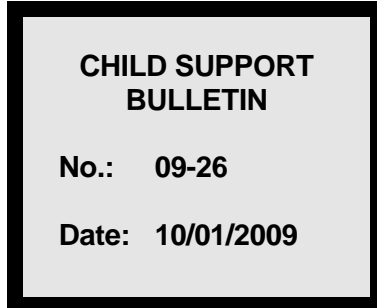


WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES
Division of Family and Economic Security
Bureau of Child Support

To: Child Support Directors
Child Support Supervisors or Lead Workers
Child Support Attorneys

From: Director
Bureau of Child Support

Subject: On/Off Assignment and Changes to Distribution



Purpose

This bulletin informs child support agencies of changes to the assignment policy when an individual goes on and off W-2, Caretaker Supplement (CTS), or Kinship Care (KCAR) assistance. In addition, the bulletin describes the new priority order for distributing collections to child support subaccounts.

Background

As a result of the passage of the Deficit Reduction Act (DRA) of 2005, states are required to make changes to child support assignment and distribution policies. Effective October 1, 2009, arrears that accrue before a participant receives assistance will no longer be assigned to the state when a CP goes on TANF assistance (W-2, CTS, or KCAR).

The DRA also allows the release of assignment on existing temporarily and conditionally assigned arrears. Therefore, on October 1, 2009, existing temporarily and conditionally assigned arrears will be rolled to their corresponding CUSTA type debts.

Release of Assignment on Temporarily and Conditionally Assigned Arrears

On October 1, 2009, about 53,000 transactions will be executed to move approximately \$129,000,000 in arrears from temporarily (WNW) and conditionally (CNA) assigned arrears to unassigned custodial arrears.

The assignment will be released and the subaccount balances moved as follows:

- WNWAA and CNAAA will be moved to CUSTA
- WNWAAI and CNAAAI will be moved to CUSTAI
- WWPSA and CNPSA will be moved to CPPSA
- WWUPA and CNUPA will be moved to CPUPA

After the temporarily and conditionally assigned arrears subaccounts have been converted, the WNW and CNA subaccount types will become obsolete. No new WNW and CNA subaccounts can be created and no balance adjustment to these subaccounts will be allowed by KIDS.

On/Off Assignment of Support

As of October, 2009, TANF recipients will no longer be required to assign previously accrued arrears as a condition of receiving assistance. This new assignment policy affects recipients of W-2, CTS, and KCAR. CUSTA arrears that accrued prior to assistance will remain payable to the family and will not be rolled to WNW arrears.

Example: Jane had \$3,000 in custodial arrears when she applied for W-2. Under current policy, the \$3,000 would be assigned to the state as WNWAA (temporarily assigned arrears). Under the new policy, the \$3,000 would remain payable to Jane as CUSTA.

Previously when a child went into Kinship Care, workers manually moved the child's portion of the arrears from the original case to assigned subaccounts in the Kinship Care case. With the implementation of the On/Off assignment policy, the child's portion of arrears should not be moved into the Kinship Care case unless the court orders a change in the court-ordered payee for all or part of the arrears. If the court orders that arrears should be payable to the Kinship Care provider, the arrears must be moved to the Kinship Care case, and made payable to the Kinship Care provider (CP on the Kinship Care case) as CUSTA or other CP payable debt.

No Change to Foster Care Assignment

The DRA does not include any changes to the assignment of pre-assistance arrears when a child enters foster care. When a child goes into foster care, the child's portion of previously accrued arrears can be moved to the Foster Care case and assigned.

Distribution Hierarchies

Under the provisions of the DRA, if a case is receiving W-2, CTS, or KCAR benefits, assigned arrears are paid before family-owed arrears debts. If there is no current assistance being paid, then family-owed arrears are paid before assigned arrears.

Because current and former assistance cases may have both assigned and unassigned arrears in the KIDS case, multiple hierarchies have been developed to accommodate the distribution rules when someone is on or off assistance.

The new hierarchies are:

- Non-Assistance (Non-Aid) Hierarchy – pays family owed arrears first
- Assistance (Aid) Hierarchy – pays state owed arrears first
- Federal Tax Intercept Hierarchy – pays state owed arrears first

Note: additional hierarchies have been created to accommodate aid and non-aid situations for UI intercepts which cannot be distributed to spousal support.

The Aid hierarchy is used when the KIDS case types is WWIQA, KCAR, FPSC, UFSC and NFSC. For all other cases types, the Non-Aid hierarchy is used.

State tax collections will be applied using the Aid Hierarchy (when there is open assistance) or the Non-Aid Hierarchy (when there is no open assistance). The Federal Tax Intercept hierarchy will continue to pay state owed arrears before family owed arrears. In addition, when a collection from an NCP is allocated between an aid and a non-aid case, the aid subaccounts will be treated equally with the non-aid subaccounts. Under the old policy, payments would be distributed to the family-owed arrears before any amount is distributed to state owed arrears. Starting in October, assigned arrears in current assistance cases will be treated equally with unassigned arrears in non-assistance cases. Collections will be prorated between the assistance and non-assistance cases.

Example: Under the old policy, if an NCP was paying to both an aid case with WWIQA and a non-aid case with CUSTA, the collection would satisfy all of the CUSTA before any would be applied to the WWIQA. Using the new policy, CUSTA in the non-aid hierarchy and WWIQA in the aid hierarchy are the same priority levels. The collection will be allocated between the debts.

Periodic Payment Compliance Report

The DRA requires that collections be applied to assigned debts first when assistance is open, and to family owed debts first when there is no assistance. To comply with these requirements, workers must be able to identify cases where a periodic payment exists on an arrears debt and the payment must be moved because of a change in assistance status.

The Periodic Payment Compliance Report (DPAD) report has been developed to assist workers in moving periodic payments. This is a daily cumulative report that lists **all** cases where a periodic payment must be moved to another subaccount in order for distribution to comply with federal requirements. Working this report is mandatory. When the periodic payment on the case has been moved, the case will no longer appear on the report.

In some cases, the court order states that the payment on arrears be applied to a specific subaccount (i.e. \$25 per month on AFDC arrears). If the case is not on assistance, the state waives its right to collect the periodic amount on the state-owed debt before payment is made to the family. If the case is on assistance, the state will accept payment on the highest assigned debt in the hierarchy instead of the debt specified in the court order.