OFFICE OF THE ATTORNEY GENERAL
Department of Law
Department of Child Support Services
(Amendment)

40 KAR 11:060. Child support distribution.

RELATES TO: KRS 13B.010(2), 13B.170, 15.808[~~205.720~~], 15.822[~~205.750~~], 15.826[~~205.755~~], 15.866[~~205.795~~], 405.520, 407.5101, 45 C.F.R. 302.32, 302.38, 302.51-302.54, 303.72(h)(5), 42 U.S.C. 651

STATUTORY AUTHORITY: KRS 15.802(1)[~~194A.050(1)~~], 15.826(1)[~~205.755(1)~~], 15.866[~~205.795~~]

CERTIFICATION STATEMENT: This is to certify that this administrative regulation complies with the requirements of 2025 RS HB 6, Section 8.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 15.802(2)[~~194A.050(1)~~] requires the Office of the Attorney General (OAG), Department of Child Support Services (DCSS) within the Department of Law[~~secretary~~] to promulgate administrative regulations to operate the Child Support Enforcement (CSE) program in accordance with federal law and regulations[~~necessary to implement programs mandated by federal law, or to qualify for the receipt of federal funds necessary to cooperate with other state and federal agencies for the proper administration of the cabinet and its programs~~]. KRS 15.826(1)[~~205.755(1)~~] authorizes DCSS[~~the secretary~~] to prescribe the manner in which distributions of payments of support shall be made, consistent with state and federal law and administrative regulations. This administrative regulation establishes procedures for distribution of child support payments.

Section 1. Allocation of income withheld payments in IV-D and non-IV-D cases.

(1) DCSS [~~The cabinet~~] shall allocate an income withheld payment among an obligor's cases that include an income withholding order by:

(a) Totaling the obligor's current support obligations subject to income withholding;

(b) Dividing each current support obligation by the total amount from paragraph (a) of this subsection, to determine a percentage; and

(c) Multiplying the withheld payment received from the employer by the percentage from paragraph (b) of this subsection[~~,~~] to determine the portion of the payment to be applied to each current support obligation subject to income withholding.

(2) DCSS [~~The cabinet~~] shall allocate the payment amount determined in subsection (1)(c) of this section to each of the obligor's current support obligation amounts subject to income withholding.

(3) If the obligor's current support obligations subject to income withholding are satisfied for the current month, DCSS[~~the cabinet~~] shall allocate a remaining income withholding amount among the obligor's ordered arrears obligations subject to income withholding by:

(a) Totaling the obligor's ordered arrears obligations subject to income withholding;

(b) Dividing the monthly arrears obligation for each child support case by the total amount from paragraph (a) of this subsection[~~,~~] to determine a percentage; and

(c) Multiplying the remaining income withholding amount by the percentage from paragraph (b) of this subsection[~~,~~] to determine the portion of the payment to be applied to each arrears obligation subject to income withholding.

(4) DCSS [~~The Cabinet~~] shall allocate the payment amount determined in subsection (3)(c) of this section to each of the obligor's arrears obligations subject to income withholding.

(5) If the obligor's current support and arrears obligations subject to income withholding are satisfied for the current month, DCSS~~[the cabinet]~~ shall allocate a remaining income withheld amount proportionately according to subsections (1) through (4) of this section.

(6) Allocation of nonwage payments in IV-D and non-IV-D cases. DCSS~~[The Cabinet]~~ shall allocate nonwage payments:

(a) As designated by an obligor for a specific case; or

(b) If not designated by an obligor, by allocating a proportionate share to each of the obligor's child support cases, as determined in subsections (1) through (4) of this section.

Section 2. K-TAP and Kinship Care Accounts Distribution. A child support payment collected on behalf of a K-TAP or Kinship Care recipient shall be:

(1) Payable to the state~~[Department for Income Support, Child Support Enforcement]~~.

(2) If the K-TAP or Kinship Care case becomes ineligible, DCSS~~[the child support agency]~~ shall:

(a) Distribute to the family at the end of the month the amount of child support collected as specified in 40 KAR 11:060, Section 2 (2)(a); and

(b) Notify the family of continuation of child support services as specified in 40 KAR 11:020~~[921 KAR 1:380]~~, Section 1(4)(b).

(3) Unless a hearing is requested or a case remains eligible for assistance, DCSS~~[the child support agency]~~ shall distribute the collection as specified in Section 6 of this administrative regulation.

Section 3. Distribution of Foster Care Accounts. A child support payment collected on behalf of a foster care recipient shall be:

(1) Payable to the state~~[Department for Income Support, Child Support Enforcement]~~; and

(2) Distributed and disbursed to the foster care agency.

Section 4. Distribution of Tax Refund Intercept Amounts.

(1) A tax refund intercepted in a public assistance account shall be:

(a) Applied to assigned arrearage and forwarded to the public assistance agency within thirty (30) calendar days of the date of initial receipt; or

(b) If no assigned arrearage remains, the amount collected shall be:

1. Distributed to the family within thirty (30) calendar days, unless a joint income tax return is filed; or

2. Held by DCSS~~[the cabinet]~~ for six (6) months before being distributed if a joint income tax return is filed.

(2) A tax refund intercepted for a nonpublic assistance account shall be:

(a) Applied to assigned arrearage; or

(b) If no assigned arrearage remains:

1. Held by DCSS~~[the cabinet]~~ for six (6) months, if a joint income tax return is filed, before being distributed; or

2. Forwarded to the family within thirty (30) calendar days of the date of initial receipt.

(3) Within fifteen (15) calendar days of the date of resolution of an obligor's appeal contesting the accuracy of a past-due arrears, DCSS~~[the cabinet]~~ shall forward the ordered amount to:

(a) The obligor, if resolution is in the obligor's favor; or

(b) The agency or family, if resolution is against the obligor.

Section 5. Interstate Case Payment Distribution. A child support payment that is collected by a responding state on behalf of an initiating state shall be forwarded to the location

specified by the child support agency in the initiating state, within two (2) business days of initial receipt.

Section 6. Treatment of Escrow and Excess Payments.

(1) A child support payment shall be applied to the obligation amount for the month in which the support is received.

(2) In a K-TAP or Kinship Care case, if the obligation for current support and the collection for current support exceed the grant paid for the month in which the collection was made, the difference between the grant and the obligation or the collection, whichever is less, shall be considered escrow and distributed as follows:

(a) The portion that represents the federal share, as determined by the Medicaid match rate, shall be sent to the federal government for reimbursement of public assistance previously paid;

(b) The portion that represents the state share, as determined by the Medicaid match rate, shall be sent to the family; and

(c) An amount in excess of the current obligation shall be applied to arrearage.

Section 7. Return of Overpayment.

(1) If a child support overpayment is found to be due to the noncustodial parent, the amount shall be verified and, if legitimate, approved by DCSS Office of Administrative Services[~~the Department for Income Support, Child Support Enforcement, Processing and Distribution Branch~~].

(2) Upon approval by the Office of Administrative Services[~~Processing and Distribution Branch~~], a check writer shall be sent to the Department of Treasury within one (1) to seven (7) business days for processing.

(3) A check for the approved amount of child support overpayment shall be issued to the noncustodial parent[~~ within one (1) to seven (7) days~~], unless the overpayment is due to a tax return. If the overpayment is due to a tax return, the approved amount shall be issued to the noncustodial parent:

(a) Within thirty (30) days if a single return; or

(b) Within six (6) months, if a joint return, from the date of the notification of federal tax offset or until notified that the unobligated spouse's share of the refund has been paid, whichever is earlier, in accordance with 45 C.F.R. 303.72(h)(5).

40 KAR 11:060
AMY C. BURKE, DCSS Chief
RUSSELL M. COLEMAN, Attorney General

APPROVED BY AGENCY: September 28, 2026

FILED WITH LRC: October 12, 2026 at 11:20 a.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held on December 23, 2026, at 9:00 a.m. at the Office of Administrative Hearings, 105 Sea Hero Road, Suite 2, Frankfort, Kentucky 40601. Individuals interested in attending this hearing shall notify this agency in writing by five workdays prior to the hearing, of their intent to attend. If no notification of intent to attend was received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on this proposed administrative regulation. Written comments shall be accepted through December 30, 2026. Send written notification of intent to attend the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Stacy Byrns Taulbee, General Counsel, Department of Child Support Services, 730 Schenkel Drive, Frankfort, Kentucky 40601; Phone (502) 229-2088;

email: stacy.byrnstaulbee@ky.gov

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person:Stacy Byrns Taulbee, Phone Number: (502) 229-2088, Email: stacy.byrnstaulbee@ky.gov

Subject Headings:Child Support; Attorney General; Children and Minors

(1) Provide a brief summary of:

(a) What this administrative regulation does:

This administrative regulation transfers the requirements for the distribution of child support from the Cabinet for Health and Family Services (CHFS) to the Office of the Attorney General (OAG) pursuant to Senate Bill 48 of the 2023 RS.

(b) The necessity of this administrative regulation:

This administrative regulation is necessary to implement requirements for the distribution of child support in accordance with 45 C.F.R. 302.32, 302.38, 302.51-302.54, 303.72(h)(5), and 42 U.S.C. 651.

(c) How this administrative regulation conforms to the content of the authorizing statutes:

KRS 15.802(2) requires the Office of the Attorney General to promulgate administrative regulations necessary to implement programs mandated by federal law, or to qualify for the receipt of federal funds necessary to cooperate with other state and federal agencies for the proper administration of the cabinet and its programs. KRS 15.826(1) authorizes the Office of the Attorney General to prescribe the manner in which distributions of payments of support shall be made, consistent with state and federal law and administrative regulations. This administrative regulation establishes procedures for distribution of child support payments.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:

This administrative regulation will assist with further establishing procedures to ensure effective administration of and conforming to KRS 15.802(1), 15.826(1), and 15.866.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation:

The amendment to this administrative regulation removes the Cabinet for Health and Family Support and the Department of Income Support as the entity required to promulgate administrative regulations for the Department of Child Support Services. It also updates regulatory and statutory citations to conform with Senate Bill 48 of the 2023 RS.

(b) The necessity of the amendment to this administrative regulation:

The amendment to this administrative regulation is necessary to conform with the transfer of the child support enforcement program to the Department of Child Support Services within the Department of Law.

(c) How the amendment conforms to the content of the authorizing statutes:

The amendment conforms to the content of the authorizing statutes by clarifying the criteria used by the KTAP or Kinship Care agency in determining ongoing eligibility for KTAP, Kinship Care and FAST programs in accordance with 45 C.F.R. 302.32, 302.38, 302.51-302.54, 303.72(h)(5), and 42 U.S.C. 651. This amendment also

identifies KRS 15.802(1), 15.826(1), and 15.866 as the laws governing the distribution of child support.

(d) How the amendment will assist in the effective administration of the statutes:
The amendment will assist in the effective administration of the statutes by updating regulatory and statutory citations implemented by Senate Bill 48 of the 2023 RS.

(3) Does this administrative regulation or amendment implement legislation from the previous five years?The amendment implements legislation from Senate Bill 48 of the 2023 RS.

(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:
1. Child Support Enforcement attorneys and staff- 725 2. Division of Family Support attorneys and staff – 1915 3. Participants in the Child Support Program – 601,231 4. Participants in the KTAP, Kinship Care and FAST programs – 21,241

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment:
Each regulated entity will be advised that the Office of the Attorney General is now the entity required to promulgate administrative regulations for the Department of Child Support Services. They will also be advised on the updated regulatory and statutory citations and given guidance on where this information can be obtained.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4):
The amendment to this administrative regulation will create no new or additional costs to regulated entities.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (4):
The amendment to this administrative regulation will not increase accrued benefits to regulated entities

(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially:
The amendment to this administrative regulation will be implemented with no allocated funds.

(b) On a continuing basis:
The administrative regulation has no associated allocation of funding.

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation or this amendment:
The sources of funding include state general funds and federal funds under 42 U.S.C. 401-419, Title IV-D of the Social Security Act.

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:
The amendment requires no increase in fees or funding.

(9) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:

The amendment to this administrative regulation does not establish any fees or directly or indirectly increase any fees.

(10) TIERING: Is tiering applied?

Tiering is not applicable as compliance with this administrative regulation applies equally to all individuals or entities which elect to be regulated by it.

FISCAL IMPACT STATEMENT

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation:

. KRS 13B.010(2), 13B.170, 15.808, 15.822, 15.826, 15.866, 405.520, 407.5101, 45 C.F.R. 302.32, 302.38, 302.51-302.54, 303.72(h)(5), 42 U.S.C. 651

(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act:

This administrative regulation is expressly authorized by 2023 Ky Acts Ch. 124.

(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions:

Office of the Attorney General, Department of Law, Department of Child Support Services

(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):

1. Expenditures:

For the first year:N/A

For subsequent years:N/A

2. Revenues:

For the first year:N/A

For subsequent years:N/A

3. Cost Savings:

For the first year:N/A

For subsequent years:N/A

(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts):

Local entities will not be affected. (b) Estimate the following for the first year:

(b) Estimate the following for each affected local entity identified in (4)(a):

1. Expenditures:

For the first year:N/A

For subsequent years:N/A

2. Revenues:

For the first year:N/A

For subsequent years:N/A

3. Cost Savings:

For the first year:N/A

For subsequent years:N/A

(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a):

Administrative Office of the Courts, private attorneys, DCSS attorneys and staff, new and existing child support program participants.

(b) Estimate the following for each regulated entity identified in (5)(a):

1. Expenditures:

For the first year:N/A

For subsequent years:N/A

2. Revenues:

For the first year:N/A

For subsequent years:N/A

3. Cost Savings:

For the first year:N/A

For subsequent years:N/A (6) Provide a narrative to explain the following for each identified in (3)(a), (4)(a), and (5)(a):

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a)

(a) Fiscal impact of this administrative regulation:
There is no fiscal impact of this administrative regulation.

(b) Methodology and resources used to reach this conclusion:
N/A

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(14):
N/A

(b) The methodology and resources used to reach this conclusion:
N/A

FEDERAL MANDATE ANALYSIS COMPARISON

(1) Federal statute or regulation constituting the federal mandate.
45 C.F.R. 302.32, 302.38, 302.51-302.54, 303.72(h)(5)

(2) State compliance standards.
KRS 13B.010(2), 13B.170, 15.808, 15.822, 15.826, 15.866, 405.520, 407.5101

(3) Minimum or uniform standards contained in the federal mandate.
42 U.S.C. 651

(4) Will this administrative regulation impose stricter requirements, or additional or different responsibilities or requirements, than those required by the federal mandate?
This administrative regulation will not impose stricter requirements, or additional or different responsibilities or requirements, than those required by the federal mandate.

(5) Justification for the imposition of the stricter standard, or additional or different responsibilities or requirements.
This administrative regulation will not impose stricter requirements, or additional or different responsibilities or requirements, than those required by the federal mandate.