

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

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Reason for this Transmittal

- State Law or Regulation Change
- Federal Law or Regulation Change
- Court Order or Settlement Change
- Clarification requested by One or More Counties
- Initiated by DCSS

December 9, 2005

LCSA LETTER: 05-20

ALL IV-D DIRECTORS

SUBJECT: MITIGATING THE IMPACT OF STATE DISBURSEMENT UNIT
TRANSITION ON NONCUSTODIAL PARENTS

REFERENCE: CSS Letter 05-26 – Legal Date of Collection

This letter advises local child support agencies (LCSAs) of the process being implemented by the Department of Child Support Services (DCSS) to mitigate impacts to noncustodial parents (NCPs) resulting from the change to date of receipt by the State Disbursement Unit (SDU) as the legal date of collection.

LCSAs will be transitioning child support cases to the SDU in a series of five waves. The first wave, consisting of eleven LCSAs, transitioned on November 1, 2005. Effective upon the transition of LCSAs to the SDU, all child support payments will be credited according to their date of receipt at the SDU. As indicated in Child Support Services (CSS) Letter 05-26, during the month of SDU transition LCSAs will hold all child support cases from referral to Intercept Database (IDB), State Licensing Match System (SLMS), Credit Reporting Systems (CRS), DCSS Full Collections, and California Insurance Intercept Program (CIIP). This is consistent with previous LCSA system conversions where DCSS deferred automated enforcement actions to mitigate negative customer impacts.

Certain NCPs paying child support through an employer income withholding may be negatively impacted depending on the timing of when the payment is received by the SDU. Due to the State's change from date of withholding to date of receipt by the SDU as the legal date of collection, timing of the receipt of child support payments by an employer income withholding may be such that the NCP accumulates arrears in some months, which are then paid down in other months.

Therefore, to mitigate this negative impact of SDU transition on the NCP, DCSS will exclude NCPs from IDB, SLMS, CRS, DCSS Full Collections, and CIIP for enforcement action referrals for NCPs that accrue arrears in the month of transition who meet the following criteria: 1) no arrears balance due as of the month prior to transition; and 2) current income withholding order in effect. DCSS will monitor qualified cases, as determined by the established criteria, for any arrears that may post for the month of transition.

One month before each Wave of LCSA's transition to the SDU, the consortia will be asked to submit a No Arrears file to the Child Support Intercept Applications Section (CSIA). The No Arrears file submitted to CSIA will include NCPs with current support obligations, zero arrears balances, and an active wage assignment. Before the CSIA team processes the routine Consortia Arrears and Credit report submission files, they will pre-process these files against the No Arrears file to exclude NCPs from further enforcement action submissions to the credit reporting agencies. This process will continue until all NCPs are removed from the No Arrears file, or until IDB retires in October 2008.

If a subsequent balance occurs on a child support case (post SDU transition), resulting from a missed payment or partial payment, the NCP would be subject to all appropriate enforcement actions against all accrued arrears (principal and interest). The process does not suppress the normal generation of LCSA billing notices issued to NCPs. Those NCPs acquiring an arrears balance during the month of transition will receive bills reflecting missed payments, or payment shortages. In addition, LCSAs will need to maintain an income withholding order in effect on all qualified cases until eligible for termination.

In anticipation of NCP and custodial party questions regarding SDU implementation and the State's change to date of receipt, DCSS has included Questions and Answers as an attachment to this letter to aid LCSAs in their response to customer inquiries.

If you have any questions or concerns regarding automation issues, contact the IDB Help Desk at (916) 464-1025, or related to policy contact Trish Salvesson, Manager of the Financial Management Policy Unit at (916) 464-5055.

Sincerely,

o/s/KAREN ECHEVERRIA

SANDRA POOLE
Deputy Director
Child Support Services Division

Attachment

Questions and Answers

The following questions and answers (Q&As) are proposed for inclusion into the “Call Center FAQ Quick Reference Guide” to assist local child support agencies in responding to State Disbursement Unit (SDU) customer inquiries. Placement of the proposed Q&As are suggested to follow the question, “Will the SDU change how child support payments are processed?”

1. Question: Will the change in how the SDU processes child support payments impact payments collected through my paycheck by my employer?

1. Answer: Yes. Previously, the date your employer withheld a payment for child support from your paycheck determined the date that payment was credited to your child support case. The date now used for crediting a payment to your child support case is the actual date the payment is received by the SDU.

2. Question: I have always been current on my child support payments, why did I receive a billing notice showing I have a past due amount when my payments were taken from my check on time?

2. Answer: The full dollar amount of “monthly support”, as stated on your court order, must be received by the SDU before the end of each month for your child support case to remain current. Any missed payments or under-payment of your child support obligation for the month will result in an arrears balance due on your case. The State’s change from date of withholding to date of receipt by the SDU may affect the status of your child support case depending on the timing of payments. In situations where your payday falls on or near the last day of the month, the payment will likely be received by the SDU and credited to your case in the following month resulting in an arrears balance on your case.

3. Question: How long will I be affected by the change in payment processing?

3. Answer: In order to mitigate the negative impact of SDU transition on noncustodial parents (NCPs), all child support cases will be excluded during the month of transition from submission for automated enforcement actions (Incept Database, State Licensing Match System, Credit Reporting Services, Department of Child Support Services (DCSS) Full Collections, and California Insurance Intercept Program). Following transition DCSS will continue to exclude those NCPs meeting the following criteria: 1) no arrears balance due as of the month prior to transition; and 2) current income withholding order in effect, from automated enforcement referral. However, arrears may accrue on your child support case in certain months during the year depending on the timing of payments from your wage withholding. A subsequent arrears balance accruing on your child support case following the month of transition to the SDU will result in your case being referred for automated enforcement actions.