

Union Calendar No. 152

105TH CONGRESS
1ST Session

H. R. 2487

[Report No. 105-272]

A BILL

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.

SEPTEMBER 26, 1997

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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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.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 17, 1997

Mr. SHAW (for himself and Mr. LEVIN) introduced the following bill; which was referred to the Committee on Ways and Means

SEPTEMBER 26, 1997

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italics]

[For text of introduced bill, see copy of bill as introduced on September 17, 1997]

A BILL

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 Incentive*
3 *Act of 1997”.*

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

5 *(a) IN GENERAL.—Part D of title IV of the Social Se-*
6 *curity 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 payment*
10 *under this part, the Secretary shall, subject to subsection*
11 *(f), make an incentive payment to each State for each fiscal*
12 *year in an amount determined under subsection (b).*

13 **“(b) AMOUNT OF INCENTIVE PAYMENT.—**

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

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

23 *“(B) The support order performance level.*

24 *“(C) The current payment performance*
25 *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 a*
8 *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 percent*
12 *of the State collections base for the fiscal*
13 *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 year.*

18 “(B) *DATA USED TO CALCULATE RATIOS*
19 *REQUIRED TO BE COMPLETE AND RELIABLE.—*
20 *Notwithstanding subparagraph (A), the maxi-*
21 *imum incentive amount for a State for a fiscal*
22 *year with respect to a performance measure de-*
23 *scribed in paragraph (1) is zero, unless the Sec-*
24 *retary determines, on the basis of an audit per-*
25 *formed under section 452(a)(4)(C)(i), that the*

1 *data which the State submitted pursuant to sec-*
2 *tion 454(15)(B) for the fiscal year and which is*
3 *used to determine the performance level involved*
4 *is complete and reliable.*

5 “(C) *STATE COLLECTIONS BASE.*—*For pur-*
6 *poses of subparagraph (A), the State collections*
7 *base for a fiscal year is equal to the sum of—*

8 “(i) *2 times the sum of—*

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

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

23 “(ii) *the total amount of support col-*
24 *lected during the fiscal year under the State*

1 *plan approved under this part in all other*
 2 *cases.*

3 *“(3) DETERMINATION OF APPLICABLE PERCENT-*
 4 *AGES BASED ON PERFORMANCE LEVELS.—*

5 *“(A) PATERNITY ESTABLISHMENT.—*

6 *“(i) DETERMINATION OF PATERNITY*
 7 *ESTABLISHMENT PERFORMANCE LEVEL.—*

8 *The paternity establishment performance*
 9 *level for a State for a fiscal year is, at the*
 10 *option of the State, the IV-D paternity es-*
 11 *tablishment percentage determined under*
 12 *section 452(g)(2)(A) or the statewide pater-*
 13 *nity establishment percentage determined*
 14 *under section 452(g)(2)(B).*

15 *“(ii) DETERMINATION OF APPLICABLE*
 16 *PERCENTAGE.—The applicable percentage*
 17 *with respect to a State’s paternity establish-*
 18 *ment performance level is as follows:*

<i>“If the paternity establishment performance level is:</i>		<i>The applica- ble percentage is:</i>
<i>At least:</i>	<i>But less than:</i>	
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

<i>“If the paternity establishment performance level is:</i>		<i>The applica- ble percentage is:</i>
<i>At least:</i>	<i>But less than:</i>	
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 than*
4 *50 percent but exceeds by at least 10 per-*
5 *centage points the paternity establishment*
6 *performance level of the State for the imme-*
7 *diately preceding fiscal year, then the ap-*
8 *plicable percentage with respect to the*
9 *State’s paternity establishment performance*
10 *level is 50 percent.*

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

13 *“(i) DETERMINATION OF SUPPORT*
14 *ORDER PERFORMANCE LEVEL.—The support*

1 *order performance level for a State for a fis-*
 2 *cal year is the percentage of the total num-*
 3 *ber of cases under the State plan approved*
 4 *under this part in which there is a support*
 5 *order during the fiscal year.*

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

“If the support order performance level is:		The applica- ble 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

“If the support order performance level is:		The applica- ble percentage is:
At least:	But less than:	
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 cur-*
14 *rent payment performance level for a State*
15 *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 plan,*
21 *expressed as a percentage.*

22 *“(ii) DETERMINATION OF APPLICABLE*
23 *PERCENTAGE.—The applicable percentage*

1 *with respect to a State’s current payment*
 2 *performance level is as follows:*

“If the current payment performance level is:		The applica- ble 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.

3 *Notwithstanding the preceding sentence, if*
 4 *the current payment performance level of a*

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

8 “(D) *COLLECTIONS ON CHILD SUPPORT AR-*
9 *REARAGES.—*

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

1 the State plan in which there is past-due
 2 child support, expressed as a percentage.

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

“If the arrearage payment performance level is:		The applica- ble 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

“If the arrearage payment performance level is:		The applica- ble percentage is:
At least:	But less than:	
41%	42%	51
40%	41%	50
0%	40%	0.

1 *Notwithstanding the preceding sentence, if*
 2 *the arrearage payment performance level of*
 3 *a State for a fiscal year is less than 40 per-*
 4 *cent but exceeds by at least 5 percentage*
 5 *points the arrearage 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 arrearage*
 9 *payment performance level is 50 percent.*

10 *“(E) COST-EFFECTIVENESS.—*

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

20 *“(ii) DETERMINATION OF APPLICABLE*
 21 *PERCENTAGE.—The applicable percentage*

1 with respect to a State’s cost-effectiveness
 2 performance level is as follows:

“If the cost effectiveness performance level is:		The applica- ble 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.

3 “(c) *TREATMENT OF INTERSTATE COLLECTIONS.*—In
 4 computing incentive payments under this section, support
 5 which is collected by a State at the request of another State
 6 shall be treated as having been collected in full by both
 7 States, and any amounts expended by a State in carrying
 8 out a special project assisted under section 455(e) shall be
 9 excluded.

10 “(d) *ADMINISTRATIVE PROVISIONS.*—The amounts of
 11 the incentive payments to be made to the States under this
 12 section for a fiscal year shall be estimated by the Secretary
 13 at or before the beginning of the fiscal year on the basis
 14 of the best information available. The Secretary shall make
 15 the payments for the fiscal year, on a quarterly basis (with
 16 each quarterly payment being made no later than the begin-
 17 ning of the quarter involved), in the amounts so estimated,
 18 reduced or increased to the extent of any overpayments or
 19 underpayments which the Secretary determines were made

1 *under this section to the States involved for prior periods*
2 *and with respect to which adjustment has not already been*
3 *made under this subsection. Upon the making of any esti-*
4 *mate by the Secretary under the preceding sentence, any*
5 *appropriations available for payments under this section*
6 *are deemed obligated.*

7 “(e) *REGULATIONS.*—*The Secretary shall prescribe*
8 *such regulations as may be necessary governing the calcula-*
9 *tion of incentive payments under this section, including di-*
10 *rections for excluding from the calculations certain closed*
11 *cases and cases over which the States do not have jurisdic-*
12 *tion.*

13 “(f) *REINVESTMENT.*—*A State to which a payment is*
14 *made under this section shall expend the full amount of the*
15 *payment—*

16 “(1) *to carry out the State plan approved under*
17 *this part; or*

18 “(2) *for any activity (including cost-effective*
19 *contracts with local agencies) approved by the Sec-*
20 *retary, whether or not the expenditures for which are*
21 *eligible for reimbursement under this part, which*
22 *may contribute to improving the effectiveness or effi-*
23 *ciency of the State program operated under this*
24 *part.”.*

1 (b) *TRANSITION RULE.*—*Notwithstanding any other*
2 *provision of law—*

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

7 (2) *for fiscal year 2001, the Secretary shall re-*
8 *duce by $\frac{2}{3}$ the amount otherwise payable to a State*
9 *under section 458, and shall reduce by $\frac{1}{3}$ the amount*
10 *otherwise payable to a State under section 458A.*

11 (c) *REGULATIONS.*—*Within 9 months after the date of*
12 *the enactment of this section, the Secretary of Health and*
13 *Human Services shall prescribe regulations governing the*
14 *implementation of section 458A of the Social Security Act*
15 *when such section takes effect and the implementation of*
16 *subsection (b) of this section.*

17 (d) *STUDIES.*—

18 (1) *GENERAL REVIEW OF NEW INCENTIVE PAY-*
19 *MENT SYSTEM.*—

20 (A) *IN GENERAL.*—*The Secretary of Health*
21 *and Human Services shall conduct a study of the*
22 *implementation of the incentive payment system*
23 *established by section 458A of the Social Secu-*
24 *rity Act, in order to identify the problems and*
25 *successes of the system.*

1 (B) *REPORTS TO THE CONGRESS.*—

2 (i) *REPORT ON VARIATIONS IN STATE*
3 *PERFORMANCE ATTRIBUTABLE TO DEMO-*
4 *GRAPHIC VARIABLES.*—*Not later than Octo-*
5 *ber 1, 2000, the Secretary shall submit to*
6 *the Congress a report that identifies any de-*
7 *mographic or economic variables that ac-*
8 *count for differences in the performance lev-*
9 *els achieved by the States with respect to the*
10 *performance measures used in the system,*
11 *and contains the recommendations of the*
12 *Secretary for such adjustments to the system*
13 *as may be necessary to ensure that the rel-*
14 *ative performance of States is measured*
15 *from a baseline that takes account of any*
16 *such variables.*

17 (ii) *INTERIM REPORT.*—*Not later than*
18 *March 1, 2001, the Secretary shall submit*
19 *to the Congress an interim report that con-*
20 *tains the findings of the study required by*
21 *subparagraph (A).*

22 (iii) *FINAL REPORT.*—*Not later than*
23 *October 1, 2003, the Secretary shall submit*
24 *to the Congress a final report that contains*
25 *the final findings of the study required by*

1 *subparagraph (A). The report shall include*
2 *any recommendations for changes in the*
3 *system that the Secretary determines would*
4 *improve the operation of the child support*
5 *enforcement program.*

6 (2) *DEVELOPMENT OF MEDICAL SUPPORT INCEN-*
7 *TIVE.—*

8 (A) *IN GENERAL.—The Secretary of Health*
9 *and Human Services, in consultation with State*
10 *directors of programs operated under part D of*
11 *title IV of the Social Security Act and represent-*
12 *atives of children potentially eligible for medical*
13 *support, shall develop a performance measure*
14 *based on the effectiveness of States in establish-*
15 *ing and enforcing medical support obligations,*
16 *and shall make recommendations for the incorpo-*
17 *ration of the measure, in a revenue neutral man-*
18 *ner, into the incentive payment system estab-*
19 *lished by section 458A of the Social Security Act.*

20 (B) *REPORT.—Not later than October 1,*
21 *1999, the Secretary shall submit to the Congress*
22 *a report that describes the performance measure*
23 *and contains the recommendations required by*
24 *subparagraph (A).*

25 (e) *TECHNICAL AMENDMENTS.—*

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

4 (A) by striking subsection (a) and redesignig-
5 nating subsections (b), (c), and (d) as subsections
6 (a), (b), and (c), respectively; and

7 (B) in subsection (c) (as so redesignated)—

8 (i) by striking paragraph (1) and in-
9 serting the following:

10 “(1) *CONFORMING AMENDMENTS TO PRESENT*
11 *SYSTEM.*—The amendments made by subsection (a) of
12 this section shall become effective with respect to a
13 State as of the date the amendments made by section
14 103(a) (without regard to section 116(a)(2)) first
15 apply to the State.”; and

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

18 (2) *EFFECTIVE DATE.*—The amendments made
19 by this section shall take effect as if included in the
20 enactment of section 341 of the Personal Responsibil-
21 ity and Work Opportunity Reconciliation Act of
22 1996.

23 (f) *ELIMINATION OF PREDECESSOR INCENTIVE PAY-*
24 *MENT SYSTEM.*—

1 (1) *REPEAL.*—*Section 458 of the Social Security*
2 *Act (42 U.S.C. 658) is repealed.*

3 (2) *CONFORMING AMENDMENTS.*—

4 (A) *Section 458A of the Social Security Act*
5 *(42 U.S.C. 658a) is redesignated as section 458.*

6 (B) *Subsection (d)(1) of this section is*
7 *amended by striking “458A” and inserting*
8 *“458”.*

9 (3) *EFFECTIVE DATE.*—*The amendments made*
10 *by this subsection shall take effect on October 1, 2001.*

11 (g) *GENERAL EFFECTIVE DATE.*—*Except as otherwise*
12 *provided in this section, the amendments made by this sec-*
13 *tion shall take effect on October 1, 1999.*