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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

45 CFR Parts 302, 303, 307, and 309

RIN 0970-AC50

Child Support Technical Corrections Notice of Proposed Rulemaking

AGENCY: Office of Child Support Enforcement (OCSE), Administration for Children and Families (ACF), Department of Health and Human Services (HHS).

ACTION: Notice of Proposed Rulemaking; delay of compliance date.

SUMMARY: The Office of Child Support Enforcement proposes to eliminate regulations rendered outdated or unnecessary and make technical amendments to the Flexibility, Efficiency, and Modernization in Child Support Enforcement (FEM) final rule, published on December 20, 2016, including proposing to amend the compliance date for review and adjustment of child support orders. We are also proposing conforming amendments to the regulations as a result of Bipartisan Budget Act of 2018, Public Law 115-123.

DATES: In order to be considered, we must receive written comments on this Notice of Proposed Rulemaking (NPRM) on or before [INSERT DATE 30 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: You may submit comments, identified by [docket number and/or Regulatory Information Number (RIN) number], by one of the following methods:

- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- Mail: Written comments may be submitted to: Office of Child Support Enforcement, Attention: Director of Policy and Training, 330 C Street SW, Washington, DC 20201.

Instructions: All submissions received must include the agency name and docket number or RIN for this rulemaking. All comments received will be posted without change to <https://www.regulations.gov>, including any personal information provided.

FOR FURTHER INFORMATION CONTACT: Tricia John, Division of Policy and Training, OCSE, telephone (202) 260-7143. Email inquiries to ocse.dpt@acf.hhs.gov. Deaf and hearing impaired individuals may call the Federal Dual Party Relay Service at 1-800-877-8339 between 8 a.m. and 7 p.m. Eastern Standard Time.

SUPPLEMENTARY INFORMATION:

Submission of Comments

Comments should be specific, address issues raised by the proposed rule, propose alternatives where appropriate, explain reasons for any objections or recommended changes, and reference the specific action of the proposed rule that is being addressed. Additionally, we will be interested in comments that indicate agreement with changed or new proposals. We will not acknowledge receipt of the comments we receive. However, we will review and consider all

comments that are germane and are received during the comment period. We will respond to these comments in the preamble to the Final Rule.

Statutory Authority

This NPRM is published under the authority granted to the Secretary of Health and Human Services by section 1102 of the Social Security Act (Act), 42 U.S.C. 1302. Section 1102 of the Act authorizes the Secretary to publish regulations, not inconsistent with the Act, as may be necessary for the efficient administration of the functions with which the Secretary is responsible under the Act.

Background

These revisions are intended to carry out the President's directives in Executive Orders (E.O.) 13771 and 13777. Executive Order 13777 requires each agency to establish a Regulatory Reform Task Force that shall evaluate existing regulations (as defined in section 4 of E.O. 13771) and make recommendations to the agency head regarding their repeal, replacement, or modification, consistent with applicable law. This rule proposes to eliminate identified regulatory requirements that are outdated and unnecessary. Additionally, this regulation proposes to make a few technical amendments that needed policy adjustments.

The OCSE is proposing to revise the compliance date for *Review and adjustment of child support orders* in § 303.8(b)(7)(ii). This Federal requirement indicates that the State must, within 15 business days of learning that the noncustodial parent will be incarcerated for more than 180 calendar days, send notices to both parents informing them of the right to request review and, if appropriate, adjustment of the child support order. Currently, the FEM final rule

indicates that the compliance date for this Federal requirement is 1 year from the date of publication of the final rule, or December 20, 2017, and if State law changes are needed, the compliance date will be the first day of the second calendar quarter beginning after the close of the first regular session of the State legislature that begins after the effective date of the final rule (January 20, 2017).

However, after issuing the FEM final rule, it was brought to our attention that the compliance date for § 303.8(b)(7)(ii) would be impractical for those States that needed to revise their regulations to prohibit incarceration from being considered voluntary unemployment in accordance to § 302.56(c)(3). As a result, we are amending the compliance date for § 303.8(b)(7)(ii) to add that for those States that consider incarceration to be voluntary unemployment, the compliance date is 1 year after completion of the first quadrennial review of the State's guidelines that commences more than 1 year after publication of the final rule (December 20, 2016).

On February 9, 2018, the President signed the Bipartisan Budget Act of 2018 Public Law (Pub. L.) 115-123. Section 53117 of Pub. L. 115-123, Modernizing child support enforcement fees, amends Section 454(6)(B)(ii) of the Social Security Act to increase the annual collection fee from \$25 to \$35. The law also revises the amount from \$500 to \$550 that the State must collect and disburse to the family before imposing the fee each Federal fiscal year. Additionally, to obtain more timely National Directory of New Hires (NDNH) data, we are proposing in § 303.108(c) to reduce the timeframe to report wage information to the NDNH from the end of the fourth month following the reporting period to the end of the first month following the reporting period, which would align the timeframes for when States must report wage data and unemployment compensation claims data.

Effective and Compliance Dates

The proposed effective date would be 60 days from the date of publication of this final rule. However, we are proposing delayed compliance dates, or the dates that States must comply with the final rule, for the following proposed regulatory changes:

- Review and adjustment of child support orders [§ 303.8(b)(7)(ii)]: Currently, the compliance date for sending notices to both parents within 15 business days of when the IV-D agency learns that the noncustodial parent will be incarcerated for more than 180 days is 1 year from the date of publication of the FEM final rule (December 20, 2016). If State law revisions are needed, the compliance date is the first day of the second calendar quarter beginning after the close of the first regular session of the state legislature that begins after the effective date of the regulation (January 20, 2017). However, for those States that consider incarceration to be voluntary unemployment, this proposed rule will delay the compliance date for sending these notices [§ 303.8(b)(7)(ii)] to 1 year after completion of the first quadrennial review of the State's guidelines that commences more than 1 year after publication of the FEM final rule (December 20, 2016).
- Annual collection fee for individuals not receiving title IV-A assistance [§ 302.33(e)]: The compliance date is the first day of the first fiscal year that begins on or after the date of the enactment of the Bipartisan Budget Act of 2018, or October 1, 2018. If the Secretary of Health and Human Services determines that State legislation (other than legislation appropriating funds) is required for a State to meet the requirements imposed by the amendment in Section 454(6)(B)(ii) of the Social Security Act [42 U.S.C. 654(6)(B)(ii)], then the State shall not be regarded as failing to meet such

requirements before the first day of the first calendar quarter beginning after the first regular session of the State legislature that begins after the date of the enactment of Pub. L. 115-123. However, if a State has a 2-year legislative session, each year of the session is deemed to be a separate regular session of the state legislature.

- Quarterly wage and unemployment compensation claims reporting to the National Directory of New Hires [§ 303.108(c)]: The compliance date is one year after the publication of the final rule.

We are inviting comments concerning the proposed effective and compliance dates.

Section-by-Section Discussion of the Provisions of This Proposed Rule

Section 302.33: Services to individuals not receiving title IV-A assistance.

We propose to revise § 302.33(e) because Section 454(6)(B)(ii) of the Social Security Act was amended by Section 53117 of Pub. L. 115-123, Modernizing Child Support Enforcement Fees. The \$25 annual fee was increased to \$35. The amount the State must collect and disburse to the family each year before imposing the collection of the annual fee was changed from \$500 to \$550.

Section 303.11: Case closure criteria.

We propose to revise paragraph (b)(9)(ii) to allow case closure when the noncustodial parent is also receiving concurrent Supplemental Security Income (SSI) and Social Security Retirement (SSR) benefits. The rationale for closing concurrent SSI/Social Security Disability Income (SSDI) cases applies equally to concurrent SSI/SSR cases because the noncustodial parent meets the low-income means-tested criteria for the SSI program. The concurrent SSI/SSR noncustodial parent receives no more income than a SSI/SSDI recipient. SSDI and SSR benefits

are related in that SSR benefits take the place of SSDI when an individual reaches retirement age.

SSDI benefits are available to individuals who are disabled, have enough work income, and under the age of 65 or retirement age. When an individual turns 65 or retirement age, they become eligible for SSR benefits, which are also based on their work income. A recipient receives concurrent SSI and either SSDI or SSR benefits under title II of the Act when the disabled noncustodial parent qualifies for the means-tested SSI benefits on the basis of his or her income and assets, but also qualifies for the SSDI or SSR benefits. In these cases, the Social Security Administration pays a combination of benefits up to the SSI benefit level. Given that a noncustodial parent who is eligible for concurrent benefits meets the SSI means-tested criteria and receives the same benefit amount as a SSI beneficiary, it is appropriate to close these cases on the same basis as an SSI case.

Section 303.71: Requests for full-collection services by the Secretary of the Treasury.

We propose to remove § 303.71, “Requests for full collection services by the Secretary of the Treasury.” Currently, there are only 23 cases that have been certified under this procedure between 2008 and 2013. Based on the Internal Revenue Service’s statute of limitations, they will close a full-collection case after 10 years if there is no payment activity. States have not submitted any new cases for this enforcement procedure since 2013. Because the number of other more effective enforcement procedures available to States has grown, and given that States are no longer widely using this enforcement tool, we propose streamlining the regulations by removing the provision. Because the procedure is statutory, the removal of § 303.71 will not

impact a State's ability to use this procedure, pursuant to section 452(b) of the Act, if it so chooses.

Section 303.73: Applications to use the courts of the United States to enforce court orders.

We propose to remove § 303.73, “Applications to use the courts of the United States to enforce court orders,” because it is no longer necessary. Sections 452(a)(8) and 460 of the Act permit the use of the courts of the United States, without regard to any amount in controversy, when another State has not undertaken to enforce a court order of an originating State against an absent parent within a reasonable time and the Secretary finds that use of the Federal courts is the only reasonable method of enforcing such order. Federal regulations at § 303.73 prescribe that a State seeking to use the Federal courts to enforce a child support order against an absent parent in another State may apply to the Secretary for permission to use a United States district court for such purpose based on instructions issued by OCSE. This regulation, originally promulgated at 45 CFR 302.72 in 1975, was needed to enforce interstate orders. An Action Transmittal (AT) issued February 6, 1976 (OCSE-AT-76-1) and revised May 12, 1976 (OCSE-AT-76-8) provides guidance for use of Federal courts and instructions to State IV-D agencies for preparation and submission of applications for certification to use a U.S. district court.

However, the “Preventing Sex Trafficking and Strengthening Families Act,” enacted on September 29, 2014 (Pub. L. 113-183), amended section 466(f) of the Social Security Act, requiring all States to enact 2008 amendments to the Uniform Interstate Family Support Act “officially adopted as of September 30, 2008 by the National Conference of Commissioners on Uniform State Laws” (referred to as UIFSA 2008). As a result, UIFSA 2008 makes this requirement obsolete since it establishes procedures for enforcing interstate orders. UIFSA 2008

defines a tribunal as a court, administrative agency, or quasi-judicial entity authorized to establish, enforce, or modify support orders or to determine parentage of a child. UIFSA also establishes rules/standards related to personal, subject matter, and long-arm jurisdiction and establishes procedures on registering/enforcing foreign orders.

Section 303.108: Quarterly wage and unemployment compensation claims reporting to the National Directory of New Hires.

Section 453A(g)(2)(B) of the Act, requires that the State Directory of New Hires shall, on a quarterly basis, furnish to the NDNH information concerning the wages and unemployment compensation paid to individuals, by such dates, in such format, and containing such information as the Secretary of Health and Human Services shall specify in regulations. In accordance with § 303.108(c), the State must report quarterly wage information no later than the end of the fourth month following the reporting period. However, the State reports quarterly unemployment compensation claim information no later than the end of the first month following the reporting period.

We propose to revise § 303.108(c) to reduce the timeframe for reporting quarterly wage data to the end of the first month following the reporting period. This will align the time frames for when States must report wage data and unemployment compensation claims data to the NDNH and help ensure State child support programs receive data more timely to locate parents and to establish and enforce support orders and medical support orders.

Section 307.11: Functional requirements for computerized support enforcement systems in operation by October 1, 2000.

We propose to revise paragraph (c)(3) as a technical correction to the FEM final rule to include noncustodial parents who receive concurrent Supplemental Security Income (SSI) and Social Security Retirement (SSR) benefits under title II of the Act. Additionally, we are adding “or through an income withholding order” so the State should be preventing garnishment from the noncustodial parent’s financial accounts or through an income withholding order. In other words, if a noncustodial parent is receiving concurrent SSI and either SSDI or SSR benefits, the State should not be sending an income withholding order directing the Social Security Administration to garnish the SSDI or SSR portion of the concurrent benefits.

As we indicated under the *Case closure criteria* section (§ 303.11), a recipient receives concurrent SSI and either SSDI or SSR benefits under title II of the Act when the disabled noncustodial parent qualifies for the means-tested SSI benefits on the basis of his or her income and assets, but also qualifies for the SSDI or SSR benefits. In these cases, the Social Security Administration pays a combination of benefits up to the SSI benefit level. Given that a noncustodial parent who is eligible for concurrent benefits meets the SSI means-tested criteria and receives the same benefit amount as a SSI beneficiary, it is appropriate that neither the SSDI nor the SSR benefit is garnished by the State through either an income withholding order or from his or her financial accounts. However, if the noncustodial parent only receives a SSDI or SSR benefit, the State child support agency may continue to garnish these benefits.

Likewise, we are making similar changes to paragraph (c)(3)(ii). If the State incorrectly garnishes a noncustodial parent concurrent benefits from SSI and either SSDI or SSR either from his or her financial account or directly through an income withholding order, the State must

promptly return the monies within 5 business days after the State becomes aware that the noncustodial parent was receiving concurrent SSI and either SSDI or SSR benefits.

Section 307.30: Federal financial participation at the 90 percent rate for statewide computerized support enforcement systems.

We propose to remove § 307.30 because this section is outdated. We no longer have the authority to provide enhanced Federal financial participation (FFP) funding at the 90 percent rate for statewide computerized support enforcement systems. The 90 percent enhanced funding was only available for expenditures for the planning, design, development, installation, or enhancement of a statewide computerized support enforcement system during the Federal fiscal years 1996 and 1997.

Section 307.31: Federal financial participation at the 80 percent rate for computerized support enforcement systems.

We propose to remove § 307.31 because this section is outdated. We no longer have the authority to provide enhanced FFP funding at the 80 percent rate for statewide computerized support enforcement systems. The 80 percent enhanced funding was only available for expenditures for the planning, design, development, installation, or enhancement of a statewide computerized support enforcement system until September 30, 2001.

Section 309.20: Who submits a Tribal IV-D program application and where?

We propose to revise § 309.20(b) to remove an outdated address.

Section 309.75: What administrative and management procedures must a Tribe or Tribal organization include in a Tribal IV-D plan?

An Interim Final Rule effective December 26, 2014 (79 FR 75871), issued jointly by the Office of Management and Budget (OMB), HHS, and a number of Federal agencies, implements final guidance regarding “Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards” (Uniform Guidance). We are revising the reference regarding OMB Circular A-133, which was superseded by the Uniform Guidance effective December 26, 2014 (79 FR 75871), to the updated reference 45 CFR part 75, Subpart F.

Section 309.155: What uses of Tribal IV-D program funds are not allowable?

We are revising the reference in § 309.155(g) regarding OMB Circular A-87, which was superseded by the Uniform Guidance effective December 26, 2014 (79 FR 75871) to the updated reference 45 CFR part 75, Subpart E.

Paperwork Reduction Act

No new information collection requirements are imposed by these regulations, nor are any existing requirements changed as a result of their promulgation. Therefore, the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)), regarding reporting and record keeping, do not apply.

Regulatory Flexibility Analysis

The Secretary certifies that, under 5 U.S.C. 605(b), as enacted by the Regulatory Flexibility Act (Pub. L. 96-354), this rule will not result in a significant impact on a substantial

number of small entities. The primary impact is on State governments. State governments are not considered small entities under the Act.

Regulatory Impact Analysis

Executive Orders 12866, 13563, and 13771

Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. ACF consulted with the OMB and determined that this rule does meet the criteria for a significant regulatory action under E.O. 12866. Thus, it was subject to OMB review. ACF determined that the costs to title IV–D agencies as a result of this rule will not be significant as defined in E.O. 12866 (have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities). Because the rule is not economically significant as defined in E.O. 12866, no cost-benefit analysis needs to be included in this NPRM. This proposed rule, if finalized as proposed, would be considered an E.O. 13771 deregulatory action.

Unfunded Mandates Reform Act of 1995

The Unfunded Mandates Reform Act (Pub. L. 104–4) requires agencies to prepare an assessment of anticipated costs and benefits before proposing any rule that may result in an

annual expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more (adjusted annually for inflation). That threshold level is currently approximately \$150 million. This proposed rule does not impose any mandates on State, local, or tribal governments, or the private sector that will result in an annual expenditure of \$146 million or more.

Congressional Review

This regulation is not a major rule as defined in 5 U.S.C. chapter 8.

Assessment of Federal Regulations and Policies on Families

Section 654 of the Treasury and General Government Appropriations Act of 1999 requires Federal agencies to determine whether a proposed policy or regulation may affect family well-being. If the agency's determination is affirmative, then the agency must prepare an impact assessment addressing seven criteria specified in the law. This regulation makes technical changes in the child support regulations. This regulation will not have an adverse impact on family well-being as defined in the legislation.

Executive Order 13132

Executive Order 13132 prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial direct compliance costs on State and local governments and is not required by statute, or the rule preempts State law, unless the agency meets the consultation and funding requirements of section 6 of the Executive Order. This rule does not have federalism impact as defined in the Executive Order.

List of Subjects

45 CFR Part 302

Child support, State Plan Requirements.

45 CFR Part 303

Child support, Standards for program operations.

45 CFR Part 307

Child support, Computerized support enforcement systems.

45 CFR Part 309

Child support, Tribal child support enforcement (IV-D) program.

(Catalog of Federal Domestic Assistance Programs No. 93.563, Child Support Enforcement Program.)

Lynn A. Johnson,
Assistant Secretary
for Children and Families.

Approved: November 19, 2018.

Alex M. Azar II,
Secretary.

For the reasons set forth in the preamble, we propose to amend 45 CFR Chapter III, as set follows:

PART 302—STATE PLAN REQUIREMENTS

1. The authority citation for part 302 continues to read as follows:

AUTHORITY: 42 U.S.C. 651 through 658, 659a, 660, 664, 666, 667, 1302, 1396a(a)(25), 1396b(d)(2), 1396b(o), 1396b(p), and 1396(k).

§ 302.33 [Amended]

2. Amend § 302.33 by:

- a. Revising (e) intro text paragraph;
- b. Removing in paragraph (e)(1), (2), (4), (5) wherever it appears the dollar amount “\$25” and replacing it with “\$35”; and
- c. Removing in paragraphs (e)(1)(i) and (3), wherever it appears the dollar amount “\$500” and replacing it with “\$550”.

The revision reads as follows:

§ 302.33 Services to individuals not receiving title IV-A assistance.

(e) Annual collection fee. ***

PART 303--STANDARDS FOR PROGRAM OPERATIONS

3. The authority citation for part 303 reads as follows:

AUTHORITY: 42 U.S.C. 651 through 658, 659a, 660, 663, 664, 666, 667, 1302, 1396a(a)(25), 1396b(d)(2), 1396b(o), 1396b(p), and 1396(k), and 25 U.S.C. 1603(12) and 1621e.

4. Revise § 303.11 paragraph (b)(9)(ii) to read as follows:

§ 303.11 Case closure criteria.

* * * * *

(b) * * *

(9) * * *

(i) * * *

(ii) Both SSI payments and either Social Security Disability Insurance (SSDI) or Social Security Retirement (SSR) benefits under title II of the Act.

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§ 303.71 [Removed]

5. Remove § 303.71.

§ 303.73 [Removed]

6. Remove § 303.73.

7. Amend § 303.108 by revising paragraph (c) to read as follows:

§ 303.108 Quarterly wage and unemployment compensation claims reporting to the National Directory of New Hires

* * * * *

(c) *What timeframes apply for reporting quarterly wage and unemployment compensation claims data?* The State shall report wage and claim information for the reporting period no later than the end of the first month following the reporting period.

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PART 307--COMPUTERIZED SUPPORT ENFORCEMENT SYSTEMS

8. The authority for part 307 continues to read as follows:

AUTHORITY: 42 U.S.C. 652 through 658, 664, 666 through 669A, and 1302.

9. Amend § 307.11 by revising paragraphs (c)(3)(i) and (ii) as follows:

§ 307.11 Functional requirements for computerized support enforcement systems in operation by October 1, 2000

* * * * *

(c) * * *

(3) * * *

(i) Identify cases that have been previously identified as involving a noncustodial parent who is a recipient of SSI payments or concurrent SSI payments and either Social Security Disability Insurance (SSDI) or Social Security retirement (SSR) benefits under title II of the Act, to prevent garnishment of these funds from the noncustodial parent's financial account or through an income withholding order; and

(ii) Return funds to a noncustodial parent within 5 business days after the agency determines that SSI payments or concurrent SSI payments and either SSDI or SSR benefits under title II of the Act have been incorrectly garnished from the noncustodial parent's financial account or through an income withholding order.

* * * * *

§ 307.30 [Removed]

10. Remove § 307.30.

§ 307.31 [Removed]

11. Remove § 307.31.

PART 309—TRIBAL CHILD SUPPORT ENFORCEMENT (IV-D) PROGRAM

12. The authority for part 309 continues to read as follows:

AUTHORITY: 42 U.S.C. 655(f) and 1302.

§ 309.20 [Amended]

13. Amend § 309.20 paragraph (b) by removing the words “Tribal Child Support Enforcement Program, 370 L'Enfant Promenade, SW., Washington, DC 20447” and adding in its place, the words “Federal Office of Child Support Enforcement”.

§ 309.75 [Amended]

14. Amend § 309.75 paragraph (d) by removing the citation wording “OMB Circular A-133” and adding in its place, the words “45 CFR part 75, Subpart F”.

§ 309.155 [Amended]

15. Amend § 309.155 paragraph (g) by removing the words “OMB Circular A-87” and adding in its place, the words “45 CFR part 75, Subpart E”.

[FR Doc. 2018-27224 Filed: 12/17/2018 8:45 am; Publication Date: 12/18/2018]