

CHAPTER I - OVERVIEW AUTHORITY FOR FIDM

FEDERAL

Public Law 104-193

Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), provides new enforcement remedies for child support. Among these are Section 466(a)(17) of the Social Security Act (the Act) which requires States to establish procedures under which the State child support enforcement (IV-D) agency enters into agreements with financial institutions doing business in the State for the purpose of securing information leading to the enforcement of child support orders. The State shall develop and operate, in coordination with financial institutions, a data match system in which each financial institution will provide quarterly the name, record address, social security number or other taxpayer identification number for each non-custodial parent who maintains an account at such institution and who owes past-due support. The State supplies the name and social security number or other taxpayer identification numbers. These procedures must provide for automated data exchanges to the maximum extent feasible.

The State child support agency establishes procedures to identify cases subject to the data match and to any subsequent attachment/lien and levy action. Financial institutions subject to the matching provision are required to encumber or surrender the assets of the delinquent obligor held by the institution in response to the notice of attachment/lien and levy from the State agency. The attachment/lien and levy action is subject to the laws of the State where the asset is located.

The data matches are conducted by either of the following two methods using data specifications. Under Method 1 (all accounts method), the financial institution submits a file containing all open accounts which is matched by the State against records of delinquent obligors. Under Method 2 (matched accounts method), the financial institution receives a file identifying delinquent obligors, matches the file against its open accounts and submits a file of any matched records to the State. Data specifications for Method 2 files and record layouts were approved by the U.S. Office of Management and Budget (OMB Control No: 0970-0196) on March 5, 1999. The same data specifications have been universally adopted for Method 1.

Section 466(a)(17)(B) of the Act establishes that the State Child support agency may pay a reasonable fee to institutions conducting the data match, not to exceed the actual costs incurred by the institution. Some States have written into their legislation the option to reimburse financial institutions for conducting the data match with accounts of delinquent child support obligors.

Pursuant to Section 466(a)(17)(C) of the Act, a financial institution will not be liable under any Federal or State law to any person for (1) any disclosure of data match information to the State IV-D agency or its designated representative, (2) encumbering or surrendering any assets held by a financial institution in response to a notice of lien or levy issued by the State IV-D agency or (3) any other action taken in good faith to comply with the requirements of Section 466(a)(17) of the Act.

Public Law 105-200

Public Law 105-200, the Child Support Performance and Incentive Act of 1998, amended PRWORA to better facilitate the data match for multistate financial institutions (MSFIs); i.e., those operating in two or more States. Public Law 105-200 authorizes the Federal Office of Child Support Enforcement to act as the conduit between States and territories and the MSFIs in the development and implementation of a centralized, quarterly data match program for the collection of child support delinquencies. Multistate financial institutions may opt to match through the Federal OCSE or with the individual States in which they do business. Beginning in July 1999, OCSE began distributing the national file of delinquent obligors to the MSFIs for matching using Method 2. OCSE began distributing match information to State IV-D agencies in August 1999.

Public Law 106-102

The Financial Services Modernization Act of 1999 (Banking Reform) lifts restrictions on the banking industry, thus allowing banks, securities firms and insurance companies to affiliate. This change may increase the likelihood that an insurance company will hold financial institution accounts that are reportable for data match under Public Law 104-193. Traditional insurance products, such as annuities and whole life policies, are not specifically included in the definition of account under Public Law 104-193 though they may be reportable to a particular State under its own statute. The banking reform bill leaves the regulation of the business of the insurance industry under the laws and regulations of the States.

STATE

PRWORA required States to establish procedures under which their child support enforcement agencies would enter into agreements with financial institutions for the purpose of securing information leading to the enforcement of child support orders. All States have passed the necessary statutes to comply with this requirement. These statutes are similar to the Federal statute in defining the financial institutions, and accounts subject to the match and providing other pertinent information relevant to conducting the data match.

In addition, States have laws, policies and procedures that govern the execution of liens and levies. These usually establish parameters, define terms and establish procedures. Items addressed usually include lien threshold, lien duration and due process.

COMPARISON OF MULTISTATE AND SINGLE-STATE PROCESS

Background

Under Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), State child support enforcement (IV-D) agencies must enter into agreements with financial institutions doing business in the State for the purpose of conducting a data match to identify accounts of delinquent obligors.

Public Law 105-200, the Child Support Performance and Incentive Act of 1998, amended PRWORA to facilitate the data match for multistate financial institutions (i.e., those operating in two or more States). This legislation authorizes the Federal Office of Child Support Enforcement (OCSE) to act as the conduit between States and territories and the multistate financial institutions (MSFIs) in the implementation of a centralized data match process using OCSE's Federal Parent Locator Service (FPLS). Multistate financial institutions have the option to match through the centralized FPLS process managed by OCSE or through separate matches with each State in which they do business.

Thus there is a two-pronged approach for matching of delinquent obligor cases and financial accounts:

- the match conducted at the OCSE level of multistate financial institution accounts against a national file of delinquent obligors,
- and the match conducted at the State level of State files of delinquent obligors against accounts of single-state institutions (i.e., operating in a single state) and multistate institutions declining the OCSE option.

Similarities

There are seven common features between the OCSE-conducted match with multistate financial institutions (MSFIDM) and the process for financial institutions using the single-state process (SSFIDM).

- Goal and Objective: to increase collections of delinquent child support.
- Participating institutions: banks, credit unions, savings and loans, benefit associations, insurance companies, safe deposit companies, money-market mutual funds, and similar institutions.
- Accounts matched: demand deposit accounts, checking accounts or negotiable withdrawal order accounts, savings accounts, time deposit accounts, and money-market mutual fund accounts.
- Frequency: matches conducted every quarter; financial institutions must respond within 45 days.
- Data exchange: data elements supplied by the State child support agency and reported by the financial institution for Method 1 (all accounts method) and Method 2 (matched accounts method), are provided in data specifications issued on March 5, 1999 by the Office of Management and Budget (OMB Control No: 0970-0196). See **Appendix B**.

- Liability: under section 466(a)(17)(C) of the Social Security Act, financial institutions shall not be liable for disclosure of information to the State agency; and
- Fees: State law determines whether a State will pay a fee; fees may not exceed the actual and reasonable costs of conducting the match; bills for both multistate and in-state matching sent by FI to State and payment processing performed by State.

Differences

There are two differences between the single-state and the multistate matching processes.

- 1) Agreement:
 - a) SSFIDM - State enters into agreements with every single-state financial institution doing business within the State; and
 - b) MSFIDM - State enters into an agreement with OCSE to act as its agent, and OCSE enters into agreements with every multistate financial institution electing to match through the FPLS.
- 2) Match Method:
 - a) SSFIDM - States have the option of offering Method 1 and Method 2; and
 - b) MSFIDM - OCSE offers Method 2 only.

SUGGESTED STATE IMPLEMENTATION STEPS

Establish Freeze and Seize Policy and Procedures

- Enact legislation to authorize the data match.
- If process is judicial, enact legislation to move to administrative procedures.
- Identify policy and procedures based on State laws governing freeze and seize of financial institution accounts (e.g., freeze period, dollar thresholds).

Develop Instructions for Financial Institutions

- Develop an agreement discussing responsibilities, processing timelines and fees, and an election form for the institution to choose a matching method, data transmission methods, and week within each quarter the institution would like to send or receive data.
- Publish instructions providing background information, reporting requirements, and data specifications.

Identify Financial Institutions and Conduct Outreach

- Identify financial institutions doing business within the State.
- Meet with representatives of financial institutions and related associations, provide outreach materials and keep them updated regarding implementation of the data match.

Automate Data Exchange

- Automate data specifications, generation of forms and letters, financial institution database, compliance tracking, and program and management reporting to track matches and collections.
- Maintain a database that includes the name and address of financial institutions, name and phone number of the contact person (usually the Compliance Officer), and States in which they operate for the purpose of tracking forms and transmissions sent and received.
- Develop and monitor security procedures.

Provide for Customer Service and Public Relations

- Establish a hotline, e-mail address and website to answer financial institution questions.
- Operate a direct phone line to answer questions from custodial and non-custodial parents.
- Build a working relationship with the State trade associations and operations staff of the financial institutions.

States have three options for implementing various aspects of the data match. These options include program development by: a) the State child support enforcement agency or other State agency (e.g., revenue) through an interagency agreement, b) a private vendor through an individual competitive procurement by the State, and c) a private vendor through a competitive procurement involving a multistate consortium. Half of the States have elected to join a consortium (option c). Of the remaining States, a majority have chosen implementation by the child support enforcement or other State agency (option a).

USES OF FIDM MATCH INFORMATION

General

Information about delinquent obligors obtained from financial institution accounts can be used for collections, payment enforcement, to locate a delinquent obligor or to modify a support order. The FIDM process is available only in case situations where there is an existing arrearage.

Freeze and Seize Funds from Financial Accounts

The State child support agency establishes procedures to identify cases that meet arrearage threshold and other program screening criteria subjecting them to the data match with financial institutions and to any subsequent freeze and seize action. Financial institutions are required to encumber or surrender the assets of the delinquent obligor held by the institution in response to the freeze and seize notice from the State agency. The freeze and seize action is subject to the laws of the State where the asset is located.

Enforce a Payment Agreement

Knowing the account balance and how much is deposited in the account on a regular basis makes it easier for the State to identify how much is available for a payment agreement. In addition, the current balance and history of the account gives leverage to the enforcement agent to persuade the non-custodial parent to pay up or to make the obligor aware that the information could be shared with the judge in court to prove the obligor has the ability to pay. In contempt proceedings against an obligor, the State can present evidence of an asset to assist the court in determining the proper amount of payment necessary to avoid contempt.

Locate Delinquent Obligor

Most account applications request residence, employer, date of birth, social security number and other information that can be used to locate the obligor or to establish leads for locate purposes. The State child support office may use administrative subpoena power to obtain a copy of the application the non-custodial parent completed to open an account.

Modify Support Orders

Information about an obligor's financial situation assists the State in setting a fair and equitable support amount. More complete financial information is particularly helpful in cases where the obligor is self-employed or where there is no income verification.

COLLECTION RESULTS OF FIDM MATCH

What are the collection results of the data match?

Estimating future collections is difficult, as the percent of matched cases acted upon will vary considerably from State to State depending on the State lien and levy laws and procedures. Generally a State's collections are highest in the initial quarters of the match and levy process, and then level off over time as obligors start or resume paying their child support.

Massachusetts' multistate match process, between November 1999 and August 2000, resulted in 250 levies with collections of \$322,975, an average of \$1,292 per case. Its in-state process, between July 1999 and August 2000, resulted in 10,386 levies with collections of \$7,860,080, an average of \$757 per levy.

Using FIDM matches between January 1999 and August 2000, Florida's 3784 levies collected \$3,177,845, an average of \$840 per levy.

Washington State's FIDM matches between December 1998, and July 2000, resulted in 36,905 levies with collections of \$4,854,603, an average of \$131.54 per levy.

The data match has resulted in large lump-sum payments. One non-custodial parent made a lump-sum payment of \$18,500 to satisfy arrears in full and release the freeze on an account levied by Massachusetts. Florida successfully levied over \$52,000 from a delinquent obligor's account.

What are the participation and match rates for the multistate match through the FPLS?

Nearly 4000 multistate financial institutions (of which 3,414 are securities) have elected to conduct the match through the FPLS. (Approximately 365 multistate FIs have opted to match with the individual states where they do business.) The actual matching for the 4000 FIs is performed by 300 service providers (transmitters). As of August 11, 2000, OCSE distributed 3.8 million matches to 50 States and territories.

Are there indirect collections from the FIDM program?

Receipt of a lien notice is a wake up call for non-custodial parents. The discovery that distancing themselves from their children, and ignoring their parental responsibilities has not made them or their assets invisible, leads many parents to begin honoring their financial responsibilities. For the first time in years, many parents begin sending regular support payments in full and on time and remain current with their financial obligations.

TECHNICAL SUPPORT FOR FIDM

Federal Support

The Federal Office of Child Support Enforcement (OCSE) maintains a webpage on FIDM located at www.acf.dhhs.gov/programs/cse. The web page is intended for use by financial institutions, State child support agencies and the general public. Covering both multistate and single state FIDM, it contains formal policy issuances, educational materials explaining FIDM and job aids serving as tools to States and financial institutions in operating their FIDM program. The FIDM web page also has a HELP feature that directs users to technical support resources and allows users to send inquiries to OCSE's FIDM specialists and its helpdesk.

OCSE provides technical support for single-state FIDM through:

- Federal SSFIDM specialist Gina Barbaro (202-401-5426/gbarbaro@acf.dhhs.gov); and
- Profile of each State's lien/levy thresholds and due process procedures on the OCSE website.

OCSE provides technical support for MSFIDM through:

- a hotline at 410-277-9312 that is manned Monday-Friday, from 8 a.m. to 5 p.m. and is designed to answer technical questions MSFIs may have regarding the federal data match process;
- technical support liaisons assigned to each State to address their questions and concerns;
- MSFIDM specialists Ann Barkley (202-260-4697/abarkley@acf.dhhs.gov) and Sherri Grigsby (202-401-4697/sgrigsby@acf.dhhs.gov).

In addition, OCSE developed educational and instructional materials including a FIDM video, trainer's guide for States, trainer's guide for financial institutions, and a monograph on FIDM. These are available by contacting the OCSE Reference Center at 202-401-9383.

State Support

Each State has a designated FIDM liaison responsible for providing technical assistance to financial institutions and other child support agencies, and to answer questions from parents and the general public. Contact information for liaisons assigned to a specialized unit is published in various State materials. A directory is also available at **Appendix C**.

CHAPTER II - IN-STATE MATCHING **TIPS FOR IDENTIFYING FINANCIAL INSTITUTIONS**

Agency Resources

Each State is responsible for identifying its single-state financial institutions and for conducting quarterly data matches with them. Agencies and associations that can assist with identifying financial institutions, providing mailing lists/labels, conducting outreach, selecting pilot sites and developing policy and procedures include:

- State bankers' association
- Community bankers' association
- Credit union affiliates
- State revenue department
- State department/commission of banking and finance
- State department of business regulations

Websites

Access the Federal Deposit Insurance Corporation website at www.fdic.gov to identify all banks, savings and loans, and thrifts operating within a State:

- Click on "Bank Data" on homepage
- Click on "Institution Directory" on left-hand column
- Click on "Advanced Options" at bottom of screen
- Select State, scroll to "Sort By" and select "City, State", scroll to bottom and select "Find"
- Click on "CERT" (certification number) to get address information.

Note: To update your list of FDIC institutions, select "Established Date" from the "Sort By" drop-down box, for institutions insured since the date of your last listing.

Access the National Credit Union Administration website at www.ncua.gov to identify credit unions within a State.

- Click on "Credit Union Data"
- Click on "Individual Credit Union Data"
- Select State from roll up window, scroll to top and select "Find"
- Click on charter number to get address and phone information.

Updates

OCSE provides an updated list of multistate institutions to State IV-D Directors and State FIDM liaisons on a monthly basis. Deleting the names of these multistate institutions from the website list of all institutions operating within a State will result in a list of single-state institutions only. OCSE provides each State FIDM liaison an electronic copy of the list of multistate institutions, making deletion of multistate institutions easier. In addition, OCSE notifies States of multistate financial institutions that opt out of the MSFIDM process in favor of participating with the States in which they do business within 24 hours of receiving such notice from the FI.

STATE OUTREACH TO FINANCIAL INSTITUTIONS

Purpose

State outreach to financial institutions (FI) is designed to accomplish the following:

- educate financial institutions about the data match requirement;
- get FI cooperation and support for the data match;
- communicate to all parties having a need to know about the data match;
- provide FIs with State point(s) of contact;
- inform FIs of instructions to follow in order to participate in the match; and
- establish a good working foundation leading to smooth implementation and operation of the data match.

Strategies

- obtain mailing addresses/labels of financial institutions from State trade associations or State finance, tax or regulatory agencies;
- distribute information as a mail stuffer;
- establish a website and link it with the websites of the State trade associations;
- write articles for publication in relevant trade journals;
- develop a mail stuffer for use by State finance and tax agencies and by trade associations (see attached);
- obtain letters of support from directors of State trade associations and invite them to present at meetings with representatives of financial institutions;
- get bipartisan endorsements from State elected officials;
- publish success stories and information on State collections for child support from the data match;
- establish data match and freeze/seize contact phone numbers; and
- distribute a FIDM packet containing a cover letter, FIDM policy overview, instructions, system specifications handbook, a summary of relevant State legislation, and election and waiver forms.

Sample Mail Stuffer Fact Sheet Financial Institution Data Match

Section 466(a)(17)(A) of the Social Security Act (the Act) requires States to establish laws and procedures under which the State child support enforcement (IV-D) agency enters into agreements with financial institutions doing business in the State for the purpose of securing information leading to the enforcement of child support orders. The State must develop and operate, in coordination with financial institutions, a quarterly data match system in which each financial institution will provide the name, record address, social security number or other taxpayer identification number for each delinquent non-custodial parent who owes past-due support and maintains an account at such institution. The State supplies the name and social security number or other taxpayer identification numbers. These procedures must provide for automated data exchanges to the maximum extent feasible.

Financial institutions that must participate in the match include banks, credit unions, savings and loans, benefit associations, insurance companies, safe deposit companies, money-market mutual funds, and similar institutions. Accounts subject to the data match include demand deposit accounts, checking accounts or negotiable withdrawal order accounts, savings accounts, time deposit accounts, and money-market mutual fund accounts (Section 469(d)(1) of the Act).

The data matches are conducted by either of the following two methods using data specifications approved by the U.S. Office of Management and Budget (OMB Control No: 0970-0196) on March 5, 1999. Under Method 1 (all accounts method), the financial institution submits a file containing all open accounts which is matched by the State against records of delinquent obligors. Under Method 2 (matched accounts method), the financial institution receives a file identifying delinquent obligors, matches the file against its open accounts and submits a file of any matched records to the State.

Section 466(a)(17)(B) of the Act establishes that the State child support agency may pay a reasonable fee to institutions conducting the data match, not to exceed the actual costs incurred by the institution. Some States have written into their legislation the option to reimburse financial institutions for conducting the quarterly data match.

Pursuant to Section 466(a)(17)(C) of the Act, a financial institution will not be liable under any Federal or State law to any person for: (1) any disclosure of data match information to the State IV-D agency, (2) encumbering or surrendering any assets held by a financial institution in response to a notice of lien or levy issued by the State IV-D agency, or (3) any other action taken in good faith to comply with the requirements of Section 466(a)(17) of the Act.

Public Law 105-200, the Child Support Performance and Incentive Act of 1998, amended the Social Security Act to allow the Federal Office of Child Support Enforcement (OCSE) to use the Federal Parent Locator Service to facilitate the data match for multistate financial institutions (MSFI) (i.e., those operating within two or more States). Public Law 105-200 authorizes OCSE to act as the conduit between the States and territories and the MSFIs in the development and implementation of a centralized, quarterly data match program. Multistate financial institutions may opt to match through the OCSE or with the individual States in which they do business.

STATE GUIDANCE AND AGREEMENTS

Purpose

Typically States prepare guidance packets or handbooks for financial institutions that include the following:

- sections of pertinent federal and State laws;
- data specifications;
- agreement forms to participate in the data match;
- description of State lien and levy process with sample lien and levy forms;
- frequently asked questions; and
- contact for technical assistance.

Sample Agreements

Agreement forms are developed by States to detail the understanding between the State and single-state financial institution. The terms generally addressed in the agreement form include:

- match method selected by the financial institution;
- transmission method selected by the financial institution;
- week or month of quarter selected by financial institution to perform the match;
- agent/service processor designated by the financial institution; and
- State cost reimbursement and billing instructions (if applicable).

Appendix D includes two generic agreements and a transmittal sheet which States may adapt to their legal requirements, procedures and automated systems for entering into agreements with single-state financial institutions and multistate financial institutions not opting to match with the Federal Office of Child Support Enforcement using the Federal Parent Locator Service.

The first, more formal agreement is intended for situations where there is cost reimbursement. The second, a more streamlined agreement, is better suited for a no cost reimbursement scenario where the financial institution is merely agreeing to begin reporting. The transmittal is designed for financial institution data match. However, States may choose to use the standardized Federal transmittal for 1099 or their State data processing transmittal form.

The generic agreements and transmittal were developed by incorporating ideas and language from existing agreements for several States. They are not intended to be standardized agreements. Rather they may be used as models for adaptation to a State's particular requirements and environment.

SYSTEM CERTIFICATION REQUIREMENTS FOR FINANCIAL INSTITUTION DATA MATCH

Background

Under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), States are to develop and operate the financial institution data match (FIDM) program using automated data exchanges to the maximum extent feasible. PRWORA provided Federal financial participation at an enhanced rate of 80 percent (capped at \$400 million Federal share) for system development and implementation costs related to automated data processing requirements specified in the law.

Guidance to States

The Federal Office of Child Support Enforcement developed the Child Support Enforcement Systems Requirement Guide to support States in the development of comprehensive, statewide, automated Child Support Enforcement systems. The guide defines the minimum functionality required of child support automated systems and establishes the certification criteria for States' use in meeting PRWORA implementation regulations. The guide was prepared to:

- Support the States in implementing compliant, operational systems;
- Apply the same criteria equally to all States;
- Set forth all functional requirements which the Child Support Enforcement systems must execute in statewide processing;
- Ensure that these functions are being performed effectively and efficiently to assure accurate and uniform application of policy; and
- Ensure that Federal reviews are conducted in a consistent manner and are well documented and substantiated.

The guide is available on the internet at www.acf.dhhs.gov/programs/cse. At that address, go to Facts and Description: State Systems.

Requirements for FIDM

To support the financial institution data match program, the child support system must be able to:

- Accept files from financial institutions electing Method 1 (all accounts);
- Perform matches for financial institutions electing Method 1 matching;
- Produce and transmit a file of delinquent obligors to financial institutions electing Method 2 (matched accounts);
- Accept matched files received from financial institutions electing Method 2 and from the multistate FIDM match process;
- Identify (flag) delinquent obligors for the multistate FIDM process on the Federal Offset file;
- Automatically update case record when match occurs to include financial institution and record address of obligor;
- Produce hardcopy report or form for FI's not participating in the automated match; and
- Produce document necessary to attach assets, or prompt caseworker to take that action.

AUTOMATION OF FIDM OPERATIONS

Usage

Under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), States are to develop and operate the financial institution data match (FIDM) program using automated data exchanges to the maximum extent feasible. Some automated operations are required as minimal functionality to meet system certification requirements for child support enforcement. Additional components of FIDM operations lend themselves to automation. States rely on automation for the data exchange with financial institutions, generation of forms and letters, databases of financial institution and management tracking and reporting.

Forms/Letters

Sample forms and letters appear in Dear Colleague Letter DC-99-46, dated April 30, 1999. Forms and letters that could be system generated include:

- match election form;
- designation of agent for data exchange;
- reminder letter to financial institution to file election form;
- reminder letter to financial institution to submit file;
- letter informing financial institution of reasons for tape rejection;
- lien and levy notice to obligor;
- lien and levy notice to financial institution; and
- appeal notices.

Database

Financial institution profile information that could be captured in a database:

- identifying information;
- contact information;
- election form received;
- Federal identification number;
- bank match effective date.
- match method selected;
- media selected;
- assigned match week;
- match records received month/year;
- service agent; and
- payment contact.

Reports

Management reports that could be system-generated include:

- failure to file election form report;
- failure to file bank match, compliance report;
- report of rejected financial institution tapes;
- report of matched accounts per institution;
- tracking report of liens;
- tracking report of levies;
- daily problem report of tape rejections by reason for rejection; and

- collections report.

CONFIDENTIALITY AND PRIVACY

Access to comprehensive personal information carries with it the responsibility to safeguard this data from disclosure. Under provisions of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), standards have been established that apply to statewide, automated child support enforcement (CSE) systems. The Act requires State IV-D agencies to have safeguards in place to ensure the accuracy, confidentiality, privacy, and security of data in the State CSE system. Extensive information on these requirements can be found in the Statewide Automated System Certification Guide within Section H, Security and Privacy of the Automated Systems for Child Support Enforcement.

Section 454A(d) of the Social Security Act (42 USC 654A(d)) requires States to have the following provisions in place to ensure the privacy, security, and confidentiality of data in the statewide automated child support enforcement system:

- Written policies concerning access to data by State agency personnel, and prohibitions on sharing data with other persons.
- System controls, such as passwords and controlled field access to ensure adherence to these policies.
- Routine monitoring of access and use of the automated State CSE systems, to guard against and identify unauthorized access to or use of data.
- Procedures to ensure that all personnel are informed of penalties for improper use or disclosure of data.
- Administrative penalties, up to and including dismissal, for unauthorized access, disclosure or misuse of confidential data.

Section 454(26) goes into further detail concerning safeguards that the States must have in place to provide confidentiality of information handled by the agency and protection of the privacy rights of individuals whose records are being handled.

- Prevention of unauthorized disclosure of information relating to child support establishment or enforcement proceedings.
- Prohibition against the release of information on the location of a party or child to another party against whom a protective order has been issued.
- Preventing the release of information to a party about the location of a party or child if the State believes this will cause physical or emotional harm to the parent or child.
- Provisions to notify courts of the existence of protective orders or indications of family violence so that the court can make an informed decision on disclosure of information.

FEES, FUNDING AND BILLING

Policy

In accordance with Section 466(a)(17)(B) of the Social Security Act, the State child support agency may pay a reasonable fee to institutions conducting the financial institution data match, not to exceed the actual costs incurred by the institution.

Federal financial participation (FFP) is available at a rate of 66% of administrative expenditures for operational costs, including the cost of paying matching fees to financial institutions. FFP at a rate of 66% is also available for State developmental costs. FFP is not available for the development costs incurred by financial institutions because there is no authority under the Act to pay for such expenditures.

State Experience

Some States have written into their legislation the option to reimburse financial institutions for conducting this data match. The amounts range from \$50 to \$250 per institution for each quarterly matching process. Generally, these figures are based on responses from a small number of financial institutions. In one case, the \$250 fee limit was based on what some service providers charge for all regulatory processing. States that conducted pilots, such as Washington and Florida, found that many institutions performed the match for much less than the limit or for free. North Carolina has been successful in having its institutions perform the match at no cost. Since the fees established thus far may not be a valid indicator of reasonable fees for every type of institution in every State, it will be very important for States to rely on billing documentation to determine reimbursement amounts based on actual costs.

Negotiating Fees

Since there is no universal fee limit that can be applied across the board, the following are factors that States might consider and discuss when negotiating reimbursement fees with financial institutions:

- Other income to the financial institution for related activities including lien and levy fees;
- State's experience with standard charges for the institution's expected outlays (e.g., computer processing time, storage supplies, and transmission) including regional differences;
- Spreading costs of the multistate institution among the states where it does business;
- Spreading costs of processors among the institutions it serves; and
- Contribution of the institution in helping families and children and in supporting its employees and community.

Billing Documentation

Attached is a worksheet that suggests some cost areas States may ask financial institutions to document on their invoice.

**FINANCIAL INSTITUTION - SUMMARY OF COSTS
FOR CHILD SUPPORT DATA MATCH**

START UP COSTS

a. Labor time to create program	_____ (hr, min)	
b. Hourly labor rate	\$ _____	
c. Labor cost to create program (a*b)		\$ _____
d. CPU time to create program	_____/ (hr, min)	
e. CPU cost rate	\$ _____/ (hr, min)	
f. CPU cost to create program (d*e)		\$ _____
	Total Start-Up Costs (c+f)	\$ _____

QUARTERLY MATCHING COSTS

g. Labor time to process match/extract	_____ (hr, min)	
h. Hourly labor rate	\$ _____	
i. Labor cost to process match/extract (g*h)		\$ _____
j. CPU time to process match/extract	_____/ (hr, min)	
k. CPU cost rate	\$ _____/ (hr, min)	
l. CPU cost to process match/extract (j*k)		\$ _____
m. Postage, mailing, supplies cost		\$ _____
	Total Quarterly Match/Extract Costs (i+ l+m)	\$ _____

STATE CUSTOMER SERVICE SUGGESTIONS

General

It is important for States to be sensitive to the customer service needs of non-custodial parents who may be angry and confused by the action taken against their financial accounts and the needs of financial institutions unfamiliar with the purpose and administration of the child support program. Services offered will differ by State. Possible services follow.

Service to Child Support Clients

- Develop informational brochures and mailers about lien/levy and due process procedures.
- Develop responses to generally asked questions (see **Appendix E, F and G**).
- Have direct phone lines staffed by appropriately trained, competent individuals who have available prepared answers to frequently asked questions.
- Establish a tracking system providing current status information on liens, levies and appeals.
- Develop procedures for handling lien/levy of joint accounts pursuant to State law.
- Develop procedures for handling hardship cases.
- Accommodate peak periods (e.g., anticipate increased freeze/levy related phone calls on Fridays and work days prior to holidays from non-custodial parents requesting resolution to release their accounts).

Service to Financial Institutions

- Send booklet and election form to the institution's compliance officer.
- Have interactive communication sessions introducing the program.
- Have a hotline with a designated contact person.
- Maintain a web site with the latest information regarding the data match program.
- Establish an e-mail capability to answer questions and provide assistance.
- Develop educational materials explaining the match program and having clear instructions.
- Specify time frames and due dates, and followup with reminder notices.
- Build a relationship with the operations staff of the financial institution.
- Accept all types of media suitable to the State computer system for information exchange.
- Develop a testing process for financial institutions to test their FIDM system development.

CHAPTER III - FEDERAL MATCHING **FEDERAL PARENT LOCATOR SERVICE**

The Federal Parent Locator Service (FPLS) is a national location system operated by the Federal Office of Child Support Enforcement (OCSE), to assist States in locating non-custodial parents, putative fathers, and custodial parties. The location information is used by State child support agencies for the establishment of paternity, establishment of child support obligations, as well as the enforcement of orders for child support.

Locate

The FPLS includes two databases used for locate:

- National Directory of New Hires (NDNH): a central repository of employment, unemployment insurance, and wage data from State Directories of New Hires, State Employment Security Agencies, and Federal agencies; and
- Federal Case Registry (FCR): a national database that contains information on individuals in child support cases and child support orders.

The FPLS works in two ways to support State IV-D child support locate operations to identify home and work addresses and sources of income and assets:

- First, using a process known as proactive matching, the FPLS compares data from the National Directory of New Hires to data in the Federal Case Registry. When there is a match, the FPLS automatically provides new hire, quarterly wage, or unemployment information on custodial and non-custodial parents to any State with a related child support case. The State child support agency uses this information to establish or modify a child support order, or enforce (through income withholding) an existing order.
- Second, at the request of a State child support agency's Parent Locator Service, the FPLS will search external Federal agency databases in an attempt to locate non-custodial parents and/or their assets, for the purpose of establishing or enforcing a child support order. The FPLS has access to external locate sources such as the Internal Revenue Service (IRS), the Social Security Administration (SSA), Veterans Affairs (VA), the Department of Defense (DOD), and the Federal Bureau of Investigation (FBI).

Collections

In addition, OCSE uses the Federal Offset File, a national file of delinquent obligors, to administer the Federal Tax Offset Program, Administrative Offset Program, Passport Denial and Multistate Financial Institution Data Match. These aid in the enforcement of child support and in obtaining collections as follows:

- Federal Tax Offset Program - offsets Federal tax refunds owed to obligors and sends the refund to the State child support agency through OCSE;
- Administrative Offset Program - offsets payments from Federal agencies (e.g., due private vendors who perform work for a government agency, Federal retirement payments, and relocation and travel reimbursements owed to Federal employees);
- Passport Denial Program - denies issuance of a passport by the Secretary of State to any person certified by the Department of Health and Human Services as owing a child support debt exceeding the statutory threshold;
- Multistate Financial Institution Data Match - identifies accounts located in multistate financial institutions held by delinquent obligors and returns the matched data to the States for issuance of liens and levies to collect past due support.

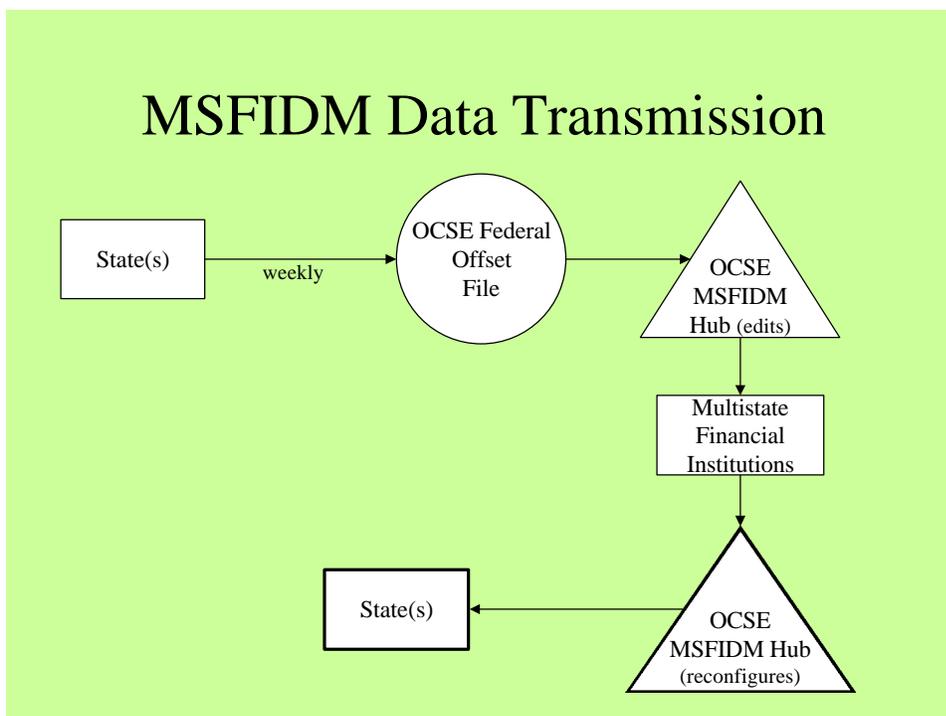
FEDERAL MATCHING WITH MULTISTATE FINANCIAL INSTITUTIONS

In Dear Colleague Letter DCL 98-120 dated November 16, 1998, OCSE sent each IV-D Director a Certification Addendum to the Federal Offset File. By signing the Addendum, the IV-D Director transfers to OCSE the responsibility for reaching agreement with the multistate financial institutions (MSFIs) on behalf of the State.

OCSE identified over 3,000 multistate financial institutions by accessing the Federal Deposit Insurance Corporation, National Credit Union Association, Securities Industry Association and National Securities Clearing Corporation's websites. OCSE sent correspondence to the identified MSFIs that included an overview of the multistate financial institution data match process, data specifications and an election form. The election form serves as the operational agreement between the multistate financial institution and OCSE. It asks for the name, Federal employer identification number, address, and phone number of the institution. The form allows the institution to opt out of the data match at the federal level in favor of participating at the State level in each state and territory where it does business. If an institution opts to participate at the federal level, the form allows the institution to identify its media preference and the month and week within the month it would like to receive the first quarterly inquiry file from OCSE. An authorized representative of the financial institution must sign the form.

Each month, OCSE distributes to States and territories a list of multistate financial institutions that have opted into the OCSE data match program. If a multistate financial institution elects not to participate at the federal level in the OCSE data match, OCSE sends written notification to each State in which that particular institution does business within 24 hours of receiving the institution's decision to participate at the State level.

The diagram below illustrates the multistate financial data match process.



The MSFIDM process entails the following:

- States, via a dedicated transmission line, update weekly the Federal Offset File, a national file of delinquent obligors.
- States have the option of including or excluding a case in the Federal Offset File from the MSFIDM process. The State may exclude a case by placing the exclusion indicator "FIN" on the case. If the State chooses to include the case in the match process, the obligor's name and social security number will be sent to participating multistate financial institutions to be matched against their files.
- To insure the Social Security numbers on the offset file are valid, OCSE matches them against the Social Security Administration's records.
- OCSE edits the Federal Offset File to remove duplicate names and Social Security numbers sent by multiple States, resulting in the Inquiry file being sent to MSFIs with one record per name and Social Security number, even though a case exists in more than one State.
- Using Method 2, Matched Accounts Method, the MSFIs conduct the data match by comparing the names and Social Security numbers on the Inquiry file against their account holders.
- OCSE reconfigures the file to restore duplicate names from multiple States.
- OCSE compares the matched account data from the MSFIs to the most recent Federal Offset File to insure States do not receive information on individuals that may have had an exclusion indicator placed on their case after they were initially submitted for the data match process.
- OCSE distributes the matched account data to the States within 48 hours after its receipt from the MSFI.

OCSE does not take action to collect money from accounts identified though MSFIDM. To assist with financial institution billing and State reimbursement, the Federal Office of Child Support Enforcement agreed to provide each multistate financial institution or their designated transmitter participating in the MSFIDM with the following information at the end of each quarter:

- total number of MSFI accounts matched with obligor's listed on the OCSE file;
- distribution of the matched data on a State by State basis; and
- list of States that have agreed to pay a reimbursement fee for the data match, the reimbursement fee amount and the billing address if the MSFI elects to pursue cost recovery.

OCSE developed instructions and forms for use by MSFIs. Forms most frequently used by MSFIs appearing at **Appendix H** and **I** and accessible on the OCSE website include:

- MSFIDM Election Form and
- Transmittal of Magnetic Media Form.

CHAPTER IV - LIEN AND LEVY PROCESSING FEDERAL REQUIREMENTS

Definitions

A lien is a legal claim against someone's real or personal property as security against a debt or obligation. A lien impedes the debtor's ability to transfer the property. The debtor must satisfy the lien before the property may be sold or transferred. A levy is an actual collection or seizure of the property. Liens and levies are governed by State law. State laws on the use of liens vary. For example, some States require a certain dollar amount of child support debt before a lien can be imposed. State procedures for imposing a lien and executing a levy are also very diverse.

Resources

The following are formal issuances from the Federal Office of Child Support Enforcement:

- Action Transmittal AT- 97-19, dated November 20, 1997, standardized forms for imposition of liens;
- Dear Colleague Letter DCL 99-48, dated May 14, 1999, matrix of State information for liens on real property;
- Dear Colleague Letter DCL 99-89, dated September 9, 1999, a freeze and seize matrix for liens against financial accounts; and
- Policy Interpretation Question, PIQ 99-06, dated August 16, 1999, Direct Imposition of Liens and Levies Across State Lines.

Federal Statutory and Regulatory Background

Section 466(a)(4) of the Social Security Act provides that:

- Liens arise by operation of law, so that a lien is automatically created as soon as child support becomes past due; and
- States give full faith and credit to child support liens arising in other States and liens that arise in one State must be recognized in other States, but the other State must still comply with due process rules regarding liens except it cannot require judicial notice or hearing prior to enforcement of the lien. Liens that lawfully arise in one State are to be recognized in another State, for the same encumbrance value as the lien in the State of origin.

Section 466(c)(1)(G) of the Act requires States to have the ability to attach and seize assets held in financial institutions, in those cases with support arrearages, administratively and without the necessity of obtaining an order from any other judicial or administrative authority.

PRWORA also added section 452(a)(11), which required OCSE to develop a standardized lien form for imposition of liens in interstate cases. The form was issued by Action Transmittal 97-19 on November 20, 1997. PRWORA added section 454(9), which makes it a State plan requirement that States cooperate and use the lien form by March 1, 1997.

ADMINISTRATIVE ENFORCEMENT FORMS

In accordance with section 452(a)(11) of the Social Security Act, the Federal Office of Child Support Enforcement (OCSE) was required to promulgate administrative subpoena and lien forms for use in interstate child support enforcement. On November 20, 1997 OCSE issued these forms in Action Transmittal 97-19. States are required to use these forms in interstate cases. A State may elect to use them in intrastate cases. Both forms are to be used in administrative processes.

The Administrative Subpoena form is used by the IV-D program to subpoena financial or other information needed to establish, modify, or enforce a support order. The form must be issued administratively. The Notice of Lien form is used to secure debts for past-due support upon identifying, in another State, nonexempt real or personal property belonging to the obligor. The lien must be issued in accordance with the laws and procedures of the State where the property is located or recorded. It is the responsibility of the agency, or private attorney issuing the lien, to file it with the appropriate State entity.

IN-STATE LIEN AND LEVY PROCESSING

State Authority

States have statutes that govern the execution of liens and levies. These statutes usually establish parameters, define terms and establish procedures. Items addressed usually include:

- Lien threshold - the amount that the lien-eligible debt must equal or exceed before a lien is issued.
- Arrearage debt - the sum of child support arrears.
- Lien duration - the time period the lien is in effect.
- Due Process- the right to notice of the lien and to appeal.

For example, under Massachusetts State law, arrears must be at least \$500 to establish a lien, the obligor can appeal within 15 days after receipt of a lien notice, and the freeze is in effect for up to 60 days.

State Policy

States may establish policy governing what cases are exempt from lien/levy action, setting priorities to focus on certain types of cases, handling joint accounts, and handling hardship cases. For instance, States may exempt cases where the obligor has been adhering to a payment plan. States may give priority to issue a lien against an obligor who a) owes a large amount of arrears, b) pays only when ordered by a court, c) attempts to hide assets, or d) is difficult to serve.

Massachusetts Process

A look at the Massachusetts' process illustrates one State's lien and levy process. A few days after the bank or other account has been frozen, the State sends a notice to the obligor notifying him or her that the account has been seized. It includes a toll free telephone number for informal inquiries and provides the procedures and appropriate form to request an administrative review and lists the evidence required to substantiate it. Request for review must be filed within 15 days.

The 12-person Administrative Review Unit carries out all reviews within 21 days. The levied funds are placed on hold until the completion of the review. Occasionally all or some of the money levied is released if the review determines that the arrears must be revised, if all or some of the funds are exempt from the levy, or if the obligor has been paying regularly.

Reviews of hardship cases are handled in an expedited manner. To prove hardship, an obligor must show that the levy is a substantial contributing factor to one or more of the following:

- continuing or imminent homelessness,
- inability to purchase food,
- continuing lack or imminent loss of utilities,
- inability to commute to work or search for work,
- imminent, involuntary loss of employment,
- inability to obtain necessary medical treatment for the obligor or his or her dependent,

- inability to obtain necessary educational services for a dependent child with special needs,
- inability to purchase clothing necessities for the obligor or his or her dependents,
- inability to meet business payroll,
- imminent loss of business or business bankruptcy, or
- inability to leave or remain away from an unsafe domestic situation.

Joint bank accounts are matched and levied just like any individual account. Seized funds are retained by DOR and applied to the non-custodial parent's child support obligation unless the joint account holder can prove that the funds in the account are exclusively derived from his/her income, or usage of the account is limited to that joint account holder. After the first levy occurs, the joint account holder is asked to remove his or her Social Security number from the account because DOR will retain any funds seized in any subsequent levy of that same account.

SEIZING ASSETS ACROSS STATE LINES: INTERSTATE PROCESSING

INTRODUCTION

Almost one third of all IV-D child support cases are interstate cases, those in which the custodial parent is in one state and the non-custodial parent is in another state. However, less than ten percent (10%) of nationwide child support collections are from interstate cases. The ability of States to locate and seize assets in other States has been limited by the lack of information on assets in other states and being forced to rely on the enforcement actions taken in the other State.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) promises to change outdated interstate processing by giving child support agencies new authority to discover non-custodial parents' assets, and expanded tools for enforcing child support obligations across state lines on a mass scale, through automation and administrative remedies.

Section 466(a)(4) of the Social Security Act requires that States enact laws under which liens arise from past-due child support by operation of law. It also mandates States to provide full faith and credit to child support liens arising in another State, as long as the party seeking to enforce the lien complies with procedural rules regarding recording and service of liens in the State in which the real or personal property is located. Section 466(c)(1) requires that a State IV-D agency assist another State in enforcing a lien that arises in the other State against property held in the IV-D agency's State. States could enact laws that would give immediate force and effect to another State's direct liens and levies.

The introduction of the MSFIDM program shows that when it comes to child support obligors with financial accounts, "you can run, but you cannot hide." With MSFIDM, child support enforcement agencies have the ability to locate a financial account even when it is thousands of miles away. Once the account is located, State child support agencies may attempt one of several methods--traditional two-state enforcement, AEI limited service request, and direct levy--to levy funds owed for child support.

TWO-STATE ENFORCEMENT

When Used

A two-state enforcement action is taken when there is a traditional IV-D interstate case established or opened using the Uniform Interstate Family Support Act (UIFSA). In this traditional IV-D interstate case, the initiating State case has been transferred to another State for all appropriate IV-D activities. The State that transferred the IV-D case is known as the "initiating state" and the State receiving the request is known as the "responding state." In this traditional type of arrangement it is important to avoid duplication of actions by both States on the same assets. It is also important for both States to be informed of enforcement actions and

their outcomes. This is necessary since responsibility for taking all appropriate actions is being transferred between two States.

Procedure

The responding State, upon learning of the existence or identification of an asset of which the non-custodial parent is the owner, takes the appropriate action to obtain the asset from the identified financial institution by whatever methods it uses in enforcing its local cases. If on the other hand, the initiating State learns of an asset of which the non-custodial parent is the owner, it should be in contact with the responding State to avoid any duplication of effort by the responding State.

The financial institution will process a two-state enforcement action as it would any lien/levy action. The financial institution will comply with all applicable laws and procedures of the State that issues the action. As a result the financial institution would communicate and coordinate its actions with the "responding state".

Case Example - Florida Responding State to Colorado

The Florida FIDM/Levy Unit sent a Notice of Freeze to an in-state financial institution pursuing a debt of over \$27,000 in back child support. The non-custodial parent (NCP) had two accounts at the bank: a personal account with over \$12,000 and a business account with approximately \$40,000. Since the law allows freezes up to the amount of the debt, the bank froze the business account. Almost immediately the NCP contacted the Florida child support agency arguing that the money in the business account was not his personal money for disposal. Therefore, the State asked the bank to verify that a \$12,000 balance was still present in his personal bank account and to switch the freeze to it.

Florida subsequently found out the NCP went to the bank on the way to his child support county office and procured a copy of the "cancelled check" that he had written days earlier. It was made out to a marina and the memo section stated: "For boat." The NCP thought he had gotten away with it and therefore signed paperwork to let Florida take the money from his personal account which he thought had a \$480.00 balance. Florida promptly made another call to the bank and verified that the check had not cleared. The bank confirmed that the \$12,000 check would be returned. The Program Office Levy Unit phoned its county counterpart and informed it of the situation.

The county office then advised the NCP that the check had not cleared and that there was over \$12,000 frozen. Furthermore, that if the NCP didn't agree to the levy, Florida would take him to court for contempt. The NCP had given Florida a copy of the check made out to the marina for the boat thereby proving that he had the ability to pay his child support and was willfully not doing so. The NCP came back the next working day and signed a consent to levy the full amount frozen: \$12,482.27 against an \$18,000+ non-assistance arrears. Florida sent out the Notice of Levy the same day and the check was thereafter processed for mailing to Colorado.

AEI - LIMITED SERVICE REQUEST

Overview

Another new tool provided under PRWORA is Administrative Enforcement in Interstate Cases (AEI). This remedy allows a State to include requests from other States in its periodic interfacing with various State databases and to include debts received from other States in its periodic financial institution data match, conducted in accordance with section 466(a)(17) of the Social Security Act (42 U.S.C. § 666(a)(17)). The underlying IV-D case is not transferred, and the assisting State is not required to provide all appropriate IV-D services. Because the assisting State is required to provide only location and seizure of assets, it is known as a limited service request. The assisting State must maintain records of the number of requests for assistance, the number of cases for which the State collected support in response to such a request, and the amount of collected support.

Legislative History

In August of 1996, PRWORA added section 466(a)(14) of the Social Security Act (42 U.S.C. § 666(a)(14)(B)) to create a new child support enforcement mechanism called Administrative Enforcement in Interstate Cases. In recognition of the intent of the use of this section to facilitate high-volume automated location and seizure of assets in other states, the Child Support Performance and Incentive Act of 1998 amended subsection (B) as follows:

(B) HIGH-VOLUME AUTOMATED ADMINISTRATIVE ENFORCEMENT- In this part, the term 'high-volume automated administrative enforcement', in interstate cases, means, on request of another State, the identification by a State, through automated data matches with financial institutions and other entities where assets may be found, of assets owned by persons who owe child support in other States, and the seizure of such assets by the State, through levy or other appropriate processes.

Procedure

The State seeking asset information and/or seizure in another State is called the "requesting" state. The State being asked to locate and/or seize assets within its borders is referred to as the "assisting" state. The terminology is different than traditional interstate terminology ("Initiating"; "Responding") to make it clear that the requests do not create a IV-D case in the assisting state. The intent is a quick, automated search of State asset records, if necessary, and quick seizure and return of the collected asset to another State. The automated search of State asset records may not be necessary when the requesting State has already received information through the MSFIDM process that the asset is in the assisting State. In that situation, the requesting State remits the identifying account information to the assisting State with a request to seize.

1. Requesting State Responsibilities:
 - a. Determine which cases to submit to a particular state for matching and/or seizing of assets:
 - 1) received a hit in another State through MSFIDM information;
 - 2) specific indication that NCP's assets may be in that other state; or
 - 3) the application of logical criteria to identify location of delinquent obligor's assets, such as NCP's geographical proximity to assisting state, NCP's known past association with the assisting State or EFPLS match.
 - b. Certify the amount of support delinquency.
 - c. Certify that the State's procedural due process requirements have been met.
 - d. Provide sufficient information to enable the State to which the request is transmitted to compare the information about the cases to the information in the databases of the State.

2. Assisting State's Responsibilities:
 - a. Process other State's cases through assisting State's intrastate levy criteria and procedure.
 - b. Seize any identified assets that meet the State's criteria.
 - c. Maintain records of:
 - 1) the number of requests for assistance received;
 - 2) the number of cases for which the State collected support in response to such a request; and
 - 3) the amount of support collected. (The assisting State receives incentive payments for collections made as an assisting State in the AEI process. 42 U.S.C. § 658(d); OCSE form 157, Section J.)
 - d. Promptly report the results of the enforcement procedures to the requesting State.
 - e. Send the collections to the requesting State. The collection does not have to go through the assisting State's SDU, as these cases are not considered transferred to the IV-D caseload of the assisting State.

Due Process Issues

1. Requesting State.

The requesting State must certify that all procedural due process requirements have been met in each specific case. 42 U.S.C. § 666(a)(14)(A)(ii)(II)(bb). This means that a State must be able to certify that the required due process procedures were followed in establishing the order and that any further notice requirements were followed once the case became delinquent. Some states require that a notice be sent to obligors, upon establishment of the obligation order, listing all possible enforcement actions if they become delinquent in the future. Other states require a similar notice once the case becomes delinquent.

2. Assisting State.

As discussed above, past-due child support becomes a judgment by operation of law. Thus, all arrears that are referred to the assisting state are judgments. A majority of federal courts have held that the minimum requirements for procedural due process for post judgment activities, such as restraining and seizing an asset, are:

- a) Notice that the property is seized;
- b) Notice of the exemptions that can be claimed;
- c) Prompt opportunity to challenge the action.

State statutes may be more restrictive, and some may require prior notice before the actual restraint of the asset.

Appeals

The Act is silent on the issue of how appeals are handled. Since the assisting State is to treat the case as it does its intrastate cases and the assisting state is to seize the asset using its' levy procedures, the law and/or procedure of the State of the asset, which will be the assisting State, will apply. The requesting State is responsible for settling disputes regarding the amount of the debt and should be available to the assisting State if there is a contest. In complicated cases, a two-state action should be initiated.

Case Example (to be added after completion of AEI pilot)

DIRECT LEVY

Federal OCSE PIQ-99-06, issued August 16, 1999, discusses the direct imposition of liens and levies across State lines. The conclusion is that while States could enact laws which would give immediate force and effect to another State's liens or levies, they are not required to. The PIQ further notes that if a State allows direct liens and levies from another State, the sending State must be fully aware of the procedural rules of the receiving State.

Case Example

Washington State: When a non-custodial parent failed to make child support payments he was ordered into court to face contempt charges. Instead, he fled the state. Despite years of locate efforts, no income source could be found and no payments were obtained--until FIDM. A multistate match revealed a large account at a major investment firm and levy action was taken. The result was the first payment ever received--\$74,344.97-- and the commencement of regular monthly child support payments.

Massachusetts: Until the advent of MSFIDM, the Child Support Enforcement Division of the Massachusetts Department of Revenue (DOR) could not reach beyond Massachusetts' borders to levy out of state bank accounts. In November 1999, DOR started putting MSFIDM information to use, by sending levy notices directly to financial institutions in other states. Within three

months DOR collected more than \$160,000 using this approach. Three examples show what happens when you combine MSFIDM with Direct Levy.

- One custodial parent was owed more than \$11,000 for her 15-year old twin daughters and seven-year-old son. It was more than two years since the non-custodial parent, now living in Georgia, had sent any child support payments. This time the custodial parent hit the jackpot: a North Carolina bank remitted \$11,709, satisfying the debt in full.
- One parent was owed \$5,514 in unpaid child support for a 17-year-old son and 15 year old daughter. Through income withholding, the non-custodial parent had been paying his \$50 a week order plus an additional 25% as payment on arrears, a total of \$62.50. At that rate of arrears paydown, the family would have had to wait 441 weeks for full payment. Instead, the bank in North Carolina remitted the entire amount owed - \$5,514 - and the waiting was over.
- One non-custodial parent lives in Florida, banks in Virginia and owed a total of \$18,501 to the custodial parent and the Commonwealth of Massachusetts for support due his 18-year-old daughter and older son. Each week, DOR received \$60 to fulfill the current obligation but not touching the arrears amount. When the non-custodial parent received a copy lien notice, he immediately contacted DOR's Customer Service Bureau and declared he would pay off the arrears. He mailed two payments totaling \$18,516 and satisfied the debt owed to all.