

**CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES**

P.O. Box 419064, Rancho Cordova, CA 95741-9064



July 27, 2011

CSS LETTER: 11-11

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

SUBJECT: IMPLEMENTATION OF THE FEDERAL DEFICIT REDUCTION ACT  
 ANNUAL SERVICE FEE

REFERENCE: FEDERAL DEFICIT REDUCTION ACT MANDATORY FEE FOR NEVER  
 ASSISTED CASES, SECTION 454(6)(B)(II) OF THE ACT,  
 ACTION TRANSMITTAL 06-01: CHILD SUPPORT PROVISION 7310,  
 FAMILY CODE §17208

The purpose of this letter is to provide information to local child support agencies (LCSAs) regarding implementation of the Federal Deficit Reduction Act (FDRA) Annual Service Fee, Public Law 109-171. The FDRA instructs states to impose a \$25 Annual Service Fee to non-welfare families (never-assisted cases) who receive disbursements of \$500 or more during the federal fiscal year (FFY). The mandate went into effect January 1, 2008. However, in fiscal years 2007-08 through 2009-10 California paid the full assessment amount to the federal government. As of October 1, 2010, the state will no longer pay the service fee on behalf of families.

#### Annual Service Fee Notification and Assessment

One Time Notice: Beginning in May 2011, the Department of Child Support Services (DCSS) sent a courtesy notice to all custodial parties (CPs) with never-assisted cases notifying them of the Annual Service Fee. The *Notice of New Federally Mandated Annual Service Fee* (DCSS-0677) contains information about the service fee and explains specific criteria for requesting an exemption. An attached form is included for the CP to self-certify a request for exemption. The *Certification of Annual Service Fee Exemption* (DCSS-0678) form must be signed and received in DCSS by August 31, 2011 to be processed prior to the service fee assessment on October 1, 2011.

Annual Assessment Notice: Beginning October 1, 2011, and every October 1 thereafter, the Child Support Enforcement (CSE) system will assess the \$25 Annual Service Fee to all never-assisted cases that meet the criteria for assessment. The service fee will be withheld from the CP's next child support payment(s) until the \$25 is fully recovered. Assessment and recovery activity is viewable in the CSE "Annual Service Fee History

#### Reason for this Transmittal

- State Law or Regulation Change
- Federal Law or Regulation Change
- Court Order or Settlement Change
- Clarification requested by One or More Counties
- Initiated by DCSS

page. DCSS will mail an *Annual Service Fee Assessment Notice* (DCSS-0664) for each case assessed with the service fee.

### Annual Service Fee Exemption Process

DCSS-0678 form and additional information is located on the DCSS Public Website at, <http://www.childsup.ca.gov>, under the *Custodial Party* tab: *\$25 Annual Service Fee* link. The form is also provided for LCSAs to print and mail to CPs. Go to California Child Support Central, under CCSAS Help tab, in Document Form Mgmt.

Completed DCSS-0678 forms will be received and reviewed by DCSS Office of Payment Management and Intergovernmental Services (OPMIS) staff. Approved exemptions will be entered in the CSE 'Annual Service Fee History' page. CSE will show saved changes in the 'Annual Service Fee Detail' page and record a comment to the CSE Activity Log.

### The following are reasons a CP may qualify for an exemption from the \$25 Annual Service Fee:

- CP is currently or previously on state-only aid in California and CSE has no record of the aid history.
- CP is currently or previously on federal aid in California and CSE has no record of the aid history.
- CP was previously aided in another state – California has no record of another state's aid history.
- CP declares that the \$25 Annual Service Fee was paid in another state for the same FFY – California does not track other state's service fee collections.
- Foreign Obligee with U.S. Address – such as Mexican Consulate.
- Interstate "split case" – The \$25 Annual Service Fee is charged in California and another state in the same FFY because case was not marked Interstate.
- Current or Former Tribal TANF cases – CSE only recognizes Tribal TANF as Never Assisted.

### Annual Service Fee Exemption Denial Process

Denied exemptions will be entered by OPMIS into the CSE activity log. The CP will be sent a DCSS-0679 form completed by OPMIS, which explains the reason for denial and includes the DCSS public website address, [www.childsup.ca.gov](http://www.childsup.ca.gov), and telephone number 1-866-901-3212.

### Annual Service Fee Refund Process

If during the Annual Service Fee exemption process, it is determined by OPMIS that a refund of the Annual Service Fee is due the CP, OPMIS will notify DCSS Accounting to initiate a refund check to the CP via the State Controller's Office. DCSS Accounting will indicate on the Annual Service Fee History page that a refund was initiated by checking the box 'refunded outside of CSE'. In addition comments will be recorded to the CSE activity log.

### LCSA Responsibilities

LCSAs are responsible for responding to telephone inquiries from CPs regarding the Annual Service Fee and assessment.

OPMIS staff will contact LCSAs when the CP indicates on DCSS-0678 form that they are currently or were previously aided and CSE has no record of aid history. LCSAs will perform all necessary updates in CSE regarding interstate activity as well as case or aid history.

There is no "hardship" exemption for the Annual Service Fee. However, LCSAs will follow the standard course of action in responding to complaints regarding the assessment and collection of the Annual Service Fee. LCSAs will provide information to CP regarding state hearing/complaint resolution process.

If you have any questions or concerns regarding this matter, please contact Stacy Lauffenburger at (916) 464-5611.

Sincerely,

/os/

LINDA ADAMS  
Chief Financial Officer  
Department of Child Support Services