

25. Direct Support and the State Disbursement Unit

25.1 CalWORKs — Direct Child/Medical/Spousal Support [EAS 82-518, 82-520, MPP 12-425]

25.1.1 Informing

The Eligibility Worker (EW) must advise the applicant/recipient of the requirement to:

- Send any child/medical/spousal support payments received directly to the State Disbursement Unit (SDU) at P.O. Box 989067, W. Sacramento, CA 95798

OR

- Take the payment to the Department of Child Support Services (DCSS) at 888 Ridder Park Drive, San Jose, CA 95131.

The EW must also advise the applicant/recipient of the penalty for failing to turn in any support payments. The AU will be penalized by a 25% reduction in the computed grant amount, if the directly received child/medical/spousal support payments are kept and are not turned into State Disbursement Unit (SDU) or the Department of Child Support Services (DCSS).

Clients are not required to turn in the child/medical/spousal support in the month of application. However, the retained child/medical/spousal support will be used in determining the averaged income for the quarter.

The EW must notify DCSS when the client receives direct support payments, including situations where the absent parent is paying the client's expenses directly to the provider. The EW must manually check the box in Section A of the CW 371 indicating the recipient is receiving direct support payments and action is needed to immediately transfer payments to SDU. A copy of the CW 371 must be scanned into the IDM system. A "Social Services Agency/Department of Child Support Services" SC 1603 may be submitted in place of the CW 371 when a referral has already been made.



Reminder:

If the absent parent is paying all or a portion of the recipient's expenses directly to the provider, there is nothing for the recipient to turn in to Social Services. Therefore, the 25% penalty would not apply in this situation, unless the client failed to cooperate with the DCSS.

25.1.2 Treatment of Directly Received Support

The recipient must turn in the WHOLE amount of child/medical/spousal support. The disregard is issued by SDU in the following month.

- Do not advise the recipient to keep the disregard portion of the direct child/medical/spousal support payment. This results in errors in which two disregards may be allowed, as SDU will have no record of the one the recipient kept. It also affects the Federal funding to State DCSS, which is based on the total amount of child/medical/spousal support collected.
- The direct child/medical/spousal support must be turned in during the month received in order to receive the disregard. The exception to this would be if the support were received on the last day of the month and it is a weekend or holiday.
- Explain that there may be a time lapse before the first disregard check is issued.
- Any child/medical/spousal support received directly by the recipient and kept is considered income in the month it is received. When this occurs the recipient is allowed the disregard. There are no disregard sanctions. If the recipient keeps the child/medical/spousal support, the disregard is given.

Reminder: The 25% penalty must be applied for CalWORKs, if the client fails or refuses to turn in direct support after the month of application. [Refer to [“CalWORKs — Sanction/Penalty Procedures \[EAS 82-510\],”](#) page 31-20 for CalWORKs sanction procedures.]

- Child/medical/spousal support received directly by the client and sent in to the SDU or DCSS in the same month is not considered income available to the client and is not used in the budgeting process. However, it must be considered in determining the Income Eligibility Tests.
- It is considered a mid-quarter change report, when a client who was previously keeping child support begins to turn it in. The EW must recompute the averaged income for the quarter and revise the budget, if applicable.

25.1.3 Procedure for Turning in Support Payments

Social Services staff must not accept any support payments brought into the District Office. If a recipient comes into a District Office to turn in the child/medical/spousal support payment, instruct them to mail the payment directly to the:

State Disbursement Unit
P. O. Box 989067
West Sacramento, CA 95798

OR

Take their payment directly to:

- Department of Child Support Services (DCSS)
880 Ridder Park Drive
San Jose, CA 95131

25.1.4 Budgeting

If a recipient is to be penalized for failing to turn in the direct child/medical/spousal support received:

- The amount of child/medical/spousal support received is counted as unearned income, and
- The AU's eligibility for the disregard must be explored.

The fact that a recipient does not turn in the direct support does not mean that the AU does not receive the disregard.



Example:

A mother has been receiving and keeping the \$300 received each month directly from the absent parent. The EW has properly notified her and the 25% penalty will be applied.



Example:

If there is more than one absent parent, the AU may only receive one disregard. Therefore, in the above example, if there were a second parent paying SDU directly, the disregard would be allowed through the SDU distribution process.

25.1.5 Refusal

All applicants/recipients of CalWORKs are required to cooperate by turning over direct child/medical/spousal support payments from the absent parent. When a client refuses/fails to turn over direct support and has not claimed Good Cause, there is no need to contact DCSS before applying the penalty. The applicant/ recipient is penalized by having a 25% reduction in the computed grant amount for failure to cooperate.

- For intake, the penalty is applied prospectively.
- For continuing, the penalty is applied for the future month, providing a timely (10-day) and adequate NOA to the AU.

**Note:**

A CW 371 is to be sent to DCSS notifying them that the client is receiving direct child support and is refusing/failing to turn it in and requesting the child support payments be transferred to SDU. A copy of the completed CW 371 must also be scanned into the IDM system. A “Social Services Agency/Department of Child Support Services” referral form SC 1603 may be used when a referral has already been sent.

25.1.6 Effect of Refusal on Medi-Cal Status

When an applicant or recipient parent or caretaker relative of a child for whom aid is sought refuses or fails to cooperate with the DCSS in paternity establishment or child/medical support enforcement, this individual remains a member of the Assistant Unit (AU). The AU cash grant is reduced by 25 percent, and Medi-Cal will continue for the individual until a determination can be made whether the applicant/recipient is willing to cooperate with the Medi-Cal Support requirements.

The client must be given another opportunity to cooperate. Discontinue Medi-Cal benefits with a 10-day Notice of Action if the client still refuses or fails to cooperate.

25.2 Medi-Cal Only - Direct Medical Support [CCR 50175, 50185]

25.2.1 Requirements

In most instances, medical support enforcement requires that an absent parent obtain medical insurance for his/her dependents.

However, there may be a few situations when a recipient receives direct support payments specifically for medical services. Should this occur, the recipient must turn in the medical support payments to the SDU or DCSS. (The recipient is not required to turn in medical support in the month of application.)

The EW must advise the applicant/recipient of the:

- Requirement to turn any medical support received directly into the SDU or DCSS, and
- The consequences of failing to do so.

**Example:**

A recipient receives \$100.00 from the absent parent each month specifically to pay for the family's health insurance premiums. The recipient must submit these payments to the SDU or DCSS within the same month they are received.

**Example:**

A recipient receives \$350.00 reimbursement from Blue Cross for medical services already paid by Medi-Cal. The recipient must turn in the monies to the SDU or DCSS.

The parent or caretaker relative who keeps directly received medical support payments or who fails to turn in the payments to the SDU or DCSS, is ineligible for Medi-Cal. He/she is treated as an ineligible member of the MFBU. His/her child(ren) remain Medi-Cal eligible.

The EW must ensure that the DCSS is notified that the recipient receives direct medical support payments, including situations where the absent parent is paying the child's medical expenses directly to the provider. The EW must manually check the box in Section A of the CW 371 indicating the recipient is receiving direct medical support payments and action is needed to immediately transfer payments to SDU. A copy of the CW371 must be scanned into the IDM system. A "Social Services Agency/Department of Child Support Services" SC 1603 may be used when a referral has already been made.

The EW must inform the recipient receiving Medi-Cal Only benefits that he/she IS NOT required to turn in any direct child or spousal payments received.

**Example:**

A recipient receives \$200.00 month direct child support. Medical support regulations do not require her to turn in child support. The \$200.00 is counted as income to the MFBU, with the appropriate child support disregard deduction allowed.

The EW must inform the client that he/she can VOLUNTARILY have the DCSS enforce child support activities.

**Example:**

The absent parent is ordered through the court to pay \$450.00 child support, but has not been making the payments. A Medi-Cal Only client can have the DCSS enforce this court order by indicating this on the CW 2.1Q.

25.2.2 Procedure for Turning in Medical Support Payments

Social Services Agency staff must not accept any medical support payments brought into the District Office. If a recipient comes into a District Office to turn in support payments, instruct them to mail the payment directly to the:

State Disbursement Unit
P. O. Box 989067
West Sacramento, CA 95798

OR

Take their payment directly to:

Department of Child Support Services (DCSS)
880 Ridder Park Drive
San Jose, CA 95131

25.2.3 Budgeting

If a recipient is ineligible for Medi-Cal due to failure to turn in direct medical support received:

- The amount of medical support received is to be counted as unearned income, and
- The MFBU's eligibility for the disregard must be allowed. Only one disregard can be allowed for each month (not for each child).

A recipient is eligible for a disregard even though he/she does not turn in the direct medical support.



Example:

A mother has been receiving and keeping the \$150 received directly from the absent parent each month (for health insurance premiums). The EW has properly notified her and she will be an ineligible MFBU member effective May 1. When budgeting the \$150, count it as unearned support income and allow the disregard. The health insurance premium paid remains an allowable deduction to the MFBU.

**Example:**

A Medi-Cal only recipient receives the following monthly payments from the absent parent: \$100 child support and \$75 in cash to pay for health insurance premiums for their children. The recipient has been notified to turn in the monies, but has not done so. When budgeting the \$100 and \$75 monthly payments, total the amounts and enter \$175 as unearned income. Allow ONE disregard each month.

**Note:**

The health insurance premium paid by the client is an allowable deduction from the family's net income or MFBU.

25.3 Department of Child Support Services (DCSS)

The Department of Child Support Services (DCSS) is responsible for determining paternity, locating absent parents and establishing and enforcing child, medical and/or spousal support for CalWORKs and Medi-Cal recipients. Child and medical support services are also available without charge to persons who do not receive aid.

To locate non-custodial (absent) parents (NCP's), DCSS accesses state and federal 'locate resources' such as; Employment Development Department (EDD), Franchise Tax Board (FTB), Internal Revenue Service (IRS), Department of Motor Vehicle (DMV), the Credit Bureau, and other federal and state data bases. This is accomplished through DCSS's computer system.

To collect support from the NCP, DCSS can:

- Obtain wage withholding.
- Intercept tax refunds, lottery winnings and/or 25% of UIB/DIB benefits.
- File liens against real property.
- File civil and criminal contempt charges.
- Garnish assets and wages.
- Suspend or revoke driver's license or business license.
- Deny the application for a passport.
- Establish an automatic payment where a support payment is withdrawn from the absent parent's bank account.

25.3.1 DCSS Receipt of Support Referral

Upon receiving the child or medical support referral from SSA, DCSS sets up a case within 20 days by following the procedures below:

STEP	ACTION
1.	Establishes a DCSS case in the name of the absent parent, assigns a DCSS case number and records the case information into their system.
2.	Reviews the referral (DCSS's Intake Unit), takes initiating action, or closes the case if closure criteria is met.
3.	Assigns the case to a team of Child Support Officers (CSOs), based upon the absent parent's last name.

25.4 State Disbursement Unit (SDU)

The California Department of Child Support Services (DCSS) established the State Disbursement Unit (SDU) effective September 1, 2006 to provide a central location for the collection and disbursement of all support payments previously sent to DCSSs and directly to individuals.

25.4.1 Statewide Allocation

Prior to the implementation of statewide allocation, an NCP or his/her employer submitted payment for the NCP's court-ordered child support obligation directly to the DCSS in a specific county. That DCSS would then credit the payment against any current or past due child support for the NCP's child/children living in that county.

Under Statewide Allocation, the child support collected will be sent to SDU to be divided among all Title IV-D eligible NCP's cases within the state based upon the payment source and the corresponding allocation rules as defined by policy.

In all cases, child support payments will be applied first to current obligations before any residual payments can be credited to an outstanding arrearage.

The Statewide allocation changes may affect the amount of child support:

- A client receives
- Disregard issued to a client
- That is credited towards arrearages, and
- Applied towards the 48-month time limits.

**Example:**

An NCP owes support for his/her two aided children living in counties A & B. The NCP is obligated by separate court orders to pay \$200 per month for each child. The NCP (or his/her employer) sends a support payment (\$200) for the child living in County A. In the past, the entire payment would have been submitted to the DCSS in County A, credited only to the case in County A, and the disregard would have been sent to the CP in County A as a disregard. As a result of statewide allocation, the payment will now be pro-rated between the cases in County A and B. The case in County A will be credited with \$100 and the case in County B will be credited with \$100. Each of the cases would be eligible for the disregard where previously only the case in County A would have received that payment.

25.4.2 Annual Fee for Never-Assisted Child Support Cases

In the Federal Deficit Reduction Act of 2005, all states were instructed to impose a \$25 annual service fee to never-assisted families where the custodial parent has received \$500 or more in child support payments during the previous federal fiscal year. The mandate went into effect January 1, 2008. Until now, the state has paid this fee. However, as of October 1, 2010, the state will no longer pay the fee on behalf of families. Effective October 1, 2011, and every October 1 thereafter, DCSS will assess a \$25 annual service fee to all **never-assisted** child support cases that meet the criteria for fee assessment.

Individuals who are currently receiving or have ever received Temporary Assistance for Needy Families (TANF), in California or another state, or Tribal TANF are exempted from having to pay the annual fee. Also exempted are custodial parents who have already paid an annual fee in another state during the same year.

25.5 Systems Interface

The SDU calculates and produces child support, child support disregards and excess payments on a daily and/or monthly basis. There is an interface from DCSS to CalWIN. Information regarding the payments issued to recipients is available in CalWIN.

25.5.1 Reporting Responsibilities

The client must report the receipt of any child support warrants on the "Semi-Annual Eligibility/Status Report" (SAR 7). The SAR 7 will be considered incomplete if the recipient fails to do so.

25.5.2 Excess and Pass-On Payments

Excess payments Are issued by SDU when the absent parent pays support which is more than the total amount of CalWORKs/AFDC ever paid. Excess payments must be reported on the SAR 7 and are

counted as unearned income in the month received for CalWORKs, CalFresh and Medi-Cal. [Refer to CalWORKs Handbook, “[Payments From Department of Child Support Services \(DCSS\)](#),” page 28-10], [Refer to CalFresh Handbook, “[Unearned Income \[63-502.14\]](#),” page 19-9.]

Pass-on payments Are issued when the absent parent pays current child support which is more than the current CalWORKs/AFDC grant. Due to a change in law, effective with child support collected in April, 2000, pass-on payments were eliminated for CalWORKs and Kin-GAP. Pass-on payments are still issued for Federal Foster Care cases. Any excess and/or pass-on payments must be reported on the SAR 7.



Reminder:

EXCESS AND PASS-ON PAYMENTS ARE CONSIDERED UNEARNED INCOME IN THE MONTH RECEIVED for CalWORKs, CalFresh, and Medi-Cal.

25.5.3 Discrepancies

Discrepancies occur when a client reports child support from SDU that does not appear on the CalWIN **View Child Support Collection Data** window. Discrepancies may include a warrant issued for a Maximum Family Grant (MFG) child, or a child that is receiving assistance. The EW must email the Child Support Centralized Financial Worker at cfw@css.sccgov.org, for clarification of any discrepancies. The email must be sent secure and contain the following information:

- Subject Line - “Child Support Verification”
- Worker Name and Number
- CalWIN Case Number
- Client Name
- Period verification is needed for (i.e. 2/16 - 5/16).

After contact with the Centralized Financial Worker (CFW), document in the **Maintain Case Comments** window, the status and type of check and reason why this check is or is not budgeted.

25.5.4 Disregard Payments

Disregard payments are produced and issued by SDU.

Disregard Payments are the first \$50 per month of current child/spousal support paid to an AU. Effective 01/01/2022 the disregard amount increased to **up to** \$100 for a family that has one child in the AU and **up to** \$200 for a family with two or more children in the AU. This is disregarded in determining both the CalWORKs Applicant Gross and Recipient Net Income Tests, and grant amount. The disregard payments are produced daily, including the current month. If SDU receives multiple child support payments less than the amount of the disregard, disregards will be produced daily until a total of the disregard has been reached. [Refer to CalWORKs Handbook, “[Child/Spousal Support Disregard](#),” page 27-5.]

**Exception:**

The disregard will not be issued for child support collected by the Internal Revenue Service (IRS) through tax intercept.

**Reminder:**

For those situations where children with a common parent receive CalWORKs in separate AUs, each AU is entitled to a disregard if the absent parent is paying child support for each child. The disregard is not prorated, unless the total amount paid is less than the disregard per AU.

Once a disregard is allowed for a given month on either direct support or during the SDU distribution process, that AU cannot receive an additional disregard for the same month. [Refer to Medi-Cal Handbook, “[Child/Spousal Support Disregard \[50554.5\]](#),” page 25-7.]

A disregard payment is automatically issued by SDU for any month in which current child or medical support has been received by SDU and a disregard has not previously been allowed.

Disregard payments must be reported on the SAR 7.

**Reminder:**

DISREGARD PAYMENTS ARE NOT CONSIDERED INCOME IN THE MONTH RECEIVED FOR CALWORKS. The “effective date” or “month collected for” must be determined and exempted as appropriate for CalWORKs and Medi-Cal. As of November 2006, child support disregard payments for the current month are also exempt for CalFresh.

25.5.5 Multiple Issuance of Disregards

Until a SDU case is established and recorded, any child/medical/spousal support collected may be held. When the DCSS file is set-up on the system, the monies collected are entered all at once.

If there is a time lapse in establishing a DCSS case, or child support is collected through wage withholding, a recipient may receive two or more disregard checks for multiple months. As long as the disregard checks are collected for different months and the recipient has not already received a disregard or direct support for any of the months, the disregards are ALL exempt as income for CalWORKs.

25.6 Child Support for MFG Child

The MFG Rule was repealed due to the enactment of AB 1603, signed by the Governor on June 27, 2016. **Effective January 1, 2017**, no child will be denied aid because her or she was born into a family

that received cash aid continuously for ten months immediately prior to their birth. Children previously determined as MFG and excluded from the Assistance Unit shall have their needs included when determining the Maximum Aid Payment (MAP) and must be added to the AU effective January 1 2017, if all other conditions of eligibility are met.

25.7 Replacement of Child Support Warrants

25.7.1 Damaged/Returned/Lost/Stolen Warrants

DCSS is responsible for canceling and replacing, as appropriate, a damaged/invalid, returned, lost or stolen child support, disregard, pass-on or excess payment warrant.

25.7.2 Forged Child Support Warrants

DCSS is responsible for replacing a cashed child support, disregard, pass-on or excess payment warrant, when the client states that they did not cash the warrant.

25.7.3 Problems with Non-Issuance of Disregard Payments

If the EW learns of a problem with a client who did not receive a disregard payment and it appears that the absent parent is meeting their obligation, an SCD 1603 must be sent immediately to the DCSS with the following information:

- The case name and case number,
- The payee's name (if different),
- The name of the absent parent,
- The specific problem and any supporting documentation.

DCSS will work with the SDU to resolve the problem and reissue the payment.

25.7.4 DCSS Assistance with SDU Payment Issues

Clients are to be referred to the DCSS for questions regarding child support, disregards, excess, or pass-ons payments.

25.8 DCSS Affidavit Requests

IEVS Child Support Examiners are responsible for completing affidavits on aid paid by the county for a specified child(ren), and to provide other pertinent information when requested by DCSS. The DCSS affidavit requests can be for our county, other counties, or for other states.

The affidavits are signed under penalty of perjury and are used:

- As testimony in various court actions concerned with establishing paternity,
- Obtaining child support court orders to seek reimbursement for past aid paid for the named child(ren), and
- For ongoing child support.

When the affidavit requests are received, the SSA cases are reviewed by IEVS clerical staff in priority order.

The completed affidavit is forwarded to DCSS along with copies of any pertinent documents such as birth certificates, marriage certificates, divorce papers, or child support orders obtained through private counsel. An IEVS child support examiner may appear in court as an expert witness and custodian of record for the agency on child support matters upon the request of the attorney assigned to the case.

IEVS Child Support Examiners are also responsible for responding to interrogatories which are a series of questions put forth by opposing counsel through the District Attorney's Office. Interrogatories are answered under penalty of perjury, and are used for opposing counsel to gain information pertinent to the support issue without going to the expense of a trial and/or depositions.

25.9 Total Aid Paid Requests

EWs in the Appeals Unit are responsible for working with DCSS on selected CalWORKs/AFDC and Foster Care cases to determine the cumulative dollar amount of assistance paid (Total Aid Paid) to the AU in the lifetime of the case. DCSS will request a review of a case when issues arise. To calculate the "Total Aid Paid", the Child Support EWs in Appeals will request the case volume(s) from retention or the district office where the case is at. In order to provide correct information to DCSS, all case volumes, DCSS Legal File, and microfiche (if volumes destroyed) are researched, as appropriate, calculated, and the information is provided to DCSS.

