252B.13A, Code of Iowa, to provide that the federal share of interest earned on child support recoveries collected by the Department of Human Services (DHS) is to be credited to the Child Support Recovery Unit of the DHS rather than to the General Fund.

ASSUMPTIONS

1. Interest earned on child support recoveries will be approximately \$375,000 in FY 2000 and \$390,000 in FY 2001.
2. The federal share of interest earned will be approximately 66.0%. Therefore, the estimated federal portion of interest earned will be \$248,000 in FY 2000 and \$257,000 in FY 2001.
3. The federal portion of interest earned will be credited to the DHS rather than to the General Fund, and the DHS will use the funds to reimburse the federal government for its portion of interest earned.
4. The DHS currently reimburses the federal government for the federal share of interest earned from the State appropriation for the Child Support Recovery Unit within the DHS.
5. The State appropriation to the Child Support Recovery Unit will not be reduced by the federal portion of interest credited to the DHS under this Bill. Therefore, as compared to current law, the DHS will have additional funding of approximately \$248,000 and \$257,000 available for expenditure in FY 2000 and FY 2001, respectively.

FISCAL IMPACT

The fiscal impact of House File 585 will be a General Fund revenue loss of \$248,000 in FY 2000 and \$257,000 in FY 2001.

SOURCE

Department of Human Services

(LSB 1259hv, DAA)

FILED MARCH 11, 1999

BY DENNIS PROUTY, FISCAL DIRECTOR