

Written Testimony of
Sue Smith, Director Lac Courte Oreilles Child Support

Before the
Subcommittee on Work and Welfare and
Subcommittee on Oversight
Committee on Ways and Means
U.S. House of Representatives

“Strengthening the Child Support Enforcement Program for States and Tribes”

November 29, 2023

Thank you Chairman LaHood and Ranking Member Davis; Chairman Schweikert and Ranking Member Pascrell; as well as Representatives on the subcommittees. We would also like to take the opportunity to express how grateful we are for the professional staff that serves the subcommittees as well.

My name is Sue Smith and I am the Director for Lac Courte Oreilles Child Support Services. I have been with the agency for thirteen years, since the agency opened its first case. I am a member of the Lac Courte Oreilles Band of Lake Superior Chippewa Indians Reservation in northern Wisconsin. I currently serve as a member of the National Tribal Child Support Association Board of Directors, have been the past Director of the National Tribal Child Support Director’s Association, am Chair of the IRS Legislation Committee, and I continue to serve on several committees and projects related to Tribal Child Support.

Of the 574 Federally Recognized Tribes in the United States, 60 currently operate their own child support agency. Lac Courte Oreilles Child Support Services is one of nine Tribal child support programs within the state of Wisconsin.

I appreciate the opportunity to share information about our program, tribal child support, and most importantly to Lac Courte Oreilles and our case participants, TOP – which stands for Tribal Offset Program. Lac Courte Oreilles has a wonderful relationship with our state partners, specifically Wisconsin and the State of North Dakota. The challenge to Tribal child support

agencies lies with the current lack of direct access to the federal tax offset program. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 PRWORA authorized funding for Tribes to operate their own Title IV-D Child Support programs, but the Internal Revenue Code was not updated to give Tribal child support programs the same access to FTI that is permitted for state and local child support agencies.

Our agency has served over 2,000 individuals and currently has approximately 500 open child support cases. The majority of our child support cases are opened pursuant to a TANF or out of home placement referral. Because public funds are being disbursed through TANF or for an out of home placement referral, the child support agency is tasked with establishing paternity when needed and establishing a child support order for the absent parent or parent; as a means of recouping the public assistance funds, holding absent parents financially accountable for their children, and in TANF cases, reduce the need for families to receive these funds in an effort to lift them from poverty.

Limiting the Tribe's ability to have direct access to federal tax offsets not only severs Native American families access to these funds, but it also severs the child support agency's opportunity to recoup public assistance dollars.

In 2015, the State of North Dakota and Lac Courte Oreilles entered into a simple, effective and straight forward agreement that allowed Lac Courte Oreilles to submit information to North Dakota for those individuals who met the requirements of the Treasury Offset Program. Our first offset through this partnership was in February 2016 and our final offset was received in 2022. During this time period, Lac Courte Oreilles was able to collect over \$800,000 in past due child support and disburse all of those funds to Native American families on our case load. For 40% of those on our caseload who received a federal intercept, it was the only payment they received that year.

In late 2022, the partnership that Lac Courte Oreilles and North Dakota had for nearly 7 years abruptly ended due to the IRS notifying the State of North Dakota that essentially, the partnership was cited in violation of Federal Tax Information safeguarding because they felt Lac Courte Oreilles was receiving Federal Tax Information.

As the Director of Lac Courte Oreilles Child Support, I can say that our agency was well positioned to process all of the \$800,000 + dollars we received from federal offsets, that we had no data breaches and that all of our staff receive annual IRS Disclosure Awareness & Safeguarding training. In addition, our office meets all security points required in the IRS 1075 Publication.

We are now left at a point where Native American families on our case load receive absolutely nothing from the paying parents federal tax intercept. Due to the proximity of the Lac Courte Oreilles Band of Lake Superior Chippewa Indians Reservation to the local state of Wisconsin's county run child support agency, our Tribal Child Support agency and the local county child support agency have cases with the same parent ordered to pay support. Discouragingly, many of the families on our Tribal caseload are aware that the family on the county child support case received an offset from the common parent. This leads to anger, frustration and further the notion of disparity.

In conclusion, we all want and work for the best interest of children and families.

At the current time, without direct access to Federal tax offsets, our office is left with the difficult job of trying to explain why our Native American families cannot receive these funds while families on state child support cases can. More importantly, families on the Tribal Child Support Agency caseload do not have parity with State or County Child Support agencies.

I am painfully aware that our agency may be a real time example of what could happen to our state counterparts if they too are restricted from accomplishing tax offsets through the use of partnerships. Again, up to 40% of our caseload may have lost the only payment they would have received this year. We know from our own state that just the area of Milwaukee has close to 40% of the child support cases in all of Wisconsin; I cannot imagine the hardship to families if that large a caseload would be unable to access tax offsets for their families. The amount of money we have collected for our families is far less than the millions Milwaukee County collects on an annual basis; but is no less important or impactful to a family here, on the LCO Reservation, than the city of Milwaukee, Chicago, Bismark, or any other community each of you as a Members of Congress who serve on these subcommittees represent. Thank you for your time.