Welfare – Fathers and Child Support

WELFARE -
~~[illegible]~~
FATHERS &
CHILD SUPPORT

Q&A: Child Support and Gambling Winnings
January 26, 2000
DRAFT

Q: Isn't the idea of intercepting gambling winnings going too far?

A: By not paying their child support, deadbeat parents are reneging on their financial responsibility to their children. This Administration has been tough on deadbeat parents and the results are that collections have nearly doubled since the President took office in 1992. Strong enforcement tools put in place since 1992 have strengthened our efforts to collect child support, such as allowing garnishing of wages, seizing of bank accounts, and taking of drivers and other licenses. In addition, based on the 1996 welfare reform law, state lottery winnings are withheld from parents who owe past due child support.

This proposal only builds on the process already in place to collect taxes on gambling winnings, which gaming establishments already report for certain activities and retain a portion of the winnings in some circumstances for tax purposes. This proposal would only require that gaming establishments also check if an individual with winnings over a certain amount ($600 to $1,500 depending on the type of gambling) owe child support. If they do owe child support, winnings would be retained for the children of the gambler. This proposal would increase child support collections to families by $348 million over five years and save the federal government $183 million over the same period.

Q: Exactly what gambling activities are covered by this?

A: Again, our proposal follows the IRS rules for reporting. The IRS already requires information on winnings depending on the type of gaming. For example, if slot machine's winnings exceed $1,200 an individual has to fill out a W-2G at the winnings window. Our proposal would only require that that a few pieces of information from the W-2G -- the persons name, social security number and amount of winnings -- be transmitted to a secure internet site where it would be matched against updated HHS Tax Refund Offset Information on parents who owe child support. The match inquiry would report back: 1) there is no match and the individual does not owe past due child support; 2) the individual owes past due child support which exceeds the amount of the individual's winnings, therefore, the entire amount of winnings should be retained; or 3) the individual owes child support but the amount does not exceed the amount of winnings; therefore, only the amount of child support owed should be retained.

IRS rules require that a W-2G be filled out for: Keno winnings above $1,500, horse and dog racing and other wagering transaction (sports betting) winnings above $600.

Q: Does this apply to gaming establishments on Indian reservations?

A: Yes.

[a dad who owes c.s. [illegible] 18 [illegible]]

① crack down on deadbeat dads.

② several proposals: [illegible]

[illegible]

[illegible]

Q: For what circumstances do gaming establishments currently retain a portion of winnings for tax purposes?

A: Gaming establishments already retain a portion of winnings in certain circumstances. For horse and dog racing, gaming establishments withhold 28 percent of winnings that are over $5,000 and beyond 300 times the amount wagered. Also, if a person does not report their Social Security number 31 percent of their winnings are retained.

Q: Besides intercepting gambling winnings, what other child support proposals is the Administration proposing?

A: To collect more child support from fathers who can pay, the Administration's FY 2001 Budget will include several new initiatives to further crackdown on parents who owe child support and can afford to pay. These initiatives (including intercepting gambling winnings) will collect nearly $2 billion more over five years in support for children who need and deserve the support of both parents by:

- Booting the Cars of Deadbeat Parents. This will take nationwide a policy adopted in Virginia that immobilizes vehicles owned by deadbeat parents until they begin to pay what they owe. During the pilot phase, this initiative collected an average of $5,000 from each deadbeat parent. This new tool will enable every state to collect more child support; there will be safeguards to ensure that those legitimately trying to pay are not targeted.

- Denying Passports to Parents Who Owe $2,500 or More in Child Support. This proposal will deny passports to parents owing more than $2,500 in child support. This expands the current passport denial program, which rejects passport applications or renewal requests if child support arrearages exceed $5,000, and currently results in 30-40 denied passports per day. Rejected parents often pay child support immediately in order to obtain their passports.

- Prohibiting Medicare Participation by Providers Owing Child Support. This bars doctors and other health providers who owe child support from becoming Medicare providers.

- Requiring More Frequent Updating of Child Support Orders. This proposal will require states to review support orders every three years for families receiving TANF and adjust them accordingly. New orders reflecting parents' updated salary information will bring more child support to children who need it.

The Administration's budget will also contain a proposal that will ensure that more child support goes directly to families. Current child support distribution rules are complicated, and often result in government, not families, keeping child support monies paid by the father. Today's proposals will enable states to simplify distribution rules and provide incentives to states that pass through more child support payments directly to families. In states that adopt the new options, families that have left welfare will be able to keep all the child support paid by the noncustodial parent; families still working their way off welfare will be able to keep up to $100 a month. These proposals will create a clearer connection between what a father pays and what his family gets, giving parents more reason to cooperate with the child support system.

Q: Isn't booting a car too harsh? How is a noncustodial parent supposed to pay their child support if they can't get to work?

A: Absolutely not. Despite record child support collections, there are still too many parents who flagrantly ignore their obligations to their children. Clearly, the punishment meets the crime. By not paying their child support, deadbeat parents are reneging on their financial responsibility to their children. The booting of vehicles will be used against the worst offenders – those who owe more than $1,000 in past due support and have thumbed their noses at the state's previous attempts to collect. Even so, safeguards will be required to take extra care not to wrongfully embarrass anyone through administrative oversight or error. In Virginia's pilot program, parents paid $5,000 on average in child support once their car was booted. Overall, we estimate that requiring states to have a policy in place to boot deadbeat's cars will increase child support collections to families by $183 million nationwide over five years.

Q: How does the process work to boot cars of deadbeats who owe child support?

A: The deadbeat parent must be at least $1,000 in past due child support and have a current support obligation in order for the state to consider booting his car. Current law already requires that due process procedures be in place before liens are established and executed for purposes of child support enforcement. Once a lien has been filed, the state child support agency will send a notice of intent to the non-custodial parent warning them of the action. Once the car has been booted by the sheriff or police department, the state child support agency must reach a payment agreement at which point the boot may be removed from the vehicle.

Currently, booting is occurring statewide in Virginia. As part of a pilot program in Fairfax County, Virginia, 70 cars were booted, garnering on average over $5,000 from each deadbeat parent between March 1998 and December 1999. In addition, counties in Michigan and New Jersey are also using the car boot to strengthen their child support efforts.

Q: What are the new child support numbers released this week?

A: Since taking office, this Administration has made child support enforcement a top priority, and those efforts are paying off for children across America. New figure released by the Department of Health and Human Services show that child support collections have nearly doubled since the President took office, from $8 billion in 1992 to an estimated $15.5 billion in 1999. Moreover, new figures show that a record $1.3 billion of these collections came from seizing federal income tax refunds for tax year 1998 – again almost doubling the amount collected since 1992.

WHITE HOUSE UNVEILS NEW RESPONSIBLE FATHERHOOD INITIATIVE TO PROMOTE WORK AND BOOST CHILD SUPPORT PAYMENTS

January 26, 2000

Today, the White House will unveil a major new initiative to promote work, child support, and responsible fatherhood. The responsible fatherhood initiative, part of the Administration's FY 2001 budget, will include new measures to 1) collect child support from parents who can afford to pay; 2) ensure that more child support goes directly to families, and 3) provide funds to help more "deadbroke" fathers who owe child support go to work. These responsible fatherhood proposals are a critical next step in welfare reform, and will build upon the Administration's efforts to help low-income families succeed in the workforce and help even more long-term welfare recipients go to work. The White House today will also announce new data showing that thanks to the Administration's child support crackdown, collections have nearly doubled since President Clinton and Vice President Gore took office.

COLLECTING MORE CHILD SUPPORT FROM FATHERS WHO CAN PAY. The Administration's budget will include new initiatives to crack down further on parents who owe child support. These initiatives will collect nearly $2 billion for children over the next five years by:

- Booting the Cars of Deadbeat Parents. This will take nationwide a policy adopted in Virginia that immobilizes vehicles owned by deadbeat parents until they begin to pay what they owe. During the pilot phase, this initiative collected an average of $5,000 from each deadbeat parent. This new tool will enable every state to collect more child support; there will be safeguards to ensure that those legitimately trying to pay are not targeted.

- Intercepting Gambling Winnings to Collect Past-Due Child Support. Gambling winnings are a form of income, which until now has been out of reach to families who are owed child support. Under this initiative, gambling establishments will check whether individuals with large winnings owe child support as they complete existing procedures for withholding federal income taxes. Gamblers owing child support will have their winnings seized.

- Denying Passports to Parents Who Owe $2,500 or More in Child Support. This proposal will deny passports to parents owing more than $2,500 in child support. This expands the current passport denial program, which rejects passport applications or renewal requests if child support arrearages exceed $5,000, and currently results in 30-40 denied passports per day. Rejected parents often pay child support immediately in order to obtain their passports.

- Prohibiting Medicare Participation by Providers Owing Child Support. This bars doctors and other health providers who owe child support from becoming Medicare providers.

- Requiring More Frequent Updating of Child Support Orders. This proposal will require states to review support orders every three years for families receiving TANF and adjust them accordingly. New orders reflecting parents' updated salary information will bring more child support to children who need it.

STREAMLINING CHILD SUPPORT RULES SO MOTHERS GET MORE RELIABLE CHILD SUPPORT INCOME. The Administration's budget will contain a proposal that will ensure that more child support goes directly to families. Current child support distribution rules are complicated, and often result in government, not families, keeping child support monies paid by the father. Today's proposals will enable states to simplify distribution rules and provide incentives to states that pass through more child support payments directly to families. In states that adopt the new options, families that have left welfare will be able to keep all the child support paid by the noncustodial parent; families still working their way off welfare will be able to keep up to $100 a month. These proposals will create a clearer connection between what a father pays and what his family gets, giving parents more reason to cooperate with the child support system.

HELPING LOW-INCOME FATHERS AND WORKING FAMILIES SUPPORT THEIR CHILDREN. The Administration's budget also proposes $255 million for the first year of a new "Fathers Work/Families Win" initiative to help low-income non-custodial parents and low-income working families work and support their children.

- Fathers Work. To ensure that low-income fathers who are not living with their children provide the financial and emotional support their children deserve, the Administration's budget will include $125 million for new "Fathers Work" grants. These grants will help approximately 40,000 low income non-custodial parents (mainly fathers) work, pay child support, and reconnect with their children. As part of this effort, states will need to put procedures in place allowing them to require more parents who owe child support to pay or go to work, expanding to include parents of children not on welfare. This initiative builds on over $350 million in responsible fatherhood initiatives funded through the Labor Department Welfare-to-Work program.

- Families Win. To reward work and responsibility and ensure that all families benefit from the booming economy, the Administration's budget will include $130 million in new grants to help hard-pressed working families get the supports and skills they need to succeed on the job and avoid welfare. These funds will leverage existing resources to help families retain jobs and upgrade skills, and get connected to critical work supports, such as child care, child support, health care, food stamps, housing, and transportation. Families Win grants will serve approximately 40,000 low-income families, including mothers and fathers, former welfare recipients, and people with disabilities. Within these funds, $10 million will be set aside for applicants from Native American workforce agencies.

CHILD SUPPORT COLLECTIONS SET NEW RECORD, NEARLY DOUBLING SINCE 1992. The White House today will also announce new data showing that the Administration's child support campaign nearly doubled collections to $15.5 billion in FY 1999, up from $8 billion in 1992. A record $1.3 billion of these collections came from withholding federal tax returns from deadbeat parents, with the balance coming from a variety of stronger enforcement tools put in place since 1992, allowing garnishing of wages, seizing of bank accounts, and taking of drivers and other licenses. The new data show that efforts to track deadbeat parents across state lines are working – 2.8 million parents were located in the first two years of operation of the National Directory of New Hires, which matches child support orders to employment records. These statistics confirm promising trends, showing that paternity establishment – often the first step in collecting child support – tripled to nearly 1.5 million in 1998, and the number of child support cases with collections rose from 2.8 million in 1992 to 4.5 million in 1998.

EXTENDING WELFARE-TO-WORK GRANTS. To help more long-term welfare recipients and low-income fathers go to work and support their families, the Administration's budget will give state, local, tribal, and community- and faith-based grantees an additional two years to spend Welfare-to-Work funds, ensuring that roughly $2 billion in existing resources continues to help those most in need. This will give grantees an opportunity to fully implement the $3 billion Welfare-to-Work initiative the Administration fought to include in the 1997 Balanced Budget Act, as well as the program eligibility improvements enacted last year with the Administration's support.

NEW INITIATIVES ARE IMPORTANT NEXT STEP IN WELFARE REFORM. The initiative to be announced today is an important next step in welfare reform, which has moved millions of single parents (mainly mothers) into the workforce, and it is a logical extension of the existing Welfare-to-Work funds, which are helping long-term welfare recipients and low-income fathers work and support their families.

Three years after the enactment of the welfare reform law, we've seen revolutionary changes to promote work and responsibility. Numerous independent studies confirm that people are moving in record numbers from welfare to work, and welfare rolls are down by more than half since 1992 to their lowest level in 30 years. The 12,000 companies in the Welfare to Work Partnership launched by the Administration in 1997 have hired nearly 650,000 former welfare recipients. More than 1.3 million welfare recipients nationwide went to work in 1998 alone; the percentage of adults still on welfare who were working nearly quadrupled between 1992 and 1998, with all fifty states meeting the welfare reform law's overall work requirement. Today, there are 2.2 million fewer children living in poverty than in 1993, and the child poverty rate declined from 22.7 percent to 18.9 percent – the largest five year drop in nearly 30 years. The overall poverty rate fell to 12.7 percent in 1998, with 4.8 million fewer people in poverty than in 1993.

Cynthia A. Rice 01/26/2000 08:17:28 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:
Subject: Globe and AP stories (retreived from the warmth of my own home)

AP Online

January 26, 2000; Wednesday 1:41 AM, Eastern Time

SECTION: Washington - general news

LENGTH: 577 words

HEADLINE: Casinos May Aid Child Support Plan

BYLINE: SONYA ROSS
DATELINE: WASHINGTON

BODY:

President Clinton has enlisted an unusual ally in his effort to squeeze child support payments out of deadbeat parents: the gambling industry.

Clinton's budget for fiscal 2001 will contain a proposal under which gambling outlets could seize the winnings of patrons who owe child support. The White House estimates that this maneuver alone could bring in $348 million over five years.

The gambling provision is one of several items in Clinton's budget seeking to collect $2 billion in back child support in the next five years. The largest amount, $1.2 billion, is expected to come through streamlining of rules governing distribution of child support to ensure that more of the money goes directly to families.

Besides collecting gambling purses, the remainder of the child support payments were to be gathered through efforts from booting the cars of delinquent parents to providing funds to help unemployed fathers who could support their children if they had jobs.

''We view this as the next big step in welfare reform,'' said Bruce Reed, Clinton's domestic policy adviser. ''We've put mothers to work, but they shouldn't bear the whole burden. Fathers should go to work and support their children as well.''

Clinton will highlight the fathers program in his State of the Union address Thursday night, Reed said.

The president's budget plan sets aside $125 million for one year to assist 40,000 low-income non-custodial parents primarily fathers in finding work, meeting support payments and re-establishing relationships with their children. The program builds on $350 million in fatherhood initiatives operating under welfare-to-work efforts at the Labor Department.

The White House was announcing the child support initiative today, as new data was being released showing child support collections nearly doubled between 1992 and 1999, from $8 billion to $15.5 billion. About $1.3 billion of that money was collected by withholding federal income tax refunds, the White House said. The rest came from steps such as garnishing wages, seizing bank accounts and capturing driver's or other licenses.

Under the gambling proposal, casinos or other gambling establishments would check to see whether their big winners owe child support as they go through procedures for withholding federal income taxes. They would seize the winnings of those who do.

It would apply to winnings through casinos, dog racing, jai alai or keno, Reed said. It would not apply to winnings from lotteries, which already are covered under current law.

Under the simplified collection rules, states would be given incentives if they allow custodial parents to keep all the child support paid for their children if they leave welfare, or keep up to $100 a month if they are in the process of leaving welfare for work.

Other methods Clinton is proposing for collecting child support include:

_Attaching a boot to the cars of parents who have failed to pay. A pilot program in Virginia successfully collected an average of $5,000 from each delinquent parent. The White House estimated this would allow states to collect $183 million over five years.

_Denying passports to parents who owe at least $2,500 in child support. This would tighten a current program under which passport applications or renewals are rejected for parents who are $5,000 in arrears. The White House estimated it would generate $36 million in additional child support payments.

LANGUAGE: ENGLISH

LOAD-DATE: January 26, 2000

Clinton to urge plans to squeeze 'deadbeat' parents

By Susan Milligan, Globe Staff, 1/26/2000

WASHINGTON - President Clinton wants to prevent "deadbeat" parents from driving, traveling overseas or squandering their gambling winnings - and collect an estimated $2 billion in child support payments in the process.

The "Responsible Fatherhood Initiative," to be announced in the president's State of the Union address tomorrow, would also encourage states to pass through more child support money to custodial parents on welfare, money that states now share with the federal government.

A third element of the package, called the "Fathers Work/Families Win" initiative, would provide $255 million next year to help noncustodial parents, mainly fathers, get trained for jobs and to reconnect with their children. Massachusetts Governor Paul Cellucci has already proposed such a program on the state level, using extra money from federal welfare grants.

To punish nonpayers of child support, the Clinton plan allows for booting their cars, seizing their gambling winnings, denying passports to those who owe at least $2,500 in child support, and prohibiting doctors and other health care providers from participating in the Medicare program if they owe child support.

"Holding fathers responsible for supporting their children is the next critical phase of welfare reform," said Bruce Reed, Clinton's domestic policy adviser.

The idea gives a political boost to Vice President Al Gore, who is set to discuss welfare when he campaigns today in New Hampshire. In October, the Democratic presidential candidate proposed cracking down on so-called deadbeat parents by requiring states to force noncustodial parents to go to work and pay child support.

States that refuse would lose their federal child-support funds; parents who defy the state's order to pay child support could go to jail under the Gore plan.

The timing of the two events - the State of the Union tomorrow and the New Hampshire primary Feb. 1 - underscores a key political advantage Gore has as vice president.

Candidate Gore has sought to run separately from Bill Clinton the man, but close to Clinton the president during a period of economic expansion in history.

Clinton's announcement of the welfare plan tomorrow may give more weight to Gore's proposals and comments on the issue, even if they are made in his capacity as a candidate and not as the vice president.

The Clinton plan would bring another $135 million into federal coffers over five years, Reed said, since parts of the program will cost the government money, and sections of it will increase receipts.

If a parent is on welfare, the noncustodial parent sends child support payments to an agency; that money is typically kept by governments as a way of offsetting the cost of paying the family welfare. Some states pass some of the money onto the custodial parent; Massachusetts passes on $50 a month to the live-in parent, Reed said.

Under the new plan, states would be given a federal incentive to provide as much as $100 per family, per month of this money. The theory is that noncustodial parents would be more likely to pay child support if it was clear the money was going to the live-in parent.

Message Sent To:____

Bruce N. Reed/OPD/EOP@EOP
Eric P. Liu/OPD/EOP@EOP
Anna Richter/OPD/EOP@EOP
Andrea Kane/OPD/EOP@EOP
J. Eric Gould/OPD/EOP@EOP
Eugenia Chough/OPD/EOP@EOP

Cynthia A. Rice 01/26/2000 08:31:32 AM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP, Anna Richter/OPD/EOP@EOP

cc: J. Eric Gould/OPD/EOP@EOP, Eugenia Chough/OPD/EOP@EOP
Subject: FYI coverage of VA deadboot program

When this AP story ran, it was reprinting in hundreds of papers and was the source for blurbs in Time, Good Morning America, NPR, and CNN.

January 4, 2000, Tuesday, PM cycle

SECTION: State and Regional

LENGTH: 505 words

HEADLINE: Pink and blue parking boots to greet deadbeat parents

DATELINE: RICHMOND, Va.

BODY:

Virginia is going statewide with another weapon in its battle against deadbeat parents - pink and powder blue car boots.

Beginning this month, the state will immobilize vehicles owned by parents who are delinquent in child support with the boots that clamp around a car's front tire. Fairfax County, the state's most populous locality, has been booting delinquents since 1998.

Delinquent parents also will be greeted by the following sticker glued to their windshield: "THIS VEHICLE HAS BEEN SEIZED BY THE SHERIFF FOR UNPAID CHILD SUPPORT."

The state is hoping the boots and conspicuous sticker will embarrass parents into making payments.

"There's a certain amount of shame factor," said Nick Young, director of the Virginia Division of Child Support Enforcement.

The state has recovered about $347,000 from 70 parents whose vehicles were booted in Fairfax County. One man even slung a blanket over his immobilized car so his neighbors wouldn't see it, Young said.

Teresa Myers, a child-support enforcement expert with the National Conference of State Legislatures, said many states are considering using boots on deadbeat parents, but Virginia is the first to do so statewide. Wayne County, Mich. and Cape May County, N.J. also have used boots to boost child-support enforcement.

"We're probably going to see more of it," Ms. Myers said, as state agencies find money in their budgets to try innovative programs.

In Virginia, about 100,000 delinquent parents collectively owe $1.65 billion to some 552,000 children, according to