
ERICSA
1963-2023
A GEM 60 YEARS
IN THE MAKING
SAVANNAH
60TH ANNUAL TRAINING CONFERENCE & EXPOSITION
MONDAY, MAY 22 - FRIDAY, MAY 26, 2023

If I were Queen or King: How I would Proclaim Family-First Distribution throughout the Land

Erin Frisch, Michigan

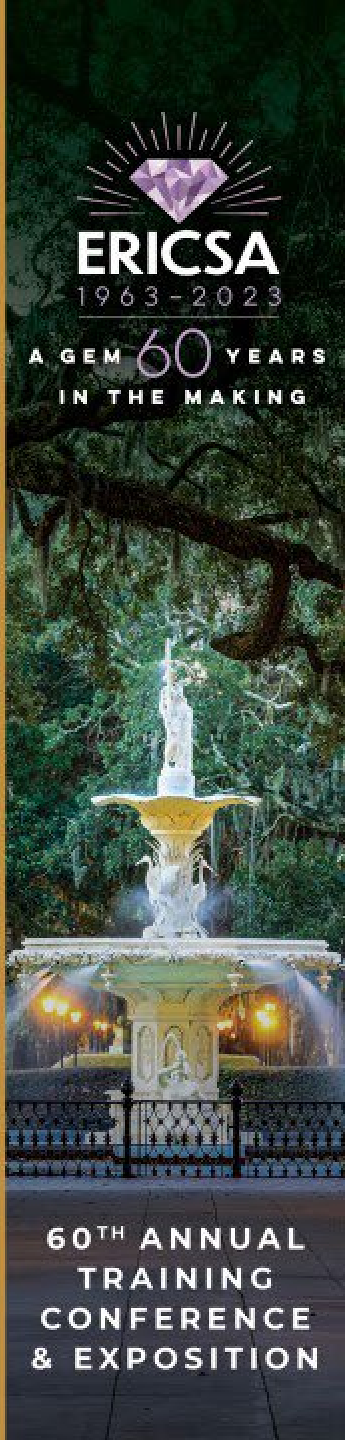
Bonnie Judkins, Marion County, Indiana

Elizabeth Morgan, Public Knowledge

Bryan Tribble, Illinois

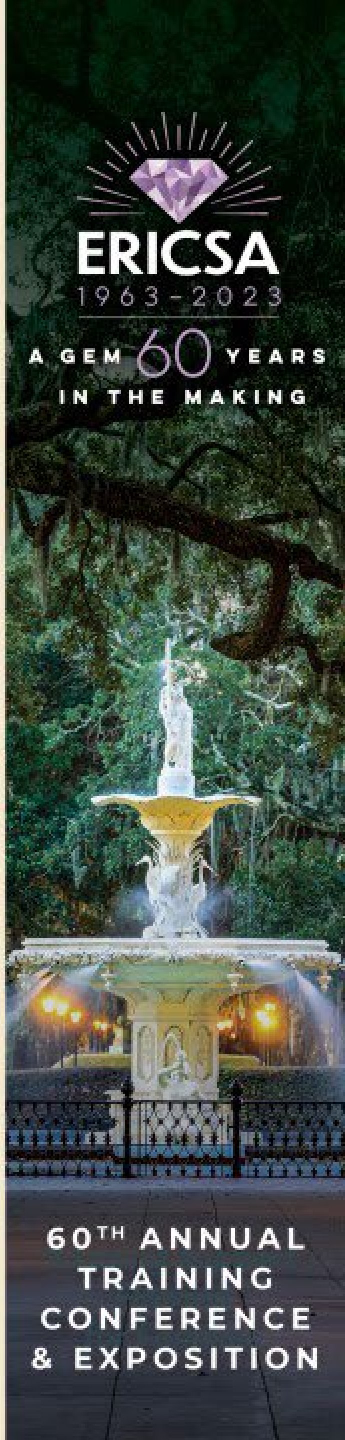
Full pass-through and disregard policies allow families to receive all child support paid, while not affecting their TANF grant, and the implementation of these policies are more likely to decrease poverty for single-parent families than no pass-through or even a partial pass-through.

In this session we will hear about the federal requirements and options on family-first distribution and then our speakers will discuss what their states have done to put more child support dollars in families' hands and will present their ideas for additional changes to the existing system of keeping child support to offset government costs.



Options to get more child support to current and former TANF families …

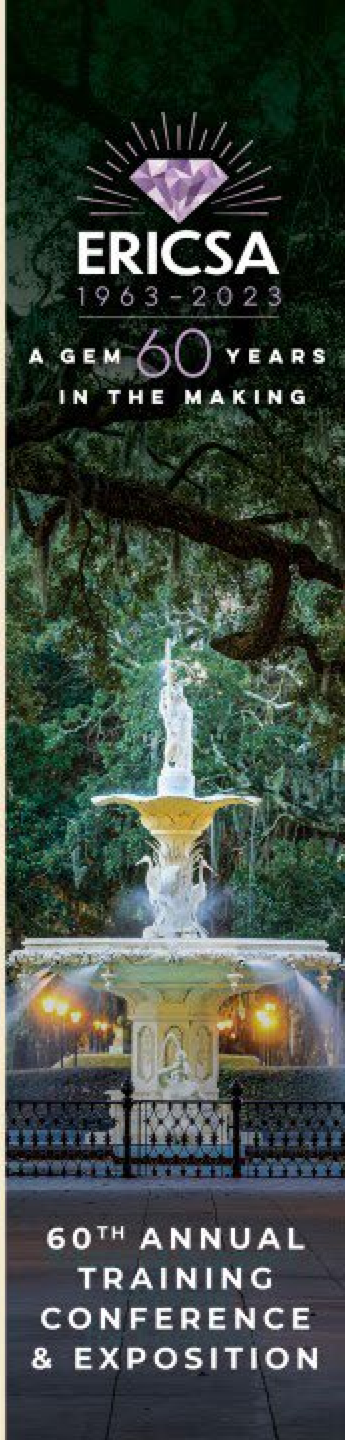
1. Distribute more collections to family arrearages first
   (DRA Distribution)
2. Disburse more assigned support to families
   (Pass-Through)
3. Convert assigned arrearages to Family arrearages
   (Discontinue Assignments)



Distribution: The allocation of a collection among current support and arrearage "buckets"

Varies based on …

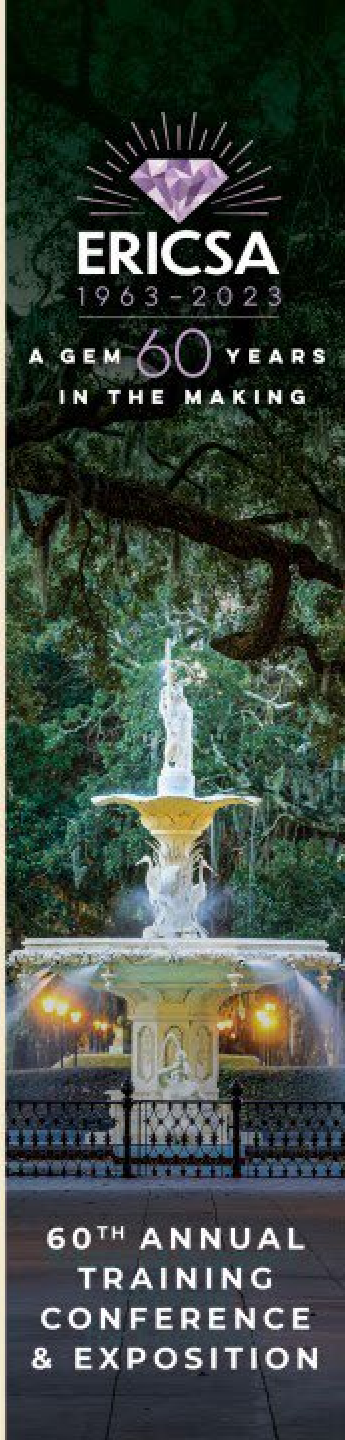
- Case type (Current, former, never assistance)
- Type of payment (federal tax refund offset, or not)
- Type of distribution (DRA or PRWORA)



Disbursement: How much <u>and</u> to whom, the collection is paid

Varies based on …

- State's pass-through policies
- Collections received vs. amount of assistance
- Case type (former assistance, TANF, foster care, intergovernmental)



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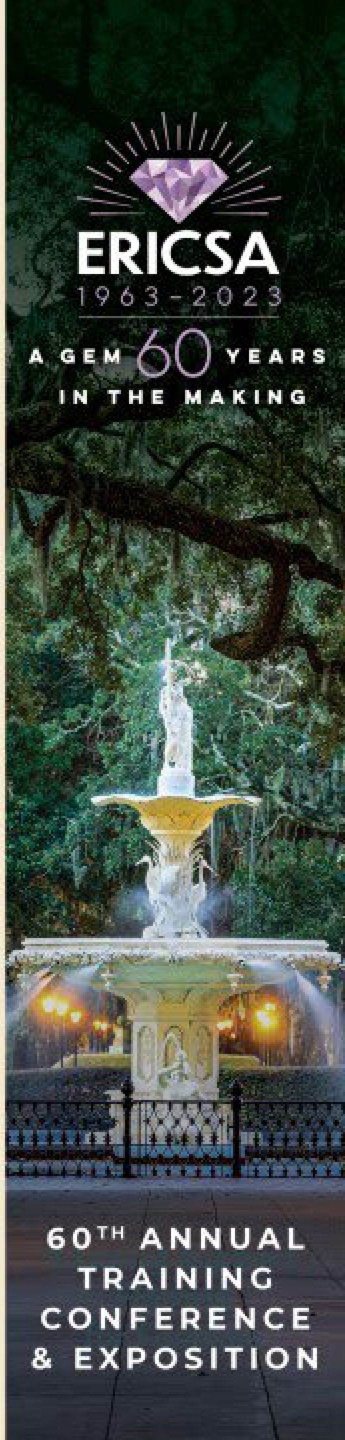
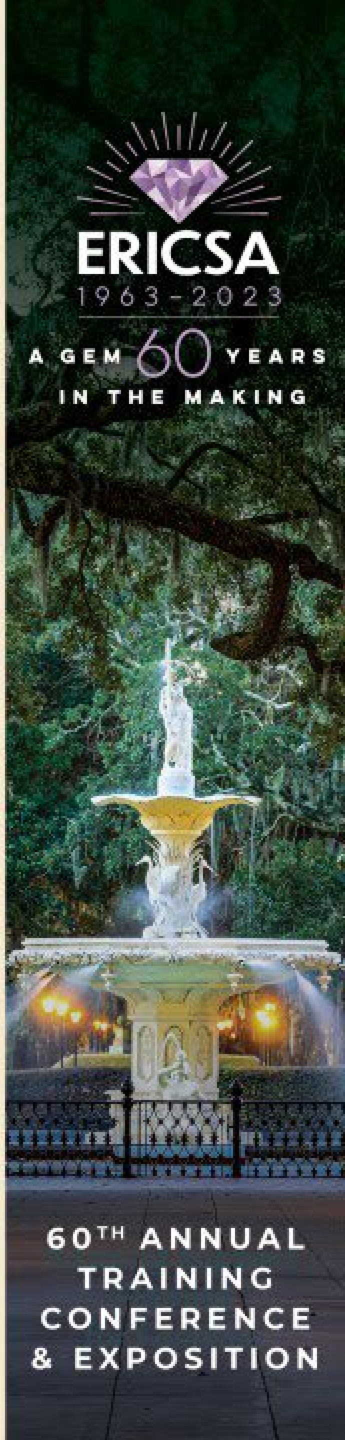


PRWORA vs. DRA Distribution

The Difference: How Tax Offsets are Distributed

- PRWORA Distribution: distribute tax offsets as done prior to DRA (first to assigned arrears, then to the family)
- DRA Distribution: distribute tax offsets under as amended by DRA (same as any other collection)

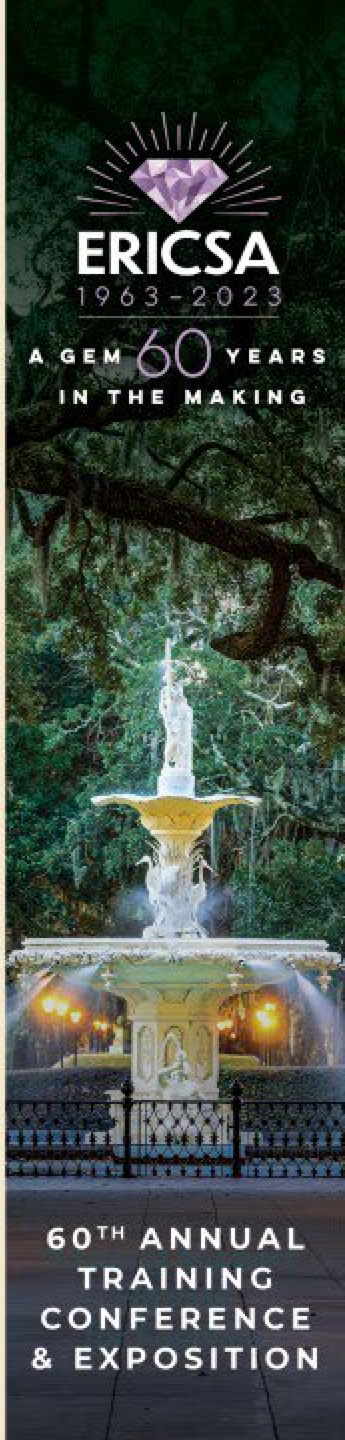


PRWORA Distribution in *Former Assistance Cases*

Federal Tax Refund Offset (FTRO):

1. Permanently-Assigned and Conditionally-Assigned arrears, in any order (**retained**)
2. Never-Assigned and Unassigned arrears (**disbursed to family**)

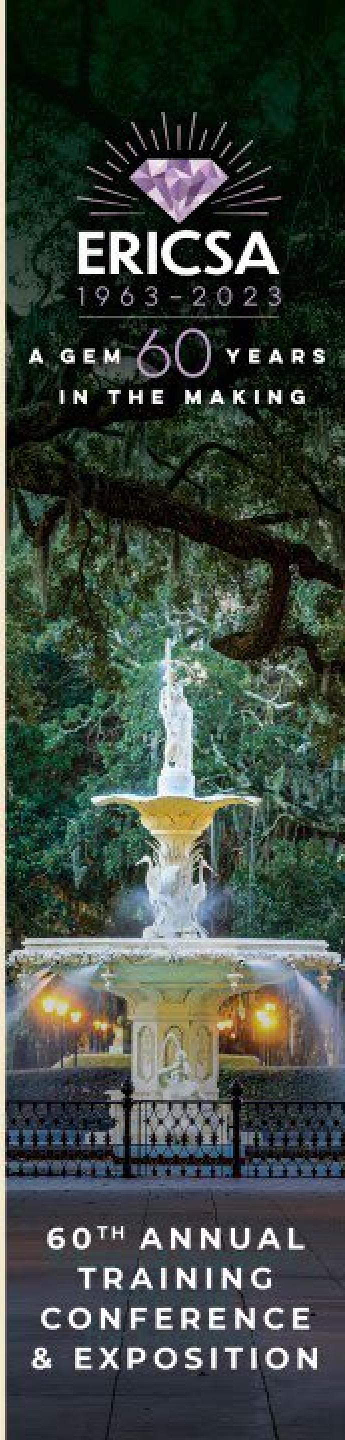
***FTRO collections in PRWORA Distribution states are <u>never</u> applied to Current Support*



DRA Distribution in *Former Assistance Cases*

Federal Tax Refund Offset (FTRO):

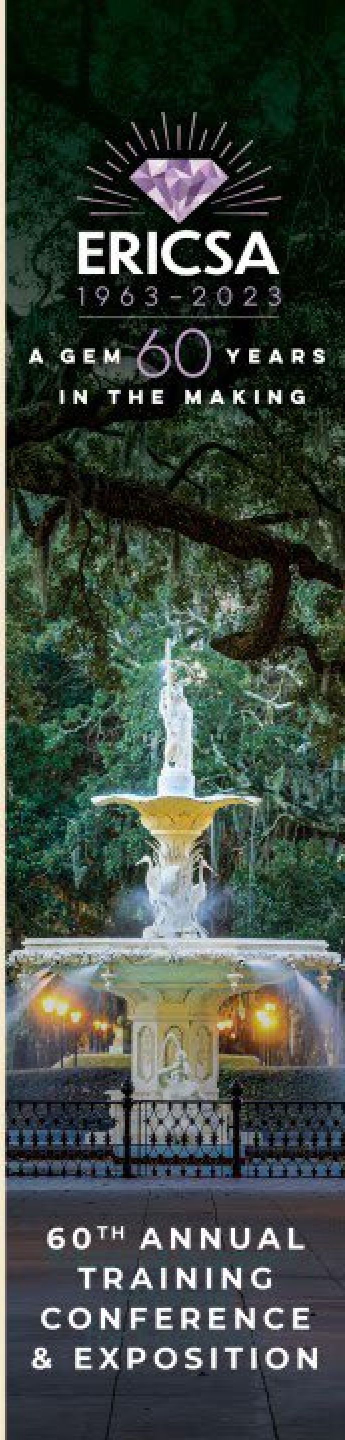
1. Current Support (disbursed to family)
2. Family Arrears (disbursed to family)
3. Assigned Arrears (retained)



DRA vs. PRWORA Distribution: an Illustration of the difference

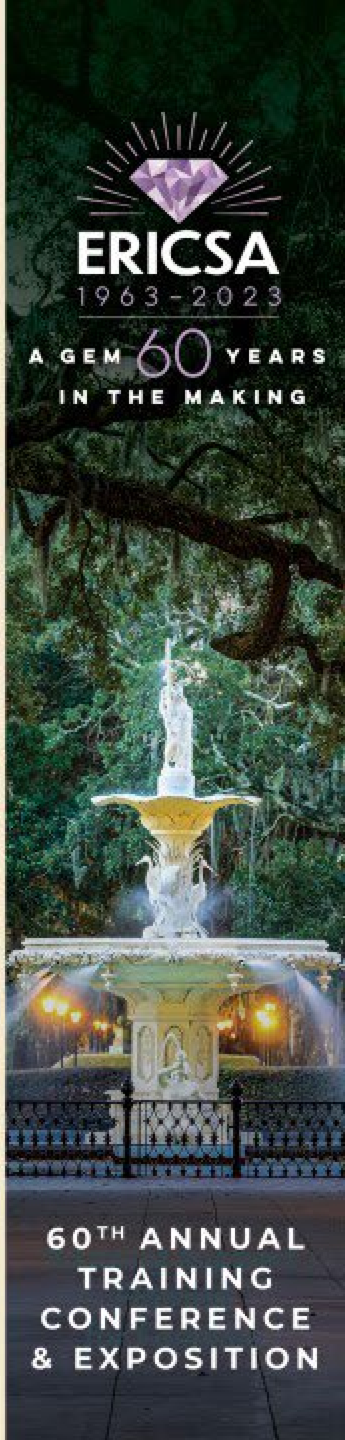
Facts of scenario:

- Former assistance case
- $1,500 assigned arrears
- $1,000 family arrears
- Current support = $450 per month



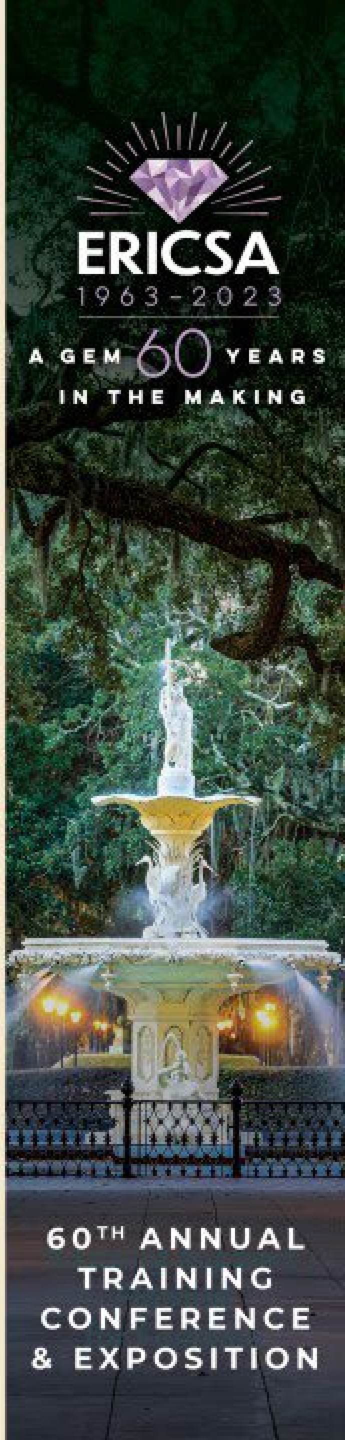
PRWORA Distribution

	Current	Assigned	Family-Owned
Beginning Month Balances	450	1,500	1,000
$1,200 FTRO Application		1,200	
End of Month Balances	450	300	1,000



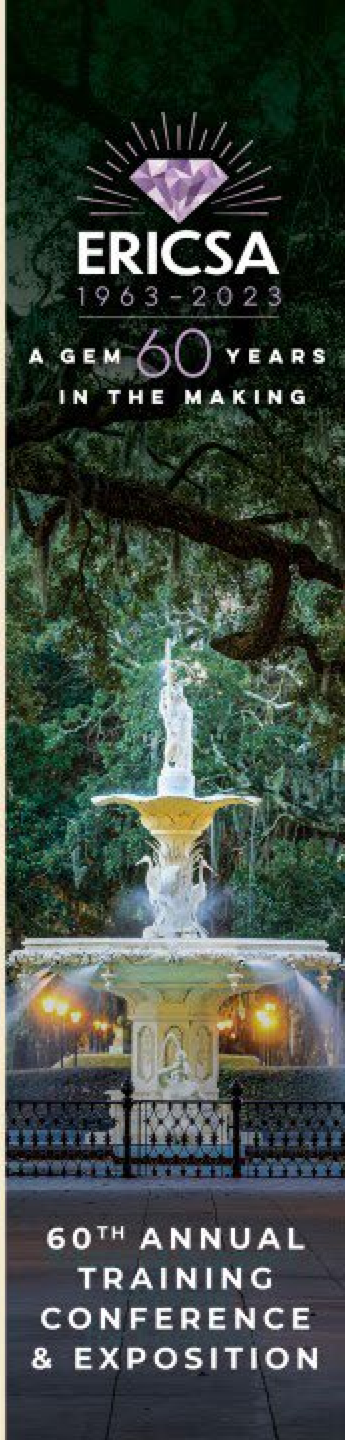
DRA Distribution

	Current	Assigned	Family-Owned
Beginning Month Balances	450	1,500	1,000
$1,200 FTRO Application	450		750
End of Month Balances	0	1,500	250



States currently using DRA Distribution

- Alaska
- California
- Maryland
- New Mexico
- Pennsylvania
- Puerto Rico
- Vermont
- West Virginia
- Wyoming



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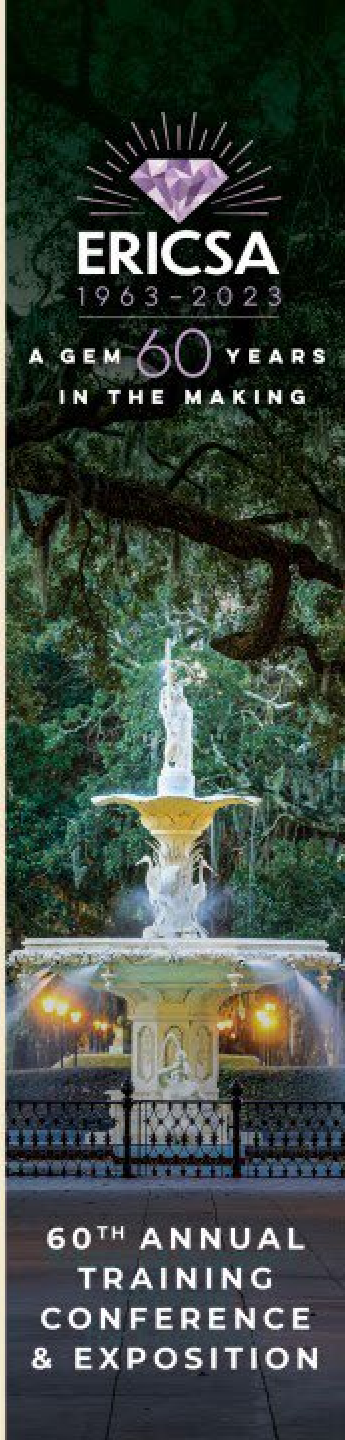
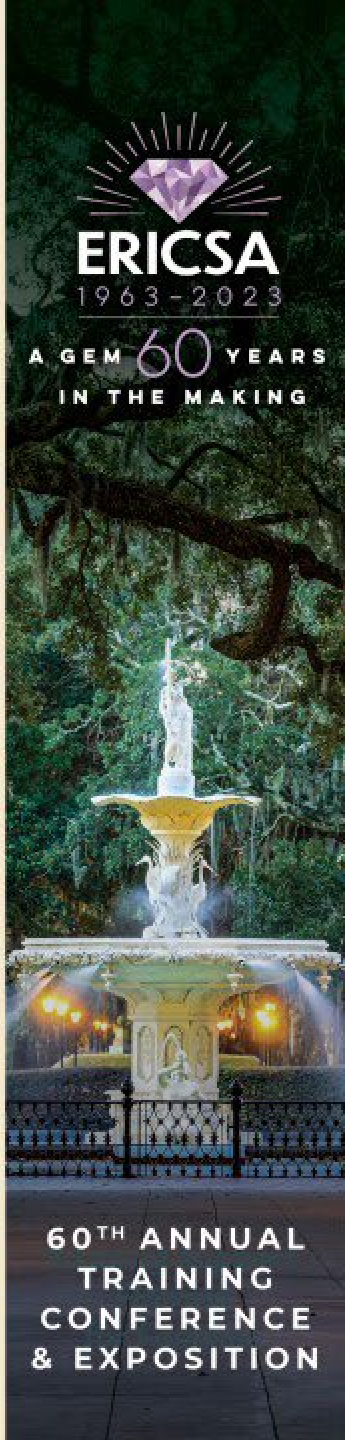


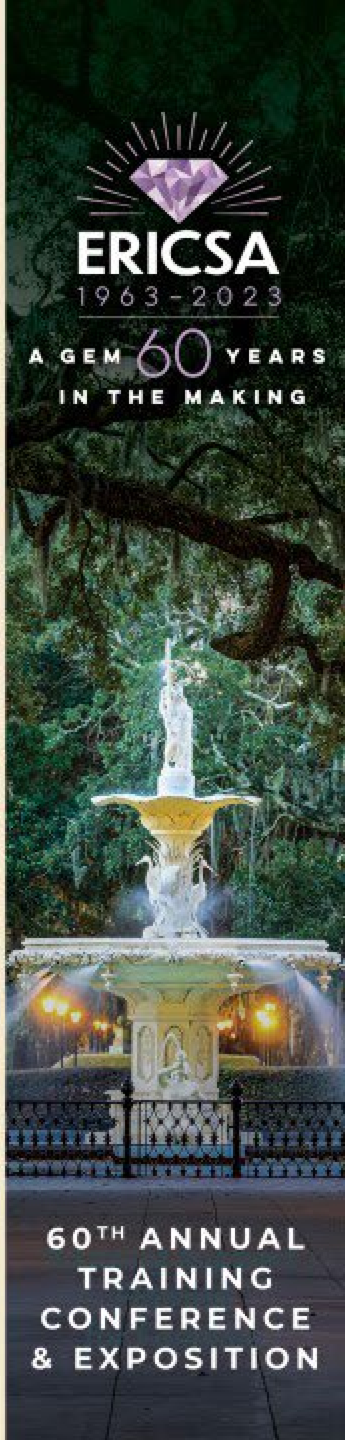
Current Assistance Pass-Through Options

- Any amount up to $100 (one child), or up to $200 (two or more children)
  - Amounts must be disregarded
  - Federal share waived
- For any amounts passed through *above* the excepted portion, the state must pay federal share
- Can come from current and/or arrearages

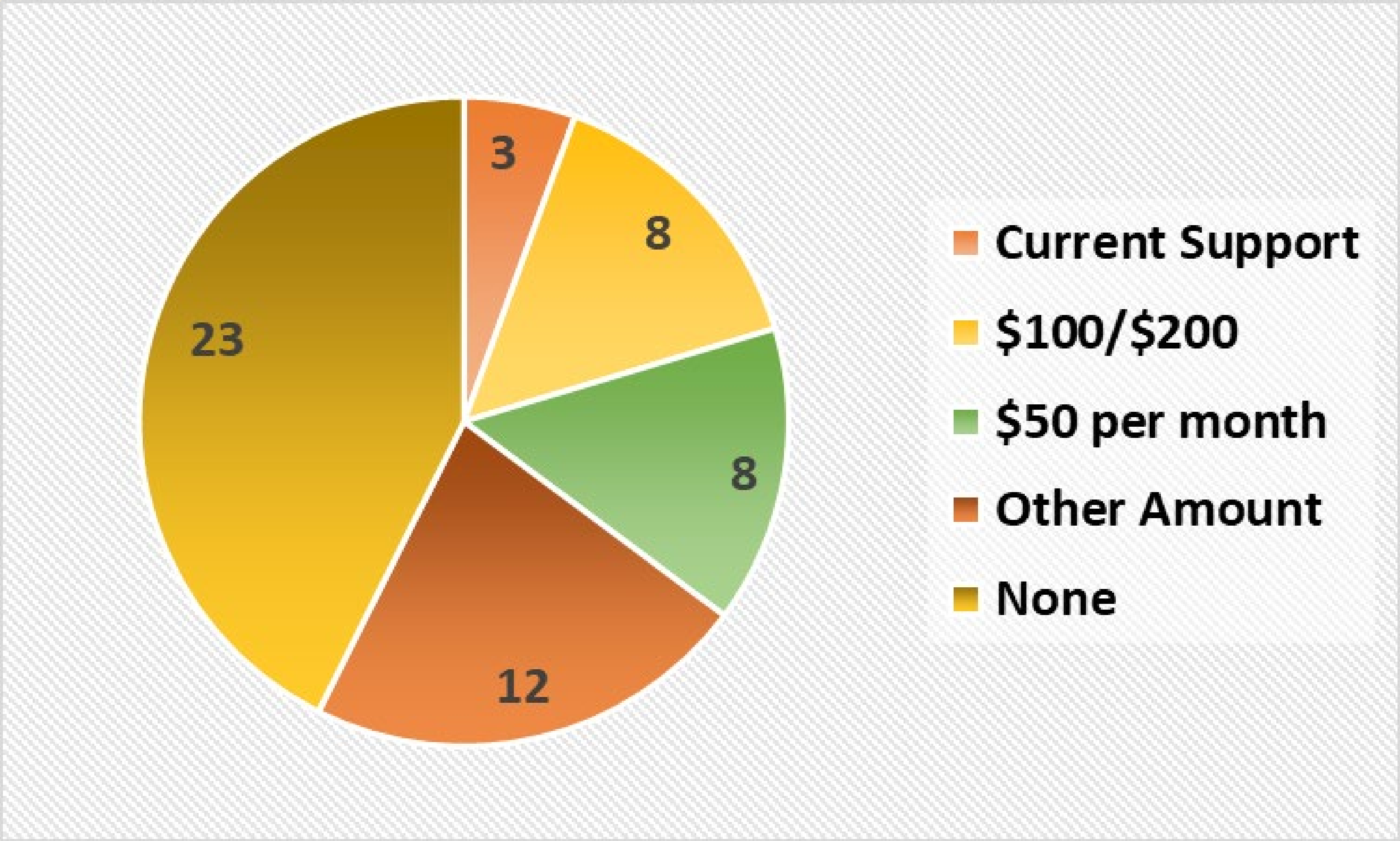


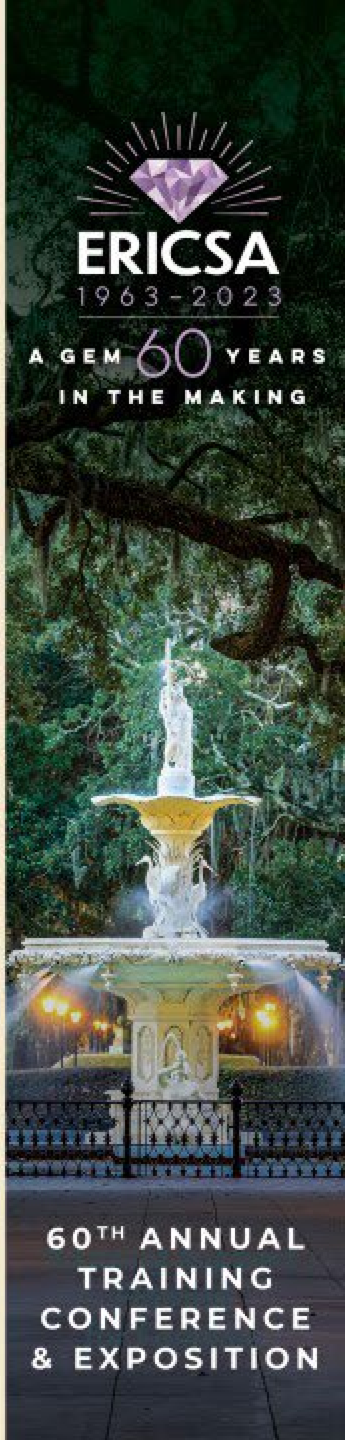
Former Assistance Pass-Through Options

- Any amount applied to assigned arrears may be passed through
- Federal share of amount passed through is waived
- Amount can be partial, full, or percentage of collection



Pass-Through Policies Currently in Effect





Distribution

PRWORA

DRA

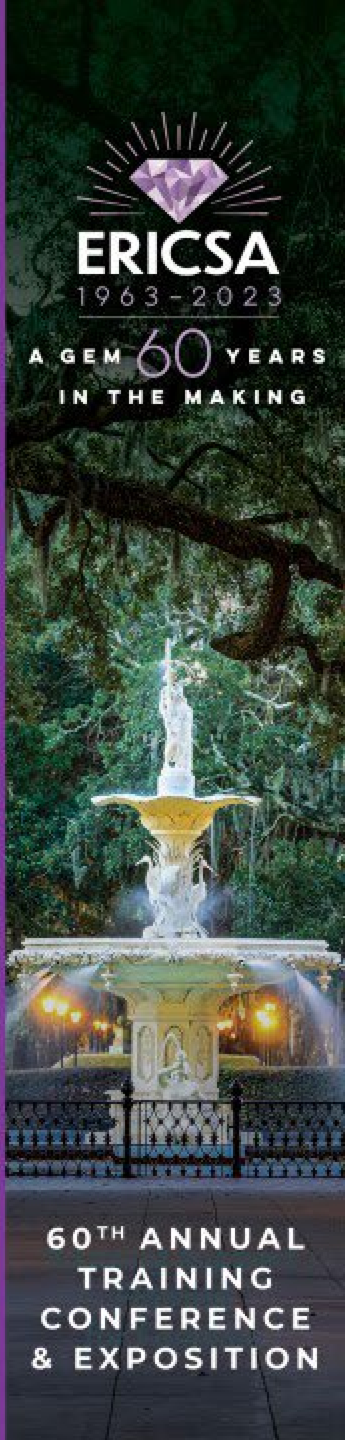
Disbursement (Pass Through)

Current Assistance Cases

- Up to Excepted Portion (fed share waived)
- More than Excepted Portion (pay fed share)

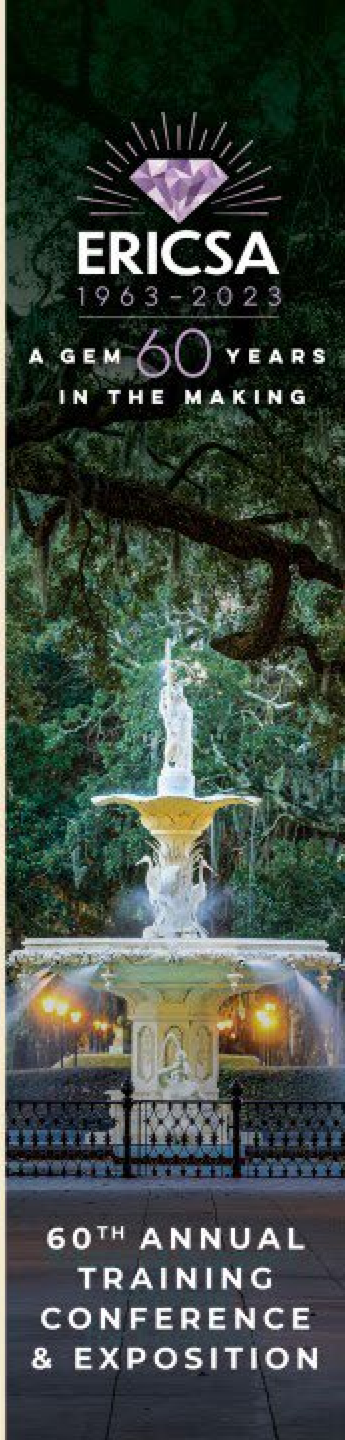
Former Assistance Cases

- Any amount (fed share waived)



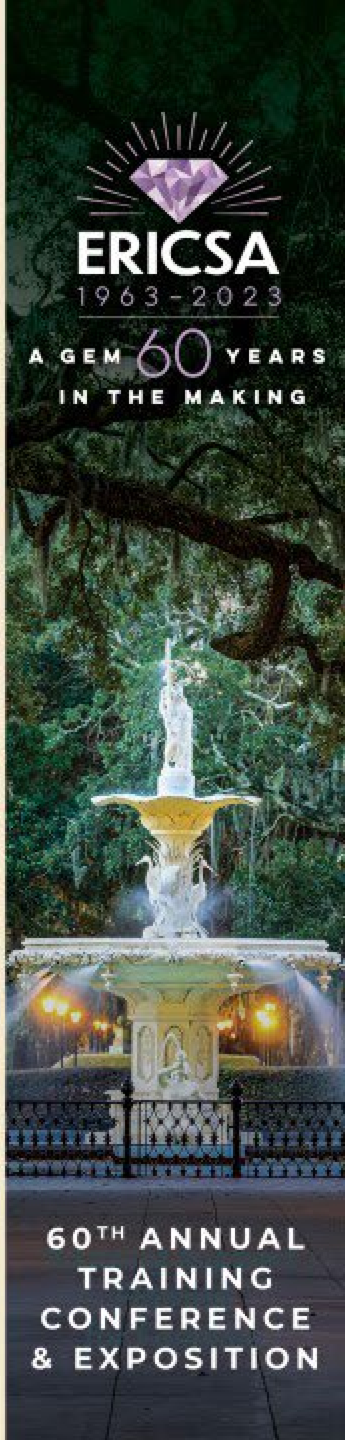
Michigan History

- Pre-2012 provided a pass-through and disregard of $50 to families that received cash assistance and called it the "Client Participation Payment" (CPP).
    - Was also disregarded for food assistance cases with federal waiver.
- The CPP was discontinued in fiscal year 2012 due to budget reductions.



Recent Changes

- January 1, 2020 federal participation version ($100 for one child and $200 for 2 or more) of pass through for current support on current assistance cases.
    - Initially was able to disregard for food assistance, then lost waiver and had to count.
    - Data analysis shows no one has lost their food assistance due to additional child support.



Notice to 3000 participants

Michigan Department of Health and Human Services
Office of Child Support

More Money For Your Family

Beginning January 2020, you may get some of your child support payments when you get cash assistance. **You can keep this money and your cash assistance.**

When the parent who owes you child support pays on time, **the Michigan State Disbursement Unit (MiSDU) will send you some or all of this money instead of sending it to the state.**

- If you have **1 child** on your case, you can receive **up to $100** in child support each month.
- If you have **2 or more children** on your case, you can receive up to **$200** in child support each month.

How Does It Work? Let's say you have one child on your case, and you get **$403** in cash assistance in March. The parent who owes child support pays **$100** in March. You will get your cash assistance **and** your child support.

$403 Cash Assistance
+ $100 Child Support
$503 Total Income to You

Old Notice

Michigan Department of Health and Human Services
Office of Child Support

Good News for Your Family

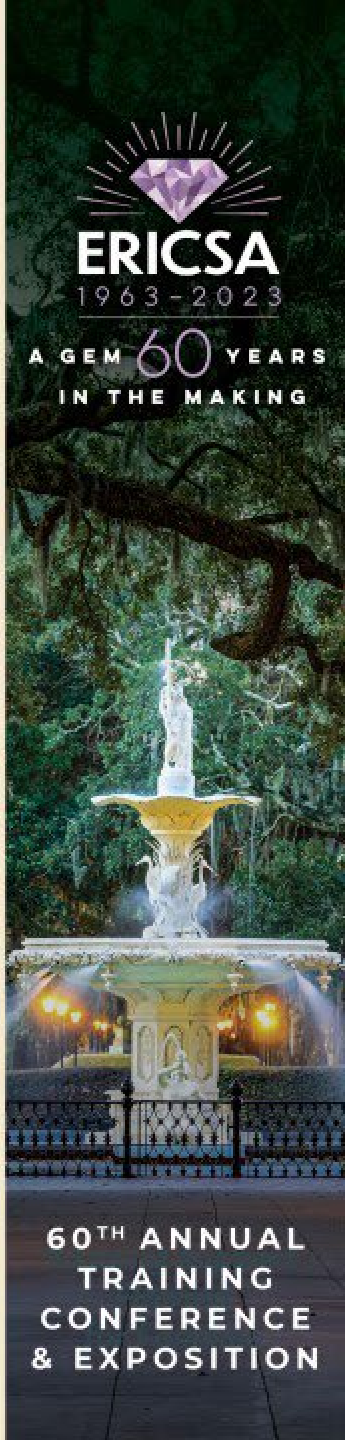
Jennifer, beginning January 2023, you can keep all of your current child support payments when you get cash assistance. You can keep this money and your cash assistance.

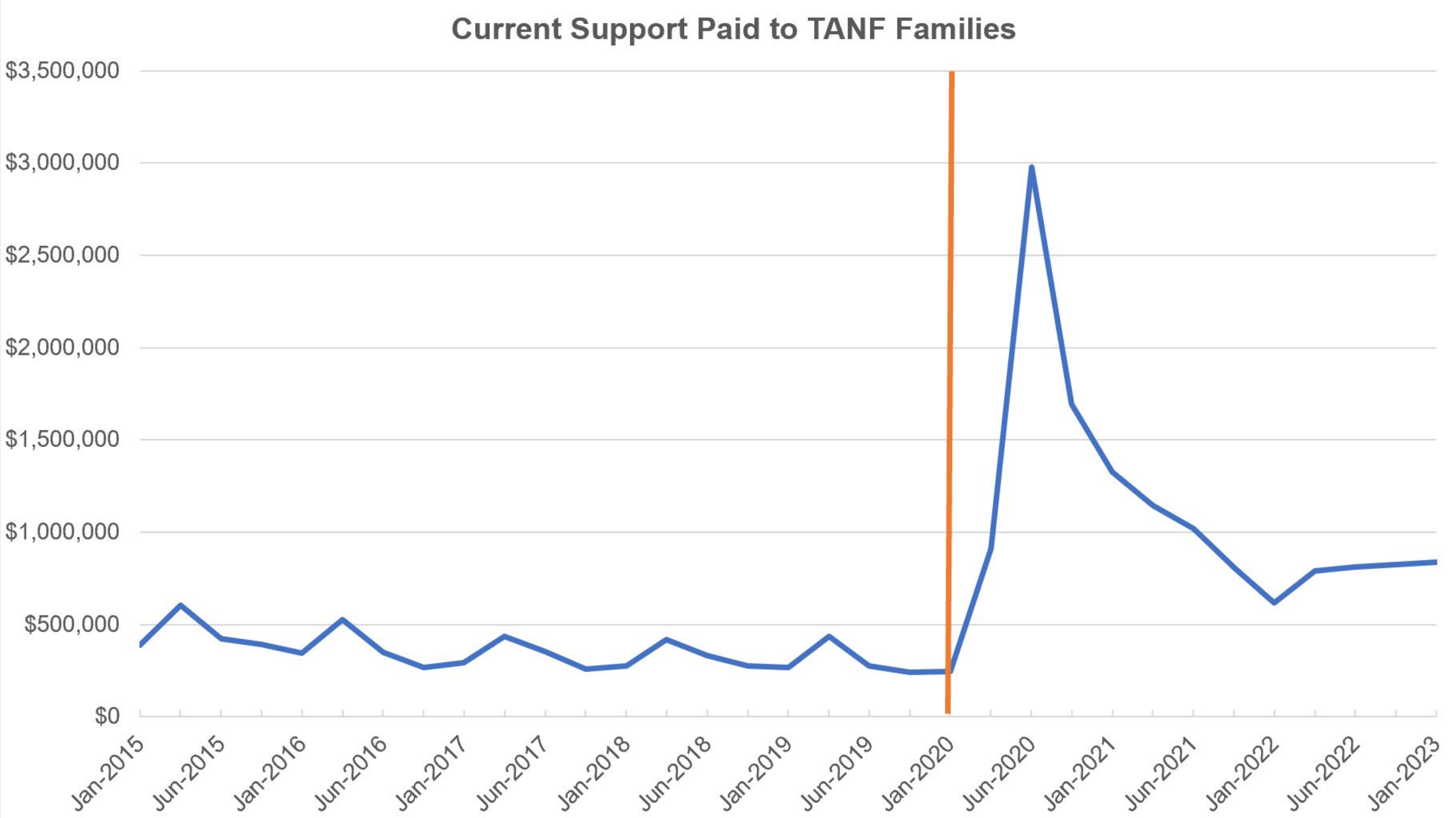
Your child support payments depend on the amount owed and how much is paid each month. **You will receive 100% of the child support paid if it is paid in the month it is due.**

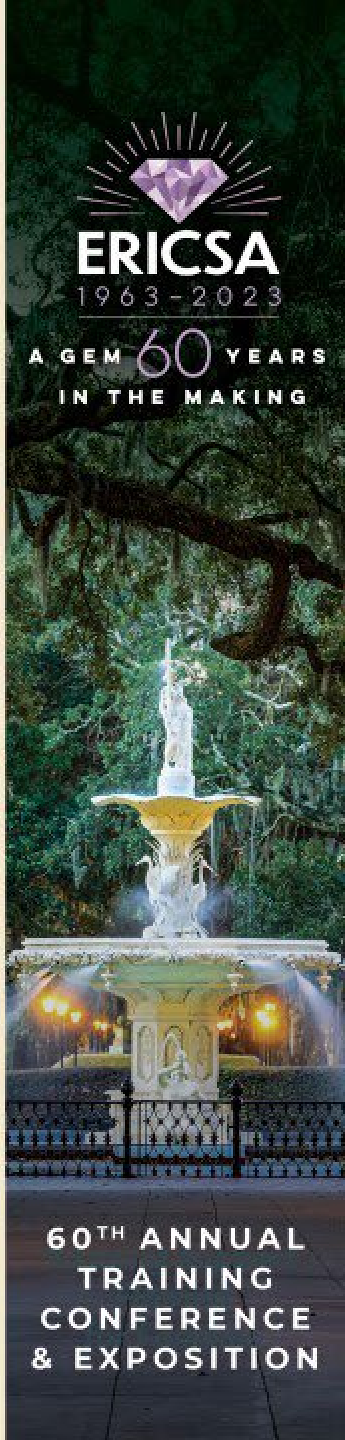
How Does It Work? Let's say you have one child on your case, and you get **$306** in cash assistance in March. The child support due each month is $130. The parent who owes child support pays **$130** in March. You will get your cash assistance **and** your child support.

$306 Cash Assistance
+ $130 Child Support
$436 Total Amount to You

New Notice




Current Support Paid to TANF Families
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
Jan-2015
Jun-2015
Jan-2016
Jun-2016
Jan-2017
Jun-2017
Jan-2018
Jun-2018
Jan-2019
Jun-2019
Jan-2020
Jun-2020
Jan-2021
Jun-2021
Jan-2022
Jun-2022
Jan-2023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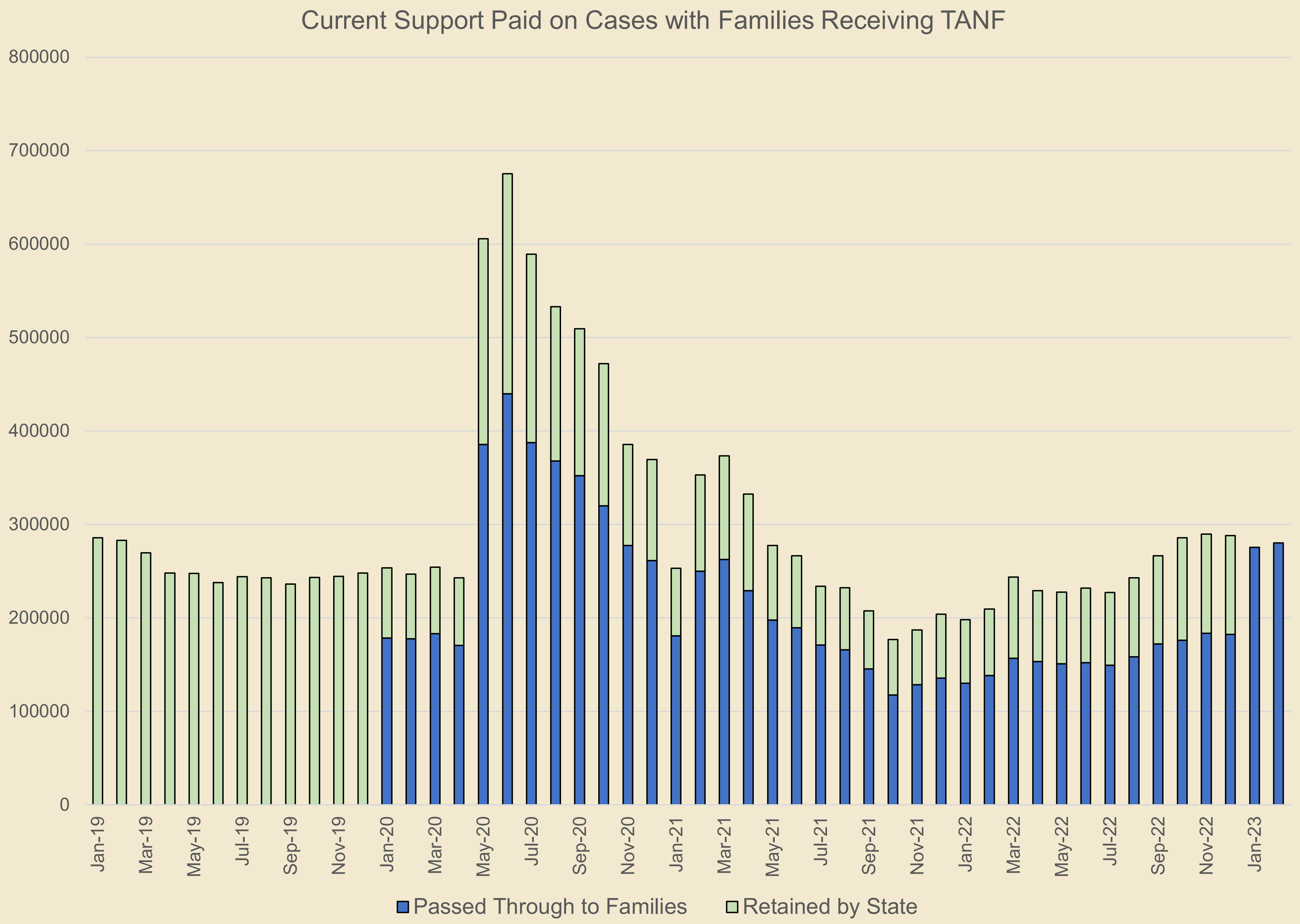
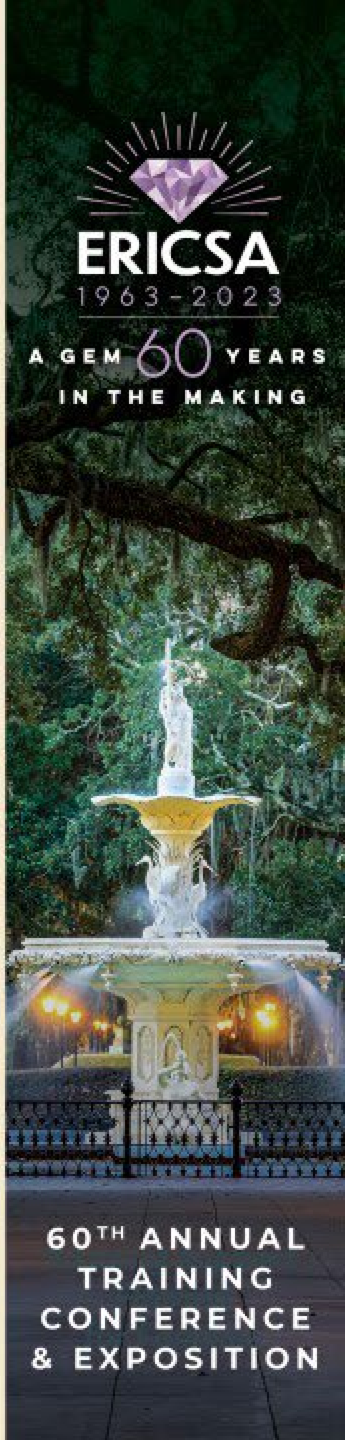

Current Support Paid on Cases with Families Receiving TANF
800000
700000
600000
500000
400000
300000
200000
100000
0
Jan-19
Mar-19
May-19
Jul-19
Sep-19
Nov-19
Jan-20
Mar-20
May-20
Jul-20
Sep-20
Nov-20
Jan-21
Mar-21
May-21
Jul-21
Sep-21
Nov-21
Jan-22
Mar-22
May-22
Jul-22
Sep-22
Nov-22
Jan-23
Passed Through to Families
Retained by State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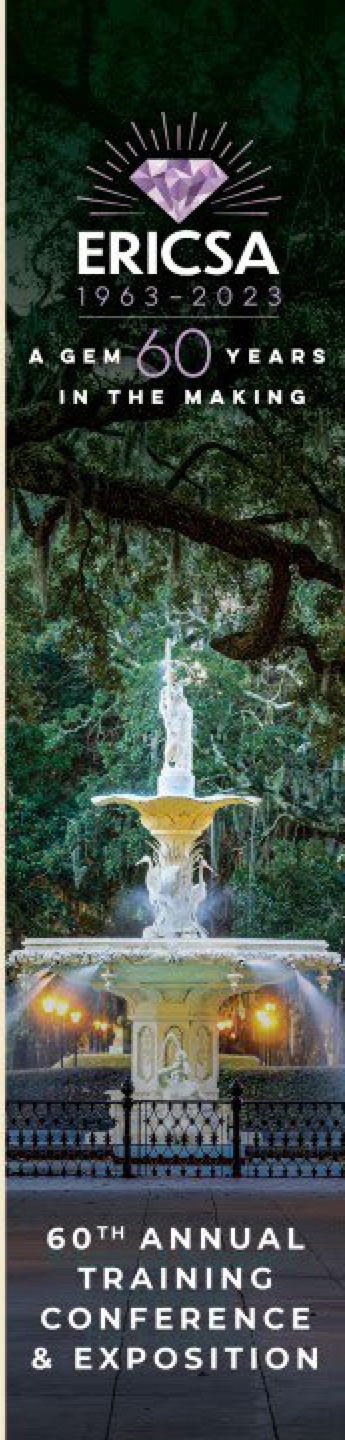
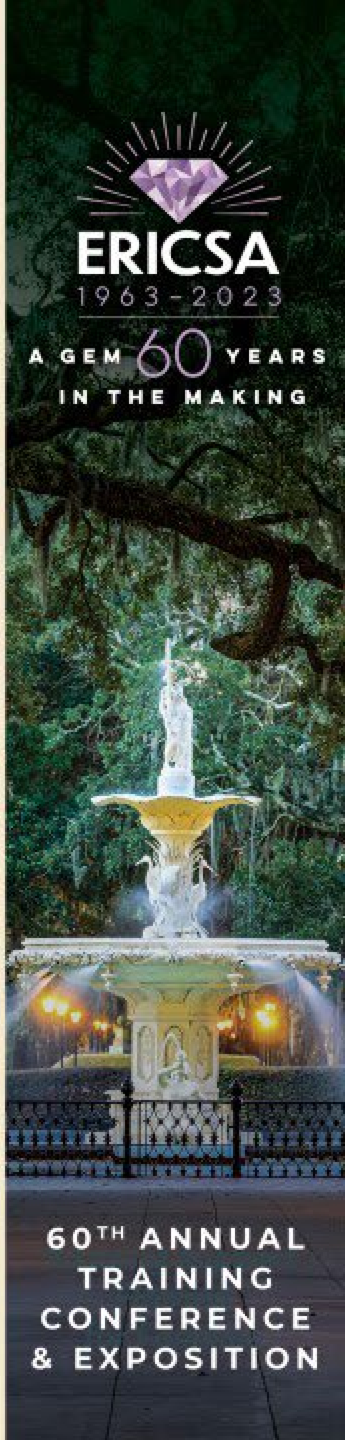
Since reinstatement of pass-through policies:

Total amount to families= $8,139,013



What's Next

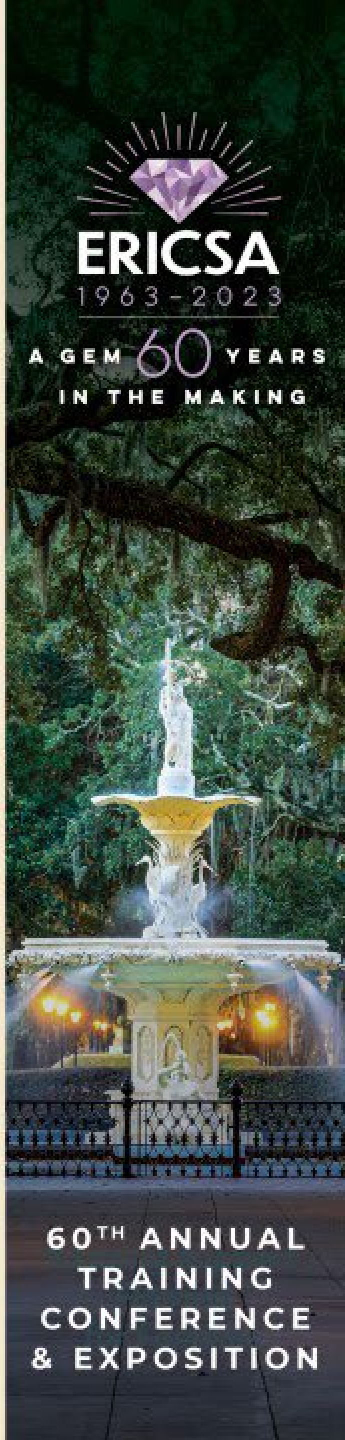
- DRA Distribution/ Erin's own distribution
  - Pay family debt first, no matter case type!
- Referrals/Cooperation
- Assignment
- Child Support Formula



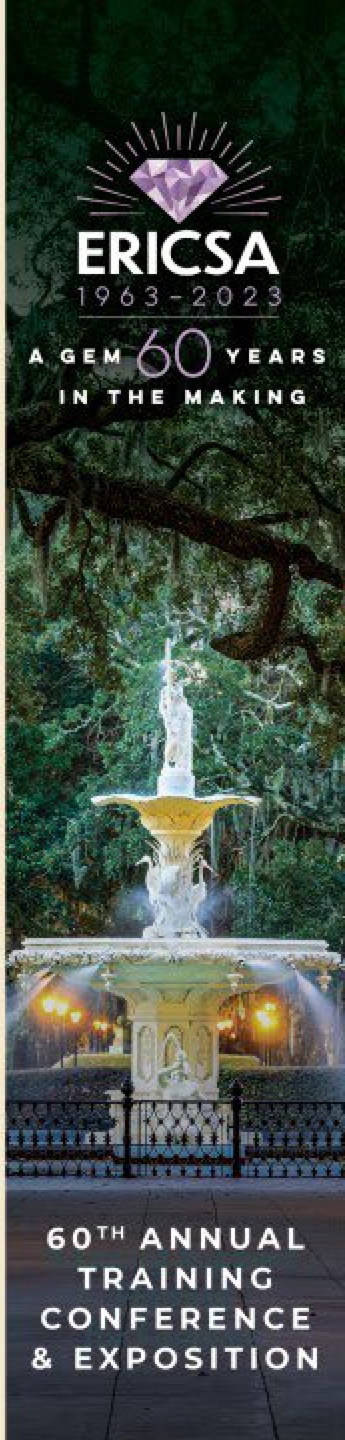
Child Support Services

Illinois Department of Healthcare and Family Services

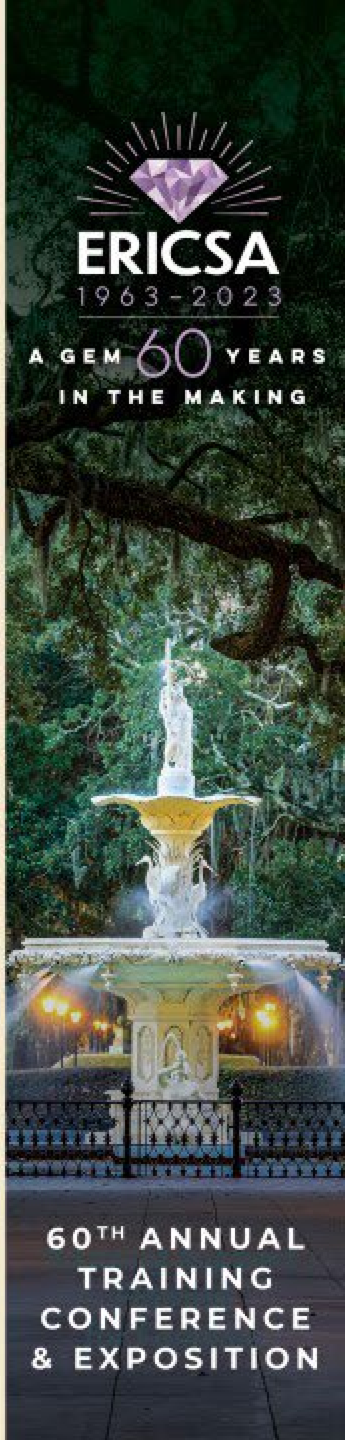
Background of Changes to Pass Through and What the Future Holds for the Families of Illinois



What is <u>your</u> WHY?

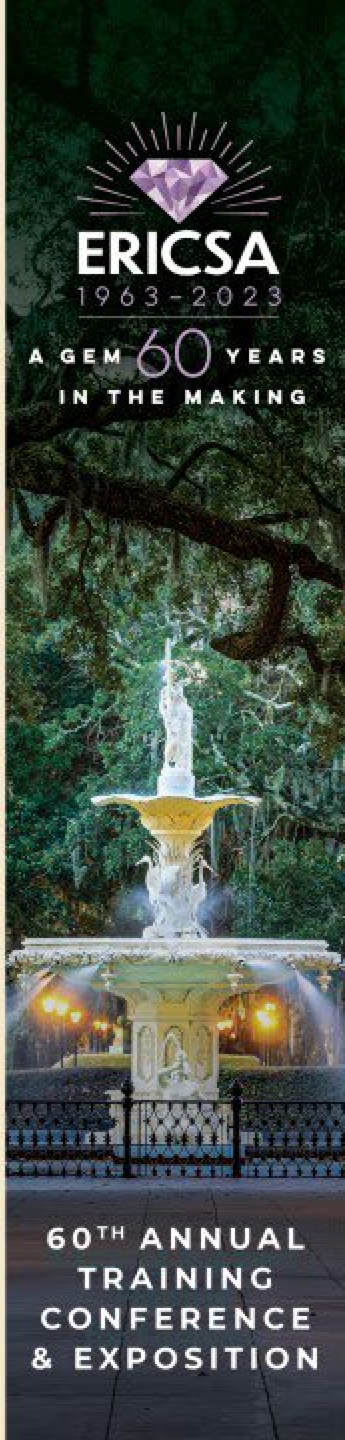


What Do Our MVV Say About Us?

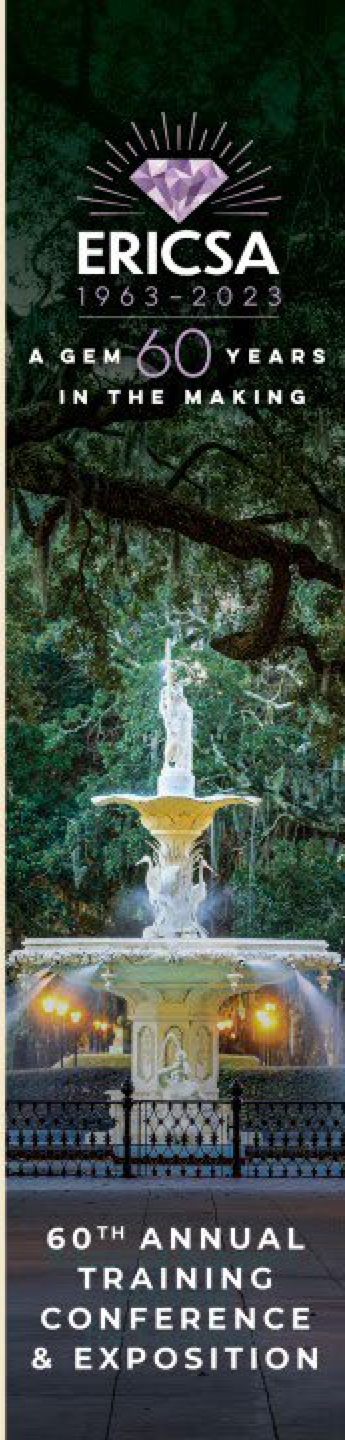


Know Your IV-A History: Widower's Pension, ADC, AFDC, TANF, And Beyond

- Social Welfare History Project Widows Pensions: An Introduction (vcu.edu)
- Social Welfare History Project Aid To Dependent Children: The Legal History (vcu.edu)
- Public Welfare Amendments of 1962 and Proposals for Health Insurance for the Aged (ssa.gov)
- Welfare Reform and the Work Support System (brookings.edu)
- Welfare Reform What Have We Learned in Fifteen Years? (urban.org)
- Ronald Reagan's "welfare queen" myth: How the Gipper kickstarted the war on the working poor | Salon.com
- How racism has shaped welfare policy in America since 1935 (theconversation.com)
- Policy Basics: Temporary Assistance for Needy Families | Center on Budget and Policy Priorities (cbpp.org)
- TANF Policies Reflect Racist Legacy of Cash Assistance | Center on Budget and Policy Priorities (cbpp.org)
- Racism in Public Benefit Programs: Where Do We Go from Here? | CLASP
- child_support_paper.pdf (urban.org)

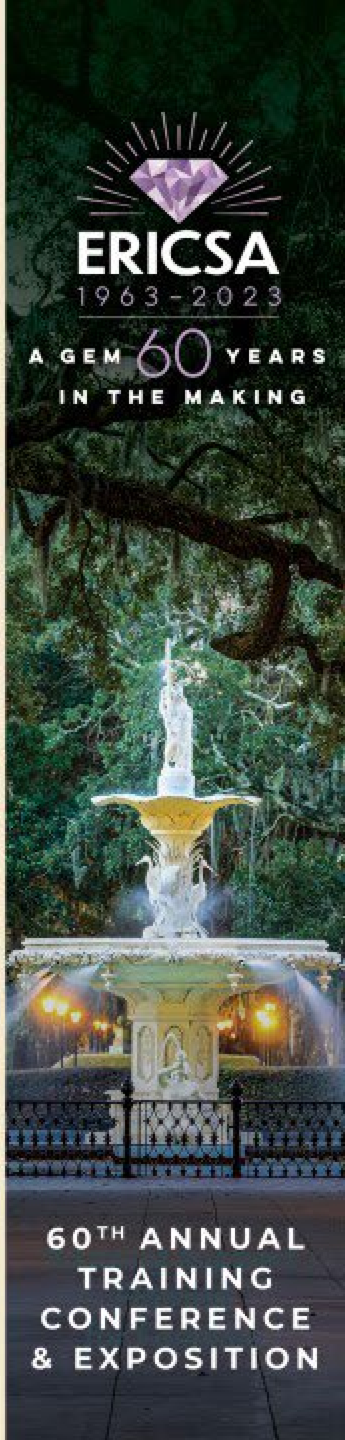


The lowest income families we serve are not, or at least should not be, a funding source for government



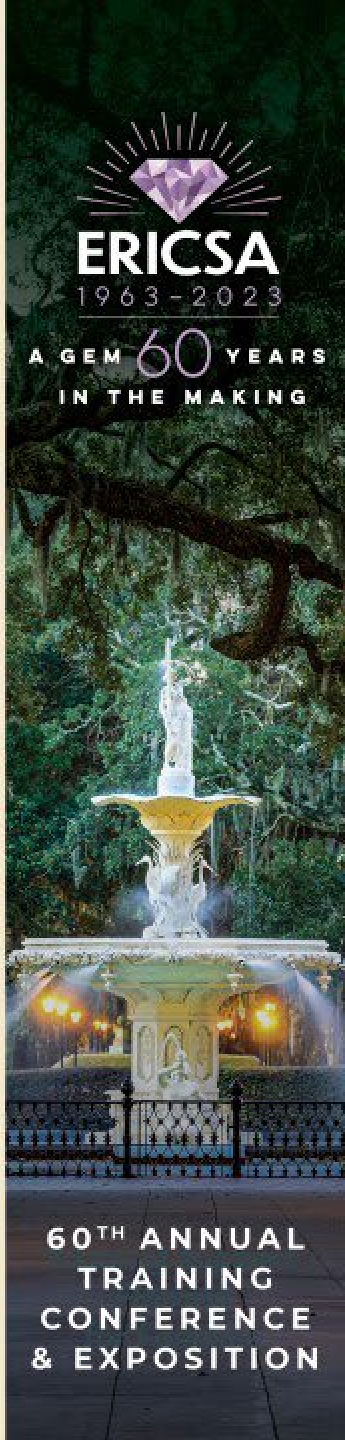
Reality Check

- Drastic decline in TANF caseload
  - 1994-4.6m v. 2017-960k
- 2016 14.5m families served by IV-D Programs Nationally
  - 1.4m receiving TANF
  - 6.2m former TANF
  - Remaining 6.9m never



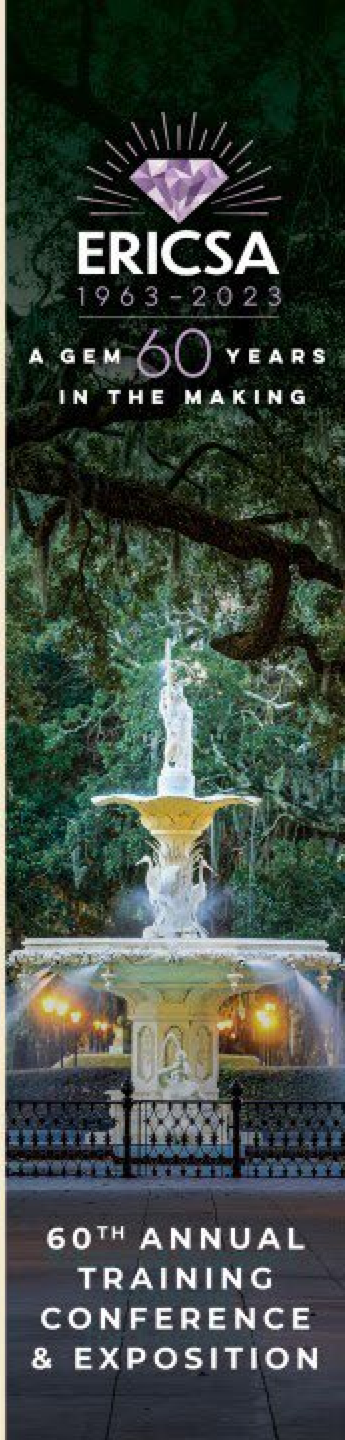
Reality Check

- In 2021, nationally, only 4% was retained to reimburse TANF
    - In Illinois, this number was 2%



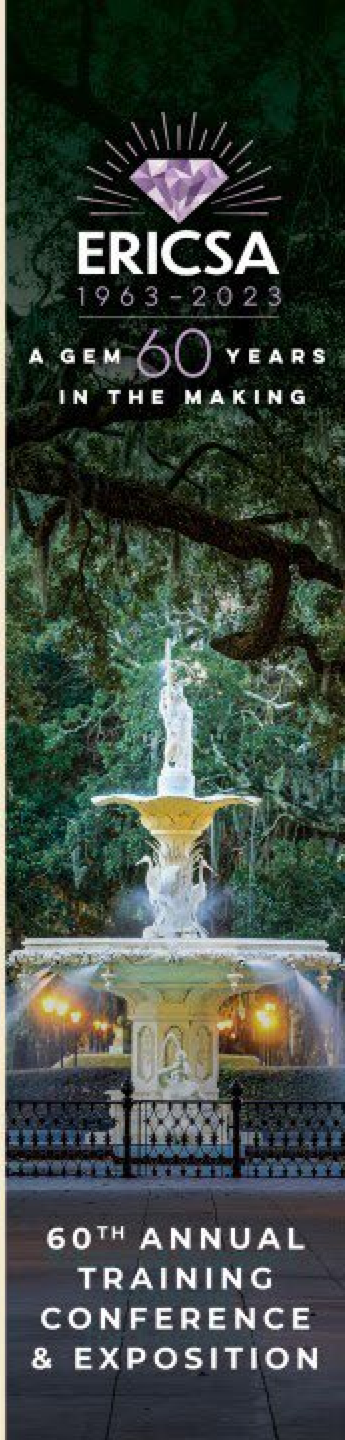
Considerations, Parent Receiving Support (PRS)

- Impact on Medicaid and ACA subsidy programs
  - Ensure using modified adjusted gross income (MAGI), which excludes child support received
    - Exceptions in IL are the Aged, Blind, and Disabled/Seniors and Persons with Disabilities category of eligibility.
- Impact on Supplemental Nutrition Assistance Program (SNAP) Benefits
  - IL threshold is 165% of FPL



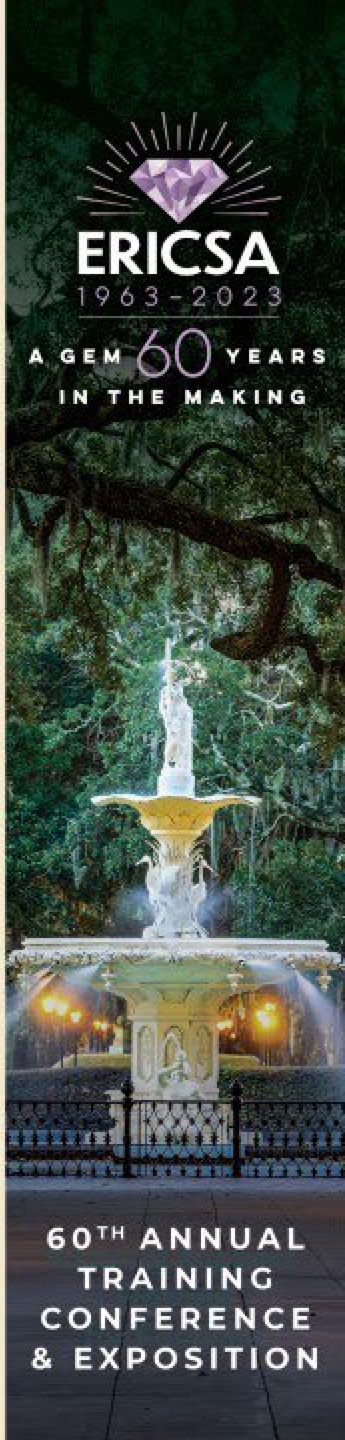
Considerations, Parent Receiving Support (PRS)

- Impact on Child Care Assistance Program (CCAP) Benefits
  - Effective November 2022, IL does not consider child support as income
- Housing subsidy
  - Child Support is income
- Women, Infants, and Children (WIC)
  - In IL, if the family is also receiving TANF, SNAP, or Title 21 Medicaid, then no impact. If not, then child support is included in the calculation of income, and eligibility is based on income at or below 185% of the FPL



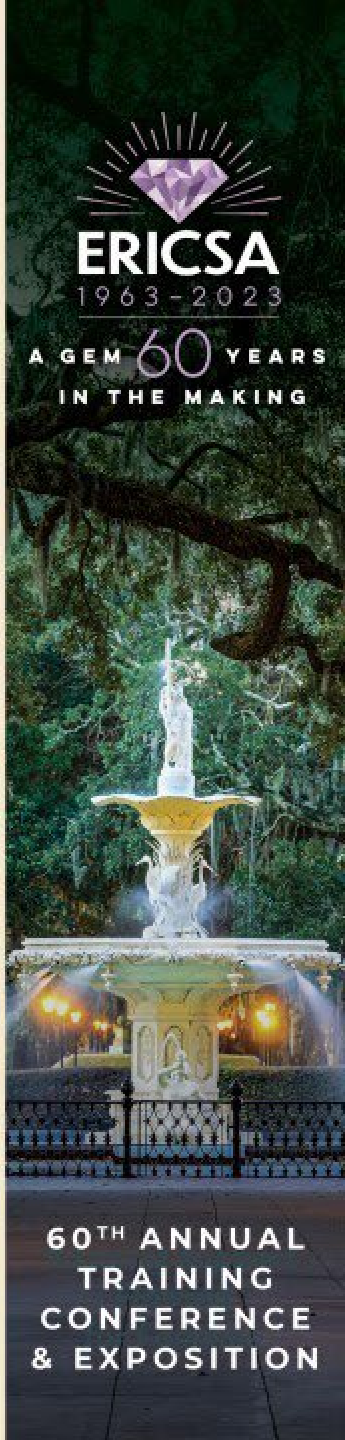
Considerations, Parent Receiving Support (PRS)

- Free and Reduced-Price School Lunch
  - Generally tied to receipt of other benefits, such as TANF or SNAP. When it is not, then child support received is considered income for eligibility determination.
    - In IL, free school meals are provided to families at or below 130%
    - In IL, reduced price school meals are available for families with income at or below 185% of the FPL
- Low Income Home Energy Assistance Program (LIHEAP) and Utility Assistance
  - In IL, based on available funding and to be eligible recipient's income cannot exceed 200% FPL



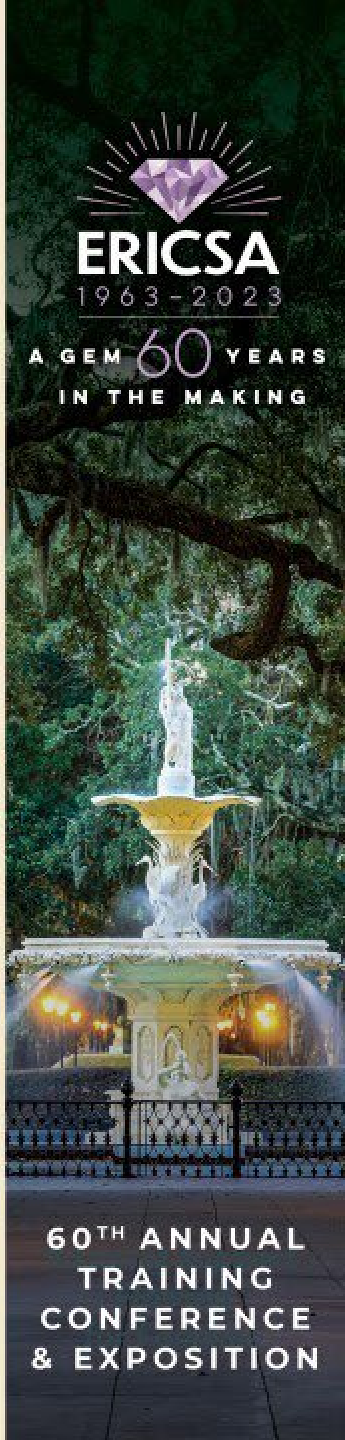
Considerations, Parent Receiving Support (PRS)

- Head Start and Early Head Start
  - In IL, families who receive TANF, SNAP, or SSI, or homeless eligible, regardless of income
  - In IL, families not receiving TANF, SNAP, or SSI or who are not experiencing homelessness, typically, 100% of FPL serves as the eligibility threshold
- Unemployment Benefits
  - Child support received is not part of the equation for general eligibility
- Title XVI Social Security Supplemental Security Income (SSI)
  - Child support received by the PRS, their child, or spouse must be reported as income



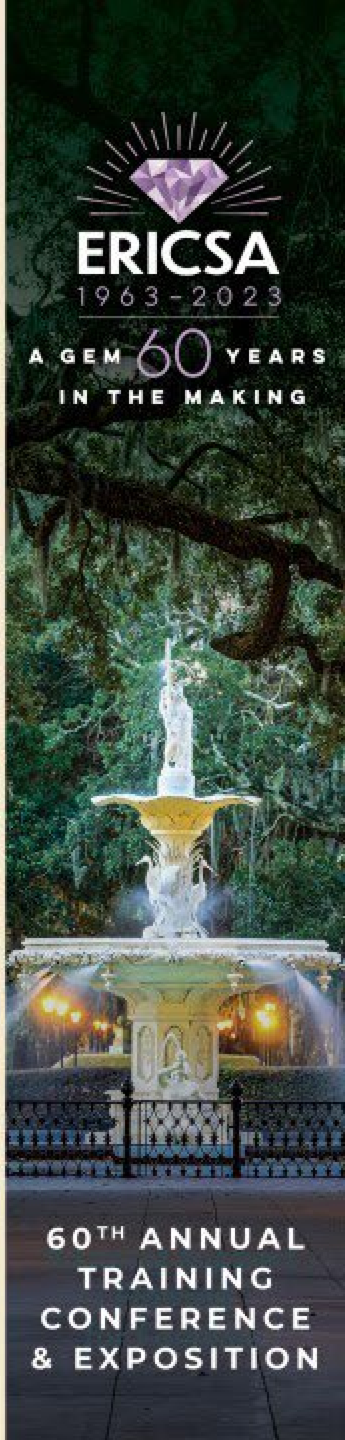
Considerations, Parent Receiving Support (PRS)

- Federal and IL Earned Income Tax Credit (EITC) does not include child support as income
- Other Possibilities
    - Guaranteed Basic Income (GBI) Pilots
        - There are a lot of variances between the models and eligibility requirements
    - Benefits that are administered locally, e.g., City of Chicago Department of Family and Support Services (DFSS)
- What, if anything, are we not considering?



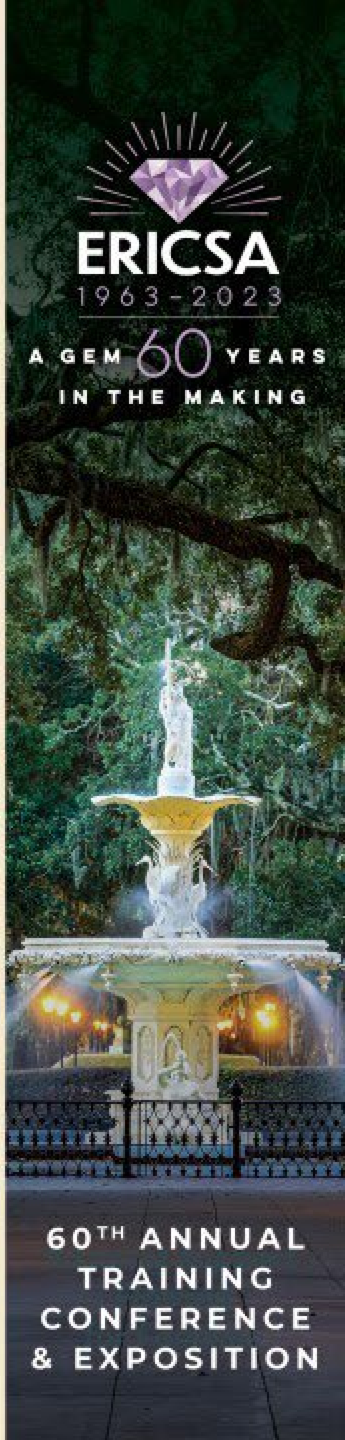
Considerations, Parent Paying Support (PPS)

- Impact on any general state debt write-off program
  - In Illinois, Uncollected State Claims Act
- Impact on child support specific debt forgiveness or compromise programs
  - In Illinois, Clean Slate



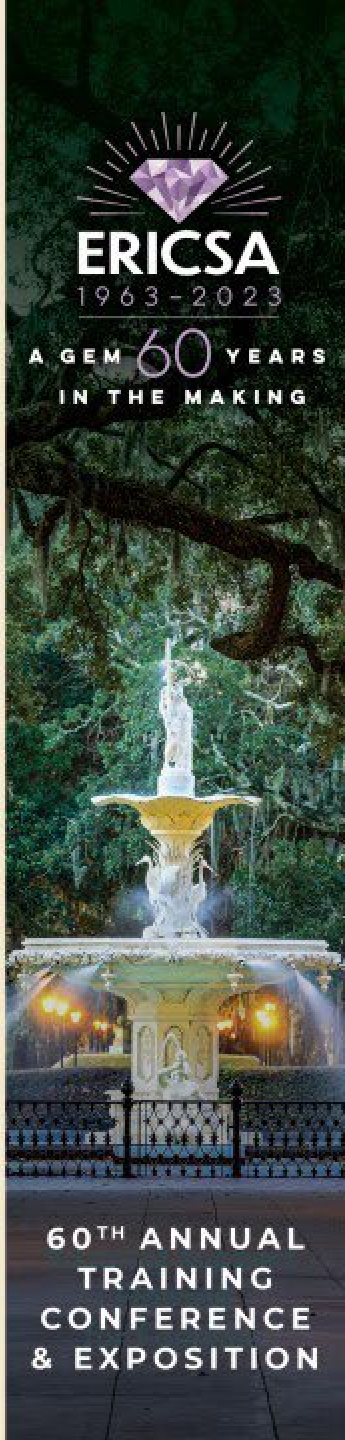
Considerations, Parent Paying Support (PPS) Possible Options to Address

- Do nothing
  - All monies would be due the PRS, so would be treated as never assigned
- Retain ability to write-off/forgive/compromise
  - Would PRS become part of this process?
  - Would it remain the same as the programs operate today?
- Write-off/forgive/compromise all previously assigned
  - Compelling case could be made from an equity perspective
  - Framing of the policies that led to uncollectible debt and why critical



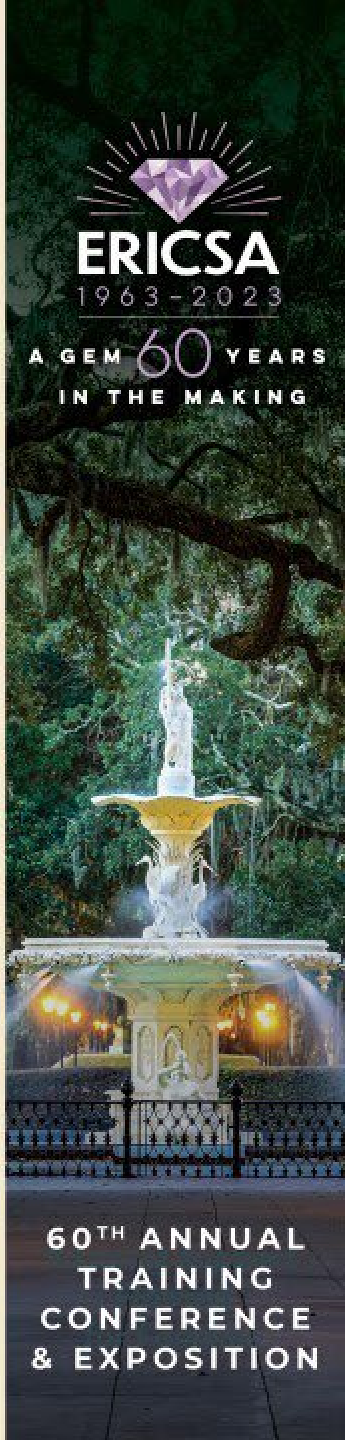
Considerations, Fiscal Responsibility/Efficiency

- There are system simplifications and process improvement possibilities that can be leveraged to offset cost
  - Time this with modernization, if possible
    - Do this better than we did in Illinois
  - BPR/CPI should be an integral piece of implementation plan



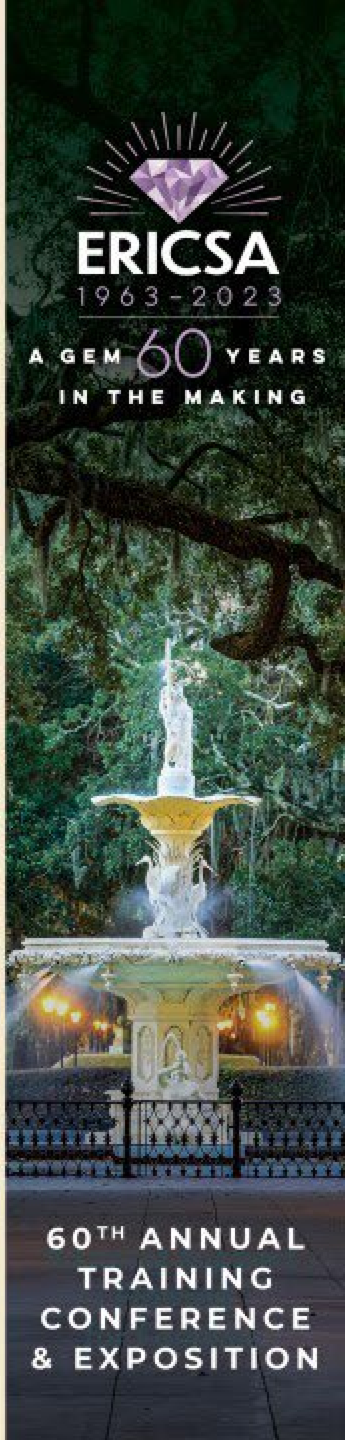
Considerations, F-U-N-D-I-N-G!

- Despite being a small and ever shrinking portion of overall collections, it is still substantial
- Impact, if not backfilled with General Revenue Fund dollars is **<u>tripled</u>** due to the fact you have to spend the money to draw down matching funds…



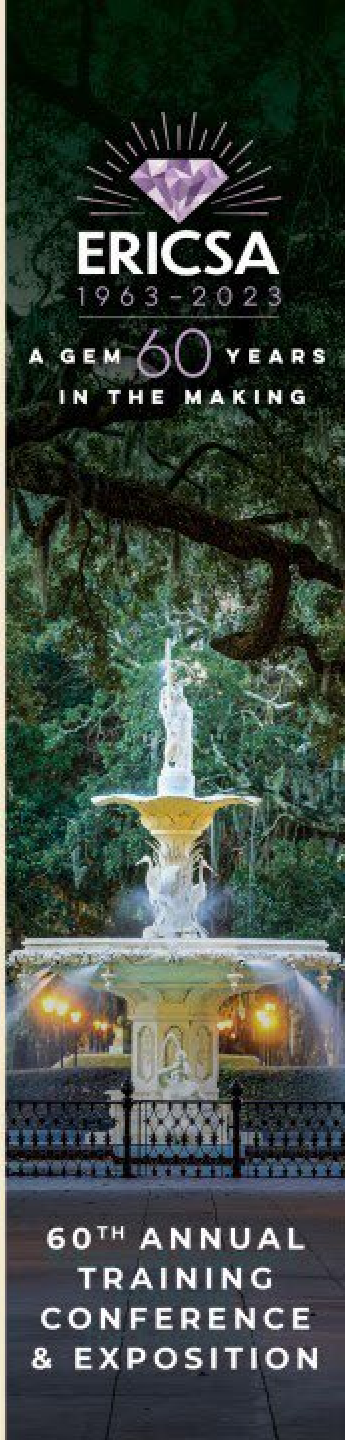
Considerations, Equity

- As we all know, this should be at the heart of all that we do. Always examine impact through an equity lens.
  - Any implementation will not be cookie cutter. I know from off the record discussions I have had, the impact can vary widely from state to state due to a multitude of factors. You and your staff are experts on the families you serve. Take the time to do this piece to make certain the impact is as expected.



Illinois Model

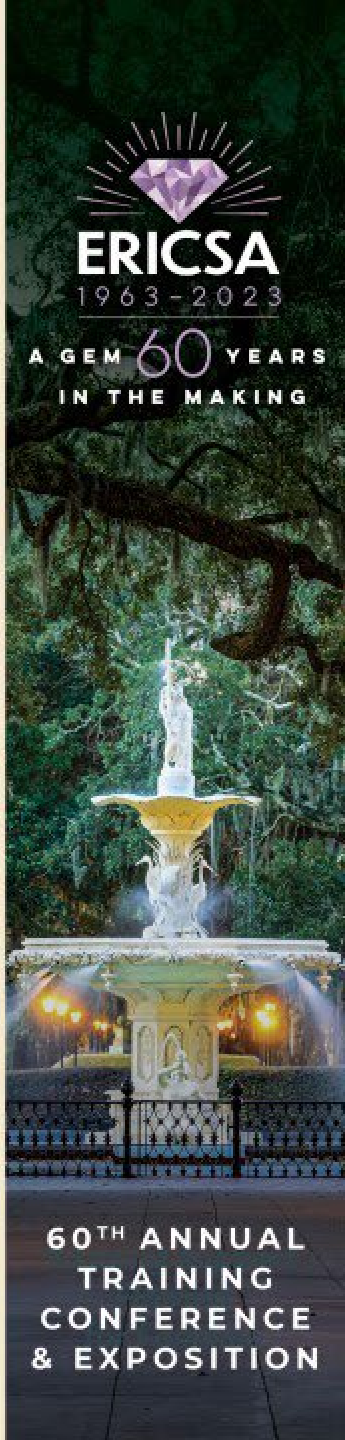
- Child support is assigned while parent is actively receiving TANF
    - Must be done to facilitate federal reporting and to make sure the federal government receives their required contribution from current collected less $100/$200 excepted
- Although “assigned,” all support will be paid to the parent with nothing retained by Illinois
    - Does not matter whether it is current or past-due support
    - All support passed-through to the family will be disregarded for purposes of TANF eligibility
- Once no longer actively receiving TANF…
    - No more buckets. Any accrual during period when family received TANF is now due the family



What we have seen thus far…

Additional funds from the first four months, i.e., collections from January 2023 through April 2023, that will be passed through to families over and above the existing $100/$200, upon the completion of programming

$7,903,391



Thank You

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