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| POLICY TRANSMITTAL NO. 09-55 | DATE: OCTOBER 16, 2009 |
| OKLAHOMA CHILD SUPPORT SERVICES | DEPARTMENT OF HUMAN SERVICES OFFICE OF LEGISLATIVE RELATIONS AND POLICY |

TO: ALL OFFICES

SUBJECT: MANUAL MATERIAL

OAC 340:25-5-351.

EXPLANATION: **Policy revisions were approved by the Commission and the Governor as required by the Administrative Procedures Act.**

OAC 340:25-5-351 is amended to reassign a 2006 mandatory federal annual \$25.00 fee on all support cases where \$500.00 support has been collected and distributed to the custodial person, except in those cases where current or former Temporary Assistance for Needy Families (TANF) or Aid to Families with Dependent Children (AFDC) has been provided. This fee will be automatically collected from child support payments when the federally mandated requirements are met. Revisions are also made in accordance with federal law, to remove the word assigned when prorating between current child support and cash medical support collections in issuance of the payments. This allows more money to be issued to families.

Original signed on 10-15-09

Gary Dart, Director
Oklahoma Child Support Services

Sandra Harrison, Coordinator
Office of Legislative Relations and Policy

WF # 09-17 (NAP)

INSTRUCTIONS FOR FILING MANUAL MATERIAL

OAC is the acronym for Oklahoma Administrative Code. If OAC appears before a number on an Appendix or before a Section in text, it means the Appendix or text contains rules or administrative law. Lengthy internal policies and procedures have the same Chapter number as the OAC Chapter to which they pertain following an "OKDHS" number, such as personnel policy at OKDHS:2-1 and personnel rules at OAC 340:2-1. The "340" is the Title number that designates OKDHS as the rulemaking agency; the "2" specifies the Chapter number; and the "1" specifies the Subchapter number.

The chronological order for filing manual material is: (1) OAC 340 by designated Chapter and Subchapter number; (2) if applicable, OKDHS numbered text for the designated Chapter and Subchapter; and (3) all OAC Appendices with the designated Chapter number. For example, the order for filing personnel policy is OAC 340:2-1, OKDHS:2-1, and OAC 340:2 Appendices behind all Chapter 2 manual material. Any questions or assistance with filing manual material will be addressed by contacting Policy Management Unit staff at 405-521-4326.

REMOVE

340:25-5-351

INSERT

340:25-5-351, pages 1-4, revised 10-8-09

340:25-5-351. Allocation and distribution of collectionsRevised 10-8-09

(a) **Basis for allocation and distribution of collections.** The Oklahoma Department of Human Services (OKDHS) distributes support collections received by the Centralized Support Registry for IV-D and non-IV-D cases. The collections are allocated and distributed according to Part A of Subchapter IV of Chapter 7 of Title 42 of the United States Code, and associated federal regulations and Oklahoma Statutes. This Section establishes allocation of collections across support orders involving multiple families and different types of support obligations. It also establishes high-level distribution policies. Actual distribution of money occurs under Section 657 of Title 42 of the United States Code after collections are allocated according to this Section. Oklahoma Child Support Services (OCSS) is also governed by Section 654 of Title 42 of the United States Code and Section 302.33 of Title 45 of the Code of Federal Regulations and Section 237 of Title 56 of the Oklahoma Statutes in the collection of the annual fee.

(b) **Annual fee.** OCSS automatically collects an annual \$25.00 fee once \$500.00 support has been collected and issued to the custodial person. A case is exempt from this annual fee when the family is currently receiving or formerly received assistance under state or tribal Temporary Assistance for Needy Families (TANF) or Aid to Families with Dependent Children program. When there is more than one IV-D child support program involved, OCSS collects the annual fee on cases when Oklahoma is the initiating state.

(c) **Overall priority of allocation and distribution.** This subsection has priority over (d) through (i) of this Section.

(1) Oklahoma Child Support Services (OCSS) allocates payments from a collection action to satisfy amounts due under obligations included in the action. Income assignment orders, liens, administrative offsets, contempt actions, and license revocations are examples of collection actions. If OCSS receives a voluntary payment, OCSS honors designated payments from noncustodial parents who have multiple family obligations if payments are reasonably consistent with this Section. Otherwise, OCSS allocates voluntary payments to cases with court-ordered obligations before cases without court-ordered obligations. ■ 1

(2) In a non-IV-D case, OCSS allocates and distributes payments through the Centralized Support Registry directly to the obligee, without otherwise allocating or distributing payments under this Section, unless money was previously assigned to the State of Oklahoma.

(3) Except as provided for in (f) of this Section, OCSS applies arrearage collections owed to the custodial parent before paying temporarily or permanently assigned arrears owed to a state.

(4) Temporarily assigned arrears are paid before permanently assigned arrears. If the support amount ordered for a prior period is less than the cumulative amount of cash assistance from the IV-A and IV-E programs, the support is permanently assigned. In cases involving unreimbursed assistance, OCSS retains current monthly support collections in excess of the current assistance payment under TANF to reimburse the State of Oklahoma for past assistance.

(5) OCSS applies payments to interest owed to a particular custodial person after current child support and the principal arrears balance is paid in full. All interest debt is referred and distributed for Internal Revenue Service (IRS) offset as arrears owed to the custodial person and not as a state debt or as assigned cash medical support. When OCSS has been unable to locate the custodial person after reasonable efforts, OCSS applies interest collections from an IRS offset to state debt.

(d) Initial allocation to monthly current support obligations. Except as provided in (f) of this Section, OCSS initially allocates collections to current support obligations due each month.

(1) If collections are less than the amount of all current support due, OCSS allocates collections between the current child support and the cash medical support specified in the order in proportionate shares.

(2) After the current child support and cash medical support obligation is met, OCSS allocates collections to current spousal support due.

(e) Allocation to monthly past-due support obligations under payment plans. Except as provided in (f) of this Section, after all current support obligations are met, OCSS allocates collections under payment plans to fixed monthly past-due support obligations. Payment plans are defined in Section 237.7 of Title 56 of the Oklahoma Statutes.

(1) If collections are less than the amount due under the payment plan, OCSS first allocates collections to past-due current child support.

(2) After the past-due monthly child support obligation is met, OCSS allocates collections to monthly past-due spousal support.

(3) OCSS allocates collections to the total amount in arrears after fixed monthly past-due support obligations in the payment plan are met.

(f) Allocation and distribution to total amount in arrears.

(1) OCSS allocates federal income tax refund offset collections to the total amount in arrears.

(2) Except for collections under a payment plan, OCSS allocates collections above the current support obligation to total arrears.

(3) After all child support arrearages are satisfied, OCSS allocates remaining collections to spousal support arrearages.

(g) Allocation and distribution of arrears to assigned cash medical support. After the past-due current child support, cash medical support, and spousal support are met, OCSS allocates collections to assigned cash medical support.

(h) Multiple family support orders. This subsection explains the allocation of collections when a noncustodial parent has multiple family obligations. For purposes of this Section, a family is a mother and a father and the child(ren) of that relationship, and any custodial person(s) of the child(ren) who is not the mother or the father.

(1) **Current support.** OCSS prorates and applies support collections to each family based on the current child support obligation due each family. The collections are allocated within each family obligation under subsection (d) of this Section.

(2) **Past-due support under a payment plan.** OCSS prorates and allocates collections to payment plans for multiple families based on each family's fixed monthly payment plan obligations due.

(3) **Total arrears, including principal and interest balances.** OCSS prorates and allocates collections to arrears, including principal and interest balances, for multiple families based on each family's total arrears due.

(i) Past-due support in interstate cases. In cases where OCSS is collecting support for a custodial person who is receiving services from another state's child support agency, OCSS allocates arrearage payments based on information provided by the initiating state. After all current support obligations are met, OCSS allocates collections to past-due support for payment plans, total arrears, and interest as follows: ■ 2

(1) **Non-public assistance balance.** If any portion of the past-due balance is owed

to the custodial person or will be passed through to the custodial person under federal distribution regulations, OCSS allocates collections to that portion of the past-due balance and pays that amount to the other state's State Disbursement Unit.

(2) **Public assistance balances.** If no portion of the past-due balance is owed to the custodial person, OCSS allocates collections first to balances owed to Oklahoma and then pro rates between balances owed to the other state(s).

(j) **Interest.** OCSS distributes interest last in single family, multiple family, and interstate cases.

INSTRUCTIONS TO STAFF 340:25-5-351

Revised 7-1-08

- 1. Child support staff coordinate manual and automated actions on all IV-D cases that meet the criteria for collection action so resulting collections are shared among all families.**
- 2. Child support staff review the information provided by the initiating state regarding whether the past-due balance on the case is owed to the custodial person or to the other state and time periods for balances assigned to the state(s). If the information provided is unclear or incomplete, child support staff do not build the case obligation in Oklahoma Support Information System (OSIS) until they receive information from the initiating state. Child support staff monitor interstate cases to insure that the information regarding the assignment of balances is complete and up to date, and request additional information from the initiating state as necessary. If the initiating state fails to provide the necessary information, child support staff initiate the closure process under OAC 340:25-5-123.**