

105TH CONGRESS
1ST SESSION

H. R. 2487

AN ACT

To improve the effectiveness and efficiency of the child support enforcement program and thereby increase the financial stability of single parent families including those attempting to leave welfare.

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To improve the effectiveness and efficiency of the child support enforcement program and thereby increase the financial stability of single parent families including those attempting to leave welfare.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Child Support Incen-
3 tive Act of 1997”.

4 **SEC. 2. INCENTIVE PAYMENTS TO STATES.**

5 (a) IN GENERAL.—Part D of title IV of the Social
6 Security Act (42 U.S.C. 651–669) is amended by inserting
7 after section 458 the following:

8 **“SEC. 458A. INCENTIVE PAYMENTS TO STATES.**

9 “(a) IN GENERAL.—In addition to any other pay-
10 ment under this part, the Secretary shall, subject to sub-
11 section (f), make an incentive payment to each State for
12 each fiscal year in an amount determined under subsection
13 (b).

14 “(b) AMOUNT OF INCENTIVE PAYMENT.—

15 “(1) IN GENERAL.—The incentive payment for
16 a State for a fiscal year is equal to the sum of the
17 applicable percentages (determined in accordance
18 with paragraph (3)) of the maximum incentive
19 amount for the State for the fiscal year, with respect
20 to each of the following measures of State perform-
21 ance for the fiscal year:

22 “(A) The paternity establishment perform-
23 ance level.

24 “(B) The support order performance level.

25 “(C) The current payment performance
26 level.

1 “(D) The arrearage payment performance
2 level.

3 “(E) The cost-effectiveness performance
4 level.

5 “(2) MAXIMUM INCENTIVE AMOUNT.—

6 “(A) IN GENERAL.—For purposes of para-
7 graph (1), the maximum incentive amount for
8 a State for a fiscal year is—

9 “(i) with respect to the performance
10 measures described in subparagraphs (A),
11 (B), and (C) of paragraph (1), 0.49 per-
12 cent of the State collections base for the
13 fiscal year; and

14 “(ii) with respect to the performance
15 measures described in subparagraphs (D)
16 and (E) of paragraph (1), 0.37 percent of
17 the State collections base for the fiscal
18 year.

19 “(B) DATA USED TO CALCULATE RATIOS
20 REQUIRED TO BE COMPLETE AND RELIABLE.—

21 Notwithstanding subparagraph (A), the maxi-
22 mum incentive amount for a State for a fiscal
23 year with respect to a performance measure de-
24 scribed in paragraph (1) is zero, unless the Sec-
25 retary determines, on the basis of an audit per-

1 formed under section 452(a)(4)(C)(i), that the
2 data which the State submitted pursuant to
3 section 454(15)(B) for the fiscal year and
4 which is used to determine the performance
5 level involved is complete and reliable.

6 “(C) STATE COLLECTIONS BASE.—For
7 purposes of subparagraph (A), the State collec-
8 tions base for a fiscal year is equal to the sum
9 of—

10 “(i) 2 times the sum of—

11 “(I) the total amount of support
12 collected during the fiscal year under
13 the State plan approved under this
14 part in cases in which the support ob-
15 ligation involved is required to be as-
16 signed to the State pursuant to part
17 A or E of this title or title XIX; and

18 “(II) the total amount of support
19 collected during the fiscal year under
20 the State plan approved under this
21 part in cases in which the support ob-
22 ligation involved was so assigned but,
23 at the time of collection, is not re-
24 quired to be so assigned; and

1 “(ii) the total amount of support col-
 2 lected during the fiscal year under the
 3 State plan approved under this part in all
 4 other cases.

5 “(3) DETERMINATION OF APPLICABLE PER-
 6 CENTAGES BASED ON PERFORMANCE LEVELS.—

7 “(A) PATERNITY ESTABLISHMENT.—

8 “(i) DETERMINATION OF PATERNITY
 9 ESTABLISHMENT PERFORMANCE LEVEL.—

10 The paternity establishment performance
 11 level for a State for a fiscal year is, at the
 12 option of the State, the IV–D paternity es-
 13 tablishment percentage determined under
 14 section 452(g)(2)(A) or the statewide pa-
 15 ternity establishment percentage deter-
 16 mined under section 452(g)(2)(B).

17 “(ii) DETERMINATION OF APPLICABLE
 18 PERCENTAGE.—The applicable percentage
 19 with respect to a State’s paternity estab-
 20 lishment performance level is as follows:

“If the paternity establishment performance level is:		The applicable percentage is:
At least:	But less than:	
80% .....	.....	100
79%	80%	98
78%	79%	96
77%	78%	94
76%	77%	92
75%	76%	90
74%	75%	88
73%	74%	86

“If the paternity establishment performance level is:		The applicable percentage is:
At least:	But less than:	
72%	73%	84
71%	72%	82
70%	71%	80
69%	70%	79
68%	69%	78
67%	68%	77
66%	67%	76
65%	66%	75
64%	65%	74
63%	64%	73
62%	63%	72
61%	62%	71
60%	61%	70
59%	60%	69
58%	59%	68
57%	58%	67
56%	57%	66
55%	56%	65
54%	55%	64
53%	54%	63
52%	53%	62
51%	52%	61
50%	51%	60
0%	50%	0.

1 Notwithstanding the preceding sentence, if
2 the paternity establishment performance
3 level of a State for a fiscal year is less
4 than 50 percent but exceeds by at least 10
5 percentage points the paternity establish-
6 ment performance level of the State for the
7 immediately preceding fiscal year, then the
8 applicable percentage with respect to the
9 State’s paternity establishment perform-
10 ance level is 50 percent.

11 “(B) ESTABLISHMENT OF CHILD SUPPORT
12 ORDERS.—

1 “(i) DETERMINATION OF SUPPORT
2 ORDER PERFORMANCE LEVEL.—The sup-
3 port order performance level for a State
4 for a fiscal year is the percentage of the
5 total number of cases under the State plan
6 approved under this part in which there is
7 a support order during the fiscal year.

8 “(ii) DETERMINATION OF APPLICABLE
9 PERCENTAGE.—The applicable percentage
10 with respect to a State’s support order per-
11 formance level is as follows:

“If the support order performance level is:		The applicable percentage is:
At least:	But less than:	
80% .....	.....	100
79%	80%	98
78%	79%	96
77%	78%	94
76%	77%	92
75%	76%	90
74%	75%	88
73%	74%	86
72%	73%	84
71%	72%	82
70%	71%	80
69%	70%	79
68%	69%	78
67%	68%	77
66%	67%	76
65%	66%	75
64%	65%	74
63%	64%	73
62%	63%	72
61%	62%	71
60%	61%	70
59%	60%	69
58%	59%	68
57%	58%	67
56%	57%	66
55%	56%	65
54%	55%	64
53%	54%	63

“If the support order performance level is:		The applicable percentage is:
At least:	But less than:	
52%	53%	62
51%	52%	61
50%	51%	60
0%	50%	0.

1 Notwithstanding the preceding sentence, if
2 the support order performance level of a
3 State for a fiscal year is less than 50 per-
4 cent but exceeds by at least 5 percentage
5 points the support order performance level
6 of the State for the immediately preceding
7 fiscal year, then the applicable percentage
8 with respect to the State’s support order
9 performance level is 50 percent.

10 “(C) COLLECTIONS ON CURRENT CHILD
11 SUPPORT DUE.—

12 “(i) DETERMINATION OF CURRENT
13 PAYMENT PERFORMANCE LEVEL.—The
14 current payment performance level for a
15 State for a fiscal year is equal to the total
16 amount of current support collected during
17 the fiscal year under the State plan ap-
18 proved under this part divided by the total
19 amount of current support owed during the
20 fiscal year in all cases under the State
21 plan, expressed as a percentage.

1 “(ii) DETERMINATION OF APPLICABLE
 2 PERCENTAGE.—The applicable percentage
 3 with respect to a State’s current payment
 4 performance level is as follows:

“If the current payment performance level is:		The applicable percentage is:
At least:	But less than:	
80% .....	.....	100
79%	80%	98
78%	79%	96
77%	78%	94
76%	77%	92
75%	76%	90
74%	75%	88
73%	74%	86
72%	73%	84
71%	72%	82
70%	71%	80
69%	70%	79
68%	69%	78
67%	68%	77
66%	67%	76
65%	66%	75
64%	65%	74
63%	64%	73
62%	63%	72
61%	62%	71
60%	61%	70
59%	60%	69
58%	59%	68
57%	58%	67
56%	57%	66
55%	56%	65
54%	55%	64
53%	54%	63
52%	53%	62
51%	52%	61
50%	51%	60
49%	50%	59
48%	49%	58
47%	48%	57
46%	47%	56
45%	46%	55
44%	45%	54
43%	44%	53
42%	43%	52
41%	42%	51
40%	41%	50
0%	40%	0.

1 Notwithstanding the preceding sentence, if
2 the current payment performance level of a
3 State for a fiscal year is less than 40 per-
4 cent but exceeds by at least 5 percentage
5 points the current payment performance
6 level of the State for the immediately pre-
7 ceding fiscal year, then the applicable per-
8 centage with respect to the State's current
9 payment performance level is 50 percent.

10 “(D) COLLECTIONS ON CHILD SUPPORT
11 ARREARAGES.—

12 “(i) DETERMINATION OF ARREARAGE
13 PAYMENT PERFORMANCE LEVEL.—The ar-
14 rearage payment performance level for a
15 State for a fiscal year is equal to the total
16 number of cases under the State plan ap-
17 proved under this part in which payments
18 of past-due child support were received
19 during the fiscal year and part or all of the
20 payments were distributed to the family to
21 whom the past-due child support was owed
22 (or, if all past-due child support owed to
23 the family was, at the time of receipt, sub-
24 ject to an assignment to the State, part or
25 all of the payments were retained by the

1 State) divided by the total number of cases
 2 under the State plan in which there is
 3 past-due child support, expressed as a per-
 4 centage.

5 “(ii) DETERMINATION OF APPLICABLE
 6 PERCENTAGE.—The applicable percentage
 7 with respect to a State’s arrearage pay-
 8 ment performance level is as follows:

“If the arrearage payment performance level is:		The applicable percentage is:
At least:	But less than:	
80% .....	.....	100
79%	80%	98
78%	79%	96
77%	78%	94
76%	77%	92
75%	76%	90
74%	75%	88
73%	74%	86
72%	73%	84
71%	72%	82
70%	71%	80
69%	70%	79
68%	69%	78
67%	68%	77
66%	67%	76
65%	66%	75
64%	65%	74
63%	64%	73
62%	63%	72
61%	62%	71
60%	61%	70
59%	60%	69
58%	59%	68
57%	58%	67
56%	57%	66
55%	56%	65
54%	55%	64
53%	54%	63
52%	53%	62
51%	52%	61
50%	51%	60
49%	50%	59
48%	49%	58
47%	48%	57

“If the arrearage payment performance level is:		The applicable percentage is:
At least:	But less than:	
46%	47%	56
45%	46%	55
44%	45%	54
43%	44%	53
42%	43%	52
41%	42%	51
40%	41%	50
0%	40%	0.

1 Notwithstanding the preceding sentence, if
2 the arrearage payment performance level
3 of a State for a fiscal year is less than 40
4 percent but exceeds by at least 5 percent-
5 age points the arrearage payment perform-
6 ance level of the State for the immediately
7 preceding fiscal year, then the applicable
8 percentage with respect to the State’s ar-
9 rearage payment performance level is 50
10 percent.

11 “(E) COST-EFFECTIVENESS.—

12 “(i) DETERMINATION OF COST-EF-
13 FECTIVENESS PERFORMANCE LEVEL.—The
14 cost-effectiveness performance level for a
15 State for a fiscal year is equal to the total
16 amount collected during the fiscal year
17 under the State plan approved under this
18 part divided by the total amount expended

1 during the fiscal year under the State plan,
 2 expressed as a ratio.

3 “(ii) DETERMINATION OF APPLICABLE
 4 PERCENTAGE.—The applicable percentage
 5 with respect to a State’s cost-effectiveness
 6 performance level is as follows:

“If the cost effectiveness performance level is:		The applicable percentage is:
At least:	But less than:	
5.00 .....	.....	100
4.50	4.99	90
4.00	4.50	80
3.50	4.00	70
3.00	3.50	60
2.50	3.00	50
2.00	2.50	40
0.00	2.00	0.

7 “(c) TREATMENT OF INTERSTATE COLLECTIONS.—
 8 In computing incentive payments under this section, sup-
 9 port which is collected by a State at the request of another
 10 State shall be treated as having been collected in full by
 11 both States, and any amounts expended by a State in car-
 12 rying out a special project assisted under section 455(e)
 13 shall be excluded.

14 “(d) ADMINISTRATIVE PROVISIONS.—The amounts
 15 of the incentive payments to be made to the States under
 16 this section for a fiscal year shall be estimated by the Sec-
 17 retary at or before the beginning of the fiscal year on the
 18 basis of the best information available. The Secretary shall
 19 make the payments for the fiscal year, on a quarterly basis

1 (with each quarterly payment being made no later than
2 the beginning of the quarter involved), in the amounts so
3 estimated, reduced or increased to the extent of any over-
4 payments or underpayments which the Secretary deter-
5 mines were made under this section to the States involved
6 for prior periods and with respect to which adjustment has
7 not already been made under this subsection. Upon the
8 making of any estimate by the Secretary under the preced-
9 ing sentence, any appropriations available for payments
10 under this section are deemed obligated.

11 “(e) REGULATIONS.—The Secretary shall prescribe
12 such regulations as may be necessary governing the cal-
13 culation of incentive payments under this section, includ-
14 ing directions for excluding from the calculations certain
15 closed cases and cases over which the States do not have
16 jurisdiction.

17 “(f) REINVESTMENT.—A State to which a payment
18 is made under this section shall expend the full amount
19 of the payment—

20 “(1) to carry out the State plan approved under
21 this part; or

22 “(2) for any activity (including cost-effective
23 contracts with local agencies) approved by the Sec-
24 retary, whether or not the expenditures for which
25 are eligible for reimbursement under this part, which

1 may contribute to improving the effectiveness or effi-
2 ciency of the State program operated under this
3 part.”.

4 (b) TRANSITION RULE.—Notwithstanding any other
5 provision of law—

6 (1) for fiscal year 2000, the Secretary shall re-
7 duce by $\frac{1}{3}$ the amount otherwise payable to a State
8 under section 458, and shall reduce by $\frac{2}{3}$ the
9 amount otherwise payable to a State under section
10 458A; and

11 (2) for fiscal year 2001, the Secretary shall re-
12 duce by $\frac{2}{3}$ the amount otherwise payable to a State
13 under section 458, and shall reduce by $\frac{1}{3}$ the
14 amount otherwise payable to a State under section
15 458A.

16 (c) REGULATIONS.—Within 9 months after the date
17 of the enactment of this section, the Secretary of Health
18 and Human Services shall prescribe regulations governing
19 the implementation of section 458A of the Social Security
20 Act when such section takes effect and the implementation
21 of subsection (b) of this section.

22 (d) STUDIES.—

23 (1) GENERAL REVIEW OF NEW INCENTIVE PAY-
24 MENT SYSTEM.—

1 (A) IN GENERAL.—The Secretary of
2 Health and Human Services shall conduct a
3 study of the implementation of the incentive
4 payment system established by section 458A of
5 the Social Security Act, in order to identify the
6 problems and successes of the system.

7 (B) REPORTS TO THE CONGRESS.—

8 (i) REPORT ON VARIATIONS IN STATE
9 PERFORMANCE ATTRIBUTABLE TO DEMO-
10 GRAPHIC VARIABLES.—Not later than Oc-
11 tober 1, 2000, the Secretary shall submit
12 to the Congress a report that identifies any
13 demographic or economic variables that ac-
14 count for differences in the performance
15 levels achieved by the States with respect
16 to the performance measures used in the
17 system, and contains the recommendations
18 of the Secretary for such adjustments to
19 the system as may be necessary to ensure
20 that the relative performance of States is
21 measured from a baseline that takes ac-
22 count of any such variables.

23 (ii) INTERIM REPORT.—Not later than
24 March 1, 2001, the Secretary shall submit
25 to the Congress an interim report that con-

1 tains the findings of the study required by
2 subparagraph (A).

3 (iii) FINAL REPORT.—Not later than
4 October 1, 2003, the Secretary shall sub-
5 mit to the Congress a final report that
6 contains the final findings of the study re-
7 quired by subparagraph (A). The report
8 shall include any recommendations for
9 changes in the system that the Secretary
10 determines would improve the operation of
11 the child support enforcement program.

12 (2) DEVELOPMENT OF MEDICAL SUPPORT IN-
13 CENTIVE.—

14 (A) IN GENERAL.—The Secretary of
15 Health and Human Services, in consultation
16 with State directors of programs operated
17 under part D of title IV of the Social Security
18 Act and representatives of children potentially
19 eligible for medical support, shall develop a per-
20 formance measure based on the effectiveness of
21 States in establishing and enforcing medical
22 support obligations, and shall make rec-
23 ommendations for the incorporation of the
24 measure, in a revenue neutral manner, into the

1 incentive payment system established by section
2 458A of the Social Security Act.

3 (B) REPORT.—Not later than October 1,
4 1999, the Secretary shall submit to the Con-
5 gress a report that describes the performance
6 measure and contains the recommendations re-
7 quired by subparagraph (A).

8 (e) TECHNICAL AMENDMENTS.—

9 (1) IN GENERAL.—Section 341 of the Personal
10 Responsibility and Work Opportunity Reconciliation
11 Act of 1996 (42 U.S.C. 658 note) is amended—

12 (A) by striking subsection (a) and redesignig-
13 nating subsections (b), (c), and (d) as sub-
14 sections (a), (b), and (c), respectively; and

15 (B) in subsection (c) (as so redesignig-
16 nated)—

17 (i) by striking paragraph (1) and in-
18 serting the following:

19 “(1) CONFORMING AMENDMENTS TO PRESENT
20 SYSTEM.—The amendments made by subsection (a)
21 of this section shall become effective with respect to
22 a State as of the date the amendments made by sec-
23 tion 103(a) (without regard to section 116(a)(2))
24 first apply to the State.”; and

1 (ii) in paragraph (2), by striking
2 “(c)” and inserting “(b)”.

3 (2) EFFECTIVE DATE.—The amendments made
4 by this section shall take effect as if included in the
5 enactment of section 341 of the Personal Respon-
6 sibility and Work Opportunity Reconciliation Act of
7 1996.

8 (f) ELIMINATION OF PREDECESSOR INCENTIVE PAY-
9 MENT SYSTEM.—

10 (1) REPEAL.—Section 458 of the Social Secu-
11 rity Act (42 U.S.C. 658) is repealed.

12 (2) CONFORMING AMENDMENTS.—

13 (A) Section 458A of the Social Security
14 Act (42 U.S.C. 658a) is redesignated as section
15 458.

16 (B) Subsection (d)(1) of this section is
17 amended by striking “458A” and inserting
18 “458”.

19 (3) EFFECTIVE DATE.—The amendments made
20 by this subsection shall take effect on October 1,
21 2001.

1 (g) GENERAL EFFECTIVE DATE.—Except as other-
2 wise provided in this section, the amendments made by
3 this section shall take effect on October 1, 1999.

 Passed the House of Representatives September 29,
1997.

Attest:

Clerk.