August 10, 2020

CSSP LETTER: 20-05

ALL IV-D DIRECTORS
ALL COUNTY ADMINISTRATIVE OFFICERS
ALL BOARDS OF SUPERVISORS

SUBJECT: ELECTION OF FEDERAL DEFICIT REDUCTION ACT OF 2005 DISTRIBUTION

REFERENCE:

- Personal Responsibility and Work Opportunity Act
- Federal Deficit Reduction Act of 2005
- Code of Civil Procedure section 695.221(e)
- Executive Order N-52-20
- Manual of Policies and Procedures section 12-420


PURPOSE: To communicate changes in policy resulting from election of the Federal Deficit Reduction Act of 2005 (DRA) distribution hierarchy.

On April 16, 2020, Governor Gavin Newsom signed Executive Order N-52-20 which suspended the Code of Civil Procedure section 695.221(e). This permitted the Department of Child Support Services to change from the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) distribution hierarchy and implement the DRA distribution hierarchy consistent with federal law.

POLICY: Effective May 1, 2020, California began distributing all collections, including federal tax refund offsets, within a case to current child support and family-owned arrears before government-owned arrears when aid is not currently being paid to the family as certified under the terms of its amended IV-D state plan.

BACKGROUND: On October 1, 1998, California implemented PRWORA. Generally, PRWORA distribution rules required that child support collections received for arrears balances be applied to government-owned arrears before paying arrears owed to the family.
The DRA of 2005 provided states the option to continue PRWORA distribution or elect DRA distribution, which generally prioritizes collections for the family within the case ahead of obligations owed to the State when aid is not currently being paid to the family.

At the time, California was transitioning to the automated statewide Child Support Enforcement system. Due to the complexity of system changes required to adopt DRA distribution, California elected to adopt only the mandatory provisions of the DRA and continued to comply with PRWORA’s distribution hierarchy.

Under PRWORA, collections from Federal Tax Refund Offsets were distributed to government-owed arrears first and then to family-owed arrears. Under DRA, these collections are to be paid to the family first before government-owed arrears anytime when aid is not being expended.

CONTACT: If you have any questions or concerns regarding this matter, please contact the Policy, Program and Statewide Training Branch at (916) 464-5883 or policy.branch@dcss.ca.gov.

Sincerely,

o/s

EMILY JERNIGAN
Acting Deputy Director
Child Support Services Division